



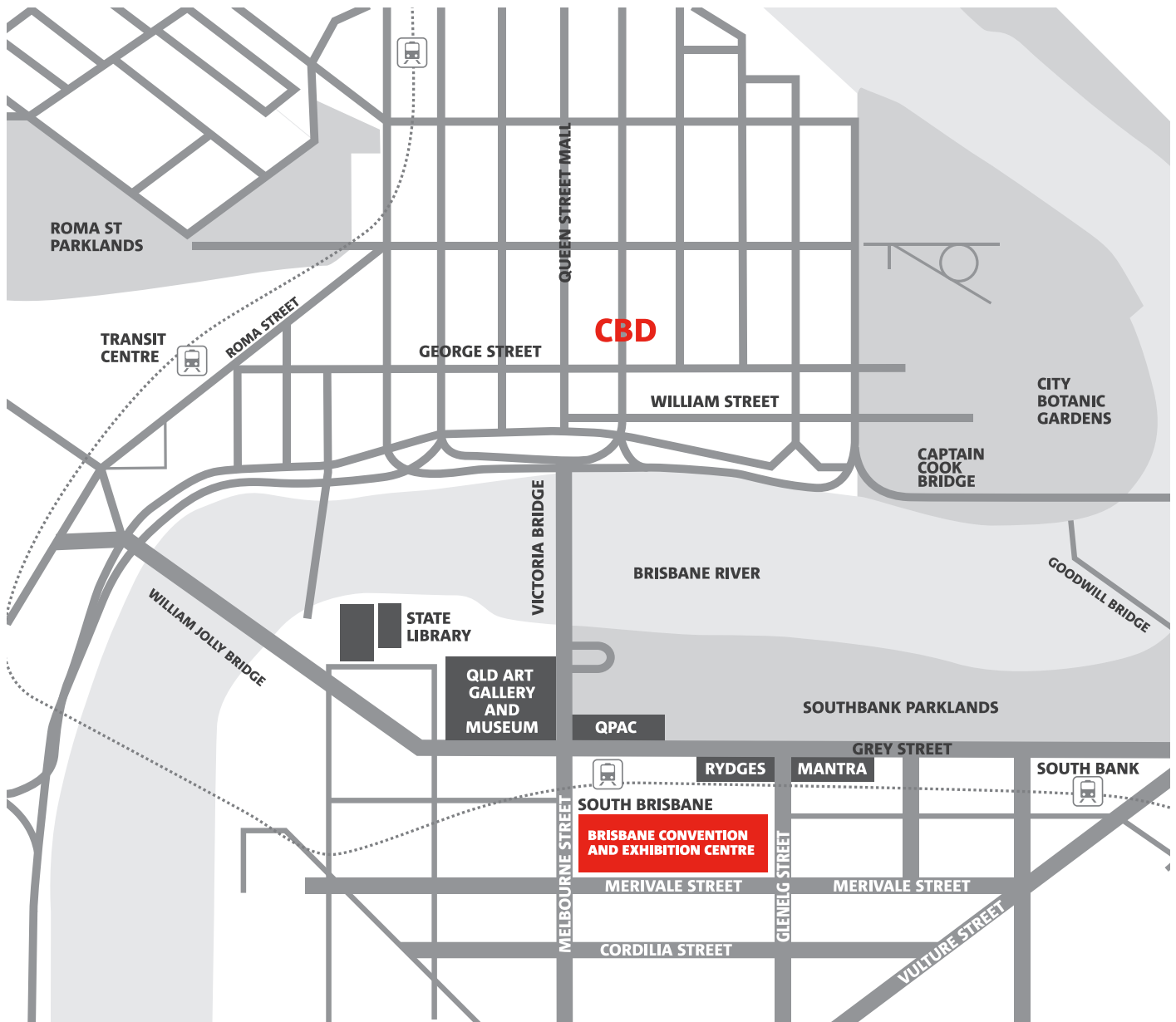
National
Australia
Bank

2014 **Notice of Annual General Meeting**

9.30am (AEST - Brisbane time)
Thursday, 18 December 2014

Plaza Ballroom
Brisbane Convention & Exhibition Centre
Cnr Merivale & Glenelg Streets
South Bank, Brisbane 4101

Getting there



Brisbane Convention & Exhibition Centre - Plaza Ballroom

Cnr Merivale & Glenelg Streets, South Bank, Brisbane 4101 AUSTRALIA

www.bcec.com.au

National Australia Bank Limited
ABN 12 004 044 937



Michael A Chaney AO
Chairman

800 Bourke Street
Docklands Victoria 3008
Australia

17 November 2014

Dear Shareholder

It is my pleasure to invite you to the 2014 Annual General Meeting (**AGM**) of National Australia Bank Limited (**NAB** or **Company**).

