



Annual Remuneration Disclosures

30 September 2022

Incorporating the requirements
of APS 330

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Section 1 – Qualitative disclosures

1.1 Introduction

This document has been prepared in accordance with the Australian Prudential Regulation Authority (APRA) Prudential Standard APS 330 *Public Disclosure* (APS 330), which requires disclosure of information to the market relating to risk management practices, including those relating to remuneration for National Australia Bank Limited (NAB) and its controlled entities (Group). This document has also been prepared in accordance with the United Kingdom’s Prudential Regulation Authority (PRA) Rulebook, covering senior managers, risk managers and other material risk takers of NAB’s London Branch (London Branch) as defined by the Senior Managers and Certification Regime (SM&CR) in the UK.

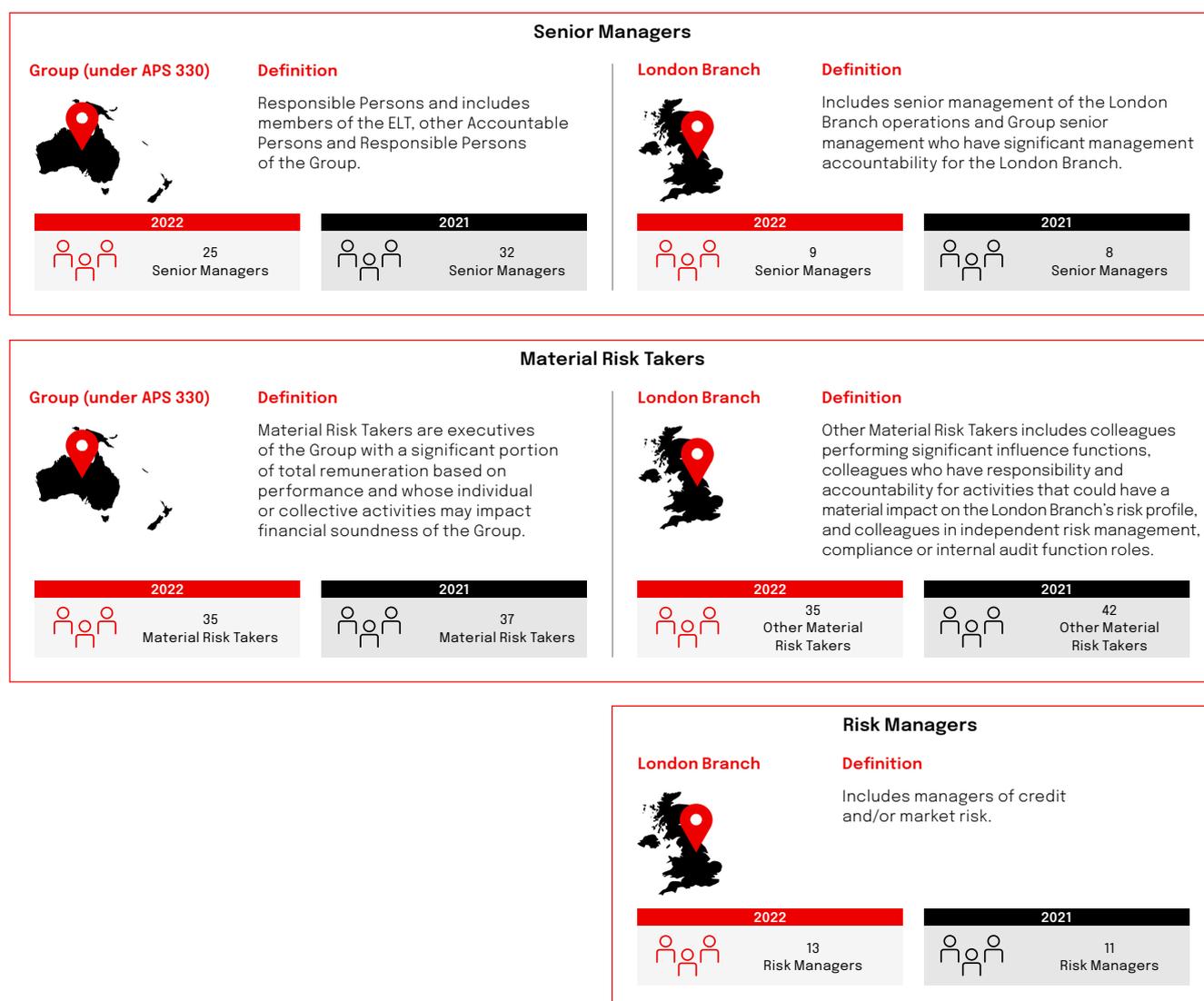
These disclosures outline qualitative information on the Group’s remuneration frameworks and policies including how risk management is incorporated. The qualitative information is relevant for all colleagues, including:

- senior managers and material risk takers of the Group (refer quantitative disclosures, section 2)
- senior managers, risk managers and other material risk takers of the London Branch (refer quantitative disclosures, section 3)

The Group provides detailed information specific to remuneration for the Executive Leadership Team (ELT), who are also senior managers of the Group, in the 2022 Remuneration Report (Remuneration Report) contained in the 2022 NAB Group Annual Report (available on nab.com.au).

Colleagues in senior manager and material risk taker roles in the Group for the year ended 30 September 2022 (hereafter 2022) have been identified based on the definitions provided in APRA Prudential Standards APS 330 (paragraph 22) and CPS 510 *Governance* (CPS 510) (paragraphs 57(a), (c)). The graphic below illustrates the characteristics of the senior manager and material risk taker population of the Group for Australian regulatory purposes and the London Branch.

Overview of Senior Managers, Material Risk Takers and Risk Managers



Senior managers and material risk takers of the Group for Australian regulatory purposes and senior managers, risk managers and other material risk takers of the London Branch are collectively referred to as Material Risk Takers throughout the remainder of this document.

Amounts in this document are presented in Australian dollars and rounded to the nearest thousand dollars (\$'000) except where indicated.

Section 1 - Qualitative disclosures

1.2 Remuneration governance

The Group's Board (Board) is responsible for reviewing and approving remuneration related recommendations from the Board People & Remuneration Committee (Committee). The Committee has been established by the Board to undertake activities that support the execution of the Group's strategy, including the Colleague Strategy, and in support of the Group's purpose, values and risk appetite. The responsibilities emphasise the Committee's focus on long-term sustainable policy settings that foster desired culture while reinforcing compliance with NAB's Code of Conduct, available on nab.com.au (Code) and fulfilling regulatory requirements across jurisdictions in which the Group operates.

