

Bank of Cyprus Australia covered by Government guarantee

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Bank of Cyprus Australia is covered by the Australian Federal Government guarantee of deposits announced by the Prime Minister on 12 October 2008.

The coverage of the guarantee can be found in the announcement made by the Australian Federal Government Treasury at the website below.

Australian Government Treasury

<http://www.treasury.gov.au/contentitem.asp?NavId=002&ContentID=1431>

How safe is Bank of Cyprus?

The Bank of Cyprus Group's responsible business strategy, the parent bank's globally recognised A2 credit rating and 110 years of experience make us well placed to help you save with assurance.

More Information

To find out more call us on **1300 660 550**.

Eligible Institutions for the Guarantee of Wholesale Funding and Deposits
Adelaide Bank Limited
AMP Bank Limited
Arab Bank Australia Limited
Australia and New Zealand Banking Group Limited
Australian Defence Credit Union Limited
AWA Credit Union Limited
Bank of China (Australia) Limited
Bank of Cyprus Australia Limited
Bank of Queensland Limited
BankWest
Bendigo and Adelaide Bank Limited
Citigroup Pty Limited
Commonwealth Bank of Australia
Cuscal Limited
Defence Force Credit Union Limited
Elders Rural Bank Limited
First Choice Credit Union Ltd



The Federal Government Deposit Guarantee Scheme

On 12 October 2008, the Australian Government announced guarantee arrangements for deposits of eligible authorised deposit-taking institutions (ADIs) which includes Bank of Cyprus Australia Limited, for a period of three years up to 12 October 2011.

The arrangements are designed to promote financial system stability in Australia, by supporting confidence and assisting ADIs to continue to access funding at a time of considerable turbulence. They are also designed to ensure that ADIs are not placed at a disadvantage compared to their international competitors that can access similar government guarantees on bank funding.

The Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding (the Guarantee Scheme) formally commences on 28 November 2008.

After the 28 November 2008, the Government has applied the following conditions:

- If a customer's total deposits with the Bank are less than \$1 million, they will continue to be covered by the Federal Government Deposit Guarantee at no charge.
- If a customer's total deposits are more than \$1 million, the customer can 'opt in' for funds in excess of \$1 million to be covered by the Federal Government Deposit Guarantee. This consists of a government charge currently equal to 1.50% p.a. (charged monthly) on the average deposit balance exceeding \$1 million.

The Bank of Cyprus Australia Limited is participating in the Federal Government Deposit Guarantee Scheme to give customers an option to take out a Government guarantee should they want to in the current economic climate.

The \$1 million threshold applies to all individual and legal entity depositors.

For example, if you have \$2 million on deposit in joint names, then each of these deposits will continue to be guaranteed at no charge.

If you are a customer with deposit balances of greater than \$1 million, you have the option to pay the Federal Government Deposit Guarantee fee and have your total deposit balance guaranteed.

Strict Australian regulation protects your deposits.

1. Bank of Cyprus Australia Limited meets the legally enforceable standards under the Banking Act which are strictly overseen by the Australian Prudential Regulation Authority (APRA)
2. The Australian Prudential Regulatory regime is designed to ensure that depositors do not lose money. APRA's strict rules on safety and capital continue to apply to all ADIs.
3. The Bank of Cyprus Australia Limited currently maintains one of the highest levels of capital in the banking system: 19.5% (as at 30 September 2008) compared to the average of 10.6% for other banks.

Frequently Asked Questions

1. Do I have to have my deposits over \$1 million guaranteed?

No. The Government Guarantee is optional, so it is up to you whether you elect to participate or 'opt out', the choice is yours. You can elect not to participate in the Scheme or you can elect to opt in to include some or all of your eligible deposits over \$1.0 million.

2. What if you have money spread across several Bank of Cyprus Australia Bank accounts and other institutions?

The Government Guarantee on deposits applies per legal entity in each authorised deposit-taking institution. This means that each legal entity (such as an Individual, Company, partnership, etc) can have up to \$1 million of deposit funds guaranteed free of charge with each ADI.

