

Southland Building Society

145th Annual Report and Financial Summary 2014

Southland

Otago

On your doorstep

Canterbury

Marlborough

Nelson

Wellington

In your pocket

Waikato

Bay of Plenty

Hawke's Bay

Auckland

At your service



Highlights

"No two customers are the same but every customer needs the right connection. There's a real skill in communicating with our customers, understanding the needs they have and providing the right solution for those needs." **SBS Bank CEO Ross Smith.**

OUR VISION

SBS Bank – New Zealand's Favourite Bank.

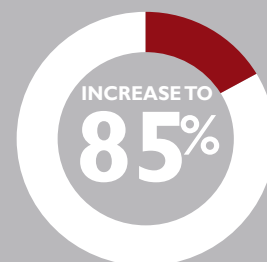
OUR MISSION

SBS Bank will be the essential partner on an individual's path to financial independence ... a continuous relationship.

HIGHLIGHTS AT A GLANCE

AWARDED

a 5-star rating for outstanding value in both our fixed rate residential and fixed rate residential investing products in the 2014 Canstar New Zealand Home Loan Awards.



INCREASE

in SBS' shareholding in Finance Now and FANZ. Now at 85% ownership.

MORE THAN

\$700,000

has been given to non-profit, Star bank account holders, since it began, throughout New Zealand.



CREATION

of a centralised lending team specialising in providing home loan services across New Zealand.

FIRST

bank in the country to bring full service online banking to mobile.



RELEASE

of our Debit MasterCard which was snapped up by hundreds of happy customers, within minutes of its launch.



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OUR VALUES

Commitment to mutual benefit

We will ensure members' interests are at the heart of our purpose and at the forefront of decisions made. The society must prosper, but members' common interests will always be paramount in commercial decisions.

Our people make the difference

The people of SBS Bank are the driving force behind our purpose. Our charge is to provide an environment offering challenge, encouragement and fair recognition, thereby allowing delivery of professional service to members.

Sustainability through prudence

Through careful stewardship, based on commercial robustness and operational prudence, we will continue to exercise ethical practices and due care in growing the value of SBS Bank.

The prosperity of our community

We will contribute to community development and prosperity on behalf of, and for the ultimate benefit of, our members.

Captain extraordinaire

On April 27th, 1992 a fresh-faced, one-eyed Cantabrian named Ross Lindsay Smith walked in to the Southland Building Society as its new chief executive. Twenty two years later, the still one-eyed Cantabrian is retiring from his post as the longest serving chief executive of any New Zealand bank, having successfully steered the ship through its share of both stormy and calm waters.

“My biggest achievement at SBS has been the success of the society. They were all saying there was no way we could survive, but not only did we survive we thrived in that new environment. The ultimate sign of success is what state you leave the business in and I’m proud to say that this one is in very good heart.”

Ross Smith, SBS Bank CEO.

UNDER SMITH’S LEADERSHIP



Net profit after tax, grew from \$404,000 to
\$15.6 MILLION

Total assets increased from \$382 million to
\$2.79 BILLION

The first building society in the world to gain bank registration without demutualising in 2008.



SBS successfully expanded to the North Island and merged with the Hastings Building Society in 2010.

Before Smith took the helm, the Southland Building Society was in turmoil. Reeling from a failed takeover bid by an Australian major bank, new leadership was needed to steer the society through the newly de-regulated banking environment.

When Smith stepped aboard he recognised early on that to survive in the new banking world, the Southland Building Society would need to refresh itself. And refresh itself it did.

However, according to Smith, the key to all this success has been about empowering great people to do great things.

“It’s our people that really make SBS tick. It’s about recruiting the right people, training them, giving them an understanding of what the business needs, developing their skills and watching them grow.

“I’m not ashamed to say that I have merely been the conductor with the baton. I’ve never been scared to employ people who are better than me in certain areas. When you’ve got talented staff, you know your members are going to receive remarkable service.”

Whatever the future may hold, when he shuts the door on his last day, he will be doing so as the captain extraordinaire.

At a glance

2014 DIRECTORS' REVIEW

The emphasis SBS Bank put on building relationships with its members, through new products, increased branding and a dedicated team of staff members, has resulted in a near-record profit in

However, nothing should be taken for granted. It is clear the remnants of the Global Finance Crisis (GFC) are still with us. In that respect, the New Zealand economy still remains vulnerable.

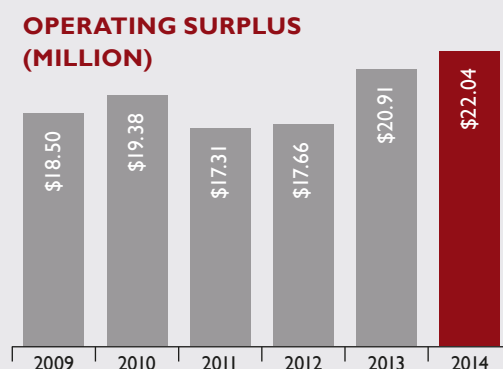
SBS Performance

Members can be comforted by your bank again recording an excellent operating surplus of \$22.0 million, up 5.4% on last year. This result was

As with most businesses, running a bank involves balancing risk, growth, liquidity and margin. We continue to perform well in all of those areas. In addition to our profitability and



SBS Chairman, John Ward



LOAN ADVANCES

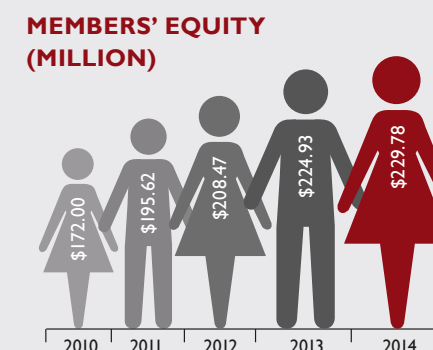
\$2.28

BILLION

TOTAL ASSETS

\$2.79

BILLION



SBS CEO, Ross Smith

the year ended 31 March, 2014 in what can be called challenging circumstances.

The upgrading of our services and products means we are close to providing all retail services our members need to conduct their daily banking business.

In a competitive market, SBS is again showing it has the resources to build further on its successes. We are New Zealand owned and we are all proud of being members who see the profit remain in the bank to support future growth and provide continuing benefits to customers and the community.

Although it is encouraging that we seem to be outperforming most within the OECD, with high growth, record exports and a high currency coupled with being one of the first countries in the Western economy to start lifting interest rates to curb inflation.

As the economy grows, SBS is poised to capitalise on the opportunities that will arise through our development strategies which include the introduction of new technology.

achieved against a backdrop of a very competitive market. The housing market has been buoyant in both Auckland and Christchurch while remaining flat in most other centres. However the introduction of the Reserve Bank's high loan-to-value (LVR) restrictions did take momentum out of the market. Despite those restrictions, SBS managed to increase its lending by 2.4%, or \$53 million in the year, a significant achievement.

growth, our liquidity and capital remain well above regulatory minimums and our level of provisioning continues to trend downwards.

