



**DISCOVERY
CREDIT UNION LTD**

ABN 48 087 650 977
Australian Financial Services Licence No 240781

INFORMATION DOCUMENT

**This document contains important information regarding the
proposed merger with Queenslanders Credit Union Ltd**

DISCOVERY CREDIT UNION LTD - INFORMATION DOCUMENT

The Boards of Discovery Credit Union Ltd (“Discovery”) and Queenslanders Credit Union Ltd (“Queenslanders”) propose that Discovery and Queenslanders merge by way of a total transfer of business from Discovery to Queenslanders.

The purpose of this Information Document is to provide members of Discovery with details of the proposal to allow them to make an informed decision at the Annual General Meeting to be held on 23rd November 2007 where members will be asked to vote on a Special Resolution approving the merger.

Members of Discovery Credit Union should read this Information Document carefully. You are encouraged to contact John Weier, General Manager with any questions.

1. Reasons for the Merger

The Boards of both credit unions believe that it is in the best interest of the members of each credit union to merge.

The Australian financial services industry is extremely competitive. Systems to comply with legislation and technology investments for competitive services are costly to implement and maintain. With combined assets approaching \$400 million the new organisation will be more competitive in the marketplace, able to develop new and innovative products and provide a better service offering to members in the coming years.

The Discovery Board wants to ensure members have access to a credit union that meets their future financial needs in this highly competitive environment whilst retaining the traditional community values and membership focus. The Board of Discovery believes that the proposed merger with Queenslanders will help achieve this objective.

The Boards of both credit unions have recognised the potential for growth in the Ipswich area and believe the merger will create a financially strong regional credit union with sufficient size to ensure that it can continue providing friendly, personalised service to members. In addition, having the economies of scale of a larger financial institution will allow the merged credit union to take advantage of the opportunities that are available in the Ipswich area due to the strong local economy and continuing development.

2. Recommendations of your Board

Your Board unanimously recommends that you vote in favour of the merger with Queenslanders for the reasons set out below:-

- **Members will benefit from a range of the latest in products, services and technology offered by Queenslanders.**
- **Members will be part of a much stronger organization with excellent corporate governance.**
- **Members will be part of an organization with the ability to invest in technology to keep pace with product development and reporting requirements.**
- **Members will be part of a larger credit union that would have the resources to cope with the intense competition from other much larger financial institutions and be in a position to promote and grow the credit union in the Ipswich area.**

3. Descriptions of the Two bodies

Discovery Credit Union Ltd:

Discovery was formed in Ipswich in 1965 by a group of mine workers. It originally operated as the Queensland Coal Mining Industry Credit Co-operative servicing employees of the mining industry and their immediate families. In the 1980s the coal mining industry started to decline. As a result the credit union changed its name to Ipswich Credit Union in 1985 and membership was opened to all residents of Queensland. In 1996, Brisbane based Austax Credit Union transferred its engagements to Ipswich Credit Union and the name was subsequently changed to Discovery Credit Union.

The Head Office of Discovery is located in Ipswich with three other branches in the Ipswich area and a branch in the Brisbane CBD. Membership is now open to all residents of Australia.

Discovery is a mutual organisation, regulated by the Australian Prudential Regulation Authority and holding a banking licence under the Banking Act 1959. The principal activities of the Credit Union are the receiving of funds on deposit and advancing of loans.

Queenslanders Credit Union Ltd:

Queenslanders came into existence in 1963 and was formed as the Queensland Public Service Employees' Credit Union Limited. Like Discovery it was formed to cater exclusively for the financial requirements of a group of employees. In Queenslanders case the group was the employees of the State Government. The membership bond was subsequently opened up to all Commonwealth or State Government public servants, local government employees and their families. Today membership is open to all Australian residents approved by the Board.

In 1996, the credit union changed its name to Queenslanders Credit Union Limited to enable it to be recognised as more aligned to its member base. Queenslanders has 18,000 members and over 50 staff.

In 2005 members of Media Credit Union Queensland Ltd (Media) voted to transfer their operations to Queenslanders. A merger of the two credit unions took place in June of that year. Media came into existence in 1959 and was formed as the ABC Staff Association Credit Cooperative. In 1994, the name was changed to Media Credit Union Queensland Ltd to more accurately reflect the cross section of members at that time. Upon merger, staff and members of Media became members of Queenslanders.

Queenslanders is a mutual organisation, regulated by the Australian Prudential Regulation Authority and holding a banking licence under the Banking Act 1959. The principal activities of the Credit Union are the receiving of funds on deposit, advancing of loans and insurance services. Recently Queenslanders extended its activities to become a mortgage broker in its own right, enabling members to source home loans from over 40 lenders.

4. Description of a Transfer of Business Transaction.

A transfer of business is conducted under the provisions of the Financial Sector (Business Transfer and Group Restructure) Act 1999 and in conformity with Transfer Rules No.1 of 2004. A transfer of business in terms of this proposal means that all of Discovery's business (assets, liabilities and members) will become part of Queenslanders' business. Members of Discovery will become members of Queenslanders with the same rights and conditions that pertain to the members of Queenslanders.

The transfer process involves Special Resolutions to consider whether or not to approve the transfer of business to be put at the Annual General Meetings of Discovery and Queenslanders. At Discovery's meeting a Special Resolution will be put to members to

transfer business to Queenslanders and at the Queenslanders meeting a Special Resolution will be put to accept the transfer of business. In order to be successful the members of both credit unions must agree to the transfer of business with at least 75% of the votes cast by members entitled to vote on the resolutions being in favour.

