

Southland Building Society Key Information Summary

For the year ended 31 March 2008



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.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees or insures bank deposits.

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 (SBS) was established in 1869 and was incorporated in New Zealand under the Building Societies Act 1880 on 13 August 1883. The address for service is 51 Don Street, Invercargill, Southland.

Credit Rating

As at 31 March 2008, the credit rating assigned to Southland Building Society is BBB. 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. There have been no changes made to the rating in the period up to 31 March 2008. The rating is not subject to any qualifications.

	BANKING GROUP	
	31/03/2008	31/03/2007
	(\$000's)	(\$000's)
Profitability		
Net profit after tax for the 12 months ending 31 March	14,327	16,603
Net profit after tax for the 12 months ending 31 March as a percentage of the average of total assets	0.62%	0.78%
Size		
Total assets as at 31 March	2,426,271	2,214,785
Percentage change in total assets for the 12 months ended 31 March	9.55%	7.68%
Capital Adequacy		
Total tier 1 capital expressed as a percentage of total risk-weighted exposures	9.52%	9.24%
Minimum percentage of tier 1 capital as per conditions of registration	4.00%	4.00%
Total qualifying capital expressed as a percentage of total risk-weighted exposures	9.59%	9.31%
Minimum percentage of total qualifying capital as per conditions of registration	8.00%	8.00%
Asset Quality		
Total individually impaired assets	8,355	583
Total individually impaired assets expressed as a percentage of total assets	0.34%	0.03%
Total individual credit impairment allowance	3,405	298
Total individual credit impairment allowance expressed as a percentage of total impaired assets	40.75%	51.11%
Total collective credit impairment allowance	3,692	3,705
Non-financial assets acquired through the enforcement of security	-	-

Peak Credit Exposure Concentrations

The number of individual counterparties or groups of closely related counterparties (excluding the central government of any country with a long-term credit rating of A- or A3 or above and connected persons) 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 March 2008 are disclosed below:

Percentage of Equity %	Number of Non-Bank Counterparties		Number of Bank Counterparties	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
10 - 19	-	-	2	3
20 - 29	-	-	-	-
30 - 39	-	-	-	-

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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 allowance 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, calculated using the Banking Group's tier one capital at the end of the period were:

	BANKING GROUP	
	31/03/2008	31/03/2007
	(\$000's)	(\$000's)
Peak credit exposure to non-bank connected persons	996	1,101
Peak credit exposure to non-bank connected persons expressed as a percentage of tier one capital	0.66%	0.81%

Southland Building Society's Conditions of Registration require that aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) 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 March 2008.

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

Auditors' Report



Independent Examination Report to the Directors of Southland Building Society

We have audited the financial statements, including supplementary information, included in the General Disclosure Statement for the year ended 31 March 2008. Our audit was conducted in accordance with the New Zealand Auditing Standards issued by the New Zealand Institute of Chartered Accountants. In our audit reports dated 10 June 2008 (on the financial statements) and 7 October 2008 (on the supplementary disclosure) we expressed unqualified opinions on those financial statements and supplementary information.

The Key Information Summary has been extracted from information contained in the General Disclosure Statement for the year ended 31 March 2008. We have examined the Key Information Summary in accordance with Clause 19(1) of the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 2008 ('the Order'). Based on our examination:

- the Key Information Summary has been completed in accordance with the Order; and
- the information contained in the Key Information Summary has been properly extracted, where applicable, from the information contained in the General Disclosure Statement.

For a better appreciation of the scope of our audit, and of the balance sheet of the Banking Group as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date, these reports should be read in conjunction with the General Disclosure Statement.

Our audits were completed on 10 June 2008 (financial statements) and 7 October 2008 (supplemental disclosures) and our statements are made as at those dates.

Wellington