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Start of Transcript

Louise Thomson: Good morning and welcome to National Australia Bank's Annual General Meeting. I am Louise Thomson, Group Company Secretary. Before commencing this Virtual Annual General Meeting, I would like to invite my colleague, Eveanne Liddle, to acknowledge the traditional owners of the land on which we are hosting today's meeting.

Eveanne Liddle: Thank you Louise for the introduction. Good morning shareholders, NAB leadership, and NAB people, and anyone else joining the AGM today. As a proud and strong Central Arrernte and Luritja Pertame woman from Central Australia and head of NAB's Indigenous Affairs, on behalf of the National Australia Bank I would like to acknowledge the traditional custodians and owners of the lands of Melbourne, the Wurundjeri people of the Kulin nations.

In this acknowledgement we collectively pay respect to their elders past and present, and the elders of all First Nations peoples of the lands you are joining us from. In undertaking this acknowledgement, we show our respect for First Nations peoples' traditional ownership of land, their law and continuing connection to country. Thank you.

Louise Thomson: Thank you for your acknowledgement Eveanne. While COVID-19 restrictions have recently eased here in Victoria, the health and wellbeing of our shareholders, colleagues and communities remains important to us. We felt that a virtual meeting would deliver the best experience for the greatest number of shareholders.

Today's meeting is being held virtually through an online platform. This allows our shareholders, proxyholders and guests to attend the meeting virtually. I will outline the process for voting and submitting questions shortly. Some shareholders have also joined us by telephone. A significant proportion of our shareholders have taken the opportunity to vote, appoint proxies and submit questions in advance of the meeting. We thank them for doing so.

My NAB colleagues, together with our share registry and technology providers, have worked hard to ensure we provide you with a seamless experience. Our Notice of Meeting, which sets out the business of the meeting and explanatory information, the AGM guide and supplementary documents are available on the AGM page on NAB's website.

If you require technical assistance at any point during the meeting, the contact details for our technical support team are shown on the screen now. For those joining by telephone, these details are available on the AGM page of our website, and in our Notice of Meeting.

In the event that we experience significant technical difficulties or we need to evacuate the building we're broadcasting from, the Chairman may decide to adjourn the meeting until later in the day. We will notify you of the proposed time to reconvene via our AGM page of our website and the Australian Securities Exchange, ASX.

If the technical difficulties are minor the Chairman will have regard to the nature of the difficulty, the number of shareholders impacted, and the extent to which shareholders' reasonable participation in the business of the meeting is affected before deciding whether to adjourn the meeting.

I will now explain how the technology for this meeting will operate. As outlined in our Notice of Meeting, shareholders and proxyholders may vote and submit questions at any time during this meeting using the online platform. We have also provided shareholders who may not be able to participate online with the opportunity to listen to the AGM by telephone. Those joining us by phone will not be able to vote over the phone, but can ask questions. All questions by phone will be subject to the same process as those submitted online, which I'll speak to shortly.

All resolutions will be decided on a poll. To provide ample opportunity for shareholders and proxyholders to submit their votes, the Chairman will declare the poll open on all resolutions shortly after he formally opens the meeting. The poll on all items will be closed 10 minutes after the meeting finishes, to allow time for final votes. A reminder will be given just before the meeting is formally closed. The results of the poll will be available later today on the ASX and on the AGM page of our website.

For those of you participating online on a computer today, you will see a split screen with the webcast and presentation on the right-hand side of the screen. On the left you can currently see an information page. When voting opens voting options will appear on the left-hand side where the information page is now. If you wish to see closed captions, they

can be accessed by clicking on the captions link on the information page. The closed captions will open in a separate window, and can be viewed alongside the webcast.

Those participating via a tablet or mobile phone will need to tap the broadcast arrow to view the webcast. Tapping the broadcast arrow again will minimise the webcast, but you'll still be able to hear the audio of the meeting. Please ensure that you press play on the webcast and that your device is not muted.

Shareholders and proxyholders using the online platform are now able to submit questions. If you do wish to submit a question, we encourage you to do so now. The Chairman will respond to these at the relevant item of business, or after the formal part of the meeting if your question is a general one.

I will now explain how to submit questions. When the question function is available the speech bubble icon will appear at the top of the app. To send in a question click or tap on the speech bubble icon and a new module will open up. Click in the ask a question box at the bottom of the screen, type in your question and press the send arrow. You will receive an automated message confirming your question has been received, and your question will be placed in the queue.

We want to address as many questions submitted during the meeting as possible. To help us please ensure your question is relevant to all shareholders. Please limit your questions to two per item of business, and submit them separately. Please indicate which item of business your question relates to, or if it is general. The Chairman will answer general questions at the end of the meeting.

Please keep your questions concise. The app only accepts up to 1000 characters. That's approximately four-to-five sentences in length. Please also note, we may group questions on the same topic or theme and answer them together. Our of respect for all attendees at today's meeting, we will not read out any questions or statements that contain explicit, abusive or threatening language.

In addressing questions we will not disclose personal details, other than the name of the person who submitted a question. If you submit a question and it is about your or another person's individual circumstances as a customer or shareholder, your question will not be read out. This is because information discussed at the AGM should be relevant to all shareholders. It is also not appropriate for us to discuss individual circumstances in a public forum. One of our experienced customer service colleagues will try to contact you

after the meeting. If it's relevant for you, you may like to contact either our customer services or shareholder services teams, and their details are shown on the screen now.

For those participating by phone, you may submit a question by pressing star-two on your phone. An operator will be with you as quickly as possible. Until that time you will continue to hear the audio broadcast of the meeting on your phone. Your question will go into the queue with questions submitted via the online platform. All questions submitted today will be read out to the meeting by one of my colleagues.

I will now explain how to vote. For those eligible to vote at this meeting using the online platform, your votes can be submitted at any time from when the Chairman declares the poll open until 10 minutes after the meeting closes. When the poll is open voting will be accessible on the left-hand side of your screen if you are on a computer. Or if you are on a tablet or smart phone, by selecting the voting icon at the top of the screen.

To vote simply select one of the voting options - for, against or abstain. There is no need to press submit or click the enter button, as your vote will be automatically recorded. You may change your vote at any time during the meeting until the poll is declared closed.

Scott Hudson from Computershare will act as the returning officer for the purposes of conducting and determining the results of the poll for each resolution. The results will be announced later today on the ASX and the AGM page of our website. The AGM guide on our website gives the same instructions on how to vote and ask questions during the meeting in case you need to refer back to these.

I would now like to introduce your Chairman, Mr Philip Chronican.

Philip Chronican: Good morning ladies and gentlemen and welcome to this meeting. It's just after 9:30am. This is a properly constituted meeting and a quorum is present. I therefore declare the Annual General Meeting of National Australia Bank open and welcome everyone to our first Virtual Annual General Meeting.

Before delivering my address I will explain where I am today and make some introductions. In the current COVID-19 environment the health and safety of our shareholders, our team members, their families and the broader community is our number one priority. As a result, NAB made the decision to hold its AGM virtually.

While the Board and Management Team will not have the opportunity to meet with you in person this year, all shareholders, wherever you are, will have the opportunity to join the

meeting. We are very pleased to welcome shareholders who previously may not have had the opportunity to participate in our AGM. One of the many good things about technology is that you are still able to participate from anywhere in Australia, and indeed from anywhere in the world.

Thank you for navigating today's format. I know it's unfamiliar for some of you. We have been working very hard to make it accessible and inclusive. I hope you feel that you have every opportunity to participate.

This is consistent with the Corporations Act which states that the Chair must allow a reasonable opportunity for the members as a whole at the meeting to ask questions or make comments about the management of the Company. I encourage your feedback so that we can keep getting better at serving you as shareholders.

I am joining you today from a studio in Melbourne, together with our Group Chief Executive Officer and Managing Director, Ross McEwan, and Company Secretary, Louise Thomson, who introduced the meeting.

I am really pleased that the easing of restrictions has meant that most of our Directors and Executives have been able to join us here in the studio today. Present with me in the studio are five of my fellow Non-Executive Directors, and I will now introduce each of them. They are David Armstrong, Peeyush Gupta, Ann Sherry, Simon McKeon and Kathryn Fagg. Joining us by telephone due to travel restrictions are our other three non-executive directors, Anne Loveridge...

Anne Loveridge: Good morning.

Philip Chronican: ...Geraldine McBride...

Geraldine McBride: Good morning.

Philip Chronican: ...and Doug McKay.

Doug McKay: Good morning everyone.

Philip Chronican: Our executive leadership team is also present including our Group Chief Financial Officer, Gary Lennon. Sarah Lowe, who is the Lead Engagement Partner of our auditor, Ernst and Young, is also with us in Melbourne and available to answer questions related to their Audit Report. Assisting us today is Virginia Porter, a senior member of the NAB team, who will be reading out the questions submitted during the meeting.

Thank you again to those shareholders who submitted questions in advance of the meeting today. We received 84 questions, all of which I have personally read. Many were on similar topics and I will address the common themes raised from these are the relevant item of business.

As the year draws to a close and we meet today at the first virtual AGM in our Company's history, the significant changes and challenges of the last 12 months are foremost in my mind. As a result of the COVID-19 pandemic, this has been a year in which people have lost loved ones, suffered ill health and been separated from family. It's a year that saw businesses upended and economies shattered.

In the last 24 hours we have seen in Sydney how quickly the situation can change. Many communities across the country have felt the additional impact of bushfires, continued drought and flooding, just as we have seen in Queensland this week. This has reminded us of our fragile sometimes harsh environment and the impact of a changing climate. It also reminds us of the importance of being prepared for natural disasters.

I am pleased with how NAB has risen to these challenges. I have appreciated the efforts of NAB's 34,000 people who have continued serving customers well this year, often in trying circumstances of their own. In a very difficult year our Company has supported customers and remained safe and secure. It is also well prepared for 2021 and beyond.

Balance sheet strength is a fundamental and the Board is determined that the stability of our Bank should never be in doubt. Earlier in the year, amid a high degree of uncertainty, we made sure we were well capitalised and able to withstand potential shocks to the economy. We took the decision to raise capital levels by way of a fully underwritten institutional share placement of \$3 billion and a non-underwritten share purchase plan of \$1.25 billion.

Due to shareholder demand the size of the share purchase plan was increased by \$750 million over our original target of \$500 million. It was important to the Board that individual investors could participate alongside institutional investors. Thanks to your support we remain a very safe bank and are well positioned to keep lending through the recovery. I know many shareholders and their families rely on our dividends for income and we appreciate the impact that a reduced dividend has had on people.

Our decision to pay a total dividend for the 2020 financial year of \$0.60 per share reflects our desire in line with the regulatory guidance to both maintain a strong capital position

and continue to provide income to shareholders. It's an investment in the long-term value of our Bank.

While some of our competitors deferred or decided not to pay an interim dividend, the Board did not feel that option met our responsibilities to you. The Board felt it was appropriate that the experience of customers and shareholders during 2020 should be reflected in remuneration outcomes. That is why none of the executive leadership team received an annual variable reward this year. In addition, the Group CEO offered to take a 20% reduction in his fixed remuneration for the second half of the year, as did the Board on their base director fees.

The future performance of the NAB share price is an absolute priority. We aim to grow cash earnings per share alongside customer satisfaction and employee engagement to deliver greater value to you as shareholders. Over the past 10 years our total shareholder return relative to our major bank peers is now second out of four. Today our market capitalisation puts us at fourth place on the ASX and second among the other major banks. This is for the first time in 12 years.

While headwinds remain, there is good underlying momentum in the business. We are confident that our shareholders will be rewarded over time as the experience of our customers continues to improve. Our ambition is centred on the core notion of being a good bank. In turn, being a good bank will deliver long term value to shareholders.

Ross has proven he is the right leader for the Bank and he has a talented experienced team behind him. Together they have created a refreshed Group strategy with a far simpler approach which brings much sharper discipline and focus. The business structure has been reorganised to make accountabilities clearer and decision making faster. The Bank is much more focused on serving customers well and on getting the basics right.

There was already greater discipline and processes to better manage non-financial risks. We have certainly not forgotten the lessons learned from the Royal Commission and through our self-assessment and I am pleased with the progress that has been made to improve culture, governance and accountability practices and outcomes for NAB's customers.

Our Reform Program is rigorous and its completion will be critical to our future. The Board believes the right foundations are in place and we will continue to seek evidence of ongoing improvement. We are a stronger, better bank than a year ago. We are also operating in a much better economic environment than we anticipated even just a few months ago. While significant uncertainty remains, there is increased optimism emerging following the early-stage rollouts of vaccines overseas.

Here in Australia and over in New Zealand we are in a very fortunate position. Relative to other developed nations we have managed the health and economic challenges well. The actions and cooperation of governments, regulators and the banking industry has helped more businesses stay open and kept more people in jobs. The resources and agricultural sectors have been a consistent strength for the Australian economy. Our state and territory borders have reopened and restrictions have continued to ease and it's pleasing that a very large majority of those who chose to defer their loans are now getting back on track. Around 90% of home loan customers who were on deferral are resuming payments.

After experiencing Australia's first recession in nearly 30 years the recovery is underway, but it will take time. There will be some sectors that continue to be constrained, some companies whose business models imply won't work in a COVID-19 normal environment and some households who will remain under concerning financial stress. As we manage through the recovery, we will remain sensitive to customers in these situations and provide appropriate support. We will lend responsibly with a clear approach, not to put people into further debt if they cannot afford to repay.

As Australia's largest business bank, it is also our responsibility to support customers through the cycle. We continue to lend and we are working collaboratively with government on support initiatives such as the SME Guarantee Scheme and the Business Growth Fund. Australia has a dynamic small business sector. NAB will help businesses adapt to a different world to create jobs and fuel critical growth in the coming years.

The Board is also focused on the long-term challenges we face, which is why for the first time sustainability is a key anchor of our refreshed business strategy. Climate change is an issue that presents commercial risks and opportunities for NAB, as well as for our customers and their communities. Our commitment is to achieve a net zero emissions lending portfolio consistent with the global ambition to achieve a net zero emissions

economy by 2050. NAB is the only Australian bank to have signed the collective commitment to climate action to bind us to this target alongside 38 banks globally.

This is an ambitious commitment of which I am proud and which helps shape our strategic considerations. More of our customers are also preparing for a net zero emissions world and we have a natural interest in supporting businesses as they undertake that preparation. These are commercial risk-based decisions and as a relationship led bank it is our responsibility to support our customers through this transition.

The way we seek to address sustainability risks is not limited to climate change. We are constantly improving the way we account for environmental, social and governance risks. We are pleased to have been ranked second among Australian banks and among the top 12 banks globally in the Dow Jones Sustainability Index for 2020.

