

NATIONAL RMBS TRUST 2018-1 (CLASS A1-G NOTES)

DNV GL PRE ISSUANCE ASSURANCE STATEMENT

Scope and objectives

Perpetual Trustee Company Limited (ABN 42 000 001 007) in its capacity as trustee of the National RMBS Trust 2018-1 in respect of Series 2018-1 (the "Trust" or "Issuer") is proposing to issue Australian Prime residential mortgage-backed securities ("RMBS"), including a tranche of Class A1-G Green notes (henceforth referred to as the "NOTES") and has submitted such NOTES for verification and certification against the Climate Bonds Standard Version 2.1 ("CBS v2.1").

- The manager of the Trust expects to direct the Trust to use the proceeds of the issuance of the NOTES to fund the acquisition of certain receivables which comprise indebtedness incurred to finance residential mortgage loans that satisfy the Climate Bond Initiative's Sector Technical Criteria for low carbon buildings.

DNV GL Business Assurance Australia Pty Ltd (henceforth referred to as "DNV GL", "us", "our" and "we") has been commissioned by National Australia Bank Limited ABN 12 004 044 937 ("NAB"), as sponsor of the transaction resulting in the issuance of the NOTES, to provide the Pre Issuance verification of the NOTES as an independent and approved verifier under the Climate Bonds Standard. DNV GL's criteria and information covered to achieve this is described under 'Work Undertaken' below.

No assurance is provided regarding the financial performance of the NOTES, the value of any investments in the NOTES, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment as to whether the NOTES have met the criteria set out in the CBS v2.1 and the associated Sector Technical Criteria on the basis set out below.

The scope of this DNV GL verification statement is limited to the CBS v2.1 and the following associated Sector Technical Criteria:

- Residential Low Carbon Buildings (Residential Property Criteria v1.0)
- Low Carbon Buildings, Australian Residential - Guidance to issuers - July 2017

In addition to and separate from DNV GL performing a Pre-Issuance Verification on the compliance of the NOTES with the CBS v2.1 and the associated Sector Technical Criteria, DNV GL has conducted a qualitative review of the Use of Proceeds of the NOTES to consider their alignment with and contribution towards the United Nations Sustainable Development Goals ("UN SDGs"). This is summarised in Schedule 3 of this Statement.

Responsibilities of the manager of the Issuer and DNV GL

The manager of the Issuer has provided the information and data used by DNV GL during the delivery of this review. DNV GL's statement represents an independent opinion and is intended to inform the manager of the Issuer and other interested stakeholders in the NOTES as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the manager of the Issuer. DNV GL is not responsible for

any aspect of the nominated projects and assets referred to in this verification statement and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by the manager of the Issuer and used as a basis for this assessment proves to be incorrect or incomplete.

Basis of DNV GL's opinion

DNV GL has conducted the verification against the CBS v2.1 and associated Sector Technical Criteria through the creation and execution of a Climate Bonds Standard Protocol addressing each requirement of the CBS v2.1 and the associated Sector Technical Criteria. The detail of areas covered in the DNV GL verification is summarised in Schedule 2 below.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by the manager of the Issuer in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken included:

Conducting the Climate Bonds Standard Pre-Issuance Verification

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the nominated projects and assets, as described above and in Schedule 2 below;
- Assessment of documentary evidence provided by the manager of the Issuer on the NOTES and supplemented by high-level desktop research, an onsite visit for documentation review and interviews with key personnel from NAB (as seller of the nominated projects and assets);
- Discussions with NAB (as seller of the nominated projects and assets), and review of relevant documentation;
- Documentation of findings against each element of the criteria.

Consideration of the alignment with and contribution towards United Nations Sustainable Development Goals¹

- Review of Green Bond Use of Proceeds against the 17 UN SDGs;
- Consideration of the contribution of the Use of Proceeds towards UN SDG targets (as described in more detail in Schedule 3 below)

¹ This has been conducted in addition to and separate from the Climate Bonds Standard Pre-Issuance Verification

Findings and DNV GL's opinion

DNV GL has performed a Pre Issuance Verification of the NOTES. It is DNV GL's responsibility to provide an independent verification statement on the compliance of the NOTES with the CBS v2.1.

DNV GL conducted the verification in accordance with the CBS v2.1 and with 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 Bonds 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 Bonds 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 limited assurance that the NOTES meet the requirements of the Climate Bonds Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the NOTES are not, in all material respects, in compliance with the requirements of the CBS v2.1 and associated Sector Technical Criteria.

for DNV GL Business Assurance Australia Pty Ltd

Sydney, 11 January 2018



Mark Robinson

Manager, Sustainability Services
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: PORTFOLIO OF NOMINATED ASSETS ¹.

