

# **Wairarapa Building Society**

## **R U L E S**

**As Approved by Special Resolution of  
the members of Wairarapa Building Society  
on the 12<sup>th</sup> March 2008**

## INDEX TO RULES

<b>RULE NO.</b>	<b>RULE HEADING</b>	<b>PAGE NO.</b>
1.	Interpretation .....	4
2.	Name and Registered Office .....	5
<b>Business of WBS</b>		
3.	Functions and Powers .....	5
4.	Shares .....	5
5.	Borrowing Powers .....	6
6.	Raising of Funds .....	6
7.	Advances .....	7
<b>WBS Membership and Meetings</b>		
8.	Membership .....	7
9.	Cessation of Membership .....	8
10.	Transfer and Transmission of Shares .....	8
11.	Annual General Meeting .....	9
12.	Special Meetings .....	9
13.	Right to Requisition a Meeting .....	9
14.	Notice of Meetings .....	10
15.	Procedure at Meetings .....	10
16.	Votes of Members .....	11
17.	Counting of Votes .....	12
18.	Appointment of Proxies and Representative .....	12
<b>Directors and Management of WBS</b>		
19.	Board of Directors .....	16
20.	Powers and Duties of Directors .....	16
21.	Qualification of Directors .....	17
22.	Nomination of Directors .....	18
23.	Vacation of Office and Disqualification .....	18
24.	Filling of Casual Vacancies .....	19
25.	Retirement by Rotation .....	19
26.	Election of Directors .....	20
27.	Appointment of Chairman and Deputy Chairman .....	20
28.	Meetings of Directors .....	21
29.	Minutes .....	22
30.	Validity of Acts .....	22

## INDEX TO RULES (Cont'd)

<b>RULE NO.</b>	<b>RULE HEADING</b>	<b>PAGE NO.</b>
31.	Remuneration and Expenses of Directors .....	22
32.	Directors Provident, Pension and Other Funds .....	22
33.	Office of Profit .....	22
34.	Interest in Contracts.....	22
35.	Appointment of Officers and Servants .....	23
36.	Appointment of Attorney .....	23
37.	Indemnity and Insurance of Directors, Officers and Servants .....	23
<b>Miscellaneous Provisions</b>		
38.	Reserves .....	24
39.	Losses .....	24
40.	Auditors .....	24
41.	Seal.....	24
42.	Custody of Documents .....	24
43.	Bankers .....	24
44.	Payments .....	24
45.	Non Recognition of Equitable Investments.....	25
46.	Disputes .....	25
47.	Notices to and by the Society .....	25
48.	Dissolution .....	25
49.	Alteration of Rules .....	26
<b>Schedules</b>		
	Senior Shares .....	27
	Saver Shares .....	27
	Capital Shares.....	28

## 1. INTERPRETATION

In these Rules unless the context otherwise requires –

"the Act" means the Building Societies Act 1965 or any amendment thereto or any Act passed in substitution thereof or any Regulation by Order in Council made under that Act or any amendment thereto;

"the Board" means the Board of Directors of the Society;

"capital share" has the meaning given in Rule 4(3);

"Director" means a member of the Board and includes Executive Director except where the Rules state to the contrary;

"dividend" includes interest and bonus;

"equity amount" means at any time the sum of reserves at that time plus the aggregate of the paid up subscription amounts in respect of capital shares;

"equity surplus" means at any time the total of the reserves and other amounts which would be available to distribute as surplus on winding up or dissolution of the Society, subject to Rule 48 (5);

"Executive Director" means a Director appointed by the Board in terms of Rule 19(4);

"first named" means the first named joint holder of a share in the register of members of the Society in respect of the share;

"financial year" means the twelve months ending on the 31st March in any year or such other period ending on such other date in any year as the Board shall from time to time determine;

"General Manager" means the officer appointed by the Board to be the General Manager of the Society or other person authorised by the Board to act as his or her deputy;

"member" means a member of the Society. A member of the Society is any person who holds a share in the Society;

"month" means a calendar month;

"mortgage" includes a charge;

"person" includes a body corporate;

"preference share" has the meaning given in Rule 4(2);

"registered address" means the address currently shown in the records constituting the register of members maintained pursuant to the Act;

"relevant books closing date" means a date which may be fixed by the Directors as the date on which the Society will close its books for the purpose of determining voting entitlements, and, if no such date is fixed, means the day which is 30 days before –

- (i) the notice of an Annual General Meeting or a Special General Meeting is given; or
- (ii) a date on which voting papers are posted to members entitled to vote in accordance with the Rules as the case may be;

"representative" means a person authorised by resolution of the directors or other governing body of a body corporate or unincorporated body to represent it;

"Rules" means the rules of the Society from time to time in force;

"saver share" has the meaning given in Rule 4(5);

"Secretary" means the officer appointed by the Board to be the Secretary of the Society or other person authorised by the Board to act as his or her deputy;

"senior share" has the meaning given in Rule 4(4);

"share" includes a fraction of a share;

"Society" means the "Wairarapa Building Society";

"special resolution" in relation to a resolution passed, has the meaning assigned to it by the Act; and, in relation to a resolution proposed or to be proposed, means a resolution which will not be effective unless it is passed by not less than three fourths of the number of members qualified to vote and voting and together holding not less than two thirds of the number of shares held by members voting on the resolution;

"WBS home area" means the Wairarapa (comprising the areas governed by the Masterton, Carterton and South Wairarapa District Council) and including any other geographical region designated by the Board to be deemed part of the home area:

(a) being an area in which WBS conducts at least 20% of its lending business, or sources 20% of its saver share investment; and

(b) not incorporating any of the area of greater Auckland, Wellington, Christchurch or Dunedin.

"WBS Trust" means the charitable trust called the WBS Charitable Trust created by a Deed dated 4<sup>th</sup> February 2008 among Hamish Walter John Buchanan, Anthony Charles Roseingrave and David O'Brien Baker as trustees, and includes reference to the trustees of that trust from time to time;

Words importing the singular number include the plural number and vice versa.

## **2. NAME AND REGISTERED OFFICE**

The name of the Society shall be Wairarapa Building Society and its Registered Office shall be at 75 Queen Street, Masterton or such other place as the Board shall from time to time determine.

## **BUSINESS OF WBS**

### **3. FUNCTIONS AND POWERS**

The Society shall have the functions and powers from time to time authorised and conferred by the Act.

### **4. SHARES**

(1) Subject to the other subclauses of this Rule, the Society may from time to time issue shares in any classes with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and on such terms and conditions, including those relating to withdrawal or surrender of shares and to the manner of payment for shares by members, as are set out in the Schedule to these Rules, and otherwise as the Directors may at the time of issue of the shares determine.

(2) Preference shares may be issued:

- (a) No preference share may be issued if immediately after the issue the aggregate redemption value of all preference shares outstanding would exceed an amount equal to 35% of the equity amount at the time of issue.
  - (b) A preference share shall rank before capital shares but after any other class of share for payment of agreed dividends and its redemption value when due, and on any insolvency or dissolution or winding up, but does not participate in any equity surplus at the time of issue.
- (3) Capital shares may be issued only to the WBS Trust without the approval of a resolution of the members.
- (a) A capital share shall rank after all other classes of share in respect of repayment of its subscription price and any unpaid dividend on any insolvency or dissolution or winding up in respect of which there is a shortfall of amounts needed to meet redemption liabilities to other classes.
  - (b) Each capital share shall share equally with each other capital and senior share in any distribution of equity surplus on winding up or dissolution.
  - (c) No amount shall be refundable in respect of a capital share other than on winding up without the approval of a 75% resolution of the Board, and the request of the holder.
- (4) All shares outstanding on the 12<sup>th</sup> March 2008 other than capital shares are senior shares with the rights and restrictions stipulated by the Board in their terms of issue from time to time.
- (5) All shares issued after the 12<sup>th</sup> March 2008 other than senior shares, preference shares and capital shares are saver shares.
- (a) Saver shares are not entitled to participate in any equity surplus.
  - (b) Saver shares are redeemable as agreed on subscription.
  - (c) In other respects the rights, restrictions and benefits attaching to saver shares are the same as for senior shares unless the terms of issue prescribe otherwise.

