## **Disclosure Statement**

For the six months ended 30 September 2025

Number 55 Issued November 2025

## **Contents**

## Disclosure Statement for the six months ended 30 September 2025

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## Registered Bank Disclosures for the six months ended 30 September 2025

This section contains the additional disclosures required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014.

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## **Abbreviations**

The following abbreviations are used throughout the report:

AT1	Additional tier 1	NZ GAAF	New Zealand Generally Accepted Accounting Practice
BPR	Banking prudential requirements	NZ IAS	New Zealand equivalents to International Accounting
CET1	Common equity tier 1		Standards
CVA	Credit valuation adjustment	<b>NZ IFRS</b>	New Zealand equivalents to International Financial Reporting
ECL	Expected credit losses		Standards
FLP	Funding-for-lending program	OCR	Official cash rate
FVTPL	Fair value through profit or loss	RBNZ	Reserve Bank of New Zealand
<b>FVOCI</b>	Fair value through other comprehensive income	REM	Reverse equity mortgage
<b>ICAAP</b>	Internal capital adequacy assessment process	RMBS	Residential mortgage backed security
LVR	Loan-to-valuation ratio	ROU	Right-of-use

## **Symbols**



Specific accounting policy



Accounting estimates and areas of judgement

Disclosure Statement for the six months ended 30 September 2025



#### **General Information**

Southland Building Society (SBS) is registered as a bank under the Reserve Bank of New Zealand Act 1989, and is required to comply with the conditions of registration as laid down by the Reserve Bank of New Zealand. Southland Building Society operates under the brand "SBS Bank".

This Disclosure Statement has been issued by Southland Building Society in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the 'Order'). In this Disclosure Statement "Banking Group" means SBS and all of its controlled entities as consolidated for financial reporting purposes.

Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

### Name and Address for Service of Registered Bank

The name of the registered bank is Southland Building Society (referred to either by its full name, as "SBS", or as the "Bank", or as the "Registered Bank") and the address for service is 51 Don Street, Invercargill.

#### **Details of Incorporation**

Southland Building Society was established in 1869 and is incorporated under the Building Societies Act 1965. SBS's registration number is 1781001.

#### **Ownership**

Southland Building Society is a mutual building society and is owned by its members by virtue of their membership interests in Southland Building Society. Membership entitlements and voting rights are set out in the Rules of Southland Building Society.

### Disclosure Statement for the six months ended 30 September 2025



#### **Directors' Statement**

The directors of Southland Building Society (the "Bank") state that each director of the Bank believes, after due enquiry, that:

- 1. As at the date on which the Disclosure Statement is signed:
  - (a) the Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended); and
  - (b) the Disclosure Statement is not false or misleading.
- 2. Each director of the Bank believes, after due enquiry, that during the six months ended 30 September 2025:
  - (a) the Bank has complied in all material respects with all conditions of registration applicable during the period; and
  - (b) credit exposures to connected persons were not contrary to the interests of the Banking Group; and
  - (c) the Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk, and other business risks, and that those systems were being properly applied.

This disclosure statement is dated 26 November 2025 and has been signed by or on behalf of all the directors.

AJ O'Connell (Chairperson)

M. Skilling

(Deputy Chairperson)

MP O'Connor

KJ Murphy

PRN Ellison

LM Robertson

JR Franklin

PE Halstead

Riturned.

## **Income Statement** for the six months ended 30 September 2025





		Unaudited 6 Months	Unaudited 6 Months	Audited 12 Months
	Note	30/09/2025	30/09/2024	31/03/2025
Interest income		207,801	243,507	475,549
Interest expense		32,059	45,043	86,136
Dividends on redeemable shares		91,996	119,625	231,577
		124,055	164,668	317,713
Net interest income		83,746	78,839	157,836
Net fee and commission income (	(A2.2)	15,985	14,601	29,658
Insurance service result and other income (	A2.2)	(76)	466	826
Total operating income		99,655	93,906	188,320
Operating expenses		65,605	60,673	119,398
Credit impairment losses	(6(d))	15,819	11,176	25,847
Operating surplus		18,231	22,057	43,075
Net gain/(loss) from financial instruments at FVTPL	A2.2)	962	(820)	(1,954)
Surplus before income tax		19,193	21,237	41,121
Less income tax expense		5,270	6,285	12,019
Net surplus		13,923	14,952	29,102
Attributable to:				
Members' interests	[	13,923	14,952	29,102

## **Southland Building Society**

Statement of Comprehensive Income for the six months ended 30 September 2025

All in \$000's

	Unaudited 6 Months 30/09/2025	Unaudited 6 Months 30/09/2024	Audited 12 Months 31/03/2025
Net surplus for the period	13,923	14,952	29,102
Items that may not be reclassified subsequently to profit or loss  Net change in property, plant and equipment reserve, net of tax	-	-	1,599
Items that may be reclassified subsequently to profit or loss			
Net change in FVOCI reserve, net of tax	3,533	7,588	8,192
Net change in cash flow hedging reserve, net of tax	(4,588)	(34,217)	(36,067)
Other comprehensive income for the period, net of tax	(1,055)	(26,629)	(26,276)
Total comprehensive income for the period	12,868	(11,677)	2,826
Attributable to: Members' interests	12,868	(11,677)	2,826

The accounting policies and other notes form part of, and should be read in conjunction with, these financial statements.

## Statement of Changes in Equity for the six months ended 30 September 2025





			Reserves		
As at 30 September 2025 (Unaudited)	Retained earnings	Property, plant and equipment	FVOCI	Cash flow hedging	Total equity
Balance as at 31 March 2025	540,983	5,178	355	(18,784)	527,732
Net surplus for the period	13,923	-	-	-	13,923
Other comprehensive income for the period					
Amortised to income statement	-	-	-	2,803	2,803
Revaluation/change in fair value	-	-	4,907	(7,999)	(3,092)
Current/deferred tax impact	-	-	(1,374)	608	(766)
Total comprehensive income for the period	13,923	-	3,533	(4,588)	12,868
Dividends paid	-	-	-	-	-
Balance as at 30 September 2025	554,906	5,178	3,888	(23,372)	540,600
As at 30 September 2024 (Unaudited)					
Balance as at 31 March 2024	511,881	3,579	(7,837)	17,283	524,906
Net surplus for the period	14,952	-	-	-	14,952
Other comprehensive income for the period					
Amortised to income statement	-	-	-	(8,114)	(8,114)
Revaluation/change in fair value	-	-	10,538	(39,598)	(29,060)
Current/deferred tax impact		-	(2,950)	13,495	10,545
Total comprehensive income for the period	14,952	-	7,588	(34,217)	(11,677)
Dividends paid	-	-	-	-	-
Balance as at 30 September 2024	526,833	3,579	(249)	(16,934)	513,229
As at 31 March 2025 (Audited)					
Balance as at 31 March 2024	511,881	3,579	(7,837)	17,283	524,906
Net surplus for the year	29,102	-	-	-	29,102
Other comprehensive income for the year					-
Amortised to income statement	-	-	-	(11,109)	(11,109)
Revaluation/change in fair value	-	2,146	11,378	(39,163)	(25,639)
Current/deferred tax impact		(547)	(3,186)	14,205	10,472
Total comprehensive income for the year	29,102	1,599	8,192	(36,067)	2,826
Dividends paid	-	-	-	-	-
Balance as at 31 March 2025	540,983	5,178	355	(18,784)	527,732

The accounting policies and other notes form part of, and should be read in conjunction with, these financial statements.

## Statement of Financial Position as at 30 September 2025





Not	te	Unaudited 30/09/2025	Unaudited 30/09/2024	Audited 31/03/2025
Assets				
Cash on hand and at bank		57,347	59,455	64,350
Funds with financial institutions and central bank		35,401	78,559	34,986
Investment securities		753,165	700,000	736,196
Derivative financial instruments		32,028	37,702	25,302
Current tax assets		2,168	4,566	3,458
Advances to customers (5	5)	5,655,904	5,605,221	5,679,904
Other assets		83,420	80,750	76,636
Property, plant and equipment		27,363	19,500	25,809
Right-of-use assets		17,227	18,517	18,812
Goodwill and intangible assets		14,437	11,596	13,693
Net deferred tax assets		17,627	16,394	15,549
		6,696,087	6,632,260	6,694,695
Liabilities				
Redeemable shares		4,401,046	4,332,967	4,511,890
Deposits from customers		39,898	52,565	44,259
Commercial paper		388,158	374,390	387,770
Due to other financial institutions		616,790	800,074	539,878
Medium term notes (1	1)	463,211	332,627	456,311
Derivative financial instruments		68,274	54,746	54,345
Current tax liabilities		-	-	-
Net deferred tax liabilities		-	-	-
Other liabilities		70,416	67,303	67,378
Subordinated redeemable shares		107,694	104,359	105,132
		6,155,487	6,119,031	6,166,963
Net assets		540,600	513,229	527,732
Equity				
Reserves		(14,306)	(13,604)	(13,251)
Retained earnings		554,906	526,833	540,983
Attributable to members of the society		540,600	513,229	527,732

For and on behalf of the Board of Directors:

Chairperson AJ O'Connell

Deputy Chairperson MJ Skilling

M. Shely

**26 November 2025** 

The accounting policies and other notes form part of, and should be read in conjunction with, these financial statements.

