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Credit Ratings & Research

# General Finance Limited

NZBN: 9429038072994

## Credit Rating Synopsis

**Date:** 10 December 2025

**Prepared for:** General Finance Limited

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

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**Job Number:** 406175

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

Corporate Scorecard

From Equifax

# Contents

# 1. Executive Summary

## General Finance Limited ("GF", "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 and unsecured lending and accepts customer deposits.

Equifax Credit Ratings Australasia Pty Ltd ('Equifax') has affirmed GF's credit rating of 'BB' at Sep25, which is a near-prime classification with a low to moderate level of risk. The outlook for the rating has been revised to 'Positive' from 'Stable', predicated on our expectation of continued improvement in the Company's operating performance, supported by loan book and deposits growth, and maintenance of healthy profitability. GF's credit rating benefits from its healthy competitive position as a specialised bridging loans provider, its loan book and deposits growth, healthy earnings, sound capital and funding profile, and benefit to its ability to attract deposits by regulatory reforms. The risks to GF's credit rating arise from the challenging macroeconomic environment and GF's business model risks (which include market risk factors and a moderate degree of concentration risks) posing a threat to asset quality, potential income pressures from a challenging operating environment with low interest rates and changing prudential requirements, 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 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 Mar22 ($80.2m) and Sep25 ($206.6m) with a compound annual growth rate (CAGR) of 23.4%.

- GF has maintained a healthy level of operating flexibility over the period under review, with healthy reported net interest margins (NIMs), better than industry operating efficiency (evidenced by a better-than-sector Cost-to-Income ratio), and healthy Return on Equity (1HFY26: 10.0%; FY25: 15.1%; FY24: 16.5%).

- GF has reported growth in its core business during 1HFY26, evidenced by increased loan book (Sep25: $206.6m; Mar25: $151.5m) and deposits (Sep25: $240.0m; Mar25: $184.7m). GF's demonstrated capacity to attract deposits, supports its healthy funding and liquidity profile. At Sep25, the Company reported cash reserves of $62.0m (Mar25: $57.8m), which were equivalent to 25.8% of its deposit base (Mar25: 31.3%), supporting the Company's capacity to meet obligations, and fund future organic/inorganic growth objectives.

- A healthy, albeit reduced, capital ratio of 15.3% at Sep25 (Mar25: 17.8%) enables GF to maintain adequate headroom above the regulatory minimum capital ratio threshold (8.0%). The Company's capitalisation has been supported by 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 impacted by the recent (Nov24) 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, which is expected to benefit its capital ratio in the near-term.

- RBNZ is in the process of aligning the regulation of all deposit takers under the Deposit Takers Act 2023 ('DTA'), which will take full effect in 2028. More stringent regulatory oversight of NBDTs may promote public confidence in the sector and lead to general reduction in deposit costs for NBDTs such as GF. The DTA introduces a depositor compensation scheme (DCS) which has come into effect in July 2025 (insuring deposits up to $100k). The resulting increased deposit flows, particularly towards NBDT finance companies, has allowed them to reduce their funding rates, consequently narrowing the risk-premium funding spread between banks and NBDTs.

**Constraints**

- While GF has so far successfully navigated macroeconomic headwinds, its operations inherently remain exposed to general economic volatility and downturns, highlighting a persistent risk factor. This challenging environment is primarily driven by subdued economic activity across the wider NZ economy and a sluggish property market impacted by a relatively high unemployment rate, subdued construction activity, and weaker consumer confidence. Although the current performance of the loan book is considered satisfactory, evidenced by a reduced amount of loans in arrears (Sep25: 3.8%; Mar25: 6.3%; Mar24: 7.8%), low impaired loans and credit loss ratio, the challenging market environment and potential shrinking of existing and/or future collateral cover due to the subdued property market, puts pressure on the loan value ratio (LVR) of existing loans and may constrain the Company's ability to continually grow in accordance with the management's conservative lending approach that focuses on lower LVR loans. 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 22.7% of GF's loan book at Sep25 (Mar25: 21.7%).

