

# Outlook

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THE NEWSLETTER OF MARAC | COMMERCIAL EDITION

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Happy New Year. I trust you had a restful break over the Christmas period, and are now recharged and ready for 2011 – a year in which we expect to see an improvement in the economy.

On 7 January 2011, MARAC merged with two long-established and respected building societies, CBS Canterbury and Southern Cross Building Society, to create a New Zealand controlled financial services group – called Combined Building Society. The merger has created an entity with improved scale and diversity with an ‘investment grade’ credit rating, and is an important step towards achieving our ultimate goal of becoming a registered bank<sup>1</sup>.

While MARAC Finance Limited now operates as a subsidiary of Combined Building Society, there will be no change to the way you currently deal with us, or in our day-to-day operations. We will continue to use the MARAC brand. MARAC deposit investments, however, are now offered by Combined Building Society.

Standard & Poor’s has added further endorsed this merger by issuing a BBB – (Outlook Stable) ‘investment grade’ credit rating for the Combined Building Society and its subsidiary MARAC Finance Limited. You can read more about the merger on page 2.

I would like to congratulate MARAC customer Camilla Welch of Label & Litho Ltd in Lower Hutt, for winning the Supreme Business Award at the 2010 HER Regional Wellington Business Awards (see page 3 for more). MARAC is proud to have been a part of the growth and success of Camilla’s business.

2010 was a very difficult year for many families affected by the Christchurch earthquake and more recently, the tragic events at the Pike River Mine on the West Coast. We are working closely with our Christchurch customers to support them as the city rebuilds after the earthquakes. Pyne Gould Corporation, now the major shareholder of Building Society Holdings Limited (which is the ultimate holding company of Combined Building Society), donated \$50,000 to support the local communities, while MARAC staff raised an additional \$700 for the families of the Pike River miners.

From the team at MARAC, we wish you all the best for 2011.

**Mike Fickling**

*Manager – Commercial Direct*

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## Get quick access to your cash with MARAC invoice finance.

MARAC invoice finance allows you to harness up to 80% of the value of your invoiced sales within 24 hours of raising the invoice. By injecting cash back into your company, invoice finance can revitalise your cash flow, letting you pay your bills, cover adhoc costs, or invest in new plant or machinery. In fact, anything that helps you maintain your business.

For more information, please visit [www.marac.co.nz/invoicefinance](http://www.marac.co.nz/invoicefinance) or contact your local Financial Services Manager today on **0800 520 009**.



MARAC

# Merger gets the green light

In December, MARAC investors, together with stakeholders in CBS Canterbury and Southern Cross Building Society, voted overwhelmingly in favour of merging these quality organisations to create a New Zealand controlled financial services group called Combined Building Society<sup>1</sup>.

Our three complementary businesses have now merged to form a stronger, more diverse business. Together, we have a proud heritage and long history of providing financial services to New Zealanders for over 150 years. Our aim is to better service

the needs of Heartland New Zealand – small to medium-sized businesses just like yours, the rural sector, and families and individuals, with a full range of financial services. This is an area we believe is under-served and will benefit from our ‘customer first’ service approach and extensive experience.

The chart below illustrates the financial life-cycle of a typical New Zealander and we believe that our ‘customer first’ approach will result in the merged entity being able to provide a range of quality financial products and services throughout this life-cycle.

## Financial life-cycle



## Credit rating upgrade

We are pleased to announce that on 5 January 2011, MARAC Finance Limited was issued a **BBB- (Outlook Stable)**, ‘investment grade’, credit rating from Standard & Poor’s. This new rating reflects S&P’s view of MARAC’s core status to Combined Building Society, and is a higher credit rating than our previous stand-alone rating. Combined Building Society also has a BBB- (Outlook Stable) credit rating, issued in recognition that the merger has created a larger financial institution with a sound funding and liquidity position, and adequate capital.

## What does the merger mean for MARAC’s finance customers?

It’s very much ‘business as usual’ for MARAC’s commercial customers. There will be no change to the way you currently deal with us, or in our day-to-day operations. We will continue to use the MARAC brand. In addition, you will still get the same personal service and wide range of flexible finance solutions we’ve always offered.

