

NBS

NELSON BUILDING SOCIETY



Replacement Product Disclosure Statement

For the Product Disclosure Statement dated 20th September 2017.

This Product Disclosure Statement is dated 25th January 2019 and is issued by Nelson Building Society ("NBS") in respect of unsecured deposits (call and term), which are debt securities for the purposes of the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. NBS has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advisor to help you to make an investment decision.

Section 1

Key Information Summary

What is this?

This is an offer of call and term deposits. Call and term deposits are debt securities issued by Nelson Building Society ("NBS"). You give NBS money, and in return NBS promises to pay you interest and repay the money either at any time (for call deposits) or at the end of the term (for term deposits). If NBS runs into financial trouble, you might lose some or all of the money you invested.

About NBS

NBS is New Zealand's oldest building society, incorporated under the Building Societies Act 1965. 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 small-to-medium sized business customers. NBS's predominant lending activity is the provision of loans to owner-occupiers of residential properties.

NBS is licensed by the Reserve Bank of New Zealand as a non-bank deposit taker.

Key Terms of the Offer

Key Term	Description of Key Term
Type of security	NBS's call and term deposits are unsecured debt securities, ranking equally amongst themselves, equally with NBS's other unsecured creditors and ahead of NBS's perpetual preference shares.
Term	Deposits are issued both at call (meaning that they are repayable on demand) or for fixed terms of 30 days, 90 days, 6 months, 9 months, 12 months, 24 months or 36 months.
Interest rates	Interest rates on deposits are as set by NBS from time to time. Current interest rates can be found on NBS's website www.nbs.co.nz/banking-with-nbs/interest-rates-and-fees or obtained at any NBS branch or by calling 0800 101700. Interest rates vary according to the term of the deposit.
Interest accrual and payment	Interest accrues on each deposit on a daily basis from the date the cleared application monies are deposited with NBS. 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 investing.
Early repayment of term deposits	Call deposits can be withdrawn at any time, but term deposits are usually only withdrawable on expiry of the term. However, NBS has a discretion to allow early withdrawal of a term deposit, but if it does so it may charge an early withdrawal fee of a 2% per annum reduction in the interest rate payable for the term of the deposit.
Fees	Fees may apply to certain transactions, services or other activities (for example, dishonoured transactions, overdrawn accounts and international money transfers).
Opening/closing dates of offer	This is a continuous offer, so there are no opening or closing dates for the offer.

No Guarantee

The deposits are not guaranteed by any other person and NBS is solely responsible for the repayment of the deposits.

How you can get your money out early

Holders of term deposits can apply to have all or a portion of their term deposit withdrawn prior to the end of their term. NBS is not obliged to allow a depositor to withdraw a term deposit before the end of the term, but if NBS decides (in its discretion) to allow an early withdrawal it may charge an early withdrawal fee of a 2% per annum reduction in the interest rate payable for the term of the deposit.

Deposits are not transferable (they cannot be sold to anyone else).

How call and term deposits rank for repayment

The following table shows where call and term deposits rank on a liquidation of NBS:

Creditors ranking after depositors	NBS's perpetual preference shares.
Creditors ranking equally with deposits	All of NBS's other unsecured creditors.
Creditors ranking ahead of deposits	Secured creditors of NBS (although as at the date of the Product Disclosure Statement ("PDS") NBS has no secured creditors and has no intention of incurring any secured debts) and creditors preferred by law (e.g. Inland Revenue for any unpaid PAYE).

(More information on the ranking of the deposits on liquidation can be found in Sections 2 and 4 on pages 6 and 8).

No Security

The deposits are unsecured.

Where you can find NBS's financial information

The financial position and performance of NBS are essential to an assessment of NBS's ability to meet its obligations under the deposits. You should also read section 5 of the PDS (financial information).

Key risks affecting this investment

Investments in these debt securities have risks. A key risk is that NBS does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of the PDS (risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for the deposits should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. NBS considers that the most significant risk factors are:

Loan Default Risk: NBS relies on its borrowers to repay their loans, and to make interest payments on the due date. If NBS experiences loan defaults from a significant number of borrowers, this will have a negative impact on financial performance and profitability. If this was sufficiently substantial so as to cause liquidation of NBS, then the amount returned on deposits may be less than the amount invested.

This risk is mitigated by NBS's policies regarding the maximum term of loans and the lending to asset ratio, and by rules contained in NBS's Trust Deed. Under its Trust Deed, NBS is required to maintain a lending policy detailing the nature, terms and procedures to be adopted for lending by NBS. NBS may not materially alter or amend its lending policy without the prior written consent of its Supervisor.

