

31 August 2010

MEDIA RELEASE

HBS to merge with SBS Bank

Hastings Building Society members voted overwhelmingly in favour of a proposal to merge with SBS Bank at a Special Meeting held today (*NB: Tuesday 31 August*).

The vote was a resounding endorsement for the merger with 98 percent in favour, which is significantly over the 75 percent threshold required to ratify the merger.

“That this number of members chose to vote affirmatively is a clear mandate that the HBS Board has identified the right way to secure the future of our organisation,” HBS board chairman Frank Spencer said.

The effective date of the merger is likely to be early October but rests with the Registrar of Building Societies to process the transfer of registration to SBS Bank. In the meantime it will be business as usual for local members and the staff at both HBS branches in Hastings and Napier.

SBS Bank chairman Acton Smith said his organisation was delighted at the support shown by Hawke’s Bay residents. “We are looking forward to providing Hawke’s Bay members and future customers with a full banking service. We also reiterate that the values and mutual philosophy enjoyed in the past will remain within the merged organisation.”

Under the merger agreement all staff and management will be retained and the 125-year-old HBS brand will continue. There will also be a guaranteed \$100,000 per year distributed to the community through sponsorships.

Existing members will benefit from an initial interest rate premium for term deposits. Significant upgrades of existing branches are planned and an additional branch will be introduced in Havelock North over the coming year.

Upon completion of the merger, HBS members will become members of SBS Bank. Mr Spencer will take a seat on the SBS Bank board, created specifically as a result of the merger. This appointment is subject to regulatory review by the Reserve Bank.

SBS Bank is New Zealand’s only customer-owned community bank and may be the only Building Society in the world to have achieved bank registration while maintaining the mutual structure of being owned by its members.

SBS Bank has assets of \$2.63 billion and HBS has assets of \$185 million. SBS Bank currently has 15 branches including four in Christchurch and two in the North Island.

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