

# NBS

## Banking for life

### Quarterly Ongoing Disclosure

As at 31 March 2022

#### 1. Key Ratios

##### CAPITAL

Capital Ratio <sup>1</sup>	12.39%
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 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	3.27%
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	303%	282%	261%
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 2022

Total assets*	1,088,056,490
Total intangible assets*	491,537
Total tangible assets*	1,087,564,953
Total liabilities*	985,234,680
Net profit after tax*	3,944,128
Net cash flows from operating activities*	(18,163)
Cash and cash equivalents*	155,357,896
Regulatory capital**	101,164,248

\* As determined in accordance with GAAP

### 3. Ratio Calculations as at 31 March 2022

#### 1. CAPITAL COMPLIANCE

Capital				(\$M)	
Retained earnings				51,494	
Fully paid perpetual preference shares				50,268	
Reserves				1,060	
<b>Total capital</b>				<b>102,822</b>	
Regulatory deductions from capital					
Intangibles				1,657	
<b>Net regulatory capital</b>			(E)	<b>101,165</b>	
Exposures				(\$M)	(\$M)
	LVR	Risk Weighting	Value		Risk Weighted Exposures
<b>Agricultural/farming</b>					
Secured by 1st mortgage over rural land & buildings	<=70%	100%	57,840		57,840
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	8,185		12,278
Secured by a PPSR charge over rural "qualifying movable machinery"	<=70%	100%	-		-
Secured by a PPSR charge over rural "qualifying movable machinery"	>70%	150%	-		-
			<b>66,025</b>		<b>70,118</b>
<b>Property Development</b>					
Secured by 1st mortgage over land & buildings	<=60%	150%	43,948		65,922
			<b>43,948</b>		<b>65,257</b>
<b>Other property (primary/commercial/industrial/retail property)</b>					
Secured by 1st mortgage over land & buildings	<=70%	100%	104,067		104,067
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	5,074		7,611
			<b>109,141</b>		<b>111,678</b>
<b>Residential mortgages (owner occupied and investment)</b>					
Secured by 1st mortgage over land & buildings	<=70%	35%	423,209		148,123
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	82,100		41,050
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	2,550		2,550
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	0,506		0,633
Mortgage insured by Kāinga Ora	Any	20%	13,479		2,696
			<b>521,844</b>		<b>195,051</b>
<b>Consumer loans - to individuals with loan balances less than \$40,000</b>					
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	39,706		39,706
Secured by a PPSR charge over any other asset	Any	100%	1,164		1,164
Unsecured	Any	150%	0,195		0,293
			<b>41,065</b>		<b>41,163</b>
<b>All other loans</b>					
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	13,456		13,465
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	35,627		53,441
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	28,788		43,182
Unsecured	Any	200%	-		-
			<b>77,880</b>		<b>110,088</b>
<b>Total net loan book (after provisions, deductions and deposit set offs)</b>					
			<b>859,903</b>		<b>594,019</b>
Value of qualifying deposits used as set off against loans					
Cash		0%	2,143		-
New Zealand registered bank deposits and securities		20%	215,602		43,120
Trade and receivables		350%	0,031		0,109
Operating Leases		175%	0,745		1,304
Fixed Assets		350%	4,871		17,049
Intangibles		0%	1,657		-
All Other Assets		350%	0,907		3,175
Off Balance Sheet Items		100%			4,385
<b>Total assets</b>			<b>(A) 1,088,056</b>	<b>(B)</b>	<b>663,160</b>
<b>Market and operational risk requirement</b>		$(A+B)/2 \times 0.175$		<b>(C)</b>	<b>153,231</b>
<b>Total Exposures</b>		<b>B+C</b>		<b>(D)</b>	<b>816,391</b>
<b>Capital ratio as at 31 March 2022</b>		<b>E/D</b>			<b>12.39%</b>

## 2. RELATED PARTY EXPOSURE

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

Regulatory Capital	(A)	101,164,248
<b>NBS related party exposure</b>		
Related party loans	(B)	3,310,000
Related party exposure % of capital	$C=B/A$	3.27%

## 3. LIQUIDITY COMPLIANCE

		April 2022	May 2022	June 2022
<b>Total liquid assets</b>	(A)	<b>217,745,484</b>	<b>217,745,484</b>	<b>217,745,484</b>
<b>PLUS:</b>				
All expected inflows due within each month	(B)	6,082,844	16,510,748	5,081,726
<b>LESS:</b>				
Principal of the securities payable during the next three months	(C)	49,914,210	87,683,686	72,282,099
<b>40% of term deposits due within each month</b>	$D=C \times 40\%$	<b>19,965,684</b>	<b>35,073,474</b>	<b>28,912,840</b>
<b>Committed undrawn lending facilities</b>				
Flexible facilities	(E)	55,964,715	55,964,715	55,964,715
Loans approved but undrawn	(F)	65,736,438	65,736,438	65,736,438
	$G=E+F$	<b>121,701,153</b>	<b>121,701,153</b>	<b>121,701,513</b>
<b>40% of committed undrawn lending facilities</b>	$H=G \times 40\%$	<b>48,680,461</b>	<b>48,680,461</b>	<b>48,680,461</b>
Mismatch dollar amount	$I=B-D-H$	62,563,301	67,243,188	72,511,575
115%	$J=I \times 115\%$	71,947,796	77,329,666	83,388,311
Available liquidity	$K=A-J$	145,797,687	140,415,818	134,357,173
Liquidity as a % of deficit	$L=A/J$	303%	282%	261%

### Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 31 March 2022.