

NZF Group Limited

22 September 2010

Managing Director's address to AGM 22 September 2010

Welcome ladies and gentlemen.

Well what can I say it has been another year in which the markets have not settled and it still feels like we are on the same financial rollercoaster, which is still not stopping.

Although it has been a challenging year we have had a few positives as well. NZF Group was the first financial institution to issue Residential Mortgage Backed Securities (RMBS) into the New Zealand market place since 2007, with the majority of the \$100 million pool being AAA rated by S&P.

The demand for quality RMBS in New Zealand is growing and with the funds under management building in various Kiwisaver funds, this should continue to be the case over the coming years.

The quality of our RMBS program has resulted in our \$225 million warehouse facility with Westpac being extended for a further 12 month term until 18th October 2011.

The director's decision to reduce our reliance on debenture funding and use the capital markets to fund business growth in the future has been a positive one, however, pressure still remains to continue to reduce debenture funding, it now only makes up 15.3% of the groups funding and its need to be reduced has been amplified by the collapse of Allied Nationwide and South Canterbury Finance.

The impact of the demise of these two large non-bank finance companies has been swift with reinvestment rates having reduced, however, with fewer non banks in the market place these should improve over the next twelve months.

The property market continues to be slow and together with the desire to build liquidity within the Group over the last six months it has resulted in NZF having to call in some overdue loans.

The Mike Pero brand continues to be strong in the market place which has insured that they have been able to maintain its market leader position. A number of new opportunities are being looked at to increase its presence in the property sector in New Zealand.

Thank you for your time today and I look forward to talking to you over coffee.

Last but not least I must say thank you to the board and staff for all their support over the last 12 months and I am looking forward to the year ahead.

Thank you.