Southland Building Society trading as SBS Bank

Limited Disclosure Document

For an offer of unsecured, subordinated redeemable shares

SBS Capital Bonds No. 2.

23 September 2026

This document is a replacement Limited Disclosure Document (LDD), replacing the Limited Disclosure Document dated 26 March 2026 for SBS Capital Bonds No. 2. This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz, offer number OFR13463. Southland Building Society has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.

Section 1 - Key Information Summary

What is this?

This is an offer of unsecured, subordinated, redeemable shares that qualify as Tier 2 Regulatory Capital (**SBS Capital Bonds**). SBS Capital Bonds are debt securities issued by Southland Building Society (**SBS Bank**). You give SBS Bank money, and in return we promise to pay you Interest and repay the money at the end of the term. If SBS Bank runs into financial trouble, you might lose some or all of the money you invested.

SBS Capital Bonds are debt securities that have the features of Regulatory Capital instruments and building society shares. They are different to most bonds issued by banks or other corporates because they are able to be repaid early by us in some situations and they give Holders a membership right, which includes the right to vote and participate in surplus assets of SBS Bank on a liquidation.

About Southland Building Society

Established in 1869 (and registered under the Building Societies Act 1965), Southland Building Society, trading as SBS Bank, has been successfully operating since that date. We became a registered bank on 7 October 2008 under the Reserve Bank of New Zealand Act 1989. As a registered bank, our conditions of registration require compliance with all New Zealand regulatory capital, liquidity and risk management requirements.

As a mutual building society, we are owned by our customers by virtue of their membership interests. We offer loans, savings and deposit products. We also offer funds management products and financial advisory services, and insurance through our subsidiaries SBS Wealth Limited and Southsure Assurance Limited (trading as SBS Insurance) (respectively) and consumer personal lending, credit card and motor vehicle finance lending through our subsidiary Finance Now Limited.

Information about us and our financial statements are published in disclosure statements required under the Banking (Prudential Supervision) Act and on the Reserve Bank of New Zealand (RBNZ) dashboard at https://bankdashboard.rbnz.govt.nz/orgs/SBS-Bk. Our disclosure statements are available at www.sbsbank.co.nz/about-us/Annual-Reports-and-Disclosures

Purpose of this offer

The offer will raise Tier 2 Regulatory Capital to help SBS Bank and the Group, meet its Regulatory Capital requirements and manage its capital position. The proceeds of the Offer will be used for SBS Bank and the Group's general banking and corporate purposes. More information regarding the purpose of this offer can be found in section 3 of this LDD *"Purpose of the Offer"* or in section 7 of this LDD *"Information about SBS Bank"*.

Key Terms of the Offer

Issuer	Southland Building Society, trading as SBS Bank.
Description	The SBS Capital Bonds are unsecured, subordinated debt securities which are issued as redeemable shares. The SBS Capital Bonds qualify as Tier 2 Regulatory Capital, are not protected deposits for the purposes of the Deposit Takers Act 2023 and are therefore not subject to the depositor compensation scheme provisions of that Act.
Term	10 years (subject to early redemption by us).
Key features	SBS Capital Bonds are debt securities that have the features of Regulatory Capital instruments and building society shares. They are different to most bonds issued by banks or other corporates because: • they are able to be redeemed early by us in some situations, with the approval of the RBNZ; and • they give Holders a membership right, which includes the right to: - vote at meetings of members of SBS Bank; and - participate (equally with all other members of SBS Bank) in surplus assets of SBS Bank in a liquidation; and • Holders have no right to require SBS Bank to repay the SBS Capital Bonds early including where we are unable to make, or default on, scheduled interest payments. The rights of Holders on default by SBS Bank under the Master Deed, are more limited than is typical of a debt instrument which is not Regulatory Capital.
Minimum application and Minimum Holding amounts	The minimum application and holding amounts for SBS Capital Bonds is a Principal Amount of $10,000.
Interest rate	The Interest rate for the first five years from the Issue Date will be fixed, after which it will change to a floating rate that resets quarterly. The fixed Interest rate for your SBS Capital Bonds will be the fixed Interest rate announced by us prior to, and applying on, your Issue Date. The current fixed Interest rate for the SBS Capital Bonds can be found on our website at www.sbsbank.co.nz/sbs-capital-bonds-2, or on the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463. After the first five years, the Interest rate for each Interest Period (3 months) will be a floating rate and will: • be reset quarterly and apply from the first day of each Interest Period; and • be equal to the sum of the BKBM Rate (applying at the time the Interest rate is set) and a margin which will be set by SBS Bank and notified to you prior to your Issue Date. The margin will not change throughout the term. 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. Each time the Interest rate is reset after the first SBS Optional Redemption Date, SBS Bank will advise you (by notice in writing (including electronically) and updated rates will be available on our website at www.sbsbank.co.nz/sbs-capital-bonds-2).
Interest payments	Interest will be paid on each Interest Payment Date (which is each quarterly (3 monthly) date, calculated from your Issue Date). The payment of interest on each Interest Payment Date (other than on the Maturity Date), is conditional on SBS Bank satisfying the Solvency Condition described in section 2 of this LDD *"Terms of the Offer"*. Payments are also subject to the Business Day convention described in section 2 of this LDD *"Terms of the Offer"*.

Early redemption	We may redeem the Principal Amount of your SBS Capital Bonds (together with accrued Interest): • on any SBS Optional Redemption Date (being the fifth anniversary of the Issue Date of your SBS Capital Bonds) and each quarterly Interest Payment Date thereafter; and • if a Regulatory Event or a Tax Event occurs, provided that we give you notice of the early repayment and receive approval of the early repayment from the RBNZ. The SBS Capital Bonds are not quoted/listed (so there is no established market for selling them) and there is no right for the Holder to redeem them at any time. More information about early repayment can be found in section 2 of this LDD *"Terms of the Offer"*.
Subordination	The SBS Capital Bonds are unsecured, subordinated obligations of SBS Bank, meaning that if we go into liquidation, you will not be entitled to any payment of the Principal Amount of your SBS Capital Bonds, or Interest thereon, until all our Senior Creditors (including preferred creditors, depositors and the holders of our everyday redeemable shares) have been paid in full.
Rights of members	The SBS Capital Bonds give Holders a membership right, which includes the right to vote at meetings of members of SBS Bank (one vote per member only), and participate (equally with all other members) in surplus assets of SBS Bank on a liquidation.
Further Payments, Fees or Charges	Taxes may be deducted from Interest payments on the SBS Capital Bonds. See section 6 of this LDD *"Tax"* for more information. You are not required to pay brokerage or any other fees or charges to SBS Bank to apply for SBS Capital Bonds. However, you may have to pay a brokerage fee or commission and other applicable fees to any person who recommends the investment to you or who arranges the application for you. Please contact your broker for further information on any such fees.
Offer Opening Date	7 February 2023.
Closing date	This is a continuous issue LDD and accordingly, there is no closing date.
Issue Date	SBS Capital Bonds will be issued as soon as practicable upon us accepting your application (generally within 24 hours).

No guarantee

SBS Bank is responsible for paying Interest on the SBS Capital Bonds and for the repayment of the SBS Capital Bonds.

The SBS Capital Bonds are not guaranteed by any member of the Group or any other person.

The SBS Capital Bonds are not protected deposits for the purposes of the Deposit Takers Act 2023 and are therefore not subject to the depositor compensation scheme provisions of that Act.

How you can get your money out early

You have no ability to require us to redeem/repay the Principal Amount of your SBS Capital Bonds early (or any accrued Interest) including where there is an Event of Default as described in the Master Deed.

We do not intend to quote these SBS Capital Bonds on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your SBS Capital Bonds before the end of their term.

We may, at our option, repay the Principal Amount of your SBS Capital Bonds early as described under the heading *"Early redemption"* above.

How the SBS Capital Bonds rank for repayment

In a liquidation of SBS Bank, the SBS Capital Bonds rank equally among themselves, equally with all other debt securities of SBS Bank which are issued as subordinated redeemable shares, and behind secured creditors and liabilities mandatorily preferred by law, and debt securities issued as redeemable shares which are not subordinated.

This means that in a liquidation of SBS Bank, if there are insufficient funds to repay all of the SBS Capital Bonds, you will be repaid by us:

- only **after** SBS Bank has repaid:
  - creditors preferred by law and secured creditors (for example, Inland Revenue and employees);
  - all holders of unsecured and unsubordinated debt securities not issued as redeemable shares; and
  - all holders of unsubordinated redeemable shares (which includes redeemable shares issued in respect of our everyday transactional and savings accounts and call and term deposits); and
- **on a proportionate basis** (at the same time and to the same extent) together with SBS Bank's debt securities issued as subordinated redeemable shares; and
- **before** equity and holders of other securities and obligations that rank behind the SBS Capital Bonds.

More information regarding how the SBS Capital Bonds rank on a liquidation of SBS Bank can be found in section 4 of this LDD *"Key Features of the SBS Capital Bonds"* and a table showing the ranking of the SBS Capital Bonds in the event of a liquidation of SBS Bank can be found on the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463.

No security

Our obligation to repay the Principal Amount of, or pay Interest on, the SBS Capital Bonds is not secured against any asset of SBS Bank or the Group.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that we do not meet our commitments to repay you or pay you Interest (credit risk). Section 5 of this document (*"Risks of Investing"*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The Interest rate for these SBS Capital Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. We consider that the most significant risk factors are:

- *Credit risk:*
  Risks associated with SBS Bank's lending activities including default by our borrowers. The economic performance of the New Zealand residential market will affect how this risk impacts on SBS Bank. This risk may be heightened by high interest rates and persistent inflation, which may reduce disposable income for borrowers and increase household and business financial stress. SBS Bank's predominant activity is the provision of residential first mortgage finance, which is undertaken throughout New Zealand. Where serious and adverse changes occur in the residential market, widespread default becomes more likely. If widespread default occurs, this could impact on SBS Bank's ability to meet its financial commitments.

- *Funding risk:*
  SBS Bank is subject to risks associated with the availability and cost of funding. SBS Bank's sources of funding include funding from retail deposits and financial institutions. Serious and adverse economic conditions could impact on SBS Bank's sources of funding, including SBS Bank's ability to access funding and/or interest rates at which SBS Bank can borrow and/or lend money. SBS Bank's relative size and its mutual status impact how this risk affects SBS Bank.

This summary does not cover all of the risks of investing in SBS Capital Bonds. You should also read section 5 of this LDD *"Risks of Investing"* and section 4 *"Key Features of the SBS Capital Bonds"*.

What is the SBS Capital Bond's credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

Both SBS Bank and the SBS Capital Bonds have been rated by Fitch Australia Pty Limited (**Fitch**). The SBS Capital Bonds have a credit rating of BBB-. SBS Bank's credit rating is BBB+ with a stable outlook. The credit rating for the SBS Capital Bonds is lower than our issuer credit rating because the SBS Capital Bonds are subordinated obligations of SBS Bank.

Fitch gives ratings from AAA through to C. The following describes the credit rating grades available:

	Credit rating[1]	Description of the rating	Probability of default[2]
	AAA	**Highest credit quality:** Exceptionally strong capacity for payment of financial commitments.	1 in 600
	AA	**Very high credit quality:** Very strong capacity for payment of financial commitments.	1 in 300
	A	**High credit quality:** Strong capacity for payment of financial commitments but may be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	1 in 150
Our credit rating is BBB+ with a stable outlook.	BBB	**Good credit quality:** Adequate capacity for payment of financial commitments but adverse business or economic conditions are more likely to impair the capacity of the obligor to meet its financial commitments.	1 in 30
The SBS Capital Bonds' credit rating is BBB-	BB	**Speculative:** Elevated vulnerability to default risk, particularly in the event of adverse changes in business economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.	1 in 10
	B	**Highly speculative:** Material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.	1 in 5
	CC	**Very high levels of credit risk**: Default of some kind appears probable.	1 in 2
	C	**Exceptionally high levels of credit risk:** Default is imminent or inevitable, or the issuer is in standstill.	-

[1] The modifiers + or – may be added to the above ratings to indicate relative status within the major rating categories.
[2] The approximate median likelihood that an investor will not receive payment on a five-year investment on time and in full (source: Reserve Bank of New Zealand publication "Know your Credit Ratings" dated March 2010).

