



**2019 Executive Officer  
Remuneration Disclosures**  
NULIS Nominees (Australia) Limited

January 2020

**Section 1****Introduction**

This document is designed to provide stakeholders with details about Executive Officer remuneration for NULIS Nominees (Australia) Limited ABN 80 008 515 633 ("the Trustee"), paid or provided by the Trustee or a related body corporate, as required under section 29QB(1)(a) of the Superannuation Industry (Supervision) ("SIS") Act 1993 ("the Act") and Regulation 2.37 of the Superannuation (Industry) Supervision Regulations 1994 ("SIS Regulations"). The Trustee is a registrable superannuation entity ("RSE") licensee ("RSE licensee") regulated by the Act and SIS Regulations.

The Trustee's financial year is from 1 October to 30 September. The financial year ended 30 September 2019 is referred to as 2019 and other financial years are referred to in a corresponding manner. All figures in this report are in Australian dollars (AUD).

This document is referred to as Statutory Remuneration Disclosures 2019. It provides remuneration disclosures for 2019, with 2018 comparative data as required by the Act and SIS Regulations.

National Australia Bank Limited ABN 12 004 044 937 is referred to as "NAB" throughout this document. NAB and its controlled entities are referred to as "the Group". The Trustee is a wholly owned subsidiary of NAB.

The remuneration (payments, benefits and compensation) received by each Executive Officer detailed in this document has been received from a related body corporate of the Trustee which is either National Wealth Management Holdings Limited ABN 73 093 329 983, National Wealth Management Services Limited ABN 97 071 514 264 or NAB. Accordingly, the amounts disclosed in Tables 1 and 2 for each Executive Officer reflect the proportion of remuneration that relates to work performed for the Trustee during the year by the particular Executive Officer in accordance with Regulation 2.37(2) of the SIS Regulations. The approach for the different categories of Executive Officer is outlined below:

- The amounts disclosed for each non-executive director, are the actual (specified) amounts they have received for their role. Further details about how these amounts have been determined are given in the section "How Executive Officer remuneration is determined". The amounts disclosed reflect remuneration received for work performed for the Trustee for the year.
- The amounts disclosed for the Chief Operating Officer, NULIS Nominees (Australia) Limited are the actual (specified) amounts received for this role. The amounts disclosed reflect the remuneration received for work performed for the Trustee for the year.
- The remaining Executive Officers, perform work for the Trustee and work for other Group entities (other than the Trustee) but do not receive specifically identified remuneration for their work for the Trustee. The amounts disclosed in these cases reflect an accurate estimate of the proportion of remuneration received for work performed for the Trustee for the year. This has been determined by applying a percentage to the Executive Officer's total remuneration based on the work the Executive Officer performs for the Trustee.

## Section 2

### Executive Officer Arrangements

#### 2.1 Executive Officer contractual arrangements

This section outlines details of contractual arrangements negotiated or renegotiated involving an Executive Officer.

Existing contracts remain in place between the other Executive Officers and companies within the Group.

New employment agreements were negotiated during 2019 between:

- NAB and Mark Baxter as the Chief Risk Officer, Wealth
- NAB and Andrew Morgan as the Chief Corporate Services Officer
- National Wealth Management Services Limited and Pei-Onn Lee as the General Manager Audit, Wealth.

The remuneration arrangements negotiated with the Executive Officers are consistent with section 2.2.

#### 2.2 How Executive Officer remuneration is determined

A director's fee is set by the NAB Board for each non-executive director to perform the role undertaken for the Trustee. Fees include compulsory contributions to superannuation. This fee is based on advice and market data provided by independent external remuneration advisers. This advice considers relevant factors including the level of fees paid to board members of other Australian corporations which are of a similar size and operational complexity to the Trustee, the activities of the Trustee and the responsibilities and workload requirements of directors of the Trustee. In addition, the NAB Board annually reviews the fees paid to the Chair and non-executive directors on the Trustee Board in line with general industry practice and adjusts where appropriate. The same approach is taken in determining Committee fees.

To ensure independence, non-executive directors are not paid any performance or reward related remuneration.

The other Executive Officers who are employed by NAB or National Wealth Management Services Limited are remunerated in accordance with the Group's remuneration policy and practices. Their remuneration arrangements are reflective of the role they perform for the Group and are reviewed at least annually. In setting an individual's remuneration the Group considers:

- role complexity and responsibilities
- individual capabilities, experience and knowledge
- business and individual performance
- internal and external market role relativities
- input from NAB Board's Remuneration Committee (the Remuneration Committee) and management on the target remuneration for individuals
- general remuneration market environment and trends.

## 2.3 Statutory remuneration data for Executive Officers

The following table has been prepared in accordance with the Act and SIS Regulations. It shows details of the nature and amount of each element of remuneration paid or awarded for services provided for the year (including performance based remuneration in respect of 2019 payable under the Group Variable Reward Plan and Asset Management Incentive Plan (AMIP) (collectively "VR"). Section 2.6 provides further detail on performance based remuneration. The Executive Officer has been an Executive Officer for the whole of 2019 unless specified.

