

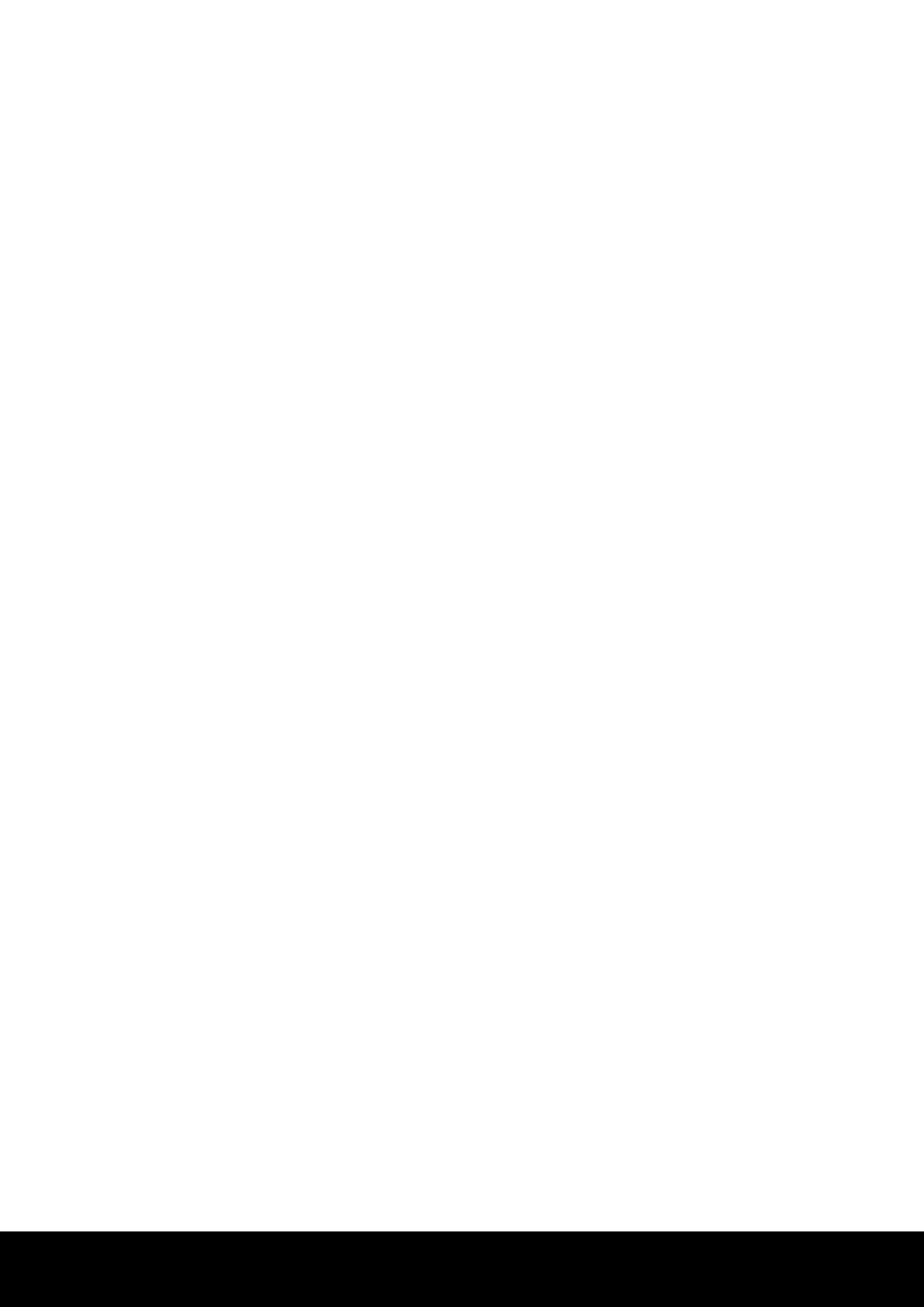
# NBS

NELSON BUILDING SOCIETY

## PROSPECTUS No. 42

FOR THE ISSUE OF DEBT SECURITIES UP TO A MAXIMUM OF \$800,000,000

ISSUE DATE: 31 July 2016



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## Nelson Building Society (NBS)

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The issuer of the deposits which are the subject of this Prospectus is Nelson Building Society ("NBS"). NBS' registered office is at 111 Trafalgar Street, Nelson, 7010. NBS is New Zealand's oldest Building Society. NBS was founded in 1862 to provide housing and personal finance in the Nelson region. NBS has expanded into the Tasman, West Coast, Golden Bay and Mid Canterbury regions and continues to offer traditional banking services: loans, deposits and transactional banking to retail and SME customers. The predominant lending activity remains the provision of owner-occupied home loans. The activities of NBS during the 5 years preceding the issue of this Prospectus have been consistent with this purpose.

NBS was incorporated as a building society in 1981 and is registered under the Building Societies Act 1965.

### Places of Inspection of Documents

NBS' public file (including a copy of this Prospectus, any material contracts and financial statements, the Trust Deed and the Rules) may be viewed on the Companies Office website [www.business.govt.nz](http://www.business.govt.nz) under "Search Other Registers". The file reference number is "1781002". Copies of the documents may also be obtained (on payment of a fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508-266-726. Copies of the NBS Rules may also be inspected by visiting [www.nbs.co.nz](http://www.nbs.co.nz).

## Main Terms of Offer

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NBS reserves the right to close this offer of deposits, refuse any application or funds in whole or in part and without giving reasons and/or issue a new Prospectus in substitution for or in addition to this Prospectus at any time.

The Securities Act 1978 applies to this offer of deposits. The deposits offered under this Prospectus are unsecured debt securities for the purposes of the Securities Act 1978. This Prospectus is for the issue of such deposits up to a maximum amount of \$800,000,000.

The securities being offered are unsecured deposits. Deposits carry voting rights which may be exercised at meetings of NBS members and carry the right to share in the surplus assets of NBS on liquidation.

### Ranking of Securities

Deposits rank equally amongst themselves and equally with the Society's other unsecured creditors. As at 31 March 2016, there were no securities secured by a mortgage or charge over any of NBS's assets. Accordingly, no securities that are secured by mortgage or charge over the assets rank in priority to, or equally with the deposits.

Neither the repayment of the deposits nor the payment of any interest thereon is guaranteed by any person.

