



National
Australia
Bank

IGCC Summit

Financing the Climate Debt

7 October 2015



NAB – A Strong Commitment to Clean Energy and Climate Change Mitigation

- NAB has been at the forefront of climate change reduction and sustainable development and was the first Australian bank to be certified as ‘carbon neutral’ under the National Carbon Offset Standard Carbon Neutral Program in 2010.
- In addition to reducing our own environmental footprint, NAB has made a genuine commitment to help customers address environmental challenges. NAB believes the financial sector has an important role to play in addressing the issue of climate change – particularly through the provision of capital to assist the transition to a low carbon economy.
- NAB is one of the leading banks in the renewable energy sector in the UK market and is the lead bank in the Australian market having been involved extensively in financing renewable generation across solar, wind farms, biomass, hydro plants and landfill gas projects.



4.63GW

Renewable assets project financed by NAB in Australia and the UK/ROI since 2003

Carbon Neutral

First Australian bank certified carbon neutral in 2010



A\$2.4bn

Committed by NAB to renewable energy projects over the past 12 years in APAC

No. 1 MLA

No. 1 MLA Project Finance in Australian Power & Renewables Sectors (2013 - IJOnline)



A\$1.4bn

Committed by NAB to renewable energy projects over the past 9 years in the UK/ROI

Portfolio financing

In 2013, NAB arranged the largest ever non-recourse onshore wind farm portfolio financing in the UK

NAB is committed to the clean energy sector and has made a strong commitment to address the issue of climate change.

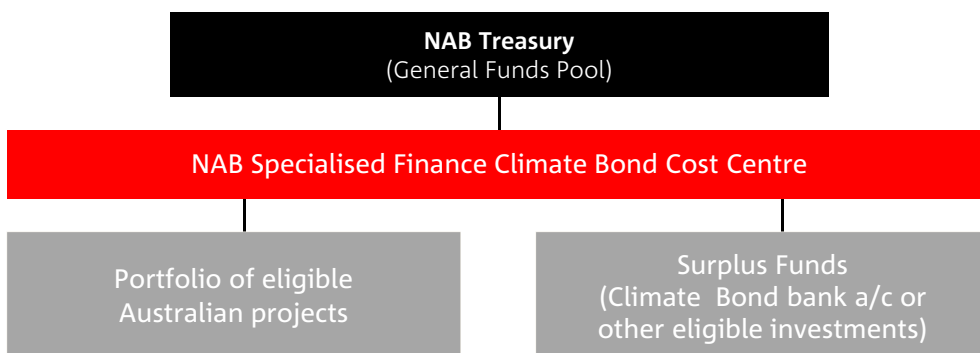
NAB was the first bank globally to issue a Climate Bond Standards certified bond

Transaction details

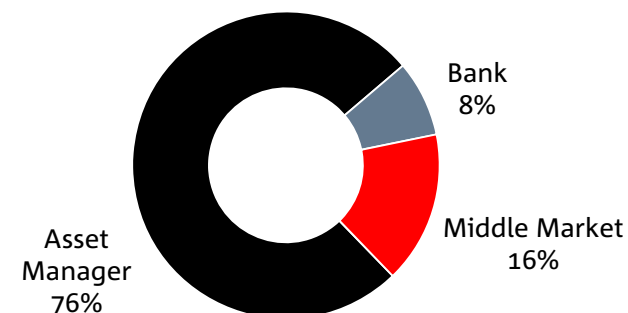
Issuer	National Australia Bank Limited
Issuer ratings	AA-/Aa2 (S&P/Moody's)
Instrument	Fixed Rate Notes
Status	Senior Unsecured
Total Volume	A\$300 million
Settlement Date	16 December 2014
Maturity Date	16 December 2021
Coupon	4.00%
Benchmark	S/Q coupon matched asset swap
Re-offer Spread vs Benchmark	+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.



Investor type



NAB arranged the first Australian wind farm backed Green Bond to feature in the USPP market

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 million (equivalent)
Median allocation size	A\$17 million (equivalent)
Largest allocation size	A\$49 million (equivalent)
Smallest allocation size	A\$7 million (equivalent)

Transaction commentary

- On 17 March 2015, Hallett Hill No. 2 Pty Ltd priced its inaugural offering in the US Private Placement market.
- The notes are certified in compliance with Green Bond Principles
- Hallett Hill 2 Wind Farm is a 71.4 megawatt wind farm located 220 kilometers 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.

Hallett Hill No.2 Pty Ltd became the first overseas wind farm to access the US Private Placement market, pricing an inaugural A\$205.7 million (equivalent) amortizing transaction in AUD and USD denominated tranches.

NAB – Renewable Energy Commitment in figures

Successfully financed most proven renewable energy technologies.

