# Pillar 3 Report

2025

**as at 31 March 2025**

Incorporating the requirements of APS 330

National Australia Bank Limited ABN 12 004 044 937

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# Introduction

National Australia Bank Limited (NAB) is an authorised deposit-taking institution (ADI) subject to regulation by the Australian Prudential Regulation Authority (APRA) under the authority of the *Banking Act 1959* (Cth). This document has been prepared in accordance with APRA Prudential Standard APS 330 *Public Disclosure*, which requires disclosure of key prudential information to the market to contribute to the transparency of financial markets and to enhance market discipline.

This document has also been prepared in accordance with the Group External Reporting Policy, which has been adopted by the Board to assist in discharging its oversight of the integrity of external reporting. The Group External Reporting Policy sets out the approach the Group, being NAB and its controlled entities, takes to managing compliance with APS 330, as well as other Australian statutory and regulatory external reporting obligations.

This is the first disclosure prepared under the revised APS 330 which took effect on 1 January 2025. The revised APS 330 requires prudential disclosures to be made as set out in the standard made by the Basel Committee on Banking Supervision (BCBS) titled *Disclosure Requirements*, as exists from time to time, subject to modifications made by APRA specified in Attachment A of APS 330.

While the BCBS *Disclosure Requirements* standard requires limited comparative period disclosures, it is NAB's intention to generally provide comparative period disclosures to enhance the useability of this report. The reporting frequency, as set out in the disclosure requirements index, drives the comparative period to accompany the current period disclosure. Comparative period disclosures have been provided where practicable in this first disclosure since the revised APS 330 took effect.

Amounts are presented in Australian dollars unless otherwise stated, and have been rounded to the nearest million dollars ($m) except where indicated.

Quantitative information contained in this document is available in Microsoft Excel format at nab.com.au/about-us/shareholder-centre/regulatory-disclosures.

## Capital adequacy methodologies

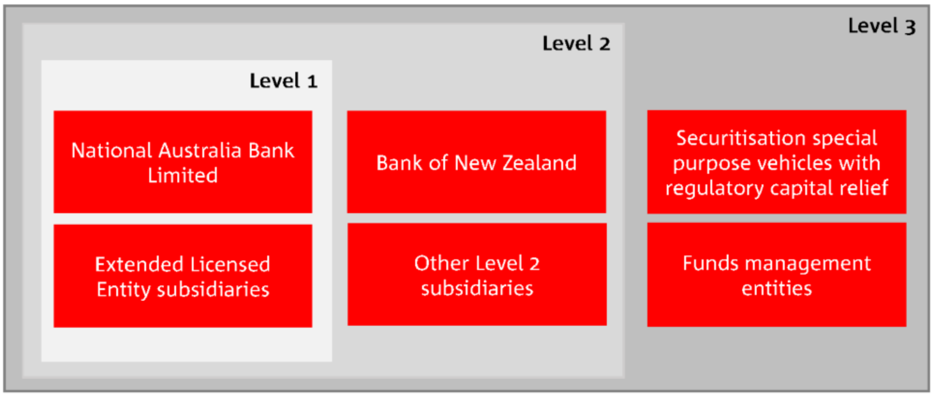
The Group uses the following approaches to measure capital adequacy.

| Credit risk | Operational risk | Non-traded market risk | Traded market risk |
|---|---|---|---|
| Internal ratings-based (IRB) approach[1] | Standardised measurement approach (SMA) | Internal model approach (IMA) | Internal model approach (IMA) and standard method |

(1) The Group has received IRB accreditation from APRA and applies the advanced IRB (A-IRB), foundation IRB (F-IRB), supervisory slotting and standardised approaches to different portfolios. Risk-weighted assets (RWA) and expected loss for the Group's banking subsidiary regulated by the Reserve Bank of New Zealand (RBNZ), Bank of New Zealand (BNZ), are calculated using RBNZ prudential requirements, with the exception of scaling factors which are applied under APRA requirements. BNZ has received internal ratings-based accreditation from the RBNZ and applies the internal ratings-based approach, supervisory slotting approach and standardised approach to different portfolios.

## Scope of application

APRA measures the Group's capital adequacy by assessing financial strength at three levels as illustrated below.




Level 1 comprises NAB and its subsidiaries that have been approved by APRA as part of its Extended Licensed Entity.

Level 2 comprises NAB 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 *Securitisation* and funds management entities. Level 2 controlled entities include BNZ, National Australia Bank Europe S.A. and other financial entities such as broking, wealth advisory and leasing companies.

Level 3 comprises the consolidation of NAB and all of its subsidiaries.

This report applies to the Level 2 Group, headed by NAB, unless otherwise stated.

## Regulatory reform

Key reforms that may affect the Group's capital and liquidity include:

**Increased loss-absorbing capacity for ADIs**

Under their loss-absorbing capacity framework, APRA has required domestic systemically important banks (D-SIBs) to hold incremental Total capital equal to 3% of RWA since 1 January 2024. The requirement increases by 1.5% (to a total of 4.5%) of RWA on 1 January 2026. The 3% of RWA Total capital requirement has been met.

**Additional Tier 1 capital changes**

In December 2024, APRA confirmed it will phase out the use of Additional Tier 1 capital from 1 January 2027. Under APRA's approach, large, internationally active banks including NAB will replace 1.5% Additional Tier 1 capital with 0.25% Common Equity Tier 1 (CET1) capital and 1.25% Tier 2 capital. Until 2032, existing Additional Tier 1 capital instruments will be eligible to be included as Tier 2 capital until an instrument's first call date. This change is intended to ensure that the capital strength of the Australian banking system operates more effectively in a stress scenario. APRA plans to finalise amendments to prudential standards to reflect the change by the end of 2025.

**Revisions to the capital framework**

APRA's revisions to APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* will come into effect on 1 October 2025. Internal models used in the calculation of IRRBB capital will require re-accreditation by APRA.

APRA expects Australian banks to continue building preparedness for the BCBS' Fundamental Review of the Trading Book regulatory standards ahead of the release of draft standards. There is no timeline provided for when these draft standards will be released.

**Reserve Bank of New Zealand capital review**

In December 2019, the RBNZ finalised its review of the capital adequacy framework. The RBNZ amendments included an increase in the Tier 1 capital requirement to 16% of RWA, and an increase in the Total capital requirement to 18% of RWA, to be phased in by 2028.

In March 2025, the RBNZ announced its intention to conduct a review of key capital settings.

**Liquidity requirements**

APRA will conduct a comprehensive review of APS 210 *Liquidity*, with industry engagement expected to commence this calendar year.

# Overview of key metrics and RWA

## KM1: Key metrics

The following table provides an overview of prudential regulatory metrics as at 31 March 2025 and for the four previous quarter-end periods.

Commentary on significant changes in these metrics is in the relevant sections of this report.

| | | As at | | | | |
|---|---|---|---|---|---|---|
| | | 31 Mar 25 | 31 Dec 24 | 30 Sep 24 | 30 Jun 24 | 31 Mar 24 |
| **Available capital (amounts)** | | | | | | |
| 1 | CET1 | 51,236 | 49,977 | 51,139 | 53,686 | 52,543 |
| 2 | Tier 1 | 60,826 | 59,567 | 60,728 | 63,276 | 61,133 |
| 3 | Total capital | 89,622 | 86,823 | 86,602 | 89,696 | 87,667 |
| **RWA (amounts)** | | | | | | |
| 4 | Total RWA | 426,445 | 429,128 | 413,946 | 425,543 | 432,553 |
| 4a | Total RWA (pre-floor)(1) | 425,189 | 429,128 | 413,946 | 425,543 | 432,553 |
| **Risk-based capital ratios as a percentage of RWA (Level 2 Group)** | | | | | | |
| 5 | CET1 capital ratio (%) | 12.01 | 11.65 | 12.35 | 12.62 | 12.15 |
| 5b | CET1 capital ratio (%) (pre-floor ratio)(1) | 12.05 | 11.65 | 12.35 | 12.62 | 12.15 |
| 6 | Tier 1 capital ratio (%) | 14.26 | 13.88 | 14.67 | 14.87 | 14.13 |
| 6b | Tier 1 capital ratio (%) (pre-floor ratio)(1) | 14.31 | 13.88 | 14.67 | 14.87 | 14.13 |
| 7 | Total capital ratio (%) | 21.02 | 20.23 | 20.92 | 21.08 | 20.27 |
| 7b | Total capital ratio (%) (pre-floor ratio)(1) | 21.08 | 20.23 | 20.92 | 21.08 | 20.27 |
| **Risk-based capital ratios as a percentage of RWA (Level 1 Group)** | | | | | | |
| - | CET1 capital ratio (%) | 11.84 | 11.42 | 12.08 | 12.54 | 11.85 |
| - | Tier 1 capital ratio (%) | 14.33 | 13.89 | 14.65 | 15.03 | 14.05 |
| - | Total capital ratio (%) | 21.74 | 20.81 | 21.49 | 21.80 | 20.76 |
| **Additional CET1 buffer requirements as a percentage of RWA** | | | | | | |
| 8 | Capital conservation buffer requirement (%) | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| 9 | Countercyclical capital buffer requirement (%) | 0.85 | 0.85 | 0.85 | 0.85 | 0.84 |
| 10 | Bank global systemically important bank (G-SIB) and/or D-SIB additional requirements (%) | - | - | - | - | - |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10) | 5.60 | 5.60 | 5.60 | 5.60 | 5.59 |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%)(2) | 7.51 | 7.15 | 7.85 | 8.12 | 7.65 |
| **Leverage ratio** | | | | | | |
| 13 | Total leverage ratio exposure measure | 1,210,737 | 1,231,826 | 1,191,855 | 1,188,241 | 1,198,406 |
| 14c | Leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for securities financing transaction (SFT) assets | 5.02 | 4.84 | 5.10 | 5.33 | 5.10 |
| **Liquidity coverage ratio (LCR)** | | | | | | |
| 15 | Total high-quality liquid assets (HQLA)(3) | 212,309 | 213,659 | 214,662 | 207,855 | 207,086 |
| 16 | Total net cash outflows(3) | 152,496 | 154,236 | 156,717 | 151,357 | 149,313 |
| 17 | LCR (%)(3) | 139 | 139 | 137 | 137 | 139 |
| **Net stable funding ratio (NSFR)** | | | | | | |
| 18 | Total available stable funding (ASF) | 703,467 | 695,170 | 677,657 | 673,113 | 671,023 |
| 19 | Total required stable funding (RSF) | 592,468 | 589,750 | 577,568 | 579,086 | 568,002 |
| 20 | NSFR (%) | 119 | 118 | 117 | 116 | 118 |

(1) The capital floor applies at the aggregate RWA level and requires IRB ADIs to apply the higher of RWA prior to application of the floor modelled under approval from APRA and 72.5% of RWA calculated under the full standardised approach.

(2) CET1 capital less the ratio of RWA of any CET1 capital used to meet minimum CET1, Tier 1 and Total capital requirements of 4.5%, 6% and 8%, respectively, as outlined in APS 110 *Capital Adequacy* paragraph 24.

(3) Simple average of daily outcomes, excluding non-business days, during the quarter.

## OV1: Overview of RWA

The following table provides RWA for each risk type and approach as at 31 March 2025 and for the two previous quarter-end periods.

March 2025 v September 2024

Total RWA increased by $12.5 billion or 3.0%. The most significant driver was a $9.2 billion or 2.8% increase in credit RWA (excluding counterparty credit risk), mainly due to lending growth, mostly in corporate (including small and medium-sized enterprises (SME)) and residential mortgages. In addition:

- There was a $1.9 billion or 5.2% increase in operational risk RWA, following update of the business indicator component of operational risk capital as part of 31 December reporting following finalisation of the year-end financial report. Further detail is provided in Section 9 *Operational risk*.
- A floor adjustment of $1.3 billion was applied as at 31 March 2025 following a 4.5% increase in RWA under the full standardised approach compared to a 2.7% increase in RWA prior to application of the floor. Refer to CMS1: *Comparison of modelled and standardised RWA at risk level* for further detail.

March 2025 v December 2024

Total RWA decreased by $2.7 billion or 0.6%. A decrease in the exposure at default (EaD) for derivatives, in particular foreign exchange derivatives, was the main driver of both a $2.1 billion or 14.7% decrease in RWA for counterparty credit risk and a $1.7 billion or 27.7% decrease in RWA for the credit valuation adjustment. These decreases were partially offset by the application of a $1.3 billion floor adjustment as at 31 March 2025.

| | | As at | | | |
|---|---|---|---|---|---|
| | | 31 Mar 25 | 31 Dec 24 | 30 Sep 24 | 31 Mar 25 |
| | | RWA | RWA | RWA | Minimum capital requirements[1] |
| | | $m | $m | $m | $m |
| 1 | Credit risk (excluding counterparty credit risk (CCR)) | 338,419 | 338,184 | 329,177 | 27,153 |
| 2 | of which: standardised approach (SA) | 21,488 | 22,971 | 23,163 | 1,724 |
| 3 | of which: F-IRB approach | 34,749 | 34,953 | 33,091 | 2,788 |
| 4 | of which: supervisory slotting approach | 9,477 | 9,265 | 9,556 | 760 |
| 5 | of which: A-IRB approach | 272,705 | 270,995 | 263,367 | 21,881 |
| 6 | Counterparty credit risk | 11,953 | 14,015 | 11,291 | 960 |
| 7 | of which: standardised approach for CCR | 9,954 | 11,559 | 9,534 | 799 |
| 9 | of which: other CCR[2] | 1,999 | 2,456 | 1,757 | 161 |
| 10 | Credit valuation adjustment | 4,570 | 6,318 | 5,054 | 367 |
| 15 | Settlement risk | - | - | - | - |
| 16 | Securitisation exposures in banking book | 5,544 | 5,596 | 5,369 | 445 |
| 18 | of which: securitisation external ratings-based approach (SEC-ERBA) | 1,495 | 1,605 | 1,706 | 120 |
| 19 | of which: securitisation supervisory formula approach | 4,049 | 3,991 | 3,663 | 325 |
| 20 | Market risk | 12,094 | 12,863 | 11,427 | 970 |
| 21 | of which: standard method | 776 | 618 | 733 | 62 |
| 22 | of which: IMA | 11,318 | 12,245 | 10,694 | 908 |
| 24 | Operational risk | 37,985 | 37,985 | 36,102 | 3,048 |
| - | Interest rate risk in the banking book | 14,624 | 14,167 | 15,526 | 1,173 |
| 26 | *Output floor applied* | *72.5%* | *72.5%* | *72.5%* | |
| 27 | Floor adjustment[3] | 1,256 | - | - | |
| **29** | **Total** | **426,445** | **429,128** | **413,946** | **34,116** |

(1) The total is calculated as total RWA multiplied by the minimum prudential capital requirement for a Total capital ratio of 8.0% outlined in APS 110 paragraph 24, and is attributed to the RWA categories on a pro-rata basis.

(2) CCR not subject to the standardised approach comprises SFTs, BNZ derivatives under the current exposure method and central counterparty (CCP) margin and default fund contributions.

(3) The description of row 27 has been modified from that set out in the BCBS *Disclosure Requirements* standard as APRA's capital floor requirement does not have a transitional cap.

## Overview of exposure at default and RWA by asset class

The table on the following page provides a summary of EaD and RWA by asset class. Amounts have been broken down into those subject to the credit risk and counterparty credit risk frameworks. The nature of exposures in each asset class is outlined below.

This disclosure has been included in this report to provide a breakdown of total EaD, as EaD disclosures in the BCBS *Disclosure Requirements* standard are presented across a number of tables and not aggregated in a single disclosure.

| Asset class | Description |
|---|---|
| **Subject to the A-IRB approach** | |
| Corporate (including SME) | Corporations, partnerships, proprietorships, public sector entities and any other credit exposure not elsewhere classified. |
| Retail SME | Non-complex exposures to small-business customers managed as part of a portfolio for risk management purposes where:<br>• the consolidated annual revenue of the borrower is less than $75 million, and<br>• the total small-business-related exposure to the borrower is less than $1.5 million. |
| Residential mortgage | Exposures that are partially or fully secured by residential properties, managed in a similar manner to other retail exposures, and not for business purposes. This excludes non-standard mortgages. |
| Qualifying revolving retail | Revolving exposures to individuals less than $100,000, which are unsecured, unconditionally cancellable and are not for business purposes. |
| Other retail | Retail exposures other than residential mortgage and qualifying revolving retail, including personal loan products, overdrafts and overdrawn transaction account exposures. |
| **Subject to the F-IRB approach** | |
| Corporate | Corporations, partnerships, proprietorships and public sector entities with consolidated annual revenue greater than $750 million. |
| Sovereign | • Australian and overseas central and subnational governments. A subnational government is a government of a geographically defined part of a state which has powers to raise revenue and borrow money.<br>• The Reserve Bank of Australia (RBA) and overseas central banks.<br>• Multilateral development banks or institutions eligible for a zero per cent risk-weight. |
| Financial institution | Entities whose main business includes management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation (excluding securitisation exposures subject to the requirements of APS 120), investments, financial custody, CCP services (excluding qualifying central counterparty (QCCP) exposures) and proprietary trading. |
| **Specialised lending** | Project finance exposures, in which revenues generated by a single project are both the primary source of repayment and security for the exposure. |
| **Subject to the standardised approach** | |
| Corporate (including SME) | Regulatory prescribed portfolios, such as QCCPs and margin lending, and corporate exposures in portfolios where the standardised approach is applied. |
| Residential mortgage | Non-standard mortgages and residential mortgages in portfolios where the standardised approach is applied, such as the Citi consumer business. |
| Other retail | Regulatory prescribed portfolios, such as margin lending, and other retail exposures in portfolios where the standardised approach is applied, such as the Citi consumer business. |
| Other | Cash items in the process of collection, investment in premises and other fixed assets, and all other exposures. |
| **RBNZ regulated banking subsidiary** | BNZ exposures calculated using RBNZ prudential requirements, with the exception of scaling factors which are applied under APRA requirements. APS 330 requires these exposures to be disclosed separately as an asset class. |

| | As at 31 Mar 25 | | | | | |
|---|---|---|---|---|---|---|
| | EaD post-CCF and post-CRM[1] | | | RWA | | |
| | Credit risk | Counterparty credit risk | Total | Credit risk | Counterparty credit risk | Total |
| | $m | $m | $m | $m | $m | $m |
| **Subject to A-IRB approach** | | | | | | |
| Corporate (including SME) | 217,461 | 3,244 | 220,705 | 106,229 | 1,653 | 107,882 |
| Retail SME | 25,564 | – | 25,564 | 10,817 | – | 10,817 |
| Residential mortgage | 420,020 | – | 420,020 | 109,020 | – | 109,020 |
| Qualifying revolving retail | 9,316 | – | 9,316 | 2,705 | – | 2,705 |
| Other retail | 1,760 | – | 1,760 | 1,940 | – | 1,940 |
| **Subject to F-IRB approach** | | | | | | |
| Corporate | 31,381 | 4,764 | 36,145 | 17,417 | 3,397 | 20,814 |
| Sovereign | 147,002 | 2,101 | 149,103 | 2,282 | 24 | 2,306 |
| Financial institution | 52,415 | 21,384 | 73,799 | 15,050 | 5,670 | 20,720 |
| **Total IRB approach** | **904,919** | **31,493** | **936,412** | **265,460** | **10,744** | **276,204** |
| **Specialised lending** | **3,976** | **144** | **4,120** | **2,934** | **107** | **3,041** |
| **Subject to standardised approach** | | | | | | |
| Corporate (including SME) | 8,807 | 2,498 | 11,305 | 6,351 | 247 | 6,598 |
| Residential mortgage | 6,638 | – | 6,638 | 2,826 | – | 2,826 |
| Other retail | 8,476 | – | 8,476 | 6,009 | – | 6,009 |
| Other | 5,350 | – | 5,350 | 4,117 | – | 4,117 |
| **Total standardised approach** | **29,271** | **2,498** | **31,769** | **19,303** | **247** | **19,550** |
| RBNZ regulated banking subsidiary | 121,848 | 3,485 | 125,333 | 50,722 | 855 | 51,577 |
| Credit valuation adjustment | | | | | | 4,570 |
| Settlement risk | | | | | | – |
| Securitisation exposures in banking book | | | 31,094 | | | 5,544 |
| **Total credit risk** | **1,060,014** | **37,620** | **1,128,728** | **338,419** | **11,953** | **360,486** |
| Market risk | | | | | | 12,094 |
| Operational risk | | | | | | 37,985 |
| Interest rate risk in the banking book | | | | | | 14,624 |
| Floor adjustment | | | | | | 1,256 |
| **Total** | **1,060,014** | **37,620** | **1,128,728** | **338,419** | **11,953** | **426,445** |