<sup>1</sup> Combined Building Society and its subsidiary, MARAC Finance Limited, are not a registered bank. Combined Building Society’s obtaining bank registration is subject to the satisfaction of Reserve Bank of New Zealand requirements.

<sup>2</sup> Combined Building Society and its subsidiary, MARAC Finance Limited, are not a registered bank. Combined Building Society’s obtaining banking registration is subject to the satisfaction of Reserve Bank of New Zealand requirements. Combined Building Society’s ultimate parent company is Building Society Holdings Limited. An application has been made to NZX Limited (NZX) for permission to list the shares of Building Society Holdings Limited, and all requirements of NZX relating thereto that can be complied with on or before the date of this article have been duly complied with at the date of this article. However NZX accepts no responsibility for any statement made in this article. NZX is a registered exchange regulated under the Securities Markets Act 1988.

## Our vision

Our vision is to become an NZX-listed banking group<sup>2</sup>, and we expect to be in a position to apply for banking registration in the second half of 2011. We are confident that we have a strong executive team, with extensive experience, to drive this process. This team is supported by an experienced board who will oversee the business strategy. The board is headed by Chairman Bruce Irvine, has representation from all of the merger parties and will include two independent directors.

## Further information

For latest news releases and frequently asked questions about the merger, please visit [www.marac.co.nz/merger](http://www.marac.co.nz/merger). Alternatively, you can call us with any questions you have on 0800 520 009 – we’re here to help.

**Jeff Greenslade**  
Chief Executive Officer



## Introducing Pyne Gould Rural

At MARAC, we're proud to offer a range of finance solutions to small to medium-sized New Zealand businesses. Our Relationship Managers have in-depth knowledge of the industries within their region so they can work in partnership with the business to set up finance products that suit each business's needs. In this issue we'd like to tell you about a new finance division that is specifically designed to support our rural customers and their businesses.

### What is Pyne Gould Rural?

Pyne Gould Rural is a specialised finance division within MARAC, which launched in October 2010. It was created so we can help New Zealand farmers with a range of farm finance and working capital solutions to help maintain or grow their farming businesses.

### Why set up a new rural division?

Pyne Gould Corporation, started business as a stock and station agent back in the 1850s. That began a long association with rural New Zealanders and their businesses, which has been continued through MARAC. MARAC has always offered finance to farmers and rural service operators, but we felt there was a need to provide more tailored products and specialist staff to better service this vital sector of New Zealand's economy. This also fits with our long-term goal of Combined Building Society (of which MARAC is now a subsidiary) becoming a New Zealand financial services group to service Heartland New Zealand customers.

### What products are offered?

Pyne Gould Rural offers finance and leasing options that are similar to those offered for general businesses, but specifically tailored to suit the stock management and income flows of farming businesses.

- **Breeding livestock finance and leasing** – farmers may need to purchase stock to build up their herds, or lease breeding stock for the same reason.
- **Trading livestock finance** – gives farmers the flexibility to purchase stock when opportunities arise with good trading prices.
- **Plant and machinery finance** – all farms need equipment to function efficiently, so we help farmers buy the machinery they need to keep their businesses running smoothly.

# Pyne Gould Rural

OUR FARMING PAST – FINANCING YOUR FARMING FUTURE



- **Working capital facilities** – farms often have a mismatch between income and expenditure due to seasonal income flows. Working capital finance gives farmers access to cashflow which they can use to cover ongoing expenses during the “off” season for income.

### Service remains key

As with all MARAC's services, whether finance, leasing, insurance or investments, service is central to the way we do business. Pyne Gould Rural is proud to offer personal, friendly service and tailored finance solutions for each customer. We have a team of experienced Rural Managers who understand farming and what farmers really need.

If you know of anyone whose farm could benefit from specialised Pyne Gould Rural finance, please feel free to pass on our contact details below – we're here to help.

### Questions?

For more information about Pyne Gould Rural, visit [www.pgrural.co.nz](http://www.pgrural.co.nz), call me on 09 927 9008 or email [info@pgrural.co.nz](mailto:info@pgrural.co.nz).

### Will Purvis

Head of Rural

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## MARAC customer sets the standard

Congratulations from all of us at MARAC to Camilla Welch of Label and Litho Limited, winner of The Supreme Business Award at the 2010 HER Regional Wellington Businesswoman of the Year Awards, announced in December 2010.

