

16 August 2007

News release

Southern Cross Invests in Two South Island Building Societies

Southern Cross Building Society announced today that it had acquired approximately 13% (983,990 shares) in Canterbury Building Society (CBS) and 9% (357,707 shares) in Loan and Building Society (LBS) from Property Finance Group Ltd.

CBS and LBS are long-established building societies both based in Ashburton.

Managing director of Southern Cross, Bob Smith, said, "the shares were offered to the market and Southern Cross considered that the two parcels of shares represented a strategic holding in each of the societies and accordingly negotiated to acquire these lines of stock".

Bob Smith commented that both Southern Cross and CBS had previously publicly commented that the proposed changes to the regulatory environment, accounting standards and increased levels of competition in the market were likely to lead to some consolidation in the building society sector in New Zealand.

"Indeed we understand that both CBS and LBS are already considering a merger of the two Ashburton-based building societies and, as new shareholder in both societies, we support their moves to do so".

Mr Smith said he expected that the prospect of a merger between CBS and LBS would continue to be the key commercial priority for those societies.

"We look forward to discussions with CBS and LBS regarding areas of mutual benefit and collaboration with Southern Cross".

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