

**REPLACEMENT PRODUCT DISCLOSURE STATEMENT DATED 28 February 2024**

**REPLACING THE PRODUCT DISCLOSURE STATEMENT DATED 23 February 2023**

**FOR THE ISSUE OF CERTAIN CATEGORIES OF SECURED DEPOSITS**

**BY**

**GOLD BAND FINANCE LIMITED**

**(referred throughout this document as GBF)**

This document gives you important information about this investment to help you decide whether you want to invest.

There is useful information about this offer on <https://disclose-register.companiesoffice.govt.nz>.

Gold Band Finance Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

You can also seek advice from a financial adviser to help you make an investment decision.



**Dated 28 February 2024**

**SECTION 1 KEY INFORMATION SUMMARY**

**What is This?**

This is an offer of Secured Deposits in the following categories:

- 1 Secured Term Deposit where interest is at a fixed rate and paid in arrears.
- 2 Secured Pre-Paid Deposit where interest is at a fixed rate and paid in advance.
- 3 Secured Inflation Adjusted Deposit where interest is at a floating rate adjusted according to the Published Inflation Rate and paid in arrears.

Each of the above categories of deposit are debt securities issued by Gold Band Finance Limited (company number 321896) ("**we**", "**us**" or "**GBF**") and are secured over the assets of GBF under the terms of the Trust Deed. The type of investment GBF has offered before the date of this **PDS** was a traditional secured term deposit where interest is paid in arrears. GBF may create other categories of investment to give investors more options. You give GBF money, and in return GBF promises to pay you interest and repay the money at the end of the term. If GBF runs into financial trouble, you might lose some or all of the money you invested.

**About Gold Band Finance Limited**

We are a finance company with our business address at Unit 2, 6 Sir William Pickering Drive, Christchurch. We commenced operations in 1986 providing our clients the traditional services of a finance company. Those services involve accepting deposits from the public and investing the money raised by making loans to approved borrowers.

We are in the business of making loans which generate interest and fee revenue.

Our lending activities are funded from the proceeds of investment from the public and shareholders' funds.

In April 2015 we were licensed by the Reserve Bank of New Zealand as a non-bank deposit taker, and in October 2023 the Financial Markets Authority granted us a Financial Institution Licence, under section 398 of the Financial Markets Conduct Act 2023, effective from 31 March 2025.

**Key Terms of the Offer**

	<b>Secured Deposits</b>
<b>Description of Secured Deposits (being Debt Securities)</b>	<p>Secured Deposits that give the investors the right to be repaid the amount of the investor's deposit with GBF and pay interest. Interest is paid at different times depending on the category of Secured Deposit the investor invests in as described below:</p> <ul style="list-style-type: none"> <li>1 Secured Term Deposit: interest is paid in arrears at the end of each quarter or month as selected by you;</li> <li>2 Secured Pre-Paid Deposit: interest is paid in advance on an annual basis;</li> <li>3 Secured Inflation Adjusted Deposit: interest is paid in arrears at the end of each quarter or month as selected by you.</li> </ul> <p>In each case the repayment obligation is secured over the assets of GBF. In this PDF, Secured Term Deposits, Secured Pre-Paid Deposits, and Secured Inflation Adjusted Deposits are together referred to as "<b>Secured Deposits</b>".</p> <p>GBF has a discretion for which category of Secured Deposits it offers from time to time.</p> <p>Acceptance of applications for any Secured Deposit is at the sole discretion of GBF.</p>

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<p><b>Term of Secured Deposits</b></p>	<p>6 months, 9 months, 18 months, 1, 2, 3, 4 or 5 years, however, you may request a different term (subject to acceptance by GBF).</p> <p>At maturity you may apply for the funds to be re-invested with GBF on the terms then offered by GBF in accordance with this PDS or any replacement Product Disclosure Document.</p>
<p><b>Basis for Ascertaining the Interest Rate</b></p>	<p>Interest rates on Secured Term Deposits and Secured Pre-Paid Deposits are set by GBF after considering the prevailing market conditions and its cost of funds. The interest rate on these categories of deposits at the beginning of your investment is fixed for the period of your investment, unless GBF agrees to you withdrawing your investment early (see below).</p> <p>Interest rates on Secured Inflation Adjusted Deposits are set by GBF by reference to the Published Inflation Rate plus a margin that GBF sets after considering the prevailing market conditions and its cost of funds. The interest rate for Secured Inflation Adjusted Deposits will vary during the term of your investment if the Published Inflation Rate varies during the term. This means your interest rate might increase or decrease.</p> <p>Interest rates can be found by telephoning us on 03 961 3000 or 0800 55 3000 or downloaded from our website (<a href="http://www.goldbandfinance.co.nz">http://www.goldbandfinance.co.nz</a>).</p>
<p><b>Offer Opening and Closing Dates</b></p>	<p>The offer opened on 26 February 2016. This is a continuous offer therefore there is no closing date.</p>
<p><b>Dates and Frequency of Interest Payments</b></p>	<p>For Secured Term Deposits and Secured Inflation Adjusted Deposits, interest is paid on the last business day in March, June, September and December and on maturity. You may select to have the interest compounded on those days by selecting that option in the Application Form.</p> <p>If you elect in the Application Form, interest can be paid monthly on the last business day of each month and on maturity.</p> <p>For Secured Pre-Paid Deposits, interest is paid annually in advance, with the first interest payment being paid on the date GBF accepts your investment, and annually thereafter where the deposit is for a term longer than 12 months. Interest cannot be compounded.</p>
<p><b>Deductions for Early Withdrawal</b></p>	<p>If you suffer real financial hardship, GBF will consider a request by you to withdraw your investment early. GBF relies on committed Secured Deposits for its business and it will only agree to an early withdrawal in exceptional circumstances. If GBF agrees to an early withdrawal, the interest rate on the Secured Deposit may be adjusted by GBF to reflect the shorter term. If you have a Secured Pre-paid Deposit and have received a full 12 months' interest paid in advance, the amount you receive on a permitted early withdrawal will take into account any adjustment required by reason of the early withdrawal so that your total return does not exceed the applicable interest rate up to the time of the early withdrawal. This may result in you receiving less of your principal back to recognise the advance payment of interest you have received.</p>
<p><b>Minimum Investment</b></p>	<p>The minimum amount you may invest is \$5,000.00, or such lesser amount as GBF may accept from time to time.</p>