Liquidity Risk: Liquidity risk refers to the ability of NBS to meet its liabilities/debts when they fall due. NBS's ability to meet its payment obligations to depositors is connected to the loans it makes to borrowers and to NBS's reliance on deposits. If reinvestment rates or borrowers' repayments were to reduce materially, there is a risk that NBS may not have enough cash on hand at any time to repay depositors in a timely manner.

This risk is mitigated by NBS's liquidity policies and by rules contained in NBS's Trust Deed, which require NBS to maintain certain minimum levels of liquid assets, and to maintain sufficient cash inflows and equity.

This summary does not cover all of the risks of investing in the deposits. You should also read section 6 of the PDS (risks of investing).

What is NBS's credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its credit worthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

NBS has been rated by Fitch Australia Pty Limited ("Fitch Ratings"). Fitch Ratings gives ratings from AAA through to C, excluding ratings attaching to entities in default. Credit ratings by Fitch Ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. As at the date of the PDS, NBS has been assigned a long-term credit rating of BB+ ("outlook negative") by Fitch Ratings. Details of Fitch Ratings' scale of long-term credit ratings, from strongest credit worthiness to most vulnerable, are set out in the following table:

FITCH'S CREDIT RATINGS

Range of credit ratings	Summary description of the rating	Default probability*	
AAA	Highest credit quality		5.9%
AA	Very high credit quality	AA+	0%
		AA	0%
		AA-	0%
A	High credit quality	A+	2.7%
		A	4.4%
		A-	1.9%
BBB	Good quality credit	BBB+	3.5%
		BBB	8.8%
		BBB-	3.8%
BB	Speculative NBS entity credit rating BB+ ("Outlook Negative")	BB+	20.0%
		BB	0%
		BB-	15.1%
B	Highly speculative	B+	12.5%
		B	10.0%
		B-	0%
CCC	Substantial credit risk	CCC+	0%
		CCC	20.0%
		CCC-	0%
CC	Very high levels of credit risk		0%
C	Exceptionally high levels of credit risk		0%
RD	Restricted default		
D	Default		

*The default probability statistics included in the foregoing table are extracted from Fitch Ratings' 2015 report entitled "Form NRSRO Annual Certification" (the page entitled "Financial Institutions, Brokers, or Dealers – 10 Year Transition and Default Rates"). The period covered by this report is 31 December 2006 to 31 December 2016.

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Chairman's Letter

The Nelson Building Society has recently celebrated its 155th year of operation.

NBS is a Mutual Society, owned by its members and governed by a Board of Directors. The Board ensure the Society operates in accordance with its Rules, Trust Deed, and other Legislative requirements.

Profits are reinvested into the Society to enable growth and develop products and services we provide to clients.

NBS plays an important part in the communities in which we operate, by sponsoring community groups, sporting groups, and providing the use of our community vans, inflatable obstacle course, and marquees.

Fitch credit rating agency has provided NBS with a BB+ Credit Rating with a stable outlook.

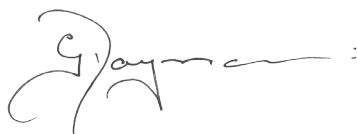
As at balance date 31st March 2017 the Society had assets of \$638M, and loan book of \$489M predominantly secured by registered first mortgage. NBS has total deposits of \$595M with a reinvestment rate in excess of 90%, which is a testament to the confidence our depositors have in NBS.

NBS has a network of eight branches in the Nelson, Tasman, Golden Bay, Westcoast and Mid Canterbury regions, where we provide financial services through dedicated, experienced staff who are empowered to meet the financial requirements of our members.

On the following pages you will find key information to consider investing with NBS. Please read the Product Disclosure Statement carefully including the risk section and seek financial advice before making an investment decision.

On behalf of the Board I encourage you to invest with confidence in the Nelson Building Society.

Yours faithfully



Garry Dayman
Chairman
NBS

Section 2

Terms of the Offer

The issue and terms and conditions of the deposits, are governed by a Trust Deed dated 20 December 1990 as amended and restated by a Deed of Amendment and Restatement dated 18 October 2016 made between NBS and Covenant Trustee Services Limited as trustee for the depositors. The Trust Deed may be obtained from the Disclose Register.

