



National  
Australia  
Bank

# **2016**

# **NOTICE OF ANNUAL GENERAL MEETING**

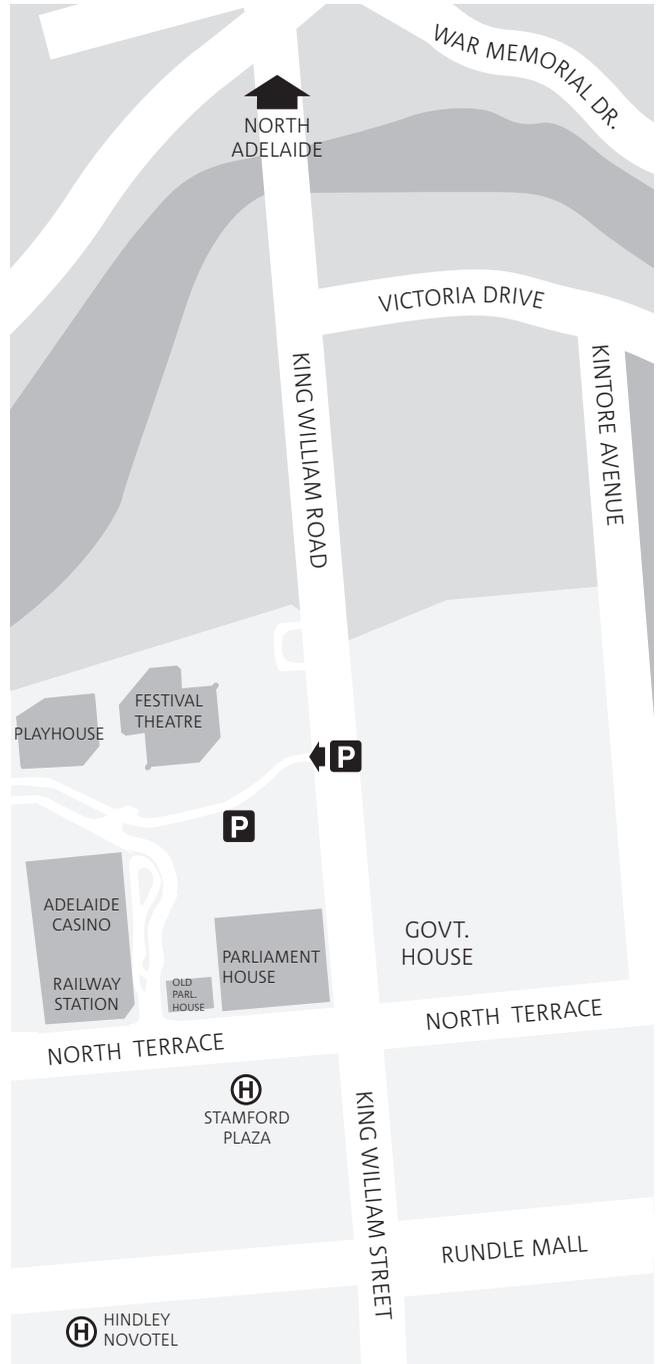
**9.30am (Adelaide time)**  
**Friday, 16 December 2016**

Adelaide Convention Centre  
North Terrace  
Adelaide, South Australia  
Australia

# GETTING THERE

## Adelaide Convention Centre

Hall L, North Terrace, Adelaide  
South Australia, Australia



# LETTER FROM THE CHAIRMAN

14 November 2016

Dear Shareholder

It is my pleasure to invite you to the 2016 Annual General Meeting of National Australia Bank Limited (**NAB** or the **Company**).

## Meeting Details

Date: Friday, 16 December 2016

Time: 9.30am (Australian Central Daylight Time – Adelaide time)<sup>1</sup>

Venue: Adelaide Convention Centre  
Hall L, North Terrace, Adelaide,  
South Australia, Australia

## Registering your attendance on the day

If you attend the meeting, you will need to register at one of the registration desks on the day. The registration desks will be open from 8.30am (Australian Central Daylight Time – Adelaide time)<sup>2</sup>. You will find it much easier to register if you bring your proxy form with you – we will scan the barcode to record your attendance.

