



National
Australia
Bank

MIFID II

Costs and Charges
Disclosure

National Australia Bank London

COSTS AND CHARGES DISCLOSURE

ABOUT THIS DOCUMENT

This document relates to your dealings with National Australia Bank Limited, London Branch and NAB Europe Limited (collectively “NAB London”) and not to dealings with other NAB offices, branches or entities.

You should obtain legal advice before taking any action (or refraining from doing so) in respect of any of the contents of this document. The information contained in this document is not legal advice and is not a complete explanation of any of the matters described. For a comprehensive explanation, please contact your legal advisers.

The merits or suitability of any instrument referred to in this document must be determined independently by any recipient of this document on the basis of its own investigation and evaluation. Any such determination should involve, among other things, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the instrument. Recipients are recommended to seek their own financial and other advice and should rely on that advice and their own judgement, review and analysis in evaluating the instrument.

This document does not contain, and should not be construed as, investment advice or a recommendation to purchase any instrument or enter into any transaction.

The regulations, regulatory guidance and market practice are subject to change and National Australia Bank Limited and its affiliates are not obliged to update you on such change (even if the contents of this document become incorrect). You should monitor the regulations relevant to you with your legal advisers.

The information on risks and costs and charges contained in this document is required under the revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (known collectively as MiFID II). (as implemented in the UK by the Financial Conduct Authority(FCA) in its rules).

Other information about NAB’s response to MiFID II can be found at <http://www.nab.com.au/euregulatorydisclosures>.

DISCLOSURE

This disclosure applies to the following financial instruments: Forward Exchange Contracts (FECs or outright forwards)/FX Swaps, Non Deliverable Forwards (NDFs), FX Options, Interest Rate Swaps and Forward Rate Agreements (FRAs), Cross Currency Swaps (CCS), Interest Rate Options/Swaptions, Commodities Swaps, Commodities Options, Bonds, Certificates of Deposit, Structured Deposits and Repos.

We provide two types of costs and charges disclosures:

- (1) Ex-Ante (Pre-trade) disclosure of aggregated expected costs for proposed investment services and products.
- (2) Ex-Post (Post-trade) disclosure of aggregated costs which have actually been incurred by you for investment services and products, which will be provided to you annually on a personalised basis.

NAB London as a liquidity provider trades with its counterparties on a principal basis, irrespective of the NAB booking branch or entity. There will be no brokerage, custodian fees or other fees levied directly on the transaction by NAB London or other parties. NAB London does not act as agent. The client price is inclusive of capital, liquidity and collateral costs and charges (if any).

The instruments covered by this disclosure are not currently subject to any government transaction charges or stamp duty. If they are imposed in the future, then the transaction cost will include such charges.

PRE-TRADE COSTS AND CHARGES DISCLOSURE FOR DERIVATIVES

Mark-up or Sales Margin

Unless we expressly advise you otherwise, any firm or indicative price that you receive from NAB shall be inclusive of the trader price (which includes the bid-offer spread) and any sales margin. NAB London may add a mark-up or sales margin to trades which may be embedded in the all-in price. NAB mark-up is generally an amount appropriate to cover our fixed and variable costs of providing this service to you, as well as generating a reasonable return for NAB London. As any mark-up is embedded in the price of the financial instrument, it would not be billed separately. Clients will pay this through the spread charged on the particular financial instrument.

Termination

If a derivative transaction is terminated, amended, restructured or partially unwound, NAB London may charge additional margin to provide this service. Such margin will be paid in the form of a spread on the instrument or included in the closeout amount on a terminated transaction.

PRE-TRADE COSTS AND CHARGES DISCLOSURE FOR BONDS

Generally, we regard the price at which we trade bonds in the secondary market to be an all-in risk price which does not include any “costs and charges” (for MiFID II purposes). However, in the event that NAB sources debt instruments to meet a client order or acts in some other back-to-back capacity where an identifiable margin is retained by NAB then this will be considered to be costs and charges.

There are no relevant costs and charges payable in relation to primary market bond purchases.

PRE-TRADE COSTS AND CHARGES DISCLOSURE FOR CERTIFICATES OF DEPOSIT, COMMERCIAL PAPER AND STRUCTURED DEPOSITS

The pricing of these products is simply the interest rate that the issuer or deposit taker (NAB) agrees to pay based on market rates and its funding and liquidity needs.

There are no “costs and charges” (for MiFID II purposes) associated with the issuance of certificates of deposit/commercial paper or the taking of deposits, other than in respect of any option within it. In the case of Structured Deposits and Callable CDs, any additional margin payable by NAB and attributed to the option sold by the client will be treated as a derivative for the purposes of costs and charges disclosure.

PRE-TRADE COSTS AND CHARGES DISCLOSURE FOR SECURITIES FINANCING TRANSACTIONS (SFTs)

SFTs include repurchase agreements, sell/buy-back agreements and securities lending. In the case of repurchase agreements and sell/buy-back agreements (collectively, “repos”), one party (“seller”) sells securities to the other (“buyer”). The seller agrees to repurchase the securities at a later date and pays a return at an agreed rate (“repo rate”) for the use of

the cash. In the case of securities lending, the party borrowing the securities (“borrower”) pays a fee (“stock borrowing fee”) to the other party (“lender”) to temporarily hold title to the borrowed securities.

The repo rate is an interest rate payable by the seller for the use of the cash. This rate is agreed by the parties and is dependent on their own specific commercial drivers (including cost of funds, liquidity and other lending and deposit rates paid and received across their businesses).

As with cash lending products which are not governed by MiFID II, NAB does not regard the repo rate it charges (as buyer) as including any “costs and charges” (for MiFID II purposes). NAB also transacts as a seller (“reverse repo”). The rate NAB is willing to pay to the buyer will depend on its own internal commercial considerations (including the rate that others are willing to pay it on repos). Again, like the rates that NAB is willing to pay for deposits, this rate is not considered to include any “costs and charges” (for MiFID II purposes).

For repos and reverse repos, NAB and its counterparty will agree a rate, prior to trading.

For securities lending transactions, NAB and its counterparty will agree the stock borrowing fee prior to trading. Where NAB is the lender (and accordingly sets the price) the agreement will be made by way of exchange of email messages, or equivalent.

PRE-TRADE COSTS AND CHARGES DISCLOSURE FOR OTHER SERVICES

Where NAB provides and charges for other services (such as research and placement or underwriting services to an issuer of debt securities), any costs and charges will be disclosed in a separate agreement.

POST TRADE DISCLOSURE OF COSTS AND CHARGES

Where required by MiFID II, NAB London will provide you with an annual statement in the form of aggregated costs of charges. In such cases we will also provide a disclosure of cumulative costs and charges on request.

NAB London will make available annual statements in all cases where NAB London has i) recommended or marketed a product or had to provide the client with a Key Information Document and ii) determined it had an ongoing relationship for ex-post disclosure requirements under MiFID II. In general NAB London does not consider it has an ongoing relationship in respect of execution services provided to clients where individual transactions are independent and unrelated and there is no concurrent related ongoing service (e.g. financing).

For derivatives, generally the amounts in the ‘total costs and charges’ column shall be the difference between our trader price (which is exclusive of mark-up or sales margin) and the client price. However, where NAB London has agreed a spread against the mid-market price the difference between the mid-market price and the client price will be used.

Unless otherwise indicated, total costs will be provided in AUD.