

Dated

26 September

2017

**DEED OF AMENDMENT AND  
RESTATEMENT**

(relating to the Deed Poll dated 30 April 2014)

**SOUTHLAND BUILDING SOCIETY**

DEED dated

26 September

2017

MADE BY

SOUTHLAND BUILDING SOCIETY ("SBS BANK")

## INTRODUCTION

- A. SBS Bank executed a deed poll relating to the issue of subordinated and unsubordinated bonds from time to time dated 30 April 2014 (as amended and supplemented to date, the "**Original Deed**").
- B. SBS Bank wishes to amend and restate the Original Deed on the terms set out in this deed ("**Deed**") to make certain amendments of a technical nature and which will not be of any prejudice to the Holders of Bonds that are Outstanding.

## COVENANTS

### 1. INTERPRETATION

#### 1.1 Definitions:

- (a) Words and expressions that are defined in the Original Deed have the same meanings when used in this Deed, unless the context otherwise requires.
- (b) In this Deed, "**Effective Date**" means the date that this Deed is executed by SBS Bank, subject to the completion of the conditions precedent set out in clause 2.

#### 1.2 Interpretation:

- (a) Headings are inserted for convenience only and do not affect the interpretation of this Deed.
- (b) Unless the context otherwise requires the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (c) A reference to any document includes reference to that document as modified, novated, supplemented, varied or replaced from time to time.
- (d) A reference to any party to a document includes its successors and permitted assigns.

### 2. CONDITIONS PRECEDENT

- 2.1 The provisions of this Deed will not be valid and binding until the following conditions precedent are satisfied:

- (a) the RBNZ has received a notice of the proposed variation not less than 10 Business Days prior to the Effective Date in accordance with clause 14.5 of the Original Deed.

### 3. AMENDMENT AND RESTATEMENT OF THE ORIGINAL DEED

- 3.1 **Amendment and restatement:** With effect from the Effective Date, the Original Deed shall be amended and restated in the form set out in the schedule.

3.2 **Confirmation:** Except to the extent amended and restated by this Deed, the Original Deed continues in full force and effect.

4. **GOVERNING LAW**

This Deed shall be governed by, and construed in accordance with, the laws of New Zealand.

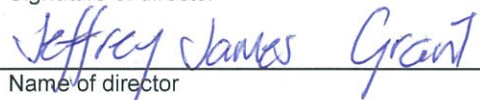
**EXECUTION**

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

In the presence of:



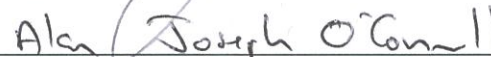
Signature of director



Name of director



Signature of director



Name of director



**SCHEDULE**  
**Amended and Restated Deed Poll**

**Dated** 30 April 2014  
(as amended and restated on 26 September 2017)

**DEED POLL CONSTITUTING THE  
ISSUE OF SUBORDINATED AND  
UNSUBORDINATED BONDS**

**Southland Building Society**

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**DEED POLL** dated 30 April 2014 (as amended and restated on 26 September 2017)

**MADE BY**

**SOUTHLAND BUILDING SOCIETY ("SBS Bank")**

## **INTRODUCTION**

SBS Bank intends to issue Bonds from time to time. The Bonds are to be constituted by, and subject to the terms and conditions contained in, this deed.

## **COVENANTS**

### **1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions:** In this deed, unless the context otherwise requires:

**"Agency Agreement"** means any agreement at any time in force appointing any paying agent or registrar for any Bonds (where SBS Bank itself is not acting as paying agent or registrar).

**"Agent"** means such person or persons resident in New Zealand as SBS Bank may from time to time appoint pursuant to any Agency Agreement to perform the function of registrar and/or paying agent for any Bonds and for the purposes of this deed where SBS Bank itself carries out either of such functions for any Bonds references in this deed to "Agent" shall extend to SBS Bank in its capacity of carrying out such functions.

**"Auditors"** means the auditors for the time being of the SBS Banking Group or, in the event of such auditors being unable or unwilling to carry out any action requested of them pursuant to the provisions of this deed, such other reputable firm of accountants as may be nominated by SBS Bank.

**"Base Rate"** means, in relation to an Interest Period for a Floating Rate Bond, such rate as is entered in the Register in respect of such Floating Rate Bond.

**"Bond"** means a debt security constituted by, and subject to the terms and conditions set out in, this deed and for the purposes of this deed the term **"Bond"** includes any Redeemable Shares which are constituted by and subject to the terms and conditions set out in this deed.

**"Building Societies Act"** means the Building Societies Act 1965.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks are open for business in Auckland and Invercargill.

**"Call Date"** means, in relation to a Bond, a Scheduled Call Date, a Regulatory Call Date or a Tax Call Date.

**"Callable Bond"** means any Bond in relation to which a Scheduled Call Date is entered as such in the Register in respect of that Bond, or the Register specifies that Regulatory Calls or Tax Calls are permitted.

**"Capital Instrument"** means an instrument that is either a Tier 1 Capital Instrument or a Tier 2 Capital Instrument.

**"Class"** means a category of Bonds which in the reasonable opinion of SBS Bank at any particular time, for any particular purpose, constitutes a separate class of Bonds, and **"Class of Holders"** means the Holders of those Bonds.

**"Conditions of Registration"** means the conditions imposed on SBS Bank by RBNZ under section 74 of the RBNZ Act.

**"Companies Act"** means the Companies Act 1993.

**"Directors"** means the directors of SBS Bank for the time being appointed as such in accordance with the Rules of SBS Bank.

**"Dollars"** and **"\$"** means the lawful currency of New Zealand.

**"Early Repayment Option"** means the option of SBS Bank contained in clause 4.2 to repay any Callable Bonds.

**"Extraordinary Resolution"** means an Extraordinary Resolution of Holders passed in the manner provided in Schedule 2.

**"Fixed Rate Bond"** means a Bond which bears a fixed rate of Interest.

**"Floating Rate Bond"** means a Bond which bears a floating rate of Interest.

**"Holder"** means, at any time:

- (a) in relation to an Unlodged Bond, the person whose name is entered in the Register as the holder of that Unlodged Bond at that time (in which regard any information, certificate or any other document issued by the Agent, whether in writing, orally, electronically or by any other means of communication whatsoever, regarding ownership of any Unlodged Bond is to be conclusive and binding for all purposes); and
- (b) in relation to a Lodged Bond, the holder of the beneficial interest in that Lodged Bond in the records of the NZClear System at that time (in which regard any information provided by the Manager at the relevant time, whether in writing, orally, electronically or by any other form of communication whatsoever, regarding ownership of the beneficial interest in any Lodged Bond is to be conclusive and binding for all purposes).

**"Independent Valuer"** means a natural person or organisation appointed in accordance with clause 4.5.

**"Interest"** includes dividends on Redeemable Shares.

**"Interest Payment Date"** means, in relation to a Bond, each date entered as such in the Register in respect of that Bond, and the Maturity Date of the Bond.

**"Interest Period"** means a period determined in accordance with clause 5.2.

**"Interest Rate"** means, in relation to a Fixed Rate Bond, the Interest rate payable in respect of that Bond, as recorded in the Register, which rate shall, if the Register specifies a Rate Reset Date for the Fixed Rate Bond (other than a Callable Bond which is to become a Floating Rate Bond if not repaid on the applicable Call Date), be reset in accordance with clause 5.4(c) on the Rate Reset Date for that Bond.



**"Issue Date"** means, in relation to a Bond, the date on which that Bond is or is to be issued by SBS Bank.

**"Junior Creditors"** means, in respect of any Subordinated Bond, all creditors of SBS Bank which are (in the terms and conditions of issue of such Bond) expressed to be "Junior Creditors" in relation to such Subordinated Bond.

**"Liquidation"** means a liquidation of SBS Bank (other than for the purposes of a solvent reconstruction or amalgamation).

**"Listed Bonds"** means any Bonds which are quoted on the NZDX Market.

**"Listing Rules"** means the listing rules of the NZX in force from time to time.

**"Lodged Bonds"** means, at any time, a Bond which is lodged in the NZClear System at that time.

**"Loss Absorbing Bond"** means a Bond specified as such in the Register.

**"Manager"** means, at any time, the manager of the NZClear System at that time, which at the date of this deed is RBNZ.

