



10058230650



Prospectus

No. 34

For the issue of debt securities
up to a maximum of \$1,000,000,000.

Dated 2 September 2009

PROSPECTUS NUMBER 34

Dated 2 September 2009 for the issue of debt securities as defined in the Securities Act 1978 up to a maximum of \$1 billion

A copy of this Prospectus duly signed with copies attached of the documents which are required by Section 41 of the Securities Act 1978 and Regulation 7 of the Securities Regulations 1983, was delivered to the District Registrar of Companies for registration under Section 42 of the Securities Act 1978 on 2 September 2009.

The Canterbury Building Society (trading as CBS Canterbury) is registered under the Building Societies Act 1965 and was incorporated on 6 October 1882 under the Building Societies Act 1880 (under incorporation number 1781000).

Copies of CBS Canterbury's publicly filed documents, including the audited financial statements for the year ended 31 March 2009, may be viewed on the Companies Office website www.companies.govt.nz under "Search Other Registers". The file reference number is "1781000". Copies of the documents may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

The Rules of CBS Canterbury and any material contracts disclosed in this Prospectus may be inspected at the office of CBS Canterbury.

INDEX FOR DEBT SECURITIES

Schedule 2 Clauses		Page
1	Main Terms of Offer	3
2	Name and Address Of Offerer	Not Applicable
3	Details of Incorporation of Issuer	3
4	Guarantors	5
5	Directorate and Advisors	3
5A	Restrictions on Director's Powers	Not Applicable
6	Description of the Activities of CBS Canterbury	6
7	Summary of Financial Statements	13
8	Acquisition of Business or Subsidiary	7
9	Material Contracts	7
10	Pending Proceedings	7
11	Issue Expenses	7
12	Ranking of Securities	7
13	Provisions of Trust Deed	8-11
14	Other Terms of Offer and Securities	Not Applicable
15 – 32	Financial Information	8
33	Places of Inspection of Documents	2,8
34	Other Material Matters	7
35	Directors' Statement	12
36	Audit Report	14-16
	Trustee Report	17

MAIN TERMS OF OFFER

ISSUER

The Issuer of the securities offered in this Prospectus is the Canterbury Building Society (CBS Canterbury) whose registered office is at 224 East Street, Ashburton. CBS Canterbury is a Building Society registered under the Building Societies Act 1965.

BRIEF HISTORY

On 21 January 1875 the first Board of Directors of the Ashburton Permanent Building and Investment Society were elected. In that first year of operation just \$466 was advanced on mortgage. In 2002 the legal name of the Society was changed to the Ashburton Building Society (trading as ABS Canterbury).

In mid 2004, ABS Canterbury, to gain improved liquidity of its shares, listed both ordinary and preference shares on the NZAX. In 2006 ABS Canterbury changed its name to Canterbury Building Society (trading as CBS Canterbury) and on 1 April 2006 merged with SMC Building Society.

On 1 February 2008, CBS Canterbury merged with Loan and Building Society. The merged society trades as CBS Canterbury.

CBS Canterbury has improved its accommodation and services over the years, now operating from four sites (Ashburton, Riccarton, Sydenham and Rangiora).

DIRECTORY

BOARD DIRECTORS

The directors of CBS Canterbury are:

Gary Leech, B.Com (Accounting and Economics), FCA (Chairman)
16 Lane Street, Ashburton

Graham Kennedy, J.P., B Com (Otago), CA, ACIS, ACIM, AF Inst.D (Deputy Chairman)
4 Penbury Close, Lake Hood, RD4, Ashburton

Richard Ashford
"Thurlow", Racecourse Road, No. 6 R.D., Ashburton

Roger Bonifant, MAgSc, MSc, CNZM
Wakanui, 7 RD, Ashburton

Rodger Bradford, MNZIB, MAIB
35 Catherwood Avenue, Ashburton

George Brown, CA, ACIS, ACIM
Mitcham Road, 2 RD, Ashburton

Don Church, CA, ACIS, ACIM, AF Inst.D
43 Creek Road, Ashburton

Laurence Cooney, LLB, Notary Public
124 Wills Street, Ashburton

CEO & SECRETARY

Bryan Geoffrey Inch, B Agr.Sc
132 Richmond Hill Road, Christchurch

SOLICITORS

Buddle Findlay
Clarendon Tower
78 Worcester Street
P O Box 322
Christchurch

Russell, Moon & Fail
Tancred Street West
P O Box 22
Ashburton

BANKERS

Westpac Banking Corporation NZ Limited
Level 15, PricewaterhouseCoopers Tower
188 Quay Street
P O Box 934
Auckland

ANZ National Bank Limited
Level 27, ANZ Centre
23-29 Albert Street
P O Box 91-691
Auckland

AUDITOR

Deloitte
32 Oxford Terrace
PO Box 248
Christchurch

TRUSTEE

Trustees Executors Limited
Level 5, 10 Customhouse Quay
P O Box 3222
Wellington

SHARE REGISTRY

Link Market Services Limited
P O Box 384
Ashburton

OFFER OF INVESTMENTS

This Prospectus is dated 2 September 2009 and the securities described below are offered under this Prospectus in terms of the Securities Act 1978. Interest rates as per a published card (obtainable from CBS Canterbury) can vary due to market conditions. CBS Canterbury endeavours to invest all its funds in Canterbury and preference will be given to persons requiring loans which meet CBS Canterbury's lending criteria.

