

Dig Deeper

Customer



National Australia Bank



Bruce Graham MLC customer

We are committed to getting the fundamentals right

Key to our ongoing success are the deep relationships we build with our customers – by continuing to offer fair products and services that respond to what our customers tell us they want. We also want to support them to have a healthy relationship with money. We believe that this commitment to our customers differentiates us from our competitors and allows us to add real value – by providing better, fairer products along with specialised help, guidance and advice.

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 additional performance commentary and data around our CR segments ensuring that 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.

Customer issues

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

- access to inclusive banking
- affordability of banking
- customer financial hardship
- customer security and safety
- customer service and satisfaction
- financial crime
- financial education and literacy
- innovation
- responsible credit practices
- responsible finance (lending)
- responsible investment (wealth)
- transparency and disclosure.



Dig Deeper

Corporate Responsibility commitments

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

Commitment	Performance
Build world class relationships through customer-led initiatives across the Group.	We continue to focus on this through our updated Strategy. See the ‘World Class Relationships’ section on page 14 of the 2013 Annual Review.
Respond to and mitigate the root causes of customer complaints.	We continue to focus on this through our issues prevention and continuous improvement. See the ‘Customer Satisfaction and Complaints’ section on pages 4 – 7.
Continue the NAB Care hardship assistance offering to support NAB borrowers experiencing financial difficulty.	We have achieved this. See the ‘Responsible Lending’ section on page 8.
Continue to take a leadership role in addressing financial inclusion in Australia, with a specific focus on the most vulnerable groups such as Indigenous Australians.	We have achieved this. See the ‘Financial Inclusion’ section on pages 8 – 10 and the ‘Supporting Indigenous Communities’ section on page 11.
Deliver world-class* microfinance with significant scale and efficiency.	We have achieved this. See the ‘Financial Inclusion’ section on pages 8 – 10 and the ‘Healthy Relationship with Money’ section on page 23 of our 2013 Annual Review.

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

*NAB is the only bank in Australia that offers a comprehensive microfinance program that includes personal credit, savings and business credit options for financially excluded people. It is also understood to be one of the largest microfinance programs delivered in the developed world.

About our customers

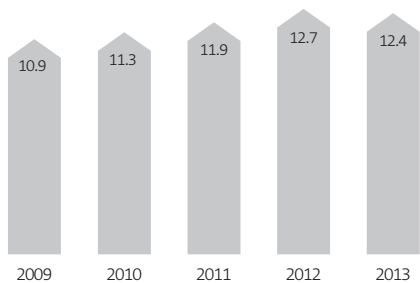
With operations in Australia, New Zealand, Asia, the United Kingdom and the United States, we provide banking and wealth management services to over 12.4 million customers worldwide.

Wherever we are in the world, we are focused on building world-class relationships with our customers, and providing fair products and services that support our customers’ financial goals. We support our customers through our 1,819 stores and business banking

centres, while our call centres and our social media help us to better connect with them.

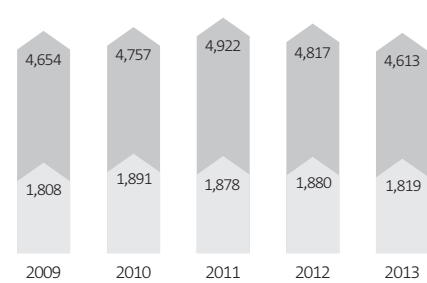
See pages 2 – 3 of our 2013 Annual Review for a full description of our businesses.

CUSTOMER NUMBERS GROUP (MILLIONS)



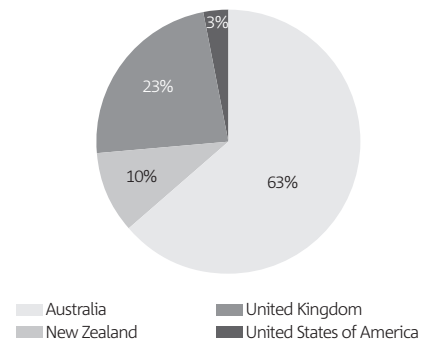
Note: Customers for each business are compiled separately. As such, a customer may be included in these figures more than once if they are a customer of more than one Group business. Customer numbers for 2009 – 2012 have been restated to reflect changes in methodology. Low growth in 2013 at Group level due to a reduction in the UK Customer base and exclusion of Asia customers.

SERVICES FOR CUSTOMERS GROUP



Note: The FY13 decrease in store and business banking centre numbers was primarily driven by consolidation within the UK and US and the decrease in ATMs is a result of changes within the Redi ATM network.

DISTRIBUTION OF CUSTOMERS BY GEOGRAPHY



Note: Excludes Asia which represents less than 1% of total customer numbers.

Dig Deeper

Business footings*

Category	% of business customers	% of business footings
Accommodation, cafes, pubs and restaurants	3.0 %	3.0 %
Agriculture, hunting, forestry and fishing	7.9 %	9.2 %
Construction	6.7 %	3.4 %
Education	1.1 %	1.8 %
Electricity and gas and water supply	0.4 %	1.3 %
Financed and insurance	9.3 %	19.8 %
Government administration and defence	0.3 %	3.4 %
Health and community services, social work	8.4 %	3.8 %
Manufacturing	4.5 %	5.2 %
Mining	0.7 %	2.8 %
Property, renting and business services	39.1 %	31.9 %
Transport, storage and communications	3.1 %	3.9 %
Wholesale and retail trade, repairs	11.7 %	8.0 %
Recreational, personal and community service activity	3.9 %	2.6 %
Total	100 %	100 %

*Excludes USA and Asia. Business footings refer to the combined total of deposit and lending volumes. Customers are classified by their respective Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Maintaining our customer focus

We remain focussed on building lasting relationships with our customers. In practice this means understanding our customers' needs and developing products and services that meet those needs and address their concerns. We continue to invest in developing the capabilities of our bankers and, through a focus on operational excellence and reduction of complexity, we are supporting them to spend more time with our customers.

Our online channels have continued to grow year on year and we remain committed to providing our customers with the ability to engage with us how

and when they wish – whether it's through our stores and business banking centres, contact centres or our internet and mobile channels. See page 13 of this Dig Deeper paper for further details.

This year we've delivered on several key initiatives to continue to build on our customer channels and relationships. Within the Australian region this includes the launch of our mobile payments app 'NAB Flik'. We've also launched NAB MoneyTracker, a visual and interactive money management tool that's integrated into NAB Internet Banking and helps customers to set and manage their budgets and savings goals.

