

GREEN AND SOCIAL BONDS

BNZ CAPITAL FINANCING ISSUER PRESENTATION
June 2017



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Credentials

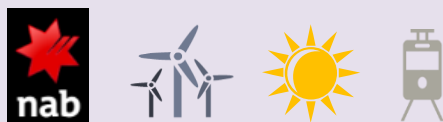
NAB and Green/Social Bonds



NAB was recognised as a “green bond pioneer” by the climate bonds initiative and London Stock Exchange for our work in developing the Australian Green Bond Market since 2011

NAB Climate Bond

First bank to issue a Climate Bond certified Green Bond globally and first Australian domestic green bond.



A\$300m Green Bond with proceeds earmarked for financing Australian renewable energy and low carbon transport assets.

Flexi ABS trust 2016-1

Arranged the first Climate Bond certified securitised Green Bond globally and Australia’s first green ABS.



A\$50m Class A2-G Green ABS note to fund residential solar PV systems, as part of a broader A\$260m transaction.

Flexi ABS trust 2017-1

Joint lead manager on Australia’s second green ABS issue, a repeat of Flexigroup’s 2016 transaction.



A\$50m Class A2-G green ABS note to fund residential solar PV systems, as part of a broader A\$265m transaction.

Hallett Hill 2

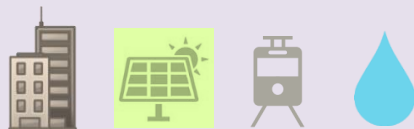
Arranged the first Australian wind farm project backed USPP and first Green Bond issued in the USPP market.



A\$205m equivalent raised for refinancing the Hallet Hill 2 wind farm.

TCV Green Bond

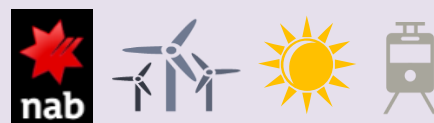
Arranged the first Climate Bond certified government Green Bond and Australia’s first government issued Green Bond.



A\$300m Green Bond with proceeds earmarked for financing low carbon buildings, renewable energy, low-carbon public transport and energy efficient water treatment.

NAB EUR Climate Bonds

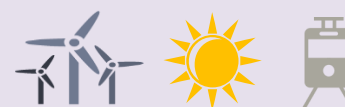
First issue of offshore benchmark Green bond by a Financial Issuer and the largest ever Green bond by an Australian bank.



EUR500m Green Bond with proceeds earmarked for financing renewable energy and low-carbon public transport.

QTC green bond

Joint lead manager on the largest Green Bond issuance ever by an Australian entity.



A\$750m Green Bond with proceeds earmarked for financing renewable energy, low carbon transport, drought resistance and flood defence and natural ecosystem preservation.

NAB Social Bond

First Social Bond focused on Workplace Gender Equality globally and Australia’s first Social Bond.










A\$500m Social Bond (Gender Equality) with proceeds used to finance organisations cited by the Workplace Gender Equality as Employers of Choice for Gender Equality.

Green Bonds

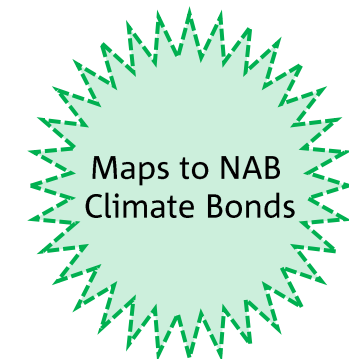
Why Issue a Green or a Social Bond?

Green & Social bonds capitalise on the global growth of mainstream, socially responsible and impact investors seeking to decarbonise their portfolios and/or to invest with purpose.

Pricing	 Currently priced in line with vanilla bonds of similar tenor/credit quality but potential benefits as market grows
Tenor	 Opportunity to extend debt tenor and more closely align with economic life of green or social assets/projects
Terms	 Ability to issue off existing program documents with similar terms to vanilla bonds External review/certification costs are minimal, assists with marketing and simplifies investor due diligence
Investor diversification	 Access to both mainstream investors and a growing and diversified pool of capital seeking socially responsible and/or impact investments
Access to global markets	 Issuance available in a range of currencies across major debt capital markets
Reputation	 Enhances an issuers' credentials by supporting their ESG objectives and demonstrating their commitment to environmental sustainability, addressing societal challenges and to their constituent communities.
Enterprise value	 Can deliver a boost to an Issuer's internal and external reputation whilst making a public statement about what is important for Issuers and improving employee engagement.



SUSTAINABLE DEVELOPMENT GOALS



On September 25th 2015, countries adopted a set of goals to **end poverty**, **protect the planet**, and **ensure prosperity for all** as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.

193 members of the UN agreed to the 17 SDGs (and 169 targets) which encourage countries and the private sector to focus simultaneously on 3 dimensions of sustainable development; **economic prosperity**, **social inclusion** and **environmental sustainability**.

Australia and NZ have both signed up to the SDGs and these apply to all UN member states from 1 Jan 2016 until 2030.

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

What are Green Bonds?

Green Bonds are debt instruments labelled as green, with proceeds earmarked to finance 'green' projects that deliver clear environmental benefits.

Use of proceeds	Proceeds should be used to fund investment in eligible 'green' projects/assets that provide clear environmental benefits
Selection of eligible projects & assets	Issuers should outline their selection process and eligibility criteria for green projects, together with their environmental sustainability objectives
Management of proceeds	Issuers should have a defined process to track and report on the allocation of proceeds to eligible green projects during the life of the bond
Reporting	Issuers should report annually on use of proceeds including allocation towards eligible green projects, and where available expected and achieved impact of these investments
External review	Issuer's should obtain an external review of their green bonds and of their Green Bond Framework

GREEN BONDS INCLUDE:

- **Use of Proceeds bonds** – typically senior unsecured bonds, where investors exposed to the credit risk of the issuing entity;
- **Project Bonds** - investors exposed to the specific project(s) being funded; and
- **Securitised Bonds** - investors exposed to pool of loans used to finance green assets/projects.

