

Quarterly Ongoing Disclosure

As at 30 June 2022

1. Key Ratios

Capital

Capital Ratio ¹		12.93%
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 June 2022 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	3.13%
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	263%	299%	253%
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 June 2022

Total assets*	1,070,735,376
Total intangible assets*	461,742
Total tangible assets*	1,070,273,633
Total liabilities*	964,966,979
Net profit after tax*	2,942,604
Net cash flows from operating activities*	(16,246,218)
Cash and cash equivalents*	109,067,624
Regulatory capital**	104,011,000

* As determined in accordance with GAAP

** As calculated in accordance with 2010 Regulations

3. Ratio Calculations as at 30 June 2022

1. Capital Compliance

Capital					(\$M)	
Retained earnings					54.040	
Fully paid perpetual preference shares					50.669	
Reserves					1.060	
Total capital					105.769	
Regulatory deductions from capital						
Intangibles					1.758	
Net regulatory capital				(E)	104.011	
Exposures					(\$M)	(\$M)
	LVR	Risk Weighting	Value			Risk Weighted Exposures
Agriculture/farming						
Secured by 1st mortgage over rural land & buildings	<=70%	100%	53.566			53.566
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	7.621			11.432
Secured by a PPSR charge over rural "qualifying movable machinery"	<=70%	100%	-			-
Secured by a PPSR charge over rural "qualifying movable machinery"	>70%	150%	-			-
			61.187			64.998
Property Development						
Secured by 1st mortgage over land & buildings	<=60%	150%	31.879			47.819
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	10.144			20.288
			42.023			68.107
Other property (primary/commercial/industrial/retail property)						
Secured by 1st mortgage over land & buildings	<=70%	100%	108.652			108.652
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	5.075			7.613
			113.727			116.265
Residential mortgages (owner occupied and investment)						
Secured by 1st mortgage over land & buildings	<=70%	35%	434.684			152.139
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	78.340			39.170
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	4.791			4.791
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	0.501			0.626
Mortgage insured by Kāinga Ora	Any	20%	13.191			2.638
			531.507			199.364
Consumer loans - to individuals with loan balances less than \$40,000						
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	37.570			37.570
Secured by a PPSR charge over any other asset	Any	100%	1.002			1.002
Unsecured	Any	150%	-			-
			38.572			38.572
All other loans						
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	16.120			16.120
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	23.803			35.705
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	29.108			43.662
Unsecured	Any	200%	2.556			5.112
			71.587			100.599
Total net loan book (after provisions, deductions and deposit set offs)						
			858.603			587.904
Value of qualifying deposits used as set off against loans			2.567			
Cash		0%	2.521			-
New Zealand registered bank deposits and securities		20%	198.770			39.754
Trade and receivables		350%	0.031			0.109
Operating Leases		175%	0.745			1.304
Fixed Assets		350%	4.868			17.038
Intangibles		0%	1.758			-
All Other Assets		350%	0.872			3.052
Off Balance Sheet Items		100%	4.423			4.423
Total assets			(A) 1070.735		(B)	653.583
Market and operational risk requirement		(A+B)/2 x 0.175			(C)	150.878
Total Exposures		B+C			(D)	804.461
Capital ratio as at 30 June 2022		E/D				12.93%

2. Related Party Exposure

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

Regulatory Capital	(A)	104,011,000
NBS related party exposure		
Related party loans	(B)	3,257,000
Related party exposure % of capital	$C=B/A$	3.13%

3. Liquidity Compliance

		July 2022	August 2022	September 2022
Total liquid assets	(A)	201,290,852	201,290,852	201,290,852
PLUS:				
All expected inflows due within each month	(B)	8,117,499	9,048,401	5,370,717
LESS:				
Principal of the securities payable during the next three months	(C)	46,837,405	29,476,310	46,708,450
40% of term deposits due within each month	$D=C \times 40\%$	18,734,962	11,790,524	18,683,380
Committed undrawn lending facilities				
Flexible facilities	(E)	53,392,977	53,392,977	53,392,977
Loans approved but undrawn	(F)	86,297,176	86,297,176	86,297,176
	$G=E+F$	139,690,153	139,690,153	139,690,153
40% of committed undrawn lending facilities	$H=G \times 40\%$	55,876,061	55,876,061	55,876,061
Mismatch dollar amount	$I=B-D-H$	66,493,524	58,618,184	69,188,724
115%	$J=I \times 115\%$	76,467,553	67,410,912	79,567,033
Available liquidity	$K=A-J$	124,823,299	133,879,940	121,723,820
Liquidity as a % of deficit	$L=A/J$	263%	299%	253%

Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 30 June 2022.