**"Margin"** means, in relation to a Floating Rate Bond or a Fixed Rate Bond, the margin entered in the Register in respect of that Bond.

**"Market Value"** means, in relation to a Bond, the amount determined to be the Market Value under clause 4.5.

**"Maturity Date"** means, in relation to a Bond, the date entered as such in the Register in respect of that Bond (if any) (the **"Scheduled Maturity Date"**) or, if applicable, any date on which that Bond is required to be repaid pursuant to clause 4.2.

**"Minimum Holding"** means the number of Bonds specified as the "Minimum Holding" in the Register.

**"Minimum Multiple"** means the number of Bonds specified as the "Minimum Multiple" in the Register.

**"NZClear System"** means the securities clearing and settlement facility known as the NZClear System and any successor or replacement system.

**"NZDX Market"** means the debt securities market operated by NZX.

**"NZX"** means NZX Limited and includes any person or authority which may in the future assume and perform the functions of NZX Limited.

**"Offering Document"** means, in relation to any Bonds, any product disclosure statement, information memorandum, offering circular, advertisement or other offering document relating to those Bonds.

**"Office"** means the registered office for the time being of SBS Bank.

**"Outstanding"** means any Bonds issued pursuant to this deed which have not been repaid or paid in full by SBS Bank in accordance with this deed.

**"Principal Amount"** means, in respect of a Bond, the amount entered as such in the Register in respect of such Bond, as adjusted in accordance with clause 6.1.

**"Rate Reset Date"** means, in relation to a Bond, the date entered in the Register as such for the relevant Bond.

**"RBNZ"** means the Reserve Bank of New Zealand and includes any other governmental agency which at any time replaces the Reserve Bank of New Zealand as the supervisory authority over registered banks in New Zealand.

**"RBNZ Act"** means the Reserve Bank of New Zealand Act 1989.

**"Record Date"** means in relation to any Bond, the date entered as such in the Register in respect of such Bond.

**"Redeemable Share"** means any share issued by SBS Bank pursuant to its Rules which (subject to any limitations contained in such Rules):

- (a) is redeemable at the option of SBS Bank or at the option of the Holder, or on a date or in circumstances specified in the terms of issue; and
- (b) is redeemable for a consideration which is specified in or calculated in accordance with the terms of issue; and
- (c) carries voting rights which may be exercised at meetings of the members of SBS Bank; and
- (d) participates equally (with all other members of SBS Bank) in any surplus assets of SBS Bank which remain after all liabilities have been repaid and liquidation expenses met.

**"Redemption Amount"** means:

- (a) in relation to a Bond that is not a Callable Bond, the Principal Amount;
- (b) in relation to a Callable Bond where an Early Repayment Option has not been exercised, the Principal Amount;
- (c) in relation to a Callable Bond where an Early Repayment Option has been exercised and for which the Call Date is a Regulatory Call Date, a Tax Call Date, a Rate Reset Date or a Scheduled Call Date, the Principal Amount; and
- (d) in all other cases, the greater of the Principal Amount and the Market Value of the Bond.

**"Register"** means and includes:

- (a) the register maintained by SBS Bank or other Agent, containing Supplemental Deed Polls which are applicable to any Bonds constituted by and issued under this deed; and
- (b) any register or other internal records maintained by SBS Bank or the Agent containing details of the ownership of any Bonds constituted by and issued under this deed.

**"Regulatory Call"** means an Early Repayment Option exercised by SBS Bank in relation to which SBS Bank delivers a notice under clause 4.2 which states that a Regulatory Event has occurred.

**"Regulatory Call Date"** means a date specified for the early repayment of any Bonds in a notice delivered under clause 4.2 for a Regulatory Call.

**"Regulatory Event"** means, in relation to any Subordinated Bonds, a determination by SBS Bank to the effect that:

- (a) there has been a material change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) that applies, or is to apply, after the Issue Date of those Subordinated Bonds; or
- (b) there has been a material change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including RBNZ) which applies, or is to apply, after the Issue Date; or
- (c) SBS Bank is or will be required to comply with any material change, or proposed material change, in New Zealand law, regulation or directive or changed interpretation or administration,

that adversely affects, or will adversely affect, SBS in relation to its regulatory capital treatment of the Subordinated Bonds, provided such event is not minor and could not have been anticipated when the Subordinated Bonds were issued.

**"Related Company"** has the meaning set out in section 2(3) of the Companies Act.

**"SBS Banking Group"** means SBS Bank's "group" (as that term is defined in section 5(1) of the Financial Reporting Act 2013).

**"Scheduled Call Date"** means, in relation to a Bond, each date entered as such in the Register in respect of that Bond.

**"Senior Creditors"** means, in respect of any Subordinated Bond, all creditors of SBS Bank which are (in the terms and conditions of issue of such Bond) expressed to be "Senior Creditors" in relation to such Subordinated Bond.

**"Solvency Certificate"** means a certificate signed by not less than two Directors on behalf of all the Directors of SBS Bank certifying that as at the date of such certificate SBS Bank is Solvent.

**"Solvency Test"** means the solvency test contained in section 4 of the Companies Act.

**"Solvent"** means satisfying the Solvency Test as if SBS Bank were deemed for this purpose to be a company incorporated under the Companies Act and **"Insolvent"** shall be construed accordingly. This definition shall be applied to the SBS Banking Group as if the SBS Banking Group was a single entity and due account will be taken of the ability and willingness of the members of the SBS Banking Group to meet the debts of the other members of the SBS Banking Group.

**"Statement"** means a statement issued by SBS Bank to a Holder in relation to the Bonds held by the Holder, if applicable, in compliance with the Listing Rules.

**"Subordinated Bond"** means a Bond specified as such in the Register and in respect of which the right to payment is, or is expressed to be, subordinated in the event of a Liquidation to the claims of all or any of the Senior Creditors and **"Subordinated Redeemable Share"** shall be construed accordingly.

**"Supplemental Deed Poll"** means a statement by SBS Bank, substantially in the form set out in Schedule 1, containing the principal terms and conditions of issue of any Bond.

**"Tax Call"** means an Early Repayment Option exercised by SBS Bank in relation to which SBS Bank delivers a notice under clause 4.2 which states that a Tax Event has occurred.

**"Tax Call Date"** means a date specified for the early repayment of any Subordinated Bonds in a notice delivered under clause 4.2 for a Tax Call.

**"Tax Event"** means, in relation to any Subordinated Bonds, a determination by SBS Bank to the effect that:

- (a) there has been a material change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) which applies, or is to apply, after the Issue Date of those Subordinated Bonds; or
- (b) there has been a material change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the New Zealand Inland Revenue Department) which applies, or is to apply, after the Issue Date; or
- (c) SBS Bank is or will be required to comply with any material change, or proposed material change, in New Zealand law, regulation or directive or changed interpretation or administration,

that directly or indirectly affects the taxation treatment of the Subordinated Bonds and that would result in a more than minimal increase in SBS's costs in respect of the Subordinated Bonds, provided such event is not minor and could not have been anticipated when the Subordinated Bonds were issued.

**"Tier 1 Capital Instrument"** means an instrument which SBS Bank is able to treat as "Tier 1 Capital" (or any equivalent successor term) for the purposes of its Conditions of Registration.

**"Tier 2 Capital Instrument"** means an instrument which SBS Bank is able to treat as "Tier 2 Capital" (or any equivalent successor term) for the purposes of its Conditions of Registration.

**"Transaction Documents"** means this deed and any Agency Agreement.

**"Unlodged Bond"** means, at any time, a Bond which is not lodged in the NZClear System at that time.

**"Unsubordinated Bond"** means any Bond other than a Subordinated Bond.

**"Write-down Amount"** means, in relation to a Write-down Event, an amount determined as such in accordance with clause 6.2.

**"Write-down Date"** means, in relation to a Write-down Event, the date on which that Write-down Event occurs.

**"Write-down Event"** means:

- (a) SBS Bank has been declared to be subject to statutory management under section 117 of the RBNZ Act; or
- (b) the RBNZ has given a direction (a **"Write-down Direction"**) to SBS Bank on the basis that it has reasonable grounds to believe that one or more of the circumstances listed in sections 113(1)(a) to 113(1)(e) of the RBNZ Act exist in relation to SBS Bank or, where contemplated by the relevant section, an associated person of SBS Bank,

and a statutory manager decides or the Write-down Direction directs (as applicable) that SBS Bank write down the principal and/or interest and other amounts that have accrued but are unpaid in relation to some or all of its Capital Instruments.