- GF's healthy profitability is expected to be challenged by both market and regulatory pressures. The current low-interest rate environment intensifies competition to deploy funds, which may place downward pressure on loan yields, potentially leading to NIM compression and reduced profitability. Furthermore, elevated overheads due to increased regulatory requirements associated with the DTA, including unforeseen transition cost and ongoing levy payments, has the potential to place additional pressure on overall operating margins, making it challenging to sustain current profitability levels. Moreover, the required investment to scale up IT infrastructure for GF's planned expansion of the insurance premium loan portfolio may also constrain short-term profitability.

- 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 our 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 new qualifications, and we note the relatively 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 'Positive'. An upgrade would require a demonstrated sustained improvement in scale and market position, while maintaining profitability and asset quality, 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**

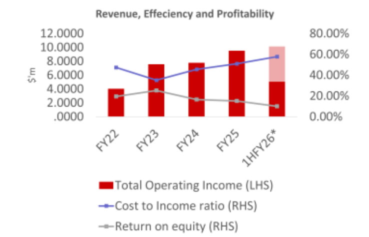
**Outlook: Positive**

**Type: Public, Monitored**

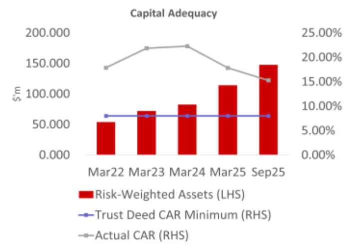
## Industry Percentiles

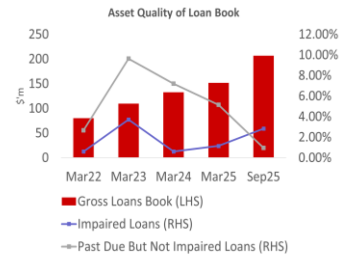
| | Percentile |
|---|---|
| **Scale:** | |
| Total Assets | 71% |
| Gross Loans | 78% |
| **Profitability:** | |
| NIM | 61% |
| ROE | 69% |
| ROA | 71% |
| Efficiency Ratio | 64% |
| **Capitalisation:** | |
| Leverage (Gross loans to Equity) | 24% |
| Capital Ratio | 52% |
| Capital to Total Assets | 27% |
| **Funding and liquidity:** | |
| Loan to Deposit Ratio | 47% |
| Liquid Assets to Total Assets | 39% |
| **Asset Quality:** | |
| Net Charge-offs | 39% |
| Impaired Loans | 13% |
| Provision for Loan Losses | 83% |

## Key Trends




*Annualised



## 2. Scope of Report

The purpose of this report is to provide a Credit Rating Synopsis on General Finance Limited ("GF", "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 | **10th December 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 | **Standalone 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 | **Audited Interim Financial Statements for the 6-month period ended 30 September 2025.**<br><br>**Audited Financial Statements for the years ended 31 March 2025, 2024, and 2023.** |
| Name of auditor | **Grant Thornton New Zealand Audit Limited** |
| Other Information Sources | **The Company's response to our Request for Information, the Company's 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.

# 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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Equifax Credit Ratings also holds an Australian Financial Services License (AFS License no. 341391) which licenses it to provide credit ratings to wholesale clients in Australia.

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 (version 7, 2020).
https://www.corporatescorecard.co.nz/docs/RatingMethodologyFinancial.pdf

The credit rating and associated assessments, opinions and observations are solely statements of opinion. They are not statements of fact. They do not constitute advice or a recommendation. The credit rating does not guarantee the performance of the rated issuer or relevant security, and should not be relied on for the purposes of making an investment decision. All information used in the credit rating process is obtained by Equifax from sources believed by it to be accurate and reliable. Equifax adopts all necessary measures so the information used in assigning a credit rating is of sufficient quality and from sources believed to be reliable including, when appropriate, independent third-party sources. However, because of the existence of human or system error, or other factors, all information contained herein is provided 'as is' without warranty of any kind. Equifax is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Use of information contained in this report is at the recipients own risk. To the extent permitted by law, Equifax, its directors, officers, employees and any persons associated with the preparation of the release and our full report are not liable to any person in respect of anything (or the consequences of anything) done or omitted to be done by any person in reliance on any of the contents of the release or our full report; and are not responsible for any errors or omissions in the release or our full report resulting from any inaccuracy, mis-description or incompleteness of the information provided or from assumptions made or opinions reached by the parties providing the Information. All information contained herein is protected by law, including but not limited to copyright law, and this information may not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without Equifax's prior written consent.

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