

Dated

30 April

2014

SUPPLEMENTAL DEED POLL

Southland Building Society

DEED POLL dated 30 April 2014

MADE BY

SOUTHLAND BUILDING SOCIETY ("SBS Bank")

INTRODUCTION

- A. This Supplemental Deed Poll is issued pursuant to and subject to the Deed Poll dated 30 April 2014 ("Deed Poll").
- B. The Subordinated Redeemable Shares details of which are set out in this Supplemental Deed Poll are "Subordinated Bonds" as defined and for the purposes of the Deed Poll.

TERMS

1. INTERPRETATION

- 1.1 Any capitalised expressions which are used in this Supplemental Deed Poll bear the same meanings as are given to them by the Deed Poll.

2. PRINCIPAL CONDITIONS OF SUBORDINATED REDEEMABLE SHARES

- 2.1 The Subordinated Redeemable Shares are issued upon the terms and subject to the conditions set out in the Deed Poll and this Supplemental Deed Poll.
- 2.2 The specific principal terms and conditions of the Subordinated Redeemable Shares are as follows:
 - (a) **Type of Bond:** Subordinated Redeemable Shares issued pursuant to the Rules of SBS Bank.
 - (b) **Status of Bond:** Subordinated Bond.
 - (c) **Senior Creditors:** The Subordinated Redeemable Shares rank (in a liquidation) behind the claims of SBS Bank's preferred creditors, unsecured depositors, other unsecured creditors and the holders of SBS Bank's everyday redeemable shares which it continuously issues under its Investment Statement for Term Investments.
 - (d) **Issue Date:** The Subordinated Redeemable Shares will continuously be issued by SBS Bank from 1 May 2014.
 - (e) **Maturity Date:** The Subordinated Redeemable Shares have a 5 year fixed term from their Issue Date.
 - (f) **Scheduled Call Date(s):** Not applicable, as there are no scheduled call date(s) prior to the expiry of the 5 year fixed term.
 - (g) **Principal Amount and Issue Price:** \$1.00 per Subordinated Redeemable Share.
 - (h) **Minimum Multiples:** \$10,000.00.
 - (i) **Minimum Holding:** \$10,000.00.

- (j) **Interest Rate:** The Subordinated Redeemable Shares pay a fixed rate of interest for the full 5 year term, at SBS Bank's 5 Year Subordinated Redeemable Share Rate applying as at the relevant Issue Date.
- (k) **Margin:** Not applicable.
- (l) **Payment of Interest:** Interest is payable on the Subordinated Redeemable Shares quarterly in arrears (with quarters being calculated from the relevant Issue Date and subject to the applicable Business Day adjustment).
- (m) **Record Date:** Not applicable.
- (n) **Rate Reset:** Not applicable.
- (o) **Listing:** SBS Bank has no present intention of seeking a stock exchange listing for the Subordinated Redeemable Shares.
- (p) **Transfers of the Subordinated Redeemable Shares:** The right to transfer is unrestricted, subject to the transfer meeting the minimum holding requirement and transferees' residency qualifications.
- (q) **Cancellation of the Bond:** Not applicable.
- (r) **Regulatory and Tax Calls:** SBS Bank may redeem the Subordinated Redeemable Shares by repayment of the Principal Amount early if a Regulatory Event or a Tax Event occurs. In summary:
 - (i) A Regulatory Event would occur if SBS Bank determined that, because of a material change in law or practice, it would be unable to apply its expected regulatory capital treatment to the Subordinated Redeemable Shares, that it was adversely affected as a result and that it could not reasonably have anticipated the change at the time it issued the Subordinated Redeemable Shares;
 - (ii) A Tax Event would occur if SBS Bank determined that, because of a material change in law or practice affecting taxation, there would be a material increase in its costs in respect of the Subordinated Redeemable Shares and it could not reasonably have anticipated this change at the time it issued the Subordinated Redeemable Shares.However, SBS Bank must first obtain the Reserve Bank's consent to any early redemption.
- (s) **Loss Absorbing:** If a Write down Event occurs, the Principal Amount of, and any accrued but unpaid Interest on, the Subordinated Redeemable Shares may be reduced or written off entirely. The loss absorption provisions attaching to the Subordinated Redeemable Shares are more fully set out in the Deed Poll.
- (t) **Other:**
 - (i) SBS Bank may only pay Interest and make early repayments of Principal Amount in respect of the Subordinated Redeemable Shares if SBS Bank and the SBS Banking Group are certified (by 2 SBS Bank directors on behalf of the full SBS Bank Board of directors) as meeting the Solvency Test. Any such certificate must not be dated more than 100 days prior to the due date for the payment of Interest or repayment of

Principal Amount (as the case may be). Accordingly, once a directors' solvency certificate has been provided, SBS Bank will be entitled to make Interest payments and early repayments of Principal Amount for a maximum of 100 days from the date of that solvency certificate (or any subsequent solvency certificate which is provided). In any case where Interest payments or repayments of Principal Amount are suspended, the failure to make any such payment will not be a default by SBS Bank.

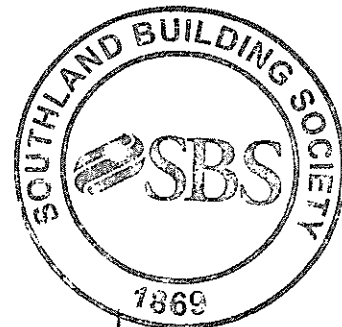
If at any time after a Solvency Certificate has been provided, the SBS Bank Board of Directors ceases to be satisfied on reasonable grounds that SBS Bank will be able to meet the Solvency Test immediately after payment of any Interest or early repayment of any Principal Amount, then any such payments of Interest or early repayments of Principal Amount will be suspended.

In the event that payments are suspended, SBS Bank will subsequently be entitled to pay the suspended amounts, but only if SBS Bank and the SBS Banking Group will be able to meet the Solvency Test after payment of the suspended amounts has been made.

- (ii) The Subordinated Redeemable Shares (subject to the provisions of SBS Bank's Rules) carry voting rights at meetings of SBS Bank's members and also carry the right equally to participate in any surplus assets of SBS Bank which remain in a liquidation after all of SBS Bank's prior commitments have been satisfied. However, this right to participate equally in surplus assets does not apply to the extent that any Principal Amount of and/or Interest on Subordinated Redeemable Shares has been written off under the loss absorbency provisions.

EXECUTION

SIGNED as a deed by **SOUTHLAND BUILDING SOCIETY** under its common seal:



In the presence of:

Signature of director

John F Ward

Name of director

Signature of director

Jeff B Walker

Name of director