**1.2 References:** Except to the extent that the context otherwise requires, any reference in this deed to:

the "**assets**" of any person shall be construed as a reference to the whole or any part of its business, undertaking, property, assets and revenues, present or future, and uncalled and unpaid capital and called and unpaid capital, present and future.

an "**authorisation**" includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

any "**clause**" or "**schedule**" is a reference to a clause of, or a schedule to, this deed.

the "**dissolution**" of any person includes the bankruptcy, winding-up or liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

a "**document**" or "**agreement**" (including this deed) includes a reference to that document or agreement as amended, novated or replaced from time to time.

any "**governmental agency**" includes any government or any governmental, semi-governmental, regulatory or judicial entity or authority, or legislative body, or any person or body charged with the administration of any law.

a "**law**" includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and "**lawful**" and "**unlawful**" shall be construed accordingly.

a "**person**" includes an individual, firm, company, corporation or unincorporated body of persons or any state or government or any agency thereof (in each case, whether or not having separate legal personality).

"**tax**" includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called, imposed or levied by any governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing and "**taxation**" shall be construed accordingly.

"**written**" and "**in writing**" include all means of reproducing words in a tangible and permanently visible form.

**1.3 Miscellaneous:** Unless the context otherwise requires:

- (a) words denoting the singular number only shall include the plural and vice versa and words denoting any gender shall include all genders;
- (b) words denoting individuals shall include corporations and vice versa;

- (c) reference to any statute, instrument and agreement shall be deemed to be reference to that statute, instrument and agreement as amended, replaced, or revoked from time to time;
- (d) clause headings are inserted for convenience only and shall not affect the interpretation of any part of this deed;
- (e) references to a Holder includes its successors and assigns;
- (f) references to SBS Bank includes its successors;
- (g) the schedules to this deed shall form part of this deed.

## **2. ISSUE OF BONDS**

**2.1 Issue and creation:** Bonds may be issued by SBS Bank pursuant to this deed upon the terms and conditions, at the times, in the quantities, to the persons and at the prices from time to time determined by SBS Bank. Each Bond shall be issued and created by the execution of a Supplemental Deed Poll setting out the particulars of the Bond, substantially in the form set out in Schedule 1 and by the entry into the Register of such Supplemental Deed Poll. The Bonds shall be held subject to the provisions contained in this deed, including any terms and conditions relating to any Bond as specified in the relevant Supplemental Deed Poll, all of which will be binding upon SBS Bank and the Holders and all persons claiming through or under them respectively.

**2.2 Form of Bonds:** Each Bond shall:

- (a) be in registered, uncertificated book entry form; and
- (b) have a Principal Amount of \$1.00.

**2.3 No certificates:** No certificates of title in respect of a Bond will be issued to the Holders. Entitlement will be determined solely by entry in the Register.

**2.4 Selling restrictions:**

- (a) SBS Bank does not intend that Bonds be offered for sale in any jurisdiction other than New Zealand and, except as otherwise expressly provided in any Offering Document published by SBS Bank in respect of any Bonds, no action has been or will be taken by SBS Bank to permit a public offering of Bonds in any jurisdiction where action is required for that purpose other than New Zealand.
- (b) Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Offering Document in respect of any Bonds may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and listing rules of any applicable stock exchange.
- (c) Where SBS Bank states in any Offering Document that the relevant Bonds are not intended to be offered for sale or sold to the public, then no Holder shall offer for sale or sell any such Bonds to members of the public.

- (d) By its purchase of Bonds, each Holder agrees to indemnify SBS Bank in respect of any loss, cost, liability or expense sustained or incurred by SBS Bank as a result of the breach by that Holder of the restrictions contained in this clause 2.4.

2.5 **Listing:** SBS Bank may seek to have Bonds quoted on the NZDX Market.

2.6 **Statements:** Where Bonds are accepted for quotation on the NZDX Market, SBS Bank must issue, or cause to be issued, to each Holder, a Statement in relation to each Bond issued to that Holder, in accordance with, and in the time required by, the Listing Rules (where applicable).

### 3. STATUS AND SUBORDINATION

3.1 **Status:** Bonds may be issued either as Subordinated Bonds or as Unsubordinated Bonds, and the Redemption Amount of, and Interest on, the Bonds and all other moneys payable pursuant to this deed:

(a) in the case of Subordinated Bonds:

- (i) are direct, unsecured, subordinated obligations of SBS Bank, ranking pari passu without any preference among themselves; and

- (ii) shall, in the case of any distribution of assets in a Liquidation:

- (1) be subordinate and junior in right of payment to the obligations of SBS Bank to the relevant Senior Creditors; and

- (2) be ahead and senior in right of payment to the obligations of SBS Bank to the relevant Junior Creditors,

whether now outstanding or incurred in the future to the intent that all such obligations shall be entitled to be paid in full before any payment shall be made on account of the Redemption Amount of, or Interest on, the Subordinated Bonds; and

(b) in the case of Unsubordinated Bonds, are direct, unsecured, unsubordinated obligations of SBS Bank, ranking pari passu without any preference among themselves and at least equally with all other unsecured unsubordinated debt obligations of SBS Bank.

3.2 **Contingent debt:** In the event of a Liquidation, the Subordinated Bond Holders shall only be entitled to prove for the Redemption Amount of, or Interest or other moneys payable in respect of, the Subordinated Bonds as a debt which is subject to and contingent upon prior payment of the relevant Senior Creditors in full. The Subordinated Bond Holders waive to the fullest extent permitted by law any right to prove in a Liquidation as a creditor ranking for payment equally with the relevant Senior Creditors.

3.3 **No set-off:** No Holder shall be entitled to set off against any amounts due in respect of the Bonds held by such Holder any amount held by the Holder to the credit of SBS Bank whether in an account, in cash or otherwise, nor any deposits with, advances to or debts of SBS Bank, nor any other amount owing by the Holder to SBS Bank on any account whatsoever. No Holder shall be entitled to effect any reduction of the amount due to such Holder in respect of a Bond by merger of accounts or lien or the exercise of any other rights the effect of which is or may be to reduce the amount due in respect of that Bond in breach of this deed.



### 3.4 **Solvency:**

(a) The obligation of SBS Bank:

- (i) to pay Interest on any Subordinated Bonds; or
- (ii) to repay the Redemption Amount of any Subordinated Bonds before the Scheduled Maturity Date,

is conditional upon SBS Bank and the SBS Banking Group having been certified to be Solvent pursuant to a Solvency Certificate which is dated no more than 100 days prior to the payment date for such Interest or such Redemption Amount (as the case may be).

(b) SBS Bank will not be entitled to rely on a Solvency Certificate which has been provided pursuant to clause 3.4(a) (and SBS Bank will accordingly be precluded from either paying Interest on any Subordinated Bonds or repaying the Redemption Amount of any Subordinated Bonds before the Scheduled Maturity Date) if, after the provision of the relevant Solvency Certificate the Board ceases to be satisfied on reasonable grounds that SBS Bank will, immediately after either the payment of any Interest on any Subordinated Bonds or the repayment of the Redemption Amount of any Subordinated Bonds before the Scheduled Maturity Date (as the case may be) be Solvent.

(c) If SBS Bank is not required to make a payment under clause 3.4(a) or (b):

- (i) it must make the relevant payment as soon as it is able to do so while still remaining Solvent immediately after such payment is made; and
- (ii) non-payment by SBS Bank in accordance with clause 3.4(a) or (b) shall not constitute a default under this Deed.

(d) Prior to the commencement of Liquidation, Interest will continue to accrue on any Subordinated Bonds payment of which is suspended under clause 3.4(a) or (b), subject to and in accordance with the provisions of clause 5.

