



## ASX ANNOUNCEMENT

Thursday, 5 December 2019

### NAB notes RBNZ capital framework

The Reserve Bank of New Zealand (RBNZ) today released its final capital requirements for New Zealand banks.

The final capital requirements include:

- An increase to risk-weighted assets (RWA) for internal ratings based banks such as NAB's New Zealand subsidiary, Bank of New Zealand (BNZ) to approximately 90% of what would be calculated under the standardised approach;
- An increase in the Common Equity Tier 1 (CET1) capital requirement equal to 13.5 per cent of RWA for banks deemed systemically important (which includes BNZ);
- An increase in the Tier 1 capital requirement equal to 16 per cent of RWA for banks deemed systemically important; and
- An increase in the Total Capital requirement equal to 18 per cent of RWA for banks deemed systemically important.

The RBNZ has confirmed the changes will take effect from 1 July 2020 and banks will be given up to 7 years to comply.

The RBNZ's final decisions are broadly consistent with the RBNZ's initial proposals which were released in December 2018.

Based on BNZ's balance sheet as at 30 September 2019, the changes represent a CET1 capital increase of NZ\$3-4bn for BNZ by 1 July 2027.

As at 30 September 2019, NAB's Level 2 CET1 ratio was 10.38%. There is expected to be no impact on this ratio from the increased BNZ capital requirements or the changes to BNZ RWA.

As at 30 September 2019, NAB's Level 1 CET1 ratio was 10.53%. Under APRA's proposed changes to Prudential Standard APS 111, any additional equity investment into BNZ over the transition period is expected to be deducted from NAB's Level 1 CET1 capital.

The ultimate impact on the NAB Group will be dependent on various factors, including BNZ's balance sheet size over the phased implementation period, as well as potential mitigating actions undertaken.

Gary Lennon  
Group Chief Financial Officer

For further information:

**Media**

Mark Alexander  
M: +61 (0) 412 171 447

**Investor Relations**

Sally Mihell  
M: +61 (0) 436 857 669

Natalie Coombe  
M: +61 (0) 477 327 540