## Statement of Cash Flows for the six months ended 30 September 2025





	Unaudited 6 Months 30/09/2025	Unaudited 6 Months 30/09/2024	Audited 12 Months 31/03/2025
Cash flows from operating activities			
Interest and dividends received	212,090	257,955	500,959
Interest and dividends paid	(141,566)	(172,008)	(331,571)
Other cash inflows provided by operating activities	28,897	25,715	51,190
Other cash outflows used in operating activities	(84,383)	(100,889)	(164,210)
Net cash flows from operating activities before changes in operating assets and liabilities	15,038	10,773	56,368
Net changes in operating assets and liabilities	(3,161)	13,212	(22,894)
Net cash flows provided by/(used in) operating activities	11,877	23,985	33,474
Cash flows from investing activities			
Cash inflows provided by investing activities	24	-	35
Cash outflows used in investing activities	(16,660)	(98,109)	(144,545)
Net cash flows provided by/(used in) investing activities	(16,636)	(98,109)	(144,510)
Cash flows from financing activities			
Cash inflows provided by financing activities	-	-	-
Cash outflows used in financing activities	(1,835)	(1,764)	(3,541)
Net cash flows provided by/(used in) financing activities	(1,835)	(1,764)	(3,541)
Net increase/(decrease) in cash held	(6,594)	(75,888)	(114,577)
Add opening cash and cash equivalents	99,273	213,850	213,850
Closing cash and cash equivalents	92,679	137,962	99,273
Reconciliation of cash and cash equivalents			
Cash on hand and at bank	57,347	59,455	64,350
Funds with financial institutions and central bank	35,401	78,559	34,986
Interest accrued	(69)	(52)	(63)
	92,679	137,962	99,273
Reconciliation of net surplus to net operating cash flows			
Net surplus for period	13,923	14,952	29,102
Non-cash items	17,295	21,287	40,319
Deferral or accruals of past or future operating cash receipts or payments	(19,335)	(12,287)	(35,969)
Items classified as cash	(6)	33	22
Net cash flows from operating activities	11,877	23,985	33,474

Notes to the Financial Statements for the six months ended 30 September 2025 All in \$000's



### 1. Significant Accounting Policies

#### (a) Basis of Preparation

Southland Building Society (SBS) was established in 1869, is incorporated under the Building Societies Act 1965, and is registered as a bank under the Reserve Bank of New Zealand Act 1989. The consolidated financial statements presented here are for the reporting entity of the Banking Group comprising SBS and its subsidiaries.

These financial statements were authorised for issue by the Board of Directors on 26 November 2025.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), NZ IAS 34 Interim Financial Reporting, Financial Markets Conduct Act 2013 and the Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended) and should be read in conjunction with the Banking Group's financial statements for the year ended 31 March 2025.

#### (b) Changes in Accounting Policies

There have been no changes in accounting policies and all accounting policies adopted are consistent with those used in the financial year ended 31 March 2025.

#### 2. Risk Management Policies

There has been no material change in the Banking Group's policies for managing risk, or material exposures to any new types of risk since the authorisation date of the previous Disclosure Statement on 21 May 2025.

#### 3. Management Judgement, Estimates and Assumptions

The Banking Group considers the collective provision on advances to customers and related commitments as an area that requires significant management judgement and estimation. Estimation uncertainty remains at a heightened level due to the impact of changing interest rates, inflationary pressures and ongoing geopolitical tensions around the world. Refer to Note 6(e) - Basis of Inputs, Key Judgements and Assumptions used in the Calculation of ECL and Note 6(f) - Sensitivity of the Collective Provision ECL for further information on impact on ECL and related sensitivity analysis on assumptions made.

#### 4. Financial Assets Pledged as Collateral

As at 30 September 2025, no investments were encumbered through repurchase agreements (30 September 2024 \$nil).

#### Funding for lending program

The funding for lending programme ("FLP") allowed the Bank to borrow directly from the RBNZ at the floating Official Cash Rate ("OCR") for a term of three years, secured by high quality collateral, and was open from 7 December 2020 to 6 December 2022.

The Bank's allocation made up of an initial allocation of 4% when launched and an additional incentive-based allocation of 2% based on new lending since inception.

As at 30 September 2025, the Bank had drawn down \$82 million, after repayment of the first tranche of \$100 million on 9 September 2024 and second tranche of \$64 million on 26 May 2025, which is included in 'Due to other financial institutions' in the statement of financial position. A total of \$111 million of residential mortgage-backed securities ("RMBS") have been pledged as approved collateral in relation to the amount currently drawn down.

Notes to the Financial Statements for the six months ended 30 September 2025





#### 5. Advances to Customers

	Note	Unaudited 30/09/2025	Unaudited 30/09/2024	Audited 31/03/2025
Residential		4,432,267	4,425,044	4,480,072
Agricultural		20,283	36,075	31,656
Commercial		108,030	113,451	105,884
Consumer		1,125,936	1,057,403	1,091,028
Gross advances		5,686,516	5,631,973	5,708,640
Provisions for credit impairment	(6(b))	(41,945)	(38,409)	(40,917)
Deferred fee revenue and expenses		11,333	11,657	12,181
Total net advances	I	5,655,904	5,605,221	5,679,904

Included in advances to customers are \$93.5 million (30 September 2024 \$96.6 million, 31 March 2025 \$96.0 million) of reverse equity mortgages which are valued at fair value through profit or loss rather than at amortised cost.

### 6. Asset Quality and Provisions for Credit Impairment

#### (a) Asset quality - advances to customers

	Residential	Retail	Corporate	
As at 30 September 2025	Mortgages	Exposures	Exposures	Total
Neither past due or impaired	4,354,804	1,001,102	120,220	5,476,126
Individually impaired	466	-	-	466
Past due	94,822	121,655	4,780	221,257
Provision for credit impairment	(8,981)	(30,872)	(2,092)	(41,945)
Carrying amount	4,441,111	1,091,885	122,908	5,655,904

<sup>-</sup> **Residential mortgages** comprise advances to individuals and corporates that are secured against residential properties. The security against these loans include investments in residential property as well as owner-occupied housing.

<sup>-</sup> **Retail exposures** comprise consumer personal, consumer finance, consumer credit card and motor vehicle lending.

<sup>-</sup> **Corporate exposures** comprise primarily advances to individuals, corporates or small to medium enterprises that are secured against commercial or agricultural properties.





All in \$000's

## **6. Asset Quality and Provisions for Credit Impairment (continued)**

## (b) Provision for credit impairment - Statement of financial position

		Expe	cted Credit Loss	ses	Specific Provision	
As at 30 September 2025	Note	Stage 1	Stage 2	Stage 3	Stage 3	Total
Residential mortgages		4,337	2,490	2,044	110	8,981
Retail exposures		16,708	7,639	6,525	-	30,872
Corporate exposures		941	345	806	-	2,092
Total advances to customers	(5)	21,986	10,474	9,375	110	41,945
Residential mortgages		115	-	-	-	115
Retail exposures		1,113	-	-	-	1,113
Corporate exposures		146	9	-	-	155
Total off-balance sheet credit related commitments		1,374	9	-	-	1,383
Funds with financial institutions		19	-	-	-	19
Investment securities		280	-	-	-	280
		23,659	10,483	9,375	110	43,627
As at 30 September 2024	-					
Residential mortgages		3,101	5,580	1,541	50	10,272
Retail exposures		13,792	6,581	4,896	-	25,269
Corporate exposures		885	1,599	384	-	2,868
Total advances to customers	(5)	17,778	13,760	6,821	50	38,409
Residential mortgages		124	4	-	-	128
Retail exposures		979	-	-	-	979
Corporate exposures		173	11	-	-	184
Total off-balance sheet credit related commitments	-	1,276	15	-	-	1,291
Funds with financial institutions		10	-	-	-	10
Investment securities		259	-	-	-	259
	_	19,323	13,775	6,821	50	39,969
As at 31 March 2025	_					
Residential mortgages		4,279	2,134	2,517	110	9,040
Retail exposures		16,310	7,365	5,995	-	29,670
Corporate exposures	_	958	403	846	-	2,207
Total advances to customers	(5)	21,547	9,902	9,358	110	40,917
Residential mortgages		116	2	-	-	118
Retail exposures		1,107	-	-	-	1,107
Corporate exposures	_	181	16	-	-	197
Total off-balance sheet credit related commitments	_	1,404	18	-	-	1,422
Funds with financial institutions		18	-	-	-	18
Investment securities	-	273	-	-	-	273
	_	23,242	9,920	9,358	110	42,630







Specific

### **6. Asset Quality and Provisions for Credit Impairment (continued)**

#### (c) Provision for credit impairment - Statement of financial position movement

The following tables present the movement in the provision for credit impairment.

