



Tuesday, 14 June 2022

ASX ANNOUNCEMENT

NAB Capital Notes 6 Offer – Replacement Prospectus

Further to the announcement made by National Australia Bank (NAB) on Wednesday, 8 June 2022 following completion of the NAB Capital Notes 6 bookbuild, attached is the replacement Prospectus in connection with the NAB Capital Notes 6 offer (Offer).

The Offer opens today and is expected to close on Thursday, 30 June 2022.

Further information

If you have any questions about NAB Capital Notes 6, you should seek advice from your qualified financial adviser. You can also call the NAB Information Line on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) (Monday to Friday – 8:00am to 7:30pm AEST) during the Offer Period and for a week following.

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Prospectus

NAB Capital Notes 6

Prospectus for the issue of NAB Capital Notes 6 to raise \$2 billion with the ability to raise more or less.

This investment is riskier than a bank deposit. NAB Capital Notes 6 are complex and may not be suitable for investors outside the Notes Target Market. They are not guaranteed or secured, are not Protected Accounts and are not deposit liabilities for the purposes of the Banking Act. You should carefully consider the risks and other information in this Prospectus in light of your particular investment objectives, financial situation and needs (including financial and taxation issues). If you wish to apply for NAB Capital Notes 6 you must contact your Syndicate Broker.

Issuer

National Australia
Bank Limited
ABN 12 004 044 937

Arranger

National Australia
Bank Limited

Joint Lead Managers

National Australia Bank Limited
Bell Potter Securities Limited
Commonwealth Bank of Australia
Crestone Wealth Management Limited
E&P Corporate Advisory Pty Limited
Morgan Stanley Australia Securities
Limited
Morgans Financial Limited
Shaw and Partners Limited
Westpac Institutional Bank

Co-Manager

JBWere Limited

Important notices

About this Prospectus

This Prospectus relates to the offer by National Australia Bank Limited ABN 12 004 044 937 (“**NAB**”) of NAB Capital Notes 6 to raise \$2 billion, with the ability to raise more or less.

This Prospectus is dated 14 June 2022. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on that date. This is a replacement prospectus which replaces the prospectus dated 6 June 2022 that was lodged with ASIC on that date (“**Original Prospectus**”). This Prospectus expires 13 months after the date of the Original Prospectus and no NAB Capital Notes 6 will be issued on the basis of this Prospectus after that date.

Neither ASIC nor ASX Limited (“**ASX**”) take any responsibility for the contents of this Prospectus or the Offer.

Offer

The Offer comprises the Reinvestment Offer, the New Money Offer and the Institutional Offer. The Reinvestment Offer provides eligible holders of NAB Capital Notes 2 issued by NAB on 7 July 2016 (“**NCN2**”) with the opportunity to reinvest their NCN2 into NAB Capital Notes 6.

Neither NAB nor any other person is providing any investment advice or making any recommendation to Eligible NCN2 Holders in respect of the Reinvestment Offer through this Prospectus.

Application of the Design and Distribution Obligations Regime (“**DDO Regime**”) to the Offer

The DDO Regime, which became effective in October 2021, applies

to the Offer. Therefore, NAB is required to prepare the Target Market Determination which describes, among other things, the class of Retail Investors that comprise the target market for NAB Capital Notes 6, and conditions on how NAB Capital Notes 6 are to be distributed under the Offer to help ensure that investors who acquire NAB Capital Notes 6 under the Offer are within that target market.

That target market (referred to as the “**Notes Target Market**”) is set out in Section 4.1 and a full copy of the Target Market Determination is available at nab.com.au/nabcapitalnotes6.

In response to the introduction of the DDO Regime, NAB has made the decision:

- **not to include a specific offer for NAB securityholders (unlike previous retail hybrid security offers by NAB); and**
- **not to allow Eligible NCN2 Holders to apply directly to NAB to participate in the Reinvestment Offer.**

Instead, all Applications (both for the New Money Offer and the Reinvestment Offer) must be submitted through a Syndicate Broker and you should contact your Syndicate Broker for instructions on how to apply. Relevantly, the DDO Regime does not apply to NAB Capital Notes 6 once they are issued. All investors will be able to buy and sell NAB Capital Notes 6 on the ASX at the prevailing market price in the usual course, once NAB Capital Notes 6 commence trading on the ASX, even if they are not a client of a Syndicate Broker. Investors who choose to buy and sell NAB Capital Notes 6 on the ASX may be required to pay applicable brokerage.

Exposure Period

Under the Corporations Act, NAB was prohibited from processing Applications in the seven days after lodgement of the Original Prospectus with ASIC on 6 June 2022 (“**Exposure Period**”).

The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants before the raising of funds. No Applications were accepted during the Exposure Period.

Key risks

Investment products such as NAB Capital Notes 6 are subject to risks which could affect their performance, including:

- **the Distribution Rate may decrease** over the life of NAB Capital Notes 6; and
- **the market price of NAB Capital Notes 6 may fluctuate.**

These risks could result in the loss of all or some of your investment and any associated income. NAB does not warrant or guarantee the future performance of NAB or the investment performance of NAB Capital Notes 6 (including the market price).

NAB must immediately Convert all or, in some cases, some NAB Capital Notes 6 into Ordinary Shares if a Loss Absorption Event occurs. A Loss Absorption Event may occur where NAB encounters severe financial difficulty. 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 the money they invested in NAB Capital Notes 6. Following Conversion,

Important notices

there is no certainty as to the future value of the Ordinary Shares. If NAB Capital Notes 6 are not Converted at that time they will be Written Off and you will lose all the money that you invested in NAB Capital Notes 6. A Conversion or Write Off following a Loss Absorption Event is not subject to any conditions and you will not be given any choice if a Loss Absorption Event occurs.

Information about the key risks of investing in NAB Capital Notes 6 is detailed in Section 1.3 and in Section 7.

ASX quotation

NAB has applied for NAB Capital Notes 6 to be quoted on ASX and NAB Capital Notes 6 are expected to be quoted under the code 'NABPI'.

Financial information and forward looking statements

Section 6 sets out financial information in relation to NAB and the basis of preparation of that information. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms “may”, “could”, “believe”, “estimate”, “plan”, “project”, “anticipate”, “expect”, “goal”, “target”, “intend”, “likely”, “will”,

“could” or “should”, or, in each case, their negative or other variations or similar expressions. They may also be identified by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results, circumstances or outcomes to differ materially from the results, circumstances or outcomes expressed, implied or anticipated in these forward looking statements. There can be no assurance that actual outcomes will not differ materially from these forward looking statements.

Forward looking statements should be read in conjunction with the risk factors set out in Section 7, and other information in this Prospectus. In particular, there are a number of other important factors that could cause actual results, circumstances or outcomes to differ materially from those projected in forward looking statements, including a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing

impacts of the COVID-19 pandemic, the conflict between Russia and Ukraine, the Australian and global economic environment and capital market conditions.

No representations other than in this Prospectus

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by NAB.

None of the Joint Lead Managers, the Co-Manager or the Registrar has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based. Each of those parties expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any statements in, or omissions from, this Prospectus.

Unless otherwise indicated, all information in this Prospectus, while subject to change from time to time, is current as at the date of this Prospectus.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Appendix B “Glossary”, or if not there, in Appendix A “Terms of NAB Capital Notes 6”.

If there is any inconsistency between the description of the terms of NAB Capital Notes 6 in this

Important notices

Prospectus and in the Terms, the Terms prevail.

A reference to dollars, AUD, A\$, \$ or cents in this Prospectus is a reference to Australian currency. Unless otherwise specified, a reference to time in this Prospectus is a reference to Melbourne time.

Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

Obtaining a Prospectus

This Prospectus can be obtained electronically from nab.com.au/nabcapitalnotes6. NAB will not be providing paper copies of this Prospectus.

Electronic access to this Prospectus

The following conditions apply to your access to this Prospectus:

- you must download this entire Prospectus;
- your Application will only be considered where you have applied in accordance with the process set out in this Prospectus and via an Application in accordance with this Prospectus. All Applications must be submitted through a Syndicate Broker; and
- you may only access, download or print this Prospectus in Australia.

Restrictions on foreign jurisdictions

This Prospectus is not an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with any of these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, NAB Capital Notes 6 have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Neither this Prospectus nor any Application or other materials relating to the Offer may be distributed in the United States or to any U.S. Persons.

Any offer, sale or resale of NAB Capital Notes 6 within the United States or to any U.S. Person may violate the registration requirements of the U.S. Securities Act if made within 40 days after the Closing Date.

Collecting your personal information

If you apply for NAB Capital Notes 6, NAB (or the Registrar as NAB's agent), or a Syndicate Broker will collect and hold your personal information. See Section 9.10 for

information on how NAB (as well as its subsidiaries and third party suppliers) collect, use and disclose your personal information.

Arranger and Joint Lead Manager activities

The Arranger, the Joint Lead Managers and their respective affiliates and any of their respective directors, officers, employees, partners, advisers, contractors or agents (the “**Lead Manager Parties**”) are involved in a wide range of financial services and businesses that may include (without limitation) some or all of securities issuing, securities trading, brokerage activities, provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivative, trading, and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers or investors, in debt, equity or hybrid securities or senior loans or financial products of any member of the Group or any other party that may be involved in the Offer, and may finance the acquisition of those securities and/or financial products and take or enforce security over those securities and/or financial products. The Lead Manager Parties may receive fees for, or profits and other financial benefits from, those activities.

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Guidance for investors

1. Read this Prospectus in full

If you are considering applying for NAB Capital Notes 6 under the Offer, this Prospectus is important and should be read in its entirety.

You should have particular regard to the:

- Section titled “Important changes due to the DDO Regime” on page 8;
- “Investment Overview” in Section 1 and “About NAB Capital Notes 6” in Section 2;
- “About the Reinvestment Offer” in Section 3 (if you are an Eligible NCN2 Holder);
- “Key Risks of NAB Capital Notes 6” in Section 7; and
- “Terms of NAB Capital Notes 6” in Appendix A.

In considering whether to apply for any NAB Capital Notes 6, it is important to consider all risks and other information regarding an investment in NAB Capital Notes 6 in light of your particular investment objectives, financial situation and needs (including financial and taxation issues), as the information in this Prospectus does not take into account your particular investment objectives, financial situation and needs (including financial and taxation issues).

NAB Capital Notes 6 are not deposit liabilities of NAB, are not Protected Accounts or any other accounts with NAB and are not insured or guaranteed by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction, by any member of the Group or by any other person. An investment in NAB Capital Notes 6 is riskier than a bank deposit.

The overall complexity of NAB Capital Notes 6 may make them difficult to understand and the risks associated with them could result in the loss of all or some of your investment and associated income. If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them, you should not invest in them.

NAB Capital Notes 6 are issued by NAB under the NAB Capital Notes 6 Deed Poll and Terms and Holders have no claim on NAB except as provided in those documents.

2. Consider the ASIC guidance for Retail Investors

ASIC has published guidance which may be relevant to your consideration of whether to invest in NAB Capital Notes 6 – namely, information for Retail Investors who are considering investing in bank hybrid securities. You can find this guidance by searching “hybrid securities and notes” on ASIC’s MoneySmart website at moneysmart.gov.au. The guidance includes a series of questions you should ask before you invest in bank hybrid securities to check your understanding of how hybrids work, their features and risks.

3. Learn more about investing in bank hybrid securities

NAB has also developed a web-based Hybrid Securities Education Guide (“**Guide**”) to help investors understand some of the typical features and risks associated with an investment in bank hybrid securities, such as NAB Capital Notes 6. It is available at nab.com.au/hybrideducation.

The Guide may be helpful when you are considering an investment in NAB Capital Notes 6. However, the Guide is not specific to NAB Capital Notes 6, and reading the Guide is not a substitute for reading this Prospectus in its entirety.

4. Obtain further information about NAB and NAB Capital Notes 6

NAB is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. NAB must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about NAB that a reasonable person would expect to have a material effect on the price or value of its securities, including NAB Capital Notes 6.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and NAB’s ASX announcements may be viewed on asx.com.au (ASX code ‘**NAB**’). Further information about NAB, including NAB’s half-yearly and annual financial reports, presentations and other investor information, can be obtained from nab.com.au/shareholder.

Guidance for investors

5. Questions about the Offer

If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 6 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser. You can also call the NAB Capital Notes 6 Information Line on **1300 367 647** (within Australia) or **+61 3 9415 4299** (outside Australia) (Monday to Friday, 8.00am – 7.30pm) from the announcement of the Offer and for a week following the Closing Date.

Important changes due to the DDO Regime

NAB Capital Notes 6 will be the first retail hybrid security issued by NAB under the new DDO Regime. At its core, the DDO Regime is intended to help investors obtain suitable financial products and imposes new obligations that impact how the Offer is made.

As the DDO Regime applies to the Offer, NAB is required to make the Target Market Determination which describes, among other things:

- the class of Retail Investors that comprise the target market for NAB Capital Notes 6 (“**Notes Target Market**”); and
- the conditions on how NAB Capital Notes 6 are to be distributed under the Offer to help make it likely that investors who acquire NAB Capital Notes 6 under the Offer are within that Notes Target Market.

As further described below, in response to the introduction of the DDO Regime:

- **NAB has made the decision not to include a specific offer for NAB securityholders and not to allow Eligible NCN2 Holders to apply directly to NAB to participate in the Reinvestment Offer;**
- NAB Capital Notes 6 will only be available to investors who satisfy new eligibility criteria; and
- **all Applications must be submitted through a Syndicate Broker.**

New legal requirements

The DDO Regime requires issuers of financial products to make a “target market determination” and to take reasonable steps that will, or are reasonably likely to, result in distribution of financial products to Retail Investors being consistent with that target market determination.

The DDO Regime does not restrict trading in NAB Capital Notes 6 once issued. All investors will be able to buy and sell NAB Capital Notes 6 on the ASX at the prevailing market price in the usual course once NAB Capital Notes 6 commence trading on the ASX, even if they are not a client of a Syndicate Broker. Investors who choose to buy and sell NAB Capital Notes 6 on the ASX may be required to pay applicable brokerage.

Notes Target Market

The Notes Target Market describes the class of investors for whom an investment in NAB Capital Notes 6 is likely to be consistent with their particular investment objectives, financial situation and needs.

The Notes Target Market is set out in Section 4.1 and a copy of the Target Market Determination is available at nab.com.au/nabcapitalnotes6.

Eligible Retail Investors

Retail Investors who are clients of a Syndicate Broker and have received personal advice from a qualified financial adviser in connection with the Offer and meet the other eligibility criteria.

What does this mean for NAB Capital Notes 6?

A number of changes have been made to the way in which the Offer is conducted compared to NAB’s previous retail hybrid security offers.

Applications can only be made through a Syndicate Broker

All Applications must be submitted through a Syndicate Broker and you must contact your Syndicate Broker for instructions on how to apply.

Not all brokers will be Syndicate Brokers. The Syndicate Brokers are the Joint Lead Managers (or their affiliated retail brokers), the Co-Manager and any other participating broker in the Offer.

Distribution Conditions

The Target Market Determination also sets out distribution conditions under which NAB Capital Notes 6 can be distributed to Retail Investors to help make it likely that those Retail Investors are in the Notes Target Market.

Ineligible Retail Investors

- Retail Investors who are not clients of a Syndicate Broker.
- Retail Investors who have not received personal advice from a qualified financial adviser in connection with the Offer.
- Retail Investors who do not meet the other eligibility criteria.

If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 6 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser. You can also call the NAB Capital Notes 6 Information Line on **1300 367 647** (within Australia) or **+61 3 9415 4299** (outside Australia) (Monday to Friday, 8.00am – 7.30pm) from the announcement of the Offer and for a week following the Closing Date.

Information about the different offers and how to apply is provided in Section 4.

Key dates¹

Key dates for the Offer

Record date for determining Eligible NCN2 Holders for the Reinvestment Offer (relevant NCN2 must also be held on the Closing Date for the Reinvestment Offer) (7.00pm)	1 June 2022
Announcement of the Offer and lodgement of the Original Prospectus with ASIC	6 June 2022
Bookbuild	6 June 2022 – 8 June 2022
Announcement of Margin	8 June 2022
Lodgement of this Prospectus with ASIC	14 June 2022
Opening Date	14 June 2022
Closing Date for the New Money Offer and the Reinvestment Offer (5.00pm)	30 June 2022
Issue Date of NAB Capital Notes 6	7 July 2022
Commencement of trading of NAB Capital Notes 6 on a normal settlement basis	8 July 2022
Despatch of NAB Capital Notes 6 Holding Statements	13 July 2022

Key dates for NAB Capital Notes 6

Record Date for the first Distribution	5 September 2022
First Distribution Payment Date ²	17 September 2022
First Optional Conversion / Redemption / Resale Date ³	17 December 2029
Second Optional Conversion / Redemption / Resale Date ⁴	17 March 2030
Third Optional Conversion / Redemption / Resale Date	17 June 2030
Fourth Optional Conversion / Redemption / Resale Date	17 September 2030
Mandatory Conversion Date ⁵	17 September 2032

Key dates

Key dates for NCN2 Holders

Redemption notice given in respect of NCN2	6 June 2022
Last day of trading in NCN2	27 June 2022
Ex-date for the final NCN2 distribution	28 June 2022
Record date for the final NCN2 distribution (7.00pm)	29 June 2022
Payment date for the final NCN2 distribution ⁶	7 July 2022
Payment date for NCN2 Redemption Price	7 July 2022

These dates are indicative only and may change without notice (other than the dates that have passed, and the key dates in connection with the NCN2 Redemption, which are fixed, unless NCN2 are required to be converted or written off before 7 July 2022 or APRA revokes its approval of the NCN2 Redemption). NAB and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. NAB may also withdraw the Offer at any time before NAB Capital Notes 6 are issued. Accordingly, if you wish to apply for any NAB Capital Notes 6 you are encouraged to apply as soon as possible.

- ¹ Except as otherwise specified in the Terms, if any of these dates are not Business Days and an event under the Terms is stipulated to occur on that day, then the event will occur on the next Business Day.
- ² Subject to the Directors resolving to pay the Distribution and no Payment Condition existing on 17 September 2022. Due to the Business Day convention, this date is deferred from 17 September 2022 to 19 September 2022.
- ³ With APRA's prior written approval, NAB may elect to Convert, Redeem or Resell NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030. Holders should not expect that APRA's approval will be given for any optional Conversion, Redemption or Resale. Each of the Optional Conversion / Redemption / Resale Dates assume the Issue Date is 7 July 2022.
- ⁴ Due to the Business Day convention, this date is deferred from 17 March 2030 to 18 March 2030.
- ⁵ NAB Capital Notes 6 will Convert into Ordinary Shares on 17 September 2032 (subject to the Mandatory Conversion Conditions being satisfied and only if, prior to that date, NAB Capital Notes 6 have not been Converted, Redeemed or Resold with APRA's prior written approval, or Written Off). This date assumes the Issue Date is 7 July 2022.
- ⁶ A final distribution is scheduled to be paid on NCN2 on 7 July 2022, subject to the satisfaction of the distribution payment conditions in the NCN2 Terms.

Section one:

Investment overview

This section provides a summary of the key features and risks of NAB Capital Notes 6 and the Offer.

NAB Capital Notes 6 are complex. They are not guaranteed or secured, are not Protected Accounts and are not deposit liabilities for the purposes of the Banking Act. The overall complexity of NAB Capital Notes 6 may make them difficult to understand and the risks associated with them could result in the loss of all or some of your investment and associated income. You should read this Prospectus in full before deciding whether to apply for NAB Capital Notes 6. If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them, you should not apply.

If you wish to apply for NAB Capital Notes 6, you must contact your Syndicate Broker. All Applications must be submitted through a Syndicate Broker.

A table comparing the key features of NAB Capital Notes 6 and other investments in NAB (including Ordinary Shares) is set out in Section 2.10.

Section one:

Investment overview

1.1 Key features of the Offer and NAB Capital Notes 6

Topic	Summary	Further information
Issuer	<p>National Australia Bank Limited (“NAB”)</p> <p>The Group is a financial services organisation with more than 32,000 colleagues, operating through a network of more than 730 branches, with over 616,000 shareholders and serving approximately eight million customers.</p> <p>The majority of the Group’s financial services businesses operate in Australia and New Zealand, with branches located in Asia, the United Kingdom (“UK”), Europe and the United States (“US”).</p>	Section 5
Offer Size	\$2 billion, with the ability to raise more or less.	
Use of proceeds	<p>The net proceeds of the Offer will be used for general corporate purposes.</p> <p>The Australian Prudential Regulation Authority (“APRA”) has provided confirmation that NAB Capital Notes 6, once issued, will qualify as Additional Tier 1 Capital for the purposes of NAB’s regulatory capital requirements.</p>	
Type of security	Convertible notes.	
Face Value	\$100 per NAB Capital Note 6.	
Distributions	<p>NAB Capital Notes 6 are scheduled to pay quarterly, floating rate Distributions in cash. The returns payable on NAB Capital Notes 6 are called “distributions” (whereas for Ordinary Shares, these returns are called “dividends”).</p> <p>The Distribution Rate is calculated in accordance with the following formula:</p> <p style="text-align: center;">Distribution Rate = (Bank Bill Rate + Margin) x (1 – Tax Rate)</p> <p>where:</p> <ul style="list-style-type: none"> • Margin is 3.15%, as determined under the Bookbuild. The Margin will not change for the term of NAB Capital Notes 6. • Tax Rate is the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date. • Bank Bill Rate is a benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short-term cash to each other over a period of approximately 90 days as published by ASX (or its successor). It changes to reflect supply and demand in the cash and currency markets. The Bank Bill Rate for each Distribution Period is set on the first Business Day of the relevant Distribution Period. Fall-back procedures apply under the Terms if the Bank Bill Rate does not appear, if there is an obvious error in that rate or (subject to APRA’s prior written approval) if that rate is otherwise subject to disruption. It is possible for the Bank Bill Rate to be negative. If this occurs, the negative amount will be taken into account in calculating the Distribution Rate. Even if the Distribution Rate is calculated to be negative there will be no obligation on Holders to pay NAB. 	Section 2.1

Section one:

Investment overview

Topic	Summary	Further information
Distributions (continued)	<p>A Distribution will be paid only if:</p> <ul style="list-style-type: none"> • The Directors resolve to pay it; and • A Payment Condition does not exist on the Distribution Payment Date. Broadly, a Payment Condition exists where NAB is prevented from paying the Distribution by prudential regulatory requirements, applicable law or insolvency (see Section 2.1). <p>This means a Distribution may not be paid.</p> <p>The Distribution Payment Dates are scheduled to be 17 March, 17 June, 17 September and 17 December.</p> <p>The first Distribution is expected to be paid on 17 September 2022.⁷ Distributions paid on NAB Capital Notes 6 are expected to be franked at the same rate as dividends paid on Ordinary Shares.</p> <p>However, Holders should be aware that franking is not guaranteed and that their ability to use franking credits will depend on their individual circumstances and applicable Australian tax laws. Holders should refer to the Australian Taxation Summary in Section 8, the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p> <p>The extent to which Distributions will be franked will depend on a number of factors, including the Group’s capital management activities and the level of profits generated by the Group that will be subject to tax in Australia. The effect of Distributions being franked is to reduce the Distribution Rate, and therefore, the cash amount received by Holders on each Distribution Payment Date, by an amount equal to the relevant level of franking. If any Distribution payment is not fully franked, then the Distribution will be adjusted to reflect the applicable franking rate, resulting in an increase in the cash amount received by Holders on that Distribution Payment Date.</p> <p>Distributions are non-cumulative, which means that unpaid Distributions do not add up or accumulate. Holders will not have any right to compensation if NAB does not pay Distributions. Failure to pay a Distribution when scheduled will not constitute an event of default.</p> <p>If a Distribution is not paid in full on a Distribution Payment Date, subject to certain exceptions, NAB cannot declare, determine to pay, or pay dividends on its Ordinary Shares, or buy-back or reduce capital on any of its Ordinary Shares, until the next Distribution Payment Date. However, if the Distribution is paid in full within 3 Business Days of the Distribution Payment Date, this restriction will no longer apply.</p>	Section 2.1
Term	<p>Perpetual. However, there are certain events that could occur while NAB Capital Notes 6 are on issue which may result in NAB Capital Notes 6 being Converted into Ordinary Shares, Redeemed or Resold for cash, or Written Off. The following diagram and table summarise these events.</p> <p>NAB Capital Notes 6 do not have a fixed maturity date for repayment and Holders do not have a right to request or require NAB to Convert, Redeem or Resell NAB Capital Notes 6. It is possible that NAB Capital Notes 6 could remain on issue indefinitely, in which case the Face Value will not be repaid.</p>	Sections 2.2 – 2.7

⁷ Due to the Business Day convention, this date is deferred from 17 September 2022 to 19 September 2022.

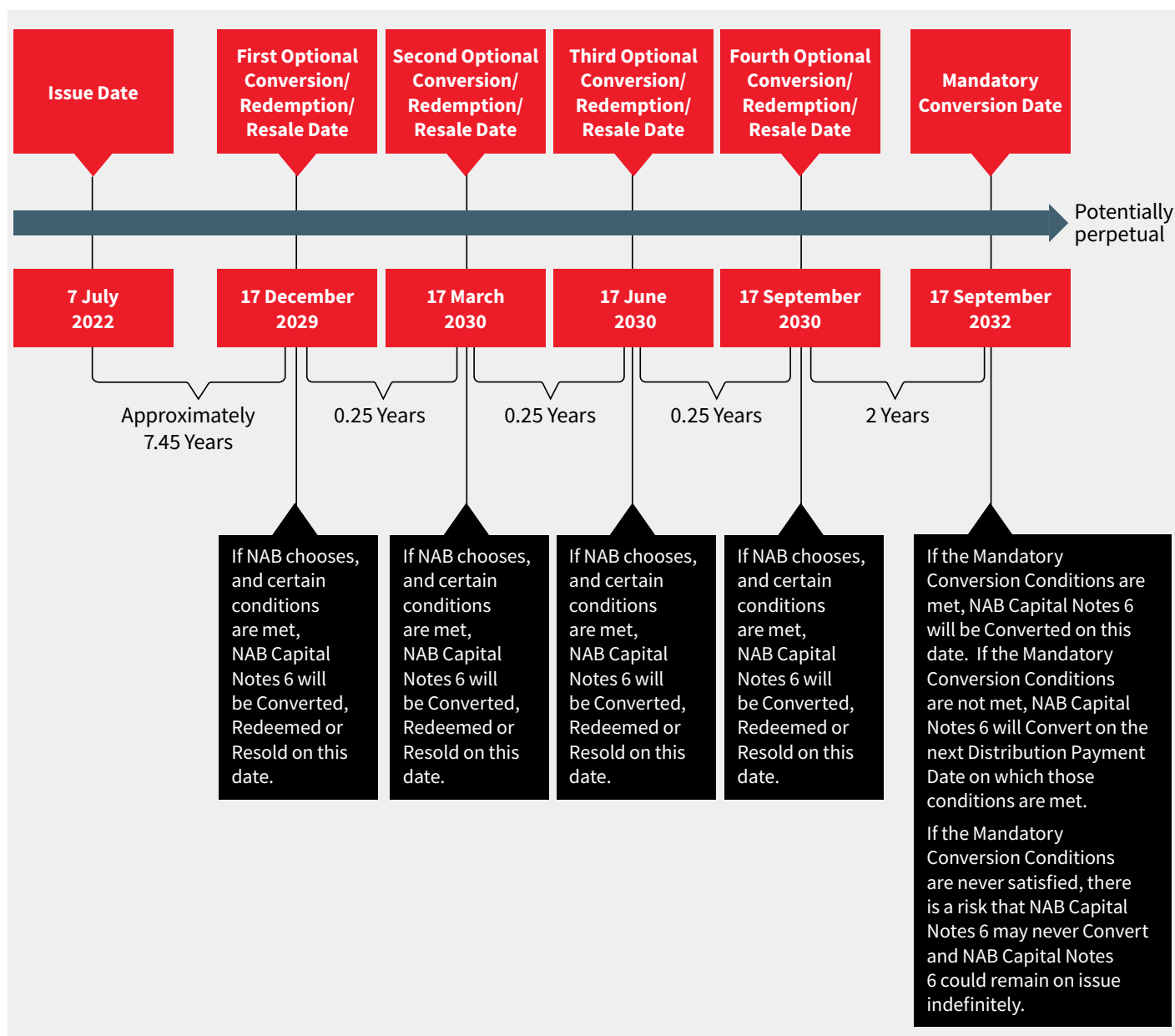
Section one:

Investment overview

1.2 Events that may occur while NAB Capital Notes 6 are on issue

The diagram and table below summarise certain events that may occur while NAB Capital Notes 6 are on issue, and what Holders may receive if those events occur.

Figure 1: Timeline of certain events that may occur while NAB Capital Notes 6 are on issue⁸



There are certain other events that could occur at any time while NAB Capital Notes 6 are on issue which may result in NAB Capital Notes 6 being Converted, Redeemed, Resold or Written Off.

⁸ If any of these dates are not Business Days, due to the Business Day convention, the event will occur on the next Business Day. Due to the Business Day convention, the second Optional Conversion / Redemption / Resale Date is deferred from 17 March 2030 to 18 March 2030.

Section one:

Investment overview

Table 1: Summary of certain events that may occur while NAB Capital Notes 6 are on issue

What can happen?	When? ⁹	NAB Capital Notes 6 impacted?	Is APRA approval required? ¹⁰	Do conditions apply?	What value will a Holder receive for each NAB Capital Note 6?	In what form will that value be provided to Holders?	Further information
Mandatory Conversion	On 17 September 2032 or the next Distribution Payment Date after that date on which the Mandatory Conversion Conditions are satisfied ¹¹	All	No	Yes	Approximately \$101 ^{12, 13}	Variable number of Ordinary Shares	Section 2.3
Optional Conversion	On 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030, each a “ Scheduled Optional Conversion Date ” ¹¹	All or some	Yes	Yes	Approximately \$101 ^{12, 13}	Variable number of Ordinary Shares	Section 2.4
Optional Redemption or Resale	On 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030, each a “ Scheduled Optional Redemption Date ” or a “ Scheduled Optional Resale Date ” (as applicable) ¹¹	All or some	Yes	Yes	\$100 (Face Value)	Cash	Section 2.5

Section one:

Investment overview

What can happen?	When? ⁹	NAB Capital Notes 6 impacted?	Is APRA approval required? ¹⁰	Do conditions apply?	What value will a Holder receive for each NAB Capital Note 6?	In what form will that value be provided to Holders?	Further information
Conversion in other circumstances	If a Tax Event, Regulatory Event or Potential Acquisition Event occurs	All or some	Yes	Yes	Approximately \$101 ^{12, 13, 14}	Variable number of Ordinary Shares	Sections 2.4, 2.6 and 2.7
	If an Acquisition Event occurs	All	No	Yes	Approximately \$101 ^{12, 13, 14}	Variable number of Ordinary Shares	
	If a Loss Absorption Event occurs	Potentially all ¹⁵	No	No	A Loss Absorption Event may occur where NAB encounters severe financial difficulty. Depending on the market price of Ordinary Shares, Holders are likely to receive significantly less than \$101 and may lose a significant amount of the money they invested in NAB Capital Notes 6 as a consequence	Variable number of Ordinary Shares If, for any reason, NAB Capital Notes 6 are not Converted into Ordinary Shares within the required time, NAB Capital Notes 6 will be Written Off ¹⁶	
Redemption / Resale in other circumstances	If a Tax Event or Regulatory Event occurs	All or some	Yes	Yes	\$100 (Face Value) ¹⁴	Cash	Section 2.5
Ranking	In a winding up of NAB, NAB Capital Notes 6 rank ahead of Ordinary Shares, equally amongst themselves, equally with Equal Ranking Instruments and junior to Senior Creditors (including depositors and holders of Tier 2 Capital Instruments), as shown in Table 2. However, the amount of any return in a winding up will be adversely affected if a Loss Absorption Event has occurred.						

⁹ If any of these dates are not Business Days, due to the Business Day convention, the event will occur on the next Business Day.

¹⁰ Holders should not expect that APRA approval will be given.

¹¹ To be eligible as Additional Tier 1 Capital, NAB cannot have the right to Redeem or Resell NAB Capital Notes 6 earlier than the fifth anniversary of the Issue Date or later than two years before the first Scheduled Mandatory Conversion Date (other than for certain tax or regulatory reasons).

¹² The Conversion conditions are designed to ensure that on a Conversion (other than following a Loss Absorption Event) Holders receive approximately \$101 worth of Ordinary Shares for each NAB Capital Note 6 they hold, and that the Ordinary Shares they receive following Conversion are capable of being sold on the ASX. However, the Ordinary Shares received on Conversion may be worth more or less than \$101. The number of Ordinary Shares that Holders will receive will not be greater than the Maximum Conversion Number.

¹³ Based on a Face Value of \$100 and a 1% discount.

¹⁴ If a Conversion (other than on account of a Loss Absorption Event), Redemption or Resale occurs on a day that is not a scheduled Distribution Payment Date, Holders of NAB Capital Notes 6 which are being Converted, Redeemed or Resold will also receive a Distribution in respect of these NAB Capital Notes 6 for the period from (and including) the immediately preceding Distribution Payment Date to (but not including) the date on which the Conversion, Redemption or Resale occurs (provided the conditions to payment are met, including the Directors resolving to pay the Distribution).


¹⁵ The number of NAB Capital Notes 6 Converted will depend on how much Common Equity Tier 1 Capital NAB needs. However, where a Loss Absorption Event occurs on account of a Non Viability Trigger Event and a public sector injection of funds is required, NAB must convert all NAB Capital Notes 6. See Section 2.7 for further information.

¹⁶ If a NAB Capital Note 6 is Written Off, all rights (including to Distributions) in respect of that NAB Capital Note 6 will be terminated, and the Holder will not have their capital repaid.

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Investment overview

Table 2: Illustration of ranking on winding up



	Examples	Examples of existing NAB obligations and securities ¹⁷
Higher ranking	Senior ranking obligations	Liabilities preferred by law and secured debt
		Liabilities in Australia in relation to Protected Accounts (generally, savings accounts and term deposits) and other liabilities mandatorily preferred by law including employee entitlements, liabilities to secured creditors and in respect of covered bonds
		Unsubordinated unsecured debt
		Bonds and notes, trade and general creditors
	Term subordinated unsecured debt issued before 1 January 2013	Subordinated unsecured debt obligations issued before 1 January 2013
	Term subordinated unsecured debt issued after 1 January 2013	Relevant Tier 2 Capital Instruments
	Equal ranking obligations	Preference shares and other equally ranked instruments
		NAB Capital Notes 6 , ¹⁸ and any securities expressed to rank equally with NAB Capital Notes 6, which include: <ul style="list-style-type: none"> • NAB Capital Notes 2 (which are scheduled to be redeemed on 7 July 2022) • NAB Capital Notes 3 • NAB Capital Notes 5 • certain other preference shares of NAB (if on issue)¹⁹
Lower ranking	Lower ranking obligations	Ordinary shares
		Ordinary Shares

¹⁷ This is a very simplified capital structure of NAB and does not include every type of security or other obligation issued by NAB. NAB has the right to issue further debt, deposits or other obligations (including the incurring or guaranteeing by it of any indebtedness) or securities of any kind at any time. NAB Capital Notes 6 do not limit the amount of senior debt, deposits or other obligations or securities that may be incurred or issued by NAB at any time.

¹⁸ If a NAB Capital Note 6 is Converted, the Ordinary Shares a Holder receives on Conversion will rank equally with other Ordinary Shares in a winding up of NAB. If a Write Off of a NAB Capital Note 6 occurs following a Loss Absorption Event, the rights of Holders to distributions and returns of capital in respect of that NAB Capital Note 6 will be terminated, the NAB Capital Note 6 will not be Converted, Redeemed or Resold on any subsequent date and the Holder will not have their capital repaid. If NAB Capital Notes 6 are Written Off, Holders will likely be worse off than holders of Ordinary Shares. See Sections 2.8 and 7.1.15.

¹⁹ As at the date of this Prospectus, there are no such preference shares on issue.

Section one:

Investment overview

1.3 Key risks of NAB Capital Notes 6

You should read Section 7 in full before deciding whether to invest. The key risks outlined in that section include risks associated with an investment in NAB Capital Notes 6 and an investment in NAB. Some of these risks are summarised below.

1.3.1 Key risks associated with an investment in NAB Capital Notes 6

Topic	Summary	Further information
NAB Capital Notes 6 are not deposit liabilities or Protected Accounts	NAB Capital Notes 6 do not constitute Protected Accounts or deposit liabilities for the purposes of the Banking Act or any other accounts with NAB and are not guaranteed or insured by any person.	Section 7.1.1
Distributions may not be paid	<p>There is a risk that Distributions will not be paid, including where the Directors do not resolve to pay a Distribution or where a Payment Condition exists on the Distribution Payment Date.</p> <p>As Distributions are non-cumulative, if a Distribution is not paid then NAB has no liability to pay that Distribution and Holders have no claim or entitlement in respect of such non-payment. Failure to pay a Distribution when scheduled will not constitute an event of default.</p>	Section 7.1.2
The Distribution Rate may go up or down	The Distribution Rate may go up or down. There is a risk that the return on NAB Capital Notes 6 may become less attractive compared to returns on other investments.	Section 7.1.3
Market price of NAB Capital Notes 6	The market price of NAB Capital Notes 6 may go up or down and there is no guarantee NAB Capital Notes 6 will trade at or above their Face Value. The price at which NAB Capital Notes 6 trade may, for example, be affected by how the Distribution Rate of NAB Capital Notes 6 compares to that of other comparable instruments.	Section 7.1.4
Liquidity of NAB Capital Notes 6	The liquidity of NAB Capital Notes 6 may be low, which means that, at certain times, you may be unable to sell your NAB Capital Notes 6 at an acceptable price, if at all.	Section 7.1.5
Liquidity and price of Ordinary Shares	<p>Where NAB Capital Notes 6 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.</p> <p>The market price of Ordinary Shares may go up or down 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.</p> <p>The market price of Ordinary Shares is also relevant to determining whether or not Conversion will occur (except for any Conversion on account of a Loss Absorption Event) and the number of Ordinary Shares you will receive upon Conversion.</p> <p>See page 20 under the heading "Conversion or Write Off following Loss Absorption Event" and Section 7.1.14 for further information on the Conversion or Write Off of NAB Capital Notes 6 following a Loss Absorption Event.</p>	Sections 7.1.4, 7.1.5, 7.1.6 and 7.1.9

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Topic	Summary	Further information
Use of franking credits	<p>Distributions paid on NAB Capital Notes 6 are expected to be franked at the same rate as dividends paid on Ordinary Shares. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking.</p> <p>If any Distribution payment is not fully franked, then the Distribution will be adjusted to reflect the applicable franking rate (see clause 2.5 of the Terms).</p> <p>Holders should be aware that franking is not guaranteed and that their ability to use franking credits will depend on their individual circumstances and applicable Australian tax laws. The extent to which Distributions will be franked will depend on a number of factors, including the Group's capital management activities and the level of profits generated by the Group that will be subject to tax in Australia.</p> <p>Holders should refer to the Australian Taxation Summary in Section 8, the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p>	Sections 7.1.7 – 7.1.8
NAB Capital Notes 6 are perpetual and may not Convert	<p>NAB Capital Notes 6 have no fixed maturity date but will Convert into Ordinary Shares on 17 September 2032 if they are still on issue on that date and if the Mandatory Conversion Conditions are satisfied. If these conditions are not met on 17 September 2032 and NAB Capital Notes 6 remain on issue, Conversion will occur on the next Distribution Payment Date on which they are satisfied.</p> <p>If the Mandatory Conversion Conditions are never satisfied, there is a risk that NAB Capital Notes 6 may never Convert and may remain on issue indefinitely.</p>	Section 7.1.9
Holders have no right to request repayment	<p>Holders have no right to request that their NAB Capital Notes 6 be repaid. Absent a Conversion, Redemption or Resale, in order to realise their investment, Holders would have to sell their NAB Capital Notes 6 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 Capital Notes 6 (see Sections 7.1.4 and 7.1.5).</p>	Section 7.1.11
NAB has certain early Conversion, Redemption and Resale rights	<p>Subject to the prior written approval of APRA and certain conditions being met, NAB has the right to:</p> <ul style="list-style-type: none"> • Convert, Redeem or Resell NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030, or because of a Tax Event or a Regulatory Event; and • Convert NAB Capital Notes 6 because of a Potential Acquisition Event. <p>Holders should not expect that APRA's approval will be given for any Conversion, Redemption or Resale of NAB Capital Notes 6.</p>	Sections 7.1.11 – 7.1.12

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Investment overview

Topic	Summary	Further information
Conversion or Write Off following Loss Absorption Event	<p>If Conversion occurs following a Loss Absorption Event, depending on the market price of Ordinary Shares at that time Holders are likely to receive significantly less than \$101 worth of Ordinary Shares per NAB Capital Note 6 and may lose a significant amount of the money they invested in NAB Capital Notes 6 as a consequence. In cases where NAB Capital Notes 6 are not Converted for any reason within 5 days after the Loss Absorption Event Conversion Date, NAB Capital Notes 6 will be Written Off with effect on and from the Loss Absorption Event Conversion Date.</p> <p>If NAB Capital Notes 6 are Written Off following a Loss Absorption Event:</p> <ul style="list-style-type: none"> • The rights of Holders in relation to those NAB Capital Notes 6 will be terminated; • Those NAB Capital Notes 6 will not be Converted, Redeemed or Resold on any subsequent date; and • Holders will not have their capital repaid or receive any further Distributions in relation to those NAB Capital Notes 6. 	Section 7.1.14
Ranking in a winding up of NAB	<p>In a winding up of NAB, NAB Capital Notes 6 rank ahead of Ordinary Shares, equally amongst themselves and with all Equal Ranking Instruments, but behind the claims of all Senior Creditors (including depositors and holders of Tier 2 Capital Instruments).</p> <p>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 Capital Notes 6. See also the above and Section 7.1.14 in relation to the consequences of a Write Off. If NAB Capital Notes 6 are Written Off, Holders will not have their capital repaid and will not be entitled to any return in a winding up.</p>	Sections 7.1.14 and 7.1.15
NAB may issue further securities or incur other indebtedness	<p>There is no limit on the amount of senior debt, deposits or other obligations or securities (whether ranking equally with, or in priority or junior to NAB Capital Notes 6) that may be incurred or issued by NAB at any time or the incurring or guaranteeing by NAB of any indebtedness, which may affect Holders' ability to be repaid on a winding up of NAB.</p>	Section 7.1.16

1.3.2 Key risks associated with an investment in NAB

See Section 7.2 for a description of the risks associated with an investment in NAB and the Group.

Section one:

Investment overview

1.4 Information about the Offer

Topic	Summary	Further information
Notes Target Market	<p>In accordance with its obligations under the DDO Regime NAB has made a target market determination for NAB Capital Notes 6 (“Target Market Determination”).</p> <p>The Target Market Determination describes, among other things, the class of Retail Investors that comprise the target market for NAB Capital Notes 6 (“Notes Target Market”).</p> <p>That Notes Target Market is set out in Section 4 and a copy of the Target Market Determination is available at nab.com.au/nabcapitalnotes6.</p> <p>If you are a Retail Investor and wish to apply for NAB Capital Notes 6 you:</p> <ul style="list-style-type: none"> • must seek professional advice on whether you are within the Notes Target Market and whether an investment in NAB Capital Notes 6 is suitable for you in light of your particular investment objectives, financial situation and needs (including financial and taxation issues); and • can only apply for NAB Capital Notes 6 if you are within the Notes Target Market and have received personal advice from a qualified financial adviser in connection with the Offer. <p>You should not apply for NAB Capital Notes 6 if you are a Retail Investor and are not within the Notes Target Market.</p>	Section 4
Offer Structure	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • The Reinvestment Offer; • The New Money Offer; and • The Institutional Offer. <p>Information about the different offers and how to apply is provided below and in Section 4.</p> <p>If you are a current holder of NCN2 applying under the Reinvestment Offer, you must also read Section 3.</p>	Section 4

Section one:

Investment overview

Topic	Summary	Further information
Reinvestment Offer	<p>On 6 June 2022, NAB issued a redemption notice for the NCN2 in accordance with the NCN2 Terms. That notice confirms that on 7 July 2022 NAB will redeem all NAB Capital Notes 2 (“NCN2”) for \$100 per NCN2 (“NCN2 Redemption Price”).</p> <p>The Reinvestment Offer provides Eligible NCN2 Holders with the opportunity to reinvest their NCN2 Redemption Price into NAB Capital Notes 6 and maintain an ongoing investment in securities issued by NAB.</p> <p>You are an Eligible NCN2 Holder if you:</p> <ul style="list-style-type: none"> • were registered as a holder of NCN2 at 7.00pm on 1 June 2022; • are shown on the NCN2 register as having an address in Australia; • are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Client, or a Retail Investor within the Notes Target Market who has received personal advice from a qualified financial adviser in connection with the Offer; • are not an individual residing in a member state of the European Union; and • are not in the United States, are not a U.S. Person, and are not acting (including as a nominee) for the account or benefit of, a U.S. Person, and are not otherwise prevented from receiving the Reinvestment Offer or NAB Capital Notes 6 under the laws of any jurisdiction. <p>To participate in the Reinvestment Offer, an Eligible NCN2 Holder must also remain registered as a holder of NCN2 on the Closing Date (expected to be 5.00pm on 30 June 2022).</p> <p>The options available to Eligible NCN2 Holders are detailed in Section 3.</p> <p>Before submitting an Application under the Reinvestment Offer, Eligible NCN2 Holders should read Section 3.2 which describes the differences between NCN2 and NAB Capital Notes 6. In particular, Eligible NCN2 Holders should note that the margin applicable to NCN2 is 4.95%, and the Margin for NAB Capital Notes 6 is 3.15%. There is also no guarantee that all Applications under the Reinvestment Offer will be accepted. If your Application under the Reinvestment Offer is not accepted, your NCN2 will be redeemed on 7 July 2022 and you will receive the NCN2 Redemption Price (\$100 per NCN2) for the NCN2 you hold on that date.</p>	Section 3
How to Apply under the Offer	<ul style="list-style-type: none"> • All Applications (both for the Reinvestment Offer and the New Money Offer) must be submitted through a Syndicate Broker and you must contact your Syndicate Broker for instructions on how to apply. • The Offer does not contain a specific offer for NAB securityholders (unlike previous retail hybrid security offers by NAB) and Eligible NCN2 Holders cannot apply directly to NAB to participate in the Reinvestment Offer. 	Sections 3 and 4

Section one:

Investment overview

Topic	Summary	Further information
Minimum Application under the Offer	<p>New Money Offer Applications must be made for a minimum of 50 NAB Capital Notes 6 (\$5,000) and thereafter in multiples of 10 NAB Capital Notes 6 (\$1,000).</p> <p>Reinvestment Offer There is no minimum number of NCN2 that you must hold to be able to participate in the Reinvestment Offer.</p> <p>If you are an Eligible NCN2 Holder, own 50 NCN2 or fewer and wish to participate in the Reinvestment Offer, you can apply to participate in the Reinvestment Offer but you must apply to reinvest ALL of your NCN2 in NAB Capital Notes 6.</p> <p>If you are an Eligible NCN2 Holder, own more than 50 NCN2 and wish to participate in the Reinvestment Offer:</p> <ul style="list-style-type: none"> • you must apply to reinvest at least 50 of your NCN2 (\$5,000) and thereafter in multiples of 10 NCN2 (\$1,000); or • you can apply to reinvest ALL of your NCN2. <p>Eligible NCN2 Holders are not required to participate in the Reinvestment Offer and there is no guarantee Applications under the Reinvestment Offer will be accepted.</p>	Sections 3 and 4
Key Dates for the Offer	<p>Offer Period: The Offer:</p> <ul style="list-style-type: none"> • opened on 14 June 2022; and • is expected to close at 5.00pm on 30 June 2022. <p>Issue Date: NAB Capital Notes 6 are expected to be issued on 7 July 2022.</p> <p>Commencement of trading on ASX: Trading is expected to commence on 8 July 2022 on a normal settlement basis.</p> <p>Despatch of Holding Statements: Holding Statements are expected to be despatched on 13 July 2022.</p>	Key Dates
Allocation policy	<ul style="list-style-type: none"> • Allocations to Syndicate Brokers were determined by NAB in consultation with the Joint Lead Managers following completion of the Bookbuild. • Allocations to Applicants by a Syndicate Broker (including in respect of Applications under the Reinvestment Offer) are at the discretion of that Syndicate Broker. However, priority is intended to be given to Applicants applying to reinvest their NCN2 Redemption Price over other Applicants. • It is possible for Applications to be scaled back by a Syndicate Broker. NAB takes no responsibility for any allocation, scale back or rejection that is decided by a Syndicate Broker. • Allocations to Institutional Investors were determined by NAB following completion of the Bookbuild. 	Section 4
Tax consequences	Information about the Australian tax consequences of investing in NAB Capital Notes 6 is set out in Section 8.	Section 8

Section one:

Investment overview

Topic	Summary	Further information
Fees and expenses associated with the Offer	NAB has incurred certain fees and expenses in connection with the Offer and the Prospectus which are described in Section 9. These include payments to the Joint Lead Managers and the Co-Manager.	Section 9
More information	<p>If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 6 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser.</p> <p>You can also call the NAB Information Line on 1300 367 647 (within Australia) or on +61 3 9415 4299 (outside Australia) (Monday to Friday, 8.00am – 7.30pm) from the announcement of the Offer and for a week following the Closing Date.</p>	

Section two:

About NAB Capital Notes 6

The following is an overview of the key terms of NAB Capital Notes 6. It is important that you read this Prospectus and the Terms in full before deciding whether to invest in NAB Capital Notes 6. If you do not fully understand how NAB Capital Notes 6 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 6 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser.

The full Terms are contained in Appendix A. Rights and liabilities attaching to NAB Capital Notes 6 may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

A table comparing the key features of NAB Capital Notes 6 and other investments in NAB (including Ordinary Shares) is set out in Section 2.10.

Section two:

About NAB Capital Notes 6

2.1 Distributions

NAB Capital Notes 6 are expected to pay quarterly floating rate Distributions in cash, which are expected to be franked at the same rate as dividends paid on Ordinary Shares. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking. A Distribution will be paid provided the Directors decide to pay it, and provided a Payment Condition does not exist on the Distribution Payment Date. Broadly, a Payment Condition exists where NAB is prevented from paying the Distribution by prudential regulatory requirements, applicable law or insolvency.

