

NEGOTIABLE CERTIFICATE of DEPOSIT Product Disclosure Statement (PDS)



 IT'S POSSIBLE to LOVE A BANK 

July 2014

CONTENTS

1. Introduction	4
2. Negotiable Certificates of Deposit (NCDs)	5
3. Payment Services	17
4. General terms and conditions	19
5. General Information	21
6. Interpretation	26

1. Introduction

1.1 Welcome to BOQ (“the Bank”)

Negotiable Certificates of Deposit (NCDs) are issued by:
BOQ Limited ABN 32 009 656 740
Australian Financial Services Licence No. 244616
GPO Box 898
Brisbane QLD 4001
Phone: 1800 658 935
Facsimile: (07) 3212 3418
E-mail: moneymarket@boq.com.au

We encourage you to take time to read this PDS and the other material provided to you. It has been produced to help you choose the right Banking Service for your needs. Please contact us if you want more information regarding the Banking Services we offer.

You will be required to sign a Treasury Dealing Authority prior to purchasing NCDs from us.

By signing the Treasury Dealing Authority you agree to the terms and conditions in this document. Further information on the Treasury Dealing Authority is set out in clause 2.11.

1.2 How does this document affect you?

You receive and agree to these terms and conditions on your own behalf and as agent for anyone operating on your NCDs on your behalf. You must pass on these terms and conditions to each of those persons.

1.3 Need to know more?

You can contact us at any time if you would like any further information, including details of the applicable interest rates by:

- calling our money market team in the Treasury Department on 1800 658 935 Monday to Friday 8.30 a.m. to 5.00 p.m. AEST; or
- calling our Operations - Treasury and International Department on (07) 3212 3259 Monday to Friday 8.30 a.m. to 5.00 p.m. AEST (in relation to transfers of funds and queries on Confirmations); or
- e-mailing us at moneymarket@boq.com.au; or
- e-mailing us at treasury.operations@boq.com.au; or
- sending a facsimile to (07) 3212 3418; or
- writing to the Operations - Treasury and International Department, GPO Box 898, Brisbane QLD 4001.

1.4 Warning

The information set out in this PDS is factual in nature and is not intended to take into account nor be specific to your particular needs, objectives or financial situation.

By providing it, we do not intend to provide financial advice or any financial recommendations. We recommend that you seek independent advice before making a decision on how best to manage your financial circumstances.

2. *Negotiable Certificates of Deposit (NCDs)*

2.1 Product description

NCDs are discount securities meaning they are issued and sold to investors at a discount to their face value.

NCDs issued by Bank of Queensland are short term investments in an underlying security where the term of the security is for a period of 365 days or less. The interest rate applicable on a Bank of Queensland NCD is determined on the date of purchase. For further details on interest rates see section 2.5. A Bank of Queensland NCD entitles the owner of it to a payment by Bank of Queensland of a specific sum (i.e. the face value) on a particular date (i.e. the maturity date).

2.2 Who are NCDs suitable for?

You might consider buying an NCD if you want:

- to invest \$100,000 in face value or more;
- a fixed interest rate for a fixed term;
- a short-term investment with the ability to potentially liquidate your investment; and
- a comparable interest rate to term deposits of a comparable term and value, and the flexibility to liquidate your investment if funds are required before maturity.

2.3 Summary of significant features, benefits and risks

The following table is a summary of the significant features, benefits and risks of our NCDs.

Discounted to face value	We pay you the face value of an NCD at an agreed date in the future. You purchase the NCD at a discount to face value, which is calculated based on: <ul style="list-style-type: none"> • the face value of the NCD; • the number of days to maturity; and • the interest rate quoted.
Interest rate	Interest rates are quoted at the time of purchase. See section 2.5 for further information.
Minimum face value	\$100,000
Term	Varying from 7 days to 1 year
Return	The difference between the purchase price and the: <ul style="list-style-type: none"> • face value, on maturity of the NCD; or • sale price, if you sell the NCD to us before maturity, <p>is the return on the NCD.</p> <p>See sections 2.6 to 2.9 for further information</p>
Costs	Fees and charges are set out in section 3.3.
Significant risks of the product	Movements in interest rates may adversely affect your investment. The effective rate of return could be less than the rate at which the purchase price was calculated if you sell an NCD before Maturity. See section 2.10 for further information on risks.
Commissions	We do not pay our staff any commissions or inducements for the issue of NCDs or the provision of Banking Services described in this document. See section 5.5 for further information.
General Tax Information	See section 2.11(b) for tax information.

2.4 What happens when your NCD matures?

When your NCD matures, we will transfer the face value of the NCD to your Bank Account in accordance with your Standard Settlement Instructions.

If you want to re-invest those funds you will need to purchase a new NCD. We can settle a net amount with you rather than us making a payment to you for the maturing NCD and you making a payment to us for the new NCD. We settle this net amount by calculating the difference between the face value of the maturing NCD and the purchase price of the new NCD and the party owing the difference makes this payment.

