

The Treasury

South Canterbury Finance Limited Information Release

Release Document

April 2011

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(i) - to protect trade secrets
- [3] 9(2)(b)(ii) - to avoid unreasonable prejudice to the commercial position of the person who supplied the information or who is the subject of the information
- [4] 9(2)(ba) - to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, where making the information available would be likely to prejudice the supply of similar information and it is in the public interest for that information to continue to be supplied
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [7] 9(2)(h) - to maintain legal professional privilege
- [8] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(i).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: Andrew Hemphill [1]
Sent: Wednesday, 2 December 2009 9:16 a.m.
To: John Park; Craig Murphy; Joanna Gordon
Subject: [seemail] DGS reporting suite - September 2009
Attachments: Review SCF 30Sept09.docx.docx;
[Other attachments not relevant to release]

Categories: Red Category

Please find attached the full DGS reporting suite for September 09, including:

- Risk Ranking
- Loss Estimate calculations
- Reviews on entities under watchlist
- Sector reports

[Not relevant to release]

Regards

Andrew Hemphill
Senior Analyst, Domestic Deposit Taking Oversight
Prudential Supervision Dept
[1]



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Entity Name:	South Canterbury Finance Ltd
Assessment date:	September 2009
Assessed by:	A Hemphill
Trustee	Trustee Executors (Richard Mcloughlin)
Guaranteed Deposits	\$1,789m (28,429)

Ownership

100% - Southbury Group (Allan Hubbard holds 70% shareholding).

Key People:

Allan Hubbard – Chairman, Lachie McLeod – CEO, Graeme Brown – CFO

Liquidity

Based upon the Bank's weekly data, as at 13 November 09, the company held ~\$56m of liquid assets and had \$97m of deposits, either on call or maturing within 30 days. Their reinvestment rate was ~50%. Over the past 2 weeks, the coy has attracted ~ \$10m of new funding per week.

Estimated Loss in the event of company failure

- The estimated net claim under the DGS has been reduced to between \$450m - \$500m.

Monthly Movement

- Guaranteed deposits declined further during the month – see above note
- Impaired assets increased ~\$70M
- Restructured assets and Loans with capitalising interest increased
- Related Party lending reduced \$5m – Now reduced 414m over past 2 months.

Risk ranking

- Low levels of capital.
- High level of related party lending
- Diminishing Loan book quality
- Concentration / Large exposure risk
- Property development / 2nd mortgages exposure
- Modest levels of provisions

Entity classified as High risk.

Key Graphs

