Pillar 3 Report

as at 31 March 2024

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*. APS 330 was established to implement the third pillar of the Basel Committee on Banking Supervision's (BCBS) framework for bank capital adequacy on market discipline, and to contribute to the transparency of financial markets.

This document provides information about risk exposures, as well as the capital and liquidity adequacy of the Group, being NAB and its controlled entities.

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

Capital adequacy methodologies

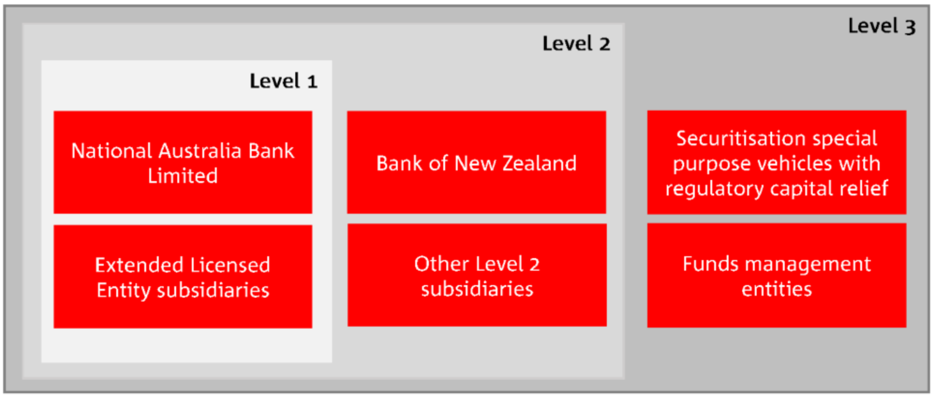
The Group uses the following approaches to measure capital adequacy as at 31 March 2024.

Credit risk	Operational risk	Non-traded market risk	Traded market risk
Internal Ratings-based Approach (IRB)(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, foundation 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 and the capital floor which are applied under APRA requirements. BNZ has received IRB accreditation from the RBNZ and applies the internal rating-based approach, supervisory slotting estimates 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 (SPVs) 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. (NAB Europe) 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

The Group remains focused on areas of regulatory change. Key reforms that may affect the Group's capital and funding include:

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.
- APRA plans to consult on revisions to the market risk capital standards over 2024. The process will implement the BCBS's fundamental review of the trading book, effective from 2026.
- APRA has also deferred the implementation date for the Basel III reforms to APS 180 *Capital Adequacy: Counterparty Credit Risk* to 2026.

Increased loss-absorbing capacity for ADIs

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

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.

Additional Tier 1 capital discussion paper

In September 2023, APRA released a discussion paper outlining potential options for, and seeking feedback from stakeholders on, improving the effectiveness of Additional Tier 1 capital in Australia. APRA intends to formally consult on any proposed amendments to prudential standards in the first half of the 2024 calendar year.

Liquidity requirements

APRA expects to conduct a comprehensive review of APS 210 *Liquidity*, with an expected effective date in 2026.

Public disclosure

In December 2022, APRA issued a revised APS 330 which aligns with the updated international standards for public disclosure set by the BCBS. The revised disclosure requirements are effective from 1 January 2025.

Capital

3.1 Capital adequacy

Table 3.1.A Risk-weighted assets

The following table provides RWA for each risk type for the Level 2 Group.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Credit risk		
Subject to advanced IRB approach		
Corporate (including small and medium-sized enterprises (SME))	106,746	103,466
Retail SME	10,443	10,200
Residential mortgage[(1)]	107,716	103,898
Qualifying revolving retail	2,762	2,664
Other retail	1,873	1,819
Subject to foundation IRB approach		
Corporate	21,454	22,694
Sovereign	1,423	1,496
Financial institution	20,247	20,839
Total IRB approach	**272,664**	**267,076**
Specialised lending	**3,090**	**2,332**
Subject to standardised approach		
Corporate	6,897	5,461
Residential mortgage	6,558	6,589
Other retail	6,078	5,988
Other[(2)]	4,861	4,671
Total standardised approach	**24,394**	**22,709**
RBNZ regulated banking subsidiary	**53,147**	**53,026**
Other		
Securitisation exposures	5,939	5,332
Credit valuation adjustment	4,639	5,079
Total other	**10,578**	**10,411**
Total credit risk	**363,873**	**355,554**
Market risk	11,171	8,811
Operational risk[(3)]	36,102	41,178
Interest rate risk in the banking book	21,407	29,463
Total RWA	**432,553**	**435,006**

(1) RWA for residential mortgages for the Group excluding BNZ measured under the IRB approach is $150,494 million when recomputed under the standardised approach for the purposes of the capital floor (30 September 2023: $148,325 million).
(2) Other subject to the standardised approach consists of cash items in the process of collection, premises and other fixed assets, and all other exposures, and includes $112 million for equity exposures (30 September 2023: $103 million).
(3) $6.25 billion of the decrease in operational risk RWA since 30 September 2023 is attributable to APRA's removal of the $500 million capital add-on that was applied in 2019 in the response to NAB's 2018 self-assessment into governance, accountability and culture.

The following table provides total RWA for the Level 1 Group.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Total RWA	**390,010**	**386,624**

Table 3.1.B Capital floor

The measurement of total RWA includes a capital floor to limit the benefit of modelled estimates under the IRB approach relative to the standardised approach. The capital floor applies at the aggregate RWA level and requires IRB ADIs to apply the higher of total RWA calculated under the IRB approach and 72.5% of total RWA calculated under the standardised approach.

There was no capital floor adjustment as at 31 March 2024 or 30 September 2023 as shown below.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Risk-weighted assets under the standardised approach		
Credit risk	523,024	513,968
Market risk	11,171	8,811
Operational risk	36,102	41,178
Interest rate risk in the banking book	n/a	n/a
Total	**570,297**	**563,957**
Risk-weighted assets prior to application of floor		
Credit risk	363,873	355,554
Market risk	11,171	8,811
Operational risk	36,102	41,178
Interest rate risk in the banking book	21,407	29,463
Total	**432,553**	**435,006**
Capital floor at 72.5%	**413,465**	**408,869**
Capital floor adjustment	**n/a**	**n/a**

Table 3.1.C Capital and leverage ratios

The following tables provide:

- the key capital ratios for the Level 1 and Level 2 Groups.
- the key capital ratios for the Group's significant overseas bank subsidiary, BNZ.
- the leverage ratio for the Level 2 Group as at 31 March 2024 and for the three previous quarters.

	As at	
	31 Mar 24	30 Sep 23
Capital ratios	%	%
Level 2 Common Equity Tier 1	12.15	12.22
Level 2 Tier 1	14.13	14.19
Level 2 Total	20.27	19.88
Level 1 Common Equity Tier 1	11.85	12.13
Level 1 Tier 1	14.05	14.36
Level 1 Total	20.76	20.67

	As at	
	31 Mar 24	30 Sep 23
RBNZ regulated banking subsidiary capital ratios[1]	%	%
BNZ Common Equity Tier 1	14.1	13.3
BNZ Tier 1	14.5	14.6
BNZ Total	15.6	15.7

(1) BNZ's capital ratios are derived under the RBNZ's capital adequacy framework.

	As at			
	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23
Leverage ratio	$m	$m	$m	$m
Tier 1 capital	61,133	60,181	61,726	59,259
Total exposures	1,198,406	1,190,152	1,183,323	1,192,746
Leverage ratio (%)	**5.10%**	**5.06%**	**5.22%**	**4.97%**

3.2 Capital structure

Regulatory capital is calculated in accordance with APS 111 *Capital Adequacy: Measurement of Capital.* The Group's capital structure comprises various forms of capital which are summarised in the table below.

Common Equity Tier 1 capital	Tier 1 capital	Total capital
Common Equity Tier 1 (CET1) capital ranks behind the claims of depositors and other creditors in the event of winding-up of the issuer, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. CET1 capital consists of the sum of paid-up ordinary share capital, retained profits plus certain other items as defined in APS 111.	CET1 capital plus Additional Tier 1 capital. Additional Tier 1 capital comprises high quality components of capital that satisfy the following characteristics: - 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 - provide for fully discretionary capital distributions.	Tier 1 capital plus Tier 2 capital. Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements of Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

Further details of Additional Tier 1 and Tier 2 securities are available at capital.nab.com.au/programmes/capital-instruments.

Restrictions and major impediments on the transfer of funds or regulatory capital within the Group

Thin capitalisation rules

The transfer of funds or regulatory capital within the Group will take into account tax legislation that imposes interest deduction limitations based on prescribed minimum capital levels.

Intra-group exposure limits

Exposures to related entities are managed in accordance with the Intra-group Transactions and Exposure Policy and prudential limits prescribed in APS 222 *Associations with Related Entities*.

Table 3.2.A Regulatory capital structure

The table below provides the structure of regulatory capital for the Level 2 Group. A detailed breakdown as at 31 March 2024 is shown in Table 3.3.A *Regulatory capital disclosure template*.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Common Equity Tier 1 capital before regulatory adjustments	61,369	61,158
Regulatory adjustments to Common Equity Tier 1 capital	(8,826)	(8,022)
Common Equity Tier 1 capital (CET1)	**52,543**	**53,136**
Additional Tier 1 capital before regulatory adjustments	8,610	8,610
Regulatory adjustments to Additional Tier 1 capital	(20)	(20)
Additional Tier 1 capital (AT1)	**8,590**	**8,590**
Tier 1 capital (T1 = CET1 + AT1)	**61,133**	**61,726**
Tier 2 capital before regulatory adjustments	26,667	24,852
Regulatory adjustments to Tier 2 capital	(133)	(110)
Tier 2 capital (T2)	**26,534**	**24,742**
Total capital (TC = T1 + T2)	**87,667**	**86,468**

3.3 Detailed capital disclosures

Table 3.3.A Regulatory capital disclosure template

The capital ratios for the Level 2 Group and other regulatory capital information are presented in the following regulatory capital disclosure template.

Explanation of how amounts in the template reconcile to the Level 2 Group balance sheet is contained in Table 3.3.C *Reconciliation between the Level 2 Group balance sheet and regulatory capital disclosure template*.

		As at 31 Mar 24
		$m
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	37,664
2	Retained earnings	24,385
3	Accumulated other comprehensive income (and other reserves)	(680)
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–
6	**Common Equity Tier 1 capital before regulatory adjustments**	**61,369**
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	–
8	Goodwill	2,070
9	Other intangibles other than mortgage-servicing rights (net of related deferred tax balance)	3,197
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	172
11	Cash flow hedge reserve	(699)
12	Shortfall of provisions to expected losses	–
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	–
14	Gains/(losses) due to changes in own credit risk on fair valued liabilities	(96)
15	Defined benefit superannuation plan assets (net of related tax liability)	31
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–
17	Reciprocal cross-holdings in common equity	–
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	–
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–
20	Mortgage service rights (amount above 10% threshold)	–
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–
22	Amount exceeding the 15% threshold	–
23	of which: significant investments in the ordinary shares of financial entities	–
24	of which: mortgage servicing rights	–
25	of which: deferred tax assets arising from temporary differences	–
APRA specific regulatory adjustments		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	4,151
26a	of which: treasury shares	–
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	–
26c	of which: deferred fee income(1)	(362)
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23 (adjusted for intangible component of investments)	460
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	2,434
26f	of which: capitalised expenses(1)	1,535
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	52
26h	of which: covered bonds in excess of asset cover in pools	–
26i	of which: undercapitalisation of a non-consolidated subsidiary	–
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	32
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–
28	**Total regulatory adjustments to Common Equity Tier 1**	**8,826**
29	**Common Equity Tier 1 capital (CET1)**	**52,543**

(1) Where fee income eligible as regulatory capital relates to products giving rise to capitalised expenses, fee income is netted off against capitalised expenses in accordance with APS 111.

		As at 31 Mar 24
		$m
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	8,610
31	of which: classified as equity under applicable accounting standards	–
32	of which: classified as liabilities under applicable accounting standards	8,610
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	–
36	**Additional Tier 1 capital before regulatory adjustments**	**8,610**
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments and any unused trading limit	20
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	–
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	–
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	–
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	–
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	–
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–
43	**Total regulatory adjustments to Additional Tier 1 capital**	**20**
44	**Additional Tier 1 capital (AT1)**	**8,590**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**61,133**
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	24,678
48	Tier 2 instruments (and CET1 and Additional Tier 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–
50	Provisions(1)	1,989
51	**Tier 2 capital before regulatory adjustments**	**26,667**
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments and any unused trading limit	75
53	Reciprocal cross-holdings in Tier 2 instruments	–
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	–
55	Significant investments in the Tier 2 capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	58
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	–
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	58
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	–
57	**Total regulatory adjustments to Tier 2 capital**	**133**
58	**Tier 2 capital (T2)**	**26,534**
59	**Total capital (TC = T1 + T2)**	**87,667**
60	**Total RWA based on APRA standards**	**432,553**

(1) Consists of eligible provisions held against non-defaulted exposures under the IRB approach ($1,742 million) and against exposures under the standardised approach ($247 million).

Detailed capital disclosures (cont.)