The Distribution Rate is a floating rate (i.e. it may go up or down), and is equal to the sum of the Bank Bill Rate plus the Margin (as determined under the Bookbuild), adjusted for NAB's tax rate.

Distributions are non-cumulative.

Topic	Summary	Further information
Distribution Rate	<p>The Distribution Rate for each Distribution will be calculated using the following formula:</p> $\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ <p>where:</p> <ul style="list-style-type: none"> Bank Bill Rate is a benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short-term cash to each other over a period of approximately 90 days as published by ASX (or its successor). It changes to reflect supply and demand in the cash and currency markets. The Bank Bill Rate for each Distribution Period is set on the first Business Day of the relevant Distribution Period. Fall-back procedures apply under the Terms if the Bank Bill Rate does not appear, if there is an obvious error in that rate or (subject to APRA's prior written approval) if that rate is otherwise subject to disruption; It is possible for the Bank Bill Rate to be negative. If this occurs, the negative amount will be taken into account in calculating the Distribution Rate. Even if the Distribution Rate is calculated to be negative there will be no obligation on Holders to pay NAB; Margin is 3.15%, as determined under the Bookbuild. The Margin will not change for the term of NAB Capital Notes 6; and Tax Rate is the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date. <p>Below are two worked examples of the Distribution Rate calculated using:</p> <ul style="list-style-type: none"> a Bank Bill Rate of 1.2158% (i.e. if the Bank Bill Rate is positive); a Bank Bill Rate of -1.0000% (i.e. if the Bank Bill Rate is negative); and a Margin of 3.1500%. <p>These examples are for illustrative purposes only and do not indicate, guarantee or forecast the actual Bank Bill Rate for the first or any subsequent Distribution Period.</p>	Clause 2.4 of the Terms

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About NAB Capital Notes 6

Topic	Summary	Further information																				
Distribution Rate (continued)	<p>Using a Bank Bill Rate of 1.2158% (i.e. a positive Bank Bill Rate)</p> <p>For example, if the Bank Bill Rate was 1.2158% and the Australian corporate tax rate applicable to the franking account of NAB was 30%, assuming the Distribution is fully franked the Distribution Rate for that Distribution Period would be calculated as follows:</p> <table border="0"> <tr> <td>Bank Bill Rate</td> <td>1.2158% per annum</td> </tr> <tr> <td><u>plus Margin</u></td> <td><u>3.1500% per annum</u></td> </tr> <tr> <td></td> <td>4.3658% per annum</td> </tr> <tr> <td><u>Multiplied by (1 – Tax Rate)</u></td> <td><u>x 0.70</u></td> </tr> <tr> <td>Distribution Rate =</td> <td>3.0561% per annum</td> </tr> </table> <p>Using a Bank Bill Rate of -1.0000% (i.e. a negative Bank Bill Rate)</p> <p>For example, if the Bank Bill Rate was -1.0000% and the Australian corporate tax rate applicable to the franking account of NAB was 30%, assuming the Distribution is fully franked the Distribution Rate for that Distribution Period would be calculated as follows:</p> <table border="0"> <tr> <td>Bank Bill Rate</td> <td>-1.0000% per annum</td> </tr> <tr> <td><u>plus Margin</u></td> <td><u>3.1500% per annum</u></td> </tr> <tr> <td></td> <td>2.1500% per annum</td> </tr> <tr> <td><u>Multiplied by (1 – Tax Rate)</u></td> <td><u>x 0.70</u></td> </tr> <tr> <td>Distribution Rate =</td> <td>1.5050% per annum</td> </tr> </table> <p>Even if the Distribution Rate is calculated to be negative there will be no obligation on Holders to pay NAB.</p> <p>The graph on the following page illustrates the movement in the Bank Bill Rate. The rate on 2 June 2022 was 1.2158%. The Australian corporate tax rate may change from time to time and that will affect the Distribution Rate.</p>	Bank Bill Rate	1.2158% per annum	<u>plus Margin</u>	<u>3.1500% per annum</u>		4.3658% per annum	<u>Multiplied by (1 – Tax Rate)</u>	<u>x 0.70</u>	Distribution Rate =	3.0561% per annum	Bank Bill Rate	-1.0000% per annum	<u>plus Margin</u>	<u>3.1500% per annum</u>		2.1500% per annum	<u>Multiplied by (1 – Tax Rate)</u>	<u>x 0.70</u>	Distribution Rate =	1.5050% per annum	Clause 2.4 of the Terms
Bank Bill Rate	1.2158% per annum																					
<u>plus Margin</u>	<u>3.1500% per annum</u>																					
	4.3658% per annum																					
<u>Multiplied by (1 – Tax Rate)</u>	<u>x 0.70</u>																					
Distribution Rate =	3.0561% per annum																					
Bank Bill Rate	-1.0000% per annum																					
<u>plus Margin</u>	<u>3.1500% per annum</u>																					
	2.1500% per annum																					
<u>Multiplied by (1 – Tax Rate)</u>	<u>x 0.70</u>																					
Distribution Rate =	1.5050% per annum																					

Section two:

About NAB Capital Notes 6

Movement in the Bank Bill Rate



Topic	Summary	Further information										
Calculation of Distribution	<p>Distributions scheduled to be paid on a Distribution Payment Date will be calculated using the following formula:</p> $\frac{\text{Distribution Rate} \times \$100 \times N}{365}$ <p>where:</p> <p>N is the number of days in the Distribution Period.</p> <p>Using the above formula, if the Distribution Rate was 3.0561% per annum, then the Distribution on each NAB Capital Note 6 for a Distribution Period of 90 days would be calculated as follows:</p> <table border="0"> <tr> <td>Indicative Distribution Rate</td> <td>3.0561% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td>X \$100</td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period</td> <td>X 90</td> </tr> <tr> <td>Divided by 365</td> <td>/ 365</td> </tr> <tr> <td>Indicative cash Distribution payment for the Distribution Period for each NAB Capital Note 6</td> <td>\$0.7536</td> </tr> </table> <p>Distributions paid on NAB Capital Notes 6 are expected to be franked at the same rate as dividends paid on Ordinary Shares. However, Holders should be aware that franking is not guaranteed and that their ability to use franking credits will depend on their individual circumstances and applicable Australian tax laws. The extent to which Distributions will be franked will depend on a number of factors, including the Group's capital management activities and the level of profits generated by the Group that will be subject to tax in Australia. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking. If any Distribution payment is not fully franked, then the Distribution will be adjusted to reflect the applicable franking rate. Holders should refer to the Australian Taxation Summary in Section 8, the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p>	Indicative Distribution Rate	3.0561% per annum	Multiplied by the Face Value	X \$100	Multiplied by the number of days in the Distribution Period	X 90	Divided by 365	/ 365	Indicative cash Distribution payment for the Distribution Period for each NAB Capital Note 6	\$0.7536	Clause 2.4 of the Terms
Indicative Distribution Rate	3.0561% per annum											
Multiplied by the Face Value	X \$100											
Multiplied by the number of days in the Distribution Period	X 90											
Divided by 365	/ 365											
Indicative cash Distribution payment for the Distribution Period for each NAB Capital Note 6	\$0.7536											

Section two:

About NAB Capital Notes 6

Topic	Summary	Further information
Calculation of Distribution (continued)	<p>The example on the previous page is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution payment for the first or any subsequent Distribution Period. Actual Distribution payments may be higher or lower than this example. The Distribution Rate for the first Distribution Period will be set on the Issue Date and will include the Margin, as determined under the Bookbuild.</p>	Clause 2.4 of the Terms
Distribution Payment Dates	<p>The Distribution Payment Dates are scheduled to be:</p> <ul style="list-style-type: none"> • 17 March; • 17 June; • 17 September; and • 17 December, <p>commencing on 17 September 2022 until (but not including) the date that NAB Capital Notes 6 are Converted or Redeemed.</p> <p>In addition, if Conversion, Redemption or Resale occurs on a day that is not a scheduled Distribution Payment Date, provided the conditions to payment are met, Holders of NAB Capital Notes 6 which are being Converted (other than in the case of a Loss Absorption Event), Redeemed or Resold will also receive a Distribution in respect of these NAB Capital Notes 6 for the period from the immediately preceding Distribution Payment Date to the date on which the Conversion, Redemption or Resale occurs, subject to NAB's absolute discretion and the Payment Conditions.</p> <p>If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date is the next Business Day.</p>	Clause 2.2 of the Terms
Franking credits	<p>Distributions paid on NAB Capital Notes 6 are expected to be franked at the same rate as dividends paid on Ordinary Shares. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking.</p> <p>If any Distribution payment is not fully franked, then the Distribution will be adjusted to reflect the applicable franking rate (see clause 2.5 of the Terms).</p> <p>Holders should be aware that franking is not guaranteed and that their ability to use franking credits will depend on their individual circumstances and applicable Australian tax laws. The extent to which Distributions will be franked will depend on a number of factors, including the Group's capital management activities and the level of profits generated by the Group that will be subject to tax in Australia.</p> <p>Holders should refer to the Australian Taxation Summary in Section 8, the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p>	Clause 2.5 of the Terms

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About NAB Capital Notes 6

Topic	Summary	Further information
Restrictions on Distributions	<p>A Distribution on NAB Capital Notes 6 will only be paid if:</p> <ul style="list-style-type: none"> • The Directors resolve to pay it; and • A Payment Condition does not exist on the Distribution Payment Date. <p>A “Payment Condition” will exist where:</p> <ul style="list-style-type: none"> • The payment of the Distribution will result in NAB or the Group not complying with APRA’s then current Prudential Capital Requirements; • Unless APRA otherwise approves in writing, payment of the Distribution would result in NAB or the Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA’s then current capital conservation requirements as they are applied to NAB or the Group (as the case may be) at the time;²⁰ • APRA otherwise objects to the payment of the Distribution; • Payment of the Distribution would result in NAB becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or • NAB is not permitted to pay the Distribution under the Corporations Act. <p>Distributions are non-cumulative. Failure to pay a Distribution when scheduled will not constitute an event of default. If a Distribution is not paid then NAB has no liability to pay that Distribution and Holders have no claim or entitlement in respect of such non-payment.</p>	<p>Clause 2.6 of the Terms</p> <p>Clause 2.7 of the Terms</p>
Restrictions on Ordinary Shares if Distributions are not paid	<p>If for any reason a Distribution has not been paid in full on a Distribution Payment Date, NAB must not, subject to certain exceptions, unless approved by an Ordinary Resolution, until and including the next Distribution Payment Date:</p> <ul style="list-style-type: none"> • Declare, determine to pay or pay a dividend on Ordinary Shares; or • Buy-back or reduce capital on Ordinary Shares. <p>However, if the Distribution is paid in full within 3 Business Days of the Distribution Payment Date, this restriction will no longer apply. This restriction on dividend payments where Distributions on NAB Capital Notes 6 are not paid only applies in respect of Ordinary Shares and not distributions in respect of any other securities, including those ranking equally with, or senior to, NAB Capital Notes 6.</p> <p>Further, the restriction only applies until the next Distribution Payment Date and is subject to certain exceptions. The dates for dividends or other distributions with respect to Ordinary Shares are determined by NAB in its discretion and do not bear a fixed relationship to the Distribution Payment Dates for NAB Capital Notes 6. Accordingly, as soon as the restriction ceases to apply (as will be the case if the next scheduled Distribution on NAB Capital Notes 6 is paid in full) NAB will not be restricted from paying a dividend or other distributions on its Ordinary Shares.</p>	<p>Clauses 2.8 and 2.9 of the Terms</p>

²⁰ See Section 6.3.1 for a description of APRA’s current rules requiring restrictions on payments in respect of Additional Tier 1 Capital instruments (such as NAB Capital Notes 6).

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About NAB Capital Notes 6

2.2 Term

Topic	Summary	Further information
Term	<p>NAB Capital Notes 6 do not have a fixed maturity date and if they are not Converted, Written Off, Redeemed or Resold in accordance with the Terms, they could remain on issue indefinitely. Accordingly they are perpetual securities.</p> <p>There can be no certainty that NAB Capital Notes 6 will be Converted, Redeemed or Resold under the Terms. Holders will have no right to request NAB to Convert, Redeem or Resell NAB Capital Notes 6. Conditions apply to any optional Conversion, Redemption, Resale or purchase of NAB Capital Notes 6, including a requirement for the prior written approval of APRA. Holders should not expect that APRA's approval for any optional Conversion, Redemption, Resale, or purchase, will be given. Information on the circumstances in which NAB Capital Notes 6 may be Converted, Redeemed, Resold or Written Off is set out in Sections 2.3 to 2.7.</p>	<p>Sections 2.3 – 2.7</p> <p>Clause 12.2 of the Terms</p>

2.3 Mandatory Conversion

NAB must convert all (but not some) outstanding NAB Capital Notes 6 into Ordinary Shares on 17 September 2032, provided that certain conditions are met. If any of these conditions are not satisfied on this date, the Mandatory Conversion Date will be deferred to the next Distribution Payment Date on which they are satisfied. These conditions may never be satisfied and accordingly NAB Capital Notes 6 may never Convert into Ordinary Shares. The number of Ordinary Shares that Holders will receive on a Mandatory Conversion will not be greater than the Maximum Conversion Number.

The conditions to Mandatory Conversion and the associated Conversion calculations are designed to ensure that Holders receive approximately \$101 worth of Ordinary Shares for each NAB Capital Note 6 they hold, and that the Ordinary Shares they receive following the Conversion are capable of being sold on the ASX.

Topic	Summary	Further information
Mandatory Conversion Date	<p>Outstanding NAB Capital Notes 6 are scheduled to be mandatorily Converted on 17 September 2032, provided the Mandatory Conversion Conditions are satisfied on that date.</p> <p>If any of the Mandatory Conversion Conditions are not satisfied on this date, NAB Capital Notes 6 will continue to be on issue and the Mandatory Conversion Date will be deferred to the next Distribution Payment Date on which those conditions are satisfied.</p>	<p>Clauses 3.1 and 3.2 of the Terms</p>

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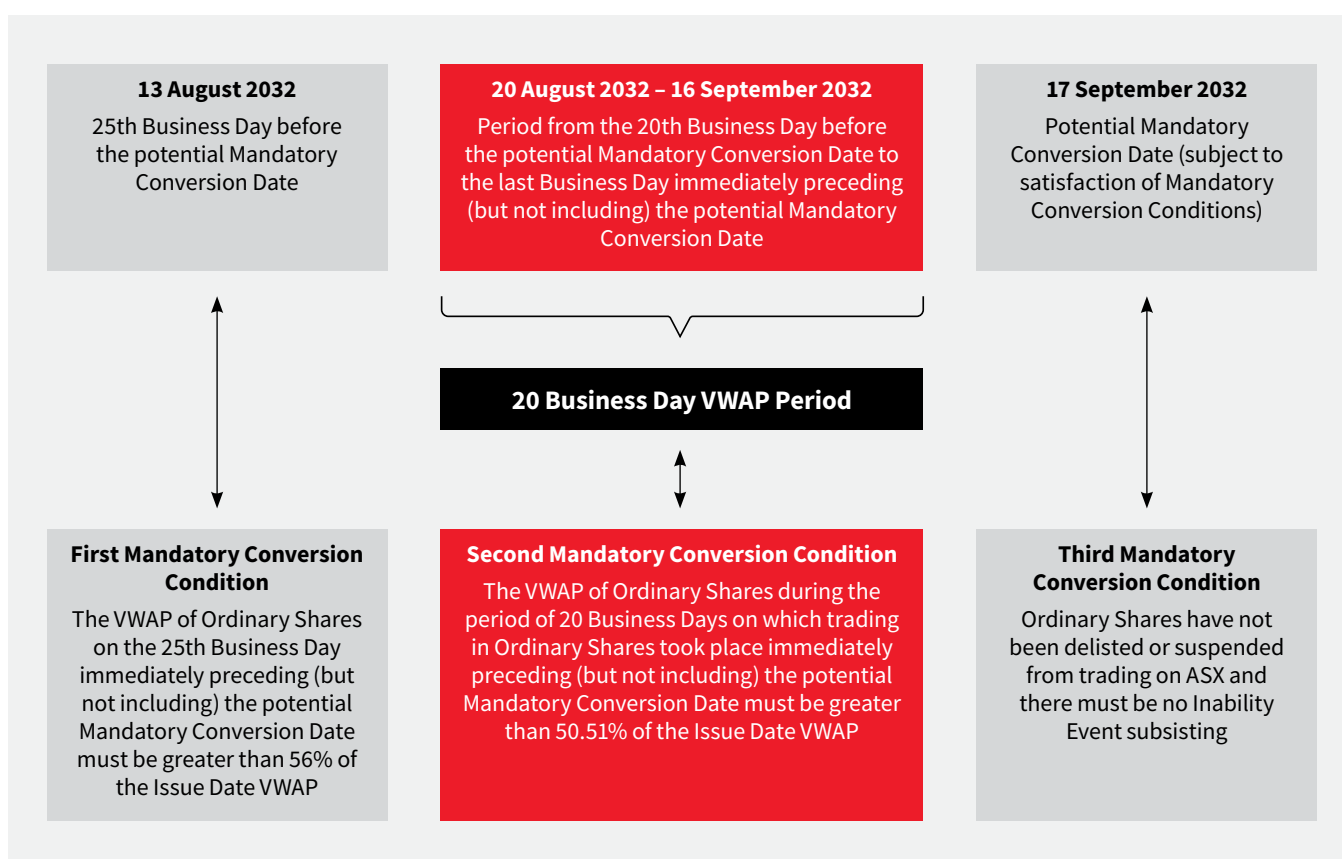
About NAB Capital Notes 6

Topic	Summary	Further information
Mandatory Conversion and consequences	<p>If the Mandatory Conversion Conditions are satisfied on the Mandatory Conversion Date, outstanding NAB Capital Notes 6 will be Converted and Holders will receive Ordinary Shares.</p> <p>Upon Conversion on a Mandatory Conversion Date, based on a Face Value of \$100 and with a 1% discount, Holders will receive approximately \$101 worth of Ordinary Shares per NAB Capital Note 6. The number of Ordinary Shares that Holders will receive will be based on the volume weighted average price of Ordinary Shares (“VWAP”) during a period of 20 Business Days on which trading in Ordinary Shares took place before the Mandatory Conversion Date, but will not be greater than the Maximum Conversion Number.</p> <p>As the VWAP is an average price, it may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received in respect of each NAB Capital Note 6 may be more or less than \$101 when they are issued or at any time after that.</p> <p>Following a Conversion, Holders will become holders of Ordinary Shares, which will rank equally with existing Ordinary Shares from the date of issue and which may be sold on the ASX at the prevailing market price (provided that trading in Ordinary Shares on the ASX has not been suspended at the relevant time).</p>	<p>Clause 3.1 of the Terms</p> <p>Clause 7.1 of the Terms</p>
Mandatory Conversion Conditions	<p>There are three Mandatory Conversion Conditions, each of which must be satisfied for Mandatory Conversion to occur.</p> <p>The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to provide protection to Holders against receiving less than approximately \$101 worth of Ordinary Shares per NAB Capital Note 6 on Conversion (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date).</p> <p>The percentages used in the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition (see below) are derived from market precedents and the cap on the number of ordinary shares that is permitted to be issued under applicable prudential rules and ratings agency guidance. Worked examples follow.</p> <p>The Third Mandatory Conversion Condition is intended to provide protection for Holders by making Conversion conditional on Holders receiving Ordinary Shares which are capable of being sold on ASX.</p> <p>The Mandatory Conversion Conditions are as follows:</p> <ul style="list-style-type: none"> • First Mandatory Conversion Condition: the VWAP of Ordinary Shares on the 25th Business Day immediately preceding (but not including) a possible Mandatory Conversion Date must be greater than 56% of the Issue Date VWAP; • Second Mandatory Conversion Condition: the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) a possible Mandatory Conversion Date is greater than 50.51% of the Issue Date VWAP; and • Third Mandatory Conversion Condition: no Delisting Event applies to Ordinary Shares in respect of a possible Mandatory Conversion Date. Broadly, a Delisting Event occurs when NAB is delisted, its Ordinary Shares have been suspended from trading for a certain period, or an Inability Event subsists preventing NAB from Converting NAB Capital Notes 6 generally (i.e. where NAB is prevented from Converting NAB Capital Notes 6 by applicable law or order of any court or action of any government authority or any other reason). 	<p>Clause 3.3 of the Terms</p>

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Topic	Summary	Further information
Mandatory Conversion Conditions (continued)	<p>Satisfaction of Mandatory Conversion Conditions</p> <p>By way of example, if the Issue Date VWAP is \$30.00, for the First Mandatory Conversion Condition to be satisfied the relevant VWAP would need to be greater than \$16.80, and for the Second Mandatory Conversion Condition to be satisfied the relevant VWAP would need to be greater than \$15.15. The Third Mandatory Conversion Condition will be satisfied where the Ordinary Shares are able to be traded on the ASX at the relevant time and no Inability Event subsists.</p> <p>The following diagram illustrates the timeframes that are relevant for the Mandatory Conversion Conditions, using the date of 17 September 2032 as a potential Mandatory Conversion Date. These dates are indicative only and may change.</p>	Clause 3.3 of the Terms



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Topic	Summary	Further information
Conversion Number	<p>On a Mandatory Conversion Date, a Holder will receive a number of Ordinary Shares per NAB Capital Note 6 (“Conversion Number”) which is the lesser of:</p> <p>(a) the number (N) calculated in accordance with the following formula:</p> $N = \frac{\$100}{99\% \times \text{VWAP}}$ <p>where:</p> <ul style="list-style-type: none"> • “VWAP” broadly is the volume weighted average price of Ordinary Shares during the VWAP Period. For a Mandatory Conversion, the VWAP Period is the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date. <p>and:</p> <p>(b) the Maximum Conversion Number (“MCN”) calculated in accordance with the following formula:</p> $\text{MCN} = \frac{\$100}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$ <p>where:</p> <ul style="list-style-type: none"> • “Issue Date VWAP” is the VWAP during the 20 Business Day period on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which NAB Capital Notes 6 were issued; and • “Relevant Fraction”, for a Mandatory Conversion, is 0.5. This fraction reflects the ratings agency requirement that the maximum number of Ordinary Shares issued on a Conversion of this kind does not exceed the number that would be issued if the Ordinary Share price fell from the price it was at the Issue Date to 50% of that price. <p>Adjustments to Issue Date VWAP and Maximum Conversion Number</p> <p>The Issue Date VWAP, and consequently the Maximum Conversion Number, will be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues as set out in the Terms (but not other transactions, including rights issues, which may affect the capital of NAB).</p> <p>No adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.</p>	Clauses 7.1 – 7.7 of the Terms

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Topic	Summary	Further information
<p>Number of Ordinary Shares Holders will receive on Mandatory Conversion Date – worked example</p>	<p>Worked example: Scheduled Mandatory Conversion Date</p> <p>Assume the VWAP from 20 August 2032 to 16 September 2032 (being the 20 Business Days on which trading in Ordinary Shares took place immediately preceding 17 September 2032) is \$20 and the Issue Date VWAP is \$30. Holders would be entitled to receive the Conversion Number of Ordinary Shares which is the lesser of:</p> $N = \frac{\$100}{99\% \times \$20.00} = 5.0505 \text{ Ordinary Shares per NAB Capital Note 6;}$ <p>and:</p> $\text{the MCN} = \frac{\$100}{\$30.00 \times 0.5} = 6.6667 \text{ Ordinary Shares per NAB Capital Note 6.}$ <p>Since N is less than the MCN (see above), the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 6 would be entitled would be 505 (i.e. 100×5.0505, which number is rounded down to disregard the fraction of the Ordinary Share). Assuming a prevailing market price equal to the VWAP of \$20.00, this would represent a market value of \$10,100 (i.e. $505 \times \\$20.00$) which is slightly more than \$10,000 (the Face Value of 100 NAB Capital Notes 6).</p> <p>This example is for illustrative purposes only. The figures in it are not forward looking statements and do not indicate, guarantee or forecast the Issue Date VWAP or future VWAP or other price of Ordinary Shares.</p>	<p>Clause 7.1 of the Terms</p>

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2.4 Optional Conversion

On 17 December 2029, 17 March 2030,²¹ 17 June 2030, and 17 September 2030, NAB may elect to Convert NAB Capital Notes 6 into Ordinary Shares with APRA's prior written approval. NAB may also elect to Convert NAB Capital Notes 6 into Ordinary Shares following the occurrence of certain events (related to tax, regulation and takeovers) subject to APRA's prior written approval.

As with a Mandatory Conversion, there are conditions to an optional Conversion which are designed to ensure that Holders receive approximately \$101 worth of Ordinary Shares for each NAB Capital Note 6 they hold, and that Holders receive Ordinary Shares that are capable of being sold on ASX.

The number of Ordinary Shares that Holders will receive on a Conversion in these circumstances will not be greater than the Maximum Conversion Number.

The conditions to an optional Conversion may never be satisfied and accordingly, NAB Capital Notes 6 may never Convert into Ordinary Shares. Holders should not expect that APRA's approval will be given for any optional Conversion.

Topic	Summary	Further information
Optional Conversion	<p>NAB may, with APRA's prior written approval, elect to Convert:</p> <ul style="list-style-type: none"> • All or some NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030; • All or some NAB Capital Notes 6 following the occurrence of a Tax Event or a Regulatory Event; or • All or some NAB Capital Notes 6 following the occurrence of a Potential Acquisition Event. <p>An optional Conversion is subject to further conditions as set out below.</p> <p> Holders should not expect that APRA's approval will be given for a Conversion of NAB Capital Notes 6 in these circumstances.</p> <p> Holders do not have a right to request Conversion in any circumstances.</p>	Clause 6.1 of the Terms
Tax Event	<p>Broadly, a Tax Event will occur if, on or after the Issue Date, NAB receives legal or tax advice that as a result of a change in law or regulation, judicial decision or administrative position in Australia, or a challenge by the Australian Taxation Office in relation to NAB Capital Notes 6, which NAB did not expect as at the Issue Date, there is a more than insubstantial risk that a Distribution would not be frankable (or would only be frankable subject to requirements which the Directors determine in their absolute discretion to be unacceptable) or that NAB would be exposed to more than a de minimis increase in taxes or other costs, in relation to NAB Capital Notes 6.</p>	Clause 24.1 of the Terms

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Topic	Summary	Further information
Regulatory Event	<p>A Regulatory Event will broadly occur if:</p> <ul style="list-style-type: none"> NAB receives legal advice that, as a result of a change of law or regulation, judicial decision, administrative position or statement of APRA on or after the Issue Date, more than de minimis additional requirements would be imposed on NAB in relation to NAB Capital Notes 6 (which were not expected by NAB at the Issue Date) which the Directors determine in their absolute discretion to be unacceptable; or The Directors determine that, as a result of a change of law or regulation, judicial decision, administrative position or statement of APRA on or after the Issue Date, NAB is not or will not be entitled to treat some or all NAB Capital Notes 6 as Additional Tier 1 Capital, except where the reason is or will be because of a limit or other restriction on the recognition of Additional Tier 1 Capital which is in effect on the Issue Date or which on the Issue Date is expected by NAB may come into effect. 	Clause 24.1 of the Terms
Potential Acquisition Event	<p>A Potential Acquisition Event will broadly occur if:</p> <ul style="list-style-type: none"> A takeover bid is made to acquire all or some Ordinary Shares, the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue or a majority of Directors recommend acceptance of the offer in the absence of a higher offer; or A court orders the holding of meetings to approve a scheme of arrangement with respect to NAB which would result in a person having a relevant interest in more than 50% of the Ordinary Shares on issue after the scheme is implemented. <p>A Potential Acquisition Event will not occur where NAB is acquired by an Approved NOHC. An Approved NOHC is described in Section 2.9.</p>	Clause 24.1 of the Terms
Optional Conversion Restrictions	<p>Broadly, in addition to APRA approval, there are two categories of restrictions that may prevent an optional Conversion from occurring:</p> <ul style="list-style-type: none"> Restrictions that may prevent NAB from sending a notice to Holders advising them that NAB wishes to Convert NAB Capital Notes 6; and Restrictions that may prevent NAB from actually Converting NAB Capital Notes 6. <p>Restrictions that may prevent NAB from sending a conversion notice</p> <p>NAB may not elect to Convert NAB Capital Notes 6 if on the Non-Conversion Test Date (broadly, the second Business Day before the date on which NAB is to send a notice advising Holders that it wishes to Convert NAB Capital Notes 6):</p> <ul style="list-style-type: none"> The VWAP of Ordinary Shares on the Non-Conversion Test Date is less than or equal to 22.50% of the Issue Date VWAP; or A Delisting Event applies. 	Clauses 6.4 and 6.5 of the Terms

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About NAB Capital Notes 6

Topic	Summary	Further information
Optional Conversion Restrictions (continued)	<p><i>Further restrictions that may prevent NAB from Converting NAB Capital Notes 6 on a Conversion Date</i></p> <p>In addition, if, treating the date on which Conversion is to occur (“Optional Conversion Date”) as a Mandatory Conversion Date, either:</p> <ul style="list-style-type: none"> • The Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) would not be satisfied; or • A Delisting Event applies, <p>then the proposed Conversion must be deferred until the next Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Distribution Payment Date were a Mandatory Conversion Date (with those conditions applied as if the percentage of the Issue Date VWAP were 22.50% for the First Mandatory Conversion Condition and 20.20% for the Second Mandatory Conversion Condition).</p> <p>The percentages used in the above restrictions are derived from market precedents and the cap on the number of Ordinary Shares that is permitted to be issued under applicable prudential standards.</p>	
Conversion Number	<p>If an optional Conversion proceeds, the Conversion Number of Ordinary Shares will be calculated in the same manner as for a Mandatory Conversion – see Section 2.3. However, for the purposes of the optional Conversion calculations, the Relevant Fraction is 0.2 rather than 0.5, as permitted by applicable prudential standards for Additional Tier 1 Capital.</p>	<p>Clause 7.1 of the Terms</p>
If Conversion does not occur on Optional Conversion Date	<p>If NAB elects to Convert but cannot Convert NAB Capital Notes 6 on the Optional Conversion Date because of an applicable Conversion restriction, NAB will notify Holders and the Conversion will be deferred until the next Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied as if that Distribution Payment Date were a possible Mandatory Conversion Date (with those conditions applied as if the percentage of the Issue Date VWAP were 22.50% for the First Mandatory Conversion Condition and 20.20% for the Second Mandatory Conversion Condition), unless NAB Capital Notes 6 are otherwise Converted, Written Off, Redeemed or Resold in accordance with the Terms. For the purposes of the Conversion calculations in these circumstances, the Relevant Fraction is 0.2 rather than 0.5, as permitted by applicable prudential standards for Additional Tier 1 Capital.</p>	<p>Clause 6.5 of the Terms</p>

²¹ Due to the Business Day convention, this date is deferred from 17 March 2030 to 18 March 2030.

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2.5 Optional Redemption, optional Resale or purchase

On 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030, NAB may elect to Redeem, Resell or purchase NAB Capital Notes 6 with APRA's prior written approval. NAB may also elect to Redeem or Resell NAB Capital Notes 6 following the occurrence of certain events (related to tax and regulation), subject to APRA's prior written approval.

If a Redemption or Resale occurs, a Holder will receive an amount equal to the Face Value (\$100) in cash for each NAB Capital Note 6 that it holds.

There are restrictions on NAB's ability to Redeem NAB Capital Notes 6 for cash. Most importantly, NAB may only elect to Redeem NAB Capital Notes 6 if APRA is satisfied that NAB's regulatory capital position will remain adequate following the Redemption. This is intended to protect NAB's creditors (including depositors).

Holder should not expect that APRA's approval will be given for any Redemption, Resale or purchase.

Topic	Summary	Further information
Optional Redemption	<p>NAB may, with APRA's prior written approval, elect to Redeem:</p> <ul style="list-style-type: none"> All or some NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030; or All or some NAB Capital Notes 6 following the occurrence of a Tax Event or a Regulatory Event. <p>Holders should not expect that APRA's approval will be given for any Redemption of NAB Capital Notes 6 under the Terms. Holders do not have a right to request Redemption in any circumstances.</p>	Clause 8.1 of the Terms
Restrictions on Redemption	<p>NAB may only elect to Redeem NAB Capital Notes 6 if APRA is satisfied that either:</p> <ul style="list-style-type: none"> The NAB Capital Notes 6 proposed to be Redeemed are replaced concurrently or beforehand with a capital instrument of the same or better quality and the replacement of the instrument is done under conditions that are sustainable for NAB's income capacity; or The capital position of the NAB Level 1 Group and NAB Level 2 Group will remain adequate after NAB elects to Redeem NAB Capital Notes 6. 	Clause 8.4 of the Terms
Optional Resale	<p>NAB may also, with APRA's prior written approval, elect to Resell:</p> <ul style="list-style-type: none"> All or some NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, and 17 September 2030; or All or some NAB Capital Notes 6 following the occurrence of a Tax Event or a Regulatory Event. <p>Holders should not expect that APRA's approval will be given for any Resale of NAB Capital Notes 6 under the Terms. Holders do not have a right to request Resale in any circumstances.</p> <p>In the event of a Resale, each Holder is bound under the Terms to sell NAB Capital Notes 6 to one or more third party purchasers at the Resale Price (\$100 per NAB Capital Note 6).</p>	Clauses 10.1 and 11.4 of the Terms

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Topic	Summary	Further information
Appointment of Nominated Purchaser	<p>If NAB elects to Resell NAB Capital Notes 6, it must appoint one or more third party purchasers (each a “Nominated Purchaser”) to purchase NAB Capital Notes 6 offered for Resale (on such terms as may be agreed between NAB and the Nominated Purchaser). The terms of appointment may include terms:</p> <ul style="list-style-type: none"> • as to the conditions of any Resale, the procedures for settlement of such Resale and the circumstances in which the notice given by NAB to the Registrar, ASX and the Holders in connection with such Resale may be amended; • as to the substitution of another entity as Nominated Purchaser (in accordance with the Terms); and • on which any NAB Capital Notes 6 acquired by a Nominated Purchaser may be Redeemed, Converted or otherwise dealt with. <p>To the extent any of the terms on which a Nominated Purchaser is appointed may cause NAB Capital Notes 6 to cease to be Additional Tier 1 Capital, then the prior written approval of APRA is required before the Nominated Purchaser is appointed on those terms.</p> <p>If NAB appoints more than one Nominated Purchaser in respect of a Resale, all or any NAB Capital Notes 6 held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by NAB for the Resale Price.</p> <p>The Nominated Purchaser must not be NAB or any Related Entity of NAB.</p>	Clauses 11.2 and 11.3 of the Terms
Failure by Nominated Purchaser to pay Resale Price	<p>If a Nominated Purchaser does not pay the Resale Price when the Resale Price is due, the Resale to that Nominated Purchaser will not occur and Holders will continue to hold NAB Capital Notes 6 in accordance with the Terms until NAB Capital Notes 6 are otherwise Redeemed, Converted or Resold in accordance with the Terms.</p>	Clause 11.6 of the Terms
Purchases	<p>NAB (or any Related Entity of NAB) may at any time purchase NAB Capital Notes 6 in the open market or otherwise, at any price (subject to the prior written approval of APRA).</p>	Clause 12.3 of the Terms

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About NAB Capital Notes 6

2.6 Conversion following an Acquisition Event

NAB must Convert all (but not some) NAB Capital Notes 6 into Ordinary Shares where NAB is taken over by way of takeover bid or scheme of arrangement which meets certain requirements (which are described below).

As with other types of Conversion, there are conditions to Conversion in these circumstances which are designed to ensure that Holders receive no less than approximately \$101 worth of Ordinary Shares for each NAB Capital Note 6 they hold, and that Holders receive Ordinary Shares that are capable of being sold on the ASX.

There is a risk that these conditions may never be satisfied. Accordingly, NAB Capital Notes 6 may never Convert into Ordinary Shares.

Topic	Summary	Further information
Acquisition Event	<p>In summary, an Acquisition Event means either:</p> <ul style="list-style-type: none"> • A takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional, all necessary regulatory approvals have been obtained and either: <ul style="list-style-type: none"> – The bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or – A majority of Directors recommend acceptance of such offer (in the absence of a higher offer); or • A court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which when implemented would result in a person having a relevant interest in more than 50% of Ordinary Shares on issue, and: <ul style="list-style-type: none"> – All classes of members of NAB pass all resolutions required to approve the scheme by the majorities required under the Corporations Act; and – All conditions to the implementation of the scheme, including any necessary regulatory approval (other than the approval of the scheme by the court) have been satisfied or waived. <p>Not all actions involving a change of control of NAB will amount to an Acquisition Event, in particular, an Acquisition Event will not occur where NAB is acquired by an Approved NOHC (as described in Section 2.9) or if APRA intervenes as described in Section 7.1.10.</p>	Clause 24.1 of the Terms
Conversion following an Acquisition Event	<p>If an Acquisition Event occurs, NAB must (by giving an Acquisition Conversion Notice) Convert all (but not some) NAB Capital Notes 6 into a number of Ordinary Shares with a value of approximately \$101 per NAB Capital Note 6 (based on the VWAP during a period, usually 20 Business Days, before the Acquisition Conversion Date but a lesser period if trading in Ordinary Shares in the period after the Acquisition Event and before the Acquisition Conversion Date is less than 20 Business Days) provided that certain conditions are met. The number of Ordinary Shares that Holders will receive on a Conversion will not be greater than the Maximum Conversion Number.</p> <p>Broadly, there are two categories of restrictions that may prevent a Conversion following an Acquisition Event from occurring:</p> <ul style="list-style-type: none"> • Restrictions that may prevent NAB from sending an Acquisition Conversion Notice to Holders; and • Restrictions that may prevent NAB from actually Converting NAB Capital Notes 6. 	Clauses 5 and 7 of the Terms

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Topic	Summary	Further information
<p>Conversion following an Acquisition Event (continued)</p>	<p><i>Restrictions that may prevent NAB from sending a conversion notice</i></p> <p>NAB is not required to give an Acquisition Conversion Notice to Holders and will not be required to Convert NAB Capital Notes 6 if on the Non-Conversion Test Date (broadly, the second Business Day before the date on which NAB is to send a notice advising Holders that it wishes to Convert NAB Capital Notes 6 as a result of an Acquisition Event):</p> <ul style="list-style-type: none"> • The VWAP of Ordinary Shares on the Non-Conversion Test Date is less than or equal to 22.50% of the Issue Date VWAP; or • A Delisting Event applies. <p><i>Further restrictions that may prevent NAB from Converting NAB Capital Notes 6 on a Conversion Date</i></p> <p>In addition, NAB may not proceed to Convert NAB Capital Notes 6 if, treating the date on which Conversion is to occur (“Acquisition Conversion Date”) as a Mandatory Conversion Date, either:</p> <ul style="list-style-type: none"> • The Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) would not be satisfied; or • A Delisting Event applies in respect of that date. <p>The percentages used in the above restrictions are derived from market precedents and the cap on the number of Ordinary Shares that is permitted to be issued under applicable prudential standards.</p>	
<p>Conversion Number</p>	<p>If Conversion proceeds, the Conversion Number of Ordinary Shares will be calculated in the same manner as for a Mandatory Conversion – see Section 2.3. However, for the purposes of the Conversion calculations in these circumstances the Relevant Fraction is 0.2 rather than 0.5, as permitted by applicable prudential standards for Additional Tier 1 Capital.</p>	<p>Clause 7.1 of the Terms</p>
<p>If Conversion does not occur on Acquisition Conversion Date</p>	<p>If NAB is not required to give an Acquisition Conversion Notice or the further restrictions prevent Conversion on the Acquisition Conversion Date, NAB will give a new Acquisition Conversion Notice on or before the 25th Business Day prior to the immediately succeeding scheduled quarterly Distribution Payment Date, unless the restrictions to the giving of an Acquisition Conversion Notice also apply at that time.</p> <p>The new Acquisition Conversion Notice will give notice of a new Acquisition Conversion Date. Conversion will not occur on the new Acquisition Conversion Date if the further Conversion restrictions apply on that date.</p> <p>This process will be repeated until Conversion occurs.</p>	<p>Clauses 5.3 and 5.4 of the Terms</p>

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2.7 Conversion following a Loss Absorption Event

NAB Capital Notes 6 have certain loss absorption features, which may be triggered where NAB encounters severe financial difficulty. These features are required to be included in the Terms of NAB Capital Notes 6 for prudential regulation purposes.

The occurrence of a “Loss Absorption Event” requires the Conversion of NAB Capital Notes 6 into Ordinary Shares. A Loss Absorption Event may occur at any time and on any day, whether or not the day is a Business Day. The Mandatory Conversion Conditions do not apply to a Conversion following a Loss Absorption Event. The number of Ordinary Shares that Holders will receive on a Conversion in these circumstances will not be greater than the Maximum Conversion Number.

As a Conversion in these circumstances is likely to occur during a time of financial difficulty for NAB, depending on the market price of Ordinary Shares at the relevant time, Holders are likely to receive significantly less than \$101 worth of Ordinary Shares per NAB Capital Note 6 and a Holder may lose a significant amount of the money they invested in NAB Capital Notes 6 as a consequence. The calculations set out in this Section 2.7 are illustrative only and designed to demonstrate the potential number and value of Ordinary Shares that a Holder would receive on a Conversion where there is a Loss Absorption Event.

Where NAB Capital Notes 6 are not Converted into Ordinary Shares for any reason, those NAB Capital Notes 6 will be Written Off. In the event of a Write Off, the rights of Holders to Distributions and returns of capital will be terminated and written off, and Holders will not have their capital repaid.

Topic	Summary	Further information
Loss Absorption Events	<p>A Loss Absorption Event is each of:</p> <ul style="list-style-type: none"> • A Common Equity Trigger Event; and • A Non-Viability Trigger Event. 	Clause 4.1 of the Terms
Common Equity Trigger Event	<p>A Common Equity Trigger Event occurs when the ratio of NAB’s Common Equity Tier 1 Capital to RWA (the “Common Equity Tier 1 Ratio”) as determined by NAB or APRA at any time is equal to or less than 5.125%, calculated on the basis of either or both of the NAB Level 1 Group and the NAB Level 2 Group.</p> <p>NAB must immediately notify APRA in writing if it makes such a determination.</p> <p>If a Common Equity Trigger Event occurs, NAB must immediately convert into Ordinary Shares or write off all Relevant Tier 1 Capital Instruments (which includes NAB Capital Notes 6) or a proportion of Relevant Tier 1 Capital Instruments with the result that each of the Common Equity Tier 1 Ratio in respect of the NAB Level 1 Group and the Common Equity Tier 1 Ratio in respect of the NAB Level 2 Group is at a percentage above 5.125% determined by NAB for that ratio.</p>	Clause 4.2 of the Terms

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Topic	Summary	Further information
Non-Viability Trigger Event	<p>A Non-Viability Trigger Event means APRA has provided a written determination to NAB that:</p> <ul style="list-style-type: none"> • The conversion into Ordinary Shares or write off of Relevant Tier 1 Capital Instruments (which includes NAB Capital Notes 6) is necessary because without the conversion or write off, APRA considers that NAB would become non-viable; or • Without a public sector injection of capital into, or equivalent support with respect to, NAB, APRA considers that NAB would become non-viable. <p>If a Non-Viability Trigger Event occurs, NAB must immediately convert into Ordinary Shares or write off:</p> <ul style="list-style-type: none"> • All Relevant Tier 1 Capital Instruments; or • A proportion of Relevant Tier 1 Capital Instruments where NAB satisfies APRA that conversion or write off of a proportion will be sufficient to ensure that NAB will not become non-viable. However, NAB must convert or write off all Relevant Tier 1 Capital Instruments if a public sector injection of funds is required to ensure that NAB does not become non-viable. 	Clause 4.3 of the Terms
Conversion or Write Off of Relevant Tier 1 Capital Instruments (including NAB Capital Notes 6)	<p>If a Loss Absorption Event were to occur, depending on how much Common Equity Tier 1 Capital NAB needs, NAB may be:</p> <ul style="list-style-type: none"> • Permitted by APRA to convert or write off only a proportion of NAB Capital Notes 6 and other Relevant Tier 1 Capital Instruments; or • Required to either convert or write off all Relevant Tier 1 Capital Instruments (including NAB Capital Notes 6). All Relevant Tier 1 Capital Instruments must be converted or written off where the Loss Absorption Event is a Non-Viability Trigger Event involving a determination by APRA that a public sector injection of capital would be required. <p>If NAB is permitted to convert or write off only a proportion of NAB Capital Notes 6 and other Relevant Tier 1 Capital Instruments:</p> <ul style="list-style-type: none"> • NAB must endeavour to treat Holders on an approximately proportionate basis, but may make adjustments among Holders to take account of the effect on marketable parcels of NAB Capital Notes 6 and other logistical considerations; and • Where the Relevant Tier 1 Capital Instruments are not all in the same currency, NAB may treat them as if converted into a single currency of NAB's choice at such rate of exchange as NAB considers reasonable. NAB may make adjustments among Holders and holders of other Relevant Tier 1 Capital Instruments having regard to the need to effect conversion immediately. <p>If NAB is required to convert or write off Relevant Tier 1 Capital Instruments, Holders should be aware that all Relevant Tier 1 Capital Instruments (including NAB Capital Notes 6) will be converted or written off before any Relevant Tier 2 Capital Instruments are converted or written off. NAB has no obligation to maintain any Relevant Tier 1 Capital Instruments on issue and gives no assurance that it will do so.</p>	Clauses 4.2, 4.3 and 4.4 of the Terms

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Topic	Summary	Further information
Conversion as a result of a Loss Absorption Event	<ul style="list-style-type: none">• On the date on which a Loss Absorption Event occurs (the “Loss Absorption Event Conversion Date”), NAB must immediately determine the number of NAB Capital Notes 6 that will Convert and the number of other Relevant Tier 1 Capital Instruments which will convert into Ordinary Shares or be written off.• On the Loss Absorption Event Conversion Date, the relevant number of NAB Capital Notes 6 will then Convert immediately and irrevocably. Holders will not receive prior notice of Conversion or have any rights to vote or right of approval in respect of any Conversion.• The Mandatory Conversion Conditions do not apply and Conversion may occur automatically without the need for any further act or step by NAB. From the Loss Absorption Event Conversion Date, NAB will treat a Holder in respect of its NAB Capital Notes 6 as having been issued the Conversion Number of Ordinary Shares.• NAB expects that any ASX trades in NAB Capital Notes 6 that have not settled on the date a Loss Absorption Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although NAB expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of Ordinary Shares into which NAB Capital Notes 6 have been Converted as a result of the occurrence of the Loss Absorption Event.• NAB may make such decisions with respect to the identity of Holders whose NAB Capital Notes 6 will Convert on the Loss Absorption Event Conversion Date as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of NAB Capital Notes 6 that have not been settled or registered at that time.	Clause 4.4 of the Terms

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Topic	Summary	Further information
<p>Number of Ordinary Shares Holders will receive on Loss Absorption Event Conversion Date</p>	<p>Holders will receive the lesser of the Conversion Number and the Maximum Conversion Number.</p> <p>The Conversion Number is calculated in accordance with the same formula as for a Mandatory Conversion – see Section 2.3, except that:</p> <ul style="list-style-type: none"> • The VWAP Period used to determine the VWAP in this case is the 5 Business Days on which trading in Ordinary Shares took place immediately preceding the Loss Absorption Event Conversion Date; and • The Relevant Fraction is 0.2 rather than 0.5, as permitted by applicable prudential standards for Additional Tier 1 Capital. <p>The VWAP of Ordinary Shares at the time of a Loss Absorption Event may vary according to the severity of the Loss Absorption Event. This may impact the number and value of Ordinary Shares that will be received by a Holder under a Conversion following a Loss Absorption Event.</p> <p>In addition, since the Mandatory Conversion Conditions do not apply to a Conversion following a Loss Absorption Event, the Ordinary Shares a Holder may receive on account of such a Conversion are likely to be worth significantly less than \$101 per NAB Capital Note 6 and a Holder may lose a significant amount of the money they invested in NAB Capital Notes 6 as a consequence.</p> <p>On a Conversion following a Loss Absorption Event, Holders will receive the lesser of:</p> <p>The number (N) calculated according to the following formula:</p> $N = \frac{\$100}{99\% \times \text{VWAP}}$ <p>and</p> <p>The Maximum Conversion Number (“MCN”), calculated in accordance with the following formula:</p> $\text{MCN} = \frac{\$100}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$	<p>Clause 7.1 of the Terms</p>

