

Internet Banking Terms and Conditions

Effective 14 February 2011

Important

- Southland Building Society operates under the brands "SBS Bank" and "HBS Bank". The name of the registered bank is Southland Building Society (referred to as "the Bank").
 - Please read carefully and then keep this document in a safe place.
 - These Terms and Conditions (which can be amended or replaced from time to time) apply in addition to the Bank's General Terms and Conditions and any specific terms and conditions applying to your account(s). Copies of the specific terms and conditions for your account(s) may be obtained from our web site, from any of our Branches or by ringing our Contact Centre.
 - In the event that there is any inconsistency between these Terms and Conditions and any other terms and conditions applying to your account(s) or any service, these Terms and Conditions will prevail to the extent of that inconsistency.
 - By using the Bank's Internet Banking Service you agree to comply with these Terms and Conditions.
 - We are happy to explain anything that is not clear to you.
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Your Password

- You will be asked to select your own Password. Passwords must be 8 to 32 characters in length, may consist of any combination of characters on your keyboard (excluding the characters < > and *) and must contain (in any order you choose) at least two numeric digits and at least two characters that are not numeric digits.
- You should take care when selecting your PIN, please refer to the General Terms and Conditions for further information.
- If you forget your Password, call our Contact Centre on freephone 0800 502 442 and we will ask you to identify yourself before granting you access to Internet Banking.
- You must change your Password the first time you use Internet Banking and at frequent intervals thereafter, for example, monthly.
- You have a responsibility to exercise reasonable care to prevent unauthorised access to the computer that you use to access Internet Banking. You must not leave your computer unattended while you are on-line on Internet Banking.
- Examine your periodical statement immediately upon receiving it to identify, as soon as possible, any instances where Internet Banking has been used without your authority and notify us immediately. We may ask you to provide further information.
- Check your last log-in details, which will appear every time you log into Internet Banking and notify us immediately if the last log-in details are incorrect.
- You should ensure that your computer contains up-to-date anti-virus and security software before using Internet Banking or Gold Internet Banking.
- We recommend that you shut down all the windows of the browser you have used to gain access to the Internet Banking Service and then restart the browser in order to ensure that the "Back" function (or similar function in your browser) cannot be used to trace your activities.
- If you require assistance with clearing your browser's cache, we suggest you review your browser help facility or contact a PC support or maintenance service for instructions on how to complete this process.

i-guard Authentication (for Gold Internet Banking only)

- Your i-guard token must be used in conjunction with your existing Customer Number and Password.
- When entering Internet Banking you will be prompted to enter your Customer Number and Password.
- When the prompts appear for use of Factor 2 Authentication, you must enter the digits that appear on your i-guard token to proceed with the nominated transaction. If the digits displayed on your i-guard token are not entered correctly, then you will not be authorised to make the relevant transactions using Internet Banking. If you make 3 unsuccessful attempts when entering

the digits displayed on your i-guard token, your Internet Banking membership will be blocked until such time as you contact the Bank to re-register.

- You will be charged for use of your i-guard token each time you use your i-guard token on Internet Banking at the rate shown at www.sbs.net.nz. You authorise the Bank to deduct that amount from your account.
 - You must protect your i-guard token at all times. You must not:
 - leave it anywhere where it may be susceptible to theft or unauthorised use; or
 - allow anyone else to use it, including family members, friends and staff of the Bank.
 - The Bank will replace your i-guard token if it is faulty. In all other circumstance the Bank may charge you for any replacement or additional i-guard token it issues. In addition you must notify the Bank when you change your address, so that replacement i-guard tokens are sent to the correct address.
 - When you cease to be a Bank customer or no longer wish to use Internet Banking you must return your i-guard token to the Bank. In circumstances where you cease to be a customer of the Bank you must return your i-guard token to the Bank within 7 business days of closing your accounts with the Bank.

