



MUTUAL CREDIT FINANCE LIMITED

Offer of First Ranking Debt Instruments

This document provides material information relating to the Offer of First Ranking Debt Instruments of MCF offered under a Product Disclosure Statement dated 1 July 2025 issued by MCF which replaces the Product Disclosure Statement dated 3 September 2024.

This document was prepared on 1 July 2025.

Ranking Of First Ranking Debt Instruments as at 31 March 2025

The diagram set out below illustrates the ranking of First Ranking Debt Instruments on a liquidation of MCF and is based on \$60,971,234 of First Ranking Debt Instruments on issue as at 31 March 2025.

As at 31 March 2025 the total amount of the liabilities secured by the security interest was \$60,971,234 and the total value of MCF's assets was \$74,123,612. Such assets were comprised of the following:

- loans and finance receivables – 79.9%;
- cash and cash equivalents – 19.1%;
- office equipment and other fixed assets – 0.3%;
- deferred tax assets – 0.2%; and
- sundry debtors, prepayments and other sundry assets – 0.5%.

The table set out below illustrates the ranking of the First Ranking Debt Instruments on a liquidation of MCF.

Ranking Level	Ranking on liquidation of MCF	Nature of liability	Indicative amount of liability as at 31 March 2025	Total liabilities in class as at 31 March 2025
Higher ranking/priority 	Liabilities that rank in priority to the First Ranking Debt Instruments on a liquidation of MCF	Prior charges permitted under the Trust Deed.	Nil	\$1,018,691
		Unpaid fees, expenses and other amounts owed to the Supervisor.	\$15,238	
		Liabilities owed to statutorily preferred creditors (such as the Inland Revenue and employees of MCF).	\$1,003,453	
	Liabilities that rank equally with the First Ranking Debt Instruments on a liquidation of MCF	Other First Ranking Debt Instruments issued by MCF.	\$60,971,234	\$60,971,234
		Variable Secured Debt Instruments issued by MCF.	Nil	
	Liabilities that rank below the First Ranking Debt Instruments on a liquidation of MCF	Second Ranking Debt Instruments issued by MCF.	Nil	\$904,351
		Unsecured debt instruments, unsecured creditors and subordinated debt instruments.	\$904,351	
Lower ranking/priority	Equity	The amount owed to shareholders of MCF after all liabilities have been paid.	\$11,229,336	\$11,229,336

MCF's Financial Information

MCF is required by law and its Trust Deed to meet certain financial requirements. This table shows how MCF is currently meeting those requirements. These are minimum requirements. Meeting them does not mean that MCF is safe. The section on specific risks in the PDS relating to MCF's creditworthiness sets out risk factors that could cause its financial position to deteriorate. The offer register provides a breakdown of how the figures in this table are calculated, as well as full financial statements.

Key Ratios

Set out below are key ratios for MCF's most recent financial year as well as for the two preceding financial years. The ratios are calculated in accordance with the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 (the *Non-bank Deposit Taker Regulations*). A summary of MCF's calculations is set out in the Appendix.

a) Capital Ratios

Capital Ratio	31 March 2025	31 March 2024	31 March 2023
MCF's capital ratio calculated in accordance with the Non-bank Deposit Taker Regulations	13.13%	12.21%	13.09%
Minimum capital ratio MCF must maintain under the Trust Deed	8.0% ¹	8.0% ¹	12.0%
Minimum capital ratio that must be included in the Trust Deed under the Non-bank Deposit Taker Regulations	8.0% ¹	8.0% ¹	12.0%
Minimum capital ratio MCF must maintain under the Non-bank Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2016 ²	N/A	N/A	12%

The capital ratio is a measure of the extent to which MCF is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets MCF has to absorb unexpected losses arising out of its business activities.

