



# AOTEAROA CREDIT UNION - INVESTMENT STATEMENT

Dated 30 June 2011

## IMPORTANT INFORMATION

*(The information in this section is required under the Securities Act 1978)*

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

### Engaging an Investment Adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include –

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

## WHAT SORT OF INVESTMENT IS THIS?

### Description of Securities

This Investment Statement details a secured offer of \$1.00 fully paid-up redeemable shares ("shares") in Aotearoa Credit Union ("Credit Union"). The shares are debt securities pursuant to the Securities Act 1978.

The offer is made to a section of the public, being:

- Those persons residing or working within the territory of the Te Tai Tokerau, Tamaki Makarau, Hauraki Waikato, Waiariki, Te Tai Hauauru or Ikaroa Rawhiti electoral districts and the main centres of the Te Tai Tonga electorate.
- A charitable entity as defined by the Charities Act 2005;
- An incorporated society registered under the Incorporated Societies Act 1908.

Shareholders in the Credit Union are termed "members".

### Creditworthiness Not Rated

The creditworthiness of the Credit Union is not rated by a rating agency approved by the Reserve Bank of New Zealand under section 157J of the Reserve Bank of New Zealand Act 1989 (for further information refer to the paragraph headed "Credit Rating Exemption" on page 4).

### Members and Voting

As a member your shareholding is held in one or more of the share accounts (described later in this Investment Statement) operated by the Credit Union and nominated by you.

The members have a degree of control over the strategic affairs of the Credit Union. At the annual general meeting, members vote on the appointment of directors and trustees and any amendment to the rules of the Credit Union ("Rules").

## WHO IS INVOLVED IN PROVIDING IT FOR ME?

### The Credit Union

The issuer of the shares is the Credit Union. The registered office of the Credit Union is at Unit B, 123 Ormiston Road, Botany Junction, Auckland 2016, Phone: (09) 277 8244, Fax: (09) 279 8596. Office hours: 9:00 am to 4:30 pm Monday to Friday.

The Credit Union also has branches in Clendon, Glen Innes, Otahuhu, Otara, Wanganui, Whangarei, Mangere, Papakura, Hamilton and Porirua. Opening times and contact details for these branches can be found on the Credit Union's website [www.aotearoacu.co.nz](http://www.aotearoacu.co.nz).

### The Directors

The directors of the Credit Union are Robert Alfred Anderson, Darryl Vincent Evans, Bryan David Hemi, Gail Kura Hohaia, Kristen Jane Kohere-Soutar, Diana Marie Puketapu and John Muru Walters.

### The Prudential Supervisor

The Credit Union has appointed Perpetual Trust Limited ("Perpetual Trust") to act as trustee for the purposes of the Securities Act 1978. The Credit Union and Prudential Supervisor have entered into a trust deed to record their respective rights and obligations ("Trust Deed").

The contact details of Perpetual Trust are: Level 6, AMP Chambers, 187 Featherston St, PO Box 3845, Wellington, Ph: (04) 901 4400 Fax: (04) 470 9623.

Perpetual Trust does not guarantee the repayment of the shares or the payment of returns thereon.

### Activities of the Credit Union

The Credit Union is a financial co-operative registered as a credit union under the Friendly Societies and Credit Unions Act 1982 ("Act"). The objectives of the Credit Union are essentially

the promotion of thrift amongst its members by the accumulation of their savings, the use and control of the members' savings for their mutual benefit and the training and education of the members in the wise use of money and in the management of their financial affairs.

The Credit Union's primary activity since its registration in 1990 has been to provide a co-operative savings facility for members, through the issue of shares, to form a loan fund and to make loans to members from that fund.

The Credit Union is not a registered bank in terms of the Reserve Bank of New Zealand Act 1989.

### Loans to Members

The Credit Union makes loans from the share capital of the Credit Union to its members. The availability of loans to you is dependent upon the availability of funds from the Credit Union's share capital at any particular time.

The Credit Union's ability to lend to you is governed by its Rules, the Trust Deed and the Act. These may from time to time specify the maximum amount that may be loaned to you, the maximum term of loans or the lending to assets ratio to be observed by the Credit Union.

