



National
Australia
Bank

**Disclosures for the
identification of
potential Global
Systemically Important
Banks (G-SIBs)**

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Disclosures for the identification of potential Global Systemically Important Banks (G-SIBs)

Under the international framework for addressing the risks posed by G-SIBs, a large sample of international banks report twelve indicators that the Basel Committee on Banking Supervision (BCBS) uses to identify those banks that are systemically important on a global scale. The indicators are designed to reflect the size of banks, their interconnectedness, the lack of readily available substitutes or financial institution infrastructure for the services they provide, their complexity and their global (cross-jurisdictional) activity.

This indicator-based measurement approach supported by supervisory judgement provides a framework for periodically reviewing the G-SIB status of a given bank. Should a bank qualify as a G-SIB, it will be subject to a greater higher loss absorbency (HLA) requirement depending on how systemically important the bank is. Any G-SIB HLA requirement is to be met with Common Equity Tier 1 Capital.

Based on this G-SIB indicator information, National Australia Bank Limited has not been classified as a G-SIB.

The Australian Prudential Regulation Authority (APRA) has determined that National Australia Bank Limited, along with Australia and New Zealand Banking Corporation, Commonwealth Bank of Australia and Westpac Banking Corporation, are Domestic Systemically Important Banks (D-SIBs) in Australia and are required to hold an additional 1% HLA buffer, which is equivalent to the requirement for a bucket 1 or lowest level G-SIB.

This report has been prepared to meet the disclosure obligations under APRA Prudential Standard APS 330 *Public Disclosure*.

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Size		
1	Total exposures	866,124
Interconnectedness		
2	Intra-financial system assets	61,068
3	Intra-financial system liabilities	82,282
4	Securities outstanding	312,089
Substitutability / Financial Institution Infrastructure		
5	Payments made in the reporting year (excluding intragroup payments) ⁽¹⁾	24,102,414
6	Assets under custody	593,615
7	Underwritten transactions in debt and equity markets	4,927
Complexity		
8	Notional amount of over-the-counter (OTC) derivatives	6,406,693
9	Trading and available-for-sale securities	24,786
10	Level 3 assets	704
Cross-Jurisdictional Activity		
11	Cross-jurisdictional claims	202,209
12	Cross-jurisdictional liabilities	274,172

⁽¹⁾ Where precise totals were unavailable, known overestimates have been reported in accordance with the BCBS instructions for the end-2017 G-SIB assessment exercise.

Glossary

Term	Description
Assets under custody	The value of assets, including cross-border assets that the Level 2 group holds as a custodian on behalf of customers, including other financial institutions.
Complexity	An indicator designed to measure the business, structural and operational complexity of a bank. The expected costs and time required to resolve a bank in distress are expected to be higher for a bank with high complexity than one with lower complexity.
Cross-jurisdictional activity	An indicator designed to measure a bank's global footprint. Cross-border claims and liabilities capture the bank's activities outside of its home jurisdiction. The greater a bank's global reach, the more difficult it is to coordinate its resolution and the more widespread the spillover effects from its failure.
Cross-jurisdictional claims	The value of claims over all sectors that, on an ultimate-risk basis, are cross-border claims, local claims of foreign affiliates in foreign currency or local claims of foreign affiliates in local currency. Claims include deposits and balances placed with other banks, loans and advances to banks and non-banks and holdings of securities and participations, and excludes claims from positions in derivative contracts.
Cross-jurisdictional liabilities	The value of foreign liabilities including deposits by banks and customers, trading portfolio liabilities, repurchase agreements and various debt securities, excluding liabilities from positions in derivative contracts.
Interconnectedness	An indicator designed to measure the inter-linkages of financing activities between the bank and other financial institutions. Financial distress at one institution can materially increase the likelihood of distress at other institutions given the network of contractual obligations between financial institutions.
Intra-financial system assets	Holdings of assets due from other financial institutions.
Intra-financial system liabilities	Holdings of liabilities due to other financial institutions.
Level 3 assets	The carrying amount of assets measured at fair value on the balance sheet where the valuation has one or more significant inputs that are not based on observable market data (i.e. a level 3 measurement input in a three-level fair value hierarchy).
Payments made in the reporting year (excluding intragroup payments)	The total gross value of cash payments sent by the Level 2 group via large value payment systems, along with the gross value of cash payments sent through an agent or correspondent bank (e.g. using a correspondent or nostro account) over the reporting year.
Securities outstanding	The value of outstanding debt and equity securities issued by, or on behalf of, the Level 2 group. The value excludes debt securities where the reporting entity does not back the performance of underlying assets, such as securitisation notes. The value of debt securities (excluding convertible preference shares and notes) is measured at their carrying amount on the balance sheet. The value of convertible preference shares and notes and equity securities is measured at fair value.
Size	An indicator designed to provide an indication of a bank's share of global activity. In case of distress or failure, banks with a large share of global financing activities will be more difficult to replace.
Substitutability / financial institution infrastructure	An indicator designed to provide an indication of a bank's footprint in a particular business line, or as a service provider of infrastructure supporting financial markets. These indicators provide an understanding of the impact and costs to substitute a significant market player in distress.
Total exposures	The total exposures value (prior to regulatory adjustments) as defined for use in the Basel III leverage ratio.
Trading and available-for-sale securities	The value of securities (e.g. bonds and shares) that, if sold quickly during periods of severe market stress, are more likely to incur larger discounts or haircuts to compensate for high market risk. It is measured as the total amount of securities measured at fair value (either through profit or loss or through other comprehensive income) less the subset of those securities that meet the definition of level 1 and level 2 assets as defined in the Basel III liquidity coverage ratio (LCR).
Underwritten transactions in debt and equity markets	The value of unsold securities the Level 2 group was obligated to purchase during the reporting year from underwriting transactions (public and private) in debt and equity markets.

