

Southland Building Society

144th Annual Report and Financial Summary 2013

At SBS Bank we make a
difference in our customers'
lives every day.

Let us tell
you **how...**



 **SBS** | Bank

It's giving customers a service they love

"When you treat people with loyalty and respect they don't just become your customers – they also become your friends." **SBS Bank CEO Ross Smith.**

HIGHLIGHTS AT A GLANCE



Members of our SBS and HBS Bank teams along with CEO Ross Smith celebrate the win!



Winner of **Financial Institution of the Year** at the Roy Morgan Customer Satisfaction Awards for the second year running.

More than

\$600,000

has been given to non-profit organisations through our

STAR BANKING PACKAGE

since it began.



RELOCATION

of our Tauranga, Blenheim and Napier branches into bigger and brighter premises for our customers to enjoy.

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.

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.

\$150,000

has been handed out to

74 WORTHY COMMUNITY
GROUPS IN CHRISTCHURCH

through SBS Bank's Helping Hand
package – designed to help
them get back on their
feet after the earthquakes.



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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.

It's making the right choices

2013 DIRECTORS' REVIEW

An ongoing focus on the needs of our members has allowed SBS to again report a solid profit against a difficult global economic background. The New Zealand economy, as a whole, has

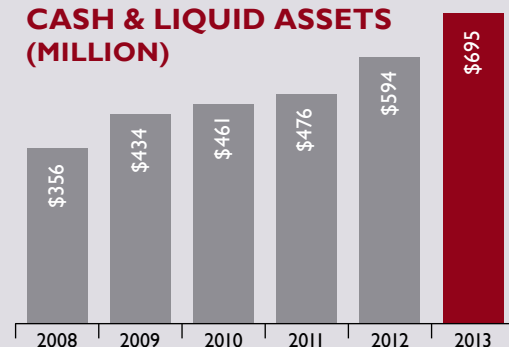
Financial Strength

The balance sheet of SBS Bank remains strong and the operating surplus is up 18% on last year at \$20.9 million. The bank has had strong growth in capital and liquidity with both of



SBS Chairman, John Ward

CASH & LIQUID ASSETS (MILLION)



OPERATING SURPLUS

\$20.9
MILLION

been robust despite the challenging international environment and the devastating earthquakes in Canterbury. The rebuild in Christchurch remains a dominant theme for us, and other banks. The market is competitive but your directors have reaffirmed their commitment to helping the city and its people rebuild.

these aspects being key factors in assessing balance sheet strength.

While the balance sheet has shown a small decline in assets, we are receiving strong support from members who see SBS as an ideal organisation in which to invest. The SBS group is in good heart, with solid performances from all of our business units and the group is well positioned to take advantage of future opportunities as they unfold.

Housing Market

The housing market is being driven by a lack of supply and the overheating of prices in Auckland as well as the need to rehouse thousands of displaced people in Christchurch.

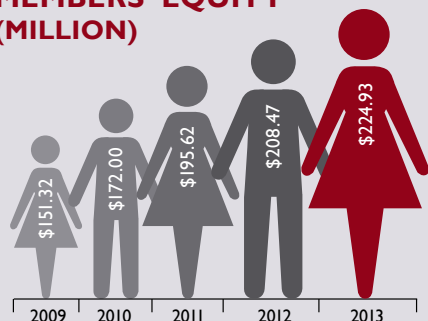
Directors

We are pleased to welcome John Ward to the role of Chairman, replacing long-serving Chairman Acton Smith who retired at the 2012 AGM. Christchurch-based lawyer Alec Neill is a

TOTAL ASSETS

\$2.83
BILLION

MEMBERS' EQUITY (MILLION)



SBS CEO, Ross Smith

SBS Bank already has a strong presence in Christchurch but your directors understand the need to be in the largest market in New Zealand. In the coming financial year, SBS will establish a presence in Auckland, following our tried and proven rules of careful, quality lending. Every bank recognises the growth opportunities in Christchurch and the difficulties being experienced by its residents. SBS has been a significant contributor to this region and will continue to play its part.

welcome addition to the Board following his appointment as a Director in August 2012.

Compliance

One of the more significant areas of increased costs incurred by SBS in recent financial years has come from changing legislation and new regulations being imposed by market regulators.

There has been considerable publicity in the media about the impending Anti-Money Laundering

have a detailed OBR plan in place, which would be activated in the very unlikely event the bank should fail.