If the resolutions are successful, the Australian Prudential Regulation Authority will then be asked for a decision to approve the transfer of business. Preliminary authority has already been given in terms of the Banking Act and the Financial Sector (Shareholdings) Act to the proposed merger. Once APRA has approved the transfer of business it issues a certificate of approval which states the day from which transfer becomes effective. All of Discovery's business transfers on the date stated in that certificate.

5. Brief Description of the Proposed Transfer

- a. The proposed transfer is a total transfer of all the assets, liabilities and equity as well as all the business that Discovery currently operates.
- b. Members of Discovery will become members of Queenslanders with the same rights as Queenslanders' members currently have.
- c. Members of Discovery will rank equally with members of Queenslanders after the transfer.
- d. All employees of Discovery will become employees of Queenslanders without loss of any present entitlements. Their years of service will be calculated as if they joined Queenslanders when they were employed by Discovery.
- e. The proposed transfer process involves preliminary approvals being received under the Banking Act and the Financial Sector (Shareholdings) Act (refer paragraph 18) and the successful passing of a Special Resolution at a general meeting of members to be held on 23rd November 2007. To be passed, the Special Resolution will need a majority of 75% of those members voting to be in favour. In addition, the proposed transfer also requires the successful passing of a Special Resolution at a general meeting of Queenslanders members to be held on 28th November 2007. To be passed, the Special Resolution will also need a majority of 75% of Queenslanders members voting to be in favour. Once the Special Resolutions of both credit unions have been passed, APRA will be requested to approve the transfer.
- f. The proposed effective date of the transfer is 1st December 2007 to minimise costs related to accounting, audit and reporting requirements.

6. Particulars of the Boards of both Bodies

Discovery Credit Union Ltd – Current Board Structure

Mr John Brown (Chairman)
Mr Kenneth Campbell
Mr Gary Lamb
Mr Douglas McAully
Mr Robert Rush

Queenslanders Credit Union Ltd – Current Board Structure

Ms Christine Flynn (Chairperson)
Mr Rex Mellifont
Mr John Merrell
Mr Brian Merrin
Mr Alexander Scott
Ms Elizabeth Ward
Dr Harry Zaphir

The Queenslanders Board structure will change as a result of the merger. The new Board will consist of all the current members of both Boards and therefore will be:-

Ms Christine Flynn (Chairperson)

Mr John Brown

Mr Kenneth Campbell

Mr Gary Lamb

Mr Douglas McAully

Mr Rex Mellifont

Mr Brian Merrin

Mr John Merrell

Mr Alexander Scott

Mr Robert Rush

Ms Elizabeth Ward

Dr Harry Zaphir

Discovery Credit Union Ltd – Proposed Board Structure after Merger

On the transfer date, all existing directors of Discovery cease to be directors of Discovery.

Immediately after transfer the following executives of Queenslanders will be appointed directors of Discovery.

Mr Ross McDowell – Chairperson

Mr Bruce Miller – Secretary

Mr John Weier

These executives will be appointed to facilitate the wind-up of the corporate shell of Discovery which will no longer be required.

7. Particulars of the Effects of the Transfer

(i) Comparison of Constitutions

While there are minor differences in the constitutions of both entities the rights and liabilities of the members of Discovery will not change in substance.

There are proposed changes to the Constitution of Queenslanders. These are set out below:-

- Division 13 ‘Directors – Appointment & Vacation of Office’
Section 13.1 ‘Number of Directors’

“The **credit union** must have not more than 7 **directors** .“

will change to:

“The **board** may determine the number of **directors** from time to time provided that the number of **directors** is not less than five and no more than twelve.”

- Appendix 2 – Common Bond – Table A2-1 Common Bond – Natural Person.

Delete all current rows in table and replace with:

1.	Community	At the time of applying to join the credit union the person is an Australian citizen, or is a resident of Australia and its Territories, or both.
2.	Approved Persons	At the time of applying for membership, the person falls within a further category of person eligible for membership under an admission policy made under a board resolution, or who is otherwise approved by the board or its delegate following a request for admission as a member.
3.	Transferring Members	The person was a member of another ADI that transferred its business and members to the credit union under the Financial Sector (Business Transfer and Group Restructure) Act 1999 (Cth).

- Appendix 2 – Common Bond – Table A2-1 Common Bond – Body Corporate.

Delete all current rows in table and replace with:

1.	Community	At the time of applying to join the credit union the body corporate has an office or business address in Australia or its Territories.
2.	Approved Persons	At the time of applying for membership, the body corporate falls within a further category of person eligible for membership under an admission policy made under a board resolution, or who is otherwise approved by the board or its delegate following a request for admission as a member.
3.	Transferring Members	The body corporate was a member of another ADI that transferred its business and members to the credit union under the Financial Sector (Business Transfer and Group Restructure) Act 1999 (Cth)

(ii) Shares

All members of Discovery immediately before the transfer date will cease to be members of Discovery on the transfer date and all of their member shares in Discovery will be cancelled.

Each person who was a member of Discovery immediately before the transfer date will be issued with 1 member share in Queenslanders with a subscription price of \$10 fully paid. Members of Discovery will rank equally with members of Queenslanders on the same terms and conditions. This will occur as part of the transfer process as described in paragraph 4 without any action being needed on the part of Discovery members.

