NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

800 Bourke Street
Docklands VIC 3008
AUSTRALIA
www.nab.com.au

Monday 27 April 2020

ASX ANNOUNCEMENT

NAB launches Institutional Placement and Share Purchase Plan

National Australia Bank Limited (**NAB**) today launched a capital raising, comprising:

- a fully underwritten institutional share placement (**Placement**) of A$3 billion; and
- a non-underwritten Share Purchase Plan (**SPP**), targeting to raise approximately A$500 million,
  (together, the **Offer**).

NAB's shares (ASX: NAB) have been placed in a trading halt to enable the Placement to be completed, with trading expected to recommence on Tuesday, 28 April 2020.

NAB is taking proactive steps to build capital via an equity raising and a reduction in the interim dividend, in light of the uncertain economic outlook due to the COVID-19 pandemic. These actions are intended to provide NAB with sufficient capacity to continue supporting our customers through the challenging times ahead, as well as increasing NAB's capital level to assist to manage through a range of possible scenarios, including a prolonged and severe economic downturn. The Offer is expected to increase the Group's Common Equity Tier 1 Capital (CET1) ratio to 11.2%[1]. As at 31 March 2020, the Group's CET1 was 10.39%.

The attached investor presentation contains important information regarding the Offer, including details of the Offer and a description of the key risks. A timetable of Key Dates is set out below.

Details of the Placement

The fully underwritten Placement of new fully paid NAB ordinary shares (**Placement Shares**) to sophisticated and institutional investors in Australia and in certain overseas jurisdictions is expected to raise A$3 billion. The Placement will be undertaken at a fixed price of A$14.15 per Placement Share (**Placement Price**), representing a:

- 8.5% discount to NAB's adjusted[2] last closing price on ASX on 24 April 2020 of A$15.46 per share; and
- 9.3% discount to NAB's adjusted[2] five-day VWAP[3] on ASX to the close of trade on 24 April 2020 of A$15.60 per share.

The Placement will result in approximately 212 million new shares being issued, which represents 7.1% of NAB's existing ordinary shares on issue.

---

[1] Based on risk weighted assets as at 31 March 2020. This reflects the impact of the A$3 billion Placement and assumes the SPP raises A$500 million.
[2] NAB's closing price of A$15.76 and five-day VWAP of A$15.90 have each been adjusted to take into account that the Placement Shares will not receive the 2020 interim dividend of 30 cents per share.
[3] Volume weighted average price.

It is intended that eligible institutional shareholders who bid for an amount less than or equal to their ‘pro rata’ share[4] of Placement Shares will be allocated their full bid on a best endeavours basis.

The Placement Shares are expected to settle on Thursday 30 April 2020, and be issued and commence trading on ASX on Friday 1 May 2020. Placement Shares will rank equally with existing NAB ordinary shares but will not be entitled to receive the 2020 interim dividend.

Details of the SPP
Under the SPP, NAB will offer eligible shareholders the opportunity to apply for up to A$30,000 of new fully paid NAB ordinary shares (**SPP Shares**), without incurring brokerage, commissions or other transaction costs.

“Eligible shareholders” will be registered NAB shareholders, as at 7.00pm on Friday 24 April 2020 (Melbourne time), who have a registered address and are resident in Australia or New Zealand, and are not in the United States or acting for the account or benefit of any person in the United States or otherwise excluded from participating.

The Issue Price of SPP Shares will be the lower of:
- the Placement Price, being A$14.15; and
- the VWAP[5] of NAB ordinary shares traded on ASX during the five trading days up to, and including, the SPP closing date (expected to be Friday 22 May 2020) less a 2% discount, rounded down to the nearest cent.

Eligible shareholders may apply for SPP Shares in Australian dollars or, if they have a registered address in New Zealand, may also apply in New Zealand dollars.

Depending on the level of demand, NAB may decide to scale back applications, or raise an amount higher than A$500 million, at its absolute discretion. If a scale back is applied, it is NAB's intention that the scale back will be applied having regard to the pro rata shareholding of eligible shareholders (as at 7.00pm on Friday, 24 April 2020) who apply for SPP Shares. However, NAB is not required to conduct a scale back in this way, and may scale back applications for SPP Shares in any manner and to any extent in its absolute discretion.

SPP Shares will rank equally with existing fully paid NAB ordinary shares from their date of issue, noting that they will also not be entitled to receive the 2020 interim dividend of 30 cents per share, as the SPP Shares will be issued after the record date for the 2020 interim dividend.

An SPP booklet containing further details on the SPP will be despatched to eligible shareholders on or around Monday 4 May 2020.

For further information about the SPP, shareholders can call the NAB SPP information line on 1300 367 647 (within Australia), 0800 487 016 (within New Zealand) and +61 3 9415 4299 (outside Australia and New Zealand) between 8.00am and 7.30pm (Melbourne time), Monday to Friday.

---

[4] For this purpose, an eligible institutional shareholder’s ‘pro rata’ share of Placement Shares will be estimated by reference to NAB’s beneficial register on Thursday, 16 April 2020, but without undertaking any reconciliation processes and ignoring shares that may be issued under the SPP. Unlike in a rights issue, this may not truly reflect the participating shareholder’s actual pro rata share of the Placement Shares. Nothing in this announcement gives a shareholder a right or entitlement to participate in the Placement and NAB has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder’s ‘pro rata’ share of Placement Shares. Institutional investors who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. NAB and the Underwriters disclaim any duty or liability (including for negligence) in respect of the determination of a shareholder’s ‘pro rata’ share of Placement Shares.

[5] Volume weighted average price.

Key Dates*

Event	**Date / Time**
Record Date for SPP	7.00pm on Friday 24 April 2020
Trading halt Announcement of NAB's Half Year Results 2020, the Placement and the SPP	Monday 27 April 2020
Placement bookbuild	Monday 27 April 2020
Announcement of the outcome of the Placement	Tuesday 28 April 2020
Trading halt lifted	Tuesday 28 April 2020
Settlement of Placement Shares	Thursday 30 April 2020
Allotment and normal trading of Placement Shares	Friday 1 May 2020
SPP offer opens	9.00am on Monday 4 May 2020
SPP booklet despatched to eligible shareholders	From Monday 4 May 2020
SPP closing date	5.00pm on 22 May 2020
Issue date for SPP Shares	Tuesday 2 June 2020
Commencement of trading of SPP Shares	Wednesday 3 June 2020
Holding statements for SPP Shares despatched	Thursday 4 June 2020

*This timetable is indicative only and is subject to change. NAB may alter the dates above, to withdraw or vary the Offer, or to accept applications for SPP Shares that are received after the SPP closing date, in each case in NAB's absolute discretion, subject to the ASX Listing Rules and the Corporations Act. All references to time are to Melbourne time.

Media

Mark Alexander
M: +61 (0) 412 171 447

Jessica Forrest
M: +61 (0) 457 536 958

Investor Relations

Sally Mihell
M: +61 (0) 436 857 669

Natalie Coombe
M: +61 (0) 477 327 540

FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology and include indications of, and guidance or outlook on, future earnings or financial or capital position and distributions, Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NAB (and its directors, officers, employees, agents and advisers), which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. NAB does not give any representation or warranty (express or implied) in relation to any forward-looking statement, including that the events referred to in those statements will occur. NAB disclaims any obligation to update any forward-looking statement to reflect any change in expectations or any change in events, circumstances or conditions on which any statement is based.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Placement Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S. Securities Act (which NAB is under no obligation to do) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The SPP Shares may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The release of this announcement was authorised by NAB’s Board of Directors.

NAB CAPITAL RAISING

Investor Presentation
27 April 2020

IMPORTANT NOTICE

This presentation has been prepared and authorised by National Australia Bank Limited ("NAB" or "Company") in connection with a proposed capital raising by NAB by way of an institutional placement ("Placement") of new fully paid ordinary shares in NAB ("Placement Shares") and a share purchase plan ("SPP", and together with the Placement, the "Offer") offering eligible shareholders the opportunity to acquire new fully paid ordinary shares in NAB ("SPP Shares"). In this presentation, the Placement Shares, together with the SPP Shares, are the "New Shares".

GENERAL INFORMATION

The information in this presentation is of a general nature and is provided for information purposes only. It should be read in conjunction with NAB's 2020 Half Year Results, its financial statements and information previously lodged with the Australian Securities Exchange ("ASX") which is available at www.asx.com.au. The information in this presentation is provided as at the date of this presentation (unless otherwise stated) and is subject to change. NAB is not obligated to update it or correct it.

NOT AN OFFER

This presentation is not a prospectus, product disclosure statement or other disclosure document under Australian law or any other law. It will not be lodged with the Australian Securities and Investments Commission ("ASIC") or any other foreign regulator. This presentation is not an offer or an invitation to acquire the New Shares or any other financial products in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation. In particular, the Placement Shares will only be offered or issued in Australia to investors to whom offers and issues of the Placement Shares may lawfully be made in Australia without the need for disclosure to investors under Chapter 6D of the Corporations Act 2001 (Cth).

The distribution of this presentation in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. You should read the restrictions set out in the "*Appendix: International Offer Restrictions*" section of this presentation. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. By accepting this presentation, you represent and warrant that you are entitled to receive this presentation in accordance with those restrictions and agree to be bound by them and any other limitations contained in this presentation.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This presentation may not be distributed or released in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Placement Shares may not be offered or sold, directly or indirectly, in the United States unless the Placement Shares have been registered under the U.S. Securities Act (which NAB is under no obligation to do) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

This presentation is provided or shown to you on the basis that you are, and each person who reviews the information contained in this presentation will be deemed to represent and warrant, that you are either (i) outside of the United States, or (ii) you are in the United States and (A) you are a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act or (B) a dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) for which you have, and are exercising, investment discretion within the meaning of Rule 902(k)(2)(i) of Regulation S under the U.S. Securities Act) in reliance on Regulation S, and you acknowledge and agree that you will keep information in this presentation confidential. If you do not meet the foregoing description, you may not read or consider this document or attend the presentation.

IMPORTANT NOTICE

NOT FINANCIAL PRODUCT ADVICE

This presentation is for information purposes only and does not constitute investment, financial, legal, tax, accounting or other advice, or any recommendation to acquire the New Shares. It does not form part of any contract for the acquisition of New Shares. It has been prepared without taking into account the objectives, financial situation and needs of any individuals. Before making any investment decision, you should consider the appropriateness of the information having regard to your own objectives, financial situation and needs, and seek appropriate professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser. Each recipient of this presentation should make their own enquiries and investigations regarding all information included in it, including the assumptions, uncertainties and contingencies which may affect NAB's future operations, and the impact that future outcomes may have on the NAB Group.

KEY RISKS

Any investment in NAB, including in the New Shares, is subject to investment risks. NAB does not guarantee any particular rate of return or the performance of NAB. Recipients should read the "*Risks*" section of this presentation for a non-exhaustive summary of the key risks that may affect the NAB Group and its financial and operating performance. Cooling-off rights do not apply to the acquisition of New Shares.

FINANCIAL DATA

All figures in this presentation are in Australian dollars (unless stated otherwise or the context requires otherwise).

Certain financial information and measures included in this presentation are (i) "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" and (ii) "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. In particular, information in this presentation is presented on a cash earnings basis unless otherwise stated. NAB uses cash earnings (rather than statutory net profit attributable to owners of NAB) for its internal management reporting purposes and considers it a better reflection of the Group's underlying performance. Cash earnings is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. Cash earnings is calculated by excluding discontinued operations and certain other non-cash items which are included within the statutory net profit attributable to owners of NAB.

The definition of cash earnings, a discussion of non-cash earnings items and a full reconciliation of the cash earnings to statutory net profit attributable to owners of NAB is set out on page 2 of the 2020 Half Year Results Announcement. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and applicable Australian Accounting Standards, and reviewed by the auditors in accordance with Australian Auditing Standards, are set out in the financial report section of the 2020 Half Year Results Announcement. The disclosure of non-GAAP financial measures in the manner included in this presentation may not be permissible in a registration statement under the U.S. Securities Act. Therefore, you should not place undue reliance on any non-IFRS financial information or non-GAAP financial measures included in this presentation.

You should specifically note that this presentation contains pro forma financial information (including a pro forma capital ratio). You should note that the pro forma financial information is for illustrative purposes only, is not represented as being indicative of NAB's views on its future financial condition and/ or performance, and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

IMPORTANT NOTICE

PAST PERFORMANCE

Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and is not an indication of future performance, including future share prices. For further details on historical information relating to the NAB Group, you should see past announcements that NAB has released to ASX.

FORWARD LOOKING STATEMENTS

This presentation contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “plan”, “project”, “anticipate”, “expect”, “target”, “intend”, “likely”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors (many of which are beyond the control of the NAB Group and its directors, officers, employees agents and advisers) which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

This presentation describes certain initiatives relating to the Group’s strategic agenda (“Program”), including certain forward looking statements. These statements are subject to a number of risks, assumptions and qualifications, including: (1) the Group’s ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with the Program plan (including, in relation to CTI and ROE targets, the extension of improvements beyond the current Program plan); (2) the Group’s ability to meet its internal net FTE reduction targets; (3) the Group’s ability to recruit and retain FTE and contractors with the requisite skills and experience to deliver Program initiatives; (4) there being no significant change in the Group’s financial performance or operating environment, including the economic conditions in Australia and New Zealand, changes to financial markets and the Group’s ability to raise funding and the cost of such funding, increased competition, changes in interest rates and changes in customer behaviour; (5) there being no material change to law or regulation or changes to regulatory policy or interpretation, including relating to the capital and liquidity requirements of the Group; (6) for the purpose of calculating FTE cost savings and redundancy costs, the Group has assumed an average FTE cost based on Group-wide averages, and such costs are not calculated by reference to specific productivity initiatives or individual employee entitlements; and (7) NAB’s proposed divestment of its wealth management businesses (excluding JBWere and nabtrade) may have an impact on the timing, scope and cost of the Program, however the impact cannot be quantified at this time.

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions. Further information is contained in the section of this presentation headed “*Risk Factors*”.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including NAB or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur.

Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

National Australia Bank

IMPORTANT NOTICE

Except as required by law or regulation (including the ASX Listing Rules), NAB disclaims any obligation or undertaking to update forward-looking statements in this presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

INFORMATION AND LIABILITY

While the information in this presentation has been prepared in good faith, no representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained in this presentation or any part of it. Neither the underwriters of the Placement ("Underwriters"), nor any of the Underwriters' or NAB's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives, consultants and agents (their "Beneficiaries"), have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. To the maximum extent permitted by law, NAB, the Underwriters, and their respective Beneficiaries disclaim and exclude any liability (including without limitation for negligence) for any direct or indirect loss, damages, expenses or costs incurred as a result of participating in the Placement or the SPP or as a result of any part of the information in this presentation being inaccurate or incomplete in any way or for any reason; and make no representation, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation and take no responsibility for any part of this presentation.

The Underwriters and their respective Beneficiaries take no responsibility for the Placement and make no recommendations as to whether any person should participate in the Placement nor do they make any representations or warranties concerning the Placement, and they disclaim (and by accepting this presentation you disclaim) any fiduciary relationship between them and the recipients of this presentation, or any duty to the recipients of this presentation or participants in the Placement. Determination of eligibility of investors for the purposes of the Placement is determined by reference to a number of matters, and is at the discretion of NAB and the Underwriters. NAB, the Underwriters and their respective Beneficiaries disclaim any liability in respect of the exercise of that discretion, to the maximum extent permitted by law.

