Credit Ratings & Research

Credit Rating Report
General Finance Limited

NZBN: 9429038072994

Credit Rating Report

Date: 27 June 2025

Prepared for: General Finance Limited

Report prepared by: Equifax Australasia Credit Ratings Pty Ltd ("Equifax")

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Job Number: 401961

Currency used in this report: This report is presented in New Zealand Dollars unless otherwise noted.

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1. Executive Summary

General Finance Limited ('GF', or 'the Company')

GF is a Non-Bank Deposit Taking (NBDT) organisation that is licenced by the Reserve Bank of New Zealand (the RBNZ) and domiciled in New Zealand ('NZ'). The Company offers secured loans and accepts customer deposits.

Equifax Credit Ratings Australasia Pty Ltd ('Equifax') has affirmed GF's credit rating of 'BB' at Mar25, which is a near-prime classification with a low to moderate level of risk. The outlook for the rating is 'Stable'. GF's credit rating benefits from its healthy competitive position as a specialised bridging loans provider, its increasing scale and healthy earnings, sound capital and funding profile, and the expected benefit to its ability to attract deposits by recent proposed regulatory reforms. The risks to GF's credit rating arise from the challenging macroeconomic environment and GF's broader business model risks (which include market risk factors and a moderate degree of concentration risks) underlining some asset quality pressure, potential income pressures from slowdown in loan growth, as well as a high reliance on key executives' expertise, thereby exposing it to keyperson and business continuity risks.

Strengths

- GF's healthy competitive position is supported by its long trading history of more than 28 years as a specialist bridging loans provider catering to a market underserved by many industry competitors. It is further evidenced by a rapid growth experienced by the Company's loan book between Mar21 ($53.9m) and Mar25 ($151.5m) with a five-year compound annual growth rate (CAGR) of 23.0%.

- GF has maintained a consistent level of operating flexibility over the period under review, having reported a relatively stable rate of return on assets (FY25: 1.7%; FY24: 2.0%; FY23: 2.8%; FY22: 1.9%).

- A healthy, albeit reduced, capital ratio of 17.8% at Mar25 (Mar24: 22.3%) enables GF to maintain adequate headroom above the regulatory minimum capital ratio threshold (8.0%). The Company's capitalisation has been supported by strong earnings retention along with incremental capital injection. This holds GF in good stead to support future loan book growth and/or withstand some moderate shocks. The decrease in the capital ratio was primarily due to the recent addition of unsecured loans (insurance premium lending) in GF's portfolio, that carry a higher risk weight. That said, the acquisition of the insurance premium lending business improves diversification and supports the liquidity profile of GF. Further, management are considering for securitisation of the insurance premium loans within the next 12-months, which should benefit its capital ratio in the near-term.

- GF's demonstrated capacity to attract deposits supports its healthy funding and liquidity profile. We note that over the period under review the Company's deposit base generally grew faster than its loan book, which underpinned an increase in GF's cash reserves (including bank deposits). At Mar25, the Company reported cash reserves of $57.8m (Mar24: $22.6m; Mar23: $18.4m), which were equivalent to 31.3% of its deposit base (Mar24: 16.7%; Mar23: 16.7%), thus supporting the Company's capacity to meet obligations, and fund future organic/inorganic growth objectives.

- The Deposit Takers Act ('DTA') introduces a depositor compensation scheme (DCS) which will come into effect in July 2025. This in our view will enhance depositor confidence in the sector and provide a stable funding base for NBDTs, potentially increase the number of depositors, and reduce funding costs for entities such as GF.

Constraints

- The NBDT sector in NZ, including GF, continues to navigate significant macroeconomic headwinds. This challenging environment is primarily driven by subdued economic activities across the wider NZ economy and a weak property market. GF's operations are highly concentrated to the Auckland market, where economic recovery is slower, with the city ranking 10th out of 16 regions in NZ according to a recent ASB Bank economic ranking. Factors contributing to this include slower employment growth, subdued construction activity, and weaker consumer confidence. These risks are to some degree exacerbated by GF's moderate to high concentration to a few larger borrowers with the top 10 loans accounting for 21.7% of GF's loan book at Mar25.

- GF's asset quality remains under pressure, evidenced by an elevated amount of loans in arrears compared to historical (pre FY23) levels (Mar25: 6.3%; Mar24: 7.8%; Mar23: 13.3%; Mar22: 3.3%; Mar21: 3.7%). The challenging market environment and potential shrinking of existing and/or future collateral cover due to the subdued property market, also puts pressure on the loan value ratio (LVR) of existing loans and constrains the Company's ability to grow in accordance with the management's conservative lending approach that focuses on lower LVR loans.

- GF faces income challenges due to the slower loan book growth compared to deposits growth, leading to an elevated level of (lower interest yielding) cash reserves and a decrease in net interest margins (May25: 2.8%; Mar25: 3.4%; Mar24: 3.7%). Growth in GF's traditional lending book (excluding insurance premium loans) was modest during FY25 (Mar25: $145.2m, Mar24: $132.7m). Thus, a prolonged slowdown in loan book growth has the potential to place further strain on NIM's and may be compounded in the short-term by potential increased regulatory burden associated with the DCS, including unforeseen transition cost and ongoing levy payments. Positively, GF has reported notable growth in traditional lending book post balance date (May25: $164.2m).

- GF has a high dependence on its Managing Director, Mr. Brent King, which exposes business operations to keyperson risks. As the public face of the Company, Mr. King has an active involvement in regulatory developments, liaises with key stakeholders and lends his commercial expertise and business acumen as the final sign-off authority for all property loans. In Equifax's view, GF's ability to execute its future growth strategy and successfully navigate through a challenging macroeconomic environment has a high reliance on Mr. King's expertise. That being said, current GF staff have upskilled with experience in the business, and we note the recent appointments of new CFO who has extensive global banking and financial services experience, and the Head of Corporate Finance who has significant corporate finance and banking experience, to assist the business and decrease reliance on Mr. King, to some degree.

The outlook for the rating is currently 'Stable'. An upgrade would require a demonstrated sustained improvement in scale and market position, combined with a sustained reduction in asset quality risks, and material reduction in keyperson and business continuity risks through an increase in the pool of key executives. The rating may be revised downward if there is material deterioration in either GF's earnings, scale or asset quality.

Risk Rating

BB

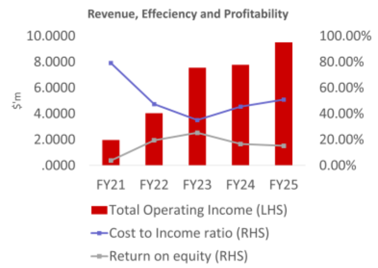
Outlook: Stable

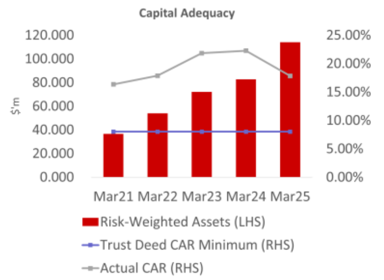
Type: Public, Monitored

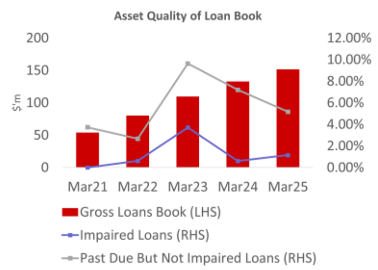
Industry Percentiles

Scale:	Percentile
Total Assets	67%
Gross Loans	58%
Profitability:	
NIM	42%
ROE	92%
ROA	75%
Efficiency Ratio	75%
Capitalisation:	
Leverage (Gross loans to Equity)	33%
Capital Ratio	83%
Capital to Total Assets	33%
Funding and liquidity:	
Deposits to Loan Ratio	67%
Liquid Assets to Total Assets	25%
Asset Quality:	
Net Charge-offs	33%
Impaired Loans	42%
Provision for Loan Losses	75%

Key Trends







2. Scope of Report

The purpose of this report is to provide an overview of the credit rating and associated rationale of General Finance Limited (‘GF, or ‘the Company’).

We have complied with our rating services guidelines in order to derive the credit rating on General Finance Limited. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. The details pertaining to this report are outlined below:

Report Details	
Date of Report	**27 June 2025**
Request Type	**Issuer**
Assessment Type	**Under Ongoing Monitoring**
Rating Initiation	**Issuer based (solicited)**
Rating Distribution	**Public Rating**
Report Distribution	**Unrestricted**
Purchased by	**General Finance Limited**
Report Fee	**Fixed Price**
Ancillary fees	**Nil**
Issuer Name	**General Finance Limited**
Issue Name	**Not Applicable**
Issuer First Time Rated	**No**
Issue First Time Rated	**Not Applicable**
Financial Scope	**Consolidated Entity**
Structure	**Limited Company**
Industry	**Financial Services**
Sector	**Non-Bank Deposit Takers**

This report should be read within the context of Corporate Scorecard’s Rating Services Guide. This Report should be taken as a whole and cannot be abridged or excerpted for any reason.

We have conducted this assessment on the basis of the information provided to us by General Finance Limited, publicly available information and from our own enquiries. We have derived a credit rating on the Company based on the understanding that General Finance Limited has no contingent liabilities, cross guarantees or other liabilities to any other entity other than as disclosed to us or as detailed in the financial statements. Our duty does not include auditing the financial statements.

