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Monday, 18 August 2025

ASX ANNOUNCEMENT

NAB 2025 Third Quarter Pillar 3 Report

National Australia Bank Limited (NAB) today released its 2025 Third Quarter 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.

national australia bank

Pillar 3 Report

2025

as at 30 June 2025

Incorporating the requirements of APS 330

National Australia Bank Limited ABN 12 004 044 937

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Introduction

National Australia Bank Limited (NAB) is an authorised deposit-taking institution (ADI) subject to regulation by the Australian Prudential Regulation Authority (APRA) under the authority of the *Banking Act 1959* (Cth). This document has been prepared in accordance with APRA Prudential Standard APS 330 *Public Disclosure*, which requires disclosure of key prudential information to the market to contribute to the transparency of financial markets and to enhance market discipline. 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 has been adopted by the Board to assist in discharging its oversight of the integrity of external reporting. The Group External Reporting Policy sets out the approach the Group, being NAB and its controlled entities, takes to managing compliance with APS 330, as well as other Australian statutory and regulatory external reporting obligations.

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

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

Capital adequacy methodologies

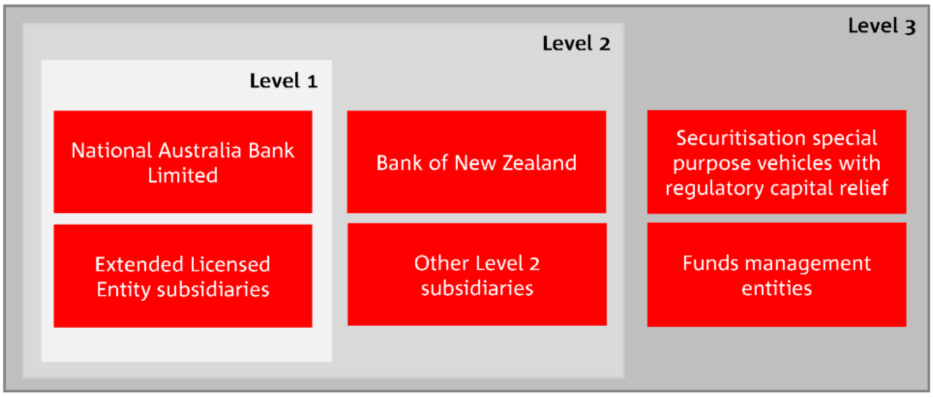
The Group uses the following approaches to measure capital adequacy.

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

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

Scope of application

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



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

Level 2 comprises NAB and the entities it controls, excluding securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120 *Securitisation* and funds management entities. Level 2 controlled entities include BNZ, National Australia Bank Europe S.A. and other financial entities such as broking, wealth advisory and leasing companies.

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

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

Overview of key metrics and RWA

KM1: Key metrics

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

June 2025 v March 2025

Regulatory capital

Common Equity Tier 1 (CET1) capital increased by $1.8 billion or 3.5%, mainly due to a $1.7 billion increase in retained profits, as well as a $255 million increase in the foreign currency translation reserve from favourable foreign exchange translation impacts.

The increase in Tier 1 capital was driven by the movement in CET1 capital, with no change in Additional Tier 1 capital since the prior quarter-end.

Total capital increased by $117 million or 0.1%, with the increase in Tier 1 capital largely offset by maturities of Tier 2 instruments, combined with unfavourable foreign exchange translation impacts of Tier 2 instruments denominated in foreign currencies.

Risk-weighted assets

Total RWA increased by $10.4 billion or 2.4%. The most significant driver was a $16.5 billion or 4.9% increase in credit RWA (excluding counterparty credit risk). The increase in credit RWA was mainly driven by the following factors, with further detail in CR8: *RWA flow statements of credit risk exposures under IRB*:

- lending growth in corporate (including small and medium-sized enterprises (SME)), and to a lesser extent in residential mortgages,
- a change in the measurement of certain off-balance sheet exposures, reflected via application of a $4.8 billion RWA overlay from 30 June 2025, and
- changes in asset quality and portfolio mix.