In connection with the Placement, one or more investors may elect to acquire an economic interest in the Placement Shares ("Economic Interest"), instead of subscribing for or acquiring the legal or beneficial interest in those shares. One or both of the Underwriters (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the Placement Shares to provide the Economic Interest, or otherwise acquire securities in the Issuer in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Underwriters (or their respective affiliates) may be allocated, subscribe for or acquire Placement Shares or securities of NAB in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in NAB acquired by the Underwriters or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriters or their affiliates disclosing a substantial holding and earning fees. To the maximum extent permitted by law, you agree to release and indemnify each Underwriter, adviser and their respective Beneficiaries from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of, or any purported reliance on, this presentation and you covenant that no claim or allegations will be made against any of the Underwriters, advisers or their respective Beneficiaries in relation to the presentation.

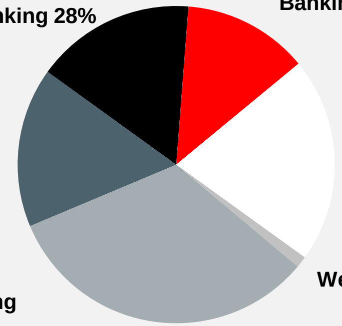
NAB

In this presentation, a reference to "NAB", the "NAB Group", the "Group" or the "Company", "we", "our" or "us" is a reference to National Australia Bank Limited and its controlled entities.

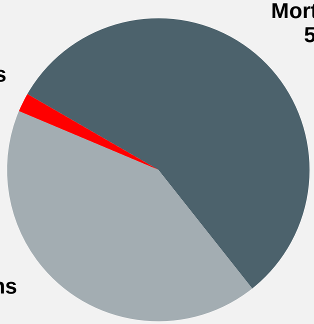
NAB AT A GLANCE

>35,000 Employees	~9 million Customers	878 Branches/Business centres	>160 years in operation

CASH EARNINGS DIVISIONAL SPLIT[1]



GROSS LOANS & ACCEPTANCES SPLIT



Key Financial Data	1H20
Cash Earnings	$1,436 m
Cash Earnings[1]	$2,471 m
Cash ROE[1]	9.0 %
Gross Loans & Acceptances	$614 bn
Non-performing loans to GLAs[2]	97 bps
CET1 (APRA)	10.4 %
NSFR (APRA)	116 %
Australian Market Share	**As at February 2020**
Business lending[3]	21.8 %
Housing lending[3]	14.9 %
Personal lending[4]	9.2 %

Credit Ratings NAB Ltd LT/ST[5]	S&P AA-/A-1+ (Negative)	Moody's Aa3/P-1 (Stable)	Fitch A+/F1 (Negative)

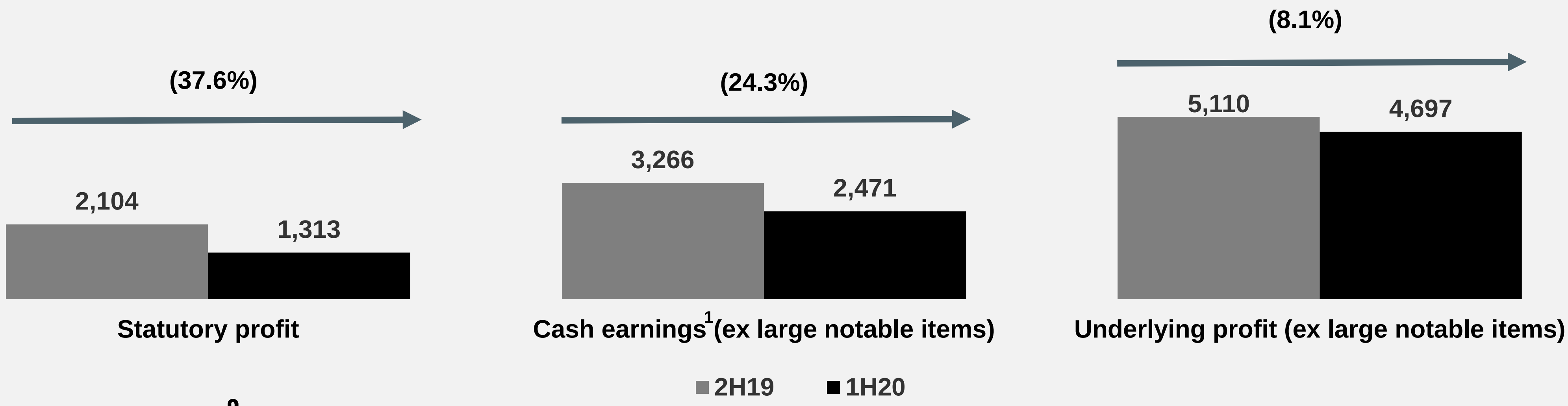
(1) Numbers are shown excluding large notable items. Refer to page 104 of NAB's HY20 Investor Presentation for definition of cash earnings and reconciliation to statutory net profit
(2) 90+ days past due and gross impaired assets to gross loans and acceptances
(3) APRA Monthly Authorised Deposit-taking Institution statistics
(4) Personal loans business tracker reports provided by RFI, represents share of RFI defined peer group data
(5) On 7 April 2020, Fitch revised its long term rating of NAB from AA- to A+, and short term rating from F1+ to F1. Further, on 8 April 2020, S&P Global Ratings (S&P) revised its rating outlook of NAB from stable to negative

National Australia Bank

SOUND DIVISIONAL PERFORMANCES BUT COVID-19 IMPACT AT GROUP LEVEL

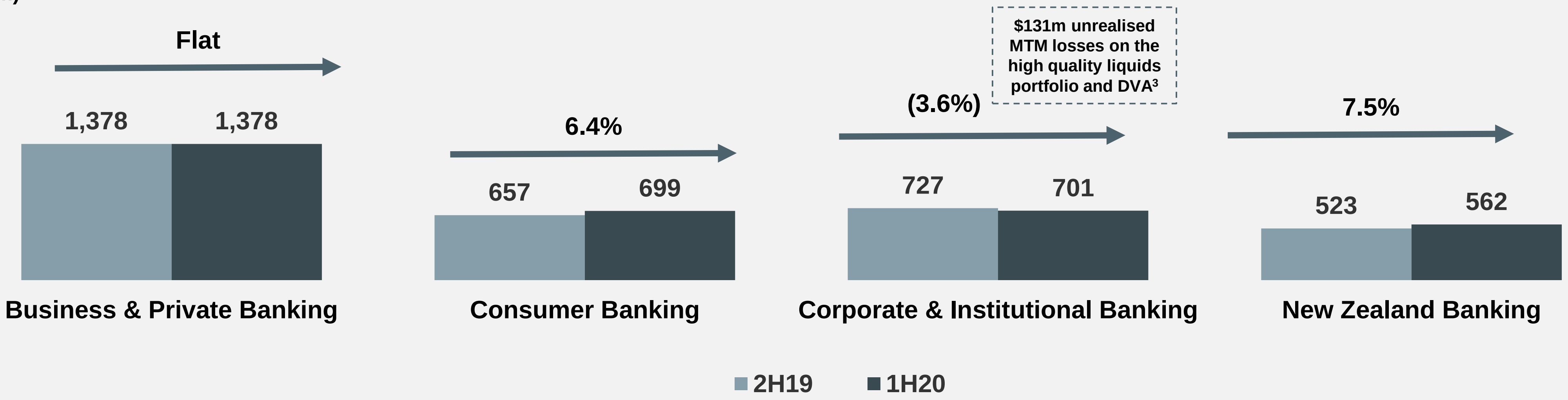
GROUP EARNINGS

($m)



DIVISIONAL EARNINGS[2]

($m)



(1) Refer to page 104 of NAB's HY20 Investor Presentation for definition of cash earnings and reconciliation to statutory profit
(2) Results in local currency. Divisional earnings exclude increase in forward looking collective provision economic adjustment
(3) Pre-tax impact in 1H20

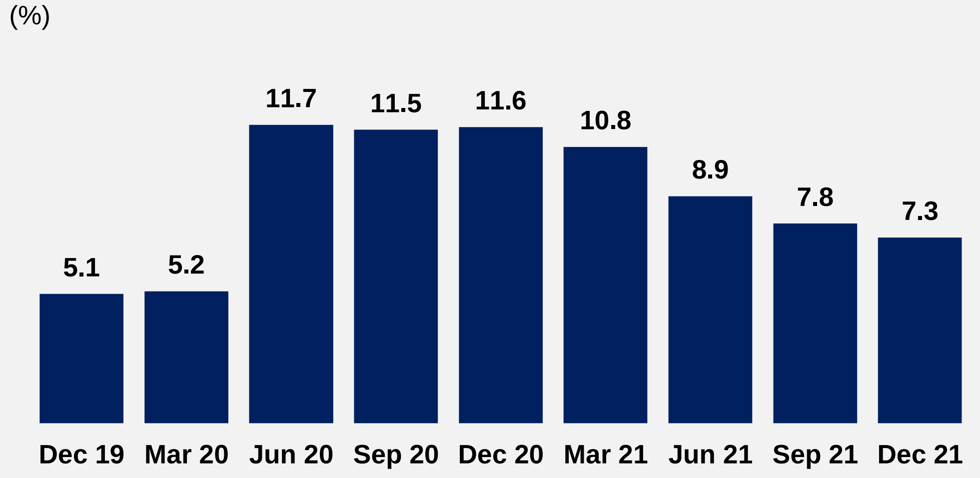
National Australia Bank

UNCERTAIN ECONOMIC OUTLOOK

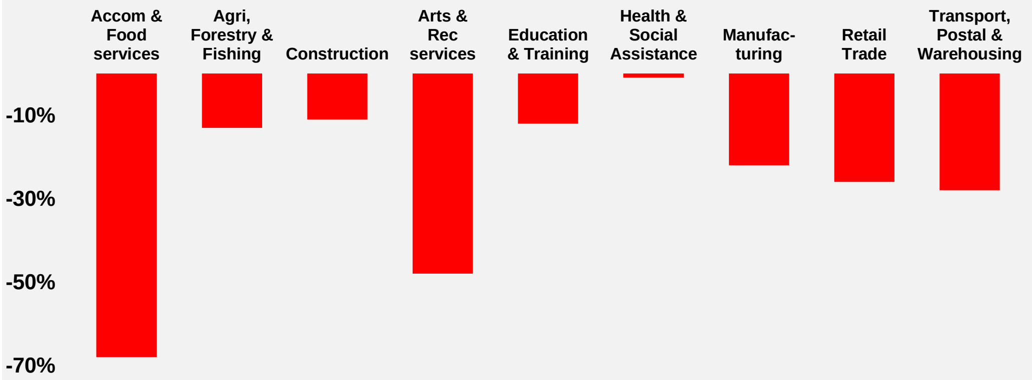
COMMENTS

- Efforts to contain COVID-19 have had an unprecedented impact on the economy
- Duration and magnitude of impact highly uncertain – depends on the timing and phasing of the recovery and the effectiveness of government support
- Expect unemployment to rise sharply to 11.7% by June and progressively reduce in 2021[1]
- GDP expected to rebound in Q4 but some sectors will face longer term impacts and structural change

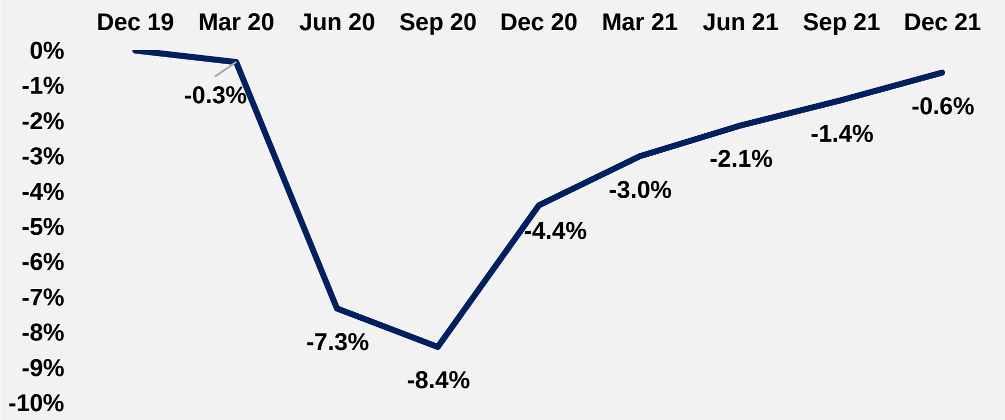
UNEMPLOYMENT TO PEAK IN MID-2020[1]



PAYMENT INFLOWS INTO NAB MERCHANTS – APRIL YoY[2]



GDP BACK TO 'PRE COVID-19' LEVELS BY EARLY 2022[3]



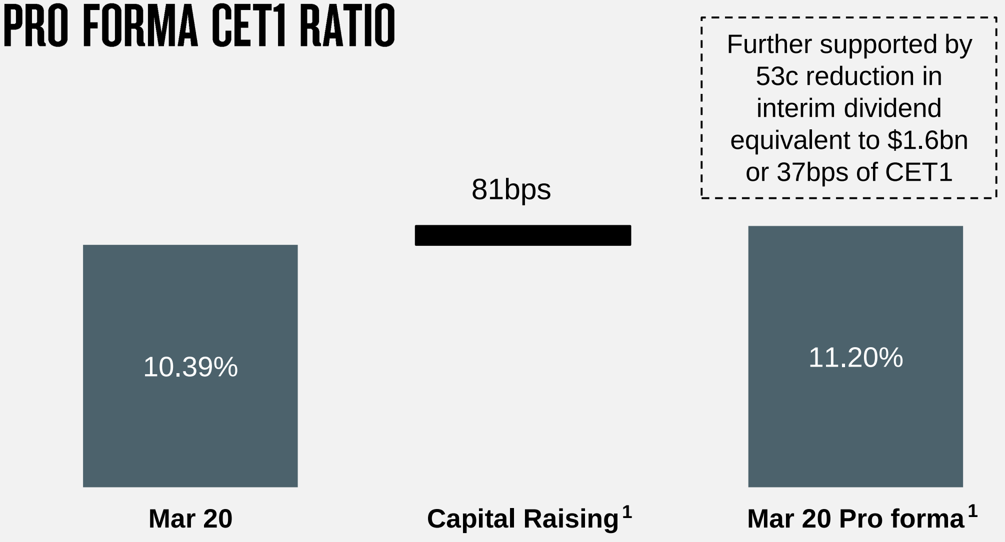
(1) Source: NAB Economics – Mar-20 onwards represents forecasts
(2) Represents change in payment inflows by industry for the month of April 2020 compared to April 2019. April 2020 data extrapolated based on actuals to 19 April 2020. Payment Inflows are credits to a NAB merchant's account that are not financing credits from NAB or a transfer from related accounts
(3) Chart shows forecast GDP levels indexed to actual Dec-19 GDP. Forecasts are from NAB Economics

DECISIVE ACTION FOR UNCERTAIN TIMES AHEAD

CAPITAL RAISING

- Underwritten $3bn institutional placement and non-underwritten share purchase plan targeting to raise approximately $500m
- Provides a CET1 buffer in an uncertain environment and enables continued support for customers
- Sizing seeks to provide buffer to assist with credit losses and RWA increases which could occur under a range of scenarios including a severe and prolonged downturn
- Strong capital position post capital raising, with a pro forma CET1 of 11.20%[1]