Overall, our balance sheet is strong and the group is well positioned to meet the challenges that might lie ahead.

Christchurch

Christchurch remains a key market as the rebuild gains momentum. Our search for new CBD premises continues.

SBS staff numbers have increased in Christchurch but it remains a difficult market in which to work. The delay in some insurance payouts

Compliance

One of the effects of the GFC has been increasing regulation and compliance costs. The New Zealand banking system came through the GFC relatively unscathed but it has not been immune to increasing compliance requirements from regulators. Last year we mentioned the introduction of the

New Products

Members will be aware of our new Personal Internet Banking service and Debit MasterCard® introduced in the past year.

We were pleased to be the first bank in the country to offer full online banking services to mobile devices. The new system is well-suited for all personal internet banking needs.

The uptake of these new products has been excellent and members can expect the roll-out of more products in the future.

Looking ahead, your Bank will have lending as its key focus with some positive features being developed for members. By the end of the year, we expect to have a new online automated

Below: Newly appointed General Manager of Banking, David Backhurst.

Below: SBS' newest Operational Manager James Tufui, who heads up the Centralised Lending Unit.



“At SBS we’re striving to create a high performance culture in our business, meaning we’ll have the best staff in the banking industry looking after our most valuable asset – our members.”

Ross Smith, SBS Bank CEO.

Over the past 12 months we’ve spent more than

7,000 HOURS

up-skilling and developing our staff to create a high performance culture.



We’ve created 4 REGIONAL MANAGER positions to give enhanced leadership to our front line teams.

has caused understandable heartache for members but the Bank has managed to help those receiving their payouts with loans to assist them to move forward.

SBS remains committed to assisting the Canterbury community.

Anti-Money Laundering legislation (AML) and Open Bank Resolution (OBR). Members will have been most affected by AML and the necessity for more onerous customer identification procedures. At the core of AML it is a requirement that we know our customers. To achieve this our customer identification requirements must be appropriate for our business, and records must be up to date and held on file. We appreciate this can be seen as intrusive.

In providing the increased access and flexibility, members should memorise PINs and passwords. Do not record them anywhere, no matter how secure or cryptic they may be. The Debit MasterCard provides additional features to those of our EFTPOS card by allowing members to make online purchases and use the Tap&Go feature.

lending service running. This will be an efficient and time-saving way for members to access home loans and personal draw-downs.

The automated lending service is a positive development for the Bank and we are excited about the planned rollout.

SUBSIDIARIES

Funds Administration New Zealand Ltd (FANZ)

The Bank’s wealth management arm produced another strong financial result with its offerings continuing to find favour with investors.

Total funds under management were more than \$440 million at balance date.

FANZ is one of the few wealth firms in New

Finance Now Ltd (FNL)

Another solid result was produced by Finance Now in an industry that continues to be dynamic and evolving. The finance subsidiary continued to grow receivables, customers and market share in the challenging economic and legislative environment. Television advertising has been pivotal in generating a stronger brand presence

Southsure Assurance

The SBS specialist insurance company again exceeded budget expectations, recording a record surplus while continuing to offer members convenient and easy access to disability income, life, funeral and mortgage protection insurance at member-discounted premium rates, well below those of all other major companies. Southsure

The Future

Over the last few years the banking and finance sector has gone through a period of adjustment. However, the New Zealand banking system has proved to be resilient and robust and we continue to play our part.

On the 31st of July, Chief Executive Ross Smith will retire from this role, bringing to an end nearly



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David Newman *Chief Executive*
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Invercargill (PO Box 1404)
Telephone: 0800 002 002

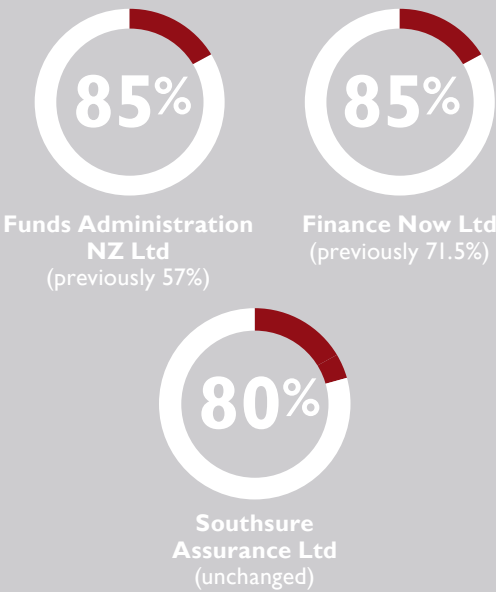


“Directors and staff have always focussed on service and security, aspects that are appreciated by our members. The SBS parent company and subsidiaries are well placed to take advantage of the opportunities that will arise and to deal with the challenges that will confront us in the near future.”

John Ward, SBS Bank Chairman.

SUBSIDIARY SHAREHOLDING

During the year, SBS increased its shareholding in two of its subsidiaries.



Zealand to have no investments in receivership, default or under a liquidity moratorium. During the year, FANZ continued to receive strong growth in the Lifestages KiwiSaver scheme and the company continues to believe KiwiSaver will be a key part of this business now and in the future. KiwiSaver continues to be the cornerstone in helping people achieve financial security in retirement and to make the first step towards home ownership.

and capturing new customers. As self-service trends increase, the multi-platform eMoney provided new services to customers to deliver on our “Money Your Way” promise. During the year, Finance Now launched new initiatives including direct marketing campaigns, email marketing, search engine optimisation, the launch of a new responsive website and TXT Express approval for existing customers.

continued to enjoy strong support from members for its range of quality Lumley house, contents, car and pleasure craft insurance policies.


In April this year, Southsure purchased a cornerstone shareholding in Abbott Group, an insurance brokerage with offices in Wellington, Nelson and Christchurch. The investment supports Abbot Group’s growth ambitions, provides Southsure with access to wider distribution opportunities and enables the development of specialist insurance packages for the Bank’s commercial and rural customers.

22 years of service. His term is, and will be, recognised as a key period of stability and growth in our 145 years of history.

Wayne Evans has been appointed to replace Ross. As a former joint CEO of subsidiary Finance Now Ltd, Wayne brings significant skills to the role.

In conclusion, we wish to acknowledge the contributions of our staff to the ongoing success of your Bank.


R L (Ross) Smith
Chief Executive


J F (John) Ward
Chairman

In your pocket

Managing your money can be a hassle, but the right bank can make it easier. That's why in early 2013, SBS committed to being the first bank in the country to offer full personal banking services on mobile.

Based on member feedback and demand, SBS recognised the need to offer members a simple,

offered customers a range of new and exciting improvements. These included a responsive design, that allowed the website to shrink or expand in size to suit the device a member was using, the capacity to manage payees and payments without the use of a security token and the offer of free text message security alerts for all registered



35%

of SBS customers are accessing online banking via mobile.

