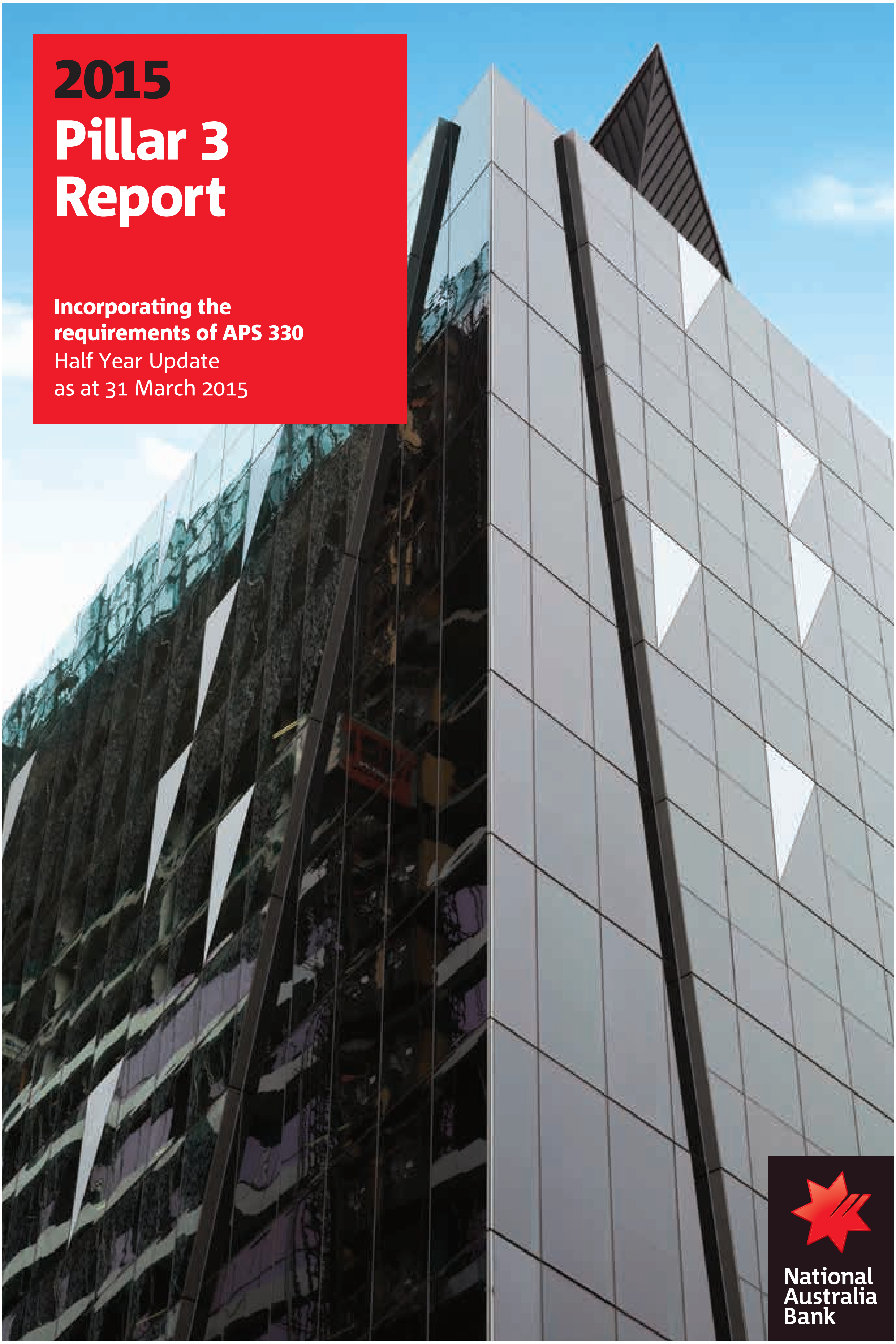
2015 Pillar 3 Report

Incorporating the requirements of APS 330
Half Year Update
as at 31 March 2015



National Australia Bank

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1. Introduction

National Australia Bank Limited (ABN 12 004 044 937) (NAB) applies the Basel framework as a cornerstone of the NAB Group's risk management framework and capital strategy, and recognises that it is critical for achieving the NAB Group's strategic agenda.

In Australia, the Australian Prudential Regulation Authority (APRA) has regulatory responsibility for the implementation of the Basel Accord through the release of prudential standards.

This Pillar 3 Report is designed to provide the NAB Group's stakeholders with detailed information about the approach the NAB Group takes to manage risk and to determine capital adequacy, having regard to the operating environment. The report also addresses the requirements of APRA's *Prudential Standard APS 330: Public Disclosure (APS 330)*.

All figures in this report are in Australian dollars (AUD) unless otherwise noted. Disclosures in this Report are based on the APRA Basel III standards that applied from 1 January 2013, except for market risk Risk-Weighted Assets (RWA) that are calculated on a Basel 2.5 basis for each period presented.

Capital Ratio Summary

The NAB Group's Common Equity Tier 1 (CET1) capital ratio of 8.87% at 31 March 2015 is consistent with the NAB Group's objective of maintaining a strong capital position.

	As at	
	31 Mar 15	30 Sep 14
Capital ratios (Level 2)	%	%
Common Equity Tier 1	8.87	8.63
Tier 1	11.13	10.81
Total	12.81	12.16

The NAB Group maintains a strong capital, funding and liquidity position, in line with its ongoing commitment to maintain balance sheet strength.

Over six months ended 31 March 2015, the NAB Group has accessed a diverse range of wholesale funding across senior, subordinated and secured debt markets.

The NAB Group remains vigilant in its evaluation of the economic and regulatory environment, and continues to ensure that the NAB Group's balance sheet remains strong to enable it to respond to changing market and regulatory conditions.

On 7 May 2015, NAB Group announced it will be undertaking a 2 for 25 fully underwritten pro rata accelerated renounceable rights issue with retail rights trading (the Entitlement Offer) at an offer price of $28.50, to raise approximately $5.5 billion. Approximately 194 million new NAB ordinary shares are to be issued (approximately 8.0% of issued capital). The capital raised will be used to support the UK demerger and to provide a capital buffer for potential regulatory changes.

1.1 The NAB Group's Capital Adequacy Methodologies

The NAB Group operates in Australia, Asia, New Zealand, the United Kingdom and North America. The following table sets out the approach to the Basel Accord, which is applied across the NAB Group as at 31 March 2015.

The NAB Group's Basel Methodologies

Methodology Approach	Credit Risk	Operational Risk	Non-Traded Market Risk	Traded Market Risk
National Australia Bank Limited	Advanced IRB	AMA	IRRBB	Standardised and IMA
Bank of New Zealand	Advanced IRB	AMA	IRRBB	Standardised and IMA
Clydesdale Bank PLC	Standardised	Standardised	IRRBB	n/a
Great Western Bank	Standardised	Standardised	IRRBB	n/a

IRB: Internal Ratings Based Approach
AMA: Advanced Measurement Approach
IRRBB: Interest Rate Risk in the Banking Book
IMA: Internal Models Approach

Bank of New Zealand (BNZ) is regulated by the Reserve Bank of New Zealand (RBNZ). Credit risk exposures consolidated in the NAB Group position are calculated under RBNZ requirements.

Clydesdale Bank plc (Clydesdale), NAB Group's main operating subsidiary in the United Kingdom, is regulated by the Prudential Regulation Authority (PRA). Clydesdale has been accredited to apply the standardised approach to operational and credit risk management in accordance with regulatory requirements. Credit risk exposures and operational risk RWA consolidated in this report are calculated under APRA requirements.

Great Western Bank (GWB) is regulated in the United States of America by the South Dakota Division of Banking, the Federal Deposit Insurance Corporation and the Federal Reserve System. GWB credit risk and operational risk RWA are subject to APRA Basel standardised methodology.

1.2 AASB 9 'Financial Instruments'

Effective 1 October 2014, the NAB Group early adopted the requirements of AASB 9 'Financial Instruments'. The transitional impacts of this adoption are highlighted in Note 1 to the NAB Group's 2015 Half Year Results Announcement.

1.3 APS 330 Disclosure Governance

The NAB Group Disclosure and External Communications Policy defines Board and management accountabilities for *APS 330* disclosure, including processes and practices to ensure the integrity and timeliness of prudential disclosures and compliance with NAB Group policies.

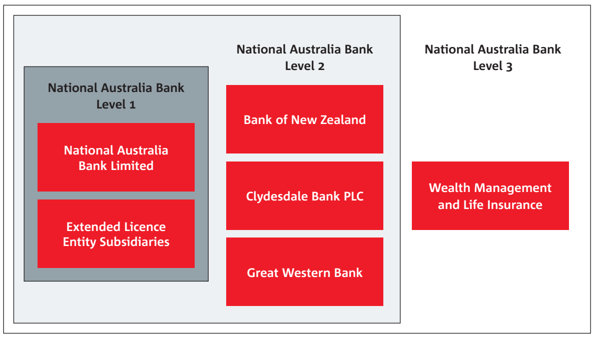
2. Scope of Application

APRA measures the NAB Group's capital adequacy by assessing financial strength at three levels:

- Level 1: comprises NAB and its subsidiary entities approved by APRA as part of the Extended Licensed Entity (ELE)
- Level 2: comprises NAB and the entities it controls, subject to certain exceptions set out below
- Level 3: comprises the conglomerate NAB Group

This report applies to the Level 2 consolidated group (the Level 2 Group).

NAB Group Consolidation for Regulatory Purposes



The controlled entities in the Level 2 Group include BNZ, Clydesdale, GWB and other financial entities (e.g. finance companies and leasing companies).

Wealth management and life insurance activities are excluded from the calculation of RWA and the related controlled entities are deconsolidated from the Level 2 Group for the purposes of calculating capital adequacy. Capital adequacy deductions are applied to the investments in, and profits of, these activities. National Wealth Management Holdings Limited (NWMH) has not been treated as part of the Level 2 Group for the purposes of this Report.

In addition, certain securitisation special purpose vehicles (SPVs) to which assets have been transferred in accordance with APRA's requirements as set out in *Prudential Standard APS 120* have been deconsolidated from the Level 2 Group for the purposes of this disclosure. For regulatory purposes, credit risk is removed from the sold assets and there is no requirement to hold capital against them.

Differences in Consolidation Arising Between the Regulatory and Accounting Approaches

For financial reporting, the NAB Group applies International Financial Reporting Standards (IFRS) and consolidates all entities in which it has the power to govern the financial and operating policies so as to obtain benefit from their activities. This includes life insurance, funds management and securitisation SPVs used to house securitised assets. As noted above, these entities receive a different treatment for Level 2 regulatory consolidation purposes. A list of material controlled entities included in the consolidated NAB Group for financial reporting purposes can be found in the Company's 30 September 2014 Annual Financial Report.

Restrictions on the Transfer of Funds and Regulatory Capital within the NAB Group

Limits are placed on the level of capital and funding transfers and on the level of exposure (debt and equity) that the NAB Group may have to a related entity. These limits are subject to the NAB Group Balance Sheet and Liquidity Risk (GBSLR) Policy which requires that contagion risk be managed under regulatory requirements *(Prudential Standard APS 222 Associations with Related Entities*) and the Board's risk appetite for intra-group exposures.

Each banking subsidiary works with the NAB Group to manage capital to target capital ranges approved by their local Boards. Any capital transfer is subject to maintaining adequate subsidiary and parent company capitalisation.

Disclosure 2A: Scope of Application

There were no capital deficiencies in non-consolidated subsidiaries of the NAB Group as at 30 September 2014 or 31 March 2015.

Clydesdale Bank plc

Clydesdale is a wholly owned subsidiary of NAB and operates as a regionally autonomous retail and business bank in the United Kingdom. It applies the provisions laid down in the UK PRA's requirements *BIPRU 2.1 Solo Consolidation Waiver*. This enables some intra-group exposures and investments of Clydesdale in its subsidiaries to be eliminated and the free reserves of such subsidiaries to be aggregated when calculating capital resource requirements of Clydesdale.

On 7 May 2015 NAB Group announced its intention to pursue a public market option of a demerger of Clydesdale's holding company National Australia Group Europe Ltd and its subsidiaries (Listco) and an initial public offering (IPO) of approximately 20-30% to institutional investors.

The UK PRA has advised that in order to demerge Listco, NAB Group will be required to provide capital support for Listco against potential losses related to legacy conduct costs. These are centred on payment protection insurance, interest rate hedging products and fixed rate tailored business loan conduct issues not covered by existing provisions, to a total cap of £1.7 billion, provided that the demerger occurs within the intended timeframe. The cap amount is expected to be deducted from NAB's CET1 ratio upon completion of the demerger. To the extent actual losses are ultimately lower than the £1.7 billion, this is expected to result in a commensurate CET1 benefit for NAB Group. However, the form of support, duration and final regulatory capital treatment of the £1.7 billion remains subject to on-going regulatory discussion.

Bank of New Zealand

BNZ is a wholly owned subsidiary of NAB and operates as a regionally autonomous, full-service bank in New Zealand. The BNZ Board is responsible for corporate governance and derives its authority from the Constitution of BNZ and applicable New Zealand legislation.

BNZ is subject to the Basel Accord capital adequacy requirements applicable in New Zealand, mandated by the RBNZ. The capital ratios for BNZ presented in this report have been derived under the RBNZ's Capital Adequacy Framework (Internal Models Based Approach). Full Basel disclosures for BNZ are published separately under the Disclosure Statement regime applicable to banks incorporated in New Zealand.

Great Western Bank

GWB credit risk and operational risk RWA are subject to APRA Basel standardised methodology.

On 15 October 2014, the NAB Group sold a minority stake (31.8%) in GWB through an initial public offering of shares in the US.

On 6 May 2015, National Americas Holdings LLC, a wholly owned subsidiary of NAB, completed a secondary public offering in respect of Great Western Bancorp, Inc. The total offer comprised 23 million shares of Great Western Bancorp, Inc.'s issued and outstanding common stock at a public offer price of US$21.50 a share. The gross proceeds realised by NAB pursuant to the offer were US$495 million, reducing NAB's ownership in Great Western Bancorp, Inc. to 28.5%.

The NAB Group plans to sell 100% of the GWB business over time, subject to market conditions. The timing of subsequent sales of GWB shares is unknown.

3. Regulatory Environment

Regulatory Reform

The quantitative requirements of APRA's *Prudential Standard APS 210 Liquidity* came into force on 1 January 2015 requiring compliance with the Liquidity Coverage Ratio (LCR). Net Stable Funding Ratio (NSFR) rules are expected to be released by APRA during 2015, with implementation expected in 2018.

The NAB Group's liquidity strategy remains focused on the quality of liquid assets and the stability of the funding that underpins the LCR.