Table of Contents

	PAGE
SECTION 1 – KEY INFORMATION SUMMARY	1
TABLE OF CONTENTS	4
SECTION 2 – TERMS OF THE OFFER	5
SECTION 3 – PURPOSE OF THE OFFER	7
SECTION 4 – KEY FEATURES OF THE SBS CAPITAL BONDS	8
SECTION 5 – RISKS OF INVESTING	9
SECTION 6 – TAX	11
SECTION 7 – INFORMATION ABOUT SBS BANK	12
SECTION 8 – HOW TO COMPLAIN	13
SECTION 9 – WHERE YOU CAN FIND MORE INFORMATION	13
SECTION 10 – HOW TO APPLY	14
SECTION 11 – CONTACT INFORMATION	14
GLOSSARY	15
APPLICATION FORM	16

Section 2 - Terms of the Offer

Issuer	Southland Building Society, trading as SBS Bank.
Description	The SBS Capital Bonds are unsecured, subordinated debt securities which are issued as redeemable shares. The SBS Capital Bonds qualify as Tier 2 Regulatory Capital, are not protected deposits for the purposes of the Deposit Takers Act 2023 and are therefore not subject to the depositor compensation scheme provisions of that Act.
Opening Date	The offer opened on 7 February 2023. This is a continuous issue LDD and accordingly, there is no closing date. However, we may determine to close (and/or to re-open) this offer at any time, in our discretion.
Issue price and Principal Amount	The SBS Capital Bonds will be issued at $1.00 per bond, which is also the Principal Amount.
Term and Maturity Date	10 years, maturing on the tenth anniversary of the Issue Date (subject to our right to redeem the SBS Capital Bonds on any SBS Optional Redemption Date).
Key features	SBS Capital Bonds are debt securities that have the features of Regulatory Capital instruments and building society shares. They are different to most bonds issued by banks or other corporates because: • they are able to be repaid early by us in some situations, with the approval of the RBNZ; and • they give Holders a membership right, which includes the right to: - vote at meetings of members of SBS Bank; and - participate (equally with all other members of SBS Bank) in surplus assets of SBS Bank in a liquidation; and • Holders have no right to require SBS Bank to repay the SBS Capital Bonds early including where we are unable to make, or default on, scheduled interest payments. The rights of Holders on default by SBS Bank under the Master Deed, are more limited than is typical of a debt instrument which is not Regulatory Capital.
Interest rate	The Interest rate for the first five years from the Issue Date will be fixed , after which it will change to a floating rate that resets quarterly. The fixed Interest rate for your SBS Capital Bonds will be the fixed Interest rate announced by us prior to, and applying on, your Issue Date. The current fixed Interest rate for the SBS Capital Bonds can be found on our website at www.sbsbank.co.nz/sbs-capital-bonds-2, or on the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463. After the first five years, the Interest rate applicable to each Interest Period (3 months) will be a floating rate and will: • be reset quarterly and apply from the first day of each Interest Period; and • be equal to the sum of the BKBM Rate (applying at the time the Interest rate is set) and a margin which will be set by SBS Bank and notified to you prior to your Issue Date. The margin will not change throughout the term. 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. Each time the Interest rate is reset after the first SBS Optional Redemption Date, SBS Bank will advise you (by notice in writing (including electronically) and the updated rates will be available on our website at www.sbsbank.co.nz/sbs-capital-bonds-2). Investors in SBS Capital Bonds may have different Issue Dates and, therefore, different Interest Payment Dates and Interest Periods commencing and ending on different dates. Holders of SBS Capital Bonds under this LDD may, at any time, be on different floating interest rates. Fluctuations in the floating rate (due to fluctuations in the BKBM Rate) could have a different effect on Holders depending on when their Interest Payment Dates fall.
Interest Payments	Interest will be paid on each quarterly date (calculated from the Issue Date) which is the first day after each Interest Period (each an **Interest Payment Date**). An Interest Period is the period from (and including) an Interest Payment Date (or the Issue Date in the case of the first Interest Period) to (but excluding) the next Interest Payment Date (or the Maturity Date in the case of the final Interest Period). Interest payable on each Interest Payment Date will be calculated on the basis of the actual number of days in the relevant Interest Period and a year of 365 days (366 days in a leap year), subject to solvency requirements. The payment of interest on each Interest Payment Date (other than on the Maturity Date), is conditional on SBS Bank satisfying the Solvency Condition (set out below). Payments are also subject to the Business Day convention (set out below).
Business day convention	Where any payment on the SBS Capital Bonds is due on a date which is not a Business Day, that payment will be made on the next Business Day.
Entitlement to payments	Payments on the SBS Capital Bonds will be made to the persons who are the registered Holders of the SBS Capital Bonds as at the due date for payment.

Solvency Condition	Where Interest payments or early repayment of the Principal Amount are suspended because we don't have a current Solvency Certificate (or can no longer rely on a Solvency Certificate given), we are not required to make such payment and this will not constitute a default by us under the Master Deed. Failure to make any Interest payment or repay the Principal Amount when due where we are otherwise solvent, is a default under the Master Deed, but does not allow the Holder to call for early repayment of the SBS Capital Bonds. Any Interest not paid because we are not solvent, remains owing by us. That unpaid Interest will also accrue Interest at the relevant Interest rate. That Interest will be payable on the earlier of the first Business Day on which the Solvency Condition is satisfied, and the Maturity Date. The Solvency Condition does not apply to payments that are required to be made on the Maturity Date or if we are in liquidation.
Ranking of the SBS Capital Bonds on a liquidation	The SBS Capital Bonds are unsecured, subordinated debt obligations of SBS Bank. This means that if we go into liquidation or we are dissolved (other than for the purposes of a solvent reconstruction or amalgamation), you will not be entitled to any payment of the Principal Amount of, or accrued Interest on, your SBS Capital Bonds until all of our prior ranking creditors have been paid in full. This means that in a liquidation of SBS Bank, if there are insufficient funds to repay all of the SBS Capital Bonds, you will be repaid by us: • only **after** we have repaid: - creditors preferred by law and secured creditors (for example, Inland Revenue and employees); - all holders of unsecured and unsubordinated debt securities not issued as redeemable shares; and - all holders of unsubordinated redeemable shares (which includes redeemable shares issued in respect of SBS Bank everyday transactional and savings accounts and call and term deposits); and • **on a proportionate basis** (at the same time and to the same extent) together with SBS Bank's debt securities issued as subordinated redeemable shares; and • **before** equity and holders of other securities and obligations that rank behind the SBS Capital Bonds. You will also have the right (equally with all of our other members) to participate in SBS Bank's surplus assets (if any) on liquidation. In a liquidation of SBS Bank, it is unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the SBS Capital Bonds.
Minimum application amount and Minimum Holding amount	The minimum application and holding amounts for SBS Capital Bonds is $10,000.
How to apply	Application instructions are set out in section 10 of this LDD "How to Apply".
No early redemption by Holder	You have no right to require early redemption of the SBS Capital Bonds, including in relation to an Event of Default as described in the Master Deed. This means that subject to early redemption by us, or you selling your SBS Capital Bonds to another Holder, you will have to hold your SBS Capital Bonds until maturity to receive repayment of the Principal Amount.
Early redemption by SBS Bank	**Early redemption on SBS Optional Redemption Dates** We may repay the Principal Amount of your SBS Capital Bonds (together with accrued Interest) on any SBS Optional Redemption Date (which is the fifth anniversary of the Issue Date (being the first SBS Optional Redemption Date) and each quarterly Interest Payment Date thereafter), provided we give you notice of the early repayment and receive the approval of the RBNZ. **Early redemption by SBS Bank for a Regulatory Event or Tax Event** We may redeem the Principal Amount of the SBS Capital Bonds early if a Regulatory Event or a Tax Event occurs. In brief: • A Regulatory Event would occur if we determined that, because of a material change in law, regulation or directive or a change in interpretation or administration of any relevant law, regulation or directive (that was not anticipated by us at the time of issuing the SBS Capital Bonds), our treatment of the SBS Capital Bonds as Tier 2 capital of SBS Bank is adversely affected, or will be adversely affected. A full definition of 'Regulatory Event' can be found in the Master Deed. • A Tax Event would occur if we determined that, because of a material change in law or practice affecting taxation (that was not anticipated by us at the time of issuing the SBS Capital Bonds), there would be a more than minimal increase in our costs in respect of the SBS Capital Bonds. A full definition of 'Tax Event' can be found in the Master Deed. In each case, we must first satisfy the Solvency Condition, obtain the consent of the RBNZ to repay the Principal Amount early and we are required to give you notice of that early repayment. The RBNZ is not obliged to provide such consent and generally will not do so unless either: • Prior to or concurrent with the early redemption, the SBS Capital Bonds are replaced with another capital instrument of at least the same quality; or • The RBNZ notifies us that replacement of the SBS Capital Bonds is not needed having regard to our capital position.

Consequences of early redemption for investors	Any early repayment of your SBS Capital Bonds by us may not suit your circumstances at the time of payment. In addition, you may be unable to reinvest the amount you receive on your SBS Capital Bonds at the same or similar rate of return to the Interest rate on the SBS Capital Bonds.
Transfers and selling restrictions	You are entitled to sell or transfer your SBS Capital Bonds at any time, subject to the terms of the Master Deed, Supplemental Deed and any applicable laws and regulations. We will not register any transfers of SBS Capital Bonds if the transfer would result in you holding SBS Capital Bonds with a Principal Amount of less than $10,000 (but greater than zero). We do not intend to quote these SBS Capital Bonds on a market licensed in New Zealand and there is currently no other established market for trading them. This offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these restrictions. See section 10 of this LDD *"How to Apply"* for more information.
Credit Rating	**Issuer Credit Rating** BBB+ (stable outlook) by Fitch. **SBS Capital Bonds' Credit Rating** BBB- by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.
Rights of members	The SBS Capital Bonds give Holders a membership right, which includes the right to vote at meetings of members of SBS Bank (one vote per member only), and participate (equally with all other members) in surplus assets of SBS Bank on a liquidation.
Currency	The SBS Capital Bonds are denominated in New Zealand dollars.
Further Payments, Fees or Charges	Taxes may be deducted from Interest payments on the SBS Capital Bonds. See section 6 of this LDD *"Tax"* for more information. You are not required to pay brokerage or any other fees or charges to SBS Bank to apply for SBS Capital Bonds. However, you may have to pay a brokerage fee or commission and other applicable fees to any person who recommends the investment to you or who arranges the application for you. Please contact your broker for further information on any such fees.
Master Deed and Supplemental Deed	The terms and conditions of the SBS Capital Bonds are set out in the Master Deed and Supplemental Deed. Holders are bound by, and are deemed to have notice of, the Master Deed and Supplemental Deed. If you require further information in relation to these documents, you may obtain a copy free of charge from our website at www.sbsbank.co.nz/sbs-capital-bonds-2, or the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463.
Governing Law	New Zealand.

Section 3 - Purpose of the Offer

As a registered bank, SBS Bank is required by the RBNZ to maintain an adequate level of Regulatory Capital to provide a buffer to absorb losses from its activities. This offer will raise Tier 2 Regulatory Capital to help SBS Bank meet its Regulatory Capital requirements and manage its capital position. The proceeds of this offer will be used for general banking and corporate purposes.

The use of the money will not change depending on how much is raised under this offer. This offer is not underwritten.

See section 7 of this LDD *"Information about SBS Bank"* for more information about SBS Bank's business, Regulatory Capital requirements and capital management strategy.

Section 4 - Key Features of the SBS Capital Bonds

A number of key features of the SBS Capital Bonds are described in section 2 of this LDD *"Terms of the Offer"*. The other key features of the SBS Capital Bonds are described below.

The information in this section is a summary of certain terms of the Master Deed and Supplemental Deed. Copies of the Master Deed and Supplemental Deed are included on our website at www.sbsbank.co.nz/sbs-capital-bonds-2, or the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463.

Capitalised terms used but not defined in this section 4 of this LDD *"Key Features of the SBS Capital Bonds"* have the meanings given to them in the Master Deed.

Status of the SBS Capital Bonds

The SBS Capital Bonds are unsecured and subordinated obligations of SBS Bank, issued and owing under the Master Deed and the Supplemental Deed. Legal title to each SBS Capital Bond is determined by reference to the name of the Holder listed in the Bond Register (subject to correction for fraud or error). SBS Bank is entitled to deal exclusively with the Holder named in the Bond Register for all purposes, including when making any payments.

Ranking

Ranking on a liquidation of SBS Bank

As a building society, SBS Bank issues the following classes of debt securities:

- debt securities not issued as redeemable shares;
- debt securities issued as redeemable shares; and
- debt securities issued as subordinated redeemable shares.

The SBS Capital Bonds are issued as subordinated redeemable shares.

In a liquidation of SBS Bank, the SBS Capital Bonds rank equally among themselves, equally with all other debt securities of SBS Bank which are issued as subordinated redeemable shares, and behind; secured creditors and liabilities mandatorily preferred by law; debt securities not issued as redeemable shares; and debt securities issued as redeemable shares which are not subordinated.

