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CANTERBURY BUILDING SOCIETY

MEMORANDUM OF AMENDMENTS

Dated 15 December 2010

This is a memorandum of amendments to registered Prospectus No. 36 dated 12 October 2010 as issued by Canterbury Building Society.

This memorandum is accompanied by a copy of the registered prospectus as amended and a copy of the material contract referred to in paragraph 7 of this memorandum.

All changes set out in this memorandum are effective on the date this memorandum is delivered to the Registrar of Companies for registration pursuant to section 43 of the Securities Act 1978.

1. Page 1 – Last paragraph: The words "(as amended by a Memorandum of Amendments dated 15 December 2010)" are inserted after the words "Dated 12 October 2010".
2. Page 2 – "**PROSPECTUS NUMBER 36**" – First paragraph: The words "(as amended by a Memorandum of Amendments dated 15 December 2010)" are inserted after the words "Dated 12 October 2010".
3. Page 4 – "**Brief History**" – Sixth paragraph: The sixth paragraph is replaced with the following paragraphs:

*"On 15 September 2010, CBS Canterbury, Pyne Gould Corporation Limited, MARAC Financial Services Limited, MARAC Finance Limited (together, "**MARAC**") and Southern Cross Building Society ("**SCBS**") signed a Merger Implementation Agreement ("**MIA**") providing for the implementation of the merger proposal to merge the businesses of CBS Canterbury, SCBS and MARAC (the "**Merger**").*

As at 15 December 2010, all shareholder, member and debt holder approvals of the Merger have been obtained and the Board considers that it is now likely that all conditions to the Merger will be satisfied and that the Merger will be implemented on or about 7 January 2011. Upon and subject to implementation of the Merger, all Deposits will become debt securities (deposits) issued by Combined Building Society, an entity created for the purposes of the Merger which will undertake the business operations previously undertaken by CBS Canterbury and SCBS, and which will own MARAC Finance Limited.

Details of the Merger, and deposits of the Combined Building Society are described on pages 21 to 22.

Investors in Deposits should read in full the Information Memorandum prepared by Combined Building Society in respect of the debt securities that will, pursuant to the Merger, replace CBS Canterbury's Deposits (the "Combined Building Society Information Memorandum").

A copy of the Combined Building Society Information Memorandum and other information relating to the Merger and Combined Building Society can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21."

4. Page 4 – **"OFFER OF INVESTMENTS"** – First paragraph: The words "(as amended by a Memorandum of Amendments dated 15 December 2010)" are inserted after the words "Dated 12 October 2010".
5. Page 5 – **"GUARANTEED AND NON-GUARANTEED DEPOSITS"** – Last sentence: the page reference to "pages 6 to 7" is deleted and replaced with "pages 7 to 8".
6. Page 7: The following section is inserted immediately before the section **"DESCRIPTION OF THE ACTIVITIES OF CBS CANTERBURY"**:

"MERGER

On 15 September 2010, CBS Canterbury signed the MIA with SCBS, MARAC and Pyne Gould Corporation Limited under which the parties conditionally agreed to undertake the Merger. It is intended that the merged business will seek an NZX listing and, ultimately, apply to become a registered bank under the Reserve Bank of New Zealand Act (none of the Merger participants are currently registered banks).

As at 15 December 2010, all shareholder, member and debt holder approvals to the Merger have been obtained and the Board considers that it is now likely that all conditions of the Merger will be satisfied and that the Merger will be implemented on or about 7 January 2011.

Upon implementation of the Merger, all Deposits will become debt securities (deposits) issued by Combined Building Society, an entity created for the purposes of the Merger which will undertake the business operations previously undertaken by CBS Canterbury and SCBS, and which will own MARAC Finance Limited.

If the Merger is implemented, your Combined Building Society deposit will have substantially the same key terms and conditions as your Deposit with CBS Canterbury. In particular, each Combined Building Society deposit which replaces your Deposit with CBS Canterbury will:

- *bear the same product name as the equivalent Deposit with CBS Canterbury;*
- *among other things, have the same payment terms, interest rate and maturity date as the equivalent Deposit with CBS Canterbury;*
- *continue to have the benefit of a Crown guarantee under the New Zealand Retail Deposit Guarantee Scheme (subject to the terms of Combined Building Society's Crown guarantee) until the Crown guarantee expires on 31 December 2011, if the equivalent Deposit with CBS Canterbury has the benefit of the Crown Guarantee. Once Combined Building Society's Crown guarantee expires, Combined Building Society deposits will no longer be covered by that guarantee;*

- *be governed by a Master Trust Deed between Trustees Executors Limited and Combined Building Society dated 29 October 2010 ("Combined Building Society Master Trust Deed") and Supplemental Trust Deeds dated the same date; and*
- *rank equally with all other debt securities issued by Combined Building Society under the Combined Building Society Master Trust Deed.*

The key differences between the Combined Building Society deposit and a Deposit with CBS Canterbury which it replaces are:

- *the issuer will be Combined Building Society;*
- *Combined Building Society and its (then) subsidiary MARAC Finance Limited will form the Guaranteeing Group at the date of implementation of the Merger; and*
- *the terms of the Combined Building Society Master Trust Deed are different to the terms of CBS Canterbury's Trust Deed, including in respect of security, financial covenants, reporting to the trustee, other undertakings, events of default and release in the event of becoming a registered bank. The principal differences between those deeds are summarised on pages 17 to 20 below.*

It is a condition of the Merger that the Merger will not proceed unless Combined Building Society has a guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants. If granted, Combined Building Society's Crown guarantee will, on the Merger becoming effective, cover CBS Canterbury's Deposits that currently have the benefit of the Crown Guarantee. An application for a Crown guarantee has been made and the Merger parties are in discussions with Treasury. The Merger parties intend that the position of any individual CBS Canterbury Depositor under Combined Building Society's Crown guarantee will be no less favourable than its position in relation to CBS Canterbury's Guaranteed Deposits as at 15 December 2010.

Further detailed information relating to the Merger and Combined Building Society (including copies of the Combined Building Society Information Memorandum and the Combined Building Society Master Trust Deed) can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21."

7. Page 12 - "**MATERIAL CONTRACTS**" – Paragraph one: A new subparagraph (b) is inserted as follows:

"(b) A Deed of Amendment dated 29 November 2010 (amending the Trust Deed to include details of the minimum capital ratios and maximum limit on exposure to related parties which are prescribed by the non-bank deposit taker regulations – as further set out on page 25 of this Prospectus);"

8. Page 12 – **"MATERIAL CONTRACTS"** – Paragraph one, subparagraph (b): Now becomes (c) and the number "16" is replaced with the number "15" and reference to "pages 16 to 17" is deleted and replaced with "21 to 22".
9. Page 13 - **"MATERIAL CONTRACTS"**- Paragraph one, subparagraph (c) now becomes (d) – last line: The reference to "pages 17 to 19" is deleted and replaced with "pages 23 to 24".
10. Page 15 – **"Extraordinary Resolutions"**: The following paragraph is inserted after the first paragraph:
- "17. The Merger of CBS Canterbury, SCBS and MARAC was conditional on, amongst other things, the passing of an Extraordinary Resolution. That resolution has now been passed."*
11. Page 16 – **"Release of the Trust Deed"**: Reference to "pages 16 to 17" is deleted and replaced with "pages 8 to 9 and pages 21 to 22".
12. Page 16: The following section is inserted immediately before the section **"FINANCIAL STATEMENTS"**:

"Merger

20. *On implementation of the Merger, which is expected to occur on or about 7 January 2011, the Deposits will become debt securities issued by Combined Building Society and will be regulated by the Combined Building Society Master Trust Deed. If the Merger proceeds, your Combined Building Society deposit will have substantially the same key terms and conditions as your Deposit with CBS Canterbury, with the key differences summarised below:*

Financial Covenants

New trust deed	Old trust deed
<p><i>Tested for each of the Consolidated Group (Combined Building Society and its borrowing group on a consolidated basis, as set out in Regulation 5 of the Deposit Takers Regulations) and the Guaranteeing Group (which does not include any securitisation vehicle or other subsidiary which is not a Guarantor):</i></p> <ul style="list-style-type: none"> • <i>Capital Ratio of not less than 8%.</i> • <i>Liquid Assets to be at least 15% of Total Liabilities.</i> • <i>Related Party Exposures not to exceed 15% of Capital. There is no restriction on entering into transactions with related parties provided this limit is not exceeded.</i> • <i>Indebtedness of the Largest Single Borrower does not exceed an amount equal to 15% of Capital.</i> 	<p><i>Tested for CBS Canterbury and each guaranteeing subsidiary (on a consolidated basis) (The CBS Canterbury Trust Deed was amended on 29 November 2010 to include the requirements of the non bank deposit taker regime under the Reserve Bank Act.):</i></p> <ul style="list-style-type: none"> • <i>Total Liabilities not to exceed 95% of Total Tangible Assets.</i> • <i>Total Secured Liabilities not to exceed 1% of Total Tangible Assets.</i> • <i>Total Liquid Assets not to be less than 15% of Total Tangible Assets less Reserves.</i> • <i>Interest (and related withholding tax) not to exceed income actually received from investments.</i> • <i>Assets to be sufficient to enable Liabilities to be discharged when due.</i> • <i>Aggregate of Total Secured Indebtedness, Total Unsecured Indebtedness, Total Listed Securities and Total Unlisted Securities not to exceed 15% of Total Tangible Assets.</i> • <i>Aggregate of Total Unsecured Indebtedness, Total Listed Securities and Total Unlisted</i>

	<p>Securities not to exceed 5% of Total Tangible Assets.</p> <ul style="list-style-type: none"> No Exposure to Associated Persons except that which is secured as Guaranteed Investment Principal or approved Mortgage Principal and on normal commercial terms, or as approved by the Trustee and undertaken in the ordinary course of business and on normal commercial terms.
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Security

New trust deed	Old trust deed
<p>Unsecured. Permitted Securities include netting or set off arrangements, liens arising by operation of law in the ordinary course of trading, securities arising out of suppliers' retention of title provisions, and any other security provided the amount secured by those other securities does not exceed 5% of the Total Tangible Assets of the Guaranteeing Group.</p>	<p>Unsecured. Total Secured Liabilities may not exceed 1% of Total Tangible Assets. No guarantee, indemnity or security shall be given for the obligations of any External Person for an unlimited amount of liability.</p>

Reporting to the Trustee

New trust deed	Old trust deed
<p>Quarterly report, half yearly statements and annual statements. The annual statements must be audited.</p> <p>Including certifying each quarter that no Event of Default has occurred and continues unremedied and compliance with the financial covenants.</p> <p>Such other information as required by the Trustee.</p>	<p>Half yearly and annual statements and monthly management reports. The annual statements must be audited.</p> <p>Quarterly certificates that no Event of Default has occurred and continues unremedied and compliance with the financial covenants.</p> <p>If requested by the Trustee, the balance sheet and revenue and appropriation account of the Society, any Guaranteeing Subsidiary, the Guaranteeing Group and the Society and its Subsidiaries (as a group).</p> <p>Such other information as required by the Trustee.</p> <p>The Trustee has also received monthly operational, weekly liquidity and monthly reporting for Crown Guarantee/Reserve Bank purposes.</p>

Other Undertakings

New trust deed	Old trust deed
<p>Not enter into transactions, to sell, lease, transfer or dispose of assets other than in the ordinary course of business, for fair value on normal commercial terms except in limited circumstances.</p> <p>It may not make any Distributions other than to another Obligor while money is due and owing under any Debt Instrument and is unpaid.</p> <p>Have in place, and provide to the Trustee, a copy of its liquidity policy.</p> <p>Among other things, comply with and perform its obligations under law in relation to a Series and under the Transaction Documents, maintain a</p>	<p>Not secure by way of Charge over any assets the payment of Principal or interest or other moneys payable under Debt Securities or issue any Debt Securities payable to "bearer".</p> <p>Not deal with an associated person except on arm's length basis for full market value and in the ordinary course of business.</p> <p>Not sell or transfer any substantial part of the business, undertaking or assets.</p> <p>Not write up the value of any Tangible Asset.</p> <p>Not issue Debt Securities when the Issuer or any</p>

