

JUNE 2006 NEWSLETTER

Welcome to our newsletter for June 2006.

There is ample anecdotal evidence to suggest that funds from investors have “dried up” after the recent collapse of the two finance companies last month, and that investors are only rolling over between 10 per cent and 50 per cent of their deposits among the lower quality finance companies.

While we have noticed slower deposit growth in recent weeks, we are pleased to report that net deposit growth for the month of June was \$1.792m which compares with our rolling twelve month average net growth of \$1.410m. Our re-investment rate by our existing investors has dropped only marginally but currently stands at over 71% which we are pleased with given the negative comments surrounding the industry.

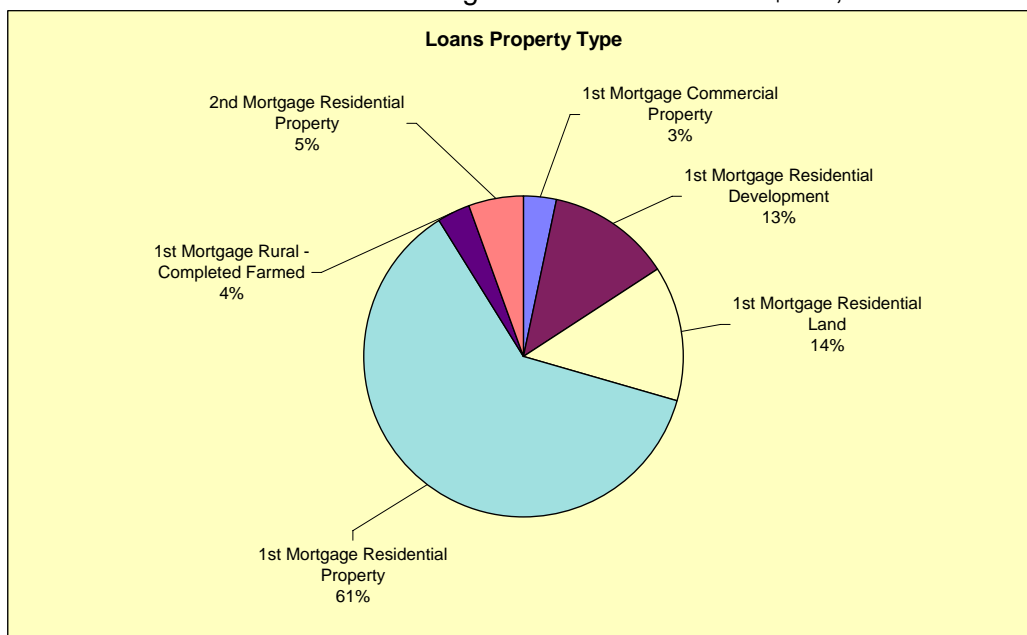
It would appear that the problems in the industry to date stem from poor lending decisions and not just the problems of lending against vehicle securities. We have continued to adopt a very conservative lending policy which is evidenced by our very low bad debt level which to date remains at only \$23,969 written off since our trading operations commenced in 1997. Our past due debts at 30th June 2006 were only \$253,084, representing one loan with the property currently under the mortgagee sale process. We do not currently have any other Property Law Act notices issued at the time of this report.

New Zealand Finance Limited's subsidiary company NZF Homeloans has \$41.594m residential first mortgages under management through a NZF Mortgages Limited warehouse facility with Westpac Institutional Bank. This was an increase of \$8.442m for the month of June 2006.

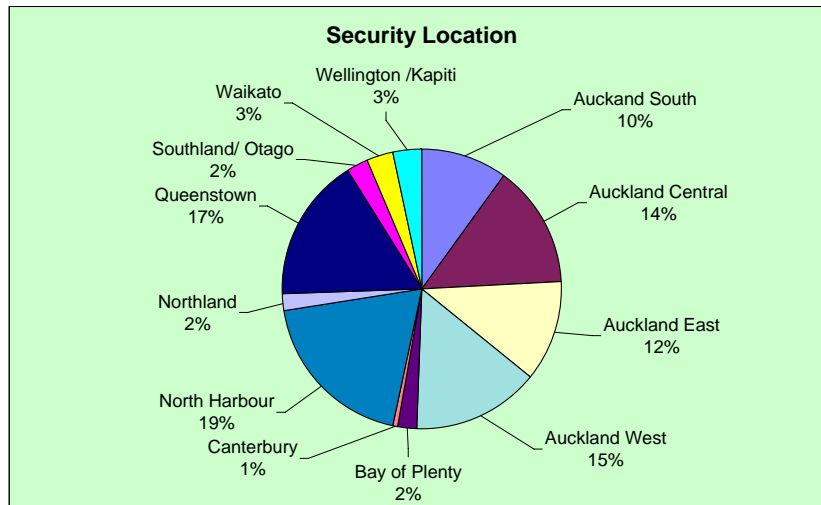
As at 30 June 2006, NZF had loans of \$74,699,934 comprising 138 individual loans, with an average loan size of \$541,304.

Loan summary as at 30 June 2006

Total number of loans:	138
Total loans advanced:	\$74,699,934
Average loan size:	\$541,304



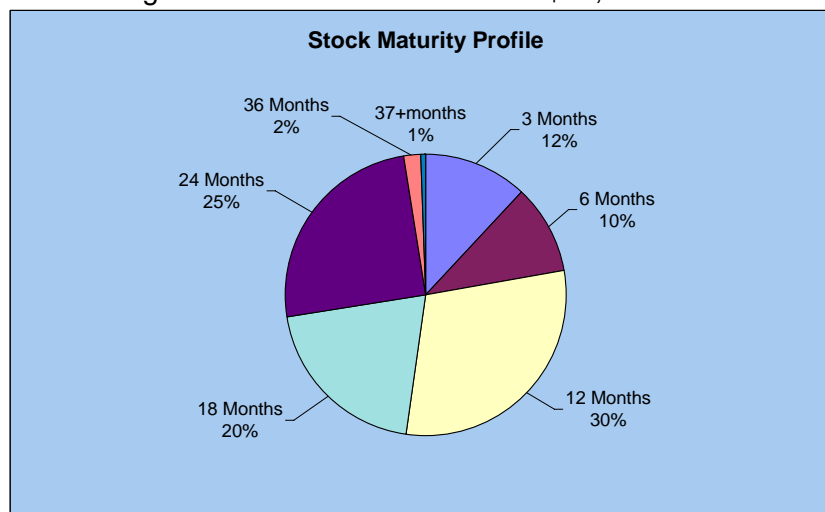
As at 30 June 2006, 95% of loans were secured by first mortgages (64% over existing properties, 13% over property developments) and the balance of loans secured by second mortgages over existing properties.



As at 30 June 2006 our investor base is made up of 3,620 individual deposits totalling \$68,732,145 with an average deposit size of \$18,986.

Funding analysis as at 30 June 2006

Total number of investments:	3,620
Total secured debenture stock:	\$68,732,145
Average investment size:	\$18,986



Current Term Investment rates can be found at [Investor Rates](#)

For further information and a copy of our Investment Statement and Application form [click here](#) , or alternatively please contact Susan Gin on **0800 20 70 70**.

We welcome any feedback or queries on these figures.

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