“Job well done. The previous offering was the only let down in an otherwise superb banking experience.

Now it's the complete package!”

SBS customer

MORE THAN

25,000



customers are using SBS' upgraded online banking service.

convenient, modern solution to their everyday banking needs.

Over the course of eight months a team of over 50 SBS staff members, external suppliers and members helped to mould the look and shape of the new service.

At 8am on October 9, SBS Bank's new personal internet banking service was launched.

As well as the usual features you'd expect to find; account balances, bill payments and fund transfers, to name a few, the new service also

members. Put simply, it's an SBS branch in your home or pocket.

While not too dissimilar from other banks in wanting to be more accessible to its members, SBS Bank aimed for much more than that. It strived to deliver a service that fitted with the lifestyles, hopes and dreams of its members.

And by listening to members, not just to understand what they wanted from their bank, but what they wanted from their lives, SBS Bank has been able to play a meaningful part in its members' path to financial independence.



On your doorstep

Below: Enjoying the facilities at Ronald McDonald House.

At SBS Bank we're proud to support the communities where we do business and we're passionate about making them strong, vibrant places for us all to live. SBS Bank staff don't just work in their local communities, they're a part of them. The members they deal with on a daily basis are their friends, family, neighbours and supporters of their local community groups.

We're also proud supporters of our national game and our support was rewarded this year when all three of our sponsored rugby teams reached their respective ITM Cup finals. Congratulations to Canterbury on achieving its sixth ITM Cup title and to the Tasman Makos and Hawke's Bay Magpies for reaching the Championship finals.



Above: Riders competing in the 2013 SBS Bank Tour of Southland.

Over the past 12 months we've helped a number of organisations grow and prosper thanks to our dedicated support. Like our valued sponsorship of Room 15 at Ronald McDonald House South Island.

"The House receives no direct Government funding, and we are largely reliant on public donations, grants and corporate sponsorship to keep our doors open. SBS Bank's generous donation will go a long way towards helping to underwrite the cost of annual operating expenses, and we are particularly grateful for such overwhelming support," said General Manager Emma Jones.

29 FAMILIES

stayed in SBS Bank's room at Ronald McDonald House South Island, while their sick children received neurological, ante/neonatal and cancer care.

This year, our naming rights sponsorship of the Tour of Southland also took off at top speed. The nationally-renowned event saw 90 riders cycling more than 900km over the seven-day race. According to Cycling Southland's Bruce Ross it's the perfect sponsorship partnership.

"Having an organisation like SBS Bank on board is a great endorsement in the event and our two organisations fit like a glove – both proudly based in Southland, with strong and developing national profiles. SBS Bank is a real success story and we couldn't have done it without them."

Photo by www.shuttersport.co.nz



At your side

At SBS Bank, looking after our members sometimes means rolling up our sleeves and supporting the community and causes they are passionate about. Over the last 12 months we have supported more than 390 events and causes throughout the country.

Tauranga

Omokoroa Golf Club
Omokoroa Bowling Club
Otumoetai Tennis
Tauranga Bridge Club
Katikati Squash Junior Club
Katikati Junior Football Inc
Bowentown Sport Fishing Club
WBOP Tennis Seniors

Wairau Valley Golf Club
Springlands School
Rapaura Tennis Club
Marlborough Harriers Club
Marlborough Indoor Bowls Association
St Marys School
Swimming Nelson-Marlborough

Timaru

Gleniti Golf Club
Grey Power Timaru Inc.
McKenzie School's Science Fair
SC Young Chamber of Commerce
South Canterbury Croquet Assn
South Canterbury Rugby Union
South Canterbury Art Society

Queenstown

Kelvin Peninsula Assn
Wakatipu High School
Queenstown Golf Club
Queenstown Bowling Club
Altrusa Charity Golf
Queenstown Primary School
Arrowtown Bowling Club
USA – Wakatipu

Dunstan High School
Terraces School
Alexandra Bowling Club
Bannockburn Bowling Club
Central Otago Umpires Bowling Association
Cromwell College
Cromwell Bowling Club
Cromwell Junior Rugby Club
Cromwell Junior Soccer Club
Central Stories Museum Art Gallery
Cromwell Golf Club
Central Otago Autumn Golf Classic
Central Otago Veterans Golf Group

Gore

Hokonui Moonshine Festival
Gore Golf Club
Gore Bowls Club
Gore 1/2 Marathon
NZ Music Awards
Gore Boxing

Invercargill

Invercargill Golf Club
SBS Golf Invitational
Central Indoor Bowls
Oteramika Indoor Bowls
Rotary Book Sale
Southland Bird Club
Oreti Plains Indoor Bowls
Makarewa Squash Club
Southland Indoor Bowls
Otautau Golf Club
Western District Indoor Bowls
ILT Kidzone
Computer Capers
Western Social Netball
Young Spirit Indoor Bowls
Myross Bush Indoor Bowls
Invercargill Rock n Roll Club
Squash Southland
Table Tennis Southland
Invercargill Bridge Club
Southland Billiards & Snooker
Southland German Shepherd Dog Club
Tisbury School
Invercargill Citizens Bowling Club

SBS Bank Rural

Sheffield Rugby Club
Matakanui Combined RFC
Telford Rugby
Riversdale Rugby Club
School Boy division
Eastern Northern Sld Combined
Premier Rugby Team
Mataura Rugby
Football club
Clinton Golf Club
Cromwell Ladies Winter Fun Golf Tournament
Clyde Fruitgrowers Golf Tournament
Drummond Golf Club
Mataura Golf Club
Cromwell Hockey Club
Southland Sheep Dog Trial Assn
Winton Collie Club
Wyndham Dog Trial Club
Gore Dog Trial Club
Lowburn Collie Club
Omakau Collie Club
Heriot Collie Club
Pateroa Collie Club

HBS Hastings and Havelock North

Hawks Basketball
Hawke's Bay Rugby Union
Tremains Triathlon
Waimaramara Surf Lifesaving Club
Hawke's Bay Golf Club
Kerunga Gardens SPCA
Hastings Young Achievers
Kia Toa Bowls
Bowls Heretaunga
Hawke's Bay Rugby Referees
Hawke's Bay Netball

HBS Napier

Napier Lions - Young Achievers
Bluff Hill Bowls
BayView Bowls
Colenso College Waka Ata
Westshore Surf Lifesaving
Napier Citizens Advice Bureau
HBITF Taekwondo School
Napier Family Centre Jean's Day.



520

CUPS OF TEA AND COFFEE

given to thirsty SBS members at the Southland A&P Show, Southern Field Days and Wanaka A&P Show.

\$1.3 MILLION



HANDED OUT

to deserving community groups throughout New Zealand!

70 PAIRS



of members' hands touched the Ranfurly Shield when it made a special appearance at HBS' Napier branch, following the Magpies' victory over Otago.

