

SBS Bank QFE Adviser Disclosure Statement

Effective 02 October 2017

Southland Building Society is a registered bank, operating under the brand SBS Bank and referred to as 'the Bank', 'we', 'us' or 'our'.

What is this?

This Disclosure Statement provides information that you should consider before making any financial decision. The information provided is important and is designed to help you decide which financial adviser to choose. It also details our complaint procedures in the event you have any concerns.

What sort of Adviser are we?

We are a "Qualifying Financial Entity" ("QFE") under the Financial Advisers Act 2008. We take responsibility for the financial adviser services provided by relevant members of our staff, each being a QFE adviser. Our QFE advisers must act with care, diligence and skill when providing advice to you. QFE Advisers do not have to be individually registered or authorised.

How are we regulated under the Financial Advisers Act 2008?

As a QFE, we are licensed and regulated by the Financial Markets Authority in respect of our financial adviser services.

The contact details for the Financial Markets Authority are specified at the back of this document. You can obtain information about financial

advisers from the Financial Markets Authority and can report information about us or our QFE advisers to the Financial Markets Authority. You can also check our QFE status and whether other entities are a member of our QFE Group on the register at www.fspr.govt.nz. Our registration number is FSP30921.

Details of products advised upon

Our QFE advisers mostly provide financial adviser services in relation to our deposit, redeemable share, lending and investment products ("our products"). They may be able to provide you advice on all, or a selection of our products, or on our products individually.

Where more specialist advice is required, the QFE adviser will refer you to the appropriate QFE adviser who has the necessary specialist knowledge, or direct you to a financial adviser who can give personalised financial advice on our more complex products.

Generally, our QFE advisers are not able to provide advice on other financial products which are not our products, except as set out below, particularly in relation to our subsidiaries, and are not able to provide an investment planning service or a discretionary investment management service.

Our QFE advisers may provide personalised advice on the following:

Product	Provider(s)
Redeemable Share - Savings, Transactional, Call and Term Investment accounts Deposit - Call and Term Investment accounts	SBS Bank
Lifestages Deposit Portfolio (PIE – Portfolio Investment Entity) – This product is no longer available for investment.	Funds Administration New Zealand Limited ("FANZ")
Residential (including Welcome Home Loan), Residential Investing, Rural, Reverse Equity Mortgage (Advance), Commercial Loans	SBS Bank
Personal Loans	Finance Now Limited ("FNL")
Payment Protection Insurance in connection with Personal Loans	Southsure Assurance Limited ("Southsure")

Our QFE advisers may provide limited non-personalised ('class') advice and factual information only on the following:

Product	Provider
Lifestages KiwiSaver Scheme – Our advisers can provide limited and non-personalised advice on investments into the "Lifestages Auto" feature of the Lifestages KiwiSaver Scheme. "Lifestages Auto" automatically changes an investor's portfolio mix as they age so as to ensure that the investor has an asset mix that suits their age and stage of life. Other than this, they can provide factual information regarding KiwiSaver in general. Personalised advice, or information on any other portfolio other than the Lifestages Income Fund, is available by consulting a FANZ Private Wealth Adviser.	FANZ
Subordinated Redeemable Share – SBS Capital Bond – Our advisers can provide limited non-personalised ('class') advice on investments into the SBS Capital Bond. As a complex financial product, the Bank recommends that you separately consult an authorised financial adviser before you decide whether or not to invest.	SBS Bank
Subordinated Redeemable Share – Premier Bond – This product is no longer available for investment.	SBS Bank
Cash Passport (Debt Security)	Travel Card Services Limited ("TCSL")

Our QFE advisers may also refer customers to Financial Advisers employed by our subsidiaries, who may provide specialised advice on the following:

Products	Provider
All SBS Bank branded insurance including: Life and Disability Insurance (Term Life, Income Protection, Critical Condition & Funeral Cover); Loan Repayment Insurance (Mortgage Repayment & Payment Protection); Vehicle Insurance (Car, Caravan, Trailer, & Pleasure Craft); House and Contents Insurance and Travel Insurance.	Southsure
Business Finance, Motor Dealer Finance, Finance Now Card, Retail Consumer Finance and Personal Loans.	FNL
Lifestages KiwiSaver Scheme, FANZ Lifestages Deposit Portfolio (PIE – Portfolio Investment Entity), being products distributed by or promoted by the Bank.	FANZ
Subordinated Redeemable Share – SBS Capital Bond - Our advisers may refer you to FANZ Authorised Financial Advisers for personalised financial advice in relation to this product.	SBS Bank

Each of the subsidiaries referred to above is registered as either a QFE (FNL) or has its own Registered Financial Advisers (FANZ and Southsure) or Authorised Financial Advisers (FANZ), and provide separate disclosure statements for advice provided by their advisers.

