

NZF
GENERAL
23 February 2010

(NZF) NZF Group Limited – Subsidiary company NZF Money Limited repays CBA as a result of a review of its funding arrangements.

In late 2008, at the height of the finance company sector difficulties, NZF Money Limited (NZFM), a wholly owned subsidiary of NZF Group Limited (NZF), established a temporary back up funding line with one of NZF's banking partners; Commonwealth Bank of Australia (CBA. Managing Director John Callaghan said, "While NZFM was in a strong cash position at that time (which was rapidly built up subsequent to the raft of failures in mid 2008), it was felt a back up funding line would ease the minds of our investors who were suffering losses in failed finance companies". He also said, "We appreciated CBA offering a facility to us at a very challenging time for the industry and when others were actually being pressured to repay their funding lines."

The CBA facility was due to expire in December 2009 and NZFM have been in negotiations with CBA regarding the rollover of the facility since that time. "While CBA offered to extend the line, in the opinion of the company, the costs of rolling over exceeded the benefits and given our strong cash position we elected to repay the line in full. Further, the facility was only ever intended as a temporary back up measure pending more favourable trading conditions. It was therefore felt we could better utilise the costs that would have been associated with the roll over elsewhere in the company." John Callaghan said.

CBA is one of NZFM's key banking partners, the other being Westpac and while there are now, currently no funding facilities with CBA, they remain an important banking partner to NZF particularly with future strategies being contemplated.

NZFM are also waiting on the outcome of their credit rating from Standard & Poor's (S&P), which is due out this week. Initial indications from S&P were that, while NZF are not required to be rated under the new RBNZ rules, S&P would still notionally rate NZF and that NZFM would be impacted by NZF's rating as there is a portion of goodwill in NZF's total assets that S&P do not attribute any value to.

From ongoing consultations with S&P, it was felt that NZF's structure was likely to have a negative impact on NZFM's rating and therefore NZF has engaged a specialist financial

services consultancy to assist in a recapitalisation of NZF to improve NZFM's rating and to support the future growth of NZF.

ENDS

For more information please contact:

A handwritten signature in black ink, appearing to read 'M Lindeque', written in a cursive style.

Malcolm Lindeque

For and on behalf of the board of directors
Company Secretary
NZF Group Limited