The constitution of Discovery provides that a member share may be issued to a minor partly paid to \$2. There is no similar provision in the Queenslanders constitution. As no such partly paid shares have been issued or will be issued, there is no effect on any Discovery members.

(iii) Comparison of Fees & Charges and Product Interest Rates

The comparison of product interest rates of the two credit unions was required as part of the process to establish the benefits to members in merging. This comparison is shown in Attachments 1,2 & 3. Term deposit interest rates of Queenslanders are better than those currently offered by Discovery across most levels of deposit and term. Additional term deposit types are also offered by Queenslanders (quarterly and 6-monthly interest rates) including terms up to 3 years (refer Attachment 2). Queenslanders do not pay interest on deposits at call under \$5,000 which could disadvantage some members.

A comparison of fees and charges of Discovery and Queenslanders across all products is shown at Attachment 4.

- The Queenslanders fee system is based on principles of “equity”. That is to say it aims to reduce or eliminate cross subsidisation where the costs of transacting members are subsidised by borrowers and non-transactors. The principle fits well with the credit union philosophy of mutuality.
- Queenslanders has a system of loyalty rebates rewarding members for doing profitable business (loans and insurance) with the credit union.
- Many of Queenslanders’ fees are based on the direct costs charged to Queenslanders from third parties (e.g. declined ATM transactions or ATM balance enquiries charged through CUSCAL). A charge is then made directly to the member who undertook the transaction.

- Fees and charges are inextricably linked with product interest rates and product features and interest rates (e.g. high transaction fees apply to high/higher rate deposit products) in both institutions.
- Discovery has fewer fees and charges, due largely to a smaller product range as shown in the comparison of fees and charges. There may be some disadvantages to some members of Discovery following a successful transfer. There could be an increase in fees currently charged as a result of adopting the Queenslanders fee structure. Any increase is difficult to quantify as some fees are linked to loyalty rebates.
- The new fees and charges will apply to all members after a successful merger.
- Following a successful merger, the current monthly fee for Phonebanking and Netbanking access charged by Queenslanders will be dropped. (Refer Attachment 4, page 14).
- Following a successful merger, the current Over the Counter Withdrawal Fee charged by Queenslanders will reduce to the amount currently charged by Discovery and will be subject to the Loyalty Rebate Scheme. (Refer Attachment 4, page 17).

There will be no interruption to your current services and you will be able to conduct your transactions without any changes on your behalf.

(iv) Effects on Depositors:

The variable interest rates applicable to depositors will change to the rates offered by Queenslanders after a successful merger.

Members with ordinary savings account deposits greater than \$49,999 will benefit from higher interest rates offered by the S5 MoneyMaker account at Queenslanders. Transferring members will need to open an S5 MoneyMaker account and transfer funds to take advantage of the higher interest rate. For ordinary savings account deposits up to \$4,999 this will result in a loss of interest from 0.25% p.a. to 0%. For Minimum Account Balance deposits up to \$4,999 this will result in a loss of interest from 2.75% p.a. to 0% p.a..

Term deposit rates will be maintained until maturity. At maturity members will have access to more favourable rates and terms offered by Queenslanders. The comparison of deposit rates and fees & charges is set out in Attachment 1, 2 and 4.

(v) Effects on Borrowers:

Fixed rate loans will become available to members after merger. Members will also have access to over 40 different lenders through Queenslanders mortgage broker business.

Variable rate loans, including overdrafts, will transfer to Queenslanders at the Discovery rate applicable at the date of transfer. Where the Discovery rate is higher than the Queenslanders maximum comparable rate those loans may, on application by the borrower, convert to the more favourable Queenslanders rate.

The comparison of loan rates is set out in Attachment 3.

(vi) Benefits to all members:

Members will benefit from access to over 40 different lenders through Queenslanders mortgage broker business. Existing Loans staff at Discovery will be trained to become Accredited Mortgage Consultants.

(vii) Future of business of Discovery

The Board of Queenslanders confirms its intention in respect of the future of the business of Discovery:

- The current General Manager of Discovery, Mr John Weier, will be offered an executive management position as Deputy CEO of Queenslanders at his current remuneration package.
- It is the intention of the Board to maintain the branches of Discovery after the merger has been completed.
- All staff of Discovery will be offered positions in the merged credit union in keeping with their level of knowledge, skills and expertise at their current remuneration package. There will be no redundancies and all staff will transfer with entitlements intact.
- Current Discovery loans will be managed and maintained post merger.
- Current services to members will be maintained and extended by the addition of a number of services offered by Queenslanders which are not available to Discovery members. Members will also have additional branches to use at 96 Albert Street Brisbane, Townsville and Cairns.
- Discovery products are to be assessed and integrated with Queenslanders products.

After transfer Discovery will be deregistered after all funds have been transferred to Queenslanders.

8. Particulars of any Independent Advice

No independent advice has been sought.

9. Particulars of Material Changes in Financial Position of Both Bodies since the Last Audited Accounts

There has been no material change in the financial position of both bodies since the last audited Accounts.

A summary of the audited accounts at 30th June 2007 is attached at Attachment 5. These accounts include a pro-forma consolidation as if the merger had taken place at 30th June 2007.

Copies of the full sets of financial statements may be obtained as detailed in Attachment 5 to this Information Document.

