

Monday, 13 May 2024

## **ASX ANNOUNCEMENT**

### **NAB Capital Notes 8 Offer Launch and Prospectus**

NAB today announced the offer of a new Additional Tier 1 Capital security, NAB Capital Notes 8, which is expected to be quoted on ASX (Offer). The Offer is expected to raise \$750 million, with the ability to raise more or less.

#### **Details of the Offer**

The Offer comprises:

- A Broker Firm Offer, under which Australian resident clients of Syndicate Brokers who are either Wholesale Clients, or Retail Investors within the Notes Target Market<sup>1</sup> 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 8; and
- An Institutional Offer, under which certain Institutional Investors invited to participate by NAB may bid for NAB Capital Notes 8 during the Bookbuild.

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 8 are issued. Accordingly, if you wish to apply for any NAB Capital Notes 8 you are encouraged to contact your Syndicate Broker as soon as possible for instructions.

#### **Key Features of NAB Capital Notes 8**

- NAB Capital Notes 8 are convertible, subordinated notes that are scheduled to pay quarterly, floating rate, non-cumulative Distributions in cash subject to the satisfaction of certain conditions<sup>2</sup>.
- The Distribution Rate is equal to the sum of the Bank Bill Rate plus a Margin, adjusted for NAB's Tax Rate<sup>3</sup>. Distributions are expected to be franked at the same rate as dividends paid on Ordinary Shares.<sup>4</sup>
- The Margin will be determined under the Bookbuild and will not change for the term of NAB Capital Notes 8. The Margin is expected to be in the range of 2.60% to 2.80% per annum.

<sup>1</sup> As the Design and Distribution Obligations regime applies to the Offer, NAB is required to make a Target Market Determination which describes, among other things, the class of Retail Investors that comprise the target market for NAB Capital Notes 8 (referred to as the Notes Target Market). The NAB Capital Notes 8 prospectus provides further information on the Notes Target Market.

<sup>2</sup> A Distribution will only be paid if the Directors resolve to pay it and a Payment Condition does not exist on the Distribution Payment Date.

<sup>3</sup> Being the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date. The relevant Tax Rate is currently 30%.

<sup>4</sup> NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%.

- Subject to certain conditions including prior written approval from APRA, NAB may elect to Convert, Redeem or Resell NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032 or 17 December 2032, or following a Tax Event or Regulatory Event.
- NAB Capital Notes 8 will mandatorily Convert into Ordinary Shares on 18 December 2034<sup>5</sup> (subject to certain conditions), unless they are Converted, Redeemed or Resold earlier.
- NAB must immediately Convert NAB Capital Notes 8 into Ordinary Shares if a Loss Absorption Event occurs. A Loss Absorption Event may occur when NAB encounters severe financial difficulty. Conversion in those circumstances, depending on the market price of Ordinary Shares at the relevant time, is likely to result in Holders receiving Ordinary Shares that are worth significantly less than the money they invested in NAB Capital Notes 8. If NAB Capital Notes 8 are not Converted for any reason within 5 days after a Loss Absorption Event occurs, NAB Capital Notes 8 will be Written Off which means Holders will not have their capital repaid.
- Holders of NAB Capital Notes 8 will have no right to request that NAB Capital Notes 8 be repaid. Without a Conversion, Redemption or Resale, Holders would have to sell their NAB Capital Notes 8 on the ASX at the prevailing market price to realise their investment.

### How to access a Prospectus

The NAB Capital Notes 8 prospectus (Prospectus) was lodged with ASIC and is attached to this announcement. The Prospectus does not contain the Margin. A replacement Prospectus containing the Margin is expected to be made available on the ASX and at [nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8) when the Offer opens (expected to be on 21 May 2024).

This announcement only contains a summary of the features of NAB Capital Notes 8 and the Offer. The Prospectus and Terms of NAB Capital Notes 8 should be read in full before deciding whether to invest.

Unless otherwise defined, capitalised terms in this announcement have the meaning given to them in the Prospectus.

### How to apply

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

The Prospectus contains details on the Syndicate Brokers.

### Key Dates for the Offer<sup>6</sup>

Lodgement of the Prospectus with ASIC	13 May 2024
Bookbuild	13 May 2024 – 20 May 2024
Announcement of Margin	20 May 2024
Lodgement of the replacement Prospectus with ASIC	21 May 2024
Opening Date for the Offer	21 May 2024
Closing Date for the Offer (5:00pm Melbourne time)	31 May 2024
Issue Date of NAB Capital Notes 8	6 June 2024
Commencement of trading of NAB Capital Notes 8 on a normal settlement basis	7 June 2024
First Distribution Payment Date <sup>7</sup>	17 September 2024
First Optional Conversion / Redemption / Resale Date <sup>8</sup>	17 March 2032
Mandatory Conversion Date	18 December 2034 <sup>9</sup>

<sup>5</sup> Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.

<sup>6</sup> The key dates for the Offer are indicative only and subject to change without notice.

<sup>7</sup> Subject to the Directors resolving to pay the Distribution and no Payment Condition existing on 17 September 2024.

<sup>8</sup> With APRA's prior written approval, NAB may elect to Convert, Redeem or Resell NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032. 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 assumes the Issue Date is 6 June 2024.

<sup>9</sup> Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.

## Further Information

For further information, you can call the NAB Information Line on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) (Monday to Friday – 8:00am to 6:00pm Melbourne time).

### Media

Mark Alexander

M: +61 (0) 412 171 447

Jo Beckwith

M: +61 (0) 411 208 101

### Investor Relations

Sally Mihell

M: +61 (0) 436 857 669

Natalie Coombe

M: +61 (0) 477 327 540

The information provided in this announcement is not investment advice and has been prepared without taking into account individual investment objectives, financial situations and needs (including financial and taxation issues). If you do not fully understand how NAB Capital Notes 8 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 8 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser. This announcement does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, NAB Capital Notes 8 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 and applicable state securities laws.

*Approved for distribution by Nathan Goonan, Group Chief Financial Officer.*



# Prospectus

# NAB Capital Notes 8

## **Prospectus for the issue of NAB Capital Notes 8 to raise \$750 million with the ability to raise more or less.**

This investment is riskier than a bank deposit.  
NAB Capital Notes 8 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. If you wish to apply for  
NAB Capital Notes 8 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  
ANZ Securities Limited  
Bell Potter Securities Limited  
Commonwealth Bank of Australia  
E&P Corporate Advisory Pty Ltd  
Morgans Financial Limited  
Ord Minnett Limited  
Shaw and Partners Limited  
UBS AG, Australia Branch  
Westpac Institutional Bank (a division of  
Westpac Banking Corporation)

### **Co-Managers**

JBWere Limited  
LGT Crestone Wealth  
Management Limited  
Wilsons Advisory and  
Stockbroking 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 8 ("NAB Capital Notes 8" or "NCN8") to raise \$750 million, with the ability to raise more or less ("Offer").

This Prospectus is dated 13 May 2024. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This Prospectus expires 13 months after 13 May 2024 on 12 June 2025 and no NAB Capital Notes 8 will be issued on the basis of this Prospectus after 12 June 2025.

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

## Offer

The Offer comprises the Broker Firm Offer and the Institutional Offer.

## Application of the Design and Distribution Obligations Regime ("DDO Regime") to the Offer

All Applications for NAB Capital Notes 8 are subject to the DDO Regime. Therefore, NAB is required to prepare the Target Market Determination which describes, among other things, the class of Retail Investors that comprises the target market for NAB Capital Notes 8, and conditions on how NAB Capital Notes 8 are to be distributed under the Offer to help ensure that investors who acquire NAB Capital Notes 8 under the Offer are within that target market.

That target market (referred to as the "Notes Target Market") is set out in Section 3.1 and a full copy of the Target Market Determination is available at [nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8).

**In response to the DDO Regime and consistent with NAB's last two ASX-listed hybrid security offers, NAB has made the decision not to include a specific offer for NAB securityholders.**

Instead, all Applications must be submitted through a Syndicate Broker and you should contact your Syndicate Broker for instructions on how to apply once the Offer opens. The DDO Regime does not apply to NAB Capital Notes 8 once they are issued. All investors will be able to buy and sell NAB Capital Notes 8 on the ASX at the prevailing market price in the usual course, once NAB Capital Notes 8 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 8 on the ASX may be required to pay applicable brokerage.

## Exposure Period

Under the Corporations Act, NAB must not process Applications in the seven days after lodgement of the Prospectus with ASIC (i.e. until 21 May 2024) ("Exposure Period").

The Exposure Period enables the Prospectus to be examined by market participants before the raising of funds.

## Key risks

Investment products such as NAB Capital Notes 8 are subject to risks which could affect their performance, including:

- the Distribution Rate may decrease over the life of NAB Capital Notes 8; and
- the market price of NAB Capital Notes 8 may fluctuate.

**These risks could result in the loss of all or some of your investment and any associated income. Neither NAB, the Joint Lead Managers nor any other person warrants or guarantees the future performance of NAB or the investment performance of NAB Capital Notes 8 (including the market price).**

NAB must immediately Convert all or, in some cases, some NAB Capital Notes 8 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 8. Following Conversion, there is no certainty as to the future value of the Ordinary Shares. If NAB Capital Notes 8 are not Converted within 5 days after the Loss Absorption Event for any reason they will be Written Off and you will lose all the money that you invested in NAB Capital Notes 8. 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 8 is detailed in Section 1.3 and in Section 6.**

## ASX quotation

NAB will apply for NAB Capital Notes 8 to be quoted on ASX within seven days after the date of this Prospectus and NAB Capital Notes 8 are expected to be quoted under the code 'NABPK'.

## Financial information and forward looking statements

Section 5 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 "believe", "estimate", "plan", "project", "anticipate", "expect", "target", "intend", "likely", "may", "will", "could" or "should", or, in each case, their negative or other variations or other similar expressions, or 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 to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

## Important Notices (cont.)

Forward looking statements should be read in conjunction with the risk factors set out in Section 6, and other information in this Prospectus. In particular, there are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) 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 Russia-Ukraine and Israeli-Palestinian conflicts and other geopolitical tensions, 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-Managers 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 8".

If there is any inconsistency between the description of the terms of NAB Capital Notes 8 in this Prospectus and in the Terms, the Terms prevail.

A reference to dollars, AUD, A\$, \$ or cents in this Prospectus is a reference to the lawful currency of Australia. 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/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8). 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 8 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 and applicable state securities laws. 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 8 within the United States or to any U.S. Person by any person (including any dealer) may violate the registration requirements of the U.S. Securities Act if made within 40 days of the Closing Date, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the U.S. Securities Act.

### Collecting your personal information

If you apply for NAB Capital Notes 8, NAB (or the Registrar as NAB's agent) or a Syndicate Broker will collect and hold your personal information. See Section 8.10 for information on how NAB (as well as its subsidiaries and third party suppliers) collect, use and disclose your personal information.



# Guidance for Investors

## 1. Read this Prospectus in full

**If you are considering applying for NAB Capital Notes 8 under the Offer, this Prospectus is important and should be read in its entirety.**

You should have particular regard to the:

- Section titled “Impact of the DDO Regime” on page 2;
- “Investment Overview” in Section 1 and “About NAB Capital Notes 8” in Section 2;
- “Key Risks of NAB Capital Notes 8” in Section 6; and
- “Terms of NAB Capital Notes 8” in Appendix A.

In considering whether to apply for any NAB Capital Notes 8, it is important to consider all risks and other information regarding an investment in NAB Capital Notes 8 in light of your particular investment objectives, financial situation and needs, as the information in this Prospectus does not take into account your particular investment objectives, financial situation and needs.

**NAB Capital Notes 8 are not Protected Accounts and are not deposit liabilities of NAB 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 8 is riskier than a bank deposit.**

The overall complexity of NAB Capital Notes 8 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 8 work or the risks associated with them, you should not invest in them.

NAB Capital Notes 8 are issued by NAB under the NAB Capital Notes 8 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 8 – 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](http://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 8. It is available at [nab.com.au/hybrideducation](http://nab.com.au/hybrideducation).

The Guide may be helpful when you are considering an investment in NAB Capital Notes 8. However, the Guide is not specific to NAB Capital Notes 8, 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 8

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 8.

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](http://asx.com.au) (ASX code “NAB”). Further information about NAB, including NAB’s half-yearly and annual reports, presentations and other investor information, can be obtained from [nab.com.au/shareholder](http://nab.com.au/shareholder).

## 5. Questions about the Offer

If you do not fully understand how NAB Capital Notes 8 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 8 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser. You can also call the NAB Capital Notes 8 Information Line on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) (Monday to Friday, 8.00am – 6.00pm) and find out more information at [nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8).

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# Impact of the DDO Regime

NAB Capital Notes 8 will be the third ASX-listed hybrid security issued by NAB under the DDO Regime. At its core, the DDO Regime is intended to help investors obtain suitable financial products and imposes 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 comprises the target market for NAB Capital Notes 8 ("Notes Target Market"); and
- the conditions on how NAB Capital Notes 8 are to be distributed under the Offer to help make it likely that investors who acquire NAB Capital Notes 8 under the Offer are within that Notes Target Market.

As further described below and consistent with NAB's last two ASX-listed hybrid security offers, in response to the DDO Regime:

- **NAB has made the decision not to include a specific offer for NAB securityholders;**
- **NAB Capital Notes 8 will only be available to investors who satisfy specific eligibility criteria; and**
- **all Applications must be submitted through a Syndicate Broker.**

## 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 8 once issued. All investors will be able to buy and sell NAB Capital Notes 8 on the ASX at the prevailing market price in the usual course once NAB Capital Notes 8 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 8 on the ASX may be required to pay applicable brokerage.

## NOTES TARGET MARKET

The Notes Target Market describes the class of investors that comprises the target market for NAB Capital Notes 8.

The Notes Target Market is set out in Section 3.1 and a copy of the Target Market Determination is available at [nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8).

## 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 NCN8?

### 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-Managers and any other broker participating in the Offer.

## DISTRIBUTION CONDITIONS

The Target Market Determination also sets out distribution conditions under which NAB Capital Notes 8 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 8 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 8 or the Notes Target Market, you should contact your Syndicate Broker or a qualified financial adviser. You can also call the NAB Capital Notes 8 Information Line on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) (Monday to Friday, 8.00am – 6.00pm) and find out more information at [nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8).

Information about the Broker Firm Offer and the Institutional Offer and how to apply is provided in Section 3.

# Key Dates

## Key dates for the Offer

Announcement of the Offer and lodgement of this Prospectus with ASIC	13 May 2024
Bookbuild	13 May 2024 – 20 May 2024
Announcement of Margin	20 May 2024
Opening Date for investors to apply for NAB Capital Notes 8 through a Syndicate Broker Lodgement of the replacement prospectus with ASIC	21 May 2024
Closing Date for the Offer (5.00pm)	31 May 2024
Issue Date of NAB Capital Notes 8	6 June 2024
Commencement of trading of NAB Capital Notes 8 on a normal settlement basis	7 June 2024
Despatch of NAB Capital Notes 8 Holding Statements	13 June 2024

## Key dates for NAB Capital Notes 8<sup>(1)</sup>

Record Date for the first Distribution	5 September 2024
First Distribution Payment Date <sup>(2)</sup>	17 September 2024
First Optional Conversion / Redemption / Resale Date <sup>(3)</sup>	17 March 2032
Second Optional Conversion / Redemption / Resale Date	17 June 2032
Third Optional Conversion / Redemption / Resale Date	17 September 2032
Fourth Optional Conversion / Redemption / Resale Date	17 December 2032
Mandatory Conversion Date <sup>(4)</sup>	18 December 2034

These dates are indicative only and may change without notice (other than the dates that have passed). 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 8 are issued. Accordingly, if you wish to apply for any NAB Capital Notes 8 you are encouraged to apply as soon as possible.

- (1) Except as otherwise specified in the Terms, if any event under the Terms is stipulated to occur on a day that is not a Business 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 2024.
- (3) With APRA's prior written approval, NAB may elect to Convert, Redeem or Resell NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032. 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 assumes the Issue Date is 6 June 2024.
- (4) NAB Capital Notes 8 will Convert into Ordinary Shares on 18 December 2034 (subject to the Mandatory Conversion Conditions being satisfied (which may never occur) and only if, prior to that date, NAB Capital Notes 8 have not been Converted, Redeemed or Resold with APRA's prior written approval, or Written Off). Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034. This date assumes the Issue Date is 6 June 2024.

## Section one:

# Investment overview

This section provides a summary of the key features and risks of NAB Capital Notes 8 and the Offer.

NAB Capital Notes 8 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 8 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 8. If you do not fully understand how NAB Capital Notes 8 work or the risks associated with them, you should not apply.

If you wish to apply for NAB Capital Notes 8, 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 8 and other investments in NAB (including Ordinary Shares) is set out in Section 2.10.

## 1.1 Key features of the Offer and NCN8

TOPIC	SUMMARY	FURTHER INFORMATION
Issuer	<p>National Australia Bank Limited ("NAB")</p> <p>The Group is a financial services organisation with more than 38,000 colleagues, operating through a network of more than 640 branches and business banking centres, with over 580,000 shareholders and serving approximately ten million customers.</p> <p>The majority of the Group's financial services businesses operate in Australia and New Zealand, with additional operations located in Asia, Europe and the United States ("US").</p>	Section 4
Offer Size	\$750 million, 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 8, once issued, will qualify as Additional Tier 1 Capital for the purposes of NAB's regulatory capital requirements.</p>	Section 5.3
Type of security	Convertible notes.	
Face Value	\$100 per NAB Capital Note 8.	
Distributions	<p>NAB Capital Notes 8 are scheduled to pay quarterly, floating rate Distributions in cash. The returns payable on NAB Capital Notes 8 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;"><b>Distribution Rate = (Bank Bill Rate + Margin) x (1 - Tax Rate)</b></p> <p>where:</p> <ul style="list-style-type: none"> <li>Margin is the margin to be determined under the Bookbuild, which is expected to be in the range of 2.6000% to 2.8000%. The Margin will not change for the term of NAB Capital Notes 8.</li> <li>Tax Rate is the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date (expressed as a decimal). As at the date of this Prospectus, the relevant Tax Rate is 30%, or 0.30 expressed as a decimal.</li> <li>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 three months 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.</li> </ul> <p>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.</p> <p>A Distribution will be paid only if:</p> <ul style="list-style-type: none"> <li>The Directors resolve to pay it; and</li> <li>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).</li> </ul> <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 2024. Distributions paid on NAB Capital Notes 8 are expected to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%.</p> <p>However, Holders should be aware that franking is not guaranteed. Further, 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 7 and 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 increased to reflect the applicable franking rate, resulting in an increase in the cash amount received by Holders on that Distribution Payment Date.</p>	Section 2.1

## Key features of the Offer and NCN8 (cont.)

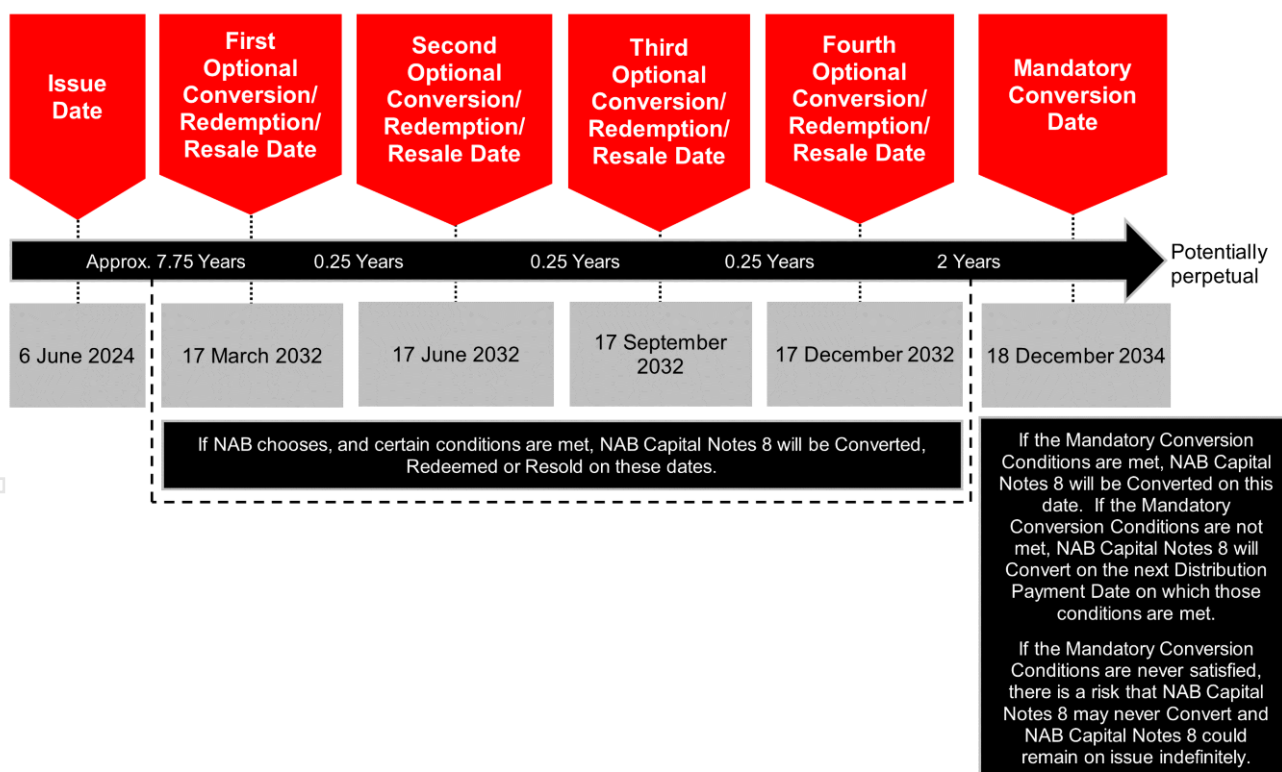
TOPIC	SUMMARY	FURTHER INFORMATION
	<p>Distributions are non-cumulative, which means that if a Distribution is not paid on the relevant Distribution Payment Date, it will not be paid. Holders will not have any right to compensation if NAB does not pay Distributions. Failure to pay a Distribution when 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 (and including) 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>	
<b>Term</b>	<p>Perpetual. However, there are certain events that could occur while NAB Capital Notes 8 are on issue which may result in NAB Capital Notes 8 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 8 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 8. It is possible that NAB Capital Notes 8 could remain on issue indefinitely, in which case the Face Value will not be repaid.</p>	Sections 2.2 – 2.7

### 1.2 Events that may occur while NCN8 are on issue

The diagram and table below summarise certain events that may occur while NAB Capital Notes 8 are on issue, and what Holders may receive if those events occur.

There are certain other events that could occur at any time while NAB Capital Notes 8 are on issue which may result in NAB Capital Notes 8 being Converted, Redeemed, Resold or Written Off.

Figure 1: Timeline of certain events that may occur while NAB Capital Notes 8 are on issue<sup>(1)</sup>



<sup>(1)</sup> Except as otherwise specified in the Terms, if any event under the Terms is stipulated to occur on a day that is not a Business Day, the event will occur on the next Business Day. As a result, the Mandatory Conversion Date is deferred from 17 December 2034 to 18 December 2034.

Table 1: Summary of certain events that may occur while NAB Capital Notes 8 are on issue

What can happen?	When? <sup>(1)</sup>	NAB Capital Notes 8 impacted?	Is APRA approval required? <sup>(2)</sup>	Do conditions apply?	What value will a Holder receive for each NAB Capital Note 8?	In what form will that value be provided to Holders?	Further information
<b>Mandatory Conversion</b>	On 18 December 2034 <sup>(3)</sup> or the first Distribution Payment Date after that date on which the Mandatory Conversion Conditions are satisfied (which may never occur) <sup>(4)</sup>	All	No	Yes	Approximately \$101 <sup>(5)(6)</sup>	Variable number of Ordinary Shares	Section 2.3
<b>Optional Conversion</b>	On 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032, each a "Scheduled Optional Conversion Date" <sup>(5)</sup>	All or some	Yes	Yes	Approximately \$101 <sup>(6)(7)</sup>	Variable number of Ordinary Shares	Section 2.4
<b>Optional Redemption or Resale</b>	On 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032, each a "Scheduled Optional Redemption Date" or a "Scheduled Optional Resale Date" (as applicable) <sup>(5)</sup>	All or some	Yes	Yes	\$100 (Face Value)	Cash	Section 2.5
<b>Conversion<sup>(7)</sup> in other circumstances</b>	If a Tax Event, Regulatory Event or Potential Acquisition Event occurs	All or some	Yes	Yes	Approximately \$101 <sup>(7)(8)</sup>	Variable number of Ordinary Shares	Sections 2.4, 2.6 and 2.7
	If an Acquisition Event occurs	All	No	Yes	Approximately \$101 <sup>(6)(7)(8)</sup>	Variable number of Ordinary Shares	
	If a Loss Absorption Event occurs	Potentially all <sup>(9)</sup>	No	No	A Loss Absorption Event may occur where NAB encounters severe financial difficulty. Depending on the market price of Ordinary Shares at that time, Holders are likely to receive significantly less than \$101 and may lose a significant amount of the money they invested in NAB Capital Notes 8 as a consequence	Variable number of Ordinary Shares If, for any reason, NAB Capital Notes 8 are not Converted into Ordinary Shares within 5 days after the Loss Absorption Event, NAB Capital Notes 8 will be Written Off <sup>(10)</sup>	



## Events that may occur while NCN8 are on issue (cont.)


What can happen?	When? <sup>(1)</sup>	NAB Capital Notes 8 impacted?	Is APRA approval required? <sup>(2)</sup>	Do conditions apply?	What value will a Holder receive for each NAB Capital Note 8?	In what form will that value be provided to Holders?	Further information
<b>Redemption / Resale in other circumstances</b>	If a Tax Event or Regulatory Event occurs	All or some	Yes	Yes	\$100 (Face Value) <sup>(6)</sup>	Cash	Section 2.5

### Ranking

In a winding up of NAB, NAB Capital Notes 8 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.

