



Friday, 17 December 2021

ASX ANNOUNCEMENT

2021 Annual General Meeting (AGM) – Chair and CEO Address and Proxy Summary

National Australia Bank Limited (NAB) attaches the following documents to be presented at the 2021 AGM being held today at 9:30am online via the Lumi platform:

- Chair's address.
- CEO's address.
- Slides showing direct and proxy votes received on each resolution in advance of the AGM.

The results of the AGM will be communicated to the ASX shortly after the conclusion of the AGM.

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2021 ANNUAL GENERAL MEETING - CHAIR'S ADDRESS

Mr Philip Chronican, Chair

Good morning, ladies and gentlemen, and welcome to this meeting.

It is just after 9.30am, this is a properly constituted meeting and a quorum is present.

I therefore declare the Annual General Meeting of National Australia Bank open and welcome shareholders, proxyholders and guests.

I am joining you today from Melbourne and I, too, acknowledge the traditional owners and custodians of the land on which we are hosting today's meeting, the Wurundjeri and Bunurong people of the Kulin nation. I pay my respects to their elders past, present and emerging.

This morning's meeting is an important opportunity to reflect on our performance for shareholders and to discuss the future of our business.

A little over two years ago, the Board took accountability for ensuring the necessary changes were made at NAB; and that our customers, our people and our shareholders would see the benefits.

That work continues. However, I am pleased to say we are now well progressed. We are finishing 2021 a better bank.

In a year characterised by continued challenges requiring resilience and the ability to adapt, NAB has demonstrated a strong focus on customers and on colleagues. We have also shown the ability to grow safely.

Our Chief Executive Officer, Ross McEwan, together with his Executive Leadership Team, has created stability and clarity of strategy, with greater discipline and stronger execution. There is clear evidence of this plan in our business results and we are well placed to deliver improved performance over the long term.

In a little over two years, NAB has grown from the fourth to second largest Australian bank, by market capitalisation. We have increased the dividend over last year's reduced levels.

We know that these are the core performance outcomes that you want to see as owners of the bank.

The successful exit of MLC Wealth earlier this year was a major milestone in the simplification of NAB. It has enabled more focus and investment to be directed back into our core banking business.

NAB's acquisition of the neobank, 86 400, and the proposed acquisition of Citigroup's Australian consumer business, will enable the bank to quickly build scale in our digital and consumer bank offerings.

Meaningful and sustainable change has been made to the way the bank operates. This is as a result of reforms put in place in response to NAB's own self-assessment into governance, accountability and culture in 2018, and following the Financial Services Royal Commission.

Implementation of the applicable and actionable recommendations from the Commission is on track.

Actions to address the root causes identified in our self-assessment are largely complete. We are now engaged with APRA on the assessment of their impact.

Several regulatory matters have been concluded. The Introducer Payments Program, Plan Service Fees, Consumer Credit Insurance Products and Fee Disclosure Statements matters are closed and customer remediation is complete. In total, we have returned \$1.3 billion to customers since June 2018 and are on track to have the bulk of remaining legacy issues behind us by the end of 2022.

We have made it a priority to deliver higher standards of governance and accountability and we have driven a reorientation of the bank around customers and colleagues.

Products and services have been reviewed to improve customer outcomes. In the 2021 financial year, NAB's Strategic Net Promoter Score increased four points to -7. This is equal first amongst our peers and marks a 10-point increase from -17 in 2019.

Investments in NAB colleagues are showing up in employee survey results. NAB achieved staff engagement levels amongst the top quartile of global employers during the financial year 2021.

We're changing the way we pay colleagues, to ensure remuneration supports our desired culture. 12,000 bankers are moving to 100 per cent fixed pay, to ensure that people are rewarded for serving customers well – not for selling. Senior leaders will still have some pay at risk, reflecting their levels of accountability when things go right and wrong.

While we are finding and resolving issues faster, some work remains.

We are acutely aware of the important role the bank plays in monitoring and reporting suspicious, and potentially criminal, activity.

In June, AUSTRAC commenced an enforcement investigation of NAB. At that time, AUSTRAC commented it was not considering civil penalty proceedings. We have not been notified of any change to this position. However, we note the investigation is ongoing and we will continue to fully co-operate.

The Board recognises the focus and diligence shown by management in improving financial crime and fraud controls, and the imperative to get it right.

We are determined to ensure NAB meets the highest standards. We will continue to make investments to keep the bank safe and drive performance over the long-term.

The Board has high ambitions for NAB and is pleased with the direction now set and being acted on.