400

DRINK BOTTLES

given to weary runners at the SBS Gore Half Marathon.



7 TUBS OF ICE CREAM

and two jars of hundreds and thousands devoured by hungry children and their families, as part of SBS Bank's dinner event held at Ronald McDonald House.



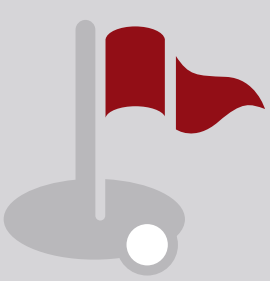
10,000 THUNDER STICKS

handed out to those cheering on riders in the SBS Bank Tour of Southland.



300

SBS BANK GOLF BALLS
presented to prize winners at the Omokoroa Golf Club.



3000

SBS BANK SUPPORTER SIGNS
offered out to Tasman Mako fans ahead of their team's ITM Cup Championship Final match.



Kaimai School
Exult
NZ Country Music Awards

Hamilton

Hamilton Contract Bridge Club
Cambridge Contract Bridge Club
Fairfield Rotary Bookfair
Hamilton Rotary Golf Day

Nelson

Tasman Makos
Big Brother Big Sister
United Bowling Club
Nelson Trolley Club
Nelson Arts

Blenheim

Marlborough Golf Club
Marlborough Tennis Association
Marlborough Cricket Association
Awatere Golf Club
Riding for the Disabled
Badminton Marlborough
Marlborough Squash Rackets Club

Riccarton

Burnside Bowling Club
The Elmwood Club
Elmwood Bowls Club
Barrington Bowling Club
Sydenham Rugby Club
Scotty Browns Cycle Team
Fendalton Bowling Club
Cashmere Bowling Club
Halswell Bowling Club

Papanui

Harewood Golf Club
Belfast Bowling club
St Albans Merivale Bowls
St Josephs School, Rangiora
St Josephs school, Christchurch

Ferrymead

Ferrymead Bays Football Club
Sumner Bowling Club
Redcliffs Mt Pleasant Bowling Club
The Naval Point Club

Timaru Golf Club
Zonta Golf

Dunedin

4Trades
Otago Golf Club
Otago Cricket
Otago Triathlon & Multisport Club
Otago Golf Club
Stadium Trust - Rugby
Mosgiel Memorial RSA Bowls Club
The Globe Theatre
Dunedin Council of Social Services
Dunedin Rugby Club
Kavanagh College
Otago Girls High School
South Otago High School

Arrowtown Golf Club
Queenstown Art Society
Lumsden Golf Club
Queenstown Mountain Bike Club
Queenstown Bowling Club
Lake Hayes A & P Show
Wakatipu Rowing Club
Millbrook Chamber Golf Tournament
Central Otago Boxing Charitable Trust
Queenstown Memorial Hall Trust

Cromwell

Central Otago Sports Awards
RSA Alexandra Bowling Club
Clyde Bowling Club
Cromwell Ladies Winter Golf Club
Central Otago Arts Society
Blossom Festival Art Exhibition
Cromwell Bowling Club
Wanaka Bowling Club
Goldfields Primary School

Northern Southland Barbarians
Rugby
Clinton Bowls
Gore Harness Racing
Gore Gallops
Freeze Ya Bits off Busking
Gore Dancesport
Gore RSA Bowling
Hokonui Bowling Club
Riversdale Ladies Bowls
Gold Guitars
Dressage Southland
Riversdale Golf Club
Pioneer Rugby
Gore Library
Invercargill Rotary
Balfour Rugby Club
Southland Snooker
Riversdale Arts
Kids Foundation
Lions Magic Show
Hokonui Aquatics
Balclutha Golf
Waikaia Golf Club
Mandeville 100 year Event Flight

Wyndham Golf Club
Invercargill Bowling Club
Orca Swimming Club
Queens Park Golf Club
Queens Park Ladies Golf
Southland Marafun
Tuatapere Golf Club
James MacPherson Bowling
Southland Bowling Club
Bowls Southland Sevens
Ringa Ringa Heights
Dressage Southland
Waihopa Ladies Bowls
Otautau Golf Club
Limehills Ladies Bowls
Waikivi Bowling Club
Otataru Bowling Club
Limehills Bowling Club
Greenacres Golf Club
Drummond Golf Club
Browns Sports Day
Southern Harness Racing
Southland A & P Show
Winton Croquet Club
Winton Bridge Club
Southland Museum
Woodlands Bowling Club

Palmerston Collie Club
Kuriwao Collie Club
Waitahuna Collie Club
The Malvern Lions Club
Southland A & P Association
Wintona A & P Association
Waiau A & P Association
Gore A & P Association
CO Winegrowers Assn
Otago Polytechnic
Cromwell College
Wyndham Harness Racing Club
Kaimai Calf Club
Arapohoe Bowling Club
Western Southland Dairy Heifer Competition
Showjumping Southland
Dressage Southland
Wintona Harness Racing Club
Northern Southland Harness Racing Club
Southland Primary School Golf Tournament
Maungaturoto Netball

SBS Bank Head Office

Bluff Oyster and Food Festival
Otematata Golf
Otago Cricket
SBS Sports House
Central Stories Museum
St James Theatre
Rugby Southland Referees
Cromwell Golf Club
Tasman Makos
James Hargest First XV Rugby
ILT Kidzone
DIY Art Deco Sponsorship
Ronald Macdonald House
Waikivi Bowling Club
International Tournament
Vaughan McCall
SIT Top Student Awards
Number 10
Canterbury Rugby Football Union.

At your service

J F (John) Ward B Com, FCA, FlntD (Chairman)

A chartered accountant, Mr Ward was appointed chairman in 2012. He is chairman of H & J Smith Holdings Ltd, the A J Hackett Bungy Group and is a director of various private companies. He chairs the Transport for Disabled Trust (Southland), is a fellow of both the New Zealand Institute of Directors and the Institute of Chartered Accountants and is a trustee for a number of charitable trusts. Mr Ward is also the Chancellor of the University of Otago and Otago Innovation Ltd.

Chairman: Finance Now Ltd. **Trustee:** SBS Charitable Trust. **Member:** Audit & Risk Committee. **Member:** Remuneration Committee. **Chairman:** Board Appointment Committee.

J B (Jeff) Walker LLB (Deputy Chairman)

Mr Walker, a practising barrister and solicitor in Invercargill, was elected to the board in 1998. He was a member of Southland District Law Society Council from 1991 until 2009 when he retired as past president. Mr Walker is both a past president and a life member of Relationship Services. He is president of Football South, Southland Football Inc, Southland WEA and FWEA.

Chairman: Funds Administration New Zealand Ltd. **Member:** IT Committee. **Member:** Board Appointment Committee.