- (1) If any of these dates are not Business Days, due to the Business Day convention in the Terms, the event will occur on the next Business Day.
- (2) Holders should not expect that APRA approval will be given.
- (3) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.
- (4) To be eligible as Additional Tier 1 Capital, NAB cannot have the right to Redeem or Resell NAB Capital Notes 8 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).
- (5) The Mandatory Conversion Conditions are designed to ensure that on Conversion (other than following a Loss Absorption Event) Holders receive approximately \$101 worth of Ordinary Shares for each NAB Capital Note 8 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.
- (6) Based on a Face Value of \$100 and a 1% discount.
- (7) In the case of Conversion on account of a Loss Absorption Event, NAB Capital Notes 8 are required to be Written Off if, for any reason, Conversion does not occur within 5 days after the Loss Absorption Event.
- (8) 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 8 which are being Converted, Redeemed or Resold will also receive a Distribution in respect of these NAB Capital Notes 8 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).
- (9) The number of NAB Capital Notes 8 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 8. See Section 2.7 for further information.
- (10) If a NAB Capital Note 8 is Written Off, all rights (including to Distributions) in respect of that NAB Capital Note 8 will be terminated, and the Holder will not have their capital repaid.

Table 2: Illustration of ranking on winding up

	Examples	Examples of existing NAB obligations and securities <sup>(1)</sup>
 <p>Higher ranking</p>	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	Relevant Tier 2 Capital Instruments
Equal ranking obligations	Preference shares and other equally ranked instruments	<p>NAB Capital Notes 8, and any securities expressed to rank equally with NAB Capital Notes 8, which include:</p> <ul style="list-style-type: none"> <li>• NAB Capital Notes 3</li> <li>• NAB Capital Notes 5</li> <li>• NAB Capital Notes 6</li> <li>• NAB Capital Notes 7</li> <li>• certain other preference shares of NAB (if on issue)<sup>(2)</sup></li> </ul> <p><b>If a NAB Capital Note 8 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 8 occurs following a Loss Absorption Event, the rights of Holders to distributions and returns of capital in respect of that NAB Capital Note 8 will be terminated, the NAB Capital Note 8 will not be Converted, Redeemed or Resold on any subsequent date and the Holder will not have their capital repaid. If NAB Capital Notes 8 are Written Off, Holders will have no claim on NAB (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.<sup>(3)</sup></b></p>
Lower ranking obligations	Ordinary shares	Ordinary Shares
Lower ranking		

(1) 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 8 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.

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

(3) See Sections 2.8, 6.1.4 and 6.1.15

### 1.3 Key risks of NCN8

You should read Section 6 in full before deciding whether to invest. The key risks outlined in that section include risks associated with an investment in NAB Capital Notes 8 and an investment in NAB. Some of these risks are summarised below.

#### 1.3.1 Key risks associated with an investment in NCN8

TOPIC	SUMMARY	FURTHER INFORMATION
<b>NAB Capital Notes 8 are not Protected Accounts or deposit liabilities</b>	NAB Capital Notes 8 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 6.1.1
<b>Distributions may not be paid</b>	<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 6.1.2

## Key risks of NCN8 (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>The Distribution Rate may go up or down</b>	The Distribution Rate may go up or down. There is a risk that the return on NAB Capital Notes 8 may become less attractive compared to returns on other investments.	Section 6.1.3
<b>Conversion or Write Off following a Loss Absorption Event</b>	<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 8 and may lose a significant amount of the money they invested in NAB Capital Notes 8 as a consequence. In cases where NAB Capital Notes 8 are not Converted for any reason within 5 days after the Loss Absorption Event Conversion Date, NAB Capital Notes 8 will be Written Off with effect on and from the Loss Absorption Event Conversion Date.</p> <p>If NAB Capital Notes 8 are Written Off following a Loss Absorption Event:</p> <ul style="list-style-type: none"> <li>• The rights of Holders in relation to those NAB Capital Notes 8 will be terminated;</li> <li>• Those NAB Capital Notes 8 will not be Converted, Redeemed or Resold on any subsequent date; and</li> <li>• Holders will not have their capital repaid or receive any further Distributions in relation to those NAB Capital Notes 8.</li> </ul>	Section 6.1.4
<b>Market price of NAB Capital Notes 8</b>	The market price of NAB Capital Notes 8 may go up or down and there is no guarantee NAB Capital Notes 8 will trade at or above their Face Value. The price at which NAB Capital Notes 8 trade may, for example, be affected by how the Distribution Rate of NAB Capital Notes 8 compares to that of other comparable instruments.	Section 6.1.5
<b>Liquidity of NAB Capital Notes 8</b>	<p>The liquidity of NAB Capital Notes 8 may be low, which means that, at certain times, you may be unable to sell your NAB Capital Notes 8 at an acceptable price, if at all.</p> <p>The liquidity of NAB Capital Notes 8 may be negatively impacted by a number of factors, including changes in law, including law relating to franking credits or other laws, changes resulting from the APRA Discussion Paper referred to in Section 5.3.2, changes to securities law, or if pursuant to the PIP Regime, ASIC exercises its product intervention powers in relation to NAB Capital Notes 8 or comparable securities issued by NAB or other entities.</p>	Section 6.1.6
<b>Liquidity and price of Ordinary Shares</b>	<p>Where NAB Capital Notes 8 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 10 under the heading "Conversion or Write Off following a Loss Absorption Event" and Section 6.1.4 for further information on the Conversion or Write Off of NAB Capital Notes 8 following a Loss Absorption Event.</p>	Sections 6.1.5, 6.1.6, 6.1.7 and 6.1.10
<b>Use of franking credits</b>	<p>Distributions paid on NAB Capital Notes 8 are expected to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%. 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 increased to reflect the applicable franking rate (see clause 2.5 of the Terms).</p> <p>Holders should be aware that franking is not guaranteed. Further, 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 7 and the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p>	Sections 6.1.8 and 6.1.9

## Key risks of NCN8 (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>NAB Capital Notes 8 are perpetual and may not Convert</b>	<p>NAB Capital Notes 8 have no fixed maturity date but will Convert into Ordinary Shares on 18 December 2034<sup>(1)</sup> if they are still on issue on that date and if the Mandatory Conversion Conditions are satisfied. If these conditions are not met on 18 December 2034<sup>(1)</sup> and NAB Capital Notes 8 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 8 may never Convert and may remain on issue indefinitely.</p>	Section 6.1.10
<b>Holders have no right to request repayment</b>	Holders have no right to request that their NAB Capital Notes 8 be repaid. Absent a Conversion, Redemption or Resale, in order to realise their investment, Holders would have to sell their NAB Capital Notes 8 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 8 (see Sections 6.1.5 and 6.1.6).	Section 6.1.12
<b>NAB has certain early Conversion, Redemption and Resale rights</b>	<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"> <li>Convert, Redeem or Resell NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032, or because of a Tax Event or a Regulatory Event; and</li> <li>Convert NAB Capital Notes 8 because of a Potential Acquisition Event.</li> </ul> <p>Holders should not expect that APRA's approval will be given for any Conversion, Redemption or Resale of NAB Capital Notes 8.</p>	Sections 6.1.12 and 6.1.13
<b>Ranking in a winding up of NAB</b>	<p>In a winding up of NAB, NAB Capital Notes 8 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 8. See also page 10 under the heading "Conversion or Write Off following a Loss Absorption Event" and Section 6.1.4 in relation to the consequences of a Write Off. If NAB Capital Notes 8 are Written Off, Holders will not have their capital repaid and will not be entitled to any return in a winding up.</p>	Sections 6.1.4 and 6.1.15
<b>NAB may issue further securities or incur other indebtedness</b>	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 8) 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.	Section 6.1.16

(1) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.

### 1.3.2 Key risks associated with an investment in NAB

See Section 6.2 for a description of the risks associated with an investment in NAB and the Group.

### 1.4 Information about the Offer

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Notes Target Market</b>	<p>In accordance with its obligations under the DDO Regime, NAB has made a target market determination for NAB Capital Notes 8 ("Target Market Determination").</p> <p>The Target Market Determination describes, among other things, the class of Retail Investors that comprises the target market for NAB Capital Notes 8 ("Notes Target Market").</p> <p>That Notes Target Market is set out in Section 3 and a copy of the Target Market Determination is available at <a href="http://nab.com.au/nabcapitalnotes8">nab.com.au/nabcapitalnotes8</a>.</p> <p>If you are a Retail Investor and wish to apply for NAB Capital Notes 8, you:</p> <ul style="list-style-type: none"> <li>must seek professional advice on whether you are within the Notes Target Market and whether an investment in NAB Capital Notes 8 is suitable for you in light of your particular investment objectives, financial situation and needs; and</li> <li>can only apply for NAB Capital Notes 8 if you are within the Notes Target Market and have received personal advice from a qualified financial adviser in connection with the Offer.</li> </ul> <p><b>You should not apply for NAB Capital Notes 8 if you are a Retail Investor and are not within the Notes Target Market.</b></p>	Section 3

## Information about the Offer (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Offer Structure</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>the Broker Firm Offer; and</li> <li>the Institutional Offer.</li> </ul> <p>Information about the Broker Firm Offer and the Institutional Offer and how to apply is provided below and in Section 3.</p>	Section 3
<b>How to Apply under the Offer</b>	<ul style="list-style-type: none"> <li>All Applications must be submitted through a Syndicate Broker and you must contact your Syndicate Broker for instructions on how to apply once the Offer opens.</li> <li>The Offer does not contain a specific offer for NAB securityholders.</li> </ul>	Section 3
<b>Minimum Application under the Offer</b>	Applications must be made for a minimum of 50 NAB Capital Notes 8 (\$5,000) and thereafter in multiples of 10 NAB Capital Notes 8 (\$1,000).	Section 3
<b>Key Dates for the Offer</b>	<p><b>Offer Period:</b></p> <p>The Offer is expected to:</p> <ul style="list-style-type: none"> <li>open on 21 May 2024; and</li> <li>close at 5.00pm on 31 May 2024.</li> </ul> <p><b>Issue Date:</b> NAB Capital Notes 8 are expected to be issued on 6 June 2024.</p> <p><b>Commencement of trading on ASX:</b> Trading is expected to commence on 7 June 2024 on a normal settlement basis.</p> <p><b>Despatch of Holding Statements:</b> Holding Statements are expected to be despatched on 13 June 2024.</p>	Key Dates
<b>Allocation policy</b>	<ul style="list-style-type: none"> <li>Allocations to Syndicate Brokers will be determined by NAB in consultation with the Joint Lead Managers following completion of the Bookbuild.</li> <li>Allocations to Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.</li> <li>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.</li> <li>Allocations to Institutional Investors will be determined by NAB following completion of the Bookbuild.</li> <li>If you are an Institutional Investor, you must apply to participate by contacting the Arranger prior to completion of the Bookbuild. NAB reserves the right not to accept Applications from Institutional Investors where they have not been received through the Arranger.</li> </ul>	Section 3
<b>Tax consequences</b>	<p>Information about the Australian tax consequences of investing in NAB Capital Notes 8 is set out in Section 7.</p> <p>The taxation implications of investing in NAB Capital Notes 8 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice.</p>	Section 7
<b>Fees and expenses associated with the Offer</b>	NAB has incurred certain fees and expenses in connection with the Offer and the Prospectus which are described in Section 8. These include payments to the Arranger, Joint Lead Managers and the Co-Managers.	Section 8
<b>More information</b>	<p>If you do not fully understand how NAB Capital Notes 8 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 8 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 – 6.00pm) and find out more information at <a href="https://nab.com.au/nabcapitalnotes8">nab.com.au/nabcapitalnotes8</a>.</p>	

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## Section two:

# About NAB Capital Notes 8

The following is an overview of the key terms of NAB Capital Notes 8. It is important that you read this Prospectus and the Terms in full before deciding whether to invest in NAB Capital Notes 8. If you do not fully understand how NAB Capital Notes 8 work or the risks associated with them or if you have any questions about the Offer, NAB Capital Notes 8 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 8 may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

A table comparing the key features of NAB Capital Notes 8 and other investments in NAB (including Ordinary Shares) is set out in Section 2.10.

## 2.1 Distributions

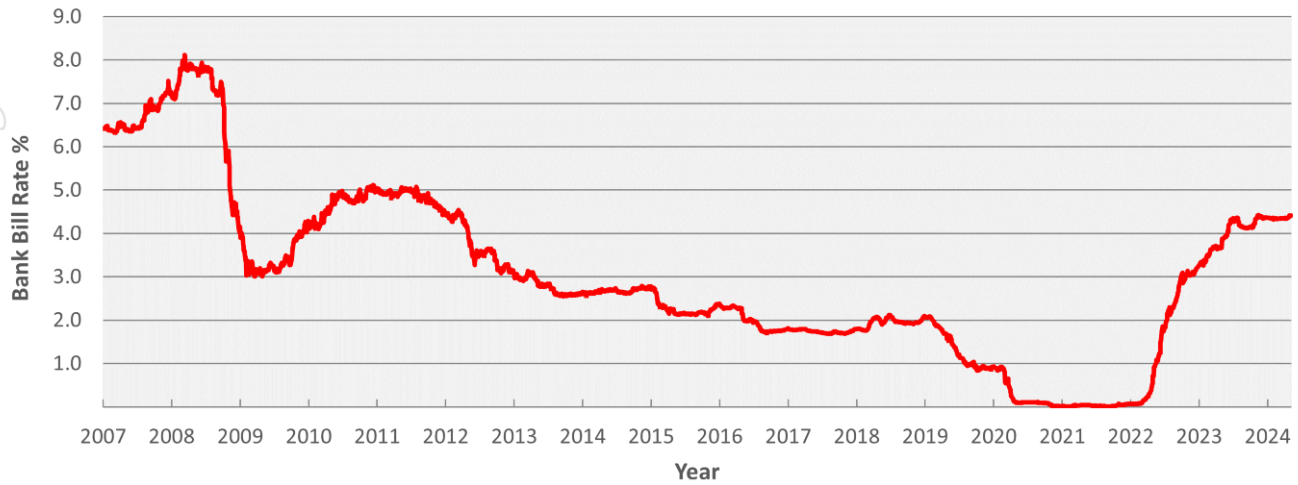
NAB Capital Notes 8 are expected to pay quarterly floating rate Distributions in cash, which are expected to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%. The effect 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> <p><b>Distribution Rate = (Bank Bill Rate + Margin) x (1 – Tax Rate)</b></p> <p>where:</p> <ul style="list-style-type: none"><li>• 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 three months 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;</li><li>• 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;</li><li>• Margin is the margin to be determined under the Bookbuild, which is expected to be in the range of 2.6000% to 2.8000%. The Margin will not change for the term of NAB Capital Notes 8; and</li><li>• Tax Rate is the Australian corporate tax rate applicable to the franking account of NAB on the relevant Distribution Payment Date (expressed as a decimal). As at the date of this Prospectus, the relevant Tax Rate is 30%, or 0.30 expressed as a decimal.</li></ul> <p>Below are two worked examples of the Distribution Rate calculated using:</p> <ul style="list-style-type: none"><li>• a Bank Bill Rate of 4.4117% (i.e. if the Bank Bill Rate is positive);</li><li>• a Bank Bill Rate of -1.0000% (i.e. if the Bank Bill Rate is negative); and</li><li>• a Margin of 2.6000%.</li></ul> <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> <p><b>Using a Bank Bill Rate of 4.4117% (i.e. a positive Bank Bill Rate)</b></p> <p>For example, if the Bank Bill Rate was 4.4117%, the Margin was 2.6000% 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><tr><td>Bank Bill Rate</td><td>4.4117% per annum</td></tr><tr><td>plus Margin</td><td>2.6000% per annum</td></tr><tr><td></td><td>7.0117% per annum</td></tr><tr><td>Multiplied by (1 – Tax Rate)</td><td>x 0.70</td></tr><tr><td>Distribution Rate =</td><td>4.9082% per annum</td></tr></table> <p><b>Using a Bank Bill Rate of -1.0000% (i.e. a negative Bank Bill Rate)</b></p> <p>For example, if the Bank Bill Rate was -1.0000%, the Margin was 2.6000% 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><tr><td>Bank Bill Rate</td><td>-1.0000% per annum</td></tr><tr><td>plus Margin</td><td>2.6000% per annum</td></tr><tr><td></td><td>1.6000% per annum</td></tr><tr><td>Multiplied by (1 – Tax Rate)</td><td>x 0.70</td></tr><tr><td>Distribution Rate =</td><td>1.1200% 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 during the period from 2 January 2007 to 6 May 2024. The Bank Bill Rate on 6 May 2024 was 4.4117%. The Australian corporate tax rate may change from time to time and that will affect the Distribution Rate.</p>	Bank Bill Rate	4.4117% per annum	plus Margin	2.6000% per annum		7.0117% per annum	Multiplied by (1 – Tax Rate)	x 0.70	Distribution Rate =	4.9082% per annum	Bank Bill Rate	-1.0000% per annum	plus Margin	2.6000% per annum		1.6000% per annum	Multiplied by (1 – Tax Rate)	x 0.70	Distribution Rate =	1.1200% per annum	Clause 2.4 of the Terms
Bank Bill Rate	4.4117% per annum																					
plus Margin	2.6000% per annum																					
	7.0117% per annum																					
Multiplied by (1 – Tax Rate)	x 0.70																					
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Multiplied by (1 – Tax Rate)	x 0.70																					
Distribution Rate =	1.1200% per annum																					

Movement in the Bank Bill Rate



TOPIC	SUMMARY	FURTHER INFORMATION								
Calculation of Distributions	Distributions scheduled to be paid on a Distribution Payment Date will be calculated using the following formula:	Clause 2.4 of the Terms								
	<div><div>Distribution Rate ×\$100 ×N</div><div>365</div></div> <p>where:</p> <p><b>N</b> is the number of days in the Distribution Period.</p> <p>Using the above formula, if the Distribution Rate was 4.9082% per annum, then the Distribution on each NAB Capital Note 8 for a Distribution Period of 90 days would be calculated as follows:</p> <table><tr><td>Example Distribution Rate</td><td>4.9082% 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>Example cash Distribution payment for the Distribution Period for each NAB Capital Note 8</td><td>\$1.2102</td></tr></table> <p>Distributions paid on NAB Capital Notes 8 are expected to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%. However, Holders should be aware that franking is not guaranteed. Further, 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 increased to reflect the applicable franking rate. Holders should refer to the Australian Taxation Summary in Section 7 and the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p> <p>The example above 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, to be determined under the Bookbuild.</p>		Example Distribution Rate	4.9082% 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
Example Distribution Rate	4.9082% 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									
Example cash Distribution payment for the Distribution Period for each NAB Capital Note 8	\$1.2102									

## Distributions (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Distribution Payment Dates</b>	<p>The Distribution Payment Dates are scheduled to be:</p> <ul style="list-style-type: none"> <li>• 17 March;</li> <li>• 17 June;</li> <li>• 17 September; and</li> <li>• 17 December,</li> </ul> <p>commencing on 17 September 2024 until (but not including) the date that NAB Capital Notes 8 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 8 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 8 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
<b>Franking credits</b>	<p>Distributions paid on NAB Capital Notes 8 are expected to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%. 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 increased to reflect the applicable franking rate (see clause 2.5 of the Terms).</p> <p>Holders should be aware that franking is not guaranteed. Further, 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 7 and the ATO class ruling (when published), and seek professional advice in relation to their tax position.</p>	Clause 2.5 of the Terms
<b>Restrictions on Distributions</b>	<p>A Distribution on NAB Capital Notes 8 will only be paid if:</p> <ul style="list-style-type: none"> <li>• The Directors resolve to pay it; and</li> <li>• A Payment Condition does not exist on the Distribution Payment Date.</li> </ul> <p>A "Payment Condition" will exist where:</p> <ul style="list-style-type: none"> <li>• The payment of the Distribution will result in NAB or the Group not complying with APRA's then current Prudential Capital Requirements;</li> <li>• 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;<sup>(1)</sup></li> <li>• APRA otherwise objects to the payment of the Distribution;</li> <li>• Payment of the Distribution would result in NAB becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or</li> <li>• NAB is not permitted to pay the Distribution under the Corporations Act.</li> </ul> <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>	Clause 2.6 of the Terms
<b>Restrictions on Ordinary Shares if Distributions are not paid</b>	<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"> <li>• Declare, determine to pay or pay a dividend on Ordinary Shares; or</li> <li>• Buy-back or reduce capital on Ordinary Shares.</li> </ul> <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 8 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 8.</p> <p>Further, the restriction only applies until (and including) 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 8. Accordingly, as soon as the restriction ceases to apply (as will be the case if the next scheduled Distribution on NAB Capital Notes 8 is paid in full) NAB will not be restricted from paying a dividend or other distributions on its Ordinary Shares.</p>	Clause 2.7 of the Terms
		Clauses 2.8 and 2.9 of the Terms

(1) See Section 5.3.1 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 8).

## 2.2 Term

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Term</b>	<p>NAB Capital Notes 8 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 8 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 8. Conditions apply to any optional Conversion, Redemption, Resale or purchase of NAB Capital Notes 8, 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 8 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 8 into Ordinary Shares on 18 December 2034<sup>(1)</sup>, 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 (which may never occur). These conditions may never be satisfied and accordingly NAB Capital Notes 8 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 8 they hold, and that the Ordinary Shares they receive following the Conversion are capable of being sold on the ASX.

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Mandatory Conversion Date</b>	<p>Outstanding NAB Capital Notes 8 are scheduled to be mandatorily Converted on 18 December 2034<sup>(1)</sup>, 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 8 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 (which may never occur).</p>	<p>Clauses 3.1 and 3.2 of the Terms</p>
<b>Mandatory Conversion and consequences</b>	<p>If the Mandatory Conversion Conditions are satisfied on the Mandatory Conversion Date, outstanding NAB Capital Notes 8 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 8. 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 and 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 8 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>

(1) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.

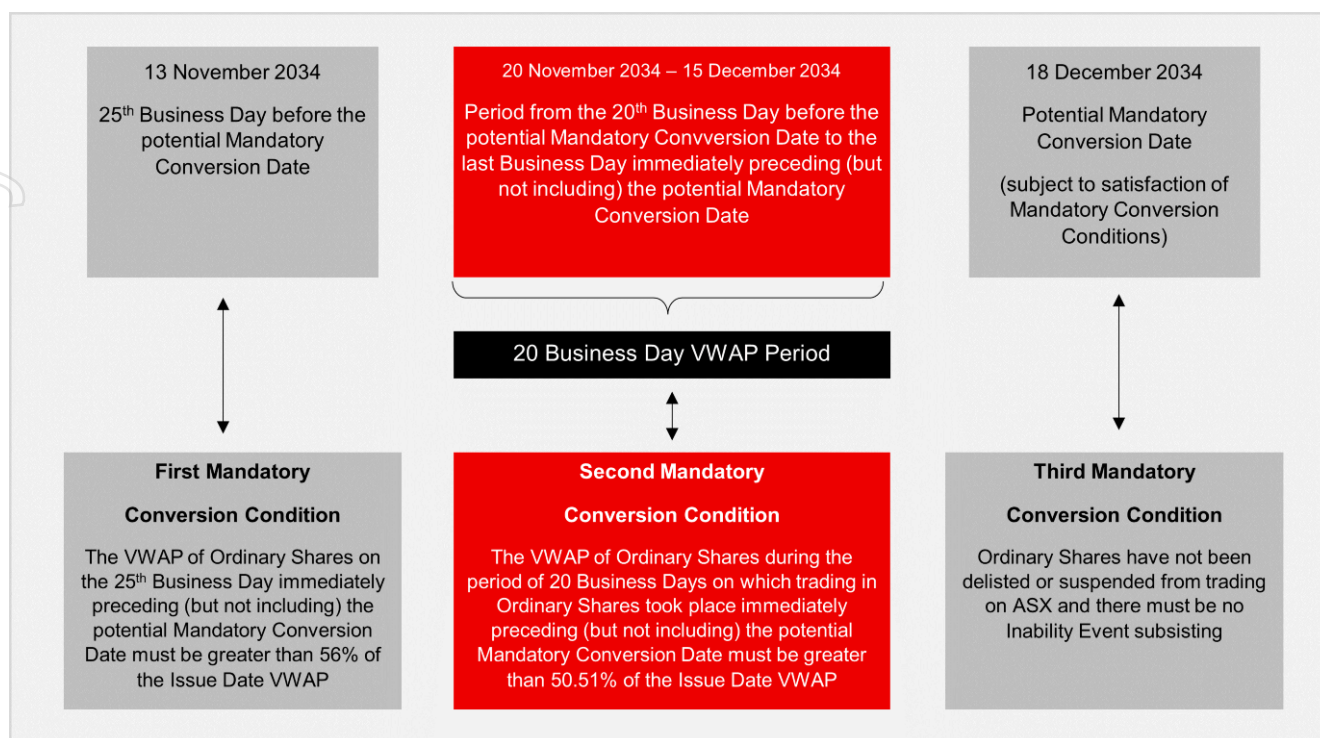
## Mandatory Conversion (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Maximum Conversion Number</b>	<p>Applicable prudential rules and rating agency guidelines require the Terms to limit the number of Ordinary Shares that a Holder may receive on Conversion to a Maximum Conversion Number ("MCN").</p> <p>The MCN is 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"> <li>"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 8 were issued; and</li> <li>"Relevant Fraction", for a Mandatory Conversion, is <b>0.5</b>. This fraction reflects the rating 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.</li> </ul> <p><b>Adjustments to Issue Date VWAP and Maximum Conversion Number</b></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 1% of the Issue Date VWAP then in effect.</p>	Clauses 7.1 – 7.7 of the Terms
<b>Mandatory Conversion Conditions</b>	<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 8 on Conversion (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date). The effect of the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition is that, if the VWAP of Ordinary Shares has fallen to a level where the Maximum Conversion Number would apply, the Conversion is deferred until the next Distribution Payment Date on which the conditions are satisfied (which may never occur).</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 Maximum Conversion Number. 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"> <li><b>First Mandatory Conversion Condition:</b> the VWAP of Ordinary Shares on the 25<sup>th</sup> Business Day immediately preceding (but not including) a possible Mandatory Conversion Date must be greater than 56% of the Issue Date VWAP;</li> <li><b>Second Mandatory Conversion Condition:</b> 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</li> <li><b>Third Mandatory Conversion Condition:</b> 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 8 generally (e.g. where NAB is prevented from Converting NAB Capital Notes 8 by applicable law or order of any court or action of any government authority or any other reason).</li> </ul> <p><b>Satisfaction of Mandatory Conversion Conditions</b></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 18 December 2034<sup>(1)</sup> as a potential Mandatory Conversion Date. These dates are indicative only and may change.</p>	Clause 3.3 of the Terms

(1) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.



