

Quarterly Ongoing Disclosure

as at 31 March 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

31/03/2025

NBS' capital ratio calculated in accordance with the 2010 Regulations		12.81%
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 March 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	0.70% of capital, or \$683,000
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>	256,251,558		
Three month deficit calculated in accordance with the <i>Trust Deed</i>	125,590,830		
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>)	144,429,455		
Surplus (deficit) of liquid assets above minimum requirements under the <i>Trust Deed</i>	111,822,103		
Liquidity calculated in accordance with Clause 7.2(b)(iii) of the <i>Trust Deed</i> for proceeding three months	283%	312%	423%

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 March 2025

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

Total assets*	1,119,451,423
Total intangible assets*	-
Total tangible assets*	1,119,451,423
Total liabilities*	1,018,872,690
Net profit (loss) after tax*	2,409,917
Net cash flows from operating activities*	(13,765,491)
Cash and cash equivalents*	239,689,869
Capital as calculated in accordance with the 2010 Regulations	97,416,000

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

3. How the Key Ratios have Been Calculated

At 31 March 2025

1. Capital Ratio

Capital			(\$M)	
Retained earnings			49.939	
Fully paid perpetual preference shares			49.621	
Reserves			1.019	
Total capital			100.579	
Regulatory deductions from capital				
Intangibles/deferred tax			3.163	
Perpetual preference shares in excess of regulatory limit			-	
Net regulatory capital			(E) 97.416	
Exposures			(\$M)	(\$M)
	LVR	Risk Weighting	Value	Risk Weighted Exposures
Agriculture/farming				
Secured by 1st mortgage over rural land & buildings	<=70%	100%	58.972	58.972
Secured by 1st mortgage over rural land & buildings	>70% to <=100%	150%	4.639	6.958
			63.611	65.930
Property development				
Secured by 1st mortgage over land & buildings	<=60%	150%	28.703	43.054
Secured by 1st mortgage over land & buildings	>60% to <=100%	200%	-	-
			28.703	43.054
Other property (primary/commercial/industrial/retail property)				
Secured by 1st mortgage over land & buildings	<=70%	100%	102.177	102.177
Secured by 1st mortgage over land & buildings	>70% to <=100%	150%	27.567	41.351
			129.744	143.528
Residential mortgages (owner occupied and investment)				
Secured by 1st mortgage over land & buildings	<=70%	35%	432.677	151.437
Secured by 1st mortgage over land & buildings	>70% to <=80%	50%	69.494	34.747
Secured by 1st mortgage over land & buildings	>80% to <=90%	100%	2.560	2.560
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%	8.796	1.759
			513.527	190.503
Consumer loans - to individuals with loan balances less than \$40,000				
Secured by a PPSR charge over a motor vehicle/boat	Any	100%	8.574	8.574
Secured by a PPSR charge over any other asset	Any	100%	1.106	1.106
Unsecured	Any	150%	0.399	0.599
			10.079	10.279
All other loans				
Secured by a PPSR charge over a motor vehicle/boat	<=70%	100%	4.412	4.412
Secured by a PPSR charge over a motor vehicle/boat	>70%	150%	3.625	5.438
Secured by a PPSR charge over an asset not a motor vehicle/boat	Any	150%	34.675	52.012
Other security	Any	200%	0.282	0.564
Unsecured	Any	200%	0.236	0.472
			43.230	62.898
Total net loan book (after provisions, deductions and deposit set-offs)			788.894	516.192
Value of qualifying deposits used as set off against loans			3.744	-
Cash	0%		2.403	-

New Zealand registered bank deposits and securities	20%	311.909	62.382
Trade and receivables	350%	1.437	5.030
Operating leases	175%	1.599	2.798
Fixed assets	350%	4.472	15.652
Intangibles	0%	3.163	-
All other assets	350%	1.830	6.405
Off balance sheet items	100%	-	0.794
Total assets		(A) 1,119.451	(B) 609.253
Market and operational risk requirement	(A+B)/2 x 0.175		(C) 151.262
Total exposures	B+C		(D) 760.515
Capital ratio as at 31 March 2025	E/D		12.81%

2. Related Party Ratio

Regulatory capital	(A)	97,416,000
Related party exposures	(B)	683,000
Related party exposures as a % of capital	C=B/A	0.70%

3. Liquidity Compliance

		April through June 2025		
Total liquid assets	(A)	256,251,558		
Total of expected inflows	sum B=M	42,612,525		
Total of principal of securities payable	sum C=N	324,090,805		
Total committed undrawn lending facilities	G	96,417,583		
40% of principal moneys due and 40% of committed undrawn lending facilities	(N+G) x 40%=O	168,203,355		
Three month deficit	M-O=P	125,590,830		
Minimum liquidity requirement (being 115% of the three month deficit)	Q=P x 115%	144,429,455		
Surplus of liquid assets above the minimum requirements	R=A-Q	111,822,103		
		Apr 2025	May 2025	Jun 2025
Total liquid assets	(A)	256,251,558	256,251,558	256,251,558
Plus:				
All expected inflows due within each month	(B)	16,881,536	13,426,401	12,304,588
Less:				
Principal of the securities payable during the next three months	(C)	142,560,349	115,635,849	65,894,607
40% of term deposits due within each month	D=C x 40%	57,024,140	46,254,340	26,357,843
Committed undrawn lending facilities				
Flexible facilities	(E)	52,604,515	52,604,515	52,604,515
Loans approved but undrawn	(F)	43,813,068	43,813,068	43,813,068
	G=E+F	96,417,583	96,417,583	96,417,583
40% of committed undrawn lending facilities	H=G x 40%	38,567,033	38,567,033	38,567,033
Mismatch dollar amount	I=B-D-H	(78,709,637)	(71,394,972)	(52,620,288)
115%	J=I x 115%	(90,516,083)	(82,104,218)	(60,513,331)
Available liquidity	K=A-J	165,735,475	174,147,340	195,738,227
Liquidity as a % of deficit	L=A/J	283%	312%	423%

Basis of preparation:

The ratios are calculated in accordance with the 2010 Regulations.
The calculations are based on unaudited book values as at 31 March 2025.