SECURITIES OFFERED

All securities (Deposits) offered are unsecured Debt Securities under the terms of the Securities Act 1978. This Prospectus is for the issue of Debt Securities up to a maximum of \$1,000,000,000. Each \$1 paid by an applicant for Debt Securities is constituted as a Deposit with CBS Canterbury of the same amount.

Deposits

- | | | |
|-----|---|---|
| (1) | Everyday Accounts | A range of on call transactional accounts with optional cheque, debit card, telephone and internet banking facilities, including Everyday, Ultimate Investor, Kids Cash and Everyday@Max. |
| (2) | Optimum Club | On call transactional account with cheque facilities for non-profit making organisations, service clubs and sports clubs. |
| (3) | Specific Savings | A range of accounts to save towards a nominated purpose including Christmas Club Accounts, Living Style, Special Purpose, Education Fund and Home Savings Accounts. |
| (4) | Group Savings | Savings accounts for groups of 25 or more holders operating as a group with a common employer. |
| (5) | Professional Client Agency Call Accounts | Facilities for professionals to provide at call client agency accounts earning premium interest rates. |
| (6) | Term Deposits | Lump sums deposited for fixed terms at a fixed interest rate. |
| (7) | Top Rate Term Deposit | Lump sums deposited for a fixed term with a floating interest rate as determined by the Society. Minimum term of 12 months and a maximum term of 36 months. |
| (8) | Professional Client Agency Term Deposits and Top Rate Term Deposits | Facilities for professionals to provide client agency Term Deposits and Top Rate Term Deposits earning premium interest rates. |
| (9) | Income Plus | Lump sums deposited for 5 years at a fixed interest rate. |

CBS Canterbury reserves the right to decline without reason given, any investment application, either in whole or in part. Interest on the rejected funds will be paid for the period the funds were held by CBS Canterbury, at the interest rate applicable to the investment application at the time the funds were received.

MATURITIES

Deposits may be either on call or for a term not exceeding five years. The terms available will be communicated by CBS Canterbury from time to time. Neither the repayment of the deposits nor the payment of interest thereon is guaranteed by CBS Canterbury or any of its directors, employees, agents or advisers.

GOVERNMENT DEPOSIT GUARANTEE SCHEME

On 12 November 2008, CBS Canterbury received confirmation from New Zealand Treasury of its acceptance as an Approved Institution and, accordingly, CBS Canterbury has a guarantee under the New Zealand Deposit Guarantee scheme. The guarantee shall be in force for a period of 2 years from the announcement of the scheme on 12 October 2008. The maximum liability of the Crown to each creditor (not being a Nominated Beneficiary) under the Crown Guarantee is \$1,000,000. For this purpose, amounts owed to creditors by CBS Canterbury under any Debt Security will be aggregated with other amounts owed to the same creditor by CBS Canterbury that are supported by the Crown Guarantee. The Government announced on 25 August 2009 that the New Zealand Deposit Guarantee scheme will be extended to 31 December 2011 and that there would be changes to some of the scheme's terms and conditions for this extended period (from 12 October 2010), including a reduction in the maximum deposit covered by the Crown Guarantee, to \$250,000 (per depositor). CBS Canterbury intends to apply to participate in the extended scheme. Further information about the Deposit Guarantee Scheme, a copy of the Crown Deed of Guarantee between CBS Canterbury and the Crown, and the most recent audited statement of financial position of the Crown, are available free of charge and at all reasonable times, on the internet site maintained by, or on behalf of The Treasury, at www.treasury.govt.nz.

INTEREST

Interest Rates: Subject to CBS Canterbury's right to vary interest rates for call accounts, the interest rate on each deposit will be communicated by CBS Canterbury and agreed to prior to the making of the investment. Withholding tax will be deducted from all interest payments in accordance with the Income Tax Act 2007.

Calculation: Interest on all Accounts will be calculated on a daily basis from the date of receipt of the investor's money provided that day is a Banking Day and the investment is received by CBS Canterbury to enable processing prior to close of business on that day.

Variation of Interest Rates: Interest rates for Term Deposits are fixed for the specified term from the date of allotment to the date of their repayment, other than Top Rate Term Deposits and Professional Top Rate Term Deposits which attract a reviewable rate. CBS Canterbury reserves the right to vary interest rates for on-call Accounts after the date of allotment. New rates will be advertised by CBS Canterbury from time to time.

Payment: Interest payments will vary according to account type and customer requirements and will be agreed between CBS Canterbury and the investor prior to the making of the investment.

REPAYMENT

Account types (1), (2), (3), (4) and (5) will be repaid on demand on the day requested provided that day is a Banking Day and the demand is received to enable processing prior to 3.00 p.m. on that day. Withdrawals from Living Style Savings Plan Accounts are subject to specific notice of withdrawal criteria or, in the absence of required notice, the interest rate payable by CBS Canterbury will be reduced by up to 3% (calculated across the term of the investment), unless that amounts to a reduction in interest payable of less than \$30, in which case a fee of \$30 will be payable by the investor.

Account types (6), (7), (8) and (9) may be withdrawn on maturity.