PRO FORMA CET1 RATIO

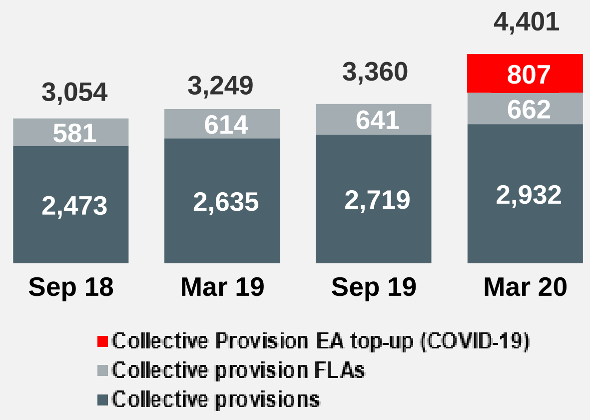


DIVIDEND SETTINGS

- 30c Interim dividend, fully franked, reflecting a payout ratio of 35%[2]
- Difficult decision which reflects a balance between returning capital to our shareholders and retaining a strong balance sheet in this environment
- DRP open, 0% discount
- Currently expect to continue to pay a dividend but Board decision will be subject to regulatory requirements, the environment and performance at the time

PROVISIONING STRENGTHENED

Collective provision balances ($m)



- Economic Adjustment top-up (COVID-19) of $807m
- Total EA balance $1,473m, 33% of CP

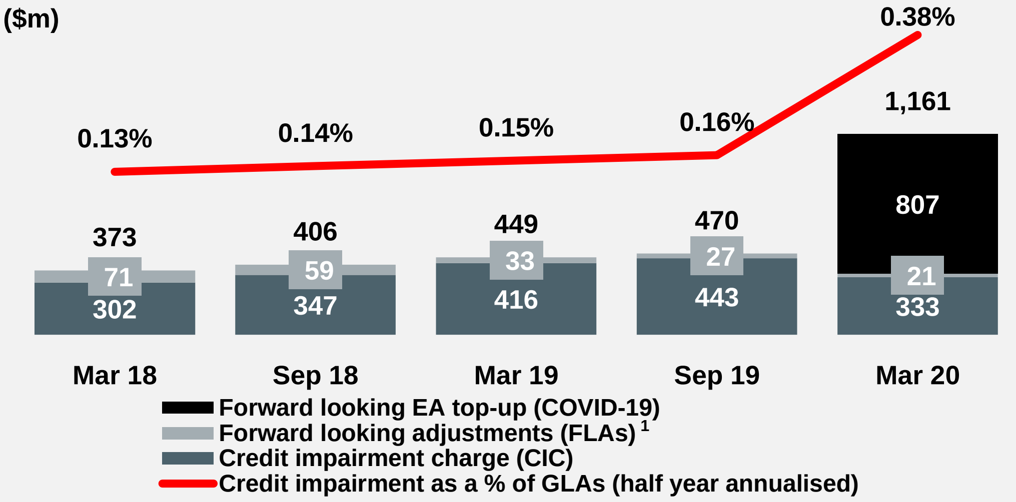
(1) Assumes $3bn placement and $500m raised under share purchase plan
(2) Excluding large notable items

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

National Australia Bank

ASSET QUALITY REMAINS SOUND BUT OUTLOOK UNCERTAIN

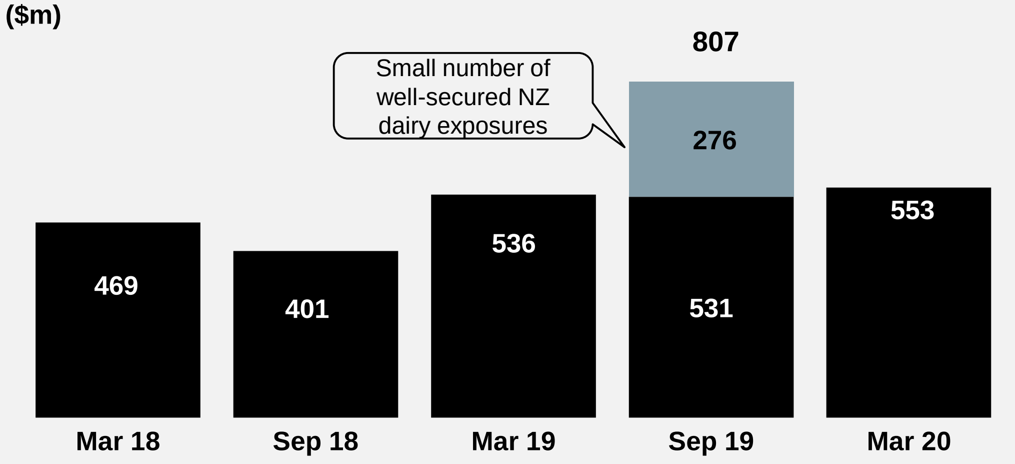
CREDIT IMPAIRMENT CHARGE



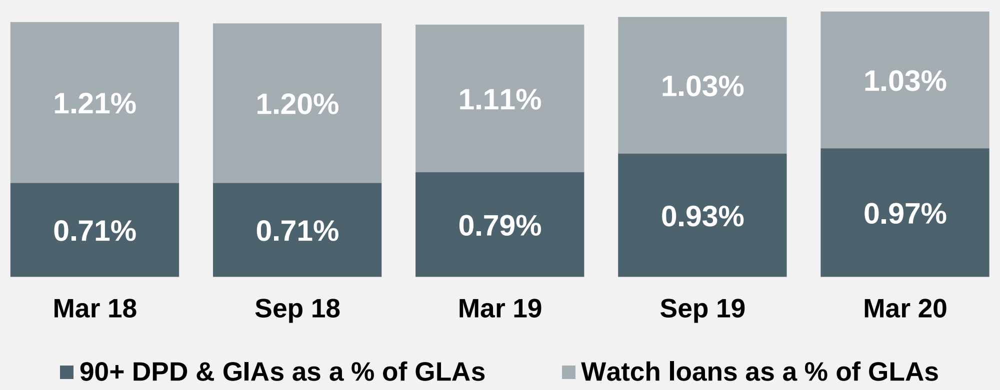
ECONOMIC ADJUSTMENT CONSIDERATIONS

- Underlying CIC remains low at 12bps[2] of GLAs
- Increased likelihood in forward outlook of potential portfolio stress given assessment of broader macro economic environment over short and medium term
- Forward looking Economic Adjustment (EA) top-up of $807m to reflect potential impact of COVID-19 on broader macro economic environment

NEW IMPAIRED ASSETS



90+ DPD, GIAs & WATCH LOANS AS A % OF GLAs



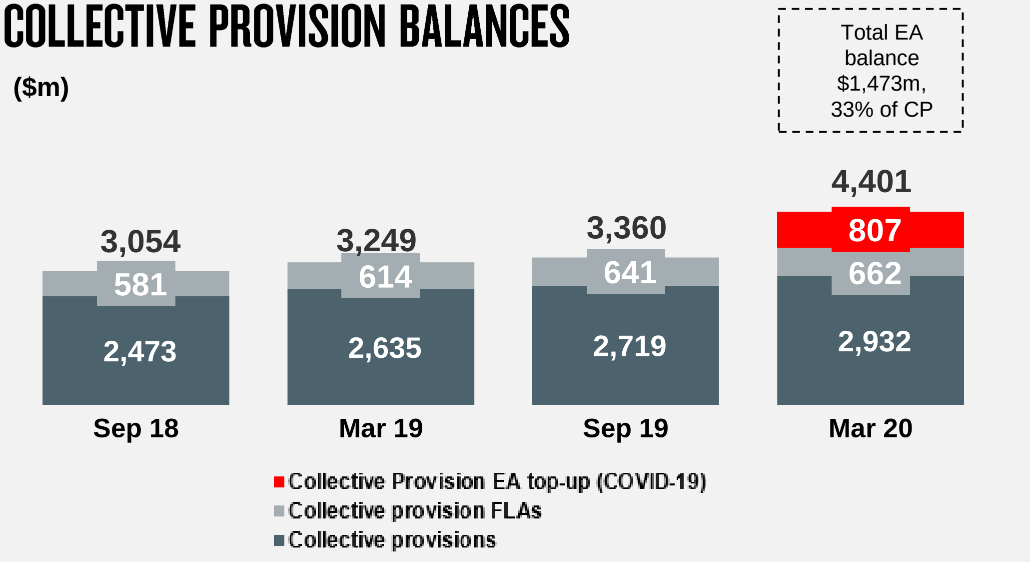
(1) Represents collective provision Forward Looking Adjustments (FLAs) for targeted sectors
(2) Represents total credit impairment charge less EA top-up as a percentage of GLAs (half year annualised)

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

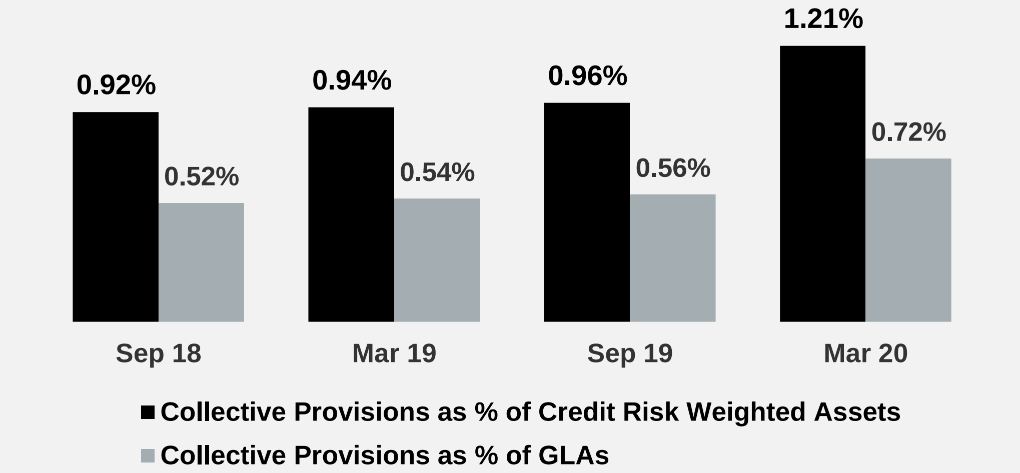
National Australia Bank

PROVISIONING STRENGTHENED

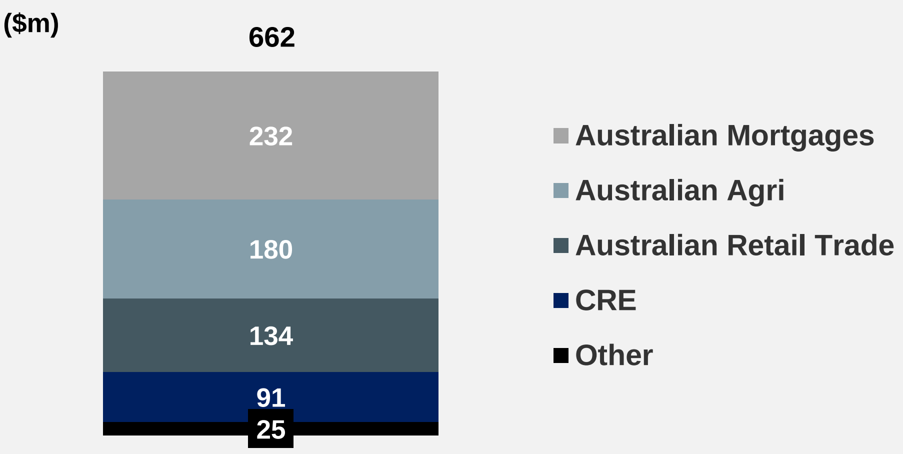
COLLECTIVE PROVISION BALANCES



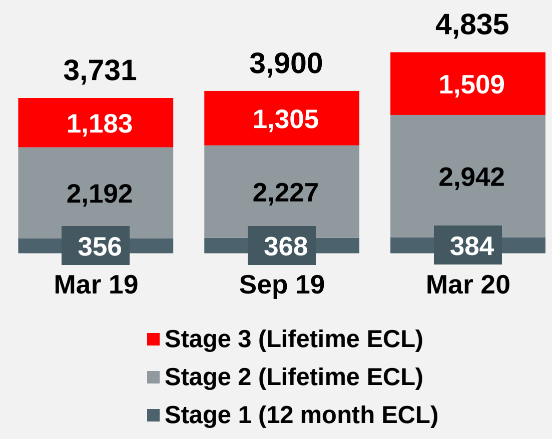
COLLECTIVE PROVISIONS COVERAGE



TARGETED SECTOR FORWARD LOOKING ADJUSTMENTS



PROVISIONS BY STAGE[1] – LOANS AT AMORTISED COST[2]



- 1H20 increase reflects EA top-up (COVID-19)
- No automatic migration from stage 1 to stage 2 as a result of COVID-19 repayment deferrals
- Stage 2 accounts for 61% of provisions, includes majority of FLAs and EA
- Stage 1 & Stage 2 CP cover to Credit Risk Exposures of 0.43%

(1) Stage 1: Credit risk not increased significantly since initial recognition. Stage 2: Credit risk increased significantly since initial recognition but not credit impaired. Stage 3: Credit impaired
(2) Excludes Collective Provision on loans at fair value and derivatives which are not allocated to a stage under the Expected Credit Loss (ECL) model

National Australia Bank

ECONOMIC ADJUSTMENT TOP-UP

EXPECTED CREDIT LOSS (ECL) SENSITIVITY

	Total Provisions for Expected Credit Losses (ECL)[1]		
$m	**1H20 (probability weighted)**	**100% Base case**	**100% Severe Downside**
Housing	1,150	968	3,395
Business	3,275	3,025	3,830
Total Group	4,835	4,391	7,855
Implied EA top-up (change vs Sep 19)	**807**	**363**	**3,827**

KEY ASSUMPTIONS

	Base case		Severe downside		
	2020	**2021**	**2020**	**2021**	**2022**
GDP change YoY %	(3.0)	3.4	(3.0)	(2.5)	2.0
Unemployment %	11.6	7.3	7.4	10.0	10.4
House price change YoY %	(10.0)	2.6	(20.9)	(11.8)	2.5

CONSIDERATIONS IN ESTIMATING EXPECTED CREDIT LOSSES

- Updated forward looking macro-economic data and assumptions including potential impacts of COVID-19 pandemic
- Incorporates assumptions about migration of exposures between Stage 1 (12 month expected losses) to Stage 2 (lifetime expected losses) and Stage 3 (lifetime expected losses), and payment deferral uptake and recoveries
- Uncertainty exists re duration of COVID-19 restrictions, impact of government stimulus and regulatory actions
- ECL outcome reflects impact of 3 probability weighted EA scenarios (base, upside, severe downside) plus FLAs for emerging risks at industry, geography or segment level
  - ECL base case reflects COVID-19 estimated impacts
  - ECL severe downside: more prolonged and severe downturn, sustained negative GDP change, elevated (double-digit) unemployment, acute asset value falls
- 1H20 EA top-up reflects deterioration in base case assumptions and increased weighting to severe downside scenario vs Sep 19

