

BOQ CUSTOMER AML/CTF IDENTIFICATION PROCEDURES

All borrowers, account holders and additional signatories must be fully identified according to these standards.

All documents must be sighted as originals or a photocopy that has been certified (by one of the permissible certifier categories) as a true and accurate copy of the original document as per the BOQ AML/CTF requirements. Where it is not possible to conduct a loan interview in person, the interview may be conducted via a video conferencing service. Customer identification must be satisfied in line with the Bank's operational processes, including certified identification being held by the broker prior to the video conference. The broker must capture a screenshot of the applicant with a photo ID corresponding to one of the documents certified.

This must be included in supporting documents along with the Certified Identification form and the certified copies.

Customer ID Requirements – Domestic

The following Customer Identification Standards are acceptable for ID verification for citizens of Australia and New Zealand only.

Verify the customer's full name AND either their current residential address **OR** date of birth from a single, original primary photographic identification document.

- **One A document**

NOTE: If a customer cannot provide **one A document** that verifies the customer's full name and either their current residential address or date of birth, they must be identified by using one of the following document combinations:

- One 'A' document AND one 'B' document (A+B); or
- One 'A' document AND one 'C' document (A+C); or
- Two 'B' documents (B+B); or
- One 'B' document AND two 'C' documents (B+C+C)

Customer ID Requirements – Foreign

The following Customer Identification Standards are acceptable for ID verification for all citizens of a foreign country other than New Zealand, including those who are citizens of a foreign country and hold temporary or permanent residency of either Australia or New Zealand.

- One AA document and One A document (AA+A); or
- One AA document and One B document (AA+B); or
- One AA document and One C document (AA+C); or
- One AA document and One D document (AA+D) (can only be used for recent arrivals, i.e. within the past 6 weeks)

'AA' Documents – Foreign (Primary Photographic)

NOTE: All citizens of a foreign country must provide a current passport. Passport holder must have a valid Australian issued visa permitting them to work and/or permanently reside in Australia. Visa length must be minimum 12 months with at least 6 months remaining from the date of account opening.

Passport issued for the purpose of international travel that:

- ☐ (a) contains a photograph and signature of the person in whose name the document is issued;
- (b) is issued by a foreign government, the United Nations or an agency of the United Nations;
- (c) is written in English or be accompanied by an English written translation prepared by an accredited translator; and
- (d) Passport holder must have a valid Australian issued visa permitting them to work and/or permanently reside in Australia (Visa length must be minimum 12 months with at least 6 months remaining from the date of account opening).

'A' Documents – (Primary Photographic)

- ☐ Photo driver's licence issued by an authority of an Australian State or Territory or by an equivalent authority of a foreign country for the purpose of driving a road vehicle. The front and rear of the licence should be provided.
- ☐ Passport issued by the Commonwealth of Australia or New Zealand Government which includes the photograph and signature of the person to which it was issued.
- ☐ Card issued by an Australian State or Territory for the purpose of proving the person's age, card must contain a photograph (i.e. Adult Proof of Age Card or 18+ card).
- ☐ National identity card issued for the purpose of identification that:
 - (a) contains a photograph and signature of the person in whose name the document is issued;
 - (b) is issued by a foreign government, the United Nations or an agency of the United Nations; and
 - (c) is written in English or be accompanied by an English written translation prepared by an accredited translator.

'B' Documents – (Primary Non-Photographic)

- ☐ Australian or New Zealand Birth Certificate or Birth Extract or extract from the Register of Citizenship by Descent. (Important: A commemorative Birth Certificate is not acceptable).
- ☐ Citizenship certificate issued by the Commonwealth of Australia or New Zealand.
- ☐ Australian Pension card or Health Care card issued by the Department of Human Services that entitles the person named on the card to financial benefits.
- ☐ Birth certificate issued by a foreign government, the United Nations or an agency of the United Nations that, is written in English or be accompanied by an English written translation prepared by an accredited translator.
(Important: A commemorative Birth Certificate is not acceptable.)

'C' Documents – (Secondary)

Note: only Australian Commonwealth, State or Territory documents will be accepted.