	Exped	cted Credit Loss	Provision		
Advances to customers	Stage 1	Stage 2	Stage 3	Stage 3	Total
Balance at the beginning of the period	21,548	9,906	9,358	110	40,922
Changes to the opening balance due to transfer between stages:					
Transferred to collective provision 12-months ECL	4,362	(3,179)	(1,183)	-	-
Transferred to collective provision lifetime ECL not credit impaired	(770)	1,536	(766)	-	-
Transferred to collective provision lifetime ECL credit impaired	(394)	(1,429)	1,823	-	-
New provisions	4,478	6,544	5,802	-	16,824
Charge/(credit) to income statement excluding transfers	(916)	559	(735)	-	(1,092)
Assets derecognised and payments made	(6,322)	(3,463)	(4,924)	-	(14,709)
	21,986	10,474	9,375	110	41,945
Credit related commitments					
Balance at the beginning of the period	1,402	19	-	-	1,421
Changes to the opening balance due to transfer between stages:					
Transferred to collective provision 12-months ECL	-	-	-	-	-
Transferred to collective provision lifetime ECL not credit impaired	(11)	11	-	-	-
Transferred to collective provision lifetime ECL credit impaired	(11)	-	11	-	-
New provisions	150	(11)	(11)	-	128
Charge/(credit) to income statement excluding transfers	(38)	(10)	-	-	(48)
Assets derecognised and payments made	(118)	-	-	-	(118)
	1,374	9	•		1,383

#### (d) Credit impairment income statement reconciliation

The following provides a reconciliation of the movements in provisions for credit impairment reported in the income statement:

	Unaudited 30/09/2025	Unaudited 30/09/2024	Audited 31/03/2025
Bad debts written off/recovered during the period	14,821	11,157	23,117
Individual provisions charge/(release)	-	-	60
Collective provision charge/(release)	990	6	2,635
Other credit provisions charge/(release)	8	13	35
Provision for credit impairment to income statement	15,819	11,176	25,847

Notes to the Financial Statements for the six months ended 30 September 2025



All in \$000's

### **6. Asset Quality and Provisions for Credit Impairment (continued)**

#### (e) Basis of inputs, key judgements and assumptions used in the calculation of ECL

The following table summarises the key judgements and assumptions in relation to the model inputs, the interdependencies between those inputs and highlights significant changes during the current period. The methodology used to estimate expected credit losses is consistent with that applied in prior periods.

Judgement	Description	Changes and considerations during the period ended
Determining when a significant increase in credit risk has occurred	In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a significant increase in risk since initial recognition of a loan, such as hardship applications or missing payments, which would result in the financial asset moving from Stage 1 to Stage 2. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from Stage 2 to Stage 1 may similarly result in significant changes in the ECL allowance.	As there remains a considerable amount of uncertainty during the economic recovery, the Banking Group continues to treat watchlist and hardship loans as higher risk. The Banking Group will continue to regularly evaluate customer impacts and will make appropriate adjustment to credit evaluations as and when deemed appropriate.
Measuring both 12-month and lifetime credit losses	ECL is a function of the probability of default ("PD"), the loss given default ("LGD") and the exposure at default ("EAD"). These are point in time measures reflecting the relevant forward looking information determined by management.  Judgement is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining the sensitivity of the parameters to movements in these forward looking variables.	The Banking Group use probability weighted scenarios to determine the expected distribution of credit loss outcomes. The scenarios were developed based on external macroeconomic forecasts from across the finance sector, the Banking Group's internal modelling and management judgement. The macro-economic variables used by the Banking Group are unemployment and GDP growth.
Probability weighting of each economic scenario (base, pessimistic, optimistic)	Probability weighting of each economic scenario is determined by management considering the risk and uncertainties surrounding the base case economic scenario at each measurement date.	The Banking Group continues to use average weightings as follows: - 50% for base scenario; - 25% pessimistic; and - 25% optimistic.
Management temporary adjustments	Management temporary adjustments to the ECL allowances are adjustments used when it is deemed that existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the lending portfolios. The use of management temporary adjustments may impact the amount of ECL recognised.	The Banking Group continues to use a temporary adjustment to capture all the risk factors relevant to the lending portfolio, which include GDP volatility, changes of interest rates and increasing unemployment which will directly affect Banking Group borrowers. In relation to the Banking Group's loan book there remain broader economic risks which affect the level of potential credit losses. These include the uncertain impacts of global trade tensions which may have direct and indirect impacts on the New Zealand economy, as well as weak house prices which in some regions remain significantly below their peaks in 2024. These risks are not captured by the normal macro-economic variables unemployment and GDP. The temporary overlay will be released as management become more satisfied with the diminishing effects of the current economic and geopolitical environment on the Banking Group's loan book. Conversely, the provisions may increase if management become concerned with the potential worsening in economic conditions.

Notes to the Financial Statements for the six months ended 30 September 2025



All in \$000's

#### **6. Asset Quality and Provisions for Credit Impairment (continued)**

#### (f) Sensitivity of the collective provision ECL

To provide a better understanding on the sensitivity of the credit impairment calculation based on the assumptions made, the Banking Group performed sensitivity analysis on the ECL. The sensitivity primarily reflects the impact on parent ECL (mainly relating to residential and corporate exposures), while historical loss experience for retail exposures has not shown a correlation to specific individual macroeconomic indicators. The impact of macro-economic uncertainty for retail exposures has been incorporated by increasing the historical loss experience rates by a total of approximately 10%.

	Base	% change	Increase	Decrease
- Unemployment	as high as 6.2%	+/- 1%	1,626	(2,313)
- GDP	as low as -1.6%	+/- 1%	(1,231)	638
- House price	-20%	+/- 10%	79	(451)

## 7. Contingent Liabilities and Credit Related Commitments

	Unaudited Contract or Notional Amt 30/09/2025	Unaudited Credit Equivalent 30/09/2025	Unaudited Contract or Notional Amt 30/09/2024	Unaudited Credit Equivalent 30/09/2024	Audited Contract or Notional Amt 31/03/2025	Audited Credit Equivalent 31/03/2025
Credit related commitments  Commitments with uncertain drawdown	87.860	43,930	112,717	56,359	91,715	45,858
Commitments to extend credit which	0.,000	10,000	,	33,333	,	
can be unconditionally cancelled	275,823	-	291,864	-	283,204	-
Total credit related commitments	363,683	43,930	404,581	56,359	374,919	45,858

The Banking Group has contingent liabilities in relation to actual and potential claims and proceedings. Where relevant, expert legal advice has been obtained and, in light of such advice, provisions and/or disclosures as deemed appropriate have been made. The outcome and total costs attributable to such claims and proceedings and possible exposures and potential remediation remain uncertain.

Notes to the Financial Statements for the six months ended 30 September 2025



#### All in \$000's

#### 8. Related Parties

The Banking Group is controlled by SBS who is also the ultimate parent.

At 30 September 2025 there are no amounts due from, or due to any related entities that are outside of the Banking Group.

#### 9. Credit Risk

The nature of SBS's activities as a financial intermediary necessitates SBS dealing in financial instruments that contain an inherent element of credit risk. Credit exposure means the amount of the maximum loss that SBS could incur as a result of the counterparty to a contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements and any potential recoveries. SBS's activities are conducted within the bounds of prudent and conservative banking practice.

The Banking Group's main activity is the provision of residential mortgage finance which comprises 78% (30 September 2024 79%; 31 March 2025 79%) of the Banking Group's loan portfolio and is undertaken throughout New Zealand. Consumer loans which comprise 20% (30 September 2024 18%; 31 March 2025 19%) of the Banking Group's loan portfolio are largely concentrated across Auckland and the rest of the North Island.

