

## What we believe in

NAB believes in backing communities. We seek to make a beneficial and meaningful contribution to the communities in which we operate.

Investing in communities (also known as Corporate Community Investment, or CCI) encompasses all forms of company support including charitable donations, community projects, employer supported volunteering, community sponsorships and gifts in-kind.

This report details how we invest in communities. For the year ending 30 June 2008,<sup>1</sup> NAB invested \$21.5 million in Australian communities. In the year ending 30 June 2007, this amount was \$18.2 million and the year ending 30 June 2006 it was \$14.1 million.

## Our objectives

The NAB Board has approved a number of objectives to guide the way we invest in communities. These objectives are aimed at ensuring that our community activities are closely aligned with our brand, our core business objectives and the needs of local communities.

The Board has also set a medium-term objective: that the business will move towards a community spend of 1% of cash earnings. The percentage of cash earnings for community investment in the year ending 30 June 2008 will be confirmed in November 2008.

	Actual CCI spend	CCI as a % of cash earnings for NAB in Australia
2006	\$14.1m	0.52%
2007	\$18.2m	0.63%
2008	\$21.5m	0.65%

Note: NAB's CCI figure relates to the year ending 30 June while the % figures in this table are calculated for NAB's financial result for the year ending 30 September.

## What we invest in

To manage and track NAB's community investment, seven categories are used. These are based on categories used by the Australian Benchmarking Group with the addition of a category for in-kind forgone revenue.

Forgone revenue is when we waive fees or charges on products or services for community benefit.

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 donations:** intermittent or one-off support for a broad range of causes in response to the needs and appeals of charitable and community organisations.
- **Community investment:** long-term strategic involvement in community partnerships to address a specific range of social issues.
- **Commercial initiatives in the community:** community activities by business departments that support the success of the business in partnership with charities and community-based organisations.
- **In-kind support:** the value of premises given to partnership organisations on a long term basis that would otherwise be occupied by bank staff on a daily basis or sub-leased to a third party.
- **Management costs:** costs incurred in developing and sustaining CCI initiatives.
- **In-kind volunteering:** the value of volunteer time undertaken by staff in support of community causes.
- **Forgone fees and interest:** revenue from fees for some accounts that have been waived for charities and some customers who suffer disadvantage.

<sup>1</sup> This report covers Corporate Community Investment for National Australia Bank's Australian operations (NAB and MLC). It does not include activities by nabCapital. All figures are for this period unless otherwise stated. Dollar figures quoted do not include GST.

Sponsorships that are used to raise awareness about the company or to promote the company or the company's brand do not fall under the "community investment" heading. These sponsorships are typically accompanied by advertising and are generally not directly associated with specific community group(s). Commercially based sponsorships are not included in this report.

## 2008 community investment in Australia

### Areas of focus

NAB's overall community investment reflects the diverse nature of our business and geographical reach. Our primary areas of focus include:

- assisting the financially disadvantaged with a particular focus around microfinance;
- growing our employee volunteering program in the community;
- backing community-based sport; and
- supporting medical research – particularly cancer research.

### Microfinance

In April 2006, Ahmed Fahour, Executive Director and CEO Australia, announced an investment of \$30 million over three years to further develop microfinance programs in Australia. These programs are to help low income Australians gain access to affordable credit and insurance and operate on a not-for-profit basis.

The majority of this money is in the form of loan capital and does not find its way into the six categories of CCI reported by NAB. Only operational expenditure associated with this commitment can be found in the CCI figures.

The status of NAB's three microfinance programs are shown in the table below.

Microfinance program	Status (at 30 June 2008)
Capital support for No Interest Loan Schemes®	This initiative currently has requests for capital from No Interest Loan programs to the value of \$10.1 million from 152 NILS groups. Three million dollars has been formally allocated to 38 NILS groups.
StepUP Loans	As at 30 June the program currently has 876 loans written to the value of \$2.3 million with total outstanding repayments of \$1.4 million.
NAB Microenterprise Loans	This program was launched in March 2007 and as at 30 June currently has 88 loans written to the value of \$1.3 million with \$1.1 million in drawdowns against those loans.

### Carbon neutral 2010

In March 2006, NAB announced its intention to make its operations carbon neutral by September 2010.

This is to be achieved by:

- reducing energy consumption in our buildings and business related travel;
- purchasing green energy; and
- purchasing carbon offsets for unavoidable emissions.

In April this year we released a *Carbon Neutral Update* report which detailed our progress towards this goal.

While our environment programs require expenditure in the millions of dollars, it is not included in this report due to the operational business nature of these initiatives.

