

Quarterly Ongoing Disclosure

As at 30 September 2023

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's creditworthiness sets out risk factors that could cause its financial position to deteriorate. The offer register provides a breakdown of how the figures in this table are calculated, as well as full financial statements.

This document should be read in conjunction with NBS' Product Disclosure Statement.

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

1. Key ratios

Capital ratio

NBS' capital ratio calculated in accordance with the 2010 Regulations		13.30%
Minimum capital ratio required by the Trust Deed	For as long as NBS has a credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 8%. If NBS has no credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 10%	
Minimum capital ratio required by regulation 8(2) of the 2010 Regulations	For as long as NBS has a credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 8%. If NBS has no credit rating from an approved rating agency, NBS shall ensure the capital ratio is not less than 10%.	

The capital ratio is a measure of the extent to which Nelson Building Society (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 2023 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	2.23%
Maximum limit on aggregate exposures to related parties allowed by the Trust Deed and 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

Liquidity calculated in accordance with Clause 7.2(b)(iii) of the Trust Deed for proceeding three months	381%	249%	311%
Minimum liquidity requirements required under the Trust Deed	<p>Total liquid assets will not be less than 115% of the deficit (expressed as a positive number) arising from:</p> <ul style="list-style-type: none"> i) aggregate amount receivable by NBS in cash within the next three months, less ii) aggregate amount payable by NBS in cash by way of: <ul style="list-style-type: none"> a) 40% of debt securities payable during the next three months 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 2023

Total assets*	1,133,366,210
Total intangible assets*	57,726
Total tangible assets*	1,133,308,484
Total liabilities*	1,022,257,772
Net profit after tax*	819,420
Net cash flows from operating activities*	43,071,769
Cash and cash equivalents*	258,476,071
Capital as calculated in accordance with the 2010 Regulations	108,641,000

* As determined in accordance with GAAP

3. How the key ratios have been calculated as at 30 September 2023

1. Capital ratio

Capital			(\$M)	
Retained earnings			60.428	
Fully paid perpetual preference shares			49.621	
Reserves			1.060	
Total capital			111.109	
Regulatory deductions from capital				
Intangibles/deferred tax			2.468	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E) 108.641	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	53.190	53.190
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	6.807	10.211
			59.997	63.401
Property Development				
Secured by 1st mortgage over land & buildings	<=60%	150%	41.719	62.579
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			41.719	62.579
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	108.163	108.163
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	25.922	38.883
			134.085	147.046
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over rural land & buildings	<=70%	35%	458.978	160.641
Secured by 1st mortgage over rural land & buildings	>70% to <=80%	50%	63.354	31.677
Secured by 1st mortgage over rural land & buildings	>80% to <=90%	100%	2.012	2.012
Secured by 1st mortgage over rural land & buildings	>90% to <=100%	125%	-	-
Secured by 1st mortgage over rural land & buildings	<=100%	150%	-	-
Mortgage insured by Kāinga Ora	Any	20%	12.651	2.530
			536.995	196.860
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	25.623	25.623
Secured by a PPSR charge over any other asset	Any	100%	0.737	0.737
Unsecured	Any	150%	0.202	0.303
			26.562	26.663
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	12.042	12.042
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	12.522	18.783
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	31.507	47.261
Unsecured	Any	200%	2.916	5.832
			58.987	83.918
Total net loan book (after provisions, deductions and deposit set offs)			858.345	580.467
Value of qualifying deposits used as set off against loans			2.647	
Cash		0%	2.092	-
New Zealand registered bank deposits and securities		20%	259.312	51.862
Trade and receivables		350%	0.065	0.228
Operating Leases		175%	1.863	3.260
Fixed Assets		350%	5.001	17.504
Intangibles		0%	2.468	-
All Other Assets		350%	1.574	5.509
Off Balance Sheet Items		100%		1.253
Total assets			(A) 1133.367	(B) 660.083
Market and operational risk requirement		(A+B)/2 x 0.175		(C) 156.927
Total exposures		B+C		(D) 817.010
Capital ratio as at 30 September 2023		E/D		13.30%

2. Related party ratio

NBS' aggregate exposure to related parties as a percentage of capital must not exceed 15%.

Regulatory Capital		(A) 108,641,000
NBS related party exposure		
Related party loans		(B) 2,426,000
Related party exposure % of capital	C=B/A	2.23%

3. Liquidity ratio

		October 2023	November 2023	December 2023
Total liquid assets	(A)	258,476,071	258,476,071	258,476,071
Plus:				
All expected inflows due within each month	(B)	21,072,112	9,910,532	10,591,651
Less:				
Principal of the securities payable during the next three months	(C)	75,818,851	126,036,915	83,193,480
40% of term deposits due within each month	D=C x 40%	30,327,540	50,414,766	33,277,392
Committed undrawn lending facilities				
Flexible facilities	(E)	48,021,494	48,021,494	48,021,494
Loans approved but undrawn	(F)	76,198,440	76,198,440	76,198,440
	G=E+F	124,219,934	124,219,934	124,219,934
40% of committed undrawn lending facilities	H=G x 40%	49,687,974	49,687,974	49,687,974
Mismatch dollar amount	I=B-D-H	(58,943,402)	(90,192,208)	(72,373,715)
115%	J=I x 115%	(67,784,912)	(103,721,039)	(83,229,772)
Available liquidity	K=A-J	190,691,159	154,755,032	175,246,299
Liquidity as a % of deficit	L=A/J	381%	249%	311%

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 2023.