

Dated

28 February

2022

SUPPLEMENTAL DEED POLL

Southland Building Society

DEED POLL dated 28 February 2022

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 (the **Deed Poll**).
- B. The Bonds, details of which are set out in this Supplemental Deed Poll, are "Unsubordinated Bonds" as defined in the Deed Poll (known as the SBS Senior Bonds) (the **Bonds**).

TERMS

1. INTERPRETATION

1.1 In this Supplemental Deed Poll:

- (a) **"Arranger"** means Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) (**Westpac**).
- (b) **"Base Rate"** means the semi-annual mid market swap rate for an interest rate swap of a term and start date matching the period from the Issue Date to the Maturity Date as determined by the Arranger in accordance with market convention with reference to Bloomberg Page ICNZ4 (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
- (c) **"Bookbuild"** means the process expected to take place on the Rate Set Date when certain parties lodge bids for Bonds and on the basis of those bids, SBS Bank and the Joint Lead Managers determine the Issue Margin.
- (d) **"Issue Margin"** means determined by SBS Bank in conjunction with the Joint Lead Managers following the Bookbuild, as announced via www.sbsbank.co.nz/sbs-senior-bond on the Rate Set Date.
- (e) **"Joint Lead Managers"** means Forsyth Barr Limited and Westpac.
- (f) **"Opening Date"** means Tuesday, 8 March 2022.
- (g) **"Rate Set Date"** Friday, 11 March 2022.

1.2 Any capitalised expressions which are used but not defined (or otherwise disclosed below) in this Supplemental Deed Poll bear the same meanings as are given to them by the Deed Poll.

2. PRINCIPAL CONDITIONS OF THE 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 specific principal terms and conditions of the Bonds are as follows:

- (a) **Type of Bond:** Unsecured, senior, fixed rate, medium term, debt securities issued pursuant to clause 14.1 of the Rules of SBS Bank.

- (b) **Status of Bond:** Senior (unsubordinated) Bond.
- (c) **Ranking:** The Bonds rank (in a liquidation of SBS Bank) equally among themselves, equally with all other present and future unsecured and unsubordinated obligations of SBS Bank, and behind secured creditors and liabilities mandatorily preferred by law. The Bonds rank ahead of SBS Bank's redeemable shareholders, subordinated creditors and equity.
- (d) **Issue Date:** Friday, 18 March 2022.
- (e) **Maturity Date:** 18 March 2027.
- (f) **Principal Amount:** \$1.00 per Bond.
- (g) **Issue Price:** \$1.00 per Bond.
- (h) **Minimum Multiples:** \$1,000.
- (i) **Minimum Subscription and Minimum Holding:** \$5,000.
- (j) **Interest Rate and Issue Margin:**

The Bonds will pay a fixed rate of interest until the Maturity Date.

The Interest Rate will be equal to the sum of the Base Rate plus the Issue Margin on the Rate Set Date (Friday, 11 March 2022). The indicative Issue Margin will be determined by SBS Bank in conjunction with the Joint Lead Managers and announced via www.sbsbank.co.nz/sbs-senior-bond on the Opening Date (Tuesday, 8 March 2022).

The Issue Margin will be determined by SBS Bank in conjunction with the Joint Lead Managers following the Bookbuild and announced via www.sbsbank.co.nz/sbs-senior-bond on the Rate Set Date.

The Interest Rate will be announced by SBS Bank via www.sbsbank.co.nz/sbs-senior-bond on Friday, 11 March 2022 (the Rate Set Date).

- (k) **Payment of Interest:** Interest on the Bonds shall be paid in arrears and shall be paid in equal quarterly amounts on each Interest Payment Date, being 18 March, 18 June, 18 September and 18 December in each year, commencing on the Issue Date (or if that date is not a Business Day, the next Business Day without adjustment, interest or further payment as a result thereof) and continuing until (and including) the Maturity Date.

The first Interest Payment Date is 18 June 2022.

Any interest on the Bonds payable on a date which is not an Interest Payment Date will be calculated on the basis of the number of days elapsed and a 365-day year and shall accrue in respect of the period from, and including, the previous Interest Payment Date until, but excluding, the date for payment of that interest.

Payments on the Bonds will be made to the persons who are the registered Holders of the Bonds as at the Record Date immediately preceding that Interest Payment Date.

- (l) **Record Date:** 5:00pm on the close of business on the tenth day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day.

- (m) **Listing:** SBS Bank intends to quote the Bonds on the New Zealand Debt Market (**NZDX**). It is expected that quotation of the Bonds on the NZDX will occur on Monday, 21 March 2022.
- (n) **Transfers of the Bonds:** SBS Bank may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not a multiple of \$1,000.
- (o) **Cancellation of the Bond:** Not applicable.
- (p) **Other:**
 - (i) **Issuer Rating:** BBB (Fitch).
 - (ii) **Issue Rating of the Bonds:** Expected BBB+ (Fitch).
 - (iii) **Amendments to the Deed Poll:**
 - (1) Clause 1.5 of Schedule 2 of the Deed Poll is deleted and replaced with the following wording:

1.5 "SBS Bank will at the request in writing of Holders holding not less than 5% 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) Clause 4.2 of Schedule 2 of the Deed Poll is deleted and replaced with the following wording:

4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing 75% in Principal Amount of the Bonds.
 - (3) Clause 14.1 of Schedule 2 of the Deed Poll is deleted and replaced with the following wording:

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, where persons holding at least 75% of the Principal Amount of the Outstanding Bonds who are entitled to vote, vote in favour of the resolution.
 - (4) Clause 16.1 of Schedule 2 of the Deed Poll is deleted and replaced with the following wording:

*16.1 **Resolution:** anything that may be done by Holders by a resolution (other than an 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.*

- (5) A new Clause 16.2 of Schedule 1 of the Deed Poll is added as follows:

16.2 Extraordinary Resolution: *anything that may be done by Holders by an Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by persons holding at least 75% of the Principal Amount of the Outstanding Bonds, who are entitled to vote on the resolution.*

- (6) Clauses 16.2 and 16.3 of Schedule 2 of the Deed Poll shall be re-numbered clauses 16.3 and 16.4 respectively.
- (7) Clause 14.3(a) of the Deed Poll is amended as indicated by adding the following underlined wording:

(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 for the purposes of obtaining or maintaining a quotation on NZDX Market.*

EXECUTION

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



In the presence of:

Signature of director

Alan Joseph O'Connell
Name of director

Signature of director

Mark Patrick O'Connor
Name of director