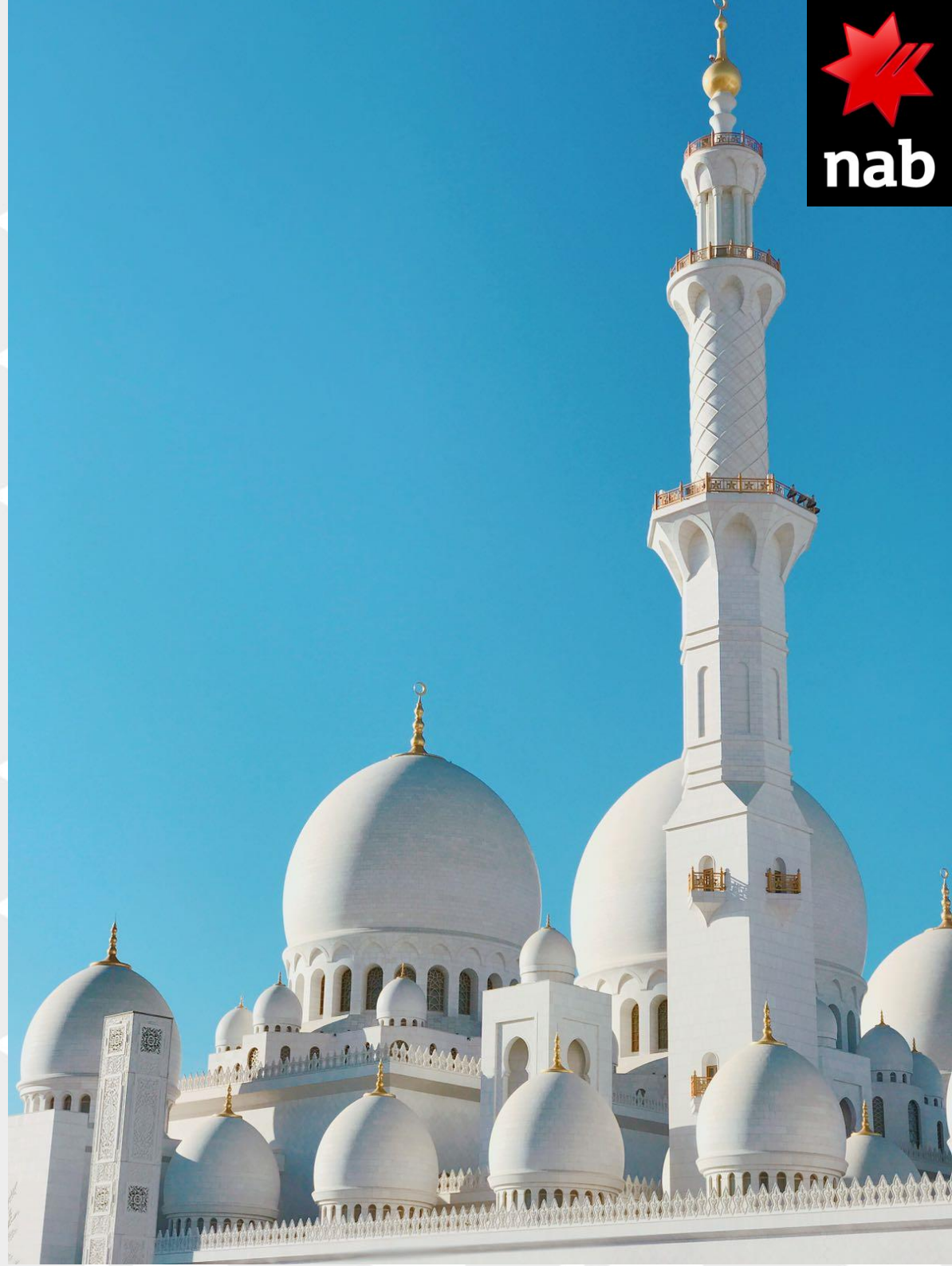


NAB ISLAMIC FINANCE

IFN Forum Australia
March 2019



NAB'S CURRENT ISLAMIC FINANCE OFFERING

| INITIATIVE | OFFERING SUMMARY | STRUCTURE | CLOSED TRANSACTIONS |
|--|---|--|--|
| Construction and Investment Financing | NAB developed a financing structure for Islamic clients in C&IB and Business Bank that allows NAB to finance Islamic clients seeking investment or development financing. | <ul style="list-style-type: none"> • Wakala • Ijara muntahia bit-Tamleek | <p>We have completed around AUD \$750m in financing for clients including:</p> <ul style="list-style-type: none"> • Heathley Asset Management • Piety Investments • AEPim |
| Compliant Derivatives | NAB structured the first Islamic IDMA FX forward structure in Australia. The IDMA is the equivalent of the ISDA. | <ul style="list-style-type: none"> • Bay' al-Sarf | Over \$210m in closed trades, the first offering of its kind in Australia. |
| No Interest Loans Scheme | NAB structured a Shariah-compliant Qard Hassan No Interest Loans Scheme (NILS) for Good Shepherd Youth and Family Services in partnership with the Islamic Council of Victoria. | <ul style="list-style-type: none"> • Qard Hassan | Over 600 Qard Hasssan NILS provided to date. Global Finalist (Top 5) in the 2013 Thomson Reuters Ethical Finance Initiative Award. |
| Sukuk Bond Portfolio | NAB developed a Sukuk Bonds trading book to support its origination activity in this innovative space. | <ul style="list-style-type: none"> • Sukuk | Purchased Australia's first Sukuk bond trade in 2013, it is a live and active trading book. Currently developing a Sukuk for Australian corporates. |

SHARIAH COMPLIANCE *with Amanie Advisors*

DR. MOHAMED ALI ELGARI – KINGDOM OF SAUDI ARABIA (CHAIRMAN)

Dr. Mohamed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. Dr Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of Harvard Series in Islamic Law, Harvard Law School.

Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shariah board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institution (AAIOFI).

Education

Ph.D. Economics, University of California, USA

DR. MOHD DAUD BAKAR – MALAYSIA (EXECUTIVE MEMBER)

Dr. Mohd Daud Bakar is the Chairman of the Amanie Group and was previously the Deputy Vice-Chancellor at the International Islamic University Malaysia. He is currently the Chairman of the Shariah Advisory Council at the Central Bank of Malaysia, the Securities Commission of Malaysia and the Shariah Supervisory Board of The International Islamic Liquidity Management Corporation (IILM).