(1) Credit conversion factor (CCF) and credit risk mitigation (CRM).

| | As at 30 Sep 24 | | | | | |
|---|---|---|---|---|---|---|
| | EaD post-CCF and post-CRM | | | RWA | | |
| | Credit risk | Counterparty credit risk | Total | Credit risk | Counterparty credit risk | Total |
| | $m | $m | $m | $m | $m | $m |
| **Subject to A-IRB approach** | | | | | | |
| Corporate (including SME) | 207,951 | 2,981 | 210,932 | 102,509 | 1,580 | 104,089 |
| Retail SME | 24,746 | – | 24,746 | 10,327 | – | 10,327 |
| Residential mortgage | 410,718 | – | 410,718 | 104,004 | – | 104,004 |
| Qualifying revolving retail | 9,273 | – | 9,273 | 2,682 | – | 2,682 |
| Other retail | 1,752 | – | 1,752 | 1,922 | – | 1,922 |
| **Subject to F-IRB approach** | | | | | | |
| Corporate | 31,513 | 6,213 | 37,726 | 17,475 | 3,475 | 20,950 |
| Sovereign | 160,130 | 1,978 | 162,108 | 1,599 | 18 | 1,617 |
| Financial institution | 47,604 | 17,397 | 65,001 | 14,017 | 5,051 | 19,068 |
| **Total IRB approach** | **893,687** | **28,569** | **922,256** | **254,535** | **10,124** | **264,659** |
| **Specialised lending** | **3,059** | **129** | **3,188** | **2,514** | **95** | **2,609** |
| **Subject to standardised approach** | | | | | | |
| Corporate (including SME) | 8,571 | 3,726 | 12,297 | 7,421 | 272 | 7,693 |
| Residential mortgage | 7,545 | – | 7,545 | 3,212 | – | 3,212 |
| Other retail | 8,510 | – | 8,510 | 6,041 | – | 6,041 |
| Other | 6,406 | – | 6,406 | 4,355 | – | 4,355 |
| **Total standardised approach** | **31,032** | **3,726** | **34,758** | **21,029** | **272** | **21,301** |
| RBNZ regulated banking subsidiary | 120,799 | 3,810 | 124,609 | 51,099 | 800 | 51,899 |
| Credit valuation adjustment | | | | | | 5,054 |
| Settlement risk | | | | | | – |
| Securitisation exposures in banking book | | | 31,908 | | | 5,369 |
| **Total credit risk** | **1,048,577** | **36,234** | **1,116,719** | **329,177** | **11,291** | **350,891** |
| Market risk | | | | | | 11,427 |
| Operational risk | | | | | | 36,102 |
| Interest rate risk in the banking book | | | | | | 15,526 |
| Floor adjustment | | | | | | – |
| **Total** | **1,048,577** | **36,234** | **1,116,719** | **329,177** | **11,291** | **413,946** |

## CMS1: Comparison of modelled and standardised RWA at risk level

The following table provides a comparison at risk level of RWA prior to application of the floor modelled under approval from APRA, and RWA calculated under the full standardised approach.

March 2025 v September 2024

RWA prior to application of the floor increased by $11.2 billion or 2.7% as outlined in OV1: *Overview of RWA*, whereas RWA under the full standardised approach increased by $25.3 billion or 4.5%. These movements resulted in a floor adjustment of $1.3 billion as at 31 March 2025.

The increase in RWA under the full standardised approach was $14.1 billion more than the increase in pre-floor RWA, mainly related to credit RWA (excluding counterparty credit risk), which is broken down by asset class in CMS2: *Comparison of modelled and standardised RWA for credit risk at asset class level*.

Lending growth, mostly in corporate (including SME), resulted in a greater increase in full standardised credit RWA (excluding counterparty credit risk) compared to pre-floor RWA due to higher risk-weights under the standardised approach. In addition, data and methodology refinements resulted in an increase in credit RWA under the full standardised approach, while the release of certain RWA overlay adjustments resulted in a decrease in pre-floor RWA.

| | | As at 31 Mar 25 | | | |
|---|---|---|---|---|---|
| | | RWA for modelled approaches that have supervisory approval to be used | RWA for portfolios where standardised approaches are used | Pre-floor RWA | RWA calculated using full standardised approach |
| | | $m | $m | $m | $m |
| 1 | Credit risk (excluding counterparty credit risk) | 316,931 | 21,488 | 338,419 | 507,124 |
| 2 | Counterparty credit risk | 11,498 | 455 | 11,953 | 20,883 |
| 3 | Credit valuation adjustment | | 4,570 | 4,570 | 4,570 |
| 4 | Securitisation exposures in the banking book | | 5,544 | 5,544 | 5,544 |
| 5 | Market risk | 11,318 | 776 | 12,094 | 12,094 |
| 6 | Operational risk | | 37,985 | 37,985 | 37,985 |
| – | Interest rate risk in the banking book | 14,624 | – | 14,624 | n/a |
| 7 | Residual RWA | | – | – | – |
| **8** | **Total** | **354,371** | **70,818** | **425,189** | **588,200** |

| | |
|---|---|
| Capital floor at 72.5% of RWA calculated using full standardised approach | 426,445 |
| RWA prior to application of floor | 425,189 |
| **Floor adjustment** | **1,256** |

| | | As at 30 Sep 24 | | | |
|---|---|---|---|---|---|
| | | RWA for modelled approaches that have supervisory approval to be used | RWA for portfolios where standardised approaches are used | Pre-floor RWA | RWA calculated using full standardised approach |
| | | $m | $m | $m | $m |
| 1 | Credit risk (excluding counterparty credit risk) | 306,014 | 23,163 | 329,177 | 486,070 |
| 2 | Counterparty credit risk | 10,732 | 559 | 11,291 | 18,838 |
| 3 | Credit valuation adjustment | | 5,054 | 5,054 | 5,054 |
| 4 | Securitisation exposures in the banking book | | 5,369 | 5,369 | 5,369 |
| 5 | Market risk | 10,694 | 733 | 11,427 | 11,427 |
| 6 | Operational risk | | 36,102 | 36,102 | 36,102 |
| – | Interest rate risk in the banking book | 15,526 | – | 15,526 | n/a |
| 7 | Residual RWA | | – | – | – |
| **8** | **Total** | **342,966** | **70,980** | **413,946** | **562,860** |

| | |
|---|---|
| Capital floor at 72.5% of RWA calculated using full standardised approach | 408,074 |
| RWA prior to application of floor | 413,946 |
| **Floor adjustment** | **n/a** |

## CMS2: Comparison of modelled and standardised RWA for credit risk at asset class level

The following table provides a comparison at asset class level of RWA for credit risk (excluding counterparty credit risk) modelled under approval from APRA and under the full standardised approach. The table provides a breakdown by asset class of amounts in row 1 of CMS1: *Comparison of modelled and standardised RWA at risk level*. Note that:

- Columns (a) and (b) represent RWA for exposures subject to the A-IRB, F-IRB and supervisory slotting approaches.
- Columns (c) and (d) also include RWA for exposures subject to the standardised approach.

| | | As at 31 Mar 25 | | | |
|---|---|---|---|---|---|
| | | a | b | c | d |
| | | RWA for modelled approaches that have supervisory approval to be used | RWA for column (a) re-computed using the standardised approach | Pre-floor RWA | RWA calculated using full standardised approach |
| | | $m | $m | $m | $m |
| 1 | Sovereign | 2,282 | 3,748 | 2,282 | 3,748 |
| 2 | Financial institution | 15,050 | 32,869 | 15,050 | 32,869 |
| 5 | Corporate | 123,646 | 198,924 | 129,997 | 205,275 |
| - | of which: F-IRB approach is applied | 17,417 | 25,535 | 17,417 | 25,535 |
| - | of which: A-IRB approach is applied | 106,229 | 173,389 | 106,229 | 173,389 |
| 6 | Retail | 124,482 | 176,352 | 133,317 | 185,187 |
| - | of which: retail SME | 10,817 | 13,917 | 10,817 | 13,917 |
| - | of which: residential mortgage | 109,020 | 154,929 | 111,846 | 157,755 |
| - | of which: qualifying revolving retail | 2,705 | 6,008 | 2,705 | 6,008 |
| - | of which: other retail | 1,940 | 1,498 | 7,949 | 7,507 |
| 7 | Specialised lending | 2,934 | 4,338 | 2,934 | 4,338 |
| 8 | Other[1] | - | - | 4,117 | 4,117 |
| - | RBNZ regulated banking subsidiary | 48,537 | 69,405 | 50,722 | 71,590 |
| **9** | **Total** | **316,931** | **485,636** | **338,419** | **507,124** |

(1) Consists of cash items in the process of collection, investment in premises and other fixed assets, and all other exposures.

# Capital

## 3.1 Composition of capital

### CC1: Composition of regulatory capital

The following table provides the breakdown of regulatory capital.

March 2025 v September 2024

CET1 capital increased by $97 million or 0.2%. Retained profits (reflected in row 2) increased by $865 million, mainly from statutory net profit attributable to owners of the Company, net of the final 2024 dividend. This was largely offset by a $616 million decrease in contributed equity from the on-market buy-back and a $177m increase in the deduction for other intangibles (reflected in row 9), mainly related to capitalised software. On 12 March 2025, the Group completed the on-market buy-back that was announced on 15 August 2023 and subsequently increased on 2 May 2024 to $3.0 billion.

Additional Tier 1 capital was unchanged from 30 September 2024. Tier 2 capital (reflected in row 58) increased by $2.9 billion or 11.3% due to new issuances and favorable foreign exchange translation impacts.

As outlined in OV1: *Overview of RWA*, RWA increased by $12.5 billion or 3.0%

| | | As at | | |
|---|---|---|---|---|
| | | 31 Mar 25 | | 30 Sep 24 |
| | | $m | Reference[1] | $m |
| **CET1 capital: instruments and reserves** | | | | |
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | 36,119 | p | 36,581 |
| 2 | Retained profits | 26,108 | s | 25,243 |
| 3 | Accumulated other comprehensive income (and other reserves) | (56) | q | (362) |
| **6** | **CET1 capital before regulatory adjustments** | **62,171** | | **61,462** |
| **CET1 capital: regulatory adjustments** | | | | |
| 7 | Prudent valuation adjustments | – | | – |
| 8 | Goodwill (net of related tax liability) | 2,070 | g | 2,070 |
| 9 | Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability) | 3,621 | b+h | 3,444 |
| 10 | Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability) | 83 | c | 105 |
| 11 | Cash flow hedge reserve | 140 | r | (145) |
| 12 | Shortfall of provisions to expected losses | – | | – |
| 13 | Securitisation gain on sale | – | | – |
| 14 | Gains / (losses) due to changes in own credit risk on fair valued liabilities | (64) | t | (118) |
| 15 | Defined benefit pension fund net assets | 34 | d+j | 33 |
| 26 | National specific regulatory adjustments | 5,051 | | 4,934 |
| – | of which: deferred tax assets not reported in row 10 | 2,645 | e | 2,675 |
| – | of which: capitalised expenses, net of deferred fee income | 1,495 | a+m+o | 1,400 |
| – | of which: equity investments (adjusted for intangible component of investments) | 874 | f+i+k | 837 |
| **28** | **Total regulatory adjustments to CET1 capital** | **10,935** | | **10,323** |
| **29** | **CET1 capital** | **51,236** | | **51,139** |
| **Additional Tier 1 capital: instruments** | | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus | 9,610 | | 9,610 |
| 31 | of which: classified as equity under applicable accounting standards | – | | – |
| 32 | of which: classified as liabilities under applicable accounting standards | 9,610 | n | 9,610 |
| **36** | **Additional Tier 1 capital before regulatory adjustments** | **9,610** | | **9,610** |
| **Additional Tier 1 capital: regulatory adjustments** | | | | |
| 37 | Investments in own Additional Tier 1 instruments[2] | 20 | | 20 |
| 41 | National specific regulatory adjustments | – | | 1 |
| **43** | **Total regulatory adjustments to Additional Tier 1 capital** | **20** | | **21** |
| **44** | **Additional Tier 1 capital (AT1)** | **9,590** | | **9,589** |
| **45** | **Tier 1 capital (T1 = CET1 + AT1)** | **60,826** | | **60,728** |

(1) Reference to the balance sheet under the regulatory scope of consolidation in CC2: *Reconciliation of regulatory capital to balance sheet*.
(2) The deduction for investments in own Additional Tier 1 and Tier 2 instruments includes any unused trading limit.

| | | As at | | |
|---|---|---|---|---|
| | | 31 Mar 25 | | 30 Sep 24 |
| | | $m | Reference | $m |
| **Tier 2 capital: instruments and provisions** | | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 27,428 | l | 24,108 |
| 50 | Provisions(1) | 1,559 | | 1,902 |
| **51** | **Tier 2 capital before regulatory adjustments** | **28,987** | | **26,010** |
| **Tier 2 capital: regulatory adjustments** | | | | |
| 52 | Investments in own Tier 2 instruments(2) | 75 | | 75 |
| 56 | National specific regulatory adjustments(3) | 116 | | 61 |
| **57** | **Total regulatory adjustments to Tier 2 capital** | **191** | | **136** |
| **58** | **Tier 2 capital** | **28,796** | | **25,874** |
| **59** | **Total regulatory capital (= Tier 1 + Tier 2)** | **89,622** | | **86,602** |
| **60** | **Total RWA** | **426,445** | | **413,946** |
| **Capital adequacy ratios and buffers** | | | | |
| **61** | **CET1 capital (as a percentage of RWA)** | **12.01%** | | **12.35%** |
| **62** | **Tier 1 capital (as a percentage of RWA)** | **14.26%** | | **14.67%** |
| **63** | **Total capital (as a percentage of RWA)** | **21.02%** | | **20.92%** |
| **64** | **Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)(4)** | **10.10%** | | **10.10%** |
| 65 | of which: capital conservation buffer requirement | 4.75% | | 4.75% |
| 66 | of which: bank-specific countercyclical capital buffer requirement | 0.85% | | 0.85% |
| 67 | of which: higher loss absorbency requirement | n/a | | n/a |
| **68** | **CET1 capital (as a percentage of RWA) available after meeting the bank's minimum capital requirements(5)** | **7.51%** | | **7.85%** |
| **Amounts below the thresholds for deduction (before risk-weighting)(6)** | | | | |
| 72 | Non-significant investments in the capital and other total loss-absorbing capacity (TLAC) liabilities of other financial entities | 128 | | 116 |
| 73 | Significant investments in the common stock of financial entities | 677 | | 659 |
| 75 | DTA arising from temporary differences (net of related tax liability) | 2,645 | e | 2,675 |
| **Applicable caps on the inclusion of provisions in Tier 2 capital** | | | | |
| 76 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap) | 196 | | 221 |
| 77 | Cap on inclusion of provisions in Tier 2 capital under standardised approach | 313 | | 335 |
| 78 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to IRB approach (prior to application of cap) | 1,363 | | 1,681 |
| 79 | Cap for inclusion of provisions in Tier 2 capital under IRB approach | 1,971 | | 1,902 |

(1) Consists of provision for credit impairment held against performing exposures under the IRB approach of $1,363 million (30 September 2024: $1,681 million) and against performing exposures under the standardised approach of $196 million (30 September 2024: $221 million) as at 31 March 2025.
(2) The deduction for investments in own Additional Tier 1 and Tier 2 instruments includes any unused trading limit.
(3) Deduction for holdings of Tier 2 instruments and other TLAC liabilities of financial institutions.
(4) Comprises a minimum CET1 ratio of 4.5%, a capital conservation buffer of 4.75% of RWA and a countercyclical capital buffer (CCyB) (refer to CCyB1: *Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement*).
(5) CET1 capital less the ratio of RWA of any CET1 capital used to meet minimum CET1, Tier 1 and Total capital requirements of 4.5%, 6% and 8%, respectively, as outlined in APS 110 paragraph 24.
(6) Amounts below the thresholds for deduction under Basel III requirements are APRA specific regulatory adjustments.

## CC2: Reconciliation of regulatory capital to balance sheet

The following disclosure shows the difference between the scope of consolidation of the Group's balance sheet and regulatory balance sheet for the Level 2 Group. The disclosure also shows the link between the Level 2 Group's balance sheet and amounts in CC1: *Composition of regulatory capital*.

| | As at 31 Mar 25 | | | |
|---|---|---|---|---|
| | Balance sheet as in published financial statements | Adjustments[1] | Under regulatory scope of consolidation | Reference[2] |
| | $m | $m | $m | |
| **Assets** | | | | |
| Cash and liquid assets | 1,433 | - | 1,433 | |
| Due from other banks | 94,865 | - | 94,865 | |
| Collateral placed | 6,971 | - | 6,971 | |
| Trading assets | 153,947 | - | 153,947 | |
| Derivative assets | 24,243 | 1 | 24,244 | |
| Debt instruments | 44,597 | - | 44,597 | |
| Other financial assets | 764 | - | 764 | |
| Loans and advances | 750,821 | (2,849) | 747,972 | |
| of which: capitalised expenses, net of deferred fee income | 1,316 | - | 1,316 | a |
| Current tax assets | 39 | - | 39 | |
| Due from controlled entities | - | 18 | 18 | |
| Deferred tax assets (DTA) | 3,022 | - | 3,022 | |
| of which: DTA related to other intangibles other than mortgage-servicing rights | 320 | - | 320 | b |
| of which: DTA that rely on future profitability | 83 | - | 83 | c |
| of which: deferred tax liability related to defined benefit pension fund assets | (15) | - | (15) | d |
| of which: deferred tax liability related to the cash flow hedge reserve | (28) | - | (28) | |
| of which: DTA related to losses due to changes in own credit risk on fair valued liabilities | 17 | - | 17 | |
| of which: DTA not included in the above categories | 2,645 | - | 2,645 | e |
| Property, plant and equipment | 2,725 | - | 2,725 | |
| Investments in controlled entities | - | 10 | 10 | f |
| Goodwill and other intangible assets | 5,371 | - | 5,371 | |
| of which: goodwill | 2,070 | - | 2,070 | g |
| of which: other intangibles other than mortgage-servicing rights | 3,301 | - | 3,301 | h |
| Assets held for sale[3] | 243 | - | 243 | i |
| Other assets | 6,598 | - | 6,598 | |
| of which: defined benefit pension fund assets | 49 | - | 49 | j |
| of which: equity investments | 621 | - | 621 | k |
| **Total assets** | **1,095,639** | **(2,820)** | **1,092,819** | |

(1) The adjustments remove the assets, liabilities and equity balances of Level 3 entities deconsolidated for regulatory purposes, and reinstate any intragroup assets and liabilities, treating them as external to the Level 2 Group.
(2) Reference to the breakdown of regulatory capital in CC1: *Composition of regulatory capital*.
(3) The investment in MLC Limited has been classified as held for sale, as NAB has entered into an agreement to sell its remaining 20 per cent stake in MLC Limited to Nippon Life Insurance Company. The proposed sale is subject to satisfaction of certain conditions and regulatory approvals and is expected to complete in the second half of calendar year 2025.

| | As at 31 Mar 25 | | | |
|---|---|---|---|---|
| | Balance sheet as in published financial statements | Adjustments | Under regulatory scope of consolidation | Reference |
| | $m | $m | $m | |
| **Liabilities** | | | | |
| Due to other banks | 12,489 | - | 12,489 | |
| Collateral received | 4,721 | - | 4,721 | |
| Other financial liabilities | 72,887 | - | 72,887 | |
| Deposits and other borrowings | 720,886 | - | 720,886 | |
| Derivative liabilities | 23,473 | - | 23,473 | |
| Current tax liabilities | 496 | - | 496 | |
| Provisions | 1,478 | - | 1,478 | |
| Due to controlled entities | - | 83 | 83 | |
| Bonds, notes and subordinated debt | 171,908 | (2,905) | 169,003 | |
| of which: contractual value of Tier 2 instruments | 27,428 | - | 27,428 | l |
| of which: costs associated with issuing bonds, notes and subordinated debt | (135) | - | (135) | m |
| Debt issued | 9,566 | - | 9,566 | |
| of which: contractual value of Additional Tier 1 instruments | 9,610 | - | 9,610 | n |
| of which: costs associated with issuing convertible notes | (44) | - | (44) | o |
| Other liabilities | 14,816 | - | 14,816 | |
| **Total liabilities** | **1,032,720** | **(2,822)** | **1,029,898** | |
| **Net assets** | **62,919** | **2** | **62,921** | |
| **Equity** | | | | |
| Contributed equity | 36,119 | - | 36,119 | p |
| Reserves | (56) | - | (56) | q |
| of which: cash flow hedge reserve | 140 | - | 140 | r |
| Retained profits | 26,106 | 2 | 26,108 | s |
| of which: after tax gains / (losses) due to changes in own credit risk on fair valued liabilities | (64) | - | (64) | t |
| **Total equity (attributable to owners of the Company)** | **62,169** | **2** | **62,171** | |
| Non-controlling interests | 750 | - | 750 | |
| **Total equity** | **62,919** | **2** | **62,921** | |

## Entities excluded from the Level 2 Group balance sheet

The following table provides details of entities included in the accounting scope of consolidation and excluded from the regulatory scope of consolidation.

| | | As at 31 Mar 25 | |
|---|---|---|---|
| | | Total assets | Total equity |
| **Entity name** | **Principal activity** | $m | $m |
| NAB Trust Services Limited | Trustee | 11 | 11 |
| National Australia Managers Limited | Funds manager | 4 | 3 |
| National RMBS Trust 2018-1 | Securitisation | 327 | (2) |
| National RMBS Trust 2018-2 | Securitisation | 339 | (1) |
| National RMBS Trust 2022-1 | Securitisation | 703 | 1 |
| National RMBS Trust 2024-1 | Securitisation | 1,554 | (4) |

# 3.2 Countercyclical capital buffer

## CCyB1: Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement

The CCyB requirement is calculated as the weighted average of CCyB requirements that apply in jurisdictions in which private sector exposures are held.

