



Authority to be a NOHC of an ADI 2022 – ANZ Group Holdings Limited

Banking Act 1959

To: ANZ Group Holdings Limited ACN 659 510 791 (the NOHC)

I, Therese McCarthy Hockey, a delegate of APRA, under subsection 11AA(2) of the *Banking Act 1959* (the Act), GRANT the NOHC an authority to be a NOHC of an ADI.

Under subsection 11AAA(1) of the Act, I IMPOSE on this NOHC authority the conditions specified in the schedule.

This instrument commences on the day the restructure arrangement takes effect.

Dated: 4 October 2022

Therese McCarthy Hockey
Executive Director
Banking Division

Interpretation

In this instrument:

APRA means the Australian Prudential Regulation Authority.

ADI has the meaning given in subsection 5(1) of the Act.

NOHC has the meaning given in subsection 5(1) of the Act.

NOHC authority has the meaning given in subsection 5(1) of the Act.

restructure arrangement means the arrangement set out in the Federal Court of Australia matter of Australia and New Zealand Banking Group Limited (File number VID536/2022).

Notes

APRA is required to publish this instrument in the *Gazette*, and may also publish this instrument in any other way that APRA considers appropriate.

This NOHC authority operates as an authority in relation to the NOHC and any ADIs that are subsidiaries of the NOHC from time to time.

A decision to impose conditions on a NOHC authority is a decision to which Part VI of the Act applies. You may request APRA reconsider the decision in accordance with subsection 51B(1) of the Act. The request for

reconsideration must be made in writing, must state the reasons for the request, and must be given to APRA within 21 days after the day on which you first received notice of this decision, or within such further period as APRA allows. If you are dissatisfied with the outcome of APRA's reconsideration of the decision, you may, subject to the *Administrative Appeals Tribunal Act 1975*, apply to the Administrative Appeals Tribunal for review of the reconsidered decision. The address where written notice may be given to APRA is Level 12, 1 Martin Place, Sydney NSW 2000.

Schedule – conditions on the NOHC authority

Capital

1. The NOHC must calculate and manage capital for the Non-Bank Group in accordance with an Economic Capital Model (ECM). The NOHC must ensure that the capital is held as Common Equity Tier 1 Capital within the Non-Bank Group at all times and that the ability of the NOHC's prudentially regulated subsidiaries to meet their obligations to depositors, policy holders or beneficiaries is not adversely impacted by risks emanating from the Non-Bank Group.
2. The ECM must be subject to appropriate governance, oversight and independent assurance.
3. The NOHC must always ensure that the quality and quantity of the total capital of the NOHC's Level 3 group is equivalent to, or greater than, the quality and quantity of the sum of the total capital of the consolidated Bank Group and the consolidated Non-Bank Group (adjusted as required to exclude any external capital raised directly by any Level 3 institution), unless otherwise agreed with APRA.
4. The NOHC must ensure that the Internal Capital Adequacy Assessment Process (ICAAP) for the Bank Group includes an assessment of contagion risk from exposure to the NOHC and the Non-Bank Group.
5. The NOHC must provide any information requested by APRA that APRA considers necessary to assess the prudential risks of the NOHC's Level 3 group, including any information about the NOHC or the Non-Bank Group. The NOHC must provide quarterly reports to APRA, in a form acceptable to APRA and commencing with the quarter ending 31 March 2023, on capital adequacy, funding and exposures (a) between the Bank Group and the NOHC, and (b) between the Bank Group and the Non-Bank Group. Each report must be provided within 20 business days of the end of the quarter to which it relates, or within such further time as APRA may agree in writing.

Governance

6. The NOHC must ensure that the Boards of the ADI and the Bank Holding Company each have at least one independent director who is not also a director of the NOHC or a company in the Non-Bank Group. The NOHC must ensure that the Chair, and a majority of the members, of the Board of the NOHC are not executives of any Level 3 institution.