(1) Expected credit losses (ECL) excludes collective provisions on fair value loans and derivatives. Scenarios, prepared for purposes of informing forward looking provisions, rely on NAB Economics modelling and management judgement

National Australia Bank

CRWA SENSITIVITY

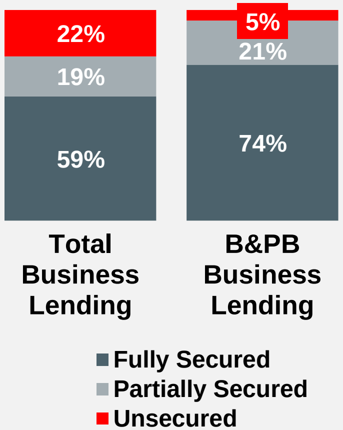
CREDIT RWA SENSITIVITY

- 1% increase in density drives ~20bp CET1 ratio decline

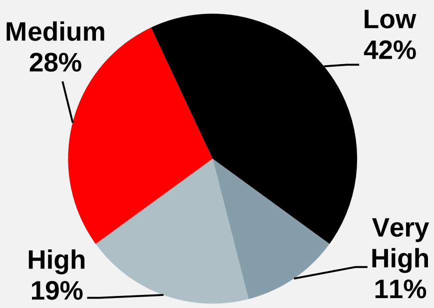
		Credit RWA/EAD (%)		
	Credit EAD $bn	Mar 20	Deterioration over 2 yrs	
			Low end	High end
Housing[1]	389	28	31	35
Business[1]	351	56	63	72
Total Group	**937**	**39**	**43**	**48**
Pro forma Mar 20 CET1 impact			**~(80bps)**	**~(180bps)**

SECTOR RISK AND SECURITY CONSIDERATIONS

Mar 20 security profile[2]



Non retail EAD by COVID-19 Industry risk classification[3]



CRWA METHODOLOGY

- CRWA/EAD increases happen over time as deterioration occurs
- CRWA based on through-cycle PDs and downturn LGDs:
  - PDs increase as customer credit risk scores deteriorate
  - LGDs increase as value of security declines
- Housing key drivers: unemployment, house prices
- Business key drivers: range of increasing stress relating to COVID-19 industry risk categorisations

COVID-19 MODELLING

- Business portfolio segmented into 4 'at-risk' classifications relating to potential COVID-19 impacts: Very High, High, Medium, Low
- Uncertainty exists regarding duration of COVID-19, resulting disruption to economy and efficacy of government stimulus
- Sensitivities reflect a sharp decline in 2020 environment with a broader business recovery in 2021, and include:
  - Range of PD stress depending on industry classification
  - Range of LGD stress reflecting ~30% asset price fall in High End scenario
  - Mortgage implied default rate (based on payment deferral & take-up assumptions) increasing by 3x for Low End and 6x for High End scenario
- CRWA/EAD increase expected to emerge over 2 year period

(1) Housing includes IRB Residential mortgages asset class. Business includes IRB Corporate (incl. Corporate SME) and Specialised Lending asset classes
(2) Australia only. Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security
(3) The classifications for each industry represent a ranked assessment of potential impact COVID-19 pandemic will have on their financial performance. These assessments remain highly uncertain, and are likely to change as the pandemic evolves

OFFER DETAILS

OFFER DETAILS

Offer structure	• Fully underwritten A$3 billion institutional placement ("**Placement**") • A non-underwritten share purchase plan ("**SPP**") under which NAB is targeting to raise approximately A$500 million (together with the Placement, the "**Offer**") • It is intended that eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of new shares under the Placement will be allocated their full bid, on a best endeavours basis[1]
Use of proceeds	• NAB is taking proactive steps to build capital via the Offer and a reduction in the interim dividend, in light of the uncertain economic outlook due to the COVID-19 pandemic. These actions are intended to provide NAB with sufficient capacity to continue supporting our customers through the challenging times ahead, as well as increasing NAB's capital level to assist to manage through a range of possible scenarios, including a prolonged and severe economic downturn. The Offer is expected to increase NAB's pro forma CET1 ratio to 11.2%[2]
Placement size	• A$3 billion fully underwritten Placement • Approximately 212 million new ordinary shares to be issued, representing 7.1% of NAB's existing ordinary shares on issue ("**Placement Shares**")
Placement pricing	• Placement Shares will be issued at a price of A$14.15 per Placement Share ("**Placement Price**") • The Placement Price represents a: - 8.5% discount to NAB's adjusted[3] last closing price on ASX on 24 April 2020 of A$15.46 per share; and - 9.3% discount to NAB's adjusted[3] 5-day VWAP[4] on ASX to the close of trade on 24 April 2020 of A$15.60 per share.
Placement Shares ranking and 1H20 dividend	• Placement Shares will rank equally with existing NAB ordinary shares on issue, but they will not be entitled to receive the 1H20 dividend of 30 cents per share
Underwriting	• The Placement is underwritten by Goldman Sachs Australia Pty Ltd and Macquarie Capital (Australia) Limited • The SPP is not underwritten

(1) For this purpose, an eligible institutional shareholder's 'pro rata' share of Placement Shares will be estimated by reference to NAB's beneficial register on 16 April 2020, but without undertaking any reconciliation processes and ignoring shares that may be issued under the SPP. Unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share of Placement Shares. Nothing in this presentation gives a shareholder a right or entitlement to participate in the Placement and NAB has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder's 'pro rata' share of Placement Shares. Institutional shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement – see "Appendix – International Offer Restrictions" for the eligible jurisdictions and relevant selling restrictions. NAB and the Underwriters disclaim any duty or liability (including for negligence) in respect of the determination of a shareholder's 'pro rata' share of Placement Shares.
(2) Based on risk weighted assets as at 31 March 2020. This reflects the impact of the A$3 billion Placement and assumes the SPP raises A$500 million.
(3) NAB's closing price of A$15.76 and five-day VWAP of A$15.90 have each been adjusted to take into account that the Placement Shares will not receive the 1H20 dividend of 30 cents per share.
(4) Volume weighted average price.

SHARE PURCHASE PLAN DETAILS

SPP overview	• NAB will also offer Eligible Shareholders[1] the opportunity to participate in a non-underwritten SPP • NAB is targeting to raise approximately A$500 million under the SPP, with the ability to scale back applications should it receive demand above that target or to issue a higher amount, at its absolute discretion. If a scale back is applied, NAB intends to apply the scale back having regard to the pro rata shareholding of Eligible Shareholders (as at the SPP record date) who apply for SPP Shares (but may scale back in any manner and to any extent in its absolute discretion) • Maximum application size of A$30,000 per Eligible Shareholder across all holdings[2]
SPP pricing	• The issue price per new fully paid ordinary share under the SPP (“**SPP Shares**”) will be the lower of: - the Placement Price; and - the VWAP[3] of NAB ordinary shares traded on ASX during the five trading days up to, and including, the SPP closing date (expected to be 22 May 2020) less a 2% discount, rounded down to the nearest cent
SPP Shares ranking and 1H20 dividend	• SPP Shares will rank equally with existing NAB ordinary shares from their date of issue • The SPP Shares will not be entitled to receive the 1H20 dividend, as the SPP Shares will be issued after the record date for the 1H20 dividend
SPP further information	• The application for, and issue of SPP Shares, is free of any brokerage, commission and transaction costs for Eligible Shareholders • Further information regarding the SPP will be provided in the SPP booklet which is expected to be sent to Eligible Shareholders, in accordance with their communications election, from 4 May 2020

(1) “Eligible Shareholders” are registered holders of NAB shares as at 7.00pm (AEST) on Friday, 24 April 2020 who have registered addresses in Australia or New Zealand and who are not Excluded Shareholders. “Excluded Shareholders” are persons who reside outside of Australia or New Zealand (or hold shares for a person residing outside of Australia or New Zealand) or are in the United States (or acting for the account or benefit of any person in the United States and participating in the SPP on their behalf).

(2) Eligible Shareholders with a registered address in New Zealand may apply in Australian or New Zealand dollars. Due to NZ$/A$ exchange rates, Eligible Shareholders who apply in New Zealand dollars may receive smaller parcels of SPP Shares than they would if they had applied in Australian dollars, and may not receive the full A$30,000 entitlement. The A$30,000 limit will apply irrespective of whether an Eligible Shareholder participates by paying in Australian or New Zealand dollars.

(3) Volume weighted average price.

OFFER TIMETABLE

Event	Date[1]
Record date for SPP	7:00pm (AEST) 24 April 2020
Trading halt, announcement of NAB's Half Year Results 2020 and the Placement and SPP	27 April 2020
Placement bookbuild	27 April 2020
Announcement of the outcome of the Placement	28 April 2020
Trading halt lifted	28 April 2020
Settlement of Placement Shares	30 April 2020
Allotment and normal trading of Placement Shares	1 May 2020
SPP offer opening date and despatch of booklet	9:00am (AEST) 4 May 2020
SPP offer closing date	5:00pm (AEST) 22 May 2020
Issue date for SPP Shares	2 June 2020
Commencement of trading of SPP Shares	3 June 2020
Holding statements for SPP Shares despatched	4 June 2020

(1) This timetable is indicative only and is subject to change. NAB may alter the dates above, to withdraw or vary the Offer, or to accept applications for SPP Shares that are received after the SPP closing date, in each case in NAB's absolute discretion, subject to the ASX Listing Rules and the Corporations Act. All references to time are to Melbourne time

RISK FACTORS

RISK FACTORS

INTRODUCTION

This section discusses some of the key potential risks associated with an investment in NAB, which may affect NAB's business, its operating and financial performance, and the value of NAB shares (including New Shares issued in connection with the Placement or SPP). Before participating in the Placement or the SPP, you should consider whether NAB shares are a suitable investment for you. Potential investors should consider publicly available information on NAB (such as that available on the websites of NAB and ASX), carefully consider the risks described in this section, their own investment objectives, financial circumstances and taxation position, satisfy themselves that they have a sufficient understanding of these matters, and consult their professional advisers before making an investment decision.

It is also important to note that there can be no guarantee that NAB will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised. See note on slide 4, "*Important Notice – Forward-looking Statements*".

RISKS ASSOCIATED WITH NAB'S BUSINESS

Set out below are the principal risks and uncertainties associated with NAB and its controlled entities (the Group). It is not possible to determine the likelihood of these risks occurring with any certainty. However, the risk in each category that NAB considers most material is listed first, based on the information available at the date of this presentation and NAB's best assessment of the likelihood of each risk occurring and the potential magnitude of the negative impact to the Group should such risk materialise. In the event that one or more of these risks materialise, the Group's reputation, strategy, business, operations, financial condition and future performance could be materially and adversely impacted.

The Group's risk management framework and internal controls may not be adequate or effective in accurately identifying, evaluating or addressing risks faced by the Group. There may be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known or material. These may individually or in aggregate adversely impact the Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Group.

1. Strategic Risk

Strategic risk is the risk associated with the pursuit of the Group's strategic objectives, including the risk that the Group fails to execute its chosen strategy effectively or in a timely manner.

1.1 Strategic initiatives may fail to be executed, may not deliver all anticipated benefits and may change the Group's risk profile.

The Group's corporate strategy sets its purpose, ambition and objectives.

The Group prioritises, and invests significant resources in, the execution of initiatives that are aligned to its chosen strategy, including transformation and change programs. These programs focus on technology, infrastructure, business improvement and cultural transformation. There is a risk that these programs may not realise some or all of their anticipated benefits. These programs may also increase operational, compliance and other risks, and new or existing risks may not be appropriately controlled. Any failure by the Group to deliver in accordance with its strategy or to deliver these strategic programs effectively, may result in material losses to the Group, or a failure to achieve anticipated benefits, and ultimately, may adversely impact the Group's operations and financial performance and position.

1.2 The Group faces intense competition.

There is substantial competition across the markets in which the Group operates. The Group faces competition from established financial services providers as well as new market entrants, including foreign banks and non-bank competitors with lower costs and new operating and business models. In addition, evolving industry trends, rapid technology changes and environmental factors (such as the COVID-19 pandemic) may impact customer needs and preferences and the Group may not predict these changes accurately or quickly enough, or have the resources and flexibility to adapt in sufficient time to meet customer expectations and keep pace with competitors.

The Australian Federal Government (the “Australian Government”) passed legislation in August 2019 to establish a ‘Consumer Data Right’ which seeks to improve consumers’ ability to compare and switch between products and services. It is scheduled to apply to the banking sector from July 2020. These reforms (referred to as ‘Open Banking’) are expected to reduce the barriers to new entrants into, and increase competition in, the banking industry in Australia. Progress is also being made towards Open Banking in New Zealand (“NZ”), which, similarly, is expected to increase competition in the NZ banking industry.

Ongoing competition for customers can lead to compression in profit margins and loss of market share, which may ultimately impact the Group’s financial performance and position, profitability and returns to investors.

1.3 The Group’s intended divestment of its Advice, Platform & Superannuation and Asset Management businesses may not proceed and there are risks in executing the divestment.

The Group intends to divest its Advice, Platform & Superannuation and Asset Management businesses (the “MLC Wealth Divestment”). The Group’s decision to proceed with, and its ability to execute, the MLC Wealth Divestment, and the timeframe within which it may do so, are subject to a number of factors. These include market conditions, the impact of regulatory change and investigations (including any implications of the findings of the Final Report of the Australian Royal Commission into ‘Misconduct in the Banking, Superannuation and Financial Services Industry’ (“Royal Commission”)), the cost and complexity of separation, and obtaining Board and regulatory approvals.

If the Group does proceed with the MLC Wealth Divestment, it will incur costs associated with the transaction. If the Group decides not to, or is unable to, proceed with the MLC Wealth Divestment, it will still incur costs that it is unable to recover.

If it proceeds, the MLC Wealth Divestment will result in the Group exiting a financial services market and accordingly will decrease the size of the Group’s operations. This will have a consequential impact on the Group’s revenues and potentially its profitability and returns to investors.

In addition, the terms of the MLC Wealth Divestment, and the execution of its separation may create risks and uncertainty for the Group and its customers, aligned advisers, employees, suppliers and other counterparties.

1.4 Risks may arise from pursuing acquisitions and divestments.

The Group regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures and investments.

Pursuit of corporate opportunities inherently involves transaction risks, including over-valuation of an acquisition or investment or under-valuation of a divestment, and exposure to reputational damage. The Group may encounter difficulties in integrating or separating businesses, including failure to realise expected synergies, disruption to operations, diversion of management resources or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on the Group’s financial performance and position.

The Group may incur unexpected financial losses following an acquisition, joint venture or investment if the business it invests in does not perform as planned or causes unanticipated changes to the Group's risk profile. Additionally, there can be no assurance that employees, counterparties, suppliers, customers and other relevant stakeholders will remain with an acquired business following the transaction and any failure to retain such stakeholders may have an adverse impact on the Group's overall financial performance and position.

The Group may also have ongoing exposures to divested businesses, including through a residual shareholding, the provision of continued services and infrastructure or an agreement to retain certain liabilities of the divested businesses through warranties and indemnities, which may have an adverse impact on the Group's business and financial performance and position.

In particular, specific risks exist in connection with the sale of 80% of MLC Limited to Nippon Life Insurance Company ("Nippon Life") in 2016. NAB gave certain covenants, warranties and indemnities in favour of Nippon Life and MLC Limited, a breach or triggering of which may result in NAB being liable to Nippon Life or MLC Limited.