Green Bonds – Use of Proceeds

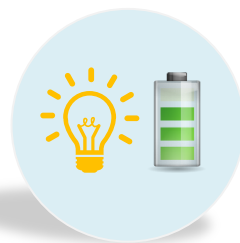
The cornerstone of any green bond is the use of proceeds. Proceeds should be earmarked for financing, or refinancing, eligible green projects that deliver clear environmental benefits



Low Carbon Buildings



Renewable Energy



Energy Efficiency



Nature Based Assets



**Information &
Communications
Technology**



Low Carbon Transport



**Sustainable Water
Management**



**Adaptation & Resilience
Infrastructure**



**Waste & Pollution
Control**



**Eco-efficient Products,
Production Technologies
& Processes**

Green Bond Verification and Standards

There are several emerging definitions, verification/certification schemes and instruments to assess green bonds

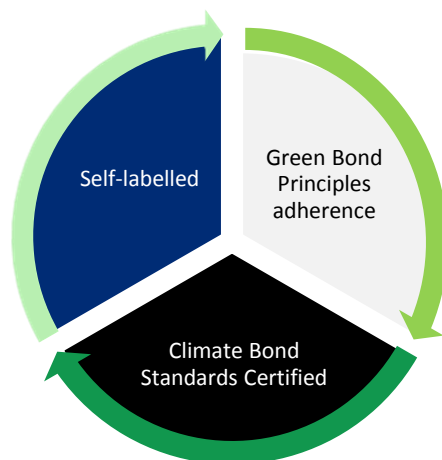
1. How do assets qualify for Green Bond financing?



There is no universally harmonised standard to assess the 'green' credentials of Green Bonds



There are 3 main pathways for verification of a Green Bond issuance



2. Which pathway?



- The Climate Bonds Standard is an easy-to-use tool that allows investors and intermediaries to assess the environmental integrity of bonds, providing clear eligibility criteria and mandatory requirements to verify green credentials of bonds.
- The 2016 update of the GBP have been fully integrated into the Climate Bonds Standard



- The ICMA Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure by clarifying the approach for Green Bond issuance.
- The GBP provide several broad categories of potentially eligible green project, leaving others such as the Climate Bonds Initiative or second opinion providers to provide detailed eligibility criteria



- In order to improve transparency in the market, Moodys and S&P have both created green bond evaluation frameworks to provide a fee based assessment of the environmental benefit associated with an issuance. Climate Bond certified bonds are likely to achieve the highest possible rating under these assessment frameworks



Low carbon buildings



Energy efficiency



Nature based assets



Waste and pollution control



Low Carbon Transport



Adaptation & Resilience Infrastructure



Sustainable water management



Renewable Energy



ICT



Eco-efficient production and technology

Social Bonds

What are Social Bonds?



These are debt instruments labelled as social or sustainable bonds, with proceeds earmarked to finance projects with social (or social and environmental) objectives, that deliver clear positive social benefits.

Use of proceeds

Proceeds should be used to fund investment in eligible 'social' projects/assets that aim to help address or mitigate a specific social issue and/or seek positive social outcomes.

Selection of eligible projects & assets

Issuers should outline their selection process and transparent eligibility criteria for 'social' projects, together with their social and/or sustainability objectives

Management of proceeds

Issuers should have a defined process to track and report on the allocation of proceeds to eligible 'social' projects during the life of the bond

Reporting

Issuers should report annually on use of proceeds including allocation towards eligible 'social' projects, and where available expected and achieved impact of these investments

External review

Issuer's should obtain an external review of their social bonds and of their Social Bond Framework

SOCIAL BONDS INCLUDE:

- **Use of Proceeds bonds** – typically senior unsecured bonds, where investors exposed to the credit risk of the issuing entity;
- **Project Bonds** - investors exposed to the specific project(s) being funded; and
- **Securitised Bonds** - investors exposed to pool of loans used to finance 'social' assets/projects.

Social Bonds – Use of proceeds

Similar to Green Bonds, the cornerstone of any social bond is the use of proceeds. Proceeds should be earmarked for financing, or refinancing, eligible ‘social’ projects that deliver positive socioeconomic outcomes

The ‘ICMA Social Bonds - Guidance for Issuers’ provides examples of Social Project categories that seek to achieve positive socio-economic outcomes for target populations.



Affordable Basic Infrastructure

(e.g. clean drinking water, sewers, sanitation, transport)



Access to Essential Services

(e.g. health, education, healthcare, financing and financial services)



Affordable Housing



Employment Generation

(e.g. through SME financing and microfinance)



Food Security



Socioeconomic Advancement and Empowerment

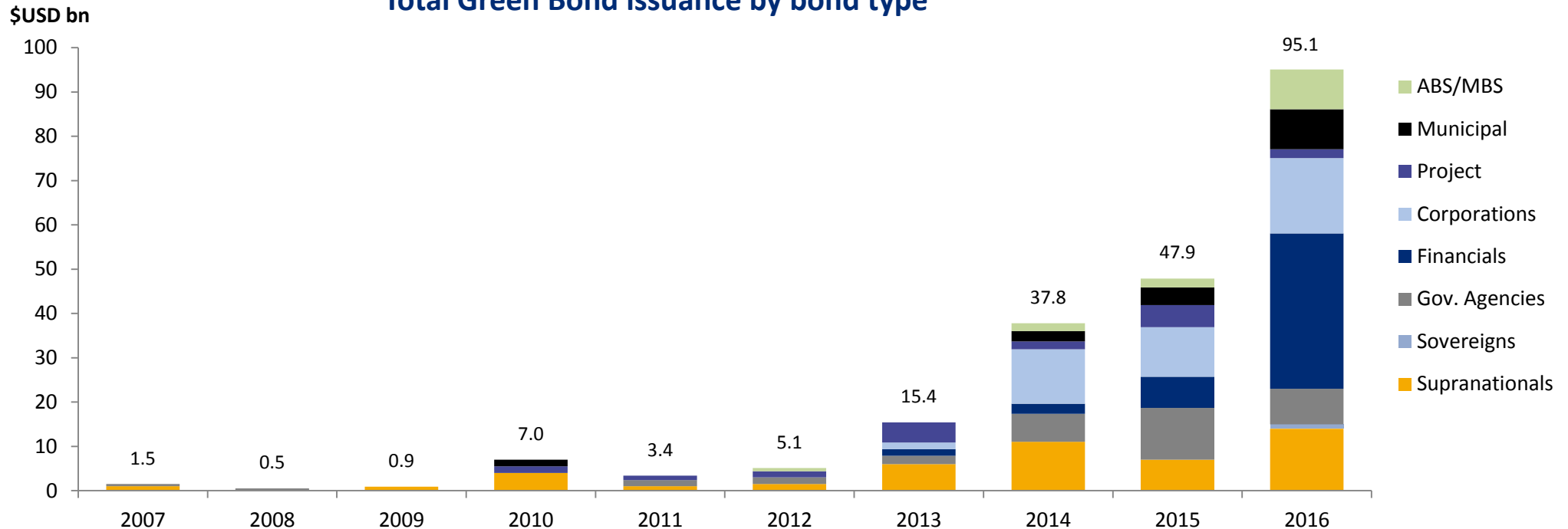
Target populations includes those that are;