### Key Terms of Deposits

#### Interest Rates

NBS' current interest rates and (where applicable) maturity terms are set out in its current rate card which depositors can obtain by calling 0800 101 700, visiting any NBS branch, or by visiting NBS's website [www.nbs.co.nz](http://www.nbs.co.nz).

NBS may vary any of the interest rates applicable to deposits at any time without notice. Any change in interest rates will not apply to any deposits established before the date of change which have a fixed rate of interest.

### Payment of Interest

Interest will accrue on each deposit on a daily basis from the date a valid application is received and the application moneys are deposited into a NBS account.

Interest on call deposits is calculated daily and added to the principal amount of the deposit on a monthly basis.

Interest on a term deposit will be calculated and paid, at the rates, with the frequency and on the specific terms and dates agreed at the time of depositing.

### Upon Maturity of a Term Deposit

Prior to the maturity date of a term deposit, NBS will send a notice advising the deposit is about to mature. The depositor can elect to:

- Redeposit the money with NBS, either in the same product or a different product; or
- Request the deposit be transferred to a nominated bank account; or
- Withdraw the deposit in cash or by cheque.

Unless the depositor instructs NBS otherwise, on maturity the term deposit will automatically be redeposited for the same term at the applicable interest rate on the day.

### Withdrawals From a Call Account

In general, depositors may withdraw money from a call deposit in the manner agreed to between the depositor and NBS at the time the deposit is made or as advised by NBS. Withdrawal methods include in person at a NBS Branch, utilising a NBS cheque book or AccessDebit MasterCard®, providing written instructions, or utilising electronic banking. Not all withdrawal methods are available on all call products.

Depositors can register for internet banking or mobile banking by contacting NBS.

### Early Repayment of Term Deposit Accounts

NBS' fixed rates of interest for a particular deposit amount and term are based on the expectation the funds will be deposited for the full term. While it is not expected that funds will be drawn before maturity, NBS accepts that clients' circumstances change and will consider, but is not obliged to accept, requests for early repayment of a deposit.

If NBS agrees to make an early repayment or alters the terms of a deposit, NBS may at their discretion charge an early termination or alteration fee in the form of a 2% per annum reduction in the interest rate for the term deposit.

### Fees

Fees may apply to certain transactions, services or other activities (including fees for dishonoured transactions and cheques, overdrawn accounts, and international transfers), these fees are subject to change.

Withdrawals from term deposits are subject to specific notice of withdrawal criteria. Early withdrawal of term deposits (if permitted by NBS) may result in an early redemption or alteration fee in the form of a 2% per annum reduction in the interest rate for the term deposit.

Details of applicable fees are available from NBS on request or can be found by visiting NBS' website at [www.nbs.co.nz](http://www.nbs.co.nz). No other fees are payable by a depositor which would affect the amount of an depositor's returns.

### Minimum Amount of Deposit

There is no minimum deposit for call deposits. The minimum deposit for term deposits is \$5,000.

### Taxation

Under current New Zealand tax legislation, NBS must deduct resident withholding tax ("RWT") from all interest earned before it is paid or credited to New Zealand-resident depositors.

If a depositor holds a current certificate of exemption and has given NBS a copy of that certificate, NBS will not deduct RWT.

The applicable RWT rates are available on the IRD website [www.ird.co.nz](http://www.ird.co.nz). Please note IRD may instruct interest payers to change the RWT rate where the IRD determines a RWT rate is inconsistent with a client's marginal tax rate.

For depositors who are not resident in New Zealand for tax purposes, NBS will deduct non-resident withholding tax ("NRWT"). The rate is currently 10% or 15%, depending on the country of residence.

NBS is also an approved issuer and is able to deduct an Approved Issuer Levy (AIL), which is currently 2%, instead of NRWT.

All non-resident depositors must provide NBS with their current overseas residential address.

NBS will advise depositors (unless interest paid is less than \$50) of the amount of interest paid by 20th May in the same year.

### Statements/Certificates

NBS will on request provide depositors with a statement detailing all transactions that have taken place in relation to deposits during the relevant period.

### Application Forms

Once an account has been opened, no application forms are required in respect of any transaction on a deposit account.

Applications for deposits are accepted by NBS subject to the terms agreed by negotiation, or contained in this Prospectus or the Rules and applicable law.

### Issue Expenses

The estimated cost of issuing this Prospectus is \$5,000.

### Material Contracts

There were no material contracts entered into by NBS during the 2 years prior to the date of registration of registration of this Prospectus, with the exception of:

- a) A Deed of Retirement of Trustee and Appointment of New Trustee, dated 31 October 2014, under which Trustees Executors Limited retired as trustee and Covenant Trustee Services Limited was appointed as the new trustee for depositors (the "Deed of Retirement and Appointment"); and
- b) A Deed of Variation dated 27 March 2015, of the Debt Security Trust Deed dated 20 December 1990 (Liquidity Guidelines) under which more detailed liquidity covenants were inserted into the Debt Security Trust Deed in order to meet the requirements of the Deposit Takers (Liquidity Requirements) Regulations 2010.

### Pending Proceedings

There are no legal proceedings or arbitrations pending at the date of this Prospectus that may have a material adverse effect on NBS.

## Provisions of Trust Deed

The deposits offered under this Prospectus are issued under a Debt Security Trust Deed dated 20th December 1990, as amended by subsequent deeds of amendment (the "Trust Deed") made between NBS and Trustees Executors Limited as trustee for the depositors. NBS subsequently entered into the Deed of Retirement and Appointment which appointed Covenant Trustee Services Limited as the trustee. Except to the extent that this Prospectus sets out the terms and conditions relating to the deposits, those contained in the Trust Deed will apply.

Capitalised expressions used in this section, which are defined in the Trust Deed and not otherwise defined in this Prospectus, have the same meaning assigned to them in the Trust Deed.

Under the Trust Deed, Covenant Trustee Services Limited (the "Trustee"), is appointed as trustee for depositors. The Trustee does not guarantee repayment of the deposits or the payment of any interest.

The Trust Deed does not prohibit the creation of new mortgages or charges ranking in point of security ahead of deposits, but imposes a maximum amount that may be so secured (the "Total Secured Liabilities") over the assets of NBS.

