



Thursday, 1 November 2018

ASX ANNOUNCEMENT

Updated Dividend Reinvestment Plan (DRP) and Bonus Share Plan (BSP) Terms & Conditions

In accordance with ASX Listing Rule 3.10.8, National Australia Bank Limited (the Company) advises that the Board has approved changes to the terms and conditions of the DRP and BSP, effective 1 November 2018.

The terms and conditions of the DRP and BSP have been changed so as to reflect the updated ASX Listing Rules, to align with market best practice and to update terminology.

A copy of the updated terms and conditions of the DRP and BSP is attached and is also available on the Company's website at www.nab.com.au/dividendpackage.

A handwritten signature in black ink, appearing to read "Penny MacRae".

Penny MacRae
Group Company Secretary

Dividend Reinvestment Plan and Bonus Share Plan Terms and Conditions

A. General

The following terms and conditions relate to NAB's dividend package comprising the Dividend Reinvestment Plan and the Bonus Share Plan as herein defined.

1. Definitions

'Applicant' means an Eligible Person who applies to participate in the Plan;

'Application' means an Application made on a Dividend Nomination Advice (or in such other written form acceptable to the Directors) to participate in a Plan;

'Cash Dividend' means a dividend payable wholly in cash and, in the case of a dividend payable only partly in cash, that part of the dividend which is payable in cash;

'Current Market Price' means, for any Dividend, the arithmetic average of the VWAP during the seven Trading Days commencing on the second Trading Day after the Record Date for that Dividend (or such other date as specified by the Directors), or any other period specified by the Directors and as announced to the market through the ASX Limited's company announcements platform, calculated to two decimal places;

'Directors' means the Board of Directors for the time being of NAB;

'Dividend' means a Dividend that the Directors have determined is payable with respect to Ordinary Shares;

'Dividend Nomination Advice' means the form from time to time approved by Directors by which an Eligible Person applies to join the Dividend Reinvestment Plan and also by which a Participant in the Dividend Reinvestment Plan applies to vary the level of or withdraw from participation in the Plan;

'Dividend Reinvestment Plan' (or **'DRP'**) means the Dividend Reinvestment Plan originally approved by Shareholders on 5 May 1983, as amended from time to time in accordance with its terms;

'Eligible Person' with respect to each Plan means a Shareholder who

- (a) does not have a registered address in any place in which in the opinion of the Directors, participation or the making of an offer to participate in the Plan, is or would be unlawful or impracticable; or
- (b) is not a person or a person of a class, whom the Directors in their discretion have determined not to be eligible to participate in the Plan;

'Full Participant' means, in the case of

- (a) the Bonus Share Plan, a Participant who for the time being participates in that Plan in respect of all the Ordinary Shares registered in their name; and
- (b) the Dividend Reinvestment Plan, a Participant who for the time being participates in that Plan in respect of all of the Ordinary Shares registered in their name (subject to any applicable Participation Limit);

'Group' means NAB and its subsidiaries taken as a whole;

'NAB' means National Australia Bank Limited;

'Ordinary Share' means an issued and fully paid ordinary share of NAB and, where the context so admits, an issued partly paid ordinary share of NAB;

'Partial Participant' means a Participant who for the time being participates in the Bonus Share Plan or the Dividend Reinvestment Plan in respect of some, but not all, of the Ordinary Shares registered in their name;

'Participant' means a person who is the holder of a Participating Share;

'Participating Share' means an Ordinary Share which has become subject to a Plan;

'Participation Limit' means a limit on the ability of a Shareholder to participate in the DRP, imposed by the Directors in accordance with clause 13;

'Plan', or **'Plans'** means any one or both of the Bonus Share Plan and Dividend Reinvestment Plan, as the context so requires;

'Plan Statement' means, with respect to each Plan, a separate statement prepared by and forwarded from the Share Registry in respect of each Dividend payment and giving the information outlined in the terms and conditions specific to that Plan;

'Record Date' means, in relation to a Dividend, the time and date upon which determination of entitlements to that Dividend is made;

'Register' means a register of members of NAB;

'Shareholder' means a person for the time being registered as a holder of Ordinary Shares;

'Share Registry' means NAB's Share Registry, being the Principal Share Registry;

'Trading Day' has the meaning given to that expression in the Listing Rules of the ASX Limited provided that –

