



# 2025 Financial Statements

**Xceda Finance Limited**  
For the year ended 31 March 2025



## Directors

Ian Hankins (Independent Chairman)  
Ross Verry (Independent Director)  
Daniel McGrath (Director/CEO)

## Shareholders

% of total	Number of shares	Shareholder
100%	10237779	Xceda Capital Group Limited

## Registered Office

38 Richardson Street, Whakatane 3120

## Nature of Business

Non-Bank Deposit Taker, Financial Services Provider (FSP 3501)

## Company Number

455363 (NZ Business Number 9429039261922)

## Auditor

Grant Thornton New Zealand Audit Limited  
152 Fanshawe Street, Auckland

## Solicitors

MinterEllisonRuddWatts  
Level 5/1 Whitmore Street, Wellington

Donnell Sherry  
Level 1/18 Link Drive, Wairau Valley, Auckland

PWC Legal  
Level 27/15 Customs Street West, Auckland

Lodder Law Limited  
Level 7A/16 Anzac Avenue, Auckland

## Bankers

ANZ Bank New Zealand  
236-238 The Strand, Whakatane

Bank of New Zealand  
181 The Strand, Whakatane

Westpac Banking Corporation  
164 The Strand, Whakatane  
123 Eagle Street, Brisbane

ASB  
202 The Strand, Whakatane

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# CONSOLIDATED FINANCIAL OVERVIEW

For the year ended 31 March 2025

	Notes	2025 \$'000	2024 \$'000
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Net interest income		7,321	6,871
Other revenue		1,123	1,249
Tax expense		(2)	(551)
Net profit after income tax		1,367	1,300
Other comprehensive Income		(49)	(139)
<b>Total comprehensive Income</b>		<b>1,318</b>	<b>1,161</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>			
Total Equity at start of year		10,142	9,156
New share capital issued		3,250	-
Dividends		(410)	(175)
Total Comprehensive Income for the year		1,318	1,161
<b>Total Equity at end of year</b>		<b>14,300</b>	<b>10,142</b>
<i>Total equity at end of year consists of:</i>			
Share capital		8,931	5,681
Other reserves		(49)	(1)
Retained earnings		5,418	4,462
<b>STATEMENT OF FINANCIAL POSITION</b>			
Total assets		181,610	125,164
Total liabilities		(167,310)	(115,022)
<b>Equity</b>		<b>14,300</b>	<b>10,142</b>
<b>STATEMENT OF CASH FLOWS</b>			
Net cash flows used in operating activities		15,265	19,940
Net cash flows used in investing activities		(383)	(72)
Net cash flows from financing activities		2,840	(175)



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 \$'000	2024 \$'000
Interest revenue	3	16,960	13,306
Interest expense	3	(9,639)	(6,435)
<b>Net interest income</b>		<b>7,321</b>	<b>6,871</b>
Other revenue	4	1,123	1,249
<b>Total operating income</b>		<b>8,444</b>	<b>8,120</b>
<b>Expenses</b>			
Impairment losses of financial assets	5	1,299	1,178
Operating expenses and staff costs	6	5,780	5,091
<b>Total Operating Expenses</b>		<b>7,079</b>	<b>6,269</b>
<b>Profit before income tax</b>		<b>1,365</b>	<b>1,851</b>
Income tax	8	2	(551)
<b>Net profit after tax</b>		<b>1,367</b>	<b>1,300</b>
<b>Other comprehensive income (net of tax):</b>			
Exchange differences on translation of foreign operations		(28)	(1)
Net differences on hedges		7	4
Realised differences on foreign operations reclassified to comprehensive income		(28)	(142)
<b>Other comprehensive income for the year, net of tax</b>		<b>(49)</b>	<b>(139)</b>
<b>Total comprehensive income for the year</b>		<b>1,318</b>	<b>1,161</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2025

	Notes	2025 \$'000	2024 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	53,796	36,074
Prepayments and other receivables		222	219
Bank term deposits		256	-
Loans and advances	12	126,185	88,095
Property, plant and equipment	14	130	141
Intangible assets	15	166	167
Derivative financial instruments	22	-	4
Deferred tax	13	855	464
<b>Total assets</b>		<b>181,610</b>	<b>125,164</b>
<b>Liabilities</b>			
Accounts payable and accruals		383	278
Current tax liabilities		107	516
Derivative financial instruments	22	62	10
Employee entitlements	19	192	194
Other payables	16	488	356
Term deposits	17	158,067	110,336
Savings accounts	18	8,011	3,332
<b>Total liabilities</b>		<b>167,310</b>	<b>115,022</b>
<b>Net Assets</b>		<b>14,300</b>	<b>10,142</b>
<b>Equity</b>			
Share capital	20	8,931	5,681
Foreign currency translation reserve	21	(49)	(2)
Hedge reserves	21	-	1
Retained earnings		5,418	4,462
<b>Total equity</b>		<b>14,300</b>	<b>10,142</b>

The consolidated financial statements were approved for issue for and on behalf of the Board as at 30th June 2025:



I G Hankins



D McGrath



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Notes	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Hodge Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 April 2023</b>		5,681	141	(2)	3,336	9,156
<b>Year ended 31 March 2024</b>						
Net profit after income tax		-	-	-	1,300	1,300
Other comprehensive income		-	(1)	4	-	3
Realised gain on foreign operations reclassified to profit		-	(142)	-	-	(142)
<b>Total comprehensive income</b>		-	<b>(143)</b>	4	<b>1,300</b>	<b>1,161</b>
Share capital increase	20	-	-	-	-	-
Dividends	10	-	-	-	(175)	(175)
<b>Total transactions with owners, recognised directly in equity</b>		-	-	-	(175)	(175)
<b>Balance as at 31 March 2024</b>		<b>5,681</b>	<b>(2)</b>	<b>2</b>	<b>4,461</b>	<b>10,142</b>
<b>Balance as at 1 April 2024</b>		<b>5,681</b>	<b>(2)</b>	<b>2</b>	<b>4,461</b>	<b>10,142</b>
<b>Year ended 31 March 2025</b>						
Net profit after income tax		-	-	-	1,367	1,367
Other comprehensive income/(loss)		-	(28)	7	-	(21)
Realised gain on foreign operations reclassified to profit		-	(19)	(9)	-	28
<b>Total comprehensive income</b>		-	<b>(47)</b>	<b>(2)</b>	<b>1,367</b>	<b>1,318</b>
Share capital increase	20	3,250	-	-	-	3,250
Dividends	10	-	-	-	(410)	(410)
<b>Total transactions with owners, recognised directly in equity</b>		<b>3,250</b>	-	-	(410)	2,840
<b>Balance as at 31 March 2025</b>		<b>8,931</b>	<b>(49)</b>	-	<b>5,418</b>	<b>14,300</b>



# CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 March 2025

	Notes	2025 \$'000	2024 \$'000
<b>Cash flows from operating activities</b>			
Loans and advances receipts		67,186	76,527
Loans and advances payments		(106,422)	(94,095)
Term deposits received		65,712	49,203
Term deposits repaid		(19,690)	(17,471)
Interest received		16,796	11,345
Interest paid		(3,251)	(3,757)
Other revenue received		1,122	3,097
Payments to suppliers and employees		(5,456)	(4,782)
Net goods and service tax received		57	123
Tax paid		(789)	(250)
<b>Net cash inflow from operating activities</b>	<b>29</b>	<b>15,265</b>	<b>19,940</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment		-	2
Purchase of property, plant and equipment		(48)	(13)
Payments for intangible assets		(85)	(61)
Bank term deposits invested		(250)	-
<b>Net cash outflow from investing activities</b>		<b>(383)</b>	<b>(72)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of new share capital		3,250	-
Dividends paid		(410)	(175)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>2,840</b>	<b>(175)</b>
Net increase (decrease) in cash and cash equivalents		17,722	19,693
Cash and cash equivalents at the beginning of the financial year		36,074	16,381
<b>Cash and cash equivalents at end of year</b>		<b>53,796</b>	<b>36,074</b>



## 1 MATERIAL ACCOUNTING POLICIES

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### (a) General Information

Presented are the consolidated financial statements of Xceda Finance Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 31 March 2025. The Company is a profit-oriented entity, incorporated and domiciled in New Zealand.

Xceda Finance Limited owns 100% (31 March 2024: 100%) of the share capital of Xceda Finance Pty Limited; a company incorporated in Australia.

The Group is an FMC reporting entity as defined in the Financial Markets Conduct Act 2013 (FMCA 2013) and its consolidated financial statements comply with that Act.

Xceda Finance entered into a Trust Deed (formerly referred to as the Debenture Trust Deed) with the Supervisor on 15 March 2004, which was amended on 1 December 2010, 11 September 2012, 21 October 2016, 3 December 2018, and 30 August 2023. On the 30 August 2023, this was renamed from the Debenture Trust Deed to the Trust Deed.

### (b) Statement of Compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements set out in the Companies Act 1993, the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The Group is reporting as a Tier 1 For-profit reporting entity as defined by the External Reporting Board in its Accounting Standards Framework because it has public accountability.

These consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards, as appropriate for profit-oriented entities issued by the New Zealand Accounting Standards Board.

### (c) New accounting standards

There were several amendments and interpretations that apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group.

#### (i) New NZ IFRS standards and interpretations issued but not yet adopted

NZ IFRS 18 Presentation and Disclosure of Financial Statements (effective from 1 January 2027)

NZ IFRS 18 sets out requirements for the presentation and disclosure of information in the financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced are:

- the structure of the statement of profit or loss;
- principles on aggregation and disaggregation which apply to the primary financial statements and their corresponding notes.