In the coming year we will continue to value and listen to customer feedback,

continue to provide products and services that meet customers' evolving needs and deliver initiatives that improve customer experience.

This includes our ongoing focus on mitigating the root causes of customer complaints. We will continue to support our customers who are facing financial hardship through our NAB Care team who provide assistance to NAB borrowers when they need it most. We will also continue to focus on promoting greater financial inclusion and increasing financial literacy.

Further details on this year's customer engagement can be found on page 14 of our 2013 Annual Review.

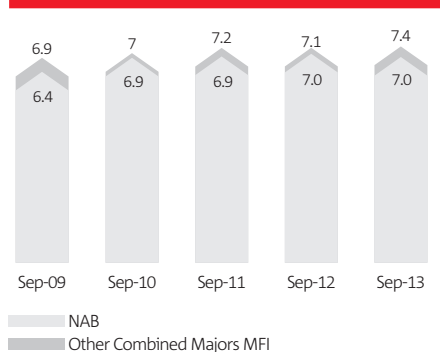
Dig Deeper

Customer satisfaction and complaints – Australia

Business and Institutional Banking

Our focus remains on deepening our relationships with customers. This year we've continued to invest in initiatives that support our bankers in delivering world class relationship banking. We've maintained our customer satisfaction performance for business customers in the DBM Business Financial Services Monitor report for September 2013 and for institutional customers in the Peter Lee Associates 2013 Large Corporate and Institutional Relationship Banking Survey. In the Peter Lee Associates 2013 survey, we were pleased to be identified as market leaders across a number of categories¹.

CUSTOMER SATISFACTION MICRO BUSINESS (\$0-\$1M TURNOVER) AVERAGE RATINGS



Source: DBM Business Financial Services Monitor September 2009 to September 2013, six-month rolling averages – Micro Business (Turnover \$0m-\$1m).

Each of the four business customer satisfaction graphs on this page are based on overall satisfaction with a customer's Main Financial Institution (MFI) over a six-month rolling average. Overall satisfaction is based on a scale from 0 – 10 (with 0 being extremely dissatisfied and 10 extremely satisfied). The "Other Combined Majors" MFI in the four graphs are ANZ, Commonwealth Bank and Westpac.

Personal Banking

We continued to demonstrate our commitment to providing customers with a fair exchange of value in our products and services. We have focused on delivering initiatives and developing products that meet the changing needs of our customers. We are proud to have offered the lowest or equal lowest

Standard Variable Rate of the four Australia major banks to our mortgage customers for the last four-and-a-half years.

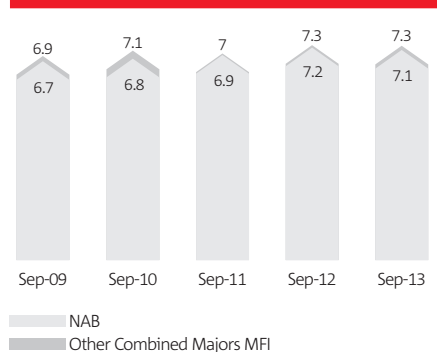
This year we maintained customer satisfaction above 80% among customers considering us their Main Financial Institution in the benchmark Roy Morgan Research survey. We closed the year ranked second amongst the four major banks on 81.7%. Since we began our Fair Value strategy in 2009 we have closed the gap to the average of the three majors from -3.2 percentage points to just -0.4 percentage points.

MLC

In late 2012, MLC introduced the Customer Engagement Program (CEP) to better understand the experience and needs of MLC customers. The CEP produces a score out of 100 which reflects levels of customer satisfaction, confidence and ease of doing business with MLC.

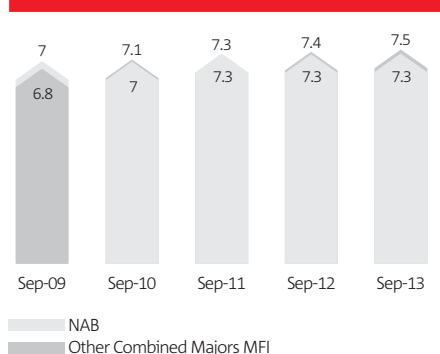
The CEP score is based on approximately 1,000 telephone interviews per quarter and insights from the program are used to improve levels of customer engagement and loyalty. Pleasingly we have seen an increase in the CEP score from a baseline of 65 in December 2012 to 67 in September 2013.

CUSTOMER SATISFACTION SMALL BUSINESS (\$1-\$5M TURNOVER) AVERAGE RATINGS



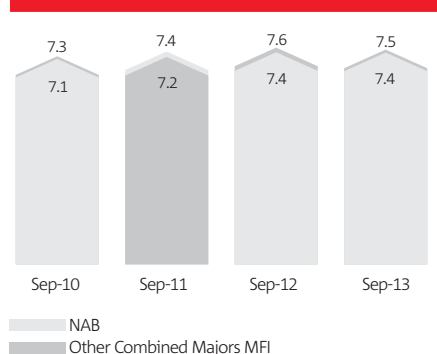
Source: DBM Business Financial Services Monitor September 2009 to September 2013, six-month rolling averages – Small Business (Turnover \$1m-\$5m).

CUSTOMER SATISFACTION MEDIUM BUSINESS (\$5-\$50M TURNOVER) AVERAGE RATINGS



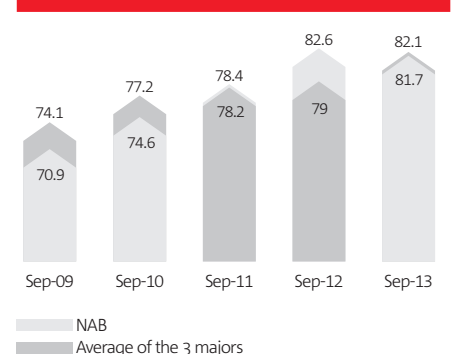
Source: DBM Business Financial Services Monitor September 2009 to September 2013, six-month rolling averages – Medium Business (Turnover \$5m-\$50m).