Table 1: Statutory remuneration data

Name		Short-term benefits			Post-employment benefits	Other long-term benefits <sup>(5)</sup>	Equity-based benefits		Other remuneration	Total <sup>(6)</sup>
		Cash salary <sup>(1)</sup>	VR cash <sup>(2)</sup>	Non-monetary <sup>(3)</sup>	Superannuation <sup>(4)</sup>		Shares <sup>(6)</sup>	Rights <sup>(7)</sup>		
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>										
Andrew Gale <sup>(9)</sup>	2019	189,351	-	-	15,475	-	-	-	-	204,826
	2018	192,343	-	-	15,536	-	-	-	-	207,879
Terry McCredden <sup>(9)</sup>	2019	207,373	-	-	19,672	-	-	-	-	227,045
	2018	184,932	-	-	17,569	-	-	-	-	202,501
Peggy O'Neal <sup>(9)</sup>	2019	178,082	-	-	16,918	-	-	-	-	195,000
	2018	178,082	-	-	16,918	-	-	-	-	195,000
Peter Promnitz <sup>(9)</sup>	2019	264,351	-	-	20,649	-	-	-	-	285,000
	2018	159,398	-	-	13,995	-	-	-	-	173,393
<b>Other Executive Officers</b>										
Jonathan Armitage <sup>(10)</sup>	2019	200,169	168,750	-	6,812	2,808	154,404	-	-	532,943
	2018	149,035	301,500	-	5,144	1,488	78,940	-	-	536,107
Mark Baxter (part year) <sup>(10)(11)</sup>	2019	180,520	41,959	-	6,976	-	7,304	-	-	236,759
Shane Harvey <sup>(10)</sup>	2019	85,914	15,210	168	10,512	3,198	5,694	-	-	120,696
	2018	83,312	15,795	168	14,798	3,198	6,960	-	-	124,231
Russell Jansen <sup>(10)</sup>	2019	154,529	51,975	52	11,053	5,608	(24,730)	-	-	198,487
	2018	129,062	50,218	38	7,650	4,328	15,843	-	-	207,139
Pei-Onn Lee (part year) <sup>(10)(12)</sup>	2019	65,866	9,090	-	5,269	-	668	-	-	80,893
Geoff Lloyd <sup>(10)</sup>	2019	382,752	267,300	28,139	6,942	1,834	300,003	34,669	-	1,021,639
	2018	28,822	-	115	1,658	61	-	-	142,500	173,156
Brian Marriott <sup>(9)</sup>	2019	251,558	49,011	8,629	22,022	4,646	11,771	-	-	347,637
	2018	250,908	58,814	9,012	21,225	4,714	22,422	-	-	367,095
Andrew Morgan (part year) <sup>(10)(13)</sup>	2019	1,338	-	12	125	-	-	-	2,916	4,391
Garry Mulcahy <sup>(10)</sup>	2019	385,307	175,500	8,316	59,141	7,466	30,021	6,775	-	672,526
	2018	301,054	222,555	3,482	66,007	5,635	115,286	27,819	-	741,838

## 2.3 Statutory remuneration data for Executive Officers (continued)

Name		Short-term benefits			Post-employment benefits	Other long-term benefits <sup>(5)</sup>	Equity-based benefits		Other remuneration	Total <sup>(6)</sup>
		Cash salary <sup>(1)</sup>	VR cash <sup>(2)</sup>	Non-monetary <sup>(3)</sup>	Superannuation <sup>(4)</sup>		Shares <sup>(6)</sup>	Rights <sup>(7)</sup>		
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Former Non-Executive Directors</b>										
Peeyush Gupta <sup>(9)</sup>	2019	55,000	-	-	-	-	-	-	-	55,000
	2018	165,000	-	-	-	-	-	-	-	165,000
Evelyn Horton (part year) <sup>(9)</sup>	2018	136,986	-	-	13,014	-	-	-	-	150,000
Alan Schoenheimer <sup>(9)</sup>	2019	168,777	-	-	16,034	-	-	-	-	184,811
	2018	187,215	-	-	17,785	-	-	-	-	205,000
Nicole Smith (part year) <sup>(9)</sup>	2018	198,713	-	-	15,037	-	-	-	-	213,750
<b>Former Executive Officers</b>										
Matthew Lawrance (part year) <sup>(10)(14)</sup>	2019	27,850	-	6	1,851	-	-	-	-	29,707
	2018	292,658	188,406	45	9,613	5,061	113,932	115,492	267,526	992,733
Amanda Morgan (part year) <sup>(10)(15)</sup>	2019	63,568	-	21	6,210	-	5,830	-	84,483	160,112
	2018	102,801	27,720	35	8,668	1,928	10,839	-	-	151,991
Damian Murphy (part year) <sup>(10)(15)</sup>	2019	89,894	-	19	4,226	1,547	(24,007)	42,155	280,512	394,346
	2018	180,139	30,576	35	7,429	6,039	39,612	35,554	-	299,384
<b>Former Other Executive Officers</b>										
Lisa Boyce (part year) <sup>(10)</sup>	2018	25,368	67,482	7	2,056	648	11,794	-	-	107,355
John Coombe (part year) <sup>(10)</sup>	2018	-	-	-	-	-	4,424	-	-	4,424
Andrew Hagger (part year) <sup>(10)</sup>	2018	44,814	13,850	264	732	784	-	56,014	30,094	146,552
Kathy Vincent (part year) <sup>(10)</sup>	2018	22,103	-	507	2,036	203	(18,628)	-	-	6,221
<b>Total</b>	<b>2019</b>	<b>2,952,199</b>	<b>778,795</b>	<b>45,362</b>	<b>229,887</b>	<b>27,107</b>	<b>466,958</b>	<b>83,599</b>	<b>367,911</b>	<b>4,951,818</b>
	2018	3,012,745	976,916	13,708	256,870	34,087	401,424	234,879	440,120	5,370,749

<sup>(1)</sup> Includes fees, cash salary, cash allowances and short-term compensated absences, such as annual leave entitlements accrued but not taken during the year.

<sup>(2)</sup> The VR cash received in respect of 2019 was paid on 11 December 2019. The amount reflects 75% of the VR provided to Mr Armitage, 100% of VR provided to Mr Lee and Mr Marriott, and 60% of the VR provided to other eligible Executive Officers. The actual VR received is dependent on business and individual performance. See section 2.6 for further details.

The 2019 VR awarded (cash and equity component) as a percentage of VR target was: Mr Baxter 28%, Mr Harvey 65%, Mr Jansen 75%, Mr Lee 13%, Mr Lloyd 55%, Mr Marriott 50% and Mr Mulcahy 50%.

