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NATIONAL AUSTRALIA BANK LIMITED (THE "BANK")

RISK DISCLOSURE STATEMENT FOR TREASURY AND FINANCIAL DERIVATIVES

1. The objective of this statement is to explain to you the nature of treasury and financial derivatives transactions prior to your undertaking of such treasury and financial derivatives transactions. The associated risk of loss in trading treasury and financial derivatives transactions or contracts can be substantial. Transactions in over-the-counter derivatives can carry a high degree of risk. Certain over-the-counter derivatives are leveraged so that a relatively small market movement in the price of the underlying (asset or) interest will have a proportionately larger impact on your position. This may work against you as well as for you.
2. This statement may not be sufficient to explain all the risks of trading in treasury and financial derivatives transactions. You should therefore fully understand the nature of the transactions, the extent of their exposure to risk and the potential losses that could be incurred.
3. You should carefully consider whether such trading or such treasury and financial derivatives transactions are suitable for you or, where relevant, your operations or business, in light of your financial resources, experience with similar transactions, objectives for engaging in the transactions, ability to bear risks and other relevant circumstances. You should be aware that it is your sole responsibility to make your own independent appraisal and investigation into the risks associated with the desired transaction or product. You must also ensure that you have sufficient knowledge, experience, sophistication and professional advice to make your own evaluation of the merits and risks of a transaction.
4. In considering whether to trade or enter into any transaction, you should be aware of the following:

(a) **Terms and conditions and associated obligations of treasury and financial derivatives transactions**

You have the responsibility to fully understand the terms and conditions of the treasury and financial derivatives transactions to be undertaken, including the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract or leveraged foreign exchange transaction.

You should therefore carefully review all materials provided by the Bank and familiarise yourself with the terms and conditions of any agreement, contract or confirmation that you may enter into with the Bank. You must fully understand your rights and obligations under that agreement, contract or confirmation.

(b) **Market risk and potential losses**

Your payments or receipts under a transaction will be linked to changes in the particular financial market or markets to which the transaction is linked, and you will be exposed to price volatility in that market or markets.

A transaction may be structured such that it is made up of a combination of several instruments or components. You should be aware that there is risk associated with each instrument or component evaluated separately and the risk of the transaction evaluated as a whole.

You may sustain substantial losses on the contract, trade, product or financial investment if the market conditions move against your positions. It is important that you fully understand the impact of market movements, in particular the extent of profit/loss you would be exposed to when there is an upward or downward movement in the relevant rates, and the extent of loss in order to liquidate a treasury or financial derivatives position if market conditions move against you. Your position on treasury and financial derivatives may be liquidated at a loss, and you will be liable for any resulting deficit in your account with the Bank.

(c) **Liquidation of position**

Under certain market conditions you may find it difficult or impossible to liquidate a position. These circumstances include suspension of trading, extreme market conditions, failure of telecommunications or electronic systems, and events commonly known as "force majeure". Your ability in such circumstances to make a value or risk assessment, or to make a calculation of a fair price, would also be adversely affected. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions.

(d) **Leverage**

The high degree of leverage that is often obtainable in treasury and financial derivatives trading can work against you as well as for you due to fluctuating market conditions. Trading in leveraged treasury and financial derivatives transactions can lead to large losses as well as gains in response to a small market movement. While the amount of the initial margin deposit may be small relative to the value of the transactions, a relatively small market movement would have a proportionately larger impact on the funds deposited with the Bank as margin. This could work for or against you. If the market moves against you, you may not only sustain a total loss of your initial margin deposit and any additional funds deposited with the Bank to maintain your position, you may also incur further liability to the Bank or sustain further or additional losses. You may be called upon to "top-up" your margin by substantial amounts at short notice to maintain your position, failing which the Bank may have to liquidate your position at a loss and you would be liable for any resulting loss.

(e) **Risks on option trading**

Transactions in options involve a high degree of risk. Option transactions are not suitable for many members of the public. Such transactions should be entered into only by persons who have read, understood and familiarised with the type of options, style of exercise, the nature and extent of rights and obligations and the associated risks. If the option is exercised, the obligations of the purchaser and the grantor will be settled in cash or through accounts with banks. We would like to highlight to you that

exercising any option results either in a cash settlement, or in the acquisition or delivery of the underlying contract or asset.

You should not purchase any option unless you are able to sustain a total loss of the premium and transaction costs of purchasing the option. Under certain adverse market conditions when the market moves against an option position, the loss can be very large and the purchased option can expire worthless. In such circumstances, the purchaser of the option would suffer a total loss of the investment which would consist of the option premium and the transaction costs. A person who purchases an option should be aware that in order to realise any value from the option, it will be necessary either to offset the option position or to exercise the option. The purchaser of an option should be aware that some option contracts may provide only a limited period of time for exercise of the option, and some option contracts may provide for the exercise of the option on a specified or stipulated date.

The risks associated with selling ("writing" or "granting") an option may be generally greater than purchasing an option. It is important for you to understand the risks that you, as an options seller, would be exposed to if the purchaser exercises the option, and your obligations to either settle the option in cash, or acquire or deliver the underlying contract or asset. If the option is "covered" by a corresponding position in the underlying contract or asset or another option, the risk may be reduced. Conversely, if the option is not covered, then the possible loss will be unlimited.

