

800 Bourke Street
Docklands VIC 3008
AUSTRALIA
www.nabgroup.com



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ASX Announcement

NAB completes the institutional component of its 2 for 25 pro rata accelerated renounceable entitlement offer

National Australia Bank Limited (NAB) today announced the completion of the institutional component of its fully underwritten 2 for 25 pro rata accelerated renounceable entitlement offer (Institutional Entitlement Offer) of new ordinary shares of NAB (New Shares) (with retail entitlements trading) to raise approximately \$5.5 billion.

"We are very pleased with the strong support received for the institutional component of our entitlement offer, which has raised approximately \$2.7 billion. We now look forward to completing the retail component of the offer, which opens on Wednesday, 13 May 2015.

"A strong balance sheet remains a priority at NAB, which is why we are raising \$5.5 billion of capital through this entitlement offer. We expect the raising to put NAB in a strong capital position following anticipated regulatory change and the proposed separation of our UK banks," NAB Group Executive Finance and Strategy, Craig Drummond said.

Summary of the Institutional Entitlement Offer and institutional shortfall bookbuild

- The Institutional Entitlement Offer and institutional shortfall bookbuild have been completed, raising approximately \$2.7 billion
- The Institutional Entitlement Offer attracted strong demand, with approximately 97% take-up by eligible institutional shareholders
- Entitlements not taken up by eligible institutional shareholders and entitlements of ineligible institutional shareholders were sold in the institutional shortfall bookbuild. The New Shares sold in the institutional shortfall bookbuild achieved a clearing price of \$33.80 per New Share, a 1 cent premium to the theoretical ex-rights price¹

The close of the Institutional Entitlement Offer represents completion of the first stage of NAB's entitlement offer announced on Thursday, 7 May 2015.

After a strong take-up by eligible institutional shareholders, the institutional shortfall bookbuild was completed on Monday, 11 May 2015. The bookbuild was well supported by shareholders and new investors with a clearing price of \$33.80 per New Share (being the offer price of \$28.50 per share, plus \$5.30 per entitlement). Accordingly, eligible institutional shareholders who elected not to take up their entitlements, and ineligible institutional shareholders, will receive \$5.30 in cash for each

¹ The theoretical ex-rights price (TERP) is the theoretical price at which NAB shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which NAB shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is adjusted for NAB's 31 March 2015 dividend of 99 cents per share.

entitlement sold for their benefit in the institutional shortfall bookbuild, less expenses and any applicable withholding tax.

New Shares to be issued as part of the Institutional Entitlement Offer (including those subject to the institutional shortfall bookbuild) are expected to be issued on Wednesday, 20 May 2015 and commence trading on ASX on the same day.

New Shares issued under the Institutional Entitlement Offer will rank equally with existing NAB ordinary shares from the date of issue but will not be entitled to the 2015 interim dividend announced on Thursday, 7 May 2015 as they will be issued after the record date for that dividend.

Retail Entitlement Offer, trading of Entitlements and retail shortfall bookbuild

The retail component of the entitlement offer (Retail Entitlement Offer), together with the retail shortfall bookbuild, is expected to raise approximately \$2.8 billion. The Retail Entitlement Offer will open on Wednesday, 13 May 2015 and close at 5.00pm (Melbourne time) on Monday, 1 June 2015.

Eligible retail shareholders will be able to subscribe for 2 New Shares for every 25 existing NAB ordinary shares (Entitlement) held on the record date of 7.00pm (Melbourne time) Tuesday, 12 May 2015 at the offer price of \$28.50 per New Share (the same offer price as New Shares offered under the Institutional Entitlement Offer).

Eligible retail shareholders will be issued Entitlements, which can be traded on ASX. If eligible retail shareholders do not wish to take up all or part of their Entitlement, they can seek to sell all or part of their Entitlement on ASX or transfer their Entitlement directly to another person in order to realise value for their Entitlement ahead of the retail shortfall bookbuild. Retail Entitlements can be traded on ASX from Tuesday, 12 May 2015 on a deferred settlement basis, and from Tuesday, 19 May 2015 on a normal settlement basis. Retail Entitlements trading on ASX closes at 4.00pm (Melbourne time) on Monday, 25 May 2015.