Mr Armitage participated in the AMIP. Under this plan, VR is allocated on a discretionary basis and participants do not have a set target. See section 2.6 for further details.

The minimum and maximum value for the VR cash component in respect of 2019 is what was paid on 11 December 2019. There has been no alteration of terms and conditions of the cash component of the cash STI in respect of 2018 or the cash VR in respect of 2019 prior to payment. No cash STI in respect of 2018 has been forfeited due to failure to meet service or performance criteria during 2019.

<sup>(3)</sup> Includes any motor vehicle benefits, parking, relocation costs, travel for family members, gifts and other benefits. Any related fringe benefits tax is included.

<sup>(4)</sup> Includes company contributions to superannuation and allocations by employees made by way of salary sacrifice of fixed remuneration. There are no other post-employment benefits to be reported.

<sup>(5)</sup> Includes long service entitlements accrued but not taken during the year. The long service leave entitlements are recognised as accruing on an annual basis subject to an actuarial calculation.

<sup>(6)</sup> 2019 expense based on the grant date fair value, amortised on a straight line basis over the vesting period:

(a) General Employee shares granted in March 2016, December 2016, December 2018 and December 2019 to eligible Executive Officers at the relevant offer time. The shares vest after a three-year restriction period.

(b) 2017 and 2018 deferred STI shares allocated to eligible Executive Officers in February 2018 and February 2019, respectively. Forfeiture conditions apply during the deferral period.

(c) 2019 deferred VR shares to be allocated to eligible Executive Officers in February 2020. Forfeiture conditions apply during the deferral period.

## 2.3 Statutory remuneration data for Executive Officers (continued)

- (d) Customer Advocacy Incentive (CAI) shares granted to Mr Jansen, Mr Mulcahy and Mr Murphy in February 2017. The shares were restricted until December 2018, subject to achievement of 2017 and 2018 NPS targets and service conditions. The shares did not meet the performance hurdles and were fully lapsed. The associated expense has been reversed in accordance with Australian Accounting Standards.
- (e) Retention shares granted to Mr Armitage in November 2018 subject to achievement of performance and service conditions. The shares are restricted until July 2021.
- (f) Commencement shares granted to Mr Lloyd in November 2018 which fully vested in March 2019.
- <sup>(7)</sup> 2019 expense based on the grant date fair value, amortised on a straight line basis over the vesting period:
- (a) LTI performance rights granted in December 2013 and December 2014 to eligible Executive Officers.
- (b) Transformation rights granted to Mr Murphy in May 2018 subject to achievement of NPS and cost savings targets. The performance rights were partially lapsed (58%) on separation in accordance with the terms and conditions of the award and the associated expense reversed.
- (c) 2019 deferred VR rights to be allocated to Mr Lloyd in February 2020. Forfeiture conditions apply during the deferral period.
- <sup>(8)</sup> All amounts reflect time as an Executive Officer for the Trustee, including part year Executive Officers whose amounts have been pro-rated for the relevant period as an Executive Officer.
- <sup>(9)</sup> Amounts shown are actual amounts received for work performed for the Trustee.
- <sup>(10)</sup> Amounts shown reflect an accurate estimate of the proportion of total remuneration received for work performed for the Trustee.
- <sup>(11)</sup> Mr Baxter commenced as an Executive Officer on 3 April 2019.
- <sup>(12)</sup> Mr Lee commenced as an Executive Officer on 19 June 2019.
- <sup>(13)</sup> Mr Morgan commenced as an Executive Officer on 16 September 2019. To compensate for awards from his prior employer which were forfeited as a result of joining National Wealth Management Services Limited, Mr Morgan received a commencement award paid in cash in January 2020 and another commencement award to be paid in cash in March 2020. In accordance with accounting standards a portion of Mr Morgan's commencement cash awards have been expensed in 2019 and the remainder will be expensed in 2020. Mr Morgan was also allocated commencement shares in November 2019 with 50% restricted until August 2020, 34% restricted until August 2021 and 16% restricted until August 2022. The commencement awards are subject to performance and service conditions.
- <sup>(14)</sup> Mr Lawrance ceased as an Executive Officer on 16 November 2018. His termination payment and other expenses associated with his separation were accounted for in 2018. Further details are provided in the Trustee's Statutory Remuneration Disclosures 2018 found online at [www.plum.com.au](http://www.plum.com.au).
- <sup>(15)</sup> Ms Morgan ceased as an Executive Officer and as an employee of the Group on 3 May 2019 and Mr Murphy ceased as an Executive Officer on 5 April 2019 and as an employee of the Group on 26 April 2019. On cessation of employment with the Group, Ms Morgan and Mr Murphy received a termination payment (which was a retrenchment payment in accordance with their contracts) and retained equity under NAB's employee equity plans in accordance with the relevant terms and conditions of these plans. That equity remains subject to relevant performance hurdles and restriction periods. The value of retained equity including performance awards (deferred STI) has been fully accounted for on cessation and included in their 2019 remuneration in accordance with accounting standards. On separation, a number of Transformation performance rights held by Mr Murphy have been partially forfeited based on his period of service during the performance periods for those performance rights and the associated expense has been reversed.

## 2.4 Value of shares and performance rights

The following table shows the number and value of shares and performance rights issued to each eligible Executive Officer as part of their remuneration that were granted, lapsed (or forfeited) or vested during the year to 30 September 2019. A performance right is a right to receive one NAB share subject to the satisfaction of the relevant performance conditions. A reference to shares refers to shares issued by NAB.

The value shown is the full accounting value to be expensed over the vesting period, which is generally longer than the current financial year. Executive Officers did not pay any amounts for performance rights that vested and were exercised during 2019. The number of shares provided when the rights exercise is on a one to one basis. There are no amounts unpaid on any of the shares exercised. There have been no changes to the terms and conditions of these awards, or any other awards since the awards were granted. All performance rights that vest, are automatically exercised when they vest.