R L (Ross) Smith BCom, FNZIM

Mr Smith was appointed SBS Bank chief executive in 1992, joining the board as an executive director later that year. He has a financial accounting background and has held various executive positions in the banking and travel industries, both in New Zealand and overseas. Mr Smith attended the prestigious Harvard Business School Advanced Management Programme, sits on the NZ Bankers Association Council and is a past member of the Executive of the Financial Services Federation. Mr Smith is also a director of Electricity Invercargill Ltd, and PowerNet Ltd.

Director: Funds Administration New Zealand Ltd. **Director:** Finance Now Ltd. **Trustee:** SBS Charitable Trust. **Member:** IT Committee. **Director:** Southsure Assurance Ltd.

F E (Frank) Spencer BBS (Val & Pty Mgt), FNZIV, FPINZ, AREINZ

A registered valuer, Mr Spencer joined the board in November 2010, following the merger of HBS with SBS Bank. Mr Spencer was appointed to the Hastings Building Society board as a director in 2001 and became chairman in 2008 – a role he held until HBS merged with SBS Bank on 1 October, 2010. The managing director of Logan Stone Ltd, Mr Spencer has expertise in real property and commerce and provides property advice to a broad range of clients. He is active in the Hawke's Bay business community and is a Fellow of both the New Zealand Institute of Valuers and the Property Institute of New Zealand, a member of the Institute of Directors and an Associate of the Real Estate Institute of New Zealand.

Chairman: Southsure Assurance Ltd.



G J (Greg) Mulvey B Com, FCA, FNZIM

The Invercargill Licensing Trust's general manager for more than two decades, Mr Mulvey joined the board of SBS Bank in 2004. He is a fellow of the New Zealand Institute of Chartered Accountants (FCA) and a fellow of the New Zealand Institute of Management. A director of DB South Island Brewery Ltd, Mr Mulvey is also a trustee of the Stadium Southland Charitable Trust.

Director: Funds Administration New Zealand Ltd. **Trustee:** SBS Charitable Trust. **Member:** Audit & Risk Committee. **Chairman:** Remuneration Committee. **Chairman:** IT Committee

K J (Kathryn) Ball BCom, FCA

Mrs Ball, a practising chartered accountant and taxation specialist, was appointed to the board of SBS Bank in April 2006. She is a principal in Invercargill accounting firm McIntyre Dick & Partners Ltd and a Fellow of the New Zealand Institute of Chartered Accountants. Prior to becoming a director, Mrs Ball had been the independent representative on SBS Bank's audit committee for five years and was a member of the SIT council until December 2005, serving periods as deputy chairwoman and the audit and finance committee's chairwoman.

Chairperson: Audit & Risk Committee. **Trustee:** SBS Charitable Trust. **Member:** Board Appointment Committee.

A G (Alec) Neill LLB

A solicitor with Lane Neave Lawyers in Christchurch, specialising in commercial and property law, Mr Neill was appointed to the SBS Bank Board in 2012. He is a registered Resource Consents Hearing Commissioner, and recently was a member of the Board of Enquiry considering the Tuki Tuki Project in the Hawke's Bay. Mr Neill was a former partner in Oamaru-based law firm, Berry & Co, before becoming an elected Member of Parliament for Waitaki in 1990. He also spent seven years as an elected councillor on the Canterbury Regional Council.

J J (Jeff) Grant

Mr Grant, in partnership with his wife Julia, farms sheep and deer at Balfour. He joined the board of SBS Bank in 2007. Formerly a Member of Parliament from 1987 to 1993, Mr Grant has been involved in agribusiness directorships with a range of companies and organisations, including Landcorp, Wrightson and Beef and Lamb NZ and was previously chairman of the NZ Meat Board and Meat and Wool NZ. Mr Grant is chairman of the Milford Development Authority, the Agricultural and Marketing Research and Development Trust, Southland Shared Services and is Chairman of OSPRI and Mt Linton Station.

Director: Finance Now Ltd. **Member:** Audit and Risk Committee. **Trustee:** SBS Charitable Trust. **Member:** Board Appointment Committee. **Member:** Remuneration Committee.

At the helm

At SBS Bank we're leading the industry towards a better way of banking. By listening to our members, learning what their needs are and doing everything we can to respond to those needs.

In order to do that, we need to have the right staff. Staff that view the world through the eyes of our members. Who offer clear, straightforward banking advice and the right products to suit. Staff that get it.

Our Area Managers

Top row, left to right Matthew Isbister, Auckland. Patricia Muir, Southern South Island. Matthew Mark, Canterbury, Nelson and Marlborough. Peter Garland, North Island.



Our Executive Team

Left to right: General Manager of Finance Tim Loan, General Manager of Risk and IT Mark McLean, General Manager of Corporate Performance Lana Winders, CEO Ross Smith, General Manager of Banking David Backhurst and General Manager of People and Support Hamish McKenzie make up our Executive team.



Our Branch Managers

Left to right - Top row: Scott Bowden, Invercargill. Grant Husband, Timaru. Raewyn Lindsay, Gore. Allan Motion, Dunedin. Sarah Marsh, Riccarton. Greg Stretch, Blenheim. Helen Jarman, Hamilton and Terri Gregory, Tauranga.

Bottom row: Steve Reid, Queenstown. Lynn Manson, Cromwell. Ian Pollock, Papanui. Cam Haring, Nelson. Aleisha Brown, Ferrymead. Kerry Harding, HBS Bank Napier and Blair Cross, HBS Bank Hastings.

SOUTHLAND BUILDING SOCIETY: SUMMARY FINANCIAL STATEMENTS

Summary Income Statement – Banking Group for the year ended 31 March 2014

	31/3/14 \$000	31/3/13 \$000
Interest income	169,936	176,928
Interest expense	11,524	11,497
Dividends on redeemable shares	88,970	93,991
	100,494	105,488
Net interest income	69,442	71,440
Other income	21,368	20,114
Total operating income	90,810	91,554
Operating expenses	58,237	53,343
Provision for credit impairment	10,529	17,304
Operating surplus	22,044	20,907
Net gain/(loss) from financial instruments designated at fair value	(706)	(1,078)
Revaluation of property	46	(46)
Revaluation of investment properties	(200)	(61)
Surplus before income tax	21,184	19,722
Less income tax expense	5,545	5,383
Net surplus	15,639	14,339
Attributable to:		
Members' interests	13,915	11,733
Non-controlling interests	1,724	2,606
	15,639	14,339

Summary Statement of Comprehensive Income – Banking Group for the year ended 31 March 2014

Net surplus for the year	15,639	14,339
Other comprehensive income		
Net change in reserves, net of tax	6,206	4,854
Total comprehensive income for the year	21,845	19,193
Attributable to:		
Members' interests	20,046	16,457
Non-controlling interests	1,799	2,736
	21,845	19,193

Summary Statement of Changes in Equity – Banking Group for the year ended 31 March 2014