Fees, Remuneration and Incentives

As the issuer of its own deposit, redeemable share and lending products, the Bank receives revenue from these products, no other fees are charged by us or our QFE advisers for any advice provided.

Specific advice given by our subsidiaries or their advisers may incur fees and any such fees will be disclosed in separate Disclosure Statements prepared by them.

Our QFE advisers' base income in most cases is paid by salary and is not affected by any products sold. The exception are our Mobile Mortgage Managers whose remuneration includes a sales incentive scheme, where incentive payments are paid for meeting lending sales targets.

Our QFE advisers within our Rural and Commercial teams participate in the Bank's bonus scheme, and although this is not linked directly to advice given, it can be linked to meeting sales and referrals targets.

Our remaining QFE advisers participate in the Bank's Frontline Sales and Service Incentive Scheme where they may receive incentive payments from us. These payments are linked to a QFE Adviser's successful sales and referrals, along with their team's and the Bank's performance. To be eligible to receive incentive payments, QFE Advisers conduct must align to the Bank's values, must comply with the Bank's compliance standards and any recommendations or opinions provided must be consistent with the member's needs.

SBS Bank also receives a commission from TCSL relating to successful sales of the Cash Passport.

Remuneration for referrals to Subsidiaries

The Bank benefits from referrals made to our subsidiaries by way of its shareholding in each subsidiary.

SBS Bank also receives commission from FNL for successful referrals relating to Personal Loans and from Southsure on referrals made by our QFE advisers that result in written policies.

Our QFE Advisers do not receive commission for sales or referrals made to our Subsidiaries.

Internal complaints procedure

If you wish to make a complaint, we have a free internal dispute resolution process which you can access as follows:

Talk to our Customer Complaints team in confidence on 0800 727 2265.

Write to us or complete our Customer Complaints form available in branch, from our Contact Centre on 0800 727 2265, or on our website sbsbank.co.nz. You can write to us at:

Customer Complaints Team
Southland Building Society
PO Box 835
INVERCARGILL
Email: customercomplaints@sbsbank.co.nz
Fax: 03 211 0734

Dispute resolution scheme

If you have followed our internal dispute resolution process and you feel you are not completely satisfied with the resolution, you are entitled to request a free and independent review by the Office of the Banking Ombudsman.

For more information regarding the Banking Ombudsman, contact any of our branches, call us on 0800 727 2265 or visit www.bankomb.org.nz. Alternatively, you can contact the Banking Ombudsman directly at:

The Office of the Banking Ombudsman
Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146
E-mail: help@bankomb.org.nz
Telephone: 0800 805 950 or (04) 471 0006
Fax: (04) 471 0548
Website: www.bankomb.org.nz

Other licensed services we provide

We are a registered bank regulated by the Reserve Bank of New Zealand licensed to provide banking services in New Zealand. A Copy of the Southland Building Society Disclosure Statement is available on request and free of charge from any of our branches or viewed at sbsbank.co.nz.

Other Interests and Relationships

We have no other interests or relationships and there are no other factors that a reasonable person would find reasonably likely to influence our QFE advisers in giving you financial advice.

Terms and Conditions

Copies of any applicable product disclosure documents, along with terms and conditions and our Account Charges are available, free of charge, from any of our branches or at sbsbank.co.nz.

Contact details of the Bank

Our principal place of business and contact details are as follows:

Southland Building Society
51 Don Street
PO Box 835
Invercargill 9840
Email: info@sbsbank.co.nz
Telephone: 0800 727 2265
Fax: 03 211 0754

Contact details of the Financial Markets Authority

Financial Markets Authority
PO Box 1179
Wellington 6140
Telephone: 0800 434 566
Fax: 64 4 472 8076
Website: www.fma.govt.nz