


National Term Deposits

For more information call

13 22 65

Open 8am-8pm EST,
Monday to Friday
or visit national.com.au

Hearing impaired people with
 telephone typewriters can
contact us on **1300 363 647**

Product Disclosure Statement

Including Terms and Conditions

Effective 11 March 2004

Financial solutions. For life.™



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Product Disclosure Statement

This document forms part of the Product Disclosure Statement (PDS) for the National's Term Deposits, along with the following document:

- the flyer 'Indicator Rates – for Selected Term Deposit Products'; or
- your Online Application Form.

If you have not already received a copy of the applicable document, please contact the National.

This PDS sets out important information about the National's Term Deposits. By using this PDS you will be able to understand:

- significant characteristics and features applicable to each product;
- the benefits and risks associated with each product.

Make sure you read this PDS thoroughly before making a decision to acquire a National Term Deposit.

Any advice in this PDS has been prepared without taking account of your objectives, financial situation or needs. Before acting on any advice in this PDS, the National recommends that you consider whether it is appropriate for your circumstances.

Each of the National's Term Deposits covered by this PDS are issued by National Australia Bank Limited ABN 12 004 044 937. You can contact the National by visiting national.com.au or any branch, or calling **13 22 65**.

Part A General information

Features and benefits

A National Term Deposit is a fixed rate, fixed term investment, providing a secure return on funds, for each agreed term.

A National Term Deposit offers:

- the choice of a wide range of terms for your investment funds, with a fixed return;
- the flexibility of monthly, quarterly, half-yearly or annual interest payments for certain term deposits; and
- the choice of interest payments by cash or cheque, or directly credited to an account of your choice, or (for deposits of certain terms) compounded.

Risks

There are aspects to holding a National Term Deposit that may involve some risks, including those detailed below. Further information on each of these risks is available in Part B of this PDS.

1. Fixed interest rate

For each term of the National's Term Deposits the interest rate remains fixed for that term (except for the National Term Deposit 'trade up' under which you have a limited ability to change to a higher rate). Your interest rate remains fixed for each term even if market rates increase during the term.

2. Reduction of return

If you withdraw an amount early within the first 5 years of a National Term Deposit (including if the whole of the deposit is withdrawn or repaid) the National may reduce the interest generated on the deposit.

Significant taxation implications

Interest earned on a National's Term Deposit may form part of your assessable income.

If you do not provide your Tax File Number (TFN), Australian Business Number (ABN), or advise that you are eligible for an exemption from providing a TFN or ABN, the National may be obliged to deduct Pay as You Go Withholding Tax at the maximum marginal tax rate (plus the Medicare levy) from any interest income you earn on your National Term Deposit. If you are a non-resident of Australia, the National may also be obliged to deduct Pay as You Go Withholding Tax.

Additional taxation implications may arise if your National Term Deposit is linked to a loan account through National Loan Trimmer (see Part B of this PDS).

The National recommends that you seek independent tax advice.

Labour, environmental, social or ethical standards

The National does not take labour, environmental, social or ethical standards into account for the purpose of selecting, retaining or realising any investment relating to the National's Term Deposits.

How can I get more information?

You can obtain more information about the National's:

- Term Deposits;
- current interest rates; or
- banking with the National;

by visiting **national.com.au** or any branch, or calling **13 22 65**.

What do I do if I have a problem or dispute relating to my account?

For information about resolving problems or disputes, contact the National on **1800 152 015**, or ask at any branch of the National.

If you subsequently feel that an issue has not been resolved to your satisfaction, you may be able to raise your concerns with the Banking Ombudsman if you are an individual or small business customer covered by the Banking and Financial Services Ombudsman scheme.

Are commissions payable on these products to staff members of the National?

Staff members are salaried employees of the National Australia Bank Limited and do not receive any proportion of any fees or commissions paid to the National in connection with the products detailed in this PDS.

Staff members may be entitled to receive additional monetary or non-monetary benefits and/or rewards resulting from participation in programs conducted by the National. Monetary benefits or rewards may include an annual

bonus the level of which may depend on the overall performance of the National group of companies. Non-monetary benefits or rewards for staff members and their partner may include gift vouchers, film tickets, restaurant meals, attendance at an annual conference or other functions.