<b>No Fees</b>	You do not pay GBF any fees for investing in GBF.
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### **Who is Responsible for Repaying You?**

GBF is responsible for the repayment of the Secured Deposits.

### **How You Can Get Your Money Out Early**

If you suffer real financial hardship, GBF will consider a request by you to withdraw your investment early. GBF relies on committed Secured Deposits for its business and it will only agree to an early withdrawal in exceptional circumstances. If GBF agrees to an early withdrawal the interest rate on the Secured Deposit may be adjusted by GBF to reflect the shorter term.

If you have a Secured Pre-paid Deposit and have received a full 12 months' interest paid in advance, the amount you receive on a permitted early withdraw will take into account any adjustment required by reason of the early withdrawal so that your total return does not exceed the applicable interest rate up to the time of the early withdrawal. This may result in you receiving less of your principal back to recognise the advance payment of interest you have received.

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

### **How the Secured Deposits Rank for Repayment**

The repayment of the Secured Deposits has been secured by a security interest in favour of Covenant Trustee Services Limited (as Supervisor) over the whole of the property of GBF. On the liquidation of GBF repayment of the Secured Deposits will rank behind preferential creditors, but before unsecured creditors. The property that constitutes the security for the security interest is sufficient and is reasonably likely to be sufficient to:

- Repay the Secured Deposits; and
- Pay all other liabilities that a security interest over the property secures and that rank in priority to, or equally with, the Secured Deposits.

More information concerning the security can be found in Section 4 (Key Risks of Secured Deposits).

### **What Assets are the Secured Deposits Secured Against?**

Under the Trust Deed GBF has granted a security interest in favour of Covenant Trustee Services Limited (as Supervisor) over all of its present and future assets as security for repayment of the Secured Deposits and interest. The assets are mostly loan receivables and bank deposits. Further information can be found in Section 4 (Key Risks of Secured Deposits).

### **Where You Can Find Gold Band Finance Limited's Financial Information**

The financial position and performance of GBF are essential to an assessment of GBF's ability to meet its obligations under the Secured Deposits. You should also refer to Section 5 (GBF's Financial Information).

### **Key Risks Affecting this Investment**

Investments in the Secured Deposits have risks. A key risk is that GBF 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 the Secured Deposits is suitable for you.

The interest rate for the Secured 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. GBF considers that the most significant risk factors are:

## Funding and Liquidity Risk

Our lending activities are funded from investors through the issue of Secured Deposits and from shareholders' funds. A material change in the availability of funding from investors could materially affect our financial performance and financial condition.

Liquidity risk also arises if there is a material mismatch between the scheduled amounts due from loan payments and the amounts due to investors and in circumstances where there is a variation between the amounts due to be repaid under loan contracts and the amounts actually paid, particularly when large amounts of principal are concerned.

GBF has a large percentage of its investors in the Canterbury region and persons over the age of 50. These demographics could affect our ability to fund future operations and repay your investment.

## Credit Concentration Risk by Geographic Area

GBF has made most of its loans (94% by value as at 31 August 2023) to borrowers in the Canterbury area. This exposes GBF to the Canterbury economy rather than having a more widespread base of customers.

This summary of risks does not cover all of the risks of investing in Secured Deposits. You should also read Section 6 (Risks of Investing) and to other places in this PDS that describe risk factors (for example, the Key Features of the Secured Deposits in Section 4).

