

GENERAL FINANCE LIMITED
Quarterly report as at 31 December 2020

KEY RATIOS

Capital

	31 December 2020
Our capital ratio calculated in accordance with the 2010 Regulations*	16.34%
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
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
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

** General Finance has been rated by Equifax Australasia Credit Ratings Pty Ltd ("Equifax"). Equifax gives ratings from AAA through to C (excluding ratings attaching to entities in default).

Equifax has issued General Finance a credit rating of BB- with a Stable Outlook. According to Equifax's criteria, this rating is classified as "Near Prime" and has "Low to Moderate" risk level. Equifax's credit rating report for General Finance can be accessed at www.business.govt.nz/disclose.

Related Party Exposures

	31 December 2020
Our aggregate exposures to related parties as calculated in accordance with the 2010 Regulations*	2.02%
Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed	10% 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
<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).</p>	

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

Liquidity

	31 December 2020
Our liquidity calculated in accordance with the quantitative liquidity requirements included in our Trust Deed	3.92 times
The minimum liquidity requirements required by our Trust Deed	A liquidity cover ratio of 1.25 times
<p>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.</p>	



SELECTED FINANCIAL INFORMATION

	Quarter to 31 December 2020
Total Assets	61,035,090
Total Liabilities	55,215,376
Net Profit / (Loss) After Tax	(110,743)
Net Cash Inflow / (Outflow) from Operating Activities	(17,782,293)
Cash and Cash Equivalents	6,072,234
Term Deposits ¹	3,000,000
Capital (per 2010 Regulations)	5,741,257

¹New Zealand Registered Bank deposits with original term of greater than 180 days.

HOW THE RATIOS HAVE BEEN CALCULATED

CAPITAL RATIO

Position at 31 December 2020

Capital

Gross capital	5,819,714
Less deductions	78,457
Total capital	<u>5,741,257</u>

Exposures	Exposure	Risk Weight	Risk
			Weighted Exposures
NZ Registered Bank Deposits	9,072,234	20%	1,814,447
Investments in Bonds (rated long term claims):			
with a rating grade of 1 ¹	786,744	20%	157,349
with a rating grade of 3 ¹	987,214	100%	987,214
Residential mortgages:			
LVR 70% and under	33,211,107	35%	11,623,887
LVR 70% - 80%	9,101,312	50%	4,550,656
Second mortgages	105,694	150%	158,541
Other loans with qualifying security over land and buildings:			
LVR 70% and under	7,523,122	100%	7,523,122
Other assets	169,206	350%	592,221
Deductions from capital	78,457		-
Total credit risk weighted exposures (A)			27,407,437
Total assets (B)	61,035,090		
Operational and Market Exposures	(A+B)/2x0.175		7,738,721
Total Exposures			<u>35,146,158</u>
Capital Ratio (being Total Capital/Total Exposures)			16.34%

¹Refer to Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.



AGGREGATE EXPOSURE TO RELATED PARTIES

Loans and other on balance sheet exposures to related parties (A)	115,715
Other related party exposures (B)	Nil
Capital	5,741,257
(A + B) / C	2.02%

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

LIQUIDITY

Liquidity (A)	9,072,234
3 month expected loan receivables (B)	7,931,056
3 month expected gross deposit redemptions (C)	4,338,869
(A + B) / C	3.92 times

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