Clients of a failed bank were previously unable to access their funds until the bank was liquidated, which could have been a significant period of

Below: Kara Webster from our Gore branch at the Hokonui Moonshiners Festival.

Below: Rebecca Gardiner and Kelly Brooker from HBS Hastings.

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At SBS Bank we roll up our sleeves and get involved because it's what we love to do.

(AML) legislation and the Reserve Bank of New Zealand's Open Bank Resolution (OBR) policy.

AML requires us to gather and verify additional information about customers' identities to enhance New Zealand's reputation as a safe place to do business.

Under the requirements of bank registration, the RBNZ requires all New Zealand banks to

time. Under the OBR, depositors now have prompt access to a large proportion of their funds while an appropriate long-term solution to the bank's failure is identified.

Your directors would like to take this opportunity to assure you that given SBS's strong balance sheet, an OBR event for the bank is extremely unlikely.

Above: Agribusiness Manager Sharron Cook at the 2013 Southland A&P Show.

Canterbury Regional Developments

In June, we announced SBS had been signed as the major sponsor for the Canterbury Rugby Football Union. We did that to show our support for the people of Canterbury. We're also pleased to report that we've handed out more than \$150,000 to 74 worthy community groups in the

Superior Service

SBS Bank was proud to again be named the Financial Institution of the Year, for the second year running, at the annual Roy Morgan Research Customer Satisfaction Awards. Securing the award for the second time is a reflection of the empathy our staff have towards our customers.

Below: Queenstown Branch Manager Patricia Muir with the Wakatipu Walkers.



300 COMMUNITY GROUPS
supported by SBS Bank over
the past 12 months.



Above: Glennys Lynn from our Gore branch.

Canterbury region through our Helping Hand package since it began. We're demonstrating that we are the bank that will stand beside members, long-term, on and off the sporting field as the province of Canterbury rebuilds.

SBS spends considerable time on the personal development of staff and works hard to place the right people in the right roles. Showing respect and treating people in the same manner as you expect to be treated is the southern way of doing things. Winning these awards shows that our customers agree.

SUBSIDIARIES

Funds Administration New Zealand Ltd (FANZ)

FANZ has been pleased to see its Total Funds Under Management exceed \$400 million over the financial year. We continued to receive strong growth in the Lifestages KiwiSaver Scheme and believe the KiwiSaver proposition will be a key part of the business now and for many years to come. As advised last year, we re-branded our

Finance Now Ltd (FNL)

The year proved a dynamic one with challenging economic conditions, stiff competition and shifting customer expectations, all of which were successfully overcome to deliver another stellar performance for customers, SBS Bank and its members.

Finance Now launched onto the small screen (television) during the year which saw many new customers enjoying the freedom and flexibility our

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Graham Duston *Executive Director*

FANZ

Papanui

Christchurch, (PO Box 5038)

Telephone: 0800 502 442



Wayne Evans *Chief Executive (Joint)*

Finance Now

Yarrow Street

Invercargill, (PO Box 1204)

Telephone: 0800 229 399



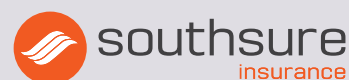
David Newman *Chief Executive*

Southsure Assurance

11 Don Street

Invercargill, (PO Box 1404)

Telephone: 0800 002 002



Financial Advisory arm as FANZ Private Wealth to ensure members understood that the FANZ proposition was geared towards an investment proposition as opposed to lending or insurance.

The FANZ management team is confident that the philosophy of quality, a focus on delivering consistent returns and 'no surprises' for investors will mean a bright future for all.

financial services deliver. Further expansion of the eMoney service has turned a smart phone or PC into a personal branch of Finance Now, effectively putting the control of finances at customers' fingertips.

With a strong balance sheet, a quality loan portfolio, a talented team and a customer first mind-set, Finance Now is making its 'Money Your Way' promise a reality.

Southsure Assurance

Southsure exceeded budget expectations despite the Canterbury general insurance market effectively remaining closed. A diversified personal lines portfolio and lower than forecast claims continued to offset the loss of this important market.

Recent notable market developments include the re-opening of the Canterbury market for contents insurance and house insurance cover

The Future

SBS continues to have ambitions to be a national player in New Zealand's banking market but we are proud to remain based in Invercargill. To help nurture our ambitions, we will be using technology as our ally. In the coming year, we will upgrade our online personal banking products, develop mobile banking and introduce a Debit MasterCard® to help customers better manage their finances.

