Nelson Building Society

Update

Ratings

Foreign Currency Long-Term IDR Short-Term IDR	BB+ B
Local Currency Long-Term IDR Short-Term IDR	BB+ B
Viability Rating Support Rating Support Rating Floor	bb+ 5 NF

Sovereign Risk

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

Outlooks

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

Financial Data

Nelson Building Society

	31 Mar 16	31 Mar 15
Total assets (USDm)	386	344
Total assets (NZDm)	559	460
Total equity (NZDm)	36	31
Operating profit (NZDm)	4	4
Published net income (NZDm)	3	3
Comprehensive income (NZDm)	3	3
Operating ROAA (%)	0.75	0.82
Operating ROAE (%)	11.46	12.61
Internal capital generation (%)	7.58	6.28
Fitch Core Capital/weighted risks (%)	12.83	13.01
Tangible common equity/tangible assets (%)	6.45	6.59

Related Research

Nelson Building Society - Ratings Navigator (September 2016) Peer Review: New Zealand Regional Lenders (September 2016)

Analysts

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Key Rating Drivers

Franchise Constrains Rating: Nelson Building Society (NBS) is a small, mutual and regionally concentrated financial institution with limited pricing power relative to its larger peers. NBS holds less than 1% of total system lending however benefits from strong local community support within its home region, providing some competitive advantage. The society operates a simple business model and has been able to grow its membership base and assets over the last four years supported by favourable operating environment in its home region.

Growth to Squeeze Capitalisation: Despite experiencing double digit growth over the last four years, NBS has been able to maintain a relatively stable capital position through the issuance of preference shares. These preference shares cannot exceed 50% of the capital base (FYE16: 49%) and there is limited capacity for the society to issue more. Fitch believes continued levels of strong growth will lead to deterioration in NBS's capitalisation which is already towards the lower end of regional peers.

Conservative Risk Appetite: NBS adopts a relatively conservative risk appetite. The majority of the loan book is comprised of residential mortgages, most of which have a loan-to-value ratio of less than 80%. Underwriting assessment and borrower serviceability testing appears more conservative than most domestic peers. This provides an offset to the society's risk controls which are less developed than larger peers. Growth has been achieved organically and mainly within NBS's home market.

Profitability Headwinds Increasing: Fitch expects moderate earnings and profitability growth for NBS in FY17. However, the rate of growth is likely to be impacted by the easing interest rate cycle, continued competition for assets and increased competition for deposits which could result in margin compression. Despite strong growth, NBS's cost-to-income ratio remains stable due to ongoing increases in regulatory and compliance costs which has been experienced throughout the industry, but particularly amongst smaller institutions such as NBS.

Stable Depositor Base: NBS's funding structure is sound. The society's lending activities are wholly funded by its customer deposits and Fitch does not expect a material change to NBS's funding composition in the short term. NBS continues to benefit from its loyal customer base resulting in a high deposit retention rate of around 90%. NBS does not utilise any wholesale funding or have access to the central bank repo facility.

Robust Asset Quality: Fitch expects NBS's asset quality ratios to remain strong and below peer levels in FY17 reflective of its conservative risk appetite, focus on residential mortgages and effective arrears management. The potential for deterioration in the operating environment could see a modest uptick in impairments but would remain at manageable levels.

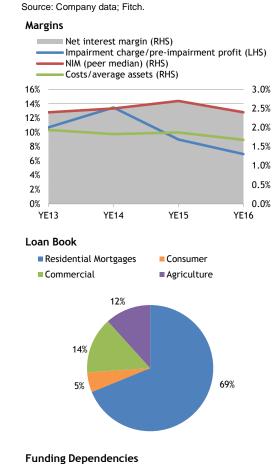
Rating Sensitivities

Weakened Risk Appetite: NBS's IDRs and VR would be sensitive to a weakening in its risk appetite, possibly from weakening underwriting criteria or aggressive growth resulting in a deterioration of its asset quality, profitability or material erosion in its capitalisation.