## Mandatory Conversion (cont.)



TOPIC	SUMMARY	FURTHER INFORMATION
<b>Conversion Number</b>	<p>On a Mandatory Conversion Date (being a date on which the Mandatory Conversion Conditions have been satisfied), a Holder will receive a number of Ordinary Shares per NAB Capital Note 8 ("Conversion Number"), calculated in accordance with the following formula:</p> $N = \frac{\$100}{99\% \times \text{VWAP}}$ <p>where:</p> <p>"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>	Clauses 7.1 – 7.7 of the Terms

### Number of Ordinary Shares Holders will receive on Mandatory Conversion Date – worked example

#### Worked example: Scheduled Mandatory Conversion Date

Assume the VWAP from 20 November 2034 to 15 December 2034 (being the 20 Business Days on which trading in Ordinary Shares took place immediately preceding 18 December 2034) is \$20.00, the Issue Date VWAP is \$30.00 and the Mandatory Conversion Conditions are satisfied. Holders would be entitled to receive the Conversion Number calculated in accordance with the following formula:

$$N = \frac{\$100}{99\% \times \$20.00} = 5.0505 \text{ Ordinary Shares per NAB Capital Note 8}$$

Since N is less than the MCN (see above), the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 8 would be entitled would be 505 (i.e. 100 x 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 x \$20.00) which is slightly more than \$10,000 (the Face Value of 100 NAB Capital Notes 8).

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.

Clause 7.1 of the Terms

## 2.4 Optional Conversion

On 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032, NAB may elect to Convert NAB Capital Notes 8 into Ordinary Shares with APRA's prior written approval. NAB may also elect to Convert NAB Capital Notes 8 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 8 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 8 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
<b>Optional Conversion</b>	<p>NAB may, with APRA's prior written approval, elect to Convert:</p> <ul style="list-style-type: none"> <li>All or some NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032;</li> <li>All or some NAB Capital Notes 8 following the occurrence of a Tax Event or a Regulatory Event; or</li> <li>All or some NAB Capital Notes 8 following the occurrence of a Potential Acquisition Event.</li> </ul> <p>An optional Conversion is subject to further conditions as set out below. This is because, due to requirements of applicable prudential rules and rating agency guidance, the Terms must limit the number of Ordinary Shares that Holders can receive on Conversion to the Maximum Conversion Number (in this case, calculated as described below). The effect of the conditions set out below is that, if the VWAP of Ordinary Shares has fallen to a level where the Maximum Conversion Number would apply, the Conversion is deferred until the next Distribution Payment Date on which the conditions are satisfied (which may never occur).</p> <p>Holders should not expect that APRA's approval will be given for a Conversion of NAB Capital Notes 8 in these circumstances.</p> <p>Holders do not have a right to request Conversion in any circumstances.</p>	Clause 6.1 of the Terms
<b>Tax Event</b>	<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 8, 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, acting reasonably, 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 8.</p>	Clause 24.1 of the Terms
<b>Regulatory Event</b>	<p>A Regulatory Event will broadly occur if:</p> <ul style="list-style-type: none"> <li>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 8 (which were not expected by NAB at the Issue Date) which the Directors determine, acting reasonably, to be materially adverse to NAB; or</li> <li>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 8 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.</li> </ul>	Clause 24.1 of the Terms
<b>Potential Acquisition Event</b>	<p>A Potential Acquisition Event will broadly occur if:</p> <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul> <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 (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Optional Conversion Restrictions</b>	<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"> <li>Restrictions that may prevent NAB from sending a notice to Holders advising them that NAB wishes to Convert NAB Capital Notes 8; and</li> <li>Restrictions that may prevent NAB from actually Converting NAB Capital Notes 8.</li> </ul> <p><b>Restrictions that may prevent NAB from sending a conversion notice</b></p> <p>NAB may not elect to Convert NAB Capital Notes 8 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 8):</p> <ul style="list-style-type: none"> <li>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</li> <li>A Delisting Event applies.</li> </ul> <p><b>Further restrictions that may prevent NAB from Converting NAB Capital Notes 8 on a Conversion Date</b></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"> <li>The Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) would not be satisfied; or</li> <li>A Delisting Event applies,</li> </ul> <p>then the proposed 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 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>	Clauses 6.4 and 6.5 of the Terms
<b>Conversion Number</b>	<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 (with the result that the Maximum Conversion Number in this case is larger than in the case of Mandatory Conversion).</p>	Clause 7.1 of the Terms
<b>If Conversion does not occur on Optional Conversion Date</b>	<p>If NAB elects to Convert but cannot Convert NAB Capital Notes 8 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 8 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>	Clause 6.5 of the Terms

## 2.5 Optional Redemption, optional Resale or purchase

On 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032, NAB may elect to Redeem, Resell or purchase NAB Capital Notes 8 with APRA's prior written approval. NAB may also elect to Redeem or Resell NAB Capital Notes 8 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 8 that it holds.

There are restrictions on NAB's ability to Redeem NAB Capital Notes 8 for cash. Most importantly, NAB may only elect to Redeem NAB Capital Notes 8 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).

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

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Optional Redemption</b>	<p>NAB may, with APRA's prior written approval, elect to Redeem:</p> <ul style="list-style-type: none"> <li>All or some NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032; or</li> <li>All or some NAB Capital Notes 8 following the occurrence of a Tax Event or a Regulatory Event.</li> </ul> <p>Holders should not expect that APRA's approval will be given for any Redemption of NAB Capital Notes 8 under the Terms. Holders do not have a right to request Redemption in any circumstances.</p>	Clause 8.1 of the Terms

## Optional Redemption, optional Resale or purchase (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Restrictions on Redemption</b>	<p>NAB may only elect to Redeem NAB Capital Notes 8 if APRA is satisfied that either:</p> <ul style="list-style-type: none"> <li>The NAB Capital Notes 8 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</li> <li>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 8.</li> </ul>	Clause 8.4 of the Terms
<b>Optional Resale</b>	<p>NAB may also, with APRA's prior written approval, elect to Resell:</p> <ul style="list-style-type: none"> <li>All or some NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032; or</li> <li>All or some NAB Capital Notes 8 following the occurrence of a Tax Event or a Regulatory Event.</li> </ul> <p>Holders should not expect that APRA's approval will be given for any Resale of NAB Capital Notes 8 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 8 to one or more third party purchasers at the Resale Price (\$100 per NAB Capital Note 8).</p>	Clauses 10.1 and 11.4 of the Terms
<b>Appointment of Nominated Purchaser</b>	<p>If NAB elects to Resell NAB Capital Notes 8, it must appoint one or more third party purchasers (each a "Nominated Purchaser") to purchase NAB Capital Notes 8 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"> <li>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;</li> <li>As to the substitution of another entity as Nominated Purchaser (in accordance with the Terms); and</li> <li>On which any NAB Capital Notes 8 acquired by a Nominated Purchaser may be Redeemed, Converted or otherwise dealt with.</li> </ul> <p>To the extent any of the terms on which a Nominated Purchaser is appointed may cause NAB Capital Notes 8 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 8 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
<b>Failure by Nominated Purchaser to pay Resale Price</b>	<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 8 in accordance with the Terms until NAB Capital Notes 8 are otherwise Redeemed, Converted or Resold in accordance with the Terms.</p>	Clause 11.6 of the Terms
<b>Purchases</b>	<p>NAB (or any Related Entity of NAB) may at any time purchase NAB Capital Notes 8 in the open market or otherwise, at any price (subject to the prior written approval of APRA).</p>	Clause 12.3 of the Terms

## 2.6 Conversion following an Acquisition Event

NAB must Convert all (but not some) NAB Capital Notes 8 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 8 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 8 may never Convert into Ordinary Shares.

## Conversion following an Acquisition Event (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Acquisition Event</b>	<p>In summary, an Acquisition Event means either:</p> <ul style="list-style-type: none"> <li>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"> <li>The bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or</li> <li>A majority of Directors recommend acceptance of such offer (in the absence of a higher offer); or</li> </ul> </li> <li>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"> <li>All classes of members of NAB pass all resolutions required to approve the scheme by the majorities required under the Corporations Act; and</li> <li>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.</li> </ul> </li> </ul> <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 6.1.11.</p>	Clause 24.1 of the Terms
<b>Conversion following an Acquisition Event</b>	<p>If an Acquisition Event occurs, NAB must (by giving an Acquisition Conversion Notice) Convert all (but not some) NAB Capital Notes 8 into a number of Ordinary Shares with a value of approximately \$101 per NAB Capital Note 8 (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"> <li>Restrictions that may prevent NAB from sending an Acquisition Conversion Notice to Holders; and</li> <li>Restrictions that may prevent NAB from actually Converting NAB Capital Notes 8.</li> </ul> <p><b>Restrictions that may prevent NAB from sending a conversion notice</b></p> <p>NAB is not required to give an Acquisition Conversion Notice to Holders and will not be required to Convert NAB Capital Notes 8 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 8 as a result of an Acquisition Event):</p> <ul style="list-style-type: none"> <li>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</li> <li>A Delisting Event applies.</li> </ul> <p><b>Further restrictions that may prevent NAB from Converting NAB Capital Notes 8 on a Conversion Date</b></p> <p>In addition, NAB may not proceed to Convert NAB Capital Notes 8 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"> <li>The Second Mandatory Conversion Condition (applied as if it referred to 20.20% of the Issue Date VWAP) would not be satisfied; or</li> <li>A Delisting Event applies in respect of that date.</li> </ul> <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>	Clauses 5 and 7 of the Terms
<b>Conversion Number</b>	<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 (with the result that the Maximum Conversion Number in this case is larger than in the case of Mandatory Conversion).</p>	Clause 7.1 of the Terms
<b>If Conversion does not occur on Acquisition Conversion Date</b>	<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 25<sup>th</sup> 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>	Clauses 5.3 and 5.4 of the Terms



## 2.7 Conversion following a Loss Absorption Event

NAB Capital Notes 8 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 8 for prudential regulation purposes.

The occurrence of a "Loss Absorption Event" requires the Conversion of NAB Capital Notes 8 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 8 and a Holder may lose a significant amount of the money they invested in NAB Capital Notes 8 as a consequence. The calculations set out in this Section 2.7 are illustrative only and are 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.

If a Loss Absorption Event were to occur, the Terms of the NAB Capital Notes 8 require NAB to Convert the NAB Capital Notes 8 into Ordinary Shares. However, if, for any reason, NAB does not perform its obligations to Convert NAB Capital Notes 8 within 5 days after a Loss Absorption Event as required by the Terms, those NAB Capital Notes 8 will instead 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. If NAB Capital Notes 8 are Written Off, Holders will have no claim on NAB (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Loss Absorption Events</b>	<p>A Loss Absorption Event is each of:</p> <ul style="list-style-type: none"> <li>• A Common Equity Trigger Event; and</li> <li>• A Non-Viability Trigger Event.</li> </ul>	Clause 4.1 of the Terms
<b>Common Equity Trigger Event</b>	<p>A Common Equity Trigger Event occurs when the ratio of NAB's Common Equity Tier 1 Capital to risk-weighted assets ("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 8) 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
<b>Non-Viability Trigger Event</b>	<p>A Non-Viability Trigger Event means APRA has provided a written determination to NAB that:</p> <ul style="list-style-type: none"> <li>• The conversion into Ordinary Shares or write off of Relevant Tier 1 Capital Instruments (which includes NAB Capital Notes 8) is necessary because without the conversion or write off, APRA considers that NAB would become non-viable; or</li> <li>• Without a public sector injection of capital into, or equivalent support with respect to, NAB, APRA considers that NAB would become non-viable.</li> </ul> <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"> <li>• All Relevant Tier 1 Capital Instruments; or</li> <li>• 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.</li> </ul>	Clause 4.3 of the Terms
<b>Conversion or Write Off of Relevant Tier 1 Capital Instruments (including NAB Capital Notes 8)</b>	<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"> <li>• Permitted by APRA to convert or write off only a proportion of NAB Capital Notes 8 and other Relevant Tier 1 Capital Instruments; or</li> <li>• Required to either convert or write off all Relevant Tier 1 Capital Instruments (including NAB Capital Notes 8). 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.</li> </ul>	Clauses 4.2, 4.3 and 4.4 of the Terms



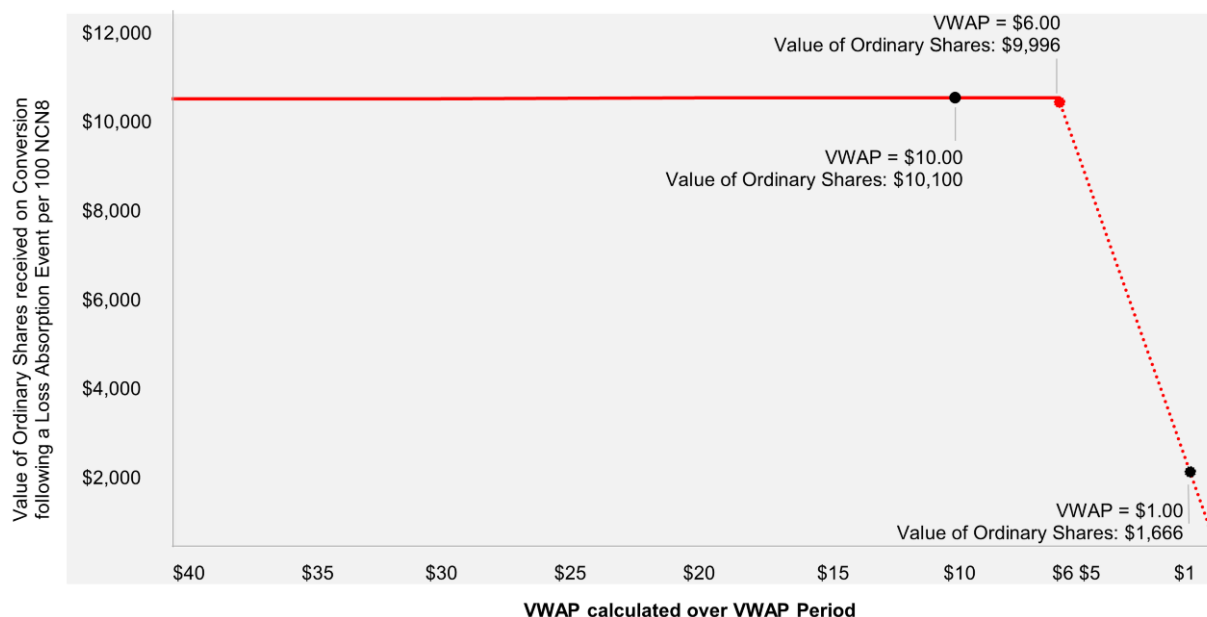
## Conversion following a Loss Absorption Event (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Conversion or Write Off of Relevant Tier 1 Capital Instruments (including NAB Capital Notes 8) (continued)</b>	<p>If NAB is permitted to convert or write off only a proportion of NAB Capital Notes 8 and other Relevant Tier 1 Capital Instruments:</p> <ul style="list-style-type: none"> <li>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 8 and other logistical considerations; and</li> <li>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.</li> </ul> <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 8) 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>	
<b>Conversion as a result of a Loss Absorption Event</b>	<ul style="list-style-type: none"> <li>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 8 that will Convert and the number of other Relevant Tier 1 Capital Instruments which will convert into Ordinary Shares or be written off.</li> <li>On the Loss Absorption Event Conversion Date, the relevant number of NAB Capital Notes 8 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.</li> <li>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 8 as having been issued the Conversion Number of Ordinary Shares.</li> <li>NAB expects that any ASX trades in NAB Capital Notes 8 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 8 have been Converted as a result of the occurrence of the Loss Absorption Event.</li> <li>NAB may make such decisions with respect to the identity of Holders whose NAB Capital Notes 8 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 8 that have not been settled or registered at that time.</li> </ul>	<p>Clause 4.4 of the Terms</p>
<b>Number of Ordinary Shares Holders will receive on Loss Absorption Event Conversion Date</b>	<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"> <li>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</li> <li>The "Relevant Fraction" is 0.2 rather than 0.5, as permitted by applicable prudential standards for Additional Tier 1 Capital.</li> </ul> <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, depending on the market price of Ordinary Shares at the time, the Ordinary Shares a Holder receives on account of such a Conversion are likely to be worth significantly less than \$101 per NAB Capital Note 8 and a Holder may lose a significant amount of the money they invested in NAB Capital Notes 8 as a consequence.</p> <p>On a Conversion following a Loss Absorption Event, Holders will receive <b>the lesser of:</b></p> <ul style="list-style-type: none"> <li><b>The number (N) calculated according to the following formula:</b></li> </ul> $N = \frac{\$100}{99\% \times \text{VWAP}}$ <p>and</p> <ul style="list-style-type: none"> <li><b>The MCN, calculated in accordance with the following formula:</b></li> </ul> $\text{MCN} = \frac{\$100}{\text{Issue Date VWAP} \times \text{Relevant Fraction}}$	<p>Clause 7.1 of the Terms</p>

## Conversion following a Loss Absorption Event (cont.)

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Worked examples of Conversion following a Loss Absorption Event</b>	<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> <p>A VWAP of \$1.00 (i.e. in extreme circumstances); and</p> <p>A VWAP of \$10.00 (i.e. in less severe circumstances).</p> <p>These examples assume an Issue Date VWAP of \$30.00.</p> <p><b>Using a VWAP of \$1.00</b></p> <p>Assume a Loss Absorption Event occurs, and that the VWAP in the VWAP Period is \$1.00.</p> <p>Holders would receive <b>the lesser of:</b></p> $N = \frac{\$100}{99\% \times \$1.00} = 101.0101 \text{ Ordinary Shares per NAB Capital Note 8; and}$ $\text{the MCN} = \frac{\$100}{\$30.00 \times 0.2} = 16.6667 \text{ Ordinary Shares per NAB Capital Note 8.}$ <p><b>Since the MCN is less than N, the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 8 would be entitled would be the MCN, that is 1,666 Ordinary Shares (i.e. 100 x 16.6667).</b></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 8). Consequently, Holders would lose a significant amount of the money they invested in NAB Capital Notes 8.</p> <p><b>Using a VWAP of \$10.00</b></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><b>Since N is less than the MCN, the total number of Ordinary Shares to which a Holder of 100 NAB Capital Notes 8 would be entitled would be N, that is 1,010 (i.e. 100 x 10.1010 rounded down to the nearest whole Ordinary Share).</b></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 8).</p> <p>The diagram below illustrates the value of Ordinary Shares a Holder would receive on Conversion of 100 NAB Capital Notes 8 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>	

## Conversion following a Loss Absorption Event (cont.)



- Black dots correspond to the worked examples above
- Red dot indicates the VWAP at which MCN first has the effect of reducing the value of Ordinary Shares received to less than the aggregate Face Value of NCN8 being Converted
- Dotted line indicates the lower the VWAP is at Conversion, the greater a Holder's loss compared to the Face Value of NCN8 being Converted

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Write Off of NAB Capital Notes 8 where NAB Capital Notes 8 are not Converted on Loss Absorption Event Conversion Date</b>	<p>If a Loss Absorption Event were to occur, the Terms of the NAB Capital Notes 8 require NAB to Convert the NAB Capital Notes 8 into Ordinary Shares. However, if Conversion 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 8 (broadly an "Inability Event")), those NAB Capital Notes 8 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 8 are immediately and irrevocably terminated and written off with effect on and from the Loss Absorption Event Conversion Date and the NAB Capital Note 8 will not be Converted, Redeemed or Resold on any subsequent date.</p> <p>If NAB Capital Notes 8 are Written Off, Holders will have no claim on NAB (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.</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 8, subject to limited exceptions.</p>	Clause 4.5 of the Terms
<b>Notice of Loss Absorption Event and resulting Conversion or Write Off</b>	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 8 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
<b>Quotation</b>	NAB will apply for NAB Capital Notes 8 to be quoted on ASX within seven days after the date of this Prospectus and NAB Capital Notes 8 are expected to be quoted under code 'NABPK'.	Clause 1.4 of the Terms
<b>Ranking</b>	<p>NAB Capital Notes 8 are unsecured.</p> <p>NAB Capital Notes 8 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><b>Ranking in a winding up of NAB</b></p> <p>In a winding up of NAB, NAB Capital Notes 8 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.</p> <p>If NAB Capital Notes 8 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 8.</p> <p>If NAB Capital Notes 8 are Written Off, Holders will not have their capital repaid and will not be entitled to any return in a winding up. If NAB Capital Notes 8 are Written Off, Holders will have no claim on NAB (even though Ordinary Shares are still on issue) and they are likely to be worse off than holders of Ordinary Shares.</p> <p><b>Ranking in relation to Distributions</b></p> <p>In respect of payment of Distributions, NAB Capital Notes 8 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 8 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 8 are Written Off, Holders will not be entitled to any Distributions under the Terms or otherwise.</p>	<p>Clause 16.5 of the Terms</p> <p>Clause 1.6 of the Terms</p> <p>Clause 16.2 of the Terms</p> <p>Clause 16.1 of the Terms</p>
<b>Regulatory capital of ADIs</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Under the Basel III Prudential Standards, Tier 1 Capital is comprised of: <ul style="list-style-type: none"> <li>Common Equity Tier 1 Capital; and</li> <li>Additional Tier 1 Capital.</li> </ul> </li> <li>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.</li> <li>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.</li> </ul>	
<b>Regulatory treatment of NAB Capital Notes 8</b>	<ul style="list-style-type: none"> <li>APRA has provided confirmation that NAB Capital Notes 8, once issued, will qualify as Additional Tier 1 Capital for the purposes of NAB's regulatory capital requirements.</li> <li>NAB Capital Notes 8 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.</li> <li>The Banking Act gives statutory recognition to conversion and write off provisions in regulatory capital instruments such as NAB Capital Notes 8, subject to limited exceptions.</li> </ul>	Section 5.3

## 2.9 Other

TOPIC	SUMMARY	FURTHER INFORMATION
<b>NAB may issue further NAB Capital Notes 8 or other instruments</b>	<p>NAB has the right to issue additional convertible notes on the same or different terms as NAB Capital Notes 8 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 8. 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 8. NAB Capital Notes 8 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 8 does not confer any right to participate in further issues of securities by NAB.</p>	Clause 20 of the Terms
<b>Voting rights</b>	<p>A NAB Capital Note 8 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
<b>Amendment of Terms</b>	<p>NAB may make certain amendments to the Terms and the NAB Capital Notes 8 Deed Poll without the approval of Holders if NAB is of the opinion that the amendment is:</p> <ul style="list-style-type: none"> <li>• of a formal, minor or technical nature;</li> <li>• made to cure any ambiguity or correct any manifest or proven error;</li> <li>• made to facilitate the listing, clearing or offering for sale of NAB Capital Notes 8;</li> <li>• 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);</li> <li>• necessary or appropriate to effect substitution of an Approved NOHC (as described below);</li> <li>• to dates or time periods stated, required or permitted in connection with any Conversion, Redemption or Resale without such amendment resulting in material prejudice to the interests of Holders as a whole; or</li> <li>• made to align with the terms of any Relevant Tier 1 Capital Instruments issued after the Issue Date and is necessary or desirable to enable NAB to continue to treat such Notes as Additional Tier 1 Capital,</li> </ul> <p>or in any other case, where in NAB's reasonable opinion, the amendment is not materially prejudicial to the interests of Holders as a whole.</p> <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 8 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 8 Deed Poll is required only where the amendment may affect the eligibility of NAB Capital Notes 8 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>
<b>Notices</b>	<p>While NAB Capital Notes 8 are quoted on ASX, all notices by NAB to Holders may be given by publication of an announcement on 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

TOPIC	SUMMARY	FURTHER INFORMATION
<b>Approved NOHC</b>	<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"> <li>convert NAB Capital Notes 8 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</li> <li>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.</li> </ul> <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 8.</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 8. 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
<b>Payments to bank accounts</b>	<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 in an account maintained by NAB or the Registrar as a non-interest bearing deposit until a suitable account is nominated by the Holder, 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
<b>Time limit on claims</b>	Holders should be aware that a claim against NAB for a payment in respect of a NAB Capital Note 8 is void unless made within 5 years from the date on which the payment first became due.	Clause 14.4 of the Terms
<b>Determinations and calculations are final</b>	Except where there is fraud or a manifest or proven 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 8) is final and binds NAB, the Registrar and each Holder.	Clause 14.5 of the Terms
<b>No set-off</b>	<p>A Holder does not have any right to set-off any amounts owing to it by NAB in connection with NAB Capital Notes 8 against any amount owing by it to NAB in connection with NAB Capital Notes 8 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 8.</p>	Clause 14.8 of the Terms
<b>Power of attorney</b>	<p>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 to:</p> <ul style="list-style-type: none"> <li>effect any transfers of NAB Capital Notes 8 or make an entry in the Register in connection with a Conversion, Redemption or Resale; or</li> <li>facilitate the performance of a Holder's obligations in connection with a Conversion, Redemption or Resale.</li> </ul>	Clause 23(a) of the Terms



TOPIC	SUMMARY	FURTHER INFORMATION
<b>Issues to an Eligible Nominee</b>	<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"> <li>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;</li> <li>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</li> <li>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.</li> </ul> <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>	Clause 7.12 of the Terms
<b>NAB Capital Notes 8 Deed Poll</b>	<p>A trustee has not been appointed for NAB Capital Notes 8. Instead, NAB has made the NAB Capital Notes 8 Deed Poll in favour of each person who is from time to time a Holder. The NAB Capital Notes 8 Deed Poll gives legal effect to NAB's obligations in the Terms.</p> <p>Under the NAB Capital Notes 8 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 8 Deed Poll also includes provisions for meetings of Holders.</p> <p>Holders will be bound by the terms of the NAB Capital Notes 8 Deed Poll, the Terms and this Prospectus when NAB Capital Notes 8 are issued or transferred to them or they purchase NAB Capital Notes 8.</p> <p>The Registrar will hold the original executed NAB Capital Notes 8 Deed Poll on behalf of Holders. Each Holder can enforce NAB's obligations under the NAB Capital Notes 8 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 8 Deed Poll can be obtained from <a href="http://nab.com.au/nabcapitalnotes8">nab.com.au/nabcapitalnotes8</a>.</p>	NAB Capital Notes 8 Deed Poll
<b>Tax implications</b>	<p>Information about the Australian tax consequences of investing in NAB Capital Notes 8 is set out in Section 7.</p> <p>The taxation implications of investing in NAB Capital Notes 8 will depend on an investor's individual circumstances. Prospective investors should obtain their own taxation advice.</p>	Section 7
<b>Brokerage, commission and stamp duty</b>	<p>No brokerage or commission is, and no stamp duty should be, payable on Applications for NAB Capital Notes 8. Holders may have to pay brokerage on any subsequent transfer of NAB Capital Notes 8 on ASX after quotation.</p>	

## 2.10 Comparison of NCN8 to other NAB instruments

### Differences between term deposits, NAB Capital Notes 8 and other NAB instruments

There are differences between NAB Capital Notes 8 and other investments in NAB, such as NAB's term deposits, NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and Ordinary Shares. You should consider these differences in light of your particular investment objectives, financial situation and needs before deciding whether to apply for NAB Capital Notes 8. The key differences are summarised in the table below. This summary is not intended to be exhaustive.



