

Financial Institution Bond

SCHEDULE

Herein called the Company

Item 1. Name of **INSURED** (including its **Subsidiaries**): Bond Number:

Item 2. Bond Period: From: 4:00 p.m. on
To : 4:00 p.m. on
Local time at the address shown in Item 1.

Item 3. AGGREGATE LIMIT OF LIABILITY: \$ each Bond Period

Item 4. SINGLE LOSS LIMIT OF LIABILITY -- DEDUCTIBLE AMOUNTS:

Note: The Amounts set forth below shall be part of and not in addition to the AGGREGATE LIMIT OF LIABILITY. If "NOT COVERED" is inserted opposite any specified INSURING CLAUSE, such INSURING CLAUSE and any other reference to such INSURING CLAUSE in this BOND shall be deemed to be deleted.

<u>INSURING CLAUSE</u>	<u>SINGLE LOSS LIMIT OF LIABILITY</u>	<u>DEDUCTIBLE AMOUNT</u>
1. DISHONESTY	\$	\$
A. EMPLOYEE		
B. TRADE OR LOAN		
C. AUDIT EXPENSE		
2. ON PREMISES	\$	\$
3. IN TRANSIT	\$	\$
4. FORGERY OR ALTERATION	\$	\$
5. EXTENDED FORGERY	\$	\$
6. AUTOMATED DEVICE	\$	\$
7. COUNTERFEIT MONEY	\$	\$
8. COMPUTER SYSTEMS	\$	\$
9. DEFECTIVE SIGNATURES	\$	\$
10. VOICE INITIATED FUNDS	\$	\$
TRANSFER INSTRUCTIONS		
11. TELEFACSIMILE INSTRUCTIONS	\$	\$
12. CASH LETTER	\$	\$
13. DEFENCE COSTS	\$	\$

Item 5. The liability of the COMPANY is also subject to the terms of the following endorsements executed simultaneously herewith:

In witness whereof, the Company has caused this BOND to be signed by its Authorised Employee.

Date

Authorised Employee

The COMPANY, in consideration of payment of the required premium, and in reliance on the PROPOSAL and all other statements made and information furnished to the COMPANY by the **INSURED**, and subject to the SCHEDULE made a part of this BOND and to all other terms and conditions of this BOND, agrees to pay the **INSURED** for:

INSURING CLAUSES

1. DISHONESTY

- A.** Loss resulting directly from dishonest or fraudulent acts, other than stated in 1.B, below, of any **Employee**, committed alone or in collusion with others, except with a director or trustee of the **INSURED** who is not an **Employee**, which results in improper personal financial gain to either such **Employee** or other person acting in collusion with such **Employee**, or which acts were committed with the intent to cause the **INSURED** to sustain such loss.
- B.** Loss resulting directly from dishonest or fraudulent acts of any **Employee**, committed alone or in collusion with others, except with a director or trustee of the **INSURED** who is not an **Employee**, which arises totally or partially from:
- (1)** any **Trade**, or
 - (2)** any **Loan**,

provided, however, the **INSURED** shall first establish that the loss was directly caused by dishonest or fraudulent acts of any **Employee** which result in improper personal financial gain to such **Employee**.

Notwithstanding the foregoing paragraph, when a loss is covered under 1.B. and the **Employee** was acting in collusion with others and intended to receive improper personal financial gain, but said **Employee** failed to derive such improper personal financial gain, such loss will nevertheless be covered under this BOND as if the **Employee** had obtained such improper personal financial gain provided that the **INSURED** establishes that the **Employee** intended to receive such improper personal financial gain.

- C.** Expense incurred by the **INSURED** for that part of the cost of audits or examinations required by supervisory authorities to be conducted either by such authorities or by independent accountants by reason of the discovery of loss sustained by the **INSURED** through dishonest or fraudulent acts of any **Employee** as covered under 1.A. or 1.B. above.

Improper personal financial gain shall not include salary, salary increases, commissions, fees, bonuses, promotions, awards, profit sharing, incentive plans, pensions or other emoluments received by an **Employee**.

2. ON PREMISES

- A.** Loss of **Property** resulting directly from:
- (1)** robbery, burglary, misplacement, mysterious unexplainable disappearance, damage to, or destruction of, or

- (2) false pretences or theft committed by a natural person while present in an office of the **INSURED** or while on the premises of the **INSURED**,

while the **Property** is lodged or deposited within offices or premises located anywhere.

B. Loss of **Property** while in the possession of any customer of the **INSURED** or of any representative of such customer resulting directly from:

- (1) robbery while such customer or representative is actually transacting business with the **INSURED** at an outside teller window and attended by an **Employee** at any of the **INSURED'S** offices, or
- (2) robbery during banking hours while such customer or representative is in any building or on any driveway or parking lot maintained by the **INSURED** as a convenience for such customers or representatives using motor vehicles if such customer or representative is present in such building or on such facility for the purpose of transacting banking business with the **INSURED** at any of the **INSURED'S** offices;

provided such loss, at the option of the **INSURED**, is included in the **INSURED'S** proof of loss, and excluding, in any event, loss caused by such customer or any representative of such customer.

3. IN TRANSIT

Loss of **Property** resulting directly from any cause while the **Property** is in transit anywhere:

- a. in an armoured motor vehicle, including loading and unloading thereof,
- b. in the custody of a natural person acting as a messenger of the **INSURED**, or
- c. in the custody of a **Transportation Company** and being transported in a conveyance other than an armoured motor vehicle provided, however, that covered **Property** transported in such manner is limited to the following:
- (i) written records,
- (ii) **Certificated Securities** issued in registered form, which are not endorsed or are restrictively endorsed, or
- (iii) **Negotiable Instruments** not payable to bearer, which are not endorsed or are restrictively endorsed, except for cheques, regardless of negotiability, which were in transit to the data processing centre and have proven to be destroyed.

Coverage under this INSURING CLAUSE begins immediately on the receipt of such **Property** by the natural person or **Transportation Company** and ends immediately on delivery to the premises of the addressee or to any representative of the addressee located anywhere.