CUSTOMER SATISFACTION LARGE BUSINESS (\$50M+ TURNOVER) AVERAGE RATINGS



Source: DBM Business Financial Services Monitor October 2009 to September 2013, six-month rolling averages – Large business (Turnover \$50m+)

PERSONAL BANKING CUSTOMER SATISFACTION VERY OR FAIRLY SATISFIED (%) AVERAGE RATINGS



Source: Roy Morgan Research, September 2013. Australian Main Financial Institution customers, population aged 14+, six-month rolling average. Customer satisfaction is based on customers who answered very/fairly satisfied, NAB compared with the other three Australian major banks (ANZ, CBA, WBC).

1. Identified as number one for: Market Penetration in Large deposits, Bank of Choice for Acquisition/buy out financing, Bank of Choice for Property development financing and for Best advice on interest rate risk management. Peter Lee Associates 2013, Large Corporate and Institutional Relationship Banking Survey, Australia. Ranked against the other three Australian major banks (ANZ, CBA, WBC).

Dig Deeper

Complaints

Listening to customer feedback and then responding to it efficiently remains a priority for us. Feedback provides us with a key insights into ways we can improve our processes and address the issues that most concern our customers.

We invite customers to provide feedback through a number of channels – in person, via phone and email and through our social media Facebook and Twitter sites. This year we’ve seen customers make increasing use of our social media channels to provide us with feedback.

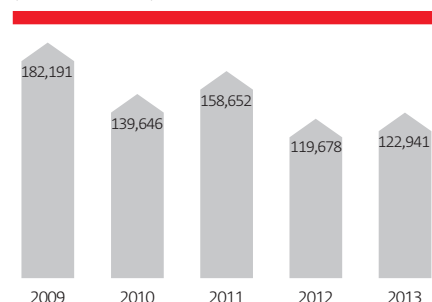
Regardless of the channel, all customer complaints follow our Internal Dispute Resolution Process. The aim is to resolve them at the first point of contact or through our specialist complaint management functions, NAB Resolve and MLC Resolve.

Complaint description (Australia)	2012	2013
Interest, fees and charges	62 %	56 %
Mortgages	5 %	6 %
Consumer deposits	5 %	6 %
Credit cCards	5 %	6 %
Branch/outlet	3 %	4 %
All other banking complaints	17 %	19 %
All wealth complaints	2 %	2 %
Total	100 %	100 %

Overall complaint volumes have increased slightly this year, up 3% to 122,941 with interest, fees and charges continuing to be the key issues concerning our customers. Positively, our focus on fairer banking has seen the actual number of complaints relating to interest, fees and charges decrease for the second year in a row to 69,136 in 2013 (now 56% of total complaints – 7.1% less than last year).

As we address and reduce the number of complaints relating to fees, we’ve seen an increase in complaints relating to processes. Through our focus on prevention and our continuous improvement agenda, we’ll continue to mitigate the root causes of these complaints.

TOTAL NUMBER OF COMPLAINTS (AUSTRALIA)



Note: Represents total volume of complaints for NAB (all banking service related complaints) and NAB Wealth (incorporating MLC, Plum, nablInvest, JANA and aligned advice licences).

Dig Deeper

Customer engagement and complaints – UK

Customer engagement

In the United Kingdom we use the Net Promoter Score (NPS) to monitor both personal and business customer engagement. The NPS scores for Clydesdale and Yorkshire Banks (CYB), are calculated through GfK NOP’s Financial Research Survey and provide insight on our overall market performance. We also conduct our own customer surveys to improve our understanding of our customer base. This year we continued to make good progress in improving our NPS.

We have engaged customers in the development of products and services through research focus groups, including in respect of our mortgage processes, mobile device app and our brand relaunch. In addition, following our Clydesdale & Yorkshire bank brand relaunch we invited customers to provide feedback through the CYB Connects survey. Over 20,000 responses have been received and are being analysed.

We continue to use the monthly Customer Experience Assessment (CEA) survey to capture customer feedback on the quality of service customers receive when they visit a store or have a customer needs interview with a banking adviser. This year over 30,000 customers completed surveys over the phone. We continue to receive very positive feedback on our service in stores and from advisers, with over 95% of customers rating us as good or very good. This feedback has been shared with retail employees.

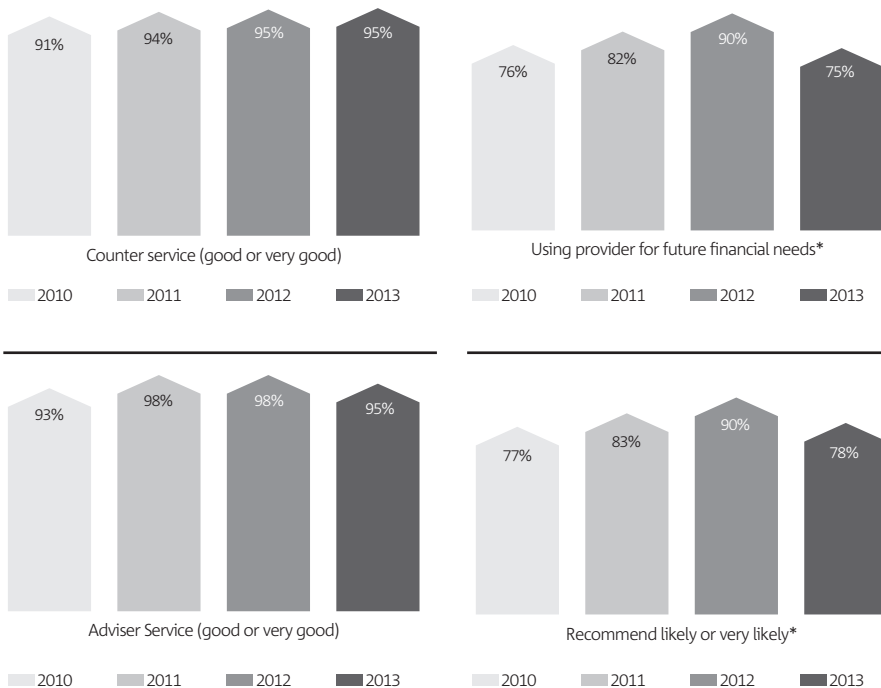
Our online customer panel CommYOUunity is a new channel launched in 2013. Through this panel we’ve sourced customer feedback on topics including ‘What makes a great bank’ and ‘How customers manage their money’. Feedback from CommYOUunity has directly shaped our new current account due for launch in late 2013. With nearly 700 panel members to date, we’re looking to grow this customer community through 2014.

