

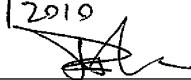

INTERNAL APPLICATION CHECKLIST

Application Name: SOUTH CANTERBURY FINANCE LIMITED ("Applicant")

Application Number: 0034-3

Application Contact: _____

1	Receipt of information from Applicant	Comments	Completed Yes/No Initials of analyst
1.1	<p>Check that all details requested have been included:</p> <ul style="list-style-type: none"> (Crown Guarantee Extension Application Form:1347551) <p>Ensure the Application contains the attestation required that all information supplied is true and correct and that no Default Event has occurred.</p> <p>If no, either:</p> <ul style="list-style-type: none"> Request additional information from Applicant using further information request letter and add hard copy to file. 	<p>21 - JAN - 2010</p>	<p>Yes <input checked="" type="checkbox"/> MK No <input type="checkbox"/></p>
1.2	<p>Has the Application been added to the Sharepoint database? (http://treasury-intranet/groups/ep/dgs/pages/DGS%20Extension%20Deed.aspx)</p>	<p>21 - JAN - 2010</p>	<p>Yes <input checked="" type="checkbox"/> MK No <input type="checkbox"/></p>
<p>2. Once all information required has been received*, the Application must be reviewed to determine if it is necessary or expedient in the public interest to give an extended Crown Guarantee to the Applicant. This review is to be carried out with regard to the Policy Guidelines and will include:</p> <ul style="list-style-type: none"> determining eligibility; determining whether or not criteria for the extension to the Crown Guarantee have been met by the Applicant; and determining whether or not other factors (or any other matters relevant to, but not specifically listed in, the Policy Guidelines) need to be considered in accordance with what is necessary or expedient in the public interest, <p>as follows:</p> <p><i>*Note that if at any stage of the process, information is missing or further information or clarification is required or seems desirable to enable verification to be undertaken, this should be requested from the Applicant.</i></p>			
	Matter to be verified/checked off	Notes - if necessary	Completed Yes/No Initials of Analyst
2.1	<p>Advice from RBNZ</p> <p>Has the letter from the RBNZ been received (in the form attached as Appendix A & B)?</p> <p>Check name in the letter is the correct name of the entity.</p> <p>NB. No statement of belief is contained in this agreed form of letter as the general duty on the RBNZ to disclose any additional relevant information is being relied upon.</p>	<p>01 - MAR - 2010</p>	<p>Yes <input checked="" type="checkbox"/> MK No <input type="checkbox"/></p>

2.2	<p>Advice from the Registrar of Companies</p> <p>Has the letter from the Registrar of Companies been received (in the form attached as Appendix C)?</p> <p>Check name in the letter is the correct name of the entity.</p>	<p>Received 15/3/2010</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
2.3	<p>Advice from Securities Commission</p> <p>Has the letter from the Securities Commission been received (in the form attached as Appendix D)?</p> <p>Check name in the letter is the correct name of the entity.</p>	<p>Teleconference 9/3/2010</p> 	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
2.4	<p>Treasury view</p> <p><i>The Project Manager and a senior member of the legal team must have a meeting in which the following must be determined:</i></p> <p>(A) Is there any basis for which the view of Treasury may differ to that of the RBNZ?</p> <p><i>If yes, ensure the basis is noted and put on the Applicant's file.</i></p> <p>(B) Having considered the Policy Guidelines, and the recommendation of the RBNZ, is the provision of an extension to the Crown Guarantee to the Applicant necessary or expedient in the public interest?</p> <p><i>The Project Manager and a senior member of the legal team must record the reasons for which the provision of an extended guarantee to the Applicant is or is not considered to be necessary or expedient in the public interest (treasury://im/1197592v1).</i></p>	 1/4/2010 Alan Paul 11/4/2010	<p>No <input checked="" type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
3.1	<p>Method of Execution</p> <p>Send entity [email/letter] confirming the method of execution for the extended deed. <u>Template email re method of execution (Treasury:1784976)</u></p>		<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
3.2	<p>Execution copy of appropriate Deed of Guarantee Extension prepared for the Applicant. <u>Template cover email for execution deed (Treasury:1784984)</u></p>		<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
4	<p>Cover Letter Prepared</p> <p>Person preparing to check with a member of the legal team whether additional wording required (power of attorney / solicitor's/director's certificate re due execution / overlap language / directors' certificate re related party transactions consent)</p> <p>If execution by Authorised Signatories prepare and attach Director's certificate including due execution certifications <u>Template - Extended Crown Guarantee - Director's Certificate (including due execution) (Treasury:1784967)</u></p> <p>If execution by Directors prepare and attach Director's certificate <u>Template - Extended Crown Guarantee - Director's Certificate (Treasury:1784969v1)</u></p> <p>If execution by two members of the committee of management (Credit Unions) prepare and enclose solicitor's certificate</p>		<p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p>

