



**2018 Executive Officer
Remuneration Disclosures**
NULIS Nominees (Australia) Limited

January 2019

2018

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 2018 is referred to as 2018 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 2018. It provides remuneration disclosures for 2018, with 2017 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 to determine the proportion of remuneration attributable to the Trustee and other Group entities. This percentage is calculated by comparing the funds under management by NAB Wealth to the total assets under management by NAB as a whole. In each case this standard percentage is assessed against the work the particular Executive Officer performs for the Trustee, and where relevant is adjusted to ensure that the percentage applied to the Executive Officer's remuneration represents an accurate estimate of the time the Executive Officer devotes to their work between the Trustee and the other Group entities.

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 each Executive Officer and companies within the Group.

A new contract of services was negotiated during 2018 between National Wealth Management Holdings Limited and Peter Promnitz on appointment as a non-executive director of the Trustee.

A new employment agreement was negotiated during 2018 between NAB and Geoff Lloyd on appointment as the Chief Executive Officer, MLC.

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. 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.

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 executive 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; and
- 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 2018 payable under the Variable Reward (VR) Plan, Group Short Term Incentive (STI) Plan and Asset Management Incentive Plan (AMIP) (collectively "STI"). Section 2.6 provides further detail on performance based remuneration. The Executive Officer has been an Executive Officer for the whole of 2018 unless specified.

Table 1: Statutory remuneration data

		Short-term benefits			Post-employment benefits	Equity-based benefits			Other remuneration ⁽⁸⁾	Total ⁽⁹⁾
		Cash salary ⁽¹⁾	Cash STI ⁽²⁾	Non-monetary ⁽³⁾	Superannuation ⁽⁴⁾	Other long-term benefits ⁽⁵⁾	Shares ⁽⁶⁾	Rights ⁽⁷⁾		
		\$	\$	\$	\$	\$	\$	\$	\$	
Non-Executive Directors										
Peter Promnitz (part year) ^{(10) (11)}	2018	159,398	-	-	13,995	-	-	-	-	173,393
Terry McCredden ⁽¹⁰⁾	2018	184,932	-	-	17,569	-	-	-	-	202,501
	2017	189,808	-	-	17,592	-	-	-	-	207,400
Peggy O'Neal ⁽¹⁰⁾	2018	178,082	-	-	16,918	-	-	-	-	195,000
	2017	174,658	-	-	16,592	-	-	-	-	191,250
Alan Schoenheimer ⁽¹⁰⁾	2018	187,215	-	-	17,785	-	-	-	-	205,000
	2017	182,648	-	-	17,352	-	-	-	-	200,000
Andrew Gale ⁽¹⁰⁾	2018	192,343	-	-	15,536	-	-	-	-	207,879
	2017	179,081	-	-	14,576	-	-	-	-	193,657
Peeyush Gupta ⁽¹⁰⁾	2018	165,000	-	-	-	-	-	-	-	165,000
	2017	136,761	-	-	-	-	-	-	-	136,761
Other Executive Officers										
Brian Marriott ⁽¹⁰⁾	2018	250,908	58,814	9,012	21,225	4,714	22,422	-	-	367,095
	2017	252,181	62,489	9,284	20,756	4,668	46,465	-	-	395,843
Geoff Lloyd (part year) ^{(12) (13)}	2018	28,822	-	115	1,658	61	-	-	142,500	173,156
Matthew Lawrance ⁽¹³⁾	2018	292,658	188,406	45	9,613	5,061	113,932	115,492	267,526	992,733
	2017	269,238	294,470	47	10,036	5,131	225,398	33,488	-	837,808
Damian Murphy ⁽¹³⁾	2018	180,139	30,576	35	7,429	6,039	39,612	35,554	-	299,384
	2017	238,414	139,356	47	10,019	8,174	75,761	32,569	-	504,340
Shane Harvey ⁽¹³⁾	2018	83,312	15,795	168	14,798	3,198	6,960	-	-	124,231
	2017	131,918	29,057	263	21,579	4,981	19,370	-	-	207,168
Garry Mulcahy ⁽¹³⁾	2018	301,054	222,555	3,482	66,007	5,635	115,286	27,819	-	741,838
	2017	298,164	321,880	-	63,630	5,964	143,803	58,146	-	891,587
Amanda Morgan ⁽¹³⁾	2018	102,801	27,720	35	8,668	1,928	10,839	-	-	151,991
	2017	130,205	37,571	44	14,169	2,150	20,104	-	-	204,243
Jonathan Armitage (part year) ^{(13) (14)}	2018	149,035	301,500	-	5,144	1,488	78,940	-	-	536,107
Russell Jansen (part year) ^{(13) (14)}	2018	129,062	50,218	38	7,650	4,328	15,843	-	-	207,139

