
Introduction

Tim Costello, Chairman, NAB Community Advisory Council

NAB's Community Advisory Council and NAB's overall commitment to community issues and engagement, has come a long way in 2008.

I have had the privilege of being involved with NAB's community consultation activities since 1998 and this has been the second year of operating a more formal advisory council.

In the past year the primary activity of the Council has been to look and advise on key strategic activities of NAB in the community. In particular this has focused on commitments to Indigenous Australia, NAB's overall level of community investment and NAB's ongoing commitment to microfinance. Significant progress has been made in these areas in the past year.

The Council has also had responsibility to look at areas of community concern with NAB's activities. During the year this has predominantly focused on aspects of some banking products and access to services.

It is pleasing to see the progress made by NAB and its employees over the past year. Looking ahead the key challenge for NAB will be to gain greater focus to its community activities and to now deliver on a growing community agenda.

I would like to thank other members of the Council for their contribution during the year. Your input and time is, as always, greatly appreciated.

Ahmed Fahour, Executive Director and CEO, NAB Australia

As reported last year, NAB considers its reputation in the community as a critical measure of its success as a thriving and sustainable company.

The Community Advisory Council is a valued and vital avenue for NAB to understand and direct our activities with a view to addressing our reputation in the eyes of our customers and their communities.

This year CAC activities have been characterised by deep discussion around key community leadership programs – namely microfinance and NAB's commitments to Indigenous Australia.

We have also grappled with the issue of how NAB talks about its activities in the community and the impact of our broader banking operations on our reputation. These two areas are still very much work in progress.

NAB is extremely grateful for the contribution of CAC members. Their input brings discipline and scrutiny to our activities and I would like to personally thank members of the CAC for their input during the year.

History of the Community Advisory Council

In 1998, NAB established its first Stakeholder Forum to facilitate discussion with the community sector on grassroots community issues that faced NAB. In 2003, the breadth of the Forum was extended to cover other stakeholders in consumer and environmental groups.

In 2006, NAB sought to lift the activities and profile of the Forum by forming an advisory council. The Council is distinguished from the previous Stakeholder Forum by an increased level of formal engagement with NAB management and a higher level of accountability on NAB management to respond to issues raised by Council members.

Tim Costello has been Chair of NAB's Stakeholder Forum and CAC since inception.

Members of the Community Advisory Council

(as at 30 September 2008)

Tim Costello (Chair) Chief Executive, World Vision Australia

Ahmed Fahour Executive Director and CEO, NAB Australia

Daniel Gilbert Managing Partner, Gilbert + Tobin; Director, NAB Board

Betty Hounslow Deputy Chief Executive, The Fred Hollows Foundation

Marilyn Webster Manager, Policy and Research, Good Shepherd Youth & Family Service

Mark Yettica-Paulson The Yettica Group

Andrew Demetriou CEO, Australian Football League

Steve Bracks former Premier of Victoria

Chris Blake Executive General Manager, People & Community, NAB

Lisa Gray Executive General Manager, Retail Banking, NAB

Role of the Council

(unchanged from 2007)

The role of the NAB Community Advisory Council is:

- To provide input into the community activities and approach of NAB in Australia.
- To receive reports from NAB on its community activities.
- To bring to the attention of NAB important community issues facing the bank.
- To provide feedback on how NAB is addressing community issues facing the bank.
- To report annually to the public on the activities of the Council.

The CAC has the ability to commission independent research on issues of relevance to the role of the Council.

Meetings held in 2008

The NAB Community Advisory Council meets quarterly. Meetings were held in December 2007 and February, June and September 2008. Details of meeting agendas can be found in Appendix A.

Terms for CAC members

Members of the NAB Community Advisory Council are asked to take on a two year term, extendable and reviewed annually with the Chair. Members, excluding NAB executives and directors, are eligible to an annual \$5,000 honorarium, with the Chair eligible for an annual \$10,000 honorarium.

Change in CAC membership in 2008

Retired from the CAC during 2008

- Greg Sutherland, Executive General Manager, Star Direct & Marketing, NAB (September 2008)
- Andrew Thorburn, Executive General Manager, Retail Banking, NAB (September 2008)

Joining the CAC during 2008

- Andrew Demetriou CEO, Australian Football League (September 2008)
 - Steve Bracks former Premier of Victoria (July 2008)
 - Chris Blake Executive General Manager, People & Community, NAB (September 2008)
 - Lisa Gray Executive General Manager, Retail Banking, NAB (September 2008)
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Overview of activities in 2008

Benchmarking

In 2008, the CAC was presented with desktop benchmarking of NAB's community activities compared with other major banks and competitors. This looked at programs across the industry under the three areas of focus that NAB has adopted for its community engagement (see Appendix B). These being:

- Being a good and fair bank
- Developing our staff, providing attractive employment
- Supporting local community development and national issues

The benchmarking highlighted that in comparison to its peers, NAB has a number of leading community programs and community orientated banking products and services. NAB however, lags its peers in the level of focus around some of its community activities and in promoting what it does in the community to the wider public.

Level of community investment

The NAB Board has a medium term target of community investment of 1% of cash earnings. A forward look of programs to reach this target for the Australian region of NAB was presented to the CAC during the year. NAB's 2008 Corporate Community Investment (CCI) report was also discussed at the CAC during the year. The level of CCI by NAB rose from \$18.2m in 2007 (0.63% of cash earnings) to \$21.5m in 2008 (0.65% of cash earnings). This report can be viewed at www.nab.com.au/community.

