



CUSTOMER ISSUES

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

ACCESS TO FINANCIAL SERVICES

ASSISTING THOSE EXPERIENCING
HARDSHIP

COMPLAINTS RESOLUTION

CUSTOMER SERVICE

ETHICS AND BUSINESS CONDUCT

FEES AND CHARGES

FINANCIAL LITERACY

INNOVATION AND PRODUCT
DEVELOPMENT

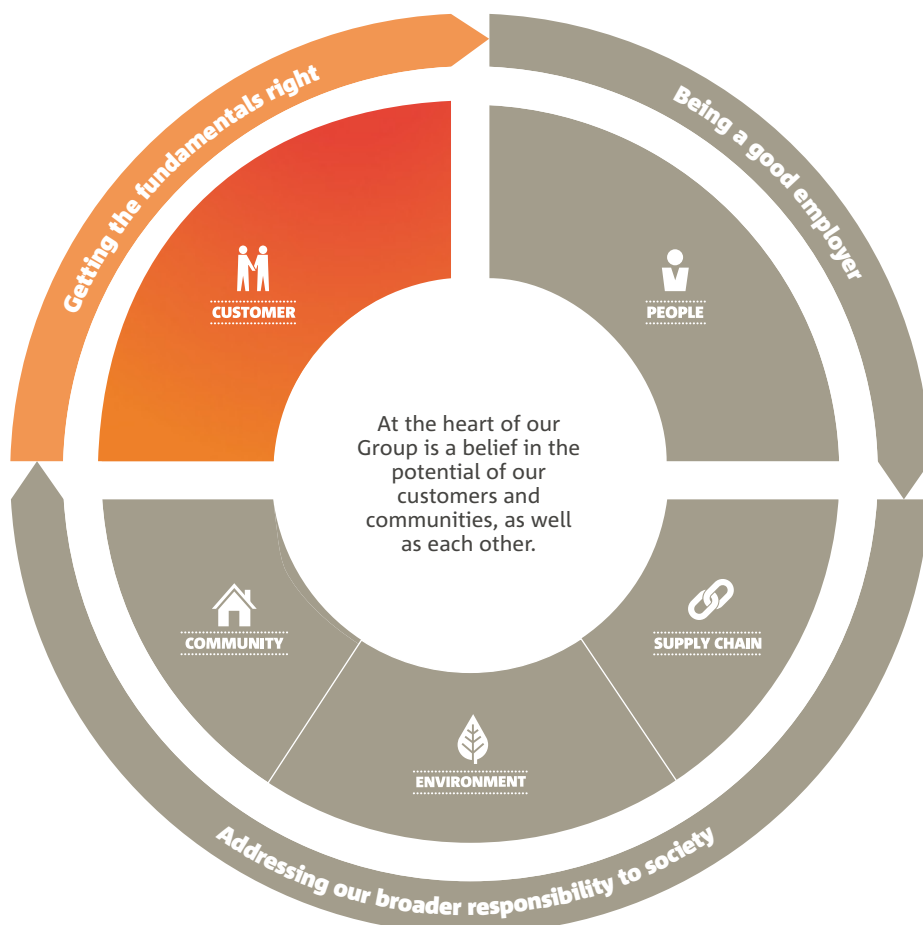
RESPONSIBLE FINANCE

RESPONSIBLE INVESTMENT

RESPONSIBLE LENDING

SECURITY, FRAUD AND ANTI-MONEY
LAUNDERING

TRANSPARENCY



Committed to getting the fundamentals right

We recognise the significant role we play in our customers' lives and accept the responsibility that comes with it. We are committed to getting the fundamentals of banking right.

THE PURPOSE OF OUR DIG DEEPER PAPERS

In 2010, for the first time, we combined our annual Shareholder Review and CR Review into an integrated report on our business. To focus the content in the Annual Review, we undertook a CR materiality process to assess the most significant issues in each of our CR segments. We then focused on including metrics in the report related to these issues (for more on our CR materiality process, visit our website <http://www.nabgroup.com/corporateresponsibility>).

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 recognising these diverse stakeholder demands, we have produced this series of *Dig Deeper* papers, to provide a broader suite of data for interested readers. In pulling these papers together, we have referred to the Global Reporting Initiative Sustainability Reporting Guidelines (G3), as well as back to our CR issues map and materiality process.

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

We hope we've met your data needs below. If we haven't, please let us know by emailing corporate.responsibility@nab.com.au.