The increase in credit RWA was partially offset by:

- a $2.2 billion or 14.8% decrease in the RWA for interest rate risk in the banking book due to embedded gains from the capital investment profile following a decrease in market interest rates,
- a $1.8 billion or 15.2% decrease in market risk RWA due to a decrease in stressed value at risk (VaR) from lower interest rate exposures and a new APRA-approved internal model for commodities, and
- the $1.3 billion floor adjustment that was applied as at 31 March 2025 not being required as at 30 June 2025, with a proportionately larger increase in RWA prior to application of the floor compared to the increase in RWA under the full standardised approach. Refer to CMS1: *Comparison of modelled and standardised RWA at risk level* for further detail.

Leverage ratio

The leverage ratio increased by 9 basis points to 5.11%, with a proportionately larger increase in Tier 1 capital of $1.8 billion or 3.0% compared to the increase in total exposures of $15.9 billion or 1.3%.

The most significant driver of the increase in total exposures was a $16.9 billion increase in on-balance sheet exposures, mainly from increases in loans and advances and debt instruments, partially offset by a decrease in central bank deposits. In addition, off-balance sheet exposures increased by $1.4 billion, due to a change in the mix of exposures towards higher credit conversion factors. These increases were partially offset by a $2.5 billion decrease in securities financing transaction (SFT) exposures from lower reverse repurchase agreement activity over the quarter.

Liquidity coverage ratio

The average liquidity coverage ratio (LCR) for the quarter decreased to 135% from 139%, predominately driven by a $4.1 billion or 2.7% increase in average weighted net cash outflows.

The increase in average net cash outflows was largely due to an increase in wholesale deposit maturities over the quarter reflecting variability in the refinancing profile. This was partially offset by a decrease in net cash outflows related to secured funding transactions.

Average liquid assets were broadly unchanged with increased wholesale funding and deposits largely offset lending growth.

Net stable funding ratio

The net stable funding ratio (NSFR) decreased to 116% from 119%, with a proportionately larger increase in required stable funding (RSF) of $18.7 billion or 3.2%, compared to the increase in available stable funding (ASF) of $8.1 billion or 1.2%.

Lending growth was the primary driver of a $15.4 billion increase in RSF related to loans and advances, with an increase in other assets also contributing to the increase in RSF.

The most significant driver of the increase in ASF was an increase in deposits from retail and small business customers, with increases in regulatory capital and wholesale funding also contributing to the movement in ASF.

Overview of key metrics and RWA (cont.)

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

		As at				
		30 Jun 25	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24
Available capital (amounts)						
1	CET1	53,038	51,236	49,977	51,139	53,686
2	Tier 1	62,628	60,826	59,567	60,728	63,276
3	Total capital	89,739	89,622	86,823	86,602	89,696
RWA (amounts)						
4	Total RWA	436,890	426,445	429,128	413,946	425,543
4a	Total RWA (pre-floor)(1)	436,890	425,189	429,128	413,946	425,543
Risk-based capital ratios as a percentage of RWA (Level 2 Group)						
5	CET1 capital ratio (%)	12.14	12.01	11.65	12.35	12.62
5b	CET1 capital ratio (%) (pre-floor ratio)(1)	12.14	12.05	11.65	12.35	12.62
6	Tier 1 capital ratio (%)	14.33	14.26	13.88	14.67	14.87
6b	Tier 1 capital ratio (%) (pre-floor ratio)(1)	14.33	14.31	13.88	14.67	14.87
7	Total capital ratio (%)	20.54	21.02	20.23	20.92	21.08
7b	Total capital ratio (%) (pre-floor ratio)(1)	20.54	21.08	20.23	20.92	21.08
Risk-based capital ratios as a percentage of RWA (Level 1 Group)						
-	CET1 capital ratio (%)	11.97	11.84	11.42	12.08	12.54
-	Tier 1 capital ratio (%)	14.41	14.33	13.89	14.65	15.03
-	Total capital ratio (%)	21.25	21.74	20.81	21.49	21.80
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 domestic systemically important bank (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)	7.64	7.51	7.15	7.85	8.12
Leverage ratio						
13	Total leverage ratio exposure measure	1,226,589	1,210,737	1,231,826	1,191,855	1,188,241
14c	Leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	5.11	5.02	4.84	5.10	5.33
LCR(3)						
15	Total high-quality liquid assets (HQLA)	211,713	212,309	213,659	214,662	207,855
16	Total net cash outflows	156,597	152,496	154,236	156,717	151,357
17	LCR (%)	135	139	139	137	137
NSFR						
18	ASF	711,581	703,467	695,170	677,657	673,113
19	RSF	611,141	592,468	589,750	577,568	579,086
20	NSFR (%)	116	119	118	117	116