		Short-term benefits			Post-employment benefits	Equity-based benefits			Other remuneration ⁽⁸⁾	Total ⁽⁹⁾
		Cash salary ⁽¹⁾	Cash STI ⁽²⁾	Non-monetary ⁽³⁾	Superannuation ⁽⁴⁾	Other long-term benefits ⁽⁵⁾	Shares ⁽⁶⁾	Rights ⁽⁷⁾		
		\$	\$	\$	\$	\$	\$	\$	\$	
Former Non-Executive Directors										
Nicole Smith (part year) ⁽¹⁵⁾	2018	198,713	-	-	15,037	-	-	-	-	213,750
	2017	265,276	-	-	19,724	-	-	-	-	285,000
Evelyn Horton (part year) ⁽¹⁵⁾	2018	136,986	-	-	13,014	-	-	-	-	150,000
	2017	179,224	-	-	17,026	-	-	-	-	196,250
Trevor Hunt (part year)	2017	50,096	-	-	3,800	-	-	-	-	53,896
John Reid (part year)	2017	65,046	-	-	4,904	-	-	-	-	69,950
Former Executive Officers										
Lisa Boyce (part year) ^{(13) (16)}	2018	25,368	67,482	7	2,056	648	11,794	-	-	107,355
	2017	161,633	60,751	47	9,948	3,034	21,574	-	-	256,987
John Coombe (part year) ^{(13) (17)}	2018	-	-	-	-	-	4,424	-	-	4,424
	2017	145,322	-	44	14,441	2,638	44,167	-	-	206,612
Andrew Hagger (part year) ⁽¹³⁾	2018	44,814	13,850	264	732	784	-	56,014	30,094	146,552
	2017	46,165	19,200	1,015	830	770	8,706	61,607	-	138,293
Kathy Vincent (part year) ^{(13) (16)}	2018	22,103	-	507	2,036	203	(18,628)	-	-	6,221
	2017	157,396	93,982	3,464	9,948	1,592	71,014	-	-	337,396
Former other executive officers										
Paul Carter (part year)	2017	87,445	50,386	24,786	4,183	1,296	(17,897)	72,999	-	223,198
Ken Christie (part year)	2017	4,774	3,139	-	501	108	2,836	1,419	-	12,777
Simon Martin (part year)	2017	6,861	1,665	3	1,104	127	1,146	-	-	10,906
Total	2018	3,012,745	976,916	13,708	256,870	34,087	401,424	234,879	440,120	5,370,749
	2017	3,352,314	1,113,946	39,044	292,710	40,633	662,447	260,228	-	5,761,322

⁽¹⁾ Includes cash allowances and short-term compensated absences, such as annual leave entitlements accrued.

⁽²⁾ The cash component of the STI received in respect of 2018 was paid on 12 December 2018. The amount reflects 40% of the STI provided to Mr Hagger and 75% of the STI to be provided to other eligible Executive Officers. The actual STI received is dependent on business and individual performance. The amount shown for Mr Hagger includes deferred VR cash (expected to be paid in November 2022) in respect of 2018, which remains subject to the same terms and conditions as VR deferred shares.

The 2018 STI awarded (cash and equity component) as a percentage of STI target was: Mr Marriott 80%, Mr Lawrance 64%, Mr Murphy 45%, Mr Harvey 72%, Mr Mulcahy 67%, Ms Morgan 80%, Mr Jansen 64% and Mr Hagger 17.5%.

Mr Armitage and Ms Boyce participated in the AMIP. Under this plan, AMIP are allocated on a discretionary basis and participants do not have a set target. See section 2.6 for further details. Mr Armitage's 2018 AMIP amount (cash and equity component) was \$1,340,000, 75% which is shown as Cash STI and the remaining in shares, deferred until December 2019. The amount shown as Cash STI for Ms Boyce's is the full amount of her 2018 AMIP amount where 75% was paid as cash on 12 December 2018 and the remaining expected to be paid in cash in November 2019. Mr Coombe, Mr Lloyd and Ms Vincent did not receive any STI from the Group in respect of 2018.

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

⁽³⁾ Includes any motor vehicle benefits, parking, relocation costs, travel for family members, gifts and other benefits. Any related fringe benefits tax is included. The 2017 comparative amount has been adjusted for Mr Hagger to include prior year benefits.

⁽⁴⁾ 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.

⁽⁵⁾ Includes long service leave entitlements accrued based on an actuarial calculation.