For the awards allocated during the year to 30 September 2019, the maximum number of shares or performance rights that may vest is shown for each Executive Officer. The maximum value of the equity awards is the number of shares or performance rights subject to NAB's share price at the time of vesting. The minimum number of shares or performance rights and the value of the equity awards is zero if the equity is fully forfeited or lapsed.

**Table 2: Value of shares and performance rights**

Name		Grant date	Granted <sup>(1)</sup> No.	Granted \$	Lapsed <sup>(2)</sup> No.	Lapsed %	Lapsed \$	Vested <sup>(3)</sup> No.	Vested %	Vested \$
<b>For the year ended 30 Sep 2019</b>										
<b>Other Executive Officers</b>										
Jonathan Armitage	General employee shares	2/03/2016	12	-	-	-	-	12	100%	298
	Deferred STI shares	21/02/2018	3,187	-	-	-	-	3,187	100%	96,722
	Retention shares	2/11/2018	9,058	225,006	-	-	-	-	-	-
	General employee shares	12/12/2018	10	239	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	4,091	100,504	-	-	-	-	-	-
Shane Harvey	General employee shares	2/03/2016	12	-	-	-	-	12	100%	298
	Deferred STI shares	21/02/2018	205	-	-	-	-	205	100%	6,219
	General employee shares	12/12/2018	10	239	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	215	5,270	-	-	-	-	-	-
Russell Jansen	General employee shares	2/03/2016	20	-	-	-	-	20	100%	497
	CAI shares	22/02/2017	1,593	-	(1,593)	100%	(50,005)	-	-	-
	Deferred STI shares	21/02/2018	809	-	-	-	-	809	100%	24,553
	General employee shares	12/12/2018	17	399	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	753	18,489	-	-	-	-	-	-
Geoff Lloyd	Commencement shares	2/11/2018	12,077	300,003	-	-	-	12,077	100%	300,003
Brian Marriott	General employee shares	2/03/2016	40	-	-	-	-	40	100%	994
	Deferred STI shares	21/02/2018	687	-	-	-	-	687	100%	20,850
	General employee shares	12/12/2018	33	798	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	798	19,607	-	-	-	-	-	-

## 2.4 Value of shares and performance rights (continued)

Name		Grant date	Granted <sup>(1)</sup> No.	Granted \$	Lapsed <sup>(2)</sup> No.	Lapsed %	Lapsed \$	Vested <sup>(3)</sup> No.	Vested %	Vested \$
Garry Mulcahy	LTI rights	11/12/2013	8,776	-	(8,776)	100%	(135,010)	-	-	-
	General employee shares	2/03/2016	24	-	-	-	-	24	100%	596
	CAI shares	22/02/2017	1,911	-	(1,911)	100%	(60,005)	-	-	-
	Deferred STI shares	21/02/2018	4,096	-	-	-	-	4,096	100%	124,320
	General employee shares	12/12/2018	20	479	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	4,000	98,285	-	-	-	-	-	-
<b>Former Executive Officers</b>										
Matthew Lawrance	LTI rights	11/12/2013	3,975	-	(3,975)	100%	(61,145)	-	-	-
	General employee shares	2/03/2016	18	-	-	-	-	18	100%	450
	CAI shares	22/02/2017	2,164	-	(2,164)	100%	(67,948)	-	-	-
	Deferred STI shares	21/02/2018	2,062	-	-	-	-	2,062	100%	62,570
	Transformation rights	4/05/2018	7,812	-	(7,812)	100%	(191,463)	-	-	-
Amanda Morgan	General employee shares	2/03/2016	14	-	-	-	-	14	100%	348
	Deferred STI shares	21/02/2018	324	-	-	-	-	324	100%	9,826
	General employee shares	12/12/2018	12	279	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	376	9,244	-	-	-	-	-	-
Damian Murphy	LTI rights	11/12/2013	3,003	-	(3,003)	100%	(46,203)	-	-	-
	General employee shares	2/03/2016	14	-	-	-	-	14	100%	348
	CAI shares	22/02/2017	1,115	-	(1,115)	100%	(35,003)	-	-	-
	Deferred STI shares	21/02/2018	637	-	-	-	-	637	100%	19,344
	Transformation rights	4/05/2018	6,037	-	(3,476)	58%	(85,185)	-	-	-
	General employee shares	12/12/2018	12	279	-	-	-	-	-	-
	Deferred STI shares	27/02/2019	415	10,199	-	-	-	-	-	-

<sup>(1)</sup> The following securities have been granted during 2019:

- (a) General Employee Share Offer granted to eligible executive officers in December 2018. The shares vest after a three-year restriction period.  
(b) Deferred STI shares granted in February 2019 (in respect of 2018). The deferred STI shares are restricted for approximately 14 months after the end of the performance year.  
(c) Mr Armitage received Retention shares subject to performance and service conditions. The shares are restricted until July 2021.  
(d) Commencement shares granted to Mr Lloyd in November 2018 subject to performance and service conditions, and meeting conduct standards. The shares were restricted until March 2019.

<sup>(2)</sup> The following securities have forfeited or lapsed during 2019:

- (a) LTI performance rights allocated in December 2013 to Mr Lawrance, Mr Mulcahy and Mr Murphy fully lapsed in December 2018. The Total Shareholder Return (TSR) performance hurdles for this award were not achieved and therefore none of the LTI performance rights vested.  
(b) CAI shares allocated in February 2017 to Mr Jansen, Mr Lawrance, Mr Mulcahy and Mr Murphy were forfeited in December 2018. The required customer performance hurdles for this award were not achieved and therefore none of the CAI shares vested.  
(c) Transformation performance rights granted in May 2018 to Mr Lawrance were fully forfeited and to Mr Murphy were partially forfeited, based on his period of service during the performance periods, on separation. The Transformation performance rights are subject to achievement of NPS and cost saving targets and service conditions. The performance rights retained by Mr Murphy remain subject to the relevant performance hurdles and restriction periods.

