Statement of Key Ratios and Selected Financial Information

As at 31 March 2021

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/financial-documents/ 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		
	2021	2020	2019
Loans to customers	69.5%	77.2%	81.5%
Commercial property investments	4.2%	5.2%	4.7%
Other liquid investments	26.3%	17.6%	13.8%

Loan Book

Key characteristics of our loan book are summarised below:

Sector concentration	31 March 2021	31 March 2020	31 March 2019
Residential housing	70.3%	76.3%	76.0%
Commercial	26.9%	21.4%	21.4%
Farming	2.8%	2.3%	2.6%

Security type	31 March 2021	31 March 2020	31 March 2019
Secured by mortgage	98.5%	98.1%	98.0%
Secured by other collateral	1.1%	1.4%	1.5%
Unsecured	0.4%	0.5%	0.5%

Geographic concentration	31 March 2021	31 March 2020	31 March 2019
Domiciled in the Wairarapa region	88.8%	88.6%	89.3%
Domiciled outside the Wairarapa region	11.2%	11.4%	10.7%

Section 3: WBS and what it does (continued)

Lending policy and loan quality

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

Loan book status	31 March 2021	31 March 2020	31 March 2019
Performing loans	91.2%	79.6%	88.3%
Restructured loans	0.5%	0.7%	0.7%
Restructured loans due to Covid-19	Nil	12.4%	n/a
Loans past due:			
• 0 to 30 days	7.2%	4.4%	8.4%
• 31 to 90 days	0.3%	0.9%	1.3%
• 91 days and over	0.6%	0.8%	0.5%
Impaired loans	0.2%	1.2%	0.8%

Our conservative lending policy continues to contribute to a consistently low level of loan impairment as illustrated below:

Loan impairment charges	31 March 2021	31 March 2020	31 March 2019
Annual impairment charge (as a % of loan book)	(0.04)%	0.24%	(0.09)%
Annual impairment charge ($000's)	(45)	301	(126)

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 2021 including Redeemable Share (principal and interest outstanding) of $121,783,572 and Deposits (principal and interest outstanding) of $12,295,228. 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 2021
		Higher ranking / earlier priority	
	Liabilities that rank in priority to Deposits, Redeemable Shares and capital shares	Creditors preferred by law	$ 190,216
	Liabilities that rank equally with Deposits	Deposits, trade and general creditors	$ 12,295,228
	Liabilities that rank behind Deposits but in priority to equity	Redeemable Shares	$121,783,572
	Equity	Transferred to the WBSCT in accordance with the WBS Rules	$23,188,677
		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

Security type	31 March 2021	31 March 2020	31 March 2019
WBS capital ratio as calculated by the 2010 Regulations	15.8%	14.3%	13.2%
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

Security type	31 March 2021	31 March 2020	31 March 2019
Amount of WBS's aggregate exposures to related parties as calculated by the 2010 Regulations	Nil	Nil	Nil
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 2021	31 March 2020	31 March 2019
Liquidity calculated in accordance with the Trust Deed	Liquid assets ratio [1]	48.6%	36.7%	35.4%
	Liquidity mismatch ratio [2]	309.1%	284.2%	287.4%
Minimum liquidity requirements under the Trust Deed	Liquid assets ratio	10.0%	10.0%	10.0%
	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		
	2021	2020	2019
Total assets	158,714	167,785	160,159
Total liabilities	135,526	145,935	140,265
Net profit after tax	1,959	2,020	1,751
Net cash flows from operating activities	10,215	6,905	5,142
Cash and cash equivalents	41,685	29,612	22,039
Capital as calculated in accordance with the 2010 Regulations	22,416	21,627	19,594

