

Quarterly Ongoing Disclosure

as at 30 June 2025

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		30/06/2025
NBS' capital ratio calculated in accordance with the 2010 Regulations		13.85%
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 2025, 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	0.98% of capital, or \$966,000
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>	252,624,080		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	88,113,578		
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>)	101,330,615		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	151,293,465		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	368%	377%	364%

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 2025

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

Total assets*	1,066,003,414
Total liabilities*	964,325,773
Net profit (loss) after tax*	1,742,907
Net cash flows from operating activities*	(34,440,788)
Cash and cash equivalents*	204,191,076
Capital as calculated in accordance with the 2010 Regulations	98,593,000

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

3. How the Key Ratios have Been Calculated

At 30 June 2025

1. Capital Ratio

Capital			(\$M)	
Retained earnings			51.038	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
Total capital			101.678	
Regulatory deductions from capital				
Intangibles/deferred tax			3.085	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E)	98.593
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	58.935	58.935
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	4.641	6.962
			63.576	65.897
Property development				
Secured by 1st mortgage over land & buildings	<=60%	150%	27.640	41.460
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	3.451	6.902
			31.091	48.362
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	103.142	103.142
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	26.716	40.074
			129.858	143.216
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	434.389	152.037
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	73.554	36.777
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	5.233	5.230
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%	8.712	1.742
			521.888	195.786
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	6.962	6.962
Secured by a PPSR charge over any other asset	Any	100%	0.915	0.915
Unsecured	Any	150%	0.390	0.585
			8.267	8.462
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	2.439	2.439
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	3.276	4.914
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	10.272	15.408
Other security	Any	200%	0.126	0.252
Unsecured	Any	200%	0.195	0.390
			16.308	23.403
Total net loan book (after provisions, deductions and deposit set-offs)			770.988	485.126
Value of qualifying deposits used as set off against loans			3.921	-
Cash	0%		2.299	-

New Zealand registered bank deposits and securities	20%	277.155	55.431
Trade and receivables	350%	1.027	3.595
Operating leases	175%	1.516	2.654
Fixed assets	350%	4.326	15.141
Intangibles	0%	3.085	-
All other assets	350%	1.687	5.905
Off balance sheet items	100%		0.793
Total assets		(A) 1,066.004	(B) 568.645
Market and operational risk requirement	(A+B)/2 x 0.175		(C) 143.032
Total exposures	B+C		(D) 711.677
Capital ratio as at 30 June 2025	E/D		13.85%

2. Related Party Ratio

Regulatory capital	(A)	98,593,000
Related party exposures	(B)	966,000
Related party exposures as a % of capital	C=B/A	0.98%

3. Liquidity Compliance

		April through Sep 2025		
Total liquid assets	(A)	252,624,080		
Total of expected inflows	sum B=M	39,767,698		
Total of principal of securities payable	sum C=N	206,841,318		
Total committed undrawn lending facilities	G	112,861,872		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N+G) x 40%=O	127,881,276		
Three month deficit	M-O=P	88,113,578		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	101,330,615		
Surplus of liquid assets above the minimum requirements	R=A-Q	151,293,465		
		Jul 2025	Aug 2025	Sep 2025
Total liquid assets	(A)	252,624,080	252,624,080	252,624,080
Plus:				
All expected inflows due within each month	(B)	11,276,428	15,034,251	13,457,019
Less:				
Principal of the securities payable during the next three months	(C)	64,711,423	70,333,227	71,796,668
40% of term deposits due within each month	D=C x 40%	25,884,569	28,133,291	28,718,667
Committed undrawn lending facilities				
Flexible facilities	(E)	58,751,453	58,751,453	58,751,453
Loans approved but undrawn	(F)	54,110,419	54,110,419	54,110,419
	G=E+F	112,861,872	112,861,872	112,861,872
40% of committed undrawn lending facilities	H=G x 40%	45,144,749	45,144,749	45,144,749
Mismatch dollar amount	I=B-D-H	(59,752,890)	(58,243,789)	(60,406,397)
115%	J=I x 115%	(68,715,824)	(66,980,357)	(69,467,357)
Available liquidity	K=A-J	183,908,256	185,643,723	183,156,723
Liquidity as a % of deficit	L=A/J	368%	377%	364%

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 2025.