## Voting at the meeting or by proxy

You may vote on the items of business to be considered at the meeting, either in person at the meeting or by completing and returning the proxy form enclosed with this letter. You can return your proxy form:

- online using your smartphone or at **www.investorvote.com.au**;
- in the enclosed reply paid envelope;
- by facsimile to **1800 783 447** within Australia or **+61 3 9473 2555** outside Australia; or
- by hand to 452 Johnston Street, Abbotsford, Melbourne, Victoria 3067, Australia

The proxy form should be returned to **NAB by no later than 10.00am (Australian Eastern Daylight Time – Melbourne time) on Wednesday, 14 December 2016.**

<sup>1</sup> which will be 10.00am (Australian Eastern Daylight Time – Melbourne time).

<sup>2</sup> which will be 9.00am (Australian Eastern Daylight Time – Melbourne time).

## Questions from shareholders

Shareholders unable to attend the meeting are invited to submit questions on any shareholder matters that may be relevant to the meeting by completing the form enclosed with this letter and returning it to us **by no later than Friday, 9 December 2016**. While time may not permit me to address all the questions submitted, I will try to address the more frequently raised shareholder matters during the course of the meeting.

## Viewing the meeting on the internet

The Annual General Meeting will be webcast from 10.00am (Australian Eastern Daylight Time – Melbourne time) on Friday, 16 December 2016 and archived at **www.nabgroup.com/agm** so that shareholders unable to attend can watch on the day or at any time convenient to them.

## Refreshments

After the meeting, you are welcome to stay and enjoy some refreshments. The directors and management of NAB look forward to seeing you on the day.

Yours sincerely



**Dr Ken Henry AC**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of National Australia Bank Limited will be held in Hall L at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia, Australia on Friday, 16 December 2016 at 9.30am (Australian Central Daylight Time – Adelaide time).<sup>3</sup>

## 1. Financial Statements and Reports

To consider the Company's financial report, directors' report and auditor's report for the year ended 30 September 2016.

## 2. Re-election and Election of Directors

In accordance with Article 10.3 of the Company's Constitution:

- (a) Mr Anthony Yuen retires and offers himself for re-election;
- (b) Mr Philip Chronican, who was appointed as a director since the last Annual General Meeting, retires and offers himself for election; and
- (c) Mr Douglas McKay, who was appointed as a director since the last Annual General Meeting, retires and offers himself for election.

## 3. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory ordinary resolution:

**“That the Remuneration Report for the year ended 30 September 2016 be adopted.”**

## 4. Performance Rights – Group Chief Executive Officer

To consider and, if thought fit, to pass the following as an ordinary resolution:

**“That the grant of performance rights to the Group Chief Executive Officer, Mr Andrew Thorburn, under the Company's short term incentive and long term incentive plans as described in the Explanatory Notes be approved.”**

By Order of the Board

**Louise Thomson**  
Company Secretary

14 November 2016

<sup>3</sup> which will be 10.00am (Australian Eastern Daylight Time – Melbourne time).

# INFORMATION FOR SHAREHOLDERS

## Entitlement to attend and vote at the Meeting

All shareholders may attend the Annual General Meeting. The Board has determined that for the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members as at 7.00pm (Australian Eastern Daylight Time – Melbourne time) on Wednesday, 14 December 2016.

In the case of joint shareholders, all holders may attend the meeting but only one holder may vote at the meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted. A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires appropriate evidence of the appointment.

## Asking questions at the Meeting

The Annual General Meeting is intended to give shareholders the opportunity to hear both the Chairman and the Group Chief Executive Officer talk about the year that has just passed and also give some insight into the Company's prospects for the year ahead.

