

FINAL TERMS

THE CSSF HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED IN THIS FORM OF FINAL TERMS IN RESPECT OF EXEMPT NOTES

17 January 2017

National Australia Bank Limited (ABN 12 004 044 937)

**Issue of AUD 275,000,000 Subordinated Notes due 19 January 2032
under the U.S.\$100,000,000,000**

Global Medium Term Note Programme

PART A—CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Final Terms of the Notes described herein. This document must be read in conjunction with the Offering Circular dated 17 November 2016 (the **Offering Circular**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of the Offering Circular may be obtained free of charge, from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

1. Issuer: National Australia Bank Limited (ABN 12 004 044 937)
2. (a) Series Number: 1020
(b) Tranche Number: 1
(c) Date on which the Notes will be consolidated and form a single Series: Not Applicable
3. Specified Currency or Currencies: Australian Dollars (**AUD**)
4. Aggregate Nominal Amount:
 - (a) Series: AUD 275,000,000
 - (b) Tranche: AUD 275,000,000
5. Issue Price: 99.807 per cent. of the Aggregate Nominal Amount
6. (a) Specified Denominations: AUD 200,000 and integral multiples of AUD 2,000 in excess thereof up to and including AUD 398,000 (subject to Condition 10A.2A). No Notes in definitive form will be issued with a denomination above AUD 398,000.

- (b) Calculation Amount (in relation to calculation of interest for Notes in global form see Conditions): AUD 2,000 (subject to Condition 10A.2A)
7. (a) Issue Date: 19 January 2017
- (b) Interest Commencement Date: Issue Date
8. Maturity Date: 19 January 2032
9. Interest Basis: 5.00 per cent. per annum Fixed Rate from (and including) the Issue Date to (but excluding) 19 January 2027 (the **Reset Date**), and thereafter at a rate per annum equal to the Reset Rate determined in accordance with paragraph 16 below (further particulars specified below)
10. Redemption/Payment Basis: Redemption at par (subject to Condition 10A.2A)
11. Change of Interest Basis or Redemption/Payment Basis: The Rate of Interest will be reset on the Reset Date in accordance with paragraph 16 below
12. U.S. Dollar Equivalent: Not Applicable
13. Put/Call Options: Issuer Call
Regulatory Event Call
(further particulars specified below)
14. (a) Status of the Notes: Subordinated
(see further particulars in paragraph 15 below)
- (b) Date of Board approval for issuance of Notes obtained: The issue of the Notes has been duly authorised by a resolution of the Board of Directors of NAB dated 7 September 2016 and a resolution of delegates of the Board of Directors of NAB dated 10 January 2017.

PROVISIONS RELATING TO SUBORDINATED NOTES

15. Subordinated Notes: Applicable
- (a) Write-Off: Not Applicable
- (b) Conversion: Applicable
- (i) CD: 1%
- (ii) VWAP Period: As specified in the Schedule to the Conditions
- (iii) Issue Date VWAP: As specified in the Schedule to the Conditions

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: Applicable

(a) Rate(s) of Interest: In respect of the period from (and including) the Issue Date to (but excluding) the Reset Date, the Rate of Interest will be 5.00 per cent. per annum, payable annually in arrear on each Interest Payment Date up to (and including) the Reset Date.

In respect of the period from (and including) the Reset Date up to (but excluding) the Maturity Date, the Rate of Interest will be the Reset Rate per annum, payable annually in arrear on each Interest Payment Date from (but excluding) the Reset Date up to (and including) the Maturity Date.

Reset Rate means the annualised sum of (i) the 5-year AUD Semi-Quarterly Mid-Swap Reference Rate and (ii) the Margin.

5-year AUD Semi-Quarterly Mid-Swap Reference Rate means the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards), of the 5-year AUD Swap Rates, as determined by the Calculation Agent at 11.00 a.m. (Sydney time) on the Reset Determination Date, adjusted for a quarterly basis.

5-year AUD Swap Rates means the bid and offered swap rates for AUD swap transactions having a five-year maturity, expressed as a percentage and appearing on the Relevant Screen Page at 11.00 a.m. (Sydney time) on the Reset Determination Date. If such bid and offered swap rates do not appear on the Relevant Screen Page at such time the 5-year AUD Semi-Quarterly Mid-Swap Reference Rate shall instead be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent shall request the principal office of each of four major banks in the interbank market for AUD swap transactions, as selected by the Calculation Agent (the **Reference Banks**), to provide the Calculation Agent with the rate at which swaps in AUD are offered by it, as at approximately 11.00 a.m. (Sydney time) on the Reset Determination Date, to participants in the interbank market for AUD swap transactions having a five-year maturity (each a **5-year AUD Swap Rate Quotation**); and
- (ii) if at least three 5-year AUD Swap Rate Quotations are provided, the 5-year AUD Semi-Quarterly Mid-Swap Reference Rate will be the arithmetic mean of the 5-year AUD Swap Rate Quotations, eliminating the highest 5-year AUD Swap Rate Quotation (or, in the event of equality, one of the highest) and the lowest 5-year AUD Mid-Swap Rate Quotation (or, in the event of equality, one of the lowest), expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent.

