

NAB SUBORDINATED NOTES 2



INVESTOR PRESENTATION
February 2017



IMPORTANT NOTICE

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 (“NAB”) in relation to its proposed offer of NAB Subordinated Notes 2. A Prospectus in respect of the NAB Subordinated Notes 2 was lodged with ASIC on 8 February 2017. The Prospectus does not contain the Margin or the Application Form.

A Prospectus containing the Margin and an Application Form will be lodged with ASIC once the Margin is determined (expected to be on or about 16 February 2017) and will be available within Australia. The initial Prospectus can be obtained electronically from www.nab.com.au/nsn2offer.

This document is not a prospectus or other disclosure document under Australian law and does not constitute an invitation to subscribe for or buy any securities or an offer for the subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. The information provided in this document is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Prospectus in full before deciding to invest in NAB Subordinated Notes 2 and consider the risks that could affect the performance of NAB Subordinated Notes 2. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in NAB Subordinated Notes 2.

So far as laws and regulatory requirements permit, NAB, its related companies, associated entities and any officer, employee, agent, adviser or contractor thereof (the “NAB Group”) does not warrant or represent that the information, recommendations, opinions or conclusions contained in this document (“Information”) are accurate, reliable, complete or current. The Information is indicative and prepared for information purposes only and does not purport to contain all matters relevant to NAB Subordinated Notes 2.

The Information is not intended to be relied upon and in all cases anyone proposing to use the Information should independently verify and check its accuracy, completeness, reliability and suitability and obtain appropriate professional advice. The Information is not intended to create any legal or fiduciary relationship and nothing contained in this document will be considered an invitation to engage in business, a recommendation, guidance, an invitation, an inducement, a proposal, advice or a solicitation to provide investment, financial or banking services or an invitation to engage in business or invest, buy, sell or deal in any securities or other financial instruments.

The Information is subject to change without notice, but the NAB Group will not be under any duty to update or correct it. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. Diagrams used in this document are illustrative only and may not necessarily be shown to scale. Unless otherwise defined, capitalised terms in this document have the meaning given to them in the Prospectus.

NAB Subordinated Notes 2 are not deposit liabilities of NAB, are not Protected Accounts or any other accounts with NAB and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction, by any member of the NAB Group or by any other party. An investment in NAB Subordinated Notes 2 is riskier than a bank deposit. NAB Subordinated Notes 2 are complex and may not be suitable for all investors.

Investment products such as NAB Subordinated Notes 2 are subject to risks which could affect their performance, including Interest Rate risk and market price fluctuation. NAB does not warrant or guarantee the future performance of NAB or the investment performance of NAB Subordinated Notes 2 (including market price). Information about key risks of investing in NAB Subordinated Notes 2 is detailed in sections 1.2 and 7 of the Prospectus.

The distribution of this presentation or the Prospectus in jurisdictions outside Australia may be restricted by law. Any person who comes into possession of this presentation or the Prospectus should seek advice on, and observe, these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any other formalities need to be considered and followed. NAB Subordinated Notes 2 have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (“Securities Act”), or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of, any “U.S. Person” (as defined in Regulation S of the Securities Act) unless the NAB Subordinated Notes 2 are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. None of this presentation, the Prospectus, or any Application Form or other materials relating to the offer of NAB Subordinated Notes 2 may be distributed in the United States.

Subject to any terms implied by law and which cannot be excluded, the NAB Group shall not be liable for any errors, omissions, defects or misrepresentations in the Information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the Information. If any law prohibits the exclusion of such liability, the NAB Group limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

NAB SUBORDINATED NOTES 2 *Highlights*

Offer Highlights

- A new investment in National Australia Bank Limited (“NAB”), including a priority Reinvestment Offer for Eligible NAB Subordinated Notes (“NSN”) holders
- NAB’s first Basel III compliant retail Tier 2 instrument
- Non-discretionary, cumulative, quarterly, floating rate interest payments unless NAB is not, or will not be, Solvent¹
- Fixed Maturity 11.5 years
- Optional Redemption 6.5 years
- Conversion into Ordinary Shares must occur following a Non-Viability Trigger Event². If Conversion is required and does not occur within 5 Business Days, the instrument will be Written-Off
- In a Winding Up³, NAB Subordinated Notes 2 will rank ahead of Ordinary Shares, ahead of Additional Tier 1 Capital instruments, equal with other term subordinated debt issued after 1 January 2013, behind term subordinated debt issued before 1 January 2013, behind senior debt and behind depositors
- Expected to be quoted on ASX under code NABPE

NAB Highlights

- Top 20 ASX-listed financial services company
- Market capitalisation of c.\$82 billion⁴ and \$778 billion⁵ in group assets
- Serving nearly 10 million customers in Australia and New Zealand, with branches in Asia, the UK and the US
- Approximately 35,000 employees based in over 1,000 locations

OUR VISION

*to be the most
respected bank in
Australia and New
Zealand*

(1) If a Non-Viability Trigger Event occurs, all obligations to pay interest and principal on the NAB Subordinated Notes 2 will cease.

(2) The details of a Non-Viability Trigger Event are set out in Section 2.4 of the Prospectus and the Terms

(3) If NAB Subordinated Notes 2 are Converted, holders will receive Ordinary Shares that rank equally with other Ordinary Shares in a Winding Up of NAB