- Living below the poverty line
- Excluded and/or marginalised populations and /or communities
- Vulnerable groups including as a result of natural disasters
- People with disabilities
- Migrants and /or displaced persons
- Undereducated
- Underserved
- Unemployed

Global Green Bond Issuance

Over \$95 billion of Green Bonds were issued globally in 2016, up 100% from 2015 volumes. The Green Bond market has been growing with a CAGR of 30% since 2013 with 2017 expectations of up to US\$200 billion

Total Green Bond issuance by bond type

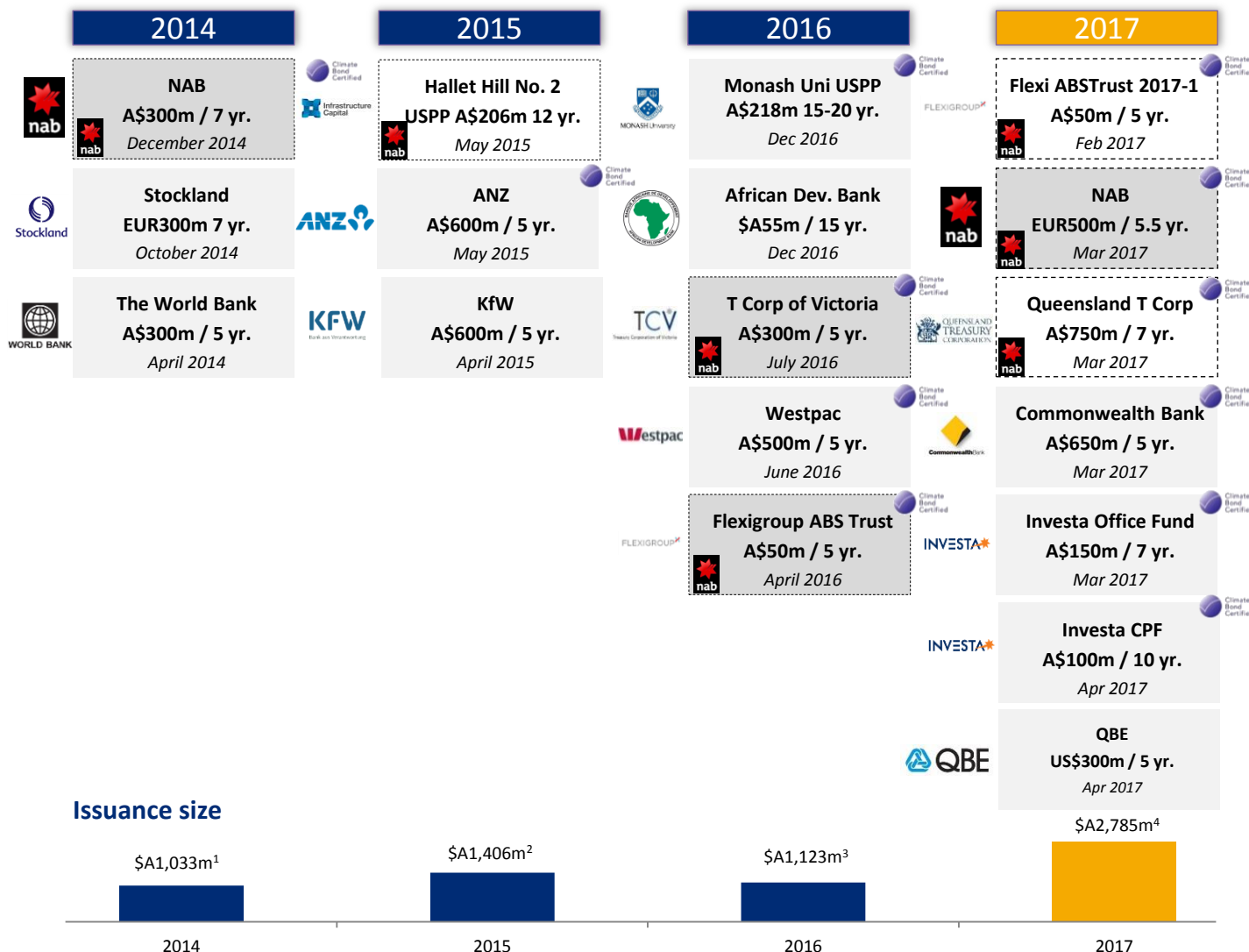


Source: Bloomberg New Energy Finance (BNEF): Green Bonds: 2016 in review

The Green Bond market continues to expand in terms of issuance volume, issuers, investors and types/structures fuelled by the continuing global growth of socially responsible and impact investors seeking to decarbonise their portfolios, participate in the transition to a low carbon economy and/or invest with purpose.

Australian Green Bond Market Update

Green Bond Issuances and Market Size

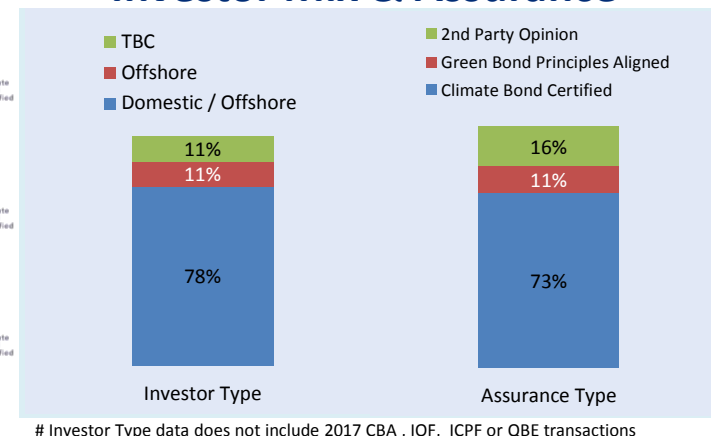


NAB acted as joint lead manager

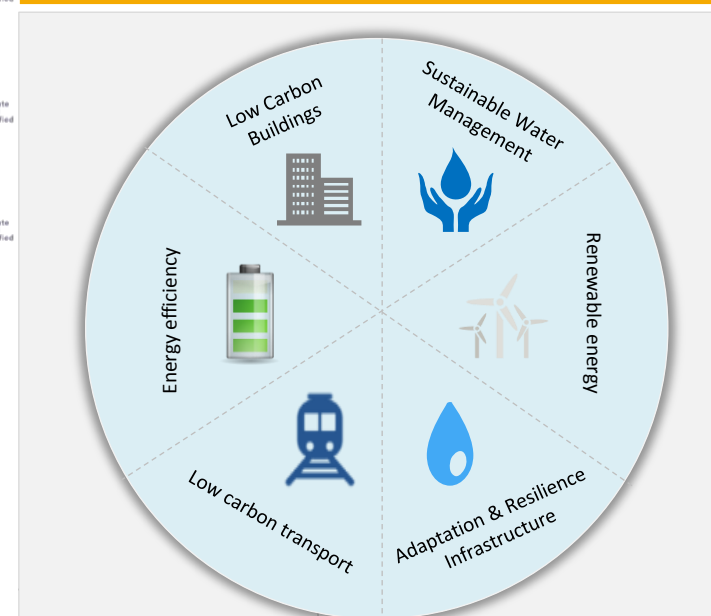
NAB acted as green bond structuring agent and sole arranger

