

HERETAUNGA BUILDING SOCIETY
Quarterly report as at 30 June 2020

KEY RATIOS

Capital Ratio	Quarter ended 30-Jun-20	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Capital Ratio calculated in accordance with the 2010 Regulations *	17.36%	17.40%	17.93%	17.78%
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 Hereaunga Building Society has to absorb unexpected losses arising out of its business activities.

Related Party Exposures	Quarter ended 30-Jun	Year ended 31-Mar-20	Year ended 31-Mar-19	Year Ended 31-Mar-18
Aggregate exposures to related parties as calculated in accordance with the 2010 regulations*	4.88%	10.54%	5.32%	6.26%
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 Hereaunga Building Society has to related parties. A related party is an entity that is related to Hereaunga Building Society through control or some other connection that may give the party influence over Hereaunga Building Society. These related parties include directors, senior management as well as close family members.

Liquidity	Quarter ended 30-Jun	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Liquidity calculated in accordance with the Trust Deed	52%	49%	28%	42%
Minimum liquidity requirements under the Trust Deed	15%	15%	15%	15%
Liquidity mismatch ratio	441.7%	520.2%	267.3%	335.1%
Minimum Liquidity mismatch ratio required by Trust Deed	115%	115%	115%	115%

Selected Financial Information

	Quarter ended 30-Jun \$	Year ended 31-Mar-20 \$	Year ended 31-Mar-19 \$	Year ended 31-Mar-18 \$
Total Assets as determined in accordance with GAAP	39,843,647	39,534,252	31,430,899	30,702,991
Total Liabilities as determined in accordance with GAAP	34,531,030	34,203,510	26,320,487	25,910,021
Net Profit after tax as determined in accordance with GAAP	(18,126)	70,330	39,945	33,338
Net cash flows from Operating Activities as determined in accordance with GAAP	1,111,414	9,357,344	(3,299,158)	(1,902,925)
Cash and Cash Equivalents as determined in accordance with GAAP	16,654,918	15,543,505	5,874,132	8,936,794
Capital as calculated in accordance with the 2010 Regulations	5,312,617	5,330,742	5,110,413	4,792,970

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

HOW THE RATIOS HAVE BEEN CALCULATED

Capital Ratio

	30-Jun	31-Mar-20	31-Mar-19	31-Mar-18
Capital				
Retained Earnings	1,132,252	1,150,377	1,080,048	1,052,304
General reserve	2,800,000	2,800,000	2,800,000	2,800,000
Available for sale reserve	-	-	-	4,699
Revaluation reserve	1,380,365	1,380,365	1,230,365	945,365
Gross Capital	5,312,617	5,330,742	5,110,413	4,792,970
Deductions from Gross Capital	-	-	-	-
Adjusted Capital (A)	5,312,617	5,330,742	5,110,413	4,792,970
Risk weighted credit risk exposure	24,943,668	24,996,289	23,676,453	22,312,153
Risk weighted market and operational risk exposure	5,668,890	5,646,422	4,821,893	4,638,825
Total risk weighted exposures (B)	30,612,558	30,642,711	28,498,346	26,950,978
Capital ratio (A) divided by (B)	17.36%	17.40%	17.93%	17.78%

Exposures	30-Jun-20	Exposure	Risk Weighting	Risk
				Weighting
	Asset	\$	%	Exposures
				\$
New Zealand Banks		17,137,685	20.0%	3,427,537
Rated Long term - Grade 2			50.0%	-
Residential mortgages				
LVR - 70% and under		15,248,280	35.0%	5,336,898
LVR - 70% - 80%		1,926,204	50.0%	963,102
LVR - 80% - 90%			100.0%	-
LVR - 90% - 100%			125.0%	-
Commercial mortgages - LVR - 70% and under		873,707	100.0%	873,707
Rural mortgages - LVR - 70% and under		783,910	100.0%	783,910
Land & Buildings		3,835,504	350.0%	13,424,264
Other assets		38,357	350.0%	134,250
Total Assets (A)		<u>39,843,647</u>		
Total Risk Weighted Exposures (B)				<u>24,943,668</u>
Operational & Market Exposures (A + B)/2 x 0.175				5,668,890
Total Exposures				<u>30,612,558</u>

Exposures	31-Mar-20	Exposure	Risk Weighting	Risk
				Weighting
	Asset	\$	%	Exposures
				\$
New Zealand Banks		16,021,204	20.0%	3,204,241
Rated Long term - Grade 2			50.0%	-
Residential mortgages				
LVR - 70% and under		15,447,367	35.0%	5,406,578
LVR - 70% - 80%		2,739,058	50.0%	1,369,529
LVR - 80% - 90%			100.0%	-
LVR - 90% - 100%			125.0%	-
Commercial mortgages - LVR - 70% and under		884,703	100.0%	884,703
Rural mortgages - LVR - 70% and under		566,193	100.0%	566,193
Land & Buildings		3,835,557	350.0%	13,424,450
Other assets		40,170	350.0%	140,595
Total Assets (A)		<u>39,534,252</u>		
Total Risk Weighted Exposures (B)				<u>24,996,289</u>
Operational & Market Exposures (A + B)/2 x 0.175				5,646,422
Total Exposures				<u>30,642,711</u>

Exposures	31-Mar-19	Exposure	Risk Weighting	Risk
				Weighting
	Asset	\$	%	Exposures
				\$
New Zealand Banks		6,695,357	20.0%	1,339,071
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>

Exposures	31-Mar-18	Exposure	Risk Weighting	Risk
				Weighting
	Asset	\$	%	Exposures
				\$
New Zealand Banks		10,074,207	20.0%	2,014,841
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>

Related Party Exposures

	30-Jun-20	31-Mar-20	31-Mar-19	31-Mar-18
Aggregate related party exposures	259,256	561,893	271,692	299,893
Adjusted Capital	5,312,617	5,330,742	5,110,413	4,792,970
Related party exposures as a % of capital	4.88%	10.54%	5.32%	6.26%

Liquid assets ratio

	30-Jun-20	31-Mar-20	31-Mar-19	31-Mar-18
Total tangible assets (A)	39,843,647	39,534,253	31,430,899	30,702,991
Total Capital (B)	5,312,617	5,330,742	5,110,413	4,792,970
Net Assets being A minus B	34,531,030	34,203,511	26,320,486	25,910,021
Liquid assets	17,837,685	16,726,271	7,395,357	10,774,207
Cash equivalents	16,654,919	15,543,505	5,874,132	8,936,794
Corporate Bonds	482,766	482,766	821,225	1,137,413
Westpac facility	700,000	700,000	700,000	700,000
Liquid assets as % of Net Assets	52%	49%	28%	42%

Liquidity mismatch ratio

Aggregate amount of loan principal and interest receivable in the next 3 months	289,071	262,483	185,679	215,217
Aggregate amount of:				
20% of redeemable shares maturing in next 3 months	3,800,836	3,058,582	2,591,939	3,011,294
20% of committed but undrawn loan facilities				
Liquidity mismatch surplus/(deficit)	(3,511,765)	(2,796,099)	(2,406,260)	(2,796,077)
115% of liquidity mismatch deficit	(4,038,530)	(3,215,514)	(2,767,199)	(3,215,489)
Liquid assets	17,837,685	16,726,271	7,395,357	10,774,207
Liquid assets as a % of liquidity mismatch deficit	441.7%	520.2%	267.3%	335.1%