

NBS

Banking for life

Quarterly Ongoing Disclosure

As at 30 September 2021

1. Key Ratios

CAPITAL

Capital Ratio ¹	12.29%
Minimum capital ratio under the Trust Deed	For as long as NBS has a credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 8%. If NBS has no credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 10%.
Minimum capital ratio that must be set out in the Trust Deed under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	For as long as NBS has a credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 8%. If NBS has no credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 10%.

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

As at 30 September 2021 all perpetual non-cumulative preference shares have full voting rights, as such their contribution towards NBS's capital is unrestricted.

RELATED PARTIES

Related party ratio	2.08%
Maximum aggregate exposure of NBS to related parties under the Trust Deed	15%

Related party exposures are financial exposures that NBS has to related parties. A related party is an entity that is related to NBS through common control or some other connection that may give the party influence over NBS (or NBS over the related party).

LIQUIDITY

Liquidity ratio for proceeding three months	306%	335%	254%
Minimum liquidity coverage under the Trust Deed	Total liquid assets will not be less than 115% of the deficit arising from: i) aggregate amount receivable by NBS in cash within the next three months, less ii) aggregate amount payable by NBS in cash by way of: a) 40% of debt securities payable during the next three months b) 40% of committed undrawn lending facilities		

Liquidity requirements help to ensure that NBS 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 NBS is unable to repay depositors on time, and may indicate other financial problems in its business.

2. Selected Financial Information as at and for the 3 months ended 30 September 2021

Total assets*	1,038,205,025
Total intangible assets*	564,016
Total tangible assets*	1,037,641,009
Total liabilities*	941,801,424
Net profit after tax*	2,817,101
Net cash flows from operating activities*	28,774,056
Cash and cash equivalents*	162,589,851
Regulatory capital**	94,076,303

* As determined in accordance with GAAP

** As calculated in accordance with the 2010 Regulations

3. Ratio Calculations as at 30 September 2021

1. CAPITAL COMPLIANCE

Capital					(\$M)
Retained earnings					45,264
Fully paid perpetual preference shares					50,288
Reserves					0,852
Total capital					96,404
Regulatory deductions from capital					
Intangibles					2,327
Net regulatory capital				(E)	94,077
Exposures					(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures	
Agricultural/farming					
Secured by 1st mortgage over rural land & buildings	<=70%	100%	55,391	55,391	
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	2,922	4,383	
Secured by a PPSR charge over rural "qualifying movable machinery" <=70%		100%	-	-	
Secured by a PPSR charge over rural "qualifying movable machinery" >70%		150%	-	-	
			58,313	59,774	
Property Development					
Secured by 1st mortgage over land & buildings	<=60%	150%	32,949	49,424	
			32,949	49,424	
Other property (primary/commercial/industrial/retail property)					
Secured by 1st mortgage over land & buildings	<=70%	100%	102,446	102,446	
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	-	-	
			102,446	102,446	
Residential mortgages (owner occupied and investment)					
Secured by 1st mortgage over land & buildings	<=70%	35%	370,421	129,647	
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	118,504	59,252	
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	2,038	2,038	
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	-	-	
Mortgage insured by Kāinga Ora	Any	20%	14,890	2,978	
			505,853	193,915	
Consumer loans - to individuals with loan balances less than \$40,000					
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	43,067	43,067	
Secured by a PPSR charge over any other asset	Any	100%	1,267	1,267	
Unsecured	Any	150%	0,390	0,585	
			44,724	44,919	
All other loans					
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	14,903	14,903	
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	31,656	47,484	
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	27,877	41,816	
Unsecured	Any	200%	-	-	
			74,436	104,203	
Total net loan book (after provisions, deductions and deposit set offs)					
			818,721	554,680	
Value of qualifying deposits used as set off against loans			2,058		
Cash		0%	2,173	-	
New Zealand registered bank deposits and securities		20%	206,717	41,343	
Trade and receivables		350%	0,048	0,168	
Operating Leases		175%	0,895	1,566	
Fixed Assets		350%	4,647	16,265	
Intangibles		0%	2,327	-	
All Other Assets		350%	0,619	2,167	
Off Balance Sheet Items		100%		4,205	
Total assets			(A) 1,038,205	(B) 620,394	
Market and operational risk requirement		(A+B)/2 x 0.175		(C) 145,127	
Total Exposures		B+C		(D) 765,521	
Capital ratio as at 30 September 2021		E/D			12.29%

2. RELATED PARTY EXPOSURE

NBS's aggregate exposure to related parties as a percentage of capital must not exceed 15%.

Regulatory Capital	(A)	94,076,303
NBS related party exposure		
Related party loans	(B)	1,954,000
Related party exposure % of capital	$C=B/A$	2.08%

3. LIQUIDITY COMPLIANCE

		October 2021	November 2021	December 2021
Total liquid assets	(A)	208,890,455	208,890,455	208,890,455
PLUS:				
All expected inflows due within each month	(B)	6,501,144	9,743,177	3,830,239
LESS:				
Principal of the securities payable during the next three months	(C)	56,668,633	52,133,573	80,579,868
40% of term deposits due within each month	$D=C \times 40\%$	22,667,453	20,853,429	32,231,947
Committed undrawn lending facilities				
Flexible facilities	(E)	48,383,087	48,383,087	48,383,087
Loans approved but undrawn	(F)	59,441,765	59,441,765	59,441,765
	$G=E+F$	107,824,852	107,824,852	107,824,852
40% of committed undrawn lending facilities	$H=G \times 40\%$	43,129,941	43,129,941	43,129,941
Mismatch dollar amount	$I=B-D-H$	59,296,251	54,240,193	71,531,649
115%	$J=I \times 115\%$	68,190,688	62,376,222	82,261,396
Available liquidity	$K=A-J$	140,699,766	146,514,233	126,629,058
Liquidity as a % of deficit	$L=A/J$	306%	335%	254%

Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 30 September 2021.