Other Reform Proposals

The Group also remains focused on other areas of regulatory change. Key reforms that may affect its capital and funding include:

- APRA's notification regarding the definition of entities to be included within the Level 2 Authorised Deposit-taking Institution (ADI) Group, as previously announced on 5 May 2014. The change will remove over time the capital benefit that NAB gains from the debt on the NWMH balance sheet, in accordance with the APRA-approved transition period to December 2017. As of 31 March 2015, NWMH has $1.75 billion of debt outstanding, which is equivalent to 44 basis points of CET1 capital.
- APRA's announcement of Level 3 Conglomerate Supervision requirements, which include a Level 3 prudential capital requirement. Final standards were released by APRA in August 2014 and the implementation date has been deferred until the Australian Federal Government's response to the Financial System Inquiry (Inquiry) is known. APRA has confirmed a minimum 12 month transition period will be provided and has stated that quantitative impact analysis suggests that no potential Level 3 Group would be required to raise additional capital as a result of the implementation of the proposed Level 3 framework.
- APRA's consultation on revisions to APRA *Prudential Standard APS 120 Securitisation*, which is aimed at moving towards a more flexible and principles based securitisation framework in Australia.
- APRA's disclosure requirements in relation to Leverage Ratio, Global Systemically Important Bank (G-SIB) indicators and LCR, have been finalised with an implementation date of 1 July 2015. A minimum leverage ratio is yet to be determined by APRA, with Pillar 1 compliance not expected until 1 January 2018.
- The Australian Federal Government's Financial System Inquiry. The Inquiry's Final Report was released in December 2014, followed by a consultation period ending 31 March 2015. A number of recommendations centred on improving the resilience of the financial system including unquestionable capital strength, mortgage risk weight calibration, loss absorbing capacity requirements, harmonised capital disclosure and the introduction of a leverage ratio.
- The enhanced prudential requirements for foreign banking organisations under Title I of the US Dodd-Frank Act. The final rule is expected to take effect in July 2016 and will include, among other things, additional capital, liquidity and risk management requirements.
- The Basel Committee on Banking Supervision's (BCBS) review of policy requirements to improve consistency and comparability in bank capital ratios, principally including revisions to the standardised approach to calculating regulatory capital, a capital floor and the strengthening of Pillar 3 disclosure requirements. This includes the Fundamental Review of the Trading Book (FRTB), which remains in the consultative phase.
- The UK Pillar 2 Framework, which is under review by the PRA. Current proposals include new approaches for determining Pillar 2 capital for credit risk, operational risk, credit concentration risk and pension obligation risk, along with proposals on the operation of the new Capital Requirements Directive (CRD) IV capital buffer framework.
- The UK Government has enacted legislation to restrict the utilisation of tax losses realised by UK banks prior to 1 April 2015. This will prolong the expected period of time required to utilise deferred tax assets recognised on these tax losses. The UK Government has also announced, but has not yet enacted, a proposed tax law change that will deny UK tax deductibility for conduct compensation paid to impacted bank customers.

4. Capital

4.1 Capital Adequacy

4.1A: Risk-Weighted Assets

The following table provides the Basel Accord RWA for the Level 2 Group.

	As at	
	31 Mar 15	**30 Sep 14**
	RWA	**RWA**
	$m	**$m**
Credit risk [(1)]		
IRB approach		
Corporate (including SME) [(2)]	122,190	111,078
Sovereign	1,762	1,608
Bank	12,711	11,341
Residential mortgage	60,987	58,274
Qualifying revolving retail	3,773	3,641
Retail SME	6,667	6,165
Other retail	3,590	3,255
Total IRB approach	**211,680**	**195,362**
Specialised lending (SL)	**53,415**	**52,542**
Standardised approach		
Australian and foreign governments	205	86
Bank	222	107
Residential mortgage	19,603	18,773
Corporate	26,671	25,451
Other	3,349	3,298
Total standardised approach	**50,050**	**47,715**
Other		
Securitisation	2,701	4,210
Credit value adjustment	13,383	10,340
Central counterparty default fund contribution guarantee	343	344
Other [(3)]	8,655	7,861
Total other	**25,082**	**22,755**
Total credit risk	**340,227**	**318,374**
Market risk	5,821	4,923
Operational risk	40,000	36,534
Interest rate risk in the banking book	7,190	7,821
Total risk-weighted assets	**393,238**	**367,652**

(1) *RWA which are calculated in accordance with APRA's requirements under the Basel Accord are required to incorporate a scaling factor of 1.06 to assets that are not subject to specific risk weights.*

(2) *Corporate (including SME) consists of corporations, partnerships or proprietorships not elsewhere classified and includes non-banking entities held by banks.*

(3) *'Other' includes non-lending asset exposures.*

Table 4.1B: Capital Ratios

The table below provides the key capital ratios for each significant ADI or overseas bank subsidiary.

	As at	
	31 Mar 15	**30 Sep 14**
Capital ratios [(1)]	**%**	**%**
Level 2 Common Equity Tier 1 Capital ratio	8.87	8.63
Level 2 Tier 1 Capital ratio	11.13	10.81
Level 2 Total Capital ratio	12.81	12.16
Level 1 National Australia Bank Common Equity Tier 1 Capital ratio	10.08	9.90
Level 1 National Australia Bank Tier 1 Capital ratio	12.58	12.27
Level 1 National Australia Bank Total Capital ratio	14.41	13.70
Significant subsidiaries		
BNZ Common Equity Tier 1 Capital ratio	10.79	9.36
BNZ Tier 1 Capital ratio	11.85	10.64
BNZ Total Capital ratio	12.90	12.04
Clydesdale Common Equity Tier 1 Capital ratio	12.75	12.16
Clydesdale Tier 1 Capital ratio	14.69	12.16
Clydesdale Total Capital ratio	17.99	18.77
GWB Tier 1 Capital ratio	11.80	12.30
GWB Total Capital ratio	12.50	13.01

(1) *Level 1 Group represents the extended licence entity. The Level 2 Group represents the consolidation of the NAB Group and all its subsidiary entities, other than non-consolidated subsidiaries as outlined in Section 2 Scope of Application of this report. Capital ratios for offshore banking subsidiaries reflect local regulatory standards.*

4.2 Capital Structure

The NAB Group's capital structure comprises various forms of capital. CET1 Capital comprises paid-up ordinary share capital and retained earnings plus certain other items recognised as capital. The ratio of such capital to risk weighted assets is called the CET1 Ratio. Additional Tier 1 Capital comprises certain securities with required loss absorbing characteristics. Together, CET1 Capital and Additional Tier 1 Capital make up Tier 1 Capital and the ratio of such capital to risk weighted assets is called the Tier 1 Capital Ratio.

CET1 contains the highest quality and most loss absorbent components of capital, followed by Additional Tier 1 Capital and then followed by Tier 2 Capital. Tier 2 Capital mainly comprises of subordinated instruments, which contributes to the NAB Group's overall capital framework.

Further details of Additional Tier 1 and Tier 2 securities are disclosed in the Capital Instruments section of the NAB Group's website at: http://capital.nab.com.au/disclaimer-area/capital-instruments.phps.

Table 4.2A: Regulatory Capital Structure - Summary [(1)]

The table below provides the structure of Regulatory Capital for the NAB Group. A detailed breakdown is shown in Section 10 of this report.

	As at	
	31 Mar 15	**30 Sep 14**
	$m	**$m**
Common Equity Tier 1 Capital before regulatory adjustments	47,845	44,318
Total regulatory adjustments to Common Equity Tier 1	12,951	12,604
Common Equity Tier 1 Capital (CET1)	**34,894**	**31,714**
Additional Tier 1 Capital before regulatory adjustments	8,858	8,044
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 Capital (AT1)	**8,858**	**8,044**
Tier 1 Capital (T1 = CET1 + AT1)	**43,752**	**39,758**
Tier 2 Capital before regulatory adjustments	6,705	5,046
Total regulatory adjustments to Tier 2 Capital	102	83
Tier 2 Capital (T2)	**6,603**	**4,963**
Total Capital (TC = T1 + T2)	**50,355**	**44,721**

(1) *Regulatory Capital has been calculated in accordance with APRA definitions in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital. The regulatory approach to calculating capital differs from the accounting approach as defined under IFRS.*

5. Credit Risk

5.1 General Disclosure

Table 5.1A: Credit Risk Exposures Summary

This table provides the amount of gross credit risk exposure subject to the Standardised and Advanced IRB approaches. The Level 2 Group has no credit risk exposures subject to the Foundation IRB approach. Gross credit risk exposure refers to the potential exposure as a result of a counterparty default before the application of credit risk mitigation. It is defined as the outstanding amount on drawn commitments plus a credit conversion factor on undrawn commitments on a given facility. For derivatives, the exposure is defined as the mark-to-market value plus a potential value of future movements.

For the IRB approach, Exposure at Default (EaD) is reported gross of specific provisions and partial write-offs and before the application of on-balance sheet netting and credit risk mitigation. For the Standardised approach, EaD is reported net of any specific provision and before the application of on-balance sheet netting and credit risk mitigation. Exposures exclude non-lending assets, securitisation, Credit Value Adjustment (CVA) and the Central Counterparty (CCP) default fund contribution guarantee.

Definitions of impairment and past due facilities are based on Prudential Standard APS 220 Credit Quality. This standard also provides guidance for Provisioning, estimated future credit losses and the General Reserve for Credit Losses.

	As at 31 Mar 15					6 months ended 31 Mar 15
	Total exposure (EaD) [(1)]	Risk-weighted Assets	Regulatory expected loss	Impaired facilities [(2)]	Specific provisions [(3)]	Net write-offs [(4)]
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach						
Corporate (including SME)	248,954	122,190	1,740	1,104	440	207
Sovereign	75,753	1,762	2	-	-	-
Bank	79,920	12,711	22	1	-	(1)
Residential mortgage	334,743	60,987	903	407	107	34
Qualifying revolving retail	11,169	3,773	181	-	-	64
Retail SME	16,323	6,667	170	105	54	25
Other retail	4,829	3,590	136	4	3	40
Total IRB approach	**771,691**	**211,680**	**3,154**	**1,621**	**604**	**369**
Specialised lending (SL)	**62,721**	**53,415**	**1,054**	**320**	**81**	**126**
Standardised approach						
Australian and foreign governments	17,605	205	-	60	-	-
Bank	2,490	222	-	-	-	-
Residential mortgage	47,919	19,603	-	116	36	6
Corporate	68,386	26,671	-	437	185	120
Other	3,934	3,349	-	4	1	21
Total standardised approach	**140,334**	**50,050**	**-**	**617**	**222**	**147**
Total	**974,746**	**315,145**	**4,208**	**2,558**	**907**	**642**

(1) *Total credit risk exposure is EaD estimates of potential exposure, according to product type, for a period of one year.*

(2) *Impaired facilities includes $80 million of restructured loans (September 2014: $196 million) which includes $6 million of restructured fair value assets (September 2014: $7 million).*

Impaired facilities includes $73 million of gross impaired loans at fair value (September 2014: $187 million).

Australian and foreign governments impaired facilities refer to the portion of loans covered by the loss share agreement with the FDIC.

(3) *Specific provisions for prudential purposes include all provisions for impairment assessed on an individual basis in accordance with IFRS excluding securitisation. For regulatory reporting collective provisions on defaulted or otherwise non-performing assets, regardless of expected loss, such as those for 90+ days past due retail and in default with no loss non-retail exposures, are treated as regulatory specifics and total $410 million (September 2014: $382 million).*

Specific provisions includes $35 million (September 2014: $96 million) of specific provisions on gross impaired loans at fair value.

(4) *Net write-offs includes net write-offs of fair value loans.*

	As at 30 Sep 14					6 months ended 30 Sep 14
	Total exposure (EaD)	Risk-weighted Assets	Regulatory expected loss	Impaired facilities	Specific provisions	Net write-offs
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach						
Corporate (including SME)	234,372	111,078	2,021	1,292	464	307
Sovereign	65,322	1,608	2	-	-	-
Bank	66,908	11,341	19	1	-	1
Residential mortgage	317,400	58,274	879	420	101	63
Qualifying revolving retail	10,882	3,641	170	-	-	81
Retail SME	16,194	6,165	206	113	58	39
Other retail	4,522	3,255	125	4	2	46
Total IRB approach	**715,600**	**195,362**	**3,422**	**1,830**	**625**	**537**
Specialised lending (SL)	**62,138**	**52,542**	**1,827**	**1,491**	**524**	**177**
Standardised approach						
Australian and foreign governments	12,304	86	-	14	-	-
Bank	1,650	107	-	-	-	-
Residential mortgage	44,423	18,773	-	181	58	7
Corporate	67,745	25,451	-	603	243	92
Other	3,870	3,298	-	3	4	24
Total standardised approach	**129,992**	**47,715**	**-**	**801**	**305**	**123**
Total	**907,730**	**295,619**	**5,249**	**4,122**	**1,454**	**837**

Credit Exposures by Measurement Approach

Table 5.1B: Total and Average Credit Risk Exposures

This table provides the amount of gross credit risk exposure subject to the Standardised and Advanced IRB approaches. The Level 2 Group has no credit risk exposures subject to the Foundation IRB approach. Gross credit risk exposure refers to the potential exposure as a result of a counterparty default prior to the application of credit risk mitigation. It is defined as the outstanding amount on drawn commitments plus a credit conversion factor on undrawn commitments on a given facility. For derivatives, the exposure is defined as the mark-to-market value plus a potential value of future movements. The average credit risk exposure is the sum of the gross credit risk exposure at the beginning of the reporting period plus the gross credit risk exposure at the end of the reporting period divided by two.