2.5 Purchase price

The purchase price of an NCD is determined by the following formula:

$$P = \frac{FV}{1 + (R \times T)}$$

where:

P = Purchase Price

FV = Face Value

R = Interest Rate % Per Annum

T = Time to Maturity in Years (Number of Days/365)

Example 1

FV = \$100,000

R = 4.80%

T = 90 days

P = $\$100,000 / (1 + (0.048 \times 90 / 365))$

P = $\$100,000 / 1.011835616$

P = \$98,830.28

Interest rates payable in relation to NCDs are based on a combination of the following factors and are therefore subject to constant fluctuation:

- Wholesale Money Market interest rates;
- the term of the investment;
- the amount invested;
- the Bank's credit rating;
- the timing of the transaction; and
- market conditions.

It is therefore impractical for us to disclose the specific interest rates that will apply to NCDs in this PDS. You may however obtain details of current interest rates by telephoning or e-mailing our Treasury Department (refer to section 1.3).

2.6 Return on an NCD held until maturity

Your return on an NCD held until maturity is the difference between its purchase price and its face value.

Example 1

Using example 1 above, the purchase price on this \$100,000 face value, 90 day NCD is \$98,830.28.

$$\begin{aligned} \text{FV} - \text{P} &= \text{Return} \\ \$100,000 - \$98,830.28 &= \$1,169.72 \end{aligned}$$

The difference between \$100,000 and \$98,830.28 is \$1,169.72. Therefore you will receive a return of \$1,169.72 if you hold this NCD until maturity.

The interest rate that we apply to calculate the purchase price of an NCD is continuously reviewed and changed. Because the face value of an NCD is fixed, the rate of return of an NCD is effectively fixed (unless you sell the NCD back to us before its maturity).

2.7 Selling an NCD back to us before maturity

You can request us to buy back from you all or part of the face value of an NCD that you hold with us before the maturity date. The Bank will consider requests to buy back all or part of an NCD at its sole and absolute discretion.

You must contact us by telephone or facsimile (refer to section 1.3) to request us to buy all or part of an NCD from you before Maturity. We will only pay funds to you in accordance with your Standard Settlement Instructions.

2.8 Return on an NCD bought back by us before Maturity

Your return on an NCD bought back from you by us before Maturity is the difference between its purchase price and the sale price.

We calculate the sale price based on the same formula as the purchase price.

Example 2

30 days have elapsed since you purchased the NCD described above and you now want to sell it back to us. To calculate a sale price, we require a current interest rate for the 60 days remaining until Maturity.

The current 60 day interest rate is 4.90%.

The sale price of an NCD is determined by the following formula:

$$\text{SP} = \frac{\text{FV}}{1 + (\text{R} \times \text{T})}$$

where:

SP = Sale Price

FV = Face Value

R = Interest Rate % Per Annum (for period remaining)

T = Time left to Maturity in years (number of days/365)

Example 2

The sale price for the example is calculated as follows:

FV = \$100,000

R = 4.90%

T = 60 days

SP = $\$100,000 / [1 + (0.049 \times 60/365)]$

SP = $\$100,000 / (1.008054795)$

SP = \$99,200.96

2.9 The effective rate of return on an NCD sold before Maturity

The effective rate of return on an NCD is determined by the following formula:

$$\text{ERR} = [(I \times (365/D))/P] \times 100$$

where:

ERR = Effective Rate of Return (expressed as a per annum interest rate)

I = Interest earned (the difference between the purchase price and the sale price)

D = Days held

P = Purchase Price (amount invested)

Example 1 + 2

You originally invested \$98,830.28 and held the NCD for 30 days before selling it for \$99,200.96. The difference between these amounts is \$370.68, being the return on your NCD for the 30 day period.

ERR = $[(I \times (365/D))/P] \times 100$

ERR = $[(\$370.68 \times (365/30))/\$98,830.28] \times 100$

ERR = 4.56% rounded to nearest 2 decimal places

In this example, the effective rate of return is less than the original rate at which the purchase price of the NCD was calculated.

This is because the interest rate applied to calculate the sale price of the NCD was higher than the interest rate applied to calculate the purchase price.

Conversely, if the interest rate applied to calculate the sale price was lower than the interest rate applied to calculate the purchase price, the effective rate of return would be greater than the original rate.

2.10 What are the significant risks?

There may be significant risks associated with purchasing NCDs. Monitoring of any risks associated with this product is your responsibility.

(a) Market risk

You will be taking the market risk on the transaction, that is, the risk that movements in interest rates adversely affect your investment. The return on your NCD is fixed if held until Maturity, so if interest rates increase during the term you will not obtain any benefit from that increase.

The return on an NCD also depends on the purchase price and face value (or sale price) of the NCD. The purchase price is affected by a number of factors, like interest rates and market conditions.