<sup>(3)</sup> The following securities have vested during 2019:

- (a) 2017 Deferred STI shares allocated in February 2018, fully vested in November 2018.  
(b) General Employee Share Offer granted to eligible Executive Officers in March 2016, fully vested in March 2019.  
(c) Commencement shares granted to Mr Lloyd in November 2018 fully vested in March 2019. The Commencement shares were subject to performance and service conditions, and meeting conduct standards.



## 2.5 Fair value of securities granted

The fair value of shares and performance rights (at grant date) is set out below for grants provided to Executive Officers during 2019.

The determination of the fair value considers factors such as whether the grant has non-market or market-based performance hurdles, the expected volatility of NAB's share price, the risk-free interest rate and the expected dividend yield on NAB shares for the life of the grant. This may result in different fair values for awards granted on the same day. Each performance right entitles the holder to receive one NAB share on vesting.

With the exception of General employee shares, the expense for each tranche of shares or rights granted is the grant date fair value amortised on a straight line basis over the vesting period and included in each Executive Officer's disclosed remuneration in accordance with statutory accounting requirements. The expense for General employee shares is recognised in the year the shares are granted as they are not subject to forfeiture. No performance options have been granted during the year. Shares and performance rights granted during 2019 have a zero exercise price.

**Table 3: Fair value basis**

Type of allocation	Grant date	Shares	
		Fair value \$	Restriction period end
Commencement Award <sup>(1)</sup>	2 November 2018	24.84	1 March 2019
Retention Award <sup>(2)</sup>	2 November 2018	24.84	31 July 2021
General Employee Share Offer	12 December 2018	24.19	12 December 2021
Deferred Short Term Incentive <sup>(3)</sup>	27 February 2019	24.57	15 November 2019

<sup>(1)</sup> Relates to Mr Lloyd's commencement award.

<sup>(2)</sup> Relates to a retention award provided to Mr Armitage.

<sup>(3)</sup> Relates to the 2018 deferred STI award provided to eligible participants of the 2018 Group Short Term Incentive Plan and the 2018 AMIP.

## 2.6 Performance based remuneration

### Changes to the Group Variable Reward Plan

A number of changes were made to the Group Variable Reward Plan for 2019:

- introduction of longer deferral periods with a higher minimum amount deferred for some employees including the majority of eligible Executive Officers
- ability of the NAB Board to extend the deferral period if circumstances warrant
- implementation of clawback to new contracts and variable reward arrangements
- the ability for people leaders to apply greater differentiation for variable reward outcomes aligned with individual performance.

The Group Variable Reward Plan arrangements are described in more detail below.

All Executive Officers (other than non-executive directors) participated in the Group Variable Reward Plan, except for Jonathan Armitage who participated in the AMIP, (see below) in 2019.

### Group Variable Reward Plan Arrangements

#### (a) How an Executive Officer's VR outcome is calculated

Each eligible Executive Officer's VR outcome for a financial year is determined in accordance with the following formula:

<p><b>One NAB Score</b> (which reflects the Group's performance over the financial year)</p> <p>Adjusted for risk, reputation, shareholder, sustainability and environment</p>	x	<p><b>The Executive Officer's individual score</b> (which reflects the Executive Officer's performance over the financial year)</p> <p>Adjusted for conduct and values</p>	x	<p><b>The Executive Officer's target VR opportunity (\$)</b></p> <p>Fixed Remuneration x Annual VR target %</p>
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An eligible Executive Officer's actual VR outcome can be higher or lower than their target VR opportunity, but will not exceed their maximum VR opportunity, and will depend on the Executive Officer's individual score and the One NAB Score for the financial year. The Chief Executive Officer, MLC has a maximum VR opportunity of 150% of fixed remuneration and other Executive Officers participating in the Group Variable Reward Plan the maximum VR opportunity is 260% of their VR target. Individual scores are determined by the Trustee Board and the NAB Board for the Chief Executive Officer, MLC. The one NAB Score is determined by the NAB Board.

The Trustee Board retains the discretion to adjust any Executive Officer's VR outcome as it sees fit.

Each Executive Officer is given a target VR opportunity based on their fixed remuneration and their role. If an Executive Officer or the Group performs above expectation, the Executive Officer may receive a VR outcome above target. Similarly, if the Executive Officer or the Group fails to meet the goals set at the beginning of the financial year, their Annual VR outcome may be less than target, possibly zero. If the Group and the Executive Officer achieve their goals to the satisfaction of the Boards, they will be awarded their target opportunity.

Annual VR is provided in a mix of cash and deferred equity. Deferred rights are awarded to the Chief Executive Officer, MLC and deferred shares for other Executive Officers.

Executive Officer	Cash	Deferred equity <sup>(1)</sup>	Minimum deferral period
Geoff Lloyd	60%	40%	4 years
Other Executive Officers	60%	40%	3 years

<sup>(1)</sup> Deferral only applies if total VR outcome is \$50,000 or more.

Providing a portion of VR as deferred equity emphasises the alignment with shareholder outcomes and allows for performance assurance to be applied during the deferral period. The NAB Board has discretion to extend the deferral period, forfeit the deferred equity during the deferral period on resignation, dismissal for cause, failure to meet threshold conduct requirements or if the NAB Board or Trustee Board determines that it should exercise its discretion, or clawback VR.

During the deferral period, the Executive Officer:

- will receive any dividends paid on their deferred shares (no dividends are paid on deferred rights)
- will not be able to sell or otherwise deal with their deferred equity.