Register, maintain corporate existence, not make any substantial change to the core business of the Guaranteeing Group, notify the Trustee of the occurrence of an Event of Default, and provide various notices to the Trustee.	Guaranteeing Subsidiary is in breach of the Trust Deed or the Securities Act.
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Events of Default

New trust deed	Old trust deed
<p>Trustee may in its discretion and must immediately if directed to do so by an Extraordinary Resolution declare the Debt Instruments to be immediately due and payable. Events of Default include:</p> <ul style="list-style-type: none"> • a failure to pay any principal or interest amount within three business days of the due date or failure to pay other amounts in respect of the Debt Instruments within ten business days; • failure to comply with other material undertakings under the Trust Deed and, if capable of remedy, that failure is not remedied within 30 days and such default has, in the reasonable opinion of the Trustee, a material adverse effect; • ceasing or threatening to cease to carry on a substantial part of its business other than in certain circumstances; • being unable to pay debts or becoming insolvent; or • a receiver, trustee, manager, official administrator, statutory manager or other similar official being appointed to an Obligor. 	<p>Trustee may and must if directed to do so by holders of one fifth of principal or by an Extraordinary Resolution declare the Deposit Moneys to be immediately due and payable. Events of Default include:</p> <ul style="list-style-type: none"> • a failure by the Society to pay principal on due date or failure for fourteen days after the due date to pay interest; • a winding up, dissolution, or cancellation of registration of the Society or entering into any arrangement or composition with creditors generally, or a receiver or investigator being appointed or encumbrancer taking possession or exercising a power of sale; • a legal process levied or enforced upon or sued out for a sum exceeding \$100,000 that is not satisfied within 7 days; • stopping or suspending payment to creditors or ceasing or threatening to cease to carry on business or selling a major part of its undertaking; • reducing or attempting to reduce share capital, defaulting under a charge, breaching financial ratios, or being unable to pay debts; • paying any dividend while any principal or interest amounts are payable; and • any other default continuing for more than fourteen days.

Guarantee

New trust deed	Old trust deed
<p>Marac Finance Limited will be a Guarantor and will unconditionally and irrevocably guarantee payment of the Debt Instrument Moneys.</p> <p>New Subsidiaries of Combined Building Society will only become guarantors at Combined Building Society's discretion.</p> <p>Combined Building Society intends to have a Crown Guarantee until 31 December 2011, which will be available to eligible investors. Refer to the Summary of the Crown Guarantee section of this Investment Statement for further detail about the Crown Guarantee.</p>	<p>CBS Canterbury has a Crown guarantee until 31 December 2011, which will be available to eligible investors.</p> <p>All Wholly Owned Subsidiaries are required to become Guaranteeing Subsidiaries.</p>

Quorum

New trust deed	Old trust deed
Quorum for an Extraordinary Resolution to be passed is at least 25% in principal amount of the	Quorum for an Extraordinary Resolution to be passed is Depositors holding a majority in principal

<i>Debt Instruments.</i>	<i>amount of the Deposits.</i>
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Release on becoming a Registered Bank

<i>New trust deed</i>	<i>Old trust deed</i>
<p><i>On becoming a registered bank the Trust Deed will be released and the terms of each Debt Instrument will be converted into direct, unsecured, unsubordinated and unconditional indebtedness of Combined Building Society, in relation to Accounts, on the terms of the Supplemental Deed (Accounts) and in relation to the MARAC Bonds on the terms set out in the deed poll annexed to the Combined Building Society Master Trust Deed. This does not require the consent of Holders.</i></p> <p><i>The terms of the deed poll are similar to the terms of the Combined Building Society Master Trust Deed but exclude a number of representations, warranties, covenants and events of default. There are no financial covenants in the deed poll and no person will guarantee the Deposits. In addition, a breach of a representation or warranty will not constitute an Event of Default.</i></p> <p><i>There will be no guarantees, representations, warranties or covenants applicable to the Accounts other than the undertaking to pay principal and interest when due.</i></p>	<p><i>The Trust Deed will be released on CBS Canterbury repaying all Depositors, becoming a registered bank or transferring its engagements to a bank or another building society.</i></p>

Investors should note the following in respect of the above table:

- *references, in the left hand column, to the "Trustee" are references to Trustees Executors Limited as trustee under the Combined Building Society Master Trust Deed;*
- *references, in the right hand column, to the "Trustee" are references to Trustees Executors Limited as trustee under the CBS Canterbury's Trust Deed;*
- *capitalised terms used in the left hand column have the meanings given to those terms in the Combined Building Society Master Trust Deed; and*
- *capitalised terms used in the right hand column have the meanings given to those terms in CBS Canterbury's Trust Deed.*

Copies of the Combined Building Society Master Trust Deed, CBS Canterbury's Trust Deed and detailed information regarding the Merger may be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21."

13. Page 16 – "**PLACES OF INSPECTION OF DOCUMENTS**": The heading "*Information regarding CBS Canterbury and the Deposits*" is inserted before the first paragraph.
14. Page 16 – "**PLACES OF INSPECTION OF DOCUMENTS**": reference to "*pages 12 to 13*" is deleted and replaced with "*pages 13 to 14*".
15. Page 16 – "**PLACES OF INSPECTION OF DOCUMENTS**": The following section is inserted after the first paragraph:

"Information regarding the Merger and Combined Building Society

Copies of Combined Building Society's Rules, the Combined Building Society Master Trust Deed and the Combined Building Society Information Memorandum may be viewed on the Companies Office website at: www.companies.govt.nz (under "Search Other Registers"), or may be obtained by telephoning the Companies Office on 0508 266 726. The Companies Office may charge a nominal fee for certain documents.

The documents referred to in the previous paragraph and further information regarding the Merger and the Merger parties (including, for example, audited financial statements and trust deeds) can be found on the website established to provide information to Merger stakeholders at: www.buildingsocietyholdings.co.nz."

16. Page 16 – **"Merger"** – Paragraph one: The number "16" is replaced with the number "15", the words "a Merger Implementation Agreement ("**MIA**")" are replaced with the word "the MIA", the words "Southern Cross Building Society ("**SCBS**")" are replaced with the word "SCBS", the words "MARAC Finance Limited and MARAC Financial Services Limited (together called "**MARAC**")" are replaced by the words "and MARAC".
17. Page 17 – **"Merger"** – Paragraph two: The word "merger" is replaced by the word "Merger" and the date "1 January" is replaced by the date "7 January".
18. Page 17 – **"Merger"**: The third paragraph is replaced by the following paragraph:

"The implementation of the Merger is also subject to various conditions set out in the MIA, including:

- *obtaining all necessary stakeholder approvals, such as the approval of CBS Canterbury's Members and Depositors, and of the members and debt holders of SCBS and MARAC. All such approvals have been obtained;*
- *Combined Building Society obtaining a Crown guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants and discussed in more detail on page 22; and*
- *obtaining approval from the High Court to undertake a Scheme of Arrangement as part of the Merger process.*

The proposed NZX listing of the merged business will be subject to the merged business satisfying NZX Limited's listing requirements and for the merged business to obtain registered bank status which will require satisfaction of The Reserve Bank's registration requirements."

19. Page 17 – **"Merger"** – "Structural outline" – Paragraph one: The word "merger" is replaced by the word "Merger".
20. Page 17 – **"Merger"** – "Structural outline" – Paragraph one – Bullet point two: The words "combined building society ("**OpSoc**")" are replaced with the words "Combined Building Society".

21. Page 17 – "**Merger**" – "*Structural outline*" – Paragraph one – Bullet point three: The words "*MARAC Finance Limited will be a subsidiary of OpSoc*" are replaced by the words "*BSHL will, through a subsidiary, acquire all of the shares in MARAC Finance Limited*".
22. Page 17 – "**Merger**" – "*Structural outline*" – Paragraph one – Bullet point four: The word "*OpSoc*" is replaced by the words "*Combined Building Society*".
23. Page 17 – "**Merger**" – "*Structural outline*" – Paragraph one: The following bullet point is inserted as the last bullet of the paragraph:

- *following the transfer of engagements, CBS Canterbury and SCBS will be converted into companies and will be acquired by, and amalgamate with, a subsidiary of BSHL.*"

24. Page 17 – "**Merger**" – "*Key points for Depositors*": The first paragraph is replaced with the following paragraph:

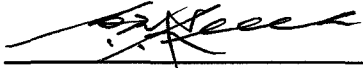
"Depositors should, in particular, be aware of the following matters in respect of the Merger:

- *if the merger proceeds, CBS Canterbury's Deposits will be transferred to Combined Building Society and will cease to be issued by CBS Canterbury. On transfer to Combined Building Society, Deposits will continue to have the same terms as to interest rate and maturity but will be subject to the provisions of the Combined Building Society Master Trust Deed, and not CBS Canterbury's Trust Deed. The key differences between these deeds are set out in the table on pages 17 to 20;*
- *Combined Building Society has sought a continuation or replacement of the Crown Guarantee in respect of the Guaranteed Term Deposits and Guaranteed At Call Deposits that it assumes from CBS Canterbury (and also the debt securities assumed from the other merger participants which are subject to a guarantee by the Crown). It is a condition of the Merger that the Merger will not proceed unless Combined Building Society has a guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants. If granted, the Combined Building Society Crown guarantee will cover CBS Canterbury's Deposits which currently have the benefit of the Crown Guarantee. An application for a Crown guarantee has been made and the Merger parties are in discussions with Treasury. The Merger parties intend that the position of any individual CBS Canterbury Depositor under the Combined Building Society Crown guarantee will be no less favourable than its position in relation to CBS Canterbury's Guaranteed Deposits as at 15 December 2010;*
- *it is intended that the debt securities assumed by Combined Building Society from CBS Canterbury, SCBS and MARAC Finance Limited will rank equally among themselves, as unsecured, unsubordinated obligations;*

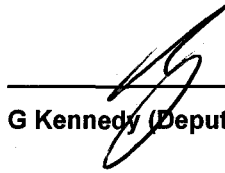
- *it is intended that MARAC Finance Limited (once it has become a subsidiary of Combined Building Society) will unconditionally guarantee the Combined Building Society debt securities;*
 - *Combined Building Society, to which CBS Canterbury Depositors' investments will be transferred, will be substantially larger than CBS Canterbury prior to the merger."*
25. Page 17 – **"Merger"**: The following section is inserted before the section **"Residential Mortgage-Backed Securitisation Programme"**:
- "How do I find more information about the Merger?*
- Detailed information relating to the Merger (including copies of the Combined Building Society Information Memorandum and Combined Building Society Master Trust Deed) can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21."*
26. Page 24 – **"IMPORTANT DEFINITIONS"**: The following paragraph is inserted between the definition of **"Banking Day"**, and the definition of **"Crown Guarantee"**:
- "Combined Building Society Information Memorandum"** means the Information Memorandum prepared by Combined Building Society in respect of the debt securities that will, pursuant to the Merger, replace CBS Canterbury's deposits."*
27. Page 24 – **"IMPORTANT DEFINITIONS"**: The following paragraphs are inserted between the definition of **"Guaranteed Deposit"**, and the definition of **"Non Guaranteed Deposit"**:
- "Merger"** means the transaction to be implemented pursuant to the MIA under which the parties conditionally agreed to merge the businesses of CBS Canterbury, Southern Cross Building Society, MARAC Financial Services Limited and MARAC Finance Limited.*
- "MIA"** means the Merger Implementation Agreement dated 15 September 2010 between CBS Canterbury, Southern Cross Building Society, Pyne Gould Corporation Limited, MARAC Financial Services Limited and MARAC Finance Limited."*
28. Page 24 – **"IMPORTANT DEFINITIONS"**: In the definition of **"Trust Deed"** – last line: the word **"and"** is deleted and replaced with a comma and the words **"and 29 November 2010"** are added at the end of that line.
29. The auditor's report set out on pages 25 to 26 of the Prospectus is deleted and replaced with the auditor's report attached as the Schedule to this memorandum of amendments (with page references updated to ensure that the page cross references in the auditor's report are correct).
30. All page references in index are updated according.