## Our community investments for the year ending 30 June 2008

NAB's community investment in Australia is detailed below. Some of the major contributions in the year ending 30 June 2008 included the following:

### Charitable gifts

**1. Inspire Foundation:** MLC donated \$20,000 to Inspire Foundation which creates opportunities for young people to change their world. This includes helping those struggling with depression or suicidal thoughts and opening doors for youth wanting to do something for their local community or experience new ways to learn and grow.

## *Community investments*

**2. StepUP low interest loans:** During 2008 we continued to expand the StepUP program in partnership with Good Shepherd Youth & Family Service. StepUP allows financially disadvantaged people to access low cost credit and insurance. The program is now offered in 16 locations in New South Wales, Victoria, Western Australia and South Australia. Since its launch in 2004, 876 loans have been written with an average loan size of \$2,700. In 2008 NAB contributed \$1,154,365 on an accrual basis to this program (outside of loan capital).

**3. Microenterprise Loans:** Launched in March 2007 NAB's Microenterprise Loan program provides unsecured business loans of between \$500 and \$20,000 for people on low incomes, with few or no avenues to access affordable business credit. The loans are provided on a not-for-profit basis and are available to help start up or support any existing businesses. As part of the program, NAB ensures people get access to business skills training and 12 months of mentoring and advice. NAB contributed \$214,402 to this program during the year (outside of loan capital).

**4. No Interest Loan Schemes (NILS®):** No Interest Loan Schemes offer small no interest loans for people on low incomes for the purchase of essential household goods. Good Shepherd Youth & Family Service developed NILS 26 years ago. It coordinates the National NILS Network which currently consists of 250 NILS programs around Australia, and accredits community organisations to be NILS providers. NAB contributed \$113,895 to this program during the year (outside of loan capital).

**5. Yachad Accelerated Learning Project (YALP):** YALP is a three-year educational intervention program aimed at raising the scholastic achievements of students in remote and rural locations in Australia, particularly indigenous students. It is based on community educational approaches developed by the Hebrew University of Jerusalem. Separately NAB supports a Yachad Scholarship program which sees scholarship fellows travel to Israel to study approaches to community capacity building. In 2008, \$750,000 was contributed to both these programs; approximately \$350,000 is directed to YALP.

**6. NAB Volunteer Awards:** Run in partnership with Volunteering Australia, this program rewards community groups for best practice in sustainable management of their volunteers. Total investment during the reporting period was \$470,775.

### *In-kind support*

**9. Alannah and Madeline Foundation:** NAB donated \$79,500 for office space in South Melbourne to support the Foundation to implement its community Anti Bullying Program in primary schools across Australia.

### *In-kind volunteering*

**10. Staff Volunteering:** Throughout the year, NAB employees participated in 4,707 days of paid volunteer leave, equivalent to \$1.3 million of in-kind community work. NAB provides all employees with two days paid leave each year to volunteer at a community organisation of their choice.

### *In-kind forgone revenue*

**11. Concession Card Account:** This product provides concession card holders with an account free of monthly transaction fees, reference fees and dishonour fees. During the year, low income customers benefited by \$5.9 million by not incurring these fees (2007: \$3.7 million).

**12. Rural Branches:** As part of its commitment to regional Australia, NAB provides customers at 145 rural branches with reduced bank fees. These rural branches typically have no NAB ATM within 25 kilometres of the branch. It is estimated that this impacts over 1.2 million transactions a year and has benefited approximately 100,000 customers. Forgone revenue in 2008 totalled approximately \$1.6 million.

### *Commercial initiatives in the community*

**13. AFL Auskick:** Auskick is the AFL's key introductory program for primary school children and their families, providing a fun and safe community activity for boys and girls. The program is managed by the community for the community, thanks to the thousands of parents and volunteers who get involved. Support is provided by the AFL through various state football bodies. NAB contributed \$1,500,000 in 2008 to Auskick and \$3.6 million overall to grassroots football in the community.

**14. Garvan Institute of Medical Research:** For the last 13 years, NAB, through MLC, has been a corporate partner of the Garvan Institute of Medical Research. The Garvan Institute undertakes a range of medical research focused on the understanding of genes in health and disease as the basis of developing future cures. Some of the areas of research include neurobiology, diabetes, obesity and arthritis. During the year \$180,000 was contributed to the program.

**15. Ovarian Cancer Support:** NAB is continuing to raise vital funds and community awareness about ovarian cancer. In 2008, NAB contributed around \$181,250 to two ovarian cancer organisations. In addition NAB customers have raised almost \$3 million over the last 6 years through appeals sponsored by NAB.

