

# Investors Newsletter

JANUARY 2008

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*Major trading banks demonstrate confidence in New Zealand Finance*

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*We can now "cherry pick" the attractive lending opportunities*

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## With Adversity Comes Opportunity

We are very pleased to advise that our new \$40m finance company funding line from Commonwealth Bank of Australia (owners of ASB Bank Limited) takes our **liquidity to one of the strongest in the market.**

In this letter we will cover:

- Our **new \$40m funding line.** This will strengthen our position and take advantage of lending opportunities
- Our new **10.25%pa special offer rate** (refer rate chart attached)
- The healthy **six monthly result** to 30 September 2007 (refer NZ Stock Exchange release attached)

## New \$40 million Funding Line for New Zealand Finance

With the current turmoil in the finance sector, the winners will be those firms which are well established and have a properly matched loan to deposit book position. They will be sitting on adequate cash reserves and have access to alternative funding lines.

Accordingly, we are pleased to advise that New Zealand Finance has just this week obtained a new funding line of \$40m from Commonwealth Bank of Australia. The advantages of having this new line are very important for several reasons.

Firstly, it underlines the importance to you as an investor of knowing that one of the major trading banking organisations in Australasia has the confidence to support us. This is a reflection of the strength of our loan book and experienced management team. More importantly, this credit facility ranks equally with Secured Debenture holders, unlike some other finance company credit lines which rank ahead of Secured Debenture holders.

Secondly, as a result of the reduction in lending by the finance industry, there is a heavy demand for credit. Consequently, the high number of quality lending opportunities is strong, although up until now we have taken a very conservative approach by maintaining significant levels of cash. This new funding line will provide us with a number of advantages, one of which is the confidence to know we can now "cherry pick" the attractive lending opportunities that are in the market at the moment.

While we would like to see the inflow of new debenture monies continue and strengthen, we are now in a position to wait for confidence to return to the market and continue to grow. This is quite unique.

We trust that you as an investor will now have the confidence to support New Zealand Finance as Commonwealth Bank of Australia has done. They have spent a great deal of time in due diligence on New Zealand Finance to assure themselves of the risk of extending such a line of credit to us. They have also set an interest rate that is lower than what we are paying on our special rate to investors for the same security that is offered to investors. We hope therefore that should the opportunity arise to renew your investment and/or place further investments with us or recommend us to friends or family, you will consider New Zealand Finance in your investment decisions and recommendations.

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*Westpac Institutional Bank have also just extended our Home Loan funding line*

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In addition to the above, you will also note in the press releases that Westpac Institutional Bank have also just extended our funding line out from \$200m to \$250m, to provide us with additional funding in our Home Loan division to fund future lending growth. Their support, combined with that of Commonwealth Bank of Australia, is a clear indicator of the confidence that both these well known major Australasian banking institutions have in New Zealand Finance.

## Special Offer Deposit Rate of 10.25% for 12 Month

We have enclosed our latest deposit rates that highlight our special offer rate of 10.25%pa for 12 months. Interest can be paid monthly, quarterly or at maturity and may also be compounded.

## Six Month results for New Zealand Finance Holdings Limited

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*This is good result as it includes trading results after the collapse of Bridgecorp, Nathan's and others*

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We have also enclosed our NZ Stock Exchange release covering the financial results for the six months ended 30 September 2007. This is good result and is particularly pleasing given that it includes trading results after the collapse of Bridgecorp, Nathan's and others.

## Contact Us

Should you have any further queries about your investment, the company or the finance sector generally, please feel free to call me or any of the Senior Management team involved in the investment area on our toll free number **0800 379 909** or direct as follows:

John Callaghan (Managing Director)	09 373 8003
Mark Thornton (Executive Director)	09 373 8004
Dave Shatford (GM Investments)	09 373 8485
Susan Gin (Investment Admin. Manager)	09 373 8008

Yours faithfully



John Callaghan  
Managing Director