(4) As at 6 February 2017

(5) As at 30 September 2016

NAB SUBORDINATED NOTES 2 *Overview*

Issuer	<ul style="list-style-type: none"> NAB
Size and Use of Proceeds	<ul style="list-style-type: none"> A\$750 million, with the ability to raise more or less The proceeds will be used to refinance NSN (NABHB.ASX) and for general corporate purposes The Offer includes a Reinvestment Offer to Eligible NSN Holders
Type of Security	<ul style="list-style-type: none"> Direct, unsecured, subordinated debt obligations of NAB Non discretionary, cumulative interest payments unless NAB is not, or will not be, Solvent Subordinated to claims of all depositors and to other creditors of NAB, other than claims of holders of equal ranking and junior ranking capital securities Subject to Conversion into Ordinary Shares or Write-Off upon occurrence of a Non-Viability Trigger Event¹ Are not deposit liabilities of NAB and are not Protected Accounts for the purposes of the Banking Act
Issue Price	<ul style="list-style-type: none"> \$100 per NAB Subordinated Note 2
First Optional Redemption Date²	<ul style="list-style-type: none"> 6.5 years (20 September 2023)
Maturity Date²	<ul style="list-style-type: none"> 11.5 years (20 September 2028)
Early Redemption³	<ul style="list-style-type: none"> NAB may redeem the NAB Subordinated Notes 2 before the Maturity Date, subject to prior APRA approval³: <ul style="list-style-type: none"> On the Optional Redemption Date or any following Interest Payment Date For certain tax or regulatory reasons Holders have no right to request early redemption
Interest Payments	<ul style="list-style-type: none"> Interest paid quarterly in arrears, wholly in cash (no franking) Interest rate = Bank Bill Rate + Margin Bank Bill Rate is the three month BBSW rate on the first Business Day of the relevant Interest Period Margin to be determined under the Bookbuild – expected to be 2.20% – 2.30%
Regulatory Treatment	<ul style="list-style-type: none"> APRA has confirmed that the NAB Subordinated Notes 2 will qualify as Tier 2 Capital
Joint Lead Managers	<ul style="list-style-type: none"> NAB, Commonwealth Bank of Australia, Morgans and Westpac Institutional Bank
Quotation	<ul style="list-style-type: none"> Expected to be quoted on ASX under code NABPE

(1) The details of a Non-Viability Trigger Event are set out in Section 2.4 of the Prospectus and the Terms

(2) This date assumes the Issue Date will be 20 March 2017


(3) Early Redemption is subject to conditions, including APRA approval. Holders should not expect that APRA's approval, if requested, will be provided for an early redemption

NAB SUBORDINATED NOTES 2 *Key Differences to NSN*

	NAB Subordinated Notes (NSN)	NAB Subordinated Notes 2
Issue Date	18 June 2012	20 March 2017
Maturity	10 years	11.5 years (20 September 2028)
First Optional Redemption Date	5 years	6.5 years (20 September 2023)
Interest Rate	BBSW + 2.75%	Determined in the Bookbuild – range of BBSW + 2.20% - 2.30% expected
Non-Viability Trigger Event ¹	None	Converts into NAB Ordinary Shares if APRA considers NAB to be non-viable without the Conversion If Conversion is not effected within 5 Business Days ² , NAB Subordinated Notes 2 will be Written-Off
Ranking in a Winding Up of NAB ³	Senior to NAB Subordinated Notes 2	Junior to NAB Subordinated Notes and other term subordinated instruments issued before 2013
Quotation	ASX code: NABHB	Expected ASX code: NABPE

- (1) The details of a Non-Viability Trigger Event, Conversion calculations and consequences of Write-Off are set out in Section 2.4 of the Prospectus and the Terms
 (2) For example, if NAB is unable to issue the Ordinary Shares due to applicable laws, order of a court or action of any government authority, among other reasons
 (3) If NAB Subordinated Notes 2 are Converted, holders will receive Ordinary Shares that rank equally with other Ordinary Shares in a Winding Up of NAB

NAB SUBORDINATED NOTES 2 *Ranking Upon Winding Up*

		Instruments	Examples of existing NAB obligations and securities ¹
Higher Ranking			
	Senior obligations	Liabilities preferred by law and secured debt	<ul style="list-style-type: none"> ▪ Savings accounts and term deposits ▪ Secured liabilities and covered bonds
		Unsubordinated unsecured debt	<ul style="list-style-type: none"> ▪ Bonds and notes, e.g. senior unsecured notes ▪ Trade and general creditors
		Term subordinated unsecured debt issued before 1 January 2013	<ul style="list-style-type: none"> ▪ NAB Subordinated Notes ▪ Other pre-Basel III dated subordinated obligations
	Equal ranking obligations	Term subordinated unsecured debt issued after 1 January 2013 and perpetual subordinated unsecured debt	<ul style="list-style-type: none"> ▪ NAB Subordinated Notes 2² ▪ Undated Subordinated Floating Rate Notes ▪ Other post-Basel III dated subordinated obligations
		Lower ranking obligations	Preference shares and other equally ranked instruments
	Ordinary shares		<ul style="list-style-type: none"> ▪ NAB Ordinary Shares
Lower Ranking			

(1) This is a very simplified capital structure and does not include every type of security or obligation issued by NAB. NAB has the right, at any time, to issue any type of debt, deposits, obligations or securities of any kind at any time. NAB Subordinated Notes 2 do not place any limit on the amount of any such issuance

(2) If a Non-Viability Trigger Event occurs all obligations to pay Interest and principal on the NAB Subordinated Notes 2 will cease. If NAB Subordinated Notes 2 are Converted, holders will receive Ordinary Shares that will rank equally with other Ordinary Shares in a Winding Up of NAB. If a Write-Off occurs, the rights of a Holder to Interest and the return of capital in respect of NAB Subordinated Notes 2 will be terminated

