

PRODUCT FACT SHEET (PFS): FARM MANAGEMENT DEPOSIT ACCOUNT (FMD, S16)

Product issuer	<p>Northern Inland Credit Union Ltd ABN 36 087 650 422 AFSL 235022 Australian credit license 235022 Web: www.nicu.com.au Fax: 6766 5535 Tel: 1300 656581 Email: info@nicu.com.au PhoneTeller: 1300 656428 Calling NICU from overseas: 612 6763 5111 Lost/stolen cards: BH-1300 656581 AH- 1800224004 or 02 99597480 Overseas (VISA international): collect 410-581-9994 or 410-581-3836</p> <p>Head office: 481 Peel Street, Tamworth 2340 (fax: 6766 5535) Mail: PO Box 652, Tamworth 2340. Branches: •142 Bridge Street, Tamworth 2340 (fax: 6765 5998) • 73 Maitland Street, Narrabri 2390 (fax: 6792 3296) • 252 Conadilly Street, Gunnedah 2380 (fax: 6742 2300) Branch hours - Mon/Wed/Thurs/Fri: 9.00 am to 5.00 pm; Tues 9.30 am to 5.00 pm (from 14.02.2012)</p>
Definition	<p>Associated entity: with whom we conduct business to provide a product/service. Direct credit: electronic transfer of funds from a Supplier's account to your Account. Supplier: third party who can make a direct credit to your account. We/our/us/NICU: Northern Inland Credit Union Limited. You/your: Member/account holder.</p>
Benefits	<p>Provides tax benefits to even out the seasons. Eligibility criteria applies: individual Memberships and primary producers only. You can hold more than one FMD at the one time with more than one financial institution. For commercial use. NICU is an authorised deposit taking institution under the <u>Banking Act 1959</u>.</p>
Risks & restrictions	<p>The FMD has requirements under income tax legislation including eligibility and reporting to Department of Agriculture, Fisheries & Forestry Australia. Minimum 12 month deposit term of at least \$1,000 and no more than \$400,000 of the original deposit must be made before any funds are redeemed without tax implication. Read the mandatory statement. Seek advice from your accountant/ financial adviser before deciding if this product suits you. We may vary availability of accounts and account balance limits from time to time.</p>
FCS	<p>We are regulated by ASIC and APRA. No significant risks apply to this product. Funds deposited are repayable on demand. This account is eligible for Financial Claims Scheme (FCS) protection. From 1 February 2012 access to the FCS is limited to \$250,000 per depositor per banking institution. Transitional arrangements apply for some term deposit accounts. See www.apra.gov.au.</p>
Mandatory statement	<p>Purpose of FMD Scheme: allows primary producers with a taxable non-primary production income of not over \$65,000 to shift before-tax income from years when they need it least to years when it is most needed, to help manage their exposure to adverse economic events and seasonal fluctuations. Eligibility criteria applies to primary producers under the scheme. Tax consequences of FMDs: the scheme allows primary producers to deduct the amount of any FMD held from their assessable income for the income year in which the deposit is made. The amount of the deductions cannot exceed the owner's taxable primary production income for the year. Under the Pay As You Go system, owners may reduce their instalment income for an instalment period by the amount of FMDs made during that period. The reduction is limited to the amount the owners can reasonably expect to deduct for the deposit for the income year in which the deposit is made. The instalment income for the period cannot be reduced below nil. When an owner withdraws funds from a FMD in an instalment period, the instalment income of the period includes the amount of the withdrawal. But the owner's instalment income will only include so much of the withdrawal as will be included in the owner's assessable income for the income year in which the withdrawal is made. If the owner's tax file number has not been quoted to the financial institution that holds the deposit, the amount withdrawn is subject to withholding tax (46.5%). Important Requirements for FMDs: some are summarised here; others are set out in the <u>Income Tax Assessment Act 1936</u>. A breach of some requirements results in the deposit not being treated as a FMD: tax benefits will be lost. The deposit owner must be a primary producer when the deposit is made. The deposit must be made by only one person and on behalf of only one person. The deposit must be at least \$1,000 and not more than \$400,000 at any time in any year of income. A person can own more than one FMD with more than one financial institution, and must not total more than \$400,000. Rights of the depositor are not, and must not be, transferable to another person. The deposit must not be used as security for any amount owed to the financial institution or any other person by the depositor or any other person. The deposit must not be used, as a mortgage offset account or otherwise, to reduce the depositor's liability to pay interest on other debts to the financial institution. Interest or other earnings on the deposit must not be reinvested as a FMD with the financial institution without