We welcome shareholders' questions at the meeting. In the interests of all present, we ask that you confine your questions to matters before the meeting that are relevant to shareholders as a whole. Our staff at the Customer Service Desk or the Shareholder Services Desk in the foyer on the day of the meeting will be happy to deal with any questions that relate to the private affairs of any individual shareholders or customers.

# INFORMATION FOR SHAREHOLDERS

## Proxy votes

You can appoint a proxy to attend and vote for you at the meeting in accordance with the directions on the proxy form. If no directions as to voting are given to the proxy on the form, the proxy may vote as he or she thinks fit, to the extent permitted by law.

If you are entitled to cast two or more votes, you may appoint not more than two proxies to attend and vote for you at the meeting and specify the proportion or number of votes each proxy may exercise.

If you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Annual General Meeting.

A corporate shareholder must sign the proxy form in accordance with its constitution or otherwise in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**). Where the proxy form is signed by a duly authorised person or persons of a corporate shareholder, such authorisation must have been sighted at the Company's Share Registry.

The Company's Constitution and the Corporations Act require that, to be effective, a proxy form together with any power of attorney under which it is executed or a certified copy of the relevant authority must be received by the Company no later than 10.00am (Australian Eastern Daylight Time – Melbourne time) on Wednesday, 14 December 2016, which is 48 hours before the commencement of the Annual General Meeting.

A proxy does not need to be a shareholder of the Company and may be an individual or a body corporate.

A proxy who is not the Chairman of the meeting need not vote in that capacity on a poll on any resolution. If the proxy's appointment specifies the way to vote on a resolution and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting restrictions).

If the proxy's appointment specifies the way to vote on a resolution, and the proxy does not attend the meeting or does not vote on the resolution, then such directed proxies will default to the Chairman of the meeting who must vote the proxies as directed.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution.

## Online Proxy

You may submit your proxy online by using your smartphone or by visiting [www.investorvote.com.au](http://www.investorvote.com.au)

To use this option, you will need your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and your allocated Control Number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. To use your smartphone voting service, scan the QR code, which appears on the top of your proxy form and follow the instructions provided. To scan the code you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

Custodians and other intermediaries may submit their proxy online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) (subscribers only).

# INFORMATION FOR SHAREHOLDERS

## Proxy by post or facsimile

A proxy form and a reply paid envelope are enclosed. Additional information on proxies is included on the form, including how to appoint proxies, specifying the proportion of votes per proxy where two proxies are appointed, and instructions on voting by proxies.

A completed proxy form must be received by the Company via the Company's Share Registry no later than 10.00am (Australian Eastern Daylight Time – Melbourne time) on Wednesday, 14 December 2016 either by fax on **1800 783 447** (within Australia) or **+61 3 9473 2555** (outside Australia), electronically through the site noted above or at the following addresses:

## By mail

Share Registry  
National Australia Bank Limited  
Reply Paid 2333  
Melbourne Victoria 3001  
AUSTRALIA

## In person

Share Registry  
Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
AUSTRALIA

## Voting restrictions

### Item 3 (Remuneration Report)

Except to the extent otherwise permitted by law, any member of the key management personnel of the Company's consolidated group (**Group**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may not vote, and the Company will disregard the votes cast by or on behalf of such persons on item 3, unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

### Item 4 (Performance Rights – Group Chief Executive Officer)

Item 4 is a resolution connected directly or indirectly with the remuneration of key management personnel.

The following persons may not vote, and the Company will disregard any vote cast by the following persons, on item 4:

- any director of the Company who is eligible to participate in any employee incentive scheme and any of their associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if the vote is cast:
  - in accordance with the directions on the proxy form; or
  - by the Chairman of the meeting as a proxy, in accordance with the direction on the proxy form to vote as the proxy decides; and
- any member of the Group's key management personnel (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on item 4, unless:
  - the proxy is the Chairman of the meeting at which item 4 is voted on; and
  - the proxy appointment expressly authorises the Chairman to exercise the proxy even though item 4 is connected directly or indirectly with the remuneration of a member of the Group's key management personnel.