Summary of the Committee's structure and responsibilities

Committee structure	2022 areas of focus
 <p>Three independent non-executive directors (including the Chair)</p> <p>6 meetings in 2022</p> <p>12 meetings in 2021</p> <p>There were less meetings required in 2022 due to improved planning and streamlining of governance processes.</p>	 <p>Strategy execution: monitoring the impact from, and the embedding of, key elements of the Colleague Strategy, including leadership, talent development, succession and engagement.</p>  <p>Remuneration governance: monitoring how remuneration and performance frameworks (including consequence management) are applied across the Group, particularly ensuring effective connections between risk management and remuneration outcomes.</p>  <p>Executive performance: evaluating individual executive performance in the context of Group performance at least twice each reporting period, and recommending to the Board the fixed remuneration and variable reward outcomes for the Group Chief Executive Officer (CEO), Group Executives and certain other senior executives. Information on the process for evaluating executive performance is set out in the Remuneration Report.</p>  <p>Group performance and variable reward: considering Group performance for 2022 (with the assistance of other Board Committees) and making a Group Performance Indicators (GPI) recommendation to the Board for the Group Variable Reward Plan.</p>  <p>External environment: monitoring the implementation of APRA Prudential Standard CPS 511 <i>Remuneration</i> (CPS 511) and the finalisation of the new Enterprise Agreement, in particular, their impact on NAB's people and remuneration strategies, policies and frameworks.</p>
Committee purpose	
<p>Supports the Board in discharging its responsibilities relating to people and remuneration strategies, policies and practices of the Group. The Committee undertakes these activities with the objective that they align with and enable the overall Group Strategy and support the Group's purpose, values, strategic objectives and risk appetite (while not rewarding conduct or behaviours that are contrary to these aims).</p>	

The Committee's membership fees for 2022 are summarised below. No increase will be applied to the Committee's membership fees in 2023.

	Annual Committee membership fee	
	2022 (1 October 2021 – 30 September 2022)	2021 (1 October 2020 – 30 September 2021)
Committee Chair	\$55,000	\$55,000
Committee members	\$27,500	\$27,500

The Committee may engage external remuneration consultants to independently review the Group's remuneration framework, policy and practices and provide relevant insights to inform Board and Committee decision making. In 2022, the Group engaged KPMG as an independent external consultant to review the effectiveness of the Group's remuneration framework in accordance with CPS 510's triennial review requirement. Overall, the review found the Group remuneration framework was mostly effective in rewarding colleagues and supporting the Group's desired culture with minor suggestions for improvement. External remuneration advisors did not make any remuneration recommendations to the Committee or the Board.

The Committee's Charter sets out its scope, authority, duties and responsibilities. The full Charter is available online at nab.com.au.

1.3 Performance, risk and remuneration assessment

The Committee oversees Group performance outcomes by establishing robust performance measures and targets that support delivery of the Group's strategy and Colleague Strategy. The Committee also makes recommendations to the Board in relation to the assessment of performance and remuneration outcomes for the Group CEO, Group Executives and other persons as determined by the Board. In assessing performance and determining remuneration outcomes for recommendation to the Board, the Committee is supported by all other Board Committees that provide expert, independent reports, advice and information as required. The Board receives the recommendations, challenges, and applies appropriate judgement in determining appropriate remuneration outcomes. See the *Risk measures and aligning risk and reward* section on page 14 for more details.

Section 1 - Qualitative disclosures

1.4 Remuneration process

Our remuneration framework and policy

Group Remuneration Policy

The Group Remuneration Policy (Policy) applies to all colleagues of the Group, including Material Risk Takers, except Bank of New Zealand (BNZ) colleagues. BNZ has its own remuneration policy which complies with the Group's policy. The BNZ Remuneration Policy is approved by the BNZ Board.

The objectives of the Policy are to:

- support the Group's purpose to serve our customers well and help our communities prosper, through encouraging behaviours and performance consistent with the Group's values and strategic objectives
- ensure variable reward (VR) components of remuneration are designed to encourage behaviour that supports:
 - the Group's long-term financial soundness and long-term sustainable returns
 - the Group's risk management framework
- comply with jurisdictional remuneration regulations and Group diversity, inclusion and pay equity commitments.

The Policy has been developed to support remuneration arrangements aligned with the following principles:

- reinforce our commitment to customers
- attract, retain and reward the best people
- align reward with sustainable shareholder value
- reflect risk, reputation, conduct and values outcomes
- drive delivery of long-term performance.

Remuneration is provided in four components:

- fixed remuneration (FR) provided as cash and benefits (including employer superannuation), set to attract and retain a high performing team to deliver on the Group's strategy
- annual performance-based VR earned for delivery of annual goals that drive the Group's strategy
- long-term variable reward (LTVR) to align the remuneration provided to the ELT with long-term shareholder outcomes
- an Annual Equity Award granted to certain Group 5 and 6 colleagues to create shareholder alignment, drive continued sustainable performance and emphasise focus on risk management, good conduct and behaviour outcomes.

Group remuneration principles

Our remuneration framework is informed by the Group and Colleague strategies which focus on the "Twin Peaks" of customers and colleagues. Our remuneration principles support the delivery of our strategic priorities.

NAB Group remuneration principles					
 <p>Customers</p> <p>Reinforce our commitment to customers</p>	 <p>Colleagues</p> <p>Fair and appropriate reward to attract and retain the best people</p>	 <p>Shareholders</p> <p>Align reward with sustainable shareholder value</p>	 <p>Transparent</p> <p>Simple and easy to understand</p>	 <p>Safe</p> <p>Reflect risk, reputation, conduct and values outcomes</p>	 <p>Long-term</p> <p>Drive delivery of long-term performance</p>

The principles that govern our approach to remuneration have evolved over many years, reflecting developing stakeholder expectations. Through these six broad principles we seek to demonstrate how we think about remuneration to all stakeholders, including our customers, regulators, communities and colleagues. We are committed to ensuring that our approach to remuneration is not only fair and appropriate but also simple and transparent to our stakeholders.

The FR and VR mix is balanced to ensure that the fixed component provides sufficient remuneration to take into account the possibility of paying no VR. VR is set to be sufficiently meaningful to drive individual performance without encouraging inappropriate risk-taking or conduct. The reward mix is based on market information and practices. In any year, actual reward will vary, given the overlay of business performance and individual performance on VR outcomes. In the UK, actual VR does not exceed 100% of FR for the relevant period.

The Board approves individual remuneration arrangements for the ELT, other Accountable Persons and any other senior executives of the Group as determined by the Board. Regulated subsidiary boards will approve individual remuneration arrangements for senior managers of the subsidiary and other senior executives as determined by the subsidiary boards⁽¹⁾. Individual remuneration for other Material Risk Takers is approved by the appropriate manager in accordance with the Policy. The Board approves and monitors the remuneration framework and overall outcomes for Material Risk Takers.

(1) All matters relating to the remuneration of Material Risk Takers employed by BNZ are approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand.

Section 1 - Qualitative disclosures

1.5 Policy changes for 2022

In 2022 the Group finished implementing a project called "Reshaping Reward". This project implemented changes to the remuneration framework for all colleagues below Group Executive level⁽¹⁾. The changes made reward simpler and more consistent, gave colleagues greater certainty by placing more emphasis on FR and enhanced colleagues' focus on the needs of NAB's customers. The changes:

- removed VR for most Group 1 and 2 colleagues (with limited exceptions)
- standardised VR targets by role level for colleagues in Group 3 – 6 in Australia as well as international jurisdictions.

The changes also introduced an Annual Equity Award of NAB shares for senior leaders in certain Group 5 and Group 6 roles to create shareholder alignment and emphasise focus on risk management, good conduct and behaviour outcomes.

(1) Colleagues below Group Executive level refers to colleagues in Group 1 – 6 roles. Roles are defined in the NAB Enterprise Agreement 2016.

