

Nelson Building Society

Update

Ratings

Foreign Currency

Long-Term IDR BB+
Short-Term IDR B

Viability Rating bb+

Support Rating 5
Support Rating Floor NF

Local Currency

Long-Term IDR BB+
Short-Term IDR B

Sovereign Risk

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

Outlooks

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

Financial Data

Nelson Building Society

	31 Mar 18	31 Mar 17
Total assets (USDm)	520.8	446.4
Total assets (NZDm)	723.0	638.5
Total equity (NZDm)	24.8	21.5
Operating profit (NZDm)	5.5	5.0
Published net income (NZDm)	4.0	3.6
Comprehensive income (NZDm)	4.1	3.7
Impaired loans/gross loans (%)	0.3	0.0
Operating profit/risk-weighted assets (%)	1.2	1.1
Fitch Core Capital (%)	5.1	4.7
Loans/deposits (%)	83.1	82.3

Source: Fitch Ratings, Fitch Solutions

Related Research

[Nelson Building Society - Ratings Navigator \(February 2019\)](#)

[Peer Review: New Zealand Non-Bank Deposit Takers \(March 2019\)](#)

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Key Rating Drivers

Capital Constrains Ratings: Nelson Building Society's (NBS) Issuer Default Ratings (IDR) and Viability Rating reflect its weak overall capital position and small buffers over regulatory minimum requirements, which are offset by its simple business model and conservative underwriting standards. NBS has indicated it will increase its capital levels over the next two years, and Fitch Ratings will monitor its progress.

The Fitch Core Capital ratio (FCC ratio) stood at 5.1% end-March 2018, while the total capital ratio stood at 10.1%. The buffer over the regulatory minimum of 8% was therefore only 2.1pp. NBS has the ability to issue preference shares to bolster its regulatory capital position, but these instruments only absorb large losses when the entity is liquidated.

Conservative Underwriting Standards: NBS's conservative underwriting standards provide important support to its asset quality and earnings, which should subsequently underpin its retained earnings and capital base. NBS's core business is residential mortgages with a low loan/value ratio. Strong loan growth over the past three years does not appear to have been at the expense of weakening underwriting. NBS's risk profile has increased in recent years due to growth in consumer lending, but exposure to this segment remains below that of peers.

Asset Quality Remains Stable: Asset-quality ratios are strong, and Fitch expects impairments to remain low over the next two years. NBS's small size exposes it to single-name borrower concentration risk while geographical concentration is also high, albeit less so than at some of its domestic peers.

Profitability Growth Faces Headwinds: Increased profitability from its expanding portfolio and size could be partly offset by competition and rising regulatory and operational costs. The growth in consumer loans is likely to add some volatility to earnings through a cycle.

Funding Generally Stable: NBS's funding structure is sound, consisting entirely of member deposits. Geographic deposit concentration is high, reflecting its business model. NBS's liquidity is appropriately managed, and its on-balance-sheet liquidity compares favourably with that of domestic peers.

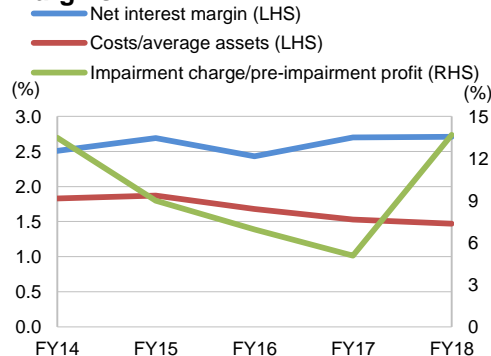
Moderate Franchise: NBS has a moderate franchise with small system market share, meaning it is generally a price-taker. NBS benefits from strong community support through its service-orientated model, although it remains susceptible to competition from larger players.

Rating Sensitivities

Sensitive to Capital Position: NBS's Long-Term IDRs and Viability Rating could be downgraded if the capital ratios do not improve materially over the next 12-18 months.