		As at 31 Mar 24 $m
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of RWA)	12.15%
62	Tier 1 (as a percentage of RWA)	14.13%
63	Total capital (as a percentage of RWA)	20.27%
64	Buffer requirement (minimum CET1 requirement, plus capital conservation buffer, plus any countercyclical buffer requirements expressed as a percentage of RWA)[1]	10.09%
65	of which: capital conservation buffer requirement[2]	4.75%
66	of which: ADI-specific countercyclical buffer requirements	0.84%
67	of which: Global Systemically Important Bank (G-SIB) buffer requirement	n/a
68	Common Equity Tier 1 available to meet buffers (as a percentage of RWA)	12.15%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a
70	National Tier 1 minimum ratio (if different from Basel III minimum)	n/a
71	National Total capital minimum ratio (if different from Basel III minimum)	n/a
Amounts below the thresholds for deduction (not risk-weighted)[3]		
72	Non-significant investments in the capital of other financial entities	188
73	Significant investments in the ordinary shares of financial entities (adjusted for intangible component of investments)	272
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,434
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	247
77	Cap on inclusion of provisions in Tier 2 under standardised approach	374
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1,742
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,959

(1) Comprises a minimum CET1 ratio of 4.5% per APS 110 *Capital Adequacy* paragraph 24(a), a capital conservation buffer of 4.75% of RWA and a countercyclical capital buffer (refer to Table 3.3.E *Countercyclical capital buffer*).
(2) Includes a 1% capital conservation buffer requirement applicable to D-SIBs.
(3) Amounts below the thresholds for deduction under Basel requirements are an APRA specific regulatory adjustment.

Table 3.3.B Reconciliation between the Group and Level 2 Group balance sheet

The following table shows the Group's balance sheet and adjustments to derive the Level 2 Group balance sheet as at 31 March 2024.

	Group balance sheet	Adjustments[(1)]	Level 2 Group balance sheet	Reference[(2)]
	$m	$m	$m	
Assets				
Cash and liquid assets	4,992	–	4,992	
Due from other banks	125,469	–	125,469	
Collateral placed	7,413	–	7,413	
Trading assets	122,796	–	122,796	
Derivative assets	24,690	3	24,693	
Debt instruments	45,161	–	45,161	
Other financial assets	843	–	843	
Loans and advances	719,877	(1,685)	718,192	
Current tax assets	25	–	25	
Due from controlled entities	–	13	13	
Deferred tax assets	3,181	–	3,181	Table B
Property, plant and equipment	2,935	–	2,935	
Investments in controlled entities	–	10	10	
Goodwill and other intangible assets	5,030	–	5,030	Table A
Other assets	8,593	–	8,593	
Total assets	**1,071,005**	**(1,659)**	**1,069,346**	
Liabilities				
Due to other banks	33,606	–	33,606	
Collateral received	6,272	–	6,272	
Other financial liabilities	72,535	–	72,535	
Deposits and other borrowings	695,537	–	695,537	
Derivative liabilities	24,450	–	24,450	
Current tax liabilities	514	1	515	
Provisions	1,437	–	1,437	
Due to controlled entities	–	54	54	
Bonds, notes and subordinated debt	150,375	(1,717)	148,658	
Debt issues	8,566	–	8,566	
Other liabilities	16,003	–	16,003	
Total liabilities	**1,009,295**	**(1,662)**	**1,007,633**	
Net assets	**61,710**	**3**	**61,713**	
Equity				
Contributed equity	37,664	–	37,664	Row 1
Foreign currency translation reserve	16	–	16	
Asset revaluation reserve	19	–	19	
Cash flow hedge reserve	(699)	–	(699)	Row 11
Cost of hedging reserve	(187)	–	(187)	
Equity-based compensation reserve	204	–	204	
Debt instruments at fair value through other comprehensive income reserve	(69)	–	(69)	
Equity instruments at fair value through other comprehensive income reserve	36	–	36	
Total reserves	**(680)**	**–**	**(680)**	Row 3
Retained profits	24,382	3	24,385	Row 2
Total equity (attributable to owners of NAB)	**61,366**	**3**	**61,369**	
Non-controlling interests	344	–	344	
Total equity	**61,710**	**3**	**61,713**	

(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) References are directly to rows in Table 3.3.A *Regulatory capital disclosure template* or to reconciliations to the disclosure template in Table 3.3.C *Reconciliation between the Level 2 Group balance sheet and regulatory capital disclosure template.*

Table 3.3.C Reconciliation between the Level 2 Group balance sheet and regulatory capital disclosure template

The following tables show how amounts in the regulatory capital disclosure template in Table 3.3.A have been derived based on the Level 2 Group balance sheet in Table 3.3.B.

Table A	As at 31 Mar 24 $m	Disclosure template row
Goodwill and other intangible assets	5,030	
Associated net deferred tax asset	237	
Total	**5,267**	
which comprises:		
Goodwill	2,070	Row 8
Other intangibles other than mortgage-servicing rights (net of related deferred tax balance)	3,197	Row 9

Table B	As at 31 Mar 24 $m	Disclosure template row
Deferred tax assets	3,181	
Less deferred tax assets that rely on future profitability	(172)	Row 10
Less net deferred tax assets included in other regulatory adjustments or associated with reserves ineligible for inclusion in regulatory capital	(575)	
Deferred tax assets APRA specific regulatory adjustment	**2,434**	Row 26e, 75

Table C	As at 31 Mar 24 $m	Disclosure template row
Face value of NAB Capital Notes 3	1,874	
Face value of NAB Capital Notes 5	2,386	
Face value of NAB Capital Notes 6	2,000	
Face value of NAB Capital Notes 7	1,250	
Face value of NAB Wholesale Capital Notes	500	
Face value of NAB Wholesale Capital Notes 2	600	
Directly issued qualifying Additional Tier 1 instruments classified as liabilities	**8,610**	Row 32

Table D	As at 31 Mar 24 $m	Disclosure template row
Subordinated medium term notes	24,678	
Directly issued qualifying Tier 2 instruments	**24,678**	Row 46

Table 3.3.D 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 24	
		Total assets	Total liabilities
Entity name	Principal activity	$m	$m
NAB Trust Services Limited	Trustee	11	-
National Australia Managers Limited	Funds manager	4	1
National RMBS Trust 2018-1	Securitisation	402	403
National RMBS Trust 2018-2	Securitisation	428	429
National RMBS Trust 2022-1	Securitisation	897	899

Table 3.3.E Countercyclical capital buffer

The countercyclical capital buffer represents an extension to the capital conservation buffer and may require an ADI to hold additional CET1 capital of up to 3.5% of RWA. It is calculated in accordance with APS 110 (Attachment C). Its primary objective is to use a buffer of capital to achieve the broader macroprudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk.

The following table provides a geographic breakdown of RWA associated with private sector credit exposures that are used to calculate the Level 2 Group's countercyclical capital buffer requirement.

	As at 31 Mar 24			
	Countercyclical capital buffer	RWA for private sector credit exposures	ADI-specific buffer	Disclosure template row
Country	%	$m	%	
Australia	1.00	275,331	0.762	
Denmark	2.50	116	0.001	
France	1.00	1,535	0.004	
Germany	0.75	814	0.002	
Hong Kong	1.00	999	0.003	
Ireland	1.00	372	0.001	
Luxembourg	0.50	770	0.001	
Netherlands	1.00	1,635	0.005	
Norway	2.50	460	0.003	
Sweden	2.00	503	0.003	
United Kingdom	2.00	9,789	0.054	
Other	-	68,985	-	
Total	**n/a**	**361,309**	**0.839**	Row 66

3.4 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 (Attachment D).

The leverage ratio calculation is presented in the disclosure template below.

The leverage ratio decreased from 5.22% at 30 September 2023 to 5.10% at 31 March 2024, due to a $0.6 billion decrease in Tier 1 capital, combined with an increase in total exposures of $15.1 billion.

The decrease in Tier 1 capital was mainly due to the reduction in contributed equity from the on-market buy-back of NAB ordinary shares, partially offset by higher retained profits.

The increase in total exposures was primarily driven by higher on-balance sheet exposures of $19.0 billion, mainly related to an increase in loans and advances, as well as an increase in credit equivalent amounts of non-market related off-balance sheet exposures of $2.8 billion, partially offset by a decrease in securities financing transaction exposures of $4.9 billion and lower derivative exposures of $1.9 billion.

Table 3.4.A Leverage ratio disclosure template

		As at	
		31 Mar 24	30 Sep 23
		$m	$m
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	957,749	939,122
2	(Asset amounts deducted in determining Tier 1 capital)	(9,478)	(9,857)
3	**On-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)**	**948,271**	**929,265**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9,656	11,445
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	20,982	22,726
6	Gross-up for derivatives collateral provided where not included in on-balance sheet exposures	6,723	9,051
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(9,946)	(13,943)
8	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	–	–
9	Adjusted effective notional amount of written credit derivatives	14,675	13,198
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(13,570)	(12,059)
11	**Derivative exposures (sum of rows 4 to 10)**	**28,520**	**30,418**
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	99,474	101,134
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(14,873)	(14,264)
14	Counterparty Credit Risk (CCR) exposure for SFT assets	15,501	18,085
15	Agent transaction exposures	–	–
16	**Securities financing transaction exposures (sum of rows 12 to 15)**	**100,102**	**104,955**
Non-market related off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	245,250	240,504
18	(Adjustments for conversion to credit equivalent amounts)	(123,737)	(121,819)
19	**Non-market related off-balance sheet exposures (sum of rows 17 and 18)**	**121,513**	**118,685**
Capital and total exposures			
20	**Tier 1 capital**	**61,133**	**61,726**
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**1,198,406**	**1,183,323**
Leverage ratio			
22	**Leverage ratio**	**5.10%**	**5.22%**

Table 3.4.B Summary comparison of accounting assets vs leverage ratio exposure measure

		As at	
		31 Mar 24	30 Sep 23
		$m	$m
Items			
1	Total consolidated assets as per published financial statements	1,071,005	1,059,083
2	Adjustment for investments in entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(1,659)	(1,848)
3	Adjustment for assets held on the balance sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure	–	–
4	Adjustments for derivative financial instruments	3,827	(3,856)
5	Adjustment for securities financing transactions	13,198	21,116
6	Adjustment for off-balance sheet exposures (credit equivalent amount)	121,513	118,685
7	Other adjustments	(9,478)	(9,857)
8	**Leverage ratio exposure**	**1,198,406**	**1,183,323**

Credit risk

4.1 General disclosures

Exposure at default (EaD) throughout this section represents credit risk exposures net of offsets for eligible financial collateral, except where indicated. RWA in this section excludes the credit valuation adjustment risk capital charge which is not attributed to individual asset classes. This section excludes credit risk information in respect of securitisation exposures within the scope of APS 120, which have separate disclosures in Section 5 *Securitisation*.

Table 4.1.A Credit risk summary

The following table provides information on credit exposures and asset quality.

	As at 31 Mar 24					6 months ended 31 Mar 24
	Exposure at default	Risk-weighted assets	Expected loss	Non-performing exposures	Specific provision for credit impairment	Net write-offs
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Subject to advanced IRB approach						
Corporate (including SME)	202,067	106,746	1,228	2,512	260	17
Retail SME	24,647	10,443	328	1,040	121	19
Residential mortgage	399,747	107,716	1,095	3,763	46	19
Qualifying revolving retail	9,452	2,762	131	41	-	34
Other retail	1,720	1,873	109	59	3	39
Subject to foundation IRB approach						
Corporate	38,794	21,454	81	17	2	(23)
Sovereign	183,689	1,423	2	-	-	-
Financial institution	68,934	20,247	48	21	6	(1)
Total IRB approach	**929,050**	**272,664**	**3,022**	**7,453**	**438**	**104**
Specialised lending	**3,813**	**3,090**	**30**	**-**	**-**	**-**
Subject to standardised approach						
Corporate	11,877	6,897	-	68	23	17
Residential mortgage	17,027	6,558	-	83	4	1
Other retail	8,681	6,078	-	89	-	34
Other	6,960	4,861	-	-	-	-
Total standardised approach	**44,545**	**24,394**	**-**	**240**	**27**	**52**
RBNZ regulated banking subsidiary	**130,933**	**53,147**	**552**	**998**	**81**	**24**
Total	**1,108,341**	**353,295**	**3,604**	**8,691**	**546**	**180**

	As at 30 Sep 23					6 months ended 30 Sep 23
	Exposure at default	Risk-weighted assets	Expected loss	Non-performing exposures	Specific provision for credit impairment	Net write-offs
Exposure type	$m	$m	$m	$m	$m	$m
Subject to advanced IRB approach						
Corporate (including SME)	193,973	103,466	1,130	2,255	275	31
Retail SME	24,270	10,200	300	951	105	16
Residential mortgage	393,072	103,898	862	3,307	54	15
Qualifying revolving retail	9,276	2,664	117	57	–	39
Other retail	1,658	1,819	96	63	3	17
Subject to foundation IRB approach						
Corporate	41,848	22,694	71	14	12	–
Sovereign	172,792	1,496	2	–	–	–
Financial institution	71,559	20,839	50	25	10	–
Total IRB approach	**908,448**	**267,076**	**2,628**	**6,672**	**459**	**118**
Specialised lending	**2,841**	**2,332**	**24**	**–**	**–**	**21**
Subject to standardised approach						
Corporate	13,285	5,461	–	23	4	4
Residential mortgage	16,859	6,589	–	139	4	–
Other retail	8,570	5,988	–	71	–	30
Other	6,943	4,671	–	–	–	–
Total standardised approach	**45,657**	**22,709**	**–**	**233**	**8**	**34**
RBNZ regulated banking subsidiary	**135,716**	**53,026**	**527**	**1,087**	**72**	**17**
Total	**1,092,662**	**345,143**	**3,179**	**7,992**	**539**	**190**

Table 4.1.B Total and average credit risk exposures

The following table provides a breakdown of credit risk exposures between on and off-balance sheet, and average credit risk exposure, being the simple average of the exposure at the beginning and end of the reporting period.