(1) The capital floor applies to IRB ADIs 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.

OV1: Overview of RWA

The following table provides RWA for each risk type and approach.

		As at		
		30 Jun 25	31 Mar 25	30 Jun 25
		RWA	RWA	Minimum capital requirements[1]
		$m	$m	$m
1	Credit risk (excluding counterparty credit risk (CCR))[2]	354,923	338,419	28,394
2	of which: standardised approach (SA)	22,847	21,488	1,828
3	of which: F-IRB approach	36,321	34,749	2,906
4	of which: supervisory slotting approach	9,802	9,477	784
5	of which: A-IRB approach	285,953	272,705	22,876
6	Counterparty credit risk	12,132	11,953	970
7	of which: standardised approach for CCR	10,328	9,954	826
9	of which: other CCR[3]	1,804	1,999	144
10	Credit valuation adjustment	4,219	4,570	338
15	Settlement risk	–	–	–
16	Securitisation exposures in banking book	5,285	5,544	423
18	of which: securitisation external ratings-based approach (SEC-ERBA)	1,385	1,495	111
19	of which: securitisation supervisory formula approach	3,900	4,049	312
20	Market risk	10,256	12,094	820
21	of which: standard method	791	776	63
22	of which: IMA	9,465	11,318	757
24	Operational risk	37,610	37,985	3,009
–	Interest rate risk in the banking book	12,465	14,624	997
26	*Output floor applied*	*72.5%*	*72.5%*	
27	Floor adjustment[4]	–	1,256	
29	**Total**	**436,890**	**426,445**	**34,951**

(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.
(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 under the A-IRB approach ($4.3 billion in row 5) and the F-IRB approach ($321 million in row 3).
(3) 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.
(4) 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.

Exposure at default and RWA by asset class

The following table provides a summary of exposure at default (EaD) and RWA by asset class. 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.

The nature of exposures in each asset class is outlined on page 8.

	As at 30 Jun 25					
	EaD post-CCF and post-CRM[1]			RWA		
	Credit risk	Counterparty credit risk	Total	Credit risk	Counterparty credit risk	Total
	$m	$m	$m	$m	$m	$m
Subject to A-IRB approach						
Corporate (including SME)	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[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 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).

	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	**1,060,014**	**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**

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 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.
Residential mortgage	Non-standard mortgages and residential mortgages in portfolios where the standardised approach is applied, such as the Citi consumer business.
Other retail	Regulatory prescribed portfolios, such as margin lending, and other retail exposures in portfolios where the standardised approach is applied, such as the Citi consumer business.
Other	Cash items in the process of collection, investment in premises and other fixed assets, and all other exposures.
RBNZ regulated banking subsidiary	BNZ exposures 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.

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.

June 2025 v March 2025

RWA prior to application of the floor increased by $11.7 billion or 2.8%, whereas RWA under the full standardised approach increased by $13.4 billion or 2.3%. The proportionately larger increase in pre-floor RWA compared to RWA under the full standardised approach resulted in pre-floor RWA being above the capital floor by $745 million.