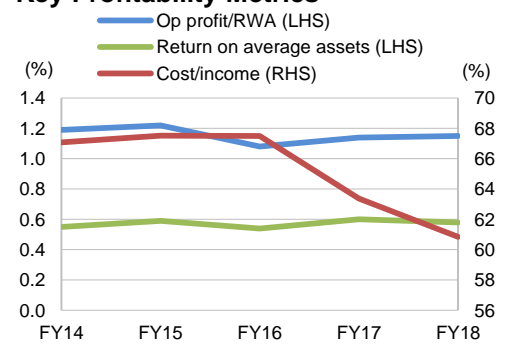
Sensitive to Risk Appetite: NBS's capital position is sensitive to an increase in its risk appetite, possibly from weaker underwriting or excessive growth, which could result in a deterioration of its asset quality, profitability and capitalisation. NBS's viability may be challenged in case of large losses due to the regulatory limits on the amount of preference shares that can be included in the total capital ratio (50% of the net regulatory capital) and the small buffers over regulatory minimums.

Margins



Source: Fitch Ratings, Fitch Solutions, NBS

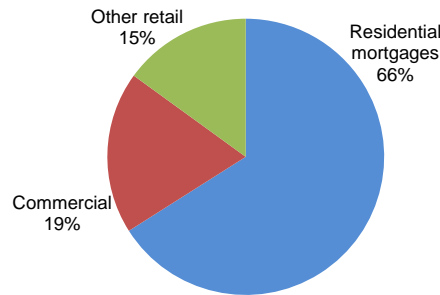
Key Profitability Metrics



Source: Fitch Ratings, Fitch Solutions, NBS

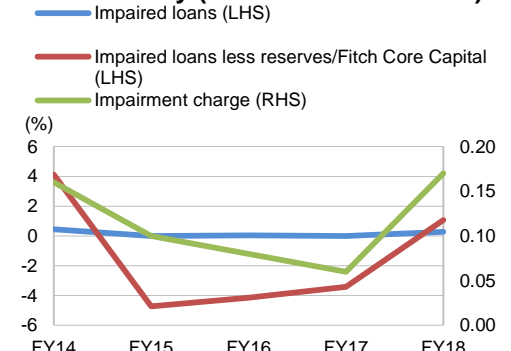
Gross Loans

End-March 2018



Source: Fitch Ratings, Fitch Solutions, NBS

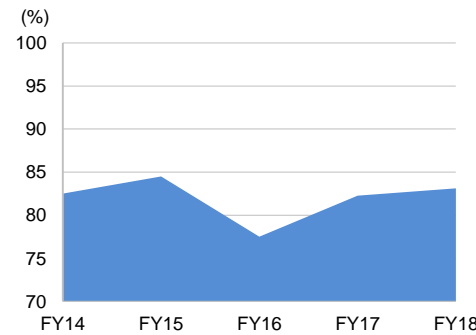
Credit Quality (As % of Gross Loans)



Source: Fitch Ratings, Fitch Solutions, NBS

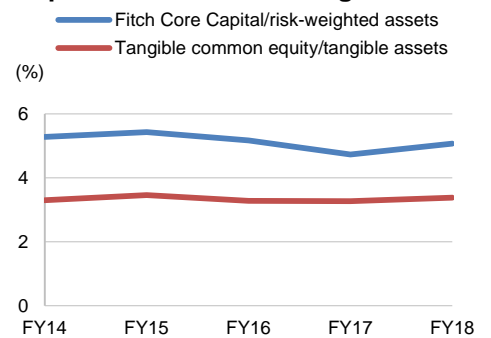
Funding Dependencies

Loans/customer funding



Source: Fitch Ratings, Fitch Solutions, NBS

Capitalisation and Leverage



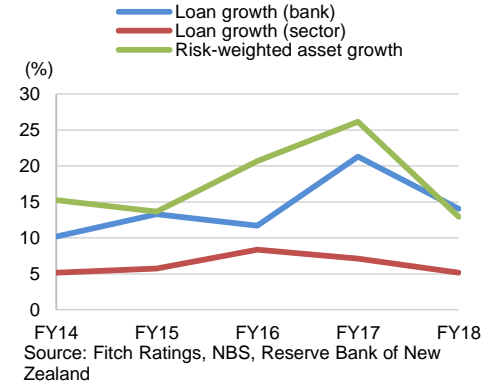
Source: Fitch Ratings, Fitch Solutions, NBS