- ☐ Financial benefits notice issued by the Commonwealth, a State or a Territory within the last 12 months containing the customer's name and residential address.
- ☐ Tax assessment notice issued by the Australian Taxation Office within the last 12 months containing the customer's name and residential address.
- ☐ Australian Medicare or interim Medicare Card.
- ☐ Debit or credit card issued by an Australian financial institution containing the customer's full name.
- ☐ Bank statement issued by an Australian financial institution within the last 12 months.
- ☐ Photo identification card issued to a student at an Australian Higher Education Institution (University or TAFE).
- ☐ Australian Defence Force Identification Card.
- ☐ Australian Firearms Licence.
- ☐ Rental or Lease Agreement showing name and address at which a customer lives or carries out business in Australia.
- ☐ Australian Gaming Licence.
- ☐ Australian Health Card issued by the Department of Veteran Affairs.
- ☐ Australian ImmiCard issued by the Department of Immigration and Border Protection.
- ☐ Interim driver's licence along with the expired driver's licence issued by an Australian State or Territory where the customer is renewing their driver's licence and the interim driver's licence contains all of the details that normally appear on a driver's licence.

'D' Documents – (Special Cases)

- ☐ Recent arrival in Australia from New Zealand:
 - A Passport issued by New Zealand Government which includes the photograph and signature of the person to which it was issued.
 - The passport holder must present proof of arrival confirming that they have not been in Australia greater than 6 weeks (e.g. date stamp in passport, boarding pass or flight itinerary).
 - If the passport holder has been in Australia greater than 6 weeks, this document must be supported by an A, B or C document.
- ☐ Recent arrival in Australia all other countries (arriving in Australia within the past 6 weeks) must present proof of arrival confirming that they have not been in Australia greater than 6 weeks (e.g. date stamp in passport, boarding pass or flight itinerary).

Verification Requirements

Originals for verification	<ul style="list-style-type: none">• A photocopy of each original or a photocopy that has been certified (by one of the permissible certifier categories) as a true and accurate copy of the original document must be obtained.• Where information is recorded on the reverse of a piece of identification (e.g. an address on the reverse of a driver's licence), both sides of the identification must be photocopied.
Confirm sighting documents	<ul style="list-style-type: none">• Brokers must confirm that they have sighted the original or original certified identification documents as per BOQ Identification Procedures.• Sighting of uncertified copies of identification documents is not accepted.
Current documents only	<ul style="list-style-type: none">• All documents must be current when the customer presents them as proof of identification. Expired documents are not acceptable (other than an Australian passport which may be expired by up to 2 years).
Name changes	<ul style="list-style-type: none">• Customers requesting to change their surname (e.g. as a result of marriage or name change) must present an original or certified copy of a certificate (e.g. marriage certificate, change of name certificate) issued by Births, Deaths and Marriages department (ceremonial wedding certificates are unacceptable). A change of surname as a result of divorce may be verified by Certificate of Divorce which is issued by the Australian Family Law Court.
Verification of information	<ul style="list-style-type: none">• Customers' information provided must be verified to ensure identification details on each document are consistent i.e. name, date of birth and address are the same on all identification documents provided by the customer.• All foreign documents must be written in English or be accompanied by an English translation prepared by an accredited translator.

Application of these procedures

The procedures apply in relation to Bank of Queensland Limited (BOQ) and appointed Mortgage Aggregators, their accredited Mortgage Brokers and their credit representatives for the purpose of the provision of mortgage broking services.

BOQ reserves the right to change these guidelines from time to time or request further identification material be provided by the Mortgage Broker acting as BOQ's agent for customer identification purposes.

Introduction

Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006

The AML/CTF Act (the Act) and AML/CTF Rules (the Rules) impose a number of obligations as detailed in Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (the Rules) impose a number of obligations on businesses and/or individuals offering designated services (as defined under the Act) that could be exploited for money laundering and terrorism financing (ML/TF). A business who offers a designated service is considered a 'reporting entity' under the AML/CTF Act.

BOQ is a reporting entity under the Act. BOQ has in place an AML/CTF Program describing how we will comply with our various AML/CTF obligations to identify, mitigate and manage the money laundering and terrorism financing risk BOQ may reasonably face in the course of doing business.

What is Money Laundering

Money laundering is the process by which criminals attempt to disguise the true origin and ownership of the proceeds of criminal activities, thereby avoiding prosecution by making the funds appear to have come from a genuine or legal source.

Generally there are three stages to money laundering;

Placement is the first stage of money laundering in which illegal funds or assets are first brought into the financial system. When illegal funds are placed in the financial system, they become more liquid; once cash is deposited into a bank account, it becomes easier to transfer and manipulate. Placement is the stage at which money laundering is most likely to be identified, because the money is still "dirty" and therefore easier to trace back to its original source.

Layering – the 'placed' funds are distanced from their illegal origin by moving and disguising them. Money launderers use many different techniques to layer funds, including transferring funds through multiple banks or overseas. At this stage in the money laundering process the money is becoming "cleaner" and gaining the appearance of legitimacy

The final stage of money laundering is integration. At this stage the illegal money has achieved the guise of legitimacy and the laundered funds are made available to promote the criminal's lifestyle, invest in legitimate investments, or fund future illegal activities.