⁽⁶⁾ The amount included in remuneration each year for share rewards is the grant date fair value, amortised on a straight line basis over the vesting period. Refer to the Table of key terms for an explanation of the fair value approach used to determine equity-based benefits. Amounts shown for 2018 include portions of shares allocated under employee programs as follows:

a) General Employee shares granted in December 2014, March 2016, December 2016, December 2017 and December 2018, to eligible Executive Officers at the relevant offer time. The shares vest after a three-year restriction period.

b) 2016, 2017 and 2018 deferred STI shares allocated in February 2017, February 2018 and to be allocated in February 2019, respectively. Forfeiture conditions apply during the deferral period.

c) Customer Advocacy Incentive shares granted to M Lawrance, G Mulcahy, D Murphy and K Vincent in March 2016 and February 2017. The shares were restricted until December 2017 and December 2018, respectively, and were subject to achievement of 2017 and 2018 NPS targets and service conditions.

- d) Retention share award granted to Mr Armitage in September 2015. The shares fully vested in July 2018 and were subject to the achievement of performance and service conditions.
- e) Restricted share awards granted to J Coombe in May 2015 and March 2016. The awards are granted in 3 tranches, with approximately 1/3 restricted for 1 year, 1/3 restricted for 2 years and 1/3 for 3 years. The awards are subject to the achievement of performance and service conditions.
- ⁽⁷⁾ The amount included in remuneration each year for performance rights is the grant date fair value amortised on a straight line basis over the expected vesting period. Refer to the Fair value basis definition in the Table of key terms. Amounts shown for 2018 include portions of performance rights allocated under employee programs, as shown below:
- a) Deferred STI performance rights granted to Mr Hagger in March 2016 in respect of performance in 2015, February 2017 in respect of performance in 2016, and December 2017 in respect of performance in 2017. The performance rights are granted with half of each grant restricted for approximately 14 months after the end of the performance year and the remaining half for approximately 26 months after the end of the performance year.
- b) LTI performance rights granted in December 2013, December 2014, December 2015, December 2016 and December 2017 to eligible Executive Officers.
- c) Transformation Rights granted to Mr Lawrance and Mr Murphy in May 2018. The performance rights are restricted for approximately 36 months and are subject to achievement of NPS and cost savings targets.
- ⁽⁸⁾ Mr Hagger ceased as an Executive Officer on 19 September 2018 and ceased employment with the Group on 14 November 2018. Mr Lawrance ceased as an Executive Officer and as an employee of the Group on 16 November 2018. On cessation of employment with the Group, Mr Hagger and Mr Lawrance 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. Under AASB 2 Share-based Payments, the value of retained equity including performance awards (deferred STI and LTI) has been fully accounted for on cessation and included in their 2018 remuneration. On separation, a number of LTI performance rights held by Mr Hagger and Mr Lawrance have been forfeited based on their period of service during the performance periods for those rights and the associated expense has been reversed. Mr Hagger will receive his VR 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 VR deferred shares. Mr Lawrance will receive his STI deferred share component in cash at the end of the deferral period, subject to the same forfeiture conditions as STI deferred shares. These arrangements are consistent with the Group's policy and practice in such circumstances.
- ⁽⁹⁾ 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.
- ⁽¹⁰⁾ Amounts shown are actual amounts received for work performed for the Trustee.
- ⁽¹¹⁾ Mr Promnitz commenced as a non-executive director on 7 December 2017.
- ⁽¹²⁾ Mr Lloyd commenced as an Executive Officer on 12 September 2018. To compensate for awards from his prior employer which were forfeited as a result of joining NAB, Mr Lloyd received a commencement award paid in cash on 3 October 2018. In accordance with accounting standards the full amount of Mr Lloyd's commencement cash award has been expensed in 2018. Mr Lloyd was also allocated commencement shares in November 2018 which are scheduled to vest in March 2019 subject to performance and service hurdles. In accordance with accounting standards, the full amount of Mr Lloyd's commencement shares award will be expensed in 2019.
- ⁽¹³⁾ Amounts shown reflect an accurate estimate of the proportion of total remuneration received for work performed for the Trustee.
- ⁽¹⁴⁾ Mr Armitage and Mr Jansen commenced as Executive Officers on 24 November 2017.
- ⁽¹⁵⁾ Ms Horton and Ms Smith ceased as Non-Executive Directors on 30 June 2018. There were no termination payments made to Ms Horton or Ms Smith.
- ⁽¹⁶⁾ Ms Boyce and Ms Vincent ceased as Executive Officers on 24 November 2017. There were no termination payments made to Ms Boyce or Ms Vincent.
- ⁽¹⁷⁾ Mr Coombe ceased employment with the Group on 15 November 2017 and did not receive any remuneration from the Group for work performed for the Trustee after this date. Mr Coombe continued as an Executive Officer until 24 November 2017. There were no termination payments made to Mr Coombe.