Fitch Core Capital

(NZDm)	FYE18
Reported equity	24.8
- Fair value effect of own debt	0.0
- Non-controlling interests	0.0
- Deferred tax assets	0.0
- Goodwill and intangibles	0.0
- Net asset value of insurance subsidiaries	0.3
- First loss tranches of off-balance-sheet securitisations	0.0
Fitch Core Capital	24.5

Source: Fitch Ratings, Fitch Solutions, NBS

Credit



Source: Fitch Ratings, NBS, Reserve Bank of New Zealand

Related Criteria

[Bank Rating Criteria \(October 2018\)](#)

Nelson Building Society
Income Statement

	31 Mar 2018			31 Mar 2017		31 Mar 2016		31 Mar 2015	
	Year End USDm Audited - Unqualified	Year End NZDth Audited - Unqualified	As % of Earning Assets	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
1. Interest Income on Loans	23.6	32,821.9	5.07	28,755.6	4.55	26,090.8	5.73	23,734.3	5.24
2. Other Interest Income	4.0	5,608.5	0.87	4,278.2	0.68	5,066.1	1.11	4,145.6	0.92
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	27.7	38,430.4	5.94	33,033.8	5.23	31,156.9	6.85	27,879.9	6.16
5. Interest Expense on Customer Deposits	15.2	21,108.5	3.26	18,369.1	2.91	18,944.8	4.16	16,307.6	3.60
6. Other Interest Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Interest Expense	15.2	21,108.5	3.26	18,369.1	2.91	18,944.8	4.16	16,307.6	3.60
8. Net Interest Income	12.5	17,321.9	2.68	14,664.7	2.32	12,212.1	2.68	11,572.3	2.56
9. Net Fees and Commissions	(0.9)	(1,288.7)	(0.20)	(502.4)	(0.08)	172.2	0.04	281.8	0.06
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets and Liabilities at FV	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Operating Income	0.3	359.6	0.06	321.9	0.05	316.9	0.07	278.9	0.06
15. Total Non-Interest Operating Income	(0.7)	(929.1)	(0.14)	(180.5)	(0.03)	489.1	0.11	560.7	0.12
16. Total Operating Income	11.8	16,392.8	2.53	14,484.2	2.29	12,701.2	2.79	12,133.0	2.68
17. Personnel Expenses	2.9	3,990.2	0.62	3,786.3	0.60	3,393.6	0.75	3,294.5	0.73
18. Other Operating Expenses	4.3	5,985.0	0.93	5,394.3	0.85	5,179.6	1.14	4,897.5	1.08
19. Total Non-Interest Expenses	7.2	9,975.2	1.54	9,180.6	1.45	8,573.2	1.88	8,192.0	1.81
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
21. Pre-Impairment Operating Profit	4.6	6,417.6	0.99	5,303.6	0.84	4,128.0	0.91	3,941.0	0.87
22. Loan Impairment Charge	0.6	878.6	0.14	269.0	0.04	287.1	0.06	354.4	0.08
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
24. Operating Profit	4.0	5,539.0	0.86	5,034.6	0.80	3,840.9	0.84	3,586.6	0.79
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
31. Pre-tax Profit	4.0	5,539.0	0.86	5,034.6	0.80	3,840.9	0.84	3,586.6	0.79
32. Tax expense	1.1	1,566.4	0.24	1,425.0	0.23	1,087.5	0.24	1,009.5	0.22
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Net Income	2.9	3,972.6	0.61	3,609.6	0.57	2,753.4	0.60	2,577.1	0.57
35. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Revaluation of Fixed Assets	0.1	146.5	0.02	101.2	0.02	125.8	0.03	n.a.	-
37. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
38. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Fitch Comprehensive Income	3.0	4,119.1	0.64	3,710.8	0.59	2,879.2	0.63	2,577.1	0.57
40. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Net Income after Allocation to Non-controlling Interests	2.9	3,972.6	0.61	3,609.6	0.57	2,753.4	0.60	2,577.1	0.57
42. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	751.6	0.12	648.6	0.14	539.7	0.12
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = NZD1.38831