As we navigate these challenges and opportunities, we are taking a steady and thoughtful approach to Board renewal. We are carefully considering the skills and experience of the Board as a whole. As well as the Chairman and Group CEO transitions last year, Kathryn Fagg was appointed to the Board at last year's AGM. This was followed by the commencement of Simon McKeon as a Non-Executive Director in February. These changes have delivered fresh thinking, diversity and stability.

After serving almost seven years on the Board Geraldine McBride will today retire as a Non-Executive Director. Geraldine has served as a member of the Bank's Audit and Customer Committees. Geraldine's expertise in data and technology and her experience in strategy and innovation have been valuable to the Board. I thank Geraldine for her contribution.

Simon McKeon stands today for election as a Non-Executive Director. Simon has more than 40 years' experience in financial services, law, government and the not-for-profit sector. He is Chairman of the Board's Risk and Compliance Committee and a member of the Board's Nomination and Governance Committee.

David Armstrong, Peeyush Gupta and Ann Sherry all stand for re-election today. We anticipate appointing a new director in 2021 to achieve our target Board size of 10 members, including the Managing Director. We will do this with a view to maintaining a diverse range of relevant skills and experience.

In closing, NAB is focused on what matters most, serving customers well and helping our communities prosper. That's why we are here and how we will succeed. Thank you to our shareholders for your ongoing support. The Board and I appreciate your commitment to the Company.

I will now hand over to the NAB Group Chief Executive Office, Ross McEwan.

Ross McEwan: Thank you Phil, good morning everyone. I appreciate the opportunity to be with you today, 12 months into the role of NAB CEO. NAB is a good bank with very good people and I am delighted to be leading it for you. During a very difficult year I have been heartened to see my colleagues step in to support Australians hard hit by fires, floods, drought and then the pandemic. I have seen how we helped businesses keep the lights on when their revenue disappeared over night.

This has been a challenging time, yet I am confident that our customers and communities will rebound and grow again and I am confident that NAB will grow with them. We have a clear plan to build a better bank and we are getting on with it. We still have some things from our recent history that need to be fixed and we will do that. NAB was once Australia's leading bank. We are doing the right things to again build a successful future.

As Phil said, what matters most is supporting our customers. We only succeed when our customers do. Today, many of our customers are in a better place than we anticipated just a few months ago and that's an enormous relief for all of them and the country more broadly. This is thanks to our government's effective management of COVID-19 health risks. It has been backed up with unprecedented and practical economic support at the federal and state levels. NAB took immediate action when COVID-19 hit. We deferred \$60 billion in loans and we put 1000 extra colleagues in support roles where customers needed them most. It's pleasing that around 90% of customers who were on deferral are getting back on track with their payments.

Despite the positive signs, some are not yet through the worst, but we are resolute in helping them. In the past few weeks, I have written to 5.8 million customers to personally outline this commitment. In almost all cases, what has happened during COVID-19 has not been their fault. Most will just need a bit more time to recover. But some customers' situations have changed permanently. We'll work with them to help them protect their equity. That's the responsible thing to do.

In 2020, we added \$1.86 billion to our forward-looking provisions to cover the potential impacts of the pandemic. This includes coverage for sectors such as aviation, tourism, hospitality, retail and commercial property, all of which have been impacted in some shape or form.

We are in a strong capital position, with a common equity tier 1 ratio of 11.47% at the full year. This means we remain a very safe bank. We have kept lending throughout this crisis and we're ready to grow. Against the uncertainty of 2020, we maintain a long-term view. That's why we've set a clear plan for NAB to achieve sustainable performance, and we're getting on with implementing it.

While revenue headwinds from low credit growth and ultra-low interest rates remain, we see opportunities for growth in our core banking businesses, NAB, BNZ and UBank. As we lift performance, we expect to have the opportunity to return more profit to you, our shareholders. We are a dividend-paying stock and we'll resume paying at higher levels when it's right to do so.

Achieving double-digit cash returns on equity will be a key measure of our success. Cost and capital discipline are essential to delivering better returns. It is our responsibility to spend NAB shareholders' money very carefully. I expect each and every dollar spent to be justifiable. That is my obligation and commitment to you.

Our planned investment spend of \$1.3 billion in the next financial year will go towards what matters most: improving our systems, simplifying the business, and building our capabilities. Our ongoing investment in technology prior to COVID-19 has proved critical. It has given us greater systems resilience and the ability to serve customers remotely.

We are continuing our work to keep the Bank and customers safe from the growing threat of fraud, cybercrime and other criminal activity. This Bank plays an important role in monitoring and reporting suspicious activity to help keep Australia's financial system safe. We're increasingly using the industry-leading technology and machine learning transaction monitoring techniques. We're also committed to our partnership with Fintel Alliance, which brings together government and the private sector to fight financial crime. In total, more than 1000 colleagues are dedicated to combatting financial crime.

Our colleagues are our greatest asset, and I am pleased that this year our employee engagement score was 76 out of 100, that's up from 66 just a year ago. While it's a sound improvement, there is more work to do. Their critical importance to us is why we're

investing \$50 million in lifting the skills of all banking colleagues, myself included. Each will complete the FINSIA professional banking qualification. That will raise the bar of professionalism in banking in this country.

Additionally, all leaders will complete a single leadership program, to create consistent management disciplines across the organisation. NAB will have the best bankers and the best leaders in the industry. We will get the basics right and, therefore, make less and fewer mistakes. This is how we will get on with the things that matter most to customers.

Of course, our strategy is only as good as our execution. In the past, NAB has made things too complicated and tried to do too many things. The sale of MLC Wealth to IOOF is due for completion before the middle of next year. It will mark our last major structural change to NAB and enable us to focus on growing our core banking business. Our new operating model has created end-to-end accountabilities for the executives leading each of our five key customer-facing business units.

When I started, we had over 460 active projects at this bank. Today, we just have 19 programs. We have prioritised them. We review them fortnightly and we ensure they are being delivered successfully. We're not distracted by the volumes of less significant activities. These are the things that matter most and where you would expect me to put my attention.

Banking should be a simpler business. You serve customers well by making it fast and easy for them to manage their money. With the onset of COVID-19, more Australians than ever shifted to the online economy and many will stay there. The NAB Online Retail Sales Index shows online spending is up about 60% year-on-year. The decline of cash and cheques accelerated drastically. More than 90% of our customers' interactions are now taking place online or by phone. We must adapt to this large change in how our customers bank with us.

Australians have shown that if it is simple and fast they will embrace it. That is what we're striving for. This year we launched new product and service innovations across the Bank. One of these is StraightUp, Australia's first ever interest-free, subscription credit card.

While some of our branches are no longer used by many customers, we need to consider the sustainability of each location. We're particularly cognisant of the role of the local branch in regional and rural areas. Where we can, we will find new ways of keeping the branch viable and jobs local.

Colleagues in 114 branches are now providing customers with digital and phone banking support at times of the day which were previously very quiet. I've visited a number of these towns across the country this year, and I understand how important our bankers are to the local community and local businesses.

We have an important responsibility to work with our customers to support this country's economic recovery. We are the leading business bank, and it is businesses that will invest and businesses that will create new jobs. We must adapt our banking services to help our customers safely achieve their ambitions. We're partnering with Pollinate, a global cloud-based platform, to give small business customers real-time insights to better manage and grow their businesses.

Further access to capital can be a barrier to small business growth. NAB has been lending \$2.4 billion per month at historically low interest rates. We have and we will keep lending to help the country rebound and grow.

We've advocated strongly for a more diverse range of finance options for SMEs. The Federal Government's SME Loan Guarantee Scheme has been a very good initiative. It is quickly getting cashflow into businesses. NAB has provided more than \$600m in funding through this program.

We've also invested in the Federal Government's \$540m Business Growth Fund, a new way to access funding in the form of long-term equity capital. If we can help businesses invest, buy new equipment or hire more people, we'll get the economy going faster. The Federal Government's extension of interest [sic - see CEO Address, instant] asset write-offs has been a welcome addition in this regard.

While it will take time, Australia and New Zealand are clearly on the road to recovery, with GDP rising by 3.3% in the September quarter, driven by a strong rebound in consumer spending. NAB's latest monthly business survey shows business confidence rose nine points in November, while business conditions rose seven points. Forward orders and business cash flow also lifted by nine and three points respectively.

We now think the economy will be back to 2019 growth levels by the end of 2021. That's about a year earlier than we had previously thought. It's not just data that fuels my optimism. It also comes from what I've seen and heard during recent trips around Australia. From conversations with customers on these travels, it's clear that businesses want to get going again.

Australian agriculture is probably in its best shape since 2016. This is thanks to good seasonal conditions and encouraging price trends. One Victorian farmer I met recently told me his grandfather, who is in his eighties, described it as the best season of his life.

The development and effectiveness of several vaccines is very encouraging and essential for re-opening the global economy. As outbreaks occur, we are moving faster to get on top of them. This is evident in the rapid response to the changing situation occurring in the northern beaches of Sydney.

I would also say this, as a major employer in Australia and New Zealand. Overall, despite some continued uncertainty, the recent and current economic picture reflects what we considered our base case [sic - see CEO Address, best-case] in our scenario planning from earlier on in the year. Australia and New Zealand are emerging from this pandemic in a strong position, and I've said before there's nowhere I'd rather be in the world than Australia or New Zealand.

To conclude, I want to extend my sincere thanks to all our shareholders for your support this year. Your investment in NAB allows us to support Australia and New Zealand's economic recovery. In doing so, we will grow NAB, our business, at the same time. We have the right plan and the right team. I thank my colleagues again for their hard work this year. They will deliver performance over the long term and a return on your investment in this business. I appreciate the opportunity the Board has given me to lead this business and I am optimistic for our future.

I'll now hand back to our Chairman, Philip Chronican, thank you.

Philip Chronican: Thank you, Ross. I'll now proceed with the formal business of the meeting. The notice of meeting was made available to shareholders in November, and I propose that it be taken as read. Voting on all resolutions today will be carried out by way of a poll, and Computershare will act as the independent returning officer.

Items 2, 3, 4, 5 and 6(a) are resolutions to be voted on at today's meeting. Item 6(b) is a conditional item which will only be put to the meeting if item 6(a) is passed. For item 6(a) to be passed, at least 75% of the votes validly cast on that item would need to be in favour of that resolution.

I will be asking David Armstrong to chair the meeting for item 5, relating to the national income securities, as I have a personal interest in that matter as a holder of those securities.

During the meeting, we will display the direct and proxy votes received in advance of the meeting for each item. Several large investors expressed interest in seeing the results of direct and proxy voting on the conditional item of business. In the spirit of transparency, we will show the voting on that item, even if that item is not formally put to the meeting.

Where the Chairman of the meeting has been nominated as a shareholder's proxy, all open and available proxies will be voted in favour of items 2, 3, 4 and 5, and against items 6(a) and 6(b). There are also voting restrictions for some resolutions, as outlined in the notice of meeting, which apply to those who have an interest in the resolutions and certain of their related parties or associates.

I now declare the poll open on all resolutions. The poll will be closed 10 minutes after the end of the meeting, to allow time for those who did not vote earlier in the meeting to do so. A reminder to this effect will be given just before the meeting is formally closed.

As the poll on all items will remain open until then, we will not be able to show the final voting results during the meeting. As Louise said, we will announce the results of the AGM on the ASX and AGM webpage of our website later today. If you haven't already done so, I encourage you to submit your questions now.

I turn to the first item of business, consideration of the financial statements and reports. The *Corporations Act* requires the Directors to lay before the Annual General Meeting the Financial Report, the Directors' Report and the Auditor's Report for the last financial year. Some shareholders submitted questions in advance of the meeting that relate to the financial report, or matters related to financial reporting, including NAB's performance, strategy, capital and dividends. I'll address the major themes in these questions. I propose to answer any questions relating to climate change risk and disclosures at item 6, rather than this item, in order to keep related topics together.

Several shareholders submitted questions ahead of the meeting on the outlook for dividends. Ross made a comment about dividends in his address and I'll say some more now. We recognise the importance of dividends to our shareholders. Our 2020 interim and final dividends reflected the Board's careful consideration of our desire to maintain a strong

capital position, the uncertain outlook, due to the impacts of the pandemic and APRA's dividend guidance.

We recognise that our shareholders were also hurting and we shared that impact both as shareholders ourselves and by reducing Directors' fees and the Group CEO's fixed pay in 2020. In addition, the executive leadership team did not receive any variable reward this year. Looking ahead, over time, we would like to increase dividends to a higher but sustainable payout ratio once the economic and regulatory environments improve. Final decisions on dividends will also be based on the financial performance and the capital position of the Group.

Another theme in shareholders' questions ahead of the meeting related to NAB's institutional placement and share purchase plan earlier in the year. Shareholders asked why this form of capital raising was used rather than other options like a rights issue. Other shareholders were critical of how the scale back was applied. I assure shareholders that the Board carefully considered the most appropriate form in the environment in which we were operating at the time. An institutional placement provided the greatest certainty and reduced execution risk. It was the right thing to do given volatile market conditions at the time of launch.

Following completion of the institutional placement, the share purchase plan provided an opportunity for retail shareholders to acquire new shares at the same price. The strong retail demand meant that the SPP was increased from \$500 million to \$1.25 billion. Our aim was to ensure that shareholders were not disadvantaged, but to recognise that some dilution was inevitable for an overall capital raise of this size.

The scale back was conducted having regard to the pro rata shareholding of the applicant. 98% of applications received a pro rata or better allocation. For this purpose, only the holdings through which a shareholder make their application was able to be considered. We were unable to aggregate a shareholder's holdings if they held multiple accounts. This was the most practical approach we can take operationally with our share register and is consistent with market practice.

Virginia, have any questions been submitted during the meeting for either the Board or the auditors on the first item of business, consideration of the financial statements and reports?

Virginia Porter: Chairman, we have a question from Christine Haydon, as a volunteer monitor on behalf of the Australian Shareholders' Association.

"Referring to the financials and the costs, we notice that the spend is higher on regulation and compliance, security and technology, which is likely to be ongoing. Where do you see improvements in the future?"

Philip Chronican: Thank you. It is absolutely true that we have significant increases in expense on issues relating to regulation and compliance and I think most shareholders would understand the background to that. Of course we face challenges in terms of IT security and needing to continue to invest in the latest technology for the business. That means that we need to look into other parts of our organisation to find cost efficiencies and we have, over the last three years, done exactly that, which is find productivity benefits from our administration areas, in many cases operations where we can automate to reduce cost and by operating at a more streamlined level in many of our head office areas.