In a challenging environment, the Board is encouraged by NAB's 2021 full year results. They reflect good momentum across all businesses, capital strength and sound credit quality.

We are pleased to have increased dividends across the full year to 127 cents per share, compared with a reduced level in 2020.

This outcome is closer to the level of shareholder return the Board is targeting going forward. Future dividends will be guided by a target payout ratio in the range of 65 to 75 per cent of sustainable cash earnings, subject to circumstances at the time.

The business delivered a cash Return on Equity of 10.7 per cent for the 2021 financial year. This was 2.4 percentage points higher than last year, although we recognise that this is still lower than 2019.

Our capital ratio at the end of September 2021 was 13 per cent, which is above the target range of 10.75 per cent to 11.25 per cent. Strong capital supports growth, but the Board also looks at returning surplus capital to shareholders.

Our preference is to continue to reduce our share count, so we can deliver better earnings and dividends per share over the long term. This is underway through a \$2.5 billion share buy-back, which started in August and is approximately 40 per cent complete.

Executive and employee remuneration outcomes for 2021 have been set by the Board at a level, that reflects the strong progress we have made on the strategic repositioning of the business and resolution of legacy issues.

It reflects an assessment of performance against the targets set in NAB's 2021 financial year plan, as well as greater employee engagement and significantly better outcomes for customers. This contrasts with remuneration outcomes for the past two years when the CEO and executive team received no short-term incentive payments.

Looking ahead, I am cautiously optimistic that the worst of the economic impact of COVID-19 is behind us. I am confident the Australian economy will rebound in 2022, with the protection of having one of the highest rates of vaccination in the world and a booster program now underway.

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

Through the investments made in recent years, NAB has strengthened its technology foundations. This enables us to now place greater emphasis on using digital, data and analytics to deliver faster, better and more personalised experiences to customers. We are also strengthening our defences against the growing, global threat of financial and cyber-crimes.

More broadly, new technologies will be central to the decarbonisation of the Australian and New Zealand economies. This will be the greatest economic shift of our lifetime.

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

Our goal is to align our lending portfolio to achieve net-zero emissions by 2050. We were the first Australian member bank of the United Nations' Environment Programme Finance Initiative's Collective Commitment to Climate Action.

We have now also joined the associated Net Zero Banking Alliance, which together set out concrete and time-bound actions for member banks.

NAB is winding down our financing of fossil fuels over time, while at the same time, growing in renewable energy finance. We have made clear statements regarding our targets and approach. We will support an orderly transition of Australia's energy system.

NAB is the only major Australian bank so far to have set an upper limit on oil and gas extraction and production exposures, and to put restrictions on lending to greenfield gas projects.

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

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

According to the Business Council of Australia, Australia needs a further \$50 billion invested in renewables to get to 100 per cent green power generation. That investment alone would still not be enough to take Australia to net zero. It would only address a third of our carbon emissions.

To get to net zero, every business in every industry will have to evolve. Every household will need to make changes. This is where a bank like NAB can help. As a priority, we are working with 100 of our largest greenhouse gas-emitting customers to develop or improve their low carbon transition plans by 2023. We are supporting customers to decarbonise and build resilience to climate change.

Electrifying transport, heating and cooling systems will further reduce reliance on oil and gas fuels. Deloitte analysis shows that this could reduce Australia's emissions by up to 80 per cent by 2050, once electricity generation reaches 100 per cent renewable.

The remaining 20 per cent of Australia's emissions will be harder to abate. As an agricultural nation our farmers and foresters will play a role. Some cutting-edge Australian farms are already using methane capture technology in livestock operations to halve waste-based emissions.

At the same time, there is also increasing recognition of the importance of protecting and restoring natural environments, to mitigate the worst impacts of climate change.

At NAB, we have finalised our work to baseline the estimated attributable financed emissions of eight key sectors of our Australian lending portfolio. These are residential mortgages, commercial real estate, agriculture, power generation, resources, heavy manufacturing, transport, and small and medium enterprises. In the next 12 months we will disclose how we will align our lending to these sectors against the 1.5-degree scenario.

The commercial opportunity to finance the climate transition is significant. Developing and deploying low-carbon solutions will require meaningful backing.

Partnership between business and government is critical. Disruptive innovation involves some risk-taking. History has shown that only a small percentage of inventive concepts reach commercial viability.

The Federal Government's \$20 billion Technology Investment Roadmap and the NSW State Government's \$3 billion in grants for green hydrogen projects are good examples of partnerships in action.

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

In this ever-changing environment, ensuring your Board is equipped with the right skills and experience is critical.