Complaints

Complaints decreased from 63,754 in 2012 to 39,879 in 2013, primarily due to a significant drop in the number of complaints relating to the mis-selling of Payment Protection Insurance (PPI). As in 2012, this issue remains the key driver of complaints for our UK business, making up 62% of all complaints. This is an issue that is shared across the UK financial services industry. Other areas of complaint included Customer Service and Administration of customer accounts.

This year we introduced a new complaints recording tool called PEGA, resulting in improved recording of complaints across the UK region. PEGA is supporting enhanced root cause analysis and the delivery of continuous improvement activities through our new Customer Experience function.

CLYDESDALE & YORKSHIRE BANKS CEA SURVEY



Note: In 2013, the survey changed from online to telephone based.
 *Questions and underlying methodology updated between 2012 and 2013 which may impact outcomes.

Dig Deeper

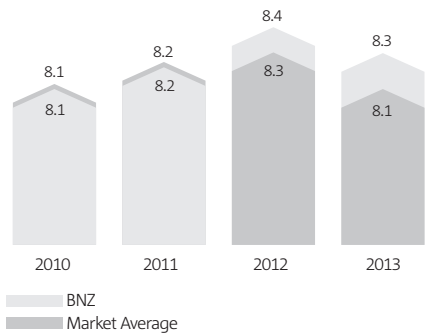
Customer satisfaction and complaints – New Zealand

Customer satisfaction

Customer satisfaction results for Bank of New Zealand (BNZ) are based on the online Voice of Customer (VoC) survey of BNZ. This survey is conducted by TNS on behalf of BNZ and the results provide insight into customer satisfaction, as well as retention and advocacy amongst NZ business and retail customers.

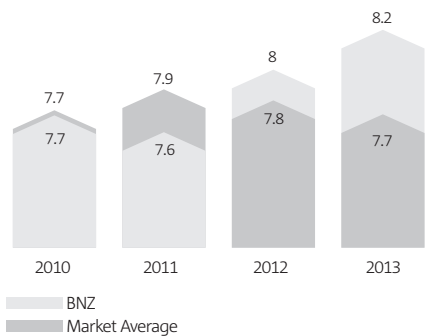
In 2013 BNZ maintained the customer satisfaction improvements previously achieved across all three markets (Retail, Small Business and Partners). The VoC results are compiled from about 7,940 interviews across Retail, Small Business and Partners.

BNZ RETAIL CUSTOMER SATISFACTION



Source: 1. TNS NZ Brand and Voice of Customer Tracker Full Year 2013. 2. 2010 and 2011 Voice of Customer surveys were conducted by Gandar Associates. Overall satisfaction with customer's main bank based on a scale from 1-10, where 1 is extremely dissatisfied and 10 is extremely satisfied. Market average is based on six major banks: ANZ, ASB, BNZ, Kiwibank, Westpac and National Bank.

BNZ SMALL BUSINESS CUSTOMER SATISFACTION TURNOVER LESS THAN NZ\$1 MILLION

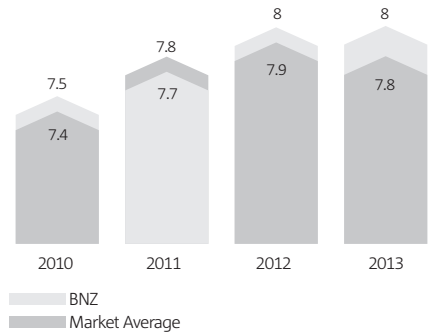


Source: 1. TNS NZ Brand and Voice of Customer Tracker Full Year 2013. 2. 2010 and 2011 Voice of Customer surveys were conducted by Gandar Associates. Overall satisfaction with customer's main bank based on a scale from 1-10, where 1 is extremely dissatisfied and 10 is extremely satisfied. Market average is based on six major banks: ANZ, ASB, BNZ, Kiwibank, Westpac and National Bank.

Complaints

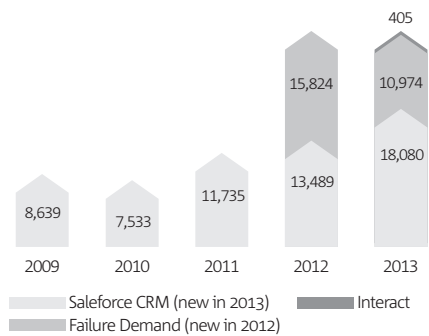
In 2012 we included a new category of customer feedback within our complaint reporting, 'Failure Demand'. This feedback from our Contact Centres captures when a customer calls BNZ out of necessity, rather than by choice, and provides insights on when customers need information or assistance, as well as when they are dissatisfied. Whilst the data initially doubled the number of complaints we captured, the additional tracking has enabled better identification of the root causes of issues. With a focus on addressing the root causes of 'Failure Demand,' we have seen a 31% reduction in 'Failure Demand' issues in 2013.

BNZ PARTNERS CUSTOMERS SATISFACTION TURNOVER EQUAL OR GREATER THAN NZ\$1 MILLION



Source: 1. TNS NZ Brand and Voice of Customer Tracker Full Year 2013. 2. The survey was conducted by Gandar Associates before 2012. Overall satisfaction with customer's main bank based on a scale from 1-10, where 1 is extremely dissatisfied and 10 is extremely satisfied. Market average is based on five major banks: ANZ, ASB, BNZ, Westpac and National Bank.

BNZ COMPLAINTS REPORTED TOTAL VOLUME



In 2014, BNZ will rollout the Salesforce CRM system across Retail, Contact Centres and BNZ Life for the capture and management of customer complaints. Salesforce CRM was deployed for Partners in February 2013. As well as delivering one standard approach across BNZ, the rollout of Salesforce CRM will support improved bank wide analysis and root cause identification.

This year complaints were captured using Interact (used by Stores, but also by Partners for most of 2013) with a total of 18,080 complaints, Failure Demand with 10,974 complaints, Salesforce with 405 complaints, and BNZ Life (included in Interact numbers for this review) with 435 complaints. In 2014, the transition to a single complaint reporting system will enable more accurate categorisation of issues and their analysis across BNZ.

Dig Deeper

Responsible lending

We realise our customers' personal situations can change very quickly and at NAB we want to help our borrowers in need. That is why in 2009 we set up NAB Care which is now an industry leading team designed to help our customers when they need it most. NAB Care is committed to doing the right thing, continuing our fair value promise to deliver consistently better customer experiences.