MEMBERS' REBATES

The amount of rebates given back to our members over the past year is more than

\$1 MILLION



MEMBERS' EQUITY

Members' equity in SBS Bank has increased 7.9% to

\$225 MILLION  ⁷

changing to a Sum Insured basis. This is a significant industry change that we will continue to support SBS members through.

With more choice and additional membership benefits, members have responded well to our revamped life and disability products over the past year. This solid base combined with many exciting strategic initiatives, will ensure Southsure continues to contribute positively to the overall group performance.

We are in for an exciting journey of growth and we hope you will join us in achieving these goals.



R. L. (Ross) Smith
Chief Executive



J. F. (John) Ward
Chairman

It's building deeper relationships

SBS Bank's strength comes from the strong relationships we have and building on these foundations to create opportunities for our customers at every point in their lives.

For our SBS Bank Rural team this starts by being the best at what they do – providing customers with sound financial advice that helps

understanding and listening to the needs of our clients and then creating the right products and services to help them prosper."

When a drought was declared throughout the North Island at the start of the year, the team at SBS Bank Rural quickly took action and released their Drought Relief Package.



David Backhurst, General Manager Agribusiness and Business Banking.



by SBS Bank Rural Managers during farm visits.

“It's more than just showing up at the farm gate wanting to talk about facts and figures. It's about truly understanding and listening to the needs of our clients and then creating the right products and services to help them prosper.”

David Backhurst

them plan for both the good and bad times they may face.

Recently appointed General Manager of Agribusiness and Business Banking, David Backhurst believes his SBS Bank Rural team has adopted a 'one for all and all for one' type attitude.

"It's more than just showing up at the farm gate wanting to talk about facts and figures. Over the space of a year our SBS Bank Rural Managers drink over 1400 cups of tea with their clients and pat more than 2250 farm dogs on their visits. And that's the SBS difference; truly

"We knew we needed to act fast to help out our farmers – and that's exactly what we did. That's the difference between SBS and the other banks. Our products and packages aren't launched because we need to release a new product. They're launched because it's what our customers need and it's what they've asked us for."

And no team understands the needs of their customers better than SBS Bank Rural. Why? Because they're one team pulling together for one reason – our customers.



It's keeping it local

With over 155 years' experience, our team of 30 in the SBS Contact Centre sure have some amazing stories to tell.

You'll hear the story of the Christchurch member who whilst on the phone to SBS was suddenly cut off during an earthquake. A member of the Contact Centre phoned him

Or the phone call to a local rest home, letting them know that one of their patients, who had just been on the phone to the SBS Bank Contact Centre, was experiencing chest pains and needed some help.

Founded in 2000, the SBS Bank Contact Centre was set up to provide callers with something no

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Our Contact Centre team

Above: Contact Centre Manager Christine Hollingworth. **Left-right, top row:** Stephanie, Jacqui, Jean, Tracey, Akata, Melissa. **Middle row:** Judy, Lisa, Caro, Rosie, Kelly, Jenny. **Bottom row:** Nicole, Jayne, Kim, Debbie, Tabitha and Hollie.



85%

of all calls to SBS Bank's Contact Centre are answered in the first 15 SECONDS. Outstanding!

back immediately to make sure he was ok.

Or the one about the elderly member who was struggling to set up his online banking, so after five phone calls in one day, one of the ladies visited him, outside of work hours, to get him up and running.

other bank was offering; a service that was focussed on listening to customers and putting their needs first. Each and every one of these stories is proof of how important SBS Bank's customers are to them.

When you talk to the ladies of the Contact Centre you soon realise this isn't just talk, it's something they live and breathe every day.



Whilst they are constantly asked how Mayor Tim is doing and copping a bit of stick for being Southlanders, with their rolling r's, their focus remains on one thing, and one thing only – the members.

So what's the secret to the Contact Centre's success? An amazing work environment, passionate

More than

180,000



PHONE CALLS are received by
SBS Bank's Contact Centre each year.



people and a leader who understands what it takes to create a winning team.

For Contact Centre Manager Christine Hollingworth it all starts with the right staff.

"The key to our success is our people – they really do make the difference. It's so important to have the right people talking and looking after our members, because they're so important to us."

Going the extra mile for members is nothing new to the Contact Centre team. Because they believe when a bank treats people with loyalty and respect, these people not only become your customers, they become your friends.