We anticipate appointing at least one new director in 2022 to achieve our target Board size of 10, including our Managing Director. We are prioritising experience in transformation using digital technology, and greater diversity across all dimensions.

Anne Loveridge, who has been a member of your Board since 2015, stands for re-election today. Anne is the Chair of NAB's People & Remuneration Committee and a member of the Customer and Nomination & Governance committees.

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

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

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

2021 ANNUAL GENERAL MEETING – CEO'S ADDRESS

Mr Ross McEwan, Managing Director & CEO

I'm pleased to be able to share more about your company and its performance over the past 12 months.

In a year that Australians and New Zealanders have again faced more challenges, I've been particularly encouraged by the resilience of the economy and our communities.

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

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

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

It is our role to be there for our customers. By serving them well, we will support the economic rebound and help our communities prosper. When our customers do well, our business does well.

It's now two years since I started in this role and 18 months since we refreshed our strategy, giving us a clear plan for our bank.

In that time, we have progressed ahead of where I expected us to be. Our investment in customers and colleagues is delivering better service outcomes, higher engagement, and growth across every part of our business.

We are making progress on the four key areas we want to be known for. That is, being relationship-led, easy to do business with, safe and thinking long-term. We are improving our execution, and we are getting the basics right more consistently – all of which is delivering improved performance.

At our recent Full Year Results, we announced that NAB had delivered a solid financial performance, including a 39% improvement in cash earnings, driven by increased momentum across our bank and strong asset quality. Importantly, we again had no large one-off charges.

This improved performance is reflected in returns to our shareholders, with total dividends for the full year of \$1.27 per share, up from 60 cents per share last year. At the same time, we have retained a very strong balance sheet.

On customer outcomes, our Net Promoter Score reached equal highest of the major banks this year. We aim to lift this score well into positive territory. I know we have more to do.

It has been a good year in our largest division, Business & Private Banking, where we have extended our market leadership despite intense and targeted competition. Small and medium business lending increased 7 per cent, growing our market share by 40 basis points over the year to 26.43 per cent. Agricultural lending improved 14 per cent, with market share up 160 basis points to 32.8 per cent.

Personal Banking has increased share, having made good progress in simplifying home lending processes. We've been able to speed up unconditional approval times on home loans, to give close to two-thirds of retail network customers an answer within a day.

Our Corporate & Institutional business had strong, disciplined growth in the higher returning target segments of infrastructure and investor, although it has been a difficult period for Markets income.

Of course, there is much more to do.

Our priority is to better use data to make lending decisions faster and improve our customer experiences, in an increasingly digital and automated world. We want to make unconditional home loan approvals within an hour the standard for NAB customers.

It starts with having the right technology foundations in place. During the past four years we've invested significantly to make our systems more modern, flexible, and reliable. This enables us to innovate faster and respond to customer preferences.

About half of our 1.3 billion dollar investment spend in the 2022 financial year will be discretionary and will be directed to key strategic initiatives such as further simplification and automation of our systems, as well as enhanced use of data and analytics, to help customers and our bankers.

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

We are investing heavily to protect customers, the bank, and the broader financial system from the growing threat of cyber security, fraud and financial crime.

There are areas we need to improve, to play our role in the prevention of financial crime. Phil acknowledged earlier that AUSTRAC has initiated a formal enforcement investigation into our anti-money laundering and counter-terrorism financing compliance.

We take this work very seriously. It is an absolute priority to get it right. There are about 1,500 colleagues dedicated to managing financial crime risk and remediation. Let me be clear that every person at NAB has a role to play in identifying and reporting potential criminal activity.

Across the board, we are investing in colleagues to help them succeed. Over 7,000 colleagues have enrolled in our Career Qualified in Banking program, and a single leadership program is in place for every leader at NAB, creating consistency and discipline in how we work.

Leadership is key to having clear, capable and motivated colleagues – the most important asset to deliver on NAB's strategy.

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

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

Looking ahead, our future depends on acting now for the long term. NAB is embedding sustainability in how we support our customers and do business.

These efforts were recognised last month when NAB became the highest scoring bank in Australia, and within the top 10 banks globally, on the Dow Jones Sustainability Index. NAB was also the only Australian bank recognised at the UN Climate Change Conference in Glasgow with a Prince of Wales Terra Carta Seal for our progress towards a sustainable future.

Clearly there is a long way to go, but these acknowledgements are testament to the people at NAB who are working to make a positive difference for future generations.

Colleagues have rallied around customers and communities faced with floods, bushfires, cyclones and other natural disasters.