This means that in a liquidation of SBS Bank, if there are insufficient funds to repay all of the SBS Capital Bonds, you will be repaid by us:

- only **after** SBS Bank has repaid:
  - creditors preferred by law and secured creditors (for example, Inland Revenue and employees);
  - all holders of unsecured and unsubordinated debt securities not issued as redeemable shares, including the SBS Senior Bonds; and
  - all holders of unsubordinated redeemable shares (which includes redeemable shares issued in respect of our everyday transactional and savings accounts and call and term deposits); and
- **on a proportionate basis** (at the same time and to the same extent) together with holders of SBS Bank's debt securities issued as subordinated redeemable shares; and
- **before** equity and holders of other securities and obligations that rank behind the SBS Capital Bonds.

A table showing the ranking of the SBS Capital Bonds in the event of a liquidation of SBS Bank can be found on the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463.

Interest Payments

The subordination of the SBS Capital Bonds means that we are only permitted to make Interest payments, and repay any Principal Amount early, if there is a current Solvency Certificate in place on the due date for those payments and no adverse circumstances have occurred which prevent SBS Bank from relying on a Solvency Certificate.

Issue of further liabilities ranking equally with or in priority to the SBS Capital Bonds

There are no restrictions on us incurring liabilities which rank equally with, or in priority to the SBS Capital Bonds except for a covenant which effectively restricts the creation of liabilities which rank ahead of redeemable shares, in proportion to the number of redeemable shares we have on issue. Both deposits and unsubordinated redeemable shares rank ahead of the SBS Capital Bonds. There are no other restrictions on us issuing further debt securities under the Master Deed. The creation of such further liabilities may reduce the amount recoverable by you in the case of a liquidation of SBS Bank.

Except to the extent required by law, you are not entitled to offset or net any claims we may have against you with any amounts owing to you by us in relation to the SBS Capital Bonds.

No Security

Our obligation to repay the Principal Amount of, or pay Interest on, the SBS Capital Bonds, is not secured. This means that you have no recourse to any of our assets if we do not repay the Principal Amount of, or pay Interest on, the SBS Capital Bonds.

No Guarantee

The SBS Capital Bonds are not guaranteed by any member of the Group or any other person and we are solely responsible for the repayment of the SBS Capital Bonds.

Variations to the Master Deed

We may, in limited circumstances, vary the Master Deed without your consent if the variation is of a minor or technical nature only, will not be of any prejudice to Holders, does not apply to any SBS Capital Bonds then outstanding or is made to comply with any requirement or directive of RBNZ or any applicable law.

Events of Default

The SBS Capital Bonds have very limited events of default and your rights are limited if an Event of Default occurs, as described below.

An Event of Default will occur if:

- we do not pay any amount payable under the Master Deed within 10 Business Days of its due date; or
- an order is made, or an effective resolution is passed, for the liquidation of SBS Bank.

However, to the extent that a payment on the SBS Capital Bonds is not required to be made because we do not satisfy the Solvency Condition, the amount is not due and payable and a payment default cannot occur.

If a payment default occurs, you may only bring proceedings:

- to recover any amount then due and payable but unpaid on your SBS Capital Bonds (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition);
- to obtain an order for specific performance of any other obligation in respect of your SBS Capital Bonds; or
- for the liquidation of SBS Bank.

The outcome of any proceedings brought before a court may be uncertain, and a court may decide not to grant the remedies sought.

Where an Event of Default occurs due to the commencement of the liquidation of SBS Bank, in addition to the rights listed above, the Principal Amount of each SBS Capital Bond and any accrued but unpaid interest on the SBS Capital Bonds will immediately become due and payable, and you may claim in the liquidation for that amount. In this circumstance, your claim will be subordinated as described in section 4 of this LDD *"Key Features of the SBS Capital Bonds"*, under *Ranking*, and it is unlikely that you will receive payment of any amount owing on your SBS Capital Bonds.

Section 5 - Risks of Investing

Introduction

Any investment in SBS Capital Bonds will involve risks. This section describes:

- General risks associated with an investment in SBS Capital Bonds; and
- Specific key risks relating to our creditworthiness.

The disclosure of risks relating to our creditworthiness has been based on an assessment of both the realistic probability of a risk occurring and the impact of the risk (to us and/or investors) if it did occur. That assessment is based on SBS Bank's business at the date of this LDD. There is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge over time.

You should note that the risk factors set out below may not be exhaustive, and you should consider these risk factors in conjunction with other information disclosed in this LDD and our latest disclosure statement and annual report, before deciding to invest in SBS Capital Bonds.

Where practicable, we seek to mitigate these risks to minimise our exposure. However, there can be no assurance that any risk mitigation strategies implemented by us will fully protect us from these risks.

The disclosure of risks in this section does not take into account your personal circumstances, including your financial position or investment requirements. As such, it is important that before making any decision to invest in SBS Capital Bonds, you give consideration to the suitability of this investment in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation). You can also seek advice from a financial advice provider to help you make an investment decision.

General Risks

Insolvency of SBS Bank

An investment in SBS Capital Bonds is subject to the general risk that we become insolvent, we are placed in receivership, liquidation or statutory management or we are otherwise unable to pay the Principal Amount of, and/or Interest on, your SBS Capital Bonds. In that event, you may not recover all, or any of, your principal investment or receive the expected returns.

There are no restrictions on us incurring liabilities which rank equally with, or in priority to, or behind, the SBS Capital Bonds. This includes further debt securities issued under the Master Deed. In addition, we may repay any of our debt securities which rank equally with, or behind the SBS Capital Bonds, provided it has satisfied the Solvency Condition. Any further issue or repayment of debt securities by us could adversely affect your ability to be repaid and/or the value of the SBS Capital Bonds.

To mitigate this risk, the board of SBS Bank sets appropriate policies to ensure that it has access to funding to enable us to meet our debts as they fall due.

As a registered bank, SBS Bank must also comply with certain liquidity and other financial restrictions (for example, capital ratios measured against risk-weighted assets). The RBNZ also requires most New Zealand incorporated registered banks, including us, to maintain prudential buffers above the minimum ratios.

The following paragraphs explain how specific features of the SBS Capital Bonds, such as their subordination, impact on this general insolvency risk.

Subordination: If we go into liquidation, you will not be entitled to any payment of the outstanding Principal Amount of your SBS Capital Bonds or Interest thereon, until all of our Senior Creditors (including preferred creditors, depositors and the holders of our everyday redeemable shares which we issue in respect of everyday transactional and savings accounts and call and term deposits) have been paid in full.

The SBS Capital Bonds rank equally among themselves and may rank equally with other subordinated debt including any existing SBS capital bonds. This means that on a liquidation of SBS Bank, if there are insufficient funds to repay all of the SBS Capital Bonds, you will be repaid by us on a proportionate basis together with the other holders of subordinated debt.

More information on the subordination features of the SBS Capital Bonds can be found in section 4 *"Key Features of the SBS Capital Bonds"* of this LDD on page 8.

Interest Payments: We are only permitted to make Interest payments on the SBS Capital Bonds, and repay any Principal Amount early, if there is a current Solvency Certificate in place on the due date for those payments and no adverse circumstances have occurred which prevent us from relying on a Solvency Certificate. This means that you may not be paid Interest on your SBS Capital Bonds.

To mitigate this risk, the board sets appropriate policies to ensure that it has access to funding to enable us to meet our debts as they fall due.

In any case where Interest payments or early repayment of the Principal Amount are suspended because we don't have a current Solvency Certificate, SBS Bank is not required to make such payment and non-payment will not constitute a default by us under the Master Deed.

Negative Interest Rate Repricing

The Interest rate will be a fixed rate for a period of 5 years until the first SBS Optional Redemption Date, after which it will change to a floating rate that resets at quarterly intervals. The floating rate will be equal to the sum of the applicable BKBM Rate plus the margin. The BKBM Rate changes to reflect market conditions over time, so the BKBM Rate will likely vary for each Interest Payment Date after the first SBS Optional Redemption Date. The BKBM Rate may go down, including below 0% per annum. If the sum of the BKBM Rate plus the margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum. This means that you will not receive any interest on your SBS Capital Bonds while the floating rate is 0% per annum.

Risk if selling the SBS Capital Bonds

You are subject to the general risk that if you wish to sell your SBS Capital Bonds before maturity:

- You may be unable to find a buyer at all, or at an acceptable price, noting that we do not intend to quote these SBS Capital Bonds on a market licensed in New Zealand and there is no other established market for trading them; and
- The price at which you are able to sell your SBS Capital Bonds may be less than what you originally paid for them. This could occur due to interest rate movements, the financial position of SBS Bank at the time, changes to the SBS Capital Bonds' and/or SBS Bank's credit rating or other reasons.

The likelihood of this risk occurring and its impact on the SBS Capital Bonds is more uncertain when markets are affected by domestic and international events or disruptions, like COVID-19. The likelihood of these kinds of disruptions occurring over the term of the SBS Capital Bonds, and their impact (both positive and negative) on the price of the SBS Capital Bonds, is not known. As such, this risk is particularly relevant over a longer period of time, such as the 10 year term of the SBS Capital Bonds.

If the price of the SBS Capital Bonds is adversely affected for any reason including those described above, the SBS Capital Bonds may trade below their Principal Amount (being $1.00 per SBS Capital Bond). If you sell your SBS Capital Bonds at a time when their price is adversely affected, you may lose some of the money you invested.

Specific Risks relating to SBS Bank's creditworthiness

Like all other businesses and financial institutions, we are subject to risks in relation to our creditworthiness. These risks can arise due to a number of factors including changes in the domestic and international economy, general business conditions and increased competition. Set out below are the risks we consider to be most significant in relation to SBS Bank's creditworthiness.

Credit Risk relating to lending activities

Credit risk is the risk that borrowers or other counterparties to certain contractual arrangements with us, do not meet their payment obligations to us.

The economic performance of the New Zealand residential housing market will affect how this risk impacts on SBS Bank. SBS Bank's predominant activity is the provision of residential first mortgage finance, which is undertaken throughout New Zealand.

A large scale downturn in the New Zealand residential housing market or serious and adverse changes in the economy affecting New Zealand households, could result in widespread default by borrowers. If widespread default occurs, this could impact on SBS Bank's ability to meet its financial commitments.

The majority of our lending is comprised of residential first mortgage lending, meaning we are more sensitive to market changes which adversely affect the housing market, or any geographic regions in which our borrowers are located, including as a result of climate-related events.

SBS Bank seeks to manage and mitigate credit risk through appropriate strategies including managing concentrations, maintaining appropriate credit approval criteria and general credit risk provisioning.

In extreme circumstances, SBS Bank's failure to adequately manage and mitigate credit risk over a sustained period of time could result in SBS Bank suffering financial losses. This could affect our profitability and/or capital position. It could also affect our credit rating and/or the credit rating of the SBS Capital Bonds. These circumstances could affect SBS Bank's ability to make payments on the SBS Capital Bonds and/or could affect the price at which the SBS Capital Bonds can be sold.

More information about our credit risk and provisioning of impaired loans is contained in our disclosure statements which are available, free of charge, at www.sbsbank.co.nz/about-us/Annual-Reports-and-Disclosures

Credit Risk relating to Regulatory Capital

The SBS Capital Bonds are Regulatory Capital instruments and there is no right for Holders (or any other person, except SBS Bank) to require early redemption, including when SBS Bank is unable to make or defaults on scheduled Interest payments.

Your right to receive any Interest or early redemption payments is conditional on SBS Bank having a current Solvency Certificate, and therefore, non-payment will not constitute a default by us under the Master Deed.

Failure to make any Interest payment or early repayment of the Principal Amount when due where SBS Bank is otherwise solvent, is a default under the Master Deed, but does not allow the Holder to call for early repayment of the SBS Capital Bonds.

The rights of Holders on default by SBS Bank under the Master Deed are more limited than is typical of a debt instrument which is not Regulatory Capital. This could mean Holders have to remain as Holders of SBS Capital Bonds in certain situations where there is increased credit risk. More information on Events of Default is set out in section 4 of this LDD *"Key Features of the SBS Capital Bonds"*. Investors are encouraged to ensure they understand and seek advice on this feature of the SBS Capital Bonds.

Liquidity and Funding Risk

Liquidity risk is the risk that we are unable to pay our debts as they fall due, or we are unable to access funding (on acceptable terms) to support our on-going operations. Our most significant liabilities are our redeemable share call accounts, funding from other financial institutions, SBS Senior Bonds and term investment deposits (which rank ahead of the SBS Capital Bonds for repayment in a liquidation). Like any bank, if there was a sudden and unexpected number of withdrawals from call accounts and repayment of term investments, we could experience liquidity difficulties.

