

Creating value

Company/ASX Code	National Australia Bank/NAB
AGM date	Friday, 16 December 2022
Time and location	9.30 am Grand Hyatt Savoy Ballroom, level 8, 123 Collins Street Melbourne
Registry	Computershare
Type of meeting	Hybrid
Poll or show of hands	Poll on all items
Monitor	Christine Haydon supported by Dennis Shore
Pre AGM Meeting?	Yes, with Chair Philip Chronican, Director Anne Loveridge, Sally Mihell

Monitor Shareholding: The individuals involved in the preparation of this voting intention have shareholdings in this company.

Summary of issues for meeting

National Australia Bank is now in the third year implementation of the strategy to build a stronger, safe and simpler bank so that they are well placed to look at the challenges and opportunities for both the business and customers. Substantial progress has been made and this is reflected in the financial results, improvement in dividends and share price although dividend is still below pre pandemic figure. NAB's dividend payout policy is 65-75% of cash earnings which reflects an intention to set dividends at a sustainable level whilst retaining balance sheet strength.

Proposed Voting Summary

No.	Resolution description	
1a	To re-elect Mr. Philip Chronican as a director	For
1b	To re-elect Ms. Kathryn Fagg as a director	For
1c	To re-elect Mr. Douglas McKay as a director	For
2	Remuneration Report	For
3	Deferred Rights and Performance Rights - Group Chief Executive Officer	For
4	Adoption of amended constitution	For
5	Consideration of Financial Report, Directors' Report and Auditor's Report	NA
6	Resolutions requisitioned by a group of shareholders (a) Amendment to the Constitution (b) contingent Climate Risk Safeguarding	Against

Summary of ASA Position

Governance and culture

The Group has a section in Annual Report under the heading of Creating Value as a summary of approach to climate change governance, strategy and risk management together with a Group 2022 Climate Report and Modern Slavery Statement.

Financial performance

Key metrics are shown in the table below, overall the results show improvements in the majority of measures and generally the bank is on track to build a stronger, safer and simpler institution. The dividend for the year is \$1.51 per share

Key events

The bank completed a \$2.5b on market share buy-back as announced on 30 July 2021. It also announced a further buy-back of up to \$2.5b, bringing the total potential to \$5b. As of the end of the 2022 financial year NAB has bought back and cancelled \$3.9b of ordinary shares.

Key Board or senior management changes

There were no board changes this year. NAB is well advanced in the process of board renewal with a current vacancy and anticipated retirements at the end of 2023. Two changes to the executive were Angela Mentis, the previous Bank of New Zealand Managing Director and Chief Executive Officer, who was appointed Group Chief Digital, Data and Analytics Officer and Daniel Higgins,

previously BNZ's Executive Customer and Products, who was appointed Bank of New Zealand Managing Director and Chief Executive Officer.

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m) p 99	6,891	6,364	2,559	4,798	5,554
UPAT (\$m) p 99	7,060	6,471	3,498	5,905	5,945
Share price (\$) p 126	28.81	27.83	17.75	29.70	27.81
Dividend (cents) p 99	1.51	1.27	0.60	1.66	1.98
Simple TSR (%) p 126	8.6%	61.9%	(36.4)	13.3%	(5.4%)
EPS (cents) p 126	219.3	196.3	112.7	208.2	215.6
CEO total remuneration, actual (\$m)	3.890	4.013 p 131	1,837* part year	4.981	6.390

Item 1a, 1b and 1c. Election or re-election of directors, Mr. Philip Chronican, Ms. Kathryn Fagg and Mr. Douglas McKay

This year 3 directors are standing for re-election. The board of 8 comprises 7 independent directors with 62.5% male and 37.5% female, the annual report has extensive information regarding skills, board skills matrix, year of appointment, professional background and other directorships and relevant interests. Details of committee memberships including focus areas are comprehensive and we believe the directors all have sufficient time to carry out their roles and responsibilities. The board tenure is 37.5% in the 3-5 year range and 62.5% with 6 years plus. All board members seeking re-election meet the NAB Constitution requirements which are within 6 months of appointment a director must hold at least 2000 fully paid shares and within 5 years of that appointment shares equal to the value of one year's base fee.

Item 2 and Item 3. Adoption of remuneration report and approval of equity grants to Managing Director/CEO Mr Ross McEwan

No material changes were made to the executive remuneration framework for 2022 and during the 2023 financial year the board will consider appropriate enhancements to strengthen compliance with CPS 511 including longer variable reward deferral periods for the CEO and introduction of the non-financial long term variable reward performance measures.

The remuneration report is extensively detailed in the Annual Report and the Deferred Rights and Performance Rights for the Group CEO is detailed in Appendix Outline

Item 4. Amendments to company's constitution

The Company's current Constitution was adopted in 2008, since then there have been developments in law, ASX listing rules, corporate governance practices and general commercial practices for ASX listed entities. The proposed changes are administrative, update provisions and terminology and cover items such as Hybrid meetings, voting by poll and the conduct of meetings. Proposals on the conduct of meetings include amendments to certain actions that the Chair may take including security measures or refusal of entry where the Chair has reasonable grounds to believe a person may behave in a dangerous, offensive or disruptive manner. (These powers are already invested in the Chair this just adds further clarity).

