

STEELSANDS CREDIT UNION

QUARTERLY REPORT AS AT 30 SEPTEMBER 2017

Key Ratios

Capital Ratio	Quarter ended 30 September 2017
Capital Ratio	12.89%
Minimum Capital Ratio Steelsands Credit Union must maintain under the Trust Deed	12%
Minimum Capital Ratio that must be set out in the Trust Deed under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	12%
<p>The capital ratio is a measure of the extent to which Steelsands Credit Union is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets Steelsands Credit Union has to absorb unexpected losses arising out of its business activities.</p>	

Related Party Exposure	Quarter ended 30 September 2017
Aggregate exposure to related parties as calculated under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	3.83%
Maximum limit on aggregate exposures to related parties under the Trust Deed	15%
Maximum limit on aggregate exposures to related parties under the Trust Deed that must be included under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	15%
<p>Related party exposures are financial exposures that Steelsands Credit Union has to related parties. A related party is an entity that is related to Steelsands Credit Union through common control or some other connection that may give the party influence over Steelsands Credit Union (or Steelsands Credit Union over the related party). These related parties include directors and shareholders of Steelsands Credit Union and other companies or entities that the directors and shareholders have an interest in.</p>	
Liquidity Ratio	Quarter ended 30 September 2017

Liquidity calculated in accordance with the quantitative liquidity requirements in Trust Deed	2.11
Minimum liquidity requirements required by the Trust Deed	<p>To ensure that the liquidity coverage ratio shall not fall below 1.2 at any time where:</p> <p>Liquidity Coverage Ratio means in respect of the immediately following month, the ratio of:</p> $\frac{L + LR + SC}{SR}$ <p>L means Liquid Assets;</p> <p>LR means expected loan receivables within that month;</p> <p>SC means expected gross share contributions within that month; and</p> <p>SR means expected gross share redemptions within that month.</p>
<p>Liquidity requirements help to ensure that Steelsands Credit Union 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 Steelsands Credit Union is unable to repay investors on time, and may indicate other financial problems in its business.</p>	

The method of calculation of the above ratios is set out in the NBDT information below.

SELECTED FINANCIAL INFORMATION

	Quarter ended 30 September 2017
Total assets determined in accordance with GAAP	\$29,902,846
Total liabilities determined in accordance with GAAP	\$26,408,649
Net profit after tax determined in accordance with GAAP	\$22,946
Net cash flows from operating activities determined in accordance with GAAP	(\$1,146,593)
Cash and cash equivalents determined in accordance with GAAP	\$661,189
Capital as calculated in accordance with the Non-Bank Deposit Takers Regulations 2010	\$3,133,231

The method of calculation of the above ratios is set out in the NBDT information which follows.

Other restrictions

Borrowing

In addition to the financial covenants set out under the heading "Ranking and Security" in the PDS, the Credit Union is required, under the Trust Deed (Clause 7.1 (d)) not to permit its creditor liabilities (for amounts other than payable to members on the accounts) to exceed 10% of total liabilities. The actual creditor liabilities for the quarter ended 30 September 2017 were \$204,115 or 0.77%.

The Credit Union's ability to borrow is also restricted by sections 101(2) and 109 to 117 of the FCU Act.

Section 101(2) of the FCU Act provides that a credit union may take no action or do anything which is not directly pursuant to or incidental to its objects or in furtherance of them or is in contravention of the FCU Act or its Rules. The objects of the Credit Union are set out in Section 3 (Credit Union and what it does) of this document.

Section 109 of the FCU Act provides that a credit union may borrow money if that borrowing is authorised by, and in accordance with, its Rules and the Trust Deed. The Rules allow the Credit Union to borrow as approved by the trustees and is in accordance with the Trust Deed.

Land and Buildings

Section 113 of the FCU Act provides that the Credit Union may only hold an interest in land or buildings if authorised by, and in accordance with, the Rules and the Trust Deed. The Trust Deed and the Rules allow the Credit Union to own land and buildings for the purposes of conducting its business.

Key Ratio Workings

Steelsands Credit Union

30 September 2017

Gross capital	3,494,199
Deductions	360,968
Net Capital (Gross Capital - Deductions)	3,133,231
Risk-Weighted Amount for Credit Risk	19,940,850
Market Risk and Operational risk	4,361,323
Liquid assets	7,920,055
Capital Ratio	12.89%
Related Party Exposures	
Book Value of Statement of Financial Position Exposures	120,076
Maximum Loss of Non Statement of Financial Position Exposures (includes commitments, contingencies, stand-by lines, letters of credit)	0
Related Party Exposures	120,076
Total Market Related Contracts (with conversion factors applied)	0
Maximum Related Party Exposure	
Aggregate Exposures	120,076
Capital	3,133,231
Maximum Related Party Limit Exposure (Agg Exposure/Capital)	3.83%
Quarterly Liquidity Coverage Ratio (LCR) Forecast	
L= Total liquid assets	7,920,055
LR = Loan payments	4,137,368
SC = Share contributions	15,686,917
	27,744,341
SR = Share Redemptions	13,141,167
Liquidity Coverage Ratio	2.11