

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 2007,¹ NAB invested \$18.2m in Australian communities. In the year ending 30 June 2006, this amount was \$14.1m and the year ending 30 June 2005 it was \$11.6m.

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. Our community investment in the year ending 30 June 2007 was 0.63% of cash earnings.

	Actual CCI spend	CCI as a % of cash earnings for NAB in Australia	CCI as a % of pre-tax profit for NAB in Australia
2005	\$11.6m	0.46%	0.29%
2006	\$14.1m	0.52%	0.33%
2007	\$18.2m	0.63%	0.41%

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.

¹ This report covers Corporate Community Investment for National Australia Bank's Australia 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). For example in 2006/07, NAB was a major sponsor of the Soccerroos. This and other commercially based sponsorships are not included within this publication.

2007 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 September 2007)
Capital support for No Interest Loan Scheme®	This program currently has requests for capital from No Interest Loan groups to the value of \$4.6m. \$1.3m has been formally allocated to 24 NILS groups.
Step UP Loans	This program currently has 466 loans written to the value of \$940,000 with total outstanding repayments of \$820,000
NAB Microenterprise Loans	This program was launched in March 2007 and currently has 30 loans written to the value of \$430,000 with \$200,000 in drawdowns against those loans

Carbon neutral

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

This is to be achieved through:

- energy savings;
- purchasing of green energy;
- purchasing of carbon offsets.

These programs will require expenditure in the millions of dollars by NAB over the next three years. However, due to its business operational nature, this expenditure is not included in the CCI figures in this report.

Our community investments for the year ending 30 June 2007

NAB's community investment in Australia is detailed below. Some of the major contributions in the year ending 30 June 2007 included the following:

Charitable gifts

1. Cyclone Larry Appeal: In support of the Innisfail community in Far North Queensland, NAB continued to donate \$229,313 to various community projects including \$100,000 to the Innisfail Inclusive Education Centre. Additionally, the broader community was able to make donations to the Appeal through our branches and over \$1,370,410 was collected (these donations do not form part of NAB's CCI figures).

2. Charities Aid Foundation: MLC donated \$33,886 to Charities Aid Foundation which brings donors and the community together for mutual benefit, providing cost-effective programs for business, governments, individuals, families and not-for-profit organisations.

Community investments

3. Good Shepherd – Step UP: During 2007 we have continued to grow the Step UP partnership with Good Shepherd Youth and Family Service. Step UP allows financially disadvantaged people to access low cost credit and more recently insurance. Since 2006 we have extended the program to include all of South Australia as well as Perth, Geraldton and Kalgoorlie in Western Australia. As at September 2007, 466 Step UP loans had been written. NAB donated \$608,989 to this program during the year (outside of loan capital).

4. Microenterprise Loans: 2007 marked the introduction of NAB's Microenterprise Loan. This program offers 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. As part of the program, NAB makes sure people get access to business skills, training and advice during the first year of the business. NAB contributed \$108,201 to this program during the year (outside of loan capital).

5. No Interest Loan Scheme (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 and Family Service developed NILS over 25 years ago. It coordinates the National NILS Network which currently consists of 233 NILS programs around Australia, and accredits community organisations to be NILS providers. NAB contributed \$179,214 to this program during the year (outside of loan capital).

6. 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 those with a high proportion of 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 2007, \$754,934 was contributed to both these programs; approximately \$350,000 is directed to YALP.

7. NAB Volunteer Awards: 2006 was the tenth year of this program, run in partnership with Volunteering Australia. The program rewards community groups for best practice in sustainably managing their volunteers. Total investment during the reporting period: \$632,303.

In-kind support

8. Alannah and Madeline Foundation: Office space in South Melbourne to support Alannah and Madeline Foundation to undertake its community campaign, Anti Bullying Framework in Primary Schools across Australia.

In-kind volunteering

9. Staff Volunteering: Throughout the year, NAB employees participated in more than 6,137 days of paid volunteer leave, equivalent to \$1.612 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

10. Concession Card Account: In June 2006, NAB relaunched its Concession Card Account. This 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 \$3.7 million by not incurring these fees (2006: \$1.4 million).

11. Rural Branches: As part of its commitment to regional Australia, NAB provides customers at over 160 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 million transactions a year and has again benefited approximately 58,000 customers. Forgone revenue in 2007 totalled approximately \$2.7 million.

