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### **Start of Transcript**

Louise Thomson: Good morning and welcome to National Australia Bank's annual general meeting. I'm Louise Thomson, Group Company Secretary. Before commencing this meeting, I would like to invite Wurundjeri woman, Stacie Piper, to welcome us to country.

Stacie Piper: Thank you, Louise. [Spoken in Aboriginal language]. So that's probably a language you don't hear often and I like to share my language and then translate it for you.

We, as Wurundjeri people, were not allowed to speak our language on the missions. So I'm sure many of you are aware of the missions around Victoria but my family descend from the Coranderrk mission up in Hillview and I particularly descend directly from Barak, William Barak's sister, Annie Borate. So all Wurundjeri people come through that maternal line.

It's only five generations ago my grandmother, so my Mum's mother was born on Coranderrk mission and couldn't speak her language or practice ceremony. So my mother, then being the first generation off the mission but growing up in a very hard time, growing up in poverty.

I'm the first generation that gets to wake up our language and share it with you and you know, be a part of a society that's experiencing a huge shift. And I get to be one of those voices to share our language.

And also, you know, I don't want to say reap the rewards but we get to experience the hard work that my ancestors paved the way for. My mum worked very, very hard to make sure that we had opportunities that we have today.

And you know, she was an activist. I've got a family full of activists. Our causes of [lee], there's so many different causes that we're all trying to speak to. And for us, it was just about us having the opportunities that everybody else has.

So you know, what I can see through NAB, that there's a lot of great work happening with our black businesses. We call them black business. But you know, a lot of incredible work. I can see it coming through because so many - not just through NAB but a lot of people who are really progressive in that space and I'm so happy even this Christmas to see all the black businesses that have been promoted and people supporting them.

It's just incredible. And as I said, for us, that's our [lane]. That's making sure that we have the opportunities to grow and to get our education and start our businesses and to thrive. That's all our ancestors ever wanted.

And particularly with language. So I'll translate that for you. I introduced myself. So my name is Stacie and I'm a proud Wurundjeri, Dja Dja Wurrung and Ngurai-Illam Wurrung woman. I'm also [Irish].

I acknowledged the country first. I acknowledged the Birrarung. So the Birrarung is the [spoken in Aboriginal language] name for the - the proper name for the Yarra River.

I acknowledged [the link] with our ancestors. We always honour them. And I acknowledge your ancestors too. You know, we all have ancestors. We all descend from somewhere and we walk in their footsteps.

I acknowledged the Wilam Biik. So Wilam Biik translates to home country and I acknowledged that. I'm a curator and I'm also studying at Melbourne University doing my Masters in Social Policy and Social Change. And it's a hard space. So I know it's hard to navigate so much that's going on and it's helped me understand more. Things don't happen overnight.

But Wilam Biik, I curated an exhibition just to tell a story from the First Nations perspective but also about the fact that it's all our home. We all belong to Wilam Biik. We all belong to the planet and to the earth. And you know, any work that we can do to make it a better place for our next generation is you know, going to - we'll see the ripple effects.

I also acknowledged the six layers of country. That's the lens that we look at. And I did an event - there was a picture that came up in the video at one of the NAB events [inaudible - technical difficulty] it was really cool to see the bird's eye view. You don't really get to see country from that perspective often.

And I know of First Nation artists around the country, they paint, and even the old artists who paint the bird's eye views. So it's a really important perspective and I love [unclear] bringing people's minds into that and remembering that's what sustains us.

So the six layers of country, we've got the [spoken in Aboriginal language] which is the dream or where the ancestors are [up] country above the clouds. Sky country [spoken in Aboriginal language]. Air, wind, [spoken in Aboriginal language]. [Spoken in Aboriginal language] which is water country.

On country which is [spoken in Aboriginal language] and then below country which is the [spoken in Aboriginal language]. So I could talk all [day] about culture but it's not about me today. But I just wanted to yes, acknowledge country.

I acknowledged the [spoken in Aboriginal language] which is our next generation. Every child and baby is inheriting what we do so I acknowledged them [unclear]. And I also acknowledged [spoken in Aboriginal language] which is our friends and people that help us amplify our voices.

This is a platform for me to speak and I appreciate having that opportunity on behalf of my ancestors and my Elders. I take it very seriously. So [spoken in Aboriginal language]. Welcome to Wurundjeri country. I hope your meeting goes well and thank you for inviting me to speak. [Spoken in Aboriginal language].

Louise Thomson: Thank you for your welcome, Stacie. This is NAB's first hybrid AGM, allowing shareholders or their proxies to attend in person or online. A significant number of shareholders already voted and submitted questions in advance. Thank you.

In our notice of meeting, we set out some standards of conduct that we ask attendees to meet. We ask that all attendees are courteous and respectful to others attending the AGM. And that all attendees in the room respect our security measures.

Please also respect the privacy of people by not taking photos or audio or video recordings other than if you are accredited media. That will help with the orderly conduct of the meeting.

Earlier in the week, we've seen disruptions at other AGMs. I remind everyone here today that this is a shareholder's meeting and if anyone persists in disrupting the meeting, the Chair will ask them to leave.

For those attending in person and for broader awareness of those online, there are several NAB information and help desks located in the foyer outside. The help desk is for customer

and shareholder inquiries and we have information desks on cyber and scam safety, digital banking, and private wealth.

All matters for voting today will be by poll. Votes can be submitted at any time from when the Chair declares the poll open until 10 minutes after the end of the meeting to provide ample opportunity for shareholders and proxy holders to submit their votes.

Christina Piccolo from Computershare will act as the returning officer and the results will be announced later today in an ASX announcement. I will now explain our procedures for today.

For people here with us in the room, when you registered this morning, you will have received a white or green card if you are a shareholder or a proxy holder. You will have received a yellow card if you are visitor.

The white card is for voting. After the Chair declares the poll open, please either scan the QR code on the front of the card with your mobile device or complete the reverse of the voting card and put it in the ballot box at the end of the meeting or on your way out.

We have Computershare staff available to assist you if you require assistance. Holders of white cards may raise questions at the appropriate point in the meeting. The green card is for joint shareholdings.

Holders of a green card may also ask questions if they wish. We have four microphone points in the room. If you have a white or green card and wish to ask questions during the meeting, please move to the microphone nearest to you when the Chair invites questions.

If you're unable to get to a microphone point, please raise your hand and a roving microphone will be brought to you. Please show your card and give your name to the microphone attendant who will introduce you to the meeting at the appropriate point.

Please remain in your seats for now though. Holders of yellow cards are visitors and are not eligible to vote or ask questions but are welcome to listen to today's meeting. For shareholders and proxy holders attending online, you can vote and ask questions by using the vote and Q&A action buttons at the top right of your screen and following the instructions and prompts.

You may change your vote up until the time the Chair declares voting closed. If you require technical assistance at any point during the meeting, our online meeting guide is easily accessible by clicking the documents icon on your screen or by going to the AGM page of our website.

Alternatively, you may call the number displayed on screen now. If you are joining us online and wish to submit a written question, we encourage you to do that now. At relevant points in the meeting, one of my colleagues will read out shareholders' questions and the Chair will respond.

If you are using the online platform and wish to ask a question orally, you will have pre-registered to obtain the telephone number and pin. An operator will assist and the Chair will invite questions from the phone line at appropriate points in the meeting.

The Chair will take questions from shareholders in the room first, followed by the telephone line, and then online written questions. For efficiency, when there are logical groupings of items of business, the Chair will invite questions on these together.

The Chair will take all questions on climate related matters at Item 6(a) so that related topics are discussed together. For the orderly conduct of the AGM and to ensure shareholders attending today have a reasonable opportunity to participate, please ensure your questions are relevant to all shareholders, limit your questions to two per item of business, and keep your questions concise.

Questions submitted online will be amalgamated if there are multiple questions on the same topic to avoid repetition. We may also summarise questions if they are lengthy. Given the large number of shareholders and questions expected, it is possible that not all questions will be answered. The Chair will aim to address questions on a broad range of topics.

As this is a hybrid meeting, if we experience technical difficulties during the meeting, the Chair may decide to pause the meeting, adjourn it to a later time, or continue the meeting. If the Chair decides to adjourn, that will be announced on the ASX platform.

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

Philip Chronican: Good morning and welcome to this meeting. It's after 9:30am and this is a properly constituted meeting and a quorum is present. I therefore declare the annual general meeting of National Australia Bank Limited open and welcome shareholders, proxy holders, and guests.

It is a pleasure to chair this meeting in person in Melbourne and terrific to see those of you here in this room. Welcome also to those who are joining us online and on the phone.

I too would like to acknowledge the traditional owners and custodians of the land on which we are hosting today's meeting, the Wurundjeri people of the Kulin nation and I pay my

respects to their Elders past, present, and emerging and I want to thank Stacie for being here to welcome us.

I encourage everyone to consider supporting the From the Heart campaign for an Aboriginal and Torres Strait Islander voice to parliament that is enshrined in the constitution. This is how we can move from words supporting our First Nations people to practical action. And I will speak more about this later in my address.

Before delivering my address though, I would like to make some introductions. On stage with me today are our Group Chief Executive and Managing Director, Mr Ross McEwan. Our Group Chief Financial Officer, Mr Gary Lennon. And my fellow non-executive directors, Anne Loveridge, Simon McKeon, Ann Sherry, Peeyush Gupta, Kathryn Fagg, and Doug McKay.

On my right, as you have met already, is our Group Company Secretary, Louise Thomson. Unfortunately, one of our directors, David Armstrong, is unable to join us in person today. But David has joined us by phone. Hello David.

David Armstrong: Good morning, Phil, and good morning shareholders.

Philip Chronican: Also present with us is Sarah Lowe, who is the lead engagement partner of our auditor, Ernst & Young, to answer any questions related to the audit report.

NAB's senior leadership team is also present in the room. Assisting us today is Virginia Porter, a senior member of the NAB team, who will be reading out written questions that come through the online platform.

As Louise said, all resolutions to be conducted at this meeting will be decided on a poll. I now declare the poll open on all resolutions to give shareholders maximum time to vote. The poll will be open until 10 minutes after the end of the meeting.

Thank you again to those shareholders who submitted questions in advance of today's meetings. We received a hundred questions, all of which I have personally read. Many were on similar topics and I will cover some of the common themes in my address.

Today I would like to reflect on our performance for shareholders during the past year and to discuss the future of our business. NAB has continued its journey to becoming a better bank.

NAB today is a much more focused and capable organisation than it was three years ago. We have a track record of disciplined execution and are delivering sustained performance while maintaining strong balance sheet settings and keeping the bank safe.

This performance is being recognised by investors, with NAB's total shareholder return of 8.6% in the 12 months to September 2022, against an average return of negative 12.9% for NAB's major bank peers.

NAB's total shareholder return is also now a clear number two among its major bank peers over both two years and five years. Our progress has been made in a sustainable way while continuing to support our customers and communities, particularly when they need us most.

This has included stepping up to help communities devastated by floods and customers experiencing the pressure of cost-of-living increases. The continuity and strength in our leadership and strategy underpins the stability we now have in the Bank.

It is improving our business in a variety of ways. NAB's products and processes are simpler for customers and colleagues. Loans are approved more rapidly and digital banking is more resilient thanks to the investment in NAB's underlying technology, and in our digital, data and analytics capabilities.

Strong technology platforms help to protect customers against cyber-attacks and fraud. High profile cyber-attacks against large Australian businesses this year demonstrate the need for continued vigilance and cooperation.

Every year we invest tens of millions of dollars to keep our customers and the Bank safe. We employ hundreds of people across our cyber security, scams and fraud teams. And we work collaboratively with government authorities, including the Australian Cyber Security Centre and the Australian Federal Police.

As we have improved the Bank, we have not forgotten lessons of the Financial Services Royal Commission. Many of the issues identified are now addressed but we need to remain vigilant about getting the basics right.

Earlier this year, we entered into an Enforceable Undertaking with our anti-money-laundering regulator, AUSTRAC. This follows an enforcement investigation undertaken by AUSTRAC in relation to NAB's compliance with Australia's anti-money-laundering and counter-terrorism financing law.

We are on track to deliver the actions agreed with AUSTRAC. We're acutely aware of the important role the Bank plays in monitoring and reporting suspicious and potentially criminal activity. We will continue to make investments that help keep our communities safe.

NAB is making excellent progress on our strategy and the Board is encouraged to see the operational results that this is delivering. This is reflected in improved earnings, with all businesses contributing to underlying profit growth, and significant and sustainable momentum across the Group.

Our most recent colleague engagement score is 76 which is consistent with our results throughout 2022, although short of the goal that we had of meeting the global top quartile score of 78.

The Board has determined a final dividend of \$0.78 per share, bringing total dividends declared this year to \$1.51 per share and returning \$4.8 billion to shareholders. This outcome sits within our target payout ratio in the range of 65% to 75% of sustainable cash earnings.

NAB delivered a cash return on equity of 11.7% for the 2022 financial year, a pleasing increase of a full 1% on last year. NAB's strong balance sheet settings are integral to keeping the Bank safe.

Our capital ratio at the end of September '22 was more than 11.5% which sits above our target range of 10.75% and 11.25%. Taking into account the remaining \$600 million of the announced buybacks and the estimated impact of APRA's revised capital framework, NAB's capital ratio as at 30 September 2022 would have been 11.8%, comfortably above our revised target range from January '23 of 11% to 11.5%.

Executive and employee remuneration outcomes, determined by the Board for the financial year 2022, reflect an assessment of performance against all of the targets in NAB's 2022 plan. This includes financial performance, customer outcomes, colleague engagement, safe growth and NAB's performance against its peers. The Board awarded a Group Performance Indicator outcome of 92.5%. This reflects a strong performance on financial measures and the fact that challenging colleague and customer targets were not fully met. It was also adjusted downwards in recognition of the impact on financial performance of the rising interest rate environment.

In view of the challenges of recent years, economies globally are facing new trials. Uncertainty remains. We are actively considering the geopolitical landscape and its impact locally. Next year could be a little rocky, but I am optimistic for the medium term.

Your Board is confident that Ross McEwan and the executive leadership team have the experience and strategy in place to manage the challenges of the future. While we are alert to the issues that rising interest rates, inflation and geopolitical risks may bring, we



have demonstrated our ability to manage through and look after our customers. The Australian economy is resilient and we're in a strong position to take on the challenges that may arise.

Identifying long-term shifts in NAB's broader operating environment and acting appropriately is critical to protecting and building value for shareholders and helping our communities prosper. Climate change is one of, if not the most, significant long-term challenges and opportunities of our time. The federal government's legislated 2030 and 2050 emissions reduction targets and the associated changes provide welcome certainty and send a strong investment signal to businesses and the world.

NAB has an impact through what we choose to finance. We're playing an important role in progressively redirecting funding from emissions-intensive sectors towards low and zero-emissions activity. There is no question that this needs to happen.

By 2050 Australia's economy will look very different. It will have to be so to achieve net zero. We already see this in the significant growth in renewable energy. NAB continues to fund more projects to expand the global supply of renewable energy than any other Australian bank. Today more than 73% of our total lending to the power-generation sector is for renewables, hydro, solar and wind. This represents a 58% increase in just five years and it will continue to grow.

Decarbonisation makes good business for our customers. They are taking this seriously too. We're seeing them increasingly invest and innovate to make the reductions necessary but also to drive down costs and improve productivity. Australia is at a critical juncture in its transition to a low-carbon economy. If we get it right, the opportunities are immense in protecting our environment and growing our economy. We all have a role to play in delivering on this potential for ourselves and certainly for future generations who demand our attention and action.

Another major opportunity in the year ahead is the prospect of a national referendum on the constitutional recognition of Indigenous Australians. To further the Board's understanding of this issue, we spent time with land councils, Indigenous businesses and activists during our annual regional Board meeting which was held in Darwin this year. I also had the privilege to spend time with one of our Indigenous business bankers and saw firsthand the great work that can be achieved by our bankers who are also affiliated with the Indigenous community.

As a bank, we thrive when we operate in cohesive, well-functioning communities. Indigenous recognition is an important step forward and it's why NAB is supporting the proposed Voice to federal parliament. Engaging NAB's 29,000 Australian employees about Indigenous recognition is important and is underway.

Ensuring that your Board is well appointed to carry the Bank forward is a constant focus. Kathryn Fagg, Doug McKay and I are standing for re-election at the Annual General Meeting today with the full support of the Board. We are anticipating appointments in 2023 that will enhance the diverse skills and experience of Directors.

In closing, thank you on behalf of the Board to NAB's shareholders for your ongoing support. To the team at NAB, thank you for your hard work in serving customers well and in helping our communities prosper. To our customers, thank you for continuing to bank with us. We're not there yet, but we are getting closer to being the bank that we want to be. I will now hand over to our Group Chief Executive Officer, Ross McEwan.

Ross McEwan: Thank you, Chair. Good morning, everyone. Welcome to our shareholders who are here with us in person today. It's great to have so many of you joining us following two Annual General Meetings that have been held only virtually. Thank you also to everyone who is joining us online, wherever you may be dialling in from.

I would also like to acknowledge the traditional custodians of the land on which we meet today, the Wurundjeri people of the Kulin Nation, and pay my respects to their Elders past, present and emerging. NAB has pledged support for an Indigenous Voice to parliament as we strongly believe that the economic advancement and the financial aspirations of First Nations people reflects our ambition to serve customers well and help our communities prosper.

When I spoke at this meeting last year, I was optimistic that after two years of COVID-related interruptions Australia's economy would rebound strongly in 2022. While there have been setbacks, it has been tremendous to see that the Australian businesses have had a very good year overall. 2022 saw businesses rebound with strong credit growth of 14.7%. It's clear that 2023 will be a year of slower growth than 2022. Challenges will continue to emerge and to evolve. However, I continue to be optimistic about the future for Australia and New Zealand and our customers and communities.

Resilient business conditions and a return to higher levels of migration mean Australia is well positioned to deal with headwinds coming from rising interest rates and higher

inflation. New Zealand looks like its business conditions will face more headwinds with interest rate rises slowing the economy down considerably.

Many of our customers are now facing conditions they have not experienced for a number of years. Higher inflation, rising interest rates and slower growth are starting to impact both businesses and consumers. Thankfully the vast majority of our customers are well positioned to manage. For those in difficulty, my message is very simple. Please contact us. The earlier customers experiencing difficulties speak to us, the quicker and more likely it is that we can help.

As the Chair noted, NAB has made good progress this year in making our business stronger, safer and simpler while remaining firmly focused on our twin peaks of customers and our colleagues. Our recent full-year results reflect this progress. By continuing to execute our strategy, we have delivered better outcomes for customers and colleagues and improved earnings and shareholder returns.

Being a relationship bank is core to who we are. To help support this, we added more than 300 customer-facing business bankers this year. This has helped our business and private bank again perform strongly with small and medium-business lending and agri gaining on what was already market-leading share. More than 1 in 3 lent in agriculture now comes from NAB.

In personal banking, Australian home lending grew at 7.1% while unconditional approval times were nearly halved in our retail channel. We are well progressed in our journey to becoming a simpler and more digital bank. In particular, we are building and delivering better digital experiences for customers as the use of cash and cheques declines further. Over-the-counter transactions were down a further 18% this year while the use of cheques fell a further 24%. 97% of customer interactions are now through digital channels.

During the year, we also completed the acquisition of Citigroup's Australian consumer banking business. We welcomed 800 new colleagues to NAB and contributing further to our growth. The acquisition will help give [us] unsecured lending business the scale it needs to provide even better propositions for customers in the future.

Our corporate institutional bank had a very disciplined approach to growth while again ranking number 1 in the latest Peter Lee survey. There's a strong recognition of its ability to deliver customer outcomes while also improving returns.

In a challenging market, our New Zealand banking business achieved small and medium-business lending growth in line with [consistent] disciplined growth in home lending. BNZ's overall financial results were very good.

NAB's customer Net Promoter Scores rank first or second of the Australian major banks across key segments, supported by a simpler business and the delivery of more seamless digital experiences for customers. There is still more to do to achieve our objective of being number 1 of the major banks with positive NPS.

The area we're increasingly looking to support and protect our customers and banks in is the issue of cybersecurity. I said recently that cyberattacks are the sort of thing that keep a CEO up at night. It is a huge issue for businesses, including ours, for customers and for society more broadly. We are devoting more resources to combat cyberattacks, fraud and scams, working within our own bank and as part of a national effort to protect all Australians and New Zealanders.

Our customers and our bank are constantly under attack and we must all be vigilant to this global threat. We do have bankers and experts here today in the foyer, ready to share tips and information about scams and fraud prevention. I encourage you all to take the time to talk to them, to learn how to recognise scams and to keep yourself and your family safe from cybercriminals.

Throughout the year, we have continued to focus on serving customers well and supporting those who need help. Devastating natural disasters, including recent floods in Victoria and New South Wales, have impacted many communities. We [shall] continue to be there to support people to get back on their feet and to build resilience against future disasters. Through our NAB Ready Together programme and the NAB Foundation, we've provided \$4.87 million in support to customers, charities and communities affected by natural disasters across Australia.

We continue to invest in our colleagues to raise the professionalism of our industry with almost 10,000 having completed the Career Qualified in Banking programme which builds capability and lifts standards. Our Distinctive Leadership programme is about developing great leaders and ensuring we have consistent leadership across the Bank.

We've trained more colleagues through the Melbourne Business School's climate programme so we could better support customers through the transition. We've provided training to more than 4800 colleagues through the NAB Cloud Guild to help transition our

technology applications to the cloud, which helps provide more stable technology for customers.

Like many businesses in Australia, we have not been able to find enough people with the appropriate technology and digital skills that are critical to execute our strategy. That's why we also now operate a technology innovation centre in Vietnam, with another being built in India, to help supplement capabilities in Australia.

Colleagues are one of the twin peaks of our Group strategy alongside customers, so it was disappointing that our recent proposed enterprise agreement did not attract the support of the majority. Despite this, I appreciate the high level of engagement with more than 84% of the colleagues voting and that people were able to freely express their views. We have now commenced a process with colleagues to listen and understand their feedback. We've made the decision to provide the first year of the pay increases and additional benefits proposed in the new agreement. We will continue to work with the Finance Sector Union on a revised enterprise agreement for the next few years.

At our full-year results last month, we released our first Climate Report. Responding to climate change is one of our key priorities. The transition to a low-carbon economy, as we move to net zero, presents environmental and economic opportunities and challenges for our customers and NAB. NAB has announced the appointment of our first Chief Climate Officer. This position reflects the increasing requirements in all parts of the economy and all parts of the Bank to help customers make the transition to a low-emissions future.

Everyone has a role to play in achieving this country's net-zero ambition. Government, business and every household will need to make changes. Research tells us that around \$20 trillion will need to be spent differently in Australia in the next 30 years to get there. We are the number 1 Australian bank for global renewable energy transactions and among the top banks in the world on this measure. We are reducing our exposure to fossil fuels in support of an orderly transition of the energy system.

As we look to the year ahead, we expect to continue to have very low unemployment and robust business conditions, though they will be slower than in 2022. As I mentioned earlier, clearly there are headwinds and the economy is slowing, but we do still expect growth. NAB itself is also in good shape. We are staying disciplined, focused on what matters and getting the basics right more often. We have the right business mix, targeted momentum and a strong balance sheet, which means we can make very deliberate choices

about where we invest to continue to grow and to maximise returns in this changing environment. I'm pleased with our progress and excited about what's ahead.

Thank you again for being here. The Chair and I look forward to taking your questions. I'll now hand back to the Chair.

Philip Chronican: The Notice of Meeting was made available to shareholders on 9 November and I propose that it be taken as read. All items, other than Item 5 and Item 6(b), are resolutions to be voted on at today's meeting. Item 6(b) is a conditional item which would only be put to the meeting if Item 6(a) is passed. For Item 6(a) to be passed, at least 75% of the votes validly cast on that item would need to be in favour of that resolution.

Voting restrictions were set out in the Notice of Meeting. Where the Chair of the meeting has been nominated as a shareholder's proxy, all open and available proxies have been voted against Items 6(a) and 6(b) and in favour of all other items. So that shareholders can see the full picture of direct and proxy votes received in advance of the meeting, direct and proxy voting for each item is now displayed on the screen, including on the conditional Item 6(b) which may, of course, not need to be put to a vote later in this meeting. Further detail has been included in our ASX announcement released prior to the start of the meeting.

If you're joining us online and haven't already done so, I encourage you to submit questions now. As Louise said, for the orderly conduct of the meeting, I ask that you hold any questions related to climate change, including on our policy position and on our disclosures, until Item 6 so that we can keep these related topics together. I also take general questions after the formal items of business.