- 1) Stockland \$433m AUD equivalent EUR offshore issuance
- 2) Hallet Hill \$205.7m AUD equivalent USPP issuance. The issuance consisted of a 12 year A\$76m tranche, and a 12 year US\$99m tranche
- 3) Monash University \$218.m AUD equivalent USPP issuance. The issuance consisted of a mix of both AUD and USD across multiple tenors
- 4) NAB \$685m AUD equivalent EUR offshore issuance, QBE \$400m AUD equivalent USD offshore issuance

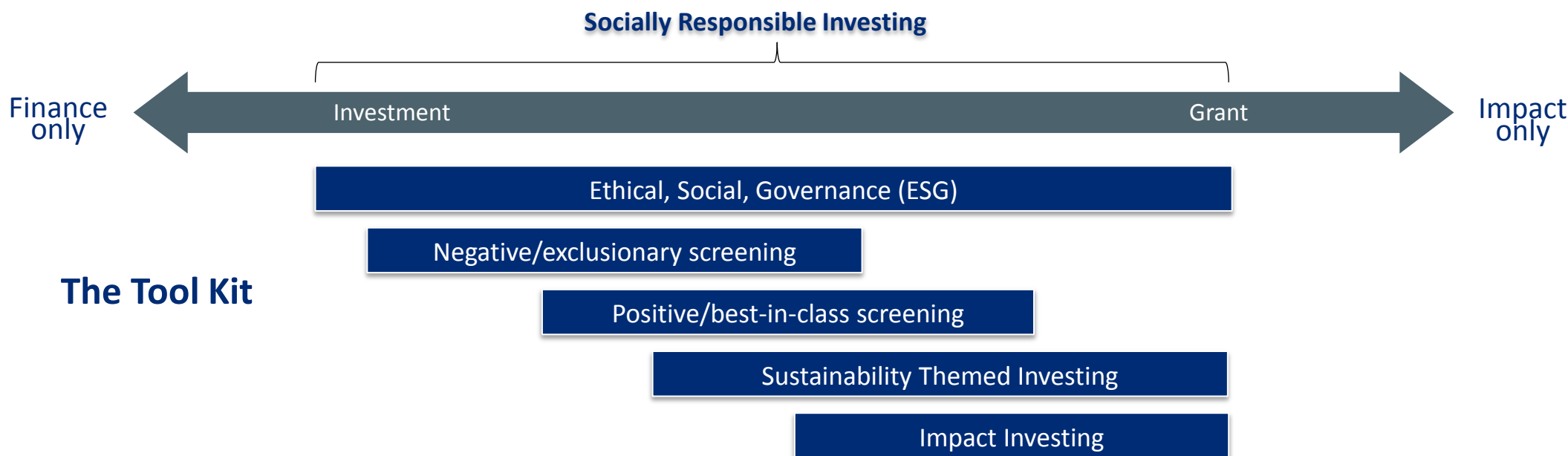
Investor Mix & Assurance



Use of Proceeds



Socially Responsible Investing



The Products

	General Investments	Responsible	Sustainable	'Financial first'	'Impact first'	Philanthropic donations
Examples	<ul style="list-style-type: none"> ✓ Conventional Equity & Bond Instruments 	<ul style="list-style-type: none"> ✓ Ethical divestment 	<ul style="list-style-type: none"> ✓ Social Bonds ✓ Green Bonds ✓ 'Best-in-class' SRI fund 	<ul style="list-style-type: none"> ✓ Social Impact Investment Funds ✓ Green Bonds 	<ul style="list-style-type: none"> ✓ Social Impact Bonds ✓ Investment in Social Enterprises 	<ul style="list-style-type: none"> ✓ Donation to a charity

*** in June 2017 NAB will launch another research paper ("A Review of Socially responsible Investing in Australia") by the Australian Centre for Financial Studies at Monash Business School.*

BNZ Markets

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Case studies

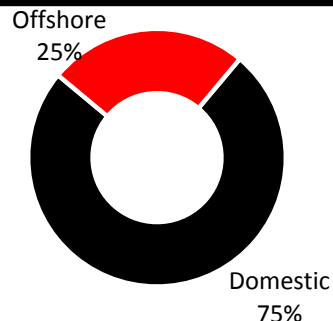
NATIONAL AUSTRALIA BANK \$500m 5 Year Fixed Rate Social Bond (Gender Equality)

TRANSACTION DETAILS

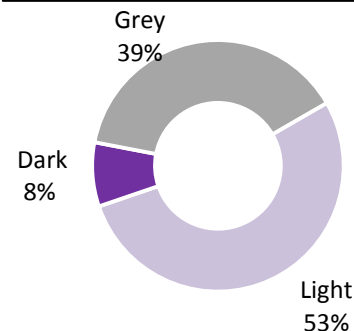
Issuer	National Australia Bank
Issuer Ratings	S&P AA- (Negative) / Moody's Aa2 (Negative) / AA- (Stable) Fitch
Issue Ratings	Aa2 / AA-(Moody's, S&P)
Format	Senior Unsecured,
Notes	5 Year Senior Unsecured
Total Amount	A\$500,000,000.00
Pricing Date	17 March 2017
Settlement Date	24 March 2017
Final Maturity Date	24 March 2022
Benchmark	Semi quarterly coupon matched asset swap
Reoffer Spread	+95 bps
ISIN	AU3CB0243459
2 nd Opinion, Financial Assurance	2 nd Opinion provided by Sustainalytics, Financial assurance on use of proceeds provided by Ernst & Young

NAB role Arranger, Sole Lead Manager & Book-runner

Investor Type



Investor Breakdown



SRI investors – combination of Dark + Light investors (as defined below)

- Dark = have clear SRI bond mandates/funds for allocation to green bonds/environmentally responsible or SRI investments
- Light = have an SRI focus (includes ESG screening) for investments (but not explicit mandates/funds) and primary motivation for investing was the fact it was a NAB Social Bond rather than a standard NAB bond

TRANSACTION COMMENTARY

Customer Highlights

- NAB's first Social bond and a world first specifically related to Workplace Gender Equality.
- Delivered strong SRI investor participation with over 60% allocated to ESG/SRI investors.
- First benchmark Social bond by an Australian issuer.

