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# CREDIT UNION CANTERBURY

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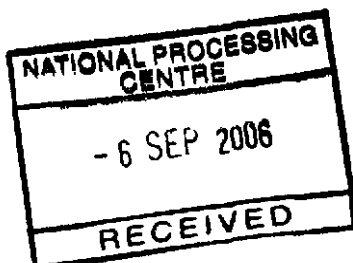
## PROSPECTUS

- relating to -

the offer of debt securities

dated the 4<sup>th</sup> day of September 2006

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### CREDIT UNION CANTERBURY

*Having its registered office at:*

Shop 32A, Northlands Mall,  
Main North Road, Papanui, Christchurch  
Ph: (03) 352 3319 Fax: (03) 352 3304  
Email: [enquiries@cuc.co.nz](mailto:enquiries@cuc.co.nz)

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**DIRECTORY****CREDIT UNION:**

Credit Union Canterbury  
 Shop 32A, Northlands Mail  
 Main North Road, Papanui  
 PO Box 5343  
 Christchurch  
 Ph (03) 352 3319 Fax (03) 352 3304

**AUDITORS:**

PricewaterhouseCoopers  
 Forsyth Barr House,  
 The Octagon  
 PO Box 5848  
 Dunedin  
 Ph (03) 470 3600 Fax (03) 470 3601

**SOLICITORS TO THE CREDIT UNION:**

Anthony Harper  
 Anthony Harper House  
 47 Cathedral Square  
 PO Box 2646  
 Christchurch  
 Ph (03) 379 0920 Fax (03) 366 9277

**BANKERS:**

Westpac Banking Corporation  
 45D Main North Road  
 PO Box 5335, Papanui  
 Christchurch  
 Ph (03) 352 4139 Fax (03) 354 0601

Lane Neave  
 Level 15, PricewaterhouseCoopers Centre  
 119 Armagh Street  
 PO Box 13149  
 Christchurch  
 Ph (03) 379 3720 Fax (03) 366 9066

New Zealand Association of Credit Unions  
 Central Fund Facility  
 Level 4, Credit Union House  
 272 Parnell Road, PO Box 37 590  
 Parnell, Auckland  
 Ph (09) 309 9551 Fax (09) 309 9571

**PRUDENTIAL SUPERVISOR:**

Trustees Executors Limited  
 Level 12,  
 45 Queen Street  
 PO Box 4197  
 Auckland  
 Ph (09) 308 7100 Fax (09) 308 7101

**PLACE WHERE REGISTER OF MEMBERS KEPT:**

Credit Union Canterbury  
 Shop 32A, Northlands Mall  
 Papanui  
 Christchurch

**SOLICITORS TO THE PRUDENTIAL SUPERVISOR:**

Dawson Harford & Partners  
 Level 4, 48 Courthouse Lane  
 Chancery  
 Auckland  
 Ph (09) 355 0088 Fax (09) 355 0089

**COMPANIES OFFICE:**

Companies Office  
 Level 5  
 3 Kingston Street  
 Private Bag 92061  
 Auckland Mail Centre  
 Auckland  
 Ph:0508 266 726 Fax:(09) 912 7787

## 1 MAIN TERMS OF OFFER

### 1.1. Name And Address Of The Credit Union

Name of Credit Union: Credit Union Canterbury (**Credit Union**)  
 Registered Office: Shop 32A, Northlands Mall, Main North Road,  
 Papanui, Christchurch

Branch Offices: Christchurch Branch: Shop 32A, Northlands Mall  
 Main North Road, Papanui  
 PO Box 5343, Christchurch  
 Ph (03) 352 3319 Fax (03) 352 3304  
 Hours: 9.00 am to 5.00 pm, Mon-Fri

Timaru Branch: Shops 11/12, Rhodestown  
 Centre  
 39 North Street  
 PO Box 305, Timaru  
 Ph (03) 688 9514 Fax (03) 688 9367  
 Hours: 9.00 am to 4.30 pm, Mon- Fri

### 1.2. Description Of The 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 over the past five years preceding the date this Prospectus was delivered to the Registrar of Companies for registration, has been to provide a co-operative savings facility for members to form a loan fund.

The principal fixed assets of the Credit Union comprise data processing equipment, furniture and fittings, located at the Credit Union's offices. The principal fixed assets are used solely for the purpose of furthering the Credit Union's objectives.

The Credit Union incurred a significant operating loss of \$64,891 for the financial year ended 31 March 2002. This operating loss caused a significant deterioration in the financial position of the Credit Union and, as at 31 March 2002, the Credit Union's liabilities exceeded its assets by \$50,862. As a result, the Credit Union underwent a significant restructuring with a view to operating profitably and has generated operating surpluses for the last three financial years ended 31 March 2006. As at 31 March 2006, the Credit Union's assets exceeded its liabilities by \$124,629. In order to protect member's funds while the Credit Union restores itself to a sound financial position, a "Stabilisation Trust Fund" has been established. Please see paragraph 8.1 for further information.

### 1.3. The Offer

This Prospectus details an offer to subscribe for \$1 fully paid-up redeemable shares (**shares**) in the Credit Union. The offer is made by the Credit Union to a section of the public, being:

- (a) Any person residing in the Canterbury District area within the region governed by the Canterbury District Council, including any such person aged 16 years or younger;
- (b) Any person who is a member of the same household as, and is a relative of, a person who has been admitted to membership and who continues to qualify for membership, of the Credit Union under paragraph (a): and

- (c) For the purposes of paragraph (b) above, the term "relative", in relation to any person, means:
- (i) The spouse of that person including any former spouse or de facto spouse;
  - (ii) Any lineal ancestor, lineal descendent, brother, sister, uncle, aunt, nephew, niece, or first cousin of that person or that person's spouse; and
  - (iii) The spouse (including any former spouse or de facto spouse) or any relative specified in subparagraph (ii).

Shareholders in the Credit Union are termed "members". Unincorporated and incorporated bodies, such as clubs, societies and companies cannot be members of the Credit Union. The Credit Union offers prospective and existing members the ability to subscribe for shares in the Credit Union.

The terms of the shares are described in detail at paragraph 1.4. A member's shareholding must be held in one or more of the share accounts offered by the Credit Union, which are described at paragraph 1.5.

The offer of the shares, being debt securities, by the Credit Union is subject to the terms of the Securities Act 1978. The Credit Union has appointed Trustees Executors Limited (**Prudential Supervisor**) as statutory trustee of the offer under this Prospectus for the purposes of the Securities Act 1978. The Prudential Supervisor's appointment and the parties' respective rights and obligations are recorded in the trust deed entered into by the parties dated 12 December 2001, as amended by a deed of variation of trust deed dated 12 December 2001 and a deed of modification of trust deed dated 21 October 2002 ("Trust Deed") and registered with the Registrar of Companies. Please refer to paragraph 7 for further information about the Trust Deed.

#### 1.4. **Shares**

Members contribute to the Credit Union by way of shares that make up the capital of the Credit Union.

##### ***Minimum Shareholding***

Each member must hold a minimum of one fully paid up share in the Credit Union. A person will cease to be a member of the Credit Union if that person fails to hold at least one fully paid up share in the Credit Union.

##### ***Maximum Shareholding***

A member cannot have or claim any interest in shares of the Credit Union exceeding the lesser of \$250,000 or 10% of total tangible assets of the Credit Union (or such other amount as determined by the provisions of the Act or the Trust Deed).

##### ***Joint Shareholding***

Shares may be held by two or more members jointly. For the purposes of the Act the person first named in the Credit Union's ledger will be deemed to be the member to whom the share was allotted.

##### ***Application For Shares***

A prospective member's initial application to subscribe for shares must be made on the Credit Union's standard application form, which is available on request from either of the Credit Union's branches.

A prospective member's application form, payment for his or her initial share subscription and evidence of identification must be presented in person by the prospective member at either of the Credit Union's branches.

The Credit Union will only accept applications from prospective members who meet the membership criteria described at paragraph 1.3 and can provide appropriate evidence of identification.

The Credit Union reserves the right to accept or decline a prospective member's application without giving any reason for its decision.

The application form also governs subsequent subscriptions for shares by the prospective member, once their application has been accepted. All payments received by the Credit Union from or for the account of a member are deemed to be an application by that member to subscribe for additional shares in the amount of the payment received.

#### ***Payment For Shares***

The shares are of a fixed amount, being \$1, and cannot be allotted to a member until fully paid-up in cash. Subscriptions for shares not in whole dollar amounts are credited to the member's account and are deemed to be an advanced payment on a subscription for an additional share.

Subscriptions for shares are payable in the manner required by the Credit Union, which may include, payment in cash or by way of personal or bank cheque, direct credit, automatic payment, salary or wage deduction or as otherwise agreed in writing by the Credit Union. Many businesses will deduct member's payments directly from their salary or wages on request and direct credit the payment to his or her share account(s) with Credit Union. This arrangement may be put in place by the Credit Union with businesses, with their prior agreement, if members so request.

The shares offered under this Prospectus rank equally with all other shares issued by the Credit Union.

#### ***Voting Rights***

On every matter determined by a vote of members of the Credit Union, each member is entitled to vote. However, each member has one vote only, irrespective of the number of shares held by that member or whether the shares are held jointly with any other person.

Matters on which members may vote at the Credit Union's annual general meeting include the appointment of directors and trustees of the Credit Union, any amendment to the rules of the Credit Union (**Rules**), including any alteration to the Credit Union's maximum fee structure. For further information about the Rules please see paragraph 2.2.

