

## 23 MARCH 2009 - IT'S OUR BIRTHDAY!



**CELEBRATING 140 YEARS: 1869 - 2009**

### INSIDE THIS MONTH

- A Remarkable Start
- 140 Years Service
- Our Contact Centre
- Standing by our Members
- Defeating the Sale
- Our Communities



After 27 years of conflict New Zealand land wars cease

1872

The first representative New Zealand rugby team plays its first match

1884



SBS President James Walker Bain dies after 30 years in office

1899

1869

The Southland Building, Land and Investment Society is formed

1876

SBS changes its name to the Southland Building and Investment Society and Bank of Deposit

1894

SBS celebrates 25 years

1896

The first premises specifically built for SBS is opened

1906

Directors decide to buy a bicycle for £12/10/-

## A SPECIAL MESSAGE TO OUR READERS

In this issue of SBS Bank Today we have much to celebrate. This month your 'grand old lady' - as it is often affectionately called by your Chairman, Acton Smith - turns 140-years-old. It's a milestone worthy of special tribute for a financial institution that has navigated through a great depression, two world wars and numerous bouts of economic turmoil with great success and no small amount of style. In a world that increasingly values 'instant gratification,' it is refreshing to pause and reflect on what 140 years of service to our members has meant for SBS Bank. In our timeline above, we hope to bring this reflection to life, sharing with you key moments in our SBS Bank history against some of New Zealand's own profoundly important occasions. Along the way, we highlight a sampling of the events, achievements and personal stories from the staff, members and communities who have made us what we are today.

We hope you enjoy our special 140th anniversary edition.

### JAMES WALKER BAIN (1869 – 1899)



#### A young man with a big vision

It's remarkable to think our first president James Walker Bain actually walked to Invercargill from Dunedin for the general meeting to elect the first office bearers.

He was just 28 when he was elected first president of the Society, an office which he held for more than 30 years until his unexpected death on 29 September 1899, aged just 58.

It was Bain who wanted the Society to be based on the principle of mutual help among its members rather than cut-throat competition for loan money. He wanted to help every person own their own home.

By 1882, under Bain's leadership and just 13 years young, the Society was regarded as one of Southland's best known and flourishing institutions.

Bain was one of the most prominent Invercargill personalities during his time at the helm of the Society. He founded the first Southland newspaper and was involved in several national and local directorships, including a term in politics and a two-year term as Mayor of Invercargill.

We remember him most fondly for the values that SBS Bank operates by today and the part he played in establishing them.

## SNIPPETS FROM HISTORY

### HELPING MEMBERS IN TIME OF NEED

When floods devastated Southland in January 1984, more than \$1 million went out in mortgage finance directly related to flood victims and their properties.

### SURVIVING THE GREAT DEPRESSION

1934 – SBS announced at its AGM that the Society could claim "to have emerged from the economic blizzard of difficulties and uncertainties not only unimpaired but strengthened."

By 1935 the Society was the biggest of its kind in New Zealand, with its mortgage total at £1.8 million being six times the amount of the mortgages of the next largest society.

### GROWTH UPON GROWTH

1974 - With assets approaching \$60 million, the Society had lent a record \$16.9 million to 2172 borrowers.

1979 - In keeping with the Society's tradition, it was the last of the major lenders to increase rates with mortgage lending still marginally rising to reach \$13.9 million for the year. The Society reported a rise in total assets to \$86.6 million and an operating surplus of \$254,000.

1980 - Southland Building Society provided 48 percent of the total amount lent for housing in Southland, more than twice the amount lent by the next largest institution.



The first premises built specifically for the Society in Tay Street and occupied from 1896 to 1925.

New Zealand enters WWI

1914



1917 - 1918

Passchendaele – New Zealand soldiers suffer major defeat on 12 October 1917 (2800 killed, wounded or missing)

1919

SBS celebrates 50 years and has lent and re-lent £1.2 million

Albert Samuel Froggatt becomes President of SBS (1932 - 1947)

1932

SBS is the biggest of its kind in New Zealand with its mortgages totaling £1.8 million - six times the amount of the next largest society

1935



1939

New Zealand formally declares war on Germany on 3 September 1939

## SBS STOOD BY ITS MEMBERS

On 12 December 1938 Peter Stead began work at the Southland Building Society and Bank of Deposit, now known as SBS Bank.