Under the Trust Deed, the Guaranteeing Group covenants with the Trustee that it will not:

- (a) Permit Total Liabilities to exceed 95% of Total Tangible Assets;
- (b) Permit Total Secured Liabilities to exceed 1% of Total Tangible Assets; Additional Secured Liabilities owed to Prime Debtors, (for example, Banks) are permitted for a limited time in certain prescribed circumstances and may increase Total Secured Liabilities up to a maximum of 7% of Total Tangible Assets at any particular time;
- (c) Permit Total Liquid Assets to be less than 15% of Total Tangible Assets less Reserves;
- (d) Permit the total amount payable in cash over any half-year as interest and dividends to exceed Income actually received in cash over the same period from investments of the Guaranteeing Group;
- (e) Fail to ensure that the assets of the Guaranteeing Group are sufficient or likely to be sufficient to enable its liabilities to be discharged as they become due;
- (f) Permit Exposure to a single issuer of Marketable Debt Securities or, in relation to such an issuer that is a member of a group of companies, Exposure to the Single Group of which the issuer is a Member (other than to a Bank) to exceed 15% of Total Liquid Assets;
- (g) Permit the aggregate of Total Secured Indebtedness and Total Unsecured Indebtedness owing to the Guaranteeing Group and the Total Listed Securities and the Total Unlisted Securities of the Guaranteeing Group to exceed 15% of Total Tangible Assets;
- (h) Permit the aggregate of Total Unsecured Indebtedness, Total Listed Securities and Total Unlisted Securities to exceed 5% of Total Tangible Assets;

- (i) Secure by way of charge over any assets of the Guaranteeing Group the payment of Principal or Interest or other moneys payable under any Debt Securities or issue any Debt Securities to "bearer";
- (j) Sell or transfer the whole or any substantial part of the business, undertaking or assets of the Guaranteeing Group except to any member of the Guaranteeing Group;
- (k) Enter into or permit the subsistence of any guarantee, indemnity or security for the obligations of any External Person for any unlimited amount of liability.
- (l) Permit the One Month Mismatch Ratio, calculated in accordance with the Trust Deed, to be less than zero at any time.
- (m) Permit the One Year Funding Ratio, calculated in accordance with the Trust Deed, to be less than 70% at all times.
- (n) Permit the consolidated capital ratio, calculated in accordance with the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, of the Society and any Guaranteeing Subsidiaries to be less than 8%.

An "Associated Person" is (broadly) any person (including a body corporate) or a relative of any person who controls or manages NBS, or who is controlled by NBS or whoever controls or manages NBS, and includes any non-guaranteeing body corporate which is related to or associated (in terms of accounting standards) with NBS.

The Guaranteeing Group covenants that it will not permit aggregate exposures of NBS and any Guaranteeing Subsidiaries to Related Parties to exceed:

- (i) 15% of capital; or
- (ii) if at anytime the Deposit Takers Regulations require a lower maximum limit on exposures to Related Parties, that lower limit,

in all cases calculated in accordance with the Deposit Takers Regulations.

"Related Parties" has the meaning given to that term in the Deposit Takers Regulations.

The Guaranteeing Group also covenants with the Trustee that it will not enter into transactions with Associated Persons other than for full market value, on an arms-length basis and in the ordinary course of business.

To enable the Trustee to monitor the financial position of the Guaranteeing Group, the Guaranteeing Group covenants to report regularly to the Trustee on the Guaranteeing Group's financial affairs.

Audited financial statements must be presented by NBS to the Trustee yearly and unaudited financial statements half-yearly. The directors of NBS must report to the Trustee every three months on various matters specified in detail in the Trust Deed, and monthly management financial statements are to be supplied to the Trustee.

The Trustee may also request (in special circumstances) that NBS provide further accounts and relevant information.

The following is a summary of the duties of the Trustee as stated by the Trust Deed:

- (a) to ascertain whether or not the Guaranteeing Group has breached the covenants in the Trust Deed or the terms of issue of any of the deposits issued;
- (b) upon occurrence of certain Events of Default under the Trust Deed, the Trustee may, or upon the written request of the holders of 20% of the principal amount of depositors or upon the Extraordinary Resolution of depositors, shall declare the deposit moneys to be immediately due and payable.

In addition, the Trustee has a statutory duty pursuant to the Securities Act 1978 and the Securities Regulations 2009 to exercise reasonable diligence to:

- (a) ascertain whether or not there has been any breach of the terms of the Trust Deed or of the terms of the offer of the deposits and to do all it is empowered to do to cause any such breach to be remedied (except where satisfied that the breach will not materially prejudice the interest of the depositors); and
- (b) ascertain whether or not assets of the Guaranteeing Group that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts on the deposits and as they become due.

The Trust Deed contains provisions for meetings of depositors and/or any class thereof. An Extraordinary Resolution (i.e. : a resolution passed by 75% of the votes cast at a meeting where there is a quorum of depositors present in person or by proxy holding or representing a majority in principal amount of the deposits) generally binds all depositors (whether they vote or not). However, an Extraordinary Resolution which exclusively affects the rights and interests of a class of depositors shall be of no force and effect unless it has been assented to in writing by not less than three-quarters in Principal amount of that class of depositors.

The Trustee may concur with NBS in making modifications to the Trust Deed in certain specified cases including where the modification is approved by an Extraordinary Resolution passed by the depositors and (without such a resolution) where the Trustee is of the opinion that such alteration is not or is not likely to become prejudicial to the general interests of the depositors (or any class thereof).

The Trust Deed will be discharged if NBS becomes a registered bank or transfers its engagements to a bank or to another building society or entity which has a Trust Deed in place which complies with the Securities Act and under which the depositors will be beneficiaries or upon the Trustee being satisfied that all moneys owing under the Trust Deed have been repaid or provision has been made for such repayment.



31 July 2016

The Directors  
Nelson Building Society  
111 Trafalgar Street  
NELSON 7010

**DEBENTURE TRUST DEED DATED 20<sup>th</sup> DECEMBER 1990 AND AS AMENDED**

Clause 14(3) of Schedule 2 to the Securities Regulations 2009 requires us to confirm that the offer of securities ("the Securities") by Nelson Building Society set out in the Prospectus complies with any relevant provisions of the Trust Deed. These provisions are those which:

- (i) entitle Nelson Building Society to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in this Prospectus;
- (ii) impose restrictions on the right of Nelson Building Society to offer the Securities;

And are described in the summary of the Trust Deed in this Prospectus.

The Trustee statement does not refer to any financial information, or to any other material in this Prospectus which does not relate to the Trust Deed.

The Trustee confirms that the offer of Securities set out in this Prospectus complies with any relevant provisions of the Trust Deed. We have given the confirmation on the basis set out above.