Term	Description of Term
Type of security	The deposits are unsecured debt securities.
Terms of security	Deposits are issued at call (repayable on demand) and for fixed terms of 30 days, 90 days, 6 months, 9 months, 12 months, 24 months or 36 months. The minimum investment amount for a term deposit is \$5,000. There is no minimum investment for call deposits.
Interest rates	Current interest rates (which vary according to the term of the deposit) are available on NBS's website www.nbs.co.nz/banking-with-nbs/interest-rates-and-fees and at NBS branches. Interest rates are subject to change from time to time, except that NBS cannot change the interest rate on a term deposit once the deposit has been made.
Interest payment	Interest accrues on each deposit on a daily basis from the date the application monies are deposited with NBS. 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 investing.
Offer opening and closing dates	This is a continuous offer. There are no opening or closing dates.
Fees	Fees may apply to certain transactions, services or other activities (for example, dishonoured transactions, overdrawn accounts and international money transfers).
Maturing deposits	Prior to the maturity date of a term deposit, NBS will send a notice advising that the deposit is about to mature. The depositor can elect to: <ul style="list-style-type: none"> • Reinvest the money with NBS, either in the same product or in a different product; or • Request that the deposit be transferred to a nominated bank account; or • Withdraw the deposit. <p>Unless the depositor instructs NBS otherwise, on maturity a term deposit will automatically be reinvested for the same term, at the applicable interest rate on the day.</p> <p>Depositors may withdraw money from a call deposit at any time in the manner agreed to between the depositor and NBS at the time the deposit is made or as advised by NBS. In respect of term deposits, NBS's rates of interest for a particular deposit term are based on the expectation that the funds will be deposited for the full term. NBS is not obliged to accept a request for early withdrawal of a term deposit and if it does decide to accept such a request, it may charge an early withdrawal fee in the form of a 2% per annum reduction in the interest rate calculated for the term of the term deposit.</p>
Ranking of deposits on liquidation of NBS	On a liquidation of NBS, deposits rank after all secured creditors and creditors preferred by law, equally amongst themselves, equally with all other unsecured creditors of NBS and ahead of NBS's perpetual preference shares. As at the date of the PDS, NBS has no secured creditors.

Section 3

NBS and what it does

NBS was established in 1862 to provide housing and personal finance to the local communities in the Nelson and Tasman regions. It has since expanded into West Coast, Golden Bay and more recently Mid Canterbury, using a proven strategy for branch network expansion of appointing skilled and well-connected people where good business growth prospects exist. NBS is a building society with eight branches, in New Zealand.

Further contact details of NBS's branch network can be found at www.nbs.co.nz/about/nbs-branch-locations/.

NBS is incorporated under the Building Societies Act 1965. NBS offers traditional banking services such as loans and deposits to retail and small-to-medium business customers. NBS also offers transactional banking through its branch network, internet and mobile banking application channels and more recently the Access Debit MasterCard®.

NBS is a mutual building society owned by its members, (which includes holders of debt securities). NBS has developed strong community links through their members and are committed to the people who support them. Part of NBS's profits are returned to the community through sponsorships. This philosophy delivers customer loyalty which underpins a high quality and stable retail funding base, characterised by strong term deposit retention rates.

NBS is licensed as a non-bank deposit taker by The Reserve Bank of New Zealand.

NBS's strategy to remain competitive in the mortgage market is to have decision makers at branch level and to offer flexible loan options. NBS's strong local presence and its conservative underwriting and operating approach have positioned it well to meet competitive pressures. NBS takes a conservative provisioning approach, reflecting historically low impairment levels. NBS's loan impairment provisions for the 2015, 2016 and 2017 financial years (expressed as a percentage of total loans) were 0.208%, 0.226% and 0.145% respectively.

NBS competes and differentiates itself through its focus on "personal service", and as a result has achieved steady credit growth. Regional concentration ties NBS's performance outlook to local developments. Details of the geographical spread of NBS's lending and deposits over recent years are included in the Disclose Register.

The key to generating income for NBS is the making of loan advances to borrowers. NBS generates income from the interest charged on those loans.

NBS's Board of Directors comprises a chair, a deputy chair and three other non-executive directors, who bring a range of commercial and non-commercial experience to NBS. The Board meets monthly, or more frequently if required (for example, to consider large-loan exposure applications). NBS's current management has been in place for over 10 years.

NBS has a Risk Committee which meets quarterly and reports to the Board, and includes an external adviser. The Risk Committee is responsible for ensuring compliance with NBS's Risk Management Programme.