## Community investment expenditure 1 July 2007 – 30 June 2008

NAB's Australian business has made the following CCI investments in the year ending 30 June 2008:

Charitable gifts	Amount <sup>2</sup>	Details
Northern Bullants Football Club	\$30,000	Financial donation
Access Ministries Chaplaincy	\$25,000	Financial donation
Inspire Foundation	\$20,000	Financial donation
Yipirinya School Council Incorporated	\$20,000	Financial donation
Australian Olympic Team Fund	\$19,000	Financial donation
Hawkesbury District Hospital	\$19,151	Financial donation
Australian Financial Counselling and Credit Reform Association	\$15,000	Financial donation
Starlight Children's Foundation	\$15,000	Matched giving
Cystic Fibrosis – New South Wales	\$10,000	Matched giving
Karma Currency	\$10,000	Financial donation
Benevolent Society	\$7,500	Financial donation
Mick Young Scholarship Trust	\$5,000	Financial donation
World Vision – Armadale Circus Skills, Indigenous Projects	\$5,000	Financial donation
Hunter Medical Research Institute	\$5,000	Financial donation
Matched giving with a value of less than \$5,000	\$49,235	Matched giving
Donations to community groups with a value of less than \$5000	\$29,935	Financial donation
NAB branch local community initiatives	\$225,278	Small (under \$1,000) local donations made at the discretion of NAB branches and business banking outlets.
<b>Total</b>	<b>\$510,099</b>	

Community investments	Amount	Details
Good Shepherd Youth & Family Service – StepUP program	\$1,154,365	Now offered in 16 locations in New South Wales, Victoria, Western Australia and across South Australia. 545 loans were written this year with an average loan size of \$2,700. NAB's investment is reported on an accrual basis.
No Interest Loan Schemes (NILS®)	\$113,895	Offered in conjunction with Good Shepherd Youth & Family Service, No Interest Loan Schemes (NILS®) offer small no interest loans to people on low incomes for the purchase of essential household goods.
Microenterprise Loan	\$214,402	A program of unsecured business loans of between \$500 and \$20,000 for people on low incomes who have few or no avenues to access affordable business credit. The loans are provided on a not-for-profit basis and are available to help start up or support an existing business of five or fewer employees.
Australian Ballet	\$262,500	Education program promoting ballet in the community.
Melbourne University Scholarship	\$66,000	Scholarship for indigenous students wishing to complete a Masters of Business Administration at the Melbourne Business School.
Yachad Accelerated Learning Program and Yachad Scholarship	\$750,000	Contribution to an educational intervention program and a scholarship to study community capacity building programs in Israel.
University New South Wales Co-Op Program Scholarship	\$30,500	Scholarship to support the University's Co-Op program.
Islamic scholarship	\$25,000	NAB Sheikh Fehmi El-Iman scholarship supporting Islamic community.
Trans Tasman Business Circle	\$13,636	Membership to strengthen opportunities with government and business leaders in Australia and New Zealand.
<b>Total</b>	<b>\$2,630,298</b>	

<sup>2</sup> All figures quoted are without GST.

<b>In-kind – support</b>	<b>Amount</b>	<b>Details</b>
Alannah and Madeline Foundation	\$79,500	Donation for office space in South Melbourne to support the Foundation to implement its community Anti Bullying Program in primary schools across Australia.
<b>Total</b>	<b>\$79,500</b>	

<b>In-kind – volunteering</b>	<b>Amount</b>	<b>Details</b>
Employee volunteering effort (in-kind)	\$1,430,204	In-kind value of the time employees have spent volunteering, including secondments. The value is calculated according to the actual salary value of the leave taken during office hours.
<b>Total</b>	<b>\$1,430,204</b>	

<b>In-kind – forgone revenue</b>	<b>Amount</b>	<b>Details</b>
Concession Card Account	\$5,983,884	Fees forgone through offering a concessional banking account for individuals on government benefits.
Rural branch rebate	\$1,624,135	Reduced transaction fees at 145 designated rural branches. These branches are typically where there is no NAB ATM within 25 kilometres of a branch. Over-the-counter transactions which are typically more expensive than ATM transactions are undertaken at the reduced ATM rate.
Debt relief	\$100,000	In kind debt relief for Cairns based Wangetti Secondary School as part of NAB's commitment to indigenous growth and enhancement.
Microfinance programs	\$221,472	Forgone interest and fees associated with non-commercial lending products, namely NILS, StepUP and microenterprise loans.
<b>Total</b>	<b>\$7,929,491</b>	

