

# BROKER PRESENTATION

1 September 2009



MARAC

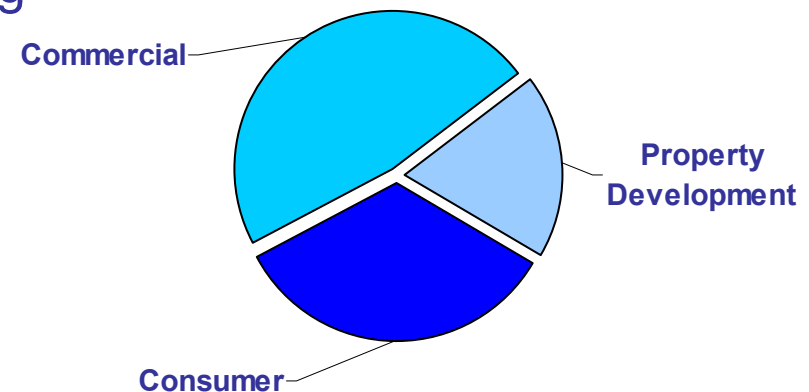
# AGENDA

- MARAC's Core Business
  - Jeff Greenslade (CEO)
- 2009 Financial Performance
  - Alan Williams (CFO)
- MARAC's Retail Funding
  - Andrew Ford (Retail Investment Manager)
- Parent Company Strength
- Summary & Outlook
- Questions

# MARAC'S CORE BUSINESS

- Diversified asset financing business
  - Commercial Division
    - Plant & Equipment
    - Cash flow based working capital
  - Consumer Division
    - Motor
    - Marine & Leisure
    - Leasing
  - Property Division
    - Investment
    - Development – ceased lending and loans to be divested

Lending Divisions  
30 June 2009



# MARAC'S CORE BUSINESS cont.

- Receivables diversified:
  - Geographically
    - Broadly in line with population
    - All lending in New Zealand
  - By industry
  - By counterparty concentration
    - No related party lending as at 30 June 2009
    - Only 5 exposures between 10% – 19% of equity as at 30 June 2009
- Focused on cashflow lending with additional comfort from strong security position
- Diversified funding base

# MARAC'S LENDING RELATIONSHIPS

- A number of distribution channels with many opportunities



# STRATEGIC INITIATIVES

- Ceased property development lending and refocused on core business
- Planned divestment of property development loans
- Tightened credit process
- Appointment of new CEO
- Capital injection planned
- Preparation to become a bank

# FINANCIAL PERFORMANCE



MARAC

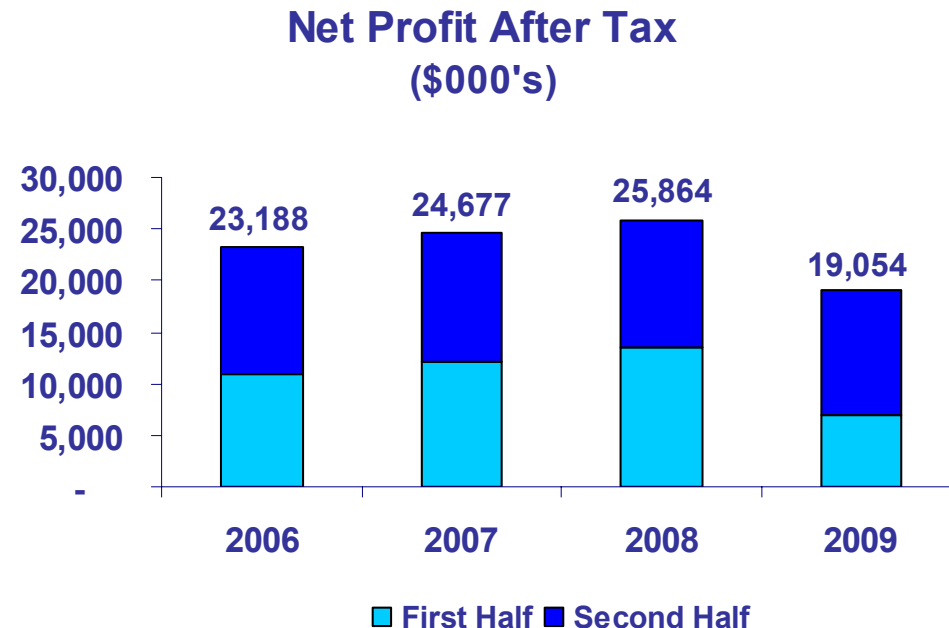
# PERFORMANCE HIGHLIGHTS

- Net Profit after Tax of \$19.1m (previous year \$25.9m)
- Shareholders Funds increased to \$153m (+\$13m)
- NZDX listed 5 year bond increased diversity and duration to funding profile
- 30% of debenture inflows this year have been for terms outside of the NZDGS
- Finance receivables held steady at \$1,330m
- Amalgamation of Nissan Finance New Zealand Limited