3.5 **Auditors' report:** SBS Bank shall, prior to exercising any Early Repayment Option in relation to Subordinated Bonds, prepare a statement as to whether or not SBS Bank and the SBS Banking Group is, or would be Solvent as at the proposed date for the exercise of the Early Repayment Option. SBS Bank shall then procure that the Auditors give to it a report in writing (based on such information as SBS Bank may at the request of the Auditors make available to the Auditors and otherwise in compliance with any applicable financial reporting standard) as to whether anything has come to the Auditors' attention which would cause them to believe that the statement has not been properly compiled. In the absence of proven error, such report shall be treated and accepted by SBS Bank and the Holders as correct and sufficient evidence of such fact.

### 3.6 **Limited enforcement rights:**

(a) If Holders of any Subordinated Bonds become entitled to take enforcement action in relation to such Subordinated Bonds the only enforcement action they are entitled to take is to:

- (i) bring proceedings against SBS Bank to recover any amounts that are due for payment but unpaid; or



- (ii) apply to have a liquidator appointed in relation to SBS Bank.
- (b) Under no circumstances may a Holder of any Subordinated Bond seek to have any obligations of SBS Bank under such Subordinated Bond accelerated.
- (c) In relation to any Subordinated Bond, it shall not be a default by SBS Bank to withhold or refuse any payment in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment.
- (d) If SBS Bank is placed in Liquidation, Holders of Subordinated Bonds shall be entitled to prove in that Liquidation, and the Redemption Amount of, and any accrued but unpaid Interest on, such Subordinated Bonds shall, for those purposes, be immediately due and payable.

**3.7 Subordination acknowledgement:** Holders of Subordinated Bonds are deemed to have acknowledged and agreed that:

- (a) In accordance with section 313(3) of the Companies Act (which, together with all other provisions of Parts 16 and 17 of the Companies Act, are made applicable to SBS Bank by virtue of section 118(4) of the Building Societies Act), they are accepting a lower priority in respect of the debt represented by such Subordinated Bonds than that which they would otherwise have under section 313 of the Companies Act; and
- (b) Nothing in sections 310, 310A to 310O (inclusive) or 313 of the Companies Act will prevent this clause 3 from having effect according to its terms.
- (c) The subordination set out in this clause 3 is not affected by any act or omission of SBS Bank, or of any Senior Creditor which might otherwise affect the Holder at law or in equity.
- (d) The Holder must not exercise its voting rights as an unsecured creditor in the Liquidation or voluntary administration of SBS Bank in respect of that Subordinated Bond to defeat the subordination in this clause 3.

**3.8 Trust:** Any payment whether voluntarily or in any other circumstances received from or on account of SBS Bank (including by way of credit, set-off or otherwise howsoever) or from any liquidator, receiver, manager or statutory manager of SBS Bank in respect of Subordinated Bonds in breach of this clause 3 will be held by the relevant holder of such Subordinated Bonds in trust for and to the order of the relevant Senior Creditors. The trust hereby created shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full and 31 March 2094.

**3.9 Contracts (Privity) Act 1982:** The provisions of this clause 3 are intended to be for the benefit of and enforceable by the relevant Senior Creditors pursuant to the Contracts (Privity) Act 1982.

**3.10 No Limitations:** Nothing in this deed limits, or will be construed to limit, the ability of SBS Bank to issue further Bonds or incur further obligations with Senior Creditors.

## **4. REPAYMENT OF BONDS**

**4.1 Maturity:** SBS Bank shall, on the Maturity Date of a Bond (if any), unconditionally pay or cause to be paid to, or to the order of, the Holder the Redemption Amount of the Bond and Interest accrued to the date of repayment in accordance with the provisions of this deed.

**4.2 Early Repayment Option:** Subject to clause 4.3, any Callable Bond shall, at the option of SBS Bank, be repayable on a Call Date by payment of the Redemption Amount of the Bond and Interest accrued to the date of repayment in accordance with the provisions of this deed. SBS Bank shall give at least 5 Business Days' irrevocable notice to the Holders in accordance with clause 15 which:

- (a) states that it is exercising an Early Repayment Option;
- (b) specifies the Call Date on which early repayment is to occur;
- (c) if the Early Repayment Option is being exercised in reliance on clause 4.3(b), states that a Regulatory Event has occurred; and
- (d) if the Early Repayment Option is being exercised in reliance on clause 4.3(c), states that a Tax Event has occurred.

**4.3 Pre-conditions to Exercise:** SBS Bank is only entitled to exercise an Early Repayment Option for Subordinated Bonds if:

- (a) the Call Date is a Scheduled Call Date; or
- (b) the Register specifies that Regulatory Calls are permitted in relation to the relevant Subordinated Bonds at that time and a Regulatory Event has occurred in relation to those Subordinated Bonds; or
- (c) the Register specifies that Tax Calls are permitted in relation to the relevant Subordinated Bonds at that time and a Tax Event has occurred in relation to those Subordinated Bonds; and
- (d) any requirements of RBNZ have been met and RBNZ has (if required) consented to the exercise of the Early Repayment Option.

**4.4 Adjusted Redemption Amount for certain Calls:** If SBS Bank wishes to exercise an Early Repayment Option and the Redemption Amount may, in accordance with the definition of "Redemption Amount" be the Market Value of the Bond, SBS Bank must arrange for the Market Value of the relevant Bonds to be determined under clause 4.5.

**4.5 Market Value Determination:** Where clause 4.4 applies, the Market Value of any Bonds will be determined as follows:

- (a) SBS Bank must appoint an Independent Valuer before it exercises the relevant Early Repayment Option.
- (b) The Independent Valuer must be a natural person or an organisation that:
  - (i) SBS Bank, in its absolute discretion, believes has the expertise to determine the market value of the Bonds; and
  - (ii) is independent of SBS Bank.
- (c) The Independent Valuer must be instructed by SBS Bank to determine the market value of a Bond (adjusted to exclude the value of any accrued interest in relation to the Bond) as at the date 10 Business Days before the notice referred to in clause 4.2 is sent to Holders (the "**Bond Valuation Date**"), and the amount so determined by the Independent Valuer will be the Market Value.

- (d) If the Bonds are Listed Bonds that have traded on the NZDX on at least five of the ten days prior to (but excluding) the Bond Valuation Date on which the NZDX Market was open for trading (such ten day period, the "**Valuation Period**"), the Independent Valuer must determine the market value by:
  - (i) determining the aggregate price paid for all such Bonds traded on the NZDX Market in the Valuation Period (adjusted to exclude the value of any accrued interest in relation to the Bond); and
  - (ii) dividing that aggregate price by the total number of such Bonds traded in that Valuation Period.

## **5. INTEREST**

**5.1 Fixed/Floating Rate:** Bonds may bear Interest on the Principal Amount at a fixed rate or at a floating rate, or a combination of both (in which case the Bond shall be a Fixed Rate Bond for the period during which it bears a fixed rate of Interest and a Floating Rate Bond for the period during which it bears a floating rate of Interest).

**5.2 Interest Periods:** Each Interest Period shall be calculated as follows:

- (a) the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date;
- (b) each subsequent Interest Period will commence on (and include) the Interest Payment Date falling immediately after the end of the previous Interest Period and end on (but exclude) the next Interest Payment Date; and
- (c) the final Interest Period will end on (but exclude) the Maturity Date (if any).

**5.3 Floating Rate Bonds:** SBS Bank shall pay Interest on the Principal Amount of a Floating Rate Bond for each Interest Period at the rate per annum determined by the Agent to be the aggregate of the Margin and the relevant Base Rate for that Floating Rate Bond for that Interest Period. Interest will be calculated on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest will accrue from day to day and shall be paid to the Holder in arrears on the Interest Payment Date falling immediately after that Interest Period.

**5.4 Fixed Rate Bonds:**

- (a) **Payment:** SBS Bank shall pay Interest on the Principal Amount of a Fixed Rate Bond at the Interest Rate for that Bond. Subject to clause 5.4(b), Interest shall be payable in arrears in regular instalments (as specified in the Register in respect of that Bond) on each Interest Payment Date for that Bond.
- (b) **Odd period:** If an Interest Period for a Fixed Rate Bond is shorter or longer than other Interest Periods because it starts or ends on an Issue Date, Call Date, Maturity Date or any other date that does not correspond with other Interest Payment Dates, the Interest on the Principal Amount of the Fixed Rate Bond for that Interest Period shall be calculated on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest will accrue from day to day and shall be paid to the Holder in arrears on the Interest Payment Date falling immediately after that Interest Period.