		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	-

		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**

Capital

Leverage ratio

LR2: Leverage ratio common disclosure template

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.

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 a simple average of month-end balances during the quarter.

		As at	
		30 Jun 25	31 Mar 25
		$m	$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)	984,881	966,943
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	3,536	4,864
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(6,464)	(7,126)
5	(Provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	(5,583)	(5,452)
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	(10,359)	(10,116)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**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)	10,687	10,474
9	Add-on amounts for potential future exposure associated with all derivatives transactions	19,569	19,750
11	Adjusted effective notional amount of written credit derivatives	4,320	5,995
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(3,093)	(4,772)
13	**Total derivative exposures (sum of rows 8 to 12)**	**31,483**	**31,447**
SFT exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	115,670	119,993
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(15,611)	(17,826)
16	Counterparty credit risk exposure for SFT assets	4,977	5,393
18	**Total SFT exposures (sum of rows 14 to 17)**	**105,036**	**107,560**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	250,577	251,635
20	(Adjustments for conversion to credit equivalent amounts)	(125,947)	(128,433)
21	(Provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(571)	(585)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**124,059**	**122,617**
Capital and total exposures			
23	**Tier 1 capital**	**62,628**	**60,826**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**1,226,589**	**1,210,737**
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**5.11%**	**5.02%**
26	**National minimum leverage ratio requirement**	**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	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	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)	1,226,589	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)	5.11%	5.02%

Credit risk

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

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

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

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

June 2025 v March 2025

Non-performing exposures increased by $623 million or 5.5%, with a $349 million increase in default but not impaired assets and a $274 million increase in impaired assets. The increase mainly reflects continued deterioration in the Business and Private Banking business lending portfolio, though at a slower pace than in the March 2025 half year, combined with the impairment of certain New Zealand business lending exposures.

	As at 30 Jun 25			
	EaD post-CCF and post-CRM	Non-performing exposures	Provision for non-performing exposures[1]	Of which individually assessed provision for credit impairment
Industry sector	**$m**	**$m**	**$m**	**$m**
Accommodation and hospitality	14,428	266	68	23
Agriculture, forestry, fishing and mining	70,800	1,510	270	120
Business services and property services	23,394	554	177	123
Commercial property	91,881	1,153	228	36
Construction	15,051	427	115	76
Finance and insurance	168,787	111	32	17
Government and public authorities	74,964	-	-	-
Manufacturing	21,348	658	272	230
Personal	21,044	202	107	3
Residential mortgages	493,448	5,644	600	65
Retail and wholesale trade	35,551	669	230	157
Transport and storage	22,937	331	85	61
Utilities	16,842	13	18	17
Other[2]	41,498	346	84	53
Total	**1,111,973**	**11,884**	**2,286**	**981**

Provision for performing exposures[3]	**3,868**
Total provision for credit impairment	**6,154**

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

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

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

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

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, and
- 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 key metrics and RWA*.

June 2025 v March 2025

RWA for credit risk exposures subject to the A-IRB and F-IRB approaches increased by $14.8 billion or 4.8% in the three months to 30 June 2025 from:

- lending growth, mostly in corporate (including SME) and to a lesser extent in residential mortgages (reflected in row 2),
- changes in asset quality and portfolio mix (reflected in row 3),
- model updates including a change in measurement of certain off-balance sheet exposures, reflected via application of a $4.8 billion RWA overlay (reflected in row 4), and
- foreign exchange translation impacts, mainly of New Zealand dollar denominated exposures (reflected in row 7).

Other credit RWA increased by $1.3 billion or 2.4% in the three months to 30 June 2025, mostly due to the reclassification of certain residential mortgages, which resulted in an increase in credit RWA under the standardised approach, partially offset by a decrease in RWA for exposures subject to the A-IRB approach (reflected in row 4).