A loan application form is available from the Credit Union. The board of the Credit Union ("Board") reserves the right to decline any application for a loan without giving any reason. Please contact the Credit Union for further details of the Credit Union's terms and conditions of lending.

### HOW MUCH DO I PAY?

#### Moneys Payable by Subscribers

You must pay for your shares in the Credit Union.

The shares have a fixed value of \$1 and cannot be allotted to you until fully paid-up in cash. Payments for shares not in whole dollar amounts are credited to your account and are deemed to be an advanced payment on a subscription for an additional share.

#### Minimum and Maximum Shareholding

You must hold at least ten fully paid-up shares in the Credit Union and your shareholding cannot exceed \$250,000.

#### Application and Payment for Shares

Your initial application to subscribe for shares must be made on the Credit Union's standard membership application form, which is available from the Credit Union. The membership application form also governs further subscriptions for shares by you.

You must deliver your membership application form, and payment for your initial subscription to the Credit Union. You will be required to provide proof of identification to the Credit Union at the time you become a member.

The Credit Union reserves the right to accept or decline any application without giving any reason for its decision.

The application form also governs subsequent subscriptions for shares by you, once your application has been accepted.

The Credit Union may accept subscription payments in cash, by personal or bank cheque, direct credit, automatic payment or payroll deduction. Work and Income New Zealand and a number of local businesses may, by prior agreement, deduct share subscriptions directly from your salary, wage or benefit upon request and direct credit the payment to your share account(s) with the Credit Union.

### WHAT ARE THE CHARGES?

#### Types of Fees and Charges

In addition to the cost of the shares, you will be required to pay account fees and charges.

The types of fees and charges and the amount of those fees and charges that may be payable by you at the date of this Investment Statement are:

#### Debit Card Fees (per transaction)

*ATM withdrawal/enquiry-non ACU	\$2.00
*ATM withdrawal/enquiry-ACU	\$1.00
International ATM withdrawal	\$7.00
International ATM enquiry	\$0.80
*EFTPOS	\$0.50
International EFTPOS withdrawal	\$0.80
ACCESSCARD Maestro overseas transaction (%of overseas transaction amount)	2.5%
*Card issue	\$5.00
*Card replacement	\$15.00
*PIN replacement	\$5.00

#### Counter/Administrative Fees (per transaction)

Cash withdrawal over counter	\$3.00
Transfer between accounts over the counter	\$3.00
Stopped cheques	\$25.00
Special Answer	\$20.00
Inter credit union withdrawal	\$10.00
*Automatic Payment or Direct Debit setup or alteration or cancellation	\$5.00
Automatic Payment or Direct Debit transaction	\$0.50
Dishonoured Direct Debit	\$25.00
Traces and voucher searches	\$13.00
ACCESSTXT (027 & 025 Mobile Phones)	\$1.00
ACCESSTXT (021 Mobile Phones)	\$1.00
Credicare claim – maximum of	\$2.00
Faxing at member's request	\$5.00
Statement search	\$50.00

#### Account Fee

Account fee (per month or part month)	\$2.50
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#### Lending Fees

Loan application fee within shares	\$20.00
Loan application fee – Emergency loans	\$35.00
Loan application – above share loan	\$40.00
Retail Finance Loan Application Fee	\$250.00#
# this fee is split between the Credit Union and Profile Finance Limited in an agreed proportion	

#### Debt Collection

Instruction fee	per invoice
Debtor trace – successful/unsuccessful	per invoice
Debt recovery field visit	per invoice
Repossession/per attempt	per invoice
Delinquent loan letters and subsequent letters	\$20.00

*\*The Board and the Staff of the Credit Union are exempt from these fees/charges. All other fees and charges are charged at current rate.*

When the Credit Union incurs charges from any other organisation when acting on your behalf; by way of legal fees, or fees associated with the registration of securities, or some other charge or fee which is specific to you, the Credit Union may pass such costs on to you.

If your total share balance is \$3,000 or more, then the Credit Union will waive the cost of transaction fees, account monthly maintenance fees and telephone banking fees while the total balance of the accounts exceeds \$3,000. You will be liable for all loan fees and charges, third party costs including the cost of replacement EFTPOS/ATM cards and any costs applicable to the delinquency and/or dishonouring of transactions.

