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Start of Transcript

Louise Thomson: Good morning and welcome to National Australia Bank Limited's Annual General Meeting. I'm Louise Thomson, Group Company Secretary. Before commencing this 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 First Nation 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 and Bunurong peoples of the Kulin nation. This is a beautiful country and we are grateful to be here and we pay respect to your Elders past, present and emerging.

We would also like to pay respect to the traditional owners of all the lands that you are joining us from today and in doing this, we acknowledge the continuing connections of all Indigenous and First Nations peoples traditional ownership of land, rights and their law. Thank you.

Louise Thomson: Thank you for your acknowledgement Eveanne. We had hoped this year's AGM would be a physical meeting. While some restrictions have eased here in Victoria, there are still many uncertainties and risks regarding the pandemic. The health and wellbeing of our shareholders, colleagues and communities remain important to us and we felt that a virtual meeting would deliver the best experience for the greatest number of shareholders relative to the risks of a large gathering. As a result, today's meeting is being held virtually through an online platform.

A significant number of shareholders have already voted, appointed proxies and submitted questions ahead of this meeting and we thank them for doing so. As outlined in our notice of meeting, shareholders and proxyholders may vote and submit questions during this

meeting using the online platform. I'll explain the procedures but if you require technical assistance during the meeting, our AGM Guide is on the AGM page of our website and our technical support team's contact details are shown on screen now.

If we experience significant technical difficulties during the meeting, the Chair may decide to adjourn the meeting to later in the day or another day and we will notify you of the proposed time to reconvene via our AGM page our website and an ASX announcement. If technical difficulties are less significant and the Chair will consider the number of shareholders impacted and the extent to which shareholders' reasonable participation is affected before deciding whether to adjourn the meeting.

On questions, shareholders and proxyholders may ask questions on any item of business using the online platform either in writing or orally. If you wish to submit a question in writing, we encourage you to do so now and the Chair will respond at the relevant item of business. Written questions put to the meeting will be read out by one of my colleagues before they are responded to. You may also ask a question orally using the live audio function on the online platform. We want to address questions from as many shareholders as possible during the meeting to ensure that all shareholders have an opportunity to participate in the meeting.

To help us do that efficiently, and to ensure the orderly conduct of the meeting, we ask that you limit your questions to one or two per item of business and that you ensure your questions are relevant to all shareholders. Please indicate which item of business your question relates to and keep your questions concise. The online platform accepts up to 1000 characters - that's approximately four to five sentences - for written questions. Written questions will be moderated and we may group questions when they are on the same topic so as not to duplicate questions.

Questions related to a customer or shareholders individual circumstances will not be read out as this is a public forum. Out of respect for all attendees at today's meeting, questions or statements that contain explicit, abusive or threatening language will not be read out. The Chair will take all questions on climate related matters at Item 5 so that related questions are discussed together.

Now to explain how to ask questions. To ask a question in writing, select the messaging icon, type your question in the chat box at the top of the screen and select the send icon. You will receive confirmation that your question has been received. To ask a question orally, first pause the webcast and select the asking live audio question link on the home

page. You will be placed in a queue. When the Chair invites you to speak, your voice will be heard at the meeting. The audio quality we hear will depend on your device and we ask that you please minimise any background noise.

Now to voting. All resolutions to be considered at this meeting will be decided on a poll. Votes can be submitted at any time from when the Chair declares the poll open until 10 minutes after the meeting closes to provide ample opportunity for shareholders and proxyholders to submit their votes. When the Chair declares the poll open, a voting icon will appear on screen and the resolutions will be displayed. To vote, select one of the voting options. Your response will be highlighted.

To change your vote, simply press a different option to override it. The number of items you have voted on or are yet to vote on is displayed at the top of the screen. You may change your votes up to the time the Chair closes the poll. Christina Piccolo from Computershare will act as the returning officer for the purpose of conducting and determining the results of the poll for each resolution and the results will be announced later today on the ASX and the AGM page of our website.

I would now like to introduce our Chair, Mr Philip Chronican.

Philip Chronican: Good morning ladies and gentlemen and welcome to this meeting. It is 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 shareholders, proxyholders and guests. I'm joining you today from Melbourne and I too acknowledge the traditional owners and custodians of the land on which we are holding today's meeting, the Wurundjeri and Bunurong people of the Kulin nation. I pay my respects to their Elders past, present and emerging.

Before delivering my address, I'll make some introductions. On stage with me today are our Group Chief Executive Officer and Managing Director Ross McEwan. Our Group Chief Financial Officer, Gary Lennon, a fellow non-executive director Anne Loveridge who stands for re-election today, and our Group Company Secretary, Louise Thomson, who spoke earlier. As well as Ross and Anne, other Board members here with us today are David Armstrong, Peeyush Gupta, Ann Sherry and Simon McKeon. Joining us by telephone today are our other Board members Doug McKay who is also Chair of our Bank of New Zealand subsidiary - good morning Doug...

Doug McKay: Thanks Phil. Good morning everyone. Pleasure to be here.

Philip Chronican: ...and Kathryn Fagg. Good morning Kathryn.

Kathryn Fagg: Good morning Phil. Good morning everyone.

Philip Chronican: Sarah Lowe, the Lead Engagement Partner of our auditor, Ernst and Young, is also in attendance and is available to answer questions related to the conduct of the audit and the auditor's report. Assisting us today is Virginia Porter, a senior member of the NAB team, who will be reading out written questions and introducing audio questions.

As Louise said, all resolutions in this meeting will be decided on a poll. I now declare the poll open on all resolutions so that shareholders can start to vote. Thank you again to those shareholders who submitted questions in advance of the meeting today. We received 82 questions, all of which I've read. Many were on similar topics and I will respond to the most common themes during my address. I also want to acknowledge the terrible tragedy that occurred in Tasmania yesterday. Our thoughts are with the families and everyone in the community during what will be an extremely difficult time for them.

I will now deliver my address. This morning's meeting is an important opportunity to reflect on our performance for our shareholders and to discuss the future of our business. A little over two years ago, the Board took accountability for ensuring the necessary changes were made at NAB and that our customers, our people and our shareholders would see the benefit.

That work continues. However, I'm pleased to say we are now well progressed. We are finishing 2021 a better bank. In a year characterised by continued challenges requiring resilience and the ability to adapt, NAB has demonstrated a strong focus on customers and on colleagues.

We've also shown the ability to grow safely. Our Chief Executive Officer, Ross McEwan, together with his executive leadership team has created stability and clarity of strategy with greater discipline and stronger execution. There is clear evidence of this plan in our business results and we are well placed to deliver improved performance over the long term.

In a little over two years, NAB has grown from the fourth to the second largest Australian bank by market capitalisation. We have increased the dividend over last year's reduced levels. We know that these are the core performance outcomes that you want to see as owners of the Bank.

A successful exit of MLC Wealth earlier this year was a major milestone in the simplification of NAB. It has enabled more focus and investment to be directed back into our core banking business. NAB's acquisition of the neobank, 86 400, and the proposed acquisition of Citigroup's Australian consumer business will enable the Bank to quickly build scale in our digital and consumer bank offerings.

Meaningful and sustainable change has been made to the way the Bank operates. This is a result of the reforms put in place in response to NAB's own self-assessment into governance, accountability and culture in 2018 and following the Financial Services Royal Commission. Implementation of the applicable and actionable recommendations from the Commission is on track. Actions to address the root causes identified in our self-assessment are largely complete. We are now engaged with APRA on the assessment of their impact.

Several regulatory matters have been concluded. The introduce a payments program, planned service fees, consumer credit insurance products and fee disclosure statements matters are closed and customer remediation is complete. In total, we have returned \$1.3 billion to customers since June 2018 and are on track to have the bulk of the remaining legacy issues behind us by the end of 2022.

We have made it a priority to deliver higher standards of governance and accountability and we've driven a reorientation of the Bank around customers and colleagues. Products and services have been reviewed to improve customer outcomes. In the 2021 financial year, NAB's strategic net promoter score increased by four points to negative seven. This is equal first among our major bank peers and marks a 10 point increase from negative 17 in 2019.

Investments in NAB colleagues are showing up in our employee survey results. NAB achieved staff engagement levels among the top quartile of global employers during the financial year 2021. We are changing the way we pay colleagues to ensure remuneration supports our desired culture. Twelve thousand bankers are moving to 100% fixed pay to ensure that people are rewarded for serving customers well, not for selling. Senior leaders will still have some pay at risk reflecting their levels of accountability for when things go right and wrong.

While we are finding and resolving issues faster, some work remains. We are acutely aware of the important role that the Bank plays in monitoring and reporting suspicious and potentially criminal activity. In June, AUSTRAC commenced an enforcement investigation

of NAB. At that time, AUSTRAC commented that it was not considering civil penalty proceedings. We have not been notified of any change to this position, however, we note the investigation is ongoing and we will continue to fully cooperate.

The Board recognises the focus and diligence shown by management in improving financial crime and fraud controls and the imperative to get it right. We are determined to ensure that NAB meets the highest standards. We will continue to make investments to keep the Bank safe and to drive performance over the long term.

The Board has high ambitions for NAB and is pleased with the direction now set and being acted on. In a challenging environment, the Board is encouraged by NAB's 2021 full year results. They reflect good momentum across all businesses, capital strength and sound credit quality. We are pleased to have increased the dividends across the full year to \$1.27 per share compared with the reduced level in 2020. This outcome is closer to the level of shareholder return that the Board is targeting going forward.

Future dividends will be guided by a target payout ratio in the range of 65% to 75% of sustainable cash earnings subject to the circumstances at the time. The business delivered a cash return on equity of 10.7% for the 2021 financial year. This was 2.4 percentage points higher than last year although we recognise that they are still lower than 2019.

Our capital ratio at the end of September 2021 was 13% and this is above the target range of 10.75% to 11.25%. Strong capital supports growth but the Board also looks at returning surplus capital to shareholders. Our preference is to continue to reduce our share account so that we can deliver better earnings and dividend per share outcomes over the long term. This is underway now through a \$2.5 billion share buy-back which we started in August and is approximately 40% complete.

Executive and employee remuneration outcomes for 2021 have been set by the Board at a level that reflects the strong progress that we have made on the strategic repositioning of the business and the resolution of legacy issues. It reflects an assessment of performance against the targets set in NAB's 2021 financial year plan as well as greater employee engagement and significantly better outcomes for customers. This contrasts with the remuneration outcomes for the past two years when the CEO and executive team received no short-term incentive payments.

Looking ahead, I am cautiously optimistic that the worst of the economic impact of COVID-19 is behind us. I am confident the Australian economy will rebound in 2020 with the

protection of having one of the highest rates of vaccination in the world and a booster program now well underway.

The pandemic has accelerated generational shifts in technology. Customers are choosing to bank with NAB in new ways. Today, 94% of customer transactions are online and more than 40% of our home lending appointments are done through video conference. We are supporting our customers as they make this change.

Through the investments made in recent years, NAB has strengthened its technology foundations. This enables us now to place greater emphasis on using digital, data, and analytics to deliver faster, better, and more personalised experiences to customers.

We're also strengthening our defences against the growing global threat of financial and cybercrimes. More broadly, new technologies will be central to the decarbonisation of the Australian and New Zealand economies.

This will be the greatest economic shift of our lifetime. NAB's primary contribution to limiting global warming to 1.5 degrees is through the financing that we provide to our customers. We are facilitating the investment required to realise the immense economic opportunity for Australia and in New Zealand in a low carbon economy.

Our goal is to align our lending portfolio to achieve net zero emissions by 2050. We were the first Australian member bank to sign up to the collective commitment to climate action which was established under the United Nations' Environment Programs Finance Initiative.

We now have also joined the associated Net Zero Banking Alliance which together, with the CCCA, set out concrete and time bound actions for member banks. NAB is winding down our financing of fossil fuels over time while at the same time, growing in renewable energy finance.

We have made clear statements regarding our targets and approach. We will support an orderly transition of Australia's energy system. NAB is the only major Australian bank so far to have set an upper limit on oil and gas extraction and production exposures and to put restrictions on lending to green field gas projects.

We will not directly finance any green field oil extraction project or onboard new customers predominantly focused on oil extraction. We will not lend to new thermal coal mining projects or take on new thermal coal mining customers. We've set a target for our exposure to thermal coal mining to be effectively zero by 2030, aside from some residual performance guarantees to ensure site rehabilitation.

Since 2003, we have lent \$11.5 billion to fund more than 150 global renewable energy projects. More than any other Australian bank. We are also well progressed in our target to source 100% of our own electricity from renewable sources by 2025.

According to the Business Council of Australia, Australia needs a further \$50 billion invested in renewables to get to 100% green power generation. That investment alone would still not be enough to take the Australian economy to net zero.

It would only address about a third of our carbon emissions. To get to net zero, every business in every industry will have to evolve. Every household will need to make changes. And that is where a bank like NAB can help. As a priority, we are working with 100 of our largest greenhouse gas-emitting customers to develop or improve their low carbon transmission plans by 2023.

