

Canterbury Surrey Hills Community Finance Limited



26 February 2015

National Stock Exchange (NSX)
Announcements

FOR IMMEDIATE RELEASE

Dear Sir

Prohibited Shareholding Interest Policy

The Constitution of Canterbury Surrey Hills Community Finance Limited ("CASH") sets out certain circumstances where a shareholder cannot hold an interest in shares CASH. As part of our ongoing policy development program, the directors have recently reviewed how they will manage these provisions of the Constitution.

After discussions with the NSX, the directors have determined this policy should be released to the market.

Attached is the recently approved "Prohibited Shareholder Interest Policy" of CASH, for immediate release.

A handwritten signature in black ink, appearing to be 'GR', written over a light blue horizontal line.

Geoff Rowles
Secretary

Further information regarding this announcement can be obtained by contacting:

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Policy Description: Prohibited Shareholding Interest Policy

DATE APPROVED: 25 February 2015

1. Purpose

The Constitution of Canterbury Surrey Hills Community Finance Limited ("CASH") defines three circumstances where a shareholding is considered a Prohibited Shareholding Interest and cannot be permitted to remain on the share register. This policy sets out how CASH will interpret and implement the requirements of this part of its Constitution.

2. Scope

This Policy applies to all present and future shareholders of CASH for the period the shares of CASH are listed on the NSX.

3. Definitions

- **Notified Person** has the meaning in Rule 9(5).
- **NSX** means the National Stock Exchange (www.nsx.com.au).
- **Person** has the meaning in Rule 1.
- **Prescribed Period** has the meaning in Rule 9(5).
- **PSI** means Prohibited Shareholding Interest as defined by Rule 9 of the Constitution of CASH.
- **Rule** means a provision of the Constitution of CASH
- **Shareholder** means a shareholder in CASH.
- **Specified Shares** has the meaning in Rule 9(5).

4. Risk Considerations

Risk: Non-Compliance with Constitution	<ul style="list-style-type: none">• Compliance Risk: Failure to operate company in accordance with its rules• Compliance Risk: Failure to act in good faith
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5. Background

A PSI is defined (Rule 9(2) and (2A)) to be any one of the following:

- a) A person who has an interest in 10% or more of the shares in the Company or who, together with the person's associates, could cast, or control the casting of 10% or more of the votes on a resolution to elect a director;
- b) In the opinion of the Board, the person does not have a close connection to the communities in which the Company carries on business;
- c) Where the total number of shareholders falls below a defined Base Number.

Rule 9(12) excludes the third definition if the Company is listed on an Exchange and the Exchange does not confirm this requirement is appropriate and equitable. The NSX has advised it does not believe this requirement is appropriate or equitable, and this definition therefore does not apply.

Rule 9 also provides procedures for disposing of a PSI which have been defined in this policy.

Rule 9(9) states:

The exercise of the powers given to the Board under this Rule may cause individual shareholders considerable disadvantage but the shareholders acknowledge that such a result may be necessary to enable the enforcement of the prohibitions referred to in this Rule.

6. Policy Statement

1. A person shall be considered to have a **"close connection to the communities in which the Company carries on business"** if the person is:
 - 1.1 A person that was on the shareholders register of CASH prior to 24 September 2008 to the extent of their shareholding at that date (Rule 9(2C));
 - 1.2 A person that lives, or has lived a period of at least twelve months, in the municipality of Boroondara or in the catchment area for banking customers of CASH;
 - 1.3 A person that operates, or has operated a business for a period of at least twelve months, in the municipality of Boroondara or in the catchment area for banking customers of CASH;
 - 1.4 A relative of a person in 1.2 or 1.3;
 - 1.5 A person that is approved by the CASH Board as such;
 - 1.6 A person that holds a current banking product, from which CASH is entitled to any form of remuneration under its Franchise Agreement with Bendigo Bank;
2. The Board may direct the Company Secretary or the external Share Registry to issue a Notice under Rule 9(4) at any time. Notwithstanding the provision of the Rule, the Board will provide 14 days for the person receiving the Notice to respond.
3. The Prescribed Period shall be three months.
4. For the avoidance of doubt, if the Board uses its reasonable endeavours to sell Specified Shares pursuant to Rule 9(6) and is unable to complete this task within one month, the Board may continue to sell the shares without the need to issue any further Notice to the Notified Person;
5. For the purposes of Rule 9(6)(i), the Specified Shares shall be considered to have been offered to all shareholders if they have been listed for sale on the NSX for a period of three weeks.
6. The Company Secretary shall report to the Board at least once every six months to advise if a review of the Share Register has revealed any shareholders who are suspected of having a PSI.

7. References/Related Documents

Constitution of CASH

8. Document Control

8.1 Current Document

Version Number	2
Last Review Date	June 2012
Frequency of Review	Every three years
Responsible Committee	Audit & Governance Committee
Approved by/date	CASH Board 25 February 2015