



Key Ratios and Selected Financial Information

For the period 31 March 2022 – 31 March 2024

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Purpose of the Document

The information in this document forms part of NBS' current *Product Disclosure Statement (PDS)* in respect of unsecured deposits (Call and Term Deposits).

The PDS is available at disclose-register.companiesoffice.govt.nz or nbs.co.nz/about/documents-and-disclosures/annual-reports-and-disclosures

Selected Financial Information

This section on NBS' financial information provides information referred to under Section 5 of NBS' *Product Disclosure Statement*.

	As at and for the year ending		
	31/03/2024	31/03/2023	31/03/2022
Total assets*	1,137,356,463	1,139,035,099	1,088,283,515
Total liabilities*	1,035,880,814	1,028,502,765	985,447,089
Net (loss) profit after tax*	(5,771,279)	9,944,296	12,571,231
Net cash flows from operating activities*	74,843,909	18,306,299	(1,933,203)
Cash and cash equivalents*	304,019,102	160,805,654	155,357,896
Capital as calculated in accordance with the Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010 ("2010 Regulations")	98,177,000	108,121,000	101,164,248

*As determined in accordance with *Generally Accepted Accounting Practice (GAAP)*.

Note: Financial information for each quarter following 31 March 2024 will be available at disclose-register.companiesoffice.govt.nz within 20 working days after the end of each quarter.

Key Ratios

NBS is required by law and its Trust Deed to meet certain financial requirements. The tables below show how NBS is currently meeting those requirements. These are minimum requirements. Meeting them does not mean that NBS is safe. The section on specific risks relating to NBS' creditworthiness sets out risk factors that could cause its financial position to deteriorate.

¹ The information further below provides a breakdown of how the figures in the tables are calculated.

The full financial statements for NBS are available on the offer register at disclose-register.companiesoffice.govt.nz

Capital Ratio

	31/03/2024	31/03/2023	31/03/2022
NBS' capital ratio calculated in accordance with the 2010 Regulations	12.29%	13.18%	12.39%
Minimum capital ratio required by the Trust Deed	8.00%	8.00%	8.00%
Minimum capital ratio required by regulation 8(2) of the 2010 Regulations	8.00%	8.00%	8.00%

The capital ratio is a measure of the extent to which 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.

Over the three years reported, all Perpetual non-cumulative Preference Shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

¹ See section 6 of the PDS for the specific risks.

Related Party Ratio

	31/03/2024	31/03/2023	31/03/2022
Aggregate exposures to related parties calculated in accordance with the 2010 Regulations	2.27% of capital or 2,225,000	1.87% of capital or \$2,018,000	3.27% of capital or \$3,310,000
Maximum limit on aggregate exposures to related parties allowed by the Trust Deed	15%	15%	15%
Maximum limit on aggregate exposures to related parties allowed by regulation 23(3)(b) of the 2010 Regulations	15%	15%	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). These related parties include NBS directors and senior officers and their relatives.

Liquidity Ratio

	31/03/2024	31/03/2023	31/03/2022
Three month mismatch ratio			
Total liquid assets calculated in accordance with the Trust Deed	304,019,102	189,765,053	217,745,484
Three month deficit calculated in accordance with the Trust Deed	107,379,113	110,026,020	104,957,141
Minimum liquidity requirement stipulated by the Trust Deed (being 115% of the three month deficit calculated in accordance with the Trust Deed)	123,485,980	126,529,923	120,700,712
Surplus (deficit) of liquid assets above minimum requirements under the Trust Deed	180,533,122	63,235,130	97,044,772
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the Trust Deed for proceeding three months	392% 395% 437%	214% 225% 245%	303% 282% 261%
Minimum liquidity requirements required under the Trust Deed, Total Liquid Assets will not be less than 115% of the deficit (expressed as a positive number) arising from the aggregate amount receivable by NBS in cash by way of principal and interest on all moneys due to NBS (excluding principal moneys from liquid assets) during the next three months, less the total amount payable by NBS in cash by way of 40% of principal moneys of debt securities payable during the next three months and 40% of committed undrawn lending facilities	115%	115%	115%

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 investors on time, and may indicate other financial problems in its business.