Account holders may request early repayment of the investment where an investor whose deposit is in their sole name dies, or there are exceptional or unforeseen circumstances whereby an investors' continued investment may give rise to some form of material financial hardship. In either case, CBS Canterbury has the sole discretion as to whether to allow early repayment.

In the case of withdrawal before maturity, CBS Canterbury reserves the right to charge an early withdrawal fee by reducing the applicable interest rate by up to 3% (calculated across the term of the investment).

Accounts may be reinvested on maturity upon request to CBS Canterbury. If no such request is made, following notification of maturity, Term Deposits will be reinvested for the same term at the then current interest rate.

DESCRIPTION OF THE ACTIVITIES OF CBS CANTERBURY

CBS Canterbury has, during the five years prior to the date of registration of this Prospectus, been engaged in providing and developing the following activities, primarily within the Canterbury region:

- (a) The raising of deposits from the public of a fund for making advances to other persons on security by way of mortgage of freehold or leasehold land, or by way of advance on chattel security.
- (b) To afford facilities to its investors for the profitable investment of savings.
- (c) To enable persons possessed of land to erect buildings thereon and to make advances upon security of freehold or leasehold properties.

CBS Canterbury owns unencumbered its principal fixed assets including the properties, plant and equipment located at 224 East Street, Ashburton and 75 Riccarton Road, Christchurch. The Ashburton and Riccarton facilities are occupied by CBS Canterbury with surplus space being leased on a commercial basis as retail and office

accommodation. CBS Canterbury also leases premises and owns plant and equipment located at 387 Colombo Street, Christchurch and 73 High Street, Rangiora.

On 1 February 2008 CBS Canterbury merged with Loan and Building Society, pursuant to resolutions passed by the members of both societies. CBS Canterbury continues as the surviving legal entity, remaining listed on the NZAX.

ISSUE EXPENSES

The estimated amount of issue expenses is \$5,000 and is payable by CBS Canterbury. No commission or brokerage is payable for the securities issued under this Prospectus.

RANKING OF SECURITIES

Deposits rank ahead of Ordinary Shares in the event of CBS Canterbury's dissolution or liquidation. Liability of Depositors is limited to the amount invested. As at 2 September 2009, CBS Canterbury had granted no other securities that would rank ahead of or equal to the Debt Securities (Deposits) being offered under this Prospectus (except for the existing Deposits detailed below, which rank equally with new Debt Securities being offered).

The amount of Deposits as at 31 March 2009 was \$493,151,226 as measured under NZ IFRS (at 31 March 2008 was \$506,155,697).

ACQUISITION OF BUSINESS OR SUBSIDIARY

On 1 February 2008, CBS Canterbury merged with Loan and Building Society and therefore acquired the business and assets of Loan and Building Society.

Further details of the merger can be found in the Information Memorandum (Proposal to merge Canterbury Building Society and Loan and Building Society) dated 14 December 2007, and the Notice of Special Meeting and Independent Appraisers Report that forms part of the Information Memorandum. The Information Memorandum and the full Appraisal Reports prepared by PricewaterhouseCoopers and Grant Samuel may be obtained, free of charge, from the registered office of CBS Canterbury during normal office hours. These documents are also available on line from CBS Canterbury's website (www.cbscanterbury.co.nz) and the Companies Office website, www.companies.govt.nz.

MATERIAL CONTRACTS

On 6 March 2008 Loan Properties Limited, a then wholly-owned subsidiary of CBS Canterbury, agreed to sell its building at 69-77 Tancred Street, Ashburton to C & G Rothbury Limited. The settlement of this sale was completed on 31 March 2008. Pursuant to the Agreement for Sale and Purchase, CBS Canterbury agreed to occupy certain parts of the building for a short period after the sale was completed. It no longer occupies the premises.

CBS Canterbury has a guarantee under the New Zealand Deposit Guarantee scheme. Further details about the scheme and the Crown Deed of Guarantee are set out on page 5,

There have been no other material contracts entered into by CBS Canterbury during the two years preceding the date of this prospectus.

OTHER MATERIAL MATTERS

On 14 April 2009 Loan Properties Limited was voluntarily liquidated and removed from the Companies Register. Loan Properties Limited was a Guaranteeing Subsidiary of CBS Canterbury until its liquidation in April 2009. CBS Canterbury currently has no Guaranteeing Subsidiaries.

There are no other material matters which are not set out elsewhere in this Prospectus.

PENDING PROCEEDINGS

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

FINANCIAL STATEMENTS

The audited financial statements for CBS Canterbury for the year ended 31 March 2009 have been filed in accordance with the Financial Reporting Act 1993 and are available for inspection at CBS Canterbury's office at Society House, 224 East Street, Ashburton during normal business hours, or on CBS Canterbury's website at www.cbscanterbury.co.nz or on the companies office website at www.companies.govt.nz.

INSPECTION OF DOCUMENTS

All documents referred to in this Prospectus including CBS Canterbury's audited financial statements for the year ended 31 March 2009 and CBS Canterbury's Rules, may be inspected at CBS Canterbury's office at Society House, 224 East Street, Ashburton during normal business hours, on the Companies Office website www.companies.govt.nz under "Search Other Registers", or by telephoning the Companies Office Contact Centre on 0508 266 726.