If you sell an NCD before Maturity, the effective rate of return could be less than the rate at which the purchase price was calculated (based on the face value).

(b) Credit risk

As with many investment products, you will be reliant upon the ability of the counterparty, in this case, Bank of Queensland's ability, to meet its obligations, namely to pay you the face value of the NCD on Maturity or the sale proceeds if sold back before Maturity. There is a risk that we may not be able to meet our obligations if, for example, we become insolvent or are wound up.

(c) General risk

There is a general risk that NCDs may not suit your particular objectives, financial situation or needs.

You are responsible for any transactions that Authorised Signatories and Authorised Dealers make on your NCDs, even if you do not know about them.

There is a risk that a transaction may not proceed if you do not have cleared funds available in your Bank Account when transferring funds using Electronic Transfer or when authorising us to debit funds directly from your Bank of Queensland Bank Account.

NCDs may not be covered by the Financial Claims Scheme. Further information about the Financial Claims Scheme can be obtained from the APRA website at <http://www.apra.gov.au> and the APRA hotline on 1300 55 88 49.

2.11 Purchasing NCDs

(a) What we need from you

You can buy NCDs by contacting us. You will be required to sign a new Treasury Dealing Authority which, among other things, confirms:

- the name in which your NCDs are to be held;
- your contact details;
- Authorised Signatories; and
- your Standard Settlement Instructions.

You can obtain a Treasury Dealing Authority by contacting our Operations – Treasury and International Department.

Issuing an NCD is conditional upon:

- you and any Authorised Signatories and Authorised Dealers providing us with the necessary identification information and other documentation we require; and
- us carrying out any necessary verification check(s). If you or any signatories on your NCD are not already a customer, please contact Operations - Treasury and International Department to determine what identification is required to open your Account.

(b) Tax File Numbers (TFN)

We are authorised to request your TFN under the Taxation Administration Act 1953. It is not compulsory for you to give us your TFN and declining to provide us your TFN is not an offence. However, if you choose not to, we must deduct withholding tax at the highest marginal tax rate, plus the Medicare Levy, from any interest or other amounts that you earn.

You can give us your TFN when you open your Account, or at any other time. However if your TFN isn't supplied prior to an interest payment, withholding tax will be deducted and sent to the Australian Tax Office.

If you have not provided your TFN (or ABN) and you are an exempt person, withholding tax will not be deducted from any money you earn in relation to your account. However, you must tell us which type of exemption applies to you.

We are required to report details of income earned, withholding tax collected and TFNs quoted to the Australian Taxation Office. The Privacy Act imposes strict obligations on what we can do with your TFN. We will keep your TFN confidential.

The acquisition, sale or maturity of an NCD may have income tax, withholding tax or capital gains consequences. We recommend that you obtain your own advice regarding all tax matters, as the tax effect of any product or transaction depends upon your individual circumstances.

(c) Warranties

By signing the Treasury Dealing Authority, you warrant that: (Please refer to following table)

Type of NCD Holder	Warranty
All NCD Holders	<ul style="list-style-type: none">• All information (including any documents) that you have given us in connection with applying for or purchasing NCDs is true, up to date, correct and not misleading.• You and anyone authorised to transact in NCDs on your behalf have (and if you are signing on behalf of an organisation, that organisation has) the power to purchase NCDs.• That power has not been altered or restricted in any way.
Partnership	<ul style="list-style-type: none">• If you have not given us a copy of the partnership agreement, there is no agreement.• If you have not given us a copy of the certificate of registration of business name, no name is registered.
Business/Firm	<ul style="list-style-type: none">• If you have not given us a copy of the certificate of registration of business name, no name is registered.
Trust	<ul style="list-style-type: none">• If you have not given us a copy of the trust deed, there is no trust deed.• The trust is properly constituted.• NCDs will be purchased in accordance with the trust and (if applicable) do not contravene the trust deed.• The trustee's right of indemnity against the trust assets has not been limited in any way.• Unless you tell us otherwise, if the trustee is a company, it acts only as trustee and does not otherwise carry on business.
Estate	<ul style="list-style-type: none">• You are not aware of any later will or codicil or any reason why the will could be changed or challenged.• You will apply for probate immediately and proceed to obtain probate as soon as possible.• You will not distribute any legacies or other monies from the sale or Maturity of NCDs that you may lawfully distribute until probate is obtained.

You also:

- agree to be personally liable to us if we suffer loss or damage because any of the warranties are not correct (you also agree for any organisation that you have signed the Treasury Dealing Authority on behalf of);
- agree to tell us if anything changes to make the warranties incorrect at any time while you hold NCDs with us;
- confirm that you are properly authorised to give warranties and indemnities on behalf of the NCD holder; and
- agree to give us specimen signatures of people who can transact NCDs on your behalf from time to time.

(d) Joint Holdings

You can hold NCDs jointly with other persons.

