

Quarterly Ongoing Disclosure

As at 30 June 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

30/06/2024

NBS' capital ratio calculated in accordance with the 2010 Regulations	12.51%
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 June 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	3.04% of capital, or \$2,946,000
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>	310,136,238		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	81,510,031		
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>)	93,736,536		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	216,399,702		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	440%	478%	494%

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 June 2024

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

Total assets*	1,122,440,442
Total intangible assets*	4,864
Total tangible assets*	1,122,435,578
Total liabilities*	1,022,512,588
Net loss after tax*	(724,760)
Net cash flows from operating activities*	7,213,026
Cash and cash equivalents*	310,136,238
Capital as calculated in accordance with the 2010 Regulations	96,819,000

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

3. How the Key Ratios have Been Calculated

At 30 June 2024

1. Capital Ratio

Capital			(\$M)	
Retained earnings			49.288	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
Total capital			99.928	
Regulatory deductions from capital				
Intangibles/deferred tax			3.109	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E) 96.819	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	61.094	61.094
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	6.240	9.360
			67.334	70.454
Property development				
Secured by 1st mortgage over land & buildings	<=60%	150%	30.314	45.471
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			30.314	45.471
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	100.860	100.860
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	26.728	40.092
			127.588	140.952
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	429.737	150.408
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	66.890	33.445
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	3.426	3.426
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%	10.256	2.051
			510.309	189.330
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	16.077	16.077
Secured by a PPSR charge over any other asset	Any	100%	0.937	0.937
Unsecured	Any	150%	0.421	0.632
			17.435	17.646
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	9.191	9.191
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	5.366	8.049
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	27.032	40.548
Other security	Any	200%	0.136	0.272
Unsecured	Any	200%	0.575	1.150
			42.300	59.210
Total net loan book (after provisions, deductions and deposit set-offs)			795.280	523.063
Value of qualifying deposits used as set off against loans			2.692	
Cash	0%		2.313	-

New Zealand registered bank deposits and securities	20%	307,823	61,565
Trade and receivables	350%	2,392	8,372
Operating leases	175%	1,942	3,398
Fixed assets	350%	4,803	16,810
Intangibles	0%	3,109	-
All other assets	350%	2,086	7,301
Off balance sheet items	100%		0,985
Total assets		(A) 1122,440	(B) 621,494
Market and operational risk requirement	(A+B)/2 x 0.175		(C) 152,594
Total exposures	B+C		(D) 774,088
Capital ratio as at 31 March 2024	E/D		12.51%

2. Related Party Ratio

Regulatory capital		(A) 96,819,000
Related party loans		(B) 2,946,000
Related party exposure % of capital	C=B/A	3.04%

3. Liquidity Compliance

		July through Sept 2024		
Total liquid assets	(A)	310,136,238		
Total of expected inflows (January-March)	sum B=M	49,035,232		
Total of principal of securities payable (January-March)	sum C=N	212,949,032		
Total committed undrawn lending facilities	G	113,414,126		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N + G) x 40%=O	130,545,263		
Three month deficit	M-O=P	81,510,031		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	93,736,536		
Surplus of liquid assets above the minimum requirements	R=A-Q	216,399,702		
		31/07/2024	31/08/2024	30/09/2024
Total liquid assets	(A)	310,136,238	310,136,238	310,136,238
Plus:				
All expected inflows due within each month	(B)	21,953,596	13,776,311	13,305,325
Less:				
Principal of the securities payable during the next three months	(C)	94,800,582	61,957,534	56,190,916
40% of term deposits due within each month	D=C x 40%	37,920,233	24,783,014	22,476,366
Committed undrawn lending facilities				
Flexible facilities	(E)	51,531,208	51,531,208	51,531,208
Loans approved but undrawn	(F)	61,882,918	61,882,918	61,882,918
	G=E+F	113,414,126	113,414,126	113,414,126
40% of committed undrawn lending facilities	H=G x 40%	45,365,650	45,365,650	45,365,650
Mismatch dollar amount	I=B-D-H	(61,332,287)	(56,372,353)	(54,536,691)
115%	J=I x 115%	(70,532,130)	(64,828,206)	(62,717,195)
Available liquidity	K=A-J	239,604,108	245,308,032	247,419,043
Liquidity as a % of deficit	L=A/J	440%	478%	494%

Basis of preparation:

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