NBS uses its Risk Management Programme to identify and manage risks associated with its activities. The Risk Management Programme implements a structured framework across the organisation, designed to identify potential events which may affect NBS, to measure the likelihood and consequence of these events, to evaluate the level of risk they pose and to make informed management decisions on risk tolerance levels and mitigating actions required.

NBS's major risk categories are described in section 6 of the PDS.

The Risk Management Programme sets out the roles and responsibilities of those managing and accepting the risks identified and provides what NBS's Board of Directors considers to be a reasonable level of assurance of the achievement of NBS's strategic goals, operating objectives and regulatory compliance requirements.

Given its relatively small size (relative to registered banks), NBS employs a strategy of engaging external specialists to provide analysis and support services. Examples of this are the inclusion of an external adviser on the Risk Committee and engaging an external consultant to conduct an audit of IT systems.

In summary, the following are considered by NBS's Board to be NBS's main strengths:

Strong governance: the directors of NBS and its executive management team are experienced in the financial services and banking industries;

Prudent management of lending: looking after investors' money is something which NBS takes very seriously. Diversification of risk is coupled with a rigorous approach to lending. As at the date of the PDS, more than 85% of NBS's loans are secured by first mortgages against real property in Nelson, Tasman, West Coast, Golden Bay and Mid Canterbury;

Low borrower concentration risk: NBS continuously monitors the largest exposures of any individual borrower or group of related borrowers;

Funding: NBS is funded through retail deposits. These deposits have varying maturity dates, which assists in managing liquidity and refinancing risks.

Section 4


Key features of deposits

This section includes a description of the key features of the deposits, to the extent those features are not already disclosed in Section 2.

In addition to the features of the deposits which have already been described in Section 2, deposits carry voting rights which may be exercised at meetings of NBS's members. Furthermore, deposits are issued on the further condition that deposits which remain outstanding at the date of commencement of a liquidation of NBS will carry the right to participate pro rata in any surplus assets on a liquidation of NBS. Surplus assets are any assets remaining after principal and accrued but unpaid interest has been paid to depositors in full, all amounts outstanding to NBS's other creditors have been paid and amounts payable to the holders of perpetual preference shares on a liquidation of NBS have been paid.

RANKING

The diagram below illustrates the ranking of the deposits in a liquidation of NBS:

	Ranking in a liquidation of NBS	Examples
<p>High ranking earlier priority</p>  <p>lower ranking later priority</p>	Liabilities that rank in priority to the call and term deposits	Creditors preferred by law (including IRD for unpaid tax) and any permitted prior ranking security interests
	Liabilities that rank equally with the call and term deposits	All other unsecured creditors
	Liabilities that rank below the call and term deposits	Perpetual preference shares

(A diagram showing the amounts of the various categories of liabilities of NBS and NBS's equity, being indicative amounts based on the financial position of NBS at its most recent balance date, is available on NBS's website at www.nbs.co.nz/about/nbs-documents/ and is also included in the Disclose Register).

NBS may incur further liabilities which rank equally with, or in priority to, the deposits on a liquidation of NBS, including by issuing further deposits. This could also include fees payable for NBS's supervisor, Covenant Trustee Services Limited, any fees payable to a liquidator, statutory-based claims such as employee entitlements, outstanding interest payments and amounts owing to trade creditors. However, NBS's Trust Deed prohibits it from :

- a) borrowing money except in accordance with the Trust Deed and NBS's Rules; and
- b) permitting its Total Liabilities (as defined in the Trust Deed) to exceed 95% of its total tangible assets (as defined in the Trust Deed).

Under its Trust Deed, NBS is prohibited from creating, attempting to create or permitting to subsist any security interest over any of its assets, other than any permitted security interests which (in summary) are:

- a) charges or liens arising by operation of law;
- b) suppliers' retention of title claims in respect of goods acquired by NBS in the ordinary course of its business;
- c) certain deemed security interests arising under leases and consignments that do not secure payment or performance of an obligation; and
- (d) any other security interest consented to by Covenant Trustee Services Limited.

Section 5

NBS's Financial Information

NBS is required by law (including the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 and the Deposit Takers (Liquidity Requirements) Regulations 2010) ("2010 Regulations") and its Trust Deed to meet certain financial requirements. Tables entitled "Key Ratios" and "Selected Financial Information", showing how NBS is currently meeting these requirements, are set out in the Disclose Register and on NBS's website www.nbs.co.nz/about/nbs-documents/. These are minimum requirements. Meeting them does not mean that NBS is safe. The section on specific risks relating to NBS's credit worthiness sets out risk factors that could cause its financial position to deteriorate. NBS's website and the Disclose Register provide a breakdown of how the figures in the tables are calculated, as well as full financial statements.

