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Thursday, 6 November 2025

ASX ANNOUNCEMENT

NAB 2025 Full Year Pillar 3 Report

National Australia Bank Limited (NAB) today released its 2025 Full Year Pillar 3 Report, as required under the Australian Prudential Regulation Authority Prudential Standard APS 330 *Public Disclosure*.

The report is attached to this announcement and available at:

http://www.nab.com.au/about-us/shareholder-centre/regulatory-disclosures

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The release of this announcement was authorised by Shaun Dooley, Group Chief Financial Officer.

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Pillar 3 Report
as at 30 September 2025

Incorporating the requirements of APS 330

National Australia Bank Limited ABN 12 004 044 937

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Table of contents

Section 1 Introduction 2

Section 2 Overview of risk management, key metrics and risk-weighted assets 4

Section 3 Capital 18

Section 4 Links between financial statements and regulatory exposures 28

Section 5 Credit risk 32

Section 6 Counterparty credit risk 62

Section 7 Securitisation 68

Section 8 Market risk 73

Section 9 Operational risk 76

Section 10 Interest rate risk in the banking book 80

Section 11 Liquidity 82

Section 12 Asset encumbrance 87

Section 13 Global systemically important bank indicators 89

Accountable Person attestation 91

Disclosure requirements index 92

Glossary 95

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Introduction

National Australia Bank Limited (NAB) is an authorised deposit-taking institution (ADI) subject to regulation by the Australian Prudential Regulation Authority (APRA) under the authority of the *Banking Act 1959* (Cth). This document has been prepared in accordance with APRA Prudential Standard APS 330 *Public Disclosure*, which requires disclosure of key prudential information to the market to contribute to the transparency of financial markets and to enhance market discipline. APS 330 requires prudential disclosures to be made as set out in the Basel Committee on Banking Supervision (BCBS) *Disclosure Requirements* standard, subject to modifications made by APRA specified in Attachment A of APS 330.

This document has also been prepared in accordance with NAB's Group External Reporting Policy, which assists the Board in discharging its oversight of the integrity of external reporting. Key elements of this policy are outlined in Section 2 *Overview of risk management, key metrics and risk-weighted assets*.

The date of comparative period disclosures is based on the reporting frequency, as set out in the disclosure requirements index. Comparative period disclosures have been provided where practicable for disclosures made for the first time in this report.

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

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

Capital adequacy methodologies

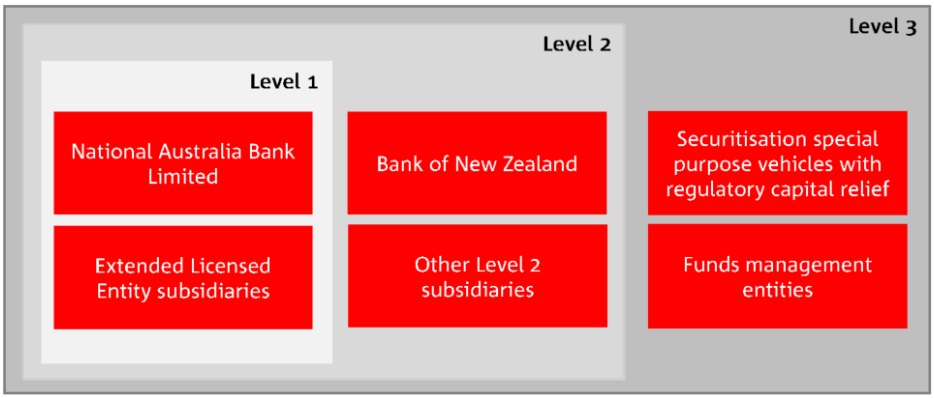
The Group, being NAB and its controlled entities, uses the following approaches to measure capital adequacy.

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

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

Scope of consolidation

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.

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Regulatory reform

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

Increased loss-absorbing capacity for ADIs

Under their loss-absorbing capacity framework, APRA has required domestic systemically important banks (D-SIBs) to hold incremental Total capital equal to 3% of RWA since 1 January 2024. The requirement increases by 1.5% (to a total of 4.5%) of RWA on 1 January 2026. Based on the Group's RWA and Total capital position at 30 September 2025, the 4.5% of RWA Total capital requirement has been met.

Additional Tier 1 capital changes

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

Revisions to the capital framework

APRA's revisions to APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* came into effect on 1 October 2025. Internal models used in the calculation of interest rate risk in the banking book (IRRBB) capital required re-accreditation by APRA.

There is currently no timeline for APRA's consultation on revisions to APS 116 *Capital Adequacy: Market Risk* for the adoption of the BCBS's Fundamental Review of the Trading Book regulatory standards.

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 calendar year 2028.

In March 2025, the RBNZ announced a review of its capital settings including assessment of international comparability and the role of Additional Tier 1 capital. The RBNZ commenced consultation on this review in August 2025, proposing more granular standardised risk-weights and two potential options for capital ratio requirements. Both options include removal of Additional Tier 1 capital and an increase in Tier 2 capital, with one option also introducing loss-absorbing capacity requirements. The RBNZ intends to finalise capital settings by December 2025 and announce implementation timelines by March 2026.

Reserve Bank of New Zealand liquidity review

In 2022, the RBNZ began a comprehensive review of its liquidity policy, known as the Liquidity Policy Review. The RBNZ liquidity standard is expected to be issued in May 2027 and take effect in December 2028.

In September 2025, the RBNZ launched the Liquidity Management Review consultation, with a focus on how open market operations are conducted and design considerations for a committed liquidity facility. The consultation period closed in October 2025 and a summary of key decisions is expected in the first half of calendar year 2026.

Liquidity requirements

APRA will conduct a comprehensive review of APS 210 *Liquidity*, with industry engagement expected to commence in calendar year 2026.

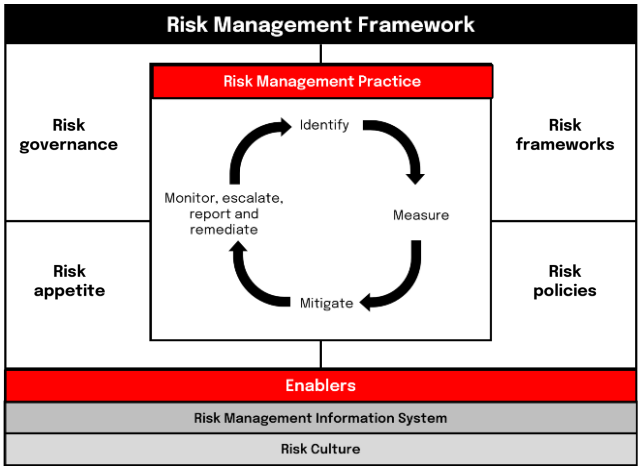
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Overview of risk management, key metrics and RWA

2.1 Risk management approach

Risk management

Risk includes the potential for harm and is an inherent part of the Group's business. Managing risk effectively and making risk management simple for colleagues to support customers is crucial to the Group's success. The Risk Management Strategy articulates the Risk Management Framework and describes the Group's material risks (as outlined below) and approach to managing them. The Risk Management Framework consists of systems, policies, processes and colleagues that manage material risks. The key components of the Risk Management Framework are shown in this diagram.



Material risk	Definition
Strategic	The risk to earnings, capital, liquidity, funding and/or reputation arising from an inadequate response to changes in the external environment, and risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programs.
Financial risk categories	
Credit	The risk that a customer will fail to meet their obligations to the Group in accordance with agreed terms. It is a financial risk that the Group consciously elects to take through both the Group's lending activities (banking book) and markets and trading activities (trading book).
Market	The risk of loss from the Group's trading activities or management of structural balance sheet exposures. Losses can arise from a change in the value of positions in financial instruments, bank assets and liabilities or their hedges due to adverse movements in market prices. This may be due to changes in credit spreads, interest rates, foreign exchange rates, market volatility, and commodity and equity prices.
Balance sheet and liquidity	The risk of failing to manage and monitor key banking book structural risks such as liquidity risk and capital risk.
Non-financial risk categories	
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or external events relating to: • data, • privacy and records, and information security, • service interruption, • fraud, • people, • statutory, tax and regulatory reporting, • transaction and processing execution, • third party, and • models.
Sustainability	The risk that Environmental, Social or Governance (ESG) events or conditions negatively impact the risk and return profile, value or reputation of the Group or its customers and suppliers.
Conduct	The risk that any action of the Group, or those acting on behalf of the Group, will result in unfair outcomes for customers. Areas of exposure include providing an unsatisfactory or unsuitable product or service or unsuitable sales or lending, giving inappropriate advice, and unsatisfactory complaint or remediation management.
Compliance	The risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives, as well as internal policies, standards, procedures, and frameworks that support fair and equitable treatment of customers.

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Detailed information on principal risks and uncertainties associated with the Group is outlined in the risk factors section of the 2025 Annual Report.

The Risk Management Framework is comprehensively reviewed every three years for appropriateness, effectiveness and adequacy by an operationally independent party. The Board is ultimately responsible for the Risk Management Framework and oversees its operation by management. In addition, directors are held accountable for their oversight responsibilities and senior executives are held accountable for the parts of the Group's operations they manage or control.

The Group operates a 'Three Lines of Risk Accountability' model for risk management, emphasising that all three lines are accountable for managing risk, but with specific responsibilities across each line. The role of each line is:

- Line 1 – Business units and enabling units own risks and obligations, and the controls and mitigation strategies that help manage them.
- Line 2 – A functionally segregated Risk function develops risk management frameworks and policies (requirements), defines risk boundaries, provides advice and objective review and challenge regarding the effectiveness of risk management within the Line 1 business units and enabling units, and executes specific risk management activities where a functional segregation of duties and/or specific risk capability is required.
- Line 3 – An independent Internal Audit function reporting to the Board monitors the end-to-end effectiveness of risk management and compliance with the Risk Management Framework.

The Group undertakes annual strategic planning to maintain alignment of the Group's risk appetite and its business strategy. Strategic planning is informed by the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) assessments of the Group's risk profile and the level of financial resources required to maintain suitable capital and liquidity for those risks. Key outputs of the strategic planning process are the Strategic Plan, Financial Plan, Funding Strategy, Capital Management Strategy and Risk Appetite Statement (RAS). These documents collectively establish performance targets and risk boundaries for the Group, legal entities, and individual businesses where applicable, with stress testing and scenario analysis used to inform risk appetite. These documents form the Group's Business Plan, which is endorsed by management and approved by the Board.

Risk appetite

Risk appetite articulates boundaries that are binding on the Group to ensure that it operates within acceptable levels of risk and acts in compliance with its obligations and commitments, including those to customers, colleagues and stakeholders.

Risk appetite tolerances for material risks are defined in the RAS and established in line with strategic and financial plans. These tolerances operationalise risk appetite by expressing the maximum level of risk that businesses are willing to operate within. Risk tolerances are based on risk appetite, risk profile and capital strength, and define either:

- an upper tolerance for risk taking of material risks that the Group actively seeks to benefit from (i.e. strategic, credit, market, and balance sheet and liquidity risks), or
- how much risk the Group is willing to accept for material risks inherent in the business that cannot be eliminated (i.e. operational, sustainability, conduct and compliance risks).

Risk culture

Risk culture is the attitude towards risk taking and risk management. A sound risk culture consistently supports appropriate risk awareness, behaviours and judgements about risk taking, within a strong risk governance framework. Within the Group this translates to a culture where colleagues at every level are expected to appropriately manage risk as an intrinsic part of their day-to-day work.

The Group's risk culture is communicated and embedded through various means, including:

- The Group's values, known as Who We Are values.
- The Code of Conduct, which has a strong emphasis to 'Speak Up', challenge respectfully and escalate appropriately without fear of retribution, with colleagues having whistleblower protection.
- Good risk management behaviour is rewarded through variable reward components of remuneration. Non-compliance with the Code of Conduct is met with fair, transparent and supportive actions through consequence management processes.
- Mandatory Risk, Conduct and Compliance training, which includes the Code of Conduct to which all colleagues are required to attest.

The assessment of risk culture and its impact on risk management practices and decisions is reported to the Board annually via the Group Chief Risk Officer's (Group CRO) annual Risk Performance update. Executive level forums regularly monitor key risk culture indicators and colleague conduct. External oversight of the Group's approach to risk culture is maintained through regular engagement with APRA and participation in independent reviews such as the CPS 220 *Risk Management* triennial review, which informs ongoing risk culture actions.

Stress testing

Stress testing supports the Risk Management Framework by measuring risks in the business to understand vulnerabilities and inform risk assessments. It operates under a stress testing framework that sets out the principles, governance, and methodologies required to ensure robust and effective stress testing practices.

Stress testing uses dedicated stress testing models to project the impact of downside scenarios on the Group's balance sheet, income statement, and regulatory capital positions. The insights and outcomes from stress tests are used to support decision-making across the Group, understand material risks, inform the calibration of risk appetite and limits, assess capital adequacy and financial resilience, and guide capital and liquidity planning, as well as recovery and resolution strategies.

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The Group conducts an enterprise-wide internal stress test annually as part of its ICAAP. The ICAAP considers scenarios that reflect severe but plausible systemic and idiosyncratic events and covers a broad range of risk types, including credit, operational, liquidity, funding, and market risks, as well as the impact of non-financial risks relating to technology, conduct, and control failures. The stress tests are designed to challenge internal capital targets and limits and assess the Group's ability to operate with sufficient capital throughout these downturn scenarios.

Additional stress testing activities include:

- regulatory stress test exercises, conducted to supervisory requirements,
- reverse stress testing, which explores scenarios that could lead to non-viability, helping to identify core vulnerabilities, and
- targeted portfolio-level stress tests, which assess risks at a portfolio level across specific business segments, to support more granular risk settings.

Risk governance

Risk governance refers to the formal structure used to support risk-based decision-making and oversight across all the Group's operations.

The Board provides strategic direction for the Group's businesses and represents the interests of shareholders through the creation of sustainable value. The Board achieves this through a focus on customers, colleagues and the broader community. The Board is supported by its committees, as follows:

- Board Risk & Compliance Committee
- Board Audit Committee
- Board People & Remuneration Committee
- Board Nomination & Governance Committee
- Board Customer Committee

Information on Board committees and their charters is available in the Corporate Governance section of the Group's website at nab.com.au/about-us/corporate-governance.

The Board delegates responsibility for the day-to-day management of the Group's operations to the Group Chief Executive Officer (Group CEO). The Group CEO delegates authority to members of the Executive Leadership Team (commensurate with their roles and documented accountabilities). The delegations from the Board to the Group CEO, and the Group CEO to the Executive Leadership Team are reviewed on an annual basis. Both the Board, supported by its committees, and management, through its executives, promote awareness of a risk-based culture, supporting an acceptable balance between risk and return.

The Group CEO oversees enterprise-wide risk management through the Executive Risk & Compliance Committee and its supporting sub-committees, as follows:

- Group Credit & Market Risk Committee (GCMRC)
- Group Model Risk Committee (as a sub-committee of GCMRC)
- Group Asset & Liability Committee
- Group Non-Financial Risk Committee
- Executive Financial Crime Risk Committee
- Business & Private Banking Risk Committee
- Corporate & Institutional Banking Risk Committee
- Personal Banking Risk Committee

Each sub-committee oversees and governs the effective management of risk which supports the relevant accountable executives.

In addition:

- A sub-committee of the Executive Customer Committee (namely, the Enterprise Product Committee) evaluates new and material changes for products, marketing frameworks and distribution channels and oversees product governance, including by reviewing the management of current and emerging risks that result from the design, marketing and distribution of products by the Group.
- The Executive Remuneration Committee (a sub-committee of the People & Culture Executive Committee) reviews and makes recommendations to the Board People & Remuneration Committee on remuneration consequences of risk issues and events, including in connection with deferred incentives.

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Disclosure policy

The Group External Reporting Policy sets out the approach the Group takes to managing compliance with APS 330, as well as other Australian statutory and regulatory external reporting obligations.

Key elements of the Group External Reporting Policy and supporting guidance notes include:

- Disclosures are subject to defined checks, reconciliations and analyses to validate the report content, promote consistency across the Group's reporting, and ensure disclosure requirements have been met. This includes the Group's Enterprise Reporting Assurance team verifying and checking information across the suite of the Group's periodic corporate reports, including the Pillar 3 report.
- Subject matter experts certify that information pertaining to their area of responsibility is materially complete and not materially misleading by statement or omission. These certifications support the attestation provided by the Group Chief Financial Officer.
- Group Executives consider whether additional disclosures should be made in the Pillar 3 report to reflect the manner in which the Group assesses and manages risks and strategy.

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2.2 Key prudential metrics

KM1: Key metrics

The commentary below provides an explanation of movements in the regulatory metrics on the following page.

September 2025 v June 2025

Regulatory capital

CET1 capital decreased by $1.5 billion or 2.8%, mainly due to a $0.9 billion decrease in retained profits from the interim dividend of $2.6 billion, partially offset by net profit for the quarter of $1.7 billion, as well as a $0.7 billion decrease in the foreign currency translation reserve from unfavourable foreign exchange translation impacts.

The decrease in Tier 1 capital of $2.1 billion or 3.4% was driven by the movement in CET1 capital, combined with the redemption of $0.6 billion of Additional Tier 1 capital instruments during the quarter.

Total capital decreased by $0.2 billion or 0.3%, with the decrease in Tier 1 capital partially offset by an increase in Tier 2 capital. $2.0 billion of Tier 2 capital issuances during the quarter were partially offset by unfavourable foreign exchange translation impacts.

Risk-weighted assets

Total RWA increased by $3.7 billion or 0.8%. The most significant driver was a floor adjustment of $2.3 billion that was applied as at 30 September 2025 following a 1.0% increase in RWA under the full standardised approach compared to a 0.3% increase in RWA prior to application of the floor, with further detail in CMS1: *Comparison of modelled and standardised RWA at risk level*. In addition:

- IRRBB RWA increased by $1.5 billion or 11.9% due to changes in risk positioning and a decrease in embedded gains from the capital investment profile following an increase in market interest rates.
- Market risk RWA increased by $1.5 billion or 14.4%, primarily driven by an increase in 10-day stressed value at risk (SVaR) from changes in interest rate exposures.

These increases were partially offset by a decrease in credit RWA, with further detail in CR8: *RWA flow statements of credit risk exposures under IRB*.

Leverage ratio

The leverage ratio decreased by 19 basis points to 4.92%, from an increase in total exposures of $2.6 billion or 0.2%, combined with a decrease in Tier 1 capital of $2.1 billion or 3.4%.

The increase in total exposures was mainly due to a $9.1 billion increase in on-balance sheet exposures, mainly from higher loans and advances. This was partially offset by a $6.1 billion decrease in securities financing transaction (SFT) exposures from lower reverse repurchase agreement activity, combined with decreases in derivative and off-balance sheet exposures.

Liquidity coverage ratio

The average liquidity coverage ratio (LCR) for the quarter remained unchanged at 135%, with a $4.1 billion or 1.9% decrease in average high-quality liquid assets (HQLA) offset by a $3.2 billion or 2.0% decrease in average weighted net cash outflows.

Lower average HQLA was largely as a result of lower short-term wholesale funding balances.

The decrease in average net cash outflows was largely due to a reduction in secured and unsecured wholesale funding outflows. This was partially offset by a reduction in secured lending inflows and an increase in average cash outflows from deposits maturing in the 30-day stress period, reflecting variability in the Group's refinancing profile.

Net stable funding ratio

The net stable funding ratio (NSFR) remained unchanged at 116%, with an increase in available stable funding (ASF) of $1.4 billion or 0.2% offset by an increase in required stable funding (RSF) of $1.6 billion or 0.3%.

The most significant driver of the increase in ASF was growth in deposits. This was partially offset by a reduction in both short- and long-term wholesale funding, combined with lower regulatory capital.

The increase in RSF was driven by an increase in both home lending and encumbered residential mortgages, combined with an increase in other lending exposures to financial institutions. This was partially offset by lower RSF on other business lending and a reduction in reverse repurchase agreement activity.

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The following table provides an overview of prudential metrics as at 30 September 2025 and for the four previous quarter-end periods.

		As at				
		30 Sep 25	30 Jun 25	31 Mar 25	31 Dec 24	30 Sep 24
Available capital (amounts)						
1	CET1	51,527	53,038	51,236	49,977	51,139
2	Tier 1	60,516	62,628	60,826	59,567	60,728
3	Total capital	89,514	89,739	89,622	86,823	86,602
RWA (amounts)						
4	Total RWA	440,557	436,890	426,445	429,128	413,946
4a	Total RWA (pre-floor)[1]	438,273	436,890	425,189	429,128	413,946
Risk-based capital ratios as a percentage of RWA (Level 2 Group)						
5	CET1 capital ratio (%)	11.70	12.14	12.01	11.65	12.35
5b	CET1 capital ratio (%) (pre-floor ratio)[1]	11.76	12.14	12.05	11.65	12.35
6	Tier 1 capital ratio (%)	13.74	14.33	14.26	13.88	14.67
6b	Tier 1 capital ratio (%) (pre-floor ratio)[1]	13.81	14.33	14.31	13.88	14.67
7	Total capital ratio (%)	20.32	20.54	21.02	20.23	20.92
7b	Total capital ratio (%) (pre-floor ratio)[1]	20.42	20.54	21.08	20.23	20.92
Risk-based capital ratios as a percentage of RWA (Level 1 Group)						
-	CET1 capital ratio (%)	11.60	11.97	11.84	11.42	12.08
-	Tier 1 capital ratio (%)	13.86	14.41	14.33	13.89	14.65
-	Total capital ratio (%)	21.09	21.25	21.74	20.81	21.49
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (%)	3.75	3.75	3.75	3.75	3.75
9	Countercyclical capital buffer requirement (%)	0.85	0.85	0.85	0.85	0.85
10	Bank global systemically important bank (G-SIB) and/or D-SIB additional requirements (%)	1.00	1.00	1.00	1.00	1.00
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	5.60	5.60	5.60	5.60	5.60
12	CET1 available after meeting the bank's minimum capital requirements (%)[2]	7.20	7.64	7.51	7.15	7.85
Leverage ratio						
13	Total leverage ratio exposure measure	1,229,142	1,226,589	1,210,737	1,231,826	1,191,855
14c	Leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	4.92	5.11	5.02	4.84	5.10
LCR[3]						
15	Total HQLA	207,588	211,713	212,309	213,659	214,662
16	Total net cash outflows	153,403	156,597	152,496	154,236	156,717
17	LCR (%)	135	135	139	139	137
NSFR						
18	Total ASF	712,993	711,581	703,467	695,170	677,657
19	Total RSF	612,708	611,141	592,468	589,750	577,568
20	NSFR (%)	116	116	119	118	117

(1) The capital floor applies to ADIs accredited by APRA to use the IRB approach and requires that aggregate RWA does not fall below 72.5% of RWA calculated under the full standardised approach.

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

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

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2.3 Overview of exposure at default and RWA

OV1: Overview of RWA

The following table provides RWA for each risk type and approach as at 30 September 2025 and for the two previous quarter-end periods.

		As at			
		30 Sep 25	30 Jun 25	31 Mar 25	30 Sep 25
		RWA	RWA	RWA	Minimum capital requirements[1]
		$m	$m	$m	$m
1	Credit risk (excluding counterparty credit risk (CCR))[2][3]	352,908	354,923	338,419	28,381
2	of which: standardised approach (SA)	21,348	22,847	21,488	1,718
3	of which: F-IRB approach	36,832	36,321	34,749	2,962
4	of which: supervisory slotting approach	9,332	9,802	9,477	750
5	of which: A-IRB approach	285,396	285,953	272,705	22,951
6	Counterparty credit risk	11,731	12,132	11,953	945
7	of which: standardised approach for CCR	9,582	10,328	9,954	772
9	of which: other CCR[4]	2,149	1,804	1,999	173
10	Credit valuation adjustment	4,942	4,219	4,570	397
15	Settlement risk	–	–	–	–
16	Securitisation exposures in banking book	5,405	5,285	5,544	434
18	of which: securitisation external ratings-based approach (ERBA)	1,336	1,385	1,495	107
19	of which: securitisation supervisory formula approach (SFA)	4,069	3,900	4,049	327
20	Market risk	11,732	10,256	12,094	943
21	of which: standard method	850	791	776	68
22	of which: IMA	10,882	9,465	11,318	875
24	Operational risk	37,610	37,610	37,985	3,024
–	Interest rate risk in the banking book	13,945	12,465	14,624	1,121
26	*Output floor applied*	*72.5%*	*72.5%*	*72.5%*	
27	Floor adjustment[5]	2,284	–	1,256	
29	**Total**	**440,557**	**436,890**	**426,445**	**35,245**

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

(2) Credit RWA (excluding CCR) includes an RWA overlay related to measurement of certain off-balance sheet exposures of $4.8 billion (30 June 2025: $4.8 billion, 31 March 2025: nil). The majority of the overlay is included in RWA under the A-IRB approach in row 5 (30 September 2025: $4.3 billion, 30 June 2025: $4.3 billion, 31 March 2025: nil) and the F-IRB approach in row 3 (30 September 2025: $321 million, 30 June 2025: $321 million, 31 March 2025: nil).