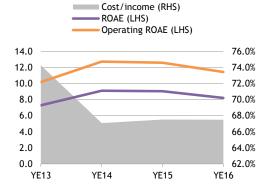
Limited Upgrade Potential: Positive rating action in the short-to-medium term is unlikely due to NBS's small franchise, small absolute capital base and limited access to additional liquidity sources such as the central bank repo facility.

Banks

FitchRatings

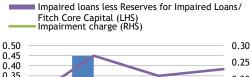


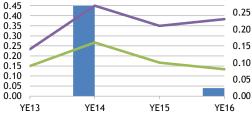
Key Profitability Metrics



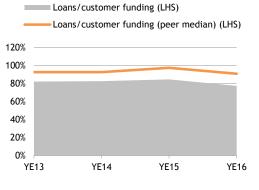
Credit Quality (as % of gross loans)

Impaired loans (LHS)



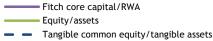


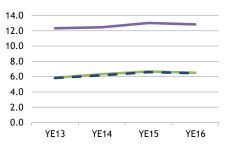
Capital & Leverage



Fitch Core Capital (in NZD 000's)

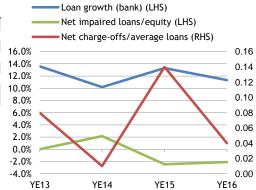
	IEIO
Reported equity	36,323
+ Fair value effect of own debt	0
 Non-controlling interests 	0
 Deferred tax assets 	0
 Goodwill and intangibles 	297.5
 Embedded value of insurance 	0
 First loss trances of off-balance-sheet securitisations 	0
Fitch core capital	36,026





Credit

VE16



Related Criteria

Global Bank Rating Criteria (July 2016)

