



NZX and Media Release

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BUILDING SOCIETY HOLDINGS LTD BOARD AND PROPOSED EXECUTIVE

Another significant step has been taken today towards the proposed formation of a New Zealand listed banking and financial services group.

The boards of Pyne Gould Corporation (PGC), MARAC, CBS Canterbury (CBS) and Southern Cross Building Society (SCBS) have today advised the Board of Directors and a designated Executive team for Building Society Holdings Limited (BSHL) –the new entity which will be the listed holding company of that group.

In September the boards determined that their plan to form a New Zealand listed banking and financial services group was compelling and they formally committed to proceed with the merger. A binding Merger Implementation Agreement was signed dealing with the structure of the merged entity and the various conditions that need to be satisfied.

Subject to all relevant regulatory and stakeholder approvals and satisfaction of other conditions, the target date for the merger taking effect is 1 January 2011. The merged group will seek an NZX listing for the newly created financial services group with a listing date targeted for early February.

Chairman Bruce Irvine says a Board of Directors and designated Executive team has been identified in order to ensure ongoing clarity and direction to the merger process. The “shadow” Executive team will be responsible for relevant merger workstreams but until all shareholder and depositor approvals are obtained and the merger takes effect, it is business as usual in respect of the management of all existing entities. The formal appointment of the designated Executive team to

positions within the new entity remains subject to the successful outcome of the merger process, and individual confirmation.

“There is still significant progress to be made as the entities work towards getting shareholder support for the proposal. The establishment of the Board and shadow Executive team allows for that process to continue in an appropriate manner, whilst also looking to the future requirements of the new entity once all the necessary approvals have been obtained.

“This is a significant step forward and the calibre of the proposed Board and Executive team will, we believe, give shareholders and other stakeholders faith and confidence in the ‘Heartland’ vision and the merger proposal.”

Managing Director designate Jeff Greenslade is looking forward to the possibility of leading such a strong Executive team and to work with a Board of Directors, who as individuals have high standing and reputations in the business community throughout New Zealand.

“The merged entity will have a home base in Christchurch and an executive presence in the Auckland market as well. This reflects that it will be a national entity that has a strong focus on the Canterbury market.”

Following the merger, the members of the Board and designated Executive team who are also members of the board and executive of PGC will continue to carry out their responsibilities to PGC. A separate announcement will be made by PGC in this regard.

Board of Directors

The following persons are (and will continue to be following the Merger) the directors of Building Society Holdings Limited, most of whom are also current directors of CBS, SCBS or PGC.

Bruce Irvine - B.Com, LLB, FCA, AF Inst D, FNZIM

Chairman

Bruce is Chairman of PGC and its subsidiaries including MARAC and Perpetual Trust. He is also a director of listed companies, Rakon Limited and PGG Wrightson Limited, and a number of private companies which include: House of Travel Group, Market Gardeners Limited (MG Marketing Limited), Godfrey Hirst NZ Limited, Skope Industries Limited and Scenic Hotels Limited. Bruce is also Chairman of Christchurch City Holdings Limited, the infrastructure holding company for Christchurch, and its subsidiaries including: Orion NZ Limited, Lyttelton Port Company, Christchurch International Airport Limited, Red Bus Limited, City Care Limited and Christchurch City Networks Limited.

George Gould - LLB, Graduate London School of Economics

Director

George was elected to the PGC Board for the second time in March 2010, having previously held a directorship from 1990 to 2004. George has extensive experience in the financial and rural services sectors. He was Managing Director of South Eastern Utilities from 1994 to 2001 and Managing Director of PGC, leading the merger with Reid Farmers in 2001.

Gary Leech - B.Com, FCA, AF Inst D

Director

Gary is the current Chairman of the Board of CBS and a past director of Ashburton Loan and Building Society. Gary is a professional director in a diverse range of business sectors. He is a Fellow of the Institute of Chartered Accountants, past Chairman of the Canterbury/Westland Branch and is a sitting member of the Institute's National Disciplinary Tribunal, a position he has held for the last 14 years.

Gary has 35 years experience as a chartered accountant practising at Leech and Partners Limited, Ashburton and Christchurch.

Graham Kennedy - JP, B.Com, CA, ACIS, ACIM, AF Inst D

Director

Graham has been a director of CBS Canterbury for 24 years and has been actively involved in the significant changes occurring within the business over that time, including demutualisation and NZAX listing. He was also Chairman of CBS from 2002 to 2008, a period that included the mergers with both SMC Building Society and Loan and Building Society. Graham is an independent director of a number of companies and holds a number of professional trusteeships covering a wide range of commercial and community activities in Canterbury. He received a Civic Award from the Ashburton District in 2005. Graham has 37 years experience as a chartered accountant in Ashburton and is currently Chairman of Brophy Knight Limited, Chartered Accountants.