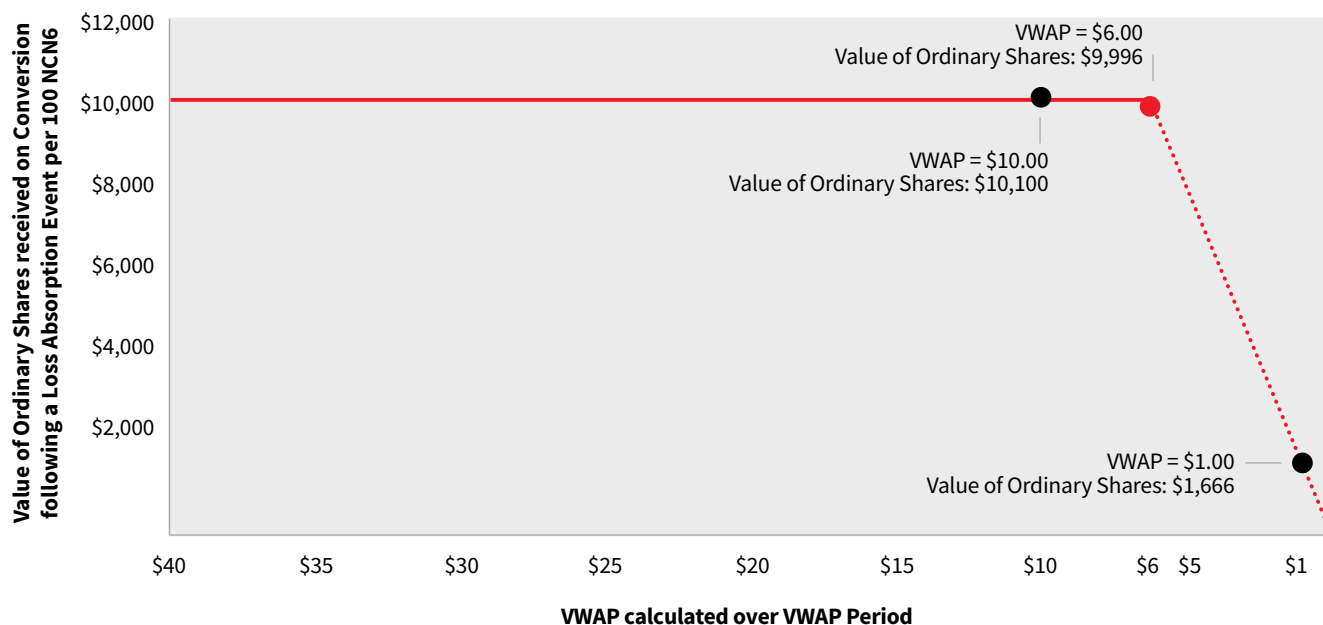
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Topic	Summary	Further information
<p>Worked examples of Conversion following Loss Absorption Event</p>	<p>The worked examples below are for illustrative purposes only and the figures used in the worked examples are not forward looking statements and do not indicate, guarantee or forecast the Issue Date VWAP or future VWAP or other price of Ordinary Shares.</p> <p>Below are two worked examples of Conversion following a Loss Absorption Event using:</p> <ul style="list-style-type: none"> • A VWAP of \$1.00 (i.e. in extreme circumstances); and • A VWAP of \$10.00 (i.e. in less severe circumstances). <p>These examples assume an Issue Date VWAP of \$30.00.</p> <p>Using a VWAP of \$1.00</p> <p>Assume a Loss Absorption Event occurs, and that the VWAP in the VWAP Period is \$1.00.</p> <p>Holders would receive the lesser of:</p> $N = \frac{\$100}{99\% \times \$1.00} = 101.0101 \text{ Ordinary Shares per NAB Capital Note 6; and}$ $\text{the MCN} = \frac{\$100}{\$30.00 \times 0.2} = 16.6667 \text{ Ordinary Shares per NAB Capital Note 6.}$ <p>Since the MCN is less than N, the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 6 would be entitled would be the MCN, that is 1,666 (i.e. 100 x 16.6667, rounded down to the nearest whole Ordinary Share).</p> <p>The market value of the Ordinary Shares received based on the MCN and a prevailing market price equal to the VWAP of \$1.00 is \$1,666 (i.e. 1,666 x \$1.00), which is considerably less than \$10,000 (the Face Value of 100 NAB Capital Notes 6). Consequently, Holders would lose a significant amount of the money they invested in NAB Capital Notes 6.</p> <p>Using a VWAP of \$10.00</p> <p>In this example, assume that the VWAP in the VWAP Period is \$10.00.</p> <p>“N” calculated according to the above formula would be 10.1010 and the MCN would again be 16.6667.</p> <p>Since N is less than the MCN, the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 6 would be entitled would be N, that is 1,010 (i.e. 100 x 10.1010 rounded down to the nearest whole Ordinary Share).</p> <p>The market value of the Ordinary Shares received in this case based on a prevailing market price equal to the VWAP of \$10.00 is \$10,100 (i.e. 1,010 x \$10.00), which is slightly above \$10,000 (the Face Value of 100 NAB Capital Notes 6).</p> <p>The diagram on the next page illustrates the value of Ordinary Shares a Holder would receive on Conversion of 100 NAB Capital Notes 6 based on various VWAP values over the VWAP Period. Consistent with the worked examples above, it assumes an Issue Date VWAP of \$30.00. It also assumes that the Ordinary Share price on the date Conversion occurs is equal to the relevant VWAP over the VWAP Period. The diagram is illustrative only and is not a forward looking statement and does not indicate, guarantee or forecast the Issue Date VWAP or future VWAP or other price of Ordinary Shares.</p>	

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- Black dots correspond to the worked examples above
- Red dot indicates VWAP at which MCN first has the effect of reducing the value of Ordinary Shares received to less than the aggregate Face Value of NCN6 being Converted
- Dotted line indicates the lower the VWAP is at Conversion, the greater a Holder's loss compared to the Face Value of NCN6 being Converted

Topic	Summary	Further information
Write Off of NAB Capital Notes 6 where NAB Capital Notes 6 are not Converted on Loss Absorption Event Conversion Date	<p>If Conversion is required in respect of a NAB Capital Note 6 on account of a Loss Absorption Event but has not been effected within 5 days of the Loss Absorption Event Conversion Date for any reason (including where NAB is prevented by applicable law or court order or for any other reason from Converting NAB Capital Notes 6 (broadly an "Inability Event")), those NAB Capital Notes 6 will not be Converted but instead will be Written Off.</p> <p>Broadly, Written Off means that the relevant Holders' rights (including to payments of Distributions and Face Value) in relation to a NAB Capital Note 6 are immediately and irrevocably terminated and written off with effect on and from the Loss Absorption Event Conversion Date and the NAB Capital Note 6 will not be Converted, Redeemed or Resold on any subsequent date.</p> <p>The laws under which an Inability Event may arise include laws relating to the ability of a person to acquire interests in an Australian corporation or financial sector entity. The laws and other grounds on which an Inability Event may arise may change and the change may be adverse to the interests of Holders.</p> <p>The Banking Act gives statutory recognition to conversion and write off provisions in regulatory capital instruments such as NAB Capital Notes 6, subject to limited exceptions.</p>	Clause 4.5 of the Terms

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Topic	Summary	Further information
Notice of Loss Absorption Event and resulting Conversion or Write Off	NAB must give Holders notice as soon as practicable following the occurrence of a Loss Absorption Event, stating the Loss Absorption Conversion Date, the number of NAB Capital Notes 6 Converted or Written Off and the relevant number of Relevant Tier 1 Capital Instruments converted into Ordinary Shares or written off.	Clause 4.6 of the Terms

2.8 Quotation, ranking and regulatory treatment

Topic	Summary	Further information
Quotation	NAB has applied for NAB Capital Notes 6 to be quoted on ASX and NAB Capital Notes 6 are expected to be quoted under code 'NABPI'.	Clause 1.4 of the Terms
Ranking	<p>NAB Capital Notes 6 are unsecured.</p> <p>NAB Capital Notes 6 do not constitute Protected Accounts and are not deposit liabilities for the purposes of the Banking Act 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 Group or by any other person.</p> <p>Ranking in a winding up</p> <p>In a winding up of NAB, NAB Capital Notes 6 rank in priority to Ordinary Shares, equally amongst themselves and Equal Ranking Instruments, and junior to Senior Creditors (which include depositors and holders of Tier 2 Capital Instruments). This means that, on a winding up, there is a risk that Holders will lose all or some of their investment. If NAB Capital Notes 6 have been Converted into Ordinary Shares prior to a winding up of NAB, the Ordinary Shares received on Conversion will rank equally with other Ordinary Shares and rank lower than they would have had they still remained NAB Capital Notes 6. If NAB Capital Notes 6 are Written Off, Holders will not have their capital repaid and will not be entitled to any return in a winding up.</p> <p>Ranking in relation to Distributions</p> <p>In respect of payment of Distributions, NAB Capital Notes 6 rank in priority to Ordinary Shares, equally amongst themselves and Equal Ranking Instruments, and junior to Senior Creditors (which includes depositors and holders of Tier 2 Capital Instruments). However, if NAB Capital Notes 6 have been Converted into Ordinary Shares, Holders will cease to be entitled to any Distributions under the Terms and any rights to any distributions will be as holders of Ordinary Shares. If NAB Capital Notes 6 are Written Off, Holders will not be entitled to any Distributions under the Terms or otherwise.</p>	<p>Clause 16.5 of the Terms Clause 1.6 of the Terms</p> <p>Clause 16.2 of the Terms</p> <p>Clause 16.1 of the Terms</p>

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Topic	Summary	Further information
Regulatory capital of ADIs	<ul style="list-style-type: none"> • APRA classifies the regulatory capital of ADIs into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital. From the perspective of the ADI, Tier 1 Capital generally has better loss-absorbing qualities than Tier 2 Capital, due to features such as discretionary distributions, lower ranking in a winding up than Tier 2 Capital and being subject to conversion and write off in broader circumstances than Tier 2 Capital. • Under the Basel III Prudential Standards, Tier 1 Capital is comprised of: <ul style="list-style-type: none"> – Common Equity Tier 1 Capital; and – Additional Tier 1 Capital. • Common Equity Tier 1 Capital is recognised as the highest quality component of regulatory capital for ADIs. Common Equity Tier 1 Capital for ADIs (and their non-operating holding companies) comprises paid-up ordinary shares, retained earnings, other disclosed reserves permitted for inclusion by APRA and certain other items permitted by APRA, adjusted for regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital. • The non-common equity components of Tier 1 Capital which do not satisfy all of the criteria for inclusion in Common Equity Tier 1 Capital are referred to as Additional Tier 1 Capital. These instruments must be able to absorb losses on a going-concern basis, and can include both instruments that are classified as equity and instruments that are classified as liabilities for accounting purposes. 	
Regulatory treatment of NAB Capital Notes 6	<ul style="list-style-type: none"> • APRA has provided confirmation that NAB Capital Notes 6, once issued, will qualify as Additional Tier 1 Capital for the purposes of NAB’s regulatory capital requirements. • NAB Capital Notes 6 and NAB’s other regulatory capital help to protect NAB’s depositors and other creditors by providing a loss absorbing capital buffer which supports losses that may be incurred on NAB’s assets. • The Banking Act gives statutory recognition to conversion and write off provisions in regulatory capital instruments such as NAB Capital Notes 6, subject to limited exceptions. 	

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2.9 Other

Topic	Summary	Further information
NAB may issue further NAB Capital Notes 6 or other instruments	<p>NAB has the right to issue additional convertible notes on the same or different terms as NAB Capital Notes 6 offered under this Prospectus.</p> <p>NAB also has the right to issue further debt, deposits or other obligations (including the incurring or guaranteeing by it of any indebtedness) or securities of any kind. These debt, deposits or other obligations or securities may have the same or different terms to NAB Capital Notes 6. For example, they may rank for payment of face value, interest or other amounts (including on an insolvency of NAB) equally with, ahead of or behind NAB Capital Notes 6. NAB Capital Notes 6 do not limit the amount of senior debt, deposits or other obligations or securities that may be incurred or issued by NAB at any time.</p> <p>Holding NAB Capital Notes 6 does not confer any right to participate in further issues of securities by NAB.</p>	Clause 20 of the Terms
Voting rights	<p>A NAB Capital Note 6 does not entitle its Holder to vote at a general meeting of NAB.</p> <p>Ordinary Shares issued on Conversion would have all the usual rights conferred by Ordinary Shares.</p>	Clauses 7.9 and 17.3 of the Terms
Amendment of Terms	<p>NAB may make certain amendments to the Terms and the NAB Capital Notes 6 Deed Poll without the approval of Holders if NAB is of the opinion that the amendment is:</p> <ul style="list-style-type: none"> • of a formal, minor or technical nature; • made to cure any ambiguity or correct any manifest error; • to facilitate the listing, clearing or offering for sale of NAB Capital Notes 6; • necessary or expedient for the purposes of complying with applicable laws (including the provisions of any statute, requirements of any statutory authority or the listing or quotation requirements of securities exchanges); • necessary or appropriate to effect substitution of an Approved NOHC (as described below); • to dates or time periods stated, required or permitted in connection with any Conversion, Redemption or Resale; • to the Terms to align with the terms of any Relevant Tier 1 Capital Instruments issued after the Issue Date; or • not materially prejudicial to the interests of Holders as a whole. <p>NAB's right to make these changes is subject to NAB complying with all applicable laws, the amendment being, in NAB's opinion, not materially prejudicial to Holders as a whole, and APRA's prior written approval (where required).</p> <p>NAB may also, with APRA's prior written approval (where required), amend the Terms or the NAB Capital Notes 6 Deed Poll if the amendment has been approved by a Special Resolution. An amendment that will be materially prejudicial to Holders requires approval by Special Resolution.</p> <p>APRA's prior written approval to amend the Terms or the NAB Capital Notes 6 Deed Poll is required only where the amendment may affect the eligibility of NAB Capital Notes 6 as Additional Tier 1 Capital.</p>	<p>Clause 18.1 of the Terms</p> <p>Clause 18.2 of the Terms</p> <p>Clause 18.4 of the Terms</p>

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Topic	Summary	Further information
Notices	<p>While NAB Capital Notes 6 are quoted on ASX, all notices by NAB to Holders may be given by publication to ASX. The Terms also permit notices to be given by newspaper advertisement or by post. Notices to NAB and the Registrar may be given by post.</p>	Clause 21 of the Terms
Approved NOHC	<p>An Approved NOHC is a non-operating holding company within the meaning of the Banking Act (“NOHC”), which acquires NAB as a result of an event initiated by the Directors, where the ordinary shares of the NOHC are listed on an internationally recognised stock exchange and the NOHC undertakes to:</p> <ul style="list-style-type: none"> • convert NAB Capital Notes 6 into ordinary shares in the Approved NOHC whenever NAB would otherwise have been required to deliver Ordinary Shares and upon the occurrence of an Acquisition Event with respect to the Approved NOHC; and • use all reasonable endeavours to procure quotation of all ordinary shares in its capital issued on Conversion on the securities exchange on which its ordinary shares are quoted at that time. <p>If a NOHC Event occurs, NAB may amend the Terms with APRA’s prior written approval (but without the consent of Holders) to enable the substitution of the Approved NOHC as the issuer of ordinary shares on Conversion.</p> <p>The occurrence of a NOHC Event does not allow NAB to elect to Convert, Redeem or Resell NAB Capital Notes 6.</p> <p>Holders do not have any right to vote on a NOHC Event. Where a NOHC Event is accompanied by a transfer of assets from NAB to the Approved NOHC or another subsidiary of the Approved NOHC, NAB may as a result have reduced assets to meet the claims of its creditors (including Holders) and Shareholders.</p> <p>Following the substitution of an Approved NOHC as issuer of the ordinary shares on Conversion but prior to any Conversion, Holders continue to hold a note issued by NAB which ranks for payment of distributions and in a winding up of NAB as described in Section 2.8 and which is convertible into ordinary shares in the Approved NOHC in the same circumstances in which it would have otherwise been converted into Ordinary Shares in NAB.</p> <p>There is no restriction on an Approved NOHC declaring or paying a dividend on, or buying back or reducing capital on its ordinary shares if NAB does not pay a Distribution on a NAB Capital Note 6. If NAB does not pay a Distribution, NAB would remain subject to the restriction on it declaring or paying dividends on Ordinary Shares or buying back or reducing capital on its Ordinary Shares as described in Section 2.1.</p> <p>NAB expects that the rights attaching to the Approved NOHC shares would be substantially equivalent to the rights attaching to Ordinary Shares.</p>	Clauses 19 and 24.1 of the Terms

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Topic	Summary	Further information
Payments to bank accounts	<p>Subject to the Terms, payments will be made to the person shown as the Holder in the Register at the Relevant Time on the Record Date. In order to receive payment, a Holder will need to notify the Registrar by close of business on the Record Date (or in any other manner NAB determines) of an Australian dollar bank account in Australia to which payment should be made.</p> <p>If the Holder does not so notify the Registrar, or the payment does not complete for any reason, NAB will send a notice to the address most recently notified by the Holder advising them of the uncompleted payment and the amount will be held as a non-interest bearing deposit until such an account is nominated, claims may no longer be made in respect of that amount or NAB is entitled or obliged to deal with the amount in accordance with the laws relating to unclaimed monies.</p>	Clauses 14.1 to 14.3 of the Terms
Time limit on claims	Holders should be aware that a claim against NAB for a payment in respect of a NAB Capital Note 6 is void unless made within 5 years from the date on which the payment first became due.	Clause 14.4 of the Terms
Determination and calculation final	Except where there is fraud or a manifest error, any determination or calculation which NAB makes in accordance with the Terms (including with respect to the calculation of payments under a NAB Capital Note 6) is final and binds NAB, the Registrar and each Holder.	Clause 14.5 of the Terms
No set-off	<p>A Holder does not have any right to set-off any amounts owing to it by NAB in connection with NAB Capital Notes 6 against any amount owing by it to NAB in connection with NAB Capital Notes 6 or otherwise.</p> <p>NAB does not have any right to set-off any amounts owing to it by a Holder against any amount owing by it to the Holder in connection with NAB Capital Notes 6.</p>	Clause 14.8 of the Terms
Power of attorney	Each Holder agrees to appoint NAB, its Authorised Officers and any External Administrator of NAB (each an “ Attorney ”) severally to be the attorney of the Holder to sign all documents and transfers and do any other thing as may in the Attorney’s opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder’s obligations under the Terms including, but not limited to, effecting any transfers of NAB Capital Notes 6, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.	Clause 23(a) of the Terms

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Topic	Summary	Further information
<p>Issues to an Eligible Nominee</p>	<p>In certain circumstances NAB will issue the Ordinary Shares which a Holder is obliged to accept on Conversion to an Eligible Nominee.</p> <p>Ordinary Shares will be issued to an Eligible Nominee:</p> <ul style="list-style-type: none"> • where the Holder does not wish to receive Ordinary Shares as a result of a Conversion and notifies NAB of this at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date; • where the Holder is a Foreign Holder, unless NAB is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder, subject to certain conditions; or • to the extent that a Tax Withholding or FATCA Withholding is required or permitted to be made in respect of Ordinary Shares issued on Conversion. <p>At the first reasonable opportunity to sell the Ordinary Shares, the Eligible Nominee will arrange for their sale and pay to the relevant Holder a cash amount equal to the proceeds of the sale (less brokerage and other costs). No guarantee is given in relation to the timing or price at which any sale will occur.</p> <p>Neither NAB nor the Eligible Nominee has any duty to Holders in relation to the price at which Ordinary Shares are sold, nor any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares where required in the circumstances described above. NAB will treat you as a Foreign Holder if your address in the Register is a place outside of Australia or NAB otherwise believes you may not be a resident of Australia.</p>	<p>Clause 7.12 of the Terms</p>
<p>What is the NAB Capital Notes 6 Deed Poll?</p>	<p>A trustee has not been appointed for NAB Capital Notes 6. Instead, NAB has made the NAB Capital Notes 6 Deed Poll in favour of each person who is from time to time a Holder. The NAB Capital Notes 6 Deed Poll gives legal effect to NAB's obligations in the Terms.</p> <p>Under the NAB Capital Notes 6 Deed Poll, NAB also undertakes to appoint the Registrar and procure the Registrar to establish and maintain a principal Register.</p> <p>The NAB Capital Notes 6 Deed Poll also includes provisions for meetings of Holders.</p> <p>Holders will be bound by the terms of the NAB Capital Notes 6 Deed Poll, the Terms and this Prospectus when NAB Capital Notes 6 are issued or transferred to them or they purchase NAB Capital Notes 6.</p> <p>The Registrar will hold the original executed NAB Capital Notes 6 Deed Poll on behalf of Holders. Each Holder can enforce NAB's obligations under the NAB Capital Notes 6 Deed Poll, including the Terms and the provisions for meetings, independently of the Registrar and each other.</p> <p>A copy of the NAB Capital Notes 6 Deed Poll can be obtained from nab.com.au/nabcapitalnotes6.</p>	<p>NAB Capital Notes 6 Deed Poll</p>
<p>Tax implications</p>	<p>Information about the Australian tax consequences of investing in NAB Capital Notes 6 is set out in Section 8.</p> <p>The taxation implications of investing in NAB Capital Notes 6 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice.</p>	<p>Section 8</p>

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Topic	Summary	Further information
Brokerage, commission and stamp duty	No brokerage or commission is, and no stamp duty should be, payable on Applications for NAB Capital Notes 6. Holders may have to pay brokerage on any subsequent transfer of NAB Capital Notes 6 on ASX after quotation.	

2.10 Comparison of NAB Capital Notes 6 to other NAB instruments

Differences between term deposits, NAB Capital Notes 6 and other NAB instruments

There are differences between NAB Capital Notes 6 and other investments in NAB, such as NAB's term deposits, NAB Subordinated Notes 2, NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and Ordinary Shares. You should consider these differences in light of your particular investment objectives, financial situation and needs (including financial and taxation issues) before deciding whether to apply for NAB Capital Notes 6. The key differences are summarised in the table below. See Section 3.2 below for a comparison between NAB Capital Notes 6 and NCN2. This summary is not intended to be exhaustive.

	Term deposit	NAB Subordinated Notes 2	NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6	Ordinary Shares
Protection under the Financial Claims Scheme ²²	Yes	No	No	No
Term	Often between 1 month and 5 years	11½ years ²³	Perpetual ²⁴	Perpetual (no maturity date)
Margin	Varies from product to product	2.20%	NAB Capital Notes 2: 4.95% NAB Capital Notes 3: 4.00% NAB Capital Notes 5: 3.50% NAB Capital Notes 6: 3.15%	N/A
Interest / distribution / dividend rate	Fixed	Floating	Floating	Variable dividends as determined by Directors

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	Term deposit	NAB Subordinated Notes 2	NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6	Ordinary Shares
Interest / distribution / dividend payment dates	Often at the end of term or per annum	Quarterly	Quarterly	Typically twice yearly ²⁵
Rights if interest / distributions / dividends not fully franked	N/A – interest payments are not franked	N/A – interest payments are not franked	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” ²⁶	Subject to the discretion of the Directors, and also only payable if a payment condition does not exist on the distribution payment date Non-cumulative	Subject to the discretion of the Directors and applicable laws and regulations
Dividend restriction if interest / dividend / distribution not paid	No	No	Yes – applies to Ordinary Shares only, until the next distribution payment date – see Section 2.1 for NAB Capital Notes 6 ²⁷	N/A
Transferable	No	Yes – quoted on ASX under the code ‘NABPE’	Yes – NAB Capital Notes 2 are quoted on ASX under the code ‘NABPD’ Yes – NAB Capital Notes 3 are quoted on ASX under the code ‘NABPF’ Yes – NAB Capital Notes 5 are quoted on ASX under the code ‘NABPH’ Yes – NAB Capital Notes 6 are expected to be quoted on ASX under the code ‘NABPI’	Yes – quoted on ASX under the code ‘NAB’
Mandatory Conversion into Ordinary Shares	No	No	Yes ²⁴	N/A
Issuer’s early conversion option	No	No	Yes – with the prior approval of APRA – see Section 2.4 for NAB Capital Notes 6	N/A

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	Term deposit	NAB Subordinated Notes 2	NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6	Ordinary Shares
Issuer's early redemption option	No	Yes – with the prior written approval of APRA	Yes with the prior written approval of APRA – see Section 2.5 for NAB Capital Notes 6	No
Loss absorption event²⁸	No	Yes	Yes – see Section 2.7 for NAB Capital Notes 6	No
Capital classification	None	Tier 2 Capital ²⁹	Additional Tier 1 Capital	Common Equity Tier 1 Capital
Voting rights	N/A	No right to vote at general meetings of holders of Ordinary Shares	No right to vote at general meetings of holders of Ordinary Shares	Right to vote at general meetings of holders of Ordinary Shares
Ranking	See Table 2: Illustration of ranking on winding up on page 17			

In a winding up of NAB, NAB Capital Notes 6 rank ahead of Ordinary Shares, equally amongst themselves and Equal Ranking Instruments (which include NAB Capital Notes 2, NAB Capital Notes 3 and NAB Capital Notes 5) and junior to Senior Creditors (which include depositors and holders of Tier 2 Capital Instruments). However, if a Loss Absorption Event occurs, NAB Capital Notes 6 are liable to be Converted into Ordinary Shares or, if Conversion does not occur for any reason within the required time, Written Off, with the effect that the rights of Holders to Distributions and returns of capital will be terminated. If NAB Capital Notes 6 are Written Off, Holders will likely be worse off than holders of Ordinary Shares, as further described in Sections 2.7 and 7.1.14.

²² This is subject to a limit, currently fixed at \$250,000 for the aggregate of the customer's accounts with an ADI that is declared under the Financial Claims Scheme.

²³ Subject to early redemption by NAB with the prior written approval of APRA.

²⁴ NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6 are scheduled to convert into Ordinary Shares on 8 July 2024, 19 June 2028, 17 December 2029 and 17 September 2032 respectively, and must also convert (subject to certain conditions) on the occurrence of certain acquisition events. NAB may also be required to convert NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6 as a result of a loss absorption event. In addition, NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6 may be converted, redeemed or resold with the prior written approval of APRA. NAB Capital Notes 2, NAB Capital Notes 3, NAB Capital Notes 5 and NAB Capital Notes 6 may also be written off in certain circumstances.

²⁵ There are no fixed dates for payment of ordinary dividends.

²⁶ The "solvency condition" is set out in clause 2.2 of the terms and conditions of the NAB Subordinated Notes 2 and provides that NAB's obligations to make payments in respect of the NAB Subordinated Notes 2 (including to pay interest and to repay the face value on maturity) are conditional on (1) NAB being able to pay its debts as they become due and payable, and (2) NAB's assets exceeding its liabilities. Any amount not paid under this condition remains a debt payable by NAB to the holder of a NAB Subordinated Note 2 and will be payable on the first date on which that condition is satisfied.

²⁷ No equivalent restriction applies if an Approved NOHC is substituted as issuer of ordinary shares on Conversion – see Section 2.9.

²⁸ If NAB is required to convert or write off Relevant Tier 1 Capital Instruments, Holders should be aware that all Relevant Tier 1 Capital Instruments such as NAB Capital Notes 6 will be converted or written off before any Tier 2 Capital Instruments are converted or written off – see Section 2.7.

²⁹ The NAB Subordinated Notes 2 have been classified as Tier 2 Capital under the Basel III Prudential Standards.

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3.1 Overview of the Reinvestment Offer

Topic	Summary
What are NCN2?	NCN2 (or NAB Capital Notes 2) are fully paid, mandatorily convertible subordinated perpetual notes that were issued by NAB on 7 July 2016. NCN2 trade on the ASX under the ASX code 'NABPD'.
What is happening to NCN2?	<p>On 6 June 2022, NAB issued a redemption notice for the NCN2 in accordance with the NCN2 Terms. That notice confirms that on 7 July 2022 NAB will redeem all NCN2 for the NCN2 Redemption Price ("NCN2 Redemption").</p> <p>The redemption notice is irrevocable, except as provided by the NCN2 Terms.</p> <p>The NCN2 Redemption may not occur for a number of reasons, including:</p> <ul style="list-style-type: none"> • if a loss absorption event occurs under the NCN2 Terms; or • if APRA revokes its approval of the NCN2 Redemption. <p>If the NCN2 Redemption does not occur, except where a loss absorption event occurs in respect of NCN2, NCN2 Holders will continue to hold NCN2.</p> <p>A final distribution is scheduled to be paid by NAB in respect of all NCN2 on 7 July 2022, subject to the satisfaction of the distribution payment conditions in the NCN2 Terms. If those conditions are satisfied, NCN2 holders on the record date for the final distribution (7.00pm on 29 June 2022) (including Eligible NCN2 Holders who participate in the Reinvestment Offer) will still receive a cash payment of \$0.9140 per NCN2 on 7 July 2022. An Application to participate in the Reinvestment Offer is irrevocable once submitted. Once your Application has been processed, a holding lock will be placed on the NCN2 the subject of your Application and you will not be able to deal with those NCN2 prior to redemption.</p>
What is the Reinvestment Offer?	<p>The Reinvestment Offer is an invitation to Eligible NCN2 Holders to:</p> <ul style="list-style-type: none"> • apply to NAB to have all or some of their NCN2 reinvested in NAB Capital Notes 6; and • direct NAB to pay the aggregate NCN2 Redemption Price for the NCN2 the subject of their Application for those NAB Capital Notes 6. <p>An Application to participate in the Reinvestment Offer is irrevocable once submitted. Once your Application has been processed, a holding lock will be placed on the NCN2 the subject of your Application and you will not be able to deal with those NCN2 prior to redemption.</p> <p>Eligible NCN2 Holders are not required to participate in the Reinvestment Offer and there is no guarantee applications under the Reinvestment Offer will be accepted.</p> <p>There are important differences between NCN2 and NAB Capital Notes 6 that Eligible NCN2 Holders should consider before deciding whether to apply to participate in the Reinvestment Offer. See Section 3.2 for more information.</p>

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Topic	Summary
<p>Am I eligible to participate in the Reinvestment Offer?</p>	<p>You are eligible to participate in the Reinvestment Offer if you:</p> <ul style="list-style-type: none"> • were registered as a holder of NCN2 at 7.00pm on 1 June 2022; • are shown on the NCN2 register as having an address in Australia; • are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Client, or a Retail Investor within the Notes Target Market who has received personal advice from a qualified financial adviser in connection with the Offer; • are not an individual residing in a member state of the European Union; and • are not in the United States, are not a U.S. Person, and are not acting (including as a nominee) for the account or benefit of, a U.S. Person, and are not otherwise prevented from receiving the Reinvestment Offer or NAB Capital Notes 6 under the laws of any jurisdiction. <p>To participate in the Reinvestment Offer, an Eligible NCN2 Holder must also remain registered as a holder of NCN2 on the Closing Date (expected to be 5.00pm on 30 June 2022).</p>
<p>What is the purpose of the Reinvestment Offer?</p>	<p>The purpose of the Reinvestment Offer is to give Eligible NCN2 Holders the opportunity to reinvest their NCN2 Redemption Price in NAB Capital Notes 6 and maintain an ongoing investment in securities issued by NAB.</p> <p>The funds raised through the Reinvestment Offer will be used for general corporate purposes.</p>
<p>How do I apply to participate in the Reinvestment Offer?</p>	<p>See Section 3.3 and Section 4 for information on how to apply to participate in the Reinvestment Offer.</p> <p>All Applications under the Reinvestment Offer must be made through a Syndicate Broker. No Applications can be made directly to NAB.</p> <p>If you are a Retail Investor, you must seek professional advice on whether you are within the Notes Target Market and whether the investment in NAB Capital Notes 6 is suitable for you in light of your particular investment objectives, financial situation and needs (including financial and taxation issues).</p>
<p>Do I need to apply for a minimum number of NAB Capital Notes 6?</p>	<p>There is no minimum number of NCN2 that you must hold to be able to participate in the Reinvestment Offer.</p> <p>However, if you are an Eligible NCN2 Holder, own 50 NCN2 or fewer and wish to participate in the Reinvestment Offer, you can apply to participate in the Reinvestment Offer but you must apply to reinvest ALL of your NCN2 in NAB Capital Notes 6.</p> <p>If you are an Eligible NCN2 Holder, own more than 50 NCN2 and wish to participate in the Reinvestment Offer:</p> <ul style="list-style-type: none"> • you must apply to reinvest at least 50 of your NCN2 (\$5,000) and thereafter in multiples of 10 NCN2 (\$1,000); or • you can apply to reinvest ALL of your NCN2. <p>There is no guarantee Applications under the Reinvestment Offer will be accepted.</p>

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Topic	Summary
Can I sell my NCN2 after I have submitted my Application?	<p>No – an Application to participate in the Reinvestment Offer is irrevocable once submitted. Once your Application has been processed, a holding lock will be placed on the NCN2 the subject of your Application and you will not be able to deal with those NCN2 prior to redemption.</p> <p>If NCN2 the subject of a Reinvestment Offer Application are disposed of after submission of your Application but prior to the Closing Date for the Reinvestment Offer, you will be taken to have applied for the number of NAB Capital Notes 6 equal to the number of NCN2 you hold at the Closing Date for the Reinvestment Offer.</p> <p>An Application to participate in the Reinvestment Offer will only be effective so long as it is accepted and the Offer proceeds.</p>
Can I apply for additional NAB Capital Notes 6?	<p>Eligible NCN2 Holders may apply for more NAB Capital Notes 6 than the number of NCN2 registered in their name at 7.00pm on 1 June 2022 under the New Money Offer.</p> <p>The minimum number of additional NAB Capital Notes 6 you can apply for is 50 NAB Capital Notes 6 (\$5,000) and thereafter your Application must be in multiples of 10 NAB Capital Notes 6 (\$1,000).</p>
What are the tax implications of participating in the Reinvestment Offer and will any brokerage or stamp duty be payable?	<p>A general outline of the Australian taxation implications for certain investors participating in the Offer (including through the Reinvestment Offer) can be found in the Australian Taxation Summary in Section 8.</p> <p>No brokerage is, and no stamp duty should be, payable in connection with the NCN2 Redemption, or your Application for NAB Capital Notes 6.</p> <p>NCN2 holders who choose to sell their NCN2 on market through their broker may be required to pay applicable brokerage.</p>

3.2 What are the key differences between NAB Capital Notes 6 and NCN2?

The terms and conditions of NAB Capital Notes 6 and NCN2 are similar. However, there are certain key differences between NAB Capital Notes 6 and NCN2 which you should be aware of before deciding whether to apply to participate in the Reinvestment Offer. The following table describes the key features of NAB Capital Notes 6 and NCN2 and highlights the main differences between them. You should consider these differences in light of your particular investment objectives, financial situation and needs (including financial and taxation issues) before deciding whether to apply for NAB Capital Notes 6.

Topic	NCN2	NAB Capital Notes 6
Protected under the Financial Claims Scheme	No	No
Term	Perpetual ³⁰	Perpetual ³⁰
Form	Unsecured subordinated note	Unsecured subordinated note
Margin	4.95%	3.15%
Distribution rate	Floating ³¹	Floating
Distribution payment dates	Quarterly	Quarterly
Rights if distributions not fully franked	Distribution adjusted to reflect applicable franking rate	Distribution adjusted to reflect applicable franking rate

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Topic	NCN2	NAB Capital Notes 6
Conditions to payment of distribution	Subject to the discretion of the Directors, and also only payable if a payment condition (as defined in the NCN2 Terms) does not exist on the distribution payment date. Distributions are not cumulative	Subject to the discretion of the Directors, and also only payable if a Payment Condition does not exist on the Distribution Payment Date. Distributions are not cumulative
Dividend restriction if distribution not paid	Yes – applies to Ordinary Shares only, until the next distribution payment date	Yes – applies to Ordinary Shares only, until the next Distribution Payment Date – see Section 2.1 ³²
Transferable	Yes – quoted on ASX under the code ‘NABPD’	Expected to be quoted on ASX under the code ‘NABPI’
Mandatory conversion into ordinary shares	Yes ³⁰	Yes ³⁰
NAB’s early conversion option	Yes – on 7 July 2022, with the prior written approval of APRA	Yes – on 17 December 2029, 17 March 2030, 17 June 2030 and 17 September 2030, with the prior written approval of APRA – see section 2.4
NAB’s early redemption option	Yes – on 7 July 2022, with the prior written approval of APRA	Yes – on 17 December 2029, 17 March 2030, 17 June 2030 and 17 September 2030, with the prior written approval of APRA – see Section 2.5
NAB’s early resale option	Yes – on 7 July 2022, with the prior written approval of APRA	Yes – on 17 December 2029, 17 March 2030, 17 June 2030 and 17 September 2030, with the prior written approval of APRA – see Section 2.5
Loss absorption event	Yes	Yes – see Section 2.7 ³³
Capital classification	Additional Tier 1 Capital	Additional Tier 1 Capital
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

³⁰ NAB Capital Notes 2 and NAB Capital Notes 6 are scheduled to Convert into Ordinary Shares on 8 July 2024 and 17 September 2032 respectively, or on the occurrence of certain Acquisition Events. NAB may also be required to convert NAB Capital Notes 2 or NAB Capital Notes 6 as a result of a Loss Absorption Event (or Write Off NAB Capital Notes 2 or NAB Capital Notes 6 if Conversion does not occur). In addition, NAB Capital Notes 2 and NAB Capital Notes 6 may be Converted, Redeemed or Resold with the prior written approval of APRA.

³¹ A final distribution is scheduled to be paid on NCN2 on 7 July 2022, subject to the satisfaction of the distribution payment conditions in the NCN2 Terms.

³² No equivalent restriction applies if an Approved NOHC is substituted as issuer of ordinary shares on Conversion – see Section 2.9.

³³ If NAB Capital Notes 2 or NAB Capital Notes 6 are not Converted when required following a Loss Absorption Event, those NAB Capital Notes 2 or NAB Capital Notes 6 are Written Off and all obligations are terminated.

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3.3 What are the options available for Eligible NCN2 Holders?

Option	Summary
Option 1 – Apply through your Syndicate Broker	<ul style="list-style-type: none"> If you are an Eligible NCN2 Holder and you are an Australian resident client of a Syndicate Broker, you may apply to participate in the Reinvestment Offer through your Syndicate Broker. All Applications for the Reinvestment Offer must be submitted through a Syndicate Broker. You may apply to reinvest all or some of the NCN2 registered in your name at 7.00pm on 1 June 2022 in NAB Capital Notes 6. If you do this, the aggregate NCN2 Redemption Price (\$100 per NCN2) for the NCN2 the subject of your Application will be used to pay for your Application, and you will not be required to pay any additional amount in respect of your Application. You may also choose to apply for more NAB Capital Notes 6 under the New Money Offer. You must contact your Syndicate Broker for instructions on how to submit an Application. If you participate in the Reinvestment Offer, you will still receive the final distribution of \$0.9140 per NCN2 that is scheduled to be paid by NAB on 7 July 2022, subject to the satisfaction of the distribution payment conditions in the NCN2 Terms.
Option 2 – Sell your NCN2 on market through your broker	<ul style="list-style-type: none"> You may choose to sell your NCN2 on market through your broker or otherwise at the prevailing market price in the usual course. The last day of trading in NCN2 is expected to be 27 June 2022. You will not receive the final distribution in respect of any NCN2 that you sell before they cease trading. The market price of NCN2 is subject to change from time to time. Up-to-date information about the market price of NCN2 can be obtained from asx.com.au (ASX code 'NABPD'). If you sell your NCN2 on market, you may have to pay brokerage and may receive a price greater or less than the face value of \$100 per NCN2. If you sell your NCN2 on market, you may also decide to buy NAB Capital Notes 6 on the ASX at the prevailing market price in the usual course, once NAB Capital Notes 6 commence trading on the ASX, even if you are not a client of a Syndicate Broker. Investors who choose to buy NAB Capital Notes 6 on the ASX may be required to pay applicable brokerage.
Option 3 – Take no action – Your NCN2 will be redeemed for \$100 per NCN2 on 7 July 2022	<ul style="list-style-type: none"> Eligible NCN2 Holders are not required to participate in the Reinvestment Offer and as such are not required to take any action. On 6 June 2022, NAB issued a redemption notice for the NCN2 in accordance with the NCN2 Terms. That notice confirms that NAB will redeem all NCN2 on 7 July 2022 and you will receive the aggregate NCN2 Redemption Price (\$100 per NCN2) for the NCN2 you hold on that date. You will also receive the final distribution of \$0.9140 per NCN2 that is scheduled to be paid on 7 July 2022, subject to the satisfaction of the distribution payment conditions in the NCN2 Terms. If you do not participate in the Reinvestment Offer, you may also decide to buy NAB Capital Notes 6 on the ASX at the prevailing market price in the usual course, once NAB Capital Notes 6 commence trading on the ASX, even if you are not a client of a Syndicate Broker. Investors who choose to buy NAB Capital Notes 6 on the ASX may be required to pay applicable brokerage.

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3.4 What are the risks associated with participating in the Reinvestment Offer?

If you are an Eligible NCN2 Holder and you apply under the Reinvestment Offer, you may receive an allocation of NAB Capital Notes 6. As such, you will be subject to the risks associated with an investment in NAB Capital Notes 6 and in NAB, many of which are outside the control of NAB and its Directors. These risks are outlined in Section 7 and should be considered before you apply under the Reinvestment Offer.

The Reinvestment Offer is not a simple rollover into a similar investment. NAB Capital Notes 6 and NCN2 have different benefits and risks, which must be evaluated separately (see Section 3.2 for a comparison of the key features of NAB Capital Notes 6 and NCN2).

Additionally, instead of participating in the Reinvestment Offer, Eligible NCN2 Holders may obtain a better financial outcome by selling their NCN2 on market or receiving the aggregate NCN2 Redemption Price for all of their NCN2 in cash, and subsequently acquiring NAB Capital Notes 6 on market.

If for any reason the Offer were withdrawn, the redemption of the NCN2 would still occur, subject to the NCN2 Terms.

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4.1 Notes Target Market

NAB has made a target market determination for NAB Capital Notes 6 in accordance with its obligations under the DDO Regime (“**Target Market Determination**”). A copy of the Target Market Determination is available at nab.com.au/nabcapitalnotes6.

The Target Market Determination describes, among other things, the class of Retail Investors that comprise the target market for NAB Capital Notes 6 (“**Notes Target Market**”) being investors who:

- are seeking to acquire an investment product with the ability to generate income;
- are not seeking capital growth;
- are able to bear the risks associated with an investment in NAB Capital Notes 6 (which are summarised in Section 1.3 and detailed in Section 7), in particular, the lack of certainty as to payment of distributions and the potential loss of some or all of the capital invested in NAB Capital Notes 6;
- do not require certainty as to repayment of capital invested within a specific investment timeframe; and
- seek the ability to dispose of NAB Capital Notes 6 by sale on a licensed securities exchange, at the price available on the exchange.

If you are a Retail Investor and wish to apply for NAB Capital Notes 6, you:

- must seek professional advice on whether you are within the Notes Target Market and whether an investment in NAB Capital Notes 6 is suitable for you in light of your particular investment objectives, financial situation and needs (including financial and taxation issues); and
- can only apply for NAB Capital Notes 6 if you are within the Notes Target Market and have received personal advice from a qualified financial adviser in connection with the Offer.

If you have any questions about the Offer, NAB Capital Notes 6, or the Notes Target Market, you should also contact your Syndicate Broker or a qualified financial adviser.

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4.2 Who can apply for NAB Capital Notes 6?³⁴

All Applications must be submitted through a Syndicate Broker and you must contact your Syndicate Broker for instructions on how to apply. No Applications can be made directly to NAB.

The Offer does not contain a specific offer for NAB securityholders (unlike previous retail hybrid security offers by NAB) and Eligible NCN2 Holders cannot apply directly to NAB to participate in the Reinvestment Offer.

Type of offer	Who is eligible to participate?	When to apply	How to apply
Reinvestment Offer	<p>You are eligible to apply under the Reinvestment Offer if you are an Eligible NCN2 Holder.</p> <p>You are an Eligible NCN2 Holder if you:</p> <ul style="list-style-type: none"> were registered as a holder of NCN2 at 7.00pm on 1 June 2022; are shown on the NCN2 register as having an address in Australia; are an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Client, or a Retail Investor within the Notes Target Market who has received personal advice from a qualified financial adviser in connection with the Offer; are not an individual residing in a member state of the European Union; and are not in the United States, are not a U.S. Person, and are not acting (including as a nominee) for the account or benefit of, a U.S. Person, and are not otherwise prevented from receiving the Reinvestment Offer or NAB Capital Notes 6 under the laws of any jurisdiction. <p>To participate in the Reinvestment Offer, an Eligible NCN2 Holder must also remain registered as a holder of NCN2 on the Closing Date (expected to be 5.00pm on 30 June 2022).</p>	<p>Completed Applications must be received by your Syndicate Broker in sufficient time for your Syndicate Broker to process your Application on your behalf by the Closing Date which is expected to be 5.00pm on 30 June 2022.</p> <p>However, NAB and the JLMs may, in their absolute discretion, close the Offer early without notice, so if you wish to apply you are encouraged to do so as soon as possible.</p>	<p>All Applications must be submitted through a Syndicate Broker and you must contact your Syndicate Broker for instructions on how to apply.</p> <p>If you are only applying under the Reinvestment Offer, the aggregate NCN2 Redemption Price for the NCN2 the subject of your Application will be used to pay for the relevant NAB Capital Notes 6 and you will not be required to pay any additional amount in respect of your Application.</p> <p>Eligible NCN2 Holders who do not wish to participate in the Reinvestment Offer may still apply for NAB Capital Notes 6 as part of the New Money Offer. If you apply for NAB Capital Notes 6 under the New Money Offer you will be required to pay Application Monies for those additional NAB Capital Notes 6.</p> <p>You must contact your Syndicate Broker for instructions on how to pay the Application Monies necessary for your Application.</p>

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Applying for NAB Capital Notes 6

Type of offer	Who is eligible to participate?	When to apply	How to apply
New Money Offer	The New Money Offer is available to Australian resident clients of Syndicate Brokers, (including Eligible NCN2 Holders), who are either Wholesale Clients or Retail Investors within the Notes Target Market who have received personal advice from a qualified financial adviser in connection with the Offer.	Completed Applications must be received by your Syndicate Broker in sufficient time for your Syndicate Broker to process your Application on your behalf by the Closing Date which is expected to be 5.00pm on 30 June 2022. However, NAB and the JLMs may, in their absolute discretion, close the Offer early without notice, so if you wish to apply you are encouraged to do so as soon as possible.	If you are applying under the New Money Offer, you must contact the Syndicate Broker who has offered you an allocation in the New Money Offer for information about how and when to submit your Application and instructions on how to pay the Application Monies necessary for your Application. No Syndicate Broker will accept payments by cheque. If you are applying under the New Money Offer your Application must be for a minimum of 50 NAB Capital Notes 6 (\$5,000) and thereafter in multiples of 10 NAB Capital Notes 6 (\$1,000).
Institutional Offer	If you are an Institutional Investor, you must apply to participate by contacting the Arranger. NAB reserves the right not to accept Applications from Institutional Investors where they have not been received through the Arranger.	Applications will only be accepted during the Offer Period, which opened on 14 June 2022. Applications will not be accepted after the Closing Date, which is expected to be 5.00pm on 30 June 2022.	

³⁴ The key dates for the Offer are indicative only and may change without notice. NAB and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice.

4.3 How to pay

You must contact your Syndicate Broker for instructions on how to pay the Application Monies necessary for your Application. No Syndicate Brokers will accept payment by cheque.

4.4 Allocation policy

Allocations to Syndicate Brokers were determined by NAB in consultation with the Joint Lead Managers following completion of the Bookbuild.

Allocations to Applicants by a Syndicate Broker (including in respect of Applications under the Reinvestment Offer) are at the discretion of that Syndicate Broker.

However, priority is intended to be given to Applicants applying to reinvest their NCN2 Redemption Price over other Applicants.

It is possible for Applications to be scaled back by a Syndicate Broker. NAB takes no responsibility for any allocation, scale back or rejection that is decided by a Syndicate Broker.

Allocations to Institutional Investors were determined by NAB following completion of the Bookbuild.

No assurance is given that any Applicant (including an Applicant under the Reinvestment Offer) will receive an allocation of NAB Capital Notes 6.

4.5 ASX quotation and Holding Statements

NAB has applied for NAB Capital Notes 6 to be quoted on ASX. Quotation of NAB Capital Notes 6 on ASX is not guaranteed.

Trading of NAB Capital Notes 6 on ASX on a normal settlement basis is expected to commence on 8 July 2022.

NAB has applied for NAB Capital Notes 6 to participate in CHESSE, and if accepted, no certificates will be issued. NAB expects that Holding Statements for issuer sponsored holders and confirmations for CHESSE holders will be despatched to successful Applicants on 13 July 2022.

Section four:

Applying for NAB Capital Notes 6

A Holder must determine their allocation before trading NAB Capital Notes 6 to avoid the risk of selling NAB Capital Notes 6 the Holder does not own.

You may call the NAB Information Line on **1300 367 647** (within Australia) or on **+61 3 9415 4299** (outside Australia) (Monday to Friday, 8.00am – 7.30pm), or your Syndicate Broker, after the Issue Date to enquire about your allocation of NAB Capital Notes 6.

4.6 Provision of bank account details for Distributions and other payments

Under the Terms, payments in respect of each NAB Capital Note 6 will be made on the due date for payment (or if that day is not a Business Day, then the following Business Day).

To receive payments, Holders must notify the Registrar of an Australian dollar bank account maintained in Australia. On the relevant payment date, NAB will directly credit the payment amount to the Australian financial institution account specified by the Holder.

If you have not notified an appropriate account by close of

business on the Record Date, if any payments made to you are unsuccessful, then NAB will send a notice to the postal address or email address most recently notified by you advising of the unpaid amount. In that case, the unpaid amount will be held as a deposit in a non-interest bearing, special purpose account maintained by NAB or the Registry until the first to occur of the following:

- you nominate a suitable Australian dollar account maintained in Australia;
- claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of NAB; or
- NAB is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed monies.

No additional interest is payable in respect of any delay in payment.

Section five:

Overview of NAB

Section five:

Overview of NAB

5.1 Overview

NAB is a public limited company, incorporated on 23 June 1893 in Australia, which is its main domicile. Its registered office address is Level 28, 395 Bourke Street, Melbourne Victoria 3000, Australia.

The Group is a financial services organisation with more than 32,000 colleagues, operating through a network of more than 730 branches, with over 616,000 shareholders and serving approximately eight million customers.

The majority of the Group's financial services businesses operate in Australia and New Zealand, with branches located in Asia, the UK, Europe and the US.

5.2 Our services

The Group operates the following divisions:

- **Business and Private Banking**, which focuses on NAB's priority small and medium (SME) customer segments. This includes the leading NAB Business franchise, specialised Agriculture, Health, Government, Education and Community services along with Private Banking and JBWere, as well as the micro and small business segments.
- **Personal Banking**, which provides customers with products and services through proprietary networks in NAB as well as mortgage brokers. Customers are served through the Personal Banking network to secure home loans or manage personal finances through deposit, credit or personal loan facilities. The network also

provides servicing support to individuals and business customers.

- **Corporate and Institutional Banking**, which provides a range of products and services including client coverage, corporate finance, markets, asset servicing, transactional banking and enterprise payments. The division services its customers in Australia and globally, including through branches in the US, UK, Europe and Asia, with specialised industry relationships and product teams. It includes Bank of New Zealand's Markets Trading operations.
- **New Zealand Banking**, which provides banking and financial services across customer segments in New Zealand. It consists of Partnership Banking, servicing retail, business and private consumers; Corporate and Institutional Banking, servicing corporate and institutional customers, and includes Markets Sales operations in New Zealand. New Zealand Banking also includes the Wealth and Insurance franchises operating under the 'Bank of New Zealand' brand, but excludes Bank of New Zealand's Markets Trading operations.
- **Corporate Functions and Other divisions**, which includes UBank, 86 400 and enabling units that support all businesses including Treasury, Technology and Enterprise Operations, Strategy and Innovation, Data, Digital and Analytics, Support Units and eliminations.

5.3 Recent Developments

2022 Half Year Results

On 5 May 2022, NAB released its 2022 Half Year Results. A copy of that report and associated documents including the 2022 Half Year Results Summary and investor presentation, as well as NAB's 2021 Annual Financial Report, can be obtained from [asx.com.au](https://www.asx.com.au) and [nab.com.au/shareholder](https://www.nab.com.au/shareholder).