So these are important things for us, but looking forward, I can assure you that the management team through Ross and the executive team, are very focused on finding where inefficiencies are, where there is duplication and getting rid of that so that we can have our available spend directed on those things which either directly benefit customers, by way of new products and services, or which make us a safer and more efficient bank through investing in highly reliable and secure technologies. Thank you.

Virginia Porter: Chairman, we have a question from Michael Sanderson, as proxy for Mr Krepp.

"What is the NAB Board's position on the proposed repealing of responsible lending laws which is in direct contradiction to the recommendations of the financial services Royal Commission? Does the Board support the changes or are they happy with the status quo?"

Philip Chronican: The position on the proposed changes to the responsible lending legislation need to be understood, I think, in context. We are absolutely convinced of two things. One is that it is a duty to lend responsibly and we certainly endeavour to do that. The other is and I think this was highlighted in a court case, that another bank was engaged in, is that an overly prescriptive approach to responsible lending legislation doesn't necessarily achieve the best outcomes for our customers. So we are very keen to work in conjunction with the government to find a practical way in which we can discharge our duty to lend, without making it so complicated that we inhibit the flow of credit to the

economy. To that end, we are supportive of some of the moves that have been proposed recently.

Virginia Porter: Chairman, we have a further question from Mr Michael Sanderson, as proxy for Mr Krepp.

“The monopoly external disputes resolution body in this country is the Australian Financial Complaints Authority, a private company limited by guarantee that is mandated by the AFCA Act to put consumers first. The vast majority, if not all AFCA members and staff are from the supply side of the financial industry. AFCA excludes demand side industry members and in doing so, exclude those who have experience of the real constraints of consumers. This leaves AFCA exposed to, at best, unconscious bias. Would NAB proactively demand that AFCA include real demand side industry members on the AFCA Board, that AFCA recruit proportionate staff from the demand side of industry and encourage their membership?”

Philip Chronican: I must say, this is not an issue that I’ve spent much time focusing on. I’m well aware that the establishment of AFCA has led to a significant improvement in the coverage of complaints in the industry. The role that AFCA has played, I think, has been extremely productive and we find that while we don’t always agree with their findings, we are finding that they are providing a very solid and reliable and consistent approach to dealing with complaints. But I will certainly take that feedback on notice and raise it in our conversations with AFCA if that’s a view that has some support. So thank you.

Virginia Porter: Chairman, we have a further question from Christine Haydon, as a volunteer monitor on behalf of the Australian Shareholders’ Association.

“There has been changes to the Risk and Compliance Committee, now chaired by Simon McKeon. How has the risk management framework changed? Has there been a formal review and if so, how is the effectiveness measured?”

Philip Chronican: Sure, thank you for that. We’ve made significant changes to the risk management framework here at National Australia Bank in the aftermath of both the Royal Commission and of our self-assessment document that we published just over two years ago. Part of that was to expand the remit of the Risk Committee to be very explicit that it covered the non-financial risks, including compliance and we’ve done an overhaul of the way in which that Board committee process sits above the management processes within the management team.

We have evaluated that continuously and we also engage with our regulator in terms of how that has been effective and obviously as part of our prudential consultation process, our regulator sees firsthand the way in which that operates. So we have had an internal review of the effectiveness of the Board's Risk and Compliance Committee and that has indicated that we have made material improvements, both in the role that the Board committee has played, but more importantly, improvements in the quality of risk management throughout the organisation. Thank you for that question.

Virginia Porter: Chairman, we have a further question from Christine Haydon as a volunteer monitor on behalf of the Australian Shareholders' Association.

"We refer to the April placement of \$3 billion for institutional holders and the original allocation of \$500 billion to retail. At that time, Australian Shareholders' Association wrote to the Chair because of our concern for equitable treatment of retail shareholders. Subsequently the Board extended the cap to \$1.25 billion, but nonetheless refunded \$1.65 billion. Are retail shareholders being diluted and will you please consider renounceable rights as being the fairest option for capital raising next time?"

Philip Chronican: Thank you for that and I think I made comments about the capital raise in my introductory comments. The Board is concerned, as you are, that the nature of a placement and retail offer does run the risk of seeing retail shareholders diluted and that is why we went to considerable lengths to protect those retail shareholders who applied through the share purchase plan process. I'm pleased that we were able to increase the size of the retail offer and as I said, 98% of relevant holdings that applied were not diluted, they received at least their pro rata benefit.

But I do accept that had we more time, that a traditional rights offer is of course the fairest way of achieving a capital raise. It is just not the most time efficient when you're working in volatile times. So the Board is extremely conscious of these issues and understands the concerns that the Shareholders' Association is raising. Thank you for that.

Virginia Porter: Chairman, we have a question from Mr Craig Caulfield.

"What impact does NAB see by repealing responsible lending laws regarding your approach to lending and credit risk appetite?"

Philip Chronican: It's very unlikely that we would have any change in our risk appetite in that the decisions we make on lending to consumers essentially are based on a credit risk

assessment and that is, we are required to ensure that we lend to customers who have the ability to repay. That's in our interests as a bank, it's also in the interests of our customers, that we don't put them in a position of lending them more than they can repay. The responsible lending laws, and I think this again harks back to the court cases, ran the risk of becoming overly prescriptive and not being responsive enough to changing economic circumstances, but also changing technologies in terms of how we can assess the ability of people to repay. That's how we've come to our position.

Virginia Porter: Chairman, we have a follow-on question from Mr Craig Caulfield. Sorry, I'll have to pause there and go on to the next question. Chairman, we have a question from Amy Gordon.

"The Federal Government's cashless debit card is punitive and doesn't work. 81% of people who are forced to use the card right now are Aboriginal and Torres Strait Islanders. The evidence shows that compulsory income management doesn't work, doesn't improve health and wellbeing outcomes, limits people's ability to purchase various permitted goods and services because of lack of cash and destroys people's right to privacy. Are you considering administering a national rollout of the cashless debit card?"

Philip Chronican: So we've made no commitments in terms of the use of NAB's cards, although we are working in a working group in conjunction with the government on the technical elements of this. I think we share some of the concerns that give rise to these questions, which is that we would want all Australians to have choice and control over their finances and want all Australians to have access to fair and affordable products. I also appreciate of course that the driving force behind those who advocate for this is about protection of communities. So we will continue to talk to government, but we certainly have not committed to any role in the ongoing rollout of this program.

Virginia Porter: Chairman, we have a question from Christine Haydon as a volunteer monitor on behalf of the Australian Shareholders' Association.

"We note non-executive directors' 20% reduction in fees from 1 April to 30 September, the CEO's reduction in base fees and fixed remuneration for the same period and the executive leadership team who will not receive an annual variable reward as part of their remuneration and acknowledge this is a very appropriate approach under the circumstances. The Royal Commission revealed a lack of concern for customers and there

seems to be a priority to improving customer satisfaction at the expense of the shareholders. What is the plan to restore shareholder value?"

Philip Chronican: So I need to be very clear that the Board does not see improving our position with customers as any way being in conflict with the role or the benefit to shareholders or the interests of shareholders. As a business we can only succeed by being relevant to our customers and by growing, by attracting more customers to do more business with us. So by being good for customers, we expect that we will be a good bank for shareholders and that is very clear in the expectations that we've sent through the Chief Executive and the management team, is we expect to be more relevant to our customers, to be better and easier to deal with.

But it's through that, we expect to gain more customers and like through that process, gain more revenues and be a growing bank, which will then be able to thrive and be able to generate returns for our shareholders. So please do not be under any illusion, the reason that we are trying to be a better bank for our customers is so that we can be a better bank for our shareholders.

Virginia Porter: Chairman, we have a second part to a question from Mr Craig Caulfield.

"If you believe repealing responsible lending laws won't change NAB's approach to lending, do you also support removing consumer rights to take legal action where irresponsible lending does occur?"

Philip Chronican: I'm not sure I can answer that in any detail, in that I'm not sure what consumer rights are proposed or have been removed. But clearly the area of responsible lending has many regulators, indeed one of the issues that we face is trying to simplify the number of regulators who have an interest in this. I think it's really something as part of the evolution of this process, to ensure that there is recourse for borrowers who have been disadvantaged. I understand that the proposed changes certainly don't remove regulatory oversight of the Bank's lending. Indeed what it does is focus that on one regulator and not have it spread over a number.

Virginia Porter: Chairman, we have a question from Mrs Sally Mellick.

"Will the Board give consideration to having a hybrid AGM going forward, so that shareholders who can't physically attend are able to participate in the discussion?"

Philip Chronican: So obviously this is the first time we have had a virtual AGM and I think it would be fair to say we are learning a lot from it as we go. So we've not turned our mind to what form AGMs might take in the future. I think we want to understand what worked, both for our shareholders and for our own people, what's worked well out of the virtual meeting and then how that compares with the traditional physical meeting, so that's something that we will be looking at in the course of next year and it's really premature to be able to form any view on that at the moment.

Virginia Porter: Chairman, we have a question from Mr [Henryk Kay].

"What is the NAB doing to help those over 50 or people with disabilities get employment NAB?"

Philip Chronican: I think our Chief Executive and I have joked that we've done very well at getting over-50s employment by hiring some more mature leaders in the business. But I take the point of the question. We do have disability action plans and we are interested in employing a wider range of people. I can say that actually there are some strong business interests in mature age recruitment. What we find is mature age workers tend to have lower turnover, tend to be more loyal. So we're absolutely interested in having a full range of people working as employees in the organisation and we do have a number of programs to ensure that people with disabilities have access through our disability action plan. So yes, we do take that issue very seriously and thank you for the question.

Virginia Porter: Chairman, we have a further question from Mr Henryk Kay.

"How can the public contact the community links section for grants for community groups?"

Philip Chronican: I think I'll need to pass that very technical question about where to, but I'm sure if you were to go through one of our general enquiry lines, we can ensure that that question is answered. I think this is one where we may get the support team to this AGM to get back in direct contact with you.

Virginia Porter: Chairman, we have a further question from Mr Selwyn Krepp.

"Last year I questioned the Board on the NAIRU, non-accelerating inflation rate of employment [sic] and NAIBER, non-accelerating inflation buffer employment ratio, followed with information to Mr Philip Chronican and Mr McEwan. Adoption of NAIBER would enable a voluntary locally administered job guarantee that pays a living income,

eliminating involuntary unemployment, and would act as a bottom-up countercyclical federal fiscal stabiliser. Since the last AGM, as a consequence of COVID-19, unemployment and underemployment have increased significantly. Poorly targeted federal fiscal stimulus, such as JobKeeper and JobSeeker, have limited the damage but were seen wanting and remain so. The federal government has spent more on these stimulus measures than it would have cost to eliminate unemployment via a job guarantee. Will NAB use its considerable influence and lobby the federal government to adopt NAIBER and full employment?"

Philip Chronican: So I need to be clear, I think this is really a question that should be being put to the Treasury. It's not really within NAB's purview to comment on that. We obviously have supported the federal government's rapid intervention measures that have protected household incomes and kept people associated with their employers, both through the JobKeeper and JobSeeker payments. Recognising of course that these would always only be transitory measures. But I don't really think it's appropriate for us at this meeting to comment on questions of broader macroeconomic policy. These are better directed to the Treasury.

Virginia Porter: Chairman, we have a question from [Mr Robert Crisorer].

"Over the next 12 months will Directors minimise costs, improve Net Interest Margins and strengthen CET1?"

Philip Chronican: We absolutely have a strong focus on costs. I think as was in response to one of the questions from the Shareholders' Association earlier, we know that there are some areas where our costs inevitably are going to remain high, or increase further, in areas such as regulatory burden and the need to continue to invest in IT and security.

Of course, net interest margins are negatively impacted by the very low interest rate environment that we are currently operating in. The good news is that our CET1 is very strong. I think it's around 11.47% at the moment, which is well above the 10.5% that our regulator, APRA, had deemed as being unquestionably strong. So we have a very strong CET1. We will continue to face some revenue headwinds because of the very tight net interest margins that we'll be operating under. I know that Ross and the management team are very much focused on controlling costs, so you can be assured of that.

Virginia Porter: Chairman, we have a further question from Mr Craig Caulfield.

“Warren Buffett speaks of a directors' club where known directors who will not rock the boat or vigorously challenge the status quo get elected. Directors who constantly challenge incumbent views are avoided. Had such challenge been ventilated by directors in previous years many bank failures may have been averted and shareholders' wealth protected. Will the Board consider something akin to the German model where a second board comprising customers and staff representative provide challenge, feedback and alternative views?”

Philip Chronican: Thank you. I can assure you that the Board of the NAB, and I can say this confidently over the last few years, has been anything but one which has avoided challenge. Indeed, as you will appreciate, this organisation has been through some very difficult periods over the last two years or three years, and has had to make some very strong and in some cases quite disruptive decisions to ensure that we get this Company on a sound footing.

We do welcome input from customers and staff representatives. I'm not sure that the German model being applied in Australia would necessarily be the correct answer for that. But one of the things you can be assured of is that the Board has spent a significant amount of time listening to our people and listening to customers, both directly and through some third-party agencies. It is something that I have continued to encourage the Board to do because it is important that we have an honest understanding of everyone's experience of the organisation. We don't always agree with everything that's put to us. I say that we don't always agree with some of the things that are put to us internally or externally. But we need to form our own views on those.

Virginia Porter: Chairman, we have a question from Denmark Dream Proprietary Limited. “Chairman and CEO, at NAB's 2019 AGM you said, NAB would meet with aggrieved customers. Whilst several attempts were made by some to arrange a meeting, Jocelyn Turner, Executive Customer Resolution and Remediation, intervened on the multiple requests, caused delays by not responding, and put up roadblocks and denied some customer meetings. Ms Turner undermined what you both said at the last AGM. Chairman and CEO, please reconfirm, when the environment permits, you will meet aggrieved customers?”

Philip Chronican: I need to be clear, we have - and I'm pretty sure Ross has met with a number. I certainly met with a large number of aggrieved customers. Other members of our Board have met with aggrieved customers, and reviewed aggrieved customers cases. That doesn't mean we can meet with every aggrieved customer. I think that's simply impractical. But I need shareholders as a whole to understand that this is an issue that this Board has taken very seriously. Through establishing a Customer Committee, under the leadership of Ann Sherry, we have actually spent a lot of time trying to understand why we have long-term aggrieved customers.

I can say with I guess some comfort, that actually of the many long-standing cases that we have had (I think it was something of order of 60 cases that have been brought to our attention), we have over the last two years achieved resolution on approximately 30 of them. I think that shareholders as a whole should understand that's significant progress that we have made, given that some of these grievances date back 10, 20 years or even longer.