- (c) **Interest Rate reset:** Where the Register specifies Rate Reset Dates for a Fixed Rate Bond (other than a Callable Bond which is to become a Floating Rate Bond if not repaid on a Call Date), the Interest Rate, for the period from and including the Call Date to but excluding the Maturity Date (or the next Rate Reset Date), will be determined on the applicable Rate Reset Date to be the rate as specified in the Register for that Bond.

5.5 **Suspension:** Each Interest payment will be made subject to and in accordance with clause 3.

5.6 **Default interest:** If payment of the Redemption Amount of a Bond is not made on its due date, Interest shall accrue on the Redemption Amount from the due date for payment until the date upon which SBS Bank's obligation to pay such amount is discharged. Such Interest shall be payable at the Interest rate applicable to the Bond under clause 5.3 or clause 5.4 and shall be calculated on the basis of a 365 day year and the actual number of days elapsed.

## 6. LOSS ABSORPTION

6.1 **Write-down:** If a Write-down Event occurs then, in relation to any Loss Absorbing Bonds, SBS Bank has the right to:

- (a) reduce the Principal Amount of each of those Bonds by the Write-down Amount in relation to that Write-down Event on the relevant Write-down Date; and
- (b) reduce the Interest that has accrued on each of those Bonds up to the relevant Write-down Date and is unpaid, and any Interest which accrues after that Write-down Date, to the amounts they would have been if the Principal Amount had always been the amount that it is after that Write-down Date,

and such right shall be automatically exercised and be irrevocable.

6.2 **Write-down Amounts:** The Write-down Amount in relation to a Write-down Event shall be calculated as follows:

- (a) Following the relevant Write-down Event, SBS Bank has the right to and must determine the principal amounts of each of its Capital Instruments which it will write down to comply with the Write-down Direction or statutory manager decision (as applicable).
- (b) The write downs which SBS Bank determines to make under clause 6.2(a) must comply with, and be sufficient to meet the requirements of, the Write-down Direction or statutory manager decision (as applicable), all other applicable laws, regulations or directives that apply to SBS Bank and the terms of each relevant Capital Instrument.
- (c) To the extent that it is able to do so without breaching clause 6.2(b), SBS Bank must make its determinations under clause 6.2(a) in accordance with the following principles:
  - (i) Tier 1 Capital Instruments should be written down first; and
  - (ii) The principal amounts of Tier 2 Capital Instruments (including the Loss Absorbing Bonds) should be written down second, on a pro-rata basis.
- (d) The Write-down Amount shall be the amount by which the Principal Amount of the Loss Absorbing Bonds is to be written down in accordance with the determination made under clause 6.2(a).

- 6.3 **Multiple Write-down Events permitted:** There is no limit on the number of Write-down Events which can occur.
- 6.4 **Notice:** If a Write-down Event occurs in relation to any Loss Absorbing Bonds, SBS Bank must, as soon as is reasonably practicable:
- (a) notify the Agent of that occurrence, and instruct the Agent to amend the Principal Amount recorded in the Register accordingly; and
  - (b) notify the relevant Holders in accordance with clause 15.3.
- 6.5 **No reinstatement:** Any reductions in the Principal Amount of a Bond and/or Interest in relation to that Bond under clause 6.1 will be permanent regardless of any future changes in SBS Bank's financial condition or any other thing, and, accordingly:
- (a) the amounts written off will not be reinstated;
  - (b) the Holder will have no future claim against SBS Bank for those amounts; and
  - (c) the Holder will not be entitled to prove for such amounts in any Liquidation of SBS Bank.
- 6.6 **Meetings:** All references in Schedule 2 to the Principal Amount shall be read as if they were references to the Principal Amount before any adjustments to the Principal Amount under this clause 6 were made.

## **7. PAYMENTS**

### **7.1 Manner of payments:**

- (a) Unless otherwise provided in the relevant terms of issue of any Bonds, all payments of the Redemption Amount of, and Interest on, a Bond shall be made in Dollars and (unless paid by cheque) in available funds to the person recorded in the Register as the Holder as at close of business on the Record Date for the relevant payment.
- (b) Payments by SBS Bank or the Agent in respect of a Lodged Bond will be made by utilising a "FIISCONF" payment transaction (or any replacement payment method utilised in relation to the NZClear System). Payments in respect of an Unlodged Bond will be made in accordance with the provisions of any applicable Agency Agreement.
- (c) For certainty, SBS Bank and the Agent may, in making any payment in respect of a Lodged Bond (or for any other purpose), rely absolutely on the information regarding ownership of the beneficial interest in that Lodged Bond provided by the Manager at the relevant time (whether in writing, orally, electronically or by any other form of communication whatsoever). Any payment made to a person appearing to be a Holder in reliance on such information provided by the Manager will be a complete and final discharge of SBS Bank's payment obligations in respect of that Lodged Bond.

### **7.2 Deductions or withholdings:** All sums payable in respect of a Bond shall be paid (except to the extent required by law or as set out in clauses 7.3, 7.4 and 7.10(b)):

- (a) free of any restriction or condition;
- (b) free and clear of and without any deduction or withholding on account of any tax; and

- (c) without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

- 7.3 **NRWT:** Subject to the following sentence, New Zealand non-resident withholding tax will be deducted from payments of Interest (or payments deemed by law to be Interest) to Holders who are not resident in New Zealand and who are not engaged in business in New Zealand through a fixed establishment in New Zealand. If SBS Bank is lawfully able to pay approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971) in respect of any payment of Interest (or deemed Interest) to a non-resident Holder, SBS Bank will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the Interest (or deemed Interest) payable to that Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.
- 7.4 **RWT:** New Zealand resident withholding tax will be deducted from payments of Interest (or payments deemed to be Interest) to Holders who are resident in New Zealand or who are engaged in business through a fixed establishment (as that term is defined in the Income Tax Act 2007) in New Zealand unless an appropriate exemption certificate is produced to the Agent no later than five Business Days before the relevant payment date.
- 7.5 **Maximum rate:** Deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Agent that a lesser rate is applicable.
- 7.6 **No gross-up:** SBS Bank is not required to and need not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in relation to a Bond in accordance with clauses 7.2, 7.3, 7.4 or 7.5.
- 7.7 **Following Business Day:** If the due date for any payment in respect of the Bonds is not a Business Day that payment shall be made on the following Business Day but (unless specified otherwise in the terms of issue of the relevant Bonds) the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.
- 7.8 **Complete discharge:** All payments made in accordance with this clause 7 are valid and, to the extent of the sum so paid, effective to satisfy and discharge the liability of SBS Bank for the moneys payable on the relevant Bonds.
- 7.9 **Payments avoided by law:** If any payment made to a Holder by, or on behalf of, SBS Bank is avoided by law or required to be repaid, it shall be deemed not to have discharged or affected the liability of SBS Bank in respect of which that payment was made except to the extent that the Holder retains the benefit of such payment. In such an event, the Holder and SBS Bank shall be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made (to the extent that payment is so avoided or required to be repaid).
- 7.10 **Taxation indemnity by Holder:**
  - (a) If, in relation to any Bond, the Agent or SBS Bank becomes liable to make any payment of or on account of tax payable by the Holder, the Agent and SBS Bank are indemnified by the Holder in relation to such liability.

- (b) Any moneys paid by the Agent or SBS Bank in relation to any such liability may be recovered from the Holder as a debt due to the Agent or SBS Bank (as the case may be) and may be withheld from further payments to that Holder.
- (c) Nothing in this clause 7 prejudices or affects any other right or remedy of the Agent or Bank.