A special general meeting of members must be called by the Chairperson of the Credit Union on application of 100 members of the Credit Union to consider the business proposed by the members in their application. The directors, the trustees or supervisory committee of the Credit Union may also resolve to call a special general meeting of members.

The Prudential Supervisor may also call a general meeting of members to raise and discuss any issue relating to the administration of the affairs of the Credit Union.

The Rules do not allow a member to vote by proxy.

#### ***Statement Of Shareholding***

The Credit Union does not issue share certificates to its members. All deposits and withdrawals from a member's share account will be entered in the member's share account.

The Credit Union will on request, and not less than every six months during the period of membership, forward a statement of account to each member of their shareholding in the Credit Union.

A member may use the Credit Union's automated telephone service, secure internet service or cellular TXT service to establish the balance of his or her share accounts. A member must obtain a log-in identification and password from the Credit Union before using the automated telephone service or secure internet service for the first time. A member must register with the Credit Union for the use of the cellular TXT service. These automated services are generally available 24 hours a day, seven days a week.

#### ***Transfer Of Shares***

Shares in the Credit Union are not transferable except where a member has nominated in writing that a person is to receive the member's shareholding in the Credit Union on the member's death, or any moneys payable by the Credit Union to the member, at that time. However, any such nomination can only provide that a person receive that part of the member's shareholding, or moneys payable by the Credit Union, up to a maximum of \$2,000. Furthermore, to be legally enforceable, any such nomination must be signed by the member and delivered or sent to the registered office of the Credit Union, or made in the register of members kept at the Credit Union's registered office. Please refer to paragraph 2.3 for a further explanation of the register of members.

#### ***Withdrawal From Membership***

A member may withdraw from membership of the Credit Union at any time. All amounts paid on shares by the withdrawing member, plus any returns owed, will be paid to the withdrawing member as funds become available but only after deducting all amounts due from the member to the Credit Union. The terms outlined under the heading "Withdrawals" at paragraph 1.5 will apply to payments made to a withdrawing member.

#### ***Death Or Bankruptcy***

When a member dies, the survivor or survivors where the deceased was a joint holder of the shares, or the executors/administrators of the deceased's estate where the deceased was the sole holder of the shares, will be the only persons recognised by the Credit Union as having any title to the deceased's interest in the shares. In the case of the death of a joint holder of the shares his or her estate shall remain liable in respect of any share which has been jointly held by that member with other persons.

Where a member dies or becomes bankrupt, the member's personal representative or the assignee of the member's estate, as the case may be, will be entitled, upon the production of such evidence as may be required by the board of the Credit Union, to be paid all amounts paid on shares by the relevant member, plus any returns owed, but only as funds become available and only after deducting all amounts due from the relevant member to the Credit Union. The terms outlined under the heading "Withdrawals" at paragraph 1.5 will apply to payments made in this case.

A member may nominate that a person is to receive his or her shareholding and any other moneys payable by the Credit Union to the member on his or her death, in accordance with the terms outlined under the heading "Transfer of Shares" above.

#### ***Non-Qualifying Members***

Should a member cease to meet the membership criteria outlined at paragraph 1.3, or fail to operate at least one share account (described at paragraph 1.5) during any twelve month period, that member will be deemed to be a "non-qualifying member".

A non-qualifying member may, subject to the Rules and the provisions of the Act, purchase shares and receive loans. A loan to a non-qualifying member may not exceed the shares held by that member in the Credit Union.

The number of non-qualifying members must not exceed 10% of the total membership of the Credit Union.

If the number of non-qualifying members exceeds 10% of the total membership of the Credit Union, the Rules authorise the board of directors to terminate the membership of as many non-qualifying members as is necessary to reduce the number of non-qualifying members to 10% of the total membership of the Credit Union. In exercising this power the Credit Union will first terminate the membership of those non-qualifying members it considers to have the least involvement in the Credit Union or, if unable to draw such a distinction, non-qualifying members will be selected by ballot.

Following the termination of a non-qualifying member's membership, that member will be paid all amounts paid on shares by the member, plus any returns owed but only as funds become available and only after deducting all amounts due from the member to the Credit Union. The terms outlined under the heading "Withdrawals" at paragraph 1.5 will apply to payments made in this case.

#### ***Expulsion From Membership***

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

All amounts paid on shares, plus any returns owed, will be paid to an expelled member as funds become available and only after deducting all amounts due from the member to the Credit Union. The terms outlined under the heading "Withdrawals" at paragraph 1.5 will apply to payments made to withdrawing or expelled members.

#### ***Disputes***

Every dispute between a member and the Credit Union, including disputes as to continuation of membership, must, on application to the Credit Union, be settled by arbitration in accordance with the Rules.

### **1.5. Share Accounts**

A member's shareholding must be held in one or more of the share accounts operated by the Credit Union. The member must nominate in writing which share account(s) their shareholding is to be held in. Each share account may offer differing terms and conditions as to return, the minimum amount of shares required to be held in that account, the term of investment, the timing of repayment and the methods of withdrawal and subscription.

The rate of return on the shares is dependent on the type of share account in which the shares are placed, in particular the terms and conditions, the rate of return offered at the time of application, the minimum amount of shares required to be held, the term of the investment and the timing of repayment, of the relevant share account. The rate of return on the shares is also dependent on the profitability of the Credit Union.

Details of the share accounts currently operated by the Credit Union as of the date of this Prospectus, including the terms and conditions, the rate of return at the time of application (or how that rate may be calculated), the minimum amount of shares required to be held, the term of the investment, the timing of repayment and the methods of withdrawal, are generally set out below and in more detail in the Third Schedule.

#### ***Changes To Share Accounts***

The board of the Credit Union reserves the right (subject to any restriction contained in the Act, the Trust Deed, its Rules or otherwise at law) to vary the rate of return, the terms and conditions, the minimum amount of shares required to be held, the term of the investment, the timing of repayments and the methods of withdrawal and subscription, in respect of any share account offered. Any such variation will be

notified to members by notice displayed at the Credit Union's offices, and will be included in the Credit Union's newsletter which is distributed to all members.

#### ***Term Share Accounts***

It is the board of the Credit Union's intention that shares placed in a term share account will earn a monthly return at the rate specified in the account application form. Please refer to the Third Schedule for details of the conditions, rates and terms of the term share accounts offered by the Credit Union as at the date of this Prospectus.

#### ***On Call And Notice Of Withdrawal Accounts***

It is the board of the Credit Union's intention that shares placed in on call and notice of withdrawal accounts will, subject to the board of the Credit Union's absolute discretion to vary the rate of return, receive an annual return from the profits of the Credit Union. Some on call and notice of withdrawal accounts are transactional accounts and may not earn a return.

The method of calculating the rate of return on the Credit Union's on call and notice of withdrawal accounts, together with the terms and conditions of these accounts as at the date of this Prospectus is set out in the Third Schedule.

#### ***Special Share Accounts***

It is the board of the Credit Union's intention that shares placed in a special share account may either earn a monthly return or entitle the member to receive an annual return from the profits of the Credit Union.

The method of calculating the rate of return on the Credit Union's special share accounts, together with the terms and conditions of those accounts as at the date of this Prospectus is set out in the Third Schedule.

#### ***Maintenance Of Returns***

The maintenance of the rate of return paid, if any, is largely dependent on annual surpluses being earned through the ongoing profitability of the Credit Union. The amount of any surplus available for distribution to members is also subject to the obligation of the Credit Union to establish and maintain a general reserve and prudential reserve.

The Credit Union has a statutory obligation to maintain a general reserve. The current obligation in this regard is to transfer an amount equal to 5% of the Credit Union's gross income from the Credit Union's interest and rent receipts to the general reserve until the general reserve reaches and is maintained at 5% of the total assets of the Credit Union.

The Credit Union is required by the Trust Deed to maintain a prudential reserve, which is described under the heading "Prudential Reserve" at paragraph 7.1.

The general reserve and prudential reserve cannot be utilised by the Credit Union for the payment of returns without the consent of the Prudential Supervisor and, in the case of the general reserve, the Registrar of Friendly Societies and Credit Unions.

#### ***Payment Of Returns***

Returns payable on a member's shares will, unless otherwise advised in writing or provided in the terms of the relevant share account, be credited to the member's share accounts at such intervals as is provided in the terms of the accounts. Only the Credit union is liable to pay the returns on the shares.

#### ***Fees And Charges***

In addition to the costs of the shares, members may be required to pay fees and charges on the share accounts operated by them.

The types, level and method of calculating the fees and charges payable on each of the share accounts at the date of this Prospectus are set out in the Third Schedule. Prospective and existing members may contact the Credit Union for a schedule of current maximum fees and charges.

### ***Withdrawals***

Subject to the provisions of the Act, members operate their share accounts in a similar manner to bank accounts. While shares are usually available to be withdrawn at call, the Credit Union has the right at any time to require a sixty day notice period for withdrawal.

Methods of withdrawal available to members may include presenting signed withdrawal slips at one of the Credit Union's offices during office hours, by making a withdrawal request at any time via the Credit Union's automated telephone system or secure internet service, by using an ACCESSCARD (a debit card) or ACCESSCREDIT card through the EFTPOS network system and at certain ATMs, direct debit, automatic payment or cheque. The methods of withdrawal that may be available to a member in respect of each share account as at the date of this Prospectus are specified in the Third Schedule.

If a withdrawal of shares would reduce a member's paid-up shareholding in the Credit Union to less than the member's total liability (including any contingent liability) to the Credit Union, then:

- (a) In the case of a non-qualifying member, the withdrawal will not be permitted; and
- (b) In any other case the withdrawal will be permitted only at the discretion of the board of the Credit Union.