And the ladies of the Contact Centre aren't just the people who answer the phone... they epitomise everything SBS stands for.

It's being the best at what we do

At SBS we're proud to say our customer service is the best. We're committed to helping them succeed because it's what we love to do and it's the way we do business.

As the Community Development Co-ordinator for Otago Cricket, Steve Brown first heard of SBS through the naming rights sponsorship of the

it wasn't at all. Melissa went out of her way to make everything so easy and simple to understand. She even dropped off the forms to our house and picked them up again once we'd signed everything. There's no way we would have got that from our old bank," Steve said.

It's this type of amazing service which has



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"If you want better service, better products and you want to save yourself some money, you'd be silly not to come to SBS."

Melissa Croft from SBS Bank Dunedin.

"SBS really did treat us like people not just a number. I know it's a bit cliché to say, but it's the truth. They call you by your first name and when you walk into the branch everyone is smiling from the front desk all the way through to the Branch Manager. They're like one big family and we're so happy to be part of the SBS family now."

Steve Brown.

Otago Volts and Otago Sparks cricket teams. Along with wife Jess, they decided to check out SBS and back the bank which was not only supporting his workplace but also the Otago community.

After sitting down with Dunedin Banking Consultant Melissa Croft, the couple made the decision to move their mortgage over to SBS Bank.

"For some reason I'd always thought that transferring your mortgage to another bank was going to be a big hassle and a bit of a drama but

seen SBS Bank named the Financial Institution of the Year at the annual Roy Morgan Research Customer Satisfaction Awards, for the second year in a row.

"Looking back, we weren't unhappy with the service that we were getting from our old bank but it's only because we didn't really know any better... we thought their service was the norm. When we moved to SBS we quickly realised the service we had been getting wasn't good at all. SBS' service just blew them out of the water."



It's getting amongst it

Never let it be said that SBS Bank is all about the numbers, except of course when it comes to communities. The more community groups we can support, the better.

Tauranga

Omokoroa Golf Club
Omokoroa Bowling Club
Otumoetai Golf Club
Otumoetai Tennis
Tauranga Bridge Club
Katikati Bowling Club
Katikati Open Air Art Festival
Tauranga Art Festival
Bowentown Sport Fishing Club

Waikato Golf Association
Gordonton School
NZ Shareholders Association
Womens' Lifestyle Expo
Hamilton SPCA
Hamilton Youth Council
Walton Golf Club
Hamilton Free FM
The Northern Daffodil Club Inc

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

Aorangi Bowling Club
Westend Croquet Club
Croquet South Canterbury
Bluestone School
Eastern Districts Swimming
South Canterbury Drama League
South Canterbury Pony Club
Central South Island Bike Ride

130



WHISTLES SHINED

and ready for action as part of SBS Bank's sponsorship of the Rugby Southland Referees.

\$870,000



HANDED OUT

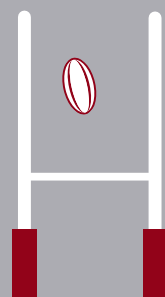
to community groups throughout New Zealand!



450

SAUSAGES

handed out to starving 'nippers' as part of the HBS Bank Junior Programme at the Waimarama Surf Lifesaving Club.



1500

KICKS AT GOAL

taken at the Tasman Makos Kids Day run by SBS as part of our team sponsorship.

WBOP Tennis Seniors
Renner Park Golf Club
Te Puke Tennis
Kaimai School
Bethlehem Foundation
Exult
Omanu/Mount National Bowling Tournament
NZ Country Music Awards

Hamilton

Lochiel Golf Club
Eagles Golf
Cantando Choir
Fairfield Rotary Bookfair
Waikato Diocese
Hamilton Combined Womens' Bowls
Mount/Omanu Triple Bowls
Hamilton Rotary Golf Day
Cambridge Contract Bridge Club
Hamilton North East
Community Development Trust

Nelson

Tasman Makos
Big Brother Big Sister
Chamber of Commerce
BNi
Wakatu Rotary
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
Wairau Valley Golf Club
Springlands School
Rapaura Tennis Club
Marlborough Harriers Club
The Blenheim Choral Society
Zonta Club of Marlborough
Wairau Valley Cricket Club

Papanui

Harewood Golf Club
Canterbury Indoor Bowls
Papanui Toc H Athletics Club
Morrison Ave Bowling Club
Papanui Bowling Club
St Josephs School - Rangiora
St Patricks School - Christchurch