Equity at beginning of the year	231,590	215,361
Net surplus for the year	15,639	14,339
Other comprehensive income for the year	6,206	4,854
Total comprehensive income for the year	21,845	19,193
Dividends	(1,334)	(2,964)
Change in capital of non-controlling interests	(17,888)	-
Total equity at end of the year	234,213	231,590
Equity represented by:		
Revaluation reserves	8,647	2,531
Retained earnings	221,136	222,400
Total equity attributable to member's interests	229,783	224,931
Non-controlling interests	4,430	6,659
Total equity at end of the year	234,213	231,590

SOUTHLAND BUILDING SOCIETY: SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position – Banking Group as at 31 March 2014

	31/3/14 \$000	31/3/13 \$000
Assets		
Liquid assets and securities	469,109	566,524
Advances to customers	2,278,436	2,225,753
Other assets	40,231	37,392
	2,787,776	2,829,669
Liabilities		
Redeemable shares	2,248,755	2,180,292
Deposits from customers	209,552	251,099
Subordinated redeemable shares	19,007	61,232
Other liabilities	76,249	105,456
	2,553,563	2,598,079
Equity		
Attributable to members of the society	229,783	224,931
Attributable to non-controlling interests	4,430	6,659
	234,213	231,590

Summary Statement of Cash Flows – Banking Group for the year ended 31 March 2014

Net cash flows provided by/(used in) operating activities	(73,215)	191,395
Net cash flows provided by/(used in) investing activities	30,324	(134,281)
Net cash flows provided by/(used in) financing activities	(12,336)	(3,697)
Net increase/(decrease) in cash held	(55,227)	53,417
Add opening cash and cash equivalents	164,986	111,569
Closing cash and cash equivalents	109,759	164,986



Chairman
J F Ward



Director
K J Ball

3 June 2014

I Accounting Policies

Southland Building Society (SBS) was established in 1869, is incorporated under the Building Societies Act 1965, and is registered as a bank under the Reserve Bank of New Zealand Act 1989. The summary financial statements presented here are consolidated statements for the reporting entity of the Banking Group comprising SBS and its subsidiaries.

These summary financial statements have been prepared in compliance with FRS-43: *Summary Financial Statements* and comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as it relates to summary financial statements. SBS has prepared the summary financial statements for members who have made an election under section 97B of the Building Societies Act 1965 to receive summary financial statements. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 3 June 2014. The full financial statements from which the summary financial statements have been produced have been audited by KPMG, who expressed an unmodified opinion in relation to those financial statements as at 3 June 2014. These summary financial statements have been examined by KPMG for consistency with the full financial statements.

Users of the summary financial statements should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial statements of the Banking Group.

Users who require additional information are encouraged to access the SBS Disclosure Statement and Annual Financial Statements on the SBS website at www.sbs.net.nz. Alternatively a hard copy of the SBS Disclosure Statement and Annual Financial Statements can be requested by any person and will be dispatched within two working days after the day on which the request is made at no charge.

The full financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and under NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and the Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014. The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The functional and presentation currency of the Banking Group is New Zealand dollars. All amounts contained in the summary financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

There have been no changes in accounting policies and all accounting policies adopted are consistent with those used in previous periods. To ensure consistency with the current period, comparative figures have been restated where appropriate.

2 Critical Estimates and Judgements Used in Applying Accounting Policies

The full financial statements upon which the summary financial statements are based have been prepared in accordance with stated accounting policies which are based on New Zealand equivalents of International Financial Reporting Standards (NZ IFRS) and other authoritative accounting pronouncements. Notwithstanding the existence of relevant accounting standards, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgements and estimates made by the Banking Group in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements are set out in the full financial statements.

3 Risk Management Policies

SBS's objective is to appropriately manage all the risks that arise from its activities. SBS does not naturally seek treasury and financial risk from its involvement in the financial markets and consequently minimises risks wherever possible. Reviews of risk management policies, systems and reporting are conducted on a regular basis.

Risk Governance Structure

The Board has responsibility for reviewing all aspects of risk management. The Board receives comprehensive monthly reporting covering each area of risk management. In addition SBS has specific policies in relation to liquidity and capital management which contain trigger points at which Board involvement is required. The following committees also report into the Board.

Audit and Risk Committee – responsible for overseeing the effectiveness and integrity of the internal control environment and the quality of financial information presented to the Board;

Lending Committee – responsible for reviewing and approving all lending proposals in excess of \$3 million;

Asset and Liability Committee (ALCO) – responsible for all aspects of balance sheet risk management and strategy including interest rate, liquidity, funding, credit and margin;

Credit Risk Committee (CRC) – responsible for monitoring and reviewing exposure to credit risks in SBS's lending portfolios;

Operational Risk Committee (ORC) – responsible for monitoring and reviewing exposure to operational risks arising from SBS's day to day activities;

Internal Audit – SBS's internal audit function conducts independent reviews that assist the board of directors and management to meet their statutory and other obligations. The internal audit function has been carried out by the Dunedin based firm of Chartered Accountants, Deloitte;

IT Committee – responsible for monitoring and reviewing risks associated with IT and for formulating and developing SBS's IT strategy.

Credit risk management

Credit risk is the risk of loss arising from the non-performance of a counterparty to an instrument or facility. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual arrangements, and encompasses both on and off-balance sheet instruments. Credit risk is controlled through a combination of approvals, limits, reviews and monitoring procedures that are carried out on a regular basis, the frequency of which is dependent on the level of risk. Credit risk management involves a thorough evaluation of the credit risk associated with potential borrowers, the taking of security against the loan and close ongoing monitoring of account performance. Loans which show signs of adverse performance are managed by the credit risk management function, which is responsible for the collections and recovery process. For wholesale arrangements, credit risk is managed with reference to specific limits as outlined in detailed treasury management policies and reported to the Board on a monthly basis.

Interest rate risk management

Interest rate risk is the risk of loss arising from adverse changes in interest rates. Management's objective is to produce strong and stable net interest income over time. Interest rate risk management focuses on mismatches between the repricing dates of interest bearing assets and liabilities. Interest rate risk is managed using financial instruments to manage the risks within set limits as defined by SBS treasury policy. Regular reporting of interest rate risk against limits is provided to the Board.

Liquidity risk management

Liquidity risk is the risk that, under certain conditions, cash outflows can exceed cash inflows in a given period. SBS maintains sufficient liquid funds to meet its commitments based on historical and budgeted cash flow forecasts. Management of liquidity risk is achieved by maintaining a prudent level of liquid assets, use of committed wholesale funding facilities, utilisation of securitisation vehicles and, management control of the growth of the business. The Banking Group's liquidity risks are governed by a Board approved liquidity strategy that defines policy, systems and procedures for measuring, assessing, reporting and managing liquidity. This includes a formal contingency plan for dealing with a liquidity crisis. This also meets the RBNZ liquidity policy requirements.