Dr Bakar has published a number of articles in various academic journals and made many presentations in various conferences around the globe. Dr. Mohd Daud Bakar is a Shariah board member of the Dow Jones Islamic Market Index (New York), Muzn Islamic Banking (The National Bank of Oman), BNP Paribas (Bahrain), Morgan Stanley (Dubai), Bank of London and Middle East (London), amongst other financial institutions.

Education

- * Ph.D., University of St. Andrews, Scotland
- * Bachelor of Shariah (Fiqh wa Usuluhu), Kuwait University, Kuwait
- * Bachelor of Jurisprudence (external), University of Malaya, Malaysia

DR. OSAMA AL DEREAI – QATAR

Dr Osama Al Dereai is a Shariah scholar based in Qatar and has extensive experience in teaching, consulting and research in the field of Islamic finance.

Dr Al Dereai is a Shariah board member of various financial institutions which include the First Leasing Company, Barwa Bank, First Investment Company and Ghanim Al Saad Group of Companies amongst others.

Education

- * Ph.D. Islamic Transactions, University of Malaya (Malaysia)
- * MA, International Islamic University Malaysia
- * B.Sc. Hadith Al Sharif, International Islamic University of Medina

DR. MUHAMMAD AMIN ALI QATTAN – KUWAIT

Dr. Qattan is a highly regarded Shariah Scholar based in Kuwait and is currently the Director of Islamic Economics Unit, Centre of Excellence in Management at Kuwait University.

Not only is he an accredited trainer in Islamic Economics, he is also a lecturer as well as a prolific author of texts and articles on Islamic economics and finance.

He also serves as the Shariah advisor to many reputable institutions such as Ratings Intelligence, Standard & Poors Shariah Indices, Al Fajer Retakaful amongst others.

Education

- * Ph.D. Islamic Banking, Birmingham University, UK
- * B.A. Islamic Economics, Al-Imam University, Riyadh, Saudi Arabia

SHARIAH COMPLIANCE *with Amanie Advisors*

In the Name of Allah, The Most Beneficent, The Most Merciful

31 May 2017



SHARIAH PRONOUNCEMENT (FATWA) WITH RESPECT TO THE WAKALAH FINANCING FACILITY OF NATIONAL AUSTRALIA BANK VIA A SPECIAL PURPOSE VEHICLE

We, the Amanie Shariah Supervisory Board ("SSB"), have been presented with National Australia Bank ("NAB")'s Shariah compliant Wakalah Financing Facility (the "Facility") via a Special Purpose Vehicle ("SPV") for our Shariah review and approval.

The Facility is based on the Shariah complaint structure of Wakalah Bil Istithmar (investment agency service). The SPV, as a Muwakkil (Investor) will appoint a Wakeel (Agent) which is NAB's customer to invest its funds in a Shariah compliant manner. The purpose of the investment for this Facility is limited to construction/development and investment projects only.