SBS Bank's sources of funding include funding from retail deposits, wholesale and retail investors and financial institutions. Funding risk may arise if we are unable to attract investment in our deposit products or if there is uncertainty or unfavourable conditions in the financial markets meaning that we are unable to offer desirable terms (including interest rates) or we are unable to access sufficient funding at all or on acceptable terms. This could occur as a result of a number of factors including:

- a material downturn in the New Zealand economy;
- reduced investor confidence (in the New Zealand financial services market generally, or in SBS Bank in particular);
- the credit rating of SBS Bank or the SBS Capital Bonds being downgraded (or being withdrawn or suspended); and
- increased domestic competition for retail deposits.

SBS Bank's credit rating and relative size mean that it may not have available to it the same range of global capital market funding options as larger banks.

Liquidity difficulties which are experienced by us over an extended period, could result in us being unable to pay our debts when due including Interest payments on the SBS Capital Bonds or repayment of the Principal Amount.

SBS Bank has systems and frameworks in place for managing liquidity and funding risks and ensuring compliance with minimum funding and liquidity ratios imposed by the RBNZ. This includes a contingency funding plan to prepare SBS Bank to manage stress.

Financial Markets and Interest Rate Risk

Financial markets and interest rate risk relates to the risk that we face due to changes in wholesale interest rates and the availability or cost of credit in the financial markets. SBS Bank relies on funding within the wholesale markets and could suffer losses if the availability or cost of this funding increases significantly. In addition, we could suffer losses if there are material changes in wholesale interest rates that affect the margin between the interest rate we pay on money we borrow and the interest rate we charge on money we lend.

These circumstances could affect SBS Bank's ability to make payments on the SBS Capital Bonds and/or could affect the price at which the SBS Capital Bonds can be sold.

Capital Risk

Capital risk is the risk that we do not have sufficient capital to meet our prudential regulatory requirements. Maintenance of Regulatory Capital is a condition of our bank registration and a failure to comply could ultimately result in the loss of bank registration, although we expect this is very unlikely to occur. This risk is relevant to us because, as a bank which is also a building society, it may be more difficult for us to raise Regulatory Capital. Loss of our bank registration would materially and adversely impact SBS Bank and the SBS Capital Bonds.

More information about our Regulatory Capital requirements can be found in section 7 of this LDD *"Information about SBS Bank"*.

Subsidiaries

The Group comprises SBS Bank and its subsidiaries as specified in its latest published financial statements. The activities of the Group include funds management products and financial advisory services, insurance and consumer personal lending, credit card and motor vehicle finance lending. If any of SBS Bank's subsidiaries experienced a material or sustained failure to manage risks in their respective businesses resulting in a material financial impact on the subsidiary, this could have an adverse impact on SBS Bank and the Group as a whole. SBS Bank has a Group risk management framework to manage and mitigate this risk.

Regulatory Change Risk

Regulatory risk includes the risk that changes in laws, regulations, rules, codes of practice, accounting standards or policies (**Laws**) or the way they are applied, could adversely affect us. This could occur if changes resulted in increased costs or decreased earnings for SBS Bank, changes to prudential regulatory requirements including liquidity and capital adequacy, changes relevant to our predominant activities, increased competition or changes to the structure or operation of our business.

Financial institutions like SBS Bank are subject to ongoing regulatory change which requires significant resources to manage appropriately. SBS Bank's regulated activities, including being a registered bank (which principally involves taking deposits and being a consumer lender under the Credit Contracts and Consumer Finance Act 2003) and being a financial advice provider under the FMCA, mean SBS Bank is subject to financial regulation which is increasingly complex and is changing rapidly. Those operating in New Zealand's financial markets like SBS Bank, are also increasingly subject to conduct risk.

Conduct in the financial markets is a current focus of the New Zealand Government and regulators, with more conduct-specific regulation due to be implemented in the next few years.

Non-compliance with any relevant Laws and/or conduct standards expected by regulators or the New Zealand consumer, could result in regulatory fines, compensation and/or sanctions and could damage our reputation. This can occur in certain circumstances even if the breach

is minor, inadvertent or infrequent. Our relative size in the retail banking market means we may feel the effects of some regulatory changes more acutely than larger financial institutions and appropriately resourcing to manage risk and compliance is more challenging.

Material failure to appropriately manage risks associated with regulatory change could ultimately impact on SBS Bank's financial performance. SBS Bank is committed to standards of good conduct and regulatory compliance to minimise conduct risk, as expressed in its SBS Bank Fair Conduct Programme Summary, the principles of which are imbedded in all SBS Bank policies, procedures and frameworks.

Operational Risk including Cyber Security Risks
Operational risk is the risk of loss to us arising from a failure of our internal or external processes, people or systems. These losses may result from (for example) failure to comply with relevant Laws, from fraud, or forgery, from a breakdown in availability or integrity of services, systems and information (including replacement of our core banking system, which is currently underway), from a breach of security (including cyber-security), loss of key staff or damage to our reputation. In addition to losses, operational failures could result in SBS Bank's operating or information systems failing or becoming disabled, or large fines being imposed on us (if the failure relates to breaches of relevant Laws).

These circumstances could affect SBS Bank's ability to make payments on the SBS Capital Bonds and/or could affect the price at which the SBS Capital Bonds can be sold.

The Bank has in place systems, processes and project governance for managing operational risks, including business continuity plans and cyber-security risk protocols.

Impact of Risks
We expect that some of these risks will arise to some degree, in the ordinary course of business. However, it is not possible to forecast accurately the probability, degree or magnitude of impact of any of the particular business, financial and other risks described above.

We manage and mitigate these risks within our Group risk appetite and Group risk management framework and, if appropriately managed, these risks are not expected to have a materially adverse impact on us. However, if unusual or unplanned circumstances arise, such as widespread defaults by borrowers, unexpectedly large numbers of withdrawals from deposits or a breakdown in the financial markets, any or all of the risks discussed above could become difficult to manage and could adversely impact on us. In extreme circumstances, failure to manage these risks in a material way and/or over a sustained period could mean that we are not able to meet our commitments on the SBS Capital Bonds. In addition, material or sustained failure to manage risks could result in a deterioration in the financial performance or creditworthiness of SBS Bank, could adversely affect our credit rating or the credit rating of the SBS Capital Bonds or could impact the market value of the SBS Capital Bonds.

More detailed information around these risks and our general risk governance are contained in our disclosure statements which are available, free of charge, at www.sbsbank.co.nz/about-us/Annual-Reports-and-Disclosures

Section 6 - Tax

The return on the SBS Capital Bonds will be affected by taxes. The information set out in section 6 of this LDD *"Tax"* is based on the New Zealand law in force at the date of this LDD, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

Withholding tax will be deducted from Interest that is payable on the SBS Capital Bonds. There may also be other tax consequences from acquiring or disposing of the SBS Capital Bonds. If you have queries relating to the tax consequences of an investment in SBS Capital Bonds, you should obtain professional advice on those consequences.

Withholding tax
Under the Master Deed, you indemnify us in respect of any tax which we become liable to pay on your behalf. We may deduct any indemnity payment from future amounts payable to you.

The information below does not constitute taxation advice to you nor is it a complete statement of the laws applicable. The information is believed by us to be correct as at the date of this LDD. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the SBS Capital Bonds. You should seek qualified, independent financial and taxation advice relevant to your own particular circumstances before investing.

New Zealand taxation implications for New Zealand tax resident Holders
Under New Zealand tax law, we must deduct resident withholding tax (**RWT**) from all Interest paid or credited to New Zealand investors, and non-resident investors who hold SBS Capital Bonds through a fixed establishment in New Zealand. If you do not provide us with your IRD number or if you provide your IRD number but do not elect a tax rate in your application form, we will deduct tax at the applicable default rate.

If you have advised us of a current RWT exemption and your IRD number is published on the IRD RWT exemption register, we will not deduct RWT. If you/we are notified of the expiry of your RWT exemption you will be taxed at the applicable default rate.

Inland Revenue can ask us to use a different tax rate than what you have advised.

New Zealand taxation implications for non-New Zealand tax resident holders
If at any time a SBS Capital Bond is held by a Holder who is not a New Zealand tax resident and not engaged in business through a fixed establishment (as defined in the Tax Act) in New Zealand (**Non-resident Holder**), we will deduct non-resident withholding tax (**NRWT**) at the applicable NRWT rate.

In respect of a Non-resident Holder who holds the SBS Capital Bond jointly with a resident Holder, RWT will instead be deducted at the applicable RWT rate.

Overseas Holders may be subject to tax in their own jurisdiction and should seek advice from a tax adviser.

We are entitled to rely upon information given by you as to your tax residency and activities in New Zealand when making any withholding for RWT or NRWT. All non-resident investors must provide us with their current overseas residential address.

Section 7 - Information about SBS Bank

SBS Bank's business

Information about our business is contained in half-yearly disclosure statements that we prepare under the Banking (Prudential Supervision) Act. SBS Bank's disclosure statements are available at www.sbsbank.co.nz/about-us/Annual-Reports-and- Disclosures

SBS Bank's Regulatory Capital requirements

The SBS Capital Bonds qualify as Tier 2 Regulatory Capital for SBS Bank under the RBNZ's prudential regulatory requirements. Those requirements include capital adequacy requirements that banks must comply with under their conditions of registration. These requirements are intended to ensure that an adequate level of capital is maintained, providing a buffer to absorb losses from a bank's activities before depositors and other senior creditors are affected. The RBNZ's approach to assessing capital adequacy focuses on the credit risk associated with a bank's exposures, market and operational risks and the quality and quantity of a bank's capital.

The amount of the SBS Capital Bonds that we may count as Tier 2 Regulatory Capital in our capital ratio calculations will decrease by 20% each year during the final 4 years of the term before the Maturity Date.

It is possible that future rule change(s) may deem that the SBS Capital Bonds will no longer fully qualify as "Tier 2" Regulatory Capital instruments. If that happens, we may determine that a Regulatory Event has occurred and may seek to redeem the Bonds before the end of their 10 year term.

The RBNZ completed its 2025 Review of Key Capital Settings in December 2025, resulting in updates to New Zealand's prudential capital framework. The revised capital requirements are expected to be implemented through the Capital Standard issued under the Deposit Takers Act 2023 (**DTA**), which is scheduled to take effect from December 2028.

Types of Regulatory Capital

The table below compares SBS Bank's current Regulatory Capital requirements with the requirements expected to apply under the DTA framework. The Regulatory Capital ratios will increase progressively over this period.

		RBNZ's required ratio of capital to risk weighted assets[1]	
Capital type	**Description**	**The date of this LDD[2]**	**1 December 2028[3]**
Common Equity Tier 1 (CET1) Regulatory Capital	CET1 Capital is the highest quality form of capital and is freely available to absorb losses. CET1 Capital includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (eg the value of goodwill) must be deducted to determine the final value of CET1 Regulatory Capital.	A minimum of 7%, including a prudential capital buffer of 3.5%	A minimum of 11%, including a prudential capital buffer of 5%
Additional Tier 1 Regulatory Capital	Additional Tier 1 Regulatory Capital is a lower quality form of capital than CET1 Regulatory Capital, but is still freely available to absorb losses. Additional Tier 1 Regulatory Capital includes perpetual preference shares.	Up to 2.5%	0.0%[4]
Tier 1 Regulatory Capital	The sum of CET1 Regulatory Capital and Additional Tier 1 Regulatory Capital	A minimum of 10.5%, including a prudential capital buffer of 3.5%	A minimum of 11%, including a prudential capital buffer of 5%[4]
Tier 2 Regulatory Capital	Tier 2 Regulatory Capital is a lower quality form of capital than Tier 1 Regulatory Capital, but is still available to absorb losses and strengthens a bank's overall capital position. Tier 2 Regulatory Capital includes subordinated instruments like the SBS Capital Bonds.	Up to 2%	Up to 3%
Total Regulatory Capital	The sum of Tier 1 Regulatory Capital and Tier 2 Regulatory Capital	A minimum of 12.5%, including a prudential capital buffer of 3.5%	A minimum of 14%, including a prudential capital buffer of 5%

1. These ratios include the minimum capital ratios that non-systemically important banks (like SBS Bank) must maintain and the prudential capital buffer above the minimum capital ratios that non-systemically important banks must maintain to avoid restrictions on distributions (among other things). Different minimum capital ratios apply to domestically systemically important banks.
2. These are the ratios that apply to SBS Bank as at the date of this LDD. Different ratios apply to domestically systemically important New Zealand banks.
3. These capital ratios were confirmed by the RBNZ in December 2025 as a result of the 2025 review of key capital settings. It has been proposed that the transition to the new capital ratio requirements will begin in October 2027.
4. The maximum ratio of AT1 to be recognised as Tier 1 capital declines to 0.0% by December 2031. SBS Bank has no AT1 securities issued and therefore this does not apply.