Whether staff members receive any such benefits and rewards depend on a number of performance related factors including the level of remuneration generated for the National from sales of products as a consequence of the staff member's advice.

It is not possible to determine at any given time whether a staff member will receive such benefits or rewards or to quantify them. They are generally not directly attributable to any particular product that the staff member has given advice on.

Updating information

Information in Part A of this PDS that is not materially adverse information may change from time to time and may be out of date at the time this PDS is given to you. Information in Part A of this PDS may be updated by making a notice containing the updated information available through:

- contacting the National on **13 22 65**
- visiting the National at **national.com.au** or
- visiting any branch.

You can find out details of changes to Part A of this PDS through any of these channels. A paper copy of any updated information for such changes may be obtained without charge on request.

After the product is issued you will be notified of any material change to, or significant event affecting, the information in this PDS. Changes to terms and conditions will be notified as set out in Part B of this PDS.

Meaning of words

Words defined in Part B of this PDS have the same meaning in Part A.

Part B

Terms and Conditions

1 National Term Deposit

How the Deposit will work

- 1.1 To open a term deposit you must deposit clear funds with the **National** for an agreed term. **You** may extend the term deposit for further terms under clauses 1.17 and 1.19. The **National** offers a range of term deposit rates and terms from time to time, and may set maximum and minimum terms and deposit amounts for term deposits. Current rates and terms are available from the **National**.
- 1.2 **You** may deposit monies on term deposit with the **National** by making either a **Standard Application** or **Online Application**. If **you** are required to attend the **National** when making this deposit, the agreed term will be specified in the flyer 'Indicator Rates – For Selected Term Deposit Products'. If **you** deposit monies by making an **Online Application** the agreed term will be as specified in the Online Term Deposit Confirmation Advice.
- 1.3 If **you** deposit monies by making a **Standard Application you** can do so by attending the **National** or by telephoning the **National** on **13 22 65** and instructing the **National** to transfer monies from an existing **National** account or by providing the **National** with a cheque or cash. If **you** provide the **National** with a cheque by post, it must be received by the **National** within 3 business days of the **Standard Application** being received by the **National**.
- 1.4 If **you** deposit monies by making an **Online Application you** can do so by instructing the **National** to transfer monies from a nominated existing **National** account or by providing the **National** with a cheque. If **you** provide the **National** with a cheque by post, it must be received by the **National** within 3 business days of the **Online Application** form being received by the **National**.
- 1.5 If it is a National Term Deposit 'trade up' **you** may elect to 'trade up' ('trade up' Election) to a higher interest rate ('trade up' Interest Rate) once during each term of **your** term deposit (except during the final week of each term). **Your** 'trade up' Interest Rate will be the rate offered on the **National's** National Term Deposit which corresponds to the amount, frequency of payment of interest and the remaining part of the term of **your** term deposit on the date of **your** 'trade up' Election, but can be no greater than 3% per annum above the interest rate being earned on **your** term deposit immediately prior to **your** 'trade up' Election. On the date of **your** 'trade up' Election, **you** may lodge additional funds for the remaining period of **your** term deposit at the 'trade up' Interest Rate, providing that **your** total term deposit (including **your** original term deposit) does not exceed \$500,000.
- 1.6 If the term deposit or interest is due on a day which is not a **banking day**, the **National** will pay or credit it on the next **banking day**.
- 1.7 Instructions in respect of term deposits in **your** name/s (including for a 'trade up' Election) will be governed by the signing authority which **you** have already provided to the **National** or which **you** will complete when **you** lodge the deposit and which,

amongst other things, specifies who is authorised to provide instructions in respect of term deposits and whether they may do so alone or jointly. Alternatively, **you** may give the **National** such instructions by telephoning the **National** on **13 22 65**.

Interest

- 1.8 For National Term Deposit the **National** will pay interest on the deposit (subject to clause 1.12) calculated on a daily basis on the amount of the term deposit from time to time.

