

Product Disclosure Statement

30 October 2026

This ***Product Disclosure Statement*** is dated 30 October 2026 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 ***Product Disclosure Statement*** replaces the ***Product Disclosure Statement*** dated 19 June 2026.

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 disclose-register.companiesoffice.govt.nz. NBS has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you make an investment decision.

nbs.co.nz

NBS is not a registered bank

NBS
Banking for life

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 on demand (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 was established in 1862 and is a profit-oriented mutual entity incorporated in New Zealand under the Building Societies Act 1965. NBS provides retail and business banking services. Products include transactional accounts, savings and term investment options along with home, personal and business loans. 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' Call Deposits and Term Investments are unsecured debt securities, ranking equally amongst themselves, equally with NBS' other unsecured creditors and ahead of NBS' Perpetual Preference Shares.
Deposits	At NBS, Term Deposits are also known as Term Investments. When this PDS and NBS' register entries refers to 'deposits', it means both Call Deposits and Term Investments, unless the context requires otherwise.
Term	Deposits are issued at call (meaning that they are repayable on demand) or for fixed terms between 30 days and 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' website**, obtained at any NBS branch, by calling 0800 101 700 or on the **Companies Office Disclose Register**. 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 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 Term Investments 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 the deposits	Call Deposits can be withdrawn on demand. Term Investments are usually withdrawable on expiry of the term. While not obliged, NBS has a discretion to allow early withdrawal of a Term Investment. In these circumstances an early withdrawal fee may be charged (more information on early withdrawal fees can be found in Section Two).
Fees	Fees may apply to certain transactions, services or other activities (for example, overdrawn accounts and international money transfers).
Opening/closing dates of offer	This is a continuous offer. There are no opening or closing dates.

No guarantee

The deposits are not guaranteed by NBS or 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 Investments can apply to have all or a portion of their Term Investment withdrawn before the end of their term. NBS is not obliged, but has discretion to allow this.
In these circumstances an early withdrawal fee may be charged.

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

How Call Deposits and Term Investments rank for repayment

The following table shows where Call Deposits and Term Investments rank on a liquidation of NBS.

Creditors ranking ahead of deposits	Secured creditors of NBS (although at the date of this Product Disclosure Statement (PDS) NBS has no secured creditors and has no intention of incurring any secured debts) and creditors preferred by law (eg, Inland Revenue for any unpaid PAYE).
Creditors ranking equally with deposits	All of NBS' other unsecured creditors.
Creditors ranking after deposits	NBS' Perpetual Preference Shares.

More information on the ranking of the deposits on liquidation can be found in Sections Two and Four (pages seven and nine).

No security

The Call Deposits and Term Investments are unsecured.

Where you can find NBS' financial information

The financial position and performance of NBS is essential to an assessment of NBS' ability to meet its obligations under the Call Deposits and Term Investments. You should also read Section Five of the PDS (Financial Information).

Key risks affecting this investment

Investments in 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 Six of the PDS (Risks of Investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of NBS debt securities is suitable for you.

The interest rate for these 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:

- **Credit risk**
  NBS relies on its borrowers to repay their loans, and to make principal and 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 to cause liquidation of NBS, then the amount returned on deposits may be less than the amount invested. NBS' geographic concentration is also a risk, because NBS' business is concentrated in smaller regions which could be affected by region specific natural disasters or by a dip in the relevant local economy.

  NBS seeks to mitigate this risk by NBS' credit approval processes contained in NBS Credit Policy and by the rules contained in NBS' *Trust Deed*.

- **Liquidity risk**
  Liquidity risk refers to NBS' ability to meet its financial obligations when these are due. NBS' ability to meet its payment obligations to depositors is connected to the loans it makes to borrowers and to NBS' reliance on deposits. If reinvestment rates or borrowers' repayments were to reduce materially, there is a risk NBS may not have enough cash on hand at any time to repay depositors in a timely manner.

  NBS has a Liquidity and Market Risk Policy to manage this risk and must also comply with covenants contained in NBS' *Trust Deed*, which require NBS to maintain certain minimum levels of liquid assets, and to maintain sufficient cash inflows and equity.

