

Community
Dig Deeper paper



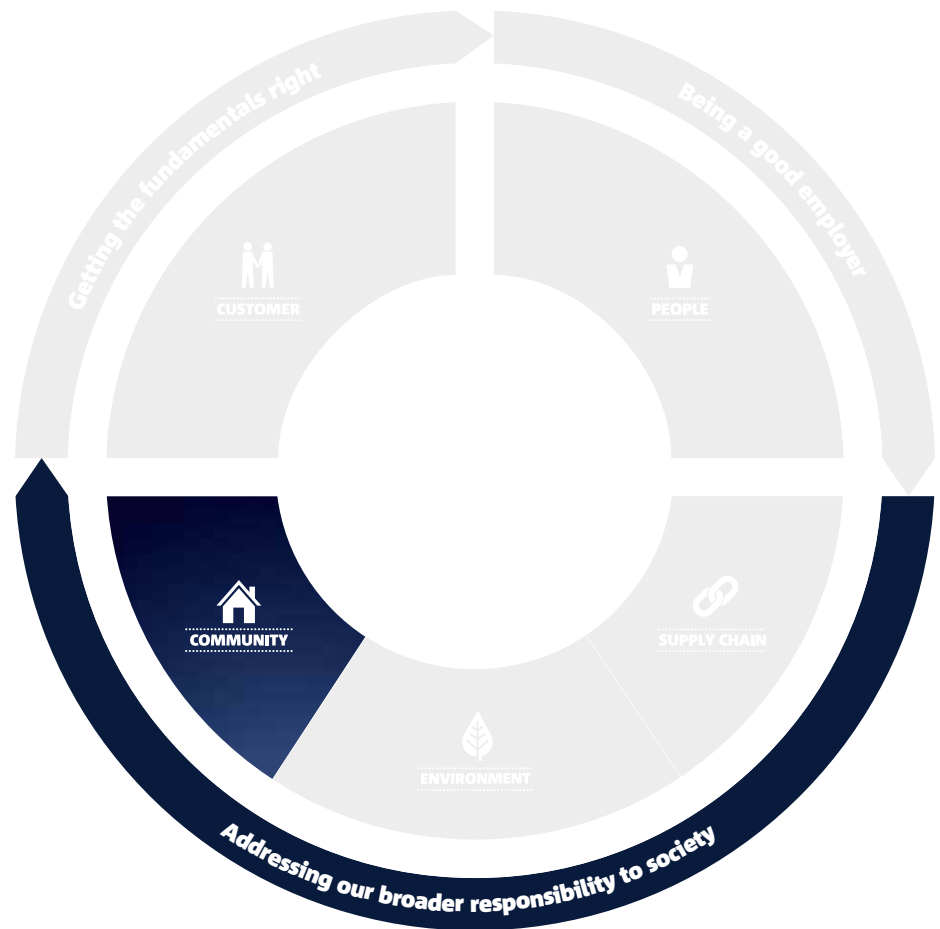
Committed to our communities

We understand and acknowledge the special role a bank has in the community and broader economy. As such, we are focused on developing deeper relationships with our communities through support, partnerships and initiatives that focus on education, financial and social inclusion.

COMMUNITY ISSUES

As part of our Corporate Responsibility (CR) materiality process, we engage with our stakeholders to identify relevant community issues for our Company. The community issues identified as relevant to NAB are:

- Community investment
- Disaster relief
- Reconciliation action
- Volunteering



THE PURPOSE OF OUR DIG DEEPER PAPERS

2011 is our second year producing an integrated report on our business – combining our previously separate Shareholder Review and Corporate Responsibility Review.

To inform the content of our report we undertake an annual Corporate Responsibility (CR) materiality process to assess the most significant issues in each of our CR segments. We then focus on including metrics in the report related to these issues (for more on our CR materiality process, visit our website www.nabgroup.com/cr).