Ferrymead

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

Timaru

Bowls South Canterbury
Gleniti Golf Club
South Canterbury Bridge
Ashbury Bowling Club
Kia Toa Bowls
Temuka Golf Club
Round the Gorge Relay
Timaru Golf Club
Zonta Golf

Oamaru RSA Bowls
Timaru Bowling Club
TBHS Yachting
Vintage Car Club
Riding for the Disabled
South Canterbury Art Society
German Shepherd Club

Dunedin

4Trades
Otago Golf Club

Queenstown

Kelvin Peninsula Assn
Wakatipu Walkers Group
Wakatipu High School
Queenstown Golf Club
Queenstown Bowling Club
Altrusa Charity Golf
Queenstown Primary School
Arrowtown Bowling Club
U3A - Wakatipu
Arrowtown Golf Club
Queenstown Art Society
Lumsden Golf Club
Queenstown Mountain Bike Club

Queenstown Bowling Club
Lake Hayes A & P Show
Wakatipu Rowing Club
Glenorchy Golf 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 –
Women's 4's
Wanaka Golf Club
Wanaka Bowling Club
Goldfields Primary School
Dunstan High School
Terraces School

NZ Songwriters Trust
Eastern Southland Umpires
Association
Gore Bowling Club
Gore Boxing Club
Clinton Bowling Club
Gore Harness Racing
Gore Racing Club
Gore RSA Bowling Club
Hokonui Bowling Club
Riversdale Bowling Club
Balfour Rugby Club
Dressage Southland
Riversdale Arts
Gore Library
Riversdale Lions Club
Hokonui Moonshine Festival

Invercargill

Invercargill Golf Club
SBS Golf Invitational
Central Indoor Bowls
Oteramika Indoor Bowls
Rotary Book Sale
Southland Bird Club
Oreti Plains Indoor Bowls

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

SBS Bank Rural

Telford Rugby
Matakanui Combined R F C
Sheffield Rugby Club
Riversdale Rugby Club
Cromwell Ladies Winter Fun
Golf Tournament
Clyde Fruitgrowers Golf
Tournament
Omokoroa Golf

Otago Polytechnic (CO
Horticulture Campus)
Cromwell College Netball
Kaimai Calf Club Day
Arapohue Bowling Club
Western Southland Dairy Heifer
Competition
Showjumping Southland
Dressage Southland
Winton Harness Racing Club
Northern Southland Harness
Racing Club
Balfour Theatre Group
Browns Sports Club
Aparima Rotary Club Tri
Mataura Rugby Football Club

HBS Hastings

HBS Bank Hawks
Hawkes Bay Junior Rockers
Diabetes Hawke's Bay
Havelock North Netball Club
Hastings Netball Centre
Kia Toa Bowling Club
Bowls Heretaunga
Hawkes Bay Rugby Union

43 **CRICKET
BATS** 

56 posters, 27 cricket balls, 17 hats and
1 bright green arm cast signed by
Australian fast bowler Brett Lee at the
SBS Bank Otago Volts signing session.

140 **CHOCOLATE
SANTAS** 

handed out to hungry card players at the
Tauranga Bridge Club's Christmas event.

160 **PAWS** 

40 wagging tails and more than 80 feet
took part in the HBS Bank sponsored
Doggy Day Out which raised more than
\$2500 for the Hastings and
Districts SPCA.

 **10kg**
OF SLICED ONIONS

and more than 1000 slices of white bread
used to feed hungry golfers at the annual
SBS Bank Golf Invitational.

Wanaka Bowling Club
Alexandra Bowling Club
Bannockburn Bowling Club
Central Otago Umpires Bowling
Association
Alexandra Bridge Club
Cromwell College
Cromwell Bowling Club
Central Otago Bowls Inc
Cromwell Junior Rugby Club
Cromwell Junior Soccer Club
Central Stories Museum Art
Gallery
Cromwell Golf Club

Gore

SBS St James Theatre
Pioneer Rugby
Gore Dancesport
Freeze ya Bits Off Busking
Gold Guitars
Eastern Northern Southland
Combined Barbarians Rugby
Team
Gore Half Marathon
Gore Golf Club

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
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