Notification of Loss, Theft or Unauthorised use of your Password or i-guard token

- **You must notify the Bank immediately if:**
 - you know or suspect that someone else knows your Password; or
 - your i-guard token has been lost or stolen; or
 - You discover or suspect an unauthorised use of your Password or i-guard token has occurred; or
 - Your periodical statement contains any instances of unauthorised use or errors.
- We recommend that you record all receipt numbers, payment or transfer reference numbers that are issued to you by the Internet Banking Service to assist in checking transactions against your statements.
- During business hours, call us immediately and we can reset your login details and/or order you a new i-guard token.
- Outside of business hours, cancel your Internet Banking access online through the "Other Services" tab. Suspension is permanent until the Bank is contacted by you and normal identification procedures are satisfied.

Within New Zealand you should telephone the Bank on freephone 0800 502 442. Outside New Zealand telephone +64 3 211 0700.

Business Customers

- Where you use Internet Banking for business purposes, then without prejudice to any other provisions of these Terms and

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Conditions you must ensure that your Passwords are kept secure and are only used by those authorised in writing to do so for the purpose of your business. Whilst you may share your Passwords with persons authorised in writing to use it for the purpose of your business, you do so at your sole risk, and you are solely responsible for any use or mis-use of the Passwords by such persons. You must change your Passwords immediately after you remove any persons authorised to sign on your accounts accessible by Internet Banking.

- You should reconcile your business or financial records with your bank statements at least monthly so that your instructions via Internet Banking can be monitored.
- To the extent allowed by law, the provisions of the Consumer Guarantees Act 1993 will not apply to business customers using Internet Banking.

Liability for Business Customers

- The extension of Internet Banking to your business exposes your business to a particular risk of fraudulent use of Internet Banking, either by authorised users or by any unauthorised person to whom an account number and Password are disclosed, or who has access to an i-guard token. You acknowledge that Internet Banking exposes your business to these risks and that, except in the case of fraudulent or negligent conduct by an employee or agent of the Bank, the Bank:
 - is not liable for any loss which your business suffers as a result of any use (including unauthorised use) of any Password, account number or i-guard token issued to your business; and
 - may rely on all instructions received from, and is not required to verify the identity of, any person using a account number and Password or i-guard token issued to your business.

Bill Payments

- Bill payments are "Transfers of Funds" and in addition to the provisions set out below the provisions under the heading "Transfers of Funds" apply to bill payments.
- Payments authorised after 7pm or on weekends to internal accounts may not be processed by the receiving bank until the next business day.
- When you set up a bill payment, you authorise us to debit your Nominated Account held with the Bank, with the amounts you request to be paid to a specific person from time to time.
- It is your responsibility to ensure that there are enough funds in your account(s) to meet any bill payment. A bill payment will not be made if there are insufficient funds available in your Nominated Account held with the Bank when we attempt to process the bill payment.
- Subject to compliance with these Terms and Conditions, payments can be requested to be made on the same day or on a future date when you enter the payment details. When a future date is chosen, the payment will be automatically debited from your Nominated Account on the date requested in accordance with your instructions.
- We will endeavour to make the payments you request, although we accept no responsibility or liability for any refusal or omission to make any or all of the payments, or for late payment or omission to follow your instructions. In particular, we accept no responsibility or liability for the accuracy of the information you supply to us when setting up, changing, or deleting bill payment authorities, or when issuing or processing payment instructions.
- All Bill Payment instructions received from you will be subject to any other arrangements you may have with us in relation to your accounts.
- In the event of a payment not being made on due date for any reasons referred to in these Terms and Conditions we will

attempt to complete that payment request once more within 24 hours. Following that period arrangements for that payment will become your sole responsibility.

- We may in our absolute discretion conclusively determine the order of priority of payments requested pursuant to any bill payment instruction or any other payment instruction or cheque drawn on your account. A limit of \$50,000 per customer per day applies to all bill payments. Payments in excess of your daily limit may not be actioned by us.
- Any bill payment authority given by you will remain in effect for all Bill Payments made in good faith, notwithstanding your death, bankruptcy or other revocation of this authority, until actual notice of such event is received by us.
- We are authorised to advise your nominated payees of your full name and address if requested by them in respect of a bill payment authorised by you.

