

22 December 2015

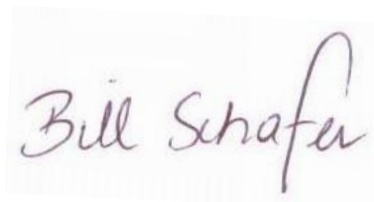
Manager of Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

YOUR CREDIT UNION AND AUSWIDE BANK MERGER

Queensland Professional Credit Union Ltd (trading as YCU - Your Credit Union) and Auswide Bank Ltd (ASX: ABA) have announced that they intend to merge.

Please find attached a joint statement together with a copy of the Merger Implementation Agreement.

Yours sincerely



Bill Schafer
Company Secretary

Small things. Big difference.



22 December 2015

Joint Media Announcement

YCU – YOUR CREDIT UNION AND AUSWIDE BANK ANNOUNCE MERGER

Agreed Merger

Queensland Professional Credit Union Ltd (trading as YCU - Your Credit Union (YCU)) and Auswide Bank Ltd (Auswide Bank (ASX: ABA)) today announced that they have entered into a Merger Implementation Agreement¹ pursuant to which the two companies propose to merge.

The Boards of both companies have unanimously endorsed the proposed merger as it will bring together two highly compatible financial institutions. Both YCU and Auswide Bank:

- were founded at the same time in the mid-1960s;
- have strong roots in community banking;
- view customer service and satisfaction as paramount;
- ascribe considerable value to their employees; and
- are headquartered in Queensland.

Should the merger be successful, the members and customers of YCU and Auswide Bank will enjoy:

- ✓ high levels of engagement and service;
- ✓ an extended branch network throughout Queensland;
- ✓ a wide range of financial products and services;
- ✓ an expanded technological and digital capability; and
- ✓ the financial strength and enhanced capability of a larger banking organisation.

YCU's Chairman, Gordon Rutherford said "the proposed merger is a tremendous combination of two companies with much in common. Auswide Bank is an outstanding, culturally-compatible, merger partner and the YCU directors are very pleased to recommend the merger proposal to YCU members".

Auswide Bank's Managing Director, Martin Barrett said "this is not a big bank takeover but a merger of two similar organisations to create an even more compelling banking proposition for our collective stakeholders. Auswide Bank customers will now have access to a conveniently located branch in the Brisbane CBD which will also assist our growth in South East Queensland. YCU members will have access to Auswide Bank's broad range of banking capabilities and geographic footprint".

¹ Provided as an attachment to this announcement.



The Proposal

Under the terms of the merger proposal, to be implemented via a scheme of arrangement, each YCU member² will receive for their YCU member share:

- \$4,055 in cash; and
- 696 Auswide Bank shares.

Based on an Auswide Bank share price of \$5.40,³ the implied value of the scrip component of the proposed offer is \$3,758 per YCU member share and the implied value of the total proposed offer per YCU member is \$7,813. The total value of the proposed offer to YCU members is approximately \$32 million.

Benefits to YCU Member Shareholders

- Immediate access to a broader range of banking products and services via an expanded distribution network;
- Access to familiar faces as, to the extent possible, Auswide Bank intends to retain YCU employees;
- No changes to the existing price positioning enjoyed by YCU members, other than in accordance with the loan agreements in place, in response to changes in the official interest rate by the Reserve Bank of Australia or to changes actually requested by individual members;
- Valuable merger consideration valued at \$7,813 per YCU member comprising 696 Auswide Bank shares and \$4,055 cash;
- The opportunity to retain an ownership interest in the combined group and participate in its ongoing success, including the opportunity to receive fully-franked dividends; and
- Access to potential capital gains tax roll-over relief in relation to the scrip component of the proposal consideration⁴.

Mr Rutherford said “we consider this merger with Auswide Bank to be an outstanding opportunity for YCU members. Apart from the compelling \$7,813 in consideration, our members will continue to enjoy some of the best aspects of the YCU culture and service proposition.”

“The Board of YCU unanimously recommends that all YCU members support the proposal, subject to an independent expert determining that the merger is in the best interests of YCU members and in the absence of a superior proposal,” he said.

Every member of the YCU Board intends to vote in favour of the proposed merger in the absence of a superior proposal.

² A person must be a YCU member as at 5.00pm on Monday 21 December 2015.

³ Closing share price on 18 December 2015.

⁴ Subject to final tax advice.



Benefits to Auswide Bank Customers and Shareholders

- Significantly enhanced presence in South East Queensland including a CBD Brisbane branch;
- Expected to be cash earnings per share accretive on a normalised basis in 2017;
- Larger scale and greater geographic diversification of earnings;
- Future cost synergy benefits anticipated from the consolidation of technology platforms and back office functions; and
- Potential revenue synergies through cross-selling opportunities of Auswide Bank's existing capabilities to YCU's customer base, as well as leveraging YCU's branch to win new customers.

Mr Barrett said "consistent with our corporate strategy, this merger will provide Auswide Bank with an excellent platform from which to build our presence in South East Queensland. Auswide Bank is very pleased the YCU Board has unanimously endorsed the strategic rationale for the merger."

Transaction Process

YCU and Auswide Bank have entered into a Merger Implementation Agreement under which they have agreed to proceed with the merger proposal by way of scheme of arrangement between YCU and its members. A copy of the Merger Implementation Agreement is attached to this announcement.

The proposal is subject to the approval by YCU members, regulatory and court approvals, the independent expert concluding that the scheme is in the best interests of YCU members and other conditions customary for a public transaction of this nature (including there being no material adverse change or prescribed events in respect of either party). Because of its corporate structure, the amendment of YCU's constitution by its members is also a condition precedent to the merger.

The Merger Implementation Agreement also includes customary deal protections, including no-shop, no-talk, matching right and break fee provisions.

Indicatively, YCU members should receive relevant documentation, including the report of an independent expert, in March 2016 with the scheme of arrangement expected to be implemented in May 2016.

Information

For more information, please contact:

Mr Stephen Barnard
Managing Director
YCU – Your Credit Union
Phone: 07 3020-5423
Email: sbarnard@ycu.com.au

Mr Martin Barrett
Managing Director
Auswide Bank
Phone: 07 4150-4001
Email: mbarrett@auswidebank.com.au

Further information may be found on the YCU website at www.ycu.com.au and on the Auswide Bank corporate website at www.auswidebankltd.com.au.



About YCU – Your Credit Union

www.ycu.com.au

Based in Brisbane, YCU is a mutual financial institution that has been providing professional financial services since 1967. YCU is incorporated under the Banking Act (1959) and, as an Authorised Deposit-taking Institution its operations are overseen by the Australian Prudential Regulation Authority.

YCU currently operates one branch in Brisbane located at 100 Eagle Street. The credit union currently employs 11 staff.

YCU offers members a range of products and services including home loans, car loans, personal loans, transaction accounts, savings accounts and term deposits. YCU members have access to over 4,500 Rediteller® badged ATMs (operated by credit unions, NAB and Bank of Queensland), Westpac ATMs and St George ATMs.

About Auswide Bank Ltd

www.auswidebank.com.au

Auswide Bank became Australia's tenth and Queensland's third Australian owned bank, listed and trading on the ASX, on April 1, 2015. (ASX: ABA) Auswide Bank had total assets of \$2.7 billion at 30 June 2015 and, as at 18 December 2015, had a market capitalisation of \$201 million.

Headquartered in Bundaberg in Central Queensland, the company had operated as a building society since 1966 and was principally the amalgamation of building societies based in Bundaberg, Maryborough, Gympie & northern Sunshine Coast, Gladstone and Mackay.

Auswide Bank operates a network of 26 retail branches from Morayfield to Cairns and mortgage broker service centres in Brisbane and the Gold Coast.

Auswide Bank has an Australian Credit Licence and an Australian Financial Services Licence issued by ASIC and is an Authorised Deposit-taking Institution prudentially supervised by the Australian Prudential Regulation Authority.

Auswide Bank offers Australians an extensive range of personal and business banking products & services issued directly or in partnership with leading service providers via an omni-channel distribution strategy which includes branches, strategic relationships and online & digital channels. Products include consumer and business finance; deposits and banking services; insurance and foreign exchange.

Merger Implementation Agreement

Dated 22 December 2015

Auswide Bank Ltd ACN 087 652 060 ("**Auswide Bank**")
Queensland Professional Credit Union Ltd ACN 087 651 045
trading as Your Credit Union ("**YCU**")

King & Wood Mallesons

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www.kwm.com

Merger Implementation Agreement

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Merger Implementation Agreement

Details

Parties	Auswide Bank and YCU	
Auswide Bank	Name	Auswide Bank Ltd
	ACN	087 652 060
	Address	Level 5, 16-20 Barolin Street Bundaberg QLD 4670
	Telephone	+61 7 4150 4000
	Email	mbarrett@auswidebank.com.au
	Fax	+61 7 4152 3566
	Attention	Managing Director
YCU	Name	Queensland Professional Credit Union Ltd
	ACN	087 651 045
	Address	Level 5, 100 Eagle Street BRISBANE QLD 4000
	Telephone	+61 7 3020 5423
	Email	SBarnard@ycu.com.au
	Fax	+61 7 3020 5475
	Attention	Managing Director
Recitals	A	YCU and Auswide Bank have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.
	B	At the request of Auswide Bank, YCU intends to propose the Demutualisation and the Scheme and issue the Scheme Booklet to YCU Members.
	C	The Scheme is conditional on YCU Members voting in favour of the Demutualisation.
	D	The implementation of the Demutualisation is conditional on YCU Members voting in favour of the Scheme.
	E	YCU and Auswide Bank have agreed to implement the Demutualisation and the Scheme on the terms and conditions of this document.
Governing law	Queensland	

Merger Implementation Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ACCC means the Australian Competition and Consumer Commission.

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

Auswide Bank Board means the board of directors of Auswide Bank.

Auswide Bank Group means Auswide Bank and its Subsidiaries.

Auswide Bank Indemnified Parties means Auswide Bank, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Auswide Bank Information means the information regarding Auswide Bank as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. For the avoidance of doubt, Auswide Bank Information does not include information about the YCU Group (except to the extent it relates to any statement of intention relating to the YCU Group following the Effective Date).

Auswide Bank Material Adverse Change means Specified Events which are not disclosed or properly taken into account in the preparation of Auswide Bank's financial statements and, which had they been so disclosed or properly taken into account, individually or when aggregated with all such events, would have resulted in:

- (a) the value of consolidated net assets of the Auswide Bank Group reported in the Auswide Bank Group's financial statements for the year ended 30 June 2015 or the half year ending 31 December 2015 being reduced by at least 10%; or
- (b) the NPAT of the Auswide Bank Group reported in Auswide Bank Group's financial statements for the year ended 30 June 2015 or the half year ending 31 December 2015 being reduced by at least 10%,

but does not include:

- (c) any matter fairly disclosed to YCU or its Representatives on or before the date of this document (including as a result of disclosures made to ASX);
- (d) any matter, event or circumstance arising from changes in economic or business conditions in Australia;

- (e) any change in taxation, interest rates or general economic conditions which impact on Auswide Bank and YCU in a similar manner;
- (f) any change in accounting policy required by law; or
- (g) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this document, the Scheme or the transactions contemplated by them.

Auswide Bank Prescribed Event means, except to the extent publicly disclosed prior to the date of this document or contemplated by this document or the Scheme, any of the events listed in Schedule 1 provided that an Auswide Bank Prescribed Event listed in items 1 to 13 of Schedule 1 will not occur where Auswide Bank has first consulted with YCU in relation to the event and YCU has approved the proposed event or has not objected to the proposed event within 5 Business Days of having being so consulted.

Auswide Bank Shares mean fully paid ordinary shares in the capital of Auswide Bank.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this document.

Banking Act means the *Banking Act 1959* (Cth).

Business Day means a business day as defined in the Listing Rules.

Competing Transaction means any proposal, agreement, arrangement or transaction, which, if completed, would have the same effect as, or be similar in economic terms to, the Merger or any other transaction described in paragraphs (a) to (g) below arising after the date of this document:

- (a) a third party (either alone or with its associates) acquiring (directly or indirectly) (including by way of joint venture, alliance, dual listed company structure or otherwise) any interest in all or a substantial part of the business or assets of YCU;
- (b) a third party (either alone or with its associates) becoming (directly or indirectly) the holder or controller of, or otherwise acquiring, all or substantially all of the shares in YCU;
- (c) a third party (either alone or with its associates) acquiring "control" (as defined in section 50AA of the Corporations Act) of, or merging or amalgamating with YCU or any of its material Subsidiaries, including by way of takeover bid, scheme of arrangement or capital reduction or contractual arrangement;
- (d) YCU implementing any reorganisation of capital or dissolution (except as previously announced prior to the date of this document);
- (e) a third party acquiring (whether directly or indirectly) a Relevant Interest in, or becoming the holder of, or having the right to acquire a legal, beneficial, or economic interest in, or control of, 10% or more of the YCU Shares;
- (f) a third party entering into or completing a transaction or arrangement, or YCU otherwise seeking to implement a transaction or arrangement, which would result in the demutualisation of YCU; or

- (g) any other transaction which affects, prejudices or jeopardises, or might reasonably be expected to affect, prejudice or jeopardise, the consummation of the Merger.

Conditions Precedent means the conditions precedent set out in Schedule 3.

Confidentiality Agreement means the Confidentiality Agreement between the parties dated 9 December 2015.