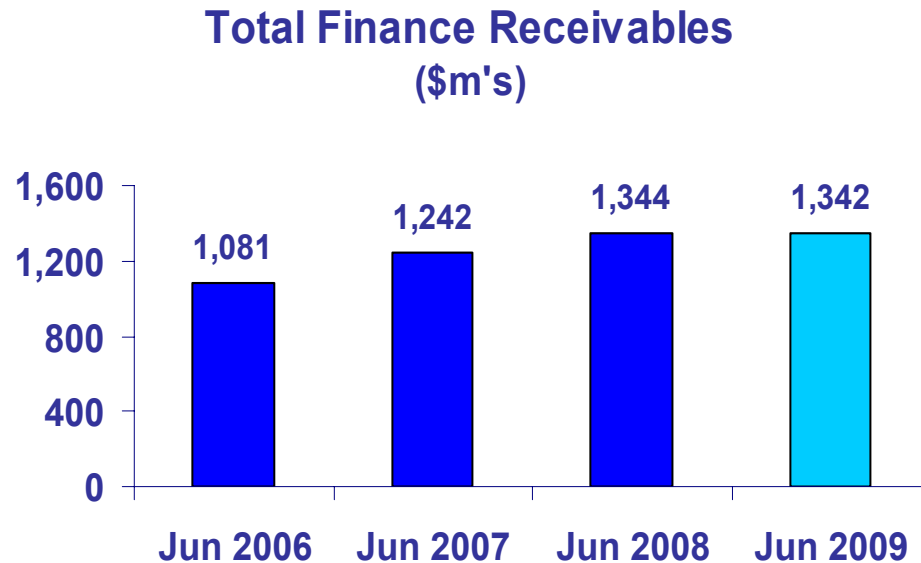
# NET PROFIT

- NPAT of \$19.1m compared with \$25.9m previous year
- Increase in impaired asset expense major factor
- Additional expense from holding high liquidity levels
- Increased funding costs
- Efficiency maintained



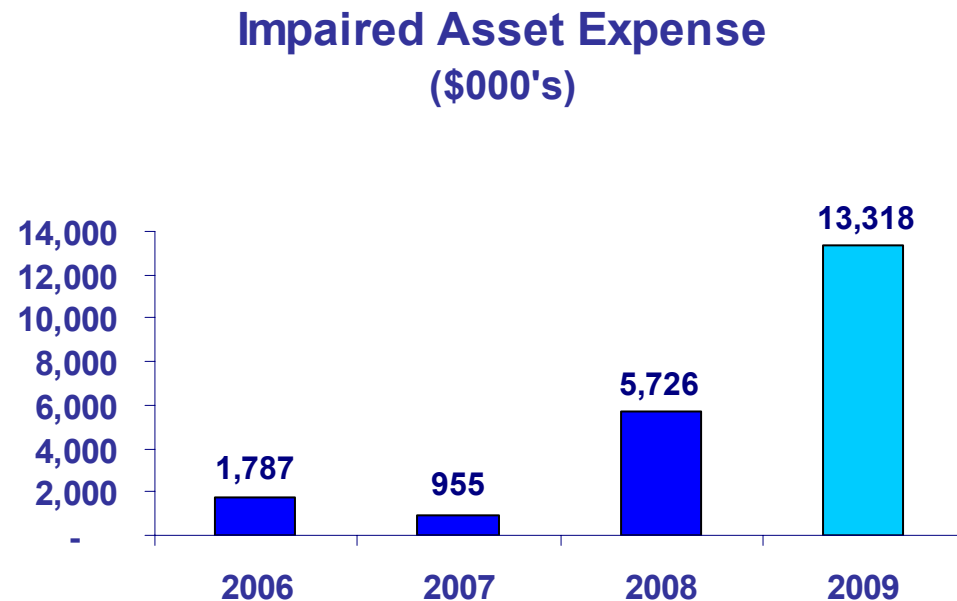
# FINANCE RECEIVABLES

- Receivables maintained at 2008 levels
- Nissan amalgamation
- Divestment of \$175m of property development assets proposed to occur post balance date



