

Quarterly Ongoing Disclosure

as at 31 December 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	31/12/2024
NBS' capital ratio calculated in accordance with the 2010 Regulations	12.45%
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 December 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	0.73% of capital, or \$695,000
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>	264,384,917		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	94,190,022		
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>)	108,318,525		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	156,066,392		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	393%	366%	402%

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 December 2024

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

Total assets [*]	1,136,850,314
Total intangible assets [*]	-
Total tangible assets [*]	1,136,850,314
Total liabilities [*]	1,037,986,437
Net profit (loss) after tax [*]	1,301,012
Net cash flows from operating activities [*]	13,202,767
Cash and cash equivalents [*]	259,485,443
Capital as calculated in accordance with the 2010 Regulations	95,819,000

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

3. How the Key Ratios have Been Calculated

At 31 December 2024

1. Capital Ratio

Capital			(\$M)	
Retained earnings			48.224	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
Total capital			98.864	
Regulatory deductions from capital				
Intangibles/deferred tax			3.045	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E) 95.819	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	61.404	61.404
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	4.654	6.981
			66.058	68.385
Property development				
Secured by 1st mortgage over land & buildings	<=60%	150%	28.529	42.793
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			28.529	42.793
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	103.497	103.497
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	27.501	41.252
			130.998	144.749
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	421.598	147.559
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	79.748	39.874
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	2.577	2.577
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%	9.152	1.830
			513.075	191.840
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	10.492	10.492
Secured by a PPSR charge over any other asset	Any	100%	1.057	1.057
Unsecured	Any	150%	0.464	0.696
			12.013	12.245
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	6.657	6.657
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	2.512	3.768
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	31.247	46.871
Other security	Any	200%	0.313	0.626
Unsecured	Any	200%	0.526	1.052
			41.255	58.974
Total net loan book (after provisions, deductions and deposit set-offs)			791.928	518.986
Value of qualifying deposits used as set off against loans			3.703	-
Cash	0%		3.065	-

New Zealand registered bank deposits and securities	20%	325.340	65.068
Trade and receivables	350%	2.061	7.214
Operating leases	175%	1.707	2.987
Fixed assets	350%	4.586	16.051
Intangibles	0%	3.045	-
All other assets	350%	1.415	4.952
Off balance sheet items	100%		0.993
Total assets		(A) 1,136.850	(B) 616.251
Market and operational risk requirement	(A+B)/2 x 0.175		(C) 153.396
Total exposures	B+C		(D) 769.647
Capital ratio as at 31 December 2024	E/D		12.45%

2. Related Party Ratio

Regulatory capital	(A)	95,819,000
Related party loans	(B)	695,000
Related party exposure % of capital	C=B/A	0.73%

3. Liquidity Compliance

		January through March 2025		
Total liquid assets	(A)	264,384,917		
Total of expected inflows	sum B=M	42,682,685		
Total of principal of securities payable	sum C=N	236,883,258		
Total committed undrawn lending facilities	G	105,298,510		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N+G) x 40%=O	136,872,707		
Three month deficit	M-O=P	94,190,022		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	108,318,525		
Surplus of liquid assets above the minimum requirements	R=A-Q	156,066,392		
		Jan 2025	Feb 2025	Mar 2025
Total liquid assets	(A)	264,384,917	264,384,917	264,384,917
Plus:				
All expected inflows due within each month	(B)	10,424,152	13,639,497	18,619,036
Less:				
Principal of the securities payable during the next three months	(C)	66,856,800	85,899,760	84,126,698
40% of term deposits due within each month	D=C x 40%	26,742,720	34,359,904	33,650,679
Committed undrawn lending facilities				
Flexible facilities	(E)	57,394,817	57,394,817	57,394,817
Loans approved but undrawn	(F)	47,903,693	47,903,693	47,903,693
	G=E+F	105,298,510	105,298,510	105,298,510
40% of committed undrawn lending facilities	H=G x 40%	42,119,404	42,119,404	42,119,404
Mismatch dollar amount	I=B-D-H	(58,437,972)	(62,839,811)	(57,151,047)
115%	J=I x 115%	(67,203,668)	(72,265,783)	(65,723,704)
Available liquidity	K=A-J	197,181,249	192,119,134	198,661,213
Liquidity as a % of deficit	L=A/J	393%	366%	402%

Basis of preparation:

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