

NBS

Banking for life

Quarterly Ongoing Disclosure

As at 31 March 2021

1. Key Ratios

CAPITAL

Capital Ratio ¹	13.92%
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 31 March 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	1.86%
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	395%	387%	401%
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 31 March 2021

Total assets*	948,155,529
Total intangible assets*	647,048
Total tangible assets*	947,508,481
Total liabilities*	855,705,526
Net profit after tax*	2,949,508
Net cash flows from operating activities*	(20,835,702)
Cash and cash equivalents*	72,381,418
Regulatory capital**	90,389,421

* As determined in accordance with GAAP

** As calculated in accordance with the 2010 Regulations

3. Ratio Calculations as at 31 March 2021

1. CAPITAL COMPLIANCE

Capital				(\$M)	
Retained earnings				40.450	
Fully paid perpetual preference shares				50.639	
Reserves				1.374	
Total capital				92.463	
Regulatory deductions from capital					
Intangibles				2.073	
Net regulatory capital			(E)	90.390	
Exposures				(\$M)	(\$M)
	LVR	Risk Weighting	Value		Risk Weighted Exposures
Agricultural/farming					
Secured by 1st mortgage over rural land & buildings	<=70%	100%	54.177		54.177
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	-		-
Secured by a PPSR charge over rural "qualifying movable machinery" <=70%		100%	-		-
Secured by a PPSR charge over rural "qualifying movable machinery" >70%		150%	-		-
			54.177		54.177
Property Development					
Secured by 1st mortgage over land & buildings	<=60%	150%	6.104		9.156
			6.104		9.156
Other property (primary/commercial/industrial/retail property)					
Secured by 1st mortgage over land & buildings	<=70%	100%	74.656		74.656
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	-		-
			74.656		74.656
Residential mortgages (owner occupied and investment)					
Secured by 1st mortgage over land & buildings	<=70%	35%	329.116		115.191
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	121.279		60.640
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	3.246		3.246
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	0.903		1.129
Mortgage insured by Kāinga Ora	Any	20%	15.267		3.053
			469.811		183.258
Consumer loans - to individuals with loan balances less than \$40,000					
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	45.257		45.257
Secured by a PPSR charge over any other asset	Any	100%	1.427		1.427
Unsecured	Any	150%	0.323		0.485
			47.007		47.169
All other loans					
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	15.010		15.010
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	25.653		38.480
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	21.035		31.553
Unsecured	Any	200%	-		-
			61.698		85.042
Total net loan book (after provisions, deductions and deposit set offs)			713.453		453.458
Value of qualifying deposits used as set off against loans			1.005		
Cash		0%	2.602		-
New Zealand registered bank deposits and securities		20%	223.234		44.647
Trade and receivables		350%	0.080		0.280
Operating Leases		175%	0.934		1.635
Fixed Assets		350%	3.852		13.482
Intangibles		0%	2.073		-
All Other Assets		350%	0.923		3.231
Off Balance Sheet Items		100%			4.301
Total assets			(A) 948.156	(B)	521.034
Market and operational risk requirement		(A+B)/2 x 0.175		(C)	128.554
Total Exposures		B+C		(D)	649.588
Capital ratio as at 31 March 2021		E/D			13.92%

2. RELATED PARTY EXPOSURE

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

Regulatory Capital	(A)	90,389,421
NBS related party exposure		
Related party loans	(B)	1,682,000
Related party exposure % of capital	$C=B/A$	1.86%

3. LIQUIDITY COMPLIANCE

		April 2021	May 2021	June 2021
Total liquid assets	(A)	225,836,297	225,836,297	225,836,297
PLUS:				
All expected inflows due within each month	(B)	6,894,663	4,822,211	4,460,858
LESS:				
Principal of the securities payable during the next three months	(C)	66,295,855	63,847,171	58,565,590
40% of term deposits due within each month	$D=C \times 40\%$	26,518,342	25,538,868	23,426,236
Committed undrawn lending facilities				
Flexible facilities	(E)	35,445,018	35,445,018	35,445,018
Loans approved but undrawn	(F)	39,717,602	39,717,602	39,717,602
	$G=E+F$	75,162,620	75,162,620	75,162,620
40% of committed undrawn lending facilities	$H=G \times 40\%$	30,065,048	30,065,048	30,065,048
Mismatch dollar amount	$I=B-D-H$	49,688,727	50,781,705	49,030,426
115%	$J=I \times 115\%$	57,142,037	58,398,961	56,384,989
Available liquidity	$K=A-J$	168,694,261	167,437,336	169,451,308
Liquidity as a % of deficit	$L=A/J$	395%	387%	401%

Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 31 March 2021.