Controller has the meaning it has in the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Poll means a deed poll substantially in the form of Annexure C to this document.

Demutualisation means the demutualisation of YCU (including, without limitation, by way of amendments to the YCU Constitution and any required variation to the rights of YCU Members, the reserves of YCU and the capital structure of YCU) from a mutual credit union structure to a non-mutual public company owned by shareholders in accordance with the Corporations Act and this document to give effect to the Merger.

Demutualisation Meeting means the special general meeting of YCU at which YCU Members will vote on the Demutualisation.

Details means the section of this document headed "Details".

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Member means each Scheme Participant other than a Foreign YCU Member.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

End Date means 30 June 2016 or such other date as is agreed in writing by Auswide Bank and YCU.

Exclusivity Period means the period from and including the date of this document to the earlier of:

- (a) the termination of this document in accordance with its terms;
- (b) the Effective Date; and
- (c) the End Date.

First Court Date means the first day on which an application made to the Court, in accordance with item 10 of Schedule 5, for orders under section 411(1) of the

Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Foreign YCU Member means a YCU Member:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless Auswide Bank determines (in consultation with YCU) that:

- (c) it is lawful and not unduly onerous or unduly impracticable to issue that YCU Member with Auswide Bank Shares on implementation of the Merger; and
- (d) it is lawful for that YCU Member to participate in the Merger by the law of the relevant place outside Australia and its external territories.

FSSA means the *Financial Sector (Shareholdings) Act 1998* (Cth).

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Date means the fifth Business Day following the Record Date or such other date agreed in writing by Auswide Bank and YCU.

Incoming Directors means such persons who are nominated in writing by Auswide Bank to YCU prior to the Second Court Date.

Independent Expert means Lonergan Edwards & Associates to be appointed by YCU under item 3 of Schedule 5.

Input Tax Credit has the meaning it has in the GST Act.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject); or

- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Listing Rules means the listing rules of ASX.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

Material Contract means a contract or commitment:

- (a) requiring total payments in excess of an amount equal to 10% of the relevant party's NPAT for the previous financial year; or
- (b) which is not entered into in the ordinary course of the business of the Auswide Bank Group or the YCU Group (as applicable).

Merged Group means the group comprising of the combination of the Auswide Bank Group and the YCU Group following implementation of the Merger.

Merger means the combination of YCU and Auswide Bank as a result of the Demutualisation and the implementation of the Scheme.

New Auswide Bank Shares means fully paid ordinary shares in the capital of Auswide Bank to be issued under the Scheme.

NPAT means net profit after tax of the YCU Group or the Auswide Bank Group (as applicable).

Outgoing Directors means each of the directors of YCU as at the date of the Second Court Date.

Permitted Dividend means any final dividend made, declared or announced in accordance with Auswide Bank's current dividend policy (as at the date of this document) in respect of the period ended 31 December 2015 and consistent with previous payout ratios.

RBA means the Reserve Bank of Australia.

Record Date means 5.00pm on the fifth Business Day following the Effective Date or such other date as YCU and Auswide Bank agree in writing.

Register means the share register of YCU and **Registry** has a corresponding meaning.

Register Date means 5.00pm on 21 December 2015.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval in respect of the Scheme pursuant to section 411(2) of the Corporations Act and in respect of the Demutualisation pursuant to clause 29(1)(h) of Schedule 4 of the Corporations Act.

Regulatory Approval means any approval of a Regulatory Authority to the Merger or any aspect of it which is necessary or desirable to implement the Merger.

Regulatory Authority includes:

- (a) APRA, RBA, ASX, ACCC, ASIC;

- (b) the Takeovers Panel;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the later of:

- (a) the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme; or
- (b) the date that ASIC registers the disclosure by YCU in relation to the Demutualisation pursuant to clause 32 of Schedule 4 of the Corporations Act.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party.

Sale Facility has the meaning given in clause 4.10(a).

Scheme mean the Share Scheme.

Scheme Booklet means, in respect of the Scheme and the Demutualisation, the information booklet to be approved by the Court and despatched to YCU Members which must:

- (a) include the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notice(s) of meeting (including in respect of the Demutualisation) and proxy form(s); and
- (b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Meeting means the meeting to be convened by the Court at which YCU Members will vote on the Scheme.

Scheme Participants means each person who is a YCU Member at the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act under which all the YCU Shares will be transferred to Auswide Bank substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Share Scheme Consideration means the consideration payable by Auswide Bank for the YCU Shares under the Share Scheme and in accordance with clause 4 of this document.

Specified Events means an event, occurrence or matter that:

- (a) occurs after the date of this document;
- (b) occurs before the date of this document but is only announced or publicly disclosed after the date of this document; or
- (c) will or is likely to occur after the date of this document and which has not been publicly announced prior to the date of this document.

Subsidiaries has the meaning it has in the Corporations Act.

Superior Proposal means a bona fide Competing Transaction which the YCU Board, acting in good faith determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to YCU Members than the Scheme, taking into account all terms and conditions of the Competing Transaction.

Takeovers Panel means the body called the Takeovers Panel continuing in existence under section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) and given various powers under Part 6.10 of the Corporations Act.

Tax Invoice has the meaning it has in the GST Act.

Timetable means the timetable set out in Schedule 4.

Transaction Implementation Committee means a committee to be made up of:

- (a) the managing director of each of YCU and Auswide Bank; and
- (b) such other persons as the parties may agree from time to time.

Treasurer means the Treasurer of the Commonwealth of Australia.

YCU Board means the board of directors of YCU.

YCU Branch means the YCU Branch at 100 Eagle Street, Brisbane, 4000, QLD.

YCU Constitution means the constitution of YCU.

YCU Group means YCU and its Subsidiaries.

YCU Indemnified Parties means YCU, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

YCU Information means all information contained in the Scheme Booklet other than the Auswide Bank Information and the Independent Expert's report.

YCU Material Adverse Change means Specified Events which are not disclosed or properly taken into account in the preparation of the YCU Group's financial statements and which had they been so disclosed or properly taken into

account, individually or when aggregated with all such events, would have resulted in:

- (a) the value of consolidated net assets of the YCU Group reported in the YCU Group's financial statements for the year ended 30 June 2015 or the half year ending 31 December 2015 being reduced by at least 10%; or
- (b) the value of NPAT of the YCU Group reported in the YCU Group's financial statements for the year ended 30 June 2015 or the half year ending 31 December 2015 being reduced by at least \$75,000,

but does not include:

- (c) any matter fairly disclosed to Auswide Bank or its Representatives on or before the date of this document (including as a result of disclosures made to ASIC);
- (d) any matter, event or circumstance arising from changes in economic or business conditions in Australia;
- (e) any change in taxation, interest rates or general economic conditions which impact on YCU and Auswide Bank in a similar manner;
- (f) any change in accounting policy required by law; or
- (g) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this document, the Scheme or the transactions contemplated by them.

YCU Member means each person registered in the Register as a holder of YCU Shares.

YCU Prescribed Event means, except to the extent publicly disclosed prior to the date of this document or contemplated by this document or the Scheme, any of the events listed in Schedule 2 provided that a YCU Prescribed Event listed in items 1 to 13 of Schedule 2 will not occur where YCU has first consulted with Auswide Bank in relation to the event and Auswide Bank has approved the proposed event or has not objected to the proposed event within 5 Business Days of having being so consulted.

YCU Share means a fully paid share in the capital of YCU.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this document to:

- (a) **(variations or replacement)** a document (including this document) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this document;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them,

and consolidations, amendments, re-enactments or replacements of any of them);

- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (m) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (n) **(time of day)** time is a reference to Brisbane time.

1.3 Next day

If an act under this document to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this document.

2 Agreement to propose and implement the Merger

2.1 YCU to propose the Demutualisation and the Scheme

YCU agrees to propose the Demutualisation and (subject to the Demutualisation being approved by YCU Members) the Scheme on and subject to the terms and conditions of this document.

2.2 Agreement to implement Merger

The parties agree to implement the Merger on the terms and conditions of this document.

3 Conditions precedent

3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective and the obligations of Auswide Bank under clause 4.2 are conditional on the satisfaction (or waiver, if applicable) of each of the Conditions Precedent contained in Schedule 3 to the extent and in the manner set out in clauses 3.2 and 3.4.

3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in Schedule 3 and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

3.3 Waiver of Conditions Precedent

If either YCU or Auswide Bank waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then:

- (a) subject to subclause 3.3(b), that waiver precludes that party from suing the other for any breach of this document arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (b) if the waiver of the Condition Precedent is itself conditional and the other party:
 - (i) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with subclause 3.3(a); or
 - (ii) does not accept the condition, the Condition Precedent has not been waived.

3.4 Reasonable endeavours

Each of YCU and Auswide Bank agree to use reasonable endeavours to procure that:

- (a) each of the Conditions Precedent:

- (i) is satisfied as soon as is reasonably practicable after the date of this document; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence that would prevent the Conditions Precedent being satisfied.

3.5 Regulatory matters

Without limiting clause 3.4 each party:

- (a) **(Regulatory Approvals)** must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the approval process, including responding to requests for information from the relevant Regulatory Authority at the earliest practicable time;
- (b) **(representation)** subject to the requirements of the relevant Regulatory Authority, has the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) **(consultation)** must consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval ("**Communications**") and, without limitation:
 - (i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority, and consider in good faith, and make such amendments as the other party reasonably requires; and
 - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied;
- (c) **(notice of waiver)** upon receipt of a notice given under paragraph (b), give written notice to the other party as soon as reasonably possible (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question; and
- (d) **(certificates)** give to:

- (i) the other (in draft), by 5.00pm on the Business Day immediately prior to the Second Court Date; and
- (ii) the Court (in final form), on the Second Court Date,

a certificate signed by one of its directors and made in accordance with a resolution of its board confirming (in respect of the Conditions Precedent relating to it, other than the Condition Precedent in item 4 of Schedule 3) whether or not those Conditions Precedent have been satisfied or waived.

3.7 Effect of waiver or non-fulfilment

A waiver of such breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.8 Consultation on failure of Condition Precedents

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this document by the time or date specified in this document for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this document for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this document); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Merger may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.9 Failure to agree

If the parties are unable to reach agreement under clause 3.8 within five Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to subclause 3.9(b), either party may terminate this document (and such termination will be in accordance with clause 14.1(e)(i); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this document (and such termination will be in accordance with clause 14.1(e)(ii),

in each case before 8.00am on the Second Court Date. A party will not be entitled to terminate this document pursuant to this clause 3.9 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of:

- (c) a breach of this document by that party; or
- (d) a deliberate act or omission of that party (that is not permitted by this document).

3.10 Regulatory Approval

A Regulatory Approval will be regarded as having been obtained notwithstanding that a condition or conditions may have been attached to that Regulatory Approval if that condition is, or, as the case may be, those conditions are, reasonably satisfactory to YCU and Auswide Bank.

4 Outline of Scheme

4.1 Share Scheme

Subject to clause 3.1 on the Implementation Date:

- (a) all of the YCU Shares will be transferred to Auswide Bank; and
- (b) each Scheme Participant will be entitled to receive the Share Scheme Consideration for each YCU Share held by it at the Record Date.

4.2 Share Scheme Consideration

Auswide Bank, subject to clause 4.7, covenants in favour of YCU (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to Auswide Bank of each YCU Share held by a Scheme Participant, Auswide Bank will issue to each Scheme Participant:

- (a) A\$4,055 cash; and
- (b) 696 New Auswide Bank Shares,

for each YCU Share held by the Scheme Participant at the Record Date in accordance with the terms of the Share Scheme.

4.3 Payment to Scheme Participants

YCU must:

- (a) receive in a trust account in accordance with the Scheme and as agent for each Scheme Participant, the payment referred to in clause 4.2(a);
- (b) pay to each Scheme Participant such moneys as each Scheme Participant is entitled to receive in accordance with clause 4.2(a); and
- (c) otherwise comply with its obligations under the Scheme.

4.4 New Auswide Bank Shares

Auswide Bank must in respect of each YCU Member who will receive New Auswide Bank Shares under clause 4.2(b):

- (a) on the Implementation Date, issue the New Auswide Bank Shares to which that YCU Member is entitled; and
- (b) within 10 Business Days after the Implementation Date, dispatch holding statements in respect of those New Auswide Bank Shares.

4.5 Undertakings held as agent

YCU acknowledges that the undertaking by Auswide Bank in clause 4.2 is given to YCU in its capacity as agent for each Scheme Participant.

4.6 No new YCU Members after Register Date

- (a) YCU agrees not to (and must procure that the YCU Board does not) register any new YCU Members or issue any new YCU Shares after the Register Date.
- (b) If required, the YCU Board must make a determination under article 2.2(1)(d) of the YCU Constitution to give effect to clause 4.6(a).

4.7 Fractional elements

If the number of YCU Shares held by a Scheme Participant means that their aggregate entitlement to New Auswide Bank Shares is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number of New Auswide Bank Shares.

4.8 Foreign YCU Members

Auswide Bank will, unless satisfied that the laws of a Foreign YCU Member's country of residence (as shown in the Register) permit the issue of New Auswide Bank Shares to the Foreign YCU Member (either unconditionally or after compliance with conditions which Auswide Bank regards as acceptable and not unduly onerous and not unduly impracticable), issue the New Auswide Bank Shares to which a Foreign YCU Member would otherwise become entitled to a nominee appointed by Auswide Bank who will sell those New Auswide Bank Shares and pay to that Foreign YCU Member the proceeds received in accordance with a pre-determined formula within five Business Days after the Implementation Date, after deducting any applicable brokerage, taxes and charges in accordance with the Scheme.