We understand, however, that we have a diverse range of stakeholders, with a wide range of interests in our business. In the interest of transparent reporting, and to add more detail to the data included in the Annual Review, we have produced this series of *Dig Deeper* papers. It provides a broader suite of data for each of our CR segments and more information on methodologies and calculations where required.

The content of these papers is informed by the Global Reporting Initiative Sustainability Reporting Guidelines (G3), as well as our own CR issues map and materiality process.

Further information on how we manage key issues, along with program details, case studies and news stories, can be found at www.nabgroup.com/cr

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

Community investment

COMMUNITY INVESTMENT AS A PERCENTAGE OF CASH EARNINGS BEFORE TAX

	2006	2007	2008	2009	2010	2011
Community investment (\$ millions)	\$20.5	\$25.9	\$33.6	\$58.2	\$62.0	\$72.2
Community investment as a % of cash earnings	0.31	0.47	0.53	1.05	0.95	0.93

Contributing to communities (also known as Corporate Community Investment, or CCI) encompasses all forms of Company support, including charitable gifts and donations, community partnerships, employer-supported volunteering and community sponsorships.

To manage and track NAB Group's community investment, eight categories are used. These categories (with the exception of forgone fees and interest) derive 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 community investment 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, space and equipment.

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

Forgone fees and interest – Is when we reduce or waive fees or charges on products or services for community benefit.

Community investment – Long-term strategic involvement in community partnerships to address a specific range of social issues.

Commercial initiatives – Includes community activities by business departments that support the success of the business in partnership with charities and community-based organisations.

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

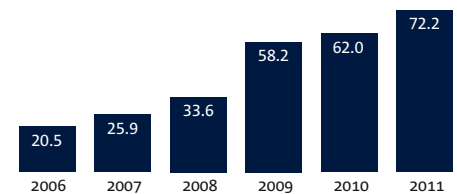
3rd party facilitated donations – Any additional funds that are raised by 3rd parties as a direct result of NAB's involvement.

Although we track 3rd party facilitated donations, this figure is not included in the community investment total of \$72.2 million.

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.

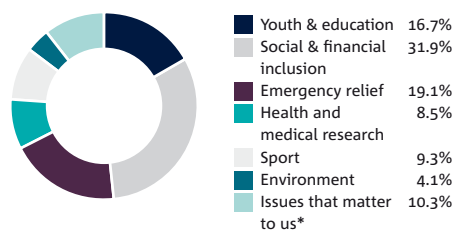
Group community contribution

\$ millions



Community investment

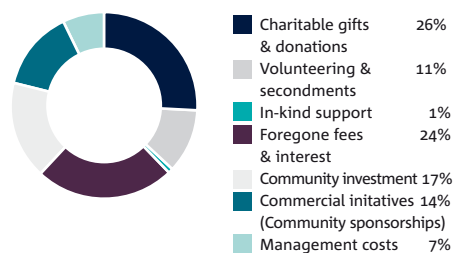
Focus area %



*Issues that matter to us represents community contributions that do not easily fall within our focus areas of youth and inclusion.