Unless otherwise stated, all data in this *Dig Deeper* is reported for the period 1 October 2009 to 30 September 2010 and all graphs represent Group-wide data from internal sources.

CUSTOMER AND BUSINESS DATA

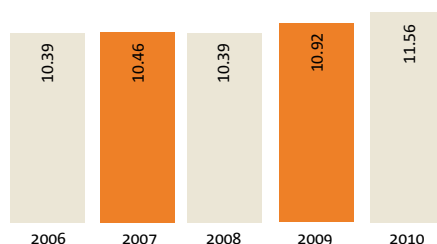
Customer numbers have been increasing for the last three years, reflecting growth and acquisition activity. A majority of our customers belong to our Australian operations. Of the 63%, 42% are banking customers and 21% are MLC customers.

Our number of branches, and percentage of rural branches in Australia, have remained steady. The fees forfeited amount has reduced significantly in 2010 due to a number of fees and charges being abolished as part of NAB's fair value initiatives.

In September 2009, NAB and RediATM joined forces to extend the ATM network in Australia to over 3,100 ATMs.

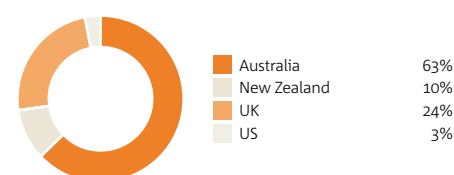
NUMBER OF CUSTOMERS

Millions

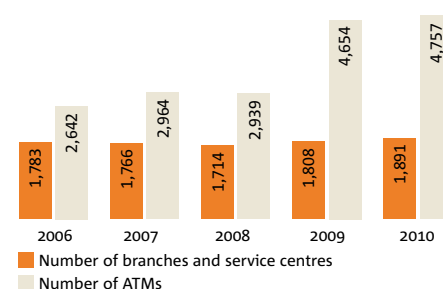


- Customers for each business are compiled separately. As such, a customer may be included in these figures more than once if they are a customer of more than one NAB Group business.
- 2010 data excludes UK wealth management customers.

DISTRIBUTION OF CUSTOMERS



SERVICES FOR CUSTOMERS



RURAL COVERAGE IN AUSTRALIA

	2005	2006	2007	2008	2009	2010
Number of rural branches charging reduced fees in Australia	182	174	163	144	160	104
Percentage of branches in rural and regional Australia	53%	52%	52%	52%	58%	56%
Number of customers who use rural and regional branches with reduced transaction fees in Australia	90,000	58,500	146,000	139,197	81,441	70,984
Fees forfeited across branches in rural areas that charge reduced transaction fees in Australia	\$1.8m	\$1.5m	\$1.2m	\$1.6m	\$0.9m	\$0.3m

- GRI reference: FS13 – Access points in low-populated or economically disadvantaged areas by type.

BUSINESS FOOTINGS

Industry segment	% of business customers	% of business footings
Electricity and Gas And Water Supply	0.4%	1.3%
Education	1.3%	1.5%
Recreational, Personal and Community Service Activity	4.8%	2.1%
Mining	0.6%	2.6%
Accommodation, Cafes, Pubs and Restaurants	3.5%	2.9%
Health and Community Services, Social Work	8.4%	3.1%
Transport, Storage and Communications	3.6%	3.4%
Construction	7.3%	3.4%
Government Administration and Defence	0.4%	3.8%
Manufacturing	5.2%	5.4%
Wholesale and Retail Trade, Repairs	13.0%	7.1%
Agriculture, Hunting, Forestry and Fishing	7.7%	7.9%
Finance and Insurance	7.9%	22.9%
Property, Renting and Business Services	35.9%	32.7%

- Excludes US and Asia.
- GRI reference:
FS6 – Percentage of the portfolio for business lines by specific region, size and sector.

CUSTOMER SATISFACTION – AUSTRALIA

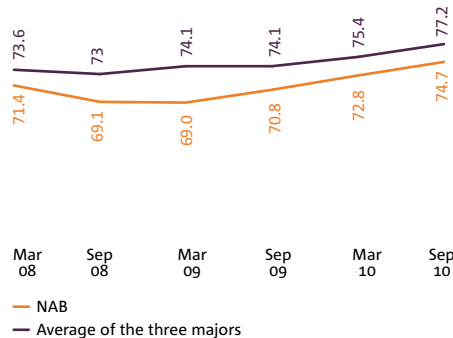
In September 2010, NAB's MFI customer satisfaction six-month rolling average score was 74.7% – a 1.9 percentage point improvement since March 2010. NAB has made the largest improvement in customer satisfaction over the past 12 months compared to other major banks.