I'll now turn to the first item of business Re-election of Directors. This year, three Directors retire at this meeting in accordance with the Company's Constitution and offer themselves for re-election. The three Directors are Kathryn Fagg, Doug McKay and myself. If re-elected, this will be Doug's and my third term serving you on the Board and Kathryn's second term.

The Board has undertaken an evaluation of the performance of each of the Directors standing for re-election. The Board also considered their independence and whether they have the capacity to undertake the duties expected of a Director of the Company. Having considered these factors and the combined skills of the Board, the Board fully supports each re-election.

Details of the qualification, career, experience and other interests of each of the Directors standing for re-election are set out in the Notice of Meeting and in the Annual Report.

Kathryn, Doug and I will each speak to you about what we bring to the collective capability of the Board. I will then take questions on the re-elections before asking Anne Loveridge to chair the meeting while the resolutions are carried through relating to the re-elections.

So I will now address the matter of my re-election. I have now been on the Board of NAB for over six years and the last three as your Chairman. Three years ago, we were emerging from the Royal Commission and the significant disruption that this had to our operations and on our leadership. Despite the significant challenges thrown at us by the COVID-19 pandemic and the global logistics challenges that the pandemic has entailed, I am very pleased to say that I think the Bank is in a much stronger position today than it was three years ago.

The credit for this of course belongs with Ross McEwan and his leadership team who have done the hard work and served the Bank so well. My ambition for the Bank was to see it restored to its leadership position and to have a reputation for treating customers, colleagues and shareholders well and for embedding discipline into how we manage risk.

We've made good progress on all these dimensions but we are realistic that it will take continued diligence to ensure that this progress is deeply embedded into the culture of the Bank.

We will also need to navigate the challenges that the rapidly changing economy will confront us with. I've had extensive experience in banking and finance over the last 40 years and have seen a number of challenging environments and I'm pleased to be able to bring that experience to bear in my governance role on the NAB Board.

In a post Royal Commission world, I am acutely focused on restoring the community standing of both NAB and the industry more broadly. I remain committed to the Bank and I'm offering myself today for re-election so that we do not lose sight of the goals that we set up. I've been privileged to have had the support of a very good Board and you, our shareholders, over the last three years.

I continue to have capacity with only one other listed company board in an unrelated industry. It would be an honour to be re-elected for another three year term. Thank you. Kathryn, would you now like to address the meeting on your re-election.

Kathryn Fagg: Thank you Phil and good morning ladies and gentlemen and fellow shareholders. I am pleased to put myself before you today seeking re-election to the



Board. I joined the NAB Board in December 2019 so almost exactly three years ago and a few months before the COVID pandemic was to dramatically change our lives.

Since that time, I have sought to contribute to the Board and the Bank drawing on my experience from a range of industries and organisations both of as an executive and as a non-executive director. In particular, I have found my executive experience leading large organisations in Australia, New Zealand and Asia whether in retail and corporate banking or in industrial companies providing a robust set of experiences and skills which are very relevant to the issues discussed at the NAB Board table.

I have found that my experience outside financial services has brought a different and valuable perspective to our deliberations. Furthermore, as an experienced non-executive director, I enjoy engaging with management and my colleagues on the Board and providing the necessary challenge when appropriate as we tackle the tough issues that must be addressed.

Delivering strong results in the short term whilst meeting longer term strategic objectives requires relentless attention and very clear accountabilities, a particular focus of mine. In addition, I would like to call out my experience in technology and innovation. Originally an engineer, I am now chair of the CSIRO, Australia's national science agency. In this role, I am engaged at the forefront of the trends that are transforming our economy, particularly decarbonisation and digitalisation. I am pleased to be able to bring this perspective to the Board.

Finally, drawing on my experience of the last three years and all of the challenging circumstances we have encountered, I am confident that I have the time to devote to the requirements of being a member of the NAB Board and of its committees - in my case the audit and the risk committees - whilst also having the time to participate in additional engagement opportunities [inaudible - technical difficulty]. Thank you for your support.

Philip Chronican: Thank you Kathryn. Doug, would you now like to address the meeting on your re-election.

Doug McKay: Thank you Phil and good morning fellow shareholders. In putting myself up for re-election today, I thought I would cover three areas that would be of most interest to you. Firstly, my experience and its relevance, second what I believe are my strengths for the NAB Board and what has happened since I last spoke to you in 2019 and thirdly, to confirm my enthusiasm and capacity to continue on the NAB Board for another term.



I have a background of senior executive roles across Australia and New Zealand in various industries. I have dual Australian New Zealand citizenship being born in New Zealand but lived and worked in Australia on three separate occasions. I joined the NAB Board in 2016 and have been on the BNZ Board since 2013 and Chair of BNZ for the last eight years. My track record at both is positive and contributes to strong and resilient performances over that time.

I am not the best or impartial judge of what I personally contribute at the NAB Board. What I can say is through our Board evaluation process this year, my colleagues said that they appreciate that I am an unconstrained thinker, courageous, commercial, realistic and pragmatic, challenges management effectively and understands the business levers. I believe I am trusted by my colleagues and bring perspective from a diverse background and career across various industries and enjoy focusing on operations, customers, execution and people.

I reside in Auckland and have 100% attendance record at NAB. I serve on the audit committee, the customer committee and have been on the nominations committee and the CEO selection committee. I can confirm there is no issue with my capacity to commit to and perform at the highest level as your Director. I am a full-time independent director and have been working at this level of capacity for 10 years.

A portfolio of boards in different industries like I have adds value to all my boards, especially NAB, and I learn all the time how to handle challenging board situations and draw on that broad knowledge which reinforces by contribution across all my boards. I look forward to your support in being reappointed today. Thank you very much.

Philip Chronican: Thank you Doug. I'd now like to invite questions on Items 1A, 1B and 1C, the Re-election of Directors. If you are in the room and wish to ask a question and are eligible to, please move to the microphone point nearest to you now. Microphone attendants, are there any questions on the re-election of the three Directors? Microphone 1.

Unidentified Company Representative: Chair, I would like to introduce Mr Chris Schacht.

Philip Chronican: Indeed. Mr Schacht.

Chris Schacht: (Shareholder) Mr Chairman, it's great to be back at a face-to-face meeting after three years.

Philip Chronican: I'm very pleased to see you again as well.

Chris Schacht: (Shareholder) I am not one of those who would join Zoom meetings et cetera over the last two years and I just point out I've been a customer of this bank since 1970. I'm in my 52nd year as a customer of this bank and in my 20th year as a very small shareholder and I have been coming to these meetings most years for nearly 20 years.

The question I have about the re-election. It's on a matter that I will raise later in the financial report and the audit report. Only recently, we had newspaper reports about people being found guilty of defrauding the bank. An unbelievable scandal in any way you look at it and at unbelievable damage to the reputation of one of - the second biggest bank in Australia.

When I read about in 2019 when it first came out, I asked a question. The then Chairman said we can't make any comment about it because it's before the court. I accepted that. But now it's been before the court and the two people concerned, one a full time employee of this bank is now in jail for eight years and the other has just been found guilty, in jail waiting sentencing and a further 30 cases of fraud against our Bank.

My question is how could the person who was the executive assistant to the two CEOs get away for several years of defrauding the Bank of millions and millions of dollars, had an authority delegated that she could spend up to \$20 million a year on her own authority. Therefore, my question is to the three members of the Board - and I think Ms Fagg is only just coming onto the Board in 2020 - but you sir, and Mr McKay were on the Board when this was occurring.

I want to know did you know - as members of the Board and as an executive committee on the audit and risk committee, what did you do that allowed this to happen year after year and what did you do to the auditors that they didn't find it until a whistle blower somewhere down in the lower level of the Bank came forward?

I have to say, under whistle blower legislation, the person remains anonymous and protected. I understand that but I have to say, he is the only person I would vote for this year in [inaudible - technical difficulty] to get a bonus because he put the finger on it [et cetera]. If it hadn't been for him, they may still be doing it. So, Mr Chairman, I want to ask you, seeking re-election - you were on the Board then. You weren't Chairman.

Mr McKay, you were on the Board and I see in the list you were on the Risk Committee. Were you on - both on the Risk Committee and the Board generally [that] how did this delegation, how did this authority be given to one person without reference back to the

Board or to the senior manager? To me, it's – and to many of my colleagues I've spoken to as shareholders and the general community, everybody scratches their head.

So, Mr Chairman, before I vote, not that I see on the – you've got 98% of the vote. I wish I got that vote when I was a senator standing for election. But what were you doing at that time that you can stand for election and say whatever excuse there is for this scandal that has damaged the standing of the Bank for – in a very bad way on top of many other problems we've had with the Royal Commission and everything else?

Philip Chronican: Thank you. It might surprise you to know that I can do nothing but share your sentiment. I think the – it was a very sad chapter in the history of this Company and it is inexplicable how a single person could have authority of that nature. I can't go back and redo the past, other than say to you that when we became aware of it, we significantly overhauled the controls around that.

You can rest assured that the person in that position today has nothing like that level of authority. There is much more external scrutiny of every part of the organisation, but it was a – it was a shocking issue to arise; one that has been deeply embarrassing to this Company and one we have done our best to ensure could never happen again by completely overhauling all of those controls. So I'm sorry I don't have a better answer for you than that.

Chris Schacht: (Shareholder) To you and Mr McKay, you're on the – still on the Risk Committee. Have there been therefore a complete examination of all the people who've got delegated authorities...

Philip Chronican: Yes.

Chris Schacht: (Shareholder) ...to make expenditures without reference to either the Executive Risk Committee or the Board's Risk Committee?

Philip Chronican: I can...

Chris Schacht: (Shareholder) Secondly, is it possible to get...

Philip Chronican: The...

Chris Schacht: (Shareholder) Is she the only person who had \$20 million? Does the CEO have \$50 million?

Philip Chronican: The CEO has – the CEO does have high levels of authority. But you should be assured that it's not just a case of an individual being able to expend the money.

What we've overhauled is to ensure that there is external scrutiny to anyone spending money, so that the finance community have complete oversight.

We did, as you can imagine – we had a completely thorough overall of all the control environment when we became aware of that issue, including ensuring that an independent finance function had complete transparency around these delegated authorities. We had one of the major law firms go through, overhaul our processes. We took this issue incredibly seriously, because it was as embarrassing as you have highlighted.

Chris Schacht: (Shareholder) Can I ask Mr McKay what's his response to my question?

Philip Chronican: I don't think Doug's going to have any different response from me on that one, but I'm happy for him to speak to it, if he has any other perspective on it.

Doug McKay: I don't have anything to add over and above what Phil has said, Mr Schacht, but be assured I see it as a real blot on my stewardship and career and I remain standing before you extremely embarrassed at that situation.

It is a breakdown – it was a breakdown in our internal controls around that person and those delegations. There has been a comprehensive revamp of that area and I can assure you we do have a delegations policy that is properly structured and is fit for purpose. We were subject to fraud. Fraud by its very definition means it has been expertly disguised and covered up and very difficult to find.

Eventually, we did, through our whistleblowing, as you said, and I'm extremely grateful for that. Once we knew, we moved with all the powers that we have as Directors. Could I just – because you are voting on my re-election today, say that I am not on the Risk Committee. I am on the Audit Committee however. Thank you.

Chris Schacht: (Shareholder) Does the Audit Committee deal with the appointment of the auditor?

Philip Chronican: Well, the appointment of the auditor goes through the full Board and indeed is endorsed by the general meeting, but the Audit Committee reviews the work of the external auditors, yes.

Chris Schacht: (Shareholder) External audit. Well, when we get to it, I'll ask my question of the auditor. I don't know whether Ernst & Young were the auditors back in '17, '18 or there was a different company. I know we change auditors every few years for good reason. Secondly, I'll have further questions in the financial report about it.

Philip Chronican: Yes.

Chris Schacht: (Shareholder) But I just wanted to raise the question...

Philip Chronican: Yes.

Chris Schacht: (Shareholder) ...that Board members have to take – clearly you both take responsibility for it. Finally on Ms Fagg, many, many years ago I was Minister for Science in charge of CSIRO. I had a lot of difference of opinion with the management of CSIRO at the time and I look forward to your chairmanship of improving CSIRO. Thank you.

Philip Chronican: Thanks very much, Mr Schacht. Microphone number three.

Unidentified Company Representative: Chair, I would like to introduce William Ross.

Philip Chronican: Thank you.

William Ross: (Shareholder) Good morning, everybody.

Philip Chronican: Good morning.

William Ross: (Shareholder) Thank you for having me. I've got a question for the Directors, but open to the whole panel to answer as well. So, Mr Chairman, I want to ask a question on behalf of coalmining organisations and companies like Whitehaven.

In the past, NAB has been a big supporter and provided hundreds of millions of dollars in financing to Whitehaven, my company, Australia's biggest single coal company.

Whitehaven has really, really exciting plans to double its coal exports by the end of the decade with three new coal projects. But we're having some issues. Pesky activists and lefty socialist orgs like the International Energy Agency are kicking up a huge fuss about the carbon emissions of coal, claiming that Whitehaven is aligned with three degrees of global warming.

Can you guarantee that NAB will continue to provide corporate finance to companies like Whitehaven, so they can keep opening up new coal? Thank you.

Philip Chronican: Do we have a question at microphone number two? Microphone number two, thank you.

[Protestor interruption begins]

Unidentified Company Representative: Chair, I would like to introduce Luca Lamont.

Philip Chronican: Thank you. Can you please go ahead with your question.

[Protestor interruption continuing]

Philip Chronican: Can you – I'm sorry. I'm sorry. I'm sorry. Thank you. Thank you. Thank you. I'm sorry. Can I ask you please to leave the meeting. Can I ask you please to leave the meeting.

[Protestor interruption continuing]

[Meeting paused]

Philip Chronican: Microphone two, thanks.

Unidentified Company Representative: Chair, I would like to introduce Luca Lamont again.

Philip Chronican: Thank you. My apologies for the disruption. Please go ahead.

Luca Lamont: (Shareholder) Hello. I've travelled all the way from Queensland. I'm a homeowner in Queensland for this question.

Philip Chronican: Good.

Luca Lamont: (Shareholder) I've got to catch a flight, so I've got to leave straight after this unfortunately. So this question's for Kathryn, but also for the CEO, Ross McEwan, because it includes some of his words. So...

Philip Chronican: We have not – this is not – you can't ask Ross a question at this point, but you can ask Kathryn.

Luca Lamont: (Shareholder) Okay, certainly. That's fine. We've had record-breaking floods across eastern Australia throughout 2022 on the back of fires a few years earlier. My insurance premiums went through the roof. These costs have added financial burden on top of high inflation and increasing interest rates. In fact, I have not been able to afford them and so currently have no insurance on my home.

A couple of months ago, Mr McEwan, you told a Trans-Tasmanian business event that, quote, climate inaction will continue to be costly. We know too well that natural disasters exacerbated by climate change not only take a human toll, but a huge financial one too. End quote.

I'm one of those people currently experiencing that human and financial toll and I can tell you that it's awful and only getting worse. But I'm much better off than other people I know. It needs to be acknowledged that many people are copping the full brunt of extreme weather and it's devastating people's lives.

My sister's farmhouse near Ballina flooded for the first time. My brother-in-law – sorry – I'm sorry. My brother-in-law has been...

Philip Chronican: Could you please – I'm sorry.

Luca Lamont: (Shareholder) ...using his weekends to get...

Philip Chronican: Can you please get to the point of your question?

Luca Lamont: (Shareholder) Yes, I'll get to that. You just need the context, I think. It's quite important.

Philip Chronican: I think we've heard a lot of context. Can you please get to the point of your question?

Luca Lamont: (Shareholder) Their neighbours, an elderly couple, lost everything and are living in my sister's garage. Their future is – on a pension with no home is bleak. At the same Trans-Tasman event, you told attendees in certain areas – if certain areas are going to be constantly flooded, do we have a problem with our funding of these areas?

Will it have a long-term impact on (a) do we fund these areas and (b) what's the price of funding if we do? However, based on your own words, NAB is happy to continue to profit off companies making the problem worse. You said that people may not like it, but we're in a commodities boom where coal prices are extraordinary and gas has probably got another 40 years plus.

Are NAB fine with being hypocrites and betraying Australian communities? You've acknowledged that the cost of climate inaction will be an enormous human and financial toll. But that's okay, because going – because it's going to be borne by people like me and those who have already suffered much worse, some paying with their lives. All the while, NAB is refusing to play its part in addressing the climate crisis and profit off corporations and projects contributing to the crisis.

The lines are clear, Mr McEwan. You're either on the side of Australian communities or you're on the side of fossil fuels companies. You can't have it both ways. You have a problem with the cost of climate change. Well, I have a big problem with you funding the climate crisis while passing on its costs to me and others like me.

Will NAB do its share to reduce the severity and likelihood of natural disasters by committing to not financing companies who want to build new fossil fuel projects or will you just keep dumping the clean-up bill on me and people like me as the costs of inaction grow ever higher?

Philip Chronican: Thank you. I'll answer that question, because you asked it of Ross, but he's not up for re-election. I am.

Luca Lamont: (Shareholder) [Inaudible].

Philip Chronican: The answer is that our approach, which is a comprehensive approach to climate change, is set out in our climate report. So thank you for your question. Can we now go to any other question? Microphone one.

Unidentified Company Representative: Chair, I would like to introduce Christine Haydon, a volunteer monitor from the Australian Shareholders' Association.

Philip Chronican: Fantastic. Thank you and welcome.

Christine Haydon: (Shareholder) Good morning, Chair. We have a very simple question we'd like through you to address to Mr Doug McKay and Ms Kathryn Fagg. That is would they please tell us their personal achievements as Board members and how that may further the interests of shareholders?

Philip Chronican: Sure. I might ask Doug to go first and then Kathryn.

Doug McKay: Well, I started on the NAB Board in 2016 and we – pretty soon after that, headed into the Royal Commission, which was a very challenging time. I was a very resilient and supportive Board member through that time and have been part of a team – both Executive team and a Board team that saw the need for renewal in our leadership and saw the need to reposition the Bank once we had dealt with the aftermath of the Royal Commission.

None of that was easy. I never blinked and I never thought to not give my best for as long as I was able to make a positive contribution to the turnaround that we are so fortunate to be talking about today. We're now on the way to being the Bank that we want to be.

In addition to that, I have chaired the Bank of New Zealand since – and been on that Board since 2013. The Bank of New Zealand has progressively moved from strength to strength in terms of its key performance indicators and its profitability. We continue to beat year-on-year our key benchmarks that we measure our performance by.

As the Chair, I have led that for the last six, seven odd years. I stand here before the shareholders today absolutely full of enthusiasm for what will probably be my last term on the NAB Board and look to take a part in building from here with the foundations that we have established.

Philip Chronican: Thank you. I would add that Doug in the year 2019, which shareholders may recall was a very difficult year for the Company, Doug was a tower of strength on the Board and along with Ann Sherry was on the CEO Selection Committee. So Doug shouldn't



be too modest. One of Doug's greatest achievements is ensuring we have Ross McEwan here as our Chief Executive today.

Kathryn, you've been on the Board for only half the time and haven't chaired a committee, so it will be a different perspective. But can I just say before you speak up that Kathryn brings a real strength to the Board through the fact that she uniquely has both industrial and financial services experience, which gives us a really balanced view and is a very solid contribution, but please.

Kathryn Fagg: Yes, just very briefly, and thank you, Phil, because I do feel that combination of both financial and industrial experience is particularly helpful that I can share at the Board table. But like my Board colleagues, I'm very conscious of my responsibility as a Board member to provide very effective oversight of – on the organisation and to make sure that what we're doing is in the best interests of the organisation.

To do that oversight role, what do we bring? We bring years of experience and skills, some tough situations we've dealt with, as well as an enquiring mind. So we ask and look to get to the gist of the questions and challenges that are put in front of us and to be comfortable asking when necessary those challenging questions, whilst also at the same time providing appropriate support and encouragement to the organisation.

I can assure you that this Board, the NAB Board, provides that effective oversight to the organisation so that we're making sure that the decisions and actions taken are in its best interests. Thank you.

Philip Chronican: Thank you. Is that okay? Thank you.

Christine Haydon: (Shareholder) Thank you. Thank you very much.

Philip Chronican: Great. Can we go to microphone number three, please.

Unidentified Company Representative: Chair, I would like to introduce Simon Livesey.

Simon Livesey: (Shareholder) Hello. I've got a question for Kathryn Fagg. I'm just wondering as a lady - you've got a family - how do they feel about all your boards and various other jobs and things? Could you sort of run through that for us, please?

Philip Chronican: I'm sorry. No. I'm sorry. I'm not going to allow that question. That's an outrageous question.

Simon Livesey: (Shareholder) Not really.

Philip Chronican: Thank you. Thank you. Can I please go to microphone number two.

Unidentified Company Representative: Chair, I would like to introduce Peter Starr.

Peter Starr: (Shareholder) Good morning, Phil, and...

Philip Chronican: Morning, Peter.

Peter Starr: (Shareholder) ...good morning ladies and gentlemen and fellow shareholders. The first speaker, Chris Schacht, stole a lot of the things that I had to put forward to you, Phil. Certainly in relation to what went on there under the two previous CEOs was an absolute disgrace.

I'm wondering if you can tell me who was the head of the Risk and Audit Committee from the Board and also who were the auditors? Because there is no way that that could not have been picked up by Blind Freddie, given that the CEO was approving – the CEOs PA was approving from the same company of the woman who's been found guilty of 60 charges – 60 charges – in the District Court two weeks ago.

Now, I cannot believe from the shareholders I represent how nobody picked it up and it took a whistleblower, as Mr Schacht said, down below. I think – and you've been on the Board since 2016, Phil. It's – I know you're not on a lot of other Boards and that's good, but certainly in relation to this, I think you owe the shareholders – because you talk about the dividend, \$100 million.

Were we covered for insurance to get that back? Because it - \$100 million could have gone to dividends to everyone in this room, which are self-managed super funds, ordinary mum and dad investors, it's an absolute disgrace, Phil. Not only did Mr Schacht raise that question, I also raised that and was told the same thing, on behalf of the shareholders I represent.

One other thing I'd like to say, to you Ms Fagg, is that you have big shoes to fill. Because David Thodey, who stepped down as the Chairman, David and I have a – we've been colleagues probably 20 years, as I'm sure you're aware. So you have big shoes to fill.

But certainly, Phil, I am seeking some answers, and I think the other shareholders in the room are entitled to have some answers in relation to that. It's an absolute disgrace. I can't believe, the shareholders I represent say, Peter, are you telling me that nobody, the auditors, nobody on the Risk Committee of the Bank, picked it up? Nobody asked any questions? Somebody said, oh, this is a bit strange. It's the same person. Oh, it's from the

same events company. Oh, it's all right, it's the same. What, hundreds and hundreds and hundreds of times over how many years, really Phil?

Philip Chronican: Thanks Mr Starr for the question. I can say no more than I have already said to Mr Schacht, which is, that was a very embarrassing failure of the control environment over a very long period of time. That obviously significantly pre-dated either Doug's or my time on the Board, but kept going after we had joined the Board.

We were as embarrassed as anybody to find out that that had been going on. When we found out about it we moved very rapidly to deal with the individual involved, and to completely overhaul the control environment so that it can't happen again. But I can do nothing other than apologise to investors for the fact that the Company let them down. So thank you.

Peter Starr: (Shareholder) It's appreciated to hear that you have apologised, Phil, and I think that's of some comfort. I would really hope that this can never happen again.

Philip Chronican: You can rest assured that I am - you may recall, I stepped in as an Acting Chief Executive in that following year. So I personally got to oversee the implementation of the new controls.

Peter Starr: (Shareholder) Just one final thing, just on the re-election of the other two Directors. I think it was a very good - I know Ms Sherry was involved in head-hunting Ross McEwan. I think I said at the time when he was appointed, that it was CBA's loss. Because had Ross McEwan had got the job, which he should have got the job at the CBA, we wouldn't have been hit with all those fines and AUSTRAC things. Thank you.

Philip Chronican: We were happy to have him here, so thank you. All right, can I go to microphone 1?

Unidentified Company Representative: Chairman, I would like to introduce Miss Shohaag Sengupta.

Philip Chronican: Great, thanks Miss Sengupta .

Shohaag Sengupta: (Shareholder) Good morning to the Board. I have a question that is relevant to the entire Board, but in particular would like a response from you Philip. Now this is something that I actually talked to Ross McEwan about two weeks' ago, and had the same response that I have heard from you today, to read your Climate Policy regarding the risk of your relationship with Whitehaven Coal.

Now I have read your Climate Policy, and I found no mention of ending corporate finance to companies who are planning to expand thermal coal production. So my question relates to NAB's current exposure to Australia's biggest single player coal mining company, Whitehaven Coal. So in February 2020 NAB has loaned \$110 million. A loan that is now matured and up for renewal next year.