"A couple would be in the comfortable office with Mr Walsh and out at my desk I would quickly complete my part of the transaction, returning with details of their final settlement payment. Several times I was delighted to hear the clients thank Mr Walsh, with tears in their eyes and choked voices that 'the Society stood by us during the Depression;' 'You didn't sell us up when I was out of work;' 'We had only to keep up with paying the interest;' 'Thank you. Our house is our own.' I was proud to be working in such an institution."



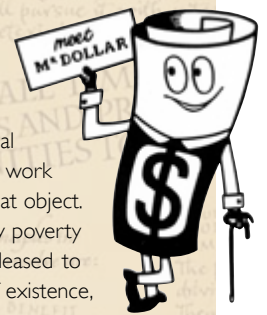
Peter & Ngaio Stead

"Within a year WWII had begun and gradually the older men in the office began disappearing off into war service – so we juniors received rapid and, sometimes challenging, promotion."

"At 18, I was in charge of investments and had a fine office with dark oak furniture for interviewing the public. Either the 12-monthly or six-monthly report to the directors became due during my few months on investments. For my report I used the biggest electric adding machine in the office – it stood on wheels, a vibrating, whirring creature, printing out the figures on a massive roll of paper. But my figures added up to more than the machine could take. For the very first time, we exceeded one million pounds – the machine would calculate to only £999,999.19.11.1 I had to finalise my report with the figures written in. I think the directors were suitably impressed."

### IT HAS BEEN SAID ...

"The history of the Society has been one of steady progress. We have heard a great deal lately about the prevention of poverty and a scheme of national insurance has been submitted to you to work in the direction of accomplishing that great object. I know of no better way of keeping away poverty than the cultivation of thrift and I am pleased to think that the Society, during 14 years of existence, has done a great deal to cultivate thrift."



**James Walker Bain, President 1869 – 1899**

"The Society has existed for 13 years and during that time has had a career of unvarying and increasing prosperity ... Besides the material benefits, which it has thus conferred, probably no institution has done more to foster in the community habits of thrift and independence."

**The Weekly Times, Invercargill 1882**

"A good building society run in the interests of its members with integrity of purpose, is not only advantageous to the individual, to the city and surrounding district, but is a national asset and with no other motive than the betterment of the people it serves."

**Albert Samuel Froggatt, President 1931 – 1947**  
**First President born in Invercargill**

"With long experience and full enquiries into the working of building societies overseas, I can say with confidence that our Society could be put up as a model for providing funds for home purposes. It is a self-contained institution, which has stood the test of 95 years' operation with increasing usefulness to the community and lends mortgage money at perhaps the cheapest rate in the Dominion."

**Hugh Ritchie, President 1947- 1972**

"We resolve at all times to serve the interests of our members and promote the prosperity of the communities to which they belong."

**SBS Bank Charter, SBS Bank Board of Directors 2002**

**1944**  
SBS celebrates 75 years

**1945**  
Business in the 1944 - 1945 is the second largest year in the history of SBS

**1945**  
End of WWII




**1947**  
Hugh Ritchie becomes the 6th President of SBS (1947 - 1972)

**1953**  
Sir Edmund Hillary becomes the first man to conquer Mount Everest

**1967**  
Decimal currency replaces the pound, shillings and pence

**1969**  
SBS celebrates its centenary

**1972**  
SBS Director Hugh Ritchie dies after 67 years service with SBS

## 140 YEARS COMBINED SERVICE



They have many tales to tell between them. From left; Payroll officer Geoff Ladbroke, banking consultant Colin Winter and lending support RhoymcMillan have accumulated 140 years of service with SBS Bank between them.

“ I’ve come back twice to lend a hand since I retired three years ago – it’s nice to be in demand! The changeover to decimal currency was big. I had a boss who used to err and revert entries back to pounds and the books wouldn’t balance – he said it was a learning experience for me to fix it! ”  
Geoff Ladbroke

“ One of the big events during my time was the move from a very vast ledger system to computers, along with all the accompanying trials and tribulations – of which there were many! Everyone tended to be gun-shy and didn’t want to push a button in case you blew something up. Seeing us gain bank registration last year was a fantastic way to round out the 50 years – along with the fact I’m now lending to the grandchildren of my first customers! ”  
Colin Winter

“ My time as a savings executive on the management team and being part of the driving force of decision making was an exciting challenge. Mind you, so was the change from everything being done in pen and pencil to computers – it was just a matter of picking it up even though it was a bit scary at times. ”  
RhoymcMillan

### OUR ‘RAVING FANS’ SERVICE

Our staff prides itself on their exceptional knowledge of SBS Bank products and delivering outstanding customer service.

