

BEST OF BOTH WORLDS – A BUILDING SOCIETY AND A BANK!



Delighted to continue supporting the people of Hawke's Bay, the team at HBS Bank celebrate outside the new-look branch

31 August will go down in HBS history as the day that 98% of voting HBS members agreed two proud New Zealand building societies should join forces.

With the benefit of compliance, regulatory and operational support infrastructure provided by SBS Bank, HBS Bank is perfectly positioned for a bright future of sustainable prosperity. The new-look exterior of our Hastings branch is just one of the early improvements that have started to flow in.

However, one thing has not and will not change. We are owned by you – the members. You continue to be at the centre of our reason for being – our values, our strategies, the big and small decisions that we make everyday evolve around you. Because we have joined with another building society, the betterment of our customers and their communities continue to permeate every decision we make, just as it has for the past 125 years.

Ownership by you and the commitment to your community presents a fantastic opportunity for Hawke's Bay. HBS Bank has no overseas owners drawing profits away from the Bay to satisfy shareholder thirst for dividends. That means that the benefits of our success flow directly



HBS Bank Hastings branch gets a new look

to our Hawke's Bay members and communities. Keeping the wealth of the Bay in the Bay is what HBS Bank is all about.

By February, HBS Bank will be in a position to offer you a full range of banking products and services. You can have the confidence of knowing each time you see HBS Bank backing the community it is your support of HBS that makes it happen.

The more Hawke's Bay supports its local HBS Bank, the more Hawke's Bay will reap the rewards. So we invite you to send your family and friends down to HBS Bank to take a good look at how we can help them. Remembering that the award-winning service that has been our trademark for 125 years is as strong as ever!

INSIDE THIS MONTH

- Upholding the interests of Hawke's Bay members
- Christmas in the park
- Are you eligible?
- \$100,000 for community sponsorships
- Your leading lights
- What's coming up



The secretary is instructed to obtain a box for the Society's deeds

1890

Society offers £130 cash for a section in Market Street after discussing an office site

Women granted the right to vote

1893

Agreed to build a three-roomed office on the Market Street section

1899

1885

The Hastings Permanent Building and Investment Society is founded

1886

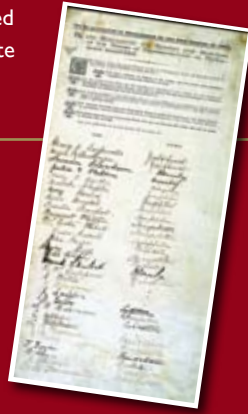
Reefton becomes the first NZ town to have electricity

1892

Society resolves to support Southland Building Society in its efforts to oppose some proposed taxation

1895

Great Fire of Hastings levels a good portion of the town



A SPECIAL MESSAGE TO OUR READERS

Welcome to HBS Bank!

In this special issue of HBS Bank Today we have much to celebrate and share with you about the great things that have been going on recently. We are very pleased to feature the newly formed Member Council, which brings a depth of knowledge and wisdom about HBS and Hawke's Bay that has already been invaluable to the integration team as they work to bring full banking services to HBS Bank.

In the context of HBS's rich 125-year history, bringing on full banking services by February will be a significant achievement and milestone. But perhaps not as significant as the rich tapestry of community good HSB has brought to Hawke's Bay since it was established in 1885. In our timeline above, we share with you the story of a fine financial institution that has successfully navigated a great depression, two world wars and numerous bouts of economic turmoil. In a world where the word 'merger' normally means out with the old and in with the new, it is refreshing to pause and reflect on the key moments in HBS Bank history against some of New Zealand's own profoundly important moments in time and know that this rich heritage lives on as a respected and fundamental part of HBS Bank's identity.

We hope you enjoy the many great stories we have to share in this very special edition of HBS Bank Today.

FIRST 500 LIMITED EDITION CHEQUE BOOKS AND CARDS ARE RUNNING OUT FAST!



It has never happened in the long history of HBS Bank. We're about to offer everyday transactional banking and to mark the momentous occasion we decided to celebrate with a limited edition special offer. But you need to be quick because the interest our exclusive offer is generating has been fantastic with more than 400 already spoken for.

As an exclusive for our valued HBS Bank customers we rolled out our 'First 500' campaign. This means anyone who signs up for our upcoming everyday banking products and services will receive one of our First 500 limited edition EFTPOS cards and cheque books with distinctive branding and a free First 500 loyalty pack when our new products and services are launched in February.