2.4 Value of shares and performance rights

The following table shows the 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 2018. 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. Each performance right entitles the holder to be provided with one NAB ordinary share subject to adjustment for capital actions.

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 2018. 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.

For the awards allocated during the year to 30 September 2018, 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

		Grant date	Granted ⁽¹⁾ No.	Granted \$	Lapsed ⁽²⁾ No.	Lapsed %	Lapsed \$	Vested ⁽³⁾ No.	Vested %	Vested \$
For the year ended 30 Sep 2018										
Other Executive Officers										
Brian Marriott	General employee shares	10/12/2014	30	-	-	-	-	30	100%	972
	Deferred STI shares	22/02/2017	1,308	-	-	-	-	1,308	100%	34,322
	General employee shares	13/12/2017	30	886	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	687	20,850	-	-	-	-	-	-
Matthew Lawrance	LTI rights	12/12/2012	5,602	-	(1,953)	35%	(57,982)	3,649	65%	36,327
	CAI shares	15/03/2016	2,735	-	-	-	-	2,735	100%	67,939
	Deferred STI shares	22/02/2017	2,779	-	-	-	-	2,779	100%	72,921
	General employee shares	13/12/2017	14	401	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	2,062	62,570	-	-	-	-	-	-
	Transformation rights	4/05/2018	7,812	191,463	-	-	-	-	-	-
Damian Murphy	LTI rights	12/12/2012	4,223	-	(1,472)	35%	(43,707)	2,751	65%	27,391
	CAI shares	15/03/2016	1,409	-	-	-	-	1,409	100%	35,002
	Deferred STI shares	22/02/2017	1,074	-	-	-	-	1,074	100%	28,177
	General employee shares	13/12/2017	11	310	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	637	19,344	-	-	-	-	-	-
	Transformation rights	4/05/2018	6,037	147,962	-	-	-	-	-	-
Shane Harvey	General employee shares	10/12/2014	9	-	-	-	-	9	100%	292
	Deferred STI shares	22/02/2017	319	-	-	-	-	319	100%	8,376
	General employee shares	13/12/2017	9	266	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	205	6,219	-	-	-	-	-	-

		Grant date	Granted ⁽¹⁾ No.	Granted \$	Lapsed ⁽²⁾ No.	Lapsed %	Lapsed \$	Vested ⁽³⁾ No.	Vested %	Vested \$
Garry Mulcahy	LTI rights	12/12/2012	10,247	-	(3,573)	35%	(106,067)	6,674	65%	66,446
	CAI shares	15/03/2016	1,368	-	-	-	-	1,368	100%	33,975
	Deferred STI shares	22/02/2017	4,207	-	-	-	-	4,207	100%	110,403
	General employee shares	13/12/2017	14	401	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	3,092	93,841	-	-	-	-	-	-
Amanda Morgan	General employee shares	10/12/2014	11	-	-	-	-	11	100%	340
	Deferred STI shares	22/02/2017	440	-	-	-	-	440	100%	11,553
	General employee shares	13/12/2017	11	310	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	324	9,826	-	-	-	-	-	-
Jonathan Armitage	General employee shares	10/12/2014	9	-	-	-	-	9	100%	292
	Retention shares	2/09/2015	7,284	-	-	-	-	7,284	100%	225,003
	Deferred STI shares	22/02/2017	4,288	-	-	-	-	4,288	100%	112,507
	General employee shares	13/12/2017	9	266	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	3,187	96,722	-	-	-	-	-	-
Russell Jansen	General employee shares	10/12/2014	14	-	-	-	-	14	100%	440
	CAI shares	15/03/2016	912	-	-	-	-	912	100%	22,646
	Deferred STI shares	22/02/2017	1,396	-	-	-	-	1,396	100%	36,627
	General employee shares	13/12/2017	14	401	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	733	22,240	-	-	-	-	-	-
Former Executive Officers										
Lisa Boyce	General employee shares	10/12/2014	14	-	-	-	-	14	100%	440
	Deferred STI shares	22/02/2017	738	-	-	-	-	738	100%	19,371
	General employee shares	13/12/2017	14	401	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	631	19,148	-	-	-	-	-	-
John Coombe	Retention shares	12/05/2015	438	-	-	-	-	438	100%	16,108
	Retention shares	15/03/2016	635	-	-	-	-	635	100%	15,761
	Deferred STI shares	22/02/2017	1,230	-	-	-	-	1,230	100%	32,277
Andrew Hagger	LTI rights	12/12/2012	2,735	-	(954)	35%	(28,312)	1,781	65%	17,735
	STI Deferral rights	9/03/2016	546	-	-	-	-	546	100%	13,201
	STI Deferral rights	22/02/2017	542	-	-	-	-	542	100%	13,200
	Deferred STI rights	19/12/2017	684	18,642	-	-	-	-	-	-
	LTI rights	19/12/2017	2,548	37,606	-	-	-	-	-	-
Kathy Vincent	General employee shares	10/12/2014	14	-	-	-	-	14	100%	440
	CAI shares	15/03/2016	1,823	-	-	-	-	1,823	100%	45,293
	Deferred STI shares	22/02/2017	1,011	-	-	-	-	1,011	100%	26,537
	CAI shares	22/02/2017	1,442	-	(1,442)	100%	(45,294)	-	-	-
	General employee shares	13/12/2017	14	401	-	-	-	-	-	-
	Deferred STI shares	21/02/2018	802	24,330	(802)	100%	(24,330)	-	-	-