## Comparison of NCN8 to other NAB instruments (cont.)

	Term deposit	NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8	Ordinary Shares
<b>Protection under the Financial Claims Scheme<sup>(1)</sup></b>	Yes	No	No
<b>Term</b>	Often between 1 month and 5 years	Perpetual <sup>(2)</sup>	Perpetual (no maturity date)
<b>Margin</b>	Varies from product to product	NAB Capital Notes 3: 4.00% NAB Capital Notes 5: 3.50% NAB Capital Notes 6: 3.15% NAB Capital Notes 7: 2.80% NAB Capital Notes 8: Expected to be in the range of 2.6000% to 2.8000%	N/A
<b>Interest / distribution / dividend rate</b>	Fixed	Floating	Variable dividends as determined by Directors
<b>Interest / distribution / dividend payment dates</b>	Often at the end of term or per annum	Quarterly	Typically twice yearly <sup>(3)</sup>
<b>Rights if interest / distributions / dividends not fully franked</b>	N/A – interest payments are not franked	Distribution increased to reflect applicable franking rate	None
<b>Conditions to payment of interest / distributions / dividends</b>	None, subject to applicable laws and any specific conditions	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
<b>Dividend restriction if interest / dividend / distribution not paid</b>	No	Yes – applies to Ordinary Shares only, until the next distribution payment date – see Section 2.1 for NAB Capital Notes 8 <sup>(4)</sup>	N/A
<b>Transferable</b>	No	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 quoted on ASX under the code 'NABPI' Yes – NAB Capital Notes 7 are quoted on ASX under the code 'NABPJ' Yes – NAB Capital Notes 8 are expected to be quoted on ASX under the code 'NABPK'	Yes – quoted on ASX under the code 'NAB'
<b>Mandatory Conversion into Ordinary Shares</b>	No	Yes <sup>(5)</sup>	N/A
<b>Issuer's early conversion option</b>	No	Yes – with the prior approval of APRA – see Section 2.4 for NAB Capital Notes 8	N/A

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## Comparison of NCN8 to other NAB instruments (cont.)

	Term deposit	NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8	Ordinary Shares
<b>Issuer's early redemption option</b>	No	Yes - with the prior written approval of APRA - see Section 2.5 for NAB Capital Notes 8	No
<b>Loss absorption event<sup>(5)</sup></b>	No	Yes - see Section 2.7 for NAB Capital Notes 8	No
<b>Capital classification</b>	None	Additional Tier 1 Capital	Common Equity Tier 1 Capital
<b>Voting rights</b>	N/A	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 9

In a winding up of NAB, NAB Capital Notes 8 rank ahead of Ordinary Shares, equally amongst themselves and Equal Ranking Instruments (which include NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6 and NAB Capital Notes 7) 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 8 are liable to be Converted into Ordinary Shares or, if Conversion does not occur for any reason within 5 days after the Loss Absorption Event, Written Off, with the effect that the rights of Holders to Distributions and returns of capital will be terminated. If NAB Capital Notes 8 are Written Off, Holders will likely be worse off than holders of Ordinary Shares, as further described in Sections 2.7 and 6.1.4.

- (1) 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.
- (2) NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8 are scheduled to convert into Ordinary Shares on 19 June 2028, 17 December 2029, 17 September 2032, 17 June 2033 and 18 December 2034 (due to the Business Day convention in the Terms, the Mandatory Conversion Date is deferred from 17 December 2034 to 18 December 2034) 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 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8 as a result of a loss absorption event. In addition, NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8 may be converted, redeemed or resold with the prior written approval of APRA. NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8 may also be written off in certain circumstances.
- (3) There are no fixed dates for payment of ordinary dividends.
- (4) No equivalent restriction applies if an Approved NOHC is substituted as issuer of ordinary shares on Conversion - see Section 2.9.
- (5) 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 8 will be converted or written off before any Tier 2 Capital Instruments are converted or written off - see Section 2.7.

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Section three:

# Applying for NAB Capital Notes 8

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## 3.1 Notes Target Market

NAB has made a target market determination for NAB Capital Notes 8 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/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8).

The Target Market Determination describes, among other things, the class of Retail Investors that comprises the target market for NAB Capital Notes 8 ("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 8 (which are summarised in Section 1.3 and detailed in Section 6), 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 8;
- 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 8 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 8, you:

- must seek professional advice on whether you are within the Notes Target Market and whether an investment in NAB Capital Notes 8 is suitable for you in light of your particular investment objectives, financial situation and needs; and
- can only apply for NAB Capital Notes 8 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 8, or the Notes Target Market, you should also contact your Syndicate Broker or a qualified financial adviser.

## 3.2 Applications for NAB Capital Notes 8<sup>(1)</sup>

### Who can apply for NAB Capital Notes 8

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 comprises the Broker Firm Offer and the Institutional Offer. The Offer does not contain a specific offer for NAB securityholders (unlike some prior ASX-listed hybrid security offers by NAB).

The Offer is only available to 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.

### When to apply for NAB Capital Notes 8

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 31 May 2024.

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.

### How to apply for NAB Capital Notes 8

To participate in the Broker Firm Offer you must contact the Syndicate Broker who has offered you an allocation in the Offer for information about how and when to submit your Application, including for instructions on how to pay the Application Monies necessary for your Application. No Syndicate Broker will accept payments by cheque. Your Application must be for a minimum of 50 NAB Capital Notes 8 (\$5,000) and thereafter in multiples of 10 NAB Capital Notes 8 (\$1,000).

If you are an Institutional Investor, you must apply to participate by contacting the Arranger prior to completion of the Bookbuild. NAB reserves the right not to accept Applications from Institutional Investors where they have not been received through the Arranger.

## 3.3 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.

## 3.4 Allocation policy

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

Allocations to Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.

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 will be determined by NAB following completion of the Bookbuild.

No assurance is given that any Applicant will receive an allocation of NAB Capital Notes 8.

## 3.5 ASX quotation and Holding Statements

NAB will apply for NAB Capital Notes 8 to be quoted on ASX within seven days after the date of this Prospectus. Quotation of NAB Capital Notes 8 on ASX is not guaranteed.

Trading of NAB Capital Notes 8 on ASX on a normal settlement basis is expected to commence on 7 June 2024.

NAB has applied for NAB Capital Notes 8 to participate in CHESS, and if accepted, no certificates will be issued. NAB expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants on 13 June 2024.

A Holder must determine their allocation before trading NAB Capital Notes 8 to avoid the risk of selling NAB Capital Notes 8 the Holder does not own.

(1) 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.

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 – 6.00pm), or your Syndicate Broker, after the Issue Date to enquire about your allocation of NAB Capital Notes 8.

### 3.6 Provision of bank account details for Distributions and other payments

Under the Terms, payments in respect of each NAB Capital Note 8 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, or 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.

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Section four:

# Overview of NAB

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## 4.1 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 38,000 colleagues, operating through a network of more than 640 branches and business banking centres, with over 580,000 shareholders and serving approximately ten million customers.

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

## 4.2 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 diversified businesses, as well as specialised Agriculture, Health, Professional Services, Franchisees, Government, Education and Community service segments, along with Private Banking and JBWere.
- **Personal Banking**, which provides banking products and services to customers including securing a home loan and managing personal finances through deposits, credit card or personal loan facilities. Customers are supported through a network of branches and ATMs, call centres, digital capabilities as well as through proprietary lenders and mortgage brokers.
- **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 across Australia, US, Europe and Asia, with specialised industry relationships and product teams. Corporate and Institutional Banking included the Bank of New Zealand's Markets Trading operations up to 30 September 2023. From 1 October 2023, these operations are reported within New Zealand Banking.
- **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 franchise operating under the 'Bank of New Zealand' brand. From 1 October 2023, the Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously the Bank of New Zealand's Market Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other.
- **Corporate Functions and Other**, which includes ubank and enabling units that support all businesses including Treasury, Technology and Enterprise Operations, Strategy and Innovation, Data, Digital and Analytics, Support Units and eliminations. Corporate Functions and Other included the enabling units of the Bank of New Zealand up to 30 September 2023. From 1 October 2023, these enabling units are reported within New Zealand Banking.

## 4.3 Recent Developments

### Half Year Results

On 2 May 2024, NAB released its 2024 Half Year Results. A copy of those results, as well as NAB's 2023 Annual Report, can be obtained from [asx.com.au](https://asx.com.au) and [nab.com.au/shareholder](https://nab.com.au/shareholder).

### On-market buy-back

On 2 May 2024, NAB announced a \$1.5 billion increase to its current on-market buy-back, which increased the total maximum amount of Ordinary Shares that may be bought back under the buy-back to \$3 billion.

### FirstCape Transaction

On 30 April 2024, the sale of NAB's New Zealand wealth management businesses to a newly established company, FirstCape Limited, was completed ("FirstCape Transaction"). NAB holds a 45% equity stake in FirstCape. The FirstCape Transaction is expected to result in a pre-tax gain of approximately \$400 million (before transaction costs). This gain will be included in the Group's statutory net profit for the half year ending 30 September 2024. The ultimate financial outcome of the FirstCape Transaction remains subject to the finalisation of the completion accounts process.

### Changes to the Executive Leadership Team

On 7 February 2024, the Board announced the appointment of Andrew Irvine as Group Chief Executive Officer and Managing Director. Mr Irvine, formerly NAB's Group Executive Business and Private Banking since 2020, succeeded Ross McEwan CBE on 2 April 2024 following the retirement of Mr McEwan.

On 10 April 2024, NAB announced the following changes to the Executive Leadership Team:

- Rachel Slade was appointed Group Executive Business and Private Banking. Ms Slade was formerly Group Executive Personal Banking.
- Ana Marinkovic was appointed Group Executive Personal Banking. Ms Marinkovic was formerly Executive Business Direct and Small Business in the Business and Private Banking team.
- Cathryn Carver was appointed Group Executive Corporate and Institutional Banking, replacing David Gall. Ms Carver is currently Executive Client Coverage in Corporate and Institutional Banking.

The appointments of Rachel Slade and Ana Marinkovic became effective on 29 April 2024. The appointment of Cathryn Carver will become effective on 1 July 2024.

### Removal of operational risk capital add-on

On 13 March 2024, NAB noted the APRA announcement outlining the removal of the \$500 million operational risk capital add-on which was applied in 2019 in response to NAB's 2018 self-assessment into governance, accountability and culture. The removal of this requirement follows NAB's completion of its governance and risk transformation program, which was established to address the 26 recommendations identified in NAB's 2018 self-assessment.

## Section five:

# Financial information

The summary financial information presented in Sections 5.1 and 5.2 has been extracted from the Group's 2024 Half Year Results for the half year ended 31 March 2024.

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 report prepared in accordance with the Corporations Act.

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

## 5.1 Consolidated Income Statement

The following table sets out the Group's consolidated income statement for the half years ended 31 March 2024, 30 September 2023 and 31 March 2023.

FOR THE HALF YEAR ENDED	31 March 2024 \$m	30 September 2023 \$m	31 March 2023 \$m
Interest income			
Effective interest rate method	25,837	25,527	20,831
Fair value through profit or loss	2,851	1,033	681
Interest expense	(20,290)	(18,228)	(13,037)
<b>Net interest income</b>	<b>8,398</b>	<b>8,332</b>	<b>8,475</b>
Other income	1,772	1,748	2,093
Operating expenses	(4,819)	(4,807)	(4,575)
Total credit impairment charge	(376)	(407)	(409)
<b>Profit before income tax</b>	<b>4,975</b>	<b>4,866</b>	<b>5,584</b>
Income tax expense	(1,422)	(1,378)	(1,602)
<b>Net profit for the period from continuing operations</b>	<b>3,553</b>	<b>3,488</b>	<b>3,982</b>
Net loss after tax for the period from discontinued operations	(50)	(36)	(15)
<b>Net profit for the period</b>	<b>3,503</b>	<b>3,452</b>	<b>3,967</b>
Attributable to non-controlling interests	9	5	-
Attributable to owners of NAB	3,494	3,447	3,967
<b>Statutory earnings per share</b>	cents	cents	cents
Basic	112.2	110.1	126.3
Diluted	110.4	107.3	121.2
Basic from continuing operations	113.8	111.3	126.7
Diluted from continuing operations	111.9	108.3	121.7

## 5.2 Pro-forma Consolidated Balance Sheet

The following table sets out the Group's consolidated balance sheet as at 31 March 2024 (in the column headed 'Reported Group 31 March 2024') and the pro-forma consolidated balance sheet (in the column headed 'Group Pro-forma 31 March 2024') which outlines the impact of:

- \$750 million of NAB Capital Notes 8 being issued and external issue costs of \$8 million being incurred (see Section 8.2); and
- \$1,710 million<sup>(1)</sup> of additional Ordinary Shares being bought back under the on-market Ordinary Share buy-back.<sup>(2)</sup>

The pro-forma consolidated balance sheet is unaudited and has been prepared in accordance with the basis of preparation outlined on page 40, adjusted for the impact of the items above.

As at 31 March	Reported Group 31 March 2024	Pro-forma adjustment referred to above	Group Pro- forma 31 March 2024
	\$m	\$m	\$m
<b>Assets</b>			
Cash and liquid assets	4,992	(968)	4,024
Due from other banks	125,469		125,469
Collateral placed	7,413		7,413
Trading assets	122,796		122,796
Derivative assets	24,690		24,690
Debt instruments	45,161		45,161
Other financial assets	843		843
Loans and advances	719,877		719,877
Current tax assets	25		25
Deferred tax assets	3,181		3,181
Property, plant and equipment	2,935		2,935
Goodwill and other intangible assets	5,030		5,030
Other assets	8,593		8,593
<b>Total assets</b>	<b>1,071,005</b>	<b>(968)</b>	<b>1,070,037</b>
<b>Liabilities</b>			
Due to other banks	33,606		33,606
Collateral received	6,272		6,272
Other financial liabilities	72,535		72,535
Deposits and other borrowings	695,537		695,537
Derivative liabilities	24,450		24,450
Current tax liabilities	514		514
Provisions	1,437		1,437
Bonds, notes and subordinated debt	150,375		150,375
Debt issues	8,566	742	9,308
Other liabilities	16,003		16,003
<b>Total liabilities</b>	<b>1,009,295</b>	<b>742</b>	<b>1,010,037</b>
<b>Net assets</b>	<b>61,710</b>	<b>(1,710)</b>	<b>60,000</b>
<b>Equity</b>			
Contributed equity	37,664	(1,710)	35,954
Reserves	(680)		(680)
Retained profits	24,382		24,382
<b>Total equity (attributable to owners of NAB)</b>	<b>61,366</b>	<b>(1,710)</b>	<b>59,656</b>
Non-controlling interests	344		344
<b>Total equity</b>	<b>61,710</b>	<b>(1,710)</b>	<b>60,000</b>

(1) Sum of the remaining \$0.2 billion of the initial \$1.5 billion buy-back announced on 15 August 2023, and the further \$1.5 billion announced on 2 May 2024.

(2) No pro forma adjustment has been made for the impact of the payment of NAB's interim dividend for the half year ending 31 March 2024 of 84 cents per Ordinary Share amounting to \$2,606 million or any other event subsequent to 31 March 2024, including any impact of the FirstCape Transaction referenced in Section 4.3.

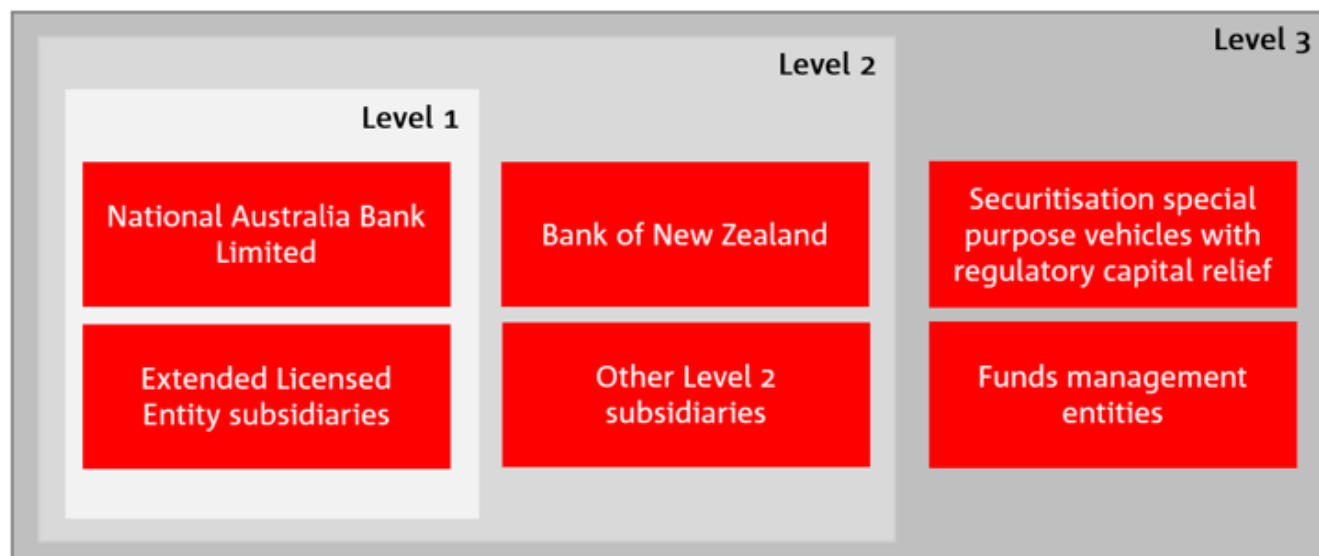
## 5.3 Capital Management

### 5.3.1 Capital Adequacy Framework

APRA is the prudential regulator of the Australian financial services industry.

APRA has established prudential standards designed to ensure that ADIs maintain adequate capital levels commensurate with the risks associated with their activities, with appropriate buffers to absorb unexpected losses.

APRA measures the Group's capital adequacy by assessing financial strength at three levels as illustrated below.



- Level 1 comprises NAB and a limited number of APRA-approved subsidiaries known as Extended Licensed Entities.
- Level 2 comprises NAB and the entities it controls, including BNZ, National Australia Bank Europe S.A. and other financial entities such as broking, wealth advisory and leasing companies.
- Level 3 comprises the consolidation of NAB and all of its subsidiaries. This includes funds management entities and securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120 Securitisation.

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

#### Prudential Capital Classification

APRA requires an ADI to hold regulatory capital in three categories for supervisory purposes – Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital.

- "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".
- "Tier 1 Capital" comprises the sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital. "Additional Tier 1 Capital" comprises certain securities (such as NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7 and NAB Capital Notes 8) with required loss absorbing characteristics. The ratio of Tier 1 Capital to RWA is called the "Tier 1 Capital Ratio".
- "Total Capital" is the sum of Tier 1 Capital and Tier 2 Capital. The ratio of Total Capital to RWA is called the "Total Capital Ratio". Tier 2 Capital is of a lesser quality than Tier 1 Capital. Tier 2 Capital comprises subordinated debt instruments that rank senior to Additional Tier 1 Capital and Common Equity Tier 1 Capital, but junior to all other obligations of NAB.

Common Equity Tier 1 Capital comprises the highest quality and most loss absorbent components of capital, followed by Additional Tier 1 Capital and then Tier 2 Capital. APRA has provided confirmation that NAB Capital Notes 8, once issued, will qualify as Additional Tier 1 Capital for the purposes of the regulatory capital requirements that apply to NAB.

#### Minimum Capital Requirements

APRA's Basel III Prudential Standards require a minimum Common Equity Tier 1 Capital Ratio of 4.5%, a Tier 1 Capital Ratio of 6.0%, and a Total Capital Ratio of 8.0%, each of which applies to an ADI's Level 1 and Level 2 groups. These minimum requirements are called the Prudential Capital Requirement ("PCR").

APRA also requires ADIs to hold a Common Equity Tier 1 Capital buffer ("Capital Buffer") above the ADI's PCR. From 1 January 2023 this consists of:

- A capital conservation buffer of 3.75% unless APRA determines otherwise.
- A 1.0% buffer for 'domestic systemically important banks' ("D-SIB"), such as NAB.
- A countercyclical capital buffer. APRA has determined a default rate for the countercyclical capital buffer of 1.0% for Australian exposures from 1 January 2023, and may adjust this over time in the range of 0 to 3.5%. Regulators in jurisdictions in which NAB



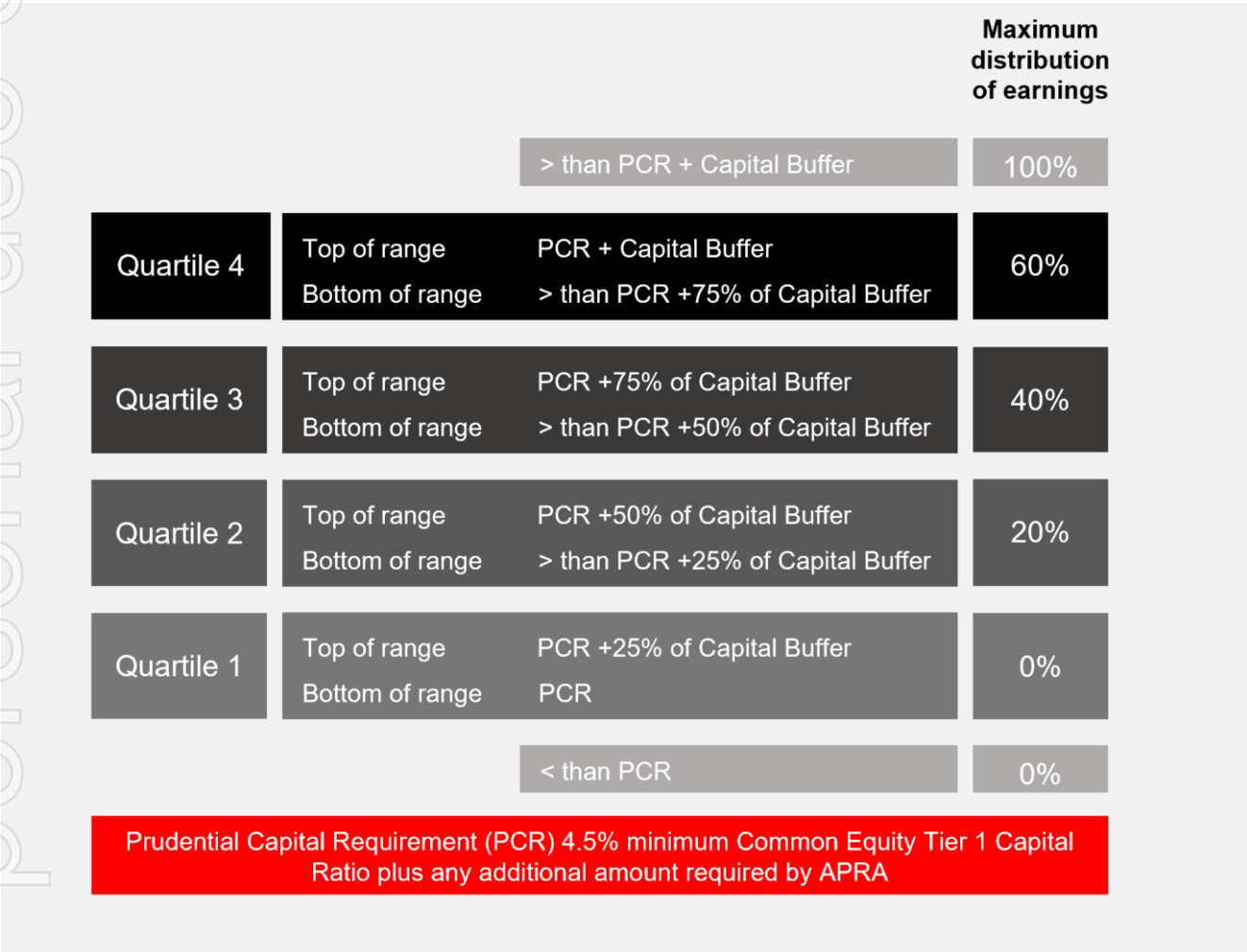
operates have set countercyclical capital buffers for exposures in that jurisdiction. The NAB Level 2 Group’s weighted average countercyclical capital buffer requirement was 0.84% at 31 March 2024.

From 1 January 2024, the Common Equity Tier 1 capital requirement for D-SIBs such as NAB is therefore approximately 10.25%. Tier 1 and Total Capital Requirements are approximately 11.75% and 16.75% respectively. From 1 January 2026, D-SIBs, including NAB, must hold additional Total Capital to meet APRA’s loss-absorbing capacity requirements. This increases the Total Capital requirement to approximately 18.25% from 1 January 2026.

APRA may determine a higher PCR for an ADI and may change an ADI’s PCR at any time.

Distribution Restrictions

Restrictions on the distribution of earnings, including payment of dividends, discretionary bonuses and Additional Tier 1 Capital distributions apply when capital ratios fall into the ADI’s Capital Buffer, as illustrated in the graph below.



### 5.3.2 Regulatory Capital Developments

#### Revisions to the capital framework

- APRA's revisions to Prudential Standard APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book will come into effect on 1 October 2025.
- APRA plans to consult on revisions to the market risk capital standards over 2024. The process will implement the Basel Committee on Banking Supervision's fundamental review of the trading book, effective from 2026.
- APRA has also deferred the implementation date for the Basel III reforms to Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk to 2026.

#### Increased loss-absorbing capacity for ADIs

Under their loss-absorbing capacity framework, APRA required D-SIBs to hold incremental Total Capital equal to 3% of RWA by 1 January 2024. The requirement increases by 1.5% (to a total of 4.5%) of RWA on 1 January 2026. NAB has met the 3% of RWA Total Capital requirement.

#### RBNZ capital review

In December 2019, the RBNZ finalised its review of the capital adequacy framework. The RBNZ amendments included an increase in the Tier 1 capital requirement to 16% of RWA, and an increase in the Total capital requirement to 18% of RWA, to be phased in by 2028.

#### Consultation on Additional Tier 1 Capital

In September 2023, APRA released a discussion paper entitled "Discussion Paper – Enhancing bank resilience: Additional Tier 1 Capital in Australia" ("APRA Discussion Paper"). In the APRA Discussion Paper APRA states that it is exploring the effectiveness of Additional Tier 1 Capital in Australia. Potential options raised by APRA include:

- Improving the key design features of Additional Tier 1 Capital so it more effectively absorbs losses.
- Changing the required level or mix of regulatory capital requirements to reduce reliance on Additional Tier 1 Capital.
- Changes to diversify the investor base for Additional Tier 1 Capital instruments away from domestic retail investors.