Our priority is to provide our customers with access to financial hardship assistance to get them back on their feet. The NAB Care team provides specialised guidance and support to those customers experiencing financial hardship. The NAB Care team will provide a solution based on an individual customer's needs. The most common form of assistance is via hardship moratoriums where the customer is not required to make a repayment for a specified period of time. Other assistance may include refinancing, reduced payments or long-term arrangements and consideration of full-and-final settlement.

This year we introduced the NAB Care Online application service which means applications can now be submitted via our webpage at nab.com.au or on our NAB internet banking site. Each application is individually assessed by our trained specialists so that we really understand the specifics of each customer's situation and are able to respond with a suitable solution in a timely manner.

In 2013 we introduced in-store marketing material promoting the NAB Care offering.

We also rolled out NAB Care information seminars and immersion sessions across our business as well as to representatives of the Financial Ombudsman Service. A series of financial hardship awareness programs were also delivered to front line banking staff to ensure they are prepared for questions about NAB Care from our customers.

Financial inclusion

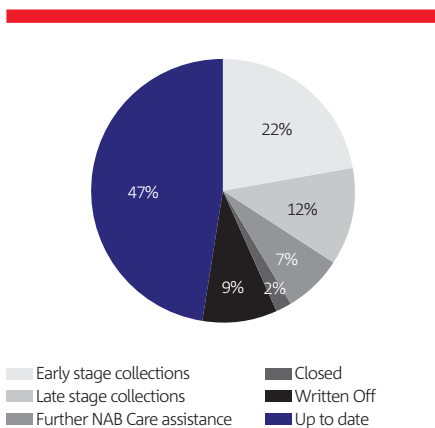
We know that as a major financial institution and contributor to the Australian economy we have a responsibility to take an active role in ensuring that all sections of the community and economy are financially supported. Financial inclusion continues to have a strong social impact but there is also a very worthwhile economic case to be made through greater workforce participation and reduced welfare.

Throughout the year, in conjunction with community and government, we have continued to provide a range of safe and affordable programs to our personal and business customers – with 23,644 microfinance loans written in 2013 (a small increase on last year). 2013 is NAB's 10th Anniversary in Microfinance having provided more than \$100 million in loans. Through this partnership with Good Shepherd Microfinance we have provided our customers with over 63,000 No Interest Loans (NILS) and over 8,000 low interest 'Step Up' Loans.

This year's research showed that more than three million Australians do not have access to products such as a basic transaction account, a moderate amount of credit or general insurance. Over the past two years the situation has worsened with 17.7% of Australians now categorised as financially excluded. This study is the largest and most detailed examination of financial exclusion in Australia and one of the largest studies of this type in the world.

Research is consistently showing that financial exclusion is an ongoing and increasing challenge facing many Australians, so this year in partnership with the Good Shepherd Microfinance we have made a commitment that by 2018 we will provide fair and affordable microfinance products and services to at least 1 million people on low incomes. Throughout 2014 we will identify ways in which we can continue our microfinance journey and will provide an update in next year's reporting.

CUSTOMER ACCOUNT STATUS 6 MONTHS POST HARDSHIP ASSISTANCE



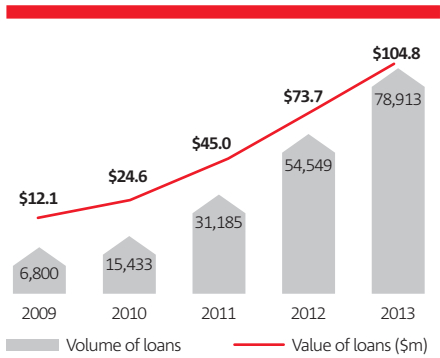
We continue to contribute to public discussion and debate on the important issue of financial exclusion. In 2013, working in conjunction with the Centre for Social Impact (CSI), we published the annual 'Measuring Financial Exclusion in Australia report'. The purpose of this research is to define and strengthen the understanding of financial exclusion in Australia and its correlation to social and economic disadvantage.

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About our microfinance program

In partnership with Good Shepherd Microfinance, NAB provides no interest and low interest loans in addition to savings incentives to those who are otherwise financially excluded. NAB continues to offer microfinance loans to individuals who are unable to access a business loan.

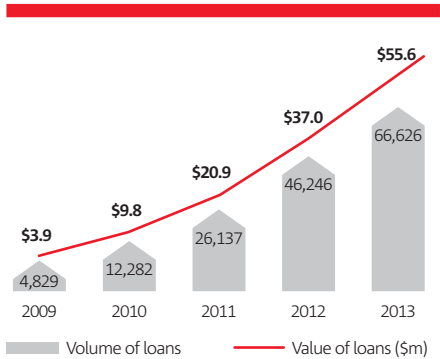
CUMULATIVE TOTAL OF MICROFINANCE LOANS PROVIDED



No Interest Loan Scheme (NILS)

Developed over 30 years ago by Good Shepherd Microfinance, NILS is a credit agreement whereby low income Australians are able to access loans of up to \$1000 from their local community agencies for the purchase of essential household goods.

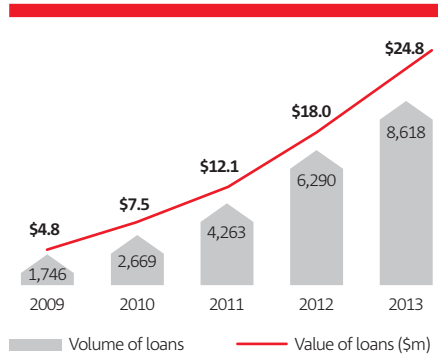
NO INTEREST LOANS SCHEME (NILS) CUMULATIVE TOTALS



'StepUp' low interest loans

Delivered in partnership with Good Shepherd Microfinance, these are low interest loans of between \$800 and \$3000 for individuals or families to buy second hand cars and household items such as whitegoods and furniture.

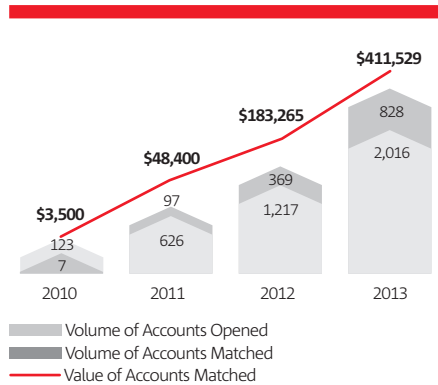
STEPUP LOANS CUMULATIVE TOTALS



'AddsUp' matched savings

This matched savings plan focuses on helping those living on low incomes to develop financial independence through savings. AddsUp is available through selected community agencies to those who have successfully repaid their NILS or StepUp loan. Once \$500 is saved, NAB will provide a 'one off' match for every dollar that is saved up to \$500.