Reversing Transactions

- You cannot cancel a bill payment instruction except where the instruction relates to a future dated payment and you instruct us to stop the payment prior to the stipulated date for payment.
- If a request for reversal of a bill payment or transfer is made in writing within 24 hours of a payment error being made, we will attempt to recover the payment. As transactions are irrevocable once authorised, there is no guarantee that we will be able to recover the payment.
- If funds are paid to an incorrect account in error, those funds will not be recoverable unless the owner of the account to which the funds were transferred consents to the recovery.
- You agree to meet the Bank's fees and costs in respect of any attempted reversal of a bill payment or transfer, whether or not the attempt is successful. You agree to the Bank debiting any such fees and costs from your account.

Transfers of Funds

- When you complete an instruction for a transfer to another of your accounts or an External Account, you authorise us to debit your account immediately with the amounts to be paid to the requested account/person.
- Transfers of funds from an Internal Account to another Internal Account will be debited or credited immediately.
- Transfers authorised after 7pm or on weekends to external accounts may not be processed by the receiving bank until the next business day.
- It is your responsibility to ensure that the detail you complete in respect of a transfer of funds is accurate in all respects. We accept no responsibility in the event of a transfer to an incorrect account as a result of your provision of an incorrect account number.
- A transfer is irrevocable once the instruction to transfer funds has been completed in Internet Banking.
- It is your responsibility to ensure that there are enough funds in your account(s) to meet any transfers that you require. Instructions for the transfer of funds will not be actioned if there are insufficient funds available in your Nominated Account either at the time you confirm the transfer instructions or when we attempt to perform the transfer in the course of our normal business procedures.
- You will not be able to draw on any cheques and/or deposits until they are cleared.

Transactions

- In the absence of any daily or other periodic transaction limit arrangements between you and the Bank, you can only withdraw, transfer funds or make payments up to the available balance of your selected Nominated Account (including the unused portion of any credit limit relating to that account).

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- You agree that aggregation of any available balance or credit limit on Nominated Accounts is not possible when determining the available balance or credit limit for the selected Nominated Account.
- You acknowledge that third parties such as merchants or other financial institutions may impose additional restrictions on the amount of funds you may withdraw, deposit or transfer.

Changes to Internet Banking and these Terms and Conditions

- We may change these Terms and Conditions from time to time or vary the Internet Banking service provided to you
- We will notify you by notice in our newsletter or statement or by an individual notice at least 30 days before the effective date of change if it will:
 - impose or increase charges for the use of Internet Banking or for issuing additional or replacement Passwords;
 - increase your liability for losses; or
 - impose, remove or adjust daily or other periodic transaction limits applying to the use of Internet Banking, your Nominated Accounts or the Ancillary Equipment.
- If the change reduces your obligations to the Bank we will notify you when we next correspond with you, either by a notice in our newsletter or in your statement of account.
- We will notify other changes which affect you no later than the day the change takes effect by advertisement in national or local media, notice in our newsletter or your statement of account, or individual notice sent to you.
- We are not obliged to give you advance notice if an immediate change to these Terms and Conditions is deemed necessary for the security of Internet Banking or individual accounts.
- You authorise us to give information about you and any Nominated Account to others in order to execute your instructions to us via Internet Banking or where we reasonably think it necessary for the provision of that service. However, you may instruct us not to share your information by giving us written instructions to that effect.
- From time to time we may advertise financial products or services on the website through which you access Internet Banking. You consent to receiving such advertising material when accessing our website or the Internet Banking Service.

