



National  
Australia  
Bank

# **DISCLOSURES FOR THE IDENTIFICATION OF POTENTIAL GLOBAL SYSTEMICALLY IMPORTANT BANKS**

as at 30 September 2021

# DISCLOSURES FOR THE IDENTIFICATION OF POTENTIAL GLOBAL SYSTEMICALLY IMPORTANT BANKS

Under the international framework for addressing the risks posed by Global Systemically Important Banks (G-SIBs), a large sample of international banks report thirteen indicators which the Basel Committee on Banking Supervision (BCBS) use to identify those institutions which are systemically important on a global scale. The indicators are designed to reflect the size of banks, their interconnectedness, the lack of readily available substitutes or financial institution infrastructure for the services they provide, their complexity and their global (cross-jurisdictional) activity.

This indicator-based measurement approach, supported by supervisory judgement, provides a framework for periodically reviewing the G-SIB status of a given bank. Should a bank qualify as a G-SIB, it will be subject to a greater higher loss absorbency (HLA) requirement depending on how systemically important the bank is. Any G-SIB HLA requirement is to be met with Common Equity Tier 1 capital.

The Australian Prudential Regulation Authority (APRA) has determined that National Australia Bank Limited, along with Australia and New Zealand Banking Corporation, Commonwealth Bank of Australia and Westpac Banking Corporation, are Domestic Systemically Important Banks (D-SIBs) in Australia and are required to hold an additional 1% HLA buffer, which is equivalent to the requirement for a lowest level G-SIB.

This report has been prepared to meet the disclosure obligations under APRA Prudential Standard APS 330 *Public Disclosure* and provides the value of National Australia Bank Limited's G-SIB indicators. Amounts are presented in Australian dollars, and have been rounded to the nearest million dollars (\$m).

	<b>30 Sep 21</b>
	<b>\$m</b>
<b>Size</b>	
Total exposures	1,054,967
<b>Interconnectedness</b>	
Intra-financial system assets	107,756
Intra-financial system liabilities	75,665
Securities outstanding	303,653
<b>Substitutability / Financial Institution Infrastructure</b>	
Payments made in the reporting year (excluding intragroup payments)	20,602,930
Assets under custody	587,713
Underwritten transactions in debt and equity markets	2,462
Trading volume	308,507
<b>Complexity</b>	
Notional amount of over-the-counter (OTC) derivatives	7,839,826
Trading and available-for-sale securities	22,099
Level 3 assets	1,498
<b>Cross-jurisdictional Activity</b>	
Cross-jurisdictional claims	247,034
Cross-jurisdictional liabilities	321,670

Term	Description
Assets under custody	The value of assets held as a custodian on behalf of customers, including other financial institutions.
Cross-jurisdictional claims	The value of claims over all sectors that, on an ultimate-risk basis, are cross-border claims or local claims of foreign affiliates. Claims include deposits and balances placed with other banks, loans and advances to banks and non-banks, holdings of securities and participations and derivatives.
Cross-jurisdictional liabilities	The value of foreign liabilities including deposits by banks and customers, trading portfolio liabilities, repurchase agreements, derivatives and various debt securities.
Financial institutions	Financial institutions include banks and other deposit-taking institutions, bank holding companies, securities dealers, insurance companies, superannuation funds, central counterparties, and exclude central banks, other public sector bodies (such as multilateral development banks) and stock exchanges.
Intra-financial system assets	A measure of the exposure to financial institutions, including funds deposited or lent, the unused portion of committed lines extended, holdings of debt and equity securities issued by financial institutions, securities financing transactions and over-the-counter derivatives.
Intra-financial system liabilities	A measure of obligations to financial institutions, including funds deposited by or borrowed, the unused portion of committed lines obtained, securities financing transactions and over-the-counter derivatives.
Level 2 Group	National Australia Bank Limited and the entities it controls, excluding securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120 <i>Securitisation</i> , insurance subsidiaries and funds management entities.
Level 3 assets	Assets measured at fair value for accounting purposes where the valuation has one or more significant inputs that are not based on observable market data (i.e. a level 3 measurement input in a three-level fair value hierarchy).
Payments made in the reporting year (excluding intragroup payments)	The gross value of cash payments sent via large value payment systems, along with the gross value of cash payments sent through an agent or correspondent bank (e.g. using a correspondent or nostro account) in the reporting year.
Securities outstanding	The value of outstanding debt and equity securities issued by, or on behalf of, the Level 2 Group. The value excludes debt securities where the Level 2 Group does not back the performance of underlying assets, such as securitisation notes. The value of debt securities (excluding convertible preference shares and notes) is measured at their carrying amount on the balance sheet. The value of convertible preference shares and notes and equity securities is measured at fair value.
Sovereigns	Sovereigns include central governments and central banks, along with the Bank for International Settlements, the International Monetary Fund, the European Stability Mechanism, and the European Financial Stability Facility. State and local governments are not sovereigns.
Total exposures	Total exposures (prior to regulatory adjustments) as defined for use in the Basel III leverage ratio for the Level 2 Group plus insurance subsidiaries. Exposures include on-balance sheet exposures, derivative exposures under the standardised approach for measuring counterparty credit risk exposures (SA-CCR), securities financing transaction exposures and other off-balance sheet exposures.
Trading and available-for-sale securities	The value of securities measured at fair value (either through profit or loss or through other comprehensive income) less the subset of those securities that meet the definition of level 1 and level 2 assets as defined in the liquidity coverage ratio (LCR). The indicator is designed to capture the value of securities that, if sold quickly during periods of severe market stress, are more likely to incur larger discounts or haircuts.
Trading volume	The market value of purchases and sales of securities in the reporting year, excluding securities issued by sovereigns.
Underwritten transactions in debt and equity markets	The value of unsold securities the Level 2 Group was obligated to purchase during the reporting year from underwriting transactions (public and private) in debt and equity markets.

