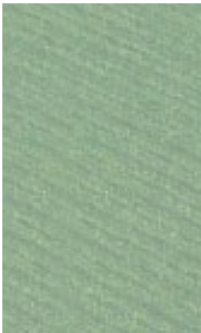


“HEARTLAND” BANK PROPOSAL

1 June 2010

Investment Analysts



Merger Proposed to Create a New Zealand Bank

The merger of CBS Canterbury, MARAC Finance Limited and Southern Cross Building Society would bring together three established and compatible businesses that have a long and proud heritage of providing banking services to New Zealanders. [NB None of these entities is currently a registered bank, and no merged entity would be a registered bank until registered as such under the RNBZ Act.]

The merger would create a New Zealand owned bank serving the needs of Heartland New Zealanders.

If the merger proceeds as anticipated, the merged entity will :

- Be the only New Zealand owned listed bank entity;
- Be headquartered in the South Island, but with extensive national reach;
- Provide a full service banking offering to customers in heartland New Zealand.

The key characteristics of the business will be:

- Total assets of \$2.2 billion
- Regulatory capital in excess of 10%
- Attractive vehicle for raising equity
- Employ about 360 New Zealanders in about 70 customer outlets around the country
- Over 70,000 heartland customers



Value Proposition for PGC

Strategic

- Accelerated and defined pathway to gaining a banking licence
- Scale and critical mass
- Diverse asset and deposit base
- Access to a strong stable and loyal depositor base
- Potential consolidation magnet

Long term profitability

- Through growth and development of a diversified lending portfolio, surety of funding base and lower COF's
- Listed capital structure gives access to capital
- Increased customer base for cross sell of broader range of product and services

Short term profitability

- Reduced Crown guarantee fee



Market Segments

Personal and Family Finance:

- Residential mortgages
- Motor vehicle, leisure and marine financing
- Consumer financing and other personal lending
- Investment products
- Transactional services
- Insurance and wealth management

Commercial Finance (focused on small & medium sized businesses):

- Plant & equipment financing
- Working capital financing
- Commercial property loans
- Investment products
- Transactional services
- Insurance and wealth management

Rural – New Zealand’s Heartland:

- Plant & equipment financing
- Working capital financing
- Livestock and crop financing
- Commercial Mortgages
- Investment products
- Transactional services
- Insurance and wealth management

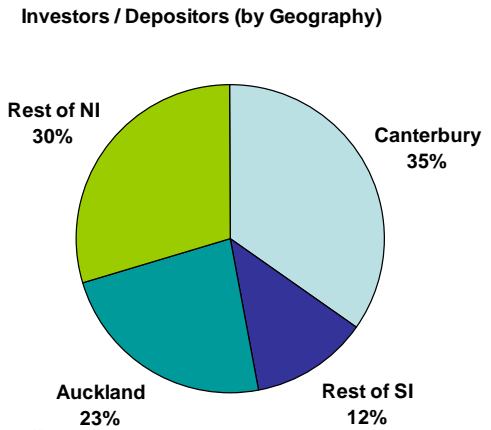
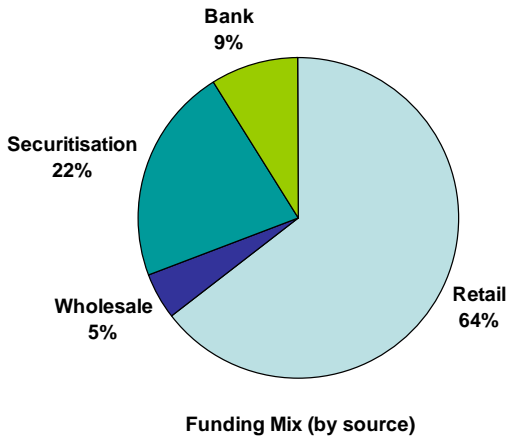
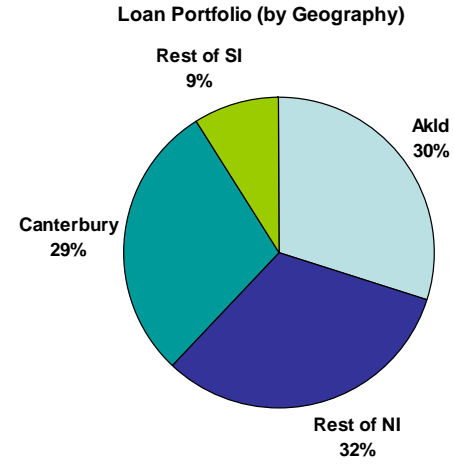
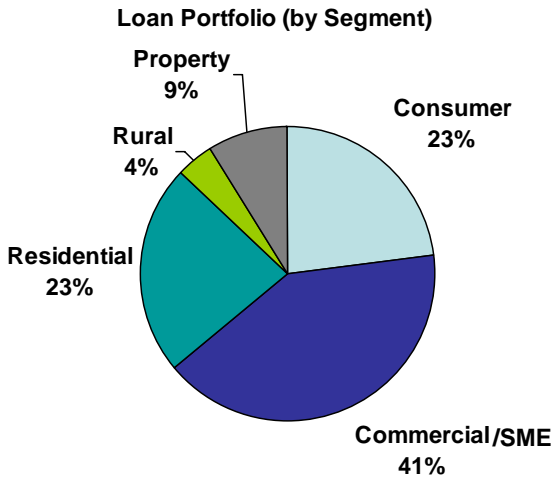
Transactional Services:

- Transactional banking – cheque, savings accounts, internet banking
- Foreign Exchange

NZ owned and NZ focus



Business Diversity



Pyne Gould Corporation



Strong Funding and Capital Positions

- Funding tenor – assets and liabilities match
- Tier one capital ratio in excess of 10%
- As a listed company, capital is not a constraint



Benefits for New Zealand

- *Alternative provider of credit to New Zealand Families, Businesses and Rural Sector*
- *Initial consolidation of non-bank sector AND “magnet” for further consolidation creating more resilient and robust structures able to withstand credit cycles*
- *Fast-track exit from Crown Guarantee*
- *Opportunity for New Zealanders to invest in local bank as depositors and shareholders*



Background

- *CBS Canterbury has provided high quality financial and personal banking services since 1875 to individuals, groups and organisations, as well as farming and commercial businesses.*
- *The Southern Cross Building Society has provided financial services since 1923, and remains substantially New Zealand owned. The Society Head Office is based in Auckland, with seven branches and approximately 40 agencies throughout the North Island. It is a sponsor and supporter of many New Zealand organisations through its Charitable Trust.*
- *MARAC has been helping New Zealanders and New Zealand businesses with finance for more than 55 years. Today MARAC offers finance, insurance and investment solutions.*