We are supporting customers to decarbonise and build resilience to climate change. Electrifying transport, heating and cooling systems will further reduce reliance on oil and gas.

Deloitte analysis shows that this could reduce Australia's emissions by up to 80% by 2050, once electricity generation reaches 100% renewable. The remaining 20% of Australia's emissions will be harder to abate.

As an agricultural nation, our farmers and foresters will play a role. Some cutting edge Australian farms are already using methane capture technology in livestock operations to half waste based emissions.

At the same time, there is also increasing recognition of the importance of protecting and restoring natural environments to mitigate the worst impacts of climate change. At NAB, we have finalised our work to baseline the estimated attributable financed emissions of eight key sectors of our Australian lending portfolio.

These are residential mortgages, commercial real estate, agriculture, power generation, resources, heavy manufacturing, transport, and small and medium enterprise. In the next 12 months, we will disclose how we will be aligning our lending to these sectors against the 1.5 degrees scenario.

The commercial opportunity to finance the climate transition is significant. Developing and deploying low carbon solutions will require meaningful backing. Partnerships between business and government is critical. Disruption innovation involves some risk taking and

history has shown that only a small percentage of inventive concepts reach commercial viability.

The Federal Government's \$20 billion technology investment road map and the New South Wales State Government's \$3 billion in grants for green hydrogen projects are good examples of partnerships in action.

Before us is an opportunity not just to keep up with the world, but to become a leader in renewable resources and low carbon technologies. NAB is backing businesses to realise that opportunity.

In this ever changing environment, ensuring that your Board is equipped with the right skills and experience is critical. We anticipate appointing at least one new director in 2022 to achieve our target Board size of 10, including our managing director.

We are prioritising experience in transformation using digital technology and greater diversity across all dimensions. Anne Loveridge, who has been a member of your Board since 2015 stands for re-election today. Anne is Chair of NABs People and Remuneration committee and a member of the Customer and Nomination and Governance committees.

I can say with confidence that NAB is focused on the right things. Serving customers well and helping our communities prosper. That is how we are building long-term value for shareholders.

I want to thank our team of 32,000 for their hard work in challenging circumstances this year. And I'd like to thank you, our shareholders, for your trust and support to build a better bank.

I will now hand over to our Group Chief Executive Officer, Ross McEwan.

Ross McEwan: Thank you, Chair and good morning everyone. Like Phil, I also want to express my deep sympathy to the families impacted by the tragic loss of young lives in Devonport yesterday.

I will now share about your Company and its performance over the past 12 months. In a year that Australians and New Zealanders have again faced more challenges, I've been particularly encouraged by the resilience of the economy and our communities.

This is being demonstrated by the strong business led rebound underway. And whilst some COVID related uncertainties remain, I'm confident that 2022 will be a very good year.

My confidence is supported by the fact that Australia and New Zealand have two of the highest vaccinated rates in the world. And as we enjoy more freedoms, major CBDs such as Melbourne and Sydney and the businesses that serve them, are coming back to life.

More broadly, most businesses are in good shape. They want to borrow, invest to grow, and create new jobs and opportunities. We are consistently lending more to businesses every month than we have in a decade.

We recently had our largest business lending month on record. It is our role to be there for our customers. By serving them well, we will support the economic rebound and help our communities prosper. When our customers do well, our business does well.

It's now two years since I started in this role and around 18 months since we refreshed our strategy, giving us a clear plan for our Bank. In that time, we've progressed ahead of where I expected us to be.

Our investment in customers and colleagues is delivering better service outcomes, higher engagement, and growth across every part of our business. We're making progress on the four key areas we want to be known for. That is being relationship led, easy to do business with, safe, and thinking long term.

We are improving our execution and we're getting the basics right more consistently. All of which is delivering improved performance. At our recent full year results, we announced that NAB had delivered a solid financial performance, including a 39% improvement in cash earnings driven by increased momentum across our Bank and strong asset quality.

Importantly, we again had no large one-off charges. This improved performance is reflected in returns to shareholders, with total dividends for the full year of \$1.27 per share, up from \$0.60 per share last year.

At the same time, we have retained a very strong balance sheet. Our customer outcomes, our Net Promoter Score, reached equal highest of the major banks this year and we aim to score well into the positive territory. We know we have more to do.

It has been a good year in our largest division, business and private banking. Where we've extended our mark-up leadership despite intense and targeted competition. Small and medium sized business lending increased 7%, growing our market share by 40 basis points over the year to 26.43%.

Agricultural lending improved 14% with a market share of 160 basis points to 32.8%.

Personal banking has increased share, having made good progress and simplifying home lending processes.

We've been able to speed up unconditional approval times on home loans to give close to two thirds of retail network customers an answer within a day. Our corporate and institutional business had strong discipline growth in the higher returning targeted segments of infrastructure and investor, although it has been a difficult period for our markets income.

Of course, there is much more to do. Our priority is to better use our data and making lending decisions much faster and improve our customer experience in an increasing digital and automated world.

We want to make unconditional home loan approvals within an hour the standard for NAB customers. It starts with having the right technology foundations in place. During the last four years, we've invested significantly to make our systems more modern, flexible, and reliable.

This enabled us to innovate faster and respond to customer preferences. About half of our \$1.3 billion investment spend in the 2022 financial year will be discretionary and will be directed to key strategic initiatives such as further simplification and automation of our systems. As well as enhanced use of data and analytics to help customers and our bankers.

Partnerships in Australia and globally are helping us innovate faster and develop world class products and services for our customers. We're working with international non-competing banks, big tech, and fintech to access global scale and ideas, looking beyond domestic peers as a competitive benchmark.

We're investing heavily to protect customers, the Bank, and the broader financial system from the growing threat of cyber security, fraud, and financial crime. There are areas we need to improve to play our role in the prevention of financial crime.

Phil acknowledged earlier that AUSTRAC has initiated a formal enforcement investigation into our anti-money laundering and counterterrorism financing compliance. We take this work very seriously. It is an absolute priority to get it right.

There are about 1500 colleagues dedicated to managing financial crime, risk, and remediation. But let me be clear that every person at NAB has a role to play in identifying and reporting potential criminal activity.

Across the board we're investing in colleagues to help them succeed. Over 7000 colleagues have enrolled in our Career Qualified in Banking program and a single leadership program is in place for every leader at NAB, creating consistency and discipline in how we work. Leadership is key to having clear, capable and motivated colleagues – the most important asset to deliver on NAB's strategy.

Angie Mentis has completed a very successful period running BNZ in New Zealand and hit the ground running in her new position of Group Chief Digital, Data and Analytics Officer. Dan Huggins has replaced Angie as Managing Director and CEO of BNZ. He is a high-quality executive who I'm sure will continue BNZ's momentum. Les Matheson, who has deep experience in banking globally, joined the executive team in January as our Group Chief Operating Officer.

I'm proud of what every one of my 32,000 colleagues at NAB have done to help customers and each other through the last 12 months. I am grateful for their dedication to their roles and their customers at a time when they have been dealing with the significant impacts of the pandemic on their own lives. To them, I say a big thank you.

Looking ahead, our future depends on acting now for the long term. NAB is embedding sustainability in how we support our customers and do business. These efforts were recognised last month when NAB became the highest scoring bank in Australia, and within the top 10 banks globally, on the Dow Jones Sustainability Index. NAB has also been the only Australian bank recognised at the UN Climate Change Conference in Glasgow with a Prince of Wales Terra Carta Seal for our progress towards a sustainable future.

Clearly, there is a long way to go, but these acknowledgements are testament to the people at NAB who are working to make a positive difference for future generations. Colleagues have rallied around customers and communities faced with floods, bushfires, cyclones and other natural disaster. NAB has provided more than \$4 million in disaster relief packages. In addition, we have awarded \$1.2 million in NAB Foundation Grants in the past year to help more than 100 communities better prepare for and recover from natural disasters.

More recently we have responded quickly to support customers impacted by floods in New South Wales and Queensland and cyclones in Western Australia. Climate change is an area

that all Australians need to engage in. We all have a part to play and we certainly recognise our role. As the Chair said, we are the only major Australian bank to have released a detailed policy to cap lending to the oil and gas industry and to reduce exposures in line with net zero 2050.

NAB has a strong history of leading on climate action. Our Corporate and Institutional Bank team has been at the forefront of the development of sustainable and social bonds, ESG-linked derivatives, sustainability-linked loans and asset-backed securities. While removing and reducing carbon emission is the primary objective, creating a transparent and liquid marketplace for voluntary carbon credits will play an important role in achieving net zero emissions by 2050.

NAB has joined with three international banks to develop a global carbon platform using distributed ledger technology. We have provided transparency around the decisions and actions we are taking to support our customers and communities as they make the transition to net zero emissions by 2050. Our policy is informed by science.

We see significant opportunity for the Bank to work with and support our customers to decarbonise, while also building resilience to the worst impacts of climate change. As Australia's largest agri bank, we're also focused on helping our farmers reduce their emissions, manage physical climate risks and biodiversity and support their use of natural capital.

With a twin focus on the needs of customers and colleagues, NAB will achieve consistent performance over the long-term. We are doing what's needed to achieve these ambitions and I am also pleased for shareholders that we were able to again increase dividends this year and as Phil indicated, continue to - and we also continue to look at reducing shares on issue to deliver greater returns.

To conclude, I thank all shareholders for your investment in and support of NAB. Your support helped us be there for customers as Australia embarks on a period of business-led economic growth. Thank you to NAB's executives, leaders and colleagues throughout the Bank who have supported customers and each other over the last 12 months. I also wish to acknowledge the work of the Chair and the Directors. They have both challenged and supported me and my Executives to make NAB a better Bank.

As Phil said, we are pleased to have grown from the fourth-largest bank in Australia by market cap to the second-largest bank. NAB has good momentum as we continue to grow. Thank you for being here today and I'll now hand back to our Chair.

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. I have already declared the poll open on all resolutions.

[Inaudible - technical difficulty]

...[acquisition] of 84 600 was an opportunity to give some more critical mass and momentum to the existing NAB UBank business. It will not be integrated with the traditional NAB branded retail business, but rather we will be merging the UBank business 86 400 to be a digital-only bank and one that we expect to be quite agile and prepared to take on the emerging neobanks in the sector.

That is the role of it. The legal position is that we have converted the 86 400 business to now trade under the NAB licence and that was done on 8 December and in the first half next year we expect to launch the integrated business under the revised UBank brand but using the 86 400 technology. We have a very strong executive, Philippa Watson, who is leading the integrated business and we are expecting strong progress there.

It's a good strong business. UBank was growing in any event but the momentum that we get from 86 400 should propel that further and position us well and that is the strategy that we are pursuing. Virginia.

Virginia Porter: Chair, we have a question from Christine Haydon, Volunteer Monitor on behalf of the Australian Shareholders' Association.

"We understand that 94% of customer activity is now online and 48% of home lending on video. What is the current state of the branch network and can we expect more closures? Also, please comment on ATMs and the take up of digital wallets."

Philip Chronican: Thank you Christine. The observation of course is quite correct which is our customers are making a very rapid migration to digital banking and that was accelerated of course during the various COVID restrictions over the last 18 months. As at now we have around 566 retail branches in Australia and 108 in New Zealand. Of that 566 Australian branches about 283 are in regional areas.

Now, those numbers are down over the last couple of years, but I think importantly and hopefully you've noticed and our customers will have noticed that in many cases we have been able to refresh the look of our branches, many of which were looking quite tired a

year or two ago. I am very pleased as I have gone around both Sydney and Melbourne to see the number of new and refreshed branches, even though in many cases they will have a smaller footprint of course because of the lower numbers of people that are coming into those branches.

Even though there will continue to be changes in the network and more likely to be closures than expansion, I would remind customers that we have a relationship with Australia Post which allows for the Bank@Post service to be accessed at 3500 outlets around Australia.

That's the shape of the network and what we are doing with the network. I think you can also expect a similar pattern with ATMs. We have reinvested in recent years in new ATMs, but of course with the declining use of cash and of course the access to other banks' ATMs at no cost, we are finding a lower need for large numbers of ATMs out in the network. In fact, even the number of ATM transactions has declined by over 50% in the last three years. Hopefully that resolves or answers those questions. Virginia, do we have any other questions?

Virginia Porter: Chair, we have a further question from Christine Haydon, Volunteer Monitor on behalf of the Australian Shareholders' Association.

"The PayPal and new payments platform facilitates a money transfer from PayPal wallet to any Australian Bank via NAB. Is that correct and can you please expand on this new initiative?"

Philip Chronican: I can although I'm not sure I'm the best person to expand on that one and Ross, is it okay if I ask you to comment on the PayPal Wallet initiative.

Ross McEwan: Yes, thank you Phil. PayPal has effectively become a very interesting and good way of people making payments. It can be made between PayPal and to other banking systems just like a credit card does for Visa or Mastercard. At this stage I'm not sure about the piece around the wallet but it's certainly a very strong payments vehicle now that is picking up quite a bit of market share from a payments perspective in this marketplace. I don't know the answer about the wallet Phil.