## **5. BORROWING POWERS**

- (1) The Society may borrow money on such terms and conditions as the Board may from time to time think fit.
- (2) The Society may secure the payment of money and the performance of any other obligation of the Society in such manner as the Board may from time to time think fit.
- (3) Rules 44(2), 45 and 47 shall apply with due alteration to details to depositors and deposits as the same apply to members holding shares and to shares.

## **6. RAISING OF FUNDS AND MANAGING RISK**

- (1) The Society shall raise its funds by the issue of shares in accordance with Rule 4 and by the exercise of its borrowing powers set out in Rule 5.
- (2) The Society may issue and acquire and enter into any financial instruments not prohibited by the Act in connection with its business intermediating between savers and borrowers, and managing its risks in that business and the financial risks of customers.

## **7. ADVANCES**

- (1) The Society may make advances to any person or persons at any time upon such terms and conditions and upon such security (if any) as shall be determined from time to time by the Board.
- (2) In respect of existing mortgage advances the following provisions shall apply where the mortgage document refers to the provisions of the Rules.

(a) **Redemption of Mortgage**

If a mortgagor wishes to repay the whole or any part of a mortgage advance before the time agreed the mortgagor may do so and in the case of repayment in full the mortgagor shall pay to the Society all sums owing in respect of such advance by way of principal, interest, fines, penalties, costs and expenses, together with the Society's expenses connected with such repayment. Where however, such repayment in full or in part is made, the Board may require the mortgagor to pay, in addition and whether or not notice has been given of the intended repayment, a sum not exceeding an amount equal to three months interest, at the rate applicable to the mortgage at the date of such repayment, on the amount of the advance repaid.

(b) **Fines and Penalties for Arrears**

When in default as defined by a mortgage agreement and that agreement refers to the levying of fines or penalties in terms of the Rules, the fines or penalties to be levied shall be calculated so as to result in charging the mortgagor a sum equivalent to the difference between the interest rate at that time for the mortgage and the Society's penalty interest rate.

For the purposes of this sub-clause the Society's penalty interest rate is defined as the higher interest rate commonly charged by the Society for like mortgages in arrears.

(c) **Fees**

The Society shall be entitled to charge such release fees, administration fees and other fees as the Board considers to be fair and reasonable.

(d) **Lien**

When a person executes a mortgage in favour of the Society the Society shall have a first and paramount lien upon all moneys in respect of shares, deposits or other moneys standing to the credit of such person. In respect of any sum due and owing under such mortgage, the Society may at any time appropriate and use any such share moneys, deposits and other moneys for the credit or in reduction of the mortgage and thereafter no dividend shall be payable upon any money so appropriated. Such appropriation shall be deemed to be a full and sufficient discharge by such person to the Society in respect of moneys so appropriated.

## **WBS MEMBERSHIP AND MEETINGS**

### **8. MEMBERSHIP**

- (1) Every person who holds a share shall be a member of the Society. No instrument or security issued by the Society is a share in the Society if it is not expressly called a share in its terms of issue.
- (2) Each member and all persons claiming through the member or on his or her account under these Rules shall be bound by the Rules.

- (3) Any member shall on request be supplied with a copy of the Rules and the Society shall be entitled to charge a sum not exceeding the maximum charge prescribed by the Act for each copy of the Rules so supplied.
- (4) Two or more persons may jointly hold a share, but the Board may decline to issue any such share to more than four persons. Such persons shall be entitled to choose the order in which they are named in the register of members of the Society and the person whose name stands first in the register in respect of such share shall alone be entitled to receive notices or communications from the Society.
- (5) The Board may either –
  - (a) refuse to issue any share to any person; or
  - (b) refuse to accept any person as a member.

## **9. CESSATION OF MEMBERSHIP**

- (1) A member shall cease to be a member on ceasing to hold a share in the Society.
- (2) The Board may at any time refund any share to any person holding it, and cancel the share.
- (3) Should the Board wish to refund any share in accordance with Rule 9(2), then the amount refunded shall be the amount paid for the share plus –
  - (a) on a call account - all interest accrued to the date of refund; or
  - (b) on a term investment - all interest that would otherwise have accrued to the end of the term of the term investment.
  - (c) on a capital share all accrued dividends plus the proportion of the equity surplus that would be distributable to the holder of the capital share if a winding up had occurred on the date of the most recent published financial statements, according to the values attributed to assets and liabilities in those statements.
- (4) All interest paid in accordance with Rule 9(3)(a) or 9(3)(b) will be paid net of any withholding tax if applicable.
- (5) On the death of a member the membership shall cease and Rule 10(1) shall apply.

## **10. TRANSFER & TRANSMISSION OF SHARES**

- (1) Subject to the terms of issue –
  - (a) any member may transfer all or any part of his or her shares by instrument in writing in any usual or common form signed by the transferor and the transferee or any other form which the Board may approve and in particular in the form set out in the First Schedule to the Securities Transfer Act 1991;
  - (b) the Board may, at its absolute discretion and without giving any reason, refuse to register any transfer of shares, or attach any condition to its approval of the transfer.
  - (c) the Board will normally refuse to register a transfer of a senior share for any reason including on the death of a member.
  - (d) If, on the death of a member the Board does not elect to refund the amount payable to redeem a senior share held by that member it shall be deemed to have consented to the



conversion of the senior share to a saver share as from the date of cessation of membership on death and the deceased member's successor shall be the member.

- (2) If a member of the Society is adjudicated bankrupt or a liquidator is appointed in respect of a member on the grounds of insolvency, any person becoming entitled to the shares of that member in consequence of the bankruptcy or liquidation may, upon producing such evidence of title or that that person sustains the character in respect of which he or she proposes to act, as the directors of the Society shall think sufficient, be registered as a member or may transfer the shares of that bankrupt or liquidated member.
- (3) If a member of the Society dies, the executor or administrator of the deceased member shall be the only person recognised by the Society as having any title to or interest in that member's shares.
- (4) Except where joint members are noted as tenants in common, in the case of the death of any joint member notified in writing to the Society, the surviving joint member or members shall be the only person or persons recognised by the Society as having any title or interest in such shares.

## **11. ANNUAL GENERAL MEETING**

- (1) The Society shall in the first four months of every financial year hold a meeting as its Annual General Meeting, in addition to any other meetings held in that year.
- (2) The Society shall describe the Annual General Meeting as such in the notices calling it.
- (3) The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

## **12. SPECIAL MEETINGS**

(1) All general meetings other than Annual General Meetings shall be called Special General Meetings.

- (2) The Board may, whenever it thinks fit, convene a Special General Meeting.

## **13. RIGHT TO REQUISITION A MEETING**

- (1) The Board shall convene a Special General Meeting on the requisition of not less than five percent of members of the Society having a right to vote, the right to vote to be determined in accordance with Rule 16(1) with the relevant books closing Date to be the date the requisition is received by the Society. The requisition shall state the objects of the meeting and shall be signed by the requisitionists and deposited at the Registered Office of the Society and may consist of several documents in like form each signed by one or more requisitionists.
- (2) If the Board does not within twenty-eight days from the date of the deposit of the requisition proceed to duly convene a meeting, the requisitionists may themselves convene a meeting; but any meeting so convened shall not be held after the expiry of three months from the said date.
- (3) A meeting convened under this Rule 13 by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are convened by the Board.
- (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Society.
- (5) The Society, or as the case may require, the requisitionists, shall give to the members of the Society notice of any resolution that the requisitionists propose to move at the meeting, at the same time and in the same manner as notice is given of the meeting.

