Project no. 21.01/PRJ0046760

Public version

Errata to personal banking services market study draft report

Date: 10 April 2024

Reference	Current wording	Amended wording
Table 7.2, fourth row, last column	$36,175.50	~~$36,175.50~~ $36,167.50
Table 7.2, fifth row, last column	$6,382.50	~~$6,382.50~~ $6,095
Footnote 530	Note that the difference in Table 7.2 has been calculated based on the results of the IRB approach with the output floor, since the IRB approach alone produces a value less than the floor. [ ].	Note that the difference in Table 7.2 has been calculated based on the results of the IRB approach ~~with~~ without the output floor, since the IRB approach alone produces a value ~~less~~ more than the floor. [ ].
Paragraph 7.48	Table 7.2 shows that in our example, once the 85% output floor is applied and taking into account the increase in the overall capital ratio for CET1 capital for all banks, the difference between the CET1 capital required for a $1 million residential home loan between a standardised bank and an IRB bank, is $6,382.	Table 7.2 shows that in our example, ~~once~~ despite the 85% output floor ~~is applied~~ and taking into account the increase in the overall capital ratio for CET1 capital for all banks, the difference between the CET1 capital required for a $1 million residential home loan between a standardised bank and an IRB bank, is ~~$6,382~~ $6,095.
Paragraph 7.52	The effect of the imposition of the 2% buffer from 1 July 2023 is that, in our example, a D-SIB (noting that all of the D-SIBs are IRB banks) would need to hold an additional $6,300 in capital. Therefore, in our example, this coincidentally eliminates most of the difference in levels of capital required to be held between the IRB and non-IRB banks. But as noted above, the 2% buffer is aimed at systemic risk associated with the D-SIBs and was not intended to have the effect of bringing capital requirements for the IRB and non-IRB banks closer together.	The effect of the imposition of the 2% buffer from 1 July 2023 is that, in our example, a D-SIB (noting that all of the D-SIBs are IRB banks) would need to hold an additional $6,300 in capital. Therefore, in our example, this coincidentally eliminates ~~most of~~ the difference in levels of capital required to be held between the IRB and non-IRB banks. But as noted above, the 2% buffer is aimed at systemic risk associated with the D-SIBs and was not intended to have the effect of bringing capital requirements for the IRB and non-IRB banks closer together.