The parties also entered into long-term agreements for the distribution of life insurance products and the continued use of the MLC brand by MLC Limited. The duration and nature of these agreements give rise to certain risks, including that changes in the regulatory or commercial environment impact the commercial attractiveness of these agreements. These agreements also limit future opportunities for NAB through non-compete arrangements.

NAB agreed to take certain actions to establish MLC Limited as a standalone entity, including the provision of transitional services, as well as support for data migration activities and the development of technology systems. As this work is yet to be completed, there is a risk that implementation costs may ultimately prove higher than anticipated. NAB may also be liable to MLC Limited or Nippon Life if it fails to perform its obligations in accordance with the agreements relating to these matters. If implementation costs are higher than expected, or if NAB fails to perform its obligations in accordance with the relevant agreements, there may be an adverse impact on the Group's financial performance and position.

2. Credit Risk

Credit risk is the risk that a customer will fail to meet its obligations to the Group in accordance with agreed terms. Credit risk arises from both the Group's lending activities and markets and trading activities.

2.1 The economic impact of the global COVID-19 pandemic is extremely uncertain, but it may materially increase credit risk across the Group's portfolio.

In Australia and globally, measures have already been introduced, and may be further extended, to control the spread of the COVID-19 outbreak, including travel and trade restrictions, restrictions on public gatherings and business closures. These measures have had, and are expected to continue to have, a substantial negative impact on global economic activity. Certain sectors, including discretionary retail and tourism, are already experiencing significant financial stress. Further details in relation to the credit risk impacts of the COVID-19 pandemic are set out in Section 2.6 "*The Group may be adversely impacted by macro-economic and geopolitical risks and financial market conditions which pose a credit risk.*"

There is a risk that the economic consequences of COVID-19 could become more severe and far reaching across the economy, leading to a more widespread downturn in business and economic activity. This would likely result in a significant loss of revenue for many businesses across a wide range of industry sectors, in turn potentially leading to further increased unemployment and customer defaults. The Group's commercial real estate portfolio would be significantly impacted in such a scenario, as would the Group's exposure to households, given the potential for higher unemployment to coincide with lower house prices.

Some of the Group's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the Group's income statement. Recent market declines and increased volatility could negatively impact the value of such financial instruments and cause the Group to incur losses.

The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy are unclear. Should the impact of COVID-19, and the actions taken to control its spread, be prolonged or increasingly widespread and severe, it is likely that the negative impact on global growth and financial markets will be amplified. These actions may lead to a significant reduction in business and consumer demand, reduce domestic and international business and trade activity, disrupt supply chains for many industries and reduce consumer confidence. In turn, this may lead to increased unemployment and customer defaults and thereby have a material adverse effect on the Group's financial performance and position.

Governments and regulatory authorities, both in Australia and globally, have announced welfare and economic support packages in response to COVID-19 with the aim of reducing the severity of social and economic impacts. The extent to which these packages mitigate and/or defer the economic impact, including any credit losses the Group may incur, is uncertain. There is also a risk that these packages (or any reforms and measures introduced as the packages are unwound) will in themselves create longer-term risks to the economy and an increase in credit risks facing the Group. This may also negatively impact customer sentiment towards the Group and banking sector generally.

2.2 A decline in the residential property market may give rise to higher losses on defaulting loans.

Lending activities account for most of the Group's credit risk. The Group's lending portfolio is largely based in Australia and NZ. Residential housing loans and commercial real estate loans constitute a material component of the Group's total gross loans and acceptances. The social and economic impacts of the spread of the COVID-19 pandemic and the measures in place to control it, have the potential to drive a material decline in residential property prices due to, among other things, increased unemployment in Australia and NZ. In addition, there are a number of other potential factors in the medium term that may drive reductions in residential property prices. These factors include regulatory changes which may impact the availability of credit, reduced immigration and overseas investment, changes to taxation policy and rising unemployment. If this occurs, the declining value of the residential property used as collateral (including in business lending) may give rise to greater losses to the Group resulting from customer defaults, which, in turn, may impact the Group's financial performance and position, profitability and returns to investors. The most significant impact is likely to be experienced by residential mortgage customers in high loan-to-value-ratio brackets.

2.3 Adverse business conditions in Australia and NZ, particularly in the agriculture sector, the consumer facing sector, or both, may give rise to increasing customer defaults.

The Group has a large share of the business lending market in Australia and NZ, and so is dependent on economic conditions and customer and investor confidence in Australia, NZ and the broader region. Should adverse business conditions lead to increased defaults by business customers in these markets, including as a result of the COVID-19 pandemic, the Group may experience an adverse impact on its financial performance and position.

Specifically, the Group has a large market share among lenders to the Australian and NZ agricultural sectors, particularly the dairy sector in NZ. Volatility in commodity prices, milk prices, foreign exchange rate movements, disease and introduction of pathogens and pests, export and quarantine restriction and supply chain constraints, and extreme weather events may negatively impact these sectors. This may result in increased losses to the Group from customer defaults, and ultimately may have an adverse impact on the Group's financial performance and position.

Customers of the Group whose businesses are in consumer facing industries are also confronting challenges including the recent spike in unemployment, high levels of household debt, low wage growth, shifts in customer demand and the recent volatility in house prices weighing on consumer confidence and impacting their business' performance. These factors may give rise to an increase in customer defaults, ultimately affecting the Group's financial performance and position, profitability and returns to investors.

2.4 Climate change and extreme climate patterns may lead to increasing customer defaults and may decrease the value of collateral.

Credit risk may arise as a result of climate change, including from:

- extreme weather and climate change-related events affecting property and asset values or causing customer losses due to damage and/or interruptions to business operations and supply chains;
- the effect of new laws, regulations and government policies designed to mitigate climate change; and
- the impact on certain customer segments as the economy transitions to renewable and low-emissions technology.

This may lead to increased levels of customer default in affected business sectors. The impact of this on the Group may be exacerbated by a decline in the value and liquidity of assets held by the Group as collateral in these sectors, which may impact the Group's ability to recover its funds when loans default.

For example, parts of Australia have recently experienced physical climate events such as severe drought conditions and bushfires. The impact has been widespread extending beyond primary producers, to customers who are suppliers to the agricultural sector, and to those who reside in and operate businesses within regional and fire-impacted communities. Extreme weather events and long-term changes in climate across Australia may have similar impacts on other business sectors. Decreasing investor appetite and customer demand for carbon intensive products and services may give rise to transition risks and negatively impact the revenue and access to capital for some companies. These physical and transition risk impacts may increase current levels of customer defaults, thereby increasing the credit risk facing the Group and adversely impacting the Group's financial performance and position, profitability and returns to investors.

2.5 The Group's losses may differ materially from its provisions which may impact its financial performance and position.

The Group provides for expected losses from loans, advances and other assets. Estimating losses in the loan portfolio is, by its very nature, uncertain. The accuracy of these estimates depends on many factors, including general economic conditions, forecasts and assumptions, and involves complex modelling and judgements. If the assumptions upon which these assessments are made prove to be inaccurate, the provisions for credit impairment may need to be revised. This may adversely impact the Group's financial performance and position.

2.6 The Group may be adversely impacted by macro-economic and geopolitical risks and financial market conditions which pose a credit risk.

The majority of the Group's businesses operate in Australia and NZ, with branches currently located in Asia, the United Kingdom (UK) and the United States (US). Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates, and other economic and financial market conditions and forecasts most relevant for the Group in Australia and NZ, but also in the global locations in which the Group operates.

Domestic and international economic conditions and forecasts are influenced by a number of macro-economic factors, such as: economic growth rates; cost and availability of capital; central bank intervention; inflation and deflation rates; level of interest rates; yield curves; market volatility; and uncertainty. Deterioration in any of these factors may lead to the following negative impacts on the Group:

- Increased cost of funding or lack of available funding.
- Deterioration in the value and liquidity of assets (including collateral).
- Inability to price certain assets.
- An increase in customer or counterparty default and credit losses.
- Higher provisions for credit impairment.
- Mark-to-market losses in equity and trading positions, including NAB's high-quality liquid asset portfolios.
- Lack of available or suitable derivative instruments for hedging purposes.
- Lower growth in business revenues and earnings.
- Increased cost of insurance, lack of available or suitable insurance, or failure of the insurance underwriter.

Economic conditions may also be negatively impacted by climate change and major shock events, such as natural disasters, epidemics and pandemics (such as the ongoing COVID-19 pandemic), war and terrorism, political and social unrest, and sovereign debt restructuring and defaults.

The following macro-economic and financial market conditions are currently of most relevance to the credit risk facing the Group and may give rise to slower revenue growth and/or increasing customer defaults:

- Global economic growth is trending downwards, and is expected to decline in 2020, due in large part to measures to address the COVID-19 pandemic. This may create credit risk for the Group, both in the short and long-term. The Group's key markets of Australia and NZ are small, open economies where national income (and with it, the capacity for businesses and households to service debt) is impacted by global trends. The current global economic cycle peaked in early 2018 and growth has slowed since this time. Measures introduced to control the spread of the COVID-19 pandemic, in Australia, NZ and internationally, have had and will continue to have, a substantial negative impact on economic activity – introducing additional credit risk in a range of customer segments in the near term. The duration and magnitude of this downturn is highly uncertain. There is a risk that a sudden, large contraction in economies will lead to corporate bankruptcies, a rise in unemployment and an increase in household financial stress. The functioning of financial markets in many countries has also been impaired by increased volatility and negative investor sentiment, adding to the risk of a larger and longer downturn.
- Governments globally have introduced fiscal stimulus packages to attempt to minimise the negative impacts of the current downturn. The near-term effectiveness of these stimulus packages in minimising the economic impact of the current downturn, and their long-term impact on the economies in which they have been introduced, is uncertain and it is possible that longer term risks may be created by these fiscal stimulus packages.
- Central banks, including the Reserve Bank of Australia have rapidly eased monetary policy and provided liquidity to markets, with advanced economies essentially exhausting their conventional policy measures. Any further policy easing may involve additional asset purchases (quantitative easing) or other unconventional policy tools that may adversely affect the Group's cost of funds, the value of the Group's lending and investments, and margins. Policy easing would be expected to reduce short-term downside risks to growth, but risks building on existing imbalances in various asset classes and regions. Policy easing may also reduce the impetus for highly geared borrowers to deleverage thereby increasing the credit risk posed to the Group by these highly geared customers.

RISK FACTORS

- As a key trading partner, China's economic growth is important to Australia and NZ, with export income and business investment exposed to any sharp slowdown in the rapid pace of Chinese economic growth. In April 2020, China's National Bureau of Statistics announced that the Chinese economy shrank by 6.8 percent in the first three months of 2020, as compared with the corresponding period in 2019, the first decline recorded since 1976. China's high and growing debt burden presents a risk to its medium-term growth prospects. Due to its export mix, Australia's economy is exposed to any sudden downturn in China's domestic investment in business, infrastructure or housing. Any such downturn could therefore have a negative impact on the Group's customers who are exposed to these sectors and may give rise to increasing levels of customer defaults.
- While the Phase One trade deal was reached in December 2019, trade tensions remain between the US and China which present additional uncertainty and poses risks to global economic growth. Although the two countries have agreed to a partial trade deal that should ease these tensions, the bulk of tariffs imposed by both countries remain in place and further trade measures remain possible. Although China is the primary target of US trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. A number of East Asian economies are major trading partners with Australia and NZ, and accordingly a negative impact on their economies may increase the credit risk facing the Group.
- Geopolitical risks continue to present uncertainty to the global economic outlook, with negative impacts on consumption and business investment. An increasing fragmentation of, and a rise in populism in, many major democratic economies have led to difficulties in policy implementation and an increase in anti-globalisation sentiment. Protests in Hong Kong during 2019 highlighted political tensions between the Hong Kong Special Administrative Region and mainland China. While the path towards Brexit has greater clarity following the January 2020 Brexit withdrawal agreement, the prospect of an economically damaging 'hard' Brexit remains a risk. In addition, there are a range of other geopolitical risks, particularly given the ongoing uncertainty around the Middle East, the Korean Peninsula and the South China Sea.
- Prior to the COVID-19 pandemic, Australia's economic growth slowed in 2019, which is largely a reflection of a weakness in household demand. Wage growth has been weak, and if the slowdown in growth persists, unemployment is expected to rise. NZ's economic growth has also slowed. A continued slowdown in economic growth in Australia and NZ and any resulting increase in unemployment may negatively impact debt servicing levels, increase customer defaults and negatively impact the Group's financial performance and position and its profitability. Both the Australian and NZ economies have been and will continue to be affected by the global containment efforts to stop the spread of the COVID-19 pandemic via a range of factors including reduced trade flows or lower commodity prices. Containment efforts within Australia and NZ will also have an impact depending on their duration and scope. Specific sectors of the economy are particularly exposed including travel and tourism, education, recreation and personal services, hospitality and commodity producers. Supply disruptions caused by global and domestic containment efforts also have the potential to disrupt business activity.
- As commodity exporting economies, Australia and NZ are exposed to shifts in global commodity prices that can be sudden, sizeable and difficult to predict. Fluctuations in commodity markets can affect key economic variables like national income tax receipts and exchange rates. Previous sharp declines in commodity prices in Australia and NZ were driven by sub-trend global growth constraining demand, combined with increases in commodity supply. Commodity price volatility remains substantial and given the Group's sizeable exposures to commodity producing and trading businesses, this volatility poses a significant source of credit risk to the Group.

National Australia Bank

3. Market Risk

Market risk is the risk of loss from the Group's trading activities. The Group may suffer losses as a result of a change in the value of the Group's positions in financial instruments or their hedges due to adverse movements in market prices. Adverse price movements impacting the Group may occur in credit spreads, interest rates, foreign exchange rates, and commodity and equity prices, in particular during periods of heightened market volatility or reduced liquidity. Since March 2020, global financial markets have become more volatile due to the impact of the COVID-19 pandemic. The full economic impact of COVID-19 remains uncertain.

Credit spread risk is the risk of the Group's trading book being exposed to movements in the value of securities and derivatives as the result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in the Group's trading book when it provides risk transfer services to customers seeking to buy or sell fixed income securities (such as corporate bonds). The Group may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e. quoting buy and sell prices to clients) in fixed income securities. The Group's trading book is also exposed to credit spread risk through credit valuation adjustments. Widening of credit spreads could negatively impact the value of the Credit Valuation Adjustment ("CVA") book.

Interest rate risk is the risk of the Group's trading book being exposed to changes in the value of securities and derivatives as the result of changes in interest rates. The Group's trading book accumulates interest rate risk when the Group provides interest rate hedging solutions for clients, holds interest rate risk in anticipation of customer requirements or undertakes market-making activity in fixed income securities or interest rate derivatives.

The occurrence of any event giving rise to a material trading loss may have a negative impact on the Group's financial performance and financial position.

4. Balance Sheet and Liquidity Risk

Balance sheet and liquidity risk comprises key banking book structural risks of the Group, such as liquidity risk, funding risk, interest rate risk, capital risk and foreign exchange risk.

4.1 The Group is exposed to funding and liquidity risk.

Funding risk is the risk that the Group is unable to raise short and long-term funding to support its ongoing operations, strategic plans and objectives. The Group accesses domestic and global capital markets to help fund its business, in addition to using customer deposits. Dislocation in any of these capital markets, reduced investor interest in the Group's securities and/or reduced customer deposits, may adversely affect the Group's funding and liquidity position, increase the cost of obtaining funds or impose unfavourable terms on the Group's access to funds, constrain the volume of new lending, or adversely affect the Group's capital position.