In September 2010, NAB's Microbusiness customer satisfaction six-month rolling average mean score was 6.9 – a 0.5 point improvement over the past 12 months. NAB has made the largest improvement in customer satisfaction over the past 12 months compared to other major banks.

NAB's customer satisfaction for businesses with \$1m–\$5m turnover six-month rolling average score for September 2010 was 6.8. NAB's customer satisfaction score has remained steady over the past 12 months.

CUSTOMER SATISFACTION

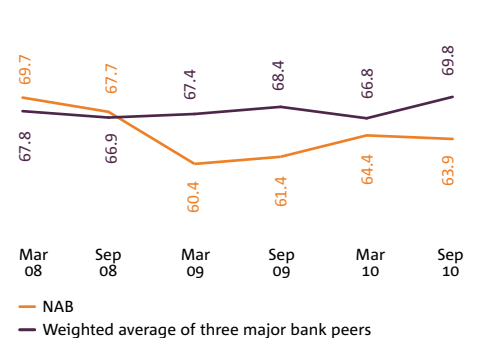
Personal Bank (%)



Source: Roy Morgan Customers' Satisfaction with main financial institution. Based on six-month rolling average. Three majors are ANZ, Commonwealth and Westpac.

CUSTOMER SATISFACTION

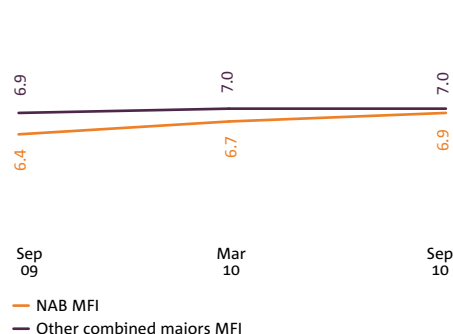
Small Business Owners (%)



Source: Roy Morgan Research, Small Business Owners (incl. Agri), 12-month moving average. Small Business Owners (incl. Agri) includes respondents in a workplace with 1–19 employees. Customer satisfaction is based on customers who answered very/fairly satisfied.

CUSTOMER SATISFACTION

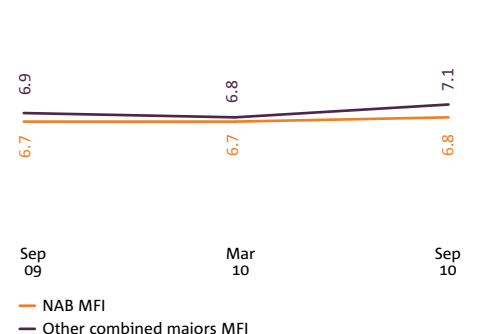
Microbusiness (turnover \$0m–\$1m)



Source: DBM Business Financial Services Monitor September 2010 – Micro Business (turnover \$0m–\$1m) (average score); Overall Satisfaction with main financial institution based on a scale from 0–10. Based on a six-month rolling average.

CUSTOMER SATISFACTION

Turnover \$1m–\$5m (average score)



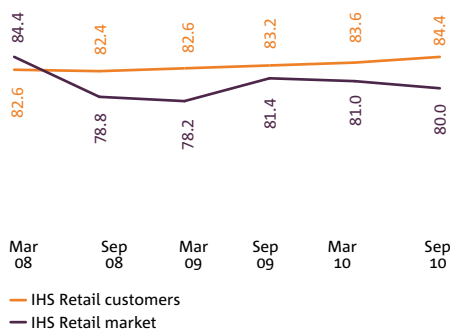
Source: DBM Business Financial Services Monitor September 2010 – Small Business (turnover \$1m–\$5m); Overall Satisfaction with main financial institution based on a scale from 0–10. Based on a six-month rolling average.

CUSTOMER ENGAGEMENT – UK

In the UK, the business uses customer engagement as the primary customer measure. It comprises seven key attributes, including satisfaction, advocacy, loyalty, rapport, emotion, value and trust. The customer engagement survey is conducted by PwC on behalf of the Bank. Levels of customer engagement remained strong throughout the period, despite the difficult market conditions. The Bank performed strongly on satisfaction, loyalty and advocacy measures.