## **What is GBF'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 product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

GBF has been rated by Equifax Australasia Credit Ratings Pty Limited ("**Equifax**"). Equifax gives ratings from AAA through to D. Equifax's scale of credit ratings is set out below:

<b>Credit rating</b>	<b>Summary description of the rating</b>	<b>Rate of default statistics over the last 5 years (%)</b>	<b>Risk Level</b>
AAA	High Grade	0.17	Negligible
AA+	High Grade	0.31	Negligible
AA	High Grade	0.44	Negligible
AA-	High Grade	0.55	Negligible
A+	Investment Grade	0.76	Very Low
A	Investment Grade	0.81	Very Low
A-	Investment Grade	1.47	Very Low
BBB+	Investment Grade	2.08	Low
BBB	Investment Grade	3.19	Low
BBB-	Investment Grade	4.37	Low
BB+	Near Prime	7.13	Low to Moderate
BB	Near Prime	7.49	Low to Moderate
BB-	Near Prime	10.52	Low to Moderate
B+	Sub Prime <b>GBF has achieved a B+ Positive rating</b>	16.34	Moderate
B	Sub Prime	22.21	Moderate
B-	Sub Prime	24.16	High
CCC+	Credit Watch	28.16	Very High
CCC	Credit Watch	29.90	Very High
CCC-	Credit Watch	39.16	Very High
CC	Distressed	52.87	Extremely High
C	Distressed	55.00	Extremely High
D	Distressed	100.00	Extremely High

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A Glossary containing the definitions of certain terms used in this PDS is on page 23.

## SECTION 2 TERMS OF THE OFFER

	<b>Secured Deposits</b>
<b>Description of Secured Deposits</b>	Secured Deposits that give investors the right to be repaid the amount the investors deposit with GBF plus interest. The repayment obligation is secured over the assets of GBF.
<b>Minimum Amount</b>	\$5,000.00 or such lesser amount as GBF may agree from time to time.
<b>Term of Secured Deposits</b>	<p>6 months, 9 months, 18 months, 1, 2, 3, 4 or 5 years, however, you may request a different term (subject to acceptance by GBF).</p> <p>At maturity, your investment will become an on-call investment held by us unless we have received and approved your further instructions regarding reinvestment. If GBF does not approve further reinvestment (at its sole discretion), investment funds will be repaid to you. If funds are to be withdrawn, your instructions must be received by us before 10.00 am on the day you would like repayment.</p> <p>You may have the right to redeem your investment prior to maturity if you suffer real financial hardship. See "Deductions for Early Withdrawal" below in this Table.</p>
<b>Basis for Ascertaining the Interest Rate</b>	<p>Interest rates are set by GBF after considering the prevailing market conditions and its cost of funds. The interest rate at the beginning of your investment is fixed for the period of your investment, unless GBF agrees to you withdrawing your investment early (see below).</p> <p>Interest rates can be found by telephoning us on 03 961 3000 or 0800 55 3000 or downloaded from our website <a href="http://www.goldbandfinance.co.nz">http://www.goldbandfinance.co.nz</a>.</p>
<b>Offer Opening and Closing Dates</b>	The offer opened on 26 February 2016 under a Product Disclosure Statement dated the same date. This is a continuous offer therefore there is no closing date.
<b>Dates and Frequency of Interest Payments</b>	<p>Interest on Secured Term Deposits and Secured Inflation Adjusted Deposits is paid on the last business day in March, June, September and December and on maturity. You may select to have the interest compounded on those days by selecting that option in the Application Form. If you elect in an Application Form, interest can be paid monthly on the last business day of each month and on maturity.</p> <p>Interest on Secured Pre-Paid Deposits is paid in advance on the date of investment, and annually thereafter where the investment term is longer than 12 months. Interest cannot be compounded.</p>
<b>Deductions for Early Withdrawal</b>	If you suffer real financial hardship, GBF has a discretion to allow you to withdraw your investment early. In these circumstances for Secured Term Deposits and Secured Inflation Adjusted Deposits, the interest rate will be adjusted

	<p>to the nearest shortest period prior to your early repayment request. For example, if you have a 3 year term and wish to withdraw after 14 months, the nearest shortest term is 1 year.</p> <p>For Secured Pre-Paid Deposits, if GBF agrees to your early withdrawal and you have received a full year's interest in advance, the amount you receive will take into account any adjustment required by the early repayment so that your total return does not exceed the applicable interest rate. In these circumstances, the applicable interest rate will be the highest rate of the rate applicable to when the Secured Pre-Paid Deposit was made. This may mean you receive less principal to recognise the advance payment of interest you have received.</p>
<b>Ranking on Liquidation</b>	<p>Secured Deposits are secured by a first ranking security interest over all of the assets of GBF in favour of the Supervisor, subject to the following potential prior charges:</p> <ul style="list-style-type: none"> <li>• Preferential creditors whose claims arise through the operation of law, including employee wages, taxes and liquidation costs;</li> <li>• Permitted prior charges under the Trust Deed up to 7.5% of Total Tangible Assets. At the date of this PDS there are no prior charges that fit in this category;</li> <li>• Supervisor's fees, costs and disbursements.</li> </ul> <p>Security stock may also be issued under the Trust Deed and ranks equally with Secured Deposits. Security stock can be issued as security to persons who don't invest in Secured Deposits, say a bank who makes a loan to GBF and wishes to have security. The amount of security stock issued at the date of this PDS is \$nil.</p> <p>The Supervisor does not guarantee your investment.</p>
<b>Your Right to Transfer Your Investment to Someone Else</b>	<p>You may transfer your investment to someone else by using a properly completed security transfer form that is commonly used and which complies with applicable law. The transferee will have to comply with GBF's anti-money laundering and other onboarding requirements. Please note the information in Section 1 (Key Information Summary, How You Can Get Your Money Out Early) about there being no established market for trading your investment.</p>
<b>No Fees</b>	<p>You do not pay GBF any fees for investing in GBF.</p>

