

SBS INVESTORS FLOCK TO NEW BEST RATE ROLLOVER!



"Don't forget about us!" says the Contact Centre team.

When our Contact Centre team opened the doors to the new Best Rate Rollover feature for maturing investments, it's fair to say that the response left them a little stunned.

Best Rate Rollover ensures our investors get automatic advance notice of the best rate we can offer, as their investment matures.

"So far sixty percent of SBS members with investments maturing during October and November have chosen to go with Best Rate Rollover," said Contact Centre Manager Christine Hollingworth, "A little more than we expected, and just quietly, a little more than we'd hoped for."

Project manager Rachael Clarke is not surprised by the response having spent time talking with SBS investors to understand their needs and leading the team charged with setting up the Best Rate Rollover over the last 12 months.

"SBS investors have got what they asked for. They can sit back now, and receive advance advice of their maturing investment in the knowledge they are automatically getting the best rate we can give."

Combined with the SBS Guaranteed Minimum Rate promise, the automated Best Rate Rollover option brings a new level of care, convenience and peace of mind to the SBS investor experience.

"We knew that SBS investors would not stand for missing out on a great rate. So our Guaranteed Minimum Rate promise protects them two ways. Firstly if there is a rate increase after they receive our maturity advice but before their investment rolls, SBS will apply the new best rate, rather than the one quoted in the advice. And secondly, if SBS investment rates decrease before their investment matures, the rate we quoted in our maturity advice is protected – that's the promise," said Rachael Clarke.

That's small comfort to the SBS Contact Centre team who are going to miss chatting with the SBS investors who opt for the automated convenience of Best Rate Rollover.

Says Christine Hollingworth, "We are rapt that our investors have these great new options, but to all those who would prefer to hear from the SBS investment and contact centre teams about their maturing investments, remember you can choose to keep chatting with us too, it's your choice."

INSIDE THIS MONTH

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Shirley Arabin of Brain Watkin's House, joined by Terri Gregory, Tauranga branch manager, and Delwyn Smith, Tauranga Business Development Officer.

WELCOME TERRI!

Our new Tauranga branch manager, Terri Gregory, reckons she's a lot like the guy from the Remington razor advertisement – the one who loved the product so much he bought the company.

"My husband and I became SBS members as soon as we moved to Tauranga 20 months ago, and now here I am as branch manager."

By the end of her 22-year legal career, Terri had "seen and heard it all" from the "big banks" and found SBS' style refreshing from the moment she first inquired about becoming a member. When she was approached about the Tauranga branch manager's position, she didn't hesitate.

"I was really taken with the friendly service, as well as the honest and warm approach. I just love the grassroots, kiwiana pride and strong values that SBS oozes," she says.

Terri joins the Tauranga team just as the team prepares to celebrate the branch's two-year anniversary – and what a two years it's been.

Such has been the welcome SBS has received, our building society's already forged long-term relationships with new members and on the community sponsorship front, too.

As well as becoming the proud major sponsors of Omokoroa Bowling Club, SBS was also pleased to lend a helping hand for the recent Brain Watkin's House fundraising event. Organised to raise funds to protect and preserve one of Tauranga's oldest and most valued treasures, it was the perfect sponsorship fit for our 138-year-old building society.



Korina and Richard outside their new home in Christchurch

3000 WELCOMED HOME

When Korina Rangihuna and Richard Jenkins achieved a long-held goal to buy their own home, they also cemented their place in Welcome Home Loan history.

After being turned away by the banks, the Christchurch couple came to SBS in October to apply for a mortgage. Our building society was able to help them realise their dream with a Welcome Home Loan – which turned out to be quite a milestone. Korina and Richard became the scheme's 3000th borrowers.

Despite the challenging market for first home buyers and rejection from the banks, Korina and Richard are now happily settled in their new Linwood home.

"This is a fantastic opportunity for us," Korina says.

"We were struggling to get the banks to lend to us, but we persevered with our dream and, thanks to SBS and the Welcome Home Loan, it's paid off."

