



Statement of Key Ratios and Selected Financial Information As at 31 March 2019

References in this statement to the **2010 Regulations** means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

All figures and financial information presented in this section represent consolidated information of WBS and the Guarantors as required by the 2010 Regulations.

Capitalised terms have the meaning ascribed to them in WBS's current Product Disclosure Statement. This document should be read in conjunction with the Product Disclosure Statement which is available at www.wbs.net.nz/WBSDocs or www.companiesoffice.govt.nz/disclose

Section 3: WBS and what it does

This section provides updated details of the information set out in Section 3 of Wairarapa Building Society's (WBS, the Issuer, we, our or us) Product Disclosure Statement.

OVERVIEW

Our principal classes of asset are:

	% of WBS Group assets – as at 31 March		
	2019	2018	2017
Loans to customers	81%	83%	83%
Commercial property investments	5%	7%	8%
Other liquid investments	14%	10%	9%

LOAN BOOK

Key characteristics of our loan book are summarised below:

Sector concentration	31 March 2019	31 March 2018	31 March 2017
Residential housing	76.0%	69.3%	68.0%
Commercial	21.4%	27.1%	27.7%
Farming	2.6%	3.6%	4.2%

Security	31 March 2019	31 March 2018	31 March 2017
Secured by mortgage	98.0%	98.0%	98.1%
Secured by other collateral	1.5%	1.7%	1.6%
Unsecured	0.5%	0.3%	0.3%

Geographic concentration	31 March 2019	31 March 2018	31 March 2017
Domiciled in the Wairarapa region	89.3%	92.1%	92.0%
Domiciled outside the Wairarapa region	10.7%	7.9%	8.0%

Section 3: WBS and what it does (continued)

LENDING POLICY AND LOAN QUALITY

Although geographically concentrated, WBS has a conservative lending policy. The key elements of our lending policy are described in section 6 (Risks of investing) of the WBS Product Disclosure Statement.

Loan book status	31 March 2019	31 March 2018	31 March 2017
Performing loans	88.3%	88.8%	94.3%
Restructured loans	0.7%	1.4%	2.7%
Loans past due:			
- 0 to 30 days	8.4%	4.3%	0.3%
- 31 to 90 days	1.3%	2.9%	0.3%
- 91 days and over	0.5%	1.8%	1.7%
Impaired loans	0.8%	0.8%	0.7%

The approach taken to determine the classification and quantum of loans past due has been modified in the current reporting period to better reflect the requirements of NZ IFRS 7. Loans past due now reflect all loans where the customer has failed to comply with contractual repayment obligations regardless of other qualitative factors that indicate the credit risk of the customer has not been adversely impacted. Comparative information in respect of loans past due has not been restated as retrospective application of the revised methodology is considered to be impracticable due to the volume of transactions and degree of manual recalculation required to determine the historic contractual repayment obligations that have not been complied with.

The modified approach to reporting of loans past due is not reflective of a change in the nature or application of our conservative lending policy which continues to contribute to a consistently low level of impairment as illustrated below:

Impairment charges	31 March 2019	31 March 2018	31 March 2017
Annual impairment charge (as a % of loan book)	(0.09%)	0.09%	0.04%
Annual impairment charge (\$000's)	(\$126)	\$124	\$50

Section 4: Key features of Redeemable Shares and Deposits


This section provides updated details of the information set out in Section 4 of WBS's Product Disclosure Statement.

RANKING

The Investments offered in WBS's Product Disclosure Statement are unsecured debt securities.

Although the Trust Deed permits WBS and the Guarantors to use up to 2.50% of their assets as security for liabilities that would rank ahead of the Investments, there are presently no such secured liabilities.

The following diagram illustrates the ranking of Redeemable Shares and Deposits on a liquidation of WBS and is based on the level of our liabilities and equity as at 31 March 2019 including Redeemable Share (principal and interest outstanding) of \$125,856,317 and Deposits (principal and interest outstanding) of \$14,461,600. The level of Redeemable Shares and Deposits is constantly changing depending on the level of investment, reinvestment and withdrawal at any point in time.