APRA has sought feedback from stakeholders on the questions outlined in the APRA Discussion Paper and has indicated that following discussions with the Council of Financial Regulators, it intends to formally consult in the first half of 2024 on any proposed amendments to relevant prudential standards.

APRA has indicated that in implementing any options, there would be a transition time to enable issuers to adjust to new requirements and that this would include transition time if needed for existing Additional Tier 1 Capital instruments to be replaced to ensure an orderly adjustment.

Until APRA's proposed changes (if any) are known, it is not possible to state what their impact (if any) might be on the NAB Capital Notes 8 or NAB. Some of the risks that could result are described in Sections 6.1.6, 6.1.20 and 6.2.8.3.

#### Public disclosure

In December 2022, APRA issued a revised Prudential Standard APS 330 Public Disclosure which aligns with the updated international standards for public disclosure set by the Basel Committee on Banking Supervision. The revised disclosure requirements are effective from 1 January 2025.

For more information regarding the risks associated with regulatory change, see Section 6.2.8.3.

### 5.3.3 The Group's Capital Management Strategy

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

### 5.3.4 NAB's Tier 1 Capital Ratio

Figure 2A and Figure 2B illustrate the historical Tier 1 Capital Ratio for the NAB Level 1 Group and NAB Level 2 Group under APRA's Basel III Prudential Standards.

The column labelled "Mar-24 pro-forma unaudited" in Figure 2A and Figure 2B illustrate NAB's pro-forma Tier 1 Capital position as at 31 March 2024 assuming:

- \$750 million of NAB Capital Notes 8 are being issued and external issue costs of \$8 million are being incurred (see Section 8.2); and
- \$1,710 million<sup>(1)</sup> of additional Ordinary Shares are being bought back under the on-market Ordinary Share buy-back.<sup>(2)</sup>

(1) Sum of the remaining \$0.2 billion of the initial \$1.5 billion buy-back announced on 15 August 2023, and the further \$1.5 billion announced on 2 May 2024.

(2) No pro forma adjustment has been made for the impact of the payment of NAB's interim dividend for the half year ending 31 March 2024 of 84 cents per Ordinary Share amounting to \$2,606 million or any other event subsequent to 31 March 2024, including any impact of the FirstCape Transaction referenced in Section 4.3.

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

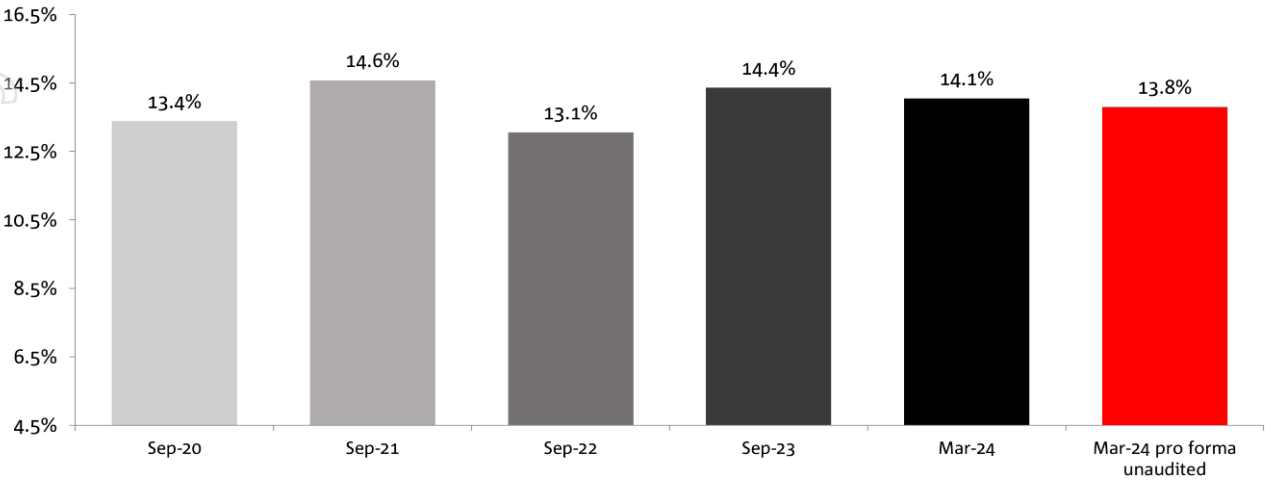
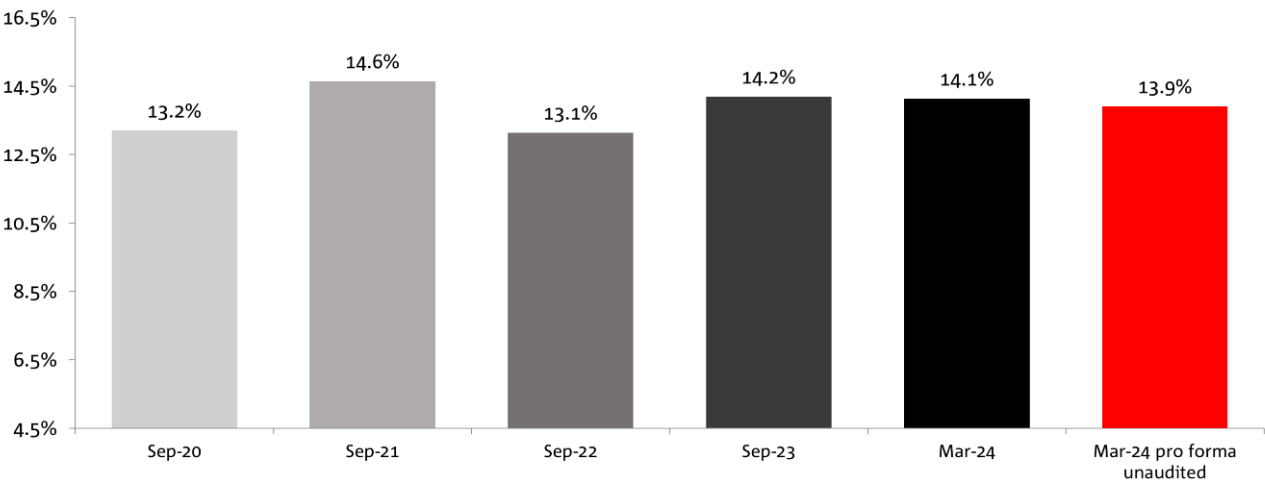


Figure 2B: NAB Level 2 Group Tier 1 Capital Ratio (unaudited)



5.3.5 NAB’s Common Equity Tier 1 Ratio

NAB’s Common Equity Tier 1 Ratios for the NAB Level 1 Group and NAB Level 2 Group were 11.85% and 12.15% as at 31 March 2024 respectively, above APRA’s current Common Equity Tier 1 benchmark ratio of 10.25%.

NAB gives no assurance as to what its Common Equity Tier 1 Ratio on a NAB Level 1 Group or NAB 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).

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 8 to be eligible for inclusion as Additional Tier 1 Capital.

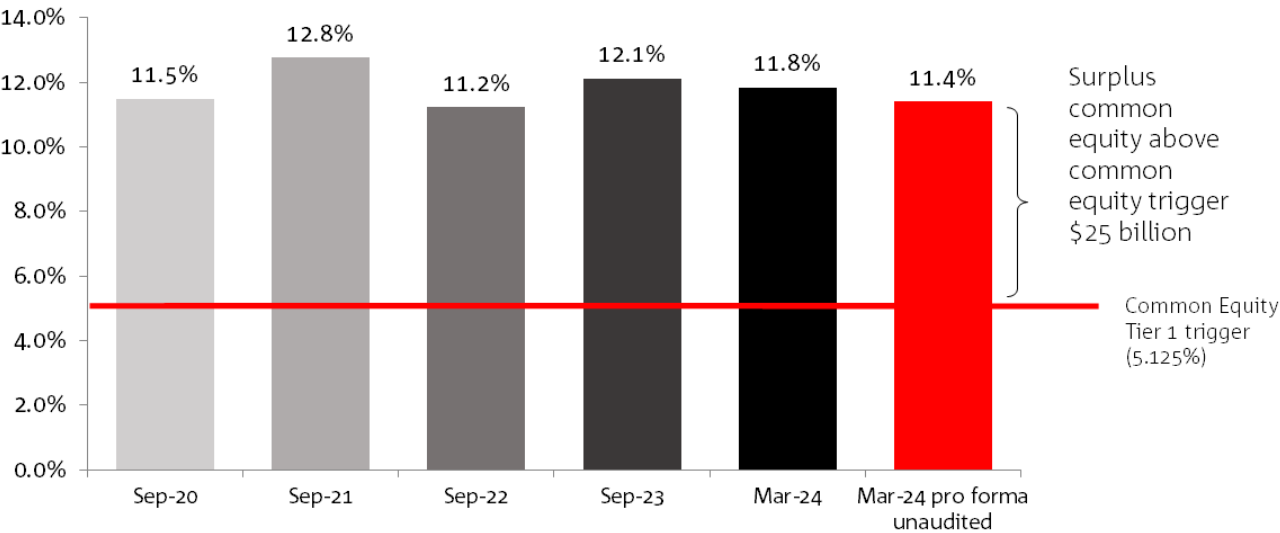
A Common Equity Trigger Event occurs when the Common Equity Tier 1 Ratio of either or both of the NAB Level 1 Group or the NAB Level 2 Group is equal to or less than 5.125%. Upon the occurrence of a Common Equity Trigger Event, some or all NAB Capital Notes 8 will immediately Convert into a number of Ordinary Shares (or if they are not Converted within 5 days of the Common Equity Trigger Event, they will be Written Off).

Surplus above Common Equity Trigger

NAB’s unaudited pro-forma Common Equity Tier 1 Ratios for the NAB Level 1 Group and NAB Level 2 Group were 11.41% and 11.75% as at 31 March 2024 respectively. There is approximately \$25 billion (at NAB Level 1 Group) and \$29 billion<sup>(1)</sup> (at NAB Level 2 Group) in Common Equity Tier 1 Capital in surplus to the ratio that would result in a Common Equity Trigger Event (5.125%).

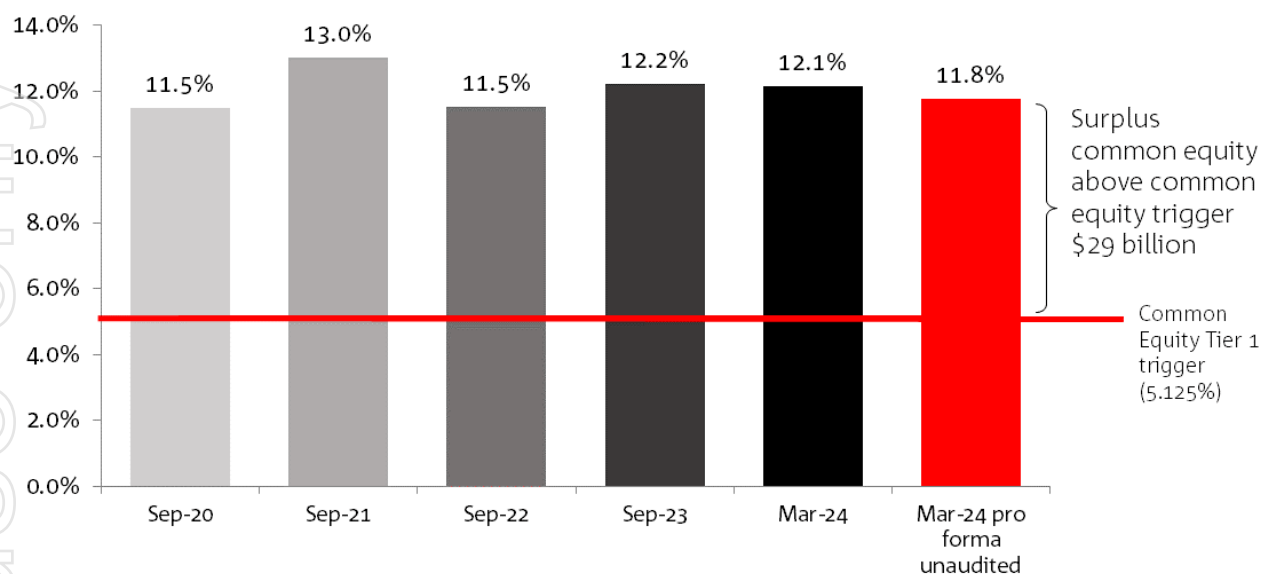
Figure 3A and Figure 3B illustrate the historical Common Equity Tier 1 Ratio for the NAB Level 1 Group and NAB Level 2 Group based on APRA’s Basel III Prudential Standards.

Figure 3A: NAB Level 1 Group Common Equity Tier 1 Ratio (unaudited)<sup>(2)</sup>



(1) These dollar amounts and the dollar amounts shown in Figure 3A and Figure 3B are unaudited and indicative only as at 31 March 2024 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.

(2) No pro forma adjustment has been made for the impact of the payment of NAB’s interim dividend for the half year ending 31 March 2024 of 84 cents per Ordinary Share amounting to \$2,606 million or any other event subsequent to 31 March 2024, including any impact of the FirstCape Transaction referenced in Section 4.3.

Figure 3B: NAB Level 2 Group Common Equity Tier 1 Ratio (unaudited)<sup>(1)</sup>

### 5.3.6 Potential impacts on NAB Capital Notes 8

If the NAB Level 2 Group Tier 1 Capital Ratio or the NAB Level 2 Group Common Equity Tier 1 Capital Ratio is too low, it may indicate that NAB may not be able to elect to Redeem NAB Capital Notes 8 or pay Distributions, or it may result in the occurrence of a Loss Absorption Event.

## 5.4 Funding and liquidity

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

### 5.4.1 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 8 or pay Distributions.

Compliance with the NSFR became effective on 1 January 2018 and requires 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 2024 the Group's NSFR was 118%, above the regulatory minimum of 100%.

### 5.4.2 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 2024 was \$234 billion which excludes self-securitised assets. This represents an increase of \$10 billion from 30 September 2023.

Prudential liquid assets averaged \$207 billion over the March 2024 quarter (consisting of HQLA and RBNZ repo-eligible assets). The Group holds internal Residential Mortgage Backed Securities along with external central bank repo-eligible securities as sources of contingent liquidity.

The average Group LCR was 139% for the quarter ending 31 March 2024, above the regulatory minimum of 100%.

## 5.5 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.

(1) No pro forma adjustment has been made for the impact of the payment of NAB's interim dividend for the half year ending 31 March 2024 of 84 cents per Ordinary Share amounting to \$2,606 million or any other event subsequent to 31 March 2024, including any impact of the FirstCape Transaction referenced in Section 4.3.

## 5.6 Further Information

NAB is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting obligations under the Corporations Act and the ASX Listing Rules, including an obligation to lodge half-yearly and annual 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 2024;
  - the 2023 Annual Report; and
  - all documents lodged with the ASX since the date of the 2023 Annual Report,
- can be obtained from the Shareholder Centre at [nab.com.au/shareholder](https://nab.com.au/shareholder) and from [asx.com.au](https://asx.com.au).



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## Section six:

# Key risks of NAB Capital Notes 8

This section describes key potential risks that you should consider in deciding whether to invest in NAB Capital Notes 8, 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. There may be other risks that are unknown or deemed immaterial, which may subsequently become known or material.

Before applying for NAB Capital Notes 8, you should consider whether NAB Capital Notes 8 are a suitable investment for you.

There are risks associated with an investment in NAB Capital Notes 8 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.

## 6.1 Risks associated with investing in NAB Capital Notes 8

### 6.1.1 NAB Capital Notes 8 are not Protected Accounts and are not deposit liabilities or any other accounts with NAB

NAB Capital Notes 8 are not Protected Accounts and are not deposit liabilities of NAB 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.

### 6.1.2 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 8 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, or 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 8 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.

### 6.1.3 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 8 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 8. 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 may change.

### 6.1.4 Conversion or Write Off on account of a Loss Absorption Event

NAB must immediately Convert NAB Capital Notes 8 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. If a Loss Absorption Event were to occur, the Terms of the NAB Capital Notes 8 require NAB to Convert the NAB Capital Notes 8 into Ordinary Shares. However, if, for any reason, NAB does not perform its obligations to Convert NAB Capital Notes 8 within 5 days after the Loss Absorption Event, those NAB Capital Notes 8 will instead be Written Off.

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 5.3 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. If Conversion occurs, NAB will treat a Holder in respect of its NAB Capital Notes 8 as having been issued the Conversion Number of Ordinary Shares. NAB expects that any ASX trades in NAB Capital Notes 8 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 8 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 8 on ASX, and if ASX permits, may refuse to register transfers of NAB Capital Notes 8 that have not settled – this may result in disruption or failures in trading or dealings in NAB Capital Notes 8 (which may cause a Holder to suffer loss);
- 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.

## Risks associated with investing in NCN8 (cont.)

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 8 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 8).

If NAB is required to convert or write off all Relevant Tier 1 Capital Instruments (such as NAB Capital Notes 8), 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. In addition, there is no requirement that the rights attaching to Ordinary Shares be cancelled or limited before Relevant Tier 1 Capital Instruments or Relevant Tier 2 Capital Instruments are subject to loss absorption.

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.

See Section 5.3 for more details of NAB's capital structure and capital ratios.

### **APRA determinations in relation to Loss Absorption Events**

Where NAB is permitted to convert or write off only a proportion of NAB Capital Notes 8 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 8 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 8, not all Holders may have their NAB Capital Notes 8 Converted into Ordinary Shares.

In relation to Common Equity Trigger Events, see Section 5.3 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 8 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, depending on the market price of Ordinary Shares at the relevant time, this is likely to result in a Holder receiving significantly less than \$101 worth of Ordinary Shares per NAB Capital Note 8 and losing a significant amount of the money they invested in NAB Capital Notes 8 as a result.

This is because:

- the number of Ordinary Shares is limited to the Maximum Conversion Number and this number of Ordinary Shares is likely to have a value of significantly less than \$101, depending on the market price of Ordinary Shares at the relevant time;
- 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 8 are Converted.

### **Failure to Convert**

If Conversion is required in respect of a NAB Capital Note 8 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 8 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 8, the rights of the Holder to Distributions and returns of capital will be terminated, the NAB Capital Note 8 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 and are likely to be worse off than holders of Ordinary Shares.

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 8, subject to limited exceptions.

### 6.1.5 Market price of NAB Capital Notes 8 and Ordinary Shares

The market price of NAB Capital Notes 8 may go up or down due to various factors, including investor perceptions, Australian and worldwide economic conditions, interest rates, movements in foreign exchange rates, major Australian or international events including acts of terrorism, an outbreak of or major escalation in international hostilities or tensions (including the ongoing conflicts between Russia and Ukraine and within the Middle East), impacts of regulatory change (including intervention by ASIC in the market for NAB Capital Notes 8 or similar securities or changes resulting from the APRA Discussion Paper referred to in Section 5.3.2), changes in the 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 8 may trade at a market price below the Face Value.

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 8.

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 8 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 8 (as well as that of 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.

### 6.1.6 Liquidity

There may be no liquid market for NAB Capital Notes 8. Additionally, the market for NAB Capital Notes 8 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 8 may be negatively impacted by a number of factors, including changes in law, including law relating to franking credits or other laws, changes resulting from the APRA Discussion Paper referred to in Section 5.3.2, changes to securities law, or if pursuant to the PIP Regime, ASIC exercises its product intervention powers in relation to NAB Capital Notes 8 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 6.1.28 for further detail). The impact of these obligations has not been definitively tested, 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 8. The DDO Regime may also affect the liquidity of capital and funding instruments (including instruments such as NAB Capital Notes 8), if it leads to a material reduction in future issuance volumes or secondary trading activity by investors.

Holders who wish to sell their NAB Capital Notes 8 may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for NAB Capital Notes 8. NAB Capital Notes 8 are expected to Convert into Ordinary Shares on 18 December 2034<sup>(1)</sup> (subject to certain conditions being satisfied) unless NAB Capital Notes 8 are otherwise Converted, Written Off, Redeemed or Resold on or before that date. Where NAB Capital Notes 8 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 8 will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

### 6.1.7 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 8 (based on the VWAP during a period, usually 20 Business Days, before the Mandatory Conversion Date or other date on which NAB Capital Notes 8 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 8 and may lose a significant amount of the money they invested in NAB Capital Notes 8 as a consequence – see Sections 2.7 and 6.1.4.

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 8 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.

### 6.1.8 Franking of Distributions

NAB expects Distributions to be franked at the same rate as dividends paid on Ordinary Shares. NAB's most recent ordinary dividend announced on 2 May 2024 will be franked to 100% at the company tax rate of 30%. 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 increased to reflect the applicable franking rate (see clause 2.5 of the Terms).

(1) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.



### 6.1.9 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 7 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.

### 6.1.10 NAB Capital Notes 8 are perpetual and Mandatory Conversion may not occur on the Scheduled Mandatory Conversion Date or at all

NAB Capital Notes 8 are expected to Convert into Ordinary Shares on 18 December 2034<sup>(1)</sup> (subject to the NAB Capital Notes 8 being on issue at that date and the Mandatory Conversion Conditions being satisfied, which may never occur).

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 8 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 8 are not otherwise Converted, Written Off, Redeemed or Resold, Distributions may continue to be paid on NAB Capital Notes 8 (subject to the Directors resolving to pay a Distribution and no Payment Condition existing on the relevant Distribution Payment Date(s)).

NAB Capital Notes 8 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 8 are otherwise Converted, Redeemed or Resold (see further

Section 6.1.4 above and Sections 6.1.11, 6.1.12 and 6.1.14 below), NAB Capital Notes 8 may remain on issue indefinitely.

### 6.1.11 Conversion on an Acquisition Event

NAB Capital Notes 8 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 8 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 8 (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, or if a NOHC Event occurs and certain other conditions are satisfied (see section 6.1.23). Where the corporate activity is not an Acquisition Event, NAB is not obliged to Convert NAB Capital Notes 8. The outcomes for Holders arising from that action would be uncertain and Holders may suffer loss or face increased or different risks.

### 6.1.12 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 8 on 17 March 2032, 17 June 2032, 17 September 2032, and 17 December 2032 or following the occurrence of a Tax Event or Regulatory Event. In addition, NAB may also Convert some or all NAB Capital Notes 8 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 8.

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 8 (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 8, Holders will receive cash equal to \$100 per NAB Capital Note 8 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 the relevant Nominated Purchaser's obligation to pay the Resale Price to the Holders. NAB does

(1) Due to the Business Day convention in the Terms, this date is deferred from 17 December 2034 to 18 December 2034.

not guarantee the Nominated Purchaser will pay this amount and if it does not the Holders will continue to hold NAB Capital Notes 8.

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 8.

### 6.1.13 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 8, 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 8 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 8 (or if trading in Ordinary Shares did not occur on that date, the Business Day prior to that date on which trading in 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 8. Also, if a Delisting Event applies, NAB is not permitted to elect to Convert NAB Capital Notes 8.

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 8 is subject to the condition that APRA is satisfied that either:

- the NAB Capital Notes 8 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 8 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 8.

NAB is not permitted to elect to Redeem or Resell NAB Capital Notes 8 on account of an Acquisition Event or a Potential Acquisition Event.

### 6.1.14 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).

### 6.1.15 Restrictions on rights and ranking in a winding up of NAB

NAB Capital Notes 8 are issued by NAB under the NAB Capital Notes 8 Deed Poll. A Holder has no claim on NAB in respect of NAB Capital Notes 8 except as provided in the Terms and the NAB Capital Notes 8 Deed Poll. NAB Capital Notes 8 are unsecured and subordinated. In the event of a winding up of NAB, and assuming NAB Capital Notes 8 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 8) after payment of all claims ranking senior to NAB Capital Notes 8.

Claims ranking senior to NAB Capital Notes 8 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 8). Accordingly, NAB's obligations under NAB Capital Notes 8 will not be satisfied unless it can satisfy in full all of its other obligations ranking senior to NAB Capital Notes 8. Further, where NAB Capital Notes 8 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 applicable to other Relevant Tier 1 Capital Instruments. Accordingly, the number of Ordinary Shares received on Conversion of NAB Capital Notes 8 may be more or less than the number received by holders of other Relevant Tier 1 Capital Instruments.

Where NAB Capital Notes 8 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 8 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 8 will be immediately terminated and Written Off (with effect from the Loss Absorption Event Conversion Date) even though Ordinary Shares remain on issue. The Holder's investment will lose all of its value and the Holder will not receive any Ordinary Shares or other compensation. As a result, a Holder whose NAB Capital Notes 8 are Written Off is likely to be worse off than a holder of Ordinary Shares.

If, on a winding up of NAB, there are insufficient funds to pay all amounts ranking senior to and equally with NAB Capital Notes 8, Holders will not receive all or some of the Face Value.

Although NAB Capital Notes 8 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.

### 6.1.16 Future issues or redemptions of securities by NAB

NAB Capital Notes 8 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 securities that qualify as Additional Tier 1 Capital) that:



- Rank for distributions or payments of capital (including on the winding up of NAB) equal with, behind or ahead of NAB Capital Notes 8;
- Have the same or different dividend, interest or distribution rates as those for NAB Capital Notes 8;
- Have payment tests and distribution restrictions or other covenants which affect NAB Capital Notes 8 (including by restricting circumstances in which Distributions can be paid or NAB Capital Notes 8 can be Redeemed or Resold); or
- Have the same or different terms and conditions as NAB Capital Notes 8.

An investment in NAB Capital Notes 8 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 8 or as to the likelihood of NAB making payments on NAB Capital Notes 8. Similarly, NAB Capital Notes 8 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 8 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).

### 6.1.17 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 8 may decline in value. Accordingly, when you evaluate whether to invest in NAB Capital Notes 8 you should carefully evaluate the investment risks associated with an investment in NAB – see Section 6.2.

### 6.1.18 The restriction on Ordinary Share dividend payments applies in limited circumstances

The restriction on dividend payments where Distributions on NAB Capital Notes 8 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 8.

Further, the restriction in NAB Capital Notes 8 only applies until (and including) 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 8. Accordingly, as soon as the restriction ceases to apply (as will be the case if the next scheduled Distribution on NAB Capital Notes 8 is paid) NAB will not be restricted from paying a dividend on its Ordinary Shares.

### 6.1.19 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 (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 8 or Ordinary Shares received on Conversion.