For the IRB approach, EaD is reported gross of specific provisions and partial write-offs and prior to the application of on-balance sheet netting and credit risk mitigation. For the Standardised approach, EaD is reported net of any specific provision and prior to the application of on-balance sheet netting and credit risk mitigation. Exposures exclude non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15				6 months ended 31 Mar 15
	On-balance sheet exposure	Non-market related off-balance sheet	Market related off-balance sheet	Total exposure	Average total exposure
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME) [(1)]	132,484	56,606	59,864	248,954	241,663
Sovereign [(1)]	59,786	557	15,410	75,753	70,538
Bank [(1)]	23,877	3,213	52,830	79,920	73,414
Residential mortgage	286,030	48,713	-	334,743	326,071
Qualifying revolving retail	5,784	5,385	-	11,169	11,026
Retail SME	12,485	3,838	-	16,323	16,258
Other retail	3,436	1,393	-	4,829	4,676
Total IRB approach	**523,882**	**119,705**	**128,104**	**771,691**	**743,646**
Specialised lending (SL)	**51,845**	**9,264**	**1,612**	**62,721**	**62,430**
Standardised approach					
Australian and foreign governments	16,274	240	1,091	17,605	14,954
Bank	943	37	1,510	2,490	2,070
Residential mortgage	44,674	3,245	-	47,919	46,171
Corporate [(1)]	24,511	3,151	40,724	68,386	68,066
Other	3,691	243	-	3,934	3,902
Total standardised approach	**90,093**	**6,916**	**43,325**	**140,334**	**135,163**
Total	**665,820**	**135,885**	**173,041**	**974,746**	**941,239**

[(1)] *Total credit risk exposure, net of eligible financial collateral is $838,585 million. For materially impacted asset classes, exposure net of collateral is as follows:*

	$m
Corporate (including SME)	*204,205*
Sovereign	*63,272*
Bank	*41,467*
Corporate (Standardised)	*29,531*

	As at 30 Sep 14				6 months ended 30 Sep 14
	On-balance sheet exposure	Non-market related off-balance sheet	Market related off-balance sheet	Total exposure	Average total exposure
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME) [(1)]	124,737	53,093	56,542	234,372	230,141
Sovereign [(1)]	47,798	627	16,897	65,322	63,763
Bank [(1)]	25,649	1,709	39,550	66,908	69,172
Residential mortgage	272,065	45,335	-	317,400	312,469
Qualifying revolving retail	5,575	5,307	-	10,882	11,025
Retail SME	12,523	3,671	-	16,194	16,399
Other retail	3,223	1,299	-	4,522	4,635
Total IRB approach	**491,570**	**111,041**	**112,989**	**715,600**	**707,603**
Specialised lending (SL)	**52,548**	**8,337**	**1,253**	**62,138**	**62,528**
Standardised approach					
Australian and foreign governments [(2)]	12,095	209	-	12,304	7,630
Bank [(2)]	343	40	1,267	1,650	7,176
Residential mortgage	41,178	3,245	-	44,423	43,270
Corporate [(1)]	23,004	3,097	41,644	67,745	58,859
Other	3,647	223	-	3,870	3,799
Total standardised approach	**80,267**	**6,814**	**42,911**	**129,992**	**120,733**
Total	**624,385**	**126,192**	**157,153**	**907,730**	**890,863**

(1) *Total credit risk exposure, net of eligible financial collateral is $778,155 million. For materially impacted asset classes, exposure net of collateral is as follows:*

	$m
Corporate (including SME)	*189,278*
Sovereign	*50,404*
Bank	*38,578*
Corporate (Standardised)	*28,464*

(2) *Australian and Foreign Governments includes $10,930 million of Central Bank exposures previously classified within the Standardised Bank asset class.*

Table 5.1C: Exposures by Geography

This table provides the total gross credit risk exposures, by major geographical areas, derived from the booking office where the exposure was transacted. Exposures exclude non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15				
	Australia	United Kingdom	New Zealand	Other [(1)]	Total exposure
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	153,932	36,334	33,510	25,178	248,954
Sovereign	50,902	3,125	4,856	16,870	75,753
Bank	30,195	36,079	3,081	10,565	79,920
Residential mortgage	300,722	-	34,021	-	334,743
Qualifying revolving retail	11,169	-	-	-	11,169
Retail SME	14,376	-	1,947	-	16,323
Other retail	2,281	-	2,548	-	4,829
Total IRB approach	**563,577**	**75,538**	**79,963**	**52,613**	**771,691**
Specialised lending (SL)	**53,752**	**2,159**	**6,176**	**634**	**62,721**
Standardised approach					
Australian and foreign governments	-	14,227	-	3,378	17,605
Bank	419	1,930	15	126	2,490
Residential mortgage	2,447	41,881	4	3,587	47,919
Corporate	3,733	24,406	292	39,955	68,386
Other	1,081	2,572	-	281	3,934
Total standardised approach	**7,680**	**85,016**	**311**	**47,327**	**140,334**
Total exposure (EaD)	**625,009**	**162,713**	**86,450**	**100,574**	**974,746**

(1) *'Other' comprises North America and Asia.*

	As at 30 Sep 14				
	Australia	United Kingdom	New Zealand	Other	Total exposure
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	151,523	33,288	29,297	20,264	**234,372**
Sovereign	52,260	1,948	4,400	6,714	**65,322**
Bank	24,733	25,775	4,141	12,259	**66,908**
Residential mortgage	287,306	-	30,094	-	**317,400**
Qualifying revolving retail	10,882	-	-	-	**10,882**
Retail SME	14,364	-	1,830	-	**16,194**
Other retail	2,231	-	2,291	-	**4,522**
Total IRB approach	**543,299**	**61,011**	**72,053**	**39,237**	**715,600**
Specialised lending (SL)	**50,407**	**5,213**	**5,780**	**738**	**62,138**
Standardised approach					
Australian and foreign governments	-	9,951	-	2,353	**12,304**
Bank	13	1,633	-	4	**1,650**
Residential mortgage	2,856	38,255	-	3,312	**44,423**
Corporate	3,476	29,767	97	34,405	**67,745**
Other	1,094	2,531	-	245	**3,870**
Total standardised approach	**7,439**	**82,137**	**97**	**40,319**	**129,992**
Total exposure (EaD)	**601,145**	**148,361**	**77,930**	**80,294**	**907,730**

Table 5.1D: Exposures by Industry

This table provides the distribution of gross credit risk exposures, excluding non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee, by major industry type. Industry classifications follow ANZSIC Level 1 classifications [(1)].

	As at 31 Mar 15												
	Accommodation, cafes, pubs and restaurants	**Agriculture, forestry, fishing and mining**	**Business services and property services**	**Commercial property**	**Construction**	**Finance and insurance**	**Manufacturing**	**Personal**	**Residential mortgages**	**Retail and wholesale trade**	**Transport and storage**	**Other [(2)]**	**Total**
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach													
Corporate (including SME)	8,044	42,266	13,052	11,769	7,759	71,390	21,406	324	-	26,607	15,991	30,346	248,954
Sovereign	-	-	63	-	-	35,761	-	-	-	-	-	39,929	75,753
Bank	-	-	-	-	-	78,637	-	-	-	-	-	1,283	79,920
Residential mortgage	-	-	-	-	-	-	-	-	334,743	-	-	-	334,743
Qualifying revolving retail	-	-	-	-	-	-	-	11,169	-	-	-	-	11,169
Retail SME	918	3,943	2,016	494	1,817	841	1,021	116	-	2,778	776	1,603	16,323
Other retail	-	-	-	-	-	-	-	4,829	-	-	-	-	4,829
Total IRB approach	**8,962**	**46,209**	**15,131**	**12,263**	**9,576**	**186,629**	**22,427**	**16,438**	**334,743**	**29,385**	**16,767**	**73,161**	**771,691**
Specialised lending (SL)	**136**	**656**	**4**	**55,181**	**265**	**294**	**-**	**86**	**-**	**-**	**1,632**	**4,467**	**62,721**
Standardised approach													
Australian and foreign governments	41	1	-	52	-	14,481	24	-	-	7	-	2,999	17,605
Bank	-	-	-	-	-	1,865	-	-	-	-	-	625	2,490
Residential mortgage	-	-	-	-	-	-	-	-	47,919	-	-	-	47,919
Corporate	1,709	5,217	2,190	1,882	771	33,406	2,279	15	1,551	3,322	874	15,170	68,386
Other	2	11	17	4	7	1	6	3,641	10	11	2	222	3,934
Total standardised approach	**1,752**	**5,229**	**2,207**	**1,938**	**778**	**49,753**	**2,309**	**3,656**	**49,480**	**3,340**	**876**	**19,016**	**140,334**
Total exposure (EaD)	**10,850**	**52,094**	**17,342**	**69,382**	**10,619**	**236,676**	**24,736**	**20,180**	**384,223**	**32,725**	**19,275**	**96,644**	**974,746**

[(1)] *To provide for a meaningful differentiation and quantitative estimates of risk that are consistent, verifiable, relevant and soundly based, exposures are disclosed based on the credit risk related to counterparties with which the NAB Group engages, such counterparties include guarantors and derivative counterparties.*

[(2)] *Immaterial categories are grouped collectively under 'Other'.*

	As at 30 Sep 14												
	Accommodation cafes, pubs and restaurants	**Agriculture, forestry, fishing and mining**	**Business services and property services**	**Commercial property**	**Construction**	**Finance and insurance**	**Manufacturing**	**Personal**	**Residential mortgages**	**Retail and wholesale trade**	**Transport and storage**	**Other**	**Total**
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach													
Corporate (including SME)	7,875	38,237	12,769	12,029	7,269	69,680	20,026	294		25,469	14,295	26,429	**234,372**
Sovereign	-	-	60	-	-	25,663	-	-		-	-	39,599	**65,322**
Bank	-	-	-	-	-	65,833	-	-		-	-	1,075	**66,908**
Residential mortgage	-	-	-	-	-	-	-	-	317,400	-	-	-	**317,400**
Qualifying revolving retail	-	-	-	-	-	-	-	10,882	-	-	-	-	**10,882**
Retail SME	901	3,898	2,011	499	1,771	799	1,033	101	-	2,834	756	1,591	**16,194**
Other retail	-	-	-	-	-	-	-	4,522	-	-	-	-	**4,522**
Total IRB approach	**8,776**	**42,135**	**14,840**	**12,528**	**9,040**	**161,975**	**21,059**	**15,799**	**317,400**	**28,303**	**15,051**	**68,694**	**715,600**
Specialised lending (SL)	**11**	**672**	**25**	**54,526**	**480**	**265**		**306**		**1**	**1,547**	**4,305**	**62,138**
Standardised approach													
Australian and foreign governments	-	-	-	21	-	10,407	-	-	-	-	-	1,876	**12,304**
Bank	-	-	-	-	-	1,650	-	-	-	-	-	-	**1,650**
Residential mortgage	-	-	-	-	-		-	-	44,423	-	-	-	**44,423**
Corporate	1,733	5,004	2,330	1,660	701	42,667	2,582	17	1,723	3,232	904	5,192	**67,745**
Other	3	11	19	4	9	1	7	3,593	10	14	3	196	**3,870**
Total standardised approach	**1,736**	**5,015**	**2,349**	**1,685**	**710**	**54,725**	**2,589**	**3,610**	**46,156**	**3,246**	**907**	**7,264**	**129,992**
Total exposure (EaD)	**10,523**	**47,822**	**17,214**	**68,739**	**10,230**	**216,965**	**23,648**	**19,715**	**363,556**	**31,550**	**17,505**	**80,263**	**907,730**

Table 5.1E: Exposures by Maturity

This table sets out the residual contractual maturity breakdown of gross credit risk exposures, excluding non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee. Overdraft and other similar revolving facilities are allocated to the category that most appropriately captures the maturity characteristics of the product.

	As at 31 Mar 15			
	<12 months	1 – 5 years	>5 years	No specified maturity [1]
Exposure type	**$m**	**$m**	**$m**	**$m**
IRB approach				
Corporate (including SME)	103,832	108,906	30,205	6,011
Sovereign	36,941	18,162	20,595	55
Bank	49,364	13,187	17,241	128
Residential mortgage	42,034	7,194	284,891	624
Qualifying revolving retail	1	-	-	11,168
Retail SME	5,352	6,904	3,383	684
Other retail	200	1,181	792	2,656
Total IRB approach	**237,724**	**155,534**	**357,107**	**21,326**
Specialised lending (SL)	**20,696**	**36,151**	**5,074**	**800**
Standardised approach				
Australian and foreign governments	11,293	600	3,852	1,860
Bank	1,894	552	31	13
Residential mortgage	2,684	3,532	41,665	38
Corporate	50,618	9,576	7,717	475
Other	1,257	1,503	267	907
Total standardised approach	**67,746**	**15,763**	**53,532**	**3,293**
Total exposure (EaD)	**326,166**	**207,448**	**415,713**	**25,419**

[1] *No specified maturity includes exposures related to credit cards, on demand facilities and guarantees given by the Level 2 Group with no fixed maturity date.*

	As at 30 Sep 14			
	<12 months	1 – 5 years	>5 years	No specified maturity
Exposure type	**$m**	**$m**	**$m**	**$m**
IRB approach				
Corporate (including SME)	102,034	100,473	25,822	6,043
Sovereign	27,513	14,307	23,428	74
Bank	43,031	11,594	12,166	117
Residential mortgage	43,368	7,059	266,414	559
Qualifying revolving retail	1	-	-	10,881
Retail SME	5,489	6,678	3,363	664
Other retail	186	1,217	707	2,412
Total IRB approach	**221,622**	**141,328**	**331,900**	**20,750**
Specialised lending (SL)	**21,877**	**33,423**	**5,497**	**1,341**
Standardised approach				
Australian and foreign governments	7,544	377	2,519	1,864
Bank	1,337	252	55	6
Residential mortgage	2,502	3,072	37,389	1,460
Corporate	50,787	8,444	6,887	1,627
Other	1,216	1,518	252	884
Total standardised approach	**63,386**	**13,663**	**47,102**	**5,841**
Total exposure (EaD)	**306,885**	**188,414**	**384,499**	**27,932**

Credit Provisions and Losses

Table 5.1F: Provisions by Asset Class

The following tables set out information on credit risk provision by Basel Accord asset class, excluding non-lending assets and securitisation exposures. Definitions of impairment and past due facilities are based on APS 220. This standard also provides guidance for Provisioning, estimated future credit losses and the GRCL.

	As at 31 Mar 15			6 months ended 31 Mar 15	
	Impaired facilities (1)	Past due facilities ≥90 days	Specific provisions (2)	Charges for specific provisions	Net write-offs (3)
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	1,104	276	440	168	207
Sovereign	-	-	-	-	-
Bank	1	-	-	(1)	(1)
Residential mortgage	407	1,287	107	35	34
Qualifying revolving retail	-	58	-	67	64
Retail SME	105	117	54	18	25
Other retail	4	44	3	36	40
Total IRB approach	**1,621**	**1,782**	**604**	**323**	**369**
Specialised lending (SL)	**320**	**158**	**81**	**24**	**126**
Standardised approach					
Australian and foreign governments	60	13	-	-	-
Bank	-	-	-	-	-
Residential mortgage	116	211	36	(7)	6
Corporate	437	108	185	39	120
Other	4	20	1	27	21
Total standardised approach	**617**	**352**	**222**	**59**	**147**
Total	**2,558**	**2,292**	**907**	**406**	**642**
General Reserve for Credit Losses (after-tax basis)			**3,034**		

(1) *Impaired facilities includes $80 million of restructured loans (September 2014: $196 million) which includes $6 million of restructured fair value assets (September 2014: $7 million).*

Impaired facilities includes $73 million of gross impaired loans at fair value (September 2014: $187 million).

Australian and foreign governments impaired facilities refer to the portion of loans covered by the loss share agreement with the FDIC.

(2) *Specific provisions for prudential purposes include all provisions for impairment assessed on an individual basis in accordance with IFRS excluding securitisation. For regulatory reporting collective provisions on defaulted or otherwise non-performing assets, regardless of expected loss, such as those for 90+ days past due retail and in default with no loss non-retail exposures, are treated as regulatory specifics and total $410 million (September 2014: $382 million).*

Specific provisions includes $35 million (September 2014: $96 million) of specific provisions on gross impaired loans at fair value.

(3) *Net write-offs includes net write-offs of fair value loans.*

	As at 30 Sep 14			6 months ended 30 Sep14	
	Impaired facilities	Past due facilities ≥90 days	Specific provisions	Charges for specific provisions	Net write-offs
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	1,292	272	464	275	307
Sovereign	-	-	-	-	-
Bank	1	-	-	-	1
Residential mortgage	420	1,216	101	31	63
Qualifying revolving retail	-	57	-	89	81
Retail SME	113	110	58	25	39
Other retail	4	42	2	43	46
Total IRB approach	**1,830**	**1,697**	**625**	**463**	**537**
Specialised lending (SL)	**1,491**	**288**	**524**	**70**	**177**
Standardised approach					
Australian and foreign governments	14	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	181	210	58	20	7
Corporate	603	117	243	35	92
Other	3	30	4	34	24
Total standardised approach	**801**	**357**	**305**	**89**	**123**
Total	**4,122**	**2,342**	**1,454**	**622**	**837**

General Reserve for Credit Losses (after-tax basis)			**2,855**

Factors Impacting Loss Experience in the Preceding Period

Non-Impaired facilities 90+ Days Past Due

90+DPD facilities declined during the March 2015 half year, mainly driven by NAB UK Commercial Real Estate (CRE) Specialised Lending.