Loss absorbing features of the SBS Capital Bonds

In very general terms, a capital instrument is available to absorb losses if the holder of the instrument has no, or only a very limited, ability to demand that payments are made on the instrument.

The SBS Capital Bonds count as Tier 2 Regulatory Capital, and the conditions of the SBS Capital Bonds include loss absorbing features. For example:

- at any time before the Maturity Date or the liquidation of SBS Bank, the payment of interest on your SBS Capital Bonds is conditional on SBS Bank satisfying the Solvency Condition;
- you have no right to require early repayment of your SBS Capital Bonds;
- any early repayment of your SBS Capital Bonds is at SBS Bank's option and is subject to certain conditions being met (including the Solvency Condition being satisfied and SBS Bank obtaining the RBNZ's prior approval); and
- the SBS Capital Bonds are subordinated to unsubordinated creditors of SBS Bank (including depositors and other unsubordinated debt such as redeemable shares issued by SBS Bank in respect of everyday transactional and savings accounts and call and term investments, including accrued interest) in the event of a liquidation of SBS Bank.

SBS Bank's capital management strategy

The primary objectives of SBS Bank's capital management strategy are to ensure that SBS Bank complies with the Regulatory Capital requirements prescribed by the RBNZ, holds a strong capital position in order to support its business objectives and meets Regulatory Capital requirements even in a stressed environment.

SBS Bank actively measures and manages its capital structure and makes adjustments to this in light of changing economic conditions and the risk characteristics of its activities. This is to ensure that SBS Bank has sufficient capital to absorb losses and to enable SBS Bank's continued growth.

SBS Bank's board of directors has overall responsibility for ensuring the Group has adequate capital in relation to its risk profile and establishes minimum internal capital levels and limits above the regulatory minimum.

SBS Bank's Regulatory Capital position

SBS Bank's historical Regulatory Capital position under the applicable RBNZ rules can be found on the RBNZ dashboard at https://bankdashboard.rbnz.govt.nz/orgs/SBS-Bk

Section 8 - How to Complain

If you have any feedback, concerns or complaints about the SBS Capital Bonds, please contact us through any of our branches or by calling us on 0800 727 2265. If your issue is not satisfactorily resolved, you can request that your complaint be directed to our Customer Complaints Team, who can be contacted using the following details:

Southland Building Society
51 Don Street, Invercargill 9810

or

PO Box 835
Invercargill 9840

Telephone: 0800 727 2265
Attention: Customer Complaints Team
Email: customercomplaints@sbsbank.co.nz

If you are not satisfied with the response you receive, you may then direct your complaint to the Banking Ombudsman Scheme at the following address:

Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146
Telephone: 0800 80 59 50
Email: help@bankomb.org.nz

The Banking Ombudsman Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Please note that if your complaint is sent directly to the Banking Ombudsman without having already followed the above process with us and our Customer Complaints Team, your complaint will be referred back to us to be attended to in the first instance.

Section 9 - Where you can find more information

Further information about us and the SBS Capital Bonds is available on our website at www.sbsbank.co.nz/sbs-capital-bonds-2, or the Offer Register at www.disclose-register.companiesoffice.govt.nz, offer number OFR13463, including our latest disclosure statement and annual report (which include financial statements), the Master Deed and the Supplemental Deed. A copy of this information can also be obtained on request from the Registrar of Financial Service Providers.

You will need to search for the offer on the Offer Register by searching for the name of the offer *"SBS Capital Bonds No. 2"* or by searching for the issuer "*Southland Building Society*".

Our latest disclosure statement and annual report and other information about us can also be obtained free of charge from our website – www.sbsbank.co.nz

You may request a copy of the Master Deed, Supplemental Deed, our latest disclosure statement and annual report and further copies of this LDD free of charge, during normal business hours at any branch or our head office at:

51 Don Street
Invercargill 9810

These documents can also be obtained free of charge from our website – www.sbsbank.co.nz

Our latest annual report is also filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and is available for public inspection during normal business hours or may be inspected on the Ministry of Business, Innovation and Employment's website – www.companiesoffice.govt.nz free of charge by searching in the "Other Registers".

Section 10 - How to Apply

How to Apply

To apply for SBS Capital Bonds, you need to complete an application form and submit it to us. The application form is attached to this LDD.

You are required to pay for your SBS Capital Bonds at the time of application. Details as to how application monies should be paid are set out in the application form.

We may refuse all or any part of your application without giving any reason. If we refuse your application, we will refund your application money (without interest). If your payment for the SBS Capital Bonds is dishonoured, we may not issue you SBS Capital Bonds or may cancel your SBS Capital Bonds. You will not receive any interest if this occurs.

Personal information rights

Personal information provided by you will be held by SBS Bank and will be used in accordance with SBS Bank's Privacy Statement (as such statement may be amended or substituted from time to time). As at the date of this LDD, SBS Bank's Privacy Statement is available at www.sbsbank.co.nz/sbs-privacy. You have a right to access and correct any personal information about you under the Privacy Act 2020.

Offer made only in New Zealand – selling restrictions

This LDD does not constitute an offer of SBS Capital Bonds in any jurisdiction other than New Zealand. No action has been or will be taken by us which would permit a public offering of the SBS Capital Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). SBS Capital 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 information memorandum, prospectus, circular, advertisement or other offering material in respect of any SBS Capital 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 regulations.

By subscribing for SBS Capital Bonds, you indemnify SBS Bank and its directors, officers, employees and agents in respect of any loss incurred as a result of you breaching the above selling restrictions.

As with any investment, we recommend that you consult an independent financial adviser before you decide whether or not to invest.

Section 11 - Contact Information

The contact details for SBS Bank are:

Southland Building Society
51 Don Street
Invercargill 9810

or

PO Box 835
Invercargill 9840

Telephone: 0800 727 2265
Email: info@sbsbank.co.nz
Website: www.sbsbank.co.nz

Glossary

$ means the lawful currency of New Zealand.

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.

Banking (Prudential Supervision) Act means the Banking (Prudential Supervision) Act 1989.

Business Day means any day (other than a Saturday or a Sunday) on which registered banks are generally open for business in Invercargill.

Event of Default means an Event of Default as described in the Master Deed.

Fitch means Fitch Australia Pty Limited.

FMCA means the Financial Markets Conduct Act 2013.

Group means SBS Bank and its subsidiaries, as specified in SBS Bank's latest published financial statements.

Holder means the registered owner of a SBS Capital Bond or as otherwise defined in the Master Deed.

Interest includes dividends on a SBS Capital Bond.

Interest Payment Date means each quarterly Interest payment date, calculated in each case from the Issue Date.

Interest Period means the three month period from (and including) an Interest Payment Date (or the Issue Date in the case of the first Interest Period) to (but excluding) the next Interest Payment Date.

Issue Date means, in respect of a SBS Capital Bond, the date upon which that SBS Capital Bond is issued.

LDD means this Limited Disclosure Document.

Master Deed means the deed poll dated 30 April 2014 executed by SBS Bank constituting, among other things, the SBS Capital Bonds (as amended and restated by a Deed of Amendment and Restatement dated 26 September 2017 and 23 September 2025).

Maturity Date means, in respect of a SBS Capital Bond, the tenth anniversary of the Issue Date.

Minimum Holding means 10,000 SBS Capital Bonds.

Non-resident Holder is defined in section 6 of this LDD *"Tax"*.

NRWT means non-resident withholding tax and has the meaning given to it in the Tax Act.

Offer Register means the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose" and accessible online at www.disclose-register.companiesoffice.govt.nz offer number OFR13463.

Opening Date means 7 February 2023.

Principal Amount means $1.00 per SBS Capital Bond.

RBNZ means the Reserve Bank of New Zealand.

Regulatory Capital means capital required for New Zealand regulatory purposes as further described in section 7 of this LDD *"Information about SBS Bank"*.

Regulatory Event has the meaning given to that term in the Master Deed.

Rules means the rules of SBS Bank, a copy of which is available on the register of Building Societies maintained by the New Zealand Companies Office.

RWT means resident withholding tax and has the meaning given to it in the Tax Act.

SBS Bank (we, us or our) means Southland Building Society trading as SBS Bank.

SBS Capital Bonds means the unsecured, SBS Capital Bonds No.2 constituted by the Master Deed and the Supplemental Deed and offered for subscription pursuant to this LDD.

SBS Optional Redemption Date means, in respect of a SBS Capital Bond, the fifth anniversary of the Issue Date (being the first SBS Optional Redemption Date) and each Interest Payment Date thereafter.

SBS Senior Bonds means the unsecured, fixed rate, medium term, senior bonds issued by SBS Bank under the Master Deed and relevant supplemental deeds.

Senior Creditors means (in SBS Bank's liquidation) all of SBS Bank's preferred and secured creditors, deposits (issued without redeemable shares including the SBS Senior Bonds), other unsecured debt (such as redeemable shares which SBS Bank issues in respect of everyday transactional and savings accounts and call and term investments, including accrued interest) and general creditors.

Solvency Certificate means a certificate signed by not less than two directors of SBS Bank on behalf of all directors, certifying that as at the date of such certificate SBS Bank and the Group is solvent.

Solvency Condition means a condition set out in the Master Deed requiring SBS Bank to have a current Solvency Certificate before making any interest payments or early repayment of the Principal Amount.

Statutory Management means that SBS Bank has been declared, on the recommendation of the RBNZ under the Banking (Prudential Supervision) Act, to be in "statutory management", which will mean, among other things, that a Statutory Manager assumes control of us.

Statutory Manager means a person appointed as "statutory manager" on the recommendation of the RBNZ under the Banking (Prudential Supervision) Act to take over control of us in Statutory Management.

Supplemental Deed means the Supplemental Deed dated 24 January 2023 executed by SBS Bank, setting out the principal terms and conditions of the SBS Capital Bonds.

Tax Act means the Income Tax Act 2007.

Tax Event has the meaning given to that term in the Master Deed.

Tier 1 and **Tier 2** mean (respectively) tier 1 and tier 2 Regulatory Capital as further described in section 7 of this LDD *"Information about SBS Bank"*.

Application Form - Guide

This guide provides our key requirements for completing the application form. If you are still having trouble, please visit your local branch, contact us on 0800 727 2265, or refer to our more detailed application guide available at sbsbank.co.nz/terms-conditions

The Star -*

The '*' symbol identifies the information which is important and we need you to provide it to be able to accept your application to invest.

If you do not properly provide this information, withhold this information or provide false information, you may find that you cannot open an account with us or you may have any existing account or application suspended, withdrawn or closed, and in certain cases, you may have fines imposed on you by the New Zealand Government.

Multiple Applicants

If there are more than two Personal Applicants, or four Applicant representatives for Organisations, you will need to obtain additional application forms for your co-Applicants. These forms are available from any branch, by calling our Contact Centre on 0800 727 2265, or at sbsbank.co.nz/terms-conditions

Attorneys

If you are an attorney completing the application for another person or an Organisation, you need to enter their details in the application. You will also need to contact SBS Bank to complete additional documentation in relation to your authority to act on their behalf.

Addresses

As this offer is only available to people in New Zealand, we expect the address details to be a New Zealand address, unless you are a New Zealand attorney completing the application in New Zealand on the applicant's behalf.

Guidance on what documentation can be used for address verification can be obtained from any team member or by reading our Identification and Address Verification Requirements information which is available from any branch, by calling our Contact Centre on 0800 727 2265, or at sbsbank.co.nz/terms-conditions

Tax Details

Under New Zealand tax law we are required to obtain, and likewise you are required to provide, information for all other countries in which you, your organisation and any controlling persons and beneficial owners are a tax resident (if any). You must also provide your tax numbers for each country in which you are a tax resident. This is important information.

Identification

Before you establish a new banking relationship or open your investment with us, we are required under the Anti Money Laundering and Countering Financing of Terrorism Act 2009 to obtain suitable forms of identification as well as evidence of a residential address for you, your organisation and persons who have authority to act for/on behalf of you or the organisation.

Guidance on what documentation can be used for this purpose can be obtained from any team member or by reading our Identification and Address Verification Requirements information which is available from any branch, by calling our Contact Centre on 0800 727 2265, or at sbsbank.co.nz/terms-conditions

Investment Details

Before completing this section in the application form, you need to contact SBS Bank to obtain the applicable Interest Rate and Margin which would apply to your investment. The rates, along with Investment and Maturity Dates entered in the application form, are indicative only and will be determined at the time we accept your full application. If rates have changed between the date you sign your application form and the date we accept your application, we will seek your acceptance of these changes prior to opening your investment. Your Investment Certificate will confirm the final details of your investment once opened.

Applicant Acknowledgement & Declaration

The Acknowledgement and Declaration are especially important. By signing the application form, you are agreeing to the matters set out therein. Before signing, make sure you have read and understand what you are agreeing to. If you are unsure, don't commit yourself until you have sought guidance from either one of our team members or a financial adviser and you are comfortable that you understand the investment.