		3 months ended					
		30 Jun 25			31 Mar 25		
		a	b	c	a	b	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
		$m	$m	$m	$m	$m	$m
1	**RWA as at end of previous reporting period**	307,454	53,032	360,486	305,948	58,165	364,113
2	Asset size(1)	6,097	348	6,445	2,957	276	3,233
3	Asset quality(2)	4,165	(319)	3,846	(641)	(382)	(1,023)
4	Model updates	3,781	1,266	5,047	(1,093)	(1,409)	(2,502)
5	Methodology and policy	–	–	–	–	–	–
7	Foreign exchange movements	777	159	936	283	163	446
8	Other(3)	–	(201)	(201)	–	(3,781)	(3,781)
9	**RWA as at end of reporting period**	**322,274**	**54,285**	**376,559**	**307,454**	**53,032**	**360,486**

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

Liquidity

Liquidity coverage ratio

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

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

The Group's mix of liquid assets primarily consists of HQLA, such as cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns. The currency mix of these holdings is set with reference to the currency of the underlying liquidity risk to support all regulatory and internal requirements being met. Liquid assets surplus to APRA minimums in New Zealand dollars are not included in LCR for the Level 2 Group, reflecting 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 June 2025 and 31 March 2025 are presented in LIQ1: *Liquidity coverage ratio*, and are based on a simple average of daily LCR outcomes excluding non-business days. There were 61 daily LCR data points used in calculating the average for the most recent and previous quarter.

LIQ1: Liquidity coverage ratio

		3 months ended			
		30 Jun 25		31 Mar 25	
		Total unweighted value (average)(1)	Total weighted value (average)	Total unweighted value (average)(1)	Total weighted value (average)
		$m	$m	$m	$m
HQLA					
1	Total HQLA(2)(3)(4)		211,713		212,309
–	of which: alternative liquid assets(3)		3,973		3,529
–	of which: RBNZ eligible securities(3)(4)		3,973		3,529
Cash outflows					
2	Retail deposits and deposits from small business customers	298,865	30,802	293,951	30,409
3	of which: stable deposits	133,831	6,692	131,255	6,563
4	of which: less stable deposits	165,034	24,110	162,696	23,846
5	Unsecured wholesale funding	188,240	92,349	176,515	86,406
6	of which: operational deposits (all counterparties) and deposits in networks of cooperative banks	91,297	22,824	90,751	22,688
7	of which: non-operational deposits (all counterparties)	81,057	53,639	70,294	48,248
8	of which: unsecured debt	15,886	15,886	15,470	15,470
9	Secured wholesale funding(3)		13,277		17,082
10	Additional requirements	216,692	38,325	216,749	36,370
11	of which: outflows related to derivative exposures and other collateral requirements	8,809	7,656	6,478	6,476
12	of which: outflows related to loss of funding on debt products	–	–	–	–
13	of which: credit and liquidity facilities	207,883	30,669	210,271	29,894
14	Other contractual funding obligations	232	232	462	462
15	Other contingent funding obligations	87,290	5,544	83,287	5,253
16	**Total cash outflows**		**180,529**		**175,982**
Cash inflows					
17	Secured lending (e.g. reverse repos)	56,887	7,314	64,298	7,862
18	Inflows from fully performing exposures	22,279	14,385	20,502	12,837
19	Other cash inflows	2,234	2,233	2,790	2,787
20	**Total cash inflows**	**81,400**	**23,932**	**87,590**	**23,486**
			Total adjusted value		Total adjusted value
			$m		$m
21	**Total HQLA(2)**		**211,713**		**212,309**
22	**Total net cash outflows**		**156,597**		**152,496**
23	**LCR (%)**		**135%**		**139%**

(1) Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
(2) Total HQLA represents liquid assets, including assets qualifying under alternative liquidity approaches.
(3) Disclosed on a weighted basis only, consistent with the disclosure template prescribed by APS 330.
(4) Weighted values exclude New Zealand dollar (NZD) liquid asset holdings in excess of NZD LCR of 100%, reflecting liquidity transferability considerations. The average amount excluded during the three months to 30 June 2025 and 31 March 2025 was $5.8 billion and $6.3 billion, respectively.