The levying of these fees and charges helps the Credit Union to cover its costs and maximise its returns to you and all other members of the Credit Union.

The amount of the fees and charges that may be payable by you is dependant on the operating costs and profitability of the Credit Union, the timing of your application, which share account(s) you operate and how frequently you conduct transactions from your share accounts. The types and amount of fees and charges payable by you may vary from those specified above. To confirm the types and amount of fees and charges payable by you at the date of your subscription please contact the Credit Union.

#### Alteration of Fees and Charges

The Credit Union reserves the right at its absolute discretion to vary the types and level of any fees and charges payable by members from time to time. You will be provided with notice of

any such change, which may be by way of inclusion in the Credit Union's newsletter.

## WHAT RETURNS WILL I GET?

### Returns

Your shareholding must be held in one or more of the share accounts operated by the Credit Union. You must nominate in writing which share account(s) your shareholding is to be held in. Each share account may offer differing terms and conditions as to any return, minimum shareholding and the timing of repayment.

While the return attributable to a share account cannot be quantified in this Investment Statement, the term and amount of investment, together with current market conditions, generally determine the return payable.

The methods of withdrawal for each share account are detailed in the paragraph headed "Withdrawals" under the heading "*How do I cash in my investment*" on page 5.

### Rate of Return

The rate of return on your shares is dependent on the type of share account in which your shares are placed, the terms and conditions of that account, the rate of return currently offered on that account, the minimum amount of shares required to be held in that account, the term of the investment and the timing of repayment. Rates of return for each share account are set throughout the year according to market conditions.

Brief details of the share accounts operated by the Credit Union as at the date of this Investment Statement, are generally set out below.

The Board reserves the right to vary any or all of the matters specified above, which may affect the rate of return you receive on your shares. You will be provided with notice of any such variation, which may be by way of inclusion in the Credit Union's newsletter.

### Profitability of Credit Union

Your rate of return is also dependent on the profitability of the Credit Union. Please see the risk disclosures on page 4 for further details.

The amount of any surplus available for distribution to members (by way of a return on the share accounts) is subject to the Credit Union's obligation to maintain its reserves under the Act and the Trust Deed.

### Term Shares

Shares in a term share account will earn a return at the rate specified by the Credit Union upon subscription. At the date of this Investment Statement the Credit Union offers rates of return based on current market rates on term share accounts. The minimum amount of shares that must be held in a term share account is \$500. Terms of 1, 3, 6, 9, 12 and 24 months are available.

At the date of this Investment Statement, the returns are as follows:

1 Month:	3.0% p.a.
3 Months:	4.0% p.a.
6 Months:	5.25% p.a.
9 Months:	5.0% p.a.
12 Months:	7.0% p.a.
24 Months:	8.1% p.a.

Your return is calculated and paid either monthly, quarterly or at the end of the term investment, at your option. The return may be compounded to the principal or paid to another share or bank account.

If you instruct the Credit Union to automatically reinvest the moneys when they mature, the reinvested funds will earn the return applicable at the time of reinvestment. You will receive a notice of reinvestment.

### On Call Accounts

The following on call share accounts are offered by the Credit Union: Access Account, Junior Saver Account and Serious Saver Account.

The minimum shareholding for these share accounts is \$10.

At the date of this Investment Statement, the returns payable for the Junior Saver and Serious Saver accounts are:

Up to \$499 - 2% p.a. calculated on the minimum monthly balance ("mmb")

\$500 to \$999 - 3% p.a. on the mmb

Over \$1,000 - 4% p.a. on the mmb

Returns are payable monthly.

The Access Account is a transactional account and no returns are payable in respect of it.

While on call shares are usually available to be withdrawn at call, the Act provides for a 60-day notice period for withdrawal.

### Notice of Withdrawal Account

The Credit Union offers one notice of withdrawal share account, being the Loan Provider Account. The minimum shareholding for this account is \$10.

At the date of this Investment Statement the rate of return for this account is 2% p.a. on the mmb. Returns are paid annually.

Withdrawals may be made on 14 days notice.

### Special Share Accounts

The Credit Union offers a Christmas Club account. The minimum shareholding for this account is \$10.