The rate for a term of the deposit will remain the same until the maturity of that term. For the initial term of the deposit, the rate that will apply will be the rate specified in the flyer 'Indicator Rates – For Selected Term Deposit Products' or the 'Online Term Deposit Confirmation Advice' (and that document, as applicable, forms part of these Terms and Conditions). For each subsequent term of the deposit, the rate that will apply will be the rate as varied under clauses 1.17 to 1.19. Current interest rates may be obtained from the **National**.

- 1.9 For National Term Deposit 'trade up' the **National** will pay interest on the term deposit (subject to clause 1.12) calculated on a daily basis on the amount of the term deposit from time to time.

The rate for a term of the deposit will remain the same until the maturity of that term, unless **you** elect to 'trade up' to a higher interest rate for a term under clause 1.5. Subject to clause 1.5:

- (a) for the initial term of the deposit, the rate that will apply will be the rate specified in the flyer 'Indicator Rates – For Selected Term Deposit Products' or the 'Online Term Deposit Confirmation Advice' (and that document, as applicable, forms part of these Terms and Conditions);

- (b) for each subsequent term of the deposit, the rate that will apply will be the rate as determined under clause 1.19.

Current interest rates may be obtained from the **National**.

- 1.10 **You** may ask the **National** for the interest to be:

- credited to a nominated bank account;
- paid by some other form agreed by the **National**; or
- added to the deposit at the maturity of each term.

- 1.11 Interest will be credited or paid as follows:

- for a National Term Deposit with a term that is less than a year, the **National** will pay the interest at the maturity of that term;
- for a National Term Deposit with a term of a year or more, **you** may choose to have interest paid or credited monthly, quarterly, 6 monthly or annually and at the maturity of each term;
- for a National Term Deposit 'trade up' of \$5000 or more, **you** may choose to have interest paid or credited monthly or annually;
- for a National Term Deposit with a term of 12 months, interest can be compounded monthly.

- 1.12 If the term deposit is part of National Loan Trimmer or a similar plan, the terms and conditions of the plan from time to time will apply. Further details may be found in clauses 1.21 to 1.25.

Early repayment

- 1.13 **You** may withdraw amounts from the deposit at any time.

- 1.14 If **you** withdraw an amount from the term deposit prior to the maturity of a term and within the first 5 years starting on the day on which the funds are first deposited, the **National** may reduce the interest generated on the term deposit by the **National's** reasonable estimate of the cost to it of meeting the early repayment, up to the amount of accrued interest (any reduction in the interest generated on the term deposit will never exceed the accrued interest).
- 1.15 The **National** will repay early the whole of the term deposit if the withdrawal would reduce the deposit below \$1000 for a National Term Deposit or \$5000 for a National Term Deposit 'trade up'.
- 1.16 If only part of a term deposit is withdrawn, the **National** will pay or credit the interest on that part at the next interest payment date or at the maturity of the current term, whichever occurs first.

Maturity

- 1.17 At the maturity of a term, **you** may ask the **National** for the term deposit to be repaid in cash or by bank cheque or some other form agreed by the **National**, to be credited to a nominated **National** account, or to be extended for a further term with or without additional funds. The **National** may accept or reject **your** request on such terms and conditions as it determines. Such acceptance is effective from the date of maturity of the term that has ended.
- 1.18 If **you** do not make a request in accordance with clause 1.17 before the maturity of a term, and if **your** existing term deposit is for less than \$1000, or for less than \$5000 and the term is less than 30 days, the **National** will repay the whole of the term deposit at the maturity of that term in cash

or by bank cheque or some other form agreed by the **National**, or to be credited to a nominated **National** account.

- 1.19 If **you** do not make a request in accordance with clause 1.17 before the maturity of a term then, subject to clause 1.18, at the maturity date the **National** will extend the term deposit for a further term of the same length as the term that has ended, at the interest rate applicable at the date of the extension, and otherwise on the same terms and conditions except to the extent determined by the **National**. The new maturity date will be the date of the end of the further term.

Bank fees

- 1.20 The **National** will not charge **you** any bank fees in respect of the term deposit.