Accountable Person attestation

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

Shaun Dooley
Group Chief Financial Officer
18 August 2025

Disclosure requirements index

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

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<tr><th colspan="3">BCBS Disclosure Requirements standard tables and templates</th><th>Reporting frequency</th><th>Pillar 3 report section, or comment</th></tr>
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<tr><td>KM2</td><td>Key metrics – total loss-absorbing capacity (TLAC) requirements (at resolution group level)</td><td colspan="2">N/A as only required for global systemically important banks (G-SIBs)</td></tr>
<tr><td>OVA</td><td>Bank risk management approach</td><td>Annual</td><td>-</td></tr>
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<tr><td rowspan="6">DIS25: Composition of capital and TLAC</td><td>CCA</td><td>Main features of regulatory capital instruments and of other TLAC-eligible instruments</td><td>Semi-annual(1)</td><td>Available at nab.com.au/about-us/shareholder-centre/regulatory-disclosures</td></tr>
<tr><td>CC1</td><td>Composition of regulatory capital</td><td>Semi-annual</td><td>-</td></tr>
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<tr><td>TLAC1</td><td>TLAC composition for G-SIBs (at resolution group level)</td><td colspan="2">N/A as only required for G-SIBs</td></tr>
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<tr><td>DIS26: Capital distribution constraints</td><td>CDC</td><td>Capital distribution constraints</td><td colspan="2">APRA has not required this disclosure which is at the discretion of national supervisors</td></tr>
<tr><td rowspan="4">DIS30: Links between financial statements and regulatory exposures</td><td>LIA</td><td>Explanations of differences between accounting and regulatory exposure amounts</td><td>Annual</td><td>-</td></tr>
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<tr><td>PV1</td><td>Prudent valuation adjustments (PVAs)</td><td colspan="2">Not required under APS 330</td></tr>
<tr><td>DIS31: Asset encumbrance</td><td>ENC</td><td>Asset encumbrance</td><td>Semi-annual</td><td>-</td></tr>
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</table>

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

BCBS *Disclosure Requirements* standard tables and templates			Reporting frequency	Pillar 3 report section, or comment
DIS40: Credit risk (cont.)	CRE	Qualitative disclosure related to internal ratings-based (IRB) models	Annual	–
	CR6	IRB - credit risk exposures by portfolio and probability of default (PD) range	Semi-annual	–
	CR7	IRB - effect on RWA of credit derivatives used as CRM techniques	Semi-annual	–
	CR8	RWA flow statements of credit risk exposures under IRB	Quarterly	Section 4 *Credit risk*
	CR9	IRB - backtesting of PD per portfolio	Annual	–
	CR10	IRB - specialised lending under the slotting approach	Semi-annual	–
DIS42: Counterparty credit risk (CCR)	CCRA	Qualitative disclosure related to CCR	Annual	–
	CCR1	Analysis of CCR exposures by approach	Semi-annual	–
	CCR3	Standardised approach – CCR exposures by regulatory portfolio and risk-weights	Semi-annual	–
	CCR4	IRB – CCR exposures by portfolio and PD scale	Semi-annual	–
	CCR5	Composition of collateral for CCR exposure	Semi-annual	–
	CCR6	Credit derivatives exposures	Semi-annual	–
	CCR7	RWA flow statements of CCR exposures under internal model method (IMM)	Not required under APS 330	
	CCR8	Exposures to central counterparties	Semi-annual	–
DIS43: Securitisation	SECA	Qualitative disclosure requirements related to securitisation exposures	Annual	–
	SEC1	Securitisation exposures in the banking book	Semi-annual	–
	SEC2	Securitisation exposures in the trading book	Semi-annual	–
	SEC3	Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Semi-annual	–
	SEC4	Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	Semi-annual	–
DIS45: Sovereign exposures	SOV1	Exposures to sovereign entities – country	APRA has not required this disclosure which is at the discretion of national supervisors	
	SOV2	Exposures to sovereign entities – currency denomination breakdown	APRA has not required this disclosure which is at the discretion of national supervisors	
	SOV3	Exposures to sovereign entities – accounting classification breakdown	APRA has not required this disclosure which is at the discretion of national supervisors	
DIS50: Market risk(1)	MRA	General qualitative disclosure requirements related to market risk	Not required under APS 330	
	MR1	Market risk under the standardised approach	Not required under APS 330	
	MRB	Qualitative disclosures for banks using the internal models approach (IMA)	Not required under APS 330	
	MR2	Market risk for banks using the IMA	Not required under APS 330	
	MR3	Market risk under the simplified standardised approach	Not required under APS 330	
DIS51: Credit valuation adjustment (CVA) risk	CVAA	General qualitative disclosure requirements related to CVA	Annual	–
	CVA1	The reduced basic approach for CVA (BA-CVA)	Not required under APS 330	
	CVA2	The full BA-CVA	Not required under APS 330	
	CVAB	Qualitative disclosures for banks using the standardised approach (SA-CVA)	Annual	–
	CVA3	The SA-CVA	Not required under APS 330	
	CVA4	RWA flow statements of CVA risk exposures under SA-CVA	Not required under APS 330	
DIS60: Operational risk	ORA	General qualitative information on a bank's operational risk framework	Annual	–
	OR1	Historical losses	Annual	–
	OR2	Business indicator and subcomponents	Annual(2)	–
	OR3	Minimum required operational risk capital	Annual(2)	–