## 2.6 Performance based remuneration (continued)

### (b) One NAB Score - Group performance

The One NAB Score is a measure of the Group's performance over the financial year.

The NAB Board determines the One NAB Score based on the achievement of performance set by the NAB Board at the beginning of the financial year. These include risk-adjusted financial, financial and non-financial measures which support the Group's longer-term strategy. The measures and relative weightings determined by the NAB Board for 2019 were:

Return on total allocated equity (ROTAE) (Risk-adjusted financial measure)	Cash earnings (Financial measure)	Net Promoter Score (NPS) <sup>(1)</sup> (Non-financial measure)	Transformation (Two thirds non-financial measures/one third financial measures)
50%	25%	12.5%	12.5%

<sup>(1)</sup> Priority Segments NPS is a simple average of the NPS scores of four priority segments: NAB defined Home Owners (Home Loan @ Bank), Investors, Small Business (\$0.1 million - < \$5 million) and Medium Business (\$5 million - <\$50 million). The Priority Segments NPS data is based on six month moving averages from DBM Consumer Atlas and BFSM Research.

The final One NAB Score is subject to Board discretion considering qualitative matters such as the quality of the financial results, management of risk, reputation, shareholder expectations, sustainability and the environment.

For 2019, progress against Group performance measures fell short of expectations. Specifically, cash earnings and ROTAE were impacted by substantial provisions made for customer-related remediation. The customer measure of NPS improved and saw NAB ranked first among peers, but fell short of target. Transformation milestones were met, culminating in a successful second year of the acceleration of the One NAB Plan.

Considering the Group's performance against the stated performance measures as well as a number of qualitative measures, the NAB Board determined a One NAB score for 2019 of 50% for the majority of employees. (The NAB Board determined that the One NAB Score be reduced to 0% for the NAB Executive Leadership Team (ELT), none of whom were Executive Officers). Further detail is provided in NAB's 2019 Annual Financial Report found online at [www.nab.com.au](http://www.nab.com.au).

More broadly, in determining the One NAB Score for the majority of employees, the NAB Board was mindful of the need to continue to attract and retain people at all levels and has been conscious to reward the majority of employees who have contributed significantly to the Group's solid underlying business performance and the progress the Group has made against its customer and transformation goals. This acknowledges the fact that the majority of employees have lifted the bar on customer service and progress towards NAB's desired culture, but reflects the impact of matters where the Group has fallen short on risk, conduct, reputation and values.

The following table shows the determination of the One NAB Score before the application of Board discretion:

Performance measure	Weighting	Outcome	Result
ROTAE	50%	Not met	9.9% against plan of 13.3%
Cash Earnings	25%	Not met	\$5.10 billion against plan of \$6.72 million
Net Promoter Score	12.5%	Below target	Priority Segments NPS score of -14 was below the target score of -13 (August 2018 to August 2019)
Transformation	12.5%	At target	Key Transformation milestones for 2019 were assessed by the NAB Board as met
NAB Board adjusted One NAB Score		50%	The NAB Board determined a One NAB Score of 50% based on the Group's solid underlying business performance and the progress the Group has made against its customer and transformation goals
<b>NAB Board adjusted One NAB Score for the ELT</b>		<b>0%</b>	The NAB Board adjusted the One NAB Score to 0% for NAB's Executive Leadership Team reflective of the impact of the Group's financial results and the collective accountability for shortfalls across customer, trust and reputation matters

### (c) Individual scores

At the start of the financial year, each Executive Officer has balanced scorecard goals set which reflect the Boards' performance expectations for them for the year. The goals are those that the Trustee Board considers to be important to the Group's strategy, to meet the reasonable expectations of beneficiaries and to deliver sustainable customer, shareholder and business outcomes. Performance measures for eligible Executive Officers are approved by the Trustee Board.

At the end of the financial year, the Trustee Board assesses each Executive Officer's performance across all performance elements - conduct, core role, risk, stretch goals and values and behaviours. The performance assessment considers whether the Executive Officer has:

- conducted themselves in line with NAB's Code of Conduct
- achieved the core expectations of their role
- met their mandatory risk goal
- achieved the stretch goals relevant to the Executive Officer's role
- demonstrated NAB's values and behaviours.

## 2.6 Performance based remuneration (continued)

Eligible Executive Officers are assigned an overall performance outcome which is approved by the relevant Boards. Eligible Executive Officers who fail the conduct expectations of their role will have their VR outcome reduced in part, or in full, depending on the severity of the issue.

Following that assessment, each Executive Officer is given an individual performance rating using a rating scale consisting of Not Achieved, Partially Achieved, Achieved, Highly Achieved and Outstanding. The performance rating is then translated into an individual score that is used to calculate the Executive Officer's VR outcome for the financial year.

The cash portion of the VR award can be fully or partially forfeited for any reason, by the NAB Board or the Trustee Board, subject to law, until paid in December 2019. The minimum amount is \$0 and the maximum is the amount of the cash component shown in the column: 'Cash VR' in Table 1. The remainder of the VR award is deferred in equity scheduled to be allocated in February 2020 for eligible Executive Officers. Executive Officers who leave NAB and are eligible for a VR award will receive their VR deferred equity component in cash at the end of the deferral period, payment of which will be subject to the same forfeiture, deferral extension and clawback conditions as VR deferred equity. The minimum amount of the deferred component of the award is \$0 if the deferred component does not vest. The maximum amount of the deferred component is the value of the deferred equity, subject to the value of NAB shares at the time of vesting if vested in full. In some circumstances, the deferred component may be provided in cash. In this case, the minimum amount of the deferred component is \$0 and the maximum amount is the value of the deferred component.

If any VR deferred amounts are retained on cessation of employment (see **Remuneration plan governance - Forfeiture or lapsing** below), they remain subject to the performance hurdles and timetable of the award as described above.