Drummond Golf Club
Dipton Golf Club
Clinton Golf Club
Mataura Golf Club
Southland Primary School Golf
Tournament
Thornbury Primary School
Cromwell Hockey Club
Southland Sheep Dog Trial Assn
Winton Collie Club
Gore Dog Trial Club
Wyndham Dog Trial Club
Lowburn Collie Club
Omakau Collie Club
Heniot Collie Club
Pateroa Collie Club
Palmerston Collie Club
Waitahuna Collie Club
Kuriwao Collie Club
Southland A & P Assn
Winton A & P Assn
Waiau A & P Assn
Gore A & P Assn
Central Otago Winegrowers
Assn

HB ITF Taekwondo
The Hawkes Bay Golf Club
Waimarama Surf Life Saving Club
Keirunga Gardens
Hastings Young Achievers
Hastings SPCA
Tremains Triathlon
Hawkes Bay Rescue Helicopter
Trust

HBS Napier

Jeans Day
Volunteer Hawkes Bay
Shakespeare in the Park
Napier Lions - Young Achievers
Bluff Hill Bowls
BayView Bowls
Colenso College Waka Ata
Christmas at the Park
Westshore Surf Lifesaving

HBS Havelock North

Keirunga Arts & Crafts Society
Havelock North Bowls
Havelock North Bridge Club

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
Grey Power 2012 AGM
Tasman Makos
James Hargest First XV Rugby
Team
ILT Kidzone
Hawks Basketball
DIY Art Deco Sponsorship
Ronald Macdonald Room
Sponsorship
Waikivi Bowling Club
International Tournament
Vaughan McCall
SIT Top Student Awards
Number 10
SBS Golf Invitational

It's being backed by the

J F (John) Ward B Com, FCA, FInstD (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.

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.



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, CA

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 member 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.

right people

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, PowerNet Ltd and Power Services Ltd.

Director: Funds Administration New Zealand Ltd. **Director:** Finance Now Ltd.

Trustee: SBS Charitable Trust. **Member:** IT Committee. **Director:** Southsure Assurance Ltd.



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 the current chairman of the Canterbury Community Trust and a registered Resource Consents Hearing Commissioner. 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.

F E (Frank) Spencer BBS (Val & Pty Mgt), FNZIV, FFINZ, 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.



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 a director of the Animal Health Board and National Animal Identification and Tracing.

Director: Finance Now Ltd. **Member:** Audit and Risk Committee.

Trustee: SBS Charitable Trust.

It's understanding you

At SBS Bank we believe there's a right way to do business. A moral compass that guides our business decisions every day.

We understand banking isn't all about profits and yearly earnings. It's about customers. It's listening to their hopes and dreams, their goals and plans, and providing them with sound advice that helps solve their problems. They come to SBS Bank for our experience. Our wisdom. Our knowledge. And of course our amazing people and their award-winning service.

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Our Executive Team

Left to right: General Manager of Agribusiness and Business Banking David Backhurst, General Manager of Finance Tim Loan, General Manager of Corporate Performance Lana Winders, General Manager of Retail Paul Atkinson, CEO Ross Smith, and General Manager of Risk and Support Mark McLean make up our Executive team.





Area Managers

Top right: Canterbury Area Manager Matthew Mark.

Bottom right: Newly appointed Auckland Area Manager Matthew Isbister.

Our Branch Managers

Left to right - Top row: Helen Jarman, Hamilton, Simon Maule, Riccarton, Terri Gregory, Tauranga and Neil Bramley, Invercargill.

Middle row: Ian Pollock, Papanui, Cam Haring, Nelson, Lynn Manson, Cromwell, Alexa Heatley, Ferrymead and Patricia Muir, Queenstown.

Bottom row: Greg Stretch, Blenheim, Blair Cross, HBS Bank Hastings, Kerry Harding, HBS Bank Napier, Scott Bowden, Gore and Grant Husband, Timaru.

SOUTHLAND BUILDING SOCIETY: SUMMARY FINANCIAL STATEMENTS

Summary Income Statement – Banking Group for the year ended 31 March 2013

	31/3/13 \$000	31/3/12 \$000
Interest income	176,928	185,200
Interest expense	11,497	13,518
Dividends on redeemable shares	93,991	101,726
	105,488	115,244
Net interest income	71,440	69,956
Other income	20,114	18,611
Total operating income	91,554	88,567
Operating expenses	53,343	48,928
Provision for credit impairment	17,304	21,983
Operating surplus	20,907	17,656
Net gain/(loss) from financial instruments designated at fair value	(1,078)	(588)
Revaluation of property	(46)	-
Revaluation of investment properties	(61)	-
Surplus before income tax	19,722	17,068
Less income tax expense	5,383	5,303
Net surplus	14,339	11,765
Attributable to:		
Members' interests	11,733	9,220
Non-controlling interests	2,606	2,545
	14,339	11,765