NZAX

CBS Canterbury Ordinary Shares are listed on the NZAX.

PROVISIONS OF THE TRUST DEED

1. The Deposits, (account types (1) to (9) inclusive detailed on page five) known as the "Securities", offered in this Prospectus are issued under a Trust Deed dated 20 December 1990 made between CBS Canterbury and Trustees Executors Limited as trustee for the Security holders, which came into effect on 1 January 1991, as amended by Deeds of Modification dated 8 March 1994, 29 October 1996, 20 December 2001 and 11 October 2007 (the "Trust Deed"). Except to the extent that this Prospectus sets out the terms and conditions relating to the Securities, those contained in the Trust Deed will apply. The Trust Deed also allows for the issue of Redeemable Shares, however at the date of this Prospectus there are no Redeemable Shares on issue.
2. The Securities constituted under the Trust Deed include all existing Deposits on issue to the public. The holder of any Deposits made before 1 January 1991 has the benefit of the Trust Deed unless and until the holder notifies the Trustee or CBS Canterbury that he or she does not wish to be a beneficiary or be bound by terms of the Trust Deed
3. All Deposits rank equally on liquidation with all other Deposits and unsecured liabilities, notwithstanding that such Securities may have been issued at different times and carry interest at different rates and are repayable at different times. The Rules of CBS Canterbury applicable to Deposits continue to apply.
4. Capitalised expressions used in this section, which are defined in the Trust Deed and not otherwise defined in this Prospectus, have the same meaning assigned to them in the Trust Deed.

Trustee

5. Under the Trust Deed Trustees Executors Limited (the "Trustee") is appointed as trustee for Depositors. The Trustee does not guarantee repayment of the Securities or the payment of any interest thereon.

Limitations

6. The Trust Deed does not prohibit the creation of new mortgages or charges ranking in point of security ahead of the Securities, but imposes a maximum amount that may be so secured (the "Total Secured Liabilities") over the assets of CBS Canterbury (see 7.2 below).

Financial Restrictions

7. Under the Trust Deed, the Guaranteeing Group covenants with the Trustee that it will not:
- (a) Permit Total Liabilities to exceed 95% of Total Tangible assets;
 - (b) Permit Total Secured Liabilities to exceed 1% of Total Tangible Assets; (Additional secured liabilities to Prime Debtors (e.g. Banks) are permitted (for a limited time) in certain prescribed circumstances which may increase Total Secured Liabilities up to a maximum of 7% of Total Tangible Assets at any particular time).
 - (c) Permit Liquid Assets to be less than 15% of Total Tangible Assets less Reserves;
 - (d) Permit the total amount payable in cash over any half-year as interest and dividends to exceed income actually received in cash over the same period from investments of the Guaranteeing Group;
 - (e) Fail to ensure that the assets of the Guaranteeing Group are sufficient or likely to be sufficient to enable its liabilities to be discharged as they become due;
 - (f) Permit exposure to a single issuer of Marketable Debt Securities or, in relation to such an issuer that is a member of a group of companies, exposure to the Single Group of which the issuer is a member (other than to a Bank) to exceed 15% of Total Liquid Assets;
 - (g) Permit the aggregate of Total Secured Indebtedness and Total Unsecured Indebtedness owing to the Guaranteeing Group and the Total Listed Securities and the Total Unlisted Securities of CBS Canterbury to exceed 15% of Total Tangible Assets;
 - (h) Permit the aggregate of Total Unsecured Indebtedness, Total Listed Securities and Total Unlisted Securities to exceed 5% of Total Tangible Assets;
 - (i) Secure by way of charge over any assets of the Guaranteeing Group the payment of Principal or interest or other moneys payable under any Debt Securities or issue any Debt Securities payable to "bearer";
 - (j) Sell or transfer the whole or any substantial part of the business, undertakings or assets of the Guaranteeing Group except to any member of the Guaranteeing Group;
 - (k) Enter into or permit the subsistence of any guarantee, indemnity or security for the obligations of any external person for any unlimited amount of liability.

Transactions with Associated Persons

8. An Associated Person is (broadly) any person (including a body corporate) or relative of any person who controls or manages CBS Canterbury, or who is controlled by CBS Canterbury or whoever controls or manages CBS Canterbury, and includes any non-guaranteeing body corporate which is related to or associated (in terms of accounting standards) with CBS Canterbury.
9. Apart from equity investments in existence at the original date of the Trust Deed or which may be approved by the Trustee, the Guaranteeing Group covenants not to lend to, invest in or guarantee the obligations of Associated Persons unless security is taken by way of mortgage or as Guaranteed Investment Principal on (except in the case of staff loans) normal commercial terms.
10. The Guaranteeing Group also covenants with the Trustee that it will not enter into transactions with Associated Persons other than for full market value, on an arms-length basis and in the ordinary course of business.

11. CBS Canterbury has been granted a waiver from NZAX Listing Rule 9.2.1. The waiver allows Deposits to be made by professional firms associated with certain Directors of CBS Canterbury, where those Deposits are made on the same terms and conditions as Deposits are offered to the public.