The following table provides details of the geographical breakdown of the risk-weighted amount of private sector credit exposures relevant for the calculation of the CCyB, based on the jurisdiction of residence of the immediate counterparty.

March 2025 v September 2024

The CCyB requirement remained consistent at 0.85%. Whilst the risk-weighted amount of Australian private sector exposures increased by $7.5 billion or 2.8%, this had minimal impact to the weighted average with the risk-weighted amount of Australian private sector exposures representing a similar proportion of the risk-weighted amount of total private sector exposures.

| | As at 31 Mar 25 | | | | As at 30 Sep 24 | | | |
|---|---|---|---|---|---|---|---|---|
| | CCyB rate | RWA used in the computation of the CCyB | Bank-specific CCyB rate | CCyB amount(1) | CCyB rate | RWA used in the computation of the CCyB | Bank-specific CCyB rate | CCyB amount(1) |
| Geographical breakdown | % | $m | % | $m | % | $m | % | $m |
| Australia | 1.00 | 271,959 | | | 1.00 | 264,442 | | |
| France | 1.00 | 1,930 | | | 1.00 | 1,215 | | |
| Germany | 0.75 | 1,163 | | | 0.75 | 1,035 | | |
| Hong Kong | 0.50 | 655 | | | 1.00 | 783 | | |
| Ireland | 1.50 | 297 | | | 1.50 | 293 | | |
| Luxembourg | 0.50 | 776 | | | 0.50 | 873 | | |
| Netherlands | 2.00 | 1,115 | | | 2.00 | 1,347 | | |
| Norway | 2.50 | 299 | | | 2.50 | 333 | | |
| Sweden | 2.00 | 381 | | | 2.00 | 433 | | |
| United Kingdom | 2.00 | 9,888 | | | 2.00 | 9,566 | | |
| Other | 0.50 – 2.50 | 443 | | | 0.50 – 2.50 | 491 | | |
| **Sum(2)** | | **288,906** | | | | **280,811** | | |
| **Total(3)** | | **353,118** | **0.85** | **3,625** | | **344,777** | **0.85** | **3,510** |

(1) Amount of CET1 capital held to meet the CCyB requirement, computed as total RWA multiplied by the bank-specific CCyB rate.
(2) Sum of the risk-weighted amount of private sector credit exposures in jurisdictions with a non-zero CCyB rate.
(3) Total of the risk-weighted amount of private sector credit exposures across all jurisdictions, including jurisdictions with no CCyB rate or a CCyB rate set at zero.

# 3.3 Leverage ratio

The leverage ratio is a non-risk-based measure that uses exposures to supplement the RWA-based capital requirements. It is calculated in accordance with APS 110.

## LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

The following table provides a reconciliation of total assets for the Group with the leverage ratio exposure measure.

Key differences between total assets for the Group, as reported in the financial statements, and amounts included in the leverage ratio exposure measure are:

- the inclusion of off-balance sheet credit commitments using prescribed credit conversion factors in leverage ratio exposures,
- SFT exposures in the leverage ratio being based on the average of month-end balances during the quarter, compared to the amount as at the reporting date in the balance sheet, and the inclusion of additional counterparty credit risk measures in the leverage ratio exposure measure, and
- measurement of derivative exposures under the modified standardised approach for measuring counterparty credit risk exposures (SA-CCR) for the purposes of the leverage ratio, compared to the measurement of derivative assets and collateral balances under accounting standards and interpretations issued by the Australian Accounting Standards Board.

| | | As at | |
|---|---|---|---|
| | | 31 Mar 25 | 30 Sep 24 |
| | | $m | $m |
| 1 | Total consolidated assets as per published financial statements | 1,095,639 | 1,080,248 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | 29 | 25 |
| 3 | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | (2,849) | (3,190) |
| 7 | Adjustments for eligible cash pooling transactions | - | - |
| 8 | Adjustments for derivative financial instruments | 4,941 | 362 |
| 9 | Adjustment for SFTs (i.e. repurchase agreements and similar secured lending) | 476 | 2,946 |
| 10 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 123,202 | 121,905 |
| 11 | Adjustments for prudent valuation adjustments and provisions which have reduced Tier 1 capital | - | - |
| 12 | Other adjustments | (10,701) | (10,441) |
| **13** | **Leverage ratio exposure measure** | **1,210,737** | **1,191,855** |

## LR2: Leverage ratio common disclosure template

The leverage ratio calculation is presented on the following page.

All amounts in the leverage ratio calculation are measured as at the reporting date, with the exception of SFT exposures, which are based on a simple average of month-end balances during the quarter.

March 2025 v September 2024

The leverage ratio decreased by 8 basis points, mainly due to an $18.9 billion or 1.6% increase in total exposures. SFT exposures increased by $11.9 billion from increased reverse repurchase agreement activity. In addition, on-balance sheet exposures increased by $5.9 billion, mainly related to increases in loans and advances and debt securities, partially offset by decreases in deposits with central banks. Although total derivative exposures were largely unchanged, the notional amount of written credit derivatives reduced due to trade compression (reflected in row 11), which was offset by corresponding reductions to notional amounts of purchased credit protection (reflected in row 12).

March 2025 v December 2024

The leverage ratio increased by 18 basis points, from both a $1.3 billion or 2.1% increase in Tier 1 capital and a $21.1 billion or 1.7% decrease in total exposures. The increase in Tier 1 capital was mainly due to an increase in retained profits, partially offset by a decrease in contributed equity from the on-market buy-back. The decrease in on-balance sheet exposures of $13.7 billion was the most significant driver of the decrease in total exposures, mainly related to decreases in deposits with central banks, partially offset by increases in loans and advances and debt securities. In addition, derivative exposures decreased by $9.3 billion, in particular foreign exchange derivatives.

| | | As at | | |
|---|---|---|---|---|
| | | 31 Mar 25 | 31 Dec 24 | 30 Sep 24[1] |
| | | $m | $m | $m |
| **On-balance sheet exposures** | | | | |
| 1 | On-balance sheet exposures (excluding derivatives and SFTs, but including collateral) | 966,943 | 980,340 | 960,915 |
| 2 | Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework | 4,864 | 5,802 | 3,710 |
| 3 | (Deductions of receivable assets for cash variation margin provided in derivatives transactions) | (7,126) | (7,885) | (6,305) |
| 5 | (Provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital) | (5,452) | (5,456) | (5,313) |
| 6 | (Asset amounts deducted in determining Tier 1 capital and regulatory adjustments) | (10,116) | (9,969) | (9,833) |
| **7** | **Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)** | **949,113** | **962,832** | **943,174** |
| **Derivative exposures** | | | | |
| 8 | Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) | 10,474 | 16,397 | 10,165 |
| 9 | Add-on amounts for potential future exposure associated with all derivatives transactions | 19,750 | 23,141 | 20,510 |
| 11 | Adjusted effective notional amount of written credit derivatives | 5,995 | 2,743 | 16,589 |
| 12 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (4,772) | (1,533) | (15,533) |
| **13** | **Total derivative exposures (sum of rows 8 to 12)** | **31,447** | **40,748** | **31,731** |
| **SFT exposures**[2] | | | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions | 119,993 | 120,142 | 106,898 |
| 15 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | (17,826) | (19,583) | (16,026) |
| 16 | Counterparty credit risk exposure for SFT assets | 5,393 | 5,242 | 4,781 |
| **18** | **Total SFT exposures (sum of rows 14 to 17)** | **107,560** | **105,801** | **95,653** |
| **Other off-balance sheet exposures** | | | | |
| 19 | Off-balance sheet exposure at gross notional amount | 251,635 | 252,627 | 246,429 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | (128,433) | (129,577) | (124,524) |
| 21 | (Provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital) | (585) | (605) | (608) |
| **22** | **Off-balance sheet items (sum of rows 19 to 21)** | **122,617** | **122,445** | **121,297** |
| **Capital and total exposures** | | | | |
| **23** | **Tier 1 capital** | **60,826** | **59,567** | **60,728** |
| **24** | **Total exposures (sum of rows 7, 13, 18 and 22)** | **1,210,737** | **1,231,826** | **1,191,855** |
| **Leverage ratio** | | | | |
| **25** | **Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)** | **5.02%** | **4.84%** | **5.10%** |
| **26** | **National minimum leverage ratio requirement** | **3.50%** | **3.50%** | **3.50%** |
| **Disclosure of mean values** | | | | |
| 28 | Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 102,167 | 100,559 | 90,872 |
| 29a | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 107,084 | 107,592 | 92,707 |
| 30 | Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 1,210,737 | 1,231,826 | 1,191,855 |
| 31 | Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 5.02% | 4.84% | 5.10% |

(1) The provision for credit impairment attributed to on- and off-balance sheet exposures is required to be disclosed separately under the revised APS 330. This differs from presentation in the September 2024 Pillar 3 Report where this amount formed part of on-balance sheet exposures.
(2) SFT exposures are the average of month-end balances during the quarter.

# Links between financial statements and regulatory exposures

## LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following disclosure shows how the carrying value of assets and liabilities reported in the Group's balance sheet correspond to regulatory risk categories for exposures other than off-balance sheet items. Where an exposure attracts capital charges according to more than one risk category framework, the carrying value is reported in all columns that attract a capital charge, such that the sum of amounts in columns (c) to (g) does not equal to column (b). This is the case for derivatives, repurchase agreements and collateral associated with these products.

CC2: *Reconciliation of regulatory capital to balance sheet* expands on the differences between the scope of accounting consolidation and regulatory consolidation shown in columns (a) and (b).

This annual template has been included in this report to facilitate understanding of how carrying values in other disclosures, in particular in the credit risk section, correspond to amounts on the Group's balance sheet.

| | As at 31 Mar 25 | | | | | | |
|---|---|---|---|---|---|---|---|
| | *a* | *b* | *c* | *d* | *e* | *f* | *g* |
| | Reported in published financial statements | Under regulatory scope of consolidation | Carrying value of items subject to: | | | | Not subject to capital requirements / deducted from capital |
| | | | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework | |
| | $m | $m | $m | $m | $m | $m | $m |
| **Assets** | | | | | | | |
| Cash and liquid assets | 1,433 | 1,433 | 1,433 | - | - | - | - |
| Due from other banks | 94,865 | 94,865 | 92,451 | 2,414 | - | 2,414 | - |
| Collateral placed | 6,971 | 6,971 | - | 6,971 | - | 6,971 | - |
| Trading assets | 153,947 | 153,947 | 36,176 | 104,670 | - | 117,769 | 2 |
| Derivative assets | 24,243 | 24,244 | - | 24,243 | 1 | 24,243 | - |
| Debt instruments | 44,597 | 44,597 | 42,691 | - | 1,903 | 3 | - |
| Other financial assets | 764 | 764 | 740 | - | - | - | 24 |
| Loans and advances[1] | 750,821 | 747,972 | 729,249 | - | 21,328 | 3 | (2,608) |
| Current tax assets | 39 | 39 | 39 | - | - | - | - |
| Due from controlled entities | - | 18 | 18 | - | - | - | - |
| Deferred tax assets | 3,022 | 3,022 | - | - | - | - | 3,022 |
| Property, plant and equipment | 2,725 | 2,725 | 2,725 | - | - | - | - |
| Investments in controlled entities | - | 10 | - | - | - | - | 10 |
| Goodwill and other intangible assets | 5,371 | 5,371 | - | - | - | - | 5,371 |
| Assets held for sale | 243 | 243 | - | - | - | - | 243 |
| Other assets | 6,598 | 6,598 | 3,404 | - | - | - | 3,194 |
| **Total assets** | **1,095,639** | **1,092,819** | **908,926** | **138,298** | **23,232** | **151,403** | **9,258** |
| **Liabilities** | | | | | | | |
| Due to other banks | 12,489 | 12,489 | - | 2,276 | - | 2,276 | 10,213 |
| Collateral received | 4,721 | 4,721 | - | 4,721 | - | 4,721 | - |
| Other financial liabilities | 72,887 | 72,887 | - | 54,589 | - | 59,809 | 13,078 |
| Deposits and other borrowings | 720,886 | 720,886 | - | - | - | - | 720,886 |
| Derivative liabilities | 23,473 | 23,473 | - | 23,473 | - | 23,473 | - |
| Current tax liabilities | 496 | 496 | - | - | - | - | 496 |
| Provisions | 1,478 | 1,478 | - | - | - | - | 1,478 |
| Due to controlled entities | - | 83 | - | - | - | - | 83 |
| Bonds, notes and subordinated debt | 171,908 | 169,003 | - | - | - | - | 169,003 |
| Debt issued | 9,566 | 9,566 | - | - | - | - | 9,566 |
| Other liabilities | 14,816 | 14,816 | - | - | - | - | 14,816 |
| **Total liabilities** | **1,032,720** | **1,029,898** | **-** | **85,059** | **-** | **90,279** | **939,619** |

(1) Column (a) is net and columns (c) to (f) are gross of the $6,037 million provision for credit impairment.

| | As at 30 Sep 24 | | | | | | |
|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g |
| | Reported in published financial statements | Under regulatory scope of consolidation | Carrying value of items subject to: | | | | Not subject to capital requirements / deducted from capital |
| | | | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework | |
| | $m | $m | $m | $m | $m | $m | $m |
| **Assets** | | | | | | | |
| Cash and liquid assets | 2,499 | 2,499 | 2,499 | – | – | – | – |
| Due from other banks | 110,438 | 110,438 | 107,982 | 2,456 | – | 2,456 | – |
| Collateral placed | 9,633 | 9,633 | – | 9,633 | – | 9,633 | – |
| Trading assets | 133,606 | 133,606 | 37,448 | 87,814 | – | 96,156 | 2 |
| Derivative assets | 28,766 | 28,773 | – | 28,766 | 7 | 28,766 | – |
| Debt instruments | 41,999 | 41,999 | 39,230 | – | 2,767 | 2 | – |
| Other financial assets | 769 | 769 | 745 | – | – | – | 24 |
| Loans and advances[1] | 732,692 | 729,495 | 710,720 | – | 21,518 | 6 | (2,749) |
| Current tax assets | 25 | 25 | 25 | – | – | – | – |
| Due from controlled entities | – | 15 | 15 | – | – | – | – |
| Deferred tax assets | 3,181 | 3,181 | – | – | – | – | 3,181 |
| Property, plant and equipment | 2,865 | 2,865 | 2,865 | – | – | – | – |
| Investments in controlled entities | – | 10 | – | – | – | – | 10 |
| Goodwill and other intangible assets | 5,224 | 5,224 | – | – | – | – | 5,224 |
| Other assets | 8,551 | 8,551 | 3,739 | – | – | – | 4,812 |
| **Total assets** | **1,080,248** | **1,077,083** | **905,268** | **128,669** | **24,292** | **137,019** | **10,504** |
| **Liabilities** | | | | | | | |
| Due to other banks | 12,328 | 12,328 | – | 3,102 | – | 3,102 | 9,226 |
| Collateral received | 5,151 | 5,151 | – | 5,151 | – | 5,151 | – |
| Other financial liabilities | 70,272 | 70,272 | – | 54,679 | – | 58,175 | 12,097 |
| Deposits and other borrowings | 712,566 | 712,566 | – | – | – | – | 712,566 |
| Derivative liabilities | 32,576 | 32,576 | – | 32,576 | – | 32,576 | – |
| Current tax liabilities | 1,042 | 1,045 | – | – | – | – | 1,045 |
| Provisions | 1,804 | 1,804 | – | – | – | – | 1,804 |
| Due to controlled entities | – | 89 | – | – | – | – | 89 |
| Bonds, notes and subordinated debt | 156,294 | 153,030 | – | – | – | – | 153,030 |
| Debt issued | 9,560 | 9,560 | – | – | – | – | 9,560 |
| Other liabilities | 16,442 | 16,442 | – | – | – | – | 16,442 |
| **Total liabilities** | **1,018,035** | **1,014,863** | **-** | **95,508** | **-** | **99,004** | **915,859** |

(1) Column (a) is net and columns (c) to (f) are gross of the $5,921 million provision for credit impairment.

# Credit risk

This section excludes credit risk information in respect of exposures subject to a counterparty credit risk charge within the scope of APS 180 *Capital Adequacy: Counterparty Credit Risk* and securitisation exposures within the scope of APS 120, which have separate disclosures in Section 6 *Counterparty credit risk* and Section 7 *Securitisation*, respectively.

# 5.1 General information about credit risk

## CR1: Credit quality of assets

The following table provides information on the credit quality of assets and off-balance sheet exposures.

The gross carrying value of loans and debt securities in column (a) is the accounting value of these assets before the provision for credit impairment. The gross carrying value of off-balance sheet exposures in column (a) is the amount that has been committed to be lent, and the maximum amount that could be paid under guarantees granted, before the provision for credit impairment. As APRA requirements include arrangements that can be unconditionally cancelled by the ADI as commitments, off-balance sheet exposures for the Level 2 Group include revocable loan commitments.

The amounts in columns (d)/(e) and (f) show the total provision for credit impairment in column (c) held against exposures under the standardised and IRB approaches.