Acquisition of Citigroup's Australian consumer business

On 1 June 2022, NAB announced it had completed the acquisition of Citigroup's Australian consumer business. A copy of that announcement can be obtained from [asx.com.au](https://www.asx.com.au) and [nab.com.au/shareholder](https://www.nab.com.au/shareholder). For more information regarding the risks to the Group associated with the acquisition, see Section 7.2.1.3.

Section six:

Financial information

The summary financial information presented in this section has been extracted from the Group's 2022 Half Year Results for the half year ended 31 March 2022.

The half year financial information presented in this section has been prepared in accordance with the measurement and recognition requirements of AASB 134 *Interim Financial Reporting*. It is presented in abbreviated form and does not contain all of the disclosures usually provided in a half year or annual financial report prepared in accordance with the Corporations Act.

Copies of NAB's Annual Financial Reports, half-yearly reports, presentations and other documents lodged with ASX can be obtained from the Shareholder Centre at **nab.com.au/shareholder** and from **asx.com.au**.

Section six:

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6.1 Consolidated Income Statement

The following table sets out the Group's consolidated income statement for the half years ended 31 March 2022, 30 September 2021 and 31 March 2021.

For the half year ended ³⁵	31 March 2022 \$m	30 September 2021 \$m	31 March 2021 \$m
Interest income			
Effective interest income	8,605	8,785	8,363
Fair value through profit or loss	389	55	831
Interest expense	(1,918)	(1,887)	(2,354)
Net interest income	7,076	6,953	6,840
Other income	1,995	1,521	1,415
Operating expenses	(4,072)	(4,000)	(3,863)
Credit impairment write-back	2	74	128
Profit before income tax	5,001	4,548	4,520
Income tax expense	(1,430)	(1,307)	(1,290)
Net profit for the period from continuing operations	3,571	3,241	3,230
Net loss after tax for the period from discontinued operations	(20)	(84)	(20)
Net profit for the period	3,551	3,157	3,210
Attributable to non-controlling interests	-	1	2
Attributable to owners of NAB	3,551	3,156	3,208
Earnings per share	cents	cents	cents
Basic	109.1	95.9	97.1
Diluted	104.8	92.1	92.7
Basic from continuing operations	109.7	98.5	97.8
Diluted from continuing operations	105.4	94.5	93.4

³⁵ Information is presented on a continuing operations basis, unless otherwise stated.

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6.2 Pro-forma Consolidated Balance Sheet

The following table sets out the Group's consolidated balance sheet as at 31 March 2022 (in the column headed 'Reported Group 31 March 2022'), and the pro-forma consolidated balance sheet assuming the Offer was completed at this date.

The column headed 'Group Pro-forma 31 March 2022' outlines the impact of:

- \$2,000 million of NAB Capital Notes 6 being issued, including under the Reinvestment Offer, and external issue costs of \$20 million being incurred (see Section 9.2); and
- the redemption of \$1,499 million NCN2 by NAB under the NCN2 Redemption.

The pro-forma consolidated balance sheet is unaudited and has been prepared in accordance with the basis of preparation outlined on page 72, adjusted for the impact of the items above.

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As at 31 March	Reported Group 31 March 2022 \$m	Pro-forma adjustment related to the Offer \$m	Group Pro-forma 31 March 2022 \$m
Assets			
Cash and liquid assets	44,164	481	44,645
Due from other banks	133,787		133,787
Collateral placed	10,009		10,009
Trading securities	45,961		45,961
Debt instruments	40,251		40,251
Other financial assets	2,180		2,180
Derivative assets	30,325		30,325
Loans and advances	652,488		652,488
Current tax assets	31		31
Deferred tax assets	2,934		2,934
Property, plant and equipment	3,086		3,086
Goodwill and other intangible assets	4,177		4,177
Other assets	6,483		6,483
Total assets	975,876	481	976,357
Liabilities			
Due to other banks	66,721		66,721
Collateral received	6,323		6,323
Other financial liabilities	25,682		25,682
Derivative liabilities	33,965		33,965
Deposits and other borrowings	654,780		654,780
Current tax liabilities	426		426
Provisions	1,785		1,785
Bonds, notes and subordinated debt	107,285		107,285
Other debt issues	6,835	481	7,316
Deferred tax liabilities	-		-
Other liabilities	11,045		11,045
Total liabilities	914,847	481	915,328
Net assets	61,029	-	61,029
Equity			
Contributed equity	41,291		41,291
Reserves	(702)		(702)
Retained profits	20,440		20,440
Total equity (parent entity interest)	61,029		61,029
Non-controlling interest in controlled entities	-		-
Total equity	61,029		61,029

Section six:

Financial information

6.3 Capital Management

6.3.1 Capital Adequacy Framework

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies, and most members of the superannuation industry.

The Prudential Standards aim to ensure that ADIs maintain adequate capital levels commensurate with the risks associated with their activities, with appropriate buffers to absorb unexpected losses.

To ensure that ADIs are adequately capitalised on both a standalone and group basis, APRA adopts a tiered approach to the measurement of an ADI's capital adequacy by assessing the ADI's financial strength at two levels:

- Level 1 basis: the NAB Level 1 Group is NAB and a limited number of APRA approved subsidiaries; and
- Level 2 basis: the NAB Level 2 Group is the consolidated banking group (i.e. the consolidated financial group less certain subsidiaries and associates excluded under APRA's Prudential Standards, principally the superannuation and funds management entities, insurance subsidiaries and certain securitisation special purpose vehicles).

The differences between NAB's Level 1 Group and Level 2 Group Common Equity Tier 1 Capital Ratios relate principally to the level of capital held by, and RWA of, BNZ.

APRA advises the Group of its prudential capital requirements which represent the minimum ratios of regulatory capital to total RWA.

"Common Equity Tier 1 Capital" comprises paid-up ordinary share capital, retained earnings plus certain other items recognised as capital. The ratio of such capital to RWA is called the "Common Equity Tier 1 Capital Ratio". "Additional Tier 1 Capital" comprises certain securities (such as NAB Capital Notes 6) with required loss absorbing characteristics. Together, Common Equity Tier 1 Capital and Additional Tier 1 Capital make up "Tier 1 Capital" and the ratio of such capital to RWA is called the "Tier 1 Capital Ratio".

Common Equity Tier 1 Capital comprises the highest quality and most loss absorbent components of capital, followed by Additional Tier 1 Capital and then followed by Tier 2 Capital. Tier 2 Capital is of a lesser quality than Tier 1 Capital and mainly comprises subordinated instruments (such as NAB Subordinated Notes 2).

The sum of Tier 1 Capital and Tier 2 Capital is called "Total Capital". The ratio of Total Capital to RWA is called the "Total Capital Ratio".

APRA has provided confirmation that NAB Capital Notes 6, once issued, will qualify as Additional Tier 1 Capital for the purposes of the regulatory capital requirements that apply to NAB.

On 1 January 2013, APRA's Basel III Prudential Standards came into effect. The Basel III Prudential Standards give effect to the capital reform package released by the Basel Committee on Banking

Supervision ("BCBS") aimed at raising the quality and quantity of capital in the global banking system.

Broadly, the key features of this framework include:

- A minimum Common Equity Tier 1 Capital of at least 4.5% of RWA and Tier 1 Capital of at least 6.0% of RWA;
- A capital conservation buffer ("CCB") of 2.5% of RWA required to be made up of Common Equity Tier 1 Capital that places restrictions on capital distributions if an ADI's capital level falls within the buffer range; and
- A countercyclical capital buffer of between 0 and 2.5% of total RWA, which is calculated as the weighted average of the countercyclical capital buffers that are applied by the regulatory authorities in jurisdictions in which the ADI has private sector credit exposures. APRA determines the countercyclical capital buffer for the Australian jurisdiction at the appropriate level when excessive credit growth and other indicators point to a system-wide build-up of risk.

In December 2013, APRA released its framework in relation to domestic systemically important banks ("D-SIBs") in Australia. NAB has been identified as a D-SIB and as a result is subject to a higher loss absorbency ("HLA") requirement of 1% of RWA.

As at the date of this Prospectus, APRA has set the countercyclical capital buffer for the Australian exposures of locally incorporated ADIs at 0%. The weighted average of the jurisdictional countercyclical capital buffers that are applied

Section six:

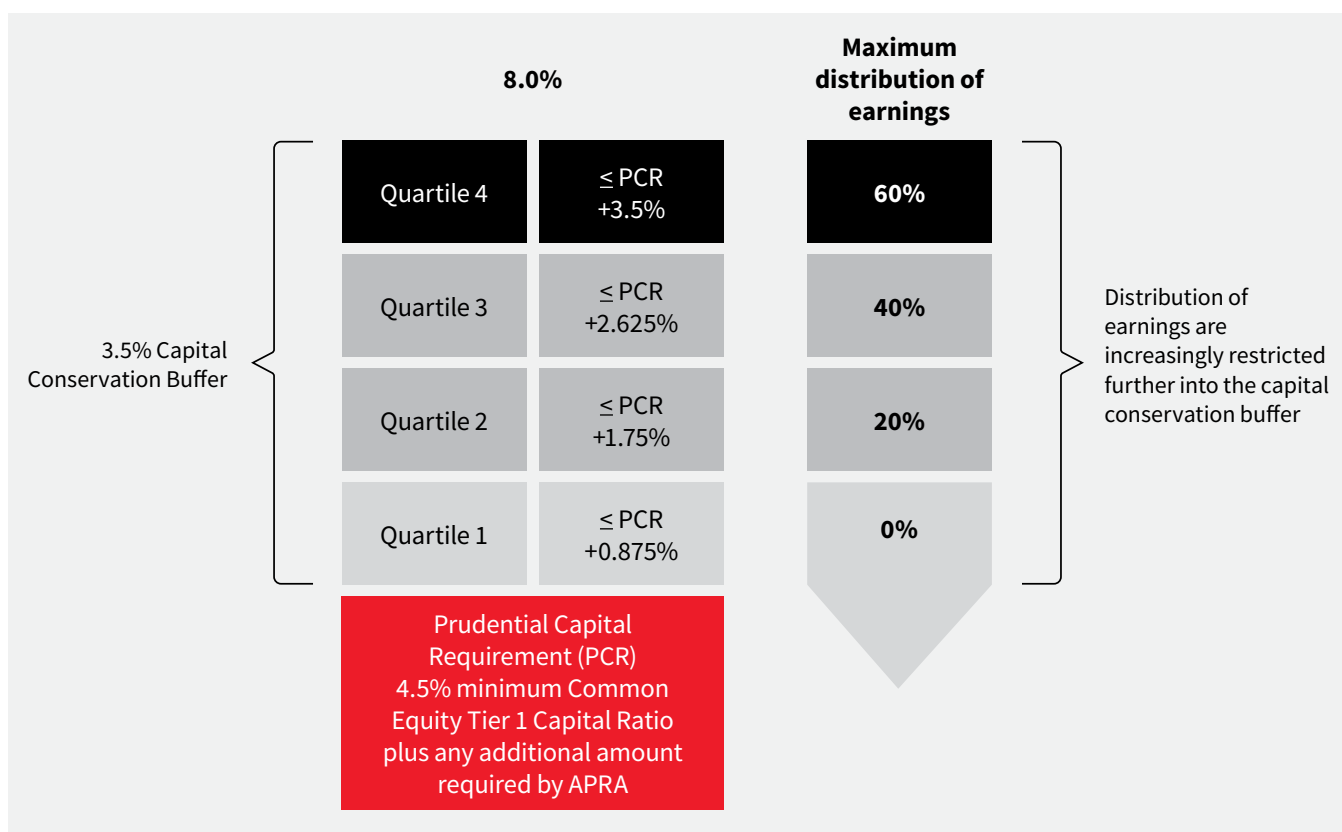
Financial information

by the regulatory authorities in jurisdictions to which NAB has private sector credit exposures as at 31 March 2022 is 0.5 basis points, leading to an approximately 0% overall countercyclical capital buffer as at 31 March 2022. As part of the revised capital framework (effective January 2023), APRA will implement a countercyclical capital buffer within its expanded regulatory capital buffers for D-SIBs at an initial setting of 1% of RWA.

The D-SIB HLA requirement and countercyclical capital buffer have been implemented through an extension of the capital conservation buffer, effective 1 January 2016. As at 31 March 2022, the capital conservation buffer inclusive of the D-SIB HLA requirement and countercyclical capital buffer, was approximately 3.5% of RWA, resulting in a Common Equity Tier 1 Capital requirement inclusive of buffers of at least 8% of RWA.

Restrictions on the distribution of earnings, including payment of dividends, discretionary bonuses and Additional Tier 1 Capital distributions apply when capital ratios fall below at least 8% of RWA and into the capital conservation buffer as illustrated in the graph below.

APRA may determine higher prudential capital requirements for an ADI and may change an ADI's prudential capital requirements at any time.



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6.3.2 Regulatory Capital Developments

Revisions to the capital framework

APRA has finalised prudential standards for the revised ADI capital framework, with the focus now shifting to implementation (from 1 January 2023), as well as finalising prudential guidance and reporting standards. APRA's revisions to the framework include:

- Improving flexibility via increasing regulatory capital buffers.
- Implementing more risk-sensitive risk-weights.
- Enhancing competition via a capital floor for internal ratings-based (IRB) ADIs.
- Improving transparency and comparability through the disclosure of capital ratios under the standardised approach.

Overall, these revisions will result in changes to the calculation and presentation of capital ratios. APRA has reiterated its view that it is not seeking to further increase the overall level of capital in the banking system.

APRA changes to capital adequacy standards

The revised APS 111 Capital Adequacy: Measurement of Capital, including changes to the treatment of equity investments in subsidiaries for the purpose of calculating Level 1 regulatory capital became effective from 1 January 2022 and the changes have been incorporated into the 2022 Half Year Results.

Leverage ratio

APRA has also introduced a minimum leverage ratio requirement of 3.5% for IRB ADIs and a revised leverage ratio exposure measurement methodology to be implemented from 1 January 2023. The Level 2 Group's leverage ratio as at 31 March 2022 is 5.51% (under the current methodology).

Market Risk and Interest Rate Risk in the Banking Book

APRA has also announced its intention to finalise APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book and consult on revisions to the market risk capital standards to implement the Basel Committee on Banking Supervision's fundamental review of the trading book in the second half of calendar year 2022.

Increased loss-absorbing capacity for ADIs

In December 2021, APRA finalised requirements for the Australian loss-absorbing capacity framework. The final requirements represent a further 1.5% increase in the amount of Total capital required by domestic systemically important banks, with a total increase of 4.5% of risk-weighted assets required by January 2026. The interim requirement of an increase in the Total capital requirement of 3% of risk weighted assets 1 January 2024 remains in place.

RBNZ capital review

In December 2019, the RBNZ finalised its review of the capital adequacy framework applied to registered banks incorporated in New Zealand, with final prudential requirements

confirmed in June 2021. The RBNZ amendments to the amount of regulatory capital required of locally incorporated banks include:

- An increase in credit risk-weighted assets for banks that use the RBNZ's internal ratings-based approach due to the use of the standardised approach for bank and sovereign exposures, and the introduction of an overall minimum standardised floor, implemented on 1 January 2022.
- An increase in the scalar from 1 October 2022.
- An increase in the Tier 1 capital requirement to 16% of risk-weighted assets, and an increase in the Total capital requirement to 18% of risk-weighted assets, to be phased in by 2028.

RBNZ actions to support the banking system

In March 2021, the RBNZ announced the easing of restrictions on dividend payments, allowing New Zealand banks (including BNZ) to pay up to 50% of their earnings as dividends to shareholders (such as NAB), and has noted its expectation that banks exercise prudence when determining dividend payments. The 50% restriction will remain in place until 1 July 2022, at which point the RBNZ intends to remove the restriction, subject to economic conditions.

For more information regarding the risks associated with regulatory change, see Section 7.2.8.3.

6.3.3 The Group's Capital Management Strategy

The Group's capital management strategy is focused on adequacy, efficiency and flexibility. The capital

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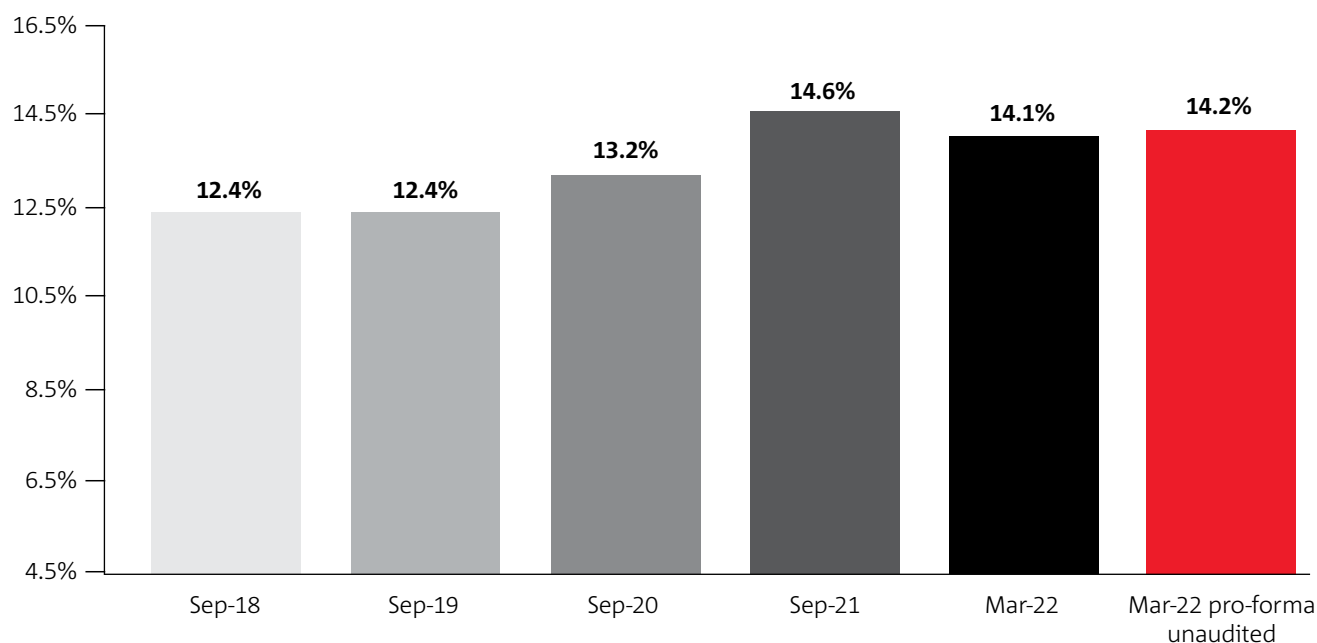
adequacy objective seeks to ensure sufficient capital is held in excess of internal risk-based capital assessments and regulatory requirements, and is within the Group's balance sheet risk appetite. This approach is consistent across the Group's subsidiaries.

6.3.4 NAB's Tier 1 Capital position

Figure 2 illustrates NAB's historical Tier 1 Capital position under APRA's Basel III Prudential Standards. The column labelled "Mar-22 pro-forma unaudited" illustrates NAB's pro-forma Tier 1 Capital position as at 31 March 2022 assuming:

- \$2,000 million of NAB Capital Notes 6 are being issued, including under the Reinvestment Offer, and external issue costs of \$20 million are being incurred (see Section 9.2); and
- the redemption of \$1,499 million NCN2 by NAB under the NCN2 Redemption.

Figure 2: NAB Level 2 Group Tier 1 Capital Ratio (unaudited)



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6.3.5 NAB's Common Equity Tier 1 Ratio

NAB's Common Equity Tier 1 Ratios for the Level 1 and Level 2 Groups were 12.32% and 12.48% as at 31 March 2022 respectively, above APRA's current Common Equity Tier 1 benchmark ratio of 10.5%.

NAB gives no assurance as to what its Common Equity Tier 1 Ratio on a Level 1 Group or Level 2 Group basis will be at any time as it may be significantly impacted by future regulatory changes, unexpected events affecting its business, operations and financial condition, and acquisitions or capital reductions (including share buy-backs). Following the implementation of the new capital framework described in section 6.3.2, NAB's capital ratios and buffers to minimum requirements may differ from current levels.

Common Equity Trigger Event

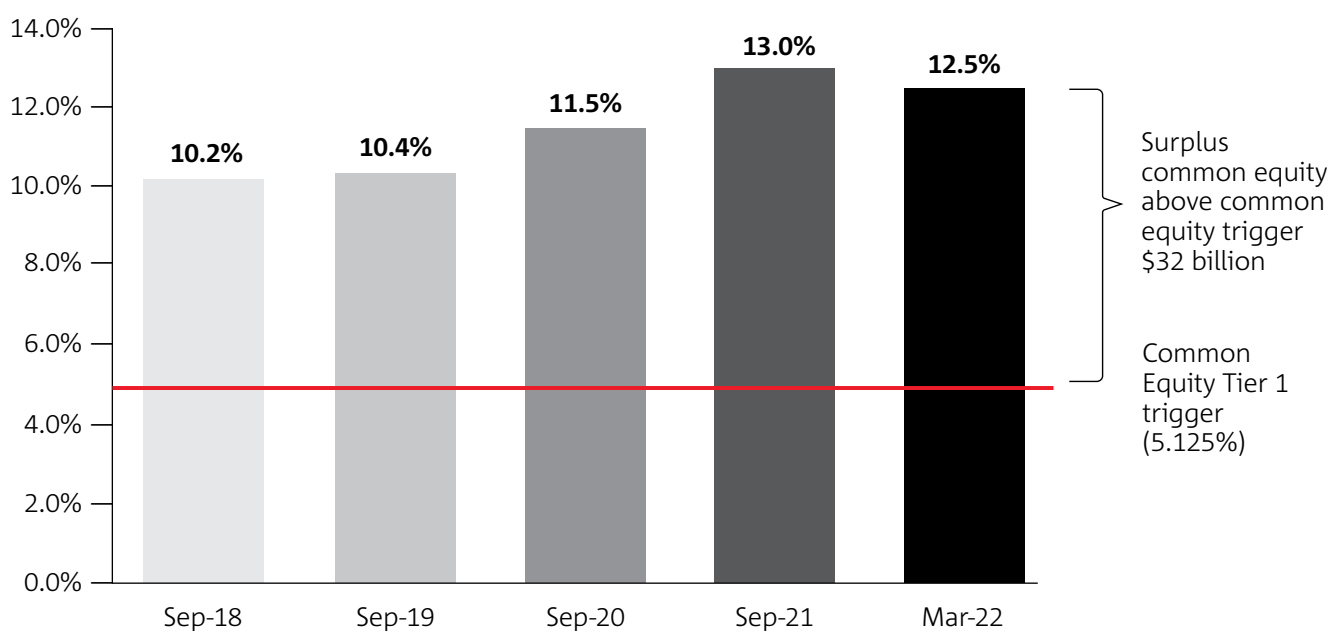
The Terms contain a Common Equity Trigger Event as required under APRA's Basel III Prudential Standards for NAB Capital Notes 6 to be eligible for inclusion as Additional Tier 1 Capital.

A Common Equity Trigger Event occurs when the Common Equity Tier 1 Ratio of either or both of the NAB Level 1 Group or the NAB Level 2 Group is equal to or less than 5.125%. Upon the occurrence of a Common Equity Trigger Event, some or all NAB Capital Notes 6 will immediately Convert into a number of Ordinary Shares (or if they are not Converted within 5 days of the Common Equity Trigger Event, they will be Written Off).

The NAB unaudited pro-forma Level 2 Group Common Equity Tier 1 Ratio was 12.48% as at 31 March 2022, and is approximately \$32 billion³⁶ in excess of the Common Equity Tier 1 Ratio that would result in a Common Equity Trigger Event, being 5.125%.

Figure 3 illustrates NAB's historical Level 2 Group Common Equity Tier 1 Ratio based on APRA's Basel III Prudential Standards.

Figure 3: NAB Level 2 Group Common Equity Tier 1 Ratio (unaudited)³⁷



³⁶ This dollar amount and the dollar amounts shown in Figure 3 are unaudited and indicative only as at 31 March 2022 and will vary with movements in NAB's earnings, NAB's RWA and other movements in NAB's capital. The restrictions in the prudential standards and in the Common Equity Trigger Event are expressed in terms of ratios and not fixed amounts of capital.

³⁷ The unaudited Mar-22 pro-forma Level 2 Group Common Equity Tier 1 Ratio does not include the impact of NAB's acquisition of Citigroup's Australian consumer business that completed on 1 June 2022, the sale of BNZ Life and the announced additional \$2.5 billion on-market buy-back as outlined in the 2022 Half Year Results. The unaudited Mar-22 pro-forma Level 2 Group Common Equity Tier 1 Ratio adjusted for the estimated impact of these events is 11.65%.

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6.3.6 Potential impacts on NAB Capital Notes 6

If NAB's Level 2 Group Tier 1 Capital Ratio or Level 2 Group Common Equity Tier 1 Capital Ratio are too low, it may indicate that NAB may not be able to elect to Redeem NAB Capital Notes 6 or pay Distributions.

6.4 Funding and liquidity

The Group maintains a strong capital, funding and liquidity position in line with its ongoing commitment to balance sheet strength.

6.4.1 Funding

The Group monitors the composition and stability of funding and liquidity through the Board approved risk appetite which includes compliance with regulatory requirements of APRA's Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). LCR and NSFR are relevant measures in assessing balance sheet strength and if either of them is too low, it may indicate that NAB may not be able to elect to Redeem NAB Capital Notes 6 or pay Distributions.

Compliance with the NSFR became effective on 1 January 2018 and establishes a minimum acceptable amount of stable funding based on the liquidity characteristics of an ADI's assets and activities over a one-year horizon. At 31 March 2022 the Group's NSFR was 123%, above the regulatory minimum of 100%.

6.4.2 Liquidity

The Group maintains well diversified and high quality liquid asset portfolios to support regulatory and internal requirements in the various regions in which it operates. The market value of total on balance sheet marketable securities held at 31 March 2022 was \$202 billion which excludes self-securitised assets. This represents an increase of \$8 billion from 30 September 2021.

Prudential Liquid assets averaged \$198 billion over the March 2022 quarter (consisting of HQLA and Alternative Liquid Assets ("ALA") being CLF assets and RBNZ repo-eligible assets). The CLF is a facility provided by the RBA to commercial banks to assist them in meeting the Basel III liquidity requirements. On 10 September 2021, APRA announced that the CLF will be reduced to zero by the end of 2022 subject to financial market conditions. The CLF reduction is expected to be offset by ADIs increasing holdings of HQLA. The Group holds internal Residential Mortgage Backed Securities along with external central bank repo-eligible securities as sources of contingent liquidity and to support the CLF.

The average Group LCR was 134% for the quarter ending 31 March 2022, above the regulatory minimum of 100%.

6.5 Impact of the Offer

The proceeds of the Offer will be used by NAB for general corporate purposes. The Offer will not have a material impact on NAB's cash flow.

6.6 Further Information

NAB is a disclosing entity for the purposes of the Corporations Act and so is subject to periodic reporting obligations under the Corporations Act and the ASX Listing Rules, including an obligation to lodge half-yearly and annual financial reports with ASIC and ASX. The Corporations Act and the ASX Listing Rules also require NAB to disclose to the market matters which could be expected to have a material effect on the price or value of NAB's securities.

Copies of:

- NAB's consolidated financial report for the half year ended 31 March 2022;
- the 2021 Annual Financial Report; and
- all documents lodged with the ASX since the date of the 2021 Annual Financial Report,

can be obtained from the Shareholder Centre at nab.com.au/shareholder and from asx.com.au.

Section seven:

Key risks of NAB Capital Notes 6

This section describes key potential risks that you should consider in deciding whether to invest in NAB Capital Notes 6, including risks that may affect NAB's business and financial performance.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. There is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

Before applying for NAB Capital Notes 6, you should consider whether NAB Capital Notes 6 are a suitable investment for you. There are risks associated with an investment in NAB Capital Notes 6 and in NAB, many of which are outside the control of NAB and its Directors. These risks include those referred to in this section and other matters referred to in this Prospectus.

Section seven:

Key risks of NAB Capital Notes 6

7.1 Risks associated with investing in NAB Capital Notes 6

7.1.1 NAB Capital Notes 6 are not Protected Accounts under the Banking Act or any other accounts or deposit liabilities of NAB

NAB Capital Notes 6 are not deposit liabilities of NAB, are not Protected Accounts or any other accounts with NAB and are not insured or guaranteed by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction, by any member of the Group or by any other person.

7.1.2 Distributions may not be paid

There is a risk that Distributions will not be paid. The Terms do not oblige NAB to pay Distributions.

The payment of Distributions on NAB Capital Notes 6 is subject to the discretion of the Directors, which means they may not be paid. Failure to pay a Distribution when scheduled will not constitute an event of default.

Distributions are also only payable if a Payment Condition does not exist on the Distribution Payment Date. The circumstances in which a Payment Condition will exist are described in Section 2.1. They include the cases where the payment of a Distribution will result in a breach of APRA's regulatory capital requirements as they apply to NAB, or will result in NAB becoming, or being likely to become, insolvent for the purposes of the Corporations Act, where APRA otherwise objects to the payment of a Distribution,

or where NAB is not permitted to pay the Distribution under the Corporations Act.

The Terms contain no events of default and non-payment of a Distribution is not an event of default. A Holder:

- has no right to apply for NAB to be wound up or placed in administration, or to cause a receiver or a receiver and manager to be appointed in respect of NAB merely on the grounds that NAB does not or is or may become unable to pay a Distribution; and
- has no right to set-off any amount owing to it by NAB in connection with NAB Capital Notes 6 against any amount owing by it to NAB or otherwise.

Distributions are non-cumulative, and therefore if a Distribution is not paid then NAB has no liability to pay that Distribution and Holders have no claim or entitlement in respect of such non-payment.

If a Distribution is not paid in full on a Distribution Payment Date, subject to certain exceptions, NAB cannot declare, determine to pay, or pay dividends on its Ordinary Shares or return capital (unless Holders approve the payment by Ordinary Resolution) until the next Distribution Payment Date. However, if the Distribution is paid in full within 3 Business Days of the Distribution Payment Date, this restriction will no longer apply.

Changes in regulations applicable to NAB may impose additional requirements which prevent NAB from paying Distributions in additional circumstances.

7.1.3 Changes in Distribution Rate

The Distribution Rate is calculated for each Distribution Period by reference to the Bank Bill Rate, which is influenced by a number of factors and varies over time. The Distribution Rate will go up or down over time as a result of movements in the Bank Bill Rate – see Section 2.1. As the Distribution Rate goes up or down, there is a risk that an investment in NAB Capital Notes 6 may become less attractive when compared to other investments issued by NAB or other entities. It is possible for the Bank Bill Rate to be negative. If this occurs, the negative amount will be taken into account in calculating the Distribution Rate. Even if the Distribution Rate is calculated to be negative, there will be no obligation on Holders to pay NAB.

NAB does not guarantee any particular rate of return on NAB Capital Notes 6. Changes in the corporate tax rate will also affect the Distribution Rate. If the corporate tax rate were to change, the cash amount of Distributions and the amount of any franking credits will change.

7.1.4 Market price of NAB Capital Notes 6 and Ordinary Shares

The market price of NAB Capital Notes 6 may go up or down due to various factors, including investor perceptions, Australian and worldwide economic conditions, interest rates, movements in foreign exchange rates, impacts of regulatory change (including intervention by ASIC in the market for NAB Capital Notes 6 or similar securities), changes in the

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laws relating to the availability of franking, movements in the market price of Ordinary Shares or senior or subordinated debt, the availability of better rates of return on other securities and factors that may affect the Group's financial performance and position. NAB Capital Notes 6 may trade at a market price below the Face Value.

In recent years, markets have become more volatile. The economic consequences of the COVID-19 pandemic have also given rise to increased levels of volatility in financial markets. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

You should carefully consider this additional volatility risk before deciding whether to make an investment in NAB Capital Notes 6.

The Ordinary Shares held as a result of any Conversion will, following Conversion, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon Conversion will depend upon the market price of Ordinary Shares after the date on which NAB Capital Notes 6 are Converted. The market price of Ordinary Shares is also subject to the factors outlined above and may also be volatile.

The market price of NAB Capital Notes 6 (as well as the Ordinary Shares) may go up or down as a result of the information disclosed to the market by NAB in order to comply with its continuous disclosure requirements.

7.1.5 Liquidity

There may be no liquid market for NAB Capital Notes 6. Additionally, the market for NAB Capital Notes 6 may be less liquid than the market for Ordinary Shares or comparable securities issued by NAB or other entities.

The liquidity of the market for NAB Capital Notes 6 may be negatively impacted by a number of factors, including changes in law, including law relating to franking credits or other laws, or if pursuant to the PIP Regime, ASIC exercises its product intervention powers in relation to NAB Capital Notes 6 or comparable securities issued by NAB or other entities.

The DDO Regime imposes design and distribution obligations on the issuers, providers and distributors of financial products and the PIP Regime provides ASIC with a product intervention power (see Section 7.1.28 for further detail). The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like NAB Capital Notes 6. These changes may also affect the liquidity of funding instruments (including instruments such as NAB Capital Notes 6), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

Holder who wish to sell their NAB Capital Notes 6 may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for NAB Capital Notes 6. NAB Capital Notes 6 are expected to Convert into Ordinary Shares

on 17 September 2032 (subject to certain conditions being satisfied) unless NAB Capital Notes 6 are otherwise Converted, Written Off, Redeemed or Resold on or before that date. Where NAB Capital Notes 6 are Converted, there may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.

In addition, there is no guarantee that NAB Capital Notes 6 will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

7.1.6 The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price at the time of Conversion

Upon Conversion, Holders will receive approximately \$101 worth of Ordinary Shares per NAB Capital Note 6 (based on the VWAP during a period, usually 20 Business Days, before the Mandatory Conversion Date or other date on which NAB Capital Notes 6 are Converted). The market price of Ordinary Shares may go up or down due to various factors.

For a Conversion following a Loss Absorption Event, depending on the market price of Ordinary Shares at the relevant time, Holders are likely to receive significantly less than \$101 worth of Ordinary Shares per NAB Capital Note 6 and may lose a significant amount of the money they invested in NAB Capital Notes 6 as a consequence – see Sections 2.7 and 7.1.14.

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The VWAP during the relevant period before the date of Conversion that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the date of Conversion. As a result, the market value of Ordinary Shares received upon Conversion may be greater than or less than \$101 per NAB Capital Note 6 when they are issued or at any time after that, and could be less than the Face Value. Holders receiving Ordinary Shares on Conversion may not be able to sell those Ordinary Shares at the price on which the Conversion calculation was based, or at all.

7.1.7 Franking of Distributions

NAB expects Distributions to be franked at the same rate as dividends paid on Ordinary Shares. The effect of Distributions being franked is to reduce the cash amount received by Holders on each Distribution Payment Date by an amount equal to the relevant level of franking.

If a Distribution payment is not fully franked, then the Distribution will be adjusted to reflect the applicable franking rate (see clause 2.5 of the Terms).

7.1.8 Use of franking credits by Holders

The value and availability of franking credits to a Holder will differ depending on the Holder's particular tax circumstances and applicable Australian tax laws. Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Distribution. Holders should also be aware that the ability to use the franking credits, either as an offset

to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Holder and applicable Australian tax laws.

Holders should be aware that they will not receive any compensation or "gross up" if they are denied the benefit of franking credits on their Distributions for any reason, and should refer to the Australian Taxation Summary in Section 8 and the ATO class ruling (when published).

Investors should seek professional advice in relation to their tax position and monitor any changes on an ongoing basis.

7.1.9 NAB Capital Notes 6 are perpetual and Mandatory Conversion may not occur on the scheduled Mandatory Conversion Date or at all

NAB Capital Notes 6 are expected to Convert into Ordinary Shares on 17 September 2032 (subject to the NAB Capital Notes 6 being on issue at that date and certain conditions being satisfied).

However, there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or where a Delisting Event applies. Depending on the market price of Ordinary Shares at the relevant time, Conversion may not occur. The Ordinary Share price may be affected by transactions affecting the share capital of NAB, such as rights issues, placements, returns of capital, certain buy-backs and other corporate actions. The Issue Date VWAP is adjusted only for transactions

by way of a reorganisation and pro rata bonus issues of Ordinary Shares as described in clauses 7.5 and 7.6 of the Terms and not for other transactions, including rights issues, placements, returns of capital, buy-backs or special dividends. The Terms do not limit the transactions which NAB may undertake with respect to its share capital and any such action may affect whether Conversion will occur and may adversely affect the position of Holders.

If Mandatory Conversion does not occur on the Scheduled Mandatory Conversion Date, Mandatory Conversion would then occur on the next Distribution Payment Date on which all of the Mandatory Conversion Conditions are satisfied (unless NAB Capital Notes 6 are otherwise Converted, Written Off, Redeemed or Resold on or before that date). If Mandatory Conversion does not occur on a possible Mandatory Conversion Date and NAB Capital Notes 6 are not otherwise Converted, Written Off, Redeemed or Resold, Distributions may continue to be paid on NAB Capital Notes 6 (subject to the Directors resolving to pay a Distribution and no Payment Condition existing on the relevant Distribution Payment Date(s)).

NAB Capital Notes 6 are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied. If this occurs, and unless NAB Capital Notes 6 are otherwise Converted, Redeemed or Resold (see further Sections 7.1.10 to 7.1.14 below), NAB Capital Notes 6 may remain on issue indefinitely.

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7.1.10 Conversion on an Acquisition Event

NAB Capital Notes 6 are issued by NAB, which, as an ASX-listed company, may be affected by merger and acquisition activity, including the possibility of being acquired by, or merged with, another company or group of companies, potentially resulting in a change of control.

Where this corporate activity constitutes an Acquisition Event, as defined in the Terms, subject to certain conditions, NAB must Convert all NAB Capital Notes 6 in accordance with clauses 5 and 7 of the Terms. Conversion may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to NAB Capital Notes 6 (such as Distributions) is unknown.

Not all corporate activities that have the effect of a change of control of NAB or its business operations will be an Acquisition Event. In particular, it would not be an Acquisition Event if APRA were to require the compulsory transfer of NAB's business or shareholding. Where the corporate activity is not an Acquisition Event, NAB is not obliged to Convert NAB Capital Notes 6. The outcomes for Holders arising from that action would be uncertain and Holders may suffer loss or face increased or different risks.

7.1.11 Conversion, Redemption or Resale at NAB's option

NAB may (subject to APRA's prior written approval) elect to Convert, Redeem or Resell some or all NAB Capital Notes 6 on 17 December 2029, 17 March 2030,³⁸ 17 June 2030, and 17 September 2030 or following the occurrence of a Tax Event or Regulatory Event. In addition, NAB may also Convert some or all NAB Capital Notes 6 on the occurrence of a Potential Acquisition Event.

Holders have no right to request or require a Conversion, Redemption or Resale of their NAB Capital Notes 6.

Any Conversion, Redemption or Resale at NAB's option may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing. This also means that the period for which Holders will be entitled to the benefit of the rights attaching to NAB Capital Notes 6 (such as Distributions) is unknown.

The method of Conversion, Redemption or Resale chosen by NAB may be disadvantageous to Holders and may not coincide with their individual preference in terms of whether they receive Ordinary Shares or cash on the relevant date.

For example, if APRA approves an election by NAB to Redeem NAB Capital Notes 6, Holders will receive cash equal to \$100 per NAB Capital Note 6 rather than Ordinary Shares. Accordingly, they will

not benefit from any subsequent increases in the Ordinary Share price after the Redemption occurs. In addition, where Holders receive cash on Redemption, the rate of return at which they could reinvest their funds may be lower than the Distribution Rate at the time.

Upon any Resale, it will be a Nominated Purchaser's obligation to pay the Resale Price to the Holders. NAB does not guarantee the Nominated Purchaser will pay this amount and if it does not the Holders will continue to hold NAB Capital Notes 6.

Where Holders receive Ordinary Shares on Conversion, they will have the same rights as other holders of Ordinary Shares, which are different to the rights attaching to NAB Capital Notes 6.

7.1.12 Optional Conversion, Redemption and Resale subject to certain events occurring

If NAB elects to Convert (other than where it must Convert), Redeem or Resell NAB Capital Notes 6, APRA's prior written approval is required. Holders should not expect that APRA will give its approval to any Conversion, Redemption or Resale.

Optional Conversion

The optional Conversion of NAB Capital Notes 6 by NAB is also subject to the level of the Ordinary Share price on the second Business Day before the date on which NAB is to send a notice advising Holders that it wishes to Convert NAB Capital Notes 6 (or if trading in Ordinary Shares did not occur on that date, the Business Day prior to that date on which trading in

³⁸ Due to the Business Day convention, this date is deferred from 17 March 2030 to 18 March 2030.

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Ordinary Shares occurred). If the VWAP on that date is less than or equal to 22.50% of the Issue Date VWAP (see Section 2.4), NAB is not permitted to elect to Convert NAB Capital Notes 6. Also, if a Delisting Event applies, NAB is not permitted to elect to Convert NAB Capital Notes 6.

In addition, Conversion on an Optional Conversion Date is subject to both the Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) and no Delisting Event applying in respect of the Optional Conversion Date as if the Optional Conversion Date were a possible Mandatory Conversion Date.

If the requirements for Conversion on the Optional Conversion Date are not satisfied, NAB will notify Holders and the Conversion will be deferred until the next Distribution Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Distribution Payment Date were a possible Mandatory Conversion Date (with this condition applied as if the percentage of the Issue Date VWAP were 22.50% for the First Mandatory Conversion Condition and 20.20% for the Second Mandatory Conversion Condition).

Optional Redemption

The optional Redemption of NAB Capital Notes 6 is subject to the condition that APRA is satisfied that either NAB Capital Notes 6 the subject of the Redemption are replaced concurrently or beforehand with a capital instrument of the same or better quality and the replacement of NAB Capital Notes 6 is done under conditions that are sustainable for NAB's income capacity, or that

the capital position of the NAB Level 1 Group and the NAB Level 2 Group will remain adequate after NAB elects to Redeem NAB Capital Notes 6.

NAB is not permitted to elect to Redeem or Resell NAB Capital Notes 6 on account of an Acquisition Event or a Potential Acquisition Event.

7.1.13 Other events affecting Conversion

Other events and conditions may affect the ability of Holders to trade or dispose of the Ordinary Shares issued on Conversion (e.g. the willingness or ability of ASX to accept the Ordinary Shares issued on Conversion for quotation or any practical issues which affect that quotation, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time).

7.1.14 Conversion on account of a Loss Absorption Event

NAB must immediately Convert NAB Capital Notes 6 into Ordinary Shares if a Loss Absorption Event occurs. A Loss Absorption Event may occur at any time and on any day (whether or not the day is a Business Day). Accordingly, any such Conversion on account of a Loss Absorption Event may occur on dates not previously contemplated by Holders, which may be disadvantageous in light of market conditions or their individual circumstances and may not coincide with their individual preference in terms of timing.

A Loss Absorption Event is each of:

- a Common Equity Trigger Event; and
- a Non-Viability Trigger Event.

See Section 2.7 for a description of Common Equity Trigger Events and Non-Viability Trigger Events and Section 6.3 for a discussion of factors that influence NAB's Common Equity Tier 1 Ratio.

If a Loss Absorption Event occurs:

- Conversion is not subject to the Mandatory Conversion Conditions being satisfied;
- Conversion may occur automatically without the need for any further act or step by NAB. In that case, NAB will treat a Holder in respect of its NAB Capital Notes 6 as having been issued the Conversion Number of Ordinary Shares. NAB expects that any ASX trades in NAB Capital Notes 6 that have not settled on the date a Loss Absorption Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although NAB expects the seller will be treated as having delivered, and the buyer will be treated as having acquired, the Conversion Number of Ordinary Shares into which NAB Capital Notes 6 have been Converted as a result of the occurrence of the Loss Absorption Event;
- NAB may also seek a trading halt to prevent further trading in NAB Capital Notes 6 on ASX, and if ASX permits, may refuse to register transfers of NAB Capital Notes 6 that have not settled – this may result in disruption or failures in trading or dealings in NAB Capital Notes 6 (which may cause a Holder to suffer loss);

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- Holders will not receive prior notice of Conversion or have any rights to vote or right of approval in respect of the Conversion; and
- the Ordinary Shares issued on Conversion may not be quoted at the time of issue, or at all.

If a Loss Absorption Event were to occur, depending on how much Common Equity Tier 1 Capital NAB needs, NAB may be:

- permitted by APRA to convert or write off only a proportion of NAB Capital Notes 6 and other Relevant Tier 1 Capital Instruments; or
- required to either convert or write off all Relevant Tier 1 Capital Instruments (including NAB Capital Notes 6).

If NAB is required to convert or write off all Relevant Tier 1 Capital Instruments (such as NAB Capital Notes 6), Holders should be aware that all Relevant Tier 1 Capital Instruments will be converted or written off before any Relevant Tier 2 Capital Instruments are converted or written off. NAB has no obligation to maintain any Relevant Tier 1 Capital Instruments on issue and gives no assurance that it will do so.

All Relevant Tier 1 Capital Instruments must be converted or written off where the Loss Absorption Event is a Non-Viability Trigger Event involving a determination by APRA that a public sector injection of capital would be required. The greater the amount of Relevant Tier 1 Capital Instruments and Relevant Tier 2 Capital Instruments that are required to be converted, the more likely the market price of Ordinary Shares may be adversely affected as a result of the conversion.

APRA determinations in relation to Loss Absorption Events

Where NAB is permitted to convert or write off only a proportion of NAB Capital Notes 6 and other Relevant Tier 1 Capital Instruments following a Loss Absorption Event, NAB:

- must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels of NAB Capital Notes 6 and other logistical considerations, provided that nothing in the making of the selection or the adjustments is to delay or impede the Conversion taking effect; and
- where Relevant Tier 1 Capital Instruments are not all in the same currency, NAB may treat them as if converted into a single currency of NAB's choice at such rate of exchange as NAB considers reasonable (but may make adjustments among Holders and holders of other Relevant Tier 1 Capital Instruments having regard to the need to effect conversion immediately).

Accordingly, should a Loss Absorption Event occur, and NAB is permitted to Convert only some and not all NAB Capital Notes 6, not all Holders may have their NAB Capital Notes 6 Converted into Ordinary Shares.

In relation to Common Equity Trigger Events, see Section 6.3 for information on NAB's current level of Common Equity Tier 1 Capital. NAB's level of Common Equity Tier 1 Capital may be affected by risks associated with its business and its ability to raise and maintain levels of capital which are outside its control.

In relation to Non-Viability Trigger Events, APRA has not provided specific guidance as to how it would determine non-viability. However, APRA has indicated that non-viability is likely to arise prior to the insolvency of an ADI. Non-viability could be expected to include serious impairment of NAB's financial position and insolvency; however, it is possible that APRA's definition of non-viable may not necessarily be confined to solvency or capital measures and APRA's position on these matters may change over time. Non-viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of NAB. For instance, systemic and non-systemic macroeconomic, environmental and operational factors, domestically or globally, may affect the viability of NAB.

Conversion following a Loss Absorption Event

The number of Ordinary Shares that a NAB Capital Note 6 Holder will receive on Conversion following a Loss Absorption Event is calculated in accordance with the Conversion Number formula which provides for a calculation based on a discounted 5 Business Day VWAP but cannot be more than the Maximum Conversion Number. Accordingly, this is likely to result in a Holder receiving significantly less than \$101 worth of Ordinary Shares per NAB Capital Note 6 and losing a significant amount of the money they invested in NAB Capital Notes 6 as a result.

This is because:

- the number of Ordinary Shares is limited to the Maximum Conversion Number and this number of Ordinary Shares

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- is likely to have a value of significantly less than \$101;
- the number of shares is calculated by reference to the price of Ordinary Shares on the 5 Business Days before the Loss Absorption Event Conversion Date which may differ from the Ordinary Share price on or after that date. The Ordinary Shares may not be listed or may not be able to be sold at prices representing their value based on the VWAP. In particular, VWAP prices will be based wholly or partly on trading days which occurred before the Loss Absorption Event; and
 - as noted in Section 2.3, the Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification of Ordinary Shares and pro rata bonus issues. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example rights issues, returns of capital, buy-backs or special dividends. The Terms do not limit the transactions that NAB may undertake with respect to its share capital and any such action may increase the risk that the Maximum Conversion Number is triggered if NAB Capital Notes 6 are Converted.

Failure to Convert

If Conversion is required in respect of a NAB Capital Note 6 on account of a Loss Absorption Event but has not been effected within 5 days of the Loss Absorption Event Conversion Date for any reason (including an Inability Event), NAB Capital Notes 6 which would

otherwise be Converted, will not be Converted and will instead be Written Off.

If a Write Off occurs in respect of a NAB Capital Note 6, the rights of the Holder to Distributions and returns of capital will be terminated, the NAB Capital Note 6 that is Written Off will not be Converted, Redeemed or Resold on any subsequent date and the Holder will not have their capital repaid. Holders will suffer loss as a result.

The laws under which an Inability Event may arise include laws relating to the ability of a person to acquire interests in an Australian corporation or financial sector entity. The laws and other grounds on which an Inability Event may arise may change and the change may be adverse to the interests of Holders.

The Banking Act gives statutory recognition to conversion and write off provisions in regulatory capital instruments such as NAB Capital Notes 6, subject to limited exceptions.

7.1.15 Restrictions on rights and ranking in a winding up of NAB

NAB Capital Notes 6 are issued by NAB under the NAB Capital Notes 6 Deed Poll. A Holder has no claim on NAB in respect of NAB Capital Notes 6 except as provided in the Terms and the NAB Capital Notes 6 Deed Poll. NAB Capital Notes 6 are unsecured and subordinated. In the event of a winding up of NAB, and assuming NAB Capital Notes 6 have not been Converted, Redeemed or Resold and are not required to be Written Off due to a Loss Absorption Event, investors will be entitled to claim for the Face Value

(\$100 for each NAB Capital Note 6) after payment of all claims ranking senior to NAB Capital Notes 6.

Claims ranking senior to NAB Capital Notes 6 are claims of holders of senior ranking securities and instruments (including Tier 2 Capital Instruments) and all other creditors (including depositors and certain subordinated creditors whose claims do not rank equally with NAB Capital Notes 6). Accordingly, NAB's obligations under NAB Capital Notes 6 will not be satisfied unless it can satisfy in full all of its other obligations ranking senior to NAB Capital Notes 6. Further, where NAB Capital Notes 6 are Converted, and NAB is wound up, Holders will rank equally and have the claims of holders of Ordinary Shares. The Maximum Conversion Number is likely to be different from the maximum conversion number of other Relevant Tier 1 Capital Instruments. Accordingly, the number of Ordinary Shares received on Conversion of NAB Capital Notes 6 may be more or less than the number received by holders of other Relevant Tier 1 Capital Instruments.