(1) 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.
(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.

BCBS *Disclosure Requirements* standard tables and templates			Reporting frequency	Pillar 3 report section, or comment
DIS70: Interest rate risk in the banking book (IRRBB)	IRRBBA	IRRBB risk management objectives and policies	Annual	–
	IRRBB1	Quantitative information on IRRBB	Annual	–
DIS75: Macroprudential supervisory measures	GSIB1	Disclosure of G-SIB indicators	Annual	G-SIB indicators are available at nab.com.au/about-us/shareholder-centre/regulatory-disclosures
	CCyB1	Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement	Semi-annual	–
DIS80: Leverage ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure measure	Semi-annual	–
	LR2	Leverage ratio common disclosure template	Quarterly	Section 3 *Capital*
DIS85: Liquidity	LIQA	Liquidity risk management	Annual	–
	LIQ1	Liquidity coverage ratio (LCR)	Quarterly	Section 5 *Liquidity*
	LIQ2	Net stable funding ratio (NSFR)	Semi-annual	–

Glossary

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

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

ADI
Authorised deposit-taking institution

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

ANZSIC
Australian and New Zealand Standard Industrial Classification

APRA
Australian Prudential Regulation Authority

APS
Prudential Standards issued by APRA applicable to ADIs.

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

Banking book
Exposures not contained in the trading book.

BCBS
Basel Committee on Banking Supervision

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

Carrying value
The value of assets and liabilities reported on the balance sheet under accounting standards and interpretations issued by the Australian Accounting Standards Board. Information on how the requirements of the Australian Accounting Standards Board have been applied through the Group's accounting policies is contained in the 2024 Annual Report.

CCF
Credit conversion factor

CCR
Counterparty credit risk

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

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

Citigroup
Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

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

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

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

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

CRM
Credit risk mitigation

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

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

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

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

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

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

G-SIB
Global systemically important bank

Group
NAB and its controlled entities.

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

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

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

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

Leverage ratio
Tier 1 capital divided by exposures as defined 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.

NAB
National Australia Bank Limited ABN 12 004 044 937

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

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

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

Qualifying central counterparty (QCCP)
An entity licensed to operate as a central counterparty, and permitted 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.

RBNZ
Reserve Bank of New Zealand

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

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

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

SME
Small and medium-sized enterprises

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

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

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

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

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

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

Total capital
Tier 1 capital plus Tier 2 capital.

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

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