



## **ASX ANNOUNCEMENT**

Wednesday, 14 February 2018

### **NAB responds to APRA paper on capital framework**

National Australia Bank Limited (NAB) today noted the release of the Australian Prudential Regulation Authority (APRA) discussion paper on proposed revisions to set capital standards such that Australian authorised deposit-taking institution (ADI) capital ratios are 'unquestionably strong'.

Consultation on draft prudential standards for credit and operational risk is expected to follow in late 2018, with draft prudential standards incorporating remaining Basel III revisions to be released in mid-2019. APRA continues to propose an implementation date of 1 January 2021, subject to further consultation.

In July 2017, APRA advised that ADIs using Advanced Internal Ratings Based models would require Common Equity Tier 1 (CET1) ratios of at least 10.5% by January 2020 in order to meet the unquestionably strong benchmark. NAB continues to expect to meet APRA's 10.5% target in an orderly manner by January 2020. As at 31 December 2017, NAB's CET1 ratio was 10.2%.

Consistent with previous statements, APRA noted today "if ADIs meet the benchmarks set out in July 2017 for unquestionably strong capital ratios, any changes to the capital framework that eventuate from the finalisation of the proposals in this paper will be able to be accommodated by existing capital holdings and not necessitate additional capital raisings."

APRA has also proposed a minimum leverage ratio requirement of 4% for Internal Ratings Based ADIs. As at 31 December 2017, NAB's leverage ratio was 5.4%.

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