This has been assessed to have a material impact on the disclosure of the financial statements when implemented.

### d) Basis of preparation

The financial statements have been prepared on the basis of historical cost, under the assumption that the Group operates on a going concern basis.

The Group meets the definition of a financial institution under NZ IFRS 7 "Financial Instruments: Disclosures" and is subject to the specific additional disclosure requirements applicable to financial institutions defined in Appendix E of NZ IFRS 7.

The accounting policies set out below have been applied consistently in preparing the consolidated financial statements. There have been immaterial presentation changes where the comparative information has also changed in order to be consistent.



## **1 MATERIAL ACCOUNTING POLICIES (continued)**

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### **e) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

### **(f) Segment reporting**

The Group operates in a single industry, as a finance company predominantly in New Zealand, with a minor segment in Australia. The operating segments of the Group are New Zealand and Australia as shown in Note 33. These segments are reported in a manner consistent with the internal reporting that is used internally by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker is the Chief Executive Officer.

### **g) Foreign currency transactions**

The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### *(i) Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### *(ii) Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into New Zealand dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.



## 1 MATERIAL ACCOUNTING POLICIES (continued)

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### h) Revenue

#### Recognition of revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

To determine whether we recognise revenue, the Group follows a 5 step process:

- (1) Identifying the contract with a customer
- (2) Identifying the performance obligations
- (3) Determining the transaction price
- (4) Allocating the transaction price to the performance obligations
- (5) Recognising revenue when/as performance obligation(s) are satisfied

The following specific recognition criteria must also be met before revenue is recognised:

#### Interest revenue

For all financial instruments measured at amortised cost, the Group recognises interest revenue on an accruals basis when the services are rendered using the effective interest rate method.

#### Credit Impaired Assets

The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income.

Once the recorded value of a credit-impaired financial asset or a group of assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the net carrying amount.

#### Lending/Establishment fees

Fees and direct costs assessed as integral to a loan's effective interest rate are deferred and amortised using the effective interest rate method. These amounts, associated with the origination, financing, or restructuring of loan commitments, are recognised in profit or loss through the Statement of Comprehensive Income over the loan's term.

#### Fee and commission revenue

The Group earns fee income from a range of services it provides to customers. Fee revenue can be divided into the following categories:

#### Commission and other fees

When commission or other fees relate to specific transactions or events and are assessed as not integral to the loans effective interest rate, they are recognised in profit or loss within the Statement of Comprehensive Income when the service is provided. When they are charged for services provided over a period, they are taken to Other Revenue on an accruals basis as the service is provided.

### (i) Financial Instruments

#### Classification

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Initial recognition of a financial asset shall be at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets shall be at:



## 1 MATERIAL ACCOUNTING POLICIES (continued)

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### (i) Financial Instruments (continued)

- (a) Amortised cost
- (b) Fair value through profit and loss
- (c) Fair value through other comprehensive income

To determine the classification of a financial asset's subsequent measurement basis a Business Model Test and a Cash Flow Characteristics Test is performed. Amortised cost should be applied where the loan or receivable is held to collect cash flows of principal and interest and not with the intention of selling instruments. The Group's financial assets are assets held for the collection of contractual cash flows that are payments of principal and interest. These financial assets are measured at amortised cost.

#### **Financial Assets/Liabilities at fair value through profit or loss**

Assets and liabilities in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects the Group's risk management process, which includes utilising natural offsets where possible and managing overall risks of the portfolio on a trading basis. The Group does not have any financial assets or financial liabilities that were measured as fair value through the profit and loss or OCI.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less an allowance for credit losses. Cash and cash equivalents, loans and advances and most other receivables fall into this category of financial instruments.

Individually significant loans are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Loans that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry, type of loan and other shared credit risk characteristics. The impairment loss estimate is then based on historical counterparty default rates for each identified group, together with general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date. Refer to Note 1(n).

#### **Financial liabilities**

This category includes all financial liabilities other than those at fair value through profit or loss. Liabilities in this category are measured at amortised cost and include:

##### Term deposits and savings accounts.

Term deposits and savings accounts are initially recognised at cost, being the fair value of the consideration received. After initial recognition, interest-bearing instruments are subsequently measured at amortised cost using the effective interest method.

##### Other Liabilities

These are recorded at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments. These amounts are unsecured.

### (j) Derivative financial instruments and hedge accounting

#### **Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:



## **1 MATERIAL ACCOUNTING POLICIES (continued)**

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### **(j) Derivative financial instruments and hedge accounting (continued)**

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a high probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation (net investment hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- (i) There is an economic relationship' between the hedged item and the hedging instrument.
- (ii) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- (iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### **Cash flow hedge**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other income or other expense. Refer to Note 22 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above



## 1 MATERIAL ACCOUNTING POLICIES (continued)

### (j) Derivative financial instruments and hedge accounting (continued)

#### *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses forward currency contract as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 22 for more details.

### (k) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss within the Statement of Comprehensive Income as incurred.

#### Depreciation

Depreciation is provided on property, plant and equipment. Rates of depreciation applied approximate the assets useful economic life and the method selected best reflects the decline in service potential arising from each class of asset. The following rates have been used:

Building improvements	5% to 48%
Building improvements - accelerated depreciation	27% straight line
Furniture and fittings	11% to 18% diminishing value
Office equipment	11% to 67% diminishing value

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the diminishing value method. Leased assets are depreciated over their useful lives.

Depreciation methods, useful lives and residual values are reassessed at the reporting dates.

### (l) Intangible assets

#### Software

Software acquired or internally developed by the Group is stated at cost less accumulated amortisation and any accumulated impairment losses. Expenditure on software assets is capitalised only when it increases the future economic value of that asset.

The amortisation of software is calculated using the diminishing value method, at a rate of 50%.

### (m) Asset Quality

Loan quality is measured in terms of past due status and impairment status. The past due status is calculated and recorded on every loan at the end of each month, while the impairment status is tested periodically in accordance with the policies outlined below.

When the quality of a loan is classified as Past Due or Impaired, it is the entire balance of that loan that is classified as such, not just the Past Due or Impaired portion.



## 1 MATERIAL ACCOUNTING POLICIES (continued)

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### (m) Asset Quality (continued)

#### Restructured Assets

Restructured assets are those loans and advances where:

- (a) the original terms have been changed to grant the counterparty a concession that would not otherwise have been available. The changed terms and conditions are set out in an entirely new contractual arrangement; and
- (b) the yield on the asset following restructuring is equal to, or greater than, the Group's average cost of funds and there is no objective evidence to support impairment of the financial asset as specified in NZ IFRS 9.

#### Impaired Assets

The Group classifies impaired assets into one of two categories:

##### Financial Assets acquired through the enforcement of security

Financial assets acquired through the enforcement of security are any financial assets which are legally owned as a result of the enforcement of security. The Group had no financial assets acquired through the enforcement of security as at 31 March 2025 (31 March 2024: nil).

##### Individually impaired assets

Individually impaired assets are financial assets that are individually determined to be impaired at reporting date, but that are not classified as financial assets acquired through the enforcement of security. See Note 1 (n).

### (n) Impairment losses on loans and advances

In recognising credit losses, the Group considers a broader range of information, including past events, current conditions, forecast economic conditions, and security held that affect the expected collectability of the future cash flows of financial assets. Impairment losses are calculated on individual loans and loans assessed collectively.

A distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have a low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date, and are individually assessed. Losses for impaired loans are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred.

##### Collectively assessed loans (Stage 1 and Stage 2)

Loans that have been individually assessed but no objective evidence of impairment existed, and loans that are not considered individually significant, are pooled into similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics, including the following factors: with the historical loss experience for each credit group adjusted for the impact of current observable data and current and future economic conditions.

- Historical loss experience for each credit group
- Impact of current observable data, such as current LVRs across each group
- Current and future economic conditions, such as market sentiment, forecasted property prices, and changes in regulations

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For 'Stage 1' financial assets, 12-month expected credit losses are recognised. For Stage 2 financial assets, lifetime expected credit losses are recognised, discounted at the effective interest rate.



## 1 MATERIAL ACCOUNTING POLICIES (continued)

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### (n) Impairment losses on loans and advances (continued)

#### *Individually assessed loans (Stage 3)*

At each reporting date, the Group assesses individually significant loans where there is objective evidence that the loan is impaired. The loans are assessed on a case by case basis. In determining individual impairment allowances on these loans, many factors are considered, including the following:

- Current security values
- Solvency of the borrower and guarantor
- Payment history on the account

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loans current carrying amount. Any gain or loss is reflected in profit or loss within the Statement of Comprehensive Income. The carrying amount of impaired loans on the Statement of Financial Position is reduced through use of an allowance account.

#### *Loan write offs*

Loans are normally written off in full when there is no realistic prospect of recovery of the amounts in a timely manner. If the Group receives payment on a loan that has been written off, it is recorded as bad debt recovered and appears as 'Other Revenue' in the Statement of Comprehensive Income.

#### *Interest on impaired assets*

All interest Revenue earned on Stage 3 individually assessed loans for the period is reported as interest on impaired assets.

### (o) Employee benefits

A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### (i) Short-term obligations

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### (p) Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of past events, or it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### (q) Expense recognition

All expenses are recognised in profit or loss in the Statement of Comprehensive Income on an accruals basis. Interest expense is recognised using the effective interest rate method.

### (r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised as profit or loss within the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous reporting periods.



## 1 MATERIAL ACCOUNTING POLICIES (continued)

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### (r) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right to offset current tax assets and liabilities.