## **14. NOTICE OF MEETINGS**

- (1) At least fourteen clear days' notice of every General Meeting (whether an Annual General Meeting or a Special General Meeting) specifying the day, hour and place of the meeting shall be given to members as provided in clause (2) hereof, but notice shall not be given more than fifty-six days before the date of the meeting. The notice shall specify the nature of any resolution to be moved at the meeting and of the other business to be transacted thereat and shall state that a member entitled to attend and vote is entitled to appoint one proxy who need not be a member of the Society to attend and vote instead of him or her.
- (2) Notice of a meeting shall be given to every member of the Society having a right to vote.
- (3) A notice of a meeting shall be given by the Society by –
  - (a) sending it by post or delivering it to the last known postal address of the member or the email address of members who have elected to receive notices in that manner; or
  - (b) subject to the Act by publication in major daily newspapers circulating generally in the WBS home area.
- (4) A notice of meeting given in terms of Rule 14(3)(a) shall be given by the Society to the persons entitled to a share in consequence of the death or bankruptcy of a member addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by sending the notice through the post or delivery to the registered address of the deceased or bankrupt member.
- (5) The accidental omission to send notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice, shall not invalidate the proceedings at that meeting.

## **15. PROCEDURE AT MEETINGS**

- (1) No business shall be entertained at any Annual or Special General Meeting unless a quorum is present at the time when the meeting proceeds to business. Ten members of the Society entitled to vote and present in person shall be a quorum for all purposes at such a meeting (other than a Special General Meeting requisitioned under Rule 13) and, if no quorum shall be present, the meeting shall be adjourned by the Chairman of the meeting to such day, hour and place as the Chairman shall direct. At any Special General Meeting requisitioned under Rule 13 the number of persons required to be present to form a quorum shall represent not less than five percent (5%) of the Society's membership who are eligible to vote. If within half an hour from the time appointed for a Special General Meeting requisitioned under Rule 13, a quorum shall not be present, the meeting shall be dissolved by the Chairman of the meeting.
- (2) The Chairman of the Board, or in the Chairman's absence, the Deputy-Chairman of the Board shall preside at every meeting of the Society. If there is no such Chairman or Deputy-Chairman or if both the Chairman and Deputy-Chairman shall not be present within fifteen minutes after the time appointed for the holding of the meeting or if both the Chairman and Deputy-Chairman are unable or unwilling to act the Directors present shall elect one of their number to be Chairman of the meeting. If at any meeting no Director is willing to act as Chairman, or if no Director is present within fifteen minutes of the time appointed for holding the meeting, then the members entitled to vote and present shall, if there is a quorum present, choose one of their number to be the Chairman of the meeting.
- (3) The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business not reached or left unfinished at the meeting from which the adjournment took place. Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution

passed at an adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting, but save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

- (4) The members present at an adjourned meeting and entitled to vote shall be a sufficient quorum.
- (5) At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded –
  - (a) by the Chairman; or
  - (b) by at least ten members present (in person or by proxy) entitled to vote; or
  - (c) by the WBS Trust.

Unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Society, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. Except in the case of a motion for a special resolution, the demand for a poll may be withdrawn.

- (6) If a resolution put to the vote of the meeting is a resolution which under the Act will not be effective unless it is passed as a special resolution, a poll shall be deemed to have been demanded by the Chairman.
- (7) Except as provided in subclause (9) of this Rule, if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (8) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
- (9) A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

## **16. VOTES OF MEMBERS**

- (1) Subject to the terms of issue of shares a member:
  - (a) shall have one vote in total in respect of the member's entire holding of senior shares and saver shares if the member held such shares to the issue price of Two Hundred Dollars or more in aggregate at the relevant books closing date and also at the end of the last financial year of the Society before the date of the meeting ;
  - (b) shall have one vote in respect of each capital share held at the relevant books closing date, on a poll or special resolution other than as specifically provided or limited in this subclause (1).
  - (c) shall if the member is the WBS Trust:

- (i) be counted as not casting more votes in total than one half of the valid votes cast by other members on any resolution; and
  - (ii) on any resolution to elect a director may not cast votes in favour of more than one director at an election irrespective of the number of vacancies.
- (d) shall if the member is not WBS Trust and holds capital shares, have one vote in respect of each whole thousand shares of the member's holding of capital shares.
- (2) On a poll at a meeting a member may vote in person or by proxy or by attorney or by representative within the limits provided by this Rule.
  - (3) In the case of a joint holding of shares the vote cast by the first named shall be accepted.
  - (4) The holder of a power of attorney from a person who is a member shall, if the power of attorney is duly registered at the Registered Office of the Society and if the power authorises the holder to exercise the rights of the member under these Rules, be entitled to vote in all circumstances as if the holder were a member (subject to producing, if requested at a meeting, an executed Certificate of Non Revocation).
  - (5) Any body corporate or unincorporated body which is a member of the Society may vote by its representative authorised in that behalf by resolution of the directors or other governing body. Such a representative shall not be entitled to appoint a proxy, but shall otherwise be entitled to exercise the same powers on behalf of the body corporate or unincorporated body represented as that body corporate or unincorporated body could exercise if it were an individual member of the Society.
  - (6) The Chairman, whether before or after a vote is taken, may request any person at the meeting to provide personal identification and such other evidence as the Chairman may reasonably require in order to enable the Chairman to determine whether that person is a member or is validly entitled to attend and cast a vote at the meeting on behalf of a member, and if any person fails to comply with any such request the Chairman may, at his or her discretion, disqualify that person from casting a vote or may disallow any vote previously cast by that person on any matter at the meeting.
  - (7) The right to vote shall be limited to those persons on whom this Rule confers the right to vote.

## **17. COUNTING OF VOTES**

- (1) If on a show of hands or on a poll –
  - (a) any votes are counted which ought not to have been counted; or
  - (b) any votes are not counted which ought to have been counted,

the error shall not invalidate the decision arrived at unless it shall in the opinion of the Chairman be of sufficient magnitude so to do.

- (2) A special resolution requires the number of votes stipulated in the definition of that term.

## **18. APPOINTMENT OF PROXIES AND REPRESENTATIVES**

- (1) A member entitled to attend and vote at a meeting of the Society may appoint another person (whether a member or not) as his or her proxy to attend and vote instead of him or her and the instrument appointing a proxy shall be in writing and signed by the appointing member in the form set out in Rule 18(4) below.

- (2) The instrument appointing a representative of a body corporate or unincorporated body (who need not be a member) shall be in writing and signed. When that body has a Common Seal, the instrument of appointment will be signed under Common Seal.
- (3) The instrument appointing a proxy or a representative shall be deposited at the Registered Office of the Society not less than sixty hours before the time for holding the meeting, or adjourned meeting, and in default the instrument shall not be treated as valid.
  - (a) A general instrument appointing a proxy shall be in format "A".
  - (b) Where it is desired to afford members an opportunity of voting for or against specific resolutions, an instrument appointing a proxy shall be in format "B".
  - (c) No form of proxy shall be invalid by reason only of its form differing from format "A" or format "B".
- (4) The Society shall not issue a form of proxy in which the name or office of the proxy is filled in.
- (5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll but, save as by this paragraph provided, a proxy shall have no right to speak at the meeting.
- (6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in which the proxy was given, provided that no notice in writing of such death, mental disorder, revocation or transfer as aforesaid shall have been received by the Society at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy was used.