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Non-performing exposures increased by $1,031 million or 10.1%. This mainly reflects broad-based deterioration in the Business and Private Banking business lending portfolio, and to a lesser extent, higher arrears for the Australian mortgage portfolio.

| | | As at 31 Mar 25 | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d / e | f | g |
| | | Gross carrying value of | | Total provision for credit impairment | Of which expected credit loss accounting provision for credit losses on | | Net carrying value (a+b-c) |
| | | Non-performing exposures | Performing exposures | | SA exposures[1] | IRB approach exposures | |
| | | $m | $m | $m | $m | $m | $m |
| 1 | Loans, comprising: | 10,820 | 719,169 | 5,452 | 238 | 5,214 | 724,537 |
| - | Loans and advances | 10,820 | 718,429 | 5,452 | 238 | 5,214 | 723,797 |
| - | Other financial assets | - | 740 | - | - | - | 740 |
| 2 | Debt securities, comprising: | - | 78,867 | - | - | - | 78,867 |
| - | Trading assets | - | 36,176 | - | - | - | 36,176 |
| - | Debt instruments | - | 42,691 | - | - | - | 42,691 |
| 3 | Off-balance sheet exposures | 441 | 235,824 | 585 | 42 | 543 | 235,680 |
| **4** | **Total** | **11,261** | **1,033,860** | **6,037** | **280** | **5,757** | **1,039,084** |

(1) Further breakdown of the provision for credit impairment held against exposures under the standardised approach has not been provided on the basis of materiality.

| | | As at 30 Sep 24 | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d / e | f | g |
| | | Gross carrying value of | | Total provision for credit impairment | Of which expected credit loss accounting provision for credit losses on | | Net carrying value (a+b-c) |
| | | Non-performing exposures | Performing exposures | | SA exposures[1] | IRB approach exposures | |
| | | $m | $m | $m | $m | $m | $m |
| 1 | Loans, comprising: | 9,840 | 701,625 | 5,313 | 264 | 5,049 | 706,152 |
| - | Loans and advances | 9,840 | 700,880 | 5,313 | 264 | 5,049 | 705,407 |
| - | Other financial assets | - | 745 | - | - | - | 745 |
| 2 | Debt securities, comprising: | - | 76,678 | - | - | - | 76,678 |
| - | Trading assets | - | 37,448 | - | - | - | 37,448 |
| - | Debt instruments | - | 39,230 | - | - | - | 39,230 |
| 3 | Off-balance sheet exposures | 390 | 227,743 | 608 | 34 | 574 | 227,525 |
| **4** | **Total** | **10,230** | **1,006,046** | **5,921** | **298** | **5,623** | **1,010,355** |

(1) Further breakdown of the provision for credit impairment held against exposures under the standardised approach has not been provided on the basis of materiality.

## Exposure at default, non-performing exposures and related provisions by industry

The following table provides a breakdown by industry, based on ANZSIC Level 1 classifications, of:

- EaD subject to the credit risk and counterparty credit risk frameworks, which excludes securitisation exposures subject to the requirements of APS 120,
- non-performing exposures, and
- the provision for credit impairment for non-performing exposures, including the provision for non-performing exposures which are individually assessed.

This information forms part of the annual template CRB: *Additional disclosure related to credit quality of assets*, which has been included in this report as additional information.

| | As at 31 Mar 25 | | | |
|---|---|---|---|---|
| | EaD post-CCF and post-CRM | Non-performing exposures | Provision for non-performing exposures[1] | Of which individually assessed provision for credit impairment |
| **Industry sector** | **$m** | **$m** | **$m** | **$m** |
| Accommodation and hospitality | 13,382 | 234 | 66 | 21 |
| Agriculture, forestry, fishing and mining | 68,684 | 1,267 | 227 | 100 |
| Business services and property services | 25,011 | 493 | 166 | 113 |
| Commercial property | 88,457 | 1,133 | 229 | 35 |
| Construction | 14,750 | 393 | 127 | 91 |
| Finance and insurance | 174,188 | 106 | 35 | 18 |
| Government and public authorities | 73,831 | - | - | - |
| Manufacturing | 21,512 | 597 | 272 | 230 |
| Personal | 20,918 | 200 | 105 | 2 |
| Residential mortgages | 486,032 | 5,510 | 569 | 55 |
| Retail and wholesale trade | 34,946 | 676 | 226 | 144 |
| Transport and storage | 22,402 | 278 | 68 | 43 |
| Utilities | 15,932 | 13 | 19 | 17 |
| Other[2] | 37,589 | 361 | 87 | 51 |
| **Total** | **1,097,634** | **11,261** | **2,196** | **920** |

| | | | | |
|---|---|---|---|---|
| **Provision for performing exposures[3]** | | | **3,841** | |
| **Total provision for credit impairment** | | | **6,037** | |

(1) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.
(2) Other includes health and community services, and education.
(3) Provision for performing exposures represents Stage 1 and Stage 2 expected credit losses, which are collectively assessed.

| | As at 30 Sep 24 | | | |
|---|---|---|---|---|
| | EaD post-CCF and post-CRM | Non-performing exposures | Provision for non-performing exposures(1) | Of which individually assessed provision for credit impairment |
| **Industry sector** | **$m** | **$m** | **$m** | **$m** |
| Accommodation and hospitality | 12,657 | 206 | 62 | 18 |
| Agriculture, forestry, fishing and mining | 68,917 | 1,197 | 220 | 77 |
| Business services and property services | 23,519 | 398 | 143 | 98 |
| Commercial property | 84,551 | 994 | 204 | 32 |
| Construction | 13,910 | 357 | 108 | 59 |
| Finance and insurance | 183,742 | 86 | 29 | 18 |
| Government and public authorities | 70,974 | - | - | - |
| Manufacturing | 20,269 | 519 | 209 | 177 |
| Personal | 20,910 | 188 | 84 | 2 |
| Residential mortgages | 476,271 | 5,167 | 441 | 59 |
| Retail and wholesale trade | 33,665 | 581 | 239 | 150 |
| Transport and storage | 23,429 | 249 | 59 | 31 |
| Utilities | 14,787 | 9 | 2 | 1 |
| Other(2) | 37,210 | 279 | 55 | 34 |
| **Total** | **1,084,811** | **10,230** | **1,855** | **756** |
| | | | | |
| **Provision for performing exposures(3)** | | | **4,066** | |
| **Total provision for credit impairment** | | | **5,921** | |

(1) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.
(2) Other includes health and community services, and education.
(3) Provision for performing exposures represents Stage 1 and Stage 2 expected credit losses, which are collectively assessed.

## CR2: Changes in stock of non-performing loans and debt securities

The following table provides details of the movement in non-performing exposures, including off-balance sheet exposures, over the reporting period.

| | | 6 months ended | |
|---|---|---|---|
| | | 31 Mar 25 | 30 Sep 24 |
| | | **$m** | **$m** |
| **1** | **Non-performing loans and debt securities at end of the previous reporting period** | **10,230** | **8,691** |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 4,383 | 4,270 |
| 3 | Returned to performing status | (1,723) | (1,551) |
| 4 | Amounts written off | (251) | (273) |
| 5 | Other changes(1) | (1,378) | (907) |
| **6** | **Non-performing loans and debt securities at end of the reporting period** | **11,261** | **10,230** |

(1) Non-performing exposures that have been repaid, and other exposure changes.

# 5.2 Credit risk mitigation

## CR3: Credit risk mitigation techniques – overview

The following table provides details of credit risk mitigation based on the carrying value of loans and advances and debt securities. Amounts are net of the provision for credit impairment, with non-performing exposures in row 4 net of Stage 3 expected credit losses.

The carrying value in column (a) is exposures that do not benefit from credit risk mitigation. This includes fully unsecured exposures and the unsecured potion of partially secured exposures.

The carrying value in column (b) is exposures that have at least one credit risk mitigation mechanism, excluding any over collateralisation. This includes the secured portion of partially secured exposures.

The carrying value of secured exposures in column (b) is broken down by nature of the credit risk mitigation in columns (c), (d) and (e). The carrying value of exposures secured by collateral in column (c) is based on bank extended value, which is calculated at a discount to market value based on the nature of the underlying security.

| | | As at 31 Mar 25 | | | | |
|---|---|---|---|---|---|---|
| | | *a* | *b* | *c* | *d* | *e* |
| | | Carrying value of: | | | | |
| | | **Exposures unsecured** | **Exposures to be secured** | **Exposures secured by collateral** | **Exposures secured by financial guarantees** | **Exposures secured by credit derivatives** |
| | | **$m** | **$m** | **$m** | **$m** | **$m** |
| 1 | Loans | 75,327 | 649,210 | 647,536 | 1,674 | – |
| 2 | Debt securities | 73,780 | 5,087 | 5,087 | – | – |
| **3** | **Total** | **149,107** | **654,297** | **652,623** | **1,674** | **-** |
| 4 | of which: non-performing | 245 | 8,446 | 8,446 | – | – |

# 5.3 Credit risk under standardised approach

Asset classes for the Level 2 Group excluding BNZ have been determined with reference to APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*, as required by APS 330.

## CR4: Standardised approach – credit risk exposure and credit risk mitigation effects

The following table provides details of EaD and RWA for exposures subject to the standardised approach. It presents on- and off-balance sheet EaD before CCF and CRM in columns (a) and (b), and after CCF and CRM in columns (c) and (d). RWA density in column (f) is RWA over EaD after CCF and CRM.

EaD post-CCF and post-CRM is derived by applying relevant CCFs to committed but undrawn exposures. The value of this on-balance sheet equivalent amount is reduced by any provisions for non-performing exposures before credit risk mitigation is taken into account.

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Credit RWA under the standardised approach decreased by $1.7 billion or 7.2% mainly due to the application of a lower risk-weight to certain corporate SME exposures. Refer to CR5: *Standardised approach - exposures by asset classes and risk-weights* for further detail of standardised exposures by risk-weight and risk-weight bands.

| | As at 31 Mar 25 | | | | | |
|---|---|---|---|---|---|---|
| | *a* | *b* | *c* | *d* | *e* | *f* |
| | EaD pre-CCF and pre-CRM | | EaD post-CCF and post-CRM | | RWA | RWA density |
| | On-balance sheet | Off-balance sheet | On-balance sheet | Off-balance sheet | | |
| **Asset classes** | **$m** | **$m** | **$m** | **$m** | **$m** | **%** |
| Corporate (including SME) | 6,384 | 6,930 | 6,330 | 2,477 | 6,351 | 72% |
| Residential mortgage | 6,011 | 1,585 | 6,002 | 636 | 2,826 | 43% |
| Other retail | 5,215 | 8,681 | 5,188 | 3,288 | 6,009 | 71% |
| Other[(1)] | 5,350 | – | 5,350 | – | 4,117 | 77% |
| RBNZ regulated banking subsidiary | 13,906 | 1,037 | 13,492 | 550 | 2,185 | 16% |
| **Total** | **36,866** | **18,233** | **36,362** | **6,951** | **21,488** | **50%** |

(1) Consists of cash items in the process of collection, investment in premises and other fixed assets, and all other exposures.

## CR5: Standardised approach - exposures by asset classes and risk-weights

## CR5(i): Standardised approach – exposure at default by asset class and risk-weight

The following table provides a breakdown of credit risk exposures subject to the standardised approach by asset class and risk-weight.

| | As at 31 Mar 25 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk-weight | 0% | 20% | 25% | 30% | 35% | 40% | 45% | 50% | 75% | 85% | 100% | 110% | Other | EaD post-CCF and post-CRM |
| **Asset classes** | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| Corporate (including SME) | – | 2,152 | – | – | – | – | – | – | 18 | 5,625 | 102 | 852 | 58 | 8,807 |
| Residential mortgage | – | 667 | 1,179 | 1,321 | 840 | 767 | 667 | 158 | – | 20 | 772 | 17 | 230 | 6,638 |
| Other retail | – | 1,139 | – | – | – | – | – | – | 6,373 | – | 890 | – | 74 | 8,476 |
| Other[1] | 1,009 | 353 | – | – | – | – | – | – | – | – | 3,949 | – | 39 | 5,350 |
| RBNZ regulated banking subsidiary | 8,359 | 3,888 | – | – | – | 1 | – | 772 | – | – | 1,022 | – | – | 14,042 |
| **Total** | **9,368** | **8,199** | **1,179** | **1,321** | **840** | **768** | **667** | **930** | **6,391** | **5,645** | **6,735** | **869** | **401** | **43,313** |

(1) Consists of cash items in the process of collection, investment in premises and other fixed assets, and all other exposures.

## CR5(ii): Standardised approach – exposure at default by risk-weight band

The following table provides a breakdown of on- and off-balance sheet credit risk exposures subject to the standardised approach by risk-weight band.

| | | As at 31 Mar 25 | | | |
|---|---|---|---|---|---|
| | | On-balance sheet EaD (pre-CRM) | Off-balance sheet EaD (pre-CCF and pre-CRM) | Weighted average CCF[1] | EaD post-CCF and post-CRM |
| | **Risk-weight** | **$m** | **$m** | **%** | **$m** |
| 1 | Less than 40% | 19,419 | 6,600 | 23% | 20,907 |
| 2 | 40 – 70% | 2,192 | 622 | 45% | 2,469 |
| 3 | 75% | 3,559 | 7,082 | 40% | 6,391 |
| 4 | 85%[2] | 4,473 | 2,504 | 47% | 5,653 |
| 5 | 90 – 100% | 6,500 | 658 | 36% | 6,739 |
| 6 | 105 – 130% | 533 | 743 | 57% | 960 |
| 7 | 150% | 151 | 24 | 15% | 155 |
| 8 | 250% | 39 | – | – | 39 |
| **11** | **Total** | **36,866** | **18,233** | **35%** | **43,313** |

(1) Weighting is based on off-balance sheet exposure (pre-CCF).
(2) Row 4 includes exposures with an 80% risk-weight.

# 5.4 Credit risk under internal-based approaches

## CR6: IRB – credit risk exposures by portfolio and probability of default range

In the tables below of credit risk exposures by asset class and probability of default (PD) band:

- The number of borrowers in column (f) is based on:
  - the number of counterparties within each asset class for the corporate (including SME), retail SME, sovereign and financial institution asset classes,
  - the number of agreements within each asset class for the residential mortgage, qualifying revolving retail and other retail asset classes, and
  - the number of counterparties or agreements following the approach outlined above for BNZ's underlying asset classes for the RBNZ regulated banking subsidiary's number of borrowers.
- Average maturity in column (h) is only disclosed for asset classes where it is used for the RWA calculation, consistent with the disclosure template prescribed by APS 330.
- RWA in column (i) and RWA density in column (j) exclude RWA overlay adjustments.
- Provision for credit impairment in column (l) represents the total provision for credit impairment, and is disclosed for each asset class and not by PD band, consistent with the disclosure template prescribed by APS 330.

### Credit risk exposures subject to the A-IRB approach by asset class and PD band

The following table provides key parameters used in the calculation of capital requirements for credit risk exposures under the A-IRB approach by asset class and PD band.

| | As at 31 Mar 25 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g | h | i | j | k | l |
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| PD scale | $m | $m | % | $m | % | | % | years | $m | % | $m | $m |
| **Corporate (including SME)** | | | | | | | | | | | | |
| 0.00 to <0.15 | 5,445 | 7,804 | 44% | 8,904 | 0.08% | 2,233 | 30% | 2.3 | 1,581 | 17.8% | 2 | |
| 0.15 to <0.25 | 7,846 | 4,136 | 51% | 9,927 | 0.20% | 2,693 | 25% | 2.2 | 2,424 | 24.4% | 5 | |
| 0.25 to <0.50 | 35,150 | 14,497 | 49% | 42,184 | 0.39% | 13,231 | 23% | 2.0 | 13,053 | 30.9% | 39 | |
| 0.50 to <0.75 | 21,703 | 4,968 | 55% | 24,411 | 0.62% | 6,230 | 24% | 1.9 | 10,254 | 42.0% | 36 | |
| 0.75 to <2.50 | 101,497 | 19,639 | 60% | 113,222 | 1.29% | 36,493 | 24% | 1.6 | 59,443 | 52.5% | 351 | |
| 2.50 to <10.00 | 11,997 | 2,048 | 61% | 13,253 | 3.95% | 7,811 | 25% | 1.5 | 9,765 | 73.7% | 133 | |
| 10.00 to <100.00 | 1,796 | 184 | 51% | 1,890 | 20.27% | 1,310 | 26% | 1.5 | 2,826 | 149.5% | 100 | |
| 100.00 (Default) | 3,512 | 278 | 57% | 3,670 | 100.00% | 1,927 | 29% | 1.3 | 4,845 | 132.0% | 965 | |
| **Sub-total** | **188,946** | **53,554** | **53%** | **217,461** | **2.93%** | **71,928** | **24%** | **1.7** | **104,191** | **47.9%** | **1,631** | **2,633** |

| | As at 31 Mar 25 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g | h | i | j | k | l |
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| PD scale | $m | $m | % | $m | % | | % | years | $m | % | $m | $m |
| **Retail SME** | | | | | | | | | | | | |
| 0.00 to <0.15 | 357 | 714 | 95% | 1,036 | 0.11% | 5,393 | 23% | | 68 | 6.6% | – | |
| 0.15 to <0.25 | 488 | 659 | 97% | 1,127 | 0.19% | 5,716 | 24% | | 115 | 10.2% | 1 | |
| 0.25 to <0.50 | 2,692 | 2,210 | 96% | 4,820 | 0.40% | 25,417 | 24% | | 819 | 17.0% | 5 | |
| 0.50 to <0.75 | 1,230 | 796 | 96% | 1,997 | 0.62% | 12,377 | 25% | | 463 | 23.2% | 3 | |
| 0.75 to <2.50 | 8,360 | 3,293 | 97% | 11,565 | 1.37% | 73,069 | 27% | | 4,131 | 35.7% | 43 | |
| 2.50 to <10.00 | 2,723 | 613 | 98% | 3,322 | 4.17% | 29,170 | 28% | | 1,887 | 56.8% | 38 | |
| 10.00 to <100.00 | 390 | 66 | 99% | 455 | 19.22% | 7,400 | 29% | | 440 | 96.6% | 25 | |
| 100.00 (Default) | 1,116 | 128 | 99% | 1,242 | 100.00% | 8,023 | 27% | | 1,914 | 154.0% | 261 | |
| **Sub-total** | **17,356** | **8,479** | **97%** | **25,564** | **6.50%** | **166,565** | **26%** | | **9,837** | **38.5%** | **376** | **571** |
| **Residential mortgage** | | | | | | | | | | | | |
| 0.00 to <0.15 | 47,572 | 19,863 | 99% | 67,263 | 0.10% | 210,412 | 12% | | 4,048 | 6.0% | 8 | |
| 0.15 to <0.25 | 68,291 | 14,671 | 99% | 82,783 | 0.19% | 203,600 | 13% | | 7,246 | 8.8% | 21 | |
| 0.25 to <0.50 | 131,607 | 17,305 | 99% | 148,781 | 0.37% | 325,108 | 16% | | 25,617 | 17.2% | 88 | |
| 0.50 to <0.75 | 35,876 | 3,358 | 100% | 39,230 | 0.62% | 75,716 | 19% | | 12,155 | 31.0% | 47 | |
| 0.75 to <2.50 | 54,864 | 4,178 | 100% | 59,032 | 1.08% | 114,636 | 20% | | 27,420 | 46.5% | 127 | |
| 2.50 to <10.00 | 10,498 | 250 | 98% | 10,742 | 5.33% | 22,900 | 17% | | 10,642 | 99.1% | 96 | |
| 10.00 to <100.00 | 7,275 | 38 | 98% | 7,312 | 26.09% | 16,399 | 17% | | 11,799 | 161.4% | 342 | |
| 100.00 (Default) | 4,773 | 116 | 90% | 4,877 | 100.00% | 10,055 | 25% | | 10,040 | 205.9% | 487 | |
| **Sub-total** | **360,756** | **59,779** | **99%** | **420,020** | **2.14%** | **978,826** | **16%** | | **108,967** | **25.9%** | **1,216** | **1,135** |