- **Regulatory compliance risk**
  As a non-bank deposit taker, NBS is subject to prudential oversight and must comply with rules relating to capital adequacy, liquidity, related party exposure and governance. NBS routinely reviews its compliance with regulatory obligations. Any material failure by NBS to comply with its regulatory obligations and the requirements of any licence that NBS holds could adversely impact NBS' business and its ability to take deposits. As part of these reviews, NBS identified and self-reported potentially non-compliant matters to the Commerce Commission. NBS also advised its other regulators and statutory supervisor and has contacted and remediated affected borrowers. The Commission's investigation resulted in court proceedings and NBS being ordered to pay a financial penalty. NBS expected this outcome, had provisioned for it, and has now paid it.

- **Operational risk**
  Delivery of NBS' products and services is dependent on the availability and reliability of operational systems managed by NBS or third-party suppliers. NBS invests in its operational systems (particularly in IT) to ensure that its systems continue to provide ongoing stability and security. There is also a risk of loss arising from fraud, a breach of security (including cyber-security), loss of key staff or damage to reputation. In addition to losses, operational failures could result in NBS operating or information systems failing or becoming disabled. These circumstances could affect NBS' ability to meet payment obligations to investors.

  NBS expects its profits to be impacted over the short to medium term by a need to invest in its business to build a stronger platform for growth. NBS' Board is committed to investing to embed stronger processes, systems, technology and controls.

This summary does not cover all of the risks of investing in the deposits. You should also read Section Six of the PDS (Risks of Investing).

What is NBS' 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. At the date of the PDS, NBS has been assigned a long-term credit rating of BB+ ('outlook stable'). 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[1]	Description of the rating	Probability of default[2]
AAA	**Highest credit quality:** Exceptionally strong capacity for payment of financial commitments.	1 in 600
AA	**Very high credit quality:** Very strong capacity for payment of financial commitments.	1 in 300
A	**High credit quality:** Strong capacity for payment of financial commitments but may be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	1 in 150
BBB	**Good credit quality:** Adequate capacity for payment of financial commitments but adverse business or economic conditions are more likely to impair the capacity of the obligor to meet its financial commitments.	1 in 30
BB NBS	**Speculative:** 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. Entity credit rating BB+ ('outlook stable')	1 in 10
B	**Highly speculative:** Material default risk is 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.	1 in 5
CCC	**Substantial credit risk:** Very low margin for safety. Default is a real possibility.	1 in 2
CC	**Very high levels of credit risk:** Default of some kind appears probable.	1 in 2
C	**Near default:** A default or default-like process has begun.	-

[1] The modifiers + or – may be added to the above ratings to indicate relative status within the major rating categories.

[2] The approximate median likelihood that an investor will not receive payment on a five-year investment on time and in full (source: Reserve Bank of New Zealand publication *Know your Credit Ratings* dated March 2010).

Protection under depositor compensation scheme

Term Investments and Call Deposits are protected deposits under the depositor compensation scheme, which protects up to $100,000 per eligible depositor per deposit taker. For more information about the scheme, please refer to the Reserve Bank of New Zealand's internet site at **rbnz.govt.nz/dcs**.

Contents

Section One:	Key Information Summary	Page 2
Section Two:	Terms of the offer	Page 6
Section Three:	NBS and what it does	Page 7
Section Four:	Key features of the deposits	Page 8
Section Five:	NBS' financial information	Page 9
Section Six:	Risks of investing	Page 9
Section Seven:	Tax	Page 12
Section Eight:	Who is involved?	Page 12
Section Nine:	How to complain	Page 13
Section Ten:	Where you can find more information	Page 14
Section Eleven:	How to apply	Page 14
Section Twelve:	Contact information	Page 14

Terms of the offer

The issue and terms and conditions of the deposits are governed by a Trust Deed dated 20 December 1990 between NBS and Covenant Trustee Services Limited as trustee for depositors. This was amended and restated by a Deed of Amendment and Restatement dated 18 October 2016 and by a Deed of Amendment dated 30 June 2026 . The Trust Deed may be accessed from the Disclose Register on the Companies Office website.