Commercial initiatives in the community

12. 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 2007 to Auskick and \$4.1m overall to grassroots football in the community.

13. Garvan Institute of Medical Research: For the last 12 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 \$200,000 was contributed to the program as part of a pledge of \$1 million over five years.

13. Ovarian Cancer Research Foundation: NAB is continuing to raise vital funds and community awareness about ovarian cancer. In 2007, NAB directly contributed around \$270,000 to two ovarian cancer organisations. In addition NAB customers have raised over \$2m over the last 5 years through appeals sponsored by NAB.

Community investment expenditure 1 July 2006 – 30 June 2007

NAB's Australian business has made the following CCI investments in the year ending 30 June 2007:

Charitable gifts	Amount ²	Details
United Way (International Women's Day)	\$2,727	Financial donation
Lord Mayor's Charitable Fund	\$2,000	Financial donation
UNEP FI Global Roundtable	\$26,026	Financial donation
Cyclone Larry – Ettu Bay Surf Life Saving Club	\$15,813	Financial donation
Cyclone Larry – QF15 Coast Guard Innisfail	\$58,500	Financial donation
Cyclone Larry – Innisfail Inclusive Education Centre	\$100,000	Financial donation
Cyclone Larry – Innisfail Rotary Van Construction	\$55,000	Financial donation
The Benevolent Society	\$7,500	Financial donation
Inspire Foundation	\$15,000	Financial donation
Adtrans Gradtrans Charity	\$2,500	Financial donation
Variety Club Bash	\$2,000	Financial donation
The Mackay Foundation	\$5,000	Financial donation
The Truste-Garerns Appeal	\$3,000	Financial donation
United Way	\$2,000	Financial donation
Reconciliation Australia	\$38,615	Support for conference and activities to grow Indigenous leadership as part of 40th anniversary of the 1967 Referendum celebrations
Clontarf Football Academy	\$50,000	Financial donation to support expansion of the program in the NT
Charities Aid Foundation – Aust	\$33,886	A program for MLC employees who make donations to charities of their choice. These donations are then matched by a trust fund
Leukaemia Foundation	\$10,122	Financial donation
Donations to community groups with a value of less than \$2000	\$17,383	Financial donation
Total	\$447,072	

Community investments	Amount	Details
Good Shepherd Youth & Family Service – Step UP program	\$608,989	Support for microfinance employees in 16 pilot locations for the Step UP low interest loans scheme. Locations include: Perth, Kalgoorlie, Geraldton, western Sydney, Bathurst/Cowra, Melbourne, West Melbourne, Mornington Peninsula and the entire state of South Australia
National Conference for the No Interest Loan Scheme (NILS®) Perth	\$29,373	Support for the National Conference for the No Interest Loan Scheme (NILS®) Perth. The conference brings together microfinance workers from throughout Australia.
No Interest Loan Scheme (NILS®)	\$149,891	Offered in conjunction with Good Shepherd Youth and Family Service the No Interest Loan Scheme (NILS®) offers small no interest loans for people on low incomes for the purchase of essential household goods
Microenterprise Loan	\$108,201	Costs to support this 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
Schooner Enterprize	\$99,000	Schooner Enterprize is a replicate sailing ship. Funding provided to update all Enterprize-related material such as brochures and schools kits
Australian Ballet	\$192,500	Education program promoting ballet in the community
2006 NAB Volunteer Awards	\$543,917	A NAB-managed program which promotes best practice Volunteering by not-for-profit organisations. Run in partnership with Volunteering Australia. In 2006, 49 winners were awarded a total prize pool of \$364,000
2007 NAB Volunteer Awards	\$88,390	As above. At the time of reporting winners were yet to be announced, therefore prize money is not included in the total spend

² All figures quoted are without GST.

