

## GENERAL FINANCE LIMITED

### Key ratios and selected financial information as at 31 March 2020

#### KEY RATIOS

##### Capital Ratio

	31 March 2020	31 March 2019	31 March 2018 Restated
<b>Our capital ratio calculated in accordance with the 2010 Regulations<sup>1</sup></b>	20%	34%	48%
<b>Minimum capital ratio required by our Trust Deed<sup>4</sup></b>	8% if we have a credit rating <sup>2</sup> , or 15% if we do not have a credit rating	8% if we have a credit rating <sup>2</sup> , or 15% if we do not have a credit rating	8% if we have a credit rating <sup>2</sup> , or 15% if we do not have a credit rating
<b>Minimum capital ratio that must be included in the trust deed under reg 8(2) of the 2010 Regulations<sup>1</sup></b>	8% if we have a credit rating <sup>2</sup> , or 10% if we do not have a credit rating	8% if we have a credit rating <sup>2</sup> , or 10% if we do not have a credit rating	8% if we have a credit rating <sup>2</sup> , 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.			

<sup>1</sup>Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010

<sup>2</sup> 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 Positive 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](http://www.business.govt.nz/disclose).

### Related Party Exposures

	31 March 2020	31 March 2019	31 March 2018
<b>Our aggregate exposures to related parties as calculated in accordance with the 2010 Regulations<sup>1</sup></b>	2%	6%	\$nil
<b>Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed<sup>2</sup></b>	10% of capital	10% of capital	15% of capital
<b>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<sup>1</sup></b>	15% of capital	15% of capital	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>			

<sup>1</sup>Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010

<sup>2</sup>An amendment to the Trust Deed was signed on 19 December 2017. This amendment decreased the maximum limit on aggregate exposures to related parties to 10% of capital.

## Liquidity

	31 March 2020	31 March 2019	31 March 2018
<b>Our liquidity calculated in accordance with the quantitative liquidity requirements included in our Trust Deed *</b>	3.8 times	22.5 times	7.1 times
<b>The minimum liquidity requirements required by our Trust Deed</b>	A liquidity cover ratio of 1.25 times	A liquidity cover ratio of 1.25 times	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

	Year Ended 31 Mar 20 (Audited) \$	Year Ended 31 Mar 19 (Audited) \$	Year Ended 31 Mar 18 (Restated) \$
<b>STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)</b>			
Total interest, fee and commission income	3,480,508	1,780,343	1,595,768
Interest expense	1,440,704	592,791	535,602
Profit before income tax	502,608	159,470	378,238
Net profit after tax	441,716	124,765	272,181
Total comprehensive income	441,716	124,765	272,181
<b>STATEMENT OF CHANGES IN EQUITY (EXTRACT)</b>			
Total equity at start of year	5,090,978	3,366,213	3,094,032
Shares issued	300,000	1,600,000	250,000
Dividends paid	-	-	-250,000
Profit for the period	441,716	124,765	272,181
Total equity at end of year	5,832,694	5,090,978	3,366,213
<b>STATEMENT OF FINANCIAL POSITION (EXTRACT)</b>			
Cash and cash equivalents	12,472,062	2,814,108	4,844,288
Loan receivables	34,855,849	17,196,205	8,583,952
Other assets	350,201	146,381	81,550
<b>Total assets</b>	<b>47,678,112</b>	<b>20,156,694</b>	<b>13,509,790</b>
Term deposits	41,450,497	14,900,458	9,854,092
Other liabilities	394,921	165,258	289,485
<b>Total liabilities</b>	<b>41,845,418</b>	<b>15,065,716</b>	<b>10,143,577</b>
Share capital	4,950,000	4,650,000	3,050,000
Retained earnings	882,694	440,978	316,213
<b>Total equity</b>	<b>5,832,694</b>	<b>5,090,978</b>	<b>3,366,213</b>
<b>CAPITAL</b>			
less deferred tax asset and intangible assets	-76,942	-80,952	-73,480
Capital (per 2010 Regulations)	5,755,752	5,010,026	3,292,733
<b>STATEMENT OF CASH FLOWS (EXTRACT)</b>			
Net Cash Flows from Operating Activities	-17,030,984	-8,646,518	51,032
Net Cash Flows from Investing Activities	-4,444	-42,136	-33,107
Net Cash Flows from Financing Activities	26,693,382	6,658,474	1,201,490
Net Cash Movement for the Year	9,657,954	-2,030,180	1,219,415