NAB Highlights

- World first Social Bond (Gender Equality).
- NAB was sole arranger and structuring agent.

- National Australia Bank priced their inaugural A\$500 million Social Bonds (Gender Equality) at S/Q ASW +95 bps.
- The NAB Social Bond (Gender Equality) is a fixed income obligation of NAB that offers wholesale investors the opportunity to support in the financing or re-financing of organisations that are cited by the Workplace Gender Equality Agency (WGEA) as Employers of Choice for Gender Equality (EOCGE).
- The underlying Portfolio of loans includes property, education and professional services firms.
- A mandate announcement was made on 7th March to align with International Women's Day (8th March), followed by a series of investor meetings and a group investor call targeting SRI investors on the 8th and 9th of March.
- The extended period to execution provided investors time to review the deal, and syndicate was able to formally recommend a launch of a 5 year transaction at IPT +95 bps for overnight execution. The book grew solidly with strong engagement with SRI investors.
- Final pricing of S/Q ASW +95 bps was flat to the major bank curve at the time of pricing.
- The trade saw strong SRI / ESG participation with over 60% of the book being allocated to this investor segment.
- **NAB Arranger, Sole Lead Manager & Bookrunner**

NATIONAL AUSTRALIA BANK €500m 5.5 year Fixed Rate Climate Bond

TRANSACTION DETAILS

Issuer	National Australia Bank
Issuer Ratings	S&P AA- (Negative) / Moody's Aa2 (Negative) / AA- (Stable) Fitch
Issue Ratings	Aa2 / AA-(Moody's, S&P)
Format	Senior Unsecured, Reg S
Notes	5.5 Year Senior Unsecured Green
Total Amount	€500,000,000.00
Pricing Date	28 February 2017
Settlement Date	7 March 2017
Final Maturity Date	7 September 2022
Benchmark	Euro Mid Swaps
Reoffer Spread	+23 bps
ISIN	XS1575474371
Certification/Assurance	Certified in compliance with the Climate Bonds Standard
NAB role	Arranger, Joint Lead Manager & Book-runner

TRANSACTION COMMENTARY

Customer Highlights

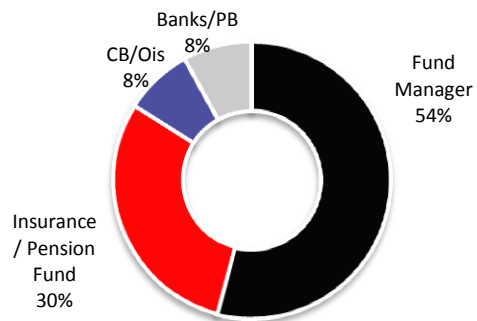
- NAB's second Green bond and first EUR denominated Green bond
- Strong price outcome on a "No Grow" Book.
- Delivered strong green/SRI investor participation with over 90% allocated to green/SRI investors.

NAB Highlights

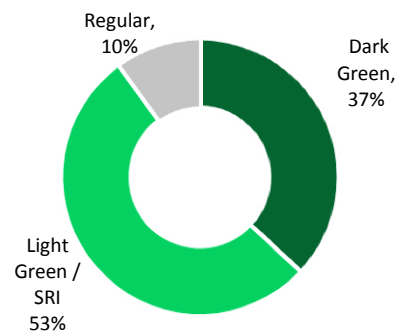
- 1st offshore Green bond offering from an Australian financial.
- Largest ever Green bond by an Australian issuer.
- NAB was sole arranger and green structuring agent.

- On 28th March 2017, National Australia Bank priced their inaugural Green Euro bond, a €500 million 5.5 year fixed rate bond.
- The proceeds of the bond are earmarked for refinancing a portfolio of Climate Bonds Standard eligible projects including renewable energy and low carbon transport projects in the UK, Europe, Americas and Australia.
- A mandate announcement on 21st February was followed by a series of 1 on 1 investor calls targeting green/SRI investors on the 22nd and 23rd of February, with a Group Investor call on Friday 24th February.
- The extended roadshow period allowed green investors time to review the deal, and syndicate was able to formally recommend a launch of a 5.5 year transaction at IPT's of low 30's. The order book grew quickly with Green and SRI investors quickly covering the proposed book following launch, which grew to over €1bn.
- The majority of the order book demonstrated flexibility on price following the revision of guidance with the momentum of the book and the capped €500m volume allowed the syndicate to bring pricing through guidance levels with final pricing landing at mid swaps +23 bps
- Final pricing achieved was very attractive with a new issue concession of only 4 bps. This compares very favourably against the current market standard for financials in the high single digits.
- The trade saw strong green and SRI participation with 90% of the book being allocated to this investor segment.

Investor Type



Investor Breakdown



Green/SRI investors – combination of Dark Green + Light Green investors (as defined below)

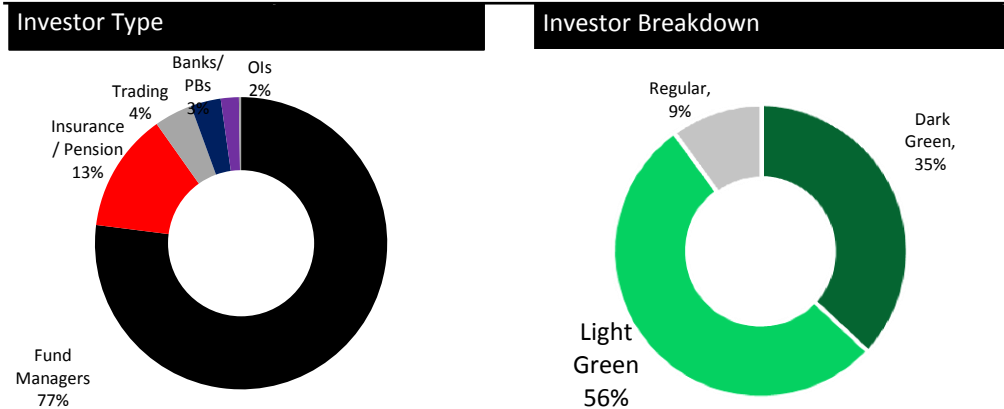
- Dark Green = have clear green bond mandates/funds for allocation to green bonds/environmentally responsible or SRI investments
- Light Green = have an SRI focus (includes ESG screening) for investments (but not explicit mandates/funds) and primary motivation for investing was the fact it was a NAB Green Bond rather than a standard NAB bond

