

Canterbury Surrey Hills Community Finance Limited



1 September 2011

Dear Shareholder

SHAREHOLDER REWARDS FOR STRONG PERFORMANCE

The Board of Canterbury Surrey Hills Community Finance Limited is pleased to report that we have had another very successful financial year in 2011. The auditors are reviewing the financial accounts and we will be releasing details of the performance shortly.

Our community support has continued to grow more and more significant. Your Company has now provided direct community support **well in excess of \$1.5 million**, and has been able to use this influence to obtain further assistance for the local community from state and federal government funding.

That community support is helping to attract new customers to share in what is a great mutually beneficial story.

It has been the long term support and confidence of our shareholders that has been a significant contributing factor to this strong result. We are now able to announce two very important rewards for shareholders as a result of the faith placed in the **Community Bank®** model.

2011 Dividend

The Board has determined that a dividend of 6 (six) cents per share shall be paid on 21 September 2011. All shareholdings on the register of shares on 31 August 2011 shall be entitled to the dividend.

This is an increase of 20% on the 2010 dividend and reflects the dedication of staff and the extraordinary support of the community groups that have received sponsorship from the Company.

The Board is committed to driving a strategy that will provide long term shareholder value. Initiatives such as the Balwyn **Community Bank®** Branch are part of that strategy, but the Company still needs its most dedicated supporters (you, the shareholders) to spread the message of the community benefits from banking with us. This is where you can help the Company to grow as well.

Bonus Shares to Reward Existing Shareholders

As part of the campaign to introduce a new branch in Balwyn, the Board has considered the need to reward the existing shareholders that have provided the funds to develop the success of the Company to date.

Following advice from two separate accountancy firms on the value of the Company, the Board has resolved to issue to existing shareholders a bonus share issue of one share for every ten shares held as at the record date of 1 September 2011 ("**the Bonus Issue**"). Certificates for the Bonus Issue will start to be distributed from around the middle of September.

Following the Bonus Issue, the Balwyn **Community Bank®** Branch campaign will then progress to the "Prospectus Stage", where we will be issuing a Prospectus to raise share capital funds from the Balwyn community to assist with the establishment of the new branch. This is a great opportunity for us to obtain more shareholders committed to the **Community Bank®** model and help us to improve the results of the Company.

The Company has already secured a site for the new branch at 411 Whitehorse Road Balwyn, and is currently recruiting and training new staff for the Balwyn branch.

Upcoming Events

The Board has determined that the 2011 **Annual General Meeting** shall be held on 8 November 2011 at the Balwyn Primary School. Further details will be provided to shareholders with the Annual Report.

The Board expects that the preparations for the opening of the **Balwyn Branch** will be completed shortly after the AGM and that the branch will be opened around that time. Further announcements will be made soon, so look out for the announcements at your local branch.

Communication Initiatives

Enclosed with this letter are two forms. The Dividend Nomination Form will allow you to advise our Share Registry of your bank account details so that your dividend is paid directly to your account. We recommend this approach to avoid mail delays or lost cheques.

The Election to Receive Electronic Communications form is an initiative to reduce our impact on the environment and to reduce costs. By electing to receive communication from us via email (including the Annual Report), you will be helping to reduce costs and you will receive the information far more quickly.

The continued success of Canterbury Surrey Hills Community Finance Ltd is important to not only the shareholders who have shared the vision of the **Community Bank®** model, but also to the community which will benefit from increased financial support into the future.

Yours faithfully

Dick Menting
Chairman