- (a) any day in which there is a trading halt on the Ordinary Shares, or during which trading in the Ordinary Shares is suspended, for the entire day will not be a trading day; and

- (b) if there is a trading halt on the Ordinary Shares, or trading in the Ordinary Shares is suspended, for only part of a day, the Directors will determine in their discretion, whether that day will be a trading day;

'**VWAP**' means, for an Ordinary Share on any day, the volume weighted average price of Ordinary Shares sold on the Australian Securities Exchange Limited (and/or such alternative or additional trading platforms such as Chi-X, as the Directors may determine from time to time) on that day, excluding any transactions defined in the Market Rules of the Australian Securities Exchange Limited as special crossings, crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase, any overseas trades or trades pursuant to the exercise of options over Ordinary Shares, any overnight crossings or other trades on that day that NAB decides to exclude on the basis that they are not fairly reflective of natural supply and demand, calculated to two decimal places.

Words importing the singular number shall include the plural where the context so admits and vice versa and words importing the masculine gender shall include every other gender. Headings used shall not affect interpretation of these terms and conditions. A reference to a person includes a reference to a body corporate.

References to a Plan are to that Plan as amended from time to time.

2. Taxation

NAB:

- (a) does not assume liability for any taxes or other imposts assessed against or imposed upon a Participant; and
- (b) does not represent or warrant that a Participant will gain any taxation advantage or will not incur a taxation liability or disadvantage by participation in one or more of the Plans.

3. Participation and Variation and Termination of Participation in a Plan or Plans

- (a) Subject to the specific terms and conditions relating to each Plan (including without limitation clause 7) and to paragraph (b) below, NAB will admit Eligible Persons to a nominated Plan following receipt by NAB of an Application on the required Dividend Nomination Advice in form and substance acceptable to NAB.
- (b) NAB shall have an absolute discretion to refuse to admit an Applicant to a Plan or Plans without giving reasons, but if it shall do so it will notify the Applicant as soon as practicable. In particular, the Directors are entitled (but not obliged) to refuse to admit an Applicant to a Plan where that Applicant has, in the opinion of the Board, split a share-holding or acquired shares as part of such a split, in order to increase the number of Ordinary Shares that may be provided to that Applicant or another person under a Plan.

- (c) No Ordinary Share may be a Participating Share in more than one Plan at any time. A Participant may only participate in the Dividend Reinvestment Plan in respect of Ordinary Shares subject to any applicable Participation Limit.
- (d) Subject to (c) above, an Application may provide that participation in a Plan shall:
 - 1. in the case of the Bonus Share Plan, extend to all or to a specified number of the Ordinary Shares registered in the name of the Applicant; and
 - 2. in the case of the Dividend Reinvestment Plan, extend to all or to a specified number of the Ordinary Shares registered in the name of the Applicant (subject to any applicable Participation Limit).
- (e) On acceptance, the Applicant will become a Full Participant or a Partial Participant in the relevant Plan (as applicable). If the Application does not specify a number of Ordinary Shares to become Participating Shares, the Application shall be deemed to be an application for the Applicant to become a Full Participant in the Plan to which it relates.
- (f) Any Participant may terminate their participation in any Plan at any time by completing and delivering to NAB a Dividend Nomination Advice acceptable to NAB indicating their wish to terminate their participation in that Plan.
- (g) A Dividend Nomination Advice received by NAB to participate or to vary the level of participation or to terminate participation in a Plan or a deemed termination under sub-clause (h) or (i) below, shall not be effective in respect of any Dividend unless receipt of that Dividend Nomination Advice or such deemed termination occurs no later than the business day following the Record Date for that Dividend.
- (h) A Participant will be deemed to have terminated participation in a Plan:
 - 1. upon receipt by NAB of a Dividend Nomination Advice;
 - 2. upon the registration of a transfer of all their Ordinary Shares subject to that Plan;
 - 3. upon the termination of that Plan by NAB;
 - 4. upon receipt (subject to clause 7) by NAB of notice of the death, bankruptcy or liquidation of a Participant; or
 - 5. upon the Participant ceasing to be an Eligible Person.

In this sub-clause, reference to a Participant includes reference to joint participants, or one or more of such joint participants where the context so admits.

- (i) Participation by any joint Participants in a Plan will be terminated (other than in respect of any Dividend for which the Record Date has already occurred) following receipt by NAB (subject to clause 7) of a notice of death of one or more of the joint Participants.

