



National
Australia
Bank

Summary of the National Australia Bank London Allocation Policy

Allocation Procedures

This document relates to your dealings with National Australia Bank (NAB) Limited, London Branch and NAB Europe Limited and not to dealings with other NAB offices, branches or entities. It serves to describe the principles that NAB will follow in syndicating and allocating new issues of fixed-income securities in the Eurobond market, and how we intend to operate in line with the Markets in Financial Instruments Directive II (MiFID II) regulations.

NAB will act in the best interests of its client and NAB (or the syndicate group) can make an allocation recommendation to an issuer. However, the issuer is ultimately responsible for all final allocations of their transaction.

NAB (or another member of the syndicate group to which the task is given) will discuss the factors set out below with the issuer.

- Investors are split into categories. Some categories may be eligible for a higher percentage allocation from the 'straight line' percentage.

The categories of investor are:

- Real Money Accounts who are end investor holders of the bonds
- Balance Sheet and Private Banks (Discretionary Mandates)
- Hedge Funds and Discretionary Trading Accounts

NAB Debt Markets Portfolio and Underwriting (DMPU) will be considered a bank balance sheet

- Other factors to be discussed and taken into account in recommending allocations:
 - Size of the order and how critical is it to the book holding a price point
 - Category of investor. Real money managers, insurance companies and central banks tend to get higher allocated percentage amounts than commercial banks, private banks and hedge funds.
 - Trading desks orders: If the order is from one of the syndicate banks that bank must excuse themselves for any allocation discussion on that firms trading orders
 - Selling restrictions
 - Specific allocation preferences the issuer has communicated to the dealer group prior to recommending an allocation, such as:
 - Whether the issuer wants to target one geographic region over another for investor diversity
 - Whether an investor has been a key supporter of the issuer in the past
 - Whether the investor has provided initial deal momentum either via a 'reverse enquiry' or via a sounding
- The syndicate sends to the Issuer the final book with suggested allocations.
- The issuer may or may not follow this recommendation by the dealers.

Allocations are released simultaneously to investors and should be released ahead of pricing. If there are any adjustments they can be made in time ahead of pricing

Under MIFID 2 each allocation shall be clearly justified and recorded when we are acting as an active Sole/Joint Lead Manager. This will take place in the downloaded deal book that capital markets keeps. National Australia Bank Syndicate will make clear to any syndicate group our allocation priority prior to any transactions launching by either Telephone Call on a recorded line or by E-mail

Prohibited practices

NAB will not accept third party payments or benefits in order to provide a client with a beneficial allocation.

NAB will not accept the following:

- An allocation made to incentivise the payment of disproportionately high fees for unrelated services provided by the investment firm (so called “laddering”)
- An allocation made to a senior executive or a corporate officer of an existing or potential client, in consideration for the future or past award of corporate finance business (so called “spinning”)
- An allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the investment firm by an investment client, or any entity of which the investor is a corporate officer.

All allocation decisions take into account our target market assessment.