Auswide Bank is not under any obligation to spend any money or undertake any action, in order to satisfy itself of the eligibility of a Foreign YCU Member to receive New Auswide Bank Shares.

4.9 Shares to rank equally

Auswide Bank covenants in favour of YCU (in its own right and on behalf of each Scheme Participant) that:

- (a) all New Auswide Bank Shares issued pursuant to clause 4.2 will, upon their issue, rank equally with all other Auswide Bank Shares then on issue;
- (b) it will do everything reasonably necessary to ensure that trading in the New Auswide Bank Shares commences no later than the first Business Day after the Implementation Date; and
- (c) on issue, each New Auswide Bank Share will be fully paid and free from any Encumbrance.

4.10 Sale Facility

- (a) Subject to the Corporations Act and any applicable regulatory requirements, Auswide Bank may implement a sale facility for Eligible Members to elect to sell all of the New Auswide Bank Shares to which the Eligible Member would otherwise be entitled pursuant to clause 4.2, in accordance with this clause 4.10 ("**Sale Facility**").
- (b) If an Eligible Member makes a valid election pursuant to clause 4.10(a), Auswide Bank will issue the New Auswide Bank Shares to which the Eligible Member would otherwise be entitled pursuant to clause 4.2, to a nominee appointed by Auswide Bank who will sell those New Auswide Bank Shares and pay to that Eligible Member the proceeds received in accordance with a pre-determined formula as soon as practicable and in any event not more than fifteen Business Days after the Implementation Date, after deducting any applicable brokerage, taxes and charges in accordance with the Scheme.
- (c) If Auswide Bank elects to implement a Sale Facility, YCU must ensure that the Scheme Booklet includes the terms and conditions for the Sale Facility as determined by Auswide Bank and is accompanied by a form in respect of the Sale Facility which provides for the matters set out in this clause 4.10.

5 Co-operation and timing

5.1 General obligations

YCU and Auswide Bank must each:

- (a) use all reasonable endeavours and commit all reasonably necessary resources (including reasonably necessary management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending such meetings and by providing such information as in each case may reasonably be required),

to produce the Scheme Booklet and implement the Demutualisation and Scheme as soon as reasonably practicable and in accordance with the Timetable.

5.2 Transaction Implementation Committee

- (a) The parties must establish a Transaction Implementation Committee as soon as possible after the date of this document.
- (b) The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by parties to:
 - (i) facilitate satisfaction of the Conditions Precedent;
 - (ii) produce the Scheme Booklet; and
 - (iii) implement the Demutualisation and the Scheme.
- (c) Subject to this document, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date.

The parties agree that nothing in this document constitutes the relationship of a partnership or a joint venture between the parties.

5.3 Access to people and information

Between the date of this document and the earlier of 5.00pm on the Business Day immediately before the Second Court Date and the date this document is terminated, the parties and their Subsidiaries must promptly provide one another and their respective officers and advisers with reasonable access to their respective officers and advisers and documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) which the other party reasonably requests (including monthly management accounts) for the purposes of:

- (a) implementation of the Demutualisation and the Scheme;
- (b) applying for all relevant Regulatory Approvals; and
- (c) any other purpose agreed in writing between the parties,

provided in every case that such access is reasonably necessary to the party requesting the information and does not place an unreasonable burden on the ability of the other party to run its business.

5.4 Right to separate representation

Each party is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this document is to be taken to give Auswide Bank or YCU (as applicable) any right or power to make or give undertakings to the Court for or on behalf of the other party.

6 Implementation obligations of the parties

6.1 YCU's obligations

YCU must comply with the obligations of YCU set out in Schedule 5 and take all reasonable steps to implement the Demutualisation and the Scheme as soon as is reasonably practicable having regard to the Timetable and in any event prior to the End Date.

6.2 Auswide Bank's obligations

Auswide Bank must comply with the obligations of Auswide Bank set out in Schedule 6 and take all reasonable steps to assist YCU to implement the Demutualisation and the Scheme as soon as reasonably practicable having regard to the Timetable and in any event prior to the End Date.

7 Scheme Booklet

7.1 Preparation

Without limiting clauses 6.1 or 6.2:

- (a) **(preparation)** subject to clauses 7.1(b), 7.3(c) and 7.5, YCU is generally responsible for the preparation of the Scheme Booklet but will provide drafts to and consult with Auswide Bank in accordance with clause 7.2; and

- (b) **(compliance)** Auswide Bank and YCU must take all necessary steps to endeavour to ensure that the Scheme Booklet:
 - (i) complies with the requirements of:
 - (A) the Corporations Act and Corporations Regulations;
 - (B) ASIC Regulatory Guide 60;
 - (C) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

7.2 Content of the Scheme Booklet

YCU must:

- (a) **(consult Auswide Bank):**
 - (i) provide to Auswide Bank a draft of the Scheme Booklet (including the draft of any related proposed amendments to the YCU Constitution) for the purpose of enabling Auswide Bank to review and comment on that draft document;
 - (ii) take the comments made by Auswide Bank into account in good faith when producing a revised draft of the Scheme Booklet (and related proposed amendments to the YCU Constitution); and
 - (iii) provide to Auswide Bank the proposed Regulator's Draft at least five days before it is submitted to ASIC to enable Auswide Bank to review and comment on the proposed Regulator's Draft;
- (b) **(amend the Scheme Booklet)** implement such changes to those parts of the Scheme Booklet relating to Auswide Bank which are provided in accordance with clause 7.2(a) as reasonably requested by Auswide Bank and prior to finalising the Regulator's Draft;
- (c) **(Regulatory Review Period)** during the Regulatory Review Period:
 - (i) promptly provide to Auswide Bank, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and
 - (ii) keep Auswide Bank informed of any matters raised by ASIC in relation to the Scheme Booklet and use all reasonable endeavours, in co-operation with Auswide Bank, to resolve any such matters; and
- (d) **(Auswide Bank Information)** obtain approval from Auswide Bank for the form and context in which the Auswide Bank Information appears in the Scheme Booklet which approval must not be unreasonably delayed or withheld.

7.3 Auswide Bank Information

Auswide Bank:

- (a) must consult with YCU as to the content of the Auswide Bank Information;
- (b) consents to the inclusion of the Auswide Bank Information in the Scheme Booklet; and
- (c) acknowledges that:
 - (i) it is responsible for ensuring that the Auswide Bank Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that YCU will not verify or edit that information in the Scheme Booklet; and
 - (ii) the Scheme Booklet will state that Auswide Bank is responsible for the Auswide Bank Information.

7.4 Disagreement on content

If Auswide Bank and YCU disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Auswide Bank Information contained in the Scheme Booklet, YCU will make such amendments as Auswide Bank reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the YCU Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

7.5 Verification

Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

8 Profile of the Merged Group

8.1 Appointment/retirement of YCU directors

As soon as practicable after the Second Court Date, YCU must use its best endeavours to:

- (a) cause the appointment of each Incoming Director to the YCU Board and to any company in respect of which YCU has nominee directors;
- (b) procure that each of the Outgoing Directors retire from the YCU Board and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against YCU; and
- (c) procure that each of the Outgoing Directors retire from the board of directors of any company in respect of which YCU has nominee directors.

8.2 Branding and operation

The parties acknowledge that subject to the implementation of the Merger, it is Auswide Bank's current intention to:

- (a) re-brand the YCU Branch and products to reflect Auswide Bank's ownership of YCU;
- (b) retain the YCU Branch, however, where duplication occurs, Auswide Bank intends to consolidate YCU's head office functions into Auswide Bank's head office; and
- (c) merge the product suites of Auswide Bank and YCU over time, however, Auswide Bank will not change the banking arrangements and products of existing YCU members unless requested by a YCU Member, in response to changes in the official interest rate by the RBA or in line with the loan agreement the YCU Member has in place with YCU.

8.3 Special compensation and redundancy pool

The parties agree that the YCU Board be permitted to establish a special compensation and redundancy pool ("**Pool**") of a maximum value of A\$900,000 to augment the compensation of YCU directors or employees who may be made redundant as a result of the Merger.

9 Conduct of business

9.1 Overview

- (a) From the date of this document up to and including the Implementation Date, each of Auswide Bank and YCU must conduct their respective businesses:
 - (i) in the ordinary and proper course and materially in accordance with applicable laws;
 - (ii) consistent with the most recent business plans and budgets:
 - (A) for YCU, made public or disclosed to Auswide Bank prior to the date of this document; and
 - (B) for Auswide Bank, made public or disclosed to YCU prior to the date of this document,

except:

 - (iii) as approved otherwise in advance by YCU or Auswide Bank (as applicable) in writing;
 - (iv) to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property); or
 - (v) which is necessary for YCU or Auswide Bank (or their Subsidiaries) to meet their respective legal or contractual obligations.
- (b) YCU or Auswide Bank (as applicable) must not unreasonably withhold or delay any approval sought under clause 9.1(a).

9.2 Specific obligations

Without limiting clause 9.1 and other than with the prior approval of Auswide Bank (which approval must not be unreasonably withheld or delayed) or as

required by this document, YCU must, during the period contemplated by clause 9.1 use all reasonable endeavours to:

- (a) **(business and assets)** maintain the condition of its business and assets;
- (b) **(officers and employees)** keep available the services of its officers and employees;
- (c) **(relationships)** preserve its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings; and
- (d) **(change of control provisions)** identify any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger.

9.3 Prohibited actions

Other than with the prior approval of Auswide Bank (which approval must not be unreasonably withheld or delayed) or as required by this document, YCU must not, during the period referred to in clause 9.1:

- (a) **(no new YCU Members)** register any new YCU Members or issue any new YCU Shares;
- (b) **(Material Contracts)** enter into or terminate a Material Contract other than a Material Contract which has been disclosed to, and agreed to by, the other party;
- (c) **(employment agreements)** increase the remuneration of or pay any bonus (other than in accordance with clause 8.3 of this document, existing arrangements or in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or employees;
- (d) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind;
- (e) **(termination payments)** pay a director, executive or employee a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been provided to the other party;
- (f) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this document;
- (g) **(dividends)** announce, declare or pay any dividends;
- (h) **(YCU Prescribed Event)** take any action which would be reasonably expected to give rise to a YCU Prescribed Event; or
- (i) **(agreement)** agree to do any of the matters set out above.

10 Exclusivity

10.1 No existing discussions

YCU represents and warrants that, other than the discussions with Auswide Bank and its Representatives in respect of the Merger, it is not, nor are any of its Related Bodies Corporate or Representatives currently in negotiations or discussions in respect of or with a view to any Competing Transaction with any person.

10.2 No-shop

During the Exclusivity Period, YCU must ensure that neither it nor any of its Related Bodies Corporate nor any of its Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

Nothing in this clause 10.2 prevents YCU from continuing to make normal presentations to, and to respond to enquiries from any person in the ordinary course in relation to the Merger or its business generally.

10.3 No-talk

Subject to clause 10.6 during the Exclusivity Period, YCU must ensure that neither it nor any of its Related Bodies Corporate nor any of its Representatives:

- (a) negotiates or enters into;
- (b) provides any non-public information (including due diligence information) to a third party in connection with (or with a view to obtaining); or
- (c) participates in negotiations or discussions with any other person regarding,

a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by YCU or any of its Related Bodies Corporate or Representatives or the person has publicly announced the Competing Transaction.

10.4 No due diligence

Subject to clause 10.5, during the Exclusivity Period, YCU must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) solicits, invites, initiates, encourages, or permits any other person other than Auswide Bank and their Representatives to undertake due diligence investigations on YCU or any of its Related Bodies Corporate; or
- (b) makes available to any other person or permits any other person to receive other than Auswide Bank and its Representatives (in the course of due diligence investigations or otherwise) any non-public information relating to YCU or any of its Related Bodies Corporate.

10.5 Notice of unsolicited approach

Subject to any obligation of confidentiality during the Exclusivity Period, YCU must promptly inform Auswide Bank if it, or any of its Related Bodies Corporate or Representatives, receives any unsolicited approach with respect to any Competing Transaction and must disclose to Auswide Bank the fact that such an approach has been made and the general nature of the approach.

10.6 Exceptions

Clause 10.3 and, where relevant, clause 10.4 does not apply to the extent that it restricts YCU or the YCU Board from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated in contravention of clause 10.2 provided that the YCU Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial advisors, such a bona fide Competing Transaction could reasonably be considered to become a Superior Proposal; and
- (b) after receiving written legal advice from Queen's Counsel or Senior Counsel, that failing to respond to such a bona fide Competing Transaction would be reasonably likely to constitute a breach of the YCU Board's fiduciary or statutory obligations.

10.7 Matching Right

- (a) During the Exclusivity Period, YCU:
 - (i) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party or YCU proposes to undertake or give effect to a Competing Transaction; and
 - (ii) must use its best endeavours to procure that none of its directors change their recommendation in favour of the Demutualisation and the Scheme to publicly recommend a Competing Transaction,unless
 - (iii) the YCU Board acting in good faith determines that the Competing Transaction would or would likely to be a Superior Proposal;
 - (iv) YCU has provided Auswide Bank with the material terms and conditions of the Competing Transaction, including price and the identity of the party making the proposal; and
 - (v) YCU has given Auswide Bank at least 5 Business Days after the provision of the information referred to in clause 10.7(a)(iv) to provide a matching or superior proposal ("**Matching Offer**") to the terms of the Competing Transaction.
- (b) This clause 10.7 has repeating applications so that if any further proposal which constitutes a Competing Transaction is made after Auswide Bank has made a Matching Offer, YCU must comply with paragraph (i) and (ii) of this clause in respect of any new Competing Transaction, unless paragraphs (iii) to (vi) (inclusive) apply.