### (s) Cashflows

The Statement of Cash Flows has been prepared using the direct method approach. The following are the definitions used in the Statement of Cash Flows: Operating activities include the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

### (t) Cash and cash equivalents

These comprise cash balances and other short-term deposits and they are measured at amortised cost. These are highly liquid investments that are readily convertible to known amounts of cash and they are subject to an insignificant risk of changes in value. Any Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### (u) Equity

#### Share capital

Share capital includes ordinary shares that are recognised at the amount paid per share when issued less incremental costs directly attributable to the issue of ordinary shares, net of any tax effect.

#### Foreign currency translation reserve

The translation reserve includes exchange differences arising from the translation of the assets & liabilities of the Group's foreign entities into New Zealand dollars.

#### Hedge reserves

##### *Cash flow hedge reserve*

This comprises the fair value gains and losses associated with the effective portion of designated cash flow hedging instruments, net of tax.



## 2 MATERIAL JUDGEMENTS AND ESTIMATES

In applying NZ GAAP management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities where it is not readily apparent. Actual results may differ. The estimates and underlying assumptions, and their bases, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the material judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### Impairment losses on loans and advances

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost. The assumptions made with regard to these assets are as follows:

Category	Definition	Basis for recognition of impairment
Performing	A low risk of default. A strong capacity to meet contractual obligations.	Twelve month expected losses or the lifetime of the asset where the expected lifetime is less than twelve months.
Underperforming	A significant increase in credit risk. These are presumed to be loans which are 60 days or more past due	Lifetime expected losses.
Non-performing	Interest and principal payments are 90 days past due.	Lifetime expected losses

### Collectively impaired loans

Loans and advances not considered specifically impaired are provided for by a collective impairment provision. The collective impairment allowance is calculated as a percentage of the balance of loans and advances of that credit profile, with the percentage varying by credit profile and how far past due the account is. This percentage for each credit profile is calculated by taking into consideration the probability of default and the probability of loss given default. The credit profile is determined by the type of collateral held for the loan or advance.

The Group takes into consideration historical data, the quality of the securities held as collateral, current market conditions, and forecast market data in determining this percentage, in line with the accounting policy in Note 1(n).

Note 25(c) shows the aging of Past Due but not Impaired Loans and advances. These loans and advances, and restructured loans and advances are subject to the collective impairment allowance. The collective impairment allowance is updated each month.

### Individually impaired loans

The Group reviews its loans and advances portfolio to assess quality and impairment on a monthly basis. An allowance for impairment may be established if there is objective evidence that a loan or advance is impaired (for example, missing out on payments of principal and/or interest). Any fluctuations between the amount expected to be recovered and the actual amounts recovered are reflected in profit or loss within the Statement of Comprehensive Income. A loan or advance is considered individually impaired when management reviews it and determines that it is probable that not all amounts due according to the original contractual terms will be collected, and the amount expected to be collected can be reliably estimated. At a minimum, management reviews loans and advances with balances of \$10,000 or more that are past due 90 days or more.

When a loan or advance has been identified as individually impaired, the carrying amount of the loan or advance is reduced by recording a specific impairment allowance for loan losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan or advance. Past experience and judgement are used in estimating the timing and amounts of the expected cash flows. Specific impairment allowances are updated each month, with the expected future cash flows reviewed when new information becomes available.



## 2 MATERIAL JUDGEMENTS AND ESTIMATES (continued)

When a loan or advance has been identified as individually impaired, the carrying amount of the loan or advance is reduced by recording a specific impairment allowance for loan losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan or advance. Past experience and judgement are used in estimating the timing and amounts of the expected cash flows. Specific impairment allowances are updated each month, with the expected future cash flows reviewed when new information becomes available.

Several of the assets used as security against larger business loans have a high value, and some of them are unique. These factors mean fluctuations in the sale prices of the assets can be significant. When exposures secured by these assets become specifically impaired and are expected to be recovered from selling the assets, it is difficult to make an accurate assessment of the expected cash flows from the asset sales. Both management and the directors give significant consideration to the realisable value of such assets securing specifically impaired loans.

### Deferred tax assets

As described in Note 13, the financial statements include a deferred tax asset of \$799k (31 March 2024: \$464k). This has been recognised to the extent that it is probable that future taxable profits will be available for set-off against deductible temporary differences. The judgement made by the directors and management is that based on the plans and projections of the Group that it will generate sufficient profitability and therefore the deferred tax asset is realisable in the future.

## 3 INTEREST REVENUE AND EXPENSE

	2025 \$'000	2024 \$'000
<b>Interest Revenue</b>		
Loans and advances	11,601	9,928
Establishment fees intergral to the effective interest rate	2,268	1,846
Interest on impaired assets	1,315	634
Cash and short term investments	1,775	898
Other interest	1	-
	<b>16,960</b>	<b>13,306</b>
<b>Interest expense</b>		
Term deposits	9,330	6,411
Savings accounts	309	24
	<b>9,639</b>	<b>6,435</b>

## 4 OTHER REVENUE

	2025 \$'000	2024 \$'000
Lending fees recognised at drawdown or at time of service	201	215
Other income	883	837
Realised FX gain transferred from OCI	39	197
	<b>1,123</b>	<b>1,249</b>

Other Income predominantly relates to:

- Income generated by on-charging specific loan accounts for expenses such as legal and repossession fees that have been paid and which the Group is entitled to recover from customers;
- Maintenance fees;
- Early termination fees; and
- Foreign exchange gains/(losses) through profit and loss



## 5 IMPAIRMENT

	2025 \$'000	2024 \$'000
<b>(a) Impairment losses recognised in profit or loss</b>		
Movement in expected credit loss allowance on loans that are not credit impaired	(11)	43
<u>Credit impaired loans</u>		
Addition to impairment allowance	1,402	1,152
Reversal of existing impairment allowance	(406)	(208)
Net exchange differences	21	-
Movement in lifetime expected credit loss allowance	1,217	944
Loans and advances written off	93	191
<b>Impairment losses of financial assets</b>	<b>1,299</b>	<b>1,178</b>
<b>b) Allowance for impairment losses in Statement of Financial Position</b>		
Lifetime expected credit loss allowance (credit impaired loans)		
Opening balance	1,183	239
Recognised in comprehensive income	1,217	943
Net exchange differences	1	-
<b>Closing balance</b>	<b>2,401</b>	<b>1,182</b>
12 month expected credit loss allowance (loans that are not credit impaired)		
Opening balance	156	113
Recognised in the statement of comprehensive income	(11)	43
Net exchange differences	-	-
<b>Closing balance</b>	<b>145</b>	<b>156</b>
<b>Total allowance for impairment losses</b>	<b>2,546</b>	<b>1,338</b>

More information about impairment allowances and their calculation is contained in 1(n) and 2. There are no financial assets that are purchased or originated credit impaired.

## 6 OPERATING EXPENSES AND STAFF COSTS

Administrative expenses	2,473	2,078
Amortisation	86	131
Audit fees	209	167
Depreciation	60	80
Donations	2	5
Directors Fees	99	117
Other operating expense	1,178	1,096
Personnel costs	1,673	1,417
	<b>5,780</b>	<b>5,091</b>



## 7 AUDITOR REMUNERATION

	2025 \$'000	2024 \$'000
Amounts paid to the auditor for:		
Auditing financial statements	202	157
Trustee reporting	4	4
Debenture register	3	3
Other assurance services	-	3
	209	167

The auditor of the Group is Grant Thornton New Zealand Audit Limited.

## 8 INCOME TAX

	2025 \$'000	2024 \$'000
<b>(a) Income tax expense</b>		
<b>Income tax:</b>		
Components of tax expense	-	-
Current income tax	736	797
Adjustment in current tax related to prior years	(370)	-
<b>Income tax expense recognised</b>	366	797
<b>Deferred tax: (note 13):</b>		
Relating to the origination and reversal of temporary differences	(368)	(246)
<b>Deferred tax expense recognised</b>	(368)	(246)
<b>Total tax expense recognised</b>	(2)	551
<b>Other comprehensive income</b>		
<i>Deferred tax related to items recognised in other comprehensive income during the year</i>		
Exchange differences on investment in subsidiary	25	56
Net movement in cash flow hedges	1	(2)
<b>Deferred tax charged to other comprehensive income</b>	26	54
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	1,365	1,851
Tax at the New Zealand tax rate of 28% (2023: 28%)	382	519
Impact of lower tax rate in Australia of 25% (2023: 25%)	-	(1)
Unutilised foreign tax credits	-	-
Permanent differences	7	33
Adjustment in current tax related to prior years	(370)	-
Deferred tax adjustment	(21)	-
<b>Income tax expense</b>	(2)	551

The Group's tax liability in relation to 2024 was reduced by tax losses of \$943k transferred from Xceda Capital Group by a loss offset of the full amount, resulting in a reduction of tax payable of \$264k (31 March 2024: n/a).



## 9 IMPUTATION CREDITS

Imputation credits of \$423k (31 March 2024: \$82k) are available for use in subsequent reporting periods.

## 10 DIVIDENDS PAID AND DECLARED

	2025 \$'000	2024 \$'000
Dividend paid	410	175
<i>Details</i>		
Shares on issue at end of period	9,941,482	7,534,075

The amount of Dividends paid per share during the year totaled \$0.04/share (31 March 2024: \$0.02/share)

## 11 CASH AND CASH EQUIVALENTS

	2025 \$'000	2024 \$'000
<b>Bank balances</b>		
Bank balances	53,796	36,074
Treasury bills	-	-
	<b>53,796</b>	<b>36,074</b>

During the year, the Group held New Zealand treasury bills, which are short-term debt securities issued by the New Zealand government, to manage its cash flow.