Partially offsetting this was an increase in 90+DPD facilities in the Advanced IRB Residential Mortgage portfolios of Australia Banking and New Zealand Banking.

Impaired facilities

Impaired facilities decreased during the March 2015 half year, mainly driven by Specialised Lending in NAB UK CRE and Australia Banking. In addition there were reductions in Australia Banking Corporate (including SME) and Clydesdale Standardised Corporate portfolios driven by a general decrease in impairment activity.

Charges for Specific Provisions

The total specific provision charge for the March 2015 half year was $406 million, $216 million lower than the September 2015 half year. This decline was the fifth consecutive half year improvement as gross impaired assets further declined during the March 2015 half year.

The six month reduction to March 2015 was primarily driven by Australia Banking Corporate (including SME) & Qualifying Revolving Retail portfolios and NAB UK CRE Specialised Lending.

Net Write-Offs

Net write-offs decreased from $837 million for the September 2014 half year to $642 million for the March 2015 half year. This reduction was due to lower write-offs across all major divisions, excluding Clydesdale. Reductions were observed in the Australian Banking Corporate (including SME) portfolio and NAB UK CRE Specialised Lending portfolio.

Table 5.1G (i): Loss Experience

Table 5.1G (i) provides the regulatory expected loss (which are forward-looking loss estimates) compared to the realised actual losses calculated as an exposure weighted average since 31 March 2010.

Actual losses (net write-offs) measured over the short-term will differ to regulatory expected loss estimates as actual losses are a lag indicator of the quality of the assets in prior periods. Other differences between these measures are:

- *actual losses do not take into account modelled economic costs such as internal workout costs factored into estimates of loss*
- *regulatory expected loss is based on the quality of exposures at a point-in-time (PiT) using long run Probability of Default (PDs) and stressed Loss Given Default (LGDs). In most years actual losses would be below the regulatory expected loss estimate*
- *regulatory expected loss includes expected losses on non-defaulted assets which is a function of long-run PDs and downturn stressed LGDs. For defaulted exposures, regulatory expected loss is based on the NAB Group's best estimate of expected loss.*

	As at 31 Mar 15	
	Exposure weighted average actual loss (net write-offs) (1)	Exposure weighted average regulatory expected loss (2)
	$m	$m
IRB approach		
Corporate (including SME)	672	2,579
Sovereign	0	1
Bank	4	64
Residential mortgage	116	704
Qualifying revolving retail	184	206
Retail SME	81	266
Other retail	89	134
Total IRB approach	**1,146**	**3,954**

(1) *Calculated as an exposure weighted average of actual losses (net write-offs) experienced through each respective 12 monthly period since 31 March 2009.*

(2) *Calculated as an exposure weighted average of regulatory expected loss covering each respective 12 monthly period since 31 March 2009.*

	As at 30 Sep 14	
	Exposure weighted average actual loss (net write-offs) (1)	Exposure weighted average regulatory expected loss (2)
	$m	$m
IRB approach		
Corporate (including SME)	727	2,966
Sovereign	-	11
Bank	10	69
Residential mortgage	119	844
Qualifying revolving retail	191	225
Retail SME	81	298
Other retail	95	149
Total IRB approach	**1,223**	**4,562**

(1) *Calculated as an exposure weighted average of actual losses (net write-offs) experienced through each respective 12 monthly period since 30 September 2009.*

(2) *Calculated as an exposure weighted average of regulatory expected loss covering each respective 12 monthly period since 30 September 2009.*

Accuracy of Risk Estimates

The following tables have been provided to summarise and compare across asset classes, the estimates of credit risk factors used within the calculation of regulatory capital with actual outcomes. Estimates for Specialised Lending have not been included as these exposures are subject to the Supervisory Slotting Criteria approach, which relies upon the application of supervisory risk weights when calculating regulatory Expected Loss (EL).

A full explanation of the Internal Ratings Process and the application of credit risk models to calculate PD, EaD and LGD is provided within Section 5.3 of this report.

Table 5.1G (ii): Accuracy of Risk Estimates – PD and EaD

This table provides a comparison of internal estimates of long-run PD with actual default rates averaged over a period of five years to 31 March 2015. Averages of actual and estimated PD are calculated from customers not in default at the beginning of the financial year and averaged out over the five year observation period. The EaD ratio compares the estimated downturn EaD at the beginning of the financial year against the actual default amount.

	As at 31 Mar 15		
	Average Estimated PD %	**Average Actual PD** %	**Ratio of estimated to actual EAD**
IRB approach			
Corporate (including SME)	1.78	2.05	1.1
Sovereign [1]	0.40	0.11	1.1
Bank [1]	0.37	0.24	1.0
Residential mortgage [2]	0.98	0.87	1.0
Qualifying revolving retail	1.60	1.41	1.1
Retail SME	1.97	2.27	1.1
Other retail	2.27	2.89	1.0

(1) *Average actual PDs for Sovereign and Bank exposures are based on a low number of observed defaults.*

(2) *Estimated PDs includes BNZ assets subject to RBNZ calibration overlay.*

	As at 30 Sep 14		
	Average Estimated PD [1] %	**Average Actual PD** [1] %	**Ratio of estimated to actual EAD**
IRB approach			
Corporate (including SME)	1.81	2.16	1.1
Sovereign	0.40	0.15	1.3
Bank	0.34	0.22	1.1
Residential mortgage	0.93	0.89	1.0
Qualifying revolving retail	1.56	1.52	1.1
Retail SME	1.97	2.36	1.1
Other retail	2.23	2.89	1.0

(1) *These values provide a comparison of internal estimates of long-run PD with actual default rates averaged over a period of five years to 30 September 2014.*

Table 5.1G (iii): Accuracy of Risk Estimates – LGD

This table provides comparison of internal estimates of downturn LGD with actual losses which were evidenced during the five years to 31 March 2015. Actual LGD was calculated using net write-offs from defaults during the five year observation period with the most recent defaults excluded to allow sufficient time for the workout of the asset and recognition of any losses. For defaults relating to Qualifying revolving retail and Other retail, this period is the most recent 12 months and for all other asset classes the period is the most recent two years. Estimates are calculated using the downturn LGD at the beginning of the financial year.

	As at 31 Mar 15	
	Average estimated downturn LGD	**Average actual LGD**
	%	**%**
IRB approach		
Corporate (including SME) [(1)]	38.7	31.8
Sovereign [(2)]	32.4	-
Bank [(2)]	-	-
Residential mortgage [(3)]	20.6	4.2
Qualifying revolving retail	87.2	69.5
Retail SME	36.9	22.4
Other retail	75.4	56.4

(1) *Estimated downturn LGD includes BNZ assets subject to RBNZ regulatory floors.*

(2) *Average actual LGDs for Sovereign and Bank exposures are based on a low number of observed defaults.*

(3) *Estimated downturn LGD subject to APRA and RBNZ imposed regulatory floors.*

	As at 30 Sep 14	
	Average estimated downturn LGD [(1)]	**Average actual LGD** [(1)]
	%	**%**
IRB approach		
Corporate (including SME)	36.0	31.1
Sovereign	45.0	-
Bank	-	-
Residential mortgage	20.7	3.7
Qualifying revolving retail	87.1	67.0
Retail SME	37.0	23.0
Other retail	75.2	52.8

(1) *These values provide a comparison of internal estimates of downturn LGD with actual losses which were evidenced during the five years to 30 September 2014.*

Table 5.1H: Provisions by Industry

This table shows provisioning information by industry. Industry classifications follow ANZSIC Level 1 classifications. Totals do not include amounts relating to non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15			6 months ended 31 Mar 15	
	Impaired facilities	**Past due facilities ≥90 days**	**Specific provisions**	**Charges for specific provisions**	**Net write-offs**
	$m	**$m**	**$m**	**$m**	**$m**
Industry sector					
Accommodation, cafes, pubs and restaurants	227	33	77	29	78
Agriculture, forestry, fishing and mining	401	142	144	91	62
Business services and property services	176	68	66	13	30
Commercial property	404	197	115	35	90
Construction	78	40	41	5	13
Finance and insurance	73	8	39	8	10
Manufacturing	119	45	52	5	29
Personal	6	132	7	122	134
Residential mortgages	523	1,498	143	28	40
Retail and wholesale trade	132	71	50	21	34
Transport and storage	59	25	20	7	6
Other	360	33	153	42	116
Total	**2,558**	**2,292**	**907**	**406**	**642**
Additional regulatory specific provision			**410**		

	As at 30 Sep 14			6 months ended 30 Sep 14	
	Impaired facilities	**Past due facilities ≥90 days**	**Specific provisions**	**Charges for specific provisions**	**Net write-offs**
	$m	**$m**	**$m**	**$m**	**$m**
Industry sector					
Accommodation, cafes, pubs and restaurants	324	42	125	38	60
Agriculture, forestry, fishing and mining	431	126	109	117	82
Business services and property services	209	59	85	32	40
Commercial property	1,497	313	453	80	177
Construction	145	51	103	29	33
Finance and insurance	76	12	42	26	15
Manufacturing	181	48	78	6	28
Personal	7	130	7	139	160
Residential mortgages	601	1,426	159	51	70
Retail and wholesale trade	181	61	61	29	90
Transport and storage	37	20	19	1	11
Other	433	54	213	74	71
Total	**4,122**	**2,342**	**1,454**	**622**	**837**
Additional regulatory specific provision			**382**		

Table 5.1I: Provisions by Geography

	As at 31 Mar 15			
	Impaired facilities	**Past due facilities ≥90 days**	**Specific provisions**	**General reserve for credit losses**
	$m	**$m**	**$m**	**$m**
Geographic region				
Australia	1,485	1,731	451	2,291
United Kingdom	703	349	296	704
New Zealand	303	199	148	319
Other [(1)]	67	13	12	130
Total	**2,558**	**2,292**	**907**	**3,444**
Regulatory specific provisions			410	(410)
Plus reserve created through retained earnings				-
General reserve for credit losses [(2)]				**3,034**

(1) *'Other' comprises North America and Asia.*

(2) *The GRCL balance allocated across geographic regions of $3,444 million includes $2,871 million of provisions on loans at amortised cost and $573 million of provisions held on assets at fair value.*

	As at 30 Sep 14			
	Impaired facilities	**Past due facilities ≥90 days**	**Specific provisions**	**General reserve for credit losses**
	$m	**$m**	**$m**	**$m**
Geographic region				
Australia	1,924	1,693	550	1,656
United Kingdom	1,846	449	767	654
New Zealand	249	186	106	252
Other	103	14	31	74
Total	**4,122**	**2,342**	**1,454**	**2,636**
Regulatory specific provisions			382	(382)
Plus reserve created through retained earnings				601
General reserve for credit losses [(1)]				**2,855**

(1) *The GRCL balance allocated across geographic regions of $2,636 million includes $1,760 million of provisions on loans at amortised cost and $876 million of provisions held on assets at fair value.*

Table 5.1J: Movement in Provisions

This table discloses the movements in the balance of provisions over the reporting period for both specific provisions and the general reserve for credit losses. Totals do not include amounts relating to non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	6 months ended 31 Mar 15	6 months ended 30 Sep 14
	$m	**$m**
General reserve for credit losses		
Collective provision balance at start of period	1,760	2,059
Restated for adoption of new accounting standards	1,005	-
Total charge to income statement	212	335
Net transfer to specific provision	(156)	(624)
Recoveries	-	-
Balances written off	-	-
Disposal of controlled entities	-	(18)
Foreign currency translation and other adjustments	50	8
Collective provision on loans at amortised cost	2,871	1,760
Plus provisions held on assets at fair value and other debt instruments (1)	573	876
Less additional regulatory specific provisions	(410)	(382)
Plus reserve created through retained earnings	-	601
General reserve for credit losses	**3,034**	**2,855**
Specific provisions		
Balance at start of period	1,358	1,782
Restated for adoption of new accounting standards	(322)	-
Net transfer from general reserve for credit losses	156	624
Bad debts recovered	72	73
Bad debts written off	(664)	(896)
Total charge to income statement	241	-
Disposal of controlled entities	-	(221)
Foreign currency translation and other adjustments	31	(4)
Specific provisions excluding provisions for assets at fair value	872	1,358
Specific provisions held on assets at fair value	35	96
Additional regulatory specific provisions	410	382
Total regulatory specific provisions	**1,317**	**1,836**
Total provisions	**4,351**	**4,691**

(1) *Provisions held on assets at fair value are presented gross of $13 million regulatory specific provisions for assets held at fair value (September 2014: $12 million).*

5.2 Standardised and Supervisory Slotting Portfolios

Table 5.2A: Standardised Exposures by Risk Weight

The following table shows the credit exposure amount before and after risk mitigation [(1)] in each risk category, subject to the standardised approach.

	As at 31 Mar 15		As at 30 Sep 14	
	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m
Standardised approach – risk weights				
0%	16,184	16,549	11,468	11,829
2%	39,944	1,904	40,009	1,418
4%	2,134	1,316	1,944	1,583
20%	2,125	2,757	661	1,498
35%	39,023	38,846	35,137	34,971
50%	5,073	4,951	5,972	4,970
75%	2,489	2,488	1,939	1,938
100%	32,898	30,834	32,362	30,429
150%	464	417	500	477
Total standardised approach (EaD)	**140,334**	**100,062**	**129,992**	**89,113**

(1) *The NAB Group recognises the mitigation of credit risk as a result of eligible financial collateral and mitigation providers. Eligible financial collateral refers to cash and cash equivalents as defined in APS 112.*

Table 5.2B: Standardised Exposures by Risk Grade

	As at 31 Mar 15		As at 30 Sep 14	
Asset class by rating grade	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m
Australian and foreign governments				
Credit rating grade 1	17,226	17,335	11,923	12,027
Credit rating grade 2	7	7	14	14
Unrated	372	7	367	7
Sub-total	17,605	17,349	12,304	12,048
Bank				
Credit rating grade 1	618	425	190	196
Credit rating grade 2	1,652	919	899	154
Credit rating grade 3	30	44	414	54
Credit rating grade 4	8	8	-	-
Unrated	182	64	147	21
Sub-total	2,490	1,460	1,650	425
Residential mortgage				
Unrated	47,919	47,852	44,423	44,369
Sub-total	47,919	47,852	44,423	44,369
Corporate				
Credit rating grade 1	-	-	-	-
Credit rating grade 2	9	9	719	635
Credit rating grade 3	25	25	24	24
Unrated	68,352	29,497	67,002	27,804
Sub-total	68,386	29,531	67,745	28,463
Other				
Unrated	3,934	3,870	3,870	3,808
Sub-total	3,934	3,870	3,870	3,808
Total standardised approach (EaD)	**140,334**	**100,062**	**129,992**	**89,113**

Table 5.2C: Supervisory Slotting by Risk Weight

The following table shows the credit exposure, reported after risk mitigation, in each risk bucket for Specialised Lending products subject to supervisory slotting.