So get in quick and register for your limited edition HBS Bank cheque book and EFTPOS card now!



NEW IMPROVED WEBSITE

The team at HBS Bank is rapt to have launched our new-look HBS Bank website in conjunction with our rebranding.

The site will continue to evolve to feature our full range of products and services as we roll these out in February, including internet banking, everyday transactional banking and Star banking for non-profit organisations, just to name a few.

To check out our new website just visit www.hbsbank.co.nz and keep an eye on progress as the information and services it offers continue to grow over the coming months.

10 people attend the AGM

1900

1907

Extra room built on rear of Society's building at a cost of £92

New Zealand enters WWI

1914



The directors introduce capital shares

1924

1931

The board gives authority to purchase a typewriter for £20



1931

Earthquake hits Hawke's Bay in what remains NZ's greatest natural disaster – 258 people perish. The Society office withstands the earthquake

"The Mortgage Relief Act" reduces interest payable by borrowers during economic depression

1932

1932

First permanent secretary of the Society Robert Brathwaite resigns after 47 years service

1933

Resolved that the Society erects a new building



Your HBS Bank Member Council, from left, Paul Atkinson, Jacqui Gray, Liz Carr, Ian Wilmot, David Mackersey, Blair Cross, Lana Winders and Warren Duff. Absent: Lindsay Knowles.

UPHOLDING THE INTERESTS OF HAWKE'S BAY MEMBERS

As representatives of our members, your HBS Bank Member Council has been established as a consultative body to ensure the interests of you, our Hawke's Bay members, continue to be represented.

Newly appointed Member Council chairman Ian Wilmot says they are delighted with the progress that has been made since the merger became official. There is almost a chant of "bring it on" as they await with eagerness and anticipation the many bright and exciting things that are still on the horizon.

"The hard work that has been put in by the team at SBS Bank to get our team up to speed through the extensive training and induction programmes that have been rolled out for the transition has been really commendable and extremely well done.

"We hear nothing but good things about what is happening with the merger from our staff and our members. We also continue to hear the same feedback that 'we're just like them and they are just like us' so it is affirmation that the marriage between our two organisations really is compatible.

"While we are still new to our role, we want to let members know that we are here to offer advice and local knowledge to the SBS Bank Board and to act as a voice for any of our members in the Bay. Our locals can feel free to come to us to discuss anything about HBS Bank."

OUR REPORT CARD

- Community-orientated values retained
- Continued member ownership
- Ongoing member benefits
- HBS staff retained
- HBS brand retained
- Existing branches retained
- Security of bank registration
- Investment grade credit rating
- SBS Bank Board appointment for Frank Spencer
- HBS Bank Member Council established
- Initial interest rate premium on investments of 0.5%
- Increased investment in community support (\$100,000 p.a. for five years)
- Increased personal development and training for HBS Bank staff
- First 500 limited edition offer
- Additional support and resources
- Exterior branch upgrade
- HBS Bank rebranding and signage

ON TRACK AND YET TO COME

- Increased products and services
- Hastings branch upgrade
- New Havelock North branch
- Napier branch relocated



New Zealand formally declares war on Germany on 3 September 1939

1939

The secretary is instructed to forward Christmas greetings to member Mr Scannell in WWII camp

1940

Sir Edmund Hilary becomes the first man to conquer Mount Everest

1953



A contract for a night watchman service over the new building is arranged at a fee of 2s per week

1957

1934

(Sir) James Wattie opens a small cannery that will grow into one of NZ's largest food manufacturing plants



1945

End of WWII

1953

Society's premises valued at £6,450

1956

Tender accepted for £6,570 to build second story on Society's Market Street premises

1957

Existing typewriter traded in for £25 and new one bought for £85

SOME OF OUR MEMBER BENEFITS

Christmas in the Park prize draw

Christmas could come early for your family with the HBS Bank Christmas in the Park prize draw.

Simply make a gold coin donation and fill in the entry form at either of our branches in Hastings or Napier and you could win a **Nintendo Wii or one of four HBS Bank prize packs**. All proceeds from the prize draw will be donated to the Jarrod Cunningham Charitable Trust.



