

Quarterly Ongoing Disclosure

As at 30 September 2022

1. Key Ratios

Capital

Capital Ratio ¹		13.04%
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 September 2022 all perpetual non-cumulative preference shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

Related Parties

Related party ratio	2.52%
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	148%	141%	129%
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 September 2022

Total assets*	1,092,456,774
Total intangible assets*	281,144
Total tangible assets*	1,092,175,629
Total liabilities*	985,437,740
Net profit after tax*	2,679,333
Net cash flows from operating activities*	7,201,382
Cash and cash equivalents*	116,401,723
Regulatory capital**	105,195,000

* As determined in accordance with GAAP

** As calculated in accordance with 2010 Regulations

3. Ratio Calculations as at 30 September 2022

1. Capital Compliance

Capital				(\$M)
Retained earnings				56.241
Fully paid perpetual preference shares				49.719
Reserves				1.060
Total capital				107.020
Regulatory deductions from capital				
Intangibles/deferred tax				1.825
Net regulatory capital			(E)	105.195
Exposures				(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	53.634	53.634
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	10.561	15.842
			64.195	69.476
Property Development				
Secured by 1st mortgage over land & buildings	<=60%	150%	30.190	45.285
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	0.769	1.538
			30.959	46.823
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	118.350	118.350
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	5.403	8.105
			123.753	126.455
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	457.371	160.080
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	71.848	35.924
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	2.578	2.578
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	-	-
Secured by 1st mortgage over land & buildings	>100%	150%	0.691	1.037
Mortgage insured by Kāinga Ora	Any	20%	12.197	2.439
			544.685	202.058
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	36.428	36.428
Secured by a PPSR charge over any other asset	Any	100%	0.973	0.973
Unsecured	Any	150%	0.226	0.339
			37.627	37.740
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	13.382	13.382
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	25.386	38.079
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	32.455	48.683
Unsecured	Any	200%	2.554	5.108
			73.777	105.252
Total net loan book (after provisions, deductions and deposit set offs)			874.996	587.804
Value of qualifying deposits used as set off against loans			1.637	
Cash		0%	2.561	-
New Zealand registered bank deposits and securities		20%	204.417	40.883
Trade and receivables		350%	0.042	0.147
Operating Leases		175%	1.267	2.217
Fixed Assets		350%	4.808	16.828
Intangibles		0%	1.825	-
All Other Assets		350%	0.904	3.164
Off Balance Sheet Items		100%	2.948	2.948
Total assets			(A) 1092.457	(B) 653.991
Market and operational risk requirement		(A+B)/2 x 0.175		(C) 152.814
Total Exposures		B+C		(D) 806.805
Capital ratio as at 30 September 2022		E/D		13.04%

2. Related Party Exposure

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

Regulatory Capital	(A)	105,195,000
NBS related party exposure		
Related party loans	(B)	2,652,000
Related party exposure % of capital	$C=B/A$	2.52%

3. Liquidity Compliance

		October 2022	November 2022	December 2022
Total liquid assets	(A)	116,401,723	116,401,723	116,401,723
PLUS:				
All expected inflows due within each month	(B)	6,879,244	7,923,579	6,401,446
LESS:				
Principal of the securities payable during the next three months	(C)	53,639,335	64,956,557	77,140,496
40% of term deposits due within each month	$D=C \times 40\%$	21,455,734	25,982,623	30,856,198
Committed undrawn lending facilities				
Flexible facilities	(E)	48,527,071	48,527,071	48,527,071
Loans approved but undrawn	(F)	85,865,806	85,865,806	85,865,806
	$G=E+F$	134,392,877	134,392,877	134,392,877
40% of committed undrawn lending facilities	$H=G \times 40\%$	53,757,151	53,757,151	53,757,151
Mismatch dollar amount	$I=B-D-H$	68,333,641	71,816,195	78,211,903
115%	$J=I \times 115\%$	78,583,687	82,588,624	89,943,688
Available liquidity	$K=A-J$	37,818,036	33,813,099	26,458,035
Liquidity as a % of deficit	$L=A/J$	148%	141%	129%

Basis of preparation:

The ratios are calculated in accordance with the Regulations. The calculations are based on unaudited book values as at 30 September 2022.