

Corporate Governance

Refusal to transfer shares in the Company

This Code was adopted by the Board of Canterbury Surrey Hills Community Finance Limited on 30 January 2008.

Background

Canterbury Surrey Hills Community Finance Limited (or the Company) is a community based organisation, the major purpose of which is to enhance the well being of its communities.

Our Vision Statement is:-

“To provide exceptional banking services to our communities and optimise profits to create a growing capacity to invest in community projects and to provide a reasonable financial return to our shareholders.”

As between 60% and 80% of profits are returned to the community, the higher the profits, the higher the returns to our communities. However we don't want to earn profits by less than ethical means, and want to treat all stakeholders fairly, including customers and employees.

If one shareholder had a position of influence due to their shareholding, then the “community” aspect of our Company might be diminished, and/or they may require a smaller percentage of profits to be returned to the community with a correspondingly larger return being made to shareholders. Both of these outcomes must be avoided as the “community” aspect helps the viability of the Company, and maximising returns to shareholders in this way is against our Vision.

Many shareholders purchased shares merely to help return street-front banking to our communities, and viewed the financial return as a subsidiary objective

Clause 9 of the Company's constitution provides that a holding of more than 10% of the Company's shares is a prohibited shareholding.

Policy

The Company will not allow shares transfers where it would take the aggregate holding of a shareholder to over 10% of the Company's total issued shares.

“Shareholder” includes all other relatives, trusts, superannuation funds, companies and other entities in which the shareholder has an interest.