4. FORGERY OR ALTERATION

Loss resulting directly from:

- a. **Forgery** on, or fraudulent material alteration of, any **Negotiable Instrument, Acceptance, Withdrawal Order** or receipt for the withdrawal of **Property, Certificate of Deposit** or **Letter of Credit**, or

- b. transferring, paying or delivering any funds or **Property**, or establishing any credit or giving any value in reliance on any written instructions to the **INSURED** authorising or acknowledging the transfer, payment, delivery or receipt of funds or **Property**, which instructions purport to bear the hand-written signature of any customer of the **INSURED**, any financial institution, or **Employee**, but which instructions either bear a **Forgery** or have been fraudulently materially altered without the knowledge and consent of such customer, financial institution or **Employee**.

A mechanically reproduced facsimile signature is treated the same as a hand-written signature.

5. EXTENDED FORGERY

Loss resulting directly from the **INSURED** having, in good faith, for its own account or the account of others:

- a. acquired, sold or delivered, or given value, extended credit or assumed liability, in reliance on any original:
 - (1) **Certificated Security**,
 - (2) deed, mortgage or other instrument conveying title to, or creating or discharging a lien on, real property,
 - (3) **Certificate of Origin or Title**,
 - (4) **Documents of Title**,
 - (5) **Evidence of Debt**,
 - (6) corporate, partnership or personal **Guarantee**,
 - (7) **Security Agreement**, or
 - (8) **Instruction** which
 - i. bears a **Forgery**, or
 - ii. is fraudulently materially altered, or
 - iii. is lost or stolen, or
- b. guaranteed in writing or witnessed any signature on any transfer, assignment, bill of sale, power of attorney, **Guarantee**, or endorsement upon or in connection with any items listed in a.(1) through a.(8) above, or
- c. acquired, sold or delivered, or given value, extended credit or assumed liability in reliance on items listed in a.(1) through a.(4) above which is a **Counterfeit**.

Actual physical possession, and continued actual physical possession, if taken as collateral, of the items listed in a.(1) through a.(8) above by the **INSURED** or a correspondent or recognised deposit institution is a condition precedent to the **INSURED** having relied on such items. Release or return of such collateral is an acknowledgement by the **INSURED** that it no longer relies on such collateral.

A mechanically reproduced facsimile signature is treated the same as a hand-written signature.

6. AUTOMATED DEVICE

Loss of **Money** or **Negotiable Instruments** resulting directly from burglary of any **Automated Device**.

7. COUNTERFEIT MONEY

Loss resulting directly from the receipt by the **INSURED** in good faith of any counterfeit **Money** of any country.

8. COMPUTER SYSTEMS

Loss resulting directly from dishonest or fraudulent:

- a. entries of data into, or
 - b. changes of data elements or programs within a **Computer System**, provided the dishonest or fraudulent entry or change causes:
 - (i) **Property** or **Uncertificated Securities** to be transferred, paid or delivered,
 - (ii) an account of the **INSURED** or of its customer to be added, deleted, debited or credited, or
 - (iii) an unauthorised account or a fictitious account to be debited or credited.
-

9. DEFECTIVE SIGNATURES

Loss resulting directly from the **INSURED** having in good faith, in connection with any **Loan**, accepted, received or acted on the validity of any:

- a. real property mortgage,
- b. real property deed of trust or like instrument pertaining to realty, or
- c. assignments of such mortgage, deed of trust or like instrument,

which prove to have been defective by reason of:

- (i) the signature of any natural person on such document having been obtained through trick, artifice, fraud or false pretences, or
 - (ii) the signature on the recorded deed conveying such real property to the mortgagor or grantor of such mortgage or deed of trust having been obtained by or on behalf of such mortgagor or grantor through trick, artifice, fraud or false pretences.
-

10. VOICE INITIATED FUNDS TRANSFER INSTRUCTIONS

Loss resulting directly from the **INSURED** having transferred any funds on the faith of any **Voice Initiated Funds Transfer Instructions** made by a person purporting to be a **Customer** or an authorised representative of the **Customer** or an **Employee** who was authorised by the **INSURED** to instruct other **Employees** to transfer funds, and was received by an **Employee** specifically designated to receive and act upon such instructions, and such acts were committed by said person for the purpose of making an improper personal financial gain for such person or any other person.

The following conditions are precedent to coverage under this INSURING CLAUSE:

- a. The **INSURED** will record all **Voice Initiated Funds Transfer Instructions**. The **INSURED**, however, shall not be deprived of coverage under this INSURING CLAUSE if at the time of filing proof of loss, as set forth in SECTION 7. of this BOND, the **INSURED** is unable to produce such electronic recordings solely because of failure of the electronic recording equipment to audibly record such instructions.

- b. The **INSURED** shall verify all **Voice Initiated Funds Transfer Instructions** in excess of the DEDUCTIBLE AMOUNT stated in Item 4.10. of the SCHEDULE by a direct electronically recorded call back to the **Customer** when such instructions:
- (i) involve a request to transfer funds to other than the **Customer's** account,
 - (ii) are non-repetitive, or
 - (iii) are not in accordance with the parameters contained in the written voice initiated funds transfer agreement between the **INSURED** and the **Customer**.
-

11. TELEFACSIMILE INSTRUCTIONS

Loss resulting directly from the **INSURED** having transferred, paid or delivered any funds or **Property** or established any credit, debited any account or given any value on the faith of any fraudulent instructions sent by a **Customer**, financial institution or another office of the **INSURED** by **Telefacsimile** directly to the **INSURED** authorising or acknowledging the transfer, payment or delivery of funds or Property or the establishment of a credit or the debiting of an account or the giving of value by the **INSURED** where such **Telefacsimile** instructions:

- a. bear a valid test key exchanged between the **INSURED** and a **Customer** or another financial institution with authority to use such test key for **Telefacsimile** instructions in the ordinary course of business, but which test key has been wrongfully obtained by a person who was not authorised to initiate, make, validate or authenticate a test key arrangement, and
- b. purport to have been sent by such **Customer** or financial institution when such **Telefacsimile** instructions were transmitted without the knowledge or consent of such **Customer** or financial institution by a person other than such **Customer** or financial institution and which bears a **Forgery** of a signature;

provided that the **Telefacsimile** instruction was verified by a direct call back to an employee of the financial institution, or a person thought by the **INSURED** to be the **Customer**, or an employee of another financial institution.

