

## STEELSANDS CREDIT UNION

### QUARTERLY REPORT AS AT 31 MARCH 2021

#### Key Ratios

| <b>Capital Ratio</b>   | <b>Quarter ended 31 March 2021</b> |
|--|------------------------------------|
| Capital Ratio  | 13.69%                             |
| 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%                                |
| 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. |                                    |

| <b>Related Party Exposure</b>   | <b>Quarter ended 31 March 2021</b> |
|---|------------------------------------|
| Aggregate exposure to related parties as calculated under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010   | 2.68%                              |
| 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%                                |
| 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. |                                    |

| <b>Liquidity Ratio</b>  | <b>Quarter ended 31 March 2021</b>  |
|---|---|
| Liquidity calculated in accordance with the quantitative liquidity requirements in Trust Deed   | 5.75  |
| 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><b>L</b> means Liquid Assets;</p> <p><b>LR</b> means expected loan receivables within that month;</p> <p><b>SC</b> means expected gross share contributions within that month; and</p> <p><b>SR</b> 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 31 March 2021 |
|---|-----------------------------|
| Total assets determined in accordance with GAAP                                       | \$33,151,173                |
| Total liabilities determined in accordance with GAAP                                  | \$29,956,885                |
| Net profit after tax determined in accordance with GAAP                               | (\$25,248)                  |
| Net cash flows from operating activities determined in accordance with GAAP           | \$146,800                   |
| Cash and cash equivalents determined in accordance with GAAP                          | \$17,234,046                |
| Capital as calculated in accordance with the Non-Bank Deposit Takers Regulations 2010 | \$3,059,461                 |

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 31 March 2021 were \$586,899 or 1.96%.

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.

| <b>Key Ratio Workings</b>      |               |
|--------------------------------|---------------|
| <b>Steelsands Credit Union</b> | 31 March 2021 |

|   |               |
|---|---------------|
| <b>Gross capital</b>  | 3,194,288     |
| <b>Deductions</b>   | 134,827       |
| <b>Net Capital (Gross Capital - Deductions)</b>   | 3,059,461     |
| <br>  |               |
| <b>Risk-Weighted Amount for Credit Risk</b>   | 17,876,860    |
| <b>Market Risk and Operational risk</b>   | 4,464,953     |
| <br>  |               |
| <b>Liquid assets</b>  | 17,234,046    |
| <b>Capital Ratio</b>  | <b>13.69%</b> |
| <br>  |               |
| <b>Related Party Exposures</b>  |               |
| Book Value of Statement of Financial Position Exposures   | 82,142        |
| Maximum Loss of Non Statement of Financial Position Exposures<br>(includes commitments, contingencies, stand-by lines, letters of credit) | 0             |
| <br>  |               |
| <b>Related Party Exposures</b>  | 82,142        |
| <br>  |               |
| <b>Total Market Related Contracts (with conversion factors applied)</b>   | 0             |
| <br>  |               |
| <b>Maximum Related Party Exposure</b>   |               |
| Aggregate Exposures   | 82,142        |
| Capital   | 3,059,461     |
| <b>Maximum Related Party Limit Exposure (Agg Exposure/Capital)</b>  | <b>2.68%</b>  |
| <br>  |               |
| <b>Quarterly Liquidity Coverage Ratio (LCR) Forecast</b>  |               |
| L= Total liquid assets  | 17,234,046    |
| LR = Loan payments  | 693,308       |
| SC = Share contributions  | 4,852,049     |
|   | 22,779,403    |
| <br>  |               |
| SR = Share Redemptions  | 3,959,068     |
| <br>  |               |
| <b>Liquidity Coverage Ratio</b>   | <b>5.75</b>   |