Notes

- Under MCF's Trust Deed and the Non-bank Deposit Taker Regulations the minimum capital ratio in the Trust Deed must not be less than 8% if MCF has a credit rating. MCF obtained a credit rating on 21 July 2023. Accordingly, from 21 July 2023 onwards MCF must maintain a minimum ratio of at least 8%.
- As at 31 March 2023, this exemption notice exempted MCF, because when assessed on 1 October for the relevant measurement period it had average consolidated liabilities of \$20 million or more but less than \$40 million, from the requirement to have its creditworthiness assessed by an approved rating agency on the basis that it was unduly onerous for MCF to comply with the requirement to have a credit rating, provided MCF

maintained a capital ratio of at least 12%. MCF obtained a credit rating on 21 July 2023 and so is no longer relying on this exemption notice.

b) Related Party Exposures

Related Party Exposures	31 March 2025	31 March 2024	31 March 2023
MCF's aggregate exposures to related parties	0.02%	0.04%	0.01%
Maximum limit on aggregate exposures to related parties that MCF must not exceed that is included in the Trust Deed	15%	15%	15%
Maximum limit on aggregate exposures to related parties that MCF must not exceed that must be included in the Trust Deed under the Non-bank Deposit Takers Regulations	15%	15%	15%

Related party exposures are financial exposures that MCF has to related parties. A related party is an entity that is related to MCF through common control or some other connection that may give the party influence over MCF (or MCF over the related party). These related parties include directors and shareholders of MCF and other companies or entities that the directors and shareholders have an interest in.

c) Liquidity Requirements

Liquidity Requirements	31 March 2025	31 March 2024	31 March 2023
Liquid assets to total liabilities ratio	29.68%	13.11%	7.82%
Minimum liquid assets to total liabilities ratio under the Trust Deed	(i) 10% of Total Liabilities if the capital ratio is less than 11%; or (ii) 8.75% of Total Liabilities if the capital ratio is equal to or greater than 11% but less than 13%; or (iii) 7.5% of Total Liabilities if the capital ratio is equal to or greater than 13%.		
Total mismatch calculations	\$6,643,806	\$453,733	\$1,115,503
Minimum liquid assets to cover any deficit between expected receipts and expected payments under the Trust Deed	1) At least 110% of any deficit amount arising from: a) the aggregate amount receivable by the Charging Group in cash by way of principal and interest during the forthcoming financial quarter and the amount of any financial assets of the Charging		

	<p>Group that are at call or available on demand during the forthcoming financial quarter; less</p> <p>b) the aggregate of the total amount of cash payable against liabilities of the Charging Group during the forthcoming financial quarter (including but not limited to principal, interest, tax, operating expenses and capital commitments).</p>
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Liquidity requirements help to ensure that MCF has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that MCF is unable to repay investors on time, and may indicate other financial problems in its business.

Selected financial information

Set out below is selected financial information for MCF's most recent financial year of MCF as well as the two preceding financial years.

	31 March 2025	31 March 2024	31 March 2023
Total assets*	\$74,123,612	\$62,907,274	\$59,841,508
Total liabilities*	\$62,894,276	\$53,402,833	\$51,492,068
Net profit after tax*	\$2,791,894	\$1,830,001	\$1,476,932
Net cash flows from operating activities*	\$11,683,630	\$3,007,560	\$793,371
Cash and cash equivalents*	\$14,167,144	\$3,749,218	\$1,525,048
Capital†	\$11,107,480	\$9,339,959	\$8,218,985

* Calculated in accordance with GAAP

† Calculated in accordance with the Non-bank Deposit Takers Regulations.

Other limitations, restrictions, and prohibitions

The Trust Deed contains financial covenants imposed on MCF, certain borrowing restrictions and restrictions on transactions with related parties. These are summarised in Section 5 (Key features of the First Ranking Debt Instruments) of the PDS and further details may be found in a copy of the Trust Deed that is publically available at <https://www.companiesoffice.govt.nz/disclose>.