12. CASH LETTER

Loss of cancelled cheques or drafts contained in a **Cash Letter** which have been accepted by the **INSURED** for deposit, payment, or collection resulting directly from robbery, theft, misplacement, mysterious unexplainable disappearance, or damage to or destruction of, the **Cash Letter** while in transit from any office of the **INSURED** to any other premise in Australia.

Coverage under this INSURING CLAUSE begins immediately after the **Cash Letter** leaves the premises of the **INSURED** and ends immediately on delivery to the premises of the addressee or to any representative of the addressee located in Australia.

Loss shall be limited to **Extra Expense** incurred by the **INSURED** in identifying the depositor of such lost cancelled cheques or drafts and in assisting such depositors in obtaining duplicates thereof.

The following conditions are precedent to coverage under this INSURING CLAUSE:

The **INSURED** shall have made:

- a. a record of the name of the issuer, drawer or maker of each such cheque or draft and a record of the name of the person presenting each such cheque or draft with all other descriptive data necessary for the purpose of reconstruction; or
- b. a film record of each cheque or draft in its entirety; and
- c. all reasonable efforts to exercise its rights to the fullest extent under the terms of any deposit agreement with any customer to charge back items to a customer.

The **INSURED**, however, shall not be deprived of coverage under this INSURING CLAUSE if such film records are unavailable due to the failure of the film recording equipment to record such cheque or draft, or due to the unintended destruction of the film record after it has been made, and such failure or destruction was unknown at the time the cheque or draft was placed in the **Cash Letter**.

13. DEFENCE COSTS

The COMPANY shall indemnify the **INSURED** for court costs, reasonable legal fees and legal expenses incurred by the **INSURED** with the prior written approval of the COMPANY, in the defence of any legal proceeding brought to determine the **INSURED'S** liability for any loss, claim or damage which, if established, would constitute a covered loss under this BOND.

Court costs, reasonable legal expenses and legal fees paid by the COMPANY in defending a legal proceeding shall be applied, subject to SECTION 5. to the reduction of the AGGREGATE LIMIT OF INDEMNITY and any Sub Limit applicable to this INSURING CLAUSE.

If the amount incurred in the legal proceeding is greater than the amount recoverable under this BOND, or if a DEDUCTIBLE AMOUNT is applicable, or both, the COMPANY'S liability for court costs, reasonable legal fees and legal expenses incurred in defending all or part of such legal proceedings is limited to the proportion such court costs, reasonable legal fees and legal expenses incurred that the amount recoverable under this BOND bears to the total amount demanded in such legal proceeding. Such amount shall be applied in reduction of the AGGREGATE LIMIT OF LIABILITY and the Sub Limit for this INSURING CLAUSE.

GENERAL AGREEMENTS

A. JOINT INSURED

Only the first named **INSURED** shall be deemed to be the sole agent of the others for all purposes under this BOND, including but not limited to, the giving or receiving of any notice or proof required to be given and for the purpose of effecting or accepting any amendments to or termination of this BOND. Each and every other **INSURED** shall be conclusively deemed to have consented and agreed that none of them shall have any direct beneficiary interest in or any right of action under this BOND and neither this BOND nor any right of action shall be assignable.

Knowledge possessed or discovery made by any **INSURED** shall constitute knowledge possessed or discovery made by all of the **INSUREDS** for the purposes of this BOND.

All losses and other payments, if any, payable by the COMPANY shall be payable to the first named **INSURED** without regard to such **INSURED'S** obligations to others, and the COMPANY shall not be responsible for the application by the first named **INSURED** of any payment made by the COMPANY. If the COMPANY agrees to and makes payment to any **INSURED** other than the one first named, such payment shall be treated as though made to the first named **INSURED**. The COMPANY shall not be liable for loss sustained by one **INSURED** to the advantage of any other **INSURED**.

B. REPRESENTATIONS MADE BY INSURED

The **INSURED** represents that all information it has furnished in the PROPOSAL for this BOND or otherwise is complete, true and correct. Such PROPOSAL and other information constitute part of this BOND.

The **INSURED** must promptly notify the COMPANY of any change in any fact or circumstance which materially affects the risk assumed by the COMPANY under this BOND.

Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the PROPOSAL or otherwise, shall be grounds for rescission of this BOND.

C. ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION, MERGER OR PURCHASE OR ACQUISITION OF ASSETS OR LIABILITIES - NOTICE TO COMPANY

If the **INSURED**, while this BOND is in force, merges or consolidates with, or purchases or acquires assets or liabilities of another institution, the **INSURED** shall not have the coverage afforded under this BOND for loss which:

- (1) has occurred or will occur in offices or on premises,
- (2) has been caused or will be caused by an employee or employees, or
- (3) has arisen or will arise out of the assets or liabilities acquired,

unless the **INSURED**:

- a. gives the COMPANY written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and
- b. obtains the written consent of the COMPANY to extend some or all of the coverage provided by this BOND to such additional exposure, and
- c. on obtaining such consent pays to the COMPANY an additional premium.

Notwithstanding anything stated above to the contrary, the COMPANY hereby agrees to provide coverage which shall be effective on the date of acquisition under this BOND for those acquired institutions in which the **INSURED** owns greater than fifty percent (50%) of the voting stock or voting rights either directly or through one or more of its **Subsidiaries** for the remainder of the BOND PERIOD, with no additional premium, provided the acquired institution meets all of the following conditions:

- i. the assets shall not exceed ten percent (10%) of the **INSURED'S** assets;
- ii. there shall be neither any paid nor pending BOND claim for the three (3) year period prior to the date of acquisition; and
- iii. the **INSURED** is not aware of any disciplinary action or proceeding involving the acquired institution as of the date of acquisition.