Label and Litho is a family-owned company based in Petone, near Wellington. It's been manufacturing self-adhesive labels for New Zealand and overseas customers since 1960.



Camilla Welch

### The right finance to get to the top

Some years ago, Camilla was attracted by MARAC's catch phrase "We see what you see". At the time Label and Litho was looking to expand and needed to refinance to carry out their ambitious plans. "The big banks were not willing to see what we saw," Camilla says, "but MARAC believed in us. In the past five years we have built our business to become a leader in our industry and that is due in part to MARAC's support."

The business award judges commented that Camilla deserved the Supreme Award because of the commitment to service excellence she and her team deliver at Label and Litho. MARAC is also committed to providing top level personalised service, and this is part of the relationship that Camilla really appreciates. "I like the continuity of service and the ease of contact. I can't fault our MARAC reps – they are really, really good."

Label and Litho have both term finance and working capital facilities with MARAC – they "use MARAC like a bank". Camilla values MARAC's flexibility: "They looked at what we wanted and came up with options, working out a way to make it happen." Camilla's long-term objective is for Label and Litho to become the best label printing company in New Zealand. That's a goal that we are only too happy to help her achieve.

### Can we help your business to succeed?

If you would like more details on how MARAC can help your business grow, please call us on 0800 520 009 or visit [www.marac.co.nz](http://www.marac.co.nz). We'd love to be part of your business team.

#### Mike Fickling

Manager – Commercial

#### MEET THE TEAM

## Introducing Jason Williams



Jason Williams is one of the few invoice finance specialists in New Zealand. He joined MARAC in July 2010, bringing with him 15 years' experience in all aspects of commercial lending to small and medium-sized businesses.

Jason has been actively involved with the growth of invoice finance in New Zealand over the past 11 years, having worked for one of New Zealand's leading non-bank working capital lenders. His expertise lies in setting up successful invoice finance facilities for businesses just like yours, and those of your clients.

If you know someone whose business could benefit from a MARAC Invoice Finance facility, give Jason a call today.

*"MARAC is one of the only lenders in New Zealand with the ability to turn debtors into cash immediately, and do it with minimal administration. Every business is different and has different needs – to grow, purchase new machinery or equipment, free up working capital or to restructure. Whatever the plans for the business, MARAC Invoice Finance can help."*

## DIRECTORY

### GENERAL ENQUIRIES

Freephone 0800 520 009  
MARAC Direct 0800 85 30 30  
Fax 09 927 9310  
Email [info@marac.co.nz](mailto:info@marac.co.nz)  
Website [www.marac.co.nz](http://www.marac.co.nz)

### INVESTMENT ENQUIRIES

Freephone 0800 26 27 22  
Fax 09 927 9321  
Email [invest@marac.co.nz](mailto:invest@marac.co.nz)

### YOU'RE WELCOME TO VISIT THESE OFFICES FOR ANY ENQUIRIES

**Auckland**  
MARAC House,  
35 Teed Street,  
Newmarket, Auckland 1023  
PO Box 9919,  
Newmarket, Auckland 1149

**Christchurch**  
Pyne Gould Corporation Building,  
233 Cambridge Terrace,  
Christchurch 8013  
PO Box 2693, Christchurch 8140

### OTHER OFFICE LOCATIONS

**Hamilton**  
PO Box 455, Waikato Mail Centre,  
Hamilton 3240

**Bay of Plenty**  
PO Box 11182, Palm Beach,  
Tauranga 3151

**Palmerston North**  
PO Box 613,  
Palmerston North 4440

**Hawke's Bay**  
PO Box 7088, Taradale,  
Napier 4141

**Wellington**  
PO Box 9941, Wellington 6141

**Nelson**  
PO Box 3330, Richmond 7050

**Otago/Southland**  
PO Box 217, Dunedin 9054

Every effort has been made to ensure the accuracy of this newsletter. It is provided on the basis that the items are necessarily generalised and are not a substitute for commercial judgement or professional advice.

Readers are urged:  
1. to seek specific advice on any particular matter from a qualified professional person and  
2. not to rely solely on this text.

All financing and lending products and services referred to in this document are offered by MARAC Finance Limited, which is a subsidiary of Combined Building Society.