Term	Description of term
Type of security	The Call Deposits and Term Investments are unsecured debt securities.
Terms of security	Both types of deposits are issued at call (repayable on demand) or for fixed terms between 30 days and 36 months. The minimum investment amount for a Term Investment is $5,000. There is no minimum investment for Call Deposits.
Interest rates	Current interest rates (which vary according to the term and type of the deposit) are available on **NBS' website**, obtained at any NBS branch, by calling 0800 101 700 or on the **Companies Office Disclose Register**. Interest rates are subject to change from time to time. NBS cannot change the interest rate on a Term Investment once the deposit has been made.
Interest payment	Interest accrues on each deposit on a daily basis from the date 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 Term Investments 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).
Repayment of the deposits	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. In respect of Term Investments, NBS' 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, but has discretion to allow, a request for early withdrawal of a Term Investment. In these circumstances an early withdrawal fee may be charged.
Maturing Term Investments	Prior to the maturity date of a Term Investment, NBS will send a notice advising the deposit is about to mature. The depositor can elect to either: • reinvest the deposit with NBS, either in the same product or in a different product • request the deposit be transferred to a nominated bank account • withdraw the deposit Unless the depositor instructs NBS otherwise, a Term Investment will automatically be reinvested for the same term, at the applicable interest rate on the day of maturity.
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' Perpetual Preference Shares. At the date of the *Product Disclosure Statement*, NBS has no secured creditors.

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 the West Coast, Golden Bay, and mid-Canterbury regions, using a proven strategy for branch network expansion of appointing skilled and well-connected people. NBS is a building society with eight branches in New Zealand.

Further contact details of NBS' branch network can be found at **nbs.co.nz/about/ways-to-bank/our-branches.**

NBS is a profit-oriented mutual entity incorporated under the Building Societies Act 1965. NBS is a financial institution providing banking services aiming to meet the needs of both personal and business banking clients. Products include transactional accounts, savings and term investment options along with home, personal and business loans. Clients transact with NBS via online and mobile banking channels, by using the NBS Debit MasterCard®, digital wallets and face-to-face via our branch network.

NBS is a mutual entity owned by its clients, (who include holders of debt securities). NBS has developed strong community links through its clients. We use profits to improve our services and invest the remainder locally to make a difference in our communities. NBS provides meaningful financial support to the community through sponsorships and grants.

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

NBS offers a high level of personal service provided by its branch staff.

NBS generates income by lending funds to borrowers for varied purposes. These include advances for owner-occupied homes, investment and commercial property acquisitions, refinances of existing debt from other banks along with smaller personal and consumer finance. NBS generates income from the interest charged on these loans.

NBS' Board of Directors comprises of between five and seven directors, including a chairperson, who bring a range of commercial experience to NBS. The board meet regularly or as required. Board sub-committees include audit and risk committee and a human resources committee to support the wider governance structure. NBS has an enterprise risk management framework that supports NBS in managing risk. NBS is committed to improving controls around regulatory compliance and operational risk, as well as investing in systems, processes and capability.

Some of NBS' major risk categories are described in Section Six of the PDS. These are not the only risks that may impact NBS' business.

Key features of the Term Investments and Call Deposits

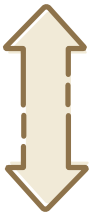
This section includes a description of the key features of the Call Deposits and Term Investments, to the extent those features are not already disclosed in Section Two.

In addition to the features of the deposits which have already been described in Section Two, deposits (including Term Investments) carry voting rights which may be exercised at meetings of NBS' clients. Furthermore, deposits are issued on the condition that deposits which remain outstanding at the date of commencement of a liquidation of NBS will carry the right to participate 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' 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.

Higher ranking
earlier priority



Lower ranking
later priority

Ranking in a liquidation of NBS	Examples
Liabilities ranking in priority to Call Deposits and Term Investments	Creditors preferred by law (including IRD for unpaid tax) and any permitted prior ranking security interests
Liabilities ranking equally with Call Deposits and Term Investments	All other unsecured creditors
Liabilities ranking below Call Deposits and Term Investments	Perpetual Preference Shares

A diagram showing the amounts of the various categories of liabilities of NBS and NBS' equity, being indicative amounts based on the financial position of NBS at its most recent balance date, is available on our website **nbs.co.nz** or on the Disclose Register (**disclose-register.companiesoffice.govt.nz**) and is titled 'Ranking Diagram.'