The COMPANY further agrees that as respects any acquisition that involves a State or Federal regulatory assisted acquisition or assumption of assets and/or liabilities, coverage shall be provided under this BOND for the remainder of the BOND PERIOD as long as conditions i. and ii. above are met. As respects such acquisition or assumption of assets and/or liabilities, coverage applies only to a **Single Loss** fully sustained by the **INSURED** on or after the date of such acquisition or assumption. All of the circumstances, conditions or acts causing or contributing to a **Single Loss** must occur on or after the date of such acquisition or assumption for coverage to apply regardless of the time such loss is discovered by the **INSURED**.

D. CHANGE OF CONTROL—NOTICE TO COMPANY

The **INSURED** shall notify the COMPANY at the earliest practical moment, not to exceed sixty (60) days, after the **INSURED** learns of a change of control of the **INSURED**.

There shall be no coverage under this BOND for any loss involving a shareholder or affiliated group of shareholders that acquires control if such loss occurs after the date such party acquired control and if notice of such change in control is not received by the COMPANY within the sixty (60) day time period.

As used in this GENERAL AGREEMENT, control means the power to determine the management or policy of a controlling holding company or of the **INSURED** by virtue of a partnership interest or voting share ownership. A change in control, for the purpose of the required notice, means a change in ownership of voting shares or voting rights which results in direct or beneficial ownership by a shareholder or an affiliated group of shareholders of ten percent (10%) or more of such shares or voting rights.

E. NOTICE TO COMPANY OF LEGAL PROCEEDINGS AGAINST INSURED—ELECTION TO DEFEND

The **INSURED** shall notify the COMPANY at the earliest practical moment, not to exceed sixty (60) days after the **INSURED** receives notice, of any legal proceeding brought to determine the **INSURED'S** liability for any loss, claim or damage which, if established, would constitute a covered loss under this BOND. Concurrent with such notice, and as requested thereafter, the **INSURED** shall furnish copies of all pleadings and pertinent papers to the COMPANY.

The COMPANY may, at its sole option, elect to conduct the defence of all or part of such legal proceeding. The defence by the COMPANY shall be in the name of the **INSURED** through legal representatives selected by the COMPANY. The **INSURED** shall provide all reasonable information and assistance as required by the COMPANY for such defence.

If the COMPANY elects to defend all or part of any legal proceeding, the court costs and reasonable legal fees and legal expenses incurred by the COMPANY and any settlement or judgment on that part defended by the COMPANY shall be a loss under the applicable INSURING CLAUSE of this BOND. In addition, if the amount demanded in the legal proceeding is greater than the amount recoverable under this BOND, or if a DEDUCTIBLE AMOUNT is applicable, or both, the COMPANY'S liability for court costs and reasonable legal fees and legal expenses incurred in defending all or part of such legal proceeding is limited to the proportion of such court costs and reasonable legal fees and legal expenses incurred that the amount recoverable under this BOND bears to the total of the amount demanded in such legal proceeding.

If the COMPANY declines to defend the **INSURED**, no settlement without the prior written consent of the COMPANY or judgment against the **INSURED** shall determine the existence, extent or amount of coverage under this BOND, and the COMPANY shall not be liable for any costs, fees and expenses incurred by the **INSURED**.

F. NOMINEES

Loss sustained by any nominee organised by the **INSURED** for the purpose of handling certain of its business transactions and composed exclusively of its **Employees** shall, for all purposes under this BOND, and whether any partner of the nominee is concerned or implicated in such loss, be deemed to be loss sustained by the **INSURED**.

CONDITIONS AND LIMITATIONS

SECTION 1. DEFINITIONS

As used in this BOND:

- a. **Acceptance** means a draft which the drawee has, by signature written on it, engaged to honour as presented.
- b. **Automated Device** means a machine maintained by the **INSURED** to disburse **Money**, accept deposits, cash cheques or drafts, or make credit card loans.
- c. **Cash Letter** means any letter or package dispatched by the **INSURED** itemising by separate amounts all cheques or drafts enclosed within it which shall have been accepted by the **INSURED** for deposit, payment, collection or encashment.
- d. **Certificate of Deposit** means an acknowledgement in writing by a financial institution of receipt of **Money** with an engagement to repay it.
- e. **Certificate of Origin or Title** means a document issued by a manufacturer of personal property or a governmental agency evidencing the ownership of the personal property and by which ownership is transferred.
- f. **Certificated Security** means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:
 - (1) represented by an instrument issued in bearer or registered form, and
 - (2) of a type commonly dealt in on securities exchanges or markets or commonly recognised in any area in which it is issued or dealt in as a medium for investment, and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- g. **Computer Systems** means a computer and all input, output, processing, storage, off-line media libraries, and communication facilities which are connected to the computer and which are under the control of the **INSURED'S** operating system(s) and application software.
- h. **Counterfeit** means an imitation of an actual valid original which is intended to deceive and be taken as the original.
- i. **Customer** means any corporation, partnership, proprietor, trust or natural person having an account with the **INSURED** and having a written agreement with the **INSURED** for **Voice Initiated Funds Transfer Instructions** or **Telefacsimile Instructions**.

- j. **Documents of Title** means a bill of lading, dock warrant, dock receipt, warehouse receipt or order for delivery of goods, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, and must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.
- k. **Employee** means:
- (1) any natural person employed by the **INSURED** (whether full-time, part-time, permanent or casual) and compensated through its payroll system and whom the **INSURED** has the right to control and direct both as to the result to be accomplished and the details and means by which such result is accomplished in the performance of such service;
 - (2) a director of the **INSURED** who is employed as a salaried officer or employee;
 - (3) a director or trustee of the **INSURED** (other than one who is employed as a salaried officer or employee) but only while performing acts coming within the scope of the customary and usual duties of an employee of the **INSURED** or while acting as a member of any committee duly elected or appointed to examine, or audit, or have custody of, or access to, **Property** of the **INSURED**;
 - (4) a guest student pursuing studies or duties in any of the **INSURED'S** offices or premises;
 - (5) a solicitor retained by the **INSURED** and an employee of such solicitor while either is performing legal services for the **INSURED**;
 - (6) a natural person provided by an employment contractor to perform employee duties for the **INSURED** under the **INSURED'S** supervision at any of the **INSURED'S** offices or premises;
 - (7) an employee of an institution merged or consolidated with the **INSURED** prior to the effective date of this BOND;
 - (8) each natural person, partnership or corporation duly authorised by the **INSURED** to perform data processing of the **INSURED'S** cheques and accounting records related to such cheques, but only while such natural person, partnership or corporation is performing services and not creating, preparing, modifying or maintaining the **INSURED'S** computer software or programs; or
 - (9) one or more of the **INSURED'S** retired officers or employees who have been retained by the **INSURED** as consultants, other than consultants employed to perform the duties of data processor, programmer, software contractor or person performing similar duties.