Reports To The Trustee

12. To enable the Trustee to monitor the financial position of the Guaranteeing Group, the Guaranteeing Group covenants to report regularly to the Trustee on the Guaranteeing Group's financial affairs.
13. Audited financial statements must be presented by the Society to the Trustee yearly and unaudited financial statements half-yearly. The directors of CBS Canterbury must report to the Trustee every three months on various matters specified in detail in the Trust Deed, and monthly management financial statements are to be supplied to the Trustee.
14. The Trustee may also request (in special circumstances) that the Guaranteeing Group provide further financial statements and relevant information.

Duties Of The Trustee

15. The following is a summary of the duties of the Trustee as stated by the Trust Deed:
 - (a) to oversee compliance with the covenants and obligations of the Guaranteeing Group under the Trust Deed;
 - (b) to receive and consider the financial statements and reports of the Directors and Auditors;
 - (c) to ascertain whether or not the Guaranteeing Group has breached the covenants in the Trust Deed or the terms of issue of any Securities.
 - (d) upon the occurrence of certain events of default under the Trust Deed, the Trustee may or, upon the written request of holders of at least 20% of the principal amount of Deposits, or upon the Extraordinary Resolution of Depositors, or Special Resolution of shareholding, shall declare the Deposit Moneys to be immediately due and payable.

In addition, the Trustee has a statutory duty pursuant to the Securities Act 1978 and the Securities Regulations 1983 to exercise reasonable diligence to:

- (a) ascertain whether or not there has been any breach of the terms of the Trust Deed or of the terms of the offer of the Deposits and to do all it is empowered to do to cause any such breach to be remedied (except where satisfied that the breach will not materially prejudice the interests of the Holders), and
- (b) ascertain whether or not the assets of the Guaranteeing Group that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts on the Deposits as they become due.

Extraordinary Resolutions

16. The Trust Deed contains provisions for meetings of Depositors. An Extraordinary Resolution (i.e. a resolution passed by three-quarters of the votes cast at a meeting where there was a quorum of the holders of not less than a majority of the relevant Securities) of the Depositors (or a Class thereof) generally binds all the members of that Class (whether they vote or not). However, an Extraordinary Resolution which exclusively affects the rights and interests of a Class of security holders shall be of no force or effect unless passed by an Extraordinary Resolution of that Class of security holders or unless it has been assented to in writing by not less than three-quarters in Principal amount of that Class of security holders.

Modifications To Trust Deed

17. The Trustee may concur with CBS Canterbury in making modifications to the Trust Deed in certain specified cases including where the modification is approved by an Extraordinary Resolution passed by the Depositors, and (without such a resolution) where the Trustee is of the opinion that such alteration is not or is not likely to become prejudicial to the general interests of the Security holders (or any Class thereof).

Release Of Trust Deed

18. The Trust Deed will be discharged if CBS Canterbury becomes a registered bank or transfers its engagements to a bank or to another building society or entity which has a trust deed in place which complies with the Securities Act and under which the Security holders will be beneficiaries or upon the Trustee being satisfied that all moneys owing under the Trust Deed have been repaid or provision has been made for such repayment.

Important Definitions

Defined terms used in this Prospectus have the definitions given to them below. It should be noted that the term "Statement of Financial Position" which was used under Previous GAAP (as defined below) is the same as the term "Balance Sheet" under NZ IFRS (also as defined below).

"**Account**" means any of account types (1) to (9) (inclusive) (as the context requires) with CBS Canterbury or any other kind of account offered by CBS Canterbury from time to time.

"**Approved Institution**" means an institution approved under the Retail Deposit Guarantee Scheme announced by the Minister of Finance on 12 October 2008.

"**Banking Day**" means any day other than a Saturday or Sunday, on which CBS Canterbury is open for business.

"**Debt Security**" has the meaning given to that term in the Rules.

"**Depositor**" means a person who deposits funds in an Account.

"**Guaranteeing Group**" means CBS Canterbury and (if there are any) the Guaranteeing Subsidiaries or when the context so admits or requires any one or more of them.

"**NZAX**" means the New Zealand Stock Exchange Alternative Market. This market is aimed at small and medium-sized companies to list securities and raise capital for growth.

"**NZ IFRS**" means the New Zealand Equivalents to International Financial Reporting Standards.

"**Previous GAAP**" means the basis of accounting that CBS Canterbury used to prepare its historical financial statements prior to adopting NZ IFRS.

"**Rules**" means the rules of CBS Canterbury (as amended from time to time).

"**Special Resolution**" has the meaning given to that term in the Rules.

"**Total Tangible Assets**" means the aggregate on a consolidated basis of the values of the tangible assets of the Guaranteeing Group as would be disclosed in a Guaranteeing Group Statement of Financial Position if one was prepared as at the reference date. Tangible assets means all property and assets other than those in which, the opinion of the Auditors should, according to generally accepted accounting principles and practice in New Zealand be regarded as intangible assets.

"**Trust Deed**" means the Trust Deed dated 20 December 1990 made between CBS Canterbury and Trustees Executors Limited as trustee for the Security holders, which came into effect on 1 January 1991, as amended by Deeds of Modification dated 8 March 1994, 29 October 1996, 20 December 2001 and 11 October 2007.

"**Trustee**" means Trustees Executors Limited.

