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Wednesday, 18 December 2019

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**NATIONAL AUSTRALIA BANK LIMITED (NAB) 2019 ANNUAL GENERAL MEETING  
CHIEF EXECUTIVE OFFICER'S ADDRESS**

Please find attached the Chief Executive Officer's address to be delivered at NAB's 2019 Annual General Meeting.

A handwritten signature in blue ink, appearing to read "Louise Thomson".

Louise Thomson  
Group Company Secretary  
National Australia Bank Limited

800 Bourke Street  
Docklands VIC 3008  
AUSTRALIA



# **NATIONAL AUSTRALIA BANK LIMITED 2019 ANNUAL GENERAL MEETING**

**Sydney, Australia  
Wednesday, 18 December 2019**

## **Chief Executive Officer's Address**

Thank you, Phil, and good morning everyone.

I'm honoured to be here with you this morning as CEO of National Australia Bank to offer some initial observations. It is a privilege to hold this office.

I want to thank the Board and you, our shareholders, for having the faith in me to run this organisation. I'm now officially two-and-a-half weeks into the role.

I have spent this time meeting colleagues and talking to customers in branches and call centres in Melbourne and here in Sydney.

And I have had an incredibly warm welcome.

I have also heard some very plain talking about the issues and challenges that we all face.

Everyone I have spoken to shares a common interest in making NAB Australia's leading bank again.

Financial strength and reputation are the hallmarks of a financial institution.

This hasn't changed in hundreds of years.

Customers look to banks to be strong and safe, able to see them through the tough times – and there for them when they want to buy a house or to start or grow their business.

On the barometer of reputation, in recent years, including through the Royal Commission, it is clear NAB has lost a lot of trust and respect.

We haven't always done what we said we would and this is unacceptable.

***I'm under no illusion about the challenges before us.***

Where we stand today isn't where we want to be; on customer experience, on employee engagement, on relative return on equity, and on productivity and efficiency.

My focus rests in five key areas, which I have already shared with my 34,000 colleagues across the bank, so that everyone is clear about what's important.

The first is to get the basics right for every customer, every time so they can rely on us and know what to expect.

Second, to ensure NAB remains a safe and secure bank, with a strong capital base, liquidity to fund customers' needs and resilient systems and technology that flex, move and meet the demands of our customers.

Third, it will be our colleagues who, working together, will do the right thing for our customers and ensure we deliver more consistently.

We need to make NAB a good place to work, with a culture that supports our aspirations.

Fourth, to use these foundations to make it easy for customers to do business with us – when, and where and how they want to.

We all need to remember that we exist because our customers choose to do business with us.

And finally, when we put these four elements together, we will grow.

Our focus is to grow safely, in a way that does not compromise long-term sustainability and success; and importantly trust.

When we get these things right, we will be a good bank that delivers good, consistent returns to you, our shareholders.

***It starts and ends by getting the basics right and delivering consistently and reliably.***

The Australian banking industry is rightly being assessed on its capacity to run well and in the long-term interests of shareholders, customers and the community it serves.

It is non-negotiable to manage financial and non-financial risks to protect our customers and your bank.

As CEO, I will engage constructively with our regulators.

Our interests are aligned. Regulators want safe, sound banks that look after customers.

We want the same.

I will quickly tell them when we have a problem.

I will make every effort to ensure our relationships with regulators are transparent and constructive.

An example of this is the civil legal action taken this week by ASIC against NAB in relation to alleged breaches concerning ongoing fee arrangements with clients of NAB Financial Planning.

As we said, we take this action seriously and will continue to work cooperatively with ASIC to deal with this issue.

Also non-negotiable is the resilience of our technology.

Customers have the right to feel confident that when they use an ATM or pay for their groceries, they're not going to run into any issues.

They should feel confident that funds will come in on mortgage settlement day.

Or that when their bank has made a mistake, things will be corrected swiftly.

I've been to a number of branches, business centres and customer contact centres and I have experienced what our customers experience, and listened to what they have to say.

