



Product Disclosure Statement (PDS)

For unsecured Redeemable Shares and Deposits (collectively the Investment or Investments) issued by Wairarapa Building Society (WBS, the Issuer, we, our or us)

This is a replacement PDS, which replaces the PDS dated 20 December 2023.

13 December 2024

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. WBS 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.

1. Key information summary

What is this?

This is an offer of unsecured redeemable shares and deposits on either a call or term basis.

Within this PDS:

- Call Redeemable Shares and Call Deposits are collectively referred to as **Call Investments**; and
- Term Redeemable Shares and Term Deposits are collectively referred to as **Term Investments**.

Call Investments and Term Investments are **debt securities** issued by Wairarapa Building Society (WBS) and are collectively referred to as Investments. You give WBS money, and in return WBS promises to pay you interest and repay the money either at any time (for Call Investments) or at the end of the term or as agreed (for Term Investments). If WBS runs into financial trouble, you might lose some of or all the money you invested.

About WBS

WBS is a Wairarapa-based building society incorporated under the Building Societies Act 1965 and licensed by the Reserve Bank of New Zealand (**RBNZ**) as a non-bank deposit taker.

WBS offers investments to the public and provides a range of financial services including the provision of loans to enable customers to achieve their personal and commercial financial goals. Subsidiaries of WBS also hold investments in commercial buildings.

Key terms of the offer

We offer two types of investments: Call Investments and Term Investments.

	Call Investments	Term Investments
Description	Call Investments are unsecured Redeemable Shares or Deposits that you invest with us with no fixed term.	Term Investments are unsecured Redeemable Shares or Deposits that you invest with us for a fixed period of time. Your Term Investment will be repaid or re-invested at the end of the agreed term in accordance with your instructions.
Term	There is no fixed term. You can withdraw Call Investments at any time.	Term Investments are accepted for various periods as agreed between WBS and you.
Interest Rates	<p>The interest rates we offer for the Investments are set out in our current rate card which can be obtained:</p> <ol style="list-style-type: none"> over the counter at our branch at 125 Queen Street, Masterton by visiting our website: www.wbs.net.nz/invest on the Disclose register at www.business.govt.nz/disclose. 	
	<p>The interest rate applicable to Call Investments can change from time to time without notice.</p> <p>Balances under \$500 do not receive interest.</p>	<p>While interest rates offered on new Term Investments may vary from time to time, once a Term Investment is made the interest rate is fixed for its term unless you have requested that WBS repay your investment prior to maturity and WBS has agreed to do so.</p>
Opening and closing dates	This offer is continuous and therefore has no opening or closing date.	
Interest payments	<p>Interest on Call Investments is calculated daily and paid monthly.</p> <p>Interest when paid can be either credited to your account or paid out.</p>	<p>Interest on Term Investments is calculated and paid at the rates, and at the frequency, agreed at the time of investing.</p> <p>Interest payable on maturity can be either compounded and reinvested or paid out.</p> <p>Interest payable prior to maturity cannot be compounded.</p>
Fees and charges	Some fees and charges may be payable in connection with your Call Investments for certain transactions, services or other activities.	There are no fees and charges payable by you in connection with your Term Investments, except where you request repayment of your Term Investments before maturity.
No further obligation	Once you have made your initial Investment there is no obligation on you to contribute additional funds unless you choose to do so.	

Who is responsible for repaying you?

WBS is responsible for repaying you the principal and interest on your investments.

WBS's subsidiaries, Wairarapa Property Investments Limited and Perry Street Properties Limited (together the Guarantors) each unconditionally guarantee the obligations of WBS to pay interest and repay your investments. Your investment is not guaranteed by any other person.

How can you get your money out early?

Call Investments: You can come into our branch, contact us during business hours, or through myWBS (our online customer portal) at <https://mywbs.wbs.net.nz> and require that we repay some or all of your Call Investment.

Term Investments: Term Investments are ordinarily repayable at the end of the agreed term. We may, at our discretion, agree to repay your Term Investment earlier, and if we do this, we may apply an interest rate adjustment.

Term Deposits are not transferable and they cannot be sold to anyone else.

WBS does not intend to quote the Term Redeemable Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Term Redeemable Shares before the end of their term.

How Redeemable Shares and Deposits rank for repayment

WBS has no secured creditors. As a result, upon liquidation of WBS, your Investment would rank:

- **after** any prior security interests permitted by the Trust Deed and claims given priority by law
- **in respect of Deposits** equally with themselves and all other unsecured creditors but ahead of Redeemable Shares and Capital Shares
- **in respect of Redeemable Shares** equally with themselves but ahead of Capital Shares.

Further information can be found in section 4 of this PDS (Key features of Redeemable Shares and Deposits).

No security

The Investments offered in this PDS are unsecured.

Where you can find WBS's financial information

The financial position and performance of WBS are essential to an assessment of WBS's ability to meet its obligations in respect of the Investments. You should also read section 5 of this PDS (Financial Information).

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that WBS does not meet its commitments to repay you, or pay you interest (credit risk). Section 6 of this 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 these redeemable shares and 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.

WBS considers that the most significant risk factors are:

Risk factor	Description of risk
Credit risk	<p>Credit risk is the risk that borrowers or counterparties fail to meet their obligations. If a material number of our borrowers or counterparties default on their obligations, there may be insufficient funds available to repay investors.</p> <p>A key element of credit risk for WBS is concentration risk – the risk from an overexposure to a borrower or a group of related borrowers, an industry, or region.</p>
Liquidity risk	<p>Liquidity risk is the risk that WBS may have insufficient funds or may not be able to raise sufficient funds at short notice, to meet our financial obligations as they fall due, including the repayment of your Investment.</p>

This summary does not cover all the risks of investing in Redeemable Shares and Deposits. You should also read section 4 (Key features of Redeemable Shares and Deposits) and section 6 (Risks of investing) of this PDS for further information.

What is WBS'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 creditworthiness). It is not a guarantee that the financial products being offered are safe investments. A credit rating should be considered alongside all other relevant information when making an investment decision.