#### (a) The maximum exposures to credit risk

	Unaudited	Unaudited	Audited
	30/09/2025	30/09/2024	31/03/2025
Cash on hand and at bank	57,347	59,455	64,350
Funds with financial institutions and central bank	35,401	78,559	34,986
Investment securities	753,165	700,000	736,196
Derivative financial instruments	32,028	37,702	25,302
Current tax assets	2,168	4,566	3,458
Advances to customers	5,655,904	5,605,221	5,679,904
Other assets	83,420	80,750	76,636
Total on-balance sheet credit exposures	6,619,433	6,566,253	6,620,832
Off balance sheet exposures - undrawn commitments	363,683	404,581	374,919
Total credit exposures	6,983,116	6,970,834	6,995,751

#### (b) Concentrations of credit risk by geographical location

	Unaudited 30/09/2025	Unaudited 30/09/2024	Audited 31/03/2025
Auckland	1,847,464	1,861,763	1,790,436
North Island other	2,117,348	2,094,238	2,081,320
Canterbury	1,204,417	1,273,842	1,247,122
Otago	709,461	760,171	758,396
Southland	703,347	591,752	716,247
South Island other	254,627	256,957	259,726
Overseas	146,452	132,111	142,504
Total concentrations of credit risk by geographical location	6,983,116	6,970,834	6,995,751
	<u> </u>		







#### **10. Fair Value of Financial Instruments**

Carrying values and the fair values of those assets and liabilities that are not presented at fair value in the Statement of Financial Position or where carrying value is not a reasonable approximation of fair value are outlined below:

	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets	30/09/2025	30/09/2025	30/09/2024	30/09/2024	31/03/2025	31/03/2025
Advances to customers	5,562,394	5,585,851	5,508,620	5,501,142	5,583,888	5,592,862
Total financial assets	5,562,394	5,585,851	5,508,620	5,501,142	5,583,888	5,592,862
Financial liabilities						_
Redeemable shares	4,401,046	4,527,170	4,332,967	4,330,583	4,511,890	4,526,361
Deposits from customers	39,898	44,593	52,565	52,481	44,259	44,528
Medium term notes	463,211	472,609	332,627	335,973	456,311	460,770
Subordinated redeemable shares	107,694	111,473	104,359	106,191	105,132	110,832
Total financial liabilities	5,011,849	5,155,845	4,822,518	4,825,228	5,117,592	5,142,491

The Banking Group uses valuation techniques within the following hierarchy for determining the fair value of financial instruments:

Level 1: Fair values are determined using quoted (unadjusted) prices in active markets for identical assets and liabilities;

**Level 2:** Fair values are determined using other techniques where all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** Fair values are determined using techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data.

Financial assets and liabilities that are recognised and measured at fair value on a recurring basis are categorised below:

As at 30/09/2025 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	32,028	-	32,028
Investment securities	-	753,445	-	753,445
Advances to customers - REM	-	-	93,510	93,510
Total financial assets	•	785,473	93,510	878,983
Financial liabilities				
Derivative financial instruments	-	68,274	-	68,274
Total financial liabilities	•	68,274		68,274
As at 30/09/2024 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	37,702	-	37,702
Investment securities	-	700,259	-	700,259
Advances to customers - REM		-	96,601	96,601
Total financial assets	-	737,961	96,601	834,562
Financial liabilities				
Derivative financial instruments	_	54,746	-	54,746
Total financial liabilities	-	54,746	-	54,746
As at 31/03/2025 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	25,302	-	25,302
Investment securities	-	736,469	-	736,469
Advances to customers - REM		-	96,016	96,016
Total financial assets	-	761,771	96,016	857,787
Financial liabilities				
Derivative financial instruments	-	54,345	-	54,345
Total financial liabilities	-	54,345	-	54,345

Further information on valuation techniques and assumptions for specific asset classes is included in Notes 20 and 21 of the Bank's annual Disclosure Statement.

Notes to the Financial Statements for the six months ended 30 September 2025





## 11. Subsequent Events

During November 2025, the Bank issued unsecured, senior, floating rate notes. The notes were assigned a BBB+ credit rating from Fitch Ratings. All notes were fully hedged back to New Zealand dollars.

Issue date 13 November 2025
Issue amount \$AU 200 million

Face value \$AU 1

Interest frequency Quarterly in arrears

Interest rate 3-month BBSW on the first day of each coupon period plus 1.30%

Maturity 20 November 2028

Registered Bank Disclosures for the six months ended 30 September 2025

All in \$000's



### A1. General disclosures

#### **A1.1 Guarantee Arrangements**

As at the signing date of this Disclosure Statement, the material obligations of the Registered Bank are not guaranteed.

#### **A1.2 Directorate**

Since the publication date of the previous year Disclosure Statement, the following changes took place in the composition of the Board:

- Prue Halstead was appointed effective 1 October 2025;

#### **A1.3 Auditors**

KPMG

Level 6, 44 Bowen Street

Wellington

#### **A1.4 Conditions of Registration**

#### Changes to the Bank's Conditions of Registration during the period

The following changes have been made to the Bank's conditions of registration during the period since the reporting date of the previous Disclosure Statement:

The PCB ratio requirement for New Zealand-incorporated registered banks who are not classed as Domestic Systemically Important Banks is being increased from 2.5% to 3.5% with effect from 1 July 2025.

From 1 July 2025, the following changes were made to PCB ratio bands included in banks' CET1 dividend restriction:

Changes to PCB ratio bands:

- >0.5 1% to >0.5 2%;
- >1 2% to >2 3%;
- >2 2.5% to >3 3.5%.

#### Material non-compliance with Conditions of Registration

The Reserve Bank's Liquidity Thematic Review, published in 2021, and an independent PWC review of SBS's liquidity models and associated governance and controls framework in 2022 identified a number of quantitative areas of technical non-compliance where SBS was not calculating the ratios in accordance with BS13, breaching its Conditions of Registration.

The Reserve Bank has assessed the findings of non-compliance with BS13 against the materiality factors outlined in the Guidance on reporting by banks of breaches of regulatory requirements, published in January 2021 and decided that they do not individually constitute a material breach of SBS's Conditions of Registration 11.

While a few of the individual areas of non-compliance resulted in adverse movements in the ratios, the individual and collective impact on the ratios were not significant considering that at no time has SBS been close to breaching its internal and/or minimum regulatory limits.

However, when assessing breaches for materiality the Reserve Bank undertook a consolidated assessment of the findings and has concluded that the findings of non-compliance with BS13 do collectively constitute a material breach of Conditions of Registration 11. Although the liquidity ratios remained well above regulatory minimum requirements, the Reserve Bank considered that collectively the number of individual breaches of Conditions of Registration 11 raise prudential concerns as they are all in relation to a matter that is of the same nature.

The Reserve Bank confirmed they are satisfied all the individual breaches have been remediated and closed the material breach disclosed on their website in May 2025.

#### A1.5 Pending Proceedings or Arbitration

There are no pending proceedings at the date of this Disclosure Statement that may have a material adverse effect on the Registered Bank or the Banking Group.

#### **A1.6 Credit Rating**

As at 30 September 2025, the credit rating assigned to Southland Building Society is BBB with a positive outlook, updated from a previous stable outlook. This credit rating is applicable to long term unsecured obligations payable in New Zealand, in New Zealand dollars. This rating was issued by Fitch Ratings on 9 July 2025. The previous credit rating of a stable outlook was issued by Fitch Ratings on 23 July 2024. The rating is not subject to any qualifications.

Registered Bank Disclosures for the six months ended 30 September 2025





#### A1. General disclosures

#### **A1.7 Other Material Matters**

As noted in A1.4 the Registered Bank continues to discuss some issues with the Reserve Bank arising from findings relevant to the Registered Bank in relation to the Reserve Bank's industry thematic review of compliance with the Liquidity Policy (BS13). Any amendments from this review will be reported in the Disclosure Statement as required.

The Depositor Compensation Scheme (DCS) took effect from 1 July 2025. Transaction accounts, term deposits, savings and notice accounts are protected deposits under the depositor compensation scheme, which protects up to \$100,000 per eligible depositor per deposit taker. For more information about the scheme, please refer to the Reserve Bank of New Zealand's internet site at www.rbnz.govt.nz/dcs.

The Bank's Directors are of the opinion that there are no other matters relating to the business or affairs of the Registered Bank or the Banking Group which would, if disclosed in this Disclosure Statement, materially adversely affect the decision of a person to subscribe for debt securities of which the Registered Bank or any members of the Banking Group is the issuer.