This memorandum has been signed by each of the Offeror's directors.

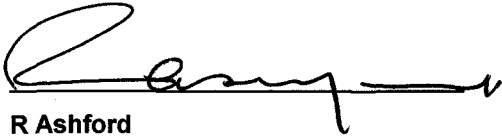
Offeror's Directors



G Leech (Chairman)



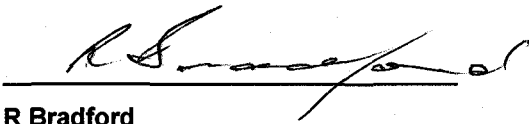
G Kennedy (Deputy Chairman)



R Ashford



R Bonifant



R Bradford

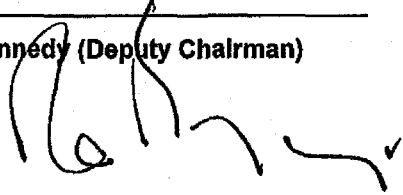


G Brown

Offeror's Directors

G Leech (Chairman)

G Kennedy (Deputy Chairman)



R Ashford

R Bonifant

R Bradford

G Brown

15 December 2010

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 'Borrowing Entity') and its subsidiary (the 'Borrowing Group') we have prepared this report pursuant to clause 22 of Schedule 2 of the Securities Regulations 2009 ('Schedule 2') for inclusion in Prospectus Number 36 dated 12 October 2010 as amended by a Memorandum of Amendments dated 15 December 2010 to the Registered Prospectus Number 36 of Canterbury Building Society ('the Memorandum of Amendments') for the issue of debt securities up to a maximum of \$1,000,000,000 by the Society (the 'Prospectus').

Our report dated 12 October 2010 included in Prospectus Number 36 dated 12 October 2010 is reissued as at 15 December 2010 to take account of the Memorandum of Amendments. The changes outlined in the Memorandum of Amendments and incorporated in the Prospectus do not affect our Opinion on the Financial Statements, Opinion on the Summary Financial Statements or Opinion on the Ranking of Securities as set out in our report included in Prospectus Number 36 dated 12 October 2010 except in respect of the page numbers referred to in that report.

We have not performed any additional procedures since the date of our original report of 12 October 2010.

This report is made in accordance with clause 22 of Schedule 2. Our audit has been undertaken so that we might state those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Society and the Society's Members 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 referred to in accordance with clause 17 of Schedule 2, that comply with and have been registered under the Financial Reporting Act 1993 and which comply with generally accepted accounting practice in New Zealand; and give a true and fair view of the financial position of the Borrowing Group as at 31 March 2010 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 2010, 2009, 2008, 2007 and 2006, as required by clause 8 of Schedule 2; and
- (c) the details and amounts in respect of the ranking of securities of the Borrowing Group as at 31 March 2010 as required by clause 13 of Schedule 2.

Auditors' Responsibilities

It is our responsibility to:

- a) report in accordance with clauses 22(3) and 22(4) of Schedule 2, on the auditors' report on the financial statements of the Borrowing Group as at 31 March 2010 and for the year ended on that date; and
- b) report in accordance with clause 22(1)(h) of Schedule 2:
 - i) on the amounts included in the summary of financial statements for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 presented by the directors; and
 - ii) on the amounts included in the ranking of securities of the Borrowing Group as at 31 March 2010 presented by the directors.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/nz/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its Member Firms.

Deloitte.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 22 of Schedule 2. We disclaim any assumptions of responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements, or 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 Summary of Financial Statements

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of financial statements on pages 9 to 13 of this prospectus, pursuant to clause 8 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006. For a better understanding of the financial position and results of the Borrowing Group's operations for the financial period the summary of 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 14, pursuant to clause 13 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group as at 31 March 2010.

In addition to the audit, we have carried out other assignments in the areas of accounting and taxation advice. In addition to these assignments, principals and employees of our firm may deal with CBS Canterbury on arm's length terms within the ordinary course of trading activities. Other than the audit and these assignments and arm's length transactions, we have no relationship with or interests in the CBS Canterbury, or its subsidiary.

Unqualified Opinion on the Financial Statements

We report in accordance with clause 22(4) of Schedule 2, that in relation to the financial statements of the Borrowing Group as at 31 March 2010 and for the year ended on that date referred to on page 20, our audit report (dated 11 June 2010) was unqualified and did not refer to a fundamental uncertainty in any respect.

Our audit of the Borrowing Group was completed on 11 June 2010 and our unqualified opinion was expressed as at that date. We have not performed any procedures in relation to the 31 March 2010 annual financial statements subsequent to 11 June 2010.

Unqualified Opinion on the Summary of Financial Statements

In our opinion the amounts set out in the summary of financial statements, on pages 9 to 13 of this prospectus, as required by clause 8 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 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 14 of this prospectus, as required by clause 13 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the year ended 31 March 2010.

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009 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 Canterbury Building Society Prospectus Number 36 dated 12 October 2010 as amended by a Memorandum of Amendments dated 15 December 2010 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 dated 12 October 2010 (as amended 15 December 2010) and related audit report dated 15 December 2010 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.



Prospectus

No. 36

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

Dated 12 October 2010
(as amended by a Memorandum of
Amendments dated 15 December 2010)

PROSPECTUS NUMBER 36

Dated 12 October 2010 (as amended by a Memorandum of Amendments dated 15 December 2010)
for the issue of debt securities as defined in the Securities Act 1978
up to a maximum of \$1,000,000,000

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 18 of the Securities Regulations 2009, was delivered to the District Registrar of Companies for registration under Section 42 of the Securities Act 1978 on 12 October 2010.

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 2010, 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.

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DIRECTORY – NAMES, ADDRESSES AND OTHER INFORMATION

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, FNZIB, MAIB
35 Catherwood Avenue, Ashburton

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

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

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.

This Prospectus is for the issue of debt securities as defined in the Securities Act 1978 up to a maximum of \$1,000,000,000.

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).

On 19 November 2009, CBS Canterbury was allocated a BB+ (Stable Outlook) counterparty credit rating from internationally recognised ratings agency Standard & Poor's. For further details on credit ratings see pages 24 to 26.

On 15 September 2010, CBS Canterbury, Pyne Gould Corporation Limited, MARAC Financial Services Limited, MARAC Finance Limited (together, "MARAC") and Southern Cross Building Society ("SCBS") signed a Merger Implementation Agreement ("MIA") providing for the implementation of the merger proposal to merge the businesses of CBS Canterbury, SCBS and MARAC (the "Merger").

As at 15 December 2010, all shareholder, member and debt holder approvals of the Merger have been obtained and the Board considers that it is now likely that all conditions to the Merger will be satisfied and that the Merger will be implemented on or about 7 January 2011. Upon and subject to implementation of the Merger, all Deposits will become debt securities (deposits) issued by Combined Building Society, an entity created for the purposes of the Merger which will undertake the business operations previously undertaken by CBS Canterbury and SCBS, and which will own MARAC Finance Limited.

Details of the Merger, and deposits of the Combined Building Society are described on pages 8 to 9 and pages 21 to 22.

Investors in Deposits should read in full the Information Memorandum prepared by Combined Building Society in respect of the debt securities that will, pursuant to the Merger, replace CBS Canterbury's Deposits (the "Combined Building Society Information Memorandum").

A copy of the Combined Building Society Information Memorandum and other information relating to the Merger and Combined Building Society can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21.

OFFER OF INVESTMENTS

This Prospectus is dated 12 October 2010 (as amended by a Memorandum of Amendments dated 15 December 2010) 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.

CBS Canterbury has a guarantee under the Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011 ("Crown Guarantee"). CBS Canterbury is able to offer both Guaranteed and Non-Guaranteed Deposits under the Crown Guarantee.

GUARANTEED AND NON-GUARANTEED DEPOSITS

CBS Canterbury may offer investors the choice of investing in Deposits with or without the benefit of the Crown Guarantee, as set out below:

"Guaranteed Deposits" can be either On Call Deposits or Term Deposits offered by CBS Canterbury which are covered by the Crown Guarantee, subject to the terms and conditions of the Crown Guarantee. Potential investors in Guaranteed Deposits should satisfy themselves that the Crown Guarantee applies to them.

If an investor subscribes for Guaranteed Deposits, then CBS Canterbury's obligations under or in respect of that investment will be covered by the Crown Guarantee. If CBS Canterbury defaults on its obligations, an investor may be able to make a claim under the Crown Guarantee, subject to its terms.

"Non-Guaranteed Deposits" can be either On Call Deposits or Term Deposits offered by CBS Canterbury which are not covered by the guarantee given under the Crown Retail Deposit Guarantee. Non-Guaranteed Deposits are an "excluded security" for the purposes of the Crown Deed of Guarantee (Building Society/Credit union). If an investor subscribes for a Non-Guaranteed Deposit then none of CBS Canterbury's obligations under or in respect of that investment will be covered by the Crown Guarantee.

You should note that CBS Canterbury Guaranteed Deposits will usually attract a lower rate of interest than Non-Guaranteed Deposits.

Further information about the Crown Guarantee scheme and CBS Canterbury's participation in it is provided on pages 7 to 8.

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 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 any of CBS Canterbury's directors, employees, agents or advisers.

On Call Deposits

- | | |
|-----------------------|---|
| (1) Everyday Accounts | A range of on call transactional accounts with optional cheque, debit card, telephone and internet banking facilities, including Everyday Ultimate, 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 on call client agency accounts earning premium interest rates. |

Term Deposits

- | | | |
|------|---|---|
| (6) | Fixed Rate Term Deposits | Lump sums deposited for fixed terms at a fixed interest rate with a maximum term of 36 months. |
| (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) | Monthly Income Term Deposit | Investment terms of either 12, 24 or 36 months with a fixed rate of interest paid to an Everyday account monthly. |
| (9) | 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. |
| (10) | 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.

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 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), (9) and (10) 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.

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 is for a period of 2 years from the announcement of the scheme on 12 October 2008. Treasury announced on 18 November 2009 that it would make the scheme more flexible by withdrawing existing deeds and replacing them with revised deeds of guarantee for the current scheme. The updated version of the revised Crown Deed of Guarantee (Building Society/Credit Union) was released by the Crown on 24 November 2009. The CBS Canterbury revised Crown Deed of Guarantee (Building Society/Credit Union) is dated 8 December 2009 and replaced the existing Crown Deed of Guarantee referred to above from 1 January 2010 and has effect to 12.01am on 12 October 2010. This deed clarifies the operation of the Crown Guarantee, imposes additional obligations on CBS Canterbury and permits the offer of both guaranteed and non-guaranteed deposit products.

On 25 August 2009, the Government announced that the New Zealand Crown Retail Deposit Guarantee Scheme would be extended to 31 December 2011. CBS Canterbury entered into a Crown Deed of Guarantee (Building Society/Credit Union) dated 28 May 2010. This Deed commences at 12.01am on 12 October 2010 and expires on 11.59pm on 31 December 2011.

Under the Crown Guarantee, the Crown guarantees to each eligible investor that if CBS Canterbury fails to repay the amount invested plus any accrued interest when it is due and payable, then the Crown will pay that amount to the investor. In general terms, eligible investors in Deposits (other than Non-Guaranteed Deposits or any other "excluded securities") will have the benefit of the Crown Guarantee given under the:

- New Zealand Deposit Guarantee Scheme, up to \$1 million up until 12 October 2010, and
- Crown Retail Deposit Guarantee Scheme Act 2009, up to \$250,000 from 12 October 2010 to 31 December 2011.

The Crown Guarantee also covers Deposits (other than Non-Guaranteed or any other "excluded securities") which are due and payable to investors other than the above-dated if a "default event" occurs during the relevant period.

A "default event" under the Crown Guarantee is where CBS Canterbury: becomes insolvent or fails to pay its debts when due; is subject to insolvency proceedings; a voluntary administrator, a liquidator or receiver is appointed; a secured party takes possession of its assets; enters into an arrangement or compromise with its creditors; enters in a moratorium; or a statutory manager is appointed. As at 12 October 2010, the Board considers it unlikely that a default event will occur.