## "A" PROXY FORM

To:  
The Secretary  
Wairarapa Building Society  
P O Box 441  
MASTERTON

Member Name: I/We \_\_\_\_\_

Member Number: \_\_\_\_\_

Address: of \_\_\_\_\_

\_\_\_\_\_ being a Member of Wairarapa Building Society hereby appoint:

Full Name of Proxy: \_\_\_\_\_

Address: of \_\_\_\_\_

\_\_\_\_\_ or in the absence of him/her

Full Name of Alternative Proxy: \_\_\_\_\_

Address of Alternative Proxy: of \_\_\_\_\_ as

my/our proxy to vote on my/our behalf at the meeting of the Society held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and any adjournment thereof.

Signed by: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### NOTES:

1. To be valid this proxy form must be completed and deposited at the Registered Office of the Society (75 Queen Street, Masterton) not less than 2 clear business days before the meeting.
2. Any Member of the Society entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a Member of the Society.
3. The Chairman is willing to act as proxy for any member wishing to appoint him/her.
4. Unless directed to the contrary a proxy will vote as he/she thinks fit.

## "B" PROXY FORM

**To:**  
**The Secretary**  
**Wairarapa Building Society**  
**P O Box 441**  
**MASTERTON**

Member Name: I/We \_\_\_\_\_

Member Number: \_\_\_\_\_

Address: of \_\_\_\_\_

\_\_\_\_\_ being a Member of Wairarapa Building Society hereby appoint:

Full Name of Proxy: \_\_\_\_\_

Address: of \_\_\_\_\_

\_\_\_\_\_ or in the absence of him/her

Full Name of Alternative Proxy: \_\_\_\_\_

Address of Alternative Proxy: of \_\_\_\_\_ as

my/our proxy to vote on my/our behalf at the meeting of the Society held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and any adjournment thereof.

Should you wish to direct your proxy on whether to vote in favour or against a resolution please indicate your direction with a (✓) in the appropriate boxes below.

Resolution	For	Against

Signed by: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTES:**

1. To be valid this proxy form must be completed and deposited at the Registered Office of the Society (75 Queen Street, Masterton) not less than 2 clear business days before the meeting.
2. Any Member of the Society entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a Member of the Society.
3. The Chairman is willing to act as proxy for any member wishing to appoint him/her.
4. Unless directed to the contrary a proxy will vote as he/she thinks fit.

# **DIRECTORS AND MANAGEMENT OF WBS**

## **19. BOARD OF DIRECTORS**

- (1) The business of the Society shall be under the control and management of a Board of Directors consisting of not more than nine nor less than seven persons (other than any Executive Director appointed under subclause (4) of this Rule). All must be members of the Society at the time they take office and remain members while they hold office.
- (2) The quorum necessary for the transaction of business of the Directors may be fixed by the Directors, and unless so fixed shall be four. A quorum shall not exist if the number of Executive Directors present is the same as or greater than the number of non Executive Directors.
- (3) In case of an equality of votes on any matter considered by the Board, the Chairman of the meeting may exercise a second or casting vote.
- (4) In addition to the Directors appointed or elected under Rules 24 and 26 respectively the Board may appoint up to two Executive Directors. An Executive Director:
  - (a) may be appointed for such period and upon such terms and conditions as the Board shall determine in its absolute discretion;
  - (b) shall not while holding office be subject to retirement by rotation or be taken into account in determining the rotation or retirement of the elected Directors;
  - (c) may exercise the powers given to the elected Directors under these Rules but subject to such restrictions, conditions or restraints as the Board may from time to time in its absolute discretion determine;
  - (d) shall not be required to hold the qualifying shares required by Rule 21 (1);
  - (e) shall resign from the office of Executive Director immediately if he or she ceases to be an employee of the Society;
  - (f) shall not be counted for the purposes of determining the number of Directors for the purposes of Rule 19 (1).

## **20. POWERS AND DUTIES OF DIRECTORS**

- (1) The Board may exercise all those powers of the Society as are not, by the Act or by these Rules, required to be exercised by the Society in General Meeting.
- (2) No Rule made by the Society in General Meeting shall invalidate any prior act of the Board which would have been valid if the Rule had not been made.
- (3) Without prejudice to the generality of the foregoing clauses (1) and (2), the Board may from time to time –
  - (a) resolve the number of Directors who together shall constitute the Board within the limitations prescribed by Rule 19(1);
  - (b) make, vary or revoke regulations for the conduct of business at its meetings;
  - (c) pay out of the funds of the Society such sums as the Board may at its discretion deem necessary or expedient to be paid for the advancement of the interests of the Society, but no Directors (other than a holder of any executive office) shall receive any benefit save as authorised by these Rules;



- (d) make, vary or revoke regulations for the conduct of the business of the Society, provided that the same are not inconsistent with these Rules or the Act;
- (e) authorise the use of all forms, instruments and other documents which it may deem necessary for the proper conduct of the business of the Society;
- (f) delegate any of its powers, duties, discretions and authorities relating to the business of the Society to such committees consisting of such member or members of the Board and/or such senior officer or officers of the Society as it thinks fit;
- (g) institute, conduct, defend, abandon, or accept non-suit in any legal proceedings in which the Society, its officers or its affairs are concerned or interested. It may confess judgment in any such proceedings and may compound and allow time for payment or satisfaction of any debts due by, and of any claims or demands against, the Society;
- (h) confess judgment in any such proceedings and may compound and allow time for payment or satisfaction of any debts due by, and of any claims or demands against, the Society;
- (i) exercise all the powers of the Society and to do all acts and things which it may consider proper or advantageous for carrying on the business of the Society.

## **21. QUALIFICATION OF DIRECTORS**

- (1) The share qualification for a Director shall be a holding in his or her own right of shares, other than preference shares, having an issue price of not less than One Thousand Dollars at the time of taking up appointment and at all times thereafter while he or she remains a Director.
- (2) Notwithstanding Rule 21(1) no person may become or remain a Director who is also an employee of the Society other than an Executive Director.
- (3) No more than the number nearest to one third of the Directors may reside predominantly outside the Wairarapa. Ineligibility or resignation on this ground of disqualification shall be governed as follows:
  - (a) If, when a Director ceases to have predominant residence in the Wairarapa, that cessation would cause this Rule 21(3) to be breached, the Director shall be disqualified and resign office.
  - (b) If this qualification Rule 21(3) would cease to be satisfied solely because one or more Wairarapa resident Director(s) ceases to be a Director, no non-resident Director need retire to comply with this Rule 21(3) until and unless the non-compliance has persisted for 180 days without the appointment of a Wairarapa resident Director(s) to eliminate the disqualification.
  - (c) If the non-resident status of more than one Director would cause a breach of this Rule 21(3) the one of them to be disqualified and resign shall be the person most recently appointed or elected to the office.
  - (d) If there are a number of candidates for election as Directors who do not have their predominant residence in the Wairarapa, any candidates ineligible to take office when the outcome of the election is known by reason of the limit in this subclause (3) shall be selected in reverse order to the degree of voting support for their election and the election outcome shall treat candidates rendered ineligible as if they had not been candidates, and all votes for those candidates shall be ignored.
- (4) No person who has attained the age of seventy years shall be eligible for appointment or election or reappointment or re-election as a Director of the Society.
- (5) The legitimacy of any action of the Board shall not be impugned by reason only of any participation by a Director found to be disqualified under this Rule 21.

## **22. NOMINATION OF DIRECTORS**

(1) No person shall be eligible for election or re-election as a Director, unless duly qualified as provided in Rule 21.