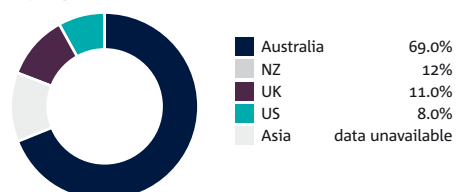
Community investment

by type %



Community investment

by region %



Community investment continued

MAJOR INVESTMENTS IN 2011	REGION	AMOUNT \$	DETAILS
Charitable gifts and donations			
NAB Matched Giving program	Australia	\$522,135	Launched in February 2007, NAB's Workplace Giving program allows employees to make regular donations directly from their salaries to any Australian registered charity and NAB matches all employee donations made, to the value of \$1,200 per employee annually.
Christchurch Earthquake Relief	New Zealand	\$1,109,234	Donations made by Bank of New Zealand (BNZ) in response to the Christchurch earthquake on 22 February 2011. This amount is made up of a number of amounts given to organisations such as Red Cross, The Salvation Army, Christchurch Business Recovery Group, Matched Staff Giving, Emergency Relief Payments for affected staff and more.
Yorkshire and Clydesdale Bank Foundation	United Kingdom	\$766,823	Launched in July 2008, the Yorkshire and Clydesdale Bank Foundation provides support to registered charities, not-for-profit organisations, community and other voluntary organisations.
MLC Community Foundation	Australia	\$4,000,000	Established in 2008, the MLC Community Foundation supports Australian communities by investing in key areas of need and employee interest. This represents the amount contributed from MLC into the Foundation.
NAB Disaster Relief	Australia	\$11,035,196	In response to the QLD and VIC Floods of early 2011, NAB donated over \$1 million to a Queensland Community Assistance Fund, and over \$9 million to assist NAB Home Loan Customers who were not covered under their insurance policy. This figure also includes over \$450,000 in matched giving of donations made by NAB staff.
In-kind support			
Save the Kiwi Trust	New Zealand	\$15,309	Rental of office premises.
Common Purpose	United Kingdom	\$24,351	Rental of office premises.
Alannah and Madeleine Foundation	Australia	\$79,500	Rental of office premises.
AFL Auskick	Australia	\$340,000	In-kind investments to AFL Auskick provision of footballs and sporting packs.
Volunteer time			
Refer below			
Forgone fees and interest			
Microfinance programs	Australia	\$4,161,834	As part of its commitment to providing fair and affordable banking for all Australians, NAB provides a range of no-interest and low-interest loans through the No Interest Loans Scheme, StepUP Loans and Microenterprise Loans. The amount shown here includes fees waived, interest forgone and bad and doubtful debts. More information on the microfinance programs and investment is provided under community investments.
CYB Charity Term Deposit Accounts	United Kingdom	\$2,514,254	This product is for registered and exempt charities and is the difference on interest paid between a business term deposit and a charity term deposit.
Charity Instant Access Accounts – United Kingdom	United Kingdom	\$2,410,905	This product is for registered and exempt charities and is the difference on interest paid between a business current (instant access) account and the charity current (instant access) account.
Community investment			
Plunket	New Zealand	\$778,527	In 2009, BNZ became the principal sponsor of Plunket, New Zealand's largest provider of support services for the development, health and wellbeing of children under five.

Community investment continued

MAJOR INVESTMENTS IN 2011	REGION	AMOUNT \$	DETAILS
Save the Kiwi Trust	New Zealand	\$344,548	The BNZ Save the Kiwi Trust is a partnership between the Department of Conservation, the Royal Forest & Bird Protection Society and BNZ to protect the Kiwi and its natural environment.
Schools First	Australia	\$6,385,000	NAB Schools First is another example of NAB's commitment to community investment. The program exists because NAB recognises that the education of young people rests on the shoulders of the entire community. A partnership between NAB, the Australian Council for Educational Research and The Foundation for Young Australians, NAB Schools First rewards outstanding school-community partnerships which are having a positive impact on students beyond the classroom and are helping young people realise their potential. NAB committed \$15 million in awards funding for the first three years of the program. In 2011, we provided \$5 million in awards funding. The remainder of this amount includes program delivery costs supported by NAB, such as development and printing of program materials.
Indigenous programs	Australia	\$2,010,000	NAB has continued to make progress with its three key Indigenous focus areas: financial inclusion, building access to real jobs and cultural awareness. In 2011, we announced our intention to add an additional strategic focus on Northern Australia. In particular, we are working with traditional owners to support them realise the economic and social opportunities associated with their native title settlements.
Microfinance programs	Australia	\$1,670,326	In addition to committed loan capital and forgone interest and fees, NAB has invested funds to support community finance workers and networks that support the programs.
Commercial initiatives			
AFL (Auskick, Rising Star and NAB Cup)	Australia	\$4,480,000	Since 2002, NAB has worked with the AFL in communities around Australia with a focus on grassroots programs. NAB's commitment to the AFL includes NAB AFL Auskick, the NAB AFL Rising Star program, and the NAB Cup. This amount represents a proportion of our investment to the AFL, reflective of the community benefit of programs like Auskick.
Alannah and Madeleine Foundation	Australia	\$440,375	The Alannah and Madeline Foundation is a national children's charity keeping children safe from violence by providing care, prevention programs and advocacy. NAB is a sponsor and its involvement has helped The Alannah and Madeline Foundation develop an anti-bullying framework 'The Better Buddies Program'.
Ovarian Cancer Research Foundation	Australia	\$180,000	NAB has been the founding partner of the Ovarian Cancer Research Foundation (OCRF) since 2001. NAB is continuing to raise vital funds and community awareness about ovarian cancer. In addition to this investment, we have facilitated fund-raising of \$1,000,000 in 2011 (refer to 3rd party facilitated donations below).
The Australian Ballet	Australia	\$400,000	NAB is a Lead Sponsor of the Australian Ballet and Major Sponsor of the National Education Programme, which provides workshops, seminars and in-theatre performances around the country. The NAB Dance the Dream program, designed to educate and inspire regional dance students, takes dancers from The Australian Ballet to local classrooms of dance schools across Australia, offering advice on technique and sharing insight into life as a dancer. This amount represents a portion of our investment, reflective of the community benefits of programs like Dance the Dream.
Yachad Scholarship Fund	Australia	\$700,000	The NAB Yachad Scholarship Fund was founded in 2002 to afford talented Australians the opportunity to pursue further learning in their field of expertise by studying Israeli approaches to education, micro-enterprise, environment and technology. Programs are tailored to suit each scholar's particular area of interest and can vary from those that are short but highly intensive, to longer programs, typically based around a leading tertiary institution, allowing for focused, detailed study of a subject at one location.

Community investment continued

MAJOR INVESTMENTS IN 2011	REGION	AMOUNT \$	DETAILS
Management costs			
Direct Staff Expense – Corporate Responsibility	Australia	\$3,411,665	The major investment to the Group's management costs are direct staffing costs, in which NAB has invested to ensure that corporate community investment programs continue to be run effectively. This figure represents the proportion of personnel cost directly related to developing, managing and evaluating NAB's corporate community investment programs.
3rd party facilitated donations			
Ovarian Cancer Research Foundation (OCRF)	Australia	\$1,000,000	NAB has been the founding partner of OCRF since 2001. NAB is continuing to raise vital funds and community awareness about ovarian cancer. In addition to facilitated fund-raising, we have contributed over \$180,000 in 2010–2011 (refer to commercial initiatives above).

As part of NAB's Fair Value changes, a number of fees have been reduced or abolished such as monthly account-keeping fees and various transaction charges for NAB's most popular transaction accounts. These changes have significantly reduced the dollar values of both the waiver of rural over the counter fee waivers and the concession card account, and they are therefore no longer a major investment of our foregone fees and interest.

Volunteering

VOLUNTEERING DATA	FY 08–09	FY 09–10	FY 10–11
Number of volunteer days contributed to the community	12,487	20,718	25,633
Increase in the number of volunteer days contributed to the community from previous year	42.4%	66%	23.7%
Value of volunteer days contributed	\$2.76 million	\$6.38 million	\$8.03 million
% of Australian employees who took volunteer leave	28.6%	31%	41.3%

The in-kind dollar value of NAB Group employees' volunteer time has been calculated by categorising all employees into their relevant salary levels and then multiplying the total number of volunteer days per salary level by the average daily rate of that salary level.

Across Australia, New Zealand and the United Kingdom, our employees are entitled to two days volunteer leave each year to contribute to the community. In FY11 we have seen a 23.7% increase in the number of volunteer days' contributed by the Group. This is a significant increase, driven through factors such as closely linking our volunteering program to our major community investments, the offering of a greater number of longer-term secondments, an increased number of skilled volunteering opportunities and placements and initiatives such as BNZ's Closed for Good. A brief summary of regional activity is provided below.

