



Karen Hayes CEO, Guide Dogs Victoria

We are committed to building prosperous communities

We realise the unique role a bank has in helping to build prosperous communities. By investing in the organisations and industries that tie communities together – and supporting initiatives focused on education, community engagement and financial and social inclusion – we can help communities flourish.

The purpose of our Dig Deeper

This is our fourth year producing an integrated Annual Review – a combination of our previously separate Shareholder Review and Corporate Responsibility Review.

To inform the content of our Annual Review we undertake an annual Corporate Responsibility (CR) materiality process to assess the most significant issues in each of our CR segments: Customer, People, Supply Chain, Environment and Community. This year we sought feedback from investors, analysts, our employees, government, community partners, consumer advocacy groups and non government organisations on the most material CR issues to NAB.

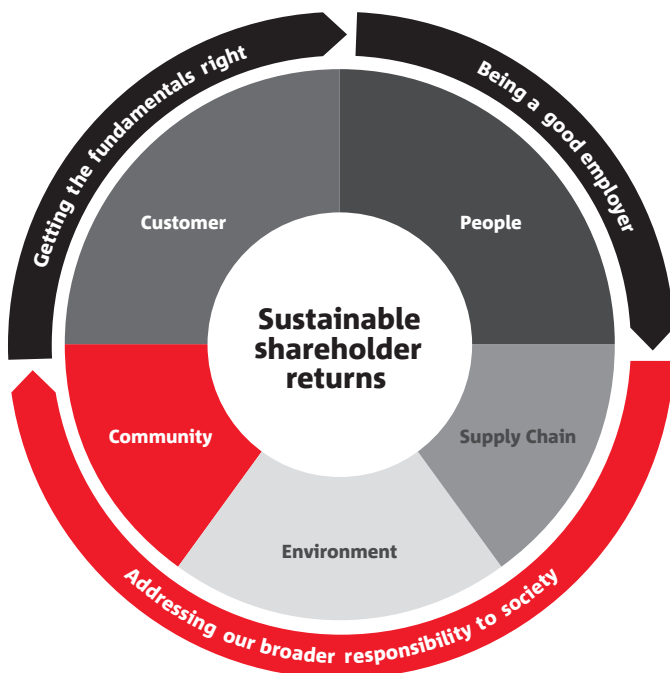
We then focus on including details on these issues in our Annual Review.

We understand that we have a diverse range of stakeholders, with a wide range of interests in our business who we must keep informed. Our Dig Deeper papers have been developed to provide more performance commentary and data around our CR segments ensuring our Annual Review continues to provide a concise overview of performance against NAB's material CR issues.

The content of our Dig Deeper papers is informed by our materiality process and ongoing stakeholder engagement throughout the year. We also conduct an annual peer and media review to align our reporting with best practice. Additionally, the Global Reporting Initiative Sustainability Guidelines (G3) framework guides the disclosures in our Annual Review and Dig Deeper papers.

Further information on how we manage key issues, program details, case studies and news stories can be found at cr.nab.com.au.

If you have any feedback or want more information please let us know by emailing corporate.responsibility@nab.com.au.



Community issues

This year, our materiality process identified the following community issues as most relevant to NAB:

- community investment
- disaster relief management
- education
- social inclusion
- stakeholder engagement/relationships.

Dig Deeper

Corporate Responsibility commitments

In our 2012 Annual Review we set out a series of commitments for 2013. The 'Community' CR commitments for 2013 and our performance against these commitments is summarised below:

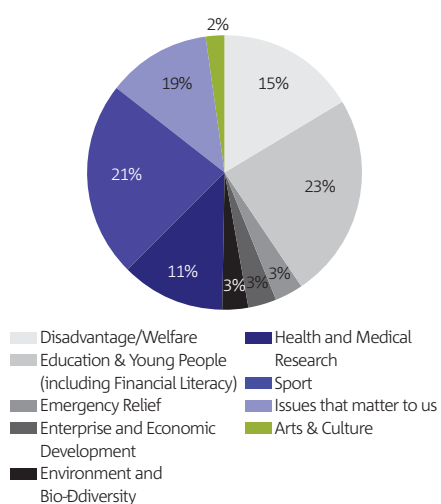
Commitment	Performance
Maintain NAB's core community investment programs, with a focus on increasing impact and deepening stakeholder relationships.	We've achieved this. Our performance is described in detail throughout this Paper.
Deepen our commitment to education in Australia by building on our support of school-community partnerships and introducing programs that prepare young people for the future.	We've achieved this. See our Education section for detail on the NAB Schools First program, and our new initiatives supporting Work Inspiration and High Resolves.
Publish renewed commitments that further our support of economic and social development in Indigenous communities under our Reconciliation Action Plan.	We've achieved this. In 2013 we launched our fifth Reconciliation Action Plan. This was the first ever to be granted 'Elevate' status by Reconciliation Australia.