If you are not with one of our team members when completing the application, make sure you have it witnessed by one of the listed Trusted Referees (set out in the witness section) at the time you are signing it.

Signing Rule

For Personal Applicants who have additional signatories and all Organisation Applicants, you will need to complete a separate Account Operating Authority form along with an Authorised Signatory Form for each additional authorised signatory. These forms can be obtained from any branch or by calling our Contact Centre on 0800 727 2265.

Submitting your application

You need to ensure your application for the SBS Capital Bonds No.2 includes the following:

- Identification and address verification (if posting, then send us certified copies rather than originals);
- A properly completed application form; and
- Payment for your investment.

Once you have all of the above, please return your application to any branch of SBS Bank, or post it to:

SBS Bank, PO Box 835, Invercargill 9840.

Payment

Payment for your SBS Capital Bonds No.2 investment must be in New Zealand dollars only and can be made by:

- **Deposit** – Either in branch or by direct credit. The account for direct credits can be obtained in your local branch or by calling us on 0800 727 2265.

SBS Capital Bonds No. 2 Application – Personal

for investments in subordinated redeemable shares.

Identification* Please provide identification and address verification. Refer to sbsbank.co.nz for the forms of identification we accept.

Personal Details (Applicant 1) *denotes a mandatory field

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First name(s)* Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of birth*

Countries of citizenship* (list all)
United States citizens must provide tax number below.

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Address Details*

Current Residential Address*

Country Post Code

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided *(Refer to the Application Form - Guide)*

Contact Details*

At least one contact number is required.
Tick your preferred contact number

☐ Home phone _____
☐ Mobile phone _____
☐ Work phone _____

Email

Tax Details*

☐ For joint applicants, please tick this box if this is the IRD number to be used for Tax purposes.

Countries of tax residency* *(tick all that apply)*

☐ New Zealand	NZ IRD Number	-	-	(8/9 digits)
☐ Australia	Tax File Number	-	-	(8/9 digits)
☐ United States	Social Security/ITIN	-	-	(9 digits)
☐ United Kingdom	National Insurance Number	-	-	(9 digits)
☐ Other (specify)	Tax Identification Number			

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Personal Details (Applicant 2) *denotes a mandatory field

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First name(s)* Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of birth*

Countries of citizenship* (list all)
United States citizens must provide tax number below.

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Address Details*

Current Residential Address*

Country Post Code

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided *(Refer to the Application Form - Guide)*

Contact Details*

At least one contact number is required.
Tick your preferred contact number

☐ Home phone _____
☐ Mobile phone _____
☐ Work phone _____

Email

Tax Details*

☐ For joint applicants, please tick this box if this is the IRD number to be used for Tax purposes.

Countries of tax residency* *(tick all that apply)*

☐ New Zealand	NZ IRD Number	-	-	(8/9 digits)
☐ Australia	Tax File Number	-	-	(8/9 digits)
☐ United States	Social Security/ITIN	-	-	(9 digits)
☐ United Kingdom	National Insurance Number	-	-	(9 digits)
☐ Other (specify)	Tax Identification Number			

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Investment details*
Please complete this section with one of our team members either in branch or by phoning 0800 727 2265

The Dates and Rates we provide for this section are indicative only. The actual Dates and Rates which apply when we receive your investment funds and completed application form may differ. If this is the case, we will seek your agreement to these changes prior to opening your investment.

Investment Amount *(Minimum $10,000)* $

Indicative Investment Date
(The date SBS receive your funds for investment)

Indicative Maturity date
(10 years from the actual date we receive your funds for investment)

Indicative Initial Fixed Interest Rate %

Indicative Interest Rate Margin
(This will apply to the rate which applies after 5 years and is included in the Initial Fixed Interest Rate) %

Payment instructions *(Interest and Principal)*
Please advise us if this account changes

Account Name:
Pay to account No.:

Account use Please describe the nature and purpose of establishing the banking relationship and the intent of operation with the account*

☐ Savings ☐ Investing ☐ Other *(please describe)*

Account financing How will the account be financed?

☐ Salary/Wages ☐ Investment Income/Dividends ☐ Director Fees ☐ Superannuation ☐ Other *(please describe)*

Account name and signing rules* (e.g., Anne Joan & Brian Alan Smith)*: **Legal name of the account**

Complete with Bank staff Account or Header Number: (The "Account")

Signing Rule*
How many Applicants are required for any transaction/s or instruction/s to be actioned by the Bank?

☐ The persons named below may act alone
☐ The persons named below must act together
☐ Any____of the persons named below must act together
Unless otherwise specified above, the signing rule for the Applicant's account will be for any Applicant to solely operate the account(s).

I/We agree that the Bank can authorise any transaction or activity regarding the administration of this account within the above Signing Rule, subject to any restrictions under the terms and conditions of the SBS Capital Bonds No. 2 and this application. My/Our agreement indemnifies the Bank against any disputed transaction or activity conducted on this account in line with this authorisation and I/we agree to operate the account in line with the signing rule indicated above.

Applicant Acknowledgement

By signing this form, I/we:

1. **Confirm our application to invest in the SBS Capital Bonds No. 2 in accordance with the terms and conditions set out within this application, the Limited Disclosure Document, the Master Deed and Supplemental Deed.**
2. **Confirm that all the information supplied by me/us is true and correct and may be relied upon by the Bank and its subsidiaries.**
3. **Have read and understand the Limited Disclosure Document for the SBS Capital Bonds No. 2.**
4. **Acknowledge my/our investment will be locked in for 10 years with no right of early redemption.**
5. **Acknowledge the SBS Capital Bonds No.2 are not quoted on any stock exchange and there is no established market for trading them.**
6. **Acknowledge the applicable fixed rate applies for the initial 5 years and includes a margin set at issue. Following this period, the rate is set quarterly based on the applicable BKBM Rate plus the same margin.**
7. **Acknowledge that the SBS Capital Bonds No. 2 is a complex product and you may wish to consult with your financial adviser before making any decision.**
8. **Acknowledge that the offer is only made to investors who are in New Zealand, and I/we warrant that I/we have received this offer in New Zealand and are therefore eligible to participate in the offer.**
9. **Acknowledge and agree, to be bound by the Bank's General Terms and Conditions and all other applicable terms and conditions, and the Applicant acknowledgement and Declaration in this form.**

Signature Applicant 1 *(parent/guardian to sign on behalf of minor)* **Name** **Date**	**Signature Applicant 1** *(parent/guardian to sign on behalf of minor)* **Name** **Date**
Signature Applicant 1 *(parent/guardian to sign on behalf of minor)* **Name** **Date**	**Signature Applicant 1** *(parent/guardian to sign on behalf of minor)* **Name** **Date**

Witness section If you are unable to complete this application with an authorised SBS Bank staff member, this section must be completed and signatures witnessed by; a Justice of the Peace, New Zealand Solicitor, Court Official or Notary Public, New Zealand Honorary Consul, Authorised Police or Chartered Accountant who are considered to be Trusted Referees. In addition the witness must be 18 years old, cannot be related to you, your spouse or your partner or a person who lives at the same address as you and must not be party to the account or transactions, and must supply a contact phone number. The Bank's staff reserve the right to contact the Witness to confirm that witnessing took place.

Witness Declaration: I hereby confirm that I have verified and certify that the above person/s have signed this form, and as acting as witness I meet the Witnessing conditions detailed above.

Full Name of Witness Occupation

Category of Witness: ☐ SBS Bank Staff ☐ Lawyer/Solicitor ☐ Justice of the Peace ☐ Notary Public
☐ NZ Honorary Consul ☐ Authorised Police ☐ Chartered Accountant

Business phone number Signature Date

Applicant Declaration

By signing this SBS Capital Bonds No.2 Application, I/we acknowledge I/we have read and agree to all the terms outlined below.

I/We:

- will notify the Bank immediately if there is any change in any information supplied by me/us;
- confirm that I/we have not withheld any information that may affect the Bank's decision;
- authorise the Bank to obtain credit reports on me/us from any credit reporting agency and make use of any monitoring service at any time it considers appropriate or desirable;
- authorise the Bank to obtain from my/our employer/s or any other source, information as it may deem necessary in relation to this declaration;
- have read and understood the below Privacy Statement and consent to the collection, disclosure and retention of the information as set out in that statement; and
- agree to be bound by the Bank's General Terms and Conditions (which I/we have been provided) and all other terms and conditions (including fees and charges) that apply to me/us, my/our relevant accounts and any account I/we am/are authorised to have access to.

I/We authorise the Bank to:

- debit to any of my/our accounts (whether or not in credit) all payment orders;
- debit to any of my/our accounts (whether or not in credit) all payment orders; and if the account/s becomes overdrawn I/we will pay interest on the debit balance (calculated daily) at the rate normally charged by the Bank and further the Bank may also debit to the account/s any fees as per the Southland Building Society General Terms and Conditions; and
- act upon any request in relation to any of my/our accounts or any property which the Bank may hold on my/our behalf, when signed or initiated electronically, by telephone, internet, email or by facsimile in accordance with the Signing Rule overleaf by the applicants subject to the terms and conditions contained in this Member Application and Applicant Declaration.

Authority and Indemnity (Telephone, Internet, Email and Facsimile Instructions):

I/We:

- authorise the Bank to act on any telephone, internet, email or facsimile instruction ("Instruction") received by the Bank which is or is purported to be given by the Authorised Persons under the Signing Rule in relation to my/our accounts;
- agree to indemnify the Bank against all claims, actions, demands, liabilities and losses the Bank may incur as a result of the Bank acting upon any Instructions provided the Bank has not been negligent;
- agree to keep and to ensure that the Authorised Persons keep any password or code confidential and to notify the Bank immediately if I/we know or suspect that an unauthorised person is aware of the password or code; and
- agree that the Bank can record and retain any telephone, internet, email or facsimile Instructions for a period of 7 years.

I/we agree the Bank will not be liable for:

- acting on any unauthorised forged or fraudulent Instructions unless the Bank could have reasonably detected that such Instruction was unauthorised, forged or fraudulent; and
- not acting on an Instruction where the Instruction is illegible, unclear or there are insufficient funds in the account or for any other reason outside of the Bank's control.

A copy of our current General Terms & Conditions and Disclosure Statements are available on request and free of charge from any branch or agency of SBS Bank (Southland Building Society) or at sbsbank.co.nz

Privacy Statement

- Southland Building Society operates under the brand "SBS Bank". The name of the registered bank is Southland Building Society (referred to as "the Bank").
- I/We agree that the Bank may collect and retain personal information about me/us for the purpose of assisting the Bank to open and operate my/our accounts, administer my/our business and provide its products, services and information. All personal information is obtained in accordance with the Privacy Act 2020. The Bank and its subsidiaries are the intended recipients of this information though the information may be passed on to others.
- I/We understand that the Bank may make enquiries of any person it considers appropriate about any personal information that I/we provide to the Bank in order to check the accuracy of the information. The Bank may also request information from any other person about my/our character and employment. In the course of doing so, the Bank may disclose my/our personal information to the extent necessary. I/We authorise any such person to disclose personal information about me/us to the Bank and its subsidiaries.
- I/We agree that the Bank may, as part of opening and operating my/our accounts and/or offering and providing its products and services to me/us, use credit reporting and debt collecting services. I/We agree that:
  - the Bank may use these services to assess my/our current and ongoing credit worthiness;
  - the Bank may provide my/our personal information, including both positive and negative information about my/our credit history, to credit reporting and/or debt collecting agencies;
  - my/our personal information will be held by credit reporting agencies for credit reporting services; and
  - the credit reporting agencies will provide information about me/us to the Bank and to third parties as part of their credit reporting systems.
- I/We agree that the Bank may also use the monitoring services of credit reporting agencies to receive updates while I/we have a loan or any accounts with the Bank.
- I/We consent to the Bank giving my/our personal information to:
  - proposed or current guarantors of my/our obligations to the Bank;
  - the Bank's subsidiaries or any assignees or potential assignees;
  - anyone that the Bank needs to contact in order to carry out my/our instructions to the Bank (including the recipient of an automatic payment, bill payment or direct debit);
  - anyone that the Bank needs to contact in order to assist the Bank in developing or running the Bank's business;
  - any company which the Bank has effected a lenders mortgage indemnity policy ("Mortgage Insurer") so that the Mortgage Insurer can consider an application for lenders mortgage insurance. The Mortgage Insurer may obtain additional information from the Bank and from other sources (including credit reporting agencies) to assist its evaluation of the application, its security and insurance risk and may disclose information about me/us to credit reporting agencies concerning defaults in payments or repayments of any of my/our loans or other product or service provided by the Bank to me/us; and
  - insurers in relation to any money I/we owe to the Bank or any property I/we have given the Bank security over.
- I/We also consent to the Bank using my/our personal information for:
  - marketing goods and services provided by the Bank and its assignees or subsidiaries; and
  - communicating with me/us, including by way of email and other electronic or social media means, in connection with administering, financing, insuring or enforcing my/our accounts and any other product or service provided by the Bank to me/us.
- I/We understand that my/our personal information will be held by the Bank and its subsidiaries and the Bank and its subsidiaries will take reasonable steps to protect my/our personal information from unauthorised access or disclosure. I/We are entitled to access this information and request the correction of the information the Bank and its subsidiaries holds about me/us.
- I/We understand that if I/we do not provide any information requested by the Bank or its subsidiaries, the Bank or its subsidiaries will inform me/us of the consequences for failing to do so.
- I/We understand that my/our personal information will only be disclosed to another party to the extent necessary for one or more of the purposes set out above, where required by law, or as otherwise authorised by me/us. I/We agree that the Bank can record and retain any telephone conversation between me/us and any member of the Bank for training and verification purposes.

