

Updated Capital Review Implementation Timeline

As at 11 November 2020

These are the elements that the Reserve Bank is proceeding with implementing during 2021 and the beginning of 2022:

H2 2020	<ul style="list-style-type: none"> • Consultation on exposure drafts of revised Banking Supervision Handbook, including revised definition of capital instruments and framework for distribution restrictions and supervisory actions once a bank enters its prudential capital buffers.
2021	<ul style="list-style-type: none"> • Consultation on exposure drafts closes 31 March 2021 • Revised Banking Supervision Handbook issued before 1 July 2021 • Consultation on Standardised Measurement Approach for Operational Risk (H1 or H2 2021)
1 July 2021	<ul style="list-style-type: none"> • Banks can apply for recognition of new qualifying AT1 and Tier 2 capital instruments • Derecognition of non-qualifying AT1 and Tier 2 instruments begins
1 January 2022	<ul style="list-style-type: none"> • IRB banks required to report IRB and Standardised capital calculations (dual reporting) • Output floor on IRB exposures set at 85% • For IRB banks, Sovereign and Bank exposures move to Standardised approach
H1 2022	<ul style="list-style-type: none"> • Consultation on the operational framework for the countercyclical capital buffer

Below is an indicative phasing of the implementation of the increase in capital buffers and the IRB scalar. The exact dates for implementing these increases will be confirmed by the Reserve Bank in 2021.

1 July 2022¹	<ul style="list-style-type: none"> • D-SIB buffer set at 1%
1 October 2022	<ul style="list-style-type: none"> • IRB scalar increases from 1.06 to 1.2
1 July 2023	<ul style="list-style-type: none"> • D-SIB buffer increases from 1% to 2%
1 July 2024	<ul style="list-style-type: none"> • Minimum Tier 1 capital requirement increases from 6% to 7% • Minimum Total capital requirement increases from 8% to 9%
1 July 2025	<ul style="list-style-type: none"> • Conservation buffer increases from 2.5% to 3.5%
1 July 2026	<ul style="list-style-type: none"> • Conservation buffer increases from 3.5% to 4.5%
1 July 2027	<ul style="list-style-type: none"> • Conservation buffer increases from 4.5% to 5.5%
1 July 2028	<ul style="list-style-type: none"> • Countercyclical capital buffer set at 1.5% • Non-qualifying AT1 and Tier 2 instruments fully derecognised

¹ Changes take effect from this date, meaning the 1% D-SIB buffer would be reflected in D-SIB banks' reporting, e.g. on the RBNZ Dashboard, for 30 September 2022 (not 30 June 2022). This logic also applies to the IRB scalar and other capital ratio changes.