(3) The percentage of credit risk exposure at default (EaD) (excluding CCR) covered by the A-IRB, F-IRB, supervisory slotting and standardised approaches was 74%, 21%, 1% and 4%, respectively (30 June 2025: 73%, 21%, 1% and 5%; 31 March 2025: 73%, 22%, 1% and 4%).

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

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

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Exposure at default and RWA by asset class

The following table provides a summary of EaD and RWA by asset class. The nature of exposures in each asset class is outlined on page 14.

Amounts have been broken down into those subject to the credit risk and counterparty credit risk frameworks.

This disclosure has been included in this report to provide a breakdown of total EaD, as EaD disclosures required by APS 330 are not aggregated in a single disclosure.

	As at 30 Sep 25					
	EaD post-CCF and post-CRM[1]			RWA		
	Credit risk	Counterparty credit risk	Total	Credit risk	Counterparty credit risk	Total
	$m	$m	$m	$m	$m	$m
Subject to A-IRB approach						
Corporate (including small and medium-sized enterprises (SME))	230,178	2,859	233,037	114,636	1,529	116,165
Retail SME	25,863	–	25,863	10,931	–	10,931
Residential mortgage	429,996	–	429,996	112,064	–	112,064
Qualifying revolving retail	9,213	–	9,213	2,576	–	2,576
Other retail	1,663	–	1,663	1,875	–	1,875
Subject to F-IRB approach						
Corporate	31,798	5,389	37,187	18,343	3,434	21,777
Sovereign	144,605	1,440	146,045	1,859	18	1,877
Financial institution	54,574	19,480	74,054	16,630	5,287	21,917
Total IRB approach	**927,890**	**29,168**	**957,058**	**278,914**	**10,268**	**289,182**
Specialised lending	**3,524**	**142**	**3,666**	**2,697**	**103**	**2,800**
Subject to standardised approach						
Corporate (including SME)	9,135	2,845	11,980	6,570	314	6,884
Residential mortgage	6,880	–	6,880	3,501	–	3,501
Other retail	8,630	–	8,630	5,780	–	5,780
Other	5,351	–	5,351	3,655	–	3,655
Total standardised approach	**29,996**	**2,845**	**32,841**	**19,506**	**314**	**19,820**
RBNZ regulated banking subsidiary	121,446	3,688	125,134	51,791	1,046	52,837
Credit valuation adjustment						4,942
Settlement risk						–
Securitisation exposures in banking book			32,817			5,405
Total credit risk[2][3]	**1,082,856**	**35,843**	**1,151,516**	**352,908**	**11,731**	**374,986**
Market risk						11,732
Operational risk						37,610
Interest rate risk in the banking book						13,945
Floor adjustment						2,284
Total	**1,082,856**	**35,843**	**1,151,516**	**352,908**	**11,731**	**440,557**

(1) Credit conversion factor (CCF) and credit risk mitigation (CRM).
(2) Credit RWA (excluding CCR) includes an RWA overlay related to measurement of certain off-balance sheet exposures of $4.8 billion. The majority of the overlay is included in RWA for the RBNZ regulated banking subsidiary ($2.3 billion) and corporate exposures under the A-IRB approach ($2.1 billion).
(3) IRB models have been used in the measurement of 91% of RWA for credit risk and 94% of RWA for counterparty credit risk.

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	As at 30 Jun 25					
	EaD post-CCF and post-CRM			RWA		
	Credit risk	Counterparty credit risk	Total	Credit risk	Counterparty credit risk	Total
	$m	$m	$m	$m	$m	$m
Subject to A-IRB approach						
Corporate (including SME)	225,728	3,303	229,031	114,995	1,840	116,835
Retail SME	25,794	-	25,794	11,059	-	11,059
Residential mortgage	424,440	-	424,440	109,668	-	109,668
Qualifying revolving retail	9,305	-	9,305	2,668	-	2,668
Other retail	1,770	-	1,770	2,012	-	2,012
Subject to F-IRB approach						
Corporate	31,028	5,158	36,186	18,408	3,411	21,819
Sovereign	138,363	1,492	139,855	1,797	20	1,817
Financial institution	54,052	20,062	74,114	16,116	5,749	21,865
Total IRB approach	**910,480**	**30,015**	**940,495**	**276,723**	**11,020**	**287,743**
Specialised lending	**3,690**	**164**	**3,854**	**2,830**	**119**	**2,949**
Subject to standardised approach						
Corporate (including SME)	8,823	2,909	11,732	6,341	276	6,617
Residential mortgage	7,332	-	7,332	3,749	-	3,749
Other retail	8,600	-	8,600	6,115	-	6,115
Other	6,897	-	6,897	4,316	-	4,316
Total standardised approach	**31,652**	**2,909**	**34,561**	**20,521**	**276**	**20,797**
RBNZ regulated banking subsidiary	129,803	3,260	133,063	54,849	717	55,566
Credit valuation adjustment						4,219
Settlement risk						-
Securitisation exposures in banking book			31,967			5,285
Total credit risk[1][2]	**1,075,625**	**36,348**	**1,143,940**	**354,923**	**12,132**	**376,559**
Market risk						10,256
Operational risk						37,610
Interest rate risk in the banking book						12,465
Floor adjustment						-
Total	**1,075,625**	**36,348**	**1,143,940**	**354,923**	**12,132**	**436,890**

(1) Credit RWA (excluding CCR) includes an RWA overlay related to measurement of certain off-balance sheet exposures of $4.8 billion. The majority of the overlay is included in RWA for the RBNZ regulated banking subsidiary ($2.3 billion) and corporate exposures under the A-IRB approach ($2.1 billion).

(2) IRB models have been used in the measurement of 91% of RWA for credit risk and 94% of RWA for counterparty credit risk.

Overview of exposure at default and RWA (cont.)

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

(1) IRB models have been used in the measurement of 91% of RWA for credit risk and 95% of RWA for counterparty credit risk.

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The nature of exposures in each asset class is outlined below.

Asset class	Description
Subject to the A-IRB approach	
Corporate (including SME)	Corporations, partnerships, proprietorships, public sector entities and any other credit exposure not elsewhere classified.
Retail SME	Non-complex exposures to small business customers managed as part of a portfolio for risk management purposes where: • the consolidated annual revenue of the borrower is less than $75 million, and • the total small business-related exposure to the borrower is less than $1.5 million.
Residential mortgage	Exposures that are partially or fully secured by residential properties, managed in a similar manner to other retail exposures, and not for business purposes. This excludes non-standard mortgages.
Qualifying revolving retail	Revolving exposures to individuals less than $100,000, which are unsecured, unconditionally cancellable and not for business purposes.
Other retail	Retail exposures other than residential mortgage and qualifying revolving retail, including personal loan products, overdrafts and overdrawn transaction account exposures.
Subject to the F-IRB approach	
Corporate	Corporations, partnerships, proprietorships and public sector entities with consolidated annual revenue greater than $750 million.
Sovereign	• Australian and overseas central and subnational governments. A subnational government is a government of a geographically defined part of a state which has powers to raise revenue and borrow money. • The Reserve Bank of Australia (RBA) and overseas central banks. • Multilateral development banks or institutions eligible for a zero per cent risk-weight.
Financial institution	Entities whose main business includes management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation (excluding securitisation exposures subject to the requirements of APS 120), investments, financial custody, CCP services (excluding qualifying central counterparty (QCCP) exposures) and proprietary trading.
Specialised lending	Project finance exposures, in which revenues generated by a single project are the primary source of repayment and security for the exposure.
Subject to the standardised approach	
Corporate (including SME)	Regulatory prescribed portfolios, such as QCCPs and margin lending, and corporate exposures in portfolios where the standardised approach is applied. The Group has received IRB accreditation from APRA for exposures of NAB Europe. The IRB approach is in the process of implementation for this portfolio, which had $2.3 billion in EaD under the standardised approach as at 30 September 2025.
Residential mortgage	Non-standard mortgages and residential mortgages in portfolios where the standardised approach is applied. The Group has received IRB accreditation from APRA for a portfolio of residential mortgages related to the Citi consumer business. The IRB approach is in the process of implementation for this portfolio, which had $5.0 billion in EaD under the standardised approach as at 30 September 2025.
Other retail	Regulatory prescribed portfolios, such as margin lending, and other retail exposures in portfolios where the standardised approach is applied. The Group has received IRB accreditation from APRA for a portfolio of credit cards related to the Citi consumer business. The IRB approach is in the process of implementation for this portfolio, which had $6.3 billion in EaD under the standardised approach as at 30 September 2025.
Other	Cash items in the process of collection, premises and other fixed assets, and all other exposures.
RBNZ regulated banking subsidiary	BNZ exposures measured using RBNZ prudential requirements, with the exception of scaling factors which are applied under APRA requirements. APS 330 requires these exposures to be disclosed separately.

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2.4 Comparison of modelled and standardised RWA

CMS1: Comparison of modelled and standardised RWA at risk level

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

September 2025 v June 2025

RWA prior to application of the floor increased by $1.4 billion or 0.3%, whereas RWA under the full standardised approach increased by $6.1 billion or 1.0%. These movements resulted in a floor adjustment of $2.3 billion as at 30 September 2025.

RWA under the full standardised approach increased $4.7 billion more than pre-floor RWA, mainly related to credit RWA (excluding counterparty credit risk), which is broken down by asset class in CMS2: *Comparison of modelled and standardised RWA for credit risk at asset class level*. Lending growth, mostly in corporate (including SME) and residential mortgages, resulted in a greater increase in credit RWA (excluding counterparty credit risk) under the full standardised approach compared to pre-floor RWA due to higher risk-weights under the standardised approach.

		As at 30 Sep 25			
		RWA for modelled approaches that have supervisory approval to be used	RWA for portfolios where standardised approaches are used	Pre-floor RWA	RWA calculated using full standardised approach
		$m	$m	$m	$m
1	Credit risk (excluding counterparty credit risk)	331,560	21,348	352,908	527,369
2	Counterparty credit risk	11,171	560	11,731	20,608
3	Credit valuation adjustment		4,942	4,942	4,942
4	Securitisation exposures in the banking book		5,405	5,405	5,405
5	Market risk	10,882	850	11,732	11,732
6	Operational risk		37,610	37,610	37,610
-	Interest rate risk in the banking book	13,945	-	13,945	n/a
7	Residual RWA		-	-	-
8	**Total**	**367,558**	**70,715**	**438,273**	**607,666**

Capital floor at 72.5% of RWA calculated using full standardised approach	440,557
RWA prior to application of floor	438,273
Floor adjustment	**2,284**

		As at 30 Jun 25			
		RWA for modelled approaches that have supervisory approval to be used	RWA for portfolios where standardised approaches are used	Pre-floor RWA	RWA calculated using full standardised approach
		$m	$m	$m	$m
1	Credit risk (excluding counterparty credit risk)	332,076	22,847	354,923	523,390
2	Counterparty credit risk	11,631	501	12,132	20,820
3	Credit valuation adjustment		4,219	4,219	4,219
4	Securitisation exposures in the banking book		5,285	5,285	5,285
5	Market risk	9,465	791	10,256	10,256
6	Operational risk		37,610	37,610	37,610
-	Interest rate risk in the banking book	12,465	-	12,465	n/a
7	Residual RWA		-	-	-
8	**Total**	**365,637**	**71,253**	**436,890**	**601,580**

Capital floor at 72.5% of RWA calculated using full standardised approach	436,145
RWA prior to application of floor	436,890
Floor adjustment	**-**

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

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

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

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

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

September 2025 v March 2025

Credit risk (excluding counterparty credit risk) RWA prior to application of the floor increased by $14.5 billion or 4.3% compared to RWA under the full standardised approach which increased by $20.2 billion or 4.0%. This was mostly driven by lending growth in corporate (including SME), and to a lesser extent residential mortgages.

		As at 30 Sep 25			
		a	*b*	*c*	*d*
		RWA for modelled approaches that have supervisory approval to be used	RWA for column (a) re-computed using the standardised approach	Pre-floor RWA	RWA calculated using full standardised approach
		$m	$m	$m	$m
1	Sovereign	1,859	3,524	1,859	3,524
2	Financial institution	16,630	33,016	16,630	33,016
5	Corporate	132,979	212,045	139,549	218,615
-	of which: F-IRB approach is applied	18,343	25,943	18,343	25,943
-	of which: A-IRB approach is applied	114,636	186,102	114,636	186,102
6	Retail	127,446	181,205	136,727	190,486
-	of which: retail SME	10,931	14,101	10,931	14,101
-	of which: residential mortgage	112,064	159,747	115,565	163,248
-	of which: qualifying revolving retail	2,576	5,926	2,576	5,926
-	of which: other retail	1,875	1,431	7,655	7,211
7	Specialised lending	2,697	3,787	2,697	3,787
8	Other[1]	-	-	3,655	3,655
-	RBNZ regulated banking subsidiary	49,949	72,444	51,791	74,286
9	**Total**	**331,560**	**506,021**	**352,908**	**527,369**

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

Comparison of modelled and standardised RWA (cont.)

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

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

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Capital

3.1 Capital management approach

Approach to capital adequacy

The Capital Management Strategy is focused on adequacy, efficiency and flexibility. It covers the Group capital outlook, potential risks, initiatives and distributions. The Capital Management Strategy also considers stressed scenarios and sensitivities to ensure the Group maintains appropriate capital and can respond appropriately in these situations. This approach is consistent across the Group's banking subsidiaries.

The Board sets capital operating targets above regulatory minimums and capital buffers, taking into account market and regulatory expectations. The operating targets are regularly reviewed in the context of the external economic and regulatory outlook with the objective of maintaining balance sheet strength. The operating target for the Group's CET1 capital ratio is greater than 11.25%.

The amount of capital held by the Group is informed by the ICAAP, with capital adequacy determined for both the Level 1 and Level 2 Groups. The process is designed to assess the ability to withstand unexpected loss and continue to support customers and protect depositors through a range of adverse scenarios. Key features include:

- identification of risks arising from the activities for which capital is a mitigant,
- calibration of capital limits commensurate with the risk profile and appetite, and appropriate triggers to mitigate potential limit breaches,
- assessment of capital adequacy on a current and forward-looking basis, including scenario planning and stress testing, and
- detail on capital management actions available to provide additional capital as required.

Capital requirements are taken into consideration in:

- product and facility pricing decisions,
- business development, including acquisitions and divestments,
- strategic planning,
- performance measurement and management, including incentive determination, and
- setting of risk appetite and risk limits, including single large exposure limits, industry limits and country limits.

Governance, reporting and oversight

The ICAAP, Capital Management Strategy, RAS, Strategic Plan and Financial Plan together detail the governance, management, and reporting of the Group's capital adequacy. These documents are reviewed and endorsed by key management committees, including the Group Asset & Liability Committee and/or the Executive Risk & Compliance Committee, and are approved by the Board. The ICAAP is supported by the Group Capital Risk Policy, which defines the framework for the management, monitoring and governance of the Group's capital position.

Group Treasury is responsible for managing capital risk. Line 2 has oversight of and monitors stress testing of the Group's capital position, capital planning and forecasting, and capital activities to ensure compliance with regulatory capital standards.

Group Treasury, along with Line 2, monitors the Group's capital position and reports to management on a monthly basis, and to regularly scheduled meetings of the Board Risk & Compliance Committee and the Board.

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3.2 Composition of capital

CC1: Composition of regulatory capital

The following table provides the breakdown of regulatory capital.

		As at 30 Sep 25 $m	Reference[1]	31 Mar 25 $m
CET1 capital: instruments and reserves				
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	36,123	p	36,119
2	Retained profits	26,824	s	26,108
3	Accumulated other comprehensive income (and other reserves)	(21)	q	(56)
6	**CET1 capital before regulatory adjustments**	**62,926**		**62,171**
CET1 capital: regulatory adjustments				
7	Prudent valuation adjustments	–		–
8	Goodwill (net of related tax liability)	2,070	g	2,070
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	3,942	b+h	3,621
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	72	c	83
11	Cash flow hedge reserve	321	r	140
12	Shortfall of provisions to expected losses	–		–
13	Securitisation gain on sale	–		–
14	Gains / (losses) due to changes in own credit risk on fair valued liabilities	(116)	t	(64)
15	Defined benefit pension fund net assets	35	d+i	34
26	National specific regulatory adjustments	5,075		5,051
–	of which: DTA not reported in row 10	2,635	e	2,645
–	of which: capitalised expenses, net of deferred fee income	1,542	a+m+o	1,495
–	of which: equity investments (adjusted for intangible component of investments)	882	f+j+k	874
28	**Total regulatory adjustments to CET1 capital**	**11,399**		**10,935**
29	**CET1 capital**	**51,527**		**51,236**
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	9,010		9,610
31	of which: classified as equity under applicable accounting standards	–		–
32	of which: classified as liabilities under applicable accounting standards	9,010	n	9,610
36	**Additional Tier 1 capital before regulatory adjustments**	**9,010**		**9,610**
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments[2]	20		20
41	National specific regulatory adjustments	1		–
43	**Total regulatory adjustments to Additional Tier 1 capital**	**21**		**20**
44	**Additional Tier 1 capital (AT1)**	**8,989**		**9,590**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**60,516**		**60,826**
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	27,586	l	27,428
50	Provisions[3]	1,556		1,559
51	**Tier 2 capital before regulatory adjustments**	**29,142**		**28,987**
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments[2]	75		75
56	National specific regulatory adjustments[4]	69		116
57	**Total regulatory adjustments to Tier 2 capital**	**144**		**191**
58	**Tier 2 capital**	**28,998**		**28,796**
59	**Total regulatory capital (= Tier 1 + Tier 2)**	**89,514**		**89,622**

(1) Reference to the balance sheet under the regulatory scope of consolidation in CC2: *Reconciliation of regulatory capital to balance sheet*.
(2) The deduction for investments in own Additional Tier 1 and Tier 2 instruments includes any unused trading limit.
(3) Consists of provision for credit impairment held against performing exposures under the IRB approach of $1,375 million (31 March 2025: $1,363 million) and against performing exposures under the standardised approach of $181 million (31 March 2025: $196 million).
(4) Deduction for holdings of Tier 2 instruments and other total loss-absorbing capacity (TLAC) liabilities of financial institutions.

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		As at 30 Sep 25 $m	Reference	31 Mar 25 $m
60	**Total RWA**	**440,557**		**426,445**
Capital adequacy ratios and buffers				
61	**CET1 capital (as a percentage of RWA)**	**11.70%**		**12.01%**
62	**Tier 1 capital (as a percentage of RWA)**	**13.74%**		**14.26%**
63	**Total capital (as a percentage of RWA)**	**20.32%**		**21.02%**
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)**[1]	**10.10%**		**10.10%**
65	of which: capital conservation buffer requirement	3.75%		3.75%
66	of which: bank-specific countercyclical capital buffer requirement	0.85%		0.85%
67	of which: higher loss absorbency requirement	1.00%		1.00%
68	**CET1 capital (as a percentage of RWA) available after meeting the bank's minimum capital requirements**[2]	**7.20%**		**7.51%**
Amounts below the thresholds for deduction (before risk-weighting)[3]				
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	124		128
73	Significant investments in the common stock of financial entities	687		677
75	DTA arising from temporary differences (net of related tax liability)	2,635	e	2,645
Applicable caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	181		196
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	317		313
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to IRB approach (prior to application of cap)	1,375		1,363
79	Cap for inclusion of provisions in Tier 2 capital under IRB approach	2,057		1,971

(1) Comprises a minimum CET1 ratio of 4.5%, a capital conservation buffer of 3.75% of RWA, a D-SIB buffer of 1% of RWA and a countercyclical capital buffer (CCyB) (refer to CCyB1: *Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement*).

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

(3) Amounts below the thresholds for deduction under BCBS requirements are APRA specific regulatory adjustments.

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CC2: Reconciliation of regulatory capital to balance sheet

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

	As at 30 Sep 25			
	Balance sheet as in published financial statements	Adjustments[1]	Under regulatory scope of consolidation	Reference[2]
	$m	$m	$m	
Assets				
Cash and liquid assets	2,604	–	2,604	
Due from other banks	91,946	–	91,946	
Collateral placed	5,763	–	5,763	
Trading assets	144,571	–	144,571	
Derivative assets	21,826	2	21,828	
Debt instruments	46,947	–	46,947	
Other financial assets	688	–	688	
Loans and advances	776,126	(2,506)	773,620	
of which: capitalised expenses, net of deferred fee income	1,362	–	1,362	a
Current tax assets	25	–	25	
Due from controlled entities	–	18	18	
Deferred tax assets (DTA)	3,052	–	3,052	
of which: DTA related to other intangibles other than mortgage-servicing rights	390	–	390	b
of which: DTA that rely on future profitability	72	–	72	c
of which: deferred tax liability related to defined benefit pension fund assets	(15)	–	(15)	d
of which: deferred tax liability related to the cash flow hedge reserve	(68)	–	(68)	
of which: DTA related to losses due to changes in own credit risk on fair valued liabilities	38	–	38	
of which: DTA not included in the above categories	2,635	–	2,635	e
Property, plant and equipment	2,713	–	2,713	
Investments in controlled entities	–	10	10	f
Goodwill and other intangible assets	5,622	–	5,622	
of which: goodwill	2,070	–	2,070	g
of which: other intangibles other than mortgage-servicing rights	3,552	–	3,552	h
Other assets	6,936	–	6,936	
of which: defined benefit pension fund assets	50	–	50	i
of which: equity investments	629	–	629	j
Assets held for sale[3]	243	–	243	k
Total assets	**1,109,062**	**(2,476)**	**1,106,586**	

(1) The adjustments remove the assets, liabilities and equity balances of Level 3 entities deconsolidated for regulatory purposes, and reinstate intragroup assets and liabilities, treating them as external to the Level 2 Group.
(2) Reference to the breakdown of regulatory capital in CC1: *Composition of regulatory capital*.
(3) The investment in MLC Limited is classified as held for sale, as NAB has entered into an agreement to sell its remaining 20% stake in MLC Limited to Nippon Life Insurance Company.

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	As at 30 Sep 25			
	Balance sheet as in published financial statements	Adjustments	Under regulatory scope of consolidation	Reference
	$m	$m	$m	
Liabilities				
Due to other banks	12,369	–	12,369	
Collateral received	4,819	–	4,819	
Other financial liabilities	70,464	–	70,464	
Deposits and other borrowings	736,159	–	736,159	
Derivative liabilities	20,203	–	20,203	
Current tax liabilities	871	1	872	
Provisions	1,745	–	1,745	
Due to controlled entities	–	76	76	
Bonds, notes and subordinated debt	174,307	(2,557)	171,750	
of which: contractual value of Tier 2 instruments	27,586	–	27,586	l
of which: costs associated with issuing bonds, notes and subordinated debt	(142)	–	(142)	m
Debt issued	8,972	–	8,972	
of which: contractual value of Additional Tier 1 instruments	9,010	–	9,010	n
of which: costs associated with issuing convertible notes	(38)	–	(38)	o
Other liabilities	15,506	–	15,506	
Total liabilities	**1,045,415**	**(2,480)**	**1,042,935**	
Net assets	**63,647**	**4**	**63,651**	
Equity				
Contributed equity	36,123	–	36,123	p
Reserves	(21)	–	(21)	q
of which: cash flow hedge reserve	321	–	321	r
Retained profits	26,820	4	26,824	s
of which: gains / (losses) due to changes in own credit risk on fair valued liabilities after tax	(116)	–	(116)	t
Total equity (attributable to owners of the Company)	**62,922**	**4**	**62,926**	
Non-controlling interests	725	–	725	
Total equity	**63,647**	**4**	**63,651**	

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

(1) The adjustments remove the assets, liabilities and equity balances of Level 3 entities deconsolidated for regulatory purposes, and reinstate intragroup assets and liabilities, treating them as external to the Level 2 Group.
(2) Reference to the breakdown of regulatory capital in CC1: *Composition of regulatory capital*.
(3) The investment in MLC Limited is classified as held for sale, as NAB has entered into an agreement to sell its remaining 20% stake in MLC Limited to Nippon Life Insurance Company.

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

Entities excluded from the Level 2 Group balance sheet

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

		As at			
		30 Sep 25		31 Mar 25	
		Total assets	Total equity	Total assets	Total equity
Entity name	Principal activity	$m	$m	$m	$m
NAB Trust Services Limited	Trustee	11	11	11	11
National Australia Managers Limited	Funds manager	4	3	4	3
National RMBS Trust 2018-1	Securitisation	294	(1)	327	(2)
National RMBS Trust 2018-2	Securitisation	303	(1)	339	(1)
National RMBS Trust 2022-1	Securitisation	614	-	703	1
National RMBS Trust 2024-1	Securitisation	1,361	(4)	1,554	(4)

3.3 Countercyclical capital buffer

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

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

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

September 2025 v March 2025

The CCyB requirement remained unchanged at 0.85%. Whilst the risk-weighted amount of Australian private sector exposures increased by $14.1 billion or 5.2%, this had minimal impact to the weighted average with the risk-weighted amount of Australian private sector exposures representing a similar proportion of the risk-weighted amount of total private sector exposures.