Philip Chronican: Yes, look, I believe it's true but I don't have enough detail to go any deeper into it, I'm sorry.

Ross McEwan: No.

Philip Chronican: Perhaps Christine, you can approach the Investor Relations people and we can get a more fulsome answer for you there. Virginia.

Virginia Porter: Chair, we have an audio question from Johanna Gardner. Please go ahead with your question.

Johanna Gardner: (Shareholder) My question is about our exposure to energy and resources. Page 36 of our annual review shows our lending to coal mining and oil and gas extraction. Having read through the annual and supplementary reports of our major competitors, ANZ, CBA and Westpac, it's apparent that our disclosures are quite limited by comparison. Compared to us, CBA and Westpac both disclose their exposure to the energy value chain.

For instance, these banks not only disclose exposure to coal mining but also to coal ports and rail. All three of the other banks also disclose exposure to not only oil and gas extraction, the transportation, refining and retail, including LNG terminals for example. My question is when will NAB publish its exposure to the energy value chain as our major competitors have done.

Philip Chronican: Thank you. I think I indicated in my opening comments that we would be inviting questions on our climate related exposures at item 5(A) and I'll just refer you back to the comments I made in the speech about the plans that we have over the next year to increase our exposures across a whole range of industry sectors and not just energy and resources. Virginia, do you have any questions on item 1?

Virginia Porter: Chair, I have a question from the Finance Sector Union of Australia.

"The Finance Sector Union has released a report titled, Working for Nothing, how NAB robs employee's pay, health and family time. The report details the experiences of over 1200 NAB employees suffering severe health and wellbeing consequences as a result of exploitative hours of work practices. One respondent noted, I almost self-harmed one night driving home. I drove my car off the road deliberately to try and have an accident to stop the insanity, but not so much to die. The NAB Board of Directors has a duty of care to their employees and ultimate responsibility for providing a healthy and safe work environment. How then do you explain the lack of due diligence and failure in governance resulting in the hardships experienced by so many NAB employees? Will the Board today acknowledge the harms caused to these workers by the Bank's pursuit of profit and agree to remove the risks from workplaces and to the hundreds of millions in financial compensation owed to these workers?"

Philip Chronican: Thanks Virginia and let me just say from the outset that the Board places the health, safety and wellbeing of our employees as an absolute highest priority. We have a legal duty to do so but that's not why we do it. We do it because we want to provide a healthy and productive work environment for the 30,000 plus people that work for us. We are concerned by the statements that were included in the report and I can ensure all of our shareholders that this week the Board has spent extensive time with the Management Team working to ensure that we can provide the work environment that our employees expect. Ross, I'm going to ask if you can just make a couple of comments yourself about the work that we are doing in that regard.

Ross McEwan: Thank you Phil and can I just reiterate we do take absolutely seriously the health and wellbeing of all of our colleagues at work. We have noted the report and have responded to the Union on their report seeking more information as well. We do our own surveying to make sure that we are keeping very clearly in touch with what the thoughts and feelings of our staff are, and in that survey, there are many health and wellbeing questions that actually don't reflect exactly the same results but we take it absolutely seriously.

Over the last two years it has been very difficult for our colleagues. Many of them, or the vast majority of them, have been working from home in circumstances where they have their own family members they're looking after as well as working and we have acknowledged that and also put in place many services for them that have been put in place to help them with health and wellbeing over this very trying period of time. We have many services in place. We also have a monthly meeting where it is regularly attended by, on Zoom, 1000 to 2000 of our colleagues who are leaders of the business and we emphasise at those sessions the services available to them.

We also have many areas that they can take up their concerns if they feel that workload is just too high. (1) Their leader, (2) our HR division, (3) they can take them through to our whistleblowing service which has an internal service as well as an external if they don't feel comfortable with that and we do monitor every one of the inquiries we get and look to help our colleagues. We take this very seriously. Phil.

Philip Chronican: Thanks. Thanks Ross and if I can just also pre-empt the question on pay, this was also an issue that we have spent significant time on this year and I think shareholders will be aware that we have provided for well over \$100 million to fix some payroll errors that have been uncovered. Virginia, do you have another question?

Virginia Porter: Chair, we have a question from [Hendrick Kay].

“What is going to be done to crack down on the use of unpaid overtime in NAB? I strongly believe that these staff must be paid and that Management be told that this practice is abuse of staff and will not be condoned.”

Philip Chronican: Thank you and I think, again, I can say that the Board is also concerned of allegations that excessive unpaid overtime is being worked. I won't get Ross to expand further because I think many of the comments that he has just made on the previous question apply also to this one. Just I want to make very clear to our own people and to our shareholders that the Board and the Senior Management Team do not expect excessive unpaid overtime to be a natural part of the working environment at NAB and we are actively seeking to ensure that it is not. We do take that issue very seriously and thank you for raising the question Mr Kay. Virginia.

Virginia Porter: Chair, we have an audio question from Jack Bertolus, Shareholder. Please go ahead with your question.

Jack Bertolus: (Shareholder) Hi, I'm Jack Bertolus from Market Forces. Earlier this year the International Energy Agency found that reducing emissions to net zero by 2050 leaves no room for new fossil fuel supply projects. Yet when NAB updated its oil and gas policy last month it left the door wide open to continued funding for these sorts of projects and the companies pursuing them. In fact, as NAB was announcing the updated policy it was also reportedly arranging funds for the acquisition of Pluto LNG Train 2. That acquisition enables Woodside to press ahead with the Scarborough Gas Project, the largest greenfield gas development in Australia in a decade.

Over its lifetime emissions from the Scarborough Pluto project would total 1.6 billion tons of CO₂, equivalent to 15 coal-fired power stations running for 30 years. In light of the overwhelming evidence that there's no room for new fossil fuel projects if we are to achieve the Paris Agreement and the net zero by 2050, what evidence can NAB produce that enabling an additional 1.6 billion tons of CO₂ is any way compatible with limiting global warming to 1.5 degrees.

I'll just make the point that NAB's financial reporting states that the Bank recognises climate change as a material business risk and therefore this question is entirely appropriate for consideration at item 1.

Philip Chronican: Thank you Jack and despite your assertion that it's entirely appropriate for item 1, it is entirely inappropriate for item 5(A) and that's where I will be dealing with how we reconcile our oil and gas position, which as you will appreciate has been made very clear and it fully reconciles with the IEA and I will be dealing with that at 5(A). Thank you. Virginia.

Virginia Porter: Chair, we have received a question from [Mr Raymond Michelle]. One part of this question has been excluded as it referred to an individual. These questions are on behalf of current and former staff.

"How many whistleblower transcript complaints have been erased over the last five years? How many staff have gone on stress leave in retail Victoria in the last five years? Do you have confidence in the Executive General Manager Retail for NAB? If one of your senior leaders says they have not sent an email and two affidavits says she did, would NAB's IT Department investigate to see if the Senior Manager was dishonest?"

Philip Chronican: Thank you for the question. As you can appreciate this is very difficult for me to answer on the spot because I have no idea of the circumstances of the underlying incidents you refer to. Can I just say, anything involving an email trail we are, well we do and we are required to, retain all emails and on many occasions, we have to search emails to support, for example, for discovery actions for court cases and so on. So yes, the answer is that NAB's IT Department is able to investigate emails.

I don't have specific answers to how many people have taken stress leave in Retail Victoria but I can assure you that it would be highly unlikely for a whistleblower transcript to have been erased because that simply would not be allowed for. The answer is that the circumstances really don't lend itself to being dealt with in a meeting like this but I am certainly happy that these issues can be taken up. Of course, whistleblower items can be raised with anyone including myself or the Chair of our Audit Committee or our internal auditor, any of whom are happy to receive whistleblower complaints.

Sorry, I can't do anything more with that question at the moment, Virginia, so perhaps you could move onto another one.

Virginia Porter: Chair, we have an audio question from [Sheree Carlisle Ritchie Lowe]. Please go ahead with your question.

Sheree Carlisle Ritchie Lowe (Shareholder): With regards to our target to provide \$7 billion in environment financing between 2015 and 2025, I understand the definition of

environmental finance includes funding for a variety of activities including waste management, industrial [refitting] and water treatment. How much will be directed towards renewable energy?

Philip Chronican: Thank you, thanks for the question. Your assertion is correct, it includes a wide range of sustainable financing initiatives and my belief is that so far \$11 billion has gone onto renewable energies and significantly more is planned. Virginia.

Virginia Porter: Chair, we have a question from Mr Hendrick Kay.

“In relation to the purchase of the Citibank, will products be rebranded as NAB?”

Philip Chronican: Yes, thank you for that question. The intention is that the acquisition of the Citibank businesses, that all of those products will be fully integrated with their NAB counterpart products and will be rebranded as NAB products. That transaction has been approved by the Competition Regulator but is still waiting approval I think from APRA and from the Treasurer.

Ross McEwan: Correct, yes.

Philip Chronican: It is unlikely that we are going to have more clarity on the certainty of that transaction until the new year, but the answer to your specific question is yes, it will be.

Virginia Porter: Chair, we have an audio question from [Karen Large], Shareholder. Please go ahead with your question.

Karen Large: Thank you. I have two questions which relate to material business risk. The International Energy Agency stated earlier this year that no new fossil fuel projects should be approved in order to achieve net zero by 2050. In light of this, when will NAB continue to provide no further finance to companies such as Woodside and BHP, who are planning to develop the controversial Scarborough gas field off the Western Australian coast?

My second question, which is related to the first one: NAB's recently released oil and gas policy includes a commitment to only consider financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security. Can you confirm that this means NAB won't provide financing for Woodside and BHP's controversial Scarborough gas development, which is predominately for export? Thank you.

Philip Chronican: Thank you. I will provide answers to those questions at item 5(A). Thank you.

Virginia Porter: Chair, we have a question from Mrs [Natalie Camino].

Natalie Camino: (Shareholder) My question is regarding the remediation of employees and conflict of interest of the auditors. The first part of my question is about the wage theft of NAB's long-term part-time working women due to a payroll system error. The second is about KPMG having a conflict of interest as the advisor to NAB regarding not fully remediating these employees while also being responsible for NAB code of conduct investigations into this matter. NAB states publicly it will pay its employees fairly and it has a basic social obligation to do so. However, NAB decided to only remediate for eight years, despite knowing part-time working women have been incorrectly paid and denied their full superannuation benefits for more than 15 years. KPMG advised NAB on this decision. It was raised as a breach of code of conduct. KPMG is the advisor on the code of conduct hotline and has not investigated or even responded to this case in more than five months. Would the Board please comment?

Philip Chronican: Well, thank you. Could I just make a point? The first line of the question referred to the conflict of interest of the auditors. KPMG is not NAB's auditor. However, I think it's right to say that KPMG administers the hotline?

Unidentified Company Representative: The hotline.

Philip Chronican: Yes, it does. Thank you. So I do appreciate that, but I just want to make it clear that KPMG are not the Bank's auditors. I'm unaware of the specific allegation that's being made in this question, but what I can say is we've had an extensive review of payroll errors over the course of the last 18 months and we've paid \$109 million out to staff, which included 22,395 current staff and 26,623 former staff.

We've been regularly updated on that review and if there are continuing issues with that review, well, the Board would be very happy to acknowledge those and address those. If you have got specifics, I'd invite you to send them in either to the Board or to Susan Ferrier, the Chief People Officer at NAB. Thank you.

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

"A couple of weeks ago, the news reported an ex-NAB business manager was jailed for stealing \$437,000 to pay off his debts and to fund his indulgent lifestyle. This was described as a carefully managed and premeditated fraud. He was able to create 51 accounts and business loans using current clients' names without the clients' knowledge or authorisation, where he successfully transferred funds to himself over, 172 unauthorised

transactions. The Crown prosecutor said he exploited the trust placed in him and he went to extreme lengths to set up the loans. He devised sophisticated methods to avoid detection and he was unable to do that - he was able to do that due to his senior position within the Bank. How did these unlawful transactions go undetected by NAB's own systems and has NAB investigated if there are any further circumstances like this within the Bank?"

Philip Chronican: Thank you. I believe that came from Rita; is that right?

Virginia Porter: That's correct.

Philip Chronican: Rita. Thank you for raising that issue. The Board is very concerned at issues of this and very concerned where we see areas in which our systems let us and let our shareholders down. I think if I can go back to the self-assessment document that we published in 2018, we identified a range of issues where there was not enough rigour or discipline in our systems and processes.

Progressively, under Ross' leadership, the team has identified a whole range of areas where we've been able to improve our controls environment and to improve our control, in particular, around fraud and financial crime. It is an ongoing piece of work and our systems are not yet perfect, but you can be assured as a shareholder that we are doing our very best to improve and to make our control environment as industrial strength as we're able to do so. So thank you for the question. Virginia.

Virginia Porter: Chair, we have an audio question from Dr Mary Ann Heath. Shareholder, please go ahead with your question.