Information Sources	
Financial statements	**- Statutory Financial Statements for the year ended 31 March 2025, - Audited Financial Statements for the six months ended 30 September 2024, - Audited Financial Statements for the years ended 31 March 2024, and 2023, and - Management accounts for the 2-month period ended 31 May 2025.**
Name of auditor	**Grant Thornton New Zealand Audit Limited**
Other Information Sources	**The Company's response to our Request for Information, the Company website, industry and regulatory websites, management interviews, media articles, adverse searches and internet searches.**
Subject participation	**Full**
Material financial adjustments	**None**
Limitations of assessment	**None**
Outsourced rating activities	**No**
Confidentiality agreement	**No**
Material client	**No**
Rating amended post issuer disclosure	**No**
Potential conflict of interest	**GF is also a user of other Equifax products which are procured on commercial terms.**
Rating methodology	**Financial Institution Rating Criteria**

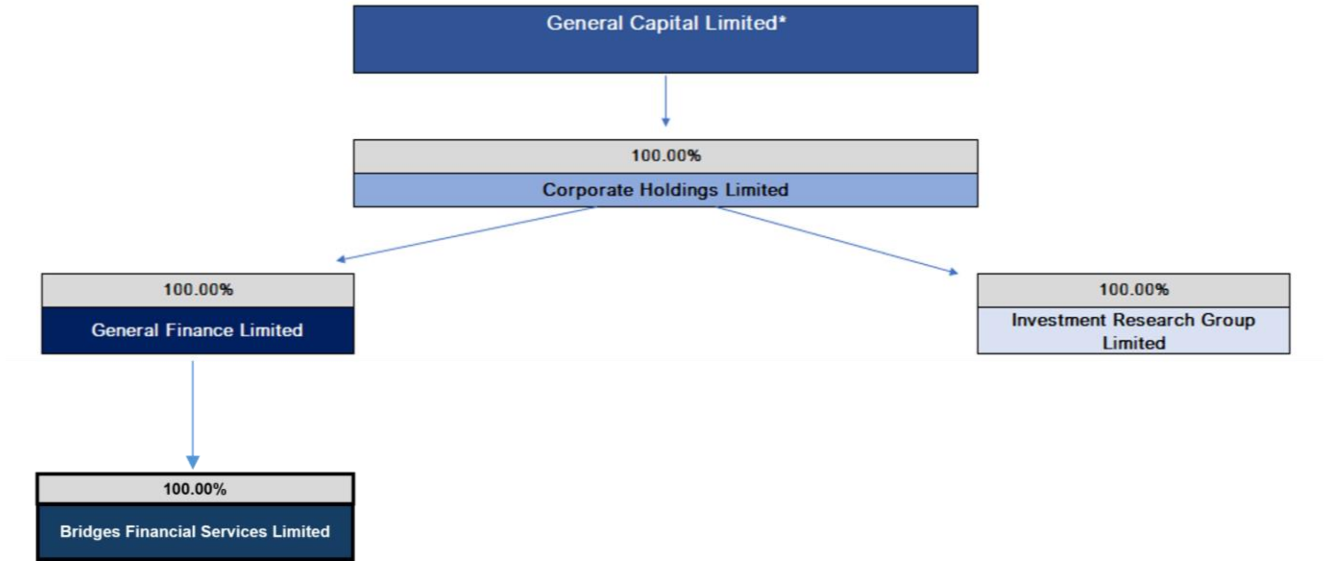
This report should be read within the context of Equifax's Ratings Services Guide.

3. General Background of the Subject

3.1 Subject Overview

Subject Name	General Finance Limited
Type of Entity	Licensed as a Non-Bank Deposit Taker (NBDT) with the Reserve Bank of New Zealand (the RBNZ)
Head Office Address	Level 8, 'General Capital House', 115 Queen Street, Auckland CBD, Auckland 1010, New Zealand.
Date of Incorporation	13 June 1997
Principal Activities	General Finance Limited is a finance company operating as a residential mortgage and a commercial lender. The Company provides loans for a variety of purposes, generally enabling borrowers to complete a short-term transaction (such as preparing a property for sale, bridging a property acquisition, enhancing, developing, subdividing, building, constructing on and improving a property), or funding a business purchase or expansion (including working capital).
History	Incorporated in 1997, General Finance Limited initially focused its offering as a second mortgage lender and later expanded to provide a range of secured loan products. In November 2004, the Company registered its first prospectus for the issuance of debenture stock (term deposits). In December 2017, Corporate Holdings Limited (CHL) acquired General Finance Limited and Investment Research Group Limited (IRG). CHL was then listed on the New Zealand stock exchange in Aug18 via a reverse listing transaction, whereby General Capital Limited (GC, previously named Mykco Limited) purchased all of the shares of CHL by issuing GC's shares to CHL's Shareholders. In November 2024, the Company announced that it has completed the purchase of 100% of the shares in Bridges Financial Services Limited, a Waikato based insurance premium funding business.

3.2 Corporate Structure



** General Capital Limited's shareholding as of 16 June 2024:*

- Borneo Capital Limited: 34.55%
- API No 1 Limited Partnership: 23.67%
- Brent King: 6.41%
- Citibank Nominees (New Zealand) Limited: 5.99%
- Snowdon Peak Investments Limited: 4.05%
- HSBC Nominees (New Zealand) Limited: 2.37%
- Owen Arvind Daji: 1.91%
- Olivia Ling: 1.82%
- Montezemolo Holdings Limited: 1.77%
- John Tomson: 1.71%
- Stephen Sinclair and others: 1.54%

*** Brent King is currently the Managing Director of General Capital Limited, General Finance Limited, and Investment Research Group. He also owns 100% of the shares in Snowdon Peak Investments Ltd.*

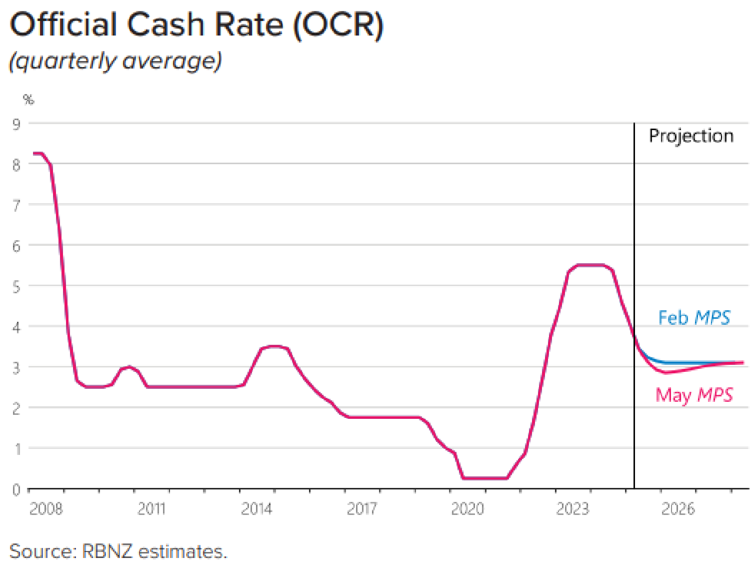
In November 2024, the Company announced that it has completed the purchase of 100% of the shares in Bridges Financial Services Limited. The acquisition resulted in the recognition of Customer Relationships and Goodwill. For FY25, there were no expected credit losses relating to the subsidiary Bridges Financial Services Limited as there was no credit exposure in the event of non-payment.

4. Economic Implications

The Monetary Policy Committee on 28 May 2025 voted to lower the Official Cash Rate (OCR) by 25 basis points to 3.25 percent. Annual consumers price index inflation increased to 2.5 percent in the first quarter of 2025. Inflation expectations across firms and households have also risen. However, core inflation is declining and there is spare productive capacity in the economy. These conditions are consistent with inflation returning to the mid-point of the 1 to 3 percent target band over the medium term.

The New Zealand economy is recovering after a period of contraction. High commodity prices and lower interest rates are supporting overall economic activity.

Recent developments in the international economy are expected to reduce global economic growth. Both tariffs and increased policy uncertainty overseas are expected to moderate New Zealand's economic recovery and reduce medium-term inflation pressures. However, there remains considerable uncertainty around these judgements. Inflation is within the target band, and the Committee is well placed to respond to domestic and international developments to maintain price stability over the medium term.



Source: Monetary Policy Statement, RBNZ - May 2025

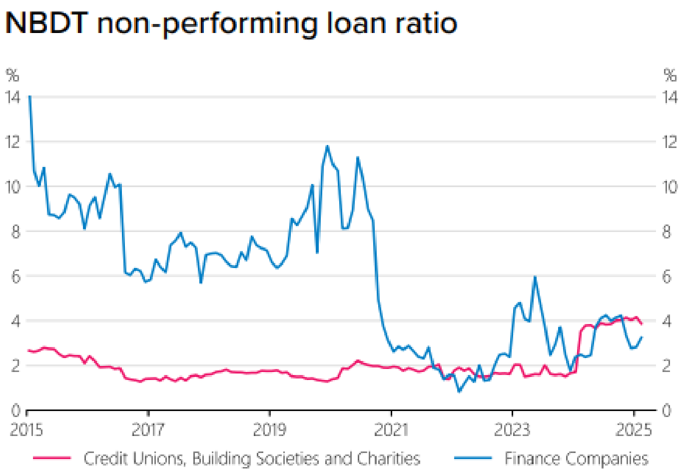
5. Market Overview

New Zealand's NBDT sector consists of 3 building societies, 3 credit unions, and 8 deposit-taking finance companies. The sector is very small relative to the banking sector, with total lending equal to 0.4 percent of the total lending of banks. However, NBDTs provide services to a relatively large number of customers, and in some cases offer different products and a more regional focus compared to banks.

In January 2025, the Reserve Bank granted an NBDT licence to Welcome Limited, a deposit-taking finance company. This is the first new entrant to the NBDT sector in many years.