⁽¹⁾ The following securities have been granted during 2018:

a) General Employee Share Offer granted to eligible Executive Officers in December 2017. The shares vest after a three-year restriction period.

b) LTI performance rights allocated to Mr Hagger in December 2017 under the Group's LTI program. The total fair value of the award at allocation is disclosed in the table above. The allocation fair value for each LTI tranche is shown in section 2.5. The number of performance rights awarded to Mr Hagger was based on an end September 2017 fair value of \$23.55 for tranche 1 (the maximum weighted average share price (WASP) discount did not apply) and \$15.70 after applying the maximum WASP discount (fair value of \$12.88) for tranche 2 in accordance

with the Board's previous policy to limit the number of LTI performance rights allocated to executives. The end September 2017 fair values were based on the WASP at which NAB shares were traded on the ASX in the five trading days from 25 to 29 September 2017 inclusive, of \$31.39.

c) Deferred STI performance rights allocated in December 2017 and deferred STI shares granted in February 2018 (in respect of 2017). The performance rights are granted with half restricted for approximately 14 months after the end of the performance year and the remaining half for approximately 26 months after the end of the performance year. The deferred STI shares are restricted for approximately 14 months after the end of the performance year.

d) Transformation performance rights granted to Mr Lawrance and Mr Murphy in May 2018. The performance rights are restricted for approximately 31 months and are subject to achievement of NPS and cost saving targets and service conditions.

⁽²⁾ The following securities have forfeited or lapsed during 2018:

a) LTI performance rights allocated in December 2012 partially lapsed in December 2017.

b) Ms Vincent's unvested Customer Advocacy Incentive granted in February 2017 and Deferred STI shares granted in February 2018 were forfeited on resignation.

⁽³⁾ The following securities have vested during 2018:

a) 2015 Tranche 2 deferred STI performance rights allocated in March 2016, fully vested in November 2017.

b) 2016 Tranche 1 deferred STI performance rights allocated in February 2017, fully vested in November 2017.

c) 2016 deferred STI shares allocated in February 2017, fully vested in November 2017.

d) General Employee Share Offer granted to eligible executive officers in December 2014, fully vested in December 2017.

e) LTI performance rights allocated in December 2012 partially vested in December 2017.

f) Customer Advocacy Incentive granted to Mr Jansen, Mr Lawrance, Mr Mulcahy, Mr Murphy and Ms Vincent in March 2016, fully vested in December 2017.

g) Retention shares granted to Mr Coombe in May 2015 and March 2016, fully vested in February 2018.

h) Retention shares granted to Mr Armitage in September 2015 fully vested in July 2018.

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 2018.

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.

The grant date fair value of shares and performance rights is 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. No performance options have been granted during the year. Shares and performance rights granted during 2018 have a zero exercise price.

Table 3: Fair value basis

Type of allocation	Grant date	Shares		Performance rights			
		Fair value \$	Restriction period end	Grant share price ⁽¹⁾ \$	Fair value \$	Exercise period From	Exercise period To ⁽²⁾
General Employee Share Offer	13 December 2017	29.54	13 December 2020				
Deferred Short-Term Incentive	19 December 2017			29.85	28.17	15 November 2018	15 February 2019
Deferred Short-Term Incentive	19 December 2017			29.85	26.42	15 November 2019	15 February 2020
Long-Term Incentive ⁽³⁾	19 December 2017			29.85	23.10	20 December 2021	15 March 2022
Long-Term Incentive ⁽⁴⁾	19 December 2017			29.85	9.20	20 December 2021	15 March 2022
Deferred Short-Term Incentive	21 February 2018	30.35	15 November 2018				
Transformation Reward ⁽⁵⁾	4 May 2018			29.38	24.51	20 December 2020	15 March 2021
Transformation Reward ⁽⁶⁾	4 May 2018			29.38	24.51	20 December 2020	15 March 2021

⁽¹⁾ The Grant share price is NAB's closing share price at the date of valuation (grant date of the relevant award). The Grant share price was used to determine the fair value.

