



ASX ANNOUNCEMENT

Friday, 19 July 2019

Ross McEwan appointed CEO of National Australia Bank

National Australia Bank today announced the appointment of Ross McEwan as Group Chief Executive Officer and Managing Director.

NAB Chairman-elect Philip Chronican said NAB had secured a senior, global financial services executive with deep experience in international markets and long-standing knowledge of the Australian banking environment.

The New Zealand-born, former Australian banking industry executive has been CEO of Royal Bank of Scotland since 2013 and led the organisation through significant change and recovery.

Mr McEwan announced his resignation from RBS in April 2019 and will start with NAB once his obligations to his current employer have been discharged, no later than April 2020. He will be invited to join the NAB Board at this time. The appointment is subject to regulatory approvals.

“Ross McEwan is the ideal leader for NAB as we seek to transform our operations and culture firmly around leading customer service, experience and products,” Mr Chronican said.

“Ross brings a compelling range of experience across finance, insurance and investment with a track record of delivering important and practical improvements for customers. RBS has been through many of the same challenges which NAB now faces around culture, trust and reputation.

“We have secured a well proven CEO and reached agreement on an appropriate remuneration package when compared with domestic and international peers and other sectors.”

Mr McEwan joined RBS Group as CEO UK Retail in 2012 from the Commonwealth Bank of Australia, where he had been Group Executive for Retail Banking Services for five years. He had previously been CBA’s Executive General Manager with responsibility for its branch network, contact centres and third-party mortgage brokers.

Mr McEwan said: “It is a privilege to return to Australia and lead NAB at a crucial time for the bank, its customers, employees, shareholders and the broader community.

“There are a number of areas where NAB can extend its lead, such as business banking, agriculture and health, and other areas where I believe we should consistently lead such as customer service. We must also meet and exceed the expectations of our many stakeholders.

“It is essential that I protect and accelerate the bank’s transformation program. The community also expects a higher level of accountability and transparency from the banking industry. Australians deserve NAB to be a world class service provider.”

The appointment means that Mr Chronican will transition from interim CEO to the Chairman position in mid-November 2019, replacing Dr Ken Henry. The Board will then put other interim management arrangements suitable to APRA in place if required. Mr Chronican has been interim CEO since March 2019, following the resignation of Andrew Thorburn after four and a half years as CEO.

Dr Henry indicated his intention in February to resign from the Board once the permanent CEO was appointed. He joined the Board as a Director in 2011 and became Chairman in 2015.

Mr McEwan's employment conditions are attached below.

For further information:

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Investor relations

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Ross McEwan biography

- Born in Hastings, New Zealand
- Married with two adult daughters

Work history

- Royal Bank of Scotland Group - Chief Executive (2013-2019); CEO UK Retail (2012-2013)
- Commonwealth Bank of Australia – Group Executive Retail Banking (2007-2012); Executive General Manager with responsibility for the branch network, contact centres and third-party mortgage brokers (2007); ASB Bank (2003-2007)
- Managing Director of First NZ Capital Securities (2002-2003)
- National Mutual Life Association of Australasia then AXA (1986-2002) including CEO AXA New Zealand (1996-2002)

Qualifications

- Bachelor of Business Studies, Massey University, New Zealand

Annexure

The terms of the employment for the incoming Group Chief Executive Officer, Mr Ross McEwan, are as follows -

Appointment

Mr McEwan will commence as Group Chief Executive Officer once his obligations to his current employer have been discharged, no later than April 2020. The appointment is subject to regulatory approvals.

Termination and restraint

Mr McEwan's contract is a rolling contract with either Mr McEwan or NAB able to terminate it by giving the other party 26 weeks' notice. A restraint period of six months will be applicable post termination.

Remuneration

There are three key components of Mr McEwan's remuneration package -

Fixed Remuneration

- Fixed remuneration of \$2.5 million per annum (inclusive of superannuation and any salary sacrifice arrangements), reviewed annually in accordance with NAB's remuneration policy.

Annual Variable Reward

- Potential to earn between 0% and 150% of fixed remuneration.
- 50% of any variable reward earned will be paid in cash and 50% will be provided in performance rights vesting evenly over four years. A dividend equivalent payment will be made only on vested rights.

Long Term Variable Reward

- An annual grant of up to 130% of fixed remuneration provided in performance rights which are not dividend eligible.
- Vesting subject to performance testing at the end of a four-year performance period against customer measures (relative Net Promoter Score) and financial measures (relative Total Shareholder Return).

Vesting of all variable rewards remain subject to ongoing Board review in accordance with the applicable terms. All grants of performance rights remain subject to shareholder approval. It is not expected that Mr McEwan will be provided with any commencement benefits, subject to final approvals affirming retention of existing rights. Further details will be provided in NAB's 2019 Remuneration Report.