

# GOVERNMENT DEPOSIT GUARANTEE

TERMS AND CONDITIONS

AND

SUPPLEMENTARY PRODUCT  
DISCLOSURE STATEMENT

*This document, dated 29 May 2009, amends and supplements the following documents and must be read in conjunction and together with those documents:*

- *Deposit Products Terms and Conditions;*
- *Business Transaction and Investment Accounts Terms and Conditions;*
- *Treasury Deposit Facilities Product Disclosure Statement*
- *Money Market Deposit Accounts Product Disclosure Statement; and*
- *Foreign Currency Account Facilities Product Disclosure Statement.*

*Product Issuer:  
Bank of Queensland Limited  
ABN 32 009 656 740  
AFSL 244616*

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## 1. INTRODUCTION

To promote financial system stability, the Government has introduced the Schemes which will jointly operate to ensure that:

- your deposits (up to \$1 million) are paid to you by APRA in circumstances where a bank (such as us) is to be wound up; and
- you have the benefit of a government guarantee applying to your deposits above \$1 million.

The Guarantee Scheme commenced on 12 October 2008 and will operate initially for 3 years until 11 October 2011, after which the Government will reconsider its continued operation.

The Scheme contain features and variables that may require refinement or adjustment in light of market developments and changes. Accordingly we reserve the right to make changes to this document at our absolute discretion. We will tell you of changes to this document in accordance with the law and any code to which we subscribe. Details about how we will let you know of changes are detailed in the Terms and Conditions.

## 2. HOW DOES THE SCHEME WORK?

### 2.1 What does the Scheme cover?

Under the Financial Claim Scheme, APRA will have an obligation to pay to you, up to the Threshold:

1. the balance of all your Protected Accounts adjusted for transactions that have not been processed as at the date of the declaration; and
2. the interest (if any) accrued but not credited to you in connection with a Protected Account before the date of the declaration.

This will apply in the event that the Government makes a declaration under the Act following an application by APRA for us to be wound up

Under the Guarantee Scheme, the Government has entered into a deed of guaranteed which obliges the Government to pay you your deposits above the Threshold that you have nominated to be covered under the relevant form and paid the appropriate fee on.

### 2.2 Operation of the Threshold

Where the total Net Credit Balance of all of your Protected Accounts with a single authorised deposit taking institution is equal to or less than the Threshold, the total Net Credit Balance of your Protected Accounts with that institution will be covered under the Financial Claim Scheme automatically without any further fee applying or any need for you to do anything further.

From 28 November 2008, if the total Net Credit Balance of all of your Protected Accounts with a single institution is greater than the Threshold, a fee is payable to the Government should you wish for the amount above the Threshold to be guaranteed under the Guarantee Scheme.

*For example:*

*If you have 2 accounts with us, one with a balance of \$800,000 and another with a balance of \$700,000, you will have a total Net Credit Balance of \$1.5 million, \$1 million of which would be covered under the Financial Claim Scheme automatically without any cost to you.*

*Should you wish to have your balance above \$1 million also guaranteed under the Guarantee Scheme, you will need to elect for \$500,000 to be covered by completing the relevant form and paying the appropriate fee.*

If your Account (or one of your Accounts) is a Trust Account, please refer to clause 2.3 on how the Adjusted Threshold applies to you.

### 2.3 **Fee waiver and Adjusted Threshold applying to Trust Accounts**

From 16 April 2009, the Government exercised a discretion to waive the payment of any fee for statutory trust accounts. Accordingly all account balances held in the following Trust Accounts will be guaranteed by the Government under the Guarantee Scheme without having to make a specific election:

#### **Trust Accounts**

##### Australian Capital Territory

- ACT Agents Trust Account
- ACT Solicitor Trust Account

##### New South Wales

- NSW Agents Trust Account
- NSW Solicitor Trust Account

##### Northern Territory

- NT Agents Trust Account

##### Queensland

- QLD PAMD Trust Account (QLD Property Agents and Motor Dealers Trust Account)
- QLD Solicitor Trust Account
- QLD Special Trust Account

##### Victoria

- VIC Agents Trust Account
- VIC Solicitor Trust Account

##### Western Australia

- WA REBA Trust Account
- WA Settlement Account
- WA Solicitor Trust Account
- WA Tenancy Bond Account

##### Tasmania

- TAS Agents Trust Account
- TAS Solicitor Trust Account

##### South Australia

- SA Agents Trust Account
- SA Solicitor Trust Account

If you have more than one Account, and one of your Accounts is a Trust Account, then the threshold available to you will be adjusted to take into account the waiver of fees for Trust Accounts. Total Net Credit Balance in your other Accounts above the Adjusted Threshold amount will not be guaranteed by the Government under the Guarantee Scheme unless the appropriate fee is paid.