## HOW THE RATIOS HAVE BEEN CALCULATED

Position at 31 March 2020

### Capital

Gross capital	5,832,694
Less deductions	<u>76,942</u>
Total capital	5,755,752

<b>Exposures</b>	Exposure	Risk Weight	Risk Weighted Exposures
Cash	20,000	0%	-
Cash at bank	12,452,062	20%	2,490,412
Residential mortgages:			
LVR 70% and under	25,051,385	35%	8,767,985
LVR 70% - 80%	4,550,142	50%	2,275,071
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	1,377,479	150%	2,066,219
Property development loans:			
LVR 60% and under	2,170,726	150%	3,256,089
LVR 60% - 100%	1,706,117	200%	3,412,234
Other assets (Unsecured)	-	200%	-
Other assets	273,259	350%	956,407
Investments	-	600%	-
Deductions from capital	76,942		-
Total credit risk weighted exposures (A)			23,224,417
Total assets (B)	47,678,112		
Operational and Market Exposures	(A+B)/2x0.175		6,203,971
Total Exposures			<u>29,428,388</u>
<b>Capital Ratio</b> (being Total Capital/Total Exposures)			<b>20%</b>

## Capital ratio

Position at 31 March 2019

### Capital

Gross capital	5,090,978
Less deductions	80,952
Total capital	<u>5,010,026</u>

<b>Exposures</b>	Exposure	Risk Weight	Risk Weighted Exposures
Cash	2,814,108	20%	562,822
Residential mortgages:			
LVR 70% and under	12,059,087	35%	4,220,680
LVR 70% - 80%	926,038	50%	463,019
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	2,192,186	150%	3,288,279
Property development loans:			
LVR 60% and under	1,416,483	150%	2,124,725
LVR 60% - 100%	602,411	200%	1,204,822
Other assets (Unsecured)	-	200%	-
Other assets	65,429	350%	229,002
Investments	-	600%	-
Deductions from capital	80,952		-
Total credit risk weighted exposures (A)			<u>12,093,349</u>
Total assets (B)	20,156,694		
Operational and Market Exposures	(A+B)/2x0.175		2,821,879
Total Exposures			<u>14,915,228</u>

### Capital Ratio at 31 March 2019

(being Total Capital/Total Exposures)

**34%**

## Capital ratio

Position at 31 March 2018

### Capital

Gross capital	3,366,213
Less deductions	73,480
Total capital	3,292,733

<b>Exposures</b>	Exposure	Risk Weight	Risk Weighted Exposures
Cash	4,844,288	20%	968,858
Tax refund due	-	0%	-
Residential mortgages:			
LVR 70% and under	7,031,234	35%	2,460,932
LVR 70% - 80%	553,237	50%	276,619
LVR 80% - 90%	-	100%	-
LVR 90% - 100%	-	125%	-
LVR over 100%	-	150%	-
Second mortgages	999,480	150%	1,499,220
Other assets (Unsecured)	-	200%	-
Other assets	8,070	350%	28,245
Investments	-	600%	-
 Total credit risk weighted exposures (A)			 5,233,874
 Total assets (B)	 13,509,790		
Operational and Market Exposures	(A+B)/2x0.175		1,640,071
 Total Exposures			 <u>6,873,945</u>

### Capital Ratio at 31 March 2018

(being Total Capital/Total Exposures)

**48%**

## AGGREGATE EXPOSURE TO RELATED PARTIES

	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Loans to related parties (A)	110,537	307,254	\$nil
Other related party exposures (B)	-	-	
Capital	5,755,752	5,010,026	
<b>(A + B) / C</b>	<b>2%</b>	<b>6%</b>	

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

## HOW LIQUIDITY MEASURES HAVE BEEN CALCULATED

	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Liquidity	12,472,062	2,814,108	4,844,288
3 month expected loan receivables	13,767,757	4,579,319	2,928,869
3 month gross deposit redemptions	6,914,030	328,080	1,099,266
<b>Liquidity Cover Ratio (times)<sup>1</sup></b>	<b>3.8</b>	<b>22.5</b>	<b>7.1</b>

<sup>1</sup>The Liquidity Cover Ratio is calculated by dividing Liquidity plus the 3 month expected loan receivables, by the 3 month expected gross deposit redemptions.