	As at 31 Mar 24				6 months ended 31 Mar 24
	On-balance sheet	Non-market related off-balance sheet	Market related off-balance sheet	Total exposure at default	Average exposure at default
Exposure type	$m	$m	$m	$m	$m
Subject to advanced IRB approach					
Corporate (including SME)	173,828	25,155	3,084	**202,067**	198,020
Retail SME	16,965	7,682	–	**24,647**	24,459
Residential mortgage	341,521	58,226	–	**399,747**	396,409
Qualifying revolving retail	4,171	5,281	–	**9,452**	9,364
Other retail	1,395	325	–	**1,720**	1,689
Subject to foundation IRB approach					
Corporate	20,302	12,516	5,976	**38,794**	40,321
Sovereign	166,008	638	17,043	**183,689**	178,240
Financial institution	31,271	19,499	18,164	**68,934**	70,247
Total IRB approach	**755,461**	**129,322**	**44,267**	**929,050**	**918,749**
Specialised lending	**2,658**	**1,044**	**111**	**3,813**	**3,327**
Subject to standardised approach					
Corporate	6,595	2,244	3,038	**11,877**	12,581
Residential mortgage	15,696	1,331	–	**17,027**	16,943
Other retail	5,424	3,257	–	**8,681**	8,625
Other	6,960	–	–	**6,960**	6,952
Total standardised approach	**34,675**	**6,832**	**3,038**	**44,545**	**45,101**
RBNZ regulated banking subsidiary	**112,090**	**15,352**	**3,491**	**130,933**	**133,325**
Total exposure at default	**904,884**	**152,550**	**50,907**	**1,108,341**	**1,100,502**

	As at 30 Sep 23				6 months ended 30 Sep 23
	On-balance sheet	Non-market related off-balance sheet	Market related off-balance sheet	Total exposure at default	Average exposure at default
Exposure type	$m	$m	$m	$m	$m
Subject to advanced IRB approach					
Corporate (including SME)	167,499	23,965	2,509	**193,973**	191,232
Retail SME	16,674	7,596	–	**24,270**	24,103
Residential mortgage	335,094	57,978	–	**393,072**	389,762
Qualifying revolving retail	4,019	5,257	–	**9,276**	9,190
Other retail	1,345	313	–	**1,658**	1,605
Subject to foundation IRB approach					
Corporate	23,239	12,179	6,430	**41,848**	43,810
Sovereign	154,376	836	17,580	**172,792**	182,969
Financial institution	30,679	19,275	21,605	**71,559**	72,511
Total IRB approach	**732,925**	**127,399**	**48,124**	**908,448**	**915,182**
Specialised lending	**2,050**	**713**	**78**	**2,841**	**2,687**
Subject to standardised approach					
Corporate	6,211	1,903	5,171	**13,285**	13,180
Residential mortgage	15,494	1,365	–	**16,859**	16,711
Other retail	5,342	3,228	–	**8,570**	8,678
Other	6,943	–	–	**6,943**	7,238
Total standardised approach	**33,990**	**6,496**	**5,171**	**45,657**	**45,807**
RBNZ regulated banking subsidiary	**114,367**	**17,490**	**3,859**	**135,716**	**134,363**
Total exposure at default	**883,332**	**152,098**	**57,232**	**1,092,662**	**1,098,039**

Table 4.1.C Credit risk exposures by geography

The following table provides credit risk exposures by major geographical area, based on the booking office where the exposure was transacted.

	As at 31 Mar 24			
	Australia	New Zealand	Asia, Europe and Americas	Total exposure at default
Exposure type	$m	$m	$m	$m
Subject to advanced IRB approach				
Corporate (including SME)	192,340	–	9,727	**202,067**
Retail SME	24,647	–	–	**24,647**
Residential mortgage	399,747	–	–	**399,747**
Qualifying revolving retail	9,452	–	–	**9,452**
Other retail	1,720	–	–	**1,720**
Subject to foundation IRB approach				
Corporate	26,866	–	11,928	**38,794**
Sovereign	166,033	–	17,656	**183,689**
Financial institution	32,969	–	35,965	**68,934**
Total IRB approach	**853,774**	**–**	**75,276**	**929,050**
Specialised lending	**1,876**	**–**	**1,937**	**3,813**
Subject to standardised approach				
Corporate	10,551	–	1,326	**11,877**
Residential mortgage	17,027	–	–	**17,027**
Other retail	8,681	–	–	**8,681**
Other	6,277	–	683	**6,960**
Total standardised approach	**42,536**	**–**	**2,009**	**44,545**
RBNZ regulated banking subsidiary	**–**	**130,933**	**–**	**130,933**
Total exposure at default	**898,186**	**130,933**	**79,222**	**1,108,341**

	As at 30 Sep 23			
	Australia	New Zealand	Asia, Europe and Americas	Total exposure at default
Exposure type	$m	$m	$m	$m
Subject to advanced IRB approach				
Corporate (including SME)	185,557	–	8,416	**193,973**
Retail SME	24,270	–	–	**24,270**
Residential mortgage	393,072	–	–	**393,072**
Qualifying revolving retail	9,276	–	–	**9,276**
Other retail	1,658	–	–	**1,658**
Subject to foundation IRB approach				
Corporate	29,589	–	12,259	**41,848**
Sovereign	159,080	–	13,712	**172,792**
Financial institution	35,143	–	36,416	**71,559**
Total IRB approach	**837,645**	**–**	**70,803**	**908,448**
Specialised lending	**1,707**	**–**	**1,134**	**2,841**
Subject to standardised approach				
Corporate	11,032	–	2,253	**13,285**
Residential mortgage	16,859	–	–	**16,859**
Other retail	8,570	–	–	**8,570**
Other	6,210	–	733	**6,943**
Total standardised approach	**42,671**	**–**	**2,986**	**45,657**
RBNZ regulated banking subsidiary	**–**	**135,716**	**–**	**135,716**
Total exposure at default	**882,023**	**135,716**	**74,923**	**1,092,662**

Table 4.1.D Credit risk exposures by industry

The following table provides credit risk exposures by major industry type. Industry classifications follow ANZSIC Level 1 classifications. Exposures are disclosed based on the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties.

	As at 31 Mar 24														
	Accommodation and hospitality	Agriculture, forestry, fishing and mining	Business services and property services	Commercial property	Construction	Finance and insurance	Government and public authorities	Manufacturing	Personal	Residential mortgages	Retail and wholesale trade	Transport and storage	Utilities	Other[1]	Total exposure at default
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Subject to advanced IRB approach															
Corporate (including SME)	9,258	41,801	12,932	69,890	7,262	381	671	10,265	–	–	17,479	11,960	5,829	14,339	**202,067**
Retail SME	1,151	5,630	3,690	280	3,086	1,137	–	1,746	–	–	3,776	1,563	58	2,530	**24,647**
Residential mortgage	–	–	–	–	–	–	–	–	–	399,747	–	–	–	–	**399,747**
Qualifying revolving retail	–	–	–	–	–	–	–	–	9,452	–	–	–	–	–	**9,452**
Other retail	–	–	–	–	–	–	–	–	1,720	–	–	–	–	–	**1,720**
Subject to foundation IRB approach															
Corporate	286	4,326	3,423	3,589	1,172	354	–	3,570	–	–	6,202	7,016	5,897	2,959	**38,794**
Sovereign	–	–	–	–	–	127,197	56,492	–	–	–	–	–	–	–	**183,689**
Financial institution	–	–	–	–	–	68,934	–	–	–	–	–	–	–	–	**68,934**
Total IRB approach	**10,695**	**51,757**	**20,045**	**73,759**	**11,520**	**198,003**	**57,163**	**15,581**	**11,172**	**399,747**	**27,457**	**20,539**	**11,784**	**19,828**	**929,050**
Specialised lending	**–**	**709**	**–**	**–**	**–**	**–**	**–**	**328**	**–**	**–**	**–**	**584**	**1,834**	**358**	**3,813**
Subject to standardised approach															
Corporate	22	114	752	24	91	5,743	27	339	–	–	666	241	339	3,519	**11,877**
Residential mortgage	–	–	–	–	–	–	–	–	–	17,027	–	–	–	–	**17,027**
Other retail	–	–	–	–	–	–	–	–	8,507	–	–	–	–	174	**8,681**
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	6,960	**6,960**
Total standardised approach	**22**	**114**	**752**	**24**	**91**	**5,743**	**27**	**339**	**8,507**	**17,027**	**666**	**241**	**339**	**10,653**	**44,545**
RBNZ regulated banking subsidiary	**1,468**	**16,522**	**2,657**	**7,778**	**2,190**	**16,787**	**4,911**	**5,023**	**1,403**	**56,502**	**5,883**	**3,122**	**1,210**	**5,477**	**130,933**
Total exposure at default	**12,185**	**69,102**	**23,454**	**81,561**	**13,801**	**220,533**	**62,101**	**21,271**	**21,082**	**473,276**	**34,006**	**24,486**	**15,167**	**36,316**	**1,108,341**

(1) Other includes health and community services, and education.

	As at 30 Sep 23														
	Accommodation and hospitality	Agriculture, forestry, fishing and mining	Business services and property services	Commercial property	Construction	Finance and insurance	Government and public authorities	Manufacturing	Personal	Residential mortgages	Retail and wholesale trade	Transport and storage	Utilities	Other[1]	Total exposure at default
Exposure type	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Subject to advanced IRB approach															
Corporate (including SME)	8,640	40,591	12,202	67,378	6,708	479	548	10,294	–	–	16,767	11,390	5,700	13,276	**193,973**
Retail SME	1,094	5,727	3,625	281	3,021	1,136	–	1,723	–	–	3,688	1,456	58	2,461	**24,270**
Residential mortgage	–	–	–	–	–	–	–	–	–	393,072	–	–	–	–	**393,072**
Qualifying revolving retail	–	–	–	–	–	–	–	–	9,276	–	–	–	–	–	**9,276**
Other retail	–	–	–	–	–	–	–	–	1,658	–	–	–	–	–	**1,658**
Subject to foundation IRB approach															
Corporate	266	5,201	3,924	4,376	1,156	334	–	4,030	–	–	5,878	7,824	5,903	2,956	**41,848**
Sovereign	–	–	–	–	–	113,430	59,362	–	–	–	–	–	–	–	**172,792**
Financial institution	–	–	–	–	–	71,559	–	–	–	–	–	–	–	–	**71,559**
Total IRB approach	**10,000**	**51,519**	**19,751**	**72,035**	**10,885**	**186,938**	**59,910**	**16,047**	**10,934**	**393,072**	**26,333**	**20,670**	**11,661**	**18,693**	**908,448**
Specialised lending	**48**	**311**	**–**	**–**	**–**	**–**	**–**	**328**	**–**	**–**	**–**	**634**	**1,230**	**290**	**2,841**
Subject to standardised approach															
Corporate	21	16	434	28	17	9,035	28	18	–	–	118	44	32	3,494	**13,285**
Residential mortgage	–	–	–	–	–	–	–	–	–	16,859	–	–	–	–	**16,859**
Other retail	–	–	–	–	–	–	–	–	8,406	–	–	–	–	164	**8,570**
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	6,943	**6,943**
Total standardised approach	**21**	**16**	**434**	**28**	**17**	**9,035**	**28**	**18**	**8,406**	**16,859**	**118**	**44**	**32**	**10,601**	**45,657**
RBNZ regulated banking subsidiary	**1,380**	**16,670**	**2,861**	**8,067**	**2,098**	**21,429**	**4,563**	**5,112**	**1,430**	**56,492**	**5,966**	**3,267**	**1,019**	**5,362**	**135,716**
Total exposure at default	**11,449**	**68,516**	**23,046**	**80,130**	**13,000**	**217,402**	**64,501**	**21,505**	**20,770**	**466,423**	**32,417**	**24,615**	**13,942**	**34,946**	**1,092,662**

(1) Other includes health and community services, and education.

Table 4.1.E Credit risk exposures by maturity

The following table provides a breakdown of credit risk exposures by residual contractual maturity, where:

- overdraft and other similar revolving facilities are allocated to the maturity bucket that most appropriately captures the maturity characteristics of the product.
- the maturity of derivatives subject to an International Swaps and Derivatives Association (ISDA) netting agreement is based on individual contract maturity.
- the no specified maturity category includes exposures related to credit cards, on demand facilities and guarantees with no fixed maturity date.

	As at 31 Mar 24				
	≤12 months	1 – 5 years	>5 years	No specified maturity	Total exposure at default
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
Subject to advanced IRB approach					
Corporate (including SME)	87,198	104,600	9,853	416	**202,067**
Retail SME	9,489	9,104	5,934	120	**24,647**
Residential mortgage	30	515	377,220	21,982	**399,747**
Qualifying revolving retail	–	–	–	9,452	**9,452**
Other retail	164	777	598	181	**1,720**
Subject to foundation IRB approach					
Corporate	11,197	22,380	5,144	73	**38,794**
Sovereign	132,034	13,257	38,308	90	**183,689**
Financial institution	43,233	23,968	1,692	41	**68,934**
Total IRB approach	**283,345**	**174,601**	**438,749**	**32,355**	**929,050**
Specialised lending	**465**	**2,405**	**943**	**–**	**3,813**
Subject to standardised approach					
Corporate	5,576	3,098	2,956	247	**11,877**
Residential mortgage	381	12	16,324	310	**17,027**
Other retail	1,270	122	–	7,289	**8,681**
Other	4,585	–	–	2,375	**6,960**
Total standardised approach	**11,812**	**3,232**	**19,280**	**10,221**	**44,545**
RBNZ regulated banking subsidiary	**25,559**	**37,891**	**58,437**	**9,046**	**130,933**
Total exposure at default	**321,181**	**218,129**	**517,409**	**51,622**	**1,108,341**

	As at 30 Sep 23				
	≤12 months	1 - 5 years	>5 years	No specified maturity	Total exposure at default
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
Subject to advanced IRB approach					
Corporate (including SME)	78,724	105,295	9,630	324	**193,973**
Retail SME	9,397	9,362	5,395	116	**24,270**
Residential mortgage	29	509	369,337	23,197	**393,072**
Qualifying revolving retail	-	-	-	9,276	**9,276**
Other retail	156	757	578	167	**1,658**
Subject to foundation IRB approach					
Corporate	10,676	24,881	6,226	65	**41,848**
Sovereign	120,095	17,761	34,846	90	**172,792**
Financial institution	42,521	27,286	1,706	46	**71,559**
Total IRB approach	**261,598**	**185,851**	**427,718**	**33,281**	**908,448**
Specialised lending	**233**	**1,532**	**1,076**	**-**	**2,841**
Subject to standardised approach					
Corporate	4,834	4,509	3,677	265	**13,285**
Residential mortgage	282	15	16,549	13	**16,859**
Other retail	1,179	225	-	7,166	**8,570**
Other	4,489	-	-	2,454	**6,943**
Total standardised approach	**10,784**	**4,749**	**20,226**	**9,898**	**45,657**
RBNZ regulated banking subsidiary	**29,401**	**39,141**	**58,112**	**9,062**	**135,716**
Total exposure at default	**302,016**	**231,273**	**507,132**	**52,241**	**1,092,662**

Credit provisions and losses

Table 4.1.F Provisions by asset class

The following table provides information on asset quality.