Nelson Building Society Income Statement

		31 Mar 2016		31 Mar 2015		31 Mar 2014		31 Mar 2	013
Au	Year End USDm dited - Report Not Seen	Year End NZDth Report Not Seen	As % of Earning Assets d	Year End NZDth - Unqualified	As % of Earning Assets d	Year End NZDth - Unqualified	As % of Earning Assets ⊧p	Year End NZDth ort Not Seen	As % Earnir Asse
1. Interest Income on Loans	18.0	26,090.8	4.74	23,734.3	5.24	21,263.8	5.20	19,996.4	5.3
2. Other Interest Income	3.5	5,066.1	0.92	4,145.6	0.92	3,768.6	0.92	3,169.1	0.8
3. Dividend Income	n.a.	n.a.	•	n.a.	-	0.0	0.00	0.0	0.0
4. Gross Interest and Dividend Income	21.5	31,156.9	5.66	27,879.9	6.16	25,032.4	6.12	23,165.5	6.
5. Interest Expense on Customer Deposits	13.1	18,944.8	3.44	16,307.6	3.60	14,849.0	3.63	14,176.9	3.
6. Other Interest Expense	n.a.	n.a.	•	n.a.	-	408.3	0.10	418.5	0.
7. Total Interest Expense	13.1	18,944.8	3.44	16,307.6	3.60	15,257.3	3.73	14,595.4	3.
3. Net Interest Income	8.4	12,212.1	2.22	11,572.3	2.56	9,775.1	2.39	8,570.1	2.
Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.
Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.
 Net Gains (Losses) on Assets at FV through Income Statemen 	it n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.
Net Fees and Commissions	0.1	172.2	0.03	281.8	0.06	697.9	0.17	568.2	0
14. Other Operating Income	0.2	316.9	0.06	278.9	0.06	295.0	0.07	195.6	0
15. Total Non-Interest Operating Income	0.3	489.1	0.09	560.7	0.12	992.9	0.24	763.8	0
Personnel Expenses	2.3	3,393.6	0.62	3,294.5	0.73	3,127.5	0.77	2,975.5	0
7. Other Operating Expenses	3.6	5,179.6	0.94	4,897.5	1.08	4,095.3	1.00	3,958.6	1
8. Total Non-Interest Expenses	5.9	8,573.2	1.56	8,192.0	1.81	7,222.8	1.77	6,934.1	1
9. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
20. Pre-Impairment Operating Profit	2.9	4,128.0	0.75	3,941.0	0.87	3,545.2	0.87	2,399.8	0
21. Loan Impairment Charge	0.2	287.1	0.05	354.4	0.08	477.8	0.12	256.8	0
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
23. Operating Profit	2.7	3,840.9	0.70	3,586.6	0.79	3,067.4	0.75	2,143.0	0
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
29. Pre-tax Profit	2.7	3,840.9	0.70	3,586.6	0.79	3,067.4	0.75	2,143.0	0
30. Tax expense	0.8	1,087.5	0.20	1,009.5	0.22	874.1	0.21	608.6	0
31. Profit/Loss from Discontinued Operations	n.a.	n.a.		n.a.	-	0.0	0.00	0.0	0
2. Net Income	1.9	2,753.4	0.50	2.577.1	0.57	2.193.3	0.54	1.534.4	Ő
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0
34. Revaluation of Fixed Assets	0.1	125.8	0.02	n.a.		0.0	0.00	0.0	0
35. Currency Translation Differences	n.a.	n.a.	0.02	n.a.		0.0	0.00	0.0	0
36. Remaining OCI Gains/(losses)	n.a.	n.a.		n.a.		0.0	0.00	0.0	0
7. Fitch Comprehensive Income	2.0	2.879.2	0.52	2.577.1	0.57	2.193.3	0.54	1.534.4	0
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	2,079.2 n.a.	0.52	2,577.1 n.a.	0.57	2,193.3	0.00	0.0	0
39. Memo: Net Income after Allocation to Non-controlling Interests		2.753.4	0.50	2.577.1	0.57	2,193.3	0.54	1.534.4	0
 Memo: Net income after Allocation to Non-controlling interests Memo: Common Dividends Relating to the Period 	n.a.	2,755.4 n.a.	0.00	648.6	0.14	435.0	0.54	398.6	0
41. Memo: Preferred Dividends Relating to the Period	n.a. n.a.	n.a.	-	040.0 n.a.	- 0.14	435.0	0.00	0.0	0
xchange rate		USD1 = NZD1.4466	60	USD1 = NZD	1.33510	USD1 = NZD	1.15420	USD1 = NZD	1.19500