The inclusion of this Trustee's statement in the Prospectus should not be taken to imply that the Trustee has responsibility for the material in this Prospectus other than the Trustee's statement. The Trustee does not guarantee or provide any assurances as to the repayment of the Securities offered or the payment of interest thereon.

A handwritten signature in blue ink, appearing to read "R. Spong", is written over a faint, illegible stamp or watermark.

**Richard Spong**  
General Manager  
COVENANT TRUSTEE SERVICES LTD

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## Other Material Information

### Risks

A financial institution like NBS is exposed to various types of risk. These risks include:

#### Credit Risk

Credit risk is the risk that NBS is not able to recover loans in full from its borrowers and could, as a result, become insolvent and may be placed into receivership, liquidation or statutory management. NBS manages that risk by adhering to strict credit approval policies. All loan applications are subject to careful assessment by NBS and once approved in accordance with NBS' credit approval policy, all loans are managed and reviewed on an on-going basis by NBS. All loans are made within established and proven loan-to-value and repayment-to-income ratios. 90% of all loans have a value ratio of less than 80% and all repayments (with the exception of Housing New Zealand loans) have a ratio less than 35% of the borrower's annual gross income.

NBS restricts its exposure to any one borrower or group of closely-related borrowers and maintains capital reserves as required by its Trust Deed. These reserves provide a financial buffer to absorb any losses that may be incurred from lending money to customers.

NBS has a concentration of credit risk in several key non-bank loans, with three of those loans each representing between 10% and 19% of NBS' total equity. All loans are fully compliant. All loans are monitored in accordance with NBS' credit policy. Each of these loans has, what NBS considers to be a prudent loan to value ratio, (in no case exceeding 57%), meaning that NBS is satisfied that the value of the security it holds for the relevant loan is substantially more than the value of the loan.

NBS requires security for the greater majority (more than 90%) of its advances by way of registered first mortgage over real property. In addition, where the borrower is a company or a trust, NBS generally requires personal guarantees. The total loans and advances made by NBS and term deposits received by NBS are set out in the audited financial statements. Further detailed information relating to NBS' credit risks can be found in NBS' latest Annual Report available at [www.nbs.co.nz](http://www.nbs.co.nz).

#### Exposure to the Property Market

Almost all of NBS' lending is secured against residential, commercial or rural property. As such, NBS is heavily exposed to the New Zealand property market. Any deterioration of the market could adversely affect the value of properties over which NBS has a mortgage. This could lead to a reduction in earnings of NBS, or in the value of NBS' assets. NBS manages its exposure to the property market through on-going management of loans and ensuring adequate loan-to-value ratios are maintained and appropriate exit strategies are identified.

#### Interest Margin Risk

Interest margin risk is the risk interest rates will change, thereby increasing or decreasing the cost of borrowing or lending. NBS is exposed to this risk, as its profitability depends on maintaining an appropriate margin between the cost of funds it raises from the public and the interest and fees it receives from borrowers. To mitigate interest margin risk, interest margins are constantly managed and monitored by NBS.

#### Economic Downturn Risk

NBS' business plan is premised on a reasonably stable New Zealand economy. There is no assurance such stability will continue and any downturn could adversely affect NBS' future trading.

#### Liquidity and Reinvestment Risk

Liquidity risk is the risk NBS will encounter difficulty in meeting commitments associated with its financial liabilities, and future commitments. These commitments include repayment of deposits as they mature and interest as it falls due. NBS actively manages the maturity profile of its assets and liabilities, ensuring there are sufficient funds available to meet its financial obligations as they fall due. NBS aims to maintain consistent reinvestment rates and new deposit inflows for its retail funding to meet its financial commitments. NBS' Trust Deed contains covenants requiring NBS to maintain minimum liquidity levels (see page 4) and liquidity levels are significantly higher than the prescribed minima. NBS monitors its liquidity risk on a daily basis.

In respect of its retail funding, NBS seeks to maintain consistent reinvestment rates and new deposit inflows in order to meet its financial obligations and continue to grow its business.

If there was to be any significant reduction in reinvestment rates or new investment inflows, it could (depending on the extent of the reduction) adversely affect NBS' ability to source cost-effective funding (and so adversely affect the financial performance and financial condition of NBS) and ultimately significantly increase the liquidity risk of NBS.

Further detailed information relating to NBS' liquidity risk can be found in NBS' latest Annual Report available at [www.nbs.co.nz](http://www.nbs.co.nz).

#### Trading Risks

- **Operational Risks** - can arise from inadequate or failed internal processes, people and systems employed by NBS and could expose NBS to potential financial or reputational damage;
- **Risk of Loss of Key Personnel** - the loss of key personnel could make it difficult for NBS to execute its business strategies and may adversely affect NBS' business until sufficient replacement personnel are employed. Key personnel risk is mitigated by training and rewarding staff to retain them and by attracting high quality new staff through employer branding;
- **Technology Risks** - NBS is reliant on its information technology and other systems in order to operate its business. Any failure of such systems could adversely affect NBS' ability to operate its business. The risk of technological failure is mitigated through risk management practices and maintaining external back-up procedures;



- **Competition Risks** - the finance sector is highly competitive and, in the event NBS is unable to provide competitive products or services, this may have a materially adverse effect on NBS' financial performance. NBS mitigates this risk by continually reviewing competition and anticipating competition pressures and, where possible, evaluating its product range and pursuing new profitable business opportunities when available;
- **Regulatory and Legislative Risks** - could arise if there are substantial changes in law and governmental policies affecting NBS' business. The commercial impacts of law changes are often not apparent for some time after their introduction;
- **Tax Rate Risk** - could arise if a depositor advises NBS of the incorrect tax rate for deducting Resident or Non-Resident Withholding Tax, or if a depositor has not advised NBS of a change in his or her applicable tax rate. This could result in NBS either over or underpaying tax on the depositors behalf and the investor will be liable to pay any shortfall to the Inland Revenue Department.

The above risks are inherent in financial institutions, and NBS could not function without assuming these risks in varying degrees. NBS attempts to mitigate and carefully manage all risks to which it is exposed, and is required by the terms of the Trust Deed to operate within a set of prudential financial ratios which restricts the maximum risk positions it can assume.

However, if NBS was unable to recover a substantial portion of the secured advances it has made to others due to extreme changes in the economy or if other adverse factors caused an extensive reduction in the value of its securities (which impacts widely on the financial condition of its borrowers) and NBS' capital was insufficient to absorb the resulting losses, then NBS may become insolvent or be liquidated and depositors may not recover all of their deposit and/or the expected returns.