National Loan Trimmer

- 1.21 **You** may apply to the **National** to participate in National Loan Trimmer. The **National** may accept or reject **your** application at its discretion. Full terms and conditions for National Loan Trimmer are available from the **National** on request.
- 1.22 National Loan Trimmer is only available on certain deposit and loan accounts specified by the **National** from time to time, details of which can be obtained from the **National**. However, at any one time, only up to 10 deposit accounts can be linked to National Loan Trimmer.
- 1.23 National Loan Trimmer may not link a loan account with a deposit account which includes a name or names other than the name(s) in which the loan account is held.

- 1.24 While **you** have National Loan Trimmer the interest payable on **your** linked loan account will be reduced, but any linked deposit account will not earn any interest even if the credit balance of that account exceeds, or if there is more than one linked deposit account, the total credit balances of those accounts exceed, the unpaid balance of **your** linked loan account.
- 1.25 It is **your** responsibility to monitor the credit balance of the linked deposit account, or if there is more than one linked deposit account, the total credit balances of those accounts, as against the unpaid balance of **your** linked loan account to achieve the best results for **you** under National Loan Trimmer.

2 General Matters

Code of Banking Practice

- 2.1 The **National** has adopted the Code of Banking Practice and relevant provisions of the Code apply to these products, if **you** are an individual or a small business customer (as defined by the Code).

You can obtain from the **National** upon request:

- (a) information on the **National's** current interest rates and standard fees and charges relating to these products if any;
- (b) general descriptive information concerning the **National's** banking services including:
 - (i) for accounts with cheque access, general descriptive information about cheques;
 - (ii) account opening procedures;
 - (iii) the **National's** obligations regarding the confidentiality of **your** information;
 - (iv) complaint handling procedures;

- (v) bank cheques;
 - (vi) the advisability of **you** informing the **National** promptly when **you** are in financial difficulty;
 - (vii) the advisability of **you** reading the terms and conditions applying to each banking service the **National** provides to **you**;
- (c) general descriptive information about:
- (i) the identification requirements of the Financial Transactions Reports Act 1988;
 - (ii) the options available to **you** under the tax file number legislation; and
- (d) a copy of the Code of Banking Practice.

- 2.2 **Statements of account are not provided for the National Term Deposit, and you agree that statements need not be provided.**

Changes the National may make

- 2.3 In addition to the other changes the **National** may make to these terms and conditions which are detailed in these terms and conditions, the **National** may change any other terms and conditions (including by imposing new fees or charges, changing the amount, type, or method of calculation of fees and charges payable). The **National** will make any changes in accordance with any applicable legislation and industry codes.
- 2.4 If the product is not used for a period, the length of which is dependent upon the amount of money in the account or term deposit, the crediting of interest and issue of statements to **you**, if applicable, will end and access will be restricted, or the account or term deposit will

be closed and the balance transferred to the Commonwealth Government. The **National** will notify **you** at **your** last known address at least 30 days before any such variation takes effect.

How will I be notified of changes?

2.5 Unless otherwise specified in these terms and conditions or separately agreed between **you** and the **National**, the **National** will give **you** notice of changes as set out below and **you** agree to receiving notice in such ways:

- notice of changes to fees and charges will be given in writing at least 30 days before the change takes effect;
- notice of changes to government fees and charges will be given by media advertisement, in writing or electronically as soon as practicable after, but no later than 3 months after, the changes take effect; and
- notice of any other changes to these terms and conditions (including changes relating to interest other than changes to an interest rate) will be given in writing at least 30 days before the changes take effect.

Government charges and taxes

2.6 The **National** may deduct from the term deposit or interest payable on it any government charges, duties and taxes relating to either the term deposit or interest.

Joint product holders

2.7 Subject to clause 2.11 if there are two or more of **you**, **you** will be treated as holding the product jointly and the **National** may accept for credit to the product any cheque, payment order or bill of

exchange that is not payable to all of **you**.

This means that each term deposit holder has the right to all of the balance of the term deposit, jointly with other holders.

2.8 If any of **you** die, the product will be treated as the product of the survivor or survivors jointly.

2.9 Unless any of **you** request otherwise, **National** statements and notices (including notification of any variation to these terms and conditions) will be forwarded to the mailing address of the first of **you** named in the product. **You** will all be deemed to have received any **National** statements and notices forwarded in accordance with these terms and conditions.

