



Monday 2 May 2022

## ASX Announcement

### NAB enters into Enforceable Undertaking with AUSTRAC

National Australia Bank Limited (NAB) has entered into an Enforceable Undertaking (EU) with AUSTRAC.\*

The EU follows an enforcement investigation undertaken by AUSTRAC, which commenced in June 2021, in relation to NAB's compliance with Australia's anti-money laundering and counter-terrorism financing (AML/CTF) laws.

NAB CEO Ross McEwan said: "We take our AML/CTF obligations very seriously. We acknowledge the concerns that led to AUSTRAC's investigation. We will continue to work closely with AUSTRAC as we deliver the agreed further actions.

"We recognise it has taken us longer to fix the concerns raised than it should have. We welcome AUSTRAC's acknowledgement that NAB has undertaken significant work to date - and we accept that there is more to do.

"It is essential that everyone in our bank is focussed on getting the basics right, every time, and keeping our customers and bank safe. Keeping criminals out of the financial system is a top priority for NAB. We recognise our opportunity to better detect, deter and disrupt the flow of illegal money at a time when the threat is evolving at an incredible rate.

"We have a plan to make our bank simpler for customers to use, while safeguarding against the criminal threat. The EU provides a clear timeline as we further build capability, increase resourcing, continue to modernise our systems and improve controls and governance," he said.

Under the terms of the EU, NAB and the relevant members of the Group are required to:

- Complete a Remedial Action Plan (RAP) approved by AUSTRAC by 31 December 2024;
- Address to AUSTRAC's satisfaction any deficiencies or concerns with activities in the RAP identified by AUSTRAC; and
- Appoint, subject to the agreement of the AUSTRAC CEO of the individual to be appointed, an External Auditor who will provide a final report by 31 March 2025.

Copies of **AUSTRAC's announcement** and the **EU** are available on AUSTRAC's website.

Many activities required under the RAP, such as improvements to NAB's AML/CTF program and remediation of the high-risk customers the subject of the Customer Identity Remediation program, have already commenced and are expected to be delivered within the next 12 months. Other activities under the RAP require more time and resources to deliver a sustainable solution within the period of the EU. NAB has systems and controls in place to manage financial crime risk while activities under the RAP are completed.

NAB is assessing the likely costs of delivering the requirements of the EU and will provide an update at its Half Year Results on 5 May 2022.

#### Background

- The delivery of the RAP will be overseen by NAB's dedicated financial crime executive committee. The committee is chaired by the Chief Financial Crime Risk Officer & Group MLRO (whose position was elevated during 2021 to report directly to the Group Chief Risk Officer) and includes the NAB Group CEO.
- NAB is investing in strong partnerships with regulators and law enforcement to help protect customers and the community. This includes a memorandum of understanding (MoU) with both the Australian Federal Police and the Australian Criminal Intelligence Commission, as well as being a partner of both the Fintel Alliance and Australian Financial Crimes Exchange.

*\*NAB entered into the EU on its own behalf and on behalf of the following Group members: JBWere Limited; Wealthhub Securities Limited; Medfin Australia Pty Ltd; and AFSH Nominees Pty Ltd.*

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