- (c) The YCU Board must consider the Matching Offer and if it determines, acting in good faith, that the Matching Offer would provide an outcome that is more favourable to YCU Members than the relevant Competing Transaction, YCU and Auswide Bank must use their best endeavours to agree any amendments to this agreement and the contents of the Scheme Booklet, which are reasonably necessary to reflect the Matching Offer, and to enter into an appropriate amending agreement to give effect to those amendments and to implement the Matching Offer, in each case, as soon as reasonably practicable.

10.8 Legal advice

YCU acknowledges that it has received legal advice on this document and the operation of this clause 10.

11 Reimbursement of costs

11.1 Background

This clause 11 has been agreed in circumstances where:

- (a) Auswide Bank and YCU believe that the Merger will provide significant benefits to Auswide Bank, YCU and their respective shareholders, and Auswide Bank and YCU acknowledge that, if they enter into this document and the Merger is subsequently not implemented, Auswide Bank and YCU will incur significant costs;
- (b) the parties have agreed that provision be made for the payments outlined in clause 11.2 and clause 11.3 without which the parties would not have entered into this document;
- (c) both the Auswide Bank Board and YCU Board believe that it is appropriate for Auswide Bank and YCU (respectively) to agree to the payments referred to in this clause 11 to secure each party's participation in the Merger; and
- (d) both parties have received legal advice on this document and the operation of this clause 11.

11.2 Payment by YCU to Auswide Bank

YCU agrees to pay to Auswide Bank \$750,000 if the Merger does not proceed because:

- (a) **(Competing Transaction)** on or before the End Date:
 - (i) YCU enters into a legally binding agreement to undertake a Competing Transaction;
 - (ii) any member of the YCU Board recommends a Competing Transaction; or
 - (iii) the YCU Board determines or announces that a Competing Transaction is a Superior Proposal;
- (b) **(change of recommendation)** any member of the YCU Board fails to recommend the Demutualisation or the Scheme or withdraws or adversely changes their recommendation except if:

- (i) the director changes his recommendation following the receipt of a report of the Independent Expert where that report states that in the opinion of the Independent Expert, the Demutualisation or the Scheme (as applicable) is not in the best interests of YCU Members or is not fair or not reasonable (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this document);
 - (ii) there is a failure of a Condition Precedent in Schedule 3, Item 1 (Regulatory Approvals), Schedule 3, Item 2 (Demutualisation), Schedule 3, Item 3 (Share Scheme approval), Schedule 3, Item 4 (Court approval) or clause 14.1(d) (restraint) other than as a result of a breach by YCU of clause 3.4; or
 - (iii) YCU validly terminates this agreement in accordance with clause 14.1(b)(ii);
- (c) **(material breach)** Auswide Bank validly terminates this document in accordance with clause 14.1(b)(ii);
- (d) **(YCU Prescribed Event or YCU Material Adverse Change)** all of the following are satisfied:
- (i) a YCU Prescribed Event or a YCU Material Adverse Change occurs prior to 8.00am on the Second Court Date; and
 - (ii) this agreement is terminated in accordance with clause 14; and
 - (iii) all of the following apply in relation to the YCU Prescribed Event or the YCU Material Adverse Change:
 - (A) the prevention of the YCU Prescribed Event or YCU Material Adverse Change was within the control of YCU; and
 - (B) had the YCU Prescribed Event or YCU Material Adverse Change occurred prior to the date of this agreement, the YCU Prescribed Event or YCU Material Adverse Change might reasonably be expected to have resulted in Auswide Bank not entering into this agreement; and
 - (C) YCU has failed to rectify the YCU Prescribed Event or YCU Material Adverse Change within 10 Business Days after receipt of notice from Auswide Bank requiring YCU to do so; or
- (e) **(breach of clause 10)** YCU is in breach of clause 10 and does not cease the conduct which caused the breach within one Business Day following written notice from Auswide Bank outlining the nature of the breach.

11.3 Payment by Auswide Bank to YCU

Auswide Bank agrees to pay to YCU \$750,000 if the Merger does not proceed because YCU validly terminates this document in accordance with clause 14.1(b)(ii).

11.4 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clause 11.2 or clause 11.3 no amount is payable under clause 11.2 or clause 11.3 if the Share Scheme becomes Effective.

11.5 Timing of payment

YCU and Auswide Bank must pay the amount referred to in clause 11.2 or clause 11.3 (as applicable) within 10 Business Days of receipt of a demand for payment from the other party.

11.6 Nature of payment to Auswide Bank

The amount payable by YCU to Auswide Bank under clause 11.2 is an amount to compensate Auswide Bank for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) reasonable opportunity costs incurred by Auswide Bank in pursuing the Merger or in not pursuing other alternative acquisitions or strategic initiatives which Auswide Bank could have developed to further its business and objectives,

but is without prejudice to and does not limit any rights which Auswide Bank, any Auswide Bank Indemnified Party or any Auswide Bank shareholder may have against YCU.

11.7 Nature of payment to YCU

The amount payable by Auswide Bank to YCU under clause 11.3 is an amount to compensate YCU for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) reasonable opportunity costs incurred by YCU in pursuing the Merger or in not pursuing other alternative acquisitions or strategic initiatives which YCU could have developed to further its business and objectives,

but is without prejudice to and does not limit any rights which YCU, any YCU Indemnified Party or any YCU Member may have against Auswide Bank.

11.8 Reduction in amount payable

- (a) The amount payable by YCU to Auswide Bank under clause 11.2 is reduced by an amount equal to the amount which is recovered by Auswide Bank as a result of a claim against YCU pursuant to any other remedies available to Auswide Bank under this document including pursuant to clause 12.
- (b) Where the amount payable by YCU to Auswide Bank under clause 11.2 has already been paid, Auswide Bank must, within two Business Days of the event contemplated by clause 11.8(a) which would have reduced the

amount payable, refund an amount to YCU which is equivalent to that calculated under clause 11.8(a).

- (c) The amount payable by Auswide Bank to YCU under clause 11.3 is reduced by an amount equal to the amount which is recovered by YCU as a result of a claim against Auswide Bank pursuant to any other remedies available to YCU under this document including pursuant to clause 12.
- (d) Where the amount payable by Auswide Bank to YCU under clause 11.3 has already been paid, YCU must, within two Business Days of the event contemplated by clause 11.8(c) which would have reduced the amount payable, refund an amount to Auswide Bank which is equivalent to that calculated under clause 11.8(c).

11.9 Compliance with law

- (a) Subject to clause 11.9(f), if a Court, arbitral tribunal or the Takeovers Panel determines that any part of the agreement by a party under this clause 11:
 - (i) constitutes, or would if performed constitute a breach of the fiduciary or statutory duties of that party's board to that party; or
 - (ii) constitutes, or would, if performed constitute, unacceptable circumstances within the meaning of the Corporations Act; or
 - (iii) is, or would if performed be, unlawful for any other reason,then, provided that that party has complied with its other obligations under this clause 11, that party will not be obliged to comply with that part of the agreement (but will be obliged to comply with all other parts of the agreement).
- (b) Subject to clause 11.9(f), if the Takeovers Panel or a Court makes a determination contemplated by clause 11.9(a), in respect of all or any part of a payment made under this clause 11, the party who received the payment must immediately refund all or such applicable part of it.
- (c) Subject to clause 11.9(f), if in such Takeovers Panel proceedings, the Takeovers Panel indicates to Auswide Bank or YCU that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* it will make a declaration of unacceptable circumstances, each of Auswide Bank and YCU (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other party. Where such undertakings are given, this clause 11 will operate in a manner consistent with the terms of such undertakings.
- (d) Subject to clause 11.9(f), neither party must make, nor may it cause or permit to be made, any application to a Court, arbitral tribunal or the Takeovers Panel for or in relation to a determination referred to in clause 11.9(a).
- (e) If any third party makes any application to a Court, arbitral tribunal or the Takeovers Panel for or in relation to a determination referred to in clause 11.9(a), then each party must make submissions in the course of those proceedings supporting to the fullest extent reasonably practicable the position that no such determination should be made.

- (f) Nothing in this clause 11.9 precludes either party from bringing or requires either party to bring appeal or review proceedings in relation to any determination referred to in clause 11.9(a). If either party brings such proceedings:
 - (i) the other must make submissions in the course of those proceedings supporting to the fullest extent reasonably practicable the review application made by the first party; and
 - (ii) for the purposes of this clause 11 the determination the subject of the appeal or review proceeding will be deemed not to have been made and clause 11.9(a), (b) and (c) will have effect only in relation to any determination made in the appeal or review proceedings.

11.10 Survival

Any accrued obligations under this clause survive termination of this document.

12 Representations and warranties

12.1 YCU's representations and warranties

YCU represents and warrants to Auswide Bank (on its own behalf and separately as trustee or nominee for each of the Auswide Bank directors) that each of the statements set out in Schedule 7 is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

12.2 YCU's indemnity

YCU indemnifies the Auswide Bank Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.1 not being true and correct.

12.3 YCU warranty certificate

YCU must provide to Auswide Bank by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of YCU and made in accordance with a resolution of the YCU Board stating, as at that date, that the representations or warranties given by YCU in clause 12.1 remain true and accurate or, if any such representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

12.4 Auswide Bank's representations and warranties

Auswide Bank represents and warrants to YCU (on its own behalf and separately as trustee or nominee for each of the YCU directors) that each of the statements set out in Schedule 8 is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

12.5 Auswide Bank's indemnity

Auswide Bank indemnifies the YCU Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.4 not being true and correct.

12.6 Auswide Bank warranty certificate

Auswide Bank must provide to YCU by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Auswide Bank and made in accordance with a resolution of the Auswide Bank Board stating, as at that date, that the representations and warranties given by Auswide Bank in clause 12.4 remain true and accurate or, if any such representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

13 Court proceedings

13.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Share Scheme, Auswide Bank and YCU must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree in writing otherwise; or
- (b) Queen's Counsel or Senior Counsel representing that party in relation to the Share Scheme indicates, in writing that, in their opinion, an appeal would likely have less than a 50% prospect of success; or
- (c) there is, in the bona-fide view of the YCU Board a Superior Proposal in relation to a Competing Transaction received by YCU which should be recommended in preference to the Scheme,

in which case either party may terminate this document in accordance with clause 14.1(e)(iii).

13.2 Defence of proceedings

Each of Auswide Bank and YCU must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this document or the completion of the Merger. Neither Auswide Bank nor YCU will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this document without the prior written consent of the other, such consent not to be unreasonably withheld.

13.3 Costs

Any costs incurred as a result of the operation of this clause 13 will be borne equally by each party.

14 Termination

14.1 Termination events

Without limiting any other provision of this document (including clauses 3.9 and 13.1), this document may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date; or
- (b) **(lack of support or breach)** at any time prior to 8.00am on the Second Court Date:

- (i) by Auswide Bank if the YCU Board changes its recommendation to the Scheme Participants or YCU Members (as applicable) that they vote in favour of the resolution to approve the Demutualisation or the Scheme, including any adverse modification to its recommendation, or otherwise makes a public statement indicating that it no longer supports the Merger; or
- (ii) by either Auswide Bank or YCU if the other is in material breach of any clause of this document (including a warranty), taken in the context of the Merger as a whole, provided that either Auswide Bank or YCU, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and stating an intention to terminate and, the relevant circumstances continue to exist five Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the time such notice is given; or
- (c) **(not approved)** by either party if the Demutualisation resolution submitted to the Demutualisation Meeting or the Scheme resolution submitted to the Scheme Meeting is not approved by the requisite majority;
- (d) **(restraint)** by either party if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Merger;
- (e) **(consultation or appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.9(a);
 - (ii) clause 3.9(b); or
 - (iii) clause 13.1;
- (f) **(Independent Expert)** by either party if the Independent Expert opines that the Demutualisation or the Scheme is not in the best interests of YCU Members or that the Demutualisation or the Scheme is not fair or not reasonable;
- (g) **(Insolvency)** by either party if the other party or any of their Related Bodies Corporate becomes Insolvent; or
- (h) **(agreement)** if agreed to in writing by Auswide Bank and YCU.

14.2 Termination

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this document.

14.3 Effect of termination

In the event that a party terminates this document, or if this document otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this document, other than the obligations set out in clauses 13.1, 17 and 19 will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this document.

14.4 Damages

In addition to the right of termination under clause 14.1 where there is no appropriate remedy for the breach in the agreement (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this document.

15 Releases

15.1 Auswide Bank and Auswide Bank directors and officers

- (a) YCU releases its rights, and agrees with Auswide Bank that it will not make a claim, against any Auswide Bank Indemnified Party as at the date of this document and from time to time in connection with:
 - (i) any breach of any representations and warranties of Auswide Bank or any other member of the Auswide Bank Group in this document; or
 - (ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Auswide Bank Indemnified Party has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 15.1(a) limits YCU's rights to terminate this document under clause 14.1(b)(ii).
- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Auswide Bank receives and holds the benefit of this clause to the extent it relates to each Auswide Bank Indemnified Party as trustee for each of them.