The other terms of your investment are contained in the Trust Deed. You may obtain a copy of the Trust Deed in the manner set out in Section 10 (Where You Can Find More Information).



## **SECTION 3 GOLD BAND FINANCE LIMITED AND WHAT IT DOES**

### **Overview**

GBF was incorporated under the Companies Act 1955 and registered on 12 December 1986 under registration no. 321896. The company reregistered under the Companies Act 1993 on 1 May 1996. You can view the public file on the Companies Office website at <http://companies-register.companiesoffice.govt.nz> or it can be obtained (on payment of the relevant fee) by telephoning the Business Service Centre on 0508 266 726.

GBF operates in the finance industry sector by accepting deposits and making loans. Its business address at the date of this PDS is Unit 2, 6 Sir William Pickering Drive, Christchurch. GBF's registered office is at Unit 2, 6 Sir William Pickering Drive, Christchurch.

### Nature of Operations, Main Activities and Commencement of Operations

GBF commenced operations in 1986 providing customers with the traditional services of a finance company. The types of loan that GBF makes include, but is not limited to, the following:

- Commercial (including the Gaming sector)
- Hospitality and Tourism
- Property development
- Agriculture
- Consumer.

The majority of loans are secured by first ranking mortgages over residential property.

In the 10 year period before the date of this PDS, GBF breached a financial covenant in the Trust Deed relating to how large a loan can be to one borrower customer. The covenant requires that no loan to a single borrower can exceed 10% of Total Tangible Assets. The breach occurred in 2009 and again, due to interest being capitalised on the relevant loan, in 2014. The breach was remedied both times by the sale of parts of the loan on a non-recourse basis and for full value. This loan was repaid in full during 2018. Otherwise, the relevant provision in the Trust Deed has been complied with at the date of this PDS.

### Industry Sector

GBF operates in the finance industry sector. The sector that GBF operates in is the non-bank deposit taker sector where deposits (like the Secured Deposits) are received from investors and are used by GBF to fund loans to its borrower customers. Banks operate on a similar basis, however finance companies like GBF differ from a bank because a finance company's operations are much smaller and a finance company can be more flexible with tailoring lending packages to its customers. Banks usually have a high proportion of their loans secured against residential properties giving better security than many business loans and often the credit risk that banks enter into with their borrower customers is stronger than for finance companies. GBF does not seek to compete directly with banks. Furthermore, banks attract a larger range of investors and depositors because of the wide variety of investment products that banks offer. This means that banks often have a more stable deposit base.

GBF has obtained from the Reserve Bank of New Zealand a Non-bank Deposit Takers licence pursuant to the Non-bank Deposit Takers Act 2013.

### Aspects of the Business that are Key to Generating Income

GBF generates its income from the interest rate margin on loans it makes above its cost of funds. It is essential to our profitability that we can invest at a higher rate of return by a sufficient amount than the cost of our funds. Our investments are made by advancing loans to our customers and the interest rate we charge reflects our cost of funds and the risk to us. Money we do not advance to borrower customers is invested with our bank at the best interest rate we can get. The more money we can have invested in well-performing loans will generate more income. Generally, the interest margin above the cost of funds is higher than a bank's margin where it is necessary for GBF to take into account a higher credit risk than might arise with a typical bank loan.

## **Directors and Senior Managers**

**Paul Rogers (Chairman)** M.Bld.Sc., M.IPENZ, M.IoD.

Paul (Ngāti Porou) is a Chartered Company Director and Chartered Engineer.

Paul joined the Board in 2004 does not hold any shares and is an independent director. He splits his time between governance roles and business advisory consultancy.

Based between Christchurch and Queenstown, Paul holds a mix of executive and non-executive directorships and Chair roles in finance, engineering, utilities and construction businesses.

**John Thompson (Director)**

John's career started off on the West Coast as a dairy farmer, then to motel ownership in Christchurch before becoming involved in the taxi industry in 1978. In 1986 he became a foundation shareholder of GBF.

John is a shareholder in Gold Band Taxis and GBF and has been a Director of GBF for many years, after being involved in the running of the company in its formative years.

