

DNV GL Third Party Opinion

National Australia Bank Climate Bond

7 December 2015

VERIFICATION STATEMENT

DNV GL has performed the verification of the National Australia Bank Climate Bond with ISIN AU3CB0226090 as issued 16 December 2014 (“NAB Climate Bond”), including the summary criteria for verification of assertions made by the National Australia Bank Limited (ABN 12 004 044 937) (NAB) detailed in Appendix A and the information provided in the Asset Portfolio contained within Appendix B of this verification statement.

It is DNV GL’s responsibility to provide an independent verification statement on the compliance of the NAB Climate Bond with the Climate Bond Standard.

DNV GL conducted the verification in accordance with the Climate Bond Standard Version 1.0 – Prototype November 2011 in conjunction with the Draft Low Carbon Transport Technical Criteria (Background Paper to eligibility criteria Low Carbon Transport Technical Working Group) and the International Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Information. The verification included i) checking whether the provisions of the Climate Bond Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV GL’s verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard and the controls in place to mitigate these. DNV GL planned and performed the verification by obtaining evidence and other information and explanations that DNV GL considers necessary to give reasonable assurance that the NAB Climate Bond meets the requirements of the Climate Bond Standard.

In our opinion the NAB Climate Bond meets the requirements of the Climate Bond Standard and its eligibility criteria for low-carbon and climate resilient investments, subject to annual verification-

No assurance is provided regarding the financial performance of the NAB Climate Bond or the value of any investments in the NAB Climate Bond. Our objective has been to provide assurance that the NAB Climate Bond has met the criteria established on the basis set out below.

Our statement represents an independent opinion and is intended to inform NAB management and investors in the NAB Climate Bond as to whether the Climate Bond Standard criteria have been met. In our work we have relied on the information supplied by NAB. DNV GL are not responsible for any loss suffered as a result of information provided by NAB.

DNV GL
DNV GL Business Assurance Pty Ltd

Sydney

7 December 2015

APPENDIX A

Summary criteria for assertions of compliance with the Climate Bond Standard v1.0 in conjunction with the Draft Low Carbon Transport Technical Criteria

The criteria against which NAB and its low carbon transport, solar and wind energy assets have been reviewed prior to inclusion in the NAB Climate Bond portfolio are grouped under the Compliance Requirements as detailed within the Climate Bond Standard including:

Part A: General Requirements

Area	Requirement
Project Nomination	The Climate Bond issued must specify the project collateral or physical assets with which it is associated
Use of Proceeds	Proceeds must be allocated to Nominated Project(s)
Non-Contamination	Issuers are permitted a grace period of one year to allocate or re-allocate funds to Nominated Project(s)
Environmental and Social Integrity	The issuer must state that the Nominated Project(s) operate in accordance with relevant international, regional and national environmental and social laws and regulations
Verification	Organisations applying the Climate Bond Certification Mark must engage a third-party Verifier to undertake a compliance audit of the bond (to confirm its compliance with the Climate Bond Standard)
Climate Bond Certification and Limits of Use	Limits for use of Certification and disqualifying criteria
Non-Compliance	Requirements for disclosure of non compliance

Part B: Low Carbon Contribution
Eligible projects and physical assets

Renewable energy projects include financing of or investments in equipment and systems which enable the use of energy from renewable sources, such as solar and wind, and low carbon transport as detailed in Appendix B.

Area	Requirement
Wind Energy Generation	The development and construction of wind farms
	Operational production or manufacturing facilities wholly dedicated to wind energy development
	Wholly dedicated transmission infrastructure for wind farms
	Allocated funds used to either finance or re finance only
Solar Photo Voltaic Energy Generation	The development, construction and operation of solar electricity generation facilities where a minimum of 85% of electricity generated is from solar energy resources
	Wholly dedicated transmission infrastructure for solar electricity generation facilities
Low Carbon Transport	All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail, trams, trolleybuses and cable cars. Buses with no direct emissions (electric and hydrogen) also pass.

Technical Criteria

Criteria	Requirement
Solar	Eligible Project & Assets that have activities in solar electricity generation facilities shall have a minimum of 85% of electricity generated from solar energy resources
Low Carbon Transport	All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail, trams, trolleybuses and cable cars. Buses with no direct emissions (electric and hydrogen) also pass.