If the Credit Union fails, on written demand, to pay money borrowed by it, the Credit Union cannot make loans or permit withdrawals. The Credit Union is not entitled at law, to consent to any withdrawals where the Credit Union is unable to meet its debts as they fall due.

### ***Maturity***

Shares in a term share account or special share account will mature on their respective maturity date, as described in the Third Schedule, or as otherwise varied from time to time by the board of the Credit Union.

If a member has given instructions for any moneys held in a term share account or special share account to be automatically reinvested at the end of the term, the reinvestment funds will earn the return applicable at the time of reinvestment to the share account nominated. The Credit Union will not be required to give a member notice of the reinvestment of their funds, unless the Credit Union has received notice in writing from the member that notice of reinvestment is required.

Shares in on call and notice of withdrawal accounts are available on call or on notice, as described in the Third Schedule, and do not have a maturity date.

### ***Early Repayment***

The policy of the Credit Union is to not make repayments prior to maturity. In the event of financial hardship or extraordinary circumstances, written application may be made to the board of the Credit Union, who may exercise its discretion to repay the funds in whole or in part. In such cases the return payable will be subject to adjustment in accordance with the terms of the share account.

### ***Taxation***

The Credit Union is required by law, to deduct Resident Withholding Tax (**RWT**) from any returns paid or credited to any person resident in New Zealand, and to account

for this deduction to the Inland Revenue. Provided members supply the Credit Union with their Inland Revenue number (**IR number**) and nominate the RWT rate at which they wish deductions to be made, RWT will be deducted at the rate nominated. In the event that:

- (a) A member omits to notify the Credit Union of their IR number, the Credit Union is required by law to deduct RWT at 39% for such other amount as required by law);or
- (b) A member has notified the Credit Union of their IR number, but omits to nominate at which RWT rate they wish RWT to be deducted, RWT will be deducted at 19.5% (or such other amount as required by law).

The Credit Union is not required to deduct RWT from any member who holds a valid Certificate of Exemption. Members who hold a Certificate of Exemption are required to forward a copy to the Credit Union.

An investment in shares in the Credit Union will have taxation implications. The effect of taxation will vary according to each member's personal circumstances. Prospective and existing members are encouraged to obtain independent professional advice on their personal circumstances.

#### 1.6. **Loans**

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

Loans to members are subject to the terms of the Act, the Rules and the Trust Deed, which may from time to time specify the maximum amount which may be loaned to any member, the maximum term of loans or the lending to asset ratio to be observed by the Credit Union.

As at the date of this Prospectus, the indebtedness of a member to the Credit Union must not exceed:

- (a) 10% of the total tangible assets of the Credit Union, in the case of a secured loan;
- (b) 5% of the total tangible assets of the Credit Union, in the case of an unsecured loan; or
- (c) Such lesser amount as the board of the Credit Union may from time to time determine.

As at the date of this Prospectus, the maximum period which a loan by the Credit Union to a member must be repaid is fixed by the Credit Union but must not exceed:

- (a) Ten years in the case of a secured loan;
- (b) Five years in the case of an unsecured loan; or
- (c) Such lesser period as the board of the Credit Union may from time to time determine.

The Act enables the Minister of Finance to establish a limit on loans by the Credit Union. It is an offence for the Credit Union to make a loan in contravention of this limit on loans. However, at date of this Prospectus, no limit on loans has been imposed by the Minister of Finance on the Credit Union.

All applications for loans must be made on the form prescribed by the Credit Union from time to time. The member will be required to detail in the application form the purpose for which the loan is desired, the security offered (if any) and such other information as the Credit Union may require. A loan application form can be obtained from the Credit Union.

For further details of the Credit Union's terms and conditions of lending, please contact the Credit Union.

The board of the Credit Union reserves the right to decline any application for a loan without giving any reason.

## **2 DETAILS OF REGISTRATION OF CREDIT UNION**

### **2.1 Registration**

The Credit Union was registered on 3 April 1981 as a specially authorised society under the provisions of the Friendly Societies Act 1909. The Friendly Societies Act 1909 was repealed by the Act and the Credit Union is now deemed to be registered under the Act. The Credit Union's registration number is 1802891 (formerly 66/755).

A public file relating to the registration of the Credit Union is kept by the Companies Office. To view this file or any part of it you can either contact the Companies Office by phone 0508 266 726 or view the Companies Office's website at [www.companies.govt.nz](http://www.companies.govt.nz), select "Search Other Registries" and search the Credit Union's name or registration number (details above).

### **2.2 Rules Of Operation Of The Credit Union**

The Credit Union operates under its Rules, which are registered with the Registrar of Friendly Societies and Credit Unions. Any person may inspect a copy of the Rules upon request, during office hours, at the registered office of the Credit Union or via the Companies Office's website (details above). The Credit Union will not charge an inspection fee for producing or photocopying the Rules

The Rules of the Credit Union may be amended at a general meeting of the members of the Credit Union on the vote of 75% of the members present and voting at the meeting.

### **2.3 Register Of Members**

A register of the members of the Credit Union is kept at the registered office of the Credit Union. The register is open to inspection by any member during the Credit Union's office hours. The Credit Union will not charge an inspection fee for producing the register.

### **2.4 Other Statutory Information**

Application has not and will not be made to New Zealand Exchange Limited for permission to quote the Credit Union's shares on the New Zealand Exchange or otherwise.

## **3 DIRECTORATE AND ADVISERS**

### **3.1 Directors And Officers**

There may not be less than seven nor more than nine directors of the Credit Union. The directors of the Credit Union serve voluntarily and are required to be members of the Credit Union.

The directors are elected by members at the annual general meeting of members and report to the members annually. The directors serve a term of two years, retire by rotation, and are eligible for re-election upon the expiry of their current term of appointment.

The Rules provide that in the event of a vacancy on the board caused by disqualification, the board may appoint a member to fill the vacant office and that member will hold office until the next election and qualification of a successor.

The directors elect from their number the following officers: Chairperson, Deputy-Chairperson, Secretary, and Treasurer.

The names, principal places of residence and qualifications of the current directors of the Credit Union are included in the Fifth Schedule.

All directors can be contacted at the registered office of the Credit Union.

#### ***Employee Directors***

No directors of the Credit Union are also employees of the Credit Union.

#### ***Director Expenses***

The Rules provide for the directors to be reimbursed any legitimate expenses, including loss of salary or wages, arising from their attending to the business of the Credit Union.

### **3.2 Trustees**

There must be three trustees of the Credit Union. The trustees serve voluntarily. Only directors of the Credit Union who have attained the age of twenty years are eligible to be trustees. Further, the secretary and treasurer of the Credit Union may not be trustees.

The trustees report to members annually.

The trustees serve a term of two years, retire by rotation, and are eligible for re-election upon the expiry of their current term of appointment. The members of the Credit Union elect the trustees from the directors of the Credit Union at the annual general meeting of members of the Credit Union. No trustee may be elected for a term exceeding his or her term then remaining as a director.

The trustees of the Credit Union as at the date of this Prospectus are identified in the Fifth Schedule.

The Credit Union is not an incorporated body. Instead, the Act provides that all property belonging to the Credit Union is vested in the trustees, for the use and benefit of the members of the Credit Union and all persons claiming through the members of the Credit Union according to the Rules.

### **3.3 Audit Committee**

The Credit Union is required by the Rules to have an Audit Committee. The Audit Committee is appointed by the board of the Credit Union and consists of two or more members of the Credit Union, at least one of whom must also be a director of the Credit Union.

As at the date of this Prospectus, Peter Donald Riach, Denise Francis George and David Hall, all being directors of the Credit Union, have been appointed to the audit committee of the Credit Union.

The Audit Committee can be contacted at the registered office of the Credit Union.

The Audit Committee monitors the trustees and directors compliance with the Act, the Rules and all other applicable operating procedures and legislation.

### **3.4 Auditor**

The Credit Union has appointed PricewaterhouseCoopers as its auditor. The auditors' contact details are included in the Directory.

A copy of the auditors' report is attached as the Second Schedule.

**3.5 Solicitors**

The Credit Union's solicitors are Anthony Harper and Lane Neave. Anthony Harper's and Lane Neave's contact details are included in the Directory.

The Credit Union has appointed Lane Neave to assist with the preparation of this Prospectus.

**3.6 Prudential Supervisor**

The Prudential Supervisors contact details are included in the Directory.

**3.7 Bankers**

The Credit Union's banker is Westpac Banking Corporation.

The Credit Union also places funds on deposit and uses transactional facilities with the New Zealand Association of Credit Unions (**NZACU**) Central Fund Facility. The NZACU Central Fund Facility is not a registered bank.

The contact details of the Credit Union's banker and the NZACU Central Fund Facility are included in the Directory.

**4 MATERIAL CONTRACTS**

No material contracts were entered into by the Credit Union in the two years preceding the date this Prospectus was delivered to the Registrar of Companies for registration.

**5 PENDING PROCEEDINGS**

There are no legal proceedings or arbitrations pending at the date this Prospectus that may have a material adverse effect on the Credit Union.

**6 RANKING OF SECURITIES**

The aggregate amount of securities, being the shares issued by the Credit Union to its existing members, that ranked in point of security equally with the shares offered by the Credit Union to potential and existing members pursuant to this Prospectus, was \$2,215,661 as at 31 March 2006 (\$2,200,670 as at 31 March 2005).

