

GENERAL FINANCE LIMITED

Key ratios and selected financial information as at 31 March 2018

KEY RATIOS

Capital

	31 March 2018	31 March 2017 Restated***	31 March 2016 Restated***
Our capital ratio calculated in accordance with the 2010 Regulations*	48%	50%	48%
Minimum capital ratio required by our Trust Deed****	8% if we have a credit rating**, or 15% if we do not have a credit rating	8% if we have a credit rating**, or 10% if we do not have a credit rating	8% if we have a credit rating**, or 10% if we do not have a credit rating
Minimum capital ratio that must be included in the trust deed under reg 8(2) of the 2010 Regulations*	8% if we have a credit rating, or 10% if we do not have a credit rating	8% if we have a credit rating, or 10% if we do not have a credit rating	8% if we have a credit rating, or 10% if we do not have a credit rating
The capital ratio is a measure of the extent to which General Finance is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets General Finance has to absorb unexpected losses arising out of its business activities.			

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

** The creditworthiness of the General Finance is not rated by an approved rating agency. This is because we operate under the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2016, exempting us from the Non-bank Deposit Taker Act 2013 requirement to have a credit rating. The exemption applies because we have liabilities of less than \$20 million, making it unduly onerous to comply with the requirement have a credit rating, and because we maintain a capital ratio of at least 15% (previously 10%). This means that General Finance has not received an independent opinion, from an approved source, of its capability and willingness to repay its debts.

*** Management under the new ownership identified certain errors and reclassifications in relation to the prior period financial statements. The items were adjusted and restated in the prior period comparatives of the 31 March 2018 audited financial statements. The capital ratios have accordingly been recalculated to reflect these changes. Further details of the restatements can be found in note 2.2 of the General Finance Limited 31 March 2018 audited financial statements.

**** An amendment to the Trust Deed was signed on 19 December 2017. This amendment increased the minimum capital ratio to 15% if we do not have a credit rating.

Related Party Exposures

	31 March 2018	31 March 2017	31 March 2016
Our aggregate exposures to related parties as calculated in accordance with the 2010 Regulations*	\$nil	\$nil	\$nil
Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed**	10% of capital	15% of capital	15% of capital
Maximum limit on aggregate exposures to related parties that we must not exceed that must be included in our Trust Deed under reg 23(3)(b) of the 2010 Regulations*	15% of capital	15% of capital	15% of capital
<p>Related party exposures are financial exposures that General Finance has to related parties. A related party is an entity that is related to General Finance through common control or some other connection that may give the party influence over General Finance (or General Finance over the related party). As at 31 March 2018, these related parties include our directors, our parent company Corporate Holdings Limited and Investment Research Group Limited.</p>			

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

** An amendment to the Trust Deed was signed on 19 December 2017. This amendment decreased the maximum limit on aggregate exposures to related parties to 10% of capital.

Liquidity

	31 March 2018	31 March 2017	31 March 2016
Our liquidity calculated in accordance with the quantitative liquidity requirements included in our Trust Deed *	7.1 times	33.6 times	6.9 times
The minimum liquidity requirements required by our Trust Deed	A liquidity cover ratio of 1.25 times	A liquidity cover ratio of 1.25 times	A liquidity cover ratio of 1.25 times

Liquidity requirements help to ensure that General Finance has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that General Finance is unable to repay investors on time, and may indicate other financial problems in its business.



SELECTED FINANCIAL INFORMATION

	Year Ended 31 Mar 18 (Audited) \$	Year Ended 31 Mar 17 Restated* \$	As At 1 Apr 2016 Restated* \$	Year Ended 31 Mar 16 As Reported* \$
STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)				
Total interest, fee and commission income	1,595,769	1,362,846		1,447,717
Interest expense	535,602	494,460		541,975
Profit before income tax	379,074	440,562		321,008
Net profit after tax	272,783	316,684		231,310
Total comprehensive income	272,783	316,684		231,310
STATEMENT OF CHANGES IN EQUITY (EXTRACT)				
Total equity at start of year	3,112,549	3,195,865		3,175,521
Shares issued	250,000	-		-
Dividends paid	-250,000	-400,000		-250,000
Profit for the period	272,783	316,684		231,310
Total equity at end of year	3,385,332	3,112,549		3,156,831
STATEMENT OF FINANCIAL POSITION (EXTRACT)				
Cash and cash equivalents	4,844,288	3,624,873	4,068,161	4,068,161
Loan receivables	8,610,506	8,302,534	7,400,833	7,391,044
Other assets	74,115	20,990	46,028	37,245
Total assets	13,528,909	11,948,397	11,515,022	11,496,450
Term deposits	9,854,092	8,681,074	8,213,263	8,215,883
Other liabilities	289,485	154,774	105,893	123,736
Total liabilities	10,143,577	8,835,848	8,319,156	8,339,619
Share capital	3,050,000	2,800,000	2,800,000	2,800,000
Retained earnings	335,332	312,549	395,865	356,831
Total equity	3,385,332	3,112,549	3,195,865	3,156,831
CAPITAL				
less deferred tax asset and intangible assets	-66,045	-14,293	-36,115	-27,332
Capital (per 2010 Regulations)	3,319,287	3,098,256	3,159,750	3,129,499
STATEMENT OF CASH FLOWS (EXTRACT)				
Net Cash Flow s From Operating Activities	51,032	-482,104		2,092,868
Net Cash Flow s From Investing Activities	-33,107	-		-
Net Cash Flow s From Financing Activities	1,201,490	38,816		136,675
Net Cash Movement for the Year	1,219,415	-443,288		2,229,543