Meeting Details

Date: Thursday, 18 December 2014
Time: 9.30am (Australian Eastern Standard Time - Brisbane time)
Venue: Plaza Ballroom
Brisbane Convention and Exhibition Centre
Cnr Merivale & Glenelg Streets
South Bank, Brisbane 4101
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 Eastern Standard Time - Brisbane time). 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 10.30am (Australian Eastern Daylight Time - Melbourne time) on Tuesday, 16 December 2014.

Viewing the meeting on the internet

The AGM will be webcast from 10.30am (Australian Eastern Daylight Time - Melbourne time) on Thursday, 18 December 2014 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

A handwritten signature in black ink that reads "Michael Chaney".

Michael Chaney AO
Chairman

Notice of Annual General Meeting

The Annual General Meeting of National Australia Bank Limited will be held in the Plaza Ballroom, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, South Bank, Brisbane, Australia on Thursday, 18 December 2014 at 9.30am (Australian Eastern Standard Time - Brisbane time).

1. Financial Statements and Reports

To consider the Company's financial statements and the reports for the year ended 30 September 2014.

2. Re-election and Election of Directors

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

- (a) Dr Ken Henry retires and offers himself for re-election;
- (b) Mr David Armstrong, who was appointed as a director since the last Annual General Meeting, retires and offers himself for election;
- (c) Mr Peeyush Gupta, who was appointed as a director since the last Annual General Meeting, retires and offers himself for election; and
- (d) Ms Geraldine McBride, who was appointed as a director since the last Annual General Meeting, retires and offers herself for election.

Items 2(a), 2(b), 2(c) and 2(d) will be voted on as separate ordinary resolutions.

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 2014 be adopted."

4. Performance Rights – Group Chief Executive Officer and Managing Director

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 and Managing Director, 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

17 November 2014

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 Tuesday, 16 December 2014.

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 and Managing Director 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.

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. Where the proxy form is signed under the hand of 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 10.30am (Australian Eastern Daylight Time – Melbourne time) on Tuesday, 16 December 2014, 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 noted below).

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.

Information for shareholders

Online Proxy

You may submit your proxy online by using your smartphone or by visiting 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 (subscribers only).

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 10.30am (Australian Eastern Daylight Time – Melbourne time) on Tuesday, 16 December 2014 by fax on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or electronically through the site noted above or at the following addresses:

By mail

Share Registry
National Australia Bank
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 such persons on item 3, unless the vote is not cast on behalf of a member of the Group's key management personnel whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), and:

- the person casts the vote as a proxy appointed in writing which specifies how the proxy is to vote on item 3; or
- the proxy is the Chairman of the meeting, and:
 - the appointment does not specify the way the proxy is to vote on the resolution; and
 - the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the key management personnel.

Item 4 (Performance Rights – Group Chief Executive Officer and Managing Director)

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
 - the vote is cast 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 2014 Annual Financial Report is being sent separately to shareholders who have elected to receive an Annual Financial Report.

A copy of our Annual Financial Report, Annual Review and Summary Review are available to all shareholders upon request.

You can view our reports online at www.nabgroup.com/annualreports or request a printed copy from the Share Registry either by email at nabservices@computershare.com.au or by telephone 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 statements and reports, shareholders will be given a reasonable opportunity at the meeting to comment and raise questions on the financial statements and reports. 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 directors standing for election and re-election and has endorsed their nomination as candidates for election or re-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.



Dr Ken Henry AC, FASSA
BCom (Hons), PhD, DB h.c

Appointed a non-executive director in November 2011.

Dr Henry is a member of the Audit and Nomination Committees.

Dr Henry is an Australian economist and a former public servant having served as the Secretary of the Department of the Treasury from 2001 to 2011. From June 2011 until November 2012 he was Special Advisor to the Prime Minister with responsibility for leading the development of a White Paper on Australia in the Asian Century. He is a former member of the Board of the Reserve Bank of Australia, the Board of Taxation, the Council of Financial Regulators, the Defence Procurement Advisory Committee, the Council of Infrastructure Australia and was Chair of the Review into Australia's Future Tax System (the 'Henry Tax Review').

He is currently the Chairman of the Advisory Council of the SMART Infrastructure Facility (University of Wollongong), the Sir Roland Wilson Foundation (ANU), the Tax and Transfers Policy Institute (ANU) and The Institute of Public Policy (ANU). He is a director of ASX Limited and some of its subsidiary companies.

He was made a Companion of the Order of Australia in 2007 and received the Centenary Medal in 2001.

The Board has concluded that Dr Henry is independent.

Recommendation

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

The following directors, who were appointed as 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 David Armstrong

BBus, FCA, MAICD

Appointed a non-executive director in 2014.