	As at 30 Sep 25				As at 31 Mar 25			
	CCyB rate	RWA used in the computation of the CCyB	Bank-specific CCyB rate	CCyB amount[1]	CCyB rate	RWA used in the computation of the CCyB	Bank-specific CCyB rate	CCyB amount[1]
Geographical breakdown	%	$m	%	$m	%	$m	%	$m
Australia	1.00	286,048			1.00	271,959		
France	1.00	1,975			1.00	1,930		
Germany	0.75	1,364			0.75	1,163		
Hong Kong	0.50	610			0.50	655		
Ireland	1.50	225			1.50	297		
Luxembourg	0.50	797			0.50	776		
Netherlands	2.00	1,158			2.00	1,115		
Norway	2.50	229			2.50	299		
Sweden	2.00	533			2.00	381		
United Kingdom	2.00	9,511			2.00	9,888		
Other	0.50 - 2.50	478			0.50 - 2.50	443		
Sum[2]		**302,928**				**288,906**		
Total[3]		**369,184**	**0.85**	**3,745**		**353,118**	**0.85**	**3,625**

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

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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.

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

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

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

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

		As at	
		30 Sep 25	31 Mar 25
		$m	$m
1	Total consolidated assets as per published financial statements	1,109,062	1,095,639
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the regulatory scope of consolidation	28	29
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	(2,504)	(2,849)
7	Adjustments for eligible cash pooling transactions	–	–
8	Adjustments for derivative financial instruments	6,843	4,941
9	Adjustment for SFTs (i.e. repurchase agreements and similar secured lending)	2,314	476
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	124,435	123,202
11	Adjustments for prudent valuation adjustments and provisions which have reduced Tier 1 capital	–	–
12	Other adjustments	(11,036)	(10,701)
13	**Leverage ratio exposure measure**	**1,229,142**	**1,210,737**

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LR2: Leverage ratio common disclosure template

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

		As at		
		30 Sep 25	30 Jun 25	31 Mar 25
		$m	$m	$m
On-balance sheet exposures				
1	On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)	993,735	984,881	966,943
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	3,369	3,536	4,864
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(5,952)	(6,464)	(7,126)
5	(Provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	(5,578)	(5,583)	(5,452)
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	(10,449)	(10,359)	(10,116)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**975,125**	**966,011**	**949,113**
Derivative exposures				
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	10,057	10,687	10,474
9	Add-on amounts for potential future exposure associated with all derivatives transactions	19,906	19,569	19,750
11	Adjusted effective notional amount of written credit derivatives	8,473	4,320	5,995
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(7,182)	(3,093)	(4,772)
13	**Total derivative exposures (sum of rows 8 to 12)**	**31,254**	**31,483**	**31,447**
SFT exposures				
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	112,643	115,670	119,993
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(18,272)	(15,611)	(17,826)
16	Counterparty credit risk exposure for SFT assets	4,544	4,977	5,393
18	**Total SFT exposures (sum of rows 14 to 17)**	**98,915**	**105,036**	**107,560**
Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross notional amount	252,746	250,577	251,635
20	(Adjustments for conversion to credit equivalent amounts)	(128,311)	(125,947)	(128,433)
21	(Provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(587)	(571)	(585)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**123,848**	**124,059**	**122,617**
Capital and total exposures				
23	**Tier 1 capital**	**60,516**	**62,628**	**60,826**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**1,229,142**	**1,226,589**	**1,210,737**
Leverage ratio				
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**4.92%**	**5.11%**	**5.02%**
26	**National minimum leverage ratio requirement**	**3.50%**	**3.50%**	**3.50%**
Disclosure of mean values				
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	94,371	100,059	102,167
29a	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	96,601	98,709	107,084
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,229,142	1,226,589	1,210,737
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.92%	5.11%	5.02%

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Links between financial statements and regulatory exposures

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Explanation of differences between accounting and regulatory exposure amounts

Scope of accounting and regulatory consolidation

The consolidation of assets and liabilities for the Group as reported on the balance sheet under accounting principles is shown in column (a) of LI1: *Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories*. The consolidation of assets and liabilities for the Level 2 Group under regulatory requirements is shown in column (b) of LI1.

CC2: *Reconciliation of regulatory capital to balance sheet* details differences relating to the non-consolidation of Level 3 entities for regulatory purposes, namely:

- securitisation SPVs to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120, and
- entities which act as manager, responsible entity, approved trustee, trustee or a similar role in relation to funds management.

Level 3 entities are listed in *Entities excluded from the Level 2 Group balance sheet,* with the differences between columns (a) and (b) due to:

- the removal of assets and liabilities of Level 3 entities, and
- the reinstatement of intragroup assets and liabilities, treating them as external to the Level 2 Group.

Nature of differences between carrying values and EaD

LI2: *Main sources of differences between regulatory exposure amounts and carrying values in financial statements* provides a reconciliation outlining the differences between carrying values as reported on the balance sheet and EaD. The nature of differences set out in this disclosure are as follows:

Provision for credit impairment

Loans and advances on the balance sheet are net of the full provision for credit impairment. For regulatory purposes, only the provision for credit impairment on defaulted loans and advances under the standardised approach is included in the measurement of EaD.

Differences in netting rules

There are differences in netting rules under accounting and regulatory requirements, mainly for SFTs and derivatives.

- For SFTs, the amount in row 3 represents the carrying value of reverse repurchase agreement assets less repurchase agreement liabilities. This differs from the measurement of EaD which is based on the sum of reverse repurchase agreement assets and repurchase agreement liabilities.
- For derivatives, the measurement of EaD includes additional netting than that allowed under accounting principles.

Differences in treatment, including valuation approach

There are a number of differences in treatment, the most significant of which are:

- Differences in the measurement of derivatives for accounting and regulatory purposes. Whilst both are measured based on fair value, the measurement of derivative EaD under SA-CCR for the Level 2 Group excluding BNZ includes an add-on for potential future exposure (PFE) as well as an alpha factor of 1.4, and the measurement of derivative EaD under the current exposure method for BNZ includes an add-on for PFE. Refer to *CCR1: Analysis of CCR exposures by approach* for further details.
- Differences in the measurement of securities sold not delivered. The carrying value represents the sale proceeds receivable, which differs from how this is measured under regulatory requirements as settlement risk.
- Exposures that are derecognised under accounting principles, whereas continue to be reflected in the measurement of EaD, such as funded risk participation exposures and partial write-offs.

Off-balance sheet EaD (post-CCF)

EaD includes off-balance sheet commitments, such as arrangements to extend credit or issue credit substitutes. The amount in row 7 of LI2 is post-CCF.

CRM applied in the measurement of EaD

EaD is reduced by the value of eligible financial collateral, after haircuts, mitigating SFT exposures.

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

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

	As at 30 Sep 25						
	a	*b*	*c*	*d*	*e*	*f*	*g*
	Reported in published financial statements	Under regulatory scope of consolidation	Carrying value of items subject to:				Not subject to capital requirements / deducted from capital
			Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	
	$m	$m	$m	$m	$m	$m	$m
Assets							
Cash and liquid assets	2,604	2,604	2,604	–	–	–	–
Due from other banks	91,946	91,946	89,386	2,560	–	2,560	–
Collateral placed	5,763	5,763	–	5,763	–	5,701	–
Trading assets	144,571	144,571	34,646	94,042	–	109,923	2
Derivative assets	21,826	21,828	–	21,826	2	19,547	–
Debt instruments	46,947	46,947	45,296	–	1,651	–	–
Other financial assets	688	688	688	–	–	–	–
Loans and advances	776,126	773,620	746,920	–	23,154	2	3,544
Current tax assets	25	25	25	–	–	–	–
Due from controlled entities	–	18	18	–	–	–	–
Deferred tax assets	3,052	3,052	–	–	–	–	3,052
Property, plant and equipment	2,713	2,713	2,713	–	–	–	–
Investments in controlled entities	–	10	–	–	–	–	10
Goodwill and other intangible assets	5,622	5,622	–	–	–	–	5,622
Other assets	6,936	6,936	6,260	–	–	–	676
Assets held for sale	243	243	–	–	–	–	243
Total assets	**1,109,062**	**1,106,586**	**928,556**	**124,191**	**24,807**	**137,733**	**13,149**
Liabilities							
Due to other banks	12,369	12,369	–	1,791	–	–	10,578
Collateral received	4,819	4,819	–	4,819	–	4,804	–
Other financial liabilities	70,464	70,464	–	52,708	–	57,708	12,756
Deposits and other borrowings	736,159	736,159	–	–	–	–	736,159
Derivative liabilities	20,203	20,203	–	20,203	–	17,688	–
Current tax liabilities	871	872	–	–	–	–	872
Provisions	1,745	1,745	–	–	–	–	1,745
Due to controlled entities	–	76	–	–	–	–	76
Bonds, notes and subordinated debt	174,307	171,750	–	–	–	–	171,750
Debt issued	8,972	8,972	–	–	–	–	8,972
Other liabilities	15,506	15,506	–	–	–	–	15,506
Total liabilities	**1,045,415**	**1,042,935**	**–**	**79,521**	**–**	**80,200**	**958,414**

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	As at 31 Mar 25						
	a	*b*	*c*	*d*	*e*	*f*	*g*
	Reported in published financial statements	Under regulatory scope of consolidation	Carrying value of items subject to:				Not subject to capital requirements / deducted from capital
			Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	
	$m	$m	$m	$m	$m	$m	$m
Assets							
Cash and liquid assets	1,433	1,433	1,433	–	–	–	–
Due from other banks	94,865	94,865	92,451	2,414	–	2,414	–
Collateral placed	6,971	6,971	–	6,971	–	6,971	–
Trading assets	153,947	153,947	36,176	104,670	–	117,769	2
Derivative assets	24,243	24,244	–	24,243	1	24,243	–
Debt instruments	44,597	44,597	42,691	–	1,903	3	–
Other financial assets	764	764	740	–	–	–	24
Loans and advances	750,821	747,972	723,212	–	21,328	3	3,429
Current tax assets	39	39	39	–	–	–	–
Due from controlled entities	–	18	18	–	–	–	–
Deferred tax assets	3,022	3,022	–	–	–	–	3,022
Property, plant and equipment	2,725	2,725	2,725	–	–	–	–
Investments in controlled entities	–	10	–	–	–	–	10
Goodwill and other intangible assets	5,371	5,371	–	–	–	–	5,371
Other assets	6,598	6,598	3,404	–	–	–	3,194
Assets held for sale	243	243	–	–	–	–	243
Total assets	**1,095,639**	**1,092,819**	**902,889**	**138,298**	**23,232**	**151,403**	**15,295**
Liabilities							
Due to other banks	12,489	12,489	–	2,276	–	2,276	10,213
Collateral received	4,721	4,721	–	4,721	–	4,721	–
Other financial liabilities	72,887	72,887	–	54,589	–	59,809	13,078
Deposits and other borrowings	720,886	720,886	–	–	–	–	720,886
Derivative liabilities	23,473	23,473	–	23,473	–	23,473	–
Current tax liabilities	496	496	–	–	–	–	496
Provisions	1,478	1,478	–	–	–	–	1,478
Due to controlled entities	–	83	–	–	–	–	83
Bonds, notes and subordinated debt	171,908	169,003	–	–	–	–	169,003
Debt issued	9,566	9,566	–	–	–	–	9,566
Other liabilities	14,816	14,816	–	–	–	–	14,816
Total liabilities	**1,032,720**	**1,029,898**	**–**	**85,059**	**–**	**90,279**	**939,619**

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LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following disclosure shows the differences between the carrying value of assets and liabilities under the regulatory scope of consolidation and EaD. In the case of derivatives, repurchase agreements and collateral associated with these exposures, the carrying value is reported in all columns that attract a capital charge, such that the sum of amounts in columns (b) to (e) does not equal to column (a).

		As at 30 Sep 25				
		a	*b*	*c*	*d*	*e*
		Total	Items subject to:			
			Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
		$m	$m	$m	$m	$m
1	Assets carrying value under regulatory scope of consolidation (as per LI1)[1]	1,077,554	928,556	124,191	24,807	137,733
2	Liabilities carrying value under regulatory scope of consolidation (as per LI1)[1]	79,521	–	79,521	–	80,200
3	**Net carrying value under regulatory scope of consolidation (row 1 less row 2)**	**998,033**	**928,556**	**44,670**	**24,807**	**57,533**
4	Provision for credit impairment	6,070	6,070	–	–	
5	Differences in netting rules, other than those included in row 2	155,622	–	155,622	–	
6	Differences in treatment, including valuation approach	14,517	(3,944)	18,442	19	
7	Off-balance sheet EaD (post-CCF)	160,165	152,174	–	7,991	
8	CRM applied in the measurement of EaD	(182,891)	–	(182,891)	–	
9	**EaD post-CCF and post-CRM**	**1,151,516**	**1,082,856**	**35,843**	**32,817**	

(1) LI1: *Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories.*

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Credit risk

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

5.1 General information about credit risk

Credit risk is the potential that a customer will fail to meet its obligations to the Group in accordance with agreed terms. It is a financial risk that the Group consciously elects to take through both the Group's lending activities (banking book) and markets and trading activities (trading book).

The Group's management of credit risk is aligned to the following five principles:

1. Do the right thing by providing financial services to customers in a responsible manner.
2. Only take credit risks that are transparent.
3. Plan and manage for the possibility of default.
4. Be proactive in managing exposures to customers and their credit risk.
5. Manage the portfolio of credit exposures responsibly and in the interest of capital providers and other relevant stakeholders.

These principles guide credit policy, credit risk appetite, credit origination, credit assessment and approval activities.

Management

The Credit Risk Management Strategy outlines the Group's approach to managing credit risk and articulates the Credit Risk Management Framework that seeks to ensure that credit risks are identified, measured, evaluated, monitored, reported and controlled or mitigated.

The Credit Risk Management Strategy is adaptable in managing shifts through economic and credit cycles through key credit risk management drivers which include:

- Credit risk appetite - the level of risk the Group is willing to assume to ensure that it operates within acceptable levels of credit risk and in compliance with obligations and commitments. Credit risk appetite is considered as part of the Board-approved RAS.
- Credit authorities - the mechanism used to support risk-based credit limit decisions across the Group.
- Credit risk policy - developed in accordance with regulatory and legislative obligations and credit risk appetite.

The Credit Risk Management Framework and the use of key credit risk management drivers support the Group to:

- deliver the Group's strategic ambition,
- protect customers and deliver fair outcomes,
- drive sustainable business performance in a safe and responsible manner, and
- comply with the Group's obligations.

Independent review and challenge of credit risk activity is primarily performed by Credit Assurance which undertakes portfolio reviews of the non-retail portfolios in Business and Private Banking and Corporate and Institutional Banking. Through a sampling process, Credit Assurance also overviews credit approvals for new and increased lending across all business units, and separately overviews a sample of security valuations to confirm accuracy and reliability. Credit Assurance operates independently of the credit approval process and reports its findings to the relevant business units, as well as to business unit and Line 2 risk committees.

Internal Audit focuses its assurance activities on the Group's material risks including credit risk through its annual Internal Audit Plan.

Governance

The Board delegates oversight of credit risk to the Board Risk & Compliance Committee. The Board delegates credit limit authorities to the Group CEO who has the authority to subdelegate this authority and power to the Group CRO. The Group CRO delegates to the Chief Credit and Market Risk Officer, who sets the Delegated Commitment Authority (DCA) framework and subdelegates the credit decision-making authority to individuals in Line 1 and Line 2 up to certain limits in accordance with the DCA hierarchy, and their skills and experience.

The Executive Risk & Compliance Committee sub-committees, in particular the Group Credit & Market Risk Committee and the business unit risk committees, support the Executive Risk & Compliance Committee in its oversight of the Group's management of credit risk. The responsibilities of the sub-committees in respect of credit risk include overseeing:

- the effectiveness of credit risk management,
- the credit risk profile (or level of credit risk exposure) within the boundaries defined by credit risk appetite and policy, and
- the findings of weakness in credit risk management practices or outcomes.

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Monitoring and reporting

The Group has a comprehensive process for monitoring and reporting credit and asset quality. The Group CRO receives regular reports covering credit risk, credit quality, asset concentrations, asset quality, ESG risk, material exposures, defaults and assurance outcomes. These reports incorporate key credit risk measures including detailed analysis of concentration risk, large credit approvals and updates on defaulted counterparties. Key reports are provided to management committees, the Board Risk & Compliance Committee and the Board.

Measurement of the provision for credit impairment

The Group applies a three-stage approach to measuring expected credit losses (ECL) for financial assets that are not measured at fair value through profit or loss, including loan commitments and financial guarantee contracts.

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis.

Detailed information on measurement of the provision for credit impairment is outlined in the provision for credit impairment note of the 2025 Annual Report.

CR1: Credit quality of assets

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

- The gross carrying value of loans and debt securities in columns (a) and (b) is the accounting value of these assets before the provision for credit impairment.
- The gross carrying value of off-balance sheet exposures in columns (a) and (b) is the amount that has been committed to be lent, and the maximum amount that could be paid under guarantees granted, before the provision for credit impairment. As APRA requirements include arrangements that can be unconditionally cancelled by the ADI as commitments, off-balance sheet exposures for the Level 2 Group include revocable loan commitments.
- The amounts in columns (d)/(e) and (f) show the total provision for credit impairment in column (c) held against exposures under the standardised and IRB approaches, respectively.

September 2025 v March 2025

Non-performing exposures increased by $833 million or 7.4%. This was mainly driven by a small number of customer downgrades in the Group's business lending portfolio, partially offset by lower arrears for the Australian mortgage portfolio.

		As at 30 Sep 25					
		a	*b*	*c*	*d / e*	*f*	*g*
		Gross carrying value of		Total provision for credit impairment	Of which: expected credit loss accounting provision for credit losses on		Net carrying value (a+b-c)
		Non-performing exposures	Performing exposures		SA exposures[1]	IRB approach exposures	
		$m	$m	$m	$m	$m	$m
1	Loans, comprising:	11,678	742,095	5,578	238	5,340	748,195
-	Loans and advances	11,678	741,407	5,578	238	5,340	747,507
-	Other financial assets	-	688	-	-	-	688
2	Debt securities, comprising:	-	79,942	-	-	-	79,942
-	Trading assets	-	34,646	-	-	-	34,646
-	Debt instruments	-	45,296	-	-	-	45,296
3	Off-balance sheet exposures	416	237,292	587	38	549	237,121
4	**Total**	**12,094**	**1,059,329**	**6,165**	**276**	**5,889**	**1,065,258**

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

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

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

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

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

		6 months ended	
		30 Sep 25	31 Mar 25
		$m	$m
1	**Non-performing loans and debt securities at end of the previous reporting period**	**11,261**	**10,230**
2	Loans and debt securities that have defaulted since the last reporting period	4,509	4,383
3	Returned to performing status	(1,971)	(1,723)
4	Amounts written off	(349)	(251)
5	Other changes[1]	(1,356)	(1,378)
6	**Non-performing loans and debt securities at end of the reporting period**	**12,094**	**11,261**

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

Ageing of past-due exposures

The following table provides a breakdown of the ageing of EaD that is past-due. An exposure is considered past-due from the first day any amount due under a contract is not paid in full at the date when it was due.

	As at 30 Sep 25	
	Past-due exposures	Of which: residential mortgage
	$m	$m
Past due 30 - 89 days	3,358	2,466
Past due 90 days or more	7,054	4,308
Total past due 30 days or more	**10,412**	**6,774**

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

The following table provides a breakdown by industry, based on Australian and New Zealand Standard Industrial Classification (ANZSIC) Level 1 classifications, of:

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

September 2025 v September 2024

Non-performing exposures increased by $1.9 billion or 18.2%. This was mainly driven by deterioration in the Business and Private Banking business lending portfolio, combined with the impairment of a small number of customers both in Corporate and Institutional Banking and New Zealand Banking.

	As at 30 Sep 25				
	Credit and CCR EaD post-CCF and post-CRM	Of which: credit risk EaD post-CCF and post-CRM	Non-performing exposures[1]	Provision for non-performing exposures[2]	Of which: individually assessed provision for credit impairment
Industry sector	**$m**	**$m**	**$m**	**$m**	**$m**
Accommodation and hospitality	14,704	14,611	265	63	25
Agriculture, forestry, fishing and mining	69,428	67,930	1,809	308	132
Business services and property services	23,174	22,999	544	196	141
Commercial property	94,697	93,594	1,125	189	32
Construction	15,140	15,112	393	118	82
Finance and insurance	170,647	144,999	103	40	24
Government and public authorities	75,817	74,785	–	–	–
Manufacturing	21,932	21,351	659	284	239
Personal	20,790	20,790	176	96	2
Residential mortgages	496,085	496,085	5,401	501	71
Retail and wholesale trade	36,531	35,656	647	232	168
Transport and storage	22,584	21,009	376	104	76
Utilities[3]	25,787	23,027	270	131	109
Other[4]	31,383	30,908	326	88	62
Total	**1,118,699**	**1,082,856**	**12,094**	**2,350**	**1,163**

Provision for performing exposures[5]	**3,815**
Total provision for credit impairment	**6,165**

(1) Includes $694 million of loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management*.
(2) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.
(3) Utilities includes electricity, gas, water and communication services.
(4) Other includes education, and health and community services.
(5) Provision for performing exposures represents Stage 1 and Stage 2 expected credit losses, which are collectively assessed.

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	As at 30 Sep 24				
Industry sector	Credit and CCR EaD post-CCF and post-CRM $m	Of which: credit risk EaD post-CCF and post-CRM $m	Non-performing exposures $m	Provision for non-performing exposures[1] $m	Of which: individually assessed provision for credit impairment $m
Accommodation and hospitality	12,657	12,555	206	62	18
Agriculture, forestry, fishing and mining	68,917	67,278	1,197	220	77
Business services and property services	23,519	23,292	398	143	98
Commercial property	84,551	83,453	994	204	32
Construction	13,910	13,875	357	108	59
Finance and insurance	183,742	158,270	86	29	18
Government and public authorities	70,974	70,028	–	–	–
Manufacturing	20,269	19,515	519	209	177
Personal	20,910	20,910	188	84	2
Residential mortgages	476,271	476,222	5,167	441	59
Retail and wholesale trade	33,665	32,613	581	239	150
Transport and storage	23,429	21,419	249	59	31
Utilities[2][3]	21,046	18,576	20	6	4
Other[3][4]	30,951	30,570	268	51	31
Total	**1,084,811**	**1,048,576**	**10,230**	**1,855**	**756**

Provision for performing exposures[5]	**4,066**
Total provision for credit impairment	**5,921**

(1) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.
(2) Utilities includes electricity, gas, water and communication services.
(3) Communication services has been reallocated from Other to Utilities to align with statutory classifications. Comparative information as at 30 September 2024 has been restated to align to the presentation in the current period.
(4) Other includes education, and health and community services.
(5) Provision for performing exposures represents Stage 1 and Stage 2 expected credit losses, which are collectively assessed.

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

The following table provides a breakdown by major geographical region, based on the booking office where the exposure was transacted, of:

- EaD subject to the credit risk framework,
- non-performing exposures, and
- the provision for credit impairment for non-performing exposures, including the provision for non-performing exposures which are individually assessed.

	As at 30 Sep 25			
Geographical region	EaD post-CCF and post-CRM $m	Non-performing exposures $m	Provision for non-performing exposures[1] $m	Of which: individually assessed provision for credit impairment $m
Australia	888,509	10,709	1,981	881
New Zealand	121,445	1,137	264	177
Asia, Europe and Americas	72,902	248	105	105
Total	**1,082,856**	**12,094**	**2,350**	**1,163**

(1) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.

	As at 30 Sep 24			
Geographical region	EaD post-CCF and post-CRM $m	Non-performing exposures $m	Provision for non-performing exposures[1] $m	Of which: individually assessed provision for credit impairment $m
Australia	858,101	9,217	1,650	635
New Zealand	120,892	999	199	116
Asia, Europe and Americas	69,583	14	6	5
Total	**1,048,576**	**10,230**	**1,855**	**756**

(1) Provision for non-performing exposures represents Stage 3 expected credit losses, which are individually and collectively assessed.

Exposure at default by maturity

The following table provides a breakdown of EaD 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.
- No specified maturity includes exposures related to credit cards, on demand facilities and guarantees with no fixed maturity date.

	As at	
	30 Sep 25	30 Sep 24
Residual maturity	EaD post-CCF and post-CRM $m	EaD post-CCF and post-CRM $m
Less than or equal to 1 year	271,991	274,504
Greater than 1 year and less than or equal to 5 years	220,681	211,124
Greater than 5 years	545,469	514,795
No specified maturity	44,715	48,153
Total	**1,082,856**	**1,048,576**

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5.2 Credit risk mitigation

The Group employs a range of techniques to reduce risk in its credit portfolio. Credit risk mitigation commences with an objective credit evaluation of the counterparty. This includes an assessment of the counterparty's character, industry, business model and capacity to meet its commitments without distress. Other methods to mitigate credit risk include a prudent approach to facility structure, collateral, lending covenants, and terms and conditions.

Collateral

Collateral provides a secondary source of repayment for funds being advanced in the event that a counterparty cannot meet its contractual repayment obligations.

