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Participating Organisation of the
Australian Stock Exchange

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National Australia Bank Limited Instalments – Loan Amount Adjustments in respect of National Australia Bank Limited Demerger (UPDATE)

UBS AG Australia Branch ("UBS") is the issuer of the below series of instalment warrants and UBS Investment Builders (collectively known as "NAB Instalments" in this announcement) over fully paid ordinary shares of National Australia Bank Limited ("NAB"). Each NAB Instalment has been offered under the corresponding Product Disclosure Statements ("PDS") listed in the table below.

| Series | Date of PDS or Master PDS | Date of SPDS or Term Sheet |
|---------------|----------------------------------|-----------------------------------|
| NABISA | 16/02/2011 | 15/06/2015 |
| NABISB | 16/02/2011 | 29/10/2015 |
| NABISI | 17/10/2014 | 17/10/2014 |
| NABISN | 19/05/2011 | 7/10/2011 |
| NABISQ | 19/05/2011 | 4/06/2014 |
| NABSSA | 25/09/2014 | 17/10/2014 |
| NABSSL | 16/10/2015 | 16/10/2015 |
| NABSSM | 23/05/2011 | 5/06/2015 |
| NABSSN | 23/05/2011 | 4/06/2015 |
| NABSSO | 23/05/2011 | 29/05/2015 |
| NABSSP | 23/05/2011 | 29/04/2015 |
| NABSSQ | 23/05/2011 | 13/03/2015 |
| NABSSS | 2/02/2009 | 9/11/2009 |
| NABSST | 2/02/2009 | 16/05/2011 |
| NABSSW | 25/09/2014 | 11/06/2015 |

Further to an announcement from NAB dated 2 February 2016, that confirmed the CYBG PLC ("CYBG") CHESS Depository Interests (CDIs) would be delayed by one day and would now commence trading on ASX on 4 February 2016, the previous UBS announcement dated 2 February 2016 (related to the proposed adjustment methodology for adjusting NAB Instalments in response to the demerger of CYBG PLC ("CYBG") from NAB ("NAB Demerger")) is updated in response to this change.

The following outlines the revised details of the adjustment methodology following the change to the timetable announced by NAB.

Key details of the NAB Demerger

The key details of the NAB Demerger are as follows:

- in-specie distribution of one CYBG CDI for every 4 existing NAB ordinary shares;
- NAB ordinary shares will commence trading on an ex-demerger basis on 3 February 2016;
- CYBG will commence trading on a deferred settlement basis on 4 February 2016 (*was previously 3 February 2016*)

Adjustment to NAB Instalments

Pursuant to clause 20 of the Instalment Deed, with the consent of ASX, and subject to satisfaction of the conditions for the proposed demerger, UBS intends to adjust the terms of the NAB Instalments as follows:

- (a) New CYBG CDIs issued pursuant to the NAB Demerger will not form part of the Underlying Parcel for the NAB Instalments, and will be dealt with by UBS in its absolute discretion; and
- (b) The Loan Amount for the NAB Instalments will be reduced by an amount which reflects the value of the new CYBG CDIs on the first day of deferred settlement trading and an Interest Refund based on the reduction of the Loan Amount for the period until the earlier of the Maturity Date or the next Annual Interest Date (as applicable); and
- (c) The Capped Level (where applicable) will be adjusted accordingly.

The Underlying Parcel for the NAB Instalments will not change: it will continue to be one NAB ordinary share.

UBS expects the 'value' per NAB ordinary share to be calculated by reference to the Volume Weighted Average Price (VWAP) of CYBG CDIs on Thursday 4 February 2016, being the day CYBG CDIs commence trading on ASX.

$$\text{Value} = 1/4 \times (\text{VWAP of new CYBG CDIs})$$

All amounts are expressed in Australian dollars.

Timing of Adjustment, Suspension and Announcement

Trading in NAB Instalments will be suspended from commencement of trading on 3 February 2016 but will recommence on Friday 5 February 2016 with the new Loan Amounts. To effect the NAB Instalments adjustment, an announcement will be made by UBS after market close on the first day CYBG CDIs commence trading on ASX (being Thursday 4 February 2016) detailing the value of the reduction of the Loan Amounts and Capped Levels (if any).

Alternative adjustments

UBS reserves the right to implement adjustments to the NAB Instalments on a basis other than those described above. If UBS decides to make other adjustments it will make an announcement to the ASX.

Unless otherwise stated, all terms used in this letter have the same meaning as in the PDS.

UBS AG, Australia Branch

If you have any questions regarding the NAB Demerger, please contact your financial adviser or NAB. If you have any questions regarding this announcement please contact your financial adviser or call the UBS Warrant Sales Desk on 1800 633 100.

Yours sincerely,

UBS AG, Australia Branch



UBS AG, Australia Branch

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