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ASX Announcement

NAB 2019 remuneration outcomes

The National Australia Bank Board has determined the Executive Leadership Team will receive no short-term variable reward and no fixed remuneration increase for FY19.

NAB interim Group CEO and Chairman-elect Philip Chronican said the Board had increased rigour in assessing performance across customer, risk, people, transformation and financial goals.

"While underlying business performance for 2019 was solid, NAB has not achieved benchmarks on some financial and non-financial results. This takes into account the impact of substantial provisions for customer remediation," Mr Chronican said.

"We recognise the impact on our brand, reputation and the trust that our customers place in us. These are all considerations we make when assessing performance. While we have made progress, it is not enough to be recognised in executive short-term variable reward in 2019."

The maximum short-term variable reward opportunity for the Executive Leadership Team in FY19 was \$14.4 million, while the reward opportunity at target was \$9.6 million¹.

Other impacts on executive remuneration were disclosed earlier this year:

- Upon his resignation in February, former Group CEO Andrew Thorburn forfeited all deferred variable reward potentially worth \$21 million².
- Deferred variable reward previously awarded between 2016 and 2018 for the majority of the 2018 Executive team (other than the former Group CEO), potentially worth \$5.5 million² was forfeited.
- The Board accepted the resignation of Chairman, Dr Ken Henry (effective November 2019), and determined that other Directors would receive a reduction in fees for 2019, equivalent to 20% of 2018 base fees received.

The Board has made substantial changes to the Executive Leadership Team remuneration framework in 2019. It has returned to a variable reward plan with separate short-term and long-term components. Full details will be available in the NAB Remuneration Report, to be released on 15 November.

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¹Maximum assumes all individual and Group performance scores set at the highest possible level, while at target assumes all individual and Group performance scores set at target.

²Based on an indicative share price of \$25 and assuming full vesting of all rights, shares and cash awards, and excluding the value of any dividends on unvested shares.