Common types of collateral include:

- fixed and floating charges over business assets,
- residential, commercial and rural property,
- cash deposits,
- fixed income products,
- listed shares, bonds or securities, and
- guarantees, letters of credit and pledges.

To ensure that collateral held is sufficiently liquid, enforceable and regularly valued, credit risk policy provides a framework to:

- establish the amount and quality of collateral required to support an exposure,
- determine acceptable valuation type and revaluation requirements for each collateral class, and
- record market value and bank value, being a conservative assessment of value in the event the collateral is realised.

Income-producing real estate as collateral

APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* has specific conditions for income-producing real estate to be recognised as eligible collateral, including that:

- Losses stemming from lower risk income-producing real estate lending are less than 0.3% of outstanding income-producing real estate exposures in each of the past three years. Lower risk income-producing real estate lending refers to exposures up to the lower of 50% of the market value or 60% of the lending value.
- Overall losses stemming from income-producing real estate lending are less than 0.5% of outstanding income-producing real estate exposures in each of the past three years.

Losses stemming from income-producing real estate exposures of the Level 2 Group excluding BNZ have been below these thresholds, and the level of losses is monitored and measured by:

- summing income-producing real estate write-offs at arrangement level over each of the past three calendar years, and dividing these amounts by the sum of all arrangement-level exposures as at the end of each calendar year, and
- identifying lower risk income-producing real estate exposures based on the haircut market value of collateral assessed against income-producing real estate exposures as at the end of the calendar year.

Guarantor and credit derivative counterparties

Guarantees from financially sound parties can be utilised to support funds advanced to a counterparty. This can reduce the consequences of a default on their obligations. Where allowed in credit risk policy, guarantors that are risk rated may enhance the counterparty customer rating.

Credit hedging can be utilised in the banking book to avoid counterparty concentrations and achieve portfolio diversification. Credit risk associated with this hedging can be mitigated through careful selection of counterparties with strong credit quality (investment grade or supported by appropriate credit support) and the use of collateral agreements to manage net exposures where applicable.

Portfolio management

The Group is exposed to various forms of risk concentration which have the potential to cause significant losses. The Group maintains a well-diversified credit portfolio with effective management of key concentration risks.

Single large exposure limits are an internal upper boundary limit set to manage aggregated exposure to a customer according to the type of customer. Stress testing incorporating large exposures is completed as part of the stress test program co-ordinated by the Risk function.

The RAS establishes risk boundaries across material risk categories. RAS industry concentration limits are established for industry categories (based on ANZSIC classifications), to manage industry risk from a credit risk perspective.

In line with risk appetite, country limits are established for countries where customers conduct business in, to manage country risk from a credit risk perspective.

Credit exposure netting

Credit exposure netting may be adopted to calculate credit exposures on a net basis. Credit exposure netting results in the exposure being measured as the net of the amount the customer owes the Group and the amount that the Group owes the customer, such as from a deposit.

Credit exposure netting is subject to execution of supporting legal documentation. A credit exposure measurement and reporting system manages the netting pools in accordance with that documentation.

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CR3: Credit risk mitigation techniques – overview

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

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

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

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

		As at 30 Sep 25				
		a	*b*	*c*	*d*	*e*
		Carrying value of:				
		Exposures unsecured	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
		$m	$m	$m	$m	$m
1	Loans	78,569	669,626	666,996	2,630	-
2	Debt securities	75,442	4,500	4,500	-	-
3	**Total**	**154,011**	**674,126**	**671,496**	**2,630**	**-**
4	of which: non-performing	323	9,053	9,053	-	-

		As at 31 Mar 25				
		a	*b*	*c*	*d*	*e*
		Carrying value of:				
		Exposures unsecured	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees[1]	Exposures secured by credit derivatives
		$m	$m	$m	$m	$m
1	Loans	74,449	650,088	647,536	2,552	-
2	Debt securities	73,780	5,087	5,087	-	-
3	**Total**	**148,229**	**655,175**	**652,623**	**2,552**	**-**
4	of which: non-performing	245	8,446	8,446	-	-

(1) Exposures secured by financial guarantees as at 31 March 2025 have been restated from that previously disclosed.

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5.3 Credit risk under standardised approach

Use of the standardised approach to credit risk

The standardised approach to credit risk is applied to:

- BNZ's bank and sovereign exposures, in accordance with RBNZ prudential requirements,
- some regulatory prescribed portfolios, such as QCCPs 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 Citi consumer business and NAB Europe, and
- cash items in the process of collection, premises and other fixed assets, and all other exposures.

External ratings provided by Fitch Ratings, Moody's Investor Services and S&P Global Ratings are used to determine risk-weights under the standardised approach for counterparties that have external ratings in the corporate (including SME), and BNZ bank and sovereign asset classes. An 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 in accordance with APRA and RBNZ prudential requirements. Other asset classes and unrated counterparties have risk-weights applied based on prescribed APRA and RBNZ prudential requirements.

Asset classes for the Level 2 Group excluding BNZ disclosed in CR4: *Standardised approach - credit risk exposure and credit risk mitigation effects* and CR5: *Standardised approach - exposures by asset classes and risk-weights* have been determined with reference to APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*, as required by APS 330.

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

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

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

September 2025 v March 2025

Credit RWA under the standardised approach was broadly unchanged. An increase in credit RWA for residential mortgages, mainly due to data refinements, was offset by other movements, including a decrease in RWA for other assets and BNZ's exposures under the standardised approach.

Refer to CR5: *Standardised approach - exposures by asset classes and risk-weights* for further detail of standardised exposures by risk-weight and risk-weight bands.

	As at 30 Sep 25					
	a	*b*	*c*	*d*	*e*	*f*
	EaD pre-CCF and pre-CRM		EaD post-CCF and post-CRM		RWA	RWA density
Asset classes	On-balance sheet $m	Off-balance sheet $m	On-balance sheet $m	Off-balance sheet $m	$m	%
Corporate (including SME)	6,708	7,137	6,660	2,475	6,570	72%
Residential mortgage	6,030	2,198	6,008	872	3,501	51%
Other retail	5,383	8,609	5,359	3,271	5,780	67%
Other[1]	5,351	-	5,351	-	3,655	68%
RBNZ regulated banking subsidiary	14,468	870	14,047	458	1,842	13%
Total	**37,940**	**18,814**	**37,425**	**7,076**	**21,348**	**48%**

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

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

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

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

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

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

	As at 30 Sep 25													
Risk-weight	**0%**	**20%**	**25%**	**30%**	**35%**	**40%**	**45%**	**50%**	**75%**	**85%**	**100%**	**110%**	**Other**	**EaD post-CCF and post-CRM**
Asset classes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Corporate (including SME)	–	2,258	–	–	–	–	–	–	13	5,800	113	900	51	9,135
Residential mortgage	–	655	1,162	1,194	675	636	521	103	–	22	1,654	13	245	6,880
Other retail	–	1,444	–	–	–	–	–	–	6,925	–	194	–	67	8,630
Other[1]	1,026	909	–	–	–	–	–	–	–	–	3,377	–	39	5,351
RBNZ regulated banking subsidiary	10,106	2,912	–	–	–	1	–	453	–	–	1,033	–	–	14,505
Total	**11,132**	**8,178**	**1,162**	**1,194**	**675**	**637**	**521**	**556**	**6,938**	**5,822**	**6,371**	**913**	**402**	**44,501**

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

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

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

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

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

		As at 30 Sep 25			
		On-balance sheet EaD (pre-CRM)	Off-balance sheet EaD (pre-CCF and pre-CRM)	Weighted average CCF[1]	EaD post-CCF and post-CRM
	Risk-weight	$m	$m	%	$m
1	Less than 40%	20,836	6,709	22%	22,341
2	40 - 70%	1,540	549	46%	1,790
3	75%	3,999	7,347	40%	6,938
4	80 - 85%	4,672	2,535	46%	5,829
5	90 - 100%	6,033	894	38%	6,371
6	105 - 130%	637	741	50%	1,009
7	150%	184	39	3%	184
8	250%	39	-	-	39
11	**Total**	**37,940**	**18,814**	**35%**	**44,501**

(1) Weighting is based on off-balance sheet exposure (pre-CCF).

		As at 31 Mar 25			
		On-balance sheet EaD (pre-CRM)	Off-balance sheet EaD (pre-CCF and pre-CRM)	Weighted average CCF[1]	EaD post-CCF and post-CRM
	Risk-weight	$m	$m	%	$m
1	Less than 40%	19,419	6,600	23%	20,907
2	40 - 70%	2,192	622	45%	2,469
3	75%	3,559	7,082	40%	6,391
4	80 - 85%	4,473	2,504	47%	5,653
5	90 - 100%	6,500	658	36%	6,739
6	105 - 130%	533	743	57%	960
7	150%	151	24	15%	155
8	250%	39	-	-	39
11	**Total**	**36,866**	**18,233**	**35%**	**43,313**

(1) Weighting is based on off-balance sheet exposure (pre-CCF).

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5.4 Credit risk under internal-based approaches

Model management and governance

Model development, validation and approval

Model development, validation and monitoring involves the following:

- Credit risk model development is carried out by the Retail and Non-Retail Modelling teams within the Credit and Market Risk team, and by BNZ for aspects of retail modelling for the RBNZ regulated banking subsidiary. Modelling teams are responsible for modelling methodologies and model development frameworks.
- The Model Risk team within the Risk Performance and Analytics team validates models, manages the Group Model Risk Policy including model validation framework documents with detailed guidelines that include appropriate standards, procedures and controls at each stage of the model lifecycle. The Model Risk team's Credit Validation team is responsible for independent review and governance of the models, and reports through to the Executive, Risk Performance and Analytics in the Risk function.
- The responsibility for monitoring credit risk models lies with their respective owners. Credit risk models are generally assigned to the heads of modelling teams, while monitoring of credit risk IRB models is carried out by Model Monitoring within the Enterprise Data and Analytics team in Technology and Enterprise Operations.

Model governance, including model approval, is conducted in line with the Group Model Risk Policy. Approval authority for new models resides with the Group CRO or the chair of the Group Model Risk Committee, depending on materiality. The Group Credit & Market Risk Committee and its sub-committee, the Group Model Risk Committee, oversee model risk and have members of Internal Audit as standing invitees to committee meetings. New models or material changes to existing models related to application of the IRB approach for capital purposes require APRA approval prior to implementation.

Credit risk model reporting

Board and management reports provide comprehensive qualitative and quantitative insights into model health, data, systems, processes, and controls.

IRB framework reporting is formally submitted to the Board Risk & Compliance Committee, the Executive Risk & Compliance Committee, the Group Credit & Market Risk Committee, and the Group Model Risk Committee. In addition, business unit governance forums, such as their respective financial risk committees and non-financial risk committees, also receive these reports.

The main quantitative tolerance used to monitor model risk is captured in the Risk Setting Statement approved by the Group CEO. The Risk Setting Statement for model risk tracks the number of material models that are under-performing and have remedial actions that are significantly overdue.

Credit risk measurement

Measurement of credit risk uses a combination of analytical rating models and expert judgement input to calculate credit risk estimates, including probability of default (PD), loss given default (LGD) and EaD. These are inputs into the estimation of expected loss and unexpected loss for the credit portfolio.

Internal ratings-based model overview

The Group has been accredited by APRA and the RBNZ to use its internal ratings-based approaches and processes in determining RWA for its retail and non-retail credit portfolios.

The Group's internal ratings system measures credit risk using PD, EaD and LGD. Distinct PD, EaD and LGD models exist for the retail and non-retail credit portfolios, based on asset classes and customer segments. The Group's IRB model portfolio (PD, LGD and EaD) consists of over ninety models, covering different industries (including specialised industries such as agriculture and commercial real estate), obligor size, exposure types and portfolio segments.

Non-retail customers are assessed on an individual basis using a combination of statistical risk rating tools and expert judgement. For retail customers, operational scorecards (application and behaviour) are the primary method of risk rating. Rating approaches for each asset class are summarised in the following table.

Asset class	Rating approach
Non-retail exposures subject to the A-IRB approach	
Corporate (including SME)	Statistical risk model, external credit rating and expert judgement
Non-retail exposures subject to the F-IRB approach	
Corporate Sovereign Financial institution	Statistical risk model, external credit rating and expert judgement
Retail exposures subject to the A-IRB approach	
Retail SME	SME behaviour score assigned to PD pools using product, customer and account conduct information
Residential mortgage Qualifying revolving retail Other retail	Rating pools assigned using statistical models with product, customer and account performance information

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Internal risk rating and external ratings

The structure of the internal risk rating system and its relationship with external ratings provided by External Credit Assessment Institutions (ECAIs) is outlined below.

			Ratings issued by	
Description	**Internal rating**	**Probability of default (%)**	**S&P Global Ratings / Fitch Ratings**	**Moody's Investor Services**
Senior investment grade	1, 2, 3, 4, 5, 6	0.00<0.15	AAA, AA+, AA, AA-, A+, A, A-	Aaa, Aa1, Aa2, Aa3, A1, A2, A3
Investment grade	7, 8	0.15<0.25	BBB+	Baa1
	9, 10, 11	0.25<0.50	BBB, BBB-	Baa2, Baa3
Sub investment grade	12	0.50<0.75	BB+	Ba1
	13, 14, 15, 16, 17	0.75<2.50	BB+, BB, BB-	Ba1, Ba2, Ba3
	18, 19, 20, 21	2.50<10.00	B+, B, B-	B1, B2, B3
	22, 23	10.00<100.00	B-, CCC+, CCC, CCC-	B3, Caa1, Caa2, Caa3
Default	98, 99	100.00	D	C

Probability of default

PD measures the likelihood that a customer will default within a 12-month period and is calculated based on internal historical data. Models produce PD estimates based on a full economic cycle using internal average default rated history (portfolio specific). In turn, model PD estimates are mapped to one of the masterscale rating grades used in the regulatory capital calculation.

The Group uses two types of PD estimates:

- Point-in-time, which estimates the likelihood of default in the next 12 months taking account of the current economic conditions. Point-in-time PDs are used for management of the portfolio and the collectively assessed provision for credit impairment calculation.
- Through-the-cycle, which estimates the likelihood of default through a full economic cycle. Through-the-cycle PDs are used in the calculation of credit RWA.

The Group has a common masterscale across all counterparties, including 23 pools for non-retail and 25 pools for retail, with three automatic 'watch' grades in non-retail and two default grades for the non-retail and retail portfolios for PD.

Loss given default

LGD represents the economic loss expected to be incurred if a borrower defaults, expressed as a percentage of EaD. It accounts for recoveries from collateral, guarantees, and other sources, and considers that some borrowers may cure, where they default temporarily but later resume payments or have their obligations restructured.

LGD for the calculation of RWA is estimated on a downturn basis. This reflects conditions during periods of economic stress, such as recessions or financial crises. It is intentionally conservative to ensure sufficient capital is held to absorb losses in adverse scenarios.

Exposure at default

EaD is an estimate of the total value the Group is exposed to at the time of a borrower's default. EaD is calculated as the sum of the amount drawn and the undrawn portion multiplied by a CCF, which estimates how much of the undrawn limit is likely to be drawn upon default.

Non-retail internal ratings-based models

Probability of default

PD models differ by industry, segment and counterparty size, and incorporate regional variances. The rating model utilised depends on industry (based on ANZSIC classification), available financial information, size of the borrower, qualitative information, exposure and product.

The quantitative model factors are based on financial ratios, such as profitability, leverage and debt service coverage. The qualitative model factors are based on inputs, such as management ability and industry outlook, using the expert judgement of the lender and credit officer.

In addition to the above mentioned quantitative and qualitative model factors, in case the borrower's credit quality deteriorates an automated rating grade notching is applied.

While factors predictive of default have broad similarities across segments (for example, debt service capability and management quality) and are often correlated, the modelling process establishes those factors that are most robustly predictive for each segment, along with their relative weightings.

External benchmarking is used for certain segments that have insufficient internal historical data, a small population and/or a low number of defaults. This is the case for the rating of banks and sovereigns, where external rating agency data is used. The resultant rating is updated at least annually, or sooner when material information impacting the credit risk profile becomes known.

In accordance with RBNZ requirements, a floor of 0.03% is applied for BNZ corporate exposures.

Loss given default

LGD models are built using observed losses of principal and interest and measure economic loss through a discounted write-off and recovery approach, incorporating direct and indirect workout costs.

LGD models segment exposures by customer type, size and facility characteristics, and apply a post-default path framework to capture different recovery outcomes. Collateral coverage is a primary driver of LGD, with recoveries based on bank-assessed collateral values and adjusted for downturn conditions to reflect stressed market environments.

LGD models are further informed by external benchmarks, market data and expert judgement to enhance robustness and alignment with industry practices. Governance across the model lifecycle includes independent validation, expert panel oversight, and regular performance monitoring.

Exposure at default

The measurement of non-retail EaD applies supervisory CCFs, with different CCFs depending on the type of facility, such as trade finance, performance guarantees, or facilities with specific drawdown conditions.

Retail internal ratings-based models

Probability of default

Retail PD models are segmented according to the lending product and customer profiles. PD models cover:

- Unsecured products - credit cards, personal loans, overdrafts and transaction accounts.
- Secured products - term and revolving residential mortgages originated across all channels and segments.
- Retail SME - non-complex exposures to small business customers as defined on page 14.

Retail PD models produce a score for each exposure which is representative of long-run default risk. Mapping of these scores to the Group's PD masterscale allows exposures to be assigned to risk-based pools, thus providing PD estimates which are differentiated and rank-ordered by risk. In accordance with regulatory requirements, a floor of 0.05% and 0.03% is applied for retail exposures under APRA and RBNZ requirements respectively, with a floor of 0.10% applied for qualifying revolving retail exposures under APRA requirements.

Inputs to retail PD models encompass a range of customer, loan and collateral data. Such inputs include information gathered for the original lending assessment (such as lending purpose and loan-to-valuation ratio (LVR)), along with internally captured account usage metrics (such as repayment history and limit utilisation). Appropriate levels of conservatism are applied to account for performance over an economic cycle.

Loss given default

Retail LGD models produce estimates of post-default losses according to key exposure, collateral and customer inputs. Data, including exposure size, security coverage, limit utilisation, product type and lending purpose, is used to estimate both the most likely default outcome (cure, write-off etc) and the economic loss associated with each outcome. Retail SME LGD estimates are produced using the non-retail LGD model.

Retail LGD models were developed based on actual losses determined using internal data including:

- write-off amounts, which are typically captured at 180 days past due on unsecured retail products,
- recovery amounts, where applicable for both secured and unsecured products,
- collections costs, and
- discount rates, used to ensure final losses represent net present values.

Internal and external data are combined with expert judgement to ensure LGD estimates are appropriately calibrated to downturn economic conditions. Point-in-time variations of LGD estimates are also produced for measurement of the provision for credit impairment and stress testing.

In Australia, lenders' mortgage insurance is generally required for residential mortgage borrowing where the LVR is above 80% at origination. Such insurance does not influence the retail LGD metrics.

Supervisory floors are applied to LGD estimates for RWA purposes. The APRA LGD floors are as follows:

- Loans secured by residential property are subject to a floor of 10%.
- Qualifying revolving retail exposures are subject to a floor of 50%.
- All other retail exposures are subject to a floor of 30%.

Exposure at default

Retail EaD models use a combination of CCFs and scaling factors depending on the exposure type. CCFs are applied for revolving credit products, including credit cards and overdrafts. Scaling factors are applied mainly to term lending products, where the customer has less availability of unutilised credit from which to draw in the lead up to default.

EaD models are applied across retail secured and unsecured exposures. The measurement of retail SME EaD applies supervisory CCFs.

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

The following tables provide key parameters used in the calculation of capital requirements for credit risk exposures under the A-IRB and F-IRB approaches by asset class and PD band, where:

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

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

	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
	On-balance sheet EaD pre-CRM	Off-balance sheet EaD pre-CCF and pre-CRM	Average CCF	EaD post-CCF and post-CRM	Weighted average PD	Number of borrowers	Average loss given default (LGD)	Average maturity	RWA	RWA density	Expected loss	Provision for credit impairment
PD scale	**$m**	**$m**	**%**	**$m**	**%**		**%**	**years**	**$m**	**%**	**$m**	**$m**
Corporate (including SME)												
0.00 to <0.15	4,531	5,911	51%	7,549	0.08%	1,977	33%	2.1	1,525	20.2%	2	
0.15 to <0.25	7,958	5,564	54%	10,986	0.20%	2,980	26%	2.2	2,794	25.4%	6	
0.25 to <0.50	38,043	15,261	48%	45,381	0.39%	13,654	24%	2.0	14,520	32.0%	42	
0.50 to <0.75	22,875	5,246	54%	25,693	0.62%	6,462	23%	1.8	10,466	40.7%	37	
0.75 to <2.50	107,402	21,884	60%	120,583	1.29%	37,508	24%	1.5	63,320	52.5%	377	
2.50 to <10.00	12,476	1,924	63%	13,686	4.00%	7,710	26%	1.5	10,051	73.4%	142	
10.00 to <100.00	1,682	138	54%	1,757	20.34%	1,275	26%	1.2	2,599	148.0%	93	
100.00 (Default)	4,381	256	63%	4,543	100.00%	1,991	28%	1.4	5,790	127.5%	1,177	
Sub-total	**199,348**	**56,184**	**55%**	**230,178**	**3.20%**	**73,557**	**24%**	**1.7**	**111,065**	**48.3%**	**1,876**	**2,639**

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	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
PD scale	On-balance sheet EaD pre-CRM $m	Off-balance sheet EaD pre-CCF and pre-CRM $m	Average CCF %	EaD post-CCF and post-CRM $m	Weighted average PD %	Number of borrowers	Average loss given default (LGD) %	Average maturity years	RWA $m	RWA density %	Expected loss $m	Provision for credit impairment $m
Retail SME												
0.00 to <0.15	348	670	95%	985	0.11%	5,137	22%		64	6.5%	–	
0.15 to <0.25	500	655	96%	1,131	0.19%	5,529	24%		118	10.4%	1	
0.25 to <0.50	2,769	2,178	96%	4,861	0.40%	25,638	24%		833	17.1%	5	
0.50 to <0.75	1,284	834	96%	2,088	0.62%	13,183	26%		497	23.8%	3	
0.75 to <2.50	8,602	3,340	97%	11,857	1.37%	76,206	27%		4,301	36.3%	44	
2.50 to <10.00	2,677	630	98%	3,295	4.11%	29,185	28%		1,899	57.6%	38	
10.00 to <100.00	361	62	99%	422	19.38%	7,453	29%		412	97.6%	24	
100.00 (Default)	1,095	129	100%	1,224	100.00%	7,799	27%		1,826	149.2%	281	
Sub-total	**17,636**	**8,498**	**97%**	**25,863**	**6.34%**	**170,130**	**26%**		**9,950**	**38.5%**	**396**	**648**
Residential mortgage												
0.00 to <0.15	45,445	18,673	99%	63,964	0.10%	198,124	12%		3,820	6.0%	8	
0.15 to <0.25	72,992	14,760	99%	87,611	0.19%	209,644	13%		7,533	8.6%	21	
0.25 to <0.50	136,754	17,203	99%	153,844	0.37%	322,349	16%		26,584	17.3%	91	
0.50 to <0.75	37,578	3,462	100%	41,037	0.62%	76,423	19%		12,927	31.5%	50	
0.75 to <2.50	57,126	4,133	100%	61,252	1.09%	114,775	20%		28,741	46.9%	134	
2.50 to <10.00	10,137	214	98%	10,347	5.36%	21,630	16%		10,133	97.9%	91	
10.00 to <100.00	7,167	39	99%	7,205	26.42%	15,742	17%		11,615	161.2%	343	
100.00 (Default)	4,653	98	85%	4,736	100.00%	9,141	25%		10,661	225.1%	420	
Sub-total	**371,852**	**58,582**	**99%**	**429,996**	**2.07%**	**967,828**	**16%**		**112,014**	**26.1%**	**1,158**	**1,126**