There are no securities that are secured by a charge over the property of the Credit Union that rank in point of security ahead of the shares offered by the Credit Union to potential and existing members pursuant to this Prospectus.

The repayment of moneys owing on members' shares is secured to the extent permitted by law by a first ranking equitable assignment by way of security over the whole of the Credit Union's present and future undertaking, property, assets and revenues, including the proceeds received for the subscription of shares and unpaid share capital (if any). The equitable assignment by way of security has been granted in favour of the Prudential Supervisor under the Trust Deed, which has been registered with the Registrar of Companies. Please refer to paragraph 7.1 for further information about the Trust Deed.

As a consequence of and in addition to the first ranking equitable assignment by way of security, the Credit Union has granted to the Prudential Supervisor a security interest in all its present and after-acquired personal property and the Prudential Supervisor has registered a financing statement under the Personal Property Securities Act 1999 in respect of the same. The grant of the security interest was recorded and confirmed in the Trust Deed. Please refer to paragraph 7.1 for further information about this security.

A claim by a member who had given notice of withdrawal of their shares prior to liquidation of the Credit Union would rank ahead of claims by any other creditors. However, if, at the time of the Credit Union being placed in liquidation, a member had not made a claim for withdrawal of the member's shares and the Prudential Supervisor had not exercised its powers under the Trust Deed to accelerate the repayment of the moneys owing in respect of the shares then the member would be treated as a shareholder in the liquidation and would rank behind secured and unsecured creditors (if any). With the prior written consent of the Prudential Supervisor, the Credit Union may grant a security interest over or affecting all or any part of its assets, and any such security interests may take priority to the members' claims for withdrawal secured by the Trust Deed.

## 7 DETAILS OF TRUST DEED AND OTHER RESTRICTIONS ON THE CREDIT UNION

### 7.1 Trust Deed

The Credit Union has appointed the Prudential Supervisor the statutory trustee of the offer of shares detailed in this Prospectus for the purposes of the Securities Act 1978. The Prudential Supervisor's appointment and the parties' respective rights and obligations are recorded in the trust deed between the parties dated 12 December 2001, as modified by a deed of variation of the trust deed dated 12 December 2001 and a deed of modification of the trust deed dated 21 October 2002.

The following is a summary of the provisions of the Trust Deed. Investors requiring further information are referred to the Trust Deed itself.

#### ***Equitable Assignment By Way of Security***

The Credit Union's grant of an equitable assignment by way of security to the Prudential Supervisor is recorded in the Trust Deed. Please refer to paragraph 6 for further information about the equitable assignment by way of security.

#### ***Security Interest In Personal Property***

The Credit Union's grant of a security interest in all its present and after-acquired personal property, including the Credit Union's present and future accounts receivable and all the Credit Union's present and future right in relation to any accounts receivable, to the Prudential Supervisor is recorded in the Trust Deed. Please refer to paragraph 6 for further information about the security interest in the Credit Union's personal property.

#### ***Further Charges***

Under the Trust Deed, the Credit Union has covenanted that it will not grant any charge or other security interest in priority to or ranking equally with the equitable assignment by way of security granted in favour of the Prudential Supervisor, Without the Prudential Supervisor's prior written consent.

#### ***Prudential Reserve***

The Credit Union is required by the Trust Deed to maintain a prudential reserve. The general reserve comprises part of the prudential reserve. The Trust Deed requires that the Credit Union transfer an amount equal to 10% of the Credit Union's gross income from interest and rent receipts to the prudential reserve until the prudential reserve reaches and is maintained at 10% of the total tangible assets of the Credit Union.

The Trust Deed provides that the Credit Union may take into account the Stabilisation Trust Fund, described at page 18, for the purposes of calculating the prudential reserve ratio. Without the Stabilisation Trust Fund, the Credit Union does not currently meet the above obligation.

### **Financial Ratios**

Under the Trust Deed the Credit Union has further covenanted, subject to the terms and conditions contained in the Trust Deed, not to:

- (a) Permit its total liabilities to exceed 90% of its total tangible assets (**Total Liabilities Limit**);
- (b) Permit its secured liabilities to exceed 1% of its total tangible assets;
- (c) Permit its liquid assets to be less than 8% of its total tangible assets (**Liquid Assets Ratio**);
- (d) Permit the total amount of interest or dividends paid in cash over a six month period or more, to exceed cash actually received over the same period;
- (e) Fail to ensure that it has sufficient assets at times to discharge all debts as they fall due;
- (f) Permit the aggregate of its secured investments, unsecured investments and listed securities, to exceed 15% of its total tangible assets;
- (g) Permit the aggregate of its unsecured investments to exceed 1% of its total tangible assets (**Unsecured Investment Ratio**).

The Credit Union's ability to comply with the financial ratios contained in the Trust Deed is dependent on a Stabilisation Trust Fund. The deed of variation to the trust deed dated 12 December 2001 provides that the Prudential Supervisor may take into account the assets of the Stabilisation Trust Fund when determining if the Credit Union has complied with the financial ratios imposed on the Credit Union by the Trust Deed. For further information about the Stabilisation Trust Fund, please refer to the risk disclosure "Stabilisation Trust Fund" at paragraph 8.1.

For the purposes of calculating the Total Liabilities Limit and prudential reserve, the Prudential Supervisor has agreed that the Credit Union may deduct from its assets any loan secured by shares and deduct from its liabilities the amount of shares held as security for a loan. This permission was granted on 30 November 2005 for the period from 1 November 2005 to 30 November 2006.

The Credit Union has a \$400,000.00 overdraft facility with the NZACU Business Services Division Trust. There are no conditions attached to this facility. The Prudential Supervisor by facsimile dated 28 February 2006, agreed that for the purposes of calculating the Liquid Asset Ratio, the Credit Union may include as a "liquid asset" the unused portion of this overdraft facility. As at the date of this Prospectus the amount drawn down on the overdraft facility is \$63,000.00.

The Credit Union has purchased subordinated base capital notes from the NZACU Business Services Division Trust. The Prudential Supervisor has agreed that \$75,694 of the total subordinated base capital notes purchased by the Credit Union can be excluded from the calculation of the Unsecured Investment Ratio. The terms of the subordinated base capital notes are set out at note 8 to the most recent audited financial statements of the Credit Union which are for the year ended 31 March 2006.

### **Further Covenants**

The Credit Union gives a number of other covenants to the Prudential Supervisor under the Trust Deed in order to better assure the performance of its obligations to its members. Some of the most important covenants which the Credit Union has given include:

- (a) To comply with the Act;

- (b) To meet all its registration, filing and reporting obligations;
- (c) To provide copies of all communications to and from regulatory bodies;
- (d) To meet all obligations to security-holders;
- (e) To notify the Prudential Supervisor immediately it becomes aware that an event has occurred which would allow the Prudential Supervisor to review the Credit Union's compliance with the Trust Deed ("Review Event") or to enforce its rights under the Trust Deed ("Enforcement Event");
- (f) To maintain its register of members, comply with all its obligations, pay its debts in a timely manner and conduct its business in a proper and efficient manner;
- (g) To comply with the Prudential Standards Manual prepared by the NZACU with the approval of the Prudential Supervisor;
- (h) Not to declare dividends or (except with the consent of the Prudential Supervisor) issue shares while in breach of the Trust Deed or Securities Act 1978;
- (i) Not to change the Rules without the prior consent of the Prudential Supervisor;
- (j) Not to acquire or dispose of any asset from or to, or engage the services of, any "associated person" (including directors of the Credit Union) other than for full market value, on an arms-length basis, in the ordinary course of the Credit Union's business, and only after having given not less than ten business days' notice of its intention to do so to the Prudential Supervisor; and
- (k) To promptly provide to the Prudential Supervisor written notice of all present and after-acquired serial numbered personal property and such other details as are necessary to enable the registration of a valid financing statement or financing change statement in respect of the Credit Union's personal property by the Prudential Supervisor.
- (l) To ensure that all debts or liabilities owed by the Credit Union to third parties other than normal trade creditors, are subordinated debts of the Credit Union.

The Credit Union is also required to furnish the Prudential Supervisor with half-yearly unaudited and annual audited financial statements prepared in accordance with generally accepted accounting practice.

The directors of the Credit Union are also required to furnish the Prudential Supervisor with a quarterly certificate detailing the Credit Union's compliance with the ratios set out in the Trust Deed and whether any security interests have been created or permitted to exist in respect of the Credit Union's personal property together with monthly internal accounts (except in respect of those months which end a quarter in respect of which a quarterly certificate is supplied).

***Prudential Supervisor's Obligations***

The Prudential Supervisor is appointed to act in the interests of the members of the Credit Union, by monitoring the Credit Union's compliance with its obligations under this Prospectus, the Rules, the Trust Deed and the Act. The Prudential Supervisor is under a duty to exercise reasonable diligence to ascertain whether or not the Credit Union has:

- (a) Committed any breach of the Trust Deed or any of the conditions of issue of the shares; and
- (b) Sufficient assets to meet its obligations to members, as they fall due.

The Trust Deed gives the Prudential Supervisor wide ranging powers to enforce the Credit Union's obligations under the Trust Deed. For example, if the Credit Union breaches the Trust Deed then the Prudential Supervisor may declare a "Review Event" or an "Enforcement Event" under the Trust Deed. Should the Prudential Supervisor declare an Enforcement Event then the Prudential Supervisor may elect to call up all amounts owing under the Trust Deed and/or appoint a receiver to deal with the Credit Union's property.