10. Particulars of any Interest that any Officer of the Bodies has in the Transfer

Other than as disclosed in this statement, no officer of either body has an interest in the transfer.

11. Particulars of any Compensation or Consideration to be paid

There is no compensation or consideration to be paid to any officer, member, depositor or investor of either body other than that in respect of interest rates for members as set out in the comparison of rates in Attachments 1, 2 and 3.

12. Particulars of any Incentive or Benefit proposed to be given

There is no incentive or benefit proposed to be given to any officer, member, depositor or investor of either body other than:-

- i. The General Manager and Loans Manager of Discovery, who have been employed for more than 25 years, have individual employment contracts. These individual employment contracts contain clauses relating to Redundancy and Changes of Employment. The maximum amount payable in respect of those clauses total \$292,974 for the two persons concerned. Payments up to a maximum amount of \$292,974 may become payable immediately prior to the transfer date. The amount of these payments will become certain when the

- employees involved decide on whether or not to take up the offer of employment with Queenslanders. The payments made will be made by Discovery.
- ii. Potential payments to a number of Directors under the proposed Early Retirement Scheme. This Scheme, which will be put to the general meeting of Queenslanders for approval, is intended to offer an incentive to a limited number of Directors to take early retirement in order to reduce post merger Board numbers. The Scheme proposes an early retirement payment based upon years of service as a Director and average Director's fees for 2006. It is limited to a maximum of 5 Directors and is available until 3 years after the merger. The maximum amount payable, including superannuation guarantee charges, if 5 of the longest serving Directors elect to retire immediately after merger total \$232,264 for the five persons concerned. Full details of the proposal are included in the resolution to be put to the Queenslanders General Meeting to be held on 28th November 2007.

13. Particulars of any Agreement conditional on the Transfer

There are no agreements conditional on the transfer.

14. Details of the effect of any matters in 11, 12 & 13

The effect of the matters in paragraph 12 will be:-

- In respect of item 12(i) - Discovery's profit before income tax, for the period ended 30th November 2007 will be reduced by that amount. The net assets transferred to Queenslanders will be reduced by the after tax effect of the payments.
- In respect of item 12 (ii) – The profit before income tax of Queenslanders in the 2008 and up to 2010 financial years may be reduced by amounts of up to the maximum amounts payable. The maximum amount of payments will reduce over time in line with the proposal.

15. Details of arrangements for Members to ask Questions or be heard on Issues Relating to the Transfer

At the Annual General Meeting on 23rd November 2007 Discovery members will be given an opportunity to ask questions about the merger prior to the vote being taken. Any questions that members have prior to the meeting may be sent in writing to the Chairman at the registered office of your credit union. An independent moderator will be available to direct questions and keep order during question time.

16. Assurances of your Board

The new Board of Discovery will, after the transfer date, prepare and sign the financial statements up to that date, together with any further statutory statements and reports (including the revocation of Discovery's Australian Financial Services Licence) that are required.

17. Consequences of Members Not Approving the Transfer

Queenslanders and Discovery will continue to operate as they have in the past, at least in the short term.

Discovery will have to undertake the conversion to a new banking platform without the contribution of financial and human resources of Queenslanders. The conversion to the new banking system will incur significant costs resulting in a review of the pricing strategies of Discovery. The current branch structure would have to be reviewed.

Both credit unions would expend significant amounts to individually implement the Anti-Money Laundering Legislation and the Basel II reforms within the next year.

In the longer term, it will become increasingly difficult for Discovery to remain competitive as the larger Financial Institutions operating in the same market enjoy economies of scale. This results in cost efficiencies which in turn allows reduced interest margins and lower fees and charges.

The Directors do not believe that Discovery is of sufficient size and has adequate financial and human resources to take advantage of the opportunities that become available in the Ipswich area, due to the strong local economy and continuing development.

In the event that the merger does not proceed, costs incurred by each entity will be shared in the ratio of assets under management at the time of termination of the merger process.

18. Other Material Information

APRA has advised that approval has been granted under the Banking Act for the transfer to proceed.

APRA has advised that approval has been granted under the Financial Sector (Shareholdings) Act for the transfer to proceed.

The only charge registered against Discovery is the fixed and floating charge given to CUSCAL to secure any advances to the Credit Union. This charge will be released by CUSCAL on the issue of the certificate by APRA under the "Financial Sector (Business Transfer and Group Restructure) Act 1999"

Your Directors are not aware of any other material information that needs to be disclosed in order for members to make an informed decision on this proposed transfer.

19. Whether the transfer triggers the Demutualisation provisions of the *Corporations Act 2001*

The transfer will not trigger Part 5 of Schedule 4 of the Corporations Act 2001.

20. Other Information specified by APRA

APRA do not require any further information to be disclosed.

