

Guidelines relating to the provision of Crown consent under clause 6.2 of the Crown Deed of Guarantee (Building Society/Credit Union and Non-Bank Deposit Taker)

Under clause 6.2 of the Crown Deed of Guarantee (Building Society/Credit Union and Non-Bank Deposit Taker) (the "Deed"), the Crown is able to give the Principal Debtor prior written consent to:

- enter into any transaction (or series of linked or related transactions) having a value exceeding one percent (1%) of the value of the assets of the Principal Debtor otherwise than on arms' length terms;
- enter into any transaction (or series of linked or related transactions) having a value exceeding one percent (1%) of the value of the assets of the Principal Debtor with any person who controls or is under common control with the Principal Debtor ("Related Party").

The Crown currently intends that any such consents will be granted only on a case-by-case basis, following specific application from the relevant entity. These Guidelines set out what applications should contain and some of the factors which will be relevant to the Crown's assessment of them.

The Crown's expectation is that most applications for consents will relate to Related Party transactions (clause 6.2(b) of the Deed). Satisfying the Crown that a consent is appropriate in relation to transactions not at arms' length (clause 6.2(a) of the Deed) is likely to be more onerous.

Consents may be granted in the Crown's discretion on such terms that the Crown thinks fit, including, without limitation, conditions that must be satisfied in order for the consent to be given or retained.

Applications for consent should:

- Be specific as to the transaction/s concerned. Applications expressed in very general terms (e.g. "funding transactions with parent company") will not be acceptable.
- Describe the material particulars of the transaction/s.
- Be accompanied by a draft form of consent for the Crown to sign – which should also describe the transaction/s with appropriate specificity.
- Be accompanied by a certificate from one or more directors of the applicant to the effect that the details set out in the application are true and correct and, in respect of Related Party transactions, that the

transaction/s is/are on terms no worse (from the applicant's perspective) than arms' length terms.

- Address the factors which the Crown has indicated will be relevant to its assessment of applications (see below) and any other factors the applicant considers relevant.

Factors to which the Crown will have regard in considering applications will include:

- whether the transaction is on arms' length terms (or terms more favourable to the applicant than arms' length terms)
- whether the transaction is to be entered into in the applicant's ordinary course of business
- whether the applicant has had a practice of entering into such transactions in the past
- whether the applicant's practice in relation to Related Party transactions has received any adverse comment in or in respect of its financial statements, by the Trustee, or in or in respect of any disclosure document issued by the applicant
- how large the transaction is, relative to the value of the applicant's assets
- whether the trust deed/s under which the guaranteed Indebtedness arises regulate/s entry into the transaction/s – and, if so, whether the application includes:
 - material particulars of the relevant terms of the trust deed/s, and
 - confirmation that any required trustee consents have been obtained (and any conditions of that consent)

DIRECTORS' CERTIFICATE

To: The Minister of Finance

Date: 2008

[Name of entity] (the "Entity") and Her Majesty the Queen in right of New Zealand, acting through the Minister of Finance (the "Crown") have entered into a Crown Deed of Guarantee (*[Building Society/Credit Union]* / *[Non-Bank Deposit Taker]*) dated *[date Deed executed by Crown]* (the "Deed").

We provide this certificate in support of the Entity's application (the "Application") on *[date of consent Application]* for Crown consent under clause 6.2 of the Deed to enter into the following *[transaction / transactions]*:

- *[If one or more discrete transactions, enter details of the transaction(s), including the value of the transaction(s). If a series of ongoing transactions, list the nature of the transactions and the maximum aggregate value of the transactions],*

(the "*[Transaction / Transactions]*").

We certify on behalf of all the directors of the Entity that:

- (a) if this certificate relates to a series of ongoing transactions, the aggregate value of the Transactions will not exceed the maximum aggregate value set out above;
- (b) the information provided to the Crown in support of the Application, including all information relating to the nature of the *[Transaction / Transactions]*, is true and correct;
- (c) the *[Transaction / Transactions]* will be entered into on terms no worse (from the Entity's perspective) than arms' length terms;
- (d) *[if the Transactions are ongoing transactions or similar to transactions already entered into by the Entity:]* the Transactions will not be materially different from those previously entered into by the Entity and disclosed to the Crown in support of the Application;
- (e) the Trust Deed relating to the issue of debt securities by the Entity (the "Trust Deed") permits the *[Transaction / Transactions]*, all required consents of the Trustee in relation to the *[Transaction / Transactions]* have been or will be obtained before the *[Transaction is / Transactions are]* entered into, and any conditions on which the Trustee's consent is given will be complied with;
- (f) the Entity's practice in relation to related party transactions has not received any adverse comment in or in respect of its financial statements, or in or in respect of any actual or proposed disclosure document issued by the Entity; and
- (g) the Entity, as at the date of this certificate:

- (i) is not party to ongoing transactions entered into before the Deed was executed that, were they entered into after the Deed was executed, would require consent under clause 6.2 of the Deed; or
- (ii) is not proposing to enter into any transactions that would require consent under clause 6.2 of the Deed,

that have not been disclosed to the Crown as a part of the information provided to the Crown in support of the Application.

Signed by:

Signed by:

[Director name], Director
[Entity name]

[Director name], Managing Director
[Entity name]

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