	Ranking on liquidation of WBS	Liability types	Indicative amount of existing liabilities and equity as at 31 March 2019
HIGHER RANKING / EARLIER PRIORITY			
	Liabilities that rank in priority to Deposits, Redeemable Shares and capital shares	Creditors preferred by law	\$118,853
	Liabilities that rank equally with Deposits	Deposits, trade and general creditors	\$13,749,000
	Liabilities that rank behind Deposits but in priority to equity	Redeemable Shares	\$125,856,317
	Equity	Transferred to WBSCT in accordance with WBS Rules	\$19,894,013
LOWER RANKING / LATER PRIORITY			

The creditors preferred by law shown above as ranking ahead of Deposits and Redeemable Shares principally comprise wages due to employees and amounts due to the Inland Revenue Department in respect of PAYE, GST and RWT. Trade and general creditors ranking equally with Deposits principally comprise amounts arising from the day to day operations of the business. WBS expects both type of liabilities to continue to be incurred at broadly similar levels to those represented in the diagram above.

Section 5: WBS's Financial Information

This section provides updated details of the information set out in Section 5 of WBS's Product Disclosure Statement.

KEY RATIOS

Wairarapa Building Society (**WBS**) is required by law and its Trust Deed to meet certain financial requirements. The tables below show how WBS is currently meeting those requirements. There are minimum requirements. Meeting them does not mean that WBS is safe. WBS's Product Disclosure Statement includes a section on specific risks relating to WBS's creditworthiness and sets out risk factors that could cause its financial position to deteriorate and this document should be read in conjunction with that Product Disclosure Statement.

The accompanying appendices show how the key ratios have been calculated.

A. Capital ratio

	31 March 2019	31 March 2018	31 March 2017
WBS capital ratio as calculated by the 2010 Regulations	13.23%	11.7%	12.1%
Minimum capital ratio required by the Trust Deed	8.0%	8.0%	8.0%
Minimum capital ratio required by regulation 8(2) of the 2010 Regulations	8.0%	8.0%	8.0%

The Capital Ratio is a measure of the extent to which WBS is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer the level of financial assets that are available to WBS to absorb unexpected losses arising from its business activities.

B. Related party exposures

	31 March 2019	31 March 2018	31 March 2017
Amount of WBS's aggregate exposures to related parties as calculated by the 2010 Regulations	0.0%	0.5%	2.3%
Maximum limit on aggregate exposures to related parties permitted by the Trust Deed	15.0%	15.0%	15.0%
Maximum limit on aggregate exposures to related parties permitted by regulation 23(3)(b) of the 2010 Regulations	15.0%	15.0%	15.0%

Related Party Exposures are financial exposures that WBS has to related parties. A related party is an entity that is related to WBS though common control or some other connection that may give the party influence over WBS (or WBS over the related party). These related parties include relatives of directors or senior management.

Section 5: WBS's Financial Information (continued)

C. Liquidity requirements

		31 March 2019	31 March 2018	31 March 2017
Liquidity calculated in accordance with the Trust Deed	Liquid assets ratio ¹	35.4%	28.8%	29.4%
	Liquidity mismatch ratio ²	287.4%	236.5%	218.4%
Minimum liquidity requirements under the Trust Deed	Liquid assets ratio	10.0%	7.5%	7.5%
	Liquidity mismatch ratio	115.0%	115.0%	115.0%

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

SELECTED FINANCIAL INFORMATION

All figures in NZ\$000's and determined in accordance with Generally Accepted Accounting Practice, except as otherwise noted	As at and for the year ended 31 March 2019	As at and for the year ended 31 March 2018	As at and for the year ended 31 March 2017
Total assets	160,159	159,809	139,683
Total liabilities	140,265	141,760	122,299
Net profit after tax	1,751	677	622
Net cash flows from operating activities	5,142	1,246	659
Cash and cash equivalents	22,039	16,813	12,310
Capital as calculated in accordance with the 2010 Regulations	19,594	17,749	17,284

¹ The Liquid Assets Ratio is a measure of the extent to which liquid assets maintained by WBS can support claims on its assets. The higher the ratio, the greater the level of liquid resources immediately available to WBS if it experienced liquidity issues.

² The Liquidity Mismatch Ratio is a liquidity stress test which measures the ratio of liquid funds available to cover any short term mismatch in contractual cash flows which have been adjusted to reflect the estimated impacts of a short term loss of investor confidence. The higher the resulting ratio, the greater the ability of WBS to meet its payment obligations in a stressed scenario. This is calculated in accordance with the Trust Deed and the 2010 Regulations.