[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 2021

How the key ratios have been calculated

A1. Capital ratio

		NZ$	NZ$
a	Gross capital		23,188,677
b	Deductions from gross capital		(773,047)
c	Adjusted capital being **a** minus **b**		22,415,630
d	• Risk-weighted credit risk exposure • Risk-weighted market & operational risk exposure	117,317,612 24,230,438	
	Total risk-weighted exposures		141,548,050
	Capital ratio (being **c** divided by **d**)		15.8%

A2. Calculation of risk-weighted credit risk exposure

		Gross asset book values	Average risk-weighting	Risk-weighted asset values
	Residential mortgage loans	68,893,959	38%	26,269,763
	Other loans with qualifying security over land and buildings	19,482,716	102%	19,897,351
	Other loans	1,644,663	164%	2,704,607
	Property development loans	18,131,358	157%	28,398,456
	Claims on NZ registered banks	42,020,117	20%	8,404,023
	Commercial property investments and other fixed assets	8,956,685	350%	31,348,396
	Other assets	472,183	62%	295,016
a	Total assets	159,601,681		
b	Risk-weighted credit risk exposure			117,317,612
	Risk-weighted market and operational risk exposure being **a** plus **b** divided by two and multiplied by 17.5%			24,230,438

B. Related party exposures

		NZ$
a	Aggregate related party exposures	Nil
b	Adjusted capital (from table A1)	22,415,630
	Related party exposures as a % of capital being **b** divided by **a**	0.0%
	Maximum limit of aggregate related party exposures	15.0%

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

		NZ$
a	Total Tangible Assets	158,459,835
b	Total Shareholders Funds	23,188,677
c	Net Assets being **a** minus **b**	135,271,158
d	Liquid Assets (as defined in the Trust Deed)	65,687,380
	Liquid Assets as a % of Net Assets being **d** divided by **c**	48.6%
	Minimum liquid assets ratio as per Trust Deed	10.00%

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ$
a	Aggregate amount of loan principal and interest receivable in the next 3 months	2,369,534
b	Aggregate amount of: • 20% of Deposits and Redeemable Shares maturing in next 3 months • 20% of committed but undrawn loan facilities	20,851,276
c	Liquidity mismatch surplus/(deficit) being **a** minus **b**	(18,481,742)
d	115 of liquidity mismatch deficit being 115% of **c**	(21,254,004)
e	Liquid Assets (as defined in the Trust Deed)	65,687,380
	Liquid Assets as a % of liquidity mismatch deficit being **e** divided by **d**	309.1%
	Minimum liquidity mismatch ratio as per Trust Deed	115.0%

Appendix B – as at 31 March 2020

How the key ratios have been calculated

A1. Capital ratio

		NZ$	NZ$
a	Gross capital		21,850,683
b	Deductions from gross capital		(224,117)
c	Adjusted capital being **a** minus **b**		21,626,566
d	• Risk-weighted credit risk exposure	125,811,485	
	• Risk-weighted market & operational risk exposure	25,753,151	
	Total risk-weighted exposures		151,564,636
	Capital ratio (being **c** divided by **d**)		14.3%

A2. Calculation of risk-weighted credit risk exposure

		Gross asset book values	Average risk-weighting	Risk-weighted asset values
	Residential mortgage loans	91,345,463	39%	35,844,677
	Other loans with qualifying security over land and buildings	23,592,700	107%	25,201,472
	Other loans	2,424,249	164%	3,981,736
	Property development loans	9,906,496	150%	14,859,744
	Claims on NZ registered banks	29,542,976	20%	5,908,595
	Commercial property investments and other fixed assets	11,308,771	350%	39,580,699
	Other assets	389,589	112%	434,562
a	Total assets	168,510,244		
b	Risk-weighted credit risk exposure			125,811,485
	Risk-weighted market and operational risk exposure being **a** plus **b** divided by two and multiplied by 17.5%			25,753,151

B. Related party exposures

		NZ$
a	Aggregate related party exposures	Nil
b	Adjusted capital (from table A1)	21,626,566
	Related party exposures as a % of capital being **b** divided by **a**	0.0%
	Maximum limit of aggregate related party exposures	15.0%