⁽²⁾ The end of the exercise period for each performance rights allocation is also the expiry date.

⁽³⁾ Relates to the 2017 LTI cash Return on Equity performance hurdle.

⁽⁴⁾ Relates to the 2017 LTI relative Total Shareholder Return performance hurdle.

⁽⁵⁾ Relates to the 2018 Transformation Reward NPS target. Mr Lawrance and Mr Murphy received this award.

⁽⁶⁾ Relates to the 2018 Transformation Reward cost savings target. Mr Lawrance and Mr Murphy received this award.

2.6 Performance based remuneration

Executive Variable Reward (VR) Plan

In 2018 the Group introduced a simpler remuneration framework for NAB's Executive Leadership Team (ELT) (including Andrew Hagger) and the Chief Executive Officer, MLC Geoff Lloyd. The new framework was applied with effect from 1 October 2017. The new framework removes complexity and encourages performance that represents the interests of all NAB stakeholders. It is designed to encourage long-term decisions, to ensure that the Group delivers exceptional customer service and to align ELT variable reward with shareholder outcomes. The new framework provides a single variable reward (replacing "short term" and "long term" incentives).

Andrew Hagger is the only Executive Officer who received an award under the VR Plan in 2018. Geoff Lloyd was not eligible to receive any variable reward due to his short period of employment during 2018.

The VR Plan arrangements primarily are the same as the Group STI Plan and are described below. Further detail is also provided in NAB's Annual Financial Report found online at: www.nab.com.au.

Group STI Plan

The Group STI Plan is a variable (at-risk) component of reward designed to align delivery of NAB's strategy and shareholder outcomes with annual incentives. The amount of reward is determined based on a combination of business and individual performance. An Executive Officer must meet conduct requirements and achieve the expectations of their core role to be eligible for a Group STI award.

All Executive Officers other than those who participate in the Executive VR Plan (as above) or on the AMIP (see below) participated in the Group STI Plan in 2018.

Executive VR Plan and Group STI Plan Arrangements

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

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

$$\begin{array}{ccc} \text{The Executive Officer's target VR/STI} & & \text{The Executive Officer's individual score} \\ \text{opportunity} & \times & \text{(which reflects the Executive Officer's} \\ \text{(\$)} & & \text{performance over the financial year)} \\ & & \times \\ & & \text{One NAB Score} \\ & & \text{(which reflects the Group's performance over} \\ & & \text{the financial year)} \end{array}$$

An eligible Executive Officer's actual VR/STI outcome can be higher or lower than their target VR/STI opportunity, but will not exceed their maximum VR/STI opportunity, and will depend on the Executive Officer's individual score and the One NAB Score for the financial year. Individual scores are determined by the NAB Board or the Trustee Board. The One NAB Score is determined by the NAB Board.

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

Each Executive Officer is given a target VR/STI opportunity based on their fixed remuneration and their role. If an Executive Officer or the Group performs above expectation, then the Executive Officer may receive a VR/STI outcome above target. Similarly, if the Executive Officer or the Group fails to meet the expectations set at the beginning of the financial year, then the Executive Officer's VR/STI outcome may be less than target, possibly zero.

VR/STI is provided in a mix of cash and deferred shares. The mix is dependent on the Executive Officer's role as follows:

Executive Officer	Cash	Deferred shares ⁽¹⁾	Minimum deferral period
Andrew Hagger	40%	60%	4 years
Geoff Lloyd	60%	40%	4 years
Other Executive Officers	75%	25%	1 year

⁽¹⁾ For Mr Hagger and Mr Lloyd, deferral only applies if their total VR outcome is \$50,000 or more. For all other Executive Officers, if the deferred amount is less than \$2,000 no deferral will apply.

Providing a portion of VR/STI 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 or Trustee Board determines that it should exercise its discretion, or clawback VR deferred shares.

During the deferral period, the Executive Officer:

- will receive any dividends paid on their deferred shares
- will not be able to sell or otherwise deal with their deferred shares.

(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 assesses the Group's performance against certain performance measures determined by the NAB Board at the beginning of the financial year. These include financial and non-financial measures and are reviewed annually by the NAB Board. The final One NAB Score is subject to NAB Board discretion, taking into account qualitative matters (such as the quality of the financial results, management of risk, people and reputation, shareholder expectations, and sustainability and the environment).