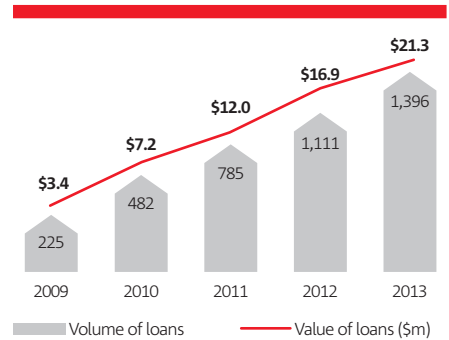
ADDSUP SAVINGS ACCOUNTS CUMULATIVE TOTALS



'Microenterprise Loans'

The Microenterprise Loan program supports those individuals who wish to start up or develop a business but have limited access to the necessary capital. These unsecured loans of between \$500 and \$20,000 are provided on a not-for-profit basis and loan recipients obtain access to business skills training, mentoring and advice during the first year of their business.

MICROENTERPRISE LOANS CUMULATIVE TOTALS



New research and advocacy

Given public awareness of financial exclusion in Australia remains relatively low, research is very important to increase the public profile of the issue and specifically its relationship with social and economic disadvantage.

Over the past year we have continued to demonstrate leadership through research and advocacy. This year we published the third Financial Exclusion Indicator which found the percentage of financially excluded individuals in Australia (those without access to products such as a basic transaction account, a moderate amount of credit and general insurance) increased from 17.2% to 17.7% in the last year.

Additionally, during 2013 we conducted awareness programs, conducted research into program effectiveness and opened additional community finance stores. See the 'More on our activities' section on page 10.

Dig Deeper

In April 2013, in partnership with The Centre of Social Impact, NAB and Good Shepherd Microfinance launched 'A Little Help Goes a Long Way' – a report which evaluates the social and economic impacts of the StepUp Loan program. Research culminating in this report showed that of the 500 StepUp Loan recipients surveyed, 73.6% experienced a positive change in economic or social outcomes having received a loan.

The report also identified a social and economic return at \$2.68 for every dollar invested in the program. Furthermore, 64.6% of loan recipients who had previously used fringe lenders ceased borrowing from them after obtaining their StepUp loan.

Throughout the year we have been continuing our work with community agencies and consumer groups to further highlight the issues faced with payday lending and we will continue to do so.

More on our activities

In addition to continuing our programs we are examining alternative distribution models to service the requirements of those who are classified as financially excluded in Australia. This year, together with Good Shepherd Microfinance and the Victorian Government, we have opened two new Good Money Stores in Collingwood and Dandenong – in addition to the Geelong store, this means we are now operating three stores. The purpose of these stores is to offer microfinance solutions in a retail environment. Our expectation is that we will be able to attract a new market to community finance, in a comfortable and safe environment.

Good Money will continue to empower customers to make responsible and sustainable financial decisions by providing support with savings, budget and debt management. The stores have been developed to provide access to small amounts of credit for basic household

items through the No Interest Loans Scheme and StepUp Loans. We have also conducted qualitative customer research to ensure we are responding to our customer needs with a key output being the need for a fast turnaround of services, an approach which the stores have now adopted. Since the three stores have been in operation, we estimate there have been over 4,000 visitors to the stores.

NAB has also provided \$3 million in loan capital at no charge in support of the Federal Government's Community Development Institution (CDFI) Pilot. The purpose of the pilot is to establish whether fair and appropriate financial services can be provided in a financially sustainable manner to those who have been financially excluded. We have continued our support of Foresters Community Finance's Fair Finance initiative in the Brisbane region and Fair Loans online. This year, Fair Finance released a Social Return on Investment (SROI) report which identified that for every dollar invested in the operation of Fair Finance Australia there was a yield of \$2.07 in social and economic value.

In 2013 we also became a corporate sponsor for the 'Difference Incubator' which provides support and training to social entrepreneurs to ensure they become 'investment ready'. All day forums and workshops are available to the entrepreneurs so that they can explore social enterprises and also engage with potential investors.

Financial literacy

NAB was once again a Gold Sponsor of ASIC's MoneySmart week held in September which is a national initiative focused on improving financial literacy. This initiative encourages Australians to have a healthier relationship with money through the provision of products, tools, guidance and advice. Additionally, customers and employees

are encouraged to take part in a 'Money Health Check' to understand how healthy their finances really are.

The partnership between NAB, Good Shepherd Microfinance and The Centre of Social Impact was acknowledged for its efforts in financial inclusion and literacy at the 2013 ASIC Money Smart Awards. We won the 'Outstanding' award in the Research category and were also 'Highly commended' in the Community category – a further testament to our commitment to financial inclusion.

We also acknowledge that money management remains a significant issue for a number of people in New Zealand. It is good money management that lies at the heart of BNZ's brand value – 'be good with money'. BNZ this year celebrated five years supporting financial literacy educators SavY (Saving Generation Y).

SavY is a collective of students from business schools at Auckland University, University of Waikato and Victoria University of Wellington who deliver presentations about saving, debt, first jobs and managing money to secondary students across the North Island. The organisation is run entirely by students under the support of Auckland University School of Business and a team from BNZ Partners. In the 2013 school year more than 6,000 secondary students took part in more than 220 group presentations.

In 2013 BNZ also strengthened its ties to the national parenting care service Plunket and young parents through a total revamp of Plunket's education system. This year BNZ and Plunket launched a new resource that focuses specifically on the financial challenges faced when a new baby enters the family. In 2013 more than 200 families have utilised Plunket Baby Budget and have reported feeling stronger about providing a safe financial environment for their families.

Dig Deeper

Supporting Indigenous communities

Indigenous Australians are more than twice as likely to be financial excluded. A lack of access to mainstream finance remains a key driver of Indigenous disadvantage. Though our Indigenous work we empower Indigenous communities to take control of their finances and build their financial capability.

We founded 'Indigenous Money Mentors' to give Indigenous Australians face to face support with managing their money. Currently mentors are helping clients in Alice Springs, Western Sydney and in Kununurra in the East Kimberley. We also support a NSW state-wide position at NSW Aboriginal Land Council.