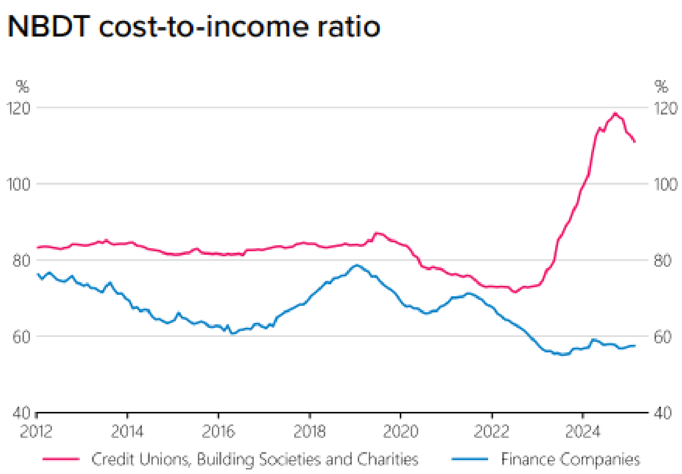
Lending by credit unions and building societies has been declining for the past two years. This has been driven by the high-interest rate environment, weak economic conditions, and strong competition with banks for new lending. In contrast, lending by deposit-taking finance companies has grown steadily. These entities tend to lend in areas where there is less active competition from banks, for example residential mortgage lending that does not meet bank lending criteria.

Non-performing loan ratios for NBDTs remain elevated, which has led to higher provisioning for loan losses.



Source: RBNZ *Non-bank Deposit Takers survey.*

The resilience of the NBDT sector varies. Low earnings relative to operating costs remain a concern for many entities, as this limits their ability to generate capital to support their ongoing lending and financial resilience.



Source: RBNZ *Non-bank Deposit Takers survey.*

To address a lack of scale, there has been considerable consolidation in the credit union sector, with the number of licensed credit unions reducing from 15 to 3 over the past decade. From mid-2025, the Deposit Compensation Scheme (DCS) will protect eligible depositors' funds at deposit takers against losses up to $100k. For the first three years of the DCS, credit unions and building societies will pay a reduced levy rate, until they have fully transitioned to the new prudential regime.
Source: RBNZ Financial Stability Report - May 2025

6. Prudential Framework

The Reserve Bank regulates non-bank deposit takers (NBDTs) in New Zealand for the purposes of promoting the maintenance of a sound and efficient financial system and avoiding significant damage to the financial system that could result from the failure of an NBDT. NBDTs are entities that make an NBDT regulated offer (as defined in section 5 of the Non-bank Deposit Takers Act 2013) and carry on the business of borrowing and lending money, or providing financial services, or both. The prudential regulation of NBDTs is provided under the Non-bank Deposit Takers Act 2013 and associated regulations. Trustee companies also have obligations under the Act. These include ensuring certain prudential content is included in licensed NBDTs' trust deeds. Trustees must report to the Bank any non-compliance with the Act and regulations by the licensed NBDT. Trustees are licensed by the Financial Markets Authority under the Financial Markets Supervisors Act 2011. The table summarises certain key prudential requirements for NBDTs currently in force.

Credit Rating	Licensed NBDTs are required to have a local currency (New Zealand dollar), long-term, issuer rating given by approved rating agencies.
Governance	Licensed NBDTs that are companies or building societies must have a chairperson who is not an employee of either the licensed NBDT or a related party and must have at least two independent directors. Licensed NBDTs that are subsidiaries of another person are prohibited from including provisions in their constitutions that would allow directors to act otherwise than in the best interests of the NBDT.
Risk Management	Licensed NBDTs are required to have a risk management programme that outlines how the licensed NBDT identifies and manages its credit, liquidity, market and operational risks. This programme is to be submitted to, and approved by, the licensed NBDT's trustee.
Capital Ratio	A minimum capital ratio (the level of capital in relation to the credit exposures and other risks of the NBDT or its borrowing group) is required to be included in licensed NBDTs' trust deeds. This ratio must be at least 8% for licensed NBDTs with a credit rating from an approved credit rating agency. For licensed NBDTs without a credit rating from an approved rating agency, the minimum capital ratio specified in the trust deed must be at least 10%.
Related party exposure limits	The exposures to related party, as defined in the Act, shall not exceed a maximum limit of 15% of capital.
Liquidity	Liquidity regulations require every licensed NBDT and its trustee to ensure that the licensed NBDT's trust deed include one or more quantitative liquidity requirements that are appropriate to the characteristics of the licensed NBDT's business, and that take into account the liquidity of the licensed NBDT and the liquidity of any borrowing group.

Suitability assessment of certain directors and senior officers	Licensed NBDTs must notify the Reserve Bank when one of its directors or senior officers (or a person who is proposed to be appointed as a director or senior officer) raises a "suitability concern".
Change in ownership	An application must be made to the Reserve Bank to approve a transaction that will result in a person: 1. having the direct or indirect ability to appoint 25% or more of a licensed NBDT's governing body; or 2. having a qualifying interest in 20% or more of the voting securities issued by the licensed NBDT.

The Deposit Takers Act 2023

The Deposit Takers Bill ('DTA') will replace the existing prudential regulatory regime contained in the Banking (Prudential Supervision) Act 1989 and the Non-bank Deposit Takers Act 2013. The integration of these previously separate regimes will create a single, consistent framework for the regulation and supervision of financial institutions that essentially engage in the same activity – the business of taking 'deposits' from the public, and lending to individuals, households, and businesses.

It will take some years for the Reserve Bank to develop and consult on the secondary legislation that will implement the regulatory requirements for the new regime and complete a licensing process for deposit takers to operate under the regime. The parts of the current Reserve Bank Act relating to the regulation and supervision of registered banks and the Non-bank Deposit Takers Act 2013 will remain in force until the remaining parts of the DTA have been fully implemented.

Recent Developments

- On 31 March 2025, RBNZ announced that they will undertake a review of capital requirements to ensure they are set at the appropriate level to effectively support financial stability. Continue to progress implementing the Deposit Takers Act 2023 (DTA), including the commencement of the Depositor Compensation Scheme (DCS) on 1 July 2025. This work will contribute to a strengthened financial system. RBNZ's modernisation work programme provides enhanced tools to better perform their key responsibilities of regulatory stewardship, supervision and enforcement activity.
- In Mar24, the Proportionality Framework for developing prudential standards was published. The framework is the first step in developing standards as it sets out how RBNZ will take a proportionate approach in developing the DTA standards. Under the framework, deposit takers will be allocated into four groups with 'Group Three' for locally incorporated deposit takers with total assets of less than $2.00bn.

Source: RBNZ Financial Stability Reports

7. Business Risks

7.1 Market Risk Exposures and Controls

GF's exposure to market risk is mainly in form of interest rate risk. The Company currently has no current exposure to foreign currencies or to equity investments.

Interest rate: Interest rate risk is the possibility that the value of an asset or liability will adversely change as a result of an unexpected change in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on the cash flows relating to its financial instruments. In managing interest rate risk, management focuses on mismatches between the repricing dates of interest-bearing assets and liabilities; and the investment of capital and other non-interest-bearing liabilities in interest bearing assets.

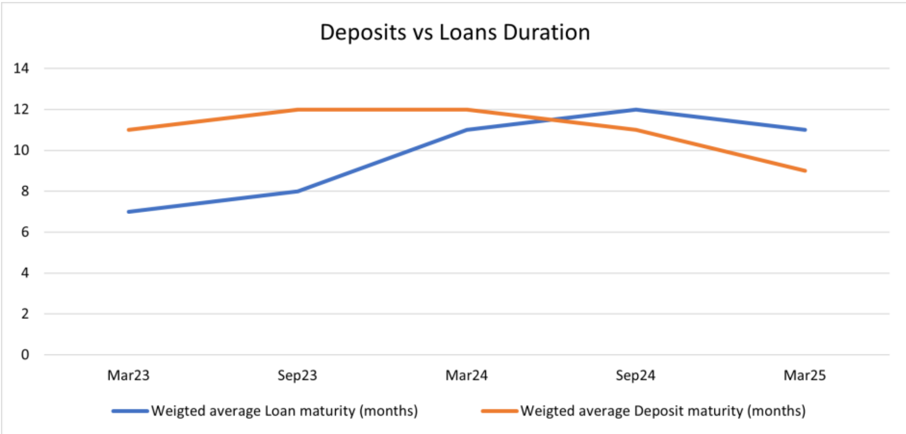
GF's loan portfolio and product suite substantially consists of fixed interest rate loans which are secured by residential properties. The Company primarily offers funds for shorter-term requirements such as bridging finance for property purchase or renovation before sale. The majority of loans (Mar25: 69.3%; Mar24: 71.7%) will mature within the next 12 months, with renewal/extension at the sole discretion of management.

In FY25, GF's deposits with banks attracted a weighted average interest rate of 4.2% (FY24: 5.8%). The Company noted that a 1% decrease in the weighted average interest rate would reduce the annual interest income by $558k (FY24: $226k). All deposits and loans have fixed interest rates for their terms, and as such, the Company noted that it had minimal interest rate risk on these items.