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	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
PD scale	**On-balance sheet EaD pre-CRM** $m	**Off-balance sheet EaD pre-CCF and pre-CRM** $m	**Average CCF** %	**EaD post-CCF and post-CRM** $m	**Weighted average PD** %	**Number of borrowers**	**Average loss given default (LGD)** %	**Average maturity** years	**RWA** $m	**RWA density** %	**Expected loss** $m	**Provision for credit impairment** $m
Qualifying revolving retail												
0.00 to <0.15	388	4,720	55%	2,985	0.10%	539,832	74%		153	5.1%	2	
0.15 to <0.25	399	1,844	47%	1,259	0.19%	211,935	74%		104	8.2%	2	
0.25 to <0.50	690	1,550	49%	1,456	0.36%	212,008	74%		202	13.9%	4	
0.50 to <0.75	244	372	53%	441	0.62%	57,238	74%		95	21.6%	2	
0.75 to <2.50	1,477	1,082	57%	2,096	1.39%	242,303	75%		838	40.0%	22	
2.50 to <10.00	652	189	66%	777	4.45%	73,521	76%		722	93.0%	26	
10.00 to <100.00	155	18	66%	167	31.65%	17,613	76%		355	212.5%	40	
100.00 (Default)	32	8	1%	32	100.00%	4,037	78%		107	338.2%	17	
Sub-total	**4,037**	**9,783**	**53%**	**9,213**	**1.76%**	**1,358,487**	**75%**		**2,576**	**28.0%**	**115**	**228**
Other retail												
0.00 to <0.15	4	63	77%	53	0.07%	7,259	72%		8	15.2%	–	
0.15 to <0.25	4	23	62%	19	0.19%	4,341	73%		6	31.0%	–	
0.25 to <0.50	37	46	82%	75	0.40%	14,999	72%		37	49.6%	–	
0.50 to <0.75	22	20	93%	40	0.62%	7,638	72%		26	64.5%	–	
0.75 to <2.50	600	90	94%	685	1.69%	123,360	72%		654	95.4%	8	
2.50 to <10.00	485	68	95%	550	4.45%	131,818	73%		644	117.1%	18	
10.00 to <100.00	132	53	97%	184	28.42%	81,359	75%		336	182.7%	40	
100.00 (Default)	56	2	47%	57	100.00%	13,145	82%		132	232.0%	38	
Sub-total	**1,340**	**365**	**88%**	**1,663**	**8.78%**	**383,919**	**73%**		**1,843**	**110.8%**	**104**	**145**

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	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
PD scale	On-balance sheet EaD pre-CRM	Off-balance sheet EaD pre-CCF and pre-CRM	Average CCF	EaD post-CCF and post-CRM	Weighted average PD	Number of borrowers	Average loss given default (LGD)	Average maturity	RWA	RWA density	Expected loss	Provision for credit impairment
	$m	$m	%	$m	%		%	years	$m	%	$m	$m
RBNZ regulated banking subsidiary												
0.00 to <0.15	3,560	6,432	26%	5,025	0.03%	212,965	48%		836	16.6%	1	
0.15 to <0.25	2,611	1,597	32%	3,047	0.20%	26,973	34%		851	27.9%	2	
0.25 to <0.50	10,060	4,988	42%	12,007	0.39%	64,477	31%		4,733	39.4%	14	
0.50 to <0.75	25,093	2,868	61%	26,789	0.60%	155,640	20%		6,436	24.0%	32	
0.75 to <2.50	45,711	4,822	55%	48,061	1.22%	185,486	24%		21,711	45.2%	146	
2.50 to <10.00	3,681	608	34%	3,880	4.41%	26,509	31%		3,536	91.1%	53	
10.00 to <100.00	334	79	24%	353	21.06%	8,276	45%		770	218.3%	33	
100.00 (Default)	1,121	49	53%	1,146	100.00%	5,503	33%		2,206	192.4%	266	
Sub-total	**92,171**	**21,443**	**42%**	**100,308**	**2.19%**	**685,829**	**26%**		**41,079**	**41.0%**	**547**	**836**
Total subject to A-IRB approach	**686,384**	**154,855**	**75%**	**797,221**	**2.56%**	**3,639,750**	**21%**	**n/a**	**278,527**	**34.9%**	**4,196**	**5,622**

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

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

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

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

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

	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
	On-balance sheet EaD pre-CRM	Off-balance sheet EaD pre-CCF and pre-CRM	Average CCF	EaD post-CCF and post-CRM	Weighted average PD	Number of borrowers	Average loss given default (LGD)	Average maturity	RWA	RWA density	Expected loss	Provision for credit impairment
PD scale	**$m**	**$m**	**%**	**$m**	**%**		**%**	**years**	**$m**	**%**	**$m**	**$m**
Corporate												
0.00 to <0.15	2,838	9,610	40%	6,401	0.09%	181	43%	2.3	1,799	28.1%	2	
0.15 to <0.25	3,215	8,376	39%	6,487	0.19%	151	42%	1.9	2,420	37.3%	5	
0.25 to <0.50	8,487	11,221	38%	12,634	0.36%	469	43%	2.4	7,866	62.3%	20	
0.50 to <0.75	1,583	1,868	44%	2,406	0.62%	129	42%	2.1	1,785	74.2%	6	
0.75 to <2.50	2,294	2,152	43%	3,202	1.23%	330	42%	2.6	3,212	100.3%	16	
2.50 to <10.00	291	207	47%	389	4.37%	45	37%	1.8	474	122.0%	6	
10.00 to <100.00	219	–	40%	219	23.43%	13	50%	1.4	627	286.1%	26	
100.00 (Default)[1]	52	13	59%	60	100.00%	9	44%	1.6	–	n/a	27	
Sub-total	**18,979**	**33,447**	**40%**	**31,798**	**0.78%**	**1,327**	**43%**	**2.2**	**18,183**	**57.2%**	**108**	**131**
Sovereign												
0.00 to <0.15	147,513	1,612	18%	144,604	0.02%	365	7%	2.0	1,851	1.3%	2	
0.15 to <0.25	–	4	1%	–	0.21%	1	5%	1.3	–	4.2%	–	
0.25 to <0.50	–	1	26%	–	0.48%	8	36%	2.4	–	56.2%	–	
0.50 to <0.75	–	–	97%	–	0.62%	4	–	1.0	–	0.6%	–	
0.75 to <2.50	–	–	82%	–	0.97%	8	11%	1.9	–	21.7%	–	
2.50 to <10.00	–	–	40%	–	3.55%	6	25%	1.0	–	71.1%	–	
10.00 to <100.00	–	1	40%	1	23.43%	6	50%	1.0	3	281.5%	–	
Sub-total	**147,513**	**1,618**	**18%**	**144,605**	**0.02%**	**398**	**7%**	**2.0**	**1,854**	**1.3%**	**2**	**5**

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

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	As at 30 Sep 25											
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*
PD scale	**On-balance sheet EaD pre-CRM** $m	**Off-balance sheet EaD pre-CCF and pre-CRM** $m	**Average CCF** %	**EaD post-CCF and post-CRM** $m	**Weighted average PD** %	**Number of borrowers**	**Average loss given default (LGD)** %	**Average maturity** years	**RWA** $m	**RWA density** %	**Expected loss** $m	**Provision for credit impairment** $m
Financial institution												
0.00 to <0.15	31,217	32,778	48%	46,973	0.07%	736	45%	1.3	11,509	24.5%	15	
0.15 to <0.25	872	4,252	47%	2,876	0.18%	140	47%	1.5	1,298	45.1%	2	
0.25 to <0.50	869	1,785	25%	1,320	0.38%	507	43%	1.7	913	69.2%	2	
0.50 to <0.75	399	245	46%	513	0.62%	217	38%	1.8	420	81.9%	1	
0.75 to <2.50	1,761	1,066	63%	2,433	1.23%	1,143	31%	1.5	1,927	79.2%	9	
2.50 to <10.00	328	106	27%	356	4.20%	304	28%	1.6	376	105.7%	4	
10.00 to <100.00	17	53	1%	17	18.78%	65	31%	1.7	32	184.1%	1	
100.00 (Default)[1]	85	2	35%	86	100.00%	49	43%	1.6	–	n/a	37	
Sub-total	**35,548**	**40,287**	**47%**	**54,574**	**0.33%**	**3,161**	**45%**	**1.3**	**16,475**	**30.2%**	**71**	**65**
Total subject to F-IRB approach	**202,040**	**75,352**	**43%**	**230,977**	**0.19%**	**4,886**	**21%**	**1.9**	**36,512**	**15.8%**	**181**	**201**

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

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

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

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

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

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CR8: RWA flow statements of credit risk exposures under IRB

The following table attributes the change in total credit RWA over the three months to the reporting date to key drivers, where:

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

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

September 2025 v June 2025

RWA for credit risk exposures subject to the A-IRB and F-IRB approaches was broadly unchanged. The decrease of $46 million in the three months to 30 September 2025 was mostly due to foreign exchange translation impacts, mainly of New Zealand dollar denominated exposures (reflected in row 7), changes in asset quality and portfolio mix (reflected in row 3), mostly offset by an increase in credit RWA from lending growth in both corporate (including SME) and residential mortgages (reflected in row 2).

Other credit RWA decreased by $1.5 billion or 2.8% in the three months to 30 September 2025, mostly due to decreases in other assets and BNZ bank exposures (reflected in row 2), foreign exchange translation impacts, mainly of New Zealand dollar denominated exposures (reflected in row 7), partly offset by changes in the EaD for derivatives (reflected in row 8).

		3 months ended						6 months ended
		30 Sep 25			30 Jun 25			30 Sep 25
		a	*b*	*c*	*a*	*b*	*c*	*c*
		RWA under A-IRB and F-IRB approaches	Other credit RWA	Total credit RWA	RWA under A-IRB and F-IRB approaches	Other credit RWA	Total credit RWA	Total credit RWA
		$m	$m	$m	$m	$m	$m	$m
1	**RWA as at end of previous reporting period**	**322,274**	**54,285**	**376,559**	**307,454**	**53,032**	**360,486**	**360,486**
2	Asset size[1]	4,398	(922)	3,476	6,097	348	6,445	9,921
3	Asset quality[2]	(1,871)	(274)	(2,145)	4,165	(319)	3,846	1,701
4	Model updates	(25)	(180)	(205)	3,781	1,266	5,047	4,842
5	Methodology and policy	–	–	–	–	–	–	–
7	Foreign exchange movements	(2,548)	(584)	(3,132)	777	159	936	(2,196)
8	Other[3]	–	433	433	–	(201)	(201)	232
9	**RWA as at end of reporting period**	**322,228**	**52,758**	**374,986**	**322,274**	**54,285**	**376,559**	**374,986**

(1) Change in RWA attributed to changes in exposure size, including origination of new exposures and maturing exposures, and excluding changes related to acquisitions and disposals.
(2) Change in RWA attributed to the assessed quality of assets due to changes in borrower risk. This includes change in RWA related to portfolio mix at the end of the reporting period compared to the beginning of the reporting period.
(3) Other comprises the change in RWA for counterparty credit risk exposures (including credit valuation adjustment), excluding foreign exchange movements.

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CR9: IRB - backtesting of probability of default per portfolio

The following tables provide results of PD backtesting for credit risk exposures subject to the A-IRB and F-IRB approaches by asset class and PD band. External ratings equivalent to the PD band are outlined on page 44 for each ECAI.

In the tables below:

- Weighted average PD in column (a) represents PDs weighted by EaD as at the reporting date, and arithmetic average PD by borrowers in column (b) represents the sum of all PDs divided by the number of borrowers.
- In calculating the number of borrowers in columns (c), (d) and (e):
  - The approach to measure the number of borrowers is outlined in CR6: *IRB - credit risk exposures by portfolio and probability of default range*.
  - A borrower is included as a defaulted borrower in the year in column (d) where a new borrower or performing borrower at the beginning of the financial year was non-performing at any month-end during the financial year. This includes any borrower that subsequently returns to performing or ceases to be a borrower during the year.
  - The number of borrowers in column (e) comprises those borrowers in column (d) that are new borrowers during the financial year.
- In calculating the average historical annual default rate in column (f):
  - A 10-year observation period has been used to allow for a meaningful assessment of the performance of the Group's PD models. The cohort that is not in default at the beginning of each financial year in the observation period has been averaged.
  - Changes in asset class definitions under the revised capital framework, which came into effect from 1 January 2023, have been retrospectively applied on a best endeavours basis.
  - APS 330 requires information to be disclosed separately for the RBNZ regulated banking subsidiary. To allow for a meaningful assessment of BNZ's PD models, BNZ's significant asset classes (namely, corporate (including SME) and residential mortgage) have been disclosed rather than the average of all of BNZ's asset classes. Credit RWA for the Level 2 Group excluding BNZ and these two BNZ asset classes represents 91% of credit RWA.

Backtesting of probability of default for credit risk exposures subject to the A-IRB approach

	a	*b*	*c*		*d*	*e*	*f*
	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers		Number of defaulted borrowers in the year	Of which: new defaulted borrowers in the year	Average historical annual default rate
PD scale	%	%	As at 30 Sep 25	As at 30 Sep 24			%
Corporate (including SME)[1]							
0.00 to <0.15	0.08%	0.10%	1,977	2,309	8	-	0.20%
0.15 to <0.25	0.20%	0.20%	2,980	2,673	15	-	0.24%
0.25 to <0.50	0.39%	0.40%	13,654	13,153	70	-	0.33%
0.50 to <0.75	0.62%	0.62%	6,462	5,916	43	2	0.45%
0.75 to <2.50	1.29%	1.34%	37,508	36,388	525	26	0.93%
2.50 to <10.00	4.00%	4.30%	7,710	8,063	443	24	3.29%
10.00 to <100.00	20.34%	19.65%	1,275	1,341	255	4	12.88%
100.00 (Default)	100.00%	100.00%	1,991	1,754			
Retail SME[1]							
0.00 to <0.15	0.11%	0.12%	5,137	5,493	38	-	0.23%
0.15 to <0.25	0.19%	0.19%	5,529	5,995	60	-	0.42%
0.25 to <0.50	0.40%	0.41%	25,638	25,528	237	6	0.57%
0.50 to <0.75	0.62%	0.62%	13,183	11,966	115	4	0.69%
0.75 to <2.50	1.37%	1.33%	76,206	70,546	1,244	120	1.18%
2.50 to <10.00	4.11%	4.71%	29,185	28,419	1,349	169	2.93%
10.00 to <100.00	19.38%	20.09%	7,453	7,317	901	46	7.25%
100.00 (Default)	100.00%	100.00%	7,799	7,924			

(1) RWA overlays are in place while new models are developed to address some under calibration of PDs for corporate (including SME) and retail SME exposures.

	a	b	c		d	e	f
	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers		Number of defaulted borrowers in the year	Of which: new defaulted borrowers in the year	Average historical annual default rate
PD scale	%	%	As at 30 Sep 25	As at 30 Sep 24			%
Residential mortgage							
0.00 to <0.15	0.10%	0.10%	198,124	215,531	235	–	0.10%
0.15 to <0.25	0.19%	0.19%	209,644	208,841	278	5	0.21%
0.25 to <0.50	0.37%	0.37%	322,349	320,674	1,168	54	0.38%
0.50 to <0.75	0.62%	0.62%	76,423	79,062	532	28	0.58%
0.75 to <2.50	1.09%	1.10%	114,775	117,491	1,522	40	0.98%
2.50 to <10.00	5.36%	5.40%	21,630	21,886	1,392	2	4.71%
10.00 to <100.00	26.42%	26.19%	15,742	15,852	3,368	–	23.48%
100.00 (Default)	100.00%	100.00%	9,141	9,900			
Qualifying revolving retail							
0.00 to <0.15	0.10%	0.10%	539,832	531,975	512	–	0.10%
0.15 to <0.25	0.19%	0.19%	211,935	210,454	387	–	0.18%
0.25 to <0.50	0.36%	0.35%	212,008	216,008	494	6	0.29%
0.50 to <0.75	0.62%	0.62%	57,238	56,253	239	14	0.48%
0.75 to <2.50	1.39%	1.35%	242,303	251,971	2,656	314	1.22%
2.50 to <10.00	4.45%	4.48%	73,521	85,668	3,948	372	4.52%
10.00 to <100.00	31.65%	30.31%	17,613	19,353	5,433	26	24.71%
100.00 (Default)	100.00%	100.00%	4,037	4,542			
Other retail							
0.00 to <0.15	0.07%	0.06%	7,259	11,420	4	2	0.05%
0.15 to <0.25	0.19%	0.19%	4,341	4,374	14	5	0.19%
0.25 to <0.50	0.40%	0.39%	14,999	14,541	93	69	0.28%
0.50 to <0.75	0.62%	0.62%	7,638	8,416	56	39	0.32%
0.75 to <2.50	1.69%	1.66%	123,360	121,450	3,081	1,804	1.14%
2.50 to <10.00	4.45%	5.00%	131,818	127,690	11,654	6,753	3.94%
10.00 to <100.00	28.42%	23.66%	81,359	85,719	18,891	5,525	17.63%
100.00 (Default)	100.00%	100.00%	13,145	13,360			
BNZ corporate (including SME)							
0.00 to <0.15	0.06%	0.09%	1,183	332	1	1	0.20%
0.15 to <0.25	0.20%	0.19%	1,161	493	2	1	0.14%
0.25 to <0.50	0.39%	0.39%	3,505	1,808	8	1	0.34%
0.50 to <0.75	0.62%	0.62%	1,397	890	5	–	0.36%
0.75 to <2.50	1.28%	1.36%	7,946	6,099	61	3	0.73%
2.50 to <10.00	4.13%	4.00%	1,780	1,456	62	3	3.36%
10.00 to <100.00	20.62%	20.19%	99	79	27	1	18.39%
100.00 (Default)	100.00%	100.00%	183	109			
BNZ residential mortgage							
0.00 to <0.15	0.14%	0.14%	1,060	1,205	8	1	0.49%
0.25 to <0.50	0.41%	0.41%	13,027	13,277	33	1	0.35%
0.50 to <0.75	0.59%	0.59%	134,334	113,209	489	9	0.47%
0.75 to <2.50	1.20%	1.20%	118,828	128,840	1,038	18	0.64%
2.50 to <10.00	4.92%	4.92%	5,833	6,746	57	1	0.76%
100.00 (Default)	100.00%	100.00%	1,948	1,887			

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Backtesting of probability of default for credit risk exposures subject to the F-IRB approach

	a	*b*	*c*		*d*	*e*	*f*
	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers		Number of defaulted borrowers in the year	Of which: new defaulted borrowers in the year	Average historical annual default rate
PD scale	%	%	As at 30 Sep 25	As at 30 Sep 24			%
Corporate							
0.00 to <0.15	0.09%	0.09%	181	189	1	–	0.36%
0.15 to <0.25	0.19%	0.18%	151	179	2	–	0.12%
0.25 to <0.50	0.36%	0.37%	469	479	–	–	0.09%
0.50 to <0.75	0.62%	0.62%	129	135	–	–	0.12%
0.75 to <2.50	1.23%	1.33%	330	298	1	–	0.27%
2.50 to <10.00	4.37%	4.54%	45	51	2	–	4.10%
10.00 to <100.00	23.43%	23.43%	13	35	4	–	4.64%
100.00 (Default)	100.00%	100.00%	9	13			
Sovereign							
0.00 to <0.15	0.02%	0.06%	365	378	1	–	0.09%
0.15 to <0.25	0.21%	0.21%	1	1	–	–	–
0.25 to <0.50	0.48%	0.45%	8	5	–	–	–
0.50 to <0.75	0.62%	0.62%	4	10	–	–	–
0.75 to <2.50	0.97%	1.08%	8	13	–	–	0.15%
2.50 to <10.00	3.55%	5.07%	6	6	–	–	1.96%
10.00 to <100.00	23.43%	23.43%	6	12	–	–	2.78%
100.00 (Default)	100.00%	100.00%	–	1			
Financial institution							
0.00 to <0.15	0.07%	0.08%	736	739	5	–	0.08%
0.15 to <0.25	0.18%	0.19%	140	150	–	–	0.19%
0.25 to <0.50	0.38%	0.40%	507	432	6	–	0.23%
0.50 to <0.75	0.62%	0.62%	217	205	3	–	0.28%
0.75 to <2.50	1.23%	1.31%	1,143	1,069	9	2	0.59%
2.50 to <10.00	4.20%	4.47%	304	276	15	2	2.33%
10.00 to <100.00	18.78%	20.03%	65	79	6	–	6.32%
100.00 (Default)	100.00%	100.00%	49	35			

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CR10: IRB - specialised lending under the slotting approach

The following table provides specialised lending exposures subject to supervisory slotting by risk-weight, where:

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

As at 30 Sep 25

	a	*b*	*c*	*d*	*e*	*f*	*g*	*h*
	On-balance sheet EaD	Off-balance sheet EaD pre-CCF	Risk-weight	EaD post-CCF and post-CRM			RWA	Expected loss
				Project finance	RBNZ regulated banking subsidiary	Total		
Regulatory category	**$m**	**$m**	**%**	**$m**	**$m**	**$m**	**$m**	**$m**
Strong	3,416	1,560	70%	2,741	1,729	4,470	3,251	18
Good	4,524	561	90%	701	4,140	4,841	4,730	39
Satisfactory	621	127	115%	58	631	689	865	19
Weak	113	7	250%	7	113	120	328	10
Default[1]	35	1	n/a	17	19	36	-	18
Total	**8,709**	**2,256**		**3,524**	**6,632**	**10,156**	**9,174**	**104**

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

As at 31 Mar 25

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

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

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Counterparty credit risk

Counterparty credit risk requirements set out in APS 180 are applied to derivative transactions, long settlement transactions and SFTs held in both the banking and trading books. Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of a transaction's cash flows. A loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value at the time of default. This includes counterparty credit risk arising from both bilateral transactions and those cleared through CCPs.

Credit limits

Credit limits for derivatives and SFTs are approved and assigned by an appropriately authorised delegated authority holder based on the same principles (i.e. amount, tenor, PD, LGD, product type, risk mitigation) and internal credit policies as those used for approving lending products. Credit exposures for each transaction are measured as the current mark-to-market value and the potential future credit exposure.

Limit excesses, whether they are active or passive, are subject to formal approval by a delegated authority holder.

Risk mitigation

Mitigation of counterparty credit exposures includes usage of market standard master agreements (including International Swaps and Derivative Association (ISDA) master agreements, Global Master Repurchase Agreements (GMRA)), collateralisation and central clearing through CCPs. Collateral accepted will be subject to approved eligibility criteria and may be subject to haircuts depending on asset type.

Wrong way risk

Wrong way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Credit exposures and potential losses may increase under these circumstances as a result of market conditions. The Group manages these risks through limits, portfolio monitoring and the implementation of risk policies.

Downgrade impact

As at 30 September 2025, the Group as party to derivative transactions would need to post an estimated $13 million (30 September 2024: $13 million) of collateral in the event of a one-notch downgrade to the Group's credit rating, and $48 million (30 September 2024: $45 million) in the event of a two-notch downgrade.

Credit valuation adjustment risk management

Credit valuation adjustment (CVA) is a valuation adjustment applied to the derivatives portfolio to reflect potential mark-to-market losses due to counterparty credit risk for bilateral over-the-counter derivative contracts. CVA is valued with reference to the market value of underlying derivative transactions, implied volatilities and forward rates to determine market expected distributions of future derivative values and credit default swap curves to determine future likelihood of counterparty default.

CVA risk is managed by a centralised desk within Corporate and Institutional Banking Markets.

The Group manages CVA risk by hedging the resulting market risk exposures and utilises credit default swaps and indices to hedge exposure to credit default swap market prices. Hedging activity is undertaken within the Group's market risk limit framework (including appropriate escalation), with oversight by Line 2. The limit and appetite framework around CVA includes net sensitivity limits, value at risk (VaR) limits, key risk indicators and stress tests.

The CVA risk capital charge is measured in accordance with APS 180. Credit default swaps deemed as eligible CVA hedges under APS 180 are excluded from market risk capital and are beneficially factored into the CVA risk capital charge. Non-eligible credit default swap hedges are included in the market risk capital charge.

The inputs to the CVA calculation are expected positive exposure (EPE), LGD and PD. EPE is calculated using a Monte Carlo simulation model which simulates the possible future value of derivative transactions and incorporates features such as netting and collateral agreements. LGD and PD are derived from credit default swap pricing consistent with fair value accounting principles.

CVA is sensitive to the various market inputs required to price the underlying transactions together with the volatility and correlation factors associated with the market risk factors. Sensitivities to the market inputs are calculated daily.

CVA profit or loss net of hedging activities and the volatility of that net profit or loss are key measures of the effectiveness of the CVA risk management activity. Profit or loss is calculated daily and attributed to the various inputs to the calculation.

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CCR1: Analysis of CCR exposures by approach

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

September 2025 v March 2025

Counterparty credit risk EaD decreased by $2.1 billion or 6.0% mostly due to foreign translation impacts, mainly of United States dollar denominated exposures.

		As at 30 Sep 25				
		Replacement cost	Potential future exposure	Alpha used for computing regulatory EaD	EaD post-CRM	RWA
		$m	$m		$m	$m
1	SA-CCR (for derivatives)[1]	6,293	10,157	1.4	22,959	9,497
–	Current exposure method (for derivatives)[2]				1,959	898
4	Comprehensive approach for CRM (for SFTs)				7,325	934
6	**Total**				**32,243**	**11,329**

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

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

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

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

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

	As at 30 Sep 25					
Risk-weight	0%	20%	50%	85%	Other	EaD post-CRM
Asset class	$m	$m	$m	$m	$m	$m
Corporate (including SME)	–	33	21	74	19	147
RBNZ regulated banking subsidiary	1,322	418	43	–	–	1,783
Total	**1,322**	**451**	**64**	**74**	**19**	**1,930**

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

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

The following tables provide key parameters used in the calculation of capital requirements for counterparty credit risk exposures under the A-IRB and F-IRB approaches by asset class and PD band. These tables exclude exposures cleared through CCPs, which are disclosed separately in CCR8: *Exposures to central counterparties*.