NBS may incur further liabilities which rank equally with, or in priority to, the deposits on a liquidation of NBS. These may include the issuance of additional deposits (including Term Investments), fees payable to NBS' supervisor and/or liquidators, and statutory-based claims such as employee entitlements and amounts owing to the IRD, outstanding interest payments and amounts owing to trade and other unsecured creditors. NBS' *Trust Deed* prohibits it from:

- borrowing money except in accordance with the *Trust Deed* and NBS' *Rules*
- 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 the *Trust Deed*, NBS is prohibited from creating, attempting to create or permitting to subsist any security interest over any of its assets, other than permitted security interests which (in summary) are:

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

Section five

NBS' 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 the NBS *Trust Deed* to meet certain financial requirements. *Financial Statements*, *Key Ratios* and *Selected Financial Information*, is uploaded to our website **nbs.co.nz** and to the Disclose Register **disclose-register.companiesoffice.govt.nz**.

This information illustrates how NBS compares to the minimum standards required by the 2010 Regulations. Meeting the regulatory requirements does not mean NBS is safe. The section on specific risks relating to NBS' credit worthiness sets out risk factors that could cause its financial position to deteriorate.

***Trust Deed* financial covenants and restrictions on borrowing and transactions with associated persons**

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

Section six

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. This risk is mitigated by the Depositor Compensation Scheme. NBS is funded by retail deposits and depositors can withdraw funds which may impact NBS' liquidity.

Specific risks relating to NBS' creditworthiness

The risks below are specific risks that NBS faces.

- **Credit risk**
  Credit risk is the risk that a borrower fails to repay their loan. If a significant number of borrowers are unable to make loan repayments, there may not be enough funds to repay investors. NBS manages credit risk by adhering to credit policy and its risk appetite. All loan applications are assessed in accordance with NBS' credit rules, and where applicable assisted by standards and processes. Loans are made within prudent loan-to-value and repayment-to-income ratios.

  As part of NBS' credit risk, NBS is also exposed to geographic concentration risk. This is the risk that a particular area or region in which NBS has high exposure (by way of a high proportion of depositors or borrowers residing there), is exposed to loss or hardship. This might be because of a regional natural disaster or a sustained dip in the local/regional economy. NBS has higher geographic concentration risk than some other lenders as its business is concentrated in the Nelson Tasman region and upper parts of the South Island, West Coast and Ashburton. Any event that specifically impacts any of these regions could affect NBS' profitability and even result in losses that could impact its ability to pay interest on its deposits or in a worst case, impact its capacity to repay deposits in full. Exposure to this risk is managed through NBS' credit policy and processes. NBS makes provision for credit impairment as set out in its financial statements. In addition, NBS restricts its exposure to any one borrower or group of closely-related borrowers and maintains at least the minimum capital ratio as required by its *Trust Deed*. The minimum capital ratio is a financial buffer that helps to absorb any losses that may be incurred from lending money to borrowers who fall into default. NBS requires security for the greater majority of its loans, by way of registered first mortgages over real property. In addition, where the borrower is a company or a trust, NBS generally requires personal guarantees.

- **Liquidity risk**

  Liquidity risk is the risk that NBS will have difficulty meeting its financial commitments. These commitments include repayment of investments and payment of interest on investments. NBS' ability to meet its payment obligations is connected to the loans it makes and to NBS' ability to obtain a flow of new deposits. If reinvestment rates or borrower loan repayments were to reduce materially, or there was an event which caused significant loss of confidence in NBS, there is a risk that NBS may not have enough cash on hand at any one time to pay interest on investments or to repay investments.

  NBS has a Liquidity and Market Risk Policy for managing liquidity risk. 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. Liquidity is monitored daily.

  NBS aims to maintain consistent reinvestment rates and new investment inflows for its retail funding, to meet its financial commitments.

  NBS' *Trust Deed* requires NBS to maintain minimum liquidity levels. At the date of the PDS, NBS' liquidity levels are significantly higher than the minimum set out in the *Trust Deed*.

  Further detailed information relating to NBS' liquidity risk can be found in NBS' latest *Annual Report,* available on NBS' website: **nbs.co.nz/about/important-documents-and-disclosures/annual-reports-and-disclosures**

- **Market risk**

  Market risk is the risk that movements in the market (like interest rates going up or down) can cause losses.