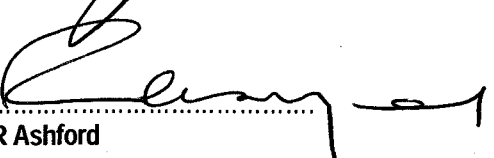
DIRECTORS' STATEMENT

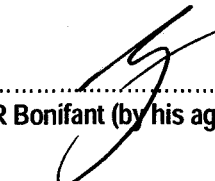
After due enquiry by the Directors it is their opinion in relation to the period between the date of the latest Balance Sheet set out in this Prospectus and the date of registration of this Prospectus that no circumstances have arisen that materially adversely affect the trading or profitability of CBS Canterbury or the value of its assets or its ability to pay its liabilities due within the next 12 months.


This Prospectus is signed by the Directors of Canterbury Building Society as follows:



.....
G Leech (Chairman)



.....
G Kennedy (Deputy Chairman)


.....
R Ashford


.....
R Bonifant (by his agent Graham Russell Kennedy)


.....
R Bradford


.....
G Brown


.....
D Church


.....
L Cooney (by his agent Gary Richard Leech)

Financial Summary

A summary of the CBS Canterbury group's performance over the past 5 years is set out below:

Canterbury Building Society and Subsidiary Summary of Financial Statements For the periods ended

	12 months 31 Mar 2009 (NZ IFRS) (Audited) \$	12 months 31 Mar 2008 (NZ IFRS) (Audited) \$	12 months 31 Mar 2007 (NZ IFRS) (Audited) \$	12 months 31 Mar 2007 (Previous GAAP) (Audited) \$	12 months 31 Mar 2006 (Previous GAAP) (Audited) \$	12 months 31 Mar 2005 (Previous GAAP) (Audited) \$
INCOME STATEMENT						
TOTAL OPERATING REVENUES	50,993,207	35,650,469	28,656,873	28,674,873	22,094,541	17,577,992
DEDUCT DIRECT COSTS OF FUNDS						
Interest On Deposits	39,793,767	27,335,440	21,743,889	21,743,889	16,520,684	12,567,312
Preference Share Dividends	0	120,000	240,000	0	0	0
TOTAL INTEREST EXPENSE	<u>39,793,767</u>	<u>27,455,440</u>	<u>21,983,889</u>	<u>21,743,889</u>	<u>16,520,684</u>	<u>12,567,312</u>
GROSS CONTRIBUTION FROM ACTIVITIES	11,199,440	8,195,029	6,672,984	6,930,984	5,573,857	5,010,680
Sundry Income	695,860	827,002	982,085	1,065,156	681,998	753,687
TOTAL INCOME	<u>11,895,300</u>	<u>9,022,031</u>	<u>7,655,069</u>	<u>7,996,140</u>	<u>6,255,855</u>	<u>5,764,367</u>
DEDUCT OVERHEAD EXPENSES						
Amortisation of Intangibles	194,192	89,738	110,564	49,271	0	0
Auditor - Audit Fees	115,480	105,654	75,725	75,725	57,315	54,416
Auditor - Other	107,544	39,813	12,488	12,488	28,553	0
Depreciation	302,199	259,604	313,330	423,894	309,439	325,681
Directors Fees	259,687	166,667	150,000	150,000	110,000	105,000
Loss on Disposal of Assets	21,553	24,511	0	0	0	0
Property Expenses	271,272	179,145	170,911	170,911	108,841	84,555
Rent & Lease Payments	171,201	119,210	25,709	25,709	7,149	5,825
Provision For Doubtful Debts	0	0	0	0	100,000	200,000
Salaries	3,801,264	2,531,001	2,139,486	2,132,980	1,420,240	1,115,704
Bad Debts	3,363,415	15,100	0	657	4,816	2,196
Gain on settlement of Advances Acquired	(953,360)	0	0	0	0	0
Other Administration Expenses	3,491,908	2,288,804	2,199,361	2,198,704	1,546,607	1,374,857
TOTAL OVERHEAD EXPENSES	<u>11,146,355</u>	<u>5,819,247</u>	<u>5,197,574</u>	<u>5,240,339</u>	<u>3,692,960</u>	<u>3,268,234</u>
NET OPERATING PROFIT BEFORE SPECIAL FINANCE CHARGE & GOODWILL IMPAIRMENT	748,945	3,202,784	2,457,495	2,755,801	2,562,895	2,496,133
Less Impairment of Goodwill	4,148,483	0	0	0	0	0
Less Special Finance Charge	0	1,110,000	0	0	0	0
NET PROFIT BEFORE TAXATION	<u>(3,399,538)</u>	<u>2,092,784</u>	<u>2,457,495</u>	<u>2,755,801</u>	<u>2,562,895</u>	<u>2,496,133</u>
Taxation	81,712	1,209,201	845,210	903,544	869,917	894,176
NET PROFIT	<u>(\$3,481,250)</u>	<u>\$883,583</u>	<u>\$1,612,285</u>	<u>\$1,852,257</u>	<u>\$1,692,978</u>	<u>\$1,601,957</u>
DIVIDENDS PAID						
Ordinary Shares	2,114,982 (18 cps)	587,827 (8 cps)	981,946 (15 cps)	981,946 (15 cps)	825,000 (15 cps)	665,000 (14 cps)
Preference Shares	0	0	0	240,000 (8 cps)	240,000 (8 cps)	240,000 (8 cps)
	<u>\$2,114,982</u>	<u>\$587,827</u>	<u>\$981,946</u>	<u>\$1,221,946</u>	<u>\$1,065,000</u>	<u>\$905,000</u>
SURPLUS RETAINED	<u>(\$5,596,232)</u>	<u>\$295,756</u>	<u>\$630,339</u>	<u>\$630,311</u>	<u>\$627,978</u>	<u>\$696,957</u>
BALANCE SHEET						
TOTAL ASSETS	549,522,306	561,726,718	349,274,126	349,069,886	295,798,756	247,561,935
TOTAL TANGIBLE ASSETS	539,399,861	548,248,105	348,744,373	348,626,442	295,552,670	247,561,935
TOTAL LIABILITIES	500,928,574	508,236,440	324,354,392	321,308,487	273,683,241	226,364,831
TOTAL EQUITY	<u>\$48,593,732</u>	<u>\$53,490,278</u>	<u>\$24,919,734</u>	<u>\$27,761,399</u>	<u>\$22,115,515</u>	<u>\$21,197,104</u>