	As at 31 Mar 24		6 months ended 31 Mar 24	
Exposure type	Non-performing exposures $m	Specific provision for credit impairment $m	Specific credit impairment charge $m	Net write-offs $m
Subject to advanced IRB approach				
Corporate (including SME)	2,512	260	47	17
Retail SME	1,040	121	27	19
Residential mortgage	3,763	46	13	19
Qualifying revolving retail	41	–	40	34
Other retail	59	3	26	39
Subject to foundation IRB approach				
Corporate	17	2	(34)	(23)
Financial institution	21	6	(4)	(1)
Total IRB approach	**7,453**	**438**	**115**	**104**
Specialised lending	**–**	**–**	**–**	**–**
Subject to standardised approach				
Corporate	68	23	1	17
Residential mortgage	83	4	2	1
Other retail	89	–	37	34
Total standardised approach	**240**	**27**	**40**	**52**
RBNZ regulated banking subsidiary	**998**	**81**	**34**	**24**
Total	**8,691**	**546**	**189**	**180**

	As at 30 Sep 23		6 months ended 30 Sep 23	
Exposure type	Non-performing exposures $m	Specific provision for credit impairment $m	Specific credit impairment charge $m	Net write-offs $m
Subject to advanced IRB approach				
Corporate (including SME)	2,255	275	72	31
Retail SME	951	105	26	16
Residential mortgage	3,307	54	7	15
Qualifying revolving retail	57	–	35	39
Other retail	63	3	17	17
Subject to foundation IRB approach				
Corporate	14	12	(1)	–
Financial institution	25	10	–	–
Total IRB approach	**6,672**	**459**	**156**	**118**
Specialised lending	**–**	**–**	**–**	**21**
Subject to standardised approach				
Corporate	23	4	(1)	4
Residential mortgage	139	4	(1)	–
Other retail	71	–	32	30
Total standardised approach	**233**	**8**	**30**	**34**
RBNZ regulated banking subsidiary	**1,087**	**72**	**21**	**17**
Total	**7,992**	**539**	**207**	**190**

Provisions held against performing exposures that represent a purely forward-looking amount for future losses that are presently unidentified were $4,150 million as at 31 March 2024 (30 September 2023: $4,380 million).

Table 4.1.G Provisions by industry

The following table provides asset quality information by industry. Industry classifications follow ANZSIC Level 1 classifications.

	As at 31 Mar 24		6 months ended 31 Mar 24	
	Non-performing exposures	Specific provision for credit impairment	Specific credit impairment charge	Net write-offs
	$m	$m	$m	$m
Industry sector				
Accommodation and hospitality	200	21	1	4
Agriculture, forestry, fishing and mining	977	54	15	8
Business services and property services	360	106	15	9
Commercial property	1,022	18	6	8
Construction	363	64	3	4
Finance and insurance	68	12	(3)	-
Manufacturing	290	67	18	2
Personal	192	3	108	111
Residential mortgages	4,259	60	22	20
Retail and wholesale trade	523	78	(23)	(18)
Transport and storage	185	33	13	25
Utilities	7	1	-	-
Other[1]	245	29	14	7
Total	**8,691**	**546**	**189**	**180**

(1) Other includes health and community services, and education.

	As at 30 Sep 23		6 months ended 30 Sep 23	
	Non-performing exposures	Specific provision for credit impairment	Specific credit impairment charge	Net write-offs
	$m	$m	$m	$m
Industry sector				
Accommodation and hospitality	173	21	2	-
Agriculture, forestry, fishing and mining	1,210	46	15	5
Business services and property services	346	99	12	3
Commercial property	841	18	3	3
Construction	291	64	17	2
Finance and insurance	79	16	3	1
Manufacturing	273	50	33	1
Personal	186	4	86	91
Residential mortgages	3,736	60	6	15
Retail and wholesale trade	463	83	28	13
Transport and storage	155	45	10	2
Utilities	5	3	-	23
Other[1]	234	30	(8)	31
Total	**7,992**	**539**	**207**	**190**

(1) Other includes health and community services, and education.

Table 4.1.H Provisions by geography

The following table provides asset quality information by geographical area, based on the booking office where the exposure was transacted.

	As at 31 Mar 24		
	Non-performing exposures $m	Specific provision for credit impairment $m	Collective provision for credit impairment $m
Geographic region			
Australia	7,679	460	4,496
New Zealand	998	81	815
Asia, Europe and Americas	14	5	40
Total	**8,691**	**546**	**5,351**

	As at 30 Sep 23		
	Non-performing exposures $m	Specific provision for credit impairment $m	Collective provision for credit impairment $m
Geographic region			
Australia	6,889	462	4,377
New Zealand	1,087	72	801
Asia, Europe and Americas	16	5	36
Total	**7,992**	**539**	**5,214**

Factors impacting loss experience in the period

Non-performing exposures

Non-performing exposures as at 31 March 2024 increased by $699 million compared to 30 September 2023. This reflects continued broad-based deterioration across the Group's home loan and business lending portfolios, albeit at a slower pace compared to the six months ended 30 September 2023, and includes a decrease in the portfolio of restructured loans relating to customers affected by 2023 severe weather events in New Zealand.

Specific provision for credit impairment

Specific provision for credit impairment as at 31 March 2024 increased by $7 million compared to 30 September 2023, primarily due to new and increased provisions raised in the Business and Private Banking business lending portfolio, partially offset by write-backs for a small number of larger exposures in Corporate and Institutional Banking.

Specific credit impairment charge

The specific credit impairment charge for the six months ended 31 March 2024 was $189 million, $18 million lower than the six months ended 30 September 2023. The decrease was mainly due to a lower charge in Corporate and Institutional Banking due to write-backs and recoveries for a small number of larger exposures, partially offset by an increased charge in Personal Banking for the Australian unsecured retail portfolio due to increased delinquencies.

Net write-offs

Net write-offs for the six months ended 31 March 2024 was $180 million, $10 million lower than the six months ended 30 September 2023. The decrease was primarily due to a lower level of write-off activity for the Group's business lending portfolio, including recoveries for a small number of larger exposures in Corporate and Institutional Banking. This was partially offset by increased write-offs for the Australian unsecured retail portfolio.

Table 4.1.I Movement in provisions

The following table provides details of the movement in provisions over the reporting period for both the collective and specific provision.

	6 months ended 31 Mar 24	6 months ended 30 Sep 23
	$m	$m
Collective provision		
Collective provision on loans and advances at amortised cost at beginning of period	5,046	4,849
Net transfer to specific provision	(76)	(55)
New and increased provisions (net of collective provision releases)	263	256
Foreign currency translation and other adjustments	(12)	(4)
Collective provision on loans and advances at amortised cost	**5,221**	**5,046**
Collective provision on loans and derivatives at fair value	130	168
Collective provision for credit impairment	**5,351**	**5,214**
Specific provision		
Specific provision on loans and advances at amortised cost at beginning of period	539	521
Net transfer from collective provision	76	55
New and increased provision (net of collective provision releases)	243	242
Write-back of specific provisions	(72)	(58)
Write-off from specific provisions	(239)	(223)
Foreign currency translation and other adjustments	(1)	2
Specific provision for credit impairment	**546**	**539**
Total provisions	**5,897**	**5,753**

Loss experience and risk estimates

The following disclosures of loss experience and risk estimates compare estimates against actual outcomes over a period considered sufficient to allow for a meaningful assessment of the performance of the internal rating processes for each asset class.

Changes in asset class definitions under the revised capital framework, which came into effect from 1 January 2023, have not been retrospectively applied to these disclosures[1]. Outcomes have been captured based on asset class definitions and prudential requirements prior to the revised capital framework until 31 March 2023, and outcomes since 1 April 2023 under the revised capital framework have been added to this historical information. For example, prior to the revised capital framework, bank was an asset class, whereas under the revised capital framework there is a broader asset class for financial institutions. As a result, disclosures for the 10 years to 31 March 2024 for the financial institution asset class in Table 4.1.J (i) *Loss experience* and Table 4.1.J (ii) *Accuracy of risk estimates for Probability of Default and Exposure at Default* comprises the exposure-weighted average for the bank asset class for nine years to 31 March 2023, and the financial institution asset class for one year to 31 March 2024. This does not impact Table 4.1.J (iii) *Accuracy of risk estimates for Loss Given Default* as this disclosure excludes defaults for at least the most recent 12 months to allow sufficient time to complete asset workouts and recognition of any losses.

Table 4.1.J (i) Loss experience

The following table provides annual actual losses (i.e. net write-offs) and expected loss (EL), both calculated as an exposure-weighted average (before credit risk mitigation). Actual losses are historical based on a 10-year observation period, except where indicated, whereas EL for non-defaulted exposures is a function of long-run probability of default (PD) and stressed loss given default (LGD). EL for defaulted exposures is the best estimate of expected loss for exposures under the advanced IRB approach, and is a function of EaD and supervisory estimates of LGD for exposures under the foundation IRB approach.

(1) An explanation of the changes to EaD and credit RWA on adoption of the revised capital framework is provided in the March 2023 Pillar 3 report in Table 4.1.B *Total and average credit risk exposures* and Table 3.1.A *Risk-weighted assets*, respectively.

	As at 31 Mar 24	
	Exposure-weighted average actual loss	**Exposure-weighted average EL**
Exposure type subject to IRB approach	**$m**	**$m**
Corporate (including SME)[1]	176	1,236
Sovereign[1]	–	3
Financial institution[1]	–	12
Retail SME[1]	40	154
Residential mortgage[1]	53	853
Qualifying revolving retail	126	184
Other retail	73	103
RBNZ regulated banking subsidiary		
Non-retail	38	319
Retail	15	129

(1) Refer to page 28 for details of the basis of preparation of this disclosure in light of asset class definition changes under the revised capital framework.

	As at 30 Sep 23	
	Exposure-weighted average actual loss	**Exposure-weighted average EL**
Exposure type subject to advanced IRB approach	**$m**	**$m**
Corporate (including SME)	190	1,252
Sovereign	–	3
Bank	–	14
Retail SME	41	163
Residential mortgage	56	868
Qualifying revolving retail	133	185
Other retail	74	103
RBNZ regulated banking subsidiary		
Non-retail	38	344
Retail	15	125

	As at 31 Mar 23	
	Exposure-weighted average actual loss	**Exposure-weighted average EL**
Exposure type subject to advanced IRB approach	**$m**	**$m**
Corporate (including SME)	195	1,330
Sovereign	–	3
Bank	–	14
Retail SME	40	160
Residential mortgage	56	890
Qualifying revolving retail	131	193
Other retail	74	110
RBNZ regulated banking subsidiary[1]		
Non-retail	39	327
Retail	16	130

(1) Actual losses and EL averaged over a period of 9 years to 31 March 2023.

Accuracy of risk estimates

The following tables compare the estimates of credit risk factors used within the calculation of regulatory capital with actual outcomes across asset classes.

An explanation of the internal ratings process and the application of credit risk models to calculate PD, EaD and LGD is provided within Section 5.3 *Internal Ratings-based Portfolios* of the September 2023 Pillar 3 Report.

Table 4.1.J (ii) Accuracy of risk estimates for Probability of Default and Exposure at Default

Accuracy of risk estimates for Probability of Default

The following table provides internal estimates of long-run PD and actual default rates by asset class. Averages of actual and estimated PD are calculated using the cohort that is not in default at the beginning of the reporting period and averaged out over a 10-year observation period. Only exposures with a balance outstanding at both the beginning and end of a 12-month period are included in the analysis.

Accuracy of risk estimates for Exposure at Default

The ratio of estimated to actual EaD in the following table provides a comparison of EaD for customers that are not in default at the beginning of the reporting period, with EaD at the point of default. A ratio greater than 1.0 signifies that on average, EaD is lower at the point of default than at the beginning of the reporting period.

	As at 31 Mar 24		
	Average estimated PD	Average actual PD	Ratio of estimated to actual EaD
Exposure type subject to IRB approach	%	%	
Corporate (including SME)[(1)(2)]	1.60	1.37	1.1
Sovereign[(1)(3)]	0.39	0.15	1.0
Financial institution[(1)(3)]	0.70	0.38	1.0
Retail SME[(1)]	2.46	1.98	1.1
Residential mortgage[(1)]	0.89	0.91	1.0
Qualifying revolving retail	1.39	1.28	1.1
Other retail	5.47	5.27	1.1
RBNZ regulated banking subsidiary[(4)]			
Corporate (including SME)	1.43	1.32	1.1
Residential mortgage	1.00	0.68	1.0

(1) Refer to page 28 for details of the basis of preparation of this disclosure in light of asset class definition changes under the revised capital framework.
(2) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information for this asset class has been included in the corporate asset class for the 9 years to 31 March 2023.
(3) Average actual PDs for sovereign and financial institution exposures are based on a low number of observed defaults.
(4) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.