The Crown will only make payment to an investor under the Crown Guarantee if the investor makes a claim and the Crown is satisfied as to its liability to the investor as to the amount payable to them.

The "extended" Crown Guarantee (which applies from 12 October 2010 to 31 December 2011) differs from the "existing" Crown Guarantee (which applies to 12 October 2010). In particular, the "extended" Crown Guarantee:

- Does not cover any interest that accrues after a "default event";
- Requires an investor must make any claim for payment with the Crown within 180 days of the date of their investment becoming due and payable (and CBS Canterbury has not paid); and
- Only covers investments which are due and payable to investors during the period from 12 October 2010 to 31 December 2011. It does not cover investments which are due and payable after the expiry of that period.

Further information about the Crown Retail 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.

Full terms and conditions of each guarantee are set out in the relevant Crown Deed of Guarantee.

Potential investors in Guaranteed Deposits should satisfy themselves that the Crown Guarantee applies to them. If you are in any doubt as to the application of the Crown Guarantee, you should seek independent professional advice.

MERGER

On 15 September 2010, CBS Canterbury signed the MIA with SCBS, MARAC and Pyne Gould Corporation Limited under which the parties conditionally agreed to undertake the Merger. It is intended that the merged business will seek an NZX listing and, ultimately, apply to become a registered bank under the Reserve Bank of New Zealand Act (none of the Merger participants are currently registered banks).

As at 15 December 2010, all shareholder, member and debt holder approvals to the Merger have been obtained and the Board considers that it is now likely that all conditions of the Merger will be satisfied and that the Merger will be implemented on or about 7 January 2011.

Upon implementation of the Merger, all Deposits will become debt securities (deposits) issued by Combined Building Society, an entity created for the purposes of the Merger which will undertake the business operations previously undertaken by CBS Canterbury and SCBS, and which will own MARAC Finance Limited.

If the Merger is implemented, your Combined Building Society deposit will have substantially the same key terms and conditions as your Deposit with CBS Canterbury. In particular, each Combined Building Society deposit which replaces your Deposit with CBS Canterbury will:

- bear the same product name as the equivalent Deposit with CBS Canterbury;
- among other things, have the same payment terms, interest rate and maturity date as the equivalent Deposit with CBS Canterbury;
- continue to have the benefit of a Crown guarantee under the New Zealand Retail Deposit Guarantee Scheme (subject to the terms of Combined Building Society's Crown guarantee) until the Crown guarantee expires on 31 December 2011, if the equivalent Deposit with CBS Canterbury has the benefit of the Crown Guarantee. Once Combined Building Society's Crown guarantee expires, Combined Building Society deposits will no longer be covered by that guarantee;
- be governed by a Master Trust Deed between Trustees Executors Limited and Combined Building Society dated 29 October 2010 ("Combined Building Society Master Trust Deed") and Supplemental Trust Deeds dated the same date; and
- rank equally with all other debt securities issued by Combined Building Society under the Combined Building Society Master Trust Deed.

The key differences between the Combined Building Society deposit and a Deposit with CBS Canterbury which it replaces are:

- the issuer will be Combined Building Society;
- Combined Building Society and its (then) subsidiary MARAC Finance Limited will form the Guaranteeing Group at the date of implementation of the Merger; and
- the terms of the Combined Building Society Master Trust Deed are different to the terms of CBS Canterbury's Trust Deed, including in respect of security, financial covenants, reporting to the trustee, other undertakings, events of default and release in the event of becoming a registered bank. The principal differences between those deeds are summarised on pages 17 to 20 below.

It is a condition of the Merger that the Merger will not proceed unless Combined Building Society has a guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants. If granted, Combined Building Society's Crown guarantee will, on the Merger becoming effective, cover CBS Canterbury's Deposits that currently have the benefit of the Crown Guarantee. An application for a Crown guarantee has been made and the Merger parties are in discussions with Treasury. The Merger parties intend

that the position of any individual CBS Canterbury Depositor under Combined Building Society's Crown guarantee will be no less favourable than its position in relation to CBS Canterbury's Guaranteed Deposits as at 15 December 2010.

Further detailed information relating to the Merger and Combined Building Society (including copies of the Combined Building Society Information Memorandum and the Combined Building Society Master Trust Deed) can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21.

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) Raising deposits from the public;
- (b) Lending to the public on the security of mortgages of freehold or leasehold land, or by way of advance on chattel security;
- (c) Advancing facilities to its investors for the profitable investment of savings; and
- (d) Enabling 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 assets (as set out in the Society's latest audited Statement of Financial Position).

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. Loan and Building Society exists as a non-trading wholly owned subsidiary of CBS Canterbury.

SUMMARY FINANCIAL STATEMENTS

The historical summary consolidated historical financial statements for CBS Canterbury and its subsidiary for the five previous years is set out below.

The historical summary consolidated financial statements below are derived from the audited consolidated financial statements of CBS Canterbury for the financial years 2006, 2007, 2008, 2009 and 2010.

The audit reports for these years were not qualified in any way, and required no explanatory notes.

The summary of consolidated financial statements should be read together with the notes that follow it. The consolidated financial statements have existed from 2008 as a result of the business combination during the 2008 financial year. For the 2006 and 2007 financial years the parent and group financial statements are the same due to no group existing at these reporting dates

Previous NZ GAAP has been disclosed for the years 31 March 2006 and 2007. Both NZ IFRS and previous NZ GAAP summary financial statements have been disclosed for the year of transition 31 March 2007 and NZ IFRS has been applied for the years ended 31 March 2008, 2009 and 2010.

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

	(NZ IFRS)				(Previous NZ GAAP)	
	12 months 31 Mar 2010 (Audited) \$	12 months 31 Mar 2009 (Audited) \$	12 months 31 Mar 2008 (Audited) \$	12 months 31 Mar 2007 (Audited) \$	12 months 31 Mar 2007 (Audited) \$	12 months 31 Mar 2006 (Audited) \$
INCOME STATEMENT						
REVENUES						
Interest Income	30,406,355	50,993,207	35,650,469	28,656,873	28,674,873	22,094,541
Other Income	2,362,104	695,860	827,002	982,085	1,065,156	681,998
LESS FINANCE CHARGES						
Interest On Deposits	22,371,790	39,793,767	27,335,440	21,743,889	21,743,889	16,520,684
Preference Share Dividends	-	-	120,000	240,000	-	-
GROSS CONTRIBUTION						
FROM ACTIVITIES	10,396,669	11,895,300	9,022,031	7,655,069	7,996,140	6,255,855
DEDUCT OVERHEAD EXPENSES						
Amortisation of Intangibles	391,963	194,192	89,738	110,564	49,271	-
Auditor - Audit Fees	173,979	223,024	145,467	88,213	88,213	85,868
Bank Fees Paid	790,626	891,167	475,220	455,644	455,644	288,864
Depreciation	307,629	302,199	259,604	313,330	423,894	309,439
Directors Fees	259,687	259,687	166,667	150,000	150,000	110,000
Loss on Disposal of Assets	15,597	21,553	24,511	-	-	-
Marketing Expenses	360,615	552,622	448,181	412,107	412,107	406,598
Property Expenses	191,182	271,272	179,145	170,911	170,911	108,841
Rent & Lease Payments	180,331	171,201	119,210	25,709	25,709	7,149
Provision For Doubtful Debts	-	-	-	-	-	100,000
Salaries	4,141,438	3,801,264	2,531,001	2,139,486	2,132,980	1,420,240
Impairment Losses on Advances	588,616	3,363,415	15,100	-	657	4,816
Gain on settlement of Advances Acquired	-	(953,360)	-	-	-	-
Other Operating Expenses	1,796,930	2,048,119	1,365,403	1,331,610	1,330,953	851,145
TOTAL OVERHEAD EXPENSES	9,198,593	11,146,355	5,819,247	5,197,574	5,240,339	3,692,960
NET OPERATING PROFIT BEFORE SPECIAL FINANCE CHARGE & GOODWILL IMPAIRMENT	1,198,076	748,945	3,202,784	2,457,495	2,755,801	2,562,895
Less Impairment of Goodwill	-	4,148,483	-	-	-	-
Less Special Finance Charge	-	-	1,110,000	-	-	-
NET PROFIT BEFORE TAXATION	1,198,076	(3,399,538)	2,092,784	2,457,495	2,755,801	2,562,895
Taxation	(711,469)	81,712	1,209,201	845,210	903,544	869,917
NET PROFIT (LOSS)	1,909,545	(3,481,250)	883,583	1,612,285	1,852,257	1,692,978
STATEMENT OF COMPREHENSIVE INCOME						
Profit (Loss) for the year	1,909,545	(3,481,250)	883,583	1,612,285	1,852,257	1,692,978
Available for Sale Financial Assets	588,621	(498,477)	(300,814)	18,000	-	-
Gains arising on Revaluation of Properties	143,718	(137,902)	120,061	764,859	764,859	290,433
Realised Capital Gains Reserve	-	-	241,295	-	-	-
Income Tax relating to components of other comprehensive income	(219,701)	160,913	37,967	(142,746)	-	-
Total Comprehensive Income (Loss) for the year	2,422,183	(3,956,716)	982,092	2,252,398	2,617,116	1,983,411

Canterbury Building Society and Subsidiary
Summary of Financial Statements
as at

	(NZ IFRS)				(Previous NZ GAAP)	
	31 Mar 2010 (Audited) \$	31 Mar 2009 (Audited) \$	31 Mar 2008 (Audited) \$	31 Mar 2007 (Audited) \$	31 Mar 2007 (Audited) \$	31 Mar 2006 (Audited) \$
STATEMENT OF FINANCIAL POSITION						
EQUITY						
Share Capital	44,288,129	43,752,145	42,576,993	14,400,714	17,400,714	13,150,000
Available for Sale Reserve	(135,409)	(547,444)	(198,510)	12,060	-	-
Property Revaluation Reserve	1,528,571	1,427,968	1,554,500	1,486,716	1,770,843	1,005,984
Realised Capital Gains Reserve	287,115	287,115	287,115	45,820	45,820	45,820
Retained Earnings	5,583,493	3,673,948	9,270,180	8,974,424	8,544,022	7,913,711
	51,551,899	48,593,732	53,490,278	24,919,734	27,761,399	22,115,515
REPRESENTED BY:						
ASSETS						
Cash and Cash Equivalents	44,308,968	93,615,259	75,333,716	65,906,584	65,958,320	59,663,145
Trade and Other Receivables	120,230	89,790	98,375	129,237	129,237	138,097
Property Held for resale	-	-	-	2,847,344	2,847,344	-
Taxation Refund Due	1,247,553	560,492	566,632	136,016	136,016	121,001
Short Term Deposits	27,000,000	5,300,000	10,300,000	-	-	-
Investments	7,917,868	17,131,356	8,166,000	4,875,740	4,824,004	4,806,004
Advances	445,262,091	417,423,939	449,071,488	270,615,545	270,405,216	227,072,091
Property, Plant & Equipment	5,049,530	5,070,130	4,711,894	4,233,907	4,326,305	3,752,332
Deferred Tax	13,603	208,895	-	-	-	-
Derivative Financial Assets	27,908	127,572	-	-	-	-
Intangibles	9,897,295	10,122,445	13,478,613	529,753	443,444	246,086
Total Assets	540,845,046	549,649,878	561,726,718	349,274,126	349,069,886	295,798,756
LIABILITIES						
Trade and Other Payables	384,438	549,539	775,452	621,687	621,687	306,470
Employee Entitlements	347,697	317,861	243,021	129,879	108,291	50,154
Withholding Tax	670,966	736,872	963,967	626,969	626,969	507,250
Derivative Financial Liabilities	1,628,387	6,300,648	698	-	-	-
Preference Shares	-	-	-	3,000,000	-	-
Deferred Tax	-	-	97,605	24,317	-	-
Deposits	486,261,659	493,151,226	506,155,697	319,951,540	319,951,540	272,819,367
Total Liabilities	489,293,147	501,056,146	508,236,440	324,354,392	321,308,487	273,683,241
NET ASSETS	51,551,899	48,593,732	53,490,278	24,919,734	27,761,399	22,115,515