AUSTRALIA

NAB has had a corporate volunteering program in place since 1998. Since the program's inception, we have developed relationships with over 400 community organisations nationally. Throughout 2010–2011, we contributed over 15,839 volunteer days to community groups within Australia. We supported 34 employee secondments with partners such as Earthwatch and Jawun and we offered over

19,730 opportunities to NAB employees via the Volunteer Planner. In 2010–2011, NAB's Australian employees contributed 1,335 days of skilled volunteering, a 33.3% increase on the previous year; however, when balanced against the increase in general volunteering days of 48%, skilled volunteering represented a decreased proportion of total volunteering from 9.28% to 8.43%. Increasing the proportion of skilled volunteering remains a focus for 2012. We will continue to shift the focus of programs to enable skilled volunteering opportunities and capacity building in Australia and New Zealand. You can read more at nab.com.au/volunteering

NEW ZEALAND

This year, Closed for Good enabled all our employees, from our leadership team to frontline staff, to spend the day working on 433 nationwide community projects, which equates to 22,005 volunteering hours. Since we began our volunteering programme, BNZ staff have completed more than 10,000 volunteering days, the equivalent to nearly 30 years of full time community service. Our participation rates have also reached 82%,

far higher than the financial services industry average of less than 35% (LBG Australia and NZ report 2010).

UNITED KINGDOM

Following the launch of our employee volunteering policy in April 2007, which offered all employees the opportunity to take two days' paid leave to work in the local community, we have seen a sustained significant increase in the number of employees participating. Volunteering opportunities are provided and promoted by the NAB Group, aligning with our community strategy. In the last financial year, our employees in the United Kingdom contributed 4,848 volunteering days, which is an increase of 29% on the previous year. Activities are split into non skills-based, such as gardening, painting, fund-raising and administration tasks and 'Skills Xchange' such as mentoring pupils, making presentations to schools, or taking up a role as a Charity non executive Board member or School Governor.

Taxes

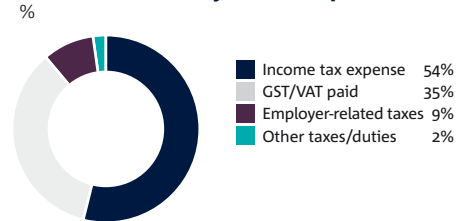
The NAB Group employs over 45,000 employees, conducting financial services activities in Australia and overseas. NAB makes a significant contribution to the economy, business landscape and the communities in which we operate, here and overseas.

The corporate behaviour of NAB affects many stakeholders, including employees, board members, customers, shareholders and governments. With this front of mind, we know there is far-reaching interest in the amount we contribute directly to economies locally, regionally and globally, in particular, our contribution to government finances through taxation.

In FY2011, the NAB Group paid \$1.758 billion in income and employer taxes globally. The NAB Group also generated other tax contributions totalling more than \$1.030 billion¹ in FY2011. In addition, the NAB Group, indirectly contributed \$1.766 billion¹ in GST/VAT and withholding taxes, collected on behalf of and paid to revenue authorities.

Since the Global Financial Crisis, there has also been an increased global focus on Tax Risk Governance, especially towards financial institutions. The OECD and the United Kingdom, US and Australian tax authorities have all made extensive public statements as to what they perceive to be sound Tax Risk Governance. One of the key statements on Tax Risk Governance made by these bodies is that the ultimate responsibility and accountability for Tax Risk Governance rests with the Board of Directors. Given these statements, in FY2011, the NAB Group updated its Tax Risk Governance Policy to reflect current international Tax Risk Governance best practice.

Total taxes borne by NAB Group



¹ Taxes paid outside Australia have been converted to dollar based on the average yearly exchange rate for the period 1 October 2010 – 30 September 2011