15.2 YCU and YCU directors and officers

- (a) Auswide Bank releases its rights, and agrees with YCU that it will not make a claim, against any YCU Indemnified Party as at the date of this document and from time to time in connection with:
 - (i) any breach of any representations and warranties of YCU or any other member of the YCU Group in this document; or
 - (ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the YCU Indemnified Party has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 15.2(b) limits Auswide Bank's rights to terminate this document under clause 14.1(b)(ii).
- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) YCU receives and holds the benefit of this clause to the extent it relates to each YCU Indemnified Party as trustee for each of them.

15.3 Deeds of indemnity and insurance

- (a) Subject to the Share Scheme becoming Effective and the Merger completing, Auswide Bank undertakes in favour of YCU and each other person who is a YCU Indemnified Party that it will:
 - (i) subject to clause 15.3(e), for a period of 7 years from the Implementation Date, ensure that the constitutions of YCU and each other YCU Group member continue to contain such rules as are contained in those constitutions at the date of this document that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a YCU Group member;
 - (ii) procure that YCU and each YCU Group member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time ("**Relevant Deed**") and without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained, subject to clause 15.3(a), for a period of 7 years from the retirement date of each director and officer and without limiting the foregoing, not take any action or make any omission which would prejudice or adversely affect any such directors and officers run-off insurance cover taken out pursuant to and in accordance with YCU's existing policies immediately prior to the date of this agreement (including, without limitation, ensuring that if YCU ceases to exist after the Implementation Date, each YCU Indemnified Party continues to have the benefit of an indemnity from Auswide Bank on terms no less favourable than those contained in the Relevant Deed as at the Effective Date);
 - (iii) not vary or cancel the run-off insurance policy referred to in clause 15.3(c); and
 - (iv) not commit any act or omission that may prejudice any claim by a beneficiary under that run-off insurance policy.
- (b) The undertakings contained in clause 15.3(a) are subject to any Corporations Act restriction and will be read down accordingly.
- (c) Auswide Bank acknowledges that, notwithstanding any other provision of this agreement, YCU will, prior to the Implementation Date, enter into a run-off insurance policy in respect of any YCU Indemnified Party for a 7 year period, such run-off policy to be pursuant to and in accordance with YCU's existing policies immediately prior to the date of this agreement and funded from the Pool referred to in clause 8.3, and that any actions to facilitate that insurance or in connection with it will not be a YCU Prescribed Event or breach of any provision of this agreement.
- (d) YCU receives and holds the benefit of clause 15.3(a), to the extent it relates to the other YCU Indemnified Parties, as trustee for them.
- (e) The undertakings contained in clause 15.3(a) are given until the earlier of the end of the relevant period specified in clause 15.3(a) or the relevant YCU Group member ceasing to be part of the YCU Group.

16 Public announcements

16.1 Public announcement of Scheme

Immediately after signing this document, YCU and Auswide Bank will issue a joint public announcement of the proposed Merger in the form contained in Annexure A.

16.2 Required disclosure

Where a party is required by law, the Listing Rules or a memorandum of understanding with a Regulatory Authority to make any announcement or make any disclosure relating to a matter the subject of the Merger, it may do so only after it has given the other party as much notice as possible and has consulted to the fullest extent possible in the circumstances with the other party and its legal advisers.

16.3 Other announcements

Subject to clauses 16.1 and 16.2 no party may make any public announcement or disclosure in connection with the Merger (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable.

17 Confidential information

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party on, before or after the date of this document.

18 Notices and other communications

18.1 Form – all communications

Unless expressly stated otherwise in this document, all notices, certificates, consents, approvals, waivers and other communications in connection with this document must be:

- (a) in writing, including by email;
- (b) in English or accompanied by a certified translation into English;
- (c) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (d) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

18.2 Form – communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 18.1. However, the email must state the first and last name of the sender.

Communications sent by email are taken to be signed by the named sender.

18.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details;
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

18.4 When effective

Communications take effect from the time they are received or taken to be received under clause 18.5 (whichever happens first) unless a later time is specified.

18.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or
- (c) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

18.6 Receipt outside business hours

Despite clauses 18.4 and 18.5 if communications are received or taken to be received under clause 18.5 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

19 Goods and services tax ("GST")

19.1 Consideration GST exclusive

Unless expressly stated otherwise in this document, all amounts payable or consideration to be provided under this document are exclusive of GST.

19.2 Payment of GST

If GST is payable on any supply made under this document, for which the consideration is not expressly stated to include GST, the recipient agrees to pay to the supplier an additional amount equal to the GST payable at the same time that the consideration for the supply, or the first part of the consideration for the supply (as the case may be), is to be provided. However:

- (a) the recipient need not pay the additional amount until the supplier gives the recipient a Tax Invoice or an adjustment note;
- (b) if an adjustment event arises in respect of the supply, the additional amount must be adjusted to reflect the adjustment event and the recipient or the supplier (as the case may be) must make any payments necessary to reflect the adjustment; and
- (c) this clause 19.2 does not apply to the extent that the GST on the supply is payable by the recipient under Division 84 of the GST Act.

19.3 Reimbursements

If a party is required under this document to indemnify another party, or pay or reimburse costs of another party, that party agrees to pay the relevant amount less any Input Tax Credits to which the other party (or to which the representative member for a GST group of which the other party is a member) is entitled.

19.4 Calculation of payments

If an amount payable under this document is to be calculated by reference to:

- (a) the price to be received for a taxable supply then, for the purposes of that calculation, the price is reduced to the extent that it includes any amount on account of GST; and
- (b) the price to be paid or provided for an acquisition then, for the purposes of that calculation, the price is reduced to the extent that an Input Tax Credit is available for the acquisition.

19.5 Interpretation

For the purposes of this clause 19:

- (a) a term which has a defined meaning in the GST Act has the same meaning when used in this clause 19;
- (b) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth); and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as though it is a separate supply.

20 Miscellaneous

20.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this document expressly states otherwise.

20.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

20.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this document.

20.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

20.5 Conflict of interest

The parties' rights and remedies under this document may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

20.6 Remedies cumulative

The rights and remedies in this document are in addition to other rights and remedies given by law independently of this document.

20.7 Variation and waiver

A provision of this document or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

20.8 No merger

The warranties, undertakings and indemnities in this document do not merge on the Implementation Date.

20.9 Indemnities

The indemnities in this document are continuing obligations, independent from the other obligations of the parties under this document and continue after this document ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this document.

20.10 Enforceability

For the purpose of this document:

- (a) YCU is taken to be acting as agent and trustee on behalf of and for the benefit of all YCU Indemnified Parties; and
- (b) Auswide Bank is taken to be acting as agent and trustee on behalf of and for the benefit of all Auswide Bank Indemnified Parties,

and all of those persons are to this extent taken to be parties to this document.

20.11 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this document; or
- (b) to show whether the party is complying with this document.

20.12 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this document or any part of it.

20.13 Costs

Subject to clause 11 the parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this document and other related documentation except for stamp duty.

20.14 Stamp duty

Auswide Bank agrees to pay all stamp duty (including fines and penalties) payable and assessed by legislation or by any revenue office on this document or the Scheme and in respect of a transaction evidenced by this document or the Scheme.

20.15 Entire agreement

Except for the Confidentiality Agreement, this document constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

20.16 Assignment

A party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied in each case, without the consent of the other party.

20.17 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this document, except for representations or inducements expressly set out in this document;
- (b) it does not enter into this document in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this document; and
- (c) paragraphs (a) and (b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

20.18 Governing law

This document is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

20.19 Counterparts

This document may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

EXECUTED as an agreement

Merger Implementation Agreement

Schedule 1 Auswide Bank Prescribed Events

1. **(Conversion)** Auswide Bank converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital)** Auswide Bank or any of its Subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** Auswide Bank or any of its Subsidiaries:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution)** Auswide Bank makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) except for any Permitted Dividend.
5. **(Issuing or granting shares or options)** Auswide Bank or any of its Subsidiaries:
 - (a) issues shares;
 - (b) grants an option over its shares; or
 - (c) agrees to make such an issue or grant such an option,in each case to a person outside the Auswide Bank Group other than:
 - (d) in the ordinary course for capital management or prudential requirements provided Auswide Bank shareholder approval is not required;
 - (e) if approved by Auswide Bank shareholders;
 - (f) in connection with Auswide Bank's dividend reinvestment plan; or
 - (g) as disclosed by Auswide Bank to YCU before the date of this agreement.
6. **(Securities or other instruments)** Auswide Bank or any of its Subsidiaries:
 - (a) issues securities or other instruments convertible into shares or debt securities; or
 - (b) agrees to issue securities or other instruments convertible into shares or debt securities,in each case to a person outside the Auswide Bank Group other than:
 - (c) in the ordinary course for capital management or prudential requirements provided Auswide Bank shareholder approval is not required;
 - (d) if approved by Auswide Bank shareholders;
 - (e) in connection with Auswide Bank's dividend reinvestment plan; or

- (f) as disclosed by Auswide Bank to YCU before the date of this agreement.
7. **(Constitution)** Auswide Bank adopts a new constitution or modifies or repeals its existing constitution or a provision of it.
8. **(Disposals)** Auswide Bank or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Auswide Bank Group's business or property.
9. **(Acquisitions, disposals or tenders)** Auswide Bank or any of its Subsidiaries:
- (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking the value of which exceeds \$20,000,000.
10. **(Encumbrances)** other than in the ordinary course of business and consistent with past practice, Auswide Bank or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
11. **(Employment arrangements)** other than in the ordinary course of business and consistent with past practice Auswide Bank or any of its Subsidiaries:
- (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any Auswide Bank executive or employee share plans); or
 - (c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this document).
12. **(Commitments and settlements)** other than in the ordinary course of business and consistent with past practice, Auswide Bank or any of its Subsidiaries:
- (a) enters into or agrees to enter into any Material Contract; or
 - (b) terminates or amends in a material manner any Material Contract;
 - (c) waives any material third party default; or
 - (d) accepts as a settlement or compromise of a material matter (relating to an amount in excess of) less than the full compensation due to Auswide Bank or a Subsidiary of Auswide Bank.
13. **(Insolvency)** Auswide Bank or any of its Related Bodies Corporate becomes Insolvent.

Merger Implementation Agreement

Schedule 2 YCU Prescribed Events

1. **(Conversion)** YCU converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital)** YCU or any of its Subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** YCU or any of its Subsidiaries:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution)** YCU makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options)** YCU or any of its Subsidiaries:
 - (a) issues shares;
 - (b) grants an option over its shares; or
 - (c) agrees to make such an issue or grant such an option,in each case to a person outside YCU Group other than as disclosed by YCU to Auswide Bank before the date of this agreement.
6. **(Securities or other instruments)** YCU or any of its Subsidiaries:
 - (a) issues securities or other instruments convertible into shares or debt securities; or
 - (b) agrees to issue securities or other instruments convertible into shares or debt securities,in each case to a person outside the YCU Group other than as disclosed by YCU to Auswide Bank before the date of this agreement.
7. **(Constitution)** YCU adopts a new constitution or modifies or repeals its constitution or a provision of it, other than in respect of any amendments required because of the Demutualisation, or the Scheme or as otherwise approved by Auswide Bank.
8. **(Disposals)** YCU or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the YCU Group's business or property.
9. **(Acquisitions, disposals or tenders)** YCU or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;

- (c) offers, proposes, announces a bid or tenders for,
any business, assets, entity or undertaking the value of which exceeds
\$2,000,000.
- 10. **(Encumbrances)** other than in the ordinary course of business and consistent with past practice, YCU or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
- 11. **(Employment arrangements)** other than in the ordinary course of business and consistent with past practice or otherwise as permitted in accordance with clause 8.3 of this document, YCU or any of its Subsidiaries:
 - (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any YCU executive or employee share plans); or
 - (c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this document).
- 12. **(Commitments and settlements)** YCU or any of its Subsidiaries:
 - (a) enters into or agrees to enter into any Material Contract;
 - (b) terminates or amends in a material manner any Material Contract;
 - (c) waives any material third party default; or
 - (d) accepts as a settlement or compromise of a material matter (relating to an amount in excess of) less than the full compensation due to YCU or a Subsidiary of YCU.
- 13. **(Insolvency)** YCU or any of its Related Bodies Corporate becomes Insolvent.