We have heard that Whitehaven Coal is in preliminary discussions with its banking partners about refinancing this loan. Meanwhile Whitehaven Coal have massive expansion plans for the thermal coal mining sector. These plans, these climate wrecking plans, have drawn the attention of the Move Beyond Coal Movement and Campaign, which has brought thousands of community members to NAB Branches having consistent protests to voice their concerns.

So my question for Phil, but really for the entire Board, is NAB concerned about the Bank's reputation being tarnished by association with Whitehaven Coal? Has the Bank, and have those seeking re-election, considered the risk of losing or failing to recruit staff, customers, and attract ongoing investment due to its ongoing banking relationship with Whitehaven Coal?

Philip Chronican: So thank you for the question. The conduct of this meeting is not going to be talking about any individual customer of this Bank. So I am not going to answer the question the way you've asked it.

Furthermore, we have published a comprehensive approach to climate and emissions, which is way more comprehensive than any question about a single company in Australia. So thank you.

Now can I also please make a point for the benefit of anyone else who is about to speak, that if there are any more questions that relate to the companies or any individual Director's approach to climate emission strategy, we will be turning the microphones off and moving on to the next item of business.

Do we have any more questions microphone 2?

Unidentified Company Representative: Chair, I would like to introduce Billy Greenham.

Billy Greenham: (Shareholder) Good morning to the Board and to...

Philip Chronican: Good morning.

Billy Greenham: (Shareholder) ...the three members for re-election. My name's Billy, I'm a sixth generation beef farmer from South West Victoria. Our property includes broadacre

grazing, with over 400 head of cattle, as well as protected swamps and remnant bush land. My question relates to the impacts we are seeing to the agriculture sector from climate change.

Philip Chronican: Thank you. I suggest you hold your question over to Item 6. So thank you very much for that. Can we now go to Virginia. Do you have a question online?

Virginia Porter: Thank you, Chair. We have one question from Mr James Burne. Mr Chairman, how can you have the time to dedicate 100% of your work hours to the NAB shareholders, when the shareholders of Woolworths are paying you \$260,000 a year for your time on their Board?

Philip Chronican: Well, thank you. So shareholders who have at least been following things may appreciate that for most of my time as Chair of NAB, I have not had another listed company Board. But shortly over a year ago I took up one other Directorship, and it's my only other public listed company Directorship.

The role of Chairman of NAB has never been intended to be a fulltime executive job. Although I have to say there are times it absolutely does feel like that. But I do, do only those two listed company Boards. In both cases I have satisfied myself and my fellow Directors at each of those companies, that I am able to dedicate myself to them.

So thank you for the question. Shareholders may be somewhat reassured that I am certainly not seeking any other listed company Boards. So I don't intend to add any further to that.

Do we have any more questions on the floor? Microphone 1, thank you.

Unidentified Company Representative: Chair, I would like to introduce Mr Michael Sanderson.

Philip Chronican: Sure.

Michael Sanderson: (Shareholder) Howdy. I draw your attention to a question I asked to the Board back in '18 when a couple of chaps, Andrew Thorburn and Ken Henry were in charge. I questioned the Board diversity back in those days and suggested perhaps you need something more akin to the German model where you draw resources from within. You're all nice people. But you come from an area that is different to what we in the lower echelon are used to.

I would suggest that because of that there's a sort of self-reinforcing group think. You have - for instance, do you have anybody on the Board that's on the dole, that is renting?

I'm sure if you had somebody like that, the conversation within your Boardroom would be different.

So but I'm not saying to go to that extreme, because - but the German model, my understanding, draws from within the organisation. One of the suggestions I put at that, back in 2018, that perhaps you have a certain percentage of your Board drawn from within. That these people would be able to say, well, in my experience in the branch, this is what's happened. Perhaps this person that caused this little bit of fraud would have been identified a lot sooner than what it did. Just a suggestion.

Philip Chronican: Well, thank you for that. I think you would be surprised by two things. One is the diversity of the actual experiences that, the life experiences that most of us have had. Secondly, I can assure you that the one thing this Board does not have is group think in the Boardroom. We have active and lively conversations on a whole host of issues. But I do take your point, and thank you very much for that.

All right, Operator, are there any questions on the phone line?

Operator: Thank you, Chair. We have one question on the phone line. Your question comes from Geoff Wilson, shareholder. Please go ahead.

Philip Chronican: Thank you. Mr Wilson?

Geoff Wilson: (Shareholder) Yes, congratulations. I'd just like to sort of talk about new Directors and franking credits. It's clear the government is starting to dismantle the franking system. Now both Mr Albanese and Mr Chalmers promised before the recent election not to touch franking.

Unfortunately now the government are trying to stop companies paying out their franking credits with two proposed pieces of legislation. One, re off-market buy backs, and the other, which I'd like to talk about today, called franked dividend and capital raisings. The wording for the proposed franked dividend legislation is ambiguous and wide-ranging. They mention ordinary course of business, which isn't defined anywhere. Treasury and the ATO give no clarity.

These new rules move the goalposts and create significant uncertainty with unintended consequences. I mean one interpretation of the proposed rules means that if you raise any amount of equity before, during or after you pay a fully franked dividend, then that dividend will be unfranked.

My question is really, will the new Directors, but really the whole Board, stand up for the 600,000 NAB shareholders and sue the ATO if they try to stop you paying fully franked dividends due to this legislation?

Philip Chronican: Thanks Geoff. Let me just say a couple of things. One is, we are strong supporters of franking as it was set out, what it was set out to achieve, which is to avoid our shareholders bearing the double taxation of their dividend income. Measures that threaten that would obviously threaten - would concern us.

We have - there is some ambiguity on this second piece of legislation. So I appreciate you bringing it to peoples' attention. The advice that we have received is that the measures would not apply where the distribution in question is in line with the established practice of the entity making the distribution, and the capital raise is seen to be directly related to it.

So we're not as concerned with the underlying intent of the legislation. But as you would appreciate, and as we often find out, the final form of legislation doesn't always stay true to the intent. So we are concerned that there could be potential unintended consequences. So we are keeping a close watch on that issue, and are acutely aware of the risk that is involved.

But certainly the advice we have received is that the announcement of what was intended would not threaten our normal course of business and passing franking credits on dividends through to our shareholders.

Virginia, do we have another online question?

Virginia Porter: Chair, we have a question from Paul Hattaway of Pharraway Proprietary Limited. Thank you for your leadership and hard work on behalf of all shareholders during the last few very difficult years Mr Chairman. Progress has been impressive. Thank you to your Board also.

Philip Chronican: Well, thank you Mr Hattaway. Now if there are any further questions. Microphone 2?

Unidentified Company Representative: Yes, Chair. We have Ms Emily Cross.

Philip Chronican: Okay, thank you.

Emily Cross: (Shareholder) Hello. Since the NAB Board has consulted with the First Nations people and is advocating a voice to parliament be recognised in our constitution, I am looking forward to seeing a First Nations person sitting on the Board in the future. Also I'd

like to congratulate you on the ratio of men to women of the Board. It's improved, keep improving it.

My question relates to cyber security. I have recently had the misfortune of losing over \$200,000 from an account at another bank, which I won't mention. They encouraged me to be very digital. I went very digital, and the result was a loss of a lot of savings. So despite the reassurance that cyber security is wonderful, I have zero confidence in it.

How can I be assured that this Bank, or for that matter any other bank, can keep my money safe? Or should I just put it under the proverbial mattress? Thank you.

Philip Chronican: Thank you. Let me just deal with each of the points you raised. Well, not quite in order. We are very conscious of the gender balance of the Board. I am certainly hopeful that we can further improve it. I also agree with you, that it would be a fantastic outcome when we are able to improve the ethnic diversity of the Board. It would be a great achievement to have a First Nations person onto our Board.

I am very sorry to have heard about your experience on cyber risk. This is a, as you appreciate, is one of the most serious challenges that we face where we have hostile actors out there, both attacking infrastructure and seeking to steal money. We spend an incredible amount of time and effort into trying to make things safer for our customers.

I know as an industry we don't get everything right, but we are absolutely - and I should be assuring all of our shareholders and customers. We take these issues very seriously and spend a significant amount of time trying to ensure that we can look after our customers and keep them safe. I am really sorry if that's not worked for you.

Microphone 2, have you got another question?

Unidentified Company Representative: Chair, I would like to introduce Craig Caulfield.

Craig Caulfield: (Shareholder) Good morning Mr Chronican and to the Board, and to all the shareholders. I have got questions that I will bring up later, but I'm bringing these up because it relates to the Board.

Philip Chronican: Okay.

Craig Caulfield: (Shareholder) I would like to reiterate the points that my colleague, Michael Sanderson, raised just about Board structure. I would like to endorse the outrage from Mr Schacht and Mr Starr over those past horrendous issues. Now I know that NAB is doing a lot better, and NAB's made a lot of improvements, I don't doubt that.



I also know that the skills that have been mentioned when we're talking of Mr McKay, that would be right. I believe that the Board has excellent skills and excellent qualifications. But I don't believe the Board has all off those skills and qualifications and experiences covered.

I am a passionate advocate for bank reform, a founder of Bank Warriors, and an Advisor to Bank Reform Now. We have - Bank Reform Now has 15,000 members and followers. I travel the East Coast of Australia. I have been to 25 AGMs, I have met hundreds of victims. We look at things like internal dispute resolution, external dispute resolution, AFCA.

I mean AFCA is a major failure, and the Board, the members of the Board, I don't think clearly see this. Unless you bring some other people onto the Board, now I think you could create a Sub-Board, or a Sub-Committee. But it needs issues to be elevated up. Clearly with the Helen Rosamond, et cetera, issues didn't raise up.

Clearly, I accept that you are definitely earnestly changing things and doing things for the better. But we don't know that in six years' time there's going to be other things out there. You make comments, Mr Chronican, about the Royal Commission. You have certainly made improvements. But it was left that, it's like we're post-Royal Commission and we have still got our eye on the ball. There's dozens of recommendations by Commissioner Hayne that have not been enacted.

So I'll just mention one. NAB is the leader for agriculture loans in Australia. Farm debt mediation was one of the very clear simple recommendations. Let's have a National Farm Debt Mediation Strategy. We've got a hotch-potch of state systems that work, don't work. Surely one simple system across Australia would be better? Now I've heard every bank say, back from 2016, let's have National Farm Debt Mediation, a national standard. Anna Bligh has said that from predating the Royal Commission. No-one's done anything about it.

So I expect National Bank to proactively bring this in. So when I hear you, Mr Chronican, saying, yes, we're past the Royal Commission, we're mindful of things. That's not enough. So this is where the Board requires extra people. Like myself, or Mr Sanderson, or others that are here, to get this alternative mix of views.

So I hear of strength and courage and challenge, all those are correct. All of the Board members are excellent, and all of the skills are excellent. But there are some critical omissions. A little wedge of omissions that needs to be addressed. Thank you.

Philip Chronican: Thanks very much, Mr. Caulfield and I think, Ross, you probably can follow through on the farm debt mediation issue with the ABA. Yes. Okay, I think Ross will take that onboard, so thank you very much for the question.

Are there any further questions? Microphone 2.

Unidentified Company Representative: Chair, I would like to introduce Rita Mazalevskis.

Philip Chronican: Ms Mazalevskis, thank you.

Rita Mazalevskis: (Shareholder) Good morning, Chair and Board. Nice to be here face-to-face. My questions I have today are more for the Annual Report later but I just want some clarification with the Director evaluation process. Do you engage independent external facilitators to conduct reviews of the Directors or do you do them in-house?

Philip Chronican: We do a combination, every two years? Every three. Every third year we do a full external review and then we do an intermediate update. This year was one of the one in three so this year we had a full external review of the Board.

Rita Mazalevskis: (Shareholder) Okay. I understand boards get reviewed externally every three years but the Board process where the Chair would sit with the Directors and go over their performance and their duties seems to be dwindling and moving externally.

Philip Chronican: No. We do that every year and I'm sure every Director here will quite consciously remember the last review they have had because I'm very deliberate about highlighting each of the areas where I thought they have contributed, where they could have done more. We have other elements that we go through because under the bank executive accountability regime each Director is required to make certain attestations. We have a very rigid process around annual Director reviews, which I conduct.

Rita Mazalevskis: (Shareholder) Okay, that's great. Thanks.

Philip Chronican: Thanks. Thanks, Ms Mazalevskis.

Unidentified Company Representative: Chair, I would like to introduce Nellie Malseed.

Philip Chronican: Thank you.

Nellie Malseed: (Shareholder) Good morning to the Board. The first part of my question is directed to the Chair, Mr Philip Chronican. This question is about comments you made in last year's AGM. In April 2020, NAB was involved in financing TC Energy's highly controversial gas link pipeline. This pipeline has been fiercely opposed by Traditional Owners.

Philip Chronican: Sorry, I have asked for those questions to come up at Item 6 please.

Nellie Malseed: (Shareholder) Right. Yes, but this is just about something that you personally said about the pipeline that's been opposed.

Philip Chronican: Okay. Can you get to - well, can I ask you to do something, because I know where your question is headed? Can you read out what you want to say about what I said and I will give you a response to it?

Nellie Malseed: (Shareholder) Okay. Mr Chairman, you assured shareholders last year at the AGM that funding TC Energy's highly controversial coastal gas link pipeline was a historical issue only.

Philip Chronican: Correct.

Nellie Malseed: (Shareholder) What did you mean by this is a historical issue only?

Philip Chronican: What that says is that it's highly unlikely today we would approve that because it would fall outside of our policy on financing greenfields gas projects outside of Australia and New Zealand.

Nellie Malseed: (Shareholder) But in July of this year NAB did refinance the loan for this pipeline.

Philip Chronican: Can I now interrupt you? We did not and it's better that you do not make misleading statements like that.

Nellie Malseed: (Shareholder) My mistake but my research highlights that...

Philip Chronican: Your research is incorrect. Nothing changed in July this year.

Nellie Malseed: (Shareholder) But you are still financing the pipeline currently.

Philip Chronican: Our original exposure from 2020 has not yet run off and nothing changed in July this year.

Nellie Malseed: (Shareholder) And you are still funding TC Energy's controversial pipeline, correct?

Philip Chronican: In line with the contract that we entered into in 2020.

Nellie Malseed: (Shareholder) Yet other banks...

Philip Chronican: And therefore what I said last year is absolutely correct.

Nellie Malseed: (Shareholder) Yet other banks changed and exited the deal.

Philip Chronican: But it had nothing to do with us.

Nellie Malseed: (Shareholder) In July?

Philip Chronican: No. I don't believe anyone exited, or at least I'm not aware of it. My understanding is the only thing...

Nellie Malseed: (Shareholder) Two banks exited the deal in July this year and you are still...

[Over speaking]

Philip Chronican: My understanding is the only thing that changed in July this year is that the borrower brought in a number of new banks.

Nellie Malseed: (Shareholder) Right, and multiple banks exited, which means that they had the opportunity to exit but you and NAB did not exit the deal.

Philip Chronican: We'd had no opportunity to exit, so I'm sorry, your research is incorrect.

Nellie Malseed: (Shareholder) Right, okay.

Philip Chronican: Thank you.

Unidentified Company Representative: Chair, I would like to introduce Julien Vincent.

Philip Chronican: Mr Vincent.

Julien Vincent: (Shareholder) Good morning.

Philip Chronican: Welcome.

Julien Vincent: (Shareholder) Thank you very much. I would like to ask my question to Kathryn Fagg if possible but if you would like to take it...

Philip Chronican: Well, ask it and I'll determine whether it's appropriate.

Julien Vincent: (Shareholder) Well, it's because of Ms Fagg's role on the Audit and Risk, Compliance Committees, if that's okay.

Philip Chronican: Sure.

Julien Vincent: (Shareholder) It relates to human rights and the application of our human rights policy. It refers to a specific example but I want to reassure you I am only looking for a response about NAB's processes and policies, not a particular client relationship. The context is that in August NAB contributed to a \$1 billion loan to Santos which is related to the Barossa gas project. This was after a case had been filed in the Federal Court in June

over concern the Tiwi Islands Traditional Owners had not been properly consulted. In September, the Federal Court rules in favour of the Tiwi Islands Traditional Owners halting the Barossa gas project.

At the start of this month, the Full Federal Court slapped down an appeal by Santos and upheld the original decision. Following that decision, a representative of the Munupi Clan of the Tiwi Islands said they will continue to fight the project. Did NAB conduct the due diligence required by our human rights policy when considering the August loan to Santos?

Philip Chronican: The answer - unfortunately, you said you weren't going to ask a question about a specific client and now you've asked a question about a specific client.

Julien Vincent: (Shareholder) [I'm asking about a company] policy.

Philip Chronican: It is incredibly difficult to answer that question, Mr Vincent, I'm sorry.

Julien Vincent: (Shareholder) Why? Why can't you answer whether your policy was followed?

Philip Chronican: I can't tell you about Santos's business here. I'm not going to talk about Santos.

Julien Vincent: (Shareholder) You can tell us whether your policy was followed or not.

Philip Chronican: I can tell you that our policy was followed but I can't tell you anything about Santos. I can tell you our policies are followed generally.

Julien Vincent: (Shareholder) So, the policy was followed and NAB still participated in a loan that was contested over a human rights issue in the Federal Court?

Philip Chronican: That's right. We have policies that fall over and get contested all the time. Frankly, I'm not quite sure what the point of the question is.

Julien Vincent: (Shareholder) Okay. Listen then. Santos and its project partners need...

Philip Chronican: Yes, I understand your point.

Julien Vincent: (Shareholder) ...the Darwin LNG extension to facilitate this field development.

Philip Chronican: [Unclear].

Julien Vincent: (Shareholder) Which has not gone ahead.

Philip Chronican: Yes.

Julien Vincent: (Shareholder) Will NAB commit to not financing at least the Darwin LNG extension project in light of the human rights issues related to the Barossa gas to Darwin LNG project?

Philip Chronican: No, our review of that transaction will be in accordance with our climate policy which has been set out, and our human rights policy remains intact. We will follow our human rights policy. Just for the benefit of other shareholders in the room, one of the issues that has arisen in a number of projects both here in Australia and overseas is that when people are consulted to ensure that there is free prior and informed consent from traditional landholders, there are often disagreements among landholders and therefore you have issues like the Tiwi Islanders where they are contested and sometimes the courts take a different view, in which case we react to that. We will follow our policy and sometimes we will get it wrong.

Julien Vincent: (Shareholder) But you were aware of the court case that was in progress.

Philip Chronican: But it hadn't been won.

Julien Vincent: (Shareholder) In June.

Philip Chronican: Yes, but it hadn't been won.

Julien Vincent: (Shareholder) But you could at least hold off on making a transaction decision, a financing decision until the outcome of that case surely?

Philip Chronican: I'm sure that business people will be thinking about that.

Julien Vincent: (Shareholder) Well, why weren't you thinking about it?

Philip Chronican: Well, I have. Thank you. All right. Are there any further questions?

Unidentified Company Representative: Chair, one more here. I would like to introduce Ray Michelle.

Philip Chronican: Thank you. Mr Michelle.

Ray Michelle: (Shareholder) Thank you. We're very pleased to hear how the whistleblower uncovered the fraud that has happened previously, and I was just very interested to know over the last eight years the number of whistleblower complaints that we've had and are these being investigated internally or externally?

Philip Chronican: Well, it depends on the nature of and how serious the issues are but there is an internal process to deal with them initially. It's independent of the business units and where the matters are serious we bring in external reviewers. Thank you.

All right. If there are no further questions - are there any further questions, Virginia, online?

Virginia Porter: No further questions, Chair.

Philip Chronican: Good, all right. I'm now going to ask Anne Loveridge to take over the chairing of this part of the meeting while the resolutions are put.

Anne Loveridge: Thank you, Philip. As set out in the Notice of Meeting, the Board recommends that shareholders vote in favour of the re-election of the three Directors. Shareholders, I now formally put to you Items of business 1(a), 1(b) and 1(c) as set out in the Notice of Meeting. Please record your vote now if you have not already voted. Thank you. I now hand the chairing of the meeting back to the Board Chair.

Philip Chronican: Thank you, Anne. The next three items of business relate to remuneration. Item 2 is the Remuneration Report. The Remuneration Report is in the 2022 Annual Report. Items 3(a) and 3(b) relate to the deferred rights and the performance rights to be granted to the Group Chief Executive as part of his remuneration package. The explanatory notes in the Notice of Meeting describe this in detail.

One theme in your questions in advance of the meeting was how much our executives receive in pay and benefits. We have set our executive remuneration strategy to meet market benchmarks and to retain and attract talent appropriate to a company of NAB's size and complexity. NAB executive team's remuneration is a combination of fixed and variable remuneration, some of which is short term and some long term. As I said earlier, the variable reward outcomes for the executive team this year reflected very strong financial performance but were moderated for customer and colleague results that did not fully meet the targets set by the Board.

Before turning to the resolutions, I would now like to invite questions on the remuneration items. If you're in the room and wish to ask a question and are eligible to, please move to the microphone point nearest to you now. Microphone attendants, do we have any questions on the Remuneration Report? Microphone 2.

Unidentified Company Representative: Chair, I would like to introduce Mrs Justine Sherwood.

Philip Chronican: Thank you. Mrs Sherwood.

Justine Sherwood: (Shareholder) Good morning, Mr Chairman. My name is Justine Sherwood and I'm a proud NAB colleague with 30 years of service and I'm also a Finance

Sector Union member. I'm here today to raise questions on behalf of all my colleagues. At last year's AGM, yourself and the CEO acknowledged the receipt of the FSU's report into excessive hours of working that was occurring across the Bank.

The report detailed the experiences of over 1200 NAB colleagues suffering severe health and wellbeing consequences as a result of exploitative hours of work practices which has enabled patterns of work over and above 50-plus hours per week, spanning back by a decade. You said at the time that the health and wellbeing of colleagues was your highest priority. However, in the 12 months since the AGM the Board and executive team have failed to meaningfully respond to this report or adequately address the concerns raised within it.

Over the same period, management has sought to cut the real wages of 30,000 NAB colleagues with a below-inflation pay offer and a non-union EA proposal. This is despite the fact that we have posted a \$6.8 billion profit and the executive team are in line for an actual pay increase with the Remuneration Report providing for increases well above inflation.

The NAB Board of Directors and executive team have a duty of care to their employees and ultimate responsibility for providing a healthy and safe work environment. How then do you expect colleagues and shareholders to have faith in the leadership of the organisation when you have failed to respond and work with the union on such serious overwork concerns? How do you justify the excessive executive remuneration outcomes and yet expect colleagues to take a real-world pay cut? Will you ensure colleagues will not continue to suffer an erosion of their living standards by delivering pay outcomes in line with the cost of living? Thank you.

Philip Chronican: Thank you. Thank you for your question. I'm just going to make two points, but I am going to ask Ross to respond because I think it warrants that.

First of all, it is not the intention of the Board, and I hope not the intention of the leadership team of this Bank that our staff work excessive hours. Now, we've been through a very unusual period with COVID and absentees and rises in cybercrime and fraud and so on so I know that there have been some hot areas and it's difficult to get staff. I just want to assure you we do not expect overwork to be a matter of course in our business and I'm sorry if that's shown up somewhere.

The second point I want to make is that this year the senior executive team, because they have a combination of fixed and variable, almost person for person their variable reward



has gone down this year and therefore it is not fair to describe this as an increase in their pay. The total remuneration of our executive team is lower for '22 person for person than it was last year. Nonetheless, I am going to ask Ross to comment on the substance of your question. Thank you.

Ross McEwan: Thank you, Phil and thank you very much for actually taking the time to come and ask the question, Justine. I do appreciate it. We have gone through the last three months - just for the shareholders' benefit - of having conversations with our colleagues through the Financial Services Union to see if we can find ourselves a position to update the 2016 Enterprise Agreement. After three months it was put to the vote and actually, our colleagues to a majority actually voted it down.

I did make the choice though at that point in time to actually pay the money and the benefits that I'd said I would because I didn't want our colleagues, particularly our level 1's and 2's going into Christmas not knowing what they were going to be paid next year. We've started - we start again the conversations with our FSU colleagues - there was a meeting yesterday and there'll be a meeting in February is my understanding. I thank the FSU for continuing to have those conversations with us. They are very important.

On having our Enterprise Agreement voted down, we have done something close to 500 listening sessions with our colleagues over the last couple of weeks and they have been very important. One of the issues that's come up, quite rightly, as Justine has pointed out, is the question about our working hours. Whilst we've done a lot of work in the last 12 months having a look at those areas, I think we still have more work to do. I do acknowledge that and we will do that work.

I know Susan has responded but we've also done a lot of work with our own colleagues. It's been an interesting time at NAB over the last year with COVID and a whole raft of other things that we're having to work very hard on, and yes, getting like every business, the colleagues that actually are available to work because the pool of colleagues around has got lower for every business.