We, the undersigned, in our capacity as the scholars of the SSB have reviewed the key legal documentation (the "Documents") in relation to the Facility which are as follows:

1. Financing and Servicing Agreement;
2. General Security Agreement (group member);
3. General Security Agreement (Investment manager);
4. Mortgage Terms and Conditions – Corporate Mortgage;
5. Payment Direction Deed;
6. Specific Security Agreement (Proceeds Account);
7. Security Trust Deed; and
8. Building Tripartite Deed

Pursuant to our review of the above Documents, we are of the opinion that the Facility is in compliance with Shariah principles.

Allah Almighty knows best.

APPROVED BY:-

Dr. Mohamed Ali Elgari
Chairman

Dr. Mohd Daud Bakar
Member

Dr. Muhammad Amin Ali Al-Qattan
Member

Dr. Osama Al-Dereai
Member

In the Name of Allah, The Beneficent, The Merciful

24 September 2017



SHARIAH PRONOUNCEMENT (FATWA) WITH RESPECT TO NATIONAL AUSTRALIA BANK'S SHARIAH COMPLIANT CONSTRUCTION FINANCE PRODUCT

We, the Amanie Shariah Supervisory Board ("SSB"), have been presented with National Australia Bank ("NAB/Bank")'s Shariah compliant construction finance product (the "Product") for our Shariah review and approval.

We, the undersigned, in our capacity as the scholars of the SSB have reviewed the key legal documentation (the "Documents") in relation to the Product which are as follows:

1. Finance Agreement (for the purpose of the Wakalah and Ijarah for the construction purposes); and
2. Service Deed (for the purpose of the Wakalah appointment of NAB as the customer's agent to perform certain specified acts) for the Corporate Markets Facility and Business Market- Flexible Rate Facility respectively.

Pursuant to our review of the above Documents, we are of the opinion that the Product is in compliance with Shariah principles.

Allah Almighty knows best.