| | As at 31 Mar 25 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g | h | i | j | k | l |
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| **PD scale** | **$m** | **$m** | **%** | **$m** | **%** | | **%** | **years** | **$m** | **%** | **$m** | **$m** |
| **Qualifying revolving retail** | | | | | | | | | | | | |
| 0.00 to <0.15 | 385 | 4,673 | 55% | 2,945 | 0.10% | 535,749 | 74% | | 150 | 5.1% | 2 | |
| 0.15 to <0.25 | 389 | 1,829 | 47% | 1,243 | 0.19% | 209,615 | 74% | | 103 | 8.2% | 2 | |
| 0.25 to <0.50 | 685 | 1,550 | 49% | 1,450 | 0.36% | 213,528 | 74% | | 201 | 13.9% | 4 | |
| 0.50 to <0.75 | 242 | 363 | 53% | 434 | 0.62% | 56,270 | 74% | | 94 | 21.6% | 2 | |
| 0.75 to <2.50 | 1,501 | 1,158 | 56% | 2,155 | 1.40% | 251,115 | 75% | | 865 | 40.2% | 23 | |
| 2.50 to <10.00 | 716 | 248 | 63% | 871 | 4.47% | 83,313 | 77% | | 814 | 93.4% | 30 | |
| 10.00 to <100.00 | 171 | 21 | 61% | 183 | 33.08% | 19,675 | 76% | | 391 | 213.0% | 46 | |
| 100.00 (Default) | 35 | 10 | 1% | 35 | 100.00% | 4,562 | 78% | | 87 | 249.7% | 21 | |
| **Sub-total** | **4,124** | **9,852** | **53%** | **9,316** | **1.91%** | **1,373,827** | **75%** | | **2,705** | **29.0%** | **130** | **182** |
| **Other retail** | | | | | | | | | | | | |
| 0.00 to <0.15 | 5 | 86 | 83% | 76 | 0.07% | 17,008 | 72% | | 11 | 14.8% | – | |
| 0.15 to <0.25 | 6 | 25 | 71% | 24 | 0.18% | 4,614 | 73% | | 7 | 30.5% | – | |
| 0.25 to <0.50 | 37 | 52 | 84% | 81 | 0.40% | 14,994 | 73% | | 40 | 49.7% | – | |
| 0.50 to <0.75 | 21 | 19 | 91% | 38 | 0.62% | 8,607 | 72% | | 25 | 64.5% | – | |
| 0.75 to <2.50 | 626 | 88 | 94% | 709 | 1.69% | 123,515 | 72% | | 676 | 95.4% | 9 | |
| 2.50 to <10.00 | 501 | 71 | 96% | 569 | 4.43% | 129,401 | 73% | | 667 | 117.1% | 19 | |
| 10.00 to <100.00 | 144 | 55 | 98% | 199 | 29.25% | 87,746 | 75% | | 362 | 182.5% | 44 | |
| 100.00 (Default) | 63 | 2 | 46% | 64 | 100.00% | 14,875 | 82% | | 120 | 187.4% | 44 | |
| **Sub-total** | **1,403** | **398** | **89%** | **1,760** | **9.08%** | **400,760** | **73%** | | **1,908** | **108.4%** | **116** | **150** |

| | As at 31 Mar 25 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *a* | *b* | *c* | *d* | *e* | *f* | *g* | *h* | *i* | *j* | *k* | *l* |
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| **PD scale** | **$m** | **$m** | **%** | **$m** | **%** | | **%** | **years** | **$m** | **%** | **$m** | **$m** |
| **RBNZ regulated banking subsidiary** | | | | | | | | | | | | |
| 0.00 to <0.15 | 3,534 | 4,838 | 26% | 4,751 | 0.07% | 212,588 | 48% | | 778 | 16.4% | 1 | |
| 0.15 to <0.25 | 2,388 | 2,134 | 39% | 3,158 | 0.20% | 27,455 | 31% | | 807 | 25.6% | 2 | |
| 0.25 to <0.50 | 9,574 | 4,819 | 43% | 11,603 | 0.39% | 65,051 | 30% | | 4,530 | 39.0% | 14 | |
| 0.50 to <0.75 | 22,928 | 2,480 | 61% | 24,433 | 0.59% | 145,891 | 19% | | 5,604 | 22.9% | 28 | |
| 0.75 to <2.50 | 49,179 | 4,675 | 49% | 51,446 | 1.22% | 193,611 | 24% | | 22,976 | 44.7% | 154 | |
| 2.50 to <10.00 | 4,019 | 576 | 38% | 4,224 | 4.38% | 28,652 | 31% | | 3,839 | 90.9% | 57 | |
| 10.00 to <100.00 | 660 | 69 | 19% | 672 | 22.16% | 9,253 | 41% | | 1,431 | 212.8% | 62 | |
| 100.00 (Default) | 969 | 17 | 43% | 976 | 100.00% | 5,500 | 31% | | 1,740 | 178.3% | 224 | |
| **Sub-total** | **93,251** | **19,608** | **42%** | **101,263** | **2.11%** | **688,001** | **26%** | | **41,705** | **41.2%** | **542** | **833** |
| **Total subject to A-IRB approach** | **665,836** | **151,670** | **75%** | **775,384** | **2.52%** | **3,679,907** | **21%** | **n/a** | **269,313** | **34.7%** | **4,011** | **5,504** |

## Credit risk exposures subject to the F-IRB approach by asset class and PD band

The following table provides key parameters used in the calculation of capital requirements for credit risk exposures under the F-IRB approach by asset class and PD band.

As at 31 Mar 25

| | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| **PD scale** | $m | $m | % | $m | % | | % | years | $m | % | $m | $m |
| **Corporate** | | | | | | | | | | | | |
| 0.00 to <0.15 | 2,375 | 9,434 | 39% | 5,832 | 0.09% | 182 | 44% | 2.3 | 1,677 | 28.8% | 2 | |
| 0.15 to <0.25 | 3,562 | 9,171 | 35% | 6,734 | 0.19% | 192 | 40% | 1.9 | 2,449 | 36.4% | 5 | |
| 0.25 to <0.50 | 8,589 | 11,113 | 44% | 13,392 | 0.37% | 485 | 42% | 2.4 | 8,040 | 60.0% | 20 | |
| 0.50 to <0.75 | 1,322 | 1,216 | 47% | 1,889 | 0.62% | 106 | 40% | 2.1 | 1,337 | 70.8% | 5 | |
| 0.75 to <2.50 | 1,785 | 2,264 | 44% | 2,751 | 1.23% | 285 | 41% | 2.2 | 2,540 | 92.3% | 13 | |
| 2.50 to <10.00 | 307 | 189 | 52% | 406 | 4.31% | 48 | 35% | 1.8 | 465 | 114.5% | 6 | |
| 10.00 to <100.00 | 220 | 242 | 40% | 317 | 23.43% | 20 | 51% | 1.0 | 909 | 286.7% | 38 | |
| 100.00 (Default)[1] | 52 | 12 | 61% | 60 | 100.00% | 10 | 42% | 2.0 | – | n/a | 25 | |
| **Sub-total** | **18,212** | **33,641** | **40%** | **31,381** | **0.84%** | **1,328** | **42%** | **2.2** | **17,417** | **55.5%** | **114** | **120** |
| **Sovereign** | | | | | | | | | | | | |
| 0.00 to <0.15 | 149,764 | 1,620 | 18% | 146,925 | 0.02% | 377 | 7% | 2.0 | 2,243 | 1.5% | 3 | |
| 0.15 to <0.25 | – | 4 | 2% | – | 0.21% | 1 | 5% | 1.8 | – | 4.8% | – | |
| 0.25 to <0.50 | 75 | – | 62% | 75 | 0.38% | 8 | 25% | 4.4 | 37 | 50.1% | – | |
| 0.50 to <0.75 | – | – | 72% | – | 0.62% | 6 | 15% | 2.5 | – | 26.0% | – | |
| 0.75 to <2.50 | – | 1 | 46% | 1 | 1.58% | 17 | 11% | 1.2 | – | 22.8% | – | |
| 2.50 to <10.00 | – | – | 40% | – | 8.15% | 8 | 25% | 2.0 | – | 105.6% | – | |
| 10.00 to <100.00 | – | 2 | 40% | 1 | 23.43% | 8 | 40% | 1.6 | 2 | 225.4% | – | |
| 100.00 (Default)[1] | – | – | 56% | – | 100.00% | 1 | 25% | 1.0 | – | n/a | – | |
| **Sub-total** | **149,839** | **1,627** | **18%** | **147,002** | **0.02%** | **426** | **7%** | **2.0** | **2,282** | **1.6%** | **3** | **6** |

(1) RWA for non-performing exposures is zero under the F-IRB approach.

| | As at 31 Mar 25 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *a* | *b* | *c* | *d* | *e* | *f* | *g* | *h* | *i* | *j* | *k* | *l* |
| | On-balance sheet EaD pre-CRM | Off-balance sheet EaD pre-CCF and pre-CRM | Average CCF | EaD post-CCF and post-CRM | Average PD | Number of borrowers | Average loss given default (LGD) | Average maturity | RWA | RWA density | Expected loss | Provision for credit impairment |
| **PD scale** | **$m** | **$m** | **%** | **$m** | **%** | | **%** | **years** | **$m** | **%** | **$m** | **$m** |
| **Financial institution** | | | | | | | | | | | | |
| 0.00 to <0.15 | 28,539 | 33,430 | 49% | 44,908 | 0.07% | 726 | 44% | 1.2 | 10,070 | 22.4% | 14 | |
| 0.15 to <0.25 | 1,013 | 4,253 | 51% | 3,180 | 0.18% | 135 | 48% | 1.7 | 1,525 | 47.9% | 3 | |
| 0.25 to <0.50 | 880 | 1,477 | 25% | 1,244 | 0.38% | 436 | 43% | 1.6 | 826 | 66.4% | 2 | |
| 0.50 to <0.75 | 277 | 230 | 45% | 380 | 0.62% | 223 | 40% | 1.9 | 334 | 88.0% | 1 | |
| 0.75 to <2.50 | 1,676 | 1,151 | 60% | 2,362 | 1.25% | 1,103 | 31% | 1.5 | 1,905 | 80.7% | 9 | |
| 2.50 to <10.00 | 233 | 112 | 27% | 263 | 3.97% | 289 | 31% | 1.7 | 313 | 118.7% | 3 | |
| 10.00 to <100.00 | 30 | 54 | 3% | 31 | 19.69% | 69 | 38% | 2.7 | 77 | 247.7% | 2 | |
| 100.00 (Default)[1] | 42 | 5 | 91% | 47 | 100.00% | 49 | 35% | 1.6 | - | n/a | 16 | |
| **Sub-total** | **32,690** | **40,712** | **48%** | **52,415** | **0.26%** | **3,030** | **44%** | **1.3** | **15,050** | **28.7%** | **50** | **64** |
| **Total subject to F-IRB approach** | **200,741** | **75,980** | **44%** | **230,798** | **0.18%** | **4,784** | **20%** | **1.9** | **34,749** | **15.1%** | **167** | **190** |

(1) RWA for non-performing exposures is zero under the F-IRB approach.

## CR8: RWA flow statements of credit risk exposures under IRB

The following table attributes the change in total credit RWA over the quarter to key drivers, where:

- column (a) aligns to the requirements of CR8 in the BCBS *Disclosure Requirements* standard, and attributes the change in RWA for credit risk exposures subject to the A-IRB and F-IRB approaches to key drivers, and
- column (b) attributes the change in other credit RWA, including credit risk exposures under the supervisory slotting and standardised approaches, and RWA for counterparty credit risk and securitisation exposures to key drivers.

Total credit RWA in column (c) aligns to that shown in the *Overview of exposure at default and RWA by asset class* disclosure in Section 2 *Overview of key metrics and RWA*.

March 2025 v December 2024

RWA for credit risk exposures subject to the A-IRB and F-IRB approaches increased by $1.5 billion or 0.5% in the three months to 31 March 2025 from lending growth, mostly in corporate (including SME) and residential mortgages (reflected in row 2). This was partially offset by the release of certain RWA overlay adjustments (reflected in row 4), and changes in asset quality and portfolio mix, including data refinements (reflected in row 3).

Other credit RWA decreased by $5.1 billion or 8.8% in the three months to March 2025, mostly due to:

- a decrease in the EaD for derivatives, in particular foreign exchange derivatives (reflected in row 8), and
- the release of an RWA overlay adjustment for exposures under the standardised approach (reflected in row 4).

| | | 3 months ended 31 Mar 25 | | |
|---|---|---|---|---|
| | | a | b | c |
| | | RWA under A-IRB and F-IRB approaches | Other credit RWA | Total credit RWA |
| | | $m | $m | $m |
| **1** | **RWA as at end of previous reporting period** | 305,948 | 58,165 | 364,113 |
| 2 | Asset size(1) | 2,957 | 276 | 3,233 |
| 3 | Asset quality(2) | (641) | (382) | (1,023) |
| 4 | Model updates | (1,093) | (1,409) | (2,502) |
| 5 | Methodology and policy | – | – | – |
| 7 | Foreign exchange movements | 283 | 163 | 446 |
| 8 | Other(3) | | (3,781) | (3,781) |
| 9 | **RWA as at end of reporting period** | **307,454** | **53,032** | **360,486** |

(1) Change in RWA attributed to changes in exposure size, including origination of new exposures and maturing exposures, and excluding changes related to acquisitions and disposals.
(2) Change in RWA attributed to the assessed quality of assets due to changes in borrower risk. This includes change in RWA related to portfolio mix at the end of the reporting period compared to the beginning of the reporting period.
(3) Other comprises the change in RWA for counterparty credit risk exposures (including credit valuation adjustment), excluding foreign exchange movements, which is not readily attributable to individual drivers.

## CR10: IRB - specialised lending under the slotting approach

### Supervisory slotting portfolios

The following table provides specialised lending exposures subject to supervisory slotting by risk-weight.

Risk-weights in column (c) exclude APRA's 1.1 scaling factor for specialised lending exposures of the RBNZ regulated banking subsidiary, whereas RWA in column (g) is after application of this scaling factor.

March 2025 v September 2024

Credit RWA under the slotting approach increased by $564 million or 6.3% mainly due to an increase in project finance and BNZ income-producing real estate exposures in the slotting category of strong.

| | As at 31 Mar 25 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g | h |
| | On-balance sheet EaD | Off-balance sheet EaD pre-CCF | Risk-weight | EaD post-CCF and post-CRM | | | RWA | Expected loss |
| | | | | Project finance | RBNZ regulated banking subsidiary | Total | | |
| **Regulatory category** | $m | $m | % | $m | $m | $m | $m | $m |
| Strong | 3,371 | 1,763 | 70% | 3,219 | 1,546 | 4,765 | 3,444 | 19 |
| Good | 4,688 | 614 | 90% | 707 | 4,287 | 4,994 | 4,880 | 40 |
| Satisfactory | 536 | 127 | 115% | 29 | 533 | 562 | 708 | 16 |
| Weak | 157 | 9 | 250% | 4 | 158 | 162 | 445 | 13 |
| Default[1] | 36 | – | n/a | 17 | 19 | 36 | – | 18 |
| **Total** | **8,788** | **2,513** | | **3,976** | **6,543** | **10,519** | **9,477** | **106** |

(1) RWA for non-performing exposures is zero under the supervisory slotting approach.

# Counterparty credit risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value at the time of default.

Counterparty credit risk requirements set out in APS 180 are applied to derivative transactions, long settlement transactions and SFTs held in both the banking and trading book.

## CCR1: Analysis of CCR exposures by approach

The following table provides the capital requirement for counterparty credit risk exposures by approach, including components of EaD. This table excludes exposures cleared through CCPs, which are disclosed separately in CCR8: *Exposures to central counterparties*.

| | | As at 31 Mar 25 | | | | |
|---|---|---|---|---|---|---|
| | | Replacement cost | Potential future exposure | Alpha used for computing regulatory EaD | EaD post-CRM | RWA |
| | | $m | $m | | $m | $m |
| 1 | SA-CCR (for derivatives)[1] | 7,353 | 10,230 | 1.4 | 24,529 | 9,879 |
| - | Current exposure method (for derivatives)[2] | | | | 1,485 | 701 |
| 4 | Comprehensive approach for CRM (for SFTs) | | | | 8,304 | 1,014 |
| **6** | **Total** | | | | **34,318** | **11,594** |

(1) SA-CCR is used under APRA requirements to measure the EaD of derivatives for the Level 2 Group excluding BNZ.
(2) Current exposure method is used under RBNZ requirements to measure the EaD of derivatives for BNZ.

## CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk-weights

The following table provides a breakdown of counterparty credit risk exposures subject to the standardised approach by asset class and risk-weight. This table excludes exposures cleared through CCPs, which are disclosed separately in CCR8: *Exposures to central counterparties*.

| | As at 31 Mar 25 | | | | | |
|---|---|---|---|---|---|---|
| **Risk-weight** | **0%** | **20%** | **50%** | **85%** | **Other** | **EaD post-CRM** |
| **Asset class** | **$m** | **$m** | **$m** | **$m** | **$m** | **$m** |
| Corporate (including SME) | – | 24 | – | 73 | 1 | 98 |
| RBNZ regulated banking subsidiary | 1,606 | 224 | 35 | – | – | 1,865 |
| **Total** | **1,606** | **248** | **35** | **73** | **1** | **1,963** |

## CCR4: IRB – CCR exposures by portfolio and probability of default scale

The tables below of counterparty credit risk exposures by PD band exclude exposures cleared through CCPs, which are disclosed separately in CCR8: *Exposures to central counterparties*.

### Counterparty credit risk exposures subject to the A-IRB approach by asset class and PD band

The following table provides key parameters used in the calculation of capital requirements for counterparty credit risk exposures under the A-IRB approach by asset class and PD band.

| | As at 31 Mar 25 | | | | | | |
|---|---|---|---|---|---|---|---|
| | EaD post-CRM | Average PD | Number of counterparties | Average LGD | Average maturity | RWA | RWA density |
| PD scale | $m | % | | % | years | $m | % |
| **Corporate (including SME)** | | | | | | | |
| 0.00 to <0.15 | 1,356 | 0.09% | 156 | 37% | 2.2 | 305 | 23% |
| 0.15 to <0.25 | 510 | 0.20% | 173 | 35% | 2.7 | 200 | 39% |
| 0.25 to <0.50 | 583 | 0.38% | 560 | 41% | 2.3 | 321 | 55% |
| 0.50 to <0.75 | 193 | 0.62% | 263 | 49% | 2.5 | 186 | 96% |
| 0.75 to <2.50 | 557 | 1.07% | 772 | 46% | 1.7 | 537 | 96% |
| 2.50 to <10.00 | 14 | 3.38% | 101 | 49% | 1.3 | 18 | 127% |
| 10.00 to <100.00 | 30 | 23.08% | 65 | 50% | 1.1 | 81 | 265% |
| 100.00 (Default) | 1 | 100.00% | 6 | 50% | 1.1 | 5 | 687% |
| **Sub-total** | **3,244** | **0.61%** | **2,096** | **40%** | **2.2** | **1,653** | **51%** |
| **RBNZ regulated banking subsidiary** | | | | | | | |
| 0.00 to <0.15 | 387 | 0.09% | 68 | 59% | 1.4 | 116 | 30% |
| 0.15 to <0.25 | 109 | 0.19% | 57 | 59% | 1.4 | 55 | 51% |
| 0.25 to <0.50 | 151 | 0.38% | 144 | 59% | 1.8 | 116 | 77% |
| 0.50 to <0.75 | 30 | 0.62% | 68 | 59% | 1.4 | 27 | 90% |
| 0.75 to <2.50 | 98 | 1.18% | 243 | 59% | 1.7 | 121 | 122% |
| 2.50 to <10.00 | 13 | 3.47% | 60 | 59% | 1.1 | 21 | 167% |
| 10.00 to <100.00 | 50 | 23.39% | 12 | 60% | 1.6 | 169 | 341% |
| **Sub-total** | **838** | **1.73%** | **652** | **59%** | **1.5** | **625** | **75%** |
| **Total subject to A-IRB approach** | **4,082** | **0.84%** | **2,748** | **44%** | **2.1** | **2,278** | **56%** |

### Counterparty credit risk exposures subject to the F-IRB approach by asset class and PD band

The following table provides key parameters used in the calculation of capital requirements for counterparty credit risk exposures under the F-IRB approach by asset class and PD band.