The amendments also propose to allow the Chair to determine not to put certain resolutions to the meeting, this is to allow the Chair to determine not to put certain resolutions to the meeting, withdraw an Item of Business or specific resolution within an Item of Business without needing to reissue the Notice of Meeting. This does not extend to shareholder-requisitioned resolutions or resolutions required by law.

The amendments clarifying methods of service of notice include notifying the member by electronic means nominated by the member or by other means permitted by law. If a shareholder has requested notice of meetings by physical mail and is still at the address on the NAB share register nothing has changed. To avoid cost if a member does not have an address in the register or is not known at the address a document is taken to be served if it is available for inspection at the registered office for 48 hours. NAB believe this is reasonable and an effective way to deal with the situation where the register continues to receive "not at this address" responses from current occupants. Without this provision and with NAB's reading of the Corporations Act, NAB would be required to keep mailing out.

In relation to the payment of dividends NAB have added a standard provision that Directors may rescind or alter any such dividend determination or declaration before payment is made, there is also provision for the returns of capital, not just for dividends and the removal of payment by cheque which reflects the current practice of dividend payment by direct credit to shareholders with a registered address. There is also a proposed amendment that deals with unclaimed dividends or distribution, if not claimed within 5 years and is less than \$500 (prescribed under Banking Act) the Board may deal with it as it sees fit. The Board's intention is that unclaimed amounts will be donated to charity, used for the NAB Disaster Relief Fund or some other similar cause.

The ASA sought further clarity on the use of technology to give notices to shareholders and NAB confirmed that nothing has changed for a shareholder who requests a paper copy of the notice of meeting

Item 5. Consideration of accounts and reports - No vote required

NAB has completed the acquisition of the Citi consumer business together with the integration of 864 400 and the disposal of BNZ Life. Following an enforcement investigation undertaken by Austrac relating to NAB's compliance with Australia's anti-money laundering and counter terrorism financing laws NAB have entered into an enforceable undertaking with the Austrac Regulator. In respect of payroll and customer remediation out of the 20 large legacy programs, 16 are complete or practically complete by the end of 2022 with the remaining 4 finished and closed by the end of 2023.

Item 6. Resolutions requisitioned by a group of shareholders

This resolution not supported by the Board and is a special resolution requiring 75% approval in order to pass.

6a. To insert into the Constitution a sub clause “Advisory resolutions”

The Company in general meeting may be ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such resolution is advisory only and does not bind the Directors or the Company.

6b. Climate Risk Safeguarding.

Shareholders recognize the substantial transitional and physical risks of climate change and their potential financial impacts on our company. We also note our company’s support for the Paris climate change agreement and the goal of net-zero emissions by 2050. Shareholders therefore request the company disclose, in the subsequent annual reporting, information demonstrating how the company’s financing will not be used for the purpose of new or expanded fossil fuel projects.

ASA will vote against these constitutional changes sought by shareholder resolutions (advocates) as it effectively cuts across director responsibilities. ASA position is that we await mandatory legal/regulatory requirements for the changes sought.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY22	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.503	33.3	2.503	26.3
STI - Cash	1.251	16.7	1.877	19.7
STI - Equity	1.251	16.7	1.877	19.7
LTI	2.503	33.3	3.254	34.2
Total	7.508	100.0%	9.511	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

The CEO receives a Fixed Remuneration together with an annual variable award which is assessed on financial and non-financial measures and delivered on the basis of 50% cash and 50% deferred rights (12.5% scheduled to vest at the end of year 1, year 2, year 3 and year 4. with a dividend equivalent payment for any vested deferred rights at the end of each deferral period. It is proposed that the Group CEO be granted 47,664 deferred rights at the weighted average price of the Company's ordinary shares traded on the ASX from 26th September 2022 to the 30th September 2022 inclusive which was \$29.11.

The performance conditions for the Long Term Incentive (LTI) award granted in December 2017 were tested in November 2021. The 2017 LTI was subjected to two performance hurdles return on equity and relative total shareholder return each measured over a four year performance period. The Board also assessed qualitative performance factors and individual performance prior to the vesting. Following a period of sustained shareholder returns the Board determined that 65.7% of the total award should vest. The LTI deferred rights calculation is the same as the Annual Variable Award with the total of \$3,249,985. These performance rights for the Group CEO do not receive a dividend.

All deferred rights cannot be transferred, are subject to lapse conditions until they vest. Clawback and malus conditions apply.

There are no changes to the existing remuneration framework. The actual take-home pay is disclosed and face value is used to calculate number of performance rights to be allocated. LTI hurdles are for a 4-year term. There will be a review 2023 over the deferral period and the introduction of non-financial long-term variable reward performance measure in line with CPS 511 (A prudential standard required by the financial regulator APRA, commencing in 2023). The CEO is required to hold NAB shares to the value of two times fixed remuneration.

The Board chairman's remuneration increased by 7.9% and the members by around 3%. These are in keeping with the Godfrey remuneration Group benchmarks, though the market capitalization of about \$100b puts the NAB at the very top of this benchmark. Overall, the Remuneration report is readable, transparent and understandable with a logical relationship between rewards and financial performance and corporate governance.