Mr Armstrong is a member of the Audit, Information Technology and Nomination Committees.

Mr Armstrong has more than 30 years' experience in professional services. A former partner of PricewaterhouseCoopers (retired in July 2014), he has significant knowledge and understanding of banking and capital markets, real estate and infrastructure and is well versed in reporting, regulatory and risk challenges faced by the industry.

He is currently a director of the Opera Australia Capital Fund Limited, the George Institute for Global Health and a Trustee of the Australian Museum and the Lizard Island Reef Research Foundation.

The Board has concluded that Mr Armstrong is independent.

Recommendation

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



Mr Peeyush Gupta

BA, MBA, FAICD

Appointed a non-executive director in 2014.

Mr Gupta is a member of the Remuneration, Risk and Nomination Committees.

Mr Gupta was a co-founder and the inaugural CEO of IPAC Securities, a pre-eminent wealth management firm spanning financial advice and institutional portfolio management, which was acquired by AXA Asia Pacific Holdings Limited. In addition to wide ranging wealth management experience, he also has extensive corporate governance experience, having served as a director on trustee and responsible entity boards since the 1990s and as a director on multiple profit and not-for-profit boards.

He is currently Chairman of State Super Financial Services Australia Limited, Charter Hall Direct Property Management Limited, and a director of Safety, Return to Work and Support Board (NSW Workcover and Motor Transport Accidents Authority), Crowe Horwath, Securities Industry Research Centre of Asia-Pacific (SIRCA), QuintessenceLabs Pty Ltd and Special Broadcasting Services Board, as well as a number of NAB Wealth subsidiary companies.

He is an alumnus of Harvard and London Business Schools and the Australian Graduate School of Management, University of New South Wales.

The Board has concluded that Mr Gupta is independent.

Recommendation

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

Explanatory Notes



Ms Geraldine McBride

BSc

Appointed a non-executive director in 2014.

Ms McBride is a member of the Information Technology and Nomination Committees.

Ms McBride's skills and experience include over 26 years in the technology industry and international business. Former President of global software company SAP for North America, Geraldine has also held executive level positions with SAP in Asia Pacific and Japan and senior roles with Dell and IBM.

Ms McBride is the founder and CEO of MyWave, a software and services company developing consumer and enterprise relationship solutions using personal cloud technologies.

She is also currently a director of SKY Television and Fisher and Paykel Healthcare.

The Board has concluded that Ms McBride is independent.

Recommendation

The Board (other than the director who is the subject of this resolution) recommends that shareholders vote in favour of Ms McBride's election.

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 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 directors and executives;
- a discussion of the relationship between that policy and the Company's performance; and
- details of the performance conditions associated with the remuneration of directors and executives.

The vote on the proposed resolution in this 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 and Managing Director

(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 and Managing Director, Mr Thorburn. Under his employment contract, Mr Thorburn is eligible for an award under the Company's short term incentive (**STI**) and long term incentive (**LTI**) plans. The calculation of those awards, and the impact of Mr Thorburn's new remuneration arrangements following his appointment as Group Chief Executive Officer and Managing Director on the value of the awards, is outlined below. 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 securities at this 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) below). If the applicable conditions are met, the performance rights will vest and may be exercised by the holder of the performance right in return for 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 Management framework (as described in the Remuneration Report). That review process and his appointment as Group Chief Executive Officer and Managing Director has led to a recommendation to seek approval from shareholders to grant securities as outlined below under the Company's STI and LTI plans.

Mr Thorburn's STI award will be calculated based on his Total Employment Compensation (**TEC**) and STI target percentage as at 1 July 2014. As Mr Thorburn was appointed to Group Chief Executive Officer and Managing Director in August 2014, the value of his STI award for the 2014 performance year will not be based on his new remuneration arrangements that took effect from August 2014. Half of the STI awarded to Mr Thorburn for the 2014 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 'Restriction End Date', being 17 December 2015 for the performance rights in tranche one, and being 17 December 2016 for the performance rights in tranche two. The lapse conditions of the STI performance rights are set out in section 4(d) below. Mr Thorburn will not be able to deal with or exercise his STI performance rights until they have vested (see section 4(d) below).

Mr Thorburn will be provided with an award under the Company's current LTI plan, in the form of performance rights, subject to shareholder approval. Mr Thorburn's LTI award will be calculated based on his TEC and LTI target percentage as at the date of his appointment to Group Chief Executive Officer and Managing Director, to reflect that this award is focused on future performance of the Group. The LTI performance rights will be subject to the achievement of a performance hurdle and lapse conditions until the 'LTI Restriction End Date' being 21 December 2018 (and potentially a second LTI Restriction End Date of 21 December 2019). Mr Thorburn will not be able to deal with or exercise his LTI performance rights until they have vested. Details of the performance hurdle and lapse conditions are set out in section 4(d) below.