	As at 31 Mar 15 Exposure after risk mitigation $m	As at 30 Sep 14 Exposure after risk mitigation $m
IRB supervisory slotting – unexpected loss risk weights		
70%	27,125	25,932
90%	25,497	24,104
115%	8,060	8,130
250%	747	1,211
Default	915	2,412
Total IRB supervisory slotting (EaD)	**62,344**	**61,789**

5.3 Internal Ratings Based Portfolios

Table 5.3A: Non-Retail Exposure by Risk Grade

This table provides a breakdown of gross non-retail credit exposures by PD risk grade, categorised into bands that broadly correspond to externally recognised risk grades. Moody's risk grades have been included as a reference point. Exposures have been categorised into PD grades as assessed by the Level 2 Group's internal ratings system and exclude non-lending assets, securitisation, CVA, the CCP default fund contribution guarantee and Specialised Lending.

	As at 31 Mar 15						
	PD risk grade mapping						
External credit rating equivalent	**Aa3 and above**	**A1, A2, A3**	**Baa1, Baa2, Baa3**	**Ba1, Ba2**	**Ba3, B1**	**B2 and below**	**Default**
	0<0.03%	**0.03<0.1%**	**0.1<0.5%**	**0.5<2.0%**	**2.0<5.0%**	**5.0<99.9%**	**100%**
IRB approach	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Total exposure							
Corporate	-	51,705	96,999	74,032	19,455	4,238	2,525
Sovereign	70,152	4,811	760	17	13	-	-
Bank	-	67,092	9,804	2,954	42	27	1
Total exposure (EaD)	**70,152**	**123,608**	**107,563**	**77,003**	**19,510**	**4,265**	**2,526**
Undrawn commitments							
Corporate	-	11,497	23,760	10,577	2,641	446	143
Sovereign	170	237	121	7	6	-	-
Bank	-	952	216	1	-	-	-
Total undrawn commitments [1]	**170**	**12,686**	**24,097**	**10,585**	**2,647**	**446**	**143**

IRB approach							
Average EaD ($m) [2]							
Corporate	-	1.28	0.58	0.30	0.18	0.13	0.24
Sovereign	39.03	1.89	1.79	0.08	0.03	-	-
Bank	-	1.87	2.37	14.30	0.46	0.61	0.65
Exposure weighted average LGD (%)							
Corporate	-	34.7 %	36.1 %	29.1 %	32.8 %	36.0 %	44.0 %
Sovereign	4.4 %	29.9 %	43.2 %	44.8 %	43.8 %	-	-
Bank	-	32.5 %	22.6 %	11.2 %	59.6 %	15.0 %	59.6 %
Exposure weighted average risk weight (%)							
Corporate	-	19.7 %	43.5 %	57.6 %	82.9 %	133.8 %	212.2 %
Sovereign	0.8 %	14.7 %	60.5 %	76.6 %	120.5 %	-	-
Bank	-	14.3 %	26.4 %	15.2 %	158.0 %	94.7 %	-

(1) *Total undrawn commitments are included in the calculation of Total Exposures (EaD) shown above.*

(2) *Simple average of exposure by number of arrangements.*

	As at 30 Sep 14						
	PD risk grade mapping						
External credit rating equivalent	**Aa3 and above**	**A1, A2, A3**	**Baa1, Baa2, Baa3**	**Ba1, Ba2**	**Ba3, B1**	**B2 and below**	**Default**
	0<0.03%	**0.03<0.1%**	**0.1<0.5%**	**0.5<2.0%**	**2.0<5.0%**	**5.0<99.9%**	**100%**
IRB approach	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Total exposure							
Corporate	-	43,018	98,541	66,144	19,634	4,213	2,822
Sovereign	59,126	5,511	655	19	11	-	-
Bank	-	58,290	6,752	1,751	80	34	1
Total exposure (EaD)	**59,126**	**106,819**	**105,948**	**67,914**	**19,725**	**4,247**	**2,823**
Undrawn commitments							
Corporate	-	11,347	22,287	9,738	2,550	457	138
Sovereign	250	193	157	8	2	-	-
Bank	-	877	129	8	-	-	-
Total undrawn commitments	**250**	**12,417**	**22,573**	**9,754**	**2,552**	**457**	**138**

IRB approach							
Average EaD ($m)							
Corporate	-	1.27	0.65	0.25	0.17	0.13	0.27
Sovereign	30.82	2.12	1.72	0.08	0.03	-	-
Bank	-	1.96	1.80	4.60	0.95	0.72	0.66
Exposure weighted average LGD (%)							
Corporate	-	34.2 %	33.8 %	29.6 %	32.7 %	35.7 %	44.0 %
Sovereign	4.0 %	21.9 %	42.7 %	44.1 %	44.5 %	-	-
Bank	-	35.7 %	23.8 %	13.5 %	53.2 %	9.8 %	59.6 %
Exposure weighted average risk weight (%)							
Corporate	-	20.0 %	40.5 %	56.8 %	81.6 %	128.0 %	127.2 %
Sovereign	0.9 %	11.4 %	63.8 %	83.6 %	121.3 %	-	-
Bank	-	15.7 %	25.3 %	18.7 %	156.8 %	66.3 %	1.0 %

Table 5.3B: Retail Exposure by Risk Grade

This table provides a breakdown of gross retail credit exposures by PD risk grade, categorised into bands that broadly correspond to externally recognised risk grades, ranging from Super Senior Investment Grade to Defaulted exposures. Exposures exclude non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15					
	PD risk grade mapping					
	0<0.1%	0.1<0.5%	0.5<2.0%	2.0<5.0%	5.0<99.9%	100%
IRB approach	$m	$m	$m	$m	$m	$m
Total exposure						
Residential mortgage	104,458	115,349	87,619	16,326	8,757	2,234
Qualifying revolving retail	4,360	2,766	2,043	1,030	942	28
Retail SME	1,769	4,298	6,298	2,686	862	410
Other retail	1,269	930	1,190	872	509	59
Total exposure (EaD)	**111,856**	**123,343**	**97,150**	**20,914**	**11,070**	**2,731**
Undrawn commitments						
Residential mortgage	27,142	13,811	6,535	1,013	126	86
Qualifying revolving retail	3,250	1,551	456	95	32	1
Retail SME	1,034	1,116	875	290	66	62
Other retail	799	293	205	77	19	-
Total undrawn commitments [(1)]	**32,225**	**16,771**	**8,071**	**1,475**	**243**	**149**

IRB approach						
Average EaD ($m) [(2)]						
Residential mortgage	0.08	0.25	0.22	0.28	0.33	0.20
Qualifying revolving retail	0.01	0.01	0.01	0.01	0.01	0.01
Retail SME	0.03	0.03	0.03	0.02	0.02	0.02
Other retail	0.00	0.01	0.01	0.01	0.01	-
Exposure weighted average LGD (%)						
Residential mortgage	20.0 %	19.9 %	20.5 %	20.0 %	20.0 %	20.6 %
Qualifying revolving retail	83.5 %	84.6 %	86.7 %	87.1 %	87.3 %	87.9 %
Retail SME	24.2 %	25.9 %	29.3 %	31.2 %	32.8 %	39.2 %
Other retail	83.3 %	81.1 %	79.7 %	79.5 %	77.5 %	78.7 %
Exposure weighted average risk weight (%)						
Residential mortgage	3.3 %	10.4 %	27.1 %	55.0 %	95.3 %	198.9 %
Qualifying revolving retail	4.1 %	12.1 %	37.7 %	83.8 %	163.0 %	310.4 %
Retail SME	6.0 %	15.3 %	34.9 %	58.7 %	99.1 %	310.5 %
Other retail	14.5 %	42.7 %	89.2 %	118.1 %	145.8 %	297.9 %

(1) *Total undrawn commitments are included in the calculation of Total Exposures (EaD) shown above.*

(2) *Simple average of exposure by number of arrangements.*

.

IRB approach	0<0.1% $m	0.1<0.5% $m	0.5<2.0% $m	2.0<5.0% $m	5.0<99.9% $m	100% $m
	As at 30 Sep 14					
	PD risk grade mapping					
Total exposure						
Residential mortgage	98,841	110,216	81,692	15,787	8,720	2,144
Qualifying revolving retail	4,129	2,848	1,916	1,067	894	28
Retail SME	1,582	4,464	6,395	2,438	903	412
Other retail	1,211	896	1,201	723	432	59
Total exposure (EaD)	**105,763**	**118,424**	**91,204**	**20,015**	**10,949**	**2,643**
Undrawn commitments						
Residential mortgage	25,029	13,331	5,820	935	117	103
Qualifying revolving retail	3,144	1,594	429	105	34	1
Retail SME	917	1,153	832	252	66	60
Other retail	748	279	188	66	18	-
Total undrawn commitments	**29,838**	**16,357**	**7,269**	**1,358**	**235**	**164**

IRB approach	0<0.1%	0.1<0.5%	0.5<2.0%	2.0<5.0%	5.0<99.9%	100%
Average EaD ($m)						
Residential mortgage	0.08	0.25	0.20	0.26	0.33	0.21
Qualifying revolving retail	0.01	0.01	0.01	0.01	0.01	0.01
Retail SME	0.02	0.03	0.03	0.02	0.02	0.02
Other retail	0.00	0.01	0.01	0.01	-	0.01
Exposure weighted average LGD (%)						
Residential mortgage	20.0 %	20.0 %	20.6 %	20.0 %	20.0 %	20.5 %
Qualifying revolving retail	83.4 %	84.5 %	86.6 %	87.1 %	87.2 %	88.2 %
Retail SME	24.6 %	25.9 %	29.3 %	30.6 %	33.0 %	38.6 %
Other retail	83.0 %	81.0 %	79.6 %	78.5 %	77.4 %	79.4 %
Exposure weighted average risk weight (%)						
Residential mortgage	3.4 %	10.4 %	27.2 %	55.5 %	95.3 %	196.0 %
Qualifying revolving retail	4.2 %	12.0 %	37.8 %	82.1 %	161.0 %	319.8 %
Retail SME	6.1 %	15.4 %	34.8 %	59.5 %	100.8 %	193.3 %
Other retail	14.7 %	42.8 %	89.1 %	116.1 %	146.0 %	258.8 %

5.4 Credit Risk Mitigation

Table 5.4A: Mitigation by Eligible Collateral

This table discloses the total credit exposures subject to the standardised and supervisory slotting criteria approaches which are covered by eligible financial collateral. Exposures exclude non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15	
	Total exposure	of which is covered by eligible financial collateral [1]
	$m	$m
Specialised lending (SL)	**62,721**	**377**
Standardised approach		
Australian and foreign governments	17,605	256
Bank	2,490	1,030
Residential mortgage	47,919	67
Corporate	68,386	38,855
Other	3,934	64
Total standardised approach	**140,334**	**40,272**

(1) *Eligible financial collateral, when used to reduce levels of exposure, refers to cash and cash equivalents as defined in APS 112. Exposures covered by eligible financial collateral are measured after the application of regulatory haircuts.*

	As at 30 Sep 14	
	Total exposure	of which is covered by eligible financial collateral
	$m	$m
Specialised lending (SL)	**62,138**	**349**
Standardised approach		
Australian and foreign governments	12,304	256
Bank	1,650	1,226
Residential mortgage	44,423	57
Corporate	67,745	39,697
Other	3,870	730
Total standardised approach	**129,992**	**41,966**

Table 5.4B: Mitigation by Guarantees and Credit Derivatives

This table discloses the total credit exposures which are covered by the guarantees and credit derivatives relating to each portfolio. Exposures exclude non-lending assets, securitisation, CVA and the CCP default fund contribution guarantee.

	As at 31 Mar 15		
	Total exposure	of which is covered by guarantees	of which is covered by credit derivatives
	$m	$m	$m
IRB approach			
Corporate (including SME)	248,954	24,585	427
Sovereign	75,753	134	-
Bank	79,920	143	12
Residential mortgage	334,743	-	-
Qualifying revolving retail	11,169	-	-
Retail SME	16,323	-	-
Other retail	4,829	-	-
Total IRB approach	**771,691**	**24,862**	**439**
Specialised lending (SL)	**62,721**	**-**	**-**
Standardised approach			
Australian and foreign governments	17,605	365	-
Bank	2,490	119	-
Residential mortgage	47,919	-	-
Corporate	68,386	-	-
Other	3,934	-	-
Total standardised approach	**140,334**	**484**	**-**

	As at 30 Sep 14		
	Total exposure	of which is covered by guarantees	of which is covered by credit derivatives
	$m	$m	$m
IRB approach			
Corporate (including SME)	234,372	21,336	-
Sovereign	65,322	118	-
Bank	66,908	123	315
Residential mortgage	317,400	-	-
Qualifying revolving retail	10,882	-	-
Retail SME	16,194	-	-
Other retail	4,522	-	-
Total IRB approach	**715,600**	**21,577**	**315**
Specialised lending (SL)	**62,138**	**-**	**-**
Standardised approach			
Australian and foreign governments	12,304	361	-
Bank	1,650	126	-
Residential mortgage	44,423	-	-
Corporate	67,745	-	-
Other	3,870	-	-
Total standardised approach	**129,992**	**487**	**-**

6. Securitisation

Trading book securitisation exposures are not material for the Level 2 Group. As such, these exposures are included in the tables below and are not separately disclosed within this report.

6.1 Third Party Securitisation

This section provides information about assets that the Level 2 Group manages as securitisations for third parties (clients) and for any retained exposure to assets securitised by the Level 2 Group.

Table 6.1A: Total Securitisation Exposures

This table shows the amount of securitisation exposures by facility and provides an indication of the relative extent to which the Level 2 Group has exposure to each type of asset within the securitisation SPV. This table does not provide information on Level 2 Group assets that have been sold to securitisations.

	As at 31 Mar 15				
	Total outstanding exposures				
	Non-originating ADI exposures	Originating ADI			
		Directly originated assets	Indirectly originated assets	ABCP facilities provided	Other (manager services)
	$m	$m	$m	$m	$m
Underlying asset					
Residential mortgage	14,049	10	-	413	535
Credit cards and other personal loans	20	-	-	37	-
Auto and equipment finance	1,244	-	-	150	-
CDOs/CLOs [(1)]	-	-	-	-	635
Commercial mortgages	13	-	-	-	59
Corporate bonds	-	-	-	-	641
Other	535	-	-	-	-
Total underlying asset	**15,861**	**10**	**-**	**600**	**1,870**

(1) *As at 31 March 2015, all exposures are structured such that the pool of assets is assigned to an SPV, usually by a sale.*

	As at 30 Sep 14				
	Total outstanding exposures				
	Non-originating ADI exposures	Originating ADI			
		Directly originated assets	Indirectly originated assets	ABCP facilities provided	Other (manager services)
	$m	$m	$m	$m	$m
Underlying asset					
Residential mortgage	12,631	-	-	413	540
Credit cards and other personal loans	18	-	-	38	-
Auto and equipment finance	948	-	-	137	-
CDOs/CLOs [(1)]	-	-	-	-	815
Commercial mortgages	13	-	-	-	62
Corporate bonds	-	-	-	-	606
Other	535	-	-	-	234
Total underlying asset	**14,145**	**-**	**-**	**588**	**2,257**

(1) *As at 30 September 2014, all exposures are traditional securitisations, where the pool of assets is assigned to an SPV, usually by a sale.*

Table 6.1B: Type of Exposure

The following two tables provide information about assets that the Level 2 Group manages as securitisations (predominantly for third party clients) where the exposures are risk weighted under APS 120. These tables do not provide information on Level 2 Group assets that have been sold to securitisations whether or not the assets are risk weighted under APS 120. The table below breaks down the securitisation exposures by type of facility as defined in the Glossary.

