

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

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

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

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

Name of entity

National Australia Bank Limited

ABN

12 004 044 937

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | NAB Capital Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 7,500,000 NAB Capital Notes, but may be more or less |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>See Sections 1 and 2 of the prospectus relating to the offer of NAB Capital Notes dated 17 February 2015 and lodged with ASIC and ASX on that date ("Prospectus"). Capitalised terms used in this Appendix 3B have the meaning given to them in the Prospectus.</p> <p>NAB Capital Notes are fully paid mandatorily convertible subordinated debt securities issued by NAB. NAB Capital Notes will mandatorily Convert into Ordinary Shares on the Mandatory Conversion Date (subject to certain conditions being satisfied). NAB must also convert NAB Capital Notes into Ordinary Shares if another entity acquires NAB, subject to certain conditions.</p> |

+ See chapter 19 for defined terms.

The scheduled Mandatory Conversion Date is 23 March 2022 provided that all of the Mandatory Conversion Conditions are satisfied.

If any of the Mandatory Conversion Conditions are not satisfied on 23 March 2022, NAB Capital Notes will remain on issue and Conversion is deferred until the next Distribution Payment Date on which all of the Mandatory Conversion Conditions are satisfied.

With the prior written approval of APRA, NAB also has the option to Convert, Redeem or Resell all or some NAB Capital Notes on 23 March 2020, or following the occurrence of a Tax Event or Regulatory Event. With the prior written approval of APRA, NAB also has the option to Convert NAB Capital Notes following a Potential Acquisition Event.

Upon a Mandatory Conversion or Optional Conversion, Holders will receive approximately \$101 worth of Ordinary Shares per NAB Capital Note (usually based on the VWAP during the 20 Business Days before the Conversion Date).

If an Acquisition Event occurs, NAB must convert all NAB Capital Notes into a number of Ordinary Shares with a value of approximately \$101 (based on the VWAP during a period, usually 20 Business Days before the Acquisition Conversion Date).

If a Loss Absorption Event occurs, NAB will be required to immediately Convert NAB Capital Notes (or, if applicable, a proportion of NAB Capital Notes) into Ordinary Shares (or, where that is not possible, to Write Off NAB Capital Notes).

A Loss Absorption Event may occur where NAB encounters severe financial difficulty. In the event of a Conversion following a Loss Absorption Event, depending on the market price of Ordinary Shares at the relevant time, Holders are likely to receive Ordinary Shares that are worth significantly less than \$101 for each NAB Capital Note they hold.

Distributions on NAB Capital Notes are non-cumulative, based on a floating rate and are expected to be fully franked. Distributions are scheduled to be paid quarterly in arrears in cash, but are only payable subject to the discretion of the Directors, which means they may not be paid. Distributions are also only payable if a Payment Condition does not exist on the Distribution Payment Date.

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

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, with respect to the payment of Distributions and in a winding up - see clauses 16.1 and 16.2 of the Terms in Appendix A of the Prospectus.</p> <p>Ranking in relation to Distributions</p> <p>In respect of the payment of Distributions, NAB Capital Notes rank in priority to Ordinary Shares, equally and without any preference amongst themselves and all Equal Ranking Instruments, and junior to the claims of all Senior Creditors.</p> <p>Ranking in a winding up</p> <p>In a winding up of NAB, NAB Capital Notes rank in priority to Ordinary Shares, equally among themselves and with the claims of all Equal Ranking Instruments, but behind the claims of all Senior Creditors of NAB (which includes depositors).</p>
5	Issue price or consideration	\$100 per NAB Capital Note
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>The issue of NAB Capital Notes forms part of NAB's capital management strategy, with the NAB Capital Notes proceeds being used for general corporate purposes.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A

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6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	23 March 2015

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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	2,419,367,027	Ordinary shares, fully paid
	20,000,000	National Income Securities (NABHA) (stapled debt/preference shares)
	11,725,140	NAB Subordinated Notes
	15,143,274	NAB Convertible Preference Shares (NABPA)
	17,171,930	NAB Convertible Preference Shares II (NABPB)
		USD2,500,000,000 2.00% Fixed Rate Covered Bonds due 2017 – Series 5 (NABHE)
	7,500,000	USD 1,250,000,000 2.125% Fixed Rate Cover Bonds due September 2019 – Series 23 (NABHF) NAB Capital Notes

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	66,508	Ordinary shares, partly paid and not quoted
	4,434,818	Un-exercised Performance Rights
	6,000	Denominations of US\$100,000 of Capital Notes

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Distributions on NAB Capital Notes are non-cumulative, based on a floating rate and are expected to be fully franked. Distributions are scheduled to be paid quarterly in arrears in cash, but are only payable subject to the discretion of the Directors, which means they may not be paid. Distributions are also only payable if a Payment Condition does not exist on a Distribution Payment Date.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

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

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

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

+ See chapter 19 for defined terms.

Quotation agreement

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

2 We warrant the following to ASX.

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

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

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

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

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



Sign here:

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Company Secretary

Date: 17/02/2015

Print name: Louise Thomson

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+ See chapter 19 for defined terms.