NAB SUBORDINATED NOTES 2 *Offer Summary*

<p>Who can apply?¹</p>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> ▪ the Reinvestment Offer² – a priority offer to Eligible NSN Holders as at 3 February 2017 with an Australian registered address³. Applications can be made directly to NAB or through a Syndicate Broker ▪ the Securityholder Offer – an offer to holders of Ordinary Shares, NSN, NAB Capital Notes, NAB Capital Notes 2, NAB CPS, NAB CPS II and National Income Securities as at 3 February 2017 with an Australian registered address ▪ the Broker Firm Offer – an offer to Australian resident clients of the Syndicate Brokers ▪ the Institutional Offer – an offer to Institutional investors through the Arranger (i.e. NAB)
<p>Minimum Application requirements</p>	<ul style="list-style-type: none"> ▪ 50 Notes (A\$5,000) and multiples of 10 Notes (A\$1,000) thereafter ▪ If you own less than 50 NSN, you must reinvest ALL of your NSN to participate in the Reinvestment Offer
<p>Allocation policy</p>	<ul style="list-style-type: none"> ▪ Applications may be scaled back if there is excess demand ▪ Priority will be given to applications received under the Reinvestment Offer when allocating the NAB Subordinated Notes 2
<p>How to Apply⁴</p>	<ul style="list-style-type: none"> ▪ Online or via the Application Form in the Prospectus if applying to reinvest NSN directly through NAB or for applications under the Securityholder Offer ▪ Through your Syndicate Broker if applying to reinvest NSN or for applications under the Broker Firm Offer ▪ Through the Arranger (i.e. NAB) if applying to participate in the Institutional Offer
<p>Fees and expenses associated with the Offer</p>	<ul style="list-style-type: none"> ▪ NAB has incurred certain fees and expenses associated with the Offer which are described in Section Nine of the Prospectus. These include payments to the Joint Lead Managers and Co-Managers
<p>More Information</p>	<ul style="list-style-type: none"> ▪ If you have any questions about NAB Subordinated Notes 2 or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the NAB Information Line on 1300 367 647 (within Australia) or on +61 3 9415 4299 (International) (Monday to Friday 8.00am – 7.30pm Melbourne time) during the Offer Period, and for a week following

(1) Information about the different Offers and how to apply can be found in Section Four “Applying for NAB Subordinated Notes 2” of the Prospectus

(2) If you are applying under the Reinvestment Offer, you must also read Section Three “About the Reinvestment Offer” of the Prospectus

(3) Who are not in the United States or acting as a nominee for, or for the account or benefit of a US Person or not otherwise prevented from receiving the Reinvestment Offer or the NAB Subordinated Notes 2 under any jurisdiction

(4) Refer to the instructions in Section Four “Applying for NAB Subordinated Notes 2” of the Prospectus. If you are applying under the Reinvestment Offer, you must also read Section Three “About the Reinvestment Offer” of the Prospectus

NAB SUBORDINATED NOTES 2 *Options Available to Eligible NSN Holders¹*

Alternative 1

Reinvest some or all NSN into NAB Subordinated Notes 2

- Participating holders will have their NSN bought back early for \$100 per NSN on 20 March 2017 and their buyback proceeds (i.e. \$100 per NSN) will be applied as an application payment for NAB Subordinated Notes 2
- No separate application payment is required under the Reinvestment Offer
- Applications must be for a minimum of 50 Notes (A\$5,000) and multiples of 10 Notes (A\$1,000) thereafter
- If you own less than 50 NSN, you can still apply to participate in the Reinvestment Offer but you must apply to reinvest ALL your NSN
- Participating holders will receive their first NAB Subordinated Notes 2 interest payment on 20 June 2017 and will receive no further NSN interest after the 20 March 2017 interest payment
- If there is excess demand for NAB Subordinated Notes 2, priority will be given to applications received under the Reinvestment Offer

Alternative 2

Apply for additional NAB Subordinated Notes 2

- Eligible NSN Holders can apply for additional NAB Subordinated Notes 2 through the Securityholder or Broker Firm Offer, subject to minimum Application amount criteria
- Payment must be made by BPAY, money order or cheque – see Section Four of the Prospectus on how to apply
- If there is excess demand for NAB Subordinated Notes 2, priority will be given to Reinvestment Offer applications ahead of applications under the Securityholder Offer or Broker Firm Offer

Alternative 3

Take no action

- The Reinvestment Offer is voluntary and NSN holders are not required to take any action
- NAB has the option to redeem NSN on 19 June 2017 and APRA has provided approval for that redemption. If this occurs, the final NSN interest payment will be paid on 19 June 2017 and the NSN will be fully redeemed in cash on 19 June 2017 at \$100 per NSN

Alternative 4

Sell your NSN on market through your broker

- You may choose to sell your NSN on market through your broker or otherwise at the prevailing market price in the usual course
- The market price of NSN is subject to change from time to time. Up-to-date information about the market price of NSN can be obtained from www.asx.com.au (ASX code “NABHB”)
- If selling through your broker, you should contact your broker before the last trading day for NSN
- Under this option, you may have to pay brokerage and may receive a price greater or less than the face value of \$100 per NSN

(1) The options available to Eligible NSN holders are detailed in Section Three “About the Reinvestment Offer” of the Prospectus

NAB SUBORDINATED NOTES 2 *Comparison to NAB instruments*

Feature	Term deposit	NAB Subordinated Notes 2	National Income Securities	NAB Capital Notes 2	Ordinary Shares
Product	Term deposit	Subordinated Notes	Hybrid security	Hybrid security	Ordinary shares
Capital classification	None	Tier 2 Capital	Additional Tier 1 Capital ¹	Additional Tier 1 Capital	Common Equity Tier 1 Capital
Protection under the Financial Claims Scheme	Yes	No	No	No	No
Term	Often between 1 month and 5 years	11.5 years	Perpetual	Perpetual	Perpetual
Interest/distribution/dividend rate	Fixed	Floating	Floating	Floating	Variable dividends as determined by Directors
Margin above the Bank Bill Rate	Varies from product to product	Expected to be in the range of 2.20% to 2.30%	1.25%	4.95%	N/A
Interest/distribution/dividend payment dates	Often at the end of term or per annum	Quarterly	Quarterly	Quarterly	Twice yearly
Rights if interest/distributions/dividends not fully franked	N/A – interest payments are not franked	N/A – interest payments are not franked	N/A – distributions are not franked ²	Distribution adjusted to reflect applicable franking rate	None
Conditions to payment of interest/distributions/dividends	None, subject to applicable laws and any specific conditions	Subject to the Solvency Condition	Subject to conditions including the availability of distributable profits and other prudential regulatory tests. Distributions are not cumulative	Subject to the discretion of the Directors, and are also only payable if a “Payment Condition” ³ does not exist on the distribution payment date. Distributions are not cumulative	Subject to the discretion of Directors and applicable laws and regulations

(1) The National Income Securities have been classified as Additional Tier 1 Capital under the Basel III Prudential Standards on a transitional basis

(2) No frankable distribution is payable on the National Income Securities unless the preference shares under the security become fully paid, this is not anticipated

