

Quarterly Ongoing Disclosure

As at 30 June 2023

1. Key Ratios

Capital

Capital Ratio	13.07%
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 2023 all perpetual non-cumulative preference shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

Related Parties

Related party ratio	1.61%
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	368%	388%	352%
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 2023

Total assets [*]	1,112,881,815
Total intangible assets [*]	86,276
Total tangible assets [*]	1,112,795,538
Total liabilities [*]	1,001,895,353
Net profit after tax [*]	1,599,729
Net cash flows from operating activities [*]	-11,161,859
Cash and cash equivalents [*]	197,571,252
Regulatory capital ^{**}	108,540,000

^{*} As determined in accordance with GAAP

^{**} As calculated in accordance with 2010 Regulations

3. Ratio Calculations as at 30 June 2023

1. Capital Compliance

Capital			(\$M)	
Retained earnings			60.306	
Fully paid perpetual preference shares			49.621	
Reserves			1.060	
Total Capital			110.987	
Regulatory deductions from capital			2.447	
Intangibles/deferred tax				
Net regulatory capital			(E) 108.540	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	55.734	55.734
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	8.300	12.450
			64.034	68.184
Property Development				
Secured by 1st mortgage over land & buildings	<=60%	150%	46.957	70.436
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			46.957	70.436
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	98.530	98.530
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	24.516	36.774
			123.046	135.304
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over rural land & buildings	<=70%	35%	452.731	158.456
Secured by 1st mortgage over rural land & buildings	>70% to <=80%	50%	81.312	40.656
Secured by 1st mortgage over rural land & buildings	>80% to <=90%	100%	2.918	2.918
Secured by 1st mortgage over rural land & buildings	>90% to <=100%	125%	0.653	0.816
Secured by 1st mortgage over rural land & buildings	<=100%	150%	-	-
Mortgage insured by Kāinga Ora	Any	20%	13.229	2.645
			550.843	205.491
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	29.339	29.339
Secured by a PPSR charge over any other asset	Any	100%	0.890	0.890
Unsecured	Any	150%	0.206	0.309
			30.435	30.538
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	12.312	12.312
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	16.950	25.425
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	31.278	46.917
Unsecured	Any	200%	2.904	5.808
			63.444	90.462
Total net loan book (after provisions, deductions and deposit set offs)			878.759	600.415
Value of qualifying deposits used as set off against loans			2.655	
Cash	0%		2.160	-
New Zealand registered bank deposits and securities	20%		217.727	43.544
Trade and receivables	350%		0.053	0.186
Operating Leases	175%		2.254	3.945
Fixed Assets	350%		5.073	17.756
Intangibles	0%		2.447	-
All Other Assets	350%		1.754	6.139
Off Balance Sheet Items	100%			1.846
Total assets			(A) 1112.882	(B) 673.831
Market and operational risk requirement		(A+B)/2 x 0.175		(C) 156.337
Total Exposures		B+C		(D) 830.168
Capital ratio as at 31 March 2023		E/D		13.07%

2. Related Party Exposure

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

Regulatory Capital		(A) 108,540,000
NBS related party exposure		
Related party loans		(B) 1,744,000
Related party exposure % of capital	C=B/A	1.61%

3. Liquidity Compliance

		July 2023	Aug 2023	Sep 2023
Total liquid assets	(A)	210,051,519	210,051,519	210,051,519
Plus:				
All expected inflows due within each month	(B)	15,201,360	15,359,844	10,995,761
Less:				
Principal of the securities payable during the next three months	(C)	48,080,343	42,048,508	43,095,540
40% of term deposits due within each month	D=C x 40%	19,232,137	16,819,403	17,238,216
Committed undrawn lending facilities				
Flexible facilities	(E)	49,322,584	49,322,584	49,322,584
Loans approved but undrawn	(F)	64,619,797	64,619,797	64,619,797
	G=E+F	113,942,381	113,942,381	113,942,381
40% of committed undrawn lending facilities	H=G x 40%	45,576,952	45,576,952	45,576,952
Mismatch dollar amount	I=B-D-H	(49,607,729)	(47,036,511)	(51,819,407)
115%	J=I x 115%	(57,048,888)	(54,091,988)	(59,592,318)
Available liquidity	K=A-J	153,002,631	155,959,531	150,459,201
Liquidity as a % of deficit	L=A/J	368%	388%	352%

Basis of preparation:

The ratios are calculated in accordance with the Regulations.

The calculations are based on unaudited book values as at 30 June 2023.