Repricing Gap Analysis at Mar25 (Undiscounted cashflows)

$000's	Total	0-6 months	7-12 months	13-24 months	24+ months
Assets					
Cash	56,672	54,145	2,527		
Other Assets	153	153			
Loans	146,952	44,356	57,483	37,816	7,297
Total	**203,777**	**98,654**	**60,010**	**37,816**	**7,297**
Liabilities					
Payables	959	959			
Leases					
Deposits	180,455	73,311	62,060	35,425	9,658
Total	**181,413**	**74,270**	**62,060**	**35,425**	**9,658**
Difference	**22,363**	**24,383**	**-2,050**	**2,391**	**-2,362**

As shown above, the balance in the near-term (0-6 months) maturity bucket indicates that the Company's assets mature earlier and are repriced more frequently relative to its liabilities. This exerts a negative influence on NIMs in the current declining interest rate environment. Positively, as per the graph below, the weighted average maturity (months) of deposits has become less than weighted average maturity (months) of loans at Mar25, which reduces the susceptibility of GF's NIMs to expected further decrease in interest rates in the medium-term. That being said, GF faces overall income challenges due to slower loan book growth compared to deposits growth, underlining an elevated level of (lower interest yielding) cash reserves, and declining trend in NIMs in recent periods.



Liquidity Risk: Liquidity risk is the risk that the Company encounters difficulty in meeting payment obligations associated with its financial liabilities when they fall due. It includes the risk that the Company may not have sufficient liquid funds or be able to raise sufficient funds at short notice, to meet its payment obligations associated with financial liabilities when they fall due. This situation can arise if there is a significant mismatch of its financial assets and financial liabilities. As per the Trust Deed, the Company must maintain a three-month liquidity cover ratio (LCR) of not less than 1.25 times[1] (Actual LCR at Mar25: 5.82 times; Mar24: 4.98 times).

In terms of cash flow management, the Company prepares a twelve-week cash flow projection on a weekly basis while projections for longer time frames (up to 2 years) are prepared on a monthly basis for the trustee. The statements include cash inflows indicating loan maturities, interest and principal receipts together with term deposit inflows. Cash outflows indicate proposed loan advances, term deposit repayments and other payments such as taxation or salaries.

[1] Calculated as (Existing Liquid Assets + Expected loan receivables within 3 months)/expected gross deposit redemptions within 3 months

The Company's primary funding source is term deposits from customers. The management monitors and reports on maturing deposits, reinvestment rates and new funding inflows monthly. The directors regularly review and adjust interest rates with reference to market rates and funding requirements while depositors are contacted by a director or a senior manager in the month preceding the maturity of their deposit.

As described above, the Company maintains a high level of cash, which together with prudent cash flow and lending management, and healthy LCR, underpins its sound liquidity profile.

7.2 Credit Risk Exposures and Controls

Credit risk is the risk that the counterparty will be unable to meet obligations to the Company under the terms of any loan or deposits (with banks). GF is exposed to credit risk on both, term deposits held with NZ registered banks and loans granted to customers.

Term deposits with banks – At Mar25, the Company's total cash holdings of $57.8m ($32.8m on call and $25.0m in short-term deposits) were held with Bank of New Zealand Limited (BNZ) (0.1% of total equity), Westpac New Zealand Limited (52.2%), Heartland Bank (67.3%), Forsyth Barr – custodial account with ANZ Bank New Zealand (126.4%), and ASB (4.9%). The deposits with BNZ, Westpac New Zealand, and ANZ Bank New Zealand are expected to have a low counterparty risk, on account of their systemic importance in the New Zealand economy and investment grade rating from international credit rating agencies. Whilst the deposits with Heartland Bank present a higher counterparty risk, given it is a lower-tier lender with less systemic importance, the risk remains relatively low in our view, as it also maintains an investment grade rating.

Loans to borrowers – GF's lending policy aims to manage and balance the Company's return on capital and counterparty risk on its loan receivables. All loans are made in accordance with GF's lending policy. Key features of this policy are,

- Advancing loans based on first or second mortgages – with a preference for first mortgage advances. The Company aims to extend 85%-100% of its overall portfolio as first mortgage loans. As at Mar25, first mortgage loans continued to represent 95.9% of total loans (Mar24: 100%).
- Provision of regulated and unregulated loans to borrowers - regulated loans are loans provided to individuals predominantly for personal, domestic, or household purposes. These loans are governed by the Credit Contracts and Consumer Finance Act 2003. At Mar25, the Company's loan book did not include any regulated loans (Mar24: nil).
- GF provides loans for all types of residential property including residential investment/rental property, rural and lifestyle blocks.

- The Company commenced lending on commercial properties during FY21. GF's lending policy allows for a maximum of 30% of total lending to be secured over commercial properties. At Mar25, 1.1% (Mar24: 1.3%) of GF's loan-book comprised of loans backed by commercial property. In line with the Company's conservative risk management, all lending is secured against property collateral.
- GF's maximum loan-to value ratios/lending margins for residential/commercial property are as follows:

Residential	Commercial
Bare land: 65.0%	Bare land: 50.0%
Development property: 67.5%	Vacant: 60.0%
Apartments: 70.0%	Owner Occupied: 65.0%
House property: 75.0%	Leased: 70.0%
The maximum LVR's for locations with population under 20,000 were to be lower by at least 5%.	The maximum LVR's for locations with population under 50,000 were to be lower by at least 5%.

- Within these maximum LVR limits, management has the discretion to reduce the acceptable level of LVR at its discretion, based on market conditions.
- The Company noted that the highest LVR of the Company loan book at Mar25 was 74.0% (Mar24: 70.6%) while the overall weighted average LVR of the loan book was 57.6% (Mar23: 55.6%).
- Loan terms range from 3 months to 3 years. Longer terms are to be considered in specific circumstances. At Mar25, the weighted average tenure for the loan-book remained within the approved terms, at 11 months (Mar24: 11 months).
- Loan sizes range from $20,000 up to 10% of Total Tangible Assets (TTA) - as specified in the Trust Deed. The trust deed also restricts maximum borrower group exposure at 10% of TTA. As at Mar25, the largest loan balance outstanding was 2.3% (Mar24: 3.6%) of TTA.
- GF's product suite includes the following loans:
  - Interest only - interest advanced upfront at loan establishment
  - Interest only – interest paid monthly in arrears
  - Fully amortising – with principal and interest
  - Partially amortising - interest paid monthly and principal reductions made on specified dates
  - Interest capitalised loans - interest is capitalised monthly

  As at Mar25, 94.6% (Mar24: 98.9%) of total loans were on interest-only basis while the remainder were fully amortising (4.5%) and interest-capitalised loans (0.9%).

- All loans are approved by a credit committee which comprises the Managing Director and the Head of Lending and Credit. This committee also has the ability to determine lending rates and fees. If either of the credit committee members are unavailable - loans of up to $750,000 may be approved by one credit committee member or one Non-Executive Director if recommended by a Lending Manager. Loans over $750,000 may be approved by one credit committee member and one Non-Executive Director, or two Non-Executive Directors, if recommended by a Lending Manager.
- Loan rollovers are approved by one credit committee member or one Non-Executive Director, if recommended by a Lending Manager. The approver considers whether updated valuations, statements of position, credit reports or other information is necessary, prior to, or as a condition of approval.
- GF may also perform Insurance Premium Financing, which involves providing a loan to fund payment of an insurance premium payable by the borrower. The total loans advanced for Insurance Premium Financing will not exceed 20% of the total loan book. As of Mar25, the Company extended insurance premium funding of $6.3m (Mar24: Nil), representing 4.2% (Mar24: N/A) of the total loan book.

7.3 Structure and Service Delivery Platform

General Finance Limited is governed by a four-member board consisting of three Non-Executive Directors and one Executive Director. In order to accept term deposits, the Company entered into a Trust Deed with Covenant Trustee Services Limited ("the Supervisor") on 2 November 2004, which has been amended and restated in a Deed of Amendment and Restatement dated 16 December 2015 and a Deed of Amendment of Debenture Trust Deed dated 19 December 2017 (together referred to as the "Trust Deed"). The Trust Deed was updated and amended in May 2025. Under the terms of the Trust Deed, term deposits are secured by a security interest over all of the Company's present and future assets and undertakings, to Covenant Trustee Services Limited, as the Supervisor. The security interest secures all amounts payable by the Company on the term deposits and all other moneys payable under the terms of the Trust Deed. In the event of liquidation of General Finance Limited, the term deposits will rank behind all preferential creditors and any permitted prior securities. Customer term deposits will rank equally with all other term deposits from other investors.

The Supervisor reviews, on a monthly basis, the management accounts of GF to determine whether the total value of the assets subject to the security interest are in excess of the amount of the liability secured by the security interest. The Company is also required to provide the Supervisor, on a monthly basis, with a liquidity report, a capital adequacy report, and a Trust Deed financial ratio compliance report.

The Company's Trust Deed covenants that its total liabilities will not exceed 95% of the value of total tangible assets, where total tangible assets are defined in the Trust Deed as the aggregate of;

a) 75% of the market value of any real property, and
b) the market value of any shares, or other equity securities or units in any company, or unit trust, and

c) the book values of all other tangible assets. At Mar25, GF did not carry any external debt and hence, there is minimal risk of structural subordination or double leverage to increase its asset portfolio.

7.4 Strategic Vision

GF's main strategic objective is to generate sustainable returns by providing services to an underserved market segment. This means that the Company has largely focused on short-term interest only loans secured by residential and commercial properties. The Company's depositor base primarily consists of investors focused on achieving consistent and above average deposit returns. The Company has continued to focus on building its depositor base through market outreach and to that effect has been successful in achieving an annual growth rate of 36.7% in FY25 (FY24: 23.0%), while total number of depositors increased to 1,266 at Mar25 (Mar24: 1,003).

7.5 Execution of Strategy

GF's business model fundamentally revolves around the provision of short-term mortgage-based loans for various customer requirements. The Company generates higher than average yields on its loan book while simultaneously reducing credit risks, by focusing on quality and adequacy of the underlying collateral relative to the loan exposure. While many traditional lenders may place greater focus on cash flow and serviceability metrics and serve customers' long-term funding requirements, the Company provides event or project specific funding solutions for customers. In line with its scale and limited franchise, the Company offers deposit rates that are higher than other larger, more established players.