(3) Broadly, a “Payment Condition” will exist where NAB is prevented from paying the distribution by prudential regulatory requirements, applicable law or insolvency

NAB SUBORDINATED NOTES 2 *Comparison to NAB instruments (cont.)*

Feature ¹	Term deposit	NAB Subordinated Notes 2	National Income Securities	NAB Capital Notes 2	Ordinary Shares
Dividend restriction if interest not paid	N/A	No	Yes – applies to Ordinary Shares and equally ranking securities until a year’s distribution is paid	Yes – applies to Ordinary Shares only, until the next distribution payment date	N/A
Transferable	No	Yes – expected to be quoted on ASX under the code NABPE	Yes – quoted on the ASX under the code NABHA	Yes – quoted on ASX under the code NABPD	Yes – quoted on ASX under the code NAB
Loss absorption event	No	Yes	No	Yes ²	No
Mandatory Conversion into Ordinary Shares	No	No	No	Yes ³	N/A
NAB’s early Conversion option	No	No	No	Yes with the prior approval of APRA	N/A
NAB’s early redemption option	No	Yes, with the prior written approval of APRA	Yes, with the prior written approval of APRA	Yes, with the prior written approval of APRA	No
Voting rights	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meeting of holders of Ordinary Shares, except in certain limited circumstances	No right to vote at general meetings of holders of Ordinary Shares	Right to vote at general meetings of holders of Ordinary Shares

(1) Refer to Table 2 of the Prospectus and slide 6 of presentation for illustration of ranking on Winding Up

(2) Refer to footnote 8 in Section 2.9 of the Prospectus for more information on the features of NAB Capital Notes 2

(3) Refer to footnote 3 in Section 2.9 of the Prospectus for more information on the features of NAB Capital Notes 2

NAB SUBORDINATED NOTES 2 *Non-Viability Trigger Event¹*

Non-Viability Trigger Event	<ul style="list-style-type: none"> ▪ A Non-Viability Trigger Event may occur where NAB encounters severe financial difficulty. In these circumstances holders may lose a significant amount of their investment in NAB Subordinated Notes 2 ▪ A Non-Viability Trigger Event will occur if APRA notifies NAB that conversion or write-off of capital instruments of NAB, or a public sector injection of capital (or equivalent support), is necessary because, without it, NAB would become non-viable. The instruments required to be converted or written-off may include some or all of NAB Subordinated Notes 2
Conversion following a Non-Viability Trigger Event	<ul style="list-style-type: none"> ▪ Upon a Non-Viability Trigger Event, NAB must be required to Convert some or all of the NAB Subordinated Notes 2 into Ordinary Shares. If Conversion does not occur for any reason, NAB Subordinated Notes 2 will be Written-Off and the rights of Holders will be terminated ▪ If NAB is required to convert only a portion of relevant capital instruments, NAB will first convert or write-off all Relevant Tier 1 Capital Instruments before conversion of Relevant Tier 2 Capital Instruments (including NAB Subordinated Notes 2) ▪ Conversion will be into a variable number of Ordinary Shares, which is broadly calculated by dividing the Face Value (\$100) by the VWAP of Ordinary Shares at the time of Conversion discounted by 1% to reflect the likely costs of sale of Ordinary Shares on ASX, subject to a Maximum Conversion Number.
Maximum Conversion Number	<ul style="list-style-type: none"> ▪ The Maximum Conversion Number limits the number of Ordinary Shares that may be issued on Conversion ▪ The Maximum Conversion Number for a Non-Viability Trigger Event is broadly the Face Value (initially \$100 per NAB Subordinated Note 2) divided by 20% of the Issue Date VWAP ▪ Holders are likely to receive, in the case of a Non-Viability Trigger Event, Ordinary Shares that are worth significantly less than the Face Value of the NAB Subordinated Notes 2 and may suffer a significant loss as a consequence
Write-Off Provision	<ul style="list-style-type: none"> ▪ If for any reason Conversion does not occur and Ordinary Shares are not issued² within 5 Business Days, then the Holders' rights in relation to those NAB Subordinated Notes 2 are terminated, the instrument will lose all of its value and Holders will not receive any compensation or unpaid Interest

(1) The details of a Non-Viability Trigger Event, Conversion calculations and consequences of Write-Off are set out in Section 2.4 of the Prospectus and the Terms

(2) For example, if NAB is unable to issue the Ordinary Shares due to applicable laws, order of a court or action of any government authority, among other reasons

NAB SUBORDINATED NOTES 2 *Key Dates for the Offer*

Important Dates	Date
Record Date for Securityholder Offer	3 February 2017
Announcement of the Offer	8 February 2017
Lodgement of Prospectus with ASIC	8 February 2017
Bookbuild	15 February 2017
Announcement of Margin	15 February 2017
Offer Opens	16 February 2017
Reinvestment and Securityholder Offers Close	10 March 2017
Broker Firm (excluding applications to reinvest NSN) and Institutional Offers Close	17 March 2017
Issue of NAB Subordinated Notes 2	20 March 2017
Commencement of deferred settlement trading	21 March 2017
Completion of despatch of Holding Statements	24 March 2017
Commencement of trading on normal settlement basis	27 March 2017
First Interest Payment Date	20 June 2017
First Optional Redemption Date ¹	20 September 2023
Maturity Date ²	20 September 2028

(1) With APRA's prior written approval, NAB may elect to Redeem NAB Subordinated Notes 2 on 20 September 2023 and on any Interest Payment Date thereafter and on the occurrence of certain other events. Holders should not expect that APRA's approval will be given for any optional Redemption. This date assumes the Issue Date is 20 March 2017

(2) This date assumes the Issue Date is 20 March 2017

NAB SUBORDINATED NOTES 2 *Key Dates for NSN Holders*

Important Dates	Date
Record date for determining Eligible NSN Holders for the Reinvestment Offer (relevant NSN must also be held on the Closing Date for the Reinvestment Offer)	3 February 2017
Opening Date for the Reinvestment Offer	16 February 2017
Closing Date for the Reinvestment Offer	10 March 2017
Closing Date for the Broker Firm Offer (applications to reinvest NSN)	10 March 2017
Issue of NAB Subordinated Notes 2	20 March 2017
Quarterly interest payment of \$1.1306 per NSN (including Reinvested NSN) ¹	20 March 2017
Expected redemption of NSN and quarterly interest payment date for remaining NSN	19 June 2017 ²