## ANNUAL FINANCIAL REPORT INFORMATION

The 2016 Annual Financial Report is being sent separately to shareholders who have elected to receive an Annual Financial Report.

You can view our Annual Financial Report, Annual Review, Summary Review and Corporate Governance Statement online at [www.nabgroup.com/annualreports](http://www.nabgroup.com/annualreports) or request a printed copy from the Share Registry either by email at [nbservices@computershare.com.au](mailto:nbservices@computershare.com.au) or by telephone on **1300 367 647** (within Australia) or **+61 3 9415 4299** (outside Australia).

## EXPLANATORY NOTES

### **Item 1: Financial Statements and Reports**

While shareholders are not required to vote on the financial report, directors' report and auditor's report, shareholders will be given a reasonable opportunity at the meeting to comment and raise questions on the financial report, directors' report and auditor's report. They will also be able to ask the Company's auditor questions.

### **Item 2: Re-election and Election of Directors**

Each re-election and election will be conducted as a separate resolution.

The Board, with the assistance of the Nomination Committee, has reviewed, where appropriate, the performance of the director standing for re-election and the skills and experience of the directors standing for election, and has endorsed each candidate's nomination for re-election or election (as applicable).

The following director retires by rotation in accordance with Article 10.3 of the Company's Constitution and, being eligible, presents himself for re-election.



### **Mr Anthony Yuen**

#### **B.Soc.Scs**

Appointed as a non-executive director in March 2010.

Mr Yuen has over 40 years' experience in international banking and finance. Prior to taking on a strategic investment management role on behalf of the Royal Bank

of Scotland plc with Bank of China in 2006, he held senior executive roles, having Asia-wide regional responsibility, with Bank of America Corporation, National Westminster Bank plc and The Royal Bank of Scotland plc. Mr Yuen is a member of Hong Kong Red Cross International and Relief Service Management Committee and a member of the Supervisory Committee, ABF Hong Kong Bond Index Fund. The Board has concluded that Mr Yuen is independent.

### **Recommendation**

**The Board (other than Mr Yuen who is the subject of this resolution) recommends that shareholders vote in favour of Mr Yuen's re-election.**

## EXPLANATORY NOTES

The following directors, who were appointed directors since the last Annual General Meeting, retire in accordance with Article 10.3 of the Company's Constitution and, being eligible, present themselves for election.



### **Mr Philip Chronican**

**BCom (Hons), MBA (Dist),  
GAICD, SF Fin**

Appointed as a non-executive director in May 2016.

Mr Chronican has extensive banking experience, following a 35 year career of banking roles in

Australia and New Zealand. In his most recent executive role, he was responsible for ANZ's Australia division, with specific responsibility for ANZ's Retail and Commercial businesses. Prior to joining ANZ, Mr Chronican had a long career at Westpac, where he established his reputation as one of Australia's leading banking executives, in executive roles including Group Executive Westpac Institutional Bank and Chief Financial Officer. He has broad experience in M&A activity having led Westpac's sale of AGC and acquisition of BT Financial and having played an active role in post-merger integration of various regional banks.

Mr Chronican is a director of Bank of New Zealand (a subsidiary of NAB). He is also chairman of NSW Treasury Corporation (known as 'TCorp') and a director of Banking + Finance Oath and the Juvenile Diabetes Research Foundation.

The Board has concluded that Mr Chronican is independent.

### **Recommendation**

**The Board (other than Mr Chronican who is the subject of this resolution) recommends that shareholders vote in favour of Mr Chronican's election.**



### **Mr Douglas McKay** **ONZM, BA, AMP (Harvard)**

Appointed as a non-executive director in February 2016.

Mr McKay brings considerable commercial experience to the Board and a deep understanding of the New Zealand and Australian

markets, having held board and senior management positions within major trans-Tasman companies. His previous executive leadership roles included positions at Auckland Council, Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord, and Independent Liquor. Mr McKay is a member of the NZ Institute of Directors. He is also chairman of Bank of New Zealand (a subsidiary of NAB) and Eden Park Trust Board and a director of Genesis Energy Limited, IAG (NZ) Holdings Limited and its subsidiaries and Ryman Healthcare Limited.