CUSTOMER ENGAGEMENT

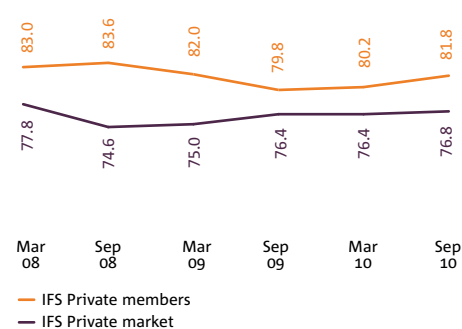
IHS Retail (%)



- Customers with annual personal income <£75k, who transact via the branch.

CUSTOMER ENGAGEMENT

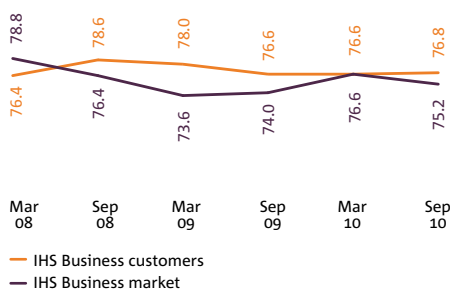
IFS Private (%)



- Customers with annual personal income >£75k, who have a named relationship manager (partner/personal banking manager) and are managed at a financial solutions centre (out-of-town site).

CUSTOMER ENGAGEMENT

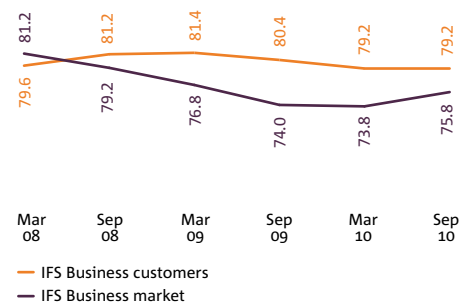
IHS Business (%)



- Customers with annual sales turnover <£1m who are managed via a branch-based relationship manager (business manager) or via a business manager on the phone.

CUSTOMER ENGAGEMENT

IFS Business (%)



- Customers with annual sales turnover >£1m who are managed via a financial solutions centre (out-of-town site) and have a named relationship manager (partner).

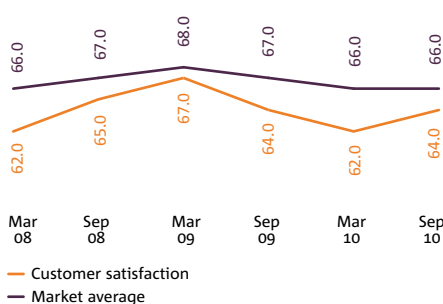
CUSTOMER SATISFACTION – NEW ZEALAND

Retail customer satisfaction has remained stable from September 2009 to September 2010 at 64%, while the market average has dropped 1% in the equivalent time period. In the business market, customer satisfaction was 68% for the 12 months to September 2010, on par with the market average. From September 2009 to September 2010, BNZ recorded a 4 percentage point increase, while the market increased by 1 percentage point. BNZ is committed to improving customer satisfaction and has embarked on a range of initiatives to do so.

Read more in our Annual Review at www.nabgroup.com/annualreports.

CUSTOMER SATISFACTION

Retail – Excellent or very good (%)

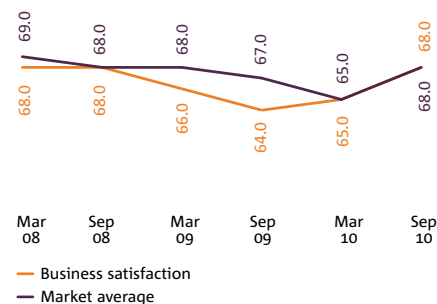


Source: Nielsen Consumer Finance Monitor Main Bank Satisfaction.

- Data based on 12-month rolling average, with the exception of March 2008, which is based on a six-month rolling average.
- Market average is based on major six banks, including ANZ, ASB, BNZ, Kiwibank, Westpac and National Bank.

CUSTOMER SATISFACTION

Partners – Excellent or very good (%)



Source: TNS Business Ltd New Zealand Finance Monitor Main Bank Satisfaction.

- Data based on 12-month rolling average.
- Market average is based on major five banks, including ANZ, ASB, BNZ, Westpac and National Bank.
- Partners measures businesses with under NZ\$150 million turnover and a relationship manager.