Schedule data as of 1 December 2017.

Asset Type/s	Country	State	Category	Proposed Note Issuance (AUD million)	Eligible Asset Pool
Low carbon buildings	Australia	NSW, VIC, TAS	Apartments and Houses	To be confirmed	To be confirmed

TOTAL ELIGIBLE ASSET PORTFOLIO:

To be confirmed'

Climate Bond Eligible Assets ("Nominated Projects") are defined within CBS v2.1 – Part A: General Requirements (4: Nominated Projects & Assets) and Part B: Eligible Projects & Assets (9: Climate Bonds Taxonomy and 10: Technical Criteria)

<http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>

SCHEDULE 2: VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the CBS v2.1

The criteria against which the relevant projects and assets have been reviewed prior to their inclusion in the portfolio of eligible projects and assets for the NOTES are grouped under the requirements as detailed within the CBS v2.1² and associated Sector Technical Criteria³. These requirements broadly include:

Part A: General Requirements

Area	Requirement
Nominated Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets.
Non-Contamination of Proceeds	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified in an appropriate manner, and documented.
Confidentiality	Information about the nominated projects and assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard. The information disclosed to the Verifier and the Climate Bonds Standard Board may be subject to confidentiality arrangements.
Reporting	There are specific requirements in respect of reporting on use of proceeds and nominated projects and assets.

Part B: Low Carbon Contribution - Eligible projects and physical assets

² https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017.pdf

³ <https://www.climatebonds.net/standard/buildings/residential>

Nominated projects and assets include financing of, or investments in, low carbon buildings which enable the mitigation of greenhouse gases, as detailed in Schedule 1.

Area	Requirement
Residential Low Carbon Buildings v1.0 Low Carbon Buildings, Australian Residential Guidance to issuers - July 2017	Path 1 <ul style="list-style-type: none"> - Approved building codes (NSW, VIC, TAS). - Compliance by location, type and build dates. - Maintain compliance for term of the bond.

Part C: Bond structures

Area	Requirement
Project Holding	The issuer of a climate bond shall continue to hold nominated projects and assets which have a value at least equal to the original principal amount of the bond at the time of issuance or the amount outstanding as the case may be.
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the nominated projects and assets.

SCHEDULE 3: ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Alignment of the Use of Proceeds against the United Nations Sustainable Development Goals (UN SDGs)

In addition to the Pre Issuance verification against the requirements of the CBS v2.1 and associated Sector Technical Criteria, DNV GL has reviewed the Use of Proceeds and nominated projects and assets associated with the NOTES for alignment with, and contribution towards, the UN SDGs⁴ in the following table. Qualitative contribution towards the UN SDGs and relevant targets has been considered in the context of the CBI Residential Low Carbon Buildings Approved Proxies and the limitations associated with those benchmarks.

Use of Proceeds	UN SDG	UN SDG Target		Assessment of Contribution to Achieving the SDG
Residential Low Carbon Buildings	7. Affordable and Clean Energy	7.3	By 2030, double the global rate of improvement in energy efficiency	<p>Compliance with CBI Residential Low Carbon Buildings Approved Proxies, dated July 2017. The Residential Buildings criteria leverages local building codes and energy ratings/labels as a proxy for performance of the top 15% of buildings in a relevant market and have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050. Criteria include:</p> <p>NSW, Sydney LGA – Houses Approved post June 2004 NSW, Other Areas – Houses Approved post July 2005 NSW, All Areas – BASIX Energy40 Certification VIC, Approved under NCC BCA 2011 (House & Apartment) TAS, Approved under NCC BCA 2013 (House & Apartment)</p> <p>These benchmarks include consideration of thermal efficiency of the building envelope and the energy efficiency of lighting, heating and cooling plant, etc.</p> <p>Compliance with the CBI Residential Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 7, Target 7.3.</p>

⁴ Information about the UN SDGs may be found at <http://www.un.org/sustainabledevelopment/sustainable-development-goals/> and <https://www.unpri.org/about/sustainable-development-goals>

	<p>11. Sustainable Cities and Communities</p>	<p>11.6</p>	<p>By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<p>Compliance with CBI Residential Low Carbon Buildings Approved Proxies, dated July 2017. The Residential Buildings criteria leverages local building codes and energy ratings/labels as a proxy for performance of the top 15% of buildings in a city/region and have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050.</p> <p>These benchmarks address the contribution of the built environment to national GHG and air pollution emissions through energy consumption and associated energy generation.</p> <p>Compliance with the CBI Residential Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 11, Target 11.6.</p>
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