

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the members of Canterbury Surrey Hills Community Finance Limited, ACN 099 590 593 is to be held at :-

Trinity Hall  
Holy Trinity Anglican Church (corner Montrose St)  
177 Union Road  
Surrey Hills VIC 3127

**ON Wednesday 24 September, 2008 at 7.30 pm.**

A presentation of the year in review will be shown prior to the meeting commencing.

The agenda of the meeting will be as follows:-

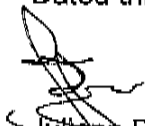
1. Chairman's Report
2. Manager's Report
3. To consider the financial report of the Company for the financial year ended 30 June 2008 together with the Directors' and Auditor's report.
4. Election of Directors. In accordance with the Company's Constitution:
  - a) Mr David Orford retires by rotation and offers himself for re-election;
  - b) Mr Bob Stensholt retires by rotation and offers himself for re-election;
  - c) Mr Trevor Kempton retires by rotation and offers himself for re-election;
5. Remuneration of Directors.  
To consider, and if thought fit, pass the following resolution:  
That a pool of \$50,000 per annum be paid amongst the directors in a split between the directors as determined by the board.
6. Special Business.  
Adoption of New Constitution

To consider, and if thought fit, pass the following resolution as a special resolution:

That the Constitution contained in the document submitted to the meeting marked 'A' and initialed by the Chairman for the purposed of identification be adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company.

If you are unable to attend, an instrument for appointing a proxy is attached and must be returned by 16 September 2008 to The Secretary, 143 Maling Road, Canterbury, VIC 3126.

Dated this 25th day of August 2008.

  
Julian Byron  
SECRETARY

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CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED

FORM OF PROXY

I, .....

of, .....

Being a shareholder of Canterbury Surrey Hills Community Finance Limited HEREBY APPOINT the person named below(\*) or failing him/her (or in the absence of such nomination) the Chairman as my proxy for the meeting to be held on 24 September 2008, and any adjournment thereof.

(\*) .....

Signed, .....

DATED this ..... day of ..... 2008.

NOTE: A shareholder who is entitled to attend and vote at the meeting, is entitled to appoint a Proxy to attend and vote instead of the shareholder.

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**EXPLANATORY NOTES**

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

#### Item 4 – Election of Directors

The following information has been provided by each candidate in support for their election as a director.

##### David Orford

(Appointed director 14/2/2002)

David is a founding member of the Board of Canterbury Surrey Hills Community Finance Ltd and Executive Chairman of Financial Synergy P/L. He is an actuary and has experience in superannuation, investment, management, administration, and marketing. His qualifications include BSc, MBA, FIA, DFP. David takes an active role in certain initiatives for improving our society.

##### Robert Stensholt

(Appointed director 14/2/2002)

Bob Stensholt first became involved in advocating for banking services for the community over ten years ago protesting the closure of the last bank in Hartwell. Subsequently he was active in the campaigns for community banks in Surrey Hills and Canterbury and was a founding member of the Board of Canterbury Surrey Hills Community Finance Ltd. He has played a leading role in the campaign for a community bank to serve Ashburton and Glen Iris where he lives.

##### Trevor Kempton

(Appointed director 26/2/2006 )

Trevor Kempton has over 20 years experience in business management. He operates his own business in Canterbury and has been an active member of the marketing committee.

#### Item 5 – Remuneration of Directors

As mentioned in the Annual Report by the Chairman, due to the extremely large time commitments of directors without financial reward, and sometimes to the detriment of their own businesses, it has become inequitable not to financially reward directors. We are very pleased with having established a thriving community asset but as we grow there are increasing demands placed on the directors. Your Board has therefore decided to ask shareholder approval for the Directors to share between them \$50,000 in Directors fees.

#### Item 6 – Adoption of New Constitution

The Board has decided that the Company should adopt a new Constitution. The proposed new Constitution (**Proposed Constitution**) is based on the Company's existing constitution (**Existing Constitution**), though it has been updated and amended in certain key areas, as discussed in these Explanatory Notes.

The Proposed Constitution expressly acknowledges that the principal purpose of the Company is to enter into, and carry into effect, the franchise arrangements with Bendigo Bank Limited (**Bendigo Bank**) under the Community Bank<sup>®</sup> project, as well as any other arrangements with the Bendigo Bank group that Bendigo Bank may permit. The Board is expressly given the power to carry out this purpose and maintain and develop the relationship with Bendigo Bank. This, of course, acts as limit on the activities of the Company, but reflects the purpose for which the Company was established.