If your NCDs are held jointly, you receive and agree to the terms and conditions of this PDS as agent for all other holders, and anyone transacting on your behalf in relation to your NCDs. You must pass on the terms and conditions of this PDS to each of those persons.

You and the other joint holders must sign a Treasury Dealing Authority which says how you intend to transact in relation to your NCDs. If you want to change the way your NCDs are dealt with, you must complete a new Treasury Dealing Authority.

Before you buy NCDs jointly, you should understand that if one of you dies, we can treat your NCDs as belonging to the remaining joint holders.

(e) Standard Settlement Instructions

All customers who buy NCDs must provide Standard Settlement Instructions. These instructions will be set out in the Treasury Dealing Authority which you give us prior to purchasing your first NCD.

Your Standard Settlement Instructions provide details of the Bank Account to which we will transfer all funds upon Maturity or sale of your NCDs. You can only nominate one Bank Account to receive funds on Maturity or sale of your NCDs which must be in the same name as that in which your NCDs are held.

If your Bank Account is not a Bank of Queensland Bank Account, you must give us a copy of a bank statement or pre-printed deposit slip from the financial institution at which your Bank Account is held together with any other information we specify as proof that the Bank Account is held in the same name as your NCDs.

When you dispose of your NCDs (by sale or on Maturity) we will only transfer funds to your Bank Account. We can transfer those funds to you by:

- Electronic Transfer to your Bank Account held with another financial institution; or
- direct credit to your Bank of Queensland Bank Account. We will not pay any amounts:
- to you by cheque;
- to you in cash; or
- to any third parties.

12.12 Allowing others to transact on your behalf

(a) General

If you want another person or persons to transact on your behalf for your NCDs, you must complete the relevant section of the Treasury Dealing Authority. You can nominate a person to act as an Authorised Signatory or an Authorised Dealer (or both).

Notwithstanding any other provision in this PDS, where you are a natural person, you will have the same powers for your NCDs as both your Authorised Signatory(s) and Authorised Dealer(s). Where you are a body corporate, you will have the same powers as your Authorised Signatory only and will need to nominate a natural person as your Authorised Dealer to provide us with telephone instructions for your NCDs.

(b) What can an authorised person do?

(i) Authorised Signatories

An Authorised Signatory is someone who can do certain things which you can do yourself in relation to your NCDs upon them giving us written instructions.

Notwithstanding any provision in this PDS, an Authorised Signatory can do the following on your behalf (subject to the provisions below):

- alter your details including, but not limited to, your Standard Settlement Instructions;
- order additional Confirmations;
- sign any documents or provide us with any instructions which are required to be provided in writing; and
- get any information from us about your NCDs.

However, if you are not allowed to perform a particular transaction under this PDS, the Authorised Signatory will also be prohibited from performing the same transaction. We will only accept written instructions from an Authorised Signatory.

(ii) Authorised Dealers

An Authorised Dealer is a natural person who you nominate to provide us with telephone instructions in relation to your NCDs.

Notwithstanding any provision in this PDS, an Authorised Dealer can do the following on your behalf (subject to the provisions below):

- sell some or all of your NCDs on your behalf;
- purchase additional NCDs on your behalf;
- purchase a new NCD on Maturity of an existing NCD;
- authorise us to make payments following the sale of your NCDs in accordance with your Standard Settlement Instructions; and
- if authorised by you, provide us with instructions to debit funds directly from your Bank of Queensland Bank Account and invest those funds in NCDs.

However, if you are not allowed to perform a particular transaction under this PDS, the Authorised Dealer will also be prohibited from performing the same transaction. We will only accept instructions from an Authorised Dealer by telephone.

(c) Risks

You appoint an Authorised Dealer and an Authorised Signatory at your own risk. You are responsible for any transactions that these persons make on your NCDs, even if you do not know about them.

(d) Cancelling the authority

You can cancel an Authorised Dealer's or an Authorised Signatory's authority at any time by providing us with a new Treasury Dealing Authority. However, you will be responsible for any transactions made prior to the authority being cancelled and/or you notifying us of the cancellation.

We also reserve the right to cancel an Authorised Dealer's or an Authorised Signatory's authority to transact in relation to your NCDs.

2.13 What statements and Confirmations do you receive?

Statements are not issued for NCDs.

We will provide you with a written Confirmation:

- when you buy NCDs;
- when you sell NCDs; and
- on Maturity of your NCDs.

We may send Confirmations to you by post, by facsimile or by e-mail at our discretion.

Confirmations contain important information about your NCDs. You should note that your Confirmations should be checked carefully. If you think Confirmation is incorrect, you should contact us as soon as possible.

You should retain your Confirmations for tax purposes as we will not send you an end of year summary of your earnings on your NCDs.

We may charge you a fee for providing you with additional copies of any Confirmations that we have already provided to you. Details of fees payable are set out in clause 3.3.