## 12 LOANS AND ADVANCES RECEIVABLES

	2025 \$'000	2024 \$'000
<b>At amortised cost</b>		
Loans and advances receivable	129,749	90,209
Unearned income	(1,018)	(775)
Allowance for impairment losses	(2,546)	(1,339)
<b>Total net loans and advances</b>	<b>126,185</b>	<b>88,095</b>
<b>Split by maturity:</b>		
Current	110,760	84,816
Non-current	15,425	3,279
	<b>126,185</b>	<b>88,095</b>

More information about impairment allowances is contained in Note 1(n), 2 and 5.



## 13 DEFERRED TAX ASSETS

### Deferred tax assets

	2025 \$'000	2024 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Impairment allowance	720	375
Provision for employee benefits	36	48
Accelerated depreciation for tax purposes	9	8
Accruals	61	35
Provision for payment protection plan remittance entitlements	-	1
Investment in subsidiary	27	(2)
Revaluation of cash flow hedges	2	(1)
	<b>855</b>	<b>464</b>

	2025 \$'000	2024 \$'000
<i>Movements recognised in profit or loss in the Statement of Comprehensive Income:</i>		

<b>Opening balance</b>	<b>464</b>	164
Impairment allowance	346	276
Provision for employee benefits	(5)	11
Accelerated depreciation for tax purpose	1	13
Accruals	24	-
Provision for Payment Protection Plan remittance entitlements	(1)	(3)
Prepayments	(32)	-
Other adjustments	9	-
Unused tax losses	-	(51)
<b>Total movements recognised in profit or loss</b>	<b>342</b>	246

*Movements recognised in other comprehensive income in the Statement of Comprehensive Income:*

Investment in subsidiary	25	56
Net loss in cash flow hedge	1	(2)
<b>Total movements recognised in comprehensive income</b>	<b>26</b>	54
<b>Total movements recognised in the Statement of Comprehensive Income (note 8)</b>	<b>312</b>	300
Deferred tax adjustment	23	-
<b>Closing balance</b>	<b>855</b>	464



## 14 PROPERTY, PLANT & EQUIPMENT

	<b>Building Improvements</b>	<b>Furniture &amp; Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended 31 March 2024</b>				
Opening net book amount	141	26	42	209
Additions	-	-	13	13
Disposals	-	-	(2)	(2)
Depreciation charge (note 6)	(55)	(4)	(21)	(80)
Depreciation written back on disposal	-	-	1	1
Closing net book amount	86	22	33	141

<b>At 31 March 2024</b>				
Cost	658	47	151	856
Accumulated depreciation	(572)	(25)	(118)	(715)
Net book amount	86	22	33	141

	<b>Building Improvements</b>	<b>Furniture &amp; Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended 31 March 2025</b>				
Opening net book amount	87	22	33	142
Additions	5	-	43	48
Disposals	-	-	-	-
Depreciation charge (note 6)	(34)	(3)	(23)	(60)
Closing net book amount	58	19	53	130

<b>At 31 March 2025</b>				
Cost	663	47	194	904
Accumulated depreciation	(605)	(28)	(141)	(774)
Net book amount	58	19	53	130



## 15 INTANGIBLE ASSETS

	Capital WIP	Software	Total
	\$'000	\$'000	\$'000
<b>Year ended 31 March 2024</b>			
Opening net book amount	-	236	236
Additions	62	-	62
Reclassification	(62)	62	-
Amortisation charge (note 6)	-	(131)	(131)
Closing net book amount	-	167	167
<b>At 31 March 2024</b>			
Cost	-	703	703
Accumulated amortisation and impairment	-	(536)	(536)
Net book amount	-	167	167
	Capital WIP	Software	Total
	\$'000	\$'000	\$'000
<b>Year ended 31 March 2025</b>			
Opening net book amount	-	167	167
Additions	10	75	85
Reclassification	-	-	-
Impairment charge	-	-	-
Amortisation charge (note 6)	-	(86)	(86)
Closing net book amount	10	156	166
<b>At 31 March 2025</b>			
Cost	10	779	789
Accumulated amortisation and impairment	-	(623)	(623)
Net book amount	10	156	166

## 16 OTHER PAYABLES

	2025 \$'000	2024 \$'000
Resident withholding tax payable	439	321
Employee taxes and other liabilities	49	33
Other payables	-	2
	<b>488</b>	<b>356</b>



## 17 SECURED TERM DEPOSITS

	<b>2025</b>	2024
	<b>\$'000</b>	\$'000
Term deposits	<b>158,067</b>	110,336
Current	<b>136,051</b>	74,721
Non-current	<b>22,016</b>	35,615
	<b>158,067</b>	110,336

Term deposits and call accounts are secured under the Trust Deed. The deed creates a security interest in favour of the Trustee over all of the present and after acquired personal property of the charging Company. The security interest is first ranking (subject to Prior Security Interests) and a financing statement is registered on the Personal Property Securities Register (PPSR).

In the current financial year, the Group has updated the PDS to include call accounts as a new product, with variable rates and notice period to with withdraw funds.

Interest rates on term deposits range from 3.50% to 8.10% p.a. (31 March 2023: 3.50% to 8.10% p.a.). Refer to Note 24 for the current weighted average interest rates and the maturity profile.

## 18 SAVINGS ACCOUNTS

	<b>2025</b>	2024
	<b>\$'000</b>	\$'000
Savings Accounts	<b>8,011</b>	3,332

Savings accounts are secured under the Trust Deed.

The deed creates a security interest in favour of the Trustee over all of the present and after acquired personal property of the charging Company. The security interest is first ranking (subject to Prior Security Interests) and a financing statement is registered on the Personal Property Securities Register (PPSR).

Interest rates on savings accounts are variable and throughout the period have ranged from 3.25% to 6.00% p.a. (31 March 2024: 4.75% to 5.00% p.a.). Refer to Note 24 for the current weighted average interest rates and the maturity profile.

## 19 EMPLOYEE ENTITLEMENTS

	<b>2025</b>	2024
	<b>\$'000</b>	\$'000
<i>Short term employee benefits</i>		
Wages and salaries accrued	<b>34</b>	24
Bonuses accrued	<b>69</b>	100
Holiday pay	<b>89</b>	70
	<b>192</b>	194



## 20 SHARE CAPITAL

	2025 Shares #	2024 Shares #	2025 \$'000	2024 \$'000
<b>Opening balance</b>	<b>7,534,075</b>	7,534,075	<b>5,681</b>	5,681
Share capital issued / paid in cash during the period	<b>2,407,407</b>	-	<b>3,250</b>	-
<b>Closing balance</b>	<b>9,941,482</b>	7,534,075	<b>8,931</b>	5,681

### Share Issue Details and Rights

All shares have an equal right to vote, to dividends and to any surplus on winding up. For Dividends issued, refer to Note 10

## 21 RESERVES

	2025 \$'000	2024 \$'000
<b>Movements:</b>		
<i>Hedging reserve - cash flow hedges</i>		
Opening balance	2	(2)
Fair value gain on currency forward contracts	7	4
Transfer to comprehensive income	(9)	-
<b>Closing balance</b>	<b>-</b>	<b>2</b>
<i>Foreign currency translation reserve</i>		
Opening balance	(2)	141
Exchange differences on translation of foreign operations	(28)	(1)
Realised gains transferred to comprehensive income	(19)	(142)
<b>Closing balance</b>	<b>(49)</b>	<b>(2)</b>
<b>Total reserve balances</b>	<b>(49)</b>	<b>-</b>



## 22 FINANCIAL INSTRUMENTS

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### Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of every financial instrument on issue are disclosed in Note 1 to the financial statements.

### Financial risk management objectives

By their nature, the Group's activities are principally related to the use of financial instruments. The Group is borrowing funds, primarily from the New Zealand public, by issuing Secured Term Deposits for various periods pursuant to a registered Product Disclosure Statement; and lending funds to the public by providing finance in the form of consumer loans, business loans, and mortgages.

The Group actively manages its interest rate exposures with the objective of enhancing net interest income within prudent risk tolerances. Interest rates on loans and advances are set on a case by case basis, and depositor interest rates are reviewed periodically depending on the Group's liquidity requirements and current market rates.

The Group seeks to maintain its interest margins by obtaining competitive margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings.

The Group's activities expose it to credit risk, market risk (including interest rate risk), liquidity risk, foreign currency exchange risk and the risk of money laundering and/or terrorism financing.

#### (a) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. Interest rate risk is the risk of loss to the Group arising from adverse fluctuation in interest rates. To mitigate this risk the Group enters into fixed borrowing and lending agreements for various maturity dates and through regular monitoring of rates offered on deposits and those charged on advances.

The sensitivity analysis below has been determined based on the variable rate loans and advances in the comparative period. The analysis is prepared assuming the amount outstanding at each reporting date was outstanding for the whole year. A 1.00% p.a. interest rate increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management assessment of the reasonably possible change in interest rates.

Profit for the year ended 31 March 2025 would not materially change (31 March 2024: no change) if interest rates had been 1.00% p.a. higher/lower and all other variables were held constant.

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's lending policy requires that credit approval procedures be undertaken for each loan advance. As a minimum, credit checks are performed on each individual, company and collateral item relating to each loan before the loan is considered. Loans and advances are secured by charges over residential property, commercial and industrial property, other assets (including but not limited to buildings, plant and motor vehicles) and debenture charges including personal guarantees. Security is used as a means of mitigating the risk of financial loss arising from defaults.