For 2018 the NAB Board determined the One NAB Score based on four equally weighted performance measures:

Cash earnings	Cash return on equity (Cash ROE)	Return on total allocated equity (ROTAE)	Business transformation (as evidenced by improvement in Net Promoter Score (NPS) ⁽¹⁾ and productivity savings
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⁽¹⁾ 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. Priority segments NPS is a simple average of the NPS scores of four priority segments: Home Owners, 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 Roy Morgan Research and DBM BFSM Research.

The Group's performance was solid but below target. Good progress was made executing NAB's transformational strategy and the Group met the transformation productivity performance measure as set by the NAB Board. However, NAB did not achieve the NAB Board's target increase in customer outcomes (as measured by NPS) and costs were incurred in connection with the resolution of certain customer-related remediation programs.

Considering the Group's performance against the stated performance measures as well as a number of qualitative measures, including matters that have featured in the Royal Commission, the NAB Board determined a One NAB Score for 2018 of 80%. For 2018 for the ELT, including Andrew Hagger, the NAB Board determined the One NAB Score should be further reduced by 10% to 70%. The NAB Board took that action because it considers that the ELT must be held the most accountable and need to do more, individually and collectively, to ensure NAB does the right thing by its customers. This is a core NAB value. In respect of 2018, the NAB Board considered that customer conduct issues faced by NAB, many of which have featured in the Royal Commission, should have been dealt with better and faster. The NAB Board expects the ELT to lead the Group in pursuit of NAB's vision to be Australia's leading bank, trusted by customers for exceptional service. The ELT agree, and are fully committed to doing so.

The 2018 One NAB Score was determined as:

Performance measure	Weighting	Outcome	Result
Cash earnings	25%	95% Achieved	• \$5.70 billion against plan of \$6.02 billion
Cash ROE	25%	96% Achieved	• 11.7% against plan of 12.2%
ROTAE	25%	95% Achieved	• 12.1% against plan of 12.7%
Transformation	25%	50% Achieved	• Productivity savings of \$320 million against plan of \$300 million • Average Priority Segments NPS score of -15 is below the target score of -10 (August 2017 to August 2018)
NAB Board adjusted One NAB Score		80%	
NAB Board adjusted One NAB Score for the ELT		70%	

(c) Individual scores

At the start of the financial year, each Executive Officer receives an individual performance plan (or scorecard) which sets out the Trustee Board's expectations for the Executive Officer over that year in certain key areas. Andrew Hagger's performance plan also includes the NAB Board's expectations for the year. The key areas covered by the individual performance plans are those that the Boards consider to be important to NAB'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. Andrew Hagger's performance measures are also approved by the NAB Board.

At the end of each financial year, the Trustee Board assesses an 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; whether they have achieved the core expectations of their role; whether they have met their mandatory risk goal; progress in achieving up to three stretch goals relevant to the Executive Officer's role that support delivery of the Group's longer-term strategy; and how they demonstrate NAB's values and behaviours. 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/STI outcome reduced in part, or in full, depending on the severity of the issue. A number of Executive Officers had their VR/STI reduced during 2018.

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/STI outcome for the financial year.

The cash portion of the VR/STI 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 2018. The minimum amount is \$0 and the maximum is the amount of the cash component shown in the column: 'Cash STI' in Table 1. The remainder of the VR/STI award is deferred in shares scheduled to be allocated in February 2019 for eligible Executive Officers. Executive Officers who leave NAB and are eligible for a VR/STI award will receive their VR/STI 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 VR/STI deferred shares. 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 shares, subject to the value of NAB shares at the time of vesting if vested in full.

If any VR/STI 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.

Asset Management Incentive Plan arrangements

Due to the specialist nature of their roles, Jonathan Armitage and Lisa Boyce participate 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 3 year cash earnings performance of NAB's Asset Management business. In order 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, ROE, impairments and profits or losses on 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 will be 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 2018. The minimum amount is \$0 and the maximum is the amount of the cash component shown in the column: 'Cash STI' in Table 1. The remainder of the AMIP award is deferred in shares scheduled to be allocated in February 2019 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.

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.

Transformation Reward arrangements

Supporting NAB's focus on the customer, some Executive Officers (see Table 2) received a performance rights award during 2018. The purpose of the award is to motivate and reward them for achievement of key transformation objectives. The award is restricted for approximately 31 months. The level of vesting is subject to achievement of Priority Segment NPS and cost savings targets over the 2018, 2019 and 2020 financial years, as well as service conditions.

The minimum amount of the award is \$0 if the award does not vest. The maximum amount for eligible Executive Officers if the award vests is the amount shown in Table 2, subject to the value of NAB shares at the time of vesting.

