

**ASX ANNOUNCEMENT***Wednesday, 1 October 2014***S&P ANNOUNCE CHANGES TO BANK HYBRID CAPITAL INSTRUMENT RATINGS**

Standard and Poor's Rating Services (S&P) has revised its credit ratings assessment criteria for hybrid instruments issued by banks across the Asia-Pacific region (ex-Japan), including National Australia Bank (NAB). This methodology change has led to a one notch downgrade of NAB's Tier 1 hybrid instruments. Hybrid capital instruments issued prior to 1 January 2013 (Basel II instruments) are now rated BBB (previously BBB+) and hybrid capital instruments issued after 1 January 2013 (Basel III instruments) are now rated BBB- (previously BBB).

The ratings changes are in the context of S&P's revised bank hybrid capital criteria and do not relate to any change to NAB's fundamental credit quality.

NAB's Issuer Credit Rating remains AA- with a stable outlook. NAB's senior unsecured ratings and subordinated debt ratings are unchanged.

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