*Management under the new ownership identified certain errors and reclassifications in relation to the prior period financial statements. The items were adjusted and restated in the prior period comparatives of the 31 March 2018 audited financial statements. This included a restatement of the statement of financial position as at 31 March 2017 and 1 April 2016 as well as a restatement of the statement of comprehensive income and statement of cash flows for the year ended 31 March 2017. A summary of the restated financial statements is presented above, as well as a summary of the 31 March 2016 financial statements that was reported and does not reflect the impact of the restatements. Further details of the restatements can be found in note 2.2 of the General Finance Limited 31 March 2018 audited financial statements.

HOW THE RATIOS HAVE BEEN CALCULATED

Capital ratio

Position at 31 March 2018

Capital

Gross capital	3,385,332
Less deductions	66,045
Total capital	<u>3,319,287</u>

Exposures	Exposure	Risk	Risk
		Weight	Weighted Exposures
Cash	4,844,288	20%	968,858
Tax refund due	-	0%	-
Residential mortgages:			
LVR 70% and under	7,053,153	35%	2,468,604
LVR 70% - 80%	554,962	50%	277,481
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	1,002,391	150%	1,503,587
Other assets (Unsecured)	-	200%	-
Other assets	8,070	350%	28,245
Investments	-	600%	-
Total credit risk weighted exposures (A)			<u>5,246,774</u>
Total assets (B)	13,528,909		
Operational and Market Exposures	(A+B)/2x0.175		1,642,872
Total Exposures			<u>6,889,646</u>
Capital Ratio at 31 March 2018			48%
(being Total Capital/Total Exposures)			

Capital ratio

Position at 31 March 2017

Capital

Gross capital	3,112,549
Less deductions	14,293
Total capital	<u>3,098,256</u>

Exposures	Exposure	Risk Weight	Risk Weighted Exposures
Cash	3,624,873	20%	724,975
Tax refund due	-	0%	-
Residential mortgages:			
LVR 70% and under	6,297,356	35%	2,204,075
LVR 70% - 80%	1,280,378	50%	640,189
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	716,097	150%	1,074,145 [®]
Other assets (Unsecured)	8,703	200%	17,406
Other assets	6,697	350%	23,440
Investments	-	600%	-
Total credit risk weighted exposures (A)			<u>4,684,230</u>
Total assets (B)	11,948,397		
Operational and Market Exposures	(A+B)/2x0.175		1,455,355
Total Exposures			<u>6,139,585</u>

Capital Ratio at 31 March 2017

(being Total Capital/Total Exposures)

50%

Capital ratio

Position at 31 March 2016

Capital

Gross capital	3,195,865
Less deductions	36,115
Total capital	<u>3,159,750</u>

Exposures	Exposure	Risk	
		Weight	Weighted Exposures
Cash	4,068,161	20%	813,632
Tax refund due	-	0%	-
Residential mortgages:			
LVR 70% and under	4,944,040	35%	1,730,414
LVR 70% - 80%	1,203,473	50%	601,736
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	622,191	150%	933,286
Second mortgages	613,640	150%	920,460
Other assets (Unsecured)	17,488	200%	34,977
Other assets	9,913	350%	34,696
Investments	-	600%	-
Total credit risk weighted exposures (A)			5,069,201
Total assets (B)	11,515,022		
Operational and Market Exposures	(A+B)/2x0.175		1,451,119
Total Exposures			<u>6,520,320</u>

Capital Ratio at 31 March 2016

(being Total Capital/Total Exposures)

48%

AGGREGATE EXPOSURE TO RELATED PARTIES

Nil.

We have not made related party loan advances.

HOW LIQUIDITY MEASURES HAVE BEEN CALCULATED

	31 March 2018	31 March 2017	31 March 2016
Liquidity	4,844,288	4,209,873	4,653,161
3 month expected loan receivables	2,928,869	4,661,884	1,864,647
3 month gross deposit redemptions	1,099,266	263,772	946,740
Liquidity Cover Ratio (times)*	7.1	33.6	6.9

*The Liquidity Cover Ratio is calculated by dividing Liquidity plus the 3 month expected loan receivables, by the 3 month gross deposit redemptions.