WBS has been rated by Fitch Ratings (Fitch). Fitch gives ratings from 'AAA' through to 'D'. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories.

As at the date of this PDS, WBS has a credit rating of **BB+ (Outlook Stable)** and has held this rating since 2009.

Fitch rating	Description	10 year default rate ¹	
AAA	Highest credit quality	AAA	
AA	Very high credit quality	AA+ AA AA-	
A	High credit quality	A+ A A-	0.6% 0.8%
BBB	Good credit quality	BBB+ BBB BBB-	0.8% 0.6% 0.7%
BB	WBS CREDIT RATING BB+ (Outlook Stable) Speculative: '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.	BB+ BB BB-	3.8% 3.2% 2.3%
B	Highly speculative	B+ B B-	7.7% 7.3% 14.3%
CCC	Substantial credit risk	CCC+ CCC CCC-	40%
CC	Very high levels of credit risk	CC	
C	Near default	C	
D	Default		

¹10-year default rates reflect the historical proportion of global Financial Institutions, Brokers or Dealers rated by Fitch that experienced some level of default on their obligations in the period 31 December 2013 to 31 December 2023. These default rates are extracted from a document issued by Fitch Ratings Inc. entitled '2024 Form NRSRO Annual Certification' with data contained in Exhibit 1 and drawn from the table entitled A. Financial Institutions, Brokers or Dealers – 10 Year Transition and Default Rates'.

Table of contents

Reference	Section	Page Number
1	Key information summary	2
2	Terms of the offer	8
3	WBS and what it does	12
4	Key features of Redeemable Shares and Deposits	18
5	WBS's financial information	20
6	Risks of investing	23
7	Tax	27
8	Who is involved?	28
9	How to complain	29
10	Where you can find more information	30
11	How to apply	31
12	Contact information	32

2. Terms of the offer

This section explains the terms that apply to Call Investments and Term Investments.

	Call Investments	Term Investments
Description	Call Investments are unsecured Redeemable Call Shares or Call Deposits that you may invest with us with no fixed term.	Term Investments are unsecured Redeemable Term Shares or Term Deposits that you may invest with us for a fixed period of time. Your Term Investment will be repaid or re-invested at the end of the agreed term in accordance with your instructions.
Term	There is no fixed term. You can withdraw Call Investments at any time.	Term Investments are accepted for various periods as agreed between WBS and you.
Minimum investment	\$500 minimum on establishment.	\$500
Interest rates	<p>We review our interest rates regularly and may adjust them after considering the market for similar investment products and in light of our funding requirements.</p> <p>The interest rates we offer for the Investments are set out in our current rate card which can be obtained:</p> <ol style="list-style-type: none"> Over the counter at our branch at 125 Queen Street, Masterton; By visiting our website: www.wbs.net.nz/invest; On the Disclose register at www.business.govt.nz/disclose 	
	<p>The interest rate applicable to Call Investments can change from time to time at the sole discretion of WBS and without prior notice.</p> <p>If we change the interest rate it will apply to your Call Investments from the date of the interest rate adjustment.</p>	<p>The interest rate at the start of your Term Investment is fixed for the duration of the agreed term unless you have requested that WBS repay your Term Investment prior to maturity and WBS has agreed to do so. See below under the heading 'Reinvestment/ Repayment' for more information.</p>
Opening and closing dates	This offer is continuous and has no opening or closing date.	
No further obligation	Once you have your initial Investment there is no obligation on you to contribute additional funds unless you choose to do so.	
Right to transfer	Call Redeemable Shares and Term Redeemable Shares are transferable but only in exceptional circumstances and with the prior approval of the WBS Board in its absolute discretion. There is no right to transfer the ownership of your Call Investments or Term Investments to a third party.	

	Call Investments	Term Investments
Interest payments	<p>Interest on Call Investments is calculated daily and paid monthly.</p> <p>Call Investment interest payments are made monthly.</p> <p>Interest when paid can be either credited to your account or paid out.</p>	<p>Interest on Term Investments is calculated and paid at the rates, and at the frequency, agreed at the time of investing.</p> <p>Depending on the type of Term Investment chosen, interest payments are made:</p> <ol style="list-style-type: none"> 1. monthly 2. quarterly 3. six monthly 4. on maturity. <p>Interest payment dates for options 1, 2 & 3 are based on the anniversary date of the Term Investment or any other date that is stipulated at inception of the Term Investment. Interest must be paid to a WBS Call Investment or to an account held at a New Zealand bank.</p> <p>Interest when paid at maturity can be either credited and reinvested or paid out</p>
Fees and charges	<p>The following fees and charges are payable in connection with your Call Investments for certain transactions, services or other activities:</p> <ul style="list-style-type: none"> • \$2.50 to set up or amend an automatic payment from your Call Investments. • \$5.00 for a dishonored automatic payment from your Call Investments. 	<p>There are no fees and charges payable by you in connection with your Term Investments, except where you request repayment of your Term Investments before maturity.</p> <p>If you request repayment of your Term Investment prior to maturity and the request is agreed to by WBS then an interest adjustment will apply.</p> <p>The interest rate for your Term Investment will be retrospectively adjusted to the rate that would have applied for the actual term of your initial investment, less 1%. This amount will be deducted from the funds paid to you.</p>
Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)	<p>All investors must comply with the current AMLCFT Act and Regulations, irrespective of when the account may have first been opened. These requirements mean that from time to time we may need to identify you and any authorised signatories or associated parties to ensure the information we have is up to date. We may also ask you to disclose what you will use the account for, or where any money deposited into your account will come from. We may also require proof of these funds.</p>	
Right to close	<p>WBS reserves the right to close your Call Investment and/or your Term Investment account. Reasons to close an account include how the account is being operated or may be due to regulatory requirements. We will give you at least 14 days written notice of our decision to close the account unless the circumstances warrant a shorter notice period (for example, where fraudulent activity has been identified). On closure, subject to regulatory and legal requirements all monies plus any accrued interest, less any fees, will be returned to you.</p>	

Reinvestment and repayment

Call Investments

You can request that we repay your Call Investment at any time by:

- coming into our branch at 125 Queen Street, Masterton during normal business hours;
- contacting us on (06) 370 0070 during normal business hours; or
- logging onto myWBS (our online customer portal) at <https://mywbs.wbs.net.nz> at any time (subject to having previously established myWBS access).