<b>Commercial initiatives in the community</b>	<b>Amount</b>	<b>Details</b>
AFL Auskick, Rising Star, NAB Cup	\$3,648,222	Contribution to grassroots football through the AFL sponsorship.
NAB National Volunteer Awards	\$470,775	This program rewards community groups for best practice in sustainable management of their volunteers.
Royal Australian Shows – Sydney and Melbourne	\$255,000	Support arena activity at Royal Sydney Show and the animal nursery at the Royal Melbourne Show.
Day of the Diocese	\$227,273	Support for World Youth Day 2008.
Alannah and Madeline Foundation	\$225,087	Community campaign – Anti Bullying Program in primary schools across Australia.
Ovarian Cancer Support	\$181,250	Contribution to educate the general public about ovarian cancer and the need to develop an early detection test. Funding supports the network's patient support services and awareness programs.
Garvan Institute of Medical Research	\$180,000	MLC is a corporate partner of the Garvan Institute of Medical Research.
Museum of Contemporary Art	\$168,750	Our contribution and support provides the general community with free access to art exhibitions.
NAB Ambassadors	\$153,780	NAB ambassador appearances over the year which were used to support community-related events.
Sculptures by the Sea	\$127,500	Support for free community art exhibition.
Local government conferences	\$104,484	Sponsorship of eight local government conferences across Australia.
John Ilhan Food Allergy Foundation	\$75,000	Community sponsorship
Fifteen Foundation	\$75,000	Community sponsorship

Sydney Jewish Museum	\$70,000	Community sponsorship
Melbourne Jewish Sponsorship	\$70,000	Community sponsorship
Lions Youth of the Year program	\$60,000	Community sponsorship
Reach Foundation – DreamCatcher Program	\$55,687	Community sponsorship
Sanctuary Cove Charity Golf event	\$22,000	Support for Royal Children’s Hospital Foundation, George Greegan Foundation and Adam Scott Foundation.
Volunteering Australia- Sponsorship of National Volunteer Week 2008	\$52,500	Community sponsorship
Conservation Volunteers Australia	\$43,000	Community sponsorship
NAB Agribusiness Awards	\$40,000	Community sponsorship
Urban Developer Institute of Australia	\$35,000	Community sponsorship
Leukemia Foundation	\$27,273	Community sponsorship
Volunteering Australia- Gold Sponsorship of 12th National Conference 2008	\$27,272	Community sponsorship
Angus Lane - show circuit	\$27,000	Community sponsorship
Farm Management 500	\$25,000	Community sponsorship
AIS NSW Leadership Centre	\$25,000	Community sponsorship
One Umbrella-Partnership	\$25,000	Community sponsorship
UNEP FI conference	\$24,270	Community sponsorship
NAB Employee Volunteer Grant program	\$24,000	Community sponsorship
Women’s Lawyers Association of NSW	\$18,182	Community sponsorship
Melbourne University VCE Summer School	\$17,929	Community sponsorship
Australian Higher Education Congress	\$17,845	Community sponsorship
Pro-arte	\$17,000	Community sponsorship
Skill Volunteering Project- Volunteering Australia	\$16,500	Community sponsorship
Marcus Oldham College - Rural Leadership Program	\$16,000	Community sponsorship
Dairy Business of the Year Award	\$15,000	Community sponsorship
Beef Ex	\$15,000	Community sponsorship
Canberra Cancerians Committee	\$15,000	Community sponsorship
Chinese Cultural Centre	\$13,636	Community sponsorship
ASBA Conference	\$12,727	Community sponsorship
VolunteerXchange	\$11,500	Community sponsorship
ASBA State Conferences	\$11,299	Community sponsorship
Insurance- Marsh-Volunteers Personal Accident Insurance	\$10,855	Community sponsorship
Royal Flying Doctors Service (RFDS)	\$10,000	Community sponsorship
NAB Agribusiness Growth Program	\$10,000	Community sponsorship
Victor Chang Cardiac Research Institute Golf Day	\$10,000	Community sponsorship
Mother of All Balls - YWCA NSW	\$10,000	Community sponsorship
Banks Rowing Club	\$9,500	Community sponsorship
Northern Grains Research Updates	\$9,500	Community sponsorship
INCE 2007 Convention	\$9,229	Community sponsorship
Seymour College	\$9,091	Community sponsorship