Restrictions and Termination of Access to the Internet Banking Service

- We reserve the right to restrict your access to Internet Banking.
- You may cancel your access to Internet Banking at any time by giving us written notice or contacting us during business hours. You will remain responsible for any transactions made on your accounts via Internet Banking up until the time of cancellation.
- We may suspend or withdraw your access to Internet Banking at any time without prior notice if:
 - you have breached these Terms and Conditions or have acted fraudulently;
 - we learn of your death, bankruptcy or lack of legal capacity or that you have committed an act of bankruptcy or that a bankruptcy application has been made against you;
 - there are insufficient funds to cover payments or payment instructions given;
 - we consider that we have other reasonable grounds to do so (in which case all reasonable efforts will be made to advise you of the circumstances of withdrawal or suspension);
 - we are complying with a Court order;

- we are notified by any party of a dispute over either the ownership of funds or the operating account; or
- we are protecting one of all of the parties to the account, us or a third party who has reasonably claimed an interest in the account.

Liability

- Once you have notified the Bank that your i-guard token has been lost or stolen or used by an unauthorised person or your Password has been disclosed to someone else, or you suspect that one of these events has occurred, either in New Zealand or overseas, you will not be liable for any unauthorised transactions carried out after that time unless you have acted fraudulently or negligently.
- You will only be liable to pay up to \$50.00 for any unauthorised transaction that have taken place before you notified the Bank unless you have:
 - unreasonably delayed notifying the Bank;
 - selected an unsuitable Password;
 - disclosed your Password to anyone else, either deliberately or inadvertently, such if you failed to take reasonable step to prevent disclosure of your password when keying in your Password;
 - failed to reasonably safeguard your i-guard token or failed to retrieve your i-guard token after use; or
 - allowed someone else to use your i-guard token or written your Password down.

If any of the above apply you will be liable for all transactions up until you notified the Bank up to the maximum amount that you yourself could have transferred from your accounts electronically during that time.

- If you have, in the Bank's sole discretion, contributed to cause the unauthorised transactions, you may be responsible for some or all of the actual losses occurred before notification of the loss of your password or i-guard token to the Bank except for:
 - any amount that exceeds any applicable transaction limit;
 - any portion that exceeds the balance of your account;
 - fraudulent or negligent conduct by an employee of the Bank or agent or other party involved in Internet Banking; and
 - unauthorised transactions before you have received your i-guard token or any other unauthorised transactions where it is clear that you could not have contributed to the loss
- The Bank will not be liable for any unauthorised use of Internet Banking in circumstances where you have failed to take reasonable steps to ensure that protective systems such as virus scanning, firewall, anti-spy ware, operating system and anti-spam software on your computer are up to date or where you have failed to take reasonable care to safeguard any other device that is used by you to access Internet Banking. You agree to allow the Bank access to your computer and relevant related equipment to enable the Bank to determine whether you have taken all reasonable steps to protect the security of your computer and its systems.
- If you incur a direct loss that is due to a security breach of Internet Banking and caused as a result of our failure to take reasonable care and that loss is not caused or contributed to by you, then we will reimburse you for that loss.
- We will reimburse you for any losses caused by transactions not authorised by you and completed before you had access to Internet Banking or during any period where you did not have access to Internet Banking including, if applicable, before you have selected your Password and, depending on the transactions you wish to undertake using Internet Banking, before you have received your i-guard token, provided you have notified us of your correct address. In the event that there is any dispute as to whether you have received your i-guard token, we

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will not rely on proof of posting to your correct address as proof that you have received your i-guard token.

- Subject to the exceptions set out in the proceeding bullet points under the heading "Liability", to the extent permitted by law the Bank will not be liable to you or any other person and accepts no responsibility for any claim, loss, damage, cost or expense whether direct or indirect, consequential or economic which arises in connection with any one of the following:
 - your use of Internet Banking;
 - any unauthorised use of your Password or i-guard token; or
 - any system or telecommunications link failure; or
 - any default, error or defect in design or engineering of Internet Banking or any delay, fault, malfunction, unavailability or loss of access to Internet Banking.
- Although Internet Banking will normally be available 24 hours a day, maintenance of the system will be required from time to time with the result that Internet Banking may not be available.