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

	(NZ IFRS)				(Previous NZ GAAP)	
	12 months 31 Mar 2010 (Audited) \$	12 months 31 Mar 2009 (Audited) \$	12 months 31 Mar 2008 (Audited) \$	12 months 31 Mar 2007 (Audited) \$	12 months 31 Mar 2007 (Audited) \$	12 months 31 Mar 2006 (Audited) \$
STATEMENT OF CHANGES IN EQUITY						
Opening Balance	48,593,732	53,490,278	24,919,734	19,398,568	22,115,515	21,197,104
Profit (Loss) for Period	1,909,545	(3,481,250)	883,583	1,612,285	1,852,257	1,692,978
Other Comprehensive Income for period						
Available for Sale Financial Assets	588,621	(498,477)	(300,814)	18,000	-	-
Gains arising on Revaluation of Properties	143,718	(137,902)	120,061	764,859	764,859	290,433
Realised Capital Gains Reserve	-	-	241,295	-	-	-
Income Tax relating to components of other comprehensive income	(219,701)	160,913	37,967	(142,746)	-	-
Total Comprehensive Income for period	2,422,183	(3,956,716)	982,092	2,252,398	2,617,116	1,983,411
Issue of Shares	535,984	1,175,152	28,176,279	4,250,714	4,250,714	-
Payment of Dividends	-	(2,114,982)	(587,827)	(981,946)	(1,221,946)	(1,065,000)
Closing Balance	51,551,899	48,593,732	53,490,278	24,919,734	27,761,399	22,115,515
CASH FLOW STATEMENT						
Net Cash Flows (Used in)/ from Operating Activities before changes in Operating Assets	(2,078,099)	5,102,929	4,738,593	2,662,633	2,652,849	2,103,878
Net Increase/Decrease in Loans and Receivables	(31,906,673)	33,276,175	(11,674,440)	(4,264,786)	-	-
Deposits Received less Withdrawals	(3,769,199)	(13,681,674)	-	-	-	-
Net Cash Flows (used in) / from Operation Activities	(37,753,971)	24,697,430	(6,935,847)	(1,602,153)	2,652,849	2,103,878
Net Cash Flow (used in) / from Investing Activities	(12,088,304)	(5,476,057)	4,639,420	(328,056)	(9,882,772)	(49,062,145)
Net Cash Flow (used in) / from Financing Activities	535,984	(939,830)	11,723,559	8,225,384	7,985,385	45,982,140
Net (Decrease) / Increase in Cash Held	(49,306,291)	18,281,543	9,427,132	6,295,175	755,462	(976,127)
Add Opening Cash Brought Forward	93,615,259	75,333,716	65,906,584	59,611,409	69,901	1,046,028
Closing Cash Carried Forward	44,308,968	93,615,259	75,333,716	65,906,584	825,363	69,901
DATE OF AUTHORISATION OF FINANCIAL STATEMENTS						
Authorised for issue by the Board	11 June 2010	12 June 2009	27 June 2008	14 June 2007	14 June 2007	19 June 2006

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements are those of CBS Canterbury and its Subsidiary ("the Group") which is a profit orientated entity. They have been prepared in accordance with NZ GAAP and have been extracted from full unqualified audited financial statements that:

- the financial years ended 31 March 2010, 2009, 2008 and 2007 have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The full financial statements for each of these years included an explicit and unreserved statement of compliance with IFRS.
- the financial years ended 31 March 2007 and 2006 have been prepared in accordance with New Zealand Financial Reporting Standards (NZ FRS) applicable prior to the implementation of NZ IFRS.

The summary financial statements were authorised for issue by the Directors on 12 October 2010.

The Summary Financial Statements for the Group comply with the Financial Reporting Standard 43 "Summary Financial Statements" subject to the Securities Regulations 2009.

The summary financial statements cannot be expected to provide a complete understanding as provided by the full financial statements from which they are extracted.

The full financial statements for each year presented were the subject of an unqualified audit opinion. These financial statements are available for inspection at the Ministry of Economic Development via the Companies Office website www.companies.govt.nz.

The accounting policies that have been applied in preparing the financial statements for the year ended 31 March 2010 are consistent with the accounting policies applied in the previous year.

The presentation currency is New Zealand dollars (\$).

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 as a business combination. 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.

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

CBS Canterbury has entered into the following material contracts:

- (a) The extended Crown Deed of Guarantee (as further set out in pages 7 to 8 of this Prospectus);
- (b) A Deed of Amendment dated 29 November 2010 (amending the Trust Deed to include details of the minimum capital ratios and maximum limit on exposure to related parties which are prescribed by the non-bank deposit taker regulations – as further set out on page 25 of this Prospectus);

- (c) The Merger Implementation Agreement dated 15 September 2010 (as further described on pages 21 to 22 of this Prospectus);
- (d) Contracts relating to the Residential Mortgage Backed Securitisation Programme being;
 - (i) the Master Trust Deed dated 22 July 2010 between CBS Canterbury and the Trustee;
 - (ii) the Supplemental Deed dated 22 July 2010 between CBS Canterbury, the Trustee and AMAL New Zealand Limited;
 - (iii) the Master Loan Purchase Deed dated 22 July 2010 between CBS Canterbury and the Trustee;
 - (iv) the Master Servicing Deed dated 22 July 2010 between CBS Canterbury, the Trustee and AMAL New Zealand Limited;
 - (v) the Master Security Trust Deed dated 22 July 2010 between CBS Canterbury, the Trustee and TEL Security Trustee (CBS) Limited;
 - (vi) the General Security Deed dated 22 July 2010 between CBS Canterbury, the Trustee and TEL Security Trustee (CBS) Limited,
 (further details of these contracts including a description of their combined effect is set out on pages 23 to 24 of this Prospectus)

Apart from the contracts disclosed, there have been no other material contracts entered into by CBS Canterbury during the two years preceding the date of this Prospectus other than as entered into in the ordinary course of business.

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.

ISSUE EXPENSES

The estimated amount of issue expenses is \$15,000 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 12 October 2010, 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 2010 was \$486,261,659 as measured under NZ IFRS (at 31 March 2009 was \$493,151,226).

PROVISIONS OF THE TRUST DEED

1. The Deposits, (account types (1) to (10) inclusive detailed on pages 5 to 6) 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(b) 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 statutory duties pursuant to the Securities Act 1978 and the Securities Regulations 2009 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.
17. The Merger of CBS Canterbury, SCBS and MARAC was conditional on, amongst other things, the passing of an Extraordinary Resolution. That resolution has now been passed.

Modifications to Trust Deed

18. 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

19. The Trust Deed will be discharged if the merger proposal referred to on pages 8 to 9 and pages 21 to 22 proceeds, 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.

Merger

20. On implementation of the Merger, which is expected to occur on or about 7 January 2011, the Deposits will become debt securities issued by Combined Building Society and will be regulated by the Combined Building Society Master Trust Deed. If the Merger proceeds, your Combined Building Society deposit will have substantially the same key terms and conditions as your Deposit with CBS Canterbury, with the key differences summarised below:

Financial Covenants

New trust deed	Old trust deed
<p>Tested for each of the Consolidated Group (Combined Building Society and its borrowing group on a consolidated basis, as set out in Regulation 5 of the Deposit Takers Regulations) and the Guaranteeing Group (which does not include any securitisation vehicle or other subsidiary which is not a Guarantor):</p> <ul style="list-style-type: none"> • Capital Ratio of not less than 8%. • Liquid Assets to be at least 15% of Total Liabilities. • Related Party Exposures not to exceed 15% of Capital. There is no restriction on entering into transactions with related parties provided this limit is not exceeded. • Indebtedness of the Largest Single Borrower does not exceed an amount equal to 15% of Capital. 	<p>Tested for CBS Canterbury and each guaranteeing subsidiary (on a consolidated basis) (The CBS Canterbury Trust Deed was amended on 29 November 2010 to include the requirements of the non bank deposit taker regime under the Reserve Bank Act.):</p> <ul style="list-style-type: none"> • Total Liabilities not to exceed 95% of Total Tangible Assets. • Total Secured Liabilities not to exceed 1% of Total Tangible Assets. • Total Liquid Assets not to be less than 15% of Total Tangible Assets less Reserves. • Interest (and related withholding tax) not to exceed income actually received from investments. • Assets to be sufficient to enable Liabilities to be discharged when due. • Aggregate of Total Secured Indebtedness, Total Unsecured Indebtedness, Total Listed Securities

	<p>and Total Unlisted Securities not to exceed 15% of Total Tangible Assets.</p> <ul style="list-style-type: none"> • Aggregate of Total Unsecured Indebtedness, Total Listed Securities and Total Unlisted Securities not to exceed 5% of Total Tangible Assets. • No Exposure to Associated Persons except that which is secured as Guaranteed Investment Principal or approved Mortgage Principal and on normal commercial terms, or as approved by the Trustee and undertaken in the ordinary course of business and on normal commercial terms.
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Security

New trust deed	Old trust deed
<p>Unsecured. Permitted Securities include netting or set off arrangements, liens arising by operation of law in the ordinary course of trading, securities arising out of suppliers' retention of title provisions, and any other security provided the amount secured by those other securities does not exceed 5% of the Total Tangible Assets of the Guaranteeing Group.</p>	<p>Unsecured. Total Secured Liabilities may not exceed 1% of Total Tangible Assets. No guarantee, indemnity or security shall be given for the obligations of any External Person for an unlimited amount of liability.</p>

Reporting to the Trustee

New trust deed	Old trust deed
<p>Quarterly report, half yearly statements and annual statements. The annual statements must be audited.</p> <p>Including certifying each quarter that no Event of Default has occurred and continues unremedied and compliance with the financial covenants.</p> <p>Such other information as required by the Trustee.</p>	<p>Half yearly and annual statements and monthly management reports. The annual statements must be audited.</p> <p>Quarterly certificates that no Event of Default has occurred and continues unremedied and compliance with the financial covenants.</p> <p>If requested by the Trustee, the balance sheet and revenue and appropriation account of the Society, any Guaranteeing Subsidiary, the Guaranteeing Group and the Society and its Subsidiaries (as a group).</p> <p>Such other information as required by the Trustee.</p> <p>The Trustee has also received monthly operational, weekly liquidity and monthly reporting for Crown Guarantee/Reserve Bank purposes.</p>

Other Undertakings

New trust deed	Old trust deed
<p>Not enter into transactions, to sell, lease, transfer or dispose of assets other than in the ordinary course of business, for fair value on normal commercial terms except in limited circumstances.</p> <p>It may not make any Distributions other than to another Obligor while money is due and owing under any Debt Instrument and is unpaid.</p> <p>Have in place, and provide to the Trustee, a copy of its</p>	<p>Not secure by way of Charge over any assets the payment of Principal or interest or other moneys payable under Debt Securities or issue any Debt Securities payable to "bearer".</p> <p>Not deal with an associated person except on arm's length basis for full market value and in the ordinary course of business.</p> <p>Not sell or transfer any substantial part of the business,</p>

<p>liquidity policy.</p> <p>Among other things, comply with and perform its obligations under law in relation to a Series and under the Transaction Documents, maintain a Register, maintain corporate existence, not make any substantial change to the core business of the Guarantoring Group, notify the Trustee of the occurrence of an Event of Default, and provide various notices to the Trustee.</p>	<p>undertaking or assets.</p> <p>Not write up the value of any Tangible Asset.</p> <p>Not issue Debt Securities when the Issuer or any Guarantoring Subsidiary is in breach of the Trust Deed or the Securities Act.</p>
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Events of Default

New trust deed	Old trust deed
<p>Trustee may in its discretion and must immediately if directed to do so by an Extraordinary Resolution declare the Debt Instruments to be immediately due and payable. Events of Default include:</p> <ul style="list-style-type: none"> • a failure to pay any principal or interest amount within three business days of the due date or failure to pay other amounts in respect of the Debt Instruments within ten business days; • failure to comply with other material undertakings under the Trust Deed and, if capable of remedy, that failure is not remedied within 30 days and such default has, in the reasonable opinion of the Trustee, a material adverse effect; • ceasing or threatening to cease to carry on a substantial part of its business other than in certain circumstances; • being unable to pay debts or becoming insolvent; or • a receiver, trustee, manager, official administrator, statutory manager or other similar official being appointed to an Obligor. 	<p>Trustee may and must if directed to do so by holders of one fifth of principal or by an Extraordinary Resolution declare the Deposit Moneys to be immediately due and payable. Events of Default include:</p> <ul style="list-style-type: none"> • a failure by the Society to pay principal on due date or failure for fourteen days after the due date to pay interest; • a winding up, dissolution, or cancellation of registration of the Society or entering into any arrangement or composition with creditors generally, or a receiver or investigator being appointed or encumbrancer taking possession or exercising a power of sale; • a legal process levied or enforced upon or sued out for a sum exceeding \$100,000 that is not satisfied within 7 days; • stopping or suspending payment to creditors or ceasing or threatening to cease to carry on business or selling a major part of its undertaking; • reducing or attempting to reduce share capital, defaulting under a charge, breaching financial ratios, or being unable to pay debts; • paying any dividend while any principal or interest amounts are payable; and • any other default continuing for more than fourteen days.