## **8. REGISTER**

- 8.1 **Maintenance of Register:** So long as any of the Bonds are Outstanding SBS Bank shall maintain or ensure that the Agent maintains a full and complete Register of the Bonds containing the information specified in Schedule 1 and otherwise in accordance with this deed and all applicable laws including the Listing Rules (if applicable).
- 8.2 **Trusts disregarded:** Except as ordered by a court of competent jurisdiction or as required by law, each Holder is to be regarded as the absolute beneficial owner of the Bonds registered in its name and neither SBS Bank nor the Agent shall be affected by any trust or other equity affecting any Bond, whether or not either of them is aware of the same. Neither SBS Bank nor the Agent will be required to obtain proof of identity of a Holder or ownership of Bonds.
- 8.3 **Inspection of Register:** SBS Bank or the Agent shall ensure that at all reasonable times during office hours the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of Bonds.
- 8.4 **Confidentiality of Register:** Except as provided in clause 8.3 and to the extent that it shall be required by law to make any disclosure of information contained in the Register, SBS Bank or the Agent shall ensure that the Register is kept confidential.
- 8.5 **Closing of Register:** SBS Bank or the Agent may, from time to time, on giving notice to Holders either in accordance with clause 15 or by advertisement in a newspaper circulating in the district in which SBS Bank's registered office is located, close the Register for any period or periods not exceeding, in aggregate, thirty days in any one year. Any such closure in respect of any Bonds quoted on the NZDX Market may not exceed the time, if any, permitted by NZX.
- 8.6 **Reliance on Register:** SBS Bank and the Agent shall be entitled to rely upon the entries in the Register as constituting the sole and conclusive record of the terms of all Bonds and as to the persons entitled to the Bonds. In particular, neither SBS Bank nor the Agent shall be liable to a Holder or former Holder for relying on the Register or for accepting as valid any detail recorded in the Register subsequently found to be forged, irregular or not authentic.
- 8.7 **Joint Holders:** Bonds may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for Bonds or instrument or transfer) with rights of survivorship. However, the joint Holders of a Bond are entitled to only one Bond in relation to their joint holding, which Bond is, other than where the joint Holders otherwise direct, to be issued to the joint Holder whose name appears first in the Register in relation to that joint holding. In respect of joint Holders of a Bond, only the person whose name is recorded first in the Register is to be entitled to delivery of any Statement, notice, certificate or other communication from SBS Bank, the Agent or NZX. If two or more persons apply to be registered as tenants in common, the Agent may,



after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the Bonds into the share for which each person is expressed to be entitled and register each person as the holder of the Bonds representing the person's share. If the Bond cannot be divided into shares complying with the minimum denomination (if any) applicable to any Bonds, the Agent may refuse to accept the application.

- 8.8 **Comply with requirements:** SBS Bank and the Agent must comply or procure compliance with all statutory requirements, and the requirements of this deed, and the Listing Rules (where applicable), in relation to the Register.
- 8.9 **Conflict between Register and Statement:** In the event of any conflict between a Statement for a Bond and the details recorded on the Register in relation to that Bond, the Register is to prevail.
- 8.10 **Correction of errors:** SBS Bank or the Agent may on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

## 9. TRANSFERS

- 9.1 **Transfer:** Subject to this clause 9 and to any applicable law restricting the right to transfer Bonds, a Holder may transfer all or any of the Bonds of which it is the Holder, provided that Bonds may be transferred only in the Minimum Multiples entered as such in the Register in respect of the Bonds, and no transfer shall be made if, as a result thereof, the aggregate number of Bonds registered in the name of the transferor or of the transferee would be less than the Minimum Holding entered as such in the Register in respect of the Bonds (or such lesser holding to which SBS Bank may in its absolute discretion consent).

### 9.2 Transfer:

- (a) **Unlodged Bond:** Title to an Unlodged Bond passes upon the registration of a transfer of that Unlodged Bond in accordance with this deed, any relevant Agency Agreement and the procedures maintained by the Agent for this purpose from time to time.
- (b) **Lodged Bond:** Beneficial title to a Lodged Bond may be transferred from time to time in accordance with the procedures of the NZClear System at the relevant time.
- (c) **NZClear:** Unlodged Bonds may be lodged with, and Lodged Bonds uplifted from, the NZClear System, in accordance with the procedures of the NZClear System at the relevant time.

### 9.3 Form of Transfer:

- (a) Subject to this deed, a Holder may transfer any Bond held by that Holder by:
  - (i) a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Agent;
  - (ii) if the Bonds are quoted on the NZDX Market, any method of transfer permitted by NZX for securities quoted on that market; or
  - (iii) any other method of transfer approved by SBS Bank or the Agent and delivered to the office of SBS Bank or the Agent.



- (b) Each instrument of transfer must be accompanied by:
  - (i) any other evidence (including legal opinions) that SBS Bank or the Agent reasonably requires to prove, including but not limited to:
    - A. the title of the transferor; or
    - B. the transferor's right to transfer the Bonds; or
    - C. the identity of the transferor and/or the transferee; and
  - (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer.

#### 9.4 **Registration process:**

- (a) SBS Bank and the Agent may charge a fee to any Holder for:
  - (i) registering transfers of Bonds; or
  - (ii) splitting Statements in relation to Bonds; or
  - (iii) issuing Statements and transmission receipts in relation to Bonds; or
  - (iv) using holder or other identification numbers in relation to Holders; or
  - (v) effecting conversions between sub-registers (if any) of the Register; or
  - (vi) noting transfer forms in relation to Bonds.
- (b) SBS Bank and the Agent may require the payment of any taxes and other governmental charges payable as a result of the registration of any holding of Bonds or the transfer of Bonds.
- (c) Neither SBS Bank nor the Agent will refuse to register or fail to register or give effect to a transfer of Bonds except as permitted by this deed, any applicable law or the Listing Rules (where applicable).
- (d) Subject to clause 9.5, a transfer of a Bond that is quoted on the NZDX Market will be effected within the time prescribed by the Listing Rules.

9.5 **Refusal to register transfers:** SBS Bank may direct the Agent to refuse to register any transfer of Bonds where this deed, or the Listing Rules (where applicable) or any applicable law permits or requires SBS Bank to do so. The Agent shall refuse to register any transfer where this deed, or the Listing Rules (where applicable) or any applicable law requires SBS Bank or the Agent to refuse to register the transfer.

9.6 **Notice of refusal to register:** Where registration of a transfer of Bonds is refused under clause 9.5, the Agent must give written notice of the refusal and the precise reasons (if any) for the refusal to the party lodging the transfer within 5 Business Days after the date on which the transfer was lodged. Failure to give any such a notice will not invalidate the refusal to register.

9.7 **Retention of instruments of transfer:** The Agent must retain on behalf of SBS Bank all instruments of transfer of Bonds which are registered, but any instrument of transfer of Bonds the

registration of which was declined or refused (except on the ground of suspected fraud) must be returned to the party lodging the transfer.

**9.8 Acquisition of Bonds by operation of law:** When the right to any Bond is acquired by any person in any manner other than by way of a transfer under this deed (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Agent, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Bond, will enter that person's name in the Register as the Holder of that Bond accordingly.

**9.9 Sale of less than Minimum Holding:**

- (a) SBS Bank may at any time give notice to any Holder holding less than the Minimum Holding of any Bonds that SBS Bank intends to exercise the power of sale of those Bonds set out in this clause 9.9 subject to and in accordance with the Listing Rules (where applicable).
- (b) If SBS Bank's power of sale becomes exercisable:
  - (i) SBS Bank may arrange for the sale of those Bonds (where the Bonds are quoted, through the NZDX Market or some other manner approved by NZX);
  - (ii) the Holder will be deemed to have authorised SBS Bank to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale;
  - (iii) SBS Bank is to account to the Holder for the net proceeds of sale of the Bonds (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by SBS Bank and paid to the Holder on surrender of any Statement for the Bonds sold; and
- (c) the title of a purchaser of any Bonds sold in accordance with this clause 9.9 will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**9.10 Address, account details and tax residency of Holders:** A transferee of Bonds must designate to the Agent an address, and (unless otherwise agreed by SBS Bank and the Agent) a bank account to which payments under or in respect of the Bonds transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes of this deed. Any change of name or address, or account to which payments are to be made, of a Holder must immediately be notified in writing to the Agent, accompanied by such evidence of such change as the Agent may reasonably require, and the Register will be amended accordingly. Each Holder shall give written notice to the Agent of its residency for taxation purposes.

**9.11 Reliance on documents:** SBS Bank and the Agent shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document, and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless SBS Bank or the Agent had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**9.12 Treasury instruments:** SBS Bank and/or any Related Company of SBS Bank may acquire Bonds by subscribing for them or acquiring them from any Holder, except that, if the Bonds are Capital Instruments, the Related Company or SBS Bank may only acquire the Bonds if the RBNZ has

consented to the acquisition. Any Bond acquired by SBS Bank or a Related Company of SBS Bank may, at the option of SBS Bank, be cancelled upon registration of SBS Bank or such Related Company as Holder. Any Bond which is not cancelled may be held by SBS Bank or such Related Company, and may be subsequently transferred in accordance with this deed.