Merger Implementation Agreement

Schedule 3 Conditions Precedent (clause 3.1)

Condition	Party entitled to benefit
<p>1. Regulatory Approvals</p> <p>Before 8.00am on the Second Court Date:</p> <p>(a) (ASIC and ASX) ASIC and ASX have issued or provided such consents or approvals or have done such other acts which the parties agree are reasonably necessary or desirable to implement the Merger;</p>	YCU
<p>(b) (Competition and Consumer Act 2010) either:</p> <p>(i) the ACCC has not commenced or threatened to commence proceedings to restrain the proposed Merger; or</p> <p>(ii) the ACCC has advised Auswide Bank in writing that:</p> <p>(A) it does not intend to oppose the proposed Merger; or</p> <p>(B) it does not intend to oppose the proposed Merger, subject to undertakings and those undertakings being acceptable to Auswide Bank and YCU;</p>	Both
<p>(c) (Treasurer approval under FSSA and Banking Act):</p> <p>(i) under the FSSA, the Treasurer has approved Auswide Bank holding a “stake” (as that term is defined in the FSSA) in YCU of 100%, and if such approval is subject to conditions, those conditions are acceptable to Auswide Bank and YCU; and</p>	Cannot be waived

Condition	Party entitled to benefit
(ii) under the Banking Act, the Treasurer has given prior written consent to YCU in relation to the Scheme, and if such consent is subject to conditions those conditions are acceptable to YCU and Auswide Bank;	
(d) (Regulatory Authority) all other approvals of a Regulatory Authority which Auswide Bank and YCU agree are necessary or desirable to implement the Merger are obtained; and	Both
(e) (Court orders) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Merger and no such order, decree, ruling, other action or refusal is in effect.	Both
2. Demutualisation YCU Members approve the Demutualisation by the requisite majority in accordance with the YCU Constitution and the Corporations Act.	Cannot be waived
3. Share Scheme approval YCU Members approve the Share Scheme by the requisite majorities in accordance with the Corporations Act.	Cannot be waived
4. Court approval The Court approves the Share Scheme in accordance with section 411(4)(b) of the Corporations Act.	Cannot be waived
5. Third party consents All other approvals of a third party which the Auswide Bank and YCU agree are necessary or desirable to implement the Merger are obtained.	Both
6. Independent Expert The Independent Expert issues a report which concludes that the Share Scheme and the Demutualisation are each in the best interests of Scheme Participants and YCU Members (as applicable) before the date on which the Scheme	YCU

Condition		Party entitled to benefit
	Booklet is lodged with ASIC.	
7.	No YCU Prescribed Event No YCU Prescribed Event occurs between the date of this document and 8.00am on the Second Court Date.	Auswide Bank
8.	No YCU Material Adverse Change No YCU Material Adverse Change occurs or becomes apparent between the date of this document and 8.00am on the Second Court Date.	Auswide Bank
9.	No Auswide Bank Prescribed Event No Auswide Bank Prescribed Event occurs between the date of this document and 8.00am on the Second Court Date.	YCU
10.	No Auswide Bank Material Adverse Change No Auswide Bank Material Adverse Change occurs or becomes apparent between the date of this document and 8.00am on the Second Court Date.	YCU
11.	Quotation The New Auswide Bank Shares to be issued pursuant to the Scheme have, before 8.00am on the Second Court Date, been approved for official quotation on the ASX.	YCU
12.	No termination This document has not been terminated in accordance with clause 14.	Both
13.	Deed Poll Between the date of this document and the date of sending the Scheme Booklet, Auswide Bank signs and delivers the Deed Poll.	Both
14.	YCU representations and warranties The representations and warranties given by YCU under clause 12.1 of this document are true and correct in all material respects and not misleading or deceptive in any material respect as at the date of this document and as at 8.00am on the Second Court Date (except to the extent a relevant matter has been fairly disclosed to the Auswide Bank Group or its Representatives as contemplated by this document).	Auswide Bank

Condition	Party entitled to benefit
<p>15. Auswide Bank representations and warranties</p> <p>The representations and warranties given by Auswide Bank under clause 12.4 of this document are true and correct in all material respects and not misleading or deceptive in any material respect as at the date of this document and as at 8.00am on the Second Court Date (except to the extent a relevant matter has been fairly disclosed to the YCU Group or its Representatives as contemplated by this document).</p>	YCU
<p>16. Change of control</p> <p>No person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which YCU or any Subsidiary of YCU is a party, or by or to which YCU or any Subsidiary of YCU or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of YCU or YCU and its Subsidiaries taken as a whole, in:</p> <ul style="list-style-type: none"> (a) any monies borrowed by YCU or any Subsidiary of YCU being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument; (b) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder; (c) the interest of YCU or any subsidiary of YCU in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or (d) the business of YCU or any Subsidiary of YCU with any other person being adversely affected, <p>as a result of the acquisition of YCU Shares by Auswide Bank.</p>	Auswide Bank
<p>17. Due diligence – YCU</p> <p>Between the date of this document and 8.00am on the Second Court Date, no material YCU Information becomes or is discovered to be misleading or deceptive, including by omission, in any material respect.</p>	Auswide Bank

Condition	Party entitled to benefit
<p>18. Due diligence – Auswide Bank</p> <p>Between the date of this document and 8.00am on the Second Court Date, no material Auswide Bank Information becomes or is discovered to be misleading or deceptive, including by omission, in any material respect.</p>	YCU

Merger Implementation Agreement

Schedule 4 Timetable (clause 5.1)

Event	Target date
Lodge Scheme Booklet with ASIC and ASX	22 February 2016
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC	22 February 2016
First Court Date	10 March 2016
Printing and despatch of Scheme Booklet	11 March 2016
Scheme Meeting and Demutualisation Meeting held	15 April 2016
Second Court Date	27 April 2016
Lodge Court order with ASIC (Effective Date)	28 April 2016
Record Date (5.00pm on the date which is the Second Court Date plus 5 Business Days or such other date as YCU and Auswide Bank agree)	6 May 2016
Implementation Date	13 May 2016

Merger Implementation Agreement

Schedule 5 YCU's Obligations (clause 6.1)

1. **(YCU Information)** ensure that the YCU Information included in the Scheme Booklet complies with applicable law, the Listing Rules and applicable ASIC Regulatory Guides.
2. **(Further YCU Information)** provide to Auswide Bank, Scheme Participants and YCU Members (as applicable) such further or new YCU Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the YCU Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report for the Scheme Booklet.
4. **(Provide a copy of the report)** on receipt, provide Auswide Bank with a copy of any draft or final report received from the Independent Expert.
5. **(YCU Constitution)** prepare the required amendments to the YCU Constitution (or proposed replacement YCU Constitution) in a form approved by Auswide Bank.
6. **(Directors' recommendation)** state in the Scheme Booklet and the public announcement contemplated by clause 16.1 (on the basis of statements made to YCU by each member of the YCU Board, but provided that in the case of the Scheme Booklet, no director has changed their recommendation or intentions) that each of the directors of the YCU Board recommends to Scheme Participants and YCU Members (as applicable) that the Demutualisation and Scheme be approved in the absence of a Superior Proposal relating to a Competing Transaction received by YCU, unless:
 - (a) the Independent Expert opines that the Demutualisation or the Scheme is not in the best interest of YCU Members; or
 - (b) in relation to matters occurring after the date of this document, the YCU Board obtains written advice from Queen's Counsel or Senior Counsel that compliance or continued compliance with this clause would involve a breach of their fiduciary duties or would be unlawful on any other basis.
7. **(Directors' voting)** use its reasonable endeavours to procure that:
 - (a) each member of the YCU Board votes any YCU Shares in which they have a Relevant Interest in favour of the Demutualisation and Scheme and any other resolution submitted to YCU Members for their approval in connection with the Demutualisation and Scheme; and
 - (b) each member of the YCU Board does not change that voting intention,unless a Superior Proposal arises or the Independent Expert opines that the Demutualisation or Scheme is not in the best interests of YCU Members.
8. **(Registry details)** subject to the terms of the Scheme:

- (a) provide all necessary information about the Scheme Participants and YCU Members (as applicable) to Auswide Bank which Auswide Bank requires in order to assist it to solicit votes at the Scheme Meeting and facilitate the issue by Auswide Bank of New Auswide Bank Shares as consideration for the Share Scheme; and
 - (b) provide all necessary directions to the Registry to promptly provide any information that Auswide Bank reasonably requests in relation to the Register, for the purpose referred to in clause 8(a) of this Schedule 5, and, where requested by Auswide Bank, YCU must procure such information to be provided to Auswide Bank in such electronic form as is reasonably requested by Auswide Bank.
- 9. **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- 10. **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing YCU to convene the Scheme Meeting.
- 11. **(Registration with ASIC)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act and to register the disclosure statement included in the Scheme Booklet in relation to the Demutualisation in accordance with clause 32 of Schedule 4 of the Corporations Act.
- 12. **(Demutualisation)** do all things necessary and required by the Corporations Act or Auswide Bank (including to consult with Auswide Bank in respect of the Demutualisation) to give effect to the Demutualisation, and to disclose this information to YCU Members by way of incorporating it into the Scheme Booklet.
- 13. **(Send Scheme Booklet)** send the Scheme Booklet to YCU Members as soon as practicable after the Court orders YCU to convene the Scheme Meeting.
- 14. **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of YCU Members for the Demutualisation and if this is approved, the Scheme and, for this purpose, the directors of YCU must participate in reasonable efforts to promote the merits of the Demutualisation and the Scheme, including meeting with key Scheme Participants and YCU Members (as applicable) at the reasonable request of Auswide Bank.
- 15. **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.
- 16. **(Lodge)** lodge with ASIC an office copy of any such Court order approving the Scheme as approved by the YCU Members at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.
- 17. **(Registration)** if the Scheme becomes Effective and subject to Auswide Bank having issued the Share Scheme Consideration to Scheme Participants, register all transfers of YCU Shares to Auswide Bank on the Implementation Date.
- 18. **(Other steps)** do all other things necessary to give effect to the Demutualisation, the Scheme, this document and the orders of the Court approving the Scheme.

Merger Implementation Agreement

Schedule 6 Auswide Bank's Obligations (clause 6.2)

1. **(Auswide Bank Information)** provide to YCU for inclusion in the Scheme Booklet such Auswide Bank Information as YCU reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, or ASIC Regulatory Guide 60).
2. **(Further Auswide Bank Information)** provide to YCU such further or new Auswide Bank Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Auswide Bank Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Demutualisation)** do all things necessary and provide all necessary support to assist YCU in preparing for and giving effect to the Demutualisation.
4. **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
5. **(Representation)** procure that it is represented by counsel at the court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, Auswide Bank must undertake (if requested by the court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this document and the Scheme.
6. **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll.
7. **(Accuracy of Auswide Bank Information)** confirm in writing to YCU the accuracy of the Auswide Bank Information in the Scheme Booklet (other than any information regarding the YCU Group contained in, or used in the preparation of, the information regarding the merged entity following implementation of the Scheme).
8. **(Share Scheme Consideration)** if the Scheme becomes Effective, provide the Share Scheme Consideration in accordance with the terms of the Scheme and the Deed Poll.
9. **(Compliance with laws)** do everything reasonably within its power to ensure that the Scheme is effected in accordance with all applicable laws and regulations.

Merger Implementation Agreement

Schedule 7 YCU's representations and warranties (clause 12.1)

1. **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this document has been properly authorised by all necessary corporate action of YCU.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this document and to consummate and perform or cause to be performed its obligations under this document in accordance with its terms.
4. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this document constitutes legal, valid and binding obligations on it.
5. **(YCU Information)** the YCU Information provided in accordance with this document and included in the Scheme Booklet, as at the date of the Scheme Booklet, will comply in all material respects with the requirements of the Corporations Act, and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
6. **(Reliance)** the YCU Information contained in the Scheme Booklet will be included in good faith and on the understanding that Auswide Bank and its directors will rely on that information for the purposes of considering and approving the Auswide Bank Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme.
7. **(Further information)** YCU will, as a continuing obligation, provide to Auswide Bank all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date upon which that information arose.
8. **(Disclosure)** YCU has provided to Auswide Bank all information actually known to it (having made reasonable enquiries) as at the date of this document regarding matters affecting or relating to it:
 - (a) which is not already in the public domain; and
 - (b) the disclosure of which might reasonably be expected to have a YCU Material Adverse Change and result in Auswide Bank not entering into this document at all or only entering into this document on materially different terms.
9. **(Complete and accurate)** all the information provided to Auswide Bank by YCU in connection with this document, whether under due diligence or not, has been prepared and provided in good faith and has been collated with all reasonable care and skill.
10. **(Reasonable assumptions)** to the extent information provided to Auswide Bank, whether under due diligence or not, in connection with this document, includes forward looking statements, those forward looking statements are based on

assumptions which YCU believes, as at the date the information was provided and continues to believe, to be reasonable.

11. **(Opinions)** any statement of opinion or belief contained in the YCU Information is honestly held and there are reasonable grounds for holding the opinion or belief.
12. **(Provision of information to Independent Expert)** all information provided by or on behalf of YCU to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
13. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
14. **(Securities)** YCU's issued member shares as at the date of this document are 4,094 YCU Shares and it has not:
 - (a) entered into any agreement or other arrangement (whether conditional or unconditional) which remains current to issue any YCU Shares; or
 - (b) issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into YCU Shares.
15. **(Solvency)** it is not Insolvent.
16. **(Employment contracts)** YCU has not made any material amendments to any contracts of employment with any director or executive other as disclosed by YCU to Auswide Bank as at the date of this agreement.

Merger Implementation Agreement

Schedule 8 Auswide Bank's representations and warranties (clause 12.4)

1. **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this document has been properly authorised by all necessary corporate action of Auswide Bank.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this document and to consummate and perform or cause to be performed its obligations under this document in accordance with its terms.
4. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this document constitutes legal, valid and binding obligations on it.
5. **(Reliance)** the Auswide Bank Information provided to YCU for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that YCU and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Share Scheme in accordance with the Corporations Act.
6. **(Auswide Bank Information)** the Auswide Bank Information provided in accordance with this document and included in the Scheme Booklet, as at the date of the Scheme Booklet, will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
7. **(Further information)** Auswide Bank will, as a continuing obligation, provide to YCU all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date on which that information arose.
8. **(Disclosure)** Auswide Bank has provided to YCU all information actually known to it (having made reasonable enquiries) as at the date of this document regarding matters affecting or relating to it:
 - (a) which is not already in the public domain; and
 - (b) the disclosure of which might reasonably be expected to have an Auswide Bank Material Adverse Change and resulted in YCU not entering into this document at all or only entering into this document on materially different terms.
9. **(Complete and accurate)** all the information provided to YCU by Auswide Bank in connection with this document, whether under due diligence or not, has been prepared and provided in good faith and has been collated with all reasonable care and skill.
10. **(Reasonable assumptions)** to the extent information provided to YCU, whether under due diligence or not, in connection with this document, includes forward looking statements, those forward looking statements are based on assumptions

which Auswide Bank believes, as at the date the information was provided and continues to believe, to be reasonable.

11. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
12. **(Opinions)** any statement of opinion or belief contained in the Auswide Bank Information is honestly held and there are reasonable grounds for holding the opinion or belief.
13. **(Provision of information to Independent Expert)** all information provided by or on behalf of Auswide Bank to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
14. **(Securities)** Auswide Bank's issued securities as at the date of this document are 37,140,133 Auswide Bank Shares and, other than has been publicly disclosed prior to the date of this document, it has not:
 - (a) entered into any agreement or other arrangement (whether conditional or unconditional) which remains current to issue any Auswide Bank Shares; or
 - (b) issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Auswide Bank Shares.
15. **(Auswide Bank shares)** the New Auswide Bank Shares will be duly authorised and validly issued, fully paid and non-assessable, free of all security interests and third party rights and will rank equally with all other Auswide Bank Shares then on issue.
16. **(Solvency)** it is not Insolvent.

Merger Implementation Agreement

Signing page

DATED: 22 December 2015

EXECUTED by AUSWIDE BANK LTD
in accordance with section 127(1) of
the *Corporations Act 2001* (Cth) by
authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary*
*delete whichever is not applicable

.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

**EXECUTED by QUEENSLAND
PROFESSIONAL CREDIT UNION LTD**
in accordance with section 127(1) of
the *Corporations Act 2001* (Cth) by
authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary*
*delete whichever is not applicable

.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

Merger Implementation Agreement

Annexure A Announcement (clause 16.1)

(separately attached)

Merger Implementation Agreement

Annexure B Share Scheme

Scheme of Arrangement

Dated

Queensland Professional Credit Union Ltd ACN 087 651 045 trading as
Your Credit Union (“YCU”)

Scheme Participants

King & Wood Mallesons

Level 33

Waterfront Place

1 Eagle Street

Brisbane QLD 4000

Australia

T +61 7 3244 8000

F +61 7 3244 8999

DX 311 Brisbane

www.kwm.com

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties	YCU and Scheme Participants	
YCU	Name	Queensland Professional Credit Union Ltd
	ACN	087 651 045
	Address	Level 5, 100 Eagle Street BRISBANE QLD 4000
	Telephone	+61 7 3020 5423
	Email	SBarnard@ycu.com.au
	Fax	+61 7 3020 5475
	Attention	Managing Director
Scheme Participants	Name	Each person registered as a holder of fully paid shares in YCU as at 5.00pm on the Record Date
Governing law	Queensland	

General terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

ACCC means the Australian Competition and Consumer Commission.

APRA means the Australian Prudential Regulatory Authority.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

Auswide Bank means Auswide Bank Ltd (ABN 40 087 652 060).

Auswide Bank Constitution means the Auswide Bank Constitution dated 9 May 2000 as amended from time to time.

Auswide Bank Share means a fully paid ordinary share in the capital of Auswide Bank.

Business Day means a business day as defined in the Listing Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Auswide Bank and YCU.

Deed Poll means the deed poll dated [●] executed by Auswide Bank substantially in the form of Annexure C to the Merger Implementation Agreement or as otherwise agreed by Auswide Bank and YCU under which Auswide Bank covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this agreement headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Eligible Member means each Scheme Participant other than a Foreign YCU Member.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit à prendre, easement or any other security arrangement or any other arrangement having the same effect.

End Date means 30 June 2016 or such other date as is agreed in writing by Auswide Bank and YCU.

Foreign Member Nominee means [●] (ACN [●]).

Foreign YCU Member means a YCU Member:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless Auswide Bank determines (in consultation with YCU) that:

- (c) it is lawful and not unduly onerous or unduly impracticable to issue that YCU Member with Auswide Bank Shares on implementation of this Scheme; and
- (d) it is lawful for that YCU Member to participate in this Scheme by the law of the relevant place outside Australia and its external territories.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to YCU.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed in writing by Auswide Bank and YCU.

Listing Rules means the listing rules of ASX.

Merger Implementation Agreement means the merger implementation agreement dated 22 December 2015 between YCU and Auswide Bank under which, amongst other things, YCU has agreed to propose this Scheme to YCU Members, and each of Auswide Bank and YCU has agreed to take certain steps to give effect to this Scheme.

New Auswide Bank Shares means fully paid ordinary shares in the capital of Auswide Bank to be issued under this Scheme.

RBA means the Reserve Bank of Australia.

Record Date means 5.00pm on the fifth Business Day following the Effective Date or such other date as YCU and Auswide Bank agree in writing.

Register means the register of members of YCU maintained by or on behalf of YCU in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a YCU Member, the address shown in the Register.

Regulatory Authority includes:

- (a) APRA, RBA, ASX, ACCC, ASIC;
- (b) the Takeovers Panel;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

- (e) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between YCU and Scheme Participants under which all of the Scheme Shares will be transferred to Auswide Bank under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by YCU and Auswide Bank in accordance with clause 8.2 of this Scheme.

Scheme Consideration means the consideration described in clause 4.2 of the Merger Implementation Agreement to be provided by Auswide Bank to Scheme Participants under the terms of this Scheme for the transfer to Auswide Bank of their Scheme Shares.

Scheme Meeting means the meeting of YCU Members, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which YCU Members will vote on this Scheme.

Scheme Participant means each person who is a YCU Member as at 5.00pm on the Record Date.

Scheme Share means a YCU Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any YCU Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, in favour of Auswide Bank as transferee which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Takeovers Panel means the body called the Takeovers Panel continuing in existence under section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) and given various powers under Part 6.10 of the Corporations Act.

Trust Account means the trust account operated by or on behalf of YCU to hold the cash component of the Scheme Consideration on trust for the purpose of paying the cash component of the Scheme Consideration to the Scheme Participants in accordance with clause 6.3 of this Scheme.

YCU means Queensland Professional Credit Union Ltd (ACN 087 651 045).

YCU Member means each person registered in the Register as a holder of YCU Shares.

YCU Share means a fully paid share in the capital of YCU.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement (including this agreement) or instrument is a reference to that document, agreement or

instrument as amended, consolidated, supplemented, novated or replaced;

- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;
- (g) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) **(time of day)** time is a reference to Brisbane time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 YCU

YCU is:

- (a) an unlisted public company limited by shares; and
- (b) incorporated in Australia and registered in Queensland.

As at [●], YCU's issued securities comprise 4094 YCU member shares.

2.2 Auswide Bank

Auswide Bank is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Queensland; and
- (c) admitted to the official list of the ASX and Auswide Bank Shares are officially quoted on the stock market conducted by ASX.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Auswide Bank, YCU will procure Auswide Bank to provide the Scheme Consideration to YCU on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to Auswide Bank on the Implementation Date; and
- (c) YCU will enter the name of Auswide Bank in the Register in respect of all Scheme Shares transferred to Auswide Bank in accordance with the terms of this Scheme.

2.4 Merger Implementation Agreement

YCU and Auswide Bank have agreed by executing the Merger Implementation Agreement to implement the terms of this Scheme.

2.5 Deed Poll

Auswide Bank has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll and Merger Implementation Agreement not having been terminated;
- (b) all of the conditions precedent in schedule 3 of the Merger Implementation Agreement having been satisfied or waived (other than the conditions precedent in items 1(c), 2, 3 or 4 of the conditions precedent in Schedule 3 which cannot be waived) in accordance with the terms of the Merger Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if

applicable, YCU and Auswide Bank having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and

- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

YCU and Auswide Bank must each provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, YCU must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Auswide Bank and YCU agree in writing.

5.2 Transfer and registration of Scheme Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of this Scheme and Auswide Bank having provided YCU with written confirmation thereof:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Auswide Bank without the need for any further act by any Scheme Participant (other than acts performed by YCU as attorney and agent for Scheme Participants under clause 8.1 of this Scheme) by:
 - (i) YCU delivering to Auswide Bank a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) Auswide Bank duly executing the Share Scheme Transfer and delivering it to YCU for registration; and
- (b) immediately after receipt of the duly executed Share Scheme Transfer, YCU must enter, or procure the entry of, the name of Auswide Bank in the Register in respect of all Scheme Shares transferred to Auswide Bank in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Auswide Bank of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in YCU Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Auswide Bank will be beneficially entitled to the Scheme Shares transferred to it under this Scheme, pending registration by YCU of Auswide Bank in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

The Scheme Participants accept the New Auswide Bank Shares issued by way of Scheme Consideration subject to the Auswide Bank Constitution and agree to be bound by the Auswide Bank Constitution.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Auswide Bank and is deemed to have authorised YCU to warrant to Auswide Bank as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Auswide Bank under this Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Auswide Bank under this Scheme.

5.7 Transfer free from all Encumbrances

To the extent permitted by law, all YCU Shares (including any rights and entitlements attaching to those shares) which are transferred to Auswide Bank under this Scheme will, at the date of the transfer of them to Auswide Bank, vest in Auswide Bank free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of Auswide Bank as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.2 of this Scheme, on and from the Implementation Date until YCU registers Auswide Bank as the holder of all of the YCU Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints YCU as attorney and agent (and directs YCU in such capacity) to appoint Auswide Bank and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to YCU Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and
- (b) must take all other actions in the capacity of the registered holder of YCU Shares as Auswide Bank directs.

YCU undertakes in favour of each Scheme Participant that it will appoint Auswide Bank and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Consideration under this Scheme

On the Implementation Date, YCU must procure Auswide Bank to:

- (a) pay (or procure the payment of) the cash component of the Scheme Consideration to the Scheme Participants; and
- (b) subject to clauses 6.6(b), 6.7, 6.8 and 6.9 of this Scheme, issue the New Auswide Bank Shares to the Scheme Participants,

in accordance with clauses 6.2, 6.3 and 6.4 of this Scheme.

6.2 Satisfaction of obligations

The obligation of YCU to procure payment of the cash component of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by YCU procuring Auswide Bank no later than two Business Days before the Implementation Date to deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the cash component of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Auswide Bank's account).

6.3 Payment of Scheme Consideration

On the Implementation Date, subject to receipt of the Scheme Consideration from Auswide Bank in accordance with clause 6.2 of this Scheme, YCU must pay to each Scheme Participant an amount equal to the cash component of the Scheme Consideration for each Scheme Share transferred to Auswide Bank on the Implementation Date by that Scheme Participant.

Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.

6.4 Unclaimed monies

YCU may cancel a cheque issued under clause 6.3, clause 6.7(a)(ii)(B) or clause 6.8(a)(ii)(B)(ab) of this Scheme if the cheque:

- (a) is returned to YCU; or
- (b) has not been presented for payment within six months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request from a Scheme Participant, YCU must reissue a cheque that was previously cancelled under this clause 6.4.

6.5 Orders of a court

In the case of notice having been given to YCU (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then YCU shall procure that payment is made in accordance with that order; or
- (b) which would prevent YCU from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, YCU will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law.

6.6 Provision of New Auswide Bank Shares as Scheme Consideration

Subject to clauses 6.7, 6.8 and 6.9 of this Scheme, the obligation of Auswide Bank to issue the New Auswide Bank Shares pursuant to clause 6.1 of this Scheme will be satisfied by Auswide Bank:

- (a) if the Scheme Participant is not an Eligible Member or does not make a valid election contemplated by clause 4.10(a) of the Merger Implementation Agreement:
 - (i) on the Implementation Date, by entering the name of each Scheme Participant in the Auswide Bank share register in

respect of the New Auswide Bank Shares which that Scheme Participant is entitled to receive under this Scheme; and

- (ii) on or before the date that is ten Business Days after the Implementation Date, by sending or procuring the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register at 5.00pm on the Record Date, a holding statement for the New Auswide Bank Shares issued to that Scheme Participant; or
- (b) if the Scheme Participant is an Eligible Member and has made a valid election contemplated by clause 4.10(a) of the Merger Implementation Agreement on the Implementation Date, by issuing the New Auswide Bank Shares to which the Eligible Member would otherwise be entitled pursuant to clause 6.1, to a nominee appointed by Auswide Bank who will sell those New Auswide Bank Shares and pay to that Eligible Member the proceeds received in accordance with a pre-determined formula as soon as practicable and in any event not more than fifteen Business Days after the Implementation Date, after deducting any applicable brokerage, taxes and charges in accordance with the Scheme.