Trust Deed Financial Covenants and Restrictions on Borrowing and Transactions with Associated Persons

Details of provisions of NBS's Trust Deed, under which NBS is bound by certain financial covenants, restrictions on borrowing and transactions with associated persons, are set out on NBS's website at www.nbs.co.nz/about/nbs-documents/ and in the Disclose Register. The full wording of these provisions is set out in the Trust Deed, which is on the Disclose Register.

Section 6

Risks of Investing

General Risks

Your investment is subject to the general risk that if NBS experiences significant losses through its lending, it may become insolvent and may not be able to meet its obligations to depositors to pay interest and to repay the principal amount of deposits.

Specific Risks Relating to NBS's Credit worthiness.

The following is a description of the circumstances that NBS is aware of that exist or are likely to arise that significantly increase the risk that NBS may default on any of its payment obligations under the deposits:

- a) **Loan default risk:** loan default risk is the risk that NBS is not able to recover loans in full from its borrowers. NBS relies on its borrowers to repay their loans and to make interest payments on their due date. If NBS experiences loan default from a significant number of borrowers, this will have a negative impact on NBS's financial performance and profitability. If this was sufficiently substantial so as to cause the insolvency of NBS, then the value returned to depositors may be less than the amount invested. NBS manages loan default 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's credit approval policy, all loans are managed and reviewed on an on-going basis by NBS. All loans are made within prudent loan-to-value and repayment-to-income ratios. Over 90% of all loans have a loan-to-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. In the financial years ending 2015, 2016 and 2017 respectively, Housing New Zealand loans have made up 5%, 5.0% and 3.9% respectively of total loans.

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

NBS requires security for the greater majority (more than 85%) of its loans, 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. Further detailed information relating to NBS's credit risks can be found in NBS's latest Annual Report, which is available at www.nbs.co.nz/about/nbs-documents/

- b) **Interest rate risk:** interest rate risk is the risk that interest rates will change, thereby increasing or decreasing the cost of borrowing or the profitability of 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;
- c) **Liquidity risk:** liquidity risk is the risk that 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 payment of interest as it falls due. NBS's ability to meet its payment obligations is connected to the loans it makes and to NBS's ability to obtain a flow of new deposits. If reinvestment rates or borrower repayments were to reduce materially, there is a risk that NBS may not have enough cash on hand at any one time to pay depositors in a timely manner. NBS actively manages the maturity profile of its assets and liabilities, ensuring that there are sufficient funds available to meet its financial obligations as they fall due. NBS aims to maintain consistent reinvestment rates and new investment inflows for its retail funding, to meet its financial commitments.

NBS's Trust Deed requires that NBS maintains certain minimum liquidity levels. As at the date of the PDS, NBS's liquidity levels are significantly higher than the prescribed minima set out in the Trust Deed. NBS monitors its liquidity on a daily basis.

Further detailed information relating to NBS's liquidity risk can be found in NBS's latest Annual Report, which can be accessed at www.nbs.co.nz/about/nbs-documents/.

- d) **Competition risk:** the finance sector is highly competitive and if NBS is unable to provide competitive products or services, this may have a materially adverse effect on NBS's financial position. NBS mitigates this risk by continually reviewing competition and anticipating competitive pressures and where possible evaluating its product range and pursuing new profitable business opportunities when they arise.
- e) **Change in credit rating:** NBS has a Fitch Ratings credit rating of BB+ (outlook negative). Fitch Ratings has stated that NBS's relatively strong balance sheet expansion has limited an improvement in its weak capital position. NBS's asset quality ratios are strong, impairments low, funding structure sound and earnings and profitability profile above its peers. NBS is strongly motivated to increase its capital position. In the event that this credit rating was downgraded it may have a material and adverse impact on withdrawal and reinvestment rates for maturing deposits and on NBS's ability to raise new funds from prospective depositors..

If, as a result of such event, NBS was unable to raise funds, the costs of raising funds were to increase, or significant numbers of deposits were withdrawn, this may have a material and adverse effect on the financial performance and financial condition of NBS, which could affect payment obligations to depositors.

- f) **Regulatory and legislative risks:** NBS is required to comply with various legal obligations, and any material failure to comply with these could result in damage to NBS's reputation and/or expose NBS to financial and/or other penalties. Severe reputational damage and/or large financial penalties could increase withdrawal rates and decrease reinvestment rates, which could have a material and adverse effect on the financial condition of NBS which ultimately could affect payment obligations to depositors.