| | As at 31 Mar 25 | | | | | | |
|---|---|---|---|---|---|---|---|
| PD scale | EaD post-CRM $m | Average PD % | Number of counterparties | Average LGD % | Average maturity years | RWA $m | RWA density % |
| **Corporate** | | | | | | | |
| 0.00 to <0.15 | 1,814 | 0.10% | 63 | 50% | 2.9 | 689 | 38% |
| 0.15 to <0.25 | 1,001 | 0.19% | 63 | 43% | 3.3 | 517 | 52% |
| 0.25 to <0.50 | 985 | 0.35% | 123 | 46% | 2.8 | 689 | 70% |
| 0.50 to <0.75 | 697 | 0.62% | 21 | 50% | 3.3 | 731 | 105% |
| 0.75 to <2.50 | 44 | 1.35% | 51 | 50% | 1.1 | 44 | 99% |
| 2.50 to <10.00 | 2 | 6.04% | 10 | 50% | 1.0 | 4 | 173% |
| 10.00 to <100.00 | 221 | 23.43% | 36 | 50% | 5.0 | 723 | 328% |
| **Sub-total** | **4,764** | **1.34%** | **367** | **48%** | **3.1** | **3,397** | **71%** |
| **Sovereign** | | | | | | | |
| 0.00 to <0.15 | 2,099 | 0.02% | 33 | 5% | 2.4 | 22 | 1% |
| 0.75 to <2.50 | 2 | 1.35% | 1 | 50% | 1.0 | 2 | 101% |
| **Sub-total** | **2,101** | **0.02%** | **34** | **5%** | **2.4** | **24** | **1%** |
| **Financial institution** | | | | | | | |
| 0.00 to <0.15 | 19,505 | 0.07% | 698 | 50% | 1.1 | 4,576 | 23% |
| 0.15 to <0.25 | 1,287 | 0.18% | 135 | 50% | 1.6 | 678 | 53% |
| 0.25 to <0.50 | 263 | 0.35% | 73 | 50% | 1.1 | 181 | 69% |
| 0.50 to <0.75 | 16 | 0.62% | 14 | 50% | 0.8 | 14 | 89% |
| 0.75 to <2.50 | 165 | 1.39% | 68 | 50% | 0.2 | 182 | 110% |
| 2.50 to <10.00 | 1 | 3.67% | 12 | 50% | 0.6 | 2 | 164% |
| 10.00 to <100.00 | 1 | 23.43% | 1 | 50% | 2.8 | 3 | 302% |
| **Sub-total** | **21,238** | **0.09%** | **1,001** | **50%** | **1.1** | **5,636** | **27%** |
| **Total subject to F-IRB approach** | **28,103** | **0.30%** | **1,402** | **46%** | **1.6** | **9,057** | **32%** |

## CCR5: Composition of collateral for CCR exposures

The following table provides details of collateral received and posted to reduce or support counterparty credit risk exposures related to derivative transactions and SFTs, including transactions cleared through CCPs. In the disclosure of collateral for counterparty credit risk exposures:

- Only collateral that impacts the calculation of EaD is included. Amounts reflect the fair value of collateral received and posted and are reported after considering any applicable haircuts. Application of a haircut has the effect of reducing the fair value of collateral received and increasing the value of collateral posted.
- Segregated collateral in derivative transactions refers to collateral which is held in a bankruptcy-remote manner.

| | As at 31 Mar 25 | | | | | |
|---|---|---|---|---|---|---|
| | Collateral used in derivative transactions | | | | Collateral used in SFTs | |
| | Fair value of collateral received | | Fair value of collateral posted | | Fair value of collateral received | Fair value of collateral posted |
| | Segregated $m | Unsegregated $m | Segregated $m | Unsegregated $m | $m | $m |
| Cash – domestic currency | – | 532 | – | 460 | 18,505 | 44,229 |
| Cash – other currencies | – | 4,161 | – | 4,837 | 53,069 | 76,046 |
| Domestic sovereign debt | 58 | – | – | – | 36,725 | 16,351 |
| Other sovereign debt | 664 | 260 | – | – | 60,370 | 44,134 |
| Corporate and financial institution bonds | – | – | – | – | 17,008 | 13,453 |
| Equity securities | – | – | – | – | 2,103 | 1,972 |
| **Total** | **722** | **4,953** | **-** | **5,297** | **187,780** | **196,185** |

## CCR6: Credit derivatives exposures

The following table provides details of credit derivative transactions broken down between derivatives bought or sold.

| | As at 31 Mar 25 | |
|---|---|---|
| | Protection bought<br>$m | Protection sold<br>$m |
| **Notionals** | | |
| Single-name credit default swaps | 485 | 1,204 |
| Index credit default swaps | 4,347 | 1,651 |
| **Total notionals** | **4,832** | **2,855** |
| **Fair values** | | |
| Positive fair value (asset) | - | 41 |
| Negative fair value (liability) | (84) | - |

## CCR8: Exposures to central counterparties

The following table provides exposures to QCCPs by type of exposure. The Level 2 Group does not have any exposures to non-QCCPs.

| | | As at 31 Mar 25 | |
|---|---|---|---|
| | | EaD post-CRM<br>$m | RWA<br>$m |
| **1** | **Exposures to QCCPs (total)** | | **359** |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which: | 2,564 | 89 |
| 3 | Over-the-counter derivatives | 2,049 | 71 |
| - | of which: RBNZ regulated banking subsidiary | 403 | 8 |
| 4 | Exchange-traded derivatives | 282 | 13 |
| - | of which: RBNZ regulated banking subsidiary | 3 | 1 |
| 5 | SFTs | 233 | 5 |
| 7 | Segregated initial margin | 1,618 | |
| 8 | Non-segregated initial margin | 429 | 9 |
| 9 | Pre-funded default fund contributions | 309 | 261 |

# Securitisation

SEC1: *Securitisation exposures in the banking book* and SEC2: *Securitisation exposures in the trading book* provide a comprehensive view of the Level 2 Group's securitisation activities, and include securitisation exposures of the RBNZ regulated banking subsidiary that are subject to RBNZ's credit risk framework. Securitisation exposures of the RBNZ regulated banking subsidiary are also disclosed in the credit risk and counterparty credit risk sections of this report, as applicable.

In contrast, securitisation exposures and associated regulatory capital requirements in SEC3 and SEC4 provide those securitisation exposures within the scope of APS 120.

In these disclosures:

- Bank acts as originator refers to where the Group originates underlying exposures in the pool, is the managing ADI for the securitisation or provides a facility (other than a derivatives transaction) or credit enhancement to an asset-backed commercial paper securitisation. Group originated exposures comprise:
  - Capital relief – significant risk transfer of the underlying exposure is achieved for regulatory purposes.
  - Funding only – significant risk transfer is not achieved.
  - Internal residential mortgage-backed securities – securities are issued and held internally for contingent liquidity purposes (also known as self-securitisation).
- Bank acts as investor refers to where the Level 2 Group holds investments in third-party securitisation exposures.
- Traditional securitisation refers to where a pool of underlying exposures is transferred or assigned to and held by a special purpose vehicle. The Level 2 Group does not have any synthetic securitisation exposures.

## SEC1: Securitisation exposures in the banking book

The following table provides the carrying value of securitisation exposures in the banking book. In addition to these carrying values, the EaD of derivatives provided to securitisation vehicles where the Level 2 Group acts as the originator was $23 million (30 September 2024: $34 million).

March 2025 v September 2024

Securitisation exposures in the banking book originated by the Level 2 Group decreased by $502 million or 0.4% due to repayment of the underlying securitised mortgages, as well as foreign exchange translation impacts.

| | | As at 31 Mar 25 | | As at 30 Sep 24 | |
|---|---|---|---|---|---|
| | | Bank acts as originator | Bank acts as investor | Bank acts as originator | Bank acts as investor |
| | | Traditional | Traditional | Traditional | Traditional |
| | | $m | $m | $m | $m |
| **1** | **Retail (total)** | **142,888** | **19,292** | **143,390** | **20,712** |
| 2 | of which: residential mortgage | 142,888 | 15,867 | 143,390 | 17,103 |
| 3 | of which: credit card | – | 37 | – | 117 |
| 4 | of which: other retail | – | 3,388 | – | 3,492 |
| **6** | **Wholesale (total)** | **–** | **5,500** | **–** | **5,124** |
| 7 | of which: loans to corporates | – | 1,019 | – | 1,668 |
| 8 | of which: commercial mortgage | – | 271 | – | 19 |
| 9 | of which: lease and receivables | – | 1,509 | – | 1,095 |
| 10 | of which: other wholesale | – | 2,701 | – | 2,342 |

## SEC2: Securitisation exposures in the trading book

The following table provides the EaD of securitisation exposures in the trading book.

| | | As at | |
|---|---|---|---|
| | | 31 Mar 25 | 30 Sep 24 |
| | | Bank acts as investor | Bank acts as investor |
| | | Traditional | Traditional |
| | | $m | $m |
| **1** | **Retail (total)** | **360** | **544** |
| 2 | of which: residential mortgage | 229 | 424 |
| 3 | of which: credit card | 6 | 6 |
| 4 | of which: other retail | 125 | 114 |
| **6** | **Wholesale (total)** | **120** | **122** |
| 7 | of which: loans to corporates | 6 | 11 |
| 8 | of which: commercial mortgage | 1 | 1 |
| 10 | of which: other wholesale | 113 | 110 |

## SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

The following table provides securitisation exposures in the banking book where the Level 2 Group acts as originator, and the associated RWA. The Level 2 Group does not act as sponsor.

| | | As at 31 Mar 25 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | EaD (by risk-weight bands) | | EaD (by regulatory approach) | | | RWA (by regulatory approach) | | Capital charge after cap(1) | |
| | | ≤20% | 1,250% | SEC-ERBA(2) | SEC-SFA(3) | 1,250%(4) | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) |
| | | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| 1 | **Total exposures** | **65** | **5** | **62** | **3** | **5** | **12** | **–** | **1** | **–** |
| 2 | Traditional securitisation | 65 | 5 | 62 | 3 | 5 | 12 | – | 1 | – |
| 3 | of which: securitisation | 65 | 5 | 62 | 3 | 5 | 12 | – | 1 | – |
| 4 | of which: retail underlying | 65 | 5 | 62 | 3 | 5 | 12 | – | 1 | – |

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Securitisation external ratings-based approach in APS 120.
(3) Securitisation supervisory formula approach in APS 120.
(4) Exposures which would have a 1,250% risk-weight under Basel III requirements are deducted from CET1 capital under APRA requirements.

| | | As at 30 Sep 24 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | EaD (by risk-weight bands) | | EaD (by regulatory approach) | | | RWA (by regulatory approach) | | Capital charge after cap(1) | |
| | | ≤20% | 1,250% | SEC-ERBA(2) | SEC-SFA(3) | 1,250%(4) | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) |
| | | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| 1 | **Total exposures** | **82** | **8** | **78** | **4** | **8** | **16** | **1** | **1** | **–** |
| 2 | Traditional securitisation | 82 | 8 | 78 | 4 | 8 | 16 | 1 | 1 | – |
| 3 | of which: securitisation | 82 | 8 | 78 | 4 | 8 | 16 | 1 | 1 | – |
| 4 | of which: retail underlying | 82 | 8 | 78 | 4 | 8 | 16 | 1 | 1 | – |

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Securitisation external ratings-based approach in APS 120.
(3) Securitisation supervisory formula approach in APS 120.
(4) Exposures which would have a 1,250% risk-weight under Basel III requirements are deducted from CET1 capital under APRA requirements.

## SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

The following table provides securitisation exposures in the banking book where the bank acts as investor, and the associated RWA.

March 2025 v September 2024

Securitisation exposure investments in the banking book decreased by $797 million or 2.5%, primarily driven by lower securities holdings. The $3.5 billion increase in securitisation exposures in the >20-50% risk-weight band is due to a slight decline in credit quality of a small number of warehouse exposures.

**As at 31 Mar 25**

| | | EaD (by risk-weight bands) | | | EaD (by regulatory approach) | | RWA (by regulatory approach) | | Capital charge after cap(1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | ≤20% | >20% to 50% | >50% to 100% | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) |
| | | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| **1** | **Total exposures** | **26,890** | **4,043** | **96** | **7,204** | **23,825** | **1,483** | **4,049** | **118** | **324** |
| 2 | Traditional securitisation | 26,890 | 4,043 | 96 | 7,204 | 23,825 | 1,483 | 4,049 | 118 | 324 |
| 3 | of which: securitisation | 26,890 | 4,043 | 96 | 7,204 | 23,825 | 1,483 | 4,049 | 118 | 324 |
| 4 | of which: retail underlying | 21,004 | 3,568 | 96 | 5,436 | 19,232 | 1,128 | 3,292 | 90 | 263 |
| 6 | of which: wholesale | 5,886 | 475 | – | 1,768 | 4,593 | 355 | 757 | 28 | 61 |

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Securitisation external ratings-based approach in APS 120.
(3) Securitisation supervisory formula approach in APS 120.

**As at 30 Sep 24**

| | | EaD (by risk-weight bands) | | | EaD (by regulatory approach) | | RWA (by regulatory approach) | | Capital charge after cap(1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | ≤20% | >20% to 50% | >50% to 100% | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) | SEC-ERBA(2) | SEC-SFA(3) |
| | | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| **1** | **Total exposures** | **31,166** | **537** | **123** | **8,323** | **23,503** | **1,690** | **3,662** | **135** | **293** |
| 2 | Traditional securitisation | 31,166 | 537 | 123 | 8,323 | 23,503 | 1,690 | 3,662 | 135 | 293 |
| 3 | of which: securitisation | 31,166 | 537 | 123 | 8,323 | 23,503 | 1,690 | 3,662 | 135 | 293 |
| 4 | of which: retail underlying | 25,066 | 47 | 122 | 6,319 | 18,916 | 1,296 | 2,890 | 103 | 231 |
| 6 | of which: wholesale | 6,100 | 490 | 1 | 2,004 | 4,587 | 394 | 772 | 32 | 62 |

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Securitisation external ratings-based approach in APS 120.
(3) Securitisation supervisory formula approach in APS 120.

# Market risk

## Market risk risk-weighted assets

The following table provides a breakdown of market risk RWA by approach.

| | As at | |
|---|---|---|
| | 31 Mar 25 | 30 Sep 24 |
| | $m | $m |
| **Market risk RWA under the internal model approach** | **11,318** | **10,694** |
| **Market risk RWA under the standard method** | | |
| Interest rate risk | 768 | 729 |
| Equity position risk | 8 | 4 |
| **Total market risk RWA under the standard method** | **776** | **733** |
| **Total** | **12,094** | **11,427** |

## Internal model approach value at risk and stressed value at risk

The following table provides information on the mean, minimum and maximum value at risk (VaR) and stressed VaR over the reporting period and at period end. VaR and stressed VaR provided are based on a 10-day holding period.

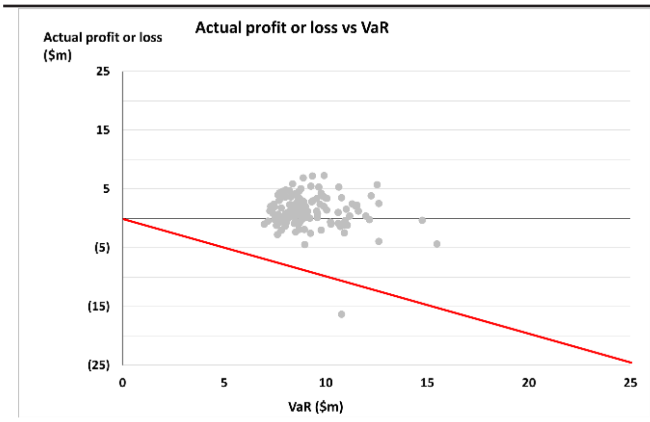
| | 6 months ended 31 Mar 25 | | | As at |
|---|---|---|---|---|
| | Mean value | Minimum value | Maximum value | 31 Mar 25 |
| | $m | $m | $m | $m |
| **At a 99% confidence level** | | | | |
| VaR | 27.4 | 15.1 | 50.6 | 25.9 |
| Stressed VaR | 130.1 | 77.2 | 257.4 | 106.6 |

| | 6 months ended 30 Sep 24 | | | As at |
|---|---|---|---|---|
| | Mean value | Minimum value | Maximum value | 30 Sep 24 |
| | $m | $m | $m | $m |
| **At a 99% confidence level** | | | | |
| VaR | 33.7 | 22.7 | 67.5 | 29.9 |
| Stressed VaR | 133.9 | 81.6 | 216.5 | 160.4 |

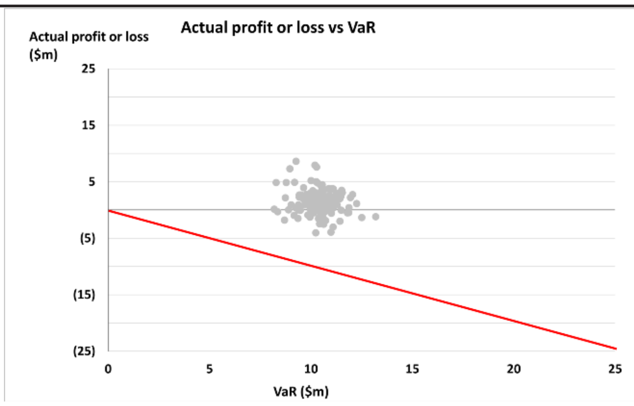
## Back-testing results

The following graphs compare the Group's daily VaR estimates against actual profit or loss. Actual trading outcomes are adjusted to remove the impact of intra-day trading and factors other than market movements alone. The red line represents a one-to-one relationship between negative actual profit or loss and VaR, which is an indicator of the VaR model's performance.

**Results for the six months ended 31 March 2025**




**Results for the six months ended 30 September 2024**




Back-testing, carried out by comparing the Group's daily VaR estimate against actual profit or loss, identified one exception during the six months ended 31 March 2025 (nil for the six months ended 30 September 2024). This exception occurred in December 2024 with actual profit or loss of $16 million measured against a VaR estimate of $11 million. This remains within the model parameters and indicates acceptable operation of the VaR model within APRA's guidelines.

# Operational risk

Under APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk*, operational risk capital is derived from the business indicator, a financial statement proxy of operational risk exposure. The business indicator is based on the average of the most recent three years of audited year-end financial reports, updated as part of 31 December reporting each year following finalisation of the year-end financial report.

The annual templates OR2: *Business indicator and subcomponents* and OR3: *Minimum required operational risk capital* have been included in this report to provide information on a more timely basis.

March 2025 v September 2024

Operational risk RWA increased by $1.9 billion or 5.2%. This was mainly due to an increase in the interest, lease and dividend component of the business indicator due to higher net interest and lease income in the 2024 financial year compared to the 2021 financial year which is no longer in the three-year average. Net interest and lease income (row 1a less row 1b in OR2) increased from $14.0 billion in the 2021 financial year to $16.4 billion in the 2024 financial year due to lending growth and a higher interest rate environment.

## OR2: Business indicator and subcomponents

The following table provides the business indicator and its subcomponents, which informed the operational risk capital from 31 December 2024 to 31 March 2025, as set out in OR3: *Minimum required operational risk capital*.

| | | For the year ended 30 September | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | $m | $m | $m |
| | **Business indicator and its subcomponents** | | | |
| 1 | **Interest, lease and dividend component**[1][2] | **15,960** | | |
| 1a | Interest and lease income | 58,303 | 48,078 | 22,853 |
| 1b | Interest and lease expense | 41,867 | 31,623 | 7,988 |
| 1c | Interest earning assets[3] | 985,457 | 963,355 | 938,351 |
| 1d | Dividend income | 16 | 15 | 93 |
| 2 | **Services component**[1][4] | **2,503** | | |
| 2a | Fee and commission income | 2,221 | 2,210 | 2,210 |
| 2b | Fee and commission expense | 23 | 46 | 54 |
| 2c | Other operating income | 443 | 117 | 306 |
| 2d | Other operating expense | 212 | 105 | 112 |
| 3 | **Financial component**[1][5] | **1,325** | | |
| 3a | Net profit or loss on the trading book | 657 | 783 | 424 |
| 3b | Net profit or loss on the banking book | 526 | 747 | 839 |
| 4 | **Business indicator**[1] | **19,788** | | |
| 5 | Business indicator component[1][6] | 2,923 | | |

(1) The business indicator and its components, representing averages of the most recent three financial years, are presented in the column for the most recent financial year, consistent with the disclosure template prescribed by APS 330.
(2) The interest, lease and dividend component is calculated as the lesser of the average of net interest and lease income and 2.25% of interest earning assets, plus the average of dividend income.
(3) Interest earning assets as at the end of each financial year.
(4) The services component is calculated as the higher of the average of fee and commission income and expense, plus the higher of the average of other operating income and expense.
(5) The financial component is calculated as the sum of the average of net profit or loss on the trading and banking book.
(6) Calculated as the business indicator multiplied by 12%, plus 3% of the amount by which the business indicator exceeds $1.5 billion.