Terrorism Financing

Terrorism financing provides funds for terrorist activity. It may involve funds raised from legitimate sources, such as personal donations and profits from charitable organisations, as well as funds from criminal sources. Money laundering and terrorism financing are addressed together due to their identification via financial transactions. Whereas money laundering involves the proceeds of crime, terrorism financing often takes legitimate money and puts it into the hands of terrorist organisations to fund their activities.

Terrorism financing follows a similar 3-step process to money laundering, however the layering that takes place is intended to obscure the destination of the funds, as opposed to the source.



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Procedures

Appointment as Agent

BOQ appoints its accredited aggregators and mortgage brokers as agents for customer identification purposes. Where a broker assists BOQ in the customer identification process, the broker will be appointed as an agent of BOQ for the sole purpose of conducting identification checks and performing 'Know Your Customer' obligations on behalf of BOQ (and any other AML/CTF obligations) as required in this Procedure.

Customer Identification

Customer identification consists of two elements;

- Collection of identity information; and
- Verification of identity information.

The procedures set out in this guideline outline the collection of customer identity information for all new customers and beneficial owners of companies and trusts involved in the application. They also include the collection of identity information for guarantors involved in the application.

The procedures must enable BOQ to:

- be reasonably satisfied that a customer is who they claim to be;
- establish whether and to what extent any additional "know your customer" information needs to be collected and/or verified;
- respond to discrepancies which may arise when verifying information about a customer.

BOQ's Customer Identification procedures set out the identification requirements for domestic and foreign individuals.

Any exception to the requirements in these guidelines may be relied upon only by prior written confirmation from BOQ.

AML/CTF Awareness Training

All agents will be required to complete initial and ongoing AML/CTF Training. There are a number of options available to agents to comply with this requirement, including but not limited to:

- Completing training offered by the Mortgage and Finance Association of Australia (MFAA);
- Completing training offered by the Finance Brokers Association of Australia (FBAA);
- Completing AUSTRAC online e-learning; and/or
- Reading and acknowledging that they understand and will comply with this guideline.

Suspicious Matter Reporting

BOQ is required under the AML/CTF Act to report to AUSTRAC any matters considered suspicious for the purposes of ML/TF, with substantial penalties applying for failure to do so.

Agents of BOQ have an obligation to alert BOQ if a suspicion is formed during the course of undertaking customer identification as agent of BOQ that:

- the customer is not who they claim to be;
- an agent of the customer is not who they claim to be; or
- BOQ's agent has information regarding a customer that may be relevant to:- evasion, or an attempted evasion, of a taxation law; or the commission of an offence connected to financing terrorism, money laundering, operating under a false identity or any other offence under a Commonwealth, State or Territory Law.



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Circumstances that might give rise to a ‘suspicion’ include (but are not limited to):

- a customer/non-customer asks about BOQ’s AML/CTF reporting procedures;
- identification documents provided do not appear authentic;
- customer actions have no economic rationale;
- the customer is known to be allegedly involved in illegal activity; or
- the customer gives conflicting information or changes information when questioned.

Typical Customer Behaviours

- Attempts to avoid providing information upon account opening or is only able to provide incomplete information.
- Customer has unusual knowledge of, or asks a lot of questions about reporting obligations or internal controls and processes.
- Customer gives conflicting information or changes information when questioned.
- Customer’s employment details are vague, the customer is reluctant to provide information, or stated occupation or source of wealth does not correspond with the type of transactions conducted.
- Customer refuses to provide identification or provides fake identification.
- Customers arrive at premises as a group but appear to ignore each other and conduct separate transactions once inside.
- One individual accompanies multiple seemingly unrelated customers at different times to assist with their financial transactions.
- Operating a business account under a name that is the same as (or similar to) that used by listed entities in Australia and overseas.
- Customers having complete disregard for fees or costs associated with transactions/products.

General Indicators of Suspicious Activity

- Customer appears nervous, uncomfortable or becomes irate when questioned over financial transactions
- Customer is known to be allegedly involved in illegal activity i.e. from media.
- Cash deposits have an unusual appearance or smell.
- Customer attending/loitering in branch with no commitment to opening a product.
- Customer uses a large number of similar addresses, collective addresses or letterboxes.

Escalation of suspicious matters

If you (as an agent of BOQ) form a suspicion you must report that suspicion immediately to BOQ. You may do this by contacting your BDM or contacting BOQ’s Compliance team directly.

BOQ will then ask you to complete a ‘Suspicious Matter Report’ and return to BOQ. It is your responsibility to complete this document.

