

Quarterly Ongoing Disclosure

As at 31 December 2022

1. Key Ratios

Capital

| | |
|--|---|
| Capital Ratio | 12.90% |
| Minimum capital ratio under 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 that must be set out in the Trust Deed under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 | 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 31 December 2022 all perpetual non-cumulative preference shares have full voting rights, as such their contribution towards NBS' capital is unrestricted.

Related Parties

| | |
|---|-------|
| Related party ratio | 2.46% |
| Maximum aggregate exposure of NBS to related parties under the Trust Deed | 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).

Liquidity

| | | | |
|---|---|------|------|
| Liquidity ratio for proceeding three months | 164% | 178% | 188% |
| Minimum liquidity coverage under the Trust Deed | <p>Total liquid assets will not be less than 115% of the deficit 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 depositors 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 2022

| | |
|---|---------------|
| Total assets* | 1,119,541,819 |
| Total intangible assets* | 189,199 |
| Total tangible assets* | 1,119,352,620 |
| Total liabilities* | 1,009,852,354 |
| Net profit after tax* | 3,085,053 |
| Net cash flows from operating activities* | 973,212 |
| Cash and cash equivalents* | 121,237,094 |
| Regulatory capital** | 107,802,000 |

* As determined in accordance with GAAP

** As calculated in accordance with 2010 Regulations

3. Ratio Calculations as at 31 December 2022

1. Capital Compliance

| Capital | | | (\$M) | |
|--|----------------|-----------------------|---------------------|--------------------------------|
| Retained earnings | | | | 58.759 |
| Fully paid perpetual preference shares | | | | 49.871 |
| Reserves | | | | 1.060 |
| Total Capital | | | | 109.690 |
| Regulatory deductions from capital | | | | 1.888 |
| Intangibles/deferred tax | | | | |
| Net regulatory capital | | | (E) | 107.802 |
| Exposures | | | (\$M) | (\$M) |
| | LVR | Risk Weighting | Value | Risk Weighted Exposures |
| Agriculture/farming | | | | |
| Secured by 1st mortgage over rural land & buildings | <=70% | 100% | 55.921 | 55.921 |
| Secured by 1st mortgage over rural land & buildings | >70% to <=100% | 150% | 10.966 | 16.449 |
| | | | 66.887 | 72.370 |
| Property Development | | | | |
| Secured by 1st mortgage over land & buildings | <=60% | 150% | 45.541 | 68.312 |
| Secured by 1st mortgage over land & buildings | >60% to <=100% | 200% | 0.859 | 1.718 |
| | | | 46.400 | 70.030 |
| Other property (primary/commercial/industrial/retail property) | | | | |
| Secured by 1st mortgage over rural land & buildings | <=70% | 100% | 120.395 | 120.395 |
| Secured by 1st mortgage over rural land & buildings | >70% to <=100% | 150% | - | - |
| | | | 120.395 | 120.395 |
| Residential mortgages (owner occupied and investment) | | | | |
| Secured by 1st mortgage over rural land & buildings | <=70% | 35% | 468.814 | 164.084 |
| Secured by 1st mortgage over rural land & buildings | >70% to <=80% | 50% | 70.669 | 35.334 |
| Secured by 1st mortgage over rural land & buildings | >80% to <=90% | 100% | 3.370 | 3.370 |
| Secured by 1st mortgage over rural land & buildings | >90% to <=100% | 125% | 0.738 | 0.922 |
| Secured by 1st mortgage over rural land & buildings | <=100% | 150% | 0.679 | 1.019 |
| Mortgage insured by Kāinga Ora | Any | 20% | 12.335 | 2.467 |
| | | | 556.605 | 207.196 |
| Consumer loans - to individuals with loan balances less than \$40,000 | | | | |
| Secured by a PPSR charge over a motor vehicle/boat | Any | 100% | 36.294 | 36.294 |
| Secured by a PPSR charge over any other asset | Any | 100% | 0.892 | 0.892 |
| Unsecured | Any | 150% | 0.206 | 0.309 |
| | | | 37.392 | 37.495 |
| All other loans | | | | |
| Secured by a PPSR charge over a motor vehicle/boat | <=70% | 100% | 15.011 | 15.011 |
| Secured by a PPSR charge over a motor vehicle/boat | >70% | 150% | 26.143 | 39.215 |
| Secured by a PPSR charge over an asset not a motor vehicle/boat | Any | 150% | 29.392 | 44.088 |
| Unsecured | Any | 200% | 2.731 | 5.462 |
| | | | 73.277 | 103.776 |
| Total net loan book (after provisions, deductions and deposit set offs) | | | 900.956 | 611.262 |
| Value of qualifying deposits used as set off against loans | | | 1.957 | |
| Cash | 0% | | 2.541 | - |
| New Zealand registered bank deposits and securities | 20% | | 204.682 | 40.935 |
| Trade and receivables | 350% | | 0.029 | 0.102 |
| Operating Leases | 175% | | 1.638 | 2.867 |
| Fixed Assets | 350% | | 4.837 | 16.930 |
| Intangibles | 0% | | 1.888 | - |
| All Other Assets | 350% | | 1.014 | 3.549 |
| Off Balance Sheet Items | 100% | | - | 2.888 |
| Total assets | | | (A) 1119.542 | (B) 678.533 |
| Market and operational risk requirement | | (A+B)/2 x 0.175 | | (C) 157.332 |
| Total Exposures | | B+C | | (D) 835.865 |
| Capital ratio as at 31 December 2022 | | E/D | | 12.90% |

2. Related Party Exposure

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

| | | |
|-------------------------------------|-------|-----------------|
| Regulatory Capital | | (A) 107,802,000 |
| NBS related party exposure | | |
| Related party loans | | (B) 2,649,000 |
| Related party exposure % of capital | C=B/A | 2.46% |

3. Liquidity Compliance

| | | January 2023 | February 2023 | March 2023 |
|--|------------|--------------------|--------------------|--------------------|
| Total liquid assets | (A) | 135,882,572 | 135,882,572 | 135,882,572 |
| Plus: | | | | |
| All expected inflows due within each month | (B) | 11,384,624 | 9,564,519 | 16,805,557 |
| Less: | | | | |
| Principal of the securities payable during the next three months | (C) | 68,616,927 | 50,577,473 | 59,305,987 |
| 40% of term deposits due within each month | D=C x 40% | 27,446,771 | 20,230,989 | 23,722,395 |
| Committed undrawn lending facilities | | | | |
| Flexible facilities | (E) | 57,158,295 | 57,158,295 | 57,158,295 |
| Loans approved but undrawn | (F) | 82,568,297 | 82,568,297 | 82,568,297 |
| | G=E+F | 139,726,592 | 139,726,592 | 139,726,592 |
| 40% of committed undrawn lending facilities | H=G x 40% | 55,890,637 | 55,890,637 | 55,890,637 |
| Mismatch dollar amount | I=B-D-H | (71,952,784) | (66,557,107) | (62,807,475) |
| 115% | J=I x 115% | (82,745,702) | (76,540,673) | (72,228,596) |
| Available liquidity | K=A-J | 53,136,870 | 59,341,899 | 63,653,976 |
| Liquidity as a % of deficit | L=A/J | 164% | 178% | 188% |

Basis of preparation:

The ratios are calculated in accordance with the Regulations.

The calculations are based on unaudited book values as at 31 December 2022.