In no circumstances do depositors have any additional liability to NBS or to any person, over and above their deposit, including if NBS becomes insolvent or is liquidated. If you hold a deposit, your security ranks equally with those of other depositors and unsecured creditors of NBS and behind creditors given priority by law.

### **NBS' Credit Rating**

As at the date of this Prospectus, NBS holds a credit rating of BB+ from Fitch Ratings, a Reserve Bank approved credit rating agency. NBS' credit rating is a long-term issuer rating. NBS' rating reflects the strength of its retail funding base and resilient asset quality in the face of an environment that remains challenging. NBS' rating is limited by its small size, significant geographical concentration, and moderate profitability. For the full latest Rating Report provided by Fitch Ratings, go to NBS' website at [www.nbs.co.nz](http://www.nbs.co.nz).

Credit ratings are alphabetical indicators of the confidence depositors can have in a financial institution's ability to pay back (in full and on time) all the money deposited with that institution. In NBS' case, this is the funds its depositors have deposited with it.

Credit ratings are based on detailed research and analysis, which takes into account the financial history and current financial position of the institution.

Ratings may be changed, qualified, placed on ratings watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch Ratings deems sufficient. A ratings watch indicates there is a heightened probability of a rating change and the likely direction of such a change. These are designated as "positive", indicating a potential upgrade, "negative" for a potential downgrade, or "evolving", if ratings may be raised, lowered or affirmed. However, ratings can be lowered or raised without being placed on ratings watch first.

Rating outlooks indicate the direction a rating is likely to move over a 12 to 24 month period. The majority of outlooks are generally stable. As at 29 September 2015, the outlook for NBS' credit rating was rated by Fitch Ratings as "positive". NBS' credit rating is reviewed annually by Fitch Ratings.

Fitch's scale of long term credit ratings, from strongest creditworthiness to most vulnerable, are outlined on the next page.

	Grade	Description
INVESTMENT GRADE	AAA	<b>Highest credit quality:</b> 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
	AA	<b>Very high credit quality:</b> 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
	A	<b>High credit quality:</b> 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
	BBB	<b>Good credit quality:</b> 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
SPECULATIVE GRADE	BB	<b>Speculative:</b> 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.
	B	<b>Highly speculative:</b> 'B' ratings indicate that material default risk present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
	CCC	<b>Substantial credit risk:</b> Default is a real possibility.
	CC	<b>Very high levels of credit risk:</b> Default of some kind appears probable.
	C	<b>Exceptionally high levels of credit risk:</b> Default is imminent or inevitable, or the issuer is in standstill.
	RD	<b>Restricted Default:</b> 'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating.
	D	<b>Default:</b> 'D' ratings indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up, or which has otherwise ceased business.

Ratings between AA and CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The terms "investment grade" and "speculative grade" have been established over time by the market to describe categories 'AAA' to 'BBB' (investment grade) and 'BB' to 'D' (speculative grade). The terms "investment grade" and "speculative grade" are market conventions and do not imply any recommendation or endorsement of a specific security for investment purposes. Generally, a lower credit rating indicates a higher risk that an institution will "default" and an investor will not get their money back in full and/or on time, as promised.

The benefits of credit ratings are that they are widely available, are a simple measure of risk, and allow easy comparison of institutions. They are however, statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings cannot, therefore, be described as accurate or inaccurate and are merely provided as guidance on the dimensions of risk covered by the relevant rating. As such, the Fitch rating scale is subject to certain limitations. The key limitations are outlined below (although it should be noted that this list is not exhaustive):

- Ratings do not predict a specific percentage of default likelihood over any given time period;
- Ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change;
- Ratings do not opine on the liquidity of the issuer's securities or stock;

- Ratings do not opine on the possible loss severity on an obligation should an issuer default;
- Ratings do not opine on the suitability of an issuer as a counterparty to trade credit; and
- Ratings do not opine on any quality related to an issuer's business, operations and financial profile other than the agency's opinion on its relative vulnerability to default.

For additional information on credit ratings, you can visit the Reserve Bank website at [www.rbnz.govt.nz](http://www.rbnz.govt.nz) or Fitch's website [www.fitchratings.com](http://www.fitchratings.com). Investors may also wish to engage an investment adviser for independent advice and NBS encourages you to do so.

### Non-Bank Deposit Takers Regulations

NBS, as a "non-bank deposit taker" ("NBDT"), is required to comply with the Non-Bank Deposit Takers Act 2013 (the "Act") and any applicable Regulations. These requirements are broadly categorised into the following six areas:

- Credit Rating;
- Risk Management;
- Minimum Capital;
- Related Party Exposures;
- Liquidity; and
- Governance.

Subject to NBS having been granted a partial exemption from the minimum capital requirements, NBS complies with the requirements of the Act. The effect of NBS' exemption is as follows:

- As at 31 March 2016, NBS had on issue 17,732,500 Perpetual (i.e. non-redeemable) Preference Shares;
- Under the Regulations which set out the minimum capital requirements for non-bank deposit takers, the general rule is that such Preference Shares may not constitute more than 25% of a deposit-taker's capital. However, this maximum amount is raised from 25% to 50% in the case of "qualifying mutuals";
- The Regulations define the term "qualifying mutual" as including cooperative companies and credit unions;
- The Reserve Bank agreed (on application by NBS) to extend the definition of the term "qualifying mutual" to NBS;
- The result of the granting of this exemption by the Reserve Bank is that NBS is able to count its Preference Shares up to 50% of its total capital for the purposes of determining its capital adequacy and the granting of this exemption has enabled NBS to meet the minimum capital adequacy requirements provided for in the Regulations. With the benefit of the exemption, NBS' capital ratio for the purposes of the Regulations was 10.17% as at 31 March 2016; without the granting of the exemption, NBS' capital ratio as at that date would have been 6.88%. The Regulations prescribe the minimum capital ratio for non-bank deposit takers (the ratio of the deposit taker's capital to an amount representing the degree of credit risk, market risk, and operational risk to which a non-bank deposit taker is exposed) be 8%.
- The exemption expires on 30 November 2025.

NBS is licensed as a non-bank deposit takers by the Reserve Bank of New Zealand. The licence is subject to general conditions, which apply to all non-bank deposit takers, imposed under Section 19 of the Act.