The rate of return on the Christmas Club Account is set immediately prior to maturity, according to market conditions. At the date of this Investment Statement, the return on the Christmas Club account is 5.00% p.a.

Returns on the Christmas Club Account are paid upon a withdrawal request being made between the period 1 December and 31 January.

The Credit Union also offers a "Golden Years" package. This package comprises the following benefits:

- Exemption from EFTPOS/ATM transaction fees;
  - One free EFTPOS/ATM card (\$5 replacement fee);
  - Exemption from transaction fees and account monthly maintenance fee; and
  - Free telephone banking service.
- Members will still be liable for all loan fees and charges, third party costs including the cost of replacement EFTPOS/ATM cards and any costs applicable to the delinquency and/or dishonouring of transactions.

To benefit from the Golden Years package, you must be receiving National Superannuation payments, all of which must be credited to Credit Union accounts.

### Confirmation of Share Accounts

To confirm the share accounts offered by the Credit Union at the date of your subscription, the terms and conditions of those share accounts and the rates of return offered on the same please contact the Credit Union.

### Statement of Shareholding

The Credit Union will on request, and not less than every 6 months during your membership, forward you a statement of your accounts with the Credit Union. You may also check your shareholding with the Credit Union by phone or cellular TXT service. You must register to use the TXT service. You must obtain a log-in identification and password from the Credit Union to use the automated telephone service.

### Payment of Returns

Returns payable on your shares will be credited to your share account(s) at such intervals as disclosed above or otherwise

provided in the terms and conditions of the relevant share account.

#### **Withholding Tax**

The Credit Union will deduct resident withholding tax from the gross return payable to you, unless it receives a copy of a valid certificate of exemption.

#### **Obligation to Pay Returns**

The Credit Union is, subject to the terms of the share account, legally obliged to pay the returns on your share accounts to you.

#### **Residual Surplus**

On a winding up of the Credit Union, you will receive no more than \$1 per share held by you plus any returns owed.

### **WHAT ARE MY RISKS?**

#### **Risks**

The principal risks of the money paid by you not being recovered in full, you not receiving the returns described under the heading "*What Returns Will I Get?*" or being required to pay more money in respect of the shares than disclosed under the headings "*How Much Do I Pay?*" or "*Consequences of Insolvency*" are as follows:

- **General Market Risk** - The Credit Union may be affected by the state of the New Zealand and international economies. Economic slowdowns or recessions may have a negative impact on the potential and existing memberships' saving and borrowing habits, which may have a consequential flow-on-effect on the growth and profitability of the Credit Union.

In particular, if there is an economic slowdown and a high number of members become unemployed, or otherwise unable to meet their loan repayment obligations, this may affect the profitability and solvency of the Credit Union.

- **Member Returns** - The rate of return on your shares is dependent on annual surpluses being earned through the ongoing profitability of the Credit Union. The rate of return on the your shares is therefore dependent on the ability of the Board and senior management to prudently manage the Credit Union and generate an operating surplus for its members. Should the Credit Union's profitability be threatened then the Credit Union may reduce the rate of return on members' shares or even pay no return on members' shares.

The financial statements for the year ended 30 September 2010 note that the NZACU Group has incurred losses, resulting in a reduction in the net tangible assets of the Group and the net tangible assets backing for the capital notes falling below par. The financial statements note that this has been considered as an indicator of potential impairment for the capital notes but that the recent financial performance of the Group has indicated a return to sustainable profits and that consequently, the Board has determined that there is not impairment in the carrying value of the capital notes as at 30 September 2010.

- **Competition** - You may only subscribe for shares in the Credit Union if you fall within the Credit Union's "common bond", as set out under the heading "*What sort of investment is this?*". As the Credit Union is competing with banks and other financial institutions operating in the national savings and loans market, restrictions on membership may affect the Credit Union's profitability and the returns payable to you.

