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ASX ANNOUNCEMENT

National Income Securities (NIS) – Resolution to allow the repayment of the NIS to be proposed at 2020 AGM

The Board of National Australia Bank Limited (NAB) has today decided to seek shareholder approval at its 2020 Annual General Meeting that would allow it to repay the NIS.

Shareholder approval is being sought to give NAB the flexibility to repay the NIS during 2021. At this time, no decision has been made by the NAB Board to repay the NIS.

Additional information

Under the terms of the NIS, NAB has had an option to repay the NIS at any time since 29 June 2004, at their par value of $100 (plus any unpaid accrued interest to the date of repayment). As required by the Corporations Act, the repayment is subject to the prior approval of NAB's shareholders. In addition to shareholder approval, any repayment of the NIS will also require approval from the Australian Prudential Regulation Authority (APRA).

The NIS were issued in 1999 (ASX: NABHA) at a par value of $100, with a distribution rate of the 3 month Bank Bill Rate plus 1.25% per annum, paid quarterly. NIS distributions are unfranked. When issued, the NIS qualified as Tier 1 regulatory capital for NAB, but will cease to qualify from 1 January 2022. Under Australian tax law, when the NIS no longer qualify as Tier 1 capital, it is expected that any subsequent NIS distributions will be franked to the same extent as dividends on NAB's ordinary shares are franked. The attachment of franking credits will not reduce the cash component of the NIS distributions.

Further details will be provided in the Notice of Annual General Meeting that will be made available to shareholders in or around mid-November 2020. The Annual General Meeting will be held on 18 December 2020.

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The release of this announcement was authorised by NAB's Board of Directors.