Section 1 - Qualitative disclosures

1.6 Variable reward (VR)

Material Risk Takers may participate in a number of performance-based VR plans as described below.

Group Variable Reward Plan (GVRP)

The purpose of the GVRP is to reward participants for the delivery of annual goals which drive long-term sustainable performance. The GVRP applies to the majority of colleagues in the Group. It provides an appropriate level of remuneration that varies based on Group performance (as determined by the Board) and the participant's performance for the financial year. The plan is not wholly formulaic. Judgement is applied through qualitative assessment (as determined by the Board).

The table below outlines the key features of the FY22 GVRP. Further detail on the application of the GVRP for the Group CEO and Group Executives is provided in the Remuneration Report within the 2022 NAB Group Annual Report (available on nab.com.au).

Feature	Description																		
Annual VR opportunity	<p>Annual VR opportunity is expressed as a percentage of FR and is set having regard to a range of factors including the participant's role scope and accountabilities and market competitiveness.</p> <p>An eligible participant's actual VR outcome can be higher or lower than their target VR opportunity, but will:</p> <ul style="list-style-type: none"> not exceed their maximum VR opportunity (150% of target VR opportunity for ELT; 250% of target VR opportunity for other Material Risk Takers) depend on the participant's individual score and the Group's performance for the financial year. 																		
Group performance	<p>Group performance is assessed on achievement of financial and non-financial measures (referred to as Group Performance Indicators (GPI)) linked to the Group's key strategic priorities, overlaid by a qualitative assessment. The qualitative assessment may result in the outcome being adjusted upwards or downwards (including to zero) for risk, quality of performance (including consideration of financial, sustainability, customer outcomes, environmental and social impact matters, and progress made against strategy) and any other matters as determined by the Board. Further detail on the 2022 GPI and outcome are provided in Section 5 of the Remuneration Report (available on nab.com.au).</p>																		
Individual performance	<p>Individual performance is assessed against a scorecard comprised of key financial and non-financial goals. The measures and weighting of each measure reflect the responsibilities for each individual's role. The Group CEO's 2022 scorecard is aligned to the GPI.</p> <p>Individual performance modifiers: The Board or leadership group (as appropriate) consider three individual performance modifiers which may result in an adjustment to the individual's performance and VR outcomes:</p> <ul style="list-style-type: none"> Risk: the individual's management of risk and compliance Employee Conduct: individual performance and VR outcomes may be reduced where expected standards of conduct are not met How We Work: the individual's demonstration of NAB's values 																		
Annual VR calculation	<p>Individual annual VR awards are calculated as follows:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 20%;">Target Opportunity</td> <td></td> <td style="width: 20%;">Group Performance Indicators</td> <td></td> <td style="width: 20%;">Qualitative Assessment</td> <td></td> <td style="width: 20%;">Individual Balanced Scorecard</td> <td></td> <td style="width: 20%;">Individual Modifier</td> </tr> <tr> <td>FR x Annual VR target %</td> <td>×</td> <td>Key financial and non-financial measures to deliver the Group's strategy</td> <td>+</td> <td>Risk Modifier Quality of performance</td> <td>×</td> <td>Individual Scorecards based on individual performance measures</td> <td>+</td> <td>Risk Employee Conduct How We Work</td> </tr> </table> <p>Discretionary adjustments: Annual VR is discretionary and will vary in line with Group and individual performance and available funding. The Board may determine any amount be awarded from zero up to the maximum VR opportunity.</p> <p>The Group CEO's 2022 scorecard, assessment and outcomes are provided in Section 5 of the Remuneration Report (available on nab.com.au).</p>	Target Opportunity		Group Performance Indicators		Qualitative Assessment		Individual Balanced Scorecard		Individual Modifier	FR x Annual VR target %	×	Key financial and non-financial measures to deliver the Group's strategy	+	Risk Modifier Quality of performance	×	Individual Scorecards based on individual performance measures	+	Risk Employee Conduct How We Work
Target Opportunity		Group Performance Indicators		Qualitative Assessment		Individual Balanced Scorecard		Individual Modifier											
FR x Annual VR target %	×	Key financial and non-financial measures to deliver the Group's strategy	+	Risk Modifier Quality of performance	×	Individual Scorecards based on individual performance measures	+	Risk Employee Conduct How We Work											
Award delivery and deferral	<p>Annual VR may be delivered in cash or a combination of cash and equity (shares or deferred rights) where the annual VR outcome is above a certain threshold. Cash components of annual VR are paid following the performance year to which they relate. Equity components of annual VR vest over a defined vesting period. Further information about the deferral arrangements applicable to the GVRP is provided on page 10.</p>																		
Separation	<p>If an employee resigns they will not receive any annual VR for that year and any unvested deferred VR will be forfeited.</p> <p>Unvested awards may be retained on separation in other circumstances prior to the end of the vesting period. The Board retains discretion to determine a different treatment.</p> <p>Vesting of any unvested awards retained will generally not be accelerated and will continue to be held by the individual on the same terms.</p>																		
Board discretion	<p>The Board has absolute discretion to adjust the VR of any employee down, or to zero, where appropriate including in circumstances where Group or individual performance outcomes have changed over time or for an act or omission that has impacted performance outcomes. Further detail on the governance of the GVRP is provided on page 3.</p>																		

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Financial Markets Specialist Incentive Plan (FMSIP)

The FMSIP applies to certain colleagues in the Markets and Corporate Finance businesses. The purpose of the FMSIP is to reward eligible participants for delivery of annual goals that drive long-term sustainable performance and provide market-competitive remuneration for colleagues in specialist roles. The table below outlines the features of the 2022 FMSIP.

Feature	Description
Funding (FMSIP pool)	Generation of funding is dependent on the participating business teams achieving a minimum Return on Allocated Equity (ROAE) hurdle as determined through the planning process and outlined in approved budgets. If the ROAE hurdle is achieved, the amount of FMSIP funding is determined as a percentage of the participating business teams' cash earnings. The level of funding is adjusted for appropriate risk and financial adjustments and to align with customer outcomes. The adjustment takes into account financial outcomes and non-financial factors such as business risks, compliance, conduct, shareholder expectations or the quality of the financial result and may be adjusted for Group performance outcomes. The Committee approves the FMSIP funding amount.
Individual performance	Individual performance is assessed against a scorecard comprised of key financial and non-financial goals. The measures and weighting of each measure reflect the responsibilities for each individual's role. Individual performance modifiers: The Board or leadership group (as appropriate) consider three individual performance modifiers which may result in an adjustment to individuals' performance and VR outcomes: <ul style="list-style-type: none"> • Risk: the individual's management of risk and compliance • Employee Conduct: individual performance and VR outcomes may be reduced where expected standards of conduct are not met • How We Work: the individual's demonstration of NAB's values.
FMSIP awards	If FMSIP funding is generated, it is allocated to participants on a discretionary basis by taking into consideration the individual's financial performance against plan targets and performance relative to peers. Minimum performance and conduct conditions must be met for an award to be allocated.
Award delivery and deferral	FMSIP awards may be delivered in cash or a combination of cash and equity (shares or deferred rights) where the FMSIP award outcome is above a certain threshold. Cash components of the award are paid following the performance year to which they relate. Equity components of the award vest over a defined vesting period. Further information about the deferral arrangements applicable to the FMSIP is provided on page 10.
Separation	If an employee resigns they will not receive an FMSIP award for that year and any unvested deferred awards will be forfeited. Invested awards may be retained on separation in other circumstances prior to the end of the vesting period. The Board retains discretion to determine a different treatment. Vesting of any unvested awards retained will generally not be accelerated and will continue to be held by the individual on the same terms.
Board discretion	The Board has absolute discretion to adjust the VR of any employee down, or to zero, where appropriate including in circumstances where Group or individual performance outcomes have changed over time or for an act or omission that has impacted performance outcomes. Further detail on the governance of the FMSIP is provided on page 3.

