



## MEDIA RELEASE

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### **Exciting year ahead for SBS Bank**

The recent announcement of the proposal to merge with HBS leads SBS Bank into a year that has some exciting opportunities on the horizon it was noted at SBS Bank's annual general meeting last night. *(NB: 26 July)*

SBS Bank chief executive Ross Smith said HBS, as a mutually owned and like-minded building society that had successfully looked after its members for more than 125 years, was an excellent fit for SBS Bank.

"Following an affirmative vote by HBS members on 31 August, we believe HBS will provide an excellent entry into the Hawke's Bay and lower North Island market. There are some exciting opportunities on the horizon and SBS Bank is well positioned to take advantage of these opportunities.

Mr Smith said while New Zealand did technically emerge from the recession during the past 12 months, the economy remained extremely challenging for the financial sector with further cracks appearing and a number of financial institutions failing.

"The year marked SBS Bank's first full year trading as a registered bank. In normal circumstances, that would have been challenging enough without the added issues of a worldwide recession.

"The great news is we have survived both very well and emerged a stronger bank for the experience.

"The past three years have been among the most difficult experienced in the past 100 years. It has caused the cost of credit to soar, many banks have collapsed, New Zealand has been littered with finance company failures and the USA and UK continue to prop up their economies. Meanwhile, we have witnessed a collapse and partial recovery of stock markets, house prices and commodity prices, there has been a slow down in consumer demand and a rise in unemployment.

"We believe the recovery is still some way off and the coming year will be just as challenging as the past year. But a positive for SBS Bank has been that our transition to banking status has further enhanced our position in the market place," Mr Smith said.

"Our prudent management of risk over the past 141 years and the disciplines of the bank regulatory regime have positioned us well for the future. While all of this change comes at a cost and, at times, tests the capacity of our resources, it is certainly a tribute to the quality of the team we have here at SBS Bank that we have not just survived but thrived under this new regime.

Mr Smith said SBS Bank's group pre-tax operating surplus was a very healthy \$19.4 million, almost \$1 million (5%) ahead of 2009 and members' equity grew to \$172 million. The decision to establish a number of complementary subsidiaries and diversify SBS Bank's product range was also vindicated by excellent performance results in such difficult times.

SBS Bank's subsidiary companies, Finance Now Ltd, Southsure Assurance Ltd and Funds Administration New Zealand Ltd, had all made a valuable contribution to the SBS Bank Group result.

**For further information and a copy of SBS Bank's Annual Report, please contact:**

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