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

	As at 30 Sep 25						
PD scale	EaD post-CRM $m	Average PD %	Number of counterparties	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate (including SME)							
0.00 to <0.15	836	0.10%	160	30%	2.7	181	21.6%
0.15 to <0.25	522	0.20%	166	33%	2.5	188	36.1%
0.25 to <0.50	722	0.37%	649	37%	2.4	369	51.1%
0.50 to <0.75	221	0.62%	314	48%	2.2	196	88.7%
0.75 to <2.50	489	1.07%	920	46%	1.6	460	94.1%
2.50 to <10.00	51	3.42%	129	49%	2.5	78	154.1%
10.00 to <100.00	15	21.30%	146	49%	1.0	38	250.6%
100.00 (Default)	3	100.00%	8	50%	1.0	19	687.5%
Sub-total	**2,859**	**0.66%**	**2,492**	**37%**	**2.4**	**1,529**	**53.5%**
RBNZ regulated banking subsidiary							
0.00 to <0.15	491	0.09%	74	59%	1.4	155	31.5%
0.15 to <0.25	156	0.19%	65	59%	1.5	78	50.2%
0.25 to <0.50	248	0.38%	141	59%	1.6	190	76.7%
0.50 to <0.75	82	0.62%	63	59%	1.3	77	94.6%
0.75 to <2.50	122	1.12%	234	59%	1.4	145	118.9%
2.50 to <10.00	19	5.39%	59	59%	1.3	38	195.4%
10.00 to <100.00	24	23.33%	9	60%	1.4	81	338.0%
Sub-total	**1,142**	**0.90%**	**645**	**59%**	**1.4**	**764**	**67.0%**
Total subject to A-IRB approach	**4,001**	**0.73%**	**3,137**	**43%**	**2.1**	**2,293**	**57.3%**

	As at 31 Mar 25						
PD scale	EaD post-CRM $m	Average PD %	Number of counterparties	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate (including SME)							
0.00 to <0.15	1,356	0.09%	156	37%	2.2	305	22.5%
0.15 to <0.25	510	0.20%	173	35%	2.7	200	39.2%
0.25 to <0.50	583	0.38%	560	41%	2.3	321	55.2%
0.50 to <0.75	193	0.62%	263	49%	2.5	186	96.3%
0.75 to <2.50	557	1.07%	772	46%	1.7	537	96.3%
2.50 to <10.00	14	3.38%	101	49%	1.3	18	127.0%
10.00 to <100.00	30	23.08%	65	50%	1.1	81	264.6%
100.00 (Default)	1	100.00%	6	50%	1.1	5	687.5%
Sub-total	**3,244**	**0.61%**	**2,096**	**40%**	**2.2**	**1,653**	**51.0%**
RBNZ regulated banking subsidiary							
0.00 to <0.15	387	0.09%	68	59%	1.4	116	29.9%
0.15 to <0.25	109	0.19%	57	59%	1.4	55	50.6%
0.25 to <0.50	151	0.38%	144	59%	1.8	116	77.0%
0.50 to <0.75	30	0.62%	68	59%	1.4	27	89.9%
0.75 to <2.50	98	1.18%	243	59%	1.7	121	121.8%
2.50 to <10.00	13	3.47%	60	59%	1.1	21	166.8%
10.00 to <100.00	50	23.39%	12	60%	1.6	169	340.6%
Sub-total	**838**	**1.73%**	**652**	**59%**	**1.5**	**625**	**74.5%**
Total subject to A-IRB approach	**4,082**	**0.84%**	**2,748**	**44%**	**2.1**	**2,278**	**55.8%**

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

	As at 30 Sep 25						
PD scale	EaD post-CRM $m	Average PD %	Number of counterparties	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate							
0.00 to <0.15	2,157	0.09%	65	48%	2.5	719	33.3%
0.15 to <0.25	1,452	0.18%	54	45%	2.5	635	43.7%
0.25 to <0.50	1,020	0.34%	103	46%	2.8	710	69.6%
0.50 to <0.75	454	0.62%	18	50%	4.3	544	119.9%
0.75 to <2.50	66	1.55%	33	45%	1.0	63	95.6%
2.50 to <10.00	12	3.58%	5	50%	1.0	17	142.4%
10.00 to <100.00	228	23.43%	3	50%	4.9	746	327.6%
Sub-total	**5,389**	**1.22%**	**281**	**47%**	**2.8**	**3,434**	**63.7%**
Sovereign							
0.00 to <0.15	1,440	0.02%	34	7%	1.8	18	1.2%
Sub-total	**1,440**	**0.02%**	**34**	**7%**	**1.8**	**18**	**1.2%**
Financial institution							
0.00 to <0.15	17,211	0.07%	979	50%	1.0	4,085	23.7%
0.15 to <0.25	1,722	0.17%	151	50%	1.4	855	49.7%
0.25 to <0.50	197	0.34%	81	50%	0.8	125	63.8%
0.50 to <0.75	30	0.62%	17	50%	0.8	27	89.6%
0.75 to <2.50	137	1.38%	65	50%	0.2	152	111.0%
2.50 to <10.00	1	3.51%	6	50%	0.3	2	157.0%
10.00 to <100.00	–	23.43%	1	50%	1.0	–	317.2%
Sub-total	**19,298**	**0.09%**	**1,300**	**50%**	**1.1**	**5,246**	**27.2%**
Total subject to F-IRB approach	**26,127**	**0.32%**	**1,615**	**47%**	**1.5**	**8,698**	**33.3%**

	As at 31 Mar 25						
PD scale	EaD post-CRM $m	Average PD %	Number of counterparties	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate							
0.00 to <0.15	1,814	0.10%	63	50%	2.9	689	38.0%
0.15 to <0.25	1,001	0.19%	63	43%	3.3	517	51.7%
0.25 to <0.50	985	0.35%	123	46%	2.8	689	69.9%
0.50 to <0.75	697	0.62%	21	50%	3.3	731	104.9%
0.75 to <2.50	44	1.35%	51	50%	1.1	44	99.0%
2.50 to <10.00	2	6.04%	10	50%	1.0	4	173.5%
10.00 to <100.00	221	23.43%	36	50%	5.0	723	327.9%
Sub-total	**4,764**	**1.34%**	**367**	**48%**	**3.1**	**3,397**	**71.3%**
Sovereign							
0.00 to <0.15	2,099	0.02%	33	5%	2.4	22	1.0%
0.75 to <2.50	2	1.35%	1	50%	1.0	2	101.2%
Sub-total	**2,101**	**0.02%**	**34**	**5%**	**2.4**	**24**	**1.1%**

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	As at 31 Mar 25						
PD scale	EaD post-CRM $m	Average PD %	Number of counterparties	Average LGD %	Average maturity years	RWA $m	RWA density %
Financial institution							
0.00 to <0.15	19,505	0.07%	698	50%	1.1	4,576	23.5%
0.15 to <0.25	1,287	0.18%	135	50%	1.6	678	52.7%
0.25 to <0.50	263	0.35%	73	50%	1.1	181	69.0%
0.50 to <0.75	16	0.62%	14	50%	0.8	14	88.9%
0.75 to <2.50	165	1.39%	68	50%	0.2	182	109.8%
2.50 to <10.00	1	3.67%	12	50%	0.6	2	164.1%
10.00 to <100.00	1	23.43%	1	50%	2.8	3	302.0%
Sub-total	**21,238**	**0.09%**	**1,001**	**50%**	**1.1**	**5,636**	**26.5%**
Total subject to F-IRB approach	**28,103**	**0.30%**	**1,402**	**46%**	**1.6**	**9,057**	**32.2%**

CCR5: Composition of collateral for CCR exposures

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

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

	As at 30 Sep 25					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
	Segregated $m	Unsegregated $m	Segregated $m	Unsegregated $m	$m	$m
Cash – domestic currency	–	570	–	334	15,263	35,964
Cash – other currencies	–	3,903	–	3,456	59,000	80,406
Domestic sovereign debt	48	–	–	–	33,844	16,158
Other sovereign debt	595	396	–	–	69,309	50,599
Corporate and financial institution bonds	–	–	–	–	11,246	11,480
Equity securities	–	–	–	–	2,255	4,002
Total	**643**	**4,869**	**-**	**3,790**	**190,917**	**198,609**

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

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CCR6: Credit derivatives exposures

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

	As at			
	30 Sep 25		31 Mar 25	
	Protection bought	Protection sold	Protection bought	Protection sold
	$m	$m	$m	$m
Notionals				
Single-name credit default swaps	435	1,288	485	1,204
Index credit default swaps	7,425	3,922	4,347	1,651
Total notionals	**7,860**	**5,210**	**4,832**	**2,855**
Fair values				
Positive fair value (asset)	-	114	-	41
Negative fair value (liability)	(171)	-	(84)	-

CCR8: Exposures to central counterparties

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

		As at			
		30 Sep 25		31 Mar 25	
		EaD post-CRM	RWA	EaD post-CRM	RWA
		$m	$m	$m	$m
1	**Exposures to QCCPs (total)**		**402**		**359**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	2,845	102	2,564	89
3	Over-the-counter derivatives	2,113	79	2,049	71
-	of which: RBNZ regulated banking subsidiary	400	8	403	8
4	Exchange-traded derivatives	314	15	282	13
-	of which: RBNZ regulated banking subsidiary	5	1	3	1
5	SFTs	418	8	233	5
7	Segregated initial margin	1,607		1,618	
8	Non-segregated initial margin	383	8	429	9
9	Pre-funded default fund contributions	372	292	309	261

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Securitisation

Securitisation is a financing structure where the cash flows from a pool of assets are used to service obligations to at least two different tranches or classes of creditors (typically holders of debt securities), with each class or tranche reflecting a different degree of credit risk (i.e. one class of creditors is entitled to receive payments from the pool before another class of creditors).

Objectives of securitisation activities

The Group engages in securitisation activities in relation to third parties, as well as its own assets.

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. These activities support client and portfolio management objectives, and generate fee and interest income.

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 occurs, regulatory capital relief may be achieved. Facilities such as liquidity facilities and interest rate swaps may be provided to the SPV on an arm's length basis.

The Group has also established internal securitisation SPVs and holds the issued residential mortgage-backed securities (RMBS). These internal RMBS are available as collateral for contingent liquidity purposes as outlined in Section 11 *Liquidity*.

Roles

The major roles undertaken by the Group in respect of securitisation are set out in the table below.

Securitisation activity	Role
Third party	Arranger, dealer, joint lead manager, cross-currency swap provider, interest rate swap provider, liquidity facility provider, funding provider, investor
Own asset	Originator, seller, arranger, lead manager, manager, trust administrator, servicer, interest rate swap provider, liquidity facility provider, redraw facility provider

Third party securitisation activity is undertaken by Corporate and Institutional Banking, while own asset activity is conducted by Group Treasury. Both third party and own asset securitisation activity is also undertaken by BNZ.

Risk management

Risks arising from securitisation activities include credit risk, market risk, balance sheet and liquidity risk, and operational risk. These risks are managed in accordance with the Group's risk management frameworks relevant to these material risks.

Credit risk arising from securitisation exposures is managed in line with the framework and policies outlined in Section 5.1 *General information about credit risk* in the credit risk section. All securitisation exposures are subject to initial credit assessment and annual review. Factors such as underlying pool composition, type and level of credit enhancement, and structural features of the transaction are considered. Future cash flows are modelled and risk factors applied as appropriate. Exposures are monitored against limits relating to overall portfolio size and other attributes such as underlying asset class and geographical split.

Balance sheet and liquidity risk includes various structural, non-traded market risks which arise from exposures held in the banking book. Debt securities held in banking book portfolios are subject to VaR limits which are set in accordance with approved risk appetite and monitored daily. An independent price validation process is conducted monthly to evaluate the holding values of portfolio exposures. Contingent liquidity and potential collateral outflows are monitored against approved limits.

In conjunction with the policies and frameworks described above, third party securitisation activity is governed by the Third Party Securitisation Risk Policy. Compliance with this policy and the prudential requirements of APS 120 is monitored by a functionally independent risk oversight team.

All securitisation exposures are identified and recorded in appropriate finance and risk management applications. Underlying pool exposure data is obtained from both internal and external providers. This provides updated information on transaction performance and provides inputs into the regulatory capital calculation. Reporting, exposure monitoring and portfolio insights are prepared on a regular basis and are reported to the relevant risk committees as appropriate.

The Group has no exposures which are classified as resecuritisation exposures and does not actively target these types of exposures for investment.

Regulatory capital and compliance

The Group's management of the risks associated with securitisation and calculation of capital held against these exposures is governed by APS 120. The Group has policies and procedures in place to ensure compliance with the requirements of this prudential standard, which include:

- having a risk management framework in place for securitisation activities,
- ensuring disclosure of the nature of obligations arising from securitisation exposures,
- not providing implicit support to SPVs, and
- calculating regulatory capital for credit risk from securitisation exposures of the Level 2 Group excluding BNZ.

A self-assessment demonstrating compliance with this prudential standard is prepared covering all securitisation transactions and is reviewed annually.

The Group complies with the approaches prescribed by APS 120 for calculating regulatory capital, namely the external ratings-based approach (ERBA) and the supervisory formula approach (SFA). Under the ERBA, risk-weights are matched to external ratings

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provided by ECAIs, varying according to tranche seniority and maturity. Where the use of ECAIs is relevant, the Group applies the ratings provided by S&P Global Ratings, Moody's Investor Services and/or Fitch Ratings. For unrated transactions, the SFA adjusts risk-weights according to the structural characteristics of the transaction, as well as the nature and performance of the underlying pool assets. In the event neither approach can be applied, the exposure is deducted from CET1 capital.

Securitisation exposures held in the trading book are subject to APS 116.

Under the revised capital framework which came into effect on 1 January 2023, securitisation exposures of the RBNZ regulated banking subsidiary are outside the scope of APS 120, and are subject to the RBNZ's internal ratings-based approach.

Accounting policies

Third party securitisation - The accounting treatment for debt securities issued by, and warehouse facilities provided to, third party securitisation SPVs reflects the Group's business model for managing the asset.

Where debt securities give rise to contractual cash flows that are solely payments of principal and interest, they are measured at amortised cost provided the underlying pool of assets in the SPV contains one or more instruments that have contractual cash flows that are solely repayments of principal and interest and the exposure to credit risk in the tranche is equal to or lower than the credit risk in the underlying pool of assets. Warehouse facilities are measured at amortised cost provided they meet similar contractually linked guidance.

Where debt securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, they are measured at fair value through other comprehensive income.

Derivatives with third party securitisation SPVs are measured at fair value through profit or loss.

Own asset securitisation - The accounting treatment for each transaction in the Group's own asset securitisation programme is assessed against the requirements of the applicable accounting standards, particularly AASB 9 *Financial Instruments* and AASB 10 *Consolidated Financial Statements*. Where the Group does not transfer substantially all risks and rewards associated with ownership, the assets are not derecognised from the balance sheet.

A funding liability measured at amortised cost is recognised in respect of the debt securities issued to third party investors.

Further information on the Group's accounting policies that are relevant to securitisation can be found in the 2025 Annual Report, in particular in the financial instruments overview section, and the notes on financial asset transfers and interest in subsidiaries and other entities.

Securitisation disclosures

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

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

In these disclosures:

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

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SEC1: Securitisation exposures in the banking book

The following table provides the carrying value of traditional securitisation exposures in the banking book. In addition to these carrying values, the EaD of derivatives provided to SPVs where the Level 2 Group acts as the originator was $21 million (31 March 2025: $23 million).

September 2025 v March 2025

Securitisation exposures in the banking book originated by the Level 2 Group decreased by $25.9 billion or 18.1% due to winding up an internal RMBS trust.

		As at 30 Sep 25		As at 31 Mar 25	
		Bank acts as originator	Bank acts as investor	Bank acts as originator	Bank acts as investor
		$m	$m	$m	$m
1	**Retail (total)**	**116,954**	**21,410**	**142,888**	**19,292**
2	of which: residential mortgage	116,954	17,349	142,888	15,867
3	of which: credit card	-	43	-	37
4	of which: other retail	-	4,018	-	3,388
6	**Wholesale (total)**	**-**	**5,109**	**-**	**5,500**
7	of which: loans to corporates	-	1,023	-	1,019
8	of which: commercial mortgage	-	431	-	271
9	of which: lease and receivables	-	1,626	-	1,509
10	of which: other wholesale	-	2,029	-	2,701

SEC2: Securitisation exposures in the trading book

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

		As at	
		30 Sep 25	31 Mar 25
		Bank acts as investor	Bank acts as investor
		$m	$m
1	**Retail (total)**	**572**	**360**
2	of which: residential mortgage	414	229
3	of which: credit card	7	6
4	of which: other retail	151	125
6	**Wholesale (total)**	**139**	**120**
7	of which: loans to corporates	7	6
8	of which: commercial mortgage	-	1
10	of which: other wholesale	132	113

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

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

As at 30 Sep 25

		EaD (by risk-weight bands)		EaD (by regulatory approach)			RWA (by regulatory approach)		Capital charge after cap[1]	
		≤20%	1,250%	ERBA	SFA	1,250%[2]	ERBA	SFA	ERBA	SFA
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total exposures**	**58**	**5**	**55**	**3**	**5**	**11**	**-**	**1**	**-**
2	Traditional securitisation	58	5	55	3	5	11	-	1	-
3	of which: securitisation	58	5	55	3	5	11	-	1	-
4	of which: retail underlying	58	5	55	3	5	11	-	1	-

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Exposures which would have a 1,250% risk-weight under BCBS requirements are deducted from CET1 capital under APRA requirements.

As at 31 Mar 25

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

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.
(2) Exposures which would have a 1,250% risk-weight under BCBS requirements are deducted from CET1 capital under APRA requirements.

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

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

September 2025 v March 2025

Securitisation exposures in the banking book increased by $1.7 billion or 5.6%, primarily driven by an increase in warehouse facilities.

Compared to 31 March 2025, there has been a $5.7 billion increase in securitisation exposures with a risk-weight less than 20%, and a $3.9 billion decrease in securitisation exposures with a risk-weight between 20% and 50%. This is primarily due to improved credit quality of a small number of warehouse exposures and warehouse limit increases.

		As at 30 Sep 25								
		EaD (by risk-weight bands)			EaD (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap[1]	
		≤20%	>20% to 50%	>50% to 100%	ERBA	SFA	ERBA	SFA	ERBA	SFA
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total exposures**	**32,570**	**101**	**88**	**6,441**	**26,318**	**1,325**	**4,069**	**106**	**325**
2	Traditional securitisation	32,570	101	88	6,441	26,318	1,325	4,069	106	325
3	of which: securitisation	32,570	101	88	6,441	26,318	1,325	4,069	106	325
4	of which: retail underlying	26,648	33	88	5,110	21,659	1,059	3,352	85	268
6	of which: wholesale	5,922	68	–	1,331	4,659	266	717	21	57

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.

		As at 31 Mar 25								
		EaD (by risk-weight bands)			EaD (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap[1]	
		≤20%	>20% to 50%	>50% to 100%	ERBA	SFA	ERBA	SFA	ERBA	SFA
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total exposures**	**26,890**	**4,043**	**96**	**7,204**	**23,825**	**1,483**	**4,049**	**118**	**324**
2	Traditional securitisation	26,890	4,043	96	7,204	23,825	1,483	4,049	118	324
3	of which: securitisation	26,890	4,043	96	7,204	23,825	1,483	4,049	118	324
4	of which: retail underlying	21,004	3,568	96	5,436	19,232	1,128	3,292	90	263
6	of which: wholesale	5,886	475	–	1,768	4,593	355	757	28	61

(1) RWA divided by 12.5. The capital charge is based on RWA after the application of any risk-weight cap that may apply under APS 120.

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Market risk

The Group makes a distinction between traded and non-traded market risks for the purpose of managing market risk. This section relates to traded market risk. Non-traded market risks are discussed in Section *10 Interest rate risk in the banking book*.

The Group undertakes trading activities to support its customers and aims to profit in the short-term from differences in credit spreads, interest rates, foreign exchange rates, and commodity and equity markets. Traded market risk is the risk of gains or losses from the Group's trading activities resulting from market price movements.

The Group's exposure to market risk arises from its trading activities which are carried out by Corporate and Institutional Banking Markets, BNZ Markets and NAB Europe. This exposure is quantified for regulatory capital purposes using both the APRA-approved IMA and the standard method.

Management and governance

The Group's risk appetite for market risk is approved by the Board and is expressed in the RAS and governed by the Group Traded Market Risk Policy.

The market risk settings outlined in the Risk Setting Statement and the comprehensive market risk setting framework complement the RAS by providing further depth on the allocation of market risk appetite to asset classes, regions and trading desks as well as detailing permitted products and markets.

The overall framework of the Group Traded Market Risk Policy and RAS provides direction for the monitoring, oversight, escalation and governance of traded market risk including delegated authorities, risk measurement, and reporting and control standards. These policies are consistent with the prudential regulatory requirements.

The market risk profile of the Group is overseen by the Board via the Board Risk & Compliance Committee, and key management committees including the Group Credit & Market Risk Committee, the Corporate & Institutional Banking Risk Committee and the Corporate & Institutional Banking Markets Risk Council. These various committees and councils manage market risk with the following responsibilities:

- designing and implementing policies and procedures to ensure market risk is managed within the appetite set by the Board,
- reviewing market risks for consistency with approved market risk settings and risk appetite,
- overseeing the effectiveness and appropriateness of the Risk Management Framework,
- reviewing models, and
- escalating market risk issues to the more senior committees as necessary.

The Market Risk team is independent of and separate from the areas that carry out trading activities and has responsibility for the daily measurement and monitoring of market risk exposures. The following key controls are in place for effective internal risk management, as well as compliance with prudential requirements:

- trading authorities and responsibilities are defined and monitored at all levels,
- a comprehensive and controlled framework of risk reporting and limit breach management,
- new product approval process and usage authority permitting desks to transact a particular product,
- daily end-of-day and intraday risk oversight as well as periodic desk review,
- back-testing of VaR results under the internal model for capital adequacy,
- segregation of duties in the origination, processing, and valuation of transactions operated under clear and independent reporting lines,
- regular and effective reporting of market risk to executive management and the Board,
- periodic review and update of compliance with internal policies and regulatory standards, and
- independent and periodic review of compliance with policies, procedures, processes and limits by Internal Audit.

Key methodologies for compliance with prudential requirements for positions held in the trading book are that:

- models used to determine risk and financial profit or loss are independently validated with the review outcome documented and reported to the relevant committees on a regular basis, and
- all trades are measured at fair value on a daily basis using independently sourced and validated rates in accordance with the Finance Rates and Revaluation Policy.

Measurement

VaR estimates the likelihood that a given portfolio's losses will exceed a certain amount. The Group uses VaR estimates for both regulatory capital calculations in accordance with APS 116 and for internal risk control purposes.

The Group is accredited by APRA to use a historical simulation model to simulate the daily change in market factors. VaR is calculated for all trades on an individual basis using a full revaluation approach. For capital purposes, VaR for products modelled using the IMA is calculated on a globally diversified basis and reported in Australian dollars in accordance with the following parameters:

- a 99% one-tailed confidence level,
- a holding period of 10 days, and
- an observation period of 550 days (unweighted, updated daily).

VaR limits are assigned to individual trading desks and regions or product lines in accordance with the RAS.

The Market Risk team monitors positions each day against the relevant limits and escalates any breaches in accordance with market risk policy and procedures. Additionally, the Market Risk team performs back-testing analysis to assess the validity of the

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VaR numbers when compared to the actual and hypothetical trading outcomes and to escalate any anomalies that may arise. Results of the back-testing are overseen by relevant risk councils and committees.

SVaR is calculated using the same methodology as VaR but with an observation period based on a one-year period of significant market volatility.

Stress testing is carried out each day to test the profit or loss implications of extreme but plausible scenarios, and to reveal sensitivities in the portfolio that may only become apparent when modelling extreme market moves.

Stop loss limits represent trigger points at which an overnight or accumulated loss incurred by a trading desk would lead to escalation in accordance with agreed procedures.

Sensitivity and other market risk limits are set by the Market Risk team to manage market risk at a more granular level, for example, to manage concentration risk. These limits are monitored by Corporate and Institutional Banking Markets and independently by the Market Risk team.

Corporate and Institutional Banking Markets is responsible for managing risk and aiming to deliver profits, while ensuring compliance with all limits and policies.

Capital methodology

As detailed in the following table, the Group is accredited by APRA to use the IMA under APS 116 for all trading asset classes except for specific market risk and equities. These asset classes are managed with regulatory capital calculated as an add-on to that from the IMA. There are two types of market risk measures related to regulatory capital:

- general market risk which is related to changes in the overall market prices, and
- specific market risk which is related to changes for the specific issuer.

In accordance with APS 110, the RWA equivalent for traded market risk using the IMA is the capital requirement multiplied by 12.5.

	Internal model approach	Standard method
Calculation	Internally-developed VaR calculation	As per APS 116 (Attachment B)
General market risk	Foreign exchange, commodities, credit, interest rate and inflation products	Equities
Specific market risk	n/a	All applicable products

Market risk risk-weighted assets

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

	As at	
	30 Sep 25	31 Mar 25
	$m	$m
Market risk RWA under the internal model approach	**10,882**	**11,318**
Market risk RWA under the standard method		
Interest rate risk	839	768
Equity position risk	11	8
Total market risk RWA under the standard method	**850**	**776**
Total	**11,732**	**12,094**

Internal model approach value at risk and stressed value at risk

The following table provides information on the mean, minimum and maximum VaR and SVaR over the reporting period and at period end.