### 6.1.20 Regulatory classification

APRA has provided confirmation that NAB Capital Notes 8 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 8 are not or will not qualify in that category of regulatory capital (and NAB did not expect this prior to the Issue Date), the Directors may determine that a Regulatory Event has occurred. This will allow NAB to Convert, Redeem or Resell all or some NAB Capital Notes 8 (subject to certain conditions, including APRA's prior written approval) at NAB's discretion.

There is a risk that the outcome of the consultation foreshadowed in the APRA Discussion Paper results in APRA determining that NAB Capital Notes 8 cease to qualify as Additional Tier 1 Capital, either immediately, or as APRA has suggested in the APRA Discussion Paper, after some transitional period. Such an outcome could result in the Directors determining that a Regulatory Event has occurred. Such an outcome may also affect the market price and liquidity of NAB Capital Notes 8.

### 6.1.21 Australian tax consequences

A general outline of the Australian tax consequences of investing in NAB Capital Notes 8 for certain potential investors is set out in the Australian Taxation Summary in Section 7. 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 8 (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 8), 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, acting reasonably 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 8. 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 6.1.9 for more information.

### 6.1.22 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 person 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 8 (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 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 6.1.26 for an explanation of circumstances in which a Tax Withholding or FATCA Withholding may be required or permitted.

### 6.1.23 NOHC Event

As described in Section 6.1.11, 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 8 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 8. 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 8.

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 8 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 8 (see Section 2.9).

### 6.1.24 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;
- 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 8 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 8 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.

### 6.1.25 Amendment of Terms

NAB may, with APRA's prior written approval where required, amend the Terms and the NAB Capital Notes 8 Deed Poll without the approval of Holders. The amendments include:

- amendments that are necessary or expedient for listing or quotation of the NAB Capital Notes 8 or compliance with related rules;
- amendments to dates and time periods to facilitate any Conversion, Redemption or Resale, provided that such amendment does not result in material prejudice to the interests of Holders as a whole; and
- any other change which in NAB's reasonable opinion 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 8 as Additional Tier 1 Capital. The Holders may not by any resolution take any action which affects the eligibility of NAB Capital Notes 8 as Additional Tier 1 Capital without APRA's prior written approval.

### 6.1.26 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 8 are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the IRS or under applicable law) to request certain information from Holders or beneficial owners of NAB Capital Notes 8, which information may be provided directly or indirectly 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 8 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 and are not otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

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 in respect of NAB Capital Notes 8, Holders and beneficial owners of NAB Capital Notes 8 will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

This description is based on U.S. regulations and guidance issued to date by the IRS. Future regulations and guidance may affect the application of FATCA to NAB Capital Notes 8.

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 8 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 7 which provides a general outline of the Australian tax consequences of investing in NAB Capital Notes 8 for certain potential investors.

### 6.1.27 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 8) 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 8 to ensure compliance with the CRS and this information may be provided to the ATO and, potentially, other taxing authorities in other jurisdictions.

### 6.1.28 Design and distribution obligations

The DDO Regime 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 8), 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 relevant provisions in the *Corporations Regulations 2001* (Cth).

The design and distribution obligations in the DDO Regime do not apply to secondary market trading of NAB Capital Notes 8.

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 8 or similar securities. The PIP Regime requires ASIC to undertake a consultation process before it makes a product intervention order.

As noted at Section 6.1.6, the impact of the DDO Regime and the PIP Regime remain uncertain, 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 8. They may also affect the liquidity of funding instruments (including instruments like NAB Capital Notes 8), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

### 6.1.29 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.

## 6.2 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 materialises, 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 may not be adequate or effective in accurately identifying, evaluating, or addressing risks faced by the Group. There may be other risks that are unknown or 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.

### 6.2.1 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.

#### 6.2.1.1 Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, or may otherwise 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 primarily focus on customers, technology, digital and data assets, infrastructure, business improvement, cultural transformation, regulatory compliance, and changes to associated controls, and may have dependencies on external suppliers or partners. There is a risk that these programs may not realise some or all of their anticipated benefits and outcomes. These programs may also increase operational, compliance, and other risks, and new or existing risks may not be appropriately assessed or controlled.

The Group's strategy includes environmental, social or governance ("ESG") related initiatives, including a climate strategy and various obligations, targets and goals. Setting and achieving the Group's sector decarbonisation targets and managing risks including climate change-related financial

risks and other ESG-related risks, targets, and goals are influenced by the Group's customers, policy makers, the emerging ESG-related regulatory and disclosure environment and other stakeholders.

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.

#### 6.2.1.2 The Group faces a rapidly changing external environment.

The Group operates in a dynamic macro-economic environment. The impact of slowing global and domestic economic growth, increases to unemployment rates and elevated interest rates, and falling consumer confidence can reduce demand for credit, adversely impacting Group revenue, or increase the risk of defaults, adversely impacting the Group's financial performance. In addition, Group expense plans may be at risk due to continued inflationary pressures, particularly with respect to employee remuneration and technology costs. External economic and geopolitical impacts may be further affected by election results in major economies in 2024, including the United States.

There is also substantial competition across the markets in which the Group operates. The Group faces competition from established financial services providers and other parties, including foreign banks and non-bank competitors, such as fintechs, Buy Now Pay Later ("BNPL") providers, digital platforms and large global technology companies, some of which have lower costs, or operating and business models, technology platforms or products that differ from or are more competitive than the Group's and some of which are subject to less regulatory oversight. In particular, there are some financial services providers focused on the business banking segment with investment in improved customer experiences. This, along with existing threats to business banking market share from the Group's major competitors, poses a risk to the Group's position in that segment.

An increasing number of non-regulated credit providers - 'private credit' - are competing with the regulated banking sector through provision of debt and other products to customers across personal, business and institutional segments. As a growing and unregulated sector, it is yet to be fully understood how the private credit sector will perform in periods of more acute financial stress and instability and the potential transmission effects back into the regulated banking sector.

In addition, evolving industry trends, technology changes, and environmental factors have impacted, and may continue to 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 in which technologies, including those that may impact the financial services industry, continue to evolve at a rapid pace.

Other trends and recent regulatory and legislative developments that may impact the Group include, but are not limited to:

- increased focus on digital, data and analytics capabilities with the objective of creating easy and seamless customer experiences. The rapid development and deployment of artificial intelligence ("AI") capabilities has emerged as a

key strategic consideration. Inadequate or lack of adoption of AI within business processes could pose a strategic disadvantage to the Group relative to its competitors who deploy AI tools and could result in unwanted financial and non-financial consequences for the Group. AI regulation is developing globally and its impact on the Group's business is currently unknown;

- increased demand for green or sustainability-related products or increased lending to assist customers in achieving their ESG-related performance objectives, for example, sustainability-linked loans, or, correspondingly, increased scrutiny of products or lending or other activities that are perceived to be inconsistent with the ESG-related performance objectives of the Group or its stakeholders;
- continued competitive pressures in home lending, particularly as the loans of customers of the Group continue to revert to variable rate loans as fixed rate periods expire on loans entered into at historically low rates in recent years. This increases the risk that customers will refinance outside the Group;
- increased competition for customer deposits in the context of an elevated interest rate environment, with the risk of further increases to the Group's cost of funds relative to its competitors;
- ongoing growth of the broker market and the risk of disintermediating customer relationships (inclusive of increasing use of brokers in the commercial business lending market);
- the evolving and increasingly complex payments landscape, including increasing use of digital payments, new payments infrastructures and emerging technology, and shift away from traditional payment methods. To this end, the Australian Government is consulting on proposed changes to the *Payments Systems (Regulation) Act 1998* (Cth) to address new payments-related risks following the release of its strategic plan for Australia's payments system in June 2023 ("Strategic Plan");
- the RBA proposes to enhance the competitiveness, efficiency and safety of Australia's debit card market, including expectations for tokenisation of payment cards and storage of primary account numbers in the Australian market. AusPayNet is working with the industry to meet the RBA's expectations including developing more specific tokenisation standards, if required. Standardisation of tokenised dual network debit cards will improve portability for both scheme and proprietary tokens to reduce the friction for merchants that wish to switch payment service providers. If the RBA were to request a deviation from the current Payment Card Industry Data Security Standard regarding the storage of Primary Account Numbers the additional compliance impact would need to be assessed;
- the continued consumer and institutional adoption of cryptocurrencies and other digital assets. The rate of digital asset adoption, digital asset product creation (for example, stable coins and decentralised finance) and government responses are expected to influence the future of the sector and its impact on the Group. The RBA has completed a research project exploring central bank digital currency use cases and identified legal, regulatory, technical and operational issues warranting further consideration in future research. The RBA's review of these matters remains ongoing. 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. APRA has

announced it will consult on the prudential treatment for crypto-assets in 2024, which is expected to come into effect in 2025;

- the commencement of a market study into competition for personal banking services in New Zealand ("NZ") by the NZ Commerce Commission. The NZ Commerce Commission's final report, which will set out its findings on factors that may affect competition for the supply and acquisition of personal banking services, including bank profitability, and any recommendations, is due to be released in August 2024;
- the continued implementation of the Consumer Data Right ("CDR"), known as 'Open Banking', in the Australian banking sector. The CDR seeks to increase competition and innovation between service providers by mandating and standardising the sharing of certain consumer and business customer data and data relating to their products and services. Where large global technology companies choose to participate in the CDR, there is potential for these companies to access more data which may increase their competitiveness including in other sectors, such as financial services; and
- the NZ Government's decision to establish a CDR in NZ and for banking to be the first sector designated under the legislation. Consultation on an exposure draft of the Customer and Product Data Bill closed in July 2023. The adoption of Open Banking in NZ is designed to increase competition in the NZ banking industry and may increase compliance costs for established institutions, including BNZ and may limit BNZ's ability to charge for access to payments or data.

Competition for customers can lead to compression in profit margins and loss of market share. Intense competition increases the risk of additional price pressure, especially in commoditised lines of business, such as mortgages where the providers with the lowest unit cost may gain 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.

### 6.2.1.3 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 or regulatory intervention. 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.

## Risks specific to the Group (cont.)

Risks related to NAB's acquisition of Citigroup's Australian consumer business which completed on 1 June 2022 are ongoing.

NAB continues to rely on Citigroup's regional shared technology infrastructure for transitional services (and will do so through the transition period), as well as Citigroup's support for data migration activities after the development of technology systems within the Group. There is a risk that as the integration project and the development of technology systems within the Group continues, costs may be higher than anticipated, more internal resourcing is required than anticipated, or that key employees, customers, suppliers, or other stakeholders required for a successful transition, will not be retained. Additionally, there is a risk that the timeline for the integration is extended, which may result in further costs being incurred by NAB.

Citigroup has provided NAB with indemnities relating to certain matters which may have occurred pre-completion, 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.

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.

NAB completed the sale of its advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings in May 2021, now named Insignia Financial ("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 matters, 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 operated the advice businesses, such that the Group has retained all liabilities associated with the conduct of these businesses pre-completion. From completion, NAB has 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.

On 17 November 2022, NAB announced its intention to exit its custody business, NAB Asset Servicing. The exit is expected to be effected through the transfer of all of NAB Asset Servicing's clients to alternative custody providers over a period of approximately three years. The transfer of all clients over a relatively short period is a complex exercise that is subject to operational/transitional risks that will need to be managed

carefully. There is a risk that this does not occur to plan, and that there may be a potential adverse impact on the Group if not managed appropriately.

On 14 December 2023, NAB announced that it had entered into the FirstCape Transaction with Jarden Wealth and Asset Management Holdings Limited ("Jarden Wealth") to combine NAB's and Jarden Wealth's NZ wealth advice and asset management businesses into a newly formed entity FirstCape Limited ("FirstCape") in which NAB, Jarden Wealth, and funds advised by Pacific Equity Partners will be the shareholders. Under the FirstCape Transaction, NAB will retain a shareholding of 45% in FirstCape. The FirstCape Transaction completed on 30 April 2024. As part of the FirstCape Transaction, the Group provided FirstCape with certain indemnities and warranties relating to certain pre-completion matters and contractual covenants. A breach or triggering of these contractual protections may result in the Group being liable to FirstCape.

### 6.2.2 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.

#### 6.2.2.1 A protracted period of elevated interest rates may result in deterioration in the Group's credit risk profile in the short term through accelerated increases in defaulted loans.

The increase in interest rates over the last 18-months to combat inflationary pressures has resulted in minor increases in arrears in the home loan and small business portfolios. A protracted period of elevated interest rates may continue to increase household and business financial stress across Australia and NZ, particularly for those customers who are highly geared and/or facing reduced income due to weaker economic activity. This may drive an increase in corporate and business bankruptcies, job losses and higher unemployment. Sectors exposed to changes in household discretionary spending (including retail trade, tourism, hospitality, and personal services) are particularly vulnerable to financial stress in the event of modifications to consumer spending behaviour.

The heightened credit risk in affected sectors and elevated levels of household and business financial stress may result in an increase in losses if customers default on their loan obligations and/or if higher capital requirements are applied for the Group through an increase in the probability of default.

#### 6.2.2.2 Extreme weather events, and longer-term changes in climate conditions coupled with transition risk may lead to rising customer defaults.

The following risks relating to climate change, combined with changes to future insurance affordability and availability, may result in increased losses from customer defaults, and may ultimately have an adverse impact on NAB's financial performance and position:

- increasing number of extreme weather events (including substantial rainfall or drought);
- increasing weather volatility and longer-term changes in climatic conditions; and
- climate-related transition risks as the global economy transitions to low-carbon alternatives.

Some customers have faced significant challenges from extreme weather events such as Cyclone Jasper, the wettest tropical cyclone in Australian history, in Queensland (2023), the floods in NZ (2023), and severe flooding events in Eastern



Australia in 2021 and 2022 and North-Eastern Australia in 2023, which caused property damage for customers across the home and business lending portfolios. While not resulting in material increases in customer defaults, the rising severity and prevalence of these events pose a significant risk to the credit portfolio in the medium term.

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

Residential housing loans and commercial real estate loans in Australia and NZ constitute a material component of the Group's total gross loans and acceptances.

The Group may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the Group's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by extreme weather events, economic or market conditions, or by regulation, such as regulation related to climate change. A deterioration in economic conditions or real estate values in Australia and NZ, could result in higher credit losses and costs.

Residential and commercial real estate prices in Australia and NZ increased for some years up until 2021 but experienced a decline in 2022 following the central banks' moves to increase interest rates. Residential real estate prices stabilised in 2023, with most markets recording price increases and recovering most of the declines recorded in 2022. When the value of residential or commercial real estate used as collateral (including in business lending) reduces below the value of the loan, the Group is exposed to losses in the event of any customer default. This may, in turn, impact the Group's financial performance and position 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.

### **6.2.2.4 Adverse business conditions in Australia and NZ, in the agricultural and other sectors, may give rise to increasing customer defaults.**

The Group has a large market share among lenders to the Australian and NZ agricultural sectors. These sectors may be negatively impacted by several factors, including:

- vulnerability to labour constraints;
- trade restrictions and tariffs;
- volatility in commodity prices (particularly agricultural product prices);
- foreign exchange rate movements;
- changes in consumer preference;
- disease and introduction of pathogens and pests (e.g., the threat of a local foot and mouth disease outbreak and spread in Australia of the varroa mite – impacting European honeybees);
- export and quarantine restrictions;
- supply chain constraints and increasing supply chain producer responsibility, traceability, and transparency requirements;
- extreme weather events (including substantial rainfall or drought), increasing weather volatility and longer term changes in climate conditions; and
- expectations related to management of other nature-related risks such as deforestation, including both the environmental impacts and potential exposure from any illegal deforestation.

Adverse business conditions (including supply chain disruptions, labour constraints and rising input costs, volatile commodity and energy prices, and the impact of rapid technological change) may also lead to stress in certain other sectors such as construction, wholesale trade and manufacturing.

### **6.2.2.5 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. Movements in interest rates can affect prepayment assumptions and thus fair value. Market declines and increased volatility could negatively impact the value of such financial instruments and cause the Group to incur losses.

### **6.2.2.6 Other macro-economic, geopolitical, climate, other nature-related or social risks may adversely affect the Group and pose a credit risk.**

Most of the Group's businesses operate in Australia and NZ, with additional operations located in Asia, the United Kingdom, France and the US. Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates, and other economic and financial market conditions and forecasts.

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 modern slavery and nature-related risks), 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);
- the inability to price certain assets;
- environmental conditions and social and governance issues impacting the risk and return profile and/or 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;
- a lack of available or suitable derivative instruments for hedging purposes; and
- 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, cyber-attacks, political and social unrest, banking instability, and sovereign debt restructuring and defaults.

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

- Global economic growth is forecast to slow in 2024 before a modest improvement in 2025, with growth across this period expected to be below its historic long-term average. Weaker economic conditions reflect the impact of tight monetary policy and lending standards,



particularly in advanced economies, along with energy disruptions in Europe and weak growth rates in China. The risk of recessions in one or more major economies in 2024 remains.

- The scale of policy rate increases over the past two years has elevated rates to levels that are restrictive of economic activity. Potential delays in the path of rate cuts back to neutral levels may expose imbalances or weaknesses in balance sheets, including those of financial institutions, and asset markets, that have built up over time. Risk of contagion due to financial system instability remains an ongoing concern for the Group due to the interdependency of financial market participants. Where concerns over the viability of financial institutions arise, it can trigger contagion fears, potentially destabilising global markets and, in turn, negatively affecting economic activity.
- China is a major trading partner for Australia and NZ, with export incomes and business investment exposed to changes in China's economic growth and trade policies. China's economy continues to face substantial headwinds, with growth forecast to slow in 2024, reflecting subdued household consumption, slowing demand for its exports and weakness in the property sector in China. This could negatively impact the global economy generally, and the Australian and NZ economies in particular. Although diplomatic tensions between the Chinese and Australian governments have eased since mid-2022, the risk of trade restrictions being imposed on Australian exports remains. Such restrictions could have a negative impact on the Group's customers and may give rise to increasing levels of customer defaults.
- 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 credit risk to the Group.
- Ongoing geopolitical instability, such as the Russia-Ukraine and Israeli-Palestinian conflicts, has negatively impacted, and could continue to negatively impact, the global and Australian economies, including by causing supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign currency exchange rates, rising interest rates and heightened cybersecurity risks. Prices may remain elevated for an extended period, which would negatively impact most businesses and households, and may lead to increased credit losses for the Group.
- Other geopolitical risks continue to present uncertainty to the global economic outlook, with negative impacts on consumption and business investment. Tensions between China and the United States (along with other countries), including in relation to Taiwan and the South China Sea and China's trade and technology policies, as well as disruptions to trade through the Red Sea and the potential for widening conflict in Eastern Europe and the Middle East (including Israel-Iran), could impact global economic growth and global supply chains. Similarly, geopolitical tensions in the Asia-Pacific region could increase as a result of the AUKUS pact or other similar agreements.

## 6.2.3 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 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.

### 6.2.3.1 The Group is exposed to credit spread risk.

Credit spread risk is the risk that the Group may suffer losses from adverse movements in credit spreads, including increases in credit spreads resulting from financial markets instability. This is a significant risk in the Group's trading and banking books.

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 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 HQLAs which form the majority of the Group's liquidity portfolio required for managing the Group's liquidity risk. While the Group hedges the interest rate risk on this portfolio, it is subject to credit spread risk through changes in spreads on its holdings of semi-government bonds. These positions 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.

### 6.2.3.2 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. The level of volatility in interest rate markets has increased in the post-pandemic period after a broadening of inflationary pressures saw major central banks unwind stimulus and rapidly tighten monetary policy. Market conditions remain volatile in response to ongoing geopolitical risk and with market prices factoring in interest rate cuts as inflation has, in all likelihood, passed its peak.

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, 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, thereby impacting the Group's net interest margin.

### 6.2.3.3 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 unless otherwise stated, 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.

### 6.2.3.4 The Group is exposed to market risk should it 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.

## 6.2.4 Capital, Funding and Liquidity Risk

### 6.2.4.1 The Group is exposed to funding and liquidity risk.

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 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.

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. The final maturity dates of the Additional and Supplementary Allowance of the drawn Term Funding Facility (a three-year facility established by the RBA to support lending to the Group's customers) are concentrated during 2024, with final maturity by June 2024 for all participating ADIs, including the Group. (The Initial Allowance matured in 2023.) The Group relies on offshore wholesale funding to support its funding and liquidity position. Periods of heightened market volatility may limit the Group's access to this funding source. Disruption in global capital markets, reduced investor interest in the Group's securities and/or reduced customer deposits, may adversely affect the Group's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor of available 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.

### 6.2.4.2 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 the Group'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; and
- restrict balance sheet growth.

Current regulatory changes that could present a risk to the Group's capital position include loss-absorbing requirements for D-SIBs, which include NAB. These changes require an increase to total capital by 4.5% of RWA by 1 January 2026, with an interim increase by 3% of RWA which came into effect on 1 January 2024. These requirements are expected to be satisfied primarily through the issue of additional Tier 2 Capital which will further increase the Group's funding costs due to the higher cost of Tier 2 Capital issuance relative to senior debt.

On 21 September 2023, APRA released the APRA Discussion Paper outlining potential options for, and seeking feedback from stakeholders on, improving the effectiveness of Additional Tier 1 Capital in Australia. APRA intends to follow this with a formal consultation in the first half of calendar year 2024 on any proposed amendments to prudential standards. Changes to the requirements for Additional Tier 1 Capital may impact the Group's capital position.

In addition, revisions to RBNZ capital requirements (to be phased in by 2028) will require the Group to hold more capital in NZ.

If the information or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the Group's operations, financial performance and financial position.

### 6.2.4.3 A downgrade in the Group's credit ratings or outlook 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, and other market factors (e.g., ESG-related factors), or changes in a 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 its 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 its peers may also adversely impact the Group's competitive position and financial performance and position.

## 6.2.5 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.

### 6.2.5.1 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 the Group's business and consequently to its financial performance and position. The reliability, security 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 against the Group or its external providers including suppliers of cloud services to the Group.

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 trust that internal and external stakeholders have in the Group's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect the Group's reputation, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties.

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

The Group collects, processes, stores, and transmits large amounts of personal and confidential information through its people, technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are increasingly sophisticated. In addition, the number, nature and resources of adverse actors that could pose a cyber threat to the Group is growing, including individual cybercriminals, criminal or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities.

There is a risk that the Group's efforts to improve its technology systems and networks and its information security policies, procedures and controls may not be adequate to address these threats. While the Group participates in internal and external reviews and testing and is subject to regulatory oversight, which collectively help to identify weaknesses and areas for improvement, remediation of weaknesses is sometimes difficult to complete in a timely manner due to the complex technology environment (including third party involvement) and the rapidly evolving nature of the threats, which leads to the continuing emergence of new vulnerabilities.

As cyber threats continue to evolve, the Group may be required to expend significant additional resources to continue to modify or enhance its layers of defence or to investigate and remediate any information security vulnerabilities.

The Group may also 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 may also inadvertently retain information which is not specifically required or is not permitted by legislation, thus increasing the impact of a potential data breach or non-compliance. A successful cyber-attack could persist for an extended period before being detected and, following detection, it could take considerable time for the Group to obtain full and reliable information about the cybersecurity incident and the extent, amount and type of information compromised. During an investigation, the Group may not necessarily know the full effects of the incident or how to remediate it, and actions and decisions that are taken or made to mitigate risk may further increase the costs and other negative consequences of the incident. Moreover, the Group may be required to disclose information about a cybersecurity event before it has been resolved or fully investigated. Additionally, 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. While the Group negotiates comprehensive risk-based controls with its service providers, it is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. 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 or employee data, a breach of privacy laws, regulatory enforcement actions, civil penalties, customer or employee 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. For example, some large Australian organisations have experienced significant cyber-attacks in recent years leading to intense public reactions and increased political and regulatory focus.

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.

Generative AI is an emerging area of risk. Additionally, while AI has potential to support significant service advances for customers, it also has potential to assist, enable and enhance existing methods for criminals to perpetrate fraud, scams, and cyber threats against NAB and its customers.

The Group's use of AI and machine learning technologies is also subject to risks that algorithms and datasets are flawed or may be insufficient and could increase the risk of unintended deficiencies and could result in inaccurate or ineffective decisions, predictions or analysis, and give rise to potential ethical and social risks associated with its use (e.g., unintended discrimination, bias and disinformation).

### **6.2.5.3 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, and on 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, reputation and the timeliness and accuracy of its statutory and prudential reporting.

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.

### **6.2.5.4 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 appropriate actions and inputs from its 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, inadequate design of processes or controls, or incorrect reporting. 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.

### **6.2.5.5 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, employees, and Board members with a deep understanding of banking and technology, who are qualified to execute the Group's strategy, including the technology transformation the Group is undertaking to meet the changing needs of its customers. Potential weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll compliance, workplace health and safety and employee wellbeing, together with a competitive labour market for critical skills, 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. The effective management of psychosocial risk (including relating to workplace factors such as customer aggression, workload issues or poor change management) is an area of focus within the Group to support employee wellbeing and retain talent. It is also an area of increasing regulatory scrutiny and reputational risk.

The Group's capacity to attract and retain key talent, in addition to providing attractive career opportunities, also depends on its ability to adequately and appropriately respond to changes (internal or external) as well as design and implement effective remuneration and talent structures. This may be constrained by several factors, including by regulatory requirements (particularly in the highly regulated financial services sector).

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 the Group, who may be experiencing similar personnel related challenges.

### **6.2.5.6 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 and geopolitical conflict.

The Group has branches and office buildings across Australia and NZ in locations that are prone to extreme weather events, as described in Section 6.2.2.2, with NZ locations also prone to 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.

The Group has operations in India and Vietnam conducting a range of essential business functions and processes including transaction processing and technology development. Disruption to these centres may have a material impact on the Group's operations.

Geopolitical risks continue to present uncertainty to the Group's operations. Tensions between the United States and China, including in relation to Taiwan, the Russia-Ukraine and Israeli-Palestinian conflicts and China's trade and technology policies, continue to persist, which could impact the Group's operations adversely, for example through disruption to global supply chains and availability of talent.

External events, such as extreme weather, natural disasters, biological hazards, and acts of terrorism may also 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 compromise the Group's ability to provide a safe workplace for its personnel and/or lead to reputational damage. 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.

## 6.2.6 Sustainability Risk

Sustainability risk is the risk that ESG-related events or conditions 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 risks by the Group or its customers may expose the Group to other potential risks across risk categories such as strategic, credit, compliance, conduct, operational risk and capital, funding and liquidity risk.