QUEENSLAND TREASURY CORPORATION A\$750m 7 year Fixed Rate Green Bond

TRANSACTION DETAILS

Issuer	Queensland Treasury Corporation
Issue Ratings	Aa1 (Neg) / AA+ (Stable) (Moody's, S&P)
Format	Senior Unsecured, A\$ Bond with U.S. Rule 144a capability
Notes	7 year, fixed rate notes
Total Amount	A\$750,000,000
Pricing Date	15 March 2017
Settlement Date	22 March 2017
Final Maturity Date	22 March 2024
Coupon	3.00% paid semi-annually in arrears
Reoffer Margin	10yr EFP (June) + 6 bps ACGB 2.75% April 2024 + 33.5 bps
ISIN	AU000XQLQAD1
Certification/ Assurance	Climate Bond certified with independent verification by DNV GL confirming compliance with the Climate Bonds Standard .

NAB role Joint Lead Manager



Green/SRI investors – combination of Dark Green + Light Green investors (as defined below)

- Dark Green = have clear green bond mandates/funds for allocation to green bonds/environmentally responsible or SRI investments
- Light Green = have an SRI focus (includes ESG screening) for investments (but not explicit mandates/funds) and primary motivation for investing was the fact it was a QTC Green Bond rather than a standard QTC bond

TRANSACTION COMMENTARY

Customer Highlights	NAB Highlights
<ul style="list-style-type: none">• QTC's inaugural Green Bond offering• Largest ever Green Bond from an Australian issuer.• Delivered strong investor diversity with over 90% allocated to green/SRI investors.	<ul style="list-style-type: none">• NAB is the leading advisor in the green/SRI issuance space.• The 7th green bond NAB has brought to market.• NAB has successfully led both semi government green bond issues, for TCV in July 2016 and now for QTC.

- Queensland Treasury Corporation (“QTC”) issued their inaugural Green Bond, a A\$750 million, 7 year fixed rate bond.
- This was the largest green bond ever from an Australian issuer, and second Green Bond from an Australian semi government issuer.
- The proceeds of the bond are earmarked for refinancing a portfolio of Climate Bonds Standard eligible projects. These will initially comprise low carbon transport and renewable energy, but will be expanded to include investments in energy efficiency, drought resilience, flood defence, water and wastewater infrastructure, low carbon buildings and preservation of the Great Barrier Reef and other ecosystems.
- A mandate announcement on 23rd February 2017 was followed by investor meetings and offshore group investor calls during the week of Mar 6th.
- The marketing period allowed for extensive investor engagement and feedback, allowing the syndicate team to formally recommend a launch of a 7 year, fixed rate transaction for launch on 14th Mar. The order book grew quickly with Green and SRI investors, staying open overnight to allow offshore participation, and reaching over A\$1.2 billion at pricing.
- The transaction delivered QTC’s key objectives of highlighting the Queensland Government’s commitment to transitioning to a low carbon future, and achieving investor diversification and new investors for QTC bonds.
- Investor diversity was achieved through strong green/SRI participation, and with >90% of the book being allocated to this investor segment, highlighting strong domestic and offshore appetite for high quality green bonds.

FLEXI ABS TRUST 2017-1 A\$50m Class A2-G Green ABS Notes

NAB was Joint lead manager for Flexigroup's second term securitisation to include a green ABS note

TRANSACTION DETAILS

Sponsor	FlexiGroup Limited ("FlexiGroup")
Originator	Certegy Ezi-Pay Pty Limited (Certegy)
Collateral	Australian dollar consumer receivables
Snr AAA/WAL	1M BBSW + 130 / 1.49yr WAL
Snr AAA/WAL ("Green")	1M BBSW + 127 / 1.49yr WAL
Total Volume	A\$265,000,000
Pricing Date	February 14, 2017
Settlement Date	February 17, 2017
NAB Role	Joint Lead Manager

Bond Classes	A1	A2	A2-G	B	C	D	E	F
Amount (A\$m)	92.00	63.37	50.00	13.51	15.63	10.60	6.64	13.25
Ratings (Fitch/Moody's)	P-1/ F1+	Aaa/ AAA	Aaa/ AAA	Aa2/ AA	A2/ A	Baa2/ BBB+	Ba1/ BBB-	NR/ NR
Note Sub-ordination	22.5%	22.5%	22.5%	17.4%	11.5%	7.5%	5.0%	-
WAL (yrs)	0.32	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Margin (1mBBSW+)	0.70%	1.30%	1.27%	1.95%	Not disclosed	Not disclosed	Not disclosed	Not disclosed

TRANSACTION COMMENTARY

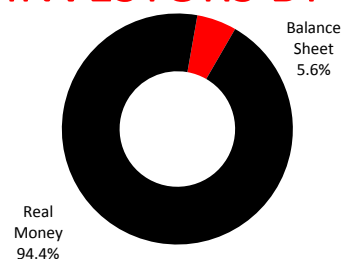
- The senior ranking Class A2 (\$63.4m) and A2-G (\$50.0m) notes were structured to rank equally in terms of credit and duration. The notable difference between the two tranches being the Class A2-G Notes representing Climate Bond Certified ('Green Bonds') by the Climate Bond Standards and linked towards funding residential solar systems
- The transaction was launched with a transaction size capped at \$265m and strong interest across the capital structure resulted in final oversubscription levels of 4 times across the Class A2 and A2-G

Key Transaction Highlights

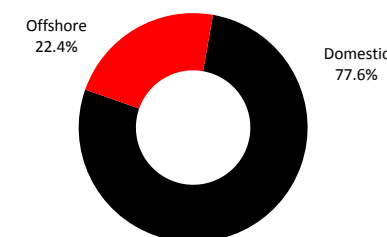
- Australia's second Green ABS note offering (Class A2-G)
- Flexi ABS Trust 2017-1 was the seventh securitisation of Certegy originated 'no interest ever' receivables
- The transaction was heavily oversubscribed allowing pricing at the tighter end of guidance. Additionally, the Class A2-G Note (the green note) priced 3bps tighter than the Class A2 note.

