

**ASX ANNOUNCEMENT***Thursday, 22 March 2012***NAB acts to remove economic risk on remaining SCDOs**

National Australia Bank has taken action to remove the economic risk of the remaining two Synthetic Collateralised Debt Obligations (SCDOs) held as part of the Specialised Group Assets portfolio and with a face value of \$600 million. Accordingly, there has been a reduction in risk weighted assets of \$1.5 billion and mark-to-market gains and losses associated with the SCDO portfolio will cease as of today.

As foreshadowed in the September 2011 Full Year Results, NAB will expense the unamortised hedge costs, totalling \$141 million (\$99 million after tax), through non-cash earnings. Furthermore, the \$160 million provision associated with these assets has been used to absorb the residual costs, also as foreshadowed in the Full Year Results.

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