(2) Except in the case of appointment under Rule 24 or an existing Director standing for re-election, each nominee for appointment as a Director must be nominated:

- (a) by the Board; or
- (b) by not less than ten members having a right to vote; or
- (c) by the WBS Trust.

(3) No nomination for election or appointment as a Director shall be valid if the nominee has not been identified to the WBS Trust, by the intending nominators, at least 30 days before the closing date for nominations to enable the WBS Trust to complete its preliminary evaluation and report procedures in good time before nominations close in accordance with any applicable rules of the Trust. The Trust may impose a reasonable cost recovery fee on its acceptance of such preliminary notice, refundable to candidates who proceed and receive at least one half of the number of votes received by the lowest polling successful candidate.

(4) Each nomination must be delivered at the Registered Office of the Society:

- (a) not less than 42 clear days preceding the Annual General Meeting at which the vacancy in respect of which he or she is nominated is to occur; or
- (b) with a requisition under Rule 13 for a Special General Meeting to elect him or her as Director.

The nomination form shall contain the full name, address and occupation of the member nominated and the member's written consent to be so nominated and in the case of a nomination under Rule 22(2)(b) the full names and addresses of the members proposing his or her nomination.

(5) At least fourteen clear days prior to the meeting at which the election result is to be announced, the Society shall give to all members who are entitled in accordance with Rule 14 to receive notices of General Meetings (with the voting papers under Rule 26(2) if there is a contest):

- (a) notice of every nomination for the office of Director;
- (b) a copy of any summary report of evaluation of the nominee under provisions for that purpose in the Trust Deed of the WBS Trust.

(6) Failure to comply with subclause (5) shall not invalidate an election process, but if it is substantial the Scrutineer appointed under Rule 26 may extend and vary the election process as he or she sees fit to remedy the consequences of the non-compliance.

## **23. VACATION OF OFFICE AND DISQUALIFICATION**

(1) A Director shall cease to hold office –

- (a) if the Director resigns by notice in writing to the Secretary;
- (b) if the Director ceases to qualify under Rule 21 (subject in the case of the age qualification to subclause (3) below);
- (c) if for more than three consecutive months the Director is absent without permission of the Board from meetings of the Board held during that period and the Board passes a resolution that the Director shall vacate office;

- (d) if the Director becomes bankrupt or if he or she compounds or makes any arrangements with his or her creditors generally;
  - (e) if the Director becomes mentally disordered within the meaning ascribed to those words in the Mental Health Act 1969;
  - (f) upon a resolution of which notice has been given under Rule 14 that he or she shall cease to be a Director passed by a majority of votes cast on a poll at a General Meeting;
  - (g) if, at the end of the Annual General Meeting at which the Director is required to retire in accordance with Rule 25, the director is not re-elected.
- (2) The Secretary shall give at least fourteen clear days notice in writing to all Directors of a meeting of the Board at which it is intended to move a resolution that a Director shall vacate office.
  - (3) Notwithstanding anything in these Rules a Director shall cease to hold office at the end of the next Annual General Meeting of the Society after the date upon which he or she attains the age of seventy years, but shall not be obliged to retire before that meeting solely by ceasing to satisfy the age qualification.

## **24. FILLING OF CASUAL VACANCIES**

- (1) The Board shall have the power at any time to appoint a person to be a Director to fill a casual vacancy.
- (2) If the Board resolves to increase the number of persons constituting the Board within the limitations of Rule 19, the Board may at the same time appoint additional Directors to fill any vacancy thereby created.
- (3) Notwithstanding any vacancies on the Board, the remaining Directors may continue to act. If at any time the number of Directors falls below the minimum of seven prescribed by Rule 19, the Board so constituted may act by a majority of its members for a maximum period of six months but, if at the end of that period the Board has not appointed, or the Society has not elected additional Directors to make up such minimum, the only power which the Board may exercise until the minimum is satisfied shall be the convening of a Special General Meeting for the sole purpose of electing additional Directors.

## **25. RETIREMENT BY ROTATION**

At every Annual General Meeting at least one third of the Directors and if their number is not a multiple of three then the number nearest to one third shall retire from office. In determining the Directors who are to retire in each year the following provisions shall apply –

- (1) any Director or Directors who during the year immediately preceding such Annual General Meeting has or have been appointed by the Board pursuant to Rule 24 shall retire from office;
- (2) after allowing for the Director or Directors, if any, to retire under sub-clause (1) of this Rule the other Director or Directors to retire in each year shall be the Director or Directors who has or have been longest in office. As between two or more Directors who have been in office an equal length of time those to retire shall, failing agreement between them, be determined by the Board by lot. The length of time a Director has been in office shall be computed from his or her last election by an Annual General Meeting or Special General Meeting;
- (3) a retiring Director under these Rules shall be eligible for re-election and shall retain office until the conclusion of the Annual General Meeting at which he or she retires;
- (4) notice of eligibility for re-election of any Director retiring under this Rule or Rule 24 shall, at least fourteen clear days prior to the meeting at which the election is to take place, be given by the

Society to all members who are entitled in accordance with the provisions of Rule 14 to receive notices of General Meetings.

## **26. ELECTION OF DIRECTORS**

- (1) If valid nominations before an Annual General Meeting show that there is no contest for the office of Director, any retiring Director standing for re-election shall be deemed to have been re-elected, unless a resolution of which notice has been given under Rule 14 that he or she shall cease to be a Director shall be passed by a majority of votes cast on a poll.
- (2) If there is a contest for the office of Director a poll shall be taken in the following manner –
  - (a) The Board shall appoint a Scrutineer. All voting papers shall be addressed to an address approved by the Scrutineer. No Director, or candidate for the office of Director, nor any employee of the Society shall be appointed as Scrutineer.
  - (b) The Scrutineer appointed by the Board may employ such staff as are required for the purposes of discharging the responsibilities of the Scrutineer.
  - (c) Printed voting papers shall be prepared which shall contain the names of all candidates in alphabetical order by surname.
  - (d) Not less than fourteen days before the day of the Annual General Meeting a voting paper shall be posted to each member entitled to vote. The papers to be distributed under Rule 22(5) may accompany the voting paper.
  - (e) The member shall strike out the name(s) of those candidates for whom he or she does not vote so as to leave uncanceled on the voting paper the names of not more candidates than there are persons to be elected.
  - (f) The member shall record where indicated on the voting paper the member name and member number of the shareholder plus the name and signature of the person completing the voting paper and return the completed voting paper in the envelope provided in time to reach the Scrutineer not later than 5 p.m. on the business day 2 clear days before the time of the Annual General Meeting.
  - (g) The Scrutineer shall open, examine and count the voting papers and shall return the names of all candidates with the number of valid votes each has received to the Chairman of the Annual General Meeting (which meeting notwithstanding that there shall not then be present a quorum of members shall for the purposes of this Rule continue to exist) and such Chairman shall forthwith declare duly elected those candidates who shall have received the highest number of votes in relation to the number of vacancies to be filled.
  - (h) Every member having a right to vote shall have the votes conferred under Rule 16.

## **27. APPOINTMENT OF CHAIRMAN AND DEPUTY CHAIRMAN**

- (1) At its first meeting after every Annual General Meeting the Board shall elect from its number a Chairman and Deputy-Chairman who shall hold office until the commencement of the first meeting of the Board held after the next Annual General Meeting unless he or she shall resign or shall cease in the meantime to be a Director or unless in the meantime a resolution is passed at a meeting of the Board by at least a majority of the members of the full Board that he or she shall vacate office forthwith. The Chairman shall preside at all meetings of the Board at which he or she is present and in the absence of the Chairman, the Deputy-Chairman shall act as Chairman.
- (2) If the Chairman and Deputy-Chairman so elected shall be absent from the meeting of the Board or shall both decline to act as Chairman, the Directors present at that meeting of the Board shall elect a Director to be Chairman for the purposes of that meeting.