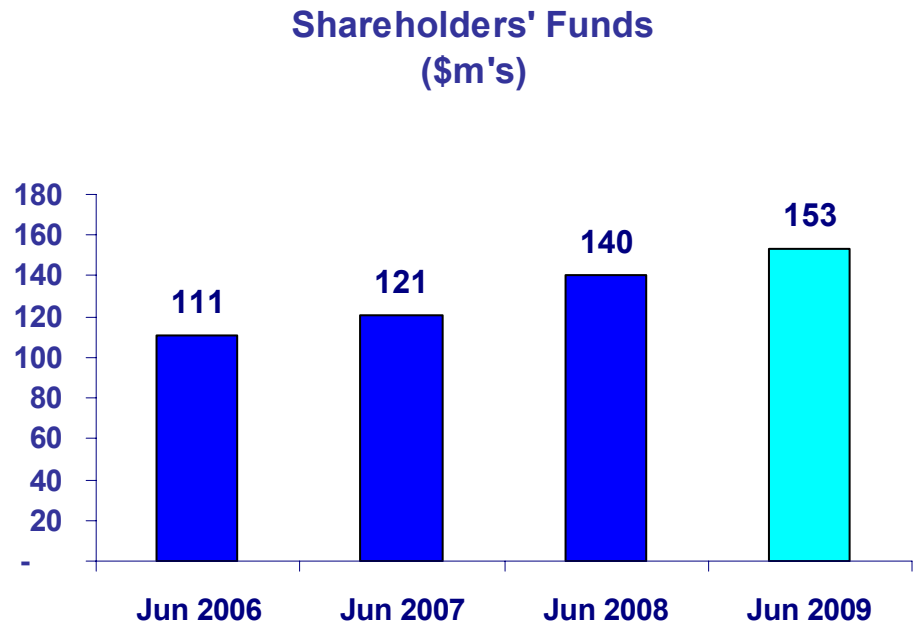
# IMPAIRED ASSET EXPENSE

- Impaired asset expense at 0.99% of average finance receivables
- Increased provisions a feature of market and economic conditions
- Improved second half result
  - first half \$9.2m
  - second half \$4.1m



# SHAREHOLDERS' FUNDS

- Increased by over 9% during year to \$153m
- Increased \$22m from 31 December 2008
- Consists of paid up capital and retained earnings
  - All Tier 1 capital
- Shareholder support through underwrite and wider commitment to MARAC's future direction