**Dr David Tripe (Independent Director)** BCA Hons (in Economics), Victoria University 1974, Diploma in Banking (distinction), Massey University 1994, Master of Business Studies (in Banking) Massey University 1997, Doctor of Philosophy in Banking 2005.

David joined the Board in 2023 does not hold any shares in GBF and is an independent director.

Based in Waikanae, David is Professor of Banking in the School of Economics and Finance at Massey University, where he has been since 1994 after a career in banking spanning 17 years.

A senior Fellow of FINSIA (formerly the Australian Institute of Banking and Finance), David has published close to 50 major publications since 2001.

**Mark Paget (Independent Director)** B COM 1988.

Mark was appointed to the Board in 2023 does not hold any shares in GBF and is an independent director.

Mark owns and operates his own accounting practice, Paget and Associates, providing accounting and general business advice to a mix of business and personal clients.

Mark became a full member of Chartered Accountants Australia New Zealand in 1991 and has held a Certificate of Public Practice issued by the New Zealand Institute of Chartered Accountants since 1993.

**Stephen Tubbs (Independent Director)** BSc, B Com Canterbury University 1971 to 1975. M.IoD.

Stephen joined the Board in 2023 does not hold any shares in GBF and is an independent director.

Stephen is a Chartered Accountant Australia New Zealand and a Fellow of Chartered Accountants Australia New Zealand. A former Senior Partner in the Christchurch office of BDO, he has been a practicing Chartered Accountant for nearly 30 years.

As Deputy Chair of the BDO New Zealand National Management Board between 2003 and 2016, Stephen worked closely with the 12 BDO offices throughout New Zealand.

Stephen has extensive governance experience back dating to 1989 when he was the Convenor of the Insolvency Special Interest Group Canterbury Westland.

Since 2017 Stephen has run his own advisory, consultancy and governance practice, trading as Tubbs & Co.

**Martin Brennan (Chief Executive Officer)**, Master of Management (Banking) Dip. Bank (Massey).

Martin commenced duties as Chief Executive Officer of GBF in November 2014.

He has over 35 years' experience in the banking and finance sector. During that time Martin has had roles in a major finance company and in banking in roles such as Commercial Manager and Area Manager (Business Banking). Martin is not a director.

Martin, through various entities, is a major shareholder in GBF.


## **SECTION 4 KEY FEATURES OF THE SECURED DEPOSITS**

### **Ranking and Security**

The features of the Secured Deposits are contained in Section 2 (Terms of the Offer). In particular, you should note:

- The Secured Deposits are constituted and governed by the Trust Deed. Under the Trust Deed the Supervisor supervises GBF's performance of its obligations under the Trust Deed and the Financial Markets Conduct Act 2013; and
- The Secured Deposits are secured by a security interest granted to the Supervisor on behalf of the investors over all the present and future assets of GBF. The nature of GBF's assets are finance receivables (for example, loans made to its customers), bank deposits and office equipment. The security interest secures all the amounts that GBF owes the holders of the Secured Deposits. As at 31 August 2023, the value of the assets secured under the Trust Deed was \$50,302,000 and the amount secured was \$37,861,000. In the event of a liquidation of GBF, the Secured Deposits will rank behind all of their preferential creditors and any permitted prior securities. Secured Deposits issued to you rank equally with all other Secured Deposits issued to other investors.

The table below applies to the Secured Deposits and illustrates the ranking of the Secured Deposits on a liquidation of GBF.

	<b>Ranking on liquidation of GBF</b>	<b>Examples of Liabilities</b>
<p>Higher ranking/priority</p>  <p>Lower ranking/priority</p>	Liabilities that rank in priority to the Secured Deposits	Liabilities owed to preferential creditors, (such as the Inland Revenue for unpaid tax and employees of GBF), permitted prior charges and the Supervisor's costs, fees and expenses.
	Liabilities that rank equally with the Secured Deposits	Secured Deposits will rank equally with all other secured debt owed by GBF.
	Liabilities that rank below the Secured Deposits	Lower ranking creditors, such as unsecured creditors.
	Equity	The amount owed to shareholders following the distribution of surplus assets.

A ranking diagram, including indicative amounts based on the financial position of GBF as at each half year and full year balance date, is incorporated by reference into this PDS and is available on-line on the Disclose Register (<https://disclose-register.companiesoffice.govt.nz>).