- (3) The Board shall fill from its number any casual vacancy in the office of Chairman or Deputy-Chairman and a Chairman or Deputy-Chairman so elected shall, subject to the provisions of sub-clause (1) of this Rule, hold office until the commencement of the first meeting of the Board held after the next Annual General Meeting unless he or she shall cease in the meantime to be a Director.

## **28. MEETINGS OF DIRECTORS**

- (1) The Board shall meet for the dispatch of business as often as the Board may consider necessary. The Secretary shall convene a special meeting of the Board upon the direction in writing of the Chairman or of any two other Directors and if the Secretary fails to do so, the Chairman or such other two Directors as the case may be, may convene the meeting. The Secretary may at any time at his or her own instance convene a special meeting of the Board. Two clear days notice of any meeting of the Board shall be given in writing to each Director and, where appropriate, to the Secretary, and notice of any special meeting shall specify the business to be transacted at the meeting. It shall not be necessary to give notice of a meeting of the Board to any Director for the time being absent from New Zealand. A meeting will be deemed to be validly called without the period of notice referred to above if notice has been waived by all of the Directors for the time being entitled to receive notice of any meeting.
- (2) A resolution in writing signed by all members of the Board, entitled to receive notice of meetings of Directors under Rule 28(1) of these Rules, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called, and held and constituted. Any such resolution may consist of several documents in like form, each signed by one or more members of the Board.
- (3) (a) For the purpose of these Rules the contemporaneous linking together by telephone or other means of voice communication (together hereinafter referred to as 'telephone') of a number of the Directors not less than the quorum together with either the Secretary or the General Manager, whether or not any one or more of the Directors is out of New Zealand shall be deemed to constitute a meeting of the Directors and all the provisions in these Rules as to meetings of the Directors shall apply to such meetings by telephone so long as the following conditions are met –
- (i) All the Directors for the time being entitled to receive notice of a meeting of the Directors shall be entitled to notice of a meeting by telephone and to be linked by telephone for the purposes of such meeting. Notice of any such meeting may be given on the telephone;
  - (ii) Each of the Directors taking part in the meeting by telephone and the Secretary or General Manager (as the case may be) must be able to hear each of the other persons taking part at the commencement of the meeting;
  - (iii) At the commencement of the meeting each Director must acknowledge their presence for the purpose of the meeting to all the other Directors taking part.
- (b) A Director may not leave the meeting by disconnecting his or her telephone unless he or she has previously obtained the consent of the Chairman of the meeting and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting by telephone unless he or she has previously obtained the express consent of the Chairman to leave the meeting as aforesaid.
- (c) The minutes of the proceedings at such meeting by telephone shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct by the Chairman of the meeting and by the Secretary.

- (d) For the purposes of this rule 'telephone' shall include television or any other audio and visual device which permits instantaneous communication.

## **29. MINUTES**

The Board shall cause minutes to be made of all proceedings at all meetings of the Society, of the Board, or any committee. Any such minutes of any meeting if purporting to be signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be conclusive evidence without any further proof of the facts therein stated.

## **30. VALIDITY OF ACTS**

All acts done by the Board, or any committee or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the constitution of the Board or in the election or appointment of the Board or committee or person acting as aforesaid or that they or any of them were disqualified, be as valid as if the Board or committee had been properly constituted and as if every person had been duly elected or appointed and, where appropriate, was qualified and had been a Director.

## **31. REMUNERATION AND EXPENSES OF DIRECTORS**

- (1) The remuneration of the Directors shall from time to time be determined by the Society in General Meeting and failing such determination at any General Meeting shall remain at the remuneration last determined. The remuneration shall be deemed to accrue from day to day and shall be divided amongst the Directors in such manner as the Board shall from time to time determine and in default of such determination shall be divided equally between them.
- (2) In addition to such remuneration as aforesaid, any Director may be paid such reasonable travelling, hotel and other expenses as he or she may incur in attending meetings of the Board, or General Meetings or which the Director may otherwise properly incur with the approval of the Board in or about the business of the Society. The Director may also with the sanction of a resolution of the Board, be paid fees for professional or other services or work done by him or her on behalf of the Society in addition to his or her usual services as a Director.

## **32. DIRECTORS' PROVIDENT, PENSION AND OTHER FUNDS**

- (1) The Board may establish and maintain funds or schemes (including Superannuation, Life Assurance, Provident Fund and Annuity Schemes) for the benefit of any Director of the Society who may hold or may have held the office of Director. The Board may also make contributions to such funds or schemes out of the funds of the Society.
- (2) Rule 32(1) shall not apply to Executive Directors.

## **33. OFFICE OF PROFIT**

A Director may not hold any office or place of profit with the Society in conjunction with the office of Director, provided however that this provision shall not extend to any appointment as an Executive Director of the Society. A Director, notwithstanding his or her interest, may be counted in the quorum present at any meeting whereat he or she or any other Director is appointed to hold any such office or place of profit with the Society or whereat the terms of any such appointment are arranged, and he or she may vote on any such appointment or arrangement other than his or her own appointment or the arrangement of terms thereof.

## **34. INTEREST IN CONTRACTS**

- (1) Every Director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Society shall declare the nature of his or her interest to the Board. In the case of a proposed contract, the declaration shall be made at the meeting at which the question of entering into the contract is considered, or, if the Director was not at that date interested in the proposed contract, at the next meeting held after he or she becomes interested in the

proposed contract. Where the Director becomes interested in the contract with the Society after it is made, such declaration shall be made at the first meeting after he or she becomes interested.

- (2) A declaration by a Director that he or she is a member of a company or firm and is to be regarded as interested in any contract that may thereafter be made with that company or firm shall be a sufficient declaration of interest in relation to any such contract.
- (3) No Director shall vote as a Director in regard to any contract, arrangement or dealing, or proposal thereof in which he or she is interested, whether directly or indirectly, or upon any matter arising thereout, and if he or she shall so vote his or her vote shall not be counted nor shall he or she be reckoned in estimating a quorum when any such contract, arrangement or dealing, or proposal therefor, is under consideration. Nothing in this Rule shall prohibit a Director from voting on matters relating to the general operation of the Society, including the setting of interest rates, notwithstanding the Director's interest as a shareholder, depositor, borrower or other category of client of the Society.

### **35. APPOINTMENT OF OFFICERS AND SERVANTS**

The Board may appoint and, subject to the provisions of any contract or other instrument, terminate the appointment of a Secretary, General Manager, or Manager who, in addition to the directors shall be the officers of the Society and such servants, advisers and agents as the Board may at any time determine. The Board may also by resolution appoint and, subject to the provisions of any contract or other instrument, terminate the appointment of such other officer or officers as it may from time to time determine, provided that the resolution of appointment of any such officer shall also designate him or her as an officer of the Society. The powers of officers and other persons appointed under this Rule shall be those given them from time to time by the Board and their duties shall be to comply with the instructions of the Board. The Board may appoint under this Rule more than one person to any office and may require from any officer, servant, advisor or agent, such guarantees as in its judgement shall appear necessary. The Board may pay any officer or other person appointed under this Rule such salaries, wages, commissions, bonuses, compensation for loss of office and other remuneration as it shall consider desirable.

### **36. APPOINTMENT OF ATTORNEY**

The Board may from time to time by power of attorney appoint any company, firm, person or body of persons to be the attorney of the Society for such purposes and with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under the Rules) and for such a period and subject to such conditions as it may think fit and any such power of attorney may contain such conditions as it may think fit and any such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate any of the powers, authorities and discretions vested in it.