It's certainly not our intention to having our colleagues overworked, I've made that very clear to my executive. I myself have made it clear about what I'm prepared to do work-wise and I expect everyone to have at least two good days off to refresh and get themselves ready to go again for the next week.

So, we've got work to do and I'm quite open about that and we will certainly do that work with our leaders and the FSU. I dropped a note out explaining to all staff what the big issues that they had raised with us were and what we need to start looking at next year.

Just for our shareholders, the range of pay that we've put out ranged from a 5.1% for our level 1's, 5% for our level 2's, 4.6% for our level 3's, right through to a 2.5% for our most senior executives. I do appreciate we didn't get agreement but I wanted to make sure our colleagues got the recognition and the money in their pockets from 5 January, to be precise. Thank you for the question. We've lots of work to do. It is one of our two highest priorities, both our colleagues and our customers. We've got work to do still with our colleagues and I do appreciate you asking the question. Thank you.

Philip Chronican: Thank you. We have a question at microphone number 1.

Unidentified Company Representative: Chair, I would like to reintroduce Mr Chris Schacht.

Chris Schacht: (Shareholder) Mr Chairman, Remuneration Report. In the years I've been coming here, we've had the Remuneration Report. I [brought it] today, and it's not dissimilar for most major companies, there's nearly 40 pages in this Annual Report dealing with the Remuneration Report that deals with bonuses for the top 10, 15 people in the Bank. There's not 40 pages talking about the remuneration of the tens of thousands of our employees. I know that's a requirement about the Remuneration Report because of the law, et cetera, payment, but it always strikes me that we have more reporting about the Remuneration Report than our own business plan.

We don't mention the secretary of the union, the FSU, and I'd mention - I'm not a member of that union but I've been a member of two trade unions for 55 years so I declare that interest, I'm sympathetic. I have also said since I came to these meetings beginning in 2003, the reason I've stuck with this bank as a customer since 1970 is not because of the Board or the Chief Executive or the senior executives, it's because of the 30,000 employees you have who provide me with the service when I go to the branch or make a phone call and take the call. They are the ones - reason I have stuck with this bank. If it wasn't for them, you wouldn't exist and I wouldn't be here. I don't know where I'd go to find another bank I might say, you've all got the same problem.

But - but I do think it is not unreasonable that you have to be in this time, if it means I get a less dividend, that you put a bit more money to pay salaries to the 30,000 odd staff or whatever it is, I would forgo a part of the dividend. Because I know in the long run, the bank will survive.

If you don't do that, no matter what you do up there - you wouldn't want to bet that you're here in the same form in 10 years' time. The only reason this bank hasn't been taken over or sold up in the last 15 years is because the Federal Government, Labor and Liberal, has a policy. The four banks can't merge or take each other over and no foreign bank can come in and buy you.

That's the reason you still exist as it is. Because of that policy which I support by the way. But it means the Board has a protection. No matter how many mistakes you make, like the Royal Commission pointed out, or go back to the middle of the last decade, 2005. Remember Homeside?

\$3 billion was wiped out in losses because of a stupid investment not done with proper due diligence about an investment in the home market - home mortgage market in America. So the only - at that time, you might have been taken over if it had been an absolute free market.

So I think it's - the Board has to consider the only reason you've got any goodwill in my view, a lot of goodwill, is the 30,000 workers who deal with me and everybody else as customers every day.

And I am sick of having to come and say that again and again at AGMs. The reason I'm with the bank is not because of the Board, it's because of the staff who serve and serve all of us.

And I have to say, I've been going to a local branch down where I live in Adelaide at the Glynde branch. Every time I went into that bank, four or five times a year to do something - one of the times I had to pay a speeding fine in bloody Latvia of all places. And I had to transfer the money. I couldn't work out, because it was in Polish and Latvian.

I went to the bank, showed them the form, the woman - the teller said oh yes, Mr Schacht, I know how to do that. And in 35 seconds, she did it. Transferred the \$200 fine. Now, while I was waiting, there was a queue. Every time I've been to that branch, there was a queue of people. I have to say overwhelming of my age group, 50s, 60s, and 70s.

Many of them with an ethnic Italian or Greek background. So what did we do end of last year? We closed the branch. Closed the branch. And I thought hang on, why are we closing a branch when every time I've been there, there are dozens of people queueing up to get a good service from that bank - those bank tellers?

I actually wrote a letter once congratulating [Stacey] on helping me and she was staggered that someone would take the trouble. She's more important to the future of this bank. I don't know whether she's been laid off now or sacked. But it comes back to the point that you've got to be understanding in the negotiations, and you're still open to that negotiation.

If someone said to me don't say to me look, if we give them more money, you're going to get a less dividend. Well I say if that's the view about your negotiation, you ought to all give up. I think the union has a pretty good case here. Not because they're a union but because their members have created a bank that survives through all the scandals that we have had.

And therefore, I look forward next year Mr Chairman, when I come again if I'm still alive in this place, that in the report there is more report giving about what we're doing with the staff and supporting them and their pay and their conditions than the 40 pages for the top 10 executives in the Remuneration Report.

And I finish on a comment about...

[Applause]

Chris Schacht: (Shareholder) Maybe I should stand for the senate again if they're clapping like that. The - I just finish on a remark, Mr Chairman. You've been very indulgent to give me this time.

In 2018 at the AGM, I asked again about the Remuneration Report. Ken Henry was the Chair. And I thought Ken Henry, despite the performance at the Royal Commission inquiry, when he was the head of treasury, he was an outstanding figure. Probably the greatest public servant in the previous 20 years of my knowledge.

I asked him about the 40 pages. He looked down the Board. He paused for 20 seconds and looked down the Board and said, you're right, Mr Schacht. I'm like you. I don't understand it either.

And because I don't think Einstein can work out these formulas. And they're all there because you're required legally partly to do it, that is true. But please - I can't ask you not to do it. You've got to do it under law. But how about a few more pages on what you're doing for the staff? What you're doing for maintaining banks or branch offices et cetera.

Even if it means instead of having \$3 billion profit next year, it's \$2.5 billion. The bank will survive longer if you do that. Thank you.

[Applause]

Philip Chronican: Thank you. So all I can do is agree that in fact, one of the conversations we frequently have is why do we spend 40 pages talking about 10 people when we've got 30,000 people keeping the place together?

So that message is deeply understood and appreciated by all of the senior group, and most particularly those who have to actually pour over the detail of the 40 pages. So thank you. I absolutely endorse that view and I also endorse your comment about the people who make up the day to day staffing of this organisation.

I know Ross and his team and the Board spend a lot of time visiting various parts of our organisation and we are always inspired by the energy that our teams in the various places bring to the table.

Can I ask if there are any more questions at microphone 2?

Unidentified Company Representative: Yes, Chair. Can I reintroduce Mr Craig Caufield.

Philip Chronican: Yes. Thank you.

Craig Caufield: (Shareholder) Mine has some similarities to Mr Schacht. I was - my first comment was to say that the REM report is simply too long and I don't know anyone that...

Philip Chronican: Yes, I think we've got unanimity on that one.

Craig Caufield: (Shareholder) I understand that.

Philip Chronican: Unfortunately, as Mr Schacht has pointed out, we are required under Australian Corporate Law to provide all that information. So - but please go on.

Craig Caufield: (Shareholder) I understand the law but I'm sure that there's ways that you could still simplify it. Bring it back to 30 pages. Make some of the formulas simpler. Now, where Mr Schacht was talking about employees, and I concur with that, I'm talking about customers.

So we're talking about millions of customers and I don't see enough of the proper customer metrics. In Mr McEwan's opening statement, it talks about customer's net promoter score which ranks first or second of the major banks. Can you tell me what is the net promoter score? I haven't had time to go through the whole annual report.

Philip Chronican: Sure. So net - you may recall, if you've been around long enough, that banks used to talk about their customer satisfaction measures.

Craig Caufield: (Shareholder) I understand it. I just need the number. Is it four? Is it two? Is it negative one?

Philip Chronican: Well, we measure it different for each segment. So we have a net promotor score for our mass market personal customers, for our business customers. The...

[Over speaking]

Philip Chronican: The answer for the retail personal customers, and I'm sure I'll get corrected if I get this wrong, hovers around net zero, isn't it? It was around negative 17. It has got up to around - I think we got to positive one at one point and it's bounced around a little bit like that.

So it's showing - it is in fact showing zero. It's the one area of net zero we appear to have achieved.

Craig Caufield: (Shareholder) Yes, okay. I wouldn't call it much of an achievement myself...

Philip Chronican: No.

Craig Caufield: (Shareholder) ...and I think it's the wrong measurement which is why I'm here.

Philip Chronican: No and can I just add to that point? The Board has been quite clear with management that we've never been comfortable with having net promotor scores with negatives or zeros in them. That we are seeking to have positive net promotor scores.

Craig Caufield: (Shareholder) Yes, I would say don't be comfortable with positive net promotor scores either because the system is gamed. Net promotor scores are gamed. People that are unhappy customers - I know with my bank, if I make a complaint, I'm not called up. Mr Caufield, what do you think of the bank et cetera? If I'm happy, I'm called up.

I actually get staff members that if there's something that's going really well, it's like you might be receiving a survey. Yes, so these numbers are gamed. And I do understand Mr McEwan was comparing them relatively to the other banks.

So on relative terms, you've improved, I get that. But on a - sorry, on absolute terms. But compared to say Bendigo Bank's net promotor score is 24 - 24.5. Perpetual is 50. Now, net promotor score works...

Philip Chronican: And we saw some data recently - in fact, in this board meeting round, we saw some data that said our ubank business is now up around positive 29 or - yes. So it is doable but it's been very hard on the mainstream...

[Over speaking]

Craig Caufield: (Shareholder) But even ubank and its positive number, it is still not an adequate system. Now, if I look on page - I think it's 53. There are no page numbers there but - 54. You've got a table, an annexure. Why not have one table, one annexure, of a list - a host of 20 measurements of customer metrics?

You know, numbers of complaints. Some are in there but I'm saying it's not adequate. Numbers of complaints. How long are those complaints? Number of customer advocates. How long are they? Number that goes to AFCA. How long does that take? Number of breaches that we've had. How long did they take?

We can come up with 20 metrics in a single page and all the banks could publish it. Let's do something there that gives a better customer feedback because if anyone is talking net promotor score - I know one of the banks, it's 100% net promotor score is the short term variable [rem] for the CEO.

So something like that that's gamed. I'm not saying that's here. But it's totally inadequate. It should be discarded. Thank you.

Philip Chronican: Thank you. You actually made quite an important point which I'd like to pick up on, Mr Caufield. Which is in the interest of simplicity, we come under pressure to have fewer measures in these scorecards from our investors.

But when the Board interprets them, and the NPS example is a good one, we look at the number that comes up but then we do say where are we on our AFCA complaints? Where are we on our complaints handling? Where are we on customer attrition? Have we actually gained market share?

So while we use that one number in the scorecard, we are alert to the fact that it may be a number in conflict with some other experiences. Similarly on colleague engagement which is in the scorecards. We're conscious that that too has risks and - because it's survey based.

So we do look at unplanned turnover. We look at our ability to recruit and retain people. So the Board is - just as when we look at our financials, they might meet the earnings

numbers. But we go deeper and say well, how did they meet the earnings numbers? And was it actually the way we wanted to?

So the Board does exercise its judgement when interpreting the numbers we get. So thank you for your point, I just wanted to give you that reassurance.

Craig Caufield: (Shareholder) Yes, thank you for those comments. I would like to see that furthered simply by being transparent...

Philip Chronican: I understand.

Craig Caufield: (Shareholder) ...with having it in here. And let me congratulate NAB because NAB was one of the few banks that actually made their APRA report transparent.

Philip Chronican: Yes. Thank you.

Craig Caufield: (Shareholder) Thank you.

Philip Chronican: All right. Microphone number 1.

Unidentified Company Representative: Chair, I'd like to reintroduce Mr Michael Sanderson.

Philip Chronican: Thank you.

Michael Sanderson: (Shareholder) Hello again. I'd like to build on Mr Schacht's comments about staff and branches. Banking is a unique service with unique powers and responsibilities. I put it to NAB it's not possible to digitise a personal interaction, reflect it in a file, or do it remotely.

National Australia Bank has 286 regional branches still open but has closed or cut services to a point where the facility is no longer classified as a bank branch to 474 locations. This is a cut of 62% of the original regional network of 760.

My question is how do NAB branch closures comply with the mandatory, very important word, mandatory contractual warranty of the banking code of practice that states we are committed to providing banking services which are inclusive of all people, including (a) older people and very important to me. People with disabilities. This is a good one, Indigenous Australians including in remote locations and (d) people with limited English.

Now, I'm an Alice Springs boy. Grew up in the Centre and I'd like to focus in on Indigenous Australians including remote locations seeing all things Indigenous seems to be flavour of the year, does NAB have a branch at Yuendumu? Papunya? Areyonga? Docker River? Hermannsburg? Warburton? Santa Teresa?

Unidentified Participant: [Unclear].



Mr Sanderson: (Shareholder) No, I was there - no, just for news, I was the member for Humpty Doo and Bees Creek in the Litchfield Shire Council. Just a comment at the back there. Anyway, that's my question.

Philip Chronican: So thank you. I'm not sure I've been to many of the towns that you've just articulated so I'm...

Mr Sanderson: (Shareholder) I'm quite sure you haven't.

Philip Chronican: Although I have been to some weird and wonderful places this year, including as part of our Board's trip to the Northern Territory, but we didn't come as far south as the Red Centre. But I did get into some pretty wild places a couple of - three hours out of Darwin.

We have - even though our branches numbers have fallen over years and that is the inevitable result of the changing pattern of usage, we still have 283 regional branches which I think still puts us actually ahead of almost all our competitors but more importantly, we have entered into the contractual arrangement with Australia Post to make sure that the post office branches are available to provide some banking activities and services to our customers.

As you appreciate, it's never been possible. We've never been in every community as a Bank and the number of branches - I can only hazard a guess that the number of branches will continue to slowly decline over time as fewer and fewer people use them.

Mr Sanderson: (Shareholder) Yes, I've just got a follow up on that. You mentioned Australia Post. Between 1991 and 1996, Paul - the Keating Labor Government sold out working - indeed all Australians by fully privatising the Commonwealth Bank.

My questions are, would the NAB support the re-establishment of a public owned bank? Perhaps through Australia Post seeing it's doing all the heavy lifting, to offer all Australians bread-and-butter banking irrespective of the location and circumstances and would NAB support the reintroduction of modern Glass-Steagall regulation that separates bread-and-butter banking from risky speculative banking?

Philip Chronican: So I'll answer the second part of that first, which is, I don't know that we do any risky speculative banking and therefore there's not much to ring fence from that.

Mr Sanderson: (Shareholder) So you wouldn't?

Philip Chronican: I don't think that the question of opening a government-owned bank has been raised in any other forum so I've never turned my mind to it.

Mr Sanderson: (Shareholder) That's probably an indication of your detachment. It's been spoken about quite extensively in parliament. I actually spent the last week of sittings in Parliament and yes, it's - there's a lot of chatter.

Philip Chronican: Well I...

Mr Sanderson: (Shareholder) I'd suggest you start to engage a bit lower down, which goes back to my...

Philip Chronican: All right, thank you for that.

Mr Sanderson: (Shareholder) Thank you, very much.

Philip Chronican: Thanks, Mr Sanderson. Microphone 2?

Unidentified Company Representative: Chair, I would like to reintroduce Peter Starr.

Philip Chronican: Mr Starr, thank you.

Peter Starr: (Shareholder) Thank you, Phil. I'm just wondering if you could comment on July last year if NAB in Victoria was taken to court in relation to - by the wage inspector general here in Melbourne in relation to underpaying your wages for NAB staff?

Philip Chronican: Actually I can't remember - are you across the detail of the case? We identified some underpayment issues ourselves and have raised those.

Ross McEwan: Is this the actual underpayment on remuneration or is this - or is it the casuals? This may well be the case - may I?

Philip Chronican: Yes, please.

Ross McEwan: Mr Starr, can I just get clarification?

Peter Starr: (Shareholder) Sure Ross.

Ross McEwan: Is this to do with the case that's going before Fair Work on casuals?

Peter Starr: (Shareholder) No, this related to both NAB and CommSec, okay? So CommSec and NAB. The Wage Inspector has launched 10 prosecutions since July last year and in - including against NAB and CommSec. I don't expect you to comment on CommSec, certainly NAB.

Ross McEwan: No, no, I'd probably prefer not to but on the one - the one that I am aware of - there's two things that I'm aware of. (1) We've been quite clear over the last couple of years, there is underpayment in the sense of we hadn't calculated correctly across quite a

number of quite difficult payments that we had to correct. We've been communicating with colleagues both present and past and making payments to them on that.

The second one that I'm aware of, the Fair Work, is to do with whether casual staff are included for long service. Which is actually excluded out of our enterprise agreement specifically, yet the Fair Work thought it should have been included. So that one I'm aware of but the other one, I'm not aware of but I may be wrong. So - but those are the ones I'm aware of.

Peter Starr: (Shareholder) Thank you and just to follow up, if I could, please, Phil?

Philip Chronican: Yes, please.

Peter Starr: (Shareholder) Just for the benefit of other shareholders in the room, Mr Caulfield and Mr Sanderson and I believe Mr Schacht and myself, we certainly - Mr Caulfield and Mr Sanderson, pushed really hard behind the scenes to get the Royal Commission up for the benefit of just ordinary customers and people who had been affected across the board of all banks.

So I'd just like to just raise that and bring that to the attention. Thank you.

Philip Chronican: Thank you and quite conscious of the role you played in not only initiating the groundswell for the Royal Commission but attending on a regular basis. I remember seeing all of you frequently so thank you. Are there any further questions? Item - question microphone 1, thank you.

Unidentified Company Representative: Chair, I'd like to introduce Mr Mark McClintock.

Philip Chronican: Thank you.

Mark McClintock: (Shareholder) Just a very quick question. How do I explain to my grandchildren why if they save money, they'll get 1% and 2%. If they borrow money on a credit card, they're paying 19.9% or - hard to explain to them.

Philip Chronican: Thank you. So just if I can just say very briefly, credit card debt should never be used as core debt. It's there for convenience, come-and-go. It is high risk and a very small proportion of the total outstandings on credit cards actually bear interest but I take your point.

Personally, I don't recommend that people rely on credit card debt. It should only ever be used as a temporary overdraft type facility but thank you for the question, I appreciate it. Microphone 1, the next question.

Unidentified Company Representative: Chair, I'd like to introduce Mr Terence Sawyer.

Philip Chronican: Thank you. Mr Sawyer.

Terence Sawyer: (Shareholder) Thank you, I am prompted to ask this question after hearing Mr Schacht's evaluation of the Board. While I recognise the expertise of the Board, in the highly unlikely event that the remuneration reports were voted down, would we expect any resignations from the Board?

Philip Chronican: Well as you say, in the highly unlikely event. I've seen the pre-voting so...

Terence Sawyer: (Shareholder) Yes, I said a highly unlikely event.

Philip Chronican: So it's...

Terence Sawyer: (Shareholder) It's a theoretical question.

Philip Chronican: We're dealing now purely in the hypothetical situation and so I can only give you a hypothetical answer which is, I have no idea. So thank you. All right, Virginia, do we have any questions online?

Virginia Porter: No further questions, Chair.

Philip Chronican: Thank you. Operator, are there any questions on the phone line?

Operator: Chair, there are no phone questions.

Philip Chronican: Great. All right, well if there are no further questions, shareholders, I'll now formally put to you Items of business 2, 3(a) and 3(b) as set out in the notice of meeting. Please record your vote on these items now if you have not already voted.

The next item of business is Item 4 which relates to the approval of amendments to the Company's constitution. A summary of the amendments is in the explanatory notes to the notice of meeting and the amended constitution which was available for shareholders to consider on the Company's website.

The Company's constitution was last amended in 2008 and there have been many developments in corporate governance law and practices since then. The Board recommends that the proposed amendments are made so that the Company's constitution appropriately reflects these developments and supports the administration of the Company and its relationship with shareholders. I now formally table the amended constitution. Thank you.

This item is a special resolution. The special resolution requires approval by at least 75% of eligible votes cast on the resolution. I now invite any questions on the amendments to the Company's constitution. If you're in the room and wish to ask a question and are eligible, please move to a microphone. Microphone attendant number 2?

Unidentified Company Representative: Chair, I would like to reintroduce Mr Caulfield.

Philip Chronican: Thank you. Mr Caulfield?

Craig Caulfield: (Shareholder) Thank you, Mr Chronican. I'm really not across the details of the amendments to the constitution; however, yesterday I attended the ANZ Annual General Meeting and I'm sure you're all aware they introduced - there was a separate extraordinary general meeting to introduce a non-operational holding company, NOHC.

I would just comment that that's a business still make money but I call it a NOHC-for-profit business. Either way, I'm wondering, is this related to enabling NAB to operate a separate holding Company so as to have different or lesser oversight of regulators like APRA?

Philip Chronican: So the answer is no, this has nothing to do with establishing a non-operating holding company. We have no current intention to pursue that course of action.

Craig Caulfield: (Shareholder) Okay, thank you.

Philip Chronican: Thank you. Microphone 1?

Male 3: Chair, I'd like to reintroduce Ms Christine Haydon, a volunteer monitor from The Australian Shareholders' Association.

Philip Chronican: Ms Haydon.

Christine Haydon: (Shareholder) Thank you, Chair. The proposed changes to the constitution, will you please just ensure that the shareholders who wish to receive their notices of meetings, dividends, notices et cetera, still have the option of receiving postal communications?

Philip Chronican: There's no change on that? I'm assured by Ms Thomson that there is no change envisaged in the way in which shareholders receive their notifications.

Christine Haydon: (Shareholder) Thank you, Chair. Thank you.

Philip Chronican: Microphone number 2?

Unidentified Company Representative: Chair, I would like to introduce David Brown.

Philip Chronican: Thank you. Mr Brown.

David Brown: (Shareholder) Thank you, Mr Chair. In relation to the unclaimed distribution of dividends, I note that you're talking there in the changes that the amounts under \$500 may be given to institutions or organisations.

I've got no problems about that but what I'm wondering about is how do you get rid of the people and their stockholdings that continually don't claim their dividends and how do you know that they're still alive or they're - what's ever happened to them? Because it doesn't seem to be covered in this.

Philip Chronican: That's a very good question and there's another one I've never turned my mind to. So Louise, have you looked at that?

Louise Thomson: I will have a look at it. I need to take it on notice.

Philip Chronican: Okay. I'm sorry, we do need to take that on notice. I don't know that we have an answer for you on that. I'm sorry.

Unidentified Company Representative: Chair, I would like to reintroduce Peter Starr.

Philip Chronican: Thank you. Mr Starr.

Peter Starr: (Shareholder) Thank you, Phil. Just in relation to the adoption of the Company's constitution, broadly, I think it's in relation - or one of the matters is in the - how you receive your communications and I know for some older shareholders, they - who may not be tech savvy and things, they still like to get their dividends statements by post and the notice of meeting by post. I think that's really important.

As long as that's going to continue, we won't be opposing it and it may be this needs to come to Ms Thomson or you, Phil, in relation to what's the main changes you're seeking to do with the Item 4 as opposed to what was in place? Thank you.

Philip Chronican: Thank you. Thank you. There are a number of changes in the constitution that effectively modernise operations. For example, the original constitution never envisaged things like a hybrid meeting or indeed where we were forced into virtual meetings last year.

Although let me be very clear, we are not proposing to have virtual-only meetings in this constitution. That is not something that our shareholders have indicated support for.

We had situations where resolutions could only be passed by people who were present in Australia which seems nonsensical in a day and age when we could be joining a Zoom call

from anywhere in the world, including our New Zealand-based colleague, Mr McKay. There were other procedural issues where the changes in the *Corps Law* have changed our procedures required by law that our constitution was at odds with them.

So there is nothing particularly earth shattering, I can assure investors of that and those who have had their time and the resources to pour into it, you will have seen in the proxy votes that - and direct votes, it's been well received.

So I can assure all shareholders that there is nothing controversial in those changes but it is about modernising for a world in which telecommunications are much more prevalent and we use alternative means both of conducting meetings and of voting, even within the Board.

Peter Starr: (Shareholder) Thanks, Phil. I think it's just good that you clarified that for all the shareholders.

Philip Chronican: Yes.

Peter Starr: (Shareholder) Just the other thing, it really is important when we had the COVID lockdown, it's really important that shareholders, mum and dad shareholders, self-managed superannuation funds, can come and sometimes they'll ask other people who get up and speak, would you mind asking a question because we don't feel - and I'm - we've always been happy to do that, Phil, as you know.