The prize draw will be made by the emcee at HBS Bank Christmas in the Park on **11 December** so you'll need to be at the event or nominate someone to be there for you. Good luck! We look forward to seeing you there.

MEMBERS ONLY STAND

It is always fantastic to hear from our valued HBS Bank members, that is why we are inviting you to share your stories about HBS.

We would love to hear your anecdotes and stories about you and your family's experiences with HBS over the 125 years we have been in existence. It is these memories that help to further grow the rich history of HBS as we move into a new and exciting era as HBS Bank.

All members who contact us with their memories and stories from the past will be entered into a prize draw and five lucky members will win a special HBS Bank gift pack.

Please send your feedback and stories to:

info@hbsbank.co.nz or post it to Kelly Brooker, HBS Bank, PO Box 10, Hastings 4156.

Are you eligible for our loyalty premium rate?

Get an additional **0.5%** over the advertised rate for HBS Bank customers who:

- Held a term investment with HBS prior to the 1 October merger and renew for six to 12 months. (Minimum \$5000).
- Had an on call account with HSB prior to the merger and convert this to a term investment for a period of six to 12 months. (Minimum \$5000).

Existing customers who would like to bring additional funds could still be eligible for the 0.5% loyalty premium. To see if you qualify for this great rate pop in and chat to the team or call us on **0800 427 2265**.

Terms and conditions apply. Rates are subject to change without notice. General terms and conditions are available on request.



HBS Bank members Shirley and Garry Bond enjoy cake and coffee from customer service officer Val Hair

KPMG AUDIT SURVEY

Firstly, many thanks to those of you who replied to KPMG with the information that they requested as part of the merger audit requirements and secondly, another thanks for the feedback we received. It was valuable and has been taken on board.

1960 Society celebrates 75 year anniversary

1966 A record 50 members attend the AGM

1967 Decimal currency replaces the pound, shillings and pence

1967 Fantasyland opens in the Bay

1976 An office junior is appointed at HBS due to increased workload taking total staff to three
Society is authorised to receive deposits from trustees

1977 New investment product "super savings" is launched

1979 Warren Duff appointed to HBS Board

1980 Society moves from 107 to 105 Market Street after buying National Mutual Building
HBS assets total more than \$7 million

YOUR LEADING LIGHTS

Since 1 October, there have been some fantastic opportunities open up for some of our local HBS people. Well done and congratulations to the newest leaders at HBS Bank!



FRANK SPENCER

Appointed to SBS Bank Board

Travel is a passion for Frank Spencer, which will come in handy when he is winging his way south to Invercargill for board meetings as SBS Bank's newest director. This is a fantastic achievement and we think Frank's appointment to the

SBS Bank Board makes him the only Hawke's Bay director to be on the board of any bank in New Zealand. Frank says the transition to HBS Bank is like "the pot of gold at the end of the rainbow."



KERRY HARDING

Appointed to Napier Branch Manager

Welcome aboard to local banking talent Kerry Harding who has just nabbed the top Napier role as manager of our local branch. Kerry knew there was something particularly special about the personal service experience she received first-

hand as a customer with HBS Bank so she is delighted to now be a part of the action. Kerry recently relocated back to her birthplace in Napier from Hastings with her partner and 'budding Beckham' teenage daughter and says most weekends she can be found on the sideline of school, club or representative Hawke's Bay soccer games.



BLAIR CROSS

Appointed to lead HBS Bank

It's been a roller coaster ride for HBS Bank manager Blair Cross since he joined the team five months ago. Following the merger, Blair's now ready to let the HBS Bank secret out! As one of Hawke's Bays up and coming rugby coaches we know

Blair will have no problem tackling the challenges of his new role. Blair says he's often heard HBS Bank referred to as "Hawke's Bay's best kept secret," but with all the exciting changes that are taking place, he feels it's an ideal time to let that secret out.



KELLY BROOKER

Appointed to Team Leader - Hastings

Congratulations Kelly Brooker who, after a dedicated 18 years as a customer service officer and front-line pocket rocket with HBS, has just been promoted to team leader sales and service at our Hastings branch. In her new role Kelly will

be ensuring her team of customer service officers continue to deliver the award-winning service and reliable product knowledge that our members in the Bay have become accustomed to every time they visit HBS Bank.



