

# GENERAL FINANCE LIMITED

## Quarterly report as at 30 June 2019

### KEY RATIOS

#### Capital

	30 June 2019
<b>Our capital ratio calculated in accordance with the 2010 Regulations*</b>	28%
<b>Minimum capital ratio required by our Trust Deed</b>	8% if we have a credit rating**, or 15% if we do not have a credit rating
<b>Minimum capital ratio that must be included in the trust deed under reg 8(2) of the 2010 Regulations*</b>	8% if we have a credit rating, or 10% if we do not have a credit rating
<p>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.</p>	

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

\*\* General Finance is exempt from the requirement to have its creditworthiness assessed 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 Takers Act 2013 requirement to have a credit rating. The exemption applies because we have liabilities of less than \$20 million as at 1 October 2018, calculated as the average of General Finance's liabilities as at the end of each of the 12 months preceding that date, making it unduly onerous to comply with the requirement to have a credit rating, and because we maintain a capital ratio of at least 10% to qualify for the exemption (and at least 15% to comply with our Trust Deed). This means that General Finance has not received an independent opinion on its capability and willingness to repay its debts from an approved source.

The exemption applies until 29 February 2020 on the above basis. If General Finance's average liabilities as at 1 October 2019 reach \$20 million or more it will still qualify for the exemption on and from 1 March 2020 so long as it has liabilities of less than \$40 million and maintains a capital ratio of at least 12% to qualify for the exemption (and at least 15% to comply with our Trust Deed), and continues to meet the other terms and conditions of the exemption.

## Related Party Exposures

	30 June 2019
<b>Our aggregate exposures to related parties as calculated in accordance with the 2010 Regulations*</b>	6%
<b>Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed</b>	10% of capital
<b>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*</b>	15% of capital
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). These related parties include our directors, our parent company Corporate Holdings Limited and Investment Research Group Limited.	



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

## Liquidity

	30 June 2019
<b>Our liquidity calculated in accordance with the quantitative liquidity requirements included in our Trust Deed</b>	8.85 times
<b>The minimum liquidity requirements required by our Trust Deed</b>	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

	Quarter to 30 Jun 2019
Total Assets	25,205,067
Total Liabilities	20,054,810
Net Profit After Tax	59,278
Net Cash Flows from Operating Activities	(3,535,447)
Cash and Cash Equivalents	4,229,873
Capital (per 2010 Regulations)	5,074,333



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## HOW THE RATIOS HAVE BEEN CALCULATED

### CAPITAL RATIO

Position at 30 June 2019

#### Capital

Gross capital	5,150,257
Less deductions	75,924
Total capital	<u>5,074,333</u>

Exposures	Exposure	Risk Weight	Risk
			Weighted Exposures
Cash	4,229,873	20%	845,975
Residential mortgages:			
LVR 70% and under	13,700,982	35%	4,795,344
LVR 70% - 80%	2,617,491	50%	1,308,745
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	1,702,508	150%	2,553,762
Property development loans:			
LVR 60% and under	1,687,208	150%	2,530,812
LVR 60% - 100%	1,133,487	200%	2,266,974
Other assets (Unsecured)	-	200%	-
Other assets	57,594	350%	201,579
Investments	-	600%	-
Deductions from capital	75,924		-
Total credit risk weighted exposures (A)			14,503,191
Total assets (B)	25,205,067		
Operational and Market Exposures	(A+B)/2x0.175		3,474,473
Total Exposures			<u>17,977,664</u>
<b>Capital Ratio</b>			<b>28%</b>
(being Total Capital/Total Exposures)			

## AGGREGATE EXPOSURE TO RELATED PARTIES

Loans to related parties (A)	314,939
Other related party exposures (B)	-
Capital	5,074,333
<b>(A + B) / C</b>	<b>6%</b>

\*Related party exposures are calculated by dividing total related party exposures by Capital (per 2010 Regulations).

## LIQUIDITY

Liquidity (A)	4,229,873
3 month expected loan receivables (B)	5,301,648
3 month expected gross deposit redemptions (C)	1,077,587
<b>(A + B) / C</b>	<b>8.85 times</b>

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

