

## Tax Summary Guide – United States

This is a summary for United States resident NAB Shareholders who hold their NAB Shares as capital assets and received CYBG Shares under the Demerger. All US resident shareholders should consult with their own independent taxation advisers in respect of the US tax consequences of the Demerger and the determination for US tax purposes of the value of the CYBG Shares received.

The summary is based on existing Internal Revenue Code and relevant Treasury regulations. This summary is intended as a general guide only. It does not constitute tax advice to any individual NAB Shareholder.

Question	Answer
1. What are the tax implications of receiving the CYBG Securities in the Demerger?	<p>US resident NAB Shareholders should treat the receipt of CYBG Shares (including sold through the Sale Facility) under the Demerger as a taxable dividend for United States federal income tax purposes.</p> <p>The value of the taxable dividend equals to the fair market value of CYBG Securities on the Demerger Date.</p> <p>US resident NAB shareholders have a tax basis in the CYBG Shares equal to the amount of dividend income recognised.</p>
2. What is the Market Value of CYBG Securities on Demerger Date?	<p>US resident NAB Shareholder should consider US\$2.9675 per CYBG Security as the best indication of fair market value of CYBG Securities on the Demerger Date. This is the opening price of the CYBG Shares traded on the LSE on February 8, 2016, of 204.25p converted into US dollars using GBP-USD Bloomberg opening wholesale rate of 1.45529.</p> <p>For example, if John receives 1,000 CYBG shares, he is considered to receive a taxable dividend in the amount of US\$2,967.50 (i.e., 1,000 CYBG Shares x US\$2.9675).</p>
3. Will NAB report the taxable dividend to the IRS?	<p>In general, payments of dividends for United States federal income tax purposes will be subject to information reporting. In some cases backup withholding may apply if NAB cannot establish that backup withholding should not be applied on the Demerger Date. If backup withholding applies, the CYBG Shares that would otherwise be distributed will be sold through the Sale Facility and the net proceeds, after deducting for backup withholding tax, will be remitted.</p>
4. How is the US backup withholding tax calculated?	<p>US backup withholding tax is calculated at 28% of the Market Value of CYBG Securities on the Demerger Date.</p> <p>For example, if John receives 1,000 CYBG shares, his US backup withholding tax will be calculated as:</p> $1,000 \text{ CYBG shares} \times \text{US}\$2.9675 \times 28\% = \text{US}\$830.90$ <p>In order to convert the 28% backup withholding tax to AU\$, apply the conversion rate of US\$1.00 = A\$1.3180 set at the prevailing market rate on 21 March 2016 (i.e., US\$830.90 x A\$1.3180 = A\$1,095.12).</p>
5. What happens if I sold my CYBG Shares in the Sale Facility?	<p>If you participated in the Sale Facility, you will recognise a capital gain or loss for US federal tax purposes equal to the difference between the US dollar value of the amount realised and your tax basis in the CYBG Shares.</p> <p>For CYBG Shares that are sold through the Sale Facility, the preferential rates for long term capital gain are not applicable as the holding period of the CYBG Shares is less than one year. However, the preferential rates may apply to future disposal if you have held the CYBG Shares for more than one year.</p>