

Community
Financial Services Victoria Limited


Bendigo Bank

29.09.05

To: George Wyatt
From: Tania Hansen

George,

Please find following the
Notice of AGM and Proxy for
Community Financial Services Victoria Ltd.

Many thanks,

Tania (59975731)

BSX Supp Info to follow tomorrow 30.09.05.

Notice of Annual General Meeting
Community Financial Services Victoria Limited
A.B.N. 51 092 756 351

To be held at 7.30pm on 27th October 2005
at Lang Lang Community Hall

Ordinary Business

1. Receipt of Annual Report

To receive the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2005.

2. Election of directors

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

- (a) That Maxwell Arthur John Kneebone be elected as a director of the Company.
- (b) That John Munro Lyle be elected as a director of the Company.
- (c) That Gordon Lovell Sampson be elected as a director of the Company.

3. Appointment of auditor

To consider, and if thought fit, pass the following resolution as an ordinary resolution,
That the appointment of AFS & Associates as auditor of the Company be approved.

Special Business

4. Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution,
That the remuneration report be adopted.

5. 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 initialled by the Chairman for the purposes of identification be adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company.

6. Return of Capital

To consider, and if thought fit, to pass the following resolution as an ordinary resolution,

That the share capital of the Company be reduced by the payment of 7 cents per ordinary share, to be paid prior to 30th June 2006.

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.

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.

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.

Voting rights

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 members as at 5.00pm on 25th October 2005.

By order of the board



Tania Hansen

Company Secretary

28th September 2005

A proxy form accompanies this Notice of Meeting. A member entitled to attend and vote at this meeting is entitled to appoint a proxy. The proxy need not be a member of the Company.

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.

(a) Maxwell Arthur John Kneebone retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election.

(b) John Munro Lyle retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election.

(c) Gordon Lovell Sampson retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election.

Agenda item 3: Appointment of auditor

Item 3 is an ordinary resolution to seek your approval for the appointment of AFS & Associates as the Company's auditor. The Board has received AFS & Associates consent to act and written notice of AFS & Associates nomination as auditor from a shareholder. The appointment of AFS & Associates requires approval of shareholders under the *Corporations Act*.

Agenda item 4: Remuneration report

The Corporations Act requires a resolution that the remuneration report contained in the Company's annual report be adopted, be put to the vote. The resolution is advisory only and does not bind the directors of the Company.

Agenda item 5: 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[®] 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 (but to the extent necessary, updated to reflect new terminology in the Corporations Act and also amended to ensure that the shares held by a person's family members are included in determining the shares that the person controls), are 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 the greater Lang Lang, Pearcedale, Koo Wee Rup and Narre Warren South areas, or a company with a registered office in the greater Lang Lang, Pearcedale, Koo Wee Rup and Narre Warren South areas 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, 208) (the **Base Number Restriction**). The current number of shareholders in the Company is approximately 239.

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 should note that the Base Number Restriction will only operate if the Bendigo Stock Exchange confirms that the rule is appropriate and equitable. Discussions with the Bendigo Stock Exchange are currently underway, and shareholders will be updated on any developments at the meeting. If Bendigo Stock Exchange does not confirm that the rule is appropriate and equitable, the Base Number Restriction will be of no effect and can be ignored.

(d) Distribution for charitable purposes

In further recognition of the community nature of the Company, Rule 73(2) of the Proposed Constitution expressly authorises the Company to make payments, gifts or donations to charitable organisations or causes for the benefit of our community, having given due consideration to the rate of return to shareholders.

(e) 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).

Rotation of directors

The Existing Constitution already contains a rule requiring Directors to periodically stand for re-election. This rule is being updated under the Proposed Constitution. Under Rule 62 of the Proposed Constitution, at every annual general meeting after the Company's first one, one third of the longest serving directors (other than the Managing Director) must retire from office, and no director (other than the Managing Director) can serve for longer than three years (or three annual general meetings, whichever is longer). However, a retiring director is eligible for re-election. Further, persons who are appointed as Directors by the Board must retire at the next annual general meeting, but are eligible for re-election (Rule 52(2)) and an employee who is a Director must retire as a Director if they cease to be an employee, but are eligible for re-election as a Director (Rule 61).