#### ***Breaches Of Trust Deed***

The Trust Deed requires that the Credit Union obtain the consent of the Prudential Supervisor to the amendment of its Rules. On 14 December 2005 the Credit Union registered with the Registrar of Friendly Societies and Credit Unions an amendment to its Rules (the amendment having been approved at a special general meeting of the members of the Credit Union on 12 October 2005). The Credit Union forgot to obtain the Prudential Supervisor's approval of the amendments to the Rules, thus breaching the Trust Deed.

During the period May and June 2006, the Credit Union operated at loss. During this period the Credit Union paid returns on shares to members (approximately \$15,821) in excess of the surplus earned by the Credit Union for the current financial year (ending 31 March 2007) to date (at that time \$nil) and such payments were from the reserves or capital of the Credit Union. This was done without the consent of the Prudential Supervisor, thus breaching the Trust Deed.

The Trust Deed provides that the Credit Union cannot without the consent of the Prudential Supervisor offer or issue shares whilst in breach of the Trust Deed or the Act. In the above instances, the Credit Union continued to offer and issue shares while in breach of its Trust Deed obligations.

While the Prudential Supervisor has not waived the breaches described above, it has consented to the Credit Union offering and issuing shares under this Prospectus.

The Prudential Supervisor did consent to the Credit Union paying returns on its term shares for July 2006 where the above circumstances continued to exist. However, the Credit Union has, once again, operated profitably from July 2006 and the consent was not required.

#### **7.2 Prudential Supervisor's Statement**

There is attached as the Fourth Schedule, a statement by the Prudential Supervisor that at the date of this Prospectus:

- (a) The offer of the shares in the Credit Union, complies with any relevant provisions of the Trust Deed; and
- (b) The Prudential Supervisor does not guarantee repayment of any moneys that may become payable by the Credit Union to any member.

#### **7.3 Other Restrictions On The Credit Union**

A number of statutory restrictions are imposed by the Act on the Credit Union. Those principal restrictions not addressed elsewhere in this Prospectus are outlined below:

##### ***Borrowing***

The Credit Union's ability to borrow is restricted by sections 101(2) and 108 to 117 of the Act.

Section 101(2) of the Act provides that a credit union may take no action or do anything which is not directly pursuant to or incidental to its objects or in furtherance of them or is in contravention of the Rules or the Act. The objects of the Credit Union are set out at paragraph 1.2.

Section 108 of the Act provides that the Credit Union may not accept deposits except by way of subscriptions for its shares. A "deposit" is defined as a sum of money that is to be repaid and which is not referable to the provision of property or services or the giving of security.

The Credit Union's ability to borrow is restricted by way of subscriptions for its shares. Section 109 of the Act provides that the Credit Union may not without the Registrar of Friendly Societies and Credit Union's written consent:

- (a) Accept a bank overdraft for a period exceeding six months;
- (b) Borrow money from another Credit Union, or the NZACU, for a period exceeding one year.

Section 109 of the Act further provides, that any Credit Union that borrows and does not repay any amount or amounts which exceed 30% of its paid up capital, commits an offence under the Act.

#### ***Land And Buildings***

Section 113 of the Act provides that the Credit Union may only hold an interest in and or buildings solely for the purpose of conducting its business.

The Credit Union may hold an interest in land as security for a loan to a member. However, if the Credit Union, as creditor under any such loan, acquires an interest in the land, it must dispose of that interest as soon as possible and, in any event, within six months unless the Registrar of Friendly Societies and Credit Unions allows a longer period.

#### ***Investment***

Under section 117 of the Act the Credit Union may invest its funds only in accordance with the Trustee Act 1956 or with an Association of Credit Unions of which it is a member (in the Credit Union's case, the NZACU) or with a bank.

## **8 OTHER TERMS OF OFFER AND SECURITIES**

### **8.1 Risks**

The principal risks of a member investing in shares in the Credit Union, which are not set out elsewhere in this Prospectus, are as follows:

#### ***Competition***

Under the Act the Credit Union is restricted as to the class of persons it may offer shares in the Credit Union to and accept as members. This restriction is called the Credit Union's "common bond", and is specified in the Rules and at paragraph 1.3. As the Credit Union is competing with banks and other financial institutions operating in the national or international savings and loans markets, restrictions on membership may affect the Credit Union's profitability and the returns payable to members.

Further, as the Credit Union's common bond is centred around the Canterbury District, the financial performance of the Credit Union may be subject to any regional economic downturn which in turn effects the members' ability to invest in the Credit Union or repay loans from the Credit Union.

#### ***Stabilisation Trust Fund***

The Credit Union incurred a significant operating loss for the financial year ended 31 March 2002. This operating loss caused a significant deterioration in the financial

position of the Credit Union. At the request of the Credit Union, the NZACU Stabilisation Fund ("NZACUSF") agreed from time to time to provide solvency support to the Credit Union by way of settlement of the Stabilisation Trust Fund with the Prudential Supervisor. The purpose of the Stabilisation Trust Fund is to better protect members' funds by assisting the long term viability of the Credit Union.

The trustees of the NZACU, the managers of the NZACUSF and the Prudential Supervisor have entered into a trust deed relating to the Stabilisation Trust Fund. Under this trust deed the Prudential Supervisor has been appointed the trustee and the Credit Union is the principal beneficiary of the Stabilisation Trust Fund.

The capital of the Stabilisation Trust Fund primarily:

- (a) Must be used to pay the Credit Union the face value of all shares on issue in the event that a Credit Union is liquidated or the Prudential Supervisor, as trustee of the Stabilisation Trust Fund, accepts a direction from the NZACU to do so; and
- (b) May be used to pay the Credit Union such amount as is reasonably necessary to restore the Credit Union to a sound financial position or remedy a breach of the Trust Deed, if a Review Event has been declared and is then subsisting.

The Credit Union's ability to comply with the financial ratios contained in the Trust Deed is dependent on the Stabilisation Trust Fund. Please refer to "Financial Ratios" at paragraph 7.1 for further information.

For further information on the Stabilisation Trust Fund please see note 22 to the Credit Union's audited financial statements for the year ended 31 March 2006.

As at the date of this Prospectus, while the operation of the Credit Union has improved and the Credit Union is generating operating surpluses, the ongoing operation of the Credit Union remains dependent on the support of the NZACUSF and the presence of the Stabilisation Trust Fund. Should the support of the NZACUSF be withdrawn then the Credit Union may have to be wound up.

The NZACUSF's support is subject to the terms of the Solvency Support Facility Agreement and associated Letter of Offer. A number of obligations have been imposed on the Credit Union by the NZACUSF, generally including:

- (a) Furnish the NZACUSF with financial information on request;
- (b) Provide the NZACUSF with monthly, half year and annual financial reports;
- (c) Consult with the NZACUSF on the range of financial and insurance products offered by the Credit Union;
- (d) Provide the NZACUSF with a regular updated business plan;
- (e) Undertake a risk management review;
- (f) Consult with the NZACUSF on any major business decisions or capital expenditure over \$5,000; and
- (g) Not dispose of any assets or incur any liabilities which could have a material adverse effect on the Credit Union's financial position.

The directors of the Credit Union are confident that the profitability of the Credit Union will continue to improve over time as the full impact of the restructuring is realised. However, a full recovery may take several years.

***Net Deficit - Fundamental Uncertainty***

As a consequence of the Credit Union's financial position as at 31 March 2002, the Credit Union's auditors, PricewaterhouseCoopers, highlighted a fundamental uncertainty regarding the "going concern" assumption applied when preparing the audited financial statements for the Credit Union for that year. The summary of financial statements of the Credit Union attached as the First Schedule include figures for the year ended 31 March 2002.

The going concern assumption, when applied to the Credit Union, is dependent on the existence of the Stabilisation Trust Fund. Should the support of the NZACUSF be withdrawn then the Credit Union may have to be wound up.

The going concern assumption is also dependent on the continued support of the members of the Credit Union and the ongoing profitability of the Credit Union.

***Inadequate Reserves***

As at 31 March 2006, the Credit Union's total reserves were \$124,629, being 4.55% of the Credit Union's total assets (3.67 % as at 31 March 2005). If the Registrar of Friendly Societies and Credit Unions considers that the Credit Union is failing to maintain adequate reserves, the Registrar may suspend the Credit Union from trading.

***Members' Returns***

The rate of return on the shares is dependent on annual surpluses being earned through the profitability of the Credit Union.

The Credit Union recorded a net deficit for the year ended 31 March 2002 of \$64,891. Due to this deficit, the directors of the Credit Union agreed with the Prudential Supervisor that returns on members' shares may be reduced or possibly forgone with a view to giving preference to building the Credit Union's reserves and restoring the Credit Union to a sound financial position. The rate of return on the shares is therefore dependent on the ability of the board of the Credit Union and senior management to manage the Credit Union profitably and restore it to a sound financial position.

***General Market Risk***

Like all businesses, the financial performance of the Credit Union may be affected by the state of the New Zealand and international economies. Economic slowdowns will generally have a negative impact on demand for goods and services and thus, income, which may in turn adversely affect a member's ability to invest in shares in the Credit Union and to meet his or her loan payment obligations to the Credit Union. This in turn may affect the profitability of the Credit Union and returns paid to members.

***General Political Risk***

Further, policies and decisions of the Government and other regulatory bodies in New Zealand, may impact on the financial performance of the Credit Union and returns paid to members. For example, the imposition of direct taxation may reduce the Credit Union's profitability. A change of Government policy that affects the income of the Credit Union's members and thus the members' ability to invest in shares in the Credit Union and meet loan payment obligations, may reduce the Credit Union's profitability.

**Security Position Risk**

The Credit Union may take security from a member for loan advances to him or her. To the extent that the Credit union does not take security or takes security that ranks subsequent in priority to another party's security then, in a default situation:

- (a) The ability of the Credit Union to realise the member's assets may be restricted or prohibited by the terms of any prior ranking security; and
- (b) Where the member's assets are realised, the member may be unable to repay some or all of the funds advanced by the Credit Union.

The Credit Union may incur losses in the above circumstances, which may affect its profitability and returns payable to members. Notwithstanding this, the Credit Union makes provision for doubtful debts in its financial statements in accordance with industry standards to minimise this risk.

**Security Pricing Risk**

Before making a loan the Credit Union assesses the debt servicing ability of the members and any security offered by him or her for a loan advance. Where security is taken for a loan advance, the value of securities taken may fluctuate due to market prices for the same. If the market price of a security has decreased then it is possible that the Credit Union will not recover all moneys owed to it by a member in a default situation where it seeks to realise that security.

**Insolvency**

The Credit Union must remain solvent, that is, its assets must exceed its liabilities and it must be able to meet its debts as they fall due, Long-term profitability contributes towards solvency as this enables the Credit Union to maintain adequate reserves. If the Credit Union becomes insolvent:

- (a) Members will not be required to pay any additional money other than those owing to the Credit Union under the shares (if any) and any outstanding loan balance;
- (b) The Credit Union is legally obliged to reject all requests for withdrawals from members' share accounts, and shall not be entitled to make any further loans from the Credit Union's share capital; and
- (c) All members' claims will rank equally (including those who invest under a later Prospectus).

**Winding Up**

On a dissolution or winding up of the Credit Union, members will receive no more than \$1 per share plus any returns owed. Members do not share in any surplus arising the sale of the Credit Union's assets, Such surplus will be applied in accordance with the Rules and paid to the NZACU or, alternatively, applied to charitable purposes in the event of a resolution being carried to that effect by the majority of members at the general meeting called to dissolve or wind up the Credit Union.

**Risk And Return**

Before making an investment in shares, members and prospective members should consider the special trade factors and risks for that investment against the returns offered. Investors should be aware that there is often a direct relationship between the risks of the investment and the return offered for securities.

## 8.2 **No Guarantee**

Neither the directors, the trustees nor any other persons guarantee the repayment of the value of the shares, or the payment of any returns payable on shares held in the Credit Union.

## 8.3 **Surety And Insurance**

Section 114 of the Act requires the officers of the Credit Union to give security for the proper performance of their duties. This may be done by having one or more people stand surety for his or her obligations or by including the security in the insurance policy offered under section 133 of the Act (see below) or by a specially authorized friendly society, association of credit unions or by an insurance company. At the date of this Prospectus the obligations of the officers of the credit union are secured by way of an insurance policy with Vero Liability Insurance Limited.

The Credit Union is also required by section 133 of the Act to be insured against fraud or dishonesty. At the date of this Prospectus the Credit Union has an insurance policy with Vero Liability Insurance Limited in compliance with its obligations under the Act.

## 8.4 **Other Terms**

All the terms of the offer of shares in the Credit Union are set out in this Prospectus, other than those implied by law or set-out in a document that is:

- (a) Registered with a public official;
- (b) Available for public inspection; and
- (c) Referred to in this Prospectus.

## 9 **PLACES OF INSPECTION OF DOCUMENTS**

### 9.1 **Credit Union**

Each member and prospective member of the Credit Union is entitled to obtain on request and free of charge, the most recent copies of:

- (a) The Rules;
- (b) This Prospectus and the Credit Union's current investment statement;
- (c) The Trust Deed (including the deeds of variation and modification) and any other material contracts; and
- (d) The Credit Union's most recent audited financial statements.

The documents can be requested from or inspected at the offices of the Credit Union during the Credit Union's office hours.

### 9.2 **Companies Office**

Copies of:

- (a) The Rules;
- (b) This Prospectus;
- (c) The Trust Deed (including the deeds of variation and modification) and any material contracts;
- (d) The Credit Union's audited financial statements; and

- (e) All other documents relating to the registration of the Credit Union,

are also filed on a public register at the Companies Office and are available for inspection at the Companies Office upon request. You will be able to view most of the above documents via the Companies Office's website at [www.companies.govt.nz](http://www.companies.govt.nz) by selecting "Search Other Registries" and searching the Credit Union's name or registration number. If a document is not available via the Companies Office's website you will need to contact the Companies Office by phone 0508 266726 to arrange for the document to be made available.

## 10 OTHER MATERIAL MATTERS

### 10.1 Securities Act (Credit Unions) Exemption Notice 2005

In registering this Prospectus, the Credit Union has relied on the exemptions contained in the Securities Act (Credit Unions) Exemption Notice 2005, whereby the Credit Union has been granted an exemption from compliance with sections 37A (1) (d), 51, 52 and 54 of the Securities Act 1978 and clauses 1(3) and 11 of the Second Schedule, and clauses 1(2) and 3 of the Fifth Schedule of the Securities Regulations 1983. These exemptions are subject to the conditions set out in the Securities Act (Credit Unions) Exemption Notice 2005.

### 10.2 Not A Registered Bank

The Credit Union is a financial co-operative and is not a registered bank in terms of the New Zealand Reserve Bank Act 1989.

### 10.3 No Other Material Matters

There are no material matters relating to the offer of shares under this Prospectus, other than those set out in this Prospectus (other than contracts entered into in the ordinary course of business).

## 11 SUMMARY OF FINANCIAL STATEMENTS

A summary of the financial statements of the Credit Union in respect of the five consecutive financial years ended 31 March 2006, being the date of the last audited financial statements of the Credit Union, are attached as the First Schedule.

## 12 FINANCIAL STATEMENTS

The most recent audited financial statements of the Credit Union for the year ended 31 March 2006 have been registered under the Financial Reporting Act 1993. The audited financial statements include the information required by sections 16 to 31 (inclusive) of the Second Schedule of the Securities Regulations 1983.

## 13 ACQUISITION OF BUSINESS OR SUBSIDIARY

The Credit Union has not acquired a business, nor did any body corporate become a subsidiary of the Credit Union, in the two years preceding the date this Prospectus was delivered to the Registrar of Companies for registration.

## 14 DIRECTORS' STATEMENT

The directors after due enquiry by them in relation to the period between the date of the latest statement of financial position, being 31 March 2006, and the date of registration of this Prospectus, are of the opinion that no circumstances have arisen that materially adversely affect:

- (a) The trading or profitability of the Credit Union;
- (b) The value of the Credit Union's assets;

- (c) **The ability of the Credit Union to pay its liabilities due within the next twelve months.**

**THIS PROSPECTUS** has been duly signed by each of the directors of Credit Union Canterbury by their agent authorised in writing.



Raynor Paul Bell



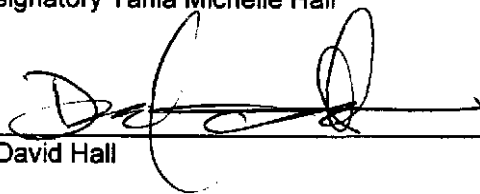
Pauline Frances Cotter



Roger James Coulsby



Denise Francis George by her duly authorised signatory Tania Michelle Hall



David Hall



Peter Donald Riach



Tania Michelle Hall

**INDEX OF MATTERS REQUIRED TO BE DISCLOSED BY THE  
SECOND SCHEDULE TO THE SECURITIES REGULATIONS 1993**

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\* Please note that the "Borrowing Group" comprises only the Credit Union.

**FIRST SCHEDULE  
SUMMARY OF FINANCIAL STATEMENTS  
[Paragraph 11]**

## FIRST SCHEDULE SUMMARY OF FINANCIAL STATEMENTS

[Paragraph 11]

### Statement of Financial Performance

	For the Years ended:				
	31 March 2006	31 March 2005	31 March 2004	31 March 2003	31 March 2002
<b>Income</b>					
Interest on Loans	366,815	324,750	316,552	371,470	350,513
Interest on Investments	23,430	40,469	33,954	19,838	28,102
Loan Application Fees	52,245	63,878	71,877	56,977	49,517
Other Fees	384,532	356,347	262,815	326,769	282,710
Other income	43,075	25,298	26,445	26,821	53,180
Bad Debts Recovered	24,680	22,064	10,967	5,729	4,493
Abnormal Gain – NZACU	Nil	Nil	53,142	Nil	Nil
<b>Total Operating Income</b>	<b>894,777</b>	<b>832,806</b>	<b>775,752</b>	<b>807,604</b>	<b>768,515</b>
<b>Income</b>					
Audit Fees	10,281	13,194	10,708	16,787	19,026
Directors Fees	Nil	Nil	Nil	Nil	Nil
Depreciation	46,111	41,765	41,105	24,727	22,008
<b>Other Expenditure</b>					
Administration	479,354	425,565	393,363	379,089	381,784
Bad Loans Written Off	18,125	62,902	99,864	120,957	41,514
Provision for Bad Loans	(6,170)	(23,826)	(50,000)	(83,249)	132,588
Staffing Costs	253,682	211,411	204,052	209,359	152,900
Dividends					
(1) Call Shares	4,226	2,525	2,744	17,833	4,918
(2) Term Shares	54,630	44,427	57,512	52,395	78,668
<b>Total Dividends</b>	<b>58,856</b>	<b>46,952</b>	<b>60,256</b>	<b>70,228</b>	<b>83,586</b>
<b>Total Operating Expenditure</b>	<b>860,239</b>	<b>777,963</b>	<b>759,348</b>	<b>737,898</b>	<b>833,406</b>
<b>Operating Surplus (Deficit)</b>	<b>\$34,538</b>	<b>\$54,843</b>	<b>\$16,404</b>	<b>\$69,706</b>	<b>(\$64,891)</b>
Transfer to (from)					
General Reserve	39,025	Nil	38,788	40,380	37,862
Transfer to (from)					
Retained Earnings	(4,487)	54,843	22,384)	29,326	(102,753)
<b>Total Appropriation</b>	<b>\$34,538</b>	<b>\$54,843</b>	<b>\$16,404</b>	<b>\$69,706</b>	<b>(\$64,891)</b>

## Statement of Financial Performance (cont)

Dividend Rate	For the Years ended:				
	31 March 2006	31 March 2005	31 March 2004	31 March 2003	31 March 2002
(1) Ordinary Shares	0c	0c	0c	2c	2c
(2) Christmas Club	1c	0c	0c	4c	4c
(3) Cash Access	0c	0c	0c	1c	1c
(4) Children's Accounts	0c	0c	0c	2c	2c
(5) Term Shares	7.4c	5.8c	5.3c	6.0c	6.0c

Dividends are subject to earnings and while not fixed, the Credit Union intends to maintain competitive dividend rates.

## Summary of Liabilities

Income	As at:				
	31 March 2006	31 March 2005	31 March 2004	31 March 2003	31 March 2002
Total Assets	2,739,940	2,452,629	2,693,683	2,593,342	2,687,790
Total Tangible Assets	2,739,940	2,452,629	2,693,683	2,593,342	2,687,790
Total Liabilities	2,615,312	2,362,538	2,658,435	2,574,498	2,738,652
Total Members Equity/(Negative Equity)	124,629	90,091	35,248	18,844	(50,862)

## Notes to Financial Statements

- The amounts stated have been taken from audited financial statements.
- There are no abnormal items that derive from the ordinary activities of the Credit Union, other than to include a gain relating to a rights issue during the year ended 31 March 2004 of \$53,142. This rebate was applied for and granted as part of a program to establish new services for Credit Union members including ACCESSCARD.
- There are no extraordinary items that derive from events outside the ordinary activities of the Credit Union.
- During the year ended 31 March 2002, many of the Credit Union's expense and income categories increased significantly over prior periods. This was due to the Credit Union changing its common bond from an industry based common bond to a community based common bond in early 2000, which has led to a significant increase in membership and assets since that time. Additional to this, the Credit Union accepted a transfer of engagements from Credit Union Timaru in April 2001. These activities have resulted in a much expanded operation requiring additional staffing. The Credit Union has also expanded the services offered to members over this time, including the introduction of the Credit Union debit card called ACCESSCARD. This has led to a significant increase in transactional volume and fees earned as a result.
- No amounts have been provided for or credited by way of taxation as the Credit Union income is exempt under Section CW 37 of the Income Tax Act 2004.
- The amount provided for dividends on ordinary shares is credited to members' share accounts as at annual balance date and is available for withdrawal by the member at any time in the same manner as any share subscription paid by the member. Dividends on Christmas Club shares are credited to members' accounts on 30 November each year. Dividends on term shares are credited to members' accounts on maturity.
- The equity method of accounting has not been used.
- There have been no changes in accounting policies for the five years up to and including to 31 March 2006.
- The financial statements have been prepared on a fully accrued basis with the exception of interest on loans to members which are over 30 days in arrears at balance date (including Non-Accrual Assets and Past Due Assets). Interest on these loans is brought to account as and when received.
- Any principal repayments received in respect of loans previously written off is shown as income in the period in which it is received under the heading "Bad Debts Recovered".
- There are no material commitments for capital expenditure as at 31 March 2006.
- There are no contingent liabilities as at 31 March 2006.
- The auditors report for the year ended 31 March 2002 included the following statement: The financial statements for the year ended 31 March 2002 have been prepared on a going concern basis, the validity of which depends upon the successful implementation of the recovery plan that the Credit Union has commenced, the continued support of the Stabilisation Fund of the New Zealand Association of Credit Unions and the continued support of the members of the Credit Union. The financial statements for the year ended 31 March 2006 do not include any adjustments that would result from an inability to continue as a going concern. Details of the circumstances relating to this fundamental uncertainty are described in note 22 of the financial statements, for the year ended 31 March 2006.

The Directors  
Credit Union Canterbury  
P O Box 5343  
CHRISTCHURCH

4 September 2006

**Auditors' report for inclusion in the prospectus**

Dear Directors

As auditors of Credit Union Canterbury we have prepared this report pursuant to clause 36 of the Second Schedule of the Securities Regulations 1983 for inclusion in a prospectus to be dated 4 September 2006.

**Directors' responsibilities**

The Credit Union's Directors are responsible for the preparation and presentation of:

- (a) the financial statements of the Credit Union for the year ended 31 March 2006 that comply with the requirements of clauses 16 to 32 of the Second Schedule of the Securities Regulations 1983; and
- (b) the summary of financial statements of the Credit Union for the years ended 31 March 2002, 2003, 2004, 2005 and 2006 as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983; and
- (c) the ranking of securities of the Credit Union as at 31 March 2006 as required by clause 12 of the Second Schedule of the Securities Regulations 1983.

**Auditors' responsibilities**

We are responsible for expressing an independent opinion on whether or not the financial statements presented by the Directors comply with the requirements of the Second Schedule of the Securities Regulations 1983 and reporting our opinion in accordance with clause 36(1) of the Second Schedule of the Securities Regulations 1983.

We are also responsible for reporting, in accordance with clauses 36(1)(g) of the Second Schedule of the Securities Regulations 1983, on the following matters which have been prepared and presented by the Directors:

- (a) the amounts included in the summary of financial statements of the Credit Union for the years ended 31 March 2002, 2003, 2004, 2005 and 2006; and
- (b) the amounts included in the ranking of securities as at 31 March 2006.

We have no relationship with or interests in the Credit Union other than in our capacity as auditors.

**Basis of opinion on the financial statements**

We have undertaken procedures to provide reasonable assurance that the financial statements of the Credit Union referred to in this prospectus on page 22 comply with the requirements of clauses 16 to 32 of the Second Schedule of the Securities Regulations 1983.

**Basis of opinion on the summary of financial statements**

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of financial statements in the First Schedule, on pages 27 and 28, pursuant to clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Credit Union for the years ended 31 March 2002, 2003, 2004, 2005 and 2006.

**Basis of opinion on the ranking of securities**

We have undertaken procedures to provide reasonable assurance that the amounts set out in the ranking of securities, on page 12, pursuant to clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Credit Union as at 31 March 2006.

**Unqualified opinion on the financial statements, the summary of financial statements and the ranking of securities**

We have obtained all the information and explanations we have required.

In our opinion:

- (a) the financial statements of the Credit Union upon which we issued an audit opinion on 23 June 2006 that have been registered under the Financial Reporting Act 1993 and are referred to in this prospectus, as required by clauses 16 to 32 of the Second Schedule of Securities Regulations 1983 have been drawn up to comply with the Regulations.
- (b) the amounts set out in:
  - (i) the summary of financial statements in the First Schedule, on pages 27 and 28 of this prospectus, as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Credit Union from which they were extracted; and
  - (ii) the ranking of securities, on page 12 of this prospectus, as required by clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Credit Union from which they were extracted.

We completed our work for the purpose of this report on 4 September 2006 and our unqualified opinion is expressed at that date.

Yours faithfully



Chartered Accountants

Dunedin

The Directors  
Credit Union Canterbury  
P O Box 5343  
CHRISTCHURCH

4 September 2006

Dear Directors

**Credit Union Canterbury prospectus dated 4 September 2006**

In terms of Regulation 7 of the Securities Regulations 1983, we hereby give consent to the inclusion in your prospectus dated 4 September 2006 of our auditors' report dated 4 September 2006 in the form in which it appears.

We have not made or purported to have made any statement in the prospectus other than in our audit report and we expressly disclaim responsibility for any other statements in the prospectus.

We have not been involved in the preparation of any part of the prospectus other than our auditors' report, and we have not authorised or caused the issue of the prospectus.

Yours faithfully



Chartered Accountants  
Dunedin

**THIRD SCHEDULE  
SCHEDULE OF SHARE ACCOUNTS  
[Paragraph 1.5]**

**THIRD SCHEDULE  
SCHEDULE OF SHARE ACCOUNTS  
[Paragraph 1.5]**

The board of the Credit Union reserves the right (subject to any restriction contained in the Act, the Trust Deed, the Rules or otherwise at law) to vary the rate of return, the terms and conditions of the account, or the timing of repayments. Any such variation will be notified to members by notice displayed at the Credit Union's offices and in the Credit Union's regular newsletter.

**Term Accounts**

***Name: 13 Term Deposit 3 Months***

Term: 3 Months

Interest Rate (or method of calculation): Set at beginning of term. Rates set throughout the year according to market conditions. Currently [7.0%-7.4%]

Minimum Shareholdings: \$500

Timing of Repayments: End of term

Fees and Charges: Break rate (if deposit redeemed during the term) 0%

Terms and Conditions of Account: As set out in the Rules of the Credit Union

***Name: 16 Term Deposit 6 Months***

Term: 6 Months

Interest Rate (or method of calculation): Set at beginning of term. Rates set throughout the year according to market conditions. Currently [7.0%-7.5%]

Minimum Shareholdings: \$500

Timing of Repayments: End of term

Fees and Charges: Break rate (if deposit redeemed during the term) 0%

Terms and Conditions of Account: As set out in the Rules of the Credit Union

***Name: 19 Term Deposit 9 Months***

Term: 9 Months

Interest Rate (or method of calculation): Set at beginning of term. Rates set throughout the year according to market conditions. Currently [7.0%-7.5%]

Minimum Shareholdings: \$500

Timing of Repayments: End of term

Fees and Charges: Break rate (if deposit redeemed during the term) 0%

Terms and Conditions of Account: As set out in the Rules of the Credit Union

***Name: 112 Term Deposit 12 Months***

Term: 12 Months

Interest Rate (or method of calculation): Set at beginning of term, Rates set throughout the year according to market conditions. Currently [7.5%-8.0%]

Minimum Shareholdings: \$500

Timing of Repayments: End of term

Fees and Charges: Break rate (if deposit redeemed during the term) 0%

Terms and Conditions of Account: As set out in the Rules of the Credit Union.

## On Call Accounts

### **Name: Access Account**

Interest Rate (or method of calculation): Minimum Monthly Balance, 0% for credit balances, 22% for overdrawn balances

Minimum Shareholdings: \$1

Timing of Repayments: On demand

Method of Withdrawal: Accesscard, Cheque Withdrawal, Bank Transfer, Automatic Payment, Direct Debit or Electronic Transfer

Fees and Charges:

Debit Card or ACCESSCARD - ATM	Per transaction	\$2.00
Debit Card or ACCESSCARD - EFTPOS	Per transaction	\$0.50
Counter Cash Withdrawals	Per transaction	\$2.00
Debit Card or ACCESSCARD replacement	Per Card	\$10.00
Electronic Transfers	Per transaction	\$0.50
Automatic Payment set-up	Per automatic payment	\$4.00
Automatic Payment alteration	Per alteration	\$2.00
Counter cheque	Per cheque	\$2.00
Dishonoured Bank automatic Payments	Per dishonour	\$10.00

Terms and Conditions of Account: Must be a holder of a Co-operative saver account, otherwise as set out in the Rules of the Credit Union

### **Name: Billpay Account**

Interest Rate (or method of calculation): Minimum Monthly Balance, 0% for credit balances, 22% for overdrawn balances

Minimum Shareholdings: \$1

Timing of Repayments: On demand

Method of Withdrawal: Bank Transfer, Automatic Payment, Electronic Transfer or Direct Debit

Fees and Charges:

Automatic Payment set-up	Per automatic payment	\$4.00
Automatic Payment alteration	Per alteration	\$2.00
Counter cheque	Per cheque	\$2.00
Electronic Transfers	Per transaction	\$0.50
Dishonoured Bank automatic Payments	Per dishonour	\$10.00

Terms and Conditions of Account: Must be a holder of a Co-operative saver account, otherwise as set out in the Rules of the Credit Union

### **Name: Children's Account**

Interest Rate (or method of calculation): Minimum Monthly Balance, 0% for credit balances

Minimum Shareholdings: \$1

Timing of Repayments: On demand

Method of Withdrawal: Cheque Withdrawal, Cash Withdrawal, Bank Transfer

Fees and Charges: Nil fees

Terms and Conditions of Account: Must be under the age of 18 years, otherwise as set out in the Rules of the Credit Union

**Name: MoneyMaker Account**

Interest Rate (or method of calculation): Minimum Monthly Balance (MMB):

Part MMB thru to \$1000	= 0%
Part MMB over \$1000	= 4%
Part MMB over \$2000	= 5%
Part MMB over \$5000	= 6%

Minimum Shareholdings: \$1

Timing of Repayments: On demand

Method of Withdrawal: Cheque Withdrawal, Cash Withdrawal, Bank Transfer, Automatic Payment, or Electronic Transfer

Fees and Charges:

Counter cheque	Per cheque	\$2.00
Automatic payment set-up	Per automatic payment	\$4.00
Automatic Payment alteration	Per alteration	\$2.00
Counter Cash Withdrawals	Per transaction	\$2.00
Electronic Transfer between accounts	Per transaction	\$0.50

Terms and Conditions of Account: Must be holder of Co-operative saver account, otherwise as set out in the Rules of the Credit Union

**Notice of Withdrawal Accounts****Name: Co-Operative Saver Account**

Interest Rate (or method of calculation): Minimum Monthly Balance (MMB);

Part MMB thru to \$1000	= 0%
Part MMB over \$1000	= 0%
Part MMB over \$5000	= 0%

Minimum Shareholdings: \$1

Timing of Repayments: 14 Days notice.

Method of Withdrawal: Cheque Withdrawal, Bank Transfer

Fees and Charges: If a withdrawal is made without 14 days notice a \$20 withdrawal fee will apply

Counter cheque	Per cheque	\$2.00
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Terms and Conditions of Account: Equivalent of \$5.00 per week to be deposited, otherwise as set out in the Rules of the Credit Union

**Special Share Accounts****Name: Christmas Club Account**

Interest Rate (or method of calculation): Minimum Monthly Balance, 0% for credit balances

Minimum Shareholdings: \$1

Timing of Repayments: Open for withdrawals on demand between 1 December and 31 January each year

Method of Withdrawal: Cheque Withdrawal, Bank Transfer.

Fees and Charges:

Counter cheque	Per cheque	\$2.00
Electronic Transfer between accounts	Per transaction	\$0.50

Terms and Conditions of Account: As set out in the Rules of the Credit Union

**FOURTH SCHEDULE  
PRUDENTIAL SUPERVISOR'S STATEMENT  
[Paragraph 7]**



4 September 2006

The Directors  
Credit Union Canterbury  
Shop 32A, Northlands Mall  
Main North Road  
Papanui  
**CHRISTCHURCH**

**CREDIT UNION CANTERBURY**

Clause 13(3) of the Second Schedule to the Securities Regulations requires us to confirm that the offer of deposits (in this Statement referred to generally as "the Securities") set out in this Prospectus complies with any relevant provisions of the Trust Deed dated 12 December 2001. These provisions are those which:

- (i) Entitle Credit Union Canterbury to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in the Prospectus;
- (ii) Impose restrictions on the right of Credit Union Canterbury to offer the Securities;

and are described in the summary of the Trust Deed in the Prospectus.

The Auditors have reported on the financial information set out in the Prospectus and our statement does not refer to that information or to any other material in the Prospectus which does not relate to the Trust Deed.

We confirm that the offer of Securities set out in the Prospectus complies with any relevant provisions of the Trust Deed. We have given the above confirmation on the basis:

- (a) set out above; and
- (b) that, subject to the duties imposed on the Trustee by the Fifth Schedule of the Securities Regulations 1983, the Trustee relies on the information supplied to it by Credit Union Canterbury pursuant to the Trust Deed and does not carry out an independent check of the figures supplied to it in that information.

Trustees Executors does not guarantee the repayment of the Securities or the payment of interest thereon.

**Signed for and on behalf of  
TRUSTEES EXECUTORS LIMITED**

**MATTHEW BAND  
BUSINESS MANAGER  
CORPORATE TRUST**

**FIFTH SCHEDULE  
DIRECTORATE  
[Paragraph 3.1]**

Director's Name and Address	Title	Qualifications
Raynor Paul Bell St Albans, Christchurch	Director, Trustee	
Pauline Frances Cotter St Albans, Christchurch	Director	
Roger James Coulsby Linwood, Christchurch	Director, Trustee, Deputy-Chairperson	
Denise Frances George Southshore, Christchurch	Director, Treasurer Audit Committee Member	
David Hall Shirley, Christchurch	Director, Secretary, Audit Committee Member	
Peter Donald Riach St Albans, Christchurch	Director, Chairperson	
Tania Michelle Hall Shirley, Christchurch	Director, Trustee Audit Committee Member	

Document Name

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(for office use only)

The Securities Act 1978

Authority For Agent to Sign Prospectus  
(Section 41(b))

Issuer Name

CREDIT UNION CANTERBURY

Issuer Number

66/755

I, **Denise Frances George**, being a director of the Issuer, hereby authorise **Tania Michelle Hall** sign on my behalf as my agent:

- 1. a Prospectus for the offer of debt securities by the Issuer and dated on or about **4<sup>th</sup>** September 2006 (**Prospectus**); and
- 2. such reports, certificates, statements, documents or other papers referred to in, or ancillary to, the Prospectus as my agent may consider necessary or desirable for the purposes of the registration of the same and issue and distribution of the amended Prospectus.

D. F. George  
**Denise Frances George**  
Director of the Issuer

Date: **14 August** 2006

Presented by

Lane Neave  
Lawyers  
PO Box 13 149  
Christchurch  
(Attention: Gerard Dale)

Act

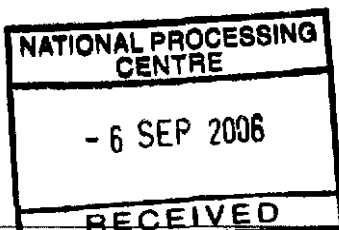
Postal Address

Telephone

(03) 379 3720

Facsimile

(03) 379 8370



# CERTIFICATE OF REGISTRATION OF PROSPECTUS

(Under Section 42(5) of the Securities Act 1978)

## CREDIT UNION CANTERBURY

### 1802891

This is to certify that a Prospectus, for CREDIT UNION CANTERBURY, dated the 4th day of September 2006 was registered on the 6th day of September 2006.



Neville Harris  
Registrar of Credit Unions and Friendly Societies  
Dated this 8th day of September 2006