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as it matures, the payment of interest on borrowings and the payment of operational expenses and taxes. The Group must also comply with prudential and regulatory liquidity obligations across the jurisdictions in which it operates. Any significant deterioration in the Group's liquidity position may lead to an increase in the Group's funding costs, constrain the volume of new lending, result in the Group drawing upon its committed liquidity facility with the Reserve Bank of Australia or cause the Group to breach its prudential or regulatory liquidity obligations. This may adversely impact the Group's reputation and financial performance and position.

4.2 The Group's capital position may be constrained by prudential requirements.

Capital risk is the risk that the Group does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses. Capital is the cornerstone of the Group's financial strength. It supports an authorised deposit-taking institution's (ADI's) operations by providing a buffer to absorb unanticipated losses from its activities.

Compliance with prudential capital requirements in the jurisdictions in which the Group operates and any further changes to these requirements may:

- Limit the Group's ability to manage capital across the entities within the Group.
- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require the Group to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

In response to the impacts of COVID-19, the Australian Prudential Regulation Authority ("APRA") has outlined expectations for ADIs of deferrals or reductions in dividends during this period of disruption and the Reserve Bank of New Zealand ("RBNZ") has imposed a restriction on the payment of dividends on ordinary shares and the redemption of non-CET1 capital instruments by NZ registered banks.

Additionally, if the information or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the Group's operations, and financial performance and position.

4.3 A significant downgrade in the Group's credit ratings may adversely impact its cost of funds and capital market access.

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating the Group and its products, services and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for the Group, or sovereign jurisdictions where the Group conducts business. Credit ratings may be affected by operational and market factors, or changes in the credit rating agency's rating methodologies.

On 7 April 2020, Fitch Ratings ("Fitch") downgraded the major Australian banks, including NAB, from "AA-" to "A+", with a negative outlook. Fitch also made a corresponding downgrade to the long-term and short-term issuer default ratings of the major NZ banks, including NAB's subsidiary Bank of New Zealand ("BNZ"). On 8 April 2020, S&P Global Ratings ("S&P") revised its outlook for the major Australian banks, including NAB, reflecting a revision in the outlook for Australia from stable to negative. It reaffirmed the long-term and short-term issuer credit ratings of NAB at "AA-" and "A-1+" respectively. S&P also made a corresponding revision to the outlook of the major NZ banks, including BNZ. The Group faces the risk of further revisions or downgrades should economic and credit conditions keep deteriorating.

A downgrade in the credit ratings or outlook of the Group, the Group's securities, or the sovereign rating of one or more of the countries in which the Group operates, may increase the Group's cost of funds or limit access to capital markets. This may also cause a deterioration of the Group's liquidity position and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. A downgrade to the Group's credit ratings relative to peers may also adversely impact the Group's competitive position and financial performance and position.

4.4 The Group's financial performance and capital position may be adversely impacted by interest rate fluctuations.

Interest rate risk is the risk to the Group's financial performance and capital position caused by changes in interest rates. Factors which may affect the level of interest rate risk include all on-balance sheet and off-balance sheet items that create an interest rate risk exposure within the Group. As interest rates and yield curves change over time, including negative interest rates in certain countries in which the Group operates, the Group may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of the Group's lending portfolio compared to its deposit portfolio (and other funding sources), as well as the extent to which lending and deposit products can be repriced as interest rates approach zero or become negative, thereby impacting net interest margin.

4.5 The Group may fail to or be unable to sell down its underwriting risk.

As financial intermediaries, members of the Group underwrite or guarantee different types of transactions, risks and outcomes, including the placement of listed and unlisted debt, equity-linked and equity securities. The underwriting obligation or guarantee may be over the pricing and placement of these securities, and the Group may therefore be exposed to potential losses, which may be significant, if it fails to sell down some or all of this risk to other market participants.

4.6 The value of the Group's banking book may be adversely impacted by foreign exchange rates.

Foreign exchange and translation risk arise from the impact of currency movements on the value of the Group's cash flows, profits and losses, and assets and liabilities due to participation in global financial markets and international operations.

The Group's ownership structure includes investment in overseas subsidiaries and associates which gives rise to foreign currency exposures, such as repatriation of capital and dividends. The Group's businesses may therefore be affected by a change in currency exchange rates, and movements in the mark to market valuation of derivatives and hedging contracts.

The Group's financial statements are prepared and presented in Australian dollars, and any adverse fluctuations in the Australian dollar against other currencies in which the Group invests or transacts and generates profits (or incurs losses) may adversely impact its financial performance and position.

5. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. This includes legal risk but excludes strategic and reputation risk.

There are reputational implications inherent in the Group operations due to the range of customers, products and services the Group provides and the multiple markets and channels these products and services are delivered through.

In response to COVID-19, the majority of the Group's workforce is now working from home. This has been a rapid implementation and significant change in the way the Group operates. This exposes the Group to additional operational risk, including increased risk of fraud, technology related risks and employee health and safety related risks.

RISK FACTORS

5.1 Disruption to technology may adversely impact the Group's reputation and operations.

Most of the Group's operations depend on technology, and therefore the reliability, resilience and security of the Group's (and its third-party vendors') information technology systems and infrastructure are essential to the effective operation of its business and consequently to its financial performance and position. The reliability and resilience of technology may be impacted by the complex technology environment, failure to keep technology systems up-to-date, an inability to restore or recover systems and data in acceptable timeframes, or a physical or cyber-attack.

The rapid evolution of technology in the financial services industry and the increased expectation of customers for internet and mobile services on demand expose the Group to new operational challenges.

Any disruption to the Group's technology (including disruption to the technology systems of the Group's external providers) may be wholly or partially beyond the Group's control and may result in: operational disruption; regulatory enforcement actions; customer redress; litigation; financial losses; theft or loss of customer data; loss of market share; loss of property or information; or may adversely impact the speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the Group's reputation, including the view of regulators or ratings agencies, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties. Social media commentary may further exacerbate such adverse outcomes for the Group and negatively impact the Group's reputation.

5.2 Privacy, security and data breaches may adversely impact the Group's reputation and operations.

The Group processes, stores and transmits large amounts of personal and confidential information through its technology systems and networks. Threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are increasingly sophisticated.

Although the Group invests in protecting the confidentiality and integrity of this information, the Group may not be able to anticipate a security threat, or be able to implement effective information security policies, procedures and controls to prevent or minimise the resulting damage. The Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure.

A breach of the security at any of these external providers or within the Group may result in operational disruption, theft or loss of customer data, a breach of privacy laws, regulatory enforcement actions, customer redress, litigation, financial losses, or loss of market share, property or information. This may adversely impact the financial performance and position of the Group.

These factors may be wholly or partially beyond the control of the Group, and may adversely affect the Group's reputation, financial performance and position. In addition, any such event may adversely affect the view of regulators or ratings agencies. Social media and responses to the relevant event may exacerbate the impact on the Group's reputation.

5.3 Deficient policies, processes, infrastructure and models give rise to a significant risk to the Group's operations.

The Group's business involves the execution of a large number of processes and transactions with varying degrees of complexity. The Group is reliant on its policies, processes and supporting infrastructure functioning as designed, along with third parties appropriately managing their own operational risk and delivering services to the Group as required. A failure in the design or operation of these policies, processes and infrastructure, failure of the Group to manage external service providers, or the disablement of a supporting system all pose a significant risk to the Group's operations and consequently its financial performance and reputation. Reputational damage may adversely impact the Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities. Reputational damage may also result in a higher risk premium being applied to the Group and impact the cost of funding the Group's operations or its financial condition. Further, reputational damage may result in regulators requiring the Group to hold additional capital, pay fines or incur additional costs, including costs to undertake remedial action. These impacts may affect the viability of some or all of the Group's business activities.

Models are used extensively in the conduct of the Group's business, for example, in calculating capital requirements and measuring and stressing exposures. If the models used prove to be inadequate or are based on incorrect or invalid assumptions, judgements or inputs, this may adversely affect the Group's financial performance and position.

5.4 The Group is exposed to the risk of human error.

The Group's business, including the internal processes and systems that assist in business decisions, relies on inputs from its employees, agents and third-party vendors. The Group is exposed to operational risk due to process or human errors including incorrect or incomplete data capture and records maintenance, incorrect or incomplete documentation to support activities, or inadequate design of processes or controls. The Group uses select external providers (in Australia and overseas) to provide services to the Group and is exposed to similar risks arising from such failures in the operating environment of its external providers. The materialisation of any of these risks could lead to direct financial loss, loss of customer, employee or commercially sensitive data, regulatory penalties and reputational damage.

5.5 The Group may not be able to attract and retain suitable personnel.

The Group is dependent on its ability to attract and retain key executives, employees and Board members with a deep understanding of banking and technology, who are qualified to execute the Group's strategy, as well as the technology transformation the Group is undertaking to meet the changing needs of its customers. Weaknesses in employment practices, including diversity, discrimination and workplace health and safety, are sources of operational risk that can impact the Group's ability to attract and retain qualified personnel with the requisite knowledge, skills and capability.

The Group's capacity to attract and retain key personnel is dependent on its ability to design and implement effective remuneration structures. This process may be constrained by regulatory requirements (particularly in the highly regulated financial services sector), as well as investor expectations, which may be somewhat disparate.

The unexpected loss of key resources or the inability to attract personnel with suitable experience may adversely impact the Group's ability to operate effectively and efficiently, or to meet the Group's strategic objectives.

5.6 External events may adversely impact the Group's operations.

Operational risk can arise from external events such as biological hazards, climate change, natural disasters or acts of terrorism.

External events include global pandemics such as the recent outbreak of COVID-19, which has interrupted the usual operations of the Group, its customers and suppliers.

This disruption has resulted in the activation of the Group's Crisis Management Team and implementation of the Group's continuity plan to protect the health, safety and well-being of its customers and employees. The steps taken include alternate work locations and arrangements being implemented for Group employees, an increased reliance on mobile technology and business process changes to support customers, suppliers and staff and ensure continuity of the Group's business operations. However, no assurance can be given that the steps being taken will be adequate nor can the Group predict the level of further disruption which may occur.

The Group is monitoring the situation closely as the domestic and global business environment changes and it is unclear how this will evolve or for how long the Group will continue to operate under its continuity plan. Other epidemics or pandemics may arise in future which may again activate a crisis response leading to disruption to the Group's operations.

The Group has branches in regional areas in Australia that are prone to seasonal natural disasters, including fires and floods.

In addition, the Group has branches and office buildings in NZ, which have experienced significant earthquakes and aftershocks in recent years and which may be exposed to the risk of future earthquakes.

Given the Group's physical presence in major cities in Australia, NZ and other countries where it has, or is intending to establish, offshore operations, it may also be exposed to the risk of a terrorist attack.

External events such as extreme weather, natural disasters, biological hazards and acts of terrorism may cause property damage and business disruption, which may adversely impact the Group's financial performance. In addition, if the Group is unable to manage the impacts of such external events, it may lead to reputational damage and compromise the Group's ability to provide a safe workplace for its personnel.

6. Compliance Risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives.

6.1 The Group may be involved in a breach or alleged breach of laws governing bribery, corruption and financial crime.

Supervision, regulation and enforcement of anti-bribery and corruption, anti-money laundering, counter-terrorism financing, and international sanctions laws (collectively referred to as 'AML/CTF') has increased. In June 2018, Australia's financial intelligence agency, the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), reached an agreement with another major Australian bank for a A$700 million penalty relating to serious breaches of AML/CTF laws. In November 2019, AUSTRAC commenced proceedings against a different major Australian bank alleging significant breaches of AML/CTF laws.

The Group has reported, a number of AML/CTF compliance breaches to relevant regulators and has responded to a number of requests from regulators requiring the production of documents and information. The Group is currently investigating and remediating a number of AML/CTF compliance issues and weaknesses and should further breaches be identified, the Group would expect to report those to regulators in accordance with its normal processes. The potential outcome and total costs associated with the investigations and remediation processes for specific issues identified to date, and for any issues identified in future, remain uncertain. A negative outcome to any investigation or remediation process may adversely impact the Group's reputation, business operations, financial position and results. Further, given the large volume of transactions that the Group processes, the undetected failure of internal AML/CTF controls, or the ineffective implementation or remediation of compliance issues, could result in a significant number of breaches of AML/CTF obligations and significant monetary penalties for the Group.

Refer to 'Notes to the Consolidated Financial Statements', *Note 13 Contingent liabilities* on page 78 in the Group's *2020 Half Year Results Report* under the heading '*Regulatory activity, compliance investigations and associated proceedings - Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) program uplift and compliance issues'* for more information.

6.2 Matters arising during the Royal Commission may result in legal proceedings against the Group.

The Royal Commission has referred two matters to APRA regarding the conduct of the Group's superannuation trustee, NULIS Nominees (Australia) Ltd (NULIS). These concern issues related to: the maintenance of grandfathered commissions following a successor fund transfer in 2016; and the speed of the transfer of members' accrued default amounts to the MySuper product. It is possible that APRA may bring proceedings against NULIS in relation to these matters. In addition, class actions in relation to these two matters have been commenced. In October 2019, litigation funder IMF Bentham and William Roberts Lawyers commenced a class action against NULIS and MLC Nominees (MLCN) alleging breaches of NULIS's trustee duties relating to the grandfathered commissions issue. In January 2020, Maurice Blackburn commenced a class action against NULIS and MLCN alleging breaches of trustee obligations in connection with the MySuper issue. The potential outcome and total costs associated with these matters remain uncertain.

The Royal Commission also referred other instances of potential misconduct, including issues related to 'fees for no service' by unidentified institutions to the Australian Securities and Investments Commission (ASIC) for consideration.

ASIC has commenced civil proceedings against the Group in respect of two issues that were examined by the Royal Commission. The first concerns NAB's 'Introducer Program', in respect of which ASIC has alleged that NAB engaged in credit activities with unlicensed persons in contravention of the National Consumer Credit Protection Act 2009 ("NCCP Act"). In November 2019, NAB filed a response to ASIC's claim, accepting liability for the majority of the NCCP Act breaches alleged by ASIC. The second relates to alleged breaches in respect of ongoing service arrangements and fee disclosure statements, with clients of NAB Financial Planning between 2013 and 2019.The potential outcome and total costs associated with these matters remain uncertain. ASIC may bring further proceedings against the Group in relation to other issues examined or commented on by the Royal Commission, which may result in the imposition of civil or criminal penalties on the Group. Class actions or other civil litigation may also be brought against the Group.

It is also possible that legal actions may be commenced against relevant individuals within the Group.

Any damages, awards or penalties may adversely impact the Group's reputation and financial performance and position. Refer to 'Notes to the Consolidated Financial Statements', *Note 13 Contingent liabilities* on page 77 to page 80 in the Group's *2020 Half Year Results* for more information.

6.3 Responsible lending obligations are evolving and may create additional operational complexity for the Group.

The responsible lending obligations applicable to the Group under the NCCP Act have evolved in recent years. In December 2019, ASIC released Regulatory Guide RG209, which sets out ASIC's views on what the responsible lending obligations in Chapter 3 of the NCCP Act require. Changes to responsible lending obligations, including their interpretation by the courts, or any increased regulatory and public scrutiny, may require the Group to change its consumer lending processes or procedures.