The following table provides the business indicator and its subcomponents, which informed the operational risk capital from 31 December 2023 to 30 September 2024, as set out in OR3: *Minimum required operational risk capital*.

| | | For the year ended 30 September | | |
|---|---|---|---|---|
| | | 2023 | 2022 | 2021 |
| | | $m | $m | $m |
| | **Business indicator and its subcomponents** | | | |
| **1** | **Interest, lease and dividend component**[(1)(2)] | **15,153** | | |
| 1a | Interest and lease income | 48,078 | 22,853 | 18,696 |
| 1b | Interest and lease expense | 31,623 | 7,988 | 4,706 |
| 1c | Interest earning assets[(3)] | 963,355 | 938,351 | 860,428 |
| 1d | Dividend income | 15 | 93 | 40 |
| **2** | **Services component**[(1)(4)] | **2,408** | | |
| 2a | Fee and commission income | 2,210 | 2,210 | 2,281 |
| 2b | Fee and commission expense | 46 | 54 | 111 |
| 2c | Other operating income | 117 | 306 | 99 |
| 2d | Other operating expense | 105 | 112 | 118 |
| **3** | **Financial component**[(1)(5)] | **1,175** | | |
| 3a | Net profit or loss on the trading book | 783 | 424 | 423 |
| 3b | Net profit or loss on the banking book | 747 | 839 | 310 |
| **4** | **Business indicator**[(1)] | **18,736** | | |
| 5 | Business indicator component[(1)(6)] | 2,765 | | |

(1) The business indicator and its components, representing averages of the most recent three financial years, are presented in the column for the most recent financial year, consistent with the disclosure template prescribed by APS 330.
(2) The interest, lease and dividend component is calculated as the lesser of the average of net interest and lease income and 2.25% of interest earning assets, plus the average of dividend income.
(3) Interest earning assets as at the end of each financial year.
(4) The services component is calculated as the higher of the average of fee and commission income and expense, plus the higher of the average of other operating income and expense.
(5) The financial component is calculated as the sum of the average of net profit or loss on the trading and banking book.
(6) Calculated as the business indicator multiplied by 12%, plus 3% of the amount by which the business indicator exceeds $1.5 billion.

## OR3: Minimum required operational risk capital

The following table presents the operational risk regulatory capital requirements.

| | | As at | |
|---|---|---|---|
| | | 31 Mar 25 | 30 Sep 24 |
| | | $m | $m |
| 1 | Business indicator component | 2,923 | 2,765 |
| 2 | Internal loss multiplier[(1)] | 1.0 | 1.0 |
| - | Other regulatory capital charges | 116 | 123 |
| 3 | Minimum required operational risk capital[(2)] | 3,039 | 2,888 |
| 4 | Operational risk RWA[(3)] | 37,985 | 36,102 |

(1) APS 115 does not include an internal loss multiplier, which is a scaling factor based on average historical losses, in the calculation of operational risk capital.
(2) Calculated as the business indicator component, multiplied by the internal loss multiplier, plus other regulatory capital charges.
(3) Operational risk RWA is operational risk capital multiplied by 12.5.

# Liquidity

## 10.1 Liquidity coverage ratio

The LCR measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario. The Board sets LCR targets above regulatory minimums and the Group manages its LCR position daily across the legal entity structure, major currencies and jurisdictions in which business activities are undertaken. The APRA minimum LCR is 100%.

A prudent funding strategy seeks to ensure appropriate diversification and limits maturity concentrations. This approach is designed to provide a relatively stable LCR profile over time.

The Group's mix of liquid assets primarily consists of HQLA, such as cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns. The currency mix of these holdings is set with reference to the currency of the underlying liquidity risk to support all regulatory and internal requirements being met. Liquid assets surplus to APRA minimums in New Zealand dollars are not included in LCR for the Level 2 Group, reflecting constraints on transferability. The currency mismatch of liquidity risk is managed through the LCR, as well as via other internal metrics, and informs the currency, composition, and location of HQLA held.

The LCR for the three months ended 31 March 2025 and 31 December 2024 are presented in LIQ1: *Liquidity coverage ratio*, and are based on a simple average of daily LCR outcomes excluding non-business days. There were 61 daily LCR data points used in calculating the average for the most recent quarter and 64 observations in the previous quarter.

<u>March 2025 v December 2024</u>

Average LCR for the three months ended 31 March 2025 remained unchanged at 139%, with a $1.4 billion or 0.6% decrease in average liquid assets, and a $1.7 billion or 1.1% decrease in average weighted net cash outflows. Average liquid assets decreased as a result of a reduction in wholesale funding, partially offset by growth in customer deposits. The decrease in average net cash outflows was largely due to a modelling change in derivative collateral requirements, partially offset by an increase in average cash outflows from wholesale deposits and unsecured wholesale funding in the 30-day stress period reflecting variability in the Group's refinancing profile.

## LIQ1: Liquidity coverage ratio

| | | 3 months ended | | | |
|---|---|---|---|---|---|
| | | 31 Mar 25 | | 31 Dec 24 | |
| | | Total unweighted value (average)[1] | Total weighted value (average) | Total unweighted value (average)[1] | Total weighted value (average) |
| | | $m | $m | $m | $m |
| **HQLA** | | | | | |
| 1 | Total HQLA[2][3][4] | | 212,309 | | 213,659 |
| - | of which: alternative liquid assets[3] | | 3,529 | | 1,954 |
| - | of which: RBNZ eligible securities[3][4] | | 3,529 | | 1,954 |
| **Cash outflows** | | | | | |
| 2 | Retail deposits and deposits from small business customers | 293,951 | 30,409 | 291,167 | 29,694 |
| 3 | of which: stable deposits | 131,255 | 6,563 | 131,596 | 6,580 |
| 4 | of which: less stable deposits | 162,696 | 23,846 | 159,571 | 23,114 |
| 5 | Unsecured wholesale funding | 176,515 | 86,406 | 171,542 | 82,291 |
| 6 | of which: operational deposits (all counterparties) and deposits in networks of cooperative banks | 90,751 | 22,688 | 87,546 | 21,887 |
| 7 | of which: non-operational deposits (all counterparties) | 70,294 | 48,248 | 70,276 | 46,684 |
| 8 | of which: unsecured debt | 15,470 | 15,470 | 13,720 | 13,720 |
| 9 | Secured wholesale funding[3] | | 17,082 | | 14,812 |
| 10 | Additional requirements | 216,749 | 36,370 | 214,877 | 42,385 |
| 11 | of which: outflows related to derivative exposures and other collateral requirements | 6,478 | 6,476 | 12,706 | 12,700 |
| 12 | of which: outflows related to loss of funding on debt products | - | - | - | - |
| 13 | of which: credit and liquidity facilities | 210,271 | 29,894 | 202,171 | 29,685 |
| 14 | Other contractual funding obligations | 462 | 462 | 231 | 231 |
| 15 | Other contingent funding obligations | 83,287 | 5,253 | 87,666 | 5,700 |
| **16** | **Total cash outflows** | | **175,982** | | **175,113** |
| **Cash inflows** | | | | | |
| 17 | Secured lending (e.g. reverse repos) | 64,298 | 7,862 | 53,301 | 5,338 |
| 18 | Inflows from fully performing exposures | 20,502 | 12,837 | 20,311 | 13,128 |
| 19 | Other cash inflows | 2,790 | 2,787 | 2,417 | 2,411 |
| **20** | **Total cash inflows** | **87,590** | **23,486** | **76,029** | **20,877** |
| | | | **Total adjusted value** | | **Total adjusted value** |
| | | | **$m** | | **$m** |
| **21** | **Total HQLA[2]** | | **212,309** | | **213,659** |
| **22** | **Total net cash outflows** | | **152,496** | | **154,236** |
| **23** | **LCR (%)** | | **139%** | | **139%** |

(1) Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
(2) Total HQLA represents liquid assets, including assets qualifying under alternative liquidity approaches.
(3) Disclosed on a weighted basis only, consistent with the disclosure template prescribed by APS 330.
(4) Weighted values exclude New Zealand dollar (NZD) liquid asset holdings in excess of NZD LCR of 100%, reflecting liquidity transferability considerations. The average amount excluded during the three months to 31 March 2025 and 31 December 2024 was $6.3 billion and $7.8 billion, respectively.

# 10.2 Net stable funding ratio

The NSFR measures the extent to which assets are funded with stable sources of funding in order to mitigate the risk of future funding stress. ASF is calculated by applying weightings to capital and liabilities to reflect the portion that is expected to be available over a one-year time horizon. The maturity of funding is taken as being the earliest date at which the funding can be withdrawn. RSF reflects the liquidity characteristics of the assets and the expectation that these assets and off-balance sheet exposures will require funding over the next year. The maturity of assets is taken as being the latest possible date at which the asset may mature. The APRA minimum NSFR is 100%.

The NSFR as at 31 March 2025 and 31 December 2024 are presented in LIQ2: *Net stable funding ratio*, and are based on spot balances.

March 2025 v December 2024

The NSFR increased to 119%, with an $8.3 billion or 1.2% increase in ASF, partially offset by a $2.7 billion or 0.5% increase in RSF. The increase in ASF was driven by deposit growth, mostly across retail and small business customers, combined with an increase in regulatory capital. The increase in RSF was primarily due to higher RSF required on lending and reverse repurchase exposures, partially offset by lower derivative exposures.

## LIQ2: Net stable funding ratio

| | | As at 31 Mar 25 | | | | |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity | | | | Weighted value |
| | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | |
| | | $m | $m | $m | $m | $m |
| **ASF item** | | | | | | |
| 1 | Capital, comprising: | 64,109 | – | – | 34,677 | 98,786 |
| 2 | Regulatory capital | 64,109 | – | – | 34,677 | 98,786 |
| 3 | Other capital instruments | – | – | – | – | – |
| 4 | Retail deposits and deposits from small business customers, comprising: | 277,149 | 94,907 | 639 | 101 | 342,756 |
| 5 | Stable deposits | 127,031 | 17,574 | – | – | 137,375 |
| 6 | Less stable deposits | 150,118 | 77,333 | 639 | 101 | 205,381 |
| 7 | Wholesale funding, comprising: | 135,311 | 262,836 | 60,065 | 122,256 | 257,299 |
| 8 | Operational deposits | 92,239 | – | – | – | 46,120 |
| 9 | Other wholesale funding | 43,072 | 262,836 | 60,065 | 122,256 | 211,179 |
| 10 | Liabilities with matching interdependent assets | – | – | – | – | – |
| 11 | Other liabilities, comprising: | – | 15,632 | – | 4,626 | 4,626 |
| 12 | NSFR derivative liabilities[1] | | | 5,626 | | |
| 13 | All other liabilities and equity not included in the above categories | – | 10,006 | – | 4,626 | 4,626 |
| **14** | **Total ASF** | | | | | **703,467** |
| **RSF item** | | | | | | |
| 15 | Total NSFR HQLA | | | | | 5,046 |
| – | of which: alternative liquid assets | | | | | 382 |
| – | of which: RBNZ eligible securities | | | | | 382 |
| 16 | Deposits held at other financial institutions for operational purposes | – | – | – | – | – |
| 17 | Performing loans and securities, comprising: | 24,895 | 199,068 | 61,542 | 572,661 | 538,409 |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | – | 72,382 | 4,466 | – | 9,471 |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 1,233 | 53,771 | 11,493 | 24,492 | 39,689 |
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities | 14,950 | 65,246 | 39,573 | 147,541 | 188,042 |
| 21 | of which: with a risk-weight of less than or equal to 35% under APS 112[2] | – | 2,019 | 1,421 | 4,868 | 4,884 |
| 22 | Performing residential mortgages | 8,705 | 4,733 | 4,861 | 396,210 | 293,492 |
| – | of which: standard loans to individuals with a loan-to-valuation ratio of 80% or below[3] | 6,012 | – | – | 267,935 | 178,065 |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | 7 | 2,936 | 1,149 | 4,418 | 7,715 |
| 25 | Assets with matching interdependent liabilities | – | – | – | – | – |
| 26 | Other assets, comprising: | 14,426 | 3,434 | 118 | 37,920 | 37,935 |
| 27 | Physical traded commodities, including gold | 313 | | | | 266 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs[1] | | | 2,380 | | 2,023 |
| 29 | NSFR derivative assets[1] | | | 7,270 | | 1,644 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted[1] | | | 11,755 | | 2,351 |
| 31 | All other assets not included in the above categories | 14,113 | 3,434 | 118 | 16,515 | 31,651 |
| 32 | Off-balance sheet items[1] | | | 223,202 | | 11,078 |
| **33** | **Total RSF** | | | | | **592,468** |
| **34** | **NSFR (%)** | | | | | **119%** |

(1) Disclosed in total and not by maturity bucket, consistent with the disclosure template prescribed by APS 330.
(2) The description of row 21 has been modified from that set out in the BCBS *Disclosure Requirements* standard to align with APS 210.
(3) Comprises performing, unencumbered standard residential property loans to individuals with a residual maturity of one year or more, or no defined maturity, and a LVR of 80% or below, as defined under APS 112.

| | | As at 31 Dec 24 | | | | |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity | | | | Weighted value |
| | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | |
| | | $m | $m | $m | $m | $m |
| **ASF item** | | | | | | |
| 1 | Capital, comprising: | 62,606 | – | – | 32,797 | 95,403 |
| 2 | Regulatory capital | 62,606 | – | – | 32,797 | 95,403 |
| 3 | Other capital instruments | – | – | – | – | – |
| 4 | Retail deposits and deposits from small business customers, comprising: | 275,305 | 91,121 | 638 | 18 | 337,584 |
| 5 | Stable deposits | 126,863 | 17,279 | – | – | 136,935 |
| 6 | Less stable deposits | 148,442 | 73,842 | 638 | 18 | 200,649 |
| 7 | Wholesale funding, comprising: | 126,979 | 299,839 | 55,394 | 123,727 | 257,363 |
| 8 | Operational deposits | 89,839 | – | – | – | 44,919 |
| 9 | Other wholesale funding | 37,140 | 299,839 | 55,394 | 123,727 | 212,444 |
| 10 | Liabilities with matching interdependent assets | – | – | – | – | – |
| 11 | Other liabilities, comprising: | – | 17,801 | – | 4,820 | 4,820 |
| 12 | NSFR derivative liabilities(1) | | | 7,328 | | |
| 13 | All other liabilities and equity not included in the above categories | – | 10,473 | – | 4,820 | 4,820 |
| **14** | **Total ASF** | | | | | **695,170** |
| **RSF item** | | | | | | |
| 15 | Total NSFR HQLA | | | | | 5,376 |
| – | of which: alternative liquid assets | | | | | 275 |
| – | of which: RBNZ eligible securities | | | | | 275 |
| 16 | Deposits held at other financial institutions for operational purposes | – | – | – | – | – |
| 17 | Performing loans and securities, comprising: | 31,681 | 187,899 | 68,625 | 561,357 | 533,235 |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | – | 70,172 | 2,970 | – | 8,502 |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 1,069 | 45,166 | 13,838 | 20,258 | 35,021 |
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities | 20,509 | 63,816 | 46,627 | 141,234 | 188,050 |
| 21 | of which: with a risk-weight of less than or equal to 35% under APS 112(2) | – | 6,368 | 3,177 | 7,742 | 9,805 |
| 22 | Performing residential mortgages | 8,831 | 4,357 | 4,576 | 395,384 | 293,178 |
| – | of which: standard loans to individuals with a loan-to-valuation ratio of 80% or below(3) | 6,104 | – | – | 271,585 | 180,497 |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | 1,272 | 4,388 | 614 | 4,481 | 8,484 |
| 25 | Assets with matching interdependent liabilities | – | – | – | – | – |
| 26 | Other assets, comprising: | 14,224 | 3,670 | 80 | 43,390 | 40,271 |
| 27 | Physical traded commodities, including gold | 316 | | | | 268 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs(1) | | | 2,841 | | 2,415 |
| 29 | NSFR derivative assets(1) | | | 11,117 | | 3,789 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted(1) | | | 16,295 | | 3,259 |
| 31 | All other assets not included in the above categories | 13,908 | 3,670 | 80 | 13,137 | 30,540 |
| 32 | Off-balance sheet items(1) | | | 218,855 | | 10,868 |
| **33** | **Total RSF** | | | | | **589,750** |
| **34** | **NSFR (%)** | | | | | **118%** |

(1) Disclosed in total and not by maturity bucket, consistent with the disclosure template prescribed by APS 330.
(2) The description of row 21 has been modified from that set out in the BCBS *Disclosure Requirements* standard to align with APS 210.
(3) Comprises performing, unencumbered standard residential property loans to individuals with a residual maturity of one year or more, or no defined maturity, and a LVR of 80% or below, as defined under APS 112.

# Asset encumbrance

## ENC: Asset encumbrance

The table below provides the carrying value of encumbered and unencumbered assets of the Group. The difference between assets of the Group and the Level 2 Group is set out in CC2: *Reconciliation of regulatory capital to balance sheet*, and mainly relates to securitisation special purpose vehicles to which residential mortgages have been transferred in accordance with the requirements for regulatory capital relief in APS 120.

For the purposes of this disclosure, encumbered assets are assets that the Group is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. This definition differs to that used for the purposes of the LCR.

Assets are encumbered to access funding via repurchase agreements and covered bonds, and to meet collateral obligations under derivative transactions and repurchase agreements. Where assets held are pledged under derivative transactions or repurchase agreements, the Group retains substantially all of the risks and rewards of ownership of the assets and consequently the assets are not derecognised from the balance sheet.

March 2025 v September 2024

Encumbered assets decreased by $3.2 billion or 2.7% primarily due to a decrease in cash collateral placed under derivative transactions, combined with a decrease in encumbered residential mortgages. This was partially offset by an increase in regulatory minimum deposits with certain central and other banks.

Encumbered trading assets and debt instruments were largely unchanged with a reduction in encumbered physical securities largely offset by an increase in pledges of securities received under reverse repurchase agreements.

| | As at 31 Mar 25 | | |
|---|---|---|---|
| | Encumbered assets | Unencumbered assets | Total |
| Assets | $m | $m | $m |
| Cash and liquid assets | - | 1,433 | 1,433 |
| Due from other banks(1) | 3,854 | 91,011 | 94,865 |
| Collateral placed(2) | 6,971 | - | 6,971 |
| Trading assets and debt instruments(3) | 62,044 | 136,500 | 198,544 |
| of which: government and semi-government bonds, notes and securities | 5,065 | 75,812 | 80,877 |
| of which: other debt and equity securities | 2,454 | 9,728 | 12,182 |
| of which: reverse repurchase agreements | 54,525 | 50,145 | 104,670 |
| Derivative assets | - | 24,243 | 24,243 |
| Other financial assets | - | 764 | 764 |
| Loans and advances | 41,300 | 709,521 | 750,821 |
| of which: residential mortgages (gross of provision for credit impairment)(4)(5) | 41,300 | 384,977 | 426,277 |
| All other assets | - | 17,998 | 17,998 |
| **Total assets** | **114,169** | **981,470** | **1,095,639** |

(1) Encumbered amounts due from other banks comprise regulatory minimum deposits placed with certain central and other banks. Unencumbered amounts due from other banks include exchange settlement accounts with the RBA and RBNZ.
(2) Encumbered collateral placed comprises initial and variation margin posted in the form of cash, primarily under derivative margining agreements.
(3) Encumbered trading assets and debt instruments primarily comprise debt securities encumbered under repurchase agreements for trading or short-term funding and liquidity purposes. Debt securities are also pledged under derivative margining agreements.
(4) Encumbered assets include $35.0 billion of residential mortgages encumbered under NAB and BNZ covered bond programmes, where Group-originated residential mortgages are allocated to the cover asset pool as remote specific securities backing covered bond issuances.
(5) Unencumbered assets include repo-eligible residential mortgage-backed securities. Under APG 210 *Liquidity*, the Level 2 Group holds self-securitised assets free from encumbrance to a minimum of 30% of Australian dollar net cash outflows in the LCR as contingency for periods of stress.