Where possible your funds will be transferred the same day. Otherwise, subject to your instructions, your funds will be transferred the next business day.

Term Investments upon maturity

We will notify you before your Term Investment matures, advising the details of your maturing Term Investment and giving you the option to reinvest, or to pay out your Term Investment (either in part or in full).

You are required to provide us with reinvestment and/or repayment instructions, prior to the maturity date of your Term Investment. If we do not hear from you, we will reinvest your Term Investment for the same term at no less than the corresponding interest rate as specified in our then current rate card for that term as at the date of reinvestment (and subject to the terms of the then current PDS). Interest payments will continue on the same basis unless you tell us otherwise.

Early repayment of Term Investments

Term Investments are ordinarily repayable at the end of the agreed term but we may, at our discretion, agree to repay your Term Investment earlier.

WBS is not obliged to agree to any request for early repayment and in considering any request will consider:

- the reason for the request
- whether the event that gave rise to the request was unforeseen
- whether or not declining the request would create material Financial Hardship.

Financial Hardship means a sudden and unforeseen event that requires you to urgently access the Term Investment to pay for necessary and unavoidable expenses.

If your request to withdraw your Term Investment early is not due to Financial Hardship, you will be required to give 30 days' prior notice. Notice can be given via email to wbs@wbs.net.nz, or by sending us a written instruction via letter (and your request to withdraw will be deemed to have been given when your letter is received by us).

If we agree to a request for early repayment of your Term Investment, then an interest adjustment will apply.

Working out the interest adjustment

The interest rate for your Term Investment will be retrospectively adjusted to the rate that would have applied for the actual term of your investment, less 1%. Resident withholding tax adjustments may be made as part of the early repayment process.

If the adjusted interest rate is less than 1% then 0% interest will apply.

Method of repayment

We will pay your funds on the 31st day after your early withdrawal request (or on the next business day if that day is not a business day). If the maturity date occurs during your notice period, we will pay your funds on the maturity date. Any repayment will be made by direct credit to a New Zealand dollar bank account, held at a bank in New Zealand, as nominated by you in writing. If no such account has been nominated, payments will be withheld until account details have been provided.

Ranking of investments

On liquidation of WBS, your rights and claims under the Investments would rank:

- **after** any prior security interests permitted by the Trust Deed and claims given priority by law
- **in respect of Deposits** equally with themselves and all other unsecured creditors but ahead of Redeemable Shares and Capital Shares
- **in respect of Redeemable Shares** equally with themselves but ahead of Capital Shares.

Further information can be found in section 4 of this PDS (Key Features of Redeemable Shares and Deposits).

Trust Deed

The issue, terms, and condition of the investments offered under this PDS are governed by a Trust Deed dated 28 November 2003 (as subsequently amended and restated) (the **Trust Deed**). This is entered into between WBS, the Guarantors, and Trustees Executors Limited as Supervisor for the benefit of the investors.

A copy of the Trust Deed is available on the Disclose register www.business.govt.nz/disclose

Trustees Executors Limited has been granted a licence under the Financial Markets Supervisors Act 2011. Details of this licence, including its duration and conditions are available on the Financial Service Providers Register at www.business.govt.nz/fsp and at the website of the Financial Markets Authority at www.fma.govt.nz/compliance/lists-and-registers/licensed-supervisors/

Rules

By making an Investment in Redeemable Shares with us you become a member of WBS and are bound by the Rules of WBS (the Rules).

A copy of the Rules is available on the Disclose register www.business.govt.nz/disclose or on our website <https://wbs.net.nz/important-documents/>.

3. WBS and what it does

This section explains who WBS is, what we do and who is involved in making this offer to you.

Overview

WBS is a building society incorporated under the Building Societies Act 1965 with its key stakeholders being the WBS Charitable Trust (WBSCT) and WBS members. WBSCT holds all the Capital Shares of WBS.

The main purpose of WBS is to help its community prosper. The organisation does this by offering competitive loans and investments, as well as providing sponsorship in the local community and grant funding, through the WBS Charitable Trust.

The funds we raise from the issue of Investments under this PDS will be principally used to finance our ongoing lending activities. All distributed profits go back to the community in the form of sponsorship, through WBS, and grant funding, through the WBS Charitable Trust.

Our principle classes of assets are:

% of WBS Group total assets as at			
Asset class	31 March 2024	31 March 2023	31 March 2022
Loans to customers	71.9%	90.4%	81.8%
Commercial property investments	3.9%	3.3%	4.2%
Cash and cash equivalents	10.5%	5.5%	1.2%
Term deposits	12.7%	0.0%	11.2%
Other assets	1.0%	0.8%	1.6%

The ability of WBS to repay your Investment depends on these assets generating sufficient income to cover its operating costs, and maintaining adequate capital.

History

WBS was originally named the North Wairarapa Permanent Building and Investment Society and has existed in its current form since 1980. The building societies that merged to form WBS in 1980 have a history dating back to 1873. The underlying purpose of the 1980 amalgamation was to establish a strong Wairarapa-based regional building society of a size and scale able to compete in the Wairarapa financial marketplace and provide Wairarapa residents with a credible alternative to the major trading banks.

WBS Group

The WBS Group comprises WBS and its subsidiaries. The only significant members of the WBS Group, other than WBS, are the Guarantors:

- Wairarapa Property Investments Limited – incorporated in 1998 and holds a commercial property investment; and
- Perry Street Properties Limited – incorporated in 2009 and holds a commercial property investment.

The industry in which we operate

WBS and its predecessors have been offering investments to the public for over 150 years. Although anybody can invest with WBS we are not obliged to accept any application for investment. WBS is licensed under the NBDT Act to accept deposits from the public. We compete with banks and other non-bank deposit takers.