(0.0005 per cent. being rounded upwards), adjusted for a quarterly basis; and

- (iii) if fewer than three 5-year AUD Swap Rate Quotations as referred to in paragraph (i) above are provided, the 5-year AUD Mid-Swap Semi-Quarterly Reference Rate shall be the mid-market arithmetic mean, expressed as a percentage and rounded, if necessary to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards), of the 5-year AUD Swap Rates that appeared on the most recent Relevant Screen Page that was last available prior to 11.00 a.m. (Sydney time) on the Reset Determination Date, adjusted for a quarterly basis, all as determined by the Calculation Agent.

Calculation Agent means the Principal Paying Agent.

Margin means +2.20 per cent.

Relevant Screen Page means Bloomberg page "ICAA 1" (or such other page as may replace such page on that information service, or such other page as may be determined by the Calculation Agent for purposes of displaying comparable rates).

Reset Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Sydney and Melbourne.

Reset Determination Date means the second Reset Business Day immediately preceding the Reset Date.

- | | | | |
|-----|--|---------|---|
| (b) | Interest
Date(s): | Payment | 19 January in each year, commencing on 19 January 2018, up to (and including) the Maturity Date. |
| (c) | Fixed
Amount(s) for Notes in
definitive form (and in
relation to Notes in
global form, see
Conditions): | Coupon | In respect of each Fixed Interest Period commencing prior to the Reset Date, AUD 100.00 per Calculation Amount (subject to Condition 10A.2A). |
| (d) | Broken Amount(s) for
Notes in definitive form
(and in relation to Notes
in global form, see
Conditions): | | Not Applicable |
| (e) | Day Count Fraction: | | Actual/Actual (ICMA) |
| (f) | Business Day
Convention: | | Following Business Day Convention |
| | (i) Adjusted: | | Not Applicable |

- (ii) Non-Adjusted: Applicable
 - (g) Additional Business Centres: Melbourne
 - (h) Determination Date(s): 19 January in each year
 - (i) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: None
17. Floating Rate Note Provisions: Not Applicable
18. Zero Coupon Note Provisions: Not Applicable
19. Index Linked Interest Note Provisions: Not Applicable
20. Dual Currency Interest Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

21. Notice periods for Condition 7.2: Minimum period: 30 days
Maximum period: 60 days
22. Issuer Call: Applicable
- (a) Optional Redemption Date(s): 19 January 2027 and each Interest Payment Date thereafter up to but excluding the Maturity Date
 - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): AUD 2,000 per Calculation Amount (subject to Condition 10A.2A)
 - (c) If redeemable in part: Not Applicable
 - (d) Notice periods: Minimum period: 30 days
Maximum period: 60 days
23. Regulatory Event Call in respect of Subordinated Notes: Applicable
- Notice periods: Minimum period: 30 days
Maximum period: 60 days
24. Investor Put: Not Applicable
25. Final Redemption Amount: AUD 2,000 per Calculation Amount (subject to Condition

10A.2A)

26. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5): Condition 7.5 applies (subject to Condition 10A.2A)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Any applicable Tax Jurisdiction Not Applicable
28. (a) Form of Notes: Bearer Notes:
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes only upon an Exchange Event
- (b) New Global Note: No
29. Additional Financial Centre(s): Melbourne and London
30. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes: No
31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
32. Details relating to Instalment Notes: Not Applicable
33. Additional United States Federal Income Tax Disclosure Not Applicable
34. Other terms or special conditions: Not Applicable

Signed on behalf of National Australia Bank Limited
(ABN 12 004 044 937):

By: 

Duly authorised

**TIM McGRATH
GENERAL MANAGER
GROUP TREASURY**

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange with effect from the Issue Date.

2. RATINGS

Ratings: The Notes to be issued are expected to be rated A3 by Moody's Investors Services Pty. Limited and BBB+ by Standard & Poor's (Australia) Pty Ltd.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business.

4. OPERATIONAL INFORMATION

- | | | |
|-----|---|---|
| (a) | ISIN: | XS1550984816 |
| (b) | Common Code: | 155098481 |
| (c) | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, and the relevant identification number(s): | Not Applicable |
| (d) | Delivery: | Delivery against payment |
| (e) | Name(s) and address(es) of additional Paying Agent(s) (if any): | Not Applicable |
| (f) | Deemed delivery of clearing system notices for the purposes of Condition 14: | Any notice delivered to Noteholders through Euroclear and/or Clearstream, Luxembourg will be deemed to have been given on the business day after the day on which it was given to Euroclear and Clearstream, Luxembourg, as applicable. |
| (g) | Intended to be held in a manner | No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in |

which would allow Eurosystem eligibility: the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

5. DISTRIBUTION

- | | | |
|-----|---|--|
| (a) | Method of distribution: | Syndicated |
| (b) | If syndicated, names of Managers: | National Australia Bank Limited (ABN 12 004 044 937)
Nomura International plc |
| (c) | Stabilisation Manager(s) (if any): | Not Applicable |
| (d) | If non-syndicated, name of relevant Dealer: | Not Applicable |
| (e) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA D |
| (f) | Additional selling restrictions: | Not Applicable |