	As at 31 Mar 15			As at 30 Sep 14		
	On-balance sheet $m	Off-balance sheet $m	Total $m	On-balance sheet $m	Off-balance sheet $m	Total $m
Securitisation exposure type						
Liquidity facilities	1	1,704	1,705	-	2,153	2,153
Warehouse facilities	6,255	1,206	7,461	5,817	1,211	7,028
Credit enhancements	-	20	20	-	18	18
Derivative transactions	107	-	107	90	-	90
Securities	9,116	-	9,116	7,718	-	7,718
Credit derivatives transactions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total securitisation exposures	**15,479**	**2,930**	**18,409**	**13,625**	**3,382**	**17,007**

Table 6.1C: Recent Third Party Securitisation Activity

This table provides information about new securitisation facilities provided in the six months to the reporting date.

	Notional amount of facilities provided	
	6 months ended 31 Mar 15 $m	6 months ended 30 Sep 14 $m
Securitisation exposure type		
Liquidity facilities	17	589
Warehouse facilities	1,196	265
Credit enhancements	-	18
Derivative transactions	-	29
Securities	2,979	3,775
Credit derivatives transactions	-	-
Other	-	-
Total new facilities provided	**4,192**	**4,676**

Table 6.1D: Exposures by Risk Weight

These tables show the risk weights for securitisation and resecuritisation exposures as calculated under APS 120, split between the RBA, the IAA, and Other.

Securitisation Exposures by Risk Weight

Securitisation exposures are on-balance and off-balance sheet risk positions held by the Level 2 Group arising from a securitisation, excluding exposures which have been classified as resecuritisations. Resecuritisation exposures are disclosed on the following page.

	As at 31 Mar 15		As at 30 Sep 14	
Risk weight bands	**Exposure $m**	**RWA $m**	**Exposure $m**	**RWA $m**
RBA				
≤10%	8,651	614	6,963	495
> 10% ≤ 25%	137	18	95	12
> 25% ≤ 35%	25	9	25	9
> 35% ≤ 50%	-	-	-	-
> 50% ≤ 75%	-	-	-	-
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	-	-	-	-
> 650% ≤ 850%	-	-	-	-
1250%	-	-	-	-
Deductions	-	-	-	-
RBA sub-total	**8,813**	**641**	**7,083**	**516**
IAA				
≤10%	3,004	220	3,544	246
> 10% ≤ 25%	4,530	576	4,099	527
> 25% ≤ 35%	33	12	25	9
> 35% ≤ 50%	28	14	-	-
> 50% ≤ 75%	82	61	70	53
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	2	4	2	4
> 650% ≤ 850%	-	-	-	-
1250%	-	-	-	-
Deductions	1	-	1	-
IAA sub-total	**7,680**	**887**	**7,740**	**839**
Other				
≤10%	68	5	29	2
> 10% ≤ 25%	258	44	251	43
> 25% ≤ 35%	6	2	3	1
> 35% ≤ 50%	64	32	105	52
> 50% ≤ 75%	-	-	-	-
> 75% ≤ 100%	496	496	528	528
> 100% ≤ 650%	191	243	182	254
> 650% ≤ 850%	-	-	-	-
1250%	-	3	72	905
Deductions	-	-	-	-
Other sub-total	**1,083**	**825**	**1,170**	**1,785**
Total	**17,576**	**2,353**	**15,993**	**3,140**

Resecuritisation Exposures by Risk Weight

Resecuritisation exposures are securitisation exposures in which the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitisation exposure. In addition, an exposure to one or more resecuritisation exposures is a resecuritisation exposure.

	As at 31 Mar 15		As at 30 Sep 14	
Risk weight bands	**Exposure $m**	**RWA $m**	**Exposure $m**	**RWA $m**
RBA				
≤10%	-	-	-	-
> 10% ≤ 25%	1	-	-	-
> 25% ≤ 35%	4	1	-	-
> 35% ≤ 50%	-	-	-	-
> 50% ≤ 75%	-	-	-	-
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	-	-	-	-
> 650% ≤ 850%	-	1	-	-
1250%	-	-	-	-
Deductions	16	-	-	-
RBA sub-total	**21**	**2**	**-**	**-**
IAA				
≤10%	-	-	-	-
> 10% ≤ 25%	-	-	3	1
> 25% ≤ 35%	-	-	-	-
> 35% ≤ 50%	-	-	5	2
> 50% ≤ 75%	-	-	-	-
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	-	-	16	35
> 650% ≤ 850%	-	-	-	-
1250%	-	-	-	-
Deductions	-	-	-	-
IAA sub-total	**-**	**-**	**24**	**38**
Other				
≤10%	96	6	82	6
> 10% ≤ 25%	5	1	4	1
> 25% ≤ 35%	8	3	7	2
> 35% ≤ 50%	451	180	605	242
> 50% ≤ 75%	80	52	82	53
> 75% ≤ 100%	104	104	129	129
> 100% ≤ 650%	-	-	27	141
> 650% ≤ 850%	-	-	-	-
1250%	-	-	37	458
Deductions	-	-	-	-
Other sub-total	**744**	**346**	**973**	**1,032**
Total	**765**	**348**	**997**	**1,070**

Total Exposures by Risk Weight

This table is the sum of the tables 'Securitisation Exposures by Risk Weight' and 'Resecuritisation Exposures by Risk Weight' disclosed on the previous pages.

	As at 31 Mar 15		As at 30 Sep 14	
Risk weight bands	**Exposure $m**	**RWA $m**	**Exposure $m**	**RWA $m**
RBA				
≤10%	8,651	615	6,963	495
> 10% ≤ 25%	138	18	95	12
> 25% ≤ 35%	29	10	25	9
> 35% ≤ 50%	-	-	-	-
> 50% ≤ 75%	-	-	-	-
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	-	-	-	-
> 650% ≤ 850%	-	-	-	-
1250%	-	-	-	-
Deductions	16	-	-	-
RBA sub-total	**8,834**	**643**	**7,083**	**516**
IAA				
≤10%	3,004	220	3,544	246
> 10% ≤ 25%	4,530	576	4,102	528
> 25% ≤ 35%	33	12	25	9
> 35% ≤ 50%	28	14	5	2
> 50% ≤ 75%	82	61	70	53
> 75% ≤ 100%	-	-	-	-
> 100% ≤ 650%	2	4	18	39
> 650% ≤ 850%	-	-	-	-
1250%	-	-	-	-
Deductions	1	-	1	-
IAA sub-total	**7,680**	**887**	**7,764**	**877**
Other				
≤10%	164	11	111	8
> 10% ≤ 25%	263	45	255	44
> 25% ≤ 35%	14	5	10	3
> 35% ≤ 50%	515	212	710	294
> 50% ≤ 75%	80	52	82	53
> 75% ≤ 100%	600	600	657	657
> 100% ≤ 650%	191	243	209	395
> 650% ≤ 850%			-	-
1250%	-	3	109	1,363
Deductions	-	-	-	-
Other sub-total	**1,827**	**1,171**	**2,143**	**2,817**
Total	**18,341**	**2,701**	**16,990**	**4,210**

Table 6.1E: Exposures Deducted from Capital

The table below shows securitisation exposures that have been deducted from capital, divided into those that relate to securitisations of Level 2 Group assets and other securitisations.

	As at 31 Mar 15					
	Deductions relating to ADI-originated assets securitised				Deductions relating to other securitisation exposures	Total
	Residential mortgage	Credit cards and other personal loans	Commercial loans	Other		
	$m	$m	$m	$m	$m	$m
Securitisation exposures deducted from capital [1]						
Deductions from Common Equity Tier 1 Capital	-	-	-	-	17	**17**
Total securitisation exposures deducted from capital	-	-	-	-	17	17

[1] *These are exposures to the subordinated tranche (i.e. exposure to the first 10% of credit losses of a securitisation and where the exposure is not to the most senior tranche).*

	As at 30 Sep 14					
	Deductions relating to ADI-originated assets securitised				Deductions relating to other securitisation exposures	Total
	Residential mortgage	Credit cards and other personal loans	Commercial loans	Other		
	$m	$m	$m	$m	$m	$m
Securitisation exposures deducted from capital						
Deductions from Common Equity Tier 1 Capital	-	-	-	-	1	**1**
Total securitisation exposures deducted from capital	**-**	**-**	**-**	**-**	**1**	**1**

6.2 Level 2 Group Owned Securitised Assets

The Level 2 Group securitises its own assets for funding, liquidity risk and capital management purposes. In doing this, the Level 2 Group acts as the originator, seller and servicer of assets from the Level 2 Group's balance sheet. This includes responsibility for collecting interest and principal on the securitised assets. The Level 2 Group may or may not retain an exposure to securitisation SPVs to which the Level 2 Group has sold assets. It may also manage or provide facilities for the securitisation (including credit enhancements, liquidity and funding facilities).

Table 6.2A: Assets Securitised by the Level 2 Group

This table shows the classes of assets that have been securitised by the Level 2 Group. This table and table 6.2B may include assets which are sold to SPVs (1) which issue securities which meet the Reserve Bank of Australia's repurchase eligibility criteria; (2) which otherwise do not result in significant risk transfer and are considered on-balance sheet for regulatory purposes; or (3) in which significant risk transfer has taken place and which are considered off-balance sheet for regulatory purposes.

	As at 31 Mar 15				
	Total outstanding exposures securitised assets originated by ADI		Impaired assets relating to exposures securitised	Total past due assets from exposures securitised	ADI recognised loss from exposures securitised
	Traditional	Synthetic			
	$m	$m	$m	$m	$m
Underlying asset [1]					
Residential mortgage [2]	79,087	-	165	289	-
Credit cards	-	-	-	-	-
Auto and equipment finance	53	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-			-
Total underlying asset	**79,140**	**-**	**165**	**289**	**-**

[1] *The definition of impaired and past due assets is consistent with the definitions provided in the Glossary of this report.*

[2] *Includes internal securitisation pools of RMBS that have been developed as a source of contingent liquidity to support the Level 2 Group's liquid asset holdings. The amount of these securitised assets is $59,446 million (September 2014: $51,247 million).*

	As at 30 Sep 14				
	Total outstanding exposures securitised assets originated by ADI		Impaired assets relating to exposures securitised	Total past due assets from exposures securitised	ADI recognised loss from exposures securitised
	Traditional	Synthetic			
	$m	$m	$m	$m	$m
Underlying asset					
Residential mortgage	65,092	-	133	189	-
Credit cards	-	-	-	-	-
Auto and equipment finance	92	-	0	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total underlying asset	**65,184**	**-**	**133**	**189**	**-**

Table 6.2B: Recent Securitisation Activity

This table shows the amount of assets sold by the Level 2 Group to securitisation SPVs and any gain or loss on sale.

	6 months ended 31 Mar 15			6 months ended 30 Sep 14		
	Amount securitised during period directly originated $m	Amount securitised during period indirectly originated $m	Recognised gain or loss on sale $m	Amount securitised during period directly originated $m	Amount securitised during period indirectly originated $m	Recognised gain or loss on sale $m
Underlying asset [(1)]						
Residential mortgage	19,575	-	-	17,153	-	-
Credit cards	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total underlying asset	**19,575**	**-**	**-**	**17,153**	**-**	**-**

[(1)] *The amount securitised during the period is securitisation undertaken for funding purposes, where no significant risk transfer has occurred.*

Disclosure 6.2C: Securitisation Subject to Early Amortisation

Attachment G of *APS 120* provides for specific regulatory treatment for securitisations of certain types of assets. As at 31 March 2015 and 30 September 2014, none of these securitisations have been undertaken by the Level 2 Group.

Disclosure 6.2D: Forthcoming Securitisation Activity by the Level 2 Group

The Level 2 Group has a securitisation strategy, and sets funding indices and securitisation targets as part of its Annual Funding Plan. The aim of the securitisation program is to ensure that the Level 2 Group is capital efficient and has diversity of funding and liquidity sources.

To support this strategy, the Level 2 Group has a business practice in which pools of assets originated by the Level 2 Group are available to be internally securitised (as a source of contingent liquidity) or externally securitised when market opportunities arise. The Level 2 Group continually assesses opportunities for securitisation of these assets.

This table provides information about forthcoming securitisation deals entered into between 31 March 2015 and the disclosure date of this report.

	As at 31 Mar 15 $m	As at 30 Sep 14 $m
Underlying asset		
Residential mortgage	2,789	934
Credit cards	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total underlying asset	**2,789**	**934**

Disclosure 6.2E: Credit Risk Mitigation and Guarantors

APS 330 Table 12n requires disclosure of resecuritisation exposures retained or purchased, broken down according to the application of credit risk mitigation and exposures to guarantors. As at 31 March 2015, the Level 2 Group did not have any resecuritisation exposures to which credit risk mitigation is applied or exposures to guarantors.

7. Market Risk

Table 7.1A: Standard Method Risk-Weighted Assets

	As at 31 Mar 15 $m	As at 30 Sep 14 $m
Risk-Weighted Assets		
Interest rate risk	808	772
Equity position risk	11	6
Foreign exchange risk	-	-
Commodity risk	-	2
Total risk-weighted assets - standard method	**819**	**780**

Table 7.1B: Total Risk-Weighted Assets

	As at 31 Mar 15 $m	As at 30 Sep 14 $m
Market risk		
Standard method	819	780
Internal model approach	5,002	4,143
Total market risk RWA	**5,821**	**4,923**

Table 7.1C: Internal Model Approach VaR

The following table provides information on the high, mean and low VaR over the reporting period and at period end.

	6 months ended 31 Mar 15			As at
	Mean value $m	Minimum value $m	Maximum value $m	31 Mar 15 $m
VaR at a 99% confidence level (1)				
Foreign exchange risk	3	1	7	3
Interest rate risk	7	5	11	5
Volatility risk	2	1	4	3
Commodities risk	-	-	1	-
Credit risk	3	2	3	3
Inflation risk	1	-	1	-
Diversification benefit	(8)	n/a	n/a	(7)
Total diversified VaR at a 99% confidence level	**8**	**6**	**12**	**7**
Other market risks (2)	-	-	1	-
Total VaR for physical and derivative positions	**8**	**6**	**13**	**7**

(1) *The maxima / minima by risk types are likely to occur during different days in the period. As such, the sum of these figures will not equal the total maximum/ minimum VaR which is the maximum/ minimum aggregate VaR position during the period.*

(2) *Other market risks include exposures to various basis risks measured individually at a portfolio level.*

	6 months ended 30 Sep 14			As at 30 Sep 14
	Mean value	Minimum value	Maximum value	
	$m	$m	$m	$m
VaR at a 99% confidence level				
Foreign exchange risk	5	1	9	6
Interest rate risk	7	4	14	5
Volatility risk	1	1	2	1
Commodities risk	-	-	-	-
Credit risk	4	2	5	3
Inflation risk	-	-	1	1
Diversification benefit	(7)	n/a	n/a	(8)
Total diversified VaR at a 99% confidence level	**10**	**6**	**17**	**8**
Other market risks	-	-	1	1
Total VaR for physical and derivative positions	**10**	**6**	**18**	**9**

Table 7.1D: Internal Model Approach Stressed VaR

The following table provides information on the high, mean and low stressed VaR over the reporting period and at period end.

