

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 Capital Notes 3

- 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

7,500,000 NAB Capital Notes 3, 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)

See Sections 1 and 2 of the prospectus relating to the offer of NAB Capital Notes 3 dated 11 February 2019 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.

NAB Capital Notes 3 are fully paid subordinated, convertible notes issued by NAB.

NAB Capital Notes 3 are expected to pay quarterly Distributions, which are expected to be fully franked. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking. A Distribution will be paid

+ See chapter 19 for defined terms.

provided the Directors decide to pay it, and provided a Payment Condition does not exist on the Distribution Payment Date.

The Distribution Rate is a floating rate (i.e. it may go up or down), and is equal to the sum of the Bank Bill Rate plus a Margin (as determined under the Bookbuild), adjusted for NAB's tax rate. Distributions are non-cumulative.

Subject to the prior written approval of APRA and certain conditions being met, NAB has the right to:

- Convert, Redeem or Resell all or some NAB Capital Notes 3 on 17 June 2026 or because of a Tax Event or Regulatory Event; and
- Convert NAB Capital Notes 3 because of a Potential Acquisition Event.

Holders should not expect that APRA's approval will be given in these circumstances.

NAB Capital Notes 3 will also Convert into Ordinary Shares on 19 June 2028 if they are still on issue on that date and if the Mandatory Conversion Conditions are satisfied. If these conditions are not met on 19 June 2028 and the NAB Capital Notes 3 remain on issue, Conversion will occur on the next Distribution Payment Date on which they are satisfied.

NAB Capital Notes 3 have certain loss absorption features, which may be triggered where NAB encounters severe financial difficulty. The occurrence of a "Loss Absorption Event" requires the Conversion of NAB Capital Notes 3 into Ordinary Shares. A Loss Absorption Event may occur at any time and on any day, whether or not the day is a Business Day. The Mandatory Conversion Conditions do not apply to a Conversion following a Loss Absorption Event. The number of Ordinary Shares that Holders will receive on a Conversion in these circumstances will not be greater than the Maximum Conversion Number.

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

+ See chapter 19 for defined terms.

4	<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 	<p>In a winding up of NAB, NAB Capital Notes 3 rank ahead of Ordinary Shares, equally amongst themselves, equally with Equal Ranking Instruments and junior to Senior Creditors (including depositors and holders of Tier 2 Capital Instruments). However, the amount of any return in a winding up will be adversely affected if a Loss Absorption Event has occurred.</p> <p>For more information in relation to the ranking of NAB Capital Notes 3, refer to Section 2.8 of the Prospectus.</p>
5	Issue price or consideration	\$100 per NAB Capital Note 3
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The issue of NAB Capital Notes 3 forms part of NAB's capital management strategy, with the NAB Capital Notes 3 proceeds being used for general corporate purposes.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	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

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

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	<p>+Issue dates</p> <p>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.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	20 March 2019

+ 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)	2,777,450,516	Ordinary Shares fully paid
	20,000,000	National Income Securities (NABHA) (stapled debt/preference shares)
	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)
	9,432,101	NAB Subordinated Notes 2 (NABPE)
	USD1,250,000,000	NAB Capital Notes 3 2.125% Fixed Rate Covered Bonds due 2019 – Series 23 (NABHF)
	USD1,400,000,000	2.250% Fixed Rate Covered Bonds due March 2021 – Series 26 (NABHG)
	USD1,000,000,000	2.400% Fixed Rate Covered Bonds due 2021 – Series 28 (NABHH)
	USD1,150,000,000	3.45% Fixed Rate Covered Bonds due 2023 – Series 33

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<div>22,968</div> <div>3,838,649</div> <div>Ordinary Shares, partly paid and not quoted</div> <div>Un-exercised Performance Rights</div>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<p>NAB Capital Notes 3 are expected to pay quarterly Distributions, which are expected to be fully franked. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking. A Distribution will be paid provided the Directors decide to pay it, and provided a Payment Condition does not exist on the Distribution Payment Date.</p> <p>The Distribution Rate is a floating rate (i.e. it may go up or down), and is equal to the sum of the Bank Bill Rate plus a Margin (as determined under the Bookbuild), adjusted for NAB's tax rate. Distributions are non-cumulative.</p>

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

+ See chapter 19 for defined terms.

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
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with.</small> <small>Cross reference: rule 7.7.</small>	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

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

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
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

⁺ See chapter 19 for defined terms.

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

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 |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

N/A

42 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in clause 38)

Number	⁺ Class
N/A	N/A

⁺ See chapter 19 for defined terms.

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: 11/2/2019

Print name: Louise Thomson

== == == == ==

+ See chapter 19 for defined terms.