	As at 30 Sep 23		
	Average estimated PD	Average actual PD	Ratio of estimated to actual EaD
Exposure type subject to advanced IRB approach	%	%	
Corporate (including SME)	1.62	1.37	1.1
Specialised lending[(1)]	1.62	1.50	1.1
Sovereign[(2)]	0.36	0.13	1.0
Bank[(2)]	0.42	0.12	1.0
Retail SME	2.47	1.96	1.1
Residential mortgage	0.87	0.91	1.0
Qualifying revolving retail	1.33	1.32	1.1
Other retail	5.04	5.22	1.1
RBNZ regulated banking subsidiary[(3)]			
Corporate (including SME)	1.44	1.36	1.0
Residential mortgage	1.01	0.68	1.0

(1) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information has been included in this disclosure.
(2) Average actual PDs for sovereign and bank exposures are based on a low number of observed defaults.
(3) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.

Exposure type subject to advanced IRB approach	As at 31 Mar 23 Average estimated PD %	Average actual PD %	Ratio of estimated to actual EaD
Corporate (including SME)	1.63	1.41	1.1
Specialised lending[(1)]	1.60	1.41	1.1
Sovereign[(2)]	0.38	0.12	1.0
Bank[(2)]	0.40	0.12	1.0
Retail SME	2.46	1.96	1.1
Residential mortgage	0.90	0.91	1.0
Qualifying revolving retail	1.44	1.35	1.1
Other retail	5.07	5.06	1.1
RBNZ regulated banking subsidiary[(3)]			
Corporate (including SME)	1.46	1.33	1.0
Residential mortgage	1.01	0.69	1.0

(1) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information has been included in this disclosure.
(2) Average actual PDs for sovereign and bank exposures are based on a low number of observed defaults.
(3) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.

Table 4.1.J (iii) Accuracy of risk estimates for Loss Given Default

The following table compares internal estimates of downturn LGD at the beginning of the year with actual losses.

Actual LGD has been calculated using net write-offs from defaults over a 10-year observation period to the reporting date, excluding recent defaults to allow sufficient time to complete the workout of the asset and recognition of any losses. For defaults relating to qualifying revolving retail and other retail, this period is the most recent 12 months and for all other asset classes this period is the most recent two years.

Exposure type subject to IRB approach	As at 31 Mar 24 Average estimated downturn LGD %	Average actual LGD %
Corporate (including SME)[(1)]	34.6	10.9
Specialised lending[(2)]	30.5	3.0
Sovereign	15.0	–
Bank	59.6	–
Retail SME	31.2	12.6
Residential mortgage[(1)]	20.0	1.9
Qualifying revolving retail	82.5	50.0
Other retail	74.9	45.4
RBNZ regulated banking subsidiary[(3)]		
Corporate (including SME)	40.5	5.5
Residential mortgage[(4)]	23.4	1.9

(1) Estimated downturn LGD subject to APRA imposed regulatory floors.
(2) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information has been included in this disclosure.
(3) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.
(4) RBNZ prudential rules prescribe LGDs for residential mortgages.

	As at 30 Sep 23	
	Average estimated downturn LGD	Average actual LGD
Exposure type subject to advanced IRB approach	%	%
Corporate (including SME)(1)	32.3	16.4
Specialised lending(2)	29.8	6.1
Sovereign	15.0	-
Bank	58.8	-
Retail SME	31.5	13.1
Residential mortgage(1)	20.0	2.0
Qualifying revolving retail	82.5	50.2
Other retail	74.2	45.7
RBNZ regulated banking subsidiary(3)		
Corporate (including SME)	40.8	6.6
Residential mortgage(4)	23.7	2.1

(1) Estimated downturn LGD subject to APRA imposed regulatory floors.
(2) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information has been included in this disclosure.
(3) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.
(4) RBNZ prudential rules prescribe LGDs for residential mortgages.

	As at 31 Mar 23	
	Average estimated downturn LGD	Average actual LGD
Exposure type subject to advanced IRB approach	%	%
Corporate (including SME)(1)	33.2	16.2
Specialised lending(2)	29.6	7.4
Sovereign	45.0	-
Bank	59.6	-
Retail SME	32.1	13.7
Residential mortgage(1)	20.0	2.2
Qualifying revolving retail	83.6	50.7
Other retail	75.2	45.4
RBNZ regulated banking subsidiary(3)		
Corporate (including SME)	40.7	8.2
Residential mortgage(4)	23.9	2.3

(1) Estimated downturn LGD subject to APRA imposed regulatory floors.
(2) As a significant portion of specialised lending exposures that were subject to supervisory slotting prior to the implementation of the revised capital framework are now subject to the advanced or foundation IRB approaches, risk estimate information has been included in this disclosure.
(3) Risk estimate information has only been disclosed for the RBNZ regulated banking subsidiary's significant asset classes on the basis of materiality.
(4) RBNZ prudential rules prescribe LGDs for residential mortgages.

4.2 Standardised and supervisory slotting portfolios

Standardised credit risk portfolios

The standardised approach to credit risk is applied to:

- bank and sovereign exposures of the RBNZ regulated banking subsidiary in accordance with RBNZ prudential requirements.
- several regulatory prescribed portfolios, such as, qualifying central clearing counterparties, self-managed superannuation funds and margin lending.
- non-standard mortgages of the Level 2 Group excluding BNZ.
- other portfolios where the standardised approach to credit risk is applied by the Group, including the Australian consumer business acquired from Citigroup Pty Limited and Citigroup Overseas Investment Corporation in 2022.
- cash items in the process of collection, premises and other fixed assets, and all other exposures.

Fitch Ratings, Moody's Investor Services and S&P Global Ratings credit ratings are used to determine the risk-weights within the standardised approach. APRA's external rating grades table is used to map external ratings into an external rating grade or credit rating grade that defines the appropriate risk-weight as outlined in APS 112 *Capital Adequacy: Standardised Approach to Credit Risk.*

Table 4.2.A Standardised exposures by risk-weight

The following table provides credit risk exposures subject to the standardised approach by risk-weight.

	As at 31 Mar 24			As at 30 Sep 23		
	Level 2 Group excluding BNZ	**RBNZ regulated banking subsidiary**	**Total exposure at default**	**Level 2 Group excluding BNZ**	**RBNZ regulated banking subsidiary**	**Total exposure at default**
Risk-weights	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
0%	1,076	12,607	13,683	937	16,080	17,017
2%	2,992	524	3,516	5,901	776	6,677
20%	6,630	2,678	9,308	7,172	2,423	9,595
25%	2,579	–	2,579	2,501	–	2,501
30%	2,939	–	2,939	2,914	–	2,914
35%	3,886	–	3,886	3,839	–	3,839
40%	1,368	1	1,369	1,124	–	1,124
45%	2,009	–	2,009	1,881	–	1,881
50%	932	1,801	2,733	1,018	1,860	2,878
75%	6,529	–	6,529	6,449	–	6,449
100%	11,151	1,194	12,345	10,072	1,080	11,152
Other risk-weights	2,034	–	2,034	1,436	–	1,436
Central counterparty default fund contribution guarantee	420	27	447	413	27	440
Total exposure at default subject to the standardised approach	**44,545**	**18,832**	**63,377**	**45,657**	**22,246**	**67,903**

Portfolios subject to supervisory risk-weights under the IRB approach

Exposures associated with the financing of individual projects where repayment is highly dependent on the performance of the underlying pool or collateral, rather than the customer's creditworthiness, are subject to the supervisory slotting approach. Specialised lending is represented by the following sub-asset classes:

- project finance exposures.
- object finance exposures.
- commodities finance exposures.

In addition, supervisory risk-weights are applied to BNZ income-producing real estate exposures under RBNZ prudential requirements.

Table 4.2.B Supervisory slotting exposures by risk-weight

The following table provides credit exposures for specialised lending exposures subject to supervisory slotting by risk-weight. Risk-weights for the RBNZ regulated banking subsidiary in the table below are prior to the application of APRA's 1.1 scaling factor.

	As at 31 Mar 24			As at 30 Sep 23		
	Level 2 Group excluding BNZ	RBNZ regulated banking subsidiary	Total exposure at default	Level 2 Group excluding BNZ	RBNZ regulated banking subsidiary	Total exposure at default
Risk-weights	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
70%	2,308	1,022	**3,330**	1,577	1,000	**2,577**
90%	1,105	4,104	**5,209**	902	4,442	**5,344**
115%	385	639	**1,024**	362	811	**1,173**
250%	15	155	**170**	-	125	**125**
Default	-	142	**142**	-	44	**44**
Total specialised lending exposure subject to supervisory slotting	**3,813**	**6,062**	**9,875**	**2,841**	**6,422**	**9,263**

4.3 Internal ratings-based portfolio

Table 4.3.A Non-retail exposures by risk grade

The following table provides a breakdown of the non-retail credit exposures by PD risk grade.

	As at 31 Mar 24						
	PD risk grade						
	0<0.03%	0.03<0.11%	0.11<0.55%	0.55<2.00%	2.00<5.01%	5.01<99.99%	100%
	$m	$m	$m	$m	$m	$m	$m
Exposure at default							
Subject to advanced IRB approach							
Corporate (including SME)	–	7,400	53,225	113,400	21,736	3,770	2,536
Subject to foundation IRB approach							
Corporate	–	6,533	25,900	5,278	916	145	22
Sovereign	180,369	3,236	82	1	–	1	–
Financial institution	–	53,836	12,809	1,778	396	95	20
Total IRB approach	180,369	71,005	92,016	120,457	23,048	4,011	2,578
RBNZ regulated banking subsidiary	–	4,430	18,183	18,559	4,025	979	434
Total exposure at default	**180,369**	**75,435**	**110,199**	**139,016**	**27,073**	**4,990**	**3,012**
Undrawn commitments(1)							
Subject to advanced IRB approach							
Corporate (including SME)	–	2,626	7,150	8,829	1,825	183	117
Subject to foundation IRB approach							
Corporate	–	1,939	5,844	1,048	131	49	3
Sovereign	538	79	–	–	–	–	–
Financial institution	–	9,327	2,096	168	30	5	–
Total IRB approach	538	13,971	15,090	10,045	1,986	237	120
RBNZ regulated banking subsidiary	–	1,509	5,228	3,162	640	76	25
Total undrawn commitments	**538**	**15,480**	**20,318**	**13,207**	**2,626**	**313**	**145**
Average exposure at default ($m)(2)							
Subject to advanced IRB approach							
Corporate (including SME)	–	1.16	0.71	0.78	0.53	0.33	0.54
Subject to foundation IRB approach							
Corporate	–	6.00	2.00	1.14	1.41	0.67	0.36
Sovereign	51.55	3.37	3.89	0.03	small	0.07	–
Financial institution	–	0.68	1.01	0.61	0.59	0.30	0.42
RBNZ regulated banking subsidiary	–	1.39	0.89	0.61	0.46	0.60	0.75
Exposure-weighted average LGD (%)							
Subject to advanced IRB approach							
Corporate (including SME)	–	35.6%	25.4%	25.4%	26.6%	27.7%	30.0%
Subject to foundation IRB approach							
Corporate	–	46.2%	43.7%	38.7%	35.9%	41.6%	36.2%
Sovereign	5.0%	24.8%	25.0%	13.3%	17.7%	41.6%	n/a
Financial institution	–	45.4%	49.3%	36.4%	30.3%	32.5%	31.1%
RBNZ regulated banking subsidiary	–	41.6%	33.0%	31.6%	35.1%	37.4%	39.3%
Exposure-weighted average risk-weight (%)(3)							
Subject to advanced IRB approach							
Corporate (including SME)	–	20.3%	31.6%	53.2%	73.3%	110.8%	181.5%
Subject to foundation IRB approach							
Corporate	–	27.3%	53.9%	83.2%	107.9%	233.6%	–
Sovereign	0.6%	8.9%	51.0%	29.2%	58.5%	235.3%	–
Financial institution	–	21.6%	49.9%	92.5%	104.5%	157.2%	–
RBNZ regulated banking subsidiary	–	17.2%	38.5%	61.6%	91.6%	145.6%	263.4%

(1) Undrawn commitments are included in total exposure shown above.
(2) Simple average of exposure by number of arrangements.
(3) RWA overlay adjustments for regulatory prescribed methodology requirements have been excluded from exposure-weighted average risk-weights.