21. BOTH CREDIT UNION BOARDS STRONGLY RECOMMEND APPROVAL OF THE PROPOSED MERGER.

**QUEENSLANDERS CREDIT UNION & DISCOVERY CREDIT UNION
COMPARISON OF SAVINGS ACCOUNT RATES (as at 15th October 2007)**

Queenslanders rates will also apply to Discovery members after a successful merger.		
INTEREST RATES	QCU	DISCOVERY
SAVINGS	Calculated on daily balance	Calculated on daily balance
Access and Ordinary Savings Accounts (QCU & DCU S1,S2,S3,S4)		
Balance over \$50,000	1.75%	2.50%
Balance between \$25,000 - \$49,999	1.25%	2.00%
Balance between \$20,000 - \$24,999	1.25%	1.50%
Balance between \$10,000 - \$19,999	0.50%	1.50%
Balance between \$5,000 - \$9,999	0.50%	1.00%
Balance between \$0 - \$4,999	0.00%	0.25%
MoneyMaker Account (QCU S5 & DCU S5, S6)	Calculated on daily balance	Calculated on daily balance
Balance \$100,000 +	6.15%	2.25% - 3.75%
\$50,000 - \$99,999	4.50%	2.25% - 3.75%
\$25,000 - \$49,999	3.70%	2.25% - 3.75%
\$20,000 - \$24,999	3.70%	2.25% - 2.75%
\$5,000 - \$19,999	3.20%	2.25% - 2.75%
\$0 - \$4,999	0.00%	1.75% - 2.75%
Christmas Club (QCU S7 & DCU S7)	Calculated on daily balance	Calculated on daily balance
Balance \$1 + <i>(Withdrawal of funds in November)</i>	0.75%	3.00%
Kidds Club (QCU S4 & DCU S8)	Calculated on minimum monthly balance	Calculated on daily balance
Balance \$1 +	1.25%	1.50%
Pensioner Account (DCU S10)	Queenslanders will adopt this product post merger at the rates applicable at the date of transfer.	Calculated on daily balance
\$35,601 and over		5.0%
Up to \$35,600		3.0%
Big Deal Account (QCU S1 & DCU S11)	Calculated on daily balance	Calculated on daily balance.
Balance over \$50,000	1.75%	3.50%
Balance between \$25,000 - \$49,999	1.25%	3.50%
Balance between \$20,000 - \$24,999	1.25%	3.50%
Balance between \$10,000 - \$19,999	0.50%	3.50%
Balance between \$5,000 - \$9,999	0.50%	2.00%
Balance between \$2,000 - 4,999	0.00%	2.00%
Balance between \$500 - \$1,999	0.00%	1.00%
Balance between \$0 - \$499	0.00%	0.00%
	Amounts on call	Amounts fixed for 3 months then on call

Queenslanders rates will also apply to Discovery members after a successful merger.		
INTEREST RATES	QCU	DISCOVERY
Savings Account (QCU S1 & DCU S97)		Calculated on daily balance
Balance over \$50,000	1.75%	2.50%
Balance between \$25,000 - \$49,999	1.25%	2.50%
Balance between \$20,000 - \$24,999	1.25%	2.50%
Balance between \$10,000 - \$19,999	0.50%	2.50%
Balance between \$5,000 - \$9,999	0.50%	2.50%
Balance between \$0 - \$4,999	0.00%	2.50%

QUEENSLANDERS CREDIT UNION & DISCOVERY CREDIT UNION – COMPARISON OF TERM DEPOSIT RATES (as at 15th October 2007)

TERM DEPOSITS QUEENSLANDERS Interest paid on Maturity or annually (% = p.a.)							TERM DEPOSITS DISCOVERY Interest paid on Maturity or monthly (% = p.a.)					
Minimum Deposit	\$1,000	\$5,000	\$10,000	\$20,000	\$50,000	\$100,000	Minimum Deposit	\$1,000	\$5,000	\$20,000	\$50,000	\$100,000
1 month	-	3.65%	4.40%	4.80%	5.20%	5.60%	1 month	N/A	N/A	N/A	N/A	N/A
2 month	-	3.70%	4.60%	5.00%	5.60%	5.75%	2 month	N/A	N/A	N/A	N/A	N/A
3-5 mths	4.00%	5.70%	6.25%	6.45%	6.55%	6.60%	3 mths	4.50%	4.75%	5.25%	5.75%	6.00%
6-8 mths	4.80%	6.00%	6.45%	6.65%	6.70%	6.80%	6 mths	4.50%	4.75%	5.25%	5.75%	6.00%
9-11 mths	4.85%	6.05%	6.50%	6.65%	6.70%	6.80%	9-11 mths	N/A	N/A	N/A	N/A	N/A
12-23 mths	5.10%	6.30%	6.60%	6.75%	6.75%	6.85%	12 mths	4.50%	4.50%	5.75%	5.75%	6.00%
24-36 mths	5.20%	6.30%	6.60%	6.65%	6.70%	6.80%	24-36 mths	N/A	N/A	N/A	N/A	N/A
Interest paid six monthly												
12-23 mths	-	6.20%	6.50%	6.65%	6.65%	6.75%		N/A	N/A	N/A	N/A	N/A
24-36 mths	-	6.20%	6.50%	6.55%	6.60%	6.70%		N/A	N/A	N/A	N/A	N/A
Interest paid quarterly												
12-23 mths	-	6.15%	6.45%	6.60%	6.60%	6.70%		N/A	N/A	N/A	N/A	N/A
24-36 mths	-	6.15%	6.45%	6.50%	6.55%	6.65%		N/A	N/A	N/A	N/A	N/A
Interest paid monthly												
12-23 mths	-	6.10%	6.40%	6.55%	6.55%	6.65%		N/A	N/A	N/A	N/A	N/A
24-36 mths	-	6.10%	6.40%	6.45%	6.50%	6.60%		N/A	N/A	N/A	N/A	N/A