Welcome Home Loans are tailored to help families who can afford to service a loan, but struggle to save for the deposit. Those who

SBS FINANCIAL ADVISERS EXPANDS

KiwiSaver, new tax rules and a growing reputation have seen our SBS Financial Advisers' team more than double in size this year to keep up with demand.

Executive director Graham Duston says this year's expansion from three to seven staff was a reflection of members' increasing support for a successful, conservative fee-based – as opposed to commission-driven – advisory service, set up specifically to meet their needs.

"Funds under management and advice have grown strongly and now total around a quarter of a billion dollars," Graham says.

"Our growth has been exponential, and that's just gained further momentum during the past year as more members learn what we have to offer."

KiwiSaver product Lifestages KiwiSaver Scheme, he says, has also attracted an influx of members, as has the new tax regime for managed funds, which came into force in October.

We now have advisers based in Invercargill, Central Otago, Dunedin, Christchurch and Blenheim – but, wherever you are in New Zealand, you can call our team on 0800 502 442, and we'll be happy to arrange a free, no obligation review of your portfolio and KiwiSaver needs.

qualify are able to borrow up to \$200,000 deposit-free and up to \$280,000 with a down payment smaller than is usually required under a mainstream mortgage.

To find out more and check your eligibility for an SBS Welcome Home Loan, call us on 0800 502 442 or visit our website:

www.sbs.net.nz



CELEBRATE LIFE WITH SBS ADVANCE

Just four months after its launch, SBS Advance, our reverse equity mortgage, is already being hailed for both its quality and fairness.

SBS equity release manager Neil Bramley says the benefits that set SBS Advance apart from other providers' products are gaining a greater awareness among industry analysts.

SBS Advance enables members aged 60 and over to borrow against their home to fund a more fulfilling retirement. Borrowing is secured against the property, but the house remains under the member's ownership, with no ongoing fees or obligation to make repayments until the loan matures.

"Our sole focus was on providing the very best for our members, including competitive rates and fees, as well as ensuring ongoing safeguards to protect our members' interests and their peace of mind," Neil said.

"We've come onto the market with the lowest floating interest rate, we have a branch network that means our members have instant access to support and information – and don't have to wait for a broker to turn up – and many of our fees are a fraction of what other providers are charging."

Canterbury's specialist publication Older and Bolder recently published an article heralding the arrival of SBS Advance, noting our 138-year-old building society has "solidity about it that not all its competitors can

claim to have ... and also lays claim to being the only mainstream lender directly involved in the home equity release market".

It also noted SBS offers a loan repayment guarantee – the borrower or the borrower's estate won't have to pay more than the value of the home at the date of repayment – and the option of taking out our equity protection guarantee ensures a certain percentage of the home's equity will be ring-fenced, come what may.

If you're looking to get more out of your golden years, give us a call or pop into one of our branches, and we'll be happy to talk through SBS Advance with you. We'll provide background information you can take away, consider and share with those close to you and your professional advisers.

DID YOU KNOW?

- | SBS is the only mainstream lender directly offering a Home Equity Release Plan.
- | We are the only organisation directly involved in the Home Equity Release market who offers a full range of loan and banking facilities.
- | SBS has been in business for almost 100 years longer than any of our competitors in the reverse equity market.
- | SBS's floating interest rate is lower than any of the main competitors involved in the Home Equity Release market.
- | SBS is the only organisation involved in the Home Equity Release market to offer a 3 year fixed rate deal.
- | SBS does not pay commissions to our staff to sell our Home Equity Release Plan.
- | SBS is the only organisation in the Home Equity Release market to allow our customers to obtain their own Registered Valuation which they are free to keep and use for any purpose.

ESSENTIAL QUESTIONS WHEN CONSIDERING YOUR OPTIONS

- | What interest rate does the lender charge? Just how competitive is it?
- | What flexibility is available from the plan if your circumstances change?
- | Does the lender offer any other loan products apart from Home Equity Release? Are you sure Equity Release is the right option for you?
- | Are you able to sit down and chat through your circumstances with a lending expert who is not receiving a commission to sell you something?
- | How long has the lender been in business? What's their financial strength?