5	Attach hard copies of the bound extension deed to letter (arrange for couriering) and one to the file <i>via email</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
6	<p>Received back on (date): <i>1 April 2010</i></p> <p>Execution checked (and power of attorney and certificate of non-revocation received if appropriate)?</p> <p>Director's certificate received?</p> <p>Confirmation as requested in cover letter?</p>	<p><i>Execution confirmed by Minda Ellison (Builder)</i></p> <p><i>Scanned copy received and original follow-up by courier.</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
7	<p>Details re-checked:</p> <p>Check execution/signature block</p> <p>If there has been a lapse of time between the Applicant's confirmation that there has been no Default Event, consider sending the confirmation email to Applicant confirming there has been no Default Event.</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
8	<p>Recommendation to the Authorised Delegate:</p> <p>Having reviewed the process followed and having regard to the recommendation from the RBNZ and considering the entity applying for an extension to the Deed of Guarantee under the Crown Retail Deposit Guarantee Scheme Act and the eligibility, criteria and factors, set out in the Policy Guidelines and such other factors as are relevant to the exercise of my discretion, I am</p> <p>Satisfied <input checked="" type="checkbox"/> Not satisfied <input type="checkbox"/></p> <p>that the overarching principle set out in the Crown Retail Deposit Guarantee Scheme Act that it is necessary or expedient in the public interest to enter into the extended guarantee has been met, that the attached Deed of Guarantee Extension appears to have been validly executed by the Applicant and that it is in order for execution by you on behalf of the Crown under your delegation from the Minister of Finance.</p> <p><i>[Signature]</i> Name: <i>Justin Tak</i> Title: <i>Manager, Guarantee Scheme</i></p> <p>Sent to Authorised Delegate for counter signature and dating on <i>1/4/2010</i> [date]</p>		
9	If the Authorised Delegate declines the application, notify the applicant. If the Authorised Delegate executes the Deed of Guarantee Extension, proceed to step 10.		

10	Deed of Guarantee Extension received back and: 1. applicant notified by telephone or email (optional) 2. one original to be PDF'd and filed in iManage and then sent to vital records and another copy for the box file 3. one original returned to applicant with cover letter (treasury://im/1350869v1) 4. receive confirmation of receipt from Applicant		1. <input checked="" type="checkbox"/> 2. <input checked="" type="checkbox"/> 3. <input checked="" type="checkbox"/> MK 4. <input checked="" type="checkbox"/>
11	Information (name of Applicant & PDF of extended guarantee) added to the Treasury website: <u>01 - APR - 2010</u> [date & time- nb- before 9am] (treasury://im/1184462v1)		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> MK
12	Ensure a copy of the weekly Gazette is added to the file	29 - APR - 2010	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> MK
13	All filing completed?	03 - MAY - 2010	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> MK

Any further comments:

Appendix A – RBNZ Letter (NBDT)

[Date]

John Whitehead
Secretary to the Treasury
The Treasury
1 The Terrace
WELLINGTON

Dear Mr Whitehead

Extended Crown Retail Deposit Guarantee Scheme Application by [NBDT Ltd]

This letter relates to an application for entry into the extended Crown retail deposit guarantee scheme ('the Scheme'). It has been provided to assist the Treasury in the exercise of its discretion to offer, or refuse to offer, entry into the extended Scheme.