Remuneration plan governance

- **Board discretion:** The NAB Board or Trustee Board has absolute discretion to adjust Executive Officers' STI⁽¹⁾ down, or to zero, where appropriate (including as a result of Malus⁽²⁾). This includes varying the vesting of STI. The NAB Board's considerations may include the Group's financial performance, the quality of financial results, management of risks and shareholder expectations. NAB Board discretion may apply to any employee across the Group, by division, by role or individual, depending on circumstances. In addition, Trustee Board's discretion can be applied in order 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.
- **Clawback:** Clawback (recovery of paid and vested Rewards) may apply to Executive Officers who participate in the VR plan.
- **Resignation:** If an Executive Officer resigns, any unvested STI will generally lapse or be forfeited, unless the NAB Board determines otherwise. Any unvested STI that are retained will remain subject to the original performance criteria and timetable.
- **Forfeiture of shares and lapsing of performance rights:** An Executive Officer's unvested deferred shares will be forfeited and performance rights will lapse if:
 - the NAB Board determines that some or all of the shares or performance rights will be forfeited or lapsed on cessation of employment with the Group and in other circumstances (other than cessation due to retrenchment or redundancy);
 - the NAB Board determines that shares or performance rights will be forfeited following the occurrence of a 'Malus Event';
 - the NAB Board determines that the shares or performance rights were granted in error; or
 - any other circumstances requiring forfeiture of the unvested equity under the Group Remuneration Policy occur.
- **Conduct standards:** Vesting and grant of all forms of STI are subject to review for compliance with NAB's Code of Conduct (NAB's Code of Conduct is found online at: www.nab.com.au).
- **Insider trading and hedging policy:** Executive Officers are prohibited from protecting the value of their STI equity by hedging. Further details are available in the Group Securities Trading Policy, found online at: www.nab.com.au.
- **Change of control:** The NAB Board generally has discretion to determine the treatment of unvested STI at the time a change of control event occurs. Vesting of the deferred STI will not be automatic and the NAB Board will retain discretion in relation to the vesting outcome for Executive Officers including absolute discretion to forfeit all deferred equity.

General employee shares

An annual share grant up to a target value of \$1,000 of NAB shares are offered to each eligible employee when the Group's performance is on target, measured against a scorecard of objectives for the year. 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.

⁽¹⁾ In this section, STI includes performance-based remuneration yet to be awarded, cash and deferred components of awards provided under the VR plan, the Group STI plan, the AMIP and the Transformation Reward, and unvested equity awards (including LTI) granted in previous years.

⁽²⁾ Such as where a person has engaged in fraud, dishonesty, gross misconduct, behaviour that may negatively impact the Group's long-term financial soundness or prudential standing or prudential reputation, or has materially breached a representation, warranty, undertaking or any other obligation to the Group, or behaviour that brings the Group into disrepute, or has failed to comply with their accountability obligations under the Banking Executive Accountability Regime, or the financial results that led to the NAB shares being allocated are subsequently shown to be materially misstated or there has been a significant and unintended deterioration in the financial performance of the Group resulting directly or indirectly from an act or omission by the person.

Section 3

Table of Key Terms

Term Used	Description
AASB	Australian Accounting Standards Board.
Average equity (adjusted)	Average equity (adjusted) is adjusted to exclude non-controlling interests and other equity instruments, when calculated on a statutory basis. When calculated on a cash earnings basis, average equity (adjusted) is further adjusted for Treasury shares. Refer to NAB's 2018 Annual Financial Report for more details.
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 2018 financial year has been adjusted for the following: <ul style="list-style-type: none"> - Distributions. - Fair value and hedge ineffectiveness. - Amortisation of acquired intangible assets. - MLC Wealth divestment transaction costs.
Cash return on equity (cash ROE)	Cash earnings after tax expressed as a percentage of average equity (adjusted), calculated on a cash earnings basis. Refer to NAB's 2018 Annual Financial Report for more details.
Conduct Gate	All employees must satisfy threshold measures for compliance which reflect a range of internal and external regulatory requirements.
Deferred STI rights	Deferred STI rights are restricted for at least one year and may be fully or partially lapsed if individual or business performance warrants. 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 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.
Executive Leadership Team	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.
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.
Face value	The face value of each performance right is determined by the market value of a NAB share. NAB generally uses a five day weighted average share price to determine the face value at grant and on allocation.
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. <p>The terms and conditions, including lapsing, will vary for each particular 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.</p>
Return on Total Allocated Equity (ROTAE)	ROTAE is a function of cash earnings, Risk Weighted Assets, regulatory capital deductions and target capital ratios.
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.