### **Asset Management Incentive Plan arrangements**

Due to the specialist nature of his role, Jonathan Armitage participates in the AMIP.

Under this arrangement, a pool of funds (AMIP Pool) is available for distribution to AMIP participants. The AMIP Pool is determined based on three-year cash earnings performance of NAB's Asset Management business. For the AMIP Pool to be generated a performance threshold must be met. The AMIP Pool is adjusted to reflect the quality of Asset Management's financial and non-financial results. Financial metrics may include cash earnings, Return on Equity, impairments and profits or losses on the sale of Boutiques. Non-financial metrics may include investment performance, employee engagement and risk maturity. The NAB Board Remuneration Committee approves the AMIP Pool.

The AMIP Pool is allocated to participants on a discretionary basis, taking into account individual performance, contribution to Asset Management outcomes, risk outcomes and the values and behaviours demonstrated by the participant. If an AMIP Pool is generated, all participants will be eligible for consideration for an AMIP award from the AMIP Pool, subject to minimum performance requirements. For Executive Officers, 25% of their AMIP award will be provided in deferred shares restricted for approximately 1 year and subject to service and performance conditions. (Note: If the deferred amount is less than \$2,000 no deferral will apply). Executive Officers who leave NAB and are eligible for an AMIP award will receive their AMIP deferred share component in cash at the end of the deferral period, payment of which will be subject to the same forfeiture, deferral extension and clawback conditions as AMIP deferred shares. Providing a portion of the AMIP award as deferred shares emphasises the alignment with shareholder outcomes and allows for performance assurance to be applied during the deferral period. The NAB Board has discretion to extend the deferral period, forfeit the deferred shares during the deferral period on resignation, dismissal for cause, failure to meet threshold conduct requirements or if the NAB Board determines that it should exercise its discretion.

The cash portion of the AMIP award can be fully or partially forfeited for any reason, by the NAB Board or the Trustee Board, subject to law, until paid in December 2019. The minimum amount is \$0 and the maximum is the amount of the cash component shown in the column: 'Cash VR' in Table 1. The remainder of the AMIP award is deferred in shares scheduled to be allocated in February 2020 for eligible Executive Officers. The minimum amount of the deferred component of the award is \$0 if the deferred component does not vest. The maximum amount of the deferred component is the value of the equity component, subject to the value of NAB shares at the time of vesting if vested in full. In some circumstances, the deferred component may be provided in cash. In this case, the minimum amount of the deferred component is \$0 and the maximum amount is the value of the deferred component.

If any AMIP deferred amounts are retained on cessation of employment (see **Remuneration plan governance - Forfeiture of shares and lapsing of performance rights** below), they remain subject to the performance hurdles and timetable of the award as described above.

## 2.6 Performance based remuneration (continued)

### Remuneration plan governance

The following arrangements apply to all employees, including Executive Officers, except as specified.

<b>Board discretion</b>	<p>The NAB Board regularly reviews Group performance for risk, reputation, conduct and performance considerations. The NAB Board's review may include the Group's quality of financial results, shareholder experience and other sustainability metrics relevant at the time.</p> <p>NAB Board discretion may apply to any employee across the Group, by division, by role or individual, depending on circumstances. In addition, Trustee Board discretion can be applied to protect the financial position of the RSE licensee, to meet the reasonable expectations of beneficiaries, to respond to significant unexpected or unintended consequences or for the purposes of any other relevant prudential or regulatory matter.</p> <p>The NAB Board has absolute discretion to adjust Rewards<sup>(1)</sup> down, or to zero, where appropriate (including because of Malus<sup>(2)</sup>). This includes:</p> <ul style="list-style-type: none"> <li>- determining the initial value of Rewards</li> <li>- reducing the value of deferred Rewards during the deferral or performance period, including at vesting</li> <li>- through clawback of paid and vested Rewards.</li> </ul> <p>The NAB Board has absolute discretion to extend the deferral period at any time for any Rewards. For example, the Board may do so if the NAB Board has reason to believe that an employee may not meet conduct standards or comply with their accountability obligations under the Banking Act 1959 (Cth) or any other analogous or similar legislation or regulations.</p>
<b>Clawback</b>	Clawback (recovery of paid and vested Rewards) may apply to an Executive Officer's Reward.
<b>Forfeiture or lapsing</b>	<p>An Executive Officer's unvested Rewards will be forfeited or lapsed if the:</p> <ul style="list-style-type: none"> <li>- Executive Officer resigns</li> <li>- NAB Board or Trustee Board determines that some, or all, of the unvested Rewards be forfeited on cessation of employment with the Group (other than on cessation of employment due to retrenchment)</li> <li>- NAB Board or Trustee Board determines that the unvested Rewards should be forfeited on cessation of employment with the Group</li> <li>- NAB Board or Trustee Board determines that the unvested Rewards should be forfeited due to conduct standards not being met as set out in the NAB Code of Conduct</li> <li>- the NAB Board or the Trustee Board determines that the unvested Rewards will be forfeited following the occurrence of a Malus event and/or</li> <li>- the NAB Board or the Trustee Board exercises its discretion as described above.</li> </ul>
<b>Conduct standards</b>	Vesting and grant of all forms of Rewards are subject to the Executive Officer meeting conduct standards as set out in NAB's Code of Conduct (NAB's Code of Conduct is found online at: <a href="http://www.nab.com.au">www.nab.com.au</a> ).
<b>Hedging policy</b>	Executive Officers are prohibited from protecting the value of their equity Rewards by hedging. Further details are available in the Group Securities Trading Policy, found online at: <a href="http://www.nab.com.au">www.nab.com.au</a> .
<b>Change of control</b>	The NAB Board generally has discretion to determine the treatment of unvested Rewards for Executive Officers, including Executive Officers, at the time a change of control event occurs. Vesting of Rewards will not be automatic or accelerated and the NAB Board will retain discretion in relation to the vesting outcome including absolute discretion to forfeit all unvested Rewards.