- **Compliance Risk** - Compliance risk is the risk of legislative or regulatory changes impacting on the Credit Union. If the Credit Union had to make changes to comply with new legislation this would be likely to increase the Credit Union's compliance costs, which could affect the Credit Union's profitability and the returns payable to you. In particular, the Credit Union has been impacted upon by the costs involved in complying with the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

In addition, the Credit Union will be impacted upon by proposed amendments to the Act contained in the Regulatory Reform Bill (number 269-1). These amendments will likely require Rule and Trust Deed amendments. They include, removing the maximum limit on members' shareholdings, removing the requirement that credit unions only accept deposits by way of subscription for shares, removing the limitations on the amount and the term of the loans credit unions make to their members and removing the requirement to maintain a general reserve. The Bill has been referred to the Commerce Select Committee, which is due to report to Parliament on 15 August 2011.

- **Government Policy Risk** - Policies and decisions of the Government and other local or national regulatory bodies may also impact on the Credit Union's potential and existing membership or saving and borrowing habits with a consequential flow-on-effect on the growth and profitability of the Credit Union.

A significant number of the Credit Union's members receive Government benefits. There is a risk that, if the Government decided to substantially reduce the level of benefit payments, some members may be unable to meet their loan repayment obligations to the Credit Union.

- **Credit Risk** - Credit risk is the risk of members not repaying their loans or making interest payments on the due date.

The Credit Union has a credit policy which is used to manage its exposure to credit risk. Such security includes chattels, motor vehicles and members' deposits. As part of this policy, credit evaluations are made on members who wish to borrow money and limits on exposures are set. Lending is subject to defined criteria and is monitored and controlled by prudent credit measures.

The Credit Union takes security over assets to secure most of the loans it makes. Over 50% of loans are secured solely by members' share accounts. If a member fails to repay a loan on the due date and the value of the secured asset is insufficient to cover the outstanding payments, or if the loan is unsecured, the Credit Union may make a loss on that loan. This may adversely affect the Credit Union's profitability.

As at 31 December 2010 the Credit Union had \$1,340,000 invested through the NZACU's central banking deposit scheme and \$352,688 of capital notes issued by the NZACU. These investments are permitted under the Trust Deed as investments in a "Prime Debtor". There are no security or trust arrangements governing such deposits. Accordingly, there is a concentration of credit risk with respect to investments by the Credit Union in the NZACU.

The Credit Union has had an increase in the amount of impaired advances and has increased the provisioning for impairment from the financial year ended 30 September 2009 to 30 September 2010. The total amount of impaired advances increased from \$112,796 as at 30 September 2009 to \$1,235,265 as at 30 September 2010. The provisioning for impairment increased from \$68,797 as at 30 September 2009 to \$290,655 as at 30 September 2010. The amount of impaired advances has further increased to \$2,084,337 in the period from 30 September 2010 to 28 February 2011. The provisioning for impairment has increased to \$467,152 during this same period. The increase in the provisioning for impairment relates to the Whangarei Venture (see below).

In February 2010, the Credit Union entered into a new business venture in Whangarei, whereby loans are provided to customers of a local Whangarei department store, provided those customers first become members of the Credit Union. The Credit Union has appointed Profile Finance Limited ("PFL") to manage these loans. Loans made under this venture are advanced through a joint bank account operated by either the Credit Union or PFL. As this account is not under the sole

control of the Credit Union there is a potential credit risk on PFL in connection with funds in the account.

While Profile Finance guarantees repayment of the loans to the Credit Union, should the member default, the Credit Union makes no representations about the creditworthiness of the guarantor nor any recoverability under the guarantee.

Further details in relation to this venture are set out in the Credit Union's current registered prospectus.

- **Trust Deed Breaches** – Directors Certificates – Clause 8.1(da) of the Trust Deed requires the Credit Union to provide a directors' certificate to Perpetual Trust within seven days of the end of each month confirming that the Credit Union is in compliance with the ratios set out in clauses 7.2(a), 7.2(d) and 7.2(f) of the Trust Deed.

The requirement to provide this certificate was added to the Trust Deed by way of a deed of amendment dated 30 November 2010. While the Credit Union did not initially provide Perpetual Trust with such certificates, all required certificates, as at the date of this Investment Statement, have been received by Perpetual Trust. On 23 June 2011 Perpetual Trust noted the late receipt.

Liabilities Ratio - Under Clause 7.1(e)(ii) of the Trust Deed the Credit Union covenants not to permit its creditor liabilities to exceed 10% of its total liabilities.

