

Questions from the Attendees	Answers given on the night/ suggested answers
<p>1. Has there been a change in service since Steelsands took over Employees</p>	<p>Employees has been aligned with Steelsands policy and procedure. All following the same model. Member asked for further contact details, Casey's email given</p>
<p>2. In the Minutes from the AGM 2020 it was asked if there will be equity brought forward from the Employees Credit Union TOE, however I note that their Equity brought forward is an unfavorable amount of -\$148,185, why is this and why did we proceed with the TOE with this result.</p>	<p>Feedback from Employees GM and accountant indicated no issues with completion, along with conversation with auditor indicated no issues at that point, the Steelsands GM and Board agreed to proceed expecting the completion quickly. Information from Employees GM and accountant were missing key information on issues and delays which did not come to our attention until after vote by Employees members for TOE which locked in the TOE.</p>
<p>3. What are some of the gains that have been made since the TOE with Employees i.e. New Members, Loans are they on the increase</p>	<p>Steelsands had a strategic view of getting into other industrial partners, which are all risky and have always had the view to move into the community as well.</p> <ul style="list-style-type: none"> - First Steelsands has had a consistent strategy to reduce our reliance on specific businesses, which meant less reliance on Glenbrook where Steelsands started. - 2ndly there has been more recently had a strategy to move to a larger percentage of community members. The reason for this being the proposed changes at NZ Steel and Marsden Point. - 3rdly Employees brought improved income. The original estimates based on loan income showed significant increases. <p>Unfortunately, during the long TOE process the income on loans for Steelsands and Employees dropped off with lockdowns and loss of confidence in members caused by the Covid 19 outbreak. Employees still brings a \$30k per month of loan income or \$360k per year. Loss would have been a lot greater if we had not Employees on board. We will be doing a review of the TOE with Employees and its impact. Still more work to and will be a challenge in the future but we anticipate will also bring benefits</p>
<p>4. Why has the Cost of Data & Processing & Support gone up by 37%? \$214,752 2021 vs 135,163 2020.</p>	<p>These increases would be driven by the addition of Employees costs plus increases from Co Op Money Software maintenance and support - increase will be due to Employees</p>
<p>5. Why is there still expenses for "Members Savings & Loan Insurance \$45,429 2021 and 65,252 2020- I asked this question last year at the AGM and was advised that we no longer pay the Loan minder and Savings Insurance for Members. If this is the expense for the insurance taken out by members the members pay at source and should be netted off the Insurance Commission, are</p>	<p>This is currently under investigation, thank you for raising the question.</p>

<p>you overstated the Commission on Insurance?</p>	
<p>6. What are your plans If the NZ Steel Pension fund is paid out on 1 December to its members in a lump sum, many of who are members of the Credit Union. There will be a large influx of funds? How will this affect your Regulatory Ratio's.</p>	<p>Increased funds from members can have an adverse effect on the Risk Weighted Capital Ratio if these funds are not lent out. We are currently encouraging members not to have large deposits. We are monitoring this very closely and have been actively contacting members.</p>
<p>7. When will audited financials be available and is the Board aware of any issues that have delayed completion of the audit</p>	<p>The Extended lockdown in Auckland had an impact on the completion of the Audit, we were also required to provide more information to the auditors than previous years and there were delays getting this through. After review, the reports were uploaded to our website 18/11/2021 and Disclosure website by the Week Ending 24/11/2021</p>
<p>8. Note 26 of the draft statements indicates at amalgamation, Employees Credit Union was insolvent. I.e. the Balance Sheet shows negative equity of \$148,185. Was the Board aware of this and if so did they have forecasts that showed the combined entity could produce a profit in the year to end 30th June 2021 and beyond? If not on what basis did the Board determine it was in Steelsands members best interests to absorb the financial position of Employees Credit Union when this would erode surpluses created by members in preceding years.</p>	<p>This has been addressed in Question 2</p>
<p>9. Note 27 of the statements in the concluding paragraph states..... "There has been no other matter or circumstance which has arisen since 30th June 2021 that has significantly affected or may significantly affect;</p> <ul style="list-style-type: none"> a. the operation in financial years subsequent to 30th June 2021, or b. the results of those operations, or c. the state of affairs, in financial years subsequent to 30th June 2021 <p>How does this relate to the PDS Quarterly Report as at 30th September 2021 filed on 29th October 2021 which appears to show a further loss / reduction in</p>	<p>Notes could have included one off loses due to staff movement and PAYE adjustments to match current accounting standards. This was discussed with BDO and agreed it was not necessary.</p>

<p>equity [capital – members funds] of \$ 204,829</p>	
<p>10. There is no commentary in the Risk Assessment on the impending closure of the Marsden Point Refinery or any analysis on the financial impacts of this closure. Has any modelling been done on this and given comments in 3 above what is the worst-case scenario in terms of potential additional losses and whether this will result in a reduction in members equity?</p>	<p>In August 2021 the shareholders of Marsden Point agreed to convert the installation to a mainly storage facility and consequently reduce their staff by approximately 300 people to around 60-100 in total.</p> <p>In the September Steelsands meeting, the Board reviewed and updated the Risk from its register: <i>“Host Company reduces number of employees and change of employment conditions”</i>.</p> <p>The board continue to monitor and review the transition as it progresses and any potential impacts that may have on our operations at Marsden Point.</p>
<p>11. Based on comments above what modelling has the Board done to ensure the Credit Union remains compliant with its Capital Adequacy requirements particularly given the Reserve Banks stated objective of requiring financial institutions to hold more capital in the future?</p>	<p>The Risk Weighted Capital ratio is a key risk that the Board continually reviews at least monthly. This ratio has been drifting lower in recent months. A special group consisting of the Board Chairperson, The General Manager, the Treasurer and the Secretary have been in regular weekly and fortnightly meetings to address this. Advice has been given by specialists in this area. There have been many initiatives to increase the ratio that the Board will continue to investigate.</p> <p>In terms of Reserve bank requiring financial institutions to hold more capital in the future, this is currently on hold mainly due to the current economic climate caused by COVID. The Board will however continue to monitor this. Given that the Reserve Bank normally gives plenty on notice of its intentions.</p>