Philip Chronican: Indeed.

Peter Starr: (Shareholder) So I think it's just really important, you know? Thank you.

Philip Chronican: It may surprise you to know that I actually quite enjoy coming back to physical meetings as well. So thank you.

Peter Starr: (Shareholder) Thank you.

Philip Chronican: Microphone 2?

Unidentified Company Representative: Chair, we have - I would like to reintroduce Rita Mazalevskis.

Philip Chronican: Great. Ms Mazalevskis.

Rita Mazalevskis: (Shareholder) The pronouncing of my name is getting closer each time. We'll get there. I'm just having a look in regard to this item. The conduct of meetings generally which is proposing to give you a lot more powers within a meeting, Chair.

So for example, the amendments expressly set out certain actions the Chair may take, including to refuse entry to, require the removal of, or require security measures in respect of a person using a recording device without consent or if you think someone has reasonable grounds to be removed.

Philip Chronican: Mm-hm.

Rita Mazalevskis: (Shareholder) We attended the ANZ AGM yesterday and the Chairman, Mr O'Sullivan, whilst some shareholders weren't happy with excessive climate change questions, he promoted freedom of speech and allowed everyone to speak.

Then on Wednesday at the Westpac AGM, the Chair, Mr McFarlane and members around him, instructed security to remove a noisy group within the AGM who refused to leave. Then instructed police to escort them out.

So I just want to ask, as Chair of the Bank, is this not overreach in your role when you hire so much security and the security measures are just incredible at Bank AGMs. You think someone's going to go in there and do something, it's worse than going through an airport. I just don't understand the degree of power for an AGM to be able to dismiss whatever you want is justifiable, really.

Philip Chronican: Thank you. Can I make a point though? It is - there are issues about providing a safe environment for the overwhelming majority of our shareholders who attend these meetings wanting to ask questions about the business. Wanting to ask questions about the banking industry. Wanting to eyeball the Directors and the Senior Executives on issues that concern them.

I have pretty unlimited patience when it comes to taking questions from shareholders and those of you who were at my first AGM in 2019 that went on for some five-and-a-half hours, will appreciate that I'm quite happy to be held to account on behalf of the Bank.

But I do find that it's not in the interests of the majority of our shareholders to have disruptions in the meeting that interfere with the conduct of the meeting because it doesn't give people like yourself, people like our colleague who was here asking questions on behalf of the FSU, our Australian Shareholders' Association representative, and those who want to ask us questions in earnest about our approaches to major issues, I think they need to have a fair hearing and do it in a safe and constructive environment. So that is why the constitution gives powers to the Chair to allow that to be done but thank you.



Rita Mazalevskis: (Shareholder) I agree but you already have those powers. Don't you already have those powers, like all the other a - bank Chairs that you can just ask anyone to remove someone or people to be quiet?

Philip Chronican: Well, you can ask people to be quiet, but this makes it quite explicit in the constitution. That's [fine].

Rita Mazalevskis: (Shareholder) You can have people removed as well because it's your meeting. You are Chairing the meeting.

Philip Chronican: It's the shareholders' meeting and I'm representing here the shareholders. Yes, so thank you.

Rita Mazalevskis: (Shareholder) Okay.

Philip Chronican: I've been attending Bank AGMs for 20 - well actually 30-something years and some very long ones I might add as well. I appreciate the important role they play particularly for our retail shareholders who only once a year get an opportunity to come along and see the leadership of the Bank that they have been faithful shareholders to.

I want to make sure that they and their time is treated respectfully. So thank you. Are there any further questions in the room? Microphone 1.

Unidentified Company Representative: Chair, I'd like to introduce Ms Joanna Richardson.

Philip Chronican: Thank you, Ms Richardson.

Joanna Richardson: (Shareholder) I want to follow up on that last one because I was at the Westpac one and it does seem that you do already have powers to remove people who are particularly disruptive and I support that.

But when you put it into the constitution and make such an issue of it, it's a bit like some of the things we see overseas where you do get worried that it is going to be a power that is capable of being abused. You're making it fairly clear that certain forms of dissent are not tolerated.

Philip Chronican: It's certainly not our intention and I expect dissent at meetings like this and I've never been disappointed. So thank you. Are there any further questions in the room? No. Virginia, are there any questions online?

Virginia Porter: No further questions Chair.

Philip Chronican: Operator, are there any questions from shareholders on the phone for Item 4?

Operator: Chair, there are no phone questions.

Philip Chronican: All right, well if in the absence of any further questions I'll now formally put to you the item of business 4, as set out on the Notice of Meeting. Please record your vote now if you have not already voted.

I'll now turn to the next item of business, Item 5, which is the consideration of the Financial Report, the Directors Report and the Auditor's Report. The Corporation's Act requires the Directors to lay before the Annual General Meeting, the Financial Report, the Directors Report, and the Auditor's Report for the last financial year.

I confirm that NAB has not received any written questions for the auditor, but if you are in the room and you wish to ask a question on the financial reporting suite and are eligible to please move to the microphone point nearest to you now. Microphone 1, do you have a question?

Unidentified Company Representative: Thank you, Chair. I'd like to reintroduce Mr Chris Schacht.

Philip Chronican: Thank you.

Chris Schacht: (Shareholder) Thank you, Mr. Chairman. I was at the Westpac meeting two days ago when the demonstration took part. I thought, for five minutes, fine, make their point. If it was going to go on for 30 minutes, I would have said piss off because I think they made their point and I believe in demonstration where you make your point, et cetera.

I don't - and I respect your remarks, there are some other companies, public companies not in the banking sector I see elsewhere that have very restrictive processes that make it very difficult for an ordinary shareholder to ask more than one question before they're ruled out by the Chair et cetera.

We don't want to go that, and I respect you doing it for 30 years. It means you might be a bit of a masochist, Mr Chairman, to do all of that but I think other people have made the comment, a heavy hand will do more damage to the reputation of the Bank than being a bit more open and letting the demonstration go for a few minutes if it is.

My question is to the auditor, as I gave earlier about the unfortunate scandal, et cetera, and this is about - Ernst & Young is our auditor now. Were they the auditor back in '16, '17, '18?

Philip Chronican: Yes.

Chris Schacht: (Shareholder) Right. Well, my question to the auditor is, how did you miss it? What were you doing when you get paid a large sum of money and lots of people to go through the accounts, how did you miss it?

You have missed it, which you clearly have until a whistle-blower way down the system pointed it out itself. Therefore I want them to say - explain how they missed it, (2) what have they done since the scandal became public to do anything in changing their auditing processes that catches it in the future?

In particular, have they insisted that the list of all the delegated authorities to individuals to be able to make payments without reference to the Audit Committee of the Executive or of the Board and what are the limits they put on now, how much can be delegated?

I don't expect them to chase down the local branch manager of the Glynde Bank who's no longer there of course, having the right to delegate to spend \$50,000 a year on painting the office or bloody something.

If someone gets \$20 million, I want to know that that is being checked and that no one else at that sort of level of millions of dollars of delegated authority, including the Chairman, the Chief Executive, and the other top executives that are in the Bank.

Therefore, those are the - (1), how did you miss it? (2), is the Bank seeking a refund from Ernst & Young for missing it and the damage done to the brand of the National Bank? That is extraordinary and I think if you're not asking for it, Mr Chairman, you should. I think you should take legal action because they have done by their incompetence - and that's what I call it - they have done damage to the Bank's standing. It's done damage to the business for it.

Third question is they're still the auditor and I'm amazed they still are. I think you ought to review whether they should continue the auditing Mr Chairman. What have they done to monitor the delegated authority of all the staff who have delegated authority to spend what most ordinary people would see is considerable sums of money? I'll ask that question now, leave and then I've got some others on the general report.

Philip Chronican: Okay, fine. I am going to allow Ms Lowe to respond to your question after I just make one very important point. The primary accountability for the production of the financial reports and the financial statements is with the Company.

It is not the responsibility of the auditor and therefore it is our fault that control failed and it is our accountability. Now, that's not to say that the - the auditors then have a process

which they go through, but I just want to be very clear that it is the primary responsibility for the financial control of this Company rests with the Board and the management of the Company. The auditors don't do that work on our behalf. Sarah, is there anything you'd like to say?

Sarah Lowe: Thank you Mr Schacht for your question and I'm sure it's of interest to all shareholders. Let me start by summarising our audit responsibility under the Corporation's Act, which is to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement.

To help users of the financial statements better understand our scope and procedures of our audit and procedures, our audited opinion is on page 245 to 252 of the Annual Report. It also summarises the key audit matters, which were most significant in our audit for the current year.

In relation to your specific question and in accordance with ASA 240, the auditor's responsibilities relating to fraud in an audit of a Financial Report, the auditor is responsible for obtaining reasonable assurance that the financial report taken as a whole is free for material misstatement, whether caused by fraud or error.

The fraud that you've related to is immaterial to NAB's group financial statements in both the year it was identified as well as in each of the proceeding years of alleged fraud is proposed to have occurred.

I remain satisfied that the audit opinion for the year ended 30 September 2022 as well as the previous reporting periods audit reports still remains appropriate.

Philip Chronican: Thank you Sarah.

Chris Schacht: (Shareholder) Mr Chairman, in the past, I've Chaired a number of non-for-profit organisations and we have an auditor and I have to say the auditors I've dealt with, these are small, more non-for-profit, have asked questions about the accounts, what was paid and double checked. They asked informally.

So I'm a bit amazed that all this delegated stuff was not asked. If it was, I hope it was, and now that the scandal has happened, have they got - that they should go back as an independent auditor and say that's not an unreasonable thing for you now to check.

Philip Chronican: Can I just reinforce...

Chris Schacht: (Shareholder) Mr Chairman, I know what you said. The Bank takes full responsibility for what happens. I accept that.

Philip Chronican: This is a Bank issue.

Chris Schacht: (Shareholder) I accept that, but why are we paying an auditor just to go through the process at the end of each year to say everything's reasonable. We had a good look at it. In the general picture, the finance of course losing a few tens of millions of dollars for the Bank.

This fraud in a bank turnover of several billion dollars is not material to the survival of the Bank, et cetera. Well it is material in that it did damage to the standing of the brand name of the NAB. That is material.

I accept that you have apologised and Doug has also apologised, et cetera, and has said how embarrassed you are. I think that's wonderful you've done that today. I think that improves the standing of the Bank by doing it but I do believe - I don't know what we pay the auditor - probably whatever it is, it's a big job.

Philip Chronican: It's in the report.

Chris Schacht: (Shareholder) Pardon?

Philip Chronican: It's in the report.

Chris Schacht: (Shareholder) In the report, which I've forgotten to read that part I suppose you might say or missed it, but I just want to leave it is that under the Corporations Act or under the arrangements of ASIC or wherever it is, how often do you have to change the auditor?

Philip Chronican: We're not required to change the audit firm under the current guidelines. You may recall there was a Parliamentary committee inquiring into that issue, which did not make any firm recommendation about changing audit firms. Nonetheless, the firms are required to change the lead partner every five years.

This in fact is the last year that Ms Lowe is our signing partner and we have a new signing partner, Mr Dring, who is also sitting in the front row here today.

Chris Schacht: (Shareholder) One last question.

Philip Chronican: The last time we changed firms I believe was around 2004/2005, shortly after the issues that arose in the 2003...

Chris Schacht: (Shareholder) One other question for you. I'm sure the answer will be absolutely no. We have not employed Ernst & Young to do any other consulting work for the business of the Bank other than the audit, is that correct?

Philip Chronican: No. So we have a very tight process around the employment of Ernst & Young. They are required to do the audit. There are some audit-related services that apply and there are some smaller activities that are - it is usual and normal for an audit firm to provide, but we do not provide - we do not employ Ernst & Young for any general consulting work.

Chris Schacht: (Shareholder) Good, thank you.

Philip Chronican: Then I think there is one exception to that which occurred through a joint industry project in New Zealand and that's been articulated in the report.

Chris Schacht: (Shareholder) Okay, Mr Chairman, I don't have any more questions on the - you more than adequately dealt with it in that you've been very open about the scandal. I want to ask you now a question about buybacks.

Philip Chronican: Yes.

Chris Schacht: (Shareholder) At the Westpac meeting I went to two days ago; I pointed out that it was in their report earlier this year they completed a buyback. They spent \$3.5 billion dollars. In the report it says only 5% of the shares were bought back. They spent \$3.5 billion buying them back. They spent less than \$3 billion to pay the dividends to the whole 100% of us in that bank.

I raised the question is that an efficient use of the profits of the Bank and the financial, that 5% of the shareholders got an extra \$3.5 billion on top of their dividend and the rest of us didn't.

I come to the conclusion some time ago, many countries in the Western World actually ban buybacks and I think - I've come to the conclusion it would be straighter for everybody that we didn't have it.

So I just want to say, do we have a policy in the future, in the foreseeable future, you're going to put up a proposal for a buyback and if you do - well, I hope you don't, but if you do, I do not want the buyback being used to boost the payment to the senior staff because it's a clear cut way to boost the salaries of the top executives to say we had a buyback.

There's now less shares. The share price has gone up; therefore you get a bonus because the share price has gone up. I only think you should get a bonus under strong conditions if you've improved the business of the Bank not by using a buyback.

Now the Chairman, Mr McFarlane, took on note what I said. He didn't agree with me, but he did note the point I was making for it. So I just want to know where we are on buybacks if there are in the foreseeable future, in the planning of the Bank.

Philip Chronican: So let me just provide some additional context before I come to the direct answer. Over a number of years leading up to 2020, NAB was involved in what you might call the opposite of buybacks, which is that through dividend reinvestment plans and various measures, we were continually issuing new shares.

The effect of that was to dilute our shareholders' investments in the Company because each year more and more shares were on the books and therefore we were paying the earnings out across more and more shares.

As a strategic position, we've set an objective to try and stop doing that. So what we are now seeking to do, and we will occasionally use buybacks to achieve this, is to make sure that the share count rather than continually increasing, remains stable or slightly decline.

It's not our intent to use the off-market buyback mechanism, which in any event the government has recently sought to make less attractive for consumption of franking credits but I cannot say that we're not going to do buybacks because it will be a way for making sure that when we are forced into situations of issuing shares, it enables us to ensure that the share account doesn't continue to grow and dilute our shareholder's interests.

Chris Schacht: (Shareholder) A pretty reasonable answer but you've taken a warning that at least one shareholder - we might be back here in the near future if you try I also presume we do not provide money, lending facilities to companies that are into short selling where they buy shares, they borrow money, buy shares - or not buy, they borrow shares for three or four, six months.

They get the money, pay immediately sell those shares at that price, then spend three months doing everything to force the price down. So when they have to return the shares, it only costs - it's \$2 less a share.

They make a profit, but they've wrecked the performance of the Company. They destabilised it. For companies that are in long-term manufacturing, et cetera, that can be a very untoward outcome.

Now I just wondered - I presume that you don't lend people money to go and be short sellers.

Philip Chronican: I presume so too and I would be very disappointed if that was the case. David, I presume that you would be too. So no. The Head of our Institutional Business says that he agrees with us.

Chris Schacht: (Shareholder) Mr Chairman, one other matter, you talked about briefing the market, et cetera, to the financial advisors, the investment consultants, et cetera. They can all phone in to when the Chair, particularly you or the CEO, Chief Financial gives a briefing to the market.

Is it possible that mug shareholders like me can join that briefing you give to the market about the performance of the Bank from time to time? Is there a way which we can register to or at least listen?

Philip Chronican: I don't know if they can. The answer is yes you can.

Chris Schacht: (Shareholder) Okay and it's just a normal way to. You don't have to have a code to get in or anything?

Philip Chronican: I don't believe so or if you do, there will be instructions on the website. So on the website, on the shareholder calendar, it should say that there's a results briefing at a given point in time. Then details of how to log in there. I've done it from home, so I presume it's doable.

Chris Schacht: (Shareholder) Yeah, okay, fine but you are the Chairman, I would expect you to have no problems.

Philip Chronican: Yes, but sometimes I haven't told them I'm, I'm looking in on it.

Chris Schacht: (Shareholder) Very good. I'll finish these remarks on the general report. I have got one later on when we get to the resolution 6. I have a comment as I made similar at the Westpac.

You talked about Board composition; other people have made it. I'm very pleased to hear your open-mindedness about some Indigenous background. When I look along the names, whether male or female of the Board, but one are a white Anglo-Saxon name.

That's almost impossible to avoid in view of getting experience, et cetera. Mr Gupta, I don't think I could...

Philip Chronican: I prefer to use the term Anglo Celtic myself.



Chris Schacht: (Shareholder) Of course. I do think, in the changes that are going on and particularly you've emphasised the climate change issue, everything that goes with it, you can't stand still as a Board on what the traditional structure of a Board is.

We can have 40% women, 40% men, that's fine, but you do need a broader range. Is it possible - very hard - can you find somebody who's not in my age group, who's in the age group of the 30s et cetera; the Millennials as they're described elsewhere or whatever, not us old Baby Boomers to be on the Board.

Chairman, you've made some very good comments about the need to renew the structure of the Board and I appreciate that and good luck to it.

Philip Chronican: Thank you. Mr Schacht. Microphone 3?

Unidentified Company Representative: Chair, I would like to reintroduce Simon Livesey.

Simon Livesey: (Shareholder) Good afternoon I suppose it is now.

Philip Chronican: Yes.

Simon Livesey: (Shareholder) Just a story. When I started work 55-odd years ago, we, a few doors down the road there was a Bank branch. You'd get paid just before lunch, you'd go down to the Bank, put your money in. They'd write it in a little passbook, and stamp it and then initial it, and then off you'd go.

Well, anyhow one day I went down and banked my pay. Then thought about a bit later on in the day I noticed some money out. So I went down there and the normal teller wasn't there, but somebody else was. He said, oh, there's a bit of a problem with this, can you come back in an hour?

So I went back an hour later. As I was going in the door the original teller was escorted out of the Bank by two burly detectives. I said to the new teller, what happened there? He said, oh, he was betting on the horses. He was using your money to fix somebody else's account that he had taken money out of the day before. Tomorrow he'll get somebody else's money put in your account.

Well, my question is, this was 55 years-or-more ago, how much fraud goes on in the Bank, and why don't we hear about it? The second question is, how many shares that are on issue get voted in the Annual Meeting.

Philip Chronican: I'll answer the second question for you first. The answer is 53% of our shares have been voted in this meeting.

Simon Livesey: (Shareholder) It's not many, is it?

Philip Chronican: Well, that means that 47% aren't, so you're right.

Simon Livesey: (Shareholder) Yeah. Need to do more about that.

Philip Chronican: So I'm very keen to have more voting. The very largest shareholders do vote. I suspect that the missing shareholders are the smaller investment firms and the bigger retail investors. That's the best evidence that we have. Small retail investors are very usually okay at voting. Probably only in the 50 percentage range. But the very largest shareholders, the top sort of 30 shareholders or 40 shareholders, do vote.

Simon Livesey: (Shareholder) Back to the fraud?

Philip Chronican: Fraud. Fraud is a - both internal fraud, and external fraud - is an ongoing bane of our lives. The reduction in the use of cash in banking, which and cheques over the last 30 years or 40 years, means that the fraud now shows up in different ways. So we very rarely see fraud of the nature that you're talking about, which is misuse of cash in a branch environment. It's not to say it never happens, but we - it's simply not an ongoing problem.

But we would, most of the cost of fraud that we bear is where people - it's credit card fraud, where some criminal gets hold of somebody's credit card number. That would be the largest consistent source of fraud. It's an external fraud, not an internal one.

Internal ones are quite rare, which is why it was particularly disappointing the one that's been talked about in this meeting today, because that clearly was an aberration.

Simon Livesey: (Shareholder) Another question is, just as Chris brought it up. Does the Bank lend shares to short sellers?

Philip Chronican: No, the Bank does not. No.

Simon Livesey: (Shareholder) Any division of the Bank?

Philip Chronican: No. We don't really have an area of the Bank involved in that type of activity. I mean the only areas that engage in shares at all are our online broker, which clearly doesn't, and our JBWere business, and it's not a feature of their business.

Simon Livesey: (Shareholder) Okay, thanks.

Philip Chronican: Microphone number 2.

Unidentified Company Representative: Chair, I would like to reintroduce Craig Caulfield.

Philip Chronican: Thank you.

Craig Caulfield: (Shareholder) Thank you. My heart skipped a beat when I heard the response from the auditor to Senator Schacht's question that \$20 million was not meaningful. So that means the external - there's no external auditing done. Given that there's two people in jail, there's no internal auditing that was sufficient then. I'm flabbergasted.

But that leads me to think that if \$20 million is not meaningful, what is meaningful in the Bank's business is home lending. That is the biggest part of the Bank. We know that in some - a minority, not the majority - but in some home lending there is fraud.

Philip Chronican: Yes.

Craig Caulfield: (Shareholder) We have heard of liar loans, liar loans could be the borrower that is fraudulent in their application. Sometimes it's the broker. Sometimes it's the bankers. UBS has reported that liar loans could be up to \$200 billion. On the back of the auditor's comments, I would like to know from the auditor, how many loan application files does the auditor interrogate? Of those loan application files, how many are found to be fraudulent?

Philip Chronican: So I do need to be clear, it is not the role of the external auditor to review loan application files. Let me just describe the Risk Management Framework in a large organisation. There are what are called three lines of accountability.

The first line of accountability is the business itself. The people who run the home loans business are responsible for the integrity of the home loan process. It's their job to ensure that there are controls in place to make sure that fraud is either prevented, or if it sneaks through is detected.

There is then what's called the second line of accountability. These are the functions within the Bank - be it the risk function, or an internal audit function - that check on those processes to see whether or not they're working.

The role of the external auditor is to provide an assurance on the end result, which is the financial statements of the Bank. As part of that, they will review the overall framework for controls but it is not the job of the external auditor to do a file-by-file review of the home loan book. It is the responsibility of the people running the home loan business to have in place a control environment and it is the responsibility of our risk function and our internal audit function to periodically check that those processes work.

I just want to be clear. I just don't want Sarah being put in the position of asking questions that are simply not appropriate for her. But I am happy, and I know that Ross or Gary would be happy to take the question, which is how do our review processes work. As you appreciate, we did discover in the Royal Commission that there were issues around frauds in the home loan processes from introducers, and we shut that program down.

Craig Caulfield: (Shareholder) Thank you for explaining the three lines of defence and I now understand that the auditor doesn't look at any of the loans and that that's done internally.

Philip Chronican: Yes.

Craig Caulfield: (Shareholder) Yesterday at the ANZ AGM they mentioned that using artificial intelligence they found in the current year, or a year recently, 3500 loan applications that contained fraud. So, they've used this new technology to find that. Is NAB using this technology to find fraud in loan applications?

Philip Chronican: Ross.

Ross McEwan: Thank you very much for the question. We do but we also have a very thorough process at the frontend, be it through our own personal bankers that do the application. There's a lot of technology that is used to validate the information that the customer puts in, or that the broker has put in via the customer because that is where the fraud will come. The second point of - so it will surround income validation that we have to do the checking on.

The second validation is does the property exist and is the valuation of the property at the right valuation or within a band. That's something else that we do to check again through fraud, because some of the fraud comes through from putting valuations that are incorrect. That's the second check we do. We also have a team that do the second assurance as the Chairman has said, to make sure that we're going through and checking files, and when you're looking at a new lender, you do considerable file-checking, i.e. 100% and [to lay our experienced], and then you're constantly going through on a base of I think about 5% of checking files to make sure fraud but also that we're following our responsible banking requirements. We're using more and more data searching that actually is enabling us to (a) be quicker and (2) to find exactly what you're talking about. That is not the external auditor's role, it's a role done by our businesses and it's their accountability. Thank you.

Craig Caulfield: (Shareholder) Thanks, Mr McEwan. The verification - I understand the valuations and confirming the property. In my CBA loan I later found out, only obtaining it through freedom of information, there was a property added in my loan that I never owned and never knew about. So, these things happen and verification is required so that's good to hear. But some more granular insurances for this verification, I see that across the board that verification failures occur but thank you for responding to that and I would like to hear more on that later privately.

Philip Chronican: Indeed. Thank you. Microphone number 1.

Unidentified Company Representative: Chair, I would like to reintroduce Mr Michael Sanderson.

Michael Sanderson: (Shareholder) Hello.

Philip Chronican: Mr Sanderson.

Michael Sanderson: (Shareholder) I would just like to build a bit on what Mr Caulfield has just pointed out but from the perspective of your customers, the consumer. It goes to the issue of access to justice when things go wrong and issues of disproportionate power. AFCA, the Australian Financial Complaints Authority, is perceived by bank consumers to be a bias in favour of its members, yet banks routinely claim that AFCA is independent and impartial.