Part C: Bond structures

Area	Requirement
Traceability	The financial flows of the bond principal must verifiably remain between the Climate Bond and the linked Nominated Project(s)
Project Holding	The issuer of a Corporate Climate Bond with Nominated Projects linked to a portfolio of assets must continue to hold eligible assets at least equal to the Fair Market Value at the time of issuance of the original principal
Confidentiality	The information disclosed to the Verifier and the Climate Bond Standards Board may be subject to confidentiality arrangements
Settlement Period	Climate Bond issuing entities must demonstrate that the proceeds of a Climate Bond have been allocated to the Nominated Project(s) within one year after the bond is issued
Ring-Fenced Cost Centres	Bond Issuing organisations must establish at least one 'Climate Bond Cost Centre' to manage and account for funding to Climate Bond eligible projects

APPENDIX B

NAB Climate Bond Eligible Assets ("Nominated Projects") 1 November 2015 (AUD)

Asset Type	Asset Location	Primary Borrower Name	Project Name	Current Amount Funded (\$m)	Unallocated Funds (\$m)
Wind	South Australia	Cathedral Rocks Wind Farm Pty Ltd	Cathedral Rocks Wind Farm	32.28	0
Wind	South Australia	Hallett 4 Pty Limited	North Brown Hill Wind Farm	50.70	0
Wind	South Australia	Hallett 5 Pty Ltd	The Bluff / Bluff Range Wind Farm	32.99	0
Solar	NSW	Moree Solar Farm Pty Ltd	Moree Solar Farm	0.01	0
Wind	Western Australia	Mumbida Wind Farm Pty Ltd	Mumbida Wind Farm	44.63	0
Wind	Tasmania	Musselroe Wind Farm Pty Ltd	Musselroe Wind Farm	137.76	0
Wind	NSW	New Gullen Range Wind Farm Pty Ltd	New Gullen Range Wind Farm	122.24	0
Wind	Victoria	Oaklands Hill Pty Ltd	Oaklands Hill Wind Farm	68.53	0
Wind	Victoria	Pacific Hydro Portland Wind Farm Pty Ltd	Portland Wind Energy Project (PWEF) Stage 4 ¹	24.84	0
Wind	South Australia	Palisade Wind Pty Ltd	Hallett 1/ Brown Hill Wind Farm	41.32	0
Wind	Victoria	Pyrenees Wind Energy Developments Pty Ltd	Waubra Wind Farm	91.47	0
Solar PV	ACT	Royalla Asset Pty Ltd in own right and as trustee for Royalla Asset Trust	Royalla Solar Farm ¹	20.79	0
Wind	Victoria	Wind Macarthur Finco Pty Limited	Macarthur Wind Farm	61.86	0
Wind	Tasmania	Woolnorth Wind Farm Finance Pty Ltd	Studland Bay Wind Farm & Bluff Point Wind Farm	82.05	0
Rail	VIC	Reliance Rail Finance Pty Ltd	Reliance Rail PPP	85.44	0
Rail	NSW	Astra SLR Finance Pty Ltd	Sydney Light Rail PPP	16.51	0
Rail	NSW	NRT Finance Pty Ltd	North West Rail PPP	76.54	0
Subtotal Wind				790.66	0
Subtotal Solar				20.8	0
Subtotal Low Carbon Transport				178.49	0
Total use of proceeds				\$989.9	\$0
National Australia Bank Limited AUD \$300m Fixed Rate Notes due 16 December 2021				\$300 ²	
% of NAB Climate Bond proceeds linked to Nominated Projects				100% ³	
Unallocated net proceeds invested in other Climate Bond eligible investments				\$0 ⁴	

¹ Facilities under construction

² National Australia Bank received A\$300m net cash proceeds on 16 December 2014 from the issuance of NAB Climate Bond with ISIN No: AU3CB0226090

³ Climate Bond Eligible Assets ("Nominated Projects") are defined within the Climate Bond Standard (v1.0) – Part B: Clause 8 (Eligible projects and physical assets).

⁴ Other Climate Bond Eligible Investments are defined within the Climate Bond Standard (v1.0) – Part A: Clause 3 (Non-Contamination) www.climatebonds.net/standards/about