	As at 30 Sep 23						
	PD risk grade						
	0<0.03%	0.03<0.11%	0.11<0.55%	0.55<2.00%	2.00<5.01%	5.01<99.99%	100%
	$m	$m	$m	$m	$m	$m	$m
Exposure at default							
Subject to advanced IRB approach							
Corporate (including SME)	–	6,352	50,989	109,746	21,286	3,346	2,254
Subject to foundation IRB approach							
Corporate	–	8,306	26,198	6,519	746	76	3
Sovereign	168,784	3,903	94	1	–	10	–
Financial institution	–	56,228	13,118	1,847	278	65	23
Total IRB approach	168,784	74,789	90,399	118,113	22,310	3,497	2,280
RBNZ regulated banking subsidiary	–	5,282	18,554	18,854	3,273	802	796
Total exposure at default	**168,784**	**80,071**	**108,953**	**136,967**	**25,583**	**4,299**	**3,076**
Undrawn commitments(1)							
Subject to advanced IRB approach							
Corporate (including SME)	–	2,402	6,452	8,734	2,096	162	76
Subject to foundation IRB approach							
Corporate	–	2,019	5,461	1,001	192	4	1
Sovereign	546	259	–	–	–	1	–
Financial institution	–	9,145	2,205	156	29	3	–
Total IRB approach	546	13,825	14,118	9,891	2,317	170	77
RBNZ regulated banking subsidiary	–	3,018	5,715	3,095	557	88	71
Total undrawn commitments	**546**	**16,843**	**19,833**	**12,986**	**2,874**	**258**	**148**
Average exposure at default ($m)(2)							
Subject to advanced IRB approach							
Corporate (including SME)	–	0.92	0.55	0.58	0.43	0.27	0.50
Subject to foundation IRB approach							
Corporate	–	4.67	1.72	1.25	1.20	0.80	0.08
Sovereign	47.44	2.89	2.94	0.03	small	0.45	–
Financial institution	–	0.60	0.89	0.46	0.37	0.25	0.45
RBNZ regulated banking subsidiary	–	1.54	0.83	0.59	0.39	0.51	0.86
Exposure-weighted average LGD (%)							
Subject to advanced IRB approach							
Corporate (including SME)	–	34.8%	25.6%	25.4%	26.4%	28.3%	31.0%
Subject to foundation IRB approach							
Corporate	–	45.3%	42.4%	38.8%	32.0%	46.0%	25.2%
Sovereign	5.0%	24.2%	27.4%	16.7%	25.0%	27.1%	n/a
Financial institution	–	45.2%	49.6%	38.3%	32.2%	37.3%	35.8%
RBNZ regulated banking subsidiary	–	40.1%	33.3%	31.1%	36.9%	38.4%	35.7%
Exposure-weighted average risk-weight (%)(3)							
Subject to advanced IRB approach							
Corporate (including SME)	–	19.6%	32.2%	53.5%	72.6%	117.4%	200.0%
Subject to foundation IRB approach							
Corporate	–	28.4%	53.0%	84.9%	100.1%	234.5%	–
Sovereign	0.6%	9.1%	50.5%	34.7%	76.7%	158.8%	–
Financial institution	–	21.7%	49.0%	96.2%	113.5%	184.1%	–
RBNZ regulated banking subsidiary	–	15.8%	36.0%	56.3%	91.6%	137.4%	250.0%

(1) Undrawn commitments are included in total exposure shown above.
(2) Simple average of exposure by number of arrangements.
(3) RWA overlay adjustments for regulatory prescribed methodology requirements have been excluded from exposure-weighted average risk-weights.

Table 4.3.B Retail exposures by risk grade

The following table provides a breakdown of the retail credit exposures by PD risk grade, categorised into bands that broadly correspond to externally recognised risk grades, ranging from super senior investment grade to defaulted exposures.

	As at 31 Mar 24					
	PD risk grade					
	0<0.1%	0.1<0.5%	0.5<2.0%	2.0<5.0%	5.0<99.9%	100%
	$m	$m	$m	$m	$m	$m
Exposure at default						
Subject to advanced IRB approach						
Retail SME	568	6,421	11,095	4,383	1,146	1,034
Residential mortgage	64,632	207,429	94,494	16,059	13,348	3,785
Qualifying revolving retail	–	5,704	2,260	1,017	437	34
Other retail	61	114	497	639	354	55
Total IRB approach	**65,261**	**219,668**	**108,346**	**22,098**	**15,285**	**4,908**
RBNZ regulated banking subsidiary	838	2,119	54,095	1,864	61	452
Total exposure at default	**66,099**	**221,787**	**162,441**	**23,962**	**15,346**	**5,360**
Undrawn commitments(1)						
Subject to advanced IRB approach						
Retail SME	312	2,766	2,908	663	141	60
Residential mortgage	28,649	24,779	3,732	607	338	121
Qualifying revolving retail	–	4,218	818	196	49	–
Other retail	58	71	72	45	78	1
Total IRB approach	**29,019**	**31,834**	**7,530**	**1,511**	**606**	**182**
RBNZ regulated banking subsidiary	589	923	2,010	118	7	4
Total undrawn commitments	**29,608**	**32,757**	**9,540**	**1,629**	**613**	**186**
Average exposure at default ($m)(2)						
Subject to advanced IRB approach						
Retail SME	0.16	0.09	0.07	0.08	0.04	0.08
Residential mortgage	0.19	0.40	0.48	0.59	0.49	0.42
Qualifying revolving retail	–	0.01	0.01	0.01	0.01	0.01
Other retail	small	0.01	0.01	0.01	small	small
RBNZ regulated banking subsidiary	small	0.02	0.17	0.05	small	0.09
Exposure-weighted average LGD (%)						
Subject to advanced IRB approach						
Retail SME	23.2%	24.4%	26.6%	27.7%	27.8%	27.9%
Residential mortgage	13.3%	15.3%	17.3%	18.9%	18.0%	22.9%
Qualifying revolving retail	–	74.0%	74.7%	76.1%	76.4%	77.4%
Other retail	71.7%	72.3%	72.4%	72.6%	74.9%	82.4%
RBNZ regulated banking subsidiary	77.4%	35.6%	19.3%	22.2%	61.7%	23.4%
Exposure-weighted average risk-weight (%)(3)						
Subject to advanced IRB approach						
Retail SME	6.1%	15.1%	32.2%	51.3%	76.5%	174.2%
Residential mortgage	5.8%	13.1%	35.1%	88.2%	142.1%	188.6%
Qualifying revolving retail	–	8.0%	33.5%	73.7%	161.7%	269.2%
Other retail	12.5%	41.2%	88.0%	110.7%	156.2%	158.4%
RBNZ regulated banking subsidiary	12.5%	20.6%	28.5%	72.5%	120.2%	274.7%

(1) Undrawn commitments are included in total exposure shown above.
(2) Simple average of exposure by number of arrangements.
(3) RWA overlay adjustments for regulatory prescribed methodology requirements have been excluded from exposure-weighted average risk-weights.

	As at 30 Sep 23					
	PD risk grade					
	0<0.1%	0.1<0.5%	0.5<2.0%	2.0<5.0%	5.0<99.9%	100%
	$m	$m	$m	$m	$m	$m
Exposure at default						
Subject to advanced IRB approach						
Retail SME	598	6,508	11,041	4,210	959	954
Residential mortgage	64,740	204,252	93,365	15,411	12,004	3,300
Qualifying revolving retail	–	5,725	2,119	983	421	28
Other retail	63	119	486	613	327	50
Total IRB approach	**65,401**	**216,604**	**107,011**	**21,217**	**13,711**	**4,332**
RBNZ regulated banking subsidiary	839	2,215	54,097	1,950	64	321
Total exposure at default	**66,240**	**218,819**	**161,108**	**23,167**	**13,775**	**4,653**
Undrawn commitments(1)						
Subject to advanced IRB approach						
Retail SME	317	2,762	2,855	658	121	74
Residential mortgage	28,441	24,983	3,665	536	316	37
Qualifying revolving retail	–	4,253	750	193	61	–
Other retail	61	73	70	41	68	–
Total IRB approach	**28,819**	**32,071**	**7,340**	**1,428**	**566**	**111**
RBNZ regulated banking subsidiary	593	978	2,156	118	7	4
Total undrawn commitments	**29,412**	**33,049**	**9,496**	**1,546**	**573**	**115**
Average exposure at default ($m)(2)						
Subject to advanced IRB approach						
Retail SME	0.13	0.06	0.05	0.06	0.03	0.06
Residential mortgage	0.06	0.36	0.45	0.54	0.42	0.40
Qualifying revolving retail	–	0.01	0.01	0.01	0.01	0.01
Other retail	small	0.01	0.01	0.01	small	small
RBNZ regulated banking subsidiary	small	0.02	0.17	0.05	small	0.05
Exposure-weighted average LGD (%)						
Subject to advanced IRB approach						
Retail SME	23.2%	24.3%	26.5%	27.4%	28.0%	28.7%
Residential mortgage	13.5%	15.3%	17.2%	18.8%	17.8%	22.6%
Qualifying revolving retail	–	74.0%	74.7%	76.1%	76.4%	77.0%
Other retail	71.5%	72.5%	72.4%	72.7%	75.2%	82.7%
RBNZ regulated banking subsidiary	78.0%	34.7%	18.7%	21.5%	60.3%	21.7%
Exposure-weighted average risk-weight (%)(3)						
Subject to advanced IRB approach						
Retail SME	6.0%	15.0%	32.0%	50.8%	76.2%	184.3%
Residential mortgage	5.8%	13.1%	34.8%	86.9%	139.8%	230.7%
Qualifying revolving retail	–	8.0%	33.6%	73.9%	159.0%	357.3%
Other retail	12.5%	41.6%	87.9%	110.9%	156.4%	250.9%
RBNZ regulated banking subsidiary	11.7%	19.0%	25.4%	64.1%	108.0%	237.4%

(1) Undrawn commitments are included in total exposure shown above.
(2) Simple average of exposure by number of arrangements.
(3) RWA overlay adjustments for regulatory prescribed methodology requirements have been excluded from exposure-weighted average risk-weights.

4.4 Credit risk mitigation

Table 4.4.A Mitigation by eligible financial collateral

The following table provides credit risk exposures, in the form of gross exposures, covered by eligible financial collateral. The gross exposure amount is before the application of eligible financial collateral, and excludes positive haircut adjustments made in the calculation of EaD for repurchase agreements.

	As at 31 Mar 24	
	Gross exposure	Covered by eligible financial collateral
Exposure type	**$m**	**$m**
Subject to advanced IRB approach		
Corporate (including SME)	203,882	1,872
Retail SME	24,647	–
Residential mortgage	399,747	–
Qualifying revolving retail	9,452	–
Other retail	1,720	–
Subject to foundation IRB approach		
Corporate	41,771	3,070
Sovereign	217,531	39,251
Financial institution	181,203	113,284
Total IRB approach	**1,079,953**	**157,477**
Specialised lending	**3,813**	**–**
Subject to standardised approach		
Corporate	48,262	36,406
Residential mortgage	17,027	–
Other retail	8,716	35
Other	6,960	–
Total standardised approach	**80,965**	**36,441**
RBNZ regulated banking subsidiary	**138,116**	**7,211**
Total exposure at default	**1,302,847**	**201,129**

	As at 30 Sep 23	
	Gross exposure	Covered by eligible financial collateral
Exposure type	**$m**	**$m**
Subject to advanced IRB approach		
Corporate (including SME)	193,973	–
Retail SME	24,270	–
Residential mortgage	393,072	–
Qualifying revolving retail	9,276	–
Other retail	1,658	–
Subject to foundation IRB approach		
Corporate	43,501	1,702
Sovereign	200,982	33,568
Financial institution	181,092	111,039
Total IRB approach	**1,047,824**	**146,309**
Specialised lending	**2,841**	**–**
Subject to standardised approach		
Corporate	49,956	36,730
Residential mortgage	16,859	–
Other retail	8,608	38
Other	6,943	–
Total standardised approach	**82,366**	**36,768**
RBNZ regulated banking subsidiary	**142,120**	**7,857**
Total exposure at default	**1,275,151**	**190,934**

Table 4.4.B Mitigation by guarantees and credit derivatives

The following table provides credit risk exposures covered by guarantees and credit derivatives.

	As at 31 Mar 24		
	Exposure at default	Covered by guarantees	Covered by credit derivatives
Exposure type	**$m**	**$m**	**$m**
Subject to advanced IRB approach			
Corporate (including SME)	202,067	10,240	-
Retail SME	24,647	165	-
Residential mortgage	399,747	134	-
Qualifying revolving retail	9,452	-	-
Other retail	1,720	-	-
Subject to foundation IRB approach			
Corporate	38,794	11,200	-
Sovereign	183,689	-	-
Financial institution	68,934	1,762	-
Total IRB approach	**929,050**	**23,501**	**-**
Specialised lending	**3,813**	**77**	**-**
Subject to standardised approach			
Corporate	11,877	278	-
Residential mortgage	17,027	1	-
Other retail	8,681	-	-
Other	6,960	-	-
Total standardised approach	**44,545**	**279**	**-**
RBNZ regulated banking subsidiary	**130,933**	**4,137**	**-**
Total exposure at default	**1,108,341**	**27,994**	**-**

	As at 30 Sep 23		
	Exposure at default	Covered by guarantees	Covered by credit derivatives
Exposure type	**$m**	**$m**	**$m**
Subject to advanced IRB approach			
Corporate (including SME)	193,973	9,579	-
Retail SME	24,270	181	-
Residential mortgage	393,072	136	-
Qualifying revolving retail	9,276	-	-
Other retail	1,658	-	-
Subject to foundation IRB approach			
Corporate	41,848	12,177	-
Sovereign	172,792	-	-
Financial institution	71,559	1,725	-
Total IRB approach	**908,448**	**23,798**	**-**
Specialised lending	**2,841**	**45**	**-**
Subject to standardised approach			
Corporate	13,285	145	-
Residential mortgage	16,859	1	-
Other retail	8,570	-	-
Other	6,943	-	-
Total standardised approach	**45,657**	**146**	**-**
RBNZ regulated banking subsidiary	**135,716**	**3,989**	**-**
Total exposure at default	**1,092,662**	**27,978**	**-**

4.5 Counterparty credit risk

Table 4.5.A (i) Net derivatives credit exposure

The following table provides the calculation of net derivatives credit exposure.

Net derivatives credit exposure is measured:

- under the standardised approach for measuring counterparty credit risk exposures (SA-CCR) for exposures of the Level 2 Group excluding BNZ.
- under the current exposure method for BNZ exposures.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Gross positive fair value of derivative contracts(1)	27,235	142,229
Netting and collateral benefits(1)	(20,592)	(132,617)
Replacement cost (RC)	**6,643**	**9,612**
Potential future credit exposure	12,076	12,203
Effective expected positive exposure	**18,719**	**21,815**
Impact of 1.4 multiplier and incurred credit valuation adjustment(2)	7,407	8,623
Level 2 Group excluding BNZ net derivatives credit exposure	**26,126**	**30,438**
RBNZ regulated banking subsidiary net derivatives credit exposure	**1,676**	**1,768**
Total net derivatives credit exposure	**27,802**	**32,206**

(1) The decrease in both gross positive fair value of derivative contracts and netting and collateral benefits since 30 September 2023 is largely due to a change to settled-to-market arrangements with a central counterparty.
(2) Incurred credit valuation adjustment is the loss expensed for accounting purposes.