▶ This year we redeveloped our Group Corporate Responsibility commitments – for further details, see page 25 of our 2013 Annual Review.

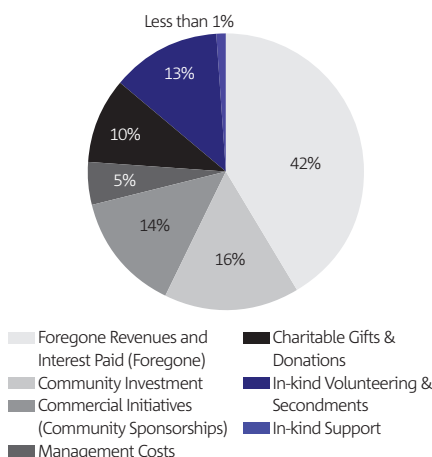
Our investment in the community

	2009	2010	2011	2012	2013
Total community investment (\$m)	58.0	61.9	72.2	55.7	66.5
Community investment as a % of cash earnings ¹	1.05	0.95	0.93	0.72	0.78

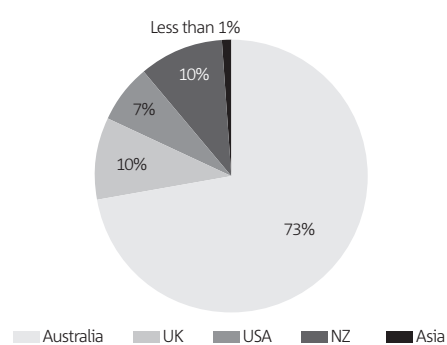
COMMUNITY INVESTMENT CASH SPEND
% BREAKDOWN BY FOCUS AREA



COMMUNITY INVESTMENT
% BREAKDOWN BY CATEGORY



COMMUNITY INVESTMENT
% BREAKDOWN BY REGION



1. Cash earnings is a non-IFRS key financial performance measure used by NAB, the investment community and NAB's Australian peers with similar business portfolios. It is calculated by excluding some items which are included within the statutory net profit attributable to owners of the Company. Cash earnings does not refer to, or in any way purport to represent the cashflows, funding or liquidity position of the Group. It is not a statutory measure and it is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards.

Dig Deeper

Corporate Community Investment

Contributing to communities (also known as Corporate Community Investment, or CCI) encompasses all forms of support provided by NAB. This ranges from charitable gifts and donations, to community partnerships, employer-supported volunteering and community sponsorships.

We use eight categories to manage and track our community investment. They're all (with the exception of forgone fees and interest) derived from the London Benchmarking Group, with some small changes adopted by the Australian Benchmarking Group. The categories show the difference between short-term donations and longer-term community capacity-building programs. They also show the difference between contributions delivered in-kind and those that are financial.

The categories are as follows:

Charitable gifts and donations

Intermittent or one-off support for a broad range of causes in response to the needs and appeals of charitable and community organisations.

In-kind support

Includes in-kind gifts, property space and equipment.

Volunteer time

The value of volunteer time undertaken by staff in support of community causes.

Community investment

Long-term strategic involvement in community partnerships aimed at addressing a specific range of social issues.

Management costs

Costs incurred in developing and sustaining CCI initiatives, both wage and non-wage.

Commercial initiatives

Includes commercial activities primarily designed for business benefit, such as promoting brand identity, conducted in partnership with charities or community-based organisations. This category only includes the dollar value of these activities that is of direct benefit to the community.

Sponsorships that are used to raise awareness about NAB or the NAB brand without any clear benefit to community organisations do not fall under 'Corporate Community Investment' and are not included in this Dig Deeper Paper.