### 6.2.6.1 Physical and transition risks arising from climate change, other environmental impacts and nature-related risks 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 environmental impacts such as land contamination and other nature-related risks such as deforestation, biodiversity loss and ecosystem degradation, may affect water security, 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.

Globally, an increasing number of countries are prone to, and have experienced, acute physical climate events. In Australia and NZ these have included drought conditions, bushfires over summer periods, and severe floods. Extreme weather events are expected to increase globally and locally in frequency and severity, which may have adverse macroeconomic impacts. The impact of extreme weather events can take time to be fully realised and 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 and the extent to which these assets are insured or insurable, which may impact the Group's ability to recover its funds when loans default.

Climate-related transition risks are 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, and/or the Group's products or services that serve those customers. Furthermore, management of transition risk is more challenging given the presence of social risks such as modern slavery in relevant supply chains e.g., input materials and equipment required to support the low carbon transition.

NZ also faces geological risk associated with major earthquakes and certain areas of Australia have also more recently experienced some earthquake-related damage.

Nature-related risks (caused by impacts and dependencies on nature), such as deforestation and illegal land clearing,

and biodiversity loss and ecosystem degradation, may disrupt business activities and supply chains, and may cause business impacts including contributing to raw material and/or commodity price volatility, stranded assets, changes in customer demand and changes in the regulatory environment (e.g., the decline of bee populations which provide pollination services to agriculture, the collapse of fishing or agricultural yields, and a decrease in air, water or soil quality).

These risks may increase expected and actual 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.

### 6.2.6.2 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 differing) community and stakeholder expectations. These include:

- environmental issues – such as climate change, deforestation and illegal land clearing, biodiversity loss, ecosystem degradation, and pollution. Supervisory and regulatory guidance and requirements for banks are increasingly focusing on ESG risks, as regulators seek to understand and manage system-wide impacts such as those arising from climate-related risks. This focus is quickly evolving to broader environmental issues, such as nature-related risks, as the links between nature and economic prosperity and societal wellbeing are becoming better understood. This has been a particular focus of the Task Force on Nature-related Financial Disclosures, whose recommendations were released in September 2023, and the development of which has been supported by the Australian and United Kingdom governments;
- 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, indigenous land rights and cultural heritage, and animal welfare, including any such potential impacts on these matters from a customer's operations and/or projects;
- governance issues – such as bribery and corruption, tax avoidance, greenwashing and other false or misleading environmental or sustainability claims, poor governance, lack of transparency, supply chain traceability and not fulfilling accountabilities.

Performance against corporate ESG commitments are being more closely monitored by external stakeholders as their understanding of issues (and their associated risks) like climate change, human rights, responsible supply chain management and due diligence increases. Globally, and particularly in Australia, regulators have strengthened their policy guidance in relation to sustainability-related disclosures and governance practices, with particular emphasis on greenwashing. Consumer and fair-trading issues in relation to environmental and sustainability claims are a 2023-24 compliance and enforcement priority of the Australian Competition and Consumer Commission ("ACCC"), aimed at improving the integrity of environmental and sustainability claims and to protect consumers from greenwashing. Effective regulatory frameworks underpinning sustainable

## Risks specific to the Group (cont.)

finance continues to be a key theme and strategic priority of ASIC in 2024. Australian regulators (in particular, ASIC) have continued to increase enforcement activity in relation to sustainability-related disclosures, and ASIC has stated that misleading conduct in relation to sustainable finance, including greenwashing is one of its key enforcement priorities for 2024.

ESG due diligence requirements may become mandatory in some jurisdictions in which the Group operates, placing increasing demands on the Group's processes and capability to manage, monitor and address ESG risks. The impacts associated with climate change-related legislative and regulatory initiatives, customer requirements and the transition to a low carbon economy, including meeting new regulatory expectations, retrofitting of assets, energy efficient and low carbon investments, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect the Group and/or its customers.

The Group's reputation and business prospects may also be damaged if it does not, or is perceived not to, effectively prepare for the potential business and operational opportunities and risks associated with climate change, including through the development and marketing of effective and competitive products and services designed to address clients' climate risk-related needs. These risks include negative market perception, reduced market share and regulatory and litigation consequences associated with greenwashing claims or driven by association with clients, industries or products that may be inconsistent with the Group's stated positions on climate change issues.

Failure by the Group to:

- comply with the ESG-related requirements or standards, including emerging ESG-related disclosure requirements arising from the release of the International Sustainability Standards Board's Sustainability and Climate disclosure standards, enacted through amendments to the Corporations Act and accounting standards in Australia and similar legislative updates in other jurisdictions;
- meet ESG-related voluntary commitments, goals and targets set by the Group, or Group ESG-related policy requirements;
- meet community and stakeholder expectations in relation to ESG;
- apply appropriate ESG standards to its customers, or to entities in the Group's supply chain; or
- appropriately make representations about its ESG-related products and performance,

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, including litigation or regulatory action related to greenwashing. Risk also exists due to well-funded and strategic private litigants actively seeking opportunities to take litigation action in Australia.

Certain products, services or industries may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because 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.

### 6.2.7 Conduct Risk

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

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

Organisational culture can greatly influence individual and group behaviours. Poor culture can expose an organisation and lead to customer harm, financial loss and detriment. The behaviours that could expose the Group to conduct risk include:

- failure to design products and services that are transparent, accessible, and easy for the Group's customers to understand;
- unmanaged conflicts of interest 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;
- use of AI that is inappropriate or inconsistent with community and customer expectations, or the overreliance on algorithmic outcomes without adequate human supervision;
- making representations to customers about products or services of the Group which are inaccurate, misleading or deceptive, including representations which may mislead customers on the extent to which the Group's practices are environmentally friendly, sustainable, or ethical;
- being a party to fraud;
- failure to identify and appropriately manage customer communications, hardship cases and debt collection;
- failure to protect customers from fraud or scams when banking through digital channels or failure to respond adequately to customers impacted by external fraud or scams;
- non-adherence to applicable requirements or providing financial advice which is not appropriate or in a 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 ineffective business processes and stop re-occurrence of issues in a timely manner; and
- failure to act in accordance with the Group's Code of Conduct or Financial Markets Conduct Policy.

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



- 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 terms which are deemed to be in contravention of Unfair Contract Terms legislation within standard form contracts such as loans, guarantees, and other security documents, which could possibly result in civil and/or monetary penalties;
- enforced suspension of operations, amendments to licence conditions, or loss of licence to operate all or part of the Group's businesses; and
- other enforcement or administrative action or agreements, including legal proceedings.

A failure of the Group's conduct-related 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 and can result in customer harm, financial loss and detriment.

### 6.2.8 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 fair and equitable treatment of customers.

#### 6.2.8.1 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 ("ABC"), anti-money laundering and counter-terrorism financing ("AML/CTF") laws have increased in recent years.

On 29 April 2022, NAB entered into an enforceable undertaking ("EU") with the Australian Transaction Reports and Analysis Centre ("AUSTRAC") to address AUSTRAC's concerns with the Group's compliance with certain AML and CTF requirements. 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; and
- address, to AUSTRAC's satisfaction, any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

In May 2022, NAB appointed an external auditor (as required under the EU). NAB obtains interim reports from the external auditor on a quarterly basis and an annual basis. The external auditor will provide a final report to NAB for the period up to 31 March 2025.

NAB has completed more than three-quarters of its required activities under the RAP. A number of these activities require review by the External Auditor, and some of the more complex activities under the RAP have longer timeframes for completion. NAB continues to oversee delivery of the RAP commitments through dedicated EU Governance forums. 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 enhancements of the Group's systems and processes may be required.

A negative outcome to any investigation or remediation process, or a failure to comply with the EU, may adversely impact the Group's reputation, business operations, financial position, and results.

As a bank engaged in global finance and trade, the Group faces risks relating to compliance with AML/CTF, ABC and financial sanctions laws across multiple jurisdictions. Undetected failure of internal controls, or the ineffective remediation of compliance issues could lead to breaches of AML/CTF and/or ABC obligations or sanctions violations, resulting in potentially significant monetary and regulatory penalties, which, in turn, may adversely impact the Group's reputation, financial performance, and position.

The risks of sanctions violations are increased in the context of additional, wide ranging economic sanctions and export controls imposed in 2022 and 2023 as a result of the Russia-Ukraine conflict.

This includes rising expectations from regulators concerning export control due diligence by financial institutions, as well as the continued attempts by those subject to sanctions to evade and circumvent their impact. Refer to 'Notes to the Consolidated Financial Statements' Note 13 *Commitments and Contingent liabilities*, on page 79 in the Group's 2024 Half Year Results, 'Regulatory activity, compliance investigations and associated proceedings – AML and CTF program uplift and compliance issues' for more information.

#### 6.2.8.2 The Group may fail to comply with applicable laws and regulations which may expose the Group to increased regulatory intervention, 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 adequate compliance arrangements including processes and controls required by relevant laws and regulations in a timely manner, or that the Group's compliance arrangements will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of misinterpreting new or existing regulations and complying with detailed data requests from various regulators.

There is significant cost associated with the systems, processes, controls, and personnel required to comply 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, or additional regulatory capital requirements, 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 or regulatory capital requirements 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 *Commitments and Contingent liabilities* on pages 78-80 in the Group's 2024 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.

### 6.2.8.3 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 change, reviews and political scrutiny, including in Australia, NZ and other countries where the Group has, or is intending to establish, offshore operations.

Examples of regulatory change in other jurisdictions that may directly or indirectly impact the Group's Australian operations include changes relating to the Group of 20 regulation of over-the-counter derivative products, potential updates to the Foreign Exchange Global Code, United Kingdom and European market abuse regulations, European Union directives relating to Corporate Sustainability Reporting and Corporate Sustainability Due Diligence and the French Duty of Vigilance legislation. The pace, volume and complexity of change may also expose the Group to the increased risk of failure to adequately identify all applicable regulatory changes. 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, employees and information technology systems. This may also impact the competitiveness of the Group in certain of its businesses, the viability of the Group's participation in certain markets or require the divestment of a part of the Group's business.

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 fully tested until the go-live date for the relevant regulatory change has occurred. There are also inherent risks associated with the dependency on third parties for the effectiveness of some controls.

The Group is in the process of implementing key regulatory changes that have yet to take effect. These include Prudential Standard CPS 230 Operational Risk Management and Prudential Standard APS 330 Public Disclosure. Other notable changes which have taken effect recently include the *Financial Accountability Regime Act 2023* (Cth), Prudential Standard CPS 190 Recovery and Exit Planning, Prudential Standard CPS 900 Resolution Planning and the Compensation Scheme of Last Resort (which facilitates payment of compensation for eligible consumers who have received a determination from the Australian Financial Claims Authority that remains unpaid).

The Australian Government is progressing its Strategic Plan for the payments system (including the decommissioning of the Bulk Electronic Clearing System by June 2030), as

well as its initial Data and Digital Government Strategy and the 2023-2030 Australian Cyber Security Strategy (which proposes to introduce Advanced Encryption Standards by 2025). The Australian Government introduced the *Treasury Laws Amendment (Reserve Bank Reforms) Bill 2023* (Cth) to Parliament in late November 2023 and was referred to the Senate Economics Legislation Committee for review. The Committee's report recommends the bill be passed. If passed, it will partially implement the Australian Government's response to the review of the RBA, including by reinforcing the RBA's independence from the Australian Government and removing the RBA's power to determine the lending policy of private banks. The Group will be subject to significant regulatory and process changes as the Australian Government finalises and implements its strategic policy priorities and digitalisation agenda in the period ahead.

Ongoing and proposed regulatory changes, reviews and inquiries relevant to the Group include changes to liquidity and capital requirements (Prudential Standard APS 111 Capital Adequacy & Prudential Standard APS 210 Liquidity), operational resilience (including cyber security Prudential Standard CPS 234 Information Security), market risk capital reform, CDR reforms (expansion to non-bank lenders, action initiation, and consent), crypto assets (prudential treatment, licensing and custody), governance, vulnerability (including hardship, domestic violence, accessible and inclusive banking and regional branch closures), financial claims scheme, personal property securities framework reform, market abuse or conduct-related regulations, changes to securities law, changes to financial benchmarks, derivatives reform (including the ASIC Derivative Transaction Reporting Rules), modification of legislation applicable to deposit takers in NZ, payments, data quality, protection and privacy law reforms, competition inquiries (ACCC Retail Deposits Inquiry and Treasury Review of Competition Policy Settings), financial crime legislation (including de-banking), accounting, disclosure and reporting requirements (financial, sustainability and climate risk, reportable situations, complaints and remuneration), bankruptcy and personal and corporate insolvency, human rights, modern slavery, tax reform, clearing systems and the Australian Securities Exchange CHESS replacement.

Current consumer-centric regulatory changes expected in 2024 and/or 2025 include updates to the Banking Code of Practice, regulation for BNPL products and financial advice reforms following the Quality of Advice Review. Regulatory priorities may also direct or influence the manner in which the Group is currently meeting its obligations to customers.

With increasing evidence of consumers experiencing financial distress and difficulty due to cost-of-living pressures, ASIC expects lenders to work constructively with their customers to find a sustainable solution in the period ahead. ASIC is currently conducting an industry review on the approach to financial hardship in home lending. NAB is participating in the review. ASIC has initiated civil penalty proceedings against other financial institutions in relation to failures to respond to customer hardship notices within the time required by law. In addition, ASIC's strategic priority to take action to address poor product design and distribution and poor consumer outcomes is expected to drive both issuers' and distributors' focus on the application of the 'reasonable steps' obligations to ensure financial products are appropriately distributed to their respective target markets.

Further inquiries and regulatory reviews impacting the financial services industry may be commissioned by the Australian and NZ governments, which, depending on their

## Risks specific to the Group (cont.)

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 those set out below.

- The Financial Markets (Conduct of Institutions) Amendment Act 2022 ("CoFI Act") will create an oversight and licensing regime for regulating conduct in the banking, non-bank deposit taking and insurance sectors in NZ. The CoFI Act is expected to come into force in early 2025.
- Legislation remains before Parliament to enable 'write access' or 'action initiation' within the CDR regime which may present additional cyber and fraud risks in the CDR ecosystem, if passed. 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, and will continue to be, utilised to implement and progress Open Banking (including supporting the CDR to mature in the banking sector). There are instances where the Group is not yet compliant with CDR requirements and is working to rectify these issues. The ACCC is kept informed of progress and publishes the status of these issues along with those of other financial institutions.
- The ACCC has completed its inquiry into the market for the supply of retail deposit products. The inquiry looked at matters including the interest rates paid by ADIs for retail deposits, how the interest rates are set between retail deposit products and lending products (including home loans), decisions made in light of changes to the RBA target cash rate, the extent of competition in the market for retail deposit products and how deposit products are a source of funding for the supply of credit. The ACCC released its report on 15 December 2023 and the Australian Government is considering the findings with a response to be released in 2024.
- 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 to address the impact of scams, the Group continues to proactively educate its customers about scams and further enhance its systems and processes to detect and protect customers and the Group from scams and fraud. In this way, the Group seeks to mitigate the risk to customers from scam or fraud activity that may be difficult for the Group to anticipate or control. The Australian Government has consulted on new mandatory industry codes in relation to scam activity, which, if introduced, will be applicable to banks, telecommunication providers and digital communications platforms. Although no government policy or position in relation to a contingent reimbursement scheme has been promulgated in Australia, the Group's strategic planning and enhancement of systems and processes will also prepare it for expected regulatory change in this regard. Given the considerable growth in industry and customer losses from scams and fraud, the potential costs associated with control failures and transfer of risk from the customer may be significant.
- Possible revisions to the AML/CTF Regime are currently under consultation with the Australian Attorney General's department. The potential changes may include regulation for additional entities within Australia, some of whom will

be customers of NAB. The impact of any revised legislation is uncertain.

- New Base Erosion and Profit Shifting rules (Pillar Two model rules) have been released by The Organisation for Economic Co-operation and Development that are designed to ensure that multinational enterprises pay a minimum tax of 15% on income arising in each jurisdiction. The rules will come into effect for NAB globally commencing 2025. The rules are complex and will require global implementation resulting in increased compliance costs. Substantial changes will be required to existing tax operations with a focus on an increase in global data analytics capabilities.
- Proposed ESG-related regulatory regimes, including increasing obligations relating to modern slavery, human rights, sustainable finance, climate, and other sustainability risk-related prudential guidance, and regulatory and disclosure requirements. These include:
  - the climate-related disclosures regime under the Financial Markets Conduct Act 2013 in NZ, which requires mandatory climate-related reporting from 2024, and the expected introduction in 2025 of similar requirements under (i) the Corporations Act and the AASB Standards in Australia and (ii) the Corporate Sustainability Reporting Directive in the European Union;
  - regulatory guidance on green and sustainable product labelling published by the ACCC and ASIC in Australia, the Financial Conduct Authority in the United Kingdom and similar regulators in other jurisdictions;
  - guidelines and regulations related to managing various human rights obligations like discrimination, diversity, equity, inclusion and modern slavery. For example, guidance provided by the Australian Human Rights Commission on how companies can meet the positive duty to eliminate sex discrimination in the workplace;
  - the final recommendations and guidance published by the Taskforce on Nature-related Financial Disclosures in 2023; and
  - expansion of modern slavery and sustainability due diligence requirements in Australia, NZ and the European Union.

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 competitiveness, reputation, financial performance, or financial position.

### 6.2.8.4 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, expenses and the disclosure of contingent liabilities. 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

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## Risks specific to the Group (cont.)

the valuation of goodwill and intangible assets arising from business acquisitions.

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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## Section seven:

# Australian Taxation Summary

This section contains a summary of the Australian tax consequences for potential NAB Capital Notes 8 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.

Accordingly, each potential 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 8.

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

## 7.1 Summary of Australian tax consequences for Holders

### 7.1.1 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 8 under the Offer and who hold their NAB Capital Notes 8 on capital account for tax purposes ("Resident Holders"); and
- certain Holders who are not Australian tax residents and acquire NAB Capital Notes 8 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 8 in your particular circumstances.

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

- acquire NAB Capital Notes 8 otherwise than under the Offer;
- hold NAB Capital Notes 8 in their business of securities trading, dealing in securities or otherwise hold their NAB Capital Notes 8 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 8. For Resident Holders that are individuals, the TOFA regime should generally not apply to their investment in NAB Capital Notes 8. 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 8, 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 8;
- in relation to a Resident Holder, acquire or hold their NAB Capital Notes 8 through a permanent establishment outside of Australia; or
- in relation to a Non Resident Holder, acquire or hold their NAB Capital Notes 8 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.

### 7.2 Class ruling sought on the NCN8

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.

When issued, copies of the Class Ruling will be available from the ATO's website ([ato.gov.au](http://ato.gov.au)) and NAB's website ([nab.com.au/nabcapitalnotes8](http://nab.com.au/nabcapitalnotes8)).

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 8 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 8 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 8;
- 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 8 in respect of certain provisions of the Tax Act;
- not consider the tax treatment of Distributions received by partnerships or trustee investors; and
- not consider the tax implications of a Conversion of NAB Capital Notes 8 before the Mandatory Conversion Date on the occurrence of a Loss Absorption Event.

The Class Ruling will not mean that the ATO guarantees or endorses the commercial viability of investing in NAB Capital Notes 8.

### 7.3 Distributions on NCN8

The NAB Capital Notes 8 should be classified as non-share equity interests for Australian income tax purposes.

#### 7.3.1 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 8 “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 90<sup>th</sup> day after they become ex-Distribution. In determining whether a Resident Holder has held their NAB Capital Notes 8 “at risk”, all “positions” in respect of NAB Capital Notes 8 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 8. Where a Resident Holder undertakes risk management strategies in relation to their NAB Capital Notes 8 (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 8 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 8 “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 payments” have been made, or will be made, in respect of such amounts.

Of the anti-avoidance rules, the most significant is in section 177EA of the Tax Act. The High Court in *Mills v Federal Commissioner of Taxation* (2012) 250 CLR 171 (“*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 8, subject to the particular circumstances of a Resident Holder.

The recently enacted *Treasury Laws Amendment (2023 Measures No. 1) Act 2023* (Cth) contains a new anti-avoidance provision targeting certain arrangements where an issue of equity interests is used to directly or indirectly fund a franked distribution. The provision may result in a relevant distribution being treated as unfrankable. The Explanatory Memorandum suggests that the provision should not apply to an APRA regulated company that issues non-share equity interests where the funds raised contribute to the general pool of funds available to the company, it has an established practice of paying fully franked distributions on its ordinary shares and non-share equity interests and the non-share

equity interests meet its regulatory capital requirements. The proceeds from the NAB Capital Notes 8 will be used by NAB for general corporate purposes. The provision should not apply to Distributions on the NAB Capital Notes 8.

### 7.3.2 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 and are entitled to the benefits of that double taxation agreement.

### 7.4 Disposal of NCN8

#### 7.4.1 Disposal other than through Conversion

##### Resident Holders

###### CGT consequences

The Class Ruling is expected to confirm that the NAB Capital Notes 8 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 8 should be taxed under the CGT provisions.

A disposal of NAB Capital Notes 8 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 8, or whether the capital proceeds are less than the reduced cost base for their NAB Capital Notes 8, 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 8, unless the market value of the NAB Capital Note 8 (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 published guidance from the ATO (Practical Compliance Guideline 2021/1), where all of the NAB Capital Notes 8 are Redeemed on a given Scheduled Optional Redemption Date, the ATO should accept that the market value of each NAB Capital Note 8 (and therefore the Redemption capital proceeds) is equal to the Face Value of the NAB Capital Note 8. 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 8 to a Nominated Purchaser will be equal to the Face Value of the NAB Capital Note 8, assuming that the Resident Holder is dealing at arm’s length with the Nominated Purchaser.



The capital proceeds from an on-market disposal of a NAB Capital Note 8 will be the sale price of the NAB Capital Note 8.

A Resident Holder's CGT cost base (or reduced cost base) for each NAB Capital Note 8 they acquire should include the \$100 issue price of the NAB Capital Note 8 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 8. 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 8.

For CGT purposes, each NAB Capital Note 8 should be taken to have been acquired by a Resident Holder on the date that the NAB Capital Notes 8 are allotted and issued to that Resident Holder.

### *CGT discount*

If NAB Capital Notes 8 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 8, 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 8 within 12 months of acquiring them, or who dispose of NAB Capital Notes 8 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 Australian 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. At the date of this Prospectus, it is not certain when or if this change will come into effect. If 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.

### **Non Resident Holders**

As the Class Ruling is expected to confirm that the NAB Capital Notes 8 are not "traditional securities", Non Resident Holders should generally not be taxable on any gain realised on disposal of their NAB Capital Notes 8, as the NAB Capital Notes 8 should generally not be "taxable Australian property" for the purposes of the CGT provisions.

## **7.4.2 Disposal through Conversion**

### **Conversion of NAB Capital Notes 8 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 8. 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 7.4.1 above under the heading "Resident Holders").

### **Conversion of NAB Capital Notes 8 into ordinary shares in a NOHC**

In the event that an Approved NOHC becomes the ultimate holding company of the Group, the NAB Capital Notes 8 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 8.

Such an amendment to the NAB Capital Notes 8 Terms should not result in Resident Holders realising a capital gain or capital loss provided they do not receive 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 8, 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 8.

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 8 across all of the Approved NOHC shares that they acquire on Conversion.

## **7.4.3 Writing Off**

In certain circumstances, NAB Capital Notes 8 may be Written Off (rather than Converted) following a Loss Absorption Event.

Writing Off NAB Capital Notes 8 would involve a Resident Holder's rights under the NAB Capital Notes 8 being terminated for no consideration. A CGT event will happen for Resident Holders if NAB Capital Notes 8 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 8 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 8.

## **7.5 Provision of TFN and / or ABN**

Holders may, if they choose, notify NAB of their TFN, ABN or an applicable exemption from quoting a TFN or ABN. NAB may deduct withholding tax from the unfranked part (if any) of Distributions in respect of the NAB Capital Notes 8, 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.

### 7.6 GST

Holders should not be liable for GST in respect of the acquisition, sale, Conversion, Redemption or Resale of NAB Capital Notes 8, 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.

### 7.7 Stamp duty

Holders should not be liable for stamp duty on the acquisition, sale, Conversion, Redemption or Resale of NAB Capital Notes 8 under applicable stamp duty law in each State and Territory of Australia, provided that they do not hold or acquire an interest of 90% or more in NAB, or where applicable in the Approved NOHC (assuming all the shares in NAB or the Approved NOHC (as applicable) will be listed on the ASX) (in each case, aggregating interests of associated persons and interests acquired under associated transactions).

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Section eight:

# Other information

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## 8.1.1 Directors

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

DIRECTOR	NUMBER OF ORDINARY SHARES	NUMBER OF OTHER SECURITIES
Philip Chronican	42,120	
Andrew Irvine	50,489	344,811 performance rights over Ordinary Shares
Kathryn Fagg AO	9,426	
Christine Fellowes	4,895	
Carolyn Kay	2,682	
Alison Kitchen	6,120	
Anne Loveridge AM	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 8 offered under this Prospectus subject to the ASX Listing Rules (including any waivers as described in Section 8.7).

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.

## 8.1.2 Interests of Advisers

NAB has acted as the Arranger for the Offer, and each of NAB; ANZ Securities Limited; Bell Potter Securities Limited; Commonwealth Bank of Australia; E&P Corporate Advisory Pty Ltd; Morgans Financial Limited; Ord Minnett Limited; Shaw and Partners Limited; UBS AG, Australia Branch; and Westpac Institutional Bank (a division of Westpac Banking Corporation) have acted as Joint Lead Managers to the Offer, and JBWere Limited, LGT Crestone Wealth Management Limited and Wilsons Advisory and Stockbroking Limited have acted as Co-Managers 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 8 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 0.5% of the amount equal to the Face Value multiplied by the number of NAB Capital Notes 8 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 8 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 8.5), the Joint Lead Managers may pay fees on behalf of NAB to financial services licensees and representatives ("Brokers")

## Interests and benefits (cont.)

for procuring subscriptions of NAB Capital Notes 8 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 8 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 \$155,000 (excluding disbursements and GST) for work performed by it up until the date of this 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 and tax 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 \$320,000 (excluding disbursements and GST) to King & Wood Mallesons for work up to the date of this Prospectus. Further amounts may be paid to King & Wood Mallesons 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.