(1) This is the accrued NSN interest payment from (and including) 18 December 2016 to (but excluding) the Issue Date

(2) Under the terms of the NSN, an optional redemption date and interest payment date occur on 18 June 2017, unless that day is not a Business Day, in which case the optional redemption date and interest payment date occur on the next Business Day. As 18 June 2017 is not a Business Day, the optional redemption date and interest payment date for remaining NSN is 19 June 2017



ABOUT NAB

NAB SUBORDINATED NOTES 2 INVESTOR PRESENTATION



ABOUT NAB *Our Strategic focus*

VISION

OBJECTIVES

Our customers are advocates

Generating attractive returns

Engaged people

AUSTRALIA AND NEW ZEALAND'S MOST RESPECTED BANK

TARGETS

NPS – #1 vs major bank peers

TSR¹ – #1 vs major bank peers

ROE – #1 for ROE improvement vs major bank peers

Top quartile engagement of Australian and New Zealand companies

EXECUTION

Deliver a great customer experience

Deepen relationships in priority customer segments

Reshape our business to perform

Be known for great leadership, talent and people

FOUNDATION

Strong balance sheet

Risk management

Technology

(1) TSR = Total Shareholder Return as measured against Australian Financial Services firms as listed in our 2016 Annual Financial Report

ABOUT NAB *Financial Results Summary*

Financial Results	Dec 16 Q1 (\$bn)	FY16 ¹ \$m	FY15 ¹ \$m
Cash earnings ²	1.6	6,483	6,222
Net profit attributable to owners of NAB	1.6	352	6,338
Key statistics	Dec 16	FY16	FY15
CET1 ratio (APRA)	9.5%	9.8%	10.2%
LCR (quarterly average)	124%	121% ³	115% ^{3,4}
Group term funding raised	N/R	\$36.4bn	\$26.5bn
Dividend (100% franked CPS)	N/A	198	198

(1) Continuing operations basis

(2) The definition of cash earnings, a discussion of non-cash earnings items and a full reconciliation of cash earnings to statutory net profit attributable to owners of NAB is set out on page 2 of the 2016 Full Year Results Announcement

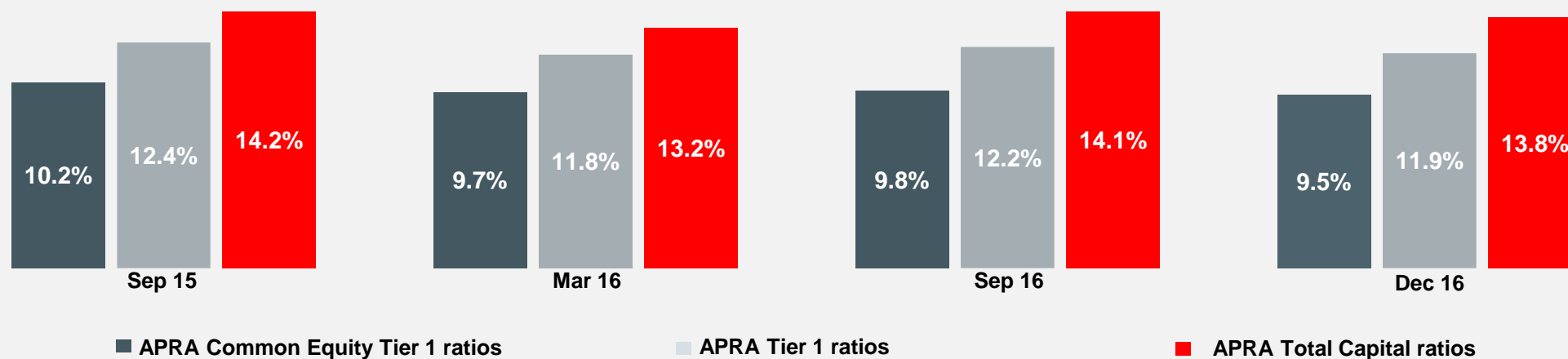
(3) Quarterly average basis for period ending 30 September

(4) Includes CYBG

N/R = Not Reported

ABOUT NAB *Group Capital Levels and Earnings*

GROUP BASEL III CAPITAL RATIOS



EARNINGS AND CAPITAL

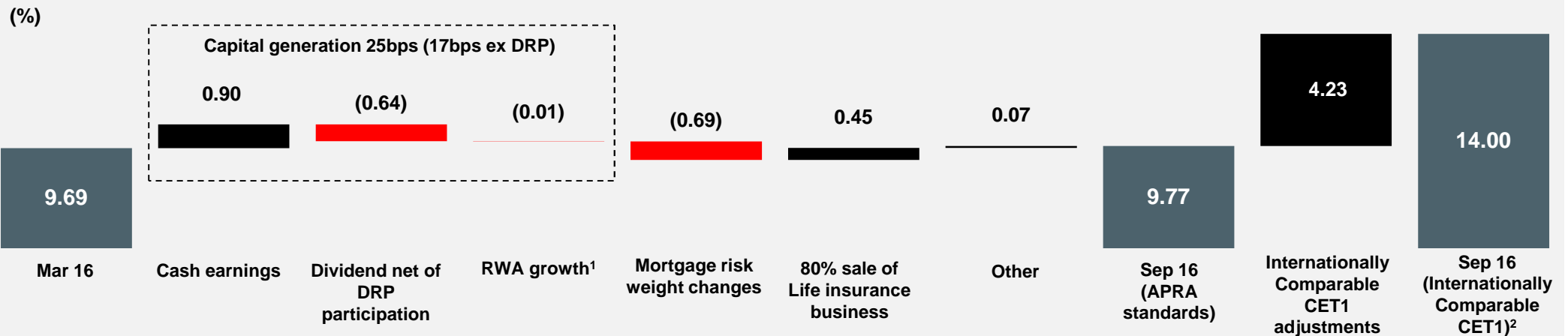
- **Solid cash earnings¹** – \$6.5bn² as at 30 September 2016, \$6.2bn² as at 30 September 2015
- **Common Equity Tier 1 (CET1) Capital** – \$37.0bn as at 31 December 2016, \$37.9bn as at 30 September 2016
Basel III Capital Conservation Buffer restricts distributions, including ordinary share dividends, share buybacks, discretionary bonuses and discretionary payments on Additional Tier 1 instruments when the CET1 Capital Ratio is below the applicable threshold (which is at least 8% in the case of NAB)
- **Additional Tier 1 Capital (AT1)** – \$6.1bn of Basel III eligible AT1 instruments as at 31 December 2016, subject to Conversion or Write-Off if NAB's Level 1 or Level 2 CET1 Capital Ratio is equal to or less than 5.125% (Common Equity Trigger Event) or if a Non-Viability Event occurs