2.10 A joint term deposit holder may only make a withdrawal on the terms of any authority to operate on the product. If the **National** is notified of a dispute between joint holders, the **National** may require all joint holders to sign any authority to operate the product.

2.11 Monies deposited in the form of an **Online Application** can only be invested in **your** sole name.

Electronic instructions

2.12 Clauses 2.12 to 2.23 will only apply to **you** if **you** make an **Online Application**.

2.13 If **you** have submitted to the **National** an **Online Application** **you** warrant that all information provided to the **National** in the **Online Application** is true and correct.

2.14 **You** agree that an instruction given by **you** to the **National** in **your Online Application** constitutes a valid and irrevocable authority to the **National** to follow that instruction.

- 2.15 Subject to **your** rights implied at law which cannot be excluded, **you** agree to indemnify the **National** for any loss or damage it suffers directly or indirectly as a result of the **National** relying on an instruction provided by **you** under clause 2.14, and that the **National** is not liable for any loss or damage caused directly or indirectly to **you** by:
- (a) any breakdown or interruption in the **service** due to circumstances beyond the **National's** control; or
 - (b) any corruption of data and any breakdown, interruption or errors caused to **your** computer or computing equipment as a result of using the **service** or as a result of software being downloaded to **your** computer for the purposes of the **service**.

Electronic documents and communications

- 2.16 Any documents which the **National** is required to provide to **you** under clause 2.1 of the General Matters (including these terms and conditions) and any other information or communication in relation to the establishment of **your** term deposit, will be given to **you** using the **service** unless:
- (a) otherwise specified in this agreement; or
 - (b) the **National** otherwise determines.
- 2.17 **You** agree to print, download or otherwise retain a copy of the documents in clause 2.16 for **your** records.
- 2.18 A communication is deemed to be received by **you** when the communication enters **your** designated information system or is capable of being viewed from **your** computer and is effective when received even if **you** are not aware of its receipt.

- 2.19 For the purposes of the Electronic Transactions Act, the server on which the mailbox for **your** designated address resides is to be taken to be **your** designated information system.
- 2.20 An electronic communication is deemed to be sent from where the **National** has place of business and is deemed to be received where **you** have **your** residence. For the purposes of this clause:
- (a) the **National's** place of business is 500 Bourke Street, Melbourne, Victoria; and
 - (b) if **you** have more than one residence, **your** residence is **your** principal residence.

Your email address

- 2.21 For the purposes detailed in clauses 2.16 to 2.20, **you** agree to the **National** sending **you** electronic messages to **your** email address which **you** have advised the **National** of at the time of submitting **your Online Application**.
- 2.22 **You** warrant to the **National** that **your** email address is correct and current, and that it belongs to **you**.

Governing law

- 2.23 **You** agree that this agreement and the investment of monies in a term deposit as contemplated by this agreement are governed by the law in force in Victoria and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of those courts.

Residency

- 2.24 **You** acknowledge that only individuals living in Australia are able to deposit monies in a term deposit with the **National** using an **Online Application**.

Meaning of words

2.25 **Banking day** means a day other than a Saturday or Sunday, or a public, special or bank holiday in the State or Territory where the product is opened.

National means National Australia Bank Limited and its successors and assigns.

Online Application means an application lodged by **you** using the **National's** website to invest monies in a term deposit, which application includes all relevant details relating to **your** investment, including without limitation, the term of the term deposit, interest rate payable on the term deposit and maturity instructions.

Service means the **service** the **National** makes available through the Internet to enable the electronic receipt and transmission of information in relation to the term deposit, including by email and the **National's** website: **national.com.au**

Standard Application means an application to invest monies in a term deposit by attending a branch of the **National** or by telephoning the **National** on **13 22 65**.

You means the customer or customers who open the product, and if there is more than one, **you** means each of them separately and every two or more of them jointly. **You** includes **your** successors and assigns and, in relation to **your** rights to operate the product, any other authorised signatory to the product acting within his or her authority.