USD1 = NZD1.4304

USD1 = NZD1.4466

USD1 = NZD1.3351

Source: Fitch Ratings, Fitch Solutions

**Nelson Building Society
Balance Sheet**

	31 Mar 2018		31 Mar 2017		31 Mar 2016		31 Mar 2015		
	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
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
3. Other Consumer/ Retail Loans	45.5	63,191.9	8.74	46,796.3	7.33	21,708.6	3.89	11,215.5	2.44
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	356.7	495,163.7	68.48	442,715.3	69.34	381,789.5	68.34	350,012.4	76.14
6. Less: Loan Loss Allowances	1.0	1,331.2	0.18	711.6	0.11	910.0	0.16	750.0	0.16
7. Net Loans	401.2	557,024.4	77.04	488,800.0	76.56	402,588.1	72.06	360,477.9	78.41
8. Gross Loans	402.2	558,355.6	77.22	489,511.6	76.67	403,498.1	72.23	361,227.9	78.58
9. Memo: Impaired Loans included above	1.1	1,589.8	0.22	0.0	0.00	150.0	0.03	0.0	0.00
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	64.7	89,755.0	12.41	143,409.8	22.46	52,530.9	9.40	92,361.9	20.09
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Securities at FV through OCI / Available for Sale	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Securities at Amortised Cost / Held to Maturity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Equity Investments in Associates	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	465.9	646,779.4	89.45	632,209.8	99.02	455,119.0	81.47	452,839.8	98.51
C. Non-Earning Assets									
1. Cash and Due From Banks	52.3	72,581.2	10.04	2,345.9	0.37	99,569.3	17.82	2,297.0	0.50
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	2.4	3,284.6	0.45	3,198.2	0.50	3,274.2	0.59	3,237.8	0.70
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	0.2	341.5	0.05	701.8	0.11	297.5	0.05	454.2	0.10
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	41.7	0.01	25.9	0.00	406.9	0.07	877.0	0.19
11. Total Assets	520.8	723,028.4	100.00	638,481.6	100.00	558,666.9	100.00	459,705.8	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	483.8	671,721.5	92.90	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00
2. Deposits from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Repos and Securities Lending	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Customer Deposits and Short-term Funding	483.8	671,721.5	92.90	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00
6. Senior Unsecured Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Total LT Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total Funding	483.8	671,721.5	92.90	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00
14. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding and Derivatives	483.8	671,721.5	92.90	594,998.7	93.19	520,545.4	93.18	427,505.5	93.00
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	316.4	0.04	281.4	0.04	296.8	0.05	265.3	0.06
4. Current Tax Liabilities	0.6	781.5	0.11	389.4	0.06	365.0	0.07	352.3	0.08
5. Deferred Tax Liabilities	(0.0)	(43.5)	(0.01)	125.3	0.02	45.2	0.01	13.8	0.00
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	0.9	1,180.3	0.16	856.4	0.13	1,091.4	0.20	846.4	0.18
10. Total Liabilities	485.5	673,956.2	93.21	596,651.2	93.45	522,343.8	93.50	428,983.3	93.32
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	17.5	24,278.5	3.36	20,280.5	3.18	17,732.5	3.17	14,362.5	3.12
G. Equity									
1. Common Equity	16.9	23,419.6	3.24	20,322.3	3.18	17,464.2	3.13	15,359.4	3.34
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	1.0	1,374.1	0.19	1,227.6	0.19	1,126.4	0.20	1,000.6	0.22
6. Total Equity	17.9	24,793.7	3.43	21,549.9	3.38	18,590.6	3.33	16,360.0	3.56
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equ	35.3	49,072.2	6.79	41,830.4	6.55	36,323.1	6.50	30,722.5	6.68
8. Total Liabilities and Equity	520.8	723,028.4	100.00	638,481.6	100.00	558,666.9	100.00	459,705.8	100.00
9. Memo: Fitch Core Capital	17.6	24,452.2	3.38	20,848.1	3.27	18,293.1	3.27	15,905.8	3.46