Virginia Porter: Chairman, we have a question from [Ms Diana Beer].

"Commonwealth Bank disclosed an assessment last year finding that its grains, livestock and dairy-agriculture portfolios faced declines in productivity and profitability of 40% to 50% out to 2060 as a result of climate change impacts unless mitigating steps are taken. Our sustainability report says we are Australia's largest agribusiness lender. What is the change in anticipated default rate to our agri loan book under scenarios of unmitigated climate related losses among our agricultural sector?"

Philip Chronican: So I don't have a number. This is an issue that actually we've spent quite a lot of time on. We have done work with some external bodies on the impacts that climate will have on the agricultural portfolio. We have spent a lot of time with customers, both individually and through some of the customer-related organisations, looking at mitigating steps that can be taken in the agricultural sector.

That includes, for example, reforestation and replanting on land which has been subject to erosion. Areas around creeks and rivers to help improve water retention. So it is an issue that we take very seriously. As part of our sustainability report, again shareholders as a whole should understand, that we are looking forward at the ways in which climate change may affect the nature of our business.

We are looking to reposition our own lending book, and in conjunction with our customers, to see how we can transition to a world of zero net emissions by 2050, which is, I think, now the increasing consensus globally about where we will need to be. So it is an issue we take - I don't have a specific number, but it is an issue that we are acutely conscious of. Working with customers in terms of helping them understand the notion of shared value and how they can improve through their own practices building more resilient activities in agricultural sector.

Virginia Porter: Chairman, we have a further question from Denmark Dream Proprietary Limited.

"Chairman, whilst the Board delegates the day-to-day responsibility for the management and operation of the Company to the CEO, the Board remains responsible for overseeing management's performance. Have the responsible persons under BEAR within the Board, Executive and management reported or recorded any breaches in the last 12 months? If so, how many?"

Philip Chronican: I don't think I can provide a specific answer to that question. We established a process over the last 12 months for establishing a breach review process. That gives rise to a couple of issues where we reviewed to see, had there been any potential breaches. My understanding, and I might look to my Company Secretary to help me there, is I don't believe we identified any as part of that.

So there were a couple of incidents that we reviewed as a Board. But no breaches have been identified.

Virginia Porter: Chairman, I have no further questions.

Philip Chronican: Thank you.

Virginia Porter: Apologies, Chairman, I've just had one come through.

Philip Chronican: Sure.

Virginia Porter: From Mr Craig Caulfield.

"NAB has requested a limit of two questions per resolution, which only appeared this morning at log-in. It says, only submit two questions per item of business and submit them separately. There is no drop-down menu available online to attribute questions to individual resolutions. Nor is the list of resolutions available at the time of lodging questions. Please advise all questions will be read out, thank you."

Philip Chronican: Thank you. I can't commit that all questions will be read out. I think that shareholders as a whole would find that difficult. For example, many questions are simply identical. I can say this with some confidence based on the pre-meeting questions we got where several, in fact a large number of [shareholders] asked when the dividends would be restored. I don't think it's good use of the meeting's time to read those out one after the other.

That is why we sought, in the interests of conducting a meeting, to have people limit their questions. But obviously Mr Caulfield, I think you will appreciate where I don't think this is your second, so we are obviously being flexible on this one to allow you to ask these questions.

But we do have to get through the business of the meeting. It is appropriate that we have some limitation on questions.

Virginia Porter: Chairman, we have a question from [Mrs Patricia Volkheimer].

"On the choice of new directors, surely with so many outstanding women in the law and commerce we could have found another female director?"

Philip Chronican: Thank you. I think I would agree with you that there are many outstanding women in business and in law. In fact we have been well-served by having a number of outstanding women serve on our Board to date. This time last year we introduced Kathryn Fagg to the meeting as a new Director. Ann Sherry is standing again for re-election today. We have Anne Loveridge who is the Chair of our Remuneration Committee.

While today Geraldine McBride is retiring from the Board, you should expect that at least one of the next two directors to join the Board is likely to be a woman. Because we will be looking to maintain our target gender mix on the Board going forward. So I would just like to agree with the points made by Mrs Volkheimer that there are many outstanding women. We hope to be able to recruit one at least onto the Board over the next year or two.

Virginia Porter: Chairman, we have a question from Rita.

"NAB's Board Customer Committee Charter says, the committee is responsible for customer complaints including to require and oversee a significant lift in the importance given to the voice of the customer and a more intense focus on customer outcomes. By reviewing and evaluating regular management reports on complaint levels, complaint

handling metrics, customer satisfaction indicators, also to identify systemic trends impacting customers, could you confirm the Board and the Board Customer Committee reads actual customer complaint files and does not just review and evaluate NAB's end outcomes?"

Philip Chronican: Yes, I can confirm. The Board's Customer Committee, this was its first full year of operations and it actually met I think something like 10 times. That's not a level that we would expect going forward, but that included a number of workshops at which the Committee became familiar with a large number, or a significant number, of longstanding complaints to get a better understanding of what the complaints were and why they had been longstanding.

I can also say that in the time I spent last year more deeply involved in the organisation as the acting Chief Executive, I read I think something like between 30 and 40 of the longstanding customer complaints to understand them. So, I think you can be assured that the Board does indeed get involved at that level and has a deep understanding of these issues.

Virginia Porter: Chairman, we have a further question from Rita.

"NAB has developed non-financial risk reporting to improve the visibility of non-financial risks to the Board Risk and Compliance Committee. Through this Committee, the Board has overseen enhancements to non-financial risk reporting that have driven greater focus and clearer insights on compliance, conduct and operational risks. This has improved dialogue and transparency of non-financial risk issues reported to the Board. Could you confirm if this non-financial risk reporting is applied to NAB's legacy cases for visibility to the Board? If not, why not?"

Philip Chronican: I think the answer is yes, the Board has certainly had visibility of legacy cases through that lens.

Virginia Porter: Chairman, we have a further question from Rita.

"Chairman, the Board's skills matrix outlines experience of Board members. Could you please advise which Board members have legal experience or a legal background?"

Philip Chronican: There may be a number of Board members who have some legal background, but certainly the director standing for election for the first time today, Mr Simon McKeon, has spent a significant part of his career as a lawyer.

Virginia Porter: Chairman, we have a question from Peter Starr.

“How many legacy cases does NAB still have to deal with?”

Philip Chronican: I think the issue is, I think I mentioned these numbers earlier in the meeting, that there were around 60 cases. I have to be careful here because the definition of a legacy case is not as black and white as we might want it to be, but we certainly have over the last two years resolved 30 of them and I think nine of those have been resolved in the last year. Some of them I have to accept are un-resolvable because the positions are just too far apart.

Virginia Porter: Chairman, we have a further question from Rita.

“Under NAB's Board skills matrix it says that NAB undertakes an assessment of the skills and experience of each director and the combined capabilities of the Board. Under NAB's Board skills matrix risk management also customer outcomes and transformation, digital technology, data and analytics are the three lowest scoring skills. NAB has many known breaches and failures. Why hasn't NAB addressed these critical skill shortages and increased the Board's skills and capabilities of directors which includes changing directors to bring more appropriate experience and skills weighting to NAB's Board.”

Philip Chronican: I need to take issue with the point that just because something is identified as relatively lower that this constitutes a critical skills shortage. Each of the issues you've mentioned, risk management, customer outcomes and digital transformation data and analytics, are areas where a number of our Board members have significant skills. We just haven't rated them as highly as other areas and we do use the skills matrix for helping us understand the skills we need as we reshape the Board going forward.

So, the answer is that we will continue to use that skills matrix and you can be assured, and I can assure shareholders as a whole, that we have a wide range of skills on the Board and at the moment that has served us well as we have been improving the performance of the organisation.

Virginia Porter: Chairman, we have a question from Mr Peter Starr.

“Why did NAB dilute shareholders by raising capital?”

Philip Chronican: I don't think I can add much to the comments I have already made on this issue, which is that in the face of a significant disruption from COVID-19 we saw a need to strengthen the capital structure of the Company and we chose a method which

was the best available trade-off between the speed and certainty that we required on the one hand and the desire to be as fair to our shareholders as we could possibly be by avoiding dilution. As I have pointed out, for 98% of applicants under the Retail Share Purchase Plan, we were able to give them at least as much as a pro-rata participation in that share issue.

Virginia Porter: Chairman, we have a further question from Rita.

“NAB announced it successfully completed the book build with NAB Capital Notes 5 increased from \$750 million to \$2 billion with the ability to raise more or less. The use of net proceeds of the offer will be used for general corporate purposes. NAB Capital Notes 5 once issued will be used as additional tier one capital for NAB's regulatory capital requirements. Prior to the issue of NAB Capital Notes 5, did NAB comply with APRA's liquidity requirements or did NAB breach the prudential standards?”

Philip Chronican: We have at all times as far as I'm aware complied with our capital requirements and liquidity requirements. As I think I mentioned, our core equity tier one ratio at 30 September was just short of 11.5% which is a clear 1% ahead of the regulatory guidance of 10.5% and our total tier one ratio was 13.2%, which is well ahead of the total tier one requirement that APRA sets.

So, you can be assured that all times we have operated with capital ratios in excess of our regulatory minimums and that our liquidity position has been inside regulatory guidance. Obviously, we raised these funds through these forms ahead of when we are required to need them, not after.

Virginia Porter: Chairman, we have a question from MSCIF Proprietary Limited.

“Is it also possible to consider that there is a three-hour time delay with the West Coast? This started at 6:30am WST.”

Philip Chronican: Thank you and I think I made the comment earlier that we were learning a lot about the virtual AGM and we of course will have shareholders joining us from a range of jurisdictions including I'm sure there are many in New Zealand who are two hours ahead of us here in Melbourne and in Perth or Western Australia more generally. I appreciate that that's three hours behind us. We will take that on board in our assessment of how this has gone after the meeting, so thank you.

Virginia Porter: Chairman, we have a question from Mrs [Sally Melic].

“How does the Board keep abreast of the challenges that come with greater IT use and what has been the greatest learning through COVID?”

Philip Chronican: Well, we have certainly learnt a lot through COVID and very early on in the process our technology people were presented with a significant challenge as well over 30,000 of our people suddenly having to figure out how they could work from home. I have to say, I have been very impressed at the speed with which our technology people have been able to move to be able to have our people work from home in areas that we might not have thought previously that that would be possible.

Now, that did present both logistics and security issues and our IT teams had to focus in on those, but I think if you look at what we have achieved this year in terms of managing our customers through the disruption of COVID, managing our staff through the disruption of COVID and still exiting this year a stronger organisation with stronger customer net promoter scores, customer satisfaction improving, with our business operating soundly and no major operational incidents during the course of the year, I'd have to say that I think our people have performed very well.

But of course, we have learnt a lot from managing that disruption and we will be taking all of that on board to think about future disruptive events that might occur, but certainly it has been a challenging year but I've been very pleased with the way the organisation responded.

Virginia Porter: Chairman, we have a question from [Ms Athena Patzoli].

“NAB thinks being better for customers is far more important than being a better bank for shareholders. If NAB can't do both of these at the same time then it has failed as a company. NAB is not a welfare institution, nor a government. I do not consider that being better for customers is necessarily correlated with being better for shareholders. It will just make them good at welfare the like. There's a little further question Chairman. What can NAB do to consider equality between customers and shareholder's rights? That is what a good company would do.”

Philip Chronican: While I wouldn't have chosen the same wording, I think I agree with the sentiment of the question, which is to be a successful company we have to be good for shareholders and good for customers and that is clearly what we are expecting to do. The one thing I absolutely am convinced of is that if we are not good for customers then we cannot deliver for shareholders. The experiences of the last few years culminating in the

issues that were aired at the Royal Commission have highlighted that where we try to put customer outcomes subordinate to other considerations, that ultimately will backfire. So, I agree with your contention that a good company is one that aligns its customer outcomes and its shareholder outcomes.

Virginia Porter: Chairman, we have a question from [Mr Christian Langenburg and Mrs Dinying Sun].

“While I enjoy the user-friendliness of the NAB Trade platform, during the past year there have been numerous instances where the platform has been unavailable for long periods during the Australian trading day. What plans does NAB have to improve the stability and availability of the platform?”

Philip Chronican: I am conscious that there is work going on to improve the stability of the platform. We have put a lot of work into technology resilience across the Company over recent years and I can say over the last five or six years we have had a 95% reduction in high priority incidents and that's in no small part due to the significant investment we have put into providing for a more resilient technology environment.

The NAB Trade issues, I am aware of them and even though we have had a significant fall in incidents overall that's obviously of little comfort to those customers who are trying to engage in the one platform that is out at a point in time, but I have to say I am very pleased with the fact that we no longer have had significant outages on our largest platforms and that's where obviously the priority has been. I know that the team are focused on the NAB Trade platform as at now and I would fully expect that we're going to improve stability on that platform going forward.

Virginia Porter: Chairman, we have a question from Mr [Peter Logiotatos].

“Do you foresee any near future requirements for further capital raisings going forward?”

Philip Chronican: As I said before, our current capital ratios are well in excess of the APRA minimums, but I am also conscious as we learnt this year that it is quite a problematic issue to forecast what might happen in the future so all I can say is that as at today we have a capital position that is very strong.

Virginia Porter: Chairman, we have a further question from Mr Peter Logiotatos.

“How will you combat the movement of transactions from cash and competition from Apple Pay and other technologies?”

Philip Chronican: It's absolutely true that transactions are moving away from cash. This year, I think, has been quite phenomenal, in terms of the speed with which that transition has occurred. Indeed, in my own day-to-day experience I see little use of cash at all in the stores when I'm out and about. So, it is true that we're moving towards a more cashless society. Obviously, we have to play our part. We have provided cards, we've provided access to Apple and Google Pay type facilities for our customers. We're continuing to invest in our digital offerings. You'll be familiar with the fact that we have a digital online bank, UBank. I know that both through our own NAB-branded accounts and through UBank, we are seeking to stay abreast of changes in payment technologies, so that we can be relevant to our customers.

Virginia Porter: Chairman, we have no further questions on the first item of business.

Philip Chronican: Thank you. So, if there are no further questions, then I declare that the financial statements and reports have been received and considered at the meeting. The next item of business is item 2, which is the re-election and election of Directors.

This year, three Directors retire at this meeting and in accordance with the Company's constitution and being eligible offer themselves for re-election. They are David Armstrong, Peeyush Gupta and Ann Sherry. The Board has undertaken an evaluation of the performance of each of the Directors standing for re-election. Based on the results of this evaluation, the Board fully supports each re-election.

