

Southland Building Society

Key Information Summary

For the nine months ended 31 December 2010



Introductory Information

The purpose of this Key Information Summary is to provide customers and potential customers with information about the financial condition of their bank.

The information contained in the Key Information Summary is explained in the Reserve Bank publication "Your Bank's Disclosure Statement - What's In It For You?", which can be obtained from the Reserve Bank.

This publication is also available on the Reserve Bank of New Zealand website www.rbnz.govt.nz

Corporate Information

The name of the registered bank is Southland Building Society. Southland Building Society operates under two brands "SBS Bank" and "HBS Bank". Southland Building Society was established in 1869 and is incorporated in New Zealand under the Building Societies Act 1965. The address for service is 51 Don Street, Invercargill. Southland Building Society is a mutual building society and is owned by its members by virtue of their membership interests in Southland Building Society.

Credit Rating

As at 31 December 2010, the credit rating assigned to Southland Building Society is BBB stable. This credit rating is applicable to long term unsecured obligations payable in New Zealand, in New Zealand dollars. The credit rating was issued by Fitch Ratings on 17 July 2007 and was reaffirmed on 6 September 2010. There have been no changes made to the rating in the two years preceding 31 December 2010. The rating is not subject to any qualifications.

Government Guarantees

Southland Building Society does not have a guarantee under the New Zealand Deposit Guarantee Scheme.

	BANKING GROUP	
	Unaudited 31/12/2010 (\$000's)	Unaudited 31/12/2009 (\$000's)
Profitability		
Net profit of the Banking Group after tax for the 9 months ended 31 December	11,548	10,102
Net profit of the Banking Group after tax for the 12 months ended 31 December expressed as a percentage of the average of total assets	0.60%	0.57%
Size		
Total assets of the Banking Group as at 31 December	2,825,920	2,661,241
Percentage change in total assets of the Banking Group for the 12 months ended 31 December	6.19%	3.76%
Capital Adequacy		
Total tier 1 capital of the Banking Group expressed as a percentage of total risk-weighted exposures	10.09%	9.97%
Minimum percentage of tier 1 capital to risk-weighted exposures permitted under SBS's conditions of registration	4.00%	4.00%
Total qualifying capital of the Banking Group expressed as a percentage of total risk-weighted exposures	13.97%	13.52%
Minimum percentage of total qualifying capital to risk-weighted exposures permitted under SBS's conditions of registration	8.00%	8.00%
Asset Quality		
Total individually impaired assets of the Banking Group	25,754	33,948
Total individually impaired assets of the Banking Group expressed as a percentage of total assets	0.91%	1.28%
Total individual credit impairment allowance of the Banking Group	10,260	8,736
Total individual credit impairment allowance of the Banking Group expressed as a percentage of total impaired assets	39.84%	25.73%
Total collective credit impairment allowance of the Banking Group	6,338	4,654
Non-financial assets of the Banking Group acquired through the enforcement of security	3,479	-

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Peak Credit Exposure Concentrations

The number of individual counterparties or groups of closely related counterparties (excluding connected persons and to the central government of any country with a long-term credit rating of A- or A3 or above) to which the Banking Group had a peak end of day aggregate actual credit exposure (net of individual credit impairment allowances and excluding advances of a non-capital nature) which exceeded 10% of the Banking Group's equity during the three months ended 31 December 2010 are disclosed below:

Percentage of Equity %	Number of Non-Bank Counterparties		Number of Bank Counterparties	
	Unaudited 31/12/2010	Unaudited 31/12/2009	Unaudited 31/12/2010	Unaudited 31/12/2009
10 - 19	-	-	1	-
20 - 29	-	-	2	-
30 - 39	-	-	-	1
40 - 49	-	-	-	-
50 - 59	-	-	-	1

Credit Exposures to Connected Persons

Credit exposure concentrations are disclosed on the basis of actual exposures, and calculated on a gross basis (net of individual credit impairment allowances and excluding advances of a non-capital nature). The Banking Group does not have credit exposures to connected persons other than non-bank connected persons. Peak end of day credit exposures during the three months ended 31 December 2010, calculated using the Banking Group's tier one capital at the end of the period were:

	BANKING GROUP	
	Unaudited 31/12/2010 (\$000's)	Unaudited 31/12/2009 (\$000's)
Peak credit exposure to non-bank connected persons	1,077	1,027
Peak credit exposure to non-bank connected persons expressed as a percentage of tier one capital	0.59%	0.61%

Southland Building Society's conditions of registration require that aggregate credit exposures (of a non-capital nature and net of individual credit impairment allowance) of the Banking Group to all connected persons do not exceed 15 percent of tier one capital and that, within this limit, aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons do not exceed 15 percent of tier one capital.

The limits on aggregate credit exposures to connected persons and to non-bank connected persons as set out in the Bank's conditions of registration have been complied with at all times during the three months ended 31 December 2010.

Availability of Disclosure Statements

A copy of the most recent General Disclosure Statement will be provided immediately at no charge to any person requesting a copy where the request is made at Southland Building Society's head office, 51 Don Street, Invercargill, and within five working days where the request is made at any branch or agency of Southland Building Society.

This Key Information Summary and the most recent General Disclosure Statement can be accessed at the following internet address: www.sbs.net.nz