Renewables projects financed by NAB– Technologies

Wind 3GW	<ul style="list-style-type: none"> • A'Chruach Wind Farm (UK) • Middlewick Wind Farm (UK) • Infinis Wind Farm Portfolio (UK) • Waubra Wind Farm (AUS) • Portland Wind Energy Project (AUS) • TRIG Portfolio (UK/FRA/ROI) • Boreas Offshore Wind Farm (EUR)
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Geothermal 562MW	<ul style="list-style-type: none"> • Sarulla Geothermal (Indo) • Mighty River Power (NZ) • Tauhara North (NZ)
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Solar PV 57MW	<ul style="list-style-type: none"> • Broxted Solar (UK) • Royalla Solar Farm (AUS)
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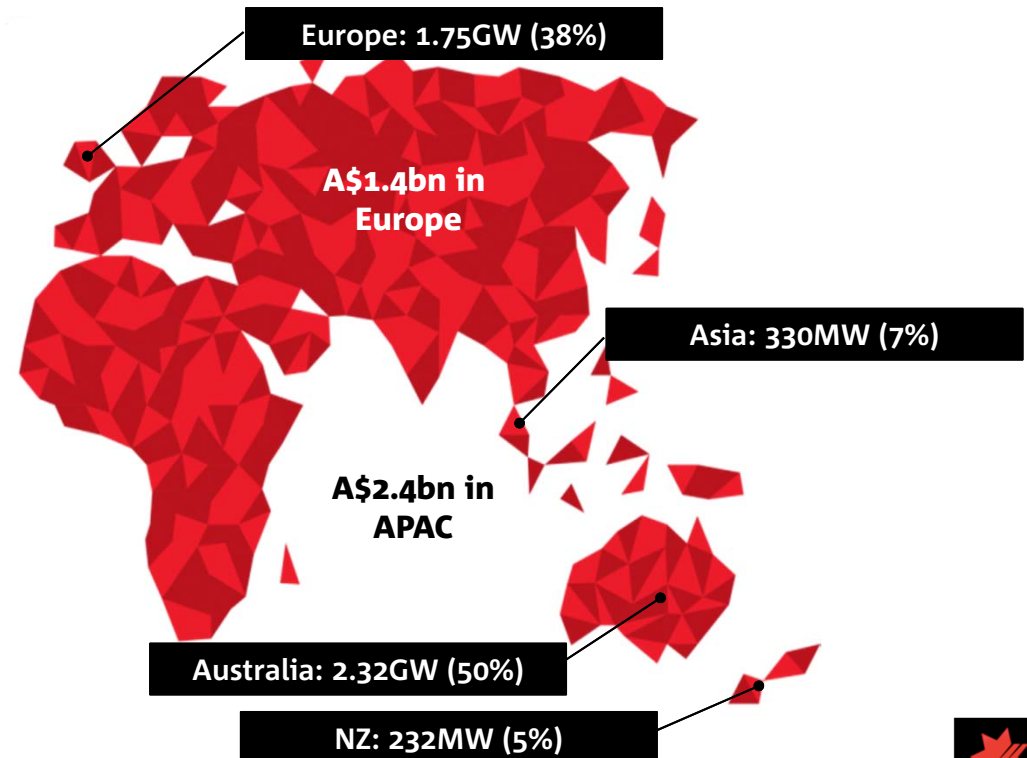
Others¹ 1020MW	<ul style="list-style-type: none"> • Transfield Services (AUS) • Viridis Commercial Property (UK) • MEIF Landfill Gas (UK)
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1. Portfolio of renewable assets (wind, hydro, land fill gas, solar PV)