This, in turn, may lead to additional operational complexity for the Group, as well as increased costs, which may adversely impact the Group's financial performance and position.

6.4 Ensuring compliance with laws and regulations that apply to the Group is complex and costly.

The Group is highly regulated and subject to various regulatory regimes which differ across the jurisdictions in which it operates, trades or raises funds.

Ensuring compliance with all applicable laws is complex. There is a risk the Group will be unable to implement the processes and controls required by relevant laws and regulations in a timely manner or that the Group's internal controls will prove to be inadequate or ineffective in ensuring compliance. Any failure to comply with relevant laws and regulations may have a negative impact on the Group's reputation and financial performance and position, and may give rise to class actions, regulatory enforcement or litigation.

In addition, there is significant cost associated with the systems, processes and personnel required to ensure compliance with applicable laws and regulations. Such costs may negatively impact the Group's financial performance and position.

6.5 Failure to comply with laws or regulatory requirements may expose the Group to class actions.

There have been a number of domestic and international firms facing high profile regulatory enforcement actions for alleged instances of non-compliance with laws or regulatory requirements. In some cases, these enforcement actions have also given rise to class actions. Plaintiff law firm Slater & Gordon filed a class action in the Federal Court of Australia, alleging that NAB and MLC Limited engaged in unconscionable conduct and misleading and deceptive conduct in connection with the issuance and sale of a particular type of consumer credit insurance (being 'NAB Credit Card Cover') and misleading and deceptive conduct in connection with the sale of a second consumer credit insurance product, NAB Personal Loan Cover. A settlement agreement in relation to this action was announced on 20 November 2019 and is awaiting approval by the Federal Court of Australia, expected in May 2020. NAB is currently in the process of implementing a customer remediation program in respect of the third and final CCI product sold by NAB. There is an ongoing ASIC investigation into the sale of consumer credit insurance products. The outcome and total costs associated with this matter remain uncertain.

Refer to 'Notes to the Consolidated Financial Statements', *Note 13 Contingent liabilities* on page 79 in the Group's *2020 Half Year Results* under the heading *'Regulatory activity, compliance investigations and associated proceedings - Consumer Credit Insurance (CCI)'* for more information.

In addition, class actions have been commenced against NULIS and MLCN in connection with two matters that were referred to APRA by the Royal Commission, as referred to above in Section 6.2 "*Matters arising during the Royal Commission may result in legal proceedings against the Group*". The potential outcome and total costs associated with these proceedings remains uncertain.

NAB is also involved in class action proceedings in the UK in respect of the sale of tailored business loans through its former UK subsidiary, and it has been involved in class action in the US in respect of alleged conduct relating to the Bank Bill Swap Reference Rate (alongside other major Australian and international banks). In February 2020 all claims against NAB in relation to the BBSW matter were dismissed but this decision may be appealed. Refer to 'Notes to the Consolidated Financial Statements', *Note 13 Contingent liabilities* on page 77 in the Group's *2020 Half Year Results* under the heading *'Legal proceedings'* for more information.

It is possible that class actions may arise against members of the Group in relation to allegations of which the Group is currently aware or other matters of which it is not yet aware. Any class action may impact the Group's reputation, divert management time from operations and affect the Group's financial performance and position, profitability and returns to investors.

6.6 The Group may be exposed to losses if critical accounting judgements and estimates are subsequently found to be incorrect.

Preparation of the Group's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. A higher degree of judgement is required for the estimates used in the calculation of provisions (including for customer-related remediation and credit impairment economic and forward-looking adjustments), the valuation of goodwill and intangible assets, and the fair value of financial instruments. Changes in the methodology or assumptions on which the assessment of goodwill and intangible balances is based, together with expected changes in future cash flows (including changes flowing from current and potential regulatory reforms), could result in the potential write-off of a part or all of that goodwill or intangible balances.

If the judgements, estimates and assumptions used by the Group in preparing financial statements are subsequently found to be incorrect, there could be a significant loss to the Group beyond that anticipated or provided for, which may adversely impact the Group's reputation, and financial performance and position.

6.7 The Group may be exposed to litigation and contingent liabilities.

Entities within the Group may be involved from time to time in legal proceedings arising from the conduct of their business. The aggregate potential liability and costs in respect thereof cannot be estimated with any certainty.

Currently, there are a number of ongoing investigations and court proceedings involving the Group. These include matters relating to: the provision of financial advice; the inappropriate charging of fees for services; selling practices and advice in relation to consumer credit insurance products and compliance with licence conditions and the NCCP Act. Where appropriate, provisions are held for litigation matters and regulatory investigations based on a number of assumptions derived from a combination of past experience, forecasts, industry comparison and the exercise of subjective judgement based on (where appropriate) external professional advice. As with other accounting judgements, risks and uncertainties remain in relation to these assumptions and the ultimate costs of redress to the Group. There is inherent uncertainty regarding the possible outcome of any court proceedings involving the Group. It is also possible that further class actions, regulatory investigations, civil or criminal proceedings or the imposition of new licence conditions could arise in relation to these matters or other matters of which the Group is not yet aware.

A negative outcome to investigations or litigation involving the Group may divert management time from operations and adversely impact the Group's reputation, and financial performance and position. Refer to 'Notes to the Consolidated Financial Statements', *Note 13 Contingent liabilities* on page 77 to page 80 in the Group's *2020 Half Year Results* for details in relation to certain legal proceedings and contingent liabilities which may impact the Group.

7. Conduct Risk

Conduct risk is the risk that any action of the Group, or those acting on behalf of the Group, will result in unfair outcomes for any of the Group's customers.

7.1 The Group is heavily reliant on its employees, contractors and external suppliers acting in an appropriate and ethical way.

Organisational culture can greatly influence individual and group behaviours which can expose an organisation and lead to unfair customer outcomes. The behaviours that could expose the Group to conduct risk include:

- Selling, providing or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Being a party to fraud.
- Non-adherence to applicable requirements or providing financial advice which is not appropriate or in the customers' interests.
- Delays in appropriately escalating regulatory and compliance issues.
- Failure to resolve issues and remediate customers in a timely manner.
- Failure to deliver on product and service commitments.

If the Group's conduct related controls were to fail significantly, be set inappropriately, or not meet legal, regulatory or community expectations, then the Group may be exposed to:

- Increased costs of compliance, fines, additional capital requirements, public censure, loss of consumer confidence, litigation, settlements and restitution to customers or communities.
- Increased supervision, oversight or enforcement by regulators or other stakeholders.
- Unenforceability of contracts such as loans, guarantees and other security documents.
- Enforced suspension of operations, amendments to licence conditions or loss of licence to operate all or part of the Group's businesses.
- Other enforcement or administrative action or agreements, including legal proceedings.

A failure of the Group's conduct controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact the Group's reputation, financial performance and position, profitability, operations and returns to investors.

Events such as the recent outbreak of COVID-19 can result in rapid changes to the internal and external business environment and subsequent changes to business processes to support customers. This may impact both the likelihood and the consequence of unfair outcomes to customers, including through decisions and actions where the trade-offs or tail risks may not be immediately apparent or quantifiable. The Group is making significant efforts to support its customers in an appropriate way during this pandemic including through regular customer communication and redeployment of staff into customer-facing roles. However, no assurance can be given that the steps being taken will not have unintended consequences in the future or that they will meet the future expectations of the Group's regulators. The Group cannot predict the level of further disruption which may occur.

8. Regulatory Risk

Regulatory risk is the risk of failing to identify or appropriately respond to changes to the regulatory environment or of damaging the Group's standing with its regulators as a result of the Group not meeting regulatory expectations.

8.1 Extensive regulatory change poses a significant risk to the Group.

Globally, the financial services and banking industries are subject to a significant and increasing number of regulatory reviews and political scrutiny, including in Australia, NZ and other countries where the Group has, or is intending to establish, offshore operations. Changes to laws and regulations or their interpretation and application can be unpredictable, are beyond the Group's control, and may not be harmonised across the jurisdictions in which the Group operates.

Regulatory change may result in significant capital and compliance costs, changes to the Group's corporate structure and increasing demands on management, employees and information technology systems. This may also impact the viability of the Group's participation in certain markets or give rise to the need to divest a part of the Group's business.

The Royal Commission made a considerable number of recommendations. The Australian Government has committed to take action on all of the recommendations, has announced further commitments to address issues raised in the final report of the Royal Commission and has committed to an accelerated timeframe for introducing the legislative changes required to give effect to the recommendations. Some commitments have been enacted by the Australian Government and regulators, and others are in progress or subject to consultation. The timeframe for introducing legislative and regulatory changes may be subject to reprioritisation by the Australian Government as a result of the regulatory challenges created by the current COVID-19 pandemic. These legislative and regulatory changes, together with the accelerated timeframe, will impact the operations of the Group as considerable resources will be required to be redirected towards the timely implementation of such changes.

Further inquiries and regulatory reviews impacting the financial services industry may be commissioned by the Australian Government, which, depending on their scope, findings and recommendations, may adversely impact the Group. Other reviews and regulatory reforms currently relevant to the Group which present a potential regulatory risk include:

- APRA's various reforms in relation to loss-absorbing capacity. These include the requirement, due to be implemented by 1 January 2024, that Domestic Systemically Important Banks ("D-SIBs") such as NAB, increase total capital by 3% of risk weighted assets ("RWA"). This is expected to be satisfied primarily through the issue of additional Tier 2 Capital. Based on the Group's RWA of A$433bn at 31 March 2020, this requirement represents an incremental Group Total Capital requirement of approximately A$12.5bn. In addition, APRA intends to consult on a target of additional capital amounting to a further 1-2% of RWA. The Group's funding costs are expected to increase due to the higher cost of Tier 2 Capital issuance relative to senior debt.
- APRA's final revisions to the credit risk management framework for ADIs (released in December 2019) include broadening requirements for credit risk management practices; revising credit standards; and aligning asset classification and provisioning with the Basel Committee on Banking Supervision's recent accounting standard changes and guidance; although noting that APRA has deferred the commencement date to 1 January 2022 in response to the COVID-19 pandemic.

RISK FACTORS

- The RBNZ released its capital requirements for NZ banks in December 2019. The final capital requirements include: an increase to risk-weighted assets (RWA) for internal ratings based banks such as NAB's subsidiary, BNZ to approximately 90% of what would be calculated under the standardised approach; an increase in the Common Equity Tier 1 (CET1) capital requirement equal to 13.5% of RWA (including a prudential capital buffer of 9% of RWA) for banks deemed systemically important (which includes BNZ); an increase in the Tier 1 capital requirement equal to 16% of RWA for banks deemed systemically important; and an increase in the Total Capital requirement equal to 18% of RWA for banks deemed systemically important. Due to significant uncertainties arising from the impacts of COVID-19, the RBNZ has delayed the start of the new capital requirements by 12 months – to 1 July 2021 - after which it is expected that the changes will be phased in over a seven-year period. Some aspects of the framework (including the detailed regulatory requirements to be included in the capital standards) are still to be confirmed in consultations expected to take place in 2021. It also remains unclear the extent to which APRA will incorporate aspects of the RBNZ's capital requirements as part of its review of the Australian capital framework. The ultimate impact on the Group will depend on various factors, including BNZ's balance sheet size over the implementation period, and the potential mitigating actions undertaken.
- APRA's ongoing consultation on revisions to the capital framework reaffirms its intention to strengthen banking system resilience by establishing 'unquestionably strong' capital ratios. The major Australian banks (including NAB) have been subject to APRA's 'unquestionably strong' target benchmark capital ratios since January 2020, although noting the temporary suspension of these requirements in response to COVID-19. Final revised prudential standards in relation to the risk-weighting framework and other capital requirements have been suspended until 1 January 2023. Implementation of these requirements may require additional capital to be held by the Group. In addition, regulators in a number of countries in which NAB operates are recommending limits on, or restrictions to, capital distributions as a result of COVID-19.
- In 2018 and 2019, the NZ Financial Markets Authority and RBNZ undertook a review of conduct and culture in the financial services industry. Alongside industry-wide recommendations that were released as a result of the review, further specific findings were provided to individual NZ banks (including BNZ) in November 2018. The review led to the NZ Government introducing the Financial Markets (Conduct of Institutions) Amendment Bill in the NZ Parliament in December 2019 to create an oversight and licensing regime for regulating conduct in the banking and insurance sectors. The bill was initially expected to be passed by the end of 2020, but this timeframe may be delayed as a result of the COVID-19 pandemic.
- The Australian Banking Executive Accountability Regime ("BEAR") applies to the Group. On 22 January 2020, the Australian Federal Government Treasury released its proposal paper on a new Financial Accountability Regime ("FAR"). This regime has been developed in response to a number of Royal Commission recommendations and is intended to extend and replace BEAR. The FAR legislation was initially expected to be introduced by the end of 2020 (although implementation may be phased), and is likely to include new prescribed responsibilities, additional accountability obligations, and increased maximum civil penalties for the Group and its accountable persons. The timeframe for implementation of FAR may be delayed as a result of the COVID-19 pandemic.
- The Australian Government has directed the Australian Competition and Consumer Commission ("ACCC") to commence an inquiry into home loan pricing. The ACCC is investigating a wide range of issues, including the rates paid by new and existing customers, impediments to customer switching, how the cost of financing for banks has affected interest rate decisions and the interaction between home loan pricing and rate-setting by the Reserve Bank of Australia. A final report on this topic is due to the Australian Federal Government on 30 September 2020.

- Other material regulatory changes include new requirements for the design and distribution of financial products, responsible lending reforms, including the Credit Contracts Legislation Amendment Act 2019 (NZ), and the implementation of Open Banking. Open Banking may lead to cyber and fraud risks in the Consumer Data Right ecosystem. Governance mechanisms including accountabilities, controls and frameworks are still evolving and, under the Open Banking regime, customer data will be shared with a broader range of stakeholders.
- There are a number of other ongoing or proposed regulatory changes and inquiries relevant to the Group such as: changes to the Group entities eligible for inclusion in the Level 1 group for prudential purposes; changes to financial benchmarks; derivatives reform; replacement of the Reserve Bank of New Zealand Act 1989 (NZ); payments; data protection and privacy laws; data quality; competition inquiries; financial crime legislation; increasing modern slavery and climate-related reporting requirements, accounting and reporting requirements; and tax reform.

The full scope, timeline and impact of current and potential inquiries and regulatory reforms such as those mentioned above, or how they will be implemented (if at all in some cases), is not known. The challenges raised by the COVID-19 pandemic have caused a number of regulators to postpone or suspend planned policy and supervision initiatives, public consultations and the implementation dates of a number of regulatory reforms.

The impact of COVID-19 on the Group's operations may result in delays in its ability to implement regulatory change, or take the steps required to address commitments made to regulators. The extent of any delays will be dependent on how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative change.

Depending on the specific nature of the regulatory change requirements and how and when they are implemented or enforced, they may have an adverse impact on the Group's business, operations, structure, compliance costs or capital requirements, and ultimately its reputation, and financial performance and position.

8.2 There is a risk of the Group failing to deliver on commitments made to its regulators and to the public or otherwise damaging its relationship with regulators.