SBS Bank adopted the concept of ‘Raving Fans’ with the establishment of the SBS Contact Centre in 2000 and it is still the backbone of our service ethos today.

### OUR PEOPLE

Providing an environment that challenges our people is part of our ethos. It also puts them in the box seat for promotion at SBS Bank. Last year 45% of our vacancies were filled internally by existing SBS Bank staff.

11% of our staff has over 10 years of service to SBS Bank. This will increase to 15% by the end of 2009.

SBS Bank recognises the value of seeing staff further their qualifications and engages a tertiary study support programme.



Maria Milne-Maresca, CSO, Invercargill branch

### HOW WE MAKE OUR CUSTOMERS FEEL...

“We continue to be blessed with staff whose professionalism and commitment to service are of the highest quality. SBS Bank could not achieve the success and reputation it does without motivated and dedicated staff in every part of SBS Bank.”

Acton Smith, Chairman – Annual Report 2008

January brings serious flooding in Invercargill. More than \$1 million of SBS' reserves go out in mortgage finance directly related to flood victims and their properties

1984

Financial markets are deregulated. Mortgage rates peak at around 24%

Greenpeace protest ship the Rainbow Warrior sinks

1985

1982

SBS' operating surplus tops \$100 million for the first time



SBS passes \$200 million in total assets

1987

1987

Branches open in Christchurch, Queenstown and Dunedin



SBS members vote against the sale of SBS to Westpac

1991

1992

Ross Smith becomes Chief Executive of SBS



## PROTECTING A NATIONAL ASSET

Celebrating 140 years and the achievements that have been accomplished during this period is proud testament to the stability, reliability and prudence of the Southland Building Society. Our Society, which can now proudly trade as SBS Bank, was totally dependent upon Southlanders' traditional values and proud independence by voting in 1991 to save this iconic institution from sale to Westpac.



Our small defence team of five parochial Southlanders had very limited resources to fight off the Westpac challenge but, as we shared with our members a passion for this excellent organisation and a genuine belief that she had a successful future, your majority vote to remain a building society carried the day.

All five of the defence team ultimately became directors and have found the experience of being part of the ongoing growth and development into SBS Bank hugely rewarding and, particularly in this last year, to uplift our bank registration.

For 140 years we have taken heed of the importance of protecting our members' assets by adopting a prudent and conservative approach, which is reflected in the success of our annual results, along with the growth and development of SBS Bank and our range of products and services.

Recent developments, which directly benefit our members, include leading the market in bringing floating rates down plus the introduction of the high interest Five-year Premier Bond for our investors. Both these services have a significant cost impact on SBS Bank but, in these difficult times your Board has endorsed these decisions for they provide benefits for our members which recognise your loyalty and ongoing support.

We proudly pledge to continue to stand by the charge that has been entrusted to us for the next 140 years to come.

Acton Smith  
Chairman

## MEMBER BENEFITS

When it comes to creating benefits for our members, SBS is no ordinary bank. Whether it is better rates, better service or simply the perks of community support there is no question that it pays to belong.

### SBS MARATHON - CHRISTCHURCH

Here's your opportunity to get a "free run" to this year's SBS Marathon.

We're giving away a total of 80 complimentary entries to our eager and enthusiastic athletes.

Simply drop into our Manchester Street branch, or give us a call on 0800 502 442, for your chance to gain free entry to the half or full marathon, the 10km or the kids Mara'Fun.

#### Conditions of free entry:

- Open to SBS Bank members only
- SBS Bank staff and their families are not eligible to enter
- Branch manager's decision is final
- Only official SBS Bank issued vouchers may be redeemed for free with the SBS Christchurch Marathon Committee.

For more information on the SBS Marathon please go to [www.sbsmarathon.co.nz](http://www.sbsmarathon.co.nz)

### SBS ST JAMES THEATRE - GORE



SBS Bank continues to reward its members.