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BNZ Discretionary Variable Reward Plan (DVRP)

BNZ Material Risk Takers participate in the BNZ DVRP. The BNZ DVRP operates on a similar basis to the GVRP. In the BNZ DVRP, different employee groups have different business scores impacting their final VR outcome, in order to reflect the degree of impact and influence they have on business performance.

The purpose of the plan is to align decision making at executive and senior management levels with BNZ's strategic goals and outcomes, and appropriately capture the business risks related to the achievement of business outcomes and reflect these in discretionary VR.

The table below outlines the features of the 2022 BNZ DVRP.

Feature	Description					
Annual VR opportunity	Annual VR opportunity is expressed as a percentage of FR and is set with regard to a range of factors including the participant's role scope and accountabilities and market competitiveness. An eligible participant's actual VR outcome can be higher or lower than their target VR opportunity. Individual Performance Plan ratings map to Individual VR score guidelines. These guideline ranges are established at year end, with maximum ratio of VR generally set at 200% of FR unless determined otherwise by the BNZ Board.					
BNZ performance	BNZ performance is assessed using the BNZ performance scorecard (known as the One BNZ Score) comprising financial and non-financial measures linked to BNZ's key strategic priorities, which is overlaid by a qualitative assessment to support any adjustment of the outcome. The qualitative assessment is integral to the outcome and may result in the outcome being adjusted upward or downward (including to zero) for risk, reputation, quality of performance or any other matters as determined by the BNZ Board. For 2022, the One BNZ Score pillars and metrics were Customers (20%), Colleagues (12.5%), Safe Growth (7.5%) and Financial (60%). The BNZ Board determines the One BNZ Score multiplier, with guideline ranges from 0.8 to 1.2.					
Individual performance	Individual performance is assessed against several areas, including conduct, customer, risk and, if a people leader, colleague leadership and engagement. Depending on their overall performance, the participant is awarded an individual score from zero to two. An individual's behaviour is assessed against the BNZ Code of Conduct which is used to adjust their performance outcome.					
VR calculation	Each participant's VR outcome is determined based on the combination of BNZ and individual performance. Any amount may be awarded from zero up to the participant's maximum VR opportunity. A participant's VR award is calculated as: <div style="text-align: center; margin-top: 10px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;">Participant's target VR opportunity (\$) FR x target %</td> <td style="text-align: center; padding: 5px;">x</td> <td style="text-align: center; padding: 5px;">One BNZ Score⁽¹⁾ Adjusted for qualitative assessment as determined by the BNZ Board</td> <td style="text-align: center; padding: 5px;">x</td> <td style="text-align: center; padding: 5px;">Participant's individual performance Adjusted for behaviour assessment</td> </tr> </table> </div>	Participant's target VR opportunity (\$) FR x target %	x	One BNZ Score⁽¹⁾ Adjusted for qualitative assessment as determined by the BNZ Board	x	Participant's individual performance Adjusted for behaviour assessment
Participant's target VR opportunity (\$) FR x target %	x	One BNZ Score⁽¹⁾ Adjusted for qualitative assessment as determined by the BNZ Board	x	Participant's individual performance Adjusted for behaviour assessment		
Award delivery and deferral	VR may be delivered in cash or a combination of cash and equity ⁽²⁾ (shares or deferred rights) where the annual VR outcome is above a certain threshold. Cash components of VR are paid following the performance year to which they relate. Equity components of VR vest over a defined vesting period. Further information about the deferral arrangements applicable to the BNZ DVRP is provided on page 10.					
Separation	If an employee provides notice of resignation prior to payment date they will forfeit any VR in respect of that year. Any unvested deferred VR will also be forfeited. Unvested awards may be retained in exceptional circumstances on separation prior to the end of the vesting period. The Board retains discretion to determine a different treatment. Vesting of any unvested awards retained will generally not be accelerated and will continue to be held by the individual on the same terms.					
Board discretion	The BNZ Board has absolute discretion to adjust the VR of any employee down, or to zero, where appropriate including in circumstances where Group or individual performance outcomes have changed over time or for an act or omission that has impacted performance outcomes.					

(1) VR for the BNZ Executive Leadership Team is calculated using 50% of the One BNZ Score + 50% of the GPI.

(2) Deferral for the BNZ Executive Leadership team is by way of equity, for all other BNZ colleagues deferral is made using cash.

All matters relating to the remuneration of BNZ colleagues, including the BNZ DVRP, are approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand.

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Long-Term Variable Reward (LTVR)

The ELT may also be eligible to receive LTVR. The table below outlines the key features of the 2022 LTVR award.

Feature	Description										
Purpose	LTVR awards are granted by the Board to encourage long-term decision making critical to creating long-term value for shareholders. They are determined and awarded independently from annual VR decisions.										
Participants	Group CEO and Group Executives as determined by the Board.										
Award value	<p>The maximum face value of the LTVR award is 130% of FR for the Group CEO and Group Executives.</p> <p>The value of the LTVR granted is determined by the Board annually. The Board considered the Group's and the relevant participant's performance during 2022 when determining the LTVR to be granted to the participant.</p> <p>The actual value delivered to each participant is subject to the level of achievement against the performance hurdle and may be zero if the performance hurdle is not achieved.</p>										
Instrument	<p>The LTVR award is provided as performance rights.</p> <p>Each performance right entitles its holder to receive one NAB share at the end of the four year performance period, subject to the performance hurdle being satisfied.</p>										
Allocation approach	The number of performance rights to be granted is calculated by dividing the LTVR award face value by NAB's weighted average share price over the last five trading days of the financial year. The weighted average share price used for 2022 is \$29.11.										
Grant date	The award is scheduled to be granted in February 2023.										
Performance period	Four years from 15 November 2022 to 15 November 2026.										
Performance hurdle	<p>Total shareholder return (TSR) measures the return that a shareholder receives through dividends (and any other distributions) together with capital gains over a specific period. For the purposes of calculating TSR over the performance period, the value of the relevant shares on the start date and the end date of the performance period are based on the volume weighted average price of those shares over the 30 trading days up to and including the relevant date.</p> <p>NAB's TSR is measured against the TSR peer group to determine the level of vesting:</p> <table border="1"> <thead> <tr> <th>NAB's relative TSR outcome</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>0%</td> </tr> <tr> <td>At 50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentiles</td> <td>Pro-rata vesting from 50% to 100%</td> </tr> <tr> <td>At or above 75th percentile</td> <td>100%</td> </tr> </tbody> </table> <p>The TSR peer group for the 2022 LTVR is AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia, Macquarie Group Limited, Suncorp Group Limited and Westpac Banking Corporation. This is the same as the 2021 LTVR TSR peer group.</p>	NAB's relative TSR outcome	Level of vesting	Below 50th percentile	0%	At 50th percentile	50%	Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%	At or above 75th percentile	100%
NAB's relative TSR outcome	Level of vesting										
Below 50th percentile	0%										
At 50th percentile	50%										
Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%										
At or above 75th percentile	100%										
Testing	TSR outcomes are calculated by an independent provider.										
No retesting	The performance hurdle is not retested. Any performance rights that have not vested after the end of performance period will lapse in December 2026.										
Dividends	No dividends are paid throughout the vesting period or in respect of vested performance rights.										
Separation	<p>The treatment of performance rights will depend on the reason for separation:</p> <ul style="list-style-type: none"> Resignation: performance rights will be forfeited in full All other circumstances including retrenchment and retirement: the performance rights will be retained in full unless otherwise determined by the Board in its absolute discretion⁽¹⁾. <p>Any performance rights a participant continues to hold will remain subject to the performance hurdle, with the hurdle being tested in accordance with the normal timetable.</p>										
Board discretion	The Board has extensive discretion in respect of the LTVR, including the initial value to be granted, the amount of performance rights that vest and any forfeiture or clawback applied. Further detail on the governance of the LTVR is provided on page 3.										