#### A2. Additional financial disclosures

#### A2.1 Additional information on the statement of financial position

	30/09/2025
Total interest earning and discount bearing assets	6,543,762
Total interest and discount bearing liabilities	5,709,477
Total amounts due from related entities	-
Total amounts due to related entities	-
Securities sold under agreement to repurchase	-
Residential mortgage pledged as security for repurchase agreements with RBNZ	110,987

Refer to Note 4 - Financial Assets Pledged as Collateral for more information on assets pledged as collateral under the funding-for-lending program.

#### **A2.2** Additional information on the income statement

Fee and commission income	30/09/2025
Asset management fees	6,661
Lending fees	4,573
Credit card fees	1,809
Current and funding account fees	1,196
Other fee and commission income	2,088
Total fee and commission income	16,327
Fee and commission expense	(342)
Net fee and commission income	15,985
Insurance service result and other operating income	30/09/2025
Insurance revenue	4,210
Insurance service expenses	(4,576)
Net (expenses)/revenue from reinsurance contracts held	(415)
Insurance service result	(781)
Dividends	206
Sundry income	499
Other income	705
	(76)
Net gain/(loss) from financial instruments	30/09/2025
Investment securities	689
Derivative financial instruments	8,013
Hedge ineffectiveness on cash flow hedges	(54)
Advances to customers	-
Liabilities	(7,686)
	962

Registered Bank Disclosures for the six months ended 30 September 2025





30/09/2025

## A2. Additional financial disclosures (continued)

#### A2.3 Additional information on concentrations of credit risk

Composition of financial instruments that give rise to credit risk by sector are presented below:

Residential	3,950,870
Residential investing	692,275
Agricultural	28,813
Commercial finance	26,362
Commercial other	74,758
Commercial vehicle	11,213
Consumer vehicle	743,695
Consumer lending	303,759
Consumer credit card	187,842
Local authority	188,233
NZ registered banks	463,854
Central bank	-
Multilateral development banks and other international institutions	77,501
Corporate investments	148,353
Other	85,588
Total concentrations of credit risk by sector	6,983,116

## A2.4 Additional information on concentrations of funding

(a) Concentrations of funding by product	30/09/2025
Redeemable shares	4,401,046
Deposits from customers	39,898
Medium term note	463,211
Commercial paper	388,158
Due to other financial institutions	616,790
Subordinated redeemable shares	107,694
Total concentrations of funding by product	6,016,797
(b) Concentrations of funding by geographical location	30/09/2025
North Island other	938,288
Auckland	1,197,743
Contonburg	4 024 270

 Canterbury
 1,031,278

 Otago
 1,082,467

 Southland
 1,168,291

 South Island other
 444,959

 Overseas
 153,771

Total concentrations of funding by geographical location 6,016,797

Registered Bank Disclosures for the six months ended 30 September 2025





## A2. Additional financial disclosures (continued)

## A2.5 Additional information on interest rate sensitivity

The interest rate repricing schedule below reflects financial position financial assets and liabilities and has been prepared on the basis of the next repricing date.

As at 30 September 2025 (Unaudited)	Up to 3 Months	3-6 Months	6-12 Months	12-24 Months	>24 Months	Non-Interest Bearing	Total
Assets							
Cash on hand and at bank	57,347	-	-	-	-	-	57,347
Funds with financial institutions and							
central bank	35,401	-	-	-	-	-	35,401
Investment securities	120,505	14,927	54,633	121,788	441,312	-	753,165
Derivative financial instruments	-	-	-	-	-	32,028	32,028
Current tax assets	-	-	-	-	-	2,168	2,168
Advances to customers	1,195,931	584,424	1,560,725	1,343,179	1,013,590	(41,945)	5,655,904
Other assets	-	-	-	-	-	160,074	160,074
Ī	1,409,184	599,351	1,615,358	1,464,967	1,454,902	152,325	6,696,087
Liabilities and equity							
Redeemable shares	1,647,494	1,271,648	964,788	152,742	57,054	307,320	4,401,046
Deposits from customers	9,777	7,318	15,856	6,909	38	-	39,898
Medium term notes	-	-	-	149,750	313,461	-	463,211
Commercial paper	338,759	49,399	-	-	-	-	388,158
Due to other financial institutions	616,790	-	-	-	-	-	616,790
Derivative financial instruments	-	-	-	-	-	68,274	68,274
Other liabilities	-	-	-	-	-	70,416	70,416
Subordinated redeemable shares	-	-	-	-	107,694	-	107,694
Equity	-	-	-	-	-	540,600	540,600
Ī	2,612,820	1,328,365	980,644	309,401	478,247	986,610	6,696,087
On-balance sheet interest sensitivity							
gap	(1,203,636)	(729,014)	634,714	1,155,566	976,655	(834,285)	-
Net balance of derivative financial							
instruments	1,377,850	470,000	(791,250)	(890,000)	(166,600)	-	
Total interest rate sensitivity gap	174,214	(259,014)	(156,536)	265,566	810,055	(834,285)	

Registered Bank Disclosures for the six months ended 30 September 2025





## A2. Additional financial disclosures (continued)

#### A2.6 Additional information on liquidity risk

#### Maturity analysis of financial liabilities

The maturity profiles of assets and liabilities and loan commitments show the cash flows and have been prepared on both a contractual and undiscounted maturity basis as at balance date. These have been created using a run-off scenario which assumes no further origination of assets or liabilities.

The maturity profiles reflect the remaining period to contractual maturity of liabilities as at balance date. This is not considered by the Banking Group to be in any way indicative of future cash flows. This is primarily because a significant proportion of the Banking Group's redeemable shares and deposits are renewed at maturity and therefore do not have a cash flow impact. Historical experience has shown that such balances are a stable source of funding for the Banking Group.

The maturity profiles include interest cash flows expected to maturity. Note that the resulting undiscounted financial liabilities do not reflect how the Banking Group manages its liquidity risk. As set out above, the Banking Group manages liquidity through the maintenance of a portfolio of liquid assets and committed funding lines and as such no expected maturity profile is presented.

#### Monetary liabilities payable as at 30 September 2025 (contractual cash flows including expected interest to maturity)

Liabilities	On demand	0-6 Months	6-12 Months	12-24 Months	24-60 Months	> 60 Months	Total
Redeemable shares	385,607	2,896,118	969,565	161,914	59,640	150	4,472,994
Deposits from customers	1,711	21,400	16,045	6,853	38	-	46,047
Medium term notes	-	11,693	11,757	170,202	333,280	-	526,932
Commercial paper	-	390,500	-	-	-	-	390,500
Due to other financial institutions	-	258,370	7,340	81,272	311,590	-	658,572
Derivative financial instruments							
- cash outflows	234	18,961	16,858	21,099	21,944	913	80,009
- cash inflows	(58)	(26,993)	(25,682)	(26,259)	(22,830)	(2,043)	(103,865)
Other liabilities	-	1,702	1,603	2,626	6,360	9,882	22,172
Subordinated redeemable shares	-	4,596	4,596	9,192	27,590	136,197	182,172
Total liabilities (inclusive of interest)	387,494	3,576,347	1,002,082	426,899	737,612	145,099	6,275,533
Unrecognised loan commitments	87,860	-	-	-	-	-	87,860

#### Liquidity portfolio management

To meet both expected and unexpected fluctuations in operating cash flows the Banking Group maintains a stock of core liquid assets to adequately meet day-to-day operational requirements, a potential crisis or 'funding stress' scenario.

Total liquidity includes committed but undrawn funding lines with other registered banks.

The Banking Group also has an in-house residential mortgage backed security (RMBS) facility (the SBS Oreti Trust No. 2) that issues securities which can be used as collateral for borrowing from the RBNZ under its liquidity management arrangements. Whilst not intended to be used for standard daily liquidity requirements, this facility is available as contingent funding and accordingly core liquid assets includes this RMBS. The eligible RMBS collateral is discounted for the 'haircut' that applies to those securities under the RBNZ's Domestic Operations for the purposes of those operations.

Core liquid assets	30/09/2025
Cash on hand and at bank	57,347
Funds with central bank	-
Funds with financial institutions <sup>2</sup>	35,401
Investment securities	753,165
Committed and undrawn funding lines <sup>3</sup>	213,000
Eligible RMBS collateral (less haircut <sup>1</sup> ) <sup>4</sup>	105,485
Total liquidity	1,164,398

<sup>&</sup>lt;sup>1</sup> A "haircut" is a percentage that is subtracted from the par value of the assets that are being used as collateral. The size of the haircut reflects the perceived risk associated with holding the assets.