SBS Capital Bonds No.2 Application – Organisation

for investments in subordinated redeemable shares.

Use this form if the Organisation is a Trust, Partnership, Company, Continuing Estate or Charitable Organisation.

Organisation Details *denotes a mandatory field

Confirm your organisation has been established/registered in New Zealand?* ☐ Yes ☐ No

Organisation Type ☐ Partnership ☐ Company ☐ Trust ☐ Continuing Estate

Organisation full legal name* (if a Trust – as per Trust Deed)

Trading Name* (if different)

Please describe the business activities of this Company/Partnership. Does your Company hold a Company Constitution/Shareholders Agreement or any other document that sets out how your Company operates ☐ Yes ☐ No (If yes, please provide a copy of the relevant document)

If your organisation is a Company or Limited Partnership, are any of your Directors, Shareholders or General Partners acting as a nominee for another party?* (Refer to the Help Sheet for further details) ☐ Yes ☐ No

If yes – please ensure the nominee role is recorded in either the Applicant Representative Details of the beneficial owners/Controlling Persons section as appropriate*

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 28% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non-Declaration rate where no IRD number is provided)

NZ IRD number* - -

Foreign tax number* - -

Country*

☐ Exempt (must be registered on the IRD RWT Exemption register)

Accountant:	Firm:	Ph:	Email:
Solicitor:	Firm:	Ph:	Email:

Address Details*

Business Address/Registered Office* (as per Companies extract for a company – not a PO Box)

Country: Post Code:

Postal Address*:

Country: Post Code:

Organisation Identification*

Please provide identification and address verification for your organisation. Refer to sbsbank.co.nz for the forms of identification we accept.

Additional details about your Organisation*

New Zealand legislation means that there are specific questions we need to ask about your Organisation in order to meet our obligations as a New Zealand Financial institution. Please refer to our help sheet at the end of this document if you need further information.

Please describe the nature and purpose of establishing the banking relationship and the intent of operation with the account*: ☐ Savings ☐ Investing ☐ Other (please describe)

Source of Wealth* If your organisation is a Trust you will be required to provide supporting documentation evidencing how your Trust obtained its wealth. For all other organisations you may be required to provide supporting documentation to evidence the source of wealth for your Organisation and/or associated parties. The Bank will advise if this is required, (refer to our website for further examples of acceptable evidence of source of wealth sbsbank.co.nz)

Source of Funds* How will your organisation finance this account?* (e.g., dividends, payments from creditors, payment from another external account, profits from other businesses etc.) You may be required to provide supporting documentation to evidence the source of funds. The Bank will advise if this is required.

Does your organisation earn 50% or more of its gross income from passive investments? (e.g., interest, dividends, royalties or rent.)* ☐ Yes ☐ No

Do 50% or more of your organisation's assets produce, or are held for the production of passive investment income?* ☐ Yes ☐ No

Is your organisation also any of the following? (tick all that apply) – please refer to the Application Form - Guide if you need additional information*

☐ Registered Charity
☐ Financial Institution
☐ Government organisation or Crown-owned organisation (Including schools, DHBs, Police)
☐ Regional or Local Governmental Authority
☐ None of these apply

Trusts and Continuing Estates Only

Only complete this section if your Organisation is a Trust or is a Continuing Estate. See our Help Sheet at the end of this document if you need further information.

Does a Corporate Trustee act as a Trustee for the Trust/Continuing Estate?* ☐ Yes (please complete Corporate Trustee section in this document) ☐ No

Does a financial institution act as a Trustee or manage the Trust or Continuing Estate's investments?* ☐ Yes ☐ No

Type of Trust* ☐ Fixed ☐ Discretionary ☐ Charitable ☐ Other (please state type)

Indicate the type & number of beneficiaries, below as per the Trust Deed/Will

Discretionary Beneficiaries: _____ Fixed Beneficiaries: _____ Other (describe): _____

Please complete the details on page 26 for all named beneficiaries, along with any unnamed beneficiaries who have ever received a distribution.

Corporate Trustee Only

Corporate Trustees new to the Bank must also complete the Corporate Trustee Details form.

Entity Name Company Number

Registered Office Address

Contact Number

Organisation Applicant Representatives' Details

sbs BANK

Personal Details to be completed by all applicants including; any person authorised to commit the Organisation to an application (i.e. Director, Trustee, Partner).

Persons who ultimately own (25% or more ownership) or have effective control of the Organisation (Senior Management Role or Beneficial Owners) who are NOT also applicants are required to be listed on the Beneficial Owners and Controlling Persons page.

Note: Where a corporate trustee is appointed to act on behalf of the applicant, complete Corporate Trustee Only Section and the 'Corporate Trustee Details Form'.

Identification* Please provide identification and address verification. Refer to sbsbank.co.nz for the forms of identification we accept.

Personal Details (Applicant 1)

*denotes a mandatory field

☐ Preferred Contact for Organisation

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First Name(s)*

Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of Birth*

Countries of Citizenship* (list all)
United States citizens must provide tax number below

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Role in the Organisation

☐ Trustee ☐ Director ☐ Partner ☐ Authorised Person
☐ Senior Manager ☐ Protector ☐ Office Bearer
☐ Nominee Director ☐ Settlor ☐ Nominee Partner
☐ Nominee Shareholder ☐ Beneficiary ☐ Shareholder

Address Details*

Current Residential Address*

Country Post Code

Time at Address* Years Months

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided

Contact Details*

At least one contact phone number is required. Tick your preferred contact number.

☐ Home
☐ Mobile
☐ Work

Email

Tax Details* Countries of tax residency* *(tick all that apply)*

☐ New Zealand NZ IRD Number - - (8/9 digits)

☐ Other Country Tax Identification Number

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Personal Details (Applicant 2)

*denotes a mandatory field

☐ Preferred Contact for Organisation

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First Name(s)*

Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of Birth*

Countries of Citizenship* (list all)
United States citizens must provide tax number below

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Role in the Organisation

☐ Trustee ☐ Director ☐ Partner ☐ Authorised Person
☐ Senior Manager ☐ Protector ☐ Office Bearer
☐ Nominee Director ☐ Settlor ☐ Nominee Partner
☐ Nominee Shareholder ☐ Beneficiary ☐ Shareholder

Address Details*

Current Residential Address*

Country Post Code

Time at Address* Years Months

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided

Contact Details*

At least one contact phone number is required. Tick your preferred contact number.

☐ Home
☐ Mobile
☐ Work

Email

Tax Details* Countries of tax residency* *(tick all that apply)*

☐ New Zealand NZ IRD Number - - (8/9 digits)

☐ Other Country Tax Identification Number

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Organisation Applicant Representatives' Details

sbs BANK

Personal Details to be completed by all applicants including; any person authorised to commit the Organisation to an application (i.e. Director, Trustee, Partner).

Persons who ultimately own (25% or more ownership) or have effective control of the Organisation (Senior Management Role or Beneficial Owners) who are NOT also applicants are required to be listed on the Beneficial Owners and Controlling Persons page.

Note: Where a corporate trustee is appointed to act on behalf of the applicant, complete Corporate Trustee Only Section and the 'Corporate Trustee Details Form'.

Identification* Please provide identification and address verification. Refer to sbsbank.co.nz for the forms of identification we accept.

Personal Details (Applicant 3)

*denotes a mandatory field

☐ Preferred Contact for Organisation

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First Name(s)*

Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of Birth*

Countries of Citizenship* (list all)
United States citizens must provide tax number below

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Role in the Organisation

☐ Trustee ☐ Director ☐ Partner ☐ Authorised Person
☐ Senior Manager ☐ Protector ☐ Office Bearer
☐ Nominee Director ☐ Settlor ☐ Nominee Partner
☐ Nominee Shareholder ☐ Beneficiary ☐ Shareholder

Address Details*

Current Residential Address*

Country Post Code

Time at Address* Years Months

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided

Contact Details*

At least one contact phone number is required. Tick your preferred contact number.

☐ Home
☐ Mobile
☐ Work

Email

Tax Details* Countries of tax residency* *(tick all that apply)*

☐ New Zealand NZ IRD Number - - (8/9 digits)

☐ Other Country Tax Identification Number

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Personal Details (Applicant 4)

*denotes a mandatory field

☐ Preferred Contact for Organisation

Title* ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other (please detail)

First Name(s)*

Middle Name(s)

Surname*

Preferred Name

Gender* ☐ Male ☐ Female ☐ X Date of Birth*

Country of Birth*

Countries of Citizenship* (list all)
United States citizens must provide tax number below

If you are **not** a New Zealand citizen, do you hold a NZ Permanent Resident Visa or Permit?* ☐ Yes (provide copy) ☐ No

Occupation*

Role in the Organisation

☐ Trustee ☐ Director ☐ Partner ☐ Authorised Person
☐ Senior Manager ☐ Protector ☐ Office Bearer
☐ Nominee Director ☐ Settlor ☐ Nominee Partner
☐ Nominee Shareholder ☐ Beneficiary ☐ Shareholder

Address Details*

Current Residential Address*

Country Post Code

Time at Address* Years Months

Current Postal Address *(if different from residential)**

Country Post Code

Type of Address Verification provided

Contact Details*

At least one contact phone number is required. Tick your preferred contact number.

☐ Home
☐ Mobile
☐ Work

Email

Tax Details* Countries of tax residency* *(tick all that apply)*

☐ New Zealand NZ IRD Number - - (8/9 digits)

☐ Other Country Tax Identification Number

NZ Resident Withholding Tax*

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ 39%

☐ 45% (Non Declaration rate where no IRD number is provided)

☐ Exempt (must be registered on the IRD RWT Exemption register)

☐ Non Resident Withholding Tax Country*

☐ NRWT exempt (attach exemption) Country*

Investment details* *Please complete this section with one of our team members either in branch or by phoning 0800 727 2265*	The Dates and Rates we provide for this section are indicative only. The actual Dates and Rates which apply when we receive your investment funds and completed application form may differ. If this is the case, we will seek your agreement to these changes prior to opening your investment.		
Investment Amount *(Minimum $10,000)*	$		
Indicative Investment Date *(The date SBS receive your funds for investment)*		Indicative Maturity date *(10 years from the actual date we receive your funds for investment)*	
Indicative Initial Fixed Interest Rate	%	Indicative Interest Rate Margin *(This will apply to the rate which applies after 5 years and is included in the Initial Fixed Interest Rate)*	%
Payment instructions *(Interest and Principal) Please advise us if this account changes*	Pay to account No.: Account Name:		

Applicant Acknowledgement

By signing this form, I/we:

1. Confirm our application to invest in the SBS Capital Bonds No.2 in accordance with the terms and conditions set out within this application, the Limited Disclosure Document, the Master Deed and Supplemental Deed.
2. Confirm that all the information supplied by me/us is true and correct and may be relied upon by the Bank and its subsidiaries.
3. Have read and understand the Limited Disclosure Document for the SBS Capital Bonds No.2, both personally and on behalf of the Applicant Organisation and agree to all terms of this Application.
4. Acknowledge my/our investment will be locked in for 10 years with no right of early redemption.
5. Acknowledge the SBS Capital Bonds No.2 are not quoted on any stock exchange and there is no established market for trading them.
6. Acknowledge the applicable fixed rate applies for the initial 5 years and includes a margin set at issue. Following this period, the rate is set quarterly based on the applicable BKBM Rate plus the same margin.
7. Acknowledge that the SBS Capital Bonds No.2 is a complex product and you may wish to consult with your financial adviser before making any decision.
8. Acknowledge that the offer is only made to investors who are in New Zealand, and I/we warrant that I/we have received this offer in New Zealand and are therefore eligible to participate in the offer.
9. Acknowledge and agree, to be bound by the Bank's General Terms and Conditions and all other applicable terms and conditions, and the Applicant acknowledgement and Declaration in this form.
10. In cases where the applicant is a trust or continuing estate, I/we confirm I/we will notify the Bank of any changes to beneficiaries including distributions made to unnamed beneficiaries previously not disclosed to the Bank.

