

**NZF**  
**GENERAL**  
**24 February 2010**

## NZF Money Limited Standard & Poor's rating released today

The directors of NZF Group Limited (NZF Group) today confirmed that its wholly owned subsidiary NZF Money Limited (NZF) received a "B" rating for both its short and long term debt from international credit rating agency Standard and Poor's (S&P).

In their press release S&P said:

*"The ratings on NZF reflect the company's status as a wholly owned subsidiary of a weakly capitalized parent, NZF Group Limited and also recognise vulnerability potentially affecting NZF's liquidity over the coming 12 months and some large lending exposures relative to size," S&P credit analyst Gavin Gunning said. "We are of the view that the rating assigned to NZF Money Limited is constrained by its ownership by NZF Group Limited in particular because of NZF Group Limited's weak capitalization."*

*On the other hand, favourable features of NZF's credit profile include its moderate loan quality and profitability, by domestic standards. NZF's primary focus is on first-mortgage property lending and while its nonperforming assets and credit costs have increased, NZF has managed a recent period of difficult operating conditions better than most New Zealand finance companies specialising in property lending.*

*"The negative rating outlook mainly reflects uncertainties concerning NZF's liquidity through 2010," said Mr. Gunning. A revision of the rating outlook to stable would require a track record showing that NZF was successful in managing its liquidity, funding, and asset quality risks through 2010 in what continues to be a challenging industry environment.*

*"Upwards rating momentum is most likely to depend on a significant improvement in capitalisation with no diminution in liquidity or other elements of NZF's financial profile."*

In their full report S&P also said that "the negative rating outlook recognises their current negative bias on the New Zealand finance company sector."

John Callaghan (Managing Director NZFG) said that “S&P comments on the way NZF Group was structured has had an adverse impact on the rating of NZF and it was clear that NZF would very likely have received a higher rating if rated on standalone basis.”

In regard to S&P comments on NZF Group’s capitalisation, John Callaghan said “this is currently being addressed with the engagement of specialist financial services consultant, Ecko Capital. NZF Group, together with Ecko, are currently in the process of formulating a recapitalisation plan, which is proceeding well.

ENDS

For more information please contact:

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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