Mary Ann Heath: (Shareholder) Thank you. National Australia Bank's sustainability statement says that National Australia Bank is working with its customers to support their implementation of low-carbon transition plans, so that NAB will achieve a net zero emissions lending portfolio by 2050. Can you explain how National Australia Bank supports the implementation of low-carbon transitional plans when it continues to support new fossil fuel projects? For example, Whitehaven Coal.

Philip Chronican: Thank you. I intend to deal with that at section - or item 5(A), so, Virginia, do you have another question?

Virginia Porter: Chair, we have a question from Rob Roseby. It's an audio question. Please go ahead with your question, shareholder.

Rob Roseby: (Shareholder) My name is Dr Rob Roseby and I'm a children's chest specialist and my question is driven by concern about the many excess cases of asthma in the

Latrobe Valley in Victoria due to coal-burning power stations. In the light of such health risks, the World Health Organisation has called for coal to be phased out in the OECD by 2030. I worry about the Bank's supporting investment in potentially stranded assets. I note the Chair's comment re not supporting new thermal coal investments, and thank you for the work thus far regarding decarbonisation and NAB's future focus. My question is, will NAB rule out financing Accel Energy if it sticks to its plan to continue running Loy Yang A until 2048?

Philip Chronican: Thank you for your comments, and I think you've answered the question yourself. So normally I would have asked you to wait until 5(A), but I think you have already identified that we are not going to be lending on thermal coal past 2030. So I think that answers the question in any event.

Virginia, do we have another question?

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

"The Financial Crimes Regulator, AUSTRAC, launched formal investigations into the Bank in June. AUSTRAC highlighted potential serious and ongoing non-compliance relating to customer identification procedures, ongoing customer due diligence, and compliance with NAB's Anti-Money Laundering and Counterterrorism Financing Program. AUSTRAC expressed doubts that the Bank has the necessary systems and processes to comply with its AML/CTF obligations under its financial crime risk capabilities. AUSTRAC is not considering civil penalty proceedings at this stage. But said, it could take action such as civil penalty orders, enforceable undertakings, infringement notices, and remedial directions. On speaking to the House of Representatives Standing Committee on Economics in September the CEO said, NAB will be responding to AUSTRAC shortly. Could you please why these significant breaches and failures to continue throughout NAB, which unfairly impacts shareholders? When will the continued wrongdoing stop? This question is from Rita."

Philip Chronican: Yes, thank you Rita, and thank you for raising this. Because this is an issue which I think is of interest to, should be of interest to all shareholders, and has received considerable attention from the Board over the course of the last couple of years. We were concerned that our AML control environment was not at the standard that we would expect, or the community would expect.

Considerable effort has gone into that over recent years. I think as part of the information disclosures that we published at the time of the AUSTRAC investigation being launched, we articulated that around \$800 million had been spent over the last two years to three years to improve that environment and to remediate weaknesses that had been identified.

The AUSTRAC investigation consisted of a significant request for information that came from AUSTRAC. Over recent months we have gone to exhaustive lengths to ensure that all of AUSTRAC's requests have been met. I can advise shareholders that we have now fully answered all of the questions that had been raised by AUSTRAC. AUSTRAC is considering our responses to that.

We are not waiting for AUSTRAC. We have made a number of commitments to AUSTRAC to upgrade our environment even further. Ongoing work is underway within the Company. We are determined to get leading standards of financial crime control in our Company as the best way of keeping our customers and our shareholders safe from financial crime. I expect that work to be ongoing.

So thank you for raising the question, because it is of significance.

Virginia Porter: Chair, we have an audio question from Peter Starr. Please go ahead with your question.

Peter Starr (Shareholder): Thanks. Good morning Phil, good morning Ross. In light of the Bank Executive who was charged with the 51 counts, what has been done to fix up customers' names that were damaged and their identity?

Philip Chronican: Thank you.

Ross McEwan: Peter, thanks very much for your question. Where we - well, we do investigate every one of these cases, similar to the one that was raised. We do go back and put right with a customer wherever we possibly can, and including making sure that their security and identity is put back into place for them where it is, has been compromised. So we do work with each of the customers in that, on that basis. We put them back in the place that they should have been. Some of these, as the court said, these cases are very sophisticated and they're very complex, and it does take time. But we also take the lessons out of each of these and read across into other situations in the Bank, as you would expect us to do.

Philip Chronican: Thank you.

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

"CBA recently completed a \$6 billion off-market buy-back at a 14% discount to the market price, with the fully-franked dividend component being 74.6% of the buy-back price. It was flooded, with almost \$30 billion worth of stock tendered into the offer. Westpac is also attempting a similar \$3.5 billion off-market buy-back, but it has bombed so far because the dividend component was set to be less than half. Has NAB investigated an off-market buy-back, and given our franking credits balance, what proportion of such a buy-back could be a fully-franked dividend, as opposed to a capital return? As this seems to be the key metric driving whether these off-market buy-backs are worthwhile and popular with shareholders."

Philip Chronican: Thanks Stephen. The point you make is correct, which is that the value of an off-market buy-back to shareholders is made up of the franking credits that are made available. That depends on the deemed dividend and the capital return component. The biggest driver of that is the franking credit balance. But I'm going to ask our Chief Financial Officer, Gary Lennon, to explain to you why we chose to do an on-market buy-back, as opposed to an off-market buy-back. It's very much driven by these reasons.

Gary Lennon: Thanks Chair, and thank you Stephen for the question. It is a relatively complex area. But we certainly considered the best mechanism for shareholders to execute in the buy-back. This takes into account costs of different methods of execution. As you have highlighted, Stephen, franking credit balance is a key part of this as well.

The optimum approach for buy-backs we have determined at this stage, albeit we leave the door open to change down the track, for our \$2.5 billion buy-back we have announced is an off-market [sic] buy-back. We see that as the most optimal approach. It does have limited impact, or no impact, on franking credits by using this method.

But some time down the track where we did see the opportunity because we did have excess franking credits, then that's something we would also look at.

Philip Chronican: Thank you. It's an important question, but it is all about the available franking, as Gary has indicated. Virginia?

Virginia Porter: Chair, we have a question from [Mr Christian Bierregard Langaberg] and [Mrs Ding Ning Sun].

"I refer to the statement that NAB is prioritising and investing in improving security. Why then has the Bank ceased the storage of safety boxes which allowed customers to store personal papers safely away from home?"

Philip Chronican: Thanks for the question. This has been a difficult issue for us for many years. Sadly the safety box as a service was a very unsatisfactory one for many of our customers and for the Bank because it was very hard to control. We had many abandoned security packets over the years. People would leave and never come back for the items.

It created a very difficult control environment. So I am afraid that this is an area where it's highly unlikely we would want to re-establish that service. Importantly, as we are making the changes to our retail network to modernise it for the current environment, there simply isn't a place for us to be able to offer this service.

Now I know that there are commercial operators who are providing safe custody services outside of the banking system. If you do have a requirement for such a service, I am sure that you will be able to access one of those. But I am sorry, this is not something that the Bank's going to be able to do in the future.

Virginia?

Virginia Porter: Chair, we have a question from [Mr William Wong].

"On 7 December 2021 there was an article on The Australian Financial Review which revealed that NAB has formed a culture of forcing staff to work excessive hours. Workers were expected to work additional hours to meet the excessive demands of their employer.

As employees are shareholders and internal stakeholders, can you please explain how NAB is going to meet its duty of care of its employees going forward?"

Philip Chronican: Thank you. I think I indicated earlier, when I answered a similar question, that the Board does take its obligations to its employees extraordinarily seriously. We do not accept that we should have a culture of working excessive hours in the Company. As I think I indicated, even this week we have been in conversations to make sure that Ross and his Management Team take all due steps to ensure that we have a healthy and productive working environment, and not an oppressive working environment. We will continue to work on the culture of that work culture environment to ensure that we do not have staff working excessive hours. Not in your question, but in one of the earlier questions, the allegation that these were excessive unpaid hours. Neither of those are acceptable. So thank you for the question.

Virginia Porter: Chair, we have an audio question from Glenn Walker, shareholder. Please go ahead with your question.

Glenn Walker: (Shareholder) Thank you. The United Nations and the International Energy Agency have both clearly said, that Australia needs to stop burning coal for power generation by 2030 to meet the goals of the Paris Climate Agreement. But NAB unfortunately has the worst coal power generation policy of all the banks, with just a very small 45% emission reduction target by 2030 for power generation customers. Now this is different to the thermal coal mining policy. Given the Bank's support for the Paris Climate Agreement, will the Board now commit to urgently updating NAB's climate policies as soon as possible, and commit to not funding companies burning coal beyond 2030 in Australia? Specifically, will the Board commit to not funding AGL, Australia's biggest climate polluter, or its proposed spin-off company Accel Energy, unless that company brings forward the closure of its coal burning power stations from 2035 and 2048 to at least 2030?

I'd just add, I'm asking this question now because climate change is a big material risk to the business. Just yesterday the Reserve Bank flagged cyberattacks and climate change as the top 2 financial risks to the banking sector. So I don't think it's right to just push it back to an item about a separate shareholder resolution.

Philip Chronican: Thank you, but there is a shareholder resolution on the Order Paper. That shareholder resolution is about our climate disclosures and our climate plans. So it is the appropriate place with which to deal with that item. So thank you.

Virginia Porter: Chair, we have a question from Stuart Palmer of Australian Ethical Investment.

"The Bank's November 2021 Announcement and Culture Review Report noted that meaningful culture change takes time, but that the Board considers the right foundations to be in place. With new compliance and regulatory issues, and action continuing to surface, how does the Board and Management assess whether it is on-track with its change program?"

Philip Chronican: Well, thank you. Culture change has been a very important part of our program over the last three years. Again I will refer back to the 2018 self-assessment document, where we identified that a culture change was required in the Company. We have been monitoring through regular staff surveys, and through other measures, particularly focused on our customer feedback as well. To ensure that we had the right culture, and the right foundations for that culture. So yes, we are finding new issues. Frankly, I hope that we continue to find new issues because part of the culture change that we have been driving is encouraging people where they see things that aren't right to raise

them, and raise them very openly. With that you have to accept - expect rather, that you are going to find new issues. The real challenge is how we deal with them. That's what I expect of the Leadership Team of this Bank, which is that we will continue to hunt for issues on any front where it doesn't meet the standards that we aspire to. We will raise those issues, and we will get them resolved. So we believe we are making progress.

We have not declared victory in that sense, because we do appreciate that culture change is a long-term project. But we are very encouraged at the progress that's been made, in particular over the last two years under Ross' leadership. But thank you for the question.

Virginia?

Virginia Porter: Chair, we have a question from [Erabor] Proprietary Limited.

"NAB's results no longer include reporting of economic profit. What was NAB's economic profit in financial year 2021? Will NAB commit to reporting economic profit as ANZ does?"

Philip Chronican: So economic profit is not a recognised accounting measure, but is a useful measure that investment analysts do sometimes use. We have not embraced it as a measure for our purpose. We could do so, and we might have a conversation about that. But at the moment we have no plans to publish economic profit.

I would encourage any financially capable shareholders who wish to calculate it themselves that it's easily done yourself by using the earnings data that we provide. But it's not something that we are intending to do ourselves. Thank you.

Virginia Porter: Chair, we have an audio question from [Dr Jenny Huang]. Please go ahead with your question.

Dr Jenny Huang (Shareholder): Thank you. I am Dr Jenny Huang, I am a general practitioner. As a doctor I have been seeing worsening heart and lung health and excessive deaths in all ages in my patients related to the coal and gas projects. Yes, these projects emit polluting gas causing inflammatory disease processes in all of our bodies. We can now see that, it's actually publicly widely known that NAB is investing in these. As a shareholder I am increasingly concerned about the financial risk and the reputation of NAB. More so now that I am realising these projects are so widely known. Can this Board clarify please your conflicting value commitments? Thank you.

Philip Chronican: Thank you. We have a very clear policy on these items. We have published updated targets and we will be discussing them further when we get to item 5(A) on the Order Paper.

Virginia?

Philip Chronican: Chair, we have an audio question from [Austin Catano]. Please go ahead with your question shareholder.

Austin Catano: (Shareholder) Hi, I'm Austin, a young person from Melbourne. I am from School Strike 4 Climate, a national organisation that is young people from all across Australia, with our biggest strike getting 300,000 young people involved. I, like so many young people from all of Australia, are concerned about climate change. Young people will see the effects of climate change caused by fossil fuels. In October School Strike 4 Climate wrote a letter placed in The Australian Financial Review calling for our major banks to stop funding expansion of the polluting fossil fuel industry. Instead focus on renewable energy and transitioning workers to sustainable jobs. Shortly after this we wrote a letter directly to NAB requesting a meeting with your CEO. But unlike other major banks and super funds who accepted the offer, NAB declined. So my question to NAB is, why don't you want to meet and understand the concerns of Australia's young people and your next generation of customers?

Ross McEwan: I'm happy to take the question.

Philip Chronican: Well, let me just answer firstly. First of all, thank you Austin for raising the question. Can I just say that everyone on the Board of National Australia Bank is also concerned about the outlook for the climate. That's why we have a very clear policy position. But Ross, you might want to comment on the approach?