6.7 Foreign YCU Member

- (a) Subject to clause 6.9 of this Scheme, the obligation of Auswide Bank to issue New Auswide Bank Shares to a Scheme Participant who is a Foreign YCU Member will be satisfied by Auswide Bank issuing the New Auswide Bank Shares to which the Scheme Participant would have been entitled (were they not a Foreign YCU Member) to the Foreign Member Nominee, and procuring that the Foreign Member Nominee:
 - (i) in the ordinary course of trading on the ASX, sells for the benefit of the Foreign YCU Member those New Auswide Bank Shares issued to the Foreign Member Nominee under this clause 6.7; and
 - (ii) as soon as reasonably practicable:
 - (A) accounts to the Foreign YCU Member for the net proceeds of sale (on an averaged basis so that all Foreign YCU Members receive the same price per New Auswide Bank Share, rounded down to the nearest whole cent) and any income referable to those New Auswide Bank Shares, after deduction of any applicable brokerage, taxes and other costs and charges; and
 - (B) pays the amount to which the Foreign YCU Member is entitled under clause 6.7(a)(ii)(A) to the Foreign YCU Member by direct credit or by sending a cheque drawn on an Australian bank in Australian currency by pre-paid airmail post.
- (b) Payments to a Foreign YCU Member under clause 6.7(a)(ii)(B) will be in full satisfaction of the Foreign YCU Member's right to receive New Auswide Bank Shares under clause 6.1 of this Scheme.
- (c) Each Foreign YCU Member appoints YCU as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Foreign Member Nominee is

required to provide to Foreign YCU Members under the Corporations Act.

- (d) The Foreign Member Nominee has been selected by Auswide Bank and is an authorised representative of [●] (ACN [●]), and is the holder of an Australian financial services licence number [●].

6.8 Breach of law or Auswide Bank Constitution

- (a) Where an issue of New Auswide Bank Shares to which a Scheme Participant would otherwise be entitled would result in a breach of law or breach of a provision of the Auswide Bank Constitution, Auswide Bank will, in full satisfaction of that Scheme Participant's rights to the New Auswide Bank Shares under clause 6.1 of this Scheme:
 - (i) issue the maximum possible number of New Auswide Bank Shares to the Scheme Participant without giving rise to such breach; and
 - (ii) subject to clause 6.9 of this Scheme, issue to the Foreign Member Nominee the remaining New Auswide Bank Shares to which the Scheme Participant would have been entitled (if the issue did not result in a breach of law or breach of a provision of the Auswide Bank Constitution), and procure that the Foreign Member Nominee:
 - (A) in the ordinary course of trading on the ASX, sells for the benefit of that Scheme Participant those New Auswide Bank Shares issued to the Foreign Member Nominee under this clause 6.8(a)(ii); and
 - (B) as soon as reasonably practicable:
 - (aa) accounts to the Scheme Participant for the net proceeds of sale (on an averaged basis so that all Scheme Participants to whom this clause 6.8 applies receive the same price per New Auswide Bank Share, rounded down to the nearest whole cent) and any income referable to those New Auswide Bank Shares, after deduction of any applicable brokerage, taxes and other costs and charges; and
 - (ab) pays the amount to which the Scheme Participant is entitled under clause 6.8(a)(ii)(B)(aa) to the Scheme Participant by direct credit or by sending a cheque drawn on an Australian bank in Australian currency by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post).
- (b) Payment to a Scheme Participant under clause 6.8(a)(ii)(B)(ab) will be in full satisfaction of that Scheme Participant's right to receive New Auswide Bank Shares under clause 6.1 of this Scheme.
- (c) Each Scheme Participant covered by this clause 6.8 appoints YCU as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Foreign Member Nominee is required to provide to that Scheme Participant under the Corporations Act.

6.9 Fractional entitlements

- (a) If the number of YCU Shares held by a Scheme Participant is such that the aggregate entitlement of that Scheme Participant to New Auswide Bank Shares is not a whole number, then the entitlement in each case must be rounded up or down to the nearest whole number, with fractions of 0.5 being rounded up.
- (b) If Auswide Bank and YCU are of the opinion that several Scheme Participants, each of which holds a holding of YCU Shares which results in a fractional entitlement to New Auswide Bank Shares, have, before 5.00pm on the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Participant's entitlement to the Scheme Consideration, Auswide Bank and YCU may give notice to those Scheme Participants:
 - (i) setting out the names and Registered Addresses of all of them;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the YCU Shares held by all of them,

and, after the notice has been so given, the Scheme Participant specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those YCU Shares and each of the other Scheme Participants whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no YCU Shares.

6.10 New Auswide Bank Shares to rank equally

- (a) New Auswide Bank Shares issued to Scheme Participants will rank equally in all respect with all existing Auswide Bank Shares.
- (b) On issue, each New Auswide Bank Share issued to Scheme Participants will be fully paid and free from any Encumbrance.

6.11 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any bank cheque required to be paid to Scheme Participants by Auswide Bank must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 5.00pm on the Record Date; and
- (b) holding statements for New Auswide Bank Shares issued to Scheme Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by YCU if registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Record Date at the place where the Register is kept.

7.2 Register

Subject to the Merger Implementation Agreement, YCU must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1 of this Scheme on or before 5.00pm on the Record Date provided that, for the avoidance of doubt, nothing in this clause 7.2 requires YCU to register a transfer that would result in a YCU Member holding a parcel of YCU Shares that is less than a “marketable parcel” (for the purposes of this clause 7.2, “marketable parcel” has the meaning given in the official operating rules of ASX).

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

YCU must not accept for registration nor recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 5.00pm on the Record Date (except a transfer to Auswide Bank pursuant to this Scheme and any subsequent transfer by Auswide Bank or its successors in title).

7.4 Maintenance of YCU Register

For the purpose of determining entitlements to the Scheme Consideration, YCU will maintain the Register in accordance with the provisions of clause 7 of this Scheme until the Scheme Consideration has been paid to the Scheme Participants and Auswide Bank has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Auswide Bank contemplated in clauses 5.2 and 6.3 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Auswide Bank and its successors in title). After 5.00pm on the Record Date, each entry current on the Register as at 5.00pm on the Record Date (other than entries in respect of Auswide Bank or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, YCU will ensure that details of:

- (a) the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date; and
- (b) the names and Registered Addresses of every Foreign YCU Member at 5.00pm on the Record Date,

are available to Auswide Bank in such form as Auswide Bank reasonably requires.

7.7 Quotation of New Auswide Bank Shares

Auswide Bank will apply for the official quotation of the New Auswide Bank Shares on the ASX and will request that those shares be quoted on a deferred settlement basis as from [•] and on a normal settlement basis as from [•].

8 General Scheme provisions

8.1 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints YCU and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

(a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer; and

(b) enforcing the Deed Poll against Auswide Bank,

and YCU accepts such appointment.

8.2 Variations, alterations and conditions

(a) YCU may, with the consent of Auswide Bank (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

(b) Each Scheme Participant agrees to any such variation, alteration or condition which has been consented to by YCU in accordance with clause 8.2(a).

8.3 Further action by YCU

YCU will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.4 Authority and acknowledgement

Each of the Scheme Participants:

(a) irrevocably consents to YCU and Auswide Bank doing all things necessary or expedient for or incidental to the implementation of this Scheme; and

(b) acknowledges that this Scheme binds YCU and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of YCU.

8.5 No liability when acting in good faith

Neither YCU nor Auswide Bank, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

8.6 Enforcement of Deed Poll

YCU undertakes in favour of each Scheme Participant to enforce the Deed Poll against Auswide Bank on behalf of and as agent and attorney for the Scheme Participants.

8.7 Stamp duty

Auswide Bank will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

8.8 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to YCU, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at YCU's registered office or at the office of the registrar of YCU Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in Queensland.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of Queensland; and
- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Merger Implementation Agreement

Annexure C Deed Poll

Deed Poll

Dated

Given by Auswide Bank Ltd (ACN 087 652 060) ("**Auswide Bank**")

In favour of each registered holder of fully paid shares in Queensland Professional Credit Union Ltd (ACN 087 651 045) trading as Your Credit Union ("**YCU**") as at 5.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 33
Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Australia
T +61 7 3244 8000
F +61 7 3244 8999
DX 311 Brisbane
www.kwm.com

Deed Poll

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Deed Poll

Details

Parties	Auswide Bank	
Auswide Bank	Name	Auswide Bank Ltd
	ACN	087 652 060
	Address	Level 5, 16-20 Barolin Street Bundaberg QLD 4670
	Telephone	+61 7 4150 4000
	Email	mbarrett@auswidebank.com.au
	Fax	+61 7 4152 3566
	Attention	Managing Director
In favour of	Each registered holder of fully paid shares in YCU as at 5.00pm on the Record Date.	
Recitals	A	The directors of YCU have resolved that YCU should propose the Scheme.
	B	The effect of the Scheme will be that all Scheme Shares will be transferred to Auswide Bank.
	C	YCU and Auswide Bank have entered into the Merger Implementation Agreement.
	D	In the Merger Implementation Agreement, Auswide Bank agreed (amongst other things) to provide the Scheme Consideration to Scheme Participants, subject to the satisfaction of certain conditions.
	E	Auswide Bank is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.
Governing law	Queensland	
Date of Deed Poll	See Signing page	

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;
- (b) **Details** means the section of this deed poll headed “Details”;
- (c) **Merger Implementation Agreement** means the merger implementation agreement dated 22 December 2015 between YCU and Auswide Bank under which, amongst other things, YCU has agreed to propose the Scheme to YCU Members, and each of Auswide Bank and YCU has agreed to take certain steps to give effect to the Scheme;
- (d) **Scheme** means the proposed scheme of arrangement between YCU and the Scheme Participants under which all the Scheme Shares will be transferred to Auswide Bank under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Auswide Bank and YCU, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by YCU and Auswide Bank in accordance with clause 8.2 of the Scheme; and
- (e) unless the context requires otherwise, all other capitalised words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to “this Scheme” in that clause are to be read as references to “this deed poll”.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

Auswide Bank acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

2 Conditions precedent and termination

2.1 Conditions precedent

Auswide Bank's obligations under clause 3 are subject to the Scheme becoming Effective.

2.2 Termination

Auswide Bank's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Merger Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Auswide Bank is released from its obligations to further perform this deed poll except those obligations contained in clause 7.1; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Auswide Bank in respect of any breach of this deed poll which occurs before it is terminated.

3 Scheme Consideration

3.1 Scheme Consideration

Subject to clause 2, Auswide Bank undertakes in favour of each Scheme Participant:

- (a) to pay the cash component of the Scheme Consideration to the Trust Account on behalf of each Scheme Participant; and
- (b) subject to clauses 3.3, 6.6, 6.7 and 6.8 of the Scheme, issue the New Auswide Bank Shares to the Scheme Participants,

in accordance with the Scheme.

3.2 Manner of payment

Auswide Bank's obligation to provide the cash component of the Scheme Consideration to YCU on behalf of each Scheme Participant is satisfied by Auswide Bank, no later than two Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the cash component of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Auswide Bank's account).

3.3 Provision of New Auswide Bank Shares as Scheme Consideration

Subject to clauses 6.6, 6.7 and 6.8 of the Scheme, Auswide Bank must:

- (a) if the Scheme Participant is not an Eligible Member or does not make a valid election contemplated by clause 4.10(a) of the Merger Implementation Agreement:
 - (i) on the Implementation Date:
 - (A) issue the New Auswide Bank Shares to the Scheme Participants in accordance with the Scheme; and
 - (B) enter the name of each Scheme Participant in the Auswide Bank share register in respect of the New Auswide Bank Shares which that Scheme Participant is entitled to receive under the Scheme; and
 - (ii) on or before the date that is ten Business Days after the Implementation Date, send or procure the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register at 5.00pm on the Record Date, a holding statement for the New Auswide Bank Shares issued to that Scheme Participant in accordance with the Scheme; or
- (b) if the Scheme Participant is an Eligible Member and has made a valid election pursuant to clause 4.10(a) of the Merger Implementation Agreement on the Implementation Date, by issuing the New Auswide Bank Shares to which the Eligible Member would otherwise be entitled pursuant to clause 3.1, to a nominee appointed by Auswide Bank who will sell those New Auswide Bank Shares and pay to that Eligible Member the proceeds received in accordance with a pre-determined formula as soon as practicable and in any event not more than fifteen Business Days after the Implementation Date, after deducting any applicable brokerage, taxes and charges in accordance with the Scheme.

4 Representations and warranties

Auswide Bank represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon Auswide Bank and enforceable against Auswide Bank in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Auswide Bank has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

6 Notices

6.1 Form - all communications

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

6.2 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

6.3 When effective

Communications take effect from the time they are received or taken to be received under clause 6.4 (whichever happens first) unless a later time is specified.

6.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

6.5 Receipt outside business hours

Despite clauses 6.3 and 6.4, if communications are received or taken to be received under clause 6.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

7 General

7.1 Stamp duty

Auswide Bank must:

- (a) pay all stamp duty (including fines, penalties and interest) payable and assessed on or in connection with this deed poll, the performance of this deed poll, or any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clause 7.1(a).

7.2 Waiver

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this deed poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

7.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by YCU and Auswide Bank in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Auswide Bank must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

7.4 Remedies cumulative

The rights, powers and remedies of Auswide Bank and the Scheme Participants under this deed poll are cumulative and are in addition to and do not exclude any other rights, powers and remedies given by law independently of this deed poll.

7.5 Assignment

The rights and obligations of Auswide Bank and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt or purport to do so without the prior written consent of Auswide Bank and YCU.

7.6 Governing law and jurisdiction

This deed poll is governed by the law in force in Queensland. Auswide Bank irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

7.7 Further action

Auswide Bank must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED:_____

EXECUTED by **AUSWIDE BANK LTD**)
in accordance with section 127(1) of)
the *Corporations Act 2001* (Cth) by)
authority of its directors:)

Signature of director

Name of director (block letters)

.....
Signature of director/company
secretary

Name of director/company secretary
(block letters)

Deed Poll

Annexure A - Scheme

(Separately attached)