NAB has provided more than \$4 million in disaster relief packages. In addition, we have awarded \$1.2 million in NAB Foundation Grants in the past year to help more than 100 communities better prepare for, or recover from, natural disasters.

More recently we have responded quickly to support customers impacted by floods in New South Wales and Queensland, and cyclones in Western Australia.

Climate change is an area that all Australians need to engage in. We all have a part to play and we certainly recognise our role.

As the Chair said, we are the only major Australian bank to have released a detailed policy to cap lending to the oil and gas industry and reduce exposures in line with net-zero 2050.

NAB has a strong history of leading on climate action. Our C&IB team has been at the forefront of the development of sustainable and social bonds, ESG-linked derivatives, sustainability-linked loans and asset-backed securities.

While removing and reducing carbon emissions is the primary objective, creating a transparent and liquid marketplace for voluntary carbon credits will play an important role in achieving net-zero emissions by 2050. NAB has joined with three international banks to develop a global carbon platform using distributed ledger technology.

We have provided transparency around the decisions and actions we are taking to support our customers and communities as they make the transition to net-zero emissions by 2050. Our policy is informed by science.

We see significant opportunity for the bank to work with and support our customers to decarbonise, while also building resilience to the worst impacts of climate change.

As Australia's largest agribusiness bank, we're also focused on helping our farmers reduce their emissions, manage physical climate risks and biodiversity, and support their use of natural capital.

With a twin focus on the needs of customers and colleagues, NAB will achieve consistent performance over the long-term. We are doing what's needed to achieve these ambitions.

I am also pleased for shareholders that we were able to increase dividends this year and as Phil indicated, continue to look at reducing shares on issue to deliver greater returns.

To conclude, I thank all shareholders for your investment in and support of NAB. Your support helps us be there for customers as Australia embarks on a period of business-led economic growth.

Thank you to NAB's executives, leaders, and colleagues throughout the bank who have supported customers and each other over the last 12 months. I also wish to acknowledge the work of the Chair and Directors. They have both challenged and supported me and my executives to make NAB a better bank.

As Phil said, we are pleased to have grown from the fourth-largest bank in Australia by market capitalisation, to the second-largest bank. NAB has good momentum as we continue to grow.

Thank you for being here today.

2021 ANNUAL GENERAL MEETING

Direct and proxy votes received on each Item of Business in advance of the AGM.

ITEM 2

Re-election of Director - Ms Anne Loveridge

Direct & Proxy votes received in advance

Total Received	
For	1,690,996,150
Against	7,716,872
Open	10,596,745
Abstain	3,553,267
% cast FOR the resolution*	99.18%

*On the basis that open and available proxies held by the Chair of the Meeting are voted FOR the resolution

ITEM 3

Remuneration Report

Direct & Proxy votes received in advance

Total Received	
For	1,630,762,958
Against	62,664,831
Open	10,441,986
Abstain	8,858,836
% cast FOR the resolution*	95.97%

*On the basis that open and available proxies held by the Chair of the Meeting are voted FOR the resolution

ITEM 4(A)

Deferred Rights – Group CEO

Direct & Proxy votes received in advance

Total Received

For	1,669,348,605
Against	24,404,812
Open	10,451,601
Abstain	8,663,644
% cast FOR the resolution*	98.21%

*On the basis that open and available proxies held by the Chair of the Meeting are voted FOR the resolution

ITEM 4(B)

Performance Rights – Group CEO

Direct & Proxy votes received in advance

Total Received

For	1,670,018,562
Against	23,695,314
Open	10,488,971
Abstain	8,666,569
% cast FOR the resolution*	98.25%

*On the basis that open and available proxies held by the Chair of the Meeting are voted FOR the resolution

ITEM 5(A)

Amendment to the Constitution

Direct & Proxy votes received in advance

Total Received	
For	81,938,576
Against	1,554,413,540
Open	10,398,158
Abstain	66,112,281
% cast AGAINST the resolution*	94.65%

*On the basis that open and available proxies held by the Chair of the Meeting are voted AGAINST the resolution

ITEM 5(B)

Transition Planning Disclosure

Direct & Proxy votes received in advance

Total Received	
For	175,556,614
Against	1,481,442,978
Open	10,389,914
Abstain	45,473,048
% cast AGAINST the resolution*	89.11%

*On the basis that open and available proxies held by the Chair of the Meeting are voted AGAINST the resolution

Note: Item 5(b) will only be put to the meeting if the resolution on Item 5(a) is passed as a special resolution.