How the Key Ratios Have Been Calculated

1. Capital Ratio

Capital			31/03/2024 (\$M)		31/03/2023 (\$M)		31/03/2022 (\$M)	
Retained earnings			50.836		59.351		51.494	
Fully paid Perpetual Preference Shares			49.621		50.121		50.268	
Reserves			1.019		1.060		1.060	
Total capital			101.476		110.532		102.822	
Regulatory deductions from capital								
Intangibles/deferred tax			3.299		2.411		1.657	
Net regulatory capital			(E) 98.177		(E) 108.121		(E) 101.165	
Exposures			(\$M)		(\$M)		(\$M)	
	LVR	Risk weighting	Value	Risk weighted exposures	Value	Risk weighted exposures	Value	Risk weighted exposures
Agriculture/farming								
Secured by 1st mortgage over rural land & buildings	<=70%	100%	52.789	52.789	60.183	60.183	57.840	57.840
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	10.373	15.560	7.840	11.760	8.185	12.278
			63.162	68.349	68.023	71.943	66.025	70.118
Property development								
Secured by 1st mortgage over land & buildings	<=60%	150%	24.623	36.935	39.027	58.540	43.948	65.922
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	8.221	16.442	-	-	-	-
			32.844	53.377	39.027	58.540	43.948	65.922
Other property (primary/commercial/industrial/retail property)								
Secured by 1st mortgage over land & buildings	<=70%	100%	100.285	100.285	118.722	118.722	104.067	104.067
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	26.653	39.979	-	-	5.074	7.611
			126.938	140.264	118.722	118.722	109.141	111.678
Residential mortgages (owner occupied and investment)								
Secured by 1st mortgage over land & buildings	<=70%	35%	438.093	153.332	457.653	160.179	423.209	148.123
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	71.872	35.936	84.322	42.161	82.100	41.050
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	0.954	0.954	2.846	2.846	2.550	2.550

Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	-	-	0.825	1.031	0.506	0.633
Secured by 1st mortgage over land & buildings	>100%	150%	-	-	0.666	0.999	-	-
Mortgage insured by Kāinga Ora	Any	20%	10.776	2.155	13.017	2.603	13.479	2.696
			521.695	192.377	559.329	209.819	521.844	195.052
Consumer loans – to individuals with loan balances less than \$40,000								
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	18.944	18.944	33.547	33.547	39.706	39.706
Secured by a PPSR charge over any other asset	Any	100%	0.920	0.920	0.886	0.886	1.164	1.164
Unsecured	Any	150%	0.485	0.728	0.177	0.266	0.195	0.293
			20.349	20.592	34.610	34.699	41.065	41.163
All other loans								
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	9.407	9.407	11.202	11.202	13.465	13.465
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	7.748	11.622	23.068	34.602	35.627	53.441
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	34.090	51.135	28.022	42.033	28.788	43.182
Unsecured	Any	200%	0.515	1.030	2.744	5.488	-	-
			51.760	73.194	65.036	93.325	77.880	110.088
Total net loan book (after provisions, deductions and deposit set-offs)			816.748	548.153	884.747	587.048	859.903	594.021
Value of qualifying deposits used as set-off against loans			2.682	-	3.466	-	2.197	-
Cash			0%	2.106	-	2.430	-	2.143
New Zealand registered bank deposits and securities			20%	301.913	60.382	230.088	46.017	215.602
Trade and receivables			350%	1.774	6.209	0.085	0.298	0.031
Operating leases			175%	2.028	3.549	1.919	3.358	0.745
Fixed assets			350%	4.794	16.779	5.098	17.843	4.871
Intangibles			0%	3.299	-	2.411	-	1.657
All other assets			350%	2.012	7.042	1.659	5.807	0.907
Off balance sheet items			100%	-	0.740	-	2.817	-
Total assets			(A)	(B)	(A)	(B)	(A)	(B)
			1137.356	642.854	1131.903	663.188	1088.056	663.163
Market and operational risk requirement			(A+B)/2 x 0.175	(C)	155.768	(C)	157.070	(C)
Total exposures			B+C	(D)	798.622	(D)	820.258	(D)
Capital ratio as at 31 March			E/D		12.29%		13.18%	12.39%

2. Related Party Ratio

	31/03/2024	31/03/2023	31/03/2022
Regulatory capital (capital less intangible assets) (A)	98,177,000	108,121,000	101,164,248
Related party loans (B)	2,225,000	2,018,000	3,310,000
Related party loans as a % of capital (C= B/A)	2.27%	1.87%	3.27%

3. Liquidity Ratio

		31/03/2024	31/03/2023	31/03/2022
		April through June	April through June	April through June
Total liquid assets (A)		304,019,102	189,765,053	217,745,484
Total of expected inflows April through June	sum B=M	46,505,159	47,296,598	27,675,318
Total of principal of securities payable April through June	sum C=N	275,428,507	258,696,855	209,879,995
Total committed undrawn lending facilities	(G)	109,282,172	134,609,689	121,701,153
40% of principal moneys due and 40% of committed undrawn lending facilities	(N+G) x 40%=O	153,884,272	157,322,618	132,632,459
Three month deficit	M-O=P	107,379,113	110,026,020	104,957,141
Minimum liquidity requirement (being 115% of the three month deficit)	Q = P x 115%	123,485,980	126,529,923	120,700,712
Surplus of liquid assets above the minimum requirements	R=A-Q	180,533,122	63,235,130	97,044,772

