

Canterbury Surrey Hills Community Finance Limited



31 July 2017

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 CASH shares.

As part of our ongoing policy development program, the directors have recently reviewed how they will manage these provisions of the Constitution.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Sapountzis', is positioned above the printed name.

Michael Sapountzis
Company Secretary
Canterbury Surrey Hills Community Finance Limited

Further information regarding this announcement can be obtained by contacting:

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Policy Description: Prohibited Shareholding Interest Policy

Date Approved: 26 July 2017

1. Purpose and Scope

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 Prohibited Shareholding Interest Policy (**Policy**) sets out how CASH will interpret and implement the requirements of this part of its Constitution.

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

2. 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)(a).
- **PSI:** means Prohibited Shareholding Interest as defined by Rule 9.
- **Rule:** means a provision of the Constitution of CASH.
- **Shareholder:** means a fully paid ordinary shareholder in CASH.
- **Specified Shares:** has the meaning in Rule 9(5).

3. Risk Considerations

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| 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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4. Background

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

Rule 9(2)

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.

Rule 9(2A)

- a) In the opinion of the Board, the person does not have a close connection to the communities in which the Company carries on business; or
- b) Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company falls below the defined Base Number.

Rule 9(12) excludes Rule 9(2A) (b) if the Company is listed on an Exchange unless the Exchange has confirmed that the Rule 9(2A)(b) 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.

5. 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; or
 - 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 Share Registry to issue a Notice under Rule 9(4) at any time. Notwithstanding the provision of the Rule, the Board will provide fourteen days for the person receiving the Notice to respond (**Notified Person**).
3. If the Board becomes aware that a Notified Person holds a PSI, the Board must serve a notice on that person to dispose of the number of Specified Shares in the Notice. The Prescribed Period shall be three months.
4. If the Notified Person fails to comply with a Notice under Rule 9(5) within the Prescribed Period, the Board is authorised and must use all reasonable endeavours, to sell the Specified Shares pursuant to Rule 9(6) within one month of the end of the Prescribed Period. For the avoidance of doubt, if the Board 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) and (ii), 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 and are sold or disposed of on the same terms and conditions on which there were offered to all shareholders.

6. The Company Secretary shall report to the Board at least once every six months to advise if any shareholders are or are suspected of having a PSI.

6. Version Control

The Audit and Governance Committee will conduct a review of this Prohibited Shareholding Interest Policy biennially (every two years) or earlier if the need arises. Any updates to this Policy will be made available to Staff upon request to the Company Secretary.

| Version Number | Review Date | Frequency of Review | Responsible | Change | Board Approval |
|-----------------------|--------------------|----------------------------|----------------------|-----------------|-----------------------|
| 1 | June 2012 | Adoption | Audit and Governance | Adopt Policy | June 2012 |
| 2 | 12 February 2015 | Ad hoc | Audit and Governance | Review | 25 February 2015 |
| 3 | 13 July 2017 | Biennial | Audit and Governance | Biennial Review | 26 July 2017 |