



ASX ANNOUNCEMENT

Tuesday, 9 July 2019

APRA increases loss-absorbing capacity requirements for ADIs

National Australia Bank Limited (NAB) today noted the Australian Prudential Regulation Authority (APRA) response to submissions on increasing the loss-absorbing capacity of Authorised Deposit-taking Institutions (ADIs). APRA's initial proposal, released in a Discussion Paper on 8 November 2018, recommended a minimum loss-absorbing and recapitalisation framework sufficient to facilitate the orderly resolution of Australian ADIs and minimise taxpayer support.

Today's announcement confirms the establishment of an Australian loss-absorbing capacity regime under the existing capital framework. APRA will require an increase in Total Capital by domestic systemically important banks (D-SIBs) of three percentage points of risk-weighted assets (RWA) by 1 January 2024.

APRA has maintained its overall targeted calibration of four to five percentage points for loss-absorbing capacity as detailed in its 8 November 2018 Discussion Paper. Over the next four years, APRA will consult on alternative methods for raising the additional one to two percentage points.

Based on NAB's RWA of \$403bn at 31 March 2019, the three percentage point requirement represents an incremental increase of \$12.1bn of Total Capital. NAB expects to meet the new requirement primarily through the issuance of Tier 2 Capital, with a corresponding decrease in senior debt issuance.

For further information:

Media

Jessica Forrest
M: +61 (0) 457 536 958

Investor Relations

Ross Brown
M: +61 (0) 417 483 549

Sarah Stokie
M: +61 (0) 477 721 489