A copy of the Proposed Constitution and the Existing Constitution may be inspected at the Company's Registered Office during normal business hours or at the annual general meeting itself. Alternatively, upon request from a shareholder before the meeting, the Company Secretary will send a copy to you.

A discussion of the more significant changes to be effected by this Resolution is set out below.

### Ownership Rules

As noted above, the Proposed Constitution expressly acknowledges the principal purpose of the Company. In addition, there is an express acknowledgement of the importance of broad community ownership of the Company and, accordingly, that the Board is authorised to exercise its powers and carry into effect the rules in the constitution to protect and enhance this broad community ownership.

In particular, the Existing Constitution contains a rule that, in general terms, prohibits a person from owning or controlling 10% or more of the Company. In the Proposed Constitution, this rule is maintained and also expanded. In particular, under the Proposed Constitution, there are two new ownership rules in Rule 9.

- First, persons with voting power in the Company (eg, shareholders) must have, in the opinion of the Board, a close connection to the community or communities in which the Company predominantly carries on its business. For example, individuals who reside in Canterbury and the adjoining suburbs, or a company with a registered office in those suburbs that is owned and controlled by such individuals, would ordinarily be considered to have this close connection. Existing shareholders are all deemed to have this connection, but this deeming rule will not apply to new shareholders.
- Second, share transfers will not be permitted where, after the transfer, the number of shareholders in the Company would be less than the Base Number (being 90% of the number of shareholders after the shares in the Company were allotted and issued under the Disclosure Statement to be issued by the Company in respect of the new offer of shares in the Company to assist with the establishment of the Community Bank Branch at Ashburton) (the **Base Number Restriction**). The current number of shareholders in the Company is 568.

To enforce the ownership rules in the Constitution, Directors have the power to require a divestment of shares where the rules are infringed. In addition, dividend and voting rights are suspended where the rules are infringed. While these rules impact on the freedom of shareholders to deal with their own shares, and so may impact adversely on the price of shares in the Company, these rules reflect the view that it is in the best interests of the Company and its business that there is broad local ownership of the Company.

Shareholders however, should note that the Bendigo Stock Exchange has advised that it does not consider the Base Number Restriction to be appropriate and equitable for a listed entity as these provisions would be inconsistent with the obligations of the Bendigo Stock Exchange as the operator of a licensed financial market to provide an orderly market. Consequently the Base Number Restriction will not apply while the Company is listed on the Bendigo Stock Exchange.

### Changes to facilitate BSX Listing

The Proposed Constitution includes a number of amendments intended to facilitate the Company's listing on the Bendigo Stock Exchange (BSX), or another Australian stock exchange, or which are required to ensure compliance with the BSX Listing Rules. These amendments include changes that make it clear that where the Company is listed:

- a transfer of shares can be effected in accordance with the applicable transfer and settlement rules of the BSX and that, accordingly, the Company is authorised to do anything to participate in such a system (Rule 27);
- the Board's ability to refuse to register a transfer is restricted to certain limited situations (eg where expressly permitted to do under the BSX Listing Rules or where the Board does so to enforce the ownership rules discussed above) (Rules 28 and 28A);
- the transfer and settlement rules of the BSX Listing Rules take precedence in respect of the rules applying to transfers (Rules 29 and 31); and
- the BSX Listing Rules that apply to "restricted securities" (in general, these are securities that have been issued in exchange for an asset) are incorporated into the constitution (in particular, an escrow period may apply during which the securities cannot be transferred) (Rule 96).

#### **Probity checks for directors**

Given the nature of the business carried on by the Company, and the community nature of the Company, it is important that the Company is able to take all reasonable steps to satisfy itself of the integrity of its Directors. As part of this process, it has been decided that existing and prospective Directors should undergo reasonable probity checks as a condition of their appointment as Directors. This is set out in Rules 62 (6A), (6B) and (6C) of the Proposed Constitution.

Those rules require that a person nominated for appointment as a Director will need to undergo a probity check (primarily, a national criminal record check) in accordance with the Board's procedures. Existing Directors will need to undergo such a check within six months and all Directors can be required to undergo a further check every 12 months.