### Financial Statements

The full financial statements of NBS for the year ended 31 March 2016 comply with and have been registered under the Financial Markets Conduct Act 2013. They were registered with the Companies Office on 12 July 2016. Copies may be obtained free of charge from any NBS Branch or viewed on [www.nbs.co.nz](http://www.nbs.co.nz) "About Us/NBS Documents", or on the Companies Office website [www.business.govt.nz/companies](http://www.business.govt.nz/companies) under "Search Other Registers". The file reference number is "1781002".

The Auditors of NBS are Deloitte, Wellington. The Auditors hold a licence to act as the auditors in respect of an issuer audit. The Auditors are registered on the public register of licensed auditors and registered audit firms of New Zealand issuers under the Auditor Regulation Act 2011 following approval by the New Zealand Institute of Chartered Accountants.

# Directors' Statement

In the opinion of the Directors of NBS after due enquiry by them in relation to the period between 31 March 2016 and the specified date, no circumstances have arisen which materially adversely affect the trading or profitability NBS, the value of its assets, or its ability to pay its liabilities due within the next twelve months.

Garry Richard Dayman (Chairman)



Paul Anthony Bell (Deputy Chairman)



Trevor Nelson Cameron



Jeffrey Craig Taylor



Phillip James Robson



# Directorate & Advisors

## DIRECTORS

### **G R Dayman (Chairman)**

2 Whitehead Place  
Atawhai  
NELSON 7010

Company Director

### **P A Bell LLB (Deputy Chairman)**

18 The Cliffs  
Britannia Heights  
NELSON 7010

Company Director

### **T N Cameron CAPP**

1 Davies Drive  
Atawhai  
NELSON 7010

Chartered Accountant

### **J C Taylor**

466 Main Road  
Stoke  
NELSON 7011

Company Manager

### **P J Robson**

53 Fifeshire Crescent  
Stepneyville  
NELSON 7010

Businessman

## GENERAL MANAGER

### **K J Beams**

600 Neudorf Road  
Upper Moutere 7175

## SECRETARY

### **A J Cadigan**

1/39 Trafalgar Street  
NELSON 7010

## AUDITOR

### **Deloitte**

10 Brandon Street  
WELLINGTON 6011

## LEGAL ADVISORS

### **Mark Russell, Barrister**

Level 1, 148 Victoria Street  
CHRISTCHURCH 8013

### **Glasgow Harley**

47 Bridge Street  
NELSON 7010

## TRUSTEE

### **Covenant Trustee Services Limited**

Level 6, 191 Queen Street  
AUCKLAND 1010

31 July 2016

The Board of Directors  
Nelson Building Society  
111 Trafalgar Street  
PO Box 62  
Nelson 7040

Dear Directors

## **INDEPENDENT AUDITOR'S REPORT FOR INCLUSION IN PROSPECTUS**

This report is issued in respect of the issue of debt securities up to a maximum of \$800,000,000 by Nelson Building Society ('Society') in terms of the prospectus dated 31 July 2016 ('Prospectus').

This report is made solely to the Board of Directors of the Society (the 'Directors'), in accordance with clause 22 of Schedule 2 of the Securities Regulations 2009 ('Schedule 2'). Our work has been undertaken so that we might state to the Directors those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the Directors for this report, or for the opinions we have formed.

### **Directors' Responsibilities**

The Directors are responsible for the preparation and presentation of:

- a) the financial statements referred to in accordance with clause 17 of Schedule 2. The financial statements of the Society referred to on page 9 comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The Directors are responsible to ensure that the financial statements comply with generally accepted accounting practice in New Zealand and give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) the summary financial statements of the Society for the years ended 31 March 2016, 2015, 2014, 2013 and 2012 as required by clause 8 of Schedule 2; and
- c) the details and amounts in respect of the ranking of securities of the Borrowing Entity as at 31 March 2016 as required by clause 13 of Schedule 2.

### **Auditor's Responsibilities**

We are responsible for:

- a) reporting in accordance with clauses 22(3) and 22(4) of Schedule 2, on the auditor's report on the financial statements of the Society as at 31 March 2016, and for the year ended on that date, prepared and presented by the Directors; and
- b) reporting in accordance with clause 22(1)(h) of Schedule 2:
  - i.) on the amounts included in the summary financial statements for the financial years ended 31 March 2016, 2015, 2014, 2013 and 2012 prepared and presented by the Directors; and
  - ii.) on the amounts included in the ranking of securities of the Society as at 31 March 2016 presented by the Directors.

This report has been prepared for inclusion in the Prospectus for the purpose of meeting the requirements of clause 22 of Schedule 2. We disclaim any assumption of responsibility for reliance on this report or the amounts and disclosures included in the financial statements, the summary financial statements or the amounts included in the ranking of securities for any purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not mentioned in this report.

## **Independence**

When carrying out the audit we followed the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out other assignments in the area of taxation advice, reporting to trustee and assurance services in relation to the annual return, members' register and prospectus. Principals and employees of our firm may also deal with Nelson Building Society on normal terms within the ordinary course of trading activities of the business of Nelson Building Society. These services have not impaired our independence as auditor of the Society. The firm has no other relationship with, or interests in, Nelson Building Society.

## **Basis of Opinion**

We have undertaken procedures to provide reasonable assurance that the amounts in the summary financial statements have been correctly taken from audited financial statements for the years ended 31 March 2016, 2015, 2014, 2013 and 2012, and that the amount set out in the ranking of securities has been correctly taken from the audited financial statements for the year ended 31 March 2016.

## **Unqualified Opinion**

We report in accordance with clause 22(4) of Schedule 2, that in relation to the financial statements of the Society as at 31 March 2016 and for the year ended on that date referred to on page 9, our audit report (dated 1 June 2016) was unmodified and unqualified and did not refer to a fundamental uncertainty, emphasis of matter or other matter paragraph in any respect.

Our audit of the financial statements of the Society as at 31 March 2016 and for the year ended on that date was completed on 1 June 2016 and our unmodified opinion was expressed as at that date. We have not performed any procedures in relation to the 31 March 2016 annual financial statements subsequent to 1 June 2016.

In our opinion the amounts in the summary financial statements, on pages 14 to 18, pursuant to clause 8 of Schedule 2, have been correctly taken from audited financial statements of the Society for the years ended 31 March 2016, 2015, 2014, 2013 and 2012.

In our opinion the amount set out in the ranking of securities, on page 2, pursuant to clause 13 of Schedule 2, has been correctly taken from audited financial statements of the Society for the year ended 31 March 2016.

We completed our work for the purposes of this report on 31 July 2016 and our unqualified opinion is expressed as at that date.

