



NAB Fixed Income Bond

Product Disclosure Statement

**Including Terms and Conditions for
NAB Fixed Income Bonds sold after
8 November 2001**

effective 11 March 2004

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Product Disclosure Statement

This document forms part of the Product Disclosure Statement (PDS) for NAB's Fixed Income Bond, along with the following documents:

- 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 NAB.

This PDS sets out important information about NAB's Fixed Income Bond. By using this PDS you will be able to understand:

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

Make sure you read this PDS thoroughly before making a decision to acquire a NAB Fixed Income Bond.

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, NAB recommends that you consider whether it is appropriate for your circumstances.

NAB's Fixed Income Bond covered by this PDS is issued by National Australia Bank Limited ABN 12 004 044 937. You can contact NAB by visiting **[national.com.au](https://www.national.com.au)** or any branch, or calling **13 22 65**.

Part A

General information

Features and benefits

A NAB Fixed Income Bond ('Bond'), is a fixed rate, fixed term investment, providing a secure return on funds, for each agreed term.

A NAB Fixed Income Bond offers:

- the choice of a wide range of terms for your investment funds, with a fixed return;
- the flexibility of monthly, quarterly or annual interest payments; and
- the choice of interest payments by cheque, directly credited to an account, or (for terms of 2 years or more) compounded.

Risks

There are aspects to holding a NAB Fixed Income Bond that may involve some risks, including those detailed below.

1. Fixed interest rate

For each term of NAB's Fixed Income Bond the interest rate remains fixed for that term. Your interest rate remains fixed for each term even if market rates increase during the term.

2. Reduction of return

If you require NAB to repurchase part or all of a NAB Fixed Income Bond prior to its maturity, NAB may adjust the amount of the Bond or the interest (or both) paid or due to you by NAB's reasonable estimate of the cost to NAB in repurchasing the Bond.

Further information on each of these risks is available in Part B of this PDS.

Significant taxation implications

Interest earned on a NAB Fixed Income Bond 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, NAB 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 NAB Fixed Income Bond. If you are a non-resident of Australia, NAB may also be obliged to deduct Pay as You Go Withholding Tax.

NAB recommends that you seek independent tax advice.

Labour, environmental, social or ethical standards

NAB does not take labour, environmental, social or ethical standards into account for the purpose of selecting, retaining or realising any investment relating to NAB's Fixed Income Bond.

How can I get more information?

You can obtain more information about NAB's:

- Fixed Income Bond;
- current interest rates;
- banking with NAB;

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 NAB on **1800 152 015**, or ask at any branch of NAB.

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 this product to staff members of NAB?

Staff members are salaried employees of National Australia Bank Limited and do not receive any proportion of any fees or commissions paid to NAB in connection with the product 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 NAB. Monetary benefits or rewards may include an annual bonus the level of which may depend on the overall performance of NAB 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 NAB 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 NAB on **13 22 65**
- visiting NAB 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 NAB Fixed Income Bond

NAB Fixed Income Bonds are part of the deposit liabilities of NAB. These terms and conditions apply only to NAB Fixed Income Bonds opened after 08/11/2001.

How the Bond will work

- 1.1 To purchase a NAB Fixed Income Bond ('Bond') **you** must invest clear funds with **NAB** for an agreed term. **You** may extend a Bond for further terms under clauses 1.16 and 1.17. **NAB** offers a range of Bond rates and terms from time to time, and may set maximum and minimum terms and deposit amounts for Bonds. Current rates and terms are available from **NAB**.
- 1.2 **You** may invest monies in a Bond with **NAB** by making either a **Standard Application** or, subject to **NAB** making available an **Online Application** process for investment in Bonds, an **Online Application**. If **you** are required to attend **NAB** when **you** invest in the Bond, the agreed term will be specified in the flyer Indicator Rates – for Selected Term Deposit Products. If **you** invest monies by making an **Online Application** the agreed term will be as specified in the **Online Application**.
- 1.3 If **you** invest monies by making a **Standard Application** **you** can do so by attending **NAB** or by telephoning **NAB** on **13 22 65** and instructing **NAB** to transfer monies from an existing **NAB** account or by providing **NAB** with a cheque or cash. If **you** provide **NAB** with a cheque by post, it must be received by **NAB** within 3 **banking days** of the **Standard Application** being received by **NAB**.

