

HERETAUNGA BUILDING SOCIETY
Quarterly report as at 30 June 2019

KEY RATIOS

Capital Ratio	Quarter ended 30-Jun-19	Year ended 31-Mar-19	Year ended 31-Mar-18	Year Ended 31-Mar-17
Capital Ratio calculated in accordance with the 2010 Regulations *	17.85%	17.93%	17.78%	17.75%
Minimum capital ratio required by Trust Deed	12%	12%	12%	12%
Minimum capital ratio that must be included in the Trust Deed under the 2010 Regulations	12%	12%	12%	12%

The capital ratio is a measure of the extent to which Hereaunga Building Society is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets Heretaunga Building Society has to absorb unexpected losses arising out of its business activities.

Related Party Exposures	Quarter Ended 30-Jun-19	Year ended 31-Mar-19	Year Ended 31-Mar-18	Year ended 31-Mar-17
Aggregate exposures to related parties as calculated in accordance with the 2010 regulations*	1.57%	5.32%	6.26%	11.95%
Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed	15% of capital	15% of capital	15% of capital	15% of capital
Maximum limit on aggregate exposures to related parties that we must not exceed that is included in our Trust Deed under 2010 Regulations	15% of capital	15% of capital	15% of capital	15% of capital

Related party exposures are financial exposures that Heretaunga Building Society has to related parties. A related party is an entity that is related to Heretaunga Building Society through control or some other connection that may give the party influence over Heretaunga Building Society. These related parties include directors, senior management as well as close family members.

Liquidity	Quarter ended 30-Jun-19	Year ended 31-Mar-18	Year ended 31-Mar-18	Year Ended 31-Mar-17
Liquidity calculated in accordance with the Trust Deed	23%	28%	42%	40%
Minimum liquidity requirements under the Trust Deed	15%	15%	15%	15%
Liquidity mismatch ratio	202.8%	267.3%	335.1%	393.1%
Minimum Liquidity mismatch ratio required by Trust Deed	115%	115%	115%	115%

Selected Financial Information

	Quarter ended 30-Jun-19 \$	Year ended 31-Mar-19 \$	Year ended 31-Mar-18 \$	Year Ended 31-Mar-17 \$
Total Assets as determined in accordance with GAAP	31,644,032	31,430,899	30,702,991	27,515,363
Total Liabilities as determined in accordance with GAAP	26,502,656	26,320,487	25,910,021	23,044,506
Net Profit after tax as determined in accordance with GAAP	30,963	39,945	33,338	(37,774)
Net cash flows from Operating Activities as determined in accordance with GAAP	1,374,887	(3,299,158)	(1,902,925)	2,567,572
Cash and Cash Equivalents as determined in accordance with GAAP	4,499,245	5,874,132	8,936,794	7,464,325
Capital as calculated in accordance with the 2010 Regulations	5,141,376	5,110,413	4,792,970	4,470,857

* Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010

HOW THE RATIOS HAVE BEEN CALCULATED

Capital Ratio

	30-Jun-19	31-Mar-19	31-Mar-18	31-Mar-17
Capital				
Retained Earnings	1,111,011	1,080,058	1,052,304	810,138
General reserve	2,800,000	2,800,000	2,800,000	2,800,000
Available for sale reserve	0	0	(4,699)	38,449
Revaluation reserve	1,230,365	1,230,365	945,365	822,270
Gross Capital	5,141,376	5,110,423	4,792,970	4,470,857
Deductions from Gross Capital	-	-	-	-
Adjusted Capital (A)	5,141,376	5,110,423	4,792,970	4,470,857
Risk weighted credit risk exposure	23,941,530	23,676,453	22,312,153	20,946,463
Risk weighted market and operational risk exposure	4,863,737	4,821,893	4,638,825	4,240,410
Total risk weighted exposures (B)	28,805,267	28,498,346	26,950,978	25,186,873
Capital ratio (A) divided by (B)	17.85%	17.93%	17.78%	17.75%

Exposures

	30-Jun-19 Asset	Exposure \$	Risk Weighting %	Risk Weighting Exposures \$
New Zealand Banks		5,320,470	20.0%	1,064,094
Rated Long term - Grade 2			50.0%	-
Residential mortgages				
LVR - 70% and under		14,446,506	35.0%	5,056,277
LVR - 70% - 80%		6,982,269	50.0%	3,491,135
LVR - 80% - 90%			100.0%	-
LVR - 90% - 100%			125.0%	-
Commercial mortgages - LVR - 70% and under		917,225	100.0%	917,225
Rural mortgages - LVR - 70% and under		203,467	100.0%	203,467
Land & Buildings		3,685,857	350.0%	12,900,500
Other assets		88,238	350.0%	308,833
Total Assets (A)		31,644,032		
Total Risk Weighted Exposures (B)				23,941,530
Operational & Market Exposures (A + B)/2 x 0.175				4,863,737
Total Exposures				28,805,267