SBS Bank members can benefit by receiving a 10% discount on movie tickets when paying with an SBS Eftpos card at the SBS St James Theatre in Gore.

*SBS Bank Gore branch manager Scott Bowden*

### LOCHIEL GOLF CLUB - HAMILTON

SBS Bank Hamilton branch and the Lochiel Golf Club are offering golfers, who are members of both the club and SBS Bank, the chance to win \$1000 for scoring a Hole in One on hole number 3 on a recognised Lochiel Golf Club day.

SBS celebrates 125 years and names Acton Smith as its President

1994

Yachting legend Sir Peter Blake leads Team NZ to sweep the America's Cup 5-0

1997



SBS' first subsidiary Finance Now is launched

2000



1996

Southland Building Society re-brands to be known as SBS



2000

SBS opens its Invercargill based Contact Centre and expands to the North Island by opening a branch in Hamilton

## TAKE OUR CONTACT CENTRE OFFSHORE? NOT IN A MILLION YEARS!

When a customer rings the SBS Bank Contact Centre they are always greeted by a person – not a recording.

In 2000 when two SBS Bank executives were tasked with establishing the Contact Centre, they were adamant that the Society's commitment to its member service was paramount.

Then appointed Contact Centre manager Lynn Manson and human resources manager Lana Winders went to a conference and trade centre seminar involving around 200 of the country's Call Centre owners in search of ideas and inspiration for their "own baby."

"We discovered that a 'technology tree' – selecting a number from one to six to get a service – was the way to go to keep profits up," Lynn recalls.

"We thought about how our members would feel about that and shook our heads in despair – it was not the SBS Bank way."

"We were always focused on a customer-driven strategy when putting the plan in place with technology as the enabler – not the driver.

"The SBS Bank Contact Centre was established with 12 fulltime and part-time staff in August 2000 and now boasts 30 staff. Lynn says "at SBS Bank we know speaking directly with a person on the other end of the phone, who actually lives in New Zealand, is becoming more of a rarity in this day and age. But we will not be moved. We are really proud of our specialised team and their ability to



Lynn Manson – the Contact Centre's first manager and now manager of the Cromwell branch.

provide our customers with quality, personal service in an accent they understand."

After eight years and much internal promotion, only two of the original team are still in the Contact Centre. Stephanie Christie and Nicola Smart say it's a true honour to work in a Contact Centre that has grown so dramatically yet retained its key essence.

"Every day it is about the customers and our team providing 'Raving Fans' Service. We don't settle for anything less."

### WHAT'S THE SECRET OF OUR SUPERIOR SERVICE?

At SBS Bank, we have a dedicated member survey co-ordinator who contacts our members each week at random to ensure our service is meeting your expectations.

Members are asked to rate the knowledge of our staff, our products and services and what they think of ideas for new products.

- 65 calls per week to our members
- 260 calls per month
- 3120 calls per year

### LISTENING TO OUR MEMBERS!

By sharing your thoughts with us you have helped us:

- Create our Premier Bond product with some great features
- Decide on benefits to build around our Star Accounts for non-profit organisations
- Understand how you feel about our service
- Shape our brand after bank registration
- and much, much more!

SBS opens its second and third branches in Christchurch

2001 - 2002



SBS opens branches in Blenheim, Tauranga and its fourth branch in Christchurch

2006



SBS achieves bank registration on October 7, making history by becoming the first building society in the world to also become a registered bank. SBS total assets reach \$2.43 billion

2008

2002

Full transactional banking and SBS website launched  
FANZ and Southsure launched as SBS subsidiaries

2005

The World's Fastest Indian puts Southland on the international map through the life story of Burt Munro, played by Sir Anthony Hopkins

2008

Sir Edmund Hillary dies at the age of 88

2009

SBS Bank turns 140!



## THANK YOU SBS BANK! IT REALLY WILL MAKE THE DIFFERENCE!

“WOW!!!! What fantastic news that we won \$1000 in the SBS Bank Star prize draw this month!”



Representatives of Rachel's Studio of Dance put Gore on the map at another national dance event.

It was easy to understand that Rachel Ferguson and the Gore Dancesport Supporters Group were extremely thrilled to collect their first win from SBS Bank's Star banking package, which has been specifically created with non-profit organisations in mind.