It is clear we need to pivot quickly to what is important to them. The basic needs of customers are not changing.

But how they want us to deliver for them and serve them, is changing dramatically.

Australians and New Zealanders don't want to be on hold for ten minutes in a call queue or wait weeks to be approved for a mortgage or business loan.

This is a real-time world.

If we are too complicated and too slow, they will not wait for us. They will go somewhere else.

We need to continue to develop the best digital and mobile services to be competitive, otherwise we will be left behind by new, technology-driven financial service providers.

At the same time, our business is built on relationships.

Many people want to talk to a banker and look them in the eye when they want advice or when they need help.

We will evolve to the digital and mobile world faster, while not losing the human relationships that this bank was built on.

***We are planning for the future.***

The fundamentals for the Australian and New Zealand economies remain sound – particularly in Australia, with 28 years of continuous growth.

Conditions are currently challenging, particularly in the private sector – with confidence soft and weak credit demand.

Strong infrastructure investment and commodity exports are sustaining growth.

While unemployment is higher than we want, we still have more people in jobs than ever before.

In the medium term, our proximity to Asia, growing population, robust education and legal structures mean there are continued opportunities for business – and we are committed to supporting customers wanting to borrow, invest and to grow.

In our own business, we are the facing the challenges of low interest rates, higher regulatory compliance and capital requirements.

And with new competitors entering the market, we are also facing thinning margins and greater cost pressures.

This underlines why being a strong bank, with access to capital and funding, is critical.

As Phil said earlier, we have met APRA's 'Unquestionably Strong' requirement for January 2020.

We've got good assets here at NAB.

- We have a business bank that's growing in areas where we specialise, such as agriculture and health, and with plenty of potential for more.
- We have a strong corporate and institutional bank, particularly in infrastructure and renewable energy funding globally, and our New Zealand operations are outperforming.
- And we have a retail bank that we can develop further, particularly in core areas such as home and unsecured lending.
- We continue to strengthen our technology environment to deliver better experiences.

Another thing I've been impressed by is that we have very good people who want to do good things for our customers.

We will hold on to these foundations and grow them into other opportunities.

We will do this safely and not at the expense of long-term success.

We will deliver what we've committed under the current transformation plan.

Within this, a major priority is transitioning MLC to become a stand-alone wealth business.

At the same time, we will start looking forward to what this bank might look like in the next five to ten years.

We are looking for long-term growth, not only the quick wins. It is the underlying growth that's important.

Trying to find constant improvement in financial performance, every quarter, is one of the things that I believe has caused so many customer issues across the financial services industry.

We will be making smart and deliberate decisions on how to invest, and importantly, where to stop investing.

And our vision for the future will be matched with rigorous execution. That requires us to become even simpler.

Complexity creates problems for our customers and colleagues, and we still have too much of this complexity inside the bank.

From a cultural perspective, we will be much more open with each other, so we can work together on the challenges we're facing.

Organisations get into trouble when people are concerned about speaking up and stop challenging their leaders.

We've got to bring forward the best ideas leading to the best outcomes for our customers.

It will be our colleagues who drive our improvements for customers, and in return for you.

I also want to call out that I am acutely aware that you have invested your money as shareholders in NAB.

This is your bank. Not ours. Every dollar we spend we have to think: "Would our shareholders really want us to spend that money?"

This is a discipline that is not negotiable – and I have been very clear with our senior leaders about this already.

As the owners of the company, you are a key part of the conversation about NAB's future.

I would like to acknowledge and thank the Board for their backing and in particular, our Chairman, Phil Chronican, who stepped in as interim CEO and provided leadership and stability during this difficult transition for NAB.

I know Phil and the Board will challenge me and the NAB Executive Leadership Team to put the right plan in place for NAB and to execute it well.

The foundations are there for NAB to be a leading bank in Australia and in New Zealand.

I see great opportunity in our business and take confidence from the people who stand behind it.

Again, thank you, it's a privilege to be your CEO.

I look forward to meeting some of you over a cup of tea at the end of the meeting.