



## MEDIA RELEASE

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### **SBS Bank posts solid operating surplus**

SBS Bank, New Zealand's only customer-owned Community Bank has recorded a solid profit result, successfully completed a merger and grown the business, a result that chief executive Ross Smith says is testament to the strength of the SBS Bank model.

"Results like these during an extended Global Financial Crisis are why we remain resolute about retaining our status as a New Zealand bank that is owned by its customers.

"In mid-2010, just when it appeared the recessionary times were behind us, Mother Nature had her say with a number of devastating disasters across the country, which dampened the economy and delayed recovery.

"We are pleased to be in a position to say we have remained profitable, achieving a healthy tax-paid surplus of \$14.25 million for the March 2011 year. However, we have not been immune to the economic downturn, with a significant increase in loan provisioning during the past three years.

Mr Smith said SBS Bank's pre-tax operating surplus of \$17.3 million, while down on the previous year's \$19.4 million, was satisfying given it was after making a special provision of \$3.55 million for potential losses in relation to the Christchurch earthquakes.

"We are also delighted to reach a significant milestone for the first time this year with total equity exceeding \$200 million."

Mr Smith said, in addition to these results, a key highlight of the year was the success of the merger with Hastings Building Society (HBS), with an overwhelming 98% of HBS members voting in favour of joining forces with SBS Bank.

"While it is still early days, we are very pleased with the progress made to date. We have been able to launch an expanded range of everyday banking products and services under the local brand of HBS Bank and we look forward to providing our Hawke's Bay members with even greater access to our great range of products and services when we open our new branch in Havelock North, which is scheduled for Monday 25 July.

"Other key highlights for the year have included growth in retail funding for the year of \$210 million (9.3%) that has enabled SBS Bank to retain healthy liquidity ratios, well above Reserve Bank minimums. SBS Bank has increased loan advances under management by \$125 million to \$2.6 billion and produced an increase in total assets of \$186 million (7%) to \$2.8 billion."

"Our past decision to expand the SBS Bank stable into broader financial markets was reinforced with our subsidiaries, Finance Now Ltd, Funds Administration NZ Ltd and Southsure Assurance Ltd all contributing healthy profits to the group.

"Overall, members can be proud that SBS Bank has performed strongly through the most challenging economic period for 80 years, coupled with one of the worst years of natural disasters in New Zealand history. Our 142-year history and a diverse group of high-performing companies focused on the financial sector position us well to succeed in even the most difficult of times."

SBS Bank will hold its Annual General Meeting at the 6<sup>th</sup> floor of the Kelvin Hotel, Invercargill, on Wednesday 27 July, at 2.30pm.

For further information and a copy of SBS Bank's Annual Report, please visit:  
<http://www.sbs.net.nz/reports-and-documentation/>

**Ross Smith, Chief Executive SBS Bank**

Tel: 03 211 0700; Cell: 021 548 788

**Tim Loan, General Manager Finance SBS Bank**

Tel: 03 211 0700; Cell: 021 221 0710

[www.sbs.net.nz](http://www.sbs.net.nz)