Nelson Building Society Balance Sheet

Balance Sneet	24 Mar 2040					A. M. AA. /		0.1 M 00.10	
	Year End	31 Mar 2016 Year End	As % of	31 Mar 20 Year End	015 As % of	31 Mar 2 Year End	014 As % of	31 Mar 20 Year End	As % of
Assets	USDm	NZDth	Assets	NZDth	Assets	NZDth	Assets	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
 Other Mortgage Loans Other Consumer/ Retail Loans 	0.0 14.1	0.0 20,378.4	0.00 3.65	0.0 11,215.5	0.00 2.44	0.0 10,448.3	0.00 2.52	0.0 10,184.6	0.00 2.71
4. Corporate & Commercial Loans	n.a.	n.a.		n.a.	2.44	0.0	0.00	0.0	0.00
5. Other Loans	263.9	381,789.5	68.34	350,012.4	76.14	308,378.1	74.45	279,162.1	74.21
6. Less: Reserves for Impaired Loans 7. Net Loans	0.6 277.4	910.0 401,257.9	0.16 71.82	750.0 360,477.9	0.16 78.41	860.0 317,966.4	0.21 76.76	400.0 288,946.7	0.11 76.81
8. Gross Loans	277.4	402,167.9	71.92	361,227.9	78.58	318,826.4	76.97	289,346.7	76.91
9. Memo: Impaired Loans included above	0.1	150.0	0.03	0.0	0.00	1,424.4	0.34	0.0	0.00
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
B. Other Earning Assets 1. Loans and Advances to Banks	103.0	148,943.9	26.66	92,361.9	20.09	90,732.4	21.90	80,986.8	21.53
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
4. Derivatives 5. Available for Sale Securities	n.a. n.a.	n.a. n.a.	-	n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
6. Held to Maturity Securities	n.a.	n.a.		n.a.		0.0	0.00	1,000.0	0.00
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
8. Other Securities	n.a.	n.a.		n.a.	-	0.0	0.00	0.0	0.00
9. Total Securities 10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a. 0.0	- 0.00	1,000.0 0.0	0.27
11. Memo: Total Securities Pledged	n.a. n.a.	n.a. n.a.	-	n.a. n.a.		0.0	0.00	0.0	0.00
12. Investments in Property	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
14. Other Earning Assets	n.a.	n.a.	98.48	n.a.	-	0.0 408,698.8	0.00	0.0	0.00
15. Total Earning Assets C. Non-Earning Assets	380.3	550,201.8	98.48	452,839.8	98.51	408,698.8	98.67	370,933.5	98.60
1. Cash and Due From Banks	2.2	3,156.3	0.56	2,297.0	0.50	1,189.1	0.29	1,219.3	0.32
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
4. Fixed Assets 5. Goodwill	2.3 n.a.	3,274.2 n.a.	0.59	3,237.8 n.a.	0.70	2,991.3 0.0	0.72 0.00	3,284.3 0.0	0.87 0.00
6. Other Intangibles	0.2	297.5	0.05	454.2	0.10	667.6	0.16	108.2	0.03
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
10. Other Assets 11. Total Assets	1.2 386.2	1,737.1 558,666.9	0.31 100.00	877.0 459,705.8	0.19 100.00	663.9 414,210.7	0.16 100.00	658.2 376,203.5	0.17 100.00
Liabilities and Equity	00012	000,00010				,		0.0,20010	
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	77.6	112,263.6	20.09	79,830.6	17.37	78,486.8	18.95	57,043.8	15.16