SPONSORSHIP: GETTING IN BEHIND OUR COMMUNITIES

SBS ROCK 'N' ROLLIN' MARDI GRAS

Hamilton's SBS Mardi Gras is upping the tempo for February's event with an opening night filled with 1950s rock 'n' roll revelry and fun for all the family.

Take the hits of Elvis ... Chuck Berry ... Little Richard ... Jerry Lewis, add the talents of Waikato's finest performers – including rock 'n' roll band The Tornadoes, Paul Coursey and the Wai Taiko Drummers – and this promises to be a hit with young and old and a fitting launch to the third Mardi Gras.

If you're going to be anywhere near Hamilton on February 15, put this fantastic event in your diary now, and prepare for an unforgettable, upbeat dance down musical memory lane.



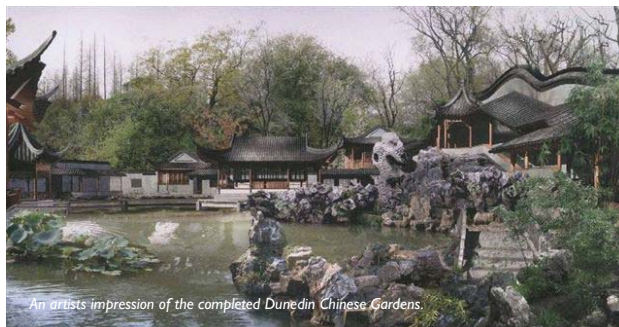
SBS KIDS MINI BAYS

Canterbury kids will have the chance to ride just like the pros do, as December gets off to a racy start with the Armstrong Peugeot Festival of Cycling's SBS Mini Bays event.

Keen to give budding cyclists a chance to use a little pedal power, SBS has sponsored this special 5km ride, designed to provide eight to 14 year olds a fun outing – and a taste of what professional cyclists experience.

The SBS Mini Bays event leads the youngsters around Redcliff's Causeway, in Christchurch, and back round McCormack's Bay, the very same start and finish cycling's elite ride.

Our young participants will ride away with more than a great experience. Together with the chance of scoring loads of spot prizes, every finisher takes home a medal and a special pack. What's more, 100 youngsters will win their very own SBS bank account, topped up with funds to kick-start their savings.



DUNEDIN CHINESE GARDENS

In the 1860s – about the same time as the Southland Building Society began making its mark – the first Chinese arrived in New Zealand, with many heading straight to Otago's gold fields.

These first immigrants quickly became an integral part of our heritage and that, together with the Chinese community's ongoing, significant contribution to Dunedin and wider Otago, is set to be commemorated with the opening of a stunning new landmark.

Early next year, Dunedin celebrates the unveiling of its Chinese Garden, a unique, \$7.5m inner-city attraction styled on a late Ming-early Ching Dynasty classical Scholar's Garden.

SBS has been right behind the Dunedin Chinese Gardens Trust for the past 10 years – ever since the idea of establishing a permanent and fitting tribute to the Chinese involvement in our community was first mooted.

Our Dunedin branch manager Andrew Kilsby says SBS has supported the Trust by providing annual sponsorship for promotion and liaison. Recently, SBS agreed to become a significant donor towards the construction of the Gardens.

"Many parallels exist between the Trust and SBS – our heritage, as an organisation, mirrors the length of time many prominent Chinese families have been resident in Otago.

SBS, he says, is proud to have joined other key community sponsors to play a significant role in establishing the garden.

"The contribution we're making is one that will just keep giving to our community. As the finishing touches are being put on this wonderful project, there's a wider appreciation of the Chinese Garden's significance and the flow-on benefits it will have for the city," Andrew says.





The mighty Waikato River is the backdrop for the Hamilton Half Marathon startline

SBS HAMILTON HALF MARATHON

Following in the footsteps of SBS' hugely successful backing of the Christchurch Marathon, our building society is now the name behind the Hamilton Half Marathon.

Hamilton branch manager Nicki Bennett says sponsoring the half marathon is a great opportunity for SBS and dovetails well with our philosophy of supporting local events which benefit the whole community.

The SBS colours were out in force in October, as competitors lined up in perfect conditions to either run or walk the 21km half marathon and 10km event.

