

CREDIT RISK STATEMENT – GOLD BAND FINANCE LIMITED

What is Gold Band Finance Limited's credit risk?

Deposits have risks. A key risk is that Gold Band Finance Limited ("**GBF**") does not meet its commitment to repay you or pay any interest that is due (credit risk).

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

GBF has been rated by Equifax Australasia Credit Ratings Pty Limited ("**Equifax**"). Equifax gives ratings from AAA through to C (excluding rating attaching to entities in default).

On 27 June 2023, Equifax issued GBF a credit rating of **B+ with a positive outlook**.

The scale of Equifax's credit ratings is set out below.

Credit rating	Summary description of the rating	Rate of default statistics over the last 5 years (%)	Risk Level
AAA	High Grade	0.17	Negligible
AA+	High Grade	0.31	Negligible
AA	High Grade	0.44	Negligible
AA-	High Grade	0.55	Negligible
A+	Investment Grade	0.76	Very Low
A	Investment Grade	0.81	Very Low
A-	Investment Grade	1.47	Very Low
BBB+	Investment Grade	2.08	Low
BBB	Investment Grade	3.19	Low
BBB-	Investment Grade	4.37	Low
BB+	Near Prime	7.13	Low to Moderate
BB	Near Prime	7.49	Low to Moderate
BB-	Near Prime	10.52	Low to Moderate
B+	Sub Prime	16.34	Moderate
B	Sub Prime	22.21	Moderate
BB-	Sub Prime	24.15	High
CCC+	Credit Watch	28.16	Very High
CCC	Credit Watch	29.90	Very High
CCC-	Credit Watch	39.16	Very High
CC	Distressed	52.87	Extremely High
C	Distressed	55.00	Extremely High
D	Distressed	100.00	Extremely High

An Equifax rating may also include an 'Outlook' Assessment. An Outlook Assessment considers the potential direction of a long-term credit rating over the intermediate term (one to two years) but does not mean that the rating will change. The principal Outlook definitions include: Positive – the rating may be raised; Negative – the rating may be lowered; and Stable – the rating is not likely to change.

Further information about the credit risk of GBF is provided in the Product Disclosure Statement dated 23 February 2023 and on the Disclose Register at www.disclose-register.companiesoffice.govt.nz/.

A copy of the Product Disclosure Statement and other information regarding GBF can be found free of charge on the Disclose Register or on GBF's website www.goldbandfinance.nz.