Ross McEwan: Yes, no, thank you very much Chair, and thank you Austin for raising the question. I did receive the letter and I talked to our team that were leading on the sustainability of the Bank. They, I understand, have reached out to you to have a conversation so that they can actually see what areas of interest and concern you had so they could answer it. Given that we have put out our new policy at the time, we thought it was best that they had that conversation so that you understood our position going forward and we could answer any questions you had. Delighted that you can get 30,000 young people really engaged in the climate issue, because it's such a big issue for everybody. We are finding that 32,000 of our own staff are very engaged in it and wanting to make sure the organisation is one that's engaged in it with customers as well. So our team are very happy to engage.

Philip Chronican: Virginia?

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

“Could Ross McEwan please comment on the number of branches that have closed since he joined NAB as CEO? ANZ said yesterday, that it has closed 150 branches over the past two years, leaving it with 421 branches. We currently have 566 branches, as the Chair commented earlier. But what was the figure two years ago, and why do we have 145 more branches than ANZ? Also what is our approach with branch closures? Are we generally waiting until leases expire before closing a branch?”

Philip Chronican: I will probably be able to answer this one myself, although I may look to Ross at one point. In the last two years we have closed 88 branches. Where that stands versus ANZ I guess I'll have to leave for you to make that judgement. But yes, we have 566 branches. One of the reasons we would have more branches than ANZ would be that we have a greater representation in rural and regional Australia. Therefore that means that we would have a larger number of smaller points of presence. So that would explain at least some of that difference.

It's not strictly true that we would wait for a lease term before making a closure decision. But obviously a lease maturing becomes a reinvestment decision as to whether we extend or not. So it is often the trigger for a closure to occur. I think that pretty much answers it. So Ross I don't know if I need to ask you any further on it.

Ross McEwan: No, you're right with the numbers Phil. We've closed [out] 88 and actually opened four in that same period of time. So the...

Phil Chronican: Yes. I think that's the important thing is some of the newer small footprint branches which give us a much more modern look but don't require the same size and scale of the traditional branches. Some of those are very attractive. I've been lucky enough to visit a few of them in the last few weeks. Virginia.

Virginia Porter: Chair, we have two related questions from Erabor Proprietary Limited.

“Chairman, you have noted that the AML KYC processes were not in accordance with community expectations. However isn't the issue that NAB's AML KYC processes were not in accordance with the law? NAB failed to find these breaches of the law despite having told the market it undertook a comprehensive review of processes following the CBA independent risk review and issues reported to the Hayne Royal Commission. Why are any executives being paid bonuses when NAB is not able to do something as basic as complying with the law?”

Phil Chronican: Thank you. We have a comprehensive anti-money laundering policy framework which is what we are required to do by law. The issues that were identified were where we were not fully compliant with our own framework. That work of resolving this commenced at around that time that you've identified or in fact commenced before the Hayne Royal Commission and is well advanced. I think we are hopeful that within the next 12 months we will be largely complete on...

Ross McEwan: Eighteen months.

Phil Chronican: Some of it involved remediation work of going back of customers that had been onboarded historically and that's why it's taken some time to remediate the old. What we should be assured of is that our ongoing onboarding of new customers and ongoing transaction monitoring is of a very high standard as we speak today. Thank you for that. Virginia.

Virginia Porter: Chair, we have an audio question from Peter Starr. Please go ahead with your question shareholder. Shareholder, please go ahead with your question. As we haven't heard from Peter Starr, I will proceed to the next question.

Virginia Porter: Chair, we have a question from Erabor Proprietary Limited.

"Congratulations to NAB for becoming accredited as a data recipient under CDR. When does NAB expect to become an active data recipient and what benefits will be offered to customers as a result of becoming an ADR?"

Phil Chronican: Thank you. That work is still relatively formative but I will on this occasion ask Ross to comment.

Ross McEwan: Thank you very much. Great question given that data is such an important issue for both customers and a bank. Our view on becoming a data recipient, meaning we can take data on the approval of customers into our systems to actually use that data to help them with their full picture and how do we help them with their financial needs going forward. I think that is going to be very important to the Bank. But it's got to be focused on needs of customers and helping customers put them in a better position. That's what we're working on with all of our systems and processes. It's also why we've had all of our senior team focused on what data do we need to help customers make quicker decisions for customers. For example through our home lending you can take the data in and make a decision much faster than if you're having to extract it manually. So we will be an active participant in use of data but only as it meets the needs of customers.

Phil Chronican: Thank you. Virginia.

Virginia Porter: Chair, we have a question from [Farraway] Proprietary Limited.

“Thank you Phil, to you, the Board and the Bank staff for the progress made on NAB’s transition. Could you comment on the Bank’s level of impaired assets please, which appear to be trending higher?”

Phil Chronican: Thank you. I think the - in fact I think over recent months the impaired assets have actually trended slightly lower. But that’s largely because as we’ve come back out of lockdown some of the consumer arrears have been falling. Nonetheless I should be cautious here because what we do expect is that there will be some business impairments come to the fore simply because of the size of the shock to the economy that both last year’s and this year’s lockdowns, particularly in Sydney and Melbourne, will have had on a number of business customers. So it is something where we are cautious. You will note of course that we raised our forward looking provisions last year and in the main we have not released those as of yet. So we do hold provisions against expected losses going forward. But that is something that we are keeping a very close watch on. So thank you for the question. Virginia.

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

“ASIC states, during COVID-19 banks provide consumers deferral of mortgage repayments to six months and agreed extensions and they must do all things necessary to ensure that credit activities under their licence are engaged efficiently, honestly and fairly and to deliver consumers appropriate and fair outcomes by contacting consumers prior to repayment deferrals expiring and providing consumers critical information to assist their decision-making. ASIC advises contract variations of repayment terms as opposed to new contracts on different terms, also capitalisation of interest, may result in an increase to credit contract balance but does not necessarily increase the contract credit limit. Home loan debt consolidation to reduce repayments across a credit portfolio, likely increases the home loan credit limit significantly, increasing the consumer’s risk exposure to loss of their home which responsible lending applies. What is NAB doing where it has not acted efficiently, honestly and fairly during COVID?”

Phil Chronican: Thank you. We had, through the whole COVID period, dealing with loan deferrals, we were acutely conscious of the potential for deferrals to increase the risks to our customers. It’s one of the reasons why when the first lockdowns were being lifted last year we took the view that we should not automatically extend deferrals because of the

effect that it potentially would have just as you've identified. So we have reached out on an active basis to ensure that we had dialogue with customers so that customers are fully informed of the risks of extending deferrals where that has been unnecessary. So it is something that we take very seriously and we - as you say we do have an obligation to act efficiently, honestly and fairly and we take that obligation very seriously.

But it is a case where every customer situation is different. We've tried to have that connection with customers. So I think that answers the question. Virginia, do we have any other questions?

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

Phil Chronican: Right, well if there are no further questions then I declare the financial statements and the reports have been received and considered at the meeting.

The next item of business is Item 2 which is the re-election of Anne Loveridge as a Director of National Australia Bank. This year one Director, Anne Loveridge, retires at this meeting in accordance with the Company's constitution and being eligible, offers herself for re-election. If re-elected this will be Anne's third term serving you on the Board.

Details of Anne's qualifications, career, experience and other interests are set out in the notice of meeting and in the Directors' Report. Anne will speak to you shortly about what she brings to the collective capability of the Board. The Board has undertaken an evaluation of Anne's performance and fully supports her re-election.

The Board considers that Anne's extensive financial, regulatory reporting, risk management, remuneration and people leadership experience are valuable contributions to the Board's existing skills and experience. The Board has also concluded that Anne is independent and has sufficient capacity to undertake the duties expected of a Director of the Company. Anne, would you like to address the meeting please?

Anne Loveridge: Thank you Chair. Good morning ladies and gentlemen, fellow shareholders. As I offer myself for re-election to the Board I thought it would be useful to speak about two things; my experience and how I contribute to the Board. I have experience across a range of organisations small, medium and large as well as the not for profit sector.

I am a Non-Executive Director at two other ASX listed companies, NIB Health Funds and Platinum Asset Management. I am on the Board of Destination New South Wales. Prior to joining the NAB Board I had a 30 year career in professional services, largely focused on

the financial services sector. This included working as an audit partner, a business leader and six years as deputy chair of PWC.

Through these roles I gained extensive audit, risk and regulatory perspectives. I also developed the business and provided leadership and development for partners and emerging leaders in the firm as well as focusing on reward, recognition and diversity for the firm more broadly.

In my six years on the NAB Board I have served on the audit, customer and remuneration committees. I chair the people and remuneration committee which supports the Board on remuneration matters. This committee has taken an active role through focusing on capability, leadership, accountabilities and consequence management, in addressing the rebuilding of the culture at NAB in the aftermath of the 2018 Royal Commission and the NAB self-assessment.

This committee also has oversight of NAB's broader colleague strategy which is aimed at strengthening people's capabilities, leadership, inclusion and diversity and culture to support NAB's overall business strategy.

My experience on other boards and as a professional services partner and leader enables me to bring perspectives from other places and industries and has provided me with the skills and experience to listen and constructively question and challenge management.

Over the last six years I have been able to devote the time necessary to the important work of the NAB Board and committees. I am confident that I will continue to do so. I would be honoured to receive your support. Thank you.

Phil Chronican: Virginia, do we have any questions in relation to the re-election of Anne Loveridge?

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

"There are no issues with Anne Loveridge's election but on the question of Director elections, could the Chair please provide more detail on what happened with the announcement and then withdrawal of James Spenceley's appointment to the Board? Was this due to proxy advisor or institutional shareholder concern? What was the recruitment process for James Spenceley? Did we use an external head hunter?"

Phil Chronican: Thank you. Stephen thank you for raising the question. The appointment of James Spenceley which was announced back in October - November - October I think it was - we were looking for somebody to come onto the Board with experience in

technology, digital and data driven transformations, business disruption and identified - through the use of an external head hunter to answer the last part of your question, yes - identified James as having such experiences.

After the announcement two separate things happened. One is that we received feedback from some institutional shareholders who had experience of James from earlier businesses that he'd been involved in some years ago. He received feedback from shareholders and proxy advisors in respect of his other directorships and after a conversation between us, came to the mutual conclusion that it would not be wise for either he or us to pursue that appointment. We subsequently announced that he had withdrawn from that process. So that's the background. I hope that answers your question. Virginia, are there any further questions?

Virginia Porter: Chair, we have an audio question from Peter Starr. Please go ahead with your question shareholder.

Peter Starr: (Shareholder) Yes, Phil, given that Miss Loveridge is standing for re-election and given that part of her focus is supposed to be on customers I thought that the other Director on the Board, Miss Anne Cherry, was looking after legacy cases and - an update on legacy cases would be to the point here Phil, please.

Phil Chronican: Yes, I'm happy to take the question. I don't think it strictly relates to Anne's candidacy but I'll take it in any event. We've resolved - I'm working here off my memory of these numbers - I think we identified something like, over the last three years, it was around 60 or 62 total legacy cases that were being reviewed under the supervision of the customer committee. As far as I'm aware we have reached a point where effectively - I think it was 32 of the 62 - have been resolved. There is one that is currently still being worked on. I think the situation is that the remaining 29 that have been reviewed again are not being worked on any further because there doesn't look like there's any possibility of resolution. So I hope that answers your question. Essentially that's where we have reached. So we have closed consideration of the remaining 29 in the absence of any new information. So thank you for your question Peter.

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

Phil Chronican: Great, all right well as there are no further questions I will now formally put the motion that Ms Anne Loveridge be re-elected as a Director of the Company. Direct and proxy votes received in advance of the meeting for this item are now being displayed

on the screen. So please record your vote now if you have not already voted. Thank you Anne.

The next item of business is Item 3, the remuneration report. The remuneration report is contained in the 2021 annual financial report and sets out the performance and remuneration of the Company's key management personnel being the Board, the Group Chief Executive Officer, and members of the executive leadership team during the financial year ended 30 September, 2021. I make several remarks regarding remuneration during my address. Virginia, do we have any questions on the remuneration report?

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

Phil Chronican: Well as there are no questions I will now formally put the motion that the remuneration report for the year ended 30 September, 2021 be adopted. Direct and proxy votes received in advance of the meeting for this item are now displayed on the screen. Please record your vote now if you have not already voted.

The next items of business are Items 4(A) and 4(B) which relate to deferred equity to be provided to the Group Chief Executive Officer, Ross McEwan, as part of his remuneration arrangements. Item 4(A) seeks approval for the grant of deferred rights to the Group Chief Executive Officer under the Company's annual variable reward plan. Item 4(B) seeks approval for the grant of performance rights to the Group Chief Executive Officer under the Company's long term variable reward plan.

Both are described in detail in the explanatory notes and in the remuneration report. I will now invite question on both Items 4(A) and 4(B). Virginia, do we have any questions on the deferred equity to be provided to the Group Chief Executive Officer as part of his remuneration arrangements?