We also have one Director standing for election, having been appointed since the last Annual General Meeting. The Board announced the appointment of Simon McKeon in February 2020. Details of the qualifications, career, experience and other interests of each of the Directors standing for re-election and election are set out in the Notice of Meeting and in the Directors' report.

David, Peeyush, Ann and Simon will each speak to you about what they bring to the collective capability of the Board. I now turn to the re-election of David Armstrong, as a Director of National Australia Bank Limited. If re-elected, this will be David's third term serving you on the Board.

The Board considers that David's extensive financial reporting, auditing and commercial experience are valuable contributions to the Board's existing skills and expertise. The Board has also concluded that David is independent and has sufficient capacity to

undertake the duties expected of a Director of the Company. David, would you like to address the meeting, please?

David Armstrong: Thank you, Phil. Good morning, ladies and gentlemen. In offering myself for re-election to the Board, I thought it might be useful to do two things, briefly touch on my career prior to joining the Board and, secondly, what I believe I can best contribute to the Board's discussions and deliberations.

Prior to joining the Board, I had a 33-year career with PricewaterhouseCoopers, with 24 years as an audit partner. I was very fortunate throughout my professional services career to be able to focus specifically on banks and financial services organisations. The profession also offered me the opportunity to live and work for extended periods of time in London, New York and throughout Asia, always with a focus on banking.

As a partner, I had responsibility for a range of domestic and international banks, property trusts and stock brokers. During the last 18 years with PwC, I was the lead auditor for one of Australia's largest retail banks and our largest Australian investment bank.

The experience of having been an auditor of a similar organisation to NAB and a knowledge and understanding of the regulatory and reporting environment, is one of the core contributions I feel I can bring to the Board of NAB.

Perhaps, not surprisingly, I am Chair of the Audit Committee of the Bank. In that role, I've been able to contribute and influence on a range of financial reporting and presentation matters and their related judgements and also the various due diligence committees to support the Board's capital, liquidity and strategic decisions.

I have experience of banking in the good and not-so-good times, including the early 1990s. I believe that experience can be brought to the table, as we work through our current economic challenges. This experience of banking and more broadly as an auditor helps me contribute strongly to the Board's Risk and Compliance Committee and at the Board table, more generally.

I don't limit my contribution to Board discussions to financial reporting matters, I feel confident in challenging and testing management on a range of matters when I feel it's necessary and adds value.

My other directorships are not-for-profit related and I have the time necessary to devote to the important role of representing the interests of shareholders. I have the necessary

experience to contribute effectively as a Director of our Company and I seek your support. Thank you.

Philip Chronican: Virginia, have any questions been submitted during the meeting in relation to the re-election of David Armstrong?

Virginia Porter: Chairman, I confirm we have no questions on this item of business.

Philip Chronican: Thank you. So, if there are no questions, then I'll formally put the motion that Mr David Armstrong be re-elected as a Director of the Company. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 98.64% of votes for the resolution. Please record your vote now, if you've not already voted. Thank you, David.

David Armstrong: Thank you, Phil.

Philip Chronican: I now turn to the re-election of Peeyush Gupta as a Director of National Australia Bank Limited. If re-elected, this will be Peeyush's third term serving you on the Board. The Board considers that Peeyush's extensive wealth management, governance and strategic experience are valuable contributions to the Board's existing skills and expertise. The Board has also concluded that Peeyush is independent and has sufficient capacity to undertake the duties expected of a Director of the Company. Peeyush, would you like to address the meeting, please?

Peeyush Gupta: Thank you, Phil. Good morning, ladies and gentlemen and fellow shareholders. I present myself for re-election to the Board of National Australia Bank. I first joined the Board in November 2014 and currently serve on the Board's Remuneration and Risk Committees. I bring to the role over 35 years' experience in the financial services sector.

I've been a successful entrepreneur, having co-founded and grown a wealth management firm and also worked as a senior executive in a global, multi-national firm, to whom we sold our business. My executive life was spent in the stewardship of other people's money, a role requiring trust.

I have experience across small, medium and large firms, similar to the many businesses that the NAB banks. I've been a company director for over 35 years and been a full-time director for over 10 years now. My governance experience is extensive across the

corporate, government and not-for-profit sectors, on boards large and small and in the public and private sectors.

My listed company directorships include, Link Group and Charter Hall Long WALE REIT, which I chair. My other directorships are across media, education, technology and insurance. These experiences, across a range of industries, equip me to bring broad perspective and sound oversight, counsel and judgement to matters for which the NAB Board is responsible.

Moreover, my executive experience in wealth management is helpful to the issues NAB faces, as it goes through divesting MLC Wealth and transitioning that business to IOOF and as NAB addresses customer remediation.

COVID has disrupted our lives and communities. In the next few years, the banking sector, including NAB, has a vital role to support families, business and communities to rebuild and grow. I look forward to making a contribution to these challenges.

I'd like to thank my Board colleagues for their unanimous support for my reappointment. I confirm to you my capacity, desire and capability to represent you. I'd be honoured to serve as one of your Directors and proud to be part of that great institution that is the National Australia Bank. Thank you.

Philip Chronican: Virginia, have any questions been submitted during the meeting in relation to the re-election of Peeyush?

Virginia Porter: Thank you, Chairman. We have no questions on this item of business.

Philip Chronican: Thank you. If there are no questions, then I'll formally put the motion that Mr Peeyush Gupta be re-elected as a Director of the Company. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 98.36% of votes for the resolution. Please record your vote now, if you've not already voted. Thank you, Peeyush.

I now turn to the re-election of Ann Sherry as a Director of National Australia Bank Limited. If re-elected, this will be Ann's second term serving you on the Board. The Board considers that Ann's extensive commercial and leadership experience across a range of industries, including banking and financial services, are valuable contributions to the Board's existing skills and expertise.

The Board has also concluded that Ann is independent and has sufficient capacity to undertake the duties expected of a Director of the Company. Ann, would you like to address the meeting, please?

Ann Sherry: Thank you, Chairman. Ladies and gentlemen, fellow shareholders, I present myself for re-election to the Board of the National Australia Bank. I bring to this role a variety of business and government experience, as I spent the early part of my career working in State and Federal Governments, in both policy and operational roles.

I also bring banking experience, having spent 12 years as an Executive at Westpac, working as a Group Executive in Human Resources, Chief Executive of the Bank of Melbourne and Chief Executive of Westpac New Zealand and Pacific.

Until 2019, I was Chairman of Carnival Australia and prior to that was Chief Executive for 11 years. That business gave me a deep understanding of customer behaviour, complex operating experience and global perspective. I've led diverse teams and was on the Executive of Carnival Corporation, a dual-listed global entity, listed on both the FTSE and the New York Stock Exchange.

I've also been a non-executive director for more than a decade, serving on both global and locally-listed boards, including ING Banking Group, and am currently on the boards of Sydney Airport Corporation and Enero Group. I serve on two not-for-profit boards and am active in supporting community-based NGOs.

I bring experience and insight from customer-facing businesses and an understanding of the technology changing the way many of our customers operate and choose to interact with their service providers.

In my three years as a NAB Director, I've served on the People and Remuneration Committee and chair the Board Customer Committee, where the Board gives oversight and challenge on the customer issues we face when designing products, dealing with vulnerable customer groups and that are raised through our internal complaint and feedback channels.

I believe passionately that strong banks are a critical part of the ecosystem to support our economy and prosperity. That has been clearly demonstrated over the last 12 months. I look forward to continuing to serve you as a member of the NAB Board. Thank you.

Philip Chronican: Virginia, have any questions been submitted during the meeting in relation to the re-election of Ann Sherry?

Virginia Porter: Chairman, we have a question from Mr Craig Caulfield.

"Ms Sherry, I support your re-election today. I thank you for listening to concerns and recommendations from our Bank Warriors and Bank Reform Now networks.

The AFCA Datacube shows customer complaints at NAB are higher than CBA and Westpac, exceeded only by ANZ on a pro rata basis. Why is NAB unable to resolve thousands of serious customer complaints each year within NAB's Internal Dispute Resolution and customer advocate? What specific steps is NAB taking to properly listen to and understand customer complaints? Please note, I do not have any personal customer complaint with NAB."

Philip Chronican: Thanks, Mr Caulfield and thank you for indicating that you support Ann's re-election and noting you have no complaints. Ann, I know, as Chair of the Customer Committee, you have reviewed the processes and maybe you'd like to comment on that?

Ann Sherry: Thank you and thank you for the question. As Phil mentioned, we've had our first full year of operation of the Customer Committee and we've done a lot of work, primarily at this stage, focussing on the long-standing customer complaints and, as Phil mentioned, we've had a lot of success in resolving complaints and attending to complaints that have been around for a very long time.

Your specific question about why NAB has more customer complaints, I think goes to the matters that Phil has already addressed during the meeting, which is that we are working hard to make sure our processes and systems work better for customers and therefore, we take complaints out of our systems.

As a committee, the executives of the Bank come and talk to us about product development and matters that are being raised by customers so that we can challenge the solutions that are being put in place and hopefully, over time, reduce the prevalence of complaints that need to come either to AFCA or to us.

Philip Chronican: Thank you.

Virginia Porter: We have a question from Mr Peter Starr.

"Ann Sherry promised to do a full review of outstanding legacy cases to me but she failed to get back to me."

Philip Chronican: I'm not sure if Ann made a formal commitment to get back to you but I can assure you that - as I think I've already indicated - the Customer Committee has had a review of a large number of these cases through a number of workshops that have been held and if Ann did indeed make such a commitment, I'm sure she will be prepared to do so.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne.

"What lessons did Ann Sherry learn from her involvement with Carnival Cruises leading up to and during the COVID-19 crisis? Did the cruise industry learn any key governance and crisis management lessons during this crisis and what was Ann's involvement, if any, during the COVID crisis this year?"

Philip Chronican: I will let Ann answer briefly that question but I would caution people about asking questions about companies that are nothing to do with National Australia Bank. But I think in this context during - because of the COVID issue, I'll let Ann just answer the part that's been addressed to her.

Ann Sherry: Thank you, Phil. I stepped down as Chairman of Carnival at the beginning of 2019 so my involvement in the COVID activities at Carnival has been non-existent in any formal capacity. I'm sure there are many lessons learned, however.

Philip Chronican: Thank you. Virginia?

Virginia Porter: I confirm we have no further questions on this item of business.

Philip Chronican: Thanks, Virginia. So, as there are no further questions, I'll now formally put the motion that Ms Ann Sherry be re-elected as a Director of the Company.

Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 98.38% of votes for the resolution. Please record your vote now if you have not already voted. Thank you, Ann.

Ann Sherry: Thank you.

Philip Chronican: As I said earlier, Simon McKeon joined the Board in February of this year and in accordance with the requirements of NAB's constitution, Simon retires and offers himself for election for his first time.

The Board fully supports his election. The Board considers that Simon's extensive commercial and leadership experience across a range of industries, including banking and financial services, are valuable contributions to the Board's existing skills and expertise.

The Board has also concluded that Simon is independent and has sufficient capacity to undertake the duties expected of a Director of NAB. Simon, would you like to address the meeting, please?

Simon McKeon: Good morning, shareholders and thanks, Phil. I've been privileged to have served for most of this year on the NAB Board and also as of August, to Chair the Board's Risk and Compliance Committee. If endorsed by shareholders today, I would be honoured to continue.

After practicing as a lawyer specialising in corporate law, I joined Macquarie Group in 1984. I focussed on mergers and acquisitions, along with corporate fundraising and became Executive Chairman of Macquarie's Melbourne office in the late '90s.

I came to a point where I wished to devote more time to the community and Macquarie agreed to my transitioning to a part-time role. Prior to this, I had served on the Board of Australia's largest overseas aid agency, World Vision.

But ceasing full-time employment enabled me to substantially increase my involvement with organisations involved in a range of causes, including Indigenous health, education, addiction, homelessness, heritage, disability, environment, climate change and medical research.

In addition, I was able to accept roles, chairing CSIRO, AMP and MYOB as well as establishing and being the first president of the Federal Government's Australian Takeovers Panel.

I am presently Chancellor of Monash University and on the board of Rio Tinto as well as on the boards of several non-for-profit organisations. I recently retired from the board of Spotless, following it being taken over by Downer Group.

Whilst my executive career has been with a large financial services organisation with, I think, some relevance for NAB, I believe that my contribution to NAB is much more broadly based.

I have spent considerable time in the area of community need and I believe that that experience assists me in sharing with the Board and NAB generally, what the community

expects nowadays of a large Australian-based bank. In this present era, I consider this to be critical.

The past year has reinforced the importance of a company standing in the community and the level of trust that goes with that. Communities expect that substantial companies have in place, the right frameworks, policies and cultures to honour that trust.

From a banking perspective, the COVID pandemic has heightened that even more as our customers have depended on us to support them more than ever in a time of need while at the same time, our regulators, deposit customers and of course shareholders, need us to be prudent and manage risk well.

Having the necessary frameworks, policies and culture is something that I will play - will pay close attention to in my role as Chairman of the NAB Board's Risk and Compliance Committee.

I believe I have been able to devote appropriate focus towards NAB since joining the Board and, with your endorsement, I look forward to doing so. Thank you.

Philip Chronican: Virginia, have any questions been submitted during the meeting in relation to the election of Simon McKeon?

Virginia Porter: Chairman, we have a question from Mr Craig Caulfield.

"Mr McKeon, I support your re-election today. Given your early membership and executive role in the banking and finance oath and also noting the Chairman's advocacy, would you agree NAB could have a very reasonable target of just one in 50 employees elect to subscribe to the BFO in the next year? Membership is on a voluntary basis so dedicated promotion of the benefits of joining by NAB is required. Do you agree that an uplift in ethical behaviour and trust in bankers is in lockstep with increasing total shareholder returns?"

Philip Chronican: Before I pass to Simon to answer that, thank you for noting the membership that both Simon and myself have had in the BFO over recent years, Mr Caulfield, and I can assure you, I think in response to a question I was asked last year, that all of the current Board are signatories to the oath. But Simon, maybe you'd like to comment on the points about the benefits and the link to total shareholder returns?

Simon McKeon: Yes, thanks, Chair, and particularly Craig, thanks for the question. I'm a little conflicted in answering this question because I fundamentally support the BFO. I was involved in its establishment, headed up one of its policy review committees.

I absolutely agree that the more employees and those that are seriously involved in this sector who understand what the BFO stands for and signs up to it, not only the better the sector will be, but indeed the more profitable it will be as well.

So your particular challenge about one in 50, I actually regard as a very sensible challenge. Indeed, I think over the years, I'd like to see it way beyond that but thank you for the question, I agree with the sentiment.

Philip Chronican: Thank you. Virginia?