<sup>(1)</sup> In this Section, the term 'Rewards' refers to all forms of variable reward including cash provided under a variable reward plan, deferred variable reward (cash and equity), deferred variable reward to be paid or granted, Long Term Incentive performance rights, and any variable reward granted in previous years.

<sup>(2)</sup> Examples include where the Executive Officer has failed to comply with their accountability obligations under BEAR, has engaged in fraud, dishonesty, gross misconduct, behaviour that may negatively impact the Group's long-term financial soundness or prudential standing or behaviour that brings NAB or the Trustee into disrepute, or has materially breached a representation, warranty, undertaking or obligation to the Group.

### General employee shares

An annual share grant, up to a target value of \$1,000 of NAB shares, is offered to each eligible employee. The shares are held on trust, restricted from dealing for three years and are not subject to forfeiture. Potential outcomes for the general employee shares are:

- the minimum and maximum value is the grant value (up to \$1,000)
- the actual value of the shares is dependent on the number of shares awarded and the value of NAB's shares at the time of vesting.

Section 3

Table of Key Terms

Term Used	Description
Average equity (adjusted)	Average equity (adjusted) is adjusted to exclude non-controlling interests and other equity instruments.
Cash earnings	Cash earnings is defined as net profit attributable to owners of NAB from continuing operations, adjusted for the items NAB considers appropriate to better reflect the underlying performance of the Group. Cash earnings for the September 2019 financial year has been adjusted for the following: <ul style="list-style-type: none"> <li>- Distributions.</li> <li>- Fair value and hedge ineffectiveness.</li> <li>- Amortisation of acquired intangible assets.</li> <li>- MLC Wealth divestment separation costs.</li> </ul>
Deferred STI shares	Deferred STI shares form part of the Short-term incentives (STI) equity-based plan. They are NAB ordinary shares, allocated at no charge to the employee, in respect of prior year performance, which provide dividend income to the employee from allocation.
Deferred VR rights	Deferred VR rights form part of the variable reward equity-based plan. They are a performance right granted under the deferred variable reward plan. They are provided in respect of prior year(s) performance and are subject to service and performance conditions. See <i>Performance rights</i> below for more details.
Deferred VR shares	Deferred VR shares form part of the variable reward equity-based plan. They are NAB ordinary shares, allocated at no charge to the employee, in respect of prior year performance, which provide dividend income to the employee from allocation.
Executive Leadership Team (ELT)	The Group CEO and senior executives reporting to the Group CEO who have authority and responsibility for planning, directing and controlling the activities of both NAB and the Group. None of the ELT are currently Executive Officers for the Trustee.
Executive Officer	Key person who is concerned, or takes part, in the management of the Trustee, including any director (whether executive or non-executive) as defined in the SIS Act. For the purposes of this document, the Trustee has determined the Executive Officers to be each director of the Trustee, the Chief Operating Officer of the Office of the Trustee and the employees of a company within the Group named in this document.
Fair value	The value of the awards provided are measured by reference to the grant date fair value of the shares and performance rights provided to employees. The grant date fair value of each share is determined by the market value of NAB shares, and is generally a five-day weighted average share price. The fair value of the shares and performance rights with market performance hurdles is determined using a simulated version of the Black-Scholes mode.
Long-term incentive (LTI)	An 'at risk' opportunity for individuals linked to the long-term performance of the Group. LTI is allocated under the Group's LTI program in the form of performance rights.
LTI performance rights (or LTI rights)	An LTI performance right is a performance right granted under an LTI plan which is subject to long-term performance hurdles. See <i>Performance rights</i> below for more details.
NAB's values	NAB's values are key in driving the Group's aspirational culture. They are guiding principles that can inspire employees to meet the needs of customers and achieve the Group's strategy. They are: Passion for Customers; Win together; Be Bold; Respect for people; Do the Right thing.
Net Promoter Score (NPS)	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution for retail or business banking. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld.
Performance rights	A performance right, such as an LTI performance right, is a right to acquire one NAB ordinary share, once the performance right has vested based on achievement of the related performance hurdle or at the NAB Board's discretion. Each performance right entitles the holder to be provided with one NAB ordinary share subject to adjustment for capital actions. A performance right is issued at no charge to the employee and there is no exercise price to be paid to exercise the performance right. Performance rights may be used instead of shares due to jurisdictional reasons including awards such as deferred STI, commencement and other retention programs.  The terms and conditions, including lapsing, will vary for each grant. Performance rights are issued by NAB under the National Australia Bank Performance Rights Plan. The design of the performance rights plan (and the expected outcome for Executive Officers) seeks to comply with the ASX Corporate Governance Principles and Recommendations, and those set out in the Investment and Financial Services Association's (IFSA) 'Executive Equity Plan Guidelines', Guidance Note 12. The main departure from the IFSA guidelines is that performance rights issued by NAB have no exercise price. Shares will be issued or transferred under the National Australia Bank Staff Share Ownership Share Plan on exercise of performance rights. No dividend income is provided to the employee until the end of the restriction period and the performance conditions have been met and the performance rights are exercised.
Return on Total Allocated Equity (ROTAE)	ROTAE is a function of cash earnings, risk-weighted assets, regulatory capital deductions and target capital ratios.
Risk-weighted assets	A quantitative measure of risk required by the Australian Prudential Regulation Authority risk-based capital adequacy framework, covering credit risk for on and off-balance sheet exposures, market risk, operational risk and interest rate risk in the banking book.
Short-term incentive (STI)	An 'at risk' opportunity for individuals to receive an annual performance-based reward. The actual STI reward that an individual will receive in any particular year will reflect both business and individual performance.
Total Shareholder Return (TSR)	Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' securities over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with stock markets, but the relative position reflects the market perception of overall performance relative to a reference group.