Renewables projects financed by NAB– Regions

4.63GW
Renewable assets project
financed by NAB worldwide
since 2003

A\$3.75bn
Debt committed by NAB
for renewables assets



NAB – Renewable Energy Commitment in figures

Current Commitments total A\$1.58bn

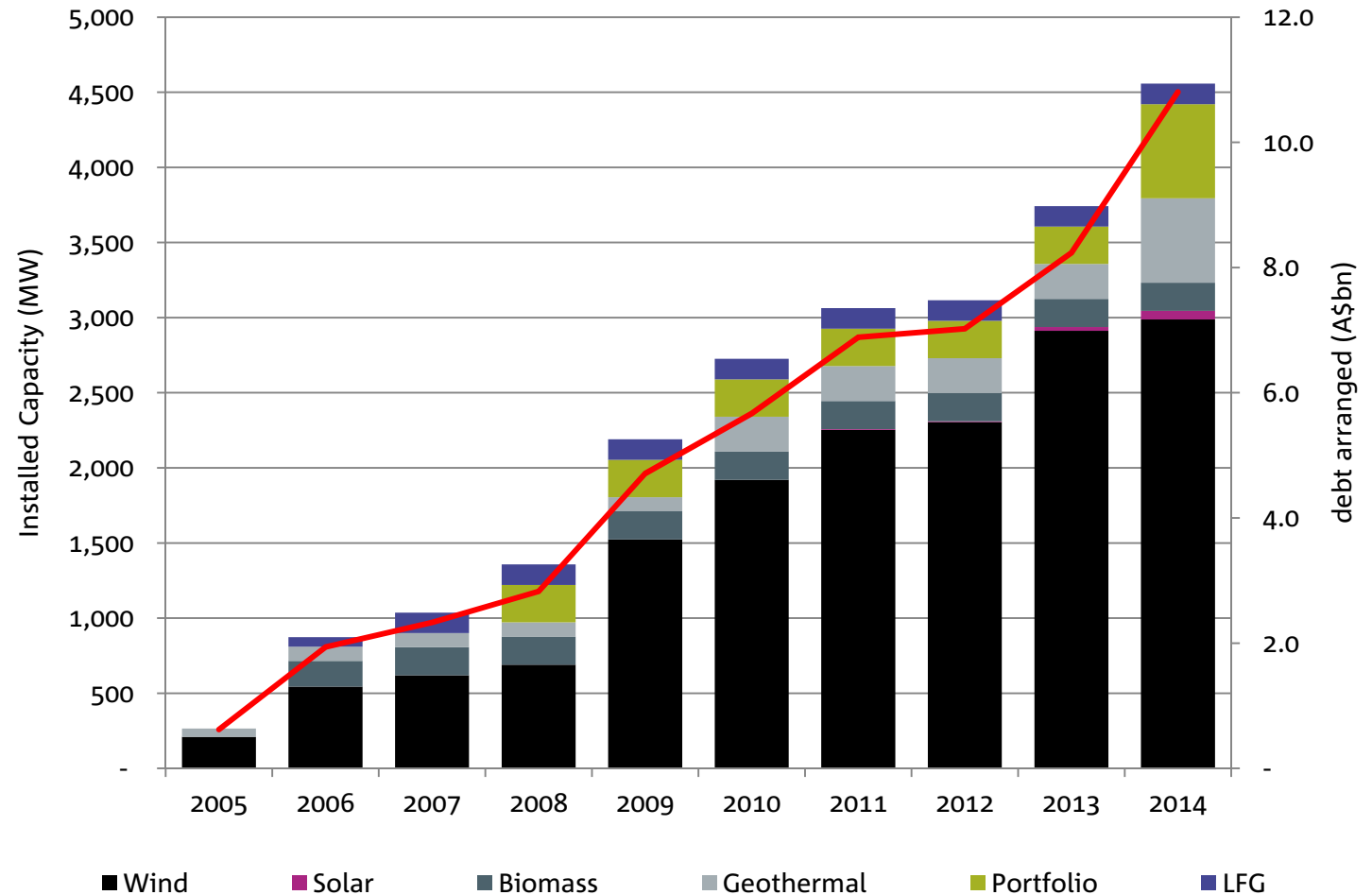
29 renewable deals on our book (3.93GW)

Active across most proven technologies

Issued A\$300m 7-year NAB green bond

Led first USPP for an Australian renewable energy asset

Cumulative Installed Capacity/Debt arranged by NAB for renewable projects



Discounted funding for energy efficient equipment

NAB, with support from the Clean Energy Finance Corporation (CEFC), have launched a \$120 million fund to provide customers with a 0.7% discount on standard loan rates for energy efficient upgrades that will help cut their energy costs and improve business performance.



**0.7%^{p.a.}
off**

**Bonus 0.7% p.a. off
your finance rate**

On qualifying assets for the
life of the financing.



**Your own tailored
repayments**

We work with you to
structure a repayment
schedule that suits your
cash flow.

\$0

No deposit

So you can keep your
capital where it belongs – in
your business.

How to Qualify

Simply apply for an Equipment Loan, Vehicle Loan, Hire Purchase or Finance Lease from NAB
If the equipment meets the CEFC criteria for energy efficiency or renewable energy 0.7% will be deducted from the finance rate

Examples of approved assets

Refrigeration



HVAC



Solar



Bio Gas



Process Upgrades



Efficient Vehicles



Irrigation



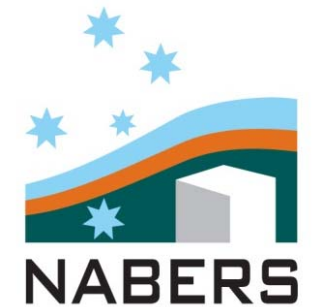
Lighting



Bundled Projects



NABERS improvements



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