- (j) An Ordinary Share which has ceased to be a Participating Share is not thereby precluded from subsequently becoming subject to the same or another Plan (provided that such Plan has not been terminated) on the terms and subject to the conditions set out in these terms and conditions as amended from time to time.

4. Acquisition of Ordinary and/or Participating Shares

- (a) Any further Ordinary Shares acquired (by whatever means) by a Full Participant will automatically become Participating Shares in the Plan(s) in which that Participant is a Full Participant on being registered in their name, subject to the limitations on participation in the Dividend Reinvestment Plan set out in clause 13.
- (b) All Ordinary Shares issued or transferred to a Partial Participant pursuant to a Plan shall be deemed to become Participating Shares in that Plan, subject to the limitation on participation in the Dividend Reinvestment Plan set out in clause 13.
- (c) Subject to the foregoing provisions of this clause 4, all other Ordinary Shares acquired by a Partial Participant (by whatever means) shall not be included in any Plan unless the appropriate Dividend Nomination Advice is received from that Partial Participant.

5. Sale of Ordinary and/or Participating Shares

Upon the registration of a transfer of any Ordinary Shares by a Participant then, unless NAB is otherwise advised in writing at its Share Registry, NAB will be deemed to have been instructed that the shares have been transferred in the following order:

- (a) Ordinary Shares not participating in any Plan;
- (b) Ordinary Shares subject to the Dividend Reinvestment Plan; and
- (c) Ordinary Shares subject to the Bonus Share Plan.

6. Variation, Termination or Suspension of the Plans

- (a) The Directors may at any time resolve to:
 - 1. vary any Plan and any agreement relating thereto, or
 - 2. terminate or suspend the operation of any Plan.
- (b) Any such variation, termination or suspension:
 - 1. shall be effective from the date of such resolution or otherwise as determined by the Directors; and
 - 2. shall not give rise to any liability on the part of or right of action against NAB, any of its subsidiaries or any of their directors, officers or employees.

- (c) Participants in a Plan which has been materially varied, terminated or suspended will be notified in writing of such variation, termination or suspension.

7. Dividend Nomination Advices and Notices

- (a) Dividend Nomination Advices and other notices to NAB shall be in writing and in such form as NAB may from time to time require.
- (b) Such Dividend Nomination Advices and notices will only be effective on receipt by NAB's Share Registry, subject to:
 - 1. the terms and conditions of the relevant Plan; and
 - 2. in the case of an Application, acceptance by NAB.
- (c) The provisions of Articles 18.1 to 18.5 inclusive of NAB's Constitution shall apply to the service of notices on Participants under each Plan.

8. Acquisitions and Issues under the Dividend Reinvestment Plan

- (a) The Directors in their absolute discretion will determine with respect to the operation of the Dividend Reinvestment Plan for any particular Dividend whether to issue new Ordinary Shares or to arrange for the purchase and transfer of existing Ordinary Shares to a Participant, or to apply a combination of both options, to satisfy NAB's obligations under that Plan. If the Directors determine to arrange for the purchase and transfer of Ordinary Shares to any one or more Participants in the Dividend Reinvestment Plan, these shares may be purchased in such manner as the Directors consider appropriate, including through a broker in the market.
- (b) The Directors may only authorise the issue of Ordinary Shares in connection with the Bonus Share Plan and cannot cause the purchase and transfer of existing Ordinary Shares to a Participant in that Plan.
- (c) In the case of Ordinary Shares to be issued pursuant to the Dividend Reinvestment Plan:
 - 1. such Ordinary Shares, will be so issued within the time specified in the listing requirements of the ASX Limited; and
 - 2. the relevant certificates and Plan Statements will be issued to each relevant Participant following each issue.
- (d) Shares provided to Participants under the Dividend Reinvestment Plan (whether by way of issue or purchase and transfer):
 - 1. will be registered on the Register where the Participant already holds Ordinary Shares or, where the Participant holds Ordinary Shares on more than one Register, on the Register, upon which the Participant's largest shareholding is held; and

2. will be subject to the Constitution of NAB and to these Terms and Conditions and, in respect of shares issued will from the issue rank equally in all respects with other Ordinary Shares.

9. Costs to Participants

NAB will not charge any brokerage, commission or other transaction costs in respect of an application for or the provision of shares pursuant to either the Bonus Share Plan or the Dividend Reinvestment Plan.