Following a period of profit deterioration (decrease in NIMs across each of the three years to Mar21) the Company reported consistent improvement in profitability during FY22 and FY23, supported by continued strong loan book growth and an increase in weighted average lending rates (FY23: 10.4%, FY22: 9.1%, FY21: 7.8%).

Notwithstanding muted loan book growth during 1HFY24 and stagnant weighted average lending rates (FY24: 10.4%, FY23: 10.4%), as management adopted a more conservative approach to lending (targeting loans with lower LVR's) amidst the challenging market environment and competitive pressures, the Company reported healthy loan book growth in FY24, which supported its ability to maintain a healthy, albeit lower, NIM of 3.7% (FY23: 4.7%).

During FY25, GF reported slower loan book growth (Mar25: $151.5m; Mar24: $132.7m) compared to deposits growth (Mar25: $184.7m; Mar24: $135.1m), leading to a high level of (lower interest yielding) cash reserves (Mar25: $57.8m, Mar24: $22.6m) and a further decrease in NIMs (FY25: 3.4%; FY24: 3.7%).

A prolonged slowdown in loan growth book growth has the potential to place further strain on NIM's and may be compounded by potential increased regulatory burden associated with the DCS, including unforeseen transition cost and ongoing levy payments. That being said, the Company has reported notable loan book growth post balance date (as of May25) to ~$171.3m (Mar25: $151.5m), and together with possible funding cost benefits from the DCS, should support satisfactory NIMs for the near-term, in our view.

7.6 Management

Board Member	Position	Date Appointed
Donald Frederick Hattaway	Chairman and Independent Non-Executive Director	19 Dec 2017
Gregory John Pearce	Independent Non-Executive Director	19 Dec 2017
Geoffrey W Sinclair	Independent Non-Executive Director	01 Aug 2024
Brent Douglas King	Executive Director (Managing Director)	19 Dec 2017

Board of Directors:

Donald Frederick Hattaway CA, ACG

Chairman and Independent Non-Executive Director

Don is a member of Chartered Accountants Australia and New Zealand (CAANZ) and practised as a Chartered Accountant in public practice from 1980 until April 2023. He retired as a Partner in Price Waterhouse in 1996 and specialised in acting for small or medium sized enterprise businesses since then often fulfilling the role of finance director for those companies. Don was the Chairman of listed banking software technology company Finzsoft Solutions Ltd. Don is a previous Chairman of the Board of Directors of the Auckland Cricket Association. He has held a previous public company directorship with Cooks Coffee Company Ltd (previously known as Cooks Global Foods Ltd) as well as directorships with a number of private companies.

Gregory John Pearce B.Com.

Independent Non-Executive Director

Greg is a lending and credit specialist having held roles with large companies (Telecom and Air New Zealand) and a senior role with Dorchester Finance Limited, being General Manager Lending and Credit from 1997 to 2008. Since that time, he has consulted to receivers in relation to loan recoveries. Greg was previously Lending & Credit Manager at General Finance.

Geoffrey William Sinclair B.Com., NZIMDipMgt

Independent Non-Executive Director

Geoff is a founding Director/Shareholder of Blackbird Finance Limited a specialist trade/asset finance lender to the wholesale motor vehicle industry. He also sits on the board of Japanese owned Autobridge Limited and has held a number of senior roles within the finance sector. After starting in investment banking/finance in the late 90's with Bankers Trust in London, the majority of Geoff's focus has been in and around the motor vehicle industry; where he has extensive experience in import, wholesale, retail finance, and operations. Geoff specialises in start-ups and building on existing business operations, broad experience including governance, general management, marketing, strategic planning, product development, lending, compliance, and credit control.

Brent Douglas King B.Com., CA, CMA, MInstD

Executive Director (Managing Director)

Brent King has been the Managing Director of General Capital Limited and its subsidiaries since 3 August 2018. Prior to that date, Mr King was a Non-Executive Director since 30 September 2011. He was also the founder and Managing Director of the Dorchester Group of Companies for 17 years until he resigned in 2005. He holds a number of public and private directorships. He has more than 25 years' experience in financial, investment banking, underwriting, capital raising and accounting areas and has assisted a number of public and private companies. He is also the third largest shareholder of General Capital Limited, the ultimate parent of General Finance Limited.

Senior Management:

Vikraant (Vik) Singh, B.Com, CA

Chief Financial Officer

Mr Singh is a Chartered Accountant with over 17 years' experience having obtained a Bachelor of Commerce (BCom) from Victoria University. He joined the Company in 2025, having most recently worked at PwC NZ as a Director in the Management Consulting division. Prior to that, he was the Group Financial Controller at Jarden, a leading Australasian Investment Bank, and held a number of senior finance leadership roles in London UK at M&G Plc, HSBC, Jupiter Fund Management Plc and Deloitte in Melbourne, Australia.

Chris Dorn

Head of Corporate Finance of Investment Research Group Limited

Mr. Dorn brings extensive experience in the corporate advisory sector, having previously served as Partner and Head of Corporate Finance at Findex, New Zealand, as an Executive Manager at Capital Solutions at ASB and a Corporate Finance Director at PWC. Mr Dorn will be specialising in managing sell side transactions for his clients and providing a cost-effective solutions for those business owners wishing to divest.

Richard McIntosh LLB, BA

Legal Counsel and Company Secretary

Richard joined the Company in April 2023, and is an experienced lawyer and legal counsel. Richard was admitted to the Bar, New Zealand, in 1997 and has extensive New Zealand and overseas legal experience working for listed entities. Richard's experience is focused on the insurance and banking sector, with the most recent positions held with Tower Limited as General Counsel and AIA as General Counsel and Company Secretary.

Michelle Nel

Senior Manager (Lending)

Michelle joined the Company in 2019 as Loan Administration Manager, following earlier migration to New Zealand from South Africa, and was promoted to the role of Senior Manager (Lending) in early 2022. Prior to joining GF, Michelle spent 2 years as Loans Administration Manager at a New Zealand legal firm, gaining experience in AML, loan onboarding, investor management and processing broker applications. Michelle has completed level 5 Certificate in Financial Services specialising in Residential Property Lending.

Raj Sundaramoorthi

Senior Manager Credit Control and Recovery

Raj joined the company in June 2024 as the Senior Manager Credit Control and Recovery. He was previously National Credit Manager at Fuji Xerox, where he was responsible for credit management for FujiFilm Business Innovation in New Zealand. Raj holds a Master of Economics from the University of Madras.

Ricky Tseng

Senior Manager Deposits

Ricky has a Bachelor of Commerce (B.Com) from the University of Otago, and a M.B.A from Melbourne Business School. Ricky's academic record also includes a master's degree in Finance and he is also a qualified Financial Adviser. He has an extensive background in the commercial and finance sectors including experience in China, Hong Kong, Taiwan and New Zealand. Ricky joined General Finance in April 2021.

7.7 Governance and Oversight

Internal

GF adopts methodology consistent with the Risk Management Standard (AS/NZS ISO 31000:2009) for identifying, assessing, and managing risks. This methodology is the basis of the GF's risk management program. The program considers a broad range of operational, governance, and financial risks. The framework provides a structure for communicating, mitigating, and escalating risks, and incorporating risk management principles and objectives into strategic and resource planning activities. As part of the program, GF conducts risk assessments across the business. The assessments are undertaken at operational and management levels, and involve an assessment of the extent, impact and likelihood of risk, and the development of risk mitigation strategies to address specific risks.

GF's Board of Directors have overall responsibility for risk management and delegate responsibility for oversight of risk management activities to General Capital Limited's (GCL) Audit Committee, and responsibility for the implementation of the risk management framework to the Managing Director.

The Audit Committee provides oversight to risk management activities across the Company, monitors the implementation of remedial actions to minimise or eliminate adverse risk, and reports at least quarterly to the Board of Directors on the performance of risk management activities. The following table outlines the specific roles and responsibilities for risk management:

Board	• Governance responsibility for risk management; compliance; solvency; liquidity; capital adequacy of GF; • Establish risk appetite and tolerances; • Approve the reporting requirements, policies procedures and controls; • Monitor the risk exposures to check that they are consistent with established risk tolerances; • Monitor compliance with legal requirements and internal policies and procedures; • Approve the Code of Ethics, including the policy on managing conflicts of interest; • Managing Director reports to the Board; • Ensure that any exposures to, and transactions with, related parties are on arm's length terms and conditions.
Senior Management	• Reports to the Board; • Senior Management (CFO and the General Legal Counsel & Company Secretary) report to the Managing Director; • Ensure risks are taken within limits set by the Board; • Implement the policies, procedures, controls and reporting mechanisms set out in this Risk Management Programme; • Ensure that the Risk Management Programme includes: ○ a requirement that an action that is contrary to GCL or GFL's policies is reported to senior management and, depending on materiality, to the Board; and ○ a requirement that in such cases corrective measures are triggered; • Ensure staff are well-trained and have experience appropriate to their roles.
Chief Financial Officer	• Management of all financial aspects of the General Finance; • Oversight of the finance team; • Management of funding and cashflow requirements; • Monthly financial reporting for management and the Board, and monthly financial reporting for management and the Board, half yearly and annual financial statements and annual report; • Tax compliance, budgeting & forecasting, financial planning & analysis, management of payroll and financial payments, management of the external audit process, and advising management and the Board on financial matters and financial reporting requirements; • Reports to the CEO; • Provision of regular training for all staff to promote the risk culture; • Oversight of internal audit and compliance activity; • Monitor compliance with the policy on conflict of interest; • Monitor transactions with related parties to meet the requirements of being undertaken at an arm's length terms and conditions;
All Staff	• Each business area should be aware, accountable and responsible for the risks it exposes the GC Group through its operations; • Should understand the risks they encounter in conducting their part of the business via training by the Risk and Compliance Manager; • Where appropriate identify and report increases in risks or new risks in a timely manner.

