

ASX ANNOUNCEMENT

3 April 2014

NAB announces retirement of Cameron Clyne

The Chairman of National Australia Bank Limited, Michael Chaney, announced today that Cameron Clyne had advised the Board that he will retire as Group Chief Executive Officer and Managing Director of the Bank in August this year.

The Board has appointed Andrew Thorburn as Group Chief Executive Officer and Managing Director, effective 1 August 2014, and he will be invited to join the NAB Board at this time. His appointment is subject to regulatory approvals.

Mr Clyne said leading more than 42,000 NAB employees and strengthening the culture and reputation of the organisation was the most rewarding role of his career. But he said the job had taken a personal toll and it was now time to retire from executive life.

"We have built a strong foundation for future growth with the revitalisation of the Personal Bank, grown our already strong position in business banking, and achieved material improvements in customer satisfaction and reputation. We have also worked methodically through our legacy issues while still making transformational change in our technology," Mr Clyne said.

"I am leaving to spend some much-needed time with my young family. I am proud that I leave NAB as a strong, customer-focused bank."

Mr Chaney paid tribute to the exceptional leadership of Cameron Clyne and said Cameron had advised the Board of his desire to retire from executive roles.

"Cameron took over as CEO during the global financial crisis and developed an effective strategy to steer the Bank through a challenging period during which it has undergone significant cultural and structural change," Mr Chaney said.

"He is highly regarded throughout the Bank and externally, and we are sorry to see him leave at this time. Cameron has built strong leadership across the organisation, a stronger balance sheet, improved the Bank's culture, enhanced its reputation and dealt with a number of legacy issues."

"As a result of his efforts, NAB is well positioned for the future."

Mr Chaney said he was pleased that the company's succession planning processes had enabled the Board to choose someone from within the organisation who has the ability and the vision to take on the role of CEO of the Group.

He described Andrew Thorburn as an outstanding banking executive who has been part of the NAB Group Executive team that developed the Bank's successful strategy focusing on building a stronger Australian and NZ franchise.

"Andrew Thorburn has done a superb job leading Bank of New Zealand (BNZ) since 2008 where he continued to build the bank's performance, increasing cash earnings by more than

40 per cent, improving market share on the back of strong customer satisfaction and developing a strong leadership culture. As CEO of BNZ, Andrew has gained extensive experience in all of the component parts of running a full service commercial bank. BNZ has delivered consistently strong results, reflecting a focused and disciplined approach to implementation of the strategy. In the course of his time at the Bank, Andrew has also had responsibility for NAB's Asian and US operations. As a member of the Group Executive team, his energy, vision and ability to motivate employees have been obvious as has his business acumen," Mr Chaney said.

Before being appointed CEO of BNZ in 2008, Andrew was Executive General Manager, Retail Banking at NAB for three years. He is a career banker who has spent more than 27 years working in the industry in Australia and NZ.

A replacement for Andrew as Managing Director and CEO of BNZ will be announced in due course.

A fuller biography of Andrew Thorburn and details of his employment terms are attached.

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Andrew Thorburn:

- Born in Melbourne, Australia.
- Married with three adult children.

Work history:

Joined National Australia Bank in 2005.

- Appointed Managing Director and CEO, Bank of New Zealand in October 2008.
- Previous role at NAB - Executive General Manager, NAB Retail (2005 –2008).
- Chairman of Great Western Bank, 2010.
- Co-Chair Australian-New Zealand leadership forum, 2012.
- Director of New Zealand Initiative, 2013.

Prior to Joining NAB:

- **St George Bank**, Group Executive, Personal Customers (2002 –2004).
- **Commonwealth Bank / ASB Bank Group** (1986 – 2002) in a variety of roles including:
 - o State General Manager, Western Australia, Commonwealth Bank;
 - o Chief Manager, Marketing Communications, Commonwealth Bank, Sydney;
 - o Chief Manager, Retail Banking, ASB Bank, Auckland; and
 - o Regional Manager; ASB Bank, Auckland.

Qualifications:

- Master of Business Administration, with Distinction, University of Durham (UK).
- Bachelor of Commerce, majoring in Economics, University of Auckland.
- Diploma of Marketing, Chartered Institute of Marketing (UK).
- Fellow of Australasian Institute of Banking and Finance.

ANNEXURE

The Board of National Australia Bank Limited outline the terms of employment for the incoming Group Chief Executive Officer, Andrew Thorburn.

In announcing the details, NAB Chairman, Michael Chaney, said "The Board and the Remuneration Committee believe that, in the current market, it is appropriate for the incoming Group Chief Executive Officer to start on a lower package than the current incumbent. Mr Thorburn is supportive of this decision. The package on appointment aligns with our pay for performance philosophy. It is strongly aligned to shareholder expectations with 70% of the total package being "at risk". This ensures that remuneration will not be earned until there is genuine individual and organisational performance.

Appointment

The contract will be effective 1 August 2014 when Mr Thorburn commences as Group Chief Executive Officer. It is not a fixed term contract and, therefore, does not have an end date.

Termination

The notice period specified in the contract is 26 weeks by either Mr Thorburn or the company, except in the case of redundancy where the current enterprise agreement notice terms apply. In the case of misconduct there is no notice provision.

Post Employment

A 6 month restraint provision is applicable.

Duties

The duties of Mr Thorburn are those expected of a CEO in a global financial services organisation, reporting to and receiving directions from the Board. Performance will be assessed against a range of financial, risk, customer and employee metrics along with compliance against all regulations and internal policies as applicable.

Remuneration

There are three components of Mr Thorburn's remuneration as Group Chief Executive Officer:

Fixed Remuneration:

- A base salary of \$2,200,000 per annum (inclusive of statutory superannuation contributions and any salary sacrifice arrangements). It will be reviewed annually in accordance with the Group's remuneration policy.

Short Term Incentive:

- A short term incentive target of 100% of base salary (\$2,200,000) with a maximum opportunity to earn 175% of base salary should performance exceed set targets.
- Half of any short term incentive will be paid in cash, half will be deferred over two years in performance rights per assurance requirements within the plan rules.

- No dividends will be received on deferred incentive amounts.

Long Term Incentive:

- A long term incentive award of 130% of base salary (\$2,860,000), allocated in performance rights. This will be allocated subject to shareholder approval at the AGM in December 2014.
- Vesting is subject to performance against Total Shareholder Return hurdles over a four year period to ensure alignment with shareholder expectations.
- No dividends will be received from this award.