<sup>&</sup>lt;sup>2</sup> Collateral cash of \$31.4 million that are encumbered have been excluded in the above table as they are not held for liquidity management purposes.

<sup>&</sup>lt;sup>3</sup> The Group also has another \$33.4 million available funding, not included as core liquid assets, in two of the securitisation vehicles. This is subject to having sufficient assets available to be securitised and has therefore not been included.

<sup>&</sup>lt;sup>4</sup> Refer to Note 4 - Financial Assets Pledged as Collateral for funding drawn down against eligible RMBS collateral.

Registered Bank Disclosures for the six months ended 30 September 2025





**Specific** 

## A2. Additional financial disclosures (continued)

## A2.7 Reconciliation of mortgage-related amounts

	30/09/2025
Gross residential mortgage loans (Note 5)	4,432,267
Other lending residentially secured	39,097
Provision for credit impairment relating to residential mortgages (Note 6(b))	(8,981)
Deferred fee revenue and expenses relating to residential mortgages	17,811
Residential mortgage loans net of provision for impairment	4,480,194
Off balance sheet exposures - undrawn commitments	202,033
Total on and off balance sheet residential mortgage loans (Note A4)	4,682,227

## A3. Asset quality

This section should be read in conjunction with the estimates, assumptions and judgements included in Note 1 - Significant Accounting Policies, Note 6 - Asset Quality and Provisions for Credit Impairment and Note 9 - Credit Risk.

#### A3.1 Movement in provisions and gross exposures

	Expected Credit Losses		ses	Provision	
As at 30 September 2025	Stage 1	Stage 2	Stage 3	Stage 3	Total
Residential Mortgages					
Movement in provision relating to advances to customers					
Balance at beginning of period	4,279	2,134	2,517	110	9,040
Changes to the opening balance due to transfer between stages	545	(754)	209	-	-
New provisions	373	387	54	-	814
Assets derecognised and payments made	(860)	723	(736)	-	(873)
Balance at end of period - Residential Mortgages	4,337	2,490	2,044	110	8,981
Movement in provision relating to undrawn commitments					
Balance at beginning of period	116	2	-	-	118
Changes to the opening balance due to transfer between stages	-	-	-	-	-
New provisions	3	-	-	-	3
Assets derecognised and payments made	(6)	-	-	-	(6)
Balance at end of period - Residential Mortgages	113	2			115

Movement in gross exposures on loss allowances	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	4,608,224	23,317	18,467	4,650,008
Changes to the opening balance due to transfer between stages:				
Transferred to Stage 1	9,337	(6,389)	(2,948)	-
Transferred to Stage 2	(12,412)	16,684	(4,272)	-
Transferred to Stage 3	(3,548)	(5,459)	9,007	-
New loans	555,201	2,553	12	557,766
Assets derecognised and payments made	(527,406)	(4,493)	(3,471)	(535,370)
Other movements	(75,033)	401	44	(74,588)
Gross exposure - Residential Mortgages	4,554,363	26,614	16,839	4,597,816
Provision for credit impairment	(4,450)	(2,492)	(2,154)	(9,096)
Net exposure - Residential Mortgages	4,549,913	24,122	14,685	4,588,720

#### Impact of changes in gross exposures

Overall, credit impairment provisions for residential mortgages exposures has remained flat for the six months ending 30 September 2025 mainly due to 1% decrease in gross exposure.

Registered Bank Disclosures for the six months ended 30 September 2025





## A3. Asset quality (continued)

## A3.1 Movement in provisions and gross exposures (continued)

	Expe	cted Credit Loss	Specific Provision		
Retail Exposures	Stage 1	Stage 2	Stage 3	Stage 3	Total
Movement in provision relating to advances to customers					
Balance at beginning of period	16,310	7,365	5,995	-	29,670
Changes to the opening balance due to transfer between stages	2,593	(2,238)	(355)	-	-
New provisions	3,914	5,928	5,380	-	15,222
Assets derecognised and payments made	(6,110)	(3,415)	(4,495)	-	(14,020)
Balance at end of period - Retail Exposures	16,707	7,640	6,525	•	30,872
Movement in provision relating to undrawn commitments					
Balance at beginning of period	1,107	-	-	-	1,107
Changes to the opening balance due to transfer between stages	(22)	11	11	-	-
New provisions	147	(11)	(11)	-	125
Assets derecognised and payments made	(119)	-	-	-	(119)
Balance at end of period - Retail Exposures	1,113	-	-		1,113

Movement in gross exposures on loss allowances	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	1,162,844	19,940	9,263	1,192,047
Changes to the opening balance due to transfer between stages:				
Transferred to Stage 1	8,308	(7,071)	(1,237)	-
Transferred to Stage 2	(15,312)	15,751	(439)	-
Transferred to Stage 3	(7,744)	(2,331)	10,075	-
New loans	306,053	2,406	729	309,188
Assets derecognised and payments made	(258,822)	(8,417)	(7,172)	(274,411)
Gross exposure - Retail Exposures	1,195,327	20,278	11,219	1,226,824
Provision for credit impairment	(17,820)	(7,640)	(6,525)	(31,985)
Net exposure - Retail Exposures	1,177,507	12,638	4,694	1,194,839

## Impact of changes in gross exposure

Overall, credit impairment provisions for retail exposures increased \$1.2 million (4.1%) for the six months ending 30 September 2025 due to 3% increase in gross exposure and 21% exposures moving into stage 3, which carries a higher loss allowance.

Registered Bank Disclosures for the six months ended 30 September 2025





## A3. Asset quality (continued)

## A3.1 Movement in provisions and gross exposures (continued)

Exped	cted Credit Loss	Specific Provision		
Stage 1	Stage 2	Stage 3	Stage 3	Total
958	403	846	-	2,207
60	(80)	20	-	-
191	229	368	-	788
(58)	(159)	2	-	(215)
(212)	(48)	(428)	-	(688)
939	345	808	•	2,092
180	18	-	-	198
-	-	-	-	-
-	-	-	-	-
(34)	(9)	-	-	(43)
146	9	•	-	155
	958 60 191 (58) (212) 939	Stage 1         Stage 2           958         403           60         (80)           191         229           (58)         (159)           (212)         (48)           939         345	958 403 846 60 (80) 20 191 229 368 (58) (159) 2 (212) (48) (428)  939 345 808  180 18 (34) (9) -	Expected Credit Losses         Provision           Stage 1         Stage 2         Stage 3         Provision           958         403         846         -           60         (80)         20         -           191         229         368         -           (58)         (159)         2         -           (212)         (48)         (428)         -           939         345         808         -           180         18         -         -           -         -         -         -           -         -         -         -           -         -         -         -           (34)         (9)         -         -

Movement in gross exposures on loss allowances	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	149,577	9,131	1,866	160,574
Changes to the opening balance due to transfer between stages:				
Transferred to Stage 1	149	(132)	(17)	-
Transferred to Stage 2	(755)	854	(99)	-
Transferred to Stage 3	(357)	(285)	642	-
New loans	22,955	192	23	23,170
Assets derecognised and payments made	(27,207)	(5,398)	(756)	(33,361)
Other movements	(2,803)	(969)	60	(3,712)
Gross exposure - Corporate Exposures	141,559	3,393	1,719	146,671
Provision for credit impairment	(1,085)	(354)	(808)	(2,247)
Net exposure - Corporate Exposures	140,474	3,039	911	144,424

## Impact of changes in gross exposures

Overall, credit impairment provisions for corporate exposures decreased by \$0.1 million (5.3%) for the six months ending 30 September 2025, mainly due to 9% decrease in gross exposure.