Each employer of persons as set forth in k.(5), k.(6) and k.(8) and the partners, officers and other employees of such employers shall collectively be deemed to be one person for the purpose of SECTION 1.z. below, and in the event of payment under this BOND the COMPANY shall be subrogated to the **INSURED'S** rights of recovery, as stated in SECTION 11., against any such employer.

Employee does not mean any agent, broker, factor, commission merchant, independent contractor not specified in k.(5), k.(6) or k.(8), intermediary, finder or other representative of the same general character who is not on the **INSURED'S** payroll system.

- l. **Evidence of Debt** means an instrument, including a **Negotiable Instrument**, executed by a customer of the **INSURED** and held by the **INSURED**, which in the regular course of business is treated as evidencing the customer's debt to the **INSURED**.

- m. **Extra Expense** means wages paid to temporary **Employees** or overtime wages paid to regular **Employees** engaged in identifying the depositors of lost cancelled cheques or drafts and assisting depositors in obtaining duplicates thereof.
- n. **Forgery** means the signing of the name of another person or organisation with the intent to deceive, but does not mean a signature which consists in whole or in part of one's own name, with or without authority, in any capacity for any purpose.
- o. **Guarantee** means a written undertaking obligating the signer to pay the debt of another to the **INSURED** or its assignee or to a financial institution from which the **INSURED** has purchased participation in the debt, if the debt is not paid in accordance with its terms.
- p. **Initial Transaction Statement** means the first written statement signed by or on behalf of the issuer of an **Uncertificated Security** sent to the registered owner or registered pledgee containing:
 - (1) a description of the issue of which the **Uncertificated Security** is a part; and
 - (2) the number of shares or units transferred to the registered owner, pledged by the registered owner to the registered pledgee, or released from pledge by the registered pledgee; and
 - (3) the name, address and taxpayer identification number, if any, of the registered owner and registered pledgee; and
 - (4) the date the transfer pledge or release was registered.
- q. **Instruction** means a written order to the issuer of an **Uncertificated Security** requesting that the transfer, pledge or release from pledge of the specified **Uncertificated Security** be registered.
- r. **INSURED** means the **INSURED** named in Item 1 of the SCHEDULE and any **Subsidiary** as at the commencement of this BOND.
- s. **Letter of Credit** means an engagement in writing by a bank or other person, made at the request of a customer, that the bank or other person will honour drafts or other demands for payment in compliance with the conditions specified in the engagement.
- t. **Loan** means all extensions of credit by the **INSURED** and all transactions creating a creditor or lessor relationship in favour of the **INSURED**, including all purchase and repurchase agreements, and all transactions by which the **INSURED** assumes an existing creditor or lessor relationship.
- u. **Money** means a medium of exchange in current use authorised or adopted by a domestic or foreign government as part of its currency.
- v. **Negotiable Instrument** means any writing:
 - (1) signed by the maker or drawer, and
 - (2) containing an unconditional promise or order to pay a sum certain in **Money** and no other promise, order, obligation or power given by the maker or drawer, and
 - (3) is payable on demand or at a definite time, and
 - (4) is payable to order or bearer.
- w. **Property** means **Money; Certificated Securities; Initial Transaction Statements; Negotiable Instruments; Certificates of Deposit; Documents of Title; Acceptances; Evidences of Debt; Security Agreements; Withdrawal Orders; Certificates of Origin or Title; Letters of Credit**; insurance policies; abstracts of title, deeds and mortgages on real estate; revenue and other stamps; tokens; unsold state lottery tickets; gems; jewellery; precious metals in any form; tangible items of personal property which are not specifically enumerated; and books of account and other records recorded in writing, but not data processing records or media.
- x. **Security Agreement** means an agreement which creates an interest in personal property or fixtures and which secures payment or performance of an obligation.
- y. **Securities** means either **Certificated Securities** or **Uncertificated Securities**.

- z. Single Loss** means all covered loss, including court costs and attorneys' fees incurred by the COMPANY under GENERAL AGREEMENT E., resulting from:
- (1) any one act of burglary, robbery or attempt at either, in which no **Employee** is implicated, or
 - (2) any one act or series of related acts on the part of any natural person resulting in damage to or destruction or misplacement of **Property**, or
 - (3) all acts other than those specified in z.(1) and z.(2), caused by any natural person or in which such person is implicated, or
 - (4) any one event not specified in z.(1), z.(2) or z.(3).
- aa. Subsidiary(ies)** means any organisation that, at the inception date of this BOND, is named in the PROPOSAL or is created during the BOND PERIOD and of which more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled by the **INSURED** either directly or through one or more of its **Subsidiaries**.
- bb. Telefacsimile** means a system of transmitting written documents by electronic signals over telephone lines to equipment maintained by the **INSURED** for the purpose of reproducing a copy of said document. **Telefacsimile** does not mean electronic communication sent by Telex or similar means of communication, or through an electronic communication system or through an automated clearing house.
- cc. Trade** means any purchase, exchange or sale transaction, with or without knowledge of the **INSURED**, whether or not represented by any indebtedness or balance shown to be due the **INSURED** on any customer account, actual or fictitious.
- dd. Transportation Company** means any organisation which provides its own or leased vehicles for transportation or which provides freight forwarding or air express services.
- ee. Uncertificated Security** means a share, participation or other interest in property of, or an enterprise of the issuer, or an obligation of the issuer, which is:
- (1) not represented by an instrument and the transfer of which is registered on books maintained for that purpose by or on behalf of the issuer, and
 - (2) of a type commonly dealt in on securities exchanges or markets, and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- ff. Voice Initiated Funds Transfer Instructions** means those instructions authorising the transfer of funds in a **Customer's** account to a financial institution for credit to accounts designated by the **Customer**:
- (1) made over the telephone, and
 - (2) directed to those **Employees** specifically authorised by the **INSURED** to receive such instructions by telephone at the **INSURED'S** offices, and
 - (3) by the **Customer** or a natural person authorised and appointed by the **Customer** to request by telephone the transfer of such funds, and
 - (4) which were electronically recorded.
- gg. Withdrawal Order** means a non-negotiable instrument, other than an **Instruction**, signed by a customer of the **INSURED** authorising the **INSURED** to debit the customer's account in the amount of funds stated therein.

