

Dated

24 January

2023

SUPPLEMENTAL DEED POLL

Southland Building Society

DEED POLL dated 24 January 2023

MADE BY

SOUTHLAND BUILDING SOCIETY ("SBS Bank")

INTRODUCTION

- A. This Supplemental Deed Poll is issued pursuant to and subject to the Deed Poll dated 30 April 2014 as amended and restated on 26 September 2017 (**Deed Poll**).
- B. The SBS Capital Bonds, details of which are set out in this Supplemental Deed Poll, are "Subordinated Bonds" as defined and for the purposes of the Deed Poll.

TERMS

1. INTERPRETATION

1.1 In this Supplemental Deed Poll:

- (a) **"BKBM Rate"** means, in relation to an Interest Period, the interest rate that is the 'FRA' rate (expressed as a percentage per annum) for bank bills having a term of 3 months (rounded, if necessary, to the nearest 4 decimal places with 5 being rounded up) as quoted on Reuters screen 'BKBM' (or its successor or replacement page) at or about 10:45 a.m. on any date that the interest rate is reset by SBS Bank. If the BKBM Rate cannot be determined by reference to Reuters screen 'BKBM', the interest rate will be the rate specified by SBS Bank in good faith.
- (b) **"Fixed Interest Rate"** means the interest rate set and announced by SBS Bank prior to, and applying on, the relevant Issue Date. The Fixed Interest Rate incorporates a Margin above the prevailing five year swap rate, and, while the benchmark for the interest rate calculation changes to the BKBM Rate after the Optional Redemption Date, the Margin remains unchanged.

- 1.2 Any capitalised expressions which are used but not defined in this Supplemental Deed Poll bear the same meanings as are given to them by the Deed Poll.

2. PRINCIPAL CONDITIONS OF SBS CAPITAL BONDS

- 2.1 The SBS Capital 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 specific principal terms and conditions of the SBS Capital Bonds are as follows:
 - (a) **Type of Bond:** Subordinated, unsecured, redeemable shares issued pursuant to clause 14.1 of the Rules of SBS Bank.
 - (b) **Status of Bond:** Subordinated Bond.
 - (c) **Senior Creditors:** The SBS Capital Bonds rank (in a liquidation) behind the claims of SBS Bank's preferred and secured creditors, unsecured depositors, general creditors and the

holders of SBS Bank's everyday redeemable shares which SBS Bank issues in respect of everyday transactional and savings accounts and call and term deposits.

- (d) **Junior Creditors:** The SBS Capital Bonds rank (in a liquidation) ahead of the claims of SBS Bank's holders of Tier 1 Capital Instruments (or holders of instruments which rank or are expressed to rank equally with any such securities).
- (e) **Issue Date:** The SBS Capital Bonds will be issued continuously by SBS Bank from 7 February 2023.
- (f) **Maturity Date:** The SBS Capital Bonds have a 10 year fixed term from their Issue Date.
- (g) **Scheduled Call Dates:** The SBS Capital Bonds will be callable at the option of SBS Bank on any Interest Payment Date (other than the Maturity Date) which falls on or after five years from the Issue Date for the SBS Capital Bonds (each an **SBS Optional Redemption Date**). For the avoidance of doubt, the SBS Capital Bonds are not redeemable at the option of the Holder under any circumstances.
- (h) **Principal Amount and Issue Price:** \$1.00 per SBS Capital Bond payable in full prior to issue.
- (i) **Minimum Multiples:** N/A
- (j) **Maximum Holding:** N/A
- (k) **Minimum Holding:** \$10,000.00.
- (l) **Interest Rate:** The SBS Capital Bonds pay a fixed rate of interest at the Fixed Interest Rate until the first SBS Optional Redemption Date (being the fifth anniversary of the relevant Issue Date of the SBS Capital Bonds).

From the first SBS Optional Redemption Date, the SBS Capital Bonds pay a floating rate of interest based on the sum of the BKBM Rate applying on the date the interest rate is reset by SBS Bank, plus the Margin.

If the sum of the BKBM Rate plus the Margin is less than 0%, the floating rate will be deemed to be 0% per annum.

- (m) **Margin:** The Margin above the benchmark interest rate used for the Fixed Interest Rate period, is also the Margin applying after the first SBS Optional Redemption Date. The Margin applying to a particular Issue will be set by SBS Bank prior to the first day of each issuance's first Interest Period and notified to the Holder prior to the relevant Issue Date.
- (n) **Payment of Interest:** Interest is payable on the SBS Capital Bonds quarterly in arrear (with quarters being calculated from the relevant Issue Date), subject to the applicable Business Day adjustment.
- (o) **Record Date:** Not applicable.
- (p) **Listing:** SBS Bank has no present intention of seeking a stock exchange listing for the SBS Capital Bonds.

- (q) **Transfers of the SBS Capital Bonds:** The right to transfer is unrestricted, subject to the transfer meeting the Minimum Holding requirements and SBS Bank's requirements pursuant to clause 9 of the Deed Poll.
- (r) **Cancellation of the Bond:** Not applicable.
- (s) **Regulatory and Tax Calls:** SBS Bank may redeem the SBS Capital Bonds by repayment of the Principal Amount early if a Regulatory Event or a Tax Event occurs. In summary:
 - (i) A Regulatory Event would occur if SBS Bank determined that, because of a material change in law or practice, that adversely affects, or will adversely affect, SBS in relation to its regulatory capital treatment of the SBS Capital Bonds, provided such event is not minor and could not have been anticipated when the SBS Capital Bonds were issued.
 - (ii) A Tax Event would occur if SBS Bank determined that, because of a material change in law or practice that directly or indirectly affects the taxation treatment of the SBS Capital Bonds and that would result in a more than minimal increase in SBS's costs in respect of the SBS Capital Bonds, provided such event is not minor and could not have been anticipated when the SBS Capital Bonds were issued.

However, SBS Bank must first obtain the RBNZ's consent to any early redemption.

- (t) **Loss Absorbing:** The Bonds are not "Loss Absorbing Bonds" as defined in the Deed Poll.
- (u) **Other:**
 - (i) SBS Bank may only pay Interest and make early repayments of Principal Amount in respect of the SBS Capital Bonds if SBS Bank and the SBS Banking Group are certified (by 2 SBS Bank directors on behalf of the full SBS Bank Board of Directors) as meeting the Solvency Test. Any such Solvency Certificate must not be dated more than 100 days prior to the due date for the payment of Interest or repayment of Principal Amount (as the case may be). Accordingly, once a Solvency Certificate has been provided, SBS Bank will be entitled to make Interest payments and early repayments of Principal Amount for a maximum of 100 days from the date of that Solvency Certificate (or any subsequent Solvency Certificate which is provided). In any case where Interest payments or repayments of Principal Amount are suspended, the failure to make any such payment will not be a default by SBS Bank.

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

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

- (ii) The SBS Capital Bonds (subject to the provisions of SBS Bank's Rules) carry voting rights at meetings of SBS Bank's members and also carry the right to equally participate in any surplus assets of SBS Bank which remain in a liquidation after all of SBS Bank's prior commitments have been satisfied.

EXECUTION

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

In the presence of:



Signature of director

A J O'Connell

Name of director



Signature of director

K J Murphy

Name of director