  The finance sector is highly competitive and if NBS is unable to provide competitive products or services, this may have an adverse effect on NBS' 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. NBS manages this risk in line with its Liquidity and Market Risk Policy as mentioned above under "Liquidity Risk". Interest rate risk is an element of market risk, and is the risk that interest rates will change, thereby increasing or decreasing the cost of borrowing or the profitability of lending. Like all lenders and deposit takers, 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 rate margin risk, interest margins are managed and monitored by NBS.

- **Credit rating risk**

  NBS has a Fitch Ratings credit rating of BB+ ('outlook stable'). Fitch has commented that NBS has steady asset quality and stable earnings outlook, but is a small domestic franchise. NBS has a simple business model that focuses on the provision of lower-risk residential mortgages and secured loans to small business. This offsets its modest franchise and limited pricing power. NBS is the largest NBDT in New Zealand but its lending market share is less than 0.2% in the national context, as at December 2025.

  NBS' rating can be influenced by the wider New Zealand economy or international events. In the event this credit rating was downgraded, it may have a material and adverse impact on withdrawal and reinvestment rates for maturing deposits and on NBS' 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 materially 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.

- **Regulatory compliance risk**

  As a non-bank deposit taker, NBS is subject to prudential oversight and must comply with laws and regulations relating to matters such as consumer regulatory compliance, capital adequacy, liquidity, related party exposure, conduct and governance.

  A material failure by NBS to comply with its regulatory obligations, including covenants in its *Trust Deed*, could result in damage to NBS' reputation, expose NBS to financial and/or other penalties, litigation, an obligation to pay compensation payments, breach of its *Trust Deed* or revocation of licences it requires to operate. Revocation of a licence may also affect NBS' ability to take deposits.

  Severe reputational damage and/or large financial penalties could increase deposit 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 investors.

NBS manages its obligations through processes, including assurance reviews. As a result of past reviews, NBS identified and has self-reported four matters to the Commerce Commission regarding its obligations under the Credit Contracts and Consumer Finance Act 2003 (CCCFA). It has fully cooperated with the Commission's investigation into these matters. NBS has advised its regulators and statutory supervisors of these matters and the Commission's investigation. NBS has also contacted and remediated impacted clients. The Commission's investigation resulted in a court judgment where NBS was ordered to pay a financial penalty. NBS has now paid the financial penalty, which was for an amount that NBS had provisioned for in the 2026 financial year.

Since the time the matters were identified, NBS has significantly updated its compliance systems, controls, capabilities and assurance processes.

- **Operational risk**

  Operational risks are risks that in inadequate operational infrastructure, systems, processes or policies create financial loss or inhibit NBS from functioning properly.

  These risks are identified and managed through the processes in NBS' risk management framework. Operational risk is relevant to NBS because the delivery of its products and services is dependent on the availability and reliability of operational systems managed by NBS or third-party suppliers. NBS invests in ensuring its systems can support present and future business requirements.

  There is also a risk of loss arising from fraud, a breach of security (including cyber security), weakness in operational controls, loss of key staff or damage to reputation. In addition to losses, operational failures could result in NBS operating or information systems failing or becoming disabled. These circumstances could affect NBS' ability to meet payment obligations to depositors. NBS has in place some systems and processes for managing operational risks, including business continuity plans and cyber security risk protocols and insurance. NBS is implementing improvements to processes for managing operational risk and is committed to taking steps to build a stronger and more resilient business. The Board monitors an operational risk report monthly.

The above risks mentioned are not exhaustive. It is not possible to forecast accurately the probability, degree or magnitude of impact of any of the risks described above. While some of these risks will arise to some degree, in the ordinary course of business, NBS is committed to seeking to manage those risks and to uplifting its processes, systems and controls. If unusual, unexpected or unplanned circumstances arise, such as widespread defaults by borrowers, unexpectedly large numbers of withdrawals from deposits or a breakdown in the financial markets, any or all of the risks discussed above could become difficult to manage and could adversely impact on NBS.

In extreme circumstances, failure to manage these risks in a material way and/or over a sustained period could mean that NBS is not able to meet our commitments to depositors.

Section seven

Tax

New Zealand residents will have Resident Withholding Tax (RWT) deducted from interest that is payable in respect of the Call Deposits and Term Investments, unless they hold a valid RWT exemption certificate.

If you do not provide an IRD number, RWT will be deducted at 45%. If you provide an IRD number but do not choose a RWT rate, the default rate will be used. This rate is 28% for companies and 33% for all other investors.

