

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

National Australia Bank Limited

ABN

12 004 044 937

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | |
|---|--|
| 1 +Class of +securities issued or to be issued | NAB Subordinated Notes 2 |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued | 7,500,000 NAB Subordinated Notes 2, but may be more or less. |
| 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>See Sections 1 and 2 of the prospectus relating to the offer of NAB Subordinated Notes 2 dated 8 February 2016 and lodged with ASIC and ASX on that date (“Prospectus”). Capitalised terms used in this Appendix 3B have the meaning given to them in the Prospectus.</p> <p>NAB Subordinated Notes 2 are fully paid subordinated unsecured notes issued by NAB.</p> <p>With the prior written approval of APRA, NAB may elect to Redeem all or some NAB Subordinated Notes 2 on 20 September 2023</p> |

+ See chapter 19 for defined terms.

and on any Interest Payment Date thereafter, or following the occurrence of a Tax Event or Regulatory Event. Holders should not expect that APRA's approval will be given in these circumstances.

If a Non-Viability Trigger Event occurs, NAB will be required to immediately Convert NAB Subordinated Notes 2 (or, in some cases, some NAB Subordinated Notes 2) into Ordinary Shares (or, where that is not possible, to Write-Off NAB Subordinated Notes 2).

A Non-Viability Trigger Event may occur where NAB encounters severe financial difficulty. In the event of a Conversion following a Non-Viability Trigger Event, depending on the market price of Ordinary Shares at the relevant time, Holders may lose a significant amount of the money they invested in NAB Subordinated Notes 2 as a consequence. Following Conversion there is no certainty as to the future value of Ordinary Shares.

Interest on NAB Subordinated Notes 2 is cumulative and based on a floating rate. Interest is payable quarterly in arrears in cash. Interest is not discretionary or deferrable. NAB must pay Interest to Holders unless the Solvency Condition is not satisfied. If the Solvency Condition is not satisfied on a particular Interest Payment Date, Interest will not be paid on that date.

Holders do not have a right to vote at a general meeting of NAB.

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>In a winding up of NAB, NAB Subordinated Notes 2 rank in priority to Junior Ranking Instruments, equally among themselves, equally with Equal Ranking Instruments and junior to Senior Creditors (which include holders of NAB Subordinated Notes issued by NAB on 18 June 2012 (ASX code “NABHB”) (“NSN”) and depositors).</p> <p>The ranking of NAB Subordinated Note 2 Holders in a winding-up will be adversely affected if a Non-Viability Trigger Event occurs. If following a Non-Viability Trigger Event, NAB Subordinated Notes 2 are Converted the Ordinary Shares received on Conversion will rank equally with all other Ordinary Shares and are the lowest ranking securities of NAB.</p> <p>If, following a Non-Viability Trigger Event, NAB Subordinated Notes 2 are Written-Off, all rights in respect of those NAB Subordinated Notes 2 will be terminated, the NAB Subordinated Notes 2 will not be Redeemed or Converted on a subsequent date and the Holders will not have their capital repaid or be entitled to any return in a Winding Up.</p> <p>For more information in relation to the ranking of NAB Subordinated Notes 2, refer to Section 2.6 of the Prospectus.</p>
<p>5 Issue price or consideration</p>	<p>\$100 per NAB Subordinated Note 2</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The issue of NAB Subordinated Notes 2 forms part of NAB’s capital management strategy, with the NAB Subordinated Notes 2 proceeds being used to refinance NSN and for general corporate purposes.</p>

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	20 March 2017

+ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	2,670,256,990	Ordinary shares, fully paid
	20,000,000	National Income Securities (NABHA) (stapled debt/preference shares)
	11,725,140	NAB Subordinated Notes
	15,143,274	NAB Convertible Preference Shares (NABPA)
	17,171,930	NAB Convertible Preference Shares II (NABPB)
	13,428,444	NAB Capital Notes (NABPC)
	14,988,630	NAB Capital Notes 2 (NABPD)
	USD 2,500,000,000	2.00% Fixed Rate Covered Bonds due 2017 – Series 5 (NABHE)
	USD 1,250,000,000	2.125% Fixed Rate Cover Bonds due September 2019 – Series 23 (NABHF)
	USD 1,400,000,000	2.250% Fixed Rate Covered Bonds due March 2021 – Series 26 (NABHG)
	USD 1,000,000,000	2.400% Fixed Rate Covered Bonds due 2021 – Series 28 (NABHH)

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New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	46,004 4,707,523 Ordinary shares, partly paid and not quoted Un-exercised Performance Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Interest on NAB Subordinated Notes 2 is cumulative and based on a floating rate. Interest is payable quarterly in arrears in cash. Interest is not discretionary or deferrable. NAB must pay Interest to Holders unless the Solvency Condition is not satisfied. If the Solvency Condition is not satisfied on a particular Interest Payment Date, Interest will not be paid on that date.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|---|-----|
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Issue date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A					
39	+Class of +securities for which quotation is sought	N/A					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> <tr> <td style="text-align: center; vertical-align: top;">N/A</td> <td style="text-align: center; vertical-align: top;">N/A</td> </tr> </table>	Number	+Class	N/A	N/A	N/A
Number	+Class						
N/A	N/A						

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
Company Secretary

Date: 08/02/2017

Print name: Elizabeth Melville-Jones

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