

Nelson Building Society

Update

Ratings

Foreign Currency

Long-Term IDR	BB+
Short-Term IDR	B

Local Currency

Long-Term IDR	BB+
Short-Term IDR	B

Viability Rating	bb+
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Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Nelson Building Society

	31 Mar 17	31 Mar 16
Total assets (USDm)	446.4	386.2
Total assets (NZDm)	638.5	558.7
Total equity (NZDm)	21.5	18.6
Operating profit (NZDm)	5.0	3.8
Published net income (NZDm)	3.6	2.7
Comprehensive income (NZDm)	3.7	2.9
Impaired loans/gross loans (%)	0.0	0.0
Operating profit/risk weighted assets (%)	1.4	1.4
Fitch Core Capital/weighted risks (%)	5.9	6.5
Loans/customers deposits (%)	82.3	77.5

Related Research

[Nelson Building Society - Ratings Navigator \(September 2017\)](#)

[Peer Review: New Zealand Regional Lenders \(October 2017\)](#)

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Key Rating Drivers

Size Constrains Rating: Nelson Building Society's (NBS) ratings are constrained by its modest franchise, small absolute size and modest capitalisation, which are reflected in its low pricing power and higher concentration risk than that of peers. These factors are partly offset by the society's conservative underwriting, robust asset quality and stable funding position.

Growth Weighs On Capitalisation: NBS has delivered double-digit growth over the last four years, which is likely to drive stronger earnings and profitability in the coming years. However, the growth has eroded NBS's Fitch Core Capital ratio, which is low relative to peers. The society has supplemented its total capital position via issuance of preference shares as it has limited sources of fresh common equity. Fitch Ratings believes growth is likely to slow from the financial year to 31 March 2018 (FY18) as NBS approaches its regulatory minimum capital.

Conservative Risk Appetite: NBS adopts a relatively conservative approach to lending. The majority of its loan book comprises residential mortgages, most of which have loan-to-value ratios of less than 70%. The society has expanded its consumer and commercial exposures over the last four years, which Fitch believes has raised the overall risk profile. However, the growth appears to be driven by strong immigration into the local area and not through weaker underwriting.

Robust Asset Quality: Fitch expects NBS's asset-quality ratios to remain strong and below global peer levels in FY18, supported by the low interest rate environment in New Zealand and the society's effective arrears management. Given the very low levels of impairments, an uptick in ratios is possible but should remain manageable by NBS.

Competition to Dampen Profitability Growth: Fitch believes NBS's earnings and profitability will continue to increase, driven by its strong loan growth. However, the rate of improvement is likely to be restrained by strong competition in the residential mortgage and deposit segments, which has driven some regional lenders, such as NBS, to target other revenue sources. NBS's cost-to-income ratio is stronger than most of its peers and may further improve due to its increased scale; high regulatory and compliance costs could act as offsets.

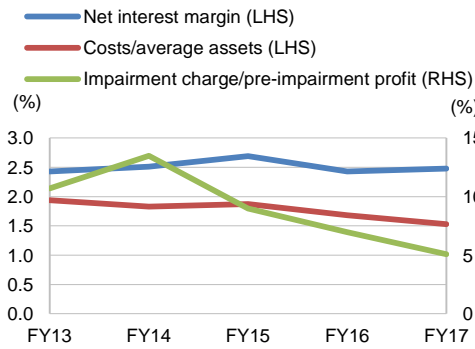
Stable Funding Profile: NBS continues to expand its depositor base and maintain strong retention rates of around 90% despite the strong loan growth. The society's lending activities are wholly funded by customer deposits and Fitch expects this to remain the case in FY18. Depositor geographic concentration is high, reflecting NBS's business model, although single-name concentration is modest. NBS's ability to access the market for funding is limited and it has few contingent funding sources in place.

Rating Sensitivities

Growth in Risk Appetite: The society's IDRs and Viability Rating are sensitive to an increase in risk appetite, possibly through weaker loan underwriting or aggressive growth, which would result in a deterioration of its asset quality and profitability, or further erode in its already-modest capitalisation.