Operational risk management

Operational risk is the risk arising from day to day operational activities which may result in direct or indirect loss. These losses may result from failure to comply with policies, procedures, laws and regulations, from fraud or forgery, from a breakdown in the availability or integrity of services, systems and information, or damage to SBS's reputation. Examples include failure to comply with policy and legislation, human error; natural disasters, fraud and other malicious acts. SBS aims to minimise the impact of operational risks by ensuring the appropriate risk management policies, controls, systems, staff and processes are in place. Where appropriate, risks are mitigated by insurance.

4 Advances – Banking Group

	31/3/14 \$000	31/3/13 \$000
Gross advances	2,300,036	2,252,044
Provisions for credit impairment	(20,807)	(24,283)
Deferred fee revenue and expenses	(793)	(2,008)
Total net advances	2,278,436	2,225,753

5 Provision for Credit Impairment – Banking Group

	31/3/14 \$000	31/3/13 \$000
Individual provisions against advances and loans		
Balance at beginning of the year	14,912	20,247
New provisions during the year	6,388	12,374
Balances written off / recoveries during the year	(11,292)	(17,709)
Balance at end of the year	10,008	14,912
Collective provisions against advances and loans		
Balance at beginning of the year	9,371	9,316
Charged to income statement	238	55
Acquired on acquisition of loan portfolio	1,190	-
Balance at end of the year	10,799	9,371
Total provisions for credit impairment	20,807	24,283
Reconciliation of provision movements		
Bad debts written off during the year	3,903	4,875
Individual provisions	6,388	12,374
Collective provision	238	55
Provision for credit impairment to income statement	10,529	17,304

6 Asset Quality – Banking Group

	31/3/14 \$000	31/3/13 \$000
Advances to customers		
Neither past due or impaired	2,234,844	2,195,952
Individually impaired	20,247	23,758
Past due	44,152	30,326
Provision for credit impairment	(20,807)	(24,283)
Total carrying amount	2,278,436	2,225,753

7 Liquidity Risk - Banking Group

Liquidity risk is the risk that the Banking Group will encounter difficulty in meeting commitments associated with its financial liabilities. The Banking Group manages its exposure to liquidity risk on a cash flow mismatch and also core funding basis and maintains sufficient liquid funds to meet its commitments. The following maturity profile of assets, liabilities, derivatives and commitments show cash flows prepared on a contractual maturity basis as at balance date. These have been created using a run-off scenario which assumes no further origination of assets or liabilities. Further detail on this maturity profile and the contractual undiscounted maturity profile, including the assumptions underlying them, can be obtained from the full financial statements. Note that the contractual maturity profile is not indicative of future cash flows.

Contractual Maturity Profile	31/3/14			31/3/13		
	Current Assets \$000	Non-current Assets \$000	Total \$000	Current Assets \$000	Non-current Assets \$000	Total \$000
Assets						
Advances	194,968	2,083,468	2,278,436	194,934	2,030,819	2,225,753
Liquid assets and securities	194,824	274,285	469,109	213,869	352,655	566,524
Other monetary assets	3,650	-	3,650	4,058	-	4,058
	393,442	2,357,753	2,751,195	412,861	2,383,474	2,796,335
Liabilities						
Redeemable shares	2,103,027	145,728	2,248,755	2,020,518	159,774	2,180,292
Other deposits	200,526	9,026	209,552	245,983	5,116	251,099
Subordinated redeemable shares	17,082	1,925	19,007	42,225	19,007	61,232
Other monetary liabilities	15,774	50,178	65,952	10,367	80,295	90,662
	2,336,409	206,857	2,543,266	2,319,093	264,192	2,583,285
Net derivative cash flows	(5,061)	(4,519)	(9,580)	(3,501)	(535)	(4,036)
Unrecognised loan commitments	32,373	-	32,373	28,862	-	28,862

The following table outlines the liquid investments and committed funding lines that are available to SBS to meet both expected and unexpected fluctuations in operating cash flows. Included within total liquidity are residential mortgage backed securities ('RMBS') that are eligible under the Reserve Bank of New Zealand liquidity management arrangements.

	31/3/14 \$000	31/3/13 \$000
Asset liquidity	469,109	566,524
Committed and undrawn funding lines	500	30,000
Eligible RMBS collateral (less haircut*)	74,705	98,495
Total liquidity	544,314	695,019

*A haircut is a percentage that is subtracted from the par value of the assets that are being used as collateral. The size of the haircut reflects the perceived risk associated with holding the assets.

8 Capital Adequacy – Banking Group

The Banking Group's objectives in relation to the management of capital adequacy are to comply at all times with the regulatory capital requirements set out by the Reserve Bank of New Zealand (RBNZ); to maintain a strong capital base to cover the inherent risks of the business and maintain a targeted credit rating; and to support future business development and growth.

The Banking Group is subject to regulation by the RBNZ. The RBNZ has set minimum regulatory capital requirements for banks that are consistent with the internationally agreed framework developed by the Basel Committee on Banking Supervision. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by the Banking Group. The Banking Group must comply with RBNZ minimum capital adequacy ratios as determined in its Conditions of Registration which are as follows:

- Total capital ratio of the banking group is not less than 8%
- Tier I capital ratio of the banking group is not less than 6%
- Common equity tier I capital ratio of the banking group is not less than 4.5%
- Total capital of the banking group is not less than NZ \$30 million.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of risk weighted assets. Risk weighted assets are derived by assigning risk weight percentages to certain material risk categories of exposures. These exposures are measured or estimated from selected balance sheet assets and off balance sheet exposures and market contracts. It should be noted that the regulatory risk weightings may not necessarily be consistent with the loss experience of the Banking Group.

The Banking Group has adopted the Basel III methodology as per the RBNZ's "Capital Adequacy Framework (Standardised Approach)" (BS2A) document to calculate regulatory capital requirements from 1 January 2013. Prior periods were calculated under the Basel II methodology. Basel III consists of 3 pillars - Pillar One covers the capital requirements for banks for credit, operational, and market risks. Pillar Two covers all other material risks not already included in Pillar One, and Pillar Three relates to market disclosure.

	Minimum ratio requirement	31/3/14 Unaudited	31/3/13 Unaudited
Regulatory Capital Ratios			
Common equity tier I capital ratio	4.50%	13.26%	13.13%
Tier I capital ratio	6.00%	13.39%	13.34%
Total capital ratio	8.00%	13.69%	14.34%
Buffer ratio	2.50%	5.69%	6.34%

9 Directors Fees – Banking Group

	31/3/14 \$000	31/3/13 \$000
Amounts received, or due and receivable by directors:		
JWA Smith (Retired July 2012)	-	250
JF Ward (Chairman)	127	104
JB Walker (Deputy Chairman)	81	72
KJ Ball	68	66
GJ Mulvey	62	61
JJ Grant	62	61
FE Spencer	68	66
AG Neill (appointed August 2012)	62	41
RL Smith*	-	-
	530	721
Provision for directors retiring allowance	48	(37)
	578	684

*RL Smith is an executive director and received no directors fees in addition to his salary.