(1) For example if the participant retires prior to the end of the financial year in which the performance rights are granted, generally the Board will exercise its discretion to allow the participant to retain a pro-rata portion of the performance rights reflecting the proportion of the LTVR performance period served when the retirement occurs.

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Year End Share Offer

The Year End Share Offer is an annual award provided to the majority of colleagues. The purpose of the plan is to build alignment with shareholder experience and recognise the role colleagues play in growing the business over the longer term.

Feature	Description
Award value	<p>For 2022, a grant of NAB shares equivalent to approximately \$1,000 was made to colleagues who:</p> <ul style="list-style-type: none"> were a permanent employee of the Group with at least 12 months' continuous service as at 30 September 2022 and resided in Australia (excluding casual, fixed term and temporary employees and employees on career break) were still a permanent employee of the Group on the allocation date (15 December 2022) were not an Accountable Person or a senior executive (Group 6 or 7 colleagues) did not receive a serious or significant conduct issue for the performance year ended 30 September 2022. <p>Eligible colleagues who did not meet the Australian residency requirement, including those who work in NAB international offices, may receive a cash equivalent payment in their local currency instead of the share grant.</p>
Restriction period	The award is restricted for three years. Dividends are payable on the award during the restriction period.
Separation	In circumstances where an employee leaves the Group before the end of the restriction period, the retained shares will be released on cessation of employment.

Annual Equity Award

Certain colleagues appointed to Group 5 and 6 roles may be eligible to receive an Annual Equity Award at the end of the financial year. This award is provided to create shareholder alignment, drive continued sustainable performance and emphasise focus on risk management, good conduct and behaviour outcomes. The allocation at the end of the financial year is based on a pre-grant assessment of individual performance and conduct during the year. The award vehicle is 100% restricted shares (33% scheduled to vest at the end of year 1, year 2 and year 3).

Deferral arrangements

Long-term performance is reflected in the design of the Group's VR arrangements. VR plans contain performance metrics that are set to encourage long-term decision making, critical to creating long-term value for shareholders. Deferral of a portion of VR allows for the reward to be adjusted after the initial performance assessment to reflect longer-term performance outcomes.

The quantum and period of deferral is commensurate with the level of risk within a role and the ability to reliably measure business outcomes. This allows time to confirm that the initial individual performance and business performance outcomes are realised and if not, for the deferred VR to be adjusted downwards. A summary of deferral arrangements is provided below.

Colleague category	Deferral arrangement
ELT - GVRP ⁽¹⁾	50% of VR is deferred over 4 years, vesting in equal amounts (i.e. 12.5% per year) in years 1 to 4
ELT - LTVR	100% of VR is deferred for 4 years
Accountable Persons (other than ELT) ⁽¹⁾	40% of VR is deferred for 4 years
Senior managers and material risk takers (not in categories below) ⁽¹⁾	Depending on seniority of role: 40% of VR is deferred for 3 years or 30% of VR is deferred for 2 years
UK senior managers ⁽²⁾⁽³⁾⁽⁴⁾	Depending on role: 40% of VR is deferred for 4 years, eligible to vest equally from 1 to 4 years or 40% of VR is deferred for 7 years, eligible to vest equally from 3 to 7 years
UK risk managers ⁽²⁾⁽³⁾⁽⁴⁾	Depending on role: 40% of VR is deferred for 4 years, eligible to vest equally from 1 to 4 years or 40% of VR is deferred for 5 years, eligible to vest equally from 1 to 5 years
UK other material risk takers (not in categories below) ⁽²⁾⁽³⁾	40% of VR is deferred over 4 years, eligible to vest equally from 1 to 4 years
FMSIP - Group 6 colleagues in a non-regulated role ⁽⁵⁾	50% of VR is deferred for 3 years
FMSIP - below Group 6 colleagues in a non-regulated role ⁽⁵⁾	50% of VR is deferred over 3 years, eligible to vest equally from 1 to 3 years

(1) Only applies if the individual's VR is \$50,000 or more.

(2) Only applies if the individual's VR is more than 33% of total remuneration or VR is more than £44,000.

(3) If annual VR is £500,000 or more, 60% of the incentive is deferred. A further six month retention period applies to higher paid UK risk managers and a further 12 month retention period senior manager and other material risk takers in the UK.

(4) 50% deferral applies for FMSIP participants.

(5) Only applies if the individual's deferred amount is \$2,000 or more.

Deferred VR is generally provided in either shares or rights. Deferral arrangements will be amended for those in specified roles in Australia to meet CPS 511 requirements. Changes to the deferral arrangements for CPS 511 will be effective 1 October 2023.

For senior managers, risk managers and other material risk takers in the UK subject to deferral, half of any up-front VR (the non-deferred component of VR) is provided as cash. The remaining half is provided as equity and subject to a retention period. A retention period also applies to deferred VR after the VR performance conditions have been satisfied. For senior managers

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and other material risk takers the retention period is 12 months, while for risk managers the retention period is six months. The retained amounts are restricted from being sold, transferred, or exercised by the individual during the retention period. No further performance conditions apply to retention equity.

The Board has absolute discretion to extend the deferral period for any reason, including if the Board has reason to believe an individual is likely to have failed to meet threshold measures of conduct or comply with their accountability obligations.

Deferred awards are subject to malus and clawback (see *Other features of the Group remuneration framework* below for more information).

Unvested awards may be retained on separation in other circumstances, such as retrenchment or retirement. Where unvested awards do not lapse on cessation of employment, they will continue to be held by the individual subject to the terms and conditions of the offer.

Once deferred VR has vested, no further adjustment (including as a result of malus) applies. Clawback may be applied to vested VR, including for Accountable Persons and some Material Risk Takers in the UK.