You can get current information regarding your NCDs by telephoning our Treasury Department on 1800 658 935.

2.14 Safe custody

We will not issue a paper NCD unless you specifically request one. We will hold any paper NCD for you free of charge on a Safe Custody basis, but will not deal with your NCD without your express authority. This arrangement will automatically terminate in relation to any part of the NCD when that part is sold or reaches its Maturity date.

2.15 Methods of purchasing NCDs

There are three ways you can purchase NCDs:-

(a) Branch

You may deposit a cheque at one of our Branches in payment of an NCD. You must firstly notify the Treasury Department as to which Branch you will be depositing the cheque at. Branches will not sell you NCDs.

Any cheques used to buy NCDs must be made payable to “Bank of Queensland Limited”. We will not accept cheques payable to the NCD holder, cash cheques or cheques made out in favour of any other person.

Cheques will generally be processed on the Bank Business Day that they are given to us. However, proceeds will not be available until the cheque has cleared. The date on which you will acquire the NCDs will be the date on which you provide us with your cheque. If your cheque does not clear or is dishonoured, we will forfeit your NCD.

(b) Electronic Transfer

You may pay for your NCDs by transferring funds to us via Electronic Transfer. You must notify our Treasury Department by 11.00 a.m. AEST on the day of the transfer in relation to transfers to us, by either:

- providing us instructions in writing or in another form acceptable to us; or
- completing the relevant sections of your Treasury Dealing Authority which authorises us to act on an Authorised Dealer’s telephone instructions.

There is a risk that:

- there will not be sufficient funds in the relevant Bank of Queensland Bank Account in which case the transaction will not proceed;

an Authorised Dealer may provide us with instructions to debit funds from your Bank of Queensland Bank Account over the telephone. You are responsible for any transactions that these people make on your Bank of Queensland Bank Account even if you do not know about them.

(c) Debits from your Bank of Queensland Bank Account

You can authorise us to debit funds directly from your Bank of Queensland Bank Account provided it is held in the same name as your NCDs.

3. Payment Services

3.1 Telegraphic transfers

(a) Features and benefits

We can transfer funds upon the Maturity or sale of your NCDs to your Bank Account held with another Australian financial institution by telegraphic transfer.

You may also arrange for funds to be transferred from your Bank Account held with another financial institution to us by telegraphic transfer for the purposes of purchasing NCDs. You will need to arrange this transfer through the financial institution at which the relevant funds are held. As this is not a service provided by us, this section 3.1 focuses on transfers of funds from us to you.

Payments made by telegraphic transfer are settled irrevocably at the time of receipt through the payment system. Normally, funds are transferred upon instructions from customers on a same day basis and are transferred as cleared funds.

(b) Risks

You must have cleared funds available in your Bank Account when requesting funds to be transferred to us by telegraphic transfer.

You must notify our Treasury Department by 11:00 a.m. AEST on the day of transfer in relation to transfers from us to your Bank Account at another financial institution.

We will only transfer funds to a Bank Account that is held in the same name as your NCDs.

We cannot guarantee the relevant payment will be credited to your Bank Account by the financial institution on the requested date.

We are not responsible for:

- funds being transferred to an incorrect account as a result of you giving us incorrect instructions; or
- any fees charged by any other financial institution in relation to the transfer of funds to your Bank Account by telegraphic transfer.

3.2 Electronic Funds Transfer (EFT)

(a) Features and benefits

We can transfer funds upon the maturity or sale of your NCDs to your Bank Account held with another financial institution by EFT.

You may also arrange for funds to be transferred from your Bank Account held with another financial institution to us via EFT for the purposes of purchasing NCDs. You will need to contact the financial institution at which your Bank Account is held to arrange this. As this is not a service provided by us, this section 3.2 focuses on transfers of funds from us to you.

EFT transactions are processed overnight as cleared funds.

(b) Risks

You must have cleared funds available in your Bank Account when requesting funds to be transferred by EFT.

You must notify our Treasury Department by 11:00 a.m. AEST on the day of transfer in relation to transfers from us to your Bank Account to ensure funds are transmitted overnight.

We will only transfer funds to a Bank Account that is held in the same name as your NCDs.

We are not responsible for:

- funds being transferred to an incorrect account as a result of you giving us incorrect instructions;
- funds being transferred late to your Bank Account; or
- any fees charged by any other financial institution in relation to the transfer of funds to your Bank Account by EFT.

3.3 Fees and charges

Details of any fees and charges payable to us are set out below.

(a) Fees

There are no transaction or account keeping fees as the interest rate has been adjusted by a margin that reflects the costs incurred.

Some related products and services, such as bank cheques and telegraphic transfers, will incur a separate fee. These fees will be set out in the PDS, terms and conditions or fees and charges brochures for these other products and services.