		31/03/2024			31/03/2023			31/03/2022		
		April 2024	May 2024	June 2024	April 2023	May 2023	June 2023	April 2022	May 2022	June 2022
Total liquid assets (A)		304,019,102	304,019,102	304,019,102	189,765,053	189,765,053	189,765,053	217,745,484	217,745,484	217,745,484
Plus:										
All expected inflows due within each month	(B)	10,439,546	20,152,912	15,912,701	13,057,285	18,655,025	15,584,288	6,082,844	16,510,748	5,081,726
Less:										
Principal of the securities payable during the next three months	(C)	85,609,945	108,245,602	81,572,960	90,461,085	95,575,935	72,659,835	49,914,210	87,683,686	72,282,099
40% of term deposits due within each month	D=C x 40%	34,243,978	43,298,241	32,629,184	36,184,434	38,230,374	29,063,934	19,965,684	35,073,474	28,912,840
Committed undrawn lending facilities										
Flexible facilities	(E)	41,913,756	41,913,756	41,913,756	53,456,200	53,456,200	53,456,200	55,964,715	55,964,715	55,964,715
Loans approved but undrawn	(F)	67,368,416	67,368,416	67,368,416	81,153,489	81,153,489	81,153,489	65,736,438	65,736,438	65,736,438
	G=E+F	109,282,172	109,282,172	109,282,172	134,609,689	134,609,689	134,609,689	121,701,153	121,701,153	121,701,153
40% of committed undrawn lending facilities	H=G x 40%	43,712,869	43,712,869	43,712,869	53,843,876	53,843,876	53,843,876	48,680,461	48,680,461	48,680,461
Mismatch dollar amount	I=B-D-H	(67,517,301)	(66,858,198)	(60,429,352)	(76,971,025)	(73,419,225)	(67,323,522)	(62,563,301)	(67,243,187)	(72,511,575)
115%	J=I x 115%	(77,644,896)	(76,886,928)	(69,493,755)	(88,516,679)	(84,432,109)	(77,422,050)	(71,947,796)	(77,329,665)	(83,388,311)
Available liquidity	K=A-J	226,374,206	227,132,174	234,525,347	101,248,374	105,332,944	112,343,003	145,797,688	140,415,819	134,357,173
Liquidity as a % of deficit	L=A/J	392%	395%	437%	214%	225%	245%	303%	282%	261%

Trust Deed Restrictions

NBS is required to disclose any terms of the Trust Deed that impose any financial covenant, any restrictions on NBS' ability to borrow and any prohibitions or restrictions on NBS' ability to enter into transactions with any of its associated persons.

Under its Trust Deed, NBS covenants to the supervisor that:

- a) NBS will not borrow money or lend other than as permitted by the Trust Deed and the NBS Rules.
- b) NBS must not at any time permit its total liabilities to exceed 95% of its total tangible assets.
- c) NBS will not, without the prior written consent of its supervisor, issue any debt securities while it is in breach of either the Trust Deed or the *Financial Markets Conduct Act 2013*.
- d) NBS will not create or attempt to create or permit to subsist any security interests over any of its assets other than a permitted security interest.
- e) NBS will not at any time permit the aggregate indebtedness secured by permitted security interest to exceed 1% of its total tangible assets.
- f) NBS will not enter into any guarantee for an unlimited amount.
- g) NBS will not purchase any assets or services from, or dispose of any assets or provide any services to, any associated person other than for full market value, on an arms-length basis and in the ordinary course of business.
- h) NBS will maintain a minimum capital ratio (as defined by the *2010 Regulations*) of 8% (this rises to a minimum capital ratio requirement of 10%, for as long as NBS has no credit rating from an approved rating agency).
- i) NBS will not have a maximum aggregate exposure to related parties exceeding 15% of NBS' capital.
- j) NBS will not at any time permit the amount owing to it under any credit facilities by a borrower or related group of borrowers to exceed the greater of:
 - i) 35% of capital calculated in accordance with the *2010 Regulations*, or
 - ii) 5% of total tangible assets.
- k) NBS will maintain its liquid assets at an amount which is no less than 115% of any deficit arising from:
 - i) The aggregate amount receivable by NBS in cash by way of principal and interest on all moneys due to NBS (excluding, for the avoidance of doubt, any such principal money from liquid assets) during the next three months (based on contractual maturities); less
 - ii) The aggregate of the total amount payable by NBS in cash by way of:
 - a) 40% of the principal of deposits payable during the next three months (based on contractual maturities); and
 - b) 40% of NBS' committed undrawn lending facilities.

The full text of these provisions are set out in NBS' Trust Deed, which can be accessed on the Disclose Register. Expressions used above are defined in the Trust Deed.

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