Following enquiry to [abc trustee company] we have received confirmation that [NBDT Ltd]:

- has eligible debt securities on issue;
- is in the business of borrowing or lending, or providing financial services, or both;
- carries out a substantial portion of their business in New Zealand, and
- does not primarily provide financial services, or lend to, related parties and/or group members.

With regard to the 'Policy Guidelines for the Extended Scheme', we have been advised by the trustee company that they are not aware of any information on which they could reasonably form an opinion that [NBDT Ltd] has not been able to meet its payments as they fall due or maintain solvency, or has breached or is likely to breach in a material respect the financial covenants contained in its current trust deed or any preceding trust deed in place over the last twelve months.

As at [date] the Reserve Bank is not aware of any breach by [NBDT Ltd] of prudential regulations currently in force under Part 5D of the Reserve Bank Act 1989.

Prudential regulations in respect of minimum capital adequacy and limitations on related party exposures are not yet in force. However, based on monthly information supplied by [NBDT Ltd] under the existing retail deposit guarantee scheme we have estimated¹ that [NBDT's] position in respect of these prudential regulations as at [month] is;

- tier one capital x% (proposed minima 8%)
- exposure to related parties y% of equity (proposed maxima 15%)

To complement this analysis please find attached the Bank's latest assessment of [NBDT Ltd] including historical data of selected key risk indicators.

¹ Note that these estimations are based on a set of assumptions regarding risk weighted assets and definition of related parties and accordingly are only indicative of the entities projected compliance.

[Withheld under s9(2)(a)]

Yours sincerely

Appendix B – RBNZ Letter (Registered Bank)

[Date]

John Whitehead
Secretary to the Treasury
The Treasury
1 The Terrace
WELLINGTON

Dear Mr Whitehead

Extended Crown Retail Deposit Guarantee Scheme Application by [Bank Ltd]

This letter relates to an application for entry into the extended Crown retail deposit guarantee scheme.

On behalf of the Reserve Bank of New Zealand, I confirm that as of [date] [Bank Ltd] is a registered bank that:

- has debt securities on issue;
- carries out substantial borrowing and lending operations in New Zealand primarily involving non-related entities;
- holds the following credit rating: [rating] issuer rating from [rating agency];
- holds a suitable level of capital above current regulatory minima; and
- is not in breach of any prudential supervision direction, notice or requirement under the Reserve Bank of New Zealand Act 1989.

Yours sincerely

[Withheld under s9(2)(a)]

Appendix C – Registrar of Companies Letter

[Date]

The Treasury
1 The Terrace
WELLINGTON 6011

Attention: John Park Team Leader Guarantee Scheme

By email:

CROWN RETAIL DEPOSIT GUARANTEE EXTENSION APPLICATION – [NAME OF NON BANK DEPOSIT TAKER APPLICANT]

1. I refer to your email request of [date of request] regarding this matter.
2. You have asked for information from the Registrar of Companies for the purpose of informing your assessment of whether it is necessary or expedient in the public interest for the purposes of the Crown Retail Deposit Guarantee Schemes Act 2009 to enter into a Crown Deed of Guarantee with **[name of non bank deposit taker applicant]** for the purposes of the extension to the Crown Retail Guarantee Scheme (the "Entity").
3. As Registrar of Companies I do not have any regulatory function in respect of the prudential oversight of non bank deposit taker companies in New Zealand. However, in performing my statutory functions, I have knowledge of such companies carrying on business in the financial sector, and in particular those companies that issue debt securities to the public in New Zealand. This is the context in which I am providing this letter.
4. We have considered the following matters in relation to the Entity:
 - Whether the Entity is up to date with its filing obligations under the Companies Act 1993 – [we confirm that the Entity is up to date with these filing obligations].
 - Whether there are any outstanding issues in relation to the registration of a prospectus, or required amendments to a prospectus, by the Entity in terms of the Securities Act 1978 – [we confirm that, to the best of our knowledge, there are no outstanding issues in relation to the registration of a prospectus, or required amendments to a prospectus in terms of the Securities Act 1978].
 - Whether there are any ongoing inspections under the Companies Act 1993, Corporations (Investigation and Management) Act 1989 or the Securities Act 1978 – [we confirm there are no ongoing investigations by the Registrar of Companies under the above-mentioned legislation].
 - Whether any notice has been issued pursuant to section 30 of the Corporations (Investigation and Management) Act 1989 declaring the Entity to be a "corporation at risk" – [we confirm that no such notice has been issued].