Summary Statement of Comprehensive Income – Banking Group for the year ended 31 March 2013

Net surplus for the year	14,339	11,765
Other comprehensive income		
Net change in reserves, net of tax	4,854	3,799
Total comprehensive income for the year	19,193	15,564
Attributable to:		
Members' interests	16,457	12,853
Non-controlling interests	2,736	2,711
	19,193	15,564

Summary Statement of Changes in Equity – Banking Group for the year ended 31 March 2013

Equity at beginning of the year	215,361	202,040
Net surplus for the year	14,339	11,765
Other comprehensive income for the year	4,854	3,799
Total comprehensive income for the year	19,193	15,564
Dividends	(2,964)	(2,243)
Total equity at end of the year	231,590	215,361
Equity represented by:		
Revaluation reserves	2,531	(2,193)
Retained earnings	222,400	210,667
Total equity attributable to member's interests	224,931	208,474
Non-controlling interests	6,659	6,887
Total equity at end of the year	231,590	215,361

SOUTHLAND BUILDING SOCIETY: SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position – Banking Group as at 31 March 2013

	31/3/13 \$000	31/3/12 \$000
Assets		
Liquid assets and securities	566,524	379,187
Advances to customers	2,225,753	2,425,723
Other assets	37,392	36,986
	2,829,669	2,841,896
Liabilities		
Redeemable shares	2,180,292	2,234,814
Deposits from customers	251,099	253,500
Subordinated redeemable shares	61,232	61,242
Other liabilities	105,456	76,979
	2,598,079	2,626,535
Equity		
Attributable to members of the society	224,931	208,474
Attributable to non-controlling interests	6,659	6,887
	231,590	215,361

Summary Statement of Cash Flows – Banking Group for the year ended 31 March 2013

Net cash flows provided by/(used in) operating activities	191,395	189,157
Net cash flows provided by/(used in) investing activities	(134,281)	(146,192)
Net cash flows provided by/(used in) financing activities	(3,697)	(2,249)
Net increase/(decrease) in cash held	53,417	40,716
Add opening cash and cash equivalents	111,569	70,853
Closing cash and cash equivalents	164,986	111,569



Chairman
J F Ward



Deputy Chairman
J B Walker

4 June 2013

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 4 June 2013. 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 4 June 2013. 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 2013. 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 \$1 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.

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 also 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. Where appropriate, risks are mitigated by insurance.

SOUTHLAND BUILDING SOCIETY

Notes to the Summary Financial Statements for the year ended 31 March 2013

4 Advances – Banking Group

	31/3/13 \$000	31/3/12 \$000
Gross advances	2,252,044	2,457,873
Provisions for credit impairment	(24,283)	(29,563)
Deferred fee revenue and expenses	(2,008)	(2,587)
Total net advances	2,225,753	2,425,723

5 Provision for Credit Impairment – Banking Group

	31/3/13 \$000	31/3/12 \$000
Individual provisions against advances and loans		
Balance at beginning of the year	20,247	12,680
New provisions during the year	12,374	16,816
Balances written off / recoveries during the year	(17,709)	(9,249)
Balance at end of the year	14,912	20,247
Collective provisions against advances and loans		
Balance at beginning of the year	9,316	9,028
Charged to income statement	55	288
Balance at end of the year	9,371	9,316
Total provisions for credit impairment	24,283	29,563
Reconciliation of provision movements		
Bad debts written off during the year	4,875	4,879
Individual provisions	12,374	16,816
Collective provisions	55	288
Provision for credit impairment to income statement	17,304	21,983

6 Asset Quality - Banking Group

	31/3/13 \$000	31/3/12 \$000
Advances to customers		
Neither past due or impaired	2,195,952	2,370,753
Individually impaired	23,758	41,210
Past due	30,326	43,323
Provision for credit impairment	(24,283)	(29,563)
Total carrying amount	2,225,753	2,425,723