GF maintains a risk register which records the following:

- The risks across the business, or specify to an entity;

- Linkage of risks to processes and people (risk owners);
- Assessment of inherent risks;
- Controls in place;
- Assessment of residual risk;
- Risk Tolerance
- Treatment of risks; and
- Monitoring of risks.

The Risk Register is reviewed in full at least annually by the Risk Owners, with the Risk & Compliance Manager being responsible for updating the register and presenting to the Boards for review and approval.

External

The Trust deed and the prudential norms prescribed by the RBNZ are key source of external governance measures which GF must comply with. The details of the RBNZ's prudential requirements are mentioned in Section 5 and the table below summarises GF's compliance with select requirements of the trust deed and the RBNZ's prudential norms.

Ratio	Calculation	Mar25	Mar24	Mar23	Mar22	Trust deed	Regulatory
Risk weighted capital ratio	Tier 1 capital as a percentage of risk weighted assets	17.82%	22.3%	21.8%	17.9%	8% or more if rated 15% or more if unrated	8% or more if rated 10% or more if unrated
Liquidity ratio	Liquidity + Expected loan receivables within the relevant quarterly period divided by Expected gross deposit redemptions within the relevant quarterly period.	5.82 times	4.98 times	3.96 times	4.11 times	>1.25 times	As appropriate
Related party ratio	Aggregate credit exposures to all the related parties as a percentage of tier 1 capital	5.9%	2.0%	0.1%	0.1%	<10%	<15%

Grant Thornton New Zealand Audit Limited functions as GF's external auditor. The Company engages in semi-annual external audits as a part of its ongoing commitment to compliance and governance.

8. Financial Overview

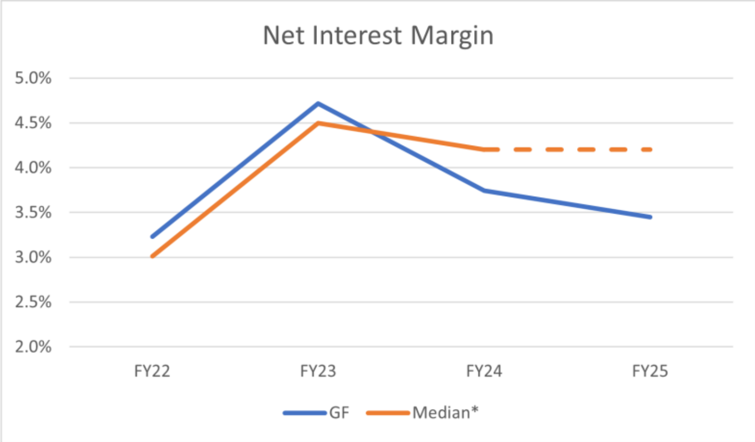
8.1 Summary Financial Data

General Finance Limited					
$'000s	Trend				
Income Statement		FY22	FY23	FY24	FY25
Net Interest Income		2,638	5,356	5,303	6,286
Non Interest Income		1,394	2,199	2,465	3,224
Operating Income		4,032	7,555	7,768	9,510
Operating Expense		1,910	2,652	3,528	4,843
Pre Provision Operating Profit		2,128	4,926	4,243	4,728
Credit Impairment Charge / (Reversal)		66	574	422	429
Operating Profit Before Tax		2,062	4,352	3,821	4,299
Other non Operating Income / (Expense)		6	23	3	61
Net Profit		1,537	3,245	2,883	3,175
Financial Position		Mar22	Mar23	Mar24	Mar25
Total Assets		99,354	128,462	155,869	212,293
Customer Deposits		88,047	109,886	135,119	184,680
Gross Loans		80,230	109,611	132,693	151,505
Liquid Assets		18,845	18,368	22,572	57,796
Ratios					
Profit Before Tax to Operating Income Margin (%)		51.1%	57.6%	49.2%	45.2%
Net Interest Margin (%)		3.2%	4.7%	3.7%	3.4%
Cost to Income (%)		47.4%	35.1%	45.4%	50.9%
Return on Asset (%)		1.9%	2.8%	2.0%	1.7%
Return on Equity (%)		19.5%	25.2%	16.5%	15.1%
Capital Ratio (%)		17.9%	21.8%	22.3%	17.8%
Capital to Total Asset Ratio (%)		9.8%	12.4%	12.1%	10.9%
Leverage Ratio - (Gross Loans / Equity) (x)		8.2	6.9	7.0	6.6
Charges-offs / Gross Loans (%)		0.0%	0.0%	0.3%	0.0%
Neither Impaired or Past Due to Gross Loans (%)		96.7%	86.7%	92.2%	93.7%
Non-Performing Loans to Gross Loans (%) *		0.6%	3.7%	0.6%	1.8%
Loan Loss Provision / Gross Loans (%)		0.3%	0.7%	0.4%	0.2%
Deposits to Gross Loans (%)		109.7%	100.3%	101.8%	121.9%
Liquid Assets to Total Assets (%)		19.0%	14.3%	14.5%	27.2%

*Non-performing Loans = Impaired loans + Loans past due for more than 90 days

8.2 Profitability

Net Interest Margin



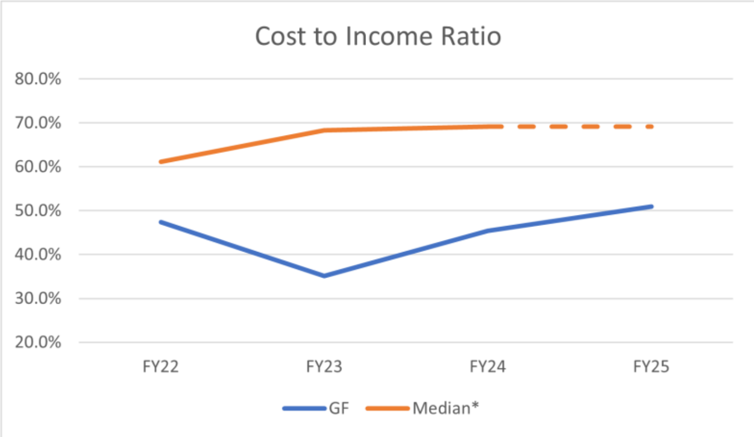
*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

The Company reported consistent improvement in NIMs during FY22 and FY23, supported by continued strong loan book growth, and the rising interest rate environment – enabling GF to increase its yield on loans. Rising rates are likely to have also underpinned the improvement in net interest margins of its peers' for across the same period.

Notwithstanding muted loan book growth during 1HFY24 and stagnant weighted average lending rates (FY24: 10.4%, FY23: 10.4%), as management adopted a more conservative approach to lending (targeting loans with lower LVR's) amidst the challenging market environment and competitive pressures, the Company reported continued healthy loan book growth in FY24, which supported its ability to maintain a healthy, albeit lower, NIM of 3.7% (FY23: 4.7%).

During FY25, GF faced profitability challenges due to slower loan book growth (Mar25: $151.5m; Mar24: $132.7m), particularly in its traditional lending channel, compared to deposits growth (Mar25: $184.7m; Mar24: $135.1m), leading to a high level of (lower interest yielding) cash reserves (Mar25: $57.8m) and a decrease in NIMs (FY25: 3.4%; FY24: 3.7%).

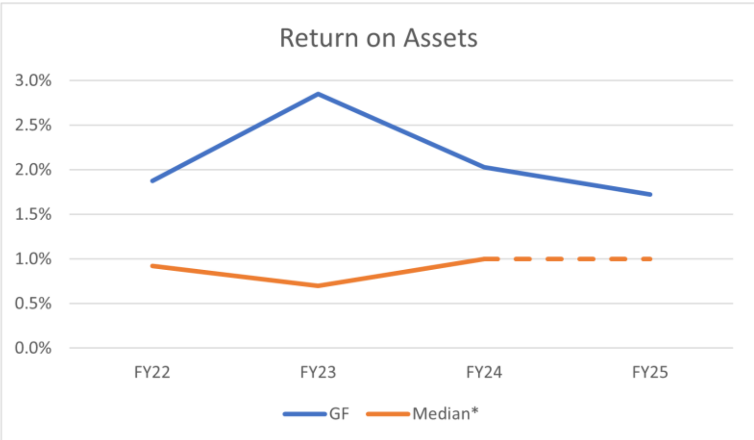
Operating Efficiency



*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

In FY25, GF's overall cost to income increased to 50.9% (FY24: 45.4%), although remained better (lower) than the sector median. While the cost to income ratio is reflective of the Company's relatively small scale, we acknowledge the Company's increase in headcount to enhance its operating capacity, and the related cost increase, which has likely driven the deterioration in the indicator.