This document must be completed and returned by no later than close of business on the day you form your suspicion.

Offences and Tipping Off

If you (as an agent of BOQ), your employees, or any of your sub-agents form a suspicion or report a suspicious matter to BOQ, you must not disclose that suspicion to anyone else. It is an offence to disclose information to another person that may lead the person to infer that a suspicious matter report has been made.

If you are unsure as to how to respond to any customers you raised a suspicion on, please request assistance from BOQ and/or your aggregator’s Compliance team.

Record keeping obligations

The AML/CTF Act requires 'records or copies of records' relating to customer identification to be retained by BOQ; these copies can be photocopies or electronic copies. It is the responsibility of the agent to adhere to BOQ's record keeping requirements and policies.

All agents are required to collect, copy, record and verify the relevant customer identification documents on the respective form provided.

Collection and verification of customer information

These standards only provide generic requirements and principles in regards to the collection and verification processes and procedures for new BOQ customers, as well as existing BOQ customers where a new designated service is being provided eg. a new loan.

General principles to be observed in the collection and verification of information

The following general principles apply when collecting and verifying customer information in line with these standards:

Document retention – Documents that are used in the identification process should be retained. BOQ may require these documents to be provided to us.

The verification of customer information needs to be performed via documents from an independent and reliable source. In order to maintain consistency and transparency only approved sources can be used to verify obtained information.

Further consideration should be given to the following:

- **Validity of documents** – when accepting identification documents face-to-face or via certified copy, all reasonable endeavours must be made to ensure the validity of the documents.
- **Tampered/fraudulent documents** – a suspicion that a document is tampered with or is not genuine should be reported to the appropriate BOQ representative by way of a suspicious matter alert.
- **Discrepancies** – escalation procedures should be in place and aligned with BOQ standards, to investigate any discrepancies that arise when verifying customer information.
- **Currency** – All documents must be current when the customer presents them as proof of identification. Expired documents are not acceptable, except in the case of an Australian Passport which is expired by no more than two years.

Specific principles to be observed in the collection of information

This is the action or process of collecting customer identification information or additional customer information. The AML/CTF Act prescribes that customer information needs to be obtained from the customer (collected). To evidence collection of customer information, brokers should record the identification details in ApplyOnline and also select the appropriate method of interview.

Specific principles to be observed in the verification of information

As part of the identification process, the AML/CTF Act requires information collected (such as in the application form / ApplyOnline) to be verified to ensure the information collected is true and correct.

You may verify information collected only through:

- sighting original or certified copies of documents from an independent and reliable source (note that copies of certified copies are not acceptable); and
- confirming to BOQ that you sighted the original or certified copies.

Where certified copies have been provided by mail, rather than directly received from the customer, and the customer interview is being conducted via video conferencing technology, it is also a requirement of BOQ that the agent is in possession of the certified copies prior to the interview. The agent must provide a screenshot of the customer during interview, displaying the customer face and the original photo identification that was certified. The agent must also record the interview date and time on the certified identification form. These should be included as supporting documents.

Enhanced AML/CTF Procedures

From time to time BOQ's AML/CTF procedures may require us to obtain additional information for particular customers who display heightened ML/TF risk characteristics. In these circumstances additional information will be requested and must be provided prior to unconditional approval of the application.

Name Changes

Customers requesting to change their surname (e.g. as a result of marriage or name change) must present an original or certified copy of a certificate (e.g. marriage certificate, change of name certificate) issued by Births, Deaths and Marriages department (ceremonial wedding certificates are unacceptable).

A change of surname as a result of divorce may be verified by Certificate of Divorce which is issued by the Australian Family Law Court.

Permissible certifier categories

The below list sets out accepted domestic certifier categories. Note that the relevant person must be currently working in the relevant capacity:

- A person who is enrolled on the roll of a Supreme Court of an Australian State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge of an Australian court
- A magistrate of an Australian court
- A chief executive officer of a Commonwealth Court
- A registrar or deputy registrar of an Australian court
- An Australian registered Justice of the Peace or Commissioner for Declarations
- A police officer with an Australian Police Force
- An agent of the Australian Postal Corporation who is in charge of an office supplying postal service to the public
- An officer with two (2) or more continuous years of service with one or more Australian Financial Services Licensees
- An Australian registered notary public (for purpose of the Statutory Declaration Regulations, 1993)
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the
- Australian National Institute of Accountants with two (2) or more years of continuous membership

The relevant certifier is required to certify a copy by attaching the following details:

- Full name
- Business Address and phone number
- Signature
- Date
- Include a statement "I certify that I have seen the original documentation and that this photocopy is a true likeness, complete and accurate copy of that original".