Any change to existing laws, or the introduction of new laws, could result in additional requirements being imposed on NBS and/or result in increased costs for NBS. As at the date of the PDS, NBS complies with all regulatory requirements.

Section 7

Tax

New Zealand residents will have resident withholding tax deducted from interest that is payable in respect of the deposits, unless they hold a valid resident withholding tax exemption certificate.

The residential withholding tax rates at the date of the PDS are 28% for companies (other than corporate trustees) and 10.5%, 17.5%, 30% and 33% for all other investors. If you do not provide us with your IRD number, or your resident withholding tax rate, you will automatically have resident withholding tax deducted at the maximum rate of 33%. For companies, resident withholding tax will be deducted at the rate of 33% if such rate is elected by the company or if the company fails to provide its IRD number, otherwise it will be deducted at the rate of 28%.

There may be other tax consequences from acquiring deposits. Deposits are not transferable.

If you have queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

Section 8

Who is involved?

	Name	Role
Issuer	Nelson Building Society	Issuer of Product
Supervisor	Covenant Trustee Services Limited	Holds certain covenants on trust for the benefit of the depositors, including the right to enforce NBS's obligations under the deposits.

Section 9

How to Complain

Complaints about the deposits can be made in the first instance to your personal banker or branch manager listed on NBS's website – www.nbs.co.nz/about/nbs-branch-locations/. If you are still not satisfied with the outcome, you can contact the Secretary of NBS at:

Nelson Building Society

111 Trafalgar Street
Nelson 7010

PO Box 62
Nelson 7040

Phone: +64 3 548 2164

Free Phone: 0800 101 700

Complaints can also be made to:

Covenant Trustee Services Limited

PO Box 4243
Shortland Street
Auckland 1140

Email: team@covenant.co.nz

Phone: +64 9 302 0638

If the issue is not resolved, you can also contact the Banking Ombudsman (an approved scheme under the Financial Service Providers (Registration and Disputes Resolution) Act 2008). The Banking Ombudsman provides free independent help to resolve disagreements between financial institutions and their customers. You can contact the Banking Ombudsman at:

Office of the Banking Ombudsman

Level 5, Huddart Parker Building
1, Post Office Square
Wellington 6011

Freepost 218002, PO Box 25327

Featherston Street
Wellington 6146

Email: help@bankomb.org.nz

Phone: 0800 805 950

Complaints can also be made to the Financial Markets Authority through its website www.fma.govt.nz.

Section 10

Where you can find more information

Further information relating to NBS and the deposits (including NBS's financial statements, latest Annual Report, Rules and Trust Deed) is available free of charge on NBS's website at www.nbs.co.nz/about/nbs-documents/, or from any NBS branch and on the Disclose Register. A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers. The internet site address for the Disclose Register is www.business.govt.nz/disclose.

All documents on the Disclose Register are also available free of charge on the NBS website at [/www.nbs.co.nz/about/nbs-documents/](http://www.nbs.co.nz/about/nbs-documents/) or from any NBS branch or from the Secretary, Nelson Building Society, 111 Trafalgar Street, PO Box 62, Nelson, phone (03) 548 2164 and are also available for public inspection at the Companies Office of the Ministry of Commerce, Auckland and at www.business.govt.nz/companies.

Section 11

How to apply

If you wish to make a deposit with NBS, the principal amount must be paid or transferred in full to any branch of NBS. If you are arranging your deposit through an intermediary, you should make arrangements with them for payment to NBS. Payment can be made by means such as a cheque made out to NBS (crossed "not transferable"), cash or transferring money from another account with NBS or with another bank.

NBS will not accept your application to deposit until full payment of the deposit amount is received. Payment must accompany a duly completed application form.

NBS reserves the right to decline any application in whole or in part, without giving any reason. If you have deposited funds with NBS and your application is subsequently declined, NBS will return your funds together with any interest accrued thereon (interest accrues from the date application monies are deposited with NBS).

Application forms can be obtained from any NBS Branch or from www.nbs.co.nz/about/nbs-documents/.

Section 12

Contact information

Inquiries about your deposit should be directed to any NBS employee at any branch listed on NBS's website www.nbs.co.nz/about/nbs-branch-locations/, or you can contact the Secretary of NBS at:

Nelson Building Society

111 Trafalgar Street
Nelson 7010

PO Box 62
Nelson 7040

Phone: +64 3 548 2164

Free Phone: 0800 101 700

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