## **Report on Other Legal and Regulatory Requirements**

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009 we hereby give our consent to the inclusion in the above-mentioned Prospectus of this report in the form in which it is included. We also confirm that we have not, before delivery of this Prospectus for registration, withdrawn our consent to the issue thereof.

Yours faithfully



**Chartered Accountants**  
Wellington

## Summary of Financial Statements from 2012 to 2016

### Summary Statement of Comprehensive Income

	Year Ended 31 March 2016 \$	Year Ended 31 March 2015 \$	Year Ended 31 March 2014 \$	Year Ended 31 March 2013 \$	Year Ended 31 March 2012 \$
Total Revenue	32,261,941	28,925,826	26,025,310	23,949,883	22,473,155
<b>Total Income</b>	<b>32,261,941</b>	<b>28,925,826</b>	<b>26,025,310</b>	<b>23,949,883</b>	<b>22,473,155</b>
Less Total Interest Expense (1)	19,545,419	16,774,164	15,257,370	14,595,361	13,867,160
Other Expense	8,875,615	8,565,065	7,700,512	7,211,486	6,355,625
<b>Less Total Expense</b>	<b>28,421,034</b>	<b>25,339,229</b>	<b>22,957,882</b>	<b>21,806,847</b>	<b>20,222,785</b>
Net Surplus Before Taxation	3,840,907	3,586,597	3,067,428	2,143,036	2,250,370
Less Taxation Expense	1,087,468	1,009,542	874,091	608,624	578,124
Net Surplus After Taxation	2,753,439	2,577,055	2,193,337	1,534,412	1,672,246
Revaluation of Land & Buildings	125,742	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,879,181</b>	<b>2,577,055</b>	<b>2,193,337</b>	<b>1,534,412</b>	<b>1,672,246</b>

(1) Interest expense includes commission fees.

### Summary Statement of Changes in Equity

	Year Ended 31 March 2016 \$	Year Ended 31 March 2015 \$	Year Ended 31 March 2014 \$	Year Ended 31 March 2013 \$	Year Ended 31 March 2012 \$
<b>Opening Equity</b>	<b>30,722,503</b>	<b>26,155,140</b>	<b>22,000,786</b>	<b>20,034,958</b>	<b>18,412,750</b>
Net Surplus After Taxation	2,753,439	2,577,055	2,193,337	1,534,412	1,672,246
Revaluation of Land & Buildings	125,742	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,879,181</b>	<b>2,577,055</b>	<b>2,193,337</b>	<b>1,534,412</b>	<b>1,672,246</b>
Shares Issued	3,470,000	2,680,000	2,996,000	950,000	1,654,000
Shares Redeemed	100,000	(150,000)	(600,000)	(120,000)	(1,300,000)
Dividends Paid	648,565	(539,692)	(434,983)	(398,584)	(404,038)
<b>Balance 31 March</b>	<b>36,323,119</b>	<b>30,722,503</b>	<b>26,155,140</b>	<b>22,000,786</b>	<b>20,034,958</b>
<b>Equity Consists of</b>					
Share Capital	17,732,500	14,362,500	11,832,500	9,436,500	8,606,500
Retained Earnings	17,464,267	15,359,393	13,322,030	11,563,676	10,427,848
Revaluation Reserve	1,126,352	1,000,610	1,000,610	1,000,610	1,000,610
<b>Attributed to Members of the Society</b>	<b>36,323,119</b>	<b>30,722,503</b>	<b>26,155,140</b>	<b>22,000,786</b>	<b>20,034,958</b>



## Summary Statement of Financial Position

As at 31 March

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and Cash Equivalents	99,569,334	50,115,680	55,534,318	34,707,452	28,362,493
Term Deposits	52,530,902	44,543,141	36,387,184	47,498,646	45,886,456
Trade Receivables	60,358	49,000	29,705	21,675	26,086
Prepayments	1,612,737	728,242	634,255	636,561	628,655
Investments	-	-	-	1,000,000	7,264,947
Loans and Receivables	401,257,872	360,477,845	317,966,368	288,946,727	254,384,980
Current Assets Held for Sale	64,000	100,000	-	-	-
Property, Plant & Equipment	3,274,183	3,237,764	2,991,337	3,284,263	3,302,110
Intangible Assets	297,475	454,170	667,576	108,165	59,340
	<b>558,666,861</b>	<b>459,705,842</b>	<b>414,210,743</b>	<b>376,203,489</b>	<b>339,915,067</b>
<b>Liabilities</b>					
Employee Entitlements	296,803	265,315	220,362	198,175	182,711
Trade and Other Payables	1,091,252	846,378	888,264	1,048,126	999,845
Current Tax Liabilities	365,035	352,332	420,745	171,385	274,998
Borrowings	520,545,403	427,505,472	386,428,022	352,562,184	318,192,048
Deferred Taxation	45,249	13,842	98,210	222,833	230,507
	<b>522,343,742</b>	<b>428,983,339</b>	<b>388,055,603</b>	<b>354,202,703</b>	<b>319,880,109</b>
<b>Net Assets</b>	<b>36,323,119</b>	<b>30,722,503</b>	<b>26,155,140</b>	<b>22,000,786</b>	<b>20,034,958</b>
<b>Equity</b>					
Share Capital	17,732,500	14,362,500	11,832,500	9,436,500	8,606,500
Retained Earnings	17,464,267	15,359,393	13,322,030	11,563,676	10,427,848
Revaluation Reserve	1,126,352	1,000,610	1,000,610	1,000,610	1,000,610
<b>Attributed to Members of the Society</b>	<b>36,323,119</b>	<b>30,722,503</b>	<b>26,155,140</b>	<b>22,000,786</b>	<b>20,034,958</b>