Third party facilitated donations

Any additional funds raised by 3rd parties as a direct result of NAB's involvement.

Although we track 3rd-party facilitated donations, this figure is not included in the community investment total of \$66.5 million.

Forgone fees and interest

Includes the reduction or waiving of fees, charges and/or interest margins on products or services for the benefit of the community.

Although this category doesn't sit within the London Benchmarking Group's Guidelines, we'll continue to report on this item as a contribution – primarily because this category has significant benefits for local communities, delivered as a part of the Group's core business. For example, we contribute through the removal of ATM fees for disaster-affected areas, removal of fees for not-for-profit organisations and microfinance customers.

Community investment by category (\$m)

Category	2009	2010	2011	2012	2013
Charitable gifts and donations	10.1	8.7	18.7	3.6	6.6
Volunteering and secondments	4.2	6.4	8.0	8.9	8.5
In-kind support	0.4	0.7	0.6	0.3	0.1
Forgone fees and interest	18.5	17.9	17.2	17.5	28.0
Community investment	10.8	12.9	12.3	12.5	10.6
Commercial initiatives (community sponsorships)	9.9	11.8	10.1	9.4	9.3
Management costs	4.1	3.5	5.3	3.5	3.4
Total	58.0	61.9	72.2	55.7	66.5

Dig Deeper

Our focus areas

Inclusion

NAB wants all Australians to have a healthy relationship with money. We believe we have an important role to play in fostering a more inclusive society, by taking a leading position promoting and supporting financial, employment and social inclusion.

Responding to financial exclusion

Our approach centres around three key pillars:

- Offering world-leading microfinance programs for low-income earners. NAB does this in partnership with Good Shepherd Microfinance, governments and more than 200 community agencies around Australia, and draws on a \$130m capital commitment from NAB.
- Indigenous programs that focus on providing better access to banking services to some of the most financially disadvantaged communities in Australia.
- Making banking more accessible by providing basic good quality products and services; ensuring fair fees and charges; helping, guiding and advising customers; and showing compassion and support.

You'll find more information on the work we're doing to improve financial inclusion in Australia – including our investment in microfinance – in our Customer Dig Deeper paper.

Our indigenous program

NAB's Indigenous program and Reconciliation Action Plan (RAP) is an important part of our strategy to help develop and promote thriving communities.

This year we published our fifth RAP, the first to be granted 'Elevate' status by Reconciliation Australia. This recognises our long term commitment to Indigenous Australia and focuses on the four key areas of financial inclusion, employment, business partnerships and cultural understanding. Our commitment remains as strong today as when we launched our first RAP in 2008 and we are seeing real progress in each of these focus areas.

We've provided an update on our progress in the area of Indigenous financial inclusion in both the Customer and People Dig Deeper papers. You can find out more about our Indigenous programs at nab.com.au/Indigenous.

The African Australian Inclusion Program (AAIP)

Despite excellent qualifications and skills, a lack of work experience in the Australian business sector is the single largest barrier for skilled African-Australians to gain professional employment. Our work-placement development program offers qualified African-Australians the corporate experience they need to enter into the Australian professional workforce.

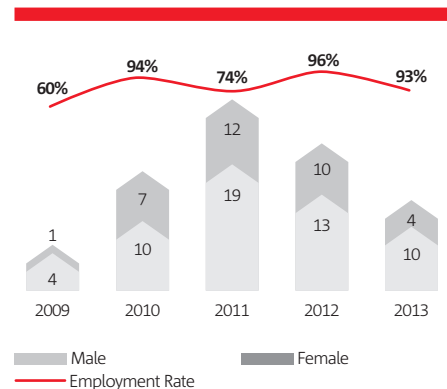
The AAIP was first piloted with five participants in Melbourne in 2009. The program now operates in four states (Victoria, New South Wales, Tasmania and Western Australia) and this year celebrated its 107th participant, including 14 individuals who are currently undertaking the placement.

To date, the program has been a great success – of the 91 participants that have graduated from the program, 58 have remained at NAB and 21 participants have found employment outside NAB at companies such as KPMG, IBM and Deloitte. This gives the program a total employment rate of 86%.

This year NAB finalised a research project (in collaboration with Net Balance and our community partner, Jesuit Social Services) to determine the Social Return on Investment (SROI) of the African Australian Inclusion Program. The analysis involved detailed interviews with past and current participants, family members, unsuccessful participants, NAB employees, our community partner Jesuit Social Services and the broader African Community.