SECTION 2. GENERAL EXCLUSIONS—APPLICABLE TO ALL INSURING CLAUSES

This BOND does not directly or indirectly cover:

- a. loss not reported to the COMPANY in writing within sixty (60) days after termination of this BOND in its entirety;
- b. loss due to riot or civil commotion outside the Commonwealth of Australia, or any loss due to military, naval or usurped power, war or insurrection. This SECTION 2.b., however, shall not apply to loss which occurs in transit in the circumstances recited in INSURING CLAUSE 3., provided that when such transit was initiated there was no knowledge on the part of any person acting for the **INSURED** of such riot, civil commotion, military, naval or usurped power, war or insurrection;
- c. loss resulting from the effects of nuclear fission or fusion or radioactivity;
- d. loss of potential income including, but not limited to, interest and dividends not realised by the **INSURED** or by any customer of the **INSURED**;
- e. damages of any type for which the **INSURED** is legally liable, except compensatory damages, but not multiples thereof, arising from a loss covered under this BOND;
- f. any costs, fees and expenses incurred by the **INSURED**:
 - (1) in establishing the existence of or amount of loss covered under this BOND, except to the extent covered under INSURING CLAUSE 1.C., or
 - (2) as a party to any legal proceeding, even if such legal proceeding results in a loss covered by this BOND, except to the extent covered under INSURING CLAUSE 13;
- g. loss resulting from indirect or consequential loss of any nature;
- h. loss resulting from dishonest or fraudulent acts of any member of the Board of Directors or Board of Trustees of the **INSURED** who is not an **Employee**, acting alone or in collusion with others, except to the extent covered by Section 1.k. (3) DEFINITIONS;
- i. loss of confidential information, material or data.

SECTION 3. SPECIFIC EXCLUSIONS—APPLICABLE TO ALL INSURING CLAUSES EXCEPT INSURING CLAUSE 1.

This BOND does not directly or indirectly cover:

- a. loss of property contained in customers' safe deposit boxes;
- b. loss caused by an **Employee** provided, however, this SECTION 3.b. shall not apply to loss covered under INSURING CLAUSE 2. or 3. which results directly from misplacement, mysterious unexplainable disappearance, or damage to or destruction of **Property**;
- c. loss resulting from the use of credit, debit, charge, access, convenience, identification, cash management or other cards whether such cards were issued, or purport to have been issued, by the **INSURED** or by anyone other than the **INSURED**;
- d. loss involving an **Automated Device** provided, however, this SECTION 3.d. shall not apply to INSURING CLAUSE 6.;
- e. loss through the surrender of property away from an office of the **INSURED** as a result of a threat:
 - (1) to do bodily harm to any natural person, except loss of **Property** in transit in the custody of any natural person acting as messenger of the **INSURED**, provided that when such transit was initiated there was no knowledge by the **INSURED** of any such threat, or

- (2) to do damage to the premises or property of the **INSURED**;
- f. loss involving items of deposit which are not finally paid for any reason including, but not limited to, forgery or any other fraud;
 - g. loss resulting from payments made or withdrawals from any account involving erroneous credits to such account;
 - h. loss involving any **Uncertificated Security** provided, however, this SECTION 3.h. shall not apply to INSURING CLAUSE 8.;
 - i. loss of property while in the mail, provided however, this SECTION 3(i) shall not apply to INSURING CLAUSE 12.;
 - j. loss resulting from the failure for any reason of a financial or depository institution, its receiver or other liquidator to pay or deliver funds or **Property** to the **INSURED** provided, however, this SECTION 3.j. shall not apply to **Securities** covered under INSURING CLAUSE 2.A.(1);
 - k. loss caused by any agent, broker, factor, commission merchant, independent contractor, intermediary, finder or other representative of the same general character provided, however, this SECTION 3.k. shall not apply to loss otherwise covered under INSURING CLAUSE 2.A.(1);
 - l. loss of **Property** while in the custody of a **Transportation Company** provided, however, this SECTION 3.l. shall not apply to INSURING CLAUSE 3.;
 - m. loss resulting directly or indirectly from **Telefacsimile Instructions** provided, however, this SECTION 3.m. shall not apply to INSURING CLAUSE 11.;
 - n. loss resulting from entries or changes made by a natural person with authorised access to a **Computer System** who acts in good faith on instructions, unless such instructions are given to that person by a software contractor or its partner, officer, or employee authorised by the **INSURED** to design, develop, prepare, supply, service, write or implement programs for the **INSURED'S Computer System** provided, however, this SECTION 3.n. shall not apply to INSURING CLAUSE 8.
 - o. loss resulting directly or indirectly from the input of data into a **Computer System** terminal device either on the premises of a customer of the **INSURED** or under the control of such a customer by a person who had authorised access to the customer's authentication mechanism.

SECTION 4. SPECIFIC EXCLUSIONS— APPLICABLE TO ALL INSURING CLAUSES EXCEPT INSURING CLAUSES 1., 4. AND 5.

This BOND does not directly or indirectly cover:

- a. loss resulting from the complete or partial non-payment of or default on any **Loan** whether such **Loan** was procured in good faith or through trick, artifice, fraud or false pretences provided, however, this SECTION 4.a. shall not apply to INSURING CLAUSE 8. or 9.;
- b. loss resulting from forgery or any alteration;
- c. loss involving a counterfeit provided, however, this SECTION 4.c. shall not apply to INSURING CLAUSE 7.; or
- d. loss resulting from any **Trade** provided, however, this SECTION 4.d. shall not apply to INSURING CLAUSE 8.