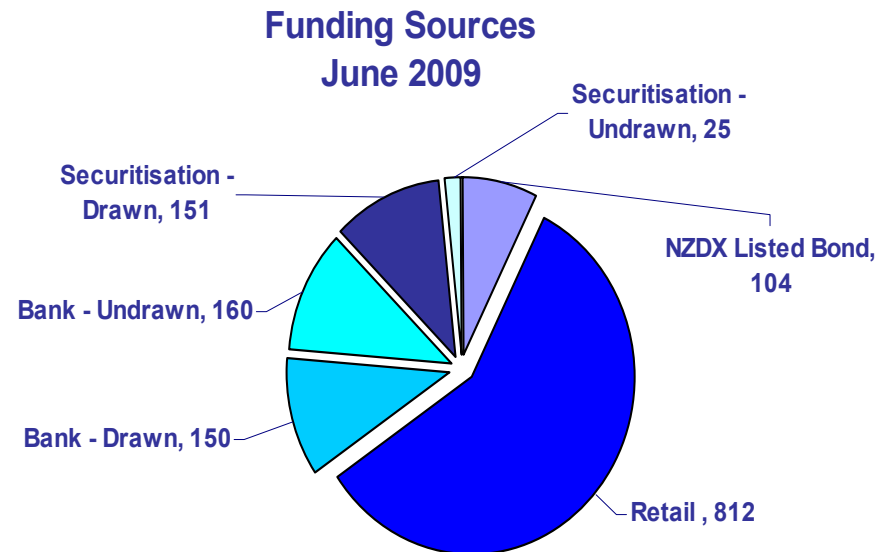
# FUNDING



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# FUNDING SUMMARY

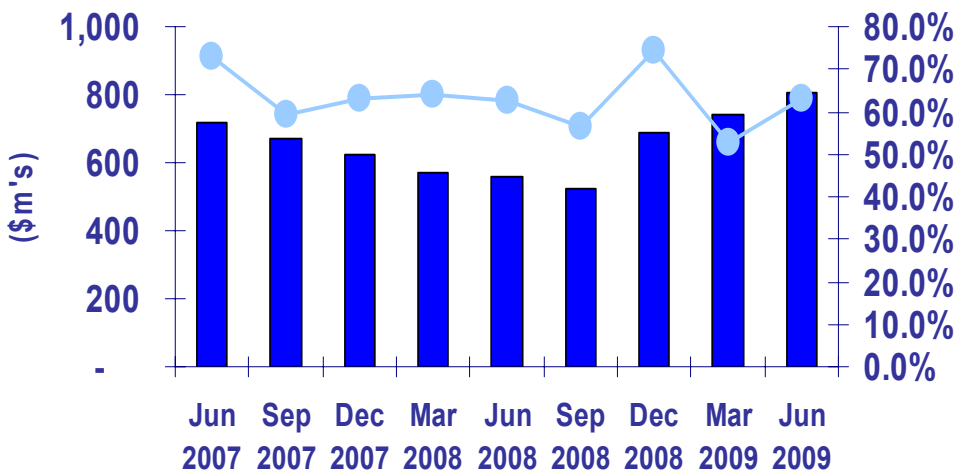
- Diversified funding mix
- Liquidity buffer built and maintained
- Extended the tenor of funding
  - 5 year retail bond
  - Longer term retail funds
- Reduced reliance on wholesale facilities
- Negotiating new facility for MARAC post capital raising
- “Bank-like” governance



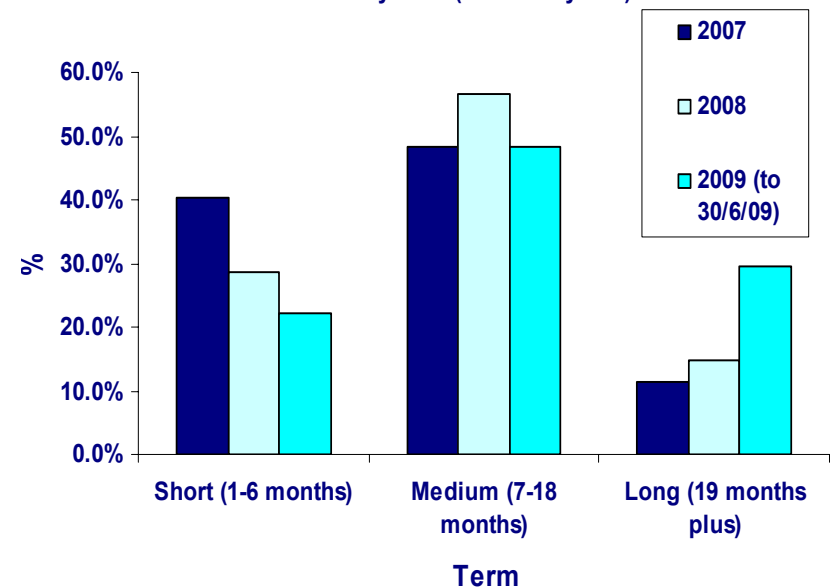
# RETAIL INVESTMENTS

- Growth following NZDGS introduction
- Focus on communication
- Clear strategies implemented
  - Extend duration (30% of investments outside current scheme)
  - Avoid maturity cliff (Aug – Oct 2010 – only \$40m maturing)
  - Reward existing investors (reinvestment specials)

**Retail Book and Reinvestment Rates**



**New Funds Received**  
by term (calendar years)



# SUMMARY AND OUTLOOK



MARAC



# STRONG PARENT COMPANY SUPPORT



Pyne Gould Corporation

- 100% ultimate shareholder of MARAC
- Listed on the NZSX
- MARAC is largest asset and revenue source of PGC group
- Strength and support demonstrated by \$85m underwrite to cover impaired property development loans
- S&P identified significant financial flexibility
- Capital raising
  - First NZ Capital mandated as adviser
  - Working towards a fully underwritten capital raising
  - More details second half of September
- Repositioning to become NZ's only publicly listed bank and asset management company

# SUMMARY AND OUTLOOK

- Core business performed well in difficult conditions
- A number of initiatives taken to strengthen business
- S&P downgrade primarily related to property development lending:
  - Exited property development market
  - Planned divestment of property development assets with no impact to MARAC balance sheet
  - Focused on improving rating
- Industry consolidation likely
- Well positioned for NBDT regime, with focus still on becoming a bank
- Whilst challenges still exist, a re-capitalised MARAC will be able to take advantage of numerous opportunities

# QUESTIONS



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