Keys to generating income

WBS's income is primarily generated from the difference between the interest income we earn on our lending activities and the interest expense we pay you on your Investments. The WBS Group's property portfolio provides a limited income diversification but is not one of the key drivers of income. Profitability can be adversely affected by losses we incur on any loans, and changes in the fair value of the investment property portfolio.

Loan book

Key characteristics of our loan book are summarised below:

Sector concentration	31 March 2024	31 March 2023	31 March 2022
Residential housing	83.0%	88.7%	82.0%
Commercial	13.8%	8.3%	14.5%
Farming	3.2%	3.0%	3.5%

Security	31 March 2024	31 March 2023	31 March 2022
Secured by mortgage	99.9%	99.8%	99.1%
Secured by other collateral	0.0%	0.1%	0.5%
Unsecured	0.1%	0.1%	0.4%

Geographic concentration	31 March 2024	31 March 2023	31 March 2022
Domiciled in the Wairarapa region	84.1%	83.9%	88.9%
Domiciled outside the Wairarapa region	15.9%	16.1%	11.1%

Lending policy and loan quality

WBS is geographically concentrated, but it also has a conservative lending policy. The key elements of our lending policy are described in section 6 of this PDS (Risks of Investing).

The conservative nature of our lending policy contributes to a consistently low level of loan arrears and impairment as illustrated below:

Loan book status	31 March 2024	31 March 2023	31 March 2022
Performing loans	94.3%	96.4%	96.7%
Restructured loans	0.8%	Nil	Nil
Loans past due:			
0 to 30 days	2.8%	1.9%	2.7%
31 to 90 days	0.2%	0.6%	0.3%
Over 91 days	0.4%	0.1%	0.1%
Impaired loans	1.5%	1.0%	0.2%

Impairment charges	31 March 2024	31 March 2023	31 March 2022
Annual impairment charge/(credit) (as a % of loan book)	(0.19%)	0.08%	(0.09%)
Annual impairment charge/(credit) (\$000's)	(263)	118	(94)

Updated details of the statistics set out in this section for subsequent financial periods can be found in the WBS financial statements which are available on our website, <https://wbs.net.nz> or in the Disclose register at www.business.govt.nz/disclose.

Directors and senior managers

Board of Directors

Kristy McDonald, ONZM KC (Chair)

Kristy was appointed to the Board of WBS in July 2012. Kristy is an experienced barrister and King's Counsel with a wealth of legal, governance and regulatory experience and a strong interest in primary industries. Having represented both private clients and the Crown for nearly 40 years, she has extensive experience across many areas of legal practice but has a particular focus on corporate, administrative and public law. Kristy is Chair of Kiwifruit New Zealand, the statutory regulator for the kiwifruit industry. She is also Chair of the Racing Integrity Board. Kristy has previously held a number of governance positions, including as a Director of ACC, Deputy Chair of the Electoral Commission, Chair of the Ministry of Social Development Audit and Risk Committee and Chair of the Real Estate Agents Authority.

Sarah Dalziel-Clout, LLB(Hons) BA (Deputy Chair)

Sarah Dalziel-Clout is a born and bred Wairarapa local. She grew up rurally in Tinui, out of Masterton, before spending time in Christchurch, Wellington and London. Sarah is now back within the rural fold in Kahutara, Featherston. Sarah is an experienced lawyer who has worked in a range of industries including banking, telecommunications, IT, sport and logistics, both nationally and globally. Sarah is also experienced in management, leadership and strategy from her time as Chair of Eventing Wairarapa and as the High Performance Director for Equestrian Sports New Zealand. During her time in the latter role, Sarah led both the campaign and high performance equestrian programme into the 2016 Rio Olympics and the 2018 World Equestrian Games. Sarah's current legal role sees her supporting businesses remotely around the country. She sees her directorship role at WBS as an opportunity to reconnect with, and ensure that WBS stays accountable to, her local Wairarapa community.

Adam Parker, LLB BSC MBA

Adam joined the Board in 2016. Adam has been practising law since 1999 and is a partner/owner at Gawith Burridge in Masterton. Adam has a wide range of legal and business experience at several organisations including his legal practice, competition law at the Commerce Commission, Ministerial advice and drafting legislation at the Ministry of Economic Development, intellectual property law at AJ Park, litigation and general practice. Adam also holds directorships in several trustee companies, has served on the Hadlow School Board and is Honorary Solicitor for several local charitable organisations.

Nicholas (Nick) Rogers, B Comm Grad Dip (Mgt)

Nick has been a resident of the Wairarapa region for over 16 years and joined the WBS Board in 2017. Nick previously worked for DB Breweries in various management, commercial and marketing roles for 17 years before deciding to run his own businesses, including management of the Tui Brewery Experience, the Monteith's Brewery Experience and the White Swan Hotel in Greytown. Nick is also affiliated with Greytown Country Village Heaven, Rathkeale Foundation and the New Zealand National Aviation Centre. Nick has served numerous terms on the boards of Castlepoint Station, Destination Wairarapa and Wings Over Wairarapa.

Blair Stevens, B Com (VPM), MPINZ, AREINZ

Blair has been a resident of the Wairarapa region for over 28 years and joined the WBS Board in January 2020. Blair is a registered valuer who spent 13 years as a senior rural banker servicing the Wairarapa and Tararua regions. Using his skills and experience from both these professions, Blair moved into rural real estate. 15 years ago. He established his own highly successful real estate company in 2014, NZR Real Estate Limited. Blair has been Co-Chairman and a Trustee of the Wairarapa Sports Education Trust and Chair of the Lakeview School Board of Trustees.