Exposures

31-Mar-19		Exposure	Risk	Risk
Asset		\$	Weighting	Weighting
			%	Exposures
				\$
New Zealand Banks		6,695,357	20.0%	1,339,071
Rated Long term - Grade 2			50.0%	
Residential mortgages				
LVR - 70% and under		13,175,949	35.0%	4,611,582
LVR - 70% - 80%		6,444,448	50.0%	3,222,224
LVR - 80% - 90%		372,602	100.0%	372,602
LVR - 90% - 100%			125.0%	-
Commercial mortgages - LVR - 70% and under		755,293	100.0%	755,293
Rural mortgages - LVR - 70% and under		231,878	100.0%	231,878
Land & Buildings		3,685,958	350.0%	12,900,853
Other assets		69,414	350.0%	242,949
Total Assets (A)		<u>31,430,899</u>		
Total Risk Weighted Exposures (B)				<u>23,676,453</u>
Operational & Market Exposures (A + B)/2 x 0.175				4,821,893
Total Exposures				<u>28,498,346</u>
31-Mar-18		Exposure	Risk	Risk
Asset		\$	Weighting	Weighting
			%	Exposures
				\$
New Zealand Banks		10,074,207	20.0%	2,014,841
Rated Long term - Grade 2			50.0%	
Residential mortgages				
LVR - 70% and under		8,541,336	35.0%	2,989,468
LVR - 70% - 80%		7,068,138	50.0%	3,534,069
LVR - 80% - 90%			100.0%	-
LVR - 90% - 100%			125.0%	-
Commercial mortgages - LVR - 70% and under		918,779	100.0%	918,779
Rural mortgages - LVR - 70% and under		598,745	100.0%	598,745
Land & Buildings		3,401,733	350.0%	11,906,066
Other assets		100,053	350.0%	350,186
Total Assets (A)		<u>30,702,991</u>		
Total Risk Weighted Exposures (B)				<u>22,312,153</u>
Operational & Market Exposures (A + B)/2 x 0.175				4,638,825
Total Exposures				<u>26,950,978</u>

Exposures

	31-Mar-17	Exposure	Risk Weighting	Risk Weighting Exposures
	Asset	\$	%	\$
New Zealand Banks		8,558,806	20.0%	1,711,761
Rated Long term - Grade 2			50.0%	
Residential mortgages				
LVR - 70% and under		9,791,658	35.0%	3,427,080
LVR - 70% - 80%		3,236,936	50.0%	1,618,468
LVR - 80% - 90%		196,235	100.0%	196,235
LVR - 90% - 100%		353,053	125.0%	441,316
Commercial mortgages - LVR - 70% and under		1,481,729	100.0%	1,481,729
Rural mortgages - LVR - 70% and under		627,775	100.0%	627,775
Land & Buildings		3,215,000	350.0%	11,252,500
Other assets		54,171	350.0%	189,599
Total Assets (A)		<u>27,515,363</u>		
Total Risk Weighted Exposures (B)				<u>20,946,463</u>
Operational & Market Exposures (A + B)/2 x 0.175				4,240,410
Total Exposures				<u>25,186,873</u>

Related Party Exposures

	30-Jun-19	31-Mar-19	31-Mar-18	31-Mar-17
Aggregate related party exposures	80,728	271,692	299,893	534,143
Adjusted Capital	5,141,376	5,110,413	4,792,970	4,470,857
Related party exposures as a % of capital	1.57%	5.32%	6.26%	11.95%

Liquid assets ratio

	30-Jun-19	31-Mar-19	31-Mar-18	31-Mar-17
Total tangible assets (A)	31,644,032	31,430,899	30,702,991	27,515,363
Total Capital (B)	5,141,376	5,110,413	4,792,970	4,470,857
Net Assets being A minus B	26,502,656	26,320,486	25,910,021	23,044,506
Liquid assets	6,020,470	7,395,357	10,774,207	9,258,806

Liquid assets as % of Net Assets

23% 28% 42% 40%

Liquidity mismatch ratio

Aggregate amount of loan principal and interest receivable in the next 3 months	801,005	185,679	215,217	482,291
Aggregate amount of:				
20% of redeemable shares maturing in next 3 months	3,383,079	2,591,939	3,011,294	2,530,397
20% of committed but undrawn loan facilities		0	0	0
Liquidity mismatch surplus/(deficit)	<u>(2,582,074)</u>	<u>(2,406,260)</u>	<u>(2,796,077)</u>	<u>(2,048,106)</u>
115% of liquidity mismatch deficit	<u>(2,969,385)</u>	<u>(2,767,199)</u>	<u>(3,215,489)</u>	<u>(2,355,322)</u>
Liquid assets	6,020,470	7,395,357	10,774,207	9,258,806
Liquid assets as a % of liquidity mismatch deficit	202.8%	267.3%	335.1%	393.1%