Appendix A – as at 31 March 2019

How the key ratios have been calculated

A1. Capital ratio

		NZ\$	NZ\$
<i>a</i>	Gross capital		19,894,013
<i>b</i>	Deductions from gross capital		107,433
<i>c</i>	Adjusted capital being (a) minus (b)		19,786,580
<i>d</i>	- Risk-weighted credit risk exposure	124,304,079	149,244,199
	- Risk-weighted market and operational risk exposure	24,940,119	
	Total risk-weighted exposures		
	Capital ratio being (c) divided by (d)		13.23%

A2. Calculation of risk-weighted credit risk exposure

	Gross asset book values	Average risk-weighting	Risk-weighted asset values
Residential mortgage loans	96,118,917	40%	38,180,645
Other loans with qualifying security over land and buildings	22,645,925	113%	25,505,589
Other loans	2,422,986	277%	6,716,093
Property development loans	5,547,228	152%	8,416,493
Claims on NZ registered banks	21,800,000	20%	4,360,000
Commercial property investments and other fixed assets	10,117,771	350%	35,412,199
Other assets	1,950,526	276%	5,713,062
Total assets (a)	160,603,353		
Risk-weighted credit risk exposure (b)			124,304,079
Risk-weighted market and operational risk exposure Being (a) plus (b) divided by two and multiplied by 17.5%			24,940,119

B. Related party exposures

		NZ\$
<i>a</i>	Aggregate related party exposures	-
<i>b</i>	Adjusted capital (from table A1)	19,786,580
	Related party exposures as a % of capital being (b) divided by (a)	0.0%
	<i>Maximum limit on aggregate related party exposures</i>	<i>15.0%</i>

C1. Liquid assets ratio (Trust Deed clauses 4.1.1.3 to 4.1.1.8)

		NZ\$
<i>a</i>	Total Tangible Assets	160,158,902
<i>b</i>	Total Shareholders Funds	19,894,093
<i>c</i>	Net Assets being (a) minus (b)	140,264,809
<i>d</i>	Liquid Assets (as defined in the Trust Deed)	49,672,714
	Liquid Assets as a % of Net Assets being (d) divided by (c)	35.41%
	<i>Minimum liquid assets ratio as per Trust Deed</i>	<i>10.00%</i>

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ\$
<i>a</i>	Aggregate amount of loan principal and interest receivable in the next 3 months	3,061,552
<i>b</i>	Aggregate amount of: <ul style="list-style-type: none"> - 20% of Deposits and Redeemable Shares maturing in next 3 months - 20% of committed but undrawn loan facilities 	18,089,287
<i>c</i>	Liquidity mismatch surplus/(deficit) being (a) minus (b)	(15,027,735)
<i>d</i>	115% of liquidity mismatch deficit being 115% of (c)	(17,281,895)
<i>e</i>	Liquid Assets (as defined in the Trust Deed)	49,672,714
	Liquid Assets as a % of liquidity mismatch deficit being (e) divided by (d)	287.4%
	<i>Minimum liquidity mismatch ratio as per Trust Deed</i>	<i>115.0%</i>

Appendix A – as at 31 March 2018

How the key ratios have been calculated

A1. Capital ratio

		NZ\$	NZ\$
<i>a</i>	Gross capital		18,049,000
<i>b</i>	Deductions from gross capital		107,407
<i>c</i>	Adjusted capital being (a) minus (b)		17,941,593
<i>d</i>	- Risk-weighted credit risk exposure	128,321,052	
	- Risk-weighted market and operational risk exposure	25,258,336	
	Total risk-weighted exposures		153,579,388
	Total risk-weighted exposures		149,244,199
	Capital ratio being (c) divided by (d)		11.7%
	<i>Minimum Capital Ratio</i>		<i>8.0%</i>

A2. Calculation of risk-weighted credit risk exposure

	Gross asset book values	Average risk-weighting	Risk-weighted asset values
Residential mortgage loans	90,606,167	42%	37,986,945
Other loans with qualifying security over land and buildings	34,070,688	108%	36,725,186
Other loans	2,766,967	160%	4,430,879
Property development loans	5,039,651	157%	7,896,735
Provision for credit impairment	(350,000)		Nil
Claims on NZ registered banks	16,755,269	20%	3,351,054
Commercial property investments and other fixed assets	10,768,348	350%	37,689,219
Other assets	15,910	176%	267,858
Total assets (a)	159,809,000		
Risk-weighted credit risk exposure (b)			128,401,309
Risk-weighted market and operational risk exposure Being (a) plus (b) divided by two and multiplied by 17.5%			25,218,402

B. Related party exposures

		NZ\$
<i>a</i>	Aggregate related party exposures	91,986
<i>b</i>	Adjusted capital (from table A1)	17,941,593
	Related party exposures as a % of capital being (b) divided by (a)	0.5%
	<i>Maximum limit on aggregate related party exposures</i>	<i>15.0%</i>

C1. Liquid assets ratio (Trust Deed clauses 4.1.1.3 to 4.1.1.8)