	6 months ended 30 Sep 25			As at
	Mean value	Minimum value	Maximum value	30 Sep 25
	$m	$m	$m	$m
At a 99% confidence level				
VaR	29.4	18.8	50.2	27.3
SVaR	108.1	57.8	270.2	111.2

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

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Back-testing

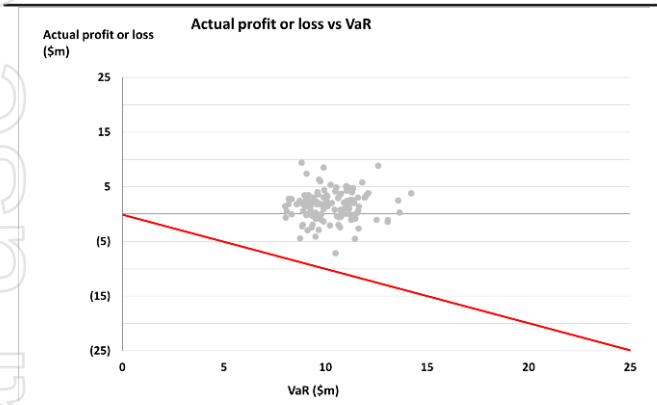
VaR estimates are back-tested regularly for reasonableness. Back-testing is a process that compares the Group's daily VaR estimates against both actual and hypothetical daily profit or loss to ensure that model integrity is maintained.

The results of back-testing are reported to senior management, risk committees and regulators. In addition to back-testing, the risk measurement model and all pricing models are subject to periodic reviews and independent validation at frequencies specified by the Group Model Risk Policy.

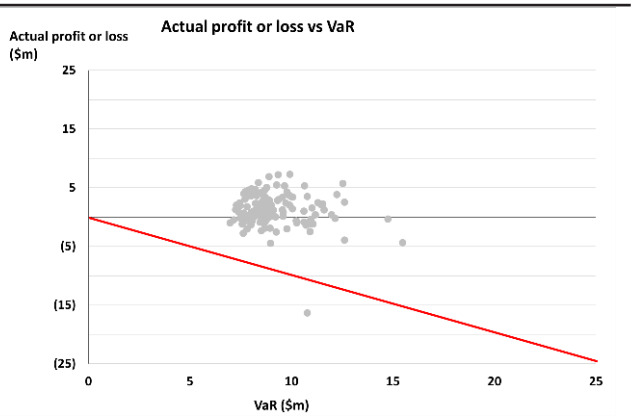
Back-testing results

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

Results for the six months ended 30 September 2025



Results for the six months ended 31 March 2025



Back-testing, carried out by comparing the Group's daily VaR estimate against actual profit or loss, identified no exceptions during the six months ended 30 September 2025 (one for the six months ended 31 March 2025). This remains within the model parameters and indicates acceptable operation of the VaR model within APRA's guidelines.

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Operational risk

9.1 Operational risk framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

The Group aims to ensure that operational risk is identified, assessed and managed to acceptable levels while allowing for the achievement of business and strategic objectives and compliance with the Group's obligations.

Governance

The operational risk profile is overseen by the Board via the Board Risk & Compliance Committee and key management committees, including the Executive Risk & Compliance Committee and in particular its sub-committee, the Group Non-Financial Risk Committee. The Board, the Board Risk & Compliance Committee, the Executive Risk & Compliance Committee and the Group Non-Financial Risk Committee are provided with the information compiled by Resilience Risk required to manage these responsibilities.

Management

The Group Operational Risk Management Policy sets out the policies, standards, processes and tools for the business to use in the identification, assessment, management, monitoring, measurement and reporting of operational risks. The scope of the Group Operational Risk Management Policy extends to any outsourced services undertaken on behalf of the Group.

Implementation of the Group Operational Risk Management Policy promotes and embeds a risk-conscious culture and behaviour leading to:

- all colleagues taking responsibility for managing the operational risk inherent in their day-to-day activities,
- consistency in the identification, assessment, management, monitoring, measurement and reporting of operational risk,
- proactive identification and management of operational risks and events,
- risk decisions being made on an informed basis, considering risk appetite, thereby enhancing awareness and/or acceptance of operational risks (including the exercise of appropriate judgement in the identification and management of risk), and
- compliance, not only within the strict parameters of the law, delegated authorities and other compliance requirements, but also extending to doing what is right.

Monitoring and reporting

Reporting includes:

- regular reporting on significant loss events, emerging issues, oversight, monitoring, and review activity available to the Board Risk & Compliance Committee and the Executive Risk & Compliance Committee as part of the Group Chief Risk Officer Report, and
- regular material risk update papers to the Board Risk & Compliance Committee via the Executive Risk & Compliance Committee and the Group Non-Financial Risk Committee.

The Group CRO and management risk committees may also request Risk teams to report on topics of operational risk. Risk teams may also choose or be requested to undertake a deep dive review or provide analysis on a particular emerging issue or theme. Findings are reported and, if material, escalated through the risk governance structure.

Risk mitigation

Risk mitigation includes:

- designing and implementing processes and controls or risk mitigation strategies to manage risks and evidence compliance with obligations and/or policies,
- assessing all controls for design and operating effectiveness, and regularly testing controls to provide assurance of ongoing performance,
- assessing the aggregate level of control environment effectiveness, adequacy of compliance arrangements and monitoring the required mitigation actions across the Group, and
- evaluating residual risk exposures to decide whether to further mitigate or accept these risks, while also ensuring these risks remain within risk appetite.

Measurement of operational risk capital

The capital attributed to operational risk is calculated under the SMA based on a financial statement proxy of operational risk exposure. Should APRA consider that the regulatory capital for operational risk is not commensurate with the operational risk profile, APRA may require an adjustment to the level of capital.

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9.2 Historical operational losses

OR1: Historical losses

The following table provides details of operational losses recorded over the past 10 years that exceed two thresholds prescribed by APS 330. Details are based on information in the event management system, with some adjustments for divestments, with operational loss events allocated to a financial year based on the financial impact date in the event management system. Due to limitations in the availability of information, this basis of preparation has been modified from that set out in the BCBS *Disclosure Requirements* standard, which requires disclosure based on the date and amount of expense incurred for accounting purposes.

The BCBS's standardised approach to calculate operational risk capital includes an internal loss multiplier, which is a scaling factor based on average historical losses. Under national supervisor discretion, APRA has not included this requirement in APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk*.

The more significant operational losses recorded over the past 10 years relate to:

- Losses under a Conduct Indemnity Deed under which NAB agreed, subject to certain limitations, to provide CYBG PLC with a capped indemnity in respect of certain historic conduct liabilities, as part of the demerger and initial public offering of the Group's United Kingdom Banking operations. These losses were recorded in the 2016 to 2018 financial years.
- Losses for customer remediation related to the Group's MLC Wealth division which provided superannuation, investments, asset management and financial advice. The Group entered into an agreement to sell this business in August 2020, with the transaction completing in May 2021. These losses were mainly recorded in the 2018 to 2020 financial years.

		For the year ended 30 September										
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Ten-year average
Using $30,000 threshold[1]												
1	Total amount of operational losses, net of recoveries (no exclusions) ($m)	399	355	209	314	384	600	1,794	912	1,181	896	704
2	Total number of operational risk losses	664	612	683	518	468	530	580	381	506	485	543
3	Total amount of excluded operational risk losses ($m)	–	–	–	–	–	–	–	–	–	–	–
4	Total number of exclusions	–	–	–	–	–	–	–	–	–	–	–
5	Total amount of operational losses, net of recoveries and net of excluded losses ($m)	399	355	209	314	384	600	1,794	912	1,181	896	704
Using $150,000 threshold[1]												
6	Total amount of operational losses, net of recoveries (no exclusions) ($m)	371	333	181	294	365	577	1,770	898	1,162	875	683
7	Total number of operational risk losses	213	226	212	189	167	172	197	164	205	168	191
8	Total amount of excluded operational risk losses ($m)	–	–	–	–	–	–	–	–	–	–	–
9	Total number of exclusions	–	–	–	–	–	–	–	–	–	–	–
10	Total amount of operational losses, net of recoveries and net of excluded losses ($m)	371	333	181	294	365	577	1,770	898	1,162	875	683
Details of operational risk capital calculation												
11	Are losses used to calculate the internal loss multiplier?	No										
12	If 'no' in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards?	No										
13	Loss event threshold: $30,000 or $150,000 for the operational risk capital calculation[1]	n/a										

(1) Thresholds of €20,000 and €100,000 in the BCBS *Disclosure Requirements* standard have been converted to Australian dollars by multiplying by a factor of 1.5 as prescribed by APS 330.

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9.3 Operational risk capital

In accordance with APS 115, operational risk capital is derived from the business indicator, a financial statement proxy of operational risk exposure. The business indicator is based on the average of the most recent three years of audited year-end financial reports, updated as part of 31 December reporting each year following finalisation of the year-end financial report.

September 2025 v September 2024

Operational risk RWA increased by $1.5 billion or 4.2% primarily due to an increase of $158 million in the business indicator component, partially offset by a reduction of $37 million in other regulatory capital charges during the financial year.

The increase in the business indicator, equivalent to a $2 billion increase in operational risk RWA, was mainly due to higher net interest and lease income in the 2024 financial year compared to the 2021 financial year, which moved out of the three-year average. Net interest and lease income (row 1a less row 1b in OR2: *Business indicator and subcomponents*) increased from $14.0 billion in the 2021 financial year to $16.4 billion in the 2024 financial year due to lending growth and a higher interest rate environment.

OR2: Business indicator and subcomponents

The following table provides the business indicator and its subcomponents, which informed the operational risk capital from 31 December 2024 to 30 September 2025, as set out in OR3: *Minimum required operational risk capital*.

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

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

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

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

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

OR3: Minimum required operational risk capital

The following table presents the operational risk regulatory capital requirements.

		As at	
		30 Sep 25	30 Sep 24
		$m	$m
1	Business indicator component	2,923	2,765
2	Internal loss multiplier[1]	1.0	1.0
-	Other regulatory capital charges	86	123
3	Minimum required operational risk capital[2]	3,009	2,888
4	Operational risk RWA[3]	37,610	36,102

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

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Interest rate risk in the banking book

IRRBB arises from changes in market interest rates that adversely impact the Group's financial condition in terms of earnings (net interest income) or economic value of the balance sheet. This includes:

- Repricing risk - arising from changes to the overall level of interest rates and inherent mismatches in the repricing term of banking book items.
- Yield curve risk - arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.
- Basis risk - arising from differences between the actual and expected interest margins on banking book items over the implied cost of funds of those items.
- Optionality risk - arising from the existence of stand-alone or embedded options in banking book items, to the extent that the potential for those losses is not included in the above risk types.

The Group aims to ensure that IRRBB is managed to optimise and stabilise both the Group's earnings over an investment horizon and economic value.

Management and governance

The Group's risk appetite for IRRBB is approved by the Board and is expressed through limits for RWA and earnings stresses.

The Group Interest Rate Risk in the Banking Book Policy and standard operating procedures complement the risk appetite by providing detailed requirements for the identification, measurement, management and reporting of interest rate risk positions in the banking book.

The overall framework of the Group Interest Rate Risk in the Banking Book Policy provides direction for monitoring, oversight, escalation and governance of IRRBB exposures, including delegated authorities, risk measurement methodologies, and reporting and control standards. These policies are consistent with prudential regulatory requirements.

The IRRBB risk profile of the Group is overseen by the Board via the Board Risk & Compliance Committee, and key management committees including the Group Asset & Liability Committee and Group Model Risk Committee. These management committees have the following responsibilities:

- designing and implementing policies and procedures to ensure IRRBB is managed within the risk appetite approved by the Board,
- reviewing IRRBB exposures for consistency with approved limits and risk appetite,
- overseeing the effectiveness and appropriateness of the IRRBB risk management framework,
- reviewing models used for IRRBB measurement and capital adequacy under APS 117, and
- escalating IRRBB issues to the more senior committees as necessary.

Management of IRRBB is independent of originating business units and is governed by a clear segregation of responsibilities across treasury, risk oversight, and assurance functions. The following key controls are in place to ensure effective internal risk management and compliance with prudential requirements:

- The Group and subsidiary treasury teams are responsible for managing the interest rate risk profile of the balance sheet in line with the approved risk appetite. This includes development and execution of interest rate risk management strategies, and measurement of IRRBB exposures.
- The Funds Transfer Pricing Policy and guidance notes define the funds transfer pricing mechanism in place to transfer interest rate risk from originating divisions to Group Treasury for the management of interest rate risk.
- Line 2 risk teams are responsible for IRRBB monitoring and oversight and are independent of the Group and subsidiary treasury teams. They maintain a risk framework for IRRBB and have responsibility for limit compliance monitoring and reporting.
- Line 2 model validation teams are responsible for conducting independent validation of IRRBB-related models used to calculate capital requirements under APS 117.
- Internal Audit monitors the end-to-end effectiveness of risk management and compliance with the Risk Management Framework.

The Group's IRRBB exposures are centralised at a portfolio level within Group Treasury and managed within Board-approved risk limits and metrics, including VaR and economic value sensitivity. Exposures are managed using both interest rate derivatives and offsetting balance sheet items. The accounting treatment for underlying and hedging exposures can be found in the 2025 Annual Report, in particular the financial instruments overview section, and derivatives and hedge accounting note.

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Measurement

The Group has been accredited by APRA to use the IMA for the measurement of IRRBB. Interest rate risk is measured, managed and monitored using both the economic valuation approach and the earnings approach. The principal metrics used to measure and monitor IRRBB are as follows:

Measure	Definition
VaR	The potential loss in economic value implied by the static balance sheet that arises from changes to the current yield curve based upon historical observations for a given holding period and confidence level.
Earnings at risk	The potential loss in earnings implied by the static balance sheet over a 12-month forecast period, that arises from changes in the current yield curve based on historical observations for a given holding period and confidence level.
Market value	The present value of all known future cash flows implied by the static balance sheet on both a spot and historically cumulative basis.
Embedded value	The economic gain or loss implied by the static balance sheet which equates to the market value less the book value, less accrued interest.
Economic value sensitivity	The potential impact of a parallel decrease in interest rates on the present value of all known future cash flows implied by the static balance sheet.
Net interest income (NII) sensitivity	The potential impact of a parallel decrease in interest rates on the earnings over a 12-month forecast period implied by the static balance sheet.
Stress testing	The potential loss in earnings and economic value from large parallel and non-parallel yield curve shocks.

VaR and earnings at risk are measured with a three-month holding period and a 99% confidence level for internal reporting purposes.

IRRBB regulatory capital includes amounts for repricing and yield curve risk, basis risk, optionality risk and embedded value. The components of IRRBB regulatory capital are calculated using a historical VaR simulation using at least six years of historical data at a 99% confidence level, a one-year investment term of capital, and a 12-month holding period.

The investment term of capital can be invested for a tenor between one year and five years. When invested for longer than a one-year tenor, the earnings offset will differ from regulatory capital.

Monitoring and reporting

The IRRBB metrics are measured and monitored on a monthly basis at a minimum. Compliance with limits is reported to subsidiary asset, liability and capital committees and the Group Asset & Liability Committee at each meeting. IRRBB regulatory capital is also calculated monthly.

Shock and stress scenarios

A range of stress scenarios for effective management of IRRBB are utilised, including:

- scenarios prescribed by APRA,
- internal historical scenarios calibrated against those which occurred during significant market events, and
- hypothetical scenarios, which include a combination of theoretical and observed rate changes.

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 also account for earnings offset.

	As at 30 Sep 25		As at 30 Sep 24	
	200 bp parallel increase	200 bp parallel decrease	200 bp parallel increase	200 bp parallel decrease
Change in economic value	**$m**	**$m**	**$m**	**$m**
AUD	(472)	501	(508)	533
NZD	(313)	324	(299)	310
USD	(67)	74	(55)	60
GBP	(8)	8	(18)	18
EUR	(20)	22	(6)	7
Other	(5)	5	(3)	3
Total change in economic value	**(885)**	**934**	**(889)**	**931**

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Liquidity

11.1 Liquidity and funding risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. These obligations primarily include the repayment of deposits and the repayment of borrowings and loan capital as they mature.

Funding risk is the risk which arises due to change in appetite or capacity of the market to provide adequate short-term and long-term funds to meet the Group's strategic plans and objectives at an acceptable cost.

The objectives of the Group in managing its liquidity and funding risk are to:

- ensure that the current and future payment obligations of the Group are met as they fall due,
- retain adequate liquidity buffers in the Group and subsidiary balance sheets so as to withstand severe market and institutional disruptions,
- meet planned business funding needs over a forward horizon,
- maintain access to global short-term and long-term debt capital markets and global secured funding markets, and
- diversify funding sources in terms of maturity, currency, instrument, investor type and geographical region.

Management and governance

Liquidity and funding risk is governed by the Group's funding and liquidity risk appetite which is approved by the Board. Group Treasury is responsible for the management of these risks. Objective review and challenge of the effectiveness of risk management is provided by Line 2, with oversight by the Group Asset & Liability Committee. The Board has the ultimate responsibility to monitor and review the adequacy of the Group's funding and its Liquidity Risk Management Framework, and the Group's compliance with risk appetite.

The Group's Liquidity Risk Management Framework is approved by the Board on an annual basis. The framework comprises the RAS, Group Liquidity Risk Policy, Funding Strategy, Contingent Funding Plan and ILAAP.

The RAS includes specific metrics relating to liquidity and funding risk. These metrics are determined with reference to outcomes of liquidity stress testing, management experience, rating agency expectations and peer alignment. Liquidity stress testing includes systemic, idiosyncratic and combined scenarios run over a mix of short and longer timeframes and severity.

The Group Liquidity Risk Policy requires that Group Treasury maintain a liquid asset portfolio, comprising HQLA that can be readily converted to cash, used to meet obligations as required and support intraday payments. The liquid asset portfolio is maintained by geography, currency and legal entity across NAB, BNZ, NAB Europe and branches in London, New York and Asia, and takes into account limitations on transferability of liquidity.

The target size, diversity and tenor of the Group's funding mix is centralised and set annually in the Funding Strategy, which incorporates BNZ and NAB Europe funding strategies. The Group maintains a well-diversified term wholesale funding profile across issuance type, currency, investor location and tenor. The strategy is updated quarterly to reflect current market conditions and outlook. The Group's funding is sourced from:

- customer deposits generated through transaction accounts, savings accounts and term deposits from individuals, small and medium-sized enterprises and corporations, and
- wholesale funding in domestic and international markets including medium term notes, covered bonds, RMBS, commercial paper and certificates of deposits.

The Contingent Funding Plan provides guidance on how the Group will respond in the event of a liquidity crisis, including clear instructions on accountabilities, communication, escalation process, asset liquidation options and operational requirements. The Contingent Funding Plan is tested and updated annually. Early warning indicators provide insight into emerging periods of funding or liquidity stress and when to trigger the Contingent Funding Plan.

In addition to the diversification of funding sources set in the Funding Strategy, the Group sets concentration risk limits on the deposit portfolio. This includes monitoring the balances of large depositors, both individually and on an aggregated basis with connected counterparties. The Group also monitors reliance on wholesale funding sources through the Australian core funding gap, calculated as gross loans and advances less total deposits, excluding certificates of deposit.

The Group actively monitors and manages mortgage collateral to ensure adequate and consistent collateral generation to support internal RMBS available as contingent liquidity and for secured funding purposes. This includes ensuring that available mortgage collateral held is adequate and sufficiently above a minimum of 30% of the Level 2 Group's Australian dollar net cash outflows in the LCR, as well as that sufficient collateral is allocated to collateral pools to meet requirements under the Group's covered bond programmes.

Group Treasury, in managing liquidity and funding risk, is responsible for the allocation of liquidity transfer pricing to appropriately attribute funding and deposit costs and benefits across products originated by the Group's business units, as well as to appropriately reflect pricing for liquidity risk under the Group's funds transfer pricing framework.

Measurement, monitoring and reporting

Liquidity and funding risk is measured, managed and monitored using daily cash flow forecasting, scenario analysis, gap analysis and stress testing. Regulatory liquidity metrics are reported to the Board, the Board Risk & Compliance Committee, the Executive Risk & Compliance Committee and the Group Asset & Liability Committee. The Group has clearly defined escalation procedures whereby liquidity events, both systemic and name-specific, are monitored and appropriate actions outlined against triggers.

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Liquidity and funding metrics

The Group monitors the composition and stability of funding and liquidity through the Board-approved risk appetite which includes compliance with the regulatory requirements of APRA's LCR and NSFR, outlined in Section 11.2 *Regulatory liquidity ratios*.

The Group monitors the term funding maturity profile to manage refinancing risk. The weighted average maturity of term wholesale funding issued by the Group in the 2025 financial year was 5.0 years (unchanged from the 2024 financial year). The weighted average remaining maturity of the Group's term wholesale funding portfolio as at 30 September 2025 was 3.2 years (30 September 2024: 3.4 years). The term wholesale funding portfolio excludes Additional Tier 1 capital, RMBS and certain RBNZ funding programmes (namely the Term Lending Facility and Funding for Lending).

11.2 Regulatory liquidity ratios

Liquidity coverage ratio

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

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

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

The LCR for the three months ended 30 September 2025 and 30 June 2025 is presented in LIQ1: *Liquidity coverage ratio*, and is based on a simple average of daily LCR outcomes excluding non-business days. There were 66 daily LCR data points used in calculating the average for the most recent quarter and 61 observations in the previous quarter.

Net stable funding ratio

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

The NSFR as at 30 September 2025 and 30 June 2025 is presented in LIQ2: *Net stable funding ratio*, and is based on spot balances.

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LIQ1: Liquidity coverage ratio

		3 months ended			
		30 Sep 25		30 Jun 25	
		Total unweighted value (average)[1] $m	Total weighted value (average) $m	Total unweighted value (average)[1] $m	Total weighted value (average) $m
HQLA					
1	Total HQLA[2][3][4]		207,588		211,713
-	of which: alternative liquid assets[3]		3,633		3,973
-	of which: RBNZ eligible securities[3][4]		3,633		3,973
Cash outflows					
2	Retail deposits and deposits from small business customers	305,084	31,710	298,865	30,802
3	of which: stable deposits	136,759	6,838	133,831	6,692
4	of which: less stable deposits	168,325	24,872	165,034	24,110
5	Unsecured wholesale funding	192,001	90,202	188,240	92,349
6	of which: operational deposits (all counterparties) and deposits in networks of cooperative banks	94,154	23,538	91,297	22,824
7	of which: non-operational deposits (all counterparties)	85,810	54,627	81,057	53,639
8	of which: unsecured debt	12,037	12,037	15,886	15,886
9	Secured wholesale funding[3]		8,505		13,277
10	Additional requirements	212,135	36,347	216,692	38,325
11	of which: outflows related to derivative exposures and other collateral requirements	8,783	7,140	8,809	7,656
12	of which: outflows related to loss of funding on debt products	-	-	-	-
13	of which: credit and liquidity facilities	203,352	29,207	207,883	30,669
14	Other contractual funding obligations	290	290	232	232
15	Other contingent funding obligations	93,023	5,854	87,290	5,544
16	**Total cash outflows**		**172,908**		**180,529**
Cash inflows					
17	Secured lending (e.g. reverse repos)	50,338	4,333	56,887	7,314
18	Inflows from fully performing exposures	21,466	13,606	22,279	14,385
19	Other cash inflows	1,570	1,566	2,234	2,233
20	**Total cash inflows**	**73,374**	**19,505**	**81,400**	**23,932**
			Total adjusted value $m		Total adjusted value $m
21	**Total HQLA[2]**		**207,588**		**211,713**
22	**Total net cash outflows**		**153,403**		**156,597**
23	**LCR (%)**		**135%**		**135%**

(1) Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
(2) Total HQLA represents liquid assets, including assets qualifying under alternative liquidity approaches.
(3) Disclosed on a weighted basis only, consistent with the disclosure template prescribed by APS 330.
(4) Weighted values exclude New Zealand dollar (NZD) liquid asset holdings in excess of NZD LCR of 100%, reflecting liquidity transferability considerations. The average amount excluded during both the three months to 30 September 2025 and 30 June 2025 was $5.8 billion.