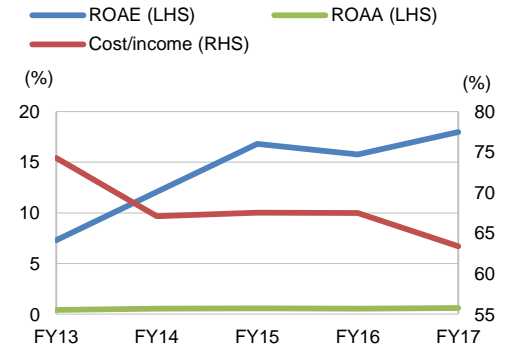
Limited Upgrade Potential: Positive rating action in the short to medium term is unlikely due to NBS's small franchise, low absolute capital base and its limited access to additional liquidity sources, such as the central bank repo facility.

Margins



Source: NBS, Fitch

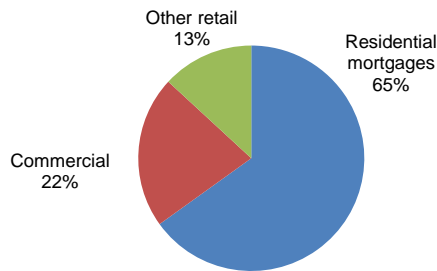
Key Profitability Metrics



Source: NBS, Fitch

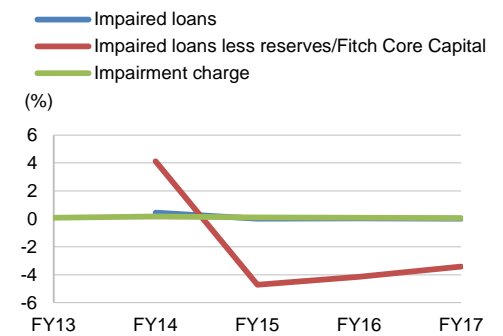
Gross Loans

End-March 17



Source: NBS, Fitch

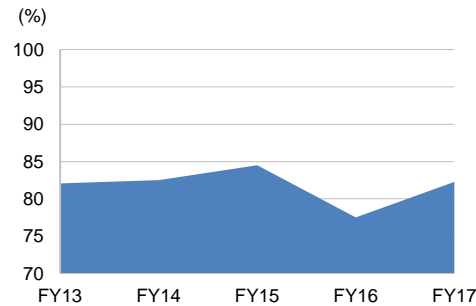
Credit Quality (As % of Gross Loans)



Source: NBS, Fitch

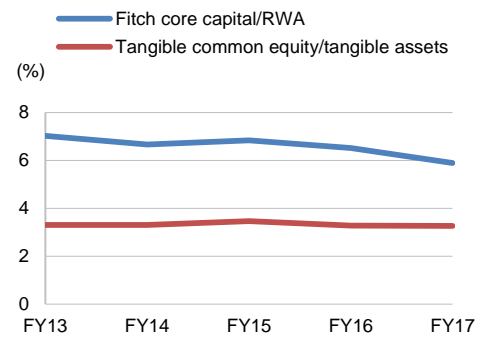
Funding Dependencies

Loans/customer funding



Source: NBS, Fitch

Capitalisation and Leverage



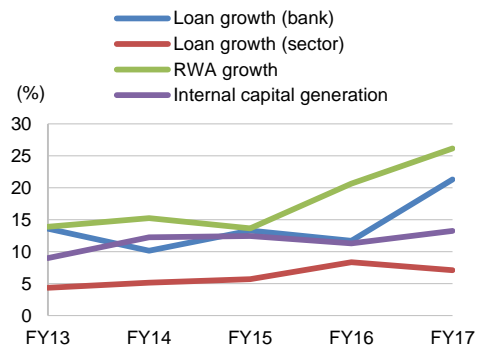
Source: NBS, Fitch

Fitch Core Capital

	FY17
Reported equity (NZD 000)	21,550
+ Fair value effect of own debt	0
- Non-controlling interests	0
- Deferred tax assets	0
- Goodwill and intangibles	701.8
- Net asset value of insurance subsidiaries	0
- First loss tranches of off-balance-sheet securitisations	0
Fitch Core Capital	20,848

Source: Fitch

Credit



Source: NBS, RBNZ, Fitch

Related Criteria

Global Bank Rating Criteria (November 2016)