The results of the SROI found that for every dollar invested, the return in terms of societal value equated to \$4.64. This research was independently verified by UK company New Economics Foundation.

AFRICAN AUSTRALIAN INCLUSION PROGRAM NUMBER OF GRADUATES BY GENDER



Number of females and males who participated in the program annually. The employment rate highlights the number of AAIP participants who have obtained employment after the program. This figure includes employment within and outside of NAB.

Dig Deeper

Education

We understand the importance of education as a cornerstone in building prosperous communities. This is demonstrated by our commitment to invest in programs that aim to develop financially capable, socially minded and work ready young people.

Work Inspiration

To connect young people with the world of work, in 2013 NAB became the founding corporate champion of Work Inspiration in Australia. Work Inspiration is a work experience program supported through our partnership with the founding partners, The Smith Family and The Foundation for Young Australians. The purpose of Work Inspiration is to encourage employers to 'reimagine' their approach to work experience. For young people, it's about being inspired by the workplace and gaining a clearer picture of work directly from employers and employees.

Work Inspiration is designed to provide employers with a clear framework and the tools to motivate and inspire young people opening their minds to the wealth of opportunities available. Within the program, employers can conduct group personality quiz sessions, students interview senior employees on their own career journey and rotate through a number of different areas in the business.

In 2013, we piloted the program within NAB. The three-day program included visits to NAB's Marketing, Corporate Responsibility and Institutional Banking teams. The program included group sessions where students were able to talk about their own career interests and aspirations, conversations with people from NAB's Graduate program and a 'film-making' project to highlight the lessons learned.

The student evaluations revealed that 80% of students agreed or strongly agreed that their Work Inspiration experience had:

- helped them to think about their careers
- inspired them with the range of career options
- learnt how careers develop
- increased awareness of different options for future work
- increased their motivation to do well at school.

Work Inspiration is in its first year of operation in Australia and we look forward to communicating its progress. For more information, visit workinspiration.com.au.

Indigenous school traineeships

See 'Our Indigenous Program' on page 4 of this paper for further details.

80%

of graduates from our 2013 Indigenous traineeships have secured ongoing employment (64% with NAB, 16% outside of NAB).

High Resolves

As part of our focus on supporting the development of socially minded young people, in 2013 we committed to a two-year partnership with High Resolves. This Global Leadership Program assists high school students become effective citizens and leaders who are armed with the confidence and skills necessary to tackle the unique challenges of the 21st century. NAB employees act as mentors to secondary students working on a School Action Project.

These projects directly tackle an issue that Year 9 students have identified as affecting their school community and they put into practice the skills they have been learning as part of the Global Leadership Program by engaging in a positive social action initiative.

For more information, visit highresolves.org.

NAB Schools First

NAB Schools First rewards and recognises outstanding partnerships between schools and their communities and how these partnerships lead to improved student outcomes.

Now in its fifth year, the program has been run in partnership with the Australian Council for Educational Research (ACER) and The Foundation for Young Australians (FYA). Since 2009, \$20 million in award funding has been distributed to 481 schools and over 2,500 employees have volunteered their time to support school-community

partnerships through our volunteering program. A number of NAB Schools First recipient schools have gone on to expand their educational and support facilities across their region. This has provided the school community partnership with the opportunity to reach more students and more effectively address learning outcomes.

Victoria University mentoring program

Since 2011 Victoria University and NAB have provided a career-mentoring program for students who are financially, socially or otherwise disadvantaged.

Over 70 NAB employees have been mentors since the program's inception. Over that time, we've conducted surveys with mentors and participants to gauge its success. Pleasingly, over 95% of mentors surveyed have expressed improvement in their personal or professional wellbeing due to their participation in the program. Additionally, over a third of participants surveyed have reported that the program significantly contributed to attaining employment in their chosen field.

The Alannah and Madeline foundation

We've been a proud partner of The Alannah and Madeline Foundation (Australian based) since 2003. In that time we've provided more than \$4 million through the sponsorship and support of initiatives that aim to provide children with a safe and happy childhood, free from bullying.