Where NAB Capital Notes 6 are required to be Converted on account of a Loss Absorption Event but Conversion has not been effected within 5 days of the Loss Absorption Event Conversion Date and, accordingly, NAB Capital Notes 6 have been Written Off (as described in Section 2.7 and clause 4.5 of the Terms), the relevant Holders' rights (including to Distributions and Face Value) in relation to such NAB Capital Notes 6 will be immediately terminated and Written Off (with effect from the

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Loss Absorption Event Conversion Date). The Holder's investment will lose all of its value and the Holder will not receive any Ordinary Shares or other compensation.

If, on a winding up of NAB, there are insufficient funds to pay all amounts ranking senior to and equally with NAB Capital Notes 6, Holders will not receive all or some of the Face Value.

Although NAB Capital Notes 6 may pay a higher rate of distribution than comparable securities and instruments which are not subordinated, there is a significant risk that a Holder will lose all or some of their investment should NAB become insolvent.

7.1.16 Future issues or redemptions of securities by NAB

NAB Capital Notes 6 do not in any way restrict NAB from issuing further securities or from incurring further indebtedness. NAB may in the future issue securities (including further Tier 1 Capital Securities) that:

- Rank for distributions or payments of capital (including on the winding up of NAB) equal with, behind or ahead of NAB Capital Notes 6;
- Have the same or different dividend, interest or distribution rates as those for NAB Capital Notes 6;
- Have payment tests and distribution restrictions or other covenants which affect NAB Capital Notes 6 (including by restricting circumstances in which Distributions can be paid or NAB Capital Notes 6 can be Redeemed or Resold); or

- Have the same or different terms and conditions as NAB Capital Notes 6.

An investment in NAB Capital Notes 6 carries no right to participate in any future issue of securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise) by NAB.

No prediction can be made as to the effect (if any) that the future issue of securities by NAB may have on the market price or liquidity of NAB Capital Notes 6 or as to the likelihood of NAB making payments on NAB Capital Notes 6. Similarly, NAB Capital Notes 6 do not restrict any member of the Group from redeeming, buying back or undertaking a reduction of capital or otherwise repaying its other securities (whether existing securities or which may be issued in the future). However, NAB may be restricted from declaring or paying a dividend, buying back or reducing capital on Ordinary Shares in certain circumstances (see clause 2.8 of the Terms).

An investment in NAB Capital Notes 6 carries no right to be redeemed or otherwise repaid at the same time as NAB redeems, or otherwise repays, holders of other securities (whether equity, Tier 1 Capital, subordinated or senior debt or otherwise).

7.1.17 Exposure to the Group's financial performance and position

If the Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in NAB Capital Notes 6 may decline in value. Accordingly, when you evaluate whether to invest in NAB

Capital Notes 6 you should carefully evaluate the investment risks associated with an investment in NAB – see Section 7.2.

7.1.18 The restriction on Ordinary Share dividend payments applies in limited circumstances

The restriction on dividend payments where Distributions on NAB Capital Notes 6 are not paid only applies in respect of Ordinary Shares and not distributions in respect of any other securities, including those ranking equally with or senior to NAB Capital Notes 6.

Accordingly, a failure to make a scheduled payment on NAB Capital Notes 6 may not restrict the making of payments in respect of instruments that may in the future rank equally with NAB Capital Notes 6.

Further, the restriction in NAB Capital Notes 6 only applies until the next Distribution Payment Date and is subject to certain exceptions. The dates for distribution with respect to Ordinary Shares are determined by NAB in its discretion and do not bear a fixed relationship to the Distribution Payment Dates for NAB Capital Notes 6. Accordingly, as soon as the restriction ceases to apply (as will be the case if the next scheduled Distribution on NAB Capital Notes 6 is paid) NAB will not be restricted from paying a dividend on its Ordinary Shares.

7.1.19 Changes to credit ratings

NAB's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by its credit ratings

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(including any long-term credit ratings or the ratings assigned to any class of its securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Such changes may adversely affect the market price, liquidity and performance of NAB Capital Notes 6 or Ordinary Shares received on Conversion.

7.1.20 Regulatory classification

APRA has provided confirmation that NAB Capital Notes 6 qualify as Additional Tier 1 Capital under the Basel III Prudential Standards. However, if NAB subsequently determines that, as a result of a Regulatory Change, some or all NAB Capital Notes 6 are not or will not qualify in that category of regulatory capital (and NAB did not expect this prior to the Issue Date), NAB may decide that a Regulatory Event has occurred. This will allow NAB to Convert, Redeem or Resell all or some NAB Capital Notes 6 (subject to certain conditions, including APRA's prior written approval) at NAB's discretion.

7.1.21 Australian tax consequences

A general outline of the Australian tax consequences of investing in NAB Capital Notes 6 for certain potential investors is set out in the Australian Taxation Summary in Section 8. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor.

Accordingly, potential investors should seek independent advice concerning their own individual tax position.

Broadly, NAB is entitled to Convert, Redeem or Resell all or some NAB Capital Notes 6 (subject to certain conditions, including APRA's prior written approval), if as a result of a change in law or administrative practice on or after the Issue Date in Australia (which NAB did not expect at the time of issue of NAB Capital Notes 6), there is a more than insubstantial risk that a Distribution would not be frankable (or would only be frankable subject to requirements which the Directors determine in their absolute discretion to be unacceptable) or that NAB would be exposed to a more than de minimis increase in taxes or other costs, in relation to NAB Capital Notes 6. See the description of a Tax Event in Section 2.4 for more information.

In relation to laws affecting Holders' entitlement to franking benefits, please see Section 7.1.8 for more information.

7.1.22 Shareholding limits and Eligible Nominee sales

The *Financial Sector (Shareholdings) Act 1998* (Cth) restricts ownership by people (together with their associates) of an Australian bank, such as NAB, to a 20% stake. A Shareholder may apply to the Australian Treasurer to extend their ownership beyond 20%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person greater than 20% is in the national interest.

Mergers, acquisitions and divestments of Australian public companies listed on the ASX (such as NAB) are regulated by detailed and comprehensive legislation and the rules and regulations of the ASX. These provisions include

restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

Holders should take care to ensure that by acquiring any NAB Capital Notes 6 (taking into account any Ordinary Shares into which they may Convert), Holders do not breach any applicable restrictions on ownership.

Holders who do not wish to receive Ordinary Shares on Conversion may notify NAB of this no less than 15 Business Days prior to the Conversion Date. In addition, if you are a Foreign Holder, you will not receive Ordinary Shares on Conversion (unless NAB is satisfied that it may issue them to you). NAB will treat you as a Foreign Holder if your address in the Register is a place outside of Australia or NAB otherwise believes you may not be a resident of Australia. If you are not to receive Ordinary Shares, the relevant number of Ordinary Shares will be issued to an Eligible Nominee (which must not be NAB or a Related Entity to NAB), on terms that the Eligible Nominee will sell the Ordinary Shares at the first reasonable opportunity and pay the proceeds of any sale to you (less brokerage and other costs, including charges to the Eligible Nominee). No guarantee

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is given in relation to the timing or price at which any sale will occur. Neither NAB nor the Eligible Nominee has any duty to Holders in relation to the price at which Ordinary Shares are sold, nor any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares where required in the circumstances described above. Further, if a Tax Withholding or FATCA Withholding is required or permitted to be made in respect of Ordinary Shares to be issued on Conversion, NAB will only issue those Ordinary Shares to the Holder to the extent (if at all) that the issue of Ordinary Shares is net of Tax Withholding or FATCA Withholding. To the extent that a Tax Withholding or FATCA Withholding is required or permitted, NAB will issue the Ordinary Shares to an Eligible Nominee who will sell those Ordinary Shares on the basis outlined above and will deal with the proceeds of sale in accordance with law or any agreement with a governmental authority or FATCA (as relevant). See Section 7.1.26 for an explanation of circumstances in which a Tax Withholding or FATCA Withholding may be required or permitted.

7.1.23 NOHC Event

As described in Section 7.1.10, certain merger and acquisition activity in relation to NAB will constitute an Acquisition Event, as defined in the Terms. In this case, subject to certain conditions, NAB is required to Convert all NAB Capital Notes 6 in accordance with clauses 5 and 7 of the Terms.

However, certain events which would otherwise constitute Acquisition Events are categorised under the Terms as NOHC Events. Where a NOHC Event occurs

and certain other conditions are satisfied, the NOHC Event will not trigger a Conversion of NAB Capital Notes 6. Instead, NAB will be permitted to make certain amendments to the Terms in order to substitute the Approved NOHC as the issuer of the ordinary shares issued on Conversion (subject to APRA's prior written approval).

Accordingly, potential investors should be aware that, if a NOHC Event occurs and a substitution of the issuer of the ordinary shares on Conversion is effected under the Terms, Holders will be obliged to accept the Approved NOHC ordinary shares and will not receive Ordinary Shares on Conversion. Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to a NOHC Event.

At this time, NAB has made no decision to implement a NOHC structure.

In the event that a NOHC Event were to occur, NAB would continue to be regulated by APRA. However, depending on the structure of the acquirer following a NOHC Event and the capital framework which APRA determines to apply to it, the composition of NAB's capital measurement levels may be affected, which in turn may affect NAB's ability to pay Distributions on NAB Capital Notes 6.

After a NOHC Event Holders will remain note holders in NAB with the same rights to distributions and to payment in a winding up of NAB as before the NOHC Event, but on Conversion Holders will receive ordinary shares in the Approved NOHC and not Ordinary Shares in NAB. NAB Capital Notes 6

should remain quoted on ASX, but Ordinary Shares will cease to be quoted.

Where a NOHC Event is accompanied by a transfer of assets from NAB or a subsidiary to the Approved NOHC or another subsidiary of the Approved NOHC, NAB may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full if NAB is wound up. Holders do not have any claim on the assets of the Approved NOHC or any other subsidiary of the Approved NOHC other than following Conversion as a holder of ordinary shares in the Approved NOHC.

Where an Approved NOHC is substituted as the issuer of ordinary shares on Conversion, there is no restriction on the Approved NOHC declaring or paying a dividend on or, buying back or reducing capital on its ordinary shares if NAB does not pay a Distribution on a NAB Capital Note 6 (see Section 2.9).

7.1.24 Relevant provisions of the Banking Act, powers of a statutory manager and APRA secrecy rules

In certain circumstances APRA may appoint a statutory manager (a Banking Act statutory manager) to take control of the business of an ADI, such as NAB. Those circumstances are set out in the Banking Act and include (but are not limited to):

- where the ADI becomes unable to meet its obligations or suspends payment;
- where the ADI informs APRA that it is likely to become unable to meet its obligations, or is about to suspend payment;

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- where APRA considers that, in the absence of external support:
 - the ADI may become unable to meet its obligations;
 - the ADI may suspend payment;
 - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the interests of its depositors;
 - it is likely that the ADI will be unable to carry on banking business in Australia consistently with the stability of the financial system in Australia; or
- where, in certain circumstances, the ADI is in default of compliance with a direction by APRA to comply with the Banking Act or regulations made under it and the Federal Court authorises APRA to assume control of, and to carry on, the ADI's business.

The powers of a Banking Act statutory manager include the power to alter an ADI's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the ADI and to vary or cancel rights or restrictions attached to shares in a class of shares in the ADI. A Banking Act statutory manager is authorised to do so despite the Corporations Act, the ADI's constitution, any contract or arrangement to which the ADI is party or the ASX Listing Rules. The Banking Act statutory manager may also dispose of the whole or part of an ADI's business. In the event that a Banking Act statutory manager is appointed to NAB in the future, these broad powers of a Banking Act statutory manager may be exercised in a way which adversely affects the rights attaching to NAB Capital Notes 6 and the position of Holders.

APRA may, in certain circumstances, require NAB to transfer all or part of its business, or NAB's shareholders to transfer their shareholdings, to another entity under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth) ("**FSTR Act**").

A transfer under the FSTR Act overrides anything in any contract or agreement to which NAB is party and thus may have an adverse effect on NAB's ability to comply with its obligations under NAB Capital Notes 6 and the position of Holders.

In addition, Holders should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Banking Act) may not be publicly disclosed.

7.1.25 Amendment of Terms

NAB may, with APRA's prior written approval where required, amend the Terms and the NAB Capital Notes 6 Deed Poll without the approval of Holders. The amendments include those necessary or expedient to dates and time periods to facilitate any Conversion, Redemption or Resale or any change which NAB considers will not be materially prejudicial to the interests of Holders as a whole. See Section 2.9 and clause 18.1 of the Terms for a more detailed list of the types of amendments NAB may make to the Terms without the approval of Holders. NAB may also, with APRA's prior written approval where required, amend the Terms if the amendment has been approved by a Special Resolution of Holders. Amendments under these powers are binding on all Holders despite

the fact that a Holder may not agree with the amendment. APRA's prior written approval to amend the Terms is required only where the amendment may affect the eligibility of NAB Capital Notes 6 as Additional Tier 1 Capital. The Holders may not by any resolution take any action which affects the eligibility of NAB Capital Notes 6 as Additional Tier 1 Capital without APRA's prior written approval.

7.1.26 Holders may be subject to FATCA withholding and information reporting

It is possible that, in order to comply with FATCA, NAB (or if NAB Capital Notes 6 are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the US Internal Revenue Service ("**IRS**") or under applicable law) to request certain information from Holders or beneficial owners of NAB Capital Notes 6, which information may be provided to the IRS, and to withhold US tax on some portion of payments or issuances of Ordinary Shares made after the implementation date of the relevant U.S. regulations with respect to NAB Capital Notes 6 if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If NAB or any other person is required or permitted to withhold amounts under or in connection with FATCA from any payments or issuances of Ordinary Shares made

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in respect of NAB Capital Notes 6, Holders and beneficial owners of NAB Capital Notes 6 will not be entitled to receive any gross up or additional amounts to compensate them for such withholding. This description is based on guidance issued to date by the IRS, including recently issued regulations. Future guidance may affect the application of FATCA to NAB Capital Notes 6.

Other Tax Withholding may also apply to payments or issuances of Ordinary Shares to Holders (in which case Holders and beneficial owners of NAB Capital Notes 6 will not be entitled to receive any gross up or additional amounts to compensate them for such withholding). Holders should refer to the Australian Taxation Summary in Section 8 which provides a general outline of the Australian tax consequences of investing in NAB Capital Notes 6 for certain potential investors.

7.1.27 Common Reporting Standard

The Organization for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") requires certain financial institutions to report information regarding certain accounts (which may include the NAB Capital Notes 6) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. Australia has enacted legislation to give effect to the CRS. Accordingly, Holders

may be requested to provide information to NAB (or another financial institution) in respect of NAB Capital Notes 6 to ensure compliance with the CRS and this information may be provided to the ATO and, potentially, other taxing authorities in other jurisdictions.

7.1.28 Design and distribution obligations

The DDO Regime, which became effective in October 2021, applies to the Offer. The DDO Regime imposes additional obligations on NAB regarding the design and distribution of certain financial products offered to Retail Investors (including NAB Capital Notes 6), and the related PIP Regime grants product intervention powers to ASIC if it believes significant consumer detriment may occur. The DDO Regime is supplemented by the *Corporations Amendment (Design and Distribution Obligations) Regulations 2019* (Cth), which were enacted in December 2019.

The design and distribution obligations in the DDO Regime do not apply to secondary market trading of NAB Capital Notes 6.

The PIP Regime gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to Retail Investors. It is uncertain whether ASIC would perceive there to be any significant consumer detriment in relation to NAB Capital Notes 6 or similar securities. The PIP Regime requires ASIC to undertake a consultation process before it makes a product intervention order.

As noted at section 7.1.5, the impact of these new obligations

remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like NAB Capital Notes 6. These changes may also affect the liquidity of funding instruments (including instruments like NAB Capital Notes 6), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

7.1.29 Accounting standards

A change in accounting standards by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of NAB in future financial periods. This may adversely affect the ability of NAB to pay Distributions.

7.2 Risks specific to the Group

Set out below are the principal risks and uncertainties associated with NAB and the Group. It is not possible to determine the likelihood of these risks occurring with any certainty. However, the risk in each category that NAB considers most material is listed first, based on the information available at the date of this Prospectus and NAB's best assessment of the likelihood of each risk occurring and the potential magnitude of the negative impact to the Group should such risk materialise. In the event that one or more of these risks materialise, the Group's reputation, strategy, business, operations, financial condition and future performance could be materially and adversely impacted.

The Group's Risk Management Framework and internal controls

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may not be adequate or effective in accurately identifying, evaluating or addressing risks faced by the Group. There may be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known or material. These may individually, or in aggregate, adversely impact the Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Group.

7.2.1. Strategic Risk

Strategic risk is the risk to earnings, capital, liquidity, funding or reputation arising from an inadequate response to changes in the external environment and risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programs.

7.2.1.1 Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, and may change the Group's risk profile.

The Group's corporate strategy sets its purpose, ambition and objectives.

The Group prioritises and invests significant resources in the execution of initiatives that are aligned to its chosen strategy, including transformation and change programs. These programs focus on technology, digital and data assets, infrastructure, business improvement, cultural transformation, and changes to associated controls. There is a risk that these programs may not realise some or all of their anticipated benefits. These programs may also increase

operational, compliance and other risks, and new or existing risks may not be appropriately controlled. The Group's strategy also includes Environmental, Social or Governance ("ESG") related strategies, including various commitments, targets and goals. Any failure by the Group to deliver in accordance with its strategy or to deliver strategic programs effectively, may result in material losses to the Group, reputational damage, or a failure to achieve anticipated benefits, and ultimately, may materially and adversely impact the Group's operations and financial performance and position.

7.2.1.2 The Group faces intense competition.

There is substantial competition across the markets in which the Group operates. The Group faces competition from established financial services providers as well as new market entrants, including foreign banks and non-bank competitors such as fintechs and digital platforms, some of which have lower costs and/or operating and business models or products that differ or are more competitive than the Group's.

In addition, evolving industry trends, rapid technology changes and environmental factors may impact customer needs and preferences and the Group may not predict these changes accurately or quickly enough, or have the resources and flexibility to adapt in sufficient time to meet customer expectations and keep pace with competitors. These risks are heightened in the current context where the Group must prioritise responses to new regulation,

identified weaknesses and initiatives to support customers through the COVID-19 pandemic and its ongoing aftereffects.

For example, the adoption and rapid growth of cryptocurrencies and other digital assets has continued over the last 12 months, driven by consumer and institutional adoption. The rate of digital asset adoption, other banks' and/or non-traditional competitors' digital asset product creation (for example, stable coins and decentralised finance) and Government responses, including the possibility of the RBA and/or the RBNZ issuing a Central Bank Digital Currency ("CBDC"), are expected to shape the future of the sector and its impact on the Group. The RBA and the RBNZ have each (independently) commenced proof-of-concept design work for the development of CBDCs in Australia and New Zealand ("NZ") respectively. In addition, regulation of digital assets is nascent but emerging across all markets in which the Group operates, which may increase the Group's costs or require the Group to invest in resources to adapt its products or systems to new technologies.

Other trends and recent regulatory and legislative developments that may increase competition in the Group's relevant markets include, but are not limited to:

- Accelerated investment in digital, data and analytics capabilities with the objective of creating easy and seamless customer experiences.
- Competition in the banking sector is expected to remain strong as the 'Consumer Data Right ("CDR"),' known as 'Open

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Banking' continues to be implemented. The CDR seeks to increase competition between service providers by mandating and standardising the sharing of consumer data and data relating to their products and services. It also seeks to increase competition and innovation between service providers (accredited data recipients) that use data received under the CDR to provide products and services to consumers. Giving consumers greater access to, and control over, their data will improve consumers' ability to compare and switch between products and services, and increase the risk of customer attrition. Further, the mandated scope of the CDR was extended to business customers from November 2021. A statutory review on the operation of the CDR is currently being undertaken by the Australian Federal Government ("**Australian Government**") and is due for completion in July 2022.

- In July 2021, the NZ Government similarly made the decision to implement a CDR legislative framework with the aim to introduce CDR legislation in 2022. It is expected that the adoption of Open Banking in NZ will increase competition in the NZ banking industry.
- In 2020, the Australian Government commissioned a review of the regulatory architecture of the payments system to ensure it is responsive to the rapid acceleration in payments technologies and new business models. The final report of the review was released on 30 August 2021 and called for the Australian Government Treasurer

to have increased oversight of, and ability to regulate, payments systems, and for the powers of the RBA to be widened. In December 2021, the Australian Government announced that it agreed with many of the recommendations made by the review. The Australian Government is expected to have set out a strategic longer-term plan for the payments system by mid-2022.

- In 2021, the NZ Government introduced the Retail Payment System Bill to the NZ Parliament, which, among other things, will enable the NZ Commerce Commission to regulate certain aspects of the retail payment system, such as standards for participants relating to information disclosure, pricing and access to infrastructure.

Ongoing competition for customers can lead to compression in profit margins and loss of market share. Intense competition also increases the risk of a price war, especially in commoditised lines of business, where the providers with the lowest unit cost may win market share and industry profit pools may be eroded. Such factors may ultimately impact the Group's financial performance and position, profitability and returns to investors.

7.2.1.3 Risks may arise from pursuing acquisitions and divestments.

The Group regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures and investments.

Pursuit of corporate opportunities inherently involves transaction

risks, including the risk that the Group over-values an acquisition or investment or under-values a divestment, as well as exposure to reputational damage. The Group may encounter difficulties in integrating or separating businesses, including failure to realise expected synergies, disruption to operations, diversion of management resources or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on the Group's financial performance and position.

The Group may incur unexpected financial losses following an acquisition, joint venture or investment if the business it invests in does not perform as planned or causes unanticipated changes to the Group's risk profile. Additionally, there can be no assurance that customers, employees, suppliers, counterparties and other relevant stakeholders will remain with an acquired business following the transaction and any failure to retain such stakeholders may have an adverse impact on the Group's overall financial performance and position.

NAB completed the acquisition of Citigroup's Australian consumer banking business on 1 June 2022. NAB is relying on Citigroup's regional shared technology infrastructure for transitional services following completion of the acquisition, as well as Citigroup's support for data migration activities after the development of technology systems within the Group. There is a risk that integration costs may be higher than anticipated, require more internal resourcing

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than anticipated, or that key employees, customers, suppliers or other stakeholders required for a successful transition will not be retained.

Citigroup has provided NAB with indemnities relating to certain pre-completion matters as well as covenants and warranties in favour of NAB. There is a risk that these protections may be insufficient to fully cover liabilities relating to these matters, which may have an adverse impact on the Group's financial performance and position.

NAB completed the previously announced acquisition of 86 400 on 19 May 2021 and continues to work through integration and migration activities required to integrate 86 400 with the UBank division. There is a risk that integration costs may be higher than anticipated, require more internal resourcing than anticipated, or that key employees, customers, suppliers or other stakeholders required for a successful integration will not be retained.

The Group may also have ongoing exposures to divested businesses, including through a residual shareholding, the provision of continued services and infrastructure or an agreement to retain certain liabilities of the divested businesses through warranties and indemnities. These ongoing exposures may have an adverse impact on the Group's business and financial performance and position. The Group may also enter into non-compete arrangements as part of divestments, which may limit the future operations of the Group.

As announced on 31 May 2021, NAB completed the sale of its advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings Limited, now named Insignia Financial Ltd (the "**MLC Wealth Transaction**"). As part of the MLC Wealth Transaction, NAB provided Insignia Financial with indemnities relating to certain pre-completion matters, including a remediation program relating to workplace superannuation, breaches of anti-money laundering laws and regulations, regulatory fines and penalties and certain litigation and regulatory investigations. NAB also provided covenants and warranties in favour of Insignia Financial. A breach or triggering of these contractual protections may result in NAB being liable to Insignia Financial.

As part of the MLC Wealth Transaction, NAB retained the companies that operate the advice businesses, such that the Group has retained all liabilities associated with the conduct of these businesses pre-completion. From completion, NAB agreed to provide Insignia Financial with certain transitional services and continuing access to records, as well as support for data migration activities. NAB may be liable to Insignia Financial if it fails to perform its obligations. There is a risk that costs associated with separation activities and the costs incurred by NAB in satisfying its obligations may be higher than anticipated. If so, or if NAB fails to perform its obligations, there may be an adverse impact on the Group's financial performance and position.

7.2.2. Credit Risk

Credit risk is the risk that a customer will fail to meet their obligations to the Group in accordance with agreed terms. Credit risk arises from both the Group's lending activities and markets and trading activities.

7.2.2.1 Despite elevated levels of vaccination across Organisation for Economic Co-operation and Development ("OECD") countries, the full extent of the economic impact of COVID-19 on the Group's credit risk profile remains uncertain.

While the restrictions designed to stop the spread of COVID-19 have been removed in many countries, the measures taken by governments continue to have residual impacts on local economies and international markets. In Australia, certain sectors continue to recover (at varying rates) from the effects of prolonged restrictions. The long-term impacts of these measures, and whether there will be a need for such measures to be re-instated (across Australia and/or across the world), remains uncertain. The increased credit risk in affected sectors and elevated levels of household financial stress may result in an increase in losses if customers default on their loan obligations and/or higher capital requirements through an increase in the probability of default.

Vaccination rates in OECD economies, including Australia and NZ, are generally high. However, the distribution of vaccines globally is uneven and the long-term efficacy of vaccines remains uncertain (particularly against new variants of the virus). There is a risk that

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this could prolong COVID-19 and the associated negative economic impacts.

Globally, governments and central banks (including in Australia and NZ) introduced fiscal and monetary stimulus packages designed to counter the negative impacts of COVID-19. The unwinding of these stimulatory policies and measures over time presents downside risk to economies, with the potential to exacerbate existing negative effects on businesses and households which may lead to increased credit losses for the Group.

The duration and magnitude of COVID-19 and its potential impacts on the global economy remain unclear. Even after COVID-19 subsides, the Australian and NZ economies, as well as most other major economies, may continue to experience stress, including the risk of recessions. Such an outcome has the potential to increase customer defaults and materially adversely impact the Group's financial performance and position, and its profitability.

7.2.2.2 A decline in property market valuations may give rise to higher losses on defaulting loans.

Lending activities account for most of the Group's credit risk. The Group's lending portfolio is largely based in Australia and NZ. Residential housing loans and commercial real estate loans constitute a material component of the Group's total gross loans and acceptances.

Residential property prices in Australia and NZ increased in 2021, but growth has slowed in 2022. Further interest rate rises in NZ

and rises in Australia could further slow price growth, or result in price declines, in 2022. Increases in interest rates may also add to business and household financial pressures. There is potential that customers will be underprepared for rising inflation.

A decline in the value of the residential property used as collateral (including in business lending) may give rise to greater losses to the Group resulting from customer defaults, which, in turn, may impact the Group's financial performance and position, profitability and returns to investors. The most significant impact in the event of default, is likely to come through residential mortgage customers in high loan-to-value-ratio brackets.

7.2.2.3 Adverse business conditions in Australia and NZ, particularly in the agriculture sector, may give rise to increasing customer defaults.

The Group has a large market share among lenders to the Australian and NZ agricultural sectors. Vulnerability to labour constraints, trade restrictions and tariffs together with volatility in commodity prices, foreign exchange rate movements, disease and introduction of pathogens and pests, export and quarantine restrictions and supply chain constraints, extreme weather events, increasing weather volatility and longer-term changes in climatic conditions, may negatively impact these sectors. For example, some customers are facing significant challenges from the recent floods in New South Wales ("NSW") and Queensland due to stock, crop and plant and equipment loss

and damage – in some cases for successive years. This may result in increased losses to the Group from customer defaults, and ultimately may have an adverse impact on the Group's financial performance and position. More broadly, physical and transition risks associated with climate change may also increase current levels of customer defaults in other sectors.

Adverse business conditions (including supply chain disruptions, labour constraints and higher commodity prices) may also lead to stress in certain sectors such as construction, wholesale trade and manufacturing. Rising household financial pressures also pose a risk to sectors that are reliant on household expenditure.

7.2.2.4 Market declines and increased volatility may result in the Group incurring losses.

Some of the Group's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the Group's income statement. Market declines and increased volatility could negatively impact the value of such financial instruments and cause the Group to incur losses.

7.2.2.5 Other macro-economic, geopolitical, climate or social risks may adversely affect the Group and pose a credit risk.

The majority of the Group's businesses operate in Australia and NZ, currently with additional operations located in Asia, the United Kingdom ("UK"), France and the United States ("US"). Levels of borrowing are heavily dependent on customer confidence, employment trends, market

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interest rates, and other economic and financial market conditions and forecasts most relevant for the Group's operations in Australia and NZ, but also for the Group's operations globally.

Domestic and international economic conditions and forecasts are influenced by a number of macro-economic factors, such as: economic growth rates; environmental and social issues (including emerging issues such as payroll compliance and modern slavery risk); cost and availability of capital; central bank intervention; inflation and deflation rates; level of interest rates; yield curves; market volatility; and uncertainty. Deterioration in any of these factors may lead to the following negative impacts on the Group:

- Deterioration in the value and liquidity of assets (including collateral).
- Inability to price certain assets.
- Environmental conditions and social issues impacting the value of customers' security or business operations.
- An increase in customer or counterparty default and credit losses.
- Higher provisions for credit impairment.
- Mark-to-market losses in equity and trading positions, including NAB's HQLA portfolios.
- Lack of available or suitable derivative instruments for hedging purposes.
- Increased cost of insurance, lack of available or suitable insurance, or failure of the insurance underwriter.

Economic conditions may also be negatively impacted by

climate change and major shock events, such as natural disasters, epidemics and pandemics, war and terrorism, political and social unrest, and sovereign debt restructuring and defaults.

The following macro-economic and financial market conditions are currently of most relevance to the credit risk facing the Group, and may affect revenue growth and/or customer balance sheets:

- In response to the conflict between Russia and Ukraine, a range of OECD economies (including Australia and NZ) have imposed wide ranging economic sanctions and export controls on individuals and firms closely connected to the Russian government. These measures have significantly impacted, and may continue to significantly impact, Russia's economy. The sanctions against Russia are also impacting the global economy, with higher energy and commodity prices. Protracted conflict could see these prices remain elevated for an extended period which would negatively impact most businesses and households and may lead to increased credit losses for the Group. NAB maintains no active country limits to Russia or Ukraine.
- Global economic growth is expected to slow significantly in calendar year 2022, reflecting the well-advanced recovery from COVID-19, weaker growth in China along with the impact of the Russia-Ukraine conflict. There is considerable uncertainty around global forecasts at present, given that the duration of the conflict and the duration of sanctions

imposed against Russia are unknown. In addition, COVID-19 remains a risk, with the unequal global distribution of vaccines meaning that there may be considerable variation in recovery between different countries and within different industry segments (with international tourism likely to lag). Global growth is expected to return to its long-term trend in calendar year 2023.

- Globally, central bank monetary policy rates (including in Australia and NZ) remain at low levels by historical standards, albeit a range of these institutions have either reduced or ended their asset purchase programs (quantitative easing) and started to raise rates (including the US Federal Reserve and the Bank of England). In part this reflects inflationary pressures that have persisted in early calendar year 2022, due to the impact of accommodative monetary policy, large scale fiscal stimulus in many countries, supply disruptions and shortages in some key markets. Markets expect further rate rises from major central banks in 2022.
- Long running accommodative monetary policy may have built on existing imbalances in various asset classes across regions and there is the risk of correction in these markets as variable rates are increased. Low rates may also have reduced the impetus for highly geared borrowers to deleverage, increasing the credit risk posed to the Group. More generally, while policy rates remain historically low they may adversely affect the Group's cost of funds, trading income, margins

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and the value of the Group's lending and investments.

- China is a major trading partner for Australia and NZ, with export incomes and business investment exposed to changes in China's economic growth or trade policies. China's economic growth in calendar year 2021 was highly imbalanced by recent historical standards, weighted towards industrial production, with domestic consumption subdued. China's economic growth is forecast to slow in 2022, and coupled with its conservative approach to managing COVID-19 (travel restrictions and lockdowns), could pose a negative impact for the Australian economy (reduced demand for Australian exports and exacerbate existing supply chain disruptions). A range of medium to longer term risks remain, including high corporate debt levels and demographic pressures from its ageing population. Diplomatic tensions between the Chinese and Australian governments have risen over recent years, with China imposing trade restrictions on a broad range of Australian exports (including coal, barley, wine, beef, lamb and cotton among others). This may have a negative impact on the Group's customers who are exposed to these sectors and may give rise to increasing levels of customer defaults.
- Other geopolitical risks continue to present uncertainty to the global economic outlook, with negative impacts on consumption and business investment. Tensions between

the US and China around issues including China's trade and technology policies persist, which could impact global economic growth and global supply chains. Similarly, geopolitical tensions in the Asia-Pacific region could increase as a result of the agreed AUKUS pact or other similar agreements. An increasing fragmentation of, and a rise in populism in, many major democratic economies have led to difficulties in policy implementation and an increase in anti-globalisation sentiment. Following the UK's departure from the European Union ("EU"), the legal framework underpinning cross-border provision of financial services between the UK and the EU remains subject to change. Political tensions between the Hong Kong Special Administrative Region and the People's Republic of China remain high, with China exerting greater political power over the region. In addition, there are a range of other geopolitical risks, particularly given the ongoing uncertainty around the Middle East (including Afghanistan), the Korean Peninsula and the South China Sea.

- As commodity exporting economies, Australia and NZ are exposed to shifts in global commodity prices that can be sudden, sizeable and difficult to predict. Fluctuations in commodity markets can affect key economic variables like national income tax receipts and exchange rates. Commodity price volatility remains substantial and given the Group's sizeable

exposures to commodity producing and trading businesses, this volatility poses a significant source of credit risk to the Group.

7.2.3. Market Risk

The Group may suffer losses as a result of a change in the value of the Group's positions in financial instruments, bank assets and liabilities, or their hedges due to adverse movements in market prices. Adverse price movements impacting the Group may occur in credit spreads, interest rates, foreign exchange rates, and commodity and equity prices, particularly during periods of heightened market volatility or reduced liquidity. Market volatility has increased in response to increased geopolitical risk, rising inflation and the expectation of central banks lifting interest rates.

The occurrence of any event giving rise to material market risk losses may have a negative impact on the Group's financial performance and position.

7.2.3.1 The Group is exposed to credit spread risk.

Credit spread risk is a significant risk type in the Group's trading and banking books. Credit spread risk is the risk that the Group may suffer losses from adverse movements in credit spreads.

The Group's trading book is exposed to credit risk movements in the value of securities and derivatives as a result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in the Group's trading book when it provides risk transfer services to

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customers seeking to buy or sell fixed income securities (such as corporate bonds). The Group may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e. quoting buy and sell prices to customers) in fixed income securities. The Group's trading book is also exposed to credit spread risk through credit valuation adjustments. A widening of credit spreads could negatively impact the value of the credit valuation adjustments.

The Group's banking book houses the Group's liquidity portfolio which is also subject to credit spread risk through changes in spreads on its holdings of semi-government and bank issued bonds. These positions form part of the required holdings of HQLAs used in managing the Group's liquidity risk and can give rise to material profit and loss volatility within the Group's Treasury portfolio during periods of adverse credit spread movements. Positions in Residential Mortgage Backed Securities that arise through the Group's warehousing, underwriting and syndication operations also form part of the banking book and are exposed to changes in credit spreads.

7.2.3.2 The Group is exposed to interest rate risk.

The Group's financial performance and capital position are impacted by changes in interest rates. The Group's trading book is exposed to changes in the value of securities and derivatives as a result of changes in interest rates. The

Group's trading book accumulates interest rate risk when the Group provides interest rate hedging solutions for customers, holds interest rate risk in anticipation of customer requirements, or undertakes market-making activity in fixed income securities or interest rate derivatives.

Balance sheet and off-balance sheet items can create an interest rate risk exposure within the Group. As interest rates and yield curves change over time, including negative interest rates, the Group may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of the Group's lending portfolio compared to its deposit portfolio (and other funding sources), as well as the extent to which lending and deposit products can be repriced should interest rates change (including the ability to pass through negative interest rates), thereby impacting the Group's net interest margin.

7.2.3.3. The Group is exposed to foreign exchange risk.

Foreign exchange risks are evident in the Group's trading and banking books.

Foreign exchange and translation risks arise from the impact of currency movements on the value of the Group's positions in financial instruments, profits and losses, and assets and liabilities due to participation in global financial markets and international operations.

The Group's ownership structure includes investment in overseas subsidiaries and associates which

gives rise to foreign currency exposures, including through the repatriation of capital and dividends. The Group's businesses may therefore be affected by a change in currency exchange rates, and movements in the mark-to-market valuation of derivatives and hedging contracts.

The Group's financial statements are prepared and presented in Australian dollars, and any adverse fluctuations in the Australian dollar against other currencies in which the Group invests or transacts and generates profits (or incurs losses) may adversely impact its financial performance and position.

7.2.4. Capital, Funding and Liquidity Risk

7.2.4.1 The Group is exposed to funding and liquidity risk.

Funding risk is the risk that the Group is unable to raise short and long-term funding to support its ongoing operations, regulatory requirements, strategic plans and objectives. The Group accesses domestic and global capital markets to help fund its business, along with using customer deposits. In addition, by 30 June 2021, NAB had fully drawn its allocation of the Term Funding Facility (TFF), a three-year facility established by the RBA to provide an efficient source of funding for eligible ADIs within Australia. Applications for drawdowns of the TFF are now closed. Final maturity dates of drawn TFF allocations are concentrated across FY23 and FY24 for all participating ADIs. The Group relies on offshore wholesale funding to support the funding and liquidity position and periods of significant market volatility in

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particular may limit the Group's access to this funding source. Such dislocation in global capital markets, reduced investor interest in the Group's securities and/or reduced customer deposits, may therefore adversely affect the Group's funding and liquidity position. This may increase the cost of obtaining funds or impose unfavourable terms on the Group's access to funds, constrain the volume of new lending, or adversely affect the Group's capital position.

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as they mature, the payment of interest on borrowings and the payment of operational expenses and taxes. The Group must also comply with prudential and regulatory liquidity obligations across the jurisdictions in which it operates. Any significant deterioration in the Group's liquidity position may lead to an increase in the Group's funding costs, constrain the volume of new lending, result in the Group drawing upon its CLF with the RBA or cause the Group to breach its prudential or regulatory liquidity obligations. This may adversely impact the Group's reputation and financial performance and position.

The Group's reliance on the CLF will continue to decline throughout 2022, following APRA's announcement in September 2021 that ADIs should reduce usage of the CLF to zero by the end of December 2022. The removal of the

CLF presents potential risks for the Group with the likely need to access additional funding to purchase HQLAs in place of the CLF, to ensure the Group's liquidity position remains strong.

7.2.4.2 The Group's capital position may be constrained by prudential requirements.

Capital risk is the risk that the Group does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses. Capital is the cornerstone of the Group's financial strength. It supports an ADI's operations by providing a buffer to absorb unanticipated losses from its activities.

The Group must comply with prudential requirements in relation to capital across the jurisdictions in which it operates. Compliance with these requirements and any further changes to these requirements may:

- Limit the Group's ability to manage capital across the entities within the Group.
- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require the Group to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

The RBNZ has implemented a restriction limiting NZ banks to paying dividends up to a maximum of 50% of prior financial year earnings and has outlined its expectation that NZ banks will exercise prudence in determining dividends. This restriction will remain in place until 1 July 2022,

subject to economic conditions at that time.

Current regulatory changes that could present a risk to the Group's capital position include APRA's various reforms in relation to loss-absorbing capacity and revisions to the ADI capital framework:

- Existing loss-absorbing requirements for D-SIBs such as NAB, requiring an increase to total capital by 4.5% of RWA by 1 January 2026 (with an interim increase by 3% of RWA required by 1 January 2024), are expected to be satisfied primarily through the issue of additional Tier 2 Capital. These requirements will further increase the Group's funding costs due to the higher cost of Tier 2 Capital issuance relative to senior debt.
- The major Australian banks (including NAB) have been subject to APRA's 'unquestionably strong' target benchmark capital ratios since January 2020. In December 2021 and January 2022, APRA released final prudential standards, draft prudential practice guides and draft reporting requirements in relation to the risk-weighting framework and other capital requirements. The new capital framework will come into effect from 1 January 2023. While these capital reforms do not propose an additional increase to the quantum of capital required across the system, the implementation of these reforms may require the Group to hold additional capital.

If the information or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate,

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this may adversely impact the Group's operations, financial performance and financial position.

7.2.4.3 A significant downgrade in the Group's credit ratings may adversely impact its cost of funds and capital market access.

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating the Group and its products, services and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for the Group, or credit ratings of sovereign jurisdictions where the Group conducts business. Credit ratings may be affected by operational, ESG-related and market factors, or changes in the credit rating agency's rating methodologies.

A downgrade in the credit ratings or outlook of the Group, the Group's securities, or the sovereign rating of one or more of the countries in which the Group operates may increase the Group's cost of funds or limit access to capital markets. This may also cause a deterioration of the Group's liquidity position and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. A downgrade to the Group's credit ratings relative to peers may also adversely impact the Group's competitive position and financial performance and position.

7.2.4.4 The Group may fail to, or be unable to, sell down its underwriting risk.

As financial intermediaries, members of the Group underwrite

or guarantee different types of transactions, risks and outcomes, including the placement of listed and unlisted debt, equity-linked and equity securities. The underwriting obligation or guarantee may be over the pricing and placement of these securities, and the Group may therefore be exposed to potential losses, which may be significant, if it fails to sell down some or all of this risk to other market participants.

7.2.5. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. This includes legal risk but excludes strategic risk.

7.2.5.1 Disruption to technology may adversely impact the Group's reputation and operations.

Most of the Group's operations depend on technology and therefore the reliability, resilience and security of the Group's (and its third-party vendors') information technology systems and infrastructure are essential to the effective operation of its business and consequently to its financial performance and position. The reliability and resilience of the Group's technology may be impacted by the complex technology environment, failure to keep technology systems up-to-date, an inability to restore or recover systems and data in acceptable timeframes, or a physical or cyber-attack.

The rapid evolution of technology in the financial services industry and the increased expectations of

customers for internet and mobile services on demand expose the Group to changing operational scenarios.

Any disruption to the Group's technology (including disruption to the technology systems of the Group's external providers) may be wholly or partially beyond the Group's control and may result in operational disruption, regulatory enforcement actions, customer redress, litigation, financial losses, theft or loss of customer data, loss of market share, loss of property or information, or may adversely impact the Group's speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the Group's reputation, including the view of regulators or ratings agencies, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties. Social media commentary may further exacerbate such adverse outcomes for the Group and negatively impact the Group's reputation.

7.2.5.2 The Group's colleagues and customers have been and may continue to be impacted by COVID-19.

The continuing disruption of COVID-19 has impacted, and continues to impact, the usual operations of the Group, its customers and suppliers. Steps taken by the Group have included alternate work locations and arrangements implemented for Group colleagues, a decreased reliance on property infrastructure,

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and an increased reliance on mobile technology and business process changes to support customers, colleagues and suppliers and ensure continuity of the Group's business operations. These operational changes could lead to direct financial loss or impact the Group's ability to operate effectively and efficiently.

It is difficult to predict the extent to which each colleague's ability to provide customer support and service and maintain their own health will be affected over an extended period. No assurance can be given that the precautions being taken by the Group to protect its colleagues and customers will be adequate, nor can the Group predict the level of further disruption which may occur. Staff shortages as a result of COVID-19 related absence (whether through illness, close contact isolation requirements or otherwise) remain a risk in the current environment.

The Group continues to monitor the situation closely as the domestic and global business environments change, including the development of sub-variants and progress of vaccination programs. It is unclear how this will further evolve or if the Group will need to re-activate COVID-19 related crisis management response teams and plans. Other epidemics or pandemics may arise in future which may again activate a crisis response causing disruption to the Group's operations.

7.2.5.3 Privacy, information security and data breaches may adversely impact the Group's reputation and operations.

The Group processes, stores

and transmits large amounts of personal and confidential information through its technology systems and networks. Threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are increasingly sophisticated.

Although the Group invests in protecting the confidentiality and integrity of this information, the Group may not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures and controls to prevent or minimise the resulting damage. The Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure. The Group may also submit confidential information to its key regulators under a legal obligation and as part of regulatory reporting.

A breach of security at any of these external providers, regulators or within the Group may result in operational disruption, theft or loss of customer data, a breach of privacy laws, regulatory enforcement actions, customer redress, litigation, financial losses, or loss of market share, property or information. This may be wholly or partially beyond the control of the Group and may adversely impact its financial performance and position.

In addition, any such event may give rise to increased regulatory scrutiny or adversely affect the view of ratings agencies. Social media commentary and the Group's responses to the relevant event

may exacerbate the impact on the Group's reputation.

7.2.5.4 Complexity of infrastructure, processes and models, gives rise to a significant risk to the Group's operations.

The Group's business involves the execution of many processes and transactions with varying degrees of complexity. The Group is reliant on its policies, processes, controls and supporting infrastructure functioning as designed, along with third parties appropriately managing their own operational risk and delivering services to the Group as required. A failure in the design or operation of these policies, processes, controls and infrastructure, failure of the Group to manage external service providers, or the disablement of a supporting system all pose a significant risk to the Group's operations and consequently its financial performance and reputation.

Models are used extensively in the conduct of the Group's business, for example, in calculating capital requirements or customer compensation payments and in measuring and stressing exposures. If the models used prove to be inadequate or are based on incorrect or invalid assumptions, judgements or inputs, this may adversely affect the Group's customers and the Group's financial performance and position.

7.2.5.5 The Group is exposed to the risk of human error.

The Group's business, including the internal processes and systems that support business decisions, relies on inputs from its

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employees, agents and external providers. The Group is exposed to operational risk due to process or human error, including incorrect or incomplete data capture and records maintenance, incorrect or incomplete documentation to support activities, or inadequate design of processes or controls. The Group uses select external providers (in Australia and overseas) to provide services to the Group and is exposed to similar risks arising from such failures in the operating environment of its external providers. The materialisation of any of these risks could lead to direct financial loss, loss of customer, employee or commercially sensitive data, regulatory penalties and reputational damage.

7.2.5.6 The Group may not be able to attract and retain suitable talent.

The Group is dependent on its ability to attract and retain key executives, colleagues and Board members with a deep understanding of banking and technology, who are qualified to execute the Group's strategy, as well as the technology transformation the Group is undertaking to meet the changing needs of its customers. Weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll compliance and workplace health and safety, are sources of operational risk that can impact the Group's ability to attract and retain qualified personnel with the requisite knowledge, skills and capability. These risks may be heightened as a result of the upcoming re-negotiation of

NAB's Enterprise Agreement, and emerging risks related to concerns raised by the Finance Sector Union in relation to work hours.

COVID-19 resulted in international border closures limiting access to international talent markets. Australian border restrictions have recently been lifted and the Australian Government has put in place a number of visa programs to allow the fast-tracking of key talent. This is helping to stimulate talent migration from overseas, however, suitably filling specialist roles such as technology, data analytics and financial crime continues to be a challenge. It is anticipated that this will be the case for the remainder of 2022 whilst global migration recovers.

In countries where COVID-19 restrictions have eased or been removed, academic research indicates an increased level of voluntary attrition. These factors may impact the Group's capacity to attract and retain key talent.

The Group's capacity to attract and retain key talent is also dependent on its ability to design and implement effective remuneration structures. This may be constrained by regulatory requirements (particularly in the highly regulated financial services sector), as well as by investor community expectations.

The unexpected loss of key resources or the inability to attract personnel with suitable experience may adversely impact the Group's ability to operate effectively and efficiently, or to meet the Group's strategic objectives. This risk may also impact third party vendors (including offshore vendors) engaged by NAB, who may also

be experiencing similar personnel related challenges.

7.2.5.7 External events may adversely impact the Group's operations.

Operational risk can arise from external events such as biological hazards, climate change, natural disasters, widespread disease or pandemics, or acts of terrorism.

The Group has branches across Australia that are prone to seasonal natural disasters, including fires and floods, such as the bushfires over the 2019/2020 summer period in NSW and Victoria, followed by severe floods in Eastern Australia in early 2021, and again in Queensland and NSW in 2022.

In addition, the Group has branches and office buildings in NZ, which have experienced significant earthquakes and aftershocks in recent years, and which may be exposed to the risk of future earthquakes.

Given the Group's physical presence in major cities in Australia, NZ and other countries where it has, or is intending to establish, offshore operations, it may also be exposed to the risk of a terrorist attack.

External events such as extreme weather, natural disasters, biological hazards and acts of terrorism may cause property damage and business disruption, which may adversely impact the Group's financial performance. In addition, if the Group is unable to manage the impacts of such external events, it may lead to reputational damage and compromise the Group's ability to provide a safe workplace for its personnel.

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The environment the Group is operating in has become more complex and more uncertain and could create operational risks that are yet to be identified.

7.2.6. Sustainability Risk

Sustainability risk is the risk that events or conditions (which includes ESG issues) arise that could negatively impact the sustainability, resilience, risk and return profile, value or reputation of the Group or its customers and suppliers. Inadequate management of ESG risk by NAB or its customers may expose NAB to other potential risks across risk categories such as credit, market, compliance and operational risk.

7.2.6.1 Physical and transition risks arising from climate change and other environmental impacts may lead to increasing customer defaults and decrease the value of collateral.

Extreme weather, increasing weather volatility and longer-term changes in climatic conditions, as well as other environmental impacts such as biodiversity loss and ecosystem degradation, may affect property and asset values or cause customer losses due to damage, crop losses, existing land use ceasing to be viable, and/or interruptions to, or impacts on, business operations and supply chains.

Parts of Australia are prone to, and have recently experienced, physical climate events such as severe drought conditions and bushfires over the 2019/2020 summer period, followed by severe floods in Eastern Australia in early 2021 and again in Queensland and NSW in

2022. The impact of these extreme weather events can be widespread, extending beyond residents, businesses and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default.

Climate-related transition risks are also increasing as economies, governments and companies seek to transition to low-carbon alternatives and adapt to climate change. Certain customer segments may be adversely impacted as the economy transitions to renewable and low-emissions technology. Decreasing investor appetite and customer demand for carbon intensive products and services, increasing climate-related litigation, and changing regulations and government policies designed to mitigate climate change, may negatively impact revenue and access to capital for some businesses.