QUEENSLANDERS CREDIT UNION & DISCOVERY CREDIT UNION – COMPARISON OF LOAN RATES (as at 15th October 2007)

PRODUCT DESCRIPTION	QCU (%= p.a.)	DISCOVERY (% = p.a.)
Owner Occupied Home Loan		
Standard Variable Rate	8.35%	8.29%
Original (Budget Home Loan)	7.79%	7.79%
Discounted Honeymoon Rate (12mths)	6.75% for 1 st year	N/A
Other Mortgage Secured Loans	7.79% - 10.31%	7.79% - 9.25%
Personal Loans	8.70% - 15.25%	9.5% - 12.95%
Fixed Rate Home Loans:		
2 Years	8.15%	N/A
3 Years	8.15%	N/A
Overdrafts – Unsecured Introductory	4.00%	N/A
Overdrafts – Unsecured	10.45% - 13.45%	13.00% - 16.50%
Overdrafts - Secured	8.35%	7.79% - 9.75%
Mycard Mastercard	From 10.49% (as determined by Citibank)	From 10.49% (as determined by Citibank)

QUEENSLANDERS CREDIT UNION & DISCOVERY CREDIT UNION – COMPARISON OF FEES & CHARGES

Schedule of Fees & Charges and Rebates (as at 15th October 2007)

Queenslanders Fees & Charges will apply to Discovery members after a successful merger		
FEE DETAIL	QCU	DISCOVERY
Membership Subscription		
1 Member Share	\$10.00	\$10.00
SAVINGS		
Access Charges		
Netbanking (Refer to Paragraph 7(iii))	\$0.30 per month*	Nil ¹
Phone banking (Refer to Paragraph 7(iii))	\$0.30 per month*	Nil ¹
	* These fees will reduce to Nil after merger	
SMS Banking		
SMS Alerts	\$0.25 per SMS Alert	N/A
ATM & EFTPOS		
Withdrawal & transfer	\$1.10	\$1.10
Overseas ATM withdrawals	\$12.50	N/A ²
ATM balance enquiries	\$1.10	Nil
Declined ATM transactions	\$2.00	Nil
Failed PIN attempts	\$1.10	Nil
EFTPOS purchases in Australia	\$1.10	\$1.10
EFTPOS purchases Overseas	\$12.50	N/A
BPAY		
BPay transactions	\$0.10	Nil
Business Account Fees		
Payroll Processing for Business Members	Nil	\$10.00 per payroll
CARD Fees (Visa & Redicard)		
Visa debit card purchases in Australia (credit)	Nil	N/A
Visa debit card purchases Overseas (credit)	\$12.50	N/A
First card per signatory	Nil	N/A
Multiple card (per additional card)	\$10.00	N/A
Replacement card (lost, stolen, damaged by misuse)	\$15.00	\$10.00
First Reactivation (Redicard)	Nil	Nil
Subsequent Reactivations	N/A	\$10.00
Emergency Visa card		
Issued in Australia	\$21.00	N/A
Issued Overseas	\$300.00	N/A
Overseas cash advance	\$12.50	N/A
Visa voucher copy	\$8.00	N/A

¹ Nil = No fees or charges are made for this product or service.

² N/A = Not Applicable i.e. the product or service is currently not available at that credit union

Queenslanders Fees & Charges will apply to Discovery members after a successful merger		
FEE DETAIL	QCU	DISCOVERY
Transaction verification (per voucher)	\$5.00	N/A
CHEQUES - Bank Issued		
Bank cheque	Bank's charge	Bank's charge
CHEQUES- Credit Union Corporate Cheques		
Corporate cheque withdrawal (collection by member)	\$5.00	\$3.60
Corporate cheque withdrawal	\$5.00	\$4.60
Stop Payment of corporate cheque	\$15.00	Nil
Presentation of stopped cheque	\$15.00	Nil
Copy of paid corporate cheque	Bank's charge	Bank's charge
Trace of paid corporate cheque	Bank's charge	Bank's charge
CHEQUES - Member Chequing Facility		
Member chequing - Presentation	\$1.10	\$1.10
Deposit via NAB deposit book facility	\$4.00	Nil
Issue and postage of cheque books (25)	Nil	\$5.50
Issue and postage of cheque books (100)	N/A	\$22.00
Stop payment of personal cheque	\$6.25	Nil
Presentation of stopped cheque	\$15.00	\$40.00
Cheque encashment facility	\$15.00	N/A
Copy of paid cheque	Bank's charge	Bank's charge
Trace of paid cheque	Bank's charge	Bank's charge
Cash cheque	Bank's charge	N/A
DEPOSITS to Savings Accounts		
Counter deposits	Nil	Nil
Coin counting Fee		
Pre Bagged	\$2.50	Nil
Amounts less than \$50.00	\$2.50	\$2.00
\$50.00 to \$99.99	\$5.00	\$5.00
\$100.00 & over (per \$100 or part thereof)	\$10.00	\$10.00
Dishonour of cheque deposit	\$9.00	\$12.00
Special clearance on cheque	\$15.00	\$20.00
Foreign currency exchange	\$4.00	N/A
DISHONOUR Fee		
Direct debit dishonour	\$35.00	\$20.00
Periodical payment dishonour	\$35.00	Nil
Personal cheque dishonour	\$35.00	\$40.00
DORMANCY Fee		
Transfer to dormancy status fee	\$15.00	Nil
Dormant account administration fee	\$5.00 per month	\$10.00 per annum