NAB Community Advisory Council Report on activities for the year ending 30 September 2008

Quarterly reviews and CAC agenda

The CAC moved to a set agenda during the year comprising:

- Actions arising from the previous meeting
- Review of community activities for the quarter
- Decisions being considered by NAB with a community impact
- Major strategic community issues

The quarterly review now presented to the CAC includes updates on: microfinance activities; environment initiatives; community sponsorships; special projects; customer banking issues with a community impact; stakeholder engagement programs; and activities with Indigenous Australia.

Indigenous Australia

NAB's role with Indigenous Australia, was addressed in detail by the CAC during the year and over a number of meetings. This included the presentation, discussion and endorsement of:

- NAB commissioned research on the financial services needs of Indigenous Australia;
- NAB's strategy to address the financial services needs of Indigenous Australia and other areas of NAB involvement;
- An operational plan to meet NAB's Indigenous strategy aims; and
- NAB's first Reconciliation Action Plan

NAB's Reconciliation Action Plan, which outlines commitments around financial services, employment and engagement with Indigenous Australia will be launched in late 2008.

Microfinance

The future of NAB's Microenterprise Loans Program was discussed by the CAC during the year. This program supports people with new enterprises with loans up to \$20,000. It is available to people who cannot access mainstream credit but who wish to start a business and includes business training and mentoring for new enterprises. The CAC reviewed and endorsed a proposal to expand the loan capital for the program to \$100m. More information can be found at www.nab.com.au/microenterpriseloans

Education

The CAC reviewed and supported a new education initiative by NAB: "Schools First". This initiative, launched in October 2008, aims to deliver improved learning outcomes for children, more resources for schools and stronger communities. The program is a partnership with: Australia Cares, the Foundation for Young Australians and the Australian Council for Educational Research (ACER). More information can be found at: www.schoolsfirst.edu.au

A forward look at 2009

Over the next year, the CAC will be looking to:

- Assist NAB in gaining more focus to its community programs;
- Review and advise NAB on the delivery of its commitments around key programs with Indigenous Australia and microenterprise loans;
- Advise NAB on how it can get its message out on its community programs to customers and the general public.

This document was reviewed and endorsed at the Community Advisory Council in October 2008.

Appendix A

Meetings held in 2008

The following meetings were held during 2008. Member input is sought prior to the meeting if they are unable to attend on the day.

4 December 2007

Agenda

- NAB's role in providing financial services to Indigenous Australia.
- NAB community investment levels over the medium term (2007-2011).
- NAB's programs to market its activities in the community.
- Stakeholder research – NAB's ratings with key stakeholders in 2007.

Apologies: Tim Costello

NAB Community Advisory Council
Report on activities for the year ending 30 September 2008

26 February 2008

Agenda

- Review of community activities for the past quarter.
- Identification of major strategic themes for NAB in the community over the next year.

Apologies: None

19 June 2008

Agenda

- Review of community activities for the past quarter.
- Review of the operational plan for delivering NAB's programs with Indigenous Australia.
- Review of benchmarking of NAB's community activities with other major banks.

Apologies: Danny Gilbert, Mark Yettica-Paulson

23 September 2008

Agenda

- Review of community activities for the quarter.
- NAB's draft Reconciliation Action Plan (with Indigenous Australia).
- Review of NAB's proposed \$100m loan capital commitment to microenterprise loans.
- Review of NAB's education initiative "Schools First".
- Presentation of research around customer views of NAB's community programs.
- Review of NAB's overall community investment for 2008.

Apologies: Tim Costello, Steve Bracks

Appendix B

In 2007, the CAC discussed in detail the areas of focus for NAB's community programs. The resulting "customer and community engagement framework" was further refined during 2008 and is shown below. This framework is used to guide NAB's activities in the community.

Customer and community engagement framework

What are the major community concerns

"Being a good and fair bank"	"Developing our staff, providing attractive employment"	"Support local community development and national issues"
<ul style="list-style-type: none"> > Pricing <ul style="list-style-type: none"> - Exception fees - Commissions - Transparency > Access for disadvantaged <ul style="list-style-type: none"> - Not excluding disadvantaged people from our services > Lending responsibility <ul style="list-style-type: none"> - Excessive credit that gets people into trouble > Security <ul style="list-style-type: none"> - Online fraud 	<ul style="list-style-type: none"> > Local employment/off shoring > Development and training > Diversity > Labour relations 	<ul style="list-style-type: none"> > Local market decision making/ leadership > Core Community/National "infrastructure" <ul style="list-style-type: none"> - Education - Health - Environment - Culture (Sport/Arts) - Volunteering > Philanthropy <ul style="list-style-type: none"> - Emergency relief

NAB Community Principles

Our beliefs

NAB believes in people and communities and in backing their ideas and dreams. This drives us to help all our customers and their communities to fulfil their aspirations. It leads us to seek and understand their needs and to build a genuine connection to grow vibrant and sustainable communities.

Our approach

NAB seeks to be a partner in all the communities in which we operate with a particular focus on activities that build social and economic wellbeing both now and in the future. To be successful we seek partnerships that:

- Deliver real and demonstrable value for a community.
- Are local in their control and impact, but national in their significance and influence.
- Are designed with a view to meeting the future needs of the community.
- Give opportunities to all in the community (everyone deserves a chance).
- Involve our employees.
- Use our capabilities, not just our cash.
- Ensure senior management visibility and ownership.
- Give us the chance to talk to our customers and the community about what we are doing and what we have learnt.