		NZ\$
<i>a</i>	Total Tangible Assets	159,801,000
<i>b</i>	Total Shareholders Funds	18,049,000
<i>c</i>	Net Assets being (a) minus (b)	141,752,000
<i>d</i>	Liquid Assets (as defined in the Trust Deed)	40,809,443
	Liquid Assets as a % of Net Assets being (d) divided by (c)	28.8%
	<i>Minimum liquid assets ratio as per Trust Deed</i>	<i>7.5%</i>

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ\$
<i>a</i>	Aggregate amount of loan principal and interest receivable in the next 3 months	3,049,732
<i>b</i>	Aggregate amount of: <ul style="list-style-type: none"> - 20% of Deposits and Redeemable Shares maturing in next 3 months - 20% of committed but undrawn loan facilities 	18,055,285
<i>c</i>	Liquidity mismatch surplus/(deficit) being (a) minus (b)	(15,005,553)
<i>d</i>	115% of liquidity mismatch deficit being 115% of (c)	(17,256,386)
<i>e</i>	Liquid Assets (as defined in the Trust Deed)	40,809,443
	Liquid Assets as a % of liquidity mismatch deficit being (e) divided by (d)	236.5%
	<i>Minimum liquidity mismatch ratio as per Trust Deed</i>	<i>115.0%</i>

Appendix B – as at 31 March 2017

How the key ratios have been calculated

A1. Capital ratio

		NZ\$	NZ\$
<i>a</i>	Gross capital		17,384,000
<i>b</i>	Deductions from gross capital		99,841
<i>c</i>	Adjusted capital being (a) minus (b)		17,284,159
<i>d</i>	- Risk-weighted credit risk exposure	119,633,521	
	- Risk-weighted market and operational risk exposure	22,690,196	
	Total risk-weighted exposures		142,323,717
	Capital ratio being (c) divided by (d)		12.1%
	<i>Minimum capital ratio</i>		<i>8.0%</i>

A2. Calculation of risk-weighted credit risk exposure

	Gross asset book values	Average risk-weighting	Risk-weighted asset values
Residential mortgage loans	78,599,299	46%	35,945,036
Other loans with qualifying security over land and buildings	34,717,439	108%	37,643,399
Other loans	2,205,469	157%	3,461,735
Property development loans	1,182,505	176%	2,080,111
Provision for credit impairment	(225,500)	0%	Nil
Claims on NZ registered banks	12,264,836	20%	2,452,967
Commercial property investments and other fixed assets	10,777,150	350%	37,720,023
Other assets	161,802	204%	330,250
Total assets (a)	139,683,000		
Risk-weighted credit risk exposure (b)			119,633,521
Risk-weighted market and operational risk exposure Being (a) plus (b) divided by two and multiplied by 17.5%			22,690,196

B. Related party exposures

		NZ\$
<i>a</i>	Aggregate related party exposures	402,485
<i>b</i>	Adjusted capital (from table A1)	17,284,159
	Related party exposures as a % of capital being (b) divided by (a)	2.3%
	<i>Maximum limit on aggregate related party exposures</i>	<i>15.0%</i>

C1. Liquid assets ratio (Trust Deed clauses 4.1.1.3 to 4.1.1.8)

		NZ\$
<i>a</i>	Total Tangible Assets	139,666,000
<i>b</i>	Total Shareholders Funds	17,384,000
<i>c</i>	Net Assets being (a) minus (b)	122,282,000
<i>d</i>	Liquid Assets (as defined in the Trust Deed)	35,922,949
	Liquid Assets as a % of Net Assets being (d) divided by (c)	29.4%
	<i>Minimum liquid assets ratio as per Trust Deed</i>	<i>7.5%</i>

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ\$
<i>a</i>	Aggregate amount of loan principal and interest receivable in the next 3 months	2,725,394
<i>b</i>	Aggregate amount of:	15,384,471
	- 20% of Deposits and Redeemable Shares maturing in next 3 months	11,607,121
	- 20% of committed but undrawn loan facilities	5,424,098
<i>c</i>	Liquidity mismatch surplus/(deficit) being (a) minus (b)	(14,305,825)
<i>d</i>	115% of liquidity mismatch deficit being 115% of (c)	(16,451,698)
<i>e</i>	Liquid Assets (as defined in the Trust Deed)	35,922,949
	Liquid Assets as a % of liquidity mismatch deficit being (e) divided by (d)	218.4%
	<i>Minimum liquidity mismatch ratio as per Trust Deed</i>	<i>115.0%</i>

