

NBS

Banking for life

Quarterly Ongoing Disclosure

As at 31 December 2021

1. Key Ratios

CAPITAL

Capital Ratio ¹	12.06%
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 December 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	3.23%
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	299%	307%	302%
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 December 2021

Total assets*	1,063,611,944
Total intangible assets*	528,990
Total tangible assets*	1,063,082,954
Total liabilities*	965,033,361
Net profit after tax*	3,050,935
Net cash flows from operating activities*	9,399,651
Cash and cash equivalents*	174,184,229
Regulatory capital**	96,286,311

* As determined in accordance with GAAP

** As calculated in accordance with the 2010 Regulations

3. Ratio Calculations as at 31 December 2021

1. CAPITAL COMPLIANCE

Capital				(\$M)	
Retained earnings				47,959	
Fully paid perpetual preference shares				49,768	
Reserves				0,852	
Total capital				98,579	
Regulatory deductions from capital					
Intangibles				2,292	
Net regulatory capital			(E)	96,287	
Exposures				(\$M)	(\$M)
	LVR	Risk Weighting	Value		Risk Weighted Exposures
Agricultural/farming					
Secured by 1st mortgage over rural land & buildings	<=70%	100%	55,691		55,691
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	8,704		13,056
Secured by a PPSR charge over rural "qualifying movable machinery" <=70%		100%	-		-
Secured by a PPSR charge over rural "qualifying movable machinery" >70%		150%	-		-
			64,395		68,747
Property Development					
Secured by 1st mortgage over land & buildings	<=60%	150%	40,171		60,257
			40,171		60,257
Other property (primary/commercial/industrial/retail property)					
Secured by 1st mortgage over land & buildings	<=70%	100%	116,397		116,397
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	5,072		7,608
			121,469		124,005
Residential mortgages (owner occupied and investment)					
Secured by 1st mortgage over land & buildings	<=70%	35%	405,645		141,976
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	68,445		34,223
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	7,771		7,771
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	0,509		0,636
Mortgage insured by Kāinga Ora	Any	20%	13,371		2,674
			495,741		187,280
Consumer loans - to individuals with loan balances less than \$40,000					
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	42,065		42,065
Secured by a PPSR charge over any other asset	Any	100%	1,233		1,233
Unsecured	Any	150%	0,298		0,447
			43,596		43,745
All other loans					
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	14,265		14,265
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	30,186		45,275
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	26,292		39,438
Unsecured	Any	200%	-		-
			70,740		98,978
Total net loan book (after provisions, deductions and deposit set offs)			836,112		583,011
Value of qualifying deposits used as set off against loans			2,205		
Cash		0%	2,726		-
New Zealand registered bank deposits and securities		20%	214,481		42,896
Trade and receivables		350%	0,027		0,095
Operating Leases		175%	0,815		1,426
Fixed Assets		350%	4,601		16,104
Intangibles		0%	2,292		-
All Other Assets		350%	0,353		1,236
Off Balance Sheet Items		100%			3,936
Total assets			(A) 1,063,612	(B)	648,703
Market and operational risk requirement		(A+B)/2 x 0.175		(C)	149,828
Total Exposures		B+C		(D)	798,530
Capital ratio as at 31 December 2021		E/D			12.06%

2. RELATED PARTY EXPOSURE

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

Regulatory Capital	(A)	96,286,311
NBS related party exposure		
Related party loans	(B)	3,108,000
Related party exposure % of capital	$C=B/A$	3.23%

3. LIQUIDITY COMPLIANCE

		January 2022	February 2022	March 2022
Total liquid assets	(A)	217,206,424	217,206,424	217,206,424
PLUS:				
All expected inflows due within each month	(B)	5,532,312	5,366,803	5,252,688
LESS:				
Principal of the securities payable during the next three months	(C)	55,877,214	50,914,010	53,129,119
40% of term deposits due within each month	$D=C \times 40\%$	22,350,885	20,365,604	21,251,648
Committed undrawn lending facilities				
Flexible facilities	(E)	57,409,837	57,409,837	57,409,837
Loans approved but undrawn	(F)	58,723,079	58,723,079	58,723,079
	$G=E+F$	116,132,916	116,132,916	116,132,916
40% of committed undrawn lending facilities	$H=G \times 40\%$	46,453,166	46,453,166	46,453,166
Mismatch dollar amount	$I=B-D-H$	63,271,740	61,451,968	62,452,126
115%	$J=I \times 115\%$	72,762,501	70,669,763	71,819,944
Available liquidity	$K=A-J$	144,443,923	146,536,661	145,386,480
Liquidity as a % of deficit	$L=A/J$	299%	307%	302%

Basis of preparation:

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