### **37. INDEMNITY OF DIRECTORS, OFFICERS AND SERVANTS**

- (1) Every Director, officer or servant of the Society shall be indemnified out of the funds and property of the Society against any liability in respect of losses, costs, charges, damages and expenses which may arise from, or in the course of, his or her duties but not against any such liability which by virtue of any rule of law or the Act, would attach to him or her in respect of any negligence, default, breach of duty or breach of trust of which he or she may be guilty in relation to the Society. Every Director, officer or servant shall however, be indemnified against any liability incurred by him or her in defending any proceedings whatever, whether civil or criminal, in which judgment is given in his or her favour or in which he or she is acquitted.
- (2) The Directors may arrange and the Society will pay for insurance for all liability for any acts or omissions which the Society may lawfully make payment for under Section 107 of the Building Societies Act 1965.

## **MISCELLANEOUS PROVISIONS**

### **38. RESERVES**

The Board shall have power to set aside the present or any future or additional surplus profits whether Capital or Revenue of the Society as a Reserve Fund and to create such other reserve fund or funds in such manner as it shall from time to time think expedient and to retain the same as such or capitalise the whole or any part of the amount for the time being standing to the credit of any reserve fund or to the credit of the appropriation account or otherwise available for distribution and to pay out of any such reserve fund any losses made by the Society or to distribute any such reserve fund or funds or any part or parts thereof amongst such classes of member in such manner and upon such terms and conditions as shall be decided upon by the Board from time to time.

### **39. LOSSES**

If at the end of any financial year the Revenue and Appropriation Account of the Society shall disclose that the total expenditure exceeds the total income for the year a loss shall be deemed to have been incurred. Any other loss shall be ascertained from the Society's Balance Sheet. Unless made up out of the Reserve Funds of the Society losses shall be borne by the shareholders in such proportion as shall be determined by the Board and confirmed at the Annual General Meeting.

### **40. AUDITORS**

The Auditors of the Society shall be appointed and removed in the manner provided in the Act and the amount of the Auditors' remuneration and the manner of remunerating auditors shall be decided from time to time by the Directors.

### **41. SEAL**

- (1) The seal of the Society shall bear the name of the Society and shall otherwise be in such form as the Board may determine.
- (2) The Society may additionally have one or more other seals each of which shall be a facsimile of the seal. The seal and any facsimile thereof shall be in the custody of such persons as the Board may determine.
- (3) Neither the seal nor any facsimile thereof shall be used without the authority of the Board and when used or affixed to any document such document shall be counter-signed by a Director and the Secretary or by such other combination or combinations of two or more persons (but so always that at least one of the counter-signatories must be an officer of the Society) as the Board may authorise and documents so sealed and counter-signed shall be deemed to be validly executed by the Society. Deeds and documents required to be executed by the Society under the seal may be executed with the seal or with the facsimile seal.

### **42. CUSTODY OF DOCUMENTS**

All documents of title, mortgages and other securities belonging to the Society shall be kept in the custody of the officers of the Society either at the Registered Office or at such other place or places as may from time to time be determined by the Board.

### **43. BANKERS**

The Board shall have power to appoint and revoke the appointment of the bankers of the Society (including any bankers to be employed by any Branch Office of the Society).

### **44. PAYMENTS**

- (1) Cheques and other negotiable instruments may be signed on behalf of the Society by such person or persons as the Board shall from time to time determine.



- (2) If any member shall become mentally disordered within the meaning ascribed to those words in the Mental Health Act 1969, it shall be lawful for the Board, upon being satisfied that any member is so mentally disordered, to authorise payment to the guardian or committee of such member of the same amount as he or she would be entitled in case of withdrawal; and in the event of there being no guardian or committee of such member the Board may in its absolute discretion authorise payment to such person and on such conditions as it may think proper for the benefit of such member; and the Society shall not be in any manner answerable for the misapplication or non-application of the money so paid.

#### **45. NON RECOGNITION OF EQUITABLE INTEREST**

- (1) The Society shall be entitled to treat the registered holder of a share or other security issued by the Society as the absolute owner of that share or other security.
- (2) The Society may, but need not, except as ordered by a Court of competent jurisdiction or as required by statute, be bound to recognise the equitable or other claim to or interest in the share on the part of any person other than the WBS Trust.
- (3) A share shall be identified in the register in such a way as to show it as being held in respect of a particular trust only if the Society, in its absolute discretion, chooses to do so.
- (4) Other than in relation to the WBS Trust, recognition by the Society of an equitable interest in a share or other security does not affix the Society with any obligation to enquire into the nature or consequences of the interest and the Society shall be without liability for treating the registered owner as the absolute owner notwithstanding knowledge of the equitable interest.

#### **46. DISPUTES**

Any dispute arising between the Society or any person representing the Society and any member or person claiming by through or on account of any member or under these Rules, except any dispute arising under a mortgage instrument or any other contract contained in any document other than the Rules or any dispute as to the rights of any member to obtain the name and addresses from the Register of Members, shall be settled by reference to arbitration in the manner directed by the Act.

#### **47. NOTICES TO AND BY THE SOCIETY**

- (1) Any notice to be given to the Secretary under these Rules shall be delivered, or sent by post, addressed to the Secretary at the Registered Office.
- (2) Each notice or communication sent by the Society to a member by post addressed to his or her registered address shall be deemed to have been duly served two clear business days after having been posted.

#### **48. DISSOLUTION**

- (1) The Society may be dissolved by instrument of dissolution or by winding-up in the manner prescribed by the Act.
- (2) Any sale or disposal by the Board of the Society's main undertaking shall be subject to ratification by the passing of a special resolution of the Society.
- (3) In the event of a surplus of funds on winding-up, such surplus shall be distributed amongst the members of the Society in proportion to the number of shares (other than saver shares or preference shares) held by them and upon such other terms and conditions as shall be decided by members by the passing of a special resolution of the Society.
- (4) On a dissolution or winding up, or a sale or other disposal of the Society's main undertaking the Board must establish a trust fund to maintain the Society's support of philanthropic purposes in the WBS home area at levels equivalent to that support in the pre transaction comparison period. For the purposes of this Rule (48 (4)):

- (a) 'establish' means to vest in the trustees of the WBS Trust as a separate trust not to be mingled with their then existing trust for charitable purposes an amount equal to 15 times the average annual amount spent by WBS for philanthropic purposes during the comparison period (or such lesser sum as is available having regard to Rule 48 (5) ). The terms of the trust shall be determined by the Board at the time, but must be as near as may be to the terms of the WBS Charitable Trust, other than in having beneficiaries in the WBS area for whom assistance will be philanthropic but not necessarily charitable;
- (b) 'comparison period' means the 3 completed financial years before the dissolution, winding up or disposal;
- (c) 'philanthropic purposes' include causes, events and purposes which benefit people and organisations not eligible to benefit from the WBS Trust (that is not charitable under the Charities Act) where the trustees of the trust fund reasonably consider that its support of the activities or benefits to the people or organisations involved delivers additional benefits to the community or part of it that justifies the subsidisation or payment of the costs that would otherwise fall to those persons or organisations, and includes purposes for which the Society has provided commercial sponsorship in the comparison period.
- (5) In calculating for the purposes of Rules 48 (3) and (4):
- (a) Any surplus of funds on a winding up, or
- (b) The amount of any proceeds of sale or other disposal of the Society's main undertaking which the Society may retain for its business or for distribution;

the Board must deduct the amount required to satisfy Rule 48 (4) provided that it must be reduced if necessary to an amount that will leave the Society with enough to pay or provide for liabilities in full (including on saver shares) and to repay subscription capital plus interest on redemption of senior shares and to repay the subscription amounts of capital shares and preference shares.