Accessing your Accounts

- In order to access Internet Banking you must be a member of the Bank and hold an account with us or be a signatory to an account with us.
- We will advise you from time to time of the transactions that Internet Banking will enable you to perform.
- You may only use Internet Banking to perform transactions on those accounts you have nominated. If the terms and conditions of a Nominated Account such as, but not limited to, a fixed term deposit or loan account provide a transactional restriction then that restriction will apply equally to Internet Banking.
- If you are a signatory to a Nominated Account that can be operated on the instructions of any one signatory to the account, you may access the account through Internet Banking.
- You acknowledge and agree that we are authorised to act on instructions given by you (or your Nominee) through Internet Banking using your Password and that we are not obliged to make any further enquiries.
- If any Nominated Account is in the name of more than one person, the liability of all account holders under these Terms and Conditions will be joint and several for any transactions carried out on that account in accordance with these Terms and Conditions.

Fees/Charges

- You agree to pay all fees and charges relating to Internet Banking in addition to any applicable account and transaction fees. Fees and charges are subject to change and will vary depending upon whether you elect to utilise i-guard authentication for your Internet Banking. All current fees and charges will be displayed on www.sbs.net.nz
- The Bank may deduct such fees and other charges from your account(s) in accordance with the "Deductions" section of the Bank's General Terms and Conditions contained within the Account Operating Authority.

Definitions

- **"Account Operating Authority"** means a document that provides the Bank with authorisation to allow us to complete transactions on account(s) by listed signatories.
- **"Ancillary Equipment"** means any secondary equipment that may be used to conduct Internet Banking.
- **"Authorised users"** (Business customers) means users authorised by the account holder(s) including Partner(s), Trust Administrator and Trust Supervisor.

- **"Bankruptcy or bankrupt"** includes the loss of capacity, insolvency, receivership, liquidation, removal from the register, statutory management or any similar occurrence, and petition for bankruptcy includes any step taken for or towards these.
- **"Bank", "we" or "us"** means Southland Building Society trading as SBS Bank and HBS Bank – a registered bank with a mutual building society structure.
- **"Branch"** means one of the Bank's branches in New Zealand.
- **"Business Customer(s)"** means any person(s) operating a business account(s) with a view to making a profit, or organisation.
- **"Business Hours"** means the hours of operation of the Bank's freephone number 0800 502 442 (SBS Bank) or 0800 427 2265 (HBS Bank) is 8.30am – 5.30pm local standard time.
- **"Customer Number"** means the identification number issued to you by the Bank. This enables us to identify you when you access Internet Banking.
- **"External account"** means an account not held with the Bank or any of its operating brands.
- **"General Terms and Conditions"** means the Bank's general terms and conditions.
- **"i-guard"** means an additional Internet Banking safety feature employing two factor authentication security. It is issued to customers who register for Gold Internet Banking and is used in addition to your login and password.
- **"Internal Account"** means an account held with any of Southland Building Society's operating brands "SBS Bank" or "HBS Bank".
- **"Internet Banking"** means the internet banking service provided by the Bank to provide access to Nominated Accounts for customers using a unique Customer Number and Password. This includes the Gold Internet Banking service.
- **"Nominated Account"** means the bank account(s) you hold with the Bank that have been nominated by you to be accessed via Internet Banking.
- **"Password"** means a confidential password used to prevent unauthorised access to and use of your accounts, used with your Customer Number it gives you access to Internet Banking.
- **"Partner"** means a nominated employed person within a professional business, who holds various levels of involvement in the operational decisions of a business entity.
- **"Signatory"** means any person who is listed on the Account Operating Authority for your account(s) as being able to complete transactions.
- **"Terms and Conditions"** means these terms and conditions.
- **"Trust Administrator"** means a nominated employee of the entity practicing in trust management, who holds levels of operational authority for processing trust accounting activities.
- **"Trust Supervisor"** means a nominated partner of the professional entity, who holds the Trust Account Supervisor position, and is therefore responsible for all account administration of Trust Accounting for that entity
- **"you" or "your"** means the account holder, including (as may be applicable) any holder of a joint account, any company, firm, partnership, trust, estate, society (whether incorporated or unincorporated), lodge, club or user of Internet Banking