After the issue of the Secured Deposits, further liabilities can be created by GBF that rank equally with (such as further Secured Deposits), or in priority to, the existing Secured Deposits on a liquidation of GBF. The circumstances in which these further liabilities can arise, and any relevant restrictions under the Trust Deed, are set out below:

- GBF is a continuous issuer and will issue Secured Deposits from time to time as part of funding for its ordinary business activities;
- Fees, costs and expenses are owed to the Supervisor from time to time under the Trust Deed and in relation to the performance of the Supervisor's functions. These fees, costs and expenses arise on a periodic basis as the relevant services are performed by the Supervisor or a Receiver. Furthermore, if GBF defaults under the Trust Deed any fees, costs and expenses of a Receiver appointed by the Supervisor would have priority over the Secured Deposits;
- Preferential creditors (such as Inland Revenue for unpaid tax and employees for unpaid wages entitled to priority by law). Preferential creditors would arise in the liquidation or receivership of GBF;
- Permitted Prior Charges may be created. The Trust Deed allows GBF to grant prior ranking security (called "Prior Charges" in the Trust Deed) to certain other creditors. Under the Trust Deed the maximum amount of the liabilities that can be secured by Prior Charges cannot exceed 7.5% of Total Tangible Assets. As at the date of this PDS there are no liabilities secured by Prior Charges;
- The Trust Deed imposes certain other restrictions on our business activities, for example: Loans to parties related to GBF (for example, directors and shareholders) cannot exceed 15% of Total Tangible Assets. On the Disclose Register (<https://disclose-register.companiesoffice.govt.nz>) there are documents called "Quarterly Report" which set out information for the most recent quarter showing how GBF is meeting this requirement (each of which is incorporated by reference into this PDS);
- A loan to a single borrower must not exceed 10% of Total Tangible Assets. At the date of this PDS there are no loans exceeding this limit;
- Total Liabilities are not permitted to exceed 92.5% of Total Tangible Assets;
- The aggregate of the Principal Moneys of Stock and Prior Charges must not exceed the aggregate of:
  - (i) 96% of First Category Assets; and
  - (ii) 85% of Second Category Assets; and
  - (iii) 70% of Third Category Assets; and
  - (iv) 40% of Total Other Tangible Assets or twelve times Adjusted Shareholders' Funds;
- The aggregate of assets other than finance receivables and current contracts must not exceed 5% of Total Tangible Assets;
- Capital is not permitted to be less than 12% of the sum of the amounts of risk weighted credit risk, market risk, and operational risk, under terms set out in the Trust Deed and as regulated by the Deposit Takers Regulations;
- The liquidity ratio (which measures expected cash inflows against contractual cash outflow obligations for periods up to 60 days) is not permitted to be less than the amount prescribed in GBF's Risk Management Program agreed with the Supervisor from time to time; and
- The liquidity mismatch ratio (which measures expected cash inflows against expected cash outflows over periods from 61 days up to 24 months) is not permitted to be less than 110%.

## **SECTION 5 GOLD BAND FINANCE LIMITED'S FINANCIAL INFORMATION**

GBF is required by law and its Trust Deed to meet certain financial requirements. On the Disclose Register ([www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)) there are documents entitled "Quarterly Report" which set out information for the most recent quarter showing how GBF is meeting those requirements (each of which is incorporated by reference into this PDS) in the "Other Material Information" section. These are minimum requirements. Meeting them does not mean that GBF is safe. The section on specific risks relating to GBF's creditworthiness sets out risk factors that could cause its financial position to deteriorate. The Disclose Register also provides a breakdown of how the figures in the Quarterly Reports are calculated, as well as full financial statements.

### **Other limitations, restrictions, and prohibitions**

The Trust Deed contains financial covenants imposed on GBF, certain borrowing restrictions, and restrictions on transactions with related parties. These are summarised in Section 4 (Key Features of the Secured Deposits) and further details may be found in a copy of the Trust Deed that is publicly available at <https://disclose-register.companiesoffice.govt.nz>.

## **SECTION 6 RISKS OF INVESTING**

### **General Risks**

The principal risk to you as an investor is that you will not be repaid some or all of the amount of your investment and/or the interest due on that investment.

You could be exposed to that risk if we became insolvent for any reason, and the amounts recovered from GBF's assets prove to be insufficient to meet our obligations to you, notwithstanding that you have security for your Secured Deposits.

There is also a general risk that, if you want to sell your Secured Deposits before maturity, you won't be able to find a buyer or that the amount you will receive from a buyer will be less than the principal amount you paid for your Secured Deposits when you made your investment with GBF.

### **Specific Risks Relating to Gold Band Finance Limited's Creditworthiness**

#### Funding and Liquidity Risk

GBF's lending activities are funded from investors through the issue of Secured Deposits (including the Secured Deposits to be issued as a result of this PDS) and from shareholders' funds. A material change in the availability of new funding or reinvestments from investors could significantly affect our financial performance and financial condition and our ability to meet our payment obligations under the Secured Deposits.

Liquidity risk arises when:

- The amounts due from loan repayments is less than the amounts due to investors at the relevant time. This can arise when the length of term of our deposits are for a shorter term than the term of loans we make and funded by those deposits; and
- Variations between the amounts due to be repaid by borrowers under loan contracts and the amounts actually paid to us, particularly when large amounts of principal are concerned.

GBF has a high level of investors from Christchurch and many aging investors. At 31 August 2023, 68% of our investors were from the Canterbury region and a significant number of all investors are over the age of 50. Ideally, we would have a more diversified investor base, however, the demand for our investments has continued to be strongest from Christchurch and with over 50s. If the existing levels of investor concentration in Canterbury and the age demographics remain there is a risk that GBF will not be able to fund its new lending and repayment of your maturing investments, particularly if replacement investments cannot be found outside Canterbury. This is likely to create a significant risk of GBF not being able to repay your investment.