SECTION 5. LIMIT OF LIABILITY

AGGREGATE LIMIT OF LIABILITY

The COMPANY'S total cumulative liability for all **Single Losses** of all **INSUREDS** discovered during the BOND PERIOD shall not exceed the AGGREGATE LIMIT OF LIABILITY as stated in ITEM 3. of the SCHEDULE. Each payment made under the terms of this BOND shall reduce the unpaid portion of the AGGREGATE LIMIT OF LIABILITY until it is exhausted.

On exhausting the AGGREGATE LIMIT OF LIABILITY by such payments:

- a. the COMPANY shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the COMPANY, and
- b. the COMPANY shall have no obligation under GENERAL AGREEMENT E. to continue the defence of the **INSURED**, and on notice by the COMPANY to the **INSURED** that the AGGREGATE LIMIT OF LIABILITY has been exhausted, the **INSURED** shall assume all responsibility for its defence at its own cost.

The unpaid portion of the AGGREGATE LIMIT OF LIABILITY shall not be increased or reinstated by any recovery made and applied in accordance with SECTION 11. In the event that a loss of **Property** is settled by indemnity in lieu of payment, then such loss shall not reduce the unpaid portion of the AGGREGATE LIMIT OF LIABILITY.

SINGLE LOSS LIMIT OF LIABILITY

The COMPANY'S liability for each **Single Loss** shall not exceed the applicable **Single Loss** LIMIT OF LIABILITY as stated in ITEM 4. of the SCHEDULE or the unpaid portion of the AGGREGATE LIMIT OF LIABILITY, whichever is less. If a **Single Loss** is covered under more than one INSURING CLAUSE, the maximum payable shall not exceed the largest applicable **Single Loss** LIMIT OF LIABILITY.

SECTION 6. DISCOVERY

This BOND applies only to loss first discovered by an officer of the **INSURED** during the BOND PERIOD. Discovery occurs at the earlier of an officer of the **INSURED** being aware of:

- a. facts which may subsequently result in a loss of a type covered by this BOND, or
- b. an actual or potential claim in which it is alleged that the **INSURED** is liable to a third party,

regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable DEDUCTIBLE AMOUNT, or the exact amount or details of loss may not then be known.

SECTION 7. NOTICE TO COMPANY—PROOF—LEGAL PROCEEDINGS AGAINST COMPANY

- a. The **INSURED** shall give the COMPANY notice at the earliest practicable moment, not to exceed sixty (60) days after discovery of a loss, of an amount that is in excess of 50% of the applicable DEDUCTIBLE AMOUNT, as stated in ITEM 4. of the SCHEDULE.
- b. The **INSURED** shall furnish to the COMPANY proof of loss, duly sworn to, with full particulars within six (6) months after such discovery.

- c. **Certificated Securities** listed in a proof of loss shall be identified by certificate or bond numbers, if issued with them.
 - d. Legal proceedings for the recovery of any loss under this BOND shall not be brought prior to the expiration of sixty (60) days after the proof of loss is filed with the COMPANY or after the expiration of twenty-four (24) months from the discovery of such loss.
 - e. This BOND affords coverage only in favour of the **INSURED**. No claim, suit, action or legal proceeding shall be brought under this BOND by anyone other than the **INSURED**.
 - f. Proof of loss involving **Voice Initiated Funds Transfer Instructions** shall include electronic recordings of such instructions.
 - g. Proof of loss involving a **Cash Letter** shall include a record or film record of such cheques or drafts contained in the **Cash Letter**.
-

SECTION 8. DEDUCTIBLE AMOUNT

The COMPANY shall be liable under this BOND only for the amount by which any **Single Loss** is greater than the applicable DEDUCTIBLE AMOUNT as stated in ITEM 4. of the SCHEDULE, and is equal to or less than the applicable **Single Loss** LIMIT OF LIABILITY.

SECTION 9. VALUATION

MONEY

Any loss of **Money**, or loss payable in **Money**, shall be paid in the **Money** of the Commonwealth of Australia or the dollar equivalent of it, determined by the free market rate of exchange in effect at the time of discovery of such loss.

SECURITIES

The value of any loss of **Securities** shall be the average market value of such **Securities** on the business day immediately preceding discovery of such loss provided, however, that the value of any **Securities** replaced by the **INSURED**, with the consent of the COMPANY and prior to the settlement of any claim for them, shall be the actual market value at the time of replacement. In the case of a loss of interim certificates, warrants, rights or other **Securities**, the production of which is necessary to the exercise of subscription, conversion, redemption or deposit privileges, the value of them shall be the market value of such privileges immediately preceding their expiration if said loss is not discovered until after their expiration. If no market price is quoted for such **Securities** or for such privileges, the value shall be fixed by agreement of the parties.

LOAN

The value of any loss or that portion of any loss resulting from a **Loan** shall be the amount actually disbursed by the **INSURED** to a borrower under such **Loan** reduced by all amounts including, but not limited to, interest and fees received by the **INSURED** under all **Loans** to such borrower, whether or not part of any claim under this BOND.

TRADE

The value of any loss or that portion of any loss resulting from a **Trade** shall be reduced by the amount of commission and other amounts received by the **INSURED** as a result of such **Trade**.

BOOKS OF ACCOUNT OR OTHER RECORDS

The value of any loss of **Property** consisting of books of account or other records used by the **INSURED** in the conduct of its business shall be the amount paid by the **INSURED** for blank books, blank pages, or other materials which replace the lost books of account or other records, plus the cost of labour paid by the **INSURED** for the actual transcription or copying of data to reproduce such books of account or other records.

OTHER PROPERTY

The value of any loss of **Property**, other than as stated above, shall be the actual cash value or the cost of repairing or replacing such **Property** with property of like quality and value, whichever is less.

SET-OFF

Any loss covered under INSURING CLAUSE 1. shall be reduced by a set-off consisting of the amount owed to the **Employee** causing the loss, whether or not assigned to another.

SECTION 10. SECURITIES SETTLEMENT

In the event of a loss of **Securities** covered under this BOND, the COMPANY may, at its sole discretion, purchase replacement **Securities**, tender the value of the **Securities** in **Money**, or issue its indemnity to effect replacement **Securities**.