Forms of variable reward

The Group provides VR in the following forms:

Form	When used
Cash	<ul style="list-style-type: none">• All or a portion of the VR that relates to the current performance year• Where a colleague is entitled to receive deferred VR but has ceased employment with the Group prior to allocation of any shares or rights, or for jurisdictional reasons• Retention and recognition awards• Commencement awards
Shares	<ul style="list-style-type: none">• Deferred VR• Annual Equity Awards• Year End Share Offers• Retention and recognition awards• Commencement awards
Rights	<ul style="list-style-type: none">• Deferred VR (includes VR which is retained by the Group for certain colleagues in the UK)• LTVR• Retention and recognition awards• Commencement awards

Generally, the Group aims to provide deferred VR as equity to align the interests of colleagues and shareholders. Rights are generally provided where the Group does not consider it appropriate to pay dividends during deferral or restriction periods, or for jurisdictional reasons. The mix of different forms of VR is dependent on the colleague's role as well as external market relativities and practice.

All permanent colleagues (except colleagues in Internal Audit and most Group 1-2 colleagues) are eligible to participate in a VR plan. VR will generally be provided in a combination of cash (including employer superannuation if required) and equity.

Retention, recognition, and commencement awards are provided to a colleague depending on circumstances. The quantum and form will vary depending on the specific circumstances at the time of the award.

1.7 Other features of the Group remuneration framework

Malus (forfeiture or lapsing of unvested VR)

Unvested VR will generally be forfeited or lapsed prior to vesting (or milestone) date if:

- the employee resigns; or
- the Board determines that some or all of the unvested VR should be forfeited or lapsed as a result of:
 - cessation of employment with the Group (other than due to resignation)
 - conduct standards not being met as set out in the Code
 - the occurrence of a Malus Event⁽¹⁾
 - any other circumstances contemplated by the Remuneration Policy.

Deferred amounts not forfeited on cessation of employment are generally retained, subject to the initial forfeiture conditions, restriction hurdles and all other terms of the relevant VR and equity plans.

Clawback (recovery of paid and vested VR)

Paid and vested VR, including retention rewards, is subject to clawback. The Board may apply clawback to the ELT, other Accountable Persons, some UK Material Risk Takers and other colleagues in certain circumstances. In the UK, clawback applies for up to seven years from the award date for some material risk takers and up to 10 years from the award date for senior managers (under the UK senior managers and certification regime).

(1) Examples include where the individual 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 the Group into disrepute; has materially breached a representation, warranty, undertaking or obligation to the Group; or the executive has failed to comply with their accountability obligations under the Banking Act.

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For Accountable Persons who have not complied with their accountability requirements under the *Banking Act 1959* (Oth) (Banking Act), the individual will be required to repay an amount determined by the Board (in its absolute discretion), including if the Board determines that clawback is required to comply with the Group's obligations under the Banking Act related to variable remuneration.

For UK Material Risk Takers, the circumstances in which the Board may consider applying clawback include (but are not limited to) any circumstances where the Board considers that there is reasonable evidence:

- that there has been a material failure of risk management or regulatory compliance
- that the individual participated in, or was responsible for, conduct which resulted in significant losses
- of misbehaviour or material error on the part of the individual
- that the individual has failed to meet appropriate standards of fitness and propriety.

Clawback may apply to other Material Risk Takers and other colleagues of the Group depending on their individual employment arrangements and the terms and conditions of the VR plan.

Minimum shareholding requirements

To align with shareholder interests, executives are required to hold NAB shares to the value of 200% of FR (for the Group CEO) and 100% of FR (for Group Executives). Newly appointed executives are required to satisfy the minimum shareholding requirement within a five year period from the date of commencement in their role. The Group CEO and Group Executives have either met or are on track to meet their minimum shareholding requirement.

Holdings included in meeting the minimum shareholding requirement are NAB shares, unvested deferred shares and deferred rights not subject to further performance conditions held by the executive, and shares held by a closely related party or self-managed superannuation fund for the benefit of the executive.

Commencement, retention and guaranteed awards

Commencement awards are used to buy out equity or other benefits from a new colleague's previous employer. The amount and timing of any commencement award is based on evidence provided by the new colleague of the benefit offered by their previous employer. Commencement awards are provided in the form of NAB equity or cash, subject to restrictions and certain forfeiture conditions, including forfeiture on resignation.

The Group provides retention awards for key individuals in roles where retention is critical over a medium-term timeframe (generally two to three years). These may be delivered in the form of NAB equity or cash, and are subject to performance, conduct, forfeiture conditions and clawback as appropriate. For UK Material Risk Takers, retention payments require prior approval from the regulator.

Guaranteed VR awards (not subject to performance conditions) do not support the Group's performance focus and are not consistent with sound risk management. There may be circumstances where, in order to attract and retain key talent, a colleague may be awarded VR or a bonus, without explicit performance conditions, using tenure-based requirements. Awards of this nature are rare and are generally provided only as part of a commencement award.

1.8 Remuneration of risk and financial control colleagues

Risk and financial control colleagues (as defined in CPS 510 paragraph 57(b)) are critical to the effective operation of the Group.

Independence from the business for these colleagues is assured through the following:

- Setting the reward mix to ensure that VR is not significant enough to encourage inappropriate behaviours, while remaining competitive with the external market.
- That the risk, compliance and financial control business areas determine remuneration decisions for these colleagues rather than the business the role supports (except for the Group Chief Risk Officer).
- Performance measures and targets are aligned to Group and individual objectives that are specific to the risk, compliance and financial control roles, and not linked to the performance of the business the role supports.
- Group performance is used to calculate individual VR outcomes as appropriate. The Group's GPI is one of two factors used to determine individual reward outcomes. Risk and financial control personnel are impacted by the Group GPI and the Individual Performance Multiple, both of which are used for to calculate an individual's reward outcomes.
- Group 1 to 5 Internal Audit colleagues do not receive VR. These colleagues are eligible to participate in the Year End Share Offer.

Following Committee review, the Board will approve remuneration structures for these colleagues and oversee the overall remuneration outcomes for colleagues in these roles at least annually.

1.9 Linking performance and remuneration

Performance is linked to remuneration through FR and VR.

FR is set with consideration to role complexity and responsibilities, the individual's capabilities, experience and knowledge, individual performance, internal and external market role relativities and pay equity considerations.

VR is determined based on a combination of individual performance and business performance. Performance measures are selected which capture the effects of material risks and minimise actions that promote short-term results at the expense of longer-term business growth and success. Further detail on performance measures and its link to remuneration outcomes is set out in the *Variable Reward Plans* section on page 6.

Section 1 - Qualitative disclosures

1.10 Linking individual remuneration to business performance

Individual remuneration is linked to business⁽¹⁾ and individual performance through the Group's VR plans' design elements:

- Business performance is a component of the majority of VR plans, ensuring remuneration outcomes are smaller when business performance is less than target and higher when business performance is above target
- A colleague's performance plan defines goals comprising performance measures and targets relevant to the colleague's role that support delivery of the Group's long-term sustainable performance
- Deferral of a portion of VR links remuneration to the future value of NAB shares and allows for adjustments to remuneration outcomes to be made if necessary.

1.11 Adjusting for poor performance, conduct and risk outcomes

During a performance period, poor performance, conduct and risk outcomes at a business and individual level will be reflected in the individual's VR outcome for the current year and vesting of other VR awards from prior years. If performance, conduct and/or risk outcomes are significantly weak, this may result in no VR being awarded for the performance year, forfeiture of prior year awards for malus and/or clawback of awards.