Spastic Centre - Might and Power Race Day	\$9,091	Community sponsorship
Forster Junior Spirit	\$8,000	Community sponsorship
Stirling Community Festival	\$8,000	Community sponsorship
Southern Farming Systems - agricultural research	\$8,000	Community sponsorship
Antarctic Midwinter Festival (NAB Huskies Picnic)	\$7,500	Community sponsorship
Sheldon College Gold Sponsor for Beijing Olympic 2008 Orchestra	\$7,273	Community sponsorship
Greenfield Tavern Social Golf Club	\$7,000	Community sponsorship
KNTFL Football League	\$7,000	Community sponsorship
Allora High Tea Event	\$6,500	Community sponsorship
Moree on a Plate	\$6,500	Community sponsorship
NSW/ACT AFL	\$6,500	Community sponsorship
Yarra Valley Grape Grazing Festival	\$6,500	Community sponsorship
Port Fairy Music Festival	\$6,000	Community sponsorship
Tangentyere Council - AFL NT	\$6,000	Community sponsorship
Terry Hills Golf and Country Club	\$5,900	Community sponsorship
Horsham Arts Council "CATS" Production	\$5,500	Community sponsorship
Royal Victorian Yacht Club	\$5,500	Community sponsorship
Sydney University Football Club	\$5,500	Community sponsorship
Christian Schools Australia Business Conference	\$5,182	Community sponsorship
Mackillop Farm Management Group	\$5,045	Community sponsorship
Eastfield BMX	\$5,000	Community sponsorship
Errol St Primary - 150 Years	\$5,000	Community sponsorship
Friends of Coal Creek	\$5,000	Community sponsorship
Gleneagles Summer Night Festival	\$5,000	Community sponsorship
Greek Orthodox Community of NT (Glenti)	\$5,000	Community sponsorship
Jacks Soccer Club	\$5,000	Community sponsorship
Layne Beachley Classic	\$5,000	Community sponsorship
Leader Home Show (Sutherland)	\$5,000	Community sponsorship
NAB Northern Bullants	\$5,000	Community sponsorship
South Adelaide Football Club	\$5,000	Community sponsorship
Bowral Community Day	\$5,000	Community sponsorship
Chilean and Latin American Festival	\$5,000	Community sponsorship
Diwali Mela (Indian Festival)	\$5,000	Community sponsorship
Ag Australia Conference	\$5,000	Community sponsorship
Birchip Cropping Group - bronze sponsorship	\$5,000	Community sponsorship
Australian Association of Stud Merino Breeders	\$5,000	Community sponsorship
Santa Gertrudis Society - Cattle	\$5,000	Community sponsorship
N&N Lane Intelact South Gippsland Financial Discussion Group	\$5,000	Community sponsorship
Community sponsorships with a value of less than \$5000	\$315,015	NAB sponsored 229 local community events and opportunities during the year.
<b>Total</b>	<b>\$7,368,422</b>	

<b>CCI management costs</b>	<b>Amount</b>	<b>Details</b>
Corporate Social Responsibility staffing costs	\$1,198,944	Salary costs of the team working on corporate community investment programs.
Research and evaluation costs to support programs	\$218,101	Costs of supporting volunteering and researching and evaluating community group interests.
Communication costs to support programs	\$184,043	Costs for communicating with stakeholders and preparing publications and reports.
<b>Total</b>	<b>\$1,601,088</b>	

**Total Community Investment Expenditure: \$21,549,101**

### Corporate Community Investment by area of focus<sup>3</sup>

<b>Area of Focus</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Arts and Culture	\$416,680	\$525,071	\$1,035,659
Disadvantaged and Welfare <sup>4</sup>	\$3,804,945	\$7,779,074	\$9,140,568
Education and Young People	\$910,241	\$1,373,441	\$1,875,800
Enterprise and Economic Development <sup>5</sup>	n/a	n/a	\$1,726,276
Environment and Biodiversity	\$4,000	\$266,047	\$43,000
Health	\$2,529,902	\$584,965	\$517,083
Sport	\$2,427,144	\$4,592,559	\$3,958,902
Emergency	\$0	\$27,605	\$0
Other	\$1,773,260	\$114,766	\$220,521
Volunteering and Management	\$2,242,620	\$2,980,296	\$3,031,292
<b>Total</b>	<b>\$14,108,792</b>	<b>\$18,243,824</b>	<b>\$21,549,101</b>

For further information on NAB's community investment programs email [community@nab.com.au](mailto:community@nab.com.au)

<sup>3</sup> Includes both cash and in-kind expenditure

<sup>4</sup> Includes forgone fees and interest and in-kind support

<sup>5</sup> Updated category in accordance with London Benchmarking classifications