Virginia Porter: Chairman, we have a question from Bleecker Street Proprietary Limited.

"Further to the previous point of appointing from a small pool of Directors who do not rock the boat, NAB has chosen to appoint Kathryn Fagg, who has presided as Chair over a very poor performance at Boral and Simon McKeon, who has been Chair of AMP and on the board of Rio Tinto, both of which have had torrid times. Surely, there are other people not in the usual pool of public company directors who would have been more suitable?"

Philip Chronican: Thanks. Thanks for that question and I'll answer that one. We have sourced Directors from a wide list of potential candidates based on their skills and experience and attributes that they bring to the table.

It's clearly inappropriate for us to discuss issues that may have occurred at other companies either recently or, in some cases, significantly in the past, other than I can assure you that the Board did its own due diligence on all of the Director appointments to ensure that we were comfortable with the roles that these Directors have played.

So I think I'll leave that side of the question there. So thank you.

Virginia Porter: Chairman, we have a question from Dr [Linda Newland].

"Simon McKeon is also a Director of Rio Tinto. The debacle around the blowing up of Juukan Gorge showed that Rio Tinto has had significant cultural and structural problems with regard to communication and its attitudes towards community. Can Mr McKeon explain his positioning in regard to this?"

Philip Chronican: I'm not going to ask Simon to answer that question. I'll just repeat my comment that this is a National Australia Bank annual general meeting. I do understand that each Director's other accountabilities have some relevance but it's inappropriate to put Simon in the position of having to talk in detail about issues that occurred at another company. In conversations that I've had with significant investors, there's an understanding that Simon has an important role to play in the resolution of these issues, given his recent appointment as the lead Australian Independent Director at that company. But I really don't want to go any further into another company's business.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne.

"Simon is a great appointment to the NAB Board but there are some issues with his other boards. Why has he never properly explained why he resigned suddenly as AMP Chairman a few years back and what are his reflections as a Rio Tinto Director after the Juukan Gorge disaster earlier this year?"

Philip Chronican: I think that's so close to the previous question, I'm not sure I should fully repeat the answer. Obviously what happens in other boards is confidential with those companies but you may be assured, Mr Mayne, that this Board did its full due diligence in terms of the appointment of Simon and satisfied itself in terms of any previous issues. That there was nothing that would present any impediment to Simon making a contribution to the Board. Indeed, I'll go further than that and say that, over the 10 months that Simon has been on the Board, he has provided a significant contribution and, in many cases, some fresh thinking to this Board. So thank you.

Virginia Porter: Chairman, we have another question from Mr Stephen Mayne.

"Does the Chairman agree that a director's CV and performance as a public company director is a legitimate topic of discussion when a director is up for election? Or are these sorts of questions banned, as this seemed to be the suggestion in his comments during the Ann Sherry discussion? Don't CVs matter, even for public company directors?"

Philip Chronican: So thanks for the question, Mr Mayne. CVs do matter. I think it is appropriate that, when directors are being evaluated, the whole of their contribution to public life is taken into account. What I want to avoid is a situation where people are being asked detailed questions about another company's affairs at our annual general meetings. That is the line that I'm trying to protect here.

Obviously, these companies that are being referred to today have their own annual general meetings and have their own forums in which people can put these questions. It simply is inappropriate for us to get into those levels of detail.

But I do fully understand that these linkages are relevant. That is why I think it's important that I assure our shareholders at large that, where these issues have predated their appointment to the Board, you can be assured that we have looked into them, as far as we're able to, to satisfy ourselves, and that the directors involved in other organisations are open about these issues with us in our discussions with them prior to their submitting for re-election.

Virginia Porter: Chairman, we have a further question from Mr Stephen Mayne.

"Does Simon still own any Macquarie Group shares? If yes, is this appropriate given that Macquarie is a competitor to NAB? Is he also intending to increase his shareholding in NAB?"

Philip Chronican: I have no idea whether Simon owns shares in Macquarie. I'll leave that to him to answer. I don't know whether you wish to answer that, Simon.

Simon McKeon: I have no problem disclosing that I do. Indeed, as to the issue of conflicts, I mean I just fundamentally reject that. I'm happy to debate that another time.

Philip Chronican: Thank you. Are there any further questions, Virginia?

Virginia Porter: Chairman, we have no further questions on this item of business.

Philip Chronican: Thank you. If there are no further questions, then I'll formally put the motion that Mr Simon McKeon be elected as a director of the Company. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 98.33% of votes for the resolution. Please record your vote now if you've not already voted. Thank you, Simon.

Virginia Porter: I have two further questions which have just been lodged for items 2(a) and 2(b), in relation to David Armstrong's election and Peeyush Gupta's election.

Philip Chronican: So I think the only way I can handle this one sensibly is to note that those items of business have closed. But in the interests of shareholders hearing what those questions were, Virginia, I think I will allow you to read those questions.

Virginia Porter: Thank you, Chairman. We have a question from Mr Stephen Mayne in relation to David Armstrong's election.

“What did David learn from auditing all those Macquarie entities over the years? Was it appropriate that he simultaneously was signing audit partner for Macquarie Group, plus several of its listed associated externally-managed vehicles, such as Macquarie Airports and Macquarie Infrastructure? Babcock & Brown went for different independent auditors of its listed satellites.”

Philip Chronican: So I've allowed that question to be asked, but I'm not going to ask David to answer it. It is at a level of detail relating to issues of many years ago. Indeed, I think Babcock & Brown, from recollection, hasn't been in business for over 10 years now. So thank you, and I have allowed the question to be asked, but I don't see any purpose in having David answer it.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne in relation to the election of Peeyush Gupta.

“Does the candidate intend to serve a full term and will he be retiring in 2023 at the conclusion of his third term, after almost nine years of service?”

Philip Chronican: Under our policy, non-executive directors serve a maximum of three terms. So the end of 2023 would normally lead to the termination or the retirement of Peeyush. So that is shareholders should be expecting.

Virginia Porter: Chairman, I confirm we have no further questions on this item of business.

Philip Chronican: Great, thank you very much. The next item of business is item 3, the remuneration report. The remuneration report is contained in the 2020 annual financial report. This sets out the performance and remuneration of the Company's key management personnel, being the Board, the Group Chief Executive, and members of the executive leadership team during the financial year ended 30 September 2020.

The remuneration report includes an explanation of the Company's policy for determining the remuneration of executives and directors, a discussion of the relationship between that policy and the Company's performance, and details of the performance conditions associated with the remuneration of executive and directors.

No changes to the executive remuneration framework were made in 2020. Similarly, there were no increases to non-executive director fees or executive fixed remuneration for 2020, other than for executives who had their accountabilities increased in the year.

As I said in my address earlier, the Board felt it was appropriate that the experience of customers and shareholders during 2020 should be reflected in remuneration outcomes. That is why the executive team received no short-term annual variable reward for the 2020 financial year. In addition, the Group CEO offered, and took, a 20% reduction in his fixed remuneration for the second half of the financial year, as did the Board in respect of base director fees.

The Board has awarded long-term incentives to the executive team and Group Chief Executive for 2020. This long-term variable reward will be subject to testing in December 2024 and was granted to executives to align their interests with the interests of shareholders over the longer term. The Board feels the performance hurdles attached to these long-term incentives are stretching.

A theme, raised by shareholders ahead of this meeting, related to why we did not further reduce executive and Board remuneration. In response to that, I'd like to emphasise that the Board took decisive action on remuneration in April during a period of significant economic uncertainty.

While the Group Chief Executive and the Board voluntarily reduced their fixed remuneration, the Board did not consider it to be in the best interests of the Company to reduce the executive team's fixed remuneration, having already decided that no short-term annual variable reward would be paid to that executive team for 2020, taking into account retention risk and the commitment that we required from that executive team to lead their teams and manage the business at a time of a considerable volatility and uncertainty.

I would also like to clarify that the non-executive directors on the Board do not receive bonuses or variable remuneration or shares. They each receive a fixed base fee, as well as fees for the committees that they serve on, either as a chair or a member. Shareholders approve the aggregate fee cap, which was last approved or last increased in 2008. Base fees were last increased on 1 January 2016. Directors voluntarily took a reduction in their fees this year.

Virginia, have any questions been submitted during the meeting on the remuneration report?

Virginia Porter: Chairman, we have a question from Christine Haydon, as a volunteer monitor, on behalf of the Australian Shareholders' Association.

“On remuneration, given the announced changes to allow the variants of financial and non-financial metrics from 50-50, are there any plans to change these metrics again, particularly to make the remuneration system understandable to the retail shareholder?”

Philip Chronican: Thank you. We are looking to further refine the way in which we reward our executives in the future. But for the 2021 year, I think I said at the introduction, there are no changes to that remuneration structure. We are required by the regulator, APRA, to ensure that non-financial metrics play a considerable role in the rewarding of executives. We try to make sure that those non-financial measures that we do adopt are those that align our executives' incentives with the long-term interest of shareholders, and that is through good risk management and good customer outcomes.

So there will be some further changes in the future and I hope that it makes the system more understandable for shareholders. But I have to say that's a very difficult thing to do, with both regulators and institutional shareholders each having requirements that I think sometimes push us in the direction of less simplicity and clarity rather than more.

Virginia Porter: Chairman, we have a question from Mr Craig Caulfield.

“John Lonsdale of APRA recommends greater disclosure of non-financial metrics in calculating remuneration. Despite improvements, it is still opaque for shareholders to see granularly how short-term incentives are paid to executives. Surely NAB should consider a range of additional metrics beyond the constrained Net Promoter Score. All too often shareholders hear measuring non-financial metrics is too difficult. Will you include, for example, the AFCA Datacube complaints information as a better and more granular measure than Net Promoter Score?”

Philip Chronican: I think the one thing I can say is, this year short-term incentives paid to executives couldn't be clearer as we have not paid short-term variable rewards to our executives this year. But going forward, I understand the shareholder demand to see how we come to terms with that. In the past, we've sought to give an indication, for each of the key management personnel, how their short-term variable rewards are calculated, and we

will continue to aspire to that. Net Promoter Score is just one measure and it does have its limitations. Obviously, the AFCA information, which at least at a summary level is made public by AFCA, is also a relevant point of information. The AFCA data, of course, is somewhat limited, in that it really only relates to our Australian retail customer base. We're an organisation that operates both in New Zealand, globally through our corporate institutional business, through our business bank, as well as our retail bank. But we will be looking for more broad measure to apply.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne.

“Gambling is a scourge on the Australian society, with \$25 billion a year lost by Australian gamblers. Yet NAB executives are profiting by treating every credit card transaction with a sports gambling company as a cash advance, immediately costing exorbitant interest rates as high as 20%. Even though it will reduce revenue and executive bonuses, will NAB consider following Macquarie Group's lead and banning all credit card transactions with gambling companies?”

Philip Chronican: We recognise, of course, the harm that problem gambling creates. I just want to be very clear that the interest rate charges on cash advance to payments made to gambling companies is highly unlikely to have ever affected anyone's short-term variable reward with any level of materiality, given the size of it. It would, of course, be related to only one division of the business as well.

We have applied gambling blocks that customers can elect into, and we know that problem gamblers have found that. This is always a difficult trade-off between customers who want to be able to access their own money for a legal activity against the damage that I recognise that problem gambling has done and continues to do for a large number of people in the community. We are continuing to work with groups and through the industry associations to find the best way of balancing those two interests, but thank you.

Virginia Porter: Chairman, we have a further question from Mr Stephen Mayne.

“Why did the Chairmen address the meeting on rem issues rather than the Chair of the Rem Committee? Is the Rem Chair available to answer questions such as when the next review of Non-Executive Director Board pay is due to occur?”

Philip Chronican: I think that would be a question that would come directly to the Chair so I'm not sure that that's relevant. The Rem Committee Chair is available to answer

questions on any specific issues relating to the Rem framework and the Rem polices and the Rem Report, but for the conduct of the meeting we have as a matter of course had this section chaired by the Chair and have not seen any need to make a differentiation for this meeting. But, of course, the Rem Committee Chair is available by phone. Unfortunately, she is unable to attend here in person today because of COVID-related travel restrictions.

Virginia Porter: Thank you, Chairman. We have no further questions on this item of business.

Philip Chronican: Thank you. With no further questions I will now formally put the notion that the Remuneration Report for the year ended 30 September be adopted. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 97 points, 93% of votes for the resolution. Please record your vote now if you have not already voted.

The next item of business is the grant of performance rights. This item seeks approval for a grant of performance rights to the Group Chief Executive and Managing Director, Ross McEwan, under the Company's long term variable reward plan as part of his remuneration package for 2020. Details of this plan including the performance criteria and lapse conditions for this grant are set out on pages 21 to 23 of the Notice of Meeting and are also explained in the Remuneration Report.

As I said earlier, the Board has awarded long term incentives to the Executive Team and the Group CEO for the 2020 financial year end subject to shareholder approval, will be granted to the Group CEO in the form of performance rights. This long-term variable reward will be subject to testing in December 2024 and was granted to align the interests of executives with shareholders over the long term. The Board sees this as an important remuneration component to attract and retain executives, including the Group Chief Executive. The Board feels the performance hurdles attached to these long-term incentives are stretching.

Virginia, have any questions been submitted during the meeting for this resolution?

Virginia Porter: Chairman, I confirm that we have no questions on this item of business.

Philip Chronican: Thank you. As there are no questions, I formally put the notion for Resolution 4 that the grant of performance rights to the Group Chief Executive Officer, Mr Ross McEwan, under the Company's long term variable reward plan on the terms described

in the explanatory notes be approved. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 98.03% of votes for the resolution. Please record your vote now if you have not already done so.

The next item of business, item 5, relates to the selective buyback of 20 million preference shares that are associated with the National Income Securities, the NIS Buyback Scheme. This item is a special resolution. A special resolution requires approval by at least 75% of eligible votes cast on the resolution. As I have a personal interest in this matter, I will now hand over to David Armstrong to chair the meeting for this item of business. David.

David Armstrong: Thank you Phil. The purpose of this item is to give the Company flexibility to repay the NIS in 2021 for \$100 per NIS, plus any accrued interest that may be outstanding on at least 30 days' notice and if and when the Company elects to do so, without the need to convene an extraordinary general meeting at that time. Details of the NIS Buyback Scheme are described in the explanatory notes on page 23 to 26 of the Notice of Meeting. We recognise this has been an area of focus for holders of NIS for some time.

It is important to keep in mind that no decision has been made as to whether to repay the NIS or when repayment might occur if shareholder approval is obtained today. Repayment will also require APRA approval. If the Board makes the decision to buyback the NIS an announcement will be made to the market and the repayment would occur no earlier than 30 days after the date of that announcement. NAB will not repay the NIS if it would have a material adverse impact on its financial position, or materially prejudice NAB's ability to pay its creditors.