These physical and transition risk impacts may increase current levels of customer defaults, thereby increasing the credit risk facing the Group and adversely impacting the Group's financial performance and position, profitability and returns to investors.

7.2.6.2 The Group, its customers, or its suppliers may fail to comply with legal, regulatory or voluntary standards or broader shareholder,

community and stakeholder expectations concerning ESG risk performance.

ESG issues have been subject to increasing legal, regulatory, voluntary and prudential standards and increasing (and sometimes conflicting) community and stakeholder expectations. These include:

- Environmental issues – such as climate change, biodiversity loss, ecosystem degradation and pollution. There have been recent changes in supervisory and regulatory guidance and requirements for banks where regulators seek to understand and manage system-wide climate-related risks. This focus is evolving to broader environmental issues over time as the links between nature and economic prosperity and societal wellbeing are becoming better understood.
- Social issues – such as human rights (including modern slavery), compliance with recognised labour standards and fair working conditions, unfair and inequitable treatment of people including discrimination, product responsibility, appropriate remuneration and the impact of projects on local and Indigenous communities.
- Governance issues – such as bribery and corruption, tax avoidance, poor governance, lack of transparency and diminishing of accountabilities.

As certain issues become better understood and the associated risks can be more accurately quantified, corporate ESG commitments, and performance against those commitments, may

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be more closely monitored by external stakeholders.

Failure by the Group to:

- comply with ESG-related regulatory requirements or standards;
- meet ESG-related commitments, goals and targets set by the Group, or Group ESG-related policies;
- meet community and stakeholder expectations in relation to ESG; or
- apply appropriate ESG standards to its customers, or to entities in the Group's supply chain,

may adversely impact the Group's reputation, and shareholder, customer and employee sentiment towards the Group, may increase the risk of ESG-related litigation against the Group, or may result in regulatory fines or penalties.

Certain products, services or industries may become subject to heightened public scrutiny, either generally or following a specific adverse event, or as a result of activism by shareholders, investors or special interest groups. This could result in a sudden and significant decrease in demand for these products or services and a negative impact on revenue and access to capital for some businesses, and increasing litigation risk. Reputational damage to impacted suppliers, customers or customer sectors may give rise to associated reputational damage to the Group. In addition, levels of customer defaults in an impacted sector may increase, adversely impacting the Group's financial performance and position, profitability and returns to investors.

7.2.7. Conduct Risk

Conduct risk is the risk that any action of the Group, or those acting on behalf of the Group, will result in unfair outcomes for any of the Group's customers.

7.2.7.1 The Group is heavily reliant on its employees, contractors and external suppliers acting in an appropriate and ethical way.

Organisational culture can greatly influence individual and group behaviours which can expose an organisation and lead to unfair customer outcomes. The behaviours that could expose the Group to conduct risk include:

- Failure to design products and services that are transparent and easy for our customers to understand.
- Unmanaged conflicts that could influence behaviour that is not in the customer's best interest.
- Non-adherence to applicable learning and competency training requirements.
- Selling, providing or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Being a party to fraud.
- Non-adherence to applicable requirements or providing financial advice which is not appropriate or in the customer's interests.
- Delays in appropriately escalating regulatory and compliance issues.
- Failure to resolve issues and remediate customers in a timely

manner and in accordance with community expectations.

- Failure to deliver on product and service commitments.
- Failure to remediate business processes and stop re-occurrence of issues in a timely manner.
- Failure to act in accordance with its Code of Conduct

If the Group's conduct related controls were to fail significantly, be set inappropriately, or not meet legal or regulatory requirements or community expectations, then the Group may be exposed to:

- Increased costs of compliance, fines, additional capital requirements, public censure, loss of customer confidence, class actions and other litigation, settlements and restitution to customers or communities.
- Increased supervision, oversight or enforcement by regulators or other stakeholders.
- Unenforceability of contracts such as loans, guarantees and other security documents.
- Enforced suspension of operations, amendments to licence conditions or loss of licence to operate all or part of the Group's businesses.
- Other enforcement or administrative action or agreements, including legal proceedings.

A failure of the Group's conduct controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact the Group's reputation, financial performance and position, profitability, operations and returns to investors.

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7.2.8. Compliance Risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives as well as the internal policies, standards, procedures and frameworks that support sustainable compliance.

7.2.8.1 The Group may be involved in a breach or alleged breach of laws governing bribery, corruption and financial crime.

Supervision and regulation of financial crime and enforcement of anti-bribery and corruption, anti-money laundering and counter-terrorism financing (“**AML/CTF**”) laws has increased. In September 2020, the Federal Court of Australia ordered another major Australian bank to pay a civil penalty of A\$1.3 billion in relation to proceedings brought by Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”) alleging significant breaches of AML/CTF laws.

In June 2021, NAB announced that AUSTRAC had identified concerns with the NAB Group’s compliance with certain AML/CTF requirements and that AUSTRAC had initiated a formal enforcement investigation. In May 2022, NAB announced that it had entered into an enforceable undertaking (“**EU**”) with AUSTRAC to address the concerns. In accepting the EU, AUSTRAC stated that it had “formed the view at the start of the investigation that a civil penalty proceeding was not appropriate at that time” and that it had “not identified any information during the investigation to change

that view”. Under the terms of the EU, NAB and the relevant members of the Group are required to:

- Complete a Remedial Action Plan (“**RAP**”) approved by AUSTRAC by 31 December 2024;
- Address to AUSTRAC’s satisfaction any deficiencies or concerns with activities in the RAP identified by AUSTRAC; and
- Appoint an external auditor who will provide a final report by 31 March 2025.

The Group has reported a number of AML/CTF compliance issues to relevant regulators. The Group continues to investigate and remediate a number of known AML/CTF compliance issues and weaknesses, including in accordance with the EU. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional uplifting and strengthening of the Group’s systems and processes may be required. The potential outcomes and total costs associated with these contingent matters remain uncertain. A negative outcome to any investigation or remediation process may adversely impact the Group’s reputation, business operations, financial position and results. Further, given the large volume of transactions that the Group processes, the undetected failure of internal AML/CTF controls, or the ineffective remediation of compliance issues, could result in a significant number of breaches of AML/CTF obligations and significant civil penalties for the Group.

As a bank engaged in global finance and trade, the Group also faces risks relating to compliance with

financial sanctions laws across multiple jurisdictions. Should the Group’s sanctions controls fail, this could lead to sanctions violations, resulting in potentially significant monetary and regulatory penalties. This, in turn, may adversely impact the Group’s reputation, financial performance and position. These risks are increased in the context of additional, wide ranging economic sanctions and export controls imposed in 2022 on individuals and firms closely connected to the Russian government, as a result of the escalation in the Russia and Ukraine conflict.

Refer to Note 13 *Contingent liabilities and other commitments*, on page 73 in the Group’s 2022 Half Year Results, ‘Regulatory activity, compliance investigations and associated proceedings – AML and CTF program uplift and compliance issues’ for more information.

7.2.8.2 The Group may fail to comply with applicable laws and regulations which may expose the Group to significant compliance and remediation costs, regulatory enforcement action or litigation, including class actions.

The Group is highly regulated and subject to various regulatory regimes which differ across the jurisdictions in which it operates, trades and raises funds.

Ensuring compliance with all applicable laws is complex. There is a risk the Group will be unable to implement the processes and controls required by relevant laws and regulations in a timely manner, or that the Group’s internal controls will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of

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misinterpreting new or existing regulations.

There is significant cost associated with the systems, processes, controls and personnel required to ensure compliance with applicable laws and regulations. Such costs may negatively impact the Group's financial performance and position. Any failure to comply with relevant laws and regulations may have a negative impact on the Group's reputation and financial performance and position and may give rise to class actions, litigation or regulatory enforcement, which may in turn result in the imposition of civil or criminal penalties on the Group.

Entities within the Group have been and may continue to be involved from time to time in regulatory enforcement and other legal proceedings arising from the conduct of their business. There is inherent uncertainty regarding the possible outcome of any legal or regulatory proceedings involving the Group. It is also possible that further class actions, regulatory investigations, compliance reviews, civil or criminal proceedings or the imposition of new licence conditions could arise in relation to known matters or other matters of which the Group is not yet aware. The aggregate potential liability and costs associated with legal proceedings cannot be estimated with any certainty.

A negative outcome to regulatory investigations or litigation involving the Group may impact the Group's reputation, divert management time from operations and affect the Group's financial performance and position, profitability and returns to investors. Refer to 'Notes to the

Consolidated Financial Statements' Note 13 *Contingent liabilities and other commitments* on pages 72-75 in the Group's 2022 Half Year Results for details in relation to certain current legal and regulatory proceedings, compliance reviews and associated remediation, and other contingent liabilities which may impact the Group.

7.2.8.3 Extensive regulatory change poses a significant risk to the Group.

Globally, the financial services and banking industries are subject to significant and increasing levels of regulatory reviews and political scrutiny, including in Australia, NZ and other countries where the Group has, or is intending to establish, offshore operations. Changes to laws and regulations or their interpretation and application can be unpredictable, are beyond the Group's control, and may not be harmonised across the jurisdictions in which the Group operates.

Regulatory change may result in significant capital and compliance costs, changes to the Group's corporate structure and increasing demands on management, colleagues and information technology systems. This may also impact the viability of the Group's participation in certain markets or require the divestment of a part of the Group's business.

The Royal Commission made a considerable number of recommendations in its final report on 4 February 2019. The Australian Government has committed to take action on all of the recommendations and has announced further commitments to address issues raised in the final report of

the Royal Commission. Some commitments have been actioned by the Australian Government and regulators, with a number of legislative changes being passed by the Australian Parliament in December 2020 relating to anti-hawking, enforceable codes of conduct, deferred sales of add-on insurance, reference checking and breach reporting. Many of these reforms came into effect in October 2021. These legislative and regulatory changes have resulted in significant policy, system and operational changes across the Group. Considerable resources were redirected to deliver compliant solutions within the required timeframes and maintain compliance.

The volume of changes and implementation timeframes combined with the complexities created by COVID-19 may increase the risk associated with the implementation of these changes.

Operationalising large volumes of regulatory change presents ongoing risks for the Group. Extensive work is done to assess proposed design solutions and to test design effectiveness of controls for each regulatory change before the effective date, however, the operating effectiveness of some controls cannot be tested until the go-live date for the regulatory change has occurred. There are also inherent risks associated with the dependency on third parties for the effectiveness of some controls.

There are a number of ongoing or proposed regulatory changes and inquiries relevant to the Group. This includes new requirements for the design and distribution of financial products, responsible lending

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reforms, uplift to the complaints management framework, consumer and small business protection enhancements, the Australian Securities Exchange CHES replacement, LIBOR cessation, changes to the Group entities eligible for inclusion in the Level 1 group for prudential supervisory purposes, operational resilience, capital reforms, new remuneration related prudential requirements, market abuse or conduct related regulations, changes to financial benchmarks, derivatives reform, replacement of the Reserve Bank of New Zealand Act 1989 (NZ), payments, data protection and privacy laws, data quality, competition inquiries, financial crime legislation, recovery and resolution planning requirements, accounting and financial reporting requirements, and tax reform.

Further inquiries and regulatory reviews impacting the financial services industry may be commissioned by the Australian and NZ Governments, which, depending on their scope, findings and recommendations, may adversely impact the Group.

Examples of specific reviews and regulatory reforms currently relevant to the Group, and which present a potential material regulatory risk include:

- In 2018 and 2019, the NZ Financial Markets Authority and the RBNZ undertook a review that led to the NZ Government introducing the Financial Markets (Conduct of Institutions) Amendment Bill to the NZ Parliament in December 2019 to create an oversight and licensing regime for regulating conduct in the banking, non-bank deposit taking (NBDT) and insurance sectors. The bill is expected to pass in 2022.
- The Australian Banking Executive Accountability Regime (“**BEAR**”) applies to the Group. On 28 October 2021, a Bill for the introduction of the new Financial Accountability Regime (“**FAR**”) was introduced to the Australian Parliament. On 15 February 2022, the Senate Economics Legislation Committee issued a report which recommended that the FAR Bill be passed by the Australian Parliament, however, the Bill has not yet been passed. The FAR regime has been developed in response to a number of Royal Commission recommendations and is intended to extend and replace BEAR. Once implemented, the FAR legislation is likely to include new prescribed responsibilities, additional accountability obligations, and increased maximum civil penalties for the Group. The regime is expected to apply to the Group six months after the commencement of the legislation. The RBNZ has also proposed the introduction of a broad executive accountability regime for directors and senior employees of banks, NBDT institutions and insurers.
- In September 2021 NAB became accredited to receive CDR data (that is, as an ‘accredited data recipient’) from other participants under the Open Banking regime. This means that NAB is now subject to further obligations under the CDR legal framework. Open Banking may also lead to additional cyber and fraud risks in the CDR ecosystem. Governance mechanisms including accountabilities, controls and frameworks are still evolving and, under the Open Banking regime, customer data may be shared with, and received from, a broader range of stakeholders. Significant Group resources and management time have been utilised and will continue to be utilised to implement Open Banking. This may have a flow-on effect, impacting other regulatory reforms across the Group.
- Globally, regulators increasingly expect that the financial services industry, including banks, will play a more substantive role in protecting customers from scams and other fraudulent activity. While recognising the potential for regulatory change due to scams, the Group is proactively seeking to protect its customers from scams in strategic planning and by enhancing its systems and processes. Although no government policy or position in relation to a contingent reimbursement scheme of this nature has been promulgated in Australia, the Group’s strategic planning and enhancement of systems and processes will also prepare for expected regulatory change in this regard. Given the considerable growth in industry and customer losses from fraud, the potential costs associated with control failures and transferal of risk from the customer may be significant.
- ESG-related proposed regulatory changes, including increasing obligations relating to modern slavery, climate and other sustainability risk related prudential guidance, and regulatory and reporting

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Key risks of NAB Capital Notes 6

requirements (such as the mandating of the Task Force on Climate-related Financial Disclosures in New Zealand from financial year 2023, and the developing recommendations of the Taskforce on Nature-related Financial Disclosures).

The full scope, timeline and impact of current and potential inquiries and regulatory reforms such as those mentioned above, or how they will be implemented (if at all in some cases), is not known.

Depending on the specific nature of the regulatory change requirements and how and when they are implemented or enforced, they may have an adverse impact on the Group's business, operations, structure, compliance costs or capital requirements, and ultimately its reputation, financial performance or financial position.

7.2.8.4 The Group may be exposed to losses if critical accounting judgements and estimates are subsequently found to be incorrect.

Preparation of the Group's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. A higher degree of judgement is required for the recognition and estimates used in the measurement of provisions (including for customer-related remediation and other regulatory matters), the determination of income tax, the valuation of financial assets and liabilities

(including fair value and credit impairment of loans and advances), and the valuation of goodwill and intangible assets.

If the judgements, estimates and assumptions used by the Group in preparing the financial statements are subsequently found to be incorrect, there could be a significant loss to the Group beyond that anticipated or provided for, which may adversely impact the Group's reputation, financial performance and financial position.

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Australian Taxation Summary

This section contains a summary of the Australian tax consequences for potential NAB Capital Notes 6 Holders and Eligible NCN2 Holders, and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to potential Holders or Eligible NCN2 Holders. Accordingly, each potential Holder and each Eligible NCN2 Holder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of NAB Capital Notes 6 or participating in the Reinvestment Offer.

Unless otherwise defined in this section, capitalised terms in this section have the meaning given in the Prospectus and the Terms.

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8.1 Summary of Australian tax consequences for Holders

8.1.1 Introduction

The following is a summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty consequences for:

- certain Holders who are Australian tax residents and acquire NAB Capital Notes 6 under the Offer and who hold their NAB Capital Notes 6 on capital account for tax purposes (**Resident Holders**); and
- certain Holders who are not Australian tax residents and acquire NAB Capital Notes 6 under the Offer and hold them on capital account for tax purposes (**Non Resident Holders**).

This summary is not exhaustive and the actual tax consequences of your investment may differ depending on your particular circumstances. You should seek your own professional tax advice regarding the consequences of acquiring, holding or disposing of NAB Capital Notes 6 in your particular circumstances.

In particular, this summary does not consider the consequences for Holders who:

- acquire NAB Capital Notes 6 otherwise than under the Offer;
- hold NAB Capital Notes 6 in their business of securities trading, dealing in securities or otherwise hold their NAB Capital Notes 6 on revenue account or as trading stock;
- are subject to the “taxation of financial arrangements” (TOFA) provisions in Division 230 of the Tax Act in relation to their NAB

Capital Notes 6. For Resident Holders that are individuals, the TOFA regime should generally not apply to their investment in NAB Capital Notes 6. For Resident Holders that are not individuals (e.g. companies or complying superannuation entities) the TOFA regime should generally not apply in respect of their investment in NAB Capital Notes 6, even if they exceed the relevant asset/turnover thresholds, unless certain specific elective regimes under TOFA have been elected into by the Resident Holder. However, the TOFA rules are complex and Holders should seek their own tax advice regarding how they will apply to their investment in NAB Capital Notes 6;

- in relation to a Resident Holder, acquire or hold their NAB Capital Notes 6 through a permanent establishment outside of Australia; or
- in relation to a Non Resident Holder, acquire or hold their NAB Capital Notes 6 through a permanent establishment in Australia.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Prospectus.

8.2 Class ruling sought on the NAB Capital Notes 6

NAB has applied to the ATO for a public class ruling

confirming certain Australian tax consequences for Resident Holders (**Class Ruling**). The Class Ruling will not become operative until it is published in the Government Gazette.

When issued, copies of the Class Ruling will be available from the ATO’s website (ato.gov.au) and NAB’s website (nab.com.au).

It is expected that, when issued, the Class Ruling will:

- only be binding on the Commissioner of Taxation if the Offer is carried out in the specific manner described in the Class Ruling;
- only apply to Resident Holders that are within the class of entities specified in the Class Ruling, which is expected to be Resident Holders who acquire their NAB Capital Notes 6 through the Offer and hold them on capital account for tax purposes. Therefore, the Class Ruling will not apply to Resident Holders who hold their NAB Capital Notes 6 as trading stock or on revenue account or who are subject to the TOFA provisions in Division 230 of the Tax Act in relation to their NAB Capital Notes 6;
- only rule on tax laws applicable as at the date the Class Ruling is issued;
- only consider the tax consequences of a Redemption of NAB Capital Notes 6 in respect of certain provisions of the Tax Act;
- not consider the tax treatment of Distributions received by partnerships or trustee investors;
- not consider the tax implications of a Conversion of NAB Capital Notes 6 before the Mandatory

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Conversion Date on the occurrence of a Loss Absorption Event; and

- not consider the tax implications of the Reinvestment Offer.

The Class Ruling will not mean that the ATO guarantees or endorses the commercial viability of investing in NAB Capital Notes 6.

8.3 Distributions on NAB Capital Notes 6

The NAB Capital Notes 6 should be classified as non-share equity interests for Australian income tax purposes.

8.3.1 Resident Holders

Distributions should be treated as non-share dividends that are frankable.

Resident Holders should be required to include the amount of any Distributions in their assessable income.

Generally, provided that a Resident Holder is a “qualified person” in relation to a Distribution and the ATO does not seek to apply any anti-avoidance rules to effectively deny the benefit of franking credits to the Resident Holder, the Resident Holder:

- should include the amount of the Distribution as well as an amount equal to the franking credits attached to the Distribution in their assessable income in the income year in which they received the Distribution; and
- should qualify for a tax offset equal to the franking credits attached to the Distribution.

Where Resident Holders who are individuals or complying superannuation entities are

entitled to tax offsets, those offsets should either be applied against their income tax liability for the relevant income year, or give rise to tax refunds to the extent that the tax offsets exceed the tax that is otherwise payable by the Resident Holders.

Resident Holders that are companies are not entitled to refunds of excess tax offsets, but surplus franking credits may be converted into a tax loss to be carried forward to future years (subject to satisfaction of certain tax loss carry forward rules and to the qualifications mentioned above and discussed further below).

A Resident Holder should be a “qualified person” if the “holding period rule” and the “related payments rule” are satisfied in respect of the Distribution. Generally:

- to satisfy the “holding period rule”, a Resident Holder must have held their NAB Capital Notes 6 “at risk” for a continuous period of at least 90 days (excluding the days of acquisition and disposal) within a period beginning on the day after the day on which they are acquired and ending on the 90th day after they become ex-Distribution. In determining whether a Resident Holder has held their NAB Capital Notes 6 “at risk”, all “positions” in respect of NAB Capital Notes 6 must be taken into account in identifying the Resident Holder’s “net position”, to determine whether there has been a material diminution of risk. In particular, a Resident Holder must retain 30% or more of the risks and benefits associated

with holding their NAB Capital Notes 6. Where a Resident Holder undertakes risk management strategies in relation to their NAB Capital Notes 6 (e.g. by the use of limited recourse loans, options or other derivatives), the Holder’s ability to satisfy the “at risk” requirement of the “holding period rule” may be affected. In this regard, the Resale facility and Conversion mechanism should not represent a separate “position” in relation to NAB Capital Notes 6 and therefore will not affect a Resident Holders’ ability to satisfy the “at risk” requirement; and

- under the “related payments rule”, if a Resident Holder (or an associate) is obliged to make a “related payment” (essentially a payment passing on the benefit of the Distribution) in respect of a Distribution, the “second qualification period” applies and the Resident Holder must hold the NAB Capital Notes 6 “at risk” for at least 90 days (excluding the days of acquisition and disposal) within each period beginning 90 days before, and ending 90 days after, they become ex-Distribution.

A Resident Holder who is an individual is automatically treated as a “qualified person” for these purposes if the total amount of the tax offsets in respect of all franked amounts to which the Resident Holder is entitled in an income year (from all sources) does not exceed \$5,000. This is referred to as the “small shareholder rule”. However, a Resident Holder will not be a “qualified person” under the small shareholder rule if “related

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payments” have been made, or will be made, in respect of such amounts.

There are anti-avoidance rules which can deny the benefit of franking credits to Resident Holders in certain situations. One such rule (in section 207-158 of the Tax Act) can apply when a franked distribution gives rise to a foreign income tax deduction for the issuer of certain types of equity instruments. However, following a legislative amendment to section 207-158, this provision should not apply to deny franking credits or tax offsets to Resident Holders in relation to Distributions on NAB Capital Notes 6 where NAB Capital Notes 6 form part of Additional Tier 1 capital for the purposes of the prudential standards.

Of the other anti-avoidance rules, the most significant is in section 177EA of the Tax Act. The High Court in *Andrew Vincent Mills v FCT* [2012] HCA 51 (**Mills**) considered the operation of section 177EA in the context of the PERLS V securities issued by Commonwealth Bank of Australia. The High Court unanimously held that section 177EA did not apply in respect of frankable distributions paid on the PERLS V securities.

In light of the decision in *Mills*, and having regard to the ATO’s current practices, it is anticipated that the Commissioner of Taxation will not apply section 177EA or any of the other anti-avoidance rules to deny the benefit of franking credits to Resident Holders in relation to Distributions payable on the NAB Capital Notes 6, subject to the particular circumstances of a Resident Holder.

8.3.2 Non Resident Holders

Distributions should not be subject to Australian non-resident dividend withholding tax to the extent the Distributions are fully franked.

To the extent an unfranked or partially franked Distribution is paid to Non Resident Holders, withholding tax will generally be payable on the unfranked portion, subject to the availability of a relevant exemption.

The rate of withholding tax is generally 30%. However, Non Resident Holders may be entitled to a reduction in the rate of withholding tax if they are resident in a country which has a double taxation agreement with Australia.

8.4 Disposal of NAB Capital Notes 6

8.4.1 Disposal other than through Conversion

(a) Resident Holders CGT consequences

The Class Ruling is expected to confirm that the NAB Capital Notes 6 are not “traditional securities” for the purposes of the Tax Act. On that basis, any gain or loss for a Resident Holder on disposal of NAB Capital Notes 6 should be taxed under the CGT provisions.

A disposal of NAB Capital Notes 6 on-market, or through a Redemption or Resale, will be a CGT event. Resident Holders may make a capital gain or capital loss, depending on whether the capital proceeds from the disposal are more than the cost base for their NAB Capital Notes 6, or whether the capital proceeds are less than

the reduced cost base for their NAB Capital Notes 6, respectively.

Capital losses can generally only be offset against capital gains, but can be carried forward for use in a later year. Holders should seek their own tax advice in relation to whether any such capital loss may be applied to offset capital gains in their particular circumstances.

Capital proceeds and cost base

The capital proceeds from a Redemption will be equal to the Face Value of a NAB Capital Note 6, unless the market value of the NAB Capital Note 6 (determined as if its Redemption had not occurred or been proposed) is greater or less than the Face Value. In that case, the greater or lesser market value amount will be deemed to be the capital proceeds, instead of the Face Value actually received.

Based on recently published guidance from the ATO (Practical Compliance Guideline 2021/1), where all of the NAB Capital Notes 6 are Redeemed on a given Scheduled Optional Redemption Date, the ATO should accept that the market value of each NAB Capital Note 6 (and therefore the Redemption capital proceeds) is equal to the Face Value of the NAB Capital Note 6. The Redemption proceeds should not be treated as a dividend to the extent that they are fully debited against an amount standing to the credit of NAB’s non-share capital account.

The capital proceeds from a Resale of a NAB Capital Note 6 to a Nominated Purchaser will be equal to the Face Value of the NAB Capital Note 6, assuming that the Resident Holder is dealing at arm’s length with the Nominated Purchaser.

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The capital proceeds from an on-market disposal of a NAB Capital Note 6 will be the sale price of the Note.

A Resident Holder's CGT cost base (or reduced cost base) for each NAB Capital Note 6 they acquire should include the \$100 issue price of the NAB Capital Note 6 and should also include certain non-deductible incidental costs (e.g. brokerage or advisory fees) associated with acquiring and/or disposing of the NAB Capital Note 6. The cost base (or reduced cost base) will be relevant in determining a Resident Holder's capital gain (or capital loss) on a subsequent disposal of NAB Capital Notes 6.

For CGT purposes, each NAB Capital Note 6 should be taken to have been acquired by a Resident Holder on the date that the NAB Capital Notes 6 are allotted and issued to that Resident Holder.

CGT Discount

If NAB Capital Notes 6 have been owned for at least 12 months prior to the disposal (excluding the days of acquisition and disposal), a Resident Holder (other than a company) may be entitled to receive CGT discount treatment in respect of any gain arising on disposal of NAB Capital Notes 6, such that a percentage of the gain is not included in assessable income.

The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentages are 50% for Resident Holders who are individuals or trusts, and 33⅓% for Resident Holders who are complying superannuation entities.

Resident Holders who dispose of their NAB Capital Notes 6 within 12 months of acquiring them, or who dispose of NAB Capital Notes 6 under an agreement entered into within 12 months of acquiring them, will not receive CGT discount treatment. Companies are generally not entitled to obtain CGT discount treatment.

The Government has announced that "managed investment trusts" (MITs) and "attribution managed investment trusts" (AMITs) will not be entitled to the CGT discount at the trust level. This change was previously scheduled to apply from 1 July 2020, but has now been delayed and will instead apply for income years commencing on or after the date that is three months from the date of Royal Assent of the enabling legislation. While it is not certain when this change will come into effect, the Government has indicated that it is committed to legislating this measure. Once this change comes into effect, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the CGT discount in the hands of those beneficiaries who are entitled to the CGT discount. Investors should monitor any potential changes on an ongoing basis.

(b) Non Resident Holders

As the Class Ruling is expected to confirm that the NAB Capital Notes 6 are not "traditional securities", Non Resident Holders should generally not be taxable on any gain realised on disposal of their NAB Capital Notes 6, as the NAB Capital Notes 6 should generally not be "taxable Australian

property" for the purposes of the CGT provisions.

8.4.2 Disposal through Conversion

(a) Conversion of NAB Capital Notes 6 into Ordinary Shares

Under specific provisions of the Tax Act dealing with convertible interests, any capital gain or capital loss that would arise on Conversion should be disregarded. The consequence of this is that the capital gain or capital loss is effectively deferred, with a Holder's cost base in the Ordinary Shares acquired on Conversion reflecting the Holder's cost base in their NAB Capital Notes 6. This outcome applies both to Resident Holders and Non Resident Holders.

For CGT purposes, the Ordinary Shares acquired on Conversion will be taken to have been acquired on the date of Conversion (rather than the Issue Date), including for the purposes of calculating the 12 month ownership period required for the CGT discount concession (see Section 8.4.1(a) above).

(b) Conversion of NAB Capital Notes 6 into ordinary shares in a NOHC

In the event that an Approved NOHC becomes the ultimate holding company of the NAB Group, the NAB Capital Notes 6 Terms may be amended to substitute the Approved NOHC as the issuer of ordinary shares in the event of a Conversion of NAB Capital Notes 6.

Such an amendment to the NAB Capital Notes 6 Terms should not result in Resident Holders realising a capital gain or capital loss provided they do not receive

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any proceeds (and do not incur any incidental costs) as a result.

No capital gain or capital loss should arise for Resident Holders where, on a subsequent Conversion of NAB Capital Notes 6, they receive shares in the Approved NOHC (in substitution for Ordinary Shares in NAB), due to the specific provisions of the Tax Act dealing with convertible interests. The consequence of this is that the gain or loss on Conversion is effectively deferred, with a Resident Holder's cost base in the Approved NOHC shares acquired on Conversion reflecting the Resident Holder's cost base in their NAB Capital Notes 6.

For CGT purposes, Resident Holders will be taken to have acquired the Approved NOHC shares on the date of the Conversion (rather than the Issue Date).

Resident Holders will be required to apportion their original cost base (or reduced cost base) for their NAB Capital Notes 6 across all of the Approved NOHC shares that they acquire on Conversion.

8.4.3 Writing Off

In certain circumstances, NAB Capital Notes 6 may be Written Off (rather than Converted) following a Loss Absorption Event.

Writing Off NAB Capital Notes 6 would involve a Resident Holder's rights under the NAB Capital Notes 6 being terminated for no consideration. A CGT event will happen for Resident Holders if NAB Capital Notes 6 are Written Off.

It is anticipated that the Class Ruling will confirm that, for the

purposes of determining whether a Resident Holder makes a capital gain or capital loss from that CGT event happening on a Write Off, a Resident Holder will be taken to have nil capital proceeds, on the basis that they will receive no consideration and the NAB Capital Notes 6 will have a market value of nil at that time. In that case, Resident Holders should make a capital loss equal to the reduced cost base of their Written Off NAB Capital Notes 6.

8.5 Pay-as-you-go withholding tax – provision of TFN and/ or ABN

Holders may, if they choose, notify NAB of their TFN, ABN or a relevant applicable exemption. NAB may deduct withholding tax from the unfranked part (if any) of Distributions in respect of the NAB Capital Notes 6, at the highest marginal tax rate plus the Medicare levy (currently being 47%), unless a TFN or an ABN has been quoted by a Holder, or a relevant exemption applies (and has been notified to NAB), to the extent required by law.

Holders are not required to provide their TFN or ABN to NAB.

8.6 GST

Holders should not be liable for GST in respect of the acquisition, sale, Conversion, Redemption or Resale of NAB Capital Notes 6, other than in respect of brokerage or similar fees.

GST should not be payable in relation to the payment of Distributions, or repayment of the Face Value, by NAB.

8.7 Stamp duty

Holders should not be liable for stamp duty on the acquisition, sale, Conversion, Redemption or Resale of NAB Capital Notes 6 under applicable stamp duty law in each State and Territory of Australia, provided that they do not hold or acquire an interest of 50% or more in NAB, or where applicable in the Approved NOHC (in each case, aggregating interests of associated persons and interests acquired under associated transactions).

8.8 Summary of certain Australian tax consequences for Eligible NCN2 Holders

Set out below are high-level comments in respect of certain Australian tax resident Eligible NCN2 Holders regarding the Australian income tax consequences of the redemption of the NCN2 and the Reinvestment Offer, where those holders are subject to Class Ruling CR 2016/48 (which sets out certain Australian tax consequences for certain Australian tax residents who invested in NCN2 in the initial offering) and hold their NCN2 on capital account.

This summary is not exhaustive, the actual tax consequences may differ depending on an Eligible NCN2 Holder's particular circumstances, and Eligible NCN2 Holders should seek their own professional tax advice. In particular, this summary does not consider the consequences for Eligible NCN2 Holders who:

- acquired their NCN2 otherwise than under the initial offering;

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- hold their NCN2 in their business of securities trading, dealing in securities or otherwise hold their NCN2 on revenue account or as trading stock;
- are not Australian residents for tax purposes;
- are Australian tax residents but acquired or hold their NCN2 through a permanent establishment outside of Australia; or
- are or will be subject to the TOFA provisions in Division 230 of the Tax Act in relation to their holding of NCN2 or the NAB Capital Notes 6 that they will acquire under the Reinvestment Offer.

8.8.1 Final NCN2 distribution

NCN2 holders, including Eligible NCN2 Holders who participate in the Reinvestment Offer, will receive the final NCN2 distribution that is expected to be paid on 7 July 2022, subject to satisfaction of the distribution payment conditions in the NCN2 Terms and NAB's absolute discretion.

The tax treatment of any final NCN2 distribution should be the same as the treatment of other distributions received on the NCN2, as outlined in Class Ruling CR 2016/48. On this basis, provided that a NCN2 holder is a "qualified person" (see the general comments in Section 8.3.1 and Class Ruling CR 2016/48), a NCN2 holder should generally include the amount of the final NCN2 distribution as well as an amount equal to any franking credits attached to the final NCN2 distribution in their assessable income and should qualify for a tax offset equal to the franking credits.

8.8.2 Redemption of NCN2

A CGT event will occur for NCN2 holders upon redemption of the NCN2. This will apply to all NCN2 holders (i.e. both Eligible NCN2 Holders who participate in the Reinvestment Offer and NCN2 holders that do not participate in the Reinvestment Offer).

NCN2 holders may make a capital gain or capital loss on the redemption of their NCN2, depending on whether the capital proceeds from the disposal are more than the CGT cost base for their NCN2, or whether the capital proceeds are less than the reduced cost base for their NCN2, respectively. Capital losses can generally only be offset against capital gains, but can be carried forward for use in a later year.

Based on recently published guidance from the ATO (Practical Compliance Guideline 2021/1), the ATO should accept that the market value of each NCN2 (and therefore the redemption capital proceeds) is equal to the \$100 Face Value of the NCN2. The redemption proceeds should not be treated as a dividend to the extent that they are fully debited against an amount standing to the credit of NAB's non-share capital account.

A NCN2 holder's CGT cost base (or reduced cost base) for each NCN2 should include the amount they paid to acquire the NCN2 and may also include certain other non-deductible incidental costs (e.g. brokerage or advisory fees) associated with acquiring and/or disposing of the NCN2. If the NCN2 have been owned for at least 12

months prior to the redemption (excluding the days of acquisition and disposal), a NCN2 holder (other than a company) may be entitled to receive CGT discount treatment in respect of any gain arising on redemption of NCN2, such that a percentage of the gain is not included in assessable income. The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentage is 50% for NCN2 Holders who are individuals or trusts, and 33⅓% for NCN2 holders who are complying superannuation entities.

Companies are generally not entitled to obtain CGT discount treatment. We also refer to the proposed changes to the CGT discount rules for MITs and AMITs discussed in Section 8.4.1 above.

8.8.3 Cost base of NAB Capital Notes 6 acquired under the Reinvestment Offer

The amount of the redemption price for NCN2 that is applied in subscribing for NAB Capital Notes 6 under the Reinvestment Offer should be included in a Holder's cost base (and reduced cost base) for the purposes of determining any future capital gain or capital loss on the disposal of NAB Capital Notes 6 on-market, or through a Conversion, Redemption or Resale.

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9.1 Interests and benefits

9.1.1 Directors

The Directors' relevant interests in NAB as at the date of the Original Prospectus are detailed in the following table:

Director	Number of Ordinary Shares	Number of other securities
Philip Chronican	42,120	–
Ross McEwan CBE	53,897	–
David Armstrong	20,269	–
Kathryn Fagg AO	9,426	–
Peeyush Gupta AM	9,571	–
Anne Loveridge	12,120	–
Doug McKay ONZM	11,972	–
Simon McKeon AO	15,000	–
Ann Sherry AO	12,698	1,500 NAB Capital Notes 3 (ASX: NABPF)

The Directors (and their related parties) may acquire NAB Capital Notes 6 offered under this Prospectus subject to the ASX Listing Rules (including any waivers as described in Section 9.7).

Other than as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of NAB;
- the Offer; or
- any property acquired or proposed to be acquired by NAB in connection with the formation or promotion of NAB or the Offer.

Other than as set out in this Prospectus, at the time of lodgement of this Prospectus with ASIC, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of NAB or the Offer.

The Constitution contains provisions about the remuneration of the Directors. As remuneration for their services as Directors, the non-executive Directors are paid an amount of remuneration determined by the Board,

subject to a maximum annual aggregate amount determined by Shareholders in a general meeting. The maximum annual aggregate amount approved is \$4,500,000.

Each Director may also be paid additional remuneration for performance of additional services and is entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Group CEO is fixed by the Board. The remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of operating revenue.

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9.1.2 Interests of Advisers

NAB has acted as the Arranger for the Offer, and each of NAB; Bell Potter Securities Limited; Commonwealth Bank of Australia; Crestone Wealth Management Limited; E&P Corporate Advisory Pty Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; Shaw and Partners Limited; and Westpac Institutional Bank have acted as Joint Lead Managers to the Offer, and JBWere Limited has acted as Co-Manager to the Offer, in respect of which they will receive fees from NAB. The fees include an arranger fee payable to the Arranger, and the following fees payable to each Joint Lead Manager:

- a selling fee of 0.75% of the amount equal to the Face Value multiplied by the number of NAB Capital Notes 6 issued to that Joint Lead Manager and its affiliates in respect of its Broker Firm Amount (“**Selling Fee**”); and
- a joint lead manager fee of 0.50% of the amount equal to the Face Value multiplied by the number of NAB Capital Notes 6 issued to that Joint Lead Manager and its affiliates in respect of its Broker Firm Amount (“**JLM Fee**”).

For the purposes of the fees described above, “**Broker Firm Amount**” means, in relation to a Joint lead Manager, the number of NAB Capital Notes 6 allocated on a firm basis to that Joint Lead Manager and its affiliates under the Bookbuild.

Under the terms of the OMA (see also Section 9.5), the Joint Lead Managers may pay fees on behalf of NAB to financial services licensees and representatives (“**Brokers**”) for procuring subscriptions of NAB

Capital Notes 6 by their clients, among other things.

Under the OMA, the amount of the fee payable to a Broker by a Joint Lead Manager may not exceed the amount of the Selling Fee, unless that Broker is an affiliate of the Joint Lead Manager or a Broker approved by NAB, in which case the amount of the fee payable to that Broker by a Joint Lead Manager may not exceed the aggregate of the amount of the Selling Fee and the JLM Fee received by the Joint Lead Manager from NAB as described above.

Brokers may in turn rebate fees to other Brokers for procuring applications for NAB Capital Notes 6 by their clients, among other things. The amount of the fee paid to a Broker by another Broker may not exceed the amount of the Selling Fee.

Ernst & Young has provided due diligence services in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately \$150,000 (excluding disbursements and GST) for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges.

King & Wood Mallesons has acted as Australian legal adviser to NAB in relation to the Offer, assisting with the due diligence and verification program and performing due diligence on required legal matters. In respect of this work, NAB estimates that it will pay approximately \$300,000 (excluding disbursements and GST) to King & Wood Mallesons for work up to the date of the Original

Prospectus. Further amounts may be paid to King & Wood Mallesons in accordance with its normal time-based charges.

Greenwoods & Herbert Smith Freehills has acted as Australian taxation adviser to NAB in relation to the Offer. In respect of this work, NAB estimates that it will pay approximately \$75,000 (excluding disbursements and GST) to Greenwoods & Herbert Smith Freehills for work up to the date of the Original Prospectus. Further amounts may be paid to Greenwoods & Herbert Smith Freehills in accordance with its normal time-based charges.

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, a promoter of NAB or broker to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
 - the formation or promotion of NAB;
 - the Offer; or
 - any property acquired or proposed to be acquired by NAB in connection with the formation or promotion of NAB or the Offer; or
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person, in connection with the formation or promotion of NAB or the Offer.

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9.2 Expenses of the Offer

Assuming the Offer raises \$2,000 million, then the net proceeds of the Offer are expected to be \$1,980 million and the total external expenses of the Offer are expected to be \$20 million. The total expenses of the Offer have been, or will be, borne by NAB.

9.3 Rights and liabilities attaching to NAB Capital Notes 6

Appendix A sets out the rights and liabilities attaching to NAB Capital Notes 6. Further rights and liabilities attaching to NAB Capital Notes 6 may also arise under the Corporations Act, the ASX Listing Rules and other laws.

9.4 Rights and liabilities attaching to Ordinary Shares

On Conversion, holders of NAB Capital Notes 6 will receive Ordinary Shares. The Constitution sets out the rights and liabilities that attach to Ordinary Shares. Investors who wish to inspect the Constitution may do so at the registered address of NAB, or by requesting a copy as provided under “Availability of documents” in Section 9.9.

These rights and liabilities are also regulated by the Corporations Act, the ASX Listing Rules and the general law.

This section is a non-exhaustive summary of the main rights attaching to Ordinary Shares. They are as follows:

- on a poll, the right to one vote per fully paid Ordinary Share (or a fraction of a vote in proportion to the amount paid up on that Ordinary Share);

- the right to transfer the Ordinary Shares, in accordance with the Constitution;
- subject to the rights of holders carrying preferred rights, the right to receive dividends in proportion to the amount paid up on that Ordinary Share, if and when the Directors determine to pay them;
- the right to receive information required to be distributed under the Corporations Act and the ASX Listing Rules;
- subject to the rights of holders carrying preferred rights, the right to participate in a surplus of assets on a winding up of NAB; and
- NAB’s ability to pay a dividend may be restricted by Australian law and by the terms of prior ranking securities.

9.5 Summary of the Offer Management Agreement

NAB has entered into an Offer Management Agreement (“**OMA**”) with the Arranger and the Joint Lead Managers (together, in this section, the “**JLMs**”).

Under the OMA, NAB has agreed to conduct the Offer in accordance with this Prospectus, the OMA, the Constitution, the Target Market Determination, and all applicable laws, and the JLMs have agreed to use reasonable endeavours to procure Applications for NAB Capital Notes 6.

The fees payable to the JLMs are set out in Section 9.1.2.

9.5.1 Representations, warranties and undertakings

Under the OMA, NAB makes various representations and warranties to

the JLMs, including in relation to compliance with the Constitution, the Corporations Act, the ASX Listing Rules and other applicable laws.

NAB also warrants that it has the power (including under the Constitution) to enter into and carry out the transactions in connection with the Offer and the OMA and that it will comply with the DDO Regime to the extent applicable in relation to the Offer and NAB Capital Notes 6.

NAB has undertaken that it will not and will procure that members of the Group do not, without the prior written consent of each of the JLMs, allot or agree to allot, or announce an issue of, indicate in any way that it may or will allot to Retail Investors, any ASX listed hybrid, debt or preference securities in Australia with Tier 1 or Tier 2 Capital status before that date which is 60 days after the settlement date detailed in the OMA. This undertaking does not apply to the Offer.

Under the OMA, each JLM makes various representations and warranties in favour of NAB, including in relation to:

- its compliance with its obligations under the DDO Regime (if any) in connection with the Offer and NAB Capital Notes 6;
- taking reasonable steps in determining which regulated persons receive an allocation of NAB Capital Notes 6 from the JLM from its allocation of NAB Capital Notes 6 under the bookbuild;
- the provision of certain information to NAB to allow NAB to review and consider the

Section nine:

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- appropriateness of the Target Market Determination and the JLMs' compliance with the distribution conditions in the Target Market Determination;
- the processes and procedures the JLM has in place for identifying Wholesale Clients;
- the training its advisers who engage in distribution conduct in relation to the NAB Capital Notes 6 receive;
- the monitoring and review of the performance and conduct of its advisers engaged in retail product distribution conduct in relation to the NAB Capital Notes 6; and
- the marketing materials used by it for the Offer.

9.5.2 Termination events

Each JLM may terminate the OMA after the occurrence of any one or more of certain events, including the following non-exhaustive list of events:

- ASIC issues a stop order or similar proceeding in relation to the Prospectus;
- ASX does not grant its approval for official quotation of NAB Capital Notes 6, or the approval is subsequently withdrawn, qualified or withheld (other than in respect of the customary conditions);
- a supplementary prospectus is, in the reasonable opinion of a JLM, required under section 719 of the Corporations Act (other than this Prospectus);
- NAB's credit rating in respect of its long term senior debt is downgraded;
- certain breaches of the OMA;
- the Ordinary Shares or any of NAB's other listed securities

- are delisted or suspended from quotation;
- NAB withdraws the Prospectus or the Offer;
- NAB repays any application monies or gives Applicants the right to withdraw their Applications in accordance with the Corporations Act;
- an event of insolvency occurs with respect to certain material Group members; and
- NAB withdraws or amends the Target Market Determination, or makes a new target market determination in relation to NAB Capital Notes 6.

Some of these events will only give rise to a right to terminate if the JLM has reasonable grounds to believe that the event or a series of events together has or is likely to have a material adverse effect on the success, marketing, promotion or settlement of the Offer or that the event is likely to give rise to a liability of that JLM. If this occurs, the JLM which terminates (or each JLM) will no longer be a lead manager and it will be relieved of its obligations under the OMA.

Under the OMA, if a JLM terminates, the JLM must give notice in writing to NAB and each of the other JLMs. If a JLM terminates, the remaining JLMs (other than the Arranger) may elect to assume the rights and obligations of the terminating JLM in agreed proportions by providing NAB with written notice.

If at any time from the date of the OMA to 2.00pm on 6 July 2022 there is a material adverse change in market conditions which, in the reasonable opinion of a majority of the JLMs makes it inadvisable to proceed with the Offer on the

Issue Date on the terms and in the manner contemplated by this Prospectus (including because the change is likely to have a material adverse effect on the market price of NAB Capital Notes 6 on the ASX or the success of the Offer), NAB will enter into good faith discussions with the JLMs for the purposes of discussing the viability of completing the Offer on the terms and in the manner contemplated by this Prospectus.

NAB indemnifies the JLMs and their affiliates and representatives (each an "**Indemnified Party**") against liabilities arising in connection with the OMA, except to the extent that those liabilities resulted from the fraud, recklessness, wilful misconduct or negligence of, or material breach of the OMA by, the Indemnified Party (except to the extent any such conduct is caused, induced or contributed to by NAB or its directors, employees or advisers, and in certain other circumstances).

9.6 Reporting and disclosure obligations

NAB is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations. Under its obligations under the Corporations Act and the ASX Listing Rules, NAB prepares yearly and half yearly financial statements, reports on its operations during the relevant accounting period and receives an audit or a review from its auditor.

These documents as well as other documents lodged with ASIC may be obtained from ASIC.

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Under the ASX Listing Rules, NAB must notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

Subject to certain exceptions, NAB must ensure that ASX is continuously notified of information about specific events and matters as they arise so that ASX can make the information available to the Australian securities market.

In addition, Holders should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Banking Act) may not be publicly disclosed.

9.7 Regulatory relief

ASX has classified NAB Capital Notes 6 as “convertible debt securities” for the purposes of the ASX Listing Rules and has confirmed that:

- the Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- NAB Capital Notes 6 are not preference securities for the purposes of ASX Listing Rules 6.4, 6.5, 6.6 and 6.7;
- the “Payment Conditions”, potential exercise of limited amendment powers, and a Write Off following a Loss Absorption Event does not amount to a removal of a right to a Distribution for the purposes of ASX Listing Rule 6.10;

- the divestment of NAB Capital Notes 6 from Holders as a result of Conversion, Redemption or Resale is appropriate and equitable for the purposes of ASX Listing Rule 6.12;
- ASX Listing Rule 10.11 has been waived to the extent necessary to permit Directors and their associates to participate in the Offer, without Shareholder approval, up to a maximum of 0.2% of the total number of NAB Capital Notes 6 issued under the Offer collectively provided that:
 - the participation of the Directors and their associates in the Offer is on the same terms and conditions as applicable to other subscribers for NAB Capital Notes 6;
 - NAB releases the terms of the waiver to the market when it announces the Offer; and
 - when NAB Capital Notes 6 are issued, NAB announces to the market the total number of NAB Capital Notes 6 issued to Directors and their associates in aggregate;
- the issue of Ordinary Shares on Conversion of NAB Capital Notes 6 would fall within ASX Listing Rule 10.12 (exception 7);
- ASX Listing Rule 3.20.2 and Appendix 3A of the ASX Listing Rules do not apply to any Conversion of NAB Capital Notes 6 following a Loss Absorption Event; and
- the timetable for the Offer is acceptable.

ASX has also provided in principle approval of the quotation of NAB Capital Notes 6.

NAB obtained relief from section 734(2) of the Corporations Act to enable it to provide its securityholders with details on the structure of the Offer before the release of this Prospectus.

9.8 Consents to be named

Except as set out below, each of the parties named below as consenting parties:

- has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

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Role	Consenting parties
Australian legal adviser	King & Wood Malesons
Australian tax adviser	Greenwoods & Herbert Smith Freehills ³⁹
Auditor	Ernst & Young
Arranger and Joint Lead Manager	National Australia Bank Limited
Joint Lead Managers	Bell Potter Securities Limited; Commonwealth Bank of Australia; Crestone Wealth Management Limited; E&P Corporate Advisory Pty Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; Shaw and Partners Limited; and Westpac Institutional Bank
Co-Manager	JBWere Limited
Registry	Computershare Investor Services Pty Limited

³⁹ Greenwoods & Herbert Smith Freehills has announced that it expects to be acquired by PwC Australia and join the PwC network around June 2022, subject to satisfaction of conditions precedent agreed between the parties, following the signing of a sale agreement in February 2022.