While the Credit Union breached this Clause in March 2011 (as its creditor liabilities were 10.15% of its total liabilities) that breach was subsequently righted.

On 23 June 2011, Perpetual Trust noted the breach, and also noted that no further action was required.

- **Credit Rating Exemption** - The Reserve Bank of New Zealand Act 1989 requires every deposit taker, including credit unions, is required to have a current rating of its creditworthiness given by an approved rating agency (unless otherwise exempted).

The Credit Union is not required to obtain a credit rating as it operates under the exemption contained in the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009. The creditworthiness of the Credit Union is, therefore, not rated by an approved rating agency under the above Act. The Exemption Notice applies to the Credit Union because it has liabilities of less than \$20 million and it would be unduly onerous and burdensome for the Credit Union to comply with the requirements to have a credit rating.

The exemption is conditional on the Credit Union providing to the Reserve Bank, annually prior to March in each year, a statement from the directors of the Credit Union that the Credit Union meets the requirements of the exemption and that it will be operating on the basis of the exemption for that forthcoming year. Figures supporting the directors' statement must be attached to the statement.

- **Liquidity Risk** - Liquidity risk is the risk of not having sufficient cash to meet obligations to members. This risk requires the Credit Union to manage the maturity of loans and balance this with the repayment of members' shares. It does this by making loans to members repayable on demand. The Credit Union also has the right to require a sixty-day notice period for the repayment of members' shares held at call.
- **Insolvency** - The main risk to members in investing in shares is that the Credit Union fails to remain solvent, that is, its assets cease to exceed its liabilities or it is unable to meet its debts as they fall due. The Credit Union could become insolvent and be wound up where a significant amount of the loans due for repayment remain unpaid for an extended period of time, or where as a result of the risks stated above or otherwise, the Credit Union is for any reason unable to pay its debts as they fall due.

Consequences of Insolvency - Should the Credit Union become insolvent:

- You will not be required to pay any additional moneys other than that already owing to the Credit Union;
- The Credit Union is legally obliged to reject all requests for withdrawals from your share accounts, and will not be entitled to make any further loans; and
- Your claim will rank equally with all other members' claims (including those who invest under a later prospectus).
- Some specific claims will rank ahead of member's claims, for example, employees' unpaid wages, insolvency costs and Prudential Supervisor's fees.
- You will not be entitled to participate in any residual surplus of the Credit Union upon winding up.

#### **Ranking of Security**

At the date of this Investment Statement, there are no claims that rank in priority to or equally with members' claims, except for claims given priority by the Trust Deed or by law, for example any moneys owing to Perpetual Trust and any unpaid wages and taxation.

The repayment of moneys owing on all members' shares is secured by a first ranking security interest over the whole of the Credit Union's property and business. This security has been granted in favour of Perpetual Trust, which has registered a financing statement under the Personal Property Securities Act 1999.

#### **Additional Security**

With the prior written consent of Perpetual Trust, the Credit Union may grant a security interest over or affecting all or any part of its assets, and any such security interest may take priority to the members' claims for withdrawals secured by the Trust Deed.

#### **CAN THE INVESTMENT BE ALTERED?**

##### **Alteration by Members**

You may alter the number of shares that you hold in the Credit Union or the type of share account in which you hold your shares, subject always to the particular terms and conditions of your share account(s).

You may be required to pay account charges when altering your investment. You should refer to "*What are the Charges?*" for a description of these charges. You cannot otherwise alter your investment.

##### **Alteration by the Credit Union**

The Credit Union reserves the right at its absolute discretion to vary the terms, conditions or rate of return of any share account from time to time. You will be provided with notice of any such alteration, which may be by way of inclusion in the Credit Union's newsletter. Any alteration of the rate of return will not apply to shares already placed in term share accounts.

##### **Trust Deed**

In the event the Credit Union breaches its obligations under the Trust Deed, Perpetual Trust may exercise its rights of enforcement, which may include appointing a receiver or requiring the immediate repayment of all moneys (including member's share subscriptions) secured under the equitable assignment by way of security.

#### **HOW DO I CASH IN MY INVESTMENT?**

##### **Cessation of Membership**

You may withdraw from membership of the Credit Union at any time. In such event all amounts paid on shares plus any returns owed will be paid to you as funds become available but only after deducting all amounts due from you to the Credit Union. The terms outlined under the heading "Withdrawals" below will apply to payments made to you as a withdrawing member.