The Board has concluded that Mr McKay is independent.

### **Recommendation**

**The Board (other than Mr McKay who is the subject of this resolution) recommends that shareholders vote in favour of Mr McKay's election.**

# EXPLANATORY NOTES

## Item 3: Remuneration Report

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

The Remuneration Report is contained in the Annual Financial Report. Copies of the Annual Financial Report are available on the Company's website at

**www.nabgroup.com/annualreports**

or can be obtained from the Share Registry either by email at **nabservices@computershare.com.au**

or by telephone on **1300 367 647** (within Australia)

or **+61 3 9415 4299** (outside Australia).

The Remuneration Report includes:

- an explanation of the Company's policy for determining the remuneration of key management personnel;
- a discussion of the relationship between that policy and the Group's performance; and
- details of the performance conditions associated with the remuneration of key management personnel.

The vote on the proposed resolution in item 3 is advisory and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

## Recommendation

**The Board recommends that shareholders vote in favour of the proposed resolution.**

## Item 4: Performance Rights – Group Chief Executive Officer

### (a) Why are we seeking approval?

Under the ASX Listing Rules, the Company must seek shareholder approval to grant equity securities in the Company to the Group Chief Executive Officer, Mr Thorburn. As a result of the 2016 performance year outcomes, Mr Thorburn is eligible for an award under the Company's short term incentive (**STI**) and long term incentive (**LTI**) plans. Accordingly, we are seeking approval to enable the Company to grant securities in the Company to Mr Thorburn for these awards, in the form of performance rights. If shareholders do not approve the grant of these performance rights at the meeting, it is intended that all of the STI award and LTI award will be provided in cash, subject to performance, service and other conditions.

A performance right is a right to receive one ordinary share in the Company at a point in the future, subject to meeting certain performance, time and/or employment conditions (as outlined in section 4(d)). If the applicable conditions are met, the performance rights will vest and each performance right will be exercised for the issue of an ordinary share in the Company.

### (b) Short term incentive and long term incentive arrangements for Mr Thorburn

As with all other executives of the Company, the performance of Mr Thorburn has been reviewed under the Company's performance and remuneration frameworks (as described in the Remuneration Report). That review process has led to a recommendation to seek approval from shareholders to grant securities as outlined below under the Company's STI and LTI plans.

Consistent with other senior executives, half of the STI awarded to Mr Thorburn for the 2016 performance year will be provided in performance rights, subject to shareholder approval. The STI performance rights will be granted in two tranches (each tranche comprising approximately 25% of Mr Thorburn's STI award) and will be subject to lapse conditions until the relevant 'STI Restriction End Date', being 16 November 2017 for the performance rights in tranche one, and 16 November 2018 for the performance rights in tranche two. The lapse conditions of the STI performance rights are set out in section 4(d). Mr Thorburn will not be able to

## EXPLANATORY NOTES

deal with or exercise his STI performance rights until they have vested (see section 4(d)). Also consistent with other senior executives, the other half of the STI awarded to Mr Thorburn for the 2016 performance year will be provided in cash.

Mr Thorburn will also be provided with an award under the Company's current LTI plan, in the form of performance rights, subject to shareholder approval. The LTI performance rights will be subject to the achievement of applicable performance hurdles and lapse conditions until the 'LTI Restriction End Date' being 20 December 2020. Mr Thorburn will not be able to deal with or exercise his LTI performance rights unless and until they have vested. Details of the performance hurdles and lapse conditions are set out in section 4(d).

The remuneration package for Mr Thorburn is based on the Company's performance and remuneration frameworks. These frameworks seek to provide appropriate rewards and recognition to employees (balancing fixed and 'at risk' remuneration), with a view to attracting, retaining and motivating excellent people. The provision of securities under the STI and LTI arrangements is part of Mr Thorburn's 'at risk' remuneration.