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

"When disclosing the outcome of all resolutions including this LTI grant, will you publicly disclose how many shareholders voted for and against each item, similar to what happens with a scheme of arrangement? This will provide a better gauge of retail shareholder sentiment on all resolutions and was a disclosure initiative recently adopted by Metcash, Dexu and Altium after their AGMs. If the for and against detail is too much, can you at least advise now approximately how many of your 620,000 shareholders voted either directly or by proxy before the meeting commenced?"

Phil Chronican: That is a difficult question to answer because we are not disclosing the number of shareholders. As you appreciate these votes are based on the number of shares voted. It would certainly add significant increased complexity to try to calculate the number of shareholders. I say that because for example often there will be one shareholder with multiple holdings. So we wouldn't even know whether or not we had the right number.

So I don't think that that's something that we would be really likely to do. It would certainly be a more complex process and would delay things. As I said I'm not even sure that any answer we could give would be reliably accurate. So that's where we are. We've got the votes in and the votes are based on the numbers of shares. So thanks for the question but I'm afraid I'm not able to help you there. Virginia, do we have another question?

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

"Congratulations to NAB for publishing a full video archive of every NAB AGM since 2013. However, you have never produced an AGM transcript. In order to provide a fuller record of today's debate, including this important discussion on the LTI grant, could you please follow the lead of Afterpay, AGL Energy, ASX, CIMIC, Dominoes, Freedom Foods, Lendlease, Mineral Resources, Mirvac and Nine Entertainment, by producing your first AGM transcript in 2021? It is not easy scrolling through videos to find out what was said and politicians are not asked to do, instead getting a Hansard transcript of all parliamentary debate. Can't we do the same?"

Phil Chronican: Let me just make two points. One is that we don't do a transcript of the AGM, but there are organisations that can make transcripts. Indeed I think for the cost of \$100 or \$200 you could probably get one done yourself. We make the webcasts available online and people are welcome to have a service go in and make their own transcripts of them if they wish but it's not our intention to do so. Thank you.

Virginia Porter: Chair, we have no further questions on these items of business.

Philip Chronican: Fine. Well if there are no further questions, I'll now formally put the motion for resolution 4(A), that the grant of deferred rights to the Group Chief Executive Officer, Mr Ross McEwan, under the Company's annual variable reward plan as 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. Please record your vote now if you've not already voted.

I now formally put the motion for resolution 4(B), that the grant of performance rights to the Group Chief Executive Officer, Mr Ross McEwan, under the Company's long-term variable reward plan as 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. Please record your vote now if you have not already voted.

The next item of business are items 5(A) and 5(B), which are resolutions requisitioned by a group of shareholders promoted by Market Forces. These resolutions relate to an amendment to the Company's constitution and climate change transition planning disclosures.

I'll explain the resolutions and the Board's position before inviting questions from shareholders on these items and on NAB's climate change policies and disclosures. Jack Bertolus, a representative from Market Forces, will also have an opportunity to speak before I invite questions more broadly.

Item 5(A) is a special resolution. As noted earlier, a special resolution requires approval by at least 75% of eligible votes cast on the resolution. Resolution 5(A) is not endorsed by the Board.

While the Board respects the rights of shareholders to requisition a resolution to amend NAB's constitution, 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 constitution, the power to manage the business of NAB 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 interest 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 other equally relevant issues. NAB encourages

transparency and appropriate shareholder discussion and provides shareholders with a number of avenues to raise issues or concerns.

NAB 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 and biodiversity risk regularly form a significant part of this engagement and NAB's progress on such matters is reported through its annual public reports.

These include the annual financial report, which contains disclosures aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures. The annual review, which includes a comprehensive update on sustainability performance. Investor presentations and the sustainability data packs.

In addition, at each AGM, the Chair encourages shareholders to ask questions and make comments about NAB's performance on any issue that's relevant to shareholders as a whole.

Shareholders are invited to submit questions before the AGM, which helps us understand shareholder issues and concerns and to address key areas of shareholder feedback at the meeting.

Item 5(B), which relates to transition planning disclosures is conditional upon item A being supported by shareholders. The Board does not endorse item 5(B) either, as we do not consider the resolution to be in the best interest of the Company and shareholders as a whole.

Our ongoing goals and progress delivering against our climate strategy, including our updated coal, oil and gas policies, and our risk settings, reflect what we consider to be an orderly and considered approach to responding to climate change while acknowledging the important role we play as a Bank at providing finance to businesses as they transition to a lower carbon environment.

The Board supports the continuation of the current orderly and considered approach that NAB has adopted with respect to climate action. Accordingly, the Board recommends that shareholders vote against the proposed resolution for item 5(B).

I would like to address a number of inaccuracies in the Market Forces' explanatory statement before asking shareholders and proxy holders to vote. Firstly, Market Forces

claims there is a gap between NAB's action and the requirements under the IEA's net zero emissions 2050 scenario. This scenario outlines a path for the global energy sector to limit temperature rises to 1.5 degrees Celsius by 2050.

NAB is using the IEA's net zero emissions 2050 scenario as the reference point to guide its decarbonisation pathway for its energy sector exposures. This has been made clear in NAB's 2021 review.

Secondly, Market Forces asserts that NAB is being left behind when compared to other financial institutions domestically and abroad. In fact, NAB is the only major Australian bank to have capped oil and gas extraction exposures.

We're the only major Australian bank to put clear restrictions on direct financing of greenfield oil and gas extraction and we are the only major Australian bank to have set a goal to reduce our oil and gas exposures from 2026 through till 2050, aligned to that IEA scenario.

This provides for a measured reorientation of our client's activities, ensuring that NAB can continue to support clients committed to transitioning, while also making sure that we continue to support national energy security, Australian jobs and communities.

NAB has also updated its target to reduce thermal coal mining exposure by 50% by 2026 and to effectively zero by 2030, apart from some performance guarantees to ensure the rehabilitation of existing thermal coal mining assets. This is consistent with the actions taken by our global peers with respect to thermal coal mining finance.

In item 5(B), Market Forces requests that NAB disclose in subsequent annual reporting, information demonstrating how we will manage our fossil fuel exposure in accordance with the scenario in which global emissions reach net zero by 2050, including targets to reduce fossil fuel exposure consistent with net zero by 2050.

Work is already well progressed at NAB in this regard. As outlined in my opening remarks, in the next 12 months, NAB will disclose how we will align our lending to eight key sectors against the 1.5 degree scenarios, including for power generation, residential property, manufacturing, transport and resources among others.

This is consistent with the requirements as a signatory to the collective commitment to climate action, of which NAB was the first Australian bank to become a member as well as the associated net zero banking alliance which NAB has now recently joined.

NAB recognises that achieving net zero emissions is a whole-of-economy challenge. NAB's climate strategy therefore seeks to support and work with all customers across all sectors to decarbonise and build resilience to climate change.

Before asking shareholders and proxy holders to vote on these items, I'll invite a representative of Market Forces to speak to their resolution by way of the audio line.

Virginia?

Virginia Porter: Please go ahead, Shareholder.

Jack Bertolus: (Shareholder) Hi, I'm Jack Bertolus from Market Forces. We worked with shareholders to coordinate items 5(A) and (B) and I'll speak briefly today in favour of the resolution, specifically calling on NAB to commit to no longer finance new fossil fuel projects and to disclose targets to reduce fossil fuel exposure consistent with net zero greenhouse gas emissions by 2050. NAB supports the net zero by 2050 goal. Climate science and energy modelling make it abundantly clear that achieving this goal leaves no room for new fossil fuel projects and requires rapid declines in the production and use of coal, oil and gas. Yet NAB continues to provide funding for new fossil fuel projects and the companies pursuing them. Notably, its recently updated oil and gas policy contains an array of loopholes and allowances permitting the Bank to continue funding new oil and gas projects through a mix of corporate and project finance. Meanwhile the Bank's cap on oil and gas exposure covers only the upstream sector, allowing continued unrestricted funding for midstream and downstream oil and gas infrastructure.

This resolution therefore presents a necessary opportunity to bring NAB's fossil fuel lending into line with its stated support for global climate goals. Failure to bridge this gap would leave NAB exposed to needless financial climate change transition risks as well as reputation and legal risks as the world moves to rapidly decarbonise.

Shareholders do not want to see this Company exposed to stranded fossil fuel assets, being publicly called out for funding climate-wrecking companies or for being sued over inconsistencies between its statements and actions.

We therefore ask shareholders to support this resolution with the long-term interests and sustainability of the Company in mind and thank those that have already cast votes in favour of the resolution. Thank you.

Philip Chronican: Thank you, Jack. I just want to make a couple of comments for the benefit of our shareholders. NAB has taken a whole-of-economy approach to the issue of

the net zero transition and as we indicated earlier, we'll be coming up with sectoral policies in relation to eight critical sectors next year. So we are well progressed on that work.

So Jack, in particular relating to your comments about midstream and downstream, by next year, I think you will see that we have covered those issues because we will be covering transport, energy production and so on.

But we're going a lot further than that and to put it into context for our shareholders, we have total credit exposures in the Bank of around \$1 trillion. That is \$1000 billion of total credit exposures.

Our total exposures to the whole of the resources sector, including energy generation represents approximately 1% of that amount and within that, only a third of 1% relates to coal and energy - either coal extraction or coal used for energy production.

The much more important issue that shareholders should be concerned about is the other 99% of our lending portfolio and the carbon intensity of that and the transitions that are required in areas like the built infrastructure, for example. Commercial real estate, where we have a large footing. Agriculture, which of course is an important part of it.

So it is much more important to us at NAB that we look at the climate transition as a whole-of-economy transition and not something specifically relating to a very small part of our business, even though it is obviously of significance in terms of its climate impact.

So I just wanted shareholders to have an understanding that we are taking a much broader approach to the whole issues of the energy transition than just some sort of tokenism about oil and gas.

But Virginia, do we have any questions on the proposed amendment to the Company's constitution, climate change transition planning disclosures or climate change matters more generally?

Virginia Porter: Chair, we have a question from [Ms Dianna Beer].

"At last year's AGM, I noted that Commonwealth Bank has disclosed an assessment finding that the Australian grains, livestock and dairy agriculture sectors face declines in productivity and profitability of 40% to 50% out to 2060 as a result of climate change impacts unless mitigating steps are taken. I asked what the anticipated change is to the default rate in our agribusiness loan book under scenarios of unmitigated climate-related losses. In response, I was told we don't have a number but that this is an issue we have spent a lot of time on. Given we market ourselves as Australia's largest agribusiness

lenders and that we've had another year to spend on it, I expect we now know the answer so where am I able to find it? The whole point of the Task Force for Climate-Related Financial Disclosures is about investors like us knowing how secure our capital is. We need to know if our money is safe with this Bank."

Philip Chronican: Thank you. Thank you very much for that question and I think in respect of the comments I've just made, you'll appreciate that I think this question is of considerable importance.

The agricultural sector is a large source of emissions. It's also a large source of potential abatement of emissions and it's a significant part of our business. It's exactly for sectors like this that we're embarked on the serious work of looking at climate impacts.

I'm sorry we haven't been able to come up with an answer to the question as yet but there is considerable work under way through the international bodies that I've been referring to previously, such as the Collective Commitment to Climate Action and the Net Zero Banking Alliance, to agree on methodologies so that we adopt an industry standard approach to how these things are measured. That's why it's taking a little bit longer.

But we are concerned that this is an important area and we're also required by our regulator, the APRA, to do climate vulnerability assessments. So there will be a regulatory overlay as well.

So Ms Beer, I can assure you that this is something that actually we do take very seriously and I appreciate your drawing attention to it because clearly it's of much more significance to the Bank than, as I've mentioned earlier, the relatively small exposures we have to industries like coal, oil and gas.

So we are looking at that very seriously and I can assure you that we'll be cooperating, particularly through the UNEP FI task force on financial disclosures pilots that are underway now.

Virginia, do we have any further questions?

Virginia Porter: Chair, we have an audio question from Karra Kinchela. Please go ahead with your question, Shareholder.

Karra Kinchela: (Shareholder) Hi, I'm Karra. I'm from Narrabri, northwest New South Wales. I'm also a Gomeroi traditional owner and custodian. My question is, when will you stop financing coal and gas companies like Whitehaven Coal and finance renewables as a major energy source in north west New South Wales. Thank you.

Philip Chronican: Thank you. Well I think I've indicated that we'll be exiting our thermal coal exposures by 2030 and we are putting considerable effort into financing renewables wherever we can.

I don't intend to get in the business of naming every individual clients. Indeed, I have no intention of doing so and the reason that we put the caps in place - so net zero thermal coal by 2030, US\$2.4 billion of oil and gas exposures out to 2026 and then down to zero - consistent with zero by 2050, is so that shareholders and other concerned individuals can be assured without having to paw over individual names that the aggregate of our exposures are in decline and it's not particularly productive to name customers in that regard.

So it is something we take seriously and Karra, I thank you very much for your question and your concerns. We absolutely agree with your proposition that we should be financing more renewable energy and we will be looking for every opportunity to do so.

