

MEDIA RELEASE

2 October 2017

SBS Bank launches 10-year Capital Bond

SBS Bank has today launched its continuous issuance SBS Capital Bond. The product, which is a 10-year subordinated redeemable share, will be available on an on-going basis to New Zealand investors. It has an initial interest rate of 6.75% until 31 October 2017, which is fixed for the first five years, then a quarterly floating rate will apply.

SBS Bank Chief Risk Officer Mark McLean said the product demonstrated another tangible benefit for SBS Bank's customers.

"We're keen for our customers to have the opportunity to participate in the SBS Capital Bond which is a much higher yielding product than anything we currently offer. As the SBS Capital Bond will be available through our retail channels we cut out any intermediaries, meaning any associated costs are also reduced, allowing SBS to offer the product at a great interest rate."

Mr McLean said the SBS Capital Bond formed part of the Bank's growth and expansion strategy.

"Over the past 12-months we have experienced solid growth and the launch of the SBS Capital Bond will enable SBS to continue to raise capital now and into the future. It's a real win-win for both SBS and investors."

The subordinated redeemable share will qualify as Tier 2 Capital for SBS Bank under the Reserve Bank of New Zealand requirements and is available from 9am Monday 2 October 2017.

The Bonds are subordinated redeemable shares issued by SBS Bank and are loss-absorbing. They are not quoted on any stock exchange and there is no established market to sell them. The Bonds are subject to SBS Bank's right to repay on or after the five-year anniversary. There is no right for a holder to redeem before maturity.

A Limited Disclosure Document is available at www.sbsbank.co.nz outlining the details of the bond.

Features of the SBS Capital Bond:

- 10-year subordinated redeemable share.
- Initial launch interest rate of 6.75% (fixed for the first five years).
- Minimum investment amount of \$10,000.
- Interest is paid quarterly.
- Investment Grade Fitch Credit Rating of BBB-.

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About SBS Bank

Established in 1869, **SBS Bank** is believed to be the first building society in the world to have achieved bank registration while retaining its mutual structure. Mutual ownership means SBS Bank is 100% owned by its Members (customers) and is uniquely positioned to provide benefits to its Members. SBS Bank has 16 branches across the North and South Islands, mobile mortgage managers and a full online banking service. Total assets of the SBS Group are \$4 billion.

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