

# Quarterly ongoing disclosure

As at 31 March 2024

This disclosure statement is prepared in accordance with the *Financial Market Conduct Regulations 2014*.

Nelson Building Society (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<sup>1</sup>. 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](https://disclose-register.companiesoffice.govt.nz)

This document should be read in conjunction with NBS' *Product Disclosure Statement (PDS)*.

References in this statement to the 2010 Regulations mean the *Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010*.

<sup>1</sup> See Section Six of the PDS for the specific risks.

## 1. Key ratios

Capital ratio		31/03/2024
NBS' capital ratio calculated in accordance with the 2010 Regulations		12.29%
Minimum capital ratio required by the <i>Trust Deed</i>		8%
Minimum capital ratio required by regulation 8(2) of the 2010 Regulations		8%

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.

As at 31 March 2024, all Perpetual non-cumulative Preference Shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

## Related party ratio

Aggregate exposures to related parties calculated in accordance with the 2010 Regulations	2.27% of capital, or \$2,225,000
Maximum limit on aggregate exposures to related parties allowed by the <i>Trust Deed</i> .	15%
Maximum limit on aggregate exposures to related parties allowed by regulation 23(3)(b) of the 2010 Regulations	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

### Three month mismatch ratio

Total liquid assets calculated in accordance with the <i>Trust Deed</i>	304,019,102		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	107,379,113		
Minimum liquidity requirement stipulated by the <i>Trust Deed</i> (being 115% of the three month deficit calculated in accordance with the <i>Trust Deed</i> )	123,485,980		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	180,533,122		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	392%	395%	437%

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:

- i) 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
- ii) the total amount payable by NBS in cash by way of:
  - a) 40% of principal moneys of debt securities payable during the next three months, and
  - 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 investors 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 2024

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

Total assets*	1,137,356,463
Total intangible assets*	14,938
Total tangible assets*	1,137,341,525
Total liabilities*	1,035,880,814
Net loss after tax*	(6,941,120)
Net cash flows from operating activities*	8,034,722
Cash and cash equivalents*	304,019,102
Capital as calculated in accordance with the 2010 Regulations	98,177,000

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

### 3. How the key ratios have been calculated

As at 31 March 2024

#### 1. Capital ratio

Capital			(\$M)	
Retained earnings			50.836	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
<b>Total capital</b>			<b>101.476</b>	
Regulatory deductions from capital				
Intangibles/deferred tax			3.299	
Perpetual preference shares in excess of regulatory limit			-	
<b>Net regulatory capital</b>			<b>(E) 98.177</b>	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
<b>Agriculture/farming</b>				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	52.789	52.789
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	10.373	15.560
			<b>63.162</b>	<b>68.349</b>
<b>Property development</b>				
Secured by 1st mortgage over land & buildings	<=60%	150%	24.623	36.935
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	8.221	16.442
			<b>32.844</b>	<b>53.377</b>
<b>Other property (primary/commercial/industrial/retail property)</b>				
Secured by 1st mortgage over land & buildings	<=70%	100%	100.285	100.285
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	26.653	39.979
			<b>126.938</b>	<b>140.264</b>
<b>Residential mortgages (owner occupied and investment)</b>				
Secured by 1st mortgage over land & buildings	<=70%	35%	438.093	153.332
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	71.872	35.936
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	0.954	0.954
Secured by 1st mortgage over land & buildings	>90% to <=100%	125%	-	-
Secured by 1st mortgage over land & buildings	>100%	150%	-	-
Mortgage insured by Kāinga Ora	Any	20%	10.776	2.155
			<b>521.695</b>	<b>192.377</b>
<b>Consumer loans - to individuals with loan balances less than \$40,000</b>				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	18.944	18.944
Secured by a PPSR charge over any other asset	Any	100%	0.920	0.920
Unsecured	Any	150%	0.485	0.728
			<b>20.349</b>	<b>20.592</b>
<b>All other loans</b>				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	9.407	9.407
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	7.748	11.622
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	34.090	51.135
Unsecured	Any	200%	0.515	1.030
			<b>51.760</b>	<b>73.194</b>
<b>Total net loan book (after provisions, deductions and deposit set-offs)</b>			<b>816.748</b>	<b>548.153</b>
Value of qualifying deposits used as set off against loans			2.682	
Cash		0%	2.106	-
New Zealand registered bank deposits and securities		20%	301.913	60.382
Trade and receivables		350%	1.774	6.209

Operating leases	175%	2.028	3.549
Fixed assets	350%	4.794	16.779
Intangibles	0%	3.299	-
All other assets	350%	2.012	7.042
Off balance sheet items	100%		0.740
<b>Total assets</b>		<b>(A) 1137.356</b>	<b>(B) 642.854</b>
<b>Market and operational risk requirement</b>	<b>(A+B)/2 x 0.175</b>		<b>(C) 155.768</b>
<b>Total exposures</b>	<b>B+C</b>		<b>(D) 798.622</b>
<b>Capital ratio as at 31 March 2024</b>	<b>E/D</b>		<b>12.29%</b>

## 2. Related party ratio

Regulatory capital		(A) 98,177,000
Related party loans		(B) 2,225,000
Related party exposure % of capital	C=B/A	2.27%

## 3. Liquidity compliance

		April through June 2024		
Total liquid assets	(A)	304,019,102		
Total of expected inflows (January-March)	sum B=M	46,505,159		
Total of principal of securities payable (January-March)	sum C=N	275,428,507		
Total committed undrawn lending facilities	G	109,282,172		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N + G) x 40%=O	153,884,272		
Three month deficit	M-O=P	107,379,113		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	123,485,980		
Surplus of liquid assets above the minimum requirements	R=A-Q	180,533,122		
		<b>30/04/2024</b>	<b>31/05/2024</b>	<b>30/06/2024</b>
<b>Total liquid assets</b>	<b>(A)</b>	<b>304,019,102</b>	<b>304,019,102</b>	<b>304,019,102</b>
<b>Plus:</b>				
All expected inflows due within each month	(B)	10,439,546	20,152,912	15,912,701
<b>Less:</b>				
Principal of the securities payable during the next three months	(C)	85,609,945	108,245,602	81,572,960
<b>40% of term deposits due within each month</b>	<b>D=C x 40%</b>	<b>34,243,978</b>	<b>43,298,241</b>	<b>32,629,184</b>
<b>Committed undrawn lending facilities</b>				
Flexible facilities	(E)	41,913,756	41,913,756	41,913,756
Loans approved but undrawn	(F)	67,368,416	67,368,416	67,368,416
	<b>G=E+F</b>	<b>109,282,172</b>	<b>109,282,172</b>	<b>109,282,172</b>
<b>40% of committed undrawn lending facilities</b>	<b>H=G x 40%</b>	<b>43,712,869</b>	<b>43,712,869</b>	<b>43,712,869</b>
Mismatch dollar amount	I=B-D-H	(67,517,301)	(66,858,198)	(60,429,352)
115%	J=I x 115%	(77,644,896)	(76,886,928)	(69,493,755)
Available liquidity	K=A-J	226,374,206	227,132,174	234,525,347
Liquidity as a % of deficit	L=A/J	392%	395%	437%

### Basis of preparation:

The ratios are calculated in accordance with the 2010 Regulations.  
The calculations are based on unaudited book values as at 31 March 2024.