

Frequently asked questions from NAB shareholders

How much progress has been made on the plan to create a new corporate structure for the NAB group?

We're continuing to consider a range of options to optimise our domestic and international operations, including a non-operating holding company.

We are participating in industry-wide consultation with regulators, and there are a number of complex issues involved. We would expect any decision to proceed down a particular path will take some time to complete.

If a change in company structure is identified as being in the best interests of the bank and our shareholders, we would expect it to be implemented by way of a Scheme of Arrangement, voted on by shareholders.

We would not bring this matter before shareholders unless we were very clear on the commercial case for its implementation, and until the required legislation was passed and enacted by the Government.

How many jobs will you off-shore this year?

We've previously announced that 175 roles have been or will be moved off-shore in early 2007. This is part of our aim to remain truly competitive, provide sustainable shareholder returns, and provide improved services to customers.

Several of our Australian businesses are reviewing whether off-shoring can improve their efficiency, and therefore it's reasonable to expect the number of positions to increase over time.

Do you have any plans to outsource call centres?

We do not have any immediate plans to outsource any customer call centres.

Our aim is to deliver great service to our customers and we would not take any actions that might put the information of our customers at risk. We'll continue to keep all options open as to the best way to meet their requirements - whether that be delivered from Australia or overseas.

How can you rationalise taking away jobs from Australians and sending them to other countries where we feel unsure about our personal information being treated confidentially?

As set out in our response to the Finance Sector Union and included in the material sent to shareholders, NAB is committed to growing its business in Australia and to creating Australian jobs, especially in customer-facing areas.

In order to grow sustainably, create and maintain sustainable satisfactory shareholder returns, and to be truly competitive within the global market, we must be efficient.

Using the services of overseas providers assists our goal of being truly internationally competitive, delivering efficiencies and enabling us to reinvest back into the business.

We're committed to supporting people who are impacted by outsourcing or off-shoring decisions, with a primary focus on redeploying those people into other parts of our business. Importantly, where work processes are outsourced or off-shored, we're committed to upholding fair international workforce standards.

Protecting personal information is our highest priority and all customer data is subject to the requirements of the Australian Privacy Act.

What impact is the drought having?

Banking almost one in three Australian farmers, we understand farming and empathise with farmers and others who are affected by this drought. Having said that, our Agribusiness book remains strong - non-accrual loans are at a 17-year low.

We attribute this largely to our very strong relationship model. Our bankers and customers talk early and often and we provide practical assistance and consider a range of solutions on a case-by-case basis for customers where necessary. We take a long-term view of a farm's viability, and see drought as an inevitable part of the cyclical nature of farming.

What are you doing about climate change?

Climate change is clearly a major issue, and all governments and financial institutions are grappling with it.

It is difficult to accurately model the economic implications of climate change without international support for a carbon-pricing framework. It's a complex problem for NAB as we operate in several international markets – two of the regions we operate in have signed the Kyoto protocol.

We ultimately support effective government policy that encourages the maximum reduction of greenhouse gas emissions at the lowest possible cost. There is no silver bullet for climate change – it requires a portfolio of solutions including energy efficiency, renewable/sustainable energy sources and clean fossil fuels.

What about the Equator Principles – will you do what Westpac has done?

We are currently completing a review of the revised Equator Principles.

As part of our commitment to corporate social responsibility, we have already become signatories to, or made public statements in support of, key programs within the finance sector, business and advocacy communities. These include:

- OECD Guidelines for Multinational Enterprises
- The United Nations Environment Program Statement for Financial Institutions
- The United National Declaration of Human Rights
- The Carbon Disclosure Project
- The Globally Responsible Leadership Initiative.



How are you planning to improve your energy and paper consumption?

Reducing the resource intensity and waste produced by our business is a priority, both to reduce our environmental impact and to improve business efficiency.

Some of our activity in this area includes plans to:

- Decrease energy use by 5% in the UK by September 2007
- Commence a zero-waste trial at five office sites in Australia
- Improve quality of data for reporting on general waste and recycling in Australia
- Reduce Australian energy use per metre squared of property by 5% by Sept 07
- Identify and implement further customer communication initiatives to reduce paper use in new Zealand

Will you convert your car fleet from petrol to gas?

We considered a number of factors when we made changes to the car fleet in 2006. These factors included matching vehicles to our employees' geographic and role requirements, and delivering economic and environmental benefit.

Over the next three years, 50% of NAB's fleet will change over from six-cylinder to four-cylinder vehicles. We began taking delivery of these Toyota Camrys in August 2006. The change will deliver a 10% reduction in greenhouse emissions from these cars and an average of at least 5% across our total car fleet.

This solution delivers significant cost savings to NAB and supports our publicly stated objectives of becoming truly competitive as we reduce our environmental impact, particularly our greenhouse emissions.

Do you offer any share plans to employees?

The Board has recently approved an employee Salary Sacrifice Share Plan where a discount of 5% is given to all Australian employees who sacrifice salary for shares. The discount is capped at \$1,500, although employees can choose to sacrifice as much salary as they like.

This share plan supplements the \$1,000 Share and the Above/Below STI share plan. These share plans are considered more inclusive than the old purchase plan type as employees don't have to take out loans to participate.

In the UK we already operate a Salary Sacrifice Plan. The plan has no discount, but if the shares are kept in the Plan for a predetermined period of time (as set out under the applicable UK legislation) then the shares can be taken out of the Plan tax-free.

How many women do you have in the senior ranks of NAB?

Globally, women make up 14% of our Board, 20% of our senior management ranks, 34% of management and 74% of non-management. Of our total workforce, 62% is female.

We have a number of diversity programs in action across our global operations in order to look at the gender imbalance in management.

For example, in Australia we're focusing on coaching and mentoring pre-management women to help them move into management and senior management. We're also improving flexible working policies, diversity awareness and capability training.