APPROVED BY:-

Dr. Mohamed Ali Elgari
Chairman

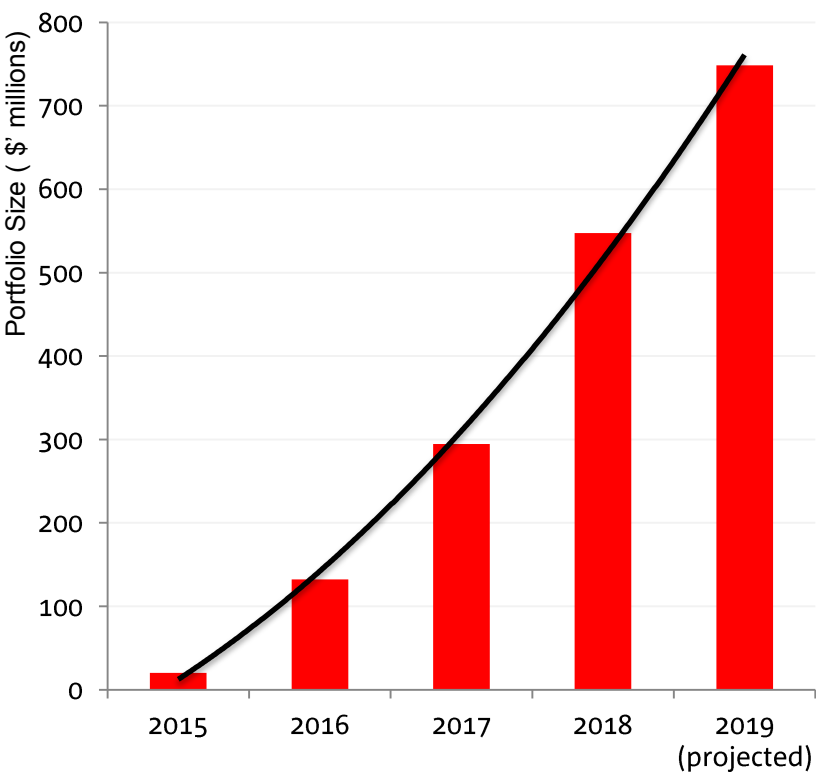
Dr. Mohd Daud Bakar
Member

Dr. Muhammad Amin Ali Al-Qattan
Member

Dr. Osama Al-Dereai
Member

ISLAMIC FINANCE TRANSACTIONS *supporting growth*

TOTAL ISLAMIC FINANCE PORTFOLIO SIZE



RECENT TRANSACTIONS


MASJID AL NOOR
AlNoor Islamic Assoc

A\$3.3m
Shariah Compliant
Wakalah Investment
Financing Facility

Sole Financier
Jun 2018


BINAH
GROUP
Binah Constructions

Total A\$30.2m
Shariah Compliant
Wakalah
Construction
Financing Facility

Sole Financier
Jul 2018


Gallipoli Home
AGED CARE
Gallipoli Aged Care

A\$28m
Shariah Compliant
Wakalah
Construction
Financing Facility

Sole Financier
May 2017


PIETY
INVESTMENTS
Piety Investments

A\$36.5m
Shariah Compliant
Wakalah
Construction
Financing Facility

Sole Financier
Dec 2018

GALLIPOLI HOME *culturally aware aged care*

THE NEED FOR MUSLIM AGED CARE

- Taking care of the elderly is a central part of the Muslim faith. Concerned community members recognised that there were no aged care homes that adequately catered for the specific needs of the growing culturally and linguistically diverse Muslim community.
- In response to this need, the Auburn Gallipoli Mosque and seven different cultural associations based in Sydney came together to develop Gallipoli Home.



GALLIPOLI HOME *culturally aware aged care*

THE FACILITY CAPABILITIES

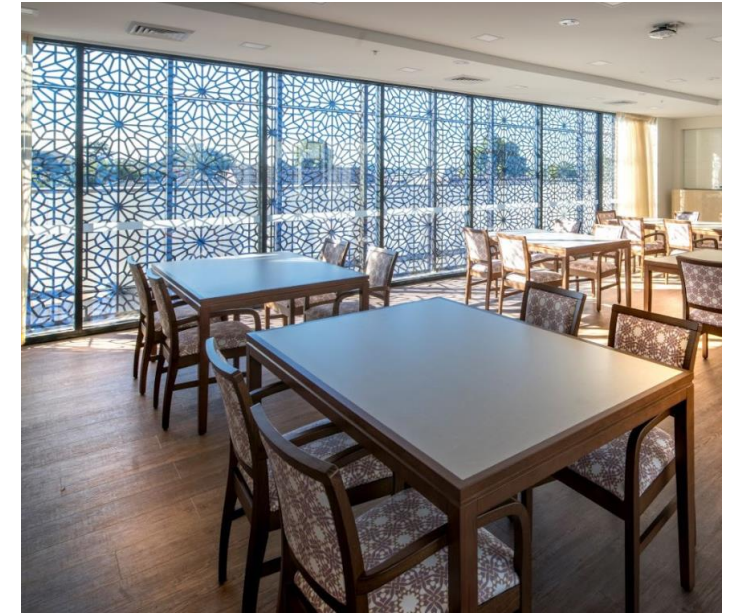
- Gallipoli Home is Sydney's first aged care facility dedicated to serve the needs of Muslims, as well as culturally and linguistically diverse elders in Western Sydney.
- The 102-bed facility has staff that can speak Turkish, Arabic, Hindi and Urdu, to cater to over 10 different cultural communities. It is located next to the iconic Gallipoli Mosque.



GALLIPOLI HOME *culturally aware aged care*

THE DESIGN INSPIRATION

- Incorporated in the design, the artwork etched into timber at the front of the facility welcomes the community. The artwork pays homage to the many cultures that make up our one community.
- From Indigenous, European, Turkish and Islamic themes, it brings together Aboriginal Art, it reflects the Anzac tradition with the poppy as a feature, it represents nature through the native eucalyptus leaves and pays homage to Turkish and Islamic heritage represented by a classical Ottoman Mosque.



GALLIPOLI HOME *culturally aware aged care*

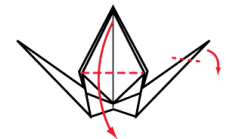
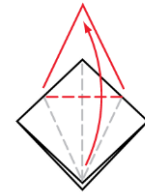
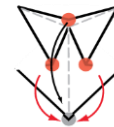
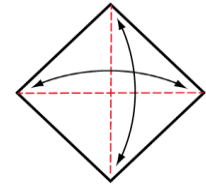
THE FUNDING JOURNEY

Gallipoli Home is the first Muslim sensitive aged care centre in Sydney. As such, it was important to the Board that the source of finance was Shariah compliant. This was quite challenging as the Board initially commenced their search for Islamic finance from international financiers. Whilst these financiers made offers, the terms, legal and regulatory hurdles as well as the foreign exchange risk made acceptance of these offers too risky to accept.

The team then approached their primary domestic bank in Australia and inquired if it could provide Shariah financing for the project. The bank was unable to structure the transaction and could only offer a conventional, interest based loan. It was during this time the team was introduced to Dr Imran Lum at NAB.