SACOSS Microfinance conference	\$2,000	Sponsorship of a South Australian conference on the implementation of microfinance in South Australia
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	\$754,934	Contribution to a scholarship which is being used to examine accelerated learning programs in Israel and how these experiences can be used in indigenous communities, and a scholarship to study community capacity building programs in Israel
Sydney Jewish Museum	\$69,300	Community sponsorship
Melbourne Jewish Sponsorship	\$69,300	Community sponsorship
Research Institute Crystal Ball	\$3,600	Community sponsorship
Victor Chang Cardiac Research Institute Golf Day	\$3,600	Community sponsorship
Canberra Cancerians Committee	\$13,500	Community sponsorship
Art Gallery of NSW	\$75,000	Community sponsorship
Sydney University Football Club	\$4,900	Community sponsorship
Sculptures by the Sea	\$17,000	Community sponsorship
Sanctuary Cove Charity Golf event	\$22,000	Community sponsorship
Mother of All Balls – YWCA	\$10,000	Community sponsorship
Chinese Cultural Centre	\$5,400	Community sponsorship
Total	\$2,936,795	

In-kind – volunteering	Amount	Details
Employee volunteering effort (in-kind)	\$1,612,529	In-kind value of the time employees have spent volunteering. The value is calculated according to the actual salary value of the leave taken during office hours
Total	\$1,612,529	

In-kind – forgone revenue	Amount	Details
Concession Card Account	\$3,688,321	Fees forgone through offering a concessional banking account for individuals on government benefits
Rural branch rebate	\$2,746,815	Reduced transaction fees at over 160 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
Total	\$6,435,136	

Commercial initiatives in the community	Amount	Details
NAB branch local community initiatives	\$452,638	Small (under \$1,000) local donations made at the discretion of NAB branches and business banking outlets
AFL Auskick, Rising Star, NAB Cup	\$4,063,222	Contribution to grassroots football through the AFL sponsorship
Ovarian Cancer Research Foundation	\$212,775	Contribution to educate the general public about ovarian cancer and the need to develop an early detection method. Funding of a research position to work specifically on an early detection test
National Ovarian Cancer Network	\$56,250	Funding to underpin NAB's broader support of ovarian cancer. Funding supports the network's patient support services and awareness programs
Lions Youth of the Year Quest	\$76,000	Sponsorship of a program run by Lions that identifies leadership talent in the community
Royal Australian Shows – Melbourne	\$20,800	Support of the animal nursery at the Royal Melbourne Show
Royal Australian Shows – Sydney	\$45,735	Support arena activity at Royal Sydney Show
Reach Foundation – DreamCatcher Program	\$105,375	Programs supporting the development of youth leadership
Garvan Institute of Medical Research	\$200,000	MLC is a corporate partner of the Garvan Institute of Medical Research
Alannah and Madeline Foundation	\$174,525	Community campaign – Anti Bullying Framework in Primary Schools across Australia
NAB Ambassadors	\$208,283	NAB ambassadors appearances over the 06-07 year which were used to support community-related events

NAB Agribusiness Awards	\$38,406	Awards held in conjunction with Monash University. These awards recognise and reward people and organisations who have contributed to the food, fibre, beverage and agribusiness industries
Karma Currency	\$20,000	Development funding for a website for charity gift vouchers
Drought Relief	\$15,180	Separate local donations made at the discretion of local agribusiness bankers for drought relief
Total	\$5,689,189	

CCI management costs	Amount	Details
Corporate Social Responsibility staffing costs	\$805,164	Salary costs of the team working on corporate community investment programs
Support costs for the programs	\$198,439	Costs of supporting volunteering, researching community group interests and preparing publications
Total	\$1,043,606	

Total Community Investment Expenditure: \$18,281,145

Corporate Community Investment by area of focus³

Area of Focus	2005	2006	2007
Arts & Culture	\$288,182	\$416,680	\$525,071
Disadvantaged and Welfare ⁴	\$3,593,002	\$3,804,945	\$7,779,074
Education	\$888,406	\$910,241	\$1,373,441
Environment and Biodiversity	\$98,082	\$4,000	\$266,047
Health	\$459,080	\$2,529,902	\$584,965
Sport	\$1,582,933	\$2,427,144	\$4,592,559
Emergency	\$1,293,564	\$0	\$27,605
Other	\$1,239,219	\$1,773,260	\$114,766
Volunteering & Management costs	\$2,165,083	\$2,242,620	\$2,980,296
Total	\$11,607,551	\$14,108,792	\$18,243,824

³ Includes both cash and in-kind expenditure

⁴ Includes forgone fees

For further information on NAB's community investment programs email community@nab.com.au