- The Class A2 and Class A2-G Notes were initially launched with IPTs of 130-135bps. The level of oversubscription allowed the Class A2 Notes to be priced at the tighter end of guidance at 130bps and the Class A2-G Notes at 127bps.
- The Class A1 Notes ('money market' tranche) were also oversubscribed and priced at 70bps
- A total of 20 accounts participated across the transaction with the Green Note appealing to both SRI and the traditional investor base that either have a component of green funds or were looking to add diversity to their existing portfolio

INVESTORS BY TYPE



GEOGRAPHIC DISTRIBUTION



TREASURY CORPORATION OF VICTORIA A\$300m 5 year Fixed Rate Green Bond



2017 CBI Green Bond Pioneer Awards
REGIONAL AWARD FOR SUB-SOVEREIGN ISSUE (ASIA-PACIFIC)
Treasury Corporation of Victoria

NAB arranged the first green bond issued by an Australian Government Authority and the world's first Climate Bond Standards certified bond issued by a state or federal government

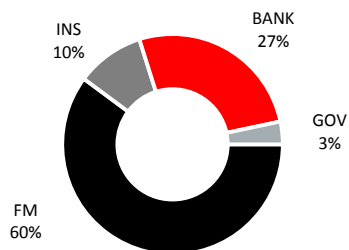
TRANSACTION DETAILS

Issuer	Treasury Corporation of Victoria
Issuer ratings	Aaa by Moody's (Stable) /AAA by S&P (Negative)
Instrument	Fixed Rate Notes
Status	Senior Unsecured
Total Volume	A\$300,000,000
Pricing Date	19 July 2016
Settlement Date	27 July 2016
Maturity Date	27 July 2021
Benchmark	3 yr EFP ACGB 5.25% May 2021
Re-Offer Margin to Benchmark	+ 33 bps +19.75 bps
ISIN	AU0000XVGHK0
NAB Role	Green Bond Structuring Agent, Sole Arranger and Lead Manager

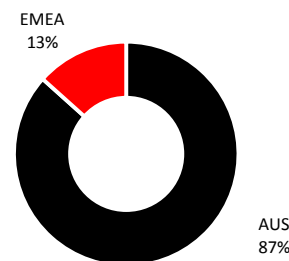
TRANSACTION COMMENTARY

- Treasury Corporation of Victoria ("TCV") issued A\$300m of 1.75% 27 July 2021 Green Bond
- This is the first Green Bond from an Australian Government Authority and the **first Climate Bond Standards certified bond globally from a State or Federal Government**
- Victoria is committed to delivering a low carbon and climate resilient economy. The proceeds will fund a portfolio of state investments in low carbon buildings, renewable energy, public transport and energy efficient water treatment
- The bonds are certified by the Climate Bonds Initiative (CBI) in compliance with the Climate Bonds Standard (Version 2.0)
- TCV completed a roadshow ahead of the transaction, targeting investors with Green Bond & Socially Responsible Investment (SRI) mandates
- The book was well supported by these investors, who were mostly Australian based, with some additional participation from offshore
- TCV chose to cap the transaction at A\$300m for their inaugural issue, although the pool of eligible green assets is significantly larger, which provides flexibility for potential future TCV Green Bond issuance
- Pricing was in line with TCV's existing curve
- 17 investors participated in the transaction, with most investing under SRI mandates. The majority of investors were domestic, with 87% of the issue allocated to Australian investors and 13% to European investors
- NAB acted as the Green Bond Structuring Agent, Sole Arranger and Lead Manager on this milestone transaction
- This is the 4th Green Bond transaction arranged by NAB, having issued the first Australian Bank Green Bond (NAB) in December 2014, the first USPP Green Bond (Hallet Hill 2) in 2015 and the first Climate Bonds certified ABS Green Bond (Flexi ABS Trust 2016 A2-G) in April 2016

INVESTORS BY TYPE



GEOGRAPHIC DISTRIBUTION



FLEXI ABS TRUST 2016-1 A\$50m Class A2-G Green ABS Notes

NAB arranged the world's first Climate Bond Standards Certified Securitised Green Bond and the first Australian Green ABS Note

TRANSACTION DETAILS

Sponsor	FlexiGroup Limited ("FlexiGroup")
Originator	Certegy Ezi-Pay Pty Limited (Certegy)
Collateral	Australian dollar consumer receivables
Snr AAA/WAL	1M BBSW + 155 / 1.37yr WAL
Snr AAA/WAL ("Green")	1M BBSW + 150 / 1.37yr WAL
Total Volume	A\$260,000,000
Pricing Date	April 21, 2016
Settlement Date	April 27, 2016
NAB Role	Arranger and Joint Lead Manager

Bond Classes	A1	A2	A2-G	B	C	D	E	F
Amount (A\$m)	91	60.5	50	12.48	14.82	10.4	7.8	13
Ratings (Fitch/Moody's)	P-1/ F1+	Aaa/ AAA	Aaa/ AAA	Aa2/ AA	A2/ A	Baa2/ BBB	Ba1/ BB	NR/ NR
Note Sub-ordination	22.50%	22.50%	22.50%	17.70%	12.00%	8.00%	5.00%	-
WAL (yrs)	0.28	1.37	1.37	1.38	1.38	1.38	1.38	1.38
Margin (1mBBSW+)	0.75%	1.55%	1.50%	2.25%	Not disclosed	Not disclosed	Not disclosed	Not disclosed



2017 CBI Green Bond Pioneer Awards
AWARD FOR STRUCTURED COUNTRY
PIONEER ISSUE FOR NEW ENTRANT
Flexigroup ABS 2016 \$A260 million



Finance Asia 2016 Achievement Awards
Australia/NZ:
BEST DEBT FINANCE DEAL
Flexigroup ABS 2016 \$A260 million



IFR Asia 2016 Awards 2016:
REGIONAL AWARD FOR STRUCTURED
FINANCE ISSUE
FlexiGroup's A\$260m Green ABS

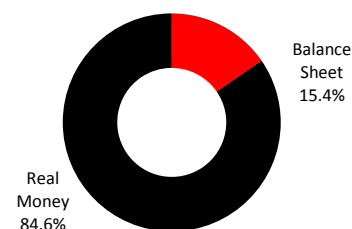
TRANSACTION COMMENTARY

- The senior ranking Class A2 (A\$60.5m) and A2-G (A\$50m) notes were structured to rank equally in terms of credit and duration. The notable difference between the two tranches being the Class A2-G Notes representing Climate Bond Certified linked towards funding residential solar systems
- The transaction was launched with a transaction size capped at A\$260m and strong interest across the capital structure resulted in final oversubscription levels in excess of 2 times across the Class A2 and A2-G tranches
- The tighter pricing achieved on the Class A2-G note benefited from a A\$20m cornerstone investment from the Clean Energy Finance Corporation which coupled with the level of oversubscription on the collective Class A2 tranche enabled the Class A2-G note to price at 150bps, 10bps inside initial guidance
- A total of 15 accounts participated across the transaction with the Green Note appealing to SRI and the traditional investor base that either have a component of green funds or were looking to add diversity to their existing portfolio