Queenslanders Fees & Charges will apply to Discovery members after a successful merger		
FEE DETAIL	QCU	DISCOVERY
HONOUR Fee		
Direct debit honour	\$20.00	\$10.00
Periodical payment honour	\$20.00	N/A
Personal cheque honour	\$20.00	\$10.00
OVERDRAWN Account Fee		
Overdrawn account per transaction that exceeds balance	\$20.00	N/A
PERIODICAL Payments		
Periodical payments fee	\$1.10	Nil
STATEMENT/Record Request		
Statements accessed via Phone/Netbanking	Nil	Nil
Statements request by phone/fax	\$5.00 per page (\$10 minimum)	\$2.00
Non standard statement cycle fee	\$20.00	Nil
Reissue of member statements within current financial year	\$2.00 per page (\$10 minimum)	\$2.00 per page
Reissue of member statements previous financial year	\$2.00 per page (\$10 minimum)	\$2.00 per page
Copy of records	\$2.00 per page	\$10.00 minimum
Transaction (counter) verification	\$5.00 per vchr (\$10 Minimum)	Nil
Letter certifying account balance	\$15.00	Nil
Letter certifying annual interest amount	\$15.00	Nil
Comprehensive certificates/Audit confirmations	\$50.00 per hour	Nil
Miscellaneous Service Fee	\$12.50 per ¼ hour	N/A
TRANSFER of Funds/Drafts		
EFT payment request	\$10.00	\$5.00
Transfer of funds between accounts	\$5.00	\$5.00
EFT Trace	\$22.00	CUSCAL's charge
Telegraphic Transfer		
Within Australia	Bank's charge	N/A
Overseas	Bank's charge	Amex charge
Bank Drafts	\$5.00	N/A
Bank Transfer	\$15.00	\$10.00
Irrevocable Electronic Transfers Inward	N/A	\$5.50
Irrevocable Electronic Transfers Outward	N/A	\$10.00
Foreign Currency exchange fee (cash & cheques)	\$25.00	\$10 + Amex Charge
Travellers Cheques		
Travellers Cheques	Nil	\$10 + Amex Charge

Attachment 4

Queenslanders Fees & Charges will apply to Discovery members after a successful merger		
FEE DETAIL	QCU	DISCOVERY
Withdrawals <i>(Refer to Paragraph 7(iii))</i> Over the counter cash withdrawal	\$2.00 before the merger, and \$1.10 after the merger.	\$1.10
Christmas Club Transaction Fee Transaction Fee per withdrawal	\$5.00	N/A Loss of interest on early withdrawals
Moneymaker Transaction Fee First five debit transactions per month (withdrawals/transfers) Each additional debit per month in excess of five	Nil \$5.00	N/A N/A

Queenslanders fees & charges will also apply to Discovery members after a successful merger		
TERM DEPOSITS	QCU	DISCOVERY
Early Redemption	Interest penalty	Interest penalty

Full details of QCU Fees & Charges are available from Queenslanders Credit Union Ltd.

Queenslanders Loyalty Rebates will apply to Discovery members after a successful merger		
LOYALTY REBATES	QCU	DISCOVERY
Loyalty Rebates apply to members with the following Queenslanders products:		
Queenslanders Visa Debit Card; and/or Queenslanders American Express Card; and/or General Insurance Product(s); and/or Term Deposit(s)	3 Loyalty rebates	N/A
Loan product (excluding Home Mortgages & Home Action products) and/or Smartcash Product	6 Loyalty rebates	N/A
Home Mortgage and/or Home Action Account	10 Loyalty rebates	N/A
Home Mortgage and/or Home Action Account with one or more of the following products: Car or Personal Loan Smartcash	12 Loyalty rebates	N/A
<i>A loyalty rebate is currently valued at \$1.10. These loyalty rebate maximums are calculated each month and are non-cumulative. These loyalty rebates offset the following transaction costs:</i>		
Loyalty Rebates apply to the following transactions:		
Withdrawal and transfer transactions performed on ATMs within Australia	\$1.10	N/A
ATM balance enquiries & failed PIN transaction attempts	\$1.10	N/A
EFTPOS purchases	\$1.10	N/A
<i>Members aged 65 years and over are rewarded with unlimited Loyalty Rebates on the transactions specified</i>		

Queenslanders Loyalty Rebates will apply to Discovery members after a successful merger		
LOYALTY REBATES	QCU	DISCOVERY
0 - \$499	N/A	Nil
\$500 - \$4,999	N/A	\$5.00
\$5,000 - \$9,999	N/A	\$10.00
\$10,000 - \$14,999	N/A	\$15.00
\$15,000 - \$19,999	N/A	\$20.00
Over \$20,000	N/A	\$25.00
<p><i>DCU current Loyalty Rebates are based on Transaction fee rebates. These rebates are dependent on the value of the "member relationship". The Member relationship is calculated by the total value of the savings accounts, fixed deposits and loan balances. Rebates are based on minimum monthly balance and do not accumulate to the following month. The rebates only apply to transaction fees and all other fees will be charged in full.</i></p>		