Christopher Mace - CNZM

Director

Chris Mace is a director of SCBS and an Auckland-based businessman with experience in the New Zealand and Australian environments. Chris is Chairman of the Crown Research Institute, NIWA, and a director of a number of private companies. He is a member of the New Zealand Institute, the Antarctic Heritage Trust and was a founding Trustee of the Sir Peter Blake Trust. He is also past Chairman of the Crown Research Institute ESR and Antarctica New Zealand.

Bryan Mogridge, B.Sc, ONZM, F Inst D

Director

Bryan was appointed to the PGC Board in 2003. He has been a director of the MARAC board since 1992 and is also Chairman of the Perpetual Group Board.

Bryan has many years experience in chief executive and senior management positions. He has governance experience as a director of NZSX-listed companies since 1984 and is currently Chair of Rakon and a Director of Mainfreight.

Geoffrey Ricketts - LLB (Hons) F Inst D

Director

Geoff is currently Chairman of SCBS. He is a commercial lawyer, company director and investor with wide experience in the New Zealand and Australian business environments. Geoff is Chairman of Lion Nathan National Foods Limited, a director of Suncorp-Metway Limited, Spotless Group Limited, The Todd Corporation Limited and a number of private companies. Geoff is also Chairman of the University of Auckland Foundation, a member of the Auckland Catholic Diocese Advisory Board, the Centre for Independent Studies and a consultant to Russell McVeagh, Solicitors (Auckland and Wellington).

Michelle Smith B.Com - M.Com (Hons), CA (ICAEW), CA(NZICA)

Director

Michelle is a professional director who has over 20 years experience working within the financial services industry in London. She is currently a director of MARAC and previously held senior positions with Goldman Sachs and Ernst & Young in London. Michelle has extensive experience in banking, particularly risk management and transactional processing. Returning to New Zealand, Michelle is now concentrating on a number of professional directorship appointments.

Jeffrey Greenslade - LLB

Managing Director

Jeff joined PGC and MARAC as Chief Executive Officer in 2009 and is responsible for the strategy and operational delivery of both businesses. He was appointed to the Board in December 2009. Jeff has 20 years experience as a senior executive in the ANZ National Banking Group, where he last held the position of Managing Director of Corporate and Commercial Banking for ANZ National Bank. From 2003 until May 2008 he spent time on the board of UDC Finance. Jeff has also held a number of senior positions in the Institutional and Capital Markets areas of The National Bank of New Zealand and its subsidiary, Southpac.

Senior Executive Team

Sean Kam - BCom, Dip Treasury, CA, IFINZ

Chief Financial Officer

Sean is Chief Financial Officer of PGC and MARAC where he has responsibility for the Group's financial reporting and accounting functions. Sean has almost 20 years experience in senior finance positions, predominantly in the banking sector in New Zealand and the United Kingdom. Directly prior to joining PGC he was the Chief Operating Officer and a director of New Zealand registered bank ABN AMRO Bank NV, preceded by roles at Merrill Lynch New Zealand and BZW Barclays New Zealand. A qualified NZX advisor, Sean has broad experience in financial analysis and public reporting, dealing with complex financial transactions including IFRS, NZ taxation, capital markets operations and securities law aspects. He is also Treasury and Financial markets qualified including Regulatory and Risk management.

Mark Mountcastle - Dip Bank Management

Chief Risk Officer

Mark, currently Chief Risk Officer for PGC and MARAC, has over 20 years experience in banking and finance and an extensive background in risk, originally in the credit risk area. Mark has held a number of senior roles across a variety of organisations and business sectors including ASB Credit, Spiers Finance and Westpac where he commenced his general banking career. He also has managed a trading operation and owned a business advisory consultancy for five years.

Mark Bellas - B.Com (Hons) CA (SA) and ACA

Chief Operating Officer

Mark joined SCBS in February 2008 as executive responsible for Finance & Strategy with primary responsibility for leading and managing consolidation initiatives.

Mark has held a variety of senior management roles in New Zealand over the past 17 years since his arrival from South Africa. These include experience in merger and acquisitions, strategy, and part-time chief financial officer and chief executive roles.

Mark, a qualified Chartered Accountant with 25 years commercial experience has also worked for the Skellerup Group and Oceania & Eastern.

Bryan Inch - BAgSci

Head of Retail

Bryan joined CBS in October 2008 as chief executive officer and has led the growth of the business since that time. Bryan is an experienced banker with over a decade of senior banking positions in Wellington, Sydney and the Netherlands including: Rabobank's Deputy Global Head of International Direct Banking (2008); Rabobank (Australia and New Zealand) Head of Financial Services (2003-2008); and Managing Director of Rabobank NZ Ltd (1998- 2003) where he lead the integration of Rabobank NZ with Wrightson Farmers Finance.