10. Governing Law and Jurisdiction

These Terms and Conditions are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia and each Participant submits to the exclusive jurisdiction of the courts of that State.

11. Securities Exchange Listing

NAB will ensure that an application is made following the issue of shares pursuant to a Plan to list those shares on the ASX Limited and on each other securities exchange where Ordinary Shares of NAB for the time being are listed.

12. General

NAB shall not be liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by such Participants as a result, directly or indirectly, of the establishment or operation of any of the Plans or their participation in any of them or in relation to any advice given with respect to participation in any of them.

It is not intended the above information provide definitive financial or taxation advice. Shareholders should choose their form of dividend with care having regard to their individual circumstances. Shareholders uncertain as to which dividend option is best for them are strongly advised to consult their own financial, taxation or legal adviser.

B. Dividend Reinvestment Plan (DRP)

The terms and conditions set out in clauses 13, 14, 15 and 16 relate specifically to the **DRP** and references in these clauses to a 'Participant' and 'Participating Shares' are to **Participants and Participating Shares in the **DRP****.

13. Participation in the **DRP**

- (a) Subject to these Terms and Conditions, participation is optional, may be either full or partial, and is open to all Eligible Persons. Notwithstanding any other term of the **DRP**, a Participant's Participating Shares at any time must not be greater than any applicable Participation Limit, provided that if the Participating Shares are held in a broker's clearing account (as defined in the Listing Rules of the ASX Limited) or by a trustee or nominee, the broker, trustee or nominee will be permitted to participate up to such limit in respect of each person whose Ordinary Shares are held that way. References to Participating Shares in clauses 14 and 15 will be construed accordingly.
- (b) The Directors may from time to time determine any minimum or maximum number of shares that may be or become Participating Shares in the **DRP**.
- (c) If a Participant elects a number of shares greater than the Participation Limit to be Participating Shares, the election will be deemed to be an election to participate in respect of the maximum Participation Limit at the relevant time.

14. Agreement to Participate

An agreement on the terms and subject to the conditions set out in these Terms and Conditions between NAB and an Applicant for participation, either as a Full Participant or a Partial Participant, shall be made when NAB accepts an Application in respect of the **DRP** from the Applicant.

15. Operation of the **DRP**

A Cash Dividend which is payable to a Participant in respect of Participating Shares will be applied by NAB either on the Participant's behalf in subscribing for, or for the acquisition by the Participant of additional Ordinary Shares on the terms set out in this clause. The Directors will establish and maintain a Plan account for each shareholding account of each Participant. In respect of each such Plan account at the time of each Dividend payment, the Directors will:

- (a) determine the number of Ordinary Shares which shall be issued to or purchased on behalf of each Participant by the application of the following formula:

$$D + R - T$$

C

Where:

D is the Cash Dividend payable to the Participant in respect of or by reference to their Participating Shares as at the Record Date for that Cash Dividend;

R is the carry forward residual (if any) in the Participant's Plan account from previous dividends;

T is any impost, withholding tax or other sum which NAB is required to or may deduct for any reason from the Cash Dividend referred to in 'D';

C is the Current Market Price.

- (b) apply the total amount of the Cash Dividend payable to the Participant by either or both subscribing for on behalf of and in the name of the Participant and arranging for the transfer to the Participant of, a number of Ordinary Shares equal to the number of shares determined under sub-clause 15(a); and
- (c) either or both issue to the Participant and arrange for the transfer to the Participant of a number of Ordinary Shares equal to the number of shares determined under sub-clause 15(a).

Where the application of the formula in sub-clause 15(a) results in a fractional entitlement, the fractional entitlement will be carried forward to the Participant's Plan account, without interest, to be applied towards the calculation at the time of the next dividend. The Directors have the discretion to determine that any residual positive balances will be paid to Participants (either by direct credit or cheque) where, in the opinion of the Directors, it would be unlawful or impractical for these balances to be carried forward to the next dividend. The amount carried forward (if any) will be detailed in the Plan Statement referred to in clause 16.

After a person ceases to be a Participant in the DRP (Former Participant), and the balance (if any) of their Plan account exceeds AUD \$10, NAB will either pay this balance into any Australian, New Zealand or U.K. bank account nominated by the Former Participant (amounts cannot be paid into other foreign bank accounts), or alternatively provide payment by cheque. Residual balance payments will be made annually. Residual amounts of AUD \$10 or less will automatically be donated to ShareGift Australia.