Full financial statements

The offer register contains full audited financial statements of MCF for the most recent financial year of MCF as well as the two preceding financial years.

Appendix – Ratio Calculations as at 31 March 2025

Basis of preparation:

The ratios are calculated in accordance with the Non-bank Deposit Takers Regulations. The calculations are based on audited Financial Statements as at 31 March 2025.

A CAPITAL RATIO			
Gross capital			\$11,229,336
Less deductions			\$121,856
Total Capital (A)			\$11,107,480
	Net Exposure	Risk Weighting	Risk Weighted Exposures
Residential 1st mortgages under 70% LVR	8,361,581	35%	2,926,553
Residential 1st mortgages 70% - 80% LVR	9,527,134	50%	4,763,567
Residential 1st mortgages 80%-90% LVR	418,992	100%	418,992
Residential 1st mortgages 90-100% LVR	0	125%	0
Residential 1st mortgages >100% LVR	0	150%	0
Residential 2nd mortgages or LVR over 100%	3,701,172	150%	5,551,758
Property development 1st mortgage LVR under 60%	4,848,243	150%	7,272,365
Property development 1st mortgage LVR 60 - 100%	5,136,293	200%	10,272,586
Other property development or no security	0	300%	0
Personal loans under \$40k with PPSA	0	100%	0
Personal loans under \$40k unsecured	163,066	150%	244,599
Other property loans 1st mortgage LVR under 70%	13,769,647	100%	13,769,647
Other property loans 1st mortgage LVR 70% - 100%	1,579,004	150%	2,368,506
Business lending - MV and machinery LVR under 70%	123,920	100%	123,920
Business lending - General Security Agreement	645,925	150%	968,888
Business lending - Specific Security Agreement	0	150%	0
Corporate society gaming	7,041,551	150%	10,562,327
Business lending - MV and machinery LVR over 70%	16,530	150%	24,795
Personal loans over \$40k secured at PPSR	0	150%	0
Other	4,010,270	200%	8,020,540
Bank deposits	14,167,144	20%	2,833,429
Deferred tax	121,856	0%	0
Other assets	491,284	350%	1,719,494
Total credit risk weighted exposures (B)			\$71,841,966
Total assets (C)	\$74,123,612		
Operational and Market Exposures (D) = (B + C)/2* 17.5%			\$12,771,988
Total Exposures (E) = (B + D)			\$84,613,954
Capital Ratio at 31 March 2025 (F) = (A/E)			13.13%

B AGGREGATE EXPOSURE TO RELATED PARTIES	
Total exposure to related parties	\$1,903
Total capital	\$11,107,480
Related party loans % of Total Capital as at 31 March 2025	0.02%
C HOW LIQUIDITY MEASURES HAVE BEEN CALCULATED¹	
Cash on hand	\$14,167,144
ASB Committed Cash Advance Facility	\$4,500,000
Total liquidity as at 31 March 2025	\$18,667,144
1) Total receivable in forthcoming 3 months	\$22,972,743
Total payable in forthcoming 3 months	\$29,616,549
Surplus/(Deficit)	(\$6,643,806)
110% of any deficit	\$7,308,186
2) Capital ratio:	13.13%
Total liabilities:	\$62,894,276
Minimum liquidity % of total liabilities:	7.5%
Minimum liquidity amount:	\$4,717,071
Liquid assets to total liabilities ratio:	29.68%
NOTES	
¹ Per Trust Deed, MCF's Liquid Assets must be the greater of:	
(i) at least 110% of any deficit amount arising from:	
a) the aggregate amount receivable by MCF in the forthcoming 3 months; less	
b) the aggregate of the total amount payable by MCF in the forthcoming 3 months; and	
(ii) at least:	
a) 10% of total liabilities if the capital ratio is less than 11%; or	
b) 8.75% of total liabilities if the capital ratio is equal to or greater than 11% but less than 13%; or	
c) 7.5% if the capital ratio is 13% or greater.	