

MTF Finance Announces FY23 Results

Growth and record performance places MTF Finance in top tier for its category

MTF Finance has today reported a net profit after tax of \$11.6m for the 12 months to 30 September 2023, up 38% on the previous year, with gross lending assets (excluding fair value and credit risk adjustments) increasing by 32% to \$1.010bn. Underlying profit after tax has increased by 71% to \$11.3m with total originator earnings up 27% to \$85.5m.

This result reflects a stellar year for MTF Finance, in which the company has been able to support more New Zealanders access safe lending solutions than ever before, and projects the company into the top tier of non-bank lenders.

This unique community-based lending model where MTF Finance franchises and vehicle dealers make the lending decision, resulted in record low arrears at less than half the industry average, which is a strong measure of how the company's lending approach creates better customer outcomes and supports customers over the long-term, not just when they first get the loan.

It has also supported a record growth year that has delivered unprecedented momentum, with lending up 40% year-on-year to \$846m, up from \$607m in September 2022.

Chief Executive Officer, Chris Lamers, says: "As a New Zealand owned and operated organisation, MTF Finance has a proud history spanning more than 50 years and we are focussed on helping New Zealanders get ahead by making lending about people again. Today's result demonstrates the important role that MTF Finance plays within its communities, and comes at a challenging time when many New Zealanders are feeling the effects of recent interest rate rises and the increased cost-of-living."

The combination of strong lending growth and well-managed operating expenses allowed the company to hold interest rates as low as possible for customers, as well as deliver record returns to lenders.

MTF Finance Chair, Mark Darrow, says: "Key to achieving this was a clear strategy designed to deliver growth and resilience during a tough economic climate. We grew our reach, adding franchises to reach a total of fifty-one around the country, with two more opening in November, bucking the trend when others are closing local branches. We also grew the motor dealer channel with more focus in this area and completed a Fintech acquisition. It has been a busy and successful year."

The purchase of The Lending People in February 2023 gave customers access to a new on-line digital lending channel, while franchise branches continued to provide dedicated financial advice and solutions at a local level.

"The insurance partnerships initiated this year with AMI and Tower have been a welcome addition to the incumbent offering with Autosure. These product offerings allow MTF Finance to become a one-stop shop for our customers, growing the business and taking the pain out of the customer having to secure these services for themselves," adds Lamers.

"Our local communities and our customers sit at the heart of how MTF Finance operates, and backing local businesses and communities does so much more than just help the economy - it builds connections, strengthens our neighbourhoods, and makes New Zealand stronger by making finance more accessible to everyday kiwis. Our owner-operators, including our franchisees and vehicle dealers, make the lending decision in the best interests of the customer, meaning not only do they get personal and fast service, they know we will be there whenever they need us."

Lamers says the current economic cycle has placed increasing pressure on households nationwide, and MTF Finance is focused on helping customers in financial need. The company took proactive steps to provide customers with practical tools and guidance to help them make well-informed money-related decisions, which have been borne out by the company having industry leading low levels of loan arrears. This customer focus

was also evident during Cyclone Gabrielle where the company rallied to support the impacted communities guided by our owner operators who live in the same communities.

“MTF Finance’s goal is to be New Zealand’s most chosen and loved finance company” says Lamers and we are delighted by the ratings our customers give us, which are more than double the industry average,” adds Lamers.

Looking forward, Lamers says the company will continue to be close to its customers, to ensure it is proactive in looking after customers as economic conditions continue to harden with increases in wholesale interest rates and inflation fuelling a cost-of-living crisis.

The company plans to launch the brokering of home loans through its franchise network, and will continue to enhance its product offering through both existing and new partnerships. There will be an increased focus on community engagement through an evolving Environmental Social and Governance (ESG) strategy.

Financial overview

- Net interest income and fees have increased 32% to \$45.8m
- Operating expense ratio has decreased 1%
- Profit after tax has increased 38% to \$11.6m
- Underlying profit after tax has increased 71% to \$11.3m

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About MTF Finance

Established in 1970 as a way for motor vehicle dealers to write loans for their customers, MTF Finance is a Dunedin success story specialising in the finance of vehicles and business equipment. MTF Finance now has assets exceeding \$1billion, is wholly New Zealand owned and operated, with 53 independent franchise offices operating from Whangarei to Invercargill, as well as a solid nationwide base of vehicle dealer originators.

First listed on the NZDX in 1994, MTF Finance has a well-established brand and reputation both as a supplier of finance and as a capital markets issuer, regularly issuing medium term notes to institutional investors in New Zealand and Australia.