James Mitchell - BBS

Head of Business

James, currently Project Manager for the proposed Merger Group, has over 20 years banking and financial services experience gained working for ANZ and ASB. Prior to leaving ASB in early 2010, James was Chief Executive Relationship Banking responsible for business, commercial, rural and corporate banking and was a member of the ASB Executive Management Committee from 2000. James' career experience includes marketing, cards and payments, investments, insurance and relationship banking. He has experience in New Zealand, Australia and Indonesian business environments.

Chris Flood

Head of Consumer

Chris has been with PGC and MARAC for 13 years, eight years as MARAC's General Manager Consumer Finance where he is currently responsible for the Motor Division. Chris has spent 27 years in the finance and banking sectors having also previously worked in senior management positions with National Australia Bank and UDC. Chris has broad experience in commercial and property finance and all aspects of credit and risk.

Will Purvis - BCom(Ag)

Head of Rural

Currently Project Manager for the development of PGC's Rural Strategy, Will has over 20 years banking experience gained working for the Rural Bank, ASB Bank and Bank of New Zealand. Prior to leaving Bank of New Zealand in May 2010 Will was General Manager BNZ Partners responsible for business, rural and private banking. His career experience also includes retail banking.

Michael Jonas - LLB

General Counsel

Michael is currently General Counsel for PGC and MARAC. He is an experienced banking and finance lawyer, with the major part of his practice acting for New Zealand banks and financial institutions on cross border structured finance transactions. Michael has held several partnerships with the following New Zealand law firms: Bell Gully, from 1990 to 1998; Chapman Tripp, from 1998 to 2007; and Mayne Wetherell, from 2007 to 2010.

Craig Stephen - **BSoc Sci (Econ), PG Dip Com, AMP (Wharton), CTP**

Treasurer

Craig has been Chief Investment Officer of MARAC and PGC since 2009 where he is responsible for treasury, capital raising, investors, and mergers and acquisitions. A qualified economist, Craig has 20 years experience in banking and finance industry and has held a variety of senior positions in both the banking (Westpac) and corporate sectors (Fonterra). He has also managed a successful consultancy business in recent years. Craig is a member of the Institute of Directors and a former Board member of the NZ Society of Corporate Treasurers and Institute of Finance Professionals of New Zealand. He currently holds the status of Certified Finance and Investment Professional.

Bob Smith is currently CEO of Southern Cross Building Society and will continue to carry out his responsibilities as CEO and Director of Southern Cross. He will be assisting with Project work before leaving to seek other challenges. Bob joined

Southern Cross over three years ago specifically to assist Southern Cross take a proactive role in industry consolidation. The merger sees that goal achieved.

Background

- 1 June - announcement of merger proposal by four established and compatible businesses (PGC, MARAC, CBS, SCBS) with the objective of creating what will ultimately be a New Zealand listed banking and financial services group:
 - An opportunity for New Zealanders to own shares in a New Zealand listed banking and financial services group
 - Registered office in Christchurch, focused on Canterbury as a home market with a nationwide reach
 - Focus on servicing the “heartland” market - small to medium business, the rural sector and New Zealand individuals and families.
- 16 September – the Boards of PGC/MARAC, CBS and SCBS formally commit to proceed with the merger plan and announce the signing of a binding Merger Implementation Agreement that deals with the proposed structure of the merged entity and various conditions to be satisfied.
- The Merger viewed as compelling and beneficial for all four parties and driving superior shareholder returns:
 - Increased scale, a national platform for accelerated growth and increased market presence and credibility
 - A diversified asset portfolio and depositor base
 - Access to alternative sources of funding and greater liquidity.
- Subject to all relevant regulatory and shareholder approvals, and the satisfaction of other conditions, the target date for the merger to take effect is 1 January 2011.
- The new entity would comprise a non-operating company, Building Society Holdings Limited (“Merged Entity”), with the operating businesses of CBS, SCBS, MARAC and MARAC Insurance held in operating subsidiaries of the Merged Entity.
- The merger share proportions will be PGC 71%, CBS 14.5% and SCBS 14.5%. PGC would remain a discrete entity with a single holding in the Merged Entity whereas the individual shareholders of CBS and SCBS would own shares in their own right.

- The Merged Entity would seek a NZX listing with a listing date targeted for early February.

NB:

- 1. None of CBS, SCBS, PGC and MARAC is a registered bank, and any merged entity will not be a registered bank until it is registered as such under the Reserve Bank of New Zealand Act 1989.*
- 2. It is intended that application will be made to NZX Limited for permission to list the shares to be issued under the Merger on the NZSX, although the shares have not been approved for trading on a securities market operated by a registered exchange (and no application for such listing has been made) as at the date of this announcement. NZX Limited accepts no responsibility for any statement in this announcement. NZX Limited is a registered exchange regulated under the Securities Markets Act 1988.*
- 3. Building Society Holdings Limited is a working title pending a formal branding process*

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