Loan receivables consist of a large number of customers, spread across diverse industries and geographical locations. Certain restrictions exist on maximum net exposure to any one borrower or group of related borrowers. The Trust Deed sets the limit at 10% of total tangible assets. As at 31 March 2025 the largest exposure to any one borrower or group of related borrowers as a percentage of total tangible assets was 1.74% (31 March 2024: 2.35%)

#### (c) Liquidity risk

Liquidity is the risk that the Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Group maintains sufficient funds to meet their commitments by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Liquidity risk and exposure is monitored on an ongoing basis. The maturity profile of monetary assets and liabilities is shown on Note 24.



## 22 FINANCIAL INSTRUMENTS (continued)

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### (d) Money laundering and terrorism financing risk

Money laundering involves transforming money from crime ("dirty money") into money that: (a) has the appearance of coming from a legitimate source; and (b) makes the criminal origin of the money difficult to trace ("clean money"). The Group has performed an Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) risk assessment and has an AML and CFT programme in place to mitigate the potential risks associated with money laundering and terrorism financing.

### (e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions and its net investment in subsidiary. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into NZD of its foreign operations by using foreign currency forward contracts.

At 31 March 2025 the Group had loans totalling AUD\$5,493k (31 March 2024: AUD\$12,290k) to third parties.

At 31 March 2025 a 5% increase/decrease in the NZD against the AUD would have the impact on profit of +/- \$1000.



## 22 FINANCIAL INSTRUMENTS (continued)

### (f) Fair value of financial instruments

#### Measurement of Fair Value Hierarchy

The carrying amounts of assets and liabilities at the reporting date approximate their fair values. The table on the following page analyses financial assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quotes prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Except as detailed in the table below, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

#### Valuation Techniques and Significant Unobservable Inputs

Neither loans and advances, nor secured term deposits are traded in an active market. Fair values for loans and advances are estimated by discounting the future contractual cash flows using the current weighted average interest rate at the reporting date applicable for loans with similar terms and conditions. Fair values for secured term deposits are estimated by discounting the future contractual cash flows using the current weighted average interest rate at the reporting date applicable for secured term deposits with similar terms and conditions.

Both loans and advances and secured deposits have accordingly been classified as Level 3.

The following table shows the discounted future contractual cash flow Level 3 valuation techniques used in measuring the fair value of loans and advances and secured term deposits.

Description	Valuation \$'000	Valuation technique	Unobservable inputs	Sensitivity of fair value to changes in inputs. The Estimated Fair Value would increase/(decrease) if
Secured term deposits	158,482 (31 March 2024: 110,090)	Discounted contractual cashflow - Level 3	<ul style="list-style-type: none"> <li>• Weighted average interest rate 7.00% p.a. (31 March 2024: 7.13%)</li> <li>• Weighted average months to maturity 7.89 (31 March 2024: 11.07)</li> <li>• Current weighted average interest rate 6.30% p.a. (31 March 2024: 7.57%)</li> </ul>	<ul style="list-style-type: none"> <li>• Weighted average interest rate was 1% higher/(lower) by \$589k</li> <li>• Weighted average months to maturity was 3 months higher/(lower) by \$143k</li> <li>• Current weighted average interest rate was 1% (higher)/lower by \$589k</li> </ul>
Loans and advances	126,662 (31 March 2024: 88,139)	Discounted contractual cashflow - Level 3	<ul style="list-style-type: none"> <li>• Weighted average interest rate 10.79% (31 March 2024: 11.53%)</li> <li>• Weighted average months to maturity 6.22 (31 March 2024: 5.14)</li> <li>• Current weighted average interest rate 9.99% p.a. (31 March 2024: 11.53%)</li> </ul>	<ul style="list-style-type: none"> <li>• Weighted average interest rate was 1% higher/(lower) by \$382k</li> <li>• Weighted average months to maturity was 3 months higher/(lower) by \$129k</li> <li>• Current weighted average interest rate was 1% (higher)/lower by \$382k</li> </ul>



## 22 FINANCIAL INSTRUMENTS (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	<b>2025 Carrying amount</b>	2025 Fair Value	<b>2024 carrying amount</b>	2024 Fair value
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Financial assets</b>				
Loans and receivables:				
Cash and cash equivalents	<b>53,796</b>	53,796	<b>36,074</b>	36,074
Loan and advances	<b>126,184</b>	126,488	<b>88,095</b>	88,139
Derivative financial Instruments	-	-	<b>4</b>	4
	<b>179,980</b>	180,284	<b>124,173</b>	124,217
<b>Financial liabilities</b>				
Borrowings:				
Secured term deposits	<b>158,067</b>	158,482	<b>110,336</b>	110,090
Savings accounts	<b>8,011</b>	8,011	<b>3,332</b>	3,332
Accounts payable	<b>383</b>	383	<b>278</b>	278
Employee entitlements	<b>192</b>	192	<b>194</b>	194
Derivative Financial Instruments	<b>62</b>	62	<b>10</b>	10
	<b>166,715</b>	167,130	<b>114,150</b>	113,904

### Assumptions used in determining fair value of financial assets and liabilities

#### Cash and cash equivalents

These are short term in nature; carrying value is equivalent to fair value.

#### Loan and advances

Fair value is estimated based on current market interest rates available for receivables of similar maturity and risk. The interest rate is used to discount future cash flows.

#### Secured term deposits

Financial liabilities with a maturity of one year or more, fair values have been estimated using the discounted cash flow approach using current rates offered for similar liabilities for similar remaining maturities. For liabilities with a maturity less than 12 months from the reporting date, the carrying amount is considered to be a reasonable estimate of fair value.

#### Savings accounts

These are a short term in nature; carrying value is equivalent to fair value.



## 22 FINANCIAL INSTRUMENTS (continued)

### (g) Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is foreign currency risk.

The Group's risk management strategy and how it is applied to managing risk is explained below.

The Group has \$nil (March 2024: \$nil) derivatives not designated as hedging instruments.

The Group's derivative financial instruments are measured at fair value and are summarised below

	2025 \$'000	2024 \$'000
<b>Derivative financial assets</b>		
AUD forward contracts – cashflow hedge	-	-
AUD forward contracts – net investment hedge	-	4
<b>Derivative financial assets</b>	<b>-</b>	<b>4</b>
<b>Derivative financial liabilities</b>		
AUD forward contracts – cashflow hedge	-	10
AUD forward contracts – net investment hedge	62	-
<b>Derivative financial liabilities</b>	<b>62</b>	<b>10</b>

### Cash flow hedges

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of interest receivable to the parent in NZD from the foreign subsidiary in AUD. These forecast transactions are highly probable, and ineffectiveness may arise from the timing of payment of interest.

At 31 March 2025, there were \$nil cash flow hedges implemented (31 March 2024: 49% hedge effectiveness)

### Net investment hedges

Structural FX risk results from the Parent's capital deployed in its Australian subsidiary, where it is denominated in AUD. As exchange rates move, the NZD equivalent of offshore capital is subject to change that could introduce significant variability to the Group's reported financial results and capital ratios.

The Group uses FX forward contracts when hedging the currency translation risk arising from net investments in foreign operations. The Group currently applies hedge accounting to its net investment in Australia which constitutes to 100% of the Group's offshore operation. Ineffectiveness only arises if the notional values of the FX forward contracts exceed the net investment in Australian operations.

At 31 March 2025, net investment hedges have been assessed as 100% effective (31 March 2024: 100%)

### Derivative maturity profile

The following table summaries the maturity profile of the Group's derivative financial instruments based on contractual payments:

As at 31 March 2025

			Nominal amounts							
			Hedging instrument	Hedge risk	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Derivative financial instruments</b>										
Cashflow hedges	Forward contracts	FX risk	-	-	-	-	-	-		
Net investment hedges	Forward contracts	FX risk	4,894	2,188	2,706	-	-	-		
<b>Total</b>			<b>4,894</b>	<b>2,188</b>	<b>2,706</b>	<b>-</b>	<b>-</b>	<b>-</b>		





## 23 CONCENTRATION OF CREDIT EXPOSURE

### Loans and advances

	2025 %	2024 %
<i>Geographical concentration of Loans and advances (gross exposure)</i>		
Auckland & Northland	66.01	58.07
Waikato	2.87	3.02
Bay of Plenty	5.71	6.68
Central North Island	0.92	0.74
Lower North Island	9.34	9.76
South Island & Other	10.46	5.41
Australia	4.69	16.32
	<b>100.00</b>	100.00

	2025 %	2024 %
<i>Primary collateral held against Loans and advances (net exposure)</i>		
First mortgage	99.25	96.23
Second mortgage or agreement to mortgage	0.67	2.26
PPSR charge	0.03	1.14
No security	0.05	0.02
	<b>100.00</b>	100.00

	2025 #	2024 #
<i>Concentration of Loans and advances to individual counterparties (gross exposure)</i>		
<b>% of shareholder funds</b>		
10 - 19.9%	26	31
20 - 29.9%	4	7
30 - 39.9%	-	1
	<b>30</b>	39

### Funding

	2025 %	2024 %
<i>Product concentration of Funding</i>		
Secured deposits	100.00	100.00
	<b>100.00</b>	100.00

	2025 %	2024 %
<i>Geographical concentration of Funding</i>		
Auckland & Northland	30.77	26.07
Waikato	10.54	12.94
Bay of Plenty	13.83	15.13
Other - North Island	16.29	17.11
South Island	18.88	18.26
Overseas	9.69	10.49
	<b>100.00</b>	100.00



## 23 CONCENTRATION OF CREDIT EXPOSURE (continued)

	2025 #	2024 #
<i>Concentration of Funding from individual counterparties</i>		
<b>% of shareholder funds</b>		
10 - 19.9%	7	7
20 - 29.9%	-	2

## 24 MATURITY PROFILE & INTEREST RATE REPRICING PROFILE

The table below analyses the Groups financial assets and liabilities at the reporting date into the relevant maturity groupings, based on the remaining period to the contractual maturity date.