Since the program began in 2009, our Indigenous Money Mentors have had over 6,300 conversations with clients seeking to improve their financial situation.

This year 1,158 clients were assisted by the Indigenous Money Mentor Program compared to 1,907 in the prior year. Our focus this year has been on the completion of a Social Return on Investment evaluation of the Indigenous Money Mentor Program. The resources required to complete this study have had an impact on our ability to grow the program.

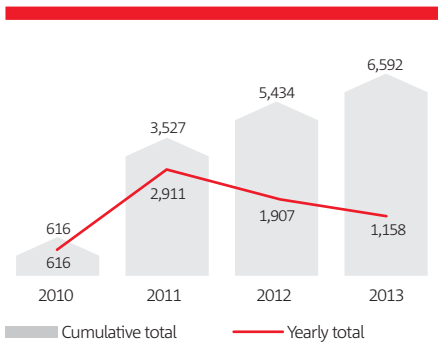
We remain committed to supporting Indigenous communities. Pleasingly, this year approximately 4,100 Indigenous Australians accessed a No Interest Loan Scheme through our Microfinance program.

By building financial literacy and capability and increasing access to financial products and services, the Money Mentor network taps into our strengths as a financial services provider to improve the wellbeing of Indigenous Australians.

We believe our approach is unique for two key reasons:

- Financial capability is best achieved when mentoring is coupled with access to safe, affordable microfinance products and services. This allows Indigenous Australians to learn by doing and take control of their finances.
- We know that money issues can impact all parts of an individual's life. That's why our Indigenous Money Mentors are proactive in connecting Indigenous Australians with other service providers that are able to improve overall wellbeing, for example through health, housing, family services, employment and education services.

NUMBER OF CUSTOMERS ASSISTED BY NAB'S INDIGENOUS MONEY MENTOR PROGRAM



Dig Deeper

Project financing

NAB has been a signatory to the Equator Principles (EPs) since October 2007. This year we participated in the consultation process that occurred as part of the development of EPs III. Information on the Equator Principles can be found at equator-principles.com.

In 2013 Group’s global project finance portfolio, which helps large customers to invest in infrastructure projects, represented 1.65% of the Group’s gross loans and advances, including acceptances. As at 30 September 2013, our project finance portfolio included lending to both OECD¹ and non-OECD countries as follows: 94.5% OECD and 5.5% non-OECD.

This year, we closed 11 new project finance transactions, refinanced 6 existing deals while 8 deals were removed from our loan book.

Although deals can be declined at any stage in negotiation or due diligence, in 2013 none were declined specifically on the basis of social or environmental risks or issues.

This year, we financed an additional 555 MW of renewable energy generation projects taking our total MW financed from 2,359 MW in 2012 to 2,914 MW in 2013.

Having arranged \$1.7b worth of loans over the last 7 years we continue to be the leading arranger (by market share²) of renewable energy in Australia. Since 2000 we have provided project finance for approximately 65% of Australian utility scale renewable energy projects³

See nabgroup.com/environment for further information about our general environmental credit risk policies.

Financing renewable energy – Royalla Solar Farm

In August 2013, the Royalla Solar Farm finalised contracts for the construction of one of Australia’s largest solar projects. While more than one million Australian households now have solar energy systems installed on their rooftop, this is an important milestone for large-scale solar financing in Australia. Royalla will be the second utility-scale solar farm to be built in Australia, and the first to utilise project finance, with NAB as the lead arranger.

Developed by leading Spanish solar energy developer and operator Fotowatio Renewable Ventures (FRV), the project has a capacity of 20 MW and is located on a 50 hectare site approximately 23 kms south of the Canberra CBD near Royalla in the ACT.

Engineering and construction of the Royalla Solar Farm started in October 2013. Works are expected to be finalised by mid-2014 and around 100 people will be employed during this construction phase.

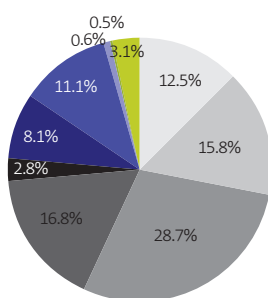
When complete, Royalla Solar Farm will comprise approximately 83,000 photovoltaic (PV) panels and generate enough electricity to power about 4,500 homes. This will contribute to a reduction of around 700,000 tonnes of greenhouse gas emissions over the next 20 years.

The financing of this project demonstrates our commitment to significant investment in renewable energy through project finance. See our 2013 Environment Dig Deeper for a case study highlighting our investment in wind energy.

Project finance deals by Equator Principles Categories

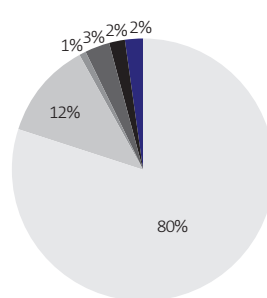
Equator Principle category	Number of projects	Projects as a % of total portfolio value
A	8	14
B	50	46
C	24	20
Pre-EP adoption (pre-September 2007)	27	20
Total	109	100

PROJECT FINANCE BY SECTOR AS A % OF TOTAL PORTFOLIO VALUE



- Energy (renewable)
- Energy (coal and gas-fired)
- Infrastructure (road, rail, airports, ports, pipelines and telecommunication)
- Social Infrastructure (schools, hospitals, prisons, public buildings)
- Mining and refining (metals and coal)
- Water treatment infrastructure
- Oil & Gas
- Waste management
- Smelting
- Other

PROJECT FINANCE BY REGION AS A % OF TOTAL PORTFOLIO VALUE



- Australia & NZ
- Europe
- North America
- UK
- Middle East
- Asia

1. Organisation for Economic Cooperation and Development (OECD).
 2. Source: Project Finance International 2006-2013 APAC Mandated Lead Arranger League Tables US\$ Project Allocation, NAB analysis ranking against four major domestic banks – cumulative volume.
 3. Data has been sourced from ESAA (Energy Supply Association of Australia) Electricity Gas Australia 2013, Appendix 1 Power Stations in Australia 2011-12.

Dig Deeper

Responsible investment

As a 'manager of managers', MLC does not select stocks directly, but it researches leading investment managers. An important characteristic of best practice investment managers is the approach they take to assess environmental, social and governance (ESG) issues. MLC believes that sustainable company performance is aligned with strength and leadership in ESG issues.