To calculate the Adjusted Threshold, the following formula will be used.

$$\text{Adjusted threshold} = \frac{\$1 \text{ million}}{\text{AA}} \times (\text{AA} - \text{TA})$$

Where:

AA: is the total number of Accounts held by the Entity; and

TA: is the total number of Trust Account held by the Entity

For example:

*If you have a Trust Account and 3 other Accounts, your Adjusted Threshold will be calculated as follows:*

$$\begin{aligned} \text{Adjusted threshold} &= \frac{\$1 \text{ million}}{4} \times (4 - 1) \\ &= \$250,000 \times 3 \\ &= \$750,000 \end{aligned}$$

## 2.4 Scope of the cover under the Scheme

The Scheme applies to all Protected Accounts held by you with us to the extent that you are the same Entity.

*For example:*

### Example 1

*If you have 2 accounts with us:*

- one is in your own personal name or a company name; and
- the other is in your name or company name as trustee for a family trust, these accounts will be considered to be held by 2 entities, with each entity's Protected Account being covered under the Financial Claim Scheme up to and including \$1 million without any fee being payable.

### Example 2

*If you have 2 accounts with us, one is in your own personal name and the other is a joint account with you being a joint account holder, your total Net Credit Balance of your Protected Accounts will be the balance of the account in your name only plus half (½) of the balance of the joint account.*

*Note: these examples are not intended to constitute financial or taxation advice and you should consult an independent financial or tax advisor to discuss your circumstances.*

Maximum cover under the Scheme is limited to the total Net Credit Balance that you have in your Protected Accounts. The Government will not have an obligation to pay more than your total Net Credit Balance even if you have nominated an amount which results in cover beyond your total Net Credit Balance of your Protected Accounts.

For example, If you have a total Net Credit Balance of \$1.2 million in your Protected Accounts, but elect for an additional \$500,000 to be covered under the Guarantee Scheme, the Government will only have an obligation to pay to you \$1 million under the Financial Claim Scheme and \$200,000 under the Guarantee Scheme (ie a total of \$1.2 million) even though you have applied for cover for a total of \$1.5 million.

### **3. WHAT ACCOUNTS ARE PROTECTED?**

#### **3.1 Protected Accounts**

The Scheme will cover Protected Accounts which you have with us and will include any of the accounts listed in clause 3.2.

You do not need to nominate which accounts you want covered under the Scheme, as the Scheme will automatically apply to all Protected Accounts.

#### **3.2 Products included as Protected Accounts**

##### **Personal Deposit Products**

- Bonus Interest Savings Account
- Cash Management Account
- Mortgage Offset Account
- Pension Plus Account
- Premier Investment Account
- Reverse Charges Account
- Ultimate Account
- WebSavings Account
- Choice Account
- Easy Investment Account

##### **Business Transaction and Investment Accounts**

- Everyday Business Account
- Business Cheque Account
- Business Management Account
- Business Investment Account
- Business WebSavings Account
- Farm Management Deposit Account
- Premier Investment Account
- Trust Accounts
- Easy Investment Account
- Unlimited Business Account

##### **Treasury products**

- Money Market At-Call Treasury Deposit
- Money Market Fixed Term Treasury Deposit
- Money Market Fixed Term Floating Rate Deposit
- Foreign Currency Account
- Foreign Currency Deposit

##### **Other Products**

- Money Market At-Call Deposit Account (managed by DDHGL )
- Money Market Fixed Term Deposit Account (managed by DDHGL)

### **4. APPLICATION OF THE SCHEME OVER THE THRESHOLD**

#### **4.1 Election**

You can elect for the total Net Credit Balance of your Protected Accounts with us above the Threshold, or Adjusted Threshold (as applicable), to be covered under the Guarantee Scheme by completing the applicable form.