Brett Wooffindin CA

Brett joined the Board in 2023. He has been a director and shareholder of local accountancy practice Lawson Avery Limited since 2016, where he supports his clients with a wide range of accounting, tax and advisory services. Brett's client base is made up of a large number of agriculture and viticultural customers, as well as property investors and small to medium businesses. Before his time with Lawson Avery, Brett held roles in the telecommunications, energy and investment banking sectors and worked at top four accounting practices in both Wellington and London. Brett has a keen interest in business growth and using technology to improve systems and efficiencies within businesses. He has completed the Icehouse Owner Manager Programme, holds a number of trusteeships and is a director for Wings over Wairarapa.

Sarah Paterson BA (Hons), LLB

Sarah has made a home in Martinborough since 2022 and was appointed to the Board of WBS in September 2024. A lawyer by training, Sarah's passion is international trade, beginning at the Ministry of Foreign Affairs and Trade and leading to roles with Meat and Wool NZ and Fonterra, both in New Zealand and Europe. In 2015, Sarah established her own consulting business with a focus on the primary sector. Sarah is currently on the boards of Landcorp Farming Limited (Pāmu), New Zealand Trade and Enterprise, Kiwifruit New Zealand and the New Zealand Meat Board. She is also a member of the New Zealand Army Leadership Board, Board Chair of Inter-weave Limited and a trustee of the Who Did You Help Today Trust.

Senior managers

John Healy CA BCA (Chief Executive)

John became Chief Executive in February 2023 and, prior to that, was Chief Financial Officer for ACC in Wellington. His working career has spanned both private and public sectors, taking him to Russia, UK and Australia. John has been a chartered accountant since 1994, grew up in Wellington and has made many trips to the Wairarapa chasing good surf and tramping in the surrounding hills. He has two children, and keeps busy doing and teaching traditional karate, surfing, playing golf, trail running, and skiing. John feels very privileged to be a part of WBS and its purpose “Helping our community prosper”.

Katrina Neems, BBS Fin (Head of Finance)

Katrina has been living in the Wairarapa since 2016 and joined WBS in 2022. She grew up in Auckland, and previously spent 10 years living in the Coromandel. Her career has focused on roles within commercial organisations across a broad range of sectors including finance, local government, charitable societies and telecommunications. In her spare time, Katrina enjoys gardening, walking, and spending time with family.

Anna Keane (Head of Operations)

Anna joined the WBS team in 2019. She works closely with the wider leadership team ensuring the business operations are effectively managed and good customer outcomes are always front of mind. Anna has experience working in various roles within the banking and financial sector, and is proud to work for an organisation that is truly focused on helping customers and doing right by them. Outside of work, Anna enjoys the outdoors with her husband and two gorgeous daughters.

Ruth Kilmister (Head of Lending)

Ruth heads up the Loans Team, meeting with clients and assessing loan applications and growth opportunities in the Wairarapa. She has 30 years of banking experience, having previously worked for large trading banks specialising in business, commercial and domestic finance. Ruth appreciates the team's focus on personalised service. ‘It's like banking used to be before 0800 numbers and centralisation – true relationship banking.’

Melissa Wardell (Head of Marketing and Community Investment)

Melissa joined the WBS team in May 2023 as Head of Marketing and Community Investment. She has a broad range of experience in marketing and communications roles across Wairarapa and Wellington. Melissa has worked on a variety of projects in the financial sector, including for Kiwibank, the Co-operative Bank, and the online accounting firm, Xero. She's also a judge in the annual Plain Language Awards. Melissa loves being part of an organisation that has an overall goal of helping its community prosper.

None of our Directors or Senior Managers have been adjudged bankrupt, convicted of a crime involving dishonesty, or prohibited from acting as a director or taking part in the management of a corporate entity.

4. Key features of Redeemable Shares and Deposits


This section explains some of the key features of the Investments and should be read in conjunction with section 2 of this PDS (Terms of the Offer).

Ranking

The Investments offered in this PDS are unsecured.

Although the Trust Deed permits WBS and the Guarantors to use up to 2.5% of their assets as security for liabilities that would rank ahead of the Investments, there are presently no such secured liabilities.

The following diagram illustrates the ranking of Redeemable Shares and Deposits on a liquidation of WBS and is based on the level of our liabilities and equity as at 31 March 2024 including Redeemable Shares (principal and interest outstanding) of \$145,562,527 and Deposits (principal and interest outstanding) of \$14,455,565. The level of Redeemable Shares and Deposits is constantly changing, depending on the level of investment, reinvestment and withdrawal at any point in time.

Ranking on liquidation of WBS		Liability types	Indicative amount of existing liabilities and equity as at 31 March 2024
HIGHER RANKING / EARLIER PRIORITY			
	Liabilities that rank in priority to Deposits, Redeemable Shares and capital shares	Creditors preferred by Law	\$81,817
	Liabilities that rank equally with Deposits	Deposits, trade and general creditors	\$15,735,374
	Liabilities that rank behind Deposits but in priority to equity	Redeemable Shares	\$145,562,527
	Equity	Transferred to WBSCT in accordance with the WBS Rules	\$28,395,117
LOWER RANKING / LATER PRIORITY			

The creditors preferred by law shown above as ranking ahead of Deposits and Redeemable Shares principally comprise wages due to employees and amounts due to Inland Revenue in respect of PAYE, GST and RWT. Trade and general creditors ranking equally with Deposits principally comprise amounts arising from the day-to-day operations of the business. WBS expects both types of liabilities to continue to be incurred at broadly similar levels to those represented in the diagram above.

Updated details for subsequent financial years will be found in a document named 'Key Ratios and Selected Financial Information' which can be found on our website <https://wbs.net.nz/important-documents/> or in the Disclose register at www.business.govt.nz/disclose

Other limitations specified in the WBS Trust Deed are set out in section 5 under the sub-heading "Other Limitations, Restrictions and Prohibitions".

Guarantees

The Guarantors, being Wairarapa Property Investments Limited and Perry Street Properties Limited, each unconditionally guarantee the obligations of WBS to pay interest and repay your Investments. They are both members of the WBS Group and their guarantees are unsecured.