If you are an Australian resident shareholder, and an amount of AUD\$2 or more is donated on your behalf, you may request receipt of a tax receipt to be issued to you. Please contact the Share Registry if you would like ShareGift Australia to provide a tax receipt.

16. Plan Statement

A Plan Statement will be issued to each Participant following each Dividend payment giving the following information:

- (a) the number of their Participating Shares in the Plan at the Record Date;
- (b) the amount per share applied to the acquisition of shares under the Plan;

- (c) the number of Ordinary Shares issued or purchased on their behalf under the Plan and their date of acquisition;
- (d) the residual amount carried forward (if any) in the Participants Plan account; and
- (e) the franked amount (if any) of the Dividend and the franking tax credits (if any) attaching thereto.

It is not intended that the above information provide definitive financial or taxation advice. Shareholders should choose their form of dividend with care having regard to their individual circumstances. Shareholders uncertain as to which dividend option is best for them are strongly advised to consult their own financial, taxation or legal adviser.

C. Bonus Share Plan (BSP)

The BSP is closed to new participants with effect from 10 May 2007.

The terms and conditions set out in clauses 17, 18, 19 and 20 relate specifically to the BSP and references in these clauses to 'Participants' and 'Participating Shares' are to Participants and Participating Shares in the BSP.

17. Participation in the BSP

Subject to these Terms and Conditions, participation is optional, may be either full or partial, and is open to all Eligible Persons.

18. Agreement to Participate

An agreement on the terms and subject to the conditions set out in these Terms and Conditions between NAB and an Applicant for participation either as a Full Participant or a Partial Participant is made when NAB accepts an Application in respect of the BSP from the Applicant.

19. Operation of Plan

- (a) Whenever the Directors have determined that a Dividend is payable on its Ordinary Shares, each person who is a Participant shall not be entitled to participate in that Dividend in respect of their Participating Shares, but shall be entitled to have issued to them, the number of fully paid Ordinary Shares that is determined by the application of the following formula:

$$\frac{X}{Y}$$

Where:

X is that part of the Dividend expressed in dollars and cents (whether or not that dividend is to be satisfied wholly or in part by the distribution of specific assets under Article 16.10 and 16.11 of the Constitution of NAB) to which the Participant would have been entitled but for their participation in the BSP, and

Y is the Current Market Price.

- (b) Where the application of the formula in sub-clause 19(a) results in a fractional entitlement, the fractional entitlement will be carried forward to the Participant's Plan account, without interest, to be applied towards the calculation at the time of the next dividend. The Directors have the discretion to determine that any residual positive balances will be paid to Participants (either by direct credit or cheque) where, in the opinion of the Directors, it would be unlawful or impractical for these balances to be carried forward to the next dividend. The amount carried forward (if any) will be detailed in the Plan Statement referred to in clause 20.

- (c) Where the Ordinary Shares are to be issued to Participants under the BSP the Directors shall issue such Ordinary Shares to those Participants with or without increasing or capitalising the reserve or any other share capital account in the books of account of NAB (as the Directors see fit in their absolute discretion).

After a person ceases to be a Participant in the BSP (Former Participant), that person may, where the balance (if any) of their Plan account exceeds AUD\$10, direct NAB to pay the balance in the Former Participant's Plan account to their nominated Australian, New Zealand or U.K. bank account (amounts cannot be paid into other foreign bank accounts). Residual amounts of AUD\$10 or less will automatically be donated to ShareGift Australia.

If you are an Australian resident shareholder, and an amount of AUD\$2 or more is donated on your behalf, you consent to NAB providing your name and address details to ShareGift Australia so that a tax receipt can be issued to you. Please contact the Share Registry if you do not want your information to be disclosed, in which case it will not be possible for ShareGift Australia to provide a tax receipt.

20. Plan Statement

A Plan Statement will be forwarded to each Participant following each Dividend payment giving the following information:

- (a) the number of their Participating Shares in the Plan at the Record Date;
- (b) the total amount applied to the issue of shares under the Plan; and
- (c) the number of Ordinary Shares issued under the Plan and their date of issue.

It is not intended the above information provide definitive financial or taxation advice. Shareholders should choose their form of dividend with care having regard to their individual circumstances. Shareholders uncertain as to which dividend option is best for them are strongly advised to consult their own financial, taxation or legal adviser.