(1) The definition of cash earnings, a discussion of non-cash earnings items and a full reconciliation of cash earnings to statutory net profit attributable to owners of NAB is set out on page 2 of the 2016 Full Year Results Announcement

(2) Continuing operations basis

ABOUT NAB *Strong Capital and Funding Position FY16*

GROUP BASEL III COMMON EQUITY TIER 1 CAPITAL RATIOS



CAPITAL CONSIDERATIONS

- CET1 ratio operating target range of 8.75% – 9.25%
- Leverage ratio is 5.7% on an APRA basis and 6.2% on an Internationally Comparable basis^{2,3}
- Internationally Comparable CET1 ratio up 98bps in 2H16 to 14%, reflecting mainly mortgage risk weight change – ratio comfortably within top quartile of global peers based on recent studies

NET STABLE FUNDING RATIO

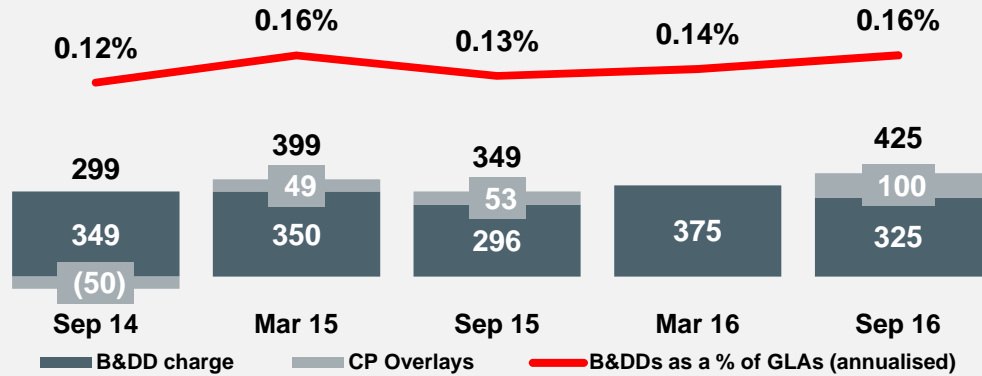
- NAB Group NSFR is >100% as at 30 September 2016 based on draft APRA rules
- Minimum 100% compliance required by 1 January 2018
- Draft rules largely consistent with Basel with adjustment for assets supporting the CLF

(1) RWA growth excludes the impacts of mortgage risk weight changes, sale of 80% of NAB Wealth's life insurance business and reduction in operational risk capital
 (2) Internationally Comparable CET1 ratio at 30 September 2016 aligns with the APRA study entitled "International Capital Comparison Study" released on 13 July 2015
 (3) Leverage ratio calculated using an International Capital Tier 1 capital measure includes transitional relief for non-Basel 3 compliant instruments

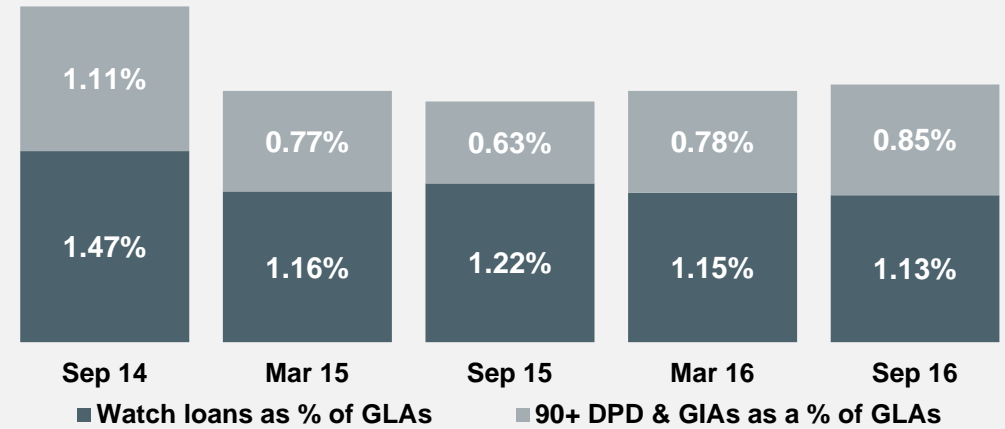
ABOUT NAB *Asset Quality Remains Sound FY16*

B&DDs AND AS A % OF GLAs

(\$m)