Return on Assets (ROA)

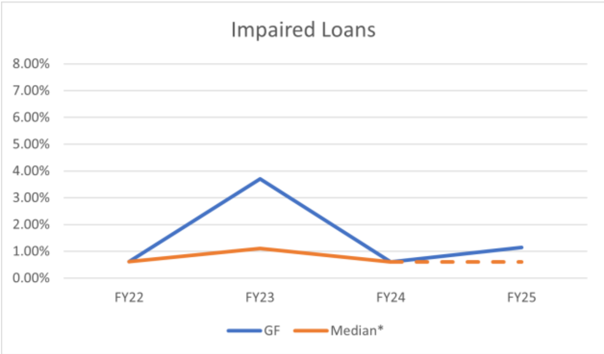


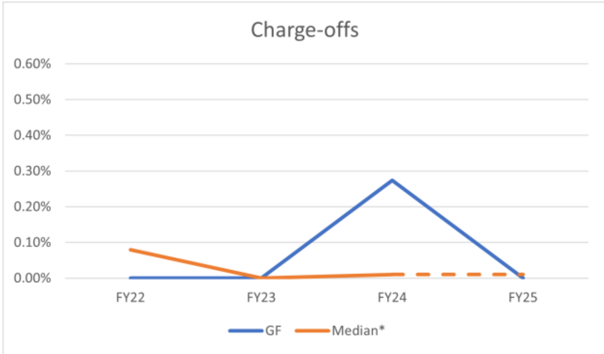
*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

While industry median ROAs have been relatively stable since FY22, GF's ROAs have been volatile. GF's ROA decreased in FY25, reflecting the rapid growth of assets and the decline in NIMs, however remained better thank the sector and reflective of its adequate operating flexibility.

8.3. Asset Quality

Impaired Loans



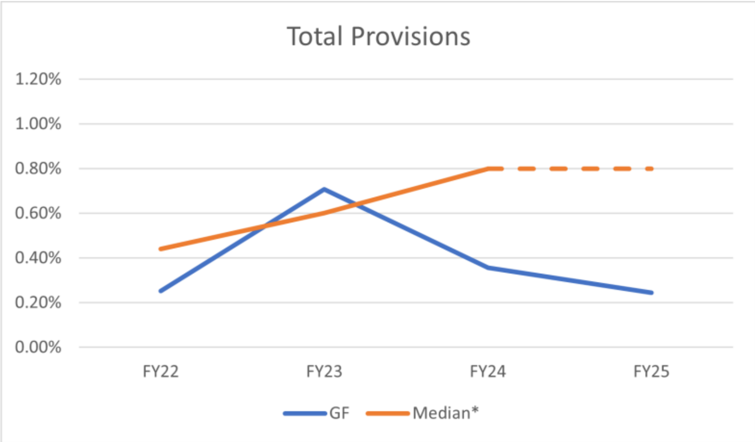


*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

GF's loan portfolio has historically exhibited low delinquency levels and high recovery rates. At Mar25, 95.9% (Mar24: 100.0%) of the total loan book was secured against first mortgages. The Company has maintained relatively low levels of loan losses and non-performing assets. That said, GF's impaired loans increased to $1.7m (Mar24: $0.8m; Mar23: $4.1m, Mar22: $0.5m, Mar21: nil) or 1.1% of gross loans at Mar25 (Mar24: 0.6%), which is higher (worse) than the industry median. There were no loan losses in FY25, however, the Company incurred a loan write-off ($0.4m) in FY24 (Mar23: Nil, Mar22: Nil), and is projecting a further unrelated loan loss of $0.3m for FY26, highlighting the adverse and disproportionate impact of potential market risks inherent in its asset-backed lending business model. The impaired loans amount ($1.7m) at Mar25 is made up of two loans, and one of the loans' secured properties was sold for $0.6m after the reporting date.

Based on sensitivity testing of the loan portfolio at Mar25 the Company estimates it has a $0.2m (Mar24: $Nil) exposure on secured mortgages to a property downturn of up to 25.0% (including the cost of realisation) from most recent valuations. A total of $0.4m (Mar24: $0.5m) has been provided for expected credit losses in the financial statements.

8.4 Provisioning

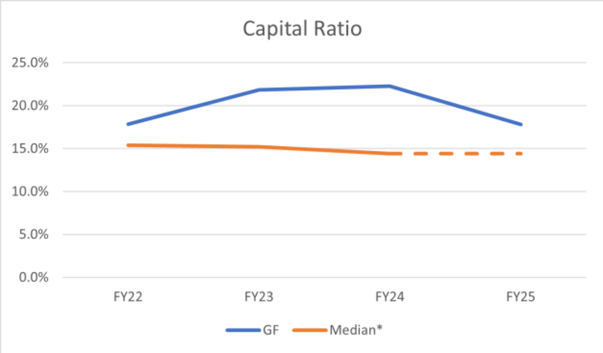


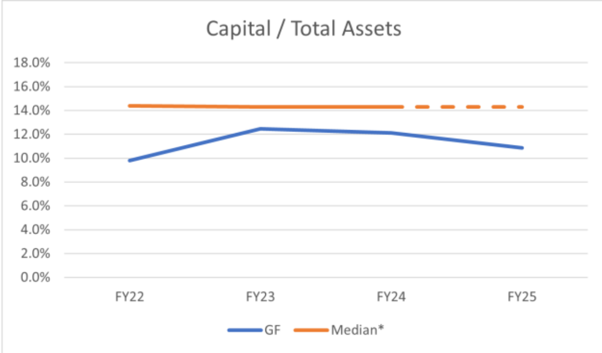
*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

GF's average annual write-offs over the last four years was approximately 0.10%. The Company recognised the subdued economic environment, slow recovery in the property market, and financial market uncertainties. GF's total provisions as a percentage of gross loans spiked and were 0.71% at Mar23 (Mar22: 0.25%), marginally higher (worse) than the sector median, as the Company booked ~$0.5m individual loan impairment allowance, the majority of which ($0.4m) pertaining to a single underperforming loan that represented over 65.0% of the impaired assets at Mar23. Positively, following the mortgagee sale of the secured property, the abovesaid underperforming loan was settled and the corresponding provisions reversed, thereby contributing to a decrease in the provision ratio to 0.36% at Mar24 and 0.24% at Mar25, which was lower (better) than the sector median.

That said, GF's asset quality metrics are expected to remain under pressure, in our view, due to macroeconomic headwinds including a slow recovery in the housing market, with potential double impact of adverse property price movements eroding collateral coverage and leading to delays to borrowers' liquidation plans for the underlying asset to repay borrowings. In addition, as the average borrower's credit quality remains constrained, the Company may face greater competition for quality borrowers.

8.5 Capitalisation



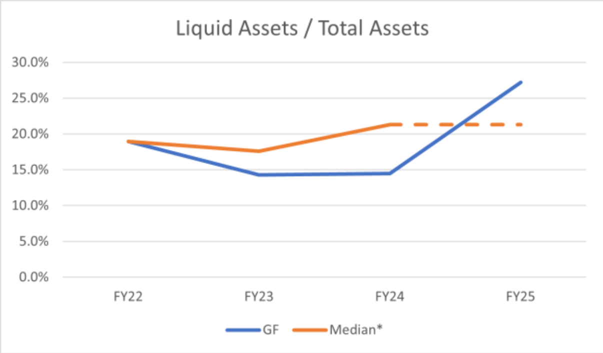


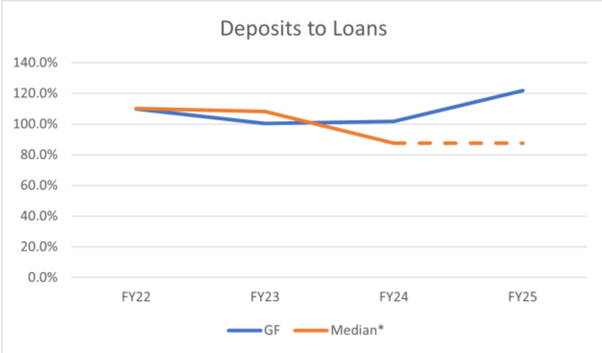
*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

In accordance with the Non-bank Deposit Takers Act 2013 and NZ capital regulations, licensed NBDTs with a credit rating from an approved rating agency are mandated to maintain a minimum capital ratio of 8.0%. The capital ratio is a function of gross capital to the Company's aggregated risk-weighted asset (RWA) portfolio which has been adjusted for credit, market, and operational risk. The Company's healthy, albeit reduced, capital ratio of 17.8% at Mar25 (Mar24: 22.3%) enables GF to maintain adequate headroom above the regulatory minimum capital ratio threshold (8.0%) and has remained better than the sector median. The decrease in the capital ratio was primarily due to the recent addition of unsecured loans (insurance premium lending) in GF's portfolio, that carry a higher risk weight. That said, the acquisition of the insurance premium lending business improves diversification and supports the liquidity profile of GF. Further, management are planning for securitisation of the insurance premium loans within the next 12-months, which should benefit its capital ratio in the near-term.

The Company's healthy capital ratio, amidst sustained loan book growth, has been supported by strong earnings' retention, together with incremental capital injection (FY25: $2.0m; FY23: $3.0m; FY22: $2.2m), and holds it in good stead to support further loan book growth and/or cushion the impact of any adverse trading performance on its capital ratio.

8.6 Funding and Liquidity





*Source: Reported financial statements of Peer Group from FY22 – FY24. *Median figure for FY25 is an extrapolation of FY24 data, as there was insufficient FY25 financial information available to form a reliable dataset at Jun25.*

GF's deposits to loans ratio increased to 121.9% (Mar24: 101.8%) at Mar25, which was higher (better) than its peers. For FY25, GF reported 14.2% growth in the loan book, and 36.7% increase in deposit funding, which meant that the Company's liquid assets to total assets ratio significantly increased to at 27.2% at Mar25 (Mar24: 14.5%) which was better than the sector median. The Company's liquidity remains well supported by a satisfactory 12-month average deposit renewal rate (~ 80.0%) and the DCS. Overall, GF's demonstrated capacity to attract deposits to aid its asset growth supports its funding profile.