Description of Tax	Rate of Tax
TFN Withholding Tax	Amounts of up to 46.5% of interest earned (increasing to 47% on and from 1 July 2014) may be held in respect of TFN withholding tax
Interest Withholding Tax (non-residents)	The maximum interest withholding tax rate for non-residents is 10% of interest earned

(c) Other financial institutions

Your financial institution may also charge you a fee for the transfer. You should contact your financial institution for details of any fees and charges which might apply to a transfer of funds to or from an account which you hold with that financial institution via EFT or telegraphic transfer.

To facilitate the transfer of funds to other financial institutions more than one intermediary financial institution may be involved. We do not accept responsibility for any fees or charges levied by these institutions.

4. General Terms & Conditions

4.1 Changes to terms and conditions of Banking Services

The information in this PDS is up to date at the time it was prepared. We can change the terms and conditions that apply to your NCDs or any other Banking Services we provide. We can also add new products or stop existing products at any time.

We will tell you of changes to the terms and conditions of this PDS where we are required to do so under any law and any code to which we subscribe.

If the change is material, we will provide updated information by issuing a supplementary or replacement PDS which will be made available on our website www.boq.com.au or access this information by speaking to us.

We will let you know of changes to a fee or charge in writing (which includes electronic communications), including new fees and charges or variations to existing fees and charges.

If the change is not material, we may publish a notice of the change on our website. You can also access this updated information by speaking to us.

If we are required to notify you in writing of any changes, we will send the notice to the last mailing address or electronic address notified to us by you.

4.2 If you get into financial difficulty

You should tell us immediately if you are in financial difficulty. We will try to help you with any financial difficulty. We will do our best to ensure any action we take is fair and reasonable in the interests of you, our other customers and shareholders.

4.3 Covering us for loss

You agree that if we suffer or sustain any significant loss, claim, demand or damage directly or indirectly because of:

- any use or misuse of your NCDs;
- any use or misuse of our facsimile instruction service; or
- any material breach of the terms and conditions in this PDS,

by you or anyone authorised by you to, or someone purporting to be you or someone authorised by you to operate your NCDs or because of any Authorised Signatory or Authorised Dealer acting outside the scope of their authority, you will save the Bank harmless and pay us the amount of that loss, claim, demand or damage on demand, including all legal costs on a full indemnity basis, even after your NCDs have matured or been sold.

In addition, you, an Authorised Signatory or an Authorised Dealer will, if requested, provide to the Bank an additional indemnity in a form acceptable to the Bank, before the Bank acts on your instructions.

You will not be liable for any loss, claim, damage or demand caused by us or our employees or agents in circumstances where there is a breach of a legal duty of care owed to you by us or any of our employees or agents, and such loss or damage is a reasonably foreseeable result of any such breach.

4.4 Customer integrity

You must deal with us honestly and in good faith at all times. If we suffer loss because you do not deal with us honestly or in good faith, we will take steps to recover that loss. We must do that in the interests of our other customers and shareholders. In most cases we will give you notice telling you what the loss is. In some circumstances we do not have to give you notice. For example, a court may excuse us from giving a notice, or we may have made reasonable attempts to notify you without success.

4.5 Other information we may require from you

You and any Authorised Signatories and Authorised Dealers must provide any further identification and other details we or the law may require from time to time. This further information may be used to establish your, an Authorised Dealer's, an Authorised Signatory's or any other person or entity's identity before issuing NCDs to you and/or acting on any instructions. This further information may include (but will not be limited to) personal information or any secret code relevant to your NCDs.

We will make reasonable endeavours to obtain such identification and other details before acting on any or all instructions.

Where you have directed a third party to make a payment on your behalf, we may require you and/or the third party to provide sufficient information and identification documentation on the third party to meet our security, identification or other lawful requirements.

5. General Information

5.1 Code of Banking Practice

We have adopted the Code of Banking Practice (COBP). This is a self-regulatory code which aims to foster good relations between banks and customers, and to promote good banking service. The COBP applies to banking services provided to customers who are “individuals” or “small businesses” as defined in it. We will comply with the COBP, where it applies to the banking services we provide to you.

5.2 Anti-money laundering, Counter-terrorism financing and economic and trade sanctions

We can delay, block or refuse to make a payment or act on your instruction if we believe on reasonable grounds that making a payment may breach any law in Australia or any other country, and we will incur no liability to you, if we do so.

You must provide all information to us which we reasonably require to comply with any laws in Australia or any other country. We can disclose information which you provide to us where required by any laws in Australia or any other country.

Unless you have disclosed that you are acting in a trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf in entering into this agreement.

You declare and undertake to us that the payment of money in accordance with your instructions by us will not breach any laws in Australia or any other country.

5.3 Recording telephone calls

Please note that all telephone calls made to our Treasury Department may be recorded. Recorded telephone conversations may be reviewed in the case of a dispute.

As a condition of us providing you with the Banking Services, you consent to our recording of any telephone conversation you have with us and our use of this record to evidence the matters contained within it.

