



Press Release

Ratings On Geneva Finance Ltd. And Quest Insurance Ltd. Raised To 'CCC' On Marginal Liquidity Position; Outlook Negative

Melbourne, March 30, 2010—Standard & Poor's Ratings Services said today that it has raised its long-term rating on New Zealand finance company Geneva Finance Ltd. (Geneva) to 'CCC' from 'SD'. At the same time, the insurer financial strength rating on Geneva's captive insurer, Quest Insurance Group Ltd. (Quest), was raised to 'CCC' from 'CC', and removed from CreditWatch Negative. The outlook on both ratings is negative.

The upgrade on Geneva follows the company's success in securing debenture investors' approval and banker support. The 'CCC' rating reflects our view that the finance company has a marginal liquidity position, which is expected to help it meet its immediate principal and interest repayment in full and on time under its new arrangement. However, there is significant uncertainty about Geneva's future liquidity position as the company's liquidity still depends on favorable business, financial, and economic conditions. Moreover, Geneva needs to remain prudent in its management of operating cash flows. While management has carefully overseen operations, cash flows, and banker relationships since initially being placed into moratorium--and has compared favorably with other finance company peers that were also placed in moratorium--a return to profitability is yet to be proven.

The outlook is negative because Geneva's liquidity still depends on yet-to-transpire favorable business, financial, and economic conditions. The rating may be lowered if there is a substantial weakening in Geneva's asset quality such that it materially diminishes its ability to meet its liquidity needs and maintain its compliance with borrowing facility covenants. The rating is also likely to be lowered if Geneva's liquidity management plans, which are delicately balanced, do not track as expected in the next 12 months. Critical to these plans is Geneva's ability to: generate good operating earnings; raise new debenture funding; and raise funding from asset sales.

The rating could be raised if there were a material and sustainable improvement in Geneva's liquidity position. Equally pivotal to attaining a higher rating is the continued careful management of its relationships with its bankers.

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