## A3.2 Past due assets

	Residential	Retail	Corporate	
As at 30 September 2025	Mortgages	Exposures	Exposures	Total
Past due 0-9 days	44,828	64,268	1,445	110,541
Past due 10-29 days	17,485	26,853	479	44,817
Past due 0-29 days	62,313	91,121	1,924	155,358
Past due 30-59 days	10,578	13,193	745	24,516
Past due 60-89 days	5,529	6,418	385	12,332
Past due 90+ days	16,402	10,923	1,726	29,051
Carrying amount	94,822	121,655	4,780	221,257

Registered Bank Disclosures for the six months ended 30 September 2025





## A3. Asset quality (continued)

## A3.3 Movement in individually impaired assets

As at 30 September 2025	Residential Mortgages	Retail Exposures	Corporate Exposures	Total
Balance at beginning of the period	459	-	-	459
Additions to individually impaired assets	7	-	-	7
Reductions to individually impaired assets	-	-	-	-
Balance at end of the period	466		-	466
Specific provision at end of the period	(110)	-	-	(110)
Net carrying amount at end of the period	356	•	-	356

## A3.4 Other asset quality information

	30/09/2025
Undrawn balances on individually impaired lending commitments	-
Other assets under administration	-

## A4. Capital adequacy under the standardised approach, and regulatory liquidity ratios

	Minimum ratio	BANKING GROUP			REGISTERED BANK			
A4.1 Regulatory capital ratios	requirement	30/09/2025	30/09/2024	31/03/2025	30/09/2025	30/09/2024	31/03/2025	
Common equity tier 1 capital ratio	4.5%	14.4%	13.5%	13.5%	12.0%	11.5%	11.5%	
Tier 1 capital ratio	7.0%	14.4%	13.5%	13.5%	12.0%	11.5%	11.5%	
Total capital ratio	9.0%	17.3%	16.3%	16.4%	15.6%	15.0%	15.1%	
Prudential capital buffer ratio	2.5%	7.4%	6.5%	6.5%				

## A4.2 Qualifying capital

A4.2 Qualifying capital	
	BANKING GROUP
Tier one capital	30/09/2025
Common equity tier 1 (CET1) capital	
Retained earnings	540,983
Current period's retained earnings	13,923
FVOCI reserve	3,888
Cash flow hedging reserve	(23,372)
Less deductions from CET1 capital	
Goodwill and intangible assets	(14,437)
Deferred tax assets	(17,627)
Cash flow hedging reserve	23,372
Investments in associates	-
Total CET1 capital	526,730
Additional tier 1 (AT1) capital	
Non-controlling interests (net of deductions and surplus AT1 capital) (Capital in nature)	
Total AT1 capital	-
Total tier 1 capital	526,730
Tier 2 capital	
Revaluation reserves	5,178
Subordinated redeemable shares	103,865
Total tier 2 capital	109,043
Total capital	635,773

Registered Bank Disclosures for the six months ended 30 September 2025





## A4. Capital adequacy under the standardised approach, and regulatory liquidity ratios (continued)

A4.3 Total risk weighted assets  BANKING GROUP as at 30 September 2025 On belonge sheet gradit exposures	Total exposure after credit risk			Risk weighting	Risk weighted exposure	Minimum pillar one capital requirement
On balance sheet credit exposures	mitigation				exposure	requirement
Cash	398			0%	-	-
Sovereigns and central banks	140 450			0%	-	-
Multilateral development banks	146,452			0%	- 04 447	- 0.472
Public sector entities	120,737			20%	24,147	2,173
Banks	205.064			200/	44 400	2 707
Rating grade 1	205,961			20%	41,192	3,707
Rating grade 2	257,893			50%	128,947	11,605
Corporates	00.050			000/	40.500	4 400
Rating grade 1	62,950			20%	12,590	1,133
Rating grade 2	24,262			50%	12,131	1,092
Rating grade 3 - 4	13,203			100%	13,203	1,188
Residential mortgages						
<= 80% loan to value ratio (LVR)	2,333,979			35%	816,893	73,520
80 <= 90% LVR	137,632			50%	68,816	6,193
90 <= 100% LVR	12,084			75%	9,063	816
> 100% LVR	556			100%	556	50
Impaired	360			100%	360	32
Property investment residential mortgage						-
<= 80% LVR	831,818			40%	332,727	29,945
80 <= 90% LVR	8,295			70%	5,807	523
90 <= 100% LVR	1,488			90%	1,339	121
Residential mortgages first home loans (Kainga Ora)	1,033,208			20%	206,642	18,598
Reverse residential mortgage loans						-
<= 30% LVR	32,339			40%	12,936	1,164
30 <= 60% LVR	59,431			50%	29,716	2,674
60 <= 80% LVR	1,549			80%	1,239	112
80 <= 100% LVR	192			100%	192	17
Past due residential mortgages	20,088			100%	20,088	1,808
Past due residential mortgages - Kainga Ora	7,175			20%	1,435	129
Equity holdings	14,058			400%	56,232	5,061
Other assets	1,305,887			100%	1,305,887	117,530
Non-risk weighted assets	64,091			0%	-	-
Total on balance sheet credit exposures	6,696,087				3,102,138	279,191
Off balance sheet credit exposures	Total exposure after credit risk mitigation	Credit conversion factor	Credit equivalent amount	Average risk weighting	Risk weighted exposure / implied risk weighted exposure	Minimum pillar one capital requirement
Commitments with uncertain drawdown Commitments to extend credit which can be	87,860	50%	43,930	70%	30,814	2,773
unconditionally cancelled <u>Market related contracts</u> <sup>1</sup>	275,823	0%	-	0%	-	-
Interest and a contract	C 057 200	1-	40 500	070/	40.745	4 4 4 7

Interest rate contracts	6,057,326	n/a	46,529	27%	12,745	1,147
Credit valuation adjustment (CVA)					1,156	104
Total off balance sheet credit exposures	6,421,009		90,459		44,715	4,024
Total credit risk	13,117,096		90,459		3,146,853	283,215
Operational risk	n/a				394,116	31,529
Market risk	n/a				126,920	10,154
Total risk weighted assets	13,117,096				3,667,889	324,898

<sup>&</sup>lt;sup>1</sup> The credit equivalent amount for market related contracts was calculated using the current exposure method.

Registered Bank Disclosures for the six months ended 30 September 2025





## A4. Capital adequacy under the standardised approach, and regulatory liquidity ratios (continued)

#### A4.4 Additional mortgage information

	BANKING GROUP		
	30/09/2025	30/09/2025	
	On balance	Off balance	
LVR range	sheet	sheet	
0 - 80%	3,410,784	191,904	
80 - 90%	763,411	3,585	
90% +	306,000	6,544	
Total residential mortgages	4,480,195	202,033	

First Home Loans make up 95% of the residential mortgages in the 90% + loan to valuation grouping and 81% of the 80 - 90% loan to valuation grouping. The First Home Loan product is fully insured by Kāinga Ora - Homes and Communities.

#### A4.5 Credit risk mitigation

The Banking Group determines whether it requires security to mitigate credit risk associated with its advances to customers and investment securities that it makes in the course of its business.

The Banking Group's dominant activity is the provision of residential mortgage finance which comprises 79% (31 March 2025 79%) of the Banking Group's loan portfolio, which are secured by first-ranking registered mortgages over residential property.

Investment security exposures are carried at fair value which reflects the credit risk. The Banking Group does not hold guarantees or credit derivatives against these investments.

The Banking Group does not currently take into consideration any credit risk mitigants within the capital adequacy calculations.

#### A4.6 Market risk capital charges

Market risk exposures have been calculated in accordance with the methodology detailed in the RBNZ's Banking Prudential Requirements document BPR140 - Market Risk, and Schedule 9 of the Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended). Peak exposures are calculated using the Banking Group's equity at the end of the period.

	BANKING	BANKING GROUP		
	30/09/2025	30/09/2025		
	End of Period	Peak End of		
Interest rate exposures		Day		
Implied risk weighted exposure	126,920	215,125		
Aggregate capital charge	10,154	17,210		

## A4.7 Capital for other material risks

Basel III is intended to ensure that banks have adequate capital to support all material risks inherent in their business activities and includes the requirement on banks to have an "Internal Capital Adequacy Assessment Process (ICAAP)" for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining adequate capital to support risk. Southland Building Society's ICAAP has identified other areas of risk and requires it to hold capital against them. These risks include but are not limited to:

- i Earnings Risk The risk due to uncertainty in future reported earnings arising from adverse changes in the business environment and from adverse business decisions.
- ii Liquidity Risk The risk that the Bank cannot meet or generate sufficient cash resources to meet its cash out goings as they fall due. Capital is not held for day to day liquidity. Instead a portfolio of cash, highly liquid instruments and committed funding lines is held. This largely mitigates the requirement to hold additional capital for liquidity risk, however capital is held to allow for excessive costs of raising suitable funds in adverse market conditions.
- iii Access to Capital The risk that the Bank may not be able to raise additional capital as required in a timely manner, particularly arising from the mutual status of SBS.
- iv Reputational Risk The potential that negative publicity regarding the banks business practices or financial position, whether true or not, will cause a decline in the customer base, costly litigation or impact future earnings and funding.

The Bank has made an internal capital allocation of \$51 million to cover these identified risks (30 September 2024 \$50 million; 31 March 2025 \$51 million).