The Arranger, the Joint Lead Managers and their respective related bodies corporate and 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 including (without limitation):

- securities issuing, securities trading, brokerage activities, the provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivatives trading, research products and services and the provision of finance; and
- issuing, arranging the distribution of, and distributing, and the provision of advice in connection with, securities and other financial products,

including (without limitation) to, or in connection with, customers, investors or other persons directly or indirectly involved with the Group or the Offer and their respective related bodies corporate and affiliates and their respective

officers, directors, employees, partners, advisers, contractors and agents (“Relevant Persons”). The Lead Manager Parties may receive fees and other benefits in connection with those activities, out of which conflicting interests or duties may arise.

In the ordinary course of these activities, each Lead Manager Party may at any time hold long or short positions, and may trade or otherwise effect transactions or take or enforce security, for, or in connection with, its own account or the accounts of Relevant Persons, including through transactions involving debt, equity or hybrid securities loans, financing arrangements, other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, any Relevant Person.

## 8.2 Expenses of the Offer

Assuming the Offer raises \$750 million, then the net proceeds of the Offer are expected to be \$742 million and the total external expenses of the Offer are expected to be \$8 million. The total expenses of the Offer have been, or will be, borne by NAB.

## 8.3 Rights and liabilities attaching to NAB Capital Notes 8

Appendix A sets out the rights and liabilities attaching to NAB Capital Notes 8. Further rights and liabilities attaching to NAB Capital Notes 8 may also arise under the Corporations Act, the ASX Listing Rules and other laws.

## 8.4 Rights and liabilities attaching to Ordinary Shares

On Conversion, holders of NAB Capital Notes 8 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 8.9.

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.

## 8.5 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 8.

The fees payable to the JLMs are set out in Section 8.1.2.

### 8.5.1 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 8.

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 8;
- taking reasonable steps in determining which regulated persons receive an allocation of NAB Capital Notes 8 from the JLM from its allocation of NAB Capital Notes 8 under the Bookbuild;
- the provision of certain information to NAB to allow NAB to review and consider the 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 8 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 8; and
- the marketing materials used by it for the Offer.

### 8.5.2 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;
- ASIC issues a stop order or similar proceeding under Part 7.8A of the Corporations Act in relation to the Offer;
- ASX does not grant its approval for official quotation of NAB Capital Notes 8, 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 a supplementary prospectus to be issued with the inclusion of the Margin);

- 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 NAB or 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 8.

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 5 June 2024 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 8 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).

### 8.6 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.

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.

## Reporting and disclosure obligations (cont.)

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.

### 8.7 Regulatory relief

ASX has classified NAB Capital Notes 8 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 8 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 8 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 8 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 8;
  - NAB releases the terms of the waiver to the market when it announces the Offer; and
  - when NAB Capital Notes 8 are issued, NAB announces to the market the total number of NAB Capital Notes 8 issued to Directors and their associates in aggregate;
- the issue of Ordinary Shares on Conversion of NAB Capital Notes 8 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 8 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 8.

### 8.8 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.

ROLE	CONSENTING PARTIES
<b>Australian legal and tax adviser</b>	King & Wood Mallesons
<b>Auditor</b>	Ernst & Young
<b>Arranger and Joint Lead Manager</b>	National Australia Bank Limited
<b>Joint Lead Managers</b>	ANZ Securities Limited; Bell Potter Securities Limited; Commonwealth Bank of Australia; E&P Corporate Advisory Pty Ltd; Morgans Financial Limited; Ord Minnett Limited; Shaw and Partners Limited; UBS AG, Australia Branch and Westpac Institutional Bank (a division of Westpac Banking Corporation)
<b>Co-Managers</b>	JBWere Limited; LGT Crestone Wealth Management Limited; Wilsons Advisory and Stockbroking Limited
<b>Registry</b>	Computershare Investor Services Pty Limited

### 8.9 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 2024 Half Year Results released to the ASX by NAB (also available at [asx.com.au](https://www.nab.com.au) or at [nab.com.au/shareholder](https://www.nab.com.au/shareholder));
- the 2023 Annual 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 2023 Annual Report and before lodgement of this 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 2023 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 by either:

- email to [Shareholder.Centre@nab.com.au](mailto:Shareholder.Centre@nab.com.au); or
- post addressed to Company Secretary  
National Australia Bank Limited  
Level 28, 395 Bourke Street,  
Melbourne, Victoria, 3000.

### 8.10 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 8; 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 8, 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](http://nab.com.au/common/privacy-policy/overseas-countries).

If you used a qualified financial adviser who recommended your investment in NAB Capital Notes 8 (as indicated on your Application), NAB (or a Syndicate Broker) may disclose your personal information to that qualified financial adviser and their service providers.

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](http://nab.com.au/privacy) or by calling **13 22 65** and asking us for a copy.

### 8.11 Acknowledgements

By submitting an Application, you, as Applicant, will be deemed to have:

- acknowledged that you have received a copy of this Prospectus (and any supplementary or replacement prospectus) and that you have been informed that you should read it 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 all details provided by you and statements made 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 an Australian resident and are not located in any 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;
- declared that you have not accessed or distributed this Prospectus or any other materials concerning the Offer in the United States or distributed this Prospectus or any other materials concerning the Offer to any U.S. Person;
- acknowledged that you have been informed that NAB Capital Notes 8 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, to the best of your knowledge, no foreign law, including the restrictions set out in the Important Notices section of this Prospectus, prohibits you from being given this Prospectus or any supplementary or replacement Prospectus or making an Application or being issued with NAB Capital Notes 8;
- provided authorisation to be registered as the holder of NAB Capital Notes 8 issued to you and agreed to be bound by the Constitution, this Prospectus, the Terms and the NAB Capital Notes 8 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 8 set out in or determined in accordance with the Application and agreed to be allocated that number of NAB Capital Notes 8 or a lesser number (or no NAB Capital Notes 8 at all);
- acknowledged that NAB Capital Notes 8 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 8 is not guaranteed by NAB or any other person;
- authorised NAB and the Joint Lead Managers to do anything on your behalf necessary for NAB Capital Notes 8 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 8 are suitable for you, given your particular investment objectives, financial situation and needs;
- acknowledged that your Application to acquire NAB Capital Notes 8 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 8 or issued fewer NAB Capital Notes 8 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.

### 8.12 Meetings

The NAB Capital Notes 8 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 8 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 8 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

## Meetings (cont.)

report or other financial information sent to holders of Ordinary Shares.

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# Appendix A: Terms of NAB Capital Notes 8

Terms of NAB Capital Notes 8 issued by National Australia Bank Limited (ABN 12 004 044 937)

## 1 Form and Issue Price

### 1.1 Form

NAB Capital Notes 8 are fully paid mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB (**NAB Capital Notes 8 or Notes**). NAB Capital Notes 8 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 2024 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:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

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, shall act in good faith and in a



commercially reasonable manner after consultation with such sources of market practice as it considers appropriate.

Holders 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 NAB determines, after consultation with such sources of market practice as it considers appropriate, that 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;

**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; or
- (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) 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 December 2034 (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
  - (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
  - (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 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 March 2032;
  - (ii) 17 June 2032;
  - (iii) 17 September 2032; or
  - (iv) 17 December 2032,
 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 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:

- 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**);
- 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
- 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 to this clause 7, the following provisions shall apply:

- 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:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{(\text{Issue Date VWAP} \times \text{Relevant Fraction})}$$

where:

**Relevant Fraction** means:

- if Conversion is occurring on a Mandatory Conversion Date, 0.5; and
- if Conversion is occurring for any other reason, 0.2.

- 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;
- 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
- 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:
  - 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
  - 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:

- 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:
  - (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;
  - (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 those entitlements were traded; or
  - (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
- 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:
- affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
  - 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<sub>o</sub>** 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.
- (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 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 March 2032;
  - (ii) 17 June 2032;
  - (iii) 17 September 2032; or
  - (iv) 17 December 2032,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:
  - (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 March 2032;
  - (ii) 17 June 2032;
  - (iii) 17 September 2032; or
  - (iv) 17 December 2032,
 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
  - (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 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 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 CHES.

### 13.7 Instruments of transfer

A Holder may transfer a Note:

- by a proper transfer according to the rules and regulations of CHES;
- 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.

### 14.3 Uncompleted payments

If:

- 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
- 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:

- The Holder nominates a suitable Australian Dollar account maintained in Australia with a financial institution to which the payment may be credited;
- 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 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 or proven 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 agreement with a governmental authority, or permitted by this clause 15.

#### 15.2 FATCA

NAB 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 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 or FATCA 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 FATCA 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 or FATCA 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 or FATCA 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.

### 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 8 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 or proven 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 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, required or permitted in connection with any Conversion, Redemption or Resale without such amendment resulting in material prejudice to the interests of Holders as a whole (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); or
  - (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 and is necessary or desirable to enable NAB to continue to treat such Notes as Additional Tier 1 Capital; 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

generally, in any case, where in NAB's reasonable opinion, the amendment 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 8 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 8 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 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 issued ordinary share capital of NAB held by the Transferee increases by the amount by which the issued ordinary share capital of the Approved NOHC increases 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 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.

### 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 to:
  - (i) effect any transfers of Notes or make any entry in the Register in connection with any Conversion, Redemption or Resale; or
  - (ii) facilitate the performance or observance of the obligations of the Holder arising in connection with any such 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 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.

**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 3;
- (b) NAB Capital Notes 5;
- (c) NAB Capital Notes 6;
- (d) NAB Capital Notes 7;
- (e) 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
- (f) 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 (e) 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

- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

**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

## Appendix A: Terms of NAB Capital Notes 8 (cont.)

(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 6 June 2024.

**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 8 Deed Poll.

**NAB** means National Australia Bank Limited (ABN 12 004 044 937).

**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** means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB on 7 July 2022.

**NAB Capital Notes 7** means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by NAB on 14 September 2023.

**NAB Capital Notes 8** has the meaning given in clause 1.1.

**NAB Capital Notes 8 Deed Poll** means the deed poll relating to the Notes made by NAB on or about 13 May 2024.

**NAB CPS** means:

- (a) the convertible preference shares issued by NAB on 20 March 2013; and
- (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.

**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 is (or on completion in respect of the bid, or on implementation of the scheme, will 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 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, acting reasonably, to be materially adverse to NAB; 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 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 given in clause 6.1(c).

**Scheduled Optional Redemption Date** has the meaning given in clause 8.1(b).

**Scheduled Optional Resale Date** has the meaning given 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 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, acting reasonably, 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 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 or proven 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 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

Where indicated, certain terms in this Glossary are defined by reference to the Terms provided in Appendix A.

TERM	MEANING
<b>2023 Annual Report</b>	The financial report for NAB for the year ended 30 September 2023
<b>2023 Full Year Results</b>	The results report for NAB for the year ended 30 September 2023
<b>2024 Half Year Results</b>	The results report for NAB for the half year ended 31 March 2024
<b>ABN</b>	Australian Business Number
<b>ACCC</b>	Australian Competition and Consumer Commission
<b>Acquisition Conversion Date</b>	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
<b>Acquisition Conversion Notice</b>	Has the meaning given to it in clause 5.1 of the Terms
<b>Acquisition Event</b>	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
<b>Additional Tier 1 Capital</b>	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
<b>ADI</b>	Authorised Deposit-taking Institution regulated by APRA
<b>Applicant</b>	A person who submits an Application in accordance with this Prospectus
<b>Application</b>	A valid application for NAB Capital Notes 8 made through a Syndicate Broker in accordance with this Prospectus
<b>Application Monies</b>	The amount payable on each Application, being the Face Value multiplied by the number of NAB Capital Notes 8 applied for
<b>Approved NOHC</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>APRA</b>	Australian Prudential Regulation Authority
<b>APRA Discussion Paper</b>	Has the meaning given to it in Section 5.3.2
<b>Arranger</b>	NAB
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires)
<b>ASX Listing Rules</b>	The listing rules of ASX, with any modification or waivers which ASX may grant to NAB from time to time
<b>ATO</b>	Australian Taxation Office
<b>Attorney</b>	Has the meaning given to it in clause 23(a) of the Terms

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Bank Bill Rate</b>	Has the meaning given to it in clause 2.4 of the Terms
<b>Banking Act</b>	Banking Act 1959 (Cth)
<b>Basel III Prudential Standards</b>	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
<b>BNZ or Bank of New Zealand</b>	Bank of New Zealand (New Zealand company number 428849)
<b>Board</b>	The directors of NAB acting as a board or an authorised committee of the board
<b>Bookbuild</b>	The process through which certain investors bid for a firm allocation of NAB Capital Notes 8 to determine the Margin
<b>Broker Firm Offer</b>	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 8
<b>Business Day</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>CHESS</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Citigroup</b>	Citigroup Pty Limited (ABN 88 004 325 080) and Citigroup Overseas Investment Corporation
<b>Closing Date</b>	The closing date for the Offer which is expected to be 5.00pm on 31 May 2024
<b>Co-Managers</b>	JBWere Limited (ABN 68 137 978 360), LGT Crestone Wealth Management Limited (ABN 50 005 311 937) and Wilsons Advisory and Stockbroking Limited (ABN 68 010 529 665)
<b>Common Equity Tier 1 Capital</b>	Common Equity Tier 1 Capital as defined by APRA from time to time
<b>Common Equity Tier 1 Ratio</b>	The ratio of NAB's Common Equity Tier 1 Capital to RWA
<b>Common Equity Trigger Event</b>	Has the meaning given to it in clause 4.2 of the Terms
<b>Constitution</b>	The constitution of NAB, as amended from time to time
<b>Controlled Entity</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Conversion</b>	The conversion of NAB Capital Notes 8 into Ordinary Shares in accordance with clause 7 of the Terms Convert, Converted and Converting have corresponding meanings
<b>Conversion Date</b>	A Mandatory Conversion Date, a Loss Absorption Event Conversion Date, Acquisition Conversion Date or an Optional Conversion Date in respect of a Conversion
<b>Conversion Number</b>	Has the meaning given to it in clause 7.1 of the Terms

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>D-SIB</b>	Domestic systemically important bank
<b>DDO Regime</b>	The design and distribution obligations regime in Part 7.8A of the Corporations Act
<b>Delisting Event</b>	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 8 of Holders generally – see clause 24.1 of the Terms
<b>Directors</b>	The directors of NAB acting as a board, an authorised committee of the board, or individually (as the context requires)
<b>Distribution</b>	Has the meaning given to it in clause 2.1 of the Terms
<b>Distribution Payment Date</b>	In respect of a NAB Capital Note 8, each of 17 March, 17 June, 17 September and 17 December commencing on 17 September 2024 until the date that NAB Capital Note 8 is Converted or Redeemed For the full definition – see clause 2.2 of the Terms
<b>Distribution Period</b>	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
<b>Distribution Rate</b>	The distribution rate on NAB Capital Notes 8 calculated using the formula described in Section 2.1 For the full definition – see clause 2.4 of the Terms
<b>Eligible Nominee</b>	Has the meaning given to it in clause 7.12 of the Terms
<b>Equal Ranking Instruments</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Extended Licensed Entity</b>	NAB and any APRA approved subsidiaries assessed as effectively part of a single ‘stand-alone’ entity, as defined in APS 222 Associations with Related Entities
<b>Face Value</b>	The face value for NAB Capital Notes 8 under this Prospectus, being \$100 per NAB Capital Note 8
<b>FATCA</b>	Means: (a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations; (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.
<b>FATCA Withholding</b>	Any withholding or deduction imposed or required pursuant to FATCA
<b>Financial Claims Scheme</b>	The scheme established under Division 2AA of Part II of the Banking Act
<b>FirstCape Transaction</b>	Has the meaning given to it in Section 4.3
<b>First Mandatory Conversion Condition</b>	Has the meaning given to it in clause 3.3 of the Terms

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Foreign Holder</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Group</b>	NAB (or any NOHC that is the holding company of NAB) and the Controlled Entities of NAB (or of such NOHC)
<b>Group CEO</b>	The Group Chief Executive Officer and Managing Director
<b>GST</b>	Goods and Services Tax
<b>Holder</b>	A registered holder of NAB Capital Notes 8
<b>Holding Statement</b>	A statement issued to Holders by the Registry which sets out the number of NAB Capital Notes 8 issued to that Holder
<b>HQLA</b>	High-quality liquid assets
<b>Inability Event</b>	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 8 which would otherwise be Converted on a Loss Absorption Event Conversion Date
<b>Institutional Investor</b>	An institutional investor who is a Wholesale Client and who is invited to participate in the Institutional Offer
<b>Institutional Offer</b>	The invitation to Institutional Investors to apply for NAB Capital Notes 8 under this Prospectus
<b>IRS</b>	The United States Internal Revenue Service or any authority succeeding to its powers and responsibilities
<b>Issue Date</b>	Expected to be 6 June 2024
<b>Issue Date VWAP</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Joint Lead Managers or JLMs</b>	NAB, ANZ Securities Limited (ABN 16 004 997 111), Bell Potter Securities Limited (ABN 25 006 390 772), Commonwealth Bank of Australia (ABN 48 123 123 124), E&P Corporate Advisory Pty Ltd (ABN 21 137 980 520), Morgans Financial Limited (ABN 49 010 669 726), Ord Minnett Limited (ABN 86 002 733 048), Shaw and Partners Limited (ABN 24 003 221 583), UBS AG, Australia Branch and Westpac Institutional Bank (a division of Westpac Banking Corporation) (ABN 33 007 457 141)
<b>Lead Manager Parties</b>	The Arranger, the Joint Lead Managers and their respective affiliates and any of their respective directors, officers, employees, partners, advisers, contractors or agents
<b>Loss Absorption Event</b>	Has the meaning given to it in clause 4.1 of the Terms
<b>Loss Absorption Event Conversion Date</b>	Has the meaning given to it in clause 4.4 of the Terms
<b>Mandatory Conversion</b>	The mandatory conversion of NAB Capital Notes 8 to Ordinary Shares on the Mandatory Conversion Date in accordance with the Terms
<b>Mandatory Conversion Conditions</b>	Has the meaning given to it in clause 3.3 of the Terms
<b>Mandatory Conversion Date</b>	Has the meaning given to it in clause 3.2 of the Terms



## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Margin</b>	The Margin to be determined under the Bookbuild
<b>Maximum Conversion Number</b>	Has the meaning given to it in clause 7.1 of the Terms
<b>MLC Wealth Transaction</b>	The sale of the Group's advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings Limited (now named Insignia Financial Ltd (ABN 49 100 103 722))
<b>NAB</b>	National Australia Bank Limited (ABN 12 004 044 937)
<b>NAB Capital Notes 3</b>	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 20 March 2019
<b>NAB Capital Notes 5</b>	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 17 December 2020
<b>NAB Capital Notes 6</b>	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 7 July 2023
<b>NAB Capital Notes 7</b>	The fully paid mandatorily convertible subordinated perpetual notes issued by NAB on 14 September 2023
<b>NAB Capital Notes 8 or NCN8</b>	The fully paid mandatorily convertible subordinated perpetual notes which are to be issued by NAB under this Prospectus
<b>NAB Capital Notes 8 Deed Poll</b>	The deed poll relating to NAB Capital Notes 8 made by NAB on or about 13 May 2024
<b>NAB Level 1 Group</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>NAB Level 2 Group</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>NOHC</b>	A "non-operating holding company" within the meaning of the Banking Act
<b>NOHC Event</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Nominated Purchaser</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Non-Conversion Test Date</b>	Has the meaning given to it in clause 6.4 of the Terms
<b>Non-Viability Trigger Event</b>	Has the meaning given to it in clause 4.3 of the Terms
<b>Notes Target Market</b>	The class of Retail Investors that comprises the target market for NAB Capital Notes 8, as set out in the Target Market Determination and described in Section 3.1
<b>Offer</b>	The offer made under this Prospectus by NAB of NAB Capital Notes 8 to raise \$750 million, with the ability to raise more or less. The offer comprises the Broker Firm Offer and the Institutional Offer
<b>Offer Management Agreement</b>	The offer management agreement entered into between NAB, the Arranger, and the Joint Lead Managers as summarised in Section 8.5
<b>Offer Period</b>	The period from the Opening Date to the Closing Date
<b>Opening Date</b>	The opening date of the Offer, which is expected to be 21 May 2024

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Optional Conversion Date</b>	Has the meaning given to it in clause 6.3 of the Terms
<b>Optional Conversion Restriction</b>	Has the meaning given to it in clause 6.4 of the Terms
<b>Ordinary Resolution</b>	<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 8</p> <p>For the full definitions and provisions relating to written resolutions – see the Meetings Provisions set out in the NAB Capital Notes 8 Deed Poll</p>
<b>Ordinary Share</b>	A fully paid ordinary share in the capital of NAB
<b>Payment Condition</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>PIP Regime</b>	The product intervention order regime in Part 7.9A of the Corporations Act.
<b>Potential Acquisition Event</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Prospectus</b>	This Prospectus which was lodged with ASIC on 13 May 2024
<b>Protected Account</b>	<p>Broadly, subject to certain conditions, an account or a specified financial product:</p> <ul style="list-style-type: none"> <li>• where NAB is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account; or</li> <li>• otherwise prescribed by regulations under the Banking Act</li> </ul>
<b>Prudential Capital Requirements</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Prudential Standards</b>	A prudential standard issued by APRA under its powers in the Banking Act
<b>RBA</b>	The Reserve Bank of Australia
<b>RBNZ</b>	The Reserve Bank of New Zealand
<b>Record Date</b>	Has the meaning given to that term in clause 24.1 of the Terms
<b>Redemption</b>	<p>In relation to a NAB Capital Note 8, a redemption in accordance with clause 9.2 of the Terms</p> <p>Redeem and Redeemed have corresponding meanings</p>
<b>Register</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Registrar or Registry</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registry that NAB appoints
<b>Regulatory Change</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Regulatory Event</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Related Entity</b>	Has the meaning given to it in clause 24.1 of the Terms

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Relevant Fraction</b>	Has the meaning given to it in clause 7.1 of the Terms
<b>Relevant Tier 1 Capital Instruments</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Relevant Tier 2 Capital Instruments</b>	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
<b>Relevant Time</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Resale</b>	Has the meaning given to it in clause 24.1 of the Terms Resold and Resell have corresponding meanings
<b>Resale Price</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Retail Investor</b>	A person who is a retail client under the Corporations Act
<b>RWA</b>	Risk-weighted assets
<b>Scheduled Mandatory Conversion Date</b>	Has the meaning given to it in clause 3.2 of the Terms
<b>Scheduled Optional Conversion Date</b>	Has the meaning given to it in clause 6.1 of the Terms
<b>Scheduled Optional Redemption Date</b>	Has the meaning given to it in clause 8.1 of the Terms
<b>Scheduled Optional Resale Date</b>	Has the meaning given to it in clause 10.1 of the Terms
<b>Second Mandatory Conversion Condition</b>	Has the meaning given to it in clause 3.3 of the Terms
<b>Senior Creditors</b>	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
<b>Shareholder</b>	A holder of Ordinary Shares from time to time
<b>Special Resolution</b>	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 8 For the full definitions and provisions relating to written resolutions – see the Meetings Provisions set out in the NAB Capital Notes 8 Deed Poll
<b>Syndicate Broker</b>	Any of the Joint Lead Managers (or their affiliated retail brokers), Co-Managers and any other broker participating in the Offer
<b>Target Market Determination</b>	The target market determination for NAB Capital Notes 8 issued by NAB in accordance with its obligations under the DDO Regime, that can be obtained electronically from <a href="http://nab.com.au/nabcapitalnotes8">nab.com.au/nabcapitalnotes8</a>

## Appendix B: Glossary (cont.)

TERM	MEANING
<b>Tax Act</b>	<ul style="list-style-type: none"> <li>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);</li> <li>any other law setting the rate of income tax payable and any regulation promulgated under it; and</li> <li>any regulation made under any of those laws</li> </ul>
<b>Tax Event</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Tax Rate</b>	Has the meaning given to it in clause 2.4 of the Terms
<b>Tax Withholding</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Terms</b>	The terms of NAB Capital Notes 8 as set out in Appendix A
<b>TFN</b>	Tax File Number
<b>Third Mandatory Conversion Condition</b>	Has the meaning given to it in clause 3.3 of the Terms
<b>Tier 1 Capital</b>	Tier 1 Capital as defined by APRA from time to time
<b>Tier 2 Capital</b>	Tier 2 Capital as defined by APRA from time to time
<b>Tier 2 Capital Instruments</b>	Securities issued by NAB or a member of the Group which qualify as Tier 2 Capital
<b>Total Capital</b>	Has the meaning given by APRA from time to time (or as the context otherwise requires)
<b>U.S. Person</b>	Has the meaning given to it in Regulation S under the U.S. Securities Act
<b>U.S. Securities Act</b>	United States Securities Act of 1933, as amended
<b>VWAP</b>	Has the meaning given to it in clause 24.1 of the Terms
<b>Wholesale Client</b>	Has the meaning given in section 761G of the Corporations Act (as it may be modified for the purposes of the DDO Regime)
<b>Written Off</b>	<p>Has the meaning given to it in clause 4.5 of the Terms</p> <p>Write Off has a corresponding meaning</p>

# 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

### ANZ Securities Limited

Level 9, 833 Collins Street  
Docklands VIC 3008

### Bell Potter Securities Limited

Level 29, 101 Collins Street  
Melbourne VIC 3000

### Commonwealth Bank of Australia

Level 8, Commonwealth Bank Place North  
1 Harbour Street  
Sydney NSW 2000

### E&P Corporate Advisory Pty Ltd

Level 7, Mayfair Building  
171 Collins Street  
Melbourne VIC 3000

### Morgans Financial Limited

Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

### Ord Minnett Limited

Level 18, Grosvenor Place  
225 George Street  
Sydney NSW 2000

### Shaw and Partners Limited

Level 7, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### UBS AG, Australia Branch

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Westpac Institutional Bank (a division of Westpac Banking Corporation)

Level 3, Westpac Place  
275 Kent Street  
Sydney NSW 2000

## Co-Managers

### JBWere Limited

Level 31, 405 Bourke Street  
Melbourne VIC 3000

### LGT Crestone Wealth Management Limited

Level 32, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Wilsons Advisory and Stockbroking Limited

Level 53  
111 Eagle Street  
Brisbane QLD 4000

## Australian Legal and Tax Adviser

### King & Wood Mallesons

Level 27, Collins Arch  
447 Collins Street  
Melbourne VIC 3000

## Auditor

### Ernst & Young

8 Exhibition Street  
Melbourne VIC 3000

## Registry

### Computershare Investor Services Pty Limited

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

Phone (within Australia): 1300 367 647, Monday to Friday  
between 8.00am – 6.00pm

Phone (outside Australia) +61 3 9415 4299, Monday to Friday  
between 8.00am – 6.00pm

Website: [www.investorcentre.com/au](http://www.investorcentre.com/au)