

Quarterly Ongoing Disclosure

As at 30 September 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 deteriorate¹. 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

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*.

¹ See Section Six of the PDS for the specific risks.

1. Key Ratios

Capital Ratio

30/09/2024

NBS' capital ratio calculated in accordance with the 2010 Regulations	12.10%
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 30 September 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	4.05% of capital, or \$3,845,000
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>	316,134,952		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	94,862,497		
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>)	109,091,872		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	207,043,080		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	534%	408%	454%

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 30 September 2024

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

Total assets [*]	1,129,393,475
Total intangible assets [*]	-
Total tangible assets [*]	1,129,393,475
Total liabilities [*]	1,031,061,565
Net loss after tax [*]	766,567
Net cash flows from operating activities [*]	7,714,224
Cash and cash equivalents [*]	316,134,952
Capital as calculated in accordance with the 2010 Regulations	94,955,000

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

3. How the Key Ratios have Been Calculated

At 30 September 2024

1. Capital Ratio

Capital			(\$M)	
Retained earnings			47.692	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
Total capital			98.332	
Regulatory deductions from capital				
Intangibles/deferred tax			3.377	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E) 94.955	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	56.003	56.003
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	9.475	14.212
			65.478	70.215
Property development				
Secured by 1st mortgage over land & buildings	<=60%	150%	28.272	42.408
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			28.272	42.408
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	103.819	103.819
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	28.157	42.236
			131.976	146.055
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	417.898	146.264
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	76.097	38.049
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	4.555	4.555
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%	9.282	1.856
			507.832	190.724
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	13.404	13.404
Secured by a PPSR charge over any other asset	Any	100%	1.026	1.026
Unsecured	Any	150%	0.486	0.729
			14.916	15.159
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	7.004	7.004
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	4.220	6.330
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	35.076	52.615
Other security	Any	200%	0.420	0.840
Unsecured	Any	200%	0.556	1.112
			47.276	67.901
Total net loan book (after provisions, deductions and deposit set-offs)			795.750	532.462
Value of qualifying deposits used as set off against loans			3.331	
Cash		0%	2.476	-

New Zealand registered bank deposits and securities	20%	313.659	62.732
Trade and receivables	350%	2.306	8.071
Operating leases	175%	1.848	3.234
Fixed assets	350%	4.745	16.607
Intangibles	0%	3.377	-
All other assets	350%	1.902	6.657
Off balance sheet items	100%		1.145
Total assets		(A) 1,129.394	(B) 630.908
Market and operational risk requirement	(A+B)/2 x 0.175		(C) 154.026
Total exposures	B+C		(D) 784.934
Capital ratio as at 30 September 2024	E/D		12.10%

2. Related Party Ratio

Regulatory capital		(A) 94,955,000
Related party loans		(B) 3,845,000
Related party exposure % of capital	C=B/A	4.05%

3. Liquidity Compliance

		October through December 2024		
Total liquid assets	(A)	316,134,952		
Total of expected inflows (January-March)	sum B=M	37,963,091		
Total of principal of securities payable (January-March)	sum C=N	226,252,582		
Total committed undrawn lending facilities	G	105,811,389		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N + G) x 40%=O	132,825,588		
Three month deficit	M-O=P	94,862,497		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	109,091,872		
Surplus of liquid assets above the minimum requirements	R=A-Q	207,043,080		
		31/10/2024	30/11/2024	31/12/2024
Total liquid assets	(A)	316,134,952	316,134,952	316,134,952
Plus:				
All expected inflows due within each month	(B)	17,072,636	10,894,751	9,995,704
Less:				
Principal of the securities payable during the next three months	(C)	65,635,841	90,042,017	70,574,724
40% of term deposits due within each month	D=C x 40%	26,254,336	36,016,807	28,229,890
Committed undrawn lending facilities				
Flexible facilities	(E)	55,401,260	55,401,260	55,401,260
Loans approved but undrawn	(F)	50,410,129	50,410,129	50,410,129
	G=E+F	105,811,389	105,811,389	105,811,389
40% of committed undrawn lending facilities	H=G x 40%	42,324,556	42,324,556	42,324,556
Mismatch dollar amount	I=B-D-H	(51,506,256)	(67,446,612)	(60,558,742)
115%	J=I x 115%	(59,232,194)	(77,563,604)	(69,642,553)
Available liquidity	K=A-J	256,902,758	238,571,348	246,492,399
Liquidity as a % of deficit	L=A/J	534%	408%	454%

Basis of preparation:

The ratios are calculated in accordance with the 2010 Regulations.
The calculations are based on unaudited book values as at 30 September 2024.