From serious competitors chasing a personal best and corporate teams looking for an energetic team-building exercise, to casual walkers keen for a fun day out, all levels were catered for – a fact that was reflected in a great turnout and a wave of positive feedback.

It proved an event to remember for Auckland's Scott Larsen, who took out the men's half marathon in a new record time of 1:21:13. In the women's event, both first place-getter; Cambridge's Erin Tolhurst, who came home in 1:31:33, and Auckland's Aime Skrine (1:32:52), bettered the previous records.

If the pace set by SBS' first year of involvement is anything to go by, next year's event looks set to be even bigger and better, Nicki says.

NEW BALANCE SBS PIER 2 PIER.

Christchurch's 2008 running calendar will set off at a cracking pace in February with the SBS New Balance Pier 2 Pier Beach Run.

Starting on February 16, the event covers five consecutive Saturdays and is designed as the ideal warm-up for the city's many running events, including the SBS Marathon.

What makes this event special – and so popular – is that it caters for every age and ability – from youngsters to seasoned, competitive runners. The Kids Beach Mile is a winner with children, while grown-ups can foot it with the best in the run, or opt for the more leisurely 5km walk.

With heaps of prizes up for grabs, plus free food, it really is a positive way to start your weekend.

For more information and entry forms, check out: www.pier2pier.co.nz

OUR PEOPLE

SHONAGH CELEBRATES 10 YEARS WITH SBS



You mightn't have had the chance to meet them, but behind the scenes at our building society we have many hardworking people dedicated to making the "SBS difference" each and every day.

Shonagh Clarke, who takes care of all of our mail, is one of them.

Shonagh, together with the rest of our Support Centre team, recently celebrated her 10-year anniversary at SBS with a morning tea and special "This is your Life" presentation.

When Shonagh came to us in 1997 from Southland Enterprises on a Workbase training course, property administration support manager John MacManus was immediately impressed by her commitment and willingness to take on new challenges. So, it wasn't long before we welcomed Shonagh as a permanent member of our SBS team.

A decade – and literally millions upon millions of letters – later, Shonagh's still making sure the sea of incoming and outgoing post gets through, deliveries are done and couriers co-ordinated.

"For Shonagh, there's no job too big or too small – she tackles them all with the same enthusiasm and pride," John says.

"Since she first arrived with us, it's been wonderful to see her blossom even further to become a confident and highly valued part of our team."

Shonagh's energy doesn't let up outside work, either. A talented sportswoman, she's represented New Zealand at the Special Olympics in her favourite sport, ten-pin bowling.

MATT SMITH WINS MARATHON



When it comes to fitness our Christchurch senior investment consultant Matt Smith foots it with the best of them - physically and financially. In October Matt earned first place in the Auckland Marathon.

"I was very happy to win the race," Matt says. "The marathon is a tough event, as I'm sure many of our members who are runners can testify, and it's always a relief as well as a pleasure when the training pays off and the result is a good one."

Look out for Matt at Christchurch's SBS half and full marathon event next June. And, if you're looking to improve your own financial fitness, you might just want to arrange to see him sooner at our Christchurch branch. He'll have your investments up and running in no time.

MEMBER BENEFITS: IT PAYS TO BELONG

SBS GOLD INTERNET BANKING

We've moved the launch out to early in the New Year.

When it comes to the safety of your online transactions using our upcoming SBS Gold Internet Banking – SBS is not prepared to compromise. So when our security auditors recently suggested we take new additional precautions to protect our members we didn't hesitate. For many of you who've registered with SBS Gold Internet Banking already, stand by to hear from us early in the New Year as we take a little more time to bring you SBS Gold Internet Banking.

And for those of you who would love the freedom to independently manage your own day-to-day internet banking online, register for SBS Gold Internet Banking now! With a few keystrokes, you'll be able to load your own bill payments, make one-off transfers and edit existing payees.

To register your interest, phone 0800 502 442, or send us a message via our website www.sbs.net.nz. We'll contact you closer to the launch and get you signed up and ready to go.

DO YOU BELONG TO A CLUB OR SOCIETY?

SBS is committed to mutual benefit and supporting the communities in which we live. That's why we're working toward offering a banking package, designed specifically for non-profit organisations, clubs and societies.