Explanatory Notes

The remuneration package for Mr Thorburn is based on the Company's reward framework. This framework seeks 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
STI Plan (performance rights granted under the National Australia Bank Performance Rights Plan)	Performance rights to the maximum value of AUD\$130,000 The above maximum value for Mr Thorburn represents 50% of his STI award for the year ended 30 September 2014. 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 7 November 2014 to 13 November 2014 inclusive. No price is payable by Mr Thorburn for the grant or exercise of the STI performance rights. Importantly, no value will be received by Mr Thorburn if the performance rights lapse prior to the relevant Restriction End Date.
LTI Plan (performance rights granted under the National Australia Bank Performance Rights Plan)	Performance rights to the maximum value of AUD\$2,860,000 Performance rights are granted in two tranches, each having a performance hurdle (see section 4(d) below). 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 1 December 2014 to 5 December 2014 inclusive. No price is payable by Mr Thorburn for the grant or exercise of the LTI performance rights. Importantly, no value will be received by Mr Thorburn if the performance hurdles are not met or the LTI performance rights lapse.

(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 compliance 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 and the Board does not exercise its discretion to lapse the STI performance rights, then 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. Any vested STI performance rights that have not been exercised will lapse on the relevant Expiry Date (being 15 March 2016 for the performance rights in tranche one and 15 March 2017 for the performance rights in tranche two) or on the Board determining that some or all of the STI performance rights lapse on cessation of employment.

Lapse conditions for LTI performance rights

The performance hurdle 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) and if it is not fully satisfied, the LTI performance rights that do not vest will be subject to further testing 12 months after the first LTI Restriction End Date (that is, on or before the second LTI Restriction End Date of 21 December 2019). In addition, until the relevant LTI Restriction End Date for the LTI performance rights (ie, either the LTI Restriction End Date or the potential second LTI Restriction End Date as set out above), any unvested LTI performance rights will lapse if (i) Mr Thorburn does not meet threshold measures of compliance 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 first 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 performance period subject to the performance hurdle and other lapse conditions (that is, vesting of the LTI performance rights will not be accelerated).

Any vested LTI performance rights that have not been exercised will lapse on the Expiry Date (being 15 March 2020) or on the Board determining that some or all of the vested LTI performance rights lapse on cessation of employment.

Performance hurdles for LTI performance rights

The performance hurdle for the LTI performance rights is an external measure based on the Company's Total Shareholder Return (**TSR**) performance relative to two peer groups, measured over a four year performance period from 10 November 2014 to 10 November 2018. The LTI award will be split into two equal tranches with the tranche one peer group comprising the S&P/ASX Top 50 Index as at 1 October 2014 and tranche two comprising a selection of financial services companies in the S&P/ASX 200. 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.

If any LTI performance rights in a tranche do not vest, there will be one re-test after 12 months with the performance hurdle measured over a five year performance period from 10 November 2014 to 10 November 2019. If there is an increase in TSR performance from the first test to the second test, then vesting will be determined on a straight line scale from 50% of the LTI performance rights vesting at the median (ie, 50th percentile) TSR performance, up to 100% of the LTI performance rights vesting at the 75th percentile TSR performance (taking into account any LTI performance rights which vested on the first test date). Any LTI performance rights that do not vest following the second test will lapse. The directors strongly support the single re-test of the LTI performance rights because, as the performance hurdle is relative TSR, re-testing reinforces management's long term focus. Importantly, given the cumulative nature of relative TSR, there will only be additional vesting of LTI performance rights on the re-test date if the Company has achieved stronger performance in the final year of the five year performance period.

The performance hurdles are tested once at the end of each performance period. The Board will retain discretion in relation to the final performance hurdle outcome.

(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?

Since the last Annual General Meeting

- Mr Clyne (the former Group Chief Executive Officer) was issued 34,081 performance rights under the STI plan, and issued 175,509 performance rights under the LTI Plan, in accordance with approvals obtained at the December 2013 Annual General Meeting; and
- Mr Thorburn was issued 11,614 performance rights under the STI plan, 50,834 performance rights under the LTI Plan and 26 shares under the New Zealand Year End Employee Share Offer Plan¹.

Under the STI plan, the number of STI performance rights was based on an average estimated fair value of AUD\$32.76 for half of the STI performance rights and AUD\$30.76 for the remaining half of the STI performance rights.

Under the LTI plan, the number of LTI performance rights was based on an average estimated fair value of AUD\$16.11 for half of the LTI performance rights and AUD\$14.72 for the remaining half of the LTI performance rights.

Details of securities held by directors during the 2014 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.

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.

¹ These securities were granted to Mr Thorburn prior to his appointment as a director, so approval was not obtained at the December 2013 Annual General Meeting.

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