NAB's key focus is the support and growth of the Better Buddies Framework. Better Buddies – an initiative of The Alannah and Madeline Foundation – was established to create friendly and caring primary school communities and also reduce bullying. NAB has contributed to the growth of the Better Buddies program, helping it expand from 30 primary schools in 2007 to over 1,159 in 2013. Over 347,700 children nationwide are now learning how to take care of each other at school.

Together with The Alannah and Madeline Foundation, we've recently launched a campaign called 'Say Something' to raise awareness about bullying. This campaign aims to encourage people to find a voice for someone struggling to find theirs, and highlights the important role we can all play in bullying prevention.

You can find out more at nab.com.au/saysomething.

Dig Deeper

Our community engagement and giving

Getting involved in the community is a huge source of pride and engagement for our people. Our employees have told us that their involvement in community and volunteer programs has a strong influence on how they feel about working at NAB, and how connected they feel to our business, our strategy and our culture. It also helps them feel more motivated to go above and beyond in their role, directly translating into greater financial gains, improved customer satisfaction and stronger employee performance.

Our Community Engagement and Giving program actively encourages our employees to engage in the social issues they feel passionately about. This is demonstrated through the giving of time (volunteering), financial support (workplace giving and employee community grants), skills (skilled volunteering with not-for-profits and secondments through our partners Earthwatch and Jawun) and access to resources and infrastructure (eg. leveraging our facilities and supply chain).

We also work with a select group of community organisations to drive long-term, strategic capacity building. This also gives our people direct opportunities to raise awareness of key social issues.

Workplace Giving

Launched in February 2007, our Workplace Giving program continues to encourage employees to make regular donations directly from their salaries to any Australian registered charity. NAB then matches these donations, to the value of \$1,200 per employee annually.

In 2013 approximately \$2 million was invested in our communities through donations from employees and matching contributions from NAB. This provided support to 490 charities.

\$2 million

value of workplace giving (including matched contributions) in 2013.

Volunteering

Across Australia, New Zealand and the United Kingdom we encourage our employees to take a minimum of two days volunteer leave each year. This allows them to give something back to the community. In 2013 we contributed over 22,000 volunteering days across the Group.

Our volunteering program is closely linked to our major community investments. We continue to offer longer term volunteer secondments, have increased the number of skilled volunteering opportunities and placements, and continue to build on our successful 'Closed for Good' day in New Zealand.

Our focus continues to be on increasing the uptake of skilled volunteering. We'll continue to shift the focus of programs to enable skilled volunteering opportunities and capacity building projects across the business.

Take a look below for a brief summary of these activities by region.

Australia

NAB has one of the largest employee volunteering programs in Australia. This is based on the length of program, take-up rates and the minimum hours made available to employees to volunteer (16 hours). Since we began our volunteer program, we've been able to develop relationships with over 450 community organisations across the country. In 2013 we contributed 18,124 volunteer days to community groups within Australia. This is the equivalent of one person volunteering eight hours a day for 69 years. We supported 50 employee secondments with partners such as Earthwatch and Jawun, and offered over 20,000 opportunities to NAB employees via the Volunteer Planner. We recognise the importance of our community programs to our employees and this year identified that retention rates and the proportion of high performing employees are higher amongst those who have taken part in volunteering.

As a part of our total contribution of 18,124 volunteer days, NAB's Australian employees contributed 1,916 days of skilled volunteering, a 25% increase on 2012.

Other highlights of 2013 included:

- launch of a new volunteer planner, which includes a skills matching process (whereby employees are notified when activities aligned to their skills are advertised)
- release of a skill-based catalogue, to help community organisations better understand and access a wider range of skilled volunteers
- expansion of our Indigenous Australian Secondment program to encompass all of the Kimberley region, and twice as many secondments.

See our website for further detail: <http://cr.nab.com.au/what-we-do/volunteering-and-giving>.

New Zealand

Since BNZ began its volunteering programme in 2009, our employees have given more than 21,830 days of their time.

In 2013 BNZ's main volunteering focus was its flagship 'Closed For Good' initiative. This initiative allows BNZ employees to volunteer their financial expertise to any number of worthy causes. As BNZ's volunteering focus this year was primarily on the 'Closed for Good' initiative, a number of employees utilised only one of their volunteer days hence there has been a year on year decline in volunteering hours contributed by BNZ employees. Moving forward we will look to have a continued focus on volunteering throughout the year and we hope to see an increase in the total number of BNZ employees who take the opportunity to participate in two volunteering days per annum. At final count, 452 projects were registered across all parts of New Zealand, with more than 3,000 employees volunteering their time.