## 10. REPRESENTATIONS AND WARRANTIES

10.1 SBS Bank represents and warrants to each Holder that:

- (a) **Status:** It is a building society duly incorporated and validly existing under the laws of New Zealand with perpetual corporate existence, capable of suing and being sued, and has the power and authority to own its assets and to carry on its business as, and in such place or places as, it is now being conducted.
- (b) **Power and authority:** It has:
  - (i) the corporate power to enter into, exercise its rights and perform and comply with its obligations under the Transaction Documents and to issue the Bonds; and
  - (ii) taken all necessary corporate action to authorise the entry into, execution and delivery of the Transaction Documents, the issuing of the Bonds and the performance of all its obligations under the Transaction Documents and the Bonds.
- (c) **No contravention:** Its entry into, exercise of its rights and performance of its obligations under, the Transaction Documents do not and will not violate or contravene any applicable law or its constitutive documents nor cause any limits on its powers or the power of its directors to be exceeded.
- (d) **Valid obligations:** The Transaction Documents constitute, and the Bonds when issued will constitute, the legal, valid and binding obligations of SBS Bank enforceable against it.

10.2 **Repetition:** The representations and warranties contained in clause 10.1 will be deemed to be repeated by SBS Bank on each Interest Payment Date by reference to the facts and circumstances existing on those dates.

## 11. EVENTS OF DEFAULT

11.1 Subject to clauses 3.4(c)(ii) and 3.6(b), if either of the following occurs, whether or not within the control of SBS Bank:

- (a) **Non-payment:** default is made for a period of 10 Business Days or more in the payment of any amount payable under this deed; or
- (b) **Dissolution:** an order is made, or an effective resolution is passed, for the liquidation of SBS Bank other than for the purposes of a solvent reconstruction or amalgamation,

then, and in any such event, any Holder may by notice in writing to SBS Bank declare any Bond held by it to be immediately due and payable. If a Holder makes such a declaration, then SBS Bank shall immediately pay to that Holder:

- (c) in the case of Unsubordinated Bonds which are not Interest-bearing, the net present value, as at the date of that declaration, of the Principal Amount of those Unsubordinated Bonds

determined by discounting the Principal Amount by reference to the issue yield, all as calculated by SBS Bank (whose decision will be final in the absence of manifest error);

- (d) in the case of Unsubordinated Bonds which are Interest-bearing, the Principal Amount of the Unsubordinated Bonds together with accrued Interest on them at the applicable Interest rates calculated on a daily basis from the later of the Issue Date or the last Interest Payment Date on which Interest was actually paid in respect of those Unsubordinated Bonds to the date of that declaration.

## **12. AGENT**

- 12.1 At any time and from time to time after the date of this deed, SBS Bank may appoint any person or other persons to be the Agent in respect of any Bonds, and, subject to the terms of the relevant Agency Agreement, may vary or terminate the appointment of any Agent so appointed or approve any change in any office or such Agent. SBS Bank shall give not less than 10 Business Days' prior notice to Holders in accordance with clause 15 of any variation, termination, appointment or removal of any Agent, other than in circumstances where, under the terms of the relevant Agency Agreement, the Agent may be removed forthwith, in which case SBS Bank shall give such notice as soon as reasonably practicable thereafter.

## **13. MEETINGS OF HOLDERS**

- 13.1 All meetings of Holders or any Class of Holders shall be convened and held in accordance with the provisions set out in schedule 2.

## **14. BENEFIT OF DEED AND AMENDMENTS**

- 14.1 **Acknowledgement:** SBS Bank acknowledges that this deed is made for the benefit of, and is intended to be enforceable by, any person who is from time to time a Holder.
- 14.2 **Limited right to amend:** Save as provided in clauses 14.3 and 14.4, SBS Bank may not cancel, vary or amend any provision of this deed while any Bonds are Outstanding. In addition, no amendment may be made to the terms and conditions of issue of any Capital Instrument unless RBNZ has received prior notice of such amendment pursuant to clause 14.5.
- 14.3 **Amendments without consent:** SBS Bank may, by a deed supplemental to this deed amend the provisions of this deed:
  - (a) without the consent of any Holder where such amendment is of a minor or technical nature or will not be of any prejudice to the Holders or is expressed to be inapplicable to any Bonds then Outstanding or is made to comply with any requirement or directive of RBNZ or any applicable law including the Listing Rules; or
  - (b) if the amendment is approved by an Extraordinary Resolution of Holders,provided that if any regulatory consents to the amendment are required each such consents have been obtained.

14.4 **Amendments with consent of Holders:** Without limiting clause 14.3(b), in relation to each Class the provisions of this deed may be amended in respect of that Class if the amendment has been approved by an Extraordinary Resolution of that Class of Holders. Where an amendment requiring approval of the Holders relates to or arises from any general change in the Rules, affairs or business of SBS Bank, such approval shall not be required to be dealt with by way of separate meetings of each such Class of Holders.

14.5 **Notice:** Notice of any proposed variation under clause 14.3(b) or 14.4 shall be given by SBS Bank or the Agent (if applicable) to RBNZ and to each Holder or, if it affects one or more Classes of Holders but not all Classes of Holders, to the Holders of each affected Class of Holders, not less than 10 Business Days before the date on which it is intended that such variation take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such variation.

## 15. NOTICES

15.1 **Writing:** Each notice or other communication to be made or delivered under this deed shall:

- (a) **Writing:** be made in writing by email, facsimile or letter;
- (b) **Address:** be made or delivered to SBS Bank or the Agent at the email address, facsimile number or postal address set out in clause 15.2 or to the Holders in accordance with clause 15.3;
- (c) **Deemed delivery:** in the case of a notice or communication made or delivered to SBS Bank or the Agent, not be effective until received by SBS Bank, the Agent, or the Holder (as the case may be), and shall be deemed to be received by a Holder or SBS Bank or the Agent:
  - (i) (if made by letter) when left at the address designated for the purposes of this deed or 5 Business Days after being put in the post (by airmail if to another country) postage prepaid and addressed to it at that address; or
  - (ii) (if made by facsimile) upon production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient designated for the purposes of this deed; or
  - (iii) (if made by email) at the time the notifying party receives an acknowledgement of receipt of delivery from the recipients' email address or (if earlier) 2 Business Days after the email was sent (unless the notifying party receives an error message relating to the sending of the email before that time), otherwise, upon receipt by the notifying party of a non-automated confirmation of receipt of such notice from the recipient,provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in such place, shall be deemed not to have been received until the next working day in such place.

- 15.2 **Addresses:** The email address, facsimile number and postal address of SBS Bank and the Agent shall be as follows (or such other address as may be notified by SBS Bank to the Holders):

Southland Building Society and the Agent

Email: info@sbs.net.nz

Postal Address: 51 Don Street  
INVERCARGILL  
or  
PO Box 835  
INVERCARGILL

Facsimile: 03 211 0754

Attention: The Secretary

- 15.3 **Holders:** Notices to Holders will be given by SBS Bank or the Agent in writing to the respective addresses of the Holders stated in the Register.

## 16. MISCELLANEOUS

- 16.1 **Waivers and remedies:** Time shall be of the essence in this deed but no failure on the part of any person to exercise, and no delay on its part in exercising, any right, power or remedy under a Transaction Document will operate as a waiver thereof, nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies provided in this deed are cumulative and not exclusive of any rights or remedies provided by law independently of this deed.
- 16.2 **Partial invalidity:** If at any time any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, such illegality, invalidity or unenforceability shall not affect the remaining provisions hereof nor shall the legality, validity or enforceability of such provisions under the law of any other jurisdiction in any way be affected or impaired thereby.
- 16.3 **Further issues:** SBS Bank may from time to time, without the consent of existing Holders, issue other debt securities or Bonds on such other terms and conditions including as to repayment in a Liquidation as SBS Bank may think fit.
- 16.4 **Waivers in writing:** A provision of a right created under this deed may not be varied or waived unless in writing.
- 16.5 **Consents:** Unless otherwise expressly provided, any approval or consent to be given under this deed may be given conditionally or unconditionally or withheld in the absolute discretion of the person giving the same.