2. Customer Deposits - Savings 3. Customer Deposits - Term	n.a. 282.2	n.a. 408,281.8	73.08	n.a. 347,674.9	75.63	0.0 307,941.2	0.00 74.34	0.0 295,518.4	0.00 78.55
4. Total Customer Deposits	359.8	520,545.4	93.18	427,505.5	93.00	386,428.0	93.29	352,562.2	93.72
5. Deposits from Banks	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
7. Commercial Paper and Short-term Borrowings 8. Total Money Market and Short-term Funding	n.a. 359.8	n.a. 520,545.4	93.18	n.a. 427,505.5	93.00	386,428.0	93.29	352,562.2	93.72
9. Senior Unsecured Debt (original maturity > 1 year)	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
12. Other Long-term Funding 13. Total LT Funding (original maturity > 1 year)	n.a. n.a.	n.a. n.a.	-	n.a. n.a.	-	0.0 n.a.	0.00	0.0 n.a.	0.00
14. Derivatives	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
16. Total Funding	359.8	520,545.4	93.18	427,505.5	93.00	386,428.0	93.29	352,562.2	93.72
E. Non-Interest Bearing Liabilities 1. Fair Value Portion of Debt	n.a.	n.a.		n.a.		0.0	0.00	0.0	0.00
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
3. Reserves for Pensions and Other	0.2	296.8	0.05	265.3	0.06	220.4	0.05	198.2	0.05
4. Current Tax Liabilities	0.3	365.0	0.07	352.3	0.08	420.7	0.10	171.4	0.05
5. Deferred Tax Liabilities 6. Other Deferred Liabilities	0.0 n.a.	45.2 n.a.	0.01	13.8 n.a.	0.00	98.2 0.0	0.02 0.00	222.8 0.0	0.06 0.00
7. Discontinued Operations	n.a.	n.a.	-	n.a.		0.0	0.00	0.0	0.00
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
9. Other Liabilities	0.8	1,091.4	0.20	846.4	0.18	888.3	0.21	1,048.1	0.28
10. Total Liabilities	361.1	522,343.8	93.50	428,983.3	93.32	388,055.6	93.69	354,202.7	94.15
F. Hybrid Capital 1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.		0.0	0.00	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
G. Equity									
1. Common Equity	24.3	35,196.7	6.30	29,721.9	6.47	25,154.5	6.07	21,000.2	5.58
Non-controlling Interest Securities Revaluation Reserves	n.a. n.a.	n.a. n.a.	-	n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
4. Foreign Exchange Revaluation Reserves	n.a. n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
5. Fixed Asset Revaluations and Other Accumulated OCI	0.8	1,126.4	0.20	1,000.6	0.22	1,000.6	0.24	1,000.6	0.27
6. Total Equity	25.1	36,323.1	6.50	30,722.5	6.68	26,155.1	6.31	22,000.8	5.85
7. Total Liabilities and Equity	386.2	558,666.9	100.00	459,705.8	100.00	414,210.7	100.00	376,203.5	100.00
8. Memo: Fitch Core Capital	24.9	36,025.6	6.45	30,268.3	6.58	25,487.5	6.15	21,892.6	5.82
Exchange rate	USF	D1 = NZD1.44660		USD1 = NZD	1.33510	USD1 = NZD	1.15420	USD1 = NZD1	.19500
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Nelson Building Society Summary Analytics

