



12 November 2015

CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED ("CASH") ANNUAL GENERAL MEETING

PRESENTATION REGARDING THE PROPOSED SHARE BUY BACK PROGRAM

Introduction

Since the Bendigo Bank introduced Community Banks back in 1997, local communities have acquired shares in a local company to operate the local branches. The shares in these companies have traditionally been thinly traded, meaning that there are few sellers and few purchasers for the shares.

This has created a number of problems for the Community Bank Boards and their shareholders, and in our case, these problems include:

- It has been difficult for shareholders to sell their shares at a price that reflects the value of the Company. For example:
 - The net tangible asset backing of the shares is currently \$0.63, while the current share price on the NSX is \$0.30;
 - The net tangible asset backing does not take into account the value of the ongoing cash flows of the business.
- The lack of trading volume has an adverse effect on shareholders that need to sell their shares. For significant periods of the last six months, there have been no offers to buy shares on the market at all.
- The Balance Sheet of the Company has excess capital which is difficult to distribute to shareholders.

The Franchise Agreement limits the amount of dividends we can pay to shareholders to 20% of the profits of the Company (before Community Investments). The Franchise Agreement also limits the Company to the single purpose of running the Community Bank Branches, so we are unable to invest the excess capital into other businesses.

How will the Program work?

CASH will seek to purchase up to a maximum of 300,000 shares on the National Stock Exchange at the market price of the time during the period 1 January 2016 to 31 December 2016. If the Company wants to extend this program, it will need to seek the consent of the shareholders at the next AGM.

CASH has appointed one of the stock brokers authorised to trade on the NSX, Strategem, for the purpose of acquiring these shares.

There is no minimum number of shares that may be acquired under this program and it may be suspended by the Company at any time.



The Finance Committee of the Company will monitor the progress of the Program in order to ensure it does not breach the requirements of the Corporations Act and to determine, in the absence of regular share trading on the market, what offer price should be made to the market to meet the objectives of the Program.

Some key points for shareholders to note are:

- Shareholders do not need to sell their shares under this program.
- Shares purchased by the Company must be cancelled and the Company must notify ASIC and the NSX each time this is done.

What are the benefits to shareholders?

- This Program intends to provide greater depth in market trading, which should assist the share price to reflect the value of the shares;
- The Program will reduce the number of shares issued in the Company, reducing the cost of the dividends in the longer term;
- The Program is not expected to have any impact on the profitability of the Company's current business, and is also not intended to impact on the Community Investment Program.

Alternative Views

During the consideration of this program, Directors considered whether or not the excess capital should be invested into the Community Investment Program to increase the amounts we provide to our local community groups.

The Board felt that the interests' of shareholders, as one of our key stakeholders and the people that provided the capital to make the business happen in the first place, cannot be ignored. Notwithstanding the social-benefit aims of the Company, it remains a commercial enterprise.

The Board has proposed and designed this Share Buy-Back Program in order to assist the shareholders without damaging the business or the Community Investment Program. The Program also allows the Company to reduce its capital base over the long term, which will enable the Company to increase its future long-term focus on the Community Investment Program, increasing our capital to contribute to the local community for years to come.

I am now able to answer any questions that shareholders have in relation to the proposed Program

Geoff Rowles
Secretary