## **49. ALTERATION OF RULES**

- (1) These Rules may be altered or rescinded or added to by passing a resolution as a special resolution and in accordance with the Act.
- (2) Amendments to these Rules come into force as from the time at which they are approved by the special resolution.

## **SCHEDULE**

### **Standard terms of issue for each class of share.**

#### **SENIOR SHARES:**

Senior shares have the following characteristics, rights, restrictions and benefits determined by the Directors of the Society under Rule 4 of the Society's Rules:

- (a) Senior shares are shares other than capital shares, saver shares or preference shares held by a member who has been a member continuously since the 12<sup>th</sup> March 2008 which is that part (if any) of the holding equal to the lowest number of shares held by the member in that account since and including the 12<sup>th</sup> March 2008;
- (b) the lowest number of shares held by a member shall be determined for the purposes of term (a) from the Society's records in a manner convenient to the Society, and to its information technology system. Such a record shall be conclusive irrespective of the actual minimum, whether it is taken at intervals, or continually or otherwise, without a view to prefer or to disadvantage any member or class of senior shareholders as among themselves;
- (c) shares in an account in excess of the senior share number are saver shares, irrespective of their date of issue;
- (d) they carry the rights, restrictions and benefits attached at the time of issue;
- (e) senior shares confer the right together with all other senior and saver shares held by their holder, to cast one vote (in respect of all such shares held) on any members' resolution;
- (f) each senior share carries the right to share equally with each other senior share and each capital share (if any) in any surplus of the Society on a dissolution or winding up as provided in Rule 48(3), after provision for payment in full of the redemption price of any preference shares and saver shares;
- (g) each senior share is redeemable as fixed at the time of issue;
- (h) senior shares are transferable only with the approval of the Society's Board under Rule 10(1). The Board has resolved to approve transfers only in exceptional circumstances.

#### **SAVER SHARES:**

- (a) Saver shares are issued with the following rights restriction and benefits determined by the Directors of the Society under Rule 4 of the Society's Rules:
- (b) each complete share has an issue price of \$1.00 to be paid on subscription;
- (c) the part of any subscription payment that is not in even dollars (the excess cents) shall pay for a fraction of a share equivalent to the fraction of a dollar represented by the excess cents;
- (d) no share shall issue until the Society has irrevocably received the subscription payment in cleared funds;
- (e) a fraction of a share entitles the holder to the same fraction of the rights attributable to one share other than voting rights. A fraction of a share confers no voting rights;
- (f) a saver share carries no right to dividends or other distributions of profit or surplus, or return of capital beyond the return of the subscription price and interest at the agreed rate;

- (g) a saver share is redeemable on the basis set out in the Investment Statement and Prospectus, as agreed at the time of subscription, on demand, or on maturity of any agreed term;
- (h) a saver share is transferable only in extraordinary circumstances (such as on the death of the holder) and at the absolute discretion of the Board;
- (i) a saver share carries no right to participate in any distribution on a winding up or dissolution of WBS, beyond the return of the subscription price and unpaid interest;
- (j) by applying for and/or accepting a saver share the holder agrees with the Society as follows:
  - (i) that WBS Trust is assigned any right to receive any **windfall benefits** in respect of the saver share;
  - (ii) that WBS and any successor are authorised to pass any such **windfall benefits** direct to WBS Trust (or if it ceases to be a registered charity, to any other registered charity which WBS Trust may nominate) without giving any notice to the holder;
  - (iii) that WBS Trust will have the benefit of these terms, and that neither it nor the Society can release the holder from the agreement contained in these terms, or vary them even if in the future some or all members will not be required to accept similar terms;
  - (iv) if the Society no longer exists following a merger with another building society or conversion to a company, these terms will still apply as an agreement between holder and the merger society, or the company;
  - (v) that the Society is authorised to give WBS Trust any information at any time needed to enable it to determine entitlement (if any) to any **windfall benefits** conferred by the share and to ensure it can collect them, including the name, address, date of becoming a member and transaction details relevant to the entitlement.

In this term (j):

1. "**windfall benefits**" means any benefits to which the holder may become entitled by reason of being a shareholder member of the Society holding saver shares, beyond the return of the subscription price of the shares, plus interest in accordance with the terms of issue, including in connection with:
  - (i) any transfer of all or a major part of the Society's business to a successor
  - (ii) any winding up or dissolution of the Society;
  - (iii) any transfer or issue of shares to a person or persons other than WBS Trust to confer a substantial influence on control of the Society;
  - (iv) any conversion of the Society into a company under Part 7A of the Building Societies Act 1965; and
  - (v) any vote the holder may cast in favour of any of the foregoing.

"**senior share**" has the meaning given in the term of issue for such shares or determined under Rule 4 of the Rules.

## **CAPITAL SHARES:**

Capital shares are issued with the following rights, restrictions and benefits determined by the directors of the Society under Rule 4 of the Society's Rules:

- (a) each share will have an issue price fixed at the time of issue payable as and when called by the Board.
- (b) if the holder fails to pay a call when due the holder may elect to forfeit the share and be discharged of all liability in respect of the share thereafter.

- (c) subject to any express limits in the Rules at a meeting or on a poll (including a postal poll to elect directors) and on a special resolution capital shares:
  - (i) not held by WBS Trust carry one vote per whole thousand shares held; and
  - (ii) while held by WBS Trust confer one vote per share but irrespective of the aggregate number of votes cast by WBS Trust the number of votes by the Trust taken into account shall not exceed one half of the valid votes cast on the matter by persons other than the Trust.
- (d) each capital share carries the right to share in the reserves of the Society on a dissolution or winding up as provided in Rule 48(3) equally with each other capital share and each senior share.
- (e) a capital share shall rank after all other classes of share in respect of repayment of its subscription price and any unpaid dividend on any insolvency or dissolution or winding up in respect of which there is a shortfall of amounts needed to meet such redemption liabilities to other classes.
- (f) each capital share carries the right to participate in any distributions of profit or surplus (other than a return of the subscription price or on a winding up or dissolution) equally with all other capital shares except that a lesser participation may be provided as a term of issue in respect of any specified capital shares or holder of capital shares.
- (g) a capital share is redeemable only if the Directors have resolved to offer redemption, and the Directors are satisfied that:
  - (i) redemption is in the interest of the Society; and
  - (ii) the Society will remain solvent after the redemption; and
  - (iii) the redemption will not cause, nor exacerbate, any inability to satisfy any significant covenant in any material financing agreement; and
  - (iv) the redemption will not cause, nor exacerbate, any inability to provide fully for the philanthropic trust fund contemplated by Rule 48(4); and
  - (v) the holder of the share has notified WBS that it will accept redemption on the terms offered.
- (h) capital shares may be acquired and held only by WBS Trust and by persons primarily resident in a WBS home area, and must be disposed of by any holder within one year of ceasing to reside primarily in a WBS home area. WBS may exercise its power of compulsory sale to enforce this condition. For this purpose a corporation or other artificial entity is deemed to be resident in a WBS home area only if it is majority owned and effectively controlled (directly or indirectly) by natural persons primarily resident in a WBS home area.
- (i) capital shares are transferable only with the prior approval of a resolution passed with the affirmative vote of at least all but one of the Directors voting on the matter.
- (j) no person other than WBS Trust may hold, directly or indirectly, more than 5000 capital shares. This does not preclude the holding by a trustee of shares for a trust where no beneficiary acquires an interest in more than 5000 capital shares. The Directors may waive immaterial interests.