If you are a company you can choose a RWT rate of 28%, 33% or 39%. For all other investors, the RWT rates are 10.5%, 17.5%, 30%, 33% or 39%. The correct rate depends on your status and income. For more information, see: **ird.govt.nz**.

There may be other tax consequences from acquiring deposits. Call Deposits and Term Investments are not transferable.

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

Section eight

Who is involved?

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

How to complain

Complaints can be made in a number of ways. Anyone wishing to make a complaint can do so by:

- Talking to a local branch in person. The physical addresses of NBS' branches are on the final page of this PDS
- Phoning on 0800 101 700 or, if overseas, on +64 800 101 700
- Emailing complaints@nbs.co.nz
- Filling in the online complaints form at https://www.nbs.co.nz/help/complaints-process/
- Sending NBS a message on internet banking
- Posting a letter to the Chief Client Officer here:
  PO Box 62
  Nelson 7040

NBS attempts to resolve complaints on the spot, but if that is not possible then an acknowledgement will be sent within two working days and a senior member of our team will contact you within five working days. The senior member will investigate your concerns and work with complainants to determine possible resolution options. If NBS requires additional time, the complainant will be informed.

NBS is also a member of the Banking Ombudsman Scheme which is an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. Clients may contact the Banking Ombudsman Scheme if NBS cannot resolve your complaint or if a complainant is not happy with the solution proposed. The Banking Ombudsman Scheme offers a free, independent dispute resolution service that may help investigate or resolve your complaint.

You can contact the Banking Ombudsman Scheme at:

Physical address:
L5, Huddart Parker Building
1 Post Office Square
Wellington 6011

Freepost:
218002
PO Box 25327
Featherston Street
Wellington 6140

Email: help@bankomb.org.nz
Free Phone: 0800 805 950
Website: **bankomb.org.nz**

Complaints can also be made to:

Covenant Trustee Services Limited
PO Box 4243
Shortland Street
Auckland 1140
Email: team@covenant.co.nz
Phone: +64 9 475 0702 or 0800 746 422

Or, the Financial Markets Authority through their website: **fma.govt.nz**

Section ten

Where you can find more information

Further information relating to NBS and the deposits (including NBS' financial statements, latest *Annual Report*, *Rules* and *Trust Deed*) are available free of charge on NBS' website at **nbs.co.nz/about/important-documents-and-disclosures/annual-reports-and-disclosures**, from any NBS branch and on the Disclose Register **disclose-register.companiesoffice.govt.nz**. You can also make a request to the Registrar of Financial Service Providers for a copy of the information on the Disclose Register.

Section eleven

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 cash or electronic funds transfer from another account within NBS or from another financial institution.

NBS may accept your application to deposit when the completed application form and funds have been received.

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, by phoning 0800 101 700 or by emailing info@nbs.co.nz.

Section twelve

Contact information

Inquiries about your deposit should be directed to any NBS employee at any branch listed on NBS' website, or via the NBS contact information below.

Nelson Building Society
111 Trafalgar Street
Nelson 7010
PO Box 62, Nelson 7040

Alternatively, you can contact NBS by:

Email: info@nbs.co.nz
Freephone: 0800 101 700

Nelson
111 Trafalgar Street
P: 03 548 2164
E: nelson@nbs.co.nz

Westport
192 Palmerston Street
P: 03 788 8177
E: westport@nbs.co.nz

Richmond
209 Queen Street
P: 03 543 9391
E: richmond@nbs.co.nz

Greymouth
74 Mackay Street
P: 03 768 9016
E: greymouth@nbs.co.nz

Motueka
185 High Street
P: 03 528 1111
E: motueka@nbs.co.nz

Tākaka
41 Commercial Street
P: 03 525 6200
E: takaka@nbs.co.nz

Murchison
32 Waller Street
P: 03 523 1000
E: murchison@nbs.co.nz

Ashburton
Ground Floor
Murney Main Building
Cnr Burnett & East Street
P: 03 307 6380
E: ashburton@nbs.co.nz

NBS
Banking for life

Nelson Building Society is not a registered bank.

Head Office 111 Trafalgar Street, Nelson
Post PO Box 62, Nelson 7040 **Freephone** 0800 101 700 **Email** info@nbs.co.nz

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