Activities

7. The NOHC must not undertake any activities, other than those set out below, unless the NOHC has obtained prior written agreement from APRA:
 - (a) hold investments in its subsidiaries;

- (b) raise funds to invest in, or to provide support to, its subsidiaries;
 - (c) hold properties used by other Level 3 institutions;
 - (d) raise funds to conduct activities permitted under these conditions;
 - (e) invest funds on behalf of the NOHC's Level 3 group;
 - (f) provide executive leadership across the NOHC's Level 3 group;
 - (g) activities that must be undertaken by a Level 3 Head to meet its obligations under APRA's Prudential Standards, activities that the NOHC is required to undertake under a law, listing rule or requirement of any governmental agency or regulatory body; and
 - (h) activities that relate to undertaking a 'corporate centre' role including group financial control, group treasury activities, risk management, settlements, information technology, human resources, financial reporting, taxation and other group services such as company secretarial services. These roles may be performed by companies in the Bank Group or service subsidiaries of the NOHC formed for that purpose.
8. The NOHC must not:
- (a) itself issue deposit liabilities;
 - (b) trade in financial instruments (other than for hedging for the purposes of carrying on the activities specified in paragraphs (a) to (e) of condition 7);
 - (c) provide security over investments in its subsidiaries except with APRA's prior written agreement;
 - (d) conduct any other business that is not in connection with the activities specified in condition 7; and
 - (e) provide material guarantees of the obligations of its subsidiaries except with APRA's prior written agreement (including any related or similar guarantees that may be collectively material).
9. The NOHC must not start any material business activity in the Non-Bank Group unless the NOHC has obtained prior written confirmation that APRA has no objection, and must consult with APRA in relation to any business in the Non-Bank Group that becomes material over time. The NOHC must ensure that the Non-Bank Group transfers to the Bank Group any activity that APRA notifies in writing to constitute an activity APRA determines may give rise to a prudential risk if retained by the Non-Bank Group.
10. The NOHC must ensure that all services that are, or business that is, critical to the operations of the ADI are conducted within the ADI, or that the ADI will at all times have satisfactory access to the services or business if they are provided by third parties, including in the event of the exercise of APRA's resolution powers.
11. The NOHC must ensure that all critical functions are conducted within the ADI. Where a function is developed in the Non-Bank Group that becomes a critical function, it must be expeditiously transferred into the Bank Group.
12. The NOHC must ensure that all activities of the Non-Bank Group that are not required or related to the business of the Bank Group are financially and operationally separable from the Bank Group immediately in resolution.

13. The NOHC must ensure that the NOHC's Level 3 group does not carry on any activities that pose excessive risk to the ADI. The NOHC must ensure that the Bank Group transfers to the Non-Bank Group any activities that APRA notifies in writing to constitute an undue risk to the ADI.

Interpretation

In this schedule:

Bank Group means the group of companies at Level 2 (within the meaning given in *Prudential Standard APS 001 Definitions*) of which the Bank Holding Company is the parent company.

Bank Holding Company means ANZ BH Pty Ltd ACN 658 939 952.

Common Equity Tier 1 Capital has the meaning given in *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

critical function means any function provided by an APRA-regulated entity that is important to financial system stability or the availability of essential financial services to a particular industry or community.

Internal Capital Adequacy Assessment Process (ICAAP) has the meaning given in *Prudential Standard APS 110 Capital Adequacy*.

Level 3 group has the meaning given in *Prudential Standard 3PS 001 Definitions*.

Level 3 Head has the meaning given in *Prudential Standard 3PS 001 Definitions*.

Level 3 institution means an institution that is a member of the NOHC's Level 3 group.

Non-Bank Group means all Level 3 institutions other than the NOHC and companies in the Bank Group.

prudentially regulated subsidiaries of the NOHC are those subsidiaries that are *bodies regulated by APRA* within the meaning given in the *Australian Prudential Regulation Authority Act 1998*.

the ADI means Australia and New Zealand Banking Group Limited ACN 005 357 522.

the NOHC means ANZ Group Holdings Limited ACN 659 510 791.

Unless the contrary intention appears, a reference in this schedule to an Act or Prudential Standard is a reference to the Act or Prudential Standard as in force from time to time.