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

		NZ$
a	Total Tangible Assets	167,745,972
b	Total Shareholders Funds	21,850,683
c	Net Assets being **a** minus **b**	145,895,289
d	Liquid Assets (as defined in the Trust Deed)	53,614,715
	Liquid Assets as a % of Net Assets being **d** divided by **c**	48.6%
	Minimum liquid assets ratio as per Trust Deed	10.00%

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ$
a	Aggregate amount of loan principal and interest receivable in the next 3 months	2,746,704
b	Aggregate amount of: • 20% of Deposits and Redeemable Shares maturing in next 3 months • 20% of committed but undrawn loan facilities	19,148,789
c	Liquidity mismatch surplus/(deficit) being **a** minus **b**	(16,402,085)
d	115 of liquidity mismatch deficit being 115% of **c**	(18,862,397)
e	Liquid Assets (as defined in the Trust Deed)	53,614,715
	Liquid Assets as a % of liquidity mismatch deficit being **e** divided by **d**	284.2%
	Minimum liquidity mismatch ratio as per Trust Deed	115.0%

Appendix C – as at 31 March 2019

How the key ratios have been calculated

A1. Capital ratio

		NZ$	NZ$
a	Gross capital		19,894,013
b	Deductions from gross capital		107,433
c	Adjusted capital being **a** minus **b**		19,786,580
d	• Risk-weighted credit risk exposure	124,304,079	
	• Risk-weighted market & operational risk exposure	24,940,119	
	Total risk-weighted exposures		149,244,198
	Capital ratio (being **c** divided by **d**)		13.2%

A2. Calculation of risk-weighted credit risk exposure

		Gross asset book values	Average risk-weighting	Risk-weighted asset values
	Residential mortgage loans	96,118,917	40%	38,180,645
	Other loans with qualifying security over land and buildings	22,645,925	113%	25,505,589
	Other loans	2,422,986	277%	6,716,093
	Property development loans	5,547,228	152%	8,416,493
	Claims on NZ registered banks	21,800,000	20%	4,360,000
	Commercial property investments and other fixed assets	10,117,771	350%	35,412,199
	Other assets	1,950,526	293%	5,713,062
a	Total assets	160,603,353		
b	Risk-weighted credit risk exposure			124,304,081
	Risk-weighted market and operational risk exposure being **a** plus **b** divided by two and multiplied by 17.5%			24,929,400

B. Related party exposures

		NZ$
a	Aggregate related party exposures	Nil
b	Adjusted capital (from table A1)	19,786,580
	Related party exposures as a % of capital being **b** divided by **a**	0.0%
	Maximum limit of aggregate related party exposures	15.0%

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

		NZ$
a	Total Tangible Assets	160,158,902
b	Total Shareholders Funds	19,894,093
c	Net Assets being **a** minus **b**	140,264,809
d	Liquid Assets (as defined in the Trust Deed)	49,672,714
	Liquid Assets as a % of Net Assets being **d** divided by **c**	35.4%
	Minimum liquid assets ratio as per Trust Deed	7.50%

C2. Liquidity mismatch ratio (Trust Deed clause 4.1.1.15)

		NZ$
a	Aggregate amount of loan principal and interest receivable in the next 3 months	3,061,552
b	Aggregate amount of: • 20% of Deposits and Redeemable Shares maturing in next 3 months • 20% of committed but undrawn loan facilities	18,089,287
c	Liquidity mismatch surplus/(deficit) being **a** minus **b**	(15,027,735)
d	115 of liquidity mismatch deficit being 115% of **c**	(17,281,895)
e	Liquid Assets (as defined in the Trust Deed)	49,672,714
	Liquid Assets as a % of liquidity mismatch deficit being **e** divided by **d**	287.4%
	Minimum liquidity mismatch ratio as per Trust Deed	115.0%