

# Notice of Annual General Meeting

## Canterbury Surrey Hills Community Finance Limited

A.B.N. 96 099 590 593

To be held at the Balwyn Evergreen Centre, 45 Talbot Avenue Balwyn on Thursday 12 November 2015  
at 7:00pm

### ORDINARY BUSINESS

#### 1. Receipt of Annual Report

To receive the Company's Financial Report, the Director's Report and the Auditor's Report for the year ended 30 June 2015.

#### 2. Election of Directors

To consider, and if thought fit, to pass each of the following resolutions as ordinary resolutions:

##### **Re-election of Director retiring by rotation**

(a) That **Damien Leo Hudson** be elected as a Director of the Company.

(b) That **Leigh Warren Smith** be elected as a Director of the Company.

#### 3. Remuneration Report

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution:

That the Remuneration Report be adopted.

#### 4. Share Buy Back Program

To consider, and if thought fit, to pass a resolution approving the Share Buy-Back Program as set out in the Explanatory Notes.

### Attending the meeting

All shareholders may attend the Annual General Meeting.

*Joint holders:* In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

*Proxy:* If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy. In accordance with

*Corporate shareholder:* A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company *before* the meeting.

### Voting rights

In accordance with the Constitution of the Company, each shareholder is entitled to **one** vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as shareholders as at **5:00pm on 10 November 2015**.

By order of the Board

**Geoff Rowles**  
Company Secretary  
**9 October 2015**

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## EXPLANATORY NOTES

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

### Agenda item 2. Election of Directors

The following information is provided about candidates for election to the Board.

#### Re-election of Directors retiring by rotation

(a) **Damien Leo Hudson.** Damien is retiring by rotation in accordance with Clause 62 of the company's Constitution and offers himself for re-election.

A foundation director of the Company, Damien currently Chairs the Events Committee and is a member of the Community Investment & Marketing Committee. Damien owns and operates Opening Halls, consulting in management and promotional advice concerning buildings owned by Not for Profit Organisations. He has 16 years experience in experience in real estate & management and served on the Steering Committee which established the Surrey Hills Community Bank.

The Board recommends this resolution be passed by the members.

(b) **Leigh Warren Smith.** Leigh is retiring by rotation in accordance with Clause 62 of the company's Constitution and offers himself for re-election.

Leigh is a Director, Shareholder and Dealer Principal in the automotive business - Garry and Warren Smith Group, which operates a number of new car franchises in Melbourne. Leigh is also a non-Executive Director and shareholder in two country new car dealerships which trade as The Big Garage in Bairnsdale and Goulburn Motor Group in Shepparton. With his wife Felicity they have lived mainly in the suburbs of Boroondara and through their three sons they have been involved in many community based sporting clubs in the area. Leigh is currently a member of the Community Investment & Marketing Committee, Staff Committee and the Audit & Governance Committee.

The Board recommends this resolution be passed by the members.

### Agenda item 3. Remuneration Report

The Corporations Act requires a resolution for the adoption of the Remuneration Report contained in the Company's Annual Report be put to the vote. The resolution is advisory only and does not bind the Directors of the Company.

### Agenda Item 4. Share Buy-Back Program

As part of its ongoing review of the strategic needs of the Company, the Board has considered the capital structure and ongoing capital needs of the group. The Board considered:

- The low volume of buyers available when a shareholder wants to sell their shares;
- The low share price compared to the net asset backing of the shares;
- The limits place on the Company regarding shareholder distributions set out in the Franchise Agreement with Bendigo Bank; and
- The excess capital held and the restrictions placed on the Company under the Franchise Agreement to invest that capital in other risk ventures.

#### Legal Advice

In May 2015, the Board announced to the NSX that it would enter into a Share Buy-Back Program from 1 July 2015 to 30 June 2016 which would purchase no more than 10% of the shares in the Company on the NSX market. The Board believed that this structure met the requirements of the "10/12 limit" (Section 257B(5) of Corporations Act). However, in consultation with Bendigo Bank, the Board obtained legal advice from Hall & Wilcox on this matter.

Hall & Wilcox advised that because of the particular nature of Community Bank company constitutions, the requirements of the Act were difficult to apply. They advised that to avoid any doubt, the Act provided the Company could continue provided it obtained a shareholders resolution approving the Program.

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## Details of the Share Buy-Back Program

The Board subsequently considered and approved a proposal, subject to shareholder approval, to enter into a Share Buy-Back Program with the following limitations:

1. The Program will operate from 1 January 2016 to 31 December 2016. The Company will reserve the right to close the Program early at any time;
2. All shares will be purchased under the Program on the NSX market at the market price available from time to time.
3. The Company has appointed Strategem as its brokers for the purpose of acquiring these shares;
4. The Program will have no minimum number of shares that must be purchased. The Maximum number of shares that may be purchased pursuant to this Program is 300,000 shares or 9.72% of the shares on issue at the commencement date of the Program.

The Board has instructed the Finance Committee to:

- A. Monitor the Company's ability to buy shares under the program to ensure it does not breach the requirements of the Corporations Act; and
- B. Determine, in the absence of regular share trading in the shares of the Company, what offer price should be provided to the market in order to meet the objects of the Program.

## General Questions

To assist shareholders to make a decision on this proposal, the Company has provided the following questions and answers:

Do I have to sell my shares?	No. Shareholders can choose to keep their shares or sell them on the market.
How can I sell my shares?	<p>If you want to sell your shares, you will need to appoint an NSX share broker to sell them on the market for you. Details of NSX brokers can be found at:</p> <p><a href="http://www.nsx.com.au/investors/find_a_broker">http://www.nsx.com.au/investors/find_a_broker</a></p> <p>Once you have appointed a broker, they can guide you through the selling process, including how you will be paid.</p>
How many shares do I own?	<p>You should have certificates that show you how many shares you own. If you have any questions about your specific shareholding, such as how you can replace lost share certificates, you should contact our share registry at:</p> <p>RSD Chartered Accountants Ph 03 5445 4200</p> <p><a href="http://www.rsdadvisors.com.au/our_services/community_bank_share_registry">http://www.rsdadvisors.com.au/our_services/community_bank_share_registry</a></p>
What happens to the shares after the Company purchases them?	Once the Company purchases shares under the Program, the shares must be cancelled. The Company cannot sell them back to the market again. (Section 257H)
If I sell shares, will I still get a dividend?	There is no guarantee the Company will pay dividends in the future. If it does, the shareholders that own shares at the "Record Date" for any dividend shall be entitled to that dividend. If you sell your shares before any Record Date, you will not be entitled to a dividend.
How will I know if the Company has purchased any shares?	<p>The Company is required to advise ASIC when it has cancelled any shares, and will also make a formal announcement on the NSX. Our NSX code is CSH.</p> <p>More details can be found at:</p> <p><a href="http://www.nsx.com.au/marketdata/search_by_company?nsxcode=CSH">http://www.nsx.com.au/marketdata/search_by_company?nsxcode=CSH</a></p>
Will the Company buy these shares all at once?	No. The Company does not intend to make it difficult for potential purchasers to acquire shares on the NSX. It may therefore acquire parcels of shares progressively throughout the duration of the Program. It may stop purchasing or cancel or suspend the Program at any time.