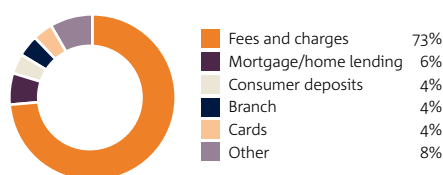
CUSTOMER COMPLAINTS – AUSTRALIA

Complaints volume has dropped 23% in Australia from 2009 to 2010, corresponding to the introduction of our fair value agenda. For NAB, the proportion of complaints related to fees and charges has dropped from 73% to 61% of complaints. We are continuing to investigate the opportunities for further improvement through better understanding of the source of complaints. The proportion of complaints related to mortgage/home lending has increased from 6% to 10%. We are currently in the process of developing initiatives to improve the mortgage/home lending process, including process and technology improvements.

For MLC & NAB Wealth, service quality issues reduced by 19% on 2009 volumes. This is attributed in part to continued implementation of MLC's Work Management process, which aims to complete 'today's work today without errors'. The framework incorporates rigorous quality management and ensures work is allocated to appropriately skilled staff. Reporting of systemic and recurring complaint issues has also enabled the business to focus efforts on improving the customer experience.

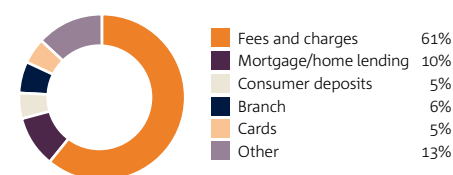
KEY COMPLAINT CATEGORIES

NAB 2009



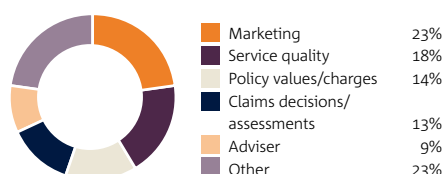
KEY COMPLAINT CATEGORIES

NAB 2010



KEY COMPLAINT CATEGORIES

MLC & NAB Wealth 2010



RESPONSIBLE LENDING – MICROFINANCE

Ensuring access to fair and affordable banking is the focus of our microfinance programs. We have committed \$130 million in loan capital to support these programs, and this year we've written over 8,500 microfinance loans. Our microfinance program comprises:

No Interest Loan Scheme (NILS) –

The No Interest Loan Scheme, delivered in partnership with Good Shepherd Youth & Family Service, offers small no-interest loans for people on low incomes for the purchase of essential household goods.

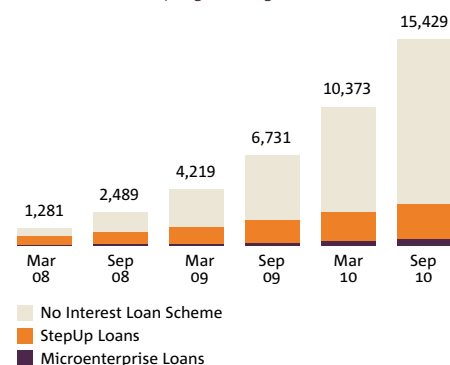
StepUp Loans – Also delivered in partnership with Good Shepherd Youth & Family Service, StepUp allows financially disadvantaged people to access low cost credit and insurance.

Microenterprise Loans – NAB's

Microenterprise Loan program provides unsecured business loans of between \$500 and \$20,000 for people on low incomes, with few or no avenues to access affordable business credit. The loans are provided on a not-for-profit basis and are available to help start up or support any existing businesses. As part of the program, NAB ensures people get access to business skills training and 12 months of mentoring and advice.

NUMBER OF MICROFINANCE LOANS

Cumulative since program began



RESPONSIBLE LENDING – EQUATOR PRINCIPLES REPORTING

NAB signed the Equator Principles in October 2007. In 2010, NAB Group's global project finance portfolio, which helps large customers to invest in infrastructure projects, represented 1.5% of Group gross loans and advances, including acceptances.¹ Around 0.3% of our project finance portfolio is in low-income OECD countries.

This year, we closed 18 new project finance transactions and seven deals were removed from our loan book.

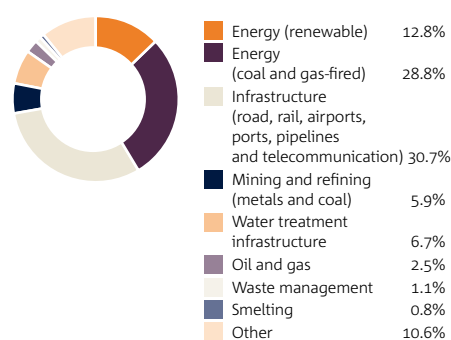
Although deals can be declined at any stage in negotiation or due diligence, none in 2010 were declined on the basis of social or environmental risks or issues.