All directors, partners, trustees, executors, administrators and additional applicants must sign.

Signature Applicant 1 **Name** **Date**	**Signature Applicant 2** **Name** **Date**
Signature Applicant 3 **Name** **Date**	**Signature Applicant 4** **Name** **Date**
Signature Applicant 5 **Name** **Date**	**Signature Applicant 6** **Name** **Date**
Signature Applicant 7 **Name** **Date**	**Signature Applicant 8** **Name** **Date**

Witness section. If you are unable to complete this application with an authorised SBS Bank staff member, this section must be completed and signatures witnessed by; a Justice of the Peace, New Zealand Solicitor, Court Official or Notary of the Public, New Zealand Honorary Consul, Authorised Police or Chartered Accountant who are considered to be Trusted Referees. In addition the witness must be 18 years old, cannot be related to you, your spouse or your partner or a person who lives at the same address as you and must not be party to the account or transactions, and must supply a contact phone number. The Bank's staff reserve the right to contact the Witness to confirm that witnessing took place.

Witness Declaration: I hereby confirm that I have verified and certify that the above person/s have signed this form, and as acting as witness I meet the Witnessing conditions detailed above.

Full Name of Witness		Occupation	
Category of Witness: ☐ SBS Bank Staff ☐ NZ Honorary Consul	☐ Lawyer/Solicitor ☐ Authorised Police	☐ Justice of the Peace ☐ Chartered Accountant	☐ Notary of the Public
Business phone number		Signature	Date

Applicant Declaration

By signing this SBS Capital Bonds No.2 Application, I/we acknowledge I/we have read and agree to all the terms outlined below:

I/We:

- confirm we are duly authorised to sign this form on behalf of the Organisation;
- confirm that all necessary authorisations required on the part of the applicant to make this application have been obtained;
- will notify the Bank immediately if there is any change in any information supplied by me/us (including for a trust or continuing estate – notification of any distributions made to discretionary beneficiaries as well as any other changes in circumstances e.g. change in trustee, settlor, moving abroad etc);
- confirm that I/we have not withheld any information that may affect the Bank's decision;
- authorise the bank to obtain from any source, information as it may deem necessary in relation to this application;
- authorise the Bank to obtain credit reports on me/us from any credit reporting agency and make use of any monitoring service at any time it considers appropriate or desirable;
- certify that I/we are not insolvent, undischarged bankrupt or subject to any solvency, bankruptcy or any other similar proceedings;
- have read and understood the below Privacy Statement and consent to the collection, use, disclosure and retention of the information as set out in that statement; and
- confirm I/we have received a copy of the Bank's General Terms & Conditions, all other applicable terms and conditions (including fees and charges), and this Declaration, and have read and understood them and agree to be bound by them.

Privacy Statement

- Southland Building Society operates under the brand "SBS Bank". The name of the registered bank is Southland Building Society (referred to as "the Bank").
- I/We agree that the Bank may collect and retain personal information about me/us for the purpose of assisting the Bank to open and operate my/our accounts, administer my/our business and provide its products, services and information. All personal information is obtained in accordance with the Privacy Act 2020. The Bank and its subsidiaries are the intended recipients of this information though the information may be passed on to others.
- I/We agree that the Bank may make enquiries of any person it considers appropriate about any personal information that I/we provide to the Bank in order to check the accuracy of the information. The Bank may also request information from any other person about my/our character and employment. In the course of doing so, the Bank may disclose my/our personal information to the extent necessary. I/We authorise any such person to disclose personal information about me/us to the Bank and its subsidiaries.
- I/We agree that the Bank may, as part of opening and operating my/our accounts and/or offering and providing its products and services to me/us, use credit reporting and debt collecting services. I/We agree that:
  - the Bank may use these services to assess my/our current and ongoing credit worthiness;
  - the Bank may provide my/our personal information, including both positive and negative information about my/our credit history, to credit reporting and/or debt collecting agencies;
  - my/our personal information will be held by credit reporting agencies for credit reporting services; and
  - the credit reporting agencies will provide information about me/us to the Bank and to third parties as part of their credit reporting systems.
- I/We agree that the Bank may also use the monitoring services of credit reporting agencies to receive updates while I/we have a loan or any accounts with the Bank.
- I/We consent to the Bank giving my/our personal information to:
  - proposed or current guarantors of my/our obligations to the Bank;
  - the Bank's subsidiaries or any assignees or potential assignees;
  - anyone that the Bank needs to contact in order to carry out my/our instructions to the Bank (including the recipient of an automatic payment, bill payment or direct debit);
  - anyone that the Bank needs to contact in order to assist the Bank in developing or running the Bank's business;
  - any company which the Bank has effected a lenders mortgage indemnity policy ("Mortgage Insurer") so that the Mortgage Insurer can consider an application for lenders mortgage insurance. The Mortgage Insurer may obtain additional information from the Bank and from other sources (including credit reporting agencies) to assist its evaluation of the application, its security and insurance risk and may disclose information about me/us to credit reporting agencies concerning defaults in payments or repayments of any of my/our loans or other product or service provided by the Bank to me/us; and
  - insurers in relation to any money I/we owe to the Bank or any property I/we have given the Bank security over.
- I/We also consent to the Bank using my/our personal information for:
  - marketing goods and services provided by the Bank and its assignees or subsidiaries; and
  - communicating with me/us, including by way of email and other electronic or social media means, in connection with administering, financing, insuring or enforcing my/our accounts and any other product or service provided by the Bank to me/us.
- I/We understand that my/our personal information will be held by the Bank and its subsidiaries and the Bank and its subsidiaries will take reasonable steps to protect my/our personal information from unauthorised access or disclosure. I/We are entitled to access this information and request the correction of the information the Bank and its subsidiaries holds about me/us.
- I/We understand that if I/we do not provide any information requested by the Bank or its subsidiaries, the Bank or its subsidiaries will inform me/us of the consequences for failing to do so.
- I/We understand that my/our personal information will only be disclosed to another party to the extent necessary for one or more of the purposes set out above, where required by law, or as otherwise authorised by me/us. I/We agree that the Bank can record and retain any telephone conversation between me/us and any member of the Bank for training and verification purposes.

Beneficial Owners or Controlling Persons of your Organisation

For all types of Organisations – please record all parties (persons and/or entities, including those who are applying for or may operate the account on behalf of the organisation) that ultimately own or have effective control of the Organisation, and who have not already been included as an applicant. If you need additional space advise a Bank team member. Please refer to the attached Help Sheet for more information on controlling persons.

Beneficial Owner/Controlling Person(s) 1

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 2

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 3

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 4

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 5

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 6

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 7

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Beneficial Owner/Controlling Person(s) 8

Full Name

Tax Details Countries of tax residency*

☐ New Zealand	NZ IRD Number - - (8/9 digits)	
☐ Other Country		Tax Identification Number - -

Date of Birth

Residential Address (not a PO Box)

Association to the Organisation
(Director, Trustee, Shareholder, Nominee Shareholder, CEO, Beneficiary, etc)

Type of Beneficiary (if a Trust or Continuing Estate)
☐ Fixed ☐ Discretionary ☐ Other (please specify)

Nominee Shareholders with holdings less than 25% and not already captured

Nominee Shareholder 1 Details

Full Name

Nominee Shareholder 2 Details

Full Name

Help Sheet - Organisations

What's an organisation?

An organisation is any legal entity or legal arrangement which is not an individual, sole trading individual, or solely a group of individuals in a joint capacity. An organisation includes (but is not limited to): Partnerships, Companies, Societies, Trusts (including Charitable Trusts), Associations, Co-Operatives and Government Bodies.

Identification Requirements for Account Opening

Before you establish a new banking relationship or open a new account with us we are required under the Anti Money Laundering and Countering Financing of Terrorism Act 2009 to obtain suitable forms of Identification as well as evidence of residential address for your organisation and persons who have authority to act for/on behalf of the organisation.

Guidance can be obtained from any team member or by reading our Identification and Address Verification Requirements information which are available from any branch, by calling our Contact Centre on 0800 727 2265, or at sbsbank.co.nz/terms-conditions.

Signing this form

Company: all directors and additional applicants must sign unless there is only one director whose signature must be witnessed;

Estate: all executors or administrators must sign;

Partnership: all directors and additional applicants must sign;

Trusts or Continuing Estates: each trustee must sign. Where a trustee is a corporate trustee, a minimum of two directors must sign unless there is only one director whose signature must be witnessed.

Why are we being asked about beneficiaries or controlling persons?

The New Zealand Government has signed up to worldwide international agreements, to facilitate the Automatic Exchange of Information (AEOI) designed to reduce tax evasion. This includes 2 reporting streams, FATCA for US Citizens and Common Reporting Standards (CRS) for tax residents of other countries. The FATCA component of this has been in operation since 2014. CRS has come into effect from 1 July, 2017 and all banks and financial institutions are legally required to identify overseas tax residents among their customers. This information will then be passed on to IRD which will then share it with other tax authorities of other countries.

How can I get more information about our Trust or Company to answer questions about our Organisation as I'm not sure about some questions?

Contact your solicitor or accountant, or for a Trust – your Trust Deed may provide some answers.

What is a Continuing Estate?

A Continuing Estate is a Testamentary Trust which comes into operation under a will where trustee duties need to be performed over an extended period of time for beneficiaries. In contrast a Terminating Estate exists where the assets of the deceased would be distributed, typically within a year, and does not establish a trust under the will. If you are uncertain if the estate is a Continuing Estate please consult the will and/or your solicitor for clarification.

What are passive investments and passive investment income?

Passive Investment income is either: a dividend; interest; income equivalent to interest; rent or royalties; annuity payments; or the net gains from either: the sales of the preceding assets; transactions in financial assets; foreign currency transactions; swaps; and cash value insurance contracts. A Passive Investment is therefore any asset which generates this income. For instance, a share earning a dividend is a passive investment earning passive investment income.

What is the Definition of a Financial institution?

The following types of entities are "financial institutions":

- Banks, non-bank deposit takers, custodians, investment funds and fund managers, private equity and hedge funds and some related entities and some insurers.
- Investment entities that carry on a business of trading in financial assets and more than 50% of their income is generated from investment activities.
- Entities that are discretionally managed by another financial institution and more than 50% of their income is generated from investment activities.
- Trusts which generate more than 50% of their income from investment activities and have a trustee which is a financial institution (including corporate trustees and lawyers or accountants who are not acting in a personal capacity).

Who is a Controlling Person/Beneficial Owner?

Controlling Persons/Beneficial Owners are defined as any Persons or Entities who:

- Own 25% or more of the organisation (e.g. Shareholders (including Nominee Shareholders), Trustees (Including Corporate Trustees), Settlors, Protectors, Trust Beneficiaries or a Partner within a Partnership (including Nominee General Partners);
- Have 'effective control' of the organisation (Director, Nominee Director President, Secretary, Treasurer, CEO, Senior Management, Settlor, Protector, Partner (including Nominee General Partners), any persons who can appoint signatories, or Power of Attorney holders for the organisation);
- Are either named as Beneficiaries or are un-named beneficiaries who have received a distribution from the trust/Continuing Estate.

Corporate Trustee Companies who are Controlling Persons/Beneficial Owner's must also complete the Corporate Trustee Details Form.

Where the Beneficial Owners of a Trust account include other Entities, all Beneficial Owners (who are individuals) of those other Entities are also treated as Beneficial Owners of the underlying Trust and their details must be provided.

Nominee Directors, Nominee Shareholders and Nominee General Partners

Directors, Shareholders or General Partners who either carry out their role, or are required to, in accordance with the directions or instructions of another person who is not a director, shareholder or general partner are called Nominees. We are required to capture the names of all Nominees. Where a Nominee Shareholder is not otherwise an applicant or a controlling person/Beneficial Owner they need to provide their full name in the Nominee Shareholder section of the Beneficial Owners page of this form.

For Trusts: How do I find out who the beneficiaries of the Trust are?

Your Trust deed, or your solicitor or accountant, will have specific information on this. We will need details of all beneficiaries who are named in the trust deed and also any unnamed beneficiaries who have ever received a distribution from the Trust.

What if I do not provide all the requested information?

Customers who do not properly provide, withhold or provide false information may find that they cannot open an account with us, may have any existing account or application suspended, withdrawn or closed, and may have fines imposed by the New Zealand Government.

Bank with heart.

0800 727 2265 sbsbank.co.nz