Some examples that the banks are wrong are a former AFCA case manager, who I'll call RC, worked for NAB for 29 years before working for AFCA for two years. He then took up a position with Bankwest. Just prior to leaving AFCA, RC found in favour of a Bankwest matter as a case manager.

Also, Gerard Brody of Consumer Action Law Centre (CALC) found that of all home-lending complaints made to AFCA in the year 2020, there were no determinations that favoured the consumer. Also, in March of this year, 2020 [sic], an AFCA ruling was overturned by the New South Wales Supreme Court due to the absence of impartiality and independence. I would say that if more consumers had access to the courts that would be a commonplace finding.

I personally know as a complainant and as an ex-member of AFCA that AFCA is biased to the point of corruption, and I don't say that lightly. Because there's no meaningful AFCA merits review of NAB cases - and other bank cases, for that matter - outside the courts is NAB prepared to consider funding a merits review of NAB AFCA cases in the Federal Court?

Philip Chronican: Well, I've never contemplated that and if you want us to look at that you can write to us and ask us that and I can give it some thought, but certainly not prepared to commit to it today, no.

Michael Sanderson: (Shareholder) I would like probably a little bit more focus. I'd like to write to somebody as you don't write to an organisation.

Philip Chronican: You can write to Ms Sharon Cook.

Mr Sanderson: (Shareholder) Ms Sharon Cook? Okay. I do have another issue here, I'll just flick through. Here we go. Regarding NAB risk going forward with particular focus on the mandatory contractual warranty of the Bank - the Code of Banking Practice.

Does the NAB Board acknowledge that NAB and its internal and external lawyers are mandatorily required to comply with Clause 35 of the code? If not, why not? If so, is NAB aware of any occasion where its lawyers have not fully complied with Clause 35 of the code in the past?

Philip Chronican: I'm sorry, I don't know the answer to that question but I believe that we would comply.

Michael Sanderson: (Shareholder) Okay and...

Philip Chronican: You've asked about in the past indefinitely. I would have to be able to go back and do a review to answer that. I have no idea.

Michael Sanderson: (Shareholder) Okay. The mandatory Code of Banking Practice states that disputes handling will be free of charge and meet the standards set out...

Philip Chronican: Yes.

Michael Sanderson: (Shareholder) ...in the Australian Standard, AS 4269-1995. Just for information, you've got to buy that standard. It costs you \$170 to buy an Australian standard offshore. I just find that perverse but it features in the Code of Banking Practice.

My understanding that while in dispute, NAB also uses its credit issuing powers and routinely issues additional credit to some borrowers and charges them interest to pay for their lawyers. So effective what they do is, they issue credit to the loan account to pay the lawyers. I experienced this in my case with Bank of Queensland.

The Bank of Queensland netted \$115,000 from a farm they valued at \$900,000 when the legal costs reached \$115,000, the Bank of Queensland wrote off the debt and discontinued

legal action. I understand from that point, the Bank of Queensland would have had to use their own capital to continue.

Apart from the obvious abuse of the Bank's credit issuing powers, can NAB explain how this is not a breach of the code in the standard? Would NAB agree that such a practice is an abuse of power which further amplifies the inequity or equality of arms in the court?

Philip Chronican: Is that the extent of the question?

Michael Sanderson: (Shareholder) That's it. That's it. Yes. Yes.

Philip Chronican: Thank you. Thank you. Well I can't provide any answer to any of that question. You've asked me a hypothetical as to whether something would be a breach. If it was set out that way, the way you've described it, that's probably the case, but I have no knowledge of the underlying facts you're talking about. So perhaps we can go to the next question, thank you.

Michael Sanderson: (Shareholder) I'll just make a comment though that the fact that you're unable to answer the question obviously demonstrates a disconnect and lack of knowledge of what's actually going on out there.

Philip Chronican: Yes, look, I appreciate that you sit there and prepare a very convoluted hypothetical question but I'm just not in a position to answer questions like that.

Michael Sanderson: (Shareholder) Is there a possibility to talk [at the end]...

Philip Chronican: You can - look, you can provide those questions in writing. You can come up to us and ask us afterwards. In fact, the sooner we get through the questions, the sooner we'll be able to come and have conversations with our shareholders.

Michael Sanderson: (Shareholder) Okay, thank you very much.

Philip Chronican: Thank you. Microphone 2.

Unidentified Company Representative: Chair, I would like to reintroduce Peter Starr.

Peter Starr: (Shareholder) I'll be brief, Phil and shareholders.

Philip Chronican: Thank you.

Peter Starr: (Shareholder) Can you - Phil, can you just elaborate on what Project Eagle was all about?

Philip Chronican: Sorry, in the context of the Rosamond fraud...

Peter Starr: (Shareholder) Absolutely.

Philip Chronican: ...Project Eagle was the term used for the onboarding of a former Executive of ours.

Peter Starr: (Shareholder) Which was Mike Baird, correct?

Philip Chronican: That is correct.

Peter Starr: (Shareholder) So in the process of this recruitment of Mike Bread - Mike Baird...

Philip Chronican: Baird, yes.

Peter Starr: (Shareholder) ...can you confirm for the shareholders that Ms Rosamond obtained \$2.2 million by billing NAB for fraudulent expenses relating to a plan code named Project Eagle?

Philip Chronican: That's correct and that was in the court proceedings.

Peter Starr: (Shareholder) Thank you. So here's the question. If we have the former Executive to two CEOs, and they were long-term CEOs, and the other lady billing the Bank through the same company that she'd set up and nobody picks it up.

You know, the shareholders I represent, Phil, scratch their heads with just disbelief because the thing is, the common sense thing, you would think that somebody would say oh, hang on, there's a reoccurring invoice for this. It's a re - the same thing, same thing, same thing, same thing and - but nobody picks it up.

Whether that be the audit - and can you tell the shareholders and the - everyone in the room and everyone who's listening, who was in charge on the Board as the Head of Risk? Who was in charge of Risk within the Executive? We can't be blaming Mr McEwan because he wasn't here.

Philip Chronican: So I'll broaden the question for you because the - there's both the risk issue and audit and controls issue here. The people in charge of the Risk Committee through that time would have varied because there would have been - between 2013, when it started and 2017 when it was broken out, I think we would have had three different Chairs of the Risk Committee. For the last year of that, the 12 months leading into the blowing, I was the Chair of the Risk Committee.

Peter Starr: (Shareholder) Can you confirm, please, Phil...

Philip Chronican: Yes.

Peter Starr: (Shareholder) ...that the whistleblower actually informed you?



Philip Chronican: No. No because the whistleblower process goes to the Chair of the Audit Committee. So the Audit Committee Chair was Mr David Armstrong and he was the person who received and dealt with the whistleblower complaint.

Peter Starr: (Shareholder) The reason I asked you that, Phil, was because the widescale fraud came undone in December 2017 after the whistleblower informed NAB Executives and the Bank's Chairman.

Philip Chronican: Yes.

Peter Starr: (Shareholder) Now, the reason I asked you that wasn't to try and trap you or anything like that, Phil, that's not the purpose. The purpose I raise these issues on behalf of the shareholders I represent and all the other shareholders in the room is that I still find that gobsmacking.

I appreciate you've apologised and I accept the apology on behalf of the shareholders that I represent but I look at it, Phil, with all due respect to you as a simple common sense, Phil. Like I try to apply common sense in most things I do with the clients I interact with and it seems that either common sense was missing here or people were just asleep at the wheel because I still can't understand that.

The shareholders I represent say to me, Peter, are they seriously telling us or hoodwinking us? I'm not trying to labour the point, I'm just trying to make you understand as...

Philip Chronican: Peter, you can take my assurance, I was as gobsmacked as you are when I discovered what was going on. So I fully understand why you would be because it is, it's earth shattering.

Peter Starr: (Shareholder) It is. It absolutely is.

Philip Chronican: Yes, I'm a former Chief Financial Officer myself. I've been in charge of financial control environments and it was unbelievable that we had a situation where that was allowed to occur and that's why I have apologised and it's why I have had an overhaul of all of the controls around the way in which expenditures operate.

Peter Starr: (Shareholder) Just one final thing. Are we entitled - and I think Chris has already raised this but do we have insurance or do we have some way of recouping that \$100...

Philip Chronican: Can I just be clear? The overbilling was \$20 million, not \$100, all right?

Peter Starr: (Shareholder) Okay.

Philip Chronican: I appreciate that you may have felt that the auditor's comments around materiality were concerning but if you have \$20 million over a five year period, it is actually understandable why an external auditor looking only at the macro picture wouldn't have drilled down to that level.

It doesn't excuse it. It's inexcusable. It - I don't think it was covered by insurance. We do have insurance but an act like this, I'm not sure we would have - sorry? We're still seeking to recover. Okay, so there is - I mean, the Bank does have insurance but you can imagine, like most insurance policies, there are deductibles that need to be taken into account.

Peter Starr: (Shareholder) I understand that you might have to pay \$1000 if you make a home claim or something like that.

Philip Chronican: Yes.

Peter Starr: (Shareholder) But if it's \$20 million and we have to make a \$250,000 payment, I think that it's worth it to get the \$20 million back for the shareholders, Phil.

Philip Chronican: Thank you. All right, thank you. Microphone number 1.

Unidentified Company Representative: Chair, I'd like to introduce Mr Lynton Freeman.

Philip Chronican: Mr Freeman.

Lynton Freeman: (Shareholder) Phil. In the early part of the 2000s, the Bank was accused of manufacturing a way of taking money from Ireland and converting it into loans and then returning it back to Ireland with no tax paid on it.

AFCA did a report into it and they found that the Bank was not explained properly to AFCA or anyone else. So [it labelled you] with a corporate culture of doing things and then covering it up.

Now, the problem we have here is that in 2004 to 2011, you paid 36 refunds for customers reported to be the full cost to the Bank of \$1 billion. Now, since then, these things have happened again and the Bank's accounts are incorrect for individuals so you've now got this situation where you're before the courts for what happened between 2015 and 2019 on PPEs.

The court has returned it to you for a discussion for more money or whatever it may be but there was no fine yet. But how many others between 2011 and 2015 have been caught with the same things? With incorrect accounting and the Bank continues it?

Philip Chronican: I'm sorry, I really don't understand the point you've made.

Lynton Freeman: (Shareholder) Well the bank statements that you're issuing to people aren't correct and you're not doing anything to correct it.

Philip Chronican: The Bank's accounts are not correct?

Lynton Freeman: (Shareholder) The bank statements that you are issuing to people are incorrect...

Philip Chronican: I'm sorry...

Lynton Freeman: (Shareholder) ...and you're not doing anything to fix it.

Philip Chronican: I'm sorry, in what way are they not correct?

Lynton Freeman: (Shareholder) The quantum, the - in 2015 to 2019 claim is for PPEs. An extra cost on PPEs. Now, these things are continuing.

Philip Chronican: I'm sorry, you - I do not understand the point you're making.

Lynton Freeman: (Shareholder) All right. Okay, the point is that you're charging fees that don't exist. Not in any of your contracts, they don't exist and when you get pulled up for it, you cover it up.

Philip Chronican: Well that's not true. I mean there have been...

Lynton Freeman: (Shareholder) But it is true.

Philip Chronican: There have been a couple of items, including there was a court case on periodic payment fees where it was determined that we were not entitled to charge those fees and we have settled that and remediated customers. I'm not - I don't get your point.

Lynton Freeman: (Shareholder) Well the point is, the point is that between 2011 and 2015, there was a lot of other people that were damaged by the same sort of problem and you haven't yet found a way to sort it out so it doesn't become an issue.

Philip Chronican: Okay. Well I'm sorry but you'll have to provide us with some more information and we'll follow it through.

Lynton Freeman: (Shareholder) I'll talk to you afterwards to explain it.

Philip Chronican: Thank you. Thank you, item - microphone 2.

Unidentified Company Representative: Chair, I would like to reintroduce Rita Mazalevskis.

Philip Chronican: Thank you, Ms Mazalevskis. How are we doing?

Rita Mazalevskis: (Shareholder) Hello. Good, how are you doing?

Philip Chronican: I'm fine.

Rita Mazalevskis: (Shareholder) That's good. How's your powers going?

Philip Chronican: Well...

Rita Mazalevskis: (Shareholder) I don't want to start calling you Mr Morrison.

Philip Chronican: They will be - my powers will be settled after the meeting, apparently, when the voting closes.

Rita Mazalevskis: (Shareholder) See, you don't need any more. You're fine. You're cruising along. Okay, I just want to discuss the AUSTRAC issue.

Philip Chronican: Yes.

Rita Mazalevskis: (Shareholder) So I just want to read a little bit of this out, just for the audience. In April this year, AUSTRAC accepted an enforceable undertaking from NAB to lift its compliance with anti-money laundering and counter terrorism financing laws.

Following its investigation into compliance with certain AML/CTF requirements by certain reporting entities within the Group, AUSTRAC's enforcement investigation identified concerns about NAB's AML/CTF program, systems and controls.

AUSTRAC identified non-compliance and targeted compliance assessments as well as through self-disclosures from NAB. AUSTRAC states NAB has undertaken to implement a comprehensive remedial action plan which will see improvements to its system, controls and record keeping including applicable customer identification procedures, customer risk assessment and enhancement - and enhanced customer due diligence, sorry. Transaction monitoring, governance and insurance and the NAB Design [sic] Business Group, AML/CTF program.

Further in the annual report under financial crime, it states financial crime has a devastating impact on the Group's customers and community. The ground - the Group has zero tolerance for criminal activity and remains dedicated to effectively managing financial crime risk and ultimately keeping customers, communities and the financial system safe.

So I would like to highlight to the Board and make them aware that you would have a lot of aggrieved customers out there who have been harmed through this exact AML/CTF non-compliance through their loan process and which some, some - which would include fraud, which is not easily found, as we've ascertained today and which some have had their homes repossessed.

So I wanted to find out with this AUSTRAC issue and the undertaking, what is the structure of the remediation plan for this issue?

Philip Chronican: So for the benefit of other shareholders who may be aware, NAB was found to have a number of shortcomings in its AML processes and we have entered into a remediation action plan to correct those.

Ms Mazalevskis has already articulated many of those which are about customer identification processes, ongoing customer due diligence and in high risk customers, enhanced customer due diligence.

Very little of the AML/CTF legislation applies to - it does apply to loan accounts but that's not itself a significant risk area. Most of the AML controls relate to properly identifying customers and then monitoring their activities, particularly payment activities. Bearing in mind that AML is essentially trying to identify where money laundering may exist and CTF is to prevent the financing of terrorism and that typically involves payments.

So the particular controls are most significant in terms of payments offshore or payments outside of the Banking Group but that's not to say that there aren't some areas of lending that are covered by AML fraud because purchasing of a property and then reselling it may well be a money laundering activity if not done properly but that's different from other forms of home loan fraud. I don't want - make sure we don't confuse those.

Rita Mazalevskis: (Shareholder) Okay. I just want...

Philip Chronican: We have a program which we've agreed with our regulator and we're proceeding to implement that program. We have a structure in place where the Board oversees that on a regular basis.

Rita Mazalevskis: (Shareholder) So we're now in December 2022. Given what happened to Westpac and CBA, how has there been so much timeframe between these issues for this to only just rise now about NAB?

Philip Chronican: Oh, it didn't just arise now. We started - as I recall in our 2017 annual report, we put in place a contingent liability disclosure identifying that we had some of these issues underway and we've been working with AUSTRAC pretty consistently on those to resolve them. So it's been going on for some time.

Rita Mazalevskis: (Shareholder) Okay, thank you.

Philip Chronican: Thank you. Microphone number 1.

Unidentified Company Representative: I'd like to introduce Mr Jonathan Moylan.

Jonathan Moylan: (Shareholder) I might defer to you on where I should ask this because my question is actually about nature-related risk.

Philip Chronican: Sorry, about?

Jonathan Moylan: (Shareholder) Nature-related risk.

Philip Chronican: Yes.

Jonathan Moylan: (Shareholder) Is this an appropriate place to ask?

Philip Chronican: Yes, go ahead.

Jonathan Moylan: (Shareholder) So on Monday, NAB was identified in a benchmarking report as one of - as the only one of the big four banks to have really started to engage in the process of identifying and assessing nature-related risks.

That's an important first step but obviously there's a long way to go. It's why, at the moment, world leaders are gathered in Montreal and are on the cusp of coming to an agreement on mandatory natural related risk disclosure which is a Board level issue. And we heard last week from the Treasurer, Jim Chalmers, that you know, it's likely that some of this will come under the ambit of regulation around - that there'd be oversight by possibly the AASB or another regulator and it's not hard to understand why this would be the case.

Consider the impact that you know, the critical importance of pollination, of water filtration, of the potential loss of ecosystems like the Great Barrier Reef, the Murray-Darling Basin upon which entire sectors of the economy depend.

So I guess it's really a two part question. The first one is to what extent does the independent auditor have - is expected to have oversight of material in a statement when it comes to risks that were once perceived to be tangential, not core business for banks? Like nature related risks.

The other question is really perhaps more for you, Mr Chair or Mr McEwan, around whether or not - whether it would be prudent for the bank to consider the consistency with internationally agreed standards like the UN High-Level Expert Group recommendations on net zero emissions, which precludes finance or credit to deforestation, given the high level of interest by regulators in the integrity of environmental claims by financial institutions and others? Thanks.

Philip Chronican: And thank you for raising that. This has been something that we are alert to and in fact, for over 10 years, we've been a signatory for Natural Capital Declaration.

We are a large lender in the agricultural sector and therefore the long term sustainability of agriculture is very much dependent on ensuring environmental protection and the encouragement of biodiversity and supporting biodiversity.

And I know Ross and I have both done a number of customer visits where we've seen firsthand some very good work that's been done on regeneration of bush in order to improve soil productivity through improving soil moisture retention for example.

Your question about the role of the external auditor, as you would be aware, there's been a taskforce for nature related financial disclosures and we've been an active participant in the work of the TFND.

And that will ultimately, much as the rest of the climate disclosure work, the taskforce on climate related disclosures, that work will end up with the International Sustainability Standards Board which is likely to come out with reporting standards.

And at the point those standards are clear and they're adopted in Australia, it will then be the role of the external auditor to ensure that our disclosures are consistent with those standards and are accurate.

At the moment, they are not part of the formal financial reporting suite. That's not to say that the external auditor doesn't review all of our disclosures to make sure or help us identify any potential material misstatements.

But the formal obligation on the auditor is not likely to occur until those standards are adopted. But we are very alert to the issue and thank you for raising it.

Jonathan Moylan: (Shareholder) And the second part of the question was really about whether it would be prudent for the bank to, if it has assessed that there is exposure to deforestation [in this] agricultural lending portfolio, whether it would be a standard condition.

Philip Chronican: It is something we are - you know, we support the direction of the question you were saying. For no other reason than it is fundamentally a risk issue. If we're active in the agriculture sector, the long term sustainability of the sector is going to be dependent on quality environmental controls.

So we are looking at it not just from an altruistic viewpoint but in fact, from a risk management viewpoint. Thank you.

Jonathan Moylan: (Shareholder) Thanks very much.

Phillip Chronican: Microphone 2.

Unidentified Company Representative: Chair, I'd like to reintroduce Peter Starr.

Peter Starr: (Shareholder) Thank you, Phil. Is the Board aware two weeks ago that settlement was reached with Commonwealth Bank, ANZ, and Westpac in relation to \$126 million settlement? That's the first question.

Philip Chronican: On what?

Peter Starr: (Shareholder) In relation to a class action brought by Slater and Gordon. Now, some of those banks that have to pay that money, it was in relation to issues to do with customers. Thankfully not from NAB. But has the AUSTRAC investigation given us an undertaking that they are not going to pursue NAB for a financial penalty? That's...

Philip Chronican: When we signed the - well, in fact prior to signing the enforceable undertaking, they said they were not pursuing civil penalties at that time. They - signing the enforceable undertaking then puts us in a position where they are not pursuing civil penalties in respect of past activity. But we of course have to complete the remediation action plan that we've agreed to.

Peter Starr: (Shareholder) That's correct.

Philip Chronican: And until we do that, we can't say that there won't be any penalty.

Peter Starr: (Shareholder) The reason I raise that, Phil, is because the Board or yourself may not be aware. Ross may be aware that a case has just finished in the Federal Court and it's been going for nearly eight weeks that involve that AUSTRAC and what happened to shareholder value against the Commonwealth Bank.

And I just wanted to know, given where that AUSTRAC matter now sits with NAB...

Philip Chronican: No, that's - you can imagine we're acutely aware of the issues there and that's why we've worked so hard to make sure that we can satisfy AUSTRAC.

Peter Starr: (Shareholder) Right. And if we do satisfy, is it your understanding that they will not pursue a civil penalty? And the reason I ask this question is that are any of the regulatory bodies that oversight the banks, are there any other actions that are coming down the thing that we don't know about please?



Philip Chronican: So the ones that - are there any that you don't know about? The answer, I'm pretty confident, would be no. There - you may recall that ASIC had a number of actions against NAB off the back of the Royal Commission?

Peter Starr: (Shareholder) That's correct.

Philip Chronican: The last of those to my understanding was in court recently. It was to do with periodic payment fees.

Peter Starr: (Shareholder) That's correct.

Philip Chronican: And the judgement has been finalised only a matter of weeks ago and all we are at the moment, is awaiting the final penalty hearing. I'm not aware of any other ASIC action against us.

I don't believe any other regulators in Australia have any issues on foot and I'm not aware of any others either. And I've got my general counsel shaking her head so I'm taking that assurance that I'm right. So...

Peter Starr: (Shareholder) Just on that penalty with the general counsel shaking her head, any idea of what the penalty is likely to be? Because that will impact obviously all the shareholders in the room, Phil.

Philip Chronican: Look, no is the answer. And I don't want to speculate. It's really not helpful.

Peter Starr: (Shareholder) Sure. Thank you.

Philip Chronican: Thank you. Microphone number 1.

Unidentified Company Representative: Chair, I'd like to reintroduce Miss Christine Haydon, a volunteer monitor from the Australian Shareholders' Association.

Philip Chronican: Thank you. Miss Haydon.

Christine Haydon: (Shareholder) Thank you, Chair. It's pleasing to see such - the stronger, safer, and simpler bank strategies working for us all. Our question is in terms of the dividend, which is still below the dividend amount that was paid pre-COVID and before the APRA caps that were put on dividends.

Will you please give us some further detail on the dividend policy? And I know the target payout ratio is 65% I think to 70%, something like that. Could you just give us some more thinking about the Board's strategy in this respect? Can you just sort of elaborate a bit on that please?

Philip Chronican: Sure. So just to provide some additional context to the question, and it really cuts back to a question Mr Shot asked earlier, which is our cash earnings are now above where they were in the pre Royal Commission period. But our dividend is below that.

And that's because the number of new shares that were issued over a long period of time means that we are paying that dividend across a larger number of shares than we would have been.

The approach of the bank is, as I indicated earlier, to stop that continual dilution of our shareholders' interests and actually have the share count falling rather than growing. And therefore, we should be able to sustain dividends as long as the earnings are sustained.

We say that we will pay around 65% to 75% of sustainable earnings because there are periods in which the bad debt charges can be quite volatile. And for example, at the moment, irrespective of some of the issues in the economy, our bad debt charges are actually quite low. And therefore, we're slightly at the lower end of the range because we have to anticipate they might rise and we don't want the dividend to be too volatile.

But as earnings grow and if we are successful in our strategy of containing the share count, then we should see dividends grow through time. And it certainly is my aspiration, if possible, to get back to a pre-2018 levels of dividend. Because I think that would be a great place to get our shareholders back to. Thank you.

Christine Haydon: (Shareholder) Thank you, Chair.

Philip Chronican: Thank you. Microphone number 2.

Unidentified Company Representative: Chair, I would like to introduce Rohan Boehm.

Rohan Boehm: (Shareholder) Thank you, Chair, shareholders, Board. What I'm about to ask is probably applied to a number of the items already and I'm listening closely to your - hope that you a lot of what I would like to say might relate to Item 6. I've got a plane to catch back to Narrabri this afternoon so if I can just ask for your indulgence.

Philip Chronican: I'm sure a number of us have planes to catch so...

Rowan Boehm: (Shareholder) One little piece. Yes, well, and unfortunately look - as I said, I've travelled here representing not only myself as a shareholder and others but also to represent some of the rural communities that we've already talked about.

And you recently just mentioned quite a lot about the importance of the agricultural sector. So as you'd be aware and most people would be aware that the Maules Creek and the Narrabri communities host mines funded by NAB.

And - but these mines have created very significant removal of ground water across a very large area of country. And new mines are going to see significantly greater impacts. One hundred thousand hectares of great farming land has been removed by NAB funded projects.