3. What is a legal entity?

A legal entity in relation to the Australian Government Deposit Guarantee can be one any of the following:

- Individual/s (Joint Accounts).
- Company
- Trusts (including a Superannuation fund)
- Partnership
- Incorporated and Unincorporated association

4. What Bank of Cyprus Australia deposit products are covered?

The Government Guarantee applies to all deposit products held with the Bank of Cyprus Australia up to \$1 million per entity regardless of the currency.

It currently applies to all types of Bank of Cyprus accounts including the following:

- Saving Account
- Junior Smart Saver
- Midas Account
- Cash Management Account
- Real Estate Agents Account
- Business Cheque Account
- Passbook Account
- Deeming Account
- Interest In Advance

- Term Deposits

5. Is my accrued interest covered?

The balance of the investment is covered to the extent you want to participate or opt-in for amounts over \$1 million. This will include any interest component.

6. I have a joint account with two individuals on the account. Are all covered if only I elect to take up the Government Guarantee?

No. You may all need to apply.

Each individual is covered for the first \$1 million of your individual total deposits and an equal share in your joint account with a single ADI.

For example, if you have a joint account with one other person with a balance of \$2.5million, you are both automatically guaranteed for \$1 million each, free of charge.

The remaining \$0.5 million is divided between the two of you. This means that that each individual would require a guarantee on \$250,000. It would be up to your account partner whether they wanted to participate for their \$250,000. If they did not participate, the fee would be based only on your \$250,000.

7. Does the Bank or the customer pay the Guarantee Levy fee?

The Government has advised that it expects banks to pass the fee on to customers who participate (or “opt in”) for those amounts over \$1.0 million per entity.

8. Will the Bank profit from this?

No. The Bank pays the Guarantee levy fee to the Reserve Bank of Australia and recovers it from the customer.

9. How much is the fee for deposits over \$1 million?

The fee is based on the credit rating of the authorised deposit-taking institution. For the Bank of Cyprus Australia Ltd, the fee for deposits over \$1 million is currently 1.50% per annum.

10. How is the fee calculated and charged?

The fee is calculated on the average aggregate monthly balance of the deposits you hold with the Bank of Cyprus Australia Ltd in the nominated accounts that you have elected to be covered, less the first \$1 million.

The fee will be charged monthly in arrears and debited from your nominated account. The first fee will be charged in January 2009

11. Is the cost of the Government Guarantee tax deductible?

Under the current taxation law, fees is incurred in producing assessable income, can be tax deductible for the depositor. Please refer to your taxation advisor to obtain specific advice on the tax treatment.

12. What happens if I need to make a claim?

The Government is still working out the specifics of how claims will be processed. We expect that this will be detailed on the Government Treasury’s website:

<http://www.treasury.gov.au/contentitem.asp?NavId=017&ContentID=1431>

13. How do I participate (or opt in) for the Government Guarantee for any amount over 1 \$million with the Bank of Cyprus Australia?

To opt in for the Government Guarantee, simply:

Print and complete the *Application for the Australian Government Deposit Guarantee* form and nominate the accounts you wish to guarantee and the fee to be charged to.

Return the form your Bank of Cyprus Australia Branch

14. Will Guarantee certificates be issued?

A letter confirming your Government Guarantee will be posted to you within 10 business days of the Bank receiving your Guarantee request.

15. What if I open or close accounts that are under the Government Guarantee?

You will need to advise the Bank in writing immediately so that we can update our records. Please return documentation to your Bank of Cyprus Branch,

16. Where can I find out more?

You can find out more about the Australian Government Deposit Guarantee at the Australian Government Treasury website at <http://www.treasury.gov.au/contentitem.asp?NavId=017&ContentID=1431>. If you have any further questions about how the Bank of Cyprus Australia Ltd will administer the Government Guarantee scheme, please call 1300 660 550 between 8.30 am and 4.30pm Monday to Friday