(1) For risk and financial control colleagues, business performance is limited to the overall Group performance reflected in the Group's GPI.

1.12 Risk measures and aligning risk and reward

Conduct, risk and consequence management

The Committee regularly reviews the Group and individual outcomes for risk, reputation, conduct and performance considerations. This includes oversight of the Group's Colleague Conduct Framework (Framework) which supports an appropriate risk culture across the Group. The Board, Group CEO and Group Executives influence culture by focusing on leadership behaviour, systems and colleagues, reinforced through performance and remuneration outcomes.

How conduct and risk are integrated in our remuneration framework

	Conduct management	Risk assessment
Scope	<ul style="list-style-type: none"> Applies to all colleagues including the Group CEO and Group Executives Colleagues are required to comply with the Code and Framework 	<ul style="list-style-type: none"> Applies to all colleagues including the Group CEO and Group Executives All colleagues (excluding the Group CEO) have a mandatory risk goal in their annual performance scorecard. The Group CEO has a risk modifier applied to his annual VR outcome
Assessment touch points	<ul style="list-style-type: none"> Throughout the year: Employee conduct matters are managed as they occur "in the moment" Quarterly: Conduct history is reviewed and conduct matters are discussed during quarterly performance check-ins as appropriate Annually: A comprehensive review and update is undertaken to calibrate any breaches of the Code 	<ul style="list-style-type: none"> Throughout the year: Risk goals are monitored throughout the year along with continuous risk evaluation Quarterly: Risk goals and risk issues are discussed during quarterly performance check-ins as appropriate Annually: A comprehensive review and update is undertaken to calibrate any risk events
Individual assessment	<ul style="list-style-type: none"> Throughout the year: Leaders assess the severity of any employee conduct and risk matters and determine the appropriate consequence depending on the severity of the matter Consequences may include any combination of coaching, counselling, formal warnings, termination of employment, impacts to in-year performance assessment, reduction to VR outcomes and the application of malus or clawback At year end: Leaders undertake a holistic conduct history review and evaluate achievement of the risk goal. These are translated into the colleague's performance rating. Remuneration decisions are informed by the performance rating 	
Executive and Board oversight	<ul style="list-style-type: none"> In assessing conduct and consequence, each business and enabling unit maintains a Professional Standards Forum which makes recommendations to the Executive Remuneration Committee (members include the Group Executive People and Culture, Group Chief Risk Officer and the Group Executive Legal and Commercial Services) The Executive Remuneration Committee oversees the effectiveness of the Framework, reviews material events, accountability and the application of suitable consequences The Committee and the Board oversee consequences for the Group CEO and Group Executives 	<ul style="list-style-type: none"> Divisional Chief Risk Officers provide oversight, challenge and independent input into the performance review process The Group Chief Risk Officer prepares a detailed assessment of the risk outcomes for the Group CEO and each of the Group Executives The Board Risk & Compliance Committee assesses the Group Chief Risk Officer's outcomes. These assessments are used by the Board in determining individual VR outcomes for the Group CEO and Group Executives The Group CEO, Group Executives and employees receive higher VR if they are driving improvements in the management of risk and compliance. If risk is not appropriately managed, the individual's VR will be reduced and other consequences may be applied
Potential impacts on remuneration	<ul style="list-style-type: none"> Risk adjustment: On recommendation from the Committee, the Board may adjust the "in-year" funding level of VR outcomes. The Board may also reduce VR for individuals to align with employee conduct or risk outcomes Malus: Grant and vesting of all VR is subject to the employee meeting the conduct standards outlined in the Code and risk expectations. The Board may determine that unvested awards should be adjusted or forfeited (including to zero) in circumstances where these conduct standards or risk expectations are not met Clawback: Clawback may be applied to paid and vested VR provided to any colleague including the Group CEO and Group Executives 	

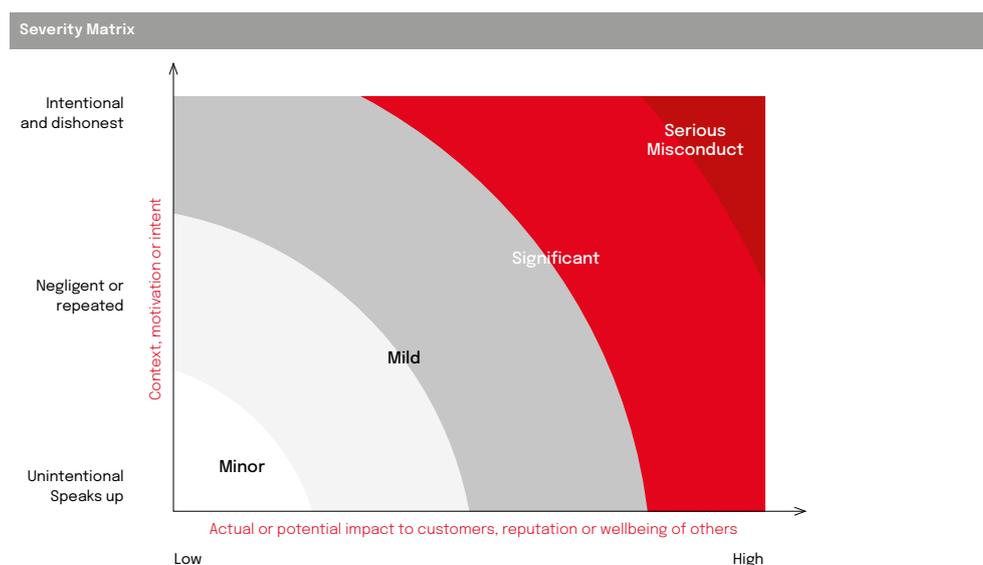
Section 1 - Qualitative disclosures

Risk and conduct

Effective consequence management supports an appropriate risk culture across the Group. The Group's enhanced focus on risk and conduct management has been sustained in 2022:

- The Code outlines what is expected of directors, leaders, colleagues and contractors who perform services on behalf of the Group. It captures not only the Group's legal and regulatory obligations, but also an expectation to act ethically and responsibly towards customers, colleagues and communities.
- The Code emphasises 'How We Work' and the key policies and guidelines which must be followed to achieve expected outcomes. There is a strong emphasis on speaking up about concerns and a guide to ethical decision making.
- The Code is supported by an approach to conduct and consequence management that focuses on fair, consistent and proportionate consequence outcomes when expectations are not met. Consequences are informed by the severity of the matter, including an assessment of intention or repetitive conduct.
- Professional Standards Forums in each business and enabling unit continue to review or note breach of the Code at least quarterly, taking action to set the tone and reinforce the Group's standards of conduct and culture. Any material breach or conduct that is materially inconsistent with the expected outcomes in the Code are reported to the Committee.
- The Executive Remuneration Committee, a management committee, meets quarterly to make recommendations to the Board to consider applying their discretion to adjust VR for current or former employees (excluding the Group CEO and Group Executives) for material risk, conduct and reputational issues.
- Speak Up training deployed to every colleague, and a network of 158 whistleblower champions foster psychological safety to speak up about concerns.
- The Group performance framework (Peak performance) further embeds non-financial metrics with a stronger focus on risk, customer outcomes, and leadership and culture goals to align with Group strategy and values.
- Regular reporting, insights and data to support informed decision making on risk and remuneration outcomes.