9.9 Availability of documents

During the Offer Period NAB will provide a copy of any of the following documents to any person upon their request:

- the 2022 Half Year Results released to the ASX by NAB (also available at [asx.com.au](https://www.asx.com.au) or at [nab.com.au/shareholder](https://www.nab.com.au/shareholder));
- the 2021 Annual Financial Report lodged with ASIC by NAB (also available at [asx.com.au](https://www.asx.com.au) or at [nab.com.au/annualreport](https://www.nab.com.au/annualreport));
- any continuous disclosure notices given by NAB since the lodgement of the 2021 Annual Financial Report and before lodgement of the Original Prospectus with ASIC (also available at [asx.com.au](https://www.asx.com.au) or at [nab.com.au](https://www.nab.com.au));
- the 2021 Full Year Results released to the ASX by NAB (also available at [asx.com.au](https://www.asx.com.au) or at [nab.com.au/shareholder](https://www.nab.com.au/shareholder)); and
- the Constitution (also available at [nab.com.au/corporategovernance](https://www.nab.com.au/corporategovernance)).

To request a copy of any of the above documents, send your written request to:

- by email to **Shareholder.Centre@nab.com.au**; or
- Company Secretary
National Australia Bank Limited
Level 28, 395 Bourke Street,
Melbourne, Victoria, 3000.

9.10 Personal information

If you submit an Application, NAB (or the Registrar as NAB's agent), and a Syndicate Broker will collect, use and disclose your personal information for the purposes of:

- processing your Application;
- administering your NAB Capital Notes 6; and/or

- letting you know about products or services from across the Group that might serve your financial, e-commerce and lifestyle needs or promotions or other opportunities in which you may be interested.

Company and tax laws require some of the information to be collected. You may choose not to provide your personal information or to limit the information you provide, in which case NAB (or the relevant Syndicate Broker) may not be able to process your Application, administer your NAB Capital Notes 6, and/or make payments to you.

NAB may disclose this information for these purposes to its subsidiaries, Syndicate Brokers and other relevant organisations involved in providing, managing or administering your product or service such as third party suppliers, other Group organisations, loyalty and affinity partners, printers, posting services, call centres, and our advisers. We run our business in Australia and overseas, so we might need to share some of your information with organisations outside Australia. You can view a list of countries the Group discloses personal information to at [nab.com.au/common/privacy-policy/overseas-countries](https://www.nab.com.au/common/privacy-policy/overseas-countries).

If you used a qualified financial adviser who recommended your investment in NAB Capital Notes 6 (as indicated on your Application), NAB (or a Syndicate Broker) may disclose your personal information to that qualified financial adviser and their service providers.

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Where personal information is disclosed NAB will ensure that the information is held, used or disclosed consistently with the Privacy Act 1988 (Cth) and any other applicable privacy laws and codes.

You can ask us to access information that we hold about you or to correct information we hold about you. In addition, if you have a complaint about a privacy issue, please tell us about it. For more information on NAB's handling of personal information and about access, corrections or complaint handling, please see our privacy policy at nab.com.au/privacy or by calling **13 22 65** and asking us for a copy.

9.11 Acknowledgements

By submitting an Application, you, as Applicant, will be deemed to have:

- represented and warranted that you have read and understood this Prospectus (and any supplementary or replacement prospectus) and accompanying Application in full;
- declared that the Application has been completed and submitted according to this Prospectus and subject to the declarations, statements and acknowledgements on the Application;
- declared that you make the warranties, representations and acknowledgements contained in this Prospectus and the Application;
- represented and warranted that all details and statements on your Application are complete and accurate;
- declared that you (if a natural person) are at least 18 years old;
- declared that you (if you are a Retail Investor) have received personal advice from a qualified financial adviser in connection with the Offer;
- declared that you are not an individual residing in a member state of the European Union;
- declared that you are not in the United States or other place outside Australia and you are not a U.S. Person, nor are you acting (including as a nominee) for the account or benefit of any U.S. Person;
- represented and warranted that you have not distributed this Prospectus or any other materials concerning the Offer in the United States or to any U.S. Person and have not accessed this Prospectus or any other materials concerning the Offer in the United States;
- declared that you understand that NAB Capital Notes 6 have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, directly or indirectly, in the United States, or to, or for the account or benefit of, any U.S. Person, unless an exemption from such registration applies;
- declared that you are an Australian resident;
- represented and warranted that the laws of any other place, including the restrictions set out on page 4 of this Prospectus, do not prohibit you from being given this Prospectus or any supplementary or replacement Prospectus or making an Application or being issued with NAB Capital Notes 6;
- provided authorisation to be registered as the holder of NAB Capital Notes 6 issued to you and agreed to be bound by the Constitution, this Prospectus, the Terms and the NAB Capital Notes 6 Deed Poll;
- upon Conversion in accordance with the Terms, agreed to become a member of NAB and be bound by the Constitution;
- applied for the number of NAB Capital Notes 6 set out in or determined in accordance with the Application and agreed to be allocated that number of NAB Capital Notes 6 or a lesser number (or no NAB Capital Notes 6 at all);
- acknowledged that NAB Capital Notes 6 are not Protected Accounts or deposit liabilities for the purposes of the Banking Act or any other accounts and are not guaranteed or insured by any government or other person, give Holders no claim on NAB (or any other member of the Group) except as provided in the Terms and that the investment performance of NAB Capital Notes 6 is not guaranteed by NAB;
- authorised NAB and the Joint Lead Managers to do anything on your behalf necessary for NAB Capital Notes 6 to be allocated to you, including to act on instructions received by the Registry;
- acknowledged that the information contained in this Prospectus (or any supplement or replacement) and the Application is not investment advice or a recommendation that NAB Capital Notes 6 are suitable for you, given your particular investment objectives, financial

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- situation and needs (including financial and taxation issues);
- acknowledged that your Application to acquire NAB Capital Notes 6 is irrevocable and may not be varied or withdrawn except as allowed by law;
- acknowledged that an Application may be rejected without giving any reason, including where the Application is not properly completed; and
- acknowledged that if you are not issued any NAB Capital Notes 6 or issued fewer NAB Capital Notes 6 than the number that you applied and paid for as a result of the scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) as soon as practicable after the Issue Date.

In addition, by applying to participate in the Reinvestment Offer, you, as Applicant, will be deemed to have:

- represented and warranted to NAB that you are an Eligible NCN2 Holder;
- represented and warranted to NAB that you have good title to the NCN2 the subject of your Application;
- directed NAB to pay the aggregate NCN2 Redemption Price for the NCN2 the subject of your Application to NAB for NAB Capital Notes 6;
- applied for a corresponding number of NAB Capital Notes 6, at \$100 per NAB Capital Note 6;
- agreed not to transfer your NCN2 and authorise NAB and its related bodies corporate and their respective officers to request the application of a holding lock on those NCN2; and

- authorised NAB to take all necessary steps to give effect to the reinvestment of their NCN2 the subject of your Application.

9.12 Meetings

The NAB Capital Notes 6 Deed Poll includes provisions for convening meetings of the Holders to consider any matter affecting their interests, including any variation of the Terms. Any action which may affect the eligibility of NAB Capital Notes 6 as Additional Tier 1 Capital of NAB cannot be sanctioned or approved by Holders without the prior written approval of APRA.

A resolution passed at a meeting of the Holders duly called and held under the meeting provisions will be binding on all the Holders whether or not present or voting at the meeting (or signing a written resolution). Each Holder will be entitled to one vote on a show of hands. On a poll, each Holder will be entitled to one vote for each NAB Capital Note 6 with respect to which it is the registered holder.

A Holder has no entitlement to attend or vote at a general meeting of NAB or to receive a copy of the NAB annual report or other financial information sent to holders of Ordinary Shares.

Appendix A:

Terms of NAB Capital Notes 6

Terms of NAB Capital Notes 6 issued by
National Australia Bank Limited
(ABN 12 004 044 937)

Appendix A:

Terms of NAB Capital Notes 6

1 Form and Issue Price

1.1 Form

NAB Capital Notes 6 are fully paid mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB (**NAB Capital Notes 6** or **Notes**). NAB Capital Notes 6 are issued in registered form by entry in the Register. They may be Redeemed, Converted or Resold by NAB according to these Terms.

1.2 Face Value and Issue Price

The **Face Value** and **Issue Price** of each Note is A\$100.

1.3 CHESS

The Notes will be registered in CHESS. While the Notes remain in CHESS:

- (a) the rights and obligations of a person holding the Notes; and
- (b) all dealings (including transfers, transmissions and payments) in relation to the Notes within CHESS,

will be subject to and governed by the rules and regulations of CHESS (but without affecting any provisions in these Terms which affect the eligibility of the Notes as Additional Tier 1 Capital).

No certificates will be issued to Holders unless NAB determines that certificates should be available or if certificates are required by any applicable law or directive.

1.4 Quotation

NAB agrees to use all reasonable endeavours to procure that the Notes are quoted on ASX until all Notes have been Converted or Redeemed.

1.5 Independent obligations

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the obligations of NAB to the relevant Holder under these Terms. Without prejudice to any provision requiring a Special Resolution or an Ordinary Resolution, the Holder to whom those obligations are owed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.

1.6 Nature of obligations

The Notes do not constitute deposit liabilities or protected accounts for the purposes of the Banking Act. In addition, the Notes 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 Group or by any other person.

2 Distributions

2.1 Entitlement to Distributions

Subject to clause 2.6, each Note entitles each person who is the Holder on a Record Date to receive on the Distribution Payment Date a cash distribution (**Distribution**) calculated according to the formula set out in clause 2.4.

2.2 Distribution Payment Dates

Subject to these Terms, NAB shall pay a Distribution in respect of a Note in arrears on the following dates (each a **Distribution Payment Date**):

- (a) each 17 March, 17 June, 17 September and 17 December commencing on 17 September 2022 until (but not including) the date on which the Note is Converted or Redeemed in accordance with these Terms; and
- (b) each date on which a Conversion, Redemption or Resale of that Note occurs in accordance with these Terms.

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date is the next Business Day.

2.3 Record Dates

A Distribution is only payable on a Distribution Payment Date to those persons Registered as Holders on the Record Date for that Distribution.

2.4 Calculation of Distribution on Notes

The Distribution payable in respect of each Note on a Distribution Payment Date is calculated in accordance with the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{A\$100} \times \text{N}}{365}$$

where **N** is the number of days in the Distribution Period.

The **Distribution Rate** (expressed as a percentage per annum) in respect of a Note for a Distribution Period is the rate calculated according to the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

Appendix A:

Terms of NAB Capital Notes 6

where:

Bank Bill Rate means:

(a) subject to paragraph (b):

(i) for a Distribution Period, the rate (expressed as a percentage per annum) designated “BBSW” in respect of prime bank eligible securities having a tenor of 3 months which ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am Sydney time (or such other time at which such rate is accustomed to be so published) (the **Publication Time**):

(A) in the case of the first Distribution Period, on the Issue Date; and

(B) in the case of any other Distribution Period, on the first Business Day of that Distribution Period; or

(ii) if NAB determines that such rate as is described in paragraph (i) above:

(A) is not published by midday (or such other time that NAB considers appropriate on that day); or

(B) is published, but is affected by an obvious error,

such other rate that NAB determines having regard to comparable indices then available; and

(b) if NAB determines that a Rate Disruption Event has occurred, then, subject to APRA’s prior written approval, NAB:

(i) shall use as the Bank Bill Rate such Replacement Rate as it may determine;

(ii) shall make such adjustments to the Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Replacement Rate; and

(iii) in making the determinations under paragraphs (i) and (ii) above:

(A) shall act in good faith and in a commercially reasonable manner;

(B) may consult with such sources of market practice as it considers appropriate; and

(C) may otherwise make such determination in its discretion;

Holder should note that APRA’s approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Distributions contrary to applicable prudential standards.

Margin (expressed as a percentage per annum) means, for a Note, the margin specified in, or determined in accordance with, the Bookbuild; and

Rate Disruption Event means that, in NAB’s opinion, the rate described in paragraph (a) of the definition of “Bank Bill Rate”:

(a) has been discontinued or otherwise ceased to be calculated or administered; or

(b) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of the Notes;

Replacement Rate means a rate other than the rate described in paragraph (a) of the definition of “Bank Bill Rate” that is generally accepted in the Australian market as the successor to the Bank Bill Rate, or if NAB is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

(a) a reference rate that is, in NAB’s opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of the Notes; or

(b) such other rate as NAB determines having regard to available comparable indices; and

Tax Rate means the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date (expressed as a decimal).

2.5 Franking adjustments

If a Distribution is not franked to 100% under Part 3-6 of the Tax Act (and any provisions that revise or replace that Part), the Distribution will be calculated according to the following formula:

$$\text{Distribution} = \frac{D}{1 - [\text{Tax Rate} \times (1 - F)]}$$

where:

D means the Distribution calculated under clause 2.4;

Appendix A:

Terms of NAB Capital Notes 6

Tax Rate has the meaning given in clause 2.4; and

F means the applicable Franking Rate.

2.6 Conditions to payment of Distributions

A Distribution will be paid only if:

- (a) the Directors in their sole discretion resolve to pay the relevant Distribution on the relevant Distribution Payment Date; and
- (b) a Payment Condition does not exist on the relevant Distribution Payment Date.

2.7 Distributions are non-cumulative

Distributions are non-cumulative. If all or any part of a Distribution is not paid in full because of the restrictions in clause 2.6 or for any other reason:

- (a) NAB has no liability to pay the unpaid amount of the Distribution;
- (b) Holders have no claim or entitlement in respect of such non-payment; and
- (c) such non-payment does not constitute an event of default.

No interest accrues on any unpaid Distributions and the Holder has no claim or entitlement in respect of interest on any unpaid Distributions.

2.8 Restrictions in the case of non-payment

Subject to clause 2.9, if a Distribution on a Note has not been paid in full (**Relevant Distribution**) on a Distribution Payment Date (**Relevant Distribution Payment Date**) for any reason (including because of the restrictions

in clause 2.6), NAB must not, unless approved by an Ordinary Resolution, until and including the Distribution Payment Date following the Relevant Distribution Payment Date:

- (a) declare, determine to pay or pay any Ordinary Share Dividend; or
- (b) undertake any Buy-Back or Capital Reduction,

unless the Relevant Distribution is paid in full within 3 Business Days of the Relevant Distribution Payment Date.

2.9 Exceptions to restrictions

The restrictions in clause 2.8 do not apply:

- (a) in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of NAB or any member of the Group;
- (b) in connection with NAB or any of its Controlled Entities purchasing shares in NAB:
 - (i) in connection with transactions for the account of customers of NAB or customers of any of its Controlled Entities; or
 - (ii) subject to APRA's prior written approval, in connection with the distribution or trading of shares in NAB in the ordinary course of business;

- (c) to the extent that at the time a Distribution has not been paid on the Relevant Distribution Payment Date, NAB is legally obliged to pay on or after that date an Ordinary Share Dividend

or is legally obliged to complete on or after that date a Buy-Back or Capital Reduction.

2.10 Notification of Distribution, Distribution Rate and other items

- (a) In respect of each Distribution Period, NAB must:
 - (i) determine the Distribution Rate and the Distribution for that Distribution Period in respect of any Note; and
 - (ii) notify the Registrar and ASX as soon as practicable after its determination but, in any event, no later than the fourth Business Day of the Distribution Period.
- (b) NAB must notify the Registrar and ASX at least 5 Business Days before the relevant Record Date (or, if later, as soon as it decides not to pay a Distribution or as soon as a Payment Condition exists) if payment of the Distribution will not be made because of clause 2.6.
- (c) NAB may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify the Registrar and ASX promptly after doing so.

3 Mandatory Conversion on Mandatory Conversion Date

3.1 Mandatory Conversion

Subject to clauses 4 and 5, on the Mandatory Conversion Date NAB must Convert all (but not some)

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Notes on issue at that date into Ordinary Shares in accordance with clause 7 and this clause 3.

3.2 Mandatory Conversion Date

The **Mandatory Conversion Date** will be the first to occur of the following dates (each a **Relevant Mandatory Conversion Date**) on which the Mandatory Conversion Conditions are satisfied:

- (a) 17 September 2032 (the **Scheduled Mandatory Conversion Date**); or
- (b) the first such Distribution Payment Date after the Scheduled Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**).

3.3 Mandatory Conversion Conditions

The **Mandatory Conversion Conditions** for each Relevant Mandatory Conversion Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Mandatory Conversion Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Mandatory Conversion Date on which trading in Ordinary Shares took place) is greater than 56% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Mandatory Conversion Date is greater than 50.51% of the

Issue Date VWAP (the **Second Mandatory Conversion Condition**); and

- (c) no Delisting Event applies in respect of the Relevant Mandatory Conversion Date (the **Third Mandatory Conversion Condition** and together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

3.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Mandatory Conversion Date, NAB will give notice to Holders between the 25th and the 21st Business Day before the Relevant Mandatory Conversion Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Mandatory Conversion Date, NAB will give notice to Holders on or as soon as practicable after the Relevant Mandatory Conversion Date,

(each such notice a **Non-Conversion Notice**) that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Mandatory Conversion Date.

4 Mandatory Conversion on Loss Absorption Event

4.1 Loss Absorption Event

A **Loss Absorption Event** is each of:

- (a) a Common Equity Trigger Event; and
- (b) a Non-Viability Trigger Event.

4.2 Common Equity Trigger Event

- (a) A **Common Equity Trigger Event** occurs when either or both of the Common Equity Tier 1 Ratio in respect of the NAB Level 1 Group and the NAB Level 2 Group as determined by NAB or APRA at any time is equal to or less than 5.125%.
- (b) NAB must immediately notify APRA in writing if it makes a determination under clause 4.2(a).
- (c) If a Common Equity Trigger Event occurs, NAB must immediately convert into Ordinary Shares or write off:
 - (i) all Relevant Tier 1 Capital Instruments; or
 - (ii) a proportion of the Relevant Tier 1 Capital Instruments sufficient to return each of the Common Equity Tier 1 Ratio in respect of the NAB Level 1 Group and the Common Equity Tier 1 Ratio in respect of the NAB Level 2 Group to a percentage above 5.125% determined by NAB for that ratio.

4.3 Non-Viability Trigger Event

- (a) A **Non-Viability Trigger Event** means APRA has provided a written determination to NAB that:
 - (i) the conversion into Ordinary Shares or write off of Relevant Tier 1 Capital Instruments in accordance with their terms or by operation of law is necessary because without the conversion or write off, APRA considers that NAB would become non-viable; or

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- (ii) without a public sector injection of capital into, or equivalent support with respect to, NAB, APRA considers that NAB would become non-viable.
 - (b) If a Non-Viability Trigger Event occurs under clause 4.3(a)(i), NAB must immediately convert into Ordinary Shares or write off:
 - (i) all Relevant Tier 1 Capital Instruments; or
 - (ii) where NAB satisfies APRA that conversion or write off of a proportion of Relevant Tier 1 Capital Instruments will be sufficient to ensure that NAB will not become non-viable, that proportion of Relevant Tier 1 Capital Instruments.
 - (c) Where a Non-Viability Trigger Event occurs under clause 4.3(a)(ii), NAB must immediately convert or write off all Relevant Tier 1 Capital Instruments then outstanding (including the Notes).
- APRA has stated that it will not approve partial conversion or partial write off in those exceptional circumstances where a public sector injection of funds is deemed necessary.*
- #### 4.4 Loss Absorption Event Conversion
- (a) On the date on which a Loss Absorption Event occurs (the **Loss Absorption Event Conversion Date**) NAB must immediately determine:
 - (i) the number of Notes that will Convert and the number of other Relevant Tier 1 Capital Instruments which will convert into Ordinary Shares or be written off (in accordance with clause 4.2 or clause 4.3, as applicable); and
 - (ii) the identity of Holders whose Notes will Convert on the Loss Absorption Event Conversion Date and in making that determination may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time.
 - (b) Where NAB is required to Convert some but not all Notes on account of a Loss Absorption Event:
 - (i) NAB must endeavour to select the Notes of Holders to be Converted on an approximately proportionate basis among all Holders, but may make adjustments among Holders to take account of the effect on marketable parcels and other logistical considerations, provided always that nothing in the making of the selection or the adjustments is to delay or impede the Conversion taking effect on the Loss Absorption Event Conversion Date; and
 - (ii) where the specified currency of Relevant Tier 1 Capital Instruments is not the same for all Relevant Tier 1 Capital Instruments, NAB may treat them as if converted into a single currency of NAB's choice at such rate of exchange as NAB considers reasonable but may make adjustments among Holders and holders of other Relevant Tier 1 Capital Instruments having regard to the need to effect conversion immediately.
 - (c) Despite any other provision in these Terms, on the Loss Absorption Event Conversion Date the relevant number (as determined under this clause 4.4) of Notes will Convert immediately and irrevocably.
 - (d) A Loss Absorption Event occurs immediately on the day when NAB determines or is notified by APRA of the event whether or not the day is a Business Day and NAB must perform the obligations in respect of it on that day accordingly.
 - (e) None of the following shall prevent, impede or delay the Conversion of Notes as required by this clause 4.4:
 - (i) any failure to convert into Ordinary Shares or write off, or delay in the conversion into Ordinary Shares or write off of, other Relevant Tier 1 Capital Instruments;
 - (ii) any failure or delay in giving a Loss Absorption Event Notice;
 - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion;
 - (iv) any obligation to treat Holders proportionately or to make the determinations or adjustments in accordance with clause 4.4(b); or

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- (v) any decision as to the identity of Holders whose Notes are to be Converted or Written Off.
- (f) From the Loss Absorption Event Conversion Date NAB shall treat the Holder in respect of its Notes as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion.

4.5 Write Off following failure to Convert

If Conversion required in respect of a Note on account of a Loss Absorption Event has not been effected within 5 days after the Loss Absorption Event Conversion Date for any reason (including an Inability Event), then Conversion will not occur and each such Note which, but for this clause 4.5, would be required to be Converted, will be Written Off with effect on and from the Loss Absorption Event Conversion Date.

Written Off means that, in respect of a Note and a Loss Absorption Event Conversion Date:

- (a) the Note will not be Converted in respect of the Loss Absorption Event Conversion Date and will not be Converted, Redeemed or Resold under these Terms on any subsequent date;
- (b) the relevant Holders' rights (including to payments of Distributions and Face Value) in relation to such Note are immediately and irrevocably terminated and written off with effect on and from the Loss Absorption Event Conversion Date.

4.6 Loss Absorption Event Notice

As soon as practicable following the occurrence of a Loss Absorption Event, NAB must give notice of the Loss Absorption Event (a **Loss Absorption Event Notice**) to the Registrar, ASX and the Holders which states the Loss Absorption Event Conversion Date, the number of Notes Converted or Written Off and the relevant number of Relevant Tier 1 Capital Instruments converted into Ordinary Shares or written off.

4.7 Priority of Conversion obligations

- (a) Conversion on account of the occurrence of a Loss Absorption Event is not subject to the matters described in clause 3.3 as Mandatory Conversion Conditions.
- (b) Conversion required on account of a Loss Absorption Event takes place on the date, and in the manner, required by clause 4.4, notwithstanding any other provision for Conversion, Redemption or Resale in these Terms.
- (c) In the event of any conflict between the requirements of clauses 4.3 and 4.2, clause 4.3 prevails.

5 Mandatory Conversion on Acquisition Event

5.1 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, NAB must Convert all (but not some only) Notes on the Acquisition Conversion Date by notice (an **Acquisition Conversion Notice**) to the Registrar, ASX and the Holders

in accordance with this clause 5 and clause 7.

5.2 Acquisition Conversion Notice

Subject to clause 5.3, NAB must give an Acquisition Conversion Notice to the Registrar, ASX and the Holders as soon as practicable and in any event within 10 Business Days after becoming aware of an Acquisition Event.

An Acquisition Conversion Notice must specify:

- (a) the details of the Acquisition Event to which the Acquisition Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Acquisition Conversion Date**), which must be:
 - (i) the Business Day prior to the date reasonably determined by NAB to be the last date on which holders of Ordinary Shares are likely to be able to participate in the bid or scheme concerned or such other earlier date as NAB may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
 - (ii) such later date as APRA may require; and
- (c) whether any Distribution will be paid in respect of the Notes on the Acquisition Conversion Date.

5.3 Where Acquisition Conversion Notice not required

Notwithstanding any provision of clause 5.1 or clause 5.2, NAB is not required to give an Acquisition Conversion Notice if either or both of the Optional Conversion

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Restrictions would apply (reading those restrictions as if a reference to an Optional Conversion Notice were a reference to an Acquisition Conversion Notice). In those circumstances, clause 5.4 will apply.

5.4 Deferred Conversion on Acquisition Event

If clause 5.3 applies or NAB has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2, either the Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Terms (but without limitation to the operation of clause 4.7):

- (a) the Acquisition Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Acquisition Conversion Date specified in the Acquisition Conversion Notice;
- (b) NAB will notify the Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a **Deferred Acquisition Conversion Notice**); and
- (c) NAB must, unless clause 5.3 then applies, give an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Distribution Payment Date which is at least 25 Business Days after the date on which the

Deferred Acquisition Conversion Notice was given.

The Acquisition Conversion Notice given in accordance with paragraph (c) above must comply with the requirements in clause 5.2.

If this clause 5.4 applies but:

- (i) clause 5.3 applies in respect of the Distribution Payment Date referred to in paragraph (c) such that no Acquisition Conversion Notice (or, as the case may be, no new Acquisition Conversion Notice) is given under this clause 5.4; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 5.4 but, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Mandatory Conversion Date for the purpose of clause 3.2, either the Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 5.4 will be reapplied in respect of each subsequent scheduled quarterly Distribution Payment Date until a Conversion occurs.

6 Optional Conversion

6.1 Optional Conversion by NAB

NAB may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an **Optional**

Conversion Notice) elect to Convert:

- (a) all or some Notes on an Optional Conversion Date following the occurrence of a Tax Event or a Regulatory Event;
- (b) all or some Notes on an Optional Conversion Date following the occurrence of a Potential Acquisition Event; or
- (c) all or some Notes on:
 - (i) 17 December 2029;
 - (ii) 17 March 2030;
 - (iii) 17 June 2030; or
 - (iv) 17 September 2030,each, a "**Scheduled Optional Conversion Date**".

Holders should not expect that APRA's approval will be given for a Conversion of Notes under these Terms.

6.2 When an Optional Conversion Notice may be given

An Optional Conversion Notice under this clause 6 may be given:

- (a) in the case of clause 6.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable) provided that an Optional Conversion Notice cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date;
- (b) in the case of clause 6.1(b), on any day following the occurrence of the Potential Acquisition Event;
- (c) in the case of clause 6.1(c), no earlier than 50 Business Days

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and no later than 25 Business Days before the Scheduled Optional Conversion Date to which it relates.

Subject to clause 4.7, an Optional Conversion Notice once given is irrevocable.

6.3 Contents of Optional Conversion Notice

An Optional Conversion Notice must specify:

- (a) in the case of clause 6.1(a) or clause 6.1(b), the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Optional Conversion Notice relates;
- (b) the date on which Conversion is to occur (the **Optional Conversion Date**) which:
 - (i) in the case of a Tax Event or a Regulatory Event, is the Next Distribution Payment Date, unless NAB determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; or
 - (ii) in the case of a Potential Acquisition Event, is:
 - (A) the Business Day prior to the date reasonably determined by NAB to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned; or
 - (B) such other earlier date as NAB may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or

(C) such later date as APRA may require; or

- (iii) in the case of clause 6.1(c), is a Scheduled Optional Conversion Date.
- (c) if less than all Notes are subject to Conversion, the proportion of the Notes that are to be Converted; and
- (d) whether any Distribution will be paid in respect of the Notes to be Converted on the Optional Conversion Date.

6.4 Restrictions on election of Conversion

NAB may not elect to Convert the Notes under this clause 6 if:

- (a) on the second Business Day before the date on which an Optional Conversion Notice is to be sent by NAB (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Non-Conversion Test Date**) the VWAP on that date is less than or equal to 22.50% of the Issue Date VWAP (the **First Optional Conversion Restriction**); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the **Second Optional Conversion Restriction** and together with the First Optional Conversion Restriction, the **Optional Conversion Restrictions**).

6.5 Deferred Conversion on Optional Conversion Date

If NAB has given an Optional Conversion Notice but, if the Conversion Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2, either

the Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

- (a) the Optional Conversion Date will be deferred until the first Distribution Payment Date on which the Mandatory Conversion Conditions (applied as if the percentage of the Issue Date VWAP were 22.50% for the First Mandatory Conversion Condition and 20.20% for the Second Mandatory Conversion Condition) would be satisfied if that Distribution Payment Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2 (the **Deferred Conversion Date**);
- (b) NAB must Convert the Notes on the Deferred Conversion Date (unless the Notes are Converted, Written Off, Redeemed or Resold earlier in accordance with these Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the Notes will continue as if the Optional Conversion Notice had not been given.

NAB will notify the Holders on or as soon as practicable after an Optional Conversion Date in respect of which this clause 6.5 applies that Conversion did not occur on that Conversion Date.

7 Conversion mechanics

7.1 Conversion

If NAB elects to Convert Notes (with APRA's prior written approval) or must Convert Notes in accordance with these Terms, then, subject

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to this clause 7, the following provisions shall apply:

- (a) each Holder will be issued a number of Ordinary Shares for each Note that is being Converted on the Conversion Date equal to the Conversion Number, where the **Conversion Number** is the lesser of the number calculated according to the following formula and the Maximum Conversion Number:

$$\frac{\text{Face Value}}{99\% \times \text{VWAP}}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period;

Maximum Conversion Number means a number calculated according to the following formula:

Maximum Conversion Number =

$$\frac{\text{Face Value}}{(\text{Issue Date VWAP} \times \text{Relevant Fraction})}$$

where:

Relevant Fraction means:

- (A) if Conversion is occurring on a Mandatory Conversion Date, 0.5; and
- (B) if Conversion is occurring for any other reason, 0.2.

- (b) each Holder's rights (including to payment of Distributions, other than the Distribution if any, payable on a Conversion Date that is not a Loss Absorption Event Conversion Date) in relation to each Note that is being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value of that Note and NAB will apply the Face

Value by way of payment for subscription for the Conversion Number of Ordinary Shares to be issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1(b) is to be applied as provided for in this clause 7.1(b) and no Holder has any right to payment in any other way;

- (c) if the total number of Ordinary Shares to be issued to a Holder in respect of their aggregate holding of Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and

- (d) the rights attaching to the Ordinary Shares issued upon Conversion do not take effect until 5.00pm Sydney time on the Mandatory Conversion Date, Acquisition Conversion Date or the Optional Conversion Date (as the case may be) or, in the case of a Conversion on the Loss Absorption Event Conversion Date, the time at which such Conversion occurs on that date. At that time:

- (i) all other rights conferred or restrictions imposed on that Note under these Terms will no longer have effect (except for rights relating to a Distribution which has been determined to be payable on a Conversion Date (that is not a Loss Absorption Event Conversion Date), which rights will continue); and
- (ii) the Ordinary Shares issued upon the Conversion will rank equally with all other Ordinary Shares.

7.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (the **Cum Value**) equal to:

- (i) (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
- (ii) (in the case of any other entitlement that is not a dividend or other distribution under clause 7.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which

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those entitlements were traded; or

(iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Directors; and

(b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Notes will Convert into Ordinary Shares in respect of which the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

7.3 Adjustments to VWAP for divisions and similar transactions

(a) Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for that VWAP Period the VWAP on each Business Day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by multiplying it by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

(b) Any adjustment made by NAB in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to the Holders.

7.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made in accordance with clauses 7.2 and 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

(a) may be made in accordance with clauses 7.5 to 7.7 (inclusive); and

(b) if so made, will correspondingly:

- (i) affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
- (ii) cause an adjustment to the Maximum Conversion Number.

(c) Any adjustment made by NAB in accordance with clause 7.5(a) or 7.6(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

7.5 Adjustments to Issue Date VWAP for bonus issues

(a) Subject to clause 7.5(b), if NAB makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

(b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purpose of clause 7.5(a), an issue will be regarded as a pro rata issue notwithstanding that NAB does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing NAB is not in contravention of the ASX Listing Rules.

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(d) No adjustments to the Issue Date VWAP will be made under this clause 7.5 for any offer of Ordinary Shares not covered by clause 7.5(a), including a rights issue or other essentially pro rata issue.

(e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 7.5(a) shall not in any way restrict NAB from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

7.6 Adjustment to Issue Date VWAP for divisions and similar transactions

(a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, NAB shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and
B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

(b) Each Holder acknowledges that NAB may consolidate, divide or reclassify securities so that there is a lesser or greater number of

Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

7.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 7.5 and 7.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

7.8 Announcement of adjustments

NAB will notify the Registrar, ASX and the Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 7 within 10 Business Days of NAB determining the adjustment.

7.9 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks equally with all other fully paid Ordinary Shares.

7.10 Listing Ordinary Shares issued on Conversion

NAB shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of Notes on ASX.

7.11 Failure to Convert (other than on account of a Loss Absorption Event)

If on a Conversion Date (other than a Loss Absorption Event Conversion Date), an Ordinary Share is not issued or delivered in respect of a Note, that Note remains on issue (and will

continue to entitle the Holder to Distributions in accordance with clause 2) until the Ordinary Share is issued to the Holder (which date shall be the Conversion Date in respect of that Note) or the Note is Redeemed (which date shall be the Redemption Date in respect of that Note) or Resold (which date shall be the Resale Date in respect of that Note), and a Holder shall have no claim in respect of that failure other than for specific performance of the obligation to issue or deliver the Ordinary Shares. This clause 7.11 does not affect the obligation of NAB to issue or deliver the Ordinary Shares when required in accordance with these Terms.

7.12 Issue to an Eligible Nominee

(a) Where Notes are required to be Converted and:

- (i) the Notes are held by a Foreign Holder, unless NAB is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder, either unconditionally or after compliance with conditions which NAB in its absolute discretion regards as acceptable and not unduly onerous; or
- (ii) the Holder has notified NAB that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given by the Holder at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date;

the Ordinary Shares which the Holder is obliged to accept will be issued to a nominee (which must not be NAB or any

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Related Entity of NAB) (**Eligible Nominee**) but otherwise in accordance with clause 7.1 and on terms that, at the first reasonable opportunity to sell the Ordinary Shares, the Eligible Nominee will arrange for their sale and pay to the relevant Holder on a date determined by the Eligible Nominee a cash amount equal to the Attributable Proceeds of the relevant Holder.

- (b) Where Notes are required to be Converted and a Tax Withholding or FATCA Withholding is required or permitted to be made in respect of Ordinary Shares issued on Conversion of the Notes, the Ordinary Shares which the Holder is obliged to accept will be issued to the Holder only to the extent (if at all) that the issue is net of any such Tax Withholding or FATCA Withholding and NAB will issue the balance of the Ordinary Shares (if any) to an Eligible Nominee who will sell those Ordinary Shares and deal with any proceeds of their disposal in accordance with law or any agreement with a governmental authority or FATCA (as relevant).
- (c) The issue of Ordinary Shares in accordance with clause 7.12(a) or clause 7.12(b) above (as applicable) will satisfy all obligations of NAB in connection with the Conversion, the Notes will be deemed Converted and will be dealt with in accordance with clause 7.1 and, on and from the issue of Ordinary Shares, the rights of a Holder the subject of clause 7.12(a) or clause 7.12(b) above are limited to its rights in respect of the Ordinary Shares

or the Attributable Proceeds as provided in those clauses.

- (d) Without prejudice to the express obligations of NAB and the Eligible Nominee under this clause 7.12:
- (i) NAB has no duty to enquire into the law of a Foreign Holder's country of residence; and
 - (ii) neither NAB nor any Eligible Nominee owes any obligations or duties to Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares where required by this clause 7.12.
- (e) If Conversion is occurring because of the occurrence of a Loss Absorption Event and has not been effected within 5 days after the Conversion Date for any reason (including an Inability Event), then clause 4.5 will apply.

8 Optional Redemption

8.1 Optional Redemption by NAB

NAB may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an **Optional Redemption Notice**), elect to Redeem:

- (a) all or some Notes on a Redemption Date following the occurrence of a Tax Event or a Regulatory Event; or
- (b) all or some Notes on:
 - (i) 17 December 2029;
 - (ii) 17 March 2030;
 - (iii) 17 June 2030; or
 - (iv) 17 September 2030,

each, a "**Scheduled Optional Redemption Date**".

Holders should not expect that APRA's approval will be given for any Redemption of Notes under these Terms.

8.2 When Optional Redemption Notice may be given

An Optional Redemption Notice under this clause 8 may be given:

- (a) in the case of clause 8.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable) provided that an Optional Redemption Notice cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date; and
- (b) in the case of clause 8.1(b), no earlier than 60 Business Days and no later than 5 Business Days before the Scheduled Optional Redemption Date to which it relates.

Subject to clause 4.7, an Optional Redemption Notice once given is irrevocable.

8.3 Contents of Optional Redemption Notice

An Optional Redemption Notice must specify:

- (a) in the case of clause 8.1(a), the details of the Tax Event or Regulatory Event to which the Optional Redemption Notice relates;
- (b) the date on which Redemption is to occur (the **Redemption Date**), which:

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- (i) in the case of a Tax Event or a Regulatory Event, is the Next Distribution Payment Date, unless NAB determines an earlier Redemption Date having regard to the best interests of Holders as a whole and the relevant event; or
- (ii) in the case of clause 8.1(b), a Scheduled Optional Redemption Date;
- (c) if less than all Notes are subject to Redemption, the proportion of the Notes that are to be Redeemed; and
- (d) whether any Distribution will be paid in respect of the Notes to be Redeemed on the Redemption Date.

8.4 Restrictions on election by NAB of Redemption

NAB may only elect to Redeem the Notes if APRA is satisfied that either:

- (a) Notes the subject of the Redemption are replaced concurrently or beforehand with a capital instrument of the same or better quality and the replacement of the instrument is done under conditions that are sustainable for NAB's income capacity; or
- (b) the capital position of the NAB Level 1 Group and the NAB Level 2 Group will remain adequate after NAB elects to Redeem the Notes.

9 Redemption mechanics

9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 8.4, NAB elects

to Redeem a Note in accordance with these Terms, the provisions of this clause 9 apply to that Redemption.

9.2 Redemption

Notes will be redeemed by payment on the Redemption Date of an amount equal to the Face Value to the Holder.

9.3 Effect of Redemption on Holders

On the Redemption Date the only right Holders will have in respect of Notes will be to obtain the Face Value payable in accordance with these Terms and any Distribution NAB has determined is payable on that date. Upon the Face Value being paid (or taken to be paid in accordance with clause 14), all other rights conferred, or restrictions imposed, by Notes will no longer have effect.

10 Optional Resale

10.1 Optional Resale by NAB

NAB may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an **Optional Resale Notice**), elect to Resell:

- (a) all or some Notes on a Resale Date following the occurrence of a Tax Event or a Regulatory Event; or
- (b) all or some Notes on:
 - (i) 17 December 2029;
 - (ii) 17 March 2030;
 - (iii) 17 June 2030; or
 - (iv) 17 September 2030,each, a "**Scheduled Optional Resale Date**".

Holders should not expect that APRA's approval will be given for any Resale of Notes under these Terms.

10.2 When Optional Resale Notice may be given

An Optional Resale Notice under this clause 10 may be given:

- (a) in the case of clause 10.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable) provided that an Optional Resale Notice cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date; or
- (b) in the case of clause 10.1(b), no earlier than 60 Business Days and no later than 5 Business Days before the Scheduled Optional Resale Date to which it relates.

Subject to clauses 4.7, 11.2 and 11.6, an Optional Resale Notice once given is irrevocable.

10.3 Contents of Optional Resale Notice

An Optional Resale Notice must specify:

- (a) in the case of clause 10.1(a), the details of the Tax Event or Regulatory Event to which the Optional Resale Notice relates;
- (b) the date on which Resale is to occur (the **Resale Date**), which:
 - (i) in the case of a Tax Event or a Regulatory Event, is the Next Distribution Payment Date, unless NAB determines an earlier Resale Date having regard to the best interests of Holders as a whole and the relevant event; or

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- (ii) in the case of clause 10.1(b), a Scheduled Optional Resale Date;
- (c) if less than all Notes are subject to Resale, the proportion of the Notes that are to be Resold;
- (d) the identity of the Nominated Purchasers for that Resale and the Resale Price; and
- (e) whether any Distribution will be paid in respect of the Notes to be Resold on the Resale Date.

11 Resale mechanics

11.1 Resale mechanics

If NAB elects to Resell Notes in accordance with these Terms, subject to clause 11.2, the provisions of this clause 11 apply to that Resale.

11.2 Appointment of Nominated Purchaser

- (a) NAB must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between NAB and the Nominated Purchasers (and, to the extent any such conditions may cause the Notes to cease to be Additional Tier 1 Capital, with the prior written approval of APRA) including:
 - (i) as to the conditions of any Resale, the procedures for settlement of such Resale and the circumstances in which the Optional Resale Notice may be amended, modified, added to or restated;
 - (ii) as to the substitution of another entity (not being NAB or a Related Entity of NAB) as Nominated Purchaser if, for any reason,

NAB is not satisfied that the Nominated Purchaser will perform its obligations under this clause 11; and

- (iii) as to the terms (if any) on which any Notes acquired by a Nominated Purchaser may be Redeemed, Converted or otherwise dealt with.
- (b) If NAB appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by NAB for the Resale Price.

11.3 Identity of Nominated Purchasers

NAB may not appoint itself or any Related Entity of NAB as a Nominated Purchaser.

11.4 Irrevocable offer to sell Notes

Each Holder on the Resale Date is taken irrevocably to offer to sell Notes the subject of an Optional Resale Notice to the Nominated Purchaser or Nominated Purchasers on the Resale Date for the Resale Price.

11.5 Effect of Resale

On the Resale Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

11.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Resale Date (a **Defaulting Nominated Purchaser**):

- (a) the Optional Resale Notice as it relates to the Defaulting Nominated Purchaser will be void;
- (b) Notes will not be transferred to the Defaulting Nominated Purchaser on the Resale Date; and
- (c) Holders will continue to hold the Notes referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Terms.

12 General provisions relating to optional Conversion, Redemption and Resale

12.1 Treatment of Holders

At any time that NAB may elect for the Notes to be Converted, Redeemed or Resold, NAB may specify which of Conversion, Redemption and Resale applies to a particular Note. Without limitation to the foregoing:

- (a) NAB may select any one or more of Conversion, Redemption or Resale to apply to the Note held by a Holder; and
- (b) NAB may select a different combination of Conversion, Redemption and Resale in respect of Notes held by different Holders,

but otherwise NAB must endeavour to treat Holders in approximate proportion to their holdings

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of Notes (except that NAB may discriminate to take account of the effect on marketable parcels and other logistical considerations).

12.2 Holder acknowledgements relating to Conversion

Each Holder irrevocably:

- (a) upon Conversion of Notes in accordance with these Terms, consents to becoming a member of NAB and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion;
- (b) acknowledges and agrees that it is obliged to accept Ordinary Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:
 - (i) any change in the financial position of NAB since the Issue Date;
 - (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally; or
 - (iii) any breach by NAB of any obligation in connection with the Notes;
- (c) acknowledges and agrees that:
 - (i) where clause 4.4 applies:
 - (A) there are no other conditions to a Loss Absorption Event occurring as and when provided in clauses 4.2, 4.3 and 4.4;
 - (B) Conversion must occur immediately on the Loss Absorption Event and that may result in disruption or failures in

trading or dealings in the Notes;

- (C) it will not have any rights to vote or right of approval in respect of any Loss Absorption Event Conversion; and
- (D) the Ordinary Shares issued on Loss Absorption Event Conversion may not be quoted at the time of issue, or at all;
- (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
- (iii) the only conditions to a Conversion under clause 5 or a Conversion under clause 6 are the conditions expressly applicable to such Conversion as provided in clauses 5 and 6 and no other conditions or events will affect Conversion;
- (iv) clause 4.5 is a fundamental term of the Notes and where this applies, no other conditions or events will affect its operation; and
- (v) a Holder has no right to request a Conversion, Redemption or Resale of any Note or to determine whether (or in what combination) Notes are Converted, Redeemed or Resold; and
- (d) agrees to provide to NAB any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to Notes on the occurrence of the Conversion.

12.3 Purchases

NAB or any Related Entity of NAB may at any time purchase the Notes in the open market or otherwise and at any price or consideration, subject to the prior written approval of APRA.

Holders should not expect that APRA's approval will be given for any purchase of Notes under these Terms.

13 Title and transfer

13.1 Title

Title to a Note passes when details of the transfer are entered in the Register.

13.2 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

13.3 Non-recognition of interests

- (a) Except as required by law or directive and as provided in these Terms, NAB and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note.
- (b) No notice of any trust, Encumbrance or other interest in, or claim to, any Notes will be entered in the Register. Neither NAB nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any Notes, except as ordered by a court

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of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any Notes will in any way affect any provision of these Terms (including without limitation any transfer of the Notes contemplated by this clause 13).

- (c) This clause 13.3 applies whether or not a payment has been made when scheduled on a Note and despite any notice of ownership, trust or interest in the Note.

13.4 Joint Holders

Where two or more persons are entered in the Register as joint Holders of a Note, they are taken to hold the Note as joint tenants with a right of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of a Note.

13.5 Dealings in whole

At all times, the Notes may be held or transferred only in whole Notes.

13.6 Transfer

Subject to the ASX Listing Rules, the Notes will be transferable only in accordance with these Terms and the rules and regulations of CHESS.

13.7 Instruments of transfer

A Holder may transfer a Note:

- by a proper transfer according to the rules and regulations of CHESS;
- by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- under any other method of transfer which operates

in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted or which is applicable to NAB; or

- by any proper or sufficient instrument of transfer of marketable securities under applicable law.

13.8 Transfer on the occurrence of certain events

The Registrar must register a transfer of a Note to or by a person who is entitled to make or receive the transfer as a consequence of:

- death, bankruptcy, liquidation or winding up of a Holder; or
- a vesting order by a court or other body with power to make the order,

on receipt of such evidence of entitlement that the Registrar or NAB requires.

13.9 Power to refuse to register

If permitted by the ASX Listing Rules, NAB may:

- request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of Notes from being registered on the CS Facility's sub-register; or
- refuse to register a transfer of Notes to which paragraph (a) does not apply.

13.10 Obligation to refuse to register

NAB must:

- request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of Notes from being registered on the CS Facility's sub-register; or

- refuse to register a transfer of Notes to which paragraph (a) does not apply;

if:

- the ASX Listing Rules require NAB to do so; or
- the transfer is in breach of the ASX Listing Rules.

13.11 Written notice to Holder of holding lock or refusal

If in the exercise of its rights under clause 13.9 or 13.10, NAB requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, NAB must give written notice of the request or refusal to the Holder of the Notes, the transferee and the broker lodging the transfer, if any. Failure to give such notice does not invalidate NAB's decision.

14 Payments

14.1 Payments to Holders

Each payment in respect of a Note will be made to the person that is recorded in the Register as the Holder of that Note as at the Relevant Time on the Record Date for that payment.

14.2 Payments to accounts

Payments will be made by crediting on the relevant payment date the amount due to an Australian Dollar bank account maintained in Australia with a financial institution, specified by the Holder to the Registrar by close of business on the Record Date for that payment, or in any other manner NAB determines.

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14.3 Uncompleted payments

If:

- (a) a Holder has not notified the Registrar by close of business on the Record Date of an Australian Dollar bank account maintained in Australia with a financial institution to which payments in respect of the Note may be credited; or
- (b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason,

NAB will send a notice to the address most recently notified by the Holder advising of the uncompleted payment and the amount of the uncompleted payment will be held as a deposit in a non-interest bearing, special purpose account maintained by NAB or the Registrar until the first to occur of the following:

- (i) the Holder nominates a suitable Australian Dollar account maintained in Australia with a financial institution to which the payment may be credited;
- (ii) claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of NAB; or
- (iii) NAB becomes entitled or obliged to deal with the amount in accordance with the law relating to unclaimed monies.

When this clause 14.3 applies the amount payable in respect of the Notes shall be treated as having been paid on the date scheduled for payment and no interest is payable in respect of any delay in payment.

14.4 Time limit on claims

A claim against NAB for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

14.5 Determination and calculation final

Except where there is fraud or a manifest error, any determination or calculation which NAB makes in accordance with these Terms is final and binds NAB, the Registrar and each Holder.

14.6 Rounding

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 percent being rounded up to 0.00001 percent);
- (b) all figures must be rounded to four decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable in respect of a Holder's aggregate holding of Notes must be rounded to the nearest cent (with halves being rounded up).

14.7 Joint Holders

A payment to any one joint Holder of a Note will discharge NAB's liability in respect of the payment.

14.8 No set-off

A Holder does not have any right to set-off any amounts owing to it by NAB in connection with the Notes against any amount owing by it to NAB in connection with the Notes or otherwise.

NAB does not have any right to set-off any amounts owing to it by a Holder against any amount owing by it to the Holder in connection with the Notes.

14.9 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 15.

14.10 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day, then the due date for payment will be postponed to the next day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

Nothing in this clause 14.10 applies to any payment referred to in clause 7.1(b) on a Loss Absorption Event Conversion Date.

15 Taxation

15.1 Withholdings and deductions

NAB must make all payments in respect of Notes, and issuances of Ordinary Shares, without set-off or counterclaim and without any withholding or deduction in respect of Taxes, unless the withholding or deduction is required by law or any

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agreement with a governmental authority, or permitted by this clause 15.

15.2 FATCA

NAB, in its absolute discretion, may withhold or deduct from payments or from the issue of Ordinary Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, the issue of Ordinary Shares and the Holder's Notes in accordance with FATCA.

NAB, in its absolute discretion, may require information from the Holder to be provided to the IRS or any other relevant authority, to determine the applicability of any withholding under or in connection with FATCA.

15.3 No gross up

If any Tax Withholding arises under or in connection with applicable law or FATCA, NAB will not be required to pay any further amounts or issue any further Ordinary Shares on account of such Tax Withholding or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Notes for or in respect of any such Tax Withholding and it will be taken to have made the payment or issue of Ordinary Shares to the Holder in full by accounting for the Tax Withholding to the relevant revenue authority and paying the balance to the Holder.

15.4 Tax file number

NAB will, if required, withhold an amount from payments of

Distributions on the Notes at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian Business Number or exemption details.

16 Ranking and subordination

16.1 Ranking of Distributions

Notes rank in respect of payment of Distributions:

- (a) in priority to Ordinary Shares;
- (b) equally and without any preference amongst themselves and all Equal Ranking Instruments; and
- (c) junior to the claims of all Senior Creditors.