Vear End Year End Year End Year End A Interest Income on Loans/ Average Gross Loans 6.84 6.99 7.35 1. Interest Income on Loatomer Deposits/ Average Customer Deposits 4.00 4.01 4.02 4.22 3. Interest Income / Average Earning Assets 6.21 6.47 6.42 6.56 4. Interest Expense/ Average Interest-Dearing Labilities 4.00 4.01 4.13 4.35 5. Net Interest Income/ Average Earning Assets 2.34 2.69 2.51 2.43 6. Net thic Less Nethered Sock Dividend/ Average Earning Assets 2.34 2.60 2.51 2.43 B. Other Operating Profitability Ratios
1. Interest Income on Loans/ Average Gross Loans 6.84 6.98 6.99 7.35 2. Interest Expense on Customer Deposits/ Average Customer Deposits 4.00 4.01 4.02 4.23 3. Interest Expense/Average Earning Assets 6.21 6.47 6.42 6.56 4. Interest Expense/Average Earning Assets 2.44 2.69 2.51 2.43 6. Net Interest Income/Average Earning Assets 2.44 2.69 2.51 2.43 7. Net Interest Income/ Average Earning Assets 2.44 2.69 2.51 2.43 8. Other Operating Profitability Ratios 1.86 1.87 1.83 1.94 9. Non-Interest Expense/ Average Equity 1.231 1.3.86 1.47.2 1.42 9. Pre-impairment O.P. Profit/ Average Equity 1.2.31 1.3.86 1.67 1.6.26 1. Loans and securities impairment Charges/ Pre-impairment Op. Profit 6.85 8.99 1.3.4 1.0.70 2. Operating Profit Average Total Assets 0.87 0.82 0.78 0.60 3. Operating Profit Average Total Sests 0.75 0.82 0.78
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8. Internal Capital Generation 7.58 6.28 6.72 5.16 E. Loan Quality 1. Growth of Total Assets 21.53 10.98 10.10 10.68 2. Growth of Gross Loans 11.33 13.30 10.19 13.60 3. Impaired Loans/ Gross Loans 0.04 0.00 0.45 n.a. 4. Reserves for Impaired Loans/ Gross Loans 0.23 0.21 0.27 0.14 5. Reserves for Impaired Loans/ Impaired Loans 606.67 n.a. 60.38 n.a. 6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital (2.11) (2.48) 2.21 n.a.
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1. Growth of Total Assets 21.53 10.98 10.10 10.68 2. Growth of Gross Loans 11.33 13.30 10.19 13.60 3. Impaired Loans/ Gross Loans 0.04 0.00 0.45 n.a. 4. Reserves for Impaired Loans/ Gross Loans 0.23 0.21 0.27 0.14 5. Reserves for Impaired Loans/ Impaired Loans/ Fitch Core Capital 606.67 n.a. 60.38 n.a. 6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital (2.11) (2.48) 2.21 n.a.
2. Growth of Gross Loans 11.33 13.30 10.19 13.60 3. Impaired Loans/ Gross Loans 0.04 0.00 0.45 n.a. 4. Reserves for Impaired Loans/ Gross Loans 0.23 0.21 0.27 0.14 5. Reserves for Impaired Loans/ Impaired Loans 606.67 n.a. 60.38 n.a. 6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital (2.11) (2.48) 2.21 n.a.
3. Impaired Loans/ Gross Loans0.040.000.45n.a.4. Reserves for Impaired Loans/ Gross Loans0.230.210.270.145. Reserves for Impaired Loans/ Impaired Loans/ Impaired Loans/ Fitch Core Capital606.67n.a.60.38n.a.6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital(2.11)(2.48)2.21n.a.
4. Reserves for Impaired Loans/ Gross Loans0.230.210.270.145. Reserves for Impaired Loans/ Impaired Loans606.67n.a.60.38n.a.6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital(2.11)(2.48)2.21n.a.
5. Reserves for Impaired Loans/ Impaired Loans606.67n.a.60.38n.a.6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital(2.11)(2.48)2.21n.a.
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital (2.11) (2.48) 2.21 n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity (2.09) (2.44) 2.16 n.a.
8. Loan Impairment Charges/ Average Gross Loans0.080.100.160.09
9. Net Charge-offs/ Average Gross Loans 0.04 0.14 0.01 0.08
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets 0.04 0.00 0.45 n.a.
F. Funding and Liquidity
1. Loans/ Customer Deposits 77.26 84.50 82.51 82.07
2. Interbank Assets/ Interbank Liabilities n.a. n.a. n.a. n.a.
3. Customer Deposits/ Total Funding (excluding derivatives) 100.00 100.00 100.00 100.00
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