Nelson Building Society
Income Statement

	31 Mar 2017			31 Mar 2016			31 Mar 2015			31 Mar 2014		
	Year End USDm Audited - Unqualified	Year End NZDth Audited - Unqualified	As % of Earning Assets	Year End NZDth Audited - Report Not Seen	As % of Earning Assets	Year End NZDth Audited - Unqualified	As % of Earning Assets	Year End NZDth Audited - Unqualified	As % of Earning Assets			
1. Interest Income on Loans	20.1	28,755.6	4.55	26,090.8	4.73	23,734.3	5.24	21,263.8	5.20			
2. Other Interest Income	3.0	4,278.2	0.68	5,066.1	0.92	4,145.6	0.92	3,768.6	0.92			
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Gross Interest and Dividend Income	23.1	33,033.8	5.23	31,156.9	5.65	27,879.9	6.16	25,032.4	6.12			
5. Interest Expense on Customer Deposits	12.8	18,369.1	2.91	18,944.8	3.43	16,307.6	3.60	14,849.0	3.63			
6. Other Interest Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	408.3	0.10			
7. Total Interest Expense	12.8	18,369.1	2.91	18,944.8	3.43	16,307.6	3.60	15,257.3	3.73			
8. Net Interest Income	10.3	14,664.7	2.32	12,212.1	2.21	11,572.3	2.56	9,775.1	2.39			
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Net Fees and Commissions	(0.4)	(502.4)	(0.08)	172.2	0.03	281.8	0.06	697.9	0.17			
14. Other Operating Income	0.2	321.9	0.05	316.9	0.06	278.9	0.06	295.0	0.07			
15. Total Non-Interest Operating Income	(0.1)	(180.5)	(0.03)	489.1	0.09	560.7	0.12	992.9	0.24			
16. Personnel Expenses	2.6	3,786.3	0.60	3,393.6	0.62	3,294.5	0.73	3,127.5	0.77			
17. Other Operating Expenses	3.8	5,394.3	0.85	5,179.6	0.94	4,897.5	1.08	4,095.3	1.00			
18. Total Non-Interest Expenses	6.4	9,180.6	1.45	8,573.2	1.55	8,192.0	1.81	7,222.8	1.77			
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
20. Pre-Impairment Operating Profit	3.7	5,303.6	0.84	4,128.0	0.75	3,941.0	0.87	3,545.2	0.87			
21. Loan Impairment Charge	0.2	269.0	0.04	287.1	0.05	354.4	0.08	477.8	0.12			
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
23. Operating Profit	3.5	5,034.6	0.80	3,840.9	0.70	3,586.6	0.79	3,067.4	0.75			
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
29. Pre-tax Profit	3.5	5,034.6	0.80	3,840.9	0.70	3,586.6	0.79	3,067.4	0.75			
30. Tax expense	1.0	1,425.0	0.23	1,087.5	0.20	1,009.5	0.22	874.1	0.21			
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
32. Net Income	2.5	3,609.6	0.57	2,753.4	0.50	2,577.1	0.57	2,193.3	0.54			
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
34. Revaluation of Fixed Assets	0.1	101.2	0.02	125.8	0.02	n.a.	-	0.0	0.00			
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
37. Fitch Comprehensive Income	2.6	3,710.8	0.59	2,879.2	0.52	2,577.1	0.57	2,193.3	0.54			
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
39. Memo: Net Income after Allocation to Non-controlling Interests	2.5	3,609.6	0.57	2,753.4	0.50	2,577.1	0.57	2,193.3	0.54			
40. Memo: Common Dividends Relating to the Period	0.5	751.6	0.12	648.6	0.12	539.7	0.12	435.0	0.11			
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			

Exchange rate USD1 = NZD1.4304 USD1 = NZD1.4466 USD1 = NZD1.3351 USD1 = NZD1.1542