Key management personnel and the Directors review the loan book on a regular basis and make assessments on the collectability of the outstanding loans. The difference between the contractual cash flows and expected cash flows comprise (a) impairment losses estimated and agreed by management and the Directors as described in Note 1(n) and (b) fees that have yet to be recognised as revenue for accounting purposes, but which are contractually due.

### Maturity Profile of Monetary Items

As at 31 March 2025

	Statement of Financial Position \$'000	Contractual cash flows \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Non-derivative Financial Assets</b>							
Cash and cash equivalents	53,796	53,796	53,796	-	-	-	-
Term Deposits	256	256	256	-	-	-	-
Loans and advances	126,185	126,589	77,365	33,159	15,587	462	16
<b>Total Assets</b>	<b>180,237</b>	<b>180,641</b>	<b>131,417</b>	<b>33,159</b>	<b>15,587</b>	<b>462</b>	<b>16</b>
<b>Non-derivative Financial Liabilities</b>							
Employee entitlements	192	192	192	-	-	-	-
Term Deposits	158,067	164,855	84,616	57,168	17,440	5,631	-
Savings Accounts	8,011	8,011	8,011	-	-	-	-
Accounts payable	383	383	383	-	-	-	-
<b>Total Liabilities</b>	<b>166,653</b>	<b>173,441</b>	<b>93,202</b>	<b>57,168</b>	<b>17,440</b>	<b>5,631</b>	<b>-</b>
<b>Total</b>	<b>13,584</b>	<b>7,200</b>	<b>38,215</b>	<b>(24,009)</b>	<b>(1,853)</b>	<b>(5,169)</b>	<b>16</b>

The expected maturity of financial assets and liabilities only differs materially from the contractual maturity in respect of loans and advances. The expected maturity of loans and advances and the adjusted cash flows are as follows:

Loans and advances (expected)	126,185	124,043	74,992	33,159	15,587	462	16
<b>Adjusted total</b>	<b>13,583</b>	<b>4,654</b>	<b>(18,210)</b>	<b>(24,009)</b>	<b>(1,853)</b>	<b>(5,169)</b>	<b>16</b>



## 24 MATURITY PROFILE & INTEREST RATE REPRICING PROFILE (continued)

As at 31 March 2024

	Statement of Financial Position \$'000	Contractual cash flows \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Non-derivative Financial Assets</b>							
Cash and cash equivalents	36,074	36,074	36,074	-	-	-	-
Loans and advances	88,095	86,516	67,432	13,670	4,903	488	22
<b>Total Assets</b>	<b>124,169</b>	<b>122,590</b>	<b>103,506</b>	<b>13,670</b>	<b>4,903</b>	<b>488</b>	<b>22</b>

### Non-derivative Financial Liabilities

Employee entitlements	194	194	194	-	-	-	-
Term Deposits	110,336	117,192	38,831	41,081	29,351	7,929	-
Savings Accounts	3,332	3,332	3,332	-	-	-	-
Accounts payable	278	278	278	-	-	-	-
<b>Total Liabilities</b>	<b>114,140</b>	<b>120,996</b>	<b>42,635</b>	<b>41,081</b>	<b>29,351</b>	<b>7,929</b>	<b>-</b>
<b>Total</b>	<b>10,029</b>	<b>1,594</b>	<b>60,871</b>	<b>(27,411)</b>	<b>(24,448)</b>	<b>(7,441)</b>	<b>22</b>

The expected maturity of financial assets and liabilities only differs materially from the contractual maturity in respect of loans and advances. The expected maturity of loans and advances and the adjusted cash flows are as follows:

Loans and advances (expected)	88,095	85,178	66,093	13,670	4,903	488	22
<b>Adjusted total</b>	<b>10,029</b>	<b>256</b>	<b>59,532</b>	<b>(27,411)</b>	<b>(24,448)</b>	<b>(7,441)</b>	<b>22</b>

As at 31 March 2025

### Interest Rate Repricing Profile

	Weighted Average Interest Rate % p.a.	Total \$'000	Within 6 Months \$'000	Between 6 - 12 Months \$'000	Between 1 - 2 Years \$'000	Between 2 - 5 Years \$'000	Over 5 years \$'000	Non- interest bearing
<b>Non-derivative Financial Assets</b>								
Cash and cash equivalents	2.98%	53,796	53,796	-	-	-	-	-
Bank term deposits		256	256	-	-	-	-	-
Loans and advances	10.79%	126,185	79,209	31,551	14,975	434	16	-
<b>Total Assets</b>		<b>180,237</b>	<b>133,261</b>	<b>31,551</b>	<b>14,975</b>	<b>434</b>	<b>16</b>	<b>-</b>



## 24 MATURITY PROFILE & INTEREST RATE REPRICING PROFILE (continued)

	Weighted Average Interest Rate % p.a.	Total \$'000	Within 6 Months \$'000	Between 6 - 12 Months \$'000	Between 1 - 2 Years \$'000	Between 2 - 5 Years \$'000	Over 5 years \$'000	Non- interest bearing
<b>Non-derivative Financial Liabilities</b>								
Employee entitlements		192	-	-	-	-	-	192
Term Deposits	7.00%	158,067	80,550	55,501	16,726	5,290	-	-
Savings Accounts	3.93%	8,011	8,011	-	-	-	-	-
Accounts payable	-	383	-	-	-	-	-	383
<b>Total Liabilities</b>		<b>166,653</b>	<b>88,561</b>	<b>55,501</b>	<b>16,726</b>	<b>5,290</b>	-	<b>575</b>
<b>Total</b>		<b>13,584</b>	<b>44,700</b>	<b>(23,950)</b>	<b>(1,751)</b>	<b>(4,856)</b>	<b>16</b>	<b>(575)</b>

As at 31 March 2024

	Weighted Average Interest Rate % p.a.	Total \$'000	Within 6 Months \$'000	Between 6 - 12 Months \$'000	Between 1 - 2 Years \$'000	Between 2 - 5 Years \$'000	Over 5 years \$'000	Non- interest bearing
<b>Non-derivative Financial Assets</b>								
Cash and cash equivalents	4.85%	36,074	36,074	-	-	-	-	-
Bank term deposits	3.63%	-	-	-	-	-	-	-
Loans and advances	11.53%	88,095	70,129	12,949	4,549	446	22	-
<b>Total Assets</b>		<b>124,169</b>	<b>106,203</b>	<b>12,949</b>	<b>4,549</b>	<b>446</b>	<b>22</b>	-

	Weighted Average Interest Rate % p.a.	Total \$'000	Within 6 Months \$'000	Between 6 - 12 Months \$'000	Between 1 - 2 Years \$'000	Between 2 - 5 Years \$'000	Over 5 years \$'000	Non- interest bearing
<b>Non-derivative Financial Liabilities</b>								
Employee entitlements		194	-	-	-	-	-	194
Term Deposits	7.13%	110,336	35,517	39,205	28,280	7,334	-	-
Savings Accounts	5.00%	3,332	3,332	-	-	-	-	-
Accounts payable		278	-	-	-	-	-	278
<b>Total Liabilities</b>		<b>114,140</b>	<b>38,849</b>	<b>39,205</b>	<b>28,280</b>	<b>7,334</b>	-	<b>472</b>
<b>Total</b>		<b>10,029</b>	<b>67,354</b>	<b>(26,256)</b>	<b>(23,731)</b>	<b>(6,888)</b>	<b>22</b>	<b>(472)</b>



## 25 ASSET QUALITY

a) Summary of Loans and advances	2025 \$'000	2024 \$'000
<i>Loans and advances by Quality</i>		
Not Past Due	113,891	78,200
Past Due but Not Impaired	6,360	3,540
Individually Impaired	8,385	7,538
Restructured	95	156
<b>Loans and advances</b>	<b>128,731</b>	<b>89,434</b>
Allowance for impairment losses	(2,546)	(1,339)
<b>Net loans and advances</b>	<b>126,185</b>	<b>88,095</b>

The individually impaired loans and advances is largely the result of the impairment of a single loan, secured against a first mortgage. As at 31 March 2025, this loan, with a gross exposure of \$4,299k (March 2024: \$3,918k), remains impaired in accordance with the Group's impairment policy. As at 31 March 2025, management have assessed the recoverable amount to be \$3,000k, which results in a specific allowance impairment of \$1,373k (31 March 2024: \$992k). For more detail on the specific impairment provision, refer to Notes 1(n), 2, and 5. Management is actively engaged in working closely with the borrower to ensure the full repayment of the outstanding loan amount.