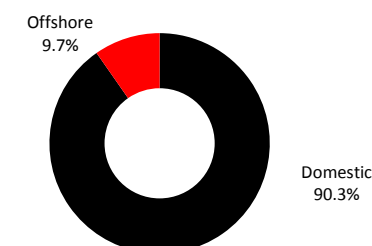
Key transaction highlights

- Australia's first Green ABS note offering (Class A2-G) and the world's first Climate Bond Standards certified securitised Green Bonds
- Flexi ABS Trust 2016-1 was the sixth securitisation of Certegy originated 'no interest ever' receivables

INVESTORS BY TYPE



GEOGRAPHIC DISTRIBUTION



INFRASTRUCTURE CAPITAL A\$76m and US\$99m USPP Green Bond

Hallett Hill No.2 Pty Ltd became the first overseas wind farm to access the US Private Placement (USPP) market and the first USPP Green bond issuer

TRANSACTION DETAILS

Issuer	Hallett Hill No.2 Pty Ltd	
Issuer rating	BBB (Stable)	
Issue amount	A\$205,700,000 (equivalent)	
Status	Senior Secured Notes	
Pricing date	17 March 2015	
Funding date	27 May 2015	
Maturity	27 June 2027	
Currency	AUD	USD
Tranche Size	76,000,000	98,800,000
Benchmark	UST 10 Year	UST 10 Year
Spread to benchmark	T+185	T+175
NAB's role	Joint Lead Agent	

INVESTOR PARTICIPATION

Average allocation size	A\$23,000,000
Median allocation size	A\$17,000,000
Largest allocation size	A\$49,000,000
Smallest allocation size	A\$7,000,000

TRANSACTION COMMENTARY

- On 17 March 2015, Hallett Hill No. 2 Pty Ltd priced its inaugural offering in the US Private Placement market
- The notes have been **verified in accordance with the Green Bond Principles**
- Hallett Hill 2 Wind Farm is a 71.4 megawatt wind farm located 220 kilometres north of Adelaide, in the Hallett Hill ranges in South Australia. Hallett Hill 2 Wind Farm is owned by Energy Infrastructure Trust, a wholesale unlisted unit trust managed by Infrastructure Capital Group ("ICG")
- Cash flows are underpinned by a 25-year off-take and asset management agreement with AGL Hydro Partnership, the obligations of which are supported by its parent company guarantee from AGL Energy
- Strong investor demand saw the offering over 5.5x oversubscribed, with more than A\$400m in direct A\$ bids from the US investor base
- The transaction was upsized to A\$205.7m (equivalent), comprising US\$98.8m (A\$129.7m equivalent) and A\$76m. This direct A\$ funding reduced the volume of cross currency swaps the Company was required to undertake and highlighted investors' willingness to provide foreign currency and differentiate their bids in order to receive their desired allocations
- The transaction provided the Company with long term funding at globally competitive levels



NATIONAL AUSTRALIA BANK A\$300m 7 year Fixed Rate Climate Bond

NAB was the first bank globally issue a Climate Bond Standards Certified Bond

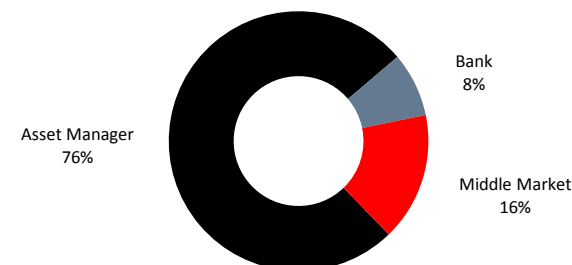
TRANSACTION DETAILS

Issuer	National Australia Bank
Issuer ratings	AA-/Aa2 (S&P/Moody's)
Instrument	Fixed Rate Notes
Status	Senior Unsecured
Total Volume	A\$300,000,000
Settlement Date	16 December 2014
Maturity Date	16 December 2021
Coupon	4.00%
Benchmark	S/Q coupon matched asset swap
Re-offer Spread vs Benchmark	+100bps
Re-Offer Yield	4.1075% p.a.
Re-Offer Price	99.352
Climate Bond Status	Certified in compliance with the Climate Bond Standards
NAB's role	Sole Lead Manager & Bookrunner

TRANSACTION COMMENTARY

- On 4 December, National Australia Bank ("NAB") became the first Australian bank to issue a climate or green bond
- This is also the first bond issued by a bank globally to be certified in compliance with the Climate Bond Standards
- The NAB Climate Bond is a senior unsecured NAB bond, with proceeds ring-fenced for financing a portfolio of renewable energy assets, including wind farms and solar energy facilities in Victoria, South Australia, Tasmania, Western Australia, NSW and the ACT
- The deal was launched supported by a lead cornerstone bid from the Clean Energy Finance Corporation (CEFC)
- Strong interest from domestic accounts including key SRI (socially responsible investment) funds saw the order-book grow to over double the minimum launch size. The final print came in at A\$300m supported by an almost entirely domestic book comprising 25 high quality accounts
- The NAB Climate Bond attracted significant investor interest by offering the same terms and credit profile as senior unsecured NAB bonds with the additional feature that proceeds are used to finance renewable energy projects
- This milestone transaction delivered increased funding diversification to NAB while offering an innovative investment opportunity to investors

INVESTORS BY TYPE



Source: NAB Debt Markets Origination

Our Kauri Commitment

BNZ IS COMMITTED TO FOSTERING THE GROWTH OF THE KAURI – BOTH THE BONDS AND THE TREE.

BNZ IS COMMEMORATING THE GROWTH OF THE KAURI BOND MARKET THROUGH THE REPLANTING OF NEW ZEALAND'S MOST MAJESTIC TREE

Forests of kauri – New Zealand's largest and most famous indigenous tree once covered over one million hectares of the North Island of New Zealand. Today only 7,455 hectares of mature forest remain.

BNZ has established a kauri rejuvenation project called the BNZ Kauri Forest, in conjunction with The Kauri 2000 Trust – a non-profit charitable trust with a long term goal of recreating significant stands of kauri trees on publicly-owned land on the Coromandel Peninsula.

BNZ plants 100 kauri seedlings for every new Kauri bond issue it arranges. BNZ employees are enthusiastic about the partnership and assist in the planting of the seedlings. 7100 kauri seedlings have been planted since July 2008. All these and future bond issues will form part of the BNZ Kauri Forest.