Guarantee

New trust deed	Old trust deed
<p>Marac Finance Limited will be a Guarantor and will unconditionally and irrevocably guarantee payment of the Debt Instrument Moneys.</p> <p>New Subsidiaries of Combined Building Society will only become guarantors at Combined Building Society's discretion.</p> <p>Combined Building Society intends to have a Crown Guarantee until 31 December 2011, which will be available to eligible investors. Refer to the Summary of the Crown Guarantee section of this Investment Statement for further detail about the Crown Guarantee.</p>	<p>CBS Canterbury has a Crown guarantee until 31 December 2011, which will be available to eligible investors.</p> <p>All Wholly Owned Subsidiaries are required to become Guarantoring Subsidiaries.</p>

Quorum

New trust deed	Old trust deed
Quorum for an Extraordinary Resolution to be passed is at least 25% in principal amount of the Debt Instruments.	Quorum for an Extraordinary Resolution to be passed is Depositors holding a majority in principal amount of the Deposits.

Release on becoming a Registered Bank

New trust deed	Old trust deed
<p>On becoming a registered bank the Trust Deed will be released and the terms of each Debt Instrument will be converted into direct, unsecured, unsubordinated and unconditional indebtedness of Combined Building Society, in relation to Accounts, on the terms of the Supplemental Deed (Accounts) and in relation to the MARAC Bonds on the terms set out in the deed poll annexed to the Combined Building Society Master Trust Deed. This does not require the consent of Holders.</p> <p>The terms of the deed poll are similar to the terms of the Combined Building Society Master Trust Deed but exclude a number of representations, warranties, covenants and events of default. There are no financial covenants in the deed poll and no person will guarantee the Deposits. In addition, a breach of a representation or warranty will not constitute an Event of Default.</p> <p>There will be no guarantees, representations, warranties or covenants applicable to the Accounts other than the undertaking to pay principal and interest when due.</p>	<p>The Trust Deed will be released on CBS Canterbury repaying all Depositors, becoming a registered bank or transferring its engagements to a bank or another building society.</p>

Investors should note the following in respect of the above table:

- references, in the left hand column, to the "Trustee" are references to Trustees Executors Limited as trustee under the Combined Building Society Master Trust Deed;
- references, in the right hand column, to the "Trustee" are references to Trustees Executors Limited as trustee under the CBS Canterbury's Trust Deed;
- capitalised terms used in the left hand column have the meanings given to those terms in the Combined Building Society Master Trust Deed; and
- capitalised terms used in the right hand column have the meanings given to those terms in CBS Canterbury's Trust Deed.

Copies of the Combined Building Society Master Trust Deed, CBS Canterbury's Trust Deed and detailed information regarding the Merger may be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21.

FINANCIAL STATEMENTS

The audited financial statements for CBS Canterbury for the year ended 31 March 2010 have been filed in accordance with the Financial Reporting Act 1993 on 12 July 2010 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. A copy of the latest audited financial statements should accompany this Prospectus.

PLACES OF INSPECTION OF DOCUMENTS

Information regarding CBS Canterbury and the Deposits

All documents referred to in this Prospectus including CBS Canterbury's audited financial statements for the year ended 31 March 2010, CBS Canterbury's Rules, and the material contracts disclosed on pages 13 to 14 of this Prospectus, may be inspected at CBS Canterbury's office at Society House, 224 East Street, Ashburton during normal business hours. The audited financial statements and material contracts may also be inspected 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. Payment of a fee may apply.

Information regarding the Merger and Combined Building Society

Copies of Combined Building Society's Rules, the Combined Building Society Master Trust Deed and the Combined Building Society Information Memorandum may be viewed on the Companies Office website at: www.companies.govt.nz (under "Search Other Registers"), or may be obtained by telephoning the Companies Office on 0508 266 726. The Companies Office may charge a nominal fee for certain documents.

The documents referred to in the previous paragraph and further information regarding the Merger and the Merger parties (including, for example, audited financial statements and trust deeds) can be found on the website established to provide information to Merger stakeholders at: www.buildingsocietyholdings.co.nz.

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.

Crown Retail Deposit Guarantee

CBS Canterbury has a guarantee under the New Zealand Deposit Guarantee scheme. Further details about the scheme and the Crown Deed of Guarantee (both current and revised) are set out on pages 4 to 8. The revised Crown Deed of Guarantee was entered into by CBS Canterbury on 8 December 2009. The extended Crown Deed of Guarantee was entered into by CBS Canterbury on 28 May 2010.

Merger

On 15 September 2010, CBS Canterbury signed the MIA with SCBS, Pyne Gould Corporation Limited, and MARAC under which the parties conditionally agreed to merge the businesses of SCBS, CBS Canterbury and MARAC. It is intended that the merged business will seek a NZX listing and, ultimately, apply to become a registered bank.

Subject to all relevant regulatory and stakeholder approvals and satisfaction of all other conditions, the target date for the Merger is 7 January 2011.

The implementation of the Merger is also subject to various conditions set out in the MIA, including:

- obtaining all necessary stakeholder approvals, such as the approval of CBS Canterbury's Members and Depositors, and of the members and debt holders of SCBS and MARAC. All such approvals have been obtained;
- Combined Building Society obtaining a Crown guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants and discussed in more detail on page 22; and
- obtaining approval from the High Court to undertake a Scheme of Arrangement as part of the Merger process.

The proposed NZX listing of the merged business will be subject to the merged business satisfying NZX Limited's listing requirements and for the merged business to obtain registered bank status which will require satisfaction of The Reserve Bank's registration requirements.

Structural outline

The MIA provides for the Merger to be effected by way of a High Court approved Scheme of Arrangement involving, in broad terms, the following structural steps:

- a new company, Building Society Holdings Limited ("BSHL") will be established to be the holding company for the merged group, Building Society Holdings Limited ("BSHL"). BSHL will seek a NZX listing. The majority shareholder in BSHL will be Pyne Gould Corporation Limited, with a holding of approximately 71%. The target listing date for BSHL is early February 2011;
- CBS Canterbury and SCBS will merge and the Combined Building Society will be a wholly-owned subsidiary of BSHL;
- BSHL will, through a subsidiary, acquire all of the shares in MARAC Finance Limited;
- Combined Building Society will assume the obligations of CBS Canterbury, SCBS and MARAC under debt securities previously issued by them;
- following the transfer of engagements, CBS Canterbury and SCBS will be converted into companies and will be acquired by, and amalgamate with, a subsidiary of BSHL.

Key points for Depositors

Depositors should, in particular, be aware of the following matters in respect of the Merger:

- if the merger proceeds, CBS Canterbury's Deposits will be transferred to Combined Building Society and will cease to be issued by CBS Canterbury. On transfer to Combined Building Society, Deposits will continue to have the same terms as to interest rate and maturity but will be subject to the provisions of the Combined Building Society Master Trust Deed, and not CBS Canterbury's Trust Deed. The key differences between these deeds are set out in the table on pages 17 to 20;
- Combined Building Society has sought a continuation or replacement of the Crown Guarantee in respect of the Guaranteed Term Deposits and Guaranteed At Call Deposits that it assumes from CBS Canterbury (and also the debt securities assumed from the other merger participants which are subject to a guarantee by the Crown). It is a condition of the Merger that the Merger will not proceed unless Combined Building Society has a guarantee under a Crown Retail Deposit Guarantee Scheme, being a guarantee that expires on 31 December 2011, on terms acceptable to the Merger participants. If granted, the Combined Building Society Crown guarantee will cover CBS Canterbury's Deposits which currently have the benefit of the Crown Guarantee. An application for a Crown guarantee has been made and the Merger parties are in discussions with Treasury. The Merger parties intend that the position of any individual CBS Canterbury Depositor under the Combined Building Society Crown guarantee will be no less favourable than its position in relation to CBS Canterbury's Guaranteed Deposits as at 15 December 2010;
- it is intended that the debt securities assumed by Combined Building Society from CBS Canterbury, SCBS and MARAC Finance Limited will rank equally among themselves, as unsecured, unsubordinated obligations;
- it is intended that MARAC Finance Limited (once it has become a subsidiary of Combined Building Society) will unconditionally guarantee the Combined Building Society debt securities;
- Combined Building Society, to which CBS Canterbury Depositors' investments will be transferred, will be substantially larger than CBS Canterbury prior to the merger.

How do I find more information about the Merger?

Detailed information relating to the Merger (including copies of the Combined Building Society Information Memorandum and Combined Building Society Master Trust Deed) can be obtained in the manner described under the heading "Places of Inspection of Documents" on pages 20 to 21.

Residential Mortgage-Backed Securitisation Programme

On 16 July 2010, CBS Canterbury announced the establishment of a Residential Mortgage-Backed Securitisation Programme. The securitisation programme will provide CBS with a more diversified funding base for the purpose of further lending, which will assist CBS Canterbury to grow its business. In addition, the securitisation programme will provide CBS with a more competitive cost of funds.

The programme is to be established in two stages: first, CBS Canterbury will establish a Warehouse Trust and sell residential loans to it at face value. CBS Canterbury will use the sale proceeds to fund its lending activities. The Warehouse Trust will be funded to purchase the loans from CBS Canterbury through a Warehouse Loan Facility provided by Westpac. In due course, the second stage of the programme will involve the establishment of further trusts, which will purchase the residential loans from the Warehouse Trust, funded by the issue of debt notes to selected institutions.

It is anticipated that under the programme, up to \$100,000,000 in principal amount of residential mortgages will be sold by CBS Canterbury to the Warehouse Trust.