having first been paid to the depositor. If the depositor requests, the financial institution must electronically transfer the deposit to another financial institution that agrees to accept it as a FMD. The financial institution must not deduct any fees from the principal of a FMD. However, it may charge fees on the deposit. Repayment of FMDs: The tax benefits are not retained for deposit amounts withdrawn in the first 12 months after the deposit was made, unless the withdrawal is made: (a)in exceptional circumstances and the deposit was made before the declaration of exceptional circumstances; (b)because the owner: (i)dies, or (ii)becomes bankrupt; or (iii)ceases to be a primary producer for 120 days or more; or (iv)has requested the deposit to be transferred to another financial institution. The amount of any repayment of the deposit must be at least \$1,000, except where the entire amount of the deposit is repaid. In relation to (a), note early access in the event of a natural disaster applies retrospectively from 1 July 2010 for FMDs deposited prior to the holder accessing recovery assistance under a Natural Disaster Relief and Recovery Arrangements primary producer Category C measure.</p>
Access	<p>Access account information by: PhoneTeller/NetTeller inquiry. Redemption is by corporate cheque or external electronic transfer by NICU. Ask for a PFS for the relevant payment service.</p>
Withdrawals, Overdrawn, combination accounts	<p>Redemption by corporate cheque or external electronic transfer by NICU. Generally you can arrange redemption in accordance with legislative/regulatory requirements at any time. If you withdraw part of the deposit within 12 months, any amount continues to derive a tax benefit for a deduction provided: (a)it remains in the account for at least 12 months and (b)the residual amount does not fall below \$1,000. Special Conditions and Exceptional Circumstances may affect tax benefits derived as determined by Australian Taxation Office from time to time. The FMD must not be overdrawn. Any fees are debited from your primary NICU savings account; see that PFS. The FMD is not used for combining accounts or sweep service. We may delay/block/freeze a transaction/account if we reasonably believe it breaches the law, threatens security or creates risk. You agree we incur no liability if we take such action. You indemnify us against any loss we suffer as a result of taking such action. You agree to give us additional information to allow compliance with anti money laundering and other legislation.</p>
Interest	<p>4.41% pa. Interest is calculated daily on the daily closing balance multiplied by the annual interest rate. This figure is then multiplied by the number of days in the quarter, divided by 365. Interest rate is reviewed quarterly and set at the 90 day bank bill rate. Interest is paid quarterly to your On Call Savings or other NICU primary account. Rates subject to change. The Interest Rates update sheet lists all products.</p>

Characteristics	Fees & charges	Fees & charges are deducted from your primary NICU account. For transaction fees relating to payment services, see the PFS for that service. We debit your primary savings account for any fees and any government/third party charges incurred. Some fees may be rebated. See PFS Fees & Charges/Member Loyalty Program. Counter cheque: \$2.50 ; Manual electronic payment & external periodical payment: \$2.50 ; Cheque deposit per cheque: \$1 ; Optional monthly/quarterly account statements: \$1 ; Dishonour fee on cheque deposit: \$6 ;
		Dormant accounts 2 yrs & older annual fee: \$10 ; Document retrieval: electronic \$0.50 per page , all other documents \$30 per hour.
Characteristics	Cheque deposits	Cheques deposited are credited conditionally, and are debited if cheque is not paid. Credited amount is available when cheque clears. Cheques deposited must be in account holder's name. No stale cheques (15 months or older) may be deposited. Interest on dishonoured deposited cheques is reversed.
Characteristics	Joint account & Authority to operate	The FMD cannot be held jointly. You may authorise a person (signatory) to operate on your account. If two or more signatures are needed to operate the account, all signatories must change authority to operate instructions (eg reversion to either to sign) in writing. Some facilities may not be available. Your signatory has access to all savings and investment accounts under your Membership. You are liable for debits, credits, fees, charges & interest incurred on the account by the signatory. Your authority is in force until we process your written cancellation or get written notification of your death. Your signatory's identity must be verified before we accept your authority. We are not liable for any damage/loss caused by any authority you issue, or delay in processing your cancellation of authority. You authorise us to freeze such accounts for such time as we deem necessary. In cancelling an authority, request cancellation of the signatory's codes & electronic addresses for receipts.