Additionally, the Company's LCR calculated according to its trust deed at Mar25 was acceptable at 5.82 times (Mar24: 4.98 times), against the stipulated minimum LCR of >1.25 times. As part of its liquidity policy, GF endeavours to maintain cash or short-term deposits equivalent to at least 10% of Total Tangible Assets. GF was assessed as having sufficient headroom within above metrics to enable the Company to withstand some level of funding volatility.

13. Financial Benchmarks

Description	Percentile	General Finance Limited	Sector Median
Financial Period		FY24	FY24
Scale:			
Operating income ($ 000s)	33%	7,768	5,716
Total Assets ($ 000s)	17%	155,869	149,184
Gross loans ($ 000s)	25%	132,693	89,434
Profitability:			
Net Interest Margin (%)	92%	3.7%	4.2%
Non Interest Income to total income (%)	42%	31.7%	13.7%
ROE (%)	83%	16.5%	10.4%
Return on total assets (%)	92%	2.0%	1.0%
Cost to Income (%)	92%	45.4%	69.2%
Capitalisation:			
Leverage (Gross loans to Equity) (x)	100%	7.0	6.2
Capital ratio - risk adjusted (%)	75%	22.3%	14.4%
Capital to total assets ratio (%)	100%	12.1%	14.3%
Funding and liquidity:			
Gross loans as a % of total assets (%)	67%	85.1%	73.2%
Gross loans to deposit (%)	100%	98.2%	87.6%
Liquid assets to total assets (%)	42%	14.5%	21.3%
Asset Quality:			
Write-offs to gross loans (%)	17%	0.3%	0.0%
Impaired loans to gross loans (%)	100%	0.6%	0.6%
Total provision to gross loans (%)	58%	0.4%	0.8%

14. APPENDICES

1. Explanation of the Equifax's credit rating

1.1 What is a rating?

Credit ratings provide an Agency's opinion as to the capacity, viability and willingness of an entity, issuer, or counterparty to meet their respective financial commitments. As such, Equifax assigns ratings based on the credit worthiness of an entity, commitment, or product, and provides probabilistic assessments of default over the short, medium, and long-term.

Credit ratings are a critical measure used extensively in commercial, financial, and capital markets to support key business decisions. Equifax's credit ratings are used to support debt and bonding decisions, loan origination and recovery, insurance and warranty, funds management, portfolio management, tendering and procurement, counterparty risk assessments and other commercial contracts.

Equifax provides credit ratings on government and commercial agencies, international conglomerates, infrastructure consortia, financial institutions, publicly listed entities, private corporations, and small-to-medium sized enterprises across a range of industry sectors both domestically and internationally. As such, Equifax is also able to provide detailed industry intelligence, benchmarking reports and analysis across a wide range of sectors.

1.2 Equifax's credit rating

Equifax and other credit rating agencies all attempt to measure the probability of an entity being able to honour its financial commitments as and when they fall due. The most recognised credit rating is that based on Bond Rating Equivalents (BRE) used over the past eighty years to determine the proximity of an entity's securities to default (non-payment of interest or principal). The accuracy of this method has been extensively tested and is accepted worldwide.

The Equifax's database contains more than 100,000 financial years of information spanning more than twenty-five years. As such Equifax is in a unique position, having developed a large and empirical data source on entities across various industry sectors with long data histories covering a range of economic conditions and one or more complete business cycles. Equifax has therefore been able to use a variety of quantitative validation tools and comparisons using this information to adequately verify the stability, accuracy, and consistency of its rating models.

Equifax's rating models have been designed to assess the proximity of an entity to defaulting on its financial commitments and obligations. Proprietary risk analytics are used to evaluate the multivariate interrelationship of key risk indicators using scientifically based and empirically derived risk metrics. These models evaluate the financial performance, position, and profile of an entity in the context of its industry, size, and structure. They have been validated on Australian and international data with the assistance of Professor Edward Altman, an internationally recognised leader in the field of credit risk analysis and bankruptcy prediction.

Equifax uses its comprehensive benchmarking database to evaluate the financial position, performance and credit quality of an agency, institution, corporation, or entity relative to an industry and its peers. This enables the identification of key sensitivities, trends, cautionary alerts, and exception reports based on identified anomalies and/or outliers across key credit indicators of a select benchmarking group.

While there is no single method to discriminate unambiguously between firms that will default and those that will not, Equifax can make probabilistic assessments of default. This requires a large database of actual defaults to enable an assessment of default probabilities and actual default rates from empirical evidence. The Australasian market has a comparatively small number of corporate bond issues and a relatively benign credit climate over recent decades, and as such empirical data on Australian default rates is limited. Therefore, Equifax considers it is more appropriate to apply default probabilities using empirical data from international markets over several economic cycles.

Equifax's default statistics have been derived from nearly twenty years' experience analysing mainly US non-financial, non-utility corporate bond issuers. The analysis covered a relatively large number of companies (approximately 1,000 rated each year) and follows the well-established static pool approach used by Credit Rating Agencies to report their default experience. Static pools were created for bond issuers each year by both notch and grade, and the history of these bond issuers was then analysed over the period. The pools were then combined so that long-term average default experience by duration could be calculated, and both annual and cumulative default experience was calculated from the pools.

Equifax's risk analytics enable analysts to evaluate the most critical and sensitive financial and risk items through the Risk Assessment Platform by analysing key indicators to derive a definitive credit risk score and Bond Rating Equivalent (BRE), providing Probabilities of Default (PoD) over the short-, medium- and long-term horizon.

1.3 Rating Definitions

Credit ratings provide an Agency's opinion as to the capacity, viability, and willingness of an entity to meet their respective financial and contractual commitments. As such credit ratings are assigned in accordance with the entity, commitment, or product's proximity to default. Equifax adheres to internationally recognised grades and are similar to other agency classifications, providing ratings across twenty-two credit notches from ‘D’ (in default) to ‘AAA’ (extremely strong).

Moody’s	Fitch	S&P	Rating	Default rates (5 years)	Classification	Risk Level
Aaa	AAA	AAA	AAA	0.17	High Grade	Negligible
Aa1	AA+	AA+	AA+	0.31		
Aa2	AA	AA	AA	0.44		
Aa3	AA-	AA-	AA-	0.55		
A1	A+	A+	A+	0.76	Investment Grade	Very Low
A2	A	A	A	0.81		
A3	A-	A-	A-	1.47		
Baa1	BBB+	BBB+	BBB+	2.08		Low
Baa2	BBB	BBB	BBB	3.19		
Baa3	BBB-	BBB-	BBB-	4.37		
Ba1	BB+	BB+	BB+	7.13	Near Prime	Low to Moderate
Ba2	BB	BB	BB	7.49		
Ba3	BB-	BB-	BB-	10.52		
B1	B+	B+	B+	16.34	Sub Prime	Moderate
B2	B	B	B	22.21		
B3	B-	B-	B-	24.16		High
Caa1	CCC	CCC+	CCC+	28.16	Credit Watch	Very High
Caa2		CCC	CCC	29.90		
Caa3		CCC-	CCC-	39.16		
Ca		CC	CC	52.87	Distressed	Extremely High
		C	C	55.00		
C	D	D	D	100.00		

Equifax assigns ratings based on the credit worthiness of an entity or a specific financial commitment, and provides probabilistic assessments of default over the short, medium, and long-term. Every entity or commitment has some probability of default over a period of time, even those assigned with the strongest of ratings. An Investment Grade classification is attributed to credits that exhibit a lower probability of default, while a Sub-Prime classification has a greater expectancy of default.

An Equifax's credit rating may also be assigned additional clarification markers (symbols) to qualify the credit risk assessment. These may include:

Conditional Rating (#)
A Conditional Rating is used where Equifax has rated an entity on the basis of significant risk factors and/or report qualifications, with recommendations providing one or more conditions precedent and/or mitigation action(s) to reduce identified uncertainty and risk.

Provisional Rating (*)
A Provisional Rating is used when the most recent financial figures are based on draft management accounts or are deemed out-of-date. Entities with a provisional rating should be re-evaluated as soon as finalised financial statements become available.

Indicative Rating (^)
An Indicative Rating is used where Equifax is engaged to conduct preliminary analysis only, and as such an official rating assignment would require a more detailed and comprehensive investigation and due diligence assessment prior to the provision of our professional opinion.

1.4 Rating Outlooks

Equifax's forward estimates help ascertain the trajectory of ratings as well as the risks to ratings. Ratings with a positive trajectory are assigned 'Positive Outlooks'. Ratings with a negative trajectory are assigned 'Negative Outlooks'. Where Ratings are expected to remain unchanged, a 'Stable Outlook' assigned.

Rating trajectories are closely related to the outlook for the corporate's earnings. Earnings growth that is within sustainable growth parameters together with an attenuation of earnings volatility provide upward rating pressure and so may warrant the assignment of a Positive Outlook.

Credit Concepts measured

The main credit concepts measured against Australian and New Zealand Standard Industry Classifications (ANZSIC) and specific Peer Groups based on entity size are available in Corporate Scorecard's Rating methodology, which can be found at the below-mentioned links

http://www.corporatescorecard.co.nz/services_credit_ratings.php

https://www.corporatescorecard.co.nz/docs/RatingMethodologyFinancial.pdf

2. Regulatory Disclosures and Disclaimer

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The credit rating issued by Equifax Credit Ratings reflects our current opinion of the relative credit risk of the institution. This opinion has been formed in accordance with Equifax's published credit ratings methodology - financial institution rating criteria (Issue 8, November 2021).

https://www.corporatescorecard.co.nz/docs/RatingMethodologyFinancial.pdf

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