5.4 If you have a problem or dispute

(a) Our Service Commitment

At Bank of Queensland we are committed to providing our customers with innovative banking solutions and the best customer service experience. If at any time our service does not meet your expectations we would like you to let us know. Resolution of problems is a priority to us.

(b) How to contact us?

There are a number of ways to contact us:

- (i) Contact our Treasury Department.

Our Treasury Department staff are always willing to listen to your suggestions about our treasury products and services and they will do their best to address any concerns immediately.

(c) How will your complaint be handled?

If we cannot solve your problem on the spot, we will let you know within 48 hours who is handling your complaint and how long it is likely to take for it to be resolved.

We aim to resolve all complaints within 5 working days. If it is not possible to resolve the complaint within this time we will keep you informed on our progress.

We subscribe to the E-Payments Code involving complaint investigation and resolution procedures for electronic transactions to which the E-Payments Code applies.

(d) What to do if you feel your complaint has still not been resolved

If your complaint is not resolved to your satisfaction, you can ask to have a further review by our Customer Advocate. The Advocate's role is to represent your interests within the Bank and to help ensure you have the best possible experience. Our Customer Advocate can be contacted on 1800 658 935.

If you remain dissatisfied with the outcome and you would like an independent review of the complaint and the result, you can refer your complaint to:

The Financial Ombudsman Service Limited

GPO Box 3, Melbourne, VIC 3001

Telephone: 1300 780 808 | Fax: (03) 9613 7345

Website: www.fos.org.au

Australian Securities & Investments Commission (ASIC) also has an information line: 1300 300 630. You can use this number to make a complaint and obtain further information about your rights.

For further information on solving problems and disputes please ask at any branch for our *"We would like to know"* brochure.

5.5 Commissions

We do not pay our staff any commissions or inducements for the issue of NCDs or the provision of Banking Services described in this document. Staff advising on Banking Services may be eligible for a performance bonus if certain performance benchmarks are met, however this is not linked to individual transactions or customers.

If you acquire this product from a stockbroker, financial adviser or other intermediary approved by us, that intermediary might deduct a margin or brokerage from the interest rate they quote to you as commission for themselves. This is a matter between you and the intermediary and beyond our control, and you should direct any queries to the intermediary.

We only pay commissions to the extent permitted by law.

5.6 Changing your details

If your address or other details change, you must let us know as soon as possible. You can change your details by telephone, email, facsimile or writing to us at the following address:

Operations - Treasury and International Department

GPO Box 898

Brisbane QLD 4001.

If you want to change the Authorised Signatories or Authorised Dealers for your NCDs, you must provide us with a new Treasury Dealing Authority. Any changes to bank account details must be in writing.

5.7 Contacting you

From time to time we may contact you by post or email and provide you with information, brochures or handouts about products and services that we think you might be interested in.

Please tell us if you do not wish to receive this information.

5.8 Privacy and confidentiality

You can ask us for a copy of our Privacy Policy at any time. Our Privacy Policy sets out how we deal with any personal information that we hold about you.

The *"Privacy Notification and Consent Form"* you receive when you purchase NCDs provides you with more information about how we use your personal information. We may deal with your personal information in accordance with our Privacy Policy. We strongly recommend that you read our Privacy Policy carefully, as it is important that you understand how we may deal with your personal information. If you have any questions or require further information on our privacy and information procedures, please contact us to discuss.

5.9 The relationship between banker and customer

The relationship between a bank and its customer (including the relationship between you and us) has been defined by a number of court cases. Set out below are some of the terms which are implied into any contract between a bank and its customer.

You should be aware that the specific terms and conditions applying to our banking services (as defined in the COBP) may alter these implied terms, and may add new or additional terms. The terms that apply to your NCDs are set out in this PDS.

(a) Terms implied into the contract between banker and customer

Following are some of the general terms that are implied into the contract between a bank and its customer in addition to those in this document, unless the terms and conditions of this document state otherwise:

(i) Our duties:

- Opening accounts – we owe a duty of care to you in opening accounts to make proper enquiries to ensure accurate identification of you and verification of account details.
- Duty of secrecy – we have a duty of secrecy to you with respect to the transactions which go through your account. However, this duty is not absolute and is subject to certain qualifications. For example, we may disclose information where you have expressly or impliedly consented or as required by law.
- Financial advice – we must exercise care and skill when providing financial advice to you as part of, or incident to, the banking services we offer.
- Safe custody – if we accept your items for safe custody, we owe a duty to return them to you at the end of the safe custody period.
- Bankers' references – we have a duty to exercise reasonable care and skill in providing a reference on your credit worthiness to another bank.
- Conform with your mandate – due to the debtor/creditor nature of your relationship with us, we are bound to conform strictly with your mandate which may be issued in the form of a cheque or some other written order including a passbook or withdrawal slip. Unless otherwise agreed, we are specifically obliged to repay an amount on demand at the branch where the account is located.