5. Financial information

WBS is required by law and its Trust Deed to meet certain financial requirements. The tables below show how WBS is currently meeting those requirements. There are minimum requirements. Meeting those minimum requirements does not mean that WBS is safe. Section 6 on specific risks relating to WBS's creditworthiness sets out risk factors that could cause its financial position to deteriorate. The Disclose register provides a breakdown of how the figures in this section are calculated, as well as full financial statements.

Updated details for subsequent financial periods and more detailed financial information about the calculation of the figures in this section, can be found in a document named 'Key Ratios and Selected Financial Information' on the Disclose register at www.business.govt.nz/disclose.

References in this section to the 2010 Regulations means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

All figures and financial information presented in this section represent consolidated information of WBS and the Guarantors as required by the 2010 Regulations.

Key ratios

Capital ratio

	31 March 2024	31 March 2023	31 March 2022
WBS capital ratio as calculated by the 2010 Regulations	17.4%	15.0%	15.7%
Minimum capital ratio required by the Trust Deed	8.0%	8.0%	8.0%
Minimum capital ratio required by regulation 8(2) of the 2010 Regulations	8.0%	8.0%	8.0%

The Capital Ratio is a measure of the extent to which WBS is able to absorb losses without becoming insolvent. The lower the Capital Ratio, the fewer financial assets WBS has to absorb unexpected losses arising from its business activities.

Related party exposures

	31 March 2024	31 March 2023	31 March 2022
Amount of WBS's aggregate exposures to related parties as calculated by the 2010 Regulations	0.0%	0.0%	0.0%
Maximum limit on aggregate exposures to related parties permitted by the Trust Deed	15.0%	15.0%	15.0%
Maximum limit on aggregate exposures to related parties permitted by regulation 23(3)(b) of the 2010 Regulations	15.0%	15.0%	15.0%

Related party exposures are financial exposures that WBS has to related parties. A related party is an entity that is related to WBS through common control or some other connection that may give the party influence over WBS (or WBS over the related party). These related parties include relatives of Directors or senior management.

Liquidity requirements

		31 March 2024	31 March 2023	31 March 2022
Liquidity calculated in accordance with the Trust Deed	Liquid assets ratio ¹	42.2%	23.8%	33.3%
	Liquidity mismatch ratio ²	415.9%	167.4%	199.2%
Minimum liquidity requirements under the Trust Deed	Liquid assets ratio	10.0%	10.0%	10.0%
	Liquidity mismatch ratio	115.0%	115.0%	115.0%

Liquidity requirements help to ensure that WBS has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that WBS is unable to repay investors on time and may indicate other financial problems in its business.

¹ The Liquid Assets Ratio is a measure of the extent to which liquid assets maintained by WBS can support claims on its assets. The higher the ratio, the stronger WBS's liquidity position..

² The Liquidity Mismatch Ratio is a liquidity stress test which measures the ratio of liquid funds available to cover any short-term mismatch in contractual cash flows which have been adjusted to reflect the estimated impacts of a short-term loss of investor confidence. The higher the resulting ratio, the greater the ability of WBS to meet its payment obligations in a stressed scenario. This is calculated in accordance with the Trust Deed and the 2010 Regulations.

Selected financial information

All figures in NZ\$000's	31 March 2024	31 March 2023	31 March 2022
Total assets	189,775	163,441	152,190
Total liabilities	161,380	138,139	127,665
Net profit after tax	3,094	774	1,475
Net cash flows from operating activities	35,751	(11,010)	(22,566)
Cash and cash equivalents	19,978	9,009	1,803
Term deposits	24,058	-	17,000
Capital as calculated in accordance with the 2010 Regulations	28,314	25,045	24,323

Other limitations, restrictions and prohibitions

Trust Deed

The Trust Deed places certain financial covenants on WBS and the Guarantors, some of which have already been summarised in the Key Ratios section above. Those that have not already been summarised above are set out in the Trust Deed, a copy of which is available on our website at <https://wbs.net.nz/important-documents/> or the Disclose register www.business.govt.nz/disclose.

Committed standby funding lines

The committed standby funding line that WBS maintains require WBS to meet certain financial covenants in order to retain continued access to the facility. The nature of these covenants is broadly similar to those contained in the Trust Deed but the facility contains lender-specific covenants. WBS monitors these covenants on a monthly basis with the aim of ensuring enough headroom to maintain access to the facilities to assist in managing its liquidity risk, as described in section 6 of this PDS (Risks of investing).

6. Risks of investing

General risk of insolvency

Your Investment is subject to the general risk that if WBS becomes insolvent we may not be able to pay interest and/or repay part or all of your Investment. In this event, you may suffer a direct financial loss, but you would not be liable to pay any further money to us.

No established market for trading Investments

WBS does not quote Redeemable Term Shares on a market licensed in New Zealand and there is no other established market for trading them. This means you may not be able to sell your Redeemable Term Shares before the end of their term.

Call Investments and Term Deposits are not transferable and they cannot be sold to anyone else.

Specific risks relating to WBS's creditworthiness

The NBDT Act requires that we have and maintain a Risk Management Programme. Our Risk Management Programme is in writing, is regularly reviewed, and sets out how we identify, analyse, evaluate, eliminate and/or mitigate risk.

The principle risks that we face are: credit risk, liquidity risk, market risk, operational risk and regulatory compliance risk.

Credit risk

Credit risk is the risk that borrowers or counterparties fail to meet their obligations. If a material number of our borrowers or counterparties default on their obligations, there may be insufficient funds available to repay investors.

A key element of credit risk for WBS is concentration risk – the risk from an overexposure to a borrower or a group of related borrowers, an industry or region.

WBS operates within exposure limits to its largest single group borrower as well as the largest 10 single group borrowers. Such limits are set out in WBS' Debt Security Trust Deed with Trustees Executors Limited.

WBS is exposed to geographical concentration risk – the risk of overexposure to the Wairarapa region. Should the Wairarapa region suffer an adverse event then WBS, and ultimately your investment could be adversely impacted. WBS has accepted this risk. There is some but minimal diversification of the loan portfolio outside of the Wairarapa. One of the key controls over this risk is the set of policies and procedures relating to lending activity such as those contained in our lending policy and including risk tolerances such as loan to value ratios, property insurance requirements, credit assessment, and security requirements.