	6 months ended 31 Mar 15			As at 31 Mar 15
	Mean value	Minimum value	Maximum value	
	$m	$m	$m	$m
Stressed VaR at a 99% confidence level [(1)]				
Foreign exchange risk	6	1	19	6
Interest rate risk	18	10	29	17
Volatility risk	5	3	6	6
Commodities risk	-	-	1	1
Credit risk	21	17	24	22
Inflation risk	2	1	3	1
Diversification benefit	(27)	n/a	n/a	(27)
Total diversified VaR at a 99% confidence level	**25**	**16**	**38**	**26**
Other market risks [(2)]	2	-	5	1
Total VaR for physical and derivative positions	**27**	**16**	**43**	**27**

(1) *The maxima / minima by risk types are likely to occur during different days in the period. As such, the sum of these figures will not equal the total maximum/ minimum VaR which is the maximum/ minimum aggregate VaR position during the period.*

(2) *Other market risks include exposures to various basis risks measured individually at a portfolio level.*

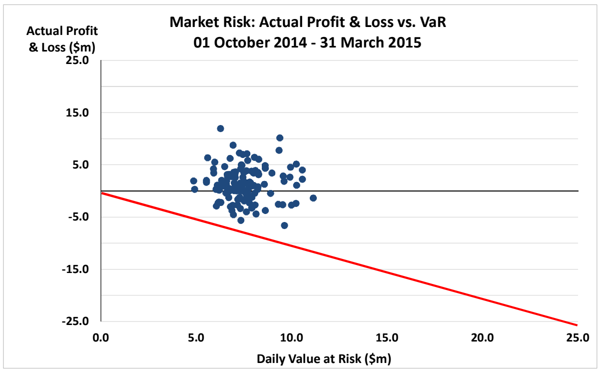
	6 months ended 30 Sep 14			As at 30 Sep 14
	Mean value	Minimum value	Maximum value	
	$m	$m	$m	$m
Stressed VaR at a 99% confidence level				
Foreign exchange risk	10	1	24	9
Interest rate risk	15	7	22	13
Volatility risk	4	2	9	3
Commodities risk	-	-	1	-
Credit risk	20	15	23	17
Inflation risk	1	-	2	2
Diversification benefit	(25)	n/a	n/a	(24)
Total diversified VaR at a 99% confidence level	**25**	**18**	**36**	**20**
Other market risks	1	-	2	2
Total VaR for physical and derivative positions	**26**	**18**	**38**	**22**

Table 7.1E: Back-testing Results

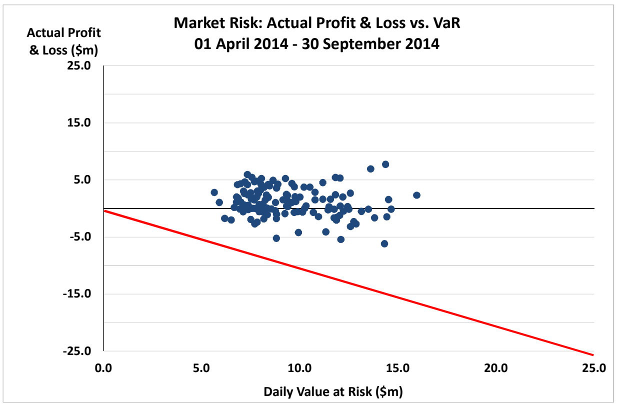
Comparison of VaR estimates to actual gains/losses	6 months ended 31 Mar 15	6 months ended 30 Sep 14
Number of "outliers" incurred for the trading portfolio	-	-

The following graph compares the Level 2 Group's daily VaR estimates against actual P&L.

6 months ended 31 Mar 15



6 months ended 30 Sep 14



Back-testing Outliers

Back-testing, carried out by comparing the Level 2 Group's daily VaR estimate against actual P&L numbers, identified no exceptions during the six month period to 31 March 2015 and no exceptions during the previous six month period to 30 September 2014. This remains within the model parameters and indicates acceptable operation of the VaR model within APRA's guidelines.

8. Operational Risk

The following table provides RWA associated with operational risk, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

Table 8A: Total Risk-Weighted Assets

	As at	
	31 Mar 15	**30 Sep 14**
	$m	**$m**
Operational risk		
Standardised approach	4,110	3,992
Advanced measurement approach	35,890	32,542
Total operational risk RWA	**40,000**	**36,534**

9. Balance Sheet and Liquidity Risk

9.1 Interest Rate Risk in the Banking Book

Table 9.1A: Interest Rate Risk in the Banking Book

This table provides the increase or decrease in economic value for upward and downward rate shocks broken down by currency.

	As at 31 Mar 15		As at 30 Sep 14	
	200 bp parallel increase	200 bp parallel decrease	200 bp parallel increase	200 bp parallel decrease
	$m	$m	$m	$m
Change in economic value [(1)]				
AUD	(106)	126	(118)	142
CAD	1	(1)		
CHF	0	0	-	-
EUR	(5)	5	(3)	3
GBP	(12)	15	(78)	83
HKD	4	(4)	-	-
JPY	0	0	-	-
NZD	(146)	156	(129)	133
USD	54	9	16	24
Other	9	(9)	11	(11)
Total change in economic value	**(201)**	**297**	**(301)**	**374**

(1) *The Level 2 Group's major currencies are modelled on an individual basis. The remaining currencies, in which the Level 2 Group has immaterial holdings are aggregated and modelled using a single yield curve. The 200 basis point interest rate shock results include earnings offset.*

Table 9.1B: Total Risk-Weighted Assets

	As at	
	31 Mar 15	30 Sep 14
	$m	$m
IRRBB risk-weighted assets	7,190	7,821

9.2 Equities Banking Book Position

Table 9.2A: Equities Banking Book Position

This table provides the value of investments disclosed in the balance sheet, as well as the fair value of those investments.

	As at 31 Mar 15		As at 30 Sep 14	
	Carrying value [1]	Fair value [2]	Carrying value	Fair value
	$m	$m	$m	$m
Total listed equities (publicly traded)	29	28	30	30
Total unlisted equities	567	559	556	555

(1) *Carrying value as recorded in the Balance Sheet, in accordance with accounting standards.*

(2) *The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, fair value is established by using a valuation technique.*

Table 9.2B: Gains and Losses on Equity Investments

This table provides the realised (actual) gains/losses arising from sales and liquidations in the six months to 31 March 2015 recognised through the profit and loss account. Unrealised (expected) gains/losses which were previously included in Tier 1 and Tier 2 capital represent gains/losses recognised in the balance sheet but not through the profit and loss account.

	6 months ended	
	31 Mar 15	30 Sep 14
	$m	$m
Gains (losses) on equity investments		
Cumulative realised gains (losses) in reporting period	9	2
Total unrealised gains (losses)	64	27
Total unrealised gains (losses) included in Common Equity Tier 1, Tier 1 and/or Tier 2 Capital	64	166

Disclosure 9.2C: Equity Investments Subject to Grandfathering Provisions

The Level 2 Group does not have any equity investments that are subject to grandfathering provisions.

10. Detailed Capital Disclosures

10.1 Common Disclosure Template – Regulatory Capital

This table provides the post 1 January 2018 Basel III common disclosure requirements for APS 330 (Attachment A). Regulatory adjustments under Basel III are disclosed in full as implemented by APRA. The information contained within the table below should be read in conjunction with section 10.2 Regulatory Balance Sheet and section 10.3 Reconciliation between the Common Disclosure Template and the Level 2 Regulatory Balance Sheet.

		As at 31 Mar 15 $m
Common Equity Tier 1 Capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	27,323
2	Retained earnings	20,950
3	Accumulated other comprehensive income (and other reserves)	(676)
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	248
6	**Common Equity Tier 1 Capital before regulatory adjustments**	**47,845**
Common Equity Tier 1 Capital: regulatory adjustments		
7	Prudential valuation adjustments	2
8	Goodwill (net of related tax liability)	5,331
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	2478
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash-flow hedge reserve	56
12	Shortfall of provisions to expected losses	90
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(203)
15	Defined benefit superannuation fund net assets	195
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage service rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the ordinary shares of financial entities	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
APRA specific regulatory adjustments		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	5,002
26a	of which: treasury shares	(7)
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-
26c	of which: deferred fee income	-
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	2,511
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	1,891
26f	of which: capitalised expenses	257
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	14
26h	of which: covered bonds in excess of asset cover in pools	-
26i	of which: undercapitalisation of a non-consolidated subsidiary	-
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	336
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	**Total regulatory adjustments to Common Equity Tier 1**	**12,951**
29	**Common Equity Tier 1 Capital (CET1)**	**34,894**

		As at 31 Mar 15 $m
Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	4,574
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	4,574
33	Directly issued capital instruments subject to phase out from Additional Tier 1	4,240
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	44
35	of which: instruments issued by subsidiaries subject to phase out	-
36	**Additional Tier 1 Capital before regulatory adjustments**	**8,858**
Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	**Total regulatory adjustments to Additional Tier 1 Capital**	-
44	**Additional Tier 1 Capital (AT1)**	**8,858**
45	**Tier 1 Capital (T1 = CET1 + AT1)**	**43,752**
Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	2,160
47	Directly issued capital instruments subject to phase out from Tier 2	3,935
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	59
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions	551
51	**Tier 2 Capital before regulatory adjustments**	**6,705**
Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	75
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	27
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	27
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-
57	**Total regulatory adjustments to Tier 2 Capital**	**102**
58	**Tier 2 Capital (T2)**	**6,603**
59	**Total Capital (TC = T1 + T2)**	**50,355**
60	**Total risk weighted assets based on APRA standards**	**393,238**

		As at 31 Mar 15 $m
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	8.87%
62	Tier 1 (as a percentage of risk weighted assets)	11.13%
63	Total capital (as a percentage of risk weighted assets)	12.81%
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: ADI-specific countercyclical buffer requirements	n/a
67	of which: G-SIB buffer requirement	n/a
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	n/a
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a
70	National Tier 1 minimum ratio (if different from Basel III minimum)	n/a
71	National total capital minimum ratio (if different from Basel III minimum)	n/a
Amounts below the thresholds for deduction (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	585
73	Significant investments in the ordinary shares of financial entities	1,926
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1,891
Applicable caps on the inclusion of provisions in Tier 2		-
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	551
77	Cap on inclusion of provisions in Tier 2 under standardised approach	822
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,647
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	4,239
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	219
84	Current cap on T2 instruments subject to phase out arrangements	3,935
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	841

10.2 Level 2 Regulatory Balance Sheet

The table shows the NAB Group's Balance Sheet and the Level 2 Regulatory Balance Sheet.

	NAB Group Balance Sheet As at 31 Mar 15 $m	Adjustments $m	Level 2 Regulatory Balance Sheet As at 31 Mar 15 $m	Template Reference / Reconciliation Table
Assets				
Cash and liquid assets	32,967	(2,576)	30,391	
Due from other banks	57,042	(2)	57,040	
Trading derivatives	76,872	1,572	78,444	
Trading securities	40,886	-	40,886	
Investments - available for sale	-	-	-	
Investments - held to maturity	-	-	-	
Investments relating to life insurance business	92,965	(92,965)	-	
Other financial assets at fair value	31,426	(8)	31,418	
Hedging derivatives	56,578	-	56,578	
Loans and advances	517,680	(66)	517,614	
Due from customers on acceptances	21,649	-	21,649	
Current tax assets	-	-	-	
Property, plant and equipment	1,948	(6)	1,942	
Goodwill and other intangible assets	8,030	(4,261)	3,769	Table A
Deferred tax assets	1,381	(814)	567	
Investment in non-consolidated entities	-	5,960	5,960	Table A
Due from controlled entities	-	1,601	1,601	
Other assets	19,163	(1,648)	17,515	
Total assets	**958,587**	**(93,213)**	**865,374**	
Liabilities				
Due to other banks	47,946	(370)	47,576	
Trading derivatives	76,913	(6)	76,907	
Other financial liabilities at fair value	30,678	-	30,678	
of which:				
Change in own credit worthiness	203	-	203	Row 14
Hedging derivatives	5,448	(7)	5,441	
Deposits and other borrowings	503,977	8	503,985	
Liability on acceptances	6	-	6	
Life policy liabilities	78,596	(78,596)	-	
Current tax liabilities	694	(11)	683	
Provisions	2,518	(95)	2,423	
Bonds, notes and subordinated debt	124,544	(3,263)	121,281	
Other debt issues	6,129	-	6,129	
Defined benefit superannuation plan liabilities	12	-	12	
External unitholders' liability	14,811	(14,811)	-	
Deferred tax liabilities	-	(1,739)	(1,739)	
Due to controlled entities	-	447	447	
Other liabilities	16,447	3,573	20,020	
Total liabilities	**908,719**	**(94,870)**	**813,849**	
Net assets	**49,868**	**1,655**	**51,523**	

	NAB Group Balance Sheet As at 31 Mar 15 $m	Adjustments $m	Level 2 Regulatory Balance Sheet As at 31 Mar 15 $m	Template Reference / Reconciliation Table
Equity				
Issues and paid-up ordinary share capital	25,714	1,609	27,323	Row 1
Other contributed equity	3,317	-	3,317	
Contributed equity	**29,031**	**1,609**	**30,640**	
General reserve for credit losses	-	-	-	
Asset revaluation reserve	81	-	81	
Foreign currency translation reserve	(1,192)	(25)	(1,217)	
Cash flow hedge reserve	51	5	56	Row 11
Equity-based compensation reserve	162	-	162	
Available for sale investments reserve	-	-	-	
Other reserves	242	-	242	Row 3
Reserves	**(656)**	**(20)**	**(676)**	
Retained profits	20,867	83	20,950	Row 2
Total equity (parent entity interest)	**49,242**	**1,672**	**50,914**	
Non-controlling interest in controlled entities	626	(17)	609	
Total equity	**49,868**	**1,655**	**51,523**	

10.3 Reconciliation between the Common Disclosure Template and Level 2 Regulatory Balance Sheet

Table A	**As at 31 Mar 15 $m**	**Template Reference**
Goodwill and other intangible assets	3,769	
Investment in non-consolidated entities	5,960	
Total	**9,729**	
Less		
DTL for other intangible assets	(6)	
Goodwill (net of related tax liability)	5,331	Row 8
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,478	Row 9
Net tangible assets of investment in non-consolidated entities	**1,926**	
Add		
Insignificant equity investment in financial institutions	585	
Total equity investment in financial institutions	**2,511**	Row 26d

10.4 Material Entities Excluded from Level 2 Regulatory Balance Sheet

Table 10.4A: Insurance and Fund Management Entities

	As at 31 Mar 15	
	Total Assets $m	Total Liabilities $m
National Wealth Management Holdings Limited	9,237	2,033
National Australia Financial Management Limited	6,659	8
MLC Holdings Limited	3,837	0
MLC Investments Limited	91	32
MLC Limited	83,359	80,702