IAN WILMOT

Appointed Member Council Chairman

With 34 years of experience in the food industry, including chief executive of McCains, Ian Wilmot was appointed a director on our HBS Board in 2008 before quickly being thrust the reins for a stint as the caretaker and chief executive of

HBS in 2009. Ian now brings his wealth of management knowledge and know-how to the HBS Bank Member Council following his appointment as chairman at their first meeting in mid-October.



CHRISTMAS IN THE PARK CHEER IS ON US!

There's plenty to cheer about for the team at HBS Bank this Christmas and we intend to be among the expected 25,000 locals doing just that after becoming the principal naming sponsor of HBS Bank Christmas in the Park this year.



Santa makes a flying entrance at a previous Christmas in the Park celebration

An annual highlight on the Hawke's Bay event calendar, HBS Bank Christmas in the Park offers top-class family entertainment crammed with festive community spirit. With a proud history of community commitment, we thought it was the perfect opportunity for HBS Bank to get on board for 2010.

Event organiser and manager David Trim is delighted to have HBS Bank on board as the principal sponsor.

"It means a tremendous amount – not just financially. It means continuity for an

established regional event and it also shows that local businesses like HBS Bank really do care about the values of Christmas, family and community spirit. A partnership like HBS Bank has with Christmas in the Park means, from a benefits point of view, that it is symbiotic for everyone involved.

"I think it is important that sponsors share the same values as the event they are partnering with and I know HBS Bank has fantastic commitment to community support and that's a perfect fit for our free community event."

HBS Bank manager Blair Cross says: "We want every family in Hawke's Bay to be able to enjoy a free concert of fantastic family entertainment and activities and know that it's on us here at HBS Bank."

"I know our team at HBS Bank will be among the record crowd expected to attend again this year and helping in any way they possibly know how. As another way to create additional benefits for our customers, HBS Bank customers will also be able to visit the HBS Bank marquee and receive a goody bag for their kids on the day."



HBS Bank Christmas in the Park manager David Trim and HBS Bank manager Blair Cross get ready to hand out goody bags to customers who visit the marquee

\$100,000 TO HAWKE'S BAY COMMUNITIES EVERY YEAR!

You can't wipe the smile off the face of HBS Bank manager Blair Cross. He's got \$100,000 to give back to Hawke's Bay every year for the next five years and getting on board with HBS Bank Christmas in the Park this year is just the beginning!

Blair says: "It's fantastic to know HBS Bank will be investing half a million dollars back into our local community over the next five years and the reality is that this is just the start. As more and more locals bring their banking to HBS Bank that commitment to the communities of Hawke's Bay will only continue to grow further."

We are counting down the days to be able to offer a banking package just for non-profit organisations called the Star package. The Star banking package will come complete with a single or dual signatory transactional account, investment and call accounts, with no fees or charges or minimum balance requirements. The account also offer a funds transfer authority and AGM summary facility, with the highlight being the chance to go into the monthly draw of 10 cash prizes of \$1000.

Splash Planet amusement and water park replaces former Fantasy Land

1998



HBS Building Society assets double in three years to exceed \$200 million

2006

Sir Edmund Hillary dies at the age of 88

2008

HBS turns 125 and becomes HBS Bank!

2010

2000

The Hastings Building Society website is launched

2002

HBS opens its second branch in Napier
HBS breaks the \$100 million asset threshold

2003

The Society obtains permission to trade as HBS Building Society

2007

HBS named city's Business of the Year



HBS BANK INVESTOR NIGHT

At HBS Bank it is important for us to keep our customers informed about our achievements, future opportunities and any challenges that may be facing our organisation.

Around 60 HBS Bank members and community leaders in Hawke's Bay took the opportunity to hear first-hand from SBS Bank general manager finance Tim Loan at a special Investor Evening held at our Hastings branch early in November. The evening was also attended by the majority of SBS Bank executive, HBS Bank staff and the HBS Member Council.

Tim says evenings like the investor night are key to ensuring customers are informed and confident about the safety of their hard-earned savings while providing a chance to share about the ongoing success of the organisation and its achievements.

It's also extremely important to us to hear feedback directly from our customers, while providing an opportunity to directly answer any queries around SBS Bank and the HBS merger.

Tim's presentation included detail around the background of SBS Bank, an economic overview, the Reserve Bank of New Zealand response to the global financial crisis, the Crown Deposit Guarantee and an overview of SBS Bank's financial strength.