- 1.4 If **you** invest monies by making an **Online Application you** can do so by instructing **NAB** to transfer monies from an existing account or by providing **NAB** with a cheque. If **you** provide **NAB** with a cheque by post it must be received by **NAB** within 3 **banking days** of the **Online Application** form being received by **NAB**.
- 1.5 If the amount of the Bond or interest on the Bond is due on a day which is not a **banking day**, **NAB** will pay or credit **you** on the next **banking day**.
- 1.6 Instructions in respect of the Bond in **your** name(s) will be governed by the signing authority which **you** have already provided to **NAB** or completed when **you** invested **your** funds and which, amongst other things, specifies who is authorised to provide instructions in respect of bonds and whether they may do so alone or jointly. Alternatively, **you** may give **NAB** such instructions by telephoning **NAB** on **13 22 65**.

Interest

- 1.7 **NAB** will pay interest on the Bond calculated on a daily basis on the amount of the Bond from time to time.

The rate for a term of the Bond will remain the same until the maturity of that term. For the initial term of the Bond, the rate that will apply will be the rate specified in the flyer Indicator Rates – for Selected Term Deposit Products or the **Online Application** form (and that document, as applicable, forms part of these Terms and Conditions). For each subsequent term of the Bond, the rate that will apply will be the rate as varied under clauses 1.16 or 1.17. Current interest rates may be obtained from **NAB**.

- 1.8 **You** may ask **NAB** for the interest to be credited to **your** nominated account (which must be in the same name as the Bond), or to be paid in some other form agreed to by **NAB**, or, for terms of more than 24 months, to be added to the Bond annually and at maturity of the term.
- 1.9 **You** may choose to have the interest paid to **you** monthly, quarterly or annually.
- 1.10 **NAB** will pay interest:
- (a) if monthly, on the last **banking day** of each month and on the maturity of a term;
 - (b) if quarterly, on the last **banking day** of each of March, June, September and December, and on the maturity of a term; and
 - (c) if annually, on the anniversary date of the investment and on the maturity of a term.
- 1.11 **You** may choose to have interest compounded only if the term is more than 24 months. Interest will be compounded on 30 June each year and on the maturity of the current term.
- 1.12 If the Bond commences or is renewed within 14 days before the end of an interest period the interest for the remaining days in that interest period will be carried over and paid on the last **banking day** of the following interest period.

Repurchase option

- 1.13 At **your** option, **you** may require **NAB** to repurchase all or a part of the Bond prior to the maturity of a term (the 'Repurchase Amount'). **You** may exercise **your** option any number of times provided that any part repurchase of the Bond must be for an amount of \$2500 or greater or where any such repurchase requirement would

reduce the value of the Bond to below \$5000, the Repurchase Amount shall be taken to be the value of the whole of the Bond.

- 1.14 Where **you** exercise **your** repurchase option within 14 days of the commencement of **your** Bond or within 14 days of the maturity of a term, **NAB** will repurchase the Bond at its face amount plus accrued interest. In any other circumstance upon receipt of **your** requirement **NAB** will adjust the amount of the Bond or the interest (or both) paid or due to **you**, by **NAB's** reasonable estimate of the cost to **NAB** in repurchasing the Bond. **NAB** shall base its cost of repurchasing the Bond on the prevailing institutional rates for similar bonds or debentures or other securities of comparable term (the 'Repurchase Interest Rate'). Current Repurchase Interest Rates are available from **NAB**.

An economic cost will arise if there is a difference between the interest rate on the Bond ('Bond Interest Rate') and the Repurchase Interest Rate. An economic cost will result in **you** incurring a gain or a loss on **your** investment. The economic cost will be equivalent to the Repurchase Amount being invested for a period equal to the remaining term of the Bond at an interest rate per annum being the difference between the Bond Interest Rate and the Repurchase Interest Rate. If the Bond Interest Rate is less than the Repurchase Interest Rate, **you** must pay the economic cost to **NAB**. If the Bond Interest Rate is higher than the Repurchase Interest Rate, **NAB** will pay the economic cost to **you**.