The above figures are extracts from the audited financial statements.

On 1 April 2006 the assets, liabilities and engagements of SMC Building Society were transferred to CBS Canterbury at fair value. Assets of \$43,194,090 and liabilities of \$37,707,709 were transferred for a consideration of \$5,979,096, resulting in Goodwill of \$492,715.

On 16 August 2007 a non-renounceable issue to both ordinary and preference shareholders was made in the ratio of 1 for 10 at an issue price of \$4.50 per new ordinary share. The offer resulted in the Society allotting 801,578 new ordinary shares fully paid.

Also on 16 August 2007 the Society redeemed the 3,000,000 preference shares that were on issue. Shareholders received a redemption amount of \$1.00 per share, accrued dividend of 4 cents per share and a redemption dividend of 37 cents per share. In accordance with NZ IFRS accounting requirements, these dividends are accounted for as a finance charge through the Income Statement.

On 30 November 2007 an interim dividend of 8 cents per share (fully imputed) was paid on the Ordinary Shares on issue.

On 1 February 2008 the assets, liabilities and engagements of Loan & Building Society were transferred to CBS Canterbury at fair value. Assets of \$183,758,307 and liabilities of \$171,998,291 were transferred for a consideration of \$24,640,179, resulting in Goodwill of \$13,235,489.

On 25 July 2008 an interim dividend of 8 cents per share (fully imputed) was paid on the Ordinary Shares on issue.

On 19 December 2008 a bonus issue of shares, in lieu of an interim dividend, equivalent to 10 cents per share (fully imputed) was paid on the Ordinary Shares on issue.

cps means cents per share.

On 31 March 2009 the Society assessed the recoverable amount of Goodwill through a value in use model. This model relied on various assumptions as detailed in the Notes to the audited Financial Statements. This resulted in the Directors concluding that it was appropriate to write off \$4,148,483 of Goodwill.

Bad debt write off in the 31 March 2009 financial year was in relation to first mortgage residential lending severely impacted by the market downturn in late 2008.

2 September 2009

The Directors
Canterbury Building Society
P O Box 8623
CHRISTCHURCH

Dear Directors

AUDITORS' REPORT FOR INCLUSION IN PROSPECTUS

As auditors of Canterbury Building Society (the 'Society') and its subsidiary (the 'Borrowing Group'), 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 2 September 2009 for the issue of debt securities up to a maximum of \$1,000,000,000.

This report is made solely to the directors, in accordance with clause 36 of the Second Schedule to the Securities Regulations 1983 ("the Second Schedule"). Our audit has been undertaken so that we might state to the directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the directors as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The board of directors (the 'directors') are responsible for the preparation and presentation of:

- (a) the financial statements as required by clauses 16 to 31 of the Second Schedule of the Securities Regulations 1983, that comply with the regulations; and subject to the regulations comply with generally accepted accounting practice in New Zealand; and give a true and fair view of the state of affairs of the Borrowing Group as at 31 March 2009 and its financial performance and cash flows for the financial year ended on that date; and
- (b) the summary of financial statements of the Borrowing Group for the financial years ended 31 March 2009, 2008, 2007, 2006 and 2005 as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983; and
- (c) the details and amounts in respect of the ranking of securities of the Borrowing Group as at 31 March 2009 as required by clause 12 of the Second Schedule of the Securities Regulations 1983.

Auditors' Responsibilities

It is our responsibility to:

- (a) express an independent opinion on the financial statements of the Borrowing Group as at 31 March 2009 and for the year ended on that date, prepared and presented by the directors, and report our opinion in accordance with clause 36(1) of the Second Schedule of the Securities Regulations 1983; and
- (b) report in accordance with clause 36(1)(g) of the Second Schedule of the Securities Regulations 1983

- i) on the amounts included in the summary of financial statements for the financial years ended 31 March 2009, 2008, 2007, 2006 and 2005 presented by the directors; and
- ii) on the amounts included in the ranking of securities of the Borrowing Group as at 31 March 2009 presented by the directors.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 36 of the Second Schedule of the Securities Regulations 1983. We disclaim any assumptions of responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements and the amounts included in the ranking of securities, for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not specifically mentioned in this report.

