

STEELSANDS CREDIT UNION

QUARTERLY REPORT AS AT 30 September 2021

Key Ratios

Capital Ratio	Quarter ended 30 September 2021
Capital Ratio	13.15%
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.	

Related Party Exposure	Quarter ended 30 September 2021
Aggregate exposure to related parties as calculated under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	10%
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.	

Liquidity Ratio	Quarter ended 30 September 2021
Liquidity calculated in accordance with the quantitative liquidity requirements in Trust Deed	5.13%
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 2021
Total assets determined in accordance with GAAP	\$31,679
Total liabilities determined in accordance with GAAP	\$28,878
Net profit after tax determined in accordance with GAAP	\$(204,829)
Net cash flows from operating activities determined in accordance with GAAP	\$(301,282)
Cash and cash equivalents determined in accordance with GAAP	\$13,915,452
Capital as calculated in accordance with the Non-Bank Deposit Takers Regulations 2010	\$2,800,670

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 2021 were \$482,059 or 1.67%.

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 2021

Gross capital	2,800,670
Deductions	-
Net Capital (Gross Capital - Deductions)	2,800,670
Risk-Weighted Amount for Credit Risk	17,039,273
Market Risk and Operational risk	4,262,826
Liquid assets	13,915,452
Capital Ratio	13.15%
Credit Rating	Yes
Compliance of Capital Ratio <i>(Minimum for NBDT with credit rating 8%, without credit rating 10%)</i>	Compliant
Related Party Exposures	
Book Value of Statement of Financial Position Exposures	280,041
Maximum Loss of Non Statement of Financial Position Exposures (includes commitments, contingencies, stand-by lines, letters of credit)	-
Related Party Exposures	280,041
Total Market Related Contracts (with conversion factors applied)	-
Maximum Related Party Exposure	
Aggregate Exposures	280,041
Capital	2,800,670
Maximum Related Party Limit Exposure (Agg Exposure/Capital)	10.00%
Compliance of Related Party Exposure (no more than 15% of Capital)	COMPLIANT
Quarterly Liquidity Coverage Ratio (LCR) Forecast	
L= Total liquid assets	13,915,452
LR = Loan payments	617,434
SC = Share contributions	4,760,857
	19,293,742
SR = Share Redemptions	3,762,371
Liquidity Coverage Ratio	5.13
Compliance of Liquidity Coverage Ratio	COMPLIANT