Table 4.5.A (ii) Distribution of current credit exposure

The following table provides details of the net derivatives credit exposure by type of derivative.

	As at	
	31 Mar 24	30 Sep 23
Exposure type	$m	$m
Interest rate contracts	6,020	5,843
Foreign exchange and gold contracts	16,143	18,901
Equity contracts	27	42
Commodity contracts other than precious metals	1,119	975
Other market related contracts	30	35
Central counterparty(1)	2,787	4,642
Level 2 Group excluding BNZ net derivatives credit exposure	**26,126**	**30,438**
RBNZ regulated banking subsidiary net derivatives credit exposure	**1,676**	**1,768**
Total net derivatives credit exposure	**27,802**	**32,206**

(1) Derivative contracts with qualifying central clearing counterparties have not been broken down by type of derivative.

Table 4.5.B Credit derivative transactions

The following table provides the notional value of credit derivative transactions, segregated between use for the Group's own credit portfolio, as well as in its intermediation activities. This is broken down further by protection bought and sold.

	As at 31 Mar 24			As at 30 Sep 23		
	Protection bought notional	Protection sold notional	Total notional	Protection bought notional	Protection sold notional	Total notional
Credit derivative products	$m	$m	$m	$m	$m	$m
Credit default swaps used for own credit portfolio	2,130	-	2,130	1,341	-	1,341
Credit default swaps used for intermediation	889	1,695	2,584	609	1,546	2,155
Total credit derivative notional value	**3,019**	**1,695**	**4,714**	**1,950**	**1,546**	**3,496**

Securitisation

Own asset securitisation

Own asset securitisation activities may be used for funding, capital and liquidity management purposes. This involves the sale of assets originated by the Group to an SPV, which then issues notes to third party investors. Where significant credit risk transfer is achieved, regulatory capital relief may be achieved. The Group has also established internal securitisation SPVs and holds the issued residential mortgage-backed securities (RMBS) as collateral for contingent liquidity purposes.

Table 5.1.A Exposures securitised

The following table provides banking book exposures securitised by the Group and third party securitised assets where the Group is classified as a sponsor. The Group originated exposures can be broken down as follows:

- capital relief – significant credit risk transfer of the underlying exposure is achieved for regulatory purposes.
- funding only – significant credit risk transfer is not achieved.
- internal RMBS – securities are issued and held internally for contingent liquidity purposes (also known as self-securitisation).

	As at 31 Mar 24			
	Group originated capital relief	Group originated funding only	Group originated internal RMBS[1]	Third party originated assets
Underlying asset	$m	$m	$m	$m
Residential mortgages	1,717	705	139,656	-

(1) Includes internal securitisation pools of RMBS that have been developed as a source of contingent liquidity to support the Group's liquid asset holdings. The amount of these securitised assets is $127,046 million.

	As at 30 Sep 23			
	Group originated capital relief	Group originated funding only	Group originated internal RMBS[1]	Third party originated assets
Underlying asset	$m	$m	$m	$m
Residential mortgages	1,917	926	142,910	-

(1) Includes internal securitisation pools of RMBS that have been developed as a source of contingent liquidity to support the Group's liquid asset holdings. The amount of these securitised assets is $129,200 million.

There were no exposures securitised either in the trading book or synthetically by the Group as at 31 March 2024 or 30 September 2023.

Table 5.1.B Non-performing banking book exposures securitised

The following table provides non-performing exposures that have been originated and securitised by the Group in the banking book and any losses that have been recognised on these securitised exposures.

	As at 31 Mar 24			As at 30 Sep 23		
	Outstanding exposure	Non-performing exposures	Losses recognised	Outstanding exposure	Non-performing exposures	Losses recognised
Underlying asset	$m	$m	$m	$m	$m	$m
Residential mortgages	142,078	1,096	-	145,753	926	-

Table 5.1.C Recent securitisation activity

The following table provides the net movement in exposures securitised by the Group, and any gain or loss recognised on the sale of assets by the Group to securitisation SPVs.

	6 months ended 31 Mar 24			
	Group originated capital relief	Group originated funding only	Group originated internal RMBS	Gain or loss on sale
Underlying asset	**$m**	**$m**	**$m**	**$m**
Residential mortgages	(200)	(221)	(3,254)	–

	6 months ended 30 Sep 23			
	Group originated capital relief	Group originated funding only	Group originated internal RMBS	Gain or loss on sale
Underlying asset	**$m**	**$m**	**$m**	**$m**
Residential mortgages	(280)	(263)	(1,612)	–

The Group had no outstanding exposures in either the banking or trading book that were intended to be securitised as at 31 March 2024 or 30 September 2023.

Third party securitisation

Third party securitisation activities include arranging securitisation transactions and providing facilities and funding to securitisation SPVs. They also include investing in securities issued by third party securitisation SPVs through primary and secondary market transactions.

Table 5.1.D Securitisation exposures retained or purchased

The following table provides the amount of securitisation exposures and facilities held in the banking book, broken down between on and off-balance sheet exposures.

	As at 31 Mar 24			As at 30 Sep 23		
	On-balance sheet	Off-balance sheet	Total	On-balance sheet	Off-balance sheet	Total
Securitisation exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Liquidity facilities	193	1,058	**1,251**	258	1,007	**1,265**
Warehouse facilities	17,290	6,928	**24,218**	16,476	5,846	**22,322**
Securities	8,444	–	**8,444**	7,329	–	**7,329**
Derivatives	–	19	**19**	–	54	**54**
Total	**25,927**	**8,005**	**33,932**	**24,063**	**6,907**	**30,970**

The Group had $442 million of derivative exposures held in the trading book subject to the IMA under APS 116 *Capital Adequacy: Market Risk* as at 31 March 2024 (30 September 2023: $324 million). The Group had no trading book exposures subject to APS 120 which were either risk-weighted or deducted from capital at 31 March 2024 or 30 September 2023.

The Group had no exposures subject to early amortisation in the banking or trading book at 31 March 2024 or 30 September 2023.

Table 5.1.E Securitisation exposures by risk-weight

The following table provides banking book securitisation exposures and RWA by risk-weight bands.

	As at 31 Mar 24		As at 30 Sep 23	
	Exposure	RWA	Exposure	RWA
Risk-weight bands	$m	$m	$m	$m
15% ≤ 25%	32,925	5,597	30,004	5,015
> 25% ≤ 35%	816	235	781	219
> 35% ≤ 50%	65	28	78	32
> 50% ≤ 75%	126	79	107	66
Total	**33,932**	**5,939**	**30,970**	**5,332**

The Group deducted $4 million of in-the-money derivatives provided to capital relief securitisation vehicles from CET1 capital as at 31 March 2024 (30 September 2023: $5 million).

Market risk

Table 6.1.A Market risk risk-weighted assets

The following table provides a breakdown of market risk RWA.

	As at	
	31 Mar 24	30 Sep 23
	$m	$m
Market risk RWA under the internal model approach	**10,586**	**8,431**
Market risk RWA under the standard method		
Interest rate risk	574	373
Equity position risk	11	7
Total market risk RWA under the standard method	**585**	**380**
Total	**11,171**	**8,811**

Table 6.1.B 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.

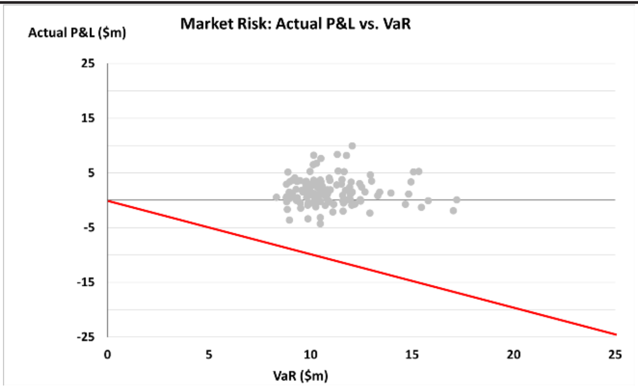
	6 months ended 31 Mar 24			As at
	Mean value	Minimum value	Maximum value	31 Mar 24
	$m	$m	$m	$m
At a 99% confidence level				
VaR	35.4	22.1	74	38.7
Stressed VaR	122.8	57.5	253.7	120.9

	6 months ended 30 Sep 23			As at
	Mean value	Minimum value	Maximum value	30 Sep 23
	$m	$m	$m	$m
At a 99% confidence level				
VaR	31.5	17.7	59.9	35.1
Stressed VaR	97.5	54.2	184.2	61.3

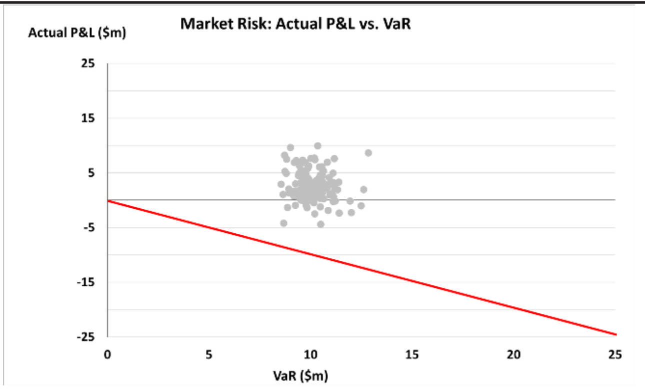
Back-testing results

The following graphs compare the Group's daily VaR estimates against actual P&L. The red line represents a one-to-one relationship between negative actual profit and loss (P&L) and VaR, which is an indicator of the VaR model's performance.

Results for the six months ended 31 March 2024



Results for the six months ended 30 September 2023



Back-testing, carried out by comparing the Group's daily VaR estimate against actual P&L, identified no exceptions during the six months ended 31 March 2024 or the six months ended 30 September 2023. This remains within the model parameters and indicates acceptable operation of the VaR model within APRA's guidelines.

Balance sheet and liquidity risk

7.1 Interest rate risk in the banking book

Table 7.1.A Impact on economic value from rate shocks

The following table provides the increase or decrease in economic value for upward and downward rate shocks, broken down by currency. The Group's major currencies are modelled on an individual basis. The remaining minor currencies are aggregated and modelled using a single yield curve. The 200 basis point (bp) interest rate shock results include earnings offset.

	As at 31 Mar 24		As at 30 Sep 23	
	200 bp parallel increase $m	200 bp parallel decrease $m	200 bp parallel increase $m	200 bp parallel decrease $m
Change in economic value				
AUD	(405)	431	(531)	560
NZD	(240)	270	(294)	303
USD	(111)	122	(40)	43
GBP	(11)	11	(15)	15
EUR	(3)	5	(20)	21
Other	(2)	4	11	(11)
Total change in economic value	**(772)**	**843**	**(889)**	**931**

7.2 Equity holdings in the banking book

Table 7.2.A Equity holdings in the banking book

The following table provides the carrying value of equity investments as reported on the Level 2 Group's balance sheet, as well as the estimated fair value of those investments.

	As at 31 Mar 24		As at 30 Sep 23	
	Carrying value	Fair value	Carrying value	Fair value
	$m	$m	$m	$m
Listed equities	4	4	–	–
Unlisted equities[(1)]	532	763	797	797
Total equities	**536**	**767**	**797**	**797**

(1) The decrease in the carrying value of unlisted equities since 30 September 2023 is predominantly due to the adoption of AASB 17 *Insurance Contracts*, effective 1 October 2023, which resulted in a $271 million decrease in the carrying value of the equity-accounted associate MLC Life.

Table 7.2.B Gains and losses from equity holdings

The following table provides realised and unrealised gains or losses before tax effect from equity investments, where:

- realised gains or losses represent the difference between the cost of equity investments and proceeds where there has been a sale in the six months to the end of the reporting period.
- cumulative unrealised gains or losses represent the difference between the cost of equity investments and their estimated fair value as shown in Table 7.2.A *Equity holdings in the banking book*.

	31 Mar 24	30 Sep 23
	$m	$m
Gains/(losses) on equity investments		
Realised gains	–	3
Cumulative unrealised losses	(303)	(228)

7.3 Liquidity disclosures

Liquidity Coverage Ratio

The Group Liquidity Risk Policy requires that the Group maintains a liquid asset portfolio, comprising high-quality liquid assets (HQLA) that can be readily converted to cash and used to support intraday payments. The Group's liquid asset portfolio is maintained by geography, currency and legal entity across NAB, BNZ, NAB Europe and branches in London, New York and Asia. The liquidity portfolio comprises a mix of:

- cash.
- Australian government and semi-government securities, and foreign sovereign securities.
- central bank reserves.
- other securities that are eligible for repurchase with the Reserve Bank of Australia to support the Committed Liquidity Facility (CLF) (which was reduced to zero on 1 January 2023), and the Term Funding Facility (TFF).

The Liquidity Coverage Ratio (LCR) measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario. The APRA minimum LCR is 100%. 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. 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 LCR for the three months ended 31 March 2024 and 31 December 2023 are presented in Table 7.3.A *Liquidity Coverage Ratio disclosure template*, and are based on a simple average of daily LCR outcomes excluding non-business days. There were 62 daily LCR data points used in calculating the average for the current quarter and 63 data points in the previous quarter.

Average LCR for the three months ended 31 March 2024 decreased to 139% driven by a $2.5 billion increase in average net cash outflows, partially offset by an increase in average liquid assets of $2.0 billion.

The increase in average net cash outflows was largely due to higher cash outflows from unsecured wholesale funding and non-operational deposits, partially offset by a decrease in cash outflows from other contractual funding obligations related to the Group's final dividend payment being a cash outflow for 30-days of the previous quarter.

The increase in average liquid assets was due to increased holdings of HQLA through central bank holdings and reverse repurchase agreements.

