

1. INTRODUCTION

National Australia Bank “NAB” is committed to enhancing the fairness and efficiency for all market participants, including Issuers, Investors and Managers when executing a Capital Markets Transaction.

The allocation of securities issued pursuant to a Capital Markets Transaction raises concerns about potential conflicts of interest between NAB’s obligations to the Issuer that has mandated NAB and NAB’s other interests (including its obligations to, or desire to assist, other clients and its own interests as a principal investor or trader of securities). There is also a risk that conduct by a Manager or the Issuer in relation to allocations of securities pursuant to a Capital Markets Transaction (including statements made prior to, during or after the book build process including misleading comments to the market in relation to the size of the book) may mislead or deceive market participants.

This document sets out a summary of NAB’s approach to Capital Markets Allocations.

2. WHERE NAB IS MANAGER – ALLOCATION RECOMMENDATIONS

As part of a Capital Markets Transaction, NAB (or the syndicate group to which NAB belongs) will, on completion of the book build, make allocation recommendations to the Issuer. Final allocations will then be confirmed by the Issuer.

In preparing the Allocation Recommendation for the issue, NAB follows the following: .

Permitted Allocation Considerations	Prohibited Allocation Considerations
<ul style="list-style-type: none">• Allocation preferences the Issuer has communicated (including Investor type and geographic region);• The Investor participation and support in past dealings or other securities of the Issuer;• The size of the bid appears consistent with the Investor’s past investment strategy in the Issuer’s industry sector;• The Investor’s anticipated holding period of any allocation;• The nature and level of interest shown by the Investor, for example, involvement in market sounding, roadshow meetings and market colour to support the deal;• The credit worthiness of the Investor, including the ability to settle in accordance with the process and timetable;• The timeliness of the bid and size of order (ie price leadership);• Other factors such as price and timing – to establish the price NAB may consider the known Investor demand, internal views on fair value and market conditions or the pricing of similar offerings;• Any indication or evidence or belief that the Investor has exaggerated the true extent of its interest in the expectation of being scaled back; and• Any applicable selling restrictions in jurisdictions with which the Investor is connected to.	<ul style="list-style-type: none">• Any preferential treatment for an Investor based on consideration of NAB’s own interests, including but not limited to:• Preferential treatment of NAB House bids – see Section 4 below;• Any “quid pro quo” agreement/incentive arrangement with an Investor or affiliate (eg an investor agrees to buy other products or accept other services from, or engage in future business with, NAB or an affiliate);• NAB and an Investor sharing the profits accrued in connection with the trading of new issue securities;• NAB making allocations to the senior management or directors of that Investor in consideration for future or past award of corporate business;• soliciting an “aftermarket order” from an Investor, prior to completion of the distribution of the offering of the relevant securities; and• requiring an Investor to purchase an allocation of a parcel of securities in an offering that is not a “hot issue” (such as an issue which is not fully subscribed) in exchange for that Investor being considered by NAB as eligible for an allocation in an offering that is a “hot issue” (such as an issue which is oversubscribed).

3. WHERE NAB IS A BROKER – ALLOCATION CONSIDERATIONS

Where NAB acts as Broker (NAB collates Investor interest from the NAB/third party distribution channels and places a cumulative bid in a Capital Markets Transaction) and either:

- receives full allocation – this should result in full allocation to Investors.
- receives a scaled back allocation – allocations to Investors will be determined in considering the following guidelines/factors (in no specific order):
 - Where applicable, direct clients will be allocated to satisfy the minimum investment hurdle as defined in the relevant Offer Document or Access Bond Service/Bond Custody Service (including Prospectus, Product Disclosure Statement, or Information Memorandum);
 - Prior participation across previous Capital Markets Transaction and/or broader Investor Sales activities;
 - Value of the Investor/sub-distributor relationship to the NAB Group;
 - For rounding purposes to satisfy the denominations detailed in the Offer Document; and
 - Brokerage payable, if any, to financial intermediaries (defined by relevant AFSL).

4. ALLOCATION TO INTERNAL CLIENTS – (NAB HOUSE)

(Any division/desk of NAB that is permitted to take a principal or proprietary position, and includes Markets trading desks and Treasury.)

The following requirements apply (excluding pre-agreed public cornerstone investment commitments and/or underwriting commitments):

- NAB places reliance on its information barriers which are administered by the Control Room, which are designed to control the flow of information from Private to Public side of business and in doing so, manages the firms conflicts of interest;

- NAB House bids (or changes thereto) are only permitted early in the book build;
- where NAB is part of a syndicate group of Managers making allocation recommendations to the Issuer, NAB House allocations will be determined by the Issuer in consultation with the other syndicate members without involvement by NAB. NAB will recuse itself from discussions with the syndicate and/or the Issuer in relation to NAB House bids and allocation recommendations.
- generally, allocations to NAB House must not result in NAB House being treated any better than any bona fide third party Investor's bid, regardless of volume or price leadership – at best NAB House should receive an allocation no more favourable than a pro rata allocation to the least favourable allocation made to a bona fide third party Investor.

5. NAB EMPLOYEE PARTICIPATION

Any NAB employee investment in a Capital Markets Transaction raises material conflict of interest and reputational issues for NAB and will only be permitted in accordance with NAB's Personal Account Dealing policies.

6. PUBLIC COMMUNICATION REGARDING ALLOCATIONS

No misleading comments are permitted to be made to the market in relation to the size of the book at any time (from commencement of bookbuild through to post transaction communications (eg deal review/summary) regardless of whether for internal or external consumption.

In addition, post the finalisation of allocation, public communications (eg Deal Review/summary) in respect to the allocation of a Capital Markets Transaction are restricted to Investor categories. No individual Investor should be disclosed or able to be identified from the information disclosed.

7. COMPLIANCE REVIEW

The allocation process and adherence to this policy is subject to periodic review and testing by Compliance, Audit and Management.