Registered Bank Disclosures for the six months ended 30 September 2025





## A4. Capital adequacy under the standardised approach, and regulatory liquidity ratios (continued)

#### A4.8 Regulatory liquidity ratios

The following ratios have been calculated in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Bank) Order 2014 (as amended) Schedule 9, and reflects the average daily ratio for each of the latest two quarters.

	30/09/2025	30/06/2025
One-week mismatch ratio	7.7%	7.8%
One-month mismatch ratio	12.2%	11.6%
Core funding ratio	91.6%	90.5%

The Reserve Bank of New Zealand has completed a thematic review of liquidity calculations and banks' compliance with the Reserve Bank's Liquidity Policy (BS13 and BS13A). The Bank was included within this review and received specific findings. The Bank has provided the RBNZ with a remediation plan to address the individual feedback the Bank received. The Bank continues to work with the RBNZ on the findings of the thematic review and subsequent internal review. Remediation work was completed in May 2025.

## A5. Concentration of credit exposures to individual counterparties

The Banking Group's disclosure of concentrations of credit exposure to individual counterparties and groups of closely related counterparties, which equalled or exceeded 10% of the Banking Group's Common Equity Tier 1 capital, is based on actual credit exposures and calculated on a gross basis (net of specific provisions). Peak end of day credit exposures to individual counterparties are calculated since the last disclosure statement using the Banking Group's end of period Common Equity Tier 1 capital.

The individual counterparty exposures included in the following table exclude exposures to:

- connected persons;
- the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent; and
- any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent.

	Number o counterp		Number of a counterp	
	Unaudited	Unaudited Peak end of day over 6	Unaudited	Unaudited Peak end of day over 6
"A" Rated exposures	As at	months to	As at	months to
Percentage of common equity tier 1	30/09/2025	30/09/2025	30/09/2025	30/09/2025
10-14%	1	2	-	-
15-19%	1	1	1	-
20-24%	1	-	-	1
25-29%	-	1	-	-
30-34%	1	1	-	-
35-39%		-	-	-
40-44%	-	-	-	-
45-49%	-	-	-	-
50-54%	-	-	-	-
Note:				

Note:

There were no peak or balance date credit exposures to bank or non-bank counterparties with a credit rating below A- or A3, or its equivalent, which exceeded 10% of the Banking Group's equity for the six months ended 30 September 2025.

## A6. Insurance business, securitisation, fund management, other fiduciary activities, and marketing and distribution of insurance products

#### **A6.1 Insurance Business**

The Banking Group markets and distributes insurance products through its subsidiary Southsure Assurance Limited, trading as SBS Insurance. The Banking Group derives premium income from the sale of insurance products.

The total assets of Southsure Assurance Limited as at 30 September 2025 are \$29.5 million which is 0.4% of the total assets of the Banking Group.

<sup>&</sup>quot;A" Rated - those counterparties that have a long term credit rating of A- or A3 or above

<sup>&</sup>quot;B" Rated - those counterparties that have a long term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent



## **Independent Auditor's Review Report**

To the shareholders of Southland Building Society (Banking Group)

Report on the consolidated half year disclosure statement

## **Conclusion**

Based on our review of the consolidated half year disclosure statement and supplementary information of Southland Building Society (the **Registered Bank**) and its subsidiaries (**Banking Group**) on pages 5 to 29, nothing has come to our attention that causes us to believe that:

- the interim financial statements (excluding the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the **Order**), have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) issued by the New Zealand Accounting Standards Board; and
- İİ. the supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order and is included within notes A1 to A3 and A5 to A6 of the half year disclosure statement:
  - does not present fairly, in all material respects, the matters to which it relates;
  - is not disclosed, in all material respects, in accordance with those schedules; and
  - has not been prepared, in all material respects, in accordance with any condition of registration relating to disclosure requirements, imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

We have a completed a review of the accompanying consolidated half year disclosure statement which comprises:

- the interim financial statements formed of:
  - the consolidated statement of financial position as at 30 September 2025;
  - the consolidated income statements, statements of other comprehensive income, changes in equity and cash flows for the 6 month period then ended;
  - notes, including material accounting policy information and other explanatory information;
- the supplementary information prescribed in Schedules 5, 7, 13, 16 and 18 of the Order.



## **Basis for conclusion**

We conducted our review of the consolidated half year disclosure statement in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (**NZ SRE 2410 (Revised)**). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated half year disclosure statement* section of our report.

We are independent of Southland Building Society in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual disclosure statement and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided other services to the Banking Group in relation to a limited assurance engagement of the Capital Adequacy and Regulatory Liquidity disclosures. Subject to certain restrictions, partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as auditor of the Banking Group. The firm has no other relationship with, or interest in, the Banking Group.

## Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the conclusions we have formed.

# Responsibilities of directors for the consolidated half year disclosure statement

The directors on behalf of the Banking Group are responsible for:

- the preparation and fair presentation of the Banking Group half year disclosure statement in accordance with NZ IAS 34 and Schedules 3, 5, 7, 13, 16 and 18 of the Order; and
- for such internal control as directors determine is necessary to enable the preparation of consolidated half year disclosure statement that are free from material misstatement, whether due to fraud or error.

# Auditor's responsibilities for the review of the consolidated half year disclosure statement

Our responsibility is to express a conclusion on the consolidated half year disclosure statement based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- interim consolidated financial statements, taken as a whole, does not present fairly, in all material respects, the Banking Group's financial position as at 30 September 2025 and its financial performance and cash flows for the 6 month period ended on that date;
- interim consolidated financial statements, taken as a whole, does not, in all material respects, comply with NZ IAS 34; and
- the supplementary information does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.



A review of the consolidated half year disclosure statement in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated half year disclosure statement.

The engagement partner on the review resulting in this independent auditor's review report is Sonia Isaac.

For and on behalf of:

**KPMG** 

KPMG

Wellington

26 November 2025



# Independent Limited Assurance Report to Southland Building Society

# Conclusion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios, disclosed in note A4 to the disclosure statement, is not, in all material respects disclosed in accordance with Schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the **Order**).

## Information subject to assurance

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios, as disclosed in note A4 of the disclosure statement for the period 1 April 2025 to 30 September 2025.

## **Criteria**

The supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.

## Standards we followed

We conducted our limited assurance engagement in accordance with Standard on Assurance Engagements 3100 (Revised) Compliance Engagements (SAE 3100 (Revised)) issued by the New Zealand Auditing and Assurance Standards Board (Standard). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with the Standard, we have:

used our professional judgement to plan and perform the engagement to obtain limited assurance that
the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios, is free from
material misstatement and non-compliance, whether due to fraud or error;



- considered relevant internal controls when designing our assurance procedures, however we do not
  express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.
- obtained an understanding of the process, data and internal controls implemented over the preparation
  of the information relating to the Capital Adequacy and Regulatory Liquidity Ratios.
- performed inquiry and analytical procedures over the Capital Adequacy and Regulatory Liquidity Ratios.
- agreed the information relating to the Capital Adequacy and Regulatory Liquidity Ratios extracted from the Bank's accounting records and other supporting documentation to the Disclosure Statement.

# How to interpret limited assurance and material misstatement and non-compliance

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgment, including identifying areas where the risk of material misstatement and non-compliance with Schedule 9 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios and non-compliance are considered material if, individually or in aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios.

## **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A limited assurance engagement for the period 1 April 2025 to 30 September 2025 does not provide assurance on whether compliance with Schedule 9 of the Order will continue in the future.

## **Use of this assurance Report**

Our report is made solely for Southland Building Society. Our assurance work has been undertaken so that we might state to Southland Building Society those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by anyone other than Southland Building Society and its shareholders for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than Southland Building Society for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.



# Director's responsibility for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios

The directors of Southland Building Society are responsible for the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios in accordance with Schedule 9 of the Order. This responsibility includes such internal control as the directors determine is necessary to enable compliance and to monitor ongoing compliance and to enable the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios that is free from material misstatement and non-compliance whether due to fraud or error.

## **Our responsibility**

Our responsibility is to express a conclusion to Southland Building Society on whether anything has come to our attention that would lead us to believe that, in all material respects the supplementary information relating to Capital Adequacy and Regulatory Liquidity Ratios has not been disclosed in accordance with Schedule 9 of the Order for the period 1 April 2025 to 30 September 2025.

## Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (**PES 3**), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to the Banking Group in relation to review of the Banking Group's half-year Disclosure Statement. Subject to certain restrictions, partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as assurance providers of the Banking Group for this engagement. The firm has no other relationship with, or interest in, the Banking Group.

KPMG

Wellington

KPMG

26 November 2025