Entitlements that are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer at 5.00pm on Monday, 1 June 2015 and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the retail shortfall bookbuild on Thursday, 4 June 2015 (Retail Shortfall Bookbuild).

Any proceeds from the sale of Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders in cash, less expenses and any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders or that the price obtained under the Retail Shortfall Bookbuild will be the same as the price obtained under the institutional shortfall bookbuild.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet, together with the personalised entitlement and acceptance form, which will be despatched on Monday, 18 May 2015. Copies of the retail offer booklet will be available on the ASX website and our website at www.nabgroup.com/shareholder from Tuesday, 12 May 2015.

Criteria for determining which shareholders are eligible retail shareholders are contained in the retail offer booklet, along with information on who may purchase Entitlements. It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise of Entitlements. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. If holders are not able to take up their Entitlements, those Entitlements will be sold into the Retail Shortfall Bookbuild and holders may or may not receive value for them.

NAB shares are expected to resume trading on the ASX from market open today on an ex-offer entitlement basis. NAB ordinary shares will commence trading ex-dividend of 99 cents per share on Friday, 15 May 2015.

Timetable

Set out below is an indicative timetable for the Entitlement Offer:

Announcement of the Entitlement Offer	Thursday, 7 May 2015
Retail Entitlements trading on ASX begins (deferred settlement)	Tuesday, 12 May 2015
Record Date for eligibility in the Entitlement Offer	7.00pm, Tuesday, 12 May 2015
Retail Entitlement Offer opens	Wednesday, 13 May 2015
Ex-Dividend Date for Interim Dividend	Friday, 15 May 2015
Retail Offer Booklet despatched and Retail Entitlements allotted	Monday, 18 May 2015
Retail Entitlements trading on ASX begins (normal settlement)	Tuesday, 19 May 2015
Record Date for Interim Dividend	Tuesday, 19 May 2015
Retail Entitlements trading on ASX ends	Monday, 25 May 2015
Retail Entitlement Offer closes	5.00pm, Monday, 1 June 2015
Retail shortfall bookbuild	Thursday, 4 June 2015
Settlement of the Retail Entitlement Offer	Wednesday, 10 June 2015
Issue of New Shares under the Retail Entitlement Offer	Thursday, 11 June 2015
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Friday, 12 June 2015
Despatch of holding statements for New Shares under the Retail Entitlement Offer	Tuesday, 16 June 2015
Retail premium proceeds (if any) despatched to shareholders	Tuesday, 16 June 2015
Payment Date for Interim Dividend	Friday, 3 July 2015

Enquiries

If you have questions relating to the Retail Entitlement Offer, please call the NAB Offer Information line on 1300 367 647 (within Australia) or +61 3 9415 4299 (International) from 8.00am to 7.30pm (Melbourne time) Monday to Friday or visit www.nabgroup.com/shareholder.

Eligible retail shareholders have been sent information about the Retail Entitlement Offer via a shareholder letter despatched on Friday, 8 May 2015.* Eligible retail shareholders will also be sent a retail offer booklet to be lodged with ASX on Tuesday, 12 May 2015 and despatched on Monday, 18 May 2015.

**Please note that the telephone contact for the NAB Offer Information Line (within Australia) that was stated in the letter to shareholders, as lodged with the ASX on Friday 8 May 2015, was incorrect. The letter despatched to shareholders contains the correct contact details, as noted above. We apologise for any inconvenience.*

For further information:

Media

Meaghan Telford
M: +61 (0) 457 551 211

Bill Kyriakopoulos
M: +61 (0) 429 270 523

Investor Relations

Ross Brown
M: +61 (0) 417 483 549

Belinda Bowman
M: +61 (0) 416 752 597

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements and the New Shares may not be offered or sold to persons in the United States or persons acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NAB, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to NAB as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) NAB undertakes no obligation to update these forward-looking statements.