



Statement of Key Ratios and Selected Financial Information As at 31 March 2017

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		
	2017	2016	2015
Loans to customers	83%	78%	83%
Commercial property investments	8%	7%	8%
Other liquid investments	9%	14%	6%

LOAN BOOK

Key characteristics of our loan book are summarised below:

Sector concentration	31 March 2017	31 March 2016	31 March 2015
Residential housing	68.0%	62.7%	62.0%
Commercial	27.7%	32.4%	34.6%
Farming	4.2%	4.9%	3.4%

Security	31 March 2017	31 March 2016	31 March 2015
Secured by mortgage	98.1%	97.9%	98.0%
Secured by other collateral	1.6%	1.8%	1.8%
Unsecured	0.3%	0.3%	0.2%

Geographic concentration	31 March 2017	31 March 2016	31 March 2015
Domiciled in the Wairarapa region	92.0%	91.5%	90.8%
Domiciled outside the Wairarapa region	8.0%	8.5%	9.2%

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.

The conservative nature of our lending policy contributes to a consistently low level of loan arrears and impairment as illustrated below:

Loan book status	31 March 2017	31 March 2016	31 March 2015
Performing loans	94.3%	93.0%	94.8%
Restructured loans	2.7%	1.9%	1.6%
Loans past due:			
- 0 to 30 days	0.3%	1.3%	Nil
- 31 to 90 days	0.3%	0.9%	0.7%
- 91 days and over	1.7%	1.2%	0.5%
Impaired loans	0.7%	1.7%	2.4%

Impairment charges	31 March 2017	31 March 2016	31 March 2015
Annual impairment charge (as a % of loan book)	0.04%	0.05%	0.05%
Annual impairment charge (\$000's)	\$50	\$57	\$56

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 2017 including Redeemable Share (principal and interest outstanding) of \$107,919,000 and Deposits (principal and interest outstanding) of \$13,402,000. 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 2017
HIGHER RANKING / EARLIER PRIORITY			
	Liabilities that rank in priority to Deposits, Redeemable Shares and capital shares	Creditors preferred by law	\$56,000
	Liabilities that rank equally with Deposits	Deposits, trade and general creditors	\$13,852,000
	Liabilities that rank behind Deposits but in priority to equity	Redeemable Shares	\$107,919,000
	Equity	Transferred to WBSCT in accordance with WBS Rules	\$17,384,000
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 2017	31 March 2016	31 March 2015
WBS capital ratio as calculated by the 2010 Regulations	12.1%	12.1%	11.8%
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 2017	31 March 2016	31 March 2015
Amount of WBS's aggregate exposures to related parties as calculated by the 2010 Regulations	2.3%	8.2%	12.7%
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 2017	31 March 2016	31 March 2015
Liquidity calculated in accordance with the Trust Deed	Liquid assets ratio ¹	29.4%	35.7%	27.2%
	Liquidity mismatch ratio ²	218.4%	292.6%	233.4%
Minimum liquidity requirements under the Trust Deed	Liquid assets ratio	7.5%	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 2017	As at and for the year ended 31 March 2016	As at and for the year ended 31 March 2015
Total assets	139,683	139,189	124,537
Total liabilities	122,299	122,443	108,409
Net profit after tax	622	602	106
Net cash flows from operating activities	659	37	367
Cash and cash equivalents	12,310	19,721	7,896
Capital as calculated in accordance with the 2010 Regulations	17,284	16,746	16,128

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 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>