In response to the Royal Commission, the Group has made certain commitments to regulators and the public to change the way it operates. In November 2019, the Group published an update to the market on progress against actions related to self-assessment on governance, accountability and culture and recommendations arising from the Royal Commission. The impact of the COVID-19 pandemic may result in delays to the Group's delivery on commitments. Any further delays will be dependent on how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative change. Ongoing engagement with regulators is in place to ensure alignment in prioritisation of efforts during the COVID-19 pandemic.

If the Group does not deliver on the matters identified in its self-assessment, fails to deliver on its public commitments following the Royal Commission, or otherwise fails to comply with the representations it makes to the public or to its regulators, this may negatively impact the Group's reputation. Such reputational damage may adversely impact the Group's ability to attract and retain customers or employees in the short and long-term. It may also result in a higher risk premium being applied to the Group, and impact the cost of funding the Group's operations, or its financial performance and position.

8.3 The enforcement approach of the Group's principal regulators has changed, resulting in a greater risk of enforcement actions.

A number of measures were recommended by the Royal Commission to improve the effectiveness and oversight of ASIC and APRA in deterring, and imposing appropriate penalties for, misconduct. These included a recommendation for ASIC to change its approach to enforcement, with a focus on instigating court actions in relation to conduct matters where a breach of law is more likely than not, and the matter is in the public interest. Accordingly, the Group may be exposed to greater risk of enforcement action by its primary regulators ASIC and APRA, which may result in the imposition of civil or criminal penalties on the Group. The issuing of any such enforcement action, and any subsequent imposition of penalties, may negatively impact on the Group's reputation and financial performance and position.

RISKS ASSOCIATED WITH THE PLACEMENT AND SPP

1. General risks associated with investments in equity securities

There are general risks associated with investments in equity securities. No assurances can be given that the New Shares will trade at or above the price at which they are issued. None of NAB, its directors or any other person guarantees the market performance of the New Shares or of NAB.

The trading price of shares in NAB may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the price at which they are issued.

Generally applicable factors which may affect the market price of NAB shares (and over which NAB and its directors have limited or no control) include:

- the impact of COVID-19 (or other pandemics or epidemics), and the measures taken to control their spread. The risks and uncertainties associated with the COVID-19 pandemic, and its impact on the Australian and global economies is set out in further detail above at "*Risks associated with NAB's business*";
- general movements in Australian and international stock markets;
- investor sentiment, and the risk of contagion;
- Australian and international economic conditions and outlook;
- changes in interest rates and the rate of inflation;
- changes in exchange rates, commodity prices, employment levels and consumer demand;
- changes in government legislation, regulation and policies, including fiscal, regulatory and monetary policies and tax laws;
- announcement of new technologies and displacement of existing technologies;

- geo-political instability, including international hostilities and acts of terrorism;
- demand for and supply of NAB shares;
- announcements and results of competitors; and
- analysts' reports.

It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.

There have been in recent months, and may be in the future, significant fluctuations and volatility in the prices of equity securities. In particular, the COVID-19 pandemic, and the continuing uncertainty as to its future impact on the Australian and global economies, has contributed to significant market falls and volatility, which may materially adversely impact the market price of the New Shares.

2. The Placement may not be fully underwritten and may not complete

NAB has entered into an underwriting agreement with the Underwriters under which the Underwriters have agreed to fully underwrite the Placement, subject to the terms and conditions of that agreement (the "Underwriting Agreement").

The Underwriting Agreement contains representations, warranties, undertakings and indemnities in favour of the Underwriters.

An Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events before 5.00pm on the settlement date (expected to be 30 April 2020). Those events include (but are not limited to) where:

- NAB ceases to be admitted to the official list of the ASX, or its ordinary shares are suspended from trading or quotation;
- NAB withdraws all or any of the Placement;
- ASIC holds or commences a hearing or investigation in relation to NAB, the Placement or NAB's ASX announcements in relation to the Placement;
- ASX fails to grant or withdraws its unconditional approval for quotation of the Placement Shares;
- any event specified in the Placement timetable is delayed for one or more business days without the Underwriters' consent;
- NAB's ASX announcements relating to the Placement, the SPP or its Half Year 2020 financial reporting, are misleading or deceptive or otherwise fail to comply with the Corporations Act or any other applicable law;
- at any time between 10.00am on 27 April 2020 and 10.00am on 28 April 2020, the level of either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls by at least 10% and by 5.00pm on 28 April 2020, suitable amendments to the Placement are unable to be agreed between NAB and the Underwriters;

- there is a material adverse change in the condition (financial or otherwise) or prospects of the NAB group from that existing at the date of the Underwriting Agreement;
- NAB breaches the Underwriting Agreement;
- there is a change in NAB's directors, executive management team, share capital or constitution, without the Underwriters' consent (other than a change already disclosed to the ASX);
- at any time between the opening of the Bookbuild and 10.00am on 28 April 2020, there is an adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States of America, Hong Kong or Singapore, from those existing as at the date of the Underwriting Agreement;
- NAB contravenes the Corporations Act, its constitution, the ASX Listing Rules or other applicable law;
- any director or member of NAB's executive team is charged with certain offences; or
- a NAB Group entity (other than an immaterial/dormant entity) is or is likely to become insolvent.

The ability of an Underwriter to terminate the Underwriting Agreement as a result of some events will depend on whether the event has, or is likely to have, a material adverse effect on the ability of the Underwriters to market the Placement, settlement of the Placement or the market price of NAB shares, or the event could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriters under any law or regulation.

The termination of the Underwriting Agreement would have an adverse impact on the amount of funds raised under the Placement and, if it were to occur, NAB may need to take other steps to raise capital.

3. Allocation of SPP Shares

If NAB receives applications that exceed the amount it proposes to raise under the SPP, NAB may decide to scale back applications or raise a higher amount, in its absolute discretion. If a scale back is applied, this means that an Eligible Shareholder may be allocated fewer SPP Shares than they apply for under the SPP.

Whether a scale back is applied, and the extent to which and how it is applied, is in NAB's absolute discretion. NAB intends to conduct any scale back having regard to Eligible Shareholders' pro rata shareholding as at the record date for the SPP (7.00pm on Friday 24 April 2020) who apply for SPP shares. However, NAB is not required to conduct a scale back in this way and NAB may scale back allocations to any extent, and in any manner, in its absolute discretion.

4. Allocation of Placement Shares

It is intended that eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of Placement Shares will be allocated their full bid on a best endeavours basis. For this purpose, an eligible institutional shareholder's 'pro rata' share of Placement Shares will be estimated by reference to NAB's beneficial register on 16 April 2020, but without undertaking any reconciliation processes and ignoring any shares that may be issued under the SPP. Unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share of the Placement Shares.

RISK FACTORS

Nothing in this presentation gives a shareholder a right or entitlement to participate in the Placement, and NAB has no obligation to reconcile assumed holdings (e.g., for recent trading or swap positions) when determining a shareholder's pro rata share of Placement Shares. An eligible institutional shareholder may not receive an allocation under the Placement which is truly reflective of their pro rata share, or may receive no allocation.

Institutional investors who do not reside in an eligible jurisdiction will not be able to participate in the Placement. NAB and the Underwriters disclaim any liability (including for negligence) in respect of any determination of a shareholder's pro rata share of Placement Shares.

5. Liquidity risk

There can be no guarantee of an active market in NAB shares or that the price of NAB shares will increase. There may be relatively few potential buyers or sellers of NAB shares on the ASX at any time. This may increase the volatility of the market price of NAB shares. It may also affect the prevailing market price at which shareholders are able to sell their shares in NAB.

6. Dilution risk

Existing shareholders who do not participate in the Placement or the SPP will have their percentage shareholding in NAB diluted. Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement or the SPP depending on the number of New Shares allocated to them.

7. Dividends and distributions

Dividends are discretionary and do not accrue. The rate of dividends may fluctuate or NAB may not pay dividends at all. There is also a risk that dividends may not be franked in line with historical levels or at all. None of NAB, NAB's directors or any other person guarantees any particular rate of return on ordinary shares including the New Shares.

Payment of dividends in respect of NAB shares, including New Shares, will depend on a range of factors including NAB's financial position and performance, regulatory and prudential capital requirements (including the recent guidance provided by APRA), and general business and other factors that are considered relevant by NAB's directors.

The New Shares will not be eligible to participate in NAB's 1H20 interim dividend.

8. Shareholders are subordinated and unsecured investors

In a winding up of NAB, ordinary shareholders' claims will rank after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated and hybrid instruments ("senior creditors"). Shareholders' claims will rank equally with claims of holders of all other ordinary shares. If NAB were to be wound up and, after the claims of preferred creditors are satisfied, there are insufficient assets remaining, a shareholder may lose some or all of the money they invested in ordinary shares, including any New Shares.

National Australia Bank

9 Future share or debt securities

NAB may at its absolute discretion issue additional securities in the future that may rank ahead of or equally with ordinary shares, whether or not secured. Additionally, certain convertible securities currently on issue or which may be issued by NAB and members of the NAB Group in the future may be converted from debt to equity securities. Any issue or conversion of other securities may dilute the relative value of existing ordinary shares (including New Shares) and affect your ability to recover any value in a winding up.

An investment in ordinary shares confers no right to restrict NAB from raising more debt or issuing other securities (subject to restrictions imposed under the ASX Listing Rules), to require NAB to refrain from certain business changes, or to require NAB to operate within certain ratio limits. An investment in ordinary shares carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the NAB Group, other than future pro rata issues if the shareholder is eligible to participate in the pro rata issue under relevant laws. No prediction can be made as to the effect, if any, such future issues of debt or other issues of securities by an entity in the NAB Group may have on the market price or liquidity of ordinary shares.

10 Taxation risk

Any change to the current rate of company income tax in jurisdictions where NAB operates may impact on shareholder returns. Any changes to the current rates of income tax applying to shareholders, whether they are individuals, trusts or companies may similarly impact on shareholder returns. You should seek independent taxation advice in relation to your individual tax position.

11 Powers of a Banking Act statutory manager

In certain circumstances APRA may appoint a statutory manager (a “Banking Act statutory manager”) to take control of the business of an authorised deposit-taking institution (“ADI”), such as NAB. Those circumstances are set out in the Banking Act 1959 (Cth) (“Banking Act”) and include (but are not limited to):

- where the ADI becomes unable to meet its obligations or suspends payment;
- where the ADI informs APRA that it is likely to become unable to meet its obligations, or is about to suspend payment;
- where APRA considers that, in the absence of external support:
  - the ADI may become unable to meet its obligations;
  - the ADI may suspend payment;
  - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the interests of its depositors;
  - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the stability of the financial system in Australia; or
- where, in certain circumstances, the ADI is in default of compliance with a direction by APRA to comply with the Banking Act or regulations made under it and the Federal Court authorises APRA to assume control of, and to carry on, the ADI’s business.

RISK FACTORS

The powers of a Banking Act statutory manager include the power to alter an ADI's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the ADI and to vary or cancel rights or restrictions attached to shares in a class of shares in the ADI. A Banking Act statutory manager is authorised to do so despite the Corporations Act, the ADI's constitution, any contract or arrangement to which the ADI is party or the ASX Listing Rules. The Banking Act statutory manager may also dispose of the whole or part of an ADI's business. In the event that a Banking Act statutory manager is appointed to NAB in the future, these broad powers of a Banking Act statutory manager may be exercised in a way which adversely affects the rights attaching to NAB shares and the position of NAB shareholders.

APRA may, in certain circumstances, require NAB to transfer all or part of its business to another entity under the Financial Sector (Transfer and Restructure) Act 1999 (Cth) ("FSTR Act").

A transfer under the FSTR Act overrides anything in any contract or agreement to which NAB is party and thus may have an adverse effect on NAB shareholders.

In addition, investors should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Banking Act) may not be publicly disclosed.

12 FATCA withholding and reporting

It is possible that, to comply with the Foreign Account Tax Compliance Act ("FATCA"), NAB (or if NAB shares are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the US Internal Revenue Service ("IRS") or under applicable law) to request certain information from NAB shareholders or beneficial holders of NAB shares, which information may be provided to the IRS, and to withhold US tax on some portion of payments made after the implementation date of the relevant U.S. regulations with respect to NAB shares if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If NAB or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of NAB shares, NAB shareholders and beneficial owners of NAB shares will not be entitled to receive any gross up or additional amounts to compensate them for such withholding. This description is based on guidance issued to date by the IRS, including issued regulations. Future guidance may affect the application of FATCA to NAB shares.

APPENDIX – INTERNATIONAL OFFER RESTRICTIONS

INTERNATIONAL OFFER RESTRICTIONS

This presentation does not constitute an offer of Placement Shares in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the Placement Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda

No offer or invitation to subscribe for Placement Shares may be made to the public in Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for Placement Shares.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Placement Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Placement Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Placement Shares or the offering of Placement Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Placement Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Placement Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Placement Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Placement Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

INTERNATIONAL OFFER RESTRICTIONS

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Placement Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the Placement Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the Placement Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the Placement Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Placement Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Placement Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Placement Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

National Australia Bank

INTERNATIONAL OFFER RESTRICTIONS

Cayman Islands

No offer or invitation to subscribe for Placement Shares may be made to the public in the Cayman Islands or from within the Cayman Islands.

China

This document has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the Placement Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for Placement Shares be made from, within the PRC. This document does not constitute an offer of Placement Shares within the PRC.

The Placement Shares may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Placement Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Placement Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Placement Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Placement Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Placement Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Placement Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

INTERNATIONAL OFFER RESTRICTIONS

Japan

The Placement Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Placement Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Placement Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Placement Shares is conditional upon the execution of an agreement to that effect.

Korea

The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the Placement Shares under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The Placement Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (“FSCMA”) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the Placement Shares may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA)**.**

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Placement Shares. The Placement Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

New Zealand

By accepting this document, each person who is in New Zealand is deemed to represent that it (or the legal entity that such person represents) is: (a) a person to whom this document may be lawfully distributed; and (b) a "wholesale investor" as that term is defined in clause 3(2) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand ("FMCA"), being a person who: (i) is an “investment business”; (ii) meets the "investment activity criteria"; (iii) is “large”; or (iv) is a “government agency”, in each case as defined in Schedule 1 of the FMCA. No product disclosure statement or offer register for the purposes of the FMCA has been prepared, and none is required, for this offer.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Placement Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

INTERNATIONAL OFFER RESTRICTIONS

Singapore

This document and any other materials relating to the Placement Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Placement Shares, may not be issued, circulated or distributed, nor may the Placement Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Placement Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Placement Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Placement Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Placement Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Placement Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Placement Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the Placement Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of Placement Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

INTERNATIONAL OFFER RESTRICTIONS

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the Placement Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the Placement Shares have been approved by the Securities and Commodities Authority (“SCA”) or any other authority in the UAE.

This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the Placement Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for Placement Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Placement Shares.

The Placement Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Placement Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

INTERNATIONAL OFFER RESTRICTIONS

United States

The securities referred to in this Presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States unless such securities have been registered under the U.S. Securities Act (which NAB has no obligation to do) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdictions of the United States.

The Placement Shares may be offered and sold only (a) in the United States (1) to persons that are “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act or (2) to dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not “U.S. persons” (a defined in Rule 902(k) of the Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S, and (b) outside the United States in “offshore transactions” (as defined in Rule 902(h) under Regulation S under the U.S. Securities Act) in reliance on Regulation S.

The SPP Shares may only be offered and sold outside the United States to persons who are not acting for the account or benefit of persons in the United States in “offshore transactions” (as defined in Rule 902(h) of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.