Rachel says the extra \$1000 really put the “icing on the cake” for a small group of dedicated supporters of dance in Southland.

“It really will be put to good use and it's just going to be a matter of which priority is the greatest.”

Rachel says the small and dedicated supporters group is always fundraising to help the competitive dancers from Rachel's Studio of Dance to travel and attend as many competitions as they can to help them to succeed. They also support the studio and recently put in new mirrors and carpet, as well as providing different equipment when necessary, including materials for her class of IHC students.

“The group is also the organising committee behind the successful Southland Festival of Dance, which will hold its third event in Gore this May. As the only studio south of Dunedin to offer this style of dance classes, we find interest is always growing.

“Our Star win has come at a wonderful time for the group and we thank SBS Bank so much! It really will make a difference.”

### MAJOR COMMUNITY COMMITMENTS IN THE LAST DECADE

- SBS Sports House - Invercargill
- SBS Events Centre - Timaru
- SBS Marathon - Christchurch
- SBS St James Theatre
- Splash Palace - Invercargill
- Gore Multi-sport Complex
- Civic Theatre - Invercargill
- Hamilton Gardens Summer Festival
- Dunedin Chinese Gardens
- Southern Opera - Christchurch
- SBS Bank Southland on Show



#### SBS KIDS MINI BAYS

Dunedin cycling enthusiast Logan Jenkins has proudly seized the SBS Kids Mini Bays under 13 title from the Cantabrians two years running. Logan's so proud of his SBS Bank cycle top that he's been wearing it to school.



#### CENTRAL STORIES

SBS Bank Cromwell branch banking consultant Jeff Sawers and Alexandra's Central Stories Museum and Art Gallery director Brian Patrick celebrate a two-year partnership, which sees the conference and meeting room named after SBS Bank.



#### HAMILTON HYDROTHERAPY

Hamilton branch manager Nicki Bennett and charitable trust chairman David Peart discuss plans for the Hamilton Hydrotherapy Pool and SBS Bank's ongoing support through the Star banking package for non-profits.



## FROM THE CHIEF EXECUTIVE: CELEBRATING 140 YEARS



March 2009 represents another significant milestone in our illustrious history as we celebrate our 140th Anniversary. I'm sure when our founding fathers met in Invercargill way back in 1869 they would not have contemplated an organisation surviving for 140 years. Our success and longevity is a tribute to hundreds of people who have worked for SBS Bank during its history and generations of member support. Fundamental to our success has been our commitment to traditional values, supporting our people and their communities, mutual ownership and prudent business management to ensure long-term sustainability.

In the five-month period since gaining bank registration, the economies of the world, including New Zealand, have been under significant stress. We expect this pressure will continue throughout 2009 and into 2010. To date, SBS Bank has increased member investments by almost \$200 million - a real tribute to the status and credibility we hold in the country's financial markets. We have also wasted no time responding to market needs and differentiating ourselves as a member-owned bank. We were one of the first banks accepted by Treasury under the Crown Deposit Guarantee and have led the way in driving floating mortgage rates down.

As with any economic downturn this period will bring with it some economic challenges, so we do not expect to set any records for profit or growth in 2009 or 2010. However, I can assure you that

**your** bank remains in good heart and is well positioned to meet and beat these tough economic times.

While low interest rates are great for borrowers they don't always make it easy for investors relying on interest income. It has been gratifying to be able to provide additional opportunities for our members with the recent release of the SBS Premier Bond - a capital investment paying a high rate of interest, offered first to our members ahead of the general public. We were very pleased to see our members take advantage of the opportunity and fully subscribe the first Bond issue at seven percent.

There has been much media publicity recently on fixed rate mortgage break fees. It was comforting to note that SBS Bank fee charges were amongst the lowest for any bank. Borrowers should only ever enter into a fixed rate period if they are entirely comfortable with paying that rate for the full term, no matter what the circumstances. No one should be solely influenced by the relative cheapness of the rate at the time. Once you enter the contract you are locked in and it costs the bank to unwind that contract and reinvest the funds, hence the fee charged.

Economically we expect 2009 to be a tough year for many people but life is short so we invite you to share our 140th celebrations with us. There is sure to be some fun and novelty in our branches around the country as our teams celebrate this great milestone, so keep an eye out!

Ross Smith  
Chief Executive

