

FE Investments Limited

Quarterly ongoing disclosure as at 31 December 2018

Key Ratio

31/12/2018

Capital ratio 9.72%

Minimum capital ratio - **(under the trust deed)** 9.50%

Minimum capital ratio under the Trust Deed from 1 April 2018 to 30 September 2018 was 9% and Minimum capital ratio under the Trust Deed from 1 October 2018 to 31 March 2021 is 9.5%

Minimum capital ratio - **(under the 2010 regulations)*** 8.00%

The capital ratio is a measure of the extent to which FE Investments Limited (FEI) is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets FEI has to absorb unexpected losses arising out of its business activities.

Aggregate exposures to related parties 13.71%

Maximum limit to aggregate exposures to related parties (under the trust deed) 15.00%

Maximum limit to aggregate exposures to related parties (under the 2010 regulations)* 15.00%

Related party exposures are financial exposures that FEI has to related parties. A related party is an entity that is related to FEI through common control or some other connection that may give the party influence over FEI (or FEI over the related party). These related parties include, for example, FE Securities Limited and FE Capital Limited as well as FEI's directors or their families.

Liquidity calculated in accordance with the quantitative liquidity requirements under the trust deed

Liquidity Mismatch Ratio - 3 months 1.39

Minimum liquidity requirements required under the trust deed - 3 months 1.00

Liquidity Mismatch Ratio - 12 months 0.98

Minimum liquidity requirements required under the trust deed - 12 months 0.45

Liquidity Ratio 12.23%

Minimum Liquidity Ratio required under the Trust Deed is 10% of Total Liabilities if the Capital Ratio

Liquidity requirements help to ensure FEI 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 FEI is unable to repay investors on time, and may indicate other financial problems in its business.

Selected financial information

	Quarter ended
Period	31/12/2018
Total assets as determined in accordance with IFRS	72,722,280
Total liabilities as determined in accordance with IFRS	59,049,445
Net Profit after Tax as determined in accordance with IFRS	-231,206
Net Cash Flows from Operating Activities as determined in accordance with IFRS	-3,051,299
Cash and cash equivalents as determined in accordance with IFRS	7,222,350
Capital as calculated in accordance with the 2010 regulations*	12,461,864

*"the 2010 regulations" means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

Ratio calculations as at 31 December 2018

FE Investments Limited

Ratios calculations as at 31 December 2018

Capital compliance

FE Investment's risk-weighted assets are calculated in accordance with regulation 11 of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

	Exposure '\$ (000s)	Risk weighted assets '\$ (000s)	
Credit risk - on balance sheet			
Cash & cash equivalents	7,222	1,444	
Total of loans	63,927	109,280	
Other assets	247	866	
Fixed Assets	114	400	
Claims on public sector entities	0	0	
Deferred tax asset & Intangible Assets	1,211	0	
Total Tangible Assets	72,722	111,991	
Credit Risk exposures		111,991	
RBNZ operational and market risk		16,162	
<i>(Total tangible assets + Credit risk exposures)/2 x 17.5%</i>			
Total risk weighted assets		128,154	A
Gross capital			
Gross capital		13,673	
<i>Less: deductions</i>			
Deferred tax asset & Intangible Assets		1,211	
Net capital		12,462	B
Capital ratio [Gross capital / Total risk weighted assets]		9.72%	[B / A]

FE Investment related party exposure

Maximum limit to aggregate exposures to related parties (under the trust deed)		15.00%	
		\$ (000s)	
Receivables from related party		1,709	A
Net capital		12,462	B
Aggregate exposures to related parties		13.71%	[A/B]

Liquidity Compliance

Minimum liquidity requirements required under the trust deed - 3months		1.00	
		\$ (000s)	
Cash & cash equivalents available		7,222	A
Estimated loan maturities (for next 3months)		3,912	B
Maturing first ranking deposits (for next 3months)		7,996	C
Liquidity Mismatch Ratio - 3 months		1.39	[(A+B)/C]
Minimum liquidity requirements required under the trust deed - 12months		0.45	
		\$ (000s)	
Cash & cash equivalents available		7,222	A
Estimated loan maturities (for next 12months)		31,791	B
Maturing first ranking deposits (for next 12months)		39,887	C
Liquidity Mismatch Ratio - 12 months		0.98	[(A+B)/C]
Liquidity Ratio			
		\$ (000s)	
Cash & cash equivalents available		7,222	A
Total liabilities		59,049	B
Liquid Assets to Liabilities Ratio		12.23%	(A/B)

Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 31 December 2018