Basis of Opinion on the Financial Statements

An audit of the financial statements for the year ended 31 March 2009 includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Society and Borrowing Group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 on page 13 of this prospectus, 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 Borrowing Group for the financial years ended 31 March 2009, 2008, 2007, 2006 and 2005. For a better understanding of the financial position and results of the Borrowing Group's operations for the financial periods the summary financial information should be read in conjunction with the related annual financial statements.

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 7, pursuant to clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Borrowing Group as at 31 March 2009.

Other than in our capacity as auditor and the provision of advisory services, we have no relationship with or interests in Canterbury Building Society or its subsidiary.

Unqualified Opinion on the Financial Statements

Our unqualified opinion on the financial statements for the year ended 31 March 2009 registered under the Financial Reporting Act 1993 was as follows:

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

In our opinion:

- proper accounting records have been kept by Canterbury Building Society as far as appears from our examination of those records; and
- the financial statements on pages 10 to 52:
 - comply with generally accepted accounting practice in New Zealand;
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of Canterbury Building Society and Group as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 12 June 2009 and our unqualified opinion is expressed as at that date.”

In our opinion the financial statements for the year ended 31 March 2009 registered under the Financial Reporting Act 1993 comply with clauses 16 to 31 of the Second Schedule of the Securities Regulations 1983.

Unqualified Opinion on the Summary of Financial Statements

In our opinion the amounts set out in the summary of financial statements, on page 13 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 Borrowing Group for the financial years ended 31 March 2009, 2008, 2007, 2006 and 2005 from which they were extracted;

Unqualified Opinion on the Ranking of Securities

In our opinion the amounts set out in the ranking of securities, on page 7 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 Borrowing Group for the year ended 31 March 2009.

In terms of Regulations 7(1)(b)(ii) of the Securities Regulations 1983 we hereby give our consent to the inclusion in the above mentioned prospectus of this report in the form in which it is included. We also confirm that we have not, before delivery of this prospectus for registration, withdrawn our consent to the issue thereof.

Yours faithfully



Deloitte
Chartered Accountants
Christchurch, New Zealand

This audit report relates to the prospectus of Canterbury Building Society dated 2 September 2009 included on Canterbury Building Society's website. Canterbury Building Society's Board of Directors is responsible for the maintenance and integrity of Canterbury Building Society's website. We have not been engaged to report on the integrity of Canterbury Building Society's website. We accept no responsibility for any changes that may have occurred to the prospectus since it was initially presented on the website. The audit report refers only to the prospectus named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the prospectus. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the prospectus and related audit report dated 2 September 2009 to confirm the information included in the prospectus presented on this website. Legislation in New Zealand governing the preparation and dissemination of prospectuses may differ from legislation in other jurisdictions.

2 September 2009

The Directors
Canterbury Building Society
PO Box 8623
CHRISTCHURCH

Dear Sirs

Re: Prospectus No. 34

Clause 13(3) of the Second Schedule to the Securities Regulations 1983 requires us to confirm that the offer of securities ("the Deposits") set out in this Prospectus complies with any relevant provisions of the Trust Deed dated 20 December 1990 (including amendments thereto). These provisions are those which:

- (i) Entitle Canterbury Building Society 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 Canterbury Building Society 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 the 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 Canterbury Building Society pursuant to the Trust Deed and does not carry out an independent check of that information.

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

Signed for and on behalf of
Trustees Executors Limited

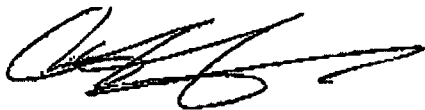


Richard McLoughlin
Business Manager
Corporate Trust

To: Canterbury Building Society (the Society)

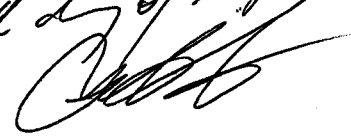
I the undersigned Lawrence Keith Cooney
hereby authorise Gary Richard Reed to sign on
my behalf all and any documents required & be
signed by me as a director of the Society including
in particular the new Prospectus to be issued
by the Society.

Dated this 25th day of August 2009



LK COONEY

Resigned & confirmed
this 8th day of September 2009



LK COONEY

FAX

00643 3087412

Email

~~office~~
office

nielaw.co.nz



CANTERBURY BUILDING SOCIETY

**APPOINTMENT OF AGENT
(Pursuant to Section 41(b) of the Securities Act 1978)**

I Roger Anthony Bonifant being a Director of Canterbury Building Society authorise Graham Russell Kennedy to be my authorised agent for the purposes of executing Prospectus 34 for the issue of Debt Securities by Canterbury Building Society.

Dated:

28 August

2009

Signed:



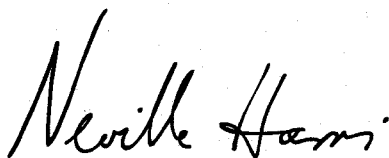
CERTIFICATE OF REGISTRATION OF PROSPECTUS

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

CANTERBURY BUILDING SOCIETY

1781000

This is to certify that a Prospectus, for CANTERBURY BUILDING SOCIETY, dated the 2nd day of September 2009 was registered on the 2nd day of September 2009.



Neville Harris
Registrar of Building Societies
Dated this 23rd day of September 2009