The grantor of a call option who does not have a long position in the underlying contract or asset is subject to risk of loss should the price of the underlying contract or asset be higher than the strike price upon exercise or expiration of the option by an amount greater than the premium received for granting the call option. The grantor of a call option who has a long position in the underlying contract or asset is subject to the full risk of a decline in the price of the underlying position reduced by the premium received for granting the call.

In exchange for the premium received for granting a call option, the option grantor gives up all of the potential gain resulting from an increase in the price of the underlying contract or asset above the option strike price upon exercise or expiration of the option.

The grantor of a put option who does not have a short position in the underlying contract or asset is subject to risk of loss should the price of the underlying contract or asset decrease below the strike price upon exercise or expiration of the option by an amount in excess of the premium received for granting the put option. The grantor of a put option who has a short position in the underlying contract or asset is subject to the full risk of a rise in the price of the underlying position reduced by the premium received for granting the put option. In exchange for the premium received for granting a put option, the grantor gives up all of the potential gain resulting from a decrease in the price of the underlying contract or asset below the option strike price upon exercise or expiration of the option.

An option customer should carefully calculate the price which underlying contract would have to reach for the option position to become profitable. This price would include amount by which the underlying contract would have to rise above or fall below the strike price to cover the sum of the premium and all other costs incurred in entering into and exercising or closing the option position.

(f) **Currency risks**

The fluctuations in foreign currency rates have an impact on the profit/loss and the financial investment where the financial contract or the treasury or financial derivatives transaction is denominated in foreign currency or in a currency different from the original financial investment. Currency fluctuations will pose an additional risk where you carry on your ordinary business or keep your accounts in a currency other than the base currency or currencies in which the transaction is denominated.

(g) **Pricing relationships**

The normal pricing relationships between the underlying investments and the financial derivatives may not exist in certain circumstances. The absence of an underlying reference price may make it difficult to assess "fair" value. Such additional risks will have an impact on the financial investment and be reflected in the profit/loss computation.

Because the prices and characteristics of over-the-counter transactions are individually negotiated and there may be no central source for obtaining prices, there may be inefficiencies in transaction pricing. We consequently cannot and do not warrant that our prices or the prices we secure for you are or will at any time be the best price available to you. We may make a profit from a transaction with you no matter what result the transaction has from your point of view.

(h) **Credit risk**

You should ensure that you are aware of the identity of the contractual counterparty you are or may be matched with. Often, you will be purchasing an unsecured obligation of such counterparty (as opposed to an obligation of a central clearing corporation as would be the case with exchange traded futures and options) and you should evaluate the comparative credit risk.

Where you purchase a debt instrument, you should be aware that you would be taking the credit risk of both your contractual counterparty and the issuer of the debt instrument.

(i) **Transaction costs**

Your net returns from a transaction will be affected by the transaction costs (ie. commission, fees and other charges) charged by us.

(j) **Tax risks**

Before entering into any treasury or financial derivatives transactions you should understand the tax implications of doing so, e.g. income tax. Different derivatives transactions may have different tax implications. The tax implications of using derivatives are dependent upon the nature of your business activities and the transactions in question. You should, therefore, consult your tax adviser to understand the relevant tax considerations.

(k) **Non-Transferability and Non-Marketability**

A transaction generally cannot be assigned or transferred without the consent of the other party. We are not obliged to repurchase a transaction from you. Because transactions may be customised and infungible, engaging in a transaction with another bank or dealer to offset a transaction you have entered into with us will not automatically close out those positions (as would be true in the case of equivalent exchange-traded futures or options) and will not necessarily function as a perfect hedge.

5. **This statement does not purport to advise you of the suitability of any particular transaction for your purpose or disclose all the risks and other significant aspects of any particular transaction.** You should therefore carefully study the trading mechanism and the nature of the transaction, and understand the potential risks involved before you trade. You should not sign or execute any agreement, contract or confirmation unless you are familiar with the contents or effects or your professional advisers have explained the contents and effects.
6. You are the Bank's non-professional counterparty and the Bank deals with you at arm's length as your counterparty. Any dealing, trading or transaction with the Bank by you could result in a loss to you and a gain to the Bank. The Bank does not and will not give you any advice whether written or oral other than the representations which will be expressly set forth in the relevant agreement, and any confirmation which may be signed or executed by you after negotiations with the Bank as your counterparty. You should make your own decisions regarding the entering into of any agreement or transaction with the Bank based on your own judgement and upon advice from such professional advisers (including your own legal, regulatory, tax, business, investment, financial and accounting advisers) before you enter into any agreement or transaction with the Bank.

ACKNOWLEDGEMENT OF RISK DISCLOSURE STATEMENT

To: National Australia Bank Limited, Singapore branch

I/We hereby acknowledge having read and understood this risk disclosure statement and accepted its contents. I/We accept the risks so notified and/or implied, and understand the need to take independent advice.

I/We agree that the risk disclosure statement is not intended as a substitute for my/our actually becoming reliably and adequately informed as regards any specific transaction contemplated, and that I/we shall accordingly be responsible for any transaction which I/we ultimately choose to enter into.

SIGNED by the Customer:

Name:

Identity Card/Passport No:

Date:

Name:

Identity Card/Passport No:

Date: