



# Product Disclosure Statement for an offer of On Call Deposits and Term Deposits

This is a replacement Product Disclosure Statement, which replaces the Product Disclosure Statement dated 1 July 2025.

Issuer  
Liberty Financial Limited

1 July 2026

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). Liberty Financial 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.

# 1. Key information summary

## What is this?

This is an offer of deposit products including On Call Deposits and Term Deposits. On Call Deposits and Term Deposits are debt securities issued by Liberty Financial Limited (Liberty Financial). You give Liberty Financial money, and in return Liberty Financial promises to pay you interest and repay the money either on demand (On Call Deposits) or at the end of the term (Term Deposits). If Liberty Financial runs into financial trouble, you might lose some or all of the money you invested. Please refer to our website at [www.libfin.co.nz/deposits](http://www.libfin.co.nz/deposits) to

confirm which deposit products are currently available before applying.

## About Liberty Financial Group

Where this PDS uses the words 'we', 'us', 'our' or 'ours', this is a reference to Liberty Financial. Liberty Financial is a New Zealand company which is owned by Mike Pero Group Limited (MPGL). MPGL is owned by Liberty Financial Pty Ltd (Liberty) an Australian company. Liberty Financial, MPGL and Liberty are wholly owned subsidiaries of Liberty Financial Group Limited (ASX:LFG) which is listed on the

## Key terms of the offer

Issuer	Liberty Financial
Description	On Call Deposits and Term Deposits are debt securities issued by Liberty Financial in accordance with a Trust Deed between Covenant Trustee Services Limited, who is the supervisor of the On Call Deposits and Term Deposits (the Supervisor) and Liberty Financial dated 12 December 2003 as amended and restated from time to time, most recently by a deed of amendment and restatement dated 1 July 2025 (Trust Deed). Liberty Financial has granted a security interest over its assets in favour of the Supervisor.
DCS	Depositor Compensation Scheme established under Part 6 of the Deposit Takers Act 2023 (New Zealand), as amended or replaced from time to time.
Term	Deposits are issued on call (repayable on demand) or for fixed terms that may include 3, 6, 9, 12, 18, 24, 36, 48, or 60 months.
Interest rate	The interest rates we pay on the deposits vary from time to time. The current interest rates that we pay at any time are set out on our website – <a href="http://www.libfin.co.nz/deposits">www.libfin.co.nz/deposits</a> . If interest rates change after we accept your application this will not affect your investment in Term Deposits.
Interest periods	Interest accrues on each deposit on a daily basis from the date monies are deposited with Liberty Financial. Interest on On Call Deposits and Term Deposits is calculated daily and paid monthly in arrears on the last day of each month unless otherwise noted. If a payment date falls on a non-Business Day, then the payment will be made on the next Business Day.
No fees	You will not be charged any fees or required to make further payments other than your investment in deposits.
Offer opening and closing dates	The offer opened on 1 December 2016, and is a continuous offer so does not have a closing date. Please refer to our website at <a href="http://www.libfin.co.nz/deposits">www.libfin.co.nz/deposits</a> to confirm which deposit products are currently available before applying.
Application amounts	There is no minimum investment for On Call Deposits and the minimum initial investment per investor is \$5,000 for Term Deposits. The maximum investment per investor is determined at our discretion.
Liberty Guarantee	Liberty guarantees the repayment of On Call Deposits and Term Deposits and the payment of interest under a deed of guarantee dated 25 February 2010 (Liberty Guarantee).

Australian Securities Exchange (Liberty Financial Group). Liberty is a leading independent finance company whose businesses include residential and commercial mortgages, business loans, motor vehicle loans, personal loans and investment products in Australia and New Zealand. Liberty Financial is a non-bank deposit taker licensed by the Reserve Bank of New Zealand on 17 April 2015. Liberty Financial is a specialty finance company and our principal business activities include:

- ▲ Issuing On Call Deposits and Term Deposits to enable investors to earn a competitive return on their savings;
- ▲ Lending on residential mortgages meeting the needs of a broad range of customer types and circumstances;
- ▲ Investing in fixed income securities; and
- ▲ Lending to individuals and business owners.

### **Purpose of this offer**

We will use your On Call Deposit and/or Term Deposit to invest in lending activities, which are currently primarily residential mortgages but may include other forms of lending to individuals and businesses. We will also invest in fixed income securities that are Investment Grade and above as rated by an international credit ratings agency.

### **Who is responsible for repaying you?**

Liberty Financial has primary responsibility for the repayment of On Call Deposits and Term Deposits. In addition, Liberty provides the Liberty Guarantee which guarantees payment of the On Call Deposits and Term Deposits and the payment of interest. The Liberty Guarantee provides additional protection to holders of the On Call Deposits and Term Deposits against loss of principal and interest due under the On Call and Term Deposits.

We are an associated person of Liberty, as we are a wholly-owned subsidiary of MPGL (which is in turn wholly-owned by Liberty). MPGL does not guarantee the On Call Deposits and Term Deposits and there are no other members of the group who are guarantors. For more information about the Liberty Guarantee, and how conflicts of interest in relation to this guarantee are managed, please see section 5 of the PDS (Key features of On Call Deposits and Term Deposits).

### **How can you get your money out early**

On Call Deposits do not have a fixed term and may be withdrawn in full or part. Term Deposits are issued for a fixed term, and you do not have a right to withdraw your investment before maturity. In certain limited circumstances, however, such as the death or financial hardship of an investor we may (but are not obliged to)

consider applications from investors for early withdrawal of Term Deposits. On Call Deposits and Term Deposits cannot be sold or transferred to anyone else. For more detail please see section 2 of the PDS (Terms of the offer).

### **How On Call Deposits and Term Deposits rank for repayment**

All On Call Deposits and Term Deposits rank equally amongst themselves. Only Prior Security Interests, or liabilities preferred under law such as claims by the Supervisor, rank in priority to any subordinated claims or unsecured claims against Liberty Financial. For more information about how On Call Deposits and Term Deposits rank for repayment, please see section 5 of the PDS (Key features of On Call Deposits and Term Deposits).

### **What assets are these On Call Deposits and Term Deposits secured against?**

The Trust Deed that the On Call Deposits and Term Deposits are issued under creates a security interest. This is granted by Liberty Financial in favour of the Supervisor for the benefit of holders of the On Call Deposits and Term Deposits to secure Liberty Financial's performance of its obligations under the On Call Deposits and Term Deposits. The security is a first ranking security interest and charge over all of our present and future assets which includes any loans, investments, cash of Liberty Financial and also the benefit of the Liberty Guarantee. Where appropriate, Liberty Financial takes a registered mortgage over a borrower's real property together with the borrower's personal covenant to repay its loan from us. The benefit of Liberty Financial's rights under this security is included in the security interest granted in favour of the Supervisor. For more information about the assets that the On Call Deposits and Term Deposits are secured against, please see section 5 of the PDS (Key features of On Call Deposits and Term Deposits).

### **Where you can find Liberty Financial's financial information**

The financial position and performance of Liberty Financial are essential to an assessment of Liberty Financial's ability to meet its obligations under the On Call Deposits and Term Deposits. You should also read section 6 of the PDS (Liberty Financial's financial information).

### **Key risks affecting this investment**

Investments in debt securities have risks. A key risk is that Liberty Financial does not meet its commitments to repay you or pay you interest (credit risk). Section 7 of the PDS (Risks of investing) discusses the main factors

that give rise to this risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for On Call Deposits and Term 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. Liberty Financial considers that the most significant risk factors are:

- ▲ **Investment risk** – where we suffer a loss when a counterparty we have invested with fails to meet their financial obligation to us or when returns on new investments are less than returns on previous investments. We only invest in Investment Grade fixed income securities.
- ▲ **Credit risk** – where we suffer a loss arising from a failure by a borrower to repay their financial commitment to us (including where realisable value of assets is less than the loan amount). We follow our internal credit policies and procedures when assessing whether we will lend to a borrower and if so, on what terms. There is a risk that we may not correctly assess a borrower’s creditworthiness due to them misrepresenting their position or that a borrower’s circumstances may change following us lending to them. We anticipate that a small proportion of borrowers of our loans will default. Should a large proportion of borrowers default we may suffer losses that may impact our ability to make payments on the On Call Deposits and Term Deposits. We take steps to validate information provided to us and assess each borrower’s ability to repay loans based on higher interest rates than they will initially be charged; and
- ▲ **Liquidity risk** – where we may not have sufficient liquid funds to meet our financial commitments as they fall due. A liquidity mismatch may occur if our

assets such as our loans are of a longer term than our liabilities meaning we may not receive repayments on our loans in time to meet scheduled payments on our liabilities. A proportion of our loans repay before their scheduled maturity which assists us in managing this risk. We also manage liquidity by holding cash and maintaining a bank facility to assist us in making repayments as and when they fall due. We also rely on new investments in On Call Deposits and Term Deposits and a proportion of Term Deposit Holders renewing their investments when they mature. We report on our liquidity position monthly to the Supervisor and the Reserve Bank of New Zealand.

This summary does not cover all of the risks of investing in On Call Deposits and Term Deposits. You should also read section 7 of the PDS (Risks of investing).

### Depositor Compensation Scheme protection

On Call Deposits and Term Deposits are protected deposits under the depositor compensation scheme, which protects up to \$100,000 per eligible depositor per deposit taker. For more information about the scheme, please refer to the Reserve Bank of New Zealand’s internet site at [www.rbnz.govt.nz/dcs](http://www.rbnz.govt.nz/dcs).

### What is Liberty Financial’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.

Liberty Financial has been rated by S&P Global Ratings. S&P Global Ratings gives ratings from AAA through to C (excluding ratings attaching to entities in default).

	Rating	Description	Approximate probability of default (over 5 years)
Investment Grade	AAA	Extremely Strong	1 in 600
	AA	Very Strong	1 in 300
	A	Strong	1 in 150
	BBB	Adequate <b>Current Liberty Financial rating BBB (Outlook Stable)</b>	1 in 30
Non-Investment Grade	BB	Less vulnerable	1 in 10
	B	More vulnerable	1 in 5
	CCC	Currently vulnerable	1 in 2
	CC	Currently highly vulnerable	
	C	Currently highly vulnerable	

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Dear Investor,

On behalf of Liberty Financial Limited, I have great pleasure in bringing our On Call Deposit and Term Deposit investment options to your attention. This Product Disclosure Statement will provide you with information to enable you to make a considered financial decision. I would also like to draw your attention to our website [www.libfin.co.nz/deposits](http://www.libfin.co.nz/deposits) where we provide you with a copy of our Disclosure Register and current offered interest rates.

While the Company's lending focus has traditionally been residential mortgage finance and commercial equipment lending, opportunities continue to emerge enabling us to provide a broader range of lending products and services to our customers. We envisage increasing the range of lending products we offer to customers from our current suite. Increased regulation in New Zealand means traditional institutions are constrained in providing much needed finance sought by a range of personal and business customers.

We are fortunate in having the backing of one of the leading financial services groups in Australasia. Our international parent company, Liberty Financial Pty Ltd (Liberty) not only provides us with capital and financial support but has also enhanced our risk management, corporate governance, infrastructure, product expertise and distribution capabilities. Liberty is owned by Liberty Financial Group Limited (ASX:LFG) which is listed on the Australian Securities Exchange.

Investors are integral to our business and we understand the need to deliver consistent returns and capital stability. We have a long term credit rating of BBB (Outlook Stable) from S&P Global Ratings which reflects our financial position. In addition, all On Call Deposits and Term Deposits are protected deposits under the DCS and are supported by the Liberty Guarantee described in this PDS. We endeavour to offer deposit products that meet your financial goals.

A handwritten signature in black ink, appearing to read "L. Ward".

Leonard Ward  
Chairman  
Liberty Financial Limited

## 2. Terms of the offer

Issuer	Liberty Financial
Description	On Call Deposits and Term Deposits are debt securities issued by Liberty Financial in accordance with the Trust Deed. This document may be obtained from the Disclose Register at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> . Liberty Financial has granted a security interest over its assets in favour of the Supervisor.
DCS	Depositor Compensation Scheme established under Part 6 of the Deposit Takers Act 2023 (New Zealand), as amended or replaced from time to time.
Term	On Call Deposits are issued on call which allows you to demand full or part repayment and we will pay your withdrawn amount within one Business Day of demand. Term Deposits are issued for fixed terms of 3, 6, 9, 12, 18, 24, 36, 48, or 60 months.
Interest rate	The interest rates we pay on the deposits vary from time to time. The current interest rates that we pay at any time are set out on our website – <a href="http://www.libfin.co.nz/deposits">www.libfin.co.nz/deposits</a> . If interest rates change after we accept your application this will not affect your current investment in Term Deposits.
Interest periods	Interest accrues on each deposit on a daily basis from the date monies are deposited with Liberty Financial. Interest on On Call Deposits is calculated daily and paid monthly on the last day of each month. Interest on Term Deposits is calculated daily and is paid monthly in arrears on the last day of the month unless otherwise noted.
Payment of interest	If you elect to receive interest during the term of your investment, interest is paid by direct credit to your nominated bank account or your On Call Deposit account on the last day of each month and on the maturity date of the Term Deposit. Where your interest payment date falls on a non-Business Day, interest will be paid on the next Business Day (that is, a day that is not a Saturday, Sunday or public holiday in New Zealand). Where the interest payment date is also the maturity date for the Term Deposit, interest and principal will be paid on the next Business Day. If you elect to capitalise interest in your Term Deposit, interest is capitalised accordingly and paid on the maturity date of the Term Deposit. We send statements of interest showing the balance of your On Call Deposit and Term Deposit when interest is paid or capitalised monthly or as otherwise noted.
Offer opening and closing dates	The offer opened on 1 December 2016, and is a continuous offer so does not have a closing date. Please refer to our website at <a href="http://www.libfin.co.nz/deposits">www.libfin.co.nz/deposits</a> to confirm which deposit products are currently available before applying.
Joint investors	Applications may be made in the names of two or more persons jointly and must be signed by all joint investors.
Register of on Call and Term Deposits	A register of all On Call Deposits and Term Deposits is maintained by us.
Maturity date	On Call Deposits have no maturity date and may remain open until the account is closed. The maturity date for your Term Deposit will be the maturity date stated on your Term Deposit certificate.

Issuer	Liberty Financial
Taxation	Under New Zealand legislation current at the date of this PDS, interest (including capitalised interest) paid to all New Zealand tax residents, or a non-resident who carries on business in New Zealand through a fixed establishment in New Zealand (such as a branch), is subject to resident withholding tax (RWT) or non-resident withholding tax (NRWT), unless you provide us with a valid certificate of exemption, in which case we will not deduct RWT or NRWT.
Annual interest advice	We will advise you of the amount of interest paid or credited to you and any RWT or NRWT deducted for each year ending 31 March. You will need these details for your income tax return, if you are required to file one.
Repayment or reinvestment options for Term Deposits	<p>At least two weeks prior to the maturity date of a Term Deposit, we will write to you, advising details of the investment which is due to mature and ask for your instructions. You have the following options relating to the repayment or reinvestment of your Term Deposit on the maturity of that deposit:</p> <ul style="list-style-type: none"> <li>▲ Reinvestment of principal and any outstanding interest, at the then current interest rates, and on such terms, interest payable and payment options as are offered by us at the time; or</li> <li>▲ Reinvestment of principal, and payment of any interest due on maturity; or</li> <li>▲ Reinvestment of part of the principal, and part repayment of principal and payment of any interest due on maturity; or</li> <li>▲ Repayment of principal and payment of all outstanding interest (if any).</li> </ul> <p>At the expiry of the initial term and any subsequent reinvestment term, your investment will be reinvested for the same term (at the relevant interest rate specified on our website at <a href="http://www.libfin.co.nz/deposits">www.libfin.co.nz/deposits</a>) and interest payments will continue on the same basis unless, following receipt of any maturity advice and, prior to maturity date, you provide alternate reinvestment and/or repayment instructions.</p>
Early repayment	<p>On Call Deposits do not have a fixed term and may be withdrawn in full or part on acceptance of your withdrawal request. You can request full or part repayment of an On Call Deposit and we will pay your withdrawn amount within one Business Day of the request. Term Deposits are a fixed term investment and investors do not have a right to withdraw their investment before maturity. However, in certain circumstances, such as the death of the investor or financial hardship, we may (but are not obliged to) consider applications from Term Deposit investors for early withdrawal. The written application must set out full details of the circumstances resulting in an early repayment request, and any other information we may reasonably require. Requests for early repayment will be considered by us in our sole discretion and we may request whatever evidence we consider reasonable. In the event of the death of a joint investor, the Term Deposit will not be repaid but will revert to the survivor upon the signing of a statutory declaration of survivorship and presentation of the relevant death certificate to us.</p> <p>Please note that if we do permit early withdrawal of a Term Deposit, we have the right to amend the interest rate on the investment in our absolute discretion. The reduced interest rate will be calculated based on prevailing market conditions, any costs associated with early withdrawal and other factors we consider to be relevant at that time. Any such interest adjustment will be deducted from the balance of the investment as at the day it is repaid.</p> <p>An early withdrawal may be subject to an interest rate reduction appropriate to the shorter investment term.</p>

Issuer	Liberty Financial
Ranking	<p>In the event of Liberty Financial becoming insolvent there are likely to be certain claims that would have preference by law over the On Call Deposits and Term Deposits.</p> <p>The claims that would rank ahead of the claims of On Call Deposits and Term Depositors on our assets if we were to become insolvent or liquidated are:</p> <ul style="list-style-type: none"> <li>▲ Claims for liquidator's costs, unpaid taxes, certain wages and other amounts payable to employees and other amounts given preference by statute;</li> <li>▲ Claims of the Supervisor and any receiver appointed under the Trust Deed for unpaid fees and costs;</li> <li>▲ Claims of the holders of any prior ranking security interests or charges (see section 5 of the PDS (Key features of On Call Deposits and Term Deposits)); and</li> <li>▲ Claims given priority under the Personal Property Securities Act 1999, such as retention of title arrangements and leases.</li> </ul> <p>There may also be claims of other secured creditors which will rank in priority to or equally with the claims of the On Call Depositors and Term Depositors. Subordinated creditors and unsecured creditors will rank behind the On Call Deposits and Term Deposits.</p>
Sale or transfer of On Call Deposits and Term Deposits	<p>On Call Deposits and Term Deposits cannot be sold to anyone else or transferred, apart from a transfer due to your death or bankruptcy or as otherwise required by law.</p>
Brokerage	<p>No brokerage or commission is payable by you on applications for On Call Deposits or Term Deposits. However, we may pay brokerage or commission of up to 2.00% p.a. to financial advisers on terms agreed between us and a financial adviser from time to time.</p> <p>We reserve the right to adjust brokerage or commission on investments which are repaid early.</p> <p>Financial advisers do not act as our agents, and we are not responsible for any money held by them or for their actions or inactions.</p>
No fees	<p>You will not be charged any fees or required to make further payments other than your investment in deposits.</p>
Application amounts	<p>There is no minimum investment for On Call Deposits and the minimum initial investment per investor is \$5,000 for Term Deposits. The maximum investment per investor is determined at our discretion.</p>
Liberty Guarantee	<p>Liberty guarantees the repayment of On Call Deposits and Term Deposits and the payment of interest under the Liberty Guarantee. This guarantee provides additional protection to holders in respect to amounts covered by the Liberty Guarantee.</p>

### 3. Liberty Financial Group and what it does

The Liberty Financial Group was established in Australia in 1997 and has grown to become a substantial non-bank financial services group in the Australia and New Zealand region. Liberty is the most significant operating company in the group and is owned by Liberty Financial Group Limited (ASX:LFG) which is listed on the Australian Securities Exchange.

Its operations are conducted by a range of entities across Australia and New Zealand and its businesses as at the date of this PDS include residential and commercial mortgage lending, commercial and consumer motor vehicle finance, equipment finance, personal loans, investments and insurance.

The Liberty Financial Group commenced operations in New Zealand with residential mortgage lending in 2001. Its primary business is providing residential loans to New Zealanders secured by first registered mortgages. Liberty Financial's key source of income is by providing secured residential loans.

Mike Pero Group Limited (MPGL) is the immediate parent company of Liberty Financial. MPGL, in turn, is owned by Liberty. MPGL also owns Mike Pero Mortgages Limited and Mike Pero (New Zealand) Limited (who together comprise "Mike Pero Mortgages", one of New Zealand's best known mortgage brokers).

Liberty is the only guarantor of the On Call Deposits and Term Deposits and provides the Liberty Guarantee as described in section 5 of this PDS).

The Board of Liberty Financial is made up of three independent directors (including the Chairman) and one shareholder representative. Together, the Board has considerable experience in finance, business, law and financial markets. The directors may change from time to time. The names of the current directors may be obtained from the Companies Office website at <https://companies-register.companiesoffice.govt.nz>, by searching against "Liberty Financial Limited".





**Leonard Ward**  
**Independent Chairman**

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Len joined the board in November 2010 and became Chairman in September 2015. He has significant senior executive and company director experience primarily in the financial and energy markets and the charity sectors. He practiced Law in Auckland from 2004 until 2020 as a Commercial/Corporate lawyer with his own practice for eleven years. He is a past Member of the New Zealand Financial Markets Disciplinary Tribunal and is currently a director of a small number of private companies and trustee of a number of private trusts. He has a Bachelor of Laws (Hons) from The University of Auckland, and a MBA (with Distinction) from Massey University.



**David Osborne**  
**Independent Director**

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David joined the Board in September 2015. David is currently the CFO of Christian Savings Limited. He was a director of Covenant Trustee Services for two years and was the Chair of that company's audit committee. David is a Chartered member of the Institute of Directors and a Fellow of Chartered Accountants Australia and New Zealand. David also has other commercial and not for profit board experience. David has over 35 years' experience as a Chartered Accountant and spent 18 years in various senior roles with Westpac in New Zealand. During his time at Westpac David worked within the Finance, Risk and Compliance functions and managed several significant projects including establishing the bank's institutional dealing room and developing investment products for the Private Bank.



## **Sherman Ma** **Director**

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Sherman joined the Board in November 2009 and is an executive director of LFG and Liberty. Since establishing Liberty in 1997, Sherman has helped build its operations across Australia and New Zealand with various business lines including residential and commercial mortgage lending, commercial and consumer motor finance, personal loans, investments and insurance. Sherman was previously with Credit Suisse and McKinsey & Company which he joined after obtaining his MBA from the Wharton School at the University of Pennsylvania.



## **Daniela Bossard** **Independent Director**

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Daniela joined the Board in April 2026 and is an investment executive and company director with experience in corporate finance, mergers and acquisitions, and strategic advisory. She is currently an Investment Director at Rangatira Investments and a director of Rainbow's End. Prior to joining Rangatira in 2022, she spent nearly 10 years at Cameron Partners, most recently as Director, where she advised on mergers and acquisitions, capital raisings, capital structure and strategy across a range of sectors. Daniela holds a Bachelor of Commerce (Honours) and a Bachelor of Arts in Economics and Statistics from the University of Auckland and is a member of the Institute of Directors.


## 4. Purpose of the offer

Liberty Financial will use your On Call Deposits and Term Deposits to lend in New Zealand through home loans and other lending products to businesses and individuals. We will also invest in fixed income securities rated Investment Grade (BBB- and above) by an international credit ratings agency.



## 5. Key features of On Call Deposits and Term Deposits

### Ranking and security

Ranking	Categories of liability/equity	Amount	
High  Low	Liabilities that rank in priority to the On Call Deposits and Term Deposits on a liquidation of Liberty Financial	Prior Security Interests Liabilities preferred by law, including employee entitlements	
	Liabilities that rank equally with the On Call Deposits and Term Deposits on a liquidation of Liberty Financial	On Call Deposits and Term Deposits	A ranking diagram, including indicative amounts based on the financial position of Liberty Financial as at its most recent balance date, is incorporated by reference into this document and is available on the Disclose Register at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> .
		Other on call deposits and term deposits and debenture stock previously or subsequently issued under the Trust Deed	
	Liabilities that rank below the On Call Deposits and Term Deposits on a liquidation of Liberty Financial	Other secured and unsecured subordinated liabilities	
	Equity		

All On Call Deposits and Term Deposits issued by us rank equally and are secured by a first ranking security interest over all personal property and a first ranking charge over all our other assets, as set out in the Trust Deed and subject to any permitted prior ranking security interests (Prior Security Interests). The On Call Deposits and Term Deposits offered under this PDS will also rank equally with all other outstanding on call deposits and term deposits and other debenture stock previously or subsequently issued under the Trust Deed. Indicative amounts of prior ranking securities based on the financial position of Liberty Financial as at its most recent balance date are incorporated by reference into this document and are available on the Disclosure Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

However, if we become insolvent, whilst On Call Depositors and Term Depositors will not be liable to pay money to any person as a result of the insolvency, there are likely to be claims which have preference by law over the On Call Deposits and Term Deposits. These are briefly summarised as follows:

#### *Preferential claims*

The claims that would rank ahead of the claims of On Call Depositors and Term Depositors on our assets if we were to become insolvent or liquidated are:

- ▲ Claims for liquidator's costs, unpaid taxes, certain wages and other amounts payable to employees and other amounts given preference by statute;
- ▲ Claims of the Supervisor and any receiver appointed under the Trust Deed for unpaid fees and costs;
- ▲ Claims of the holders of any prior ranking security interests or charges (see below); and
- ▲ Claims given priority under the Personal Property Securities Act 1999, such as retention of title arrangements and leases.

There may also be claims of other secured creditors which will rank in priority to or equally with the claims of the On Call Depositors and Term Depositors. Any such preferential, or prior or equal ranking, claims will reduce the amount of money available to satisfy the claims of the On Call Depositors and Term Depositors.

### *Prior Security Interests*

We are prohibited from giving any security ranking ahead of, or equally with, the security given to the Supervisor under the Trust Deed except for Prior Security Interests. Prior Security Interests are where we give security over a particular asset to secure money borrowed to purchase that asset. We are limited under our Trust Deed to not borrow, or propose to borrow and secure under a Prior Security Interest, to an amount that would exceed 2% of Total Tangible Assets as defined in the Trust Deed.

As at the date of this PDS, there were no securities that were secured by a mortgage or charge over any of the assets of the Charging Group (see below) that rank in point of security ahead of or equally with the On Call Deposits and Term Deposits being offered under this PDS, other than the existing stock on issue.

### **Security for the On Call Deposits and Term Deposits**

Liberty Financial has granted a security interest over all of its assets in favour of the Supervisor for the benefit of holders of the On Call Deposits and Term Deposits. The security is a first ranking security interest and charge over all of our present and future assets which includes any loans, investments, cash of Liberty Financial, and the benefit of the Liberty Guarantee. Where appropriate when lending, Liberty Financial takes a registered mortgage over the borrower's real property together with their personal covenant to repay the loan. The benefit of these mortgages and covenants is also secured under the security interest.

### **Guarantees**

Liberty has given an irrevocable and unconditional guarantee of the On Call Deposits and Term Deposits under the Liberty Guarantee, which guarantees the repayment of the On Call Deposits and Term Deposits offered under this PDS and the payment of interest. This guarantee provides additional protection to On Call Deposit and Term Deposit holders in respect of amounts covered by the Liberty Guarantee, in the event that we are unable to pay any principal or interest due under the On Call Deposits and Term Deposits, Liberty is automatically required to pay the relative guaranteed amounts owing to Term Deposit holders within five Business Days. Although the requirement for payment to be made is with Liberty, the Supervisor

may also enforce the Liberty Guarantee on behalf of On Call Deposits and Term Deposit holders. As at the date of this PDS, Liberty and Liberty Financial are members of the issuing group. For a discussion of the risks associated with the Liberty Guarantee and the DCS, see section 7 of this PDS.

The liability of Liberty under the Liberty Guarantee is limited in the manner described above and is not secured by a mortgage or other charge. There are no contingent liabilities that could materially affect the Liberty Guarantee. Liberty is currently rated BBB (Outlook Stable) by S&P Global Ratings.

The auditor's report in relation to the most recent audited financial statements did not include any statement expressing fundamental uncertainty or qualification in relation to the statement of financial position. The most recent audited financial statements of Liberty Financial Group Limited are available at [www.lfgroup.com.au/reports/annual-reports](http://www.lfgroup.com.au/reports/annual-reports).

The Trust Deed requires us to join each of our future subsidiaries to the Trust Deed as a guarantor of our obligations under the Trust Deed. Each subsidiary would then become a member of the Charging Group. Each Charging Subsidiary gives certain financial and other covenants and grants security interests in its personal property and charges over all its other assets, in favour of the Supervisor. At the date of this PDS, there are no Charging Subsidiaries and Liberty Financial is the only member of the Charging Group.

The Supervisor does not guarantee the repayment of the On Call Deposits and Term Deposits offered under this PDS or the payment of interest thereon.

## 6. Liberty Financial's financial information

Liberty Financial is required by law and its Trust Deed to meet certain financial requirements. These are minimum requirements. Meeting them does not mean that Liberty Financial is safe. Section 7 of the PDS (Risks of investing) sets out risk factors that could cause its financial position to deteriorate.

The Disclosure Register includes Liberty Financial's full financial statements. The financial information contained in Liberty Financial's quarterly ongoing disclosures, including key ratio calculations and selected financial information, is incorporated by reference into this document and is available on the Disclosure Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### Other Limitations, Restrictions, and Prohibitions

In addition to Liberty Financial's quarterly ongoing disclosures requirement referred to above, the Trust Deed requires that:

- ▲ Liberty Financial ensures the ratio of total liabilities to total tangible assets does not exceed 90% when the total tangible assets are less than \$25,000,000 or 91% when the total tangible assets are \$25,000,000 or more;
- ▲ Liberty Financial cannot without the Supervisor's prior consent lend to one borrower or related group of borrowers an amount that is the greater of \$1,000,000 or 10% of Liberty Financial's total tangible assets;
- ▲ Liberty Financial cannot borrow money on the security of a prior security interest if the proposed borrowing would exceed 2% of total tangible assets; and
- ▲ Liberty Financial cannot sell or transfer any of its assets that in total comprise more than 25% of its total tangible assets without the prior written approval of the Supervisor.

## 7. Risks of investing

### General risks

Your investment in On Call Deposits and Term Deposits is subject to the following general risks:

#### Credit risk on Liberty Financial

The principal risk of holders not being able to recover in full their principal investment is that Liberty Financial may become insolvent, may be placed into receivership, liquidation or statutory management or otherwise may be unable to or fail to make any payment. In that event, you might not recover all your initial principal investment or receive the expected returns.

#### Secondary market risk

As the On Call Deposits and Term Deposits cannot be sold or transferred to any other person, you will not be able to sell your On Call Deposits and Term Deposits to convert them into cash.

### Specific risks relating to Liberty Financial's creditworthiness

We have implemented a risk management programme that has been approved by the Board and the Supervisor. We review our risk management and governance policies and procedures on a regular basis to ensure they remain appropriate to the business.

The principal risk to you is that you may not receive repayment of the full amount of your deposit, or may not receive the returns you expected when you made your initial investment. That risk is partially mitigated, for protected deposits, by the depositor compensation scheme operated by the Reserve Bank of New Zealand and, for amounts covered by it, by the Liberty Guarantee (see section 5 of this PDS for more detail).

The main risks affecting us are summarised below. You should carefully consider these risks (together with all other information available to you) before investing.

This summary of risks is not exhaustive and does not take into account your personal circumstances, financial position or investment requirements. It is important that you consider the suitability of an investment in On Call Deposits or Term Deposits in light of your investment needs, objectives and financial circumstances. You should consult your financial adviser before deciding whether to invest.

Liberty Financial is aware of the following circumstances that exist or are likely to arise that significantly increase the risk that Liberty Financial may default on any of its payment obligations under the On Call Deposits and Term Deposits:

#### Investment and reinvestment risk

There is a risk we may suffer a loss of income if a counterparty with whom we invest fails to honour their financial commitment to pay interest or repay capital. There is a risk we may suffer a capital loss if there is deterioration in the financial performance of the counterparty's business and the counterparty is unable to repay their obligation to us. We only invest in Investment Grade fixed income securities.

There is a risk the value of an investment at the time of sale is lower than the value at the time of purchase resulting in a loss of capital.

As investments mature, available funds will be reinvested into new Investment Grade fixed income investments. There is a risk that the financial returns for these new opportunities will be less than the returns on previous investments. We rely on the returns from these investments to provide us with a regular income source. When our existing investments mature, we will be seeking new investments which generate a comparable return. However, in the event that these new investments provide a lower return to the previous investments, our revenue and in turn profitability could be adversely affected.

#### Credit risk

Credit risk is the risk of loss arising from the potential failure of a borrower or counterparty to meet its obligations in accordance with agreed terms. We advance money to a variety of customers, including individuals, trusts, companies and other businesses, and there is a risk of financial loss if customers do not pay interest on time or repay their loans on time or in full. We anticipate that a small proportion of borrowers of our loans will default. Should a large proportion of borrowers default we may suffer losses that may impact our ability to make payments on the On Call Deposits and Term Deposits.

If a borrower fails to meet its principal or interest payment obligations under a secured loan, we may need to realise the asset provided as security for that

loan. There is a risk that the realisable value of the asset may be less than the loan. This may be because of lack of demand for that asset, in which case we may be unable to recover the full amount owed.

Prevailing economic conditions may make it more difficult to recover the full amount of loans through to the realisation of security interests because of reduced demand for assets. Any loss suffered by us as a result of such events could have an adverse effect on our financial performance and financial position.

Specific credit risks include:

- ▲ *Residential Mortgage Risk:* We may advance money to borrowers based on mortgage security over residential property in New Zealand. Inherent uncertainties in the property market may have an adverse impact on our ability to recover all of the money owed in respect of certain loans.
- ▲ *Plant and Equipment Risk:* We may advance money to borrowers based on security over plant, machinery or business equipment generally. A downturn in some industry sectors and the impact on market value of certain types of equipment may adversely impact our ability to recover all of the money owed in respect of certain loans.
- ▲ *Individual and Business Risk:* We may advance money to borrowers based on our assessment of their ability to repay the loan. A deterioration in the borrower's financial circumstances may adversely impact our ability to recover all of the money owed in respect of certain loans especially if the borrower has not provided additional security for the loan.

## Liquidity risk

There is a risk that we may not have sufficient liquid funds, or may not be able to raise sufficient funds, to meet our financial commitments as they fall due. These financial commitments include the repayment of On Call Deposits and Term Deposits.

This may occur if there is a significant mismatch in the maturity profile of our financial assets and liabilities. A liquidity mismatch occurs as some of our assets such as our loans are of a longer term than our liabilities meaning we may not receive repayments on our loans in time to meet scheduled payments on our liabilities. A proportion of our loans repay before their scheduled maturity which assists us in managing this risk.

We may not be able to raise sufficient funds to meet our financial obligations as they fall due if there is any material change in the availability of any of our sources of funding. These sources of funding include:

- ▲ Shareholders' funds;
- ▲ Bank liquidity facility; and
- ▲ On Call Deposits and Term Deposits.

We are reliant on achieving consistent reinvestment rates and sourcing new investment inflows to meet our financial obligations and to fund future growth plans. If there was to be any significant reduction in reinvestment rates or new investment inflows, this could adversely impact our ability to source cost effective funding and thereby adversely affect our financial performance and significantly increase liquidity risk.

## Interest rate risk

We hold interest bearing assets (such as loans and investments) and liabilities (such as On call Deposits and Term Deposits) and, as a result, incur interest rate risk because these assets and liabilities will mature or re-price at different times. As market interest rates fluctuate, this may impact our financial performance by affecting the net interest margin between funds that are lent and funds that are borrowed.

## Operational risk

Operational risk is the risk arising from human error, systems failure, fraud or inadequate procedures and controls. If operational risks are not identified and properly managed then this may expose us to financial loss and/or damage to our reputation.

These risks include:

- ▲ The potential failure of business continuity and disaster recovery processes resulting in data integrity risk;
- ▲ A breakdown in internal control systems or operating procedures;
- ▲ The possibility of key personnel leaving the business with no adequate replacement;
- ▲ The risk that we or our customers are the victim of fraud;
- ▲ The possibility of a dispute that results in court action or arbitration proceedings that could adversely affect our financial position and reputation; and
- ▲ A natural disaster disrupting our ability to operate our business.

Key personnel involved in our business are employed by MPGL subsidiaries, not by Liberty Financial. This may create additional risks in the event of a conflict of interest between them.

## Legal and compliance risk

We are required to comply with a range of statutory and regulatory requirements. Any failure to comply with these requirements could result in damage to our reputation and/or financial loss or penalties.

Any change to existing laws or the introduction of new laws or regulations could result in additional requirements being imposed on us.

Specific legal and compliance risks include:

- ▲ *FMC Act*: The Directors are satisfied that, as at the date of this PDS, we comply with the requirements under the Financial Markets Conduct Act 2013 (**FMC Act**) for non-bank deposit takers (**NBDTs**). However, there can be no assurance that we will be able to continue to comply with the FMC Act at any particular time in the future. If we are not able to comply with the FMC Act requirements for NBDTs we will not be in a position to take deposits.
  - ▲ *Trust Deed*: The Trust Deed imposes certain obligations and restrictions on us. As at the date of this PDS, the Directors consider that we comply with these requirements. However, any significant decline in earnings or increase in losses could cause us to cease to comply with the Trust Deed.
  - ▲ *Credit rating*: We are required by the NBDT regime to have a credit rating. As at the date of this PDS, we have a credit rating of BBB (Outlook Stable) from S&P Global Ratings (see section 1 of the PDS (Key information summary) for more detail). Should we fail to maintain this credit rating then this would impact our ability to attract funding and the cost of those funds, which could have a material and adverse impact on our financial performance.
  - ▲ *Licensing*: We received our NBDT licence in accordance with the NBDT Act on 17 April 2015. As a NBDT, we are subject to the supervision of the Reserve Bank of New Zealand. If we were to lose our licence or have conditions imposed this would affect our ability to continue to take On Call Deposits and Term Deposits.
- Conduct of Financial Institutions (CoFI)*: We are required to comply with the CoFI regime (set out in Part 6 of the FMC Act). The CoFI regime requires us to (among other matters) maintain a Fair Conduct Programme and hold a Financial Institution licence from the Financial Markets Authority. If we were to lose our Financial Institution licence, this would affect our ability to continue to take On Call Deposits and Term Deposits.

*Regulatory Change*: We expect that we will need to review and amend the Trust Deed to reflect further regulatory changes, including the commencement of certain provisions of the Deposit Takers Act 2023 (the *DTA*). The DTA is expected to be fully implemented by December 2028, and we will need to obtain a licence under the DTA regime in order to remain a deposit taker. Further prudential regulation and supervision will also apply to Liberty Financial. Failure to comply with the DTA, our licence conditions or related regulation could mean that we are no longer able to continue taking On Call Deposits and Term Deposits.

## Liberty Guarantee

Liberty has provided an irrevocable guarantee to holders of On Call and Term Deposits to provide monies in the event that On Call Deposits and Term Deposits are not paid by us in full and on time.

If the guarantee is invoked and Liberty fails to perform its obligations under this guarantee, then this would have a material and adverse effect on On Call Depositors and Term Depositors in respect of amounts covered by the Liberty Guarantee.

## Outsourcing risk

Liberty provides Liberty Financial with origination and loan management services in addition to secretariat and certain management services.

If these functions are not properly maintained, then this may expose us to financial loss and/or damage to our reputation.

### Financial services sector risk

Finance company failures or insolvencies could occur which may impact on future investor confidence in the sector, making it more difficult for us to obtain funding from investors, either through reduced reinvestment or through lower new investment inflows. These events could adversely impact our liquidity, borrowing margins and overall cost of funds.

### Competition risk

We face competition from other NBDTs and other financial service providers for both investment and loan products and services. Growth plans are contingent on us maintaining and increasing the competitiveness of our products and services in comparison with other market participants.



## 8. Tax

If you are a New Zealand resident you will have resident withholding tax deducted from interest that is payable under the On Call Deposits and Term Deposits.

There may be other tax consequences from acquiring or disposing of the debt securities. There is a risk that

we will receive a deduction notice in respect of your funds from the IRD, claiming an interest in those funds.

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

## 9. Who is involved?

	Name	Role
Issuer	Liberty Financial Limited	Issuer of the On Call Deposits and Term Deposits
Supervisor	Covenant Trustee Services Limited	Includes the supervision of Liberty Financial's performance of its obligations and functions
Guarantor	Liberty Financial Pty Limited (Liberty)	Parent company of Liberty Financial and Guarantor of the On Call Deposits and Term Deposits
Auditor	KPMG	Auditor of Liberty Financial

## 10. How to complain

Any complaints about your investment should be initially directed to the Investments team or Complaints Officer of Liberty Financial at Level 21, 151 Queen Street, Auckland or by telephone on 0800 003 391.

If you do not have your complaint resolved then you may contact the Supervisor at Level 6, 191 Queen Street, Auckland or by telephone on 0800 746 422.

We are a member of Financial Service Complaints Limited (FSCL), an independent external dispute resolution scheme.

If your complaint remains unresolved then you are entitled to refer your complaint to FSCL. The FSCL contact details are as follows:

Address: Level 4  
101 Lambton Quay  
Wellington 6011

Postal address: P.O. Box 5967  
Lambton Quay  
Wellington 6140

Telephone: 0800 347 257  
(04) 4723725

Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

Website: [www.fscl.org.nz](http://www.fscl.org.nz)

The FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

## 11. Where you can find more information

Further information relating to Liberty Financial and the On Call Deposits and Term Deposits is available on the Disclose Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

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

The information on the Disclose Register will be updated on a regular basis with new financial information regarding Liberty Financial and we may post additional information from time to time on our website – [www.libfin.co.nz/deposits](http://www.libfin.co.nz/deposits). Our website sets out the deposit products, terms and interest rates that are currently available.

When your Application Form and investment have been accepted by us you will be sent a notice setting out the investment details.

We will also provide you with statements of interest and any withholding tax or Approved Issuer Levy deductions in arriving at the balance of your On Call Deposits or Term Deposit investments whether interest is paid or capitalised. As a minimum you will be sent a statement monthly unless otherwise noted.

We will send you annually a withholding tax certificate detailing the interest earned and withholding tax deducted from interest payments and subsequently paid to the IRD on your behalf.

## 12. How to apply

You can make an application for deposit products that are currently available from Liberty by completing the Application Form (available on our website – [www.libfin.co.nz/deposits](http://www.libfin.co.nz/deposits)) and forwarding it to us, together with payment or evidence of payment, where payment is made electronically.

Current products, terms and interest rates are available on our website. Liberty will not accept applications for

On Call Deposits unless they have been made available for application.

Alternatively, you may arrange for the funds to be direct credited or automatically paid to us by calling 0800 003 391. You will also need to send us proof of identity if you have not previously invested with us.

No cooling off rights apply to an investment in On Call Deposits or Term Deposits.

## 13. Contact information

Liberty Financial may be contacted at:

Liberty Financial Limited  
Level 21  
151 Queen Street  
Auckland

P.O. Box 4295  
Shortland Street  
Auckland 1140

Telephone: (09) 375 0700  
Free phone: 0800 003 391

Email: [operations@libfin.co.nz](mailto:operations@libfin.co.nz)  
Website: [www.libfin.co.nz](http://www.libfin.co.nz)



[libfin.co.nz](http://libfin.co.nz)