Table 10.4B: Securitisation Entities

	As at 31 Mar 15	
	Total Assets $m	Total Liabilities $m
Titan NZ (MRP Bonds) Trust	239	239
Titan NZ Funding Trust	246	246

11. Glossary

Term	Description
ABCP	Asset-Backed Commercial Paper being a form of commercial paper that is collateralised by other financial assets. It is a short-term debt instrument created by an issuing party (typically a bank or other financial institution).
ADI	Authorised Deposit-taking Institution.
Advanced IRB approach (IRB)	The Advanced Internal Ratings Based (IRB) approach refers to the processes employed by the NAB Group to estimate credit risk. This is achieved through the use of internally developed models to assess potential credit losses using the outputs from the PD, LGD and EaD models.
AMA	Advanced Measurement Approach (AMA) is the risk estimation process used for the NAB Group's operational risk. It combines internally developed risk estimation processes with an integrated risk management process, embedded within the business with loss event management.
APRA	Australian Prudential Regulation Authority.
APS	Prudential Standards issued by APRA applicable to ADIs.
Alternative Standardised Approach (ASA)	Alternative Standardised Approach is the risk estimation process used for the NAB Group's operational risk.
Back-testing	Back-testing refers to the process undertaken to monitor performance of the NAB Group's risk models. Historical data is used to compare the actual outcomes to the expected outcomes. Theoretical (or hypothetical) back-testing refers to the process whereby the trading positions at the end of the preceding day are revalued using the end-of-day rates for that day and then again at the succeeding day's closing rates. The difference between the two mark-to-market values of the portfolio which represents the profit and loss that would have occurred had there been no transactions on the day, is compared with the VaR. VaR is also compared with the actual daily traded profit and loss as a cross-check of the reasonableness of the theoretical portfolio movement.
Basel Accord	The Basel regulatory framework (which includes Basel II, Basel 2.5 and Basel III) is the global benchmark for assessing banks' capital adequacy. The guidelines are aimed at promoting a more resilient banking system through the development of capital adequacy standards that are more accurately aligned with the individual risk profile of institutions, by offering greater flexibility for supervisors to recognise and encourage the use of more sophisticated risk management techniques.
BIPRU	BIPRU refers to the UK PRA's requirements and guidance for accreditation under the Basel Accord. It refers to the Prudential Sourcebook for Banks, Building Societies and Investment Firms.
Board	Principal Board of Directors of NAB.
Capital adequacy	Capital adequacy is the outcome of identifying and quantifying the major risks the NAB Group is exposed to, and the capital that the NAB Group determines as an appropriate level to hold for these risks, as well as its strategic and operational objectives, including its target credit rating.
CDO	Collateralised Debt Obligation.
Central Counterparty (CCP)	A clearing house which interposes itself, directly or indirectly, between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer.
CLO	Collateralised Loan Obligation.
Committed Liquidity Facility (CLF)	The Reserve Bank of Australia will establish a committed liquidity facility (CLF) as part of Australia's implementation of the Basel III liquidity reform, which will provide high-quality liquidity to commercial banks to assist them in meeting the Basel III liquidity requirements.
Common Equity Tier 1 (CET1)	Common equity is recognised as the highest quality component of capital. It 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. It is predominately comprised of common shares; share premium; retained earnings; undistributed current year earnings; as well as other elements as defined under *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.
Corporate (including SME)	Corporate (including SME) consists of corporations, partnerships or proprietorships not elsewhere classified and includes non-banking entities held by banks.
Credit derivatives	Credit derivatives include single-name credit default and certain total rate of return swaps, cash funded credit linked notes and first-to-default and second-to-default credit derivative basket products. ADIs may also recognise many more complex credit derivatives that do not fall into the list above, that have been approved by APRA.
Credit derivative transactions	In relation to securitisation exposures, credit derivative transactions are those in which the credit risk of a pool of assets is transferred to the NAB Group, usually through the use of credit default swaps.
Credit enhancements	Credit enhancements are arrangements in which the NAB Group holds a securitisation exposure that is able to absorb losses in the pool, providing credit protection to investors or other parties to the securitisation. A first loss credit enhancement is available to absorb losses in the first instance. A second loss credit enhancement is available to absorb losses after first loss credit enhancements have been exhausted.
Credit Value Adjustment (CVA)	A capital charge to reflect potential mark-to-market losses due to counterparty migration risk on bilateral OTC derivative contracts.
Default Fund	Clearing members' funded or unfunded contributions towards, or underwriting of, a CCP's mutualised loss sharing arrangements.
Derivative transactions	In relation to securitisation exposures, derivative transactions include interest rate and currency derivatives provided to securitisation SPVs, but do not include credit derivative transactions.
EaD	Exposure at Default (EaD) is an estimate of the total committed credit exposure expected to be drawn at the time of default for a customer or facility that the NAB Group would incur in the event of a default. It is used in the calculation of RWA.
Economic capital	Economic capital represents the NAB Group's internal assessment of the amount of capital required to protect against potential unexpected future losses arising from its business activities, in line with its target credit rating.

Term	Description
ELE	The Extended Licensed Entity (ELE) comprises the ADI itself and any APRA approved subsidiary entities assessed as effectively part of a single 'stand-alone' entity, as defined in *Prudential Standard APS 222 Associations with Related Entities.*
Eligible financial collateral	Eligible financial collateral, under the standardised approach, will be the amount of cash collateral, netting and eligible bonds and equities. Eligible financial collateral, under the IRB approach, for corporate, sovereign and bank portfolios, is limited to the collateral items detailed in *paragraphs 4* and *23* of *Attachment G* of *APS 112*. Recognition of eligible financial collateral is subject to the minimum conditions detailed in that same Attachment, paragraph 6.
Fair value	Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.
Foundation IRB (FIRB)	Foundation Internal Ratings Based (FIRB) approach refers to an alternative approach to advanced IRB defined under the Basel Accord where a Group develops its own PD models and seeks approval from its regulator to use these in the calculation of regulatory capital, and the regulator provides a supervisory estimate for LGD and EaD.
General Reserve for Credit Losses (GRCL)	The general reserve for credit losses (GRCL) is an estimate of the reasonable and prudent expected credit losses over the remaining life of the portfolio and on non-defaulted assets. The reserve is a compliance requirement under *Prudential Standard APS 220 Credit Quality*.
GRCL calculation methodology	The GRCL is calculated as a collective provision for doubtful debts, excluding securitisation and provision on default no-loss assets. The difference between the GRCL and accounting collective provision is covered with an additional top-up, created through a transfer from retained earnings to reflect losses expected as a result of future events that are not recognised in the NAB Group's collective provision for accounting purposes. All collective provisions on defaulted or otherwise non-performing assets, regardless of expected loss, are reported as additional regulatory specific provisions.
Guarantees	Guarantors under the standardised approach are recognised according to *APS 112 Attachment F paragraph 3*. The secured portion of an exposure is weighted according to the risk weight appropriate to the guarantor and the unsecured portion is weighted according to the risk weight applicable to the original counterparty (Refer to *Attachment A* for the appropriate risk weights). Under the IRB approach, for corporate, sovereign and bank portfolios, the ADI may recognise credit risk mitigation in the form of guarantees and credit derivatives according to the FIRB substitution approach where an ADI uses supervisory estimates of LGD (refer to *APS 113 Attachment B paragraph 49*), an AIRB substitution approach where the ADI has approval from APRA to use its own estimates of LGD (refer to *APS 113 Attachment B paragraph 60*) and, for certain exposures, a double default approach (refer to *APS 113 Attachment B paragraph 67*). An ADI may decide, separately for each eligible exposure, to apply either the relevant substitution approach or the double default approach. For retail portfolios there are two approaches for the recognition of credit risk mitigation in the form of guarantees and credit derivatives under the retail IRB approach, a substitution approach (refer to *APS 113 Attachment C paragraph 19*) and, for certain exposures, a double default approach (refer to *APS 113 Attachment C paragraph 28*). An ADI may decide separately for each eligible exposure to apply either the substitution approach or the double default approach.
IAA	Internal Assessment Approach.
ICAAP	Internal Capital Adequacy Assessment Process (ICAAP) is the mechanism developed and used by the NAB Group to determine capital requirements as outlined under Basel III. It results in the NAB Group identifying and assessing all risks to which it is exposed and allocating an appropriate level of capital to each.
IFRS	International Financial Reporting Standards.
IMA	Internal Model Approach (IMA) describes the approach used in the assessment of traded market risk. The NAB Group uses, under approval from APRA, the IMA to calculate general market risk for all transactions in the trading book other than those covered by the Standard Method.
Impaired facilities	Impaired facilities consist of Retail loans (excluding unsecured portfolio-managed facilities) which are contractually 90 days or more past due with security insufficient to cover principal and arrears of interest revenue. Unsecured portfolio managed facilities are classified as impaired assets when they become 180 days past due (if not written off) as per ARF 220 instructions; Non-retail loans that are contractually 90 days or more past due and/or sufficient doubt exists about the ultimate ability to collect principal and interest; and Impaired off-balance sheet credit exposures, where current circumstances indicate that losses may be incurred.
IRB approach	The internal ratings based (IRB) approach refers to the processes employed by the NAB Group to estimate credit risk. This is achieved through the use of internally developed models to assess the potential credit losses using the outputs from the probability of default, loss given default and exposure at default models.
IRRBB	Interest rate risk in the banking book.
Level 2 Group	The Level 2 Group, being NAB and the entities it controls subject to certain exceptions set out in *Section 2 Scope of Application* of this report.
Level 3 conglomerate Group	Contains APRA-regulated entities with material operations across more than one APRA-regulated industry and/or unregulated entities.
LGD	Loss Given Default (LGD) is 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. It is used in the calculation of RWA.
Liquidity Coverage Ratio (LCR)	The LCR ratio measures the amount of unencumbered high quality liquid assets along with CLF eligible collateral that can be converted to cash to meet its liquidity needs for a 30 day calendar day time period under a severe liquidity stress scenario.
Liquidity facilities	Liquidity facilities are provided by the NAB Group to an SPV for the primary purpose of funding any timing mismatches between receipts of funds on underlying exposures and payments on securities issued by the SPV (asset liquidity facilities), or to cover the inability of the SPV to roll over ABCP (standby liquidity facilities).
Loan to value ratio	Loan to Value Ratio (LVR) is the ratio between the loan and value of the security provided.
NAB	National Australia Bank Limited ABN 12 004 044 937.
NAB Group	NAB and its controlled entities.

Term	Description
Net Stable Funding Ratio (NSFR)	NSFR is a measure announced as part of the Basel III liquidity reforms that will apply from January 2018. The ratio establishes a minimum acceptable amount of stable funding (the portion of those types and amounts of equity and liability financing expected to be reliable sources of funds over a one-year time horizon under conditions of extended stress) based on the liquidity characteristics of an ADI's assets and activities over a one-year horizon. Finalised requirements are still to be outlined by the Basel Committee and APRA.
Net write-offs	Write-offs on loans at amortised cost and Fair Value loans net of recoveries.
Non-retail credit	Non-retail credit broadly refers to credit exposure to business customers. It excludes retail credit defined below.
Non-traded book	Non-traded book refers to the investment in securities held by the NAB Group through to maturity.
Past due facilities ≥ 90 days	Past due facilities ≥ 90 days consist of well-secured assets that are more than 90 days past due and portfolio-managed facilities that are not well secured and between 90 and 180 days past due.
PD	Probability of Default (PD) is an estimate of the likelihood of a customer defaulting or not repaying their borrowings and other obligations to the NAB Group in the next 12 months.
Point in Time	Point in Time (PiT) within this document refers to risk models that estimate the likelihood of default and resulting loss over a 12-month period having regard to the current economic conditions.
Qualifying revolving retail exposures	For the purposes of regulatory reporting, credit cards are referred to as qualifying revolving retail.
RBA	Ratings-Based Approach.
Regulatory capital	Regulatory capital is the total capital held by the NAB Group as a buffer against potential losses arising from the business the NAB Group operates in. Unlike economic capital, it is calculated based on guidance and standards provided by the NAB Group's regulators, including APRA. It is designed to support stability in the banking system and protect depositors.
Regulatory expected loss	Regulatory Expected Loss (EL) is a calculation of the estimated loss that may be experienced by the NAB Group over the next 12 months. Regulatory EL calculations are based on the PD, LGD and EaD values of the portfolio at the time of the estimate which include stressed LGDs for economic conditions. As such, regulatory EL is not an estimate of long-run average expected loss.
Resecuritisation	Resecuritisation exposures are securitisation exposures in which the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitisation exposure. In addition, an exposure to one or more resecuritisation exposures is a resecuritisation exposure.
Retail credit	For the purposes of managing credit, two broad categories are used: retail credit and non-retail credit. This reflects the different approaches to the sales and ongoing management of credit and is consistent with the approach required under the Basel Accord. Retail credit refers to the credit provided to retail or personal customers. For the purposes of regulatory capital, retail credit is categorised into four groups: residential mortgages, credit cards (or qualifying revolving credit), retail SME and other.
Risk appetite	Risk appetite defines the level of risk the NAB Group is prepared to accept as part of its business. The resulting level of risk is a direct input into the NAB Group's capital requirements.
Risk-Weighted Assets (RWA)	A quantitative measure of the NAB Group's 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	Securities include the purchase of securitisation debt securities for either trading or banking book purposes.
Securitisation	Structured finance technique which involves pooling and packaging cash-flow converting financial assets into securities that can be sold to investors.
SME	Small and medium sized enterprises.
Specific provisions	Specific provisions for prudential purposes include all provisions for impairment assessed on an individual basis in accordance with IFRS excluding securitisation.
Standardised approach	Standardised refers to an alternative approach to the assessment of risk (notably credit and operational) whereby the institution uses external rating agencies to assist in assessing credit risk and/or the application of specific values provided by regulators to determine RWA.
Through the cycle	Through the Cycle (TtC) within this document refers to risk models that estimate the likelihood of default and resulting loss over a 12-month period having regard to the impact of an economic downturn.
Tier 1 Capital	Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the characteristics outlined under APRA's prudential framework. It provides a permanent and unrestricted commitment of funds, are freely available to absorb losses, do not impose any unavoidable servicing charge against earnings, and rank behind the claims of depositors and other creditors in the event of winding-up.
Tier 1 Capital ratio	Tier 1 Capital as defined by APRA divided by risk-weighted assets.
Tier 2 Capital	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 entity as a going concern. It is divided into: Upper Tier 2 capital comprising components of capital that are essentially permanent in nature, including some forms of hybrid capital instrument; and Lower Tier 2 capital comprising components of capital that are not permanent.
Tier 2 Capital ratio	Tier 2 Capital as defined by APRA divided by risk-weighted assets.
Traded book	Traded book refers to the NAB Group's investment portfolio that is traded or exchanged in the market from time to time that reflects market opportunities.
Value at Risk (VaR)	Value at Risk (VaR) is a mathematical technique that uses statistical analysis of historical data to estimate the likelihood that a given portfolio's losses will exceed a certain amount.
Warehouse facilities	Warehouse facilities are lending facilities provided by the NAB Group to an SPV for the financing of exposures in a pool. These may be on a temporary basis pending the issue of securities or on an on-going basis.
Write-offs	Write-offs represent credit losses in accordance with accounting rules.

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