The number of organisations BNZ has helped as part of this initiative is vast and includes Women's Refuge, Salvation Army, Auckland City Mission, Massey University, Deaf Aotearoa and the SPCA.

See our website for more information on our 'Closed For Good' initiative: closedforgood.org.

Dig Deeper

United Kingdom

During 2013 our employees in the United Kingdom contributed a total of 1,625 volunteering days. This includes volunteer days contributed by employees within Clydesdale and Yorkshire Banks, as well as NAB employees based in the UK. This is a decrease on previous years which is due to the introduction of a new system to capture volunteering leave and reduction in the number of full-time equivalent employees in UK.

Activities are split into two different areas. General volunteering includes gardening, painting, fund-raising and administrative tasks, while 'Skills Xchange' includes mentoring pupils, making presentations to schools or taking up a role as a Charity non-executive Board member or School Governor. Over the last financial year, 44% of our total volunteering has been focused on Skills Xchange, and 56% on general volunteering.

United States of America

In July 2013 Great Western Bank (GWB) launched its 'Employee Giving Program'. GWB employees are entitled to 20 hours volunteer leave which GWB will match with US\$11 for every hour volunteered.

This program is currently being implemented and we will report greater detail in our 2014 annual reporting suite.

Volunteering data

	2011	2012	2013
Number of days (Group)	25,633	26,254	22,679
% change on previous year (Group)	+23.7%	+2.4%	-13.6%
Value of contribution (\$m)(Group)	8.0	8.9	8.5
% of employees who took volunteer leave (Australia)	41.3%	44.5%	44.7%
Number of skilled volunteering days (Australia)	1,335	1,490	1,916

Natural disaster relief

As a major financial institution, we recognise that we have a significant role to play when it comes to managing the response to, and recovering from, natural disasters. Our Natural Disaster Relief Framework governs this and, unfortunately, we were required to act in 2013.

The bushfires and floods that affected much of Australia necessitated this action. We directly donated \$200,000 to the Red Cross, \$100,000 to the Queensland Floods Appeal and paid \$200,000 into our local community sponsorship fund. The local community sponsorship fund enables our bankers in affected areas support the rebuilding efforts.

We also made a commitment to match the donations to all disaster appeals from our customers and employees up to \$200,000. This took our total direct contribution to \$700,000. Through our stores and internet banking platform we also facilitated donations of over \$200,000 from the general public.

Whilst immediate access to money is important in these situations, we also acknowledge the longer-term impacts of natural disasters. As a result of this, our customers and employees can apply for financial hardship assistance through our industry-leading NAB Care team¹.

We also provided free access to confidential counselling services for our employees and customers.

MLC Foundation

The MLC Community Foundation is a charitable trust established within the Group in 2008. Since its inception, the Foundation has invested \$5.8 million in grants and programs aimed at improving mental health outcomes for all Australians.

Mental health is a societal issue that touches all Australians. This includes the MLC business, where on average 10 per cent of new income protection insurance claims are related to mental illness – the most common conditions are depression and anxiety.

The MLC Community Foundation also has a grants program called HOPE. It's focused on outcomes identified by mental health experts, such as the National Mental Health Commission report card.

The MLC Community Foundation aims to shift the mental health debate to one built around hope and optimism. This aim is in acknowledgement of the fact that most people with mental health issues will continue to have a bright and productive future when given appropriate support and treatment.

MLC's HOPE grants are invested in initiatives that deliver the following:

- Helps prevent suicide and save lives
- Opens collaboration which creates collective impact
- Power of innovation, reaches out to those in need
- Enterprise solutions, provides employment for people with long term mental health issues.

To help us better understand the longer term impacts of the Hope Grants program, the MLC Community Foundation is currently undertaking a Social Return On Investment (SROI) study on the Lifeline on-line crisis support program, a confidential, real-time support mechanism launched in 2012 for people feeling overwhelmed and having difficulty coping or staying safe.