It is important for you to carefully and accurately complete the form. Total Net Credit Balances above the Threshold, or the Adjusted Threshold may not be covered under the Guarantee Scheme if you make errors in completing the form.

You do not need to make an election if you:

1. do not have and do not anticipate having a total Net Credit Balance in your Protected Accounts of greater than the Threshold; or
2. you have a total Net Credit Balance in your Protected Accounts over the Threshold, or Adjusted Threshold, but do not require the Guarantee Scheme to apply to those balances; or
3. the only Protected Account you have is a Trust Account listed in paragraph 2.3.

#### 4.2 **Completion of the form**

It is important that you properly complete the form. Failure to properly complete the form may result in failure of the Scheme to be extended to the level of cover you have nominated. You can complete the form by visiting your local branch.

If you have a Money Market Deposit Account that is managed by DDHGL, you can obtain a form from your financial advisor or from DDHGL directly by calling 07 3229 6133

You should pay particular attention to the following when completing the form:

##### 1. **Entity which the election applies to**

The form is only applicable for one Entity. You will need to complete a separate form for any other Entity which you wish to nominate a level of cover for.

*For example:*

###### Example 1

*If you have 1 account in the name of a company with a balance of \$1.5 million and 1 account in the name of that same company as trustee of a family trust with a balance of \$3 million, and you want all amounts to be covered under the Schemes, you will need to:*

- (a) complete one form nominating the Entity as the company and insert \$500,000 (being the amount above \$1 million) which you want cover for; and*
- (b) complete another form nominating the Entity as the company as trustee of the family trust and insert \$2 million (being the amount above \$1 million) which you want cover for.*

###### Example 2

*You have a joint account with another joint account holder that has a balance of \$3 million. In this case you and the joint account holder are considered to have \$1.5 million each. If you and the joint account holder want all amounts in the account to be covered under the Schemes, you will need to:*

- (a) complete one form nominating you as the Entity and insert \$500,000 (being the portion of your share of the joint account above \$1 million) which you want cover for; and*
- (b) have the joint account holder complete another form nominating that joint account holder as the Entity and inserting \$500,000 (being the portion of*

*that joint account holder's share of the joint account above \$1 million) which they want cover for.*

*Note: these examples are not intended to constitute financial or taxation advice and you should consult an independent financial or tax advisor to discuss your circumstances.*

## **2. The amount to be nominated**

It is your responsibility to ensure that the level of cover which you nominate is appropriate for your circumstances. We recommend that you seek independent financial or taxation advice in determining the amount you wish to be covered for under the Scheme.

If you have deposits in foreign currency, the value of these deposits in Australian Dollar terms will fluctuate with movements in the exchange rate for that currency relative to the Australian dollar.

In deciding on an amount to nominate you need to take into account movements in the exchange rate and nominate an amount suitable for your needs. We will not monitor exchange rate movements, nor will we adjust your level of cover automatically.

### **4.3 When can you make an election?**

You can make the election at any time. So you do not need to make an election now and can wait until your circumstances change or are about to change.

It is important that you consider when an election becomes effective (clause 4.4) and also the fees applicable to the cover and when they will apply.

You can also elect to cancel your cover or change the level of cover at any time by completing the appropriate form. You should refer to clause 4.5 regarding when an election to cancel or change the level of cover becomes effective.

### **4.4 When is an election effective?**

An election is effective on the next Bank Business Day after a properly completed and signed form is received by us. We will not be able to process incomplete or incorrectly completed forms.

The form must be lodged at your local branch by 4.00 p.m. Australian Eastern Standard Time for your cover to commence on the next Bank Business Day.

All forms received after 4.00 p.m. will be deemed to be received on the next Bank Business Day and your cover will commence on the next Bank Business Day following.

We will send you a confirmation certificate within 5 Bank Business Days of your cover being effective.

### **4.5 Coverage under the Scheme**

Cover under the Guarantee Scheme operates on a month to month basis. Specifically:

1. An election will be effective as set out in clause 4.4, and it will continue at the level of cover nominated on a monthly rolling basis on the first day of each month following the election.
2. An election to cancel or change the level of cover will only be effective on the on the first day of the month following that election.