Table 7.3.A Liquidity Coverage Ratio disclosure template

		3 months ended			
		31 Mar 24		31 Dec 23	
		Unweighted value (average)[1]	Weighted value (average)	Unweighted value (average)[1]	Weighted value (average)
		$m	$m	$m	$m
	Liquid assets, of which:		**207,086**		**205,117**
1	High-quality liquid assets (HQLA)[2][3]		205,306		204,317
2	Alternative liquid assets (ALA)[3]		–		–
3	Reserve Bank of New Zealand (RBNZ) securities[2][3]		1,780		800
	Cash outflows				
4	Retail deposits and deposits from small business customers	277,862	29,510	277,073	29,861
5	of which: stable deposits	122,849	6,142	120,565	6,028
6	of which: less stable deposits	155,013	23,368	156,508	23,833
7	Unsecured wholesale funding	178,480	85,935	177,377	82,764
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	85,282	21,320	84,980	21,245
9	of which: non-operational deposits (all counterparties)	76,748	48,165	77,511	46,633
10	of which: unsecured debt	16,450	16,450	14,886	14,886
11	Secured wholesale funding[3]		7,840		8,431
12	Additional requirements	211,856	39,941	208,488	38,651
13	of which: outflows related to derivatives exposures and other collateral requirements	8,957	8,955	8,641	8,640
14	of which: outflows related to loss of funding on debt products	–	–	–	–
15	of which: credit and liquidity facilities	202,899	30,986	199,847	30,011
16	Other contractual funding obligations	4	4	1,131	1,131
17	Other contingent funding obligations	82,080	5,667	76,707	5,374
18	**Total cash outflows**		**168,897**		**166,212**
	Cash inflows				
19	Secured lending (e.g. reverse repos)	40,277	3,949	42,428	3,700
20	Inflows from fully performing exposures	22,496	13,843	23,095	13,695
21	Other cash inflows	1,793	1,792	2,027	2,025
22	**Total cash inflows**	**64,566**	**19,584**	**67,550**	**19,420**
23	**Total liquid assets**		**207,086**		**205,117**
24	**Total net cash outflows**		**149,313**		**146,792**
25	**Liquidity Coverage Ratio (%)**		**139%**		**140%**

(1) Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
(2) Weighted values exclude New Zealand dollar (NZD) liquid asset holdings in excess of NZD LCR of 100%, reflecting liquidity transferability considerations. The amount excluded during the three months to 31 March 2024 and 31 December 2023 was on average $8.1 billion and $9.0 billion, respectively.
(3) Disclosed on a weighted basis only, consistent with the disclosure template prescribed by APS 330.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) measures the extent to which assets are funded with stable sources of funding in order to mitigate the risk of future funding stress.

Available Stable Funding (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. Required Stable Funding (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 Board sets NSFR targets above regulatory minimums and the Group actively manages its NSFR across legal entity structures.

The NSFR as at 31 March 2024 and 31 December 2023 are presented in Table 7.3.B *Net Stable Funding Ratio disclosure template*, and are based on spot balances.

The NSFR increased to 118% as at 31 March 2024 with a $15.8 billion increase in ASF to $671.0 billion, compared to a $6.4 billion increase of RSF to $568.0 billion. The increase in ASF was primarily driven by an increase in wholesale funding and regulatory capital, and the increase in RSF was mainly a result of lending growth.

Table 7.3.B Net Stable Funding Ratio disclosure template

		As at 31 Mar 24				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
		$m	$m	$m	$m	$m
Available Stable Funding (ASF) Item						
1	Capital	63,720	–	–	32,288	96,008
2	of which: regulatory capital	63,720	–	–	32,288	96,008
3	of which: other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	262,460	88,637	50	2	323,036
5	of which: stable deposits	122,166	17,889	–	–	133,052
6	of which: less stable deposits	140,294	70,748	50	2	189,984
7	Wholesale funding	121,522	277,224	61,965	115,808	247,564
8	of which: operational deposits	85,339	–	–	–	42,669
9	of which: other wholesale funding	36,183	277,224	61,965	115,808	204,895
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	–	21,579	–	4,415	4,415
12	of which: NSFR derivative liabilities(1)			4,296		
13	of which: all other liabilities and equity not included in the above categories	–	17,283	–	4,415	4,415
14	**Total ASF**					**671,023**
Required Stable Funding (RSF) Item						
15a	High-quality liquid assets (HQLA) for NSFR purposes					4,800
15b	Alternative liquid assets (ALA)					1,760
15c	RBNZ securities					450
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities	19,198	159,696	63,271	553,212	515,512
18	of which: performing loans to financial institutions secured by Level 1 HQLA	–	59,274	4,732	–	8,294
19	of which: performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	136	35,249	12,056	16,155	27,606
20	of which: performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs):	18,671	56,903	40,526	149,744	187,776
21	of which: with a risk-weight of less than or equal to 35% under APS 112	–	–	–	17,084	11,105
22	of which: performing residential property loans	–	5,133	4,712	378,859	280,225
23	of which: standard loans to individuals with an LVR of 80% or below(2)	–	–	–	239,696	155,802
24	of which: securities that are not in default and do not qualify as HQLA, including exchange-traded equities	391	3,137	1,245	8,454	11,611
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	12,215	6,315	42	34,035	34,483
27	of which: physical traded commodities, including gold	1				1
28	of which: assets posted as initial margin for derivative contracts and contributions to default funds of CCPs(1)			3,293		2,799
29	of which: NSFR derivative assets(1)			6,363		2,067
30	of which: NSFR derivative liabilities before deduction of variation margin posted(1)			11,736		2,347
31	of which: all other assets not included in the above categories	12,214	6,315	42	12,643	27,269
32	Off-balance sheet items(1)			215,618		10,997
33	**Total RSF**					**568,002**
34	**Net Stable Funding Ratio (%)**					**118%**

(1) Disclosed in total and not by maturity bucket, consistent with the disclosure template prescribed by APS 330.
(2) Comprises performing, unencumbered standard residential property loans to individuals with a maturity of one year or more and a LVR of 80% or below, as defined under APS 112.

		As at 31 Dec 23				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
		$m	$m	$m	$m	$m
	Available Stable Funding (ASF) Item					
1	Capital	62,539	–	–	29,861	92,400
2	of which: regulatory capital	62,539	–	–	29,861	92,400
3	of which: other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	262,494	87,490	–	–	321,832
5	of which: stable deposits	119,555	17,368	–	–	130,077
6	of which: less stable deposits	142,939	70,122	–	–	191,755
7	Wholesale funding	116,983	289,277	51,885	110,098	236,643
8	of which: operational deposits	80,266	–	–	–	40,133
9	of which: other wholesale funding	36,717	289,277	51,885	110,098	196,510
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	–	15,520	–	4,353	4,353
12	of which: NSFR derivative liabilities(1)			9,265		
13	of which: all other liabilities and equity not included in the above categories	–	6,255	–	4,353	4,353
14	**Total ASF**					**655,228**
	Required Stable Funding (RSF) Item					
15a	High-quality liquid assets (HQLA) for NSFR purposes					5,319
15b	Alternative liquid assets (ALA)					1,760
15c	RBNZ securities					437
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities	19,193	154,338	53,182	552,713	510,135
18	of which: performing loans to financial institutions secured by Level 1 HQLA	–	56,991	3,598	–	7,498
19	of which: performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	145	27,991	6,693	22,434	30,124
20	of which: performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs):	18,009	61,921	37,691	144,969	182,644
21	of which: with a risk-weight of less than or equal to 35% under APS 112	–	–	–	17,223	11,195
22	of which: performing residential property loans	–	4,951	4,494	376,985	279,099
23	of which: standard loans to individuals with an LVR of 80% or below(2)	–	–	–	232,522	151,139
24	of which: securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,039	2,484	706	8,325	10,770
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	11,967	4,518	30	39,253	33,152
27	of which: physical traded commodities, including gold	1				1
28	of which: assets posted as initial margin for derivative contracts and contributions to default funds of CCPs(1)			3,505		2,979
29	of which: NSFR derivative assets(1)			5,768		–
30	of which: NSFR derivative liabilities before deduction of variation margin posted(1)			20,190		4,038
31	of which: all other assets not included in the above categories	11,966	4,518	30	9,790	26,134
32	Off-balance sheet items(1)			205,662		10,821
33	**Total RSF**					**561,624**
34	**Net Stable Funding Ratio (%)**					**117%**

(1) Disclosed in total and not by maturity bucket, consistent with the disclosure template prescribed by APS 330.
(2) Comprises performing, unencumbered standard residential property loans to individuals with a maturity of one year or more and a LVR of 80% or below, as defined under APS 112.

Appendix - Reference to APS 330 Tables

Table number	Table title	APS 330 reference
Table 3.1.A	Risk-weighted assets	APS 330 Table 6b-f and 6h
Table 3.1.B	Capital floor	APS 330 Table 6i
Table 3.1.C	Capital and leverage ratios	APS 330 Table 6g
Table 3.2.A	Regulatory capital structure	n/a
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Table 3.3.B	Reconciliation between the Group and Level 2 Group balance sheet	APS 330 paragraph 13a, 13c and 13d
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Table 5.1.C	Recent securitisation activity	APS 330 Table 12i, 12j, 12p and 12q
Table 5.1.D	Securitisation exposures retained or purchased	APS 330 Table 12k, 12m, 12r, 12s, 12t and 12v
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Table 6.1.A	Market risk risk-weighted assets	APS 330 Table 13b
Table 6.1.B	Internal model approach Value at Risk and stressed Value at Risk	APS 330 Table 14f
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Table 7.2.A	Equity holdings in the banking book	APS 330 Table 16b-c
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Table 7.3.B	Net Stable Funding Ratio disclosure template	APS 330 Table 21

Glossary

ADI
Authorised Deposit-taking Institution.

Advanced Internal Ratings-based Approach (IRB)
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.

Alternative liquid assets (ALA)
Assets that qualify for inclusion in the numerator of the Liquidity Coverage Ratio in jurisdictions where there is insufficient supply of high-quality liquid assets in the domestic currency to meet the aggregate demand of banks with significant exposure in the domestic currency in the Liquidity Coverage Ratio framework. The Committed Liquidity Facility and Term Funding Facility provided by the Reserve Bank of Australia to ADIs are treated as ALAs in the Liquidity Coverage Ratio.

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.

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.

CET1 capital
Common Equity Tier 1 capital.

Collective provision for credit impairment
The provision assessed on a collective basis in accordance with Australian Accounting Standard AASB 9 'Financial Instruments'.

Committed Liquidity Facility (CLF)
A facility provided by the Reserve Bank of Australia to certain ADIs to assist them in meeting the Basel III liquidity requirements. The CLF was reduced to zero on 1 January 2023.

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

Corporate
The corporate asset class in the credit risk disclosures consists of corporations, partnerships, public sector entities and any other credit exposures not elsewhere classified.

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

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.

Eligible financial collateral (EFC)
Under the standardised approach, eligible financial collateral is the amount of cash collateral, netting and eligible bonds and equities. Under the Internal Ratings-based Approach, EFC is limited to the collateral items detailed in APS 112 'Capital Adequacy: Standardised Approach to Credit Risk'. Recognition of EFC is subject to the minimum conditions detailed in APS 112.

Expected loss (EL)
Expected Loss for non-defaulted exposures is a function of long-run probability of default and stressed loss given default. Expected Loss for defaulted exposures:

- is the best estimate of expected loss for advanced IRB exposures.
- is a function of EaD and supervisory estimates of LGD for foundation IRB exposures.
- is a supervisory prescribed percentage of EaD for specialised lending exposures.

Expected Loss is not required to be calculated for exposures subject to the standardised approach.

Exposure at default (EaD)
An estimate of the credit exposure amount outstanding if a customer defaults. EaD is presented net of eligible financial collateral, except where indicated.

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 Approach (Foundation IRB)
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.

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'.

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.

Liquidity Coverage Ratio (LCR)
A metric that measures the adequacy of HQLA 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.

LVR
Loan-to-valuation ratio.

MLC Life
MLC Limited.

NAB
National Australia Bank Limited ABN 12 004 044 937.

NAB Europe
National Australia Bank Europe S.A.

Net Stable Funding Ratio (NSFR)
A ratio of the amount of available stable funding to the amount of required stable funding.

Net write-offs
Write-offs, net of recoveries.

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 revolving retail
Revolving exposures to individuals less than $100,000, unsecured and unconditionally cancellable by the Group.

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.

Revised capital framework
Revisions to APRA's capital adequacy and credit risk capital requirements for ADIs, which came into effect on 1 January 2023. The revised requirements are contained in APS 110 'Capital Adequacy', APS 112 'Capital Adequacy: Standardised Approach to Credit Risk' and APS 113 'Capital Adequacy: Internal Ratings-based Approach to Credit Risk'.

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.

RMBS
Residential mortgage-backed securities.

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

Securitisation exposures
Securitisation exposures include the following exposure types:

- liquidity facilities: facilities provided to securitisation vehicles for the primary purpose of funding any timing mismatches between receipts of funds on underlying exposures and payments on securities issued by the securitisation vehicle or to cover the inability of the securitisation vehicle to roll-over securities due to market disruption.
- warehouse facilities: lending facilities provided to securitisation vehicles for the financing of exposures in a pool. These may be on a temporary basis pending the issue of securities or on an on-going basis.
- securities: holding of debt securities issued by securitisation vehicles.
- derivatives: derivatives provided to securitisation vehicles, other than for credit risk mitigation purposes.

SME
Small and medium-sized enterprises.

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

SPV
Special purpose vehicle.

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
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.

Term Funding Facility (TFF)
A facility provided by the Reserve Bank of Australia to certain ADIs to support lending to Australian businesses. The facility closed to new drawdowns of funding on 30 June 2021.

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

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.

Write-offs
A reduction in the carrying amount of loans and advances at amortised cost and fair value where there is no reasonable expectation of recovery of a portion or the entire exposure.