Queenslanders Credit Fees & Charges will apply to Discovery members after a successful merger		
CREDIT FEES & CHARGES	QCU	DISCOVERY
Personal Loans - Establishment Fee		
New borrower – up to \$10,000	\$80.00	\$50.00
New borrower – over \$10,000	\$80.00	\$80.00
Any variation to existing contract	\$80.00	N/A
Bill of Sale Fee (Motor Vehicle)	N/A	\$7.00
Substitute for Security	N/A	\$50 + outlays
Early Payout	Nil	Nil
Mortgage Secured Loans - Establishment Fee		
Residential mortgage loan with security over one property	\$595.00	\$600.00
Residential mortgage loan with security over two properties	\$895.00	\$600 + cost of add. valuation
Increase in amount of credit or variation to existing loan contract	\$300.00	\$600 + cost of add. valuation
Preparation of mortgage release and settlement	\$150.00	Nil
Mortgage Redraw of Advanced Payments		
Manual redraw for all home loan products (\$1K and over)	\$30.00	\$10.00
Manual redraw for all home loan products (less than \$1K)	\$30.00	\$20.00
Redraws via Phone banking on all home loan products	Nil	Nil
Continuous Credit Facility (Overdraft)		
Unsecured facility fee (Smartcash)	\$26.00 p.a.	Nil
Home Action facility fee (secured by mortgage)	\$96.00 p.a.	Nil
Investment and Commercial facility fee	\$250.00 p.a.	Nil
Monthly Administration Fee		
Investment Home Loan	\$8.00	N/A
Early Termination Fee ^		
	See Note	Nil
Prepayment Fee ^		
	See Note	N/A
Delinquency Enforcement Fee		
First Notice	Nil	Nil
Subsequent Notice	\$20.00	\$30.00

^ An Early Termination Fee or Prepayment Fee may only be charged if disclosed on the loan contract.

Particulars of Financial Position of Both Bodies

Balance Sheet for Queenslanders Credit Union & Discovery Credit Union and Pro-forma Consolidation

	Discovery Actual 30 June 2007	Queenslanders Actual 30 June 2007	Pro-Forma Consolidated 30 June 2007
BALANCE SHEET	\$	\$	\$
EQUITY			
Retained Profits	6,442,749	25,181,050	31,623,799
Asset Revaluation Reserve	859,150	-	859,150
Redeemed Pref Share Capital	62,840	92,270	155,110
General Reserve for Credit Losses	556,323	603,263	1,159,586
TOTAL EQUITY	7,921,062	25,876,583	33,797,645
ASSETS			
Cash and Liquid Assets	17,332,413	37,677,467	55,009,880
Accrued Receivables	250,327	1,320,568	1,570,895
Net loans (net of specific provn)	54,583,996	252,979,267	307,563,263
Property, Plant and Equipment	1,627,467	1,151,424	2,778,891
Other Assets	525,888	2,678,034	3,203,922
TOTAL ASSETS	74,320,091	295,806,760	370,126,851
LIABILITIES			
Member Deposits	65,138,918	126,139,178	191,278,096
Wholesale Borrowings	-	138,727,102	138,727,102
Subordinated Debt	-	850,000	850,000
Creditors and Other Liabilities	859,389	3,776,856	4,636,245
Provisions (staff)	400,722	437,041	837,763
TOTAL LIABILITIES	66,399,029	269,930,177	336,239,206

Income Statement of Queenslanders Credit Union & Discovery Credit Union and Pro-forma Consolidation

	Discovery Actual 30 June 2007	Queenslanders Actual 30 June 2007	Pro-Forma Consolidated 30 June 2007
INCOME STATEMENT	\$	\$	\$
Interest revenue	5,536,441	23,570,507	29,106,948
Interest expense	2,459,090	16,213,724	18,672,814
Net Interest Revenue	3,077,351	7,356,783	10,434,134
Other revenue from ordinary activities	1,406,713	3,776,575	5,183,288
Total Income	4,484,064	11,133,358	15,617,422
Marketing Expense	126,394	569,670	696,064
Bad and Doubtful Debt expense	9,379	57,864	67,243
Employee Benefits	1,333,410	3,643,006	4,976,416
Occupancy Expense	279,741	321,836	601,577
Depreciation and Amortisation	172,420	355,051	527,471
Loans Administration Expense	111,948	796,282	908,230
Member Transaction Processing Expense	1,039,880	1,171,131	2,211,011
General Admin Expense	756,730	3,285,192	4,041,922
Other Expenses			
Loss on sale of asset	21,746	1,369	23,115
TOTAL EXPENSES	3,851,648	10,201,401	14,053,049
Operating Profit before Tax	632,416	931,957	1,564,373
Disposal of Property Surplus before Tax	-	7,565,882	7,565,882
Profit Before Tax	632,416	8,497,839	9,130,255
Tax Expense	183,906	2,363,750	2,547,656
Net Profit	448,510	6,134,089	6,582,599

Notes to Financial Statements:

1. Queenslanders held a 3/5 share in the land and buildings located at 96 Albert Street, Brisbane. This property was sold on the 31st May 2007 for \$20.1M. Queenslanders share in the sale after commissions and other costs was \$11.8M. Net profit on sale was \$5.3M (after taxation).
2. The Pro-Forma consolidation was prepared as if the merger took place at 30th June 2007.

The full set of audited financial statements at 30th June 2007 for both bodies are available on their respective websites:

Discovery: www.discoverycredit.com.au

Queenslanders: www.queenslanders.com.au

If you require a full set of either financial statements to assist you in your consideration of the proposal please phone Mr John Weier on (07) 3816 3307 and he will arrange for them to be mailed to you.