## 5. APPLICABLE FEE

### 5.1 Applicable fee

The fee applicable for cover under the Guarantee Scheme is:

Annual deposit guarantee fee	1.5% p.a. of the nominated amount.
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For example: If you have a total Net Credit Balance of \$1,200,000 and you wish to nominate the full amount above the Threshold to be covered, a fee of \$3,000 p.a. will be payable, calculated as follows:

$$\begin{aligned} \text{Annual deposit guarantee fee} &= \$200,000 \times 1.5\% \\ &= \$3,000.00 \end{aligned}$$

### 5.2 How is the fee applied?

The fee is payable monthly in advance, with the first payment to be made at the time you lodge the form with us. The fee will then be payable on the 2<sup>nd</sup> Bank Business Day of each month following lodgement.

The amount payable as the first payment will be a pro-rated amount based on the number of days remaining in the month in which your cover became effective. Thereafter the amount payable on the 2<sup>nd</sup> Bank Business Day of each following month will be a pro-rated amount based on the number of months in a year.

For example: If you applied for \$200,000 cover on 8 December 2008 (which is effective on 9 December 2008), the annual deposit guarantee fee will be payable as follows:

$$\begin{aligned} \text{First payment} &= [(cover\ selected \times 1.5\%) / 365] \times (number\ of\ days\ remaining\ in\ the\ month) \\ &= (\$200,000 \times 1.5\%) / 365 \times 23 \\ &= \$189.04 \end{aligned}$$

$$\begin{aligned} \text{Monthly payment} &= (cover\ selected \times 1.5\%) / 12 \\ &= (\$200,000 \times 1.5\%) / 12 \\ &= \$250.00 \end{aligned}$$

You can nominate the account which you wish the fee to be debited to on a monthly basis, or alternatively you can establish a direct debit from an account with another financial institution if this is more appropriate. You must make this nomination at the time that you lodge the form with us.

### 5.3 Failure to pay the fee

It is your responsibility to ensure that you pay the fee on time or have sufficient funds in the account that you have nominated for the fee to be debited to.

Should you fail to pay the fee in full when due, your cover under the Scheme will lapse. Cover under the Scheme will not be able to be re-established until:

- the following month; and
- payment of the monthly amount of the fee is received.

Should you fail to pay the fee in respect of 3 consecutive monthly periods, your election will no longer be valid and you will need to complete a new form should you wish to re-establish cover under the Scheme.

## 6 FURTHER INFORMATION

If you require further information about the deposit guarantee, you should contact your local branch.

### DEFINITIONS & INTERPRETATIONS

Capitalised terms which are not defined above have the meaning in the Terms and Conditions.

Reference to dollars (\$) in this document is a reference to Australian Dollars.

**Act** means the *Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Act 2008*.

**Adjusted Threshold** means such amount as determined in accordance with clause 2.3, above which the Guarantee Scheme does not apply unless a fee, calculated in accordance with clause 5, is paid to the Government. The Adjusted Threshold will apply if one of your Accounts is a Trust Account.

**APRA** means the Australian Prudential Regulation Authority.

**DDHGL** means DDH Graham Limited ACN 010 639 219

**Entity** means entity as that term is defined under s.960-100 of the *Income Tax Assessment Act 1997*.

**Financial Claim Scheme** means the scheme established under the Act

**Government** means the federal government of Australia.

**Guarantee Scheme** means the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding.

**Net Credit Balance** means net credit balance as that term is defined in the Act.

**Protected Account** means a protected account, as that term is defined in the Act, and includes all accounts and deposits with us listed in clause 3.2.

**Scheme** means the Financial Claim Scheme and the Guarantee Scheme.

**Terms and Conditions** mean the:

- Deposit Products Terms and Conditions;
  - Business Transaction and Investment Accounts Terms and Conditions;
  - Treasury Deposit Facilities Product Disclosure Statement;
  - Money Market Deposit Account Product Disclosure Statement; or
  - Foreign Currency Account Facilities Product Disclosure Statement
- or all of the documents as the case may be.

**Threshold** means such amount above which the Guarantee Scheme does not apply unless a fee, calculated in accordance with clause 5, is paid to the Government. The Threshold is currently set under the Guarantee Scheme rules at \$1 million.