As noted in section 3 of this PDS (WBS and what it does), WBS employs a conservative lending policy to manage and mitigate credit risk. This lending policy helps to ensure that any credit risk assumed by WBS falls within acceptable parameters.

Specific elements of the lending policy which help mitigate credit risk include:

a. Loan to valuation ratios (LVR's)

Retention of conservative LVR's:

- Housing loans – 80% of registered valuation or purchase price whichever is lower.
- Rental housing loans – 70% of registered valuation or purchase price whichever is lower.
- Commercial property loans – 60% of registered valuation subject to a NBS rating of at least 67%.
- Bare land loans – 50% of registered valuation or purchase price whichever is lower.

In order to provide some flexibility to our lending the Trust Deed allows WBS to have up to 15% of its total assets outside these criteria. Typically, WBS has less than 10% of its total assets outside these LVR criteria.

b. Debt servicing

WBS adopts a conservative approach to debt servicing such that most borrowers contribute less than one third of their gross household income to debt servicing.

c. Credit worthiness

Credit checks are undertaken on all new borrowers and if the result is a score lower than our usual lending criteria then an application is declined unless there are mitigating circumstances.

d. Security

Security is obtained over all properties that we lend for.

e. Insurance

Properties that we lend for must be insurable and must have full replacement cover.

Liquidity risk

Liquidity risk is the risk that WBS may have insufficient funds or may not be able to raise sufficient funds at short notice, to meet our financial obligations as they fall due, including the repayment of your Investment.

As with other financial institutions, WBS has a mismatch in the maturity profile of our available sources of funding and loans to customers. This mismatch arises in the ordinary course of business given that WBS is taking in short-term or on-call funding, while a major part of our lending to customers is in long-term residential mortgages.

We manage liquidity risk on a daily basis and in a number of ways including:

- monitoring the maturity profile for existing loans, Redeemable Shares and Deposits.
- seeking to maintain diversity and stability in our retail funding base
- holding cash surpluses in the form of on-call or liquid securities to ensure we retain immediate access to these funds
- maintaining strong bank relationships including access to committed standby funding lines for a period of at least 12 months forward (and ideally 24 months forward)
- forecasting and managing our cash position so as to maintain cash surpluses where possible to minimise bank funding line utilisation
- ensuring on-going compliance with Trust Deed and RBNZ NBDT liquidity requirements as set out in section 5 of this PDS (WBS's Financial Information).

If there was a sustained decline in our ability to retain or attract new Redeemable Shares and Deposits or if access to our committed bank funding lines were not able to be renewed, this could result in increased liquidity pressure and could affect our ability to repay investors.

Market risk

Market risk is the risk of losses caused by adverse movements in market prices, for example interest rates.

Interest rate risk is a key market risk that WBS manages. We do not use interest rate derivative instruments but rather monitor and manage the duration of both our loan and deposit portfolios.

As noted in section 3 of this PDS (WBS and what it does), WBS derives the majority of its income from the margin between the income we earn on our lending activities and the interest expense we pay you on your Investments.

Active and regular management of this margin is essential to ensure that sufficient income is generated to cover the costs of business including repayment of your Investments. As noted under Liquidity risk, WBS has a mismatch in the maturity profile of our available sources of funding (shorter term maturities) and loans to customers (longer term maturities). However, we can achieve a better match in terms of the period that interest rates are fixed between loans and investments.

Where both investor interest rates and borrowing interest rates are short-term, such as if they are fixed for less than a year, then the impact on WBS of any such variation in margin is likely to be minimal. Most of WBS' fixed rate loans are fixed for less than two years and the average is closer to one year. A significant portion of our loan book is also on floating rates. Most of our investments are fixed for one year and a significant portion are on-call deposits.

If lending rates were fixed for significantly longer terms than investment rates, a rapid change in investor rates could create a greater mismatch and impact net margin. In that case, we could consider the use of interest rate derivative instruments. We do not currently utilise interest rate derivatives and would update this PDS if this situation changed.

Operational risk

Operational risk is the risk that inadequate or failed procedures, systems or policies give rise to either financial loss or damage to WBS's reputation and standing in the marketplace.

WBS's reputation in its home market is paramount. Therefore, WBS operates conservatively but also with a degree of flexibility in its business, always keeping in mind the benefits of a positive perception from our interactions not only with our customers, but also with Wairarapa residents generally as well as with other key stakeholders including regulators, the Supervisor, our bankers and auditors.

A material or sustained loss of confidence in WBS could result in a reduction in WBS's ability to attract or retain access to its primary sources of funding. This could in turn result in adverse liquidity outcomes and limit our ability to repay investors as described above.

WBS actively manages and seeks to mitigate operational risk through ensuring tested procedures and robust systems are in place including:

- appropriate segregation of duties

- delegations of authority
- tiered and monitored access to key IT systems
- cross-job training.

Legal risks associated with the enforcement of security held in relation to loan exposures are minimised through standardised loan documentation which is regularly updated. We have also formulated and enacted a disaster recovery plan to ensure that in the event of disruption or natural disaster we are able to continue to operate our business to the fullest extent possible.

Regulatory Compliance risk

Regulatory compliance risk is the risk of loss of reputation, regulatory penalties, and/or material financial loss, as a result of failure to comply with laws and regulations.

WBS is licensed by RBNZ as a non-bank deposit taker. As a licensed NBDT, WBS is subject to legislation including but not limited to:

- Reserve Bank of New Zealand Act 2021
- Non-bank Deposit Takers Act 2013
- Financial Markets Conduct Act 2013
- Deposit Takers (Credit ratings, Capital Ratios, and Related Party Exposures) Regulations 2010
- Deposit Takers (Liquidity Requirements) Regulations 2010
- Financial Service Providers (Registration and Dispute Resolution) Act 2008
- Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

The prudential regulations as set out in the NBDT Act require WBS to:

- a. have a credit rating
- b. hold capital above a specified capital ratio
- c. maintain liquidity in accordance with the regulations
- d. adhere to restrictions on related party restrictions
- e. have a documented risk management programme approved by its Supervisor
- f. directors complete a suitability assessment of Directors and Senior Officers.