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LIQ2: Net stable funding ratio

		As at 30 Sep 25				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
		$m	$m	$m	$m	$m
ASF item						
1	Capital, comprising:	64,890	–	–	35,346	100,236
2	Regulatory capital	64,890	–	–	35,346	100,236
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers, comprising:	285,708	97,197	791	77	352,911
5	Stable deposits	131,757	18,358	–	–	142,610
6	Less stable deposits	153,951	78,839	791	77	210,301
7	Wholesale funding, comprising:	135,575	271,317	54,938	120,753	255,006
8	Operational deposits	88,584	–	–	–	44,292
9	Other wholesale funding	46,991	271,317	54,938	120,753	210,714
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities, comprising:	–	19,571	–	4,840	4,840
12	NSFR derivative liabilities[1]			5,614		
13	All other liabilities and equity not included in the above categories	–	13,957	–	4,840	4,840
14	**Total ASF**					**712,993**
RSF item						
15	Total NSFR HQLA					5,147
–	of which: alternative liquid assets					239
–	of which: RBNZ eligible securities					239
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities, comprising:	24,669	173,358	92,627	583,033	556,242
18	Performing loans to financial institutions secured by Level 1 HQLA	–	67,267	6,544	–	9,999
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	951	39,194	24,838	24,491	43,740
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities	14,718	58,788	54,091	148,359	192,699
21	of which: with a risk-weight of less than or equal to 35% under APS 112[2]	–	2,379	1,323	5,179	5,217
22	Performing residential mortgages	8,049	5,132	5,461	406,449	301,921
–	of which: standard loans to individuals with a loan-to-valuation ratio of 80% or below[3]	5,539	–	–	272,036	180,424
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	951	2,977	1,693	3,734	7,883
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets, comprising:	16,210	4,539	220	37,470	40,549
27	Physical traded commodities, including gold	1,648				1,401
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs[1]			4,283		3,641
29	NSFR derivative assets[1]			6,941		1,327
30	NSFR derivative liabilities before deduction of variation margin posted[1]			9,962		1,992
31	All other assets not included in the above categories	14,562	4,539	220	16,284	32,188
32	Off-balance sheet items[1]			221,248		10,770
33	**Total RSF**					**612,708**
34	**NSFR (%)**					**116%**

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

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		As at 30 Jun 25				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
		$m	$m	$m	$m	$m
ASF item						
1	Capital, comprising:	66,748	–	–	34,102	100,850
2	Regulatory capital	66,748	–	–	34,102	100,850
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers, comprising:	278,841	98,063	649	99	347,240
5	Stable deposits	129,086	17,758	–	–	139,502
6	Less stable deposits	149,755	80,305	649	99	207,738
7	Wholesale funding, comprising:	143,479	256,162	58,729	124,017	258,618
8	Operational deposits	94,428	–	–	–	47,214
9	Other wholesale funding	49,051	256,162	58,729	124,017	211,404
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities, comprising:	–	17,051	–	4,873	4,873
12	NSFR derivative liabilities[1]			6,429		
13	All other liabilities and equity not included in the above categories	–	10,622	–	4,873	4,873
14	**Total ASF**					**711,581**
RSF item						
15	Total NSFR HQLA					5,332
–	of which: alternative liquid assets					319
–	of which: RBNZ eligible securities					319
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities, comprising:	24,989	183,520	75,518	585,661	553,782
18	Performing loans to financial institutions secured by Level 1 HQLA	–	67,266	6,902	–	10,178
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,019	42,774	18,511	25,318	42,009
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities	15,291	65,341	43,208	151,821	193,827
21	of which: with a risk-weight of less than or equal to 35% under APS 112[2]	–	2,539	1,282	5,054	5,196
22	Performing residential mortgages	8,674	5,079	5,340	404,311	299,977
–	of which: standard loans to individuals with a loan-to-valuation ratio of 80% or below[3]	5,934	–	–	271,199	180,136
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	5	3,060	1,557	4,211	7,791
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets, comprising:	15,873	2,765	129	41,436	41,022
27	Physical traded commodities, including gold	922				784
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs[1]			4,250		3,612
29	NSFR derivative assets[1]			7,458		1,029
30	NSFR derivative liabilities before deduction of variation margin posted[1]			13,112		2,622
31	All other assets not included in the above categories	14,951	2,765	129	16,616	32,975
32	Off-balance sheet items[1]			221,998		11,005
33	**Total RSF**					**611,141**
34	**NSFR (%)**					**116%**

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

Asset encumbrance

ENC: Asset encumbrance

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

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

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

September 2025 v March 2025

Encumbered assets increased by $1.2 billion or 1.1%. The most significant driver was a $4.7 billion increase in the minimum asset pool requirements for covered bonds following new covered bond issuances.

	As at 30 Sep 25		
	Encumbered assets	Unencumbered assets	Total
Assets	**$m**	**$m**	**$m**
Cash and liquid assets	–	2,604	2,604
Due from other banks[1]	5,683	86,263	91,946
Collateral placed[2]	5,763	–	5,763
Trading assets and debt instruments[3]	61,068	130,450	191,518
of which: government and semi-government bonds, notes and securities	6,342	77,371	83,713
of which: other debt and equity securities	3,745	8,369	12,114
of which: reverse repurchase agreements	50,981	43,061	94,042
Derivative assets	–	21,826	21,826
Other financial assets	–	688	688
Loans and advances	44,767	731,359	776,126
of which: residential mortgages (gross of provision for credit impairment)[4][5]	44,767	391,846	436,613
All other assets	–	18,591	18,591
Total assets	**117,281**	**991,781**	**1,109,062**

(1) Encumbered amounts due from other banks comprise regulatory minimum deposits placed with certain central and other banks and certain reverse repurchase agreements. Unencumbered amounts due from other banks include exchange settlement accounts with the RBA and RBNZ.
(2) Encumbered collateral placed comprises initial and variation margin posted in the form of cash, primarily under derivative margining agreements.
(3) Encumbered trading assets and debt instruments primarily comprise debt securities encumbered under repurchase agreements for trading or short-term funding and liquidity purposes. Debt securities are also pledged under derivative margining agreements.
(4) Encumbered residential mortgages include $39.7 billion encumbered based on minimum asset pool requirements for NAB and BNZ covered bond programmes, where Group-originated residential mortgages are allocated to the cover asset pool as remote specific securities backing covered bond issuances.
(5) Unencumbered assets include residential mortgages backing securities eligible as collateral for repurchase agreements. Under APG 210 *Liquidity*, the Level 2 Group holds self-securitised assets free from encumbrance to a minimum of 30% of Australian dollar net cash outflows in the LCR as contingency for periods of stress.

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	As at 31 Mar 25		
	Encumbered assets	Unencumbered assets	Total
Assets	**$m**	**$m**	**$m**
Cash and liquid assets	–	1,433	1,433
Due from other banks[1]	5,742	89,123	94,865
Collateral placed[2]	6,971	–	6,971
Trading assets and debt instruments[3]	62,044	136,500	198,544
of which: government and semi-government bonds, notes and securities	5,065	75,812	80,877
of which: other debt and equity securities	2,454	9,728	12,182
of which: reverse repurchase agreements	54,525	50,145	104,670
Derivative assets	–	24,243	24,243
Other financial assets	–	764	764
Loans and advances	41,300	709,521	750,821
of which: residential mortgages (gross of provision for credit impairment)[4][5]	41,300	384,977	426,277
All other assets	–	17,998	17,998
Total assets	**116,057**	**979,582**	**1,095,639**

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

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Global systemically important bank indicators

GSIB1: Disclosure of global systemically important bank indicators

The BCBS uses indicators, in conjunction with supervisory judgement, to calculate a G-SIB score for individual banks. The indicators are designed to reflect attributes including size, interconnectedness, readily available substitutes for services provided, complexity and level of cross-jurisdictional activity, and are defined on page 90. Banks whose G-SIB score exceeds a minimum threshold are subject to a higher loss absorbency requirement that increases with the level of systemic importance. Any G-SIB higher loss absorbency requirement is to be met with CET1 capital. Separately, APRA has determined that NAB, along with Australia and New Zealand Banking Corporation, Commonwealth Bank of Australia and Westpac Banking Corporation, are D-SIBs in Australia and are required to hold a 1% D-SIB buffer, equivalent to the requirement for the lowest level G-SIB.

The following table provides G-SIB indicators for the BCBS's end-2024 G-SIB assessment exercise, which are disclosed for the first time on 6 November 2025 in this report. The following table also provides G-SIB indicators for the previous assessment exercise.

September 2024 v September 2023

Significant movements in the indicators are described below:

- Both the **cross-jurisdictional claims and liabilities indicators** decreased as a result of a change in methodology to incorporate netting of derivative assets and liabilities under legally enforceable netting agreements.
- The **securities outstanding indicator** increased due to an increase in the fair value of ordinary shares, from an increase in NAB's share price, partially offset by a reduction in the number of shares on issue from the on-market share buy-back. In addition, there was an increase in value of medium term notes and certificates of deposit.
- The **assets under custody indicator** decreased following NAB's announcement in November 2022 of the intention to exit NAB's custody business, NAB Asset Servicing. The exit is being effected through the transfer of all NAB Asset Servicing's clients to alternative custody providers over a period of approximately three years.
- The **trading volume indicator** increased mainly due to an increase in fixed income syndication activity.
- The **trading and available-for-sale securities indicator** decreased mainly due to lower holdings of securities issued by securitisation SPVs that do not qualify as certain components of HQLA in the LCR.

	Category	Individual indicator	30 Sep 24 $m	30 Sep 23 $m
1	Cross-jurisdictional activity	Cross-jurisdictional claims	257,968	274,382
2		Cross-jurisdictional liabilities	146,377	183,255
3	Size	Total exposures	1,204,581	1,192,506
4	Interconnectedness	Intra-financial system assets	91,535	94,177
5		Intra-financial system liabilities	78,299	77,044
6		Securities outstanding	388,065	338,338
7	Substitutability / financial institution infrastructure	Assets under custody	327,663	459,571
8		Payment activity	24,222,242	23,903,131
9		Underwritten transactions in debt and equity markets	2,992	3,346
–		Trading volume[1]	381,837	309,081
10	Complexity	Notional amount of over-the-counter derivatives	10,409,117	9,265,299
11		Level 3 assets	1,209	1,118
12		Trading and available-for-sale securities	10,965	15,607

(1) Trading volume of fixed income securities, and equity and other securities of $375.1 billion and $6.7 billion, respectively (30 September 2023: $301.3 billion and $7.8 billion, respectively).

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The nature of the G-SIB indicators is outlined below.

G-SIB indicators	Definition
Cross-jurisdictional activity	
Cross-jurisdictional claims	The value of cross border claims or financial assets on an ultimate-risk basis, and local claims of foreign affiliates.
Cross-jurisdictional liabilities	The value of foreign liabilities (including local liabilities of foreign offices), excluding securities liabilities issued that are tradeable instruments.
Size	
Total exposures	Total exposures (prior to regulatory adjustments) as defined for use in the leverage ratio under the BCBS *Leverage Ratio* standard.
Interconnectedness	
Intra-financial system assets	A measure of the exposure to financial institutions, including funds deposited or lent, the unused portion of committed lines extended, holdings of debt and equity securities issued by financial institutions, SFTs and over-the-counter derivatives. For the purpose of the intra-financial system asset and liability indicators, financial institutions include banks and other deposit-taking institutions, bank holding companies, securities dealers, insurance companies, superannuation funds, CCPs, and exclude central banks, other public sector bodies (such as multilateral development banks) and stock exchanges.
Intra-financial system liabilities	A measure of obligations to financial institutions, including funds deposited by or borrowed, the unused portion of committed lines obtained, SFTs and over-the-counter derivatives.
Securities outstanding	The value of outstanding debt and equity securities issued. The value excludes debt securities where the Level 2 Group does not back the performance of underlying assets, such as securitisation notes. The value of debt securities (excluding convertible preference shares and notes) is measured at their carrying value on the balance sheet. The value of equity securities and convertible preference shares and notes is measured at fair value.
Substitutability / financial institution infrastructure	
Assets under custody	The value of assets held as a custodian on behalf of customers.
Payment activity	The gross value of cash payments sent via large value payment systems, along with the gross value of cash payments sent through an agent or correspondent bank (e.g. using a correspondent or nostro account) in the reporting year.
Underwritten transactions in debt and equity markets	The value of unsold securities the Level 2 Group was obligated to purchase during the reporting year from public and private underwriting transactions in debt and equity markets.
Trading volume	The market value of purchases and sales of securities in the reporting year, excluding securities issued by sovereigns. Sovereigns include central governments and central banks, along with the Bank for International Settlements, the International Monetary Fund, the European Stability Mechanism, and the European Financial Stability Facility.
Complexity	
Notional amount of over-the-counter derivatives	The notional amount of over-the-counter derivatives, regardless of whether they are part of a master netting agreement. The notional amount does not deduct collateral.
Level 3 assets	Assets measured at fair value for accounting purposes where the valuation has one or more significant inputs that are not based on observable market data (i.e. a level 3 measurement input in a three-level fair value hierarchy).
Trading and available-for-sale securities	The value of debt and equity instruments measured at fair value less the subset of those securities that meet the definition of certain components of HQLA in the LCR. The indicator is designed to capture the value of securities that, if sold quickly during periods of severe market stress, are more likely to incur larger discounts or haircuts.

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Accountable Person attestation

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



Shaun Dooley
Group Chief Financial Officer
6 November 2025

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Disclosure requirements index

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

BCBS *Disclosure Requirements* standard tables and templates			Reporting frequency	Pillar 3 report section, or comment
DIS20: Overview of risk management, key prudential metrics and risk-weighted assets (RWA)	KM1	Key metrics (at consolidated group level)	Quarterly	Section 2 *Overview of risk management, key metrics and RWA*
	KM2	Key metrics – total loss-absorbing capacity (TLAC) requirements (at resolution group level)	N/A as only required for global systemically important banks (G-SIBs)	
	OVA	Bank risk management approach	Annual	Section 2 *Overview of risk management, key metrics and RWA*[1]
	OV1	Overview of RWA	Quarterly	Section 2 *Overview of risk management, key metrics and RWA*
DIS21: Comparison of modelled and standardised RWA	CMS1	Comparison of modelled and standardised RWA at risk level	Quarterly	Section 2 *Overview of risk management, key metrics and RWA*
	CMS2	Comparison of modelled and standardised RWA for credit risk at asset class level	Semi-annual	Section 2 *Overview of risk management, key metrics and RWA*
DIS25: Composition of capital and TLAC	CCA	Main features of regulatory capital instruments and of other TLAC-eligible instruments	Semi-annual[2]	Available at nab.com.au/about-us/shareholder-centre/regulatory-disclosures
	CC1	Composition of regulatory capital	Semi-annual	Section 3 *Capital*
	CC2	Reconciliation of regulatory capital to balance sheet	Semi-annual	Section 3 *Capital*
	TLAC1	TLAC composition for G-SIBs (at resolution group level)	N/A as only required for G-SIBs	
	TLAC2	Material subgroup entity – creditor ranking at legal entity level	N/A as only required for G-SIBs	
	TLAC3	Resolution entity – creditor ranking at legal entity level	N/A as only required for G-SIBs	
DIS26: Capital distribution constraints	CDC	Capital distribution constraints	APRA has not required this disclosure which is at the discretion of national supervisors	
DIS30: Links between financial statements and regulatory exposures	LIA	Explanations of differences between accounting and regulatory exposure amounts	Annual	Section 4 *Links between financial statements and regulatory exposures*
	LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	Annual[3]	Section 4 *Links between financial statements and regulatory exposures*
	LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Annual	Section 4 *Links between financial statements and regulatory exposures*
	PV1	Prudent valuation adjustments (PVAs)	Not required under APS 330	
DIS31: Asset encumbrance	ENC	Asset encumbrance	Semi-annual	Section 12 *Asset encumbrance*
DIS35: Remuneration[4]	REMA	Remuneration policy	Not required under APS 330	
	REM1	Remuneration awarded during financial year	Not required under APS 330	
	REM2	Special payments	Not required under APS 330	
	REM3	Deferred remuneration	Not required under APS 330	
DIS40: Credit risk	CRA	General qualitative information about credit risk	Annual	Section 5 *Credit risk*
	CR1	Credit quality of assets	Semi-annual	Section 5 *Credit risk*
	CR2	Changes in stock of defaulted loans and debt securities	Semi-annual	Section 5 *Credit risk*
	CRB	Additional disclosure related to the credit quality of assets	Annual	Section 5 *Credit risk*
	CRB-A	Additional disclosure related to prudential treatment of problem assets	APRA has not required this disclosure which is at the discretion of national supervisors	
	CRC	Qualitative disclosure related to credit risk mitigation (CRM) techniques	Annual	Section 5 *Credit risk*
	CR3	CRM techniques - overview	Semi-annual	Section 5 *Credit risk*

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

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BCBS *Disclosure Requirements* standard tables and templates			Reporting frequency	Pillar 3 report section, or comment
DIS40: Credit risk (cont.)	CRD	Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk	Annual	Section 5 *Credit risk*
	CR4	Standardised approach - credit risk exposure and CRM effects	Semi-annual	Section 5 *Credit risk*
	CR5	Standardised approach - exposures by asset classes and risk-weights	Semi-annual	Section 5 *Credit risk*
	CRE	Qualitative disclosure related to internal ratings-based (IRB) models	Annual	Section 5 *Credit risk*[1]
	CR6	IRB - credit risk exposures by portfolio and probability of default (PD) range	Semi-annual	Section 5 *Credit risk*
	CR7	IRB - effect on RWA of credit derivatives used as CRM techniques	Semi-annual	No credit derivatives are held for credit mitigation purposes at the end of the current or previous reporting period
	CR8	RWA flow statements of credit risk exposures under IRB	Quarterly	Section 5 *Credit risk*
	CR9	IRB - backtesting of PD per portfolio	Annual	Section 5 *Credit risk*
	CR10	IRB - specialised lending under the slotting approach	Semi-annual	Section 5 *Credit risk*
DIS42: Counterparty credit risk (CCR)	CCRA	Qualitative disclosure related to CCR	Annual	Section 6 *Counterparty credit risk*
	CCR1	Analysis of CCR exposures by approach	Semi-annual	Section 6 *Counterparty credit risk*
	CCR3	Standardised approach – CCR exposures by regulatory portfolio and risk-weights	Semi-annual	Section 6 *Counterparty credit risk*
	CCR4	IRB – CCR exposures by portfolio and PD scale	Semi-annual	Section 6 *Counterparty credit risk*
	CCR5	Composition of collateral for CCR exposure	Semi-annual	Section 6 *Counterparty credit risk*
	CCR6	Credit derivatives exposures	Semi-annual	Section 6 *Counterparty credit risk*
	CCR7	RWA flow statements of CCR exposures under internal model method (IMM)	Not required under APS 330	
	CCR8	Exposures to central counterparties	Semi-annual	Section 6 *Counterparty credit risk*
DIS43: Securitisation	SECA	Qualitative disclosure requirements related to securitisation exposures	Annual	Section 7 *Securitisation*
	SEC1	Securitisation exposures in the banking book	Semi-annual	Section 7 *Securitisation*
	SEC2	Securitisation exposures in the trading book	Semi-annual	Section 7 *Securitisation*
	SEC3	Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Semi-annual	Section 7 *Securitisation*
	SEC4	Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	Semi-annual	Section 7 *Securitisation*
DIS45: Sovereign exposures	SOV1	Exposures to sovereign entities – country	APRA has not required this disclosure which is at the discretion of national supervisors	
	SOV2	Exposures to sovereign entities – currency denomination breakdown	APRA has not required this disclosure which is at the discretion of national supervisors	
	SOV3	Exposures to sovereign entities – accounting classification breakdown	APRA has not required this disclosure which is at the discretion of national supervisors	
DIS50: Market risk[2]	MRA	General qualitative disclosure requirements related to market risk	Not required under APS 330	
	MR1	Market risk under the standardised approach	Not required under APS 330	
	MRB	Qualitative disclosures for banks using the internal models approach (IMA)	Not required under APS 330	
	MR2	Market risk for banks using the IMA	Not required under APS 330	
	MR3	Market risk under the simplified standardised approach	Not required under APS 330	

(1) Disclosure on the Risk and Internal Audit functions is contained in Section 2 *Overview of risk management, key metrics and RWA*.
(2) Disclosure is made of the quantitative and qualitative requirements set out in APS 330 Attachment A paragraph 32 on a semi-annual and annual basis, respectively.

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BCBS *Disclosure Requirements* standard tables and templates			Reporting frequency	Pillar 3 report section, or comment
DIS51: Credit valuation adjustment (CVA) risk	CVAA	General qualitative disclosure requirements related to CVA	Annual	Section 6 *Counterparty credit risk*(1)
	CVA1	The reduced basic approach for CVA (BA-CVA)	Not required under APS 330	
	CVA2	The full BA-CVA	Not required under APS 330	
	CVAB	Qualitative disclosures for banks using the standardised approach (SA-CVA)	N/A as only required for banks using the SA-CVA	
	CVA3	The SA-CVA	Not required under APS 330	
	CVA4	RWA flow statements of CVA risk exposures under SA-CVA	Not required under APS 330	
DIS60: Operational risk	ORA	General qualitative information on a bank's operational risk framework	Annual	Section 9 *Operational risk*
	OR1	Historical losses	Annual	Section 9 *Operational risk*
	OR2	Business indicator and subcomponents	Annual(2)	Section 9 *Operational risk*
	OR3	Minimum required operational risk capital	Annual(2)	Section 9 *Operational risk*
DIS70: Interest rate risk in the banking book (IRRBB)	IRRBBA	IRRBB risk management objectives and policies	Annual	Section 10 *Interest rate risk in the banking book*(3)
	IRRBB1	Quantitative information on IRRBB	Annual	Not disclosed as APRA's revisions to APS 117 came into effect after 30 September 2025
DIS75: Macroprudential supervisory measures	GSIB1	Disclosure of G-SIB indicators	Annual	Section 13 *Global systemically important bank indicators*
	CCyB1	Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement	Semi-annual	Section 3 *Capital*
DIS80: Leverage ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure measure	Semi-annual	Section 3 *Capital*
	LR2	Leverage ratio common disclosure template	Quarterly	Section 3 *Capital*
DIS85: Liquidity	LIQA	Liquidity risk management	Annual	Section 11 *Liquidity*
	LIQ1	Liquidity coverage ratio (LCR)	Quarterly	Section 11 *Liquidity*
	LIQ2	Net stable funding ratio (NSFR)	Semi-annual	Section 11 *Liquidity*

(1) CVA risk capital charge is measured under APS 180, and not under the BCBS's simplified standardised approach for market risk.
(2) Disclosed as additional information in the first quarter Pillar 3 report to provide information on a more timely basis. The business indicator component of operational risk capital is updated as part of 31 December reporting following finalisation of the year-end financial report.
(3) Some qualitative and quantitative items have not been disclosed as APRA's revisions to APS 117 came into effect after 30 September 2025.

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Glossary

AASB
Australian Accounting Standards Board

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

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

ADI
Authorised deposit-taking institution

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

ANZSIC
Australian and New Zealand Standard Industrial Classification

APRA
Australian Prudential Regulation Authority

APS
Prudential Standards issued by APRA applicable to ADIs.

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

Banking book
Exposures not contained in the trading book.

BCBS
Basel Committee on Banking Supervision

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

Carrying value
The value of assets and liabilities reported on the balance sheet under accounting standards and interpretations issued by the Australian Accounting Standards Board. Information on how the requirements of the Australian Accounting Standards Board have been applied through the Group's accounting policies is contained in the 2025 Annual Report.

CCF
Credit conversion factor

CCR
Counterparty credit risk

CCyB
Countercyclical capital buffer

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

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

Citigroup
Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

Common Equity Tier 1 (CET1) capital
The highest quality component of capital. CET1 capital 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 paid-up ordinary share capital, retained profits and certain other items as defined in APS 111 'Capital Adequacy: Measurement of Capital'.

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

Company
National Australia Bank Limited ABN 12 004 044 937

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

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

CRM
Credit risk mitigation

D-SIB
Domestic systemically important bank

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

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

ECAI
External Credit Assessment Institution

ESG
Environmental, Social or Governance

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

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

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

External ratings-based approach (ERBA)
A method used to calculate capital requirements for credit risk on securitisation exposures. Under this approach, risk-weights are assigned based on external credit ratings issued by recognised External Credit Assessment Institutions. The ERBA is governed by APS 120 'Securitisation', which outlines the conditions under which external ratings may be used.

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

G-SIB
Global systemically important bank

Group
NAB and its controlled entities.

Group CEO
Group Chief Executive Officer

Group CRO
Group Chief Risk Officer

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'.

ICAAP
Internal Capital Adequacy Assessment Process

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

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

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

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

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

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

LVR
Loan-to-valuation ratio

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.

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.

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

RAS
Risk Appetite Statement

RBA
Reserve Bank of Australia

RBNZ
Reserve Bank of New Zealand

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

Restructured loans
Consists of facilities where a borrower is experiencing financial difficulty or hardship in meeting their credit obligation or is in default, and a non-commercial concession is granted to the borrower that would not otherwise be considered and the concession is outside of that which would be provided under normal market conditions.

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

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

SME
Small and medium-sized enterprises

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

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

Supervisory formula approach (SFA)
A risk-based capital calculation method applied to securitisation exposures that lack eligible external ratings or do not meet the operational criteria for the external ratings-based approach. Under APS 120 'Securitisation', the SFA uses structural features of the securitisation and specific parameters of the underlying asset pool to determine the capital requirement.

SVaR
Stressed value at risk

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

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

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

Total capital
Tier 1 capital plus Tier 2 capital.

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

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

Value at risk (VaR)
A mathematical technique that uses statistical analysis of historical data to estimate a portfolio's potential losses for a given holding period and likelihood.

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