SBS Bank general manager finance Tim Loan presents at the HBS Bank investor night



WHAT WE'VE BEEN UP TO

At HBS Bank we love rolling up our sleeves and getting involved with our communities. These are just some of the great community ventures we've been involved with recently.

25 Jun HBS Hastings City Business Awards

16 – 18 Jul Deco Decanted Weekend



1 October HBS officially becomes HBS Bank

October Napier Customer Service Business Awards

10 Nov HBS Bank Investor Evening, Hastings

10 – 11 Nov HBS Bank Coffee and Cake in branches, Hastings, Napier

8 – 15 Nov Big Spender Promotions – Hastings City Marketing

10 Nov Ladies Gala Day – Kia Toa Bowling Club

WHAT'S COMING UP

November Twilight Golf – Hawke's Bay Golf Club

3 Dec Age Concern Christmas Lunch

11 Dec HBS Bank Christmas in the Park, Anderson Park, Napier



December Christmas Gala – Hawke's Bay Opera House

December Pre Christmas Tom Turkey Tournament – Ahuriri, Napier

2, 3, 7 Jan National Service New Year's Bowling Tournament

January HBS Bank Concerts in the Park – Five concerts

15 Feb Geon Art Deco Weekend



February Release of wider range of products and services at HBS Bank

February Vintage Car Parade

March Art Hawke's Bay – Opportunity for all amateur artists



FROM THE CHIEF EXECUTIVE: WELCOME ABOARD!



As members of HBS Bank you are now able to enjoy the best of both worlds by being with a building society that is also a bank.

It is a new and exciting time in the 125-year history of HBS and, while you may see some small changes, you can rest assured that the things you find important at HBS Bank will not be changing. They will only get better as we roll out the extensive range of products and services available through SBS Bank.

Since the merger officially took place, it has been extremely pleasing to see the positive response from the people of Hawke's Bay. Considerable time and effort is being put in by your staff at HBS Bank as they undertake increased personal development and product training to ensure they continue to deliver the high standard of personal service that you have always enjoyed.

Both HBS and SBS Bank were founded on the values and guiding principles of sustainability through prudence, commitment to mutual benefit, the prosperity of our community and our people making the difference. These important values have been at the heart of building and sustaining two strong, credible organisations and will remain our priority as we move forward.

Many people within HBS Bank and SBS Bank have been involved in the merger process. However, it is the outgoing board of HBS who deserves to be recognised for having the foresight and courage for taking the lead and making such a discerning decision in these challenging economic times. Thank you to Frank, Ian, Lindsay, Elizabeth, Jacqui, Dave and Warren and we look forward to being able to continue working with you for the future success of HBS Bank.

Through the merger with SBS Bank, you can remain confident that our commitment remains to you our members. Through the challenging merger process, we have been able to retain the great team and brand at HBS, the member ownership, the community-orientated values and all while preparing to enhance even further the personal experience that your local Hawke's Bay bank currently offers.

We expect the general economic environment in New Zealand over the next 12 months will be extremely challenging for everyone. However, we will not be relaxing as we work hard to provide HBS Bank customers with access to the much wider range of SBS Bank products and services and look for further ways to provide even greater benefits directly back to our customers and our communities.

Ross Smith
Chief Executive

Invercargill - Head Office: Phone 03 211 0700, **Windsor**: Phone 03 211 0745, **Gore**: Phone 03 209 0080, **Dunedin**: Phone 03 477 5100, **Cromwell**: Phone 03 445 0672, **Queenstown**: Phone 03 441 0033, **Timaru**: Phone 03 684 9536, **Christchurch**: Phone 03 962 5900, **Papanui**: Phone 03 375 0840, **Riccarton**: Phone 03 982 5700, **Ferrymead**: Phone 03 376 6198, **Blenheim**: Phone 03 579 5293, **Nelson**: Phone 03 548 9200, **Hastings**: Phone 06 872 7299, **Napier**: Phone 06 872 7299, **Hamilton**: Phone 07 957 6350, **Tauranga**: Phone 07 578 9217, **SBS Rural**: Phone 0800 502 442, **SBS Financial Advisers**: Phone 0800 650 835, **Finance Now Ltd**: Phone 0508 346 669, **SBS Insurance**: Phone 0800 502 442.

HBS Bank is a division of Southland Building Society (SBS Bank)