NAB was able to provide a 3Y, \$28m Wakalah based facility for the construction of the aged care premises, and on terms and conditions that were far superior to the terms being offered by offshore Islamic finance providers.

This transaction is significant for NAB on many fronts. Firstly, it demonstrates our focus on improving social and financial inclusion of all Australians, that would have otherwise been excluded from mainstream banking. Secondly, it highlights our commitment to cater for Australia's changing demographics and our aging population. Thirdly, the transaction shows our aim to contribute to the development of infrastructure in greater Western Sydney.



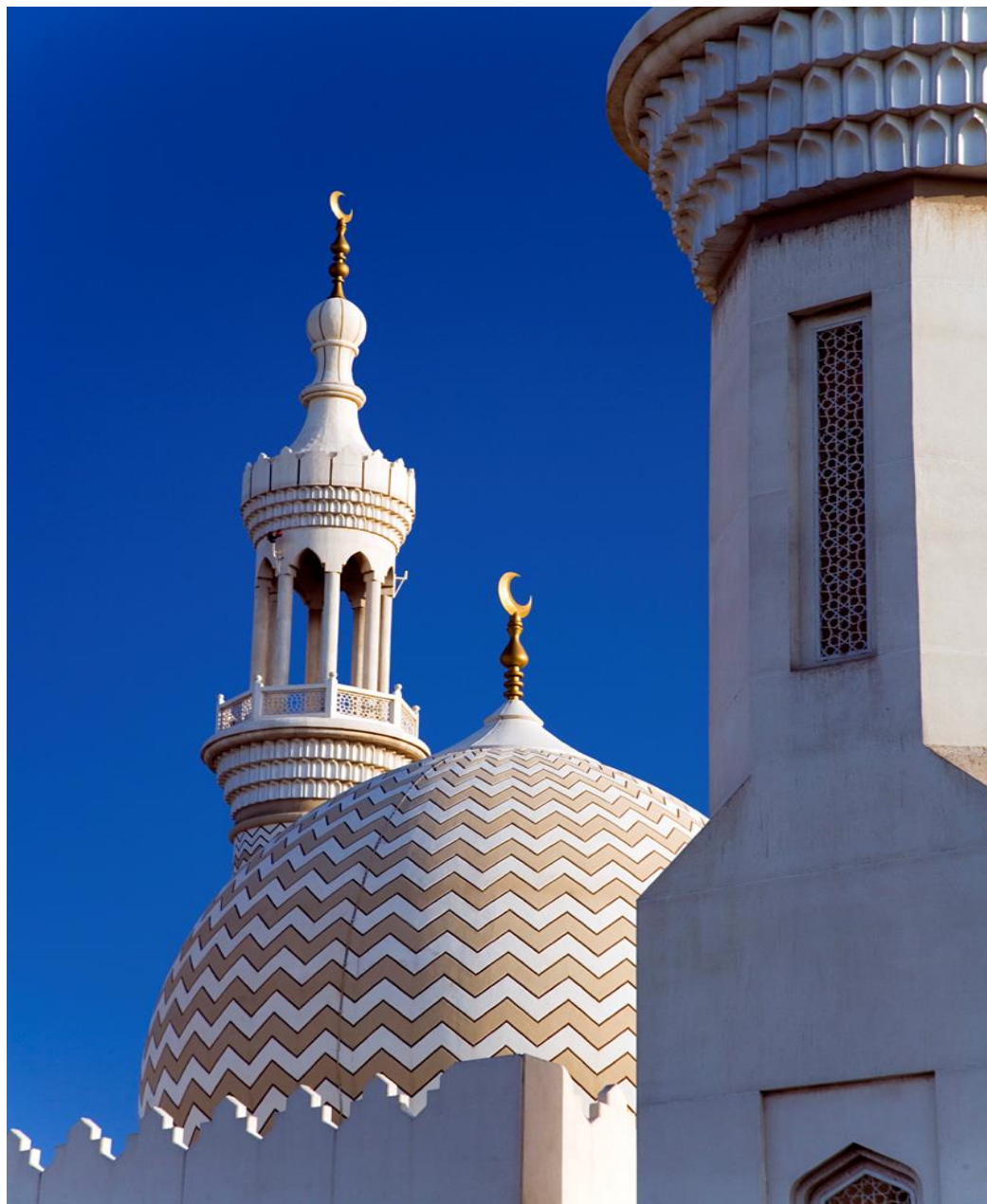
GALLIPOLI HOME *culturally aware aged care*

Gallipoli Home



Grand Opening

KEY CONTACTS



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Sajid Bokhari

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