Virginia Porter: Chair, we have an audio question from Chief Woos. Please, go ahead with your question, Shareholder.

Chief Woos: (Shareholder) Chief Woos. Shareholders of the National Australia Bank, you should know that your Company is not upholding its own commitments to respect Indigenous and human rights. Your Bank proposed that your financing follows the United Nations declaration on the rights of Indigenous people yet you loan CA\$117.5 million to Coastal GasLink, a pipeline that has never received [free prior] or informed consent from the title owners of the land that the pipeline runs across. The Supreme Court of Canada recognised in 1997 [Delgamuukw land] landmark case that the Wet'suwet'en hereditary chiefs, that's myself and six others, have never ceased to hold rights over the Wet'suwet'en land. Also, GasLink is illegally constructing on our land and now my people are being forcefully, violently evicted by police forces from our own territory.

How do you reconcile your Company's supposed commitments to [unclear] while financing a project that is illegal and committing human rights violations and perpetuating the oppressions of Indigenous people for the purpose of colonial extractivism?

Philip Chronican: Thank you, Chief Woos, for the question. For the shareholders who aren't familiar with it, this relates to - my understanding is, it relates to an oil and - sorry, a gas pipeline in Canada and all I can say is that we do look into environmental and social risk on projects.

There's a set of principles known as the Equator Principles, that set out how that is done but I can also assure shareholders, looking forward, that we have no intention of doing any further greenfields gas or oil, as I've said, extraction outside of Australia. So this is an historical issue only.

Virginia, do we have another question?

Virginia Porter: Chair, we have an audio question from [Josie Alec]. Please go ahead with your question, Shareholder.

Josie Alec: (Shareholder) Yes, good morning. My name's Josie Alec and I'm a traditional owner of the Marthedunera clan of Murujuga. The Murujuga rock art here in WA is slowly being destroyed by acid rain produced via local industry. What is happening to the rock art has been referred to as Juukan Gorge in slow motion.

Woodside's proposed expansion of its Pluto facility would only exasperate [sic] this process and it will lead to the loss of this ancient and important part of my heritage. NAB is arranging the finance of global infrastructure, partners to partner with Woodside and fund this expansion.

Is the NAB Board comfortable with this involvement in facilitating the destruction of 40,000-year-old cultural heritage and will you come to Murujuga so that I can show you what's at stake and I can show you my dreaming that is going to be ruined and wrecked.

Philip Chronican: So thank you for the question, Josie. I just refer to the comment I made earlier which is we fully intend to scale down our lending in the oil and gas sector. We've formed a view that we'll do no further aggregate lending, i.e. we'll cap our exposures at the \$2.4 billion that we currently have and after 2026, we'll be reducing it.

I'm not going to comment as to which individual customers or projects sit under the \$2.4 billion cap. It would be unproductive and it changes frequently. But that is a limit and it is a clear intention by this Bank to help the process of the decarbonisation of the Australian economy towards a net zero by 2050. We take that seriously and we'll continue that work. But thank you for raising the important sensitivities in North Western Australia.

Virginia, do we have another question?

Virginia Porter: Chair, we have a question from [Abigail Shepherd]. Please go ahead with your question shareholder.

Abigail Shepherd: (Shareholder) Good morning everyone, can you hear me?

Philip Chronican: Yes, we can. Thank you.

Abigail Shepherd: (Shareholder) Good. Sorry, there have been problems. I was disconnected earlier. My question is specifically about legal risk issues in connection with the sort of climate issues that have already been put to you this morning.

It's one question but it's in two parts so if you just bear with me. The first question is whether or not you're aware of the advice of Noel Hutley SC that's been published by the Centre for Policy Development about corporate legal obligations in connection with climate issues.

If you are - then second part of the question is that on the basis that if you are, Mr Hutley's most recent advice, and he's issued several pieces of advice, clearly identifies how important it is for companies to have a reasonable basis for their statements about climate goals and targets and about the risk of the legal consequences of greenwashing. That is making inaccurate commitments or without a reasonable basis.

Now, clearly, you've been referred a number of times today to your statements that NAB is helping the transition to a low carbon economy and its plan is to support its customers to achieve net zero emissions and to achieve net zero emissions by 2050.

You've also referred to the International Energy Agency and others have referred to its recommendations this year, that there is no need for investment in new fossil fuel supply. You've also then referred to the fact that NAB has continued to support fossil fuel projects, including some new ones.

But in the light of these matters and the matters raised by Mr Hutley's advice, are you concerned about NAB having engaged in greenwashing?

Philip Chronican: Far from it. I think the approach taken by NAB, which is to work with the internationally recognised bodies on a whole-of-bank approach to the net zero transition is exactly to avoid greenwashing.

And as I said, we don't want to embark on any form of tokenism. We want to look at what the real implications are for the Australian economy of moving to a net zero emissions world by 2050.

We've in fact, the - a lot of focus has been put on the nature of the disclosures and in the nature of commitments that we have made for the very reason that you've articulated which is that we should not be making any commitment or making any disclosure that we cannot support.

And one of the reasons that we're taking our time, and I think a couple of questions earlier on were asking why we couldn't provide some more information earlier on one or two sectors. And the reason is that we are ensuring that we have a proper basis for any disclosures that we make or any commitment that we make.

And it's very much driven by the risk of misleading our investors and therefore the legal risk that that would open us up to. So yes, we take those issues very seriously and it's one of the reasons why we're taking the ordered approach of focusing on the frameworks that come out of the bodies that we've been joining, such as the Collective Commitment on Climate Action and the Net Zero Banking Alliance.

And working with the taskforce on climate related disclosures to ensure that we properly manage these issues. So thank you for raising the point because it is an important point to be made.

But you may rest assured that the reason that we are focused on the whole of economy or whole of business approach is very much to avoid any suggestion of greenwashing.

Virginia, do we have another question?

Virginia Porter: Chair, we have an audio question from Sally Hunter on behalf of Caroline Le Couter. Please go ahead with your question, Sally.

Sally Hunter: (Shareholder) Hi there. I am Sally Hunter. I'm calling in from my farm in north west New South Wales near Narrabri on Gomeroi country. I grew up learning about money from signing cheques with the National Bank.

We were a traditional farming family who would visit our local National Bank branch frequently and were family friends with the bank manager. For this reason, NAB has a special place in my consciousness around family values, agricultural values, honesty, and integrity.

Myself and four of my neighbours met with the NAB sustainability team earlier this year and we really did appreciate them hearing our accounts of the negative impacts created by Whitehaven Coal and this was a much better response than we had from other banks. So I thank you for that.

Whitehaven Coal, along with its associated entities, has so far had 46 breaches, fines, official cautions, and penalty notices in the last nine years. Forty-six breaches is not a normal way of doing business.

This is a systemic, calculated, and planned method of operating. It's a conscious decision to choose to break the laws, to do illegal activity, and accept the fine as part of the cost of doing business. This is not how the rest of us run businesses.

One tiny slice of an example of the way that this company treated my community, I take you back to 2019 in the height of the worst drought in living memory. My family lost our income, we sold down our herd and asset base, and we all tried to hunker down against the unrelenting dust storm, the heat, and the dried out rivers and dams.

We stopped doing business as dictated by the conditions. At the very time, Whitehaven was illegally stealing surface water out of the catchment that they have since been found guilty of. They were also buying up more of my neighbours' lands that were never supposed to be bought out for the project.

They just needed the water licenses. So they built illegal pipelines that they were also later fined for, just to keep operating. Despite the fact that their consent conditions state that if they do not have enough water, operations need to change to suit the availability of water, just as we did as neighbours.

Whitehaven did not. They broke multiple laws. By providing finance to an environmentally and socially reprehensibly company like Whitehaven, the NAB Board, staff, and shareholders are part of the problem.

The standard that you walk past is the standard that you accept. I once again invite NAB members to the north west to be able to see first-hand these issues because there are more coal mines expanding and new coal projects proposed for this region. A lot more.

My question to the Board and shareholders of NAB is when will you halt financing environmentally and socially reprehensible companies such as Whitehaven Coal and its associated entities that are continuing to expand and seek new approvals in this region?
Thank you.

Philip Chronican: Thank you, Sally and actually, I quite like the idea of heading out to rural New South Wales. I was limited to a five kilometre radius from home for so long it sounds quite attractive to get out.

I'm not sure if I'll be able to do so but it's pleasing that our sustainability team were able to meet with you. I hope you appreciate that it's impossible for me to speak about another company at our AGM.

But can I just draw your attention to the process that we're underway at the moment? Which is we're reviewing all of our largest emitting customers, the top hundred of the largest emitting companies to understand what they are doing to improve the sustainability of their businesses.

And it is our expectation that if we're not able to get satisfied that companies have credible transition plans, that we would progressively I guess bank with other - or have them bank with other people.

But I don't want to make any specific comment about any specific customer in that regard. So thank you for the question. Virginia, do we have another question?

Virginia Porter: Chair, we have a question from Glenn Walker.

"NAB has the worst coal power generation policy of all Australia's banks with a very weak target of 45% emission reduction by 2030 for power generation customers. This is different to the thermal coal mining policy and is completely at odds with the UN, IEA, and IPCC call for Australia to stop burning coal by 2030 to meet the goals of the Paris Climate Agreement. Given this, will the Board commit to urgently updating climate policies to ensure no funding is provided to companies burning coal beyond 2030? I'd like a specific time commitment please."

Philip Chronican: Well, electricity generation is one of the eight sectors that we'll be committing our plans for or creating our plans for over the next 12 months. So by this time next year, we should be able to satisfy you by having a clear, coherent, and well thought through position in respect of electricity generation. And in line with one of our earlier questioners, we'll be making sure that it is fully auditable, i.e. that any commitments we make can be supported. So thank you for raising it and I guess it draws attention to the work we're doing across all sectors. It's not just about extraction of coal or extraction of oil and gas, it's the much more important downstream and midstream uses of all of the climate emitting products or emission emitting products that we need to consider.

And I think it's good that our shareholders are able to see that there's a broad range of issues that we need to take into account outside of just the extractive industries. So thank you for that. Virginia, do we have another question?

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

"I've never understood why Australian boards continue to resist opinion based resolutions when these are standard in the US. What is so wrong about a group of shareholders

putting up a resolution that expresses an opinion? Instead, we effectively have a board monopoly over what resolutions are put up. Shareholder resolutions are a great way to gauge shareholder sentiment. Climate campaigners are now getting around this restriction with a contingent resolutions model. So why not just embrace this constitutional amendment? You won't get deluged with resolutions because it will still have the significant obstacle of requiring support from 100 shareholders or 5% of the ordinary shares. Whereas in the US, any single shareholder who has held US\$2000 worth of shares for more than 12 months can put an opinion based shareholder resolution."

Philip Chronican: Thanks Steven. I think I've articulated but I'll give my reasoning in perhaps some plainer language. The Board is charged with governing this Company. And it is not useful to move to an environment where it looks like we're being a referendum based organisation. So we take soundings from our shareholders on a whole range of issues and I think our shareholders have spoken very conclusively. I think today the resolution 5A has been opposed by something like 95% of the direct and proxy votes already lodged. So I think we've got overwhelming support for the Board's position and I don't see any reason why we would change that. Frankly, it's not that hard to get 100 shareholders to put up a resolution, as we've seen over the last few years at NAB. So I simply don't accept the proposition, Steven, and 95% of our shareholders by value support that. Virginia, do you have another question?

Virginia Porter: Chair, we have an audio question from Jack Bertolus.

Philip Chronican: Thank you.

Virginia Porter: Please go ahead with your question, shareholder.

Jack Bertolus: (Shareholder) Hi again. So it's Jack from Market Forces. I'm just circling back around to ask the question that I posed at item 1. So that is that in light of the International Energy Agency finding that reducing emissions to net zero by 2050 leaves no room for new fossil fuel supply projects and also given NAB's updated policy last month, which left the door open to continued funding for these sorts of projects and the Companies pursuing them. I noted that NAB at the time that it was announcing the policy update, was also reportedly arranging funds for the acquisition of Pluto LNG Train 2. That acquisition enabled Woodside to press ahead with the Scarborough gas project, the largest greenfield gas project in Australia in a decade.

Over its lifetime, the emissions from the Scarborough Pluto project would total 1.6 billion tonnes of CO₂, the equivalent to 15 coalfired power stations running for 30 years.

So in light of the overwhelming evidence that there's no room for new fossil fuel projects if we're to achieve the Paris Agreement and net zero by 2050, what evidence can NAB produce that's enabling an additional 1.6 billion tonnes of CO2 is in any way compatible with limiting global warming to 1.5 degrees?

Philip Chronican: So the reading - our reading of the IEA report envisages that electricity production will be increasingly reliant on gas in the near term in order to retire coal fired power stations. But when we reviewed that increasing use of gas, we formed the view that we would not be increasing our gas exposures and hence the capping of our exposure at US\$2.4 billion for the period between now and out to 2026. So the important thing here was that we have capped that exposure even though the IEA envisages gas usage increasing in the near-term and that's how we came to our landing.