This year, the design rated megawatt (MW) generation capacity of renewable energy projects we invested in grew from around 1650 MW to 2361 MW.

Information on Equator Principles can be found at www.equator-principles.com. Further information about our general environmental credit risk policies is provided in the environmental information at www.nabgroup.com.

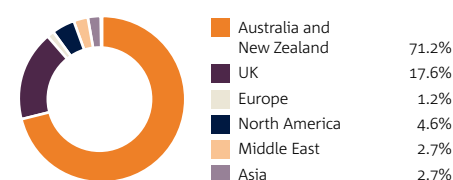
PROJECT FINANCE BY SECTOR AS A % OF TOTAL PORTFOLIO VALUE

As at 30 September 2010



PROJECT FINANCE BY REGION AS A % OF TOTAL PORTFOLIO VALUE

As at 30 September 2010



PROJECT FINANCE DEALS BY EQUATOR PRINCIPLES CATEGORY, BY NUMBER AND BY % OF TOTAL PORTFOLIO VALUE

As at 30 September 2010

Project by EP Category	No. of projects	Total as a percentage
A	4	4.6%
B	37	41.6%
C	22	13.9%
Pre EP adoption (pre September 2007)	46	39.9%
Total	109	100%

1. This figure also includes loans at fair value.

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. During 2011, we will be meeting with relevant stakeholders to consider the relevance to our businesses of the UN Principles for Responsible Investment. However, MLC also offers a diverse range of external investment options through a number of different product structures and platforms. The table to the right indicates the value of customer investments in industry-recognised 'socially responsible' investment funds.

Socially responsible investment funds	\$m (2010)
AMP Capital Investors Sustainable Future Australian Share Fund – Class A	2.03
AMP Capital Investors Responsible Investment Leaders International Share Fund – Class A	2.10
Australian Ethical Large Companies Share Trust (Retail)	1.25
BT Ethical Share Fund	13.26
Hunter Hall Australian Value Trust – Class B Units	11.85
Hunter Hall Global Ethical Trust – Class B Units	37.90
Hunter Hall Value Growth Trust	86.37
Hunter Hall Global Deep Green Trust	0.07
Perpetual's Wholesale Ethical SRI Fund	80.98
Alphinity Wholesale Socially Responsible Share Fund	5.54
Australian Ethical Small Companies Trust	4.12
Australian Ethical Balanced Trust	2.47
Challenger Socially Responsive fund*	1.30
Total SRI funds	249.51
Total Funds Under Management (FUM)	91,201
SRI funds as a percentage of total FUM	0.27%

*Renamed Alphinity

- GRI reference:
FS11 – Percentage of assets subject to positive or negative environmental or social screening.

ASSURANCE STATEMENT

ERM Independent Assurance Report to National Australia Bank Limited: Summary for the 2010 Annual Review and *Dig Deeper* papers.

Environmental Resources Management Australia Pty Limited (ERM) was engaged by National Australia Bank Limited (NAB) to provide independent limited assurance of its 2010 Annual Review and *Dig Deeper* papers to the scope of work outlined in ERM's Independent Full Assurance Report (see link provided below), which for Environment data relates to 1 July 2009 to 30 June 2010.

<http://annualreports.nabgroup.com/assurance.html> for details of ERM's scope of work, experience, independence and key findings.

Conclusion

ERM concludes that, based on the scope of work and related limitations, for the specified subject matter, NAB's 2010 Annual Review and *Dig Deeper* papers:

- Provide a balanced representation of the material issues concerning NAB's CR performance
- Report accurate CR metrics, based on the limitations outlined above and the representative sampling of a limited dataset
- Incorporate correctly transcribed greenhouse gas and energy data that has been subject to assurance by a third party

for the 12 months to 30 September 2010. In addition, ERM provides a more detailed Management Report to NAB.

Environmental Resources Management Australia Pty Limited (ERM),
9 November 2010, Melbourne, Australia

Please follow this link (<http://annualreports.nabgroup.com/assurance.html>) for ERM's Disclaimer Statement that applies to this *ERM Independent Assurance Summary Report*.

