



Thursday, 2 December 2021

ASX ANNOUNCEMENT

APRA increases loss-absorbing capacity of ADIs

National Australia Bank Limited (NAB) today noted Australian Prudential Regulation Authority's (APRA) release in relation to loss absorbing capacity of Authorised Deposit-taking Institutions (ADIs).

In July 2019, APRA released its framework for the implementation of an Australian loss-absorbing capacity regime, requiring an increase in Total Capital of 3% of risk-weighted assets for domestic systemically important banks (D-SIBs) by 1 January 2024. APRA has today increased the requirement to 4.5% (an additional 1.5%), with D-SIBs to meet the increased requirement by 1 January 2026.

Based on NAB's RWA of \$417bn at 30 September 2021, the additional 1.5% would represent an incremental increase of \$6.3bn¹ of Total Capital. NAB expects to meet this requirement primarily through the issuance of Tier 2 Capital, with a corresponding decrease in senior debt issuance.

NAB has been increasing Total Capital in line with APRA's requirements from July 2019 and is well placed to meet the additional requirements by 1 January 2026.

APRA Consultations

NAB also notes the 'Strengthening crisis preparedness' consultation released by APRA today, with responses due by 29 April 2022. NAB will review the impacts of the consultation and respond to APRA as required.

Media

Jessica Forrest

M: +61 (0) 457 536 958

Daniel Palmer

M: +61 (0) 459 854 248

Investor Relations

Sally Mihell

Mob: +61 (0) 436 857 669

Natalie Coombe

M: +61 (0) 477 327 540

Approved for distribution by Gary Lennon, Group Chief Financial Officer

¹ Final requirement will be dependent on RWA at 1 January 2026, including any impacts from the changes to the capital framework based on Basel III reforms announced by APRA on 29 November 2021.