16.2 Ranking in a winding up

- (a) If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution passed, for the winding up of NAB in Australia, the Notes are redeemable for their Face Value in accordance with this clause 16.2.
- (b) In a winding up of NAB in Australia, a Note confers upon the Holder, subject to clauses 4.4 and 4.5, the right to payment in cash of the Face Value on a subordinated basis in accordance with clause 16.2(c), but no further or other claim on NAB in the winding up of NAB in Australia.
- (c) Holders will rank for payment of the Face Value in a winding up of NAB in Australia:
 - (i) in priority to Ordinary Shares;

- (ii) equally among themselves and with the claims of all Equal Ranking Instruments; and

- (iii) junior to the claims of all Senior Creditors with respect to priority of payment in a winding up in that:

- (A) all claims of Senior Creditors must be paid in full (including in respect of any entitlement to interest under section 563B of the Corporations Act) before the claims of Holders are paid; and
- (B) until the Senior Creditors have been paid in full, the Holders must not claim in the winding up of NAB in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive,

so that the Holder receives, for each Note it holds, an amount equal to the amount it would have received if, in the winding up of NAB, it had held an issued and fully paid Preference Share.

- (d) Nothing in this clause 16.2:
 - (i) creates a charge or security interest on or over any right of the Holder; or
 - (ii) requires the consent of any Senior Creditor to any amendment of these Terms made in accordance with clause 18.

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16.3 Agreements of Holders as to subordination

Each Holder irrevocably agrees that:

- (a) clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;
- (c) not to exercise any voting or other rights as a creditor in the winding up of NAB in any jurisdictions:
 - (i) until after all Senior Creditors have been paid in full; or
 - (ii) otherwise in a manner inconsistent with the subordination contemplated by clause 16.2;
- (d) it must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding up of NAB in respect of a Note in excess of its entitlement under clause 16.2; and
- (e) the debt subordination effected by clause 16.2 is not affected by any act or omission of NAB or a Senior Creditor which might otherwise affect it at law or in equity.

16.4 Further agreements of Holders

Each Holder irrevocably acknowledges and agrees that:

- (a) a Holder has no right to apply for NAB to be wound up, or

placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of NAB merely on the grounds that NAB does not or is or may become unable to pay a Distribution when scheduled in respect of Notes; and

- (b) these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Payment Date will not constitute an event of default.

16.5 Unsecured

Notes are unsecured.

17 Meetings of Holders and voting rights

17.1 Meetings of Holders

Meetings of Holders may be held in accordance with the Meetings Provisions. A meeting may consider any matter affecting the interests of Holders, including any amendment to these Terms proposed by NAB in accordance with clause 18.

17.2 Requirement for APRA approval

An amendment or addition to these Terms which may affect the eligibility of the Notes as Additional Tier 1 Capital cannot be approved by Holders without the prior written approval of APRA.

17.3 Voting rights

A Note does not entitle its Holder to attend or vote at a general meeting of NAB.

18 Amendment of these Terms

18.1 Amendments without consent

- (a) Subject to complying with all applicable laws, to clause 18.1(c) and to obtaining APRA's prior written approval where required in accordance with clause 18.4, NAB may without the authority, assent or approval of the Holders, amend these Terms and the NAB Capital Notes 6 Deed Poll if NAB is of the opinion that the amendment:
 - (i) is of a formal, minor or technical nature;
 - (ii) is made to cure any ambiguity or correct any manifest error;
 - (iii) is necessary or expedient for the purpose of enabling the Notes to be listed or to remain listed on a stock exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
 - (iv) is necessary or expedient for the purpose of complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which NAB may propose to seek a listing or quotation of the Notes;
 - (v) is necessary and appropriate to effect the substitution under clause 19;
 - (vi) is made to amend any date or time period stated,

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required or permitted in connection with any Conversion, Redemption or Resale (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by NAB or a member of the Group);

(vii) is made to:

(A) amend the terms of the Notes to align them with any Relevant Tier 1 Capital Instruments issued after the Issue Date; or

(B) amend the definition of Relevant Tier 1 Capital Instruments on account of the issue after the Issue Date of capital instruments of any member of the Group; or

(viii) is not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether the amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.

(b) Subject to complying with all applicable laws and clause 18.1(c) and with APRA's prior written approval where required in accordance with clause 18.4, NAB may without the authority, assent or approval of the Holders, amend these Terms if NAB is of the reasonable opinion that the amendment

is necessary and appropriate to effect the substitution of an Approved NOHC as issuer of the Ordinary Shares on Conversion in the manner contemplated by these Terms including without limitation amendments and additions to effect a substitution in accordance with clause 19.

(c) If NAB considers that the amendment will be materially prejudicial to the interests of Holders as a whole, the amendment may only be made if it has been approved by a Special Resolution of Holders. In considering the rights of Holders as a whole NAB need not take into account the taxation and regulatory capital consequences to Holders (or any class of Holders) or other special consequences which are personal to a Holder (or any class of Holders).

18.2 Amendment with consent

Without limiting clause 18.1, NAB may amend or add to these Terms or the NAB Capital Notes 6 Deed Poll if the amendment or addition has been approved by a Special Resolution of Holders. An amendment or addition to these Terms or the NAB Capital Notes 6 Deed Poll which may affect the eligibility of the Notes as Additional Tier 1 Capital cannot be approved by Holders under this clause 18 without the prior written approval of APRA.

18.3 Notification of amendment to APRA

NAB will promptly notify APRA of any amendments made in accordance with this clause 18.

18.4 Requirement for APRA approval

A requirement in this clause 18 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of Notes as Additional Tier 1 Capital.

18.5 Meaning of amend and amendment

In this clause 18, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

19 Substitution

19.1 Substitution of Approved NOHC as issuer of Ordinary Shares

Where:

- (a) NAB proposes to implement a NOHC Event involving an Approved NOHC; and
- (b) the Approved NOHC agrees for the benefit of Holders:
 - (i) to deliver fully paid ordinary shares in its capital under all circumstances when NAB would otherwise have been required to deliver Ordinary Shares and upon the occurrence of an Acquisition Event with respect to the Approved NOHC, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and
 - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in

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order to procure quotation of all ordinary shares in the capital of the Approved NOHC issued under these Terms (with all necessary modifications) on the securities exchange on which the other ordinary shares in the capital of the Approved NOHC are quoted at the time of a Conversion,

NAB may give a notice (an **Approved NOHC Substitution Notice**) to the Holders (which, if given, must be given as soon as practicable before the NOHC Event and in any event no later than 10 Business Days before the NOHC Event occurs) specifying the amendments to these Terms which will be made in accordance with clause 19.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**). An Approved NOHC Substitution Notice, once given, is irrevocable. If NAB gives an Approved NOHC Substitution Notice to Holders in accordance with clause 19.4, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice. No proposal to implement a NOHC shall prevent, impede or delay a Conversion required on account of a Loss Absorption Event.

19.2 Amendment without consent for substitution of an Approved NOHC

Subject to complying with all applicable laws and with APRA's prior written approval, if the circumstances described in clauses 19.1(a) and 19.1(b) apply, without

the authority, assent or approval of Holders, NAB may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of "Conversion" such that, unless APRA otherwise agrees, on the date Notes are to be Converted:
 - (i) each Note that is being Converted will be automatically transferred by each Holder free from Encumbrance to the Approved NOHC (or another member of the Group which is a holding company of NAB) (the **Transferee**) on the date the Conversion is to occur;
 - (ii) each Holder (or in the circumstances contemplated in clause 7.12, the Eligible Nominee) will be issued a number of ordinary shares in the capital of the Approved NOHC equal to the Conversion Number; and
 - (iii) as between NAB and the Transferee, each Note held by the Transferee as a result of the transfer will be automatically Converted into Ordinary Shares, in a number such that the total number of Ordinary Shares held by the Transferee increases by the number which equals the number of ordinary shares in the capital of the Approved NOHC issued by the Approved NOHC to Holders on Conversion; and
- (b) makes such other amendments as in NAB's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the

provider of the ordinary shares on Conversion in the manner contemplated by these Terms, including without limitation:

- (i) amendments and additions to the definition of "Group", "Acquisition Event", "Common Equity Trigger Event", "Non-Viability Trigger Event", "Loss Absorption Event", "Regulatory Event", "Tax Event" and "Mandatory Conversion";
- (ii) where the terms upon which the Approved NOHC acquires NAB are such that the number of ordinary shares in the capital of the Approved NOHC on issue immediately after the substitution differs from the number of Ordinary Shares on issue immediately before the substitution (not involving any cash payment, or other distribution (or compensation) to or by the holders of any such shares), an adjustment to any relevant VWAP or Issue Date VWAP consistent with the principles of adjustment set out in clause 7;
- (iii) amendments to the mechanics for adjusting the Conversion Number; and
- (iv) any term defining the rights of Holders if the Conversion is not effected which is appropriate for the Notes to remain as Tier 1 Capital.

19.3 Further substitutions

After a substitution under clause 19.1, the Approved NOHC may, without the consent of the Holders, effect a further

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substitution in accordance with clause 19.1 (with necessary changes).

19.4 Notice to Holders

NAB or the Approved NOHC must notify the Registrar, ASX and the Holders of the particulars of any substitution according to clause 19.1 or clause 19.3 in writing as soon as practicable after the substitution.

19.5 Acknowledgement of Holders

Each Holder irrevocably acknowledges and agrees that an Approved NOHC may in accordance with these Terms be substituted for NAB as issuer of the Ordinary Shares on Conversion and that if such a substitution is effected, the Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares in NAB.

20 Further issues and no other rights

20.1 Further issues permitted

Each of the following is expressly permitted and authorised by these Terms:

- (a) the allotment or issue of notes, preference shares or other securities, or the conversion of existing securities into preference shares or other securities, ranking equally with, in priority to or junior to, or having different rights from, the Notes then on issue;
- (b) a redemption, conversion, buy-back or return or distribution of capital in respect of any share capital (except as provided by clause 2.8) or any other

securities issued by NAB, whether ranking behind, equally with, or in priority to, the Notes; and

- (c) the incurring or guaranteeing by NAB of any indebtedness upon such terms as NAB thinks fit in its sole discretion.

20.2 No other rights

A Holder of the Notes has no right to participate in the issue of any other securities of NAB and has no claim on NAB other than as expressly set out in these Terms or on any other member of the Group.

21 Notices

21.1 Notices to Holders

All notices, certificates, consents, approvals, waivers and other communications in connection with a Note to the Holders must be in writing and may be:

- (a) so long as the Notes are quoted on ASX, given by publication of an announcement on ASX;
- (b) given by an advertisement published in the Australian Financial Review or The Australian, or any other newspaper nationally circulated within Australia; or
- (c) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication).

21.2 Notices to NAB and the Registrar

All notices, and other communications to NAB and the Registrar must be in writing and

may be sent by prepaid post or left at the address of the registered office of NAB or the Registrar or such other address as is notified to Holders from time to time.

21.3 When effective

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

21.4 Receipt – publication on ASX

If published by an announcement on ASX, communications are taken to be received when the announcement is made on ASX.

21.5 Receipt – publication in newspaper

If published in a newspaper, communications are taken to be received on the first date that publication has been made in all the required newspapers.

21.6 Receipt – postal

Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the sixth succeeding Business Day in the place of the addressee.

21.7 Non-receipt of notice

If there are two or more Holders, the non-receipt of any notice by, or the accidental omission to give any notice to, a Holder does not invalidate the giving of that notice.

22 Governing law and jurisdiction

22.1 Governing law

The Notes are governed by the laws in force in Victoria, Australia.

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22.2 Jurisdiction

NAB submits to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. NAB waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

22.3 Serving documents

Without preventing any other method of service, any document in any action in connection with the Notes may be served on NAB by being delivered or left at NAB's address as set out below:

Attention: Company Secretary
Address: Level 28
395 Bourke Street
Melbourne VIC 3000

or such other address as NAB notifies to ASX as its address (as the case may be) for notices or other communications in respect of the Notes from time to time.

23 Power of attorney

(a) Each Holder appoints each of NAB, its Authorised Officers and any External Administrator of NAB (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, effecting any transfers of Notes, making any entry in the Register or

the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.

(b) The power of attorney given in this clause 23 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

24 Interpretation and definitions

24.1 Definitions

Acquisition Conversion Date has the meaning given in clause 5.2.

Acquisition Conversion Notice has the meaning given in clause 5.1.

Acquisition Event means any one of the following events:

- (a) a takeover bid is made to acquire all or some of the Ordinary Shares and such offer is, or becomes, unconditional, all regulatory approvals necessary for the acquisition to occur have been obtained and either:
- (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (ii) the directors of NAB, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or
- (b) a court orders the holding of meeting(s) to approve a scheme

of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and:

- (i) all classes of members of NAB pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme; and
- (ii) all conditions to the implementation of the scheme, including any necessary regulatory approval (but not including approval of the scheme by the court) have been satisfied or waived

provided that none of the events described above will constitute an Acquisition Event if:

- (c) the event is a NOHC Event;
- (d) the ordinary shares of the NOHC are listed on an internationally recognised stock exchange; and
- (e) the NOHC makes the agreements for the benefit of Holders contemplated by clause 19.1(b).

Additional Tier 1 Capital means the Additional Tier 1 Capital of the NAB Level 1 Group or the NAB Level 2 Group as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 7.8.

amend for the purposes of clause 18, has the meaning given in clause 18.5.

Approved NOHC means a NOHC of the Group arising from a NOHC

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Event in circumstances where the proviso to the definition of Acquisition Event will be satisfied.

Approved NOHC Substitution Notice has the meaning given in clause 19.1.

Approved NOHC Substitution Terms has the meaning given in clause 19.1.

APRA means the Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of NAB or generally) from time to time.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of NAB or generally) from time to time.

Attorney has the meaning given in clause 23(a).

Attributable Proceeds means, in respect of a Holder to whom clause 7.12 applies, an amount equal to the Net Proceeds per Ordinary Share multiplied by the number of Ordinary Shares issued and sold in accordance with clause 7.12 in respect of that Holder.

Australian Dollar means the lawful currency of the Commonwealth of Australia.

Authorised Officers means each director and secretary of NAB and any person delegated on the authority of the board of directors

of NAB to exercise the power of attorney conferred by clause 23.

Bank Bill Rate has the meaning given in clause 2.4.

Banking Act means the Banking Act 1959 (Cth).

Bookbuild means the process conducted by NAB or its agents before the opening of the Offer whereby certain institutional investors and brokers lodge bids for Notes and, on the basis of those bids, NAB determines the Margin and announces its determination on ASX before the opening of the Offer.

Business Day means a day which is both:

- (a) a day on which banks are open for general banking business in both Melbourne and Sydney (not being a Saturday, Sunday or public holiday in either of those places); and
- (b) a day which is a business day for the purposes of the ASX Listing Rules.

Buy-Back means a transaction involving the acquisition by NAB of its Ordinary Shares pursuant to an offer made at NAB's discretion in accordance with the provisions of Part 2J of the Corporations Act.

Capital Reduction means a reduction in capital initiated by NAB in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

CHESS means the Clearing House Electronic Subregister System operated by ASX or its affiliates or any system that replaces it relevant to the Notes (including in respect of the transfer or Conversion of the Notes).

Common Equity Tier 1 Capital means in respect of each of the NAB Level 1 Group and the NAB Level 2 Group has the meaning determined for that term (or its equivalent) by APRA from time to time.

Common Equity Tier 1 Ratio means:

- (a) in respect of the NAB Level 1 Group, the ratio of Common Equity Tier 1 Capital in respect of the NAB Level 1 Group to risk weighted assets of the NAB Level 1 Group; and
- (b) in respect of the NAB Level 2 Group, the ratio of Common Equity Tier 1 Capital in respect of the NAB Level 2 Group to risk weighted assets of the NAB Level 2 Group,

in each case as calculated by the methodology prescribed by APRA from time to time.

Common Equity Trigger Event has the meaning given in clause 4.2.

Constitution means the constitution of NAB as amended from time to time (except where otherwise specified).

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of NAB (or any NOHC that is the holding company of NAB), an entity that NAB (or such NOHC) Controls.

Conversion means, in relation to a Note, to convert that Note into a number of Ordinary Shares in accordance with clause 7, and **Convert**, **Converted** and **Converting** have corresponding meanings.

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Conversion Date means a Mandatory Conversion Date, a Loss Absorption Event Conversion Date, Acquisition Conversion Date or an Optional Conversion Date in respect of a Conversion.

Conversion Number has the meaning given in clause 7.1.

Corporations Act means the Corporations Act 2001 (Cth).

CS Facility means ASX Settlement Pty Limited (ABN 49 008 504 532) or such other applicable clearing and settlement facility prescribed as a CS Facility under the Corporations Act from time to time.

CS Facility Operator means the operator of a CS Facility.

Cum Value has the meaning given in clause 7.2.

Defaulting Nominated Purchaser has the meaning given in clause 11.6.

Deferred Acquisition Conversion Notice has the meaning given in clause 5.4.

Deferred Conversion Date has the meaning given in clause 6.5.

Delisting Event means, in respect of a date, that:

- (a) NAB has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, NAB or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:

- (i) at least 5 consecutive Business Days prior to that date; and
 - (ii) that date; or
- (c) an Inability Event subsists preventing NAB from Converting Notes of Holders generally.

Directors mean the directors of NAB acting as a board or an authorised committee of the board.

Distribution has the meaning given in clause 2.1.

Distribution Payment Date has the meaning given in clause 2.2.

Distribution Period means in respect of:

- (a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Payment Date after the Issue Date; and
- (b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date.

Distribution Rate has the meaning given in clause 2.4.

Eligible Nominee has the meaning given in clause 7.12.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing.

Equal Ranking Instruments

means in respect of the payment of distributions or the payment in a winding up:

- (a) NAB Capital Notes 2;
- (b) NAB Capital Notes 3;
- (c) NAB Capital Notes 5;
- (d) each preference share that NAB has issued or may issue that would rank equally with the NAB CPS (as though such convertible preference shares remained on issue) with respect to priority of payment of dividends or payment in a winding up of NAB; and
- (e) any securities or other instruments that rank in respect of distributions or in a winding up equally with the securities or other instruments described in (a) to (d) above.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official.

Face Value has the meaning given in clause 1.2.

FATCA means sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (“the Code”) (or any consolidation, amendment, re-enactment or replacement of those sections) and including any current or future regulations or official interpretations issued,

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agreements entered into pursuant to section 1471(b) of the Code or non-US laws enacted or regulations or practices adopted pursuant to any intergovernmental agreement in connection with the implementation of those sections.

FATCA Withholding means any withholding or deduction imposed or required pursuant to FATCA.

First Mandatory Conversion Condition has the meaning given in clause 3.3.

First Optional Conversion Restriction has the meaning given in clause 6.4.

First Test Date has the meaning given in clause 3.3(a).

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who NAB otherwise believes may not be a resident of Australia.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of NAB at the relevant Distribution Payment Date.

Government Agency means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Group means NAB (or any NOHC that is the holding company of NAB) and the Controlled Entities of NAB (or of such NOHC).

Holder means a person for the time being Registered as the holder of a Note.

Inability Event means NAB is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of NAB) or any other reason from Converting the Notes.

IRS means the United States Internal Revenue Service or any authority succeeding to its powers and responsibilities.

Issue Date means 7 July 2022.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which Notes were issued, as adjusted in accordance with clauses 7.4 to 7.7 (inclusive).

Issue Price has the meaning given in clause 1.2.

Level 1 and **Level 2** mean those terms as defined by APRA from time to time.

Loss Absorption Event has the meaning given in clause 4.1.

Loss Absorption Event Conversion means the Conversion of Notes to Ordinary Shares on the Loss Absorption Event Conversion Date in accordance with clause 4.4.

Loss Absorption Event Conversion Date has the meaning given in clause 4.4.

Loss Absorption Event Notice has the meaning given in clause 4.6.

Mandatory Conversion means the mandatory conversion of Notes to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 3.

Mandatory Conversion Conditions has the meaning given in clause 3.3.

Mandatory Conversion Date has the meaning given in clause 3.2.

Margin has the meaning given in clause 2.4.

Maximum Conversion Number has the meaning given in clause 7.1.

Meetings Provisions means the provisions for the convening of meetings and passing of resolutions by Holders set out in Schedule 2 of the NAB Capital Notes 6 Deed Poll.

NAB means National Australia Bank Limited (ABN 12 004 044 937).

NAB Capital Notes 2 means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB on 7 July 2016.

NAB Capital Notes 3 means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB on 20 March 2019.

NAB Capital Notes 5 means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB on 17 December 2020.

NAB Capital Notes 6 has the meaning given in clause 1.1.

NAB Capital Notes 6 Deed Poll means the deed poll relating to the Notes made by NAB on or about 6 June 2022.

NAB CPS means:

- (a) the convertible preferences shares issued by NAB on 20 March 2013; and

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(b) the convertible preference shares issued by NAB on 17 December 2013.

NAB Level 1 Group means NAB and those of its controlled entities included by APRA from time to time in the calculation of NAB's capital ratios on a Level 1 basis.

NAB Level 2 Group means NAB and together with each other Related Entity included by APRA from time to time in the calculation of NAB's capital ratios on a Level 2 basis.

NAB New York Branch means NAB acting through its branch office in New York City.

Net Proceeds per Ordinary Share means, in respect of Ordinary Shares issued and sold in accordance with clause 7.12, an amount equal to the proceeds of sale of such Ordinary Shares actually received by the Eligible Nominee after deduction of any applicable brokerage, stamp duty and other taxes, charges and expenses (including the Eligible Nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares), divided by the number of such Ordinary Shares issued and sold.

Next Distribution Payment Date means the scheduled quarterly Distribution Payment Date immediately following the date on which the Optional Conversion Notice, Optional Redemption Notice or Optional Resale Notice (as applicable) was given by NAB provided that if such Distribution Payment Date is less than 20 Business Days following the date on

which such notice was given then it shall be the immediately following Distribution Payment Date.

NOHC means a "non-operating holding company" within the meaning of the Banking Act.

NOHC Event means an event which would otherwise be an Acquisition Event which is initiated by the Directors, acting as a board, and the result of which is that the ultimate holding company of NAB would be a NOHC.

Nominated Purchaser means, subject to clause 11.3, one or more third parties selected by NAB in its absolute discretion, provided that such party cannot be NAB or any Related Entity of NAB.

Non-Conversion Notice has the meaning given in clause 3.4.

Non-Conversion Test Date has the meaning given in clause 6.4.

Non-Viability Trigger Event has the meaning given in clause 4.3.

Notes has the meaning given in clause 1.1.

Offer means the invitation made under the Prospectus issued by NAB for persons to subscribe for Notes.

Optional Conversion Date has the meaning given in clause 6.3.

Optional Conversion Notice has the meaning given in clause 6.1.

Optional Conversion Restrictions has the meaning given in clause 6.4.

Optional Redemption Notice has the meaning given in clause 8.1.

Optional Resale Notice has the meaning given in clause 10.1.

Ordinary Resolution means a resolution:

- (a) passed at a meeting of Holders by a simple majority of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
 - (b) made in writing by Holders representing more than 50% of the outstanding Notes,
- in each case in accordance with the Meetings Provisions.

Ordinary Share means a fully paid ordinary share in the capital of NAB.

Ordinary Share Dividend means any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution in relation to Ordinary Shares.

Payment Condition means in respect of Distributions scheduled to be paid on a Distribution Payment Date:

- (a) the payment of Distributions will result in NAB or the Group not complying with APRA's then current Prudential Capital Requirements;
- (b) unless APRA otherwise approves in writing, making the Distribution payment would result in NAB or the Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA's then current capital conservation requirements as they are applied to NAB or the Group (as the case may be) at the time;
- (c) APRA otherwise objects to the payment of Distributions;
- (d) making the Distribution payment would result in NAB

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becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or

- (e) NAB is not permitted to pay the Distribution under the Corporations Act.

Potential Acquisition Event

means any one of the following events:

- (a) an event within paragraph (a) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented,

in each case other than where such event is a NOHC Event.

Preference Share means a notional preference share in the capital of NAB conferring a claim in the winding up of NAB equal to the Face Value and ranking equally in respect of return of capital in a winding up with each of the preference shares, securities or other instruments which is an Equal Ranking Instrument in respect of payment in a winding up.

Prospectus means the prospectus for the Offer including these Terms.

Prudential Capital Requirements means at any time the requirements of APRA with respect to the ratio of Common Equity Tier 1 Capital, Tier 1 Capital or Total Capital to total risk weighted assets

as applicable to NAB or the Group at that time.

Publication Time has the meaning given in clause 2.4.

Rate Disruption Event has the meaning given in clause 2.4.

Record Date means, in the case of:

- (a) payments of a Distribution, the date which is 12 calendar days before the date of payment (or as otherwise prescribed by the ASX Listing Rules or if not prescribed by the ASX Listing Rules, a date determined by NAB and notified to ASX); and
- (b) payments of any other amount, a date determined by NAB and notified to ASX (or such other date as may be prescribed by ASX).

Redemption means, in relation to a Note, redemption in accordance with clause 9.2 and **Redeem**, **Redeemable** and **Redeemed** have corresponding meanings.

Redemption Date means the date on which Notes are to be redeemed or, if Notes are not redeemed on that day, the date on which the Notes are Redeemed.

Register means a register of Holders of Notes established and maintained by the Registrar. The term Register includes:

- (a) any sub-register maintained by, or on behalf of NAB under the Corporations Act, the ASX Listing Rules or the rules and regulations of CHES; and
- (b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

Registered means recorded in the Register.

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person who from time to time maintains the Register on behalf of NAB.

Regulatory Change means any amendment to, clarification of or change (including any announcement of any change that will be introduced) in any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any direction, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law) in each case which event is announced on or after the Issue Date and which NAB did not expect as at the Issue Date.

Regulatory Event means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of a Regulatory Change, more than de minimis additional requirements would be imposed on NAB in relation to or in connection with Notes (which were not expected by NAB at the Issue Date) which the Directors determine, in their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors that, as a result of a Regulatory Change, NAB is not or will not be entitled to treat some or all Notes as Additional Tier 1 Capital except where the reason NAB is not or will not be entitled to treat some or

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all Notes as Additional Tier 1 Capital is because of a limit or other restriction on the recognition of Additional Tier 1 Capital which is in effect on the Issue Date or which on the Issue Date is expected by NAB may come into effect.

Related Entity has the meaning given to it by APRA from time to time.

Relevant Distribution has the meaning given in clause 2.8.

Relevant Distribution Payment Date has the meaning given in clause 2.8.

Relevant Fraction has the meaning given in clause 7.1.

Relevant Mandatory Conversion Date has the meaning given in clause 3.2.

Relevant Tier 1 Capital Instruments means Tier 1 Capital instruments of NAB (on a Level 1 or Level 2 basis) (including the Notes) that, in accordance with their terms or by operation of law, are capable of being converted into Ordinary Shares or written off at the Loss Absorption Event Conversion Date.

Relevant Time means, in the case of:

- (a) payment of a Distribution, 7:00 pm (or such other time as may be prescribed by ASX or, if not prescribed by ASX, a time determined by NAB and notified to ASX); and
- (b) payments of the Face Value, a time determined by NAB and notified to ASX (or such other time as may be prescribed by ASX).

Reorganisation means, in relation to NAB, a division, consolidation

or reclassification of NAB's share capital not involving any cash payment or other distribution (or compensation) to or by the holders of Ordinary Shares.

Replacement Rate has the meaning given in clause 2.4.

Resale means, in relation to a Note, the taking effect of the rights specified in clause 10 in relation to that Note, and **Resold** and **Resell** have corresponding meanings.

Resale Date has the meaning given in clause 10.3.

Resale Price means, for a Note, a cash amount equal to its Issue Price.

Scheduled Mandatory Conversion Date has the meaning given in clause 3.2.

Scheduled Optional Conversion Date has the meaning give in clause 6.1(c).

Scheduled Optional Redemption Date has the meaning give in clause 8.1(b).

Scheduled Optional Resale Date has the meaning give in clause 10.1(b).

Second Mandatory Conversion Condition has the meaning given in clause 3.3 (but in clauses 5.4 and 6.5, as adjusted in those clauses).

Second Optional Conversion Restriction has the meaning given in clause 6.4.

Senior Creditors means all present and future creditors of NAB, including depositors and holders of Tier 2 Capital Instruments, whose claims are:

- (a) entitled to be admitted in the winding up of NAB; and

- (b) not in respect of Equal Ranking Instruments.

Special Resolution means a resolution:

- (a) passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) made in writing by Holders representing at least 75% of the outstanding Notes,

in each case in accordance with the Meetings Provisions.

Subsequent Mandatory

Conversion Date has the meaning given in clause 3.2.

Taxes means taxes, levies, imposts, deductions or charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties and expenses in connection with them.

Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth);
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under any of those laws.

Tax Event means on or after the Issue Date, NAB receives an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters that

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there is more than an insubstantial risk that, as a result of a Tax Law Change:

- (a) NAB or another member of the Group would be exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any amount of other Taxes, duties, assessments or other governmental charges) in connection with the Notes; or
- (b) NAB or the tax consolidated group of which it is a member would not be entitled to treat any Distribution as a frankable distribution within the meaning of Division 202 of the Tax Act (or may do so only subject to requirements which the Directors determine, in their absolute discretion, to be unacceptable).

Tax Law Change means:

- (a) an amendment to, change (including any announcement of any change that will be introduced) in any laws or regulations under those laws affecting taxation in Australia;
- (b) a judicial decision interpreting, applying or clarifying laws or regulations affecting taxation in Australia;
- (c) an administrative pronouncement, ruling, confirmation, advice or action (including a failure or refusal to provide a ruling) affecting taxation in Australia that represents an official position, including a clarification of an official position of the governmental authority or regulatory body in Australia making the administrative pronouncement or taking any action; or

(d) a challenge asserted or threatened in connection with the Notes in writing from the Australian Taxation Office, which amendment or change is announced or which action or clarification or challenge occurs on or after the Issue Date and which NAB did not expect as at the Issue Date.

Tax Rate has the meaning given in clause 2.4.

Tax Withholding means any withholding or deduction in respect of Taxes which is required by law or any agreement with a governmental authority.

Terms means these terms of issue of Notes.

Third Mandatory Conversion Condition has the meaning given in clause 3.3.

Tier 1 Capital means Tier 1 Capital as defined by APRA from time to time.

Tier 2 Capital means Tier 2 Capital as defined by APRA from time to time.

Tier 2 Capital Instruments means securities issued by NAB or a member of the NAB Level 2 Group which qualify as Tier 2 Capital.

Total Capital means Total Capital as defined by APRA from time to time.

Transferee has the meaning given in clause 19.2.

VWAP means, subject to any adjustments under clause 7, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant

days but does not include any “Crossing” transacted outside the “Open Session State” or any “Special Crossing” transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
 - (i) 20 Business Days on which trading in Ordinary Shares takes place; and
 - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Potential Acquisition Event or Acquisition Event (as the case may be);

in each case immediately preceding (but not including) the Business Day before the Optional Conversion Date or Acquisition Conversion Date in respect of that event (as the case may be);

- (b) in the case of a Conversion resulting from a Loss Absorption Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Loss Absorption Event Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on

Appendix A:

Terms of NAB Capital Notes 6

which Conversion is to occur in accordance with these Terms; or

- (d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.

Written Off has the meaning given in clause 4.5 and **Write Off** has a corresponding meaning.

24.2 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of these Terms.
- (c) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (d) The singular includes the plural and vice versa.
- (e) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (f) Other than in relation to a Loss Absorption Event and a conversion on a Loss Absorption Event Conversion Date and other than as otherwise specified in these Terms, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (g) A reference to dollars, AUD, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (h) Calculations, elections and determinations made by or on behalf of NAB under these Terms are binding on Holders in the absence of manifest error.
- (i) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply only if NAB is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC), subject to regulation and supervision by APRA at the relevant time.
- (j) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (k) Any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken do not imply that APRA has given its consent or approval to the particular action as of the Issue Date. Where under these Terms, APRA approval is required, for any act to be done or not done, that term does not imply that APRA approval has been given as at the Issue Date.
- (l) The terms "holding company", "wholly-owned subsidiary" and "subsidiary", when used in these Terms have the meaning given in the Corporations Act.
- (m) A reference to a party to an agreement or deed includes a reference to a replacement or substitute of the party according to that agreement or deed.
- (n) A reference to an agreement or deed includes a reference to that agreement or deed as amended, added to or restated from time to time.
- (o) The words "includes" or "including", "for example" or "such as" do not exclude a reference to other items, whether of the same class or genus or not.
- (p) Words importing any gender include all other genders.
- (q) The terms takeover bid, relevant interest, scheme of arrangement, buy-back, related body corporate and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.
- (r) A reference to any term defined by APRA (including, without limitation, "Additional Tier 1 Capital", "Common Equity Tier 1 Capital", "Level 1", "Level 2", "Prudential Capital Requirements", "Tier 1 Capital" and "Total Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (s) A reference to a term defined by the ASX Listing Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (t) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a

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reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).

- (u) Where NAB is required to give or serve a notice by a certain date under these Terms, NAB is required to despatch the notice by that date (including at NAB's discretion, by posting or lodging notices with a mail house) and delivery or receipt (or deemed delivery) is permitted to occur after that date.
- (v) Where a Holder is required to give or deliver a notice to NAB by a certain date under these Terms, the notice must be received by NAB by that date.
- (w) A reference to time is to Melbourne time unless otherwise specified.

24.3 Inconsistency with ASX Listing Rules

So long as Notes are quoted on ASX, these Terms as they relate to those Notes are to be interpreted in a manner consistent with applicable ASX Listing Rules, except to the extent that an interpretation consistent with the ASX Listing Rules would affect the eligibility of Notes as Additional Tier 1 Capital.

Appendix B:

Glossary

Appendix B:

Glossary

Where indicated, certain terms in this Glossary are defined by reference to the Terms provided in Appendix A.

Term	Meaning
2021 Annual Financial Report	The financial report for NAB for the year ended 30 September 2021
2021 Full Year Results	The results report for NAB for the year ended 30 September 2021
2022 Half Year Results	The results report for NAB for the half year ended 31 March 2022
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
ABN	Australian Business Number
Acquisition Conversion Date	The date on which Conversion as a result of an Acquisition Event is to occur For the full definition – see clause 5.2 of the Terms
Acquisition Conversion Notice	Has the meaning given to it in clause 5.1 of the Terms
Acquisition Event	Broadly, when certain takeover bids or schemes of arrangement occur in relation to NAB For the full definition – see clause 24.1 of the Terms
Additional Tier 1 Capital	The Additional Tier 1 Capital of the NAB Level 1 Group or the NAB Level 2 Group as defined by APRA from time to time
ADI	Authorised Deposit-taking Institution regulated by APRA
Applicant	A person who submits an Application in accordance with this Prospectus
Application	A valid application for NAB Capital Notes 6 made through a Syndicate Broker in accordance with this Prospectus
Application Monies	The amount payable on each Application, being the Face Value multiplied by the number of NAB Capital Notes 6 applied for
Approved NOHC	Has the meaning given to it in clause 24.1 of the Terms
APRA	Australian Prudential Regulation Authority
Arranger	National Australia Bank Limited
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to NAB from time to time
ATO	Australian Taxation Office
Bank Bill Rate	Has the meaning given to it in clause 2.4 of the Terms
Banking Act	Banking Act 1959 (Cth)
Basel III Prudential Standards	The APRA Prudential Standards and reporting standards which became effective on 1 January 2013 and which give effect to the capital reforms of the Basel Committee on Banking Supervision applicable to ADIs

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Term	Meaning
BCBS	Basel Committee on Banking Supervision
BNZ or Bank of New Zealand	Bank of New Zealand (New Zealand company number 428849)
Bookbuild	The process through which certain investors lodged bids for a firm allocation of NAB Capital Notes 6 to determine the Margin
Business Day	Has the meaning given to it in clause 24.1 of the Terms
CHESS	Has the meaning given to it in clause 24.1 of the Terms
CLF	Committed Liquidity Facility
Closing Date	The closing date for the Offer which is expected to be 5.00 pm on 30 June 2022
Co-Manager	JBWere Limited
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital as defined by APRA from time to time
Common Equity Tier 1 Ratio	The ratio of NAB's Common Equity Tier 1 Capital to RWA
Common Equity Trigger Event	Has the meaning given to it in clause 4.2 of the Terms
Constitution	The constitution of NAB, as amended from time to time
Controlled Entity	Has the meaning given to it in clause 24.1 of the Terms
Conversion	The conversion of NAB Capital Notes 6 into Ordinary Shares in accordance with clause 7 of the Terms Convert, Converted and Converting have corresponding meanings
Conversion Date	A Mandatory Conversion Date, a Loss Absorption Event Conversion Date, Acquisition Conversion Date or an Optional Conversion Date in respect of a Conversion
Conversion Number	Has the meaning given to it in clause 7.1 of the Terms
Corporations Act	Corporations Act 2001 (Cth)
D-SIB	Domestic systemically important bank
DDO Regime	The design and distribution obligations regime in Part 7.8A of the Corporations Act
Delisting Event	Broadly, when NAB is delisted, its Ordinary Shares have been suspended from trading for a certain period or NAB is prevented by applicable law or order of any court or action of any government authority or any other reason from Converting NAB Capital Notes 6 of Holders generally – see clause 24.1 of the Terms
Directors	The directors of NAB acting as a board or an authorised committee of the board, or individually (as the context requires)

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Term	Meaning
Distribution	Has the meaning given to it in clause 2.1 of the Terms
Distribution Payment Date	In respect of a NAB Capital Note 6, each of 17 March, 17 June, 17 September and 17 December commencing on 17 September 2022 until the date that NAB Capital Note 6 is Converted or Redeemed For the full definition – see clause 2.2 of the Terms
Distribution Period	The period in respect of which a Distribution is scheduled. The first Distribution Period is from (and including) the Issue Date until (but not including) the first Distribution Payment Date. Each subsequent Distribution Period is from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date For the full definition – see clause 24.1 of the Terms
Distribution Rate	The distribution rate on NAB Capital Notes 6 calculated using the formula described in Section 2.1 For the full definition – see clause 2.4 of the Terms
Eligible NCN2 Holder	A NCN2 holder who: <ul style="list-style-type: none"> • was registered as a holder of NCN2 at 7.00pm on 1 June 2022; • is shown on the NCN2 register as having an address in Australia; • is an Institutional Investor or a client of a Syndicate Broker who is either a Wholesale Client, or a Retail Investor within the Notes Target Market who has received personal advice from a qualified financial adviser in connection with the Offer; • is not an individual residing in a member state of the European Union; and • is not in the United States, is not a U.S. Person, and is not acting (including as a nominee) for the account or benefit of, a U.S. Person, and is not otherwise prevented from receiving the Reinvestment Offer or NAB Capital Notes 6 under the laws of any jurisdiction
Eligible Nominee	Has the meaning given to it in clause 7.12 of the Terms
Equal Ranking Instruments	Has the meaning given to it in clause 24.1 of the Terms
Exposure Period	The seven day period commencing after the date the Original Prospectus was lodged with ASIC
Face Value	The face value for NAB Capital Notes 6 under this Prospectus, being \$100 per NAB Capital Note 6 For the full definition – see clause 1.2 of the Terms
FATCA	Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those sections)

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Term	Meaning
FATCA Withholding	Any withholding or deduction imposed or required pursuant to FATCA
Financial Claims Scheme	The scheme established under Division 2AA of Part II of the Banking Act
First Mandatory Conversion Condition	Has the meaning given to it in clause 3.3 of the Terms
Foreign Holder	Has the meaning given to it in clause 24.1 of the Terms
Greenwoods & Herbert Smith Freehills	Greenwoods & Herbert Smith Freehills Pty Limited
Group	NAB (or any NOHC that is the holding company of NAB) and the Controlled Entities of NAB (or of such NOHC)
Group CEO	The Group Chief Executive Officer and Managing Director
GST	Goods and Services Tax
Holder	A registered holder of NAB Capital Notes 6
Holding Statement	A statement issued to Holders by the Registry which sets out the number of NAB Capital Notes 6 issued to that Holder
HQLA	High-quality liquid assets
Inability Event	If NAB is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of NAB) or by any other reason from Converting NAB Capital Notes 6 which would otherwise be Converted on a Loss Absorption Event Conversion Date For the full definition – see clause 24.1 of the Terms
Institutional Investor	An institutional investor who is a Wholesale Client and who was invited to participate in the Institutional Offer
Institutional Offer	The invitation to Institutional Investors to apply for NAB Capital Notes 6 under this Prospectus
Issue Date	Expected to be 7 July 2022
Issue Date VWAP	Has the meaning given to it in clause 24.1 of the Terms
Joint Lead Managers or JLMs	National Australia Bank Limited, Bell Potter Securities Limited; Commonwealth Bank of Australia; Crestone Wealth Management Limited; E&P Corporate Advisory Pty Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; Shaw and Partners Limited; and Westpac Institutional Bank
Lead Manager Parties	The Arranger, the Joint Lead Managers and their respective affiliates and any of their respective directors, officers, employees, partners, advisers, contractors or agents
Loss Absorption Event	Has the meaning given to it in clause 4.1 of the Terms
Loss Absorption Event Conversion Date	Has the meaning given to it in clause 4.4 of the Terms
Mandatory Conversion	The mandatory conversion of NAB Capital Notes 6 to Ordinary Shares on the Mandatory Conversion Date in accordance with the Terms

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Term	Meaning
Mandatory Conversion Conditions	Has the meaning given to it in clause 3.3 of the Terms
Mandatory Conversion Date	Has the meaning given to it in clause 3.2 of the Terms
Margin	3.15% as determined under the Bookbuild
Maximum Conversion Number	Has the meaning given to it in clause 7.1 of the Terms
MLC Wealth Transaction	The sale of the Group's advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings Limited (now named Insignia Financial Ltd)
NAB	National Australia Bank Limited (ABN 12 004 044 937)
NAB Capital Notes 2 or NCN2	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 7 July 2016
NAB Capital Notes 3	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 20 March 2019
NAB Capital Notes 5	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 17 December 2020
NAB Capital Notes 6	The fully paid mandatorily convertible subordinated perpetual notes which are to be issued by NAB under this Prospectus
NAB Capital Notes 6 Deed Poll	The deed poll relating to NAB Capital Notes 6 made by NAB on 6 June 2022
NAB Level 1 Group	Has the meaning given to it in clause 24.1 of the Terms
NAB Level 2 Group	Has the meaning given to it in clause 24.1 of the Terms
NAB Subordinated Notes 2	The fully paid subordinated unsecured notes issued by NAB on 20 March 2017
NCN2 Redemption	The redemption of NCN2 by NAB on 7 July 2022 pursuant to the redemption notice issued by NAB in accordance with the NCN2 Terms on 6 June 2022
NCN2 Redemption Price	\$100 per NCN2 payable to a NCN2 holder as a result of the NCN2 Redemption
NCN2 Terms	The terms of NCN2 as set out in Appendix A of the NCN2 prospectus dated 8 June 2016 (which replaced the NCN2 prospectus dated 31 May 2016)
New Money Offer	The offer under which Australian resident clients of Syndicate Brokers who are either Wholesale Clients, or Retail Investors within the Notes Target Market who have received personal advice from a qualified financial adviser in connection with the Offer, may apply through their Syndicate Broker for an allocation of NAB Capital Notes 6 (other than under the Reinvestment Offer)
NOHC	A "non-operating holding company" within the meaning of the Banking Act
NOHC Event	Has the meaning given to it in clause 24.1 of the Terms
Non-Conversion Test Date	Has the meaning given to it in clause 6.4 of the Terms

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Term	Meaning
Non-Viability Trigger Event	Has the meaning given to it in clause 4.3 of the Terms
Notes Target Market	The class of Retail Investors that comprise the target market for NAB Capital Notes 6, as set out in the Target Market Determination and described in Section 4.1
Offer	The offer made under this Prospectus by NAB of NAB Capital Notes 6 to raise \$2 billion, with the ability to raise more or less. The offer comprises the Reinvestment Offer, the New Money Offer and the Institutional Offer
Offer Management Agreement	The offer management agreement entered into between NAB, the Arranger, and the Joint Lead Managers as summarised in Section 9.5
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer, which was 14 June 2022
Optional Conversion Date	Has the meaning given to it in clause 6.3 of the Terms
Optional Conversion Restriction	Has the meaning given to it in clause 6.4 of the Terms
Ordinary Resolution	<p>A resolution passed at a meeting of Holders by a simple majority of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution, or made in writing by Holders representing more than 50% of the outstanding NAB Capital Notes 6</p> <p>For the full definitions and provisions relating to written resolutions – see the Meetings Provisions set out in the NAB Capital Notes 6 Deed Poll</p>
Ordinary Share	A fully paid ordinary share in the capital of NAB
Original Prospectus	The prospectus dated 6 June 2022 that was lodged with ASIC on that date which this Prospectus replaces
Payment Condition	Has the meaning given to it in clause 24.1 of the Terms
PIP Regime	The product intervention order regime in Part 7.9A of the Corporations Act
Potential Acquisition Event	Has the meaning given to it in clause 24.1 of the Terms
Prospectus	This Prospectus which was lodged with ASIC on 14 June 2022
Protected Account	<p>Broadly, subject to certain conditions, an account or a specified financial product:</p> <ul style="list-style-type: none"> • where NAB is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account; or • otherwise prescribed by regulations under the Banking Act
Prudential Capital Requirements	Has the meaning given to it in clause 24.1 of the Terms
Prudential Standards	A prudential standard issued by APRA under its powers in the Banking Act
RBA	The Reserve Bank of Australia
RBNZ	The Reserve Bank of New Zealand

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Term	Meaning
Record Date	Has the meaning given to that term in clause 24.1 of the Terms
Redemption	In relation to a NAB Capital Note 6, a redemption in accordance with clause 9.2 of the Terms Redeem and Redeemed have corresponding meanings
Registrar or Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registry that NAB appoints
Regulatory Change	Has the meaning given to it in clause 24.1 of the Terms
Regulatory Event	Has the meaning given to it in clause 24.1 of the Terms
Reinvestment Offer	The invitation to Eligible NCN2 Holders to apply through their Syndicate Broker to reinvest all or some of their NCN2 into NAB Capital Notes 6
Related Entity	Has the meaning given to it in clause 24.1 of the Terms
Relevant Fraction	Has the meaning given to it in clause 7.1 of the Terms
Relevant Tier 1 Capital Instruments	Has the meaning given to it in clause 24.1 of the Terms
Relevant Tier 2 Capital Instruments	Tier 2 Capital Instruments that, in accordance with their terms or by operation of law, are capable of being converted into Ordinary Shares or written off
Resale	Has the meaning given to it in clause 24.1 of the Terms Resold and Resell have corresponding meanings
Resale Price	Has the meaning given to it in clause 24.1 of the Terms
Retail Investor	A person who is a retail client under the Corporations Act
Royal Commission	The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
RWA	Risk-weighted assets
Second Mandatory Conversion Condition	Has the meaning given to it in clause 3.3 of the Terms
Scheduled Optional Conversion Date	Has the meaning given to it in clause 6.1 of the Terms
Scheduled Optional Redemption Date	Has the meaning given to it in clause 8.1 of the Terms
Scheduled Optional Resale Date	Has the meaning given to it in clause 10.1 of the Terms
Senior Creditors	All present and future creditors of NAB, including depositors and holders of Tier 2 Capital Instruments whose claims are entitled to be admitted in the winding up of NAB and whose claims are not in respect of Equal Ranking Instruments
Shareholder	A holder of Ordinary Shares from time to time

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Term	Meaning
Special Resolution	A resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution, or made in writing by Holders representing at least 75% of the outstanding NAB Capital Notes 6 For the full definitions and provisions relating to written resolutions – see the Meetings Provisions set out in the NAB Capital Notes 6 Deed Poll
Syndicate Broker	Any of the Joint Lead Managers (or their affiliated retail brokers), Co-Manager and any other participating broker in the Offer
Target Market Determination	The target market determination for NAB Capital Notes 6 issued by NAB in accordance with its obligations under the DDO Regime, that can be obtained electronically from nab.com.au/nabcapitalnotes6
Tax Act	<ul style="list-style-type: none"> the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); any other law setting the rate of income tax payable and any regulation promulgated under it; and any regulation made under any of those laws
Tax Event	Has the meaning given to it in clause 24.1 of the Terms
Tax Rate	Has the meaning given to it in clause 2.4 of the Terms
Tax Withholding	Has the meaning given to it in clause 24.1 of the Terms
Terms	The terms of NAB Capital Notes 6 as set out in Appendix A
TFN	Tax File Number
Third Mandatory Conversion Condition	Has the meaning given to it in clause 3.3 of the Terms
Tier 1 Capital	Tier 1 Capital as defined by APRA from time to time
Tier 2 Capital	Tier 2 Capital as defined by APRA from time to time
Tier 2 Capital Instruments	Securities issued by NAB or a member of the Group which qualify as Tier 2 Capital
Total Capital	Has the meaning given by APRA from time to time (or as the context otherwise requires)
U.S. Person	Has the meaning given to it in Regulation S under the U.S. Securities Act
U.S. Securities Act	United States Securities Act of 1933, as amended
VWAP	Has the meaning given to it in clause 24.1 of the Terms
Westpac Institutional Bank	Westpac Institutional Branch, a division of Westpac Banking Corporation (ACN 007 457 141; AFSL 233714)
Wholesale Client	Has the meaning given in section 761G of the Corporations Act (as it may be modified for the purposes of the DDO Regime)
Written Off	Has the meaning given to it in clause 4.5 of the Terms Write Off has a corresponding meaning

Corporate Directory

Issuer

National Australia Bank Limited

Level 28, 395 Bourke Street
Melbourne VIC 3000

Arranger & Joint Lead Manager

National Australia Bank Limited

Level 6, 2 Carrington Street
Sydney NSW 2000

Joint Lead Managers

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

Commonwealth Bank of Australia

Ground Floor, Tower 1, 201 Sussex Street
Sydney NSW 2000

Crestone Wealth Management Limited

Level 32, Chifley Tower
2 Chifley Square
Sydney NSW 2000

E&P Corporate Advisory Pty Limited

Mayfair Building, 171 Collins Street
Melbourne VIC 3000

Morgan Stanley Australia Securities Limited

Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Morgans Financial Limited

Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Shaw and Partners Limited

Level 7, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Westpac Institutional Bank

Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Manager

JBWere Limited

Level 16, 101 Collins Street
Melbourne VIC 3000

Australian Legal Adviser

King & Wood Mallesons

Level 27, Collins Arch
447 Collins Street
Melbourne VIC 3000

Australian Tax Adviser

Greenwoods & Herbert Smith

Freehills Pty Limited
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Auditor

Ernst & Young

8 Exhibition Street
Melbourne VIC 3000

Registry

Computershare Investor

Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

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