We actively manage liquidity risk in accordance with our risk management policy. In particular, we match the maturity dates of the investments we receive with the maturity dates of the loans we make.

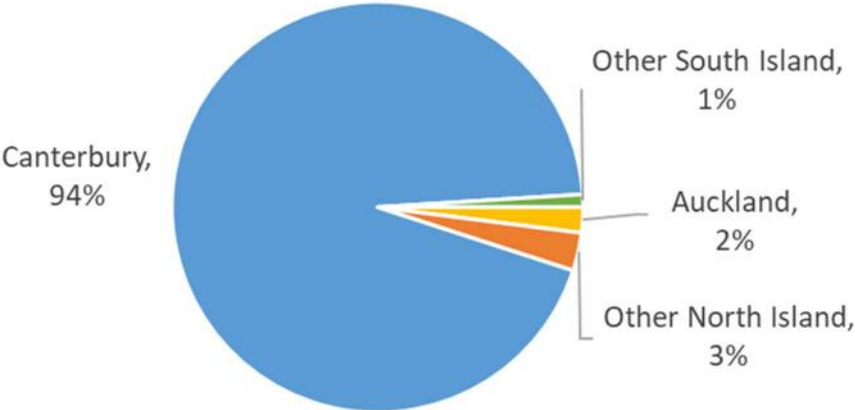
GBF considers that its funding and liquidity risk to be a significant risk because it is not a nationwide finance company and only has a limited opportunity to influence people's investment decisions and we may not be able to easily control the demographics of persons who prefer to invest in companies like GBF. The likelihood of this risk occurring will only be known in the future and is unable to be accurately assessed at the date of this PDS. The nature of any impact arising from this risk would be that GBF does not raise sufficient money from investors in Secured Deposits to fund its operations. If that happened then the potential magnitude could be an orderly scaling back of GBF's business. GBF's aim is to spread the demographics of its deposit base to lessen the likelihood of this risk arising. However, despite GBF's aim, reinvestment from the Canterbury region continues to be strong.

GBF has developed the Secured Inflation Adjusted Deposit to attract investors who wish to have an interest rate linked to the inflation rate to avoid their return being eroded when inflation is increasing.



Credit Concentration Risk By Geographic Area

As explained in the section above on Funding and Liquidity Risk, GBF operates predominantly in the Canterbury region. At 31 August 2023, 94% of the total loans (\$44,275,000) made by us were to borrowers in the Canterbury region. This is because GBF is based in Canterbury and regards Canterbury as its "home" market which it knows the best. At 31 August 2023, our loans (by value) were made in the areas referred to below:



**Geographic regions**

Auckland	2%
Other North Island	3%
Canterbury	94%
Other South Island	1%

Despite the large percentage of Canterbury loans, we have not experienced any rate of loan defaults in Canterbury materially different from the rates in other areas.

GBF considers its credit concentration risk to be moderate to low. Despite having many of its borrowing customers domiciled within the Canterbury region, the region has a mature and sizable economy with diverse businesses. Furthermore, the Canterbury market is one that GBF knows well having successfully operated in the region since 1986. However, a major downturn in the Canterbury economy could trigger a significant risk of not being able to repay your investment.

## **SECTION 7 TAX**

New Zealand residents will have resident withholding tax (**RWT**) deducted from interest that is payable under the Secured Deposits. At the time interest is paid, we will deduct RWT at the default rate prescribed by law unless you establish with us that another rate is applicable.

There may be other tax consequences from you acquiring or disposing of the Secured Deposits.

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

**SECTION 8 WHO IS INVOLVED?**

	<b>Name</b>	<b>Role</b>
<b>Issuer</b>	Gold Band Finance Limited (GBF)	The issuer of the Secured Deposits and responsible to you for repayment of the Secured Deposits and interest
<b>Supervisor</b>	Covenant Trustee Services Limited	Provides supervision of GBF's performance of its obligations under the Trust Deed and the Financial Markets Conduct Act 2013
<b>Regulator</b>	Reserve Bank of New Zealand	Regulates GBF, as a non-bank deposit taker, under the Non-bank Deposit Takers Act 2013

## **SECTION 9 HOW TO COMPLAIN**

Complaints about the Secured Deposits can be made to any one or more of the following:

The Chief Executive  
Gold Band Finance Limited  
Unit 2, 6 Sir William Pickering Drive, PO Box 713, Christchurch  
Tel: 03 961 3000 or 0800 55 3000

You may contact the Supervisor directly:

Covenant Trustee Services Limited  
Level 6, Perpetual Guardian Building  
191 Queen Street  
Auckland  
Tel: 0800 268 362

You may contact the Financial Markets Authority through the FMA's website at [www.fma.govt.nz](http://www.fma.govt.nz).