- Question a valid mandate – while we are subject to the primary duty to repay on demand an amount due to you, this is conditional upon our duty to question a request for payment. We will do this in circumstances which raise a serious or real possibility that fraud is being committed on the account.
- Issuing correct statements – we are under a duty to keep accurate accounts. This duty is subject to our entitlement to reverse errors which you know or should have known existed (although you are not under an express duty to read statements and discover and report forgeries).
- Appropriating payments into accounts – we can allocate a payment at our discretion unless you have clearly asked the payment to be used for a special purpose or a particular account.

(ii) Your duties:

- Clear instructions – your instructions on payment of funds must be clear.
- Minimising the risk of forgery – you must exercise reasonable care in making out cheques so that we are not misled and forgery is not facilitated. You must notify us of any forgeries (including unauthorised transactions on your account) known to you. You generally do not have a duty to inspect statements to discover forgeries, although you are generally obliged to read your account statements and notify us of any entries which you believe are unauthorised.
- Care of methods of accessing your account – if you are given a cheque book, you must take care of it. If you access your account electronically, you are likely to have specific obligations relating to the security of any equipment (such as cards) or security codes (such as a PIN).

5.10 E-Payments Code

We will comply with the E-Payments Code where it applies to the Banking Services we provide to you. This code governs all electronic funds transfer transactions to or from your Facility which you carry out through any Electronic Equipment or services we provide to you.

Other subscribers to the E-Payments Code may impose limits on transactions in connection with your Facility.

Chapter C of the E-Payments Code sets out your liability for unauthorised transactions in connection with transactions governed by the E-Payments Code. Chapter C of the E-Payments Code will prevail to the extent of any inconsistency with these terms.

6. Interpretation

AEST means Australian Eastern Standard Time.

Authorised Dealer and Authorised Signatory means a person authorised to perform certain transactions in relation to your NCDs in accordance with section 2.10(b) and in relation to whom we have provided our consent to such authorisation.

Bank is Bank of Queensland Limited ABN 32 009 656 740.

Bank Account means either a Bank of Queensland Bank Account or a bank account which is held in your name with another financial institution in Australia as nominated by you in your Standard Settlement Instructions.

Bank Business Day is any day on which the Bank is open for business excluding Saturdays.

Banking Services means the NCDs and the payment services related to those NCDs described in this document.

Bank of Queensland Bank Account means the Transaction Account which is held in your name with us as nominated by you in your Standard Settlement Instructions.

Branch is a branch office of the Bank and includes an Owner Managed Branch and Branches shall have a corresponding meaning.

Business Day is any day on which banks in Melbourne or Sydney are able to effect settlement through the Reserve Bank of Australia.

Confirmation means a written advice from us that is proof of your transaction. It will contain details including the date of the transaction, the names of both you and us, a description of the transaction and the amount paid in relation to the transaction including, but not limited to, any taxes or duties payable.

EFT means electronic funds transfer method of transferring funds as described in section 3.3.

Electronic Transfer means an electronic transfer of funds via either telegraphic transfer or EFT.

Maturity shall mean the point in time at which the investment term you selected for your NCD ends, and mature shall have a corresponding meaning.

Negotiable Certificates of Deposit or NCDs means the Negotiable Certificates of Deposit described in this document.

Operations - Treasury and International Department means the treasury operations department of the Bank.

Owner Managed Branch means a Branch of the Bank that is owned and operated by an independent third party as our authorised representative.

Owner Manager means the manager of an Owner Managed Branch.

Safe Custody means an arrangement whereby we agree to hold your paper NCDs in our safe custody.

Standard Settlement Instructions means the instructions which you or an Authorised Signatory has provided to us in relation to the payment of funds to you upon maturity or sale of an NCD.

Transaction Account has the same meaning as set out in our Business Transaction and Investment Accounts Product Disclosure Statement, Deposit Products Product Disclosure Statement, Business Lending Supplementary Terms and Conditions and also includes a Come-n-Go Line of Credit Facility and a Personal Overdraft.

Treasury Dealing Authority means a written authority pursuant to which you have, among other things, instructed us that you would like to transact in NCDs, confirmed the name(s) in which your NCDs are to be held and the names of any Authorised Signatories and Authorised Dealers, confirmed your Standard Settlement Instructions and, where applicable, authorised us to accept telephone instructions from your Authorised Dealer in relation to the debit of funds from your Bank of Queensland Bank Account in accordance with section 2.9(a) of this document.

Treasury Department means the treasury department of the Bank.

we, our and **us** are each a reference to Bank of Queensland Limited ABN 32 009 656 740, its successors and assigns, and any of its officers, agents, staff and authorised representatives acting on its authority.

you means the NCD holder and any person who holds the NCDs jointly with the holder, and your has a corresponding meaning.

NEGOTIABLE
CERTIFICATE of
DEPOSIT
Product Disclosure
Statement (PDS)