1. Awarded first place ranking in the 2013 'Rank the Banks' report published by Financial Counselling Australia.

Dig Deeper

Yorkshire and Clydesdale Bank Foundation

The not for profit sector in the UK continues to feel the pressure of the current economic climate as funding becomes increasingly stretched and the sector anticipates the challenging impact of proposed welfare reform on its services.

In 2013 we provided support of £250,000 to a number of charities in the UK. We continue to focus our efforts on volunteering, financial inclusion workplace giving and fundraising for our Charity Partner Help the Hospices. Since this partnership was launched in 2008, we've given over £3m to Help the Hospices and the 97 local hospices we support.

This year in the UK we launched The Spirit of the Community Awards. Aimed at recognising the vital support that charities and community groups give to their local communities, the Awards focused on Education, Employability and Environment.

And of course, our economic contribution

Our contribution to the economy goes beyond our Corporate Community Investment. We are a global organisation with over 42,000 employees – we pay salaries and invest in the development of our people. We are the leading arranger by market share of renewable energy in Australia. We have a focus on supporting sustainable business through our supply chain and we work to ensure our customers have access to fair and affordable banking. In addition to the above, we make significant tax contributions in the areas in which we operate.

Economic value generated	2013	2012
Revenues ¹ (\$m)	36,244	39,015
Economic value distributed*		
Operating costs ² (\$m)	3,911	4,296
Payments to employees ³ (\$m)	4,362	4,526
Payments to providers of capital ⁴ (\$m)	22,296	25,627
Payments to Government ⁵ (\$m)	3,010	3,245
Community Investment (Group) (\$m)	66.5	55.7
Total volunteer days (Group)	22,679	26,254

*For further detail on components of financial figures in this table, please see Consolidated Income Statement, page 82 and Dividend and Distribution page 96 of our 2013 Full Year Results Announcement.

Our tax contribution detailed⁶

In 2013 the Group paid \$2.432 billion in income and employer related taxes globally. The Group also generated other tax contributions totalling more than \$0.578 billion in 2013. In addition, the Group indirectly contributed \$1.842 billion in GST/ VAT and withholding taxes, collected on behalf of and paid to revenue authorities.

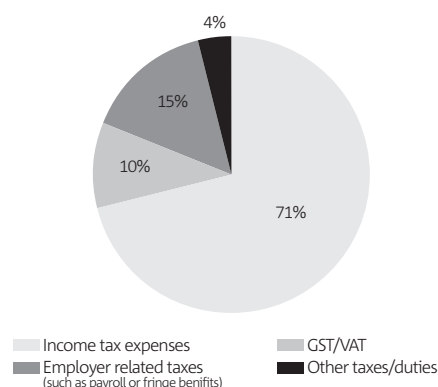
The continued global economic downturn over recent years has generated a renewed focus on the tax transparency in OECD countries and Australia. During 2013 the Australian Treasury released a discussion paper proposing disclosure by the Australian Taxation Office (ATO) of the total income, taxable income and income tax payable by large corporates in Australia. This proposal formed the drafting of the 'Tax Transparency' Bill that passed the House of Representatives in June 2013.

The Group remains committed to providing transparency on its total annual tax contributions made to governments. Over the past three years, the Group has provided wider voluntary disclosure of its total taxes in all major jurisdictions where the Group operates. In addition to income taxes, voluntary tax disclosure includes indirect tax, employment taxes and other local taxes or duties borne by the Group globally.

We view tax transparency and disclosure as an essential element of good governance.

For this reason, the Group has continued to update its Tax Risk Governance Policy and in 2013 developed an internal tax compliance training module for all employees operating in the Finance division. The purpose of this training was to affirm our conservative risk posture in relation to regulatory and compliance risk and to further embed strong governance over our tax affairs Group-wide.

TOTAL TAXES BORNE BY NAB GROUP % BREAKDOWN OF TAXES



1. Revenues is the total of Interest income, Net life insurance income and Total other income.

2. Operating costs equals Total operating expenses excluding personnel expenses.

3. Payments to employees equals Personnel expenses.

4. Payments to providers of capital is the total of Interest expense, Dividends on ordinary shares paid, Dividends on preference shares and Distributions on other equity instruments.

5. Payments to Government refers to Taxes borne by the Group and includes income tax, GST/VAT and employment taxes.

6. Taxes paid outside Australia have been converted to AUD based on the average monthly exchange rate for the period.