## 17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 17.1 The deed and the Bonds are governed by and shall be construed in accordance with the laws of New Zealand and SBS Bank submits to the non-exclusive jurisdiction of the courts of New Zealand.

**EXECUTION**

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

In the presence of:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director

**SCHEDULE 1 -  
SUPPLEMENTAL DEED POLL  
CONTAINING PARTICULARS OF THE PRINCIPAL TERMS AND CONDITIONS OF ISSUE OF BONDS  
(TO BE RECORDED IN THE REGISTER FOR EACH BOND)**

**DEED POLL** dated

**MADE BY**

**SOUTHLAND BUILDING SOCIETY ("SBS Bank")**

**INTRODUCTION**

- A. This Supplemental Deed Poll is issued pursuant to and subject to the Deed Poll dated 2014 ("**Deed Poll**").
- B. The [Bonds] details of which are set out in this Supplemental Deed Poll are [Unsubordinated/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 [BONDS]**

- 2.1 The [Bonds] are issued upon the terms and subject to the conditions set out in the Deed Poll and this Supplemental Deed Poll.
- 2.2 The principal terms and conditions of the [Bonds] are as follows:
  - (a) Type of Bond
  - (b) Status of Bond
  - (c) Senior Creditors
  - (d) Issue Date
  - (e) Maturity Date (including specifying any Business Day adjustment)
  - (f) Scheduled Call Date(s)
  - (g) Principal Amount
  - (h) Issue Price
  - (i) Minimum Multiples
  - (j) Minimum Holding
  - (k) Base Rate/Interest Rate



- (l) Margin
- (m) Frequency of interest instalments
- (n) Interest Payment Dates (including specifying any Business Day adjustment)
- (o) Record Date
- (p) Rate Reset Date
- (q) Rate Reset Basis [Fixed/Floating]
- (r) Listing
- (s) Transfers of the Bond
- (t) Cancellation of the Bond
- (u) Regulatory Calls
- (v) Tax Calls
- (w) Whether Bonds are loss absorbing
- (x) Other
- (y) Any other information required by law or otherwise relevant to any particular Bonds.

## SCHEDULE 2 - MEETINGS OF HOLDERS

### 1. CONVENING

#### 1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"clause"** is a reference to a clause of this schedule unless specified otherwise.

**"Deed Poll"** means the deed poll to which this schedule is attached.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"Representative"** means:

- (a) in the case of a Holder being an individual, a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of Holder being a corporation or corporation sole, either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

#### 1.2 If, at any time, in the opinion of SBS Bank, a matter is required to be determined by the Holders of a Class of Bonds, a meeting may be called in respect of Holders of that Class of Bonds in which case the provisions of this Schedule shall, with all necessary modifications, apply and be construed as if references to Bonds were references to the relevant Class of Bonds and references to Holders were references to the Holders of that Class of Bonds.

#### 1.3 SBS Bank may at any time of its own volition convene a meeting of the Holders.

#### 1.4 SBS Bank will whenever required to do so pursuant to the Building Societies Act, the Financial Markets Conduct Act 2013 or any regulations made thereunder or the Listing Rules (where applicable) convene a meeting of the Holders.

#### 1.5 SBS Bank will at the request in writing of Holders holding not less than 10% of the aggregate Principal Amount of the Outstanding Bonds convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

### 2. PLACE

Meetings will be held in Invercargill at a place designated in the relevant notice of meeting.

### **3. NOTICE OF MEETINGS**

- 3.1 Notice of every meeting will be given in the manner provided in clause 15 of the Deed Poll to every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice.
- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.
- 3.4 In addition, RBNZ must also receive the same notice of any meeting at which a resolution is proposed which may affect the classification of any bond as a Capital Instrument.

### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative) other than in circumstances where there is only one Holder of a Class of Bonds, in which case that Holder (in person or by Representative) shall form a quorum at any meeting of that Class.
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in Principal Amount of the Bonds.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate Principal Amount of the Bonds.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting if convened upon the request of Holders will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only seven clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Bonds held by them (but comprising at least two individuals) will form a quorum.

## **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at every meeting.

## **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of SBS Bank or any person authorised in that behalf by SBS Bank may attend any meeting and all such persons will have the right to speak at the meeting.

## **7. ADJOURNMENT**

- 7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.
- 7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

## **8. ONLY PERSONS ON REGISTER RECOGNISED BY SBS BANK**

- 8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Bonds therein mentioned whether such persons are or are not in fact the owners thereof.

## **9. AUTHORITY TO VOTE**

- 9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.
- 9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Bonds recorded as owned by them.

## **10. PROXIES**

- 10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.
- 10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.
- 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by SBS Bank must be deposited at such place as SBS Bank may in the notice convening the meeting direct or (if no such place is appointed) then at the Office not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless SBS Bank, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.

- 10.4 An instrument of proxy may be in any usual or common form or in any other form approved by SBS Bank and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 10.5 A proxy whether in a usual or common form or not will unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 10.6 An instrument of proxy in favour of the Chief Executive of SBS Bank (howsoever expressed) will be valid and effectual as though it were in favour of a named person and will constitute the person holding the office of the Chief Executive the lawful proxy of the appointer.

## **11. HOLDER MAY APPOINT ATTORNEY**

- 11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

## **12. CORPORATE REPRESENTATIVES**

- 12.1 A representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time or at the meeting or adjourned meeting or for the taking of a poll at which the representative proposes to vote.
- 12.2 A representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

## **13. VOTING PROCEDURE AND POLLS**

- 13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, SBS Bank or any representative of SBS Bank or by one or more Holders holding or representing not less than 5% of the aggregate Principal Amount of the Bonds. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a representative) will have one vote only. On a poll every Holder who is present in person or by a representative will have one vote for every \$1 of Principal Amount of Bonds of which he is the Holder.

- 13.3 If a poll is duly demanded it will be taken in such manner as the chairman may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll, votes may be given either personally or by representative. On a poll, a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Bonds in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by SBS Bank at the Office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### **14. EXTRAORDINARY RESOLUTIONS**

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to all other powers which by the Deed Poll are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
- (a) power to sanction either unconditionally or upon any conditions the release of SBS Bank from the payment of all or any part of the moneys payable pursuant to the Deed Poll or the Bonds;

- (b) power to sanction any request from SBS Bank for the exchange of the Bonds for or the conversion of the Bonds into shares, stock, debentures, debenture stock or other obligations or securities of SBS Bank or any other company formed or to be formed;
- (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against SBS Bank or against its assets however such rights arise;
- (d) power to assent to any amendment to the provisions contained in the Deed Poll proposed or agreed to by SBS Bank and to authorise SBS Bank to execute any supplemental deed poll embodying any such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by SBS Bank under any of the provisions of the Deed Poll;
- (f) power to sanction any scheme for the reconstruction of SBS Bank or for the amalgamation of SBS Bank with any other corporation where such sanction is necessary; and
- (g) power to authorise or direct SBS Bank to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will as between SBS Bank and the Holders be conclusive evidence that the circumstances justify the passing thereof the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution. Notwithstanding the foregoing:

- (a) a resolution which affects a particular Holder only, rather than the rights of all Holders generally, or of a particular Class of Holders generally, will not be binding on such Holder unless such Holder agrees to be bound by the terms of such resolution;
- (b) a resolution which affects one Class only of Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class or pursuant to clause 16 of this Schedule;
- (c) a resolution which affects more than one Class of Bonds, but does not give rise to a conflict of interest between the Holder of any of the Classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected or pursuant to clause 16 of this Schedule; and
- (d) a resolution which affects more than one Class of Bonds and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected or pursuant to clause 16 of this Schedule.

SBS Bank may rely on, and the Holders and the Agent shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects

more than one Class of Bonds, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of this clause 14.3.

## **15. MINUTES TO BE KEPT**

- 15.1 Minutes of all resolutions and proceedings at every meeting will be made by SBS Bank or, if SBS Bank is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by SBS Bank and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be prima facie evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had thereat to be duly passed and had.

## **16. RESOLUTIONS IN WRITING**

- 16.1 **Extraordinary Resolution:** anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution.
- 16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.