The indemnity required from the **INSURED** under the terms of this SECTION against all loss, cost or expense arising from the replacement of **Securities** by the COMPANY'S indemnity shall be:

- a. for **Securities** having a value less than or equal to the applicable DEDUCTIBLE AMOUNT — one hundred (100%) percent;
- b. for **Securities** having a value in excess of the applicable DEDUCTIBLE AMOUNT but within the **Single Loss** LIMIT OF LIABILITY — the percentage that the DEDUCTIBLE AMOUNT bears to the value of the **Securities**;
- c. for **Securities** having a value greater than the applicable **Single Loss** LIMIT OF LIABILITY — the percentage that the DEDUCTIBLE AMOUNT and portion in excess of the **Single Loss** LIMIT OF LIABILITY bears to the value of the **Securities**.

The value referred to in SECTIONS 10.a., b., and c. is the value in accordance with SECTION 9., VALUATION, regardless of the value of such **Securities** at the time the loss under the COMPANY'S indemnity is sustained.

The COMPANY is not required to issue its indemnity for any portion of a loss of **Securities** which is not covered by this BOND; however, the COMPANY may do so as a courtesy to the **INSURED** and at its sole discretion.

The **INSURED** shall pay the proportion of the COMPANY'S premium charge for the COMPANY'S indemnity as set forth in SECTIONS 10.a., b., and c. No portion of the **Single Loss** LIMIT OF LIABILITY shall be used as payment of premium for any indemnity purchased by the **INSURED** to obtain replacement **Securities**.

SECTION 11. SUBROGATION—ASSIGNMENT—RECOVERY

In the event of a payment under this BOND, the COMPANY shall be subrogated to all of the **INSURED'S** rights of recovery against any person or entity to the extent of such payment. On request, the **INSURED** shall deliver to the COMPANY an assignment of the **INSURED'S** rights, title and interest and causes of action against any person or entity to the extent of such payment.

Recoveries, whether effected by the COMPANY or by the **INSURED**, shall be applied net of the expense of such recovery, first to the satisfaction of the **INSURED'S** loss which would otherwise have been paid but for the fact that it is in excess of the applicable **Single Loss LIMIT OF LIABILITY**, second, to the COMPANY in satisfaction of amounts paid in settlement of the **INSURED'S** claim and third, to the **INSURED** in satisfaction of the applicable **DEDUCTIBLE AMOUNT**. Recovery from reinsurance and/or indemnity of the COMPANY shall not be deemed a recovery under this SECTION.

SECTION 12. CO-OPERATION OF INSURED

At the COMPANY'S request and at reasonable times and places designated by the COMPANY the **INSURED** shall:

- a. submit to examination by the COMPANY and subscribe to the same under oath, and
- b. produce for the COMPANY'S examination all pertinent records, and
- c. co-operate with the COMPANY in all matters pertaining to the loss.

The **INSURED** shall execute all papers and render assistance to secure to the COMPANY the rights and causes of action provided for under this BOND. The **INSURED** shall do nothing after loss to prejudice such rights or causes of action.

SECTION 13. TERMINATION

This BOND terminates in its entirety on the earliest occurrence of any of the following:

- a. immediately on the receipt by the COMPANY of a written notice from the **INSURED** of its decision to terminate this BOND, or
- b. immediately on the appointment of a trustee, receiver or liquidator to act on behalf of the **INSURED**, or the taking over of the **INSURED** by State or Federal officials, or
- c. immediately on the dissolution of the **INSURED**, or
- d. immediately on the taking over of the **INSURED** by another entity, or
- e. immediately on exhausting the **AGGREGATE LIMIT OF LIABILITY**, or
- f. immediately on expiration of the **BOND PERIOD**.

This BOND terminates as to any **Employee**:

- aa. immediately on the **INSURED**, or any of its directors, trustees or officers not acting in collusion with such **Employee**, learning of any dishonest or fraudulent act committed by such **Employee** at any time, whether in the employment of the **INSURED** or otherwise, whether or not such act is of the type covered under this BOND, and whether against the **INSURED** or any other person or entity, or
- bb. fifteen (15) days after the receipt by the **INSURED** of a written notice from the COMPANY of its decision to terminate this BOND as to any **Employee**.

Termination as to any **Employee** shall not apply if the dishonest or fraudulent act occurred prior to employment with the **INSURED** and involved less than \$10,000. Such termination, however, is without prejudice to the loss of any **Property** then in transit in the custody of such **Employee**.

SECTION 14. OTHER INSURANCE

To the extent that it is permitted by the Insurance Contracts Act 1984 (Cth), coverage under this BOND shall apply only as excess over any other valid and collectible insurance, indemnity or suretyship, whether such insurance is stated to be primary, contributing, excess or contingent, obtained by or on behalf of:

- a. the **INSURED**, or
 - b. a **Transportation Company**, or
 - c. another entity on whose premises the loss occurred or which employed the person causing the loss or engaged the messenger conveying the **Property** involved.
-

SECTION 15. EMPLOYER SPONSORED SUPERANNUATION FUNDS

All of the **INSURED'S** employer sponsored superannuation funds are provided bonding protection under INSURING CLAUSE 1., DISHONESTY.

SECTION 16. CONFORMITY

The provisions of this BOND shall be read subject to the provisions of any statute governing its construction. If the provisions of this BOND are inconsistent with any such statute then the provisions of this BOND shall be deemed amended so as to comply with the statute.

SECTION 17. CHANGE OR MODIFICATION

This BOND or any instrument amending or affecting this BOND may not be changed or modified orally. No change in, or modification of, this BOND shall be effective except when made by written endorsement to this BOND signed by an authorised employee of the COMPANY.

SECTION 18. TERRITORY

Coverage under this BOND shall extend anywhere in the world.

SECTION 19. CHOICE OF LAW AND JURISDICTION

The construction, interpretation and meaning of the provisions of this BOND shall be determined in accordance with the law of Australia. Any disputes relating to the construction, interpretation and meaning of this BOND shall be submitted to the exclusive jurisdiction of the courts of Australia.