To ensure that you get the greatest possible benefits from this package we're looking for feedback from those of you who belong to a club or society.

We'd love it if you'd complete and return the survey enclosed within this newsletter. To thank you for taking time out to do this you'll go in to win one of 15 fabulous SBS gift packs.

BEST RATE ROLLOVER

Register for Best Rate Rollover on your term investments - and you're guaranteed your funds will be automatically reinvested on maturity at our best available rate.

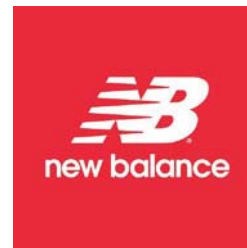
The service is optional, completely flexible and won't cost you a cent. We'll keep you informed and you can choose not to reinvest right up until the day of maturity.

For more information, see our front page article. To register for Best Rate Rollover, just call us on 0800 502 442 or visit your local branch.

AND JUST FOR OUR INVESTORS

TERM INVESTMENT SPECIAL	
<h1>9.00%</h1> <p>p.a.</p> <h2>12-24 months</h2> <p>INTEREST PAID AT MATURITY</p>	<p>Min Deposit \$5,000 Max Deposit \$250,000</p> <p>Quotes available for larger amounts.</p> <p><small>Rates subject to change without notice. Copies of the current Investment Statement and registered Prospectus are available on request from www.sbs.net.nz and any branch or agency of Southland Building Society.</small></p>

EXCLUSIVE SBS MEMBER DISCOUNT!



10% off RRP on
New Balance
Flagship NBx
Running range

At participating retailers nationwide. Offer valid until 31st January 2008



What could a sporting footwear and apparel manufacturer possibly have in common with SBS? Quite a lot ... if it was New Balance.

Our building society and the sportswear giant are both steeped in history, share strong values and we're known for teaming up to bring our communities great events.

Established in 1906, New Balance is the oldest sporting footwear manufacturer still in existence and has been privately owned by Jim and Anne Davies for 35 years. While New Balance's competitors peddle their wares largely through celebrity athletes' endorsements, the Davies have grown their business from nine to 2500 employees by forging strong partnerships with their stakeholders.

SBS and New Balance started working together at the 2003 World Triathlon Championships, in Queenstown, and we've gone on to stage other great events like the SBS Christchurch Marathon, the SBS Hamilton Half Marathon and the New Balance Round the Bridges.

To recognise this special partnership, New Balance is offering all SBS members the chance to buy a pair of running shoes from its flagship NBx range at 10 percent off the normal registered retail price. Simply take your copy of SBS Today into any of the following stores nationwide to receive expert advice and the correct footwear, so you can kick start your 2008 fitness regime in comfort – and style.



Offer valid at Shoe Clinic, The Front Runner, The Athletes Foot and Smiths Sports Shoes until the 31st January 2008. Members must present a copy of their SBS Today newsletter to receive discount.

SNIPPETS

TOP DOG THEATRE

Cantabrians – get those picnic baskets ready! This summer, SBS-sponsored Top Dog Theatre will be transforming Mona Vale into a lush stage for its latest production “The Merry Wives of Windsor”.

The “theatre in the park” concept is proving a hit throughout the country, and nowhere more so than in our Garden City. Top Dog Theatre’s thespians will be turning out to perform between February 14 and March 2, including the ever-popular Sunday matinee.

BLACKADDER APPOINTED MAKOS COACH

Our congratulations go to former All Black captain Todd Blackadder, who has just secured the position of Tasman Makos coach for the next two seasons.

Todd, who previously served as Tasman’s Director of Rugby and has done an enormous amount of work within the union, is now looking forward to a more hands-on role. With a professional rugby career spanning 16 years, Todd debuted at representative level for Nelson Bays in 1990 and went on to captain the All Blacks for 11 tests in 2000, as well as playing and coaching overseas.

As the Tasman Makos’ major sponsor, our team at SBS will be right behind Todd and his side as they tackle the 2008 season.

GORE CUSTOMER SERVICE AWARDS

Our fabulous Gore team has been nominated not once – but twice – for the Eastern Southland Chamber of Commerce Customer Service Award.