	Direct credit	To establish a FMD by direct credit you must give correct Membership/account information Suppliers. We determine the order of payments made. We are not liable to you or any other person should we fail or refuse to make a payment. To change your nominated savings account or to stop a payment, give us written notice 3 working days before the payment is due. The Supplier may require your written authorisation to commence making a payment. We may refuse deposits from a Supplier who is not registered in the Direct Entry Scheme with a current supplier number. The Supplier must provide sufficient funds to us to credit your account and comply with conditions we may impose. We may reverse a direct credit if instructed to do so by the Supplier via their financial institution or if the credit has been in error.
	ID	To comply with federal law we confirm your identity to: open an account, be made a signatory or process a transaction. For more information, ask us for a brochure.
	Tax	Under <u>Income Tax Assessment Act 1997</u> tax is payable on interest earned on deposited monies. Supply your Tax File Number (TFN) or exemption or we must deduct withholding tax from interest earned at the highest marginal rate. If you disclose your TFN you still need to disclose any interest earned in your tax return.
Characteristics	Variations to interest, fees, charges, terms & conditions	We may change these terms & conditions, interest rate, interest calculation method, interest payment frequency and amount of fee/charge that applies to any of our products/services. If there is a change: a)if the change is one that results in a reduction in your obligations – we will notify you in our next contact with you after the change takes place. For all other changes we will notify you: b)in writing at least 30 days before we introduce a new or increase an existing: fee/charge, interest calculation method or frequency of interest payment; c)by newspaper advertisement (national or local), Member newsletter, account statement or by direct written notice of the introduction or change of a government charge payable by you (directly or indirectly), <i>unless</i> the change is publicised by government; d)by newspaper advertisement (national or local), member newsletter, account statement or by direct written notice, no later than the day we change any other term or condition or thing that affects you. You are taken to have been notified on the day which the advertisement is published or the second day after we have mailed notification to you. For joint accounts we provide one notice addressed to the primary joint Member.
Characteristics	Account closure	You can close an account at any time if outstanding fees, charges & debits are paid. If you have a VISA product you are liable for any transactions, fees or charges which are received after the account has been closed. NICU can close an account giving you reasonable notice and repaying any credit balance. We move your \$16 to another financial institution on your written instruction.
Characteristics	Statements documents	With overdraft issued monthly - free . Otherwise issued 6 monthly (June & Dec, free), or by arrangement. We may not send a statement if you have not transacted on the account for 6 months. From 2012, you agree to receive statements electronically unless you have made other arrangements with us. Check statement entries. Notify us of any errors or unauthorised transactions. For a joint Membership the statement is sent to the primary joint Member only. Advise us of change of contact details. Our Annual Report is available on our website. Tell us if you require a hard copy. Some documents are only retained for 7 years after date of issue. Refer requests to the Privacy Officer.
	Security	Access code: issued on request for NetTeller & PhoneTeller. Keep your codes confidential . If unauthorised access to your account occurs and you have not been careful with your codes you may be liable for some or all of the loss you suffer. Contact NICU immediately if you suspect unauthorised access . <i>Liability for any losses resulting from unauthorised transactions will be determined in accordance with the Electronic Funds Transfer Code of Conduct.</i>
	Privacy	We owe you confidentiality unless disclosure is: compelled by law, public duty, our interests, or you imply or express consent. We may disclose to an Associated Entity so you receive a product/service. Unless you tell us not to, we may send you information about services offered by us/an Associated Entity. If directed by notice/court order we draw on your account available funds to comply, notwithstanding terms & conditions governing the products/service. For queries, access requests, document copies contact the Privacy Officer.
	Dispute	See the PFS for your NICU primary savings account. Please address your written complaint to the Compliance Manager. If matters cannot be resolved locally, you can access our external dispute resolution provider. See leaflet: "Dispute Resolution".
Characteristics	More info	General descriptive information referred to in the Mutual Banking Code of Practice and other written material mentioned in this PFS is available from NICU. We comply with the EFT Code of Conduct and each relevant provision of the Mutual Banking Code which applies to this product. We confirm the opening or closing of all products/services in writing; order a confirmation notice by contacting us.
		This PFS was prepared on 01 January 2012 . Information is up to date at time of issue. For updates see www.nicu.com.au .