## Asset encumbrance (cont.)

| | As at 30 Sep 24 | | |
|---|---|---|---|
| | Encumbered assets | Unencumbered assets | Total |
| **Assets** | **$m** | **$m** | **$m** |
| Cash and liquid assets | - | 2,499 | 2,499 |
| Due from other banks[1] | 2,580 | 107,858 | 110,438 |
| Collateral placed[2] | 9,633 | - | 9,633 |
| Trading assets and debt instruments[3] | 61,922 | 113,683 | 175,605 |
| of which: government and semi-government bonds, notes and securities | 12,638 | 60,302 | 72,940 |
| of which: other debt and equity securities | 2,168 | 12,609 | 14,777 |
| of which: reverse repurchase agreements | 47,116 | 40,699 | 87,815 |
| Derivative assets | - | 28,766 | 28,766 |
| Other financial assets | - | 769 | 769 |
| Loans and advances | 43,257 | 689,435 | 732,692 |
| of which: residential mortgages (gross of provision for credit impairment)[4][5] | 43,257 | 373,501 | 416,758 |
| All other assets | - | 19,846 | 19,846 |
| **Total assets** | **117,392** | **962,856** | **1,080,248** |

(1) Encumbered amounts due from other banks comprise regulatory minimum deposits placed with certain central and other banks. Unencumbered amounts due from other banks include exchange settlement accounts with the RBA and RBNZ.
(2) Encumbered collateral placed comprises initial and variation margin posted in the form of cash, primarily under derivative margining agreements.
(3) Encumbered trading assets and debt instruments primarily comprise debt securities encumbered under repurchase agreements for trading or short-term funding and liquidity purposes. Debt securities are also pledged under derivative margining agreements.
(4) Encumbered assets include $35.5 billion of residential mortgages encumbered under NAB and BNZ covered bond programmes, where Group originated residential mortgages are allocated to the cover asset pool as remote specific securities backing covered bond issuances.
(5) Unencumbered assets include repo-eligible residential mortgage-backed securities. Under APG 210, the Level 2 Group holds self-securitised assets free from encumbrance to a minimum of 30% of Australian dollar net cash outflows in the LCR as contingency for periods of stress.

# Accountable Person attestation

The Group Chief Financial Officer, an Accountable Person of National Bank Australia Limited, attests that the 2025 Half Year Pillar 3 Report has been prepared in accordance with the Group External Reporting Policy.

Shaun Dooley
Group Chief Financial Officer
7 May 2025

# Disclosure requirements index

The following table sets out the disclosure requirements of the BCBS *Disclosure Requirements* standard, including the reporting frequency, and where the disclosure is made if included in this report.

| BCBS *Disclosure Requirements* standard tables and templates | | | Reporting frequency | Pillar 3 Report section, or comment |
|---|---|---|---|---|
| DIS20: Overview of risk management, key prudential metrics and risk-weighted assets (RWA) | KM1 | Key metrics (at consolidated group level) | Quarterly | Section 2 *Overview of key metrics and RWA* |
| | KM2 | Key metrics – total loss-absorbing capacity (TLAC) requirements (at resolution group level) | N/A as only required for global systemically important banks (G-SIBs) | |
| | OVA | Bank risk management approach | Annual | - |
| | OV1 | Overview of RWA | Quarterly | Section 2 *Overview of key metrics and RWA* |
| DIS21: Comparison of modelled and standardised RWA | CMS1 | Comparison of modelled and standardised RWA at risk level | Quarterly | Section 2 *Overview of key metrics and RWA* |
| | CMS2 | Comparison of modelled and standardised RWA for credit risk at asset class level | Semi-annual | Section 2 *Overview of key metrics and RWA* |
| DIS25: Composition of capital and TLAC | CCA | Main features of regulatory capital instruments and of other TLAC-eligible instruments | Semi-annual(1) | Available at nab.com.au/about-us/shareholder-centre/regulatory-disclosures |
| | CC1 | Composition of regulatory capital | Semi-annual | Section 3 *Capital* |
| | CC2 | Reconciliation of regulatory capital to balance sheet | Semi-annual | Section 3 *Capital* |
| | TLAC1 | TLAC composition for G-SIBs (at resolution group level) | N/A as only required for G-SIBs | |
| | TLAC2 | Material subgroup entity – creditor ranking at legal entity level | N/A as only required for G-SIBs | |
| | TLAC3 | Resolution entity – creditor ranking at legal entity level | N/A as only required for G-SIBs | |
| DIS26: Capital distribution constraints | CDC | Capital distribution constraints | APRA has not required this disclosure which is at the discretion of national supervisors | |
| DIS30: Links between financial statements and regulatory exposures | LIA | Explanations of differences between accounting and regulatory exposure amounts | Annual | - |
| | LI1 | Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories | Annual(2) | Section 4 *Links between financial statements and regulatory exposures* |
| | LI2 | Main sources of differences between regulatory exposure amounts and carrying values in financial statements | Annual | - |
| | PV1 | Prudent valuation adjustments (PVAs) | Not required under APS 330 | |
| DIS31: Asset encumbrance | ENC | Asset encumbrance | Semi-annual | Section 11 *Asset encumbrance* |
| DIS35: Remuneration(3) | REMA | Remuneration policy | Not required under APS 330 | |
| | REM1 | Remuneration awarded during financial year | Not required under APS 330 | |
| | REM2 | Special payments | Not required under APS 330 | |
| | REM3 | Deferred remuneration | Not required under APS 330 | |
| DIS40: Credit risk | CRA | General qualitative information about credit risk | Annual | - |
| | CR1 | Credit quality of assets | Semi-annual | Section 5 *Credit risk* |
| | CR2 | Changes in stock of defaulted loans and debt securities | Semi-annual | Section 5 *Credit risk* |
| | CRB | Additional disclosure related to the credit quality of assets | Annual | - |
| | CRB-A | Additional disclosure related to prudential treatment of problem assets | APRA has not required this disclosure which is at the discretion of national supervisors | |
| | CRC | Qualitative disclosure related to credit risk mitigation (CRM) techniques | Annual | - |
| | CR3 | CRM techniques - overview | Semi-annual | Section 5 *Credit risk* |
| | CRD | Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk | Annual | - |
| | CR4 | Standardised approach - credit risk exposure and CRM effects | Semi-annual | Section 5 *Credit risk* |
| | CR5 | Standardised approach - exposures by asset classes and risk-weights | Semi-annual | Section 5 *Credit risk* |

(1) Disclosed quarterly to provide information on a more timely basis.
(2) Disclosed as additional information semi-annually to facilitate understanding of how carrying values in other disclosures correspond to amounts on the Group's balance sheet.
(3) Disclosure is made separately of the requirements set out in Prudential Standard CPS 511 *Remuneration* on an annual basis.

| BCBS *Disclosure Requirements* standard tables and templates | | | Reporting frequency | Pillar 3 report section, or comment |
|---|---|---|---|---|
| DIS40: Credit risk | CRE | Qualitative disclosure related to internal ratings-based (IRB) models | Annual | - |
| | CR6 | IRB - credit risk exposures by portfolio and probability of default (PD) range | Semi-annual | Section 5 *Credit risk* |
| | CR7 | IRB - effect on RWA of credit derivatives used as CRM techniques | Semi-annual | No credit derivatives are held for credit mitigation purposes at the end of the current or previous reporting period |
| | CR8 | RWA flow statements of credit risk exposures under IRB | Quarterly | Section 5 *Credit risk* |
| | CR9 | IRB - backtesting of PD per portfolio | Annual | - |
| | CR10 | IRB - specialised lending under the slotting approach | Semi-annual | Section 5 *Credit risk* |
| DIS42: Counterparty credit risk (CCR) | CCRA | Qualitative disclosure related to CCR | Annual | - |
| | CCR1 | Analysis of CCR exposures by approach | Semi-annual | Section 6 *Counterparty credit risk* |
| | CCR3 | Standardised approach – CCR exposures by regulatory portfolio and risk-weights | Semi-annual | Section 6 *Counterparty credit risk* |
| | CCR4 | IRB – CCR exposures by portfolio and PD scale | Semi-annual | Section 6 *Counterparty credit risk* |
| | CCR5 | Composition of collateral for CCR exposure | Semi-annual | Section 6 *Counterparty credit risk* |
| | CCR6 | Credit derivatives exposures | Semi-annual | Section 6 *Counterparty credit risk* |
| | CCR7 | RWA flow statements of CCR exposures under internal model method (IMM) | Not required under APS 330 | |
| | CCR8 | Exposures to central counterparties | Semi-annual | Section 6 *Counterparty credit risk* |
| DIS43: Securitisation | SECA | Qualitative disclosure requirements related to securitisation exposures | Annual | - |
| | SEC1 | Securitisation exposures in the banking book | Semi-annual | Section 7 *Securitisation* |
| | SEC2 | Securitisation exposures in the trading book | Semi-annual | Section 7 *Securitisation* |
| | SEC3 | Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor | Semi-annual | Section 7 *Securitisation* |
| | SEC4 | Securitisation exposures in the banking book and associated capital requirements - bank acting as investor | Semi-annual | Section 7 *Securitisation* |
| DIS45: Sovereign exposures | SOV1 | Exposures to sovereign entities - country | APRA has not required this disclosure which is at the discretion of national supervisors | |
| | SOV2 | Exposures to sovereign entities - currency denomination breakdown | APRA has not required this disclosure which is at the discretion of national supervisors | |
| | SOV3 | Exposures to sovereign entities - accounting classification breakdown | APRA has not required this disclosure which is at the discretion of national supervisors | |
| DIS50: Market risk[(1)] | MRA | General qualitative disclosure requirements related to market risk | Not required under APS 330 | |
| | MR1 | Market risk under the standardised approach | Not required under APS 330 | |
| | MRB | Qualitative disclosures for banks using the internal models approach (IMA) | Not required under APS 330 | |
| | MR2 | Market risk for banks using the IMA | Not required under APS 330 | |
| | MR3 | Market risk under the simplified standardised approach | Not required under APS 330 | |
| DIS51: Credit valuation adjustment (CVA) risk | CVAA | General qualitative disclosure requirements related to CVA | Annual | - |
| | CVA1 | The reduced basic approach for CVA (BA-CVA) | Not required under APS 330 | |
| | CVA2 | The full BA-CVA | Not required under APS 330 | |
| | CVAB | Qualitative disclosures for banks using the standardised approach (SA-CVA) | Annual | - |
| | CVA3 | The SA-CVA | Not required under APS 330 | |
| | CVA4 | RWA flow statements of CVA risk exposures under SA-CVA | Not required under APS 330 | |

(1) Disclosure is made of the quantitative requirements set out in APS 330 Attachment A paragraph 32 on a semi-annual basis in section 8 *Market risk*.

## Disclosure requirements index (cont.)

| BCBS *Disclosure Requirements* standard tables and templates | | | Reporting frequency | Pillar 3 report section, or comment |
|---|---|---|---|---|
| DIS60: Operational risk | ORA | General qualitative information on a bank's operational risk framework | Annual | – |
| | OR1 | Historical losses | Annual | – |
| | OR2 | Business indicator and subcomponents | Annual[1] | Section 9 *Operational risk* |
| | OR3 | Minimum required operational risk capital | Annual[1] | Section 9 *Operational risk* |
| DIS70: Interest rate risk in the banking book (IRRBB) | IRRBBA | IRRBB risk management objectives and policies | Annual | – |
| | IRRBB1 | Quantitative information on IRRBB | Annual | – |
| DIS75: Macroprudential supervisory measures | GSIB1 | Disclosure of G-SIB indicators | Annual | G-SIB indicators are available at nab.com.au/about-us/shareholder-centre/regulatory-disclosures |
| | CCyB1 | Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement | Semi-annual | Section 3 *Capital* |
| DIS80: Leverage ratio | LR1 | Summary comparison of accounting assets vs leverage ratio exposure measure | Semi-annual | Section 3 *Capital* |
| | LR2 | Leverage ratio common disclosure template | Quarterly | Section 3 *Capital* |
| DIS85: Liquidity | LIQA | Liquidity risk management | Annual | – |
| | LIQ1 | Liquidity coverage ratio (LCR) | Quarterly | Section 10 *Liquidity* |
| | LIQ2 | Net stable funding ratio (NSFR) | Semi-annual | Section 10 *Liquidity* |

(1) Disclosed as additional information in this first report prepared under the revised APS 330 to provide information on a more timely basis. Going forward, these templates will be disclosed as additional information in the 31 December report, in which period operational risk capital is updated under the SMA.

# Glossary

**Accountable Person**
An accountable person for the purposes of the Banking Act 1959 (Cth).

**Additional Tier 1 capital**
Comprises high quality components of capital that provide a permanent and unrestricted commitment of funds, are freely available to absorb losses, rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer, and provide for fully discretionary capital distributions.

**ADI**
Authorised deposit-taking institution

**Advanced internal ratings-based (A-IRB) approach**
The approach used by the Group, under approval from APRA, to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, loss given default and exposure at default.

**ANZSIC**
Australian and New Zealand Standard Industrial Classification

**APRA**
Australian Prudential Regulation Authority

**APS**
Prudential Standards issued by APRA applicable to ADIs.

**Available stable funding (ASF)**
The portion of an ADI's capital and liabilities expected to be reliably provided over a one-year time horizon.

**Banking book**
Exposures not contained in the trading book.

**BCBS**
Basel Committee on Banking Supervision

**BNZ**
Bank of New Zealand, a banking subsidiary regulated by the Reserve Bank of New Zealand.

**Carrying value**
The value of assets and liabilities reported on the balance sheet under accounting standards and interpretations issued by the Australian Accounting Standards Board. Accounting policy information on how the requirements of the Australian Accounting Standards Board have been applied is contained in the 2024 Annual Report.

**CCF**
Credit conversion factor

**CCR**
Counterparty credit risk

**CCyB**
Countercyclical capital buffer

**Central counterparty (CCP)**
A clearing house which interposes itself, directly or indirectly, between counterparties to contracts traded in one or more financial markets, thereby insuring the future performance of open contracts.

**Citi consumer business**
Citigroup's Australian consumer business, acquired by the Group in June 2022.

**Citigroup**
Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

**Common Equity Tier 1 (CET1) capital**
The highest quality component of capital. CET1 capital is subordinated to all other elements of funding, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. CET1 capital consists of paid-up ordinary share capital, retained profits and certain other items as defined in APS 111 'Capital Adequacy: Measurement of Capital'.

**Common Equity Tier 1 capital ratio**
Common Equity Tier 1 capital divided by risk-weighted assets.

**Company**
National Australia Bank Limited ABN 12 004 044 937

**CPS**
Prudential Standards issued by APRA applicable to regulated entities, including ADIs.

**Credit valuation adjustment**
A capital charge to reflect potential mark-to-market losses due to counterparty migration risk for bilateral over-the-counter derivative contracts.

**CRM**
Credit risk mitigation

**D-SIB**
Domestic systemically important bank

**Default**
Default occurs when a loan obligation is contractually 90 days or more past due, or when it is considered unlikely that the credit obligation to the Group will be paid in full without remedial action, such as realisation of security.

**Default fund**
Clearing members' funded or unfunded contributions towards, or underwriting of, a central counterparty's mutualised loss sharing arrangements.

**Expected loss**
A calculation of the estimated loss that may be experienced over the next 12 months. Expected loss calculations are based on the probability of default, loss given default and exposure at default values of the portfolio at the time of the estimate which includes stressed loss given default for economic conditions.

**Exposure at default (EaD)**
An estimate of the credit exposure amount outstanding if a customer defaults.

**Extended Licensed Entity**
The ADI and any APRA approved subsidiaries assessed as effectively part of a single 'stand-alone' entity, as defined in APS 222 'Associations with Related Entities'.

**Foundation internal ratings-based (F-IRB) approach**
An approach to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, and supervisory estimates for loss given default and exposure at default.

**G-SIB**
Global systemically important bank

**Group**
NAB and its controlled entities.

**High-quality liquid assets (HQLA)**
Consists primarily of cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns as defined in APS 210 'Liquidity'.

**Individually assessed provision for credit impairment**
The provision assessed on an individual basis in accordance with Australian Accounting Standard AASB 9 'Financial Instruments'.

**Internal model approach (IMA) - non-traded market risk**
The approach used by the Group, under approval from APRA, to calculate the capital requirement for non-traded market risk. The IMA is used to calculate interest rate risk in the banking book for transactions in the banking book.

**Internal model approach (IMA) - traded market risk**
The approach used by the Group, under approval from APRA, to calculate the capital requirement for traded market risk. The IMA is used to calculate general market risk for transactions in the trading book, other than those covered by the standard method.

**Leverage ratio**
Tier 1 capital divided by exposures as defined by APS 110 'Capital Adequacy'. Exposures include on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures.

**Liquidity coverage ratio (LCR)**
A metric that measures the adequacy of high-quality liquid assets available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario.

**Loss given default (LGD)**
An estimate of the expected severity of loss for a credit exposure following a default event. Regulatory LGDs reflect a stressed economic condition at the time of default.

**NAB**
National Australia Bank Limited ABN 12 004 044 937

**Net stable funding ratio (NSFR)**
A ratio of the amount of available stable funding to the amount of required stable funding.

**Non-performing exposures**
Exposures which are in default aligned to the definition in APS 220 'Credit Risk Management'.

**Probability of default (PD)**
An estimate of the likelihood of a customer defaulting or not repaying their borrowings and other obligations in the next 12 months.

**Qualifying central counterparty (QCCP)**
An entity licensed to operate as a central counterparty, and permitted by its regulator or overseer to operate as such with respect to products offered. The entity must be based and prudentially supervised in a jurisdiction where the relevant regulator or overseer has established, and publicly indicated that it applies domestic rules and regulations consistent with the 'Principles for Financial Market Infrastructures' issued by the Committee on Payments and Market Infrastructures and International Organization of Securities Commissions.

**RBA**
Reserve Bank of Australia

**RBNZ**
Reserve Bank of New Zealand

**Required stable funding (RSF)**
The amount of stable funding an ADI is required to hold measured as a function of the liquidity characteristics and residual maturities of the various assets held by an ADI, including off-balance sheet exposures.

**Risk-weighted assets (RWA)**
A quantitative measure of risk required by the APRA risk-based capital adequacy framework, covering credit risk for on- and off-balance sheet exposures, market risk, operational risk and interest rate risk in the banking book.

**SA-CCR**
Standardised approach for measuring counterparty credit risk exposures

**Securities financing transaction (SFT)**
A transaction such as a repurchase agreement, reverse repurchase agreement or a securities lending and borrowing transaction where the value of the transaction depends on the market valuation of securities and the transaction is typically subject to margin agreements.

**SME**
Small and medium-sized enterprises

**Standard method**
An alternative approach used to calculate the capital requirement for traded market risk, which applies supervisory risk-weights to positions arising from trading activities.

**Standardised approach (SA)**
An alternative approach used to calculate the capital requirement for credit risk, which utilises regulatory prescribed risk-weights based on external ratings and/or the application of specific regulator defined metrics to determine risk-weighted assets.

**Standardised measurement approach (SMA)**
An approach used to calculate the capital requirement for operational risk based on a business indicator, a financial statement proxy of operational risk exposure.

**Tier 1 capital**
Common Equity Tier 1 capital plus Additional Tier 1 capital.

**Tier 1 capital ratio**
Tier 1 capital divided by risk-weighted assets.

**Tier 2 capital**
Includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

**Total capital**
Tier 1 capital plus Tier 2 capital.

**Total capital ratio**
Total capital divided by risk-weighted assets.

**Trading book**
Positions in financial instruments, including derivatives and other off-balance sheet instruments, that are held either with a trading intent or to hedge other elements of the trading book.

**Value at risk (VaR)**
A mathematical technique that uses statistical analysis of historical data to estimate the likelihood that a given portfolio's losses will exceed a certain amount.