I, as I've already indicated, the individual customers' exposures that make up the US\$2.4 billion is not something I'll be engaging in dialogue around at the annual general meeting. So that's about all I can offer on that one, Jack. So thank you for your question and thank you for your contribution earlier on introducing the resolution.

Virginia, do we have another question?

Virginia Porter: Chair, we have an audio question from Dr Mary Ann Heath. Please go ahead with your question, Shareholder.

Mary Ann Heath: (Shareholder) Thank you. I'm a former professor of law and I'm interested in National Australia Bank's compliance with its own sustainability statement which says that National Australia Bank is working with its customers to support implementation of low carbon transition plans so that National Australia Bank will achieve a net zero emissions lending portfolio by 2050. Can you explain how National Australia Bank supports the implementation of low carbon transition plans while it continues to support new fossil fuel projects such as that put forward by Whitehaven Coal and referred to in some of the other questions? Thank you.

Philip Chronican: Thank you. As I indicated earlier, we take a very broad approach to working with our customer's transition plans and I appreciate that many of our questioners today want to talk about coal and oil - or coal and gas in particular but actually, we're taking a much more wide-ranging approach to the transition.

Our corporate institutional team have been meeting with the companies - the top 100 companies that have significant emissions footprints and we have had education sessions

for the Board with representatives from the United Nations Environment Programme. Those that have worked on the IEA transition documents.

We've had dialogue - I had a session with the Chairs of a large number of - well not a large number, a number of large Australian companies across diverse industries and we're looking at the much more important issue of how the economy as a whole makes that transition.

So we do take it very seriously and you bring up the issue of our legal compliance with our commitments. We take that very seriously. That's why we are taking the whole-of-economy approach.

That's why we're using the framework that we get from the UNEP FI's collective commitment to climate action and the net zero banking alliance along with working on the various working parties set up under the Task Force for Climate-Related Disclosures. So shareholders can rest assured that we are taking a very serious and measured approach to our climate transition planning.

Virginia, do we have any more questions?

Virginia Porter: Chair, we have an audio question from Sleydo' Molly Wickham. Please, go ahead with your question.

Sleydo' Molly Wickham: (Shareholder) Hi, this is Sleydo'. I am the spokesperson for the Gidimt'en Checkpoint on the Wet'suwet'en territory. I was violently arrested at gunpoint on November 19 on my own territory and removed from my territory by the RCMP under a Supreme Court Injunction by Coastal GasLink project who is trespassing on our territory. I was imprisoned for five days and at Coastal GasLink's request, I was given conditions of my release not to enter my own territory so I'm restricted from accessing my own territory. I was removed by RCMP from my own territory violently at gunpoint with RCMP's attack dogs and sniper rifles [unclear] me.

Is this the kind of reputation that your Bank is willing to [proceed] with? Who are willing to take this kind of direct action against Indigenous people on their own land [unclear] GasLink project [unclear] project is contributing to the genocide of our people, to the genocide of our [unclear]. Are you willing to take accountability for that and [unclear] human rights at the National Bank?

Philip Chronican: Thank you, for the question. I guess this is the same as the question earlier, the other Canadian [unclear] and I'll just reiterate the point that this project was

evaluated on grounds of environmental social risk [at] the time it was undertaken. I have nothing further that I can add at this point of the meeting.

Virginia, do we have another question?

Virginia Porter: Chair, we have a question from Mr Glenn Walker.

“The Chair has referred to the percentage of the business funding fossil fuel companies but the fact is that even a modest amount of funding for one of these businesses helps make these polluting operations viable and therefore leverages substantial greenhouse gas emissions. Has the Bank fully quantified the greenhouse gas emissions it facilitates through its funding? What is that figure and how is this calculated?”

Philip Chronican: Thank you and thank you, it’s exactly the point I was trying to make before, which is we are trying to move to a model where we look at our financed emissions and that is that transition I was talking about and why we are undertaking the important work of doing the eight industry evaluations over the next year. Because the point you make is exactly the point I’m trying to make, which is that our emissions intensity of our agriculture business, our commercial property, heavy industry, transport, under any measure will be much more significant than the emissions that we have financed through oil, gas and coal.

I thank you for drawing attention, Mr Walker, to that because it’s extraordinarily important that this point is made. That our financed emissions is how we should be thinking about this going forward and once you see those financed emissions, you’ll understand why we think it’s important to move the focus away from oil and gas and coal and onto the broader transition for the Australian economy. So it’s a very important point and I’m glad you raised it.

Virginia, do we have another question?

Virginia Porter: Chair, we have an audio question from Karen Large. Please go ahead with your question, Shareholder.

Karen Large: (Shareholder) Hello and thank you. I’m just putting forward the two questions that I had put forward earlier under item 1. They’re two questions but they’re both related.

The first one is the International Energy Agency stated earlier this year that no new fossil fuel projects should be approved in order to achieve net zero by 2050. In light of this, when will NAB commit to provide no further finance to companies such as Woodside and

BHP, who are planning to develop the controversial Scarborough gas field off the Western Australian coast?

My second question is related to NAB's recently released oil and gas policy, which includes a commitment to only consider financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security. Can you confirm that this means NAB won't provide financing for Woodside and BHP's controversial Scarborough gas development, which is predominantly for export? Thank you.

Philip Chronican: Thank you. Now, I think I have actually answered these questions to other questioners but I will just repeat that we have a clear policy on oil and gas, which caps the exposures. We've set out that we're not going to do greenfields gas, although there are potential carve outs for integrated LNG and for national energy securities but I do need to reassure concerned shareholders that even where those carve outs are applied, they will still sit within the US\$2.4 billion exposure and therefore there will be no net expansion of our financing of emissions in that regard. So - and as I've already indicated to other questioners, I have no intention of discussing individual customers or individual projects because we'll be communicating the financed emissions framework as the basis for our disclosures. So I think that answers it as best as I'm going to be able to.

Virginia, next question.

Virginia Porter: Chair, we have a question from Erebor Proprietary Limited.

"Congratulations on integrating climate change risk into your credit risk assessments and the actions planned over the next 12 months to which you have referred. These issues have been raised by shareholders over the last decade. What lessons has the Board drawn from the fact that it has taken a decade to adopt these policies?"

Philip Chronican: Thank you for that. I - in the last two-and-a-bit years when I've been Chair and even before that, we have been working to develop a coherent approach. We signed up to the collected commitment on climate action in 2019, so it's certainly over two years since we've taken these issues seriously. When we made that commitment to the CCCA, we set out that over the ensuing two to three years, we would be coming up with sector policies and that's the timetable that we've been following.

So thank you for recognising the work we've done but we fully appreciate that there's a lot of work ahead of us - for us and for our customers as we help the Australian economy transition to a low carbon future so that work is far from done.

But the Board has been quite deeply engaged. As I said earlier, we've had significant sessions over the course of this year understanding the frameworks, understanding what the IEA report says and what it means, then working with the frontline bankers who are having the conversations with customers to understand these transition plans. So appreciate your comments on that.

Virginia, do we have another question, please?

Virginia Porter: Chair, we have a question from Stuart Palmer of Australian Ethical Investment.

"Does the Bank's commitment not to fund greenfield gas apply to all Bank finance? Would the Bank make a new or refinanced corporate loan to a company which is implementing a strategy of developing greenfield oil and gas extraction projects? What is the scope of the exception for gas projects which help underpin national energy security, given the alternative technologies and investment opportunities available to deliver energy security?"

Philip Chronican: Thank you, Mr Palmer. The first part of your question, I guess gets me back to what I've been saying about needing to have the financed emissions intensity or financed emissions framework implemented, which we're looking to do over the coming years. Because ultimately, we need to get out of the measurement approaches that we've used historically around project financing and direct lending to talk about the total financing that we have to companies engaged in various industries and it cuts to the comment that I've made about working with the top 100 customers in terms of the emissions work to understand their transition plans.

So the answer to your question is that over time, you should progressively see us adopting an approach where we will be directing our financing towards those companies that have credible transition plans. So that's the first part of it.

The second part, the exception for gas projects that underpin national energy security is intended to deal with an extreme situation only and while - and I guess I'm agreeing with your point. We believe that there will be alternative technologies to deliver energy security but they are not sufficiently scalable or robust as at today.

But as they - as those technologies improve and as the management of the electricity grid in Australia is improved, we envisage that renewables can and will be able to make up 100% of the energy needs of the country and therefore we should not be needing to rely on the national energy security carve out.

I'll just re-assess or re-affirm here, even with that carve out, anything we did would still be under the cap that we've indicated. Virginia?

Virginia Porter: Chair, we have a question from Mrs Sheree Carlisle Ritchie Lowe.

"So do I take your last comment to mean that some shareholders opinions should not be heard or expressed, although they financially support the Company?"

Philip Chronican: Now, I'm going to guess here that the term, last comment, refers to an earlier comment I made about the 95% of our shareholders who voted against the resolution. I think that - let me know if I've got that wrong.

No, I hope you realise by my patience here today and listening to questions that I'm very happy to listen to our shareholder's opinions on a range of issues and I hope you'll have seen over the last couple of years, I've been happy to hear and I welcome questions on our policy.

I'm here to explain it as much as I can and we're here to take your questions. So no, you should not take any suggestion that voices should not be heard or opinions should not be expressed. Thank you. Virginia?

Virginia Porter: Chair, we have an audio question from Johanna Gardner. Please, go ahead with your question, Shareholder.

Philip Chronican: Thank you.

Johanna Gardner: (Shareholder) Hello?

Philip Chronican: Hello.

Johanna Gardner: (Shareholder) My question, which I asked in the first section.

Philip Chronican: Yes.

Johanna Gardner: (Shareholder) So I'm just asking it again.

Philip Chronican: Could you just remind me...

Johanna Gardner: (Shareholder) My question is about - is about our exposure to energy and resources. Page 36 of our annual review shows our lending to coal mining and oil and gas extraction. Having read through the annual and supplementary reports of our major competitors, ANZ, CBA and Westpac, it's apparent that our disclosures are quite limited by comparison.

Compared to us, CBA and Westpac both disclose their exposure to the energy value chain. For instance, these banks not only disclose exposure to coal mining but also to coal ports and rail. All three of the other banks also disclose exposure to not only oil and gas extraction but transportation, refining and retail, including LNG terminals, for example.

So my question is, when will NAB publish its exposures to the energy value chain as our major competitors have done?

Philip Chronican: Thank you. Yes, I remember...

Johanna Gardner: (Shareholder) Can you give me a date?

Philip Chronican: Thank you, yes and thank you, I do remember the question now. So I think I've indicated in response to a couple of other questioners that we are doing the eight sector emissions intensity exposure plans - or in fact, our energy intensity plans for those sectors, over the next 12 months.

So the date that we should have, that type of information that you're requesting, is for this time next year. We've just been working through with our global peers to make sure that we have got the methodology right to do that on a globally consistent basis but we absolutely intend to do so. So thank you for the question, Johanna. Virginia?

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

Philip Chronican: Thank you. Well if there are no further questions, I now formally going to put the motion 5(A), that NAB's constitution be amended to insert into the constitution in clause 8, General Meetings, the following new sub-clause.

At 8.3A, Advisory Resolutions, that the Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised.

Such institution - such a resolution, rather, must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company.

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

Item 5(A) was - as item 5(A), rather, was not successful, item 5(B) will not be put to the meeting. As I said earlier, in the spirit of transparency, we will now share the direct and proxy votes received in advance of the meeting in relation to this conditional item. They are now displayed on this screen.

That now covers all of the formal business before the annual general meeting. I'll now open the meeting to any general questions which have yet to be addressed. Virginia, do we have anything further?

Virginia Porter: Chair, we have a question from Denmark Dream Proprietary Limited, from Rita.

"Chairman, could you confirm the banking code of practice continues to form part of NAB's relevant lending contracts which provides consumers safeguards and protections that are not set out in the law?"

Philip Chronican: I believe that the banking code of practice has specific coverage and I'm trying to remember its business customers up to a couple of million.

Ross McEwan: It's for personal customers but we do...

Philip Chronican: Personal customers and small business exposures, yes.

Ross McEwan: But we do take - we voluntarily take small business customers.

Philip Chronican: Yes, customers and that was a voluntary compliance issue, I recall that. So that does therefore by extension form part of our lending contracts and the code then becomes the basis on which a customer can go to the Code Compliance Committee if there's any concern that the code has been breached. So by extension, customers that are covered by the code can rely on the code as an extension of our individual credit contracts. So yes, is the answer to that question. Virginia, another question?

Virginia Porter: Chair, we have a question from [Mr Dennis Silvan Guillo].

"Why are there no subtitles or a sign-language interpreter?"

Philip Chronican: Thank you. I do not know the answer to that question and I'll look at that as an opportunity to improve the function of our annual general meeting for future meetings. So a very good point and let me take that on notice and deal with it.

So if there are no further questions, then on behalf of the Board, the Executives and staff of the Company, I'd like to thank you for joining us today. 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