Virginia, have there been any questions submitted during the meeting in relation to the NIS Buyback Scheme?

Virginia Porter: Chairman, we have a question from Mr [Michael Chambers].

"How much will it cost NAB's ordinary shareholders to buy back the NIS securities?"

David Armstrong: The total value of the NIS on issue is \$2 billion and the intent is to – if we proceed - repurchase at par which would be exactly that value plus any accrued interest that's outstanding at that point in time.

Virginia Porter: Chairman, we have a further question from [Mr Michael Chambers].

"Why wasn't there a separate meeting of NIS holders to vote on this buyback?"

David Armstrong: There's a degree of complexity to this and I'll try and just give a little bit of background. Firstly, the NIS is a stapled security. It's both a debt note, which is fully paid, and secondly an unpaid preference share. It's the existence of the preference share that gives rise to the need for a special resolution and a shareholder meeting. Because the selective buyback relates to shares on issue, this must come before the NAB Board - the NAB Extraordinary Meeting.

There is no need for an NIS shareholders meeting under the terms of the NIS. So we are here today to consider this item as a NAB shareholder meeting, but that's the reason why there is no separate meeting for NIS.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne.

"If shareholders approve this proposal and the NIS are bought back, will NAB promise to only raise ordinary equity by way of a PAITREO if fresh equity is needed after this NIS buyback?"

David Armstrong: I think the Chairman has probably dealt with this question earlier, that there are no plans to deal with the ordinary shares - there's no intent to raise ordinary share capital of the Bank at this time. But of course in the future we would need to look to what's in the best interests of all shareholders and the Company itself.

Virginia Porter: Chairman, we have a further question from Mr Stephen Mayne.

"If the Chairman has a conflict of interest just because he owns a small number of NIS, why does Simon McKeon not have a conflict of interest as a big shareholder in Macquarie Group, one of NAB's biggest competitors?"

David Armstrong: So the corporations law does not permit an affected shareholder to vote at a meeting for a selected buyback. It's the existence of the Chairman's interest in the NIS that is precluding him from his ability to deal with this particular matter.

Virginia Porter: Thank you Chairman, we have no further questions on this item of business.

David Armstrong: If there are no further questions I will formally put the motion for the special resolution 5. The Company be allowed to repay the NIS for \$100 per NIS, plus any accrued interest, on at least 30 days' notice if and when the Company elects to do so during the 2021 calendar year without the need to convene an extraordinary general meeting, as described in the explanatory notes of the Notice of Meeting.

Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 99.43% of votes for the resolution. Please record your vote now if you have not already voted.

I will now hand back to Phil to continue Chairing the meeting.

Philip Chronican: Thank you David. The next items of business are items 6(a) and 6(b) which are requisitioned resolutions promoted by market forces and relate to an amendment to the Constitution and climate change transition planning disclosures.

Item 6(a) is a special resolution. As I noted earlier a special resolution requires approval by at least 75% of eligible votes cast on the resolution. Resolution 6(a) is not endorsed by the Board. The Board respects the rights of shareholders to requisition a resolution to amend the Company's Constitution. However the Board believes that the proposed resolution is not in the best interests of the Company and shareholders as a whole, and recommends that shareholders vote against it for the reasons outlined in the Notice of Meeting.

Under the Company's Constitution the power to manage the business of the Company is vested in the Directors who are required to make decisions and manage risks in the best interests of the Company and shareholders as a whole. In order to discharge that duty the Board must consider a range of issues, having regard to the nature and complexity of NAB's business and its operations in a global environment.

The proposed amendment would provide a platform for groups of shareholders to promote any number of matters that may not be in the best interests of the Company and shareholders as a whole. The Board considers it would be inappropriate for any one issue promoted by shareholders to be given increased prominence over another.

The Company encourages transparency and appropriate shareholder discussion, and provides shareholders with a number of avenues to raise issues or concerns. The Company has a comprehensive Investor Relations Engagement Program which aims to facilitate regular and extensive engagement between the Board and Senior Management and investors.

Environmental social and governance considerations, including climate risk, regularly form a significant part of this engagement. The Company's progress on such matters is reported through its annual reporting suite of documents, including the 2020 Annual

Financial Report. Which contains disclosures aligned to the recommendations of the Task Force on Climate-Related Disclosures, as well as its annual results investor presentation, sustainability report, and sustainability data pack.

In addition at each AGM the Chairman encourages shareholders to ask questions and make comments about the Company. Shareholders are also invited to submit questions before the AGM, which help the Company understand shareholder issues and concerns, and to address key areas of shareholder feedback at the meeting.

Item 6(b) which relates to transition planning disclosure is conditional upon this item being supported by shareholders. The Board does not endorse item 6(b) as we do not consider this resolution to be in the best interests of the Company and shareholders as a whole. In the Board's view the NAB has made significant progress on its energy and emissions strategy, and already provides detailed reporting on that progress. Which we explained in the Notice of Meeting and in our 2020 sustainability report.

NAB is a signatory to the global Collective Commitment to Climate Action, which is a more comprehensive set of actions than any single motion being considered here today. In our view the Collective Commitment to Climate Action is a worthy and important set of expectations for us to live up to for our shareholders and the community. Achieving net zero emissions by 2050 requires a comprehensive whole of business approach. Focusing solely on one element is an inadequate response, and should not distract from that broader goal.

In questions submitted in advance of the AGM some shareholders challenged us on whether NAB should be doing more in relation to energy, fossil fuels and climate change. At the same time others have challenged the role of activists in Company policy setting. This illustrates how important it is for the Board, and for leadership, to determine the best interests of the Company over the long-term. While working closely with government, our customers and communities in which they operate, and certainly supporting energy security in Australia and in New Zealand.

We have made several important commitments during 2020. We will continue to review these commitments against current science and technology. While the Board has taken this position, as a sign of respect and consistent with last year, I have invited Market Forces to address shareholders through a short video clip which we will play now.

Video: I'm Jack Bertolus from Market Forces. We worked with shareholders to co-ordinate items 6(a) and 6(b). I'll speak briefly today in favour of the resolution calling on NAB to report strategies and targets to reduce exposure to fossil fuel assets, in line with the climate goals of the Paris Agreement.

This resolution presents an important opportunity to improve corporate governance and risk management at NAB, ahead of the market and regulatory changes that can be foreseen as the world moves to meet its commitments under the Paris Agreement on climate change.

Despite committing to support the climate goals of the Paris Agreement, NAB has failed to align its lending practices or policies with these goals and lags its peer group in this regard. Failure to bridge this gap leaves NAB exposed to needless financial climate change transition risks and reputation risks.

Mainstream climate science tells us that in order to meet the Paris climate goals we need to phase out coal power in OECD countries by no later than 2030. This deadline is supported by leading investors and financial institutions around the world. Unlike its major competitors - Commonwealth Bank, Westpac and ANZ, which plan to exit thermal coal by 2030 - NAB remains committed to exit thermal coal mining by 2035. Five years later than what's considered aligned with the Paris Agreement.

Beyond coal, mainstream climate science tells us that in order to meet the Paris climate goals global oil and gas production needs to decline annually by 4% and 3% respectively. In August 25 leading scientists at Australian universities and institutions wrote that to meet the upper Paris goal we must achieve net zero emissions by 2040 to 2050. This requires a rapid phase-out of existing fossil fuel infrastructure, leaving no room for expansion of the gas industry.

As NAB works to update its approach to funding oil and gas, this resolution presents an opportunity for investors to set clear expectations of the Bank's funding for the sector moving forward. Shareholders need NAB to disclose clear targets and strategies to reduce exposure to all fossil fuels, along with appropriate accountability mechanisms to ensure this Company is adequately managing its exposure to climate change transition risks.

The banking sector knows all too well the financial impacts of betraying community expectations. With last year's unprecedented drought and bush fire conditions in mind, I

ask shareholders to carefully consider how NAB's funding for fossil fuels will impact its reputation in the face of community demands for strong climate action.

Investor support for this resolution is necessary to encourage NAB to review its lending practices and policies with respect to coal, oil and gas, and update them to align with mainstream scientific projections of the energy transition required to meet the goals of the Paris Climate Agreement and avoid the worst impacts of climate change.

We ask shareholders to support this resolution with the long-term interests and sustainability of the Company in mind. We thank those investors that have already cast votes in support of the resolution. We hope that the level of support for resolution 6 encourages the Company to commit to disclosing Paris-aligned strategies and targets to reduce fossil fuel exposure in the coming year.

Thank you.

Philip Chronican: Thank you Mr Bertolus. For the benefit of all shareholders, I do want to correct some of the assertions that have been made in that video clip. As I have stated, by signing the Collective Commitment to Climate Action, NAB committed to set and disclose sector specific scenario-based targets for the Paris Agreement alignment with our lending portfolio by November '22, by next year - oh, sorry, two years from now.

This means working towards a net zero emissions lending portfolio by 2050. It's the only Australian bank to have signed this commitment, which is co-ordinated through United Nations Environment Programme Finance Initiative. We have indeed taken a leading position amongst both our global and domestic peers.

Making progress towards the Collective Commitment to Climate Action this past year we have calculated our financed emissions to form baselines for a number of key sectors. Then worked with leading climate science organisation, ClimateWorks Australia, to understand potential Paris-aligned decarbonisation pathways for these sectors. The outcomes of this work are disclosed in our sustainability report.

In our Notice of Meeting we provided our expectations on the timelines by when our thermal coal mining exposures will reduce to effectively zero, consistent with the objectives of the Paris Agreement. We have also announced our intention to finalise our review of our oil and gas exposures by September next year.

The Board will continue to support the measured approach taken by NAB to mitigate the risk of climate change, while working with and supporting our customers in its transition to a low carbon future.

Before asking shareholders to vote on item 6(a), Virginia, have any questions been submitted during the meeting on item 6(a)?

Virginia Porter: Thank you Chairman, we have a question from Mr Scott McCalman.

“My family are fifth generation grain producers on the Liverpool Plains, and we'll probably be the last. To the NAB Board, I cannot overstate the critical impact that climate change is having on food production, our landscape and wildlife. This is a clarion call for smart leadership and investment for Australia, and the world's future prosperity. We have 110 years of weather data on our property. We used to average 21 days over 35 degrees, and one day over 40 degrees. It's now 65 days above 35 degrees, representing a 330% increase, and 21 days over 40 degrees, representing an 800% increase. When will NAB show the leadership and directive required for our nation's future and divest from companies like Santos pursuing high methane, high CO2 and water contaminating projects such as the Narrabri gas project?”

Philip Chronican: Thank you for the question. I share the concerns raised by Mr McCalman. I can just reiterate that's the reason why we have taken a comprehensive and leading approach through the collective commitment to climate action. As I've indicated, that will involve us reviewing all of the emissions intensive sectors and emissions consuming sectors so that we can have a comprehensive approach to this issue. But I share the concerns you have around the impact of climate and the agricultural sector. So thank you.

Virginia Porter: Chairman, we have a question from Litigo Dion Nominees Pty Ltd.

“A report published two weeks ago, co-authored by the United Nations Environment Program found that global oil and gas production must decline annually by 4% and 3% respectively to be consistent with the Paris Agreement's 1.5 degree pathway. Page 44 of NAB's annual results presentation shows our exposure to oil and gas extraction declined 27% from 2019 to 2020. Will NAB's oil and gas exposure decline moving forward consistent with the Paris Agreement?”

Philip Chronican: I think the question has pretty much answered itself which is that our reduction in oil and gas exposure has materially outstripped any of the indications given.

Whether it continues to decline at that rate is not clear. Sometimes these numbers move around purely because they are expressed in different currencies.

But as we indicated during the introduction to this, as part of our signing up to the collective commitment to climate action we will be publishing our pathways for oil and gas next year. So we'll be in a much clearer position to be able to take our shareholder base through that at that time. But we absolutely understand.

Just I think sometimes shareholders may not have a sense of perspective on these issues. Our exposure for example to thermal coal mining in Australia is \$675 million. That's out of total credit exposures at around \$880 billion. So it's about 0.8 of 1% of our lending exposures.

Oil and gas on the other hand of course is a more material number. It's around \$2.7 billion. Again, it's not a large proportion of our total exposures. But it is something like four times the size of our thermal coal exposure. So to that extent it's obviously a much more meaningful question.

Virginia Porter: Chairman, we have a question from Wattle AG Pty Ltd.

"As a farmer at Boggabri, I have witnessed firsthand the devastation Whitehaven Coal has brought upon our region environmentally and socioeconomically. Whitehaven has a litany of environmental prosecutions, no social licence and just last week pleaded guilty to 19 charges for breaching mining laws that caused potentially decades long environmental damage. Planned expansions will threaten the ground water I rely on for my business. As a funder of Whitehaven, what is NAB doing to alleviate the concerns of impacted landowners?"

Philip Chronican: Thank you. Again in the context of not being able to talk about individual customers I can only talk about what we at National Australia Bank are doing. But as I've indicated and as we've published, we expect to no longer have any meaningful thermal mining - thermal coal exposure by a date somewhere around 2030 at this stage. So I think that sets out our path forward.

Virginia Porter: Chairman, we have a question from Jack Bertolus.

"In August 25 leading scientists at Australian universities wrote that achieving the Paris Agreement means the time has passed for any new fossil fuel infrastructure including the proposed expansion of the gas industry in Australia. Yet according to analysis by Market

Forces between 2016 and 2019 NAB loaned \$1.2 billion to 12 new or expansionary fossil fuel projects that would enable the release of 2.5 billion tonnes of CO2. Over the same time frame NAB loaned more than \$1 billion to a group of 10 large ASX listed companies which are either expanding the fossil fuel industry or relying on energy demand scenarios consistent with the failure of the Paris Agreement or both. When will NAB rule out funding the expansion of the fossil fuel industry?"

Philip Chronican: So I will - I'm not sure I can add any new information other than to re-emphasise that over the last couple of years we have materially reduced our exposure to both the oil and gas industries and to thermal coal. In respect of thermal coal we have set out a timetable for the period by which we expect to have exited and under our commitments to the collective commitment to climate action under the United Nations Environmental Program we will be articulating our pathway for oil and gas next year.

Virginia Porter: Chairman, we have a question from Mr Guy Abrahams and Ms Kim Abrahams.

"In October the UN Environment Program finance initiative signed an open letter requesting that assumptions made by companies in preparing financial statements under IFRS be compatible with the Paris Agreement. As a member of the UNEPFI what actions have NAB taken to ensure our clients, particularly our large fossil fuel clients, disclose Paris-aligned assumptions in financial statements in line with the open letter demands. What consequences do clients face if such assumptions are not disclosed?"