Reference Data	21 May 2016					24 Mar 2014		21 Mar 2012	
-	Year End USDm	31 Mar 2016 Year End NZDth	As % of Assets	31 Mar 20 Year End NZDth	As % of Assets	31 Mar 20 Year End NZDth	As % of Assets	31 Mar 20 Year End NZDth	As % of Assets
A. Off-Balance Sheet Items 1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.		n.a.	-	0.0	0.00	0.0	0.00
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
3. Guarantees	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
 Acceptances and documentary credits reported off-balance sheet Committed Credit Lines 	n.a. 12.9	n.a. 18,695.4	- 3.35	n.a. 8,612.7	- 1.87	0.0 10,934.9	0.00 2.64	0.0 0.0	0.00
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
7. Total Assets under Management	n.a.	n.a.	-	n.a.	-	425,145.6	102.64	376,203.5	100.00
B. Average Balance Sheet Average Loans	263.9	381,697.9	68.32	340,027.2	73.97	304,086.6	73.41	272,030.9	72.31
Average Earning Assets	346.7	501,520.8	89.77	430,769.3	93.71	389,816.2	94.11	352,875.7	93.80
Average Assets	352.0	509,186.4	91.14	436,958.3	95.05	395,207.1	95.41	358,059.3	95.18
Average Managed Securitized Assets (OBS) Average Interest-Bearing Liabilities	n.a. 327.7	n.a. 474,025.5	- 84.85	n.a. 406,966.8	- 88.53	0.0 369,495.1	0.00 89.20	0.0 335,377.2	0.00 89.15
Average Common equity	22.4	32,459.3	5.81	27,438.2	5.97	23,077.4	5.57	20,017.3	5.32
Average Equity	23.2	33,522.8	6.00	28,438.8	6.19	24,078.0	5.81	21,017.9	5.59
Average Customer Deposits	327.7	474,025.5	84.85	406,966.8	88.53	369,495.1	89.20	335,377.2	89.15
C. Maturities									
Asset Maturities: Loans & Advances < 3 months	n.a.	n.a.		n.a.		0.0	0.00	0.0	0.00
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Debt Securities 3 - 12 Months Debt Securities 1 - 5 Years	n.a. n.a.	n.a. n.a.	-	n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00
Debt Securities > 5 Years	n.a.	n.a.		n.a.		0.0	0.00	0.0	0.00
Loans & Advances to Banks < 3 Months	n.a.	n.a.		n.a.		0.0	0.00	0.0	0.00
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.		n.a.	-	0.0	0.00	0.0	0.00
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Liability Maturities:						0.0	0.00		0.00
Retail Deposits < 3 months Retail Deposits 3 - 12 Months	n.a. n.a.	n.a. n.a.		n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Other Deposits 1 - 5 Years Other Deposits > 5 Years	n.a. n.a.	n.a. n.a.		n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
-									
Deposits from Banks < 3 Months Deposits from Banks 3 - 12 Months	n.a. n.a.	n.a. n.a.		n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Senior Debt Maturing 1- 5 Years Senior Debt Maturing > 5 Years	n.a. n.a.	n.a. n.a.		n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
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.	-	0.0	0.00	0.0	0.00
Subordinated Debt Maturing < 3 months Subordinated Debt Maturing 3-12 Months	n.a. n.a.	n.a. n.a.		n.a. n.a.	-	0.0 0.0	0.00 0.00	0.0 0.0	0.00 0.00
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.		n.a.	-	0.0	0.00	0.0	0.00
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
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.	-	0.0	0.00	0.0	0.00
D. Risk Weighted Assets 1. Risk Weighted Assets	194.0	280,705.0	50.25	232,596.0	50.60	204,656.0	49.41	177,535.0	47.19
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk We	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	194.0	280,705.0	50.25	232,596.0	50.60	204,656.0	49.41	177,535.0	47.19
 Other Fitch Adjustments to Risk Weighted Assets Fitch Adjusted Risk Weighted Assets 	n.a. 194.0	n.a. 280,705.0	- 50.25	n.a. 232,596.0	- 50.60	0.0 204,656.0	0.00 49.41	0.0 177,535.0	0.00 47.19
E. Equity Reconciliation	134.0	200,700.0	30.20	202,030.0	50.00	204,000.0	+3.41	111,000.0	47.19
1. Equity	25.1	36,323.1	6.50	30,722.5	6.68	26,155.1	6.31	22,000.8	5.85
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
4. Published Equity	25.1	36,323.1	6.50	30,722.5	6.68	26,155.1	6.31	22,000.8	5.85
F. Fitch Core Capital Reconciliation 1. Total Equity as reported (including non-controlling interests)	25.1	36,323.1	6.50	30,722.5	6.68	26,155.1	6.31	22,000.8	5.85
 Total Equity as reported (including non-controlling interests) Fair value effect incl in own debt/borrowings at fv on the B/S- CC only 	25.1	36,323.1	0.00	30,722.5	0.00	26,155.1	0.00	22,000.8	5.85
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
 Other intangibles Deferred tax assets deduction 	0.2 0.0	297.5 0.0	0.05 0.00	454.2 0.0	0.10 0.00	667.6 0.0	0.16 0.00	108.2 0.0	0.03
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	24.9	36,025.6	6.45	30,268.3	6.58	25,487.5	6.15	21,892.6	5.82
Exchange Rate	USD	01 = NZD1.44660		USD1 = NZD	1.33510	USD1 = NZD	1.15420	USD1 = NZD1	.19500

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