**Minimum Shareholding**

You will cease to be a member of the Credit Union if you cease to hold at least ten fully paid-up shares in the Credit Union.

**Termination of Non Qualifying Member**

Should you cease to meet the membership criteria of the Credit Union you will be deemed to be a "non-qualifying member".

If the number of non-qualifying members exceeds 10% of the total membership of the Credit Union, the Board shall terminate the membership of as many non-qualifying members as is necessary to reduce the number to 10% of the total membership.

**Expulsion of Member**

You may be expelled from membership by a two-thirds majority vote of the members present at a special general meeting of members called for that purpose.

**Withdrawals**

Subject to the provisions of the Act, you will operate your share account(s) in a similar manner to a bank account. While on call shares are usually available to be withdrawn at call, the Act provides for a 60-day notice period for withdrawal.

Methods of withdrawal available to you may include presenting signed withdrawal slips at one of the Credit Union's branch offices during their ordinary office hours, by using ACCESSCARD (a debit card) through the EFTPOS network system and at certain ATMs, direct debit, automatic payment, internet banking or cheque. The Credit Union will advise you what methods of withdrawal are available to you when you open a share account. The methods of withdrawal may differ for each share account.

If a withdrawal of shares would reduce your paid-up share holding in the Credit Union to less than your total liability to the Credit Union then for a non-qualifying member, the withdrawal will not be permitted and in any other case the withdrawal will be permitted at the discretion of the Board.

The Credit Union is not entitled at law to consent to any withdrawals from your share account(s) where the Credit Union is unable to meet its debts as they fall due.

**Early Repayment**

The policy of the Credit Union is to not make repayments prior to maturity on term or special share accounts.

In the event of financial hardship or extraordinary circumstances, you may make written application to the Credit Union for repayment prior to maturity. The Credit Union may exercise its discretion to repay the funds in whole or in part. In such case the return payable may be subject to adjustment in accordance with the terms of the share account. As at the date of this Investment Statement, the usual rate of return will be reduced by 1% in the event of an early repayment.

**Right to Sell Securities**

Shares in the Credit Union are not generally transferable. However, you may nominate someone to receive your shareholding upon your death up to a maximum of \$2,000. Any such nomination must be in writing, signed by you and delivered or sent to the registered office of the Credit Union.

**WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?**

All staff and management of the Credit Union can assist with any questions about investing in shares in the Credit Union. Staff and management of the Credit Union can be contacted at the Credit Union's office during office hours.

**IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?**

Any complaint about an investment should, in the first instance, be made to the General Manager of the Credit Union, and if you still have problems the Board.

If after discussing any concerns with the above persons, you are still not satisfied, you may contact Perpetual Trust, the Registrar

of Friendly Societies and Credit Unions or Financial Services Complaints Limited ("FSCL").

The Registrar's contact details are: Companies Office, Level 18, ASB Centre, 135 Albert Street, Private Bag 92061, Auckland 1141 Phone 0508 266726 Fax (09) 912 7787.

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Credit Union is a member of an approved dispute resolution scheme. The scheme is operated by FSCL.

FSCL's contact details are: PO Box 5967, Lambton Quay, Wellington 6145, Phone: 0800 347257 or (04) 472FSCL (472 3725), Fax (04) 472 3727, Website: [www.fscl.org.nz](http://www.fscl.org.nz), Email: [info@fscl.org.nz](mailto:info@fscl.org.nz).

There is no ombudsman to whom complaints can be made.

**WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?****Credit Union**

You can obtain further information about the share offer detailed in this Investment Statement, and the Credit Union, by requesting a copy of the Rules, the Trust Deed, the Credit Union's most recent registered prospectus and audited financial statements. The documents can be requested from the Credit Union's office and can be inspected during office hours and on the Credit Union's web site.

**Companies Office**

You can view the above documents, along with any material contracts listed in the prospectus, for free on the Companies Office website [www.business.govt.nz/companies](http://www.business.govt.nz/companies) under "search other registers". Copies may also be obtained by telephoning the Companies Office on the number above (a fee may apply).

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