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act) requires WBS to establish, implement and maintain an AML/CFT compliance programme and risk assessment, which includes the internal procedures, policies and controls to:

- detect money laundering and terrorism funding
- manage and mitigate the risk of money laundering and terrorism funding.

Members of senior management are responsible for the day-to-day management of compliance risk and for ensuring that procedures and guidelines regarding integrity and ethical standards are adhered to within their area of responsibility.

The Chief Executive oversees and coordinates matters relating to compliance and integrity risks, including reputational risks, provides guidance and advice to management, and reports directly to the Board.

WBS staff, the Board, and the Audit and Risk Committee each have Codes of Conduct documenting expected values, duties and obligations, and ethical standards expected.

7. Tax

New Zealand residents have resident withholding tax (RWT) deducted from interest that is payable in respect of their investment in Redeemable Shares and Deposits, unless they hold a valid RWT exemption certificate or appear on the Inland Revenue online exemption register (from 1 April 2020).

RWT rates as at the date of this PDS are:

- 28% for companies (other than corporate trustees), 33%, or 39% if such rate is elected by the company
- 10.5%, 17.5%, 30%, 33%, 39% for all other investors.

If you have advised us of your IRD number but do not advise us of your RWT rate, the default RWT rate of 33% will be applied.

If you do not provide us with your IRD number you will automatically have RWT deducted at a non-declaration rate of 45%.

End of year tax certificates will only be automatically issued for investors with a 45% RWT rate. For other RWT rates, you can obtain details of your interest paid and RWT deducted direct from Inland Revenue using their myIR service.

There may also be other tax consequences of depositing or withdrawing funds with us, or from selling your Investment in the limited circumstances where this may be possible. If you have queries relating to the tax consequences of an investment in the Redeemable Shares and Deposits, you should obtain professional independent advice on those consequences.

8. Who is involved?

	Name	Role
Issuer	Wairarapa Building Society	Issuer of the Redeemable Shares and Deposits
Supervisor	Trustees Executors Limited	Supervisor and provider of independent oversight of WBS and the Guarantors for holders of Redeemable Shares and Deposits
Auditor	KPMG	Independent auditors of WBS and the WBS Group financial statements
Solicitors	Minter Ellison Rudd Watts Buddle Findlay	Legal advisors to the issuer

9. How to complain

If you have a problem, concern, question or complaint about your Redeemable Shares or Deposits, you may contact us in the first instance via our Operations Manager on (06) 370 0070, by email to complaints@wbs.net.nz or in person at our office located at 125 Queen Street, Masterton.

If you are not satisfied with the outcome you can contact WBS by email at wbs@wbs.net.nz or in writing at:

WBS
125 Queen Street
P O Box 441
Masterton 5840

If you are still not satisfied with the outcome of any complaint you may also choose to lodge your complaint with the Insurance & Financial Services Ombudsman (**IFSO**), an external dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. IFSO may be contacted on 0800 888 202 or (04) 499 7612, by email at info@ifso.nz, or by post to:

Insurance & Financial Services Ombudsman Scheme
P O Box 10-845
Wellington 6143

or through their website at www.ifso.nz IFSO will not charge you for investigating or resolving a complaint. Complaints may also be made to the Supervisor at:

Trustees Executors Limited
Level 11, 51 Shortland Street
PO Box 4197
Auckland, 1140

or by telephone on 0800 878 783 or by email at enquiries@trustees.co.nz.

Alternatively, complaints can be lodged with the Financial Markets Authority at any time via its website www.fma.govt.nz.

10. Where to find more information

Further information relating to WBS and the debt securities offered in this PDS (including Annual Reports, the WBS Rules and the Trust Deed) is available free of charge on our website <https://wbs.net.nz/important-documents/> and on the Disclose register at <https://disclose-register.companiesoffice.govt.nz/>.

Copies of documents lodged on the Disclose register are available free of charge from our office:

WBS
125 Queen Street
P O Box 441
Masterton 5840
P: (06) 370 0070

A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers.

Information about WBS is also available on the Companies Office website at <https://www.companiesoffice.govt.nz/all-registers/building-societies/>.

11. How to apply

Redeemable Shares

Applications for the Redeemable Shares offered within this PDS must be made in person at our office at 125 Queen Street, Masterton or by submitting a request to wbs@wbs.net.nz or completing the on-line Investment Application form on our website.

Deposits

Applications for the Call Deposits or Term Deposits offered within this PDS must be made online or via our office at 125 Queen Street, Masterton.

General terms and conditions

The minimum amounts and interest rates applicable to the period of your Investment are set out in section 2 of this PDS (Terms of the Offer), in the rate card accompanying the application forms or as published from time to time on our website www.wbs.net.nz/invest.

All applicants must meet our customer due diligence requirements which arise under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and associated regulations.

Duly completed applications together with payment in full must be made by electronic transfer from a New Zealand bank, non-bank deposit taker, or an existing Customer WBS account to WBS account number 02-0688-0089022-000.

WBS will not accept your application to invest until full payment has been received and all customer due diligence procedures have been adequately completed.

We reserve the right to decline any application either in whole or in part, without giving any reason. If you have deposited funds with us and your application is subsequently declined, we will return your funds together with any interest accrued thereon.

Privacy Policy

Applying for an Investment with WBS indicates your acceptance of our Privacy Policy and as such you authorise us to collect, use and share your personal information as described in our Privacy Policy. A copy of our Privacy Policy is available for download from our website.

<https://wbs.net.nz/important-documents/>

Contact information

Enquiries about the Redeemable Shares or Deposits may be directed to any WBS employee at our office or you can contact WBS at:

WBS
125 Queen Street
PO Box 441
Masterton 5840

Telephone: (06) 370 0070
Email: wbs@wbs.net.nz