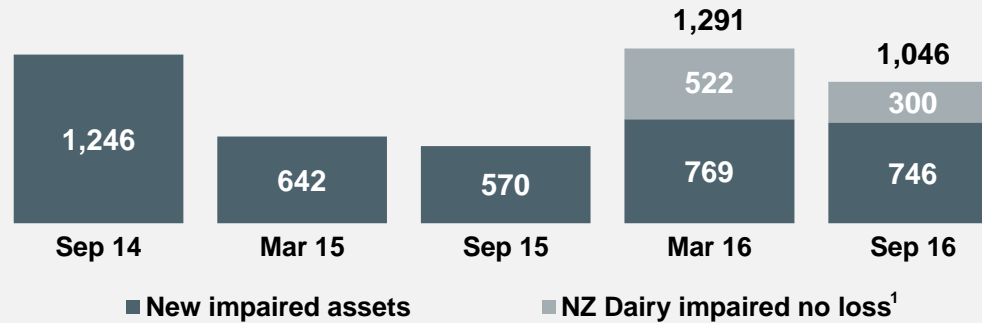


90+ DPD & GIAs, AND WATCH LOANS AS A % OF GLAs

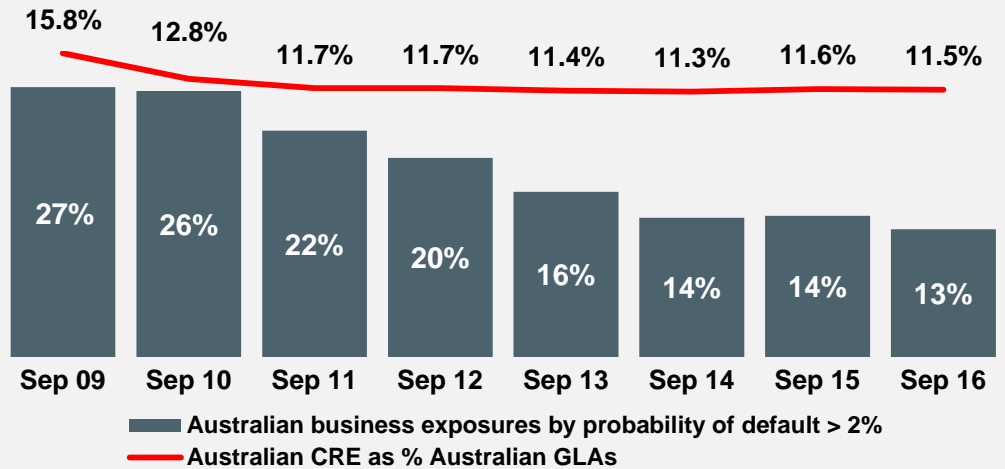


NEW IMPAIRED ASSETS

(\$m)



AUSTRALIAN BUSINESS LENDING RISK PROFILE



(1) NZ Banking dairy exposures currently assessed as no loss based on collective provisions and security held



KEY RISKS

NAB SUBORDINATED NOTES 2 INVESTOR PRESENTATION



NAB SUBORDINATED NOTES 2 *Summary of Key Risks¹*

NAB Subordinated Notes 2 are not deposit liabilities or Protected Accounts	<ul style="list-style-type: none">▪ NAB Subordinated Notes 2 do not constitute deposit liabilities of NAB, are not Protected Accounts for the purposes of the Banking Act or any other accounts with NAB and are not guaranteed or insured by any person
The Interest Rate will fluctuate	<ul style="list-style-type: none">▪ The Interest Rate is likely to change. It may go up or down as a result of changes in the Bank Bill Rate. There is a risk that the return on NAB Subordinated Notes 2 may become less attractive compared to returns on other investments
All payments are subject to the Solvency Condition	<ul style="list-style-type: none">▪ NAB is not required to make any payment in respect of the NAB Subordinated Notes 2 if, on the day that payment is due, NAB is not, or would not be, Solvent. Holders may not take any action to recover an amount that is not required to be paid because of the Solvency Condition▪ Unpaid amounts will remain a debt owing to the Holder by NAB until paid and will be payable on the first Business Day on which NAB meets the Solvency Condition▪ However, if a Non-Viability Trigger Event occurs, all of NAB's obligations to make payments in respect of the NAB Subordinated Notes 2 will cease and Holders will have no right to recover any unpaid amounts
Market price of NAB Subordinated Notes 2	<ul style="list-style-type: none">▪ The market price of NAB Subordinated Notes 2 may go up or down and there is no guarantee NAB Subordinated Notes 2 will trade at or above their Face Value. The price at which NAB Subordinated Notes 2 trade may, for example, be affected by how the Interest Rate of NAB Subordinated Notes 2 compares to that of other comparable instruments
Liquidity of NAB Subordinated Notes 2	<ul style="list-style-type: none">▪ The liquidity of NAB Subordinated Notes 2 may be low, which means that, at certain times, you may be unable to sell your NAB Subordinated Notes 2 at an acceptable price, if at all

(1) This is a summary of the key risks only. You should read the NAB Subordinated Notes 2 Prospectus in full before deciding to invest (including "Key risks of NAB Subordinated Notes 2" outlined in Section Seven of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of NAB Subordinated Notes 2. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au/investing

NAB SUBORDINATED NOTES 2 *Summary of Key Risks¹ (cont.)*

Liquidity and price of Ordinary Shares	<ul style="list-style-type: none">▪ Where NAB Subordinated Notes 2 are Converted, the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion, or there may be no liquid market at that time▪ The market price of Ordinary Shares will fluctuate due to various factors, including investor perceptions, domestic and worldwide economic conditions, NAB's financial performance and position and transactions affecting the share capital of NAB. As a result, the value of any Ordinary Shares received by Holders upon Conversion may be greater than or less than anticipated when they are issued or thereafter▪ The market price of Ordinary Shares is also relevant to determining the number of Ordinary Shares you will receive in the event the NAB Subordinated Notes 2 Convert following a Non-Viability Trigger Event▪ See slide 11 under the heading "Non-Viability Trigger Event" and Section 2.4 of the Prospectus for further information on the Conversion or Write-Off of NAB Subordinated Notes 2 following a Non-Viability Trigger Event
 Holders have no right to request early redemption	<ul style="list-style-type: none">▪ Holders have no right to request that NAB repay their NAB Subordinated Notes 2 before the Maturity Date (except in certain circumstances where NAB is in Winding Up). Before the Maturity Date, absent a Redemption or Conversion, to realise their investment, Holders will have to sell their NAB Subordinated Notes 2 on the ASX at the prevailing market price. That price may be less than the Face Value, and there may be no liquid market in NAB Subordinated Notes 2
NAB has certain early Redemption rights	<ul style="list-style-type: none">▪ Subject to the prior written approval of APRA and certain conditions being met, NAB has the right to Redeem NAB Subordinated Notes 2:<ul style="list-style-type: none">▪ on 20 September 2023 and on any Interest Payment Date falling after that date up to but excluding the Maturity Date (each an Optional Redemption Date); and▪ following the occurrence of a Tax Event or a Regulatory Event.▪ Holders should not expect that APRA's approval, if requested, will be given for any Redemption of NAB Subordinated Notes 2.▪ The amount received on Redemption, being the Face Value and any accrued but unpaid Interest up to the Redemption Date, may be less than the current market value of NAB Subordinated Notes 2