**Nelson Building Society
Balance Sheet**

	31 Mar 2017		31 Mar 2016		31 Mar 2015		31 Mar 2014		As % of Assets
	Year End USDm	Year End NZDth	As % of Assets	Year End NZDth	As % of Assets	Year End NZDth	As % of Assets	Year End NZDth	
Assets									
A. Loans									
1. Residential Mortgage Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Other Mortgage Loans	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
3. Other Consumer/ Retail Loans	32.7	46,796.3	7.33	21,708.6	3.89	11,215.5	2.44	10,448.3	2.52
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	309.5	442,715.3	69.34	381,789.5	68.34	350,012.4	76.14	308,378.1	74.45
6. Less: Reserves for Impaired Loans	0.5	711.6	0.11	910.0	0.16	750.0	0.16	860.0	0.21
7. Net Loans	341.7	488,800.0	76.56	402,588.1	72.06	360,477.9	78.41	317,966.4	76.76
8. Gross Loans	342.2	489,511.6	76.67	403,498.1	72.23	361,227.9	78.58	318,826.4	76.97
9. Memo: Impaired Loans included above	0.0	0.0	0.00	150.0	0.03	0.0	0.00	1,424.4	0.34
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	100.3	143,409.8	22.46	148,943.9	26.66	92,361.9	20.09	90,732.4	21.90
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	442.0	632,209.8	99.02	551,532.0	98.72	452,839.8	98.51	408,698.8	98.67
C. Non-Earning Assets									
1. Cash and Due From Banks	1.6	2,345.9	0.37	3,156.3	0.56	2,297.0	0.50	1,189.1	0.29
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	2.2	3,198.2	0.50	3,274.2	0.59	3,237.8	0.70	2,991.3	0.72
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	0.5	701.8	0.11	297.5	0.05	454.2	0.10	667.6	0.16
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	0.0	25.9	0.00	406.9	0.07	877.0	0.19	663.9	0.16
11. Total Assets	446.4	638,481.6	100.00	558,666.9	100.00	459,705.8	100.00	414,210.7	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	84.0	120,089.7	18.81	112,263.6	20.09	79,830.6	17.37	78,486.8	18.95
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	332.0	474,909.0	74.38	408,281.8	73.08	347,674.9	75.63	307,941.2	74.34
4. Total Customer Deposits	416.0	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00	386,428.0	93.29
5. Deposits from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Money Market and Short-term Funding	416.0	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00	386,428.0	93.29
9. Senior Unsecured Debt (original maturity > 1 year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total LT Funding (original maturity > 1 year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	416.0	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00	386,428.0	93.29
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.2	281.4	0.04	296.8	0.05	265.3	0.06	220.4	0.05
4. Current Tax Liabilities	0.3	389.4	0.06	365.0	0.07	352.3	0.08	420.7	0.10
5. Deferred Tax Liabilities	0.1	125.3	0.02	45.2	0.01	13.8	0.00	98.2	0.02
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	0.6	856.4	0.13	1,091.4	0.20	846.4	0.18	888.3	0.21
10. Total Liabilities	417.1	596,651.2	93.45	522,343.8	93.50	428,983.3	93.32	388,055.6	93.69
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	14.2	20,280.5	3.18	17,732.5	3.17	14,362.5	3.12	11,832.5	2.86
G. Equity									
1. Common Equity	14.2	20,322.3	3.18	17,464.2	3.13	15,359.4	3.34	13,322.0	3.22
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	0.9	1,227.6	0.19	1,126.4	0.20	1,000.6	0.22	1,000.6	0.24
6. Total Equity	15.1	21,549.9	3.38	18,590.6	3.33	16,360.0	3.56	14,322.6	3.46
7. Total Liabilities and Equity	446.4	638,481.6	100.00	558,666.9	100.00	459,705.8	100.00	414,210.7	100.00
8. Memo: Fitch Core Capital	14.6	20,848.1	3.27	18,293.1	3.27	15,905.8	3.46	13,655.0	3.30

