

NATIONAL AUSTRALIA BANK LIMITED

'INDEPENDENT DIRECTOR' STANDARDS

A Director is considered to be independent for the purposes of service on the Board and Board Committees of National Australia Bank Limited (the 'National') if the Director satisfies the standards set out below.

To qualify as being "independent", a Director must, in the opinion of the Board, be independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with - the exercise of his / her unfettered and independent judgement.

In judging whether a Director is an "Independent Director" the Board will have regard to whether or not:

- The director is a Substantial Shareholder in the National or if he/she represents or is not an officer of or otherwise associated directly with a Substantial Shareholder of the National;
- The Director is not and has not within the past five years:
 - been employed by a Group Company or been a director of a Group Company after ceasing such employment;
 - been a principal of a material professional adviser or a material consultant to a Group Company or been an employee materially associated with services provided by such an adviser or consultant;
 - been affiliated with or employed by a present or former auditor of the National or of an Affiliate; or
 - been part of an interlocking directorate in which an executive officer of the National has served on the compensation committee of another company that concurrently employed the Director;
- The Director is a material supplier or customer of any Group Company or is an officer or employee of or otherwise associated with a material supplier or customer.
- The Director has received any remuneration from the National other than Directors' fees (which may be paid in cash or by the issue of shares in the National in lieu of cash), and whether or not the Director participates in any of the National's executive share option or performance-related pay schemes;
- The Director has served on the Board for a period that in the Board's opinion could interfere with the Director's ability to act in the best interests of the National;
- The Director has a material contractual or other material relationship with any Group Company other than as a Director; and
- The Director is free from any other interests and any business or other relationships that could or could be perceived to interfere with the Director's unfettered and independent judgement and ability to act in the best interests of the National.

Directors are required to disclose family ties or cross directorships that may be relevant in considering continuing independence.

The Board will conduct a regular review of the independence of each of the Directors, based on information provided to it by the Directors. Directors are expected to volunteer information as and when changes occur.

The National will identify those Directors the Board considers to be independent in its Annual Report.

'INDEPENDENT DIRECTOR' STANDARDS CONTINUED

In addition to these criteria, an Independent Director who serves on the Audit Committee must satisfy the following requirements:

- The Director must not be an Affiliate of any Group Company; and
- The Director must not accept, directly or indirectly, any consulting, advisory or other compensatory fee from any Group Company. This includes the acceptance of such fees by a spouse, a minor child or stepchild or a child or stepchild sharing a home with the Director or by an entity in which the Director is a partner, member, an officer such as a managing director or executive officer, or in which the Director occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to a Group Company) and which provides accounting, consulting, legal, investment banking or financial advisory services to a Group Company.

For the purposes of these Standards:

- "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. A director is deemed not to be an "Affiliate" of a Group Company if they are not an executive officer of the Group Company or the direct or indirect beneficial owner of more than 10% of any class of the Group Company's voting equity shares;
- "Group Company" means the National or any controlled entity of the National.
- Materiality is to be assessed from the perspective of both the relevant Group Company and from the perspective of the relevant individual, supplier, customer, consultant, adviser or other third party.
- "Substantial Shareholder" means a person or entity with a 'substantial' holding as defined in the Corporations Act 2001 (Cth).