MLC offers a diverse range of external investment options through a number of different product structures and platforms. Socially responsible investments (SRI) funds are those that have a diversified portfolio of assets that support the Australian Ethical Charter or where the fund manager uses a strategy for screening ethical and socially responsible investments. The table below indicates the value of customer investments in external industry-recognised SRI funds.

Socially responsible investment

	2013 (\$ millions)
Alphinity Wholesale Socially Responsible Share Fund*	3
AMP Capital Investors Responsible Investment Leaders International Share Fund - Class A	2
AMP Capital Investors Sustainable Future Australian Share Fund - Class A	1
Australian Ethical Balanced Trust	1
Australian Ethical Smaller Companies Trust Class B	4
BT Ethical Share Fund	10
Generation Wholesale Global Share Fund	1
Goldman Sachs Sustainability Keystone Fund	1
Hunter Hall Australian Value Trust - Class B Units	4
Hunter Hall Global Ethical Trust - Class B Units	15
Hunter Hall Global Value Share	3
Hunter Hall Value Growth Trust	63
Perpetual's Wholesale Ethical SRI Fund	274
Total SRI Funds	\$382
Total Funds Under Management (FUM)	\$127,776
SRI funds as a percentage of total FUM	0.30%

*Previously known as Challenger Socially Responsive fund

Managing financial crime

We remain committed to preventing financial crime (including money-laundering and counter-terrorism, fraud, bribery & corruption and trade with sanctioned/embargoed countries, entities and politically exposed persons) and to meeting our regulatory requirements in these areas.

Good corporate governance is fundamental to our culture and business practices and to the prevention of financial crime. We are committed to ensuring that the risk of, and opportunities for, financial crime are reduced. NAB has no tolerance for any financial crime.

Effective risk management is key for a successful financial services provider.

Our approach is based on three lines of defence and the principle that, to be effective, risk management must be embedded in front line teams and supported by objective insight, appetite and oversight. All incidents of criminal activity will be thoroughly investigated by a dedicated team within our Financial Crime Operations with oversight and advice provided by our Group Financial Crime Risk.

External commitments and activities in the prevention of financial crime prevention include:

- adoption and commitment to the Financial Action Task Force (FATF) Recommendations, a set of recommended policies and processes to combat money laundering and terrorism financing

- adoption and commitment to the Wolfsberg Group AML Principles and Questionnaire
- NAB maintains and makes publicly available its Patriot Act – Certification regarding correspondent accounts for Foreign Banks
- adherence to international Sanctions & Embargoes notices and Counter-Terrorism SDN lists.

For further information on our approach to, and prevention of, financial crime, please see our website for further information www.nabgroup.com.

Dig Deeper

Providing a secure banking experience

We continue to be committed to the safety and security of our customers and we have processes in place to protect our customer’s information.

With an increase in usage of our online channels, we need to ensure our customer experience is as secure as possible. NAB was a proud sponsor of National Cyber Security Awareness Week (NCSAW) held in May of this year. NCSAW is an initiative of the Federal Government held in partnership with industry, community and consumer organisations with the purpose of raising awareness amongst the Australian public on steps that they can take to protect their personal and financial information online. As a supporter of NCSAW, NAB promoted messages on cyber security issues with a key focus on educating the public on the simple ways they can stay safe when interacting and transacting online. In addition, NAB conducted a series of cyber security and fraud prevention awareness sessions to a number of NAB business customers.

Online usage

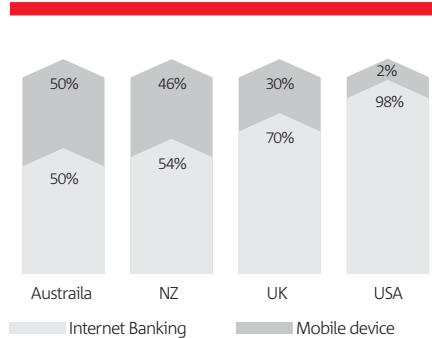
Our online banking services give our customers the ability to manage their money anytime, anywhere and on any device. Over recent years we have seen a continued increase in online usage by our customers. As the needs of our customers change, we’re continually adapting our business to provide secure, fast and simple online and mobile banking.

NAB Internet Banking is available via the app store on iOS, Android and Windows smart phones and tablets as well as other web-enabled mobile devices. With over 50% of our internet banking logins now via a mobile device, we’re continually expanding our mobile capability. Our customers are able to check their account balances, transfer funds, pay bills and view their NAB online trading share portfolio.

This year we also introduced NAB Money Tracker. This is an online tool within NAB Internet Banking that helps our customers reach their financial goals. Not only does it provide them with a simple way to track their spending and saving through transactional categorisation, it allows them to plan ahead by setting up budget targets and forecasting their savings.

Over the next year, we’ll continue to develop our digital offerings to ensure we’re continuing to make banking easier for our customers.

AVERAGE INTERNET BANKING LOGINS PER WEEK % BREAKDOWN BY DEVICE



Improving access to NAB

Our new Accessibility Action Plan was launched in December 2012 with the aim of improving access for all people who have a disability. This Accessibility Action Plan (which updated our earlier ‘Disability Action Plan’) demonstrates how we continue to develop an inclusive culture at NAB to help remove the barriers that exist for people with a disability.

We have identified five key objectives that we will be working to deliver over the next two years. These are to:

- improve access to our premises and financial services for our customers and our people
- consider the needs of people with disabilities in the development of our products, services and marketing
- increase awareness, knowledge and confidence of our people to enable improved service for customers with disabilities and to provide a supportive and inclusive workplace
- enable our people with a disability to realise their potential by creating an inclusive and supportive culture
- increase awareness of disability in the community, while providing continued support through our community engagement programs.

The Accessibility Advisory Committee is comprised of senior business representatives and subject matter experts from across the business. They meet regularly to monitor the implementation of the actions in the Accessibility Action Plan and will report annually on progress against its five key objectives.

This year we also received Vision Australia’s Corporate Award in recognition of the audio enabling of NAB ATMs – another way we are in increasing accessibility to NAB.

Rural coverage in Australia

Consistent with 2012 we have 331 stores, or 42% of our total retail network, in rural or regional locations.

We remain committed to providing access for regional customers and in December 2012 as part of an industry-wide initiative removed fees from ATMs located within remote Indigenous communities throughout Australia.