Exchange rate

USD1 = NZD1.38831

USD1 = NZD1.4304

USD1 = NZD1.4466

USD1 = NZD1.3351

Source: Fitch Ratings, Fitch Solutions

Nelson Building Society Summary Analytics

	31 Mar 2018	31 Mar 2017	31 Mar 2016	31 Mar 2015
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	6.01	6.08	6.86	6.47
2. Interest Income on Loans/ Average Gross Loans	6.26	6.44	6.82	6.98
3. Interest Expense on Customer Deposits/ Average Customer Deposits	3.33	3.29	4.00	4.01
4. Interest Expense/ Average Interest-bearing Liabilities	3.33	3.29	4.00	4.01
5. Net Interest Income/ Average Earning Assets	2.71	2.70	2.69	2.69
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.57	2.65	2.63	2.60
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.71	2.70	2.69	2.69
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	1.15	1.14	1.08	1.22
2. Non-Interest Expense/ Gross Revenues	60.85	63.38	67.50	67.52
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	13.69	5.07	6.95	8.99
4. Operating Profit/ Average Total Assets	0.81	0.84	0.75	0.82
5. Non-Interest Income/ Gross Revenues	(5.67)	(1.25)	3.85	4.62
6. Non-Interest Expense/ Average Total Assets	1.47	1.53	1.68	1.87
7. Pre-impairment Op. Profit/ Average Equity	27.70	26.43	23.62	25.69
8. Pre-impairment Op. Profit/ Average Total Assets	0.94	0.89	0.81	0.90
9. Operating Profit/ Average Equity	23.90	25.08	21.98	23.38
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	17.14	17.98	15.76	16.80
2. Net Income/ Average Total Assets	0.58	0.60	0.54	0.59
3. Fitch Comprehensive Income/ Average Total Equity	17.78	18.49	16.48	16.80
4. Fitch Comprehensive Income/ Average Total Assets	0.61	0.62	0.57	0.59
5. Taxes/ Pre-tax Profit	28.28	28.30	28.31	28.15
6. Net Income/ Risk Weighted Assets	0.82	0.82	0.78	0.88
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	5.07	4.73	5.17	5.43
2. Tangible Common Equity/ Tangible Assets	3.38	3.27	3.28	3.46
3. Equity/ Total Assets	3.43	3.38	3.33	3.56
4. Basel Leverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
8. Total Capital Ratio	10.09	9.33	10.17	10.33
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	1.06	(3.41)	(4.15)	(4.72)
10. Impaired Loans less Loan Loss Allowances/ Equity	1.04	(3.30)	(4.09)	(4.58)
11. Cash Dividends Paid & Declared/ Net Income	n.a.	20.82	23.56	20.94
12. Risk Weighted Assets/ Total Assets	66.77	69.07	63.39	63.77
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	0.28	0.00	0.04	0.00
2. Growth of Gross Loans	14.06	21.32	11.70	13.30
3. Loan Loss Allowances/ Impaired Loans	83.73	n.a.	606.67	n.a.
4. Loan Impairment Charges/ Average Gross Loans	0.17	0.06	0.08	0.10
5. Growth of Total Assets	13.24	14.29	21.53	10.98
6. Loan Loss Allowances/ Gross Loans	0.24	0.15	0.23	0.21
7. Net Charge-offs/ Average Gross Loans	0.07	0.12	0.04	0.14
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.28	0.00	0.04	0.00
F. Funding and Liquidity				
1. Loans/ Customer Deposits	83.12	82.27	77.51	84.50
2. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	96.51	96.70	96.71	96.75
4. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	12.89	14.30	21.76	10.63