### (b) Summary of Loans and advances movements

#### For the Year Ended 31 March 2025

	Performing - Not Past Due	Past Due but Not Impaired	Individually Impaired	Restructured	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>	<b>78,200</b>	<b>3,540</b>	<b>7,538</b>	<b>156</b>	<b>89,434</b>
Transfers to Not Past Due	26	(26)	-	-	-
Transfers to Past Due Not Impaired	(5,423)	5,423	-	-	-
Transfers to Individually Impaired	(2,051)	(849)	2,900	-	-
Transfers to Restructured	(2)	-	(1)	3	-
Business activity during the year*	183,594	3,048	(1,866)	10	184,786
Repayments during the year	(140,429)	(4,753)	(153)	(64)	(145,399)
Write-offs	(24)	(23)	(33)	(10)	(90)
<b>Closing Balance</b>	<b>113,891</b>	<b>6,360</b>	<b>8,385</b>	<b>95</b>	<b>128,731</b>

#### For the Year Ended 31 March 2024

	Performing - Not Past Due	Past Due but Not Impaired	Individually Impaired	Restructured	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>	<b>64,179</b>	<b>2,997</b>	<b>4,445</b>	<b>198</b>	<b>71,819</b>
Transfers to Not Past Due	231	(231)	-	-	-
Transfers to Past Due Not Impaired	(3,902)	3,902	-	-	-
Transfers to Individually Impaired	(3,362)	(28)	3,390	-	-
Transfers to Restructured	(52)	-	-	52	-
Business activity during the year*	92,028	1,735	82	11	93,856
Repayments during the year	(70,905)	(4,749)	(292)	(104)	(76,050)
Write-offs	(17)	(86)	(87)	(1)	(191)
<b>Closing Balance</b>	<b>78,200</b>	<b>3,540</b>	<b>7,538</b>	<b>156</b>	<b>89,434</b>

\*Business activity during the year includes new loans advanced, interest and fees charged, and other related transactions.



## 25 ASSET QUALITY (CONTINUED)

<b>c) Aging of Past Due but not Impaired Loans and advances</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Aging of Past Due but not Impaired Loans and advances</i>		
Past due 0 - 30 days	<b>5,996</b>	3,092
Past due 31 - 60 days	<b>335</b>	395
Past due 31 - 90 days	<b>5</b>	12
Past due 91 - 120 days	<b>1</b>	2
Past due more than 120 days	<b>23</b>	39
	<b>6,360</b>	3,540
	<b>2025</b>	<b>2024</b>
	<b>%</b>	<b>%</b>
<b>(d) Security held over Individually Impaired Loans and advances</b>		
First mortgage	<b>98.87</b>	97.82
Second mortgage or agreement to mortgage	<b>0.77</b>	0.69
PPSR Charges	<b>0.36</b>	1.49
	<b>100.00</b>	100.00

## 26 CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2025 (31 March 2024: none).

## 27 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no other contingent liabilities at 31 March 2025 (31 March 2024: nil) other than normal purchase and lease commitments. The Group has no contingent assets at 31 March 2025 (31 March 2024: nil).

## 28 RELATED PARTY DISCLOSURE

### (a) Related parties

Only related parties with transactions or balances during any reporting period that require disclosure are listed.

<b>Related party</b>	<b>Relationship to Xceda Finance Limited ("XFL")</b>
Xceda Capital Group Limited	Related to a director and senior officer in XFL, is 100% shareholder of XFL
Xceda Capital Pty Limited	An entity with a common parent.
Other related individuals	Entities and individuals that are related to a director or senior officer of XFL. All of these transactions relate to investments in deposits at arm's length. Not individually disclosed due to the type of the transactions.



## 28 RELATED PARTY DISCLOSURE (continued)

### (b) Loans to related parties

The Group received the repayment of the loan to Xceda Capital Group Limited, outlined below. As at 31 March 2024, the facility had been closed with a \$nil balance remaining (31 March 2024: \$329k)

	2025 \$'000	2024 \$'000
<i>Loans to related parties</i>		
Opening Balance	329	-
Loans advanced	-	750
Interest and fees charged	4	48
Payments received	(33)	(19)
Principal repaid	(300)	(450)
<b>Closing Balance</b>	-	329

There have not been any other related party loans written. There have been no loans written off or forgiven during the year ended 31 March 2025 (31 March 2024: \$nil).

### (c) Loans from related parties

	2025 \$'000	2024 \$'000
<i>Loans from related parties</i>		
Opening Balance	-	-
Loans advanced	-	720
Interest and fees incurred	-	14
Payments made	-	(14)
Principal repaid	-	(720)
<b>Closing Balance</b>	-	-

### (d) Deposits from other related individuals

The weighted average interest rate applicable for the term deposit balances below is 7.10% (31 March 2024: 7.16%). The total number of deposits at the end of the reporting period were 3 (31 March 2024: 6).

The weighted average interest rate applicable for the savings account balances below is 4.89% (31 March 2024: 5.00%). The total number of deposits at the end of the reporting period were 9 (31 March 2024: 6).



## 28 RELATED PARTY DISCLOSURE (continued)

	2025 \$'000	2024 \$'000
<i>(i) Term deposits from other related individuals</i>		
• Opening Balance	736	993
• Deposits received	303	400
• Deposits matured	(419)	(688)
• Interest accrued	43	52
• RWT deducted and interest paid	(11)	(21)
<b>Closing Balance</b>	<b>652</b>	<b>736</b>
 <i>(ii) Savings accounts from other related individuals</i>		
• Opening Balance	716	-
• Deposits received	2,724	711
• Deposits withdrawn	(1,153)	(1)
• Interest accrued	81	8
• RWT deducted and interest paid	(23)	(2)
<b>Closing Balance</b>	<b>2,345</b>	<b>716</b>

### (e) Other related party transactions in the current period

**(i)** The Group received fees from Xceda Capital Pty Limited for the use of software. The total fees received in the year ended 31 March 2025 were \$nil (31 March 2024: \$20k).

**(ii)** The Group paid \$845k in the year ended 31 March 2025 for management fees that related to leases of office premises held by Xceda Capital Group Limited and an on charge of services provided by the CEO & CFO (31 March 2024: \$744k).

**(iii)** The Group paid \$147k to Xceda Capital Pty Limited in the year ended 31 March 2025 for management fees and other on charged costs that related to the origination and management of loans in Australia. (31 March 2024: \$301k).

**(iv)** The Group's tax liability in relation to 2024 was reduced by tax losses of \$943k transferred from Xceda Capital Group by a loss offset of the full amount, resulting in a reduction of tax payable of \$264k (31 March 2024: n/a).

### (f) Payables/Receivables to and from related parties

- At 31 March 2025 there was \$nil owed to Xceda Capital Group Limited as a trade payable (31 March 2024: \$nil).
- At 31 March 2025 there was \$nil payable to Xceda Capital Pty Limited (31 March 2024: \$3k).
- At 31 March 2025 there was \$4k receivable from Xceda Capital Pty Limited (31 March 2024: \$nil).
- At 31 March 2025 there was \$5k receivable from Xceda Capital Group Limited (31 March 2024: \$nil).

### (g) Key management compensation

The compensation of the key management personnel of the entity is set out below.

Directors' fees	99	117
<b>Total short term employee benefits paid in period</b>	<b>99</b>	<b>117</b>

The CEO and the CFO are employed by the Parent Company Xceda Capital Group Limited and a management fee is charged to Xceda Finance Limited.

Short term employee benefits paid in period



## 29 RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2025 \$'000	2024 \$'000
<b>Total Comprehensive Income for the period</b>	<b>1,318</b>	1,161
Depreciation	146	210
Increase/(Decrease) in impairment allowance	1,206	986
Loss on sale of property, plant & equipment	-	7
Loans and advances written off	92	191
Interest expense reinvested	6,388	2,679
Tax expense	366	797
Net exchange differences	(7)	-
<b>Deduct</b>		
Increase in loans and advances	(39,386)	(17,805)
Increase in payables	235	142
Decrease in tax liability	(789)	(250)
Decrease in prepayments and other receivables	(75)	(41)
Increase in derivative financial instruments	56	314
Decrease in GST	57	123
Increase in deferred tax asset	(391)	(300)
Increase in depositors	46,022	31,732
<b>Net cash (used in) or from operating activities</b>	<b>15,265</b>	19,946

## 30 RANKING OF LIABILITIES

Except for prior security interests totalling no more than 2% of total tangible assets, the Trust Deed prohibits the Group from granting any security interests that rank ahead of, or equally with, the first interest given to the Supervisor for the benefit of Stockholders under the Trust Deed.

As at 31 March 2025, there was a \$250k outstanding prior security interest that had been granted by the Group (31 March 2024: \$nil). The only other interests that rank ahead of the first interest given to the Supervisor are those given preference by law such as PAYE and RWT.

The secured deposits totalling \$166.1m as at 31 March 2025 (31 March 2024: \$113.7m) reported in these financial statements are secured by security interest in favour of the Supervisor over all of the present and after acquired personal property of the Group, and rank ahead of the other secured liabilities (other than permitted prior security interests and claims given preference by law, such as outstanding taxes and payments to employees).

All other liabilities reflected in the Statement of Financial Position are ranked equally

## 31 SUBSEQUENT EVENTS

On 31 May 2025, Xceda Finance Limited issued 296,297 shares to the parent, Xceda Capital Group Limited for \$400,000.

The Directors are not aware of any other matters or circumstances since the end of each reporting period, not otherwise dealt with within these financial statements that have significantly or may significantly affect the operations of the Group.

## 32 CAPITAL MANAGEMENT AND CAPITAL RATIO CALCULATIONS

When managing capital, management's objective is to maintain acceptable capital ratios to support the business and ensure the Group continues as a going concern. In order to achieve this objective, the Group performs monthly reviews of its capital structure in light of current and forecast financial performance and economic conditions.

Business initiatives and strategies are developed in response to these reviews. Should it need to, the Group will adjust its dividend payment (if any) to shareholders to maintain adequate capital.

The Group had two capital ratios it must adhere to pursuant to its Trust Deed.



## 32 CAPITAL MANAGEMENT AND CAPITAL RATIO CALCULATIONS (continued)

Capital ratios are calculated as at the end of every calendar month. The ratios are summarised on the following pages. Deferred tax and any intangible assets are deducted from capital for ratio calculation purposes.

### Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010

The regulations include a minimum capital ratio, to be calculated according to the framework prescribed by the Reserve Bank of New Zealand (RBNZ). The minimum capital ratio is 8% for companies that have a credit rating from a ratings agency approved by the RBNZ under section 86 of the Non-bank Deposit Takers Act 2013, and 10% for those without such a rating. Per the Trust Deed the minimum capital ratio to be maintained is 10% (31 March 2024: 10%).

Xceda Finance has a B+/Stable credit rating as at 31 March 2025 (31 March 2024: B/Stable). Ratings have been issued by Equifax (31 March 2024: Equifax), a ratings agency approved by the RBNZ. A key premise of the framework under which the capital ratios are calculated is that financiers with higher risk loans and other assets should require more capital compared with companies carrying lower risk loans and other assets. To achieve this, the regulations require each loan or other asset to be assigned a class according to a schedule defined in the regulations. Each class of asset has a corresponding risk weight. The risk weight together with the level of exposure to that asset type determine the amount of shareholder capital required.

Full details are set out in the regulations, and the calculations for the Group for each reporting period are set out below.

	2025 \$'000	2024 \$'000
<b>Risk weighted exposures</b>		
Total risk-weighted amount for credit risk	69,536	51,274
Aggregate amount for operational and market risk	21,975	15,437
<b>Total risk-weighted exposures</b>	<b>91,511</b>	<b>66,711</b>
<b>Capital for ratio calculation purposes</b>		
Gross capital	14,300	10,147
Deductions	(1,021)	(607)
<b>Capital</b>	<b>13,279</b>	<b>9,540</b>
Capital ratio	14.51%	14.31%
Capital	13,279	9,539
Capital required – 10% of risk weighted exposures	(9,151)	(6,671)
<b>Capital surplus over minimum requirement</b>	<b>4,128</b>	<b>2,868</b>

During the year ended 31 March 2025, the reported capital ratios ranged from 13.92% to 15.37% and there were no breaches in satisfying the Group's capital ratios (31 March 2024: from 14.31% to 15.68% with no breaches).



### 33 SEGMENTAL REPORTING

For management purposes, the Group organises some revenue streams and assets based on the following three segments. The Chief Executive Officer, being the chief operating decision maker, assesses the segment performance and decides on the resource allocation.

#### New Zealand

Business and commercial loans that are advanced in New Zealand (NZ), including loans that are both governed by and excluded from the Credit Contracts and Consumer Finance Act 2003 ("CCCFA").

#### Australia

Business and commercial loans that are advanced in Australia (AU) and that are not governed by the National Consumer Credit Protection Act 2009 (National Credit Act).

Due to the infrastructure, staff and most operating costs required for the NZ segments are the same, management does not attribute all revenues, expenses, assets and liabilities into these two segments. Decision making is made at the operating income and total assets level.

The segmental reporting that is routinely used by Management and how it reconciles to amounts reported in the primary financial statements is shown below.

There are no instances in either reporting period where there is revenue arising from a single borrower in excess of 10% of total revenue.

#### For the year ended 31 March 2025

	<b>New Zealand \$'000</b>	<b>Australia \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
<b>Comprehensive Income</b>				
Interest revenue	13,801	1,382	1,777	16,960
Interest expense	(6,524)	(324)	(2,791)	(9,639)
<b>Net interest income</b>	<b>7,277</b>	<b>1,058</b>	<b>(1,014)</b>	<b>7,321</b>
Other income	2,527	236	(1,640)	(1,123)
Impairment losses	(1,206)	3	-	(1,299)
Operating expenses and staff costs	-	-	(5,780)	(5,780)
<b>Net profit/(loss) before tax</b>	<b>8,598</b>	<b>1,297</b>	<b>(8,434)</b>	<b>1,565</b>
<b>Financial Position</b>				
Loans and advances	120,201	5,984	-	126,185
Cash and cash equivalents	-	-	53,796	53,796
Other assets	-	-	1,573	1,573
<b>Total assets</b>	<b>120,201</b>	<b>5,984</b>	<b>55,369</b>	<b>181,554</b>
Term deposits	(110,539)	(5,493)	(42,035)	(158,067)
Savings accounts	-	-	(8,011)	(8,011)
Other liabilities	-	-	(1,222)	(1,222)
<b>Total liabilities</b>	<b>(110,539)</b>	<b>(5,493)</b>	<b>(51,268)</b>	<b>(167,300)</b>



### 33 SEGMENTAL REPORTING (continued)

For the year ended 31 March 2024	New Zealand \$'000	Australia \$'000	Unallocated \$'000	Total \$'000
<b>Comprehensive Income</b>				
Interest revenue	10,757	1,651	898	13,306
Interest expense	(3,987)	(704)	(1,744)	(6,435)
<b>Net interest income</b>	<b>6,770</b>	<b>947</b>	<b>(846)</b>	<b>6,871</b>
Other income	609	24	616	1,249
Impairment losses	(1,118)	(60)	-	(1,178)
Operating expenses and staff costs	-	-	(5,091)	(5,091)
<b>Net profit/(loss) before tax</b>	<b>6,261</b>	<b>911</b>	<b>(5,321)</b>	<b>1,851</b>
<b>Financial Position</b>				
Loans and advances	74,870	13,225	-	88,095
Cash and cash equivalents	-	-	36,074	36,074
Other assets	-	-	997	997
<b>Total assets</b>	<b>74,870</b>	<b>13,225</b>	<b>37,071</b>	<b>125,166</b>
Term deposits	(68,363)	(12,076)	(29,897)	(110,336)
Savings accounts	-	-	(3,332)	(3,332)
Other liabilities	-	-	(1,354)	(1,354)
<b>Total liabilities</b>	<b>(68,363)</b>	<b>(12,076)</b>	<b>(34,583)</b>	<b>(115,022)</b>



# Independent Auditor's Report

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To the Shareholders of Xceda Finance Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the consolidated financial statements of Xceda Finance Limited (the "Company") and its controlled subsidiary (the "Group") on pages 5 to 45 which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year that ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2025 and its financial performance and cash flows for the year that ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of non-audit assurance services for reporting to Supervisor, the firm has no other relationship with, or interest in, the Group.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the audit matter is significant	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses from loans and advances</b></p>	<ul style="list-style-type: none"> <li>obtained an understanding of the lending process and controls and models used to determine the carrying value of the loans and advances, including event identification, collateral valuation and how management's estimates and judgements are determined;</li> </ul>

Why the audit matter is significant	How our audit addressed the key audit matter
<p>The carrying value of the allowance for impairment losses from loans and advances at 31 March 2025 was \$2.5 million (31 March 2024: \$1.3 million).</p> <p>In recognising credit losses, the Group considers broader range of information, including past events, current conditions, forecast economic conditions, and security held that affect the expected collectability of loan and advances. Impairment losses are calculated on individual loans and loans assessed collectively.</p> <p>The determination of assumptions for measurement of impairment is highly subjective due to the level of judgement applied by management. Change in assumptions and the methodology applied may have a material impact on the measurement of the allowance for impairment losses from loans and advances balance.</p> <p>Due to the significance of the judgements applied in determining the allowance for impairment losses from loans and advances, this matter was considered to be an area of significant risk in our audit.</p> <p>The accounting policy for initial recognition and measurement of loan and advances is described in <i>Note 1 (i)</i>. The accounting policy for determining the allowance for impairment losses from loans and advances is described in <i>Note 1(n)</i> and <i>Note 2</i> to the consolidated financial statements. The description of credit risks and the allowance for impairment losses is disclosed in <i>Note 22</i> and <i>Note 5</i> to the consolidated financial statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the lending process and controls and models used to determine the carrying value of the loans and advances, including event identification, collateral valuation and how management’s estimates and judgements are determined;</li> <li>• obtained management’s expected credit loss models to verify the impairment loss provision. We observed that management’s expected credit loss model considered future economic environment and collateral valuation consistent with the requirements of accounting framework;</li> <li>• for each significant loan with indicators of impairment, applied professional skepticism and reviewed the value of the mortgage security by tracing evidence available in the public domain and assessed adequacy of the impairment allowance on the outstanding balance exceeding the expected future cash flows after the realisation of the mortgage sale;</li> <li>• assessed reasonableness of impairment provisioning against specifically impaired loans balances by challenging the assumptions and data used in the management’s paper related to specific provision;</li> <li>• obtained the Group’s loan ledger at period end and using our knowledge of the Group and the industry, applied specific criteria to select high risk samples to assess indicators of impairment and considered management’s conclusions regarding impairment for each of these samples individually; and</li> <li>• For the collective provisioning model, <ul style="list-style-type: none"> <li>(a) verified mathematical accuracy of the provision based on the input factors identified by management as part of the expected credit loss methodology; and</li> <li>(b) assessed the reasonableness of the management’s judgements used for the expected credit loss methodology and challenged the appropriateness of the risk factors that are considered for developing the 12 month and lifetime expected credit loss.</li> </ul> </li> </ul>

**Information Other than the Financial Statements and Auditor’s Report thereon**

The Directors are responsible for the other information. The other information comprises the Group Directory and the Consolidated Financial Overview but does not include the consolidated financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report and the Annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

#### **Directors' responsibilities for the Consolidated Financial Statements**

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of {consolidated} financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/>

#### **Restriction on use of our report**

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

#### **Grant Thornton New Zealand Audit Limited**



**Tejveer Singh Sethi**

**Partner**

**Auckland, New Zealand**

30 June 2025