Exchange rate

USD1 = NZD1.4304

USD1 = NZD1.4466

USD1 = NZD1.3351

USD1 = NZD1.1542

Nelson Building Society Summary Analytics

	31 Mar 2017	31 Mar 2016	31 Mar 2015	31 Mar 2014
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	6.44	6.82	6.98	6.99
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.29	4.00	4.01	4.02
3. Interest Income/ Average Earning Assets	5.58	6.20	6.47	6.42
4. Interest Expense/ Average Interest-bearing Liabilities	3.29	4.00	4.01	4.13
5. Net Interest Income/ Average Earning Assets	2.48	2.43	2.69	2.51
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.43	2.37	2.60	2.39
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.48	2.43	2.69	2.51
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	(1.25)	3.85	4.62	9.22
2. Non-Interest Expense/ Gross Revenues	63.38	67.50	67.52	67.08
3. Non-Interest Expense/ Average Assets	1.53	1.68	1.87	1.83
4. Pre-impairment Op. Profit/ Average Equity	26.43	23.62	25.69	19.52
5. Pre-impairment Op. Profit/ Average Total Assets	0.89	0.81	0.90	0.90
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	5.07	6.95	8.99	13.48
7. Operating Profit/ Average Equity	25.08	21.98	23.38	16.89
8. Operating Profit/ Average Total Assets	0.84	0.75	0.82	0.78
9. Operating Profit / Risk Weighted Assets	1.42	1.37	1.54	1.50
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	17.98	15.76	16.80	12.08
2. Net Income/ Average Total Assets	0.60	0.54	0.59	0.55
3. Fitch Comprehensive Income/ Average Total Equity	18.49	16.48	16.80	12.08
4. Fitch Comprehensive Income/ Average Total Assets	0.62	0.57	0.59	0.55
5. Taxes/ Pre-tax Profit	28.30	28.31	28.15	28.50
6. Net Income/ Risk Weighted Assets	1.02	0.98	1.11	1.07
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	5.89	6.52	6.84	6.67
2. Tangible Common Equity/ Tangible Assets	3.27	3.28	3.46	3.30
3. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
4. Total Regulatory Capital Ratio	9.33	10.17	10.33	9.80
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	3.38	3.33	3.56	3.46
7. Cash Dividends Paid & Declared/ Net Income	20.82	23.56	20.94	19.83
8. Internal Capital Generation	13.26	11.32	12.45	12.28
E. Loan Quality				
1. Growth of Total Assets	14.29	21.53	10.98	10.10
2. Growth of Gross Loans	21.32	11.70	13.30	10.19
3. Impaired Loans/ Gross Loans	0.00	0.04	0.00	0.45
4. Reserves for Impaired Loans/ Gross Loans	0.15	0.23	0.21	0.27
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	606.67	n.a.	60.38
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(3.41)	(4.15)	(4.72)	4.13
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(3.30)	(4.09)	(4.58)	3.94
8. Loan Impairment Charges/ Average Gross Loans	0.06	0.08	0.10	0.16
9. Net Charge-offs/ Average Gross Loans	0.12	0.04	0.14	0.01
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.00	0.04	0.00	0.45
F. Funding and Liquidity				
1. Loans/ Customer Deposits	82.27	77.51	84.50	82.51
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	96.70	96.71	96.75	97.03
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

**Nelson Building Society
Reference Data**

	31 Mar 2017		31 Mar 2016		31 Mar 2015		31 Mar 2014		
	Year End USDm	Year End NZDth	As % of Assets	Year End NZDth	As % of Assets	Year End NZDth	As % of Assets	Year End NZDth	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	11.3	16,147.0	2.53	18,695.4	3.35	8,612.7	1.87	10,934.9	2.64
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	425,145.6	102.64
B. Average Balance Sheet									
Average Loans	312.2	446,504.9	69.93	382,363.0	68.44	340,027.2	73.97	304,086.6	73.41
Average Earning Assets	413.8	591,870.9	92.70	502,185.9	89.89	430,769.3	93.71	389,816.2	94.11
Average Assets	418.5	598,574.3	93.75	509,186.4	91.14	436,958.3	95.05	395,207.1	95.41
Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	389.9	557,772.1	87.36	474,025.5	84.85	406,966.8	88.53	369,495.1	89.20
Average Common equity	13.2	18,893.3	2.96	16,411.8	2.94	14,340.7	3.12	17,161.2	4.14
Average Equity	14.0	20,070.3	3.14	17,475.3	3.13	15,341.3	3.34	18,161.8	4.38
Average Customer Deposits	389.9	557,772.1	87.36	474,025.5	84.85	406,966.8	88.53	369,495.1	89.20
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	247.6	354,130.0	55.46	280,705.0	50.25	232,596.0	50.60	204,656.0	49.41
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	247.6	354,130.0	55.46	280,705.0	50.25	232,596.0	50.60	204,656.0	49.41
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	247.6	354,130.0	55.46	280,705.0	50.25	232,596.0	50.60	204,656.0	49.41
E. Equity Reconciliation									
1. Equity	15.1	21,549.9	3.38	18,590.6	3.33	16,360.0	3.56	14,322.6	3.46
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	14.2	20,280.5	3.18	17,732.5	3.17	14,362.5	3.12	11,832.5	2.86
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	29.2	41,830.4	6.55	36,323.1	6.50	30,722.5	6.68	26,155.1	6.31
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	15.1	21,549.9	3.38	18,590.6	3.33	16,360.0	3.56	14,322.6	3.46
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	0.5	701.8	0.11	297.5	0.05	454.2	0.10	667.6	0.16
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	14.6	20,848.1	3.27	18,293.1	3.27	15,905.8	3.46	13,655.0	3.30

Exchange Rate USD1 = NZD1.4304 USD1 = NZD1.4466 USD1 = NZD1.3351 USD1 = NZD1.1542

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