SOUTHLAND BUILDING SOCIETY

Notes to the Summary Financial Statements for the year ended 31 March 2013

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	31/3/13			31/3/12		
	Current Assets \$000	Non-current Assets \$000	Total \$000	Current Assets \$000	Non-current Assets \$000	Total \$000
Assets						
Advances	194,934	2,030,819	2,225,753	272,181	2,153,542	2,425,723
Liquid assets and securities	213,869	352,655	566,524	116,962	262,225	379,187
Other monetary assets	4,058	-	4,058	2,031	-	2,031
	412,861	2,383,474	2,796,335	391,174	2,415,767	2,806,941
	Current Liabilities \$000	Non-current Liabilities \$000	Total \$000	Current Liabilities \$000	Non-current Liabilities \$000	Total \$000
Liabilities						
Redeemable shares	2,020,518	159,774	2,180,292	2,030,748	204,066	2,234,814
Other deposits	245,983	5,116	251,099	243,596	9,904	253,500
Subordinated redeemable shares	42,225	19,007	61,232	-	61,242	61,242
Other monetary liabilities	10,367	80,295	90,662	6,855	52,092	58,947
	2,319,093	264,192	2,583,285	2,281,199	327,304	2,608,503
Net derivative cash flows	(3,501)	(535)	(4,036)	(5,647)	(2,650)	(8,297)
Unrecognised loan commitments	28,862	-	28,862	12,734	-	12,734

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.

	31/3/13 \$000	31/3/12 \$000
Asset liquidity	566,524	379,187
Committed and undrawn funding lines	30,000	85,000
Eligible RMBS collateral (less haircut*)	98,495	130,047
Total liquidity	695,019	594,234

*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

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	31/3/13 Unaudited (Basel III)	31/3/12 Unaudited (Basel II)
Regulatory Capital Ratios			
Common equity tier I capital ratio	4.50%	13.13%	-
Tier I capital ratio	6.00%	13.34%	12.52%
Total capital ratio	8.00%	14.34%	14.35%
Buffer ratio	2.50%	8.63%	-

9 Directors Fees

	31/3/13 \$000	31/3/12 \$000
Amounts received, or due and receivable by directors:		
JWA Smith (Retired July 2012)	250	121
JF Ward (Chairman)	104	81
JB Walker (Deputy Chairman)	72	66
KJ Ball	66	66
GJ Mulvey	61	61
JJ Grant	61	61
FE Spencer	66	65
AG Neill (appointed August 2012)	41	-
GJ Diack (retired July 2011)	-	22
RL Smith*	-	-
	721	543
Provision for directors retiring allowance	(37)	95
	684	638

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

10 Subsequent Events

During May 2013 the bank purchased a portfolio of reverse equity mortgages. The book value of the portfolio at settlement was \$46 million. There have been no other material subsequent events after 31 March 2013.

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 26, which comprise the summary statement of financial position as at 31 March 2013 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 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 4 June 2013.

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 the Bank and Banking Group.

Directors' Responsibility for the 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 based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 and International Standards on Auditing (ISA) 810 Engagements to Report on Summary Financial Statements.

Our firm has provided other assurance services to the Bank. Partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Bank. These matters have not impaired our independence as auditors of the Bank. The firm has no other relationship with, or interest in, the Bank.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of Southland Building Society ("the Bank") and its subsidiaries (the "Banking Group") for the year ended 31 March 2013, are a fair summary of those financial statements, in accordance with FRS-43 Summary Financial Statements.

A handwritten signature in blue ink that reads 'KPMG' with a horizontal line underneath.

4 June 2013
Wellington



NOTICE OF 2013 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 24 July 2013, 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 2013.

I.2 Election of Directors

Mr A G Neill and Mrs K J Ball retire by rotation and, being eligible, are offering themselves for re-election. There being no other candidates, the re-appointment of Mr A G Neill and Mrs K J Ball 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 2013/2014 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
4 June 2013

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, FlntD
Chartered Accountant
Invercargill

Deputy Chairman

Mr J B Walker
LLB
Barrister & Solicitor
Invercargill

Directors

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

Mrs K J Ball
BCom, CA
Chartered Accountant
Invercargill

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

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, CA, DipBusStuds (IS)
General Manager Finance
Invercargill

Registered Office

51 Don Street
Invercargill

Solicitors

Buddle Findlay
245 St Asaph 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



OUR PEOPLE MAKE THE DIFFERENCE

 **SBS** | Bank

 **HBS** | Bank



southsure
Insurance



FANZ
Funds Administration
New Zealand Limited
FANZ is a subsidiary of SBS Bank