And one local primary school is now down to one pupil for next year because of this depopulation. So all of these fundamental risks or fundamental tasks that a rural community once shared broadly are now shared by one or two stalwarts and sporting clubs have gone like the ground water that was once abundant.

So just over a year ago, Chair, and quite recently, you've articulated a lot of promise and a lot of hope. And this is what I really want to get to. This is the fundamental part of my question. And the new vision was about renewable energy and how really important it was for the bank and for the Australian economy generally.

You've actually said that scale of action is far broader than the industrial revolution but we've got half of that time. I - you know, I think this is a really good way of characterising what we're against and what we're up for. But there's a great opportunity.

And where we're talking about the directors, I'm really hoping that the directors can actually equip themselves, particularly Director Fagg who is now in CSIRO. I think that's a tremendously good move.

To - there's a great deal of technology and I have a concern here. And this is what I was going to bring up before. Is that the Board really doesn't understand or I don't think has the capacity to understand the actual size of the question that you've really put well I think.

And - so people like me are already leading the charge. Okay? So this is one. I'm a large scale developer of renewable energies in the north west. I would wonder whether - I'd wonder whether there was an opportunity for yourself, your executive, and Board members to equip themselves with and listen to some of the people who really know what the future is going to look like.

And I'm developing currently with my group, bioenergy that will future - be the future fuel of the global shipping area and that will come from the Narrabri district.

So what I'm saying is there is a future after fossil fuels but how would you see the Bank acquitting itself to actually learn really from the people who have got the chequebooks, the people who that you would be leaning to. Would you then come for Narrabri and listen to the story of what the future really does look like, what this industrial revolution will become?

Philip Chronican: Great. I'm just going to make a couple quick comments. One, which is a comment to others in the room. The sooner we can deal with Item 5, the sooner we can get on to Item 6 and everyone can be fairly treated.

So I am going to ask if we can now be in the last couple of questions on Item 5. Actually, I'd love to go to Narrabri. I think I might have said that on the phone line two years ago. So I will point out that I did spend quite a lot of time this year, both in the Northern Territory and Queensland, visiting businesses, in some cases agricultural businesses that are doing quite concrete things, including some of the biofuel activity.

So the answer is, I absolutely agree it's important, but I really want to see if we can get off Item 5 and then have a more thorough discussion on Item 6. So the answer is yes, we are doing work on the Board to make sure that they are further informed and we are trying to build up the skill levels of the Board and we are trying to engage with people who are active in the area.

Seriously, if we could close off Item 5 in the next couple of minutes, we can get on to Item 6 and then have a really thorough discussion on it. Microphone number 1.

Unidentified Company Representative: I'd like to reintroduce Ms Joanna Richardson.

Philip Chronican: Thank you.

Joanna Richardson: (Shareholder) I'm also interested in Item 6, but hopefully this is pretty quick. It's a follow up to a point Mr Sanderson made because I've got a particular interest in independent merits review. So what is the rate of success of merits review with the Australian Financial Complaints Authority for the Bank? If it's no one, that's just shocking.

Philip Chronican: I don't know the answer to that, but it would be reviewed by the committee, Anne?

Anne Loveridge: Well, I don't know the answer but I know it's not no one.

Philip Chronican: I don't know the answer to the question. Sorry, it's not no one?

Anne Loveridge: It's certainly not no one.

Philip Chronican: No, it certainly isn't no one. There are definitely reviews that provide positive outcomes.

Joanna Richardson: (Shareholder) Can I follow it up with someone?

Unidentified Company Representative: Yes.

Philip Chronican: You can. Anne Sherry is the Chair of our Customer Committee and they're the people who review the processes for complaints handling.

Joanna Richardson: (Shareholder) Thank you.

Philip Chronican: Thank you.

Unidentified Company Representative: Chair, Mr Chris Schacht.

Philip Chronican: Thank you. I'm going to take that and Item 3 [sic], we'll take one. I've got one online and then we'll move on to the next agenda item.

Chris Schacht: (Shareholder) Mr Chairman, I appreciate the deadline because I've got to drive back to Adelaide shortly. It's an eight hour drive and I don't want to be a [unclear].

Philip Chronican: No, I don't want you driving late at night either. I want to see you again next year.

Chris Schacht: (Shareholder) I do ask you to meet - have the AGM next year in Adelaide. It would be very nice. By the way, I also noticed that you've had three big banks Wednesday, Thursday, Friday meeting in Melbourne. For many people, retail who've got shares in a number that's very convenient to come to one city and have three eggs in one go but you've got to talk to other banks. I want to come back to the question about share issue about the structure.

I accept what you say about giving the dividend people converted into shares and therefore the share numbers keep going up. The capitalisation doesn't change that much. What about instead of saying to people, if you don't want to increase the number of shares, say to people, well you've got a good dividend rather than issuing shares, which increase the share value, use your money to go and buy shares in the marketplace so that you are bidding in the marketplace, in the stock market to buy extra shares of the existing number of shares.

Two things will happen I suspect. Some people will do it, some won't, but the share price might go up and the rest of us be happy about that. Is that a way to deal with this issue other than another way is to say we've got 2 billion shares, whatever the number. We're

going to halve every share down until we've got a smaller number of shares, still the same value in capitalisation.

I do just want to just raise that with you and then I'll make one other - when you have the Item 6, I'll speak briefly on that. I just want to point out you've been very good in saying the Bank's policy to support Indigenous, the voice, and I think that's fantastic.

I do want to say I've been a long-term member of the Australian Republican movement and therefore I hope sometime in the near future without too much controversy - I do note that our CEO is a CBE, Commander of the British Empire.

I hope that one day he can change that to be an Order of Australia and therefore support the Australian Republican movement. That's a very idiosyncratic comment that I'll leave it at that.

Philip Chronican: All right Virginia, do we have any questions online?

Virginia Porter: Mr Chairman, we have a question from Mr Andrew Haywood. Is the CEO aware of any further misconduct investigations that may result in material additional remediation to customers?

Philip Chronican: So the answer is no material, but the harder and harder we dig into all of the issues that we've worked on since the Royal Commission, we have found a long tail of some very small errors and problems but none of them have been material.

This is for example, how we found some of the issues with the payroll issue. We are now well through the big remediations, which we're largely relating to the financial planning and advice and in some cases superannuation industry.

No, there are no new material issues that we're aware of but we have had a large number of smaller ones I have to say. Microphone 2, I'm sorry, but if who was the question coming from?

Unidentified Company Representative: It was, sorry, Rita just had a follow up question.

Philip Chronican: Okay. I am going to close this item after this.

Rita Mazalevskis: (Shareholder) ...review process [unclear] because no one had an answer. Once there's a determination or recommendation given, there's nowhere else for a complainant to go. So a bank that has the most complaints lodged with AFCA, pays the highest fees and has the biggest say?

Philip Chronican: I don't think we get much say for the fees we pay from my memory.

Rita Mazalevskis: (Shareholder) Yeah, well we've had other evidence in regards to that, but I just wanted to ask before you go to AFCA, the Bank has removed the customer advocate. Have you put a role in place of that?

Philip Chronican: We haven't removed the advocate?

Anne Loveridge: No [unclear]. We're replacing it.

Philip Chronican: We're currently replacing it.

Rita Mazalevskis: (Shareholder) Is it still in place?

Anne Loveridge: Yes.

Philip Chronican: The role's there. We just - the person who was in that role has decided to retire from that role. So we're hiring somebody.

Rita Mazalevskis: (Shareholder) Okay. So are they actively doing complaints for customers as a customer advocate? The reason I ask is because ASIC changed their guidelines, that in a complaints process that they must respond - the Bank now...

Philip Chronican: Yes, we have an obligation...

Rita Mazalevskis: (Shareholder) It's been cut from 45 days to 30 and some of the banks have removed that process because they can't meet that schedule because it's too short for them.

Philip Chronican: Okay. Maybe...

Anne Loveridge: We have a team who's doing that work.

Philip Chronican: Maybe if I can get you to talk with Anne and maybe Jocelyn who can carry that one through.

Rita Mazalevskis: (Shareholder) Oh, yes. Sorry, I brought that up. It was just because of that people are pushed to AFCA.

Philip Chronican: No thank you. Sorry. All right, Operator, are there any questions on the phone line in respect of this item? Looks like we've lost the operator. Yes, understandable. Okay. Well, if there are no questions on the phone line, Virginia, there are no further questions online?

Virginia Porter: No further questions Chair.

Philip Chronican: All right. I declare the Financial Report, Directors Report and Auditor's report have been received and considered. The next items of business are Items 6(a) and 6(b), which were requisitioned by a group of shareholders.

These resolutions relate to an amendment to the Company's constitution and climate disclosures. I'll briefly explain the Board's position on these resolutions before inviting questions from shareholders on these items and on NAB's climate change policies or disclosures more broadly.

Item 6(a) is a special resolution and requires approval by at least 75% of eligible votes cast on that resolution. Item 6(b) is conditional upon Item 6(a) being approved, but I will still speak to this item even if the resolution for 6(b) isn't required to be put to a vote, but we'll deal with them together.

The resolutions for Item 6(a) and 6(b) are not endorsed by the Board. While the Board respects the rights of shareholders to requisition a resolution to amend the Company's constitution, the Board believes the proposed resolution is not in the best interest of the Company and shareholders as a whole and recommends that shareholders vote against it for the reasons outlined in the Notice of Meeting.

In short, under the Company's constitution, the power to manage the business of the Company is vested in the directors who are required to make decisions and manage risks in the best interests of the Company and shareholders as a whole.

To discharge the 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 that it would be inappropriate for any one issue being promoted by shareholders to be given increased prominence over another. NAB encourages transparency and appropriate shareholder discussion and provide shareholders with several avenues to raise issues or concerns.

These are described in our Notice of Meeting. The Board recommends that shareholders vote against the proposed resolution for Item 6(a). Item 6(b) being conditional upon Item 6(a) being passed by shareholders relates to the disclosure of information on how the Company's financing will not be used for the purposes of new or expanded fossil fuel projects.



The Board of Management recognised that climate change is a significant risk to the planet and a major challenge for society to address. The Company's climate ambition is to act as a catalyst for climate action, supporting emissions reduction and aligning with pathways to net zero by 2050 consistent with the maximum temperature rise of 1.5 degrees above pre-industrial levels by 2100.

NAB is working to support its customers to decarbonise and build their climate resilience while creating prosperity for customers, colleagues, and communities.

Working towards this ambition. NAB updated its climate strategy this year to further embed consideration of climate change into its business and deliver a whole of Bank response to climate change.

The Company also set interim 2030 sectoral decarbonisation targets, sector targets for four of the most emissions intensive sectors in its lending portfolio: power generation, oil and gas, thermal coal mining, and cement production.

NAB prioritised these sectors as they represent the majority of financed emissions attributable to its lending portfolio and are among the most emissions intensive sectors. This is disclosed in NAB's 2022 Climate Report and summarised in the explanatory notes in the Notice of Meeting.

I'd like to address the inaccurate implication of the Market Force's explanatory statement before asking shareholders and proxyholders to vote. First, Market Forces' claims that there is a gap between NAB's action and the requirements of the International Energy Agencies net zero emissions 2050 scenario, which outlines a path for the global energy sector to limit temperature rises to 1.5 degrees by 2050.

This is simply not correct. NAB has used the IEA's net zero emissions 2050 scenario as the reference scenario to inform its target setting for its first tranche of interim sector decarbonisation targets published in November '22, and this is made clear in NAB's 2022 Climate Report.

NAB will publish targets for the remaining sectors as part of its membership of the Net Zero Banking Alliance. These targets will be informed by relevant reference scenarios aligned to 1.5 degrees.

Secondly, Market Force's claims that NAB is being left behind when compared to other financial institutions. In fact, NAB is the only major Australian bank to have capped its oil and gas extraction exposures.

NAB has also put clear restrictions on direct financing of greenfield oil and gas extraction. From 1 October 2025, new lending and renewals will acquire oil and gas customers to have a transition plan in place.

NAB has capped thermal coal mining exposure at 2019 levels and is reducing it to effectively zero by 2030, apart from some residual performance guarantees to rehabilitate existing coalmines. Over the last three years, our thermal coal mining exposure has reduced by 44%. Across its lending portfolio, NAB is supporting the transition to net zero by assisting customers to accelerate their decarbonisation plans.

The Company is working to rebalance its portfolio exposure to customers with lower emissions intensities. It will consider selectively reducing exposure to high-emitting customers that have been unable to demonstrate how they are aligned with NAB's sector targets. The Board considers that it is appropriate for the Company to take an orderly and considered approach to responding to climate change, acknowledging the important role that NAB plays as a bank in supporting customers to decarbonise, build climate resilience and help achieve the goals of the Paris Agreement.

The Board supports the continuation of the current approach that the Company has adopted with respect to climate change action. Accordingly, the Board recommends that shareholders vote against the proposed resolution, Item 6(b). Having put forward the Board's position, I will now invite Michelle Surowiec, a representative for Market Forces to the microphone nearest to her to briefly address the meeting on these items. Is Michelle here?

Michelle Surowiec: (Shareholder) Thank you, Chair. Greetings to the Board and fellow shareholders. The first step in solving a problem is admitting to it. Fortunately, NAB is clearly aware of the threat of runaway climate change. The second step is to prevent making the problem any worse than it already is and it's here at only the second step that NAB fails miserably.

This resolution filed on behalf of hundreds of shareholders doesn't ask NAB to fix the climate crisis overnight or stop all financing to the fossil fuel industry immediately. It simply asks the Bank, through its financing, to stop making the problem any worse. This would align not just with the science and economic analysis of climate change but NAB's own pre-existing commitments.

The International Energy Agency made clear in 2021 that there is no room to expand fossil fuels if we are to meet the goal of net zero emissions by 2050. It reaffirmed these findings

even during a global energy crisis just a few months ago. Yet, NAB is actively involved in financing companies and projects that increase the scale of the fossil fuel industry, violating the International Energy Agency's conclusions as well as NAB's own commitments, whether it's financing global infrastructure partners' investment in the Pluto LNG 2 project that effectively allowed that project to go ahead or refinancing a Santos loan for the Barossa gas fields, a project that has been rejected in the Federal Court for failing to adequately obtain free, prior and informed consent from Traditional Owners. Or our ongoing exposure to Whitehaven Coal, a company whose business strategy is built on expanding thermal coal mining.

It seems that if there's a new fossil fuel project on the table or a company trying to make the problem worse, you'll find NAB ready to hand over its customers' money. This pattern of destructive behaviour goes back even further. Over the seven years since the Paris Agreement was signed, this Bank has loaned nearly \$2 billion for new or expanded coal, oil, and gas projects. Over their lifetime, these projects will enable 5 billion tonnes of CO<sub>2</sub>, equivalent to nine times Australia's 2020 greenhouse gas emissions.

We have read your policy and know that it fails to rule out finance for coal expansion by providing corporate finance for companies building new coal projects. We have read your policies and seen how it gives companies planning to rush through new oil and gas projects another three years to produce transition plans without any clarity over what those plans need to contain to be considered satisfactory. We have read and seen the details of your lending, which paints a picture of a bank enthusiastically financing its way towards climate catastrophe.

What's difficult to understand is how a bank that promotes itself so heavily as an agribusiness lender is willing to exacerbate one of the biggest risks to the agricultural sector in the form of physical climate risk. Have you read the study published by your peer, Commonwealth Bank, which highlights that by 2060 grain-growing regions are at risk of productivity declines of up to 50% below the 2018 baseline due to changes in rainfall. In fact, the physical impacts of climate change that threaten NAB's balance sheet and the financial security of our clients stretches much further.

The Bank itself reported on page 91 of the 2022 Annual Report that Australia's exposure to physical climate risks including drought, bushfires, and flooding will have a profound impact on NAB's own loan book, stating the impact of these extreme weather events can be widespread and ultimately may impact the Group's ability to recover its funds when loans default. That doesn't sound good.

Yet it seems like NAB hasn't even read the climate science or the IEA's net zero by 2050 scenario. If we had, we wouldn't be continuing to bankroll companies like Whitehaven Coal whose business strategy aligns with a world where global warming exceeds 4 degrees Celsius. Surely that is a scenario where those extreme weather events will impact default rates and put our own balance sheet in peril. Why would we want to do anything that incentivises this outcome?

I commend this proposal to my fellow shareholders as it merely encourages our Community to take the most obvious of steps towards protecting our customers and own asset base from the physical impacts of climate change. I would like to just ask one question of you at this point. Whitehaven Coal's corporate facility is due to be refinanced in the next year and currently NAB is among the lenders.

On behalf of shareholders, those experiencing extreme weather events, the farmers worried about groundwater impacts from mining projects, and changing rainfall patterns, and young people everywhere, your children and grandchildren, I ask you to commit here and now that NAB will no longer be exposed to Whitehaven Coal after this \$1 billion loan matures next year. That perhaps may give some small hope that the Bank is moving in the right direction. So, what will it be?

Philip Chronican: Thank you. I'll reaffirm, we have made a commitment in our Climate Report to have taken our thermal coal exposure to zero by 2030. Next question from microphone number 3.

Unidentified Company Representative: Chair, I would like to introduce Amanda Richman.

Philip Chronican: Thank you.

Amanda Richman: (Shareholder) Hi. Thanks, Philip. I'm speaking on behalf of Australian Ethical investment. Australian Ethical holds almost 3 million shares in NAB and we were a co-filer of the climate resolution. Regulators are looking closely at greenwashing claims and have made it clear they are looking to set an example.

NAB has committed publicly to act as a catalyst for climate action, as you said, support emissions reductions, and align its pathways to net zero by 2050, at the same time as we've heard NAB is prepared renew financing and provide new financing to fossil fuels companies that are actively planning and developing new fossil fuel projects. This conflicts with the UN Expert Group on Net-Zero Emission Commitments by Non-State Actors which makes clear that financiers claiming net zero alignment cannot lend to new fossil fuels, irrespective of other positive lending activities.

I understand the Bank's exposure to the fossil fuel sector is relatively small, so my question is what is the motivation or justification? Why is it good for the Company to risk the Bank's reputation, to risk regulators investigating the Bank for greenwashing, for potentially risking Directors being held personally liable for being knowingly concerned in misleading and deceptive conduct? What is the rationale for taking on these risks and at the same time foregoing the opportunity to be a leader simply to provide new or renewed finance to companies exposed to fossil fuels when that's such a small part of your overall lending?

Philip Chronican: Thank you. I'll just reiterate, which I suspect I'll be doing a bit of today, we have a plan to reduce our exposures to the fossil fuel sector and we've made commitments about not financing greenfields developments or new major expansions and that remains the case. So, the premise for your question unfortunately is not sound.

Amanda Richman: (Shareholder) No, sorry. My question is why are you prepared to provide new financing and new lending to companies involved in expanding fossil fuels?

Philip Chronican: We are not financing new projects in this area.

Amanda Richman: (Shareholder) So, it's about corporate lending. I understand you're not providing new projects.

Philip Chronican: And I'm not going to discuss individual customers. So, thank you.

Amanda Richman: (Shareholder) I'm not asking you to discuss - I'm sorry, I'm not asking you to discuss individual customers. I'm asking you to discuss that loophole where you're prepared to provide financing to fossil fuel companies, not specific projects, and I'm asking why that is good for the Company. I'm not asking for specific detail about the individual customers.

Philip Chronican: That's fine. Look, I'll just reiterate. We have published a report about what we are prepared - what we are planning on doing. It's comprehensive and it deals with a wide range of situations. So I'm not going to walk down a word track with you. We've published a...

Amanda Richman: (Shareholder) It's not a word track.

Philip Chronican: Well, I'm sorry.

Amanda Richman: (Shareholder) There's international guidance saying that what you're doing is misleading.

Philip Chronican: We have published our transition plans for how we are going to reduce our exposure to fossil fuels, how we're going to increase our lending for renewables, and importantly, how we're going to deal with other emissions in terms of sectors and things like the concrete and cement industry, and we will in due course, with heavy industry. Our plan is a comprehensive plan and that's the approach we have taken.

Amanda Richman: (Shareholder) But it leaves that loophole for...

Philip Chronican: Well, you call it a loophole.

Amanda Richman: (Shareholder) ...lending to...

Philip Chronican: We have a plan.

Amanda Richman: (Shareholder) ...individual customers that are still expanding fossil fuels.

Philip Chronican: Thank you.

Amanda Richman: (Shareholder) And my question is not for you to comment on those individual companies but to comment on the risk that that poses to the Company for misleading and deceptive conduct.

Philip Chronican: Thank you. Question at microphone number 2.

Unidentified Company Representative: Chair, I would like to reintroduce Rohan Boehm.

Rohan Boehm: (Shareholder) Thank you, Chair. Just a quick follow-up from my comments about Narrabri. I can guarantee that you and the Board would be welcome. What I really see as one of the vital risks here is just a lack of knowledge within the organisation about how to deal with it.

I'll give you one example. In Tamworth I've got a large project that's taking a malthouse from coalfired power to 100% renewable. I have not found anybody in NAB that really understands the importance of that, because this is a global company and they're looking for this solution that we have. That's one. We're looking at setting up a biofuels industry. There is no knowledge within the organisation about that.

So, I can understand you've got a policy, I can understand you've written it all up, I understand that you've said that \$70 billion has to be disinvested by the Australian economy first, or the banking system first. I can understand that. They are the plans; the actions I believe begin at the top and I really believe that unless the Board is totally

familiar with the gravity of these situations, just this week the Federal Government made announcements that really put storage into the picture.

Now, storage is the big one. That's where the really big dollars are involved, billions, and last week we revised our own group's requirement for funding to just under \$3 billion. Newcastle to Narrabri. So these are real things.

I just want to know whether you can really commit your Bank to really understanding the gravity of what you yourself say great things you've done across the rest of the organisation but this is the step change. It's now...

Philip Chronican: Yes.

Rowan Boehm: (Shareholder) ...2023 is the next year. That's seven left.

Philip Chronican: All right, I absolutely endorse that.

Rowan Boehm: (Shareholder) Thank you.

Philip Chronican: We are - can I just reassure you, we are actively looking at upgrading the knowledge and skillset of both the Board and our bankers. We've done a program in conjunction with Melbourne University to expose our Business bankers to what understanding climate from a credit risk and lending viewpoint and some of the climate issues.

I'm sure any of the Executives down the front here who have got accountability for these areas would be very happy to have a conversation with you after the meeting. Thank you.  
Microphone 1.

Unidentified Company Representative: Chair, I'd like to reintroduce Mr Chris Schacht.

Philip Chronican: Great, thank you.

Chris Schacht: (Shareholder) Mr Chairman, you don't have the resolution printed up on the screen but what I understand it, I support resolution 1 - 6(a), sorry, but not 6(b) and I'll explain why.

I think it's irrespective of a climate change issue. I do not think it's unreasonable that in publicly listed companies, that a group of shareholders, not a small number, you might say 2% or 3% of the total shares held or 1000 signatures, can put a resolution on for debate which is not binding, it's an advisory to be debated at the annual general meeting.

I think that is quite reasonable, irrespective of the importance of the climate issue itself, which would be - I would imagine, have a fair number of resolutions coming. At the



Westpac Bank meeting on Wednesday when they had exactly the similar case put, I put to the Chairman that I support (1) and he - it was 1(a) but now it's 6(a). He said, well actually, Mr Schacht, the Board in the last few months considered ourselves putting up a similar resolution to change the constitution but, he said, we didn't have enough time.

But he said by the time we meet next year, there will be a resolution in similar words. He said it will of course be my last meeting as Chairman of Westpac. I said, well that's - I thought that was a very big step forward in the arguments going on.

I hope you are another one of the major four banks might look at doing - because you've got 98% against it today but that's a misleading vote, I must say, about where opinion is moving in the community. I do think it goes down but you ought to come back next year and be on the front foot of an appropriate resolution with the explanation of who can put it forward and what numbers blah, blah, blah.

I also put it then, I'll put it to you. This is such an important issue in governance on these sort of issues. I asked him, would the Board put it to the Australian Government to amend the *Corporations Law* that a similar resolution is put in all public listed companies - in the constitution of all companies that are publicly listed so that there is not just on this issue - and again, Mr McFarlane, you might say well he's leaving in a year, why he said yes, I'll - the Board will consider it - for it.

So I leave those two points that I'll vote for it here. It's already going down but I think the Board would be stupid, if I may use that word, not to come back on the front foot at the next meeting because this is moving at such a rate in the community, you don't want to get caught short and look like your last man jumping off the cliff or whatever you want to call it.

The second one (b), I oppose because it's dealing specifically with coal and gas as I understand it. I think there's got to be some discretion. You can't close all - and the lady who moved it said you can't stop tomorrow every gas and coal, et cetera. I'm involved as a shareholder in a couple of - in one company and there's a couple in Australia, who are developing using gas to make fertiliser used urea.