The annual award is designed to acknowledge, encourage, reward and promote excellence in customer service throughout the district. Branch manager Scott Bowden says, while his team missed out on the “big one”, all were thrilled to have their accent on service recognised.

“To be nominated was great news for us – and the news just got better when we learned we’d received two nominations and that our team was the only nominee from the financial sector,” Scott says.

MEMBERS ONLY STAND

We’ve got a couple of questions for you. Call us on 0800 502 442 to share your thoughts. Fifteen members who have their say will receive a fabulous SBS gift as a thank you.

1. Do you use the SBS website for any other purpose besides Internet Banking?
2. What do you find most useful about our website?
3. What would you like to see more of on the SBS website?

We’re also looking to hear from those of you who belong to a club or society. If that’s you - don’t forget to fill out and return our member survey enclosed in this newsletter.

Thank you to all who gave feedback to our questions in September’s newsletter. Your thoughts on SBS are always welcome. Feel free to call us anytime on 0800 502 442 to give feedback on our products and services – we’d love to hear from you.

WHAT’S COMING UP

2008

19th & 20th January	SBS Antiques & Retro Extravaganza <i>Nelson</i>
23rd January	Hamilton United Women’s Bowling Club Open Tournament <i>Hamilton</i>
4th February	Grey Power Association SBS Presentation at Age Concern <i>Hamilton</i>
14th February – 2nd March	Top Dog Theatre – Merry Wives of Windsor <i>Christchurch</i>
15th February	SBS Mardi Gras <i>Hamilton</i>
16th February	New Balance SBS Pier 2 Pier Beach Run Event 1 - <i>New Brighton Pier, Christchurch</i>
23rd February	New Balance SBS Pier 2 Pier Beach Run Event 2 - <i>New Brighton Pier, Christchurch</i>
25th February	SBS Women’s Triathlon/Duathlon <i>Hamilton</i>
1st March	New Balance SBS Pier 2 Pier Beach Run Event 3 - <i>New Brighton Pier, Christchurch</i>
7th – 9th March 2008	SBS Golf Invitational www.sbs.net.nz <i>Invercargill</i>
8th March	New Balance SBS Pier 2 Pier Beach Run Event 4 - <i>New Brighton Pier, Christchurch</i>
15th March	New Balance SBS Pier 2 Pier Beach Run Event 5 - <i>New Brighton Pier, Christchurch</i>





FROM THE CHIEF EXECUTIVE: SBS ASSETS HIT A NEW HIGH



Rising above the market turbulence, our building society has powered through the first six months of this financial year to achieve an \$8.5m after-tax surplus – up 28 percent on the same period last year.

Recording such a strong profit at any time is heartening, but to do so in the face of the turmoil we've seen in the market is testament to SBS' strong values and the esteem in which our building society is held.

Our total assets have also hit a new \$2.34b high, with growth during the first six months tracking at 11.1 percent, while our members' equity now stands at nearly \$150m, reflecting a healthy 13.6 percent jump in the past year.

We have also significantly boosted liquidity reserves during the year to date with a highly successful, record-breaking issue of a \$190m mortgage-backed Bond.

SBS' 139-year reputation for quality lending and sound management is proving a real drawcard with investors seeking a trusted haven for

their savings and investments. The past year has seen our retail deposits jump 10 percent, or \$162m.

Our strength has been further underscored by the Reserve Bank approved international rating agency Fitch. They have awarded our building society an investment-grade credit rating – the highest for a non-bank financial institution operating in New Zealand and at a level sufficient to gain us a Bank Licence.

The past two years have been uncertain, nervous times for many investors who are now going to greater lengths to understand the nature of their investments.

No longer are interest rates the only issue, just as important is the "character" of the institution in which they entrust their savings. Quite rightly, investors are in no mood for flashy sales pitches; they're looking right through the marketing exaggerations in search of quality backed by true integrity.

Since 1869, our building society has earned something that no marketing campaign can ever buy: trust. Few organisations can point to a heritage as lengthy, proud and honourable as that of SBS.

Best wishes for a safe and happy Christmas,

Ross Smith
Chief Executive



Southland Building Society is not a registered bank