The non-executive directors have concluded that the remuneration package for Mr Thorburn (including the proposed grants of securities under the STI and LTI plans) is reasonable and appropriate having regard to the circumstances of the Company and the duties and responsibilities of Mr Thorburn.

## (c) What is the maximum number and value of securities that can be granted to Mr Thorburn and at what price?

Plan	Maximum number and value of securities and price
<b>STI plan</b> (performance rights granted under the National Australia Bank Performance Rights Plan)	Performance rights to the maximum value of AUD\$1,380,000 The above maximum value for Mr Thorburn represents 50% of his STI award for the year ended 30 September 2016. The performance rights are granted in two equal tranches. The number of performance rights granted in each tranche will be determined by the relevant value of each tranche (50% of the value set out above) divided by an estimated fair value of each performance right as determined by an independent external consultant. The estimated fair value will be based on the weighted average price at which Company shares are traded on the ASX in the five trading days from 4 November 2016 to 10 November 2016 inclusive. No price is payable by Mr Thorburn for the grant or exercise of the STI performance rights. No value will be received by Mr Thorburn if the performance rights lapse prior to the relevant Restriction End Date.
<b>LTI plan</b> (performance rights granted under the National Australia Bank Performance Rights Plan)	Performance rights to the maximum value of AUD\$2,990,000 Performance rights are granted in two tranches, each having a performance hurdle (see section 4(d)). The number of performance rights granted in each tranche will be determined by the relevant value of each tranche (50% of the value set out above) divided by an estimated fair value of each performance right as determined by an independent external consultant. The estimated fair value will be based on the weighted average price at which Company shares are traded on the ASX in the five trading days from 5 December 2016 to 9 December 2016 inclusive. No price is payable by Mr Thorburn for the grant or exercise of the LTI performance rights. Again, no value will be received by Mr Thorburn if the performance hurdles are not met or the LTI performance rights otherwise lapse.

# EXPLANATORY NOTES

## (d) Conditions and hurdles

### Lapse conditions for STI performance rights

Until the relevant Restriction End Date for each tranche of STI performance rights (as set out in section 4(b) above), any unvested STI performance rights will lapse if

(i) Mr Thorburn does not meet threshold measures of conduct as set out by the Company, (ii) if he resigns from the Company, or (iii) if his employment with the Company ceases for any reason and the Board exercises its discretion that the STI performance rights lapse. If Mr Thorburn's employment ceases other than by way of resignation prior to the relevant Restriction End Date, unless the Board exercises its discretion to lapse the STI performance rights, Mr Thorburn will continue to hold the STI performance rights subject to the other lapse conditions (that is, vesting of the STI performance rights will not be accelerated). The Board will retain discretion in relation to the final vesting outcome.

Each tranche of STI performance rights, which have not lapsed, will vest on the relevant Restriction End Date.

### Lapse conditions for LTI performance rights

The performance hurdles for the LTI performance rights (as outlined below) will be measured on or before the LTI Restriction End Date (as set out in section 4(b) above). If the performance hurdles are not met in part or in full when tested after the end of the relevant performance period, some or all of the LTI performance rights will lapse (as applicable). In addition, until the LTI Restriction End Date, any unvested LTI performance rights will lapse if (i) Mr Thorburn does not meet threshold measures of conduct as set out by the Company, (ii) if he resigns from the Company, or (iii) if his employment with the Company ceases and the Board exercises its discretion that the LTI performance rights lapse. If Mr Thorburn's employment ceases other than by way of resignation prior to the LTI Restriction End Date and the Board does not exercise its discretion, then Mr Thorburn will continue to hold a pro-rated number of LTI performance rights based on time elapsed within the TSR Performance Period (see below), subject to the performance hurdles and other lapse conditions (that is, vesting of the LTI performance rights will not be accelerated).

### Performance hurdles for LTI performance rights

The LTI award will be split into two equal tranches.