(1) This is a summary of the key risks only. You should read the NAB Subordinated Notes 2 Prospectus in full before deciding to invest (including "Key risks of NAB Subordinated Notes 2" outlined in Section Seven of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of NAB Subordinated Notes 2. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au/investing

NAB SUBORDINATED NOTES 2 *Summary of Key Risks¹ (cont.)*

Conversion or Write-Off following a Non-Viability Trigger Event

- NAB must convert a number of NAB Subordinated Notes 2 into Ordinary Shares if a Non-Viability Trigger Event occurs. A Non-Viability Trigger Event may occur where NAB encounters severe financial difficulty. Broadly, the number of Ordinary Shares into which a NAB Subordinated Note 2 will Convert is calculated by dividing the Face Value (\$100) by the VWAP of Ordinary Shares at the time of Conversion discounted by 1% to reflect the likely costs of sale of Ordinary Shares on the ASX. This will potentially result in Ordinary Shares with a value (on a VWAP basis) of approximately \$101. However, the maximum number of Ordinary Shares that can be issued on Conversion of a NAB Subordinated Note 2 is capped (as required by APRA) by reference to 20% of the Issue Date VWAP of Ordinary Shares. If Conversion occurs following a Non-Viability Trigger Event, the value of Ordinary Shares that Holders will receive will depend on the market price of the Ordinary Shares at that time. Given that NAB is likely to be in severe financial difficulty at the time of a Non-Viability Trigger Event, the cap on the maximum number of Ordinary Shares that can be issued is likely to apply. As a result, Holders are likely to receive significantly less than \$101 worth of Ordinary Shares per NAB Subordinated Note 2 they hold. In cases where NAB Subordinated Notes 2 are not Converted for any reason within five Business Days after the Conversion Date, NAB Subordinated Notes 2 will be Written-Off (with effect on and from the Conversion Date). Holders do not have any right to vote on or choose whether to participate in any Conversion or Write-Off. Where Conversion is required, it is unconditional and Holders have no right to refuse to have their NAB Subordinated Notes 2 Converted or Written-Off. If a NAB Subordinated Note 2 is Written-Off following a Non-Viability Trigger Event, the rights of the Holder to Interest and a return of capital in respect of that NAB Subordinated Note 2 will be terminated, the NAB Subordinated Note 2 will not be Redeemed or Converted on any subsequent date and the Holder will not have their capital repaid.

Ranking in a Winding Up

- In a Winding Up of NAB, NAB Subordinated Notes 2 rank ahead of Junior Ranking Instruments, equally amongst themselves, equally with all Equal Ranking Instruments, but behind the claims of all Senior Creditors (which include NSN holders and depositors) – see Table 2 of the Prospectus. On a Winding Up of NAB, there is a risk that Holders may lose some or all of the money they have invested in NAB Subordinated Notes 2. A Holder's return in a Winding Up will also be adversely affected if a Non-Viability Trigger Event occurs (see above and Section 7.1.8 of the Prospectus). If NAB Subordinated Notes 2 are Converted, Holders will only be entitled to claim against NAB in a Winding Up as Ordinary Shareholders. If NAB Subordinated Notes 2 are Written-Off, Holders will not have their capital repaid and will not be entitled to any return in a Winding Up.

NAB may issue further securities

- There is no limit on the amount of senior debt, deposits or other obligations or securities that may be incurred or issued by NAB at any time, which may affect Holders' ability to be repaid on a Winding Up of NAB.

(1) This is a summary of the key risks only. You should read the NAB Subordinated Notes 2 Prospectus in full before deciding to invest (including "Key risks of NAB Subordinated Notes 2" outlined in Section Seven of the Prospectus). In addition, ASIC has published guidance on hybrid securities on its website which may be relevant to your consideration of NAB Subordinated Notes 2. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au/investing

NAB SUBORDINATED NOTES 2 *Key Contacts*

Issuer – NAB

Shaun Dooley

Group Treasurer

Phone: +61 (03) 8641 4089

Mobile: +61 (0) 411 406 468

E-mail: Shaun.Dooley@nab.com.au

Tom Wirth

Head of Group Capital Management

Phone: +61 (03) 8697 7108

Mobile: +61 (0) 438 094 009

E-mail: Tom.C.Wirth@nab.com.au

Eva Zileli

Head of Group Funding

Phone: +61 (03) 8634 8219

Mobile: +61 (0) 417 327 643

E-mail: Eva.Zileli@nab.com.au

William Nigro

Senior Manager, Group Capital Management

Phone: +61 (03) 8634 2286

Mobile: +61 (0) 477 330 532

E-mail: William.P.Nigro@nab.com.au

Nova Young

Manager, Debt Investor Relations

Phone: +61 (03) 8641 1029

Mobile: +61 (0) 455 063 027

E-mail: Nova.Young@nab.com.au

Arranger and Joint Lead Manager – NAB

Nicholas Chaplin

Head of Hybrid and Structured Capital Origination

Phone: +61 (02) 9237 9518

Email: Nicholas.Chaplin@nab.com.au

Stefan Visser

Associate Director

Phone: +61 (02) 9237 9505

Email: Stefan.Visser@nab.com.au

Joint Lead Managers

Commonwealth Bank of Australia

Truong Le

Phone: +61 (02) 9118 1205

Email: Truong.Le@cba.com.au

Morgans Financial Limited

Steven Wright

Phone: +61 (0)73 334 4941

Email: steven.wright@morgans.com.au

Westpac Institutional Bank

Allan O'Sullivan

Phone: +61 (02) 8254 1425

Email: aosullivan@westpac.com.au