Or you can contact the Dispute Resolution Service that GBF belongs to under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 under FSP no. FSP 32185 by contacting:

Insurance & Financial Services Ombudsman Scheme Inc  
PO Box 10845  
Wellington 6143  
Tel: 0800 888 202

Or go to <http://fsp-register.companiesoffice.govt.nz> The dispute resolution scheme will not charge a fee to any complainant to investigate or resolve a complaint.

You can also take advice concerning your complaint from one of your advisers, such as your lawyer, accountant or financial adviser.

There is no other Ombudsman to complain to.

## **SECTION 10 WHERE YOU CAN FIND MORE INFORMATION**

Further information relating to GBF and the Secured Deposits is available on the Disclose Register (for example, financial statements). A copy of the Trust Deed may also be obtained from the Disclose Register. The Disclose Register is at <https://disclose-register.companiesoffice.govt.nz> and the information can be obtained on request by you to the Registrar of Financial Service Providers. GBF does not presently provide information to investors on an annual basis, other than by means of the Quarterly Interest Advice, but we do from time to time contact investors with news believed to be of interest to them and details of promotional offers.

You are entitled to request from GBF:

- A copy of our most recent financial statements.
- A copy of our current Replacement Product Disclosure Statement.
- Certain information concerning your investment(s) (such as its principal amount, maturity date and the next date on which interest is payable).

The information is available to you free of charge by contacting GBF using our contact details listed in section 12 (Contact Information).

## **SECTION 11 HOW TO APPLY**

You may apply for Secured Deposits by completing an application form and sending it to GBF. The current version of an application form is available by contacting GBF. An up-to-date application form will always be available to be downloaded from our website

*<http://www.goldbandfinance.co.nz>*. Enquires about investing can be made to:

The Investments Manager  
Gold Band Finance Limited  
Unit 2, 6 Sir William Pickering Drive PO Box 713 Christchurch  
Tel: 03 961 3000 or 0800 55 3000  
Email: [admin@goldbandfinance.co.nz](mailto:admin@goldbandfinance.co.nz)

Applicants will be required to provide identification to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

## **SECTION 12 CONTACT INFORMATION**

The contact details of GBF are, at the date of this PDS:

Gold Band Finance Limited  
Unit 2, 6 Sir William Pickering Drive, PO Box 713, Christchurch  
Tel: 03 961 3000 or 0800 55 3000

## GLOSSARY

**Adjusted Shareholders' Funds** has the meaning in the Trust Deed.

**Application Form** is the application form for the Secured Deposits. You must fill out an application form before you can invest in Secured Deposits. Further information is in Section 11 (How to Apply).

**Capital** means capital of GBF as calculated under regulation 10 of the Deposit Takers Regulations.

**Deposit Takers Regulations** means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

**Disclose Register** is the register for offers of regulated financial products located at <https://disclose-register.companiesoffice.govt.nz>. For GBF you find its registrations on the Disclose Register under the name "Gold Band Finance Limited." The information on the Disclose Register includes this PDS, any amendments to it and our statutory financial information.

**First Category Assets** has the meaning in the Trust Deed.

**FMA** means the Financial Markets Authority.

**GBF, we** and **us** means Gold Band Finance Limited.

**PDS** means this Replacement Product Disclosure Statement, being a Product Disclosure Statement required under section 48 (1) of the Financial Markets Conduct Act 2013 for the offer of Secured Deposits made by GBF in this document.

**Principal Moneys** has the meaning in the Trust Deed.

**Prior Charges** has the meaning in the Trust Deed.

**Published Inflation Rate** means annual inflation rate published from time to time by Statistics New Zealand. Also commonly referred to as Consumer Price Index.

**Second Category Assets** has the meaning in the Trust Deed.

**Secured Deposits** means the Secured Term Deposits, the Secured Pre-Paid Deposits and the Secured Inflation Adjusted Deposits, each constitutes a debt security under and pursuant to the Trust Deed.

**Secured Inflation Adjusted Deposit** means a Secured Deposit issued on terms where interest is adjusted depending on the Published Inflation Rate.

**Secured Pre-Paid Deposit** means a Secured Deposit issued on terms where interest is paid in advance.

**Secured Term Deposit** means a Secured Deposit issued on terms where interest is paid in arrears.

**Stock** has the meaning in the Trust Deed.

**Supervisor** means Covenant Trustee Services Limited for the period of their appointment and any replacement supervisor licensed by the FMA.

**Third Category Assets** has the meaning in the Trust Deed.

**Total Liabilities** means the total liabilities of GBF as more particularly defined in the Trust Deed.

**Total Tangible Assets** means the total tangible assets of the Charging Group and as more particularly defined in the Trust Deed.

**Total Tangible Other Assets** has the meaning in the Trust Deed.

**Trust Deed** means the Debenture Trust Deed dated 30 June 1993 between GBF Limited and the Supervisor, as amended from time to time.

**You** means the investor or prospective investor as the context requires.