The performance hurdle for tranche one LTI performance rights is an internal measure based on the Group's cash Return on Equity (**ROE**) growth measured against a peer group comprised of Australia and New Zealand Banking Group, Commonwealth Bank of Australia and Westpac Banking Corporation (**ROE Peer Group**), measured over the 2016 to 2020 financial reporting years for the Company and each of the ROE Peer Group (**ROE Measurement Period**). Ranking will be based on the movement in cash ROE for each of the members of the ROE Peer Group over the ROE Measurement Period. The peer with the most favourable movement in cash ROE will be ranked 1st, with the rest ranked in descending order. The percentage of LTI performance rights that vest will be determined as follows:

<b>Group cash ROE growth ranking:</b>	<b>Vesting outcome:</b>
4th of the ROE Peer Group	0% vesting
3rd of the ROE Peer Group	25% vesting
2nd of the ROE Peer Group	50% vesting
1st of the ROE Peer Group	100% vesting

Further detail regarding the Group's cash ROE is set out in the Annual Financial Report and further detail regarding the cash ROE performance hurdle for tranche one LTI performance rights is set out in the Remuneration Report.

The performance hurdle for tranche two LTI performance rights is an external measure based on the Company's Total Shareholder Return (**TSR**) performance relative to a peer group comprising a selection of top financial services companies in the S&P/ASX 200 (**TSR Peer Group**), approved by the Board, measured over a four year performance period from 9 November 2016 to 9 November 2020 (**TSR Performance Period**). Vesting will be determined on a straight line scale from 50% of the LTI performance rights vesting at median (ie, 50th percentile) TSR performance, up to 100% of the LTI performance rights vesting at the 75th percentile TSR performance.

The performance hurdles are tested once at the end of the relevant performance period and the Board will notify Mr Thorburn of any LTI performance rights that have vested following that test.

## EXPLANATORY NOTES

The Board will retain discretion in relation to the final outcomes of the performance hurdles and vesting generally.

### **(e) When will the performance rights be issued?**

Subject to shareholder approval, the securities (that is, the STI performance rights and the LTI performance rights) will be issued within 12 months of the date of this Meeting.

### **(f) Which directors have received securities since the last Annual General Meeting?**

Mr Thorburn is the only director who has received securities since the last Annual General Meeting, having been issued 53,004 STI performance rights and 297,134 LTI performance rights.

Under the STI plan, the number of STI performance rights was based on an average estimated fair value of AUD\$25.66 for half of the STI performance rights and AUD\$24.19 for the remaining half of the STI performance rights. At the date the STI performance rights were granted, the total fair value of the STI performance rights was \$1,319,975 with an equivalent total face value of shares in the Company of \$1,498,423. The face value of each STI performance right was \$28.27 based on the weighted average price at which Company shares were traded on the ASX over the period from 5 November 2015 to 11 November 2015 inclusive.

Under the LTI plan, the number of LTI performance rights was based on an average estimated fair value of AUD\$11.63 for half of the LTI performance rights and AUD\$8.21 for the remaining half of the LTI performance rights. At the date the LTI performance rights were granted, the total fair value of the LTI performance rights was \$2,859,983 with an equivalent total face value of shares in the Company of \$8,839,737. The face value of each LTI performance right was \$29.75 based on the weighted average price at which Company shares were traded on the ASX in the five trading days from 30 November 2015 to 4 December 2015 inclusive.

Details of securities held by directors during the 2016 financial year are set out in the Company's Remuneration Report contained in the Annual Financial Report.

### **(g) Which directors are entitled to participate?**

Mr Thorburn is the only director who is eligible to participate in the STI and LTI plans. The Company's non-executive directors do not receive performance-based remuneration.

### **Recommendation**

**Mr Thorburn, who has a personal interest in the subject of this resolution, has abstained from making a recommendation. The other directors recommend that shareholders vote in favour of the proposed resolution.**

**[www.nabgroup.com/shareholder](http://www.nabgroup.com/shareholder)**

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