## Summary Statement of Cash Flows

	Year Ended 31 March 2016 \$	Year Ended 31 March 2015 \$	Year Ended 31 March 2014 \$	Year Ended 31 March 2013 \$	Year Ended 31 March 2012 \$
<b>Cash Flows From Operating Activities</b>					
<b>Cash was provided from:</b>					
Interest Received	30,479,066	27,618,469	25,032,390	23,165,468	21,422,680
Fees, Rents & Commissions	1,105,019	1,045,879	992,920	784,415	828,821
	<b>31,584,085</b>	<b>28,664,348</b>	<b>26,025,310</b>	<b>23,949,883</b>	<b>22,251,501</b>
<b>Cash was disbursed to:</b>					
Interest Paid	(18,702,182)	(15,973,563)	(15,257,370)	(14,595,361)	(13,867,160)
Operating Expenses	(8,465,153)	(8,036,376)	(6,667,236)	(6,522,371)	(5,536,495)
Income Taxes Paid	(1,115,593)	(1,162,323)	(749,354)	(719,911)	(552,147)
	<b>(28,282,928)</b>	<b>(25,172,262)</b>	<b>(22,673,960)</b>	<b>(21,837,643)</b>	<b>(19,955,802)</b>
	<b>3,301,157</b>	<b>3,492,086</b>	<b>3,351,350</b>	<b>2,112,240</b>	<b>2,295,699</b>
<b>Net Cash Flows From Operating Activities Before Changes in Operating Assets</b>					
Redemption of Loans and Receivables	119,094,567	79,742,057	93,326,411	66,126,863	66,223,356
Issuance of Loans and Receivables	(160,034,594)	(122,143,534)	(122,806,052)	(100,758,610)	(95,831,995)
Net Increase in Borrowings	92,196,694	40,276,849	33,865,838	34,370,136	41,833,059
	<b>54,557,824</b>	<b>1,367,458</b>	<b>7,737,547</b>	<b>1,850,629</b>	<b>14,520,119</b>
<b>Cash Flows From Investing Activities</b>					
<b>Cash was provided from:</b>					
Sale Proceeds from Investment Property	-	-	-	-	2,121,654
Redemption of Investments	-	-	1,000,000	6,264,947	-
Term Deposits	-	-	11,111,462	-	-
Property, Plant & Equipment	52,000	16,683	61,600	-	-
Assets Held for Resale	36,000	-	-	-	-
	<b>88,000</b>	<b>16,683</b>	<b>12,173,062</b>	<b>6,264,947</b>	<b>2,121,654</b>
<b>Cash was disbursed to:</b>					
Purchase of Investments	-	-	-	-	(1,156,110)
Property, Plant & Equipment	(417,452)	(743,339)	(334,615)	(485,542)	(576,349)
Intangible Assets	(186,248)	(155,269)	(710,145)	(104,301)	(38,423)
Term Deposits	(7,309,905)	(7,894,479)	-	(1,612,190)	(28,366,937)
	<b>(7,913,605)</b>	<b>(8,793,087)</b>	<b>(1,044,760)</b>	<b>(2,202,033)</b>	<b>(30,137,819)</b>
	<b>(7,825,605)</b>	<b>(8,776,404)</b>	<b>11,128,302</b>	<b>4,062,914</b>	<b>(28,016,165)</b>
<b>Net Cash Flows from (used in) Investing Activities</b>					

## Summary Statement of Cash Flows continued

	Year Ended 31 March 2016 \$	Year Ended 31 March 2015 \$	Year Ended 31 March 2014 \$	Year Ended 31 March 2013 \$	Year Ended 31 March 2012 \$
<b>Cash Flows From Financing Activities</b>					
<b>Cash was provided from:</b>					
Issue of Shares	3,470,000	2,680,000	2,996,000	950,000	1,654,000
	<b>3,470,000</b>	<b>2,680,000</b>	<b>2,996,000</b>	<b>950,000</b>	<b>1,654,000</b>
<b>Cash was disbursed to:</b>					
Dividends Paid	(648,565)	(539,692)	(434,983)	(398,584)	(404,038)
Redemption of Shares	(100,000)	(150,000)	(600,000)	(120,000)	(1,300,000)
<b>Net Cash Flows (used in) Financing Activities</b>	<b>2,721,435</b>	<b>1,990,308</b>	<b>1,961,017</b>	<b>431,416</b>	<b>(50,038)</b>
Increase/(Decrease) in Cash Held	49,453,654	(5,418,638)	20,826,866	6,344,959	(13,546,084)
Add Opening Cash and Cash Equivalents	50,115,680	55,534,318	34,707,452	28,362,493	41,908,577
<b>Closing Cash and Cash Equivalents</b>	<b>99,569,334</b>	<b>50,115,680</b>	<b>55,534,318</b>	<b>34,707,452</b>	<b>28,362,493</b>

## Date of Directors' Authorisation of Financial Statements

Year Ended 31 March 2016	Year Ended 31 March 2015	Year Ended 31 March 2014	Year Ended 31 March 2013	Year Ended 31 March 2012
1 June 2016	26 May 2015	21 May 2014	28 May 2013	25 May 2012

The full financial statements for the year ended 31 March 2016 were authorised on 1 June 2016 by K J Beams, General Manager, G R Dayman, Chairman of Directors and P A Bell, Deputy Chairman of Directors.

## Notes to the Summary Financial Statements

From 2012 to 2016

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The Summary Financial Statements are those of Nelson Building Society.

Nelson Building Society (NBS) is a profit-oriented mutual entity incorporated in New Zealand under the Building Societies Act 1965. NBS is a financial institution which takes deposits and provides banking type services to the community. Banking services include personal and commercial loans, deposits, mortgages and electronic banking.

The full financial statements for the years ended 31 March 2016, 2015, 2014, 2013, and 2012 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the Financial Reporting Act 1993, and the Financial Markets Conduct Act 2013 (as applicable). The full financial statements for each of these years comply with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit-orientated entities and with International Financial Reporting Standards ('IFRS').

The summary financial statements were authorised for issue by the Directors on 31 July 2016.

The summary financial statements for NBS have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") as it relates to summary financial statements. They comply with the Financial Reporting Standard 43 Summary Financial Statements.

The summary of financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements from which they are extracted.

The amounts stated in the above summary of financial statements have been taken from Audited full financial statements on which unmodified audit reports were issued. These financial statements are available for inspection on NBS' website [www.nbs.co.nz](http://www.nbs.co.nz) or at the Ministry of Economic Development via the Companies Office website [www.business.govt.nz/companies](http://www.business.govt.nz/companies)

The accounting policies applied in preparing the financial statements for the year ending 31 March 2016 are consistent with the policies applied in the previous financial year.

The presentation currency is New Zealand dollars (\$).



# **CERTIFICATE OF REGISTRATION OF PROSPECTUS**

**(Under Section 42(5) of the Securities Act 1978)**

**NELSON BUILDING SOCIETY**

**1781002**

This is to certify that a Prospectus for NELSON BUILDING SOCIETY dated the 4th of August 2016 was registered on the 31st of July 2016.

*Mandy McDonald*

Registrar of Financial Service Providers  
Dated this 4th day of August 2016

Prospectus registration number: 10063905483

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