Urea is imported at the moment, made from gas in the Persian Gulf. I still use that name. It's selling to farmers at \$1300 a tonne. \$1300 a tonne. Farmers across Australia, particularly in the cereal farm - and as we, the biggest lenders to farmers, a lot of farmers who you support will use the money at \$1300 to buy urea because they can't afford not to because of the productivity improvement of their crop et cetera.



I think therefore, there's got to be some discretion of your move as if you say no more gas for urea in Australia, then we have to say, no more urea imported from the Gulf out of gas in the Persian Gulf. Then you tell every farmer - which I wouldn't want to be in the front of you doing this because you'll get bulldozed, ah-ah, no urea for any farmer in Australia.

You wouldn't want to say that around the place too strongly. Therefore you've got to have some discretion in the plan that we take forward. I'm told by the two potential producers of urea that they could probably produce it at \$200 or \$300 a tonne to farmers. That's \$1000 a tonne cheaper - improvement to their own - and as you're a lender to them, why wouldn't you want to support it?

So I think that's why - one of the reasons I oppose a blanket number 6(b) because you just can't cut it. You've got to plan it and be careful you don't throw something out - you know the old saying, baby with the bathwater. But more importantly, 6(a), if you don't - it's not going to be carried today but if you don't come back in 12 months with a form of words that the Bank Board is leading, well then you're going to be in another way, rolled over.

Philip Chronican: Thank you. Microphone 2.

Unidentified Company Representative: Chair, I'd like to reintroduce Billy Greenham.

Billy Greenham: (Shareholder) Good afternoon, this time. My name's Billy. I'm a sixth generation beef farmer in south west Victoria. Our property includes broadacre grazing with over 400 head of cattle as well as protected swamps and remnant bushland.

My question relates to the impacts we are seeing to the agriculture sector from climate change. Research from the Australian Bureau of Agricultural and Resource Economics found that in the last two decades, agricultural productivity in Australia has decreased by an annual average of 23% or almost \$30,000 per farm due to climate change.

The IPCC found that under a 1.5 degree scenario, the frequency of droughts in Australia will double from once every 10 years to once every five. Under a 2 degree scenario, droughts will be 2.5 times more likely.

Despite this, in your climate change report, NAB said that its risk analysis for agribusiness customers did not consider acute physical impacts such as extreme weather events, compounding climate events or physical tipping points. As a farmer, that seems like a significant oversight.

Those particular risks pose the biggest threat to Australia's agricultural sector and the cost will ultimately be borne by farmers like me who are already bearing the physical, psychological and economic burden of runaway climate change.

I have two questions regarding this matter. Firstly, can you answer why NAB did not consider these acute physical impacts?

Philip Chronican: Well just the methodologies are evolving so these - when we're able to assess those impacts, we will no doubt do so.

Billy Greenham: (Shareholder) Would you have a timeframe for this?

Philip Chronican: Well no because we need to understand how you would model them and they're not - these methodologies are not stable enough that we're in that position yet but we will look to do that.

Billy Greenham: (Shareholder) My second question is, does NAB see an inherent contradiction in claiming to be meeting its net zero trajectory whilst financing new and expanding fossil fuel projects that will lock in massive growth in CO2 emissions for multiple decades after the Bank has assisted in getting these companies and projects up and running by financing them at the outset?

Put simply, is there an inherent contradiction in NAB financing new and expanding fossil fuel projects whilst stating to be committed to net zero by 2050?

Philip Chronican: Great, well the answer to your second part is much more straightforward, which is, we're not financing new and expanded projects and some of the other questioners have already identified that.

The criticism is that we are financing companies or have banking facilities, in some cases, with companies not even financing them, who they - those companies are looking at that expansion. We're not planning on expanding new projects other than as set out in our climate report but thank you.

We've had a question online for some time, Virginia, do you want to read it out?

Virginia Porter: Thank you, Chair. We have a question from Mrs Margaret McArthur. My question is, is NAB aware that EU nations are withdrawing from the energy charter? France, Netherlands, Sweden and Germany.

The recent floods are similar to those of us who were growing up in the late 1950s. My husband and myself attended a lecture in New Zealand in 2006 at the Franz Josef Glacier

where we were told that although the glacier was receding at that point, we were actually heading for another ice age.

This has been supported by a recent core samples on Greenland going back 10,000 years by scientists from Denmark. It included the Ice Age 500 years ago. Thank you.

Philip Chronican: Thank you. The reference to countries in the EU pulling out of the - I presume they mean the Paris Accord, certainly does not accord with my recent experience. We had a visit from a delegation from the European Parliament who were in fact quite the opposite. Very focussed on ensuring as part of the Australia-European Union trade negotiations that we had credible climate commitments and biodiversity commitments, including deforestation.

So my dealings with the Europeans don't support that. The last time I was at the Franz Josef Glacier, I was disappointed to see how far it had receded and if anyone is unconvinced of human-induced climate change, I invite them to visit the glaciers closest to us, both Fox and Franz Josef. Certainly since when I visited them as a school child until now, they have receded quite markedly. Ross, you would have seen that as well. So I cannot support the contention that climate change is not real.

Perhaps if we go to microphone number 3?

Unidentified Company Representative: Chair, I would like to introduce Audrey van Herwaarden.

Audrey van Herwaarden: (Shareholder) Thank you. I'd like to thank the Board for taking questions on climate. I understand that there are many important items of business to be discussed today and it's great that climate has been recognised as one of those.

So my question is in regard to nature-related risks which is inextricably linked to climate. So I'd like to understand whether the Bank has conducted a sector or location-based materiality assessment of its exposure to nature-related risks through its lending and investments? When does the Bank plan to set and report on nature-related targets?

Philip Chronican: So we've been working with the Taskforce for Nature-related Financial Disclosures and hopefully, those disclosures - hopefully those standards for disclosure will be coming in the not too distant future.

I'm afraid I don't know what the timeframe for that is but we are absolutely interested in that because we are a large agribusiness banker and therefore the sustainability of

agribusiness through time is a function of the - for example the quality of soil. We don't want to see further soil degradation. Biodiversity is important and forestation is important.

So I just agree with the contention and we are certainly working to improve our disclosures in that area as and when standards emerge.

Audrey van Herwaarden: (Shareholder) Thanks for - thank you for that response. If I may, I'd just like to ask a follow up question? So I believe that one way the Bank would be able to demonstrate its commitment to protecting biodiversity would be adopting a policy that outlines a zero tolerance to deforestation through its lending portfolio. So I just wonder whether that would be something that the Bank could commit to in the short-term?

Philip Chronican: I always avoid the word zero because it just creates the potential for a compliance breach but certainly, deforestation is an issue and we are absolutely concerned with it. I'm not going to declare here and now a zero tolerance because you appreciate when we make those sorts of commitments, you have to have processes in place to be able to support them but we absolutely share the concern, so thank you.

Audrey van Herwaarden: (Shareholder) Thanks.

Philip Chronican: Perhaps we go to item - microphone number 1?

Unidentified Company Representative: Chair, I would like to introduce [Ms Milly Haasbra] and Mr Austin Caetano.

Philip Chronican: Thank you.

[Milly Haasbra]: (Shareholder) This question is to the CEO and the Board. My name's Milly. I'm 17 years old and I strike from school for the climate because, as a young person, I've grown up constantly in fear of climate change and I'm terrified of what it's doing to the world and people around me.

In March, I was part of a group of school students who met with Ross McEwan on behalf of School Strike 4 Climate to discuss our concerns. Instead, you told us all about your sustainable office building and how you have children yourself so you very much understand how we feel.

But whenever we asked for proof of real climate action, you'd only tell us to read the policy. From reading NAB's policy and climate report for 2022, it's clear that you have not yet ended your relationship with companies like Santos and Whitehaven, who are expanding their fossil fuel production. NAB's climate policy still enables you to fund these

companies despite the warnings that we must stop all new fossil fuels to have a chance of a liveable future.

NAB, every day longer that you wait to divest from these companies, every dollar more that you give them, is putting more lives at risk. You may be able to trick people with your fancy wording but you can't trick the science. Your actions will still have the same impact no matter how hard you try to hide them in your wording. They will still impact as many lives.

Your greenwashing is obvious and continuing as you are, sends a clear message to young people across the country that you would rather prioritise your profits over our futures.

My question is, will NAB live up to its rhetoric on climate policy and rule out further finance for companies expanding the fossil fuel industry? If not, can you explain why your profits are more important than our futures? Thank you.

Philip Chronican: Thank you. I think I've answered that question about seven times today so you can take the answer as read. We are earnest in our desires to see emissions reduction and we are operating comprehensively but we are not making commitments in respect of individual companies.

But we have said that we're not going to be financing major projects expansion or new projects other than as set out in the policy but thank you. Item - question, sorry.

Microphone number 2.

Unidentified Company Representative: Chair, I would like to introduce Helen Lester.

Philip Chronican: Thank you.

Helen Lester: (Shareholder) Thank you, Chair. Good afternoon, everyone. In September 2020, the Science Based Targets Network issued interim science based targets for nature including zero deforestation and zero conversion of all natural habitats from 2020 as a first step towards nature positive targets.

Given the agricultural sector's contribution to NAB's scope 3 emissions and the pressure that land clearing associated with pasture expansion places on our environment, has NAB implemented conditions within a loan agreement to prevent deforestation or sustainability-linked loans to promote nature positivity?

Philip Chronican: The answer is no for the first part of it and on - I'm not quite sure I'm seeing the context of the sustainability link loan one.

Helen Lester: (Shareholder) So loans on the base that - loans towards projects that will promote nature.

Philip Chronican: Certainly, on - we are lending on reforestation projects. That's absolutely the case. Yes and we are encouraging companies to embark on sustainably related projects so that we can either lend or on-sell as sustainability linked bonds. So yes, we absolutely support that. Thank you.

Helen Lester: (Shareholder) May I ask why you haven't yet implemented conditions within a loan - within a loan agreement to prevent deforestation?

Philip Chronican: No. It's not an appropriate question. I mean, it's a very detailed question about a loan agreement. It's not the sort of thing to deal with at an annual general meeting. Thank you. Microphone 1.

Male 2: Chair, I would like to introduce Mr Austin Caetano.

Philip Chronican: Thank you.

Austin Caetano: (Shareholder) Hi. This question is to the CEO and the Board. My name is Austin Caetano, I'm 15 years old and I strike from school for the climate. As young people, we are really aware already and are exposed to the harsh reality of the climate crisis. With bushfires, floods and droughts getting worse every year, we already have a taste of what the years ahead are going to look like.

Earlier this year, I met with Ross McEwan with other students who are part of School Strike 4 Climate to discuss NAB's ongoing funding for companies like Whitehaven Coal and Santos that expanding of their fossil fuel production.

Mr McEwan indicated that there would be lots of updates released in November as part of the climate report. I've read both the coal policy and the climate report and it was clear that there are gaps in NAB's policies enable - the gaps in NAB's policies enabled their relationship with companies like Whitehaven Coal and Santos that are expanding fossil fuel production to continue.

NAB's climate policies still enabled NAB to finance companies that are trying to lock in climate catastrophe. So my question is, will Ross McEwan meet with me and School Strike 4 Climate again to discuss these ongoing relationships, loopholes and how NAB plans to end finance for destructive fossil fuel companies that are putting our future at risk?

Ross McEwan: Thank you, very much. As I indicated when we did have the meeting, I was happy to catch up again. I'm delighted that the team have read our policies because at the time, I think there was a gap between what you understood and what we'd said.

We have since then put out our climate report and I'm very happy to give you the update of where we are on the four sectors that we've now disclosed and also give you an update on what we're doing with the next five to six sectors as well. So very happy to meet at the appropriate time. Thank you.

Philip Chronican: Thank you. Now, shareholders have been very patient. It's now five minutes to two. I'm going to take two more questions. One from microphone 2 and one from microphone 1. Then I'm going to draw this meeting to a close. Thank you.

Unidentified Company Representative: Chair, I'd like to introduce Morgan Pickett.

Philip Chronican: Thank you.

Morgan Pickett: (Shareholder) Thank you. Let me start by just saying we've been very patient as well so we'd really appreciate if you could answer all remaining questions.

Philip Chronican: Well, I can't do that because the questions are very repetitive and therefore it's very difficult...

Morgan Pickett: (Shareholder) Well, you don't know that until they've been asked.

Philip Chronican: Well, they have been. They have been.

Morgan Pickett: (Shareholder) Respectfully, let them be asked then you can make that judgement. Thank you. I want to open by stating that I have read NAB's policy on climate change and I'm very familiar with it, and I know it's about as watertight as a teabag.

I notice that two weeks ago, Ross McEwan, you were presented with an award for being a greenwasher. I had to look up the term myself but discovered this: the Corporate Finance Institute defines the term greenwashing as when the management team within an organisation makes false, unsubstantiated, or outright misleading statements or claims about the sustainability of a product or a service, even about a business's operations more broadly.

I also noted that the day after your run-in with activists, NAB published a news release titled Facts in Relation to NAB's Lending to the Thermal Coal and Oil and Gas Sectors. In this statement you make the following claim, that NAB is not financing any new thermal coalmining projects and has not done so since 2015. This claim is very misleading and

Ross, I assume that making such false, misleading, and untrue claims such as this is one of the reasons you received your award for greenwashing.

Now, while NAB might not be directly financing new coalmines, the Bank is directly financing at least 10 companies who are rapidly expanding the fossil fuel projects through corporate financing. For example, NAB is still financing Whitehaven Coal, the biggest undiversified coalmining company on the Australian share market. This is a company which does nothing other than mine coal and is using NAB's money, that is, hundreds of millions of our shareholder dollars right now to develop three new, massive coalmines, thermal coalmines: Vickery, Narrabri stage 3, and Winchester South. These are projects that NAB is getting off the ground right now and would operate for many decades to come, even when they are no longer on NAB's books.

I have two questions that I would like answered. As I have said, I have read your climate policy. Have you read the International Institute for Sustainable Development's report which was a comprehensive review of pathways that limit warming to 1.5 degrees and stated that developing new oil and gas fields is incompatible with limiting temperature rises to 1.5 degrees. Or have you read the International Energy Agency's report that states that no new coalmines, oil, or gas fields can be developed under a 1.5 degree warming limit. And if you have read these, how do you justify financing companies with new and expanding coal projects?

Philip Chronican: Thank you. You failed your own test. The question was substantially the same as the previous ones.

Morgan Pickett: (Shareholder) That's not...

[Over speaking]

Philip Chronican: Can I go to...

Morgan Pickett: (Shareholder) I have a second question to that.

Philip Chronican: ...microphone number 1, please.

Morgan Pickett: (Shareholder) My second question is...

Philip Chronican: I'm sorry, you've...

Morgan Pickett: (Shareholder) ...will you commit to stop corporate financing to companies who are building new and expanding fossil fuel projects that will operate well beyond NAB's financial involvement?



Philip Chronican: Again, I...

Morgan Pickett: (Shareholder) I'd appreciate an answer. Thank you.

Philip Chronican: Again, you have failed your own test, so thank you.

Morgan Pickett: (Shareholder) Can you point out how I've failed my own test, please?

Philip Chronican: Well, you've asked the same question that every other questioner has asked. Can we go to microphone 1, please?

Unidentified Company Representative: Chair, I would like to introduce Mr [John Phillipson].

Philip Chronican: Thank you.

[John Phillipson]: (Shareholder) Good afternoon. Thank you for responding to questions. I'm talking here on behalf of the silent majority in this room. I have investments that pay for my life, I'm obviously retired, I'm getting on in years, and I come here to these meetings to check on how those investments are progressing and as far as I can see you're doing a good job. However, when I come, and more and more, I'm getting all this stuff about climate change and that is dominating clearly the AGM.

Now, I understand you have a policy - I must admit I haven't read it, but it seems from what I'm hearing is that there are some holes in it, that maybe the Bank is doing the opposite of what it says. I can't verify that, but that's certainly the comments that are being made here.

I think it's really bad that that sort of comment is being made and that the Bank might be doing that because it gives the Bank a very bad name to think that it's being inconsistent and saying one thing and doing another, saying that it's not going to fund fossil fuel projects but in fact then just funding the company that's doing it. However, that doesn't really bother me. The fact that - I'm not worried about the climate aspect, I'm just worried about what appears to be an inconsistency.

Philip Chronican: Thank you.

[John Phillipson]: (Shareholder) Now, I think the best way to solve this problem is to just scrap the whole climate policy. Why do you have the climate policy? I agree with the science, I agree that burning fossil fuels is increasing the temperature of the earth, and I agree that funding fossil fuel projects is going to exacerbate that process. So, it would seem that funding any fossil fuels is a bad idea.

But the thing is that these people who have been getting up and talking, all they want, all they want is a safe future and a safe future for their children. Now, how selfish is that? That's absolutely selfish. I won't be around in 10 or 20 years' time so my objective is to get as much money as I can and I don't care about all this climate stuff, and I'm sure that most people in this room, the older people, particularly my age, would have the same feeling. My children can look after themselves, the earth, well so what, I won't be around to see it so who cares?

So, three things. First of all - three questions - will you ensure that any other policies that you make will be consistent and reflect the Bank's actual position and don't just kowtow to internal pressure - external pressure.

Philip Chronican: Correct.

[John Phillipson]: (Shareholder) Will you scrap the climate policy so that then you can invest more heavily in coal and increase my income, and will you get rid of all these protesters that are around the front and everywhere else? Thank you.

Philip Chronican: Thank you. Let me just say we're - the point of having the climate policy is it says what we are going to do and we will do that. The criticism from many protesters today, or questioners today is that they want our policy to say something else, which we're not prepared to do.

I appreciate your comments about wanting as much as you can now. Unfortunately, our job is to be stewards of this Company for the long run and some of us do look towards the future, so unfortunately we are going to continue to have that policy. So, appreciate that point as well. But I do want to assure you that when we put something in a report, we're serious about it and we will do what we have said. Thank you for that.

Phone operator, are there any questions on the phone line?

Operator: There are no phone questions.

Philip Chronican: Great. Virginia, do we have any further questions on Item 6(a) and (b)?

Virginia Portman: No further questions, Chair.

Philip Chronican: Thank you. Shareholders, I'm now formally putting to you item of business 6(A) as set out in the Notice of Meeting. Please record your vote now if you have not already voted.

Based on the results of the proxy and direct votes that we have already received, we are able to determine that resolution 6(a) has failed and therefore as 6(a) was not successful,

6(b) will not be put to the meeting. That now covers all the formal business of the AGM. Were there any questions on any other general related issue that anyone had?

Unidentified Company Representative: Chair, I would like to introduce Rodney Hamilton.

Philip Chronican: Thank you.

Rodney Hamilton: (Shareholder) Thank you for all your patience, Mr Chairman.

Philip Chronican: That's all right.

Rodney Hamilton: (Shareholder) It's been a long day. My name is Rodney Hamilton. I was farming on the Western Downs in Queensland. My question is NAB has been named in a Federal Court case for overcharging customers' accounts.

Philip Chronican: Yes.

Rodney Hamilton: (Shareholder) I went into negotiations in farm debt mediation where the Bank stated my debt and on 20 August 2014 closed my trading account, but in fact kept it open until July 2015, charging further interest and fees to that account. One of these was an annual package fee of \$500 and on 27 March 2015, the mediation was finalised on 16 February 2015, where the properties were to be sold by 20 March 2015.

The issue being we could not have used the package because the Bank had made us agree to sell at mediation, where I had a heart condition and my wife was showing symptoms relating to her brain cancer. We had very capable children at home to carry on the farm.

This was just one of the Bank's practices we were involved in involuntarily. Recently, NAB again has been involved in this problem with incorrect values of debt with an ANZ judgement in 2020 in the Federal Court, the then ANZ claims to be paid back, to 2004 were to be paid. Does this mean closed NAB account mistakes will be corrected and refunds paid?

Carrying on from the ANZ judgement, the BBSW or bank bill rate variations, which we were involved in, because on 30 December 2013 when your Bank admitted to a possible manipulation on that date and charging on the account was over 1.1% in daily variations. Will all these problems be corrected and proper refunds paid or will the Bank have to resist further court actions and possibly one for contracts being void of uncertainty? Thank you.

Philip Chronican: Thank you. To the best of our knowledge, we have remediation programs in place for every identified area of shortfall, but if there's anything specific you want to raise I know that Jocelyn or any of the rest of the complaints team would be happy to go through it with you. We have a number of remediation programs in place that deal with

identified issues and our expectation is that where there is evidence that incorrect charging has occurred, there are programs in place for that. Not many of them relate to the BBSW I have to say, because there was no evidence of customer harm identified in that.

Rodney Hamilton: (Shareholder) Well, I'd certainly appreciate the ability to have a meeting with that because our concerns have been put forward and ignored to this stage.

Philip Chronican: Thank you. Microphone number 2.

Unidentified Company Representative: Chair, I'm reintroducing Craig Caulfield.

Craig Caulfield: (Shareholder) Thank you, Mr Chronican. I withheld a question when you said you were closing the previous one, so this seems to be the opportunity. It's my last question.

Philip Chronican: It's probably the last question but if you ask it quickly we might have an opportunity to have a conversation with you outside.

Craig Caulfield: (Shareholder) Yes. It's regarding core banking. The Reserve Bank's eight consecutive interest rate rises have not impact NAB customers largely at this stage. Rising food, fuel, and energy prices are likely to increase hardship. This wave of rising costs eventually takes its toll. We're expecting after-Christmas spending there'll probably be a drop-off in retail spending. I would think confidence might drop off too.

The Reserve Bank pumped \$200 billion at artificially low interest rates and a lot of this was two and three-year fixed loans that are starting to expire now. A cohort of NAB customers will be transitioning from 2% fixed rates to 6% variable rates. That's a 200% increase in the costs, very unprecedented in such a short time. All customers with loans are understandably anxious. Some customers might be able to draw on savings, lines of credit, or tap into credit card debt, sell off a boat in the backyard, that type of thing to get their way through. This will simply delay the impacts. Combined COVID uncertainty and geopolitical tensions and it's understandable that mental health consequences will arise.

I provided evidence to the Primary Production Lending Inquiry in Roma; depression and suicide, especially in rural areas, are a tragic consequence. NAB is the leading agricultural lender in Australia. These traumatic impacts go beyond financial hardship. This is psychological hardship. Drawing on my own experiences of CBA's behaviour, my request for financial hardship was refused. My offer to pay all arrears was refused. My request for farm debt mediation was refused. CBA lodged court orders to repossess my farm. I've been fighting back a long time.

I'm saying this because it relates to the psychological damage that occurs. I know how deep this goes. I and many others have found internal dispute resolution, external dispute resolution, AFCA, are inconsistent, they're not fit for purpose, and they're costly for banks and for the shareholders. My questions are how does NAB's systems, policies and processes address the emotional and psychological hardships beyond the financial hardships?

Philip Chronican: Thank you very much for asking that question because for many of our customers this is a big risk issue as we enter into the new year, as you identify with cost-of-living pressures and interest rate rises. We encourage any customer who even thinks that they might be facing into some form of financial hardship to contact the NAB Assist area. I want to assure you that we do not just look at this as a financial issue but we have a range of groups that work with NAB Assist that are there very much to provide support to customers going through hardship, and that can include providing support on some of the psychological pressures that hardship does bring to bear.

I've been down, spent some time with the teams and they really do, they draw on financial counsellors, they draw on support people, they can draw on people who can help people to get into employment, they can draw on people, some of the community groups, for example, that can provide emergency support and draw on people who can provide psychological support to customers under stress.

Often of course we have customers under stress who are going through difficult marital situations and it's not always just financial. We are acutely aware, Mr Caulfield, of those issues and I think our approach to handling customers has matured a lot over the last decade. So, thank you.

Craig Caulfield: (Shareholder) Thank you for that awareness and I look forward to meeting you and the Directors outside.

Philip Chronican: Indeed. Thank you. All right. Assuming no questions online - and phone operator, no further questions on the phone?

Operator: There are no further questions.

Philip Chronican: That's fantastic. Well, on behalf of the Board I would like to thank you all for coming along, for shareholders for their continued support of the Bank. I will now formally declare this AGM closed and confirm that voting will remain open for another 10 minutes to allow for ample time for shareholders and proxyholders to submit any final votes.

Shareholders, the few of you left in the room, if you've written on your voting cards please place them in the poll boxes that are being circulated around the auditorium. The results will be released to the ASX and will be available on the AGM page of our website.

I'll now welcome shareholders who are here with us to share some refreshments in the foyer and to visit some of the stalls we have set up outside for cyber and scam safety and digital banking. Thank you also to my fellow Directors, the executive team and all the NAB people that are here, for your hard work and commitment in 2022. Thank you all.

**End of Transcript**