Appendix B – as at 31 March 2016

How the key ratios have been calculated

A1. Capital ratio

		NZ\$	NZ\$
<i>a</i>	Gross capital		16,746,000
<i>b</i>	Deductions from gross capital		Nil
<i>c</i>	Adjusted capital being (a) minus (b)		16,746,000
<i>d</i>	- Risk-weighted credit risk exposure	115,954,281	
	- Risk-weighted market and operational risk exposure	22,325,037	
	Total risk-weighted exposures		138,279,318
	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	68,175,000	43%	29,641,550
Other loans with qualifying security over land and buildings	36,383,548	106%	38,460,548
Other loans	2,328,000	157%	3,650,500
Property development loans	1,699,730	150%	2,549,595
Cash	19,721,722	20%	3,925,223
Commercial property investments and other fixed assets	10,069,000	350%	35,241,500
Other assets	812,000	306%	2,485,365
Total assets (a)	139,189,000		
Risk-weighted credit risk exposure (b)			115,954,281
Risk-weighted market and operational risk exposure Being (a) plus (b) divided by two and multiplied by 17.5%			22,325,037

B. Related party exposures

		NZ\$
<i>a</i>	Aggregate related party exposures	1,379,901
<i>b</i>	Adjusted capital (from table A1)	16,746,000
	Related party exposures as a % of capital being (b) divided by (a)	8.2%
	<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	139,150,000
<i>b</i>	Total Shareholders Funds	16,746,000
<i>c</i>	Net Assets being (a) minus (b)	122,404,000
<i>d</i>	Liquid Assets (as defined in the Trust Deed)	43,721,722
	Liquid Assets as a % of Net Assets being (d) divided by (c)	35.7%
	<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	2,391,000
<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 	15,384,471
<i>c</i>	Liquidity mismatch surplus/(deficit) being (a) minus (b)	(12,993,471)
<i>d</i>	115% of liquidity mismatch deficit being 115% of (c)	(14,942,492)
<i>e</i>	Liquid Assets (as defined in the Trust Deed)	43,721,722
	Liquid Assets as a % of liquidity mismatch deficit being (e) divided by (d)	292.6%
	<i>Minimum liquidity mismatch ratio as per Trust Deed</i>	<i>115.0%</i>

Appendix C – as at 31 March 2015

How the key ratios have been calculated

A1. Capital ratio

		NZ\$	NZ\$
<i>a</i>	Gross capital		16,128,000
<i>b</i>	Deductions from gross capital		Nil
<i>c</i>	Adjusted capital being (a) minus (b)		16,128,000
<i>d</i>	- Risk-weighted credit risk exposure	116,217,161	
	- Risk-weighted market and operational risk exposure	21,065,989	
	Total risk-weighted exposures		137,283,150
	Capital ratio being (c) divided by (d)		11.8%
	<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	64,588,000	41%	26,620,350
Other loans with qualifying security over land and buildings	35,023,146	106%	37,262,645
Other loans	2,031,000	154%	3,126,000
Property development loans	2,227,854	150%	3,341,782
Cash	7,896,000	20%	1,566,600
Commercial property investments and other fixed assets	12,148,000	350%	42,518,000
Other assets	623,000	286%	1,781,784
Total assets (a)	124,537,000		
Risk-weighted credit risk exposure (b)			116,217,161
Risk-weighted market and operational risk exposure Being (a) plus (b) divided by two and multiplied by 17.5%			21,069,989

B. Related party exposures

		NZ\$
<i>a</i>	Aggregate related party exposures	2,040,166
<i>b</i>	Adjusted capital (from table A1)	16,128,000
	Related party exposures as a % of capital being (b) divided by (a)	12.7%
	<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	124,458,000
<i>b</i>	Total Shareholders Funds	16,128,000
<i>c</i>	Net Assets being (a) minus (b)	108,330,000
<i>d</i>	Liquid Assets (as defined in the Trust Deed)	29,496,000
	Liquid Assets as a % of Net Assets being (d) divided by (c)	27.2%
	<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	1,950,000
<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 	12,936,987
<i>c</i>	Liquidity mismatch surplus/(deficit) being (a) minus (b)	(10,986,987)
<i>d</i>	115% of liquidity mismatch deficit being 115% of (c)	(12,635,035)
<i>e</i>	Liquid Assets (as defined in the Trust Deed)	29,496,000
	Liquid Assets as a % of liquidity mismatch deficit being (e) divided by (d)	233.4%
	<i>Minimum liquidity mismatch ratio as per Trust Deed</i>	<i>115.0%</i>