Consequences for misconduct are proportionate to the severity of the matter. The severity of the misconduct and consequence applied are determined using the Severity Matrix (below).



Section 2 – Quantitative remuneration disclosures for the Group

Table 2A: Total value of remuneration awards

The following table provides details of remuneration awarded to the Group's senior managers and material risk takers.

	As at 30 Sep 22				As at 30 Sep 21			
	Senior managers		Material risk takers		Senior managers		Material risk takers	
	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed remuneration								
Cash-based ⁽¹⁾	19,750	-	22,973	-	24,448	-	19,741	-
Other ⁽²⁾	815	-	1,047	-	930	-	904	-
Variable reward⁽³⁾								
Cash-based	9,485	-	10,906	-	12,400	1,124	14,760	89
Equity ⁽⁴⁾	-	16,739	-	15,818	-	9,955	-	5,275

(1) Includes cash salary, cash allowances, short-term compensated absences (such as annual leave entitlements accrued but not taken during the year), motor vehicle benefits, parking, relocation costs and other benefits (including any related fringe benefits tax).

(2) Other FR includes employer contributions to superannuation (in Australia and New Zealand) and National Insurance Contributions (in the UK) and long service leave 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.

(3) 24 senior managers (2021:31) and 33 material risk takers (2021: 34) received VR in respect of the relevant year. Some senior managers and material risk takers did not receive VR as they ceased employment with the Group or did not meet minimum service requirements.

(4) Equity includes shares and share-linked instruments. Amounts are determined based on the grant date fair value amortised on a straight line basis over the expected vesting period. The amount represents the accounting expense for the relevant year, which includes amounts relating to the relevant year and prior year awards (if any).

Table 2B: Deferred reward

The following table provides details of deferred reward for senior managers and material risk takers, including the amount outstanding as at the reporting date and the amount paid and reductions during the year. Reductions are split into implicit reductions (e.g. due to fluctuations in the NAB share value and share-linked instruments) and explicit reductions (e.g. reductions, forfeiture and lapses due to failure to meet performance hurdles, resignations or malus adjustments).

	As at 30 Sep 22		As at 30 Sep 21	
	Senior managers	Material risk takers	Senior managers	Material risk takers
	\$'000	\$'000	\$'000	\$'000
Outstanding deferred reward as at the reporting date⁽¹⁾	45,065	31,901	29,763	23,193
of which: cash-based	-	-	1,124	89
of which: equity	45,065	31,901	28,639	23,104
Paid out during the year ⁽²⁾	6,473	4,838	9,098	6,513
Reductions due to explicit adjustments during the year ⁽³⁾	(2,610)	(1,379)	(3,774)	(2,610)
Reductions due to implicit adjustments during the year	(229)	(2)	(1,039)	(1,268)

(1) The value of deferred cash awards is the grant value and for deferred equity awards is the grant date fair value. Outstanding deferred reward provided as shares and share-linked instruments is fully exposed to ex post explicit and/or implicit adjustments.

(2) Includes the value of vested awards using the closing share price of NAB shares on the vesting date.

(3) Calculated using the closing share price of NAB shares on the forfeiture or lapsing date.

Section 2 - Quantitative remuneration disclosures for the Group

Table 2C: Other remuneration

The following table provides details of the commencement awards and termination payments for senior managers and material risk takers.

	As at 30 Sep 22				As at 30 Sep 21			
	Senior managers		Material risk takers		Senior managers		Material risk takers	
	No. of individuals	Total amount \$'000	No. of individuals	Total amount \$'000	No. of individuals	Total amount \$'000	No. of individuals	Total amount \$'000
Commencement awards ⁽¹⁾	1	1,068	2	2,660	-	-	2	836
Termination payments ⁽²⁾	-	-	1	250	5	3,099	4	1,720

(1) The full value of the commencement awards provided.

(2) Termination payments are made in accordance with the relevant NAB Enterprise Agreement and/or the employee's employment agreement. Employees may also retain shares and performance rights in accordance with the relevant terms and conditions of each grant, which remain subject to the relevant performance hurdles and restriction periods. These arrangements are consistent with the Group's policy and practice in such circumstances.

Section 3 - Quantitative remuneration disclosures for the London Branch

Other remuneration information

In 2022 two senior managers were remunerated more than EUR 1 million but less than EUR 1.5 million. All other senior managers, risk managers and other material risk takers were remunerated less than EUR 1 million. Total remuneration includes FR, allowances and VR. All values were converted using a rate of 1 Euro = £0.86218, consistent with the European Commission's currency converter for September 2022.

Glossary

Accountable Person

An accountable person for the purposes of the Banking Act 1959 (Cth). Members of the Executive Leadership Team are included in the list of Accountable Persons for NAB.

ADI

Authorised Deposit-taking Institution.

APRA

Australian Prudential Regulation Authority.

APS

Prudential Standards issued by APRA applicable to ADIs.

BNZ

Bank of New Zealand.

BNZ Discretionary Variable Reward Plan (DVRP)

The annual variable reward plan that BNZ colleagues participate in.

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 2022 financial year has been adjusted for the following:

- hedging and fair value volatility
- amortisation of acquired intangible assets
- acquisitions, disposals and business closures.

CPS

Prudential Standards issued by APRA applicable to regulated entities, including ADIs.

Executive Leadership Team (ELT)

The Group CEO and the Group Executives.

Financial Markets Specialist Incentive Plan (FMSIP)

The annual variable reward plan that certain colleagues working in the Financial Markets business area participate in.

Fixed remuneration (FR)

Base salary and superannuation paid regularly during the year.

Group

NAB and its controlled entities.

Group Performance Indicators (GPI)

A scorecard of financial and non-financial performance measures linked to the Group's key strategic priorities, overlaid by a qualitative assessment. The GPI is used to assess the Group's performance for the purpose of the annual VR plan.

Group Variable Reward Plan (GVRP)

The annual variable reward plan that the majority of colleagues across the Group participate in.

Hedging and fair value volatility

This volatility represents timing differences between the unrealised gains or losses recognised over the term of the transactions and the ultimate economic outcome which will only be realised in future. This volatility arises primarily from fair value movements relating to trading derivatives held for risk management purposes; fair value movements relating to assets, liabilities and derivatives designated in hedge relationships; and fair value movements relating to assets and liabilities designated at fair value.

How We Work

How We Work identifies the core elements of behaviour expected of colleagues for the Group to deliver its strategy and clearly articulate the Group's target culture. The core elements are: Excellence for customers, Grow together, Be respectful and Own it.

NAB

National Australia Bank Limited ABN 12 004 044 937.

Prudential Regulation Authority (PRA) Rulebook

A rulebook outlining rules made and enforced by the United Kingdom's Prudential Regulation Authority. The rulebook applies to all PRA-regulated firms.

Responsible Person(s)

A person as defined in paragraph 22 of APS 330 and paragraph 57(a) and (c) of CPS 510.

Return on Allocated Equity (ROAE)

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 APRA 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.

Senior Managers and Certification Regime (SM&CR)

A regime in the UK which aims to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their conduct and competence.

Variable reward (VR)

The variable reward component(s) of a colleague's total reward.