- 1.15 **NAB** will pay or credit the interest on that part of the Bond repurchased at the next interest payment date or at the maturity of the term, whichever occurs first.

Maturity

- 1.16 At the maturity of a term, **you** may ask **NAB** for the Bond to be repaid in cash or by bank cheque or some other form agreed by **NAB**, to be credited to a nominated account or to be extended for a further term with or without additional funds. **NAB** 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.
- 1.17 If you do not make a request in accordance with clause 1.16 before the maturity date of a term, **NAB** will extend the Bond 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 **NAB**. The new maturity date will be the date of the end of the further term.

Additional funds at maturity

- 1.18 If additional funds are invested:
- (a) prior to the maturity of a term, they will be added to and form part of the Bond from the maturity of that term; or
 - (b) within 14 days after the maturity of a term, they will be added to and form part of the Bond from the date of receipt.

Bank fees

- 1.19 **NAB** will not charge **you** any bank fees in respect of the Bond.

2 General Matters

The following terms and conditions are included in the terms and conditions applying to the product covered by this brochure.

Code of Banking Practice

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

You can obtain from **NAB** upon request:

- (a) information on **NAB's** current interest rates and standard fees and charges relating to these products if any;
- (b) general descriptive information concerning **NAB's** banking services including:
 - (i) for accounts with cheque access general descriptive information about cheques;
 - (ii) account opening procedures;
 - (iii) **NAB's** obligations regarding the confidentiality of **your** information;
 - (iv) complaint handling procedures;
 - (v) bank cheques;
 - (vi) the advisability of **you** informing **NAB** promptly when **you** are in financial difficulty;
 - (vii) the advisability of **you** reading the terms and conditions applying to each banking service **NAB** 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 NAB Fixed Income Bond, and you agree that statements need not be provided.

Changes NAB may make

2.3 In addition to the other changes **NAB** may make to these terms and conditions which are detailed in these terms and conditions, **NAB** 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). **NAB** 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 Bond, the crediting of interest and issue of statements to **you**, if applicable, will end and access will be restricted, or the Bond will be closed and the balance transferred to the Commonwealth Government. **NAB** 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 **NAB**, **NAB** 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 **NAB** may deduct from the Bond or interest payable on it any government charges, duties and taxes relating to either the Bond 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 **NAB** 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 Bond holder has the right to all of the balance of the Bond, 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, **NAB** 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 **NAB** statements and notices forwarded in accordance with these terms and conditions.
- 2.10 A joint Bond holder may only make a withdrawal on the terms of any authority to operate on the product. If **NAB** is notified of a dispute between joint holders, **NAB** 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 **NAB** an **Online Application** **you** warrant that all information provided to **NAB** in the **Online Application** is true and correct.

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

2.15 Subject to **your** rights implied at law which cannot be excluded, **you** agree to indemnify **NAB** for any loss or damage it suffers directly or indirectly as a result of **NAB** relying on an instruction provided by **you** under clause 2.14, and that **NAB** 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 **NAB'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 **NAB** is required to provide to **you** under clause 2.1 (including these terms and conditions and **NAB's** brochure 'A Guide to Fees and Charges – Personal' or 'A Guide to Fees and Charges – Business', as applicable) and any other information or communication in relation to the establishment of **your** Bond, will be given to **you** using the **service** unless:
- (a) otherwise specified in this agreement; or
 - (b) **NAB** 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 **NAB** has place of business and is deemed to be received where **you** have **your** residence. For the purposes of this clause:
- (a) **NAB'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 **NAB** sending **you** electronic messages to **your** email address which **you** have advised **NAB** of at the time of submitting **your Online Application**.
- 2.22 **You** warrant to **NAB** 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 Bond 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 invest monies in a Bond with **NAB** 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.

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

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

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

Standard Application means an application to invest monies in a Bond by attending a branch of **NAB** or by telephoning **NAB** 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.

For more information call **13 22 65**
or

13 BANK

8am-8pm EST, Monday to Friday
or visit us at **national.com.au**



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