The programme to be undertaken by CBS Canterbury for the securitisation of its residential mortgages can be summarised as follows:

- (a) The CBS Warehouse A Trust and other trusts established under the programme will be special purpose trusts ("Trusts") established by Trustees Executors Limited ("the Trustee"). CBS Canterbury will not have any entitlement to the capital or income of the Trusts but a charitable trust established by CBS Canterbury will be the residual capital and income beneficiary of the Trusts (although in practice the programme will operate in such a way that only nominal sums will accrue to the charitable trust as the residual beneficiary). The Trusts will be administered by the Trustee;
- (b) The CBS Warehouse A Trust (the first Trust to be created) will acquire residential loans from CBS Canterbury. In the long term, further Trusts will be created to purchase such loans from the CBS Warehouse A Trust and to issue debt notes to selected institutions;
- (c) The CBS Warehouse A Trust will be funded to purchase the residential mortgages from CBS Canterbury by a Warehouse Loan Facility provided by Westpac. The subsequent Trusts will be funded by the issue of debt notes to selected institutions;
- (d) It is anticipated that the debt notes will be:
 - (i) issued in several classes. The different classes of debt notes will rank in descending priority for principal and interest, with the lower ranked classes of debt notes receiving a higher interest rate to compensate for the risk associated with the lower ranking;
 - (ii) (for the higher classes of debt notes) assigned a rating by a rating agency;
 - (iii) mature on a fixed date yet to be specified; and
 - (iv) carry a floating interest rate;
- (e) The Warehouse Loan Facility and the debt note issue proceeds will also be used to fund the establishment and ongoing expenses of the programme;
- (f) CBS Canterbury will use the net proceeds of the sale by it of the residential loans to make further loans in the ordinary course of its lending business;
- (g) CBS Canterbury will manage the Trusts for the Trustee and will also continue to administer the residential loans after their sale to the Trusts. CBS Canterbury will receive a management and a servicing fee for providing these services;
- (h) The Trusts will make payments of interest and repayments of principal in respect of the Warehouse Loan Facility and the debt notes from interest and principal payments made to the Trusts by borrowers under the residential loans. CBS will have no legal liability to repay either the Warehouse Loan Facility or the debt notes. However:
 - (i) under the terms of the Warehouse Loan Facility, CBS Canterbury has provided certain legally binding undertakings to Westpac, in particular to proceed to the second stage of the programme (see above) when residential loans having an aggregate value of at least \$75,000,000 have been collected into the CBS Warehouse A Trust; and
 - (ii) under the terms of the Warehouse Loan Facility and the documents establishing the CBS Warehouse A Trust, CBS is obliged to provide credit enhancement of the CBS Warehouse A Trust by providing a subordinated loan to the Trust equal to at least 5% of the value of the loans held by the Trust.

The effect of the proposed transactions can be summarised as follows:

- (a) CBS Canterbury and the Trustee are unrelated parties in terms of the NZAX Listing Rules and the sale of the residential mortgages by CBS Canterbury to the CBS Warehouse A Trust will be on fully arms-length, commercial, terms;
- (b) The structure of and documentation for the establishment of the CBS Warehouse A Trust and the sale of residential loans to the CBS Warehouse A Trust is in general terms of a common form used by financial institutions;

- (c) The residential mortgages which are to be sold by CBS Canterbury to the CBS Warehouse A Trust will cease to be assets of CBS Canterbury and will become assets of the CBS Warehouse A Trust and will therefore become security to Westpac as the Warehouse Loan Facility provider;
- (d) CBS Canterbury will receive face value for the residential mortgages from the CBS Warehouse A Trust and so will be replacing one class of assets (the residential mortgages) with another class of assets (the sale proceeds of the residential mortgages);
- (e) Accordingly, the sale by CBS Canterbury of the residential mortgages will not reduce the net assets of CBS Canterbury.
- (f) The securitisation programme will produce a more competitive cost of funds for CBS Canterbury, since the rate of interest payable by the Trusts to the Warehouse Facility provider or to the holders of the debt notes is expected to be lower than CBS Canterbury's current cost of funds (currently sourced by CBS Canterbury by the issue of deposits);
- (g) When debt notes are to be issued by any of the Trusts in the future and an investment grade credit rating is sought for any classes of debt notes, the relevant rating agency may require further credit enhancement of the debt notes to be provided by CBS Canterbury, for example, by way of subordinated loans or subscription for lower classes of debt notes. These requirements will be as determined by negotiation between CBS Canterbury and the relevant rating agency at that time.

Credit Rating

Standard & Poor's assigned a "BB+" (with stable outlook) long term credit rating to CBS Canterbury on 19 November 2009.

Standard & Poor's is an international credit rating agency. Credit ratings are statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Credit ratings are subject to change at any time. A revision, suspension, or withdrawal of a rating for the securities will not constitute an event of default in respect of the securities, although any revision, withdrawal or suspension of a rating could affect CBS Canterbury's participation in the Crown Retail Deposit Guarantee Scheme.

As described on Standard & Poor's website (www.standardandpoors.com):

"Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science. For this reason, Standard & Poor's ratings opinions are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default."

"A Standard & Poor's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforcement of the obligation."

"A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions."

The designation of a "stable outlook" assigned by Standard & Poor's to the Society means that a rating is not likely to change.

Also, the credit rating that has been assigned to CBS Canterbury is a local currency issuer rating as opposed to a foreign currency issuer rating. This means the country (or sovereign) risk that is taken into account by Standard & Poor's is that of New Zealand only and the currency of repayment is the New Zealand dollar.

Standard & Poor's adopts the following scale and meaning to its credit rating opinions:

Scale	Meaning
AAA	Extremely strong capacity to meet financial commitments. Highest rating.
AA	Very strong capacity to meet financial commitments.
A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
BBB-	Considered lowest investment grade rating by market participants.
BB+	Considered highest speculative grade by market participants.
BB	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
CCC	Currently vulnerable and dependant on favourable business, financial and economic conditions to meet financial commitments.
CC	Currently highly vulnerable.
C	Currently highly vulnerable obligations and other defined circumstances.
D	Payment default on financial commitments.

Note: Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. For further detail regarding Standard and Poor's credit rating definitions, please refer to www.standardandpoors.com.

Non Bank Deposit Taker (NBDT) Regulations

Part 5D of the Reserve Bank of New Zealand Act 1989 (the "Reserve Bank Act") regulates NBDTs such as CBS Canterbury. The Reserve Bank has regulation making powers under the Reserve Bank Act to specify and require the following:

- 1 the type of credit rating that must be held in order to meet the definition of a NBDT;
- 2 an approved risk management programme;
- 3 maintain a minimum percentage of capital;
- 4 meet related party restrictions;
- 5 meet liquidity requirements; and
- 6 meet prescribed governance requirements and board composition.

Both (1) and (2) above are currently in force and have been met by CBS Canterbury. (3), (4) and (5) will come into force on 1 December 2010 pursuant to the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010. CBS Canterbury expects to comply with these Regulations as and when they become effective. There are no other material matters which are not set out elsewhere in this Prospectus.

RISKS

Principal Risks

It is possible that on termination of the investment at any time, the investor may receive in total less than the amount of the original investment.

The principal risks of the investment not being recovered by the investor and/or of the investor not receiving the returns summarised above, may crystallise where adverse changes in the economy result in CBS Canterbury being unable to recover a significant part of the loans it has made to others, or may crystallise if CBS Canterbury becomes insolvent.

Insolvency Risk

If CBS Canterbury is put into liquidation or wound up by the Court for any reason, the investments will rank as follows:

- (a) Claims by investors will rank after any preferential claims. Preferential claims include claims of those creditors set out in the Seventh Schedule of the Companies Act 1993 (which principally relate to liquidation costs and fees and certain amounts payable to employees, including salaries and wages), preferred claims of the Commissioner for Inland Revenue under legislation, and any other claims that may be preferred by statute or law.
- (b) Investments will rank:
 - (i) equally amongst themselves; and
 - (ii) equally with previous investments; and
 - (iii) in priority to ordinary shares in CBS Canterbury.

However, if CBS Canterbury is liquidated or wound up by resolution of its members, then the above provisions about preferential claims under the Companies Act 1993 will not apply. You will not be liable to pay any further money in respect of your investment, as a result of CBS Canterbury becoming insolvent or otherwise.

Specific Risks

Credit Risk

The most significant credit risk is that CBS Canterbury is not able to recover loans in full from borrowers. CBS Canterbury manages its exposure to credit risk by adhering to strict credit approval policies. All loan applications are subject to careful assessment by CBS Canterbury. All loans are approved in accordance with CBS Canterbury's credit approval policy and loans are managed and reviewed on an ongoing basis by CBS Canterbury. If a loan develops, or appears likely to develop, adverse features, the loan file is transferred to the Credit Manager for ongoing management and recovery (if necessary). Where a borrower is unable to pay the debt owed for whatever reason, the Credit Manager will use all appropriate actions to avoid or mitigate loss to CBS Canterbury.

CBS Canterbury requires security for the majority of loans in the form of first mortgages over real property. In addition, where the borrower is a company or a trust, CBS Canterbury generally requires personal guarantees. The total loans and advances made by CBS Canterbury and the securities held from time to time, are set out in the audited financial statements contained in the current registered prospectus. CBS Canterbury helps to mitigate credit risk by maintaining mortgage indemnity insurance for low equity loans.

Exposure to the Property Sector

CBS Canterbury is a specialist property finance lender, with over 95% of its lending being secured against residential, commercial or rural property. Accordingly, CBS Canterbury is exposed to the property market. Any deterioration of the New Zealand property market could adversely affect the value of properties over which CBS Canterbury has a mortgage and may also impact the ability of CBS Canterbury's borrowers to repay their loans. These impacts could lead to a reduction in earnings or the value of CBS Canterbury's assets.

CBS Canterbury manages its exposure to the property sector, and the risk of any adverse impact arising from a downturn in the property market, through:

- (a) Ongoing management of loans; and

- (b) Ensuring that adequate loan-to-value ratios are maintained and appropriate exit strategies are identified.

Economic Downturn Risk

Any downturn or decline in the New Zealand economy could adversely affect CBS Canterbury's future business.

Interest Margin Risk

Interest margin risk is the risk that interest rates will change, thereby increasing or decreasing the cost of borrowing or lending. CBS Canterbury is exposed to this risk, as its profitability depends on maintaining an appropriate margin between the cost of funds it raises from the public and the interest and fees it receives from borrowers. To mitigate interest margin risk, interest margins are constantly managed and monitored by CBS Canterbury.

In addition, if interest rate changes increase the cost of borrowing, CBS Canterbury has the ability under the standard loan documents to amend any floating interest rate payable by borrowers during the life of loans in order to maintain interest margins at desired levels. In respect of fixed interest rates, CBS Canterbury is able to hedge its exposure by entering into appropriate interest rate swaps.

Liquidity Risk

Liquidity risk is the risk that CBS Canterbury may (though solvent) encounter difficulties in raising funds at short notice to meet its financial commitments as they fall due. Liquidity risk mitigation involves the management of cash, deposits and credit lines to ensure that CBS Canterbury has sufficient funds to meet its obligations, including the payment of interest on and, when due, repayment of an investor's original investment.

Business Risks

- (a) *Operational risks* - Operational risk can arise from inadequate or failed internal processes, people and/or systems and could expose CBS Canterbury to potential or reputational damage. The identification, measurement, monitoring and mitigation of operational risks are the responsibility of CBS Canterbury's senior management. Operational risk is mitigated by:
- (i) maintaining an effective computer system supported by external back-up procedures;
 - (ii) regular discussion of risk management practices by CBS Canterbury management; and
 - (iii) maintaining specialised corporate functions such as legal, finance and internal audit.
- (b) *Key personnel* - the loss of key personnel could make it difficult for CBS Canterbury to execute its business strategies and may adversely impact on CBS Canterbury's business until sufficient replacement personnel are employed. Key personnel risk is mitigated by training and rewarding of staff to retain them and investment in developing employer branding to attract high quality new staff.
- (c) *Information technology* - CBS Canterbury is reliant on its information technology and other systems in order to operate its business. Although CBS Canterbury manages this risk through business continuity and disaster recovery planning, any failure or inadequacies of these systems could adversely affect CBS Canterbury's business.
- (d) *Competition* - the financial services sector is highly competitive. In the event that CBS Canterbury is unable to provide competitive products or services or does not respond appropriately to a changing competitive environment, this may have a material adverse impact on CBS Canterbury's financial performance. CBS Canterbury continually reviews and anticipates competition pressures by reviewing and building on its competitive advantages where possible, evaluating its product range and pursuing new profitable business opportunities when available.
- (e) *External risks* - CBS Canterbury is subject to various risks beyond its control that may have an adverse impact on its business including:
- (i) market risks;
 - (ii) regulatory risks; and
 - (iii) environmental risks.

The above risk management strategies can substantially reduce, but do not completely eliminate, the risks described.

NZAX

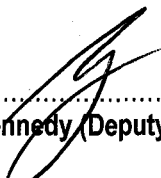
CBS Canterbury Ordinary Shares are listed on the NZAX.