10 Investments in Subsidiaries

During July 2013, the Bank increased its shareholding in two of its subsidiaries, Funds Administration New Zealand Ltd (FANZ) from 57% to 85% and Finance Now Ltd (FNL) from 71.5% to 85%. Additionally, the Bank and the non-controlling interests have agreed put and call options to enable the bank to lift its shareholdings to 100% over the next five years.

In accordance with International Financial Reporting Standards, as the Bank has had no change in effective control, the acquisition price was recorded through equity to reflect a transaction amongst shareholders. No adjustment has been made to the fair value of the assets and liabilities of FANZ and FNL in the consolidated accounts of the Bank in accordance with IFRS, and the associated premium (reflecting the future earnings potential of the entities) is recorded as an adjustment to equity. The put and call options have been valued and recorded in the financial statements as at 31 March 2014.

11 Subsequent Events

There have been no material subsequent events after 31 March 2014.

Independent Auditor’s Report on the Summary Financial Statements



To the Members of Southland Building Society

The accompanying summary financial statements on pages 20 to 27, which comprise the summary statement of financial position as at 31 March 2014 and the summary income statement and summary statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, are derived from the audited financial statements of Southland Building Society ("the Bank") and its subsidiaries (the "Banking Group") for the year ended 31 March 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 3 June 2014.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Southland Building Society and the Banking Group.

Directors’ Responsibility for the Bank and Group Financial Statements

The Directors' are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

Auditor’s Responsibility

Our responsibility is to express an opinion on the summary financial statements for the Bank and the Banking Group based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the Bank and Banking Group. Other services mainly relate to review of technical accounting papers and due diligence assistance on an acquisition. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank and group on normal terms within the ordinary course of trading activities of the business of the Bank and group. These matters have not impaired our independence as auditor of the Bank and group. The firm has no other relationship with, or interest in, the Bank and group.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of Southland Building Society and the consolidated financial statements of the group for the year ended 31 March 2014, are a fair summary of those financial statements, in accordance with FRS-43 *Summary Financial Statements*.

KPMG

3 June 2014
Wellington

NOTICE OF 2014 ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of the Southland Building Society (SBS) will be held on the 6th floor of the Kelvin Hotel, Invercargill on Wednesday 23 July 2014, at 2.30pm.

I. Ordinary Business

I.1 Adoption of Annual Report

To receive and consider the Financial Statements together with the reports of the Directors and Auditors of Southland Building Society for the year ended 31 March 2014.

I.2 Election of Directors

Messrs J F Ward and Mr J B Walker retire by rotation and, being eligible, are offering themselves for re-election. There being no other candidates, the re-appointment of Messrs J F Ward and Mr J B Walker is to be confirmed.

I.3 Approval of Directors' Fees

To authorise the Directors to fix their remuneration.

I.4 Appointment of Auditors

To record the appointment of the auditors for the 2014/2015 year.

I.5 General Business

To transact any other business which may be properly submitted to the Annual General Meeting.

By order of the Board

T D R Loan

Secretary

3 June 2014

NOTE:

I. Proxies

In compliance with Section 79 of the Building Societies Act 1965, members are reminded that a member entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote instead of him/her and that a proxy need not also be a member. Proxy forms are available from SBS's registered office.

To be valid, proxies must be deposited at SBS's registered office not less than 48 hours before the scheduled meeting time of the Annual General Meeting.

DIRECTORY

Chairman

Mr J F Ward
BCom, FCA, FlntSD
Chartered Accountant
Invercargill

Deputy Chairman

Mr J B Walker
LLB
Barrister & Solicitor
Invercargill

Directors

Mrs K J Ball
BCom, FCA
Chartered Accountant
Invercargill

Mr G J Mulvey
BCom, FCA, FNZIM
General Manager
Invercargill

Mr J J Grant
Farmer / Company Director
Balfour

Mr F E Spencer
BBS (Val & Pty Mgt)
FNZIV, FPINZ, AREINZ
Registered Valuer
Hastings

Mr A G Neill
LLB
Solicitor
Christchurch

Mr R L Smith
BCom, FNZIM
Group Managing Director/
Chief Executive Officer
SBS Bank
Invercargill

All Directors can
be contacted:
c/- Southland Building Society
51 Don Street
Invercargill

Group Managing Director/ Chief Executive Officer

Mr R L Smith
BCom, FNZIM
Invercargill

Secretary

Mr T D R Loan
BCom, FCA, DipBusStuds (IS)
General Manager Finance
Invercargill

Registered Office

51 Don Street
Invercargill

Solicitors

Buddle Findlay
83 Victoria Street
Christchurch

Auditors

KPMG
10 Customhouse Quay
Wellington

BRANCH DIRECTORY

SBS BANK

Invercargill – Head Office

51 Don Street
PO Box 835
Invercargill
Telephone: 03 211 0700
Fax: 03 211 0793

Windsor

54 Windsor Street
Telephone: 03 211 0745
Fax: 03 217 7933

Gore

80 Main Street
PO Box 212
Telephone: 03 209 0080
Fax: 03 209 0077

Dunedin

Cnr George & Hanover Streets
PO Box 5492
Telephone: 03 477 5100
Fax: 03 471 4439

Queenstown

7 Shotover Street
PO Box 710
Telephone: 03 441 0033
Fax: 03 441 0279

Cromwell

21 The Mall
PO Box 226
Telephone: 03 445 0672
Fax: 03 445 0697

Timaru

235 Stafford Street
PO Box 844
Telephone: 03 684 9536
Fax: 03 688 4598

Christchurch – Ferrymead

23 Humphreys Drive
PO Box 19835
Telephone: 03 376 6198
Fax: 03 376 6298

Christchurch – Riccarton

109 Riccarton Road
PO Box 80058
Telephone: 03 982 5700
Fax: 03 982 5706

Christchurch – Papanui

2-6 Main North Road
PO Box 5038
Telephone: 03 375 0840
Fax: 03 375 0841

Nelson

126 Trafalgar Street
PO Box 211
Telephone: 03 548 9200
Fax: 03 545 9839

Blenheim

Cnr Market & Main Streets
PO Box 1188
Telephone: 03 579 5293
Fax: 03 579 5249

Hamilton

Cnr Victoria & Bryce Streets
PO Box 19222
Telephone: 07 957 6350
Fax: 07 957 6351

Tauranga

36 Spring Street
PO Box 13020
Telephone: 07 578 9217
Fax: 07 578 9219

SBS Bank Rural – Invercargill

66 Don Street
PO Box 835
Telephone: 0800 502 442
Fax: 0508 526 363

HBS BANK

Hastings

Cnr Queen & Market Streets
PO Box 10
Telephone: 0800 427 2265
Fax: 06 878 9631

Napier

97 Dalton Street
PO Box 1041
Telephone: 0800 427 2265
Fax: 06 835 4471

Havelock North

1 Napier Road
PO Box 8604
Telephone: 0800 427 2265
Fax: 06 877 3902



SBS Bank Head Office – Invercargill