Philip Chronican: So improving climate disclosure is important for us as a Bank. Also we see that as an important issue for our customers as well. We are working with 100 of our large emissions-intensive or energy dependent clients to understand their transition planning. But obviously with the way that we expect the world to head, companies that do not have a transition path towards 2050 will run the increasing risk of their business models no longer being viable. As a Bank, for us that becomes a risk exposure. That's why we are taking the comprehensive approach that we are taking on managing climate risk.

Virginia Porter: Chairman, we received multiple questions from Molly Wickham, Noah Ross and [Annie Morgan-Banks] on the topic of NAB's involvement in a pipeline project in Canada. We have selected the question that best represents the scope of those questions to be read to the meeting. It is as follows.

“There are three Wet’suwet’en reoccupation sites along the pipeline route under the authority of the Wet’suwet’en hereditary chiefs in Gidimt’en Clan, Unist’ot’en and Laksamishu Clan - please excuse the pronunciation. The hereditary chiefs have and still do oppose this project and have not provided their free, prior and informed consent for the project. CGL argued in court against the Wet’suwet’en that the resistance had already cost them millions and we know that the resistance since that time has cost them millions more. How many millions are set aside in dealing with ongoing Wet’suwet’en resistance?”

Philip Chronican: Thanks for the question. But I think as shareholders will understand from the question this is a question about the operations of one of our customers. As you fully appreciate we’re not at liberty to disclose issues relating to our relationships with customers. Of course in many cases the questions seem to relate to issues within that company which we are not necessarily privy to. So I really cannot answer the question other than to acknowledge the issue that there is a pipeline that is clearly a sensitive issue and we’re aware of it.

Virginia Porter: Chairman, we have a question from Mr Will Steffen. “As a climate scientist I know that if we are to avoid catastrophic climate change and limit warming to under 2 degrees Celsius, there cannot be any expansion of fossil fuel production, coal, oil or gas. Existing and planned fossil fuel infrastructure is already sufficient to exceed a 2 degree target. NAB has already committed to phasing out coal but continues to provide finance to the gas industry. This is not consistent with the Paris accord. With significant transition and reputational risks of continuing to lend to the fossil fuel section, will NAB adopt a policy to rule out any further financing of new gas projects?”

Philip Chronican: Again, I made the comment earlier that over the last year our exposure to oil and gas has moved from about \$4.1 billion to just over \$2.7 billion, quite a material decrease of nearly 30%. We are committed to having a more clearly articulated pathway by this time next year under our commitments under the UNEP collective commitment to climate action. So the answer is that when we publish that pathway you will see the way in which that we expect the oil and gas exposures to move over time.

Virginia Porter: Chairman, we have received multiple questions from [Charlotte Cox] and [Anusha Muller] on the topic of the Beetaloo Basin gas project in the Northern Territory. We have selected the question that best represents the scope of those questions to be read to the meeting. It is as follows.

“Fracking in Beetaloo Basin would release 22 billion tonnes of CO2 equivalent emissions.

Globally in 2020 we will have witnessed the impacts of climate change most notably catastrophic bushfires in Australia and now California. People have lost lives and livelihoods. The science is clear. We need to leave all new reserves of fossil fuels in the ground to avoid the worst impacts of climate. NAB lent \$3.8 billion in June 2018 and in 2019 a \$500 million bank guarantee. Traditional owners have repeatedly refused consent. Will you continue to invest in Origin Energy?”

Philip Chronican: I don't think I can add anything new to this question from what I've already said about our - I will reiterate - the migration that we have planned and we will be clearer on this time next year in terms of our oil and gas. Our commitment to work with 100 of our high emissions customers to ensure that they have their emissions - sorry that they have a transition plan - to a net zero economy by the middle of the century.

We will be judged by our actions in achieving those. So I'm not sure if I can add anything here again because it gets specific to an individual customer which I'm not at liberty to discuss.

Virginia Porter: Chairman, we have a question from Dr [Diana Sainsbury and Dr Peter Sainsbury].

“Page 37 of our sustainability report makes the case that there must be planning and investment before the closure of coal mines to avoid stranded workers and stranded communities during the transition to a low carbon future. Yet in February this year, almost five years after the Paris Agreement, our Bank loaned \$110 million to Whitehaven Coal, an entirely undiversified coal mining company with no diversification plans. Why is NAB creating the conditions for the negative impacts you say must be avoided?”

Philip Chronican: So the reason that we have signed up to the collective commitment on climate action to set out a transition pathway is so that we can in a measured way achieved exactly the end goals that I think you as a questioner are asking us to do. Everything else I think I can say I have said.

Virginia Porter: Chairman, we have a question from Adam Macrae.

“I'm a fifth-generation farmer from Coonamble, New South Wales. My farm and the community I live in, like many others, is located and completely dependent on the Great Artesian Basin. It is only the source of permanent fresh water for farming and non-farming

businesses, service industries and communities. Santos and APA, funded by NAB, are pursuing projects that pose unacceptable risk to the health of the GAB. What actions have you taken to understand the impacts these companies are having on our communities?"

Philip Chronican: Thank you. Again, I can't speak about the individual companies that you've sought to name, other than to say that we review the impact that all of our sensitive transactions have. It will be always in the context of our medium-term scenario planning.

Virginia Porter: Chairman, we have a second question from Dr Diana Sainsbury and Dr Peter Sainsbury.

"In December 2017, NAB said we will no longer finance new thermal coal mining projects. NAB has breached this commitment multiple times – for example, NAB's 2018 loan to New Hope, which disclosed the loan was sufficient to fund the New Acland's Stage 3 thermal coal project. This has been raised by shareholders and members of the Standing Committee on Economics. Who is responsible for the breaches? What disciplinary action will result? When does NAB intend to review and withdraw its exposure to affected borrowers?"

Philip Chronican: So, again, these questions have a strong element of repetition, but there is no breach, that I am aware of, of our policies in this issue and that all sensitive lending is reviewed. The reduction in our lending to thermal coal is well-documented and our path to net-zero is clear and should be available to all shareholders.

Virginia Porter: Chairman, we have a question from [Grubb's Superannuation Proprietary Limited].

"Of the \$42.5 billion we committed to environmental finance since October 2015, how much of this was directed towards renewable energy? This is not disclosed in our Sustainability Report or accompanying data pack, which simply shows the breakdown of finance type."

Philip Chronican: Sure. Okay, my understanding of renewable energy project finance is that around \$10 billion has been lent under that. That's a cumulative number and obviously there has been run-off. As at now, we have something like \$5.5 billion of exposure to renewables. Again, for the benefit of broader shareholders, that \$5.5 billion of exposure to renewables compares to \$670 million in thermal coal that we spoke about

earlier and around \$2.7 billion in oil and gas. The rest of the broader environmental financing is, of course, in the much larger issues that are much more material for our organisation, around environmental finance in agricultural, environmental finance in energy efficient buildings, both commercial and residential and so on, as well as other green projects. So, I hope that answers the question, but yes, \$10 billion is the amount that we've financed over that period into renewable energy.

Virginia Porter: Chairman, we have a question from Selwyn Krepp.

“Although there is a myth-based moratorium on nuclear energy, historically statistically, the safest form of low-carbon baseload energy source, safety will be further enhanced by the new generation four small modular reactors. Has NAB explored the role that nuclear could play in low-carbon future?”

Philip Chronican: Well, the answer is no, because none of our customers have come to us with proposals for nuclear energy. It's quite frankly not our role to choose which technologies are the most appropriate. That will be a function of the way in which these technologies evolve, their costs, the economics of them.

My understanding, at this stage, is that the cost curves for onshore wind and solar present the most cost-effective ways of generating, even though there are a lot of questions around issues around stability and reliability, which is why other forms of energy are being contemplated, also other technologies that may overcome the intermittency issue that solar and wind produce. But this is not really a question for us to answer.

Virginia Porter: Chairman, we have a further question from Dr Diana Sainsbury and [Dr Geoffrey Sainsbury].

“The Chair said during this meeting that there is increasing consensus that the world needs to be net-zero by 2050. That's correct, but advanced countries need to get there by 2040. Will the Board review this?”

Philip Chronican: Well, again, it's not a question for the Board. The issue of the Paris Agreement is an intergovernmental agreement. Our role is to ensure that our lending practices are consistent with those intergovernmental agreements. So, I note your point, but it's really outside of our purview.

Virginia Porter: Chairman, we have a question from Mr [Terrence Burke] and Mrs [Lynnette Burke].

“Chairman, the NAB has made a commitment to withdraw lending from all coal industry businesses. Does this mean withdrawing from supporting all supply-chain businesses as well? What impact will this have on NAB business? What is the strategic plan to replace this business in NAB?”

Philip Chronican: So, the mining sector as a whole obviously has a whole range of ancillary businesses. We are bankers to many of those. I need to just stress for the benefit of all shareholders that our planned phase-out is of thermal coal. There is expected to be ongoing metallurgical coal mining after 2030, but obviously in the context of the commitment by 2050 we would expect fossil fuels generally to be largely eliminated, although just bearing in mind that the commitments that governments have signed up to is to a net-zero, so there may be some ongoing role at a low level for some fossil fuels.

So, the strategic plan, essentially, is to work with customers as they identify alternative energy sources and look at the new industries that arise in that context. Hence the lending that we've done into renewable energy projects, which have downstream and upstream industries associated with them as well. We look forward to being able to be a banker to those industries as they grown in the future.

Virginia Porter: Chairman, we have a further question from Mr Terrence Burke and Mrs Lynnette Burke.

“Chairman, the NAB has committed to the Paris Climate Agreement. The Paris Agreement has a commitment to reduce live animal farming. Will NAB be reducing its exposure to the farming and supply-chain businesses? If so, how will NAB replace this lost income?”

Philip Chronican: So, again, there are a number of ways in which the emissions from animal farming can be offset, or reduced. So, we have an ongoing interest in agriculture and all I can say is that it's an area of considerable interest to us. But it highlights the point I've been trying to make before, that the issue of getting to a net-zero emissions lending portfolio by 2050 does involve having a comprehensive view of how emissions arise and how transitions are going to be affected. So, hence the desire of this Board to get the debate away from one single industry and actually elevate it to this broader issue.

So, we agree with the sentiment, which is that the world of net-zero emissions is going to look very different from the world we're in today. We need to be helping customers identify what opportunities that presents, because some industries will be reduced, but other industries will increase. It's exactly that strategy. I'm glad you've asked the question in

this way. It's exactly that broader approach that we think is the most appropriate for a company like ours to take.

Virginia Porter: Chairman, we have a further question from Mr Terrence Burke and Mrs Lynnette Burke.

"The NAB has committed to the Paris Climate Agreement as its guiding strategy. Has the Chairman read this document? Has the whole Board read this document?"

Philip Chronican: I've read summaries of the Paris Climate Agreement. I'm not sure that I've read the whole document. I can assure you that I have read the whole of the Collective Commitment to Climate Action under the UNEP framework, which I made a point of during the course of this year. I imagine that the rest of the Board will be in a similar position to me of having read summaries of the Paris Agreement, bearing in mind that the Paris Agreement is itself an intergovernmental agreement. The document that's most relevant to NAB is the UNEP FI Collective Commitment on Climate Action. I'm sure most of the Board will have read that.

Virginia Porter: Chairman, we have a question from Rita.

"Chairman, is there a conflict of interest to the farmer, when green bonds are created through carbon trading without the farmer's knowledge?"

Philip Chronican: I'm not sure I can answer that question, because I'm not sure I even understand how a green bond can be created without a farmer's knowledge. So, I'm just going to have to pass on that one, I'm afraid.

Virginia Porter: Chairman, we have a further question from Mr Selwyn Krepp.

"Does NAB support China's climate change policy by proxy on behalf of the fossil fuel-led Australian Federal Government? Would NAB support further proxy initiatives by foreign powers, such as the banning of gas imports?"

Philip Chronican: So, again, it's well beyond my role in life to advise other governments on how they are going to adjust to a net-zero emissions world. We've taken the path which we think is most appropriate for NAB with is the Collective Commitment to Climate Action, understanding what that requires of us, what's likely to be the implication for the Australian economy and adjusting our lending portfolios accordingly.

Virginia Porter: Chairman, we have a question from Mr Stephen Mayne.

“Will the Chairman read out, or display, the proxies on these two resolutions before the Q&A session is closed, so that shareholders can ask questions about why there has been a material rejection of the Board's voting advice, if that is indeed the case, as occurred at ANZ's recent AGM? This earlier proxy voting disclosure is Australian Shareholders' Association best practice, and should have been adopted by NAB on all resolutions today.”

Philip Chronican: So, the answer is, no, we will be disclosing it at the relevant item of business, but we'll take the point on notice for any future resolutions that may occur. I can assure you that in relation to 6(a) it will not be a rejection, based on my understanding of the proxy votes at this moment. Are there any further questions, Virginia?

Virginia Porter: Chairman, there are no further questions on this item of business.

Philip Chronican: Thank you. As there are no further questions, I will now formally put the motion for 6(a), that NAB's constitution be amended to formally and publicly allow shareholders the opportunity at shareholder meetings, such as the Annual General Meeting, to alert Board members that shareholders seek more information or favour a particular approach to corporate policy.

Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We have received 92.6% of votes against the resolution. Please record your vote now, if you have not already voted. Based on the results of direct voting in advance of the meeting and proxy votes, we are able to determine that this resolution has failed.

As Item 6(a) was not successful, Item 6(b) will not be put to the meeting. As I said earlier, in the spirit of transparency, we will now share the proxy votes received in advance of the meeting in relation to this conditional item. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. We received 73.3% against the resolution.

That now covers all of the formal business of the Annual General Meeting. I will now open the meeting to general questions. I want to be clear that this is for general questions that have not been covered already. Virginia, have any further questions been submitted during the meeting?

Virginia Porter: Chairman, we have no further general questions.

Philip Chronican: Thank you. As there are no general questions, on behalf of the Board, Executives and staff of the Company, I'd like to thank you all for joining us today. On

behalf of the Board, I once again want to thank Geraldine McBride as she retires at the end of this meeting. Geraldine, we will miss your passion and the perspectives that you've brought to the table.

I'd also like to thank our customers and shareholders for their continued support of National Australia Bank. I now formally declare this Annual General Meeting closed and confirm that voting will remain open for a further 10 minutes to allow ample time for shareholders and proxy holders to submit any final votes. Voting results will be released to the ASX and will also be available on the AGM page of our website. Thank you.

End of Transcript