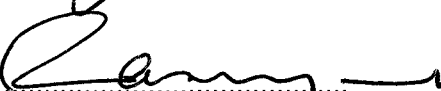
DIRECTORS' STATEMENT

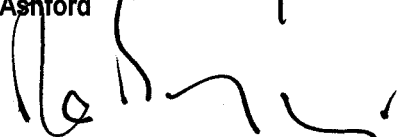
After due enquiry by the Directors it is their opinion in relation to the period between the date of the latest Balance Sheet set out in this Prospectus and the date of registration of this Prospectus that no circumstances have arisen that materially adversely affect the trading or profitability of CBS 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


.....
R. Bradford


.....
G. Brown

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 (10) (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.

"Combined Building Society Information Memorandum" means the Information Memorandum prepared by Combined Building Society in respect of the debt securities that will, pursuant to the Merger, replace CBS Canterbury's deposits.

"Crown Guarantee" means the Retail Deposit Guarantee Scheme as further described in this Prospectus.

"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.

"Guaranteed Deposit" means a deposit which is covered by the Crown Guarantee.

"Merger" means the transaction to be implemented pursuant to the MIA under which the parties conditionally agreed to merge the businesses of CBS Canterbury, Southern Cross Building Society, MARAC Financial Services Limited and MARAC Finance Limited.

"MIA" means the Merger Implementation Agreement dated 15 September 2010 between CBS Canterbury, Southern Cross Building Society, Pyne Gould Corporation Limited, MARAC Financial Services Limited and MARAC Finance Limited.

"Non Guaranteed Deposit" means a deposit which is not covered by the Crown Guarantee.

"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, 11 October 2007 and 29 November 2010.

"Trustee" means Trustees Executors Limited.

15 December 2010

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 'Borrowing Entity') and its subsidiary (the 'Borrowing Group') we have prepared this report pursuant to clause 22 of Schedule 2 of the Securities Regulations 2009 ('Schedule 2') for inclusion in Prospectus Number 36 dated 12 October 2010 as amended by a Memorandum of Amendments dated 15 December 2010 to the Registered Prospectus Number 36 of Canterbury Building Society ('the Memorandum of Amendments') for the issue of debt securities up to a maximum of \$1,000,000,000 by the Society (the 'Prospectus').

Our report dated 12 October 2010 included in Prospectus Number 36 dated 12 October 2010 is reissued as at 15 December 2010 to take account of the Memorandum of Amendments. The changes outlined in the Memorandum of Amendments and incorporated in the Prospectus do not affect our Opinion on the Financial Statements, Opinion on the Summary Financial Statements or Opinion on the Ranking of Securities as set out in our report included in Prospectus Number 36 dated 12 October 2010 except in respect of the page numbers referred to in that report.

We have not performed any additional procedures since the date of our original report of 12 October 2010.

This report is made in accordance with clause 22 of Schedule 2. Our audit has been undertaken so that we might state those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Society and the Society's Members 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 referred to in accordance with clause 17 of Schedule 2, that comply with and have been registered under the Financial Reporting Act 1993 and which comply with generally accepted accounting practice in New Zealand; and give a true and fair view of the financial position of the Borrowing Group as at 31 March 2010 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 2010, 2009, 2008, 2007 and 2006, as required by clause 8 of Schedule 2; and
- (c) the details and amounts in respect of the ranking of securities of the Borrowing Group as at 31 March 2010 as required by clause 13 of Schedule 2.

Auditors' Responsibilities

It is our responsibility to:

- a) report in accordance with clauses 22(3) and 22(4) of Schedule 2, on the auditors' report on the financial statements of the Borrowing Group as at 31 March 2010 and for the year ended on that date; and
- b) report in accordance with clause 22(1)(h) of Schedule 2:
 - i) on the amounts included in the summary of financial statements for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 presented by the directors; and
 - ii) on the amounts included in the ranking of securities of the Borrowing Group as at 31 March 2010 presented by the directors.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/nz/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its Member Firms.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 22 of Schedule 2. We disclaim any assumptions of responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements, or 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 Summary of Financial Statements

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of financial statements on pages 9 to 13 of this prospectus, pursuant to clause 8 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006. For a better understanding of the financial position and results of the Borrowing Group's operations for the financial period the summary of 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 14, pursuant to clause 13 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group as at 31 March 2010.

In addition to the audit, we have carried out other assignments in the areas of accounting and taxation advice. In addition to these assignments, principals and employees of our firm may deal with CBS Canterbury on arm's length terms within the ordinary course of trading activities. Other than the audit and these assignments and arm's length transactions, we have no relationship with or interests in the CBS Canterbury, or its subsidiary.

Unqualified Opinion on the Financial Statements

We report in accordance with clause 22(4) of Schedule 2, that in relation to the financial statements of the Borrowing Group as at 31 March 2010 and for the year ended on that date referred to on page 20, our audit report (dated 11 June 2010) was unqualified and did not refer to a fundamental uncertainty in any respect.

Our audit of the Borrowing Group was completed on 11 June 2010 and our unqualified opinion was expressed as at that date. We have not performed any procedures in relation to the 31 March 2010 annual financial statements subsequent to 11 June 2010.

Unqualified Opinion on the Summary of Financial Statements

In our opinion the amounts set out in the summary of financial statements, on pages 9 to 13 of this prospectus, as required by clause 8 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 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 14 of this prospectus, as required by clause 13 of Schedule 2, have been correctly taken from the audited financial statements of the Borrowing Group for the year ended 31 March 2010.

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009 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 Canterbury Building Society Prospectus Number 36 dated 12 October 2010 as amended by a Memorandum of Amendments dated 15 December 2010 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 dated 12 October 2010 (as amended 15 December 2010) and related audit report dated 15 December 2010 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.



12 October 2010

The Directors
Canterbury Building Society
PO Box 8623
CHRISTCHURCH

Dear Sirs

Re: Prospectus No. 36

Clause 14(3) of Schedule 2 to the Securities Regulations 2009 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 Deposits;

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 Deposits 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 Schedule 15 of the Securities Regulations 2009, 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

EXECUTION VERSION

Dated 29 November 2010

DEED OF AMENDMENT

CANTERBURY BUILDING SOCIETY
(the Society)

TRUSTEES EXECUTORS LIMITED
(the Trustee)

EXECUTION VERSION

DEED dated **29 November** 2010

PARTIES

1. **CANTERBURY BUILDING SOCIETY** (the "Society")
2. **TRUSTEES EXECUTORS LIMITED** (the "Trustee")

BACKGROUND

- A. The Society and the Trustee are parties to a Debt Security Trust Deed dated 20 December 1990, as amended and supplemented (the "Trust Deed").
- B. The Deposit Takers Regulations have been made pursuant to Part 5D of the RBNZ Act.
- C. The Deposit Takers Regulations require the Trust Deed to contain:
 - (i) a minimum Capital Ratio which the Society must maintain; and
 - (ii) a maximum limit on exposures to Related Parties which the Society must not exceed.
- D. Section 157ZC of the RBNZ Act provides that despite anything to the contrary in a trust deed, an amendment to a trust deed made to comply with a requirement in regulations made pursuant to Part 5D of the RBNZ Act:

"...must be treated for all purposes as if it were authorised to be made and were made in accordance with the provisions of the trust deed..."
- E. This deed is entered into in order to comply with the requirements of the Deposit Takers Regulations and is, accordingly, entered into pursuant to Section 157ZC of the RBNZ Act.
- F. The Society and the Trustee have agreed to amend the Trust Deed in that manner and for that purpose, as set out below.

1. INTERPRETATION

- 1.1 **Trust Deed Definitions:** In this deed, unless the context requires otherwise, terms that are defined in the Trust Deed shall have the same meaning as set out in the Trust Deed.
- 1.2 **Other Definitions:** When used in this deed, including in the recitals above, the following definitions apply:

"Capital Ratio" has the same meaning as set out in Part 3 of the Deposit Takers Regulations;

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

"RBNZ Act" means the Reserve Bank of New Zealand Act 1989; and

"Related Party" has the same meaning as set out in the Deposit Takers Regulations and **"Related Parties"** has a corresponding meaning.

- 1.3 **Headings:** Clause headings appear as a matter of convenience and shall not affect the construction of this deed.
- 1.4 **Governing Law:** This deed shall be governed by and construed in accordance with New Zealand law.
- 1.5 **Operative Date:** This deed shall have effect as from the date set out above, or from 1 December 2010, if that is a later date.

2. AMENDMENTS TO TRUST DEED - INTERPRETATION PROVISIONS

- 2.1 **New Definition of Deposit Takers Regulations:** Section 1.3 of the Trust Deed is amended by inserting the following new definition:

"Deposit Takers Regulations" means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, as amended and in force from time to time, and includes any regulations replacing those regulations."

- 2.2 **New Definition of Related Party:** Section 1.3 of the Trust Deed is amended by inserting the following new definition:

"Related Party" has the same meaning as set out in the Deposit Takers Regulations."

3. AMENDMENTS TO TRUST DEED - CAPITAL RATIO

- 3.1 **New Capital Ratio Covenant:** Section 2.1 of the Trust Deed is amended by inserting the following as a new Section 2.1(e):

***(e) MINIMUM CAPITAL RATIO**

permit the consolidated capital ratio of the Society and any Guaranteeing Subsidiaries to be less than:

- (i) 8%; or
- (ii) If at any time the Deposit Takers Regulations require a higher minimum capital ratio, that higher minimum capital ratio.

For this purpose "capital ratio" has the same meaning as set out in, and is to be calculated in accordance with, the Deposit Takers Regulations."

4. AMENDMENTS TO TRUST DEED - RELATED PARTY EXPOSURES

- 4.1 New Related Party Provisions:** Section 2.2(b) of the Trust Deed is amended by deleting the Section and inserting the following in its place:

- "(b) It will not permit aggregate exposures of the Society and any Guaranteeing Subsidiaries to Related Parties to exceed:
- (i) 15% of capital; or
 - (ii) If at any time the Deposit Takers Regulations require a lower maximum limit on exposures to Related Parties, that lower maximum limit,

in all cases calculated in accordance with the Deposit Takers Regulations."

5. AMENDMENTS TO TRUST DEED – GENERAL

- 5.1 New Reporting Requirements:** Section 3.1 of the Trust Deed is amended by inserting the following as a new Section 3.1(p):

"ADDITIONAL REPORTING

- (p) Furnish to the Trustee such additional reports as the Trustee may request in writing from time to time, including, but not limited to, any reports requested by the Trustee for the purpose of confirming compliance with the Deposit Takers Regulations. Any such report shall be provided at such time or within such period as the Trustee may request (including any standing request) and contain such information and be in such form as the Trustee reasonably requires."

6. TRUST DEED CONTINUES IN FORCE

- 6.1** The provisions of the Trust Deed remain in full force and effect in all respects, except as modified by this deed.

7. GENERAL

- 7.1 Costs:** *The Society will meet the costs of the Trustee (including legal expenses) relating to the negotiation, preparation and completion of this deed, in accordance with Section 3.2(a) of the Trust Deed.*

Executed as a deed

SIGNED by CANTERBURY BUILDING SOCIETY



[Signature]
Authorised Signatory

[Signature]
Authorised Signatory

Witness: [Signature] B. S. INCH

Address: 132 Richmond Hill Road, Sumner

Occupation: Chief Executive

SIGNED by TRUSTEES EXECUTORS LIMITED



[Signature] Yogesh Mody
Authorised Signatory

[Signature] Robert P Russell
Authorised Signatory

Witness: [Signature]

Address: Lynette Rona Garmonsway
Office Manager
Wellington

Occupation: _____

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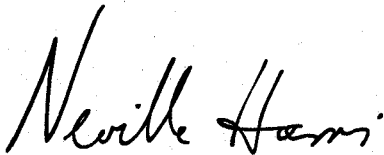
CERTIFICATE OF AMENDMENT OF REGISTERED PROSPECTUS

(Under Section 43(6) of the Securities Act 1978)

CANTERBURY BUILDING SOCIETY

1781000

This is to certify that a Memorandum dated the 15th day of December 2010, for the above issuer, containing amendments to a registered prospectus dated the 12th day of October 2010, was registered on the 15th day of December 2010.



Neville Harris
Registrar of Building Societies
22 December 2010