Information withheld under s9(2)(a)

- Whether any enforcement action has been initiated against the Entity or any director of the Entity under the Companies Act 1993, the Securities Act 1978 or the Corporations (Investigation and Management) Act 1989 – [we confirm the no enforcement action has been initiated].
5. The answers given in paragraph 4 above are current as at [date of letter]. Based on the statutory functions of the Registrar of Companies, particularly the matters noted above in paragraph 4, [we confirm that there are no issues arising under the legislation administered by the Registrar of Companies as at the date of this letter which we consider may be relevant to the decision whether to invite the Entity to enter into a Crown Deed of Guarantee with the Crown].
 6. As the information noted above is current only as at the date of this letter, the Registrar will respond to any further specific requests you may have for the information in paragraph 4 above.
 7. The Registrar of Companies does not express any opinion as to whether a Crown Guarantee should be issued and I note that the ultimate decision of whether to give a Crown Guarantee rests within the Treasury.

Yours sincerely

Neville Harris
Registrar of Companies

Appendix D – Securities Commission Letter

[Date]

The Treasury
1 The Terrace
WELLINGTON 6011

Attention: John Park Team Leader Guarantee Scheme

By email:

**CROWN RETAIL DEPOSIT GUARANTEE EXTENSION APPLICATION – [name of
non bank deposit taker applicant]**

1. You have asked for information from the Securities Commission for the purpose of informing your assessment of whether it is necessary or expedient in the public interest for the purposes of the Crown Retail Deposit Guarantee Schemes Act 2009 to enter into a Crown Deed of Guarantee with [name of non bank deposit taker applicant] for the purposes of the extension to the Crown Retail Guarantee Scheme (the "Entity").
2. The Commission does not have any regulatory function in respect of the prudential oversight of non-bank deposit takers. However, in performing its statutory functions, including keeping under review the law and practices relating to securities and the activities on securities markets, the Commission is generally aware of participants in, and has knowledge and experience in relation to, the financial sector, although it may not have knowledge of specific issuers. The Commission has specific functions under the Securities Act 1978 to enforce disclosure laws relating to securities offered to the public, and under the Securities Markets Act 1988 to enforce market conduct rules, mainly relating to trading in listed securities. This is the context in which the Commission is providing this letter.
3. Commission staff have considered the following material in relation to the Entity:

[information Commission staff have considered].
4. Based on the purpose and functions of the Commission, the knowledge and experience of Commission staff consulted in relation to this matter, the material Commission staff have considered (as noted above), and having regard to the Policy Guidelines agreed by the Minister of Finance on 16 September 2009, the purpose of the Crown Retail Guarantee Schemes Act 2009 and the Crown's potential liability as guarantor, as of [date of letter] the Commission notes the following matters that staff consider may be relevant to the decision whether to invite the Entity to enter into a Crown Deed of Guarantee with the Crown:
 - a. *[list matters or enter "nil"]*
 - b.

Information withheld under s9(2)(a)

5. The above list is not intended as a complete list of matters that may be relevant to the decision whether to invite the Entity to enter into a Crown Deed of Guarantee with the Crown and should not be relied upon as a complete list.
6. I note that the ultimate decision of whether to give a Crown Guarantee rests within the Treasury.

Yours sincerely

[name of signatory]
Securities Commission