

Quarterly Ongoing Disclosure

As at 31 March 2023

1. Key Ratios

Capital

Capital Ratio	13.18%
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 2023 all perpetual non-cumulative preference shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

3. Ratio Calculations as at 31 March 2023

1. Capital Compliance

Capital			(\$M)	
Retained earnings				59.351
Fully paid perpetual preference shares				50.121
Reserves				1.060
Total Capital				110.532
Regulatory deductions from capital				
Intangibles/deferred tax				2.411
Net regulatory capital			(E)	108.121
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	60.183	60.183
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	7.840	11.760
			68.023	71.943
Property Development				
Secured by 1st mortgage over land & buildings	<=60%	150%	39.027	58.540
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			39.027	58.540
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	118.722	118.722
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	-	-
			118.722	118.722
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over rural land & buildings	<=70%	35%	457.653	160.179
Secured by 1st mortgage over rural land & buildings	>70% to <=80%	50%	84.322	42.161
Secured by 1st mortgage over rural land & buildings	>80% to <=90%	100%	2.846	2.846
Secured by 1st mortgage over rural land & buildings	>90% to <=100%	125%	0.825	1.031
Secured by 1st mortgage over rural land & buildings	<=100%	150%	0.666	0.999
Mortgage insured by Kāinga Ora	Any	20%	13.017	2.603
			559.329	209.819
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	33.547	33.547
Secured by a PPSR charge over any other asset	Any	100%	0.886	0.886
Unsecured	Any	150%	0.177	0.266
			34.610	34.699
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	11.202	11.202
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	23.068	34.602
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	28.022	42.033
Unsecured	Any	200%	2.744	5.488
			65.036	93.325
Total net loan book (after provisions, deductions and deposit set offs)			884.747	587.048
Value of qualifying deposits used as set off against loans			3.466	
Cash		0%	2.430	-
New Zealand registered bank deposits and securities		20%	230.088	46.017
Trade and receivables		350%	0.085	0.298
Operating Leases		175%	1.919	3.358
Fixed Assets		350%	5.098	17.843
Intangibles		0%	2.411	-
All Other Assets		350%	1.659	5.807
Off Balance Sheet Items		100%	-	2.817
Total assets			(A) 1131.903	(B) 663.188
Market and operational risk requirement		(A+B)/2 x 0.175		(C) 157.070
Total Exposures		B+C		(D) 820.258
Capital ratio as at 31 March 2023		E/D		13.18%

Related Parties

Related party ratio	1.87%
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	214%	225%	245%
Minimum liquidity coverage under the Trust Deed	<p>Total liquid assets will not be less than 115% of the deficit arising from:</p> <p>i) aggregate amount receivable by NBS in cash within the next three months, less</p> <p>ii) aggregate amount payable by NBS in cash by way of:</p> <p>a) 40% of debt securities payable during the next three months</p> <p>b) 40% of committed undrawn lending facilities</p>		

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 2023

Total assets [*]	1,131,902,810
Total intangible assets [*]	120,608
Total tangible assets [*]	1,131,782,202
Total liabilities [*]	1,021,370,477
Net profit after tax [*]	1,237,306
Net cash flows from operating activities [*]	26,377,923
Cash and cash equivalents [*]	160,805,654
Regulatory capital ^{**}	108,121,000

* As determined in accordance with GAAP

** As calculated in accordance with 2010 Regulations

2. Related Party Exposure

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

Regulatory Capital		(A) 108,121,000
NBS related party exposure		
Related party loans		(B) 2,018,000
Related party exposure % of capital	C=B/A	1.87%

3. Liquidity Compliance

		April 2023	May 2023	June 2023
Total liquid assets	(A)	189,765,053	189,765,053	189,765,053
Plus:				
All expected inflows due within each month	(B)	13,057,285	18,655,025	15,584,288
Less:				
Principal of the securities payable during the next three months	(C)	90,461,085	95,575,935	72,659,835
40% of term deposits due within each month	D=C x 40%	36,184,434	38,230,374	29,063,934
Committed undrawn lending facilities				
Flexible facilities	(E)	53,456,200	53,456,200	53,456,200
Loans approved but undrawn	(F)	81,153,489	81,153,489	81,153,489
	G=E+F	134,609,689	134,609,689	134,609,689
40% of committed undrawn lending facilities	H=G x 40%	53,843,876	53,843,876	53,843,876
Mismatch dollar amount	I=B-D-H	(76,971,025)	(73,419,225)	(67,323,522)
115%	J=I x 115%	(88,516,679)	(84,432,109)	(77,422,050)
Available liquidity	K=A-J	101,248,374	105,332,944	112,343,003
Liquidity as a % of deficit	L=A/J	214%	225%	245%

Basis of preparation:

The ratios are calculated in accordance with the Regulations.

The calculations are based on unaudited book values as at 31 March 2023.