Source: Fitch Ratings, Fitch Solutions

Nelson Building Society
Reference Data

	31 Mar 2018			31 Mar 2017			31 Mar 2016			31 Mar 2015		
	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	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.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	n.a.	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.	-	n.a.	-	
5. Committed Credit Lines	16.5	22,895.8	3.17	16,147.0	2.53	18,695.4	3.35	8,612.7	1.87			
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
B. Average Balance Sheet												
1. Average Loans	377.4	523,933.6	72.46	446,504.9	69.93	382,363.0	68.44	340,027.2	73.97			
2. Average Earning Assets	460.6	639,494.6	88.45	543,864.4	85.15	453,979.4	81.26	430,769.3	93.71			
3. Average Total Assets	490.3	680,755.0	94.15	598,574.3	93.75	509,186.4	91.14	436,958.3	95.05			
4. Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Average Interest-Bearing Liabilities	456.2	633,360.1	87.60	557,772.1	87.36	474,025.5	84.85	406,966.8	88.53			
6. Average Common equity	15.8	21,871.0	3.02	18,893.3	2.96	16,411.8	2.94	14,340.7	3.12			
7. Average Equity	16.7	23,171.9	3.20	20,070.3	3.14	17,475.3	3.13	15,341.3	3.34			
8. Average Customer Deposits	456.2	633,360.1	87.60	557,772.1	87.36	474,025.5	84.85	406,966.8	88.53			
C. Maturities												
Asset Maturities:												
Loans & Advances < 3 months	n.a.	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.	-	n.a.	-	
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities < 3 Months	n.a.	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.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	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.	-	n.a.	-	
Loans & Advances to Banks 3 - 12 Months	n.a.	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.	-	n.a.	-	
Loans & Advances to Banks > 5 Years	n.a.	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.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	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.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	n.a.	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.	-	n.a.	-	
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits > 5 Years	n.a.	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.	-	n.a.	-	
Deposits from Banks 3 - 12 Months	n.a.	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.	-	n.a.	-	
Deposits from Banks > 5 Years	n.a.	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.	-	n.a.	-	
Senior Debt Maturing 3-12 Months	n.a.	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.	-	n.a.	-	
Senior Debt Maturing > 5 Years	n.a.	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.	-	n.a.	-	
Fair Value Portion of Senior Debt	n.a.	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.	-	n.a.	-	
Subordinated Debt Maturing 3-12 Months	n.a.	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.	-	n.a.	-	
Subordinated Debt Maturing > 5 Years	n.a.	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.	-	n.a.	-	
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
D. Risk Weighted Assets												
1. Risk Weighted Assets	347.7	482,732.0	66.77	440,984.0	69.07	354,150.0	63.39	293,172.0	63.77			
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Fitch Core Capital Adjusted Risk Weighted Assets	347.7	482,732.0	66.77	440,984.0	69.07	354,150.0	63.39	293,172.0	63.77			
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Fitch Adjusted Risk Weighted Assets	347.7	482,732.0	66.77	440,984.0	69.07	354,150.0	63.39	293,172.0	63.77			
E. Fitch Core Capital Reconciliation												
1. Total Equity as reported (including non-controlling interests)	17.9	24,793.7	3.43	21,549.9	3.38	18,590.6	3.33	16,360.0	3.56			
2. Fair-value adjustments relating to own credit risk on debt issued	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	0.2	341.5	0.05	701.8	0.11	297.5	0.05	454.2	0.10			
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. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
10. Fitch Core Capital	17.6	24,452.2	3.38	20,848.1	3.27	18,293.1	3.27	15,905.8	3.46			

Exchange Rate

USD1 = NZD1.38831

USD1 = NZD1.4304

USD1 = NZD1.4466

USD1 = NZD1.3351

Source: Fitch Ratings, Fitch Solutions

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