The purpose of these Rules is to ensure that shareholders are regularly given the opportunity to vote on their Directors. Of course, persons who are not directors can stand for election as a Director, provided they comply with the nomination procedures in the Constitution.

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.

Miscellaneous changes

(f) **The Proposed Constitution also contains a range of other minor changes to reflect changes in law and in practice. For example:**

- the Proposed Constitution incorporates amendments necessary to recognise changes in law and terminology as result of the introduction of the *Corporations Act (Cth) 2001* to replace the Corporations Law. The Proposed Constitution has been updated to allow shareholders to lodge a proxy at a specified electronic address where a notice of meeting provides for electronic lodgement.
- the Proposed Constitution expressly allows the Board to serve notices on shareholders in any way permitted by the Corporations Act (for example, the Corporations Act sets out a procedure for notifying a shareholder electronically that notices of meeting can be accessed electronically, where a shareholder has provided an electronic address for this purpose).

Agenda Item 6: Return of Capital

Introduction

The Company proposes to make a payment to shareholders in the form of a capital return in the amount of 7 cents per ordinary share ("return of capital") to be paid prior to 30th June 2006.

Legal Requirements

In accordance with Corporations Act, the return of capital needs to be approved by the shareholders of the Company by way of an ordinary resolution passed at a general meeting of the company.

Reasons for the Capital Return

The Directors have reviewed the Company's expected operational funding requirements for the next few years. This review has shown that the Company's cash reserves amounting to \$346,937 at 30 June 2005 are in excess of the Company's requirements and the Directors propose that the Company return \$51,266.25 to shareholders.

The Directors continue to assess opportunities and consider that following the return of capital the Company will retain a strong balance sheet with the capacity to fund future expenditure as it arises. The Directors also consider that following the return of capital the Company will have sufficient funds available in the event of unfavourable market conditions.

Upon legal and taxation consultations the Board considers the return of capital is in the best interest of the shareholders, in both respects.

Amount of capital return

The total amount payable for the return of capital is \$51,266.25, based on the number of fully paid ordinary shares on issue at the date of this Notice.

Effect of passing resolution

If the resolution is approved by the shareholders of the Company at the Annual General Meeting on 27th October 2005 a payment of 7 cents per ordinary share will be made prior to 30th June 2006 to holders of such shares.

Effect of capital return

As at 27 September 2005, the Company had issued 732,375 ordinary shares, paid to 90 cents per share, and the value of the Company's share capital account was \$659,137.50. Accordingly, the share capital account will be reduced by the amount of the return of capital.

Note:

- (g) The number of shares on issue will not change due to the return of capital.
- (h) The company will not borrow monies to fund the return of capital. The return of capital will be funded from existing cash reserves.
- (i) Future dividends of the Company will not be affected by the return of capital.

Tax implications

Each shareholder should receive their own tax advice regarding their personal tax position from their personal tax adviser.

Proxy Form

Community Financial Services Victoria Limited

ABN 51 092 756 351

All correspondence to:

Community Financial Services Victoria Limited
29 Westernport Road
Lang Lang Victoria 3984 Australia
Enquiries 03 5997 5019
Facsimile 03 5997 5024

Mark this box with an 'x' if you have made any changes to your address details (see reverse)

NAME:
ADDRESS:

Appointment of proxy

I/We being a member/s of Community Financial Services Victoria Limited and entitled to attend and vote appoint the person named below or, if no person is named below, the Chairman of the Meeting as my/our proxy to vote in accordance with directions set out below (with a discretion as to any business not referred to below) or, if no directions are given, as my/our proxy sees fit, at the Annual General Meeting of the Company to be held at Lang Lang Community Hall, Lang Lang on 27th October 2005 at 7.30pm and at any adjournment of that meeting.



The Chairman
of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if
this person is someone other than the Chairman of the
Meeting.

Voting directions to your proxy – please mark



to indicate your directions

Item 1. Receipt of financial report

Item 2. Re-election of Maxwell Arthur John Kneebone

Re-election of John Munro Lyle

Re-election of Gordon Lovell Sampson

Item 3. Appointment of Auditor

Item 4. Adoption of Remuneration Report

Item 5. Adoption of New Constitution

Item 6. Return of Capital

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in working out the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Community Financial Services Victoria Limited
A.B.N. 51 092 756 351
Registered Office – 29 Westernport Road, Lang Lang, Victoria, 3984

How to complete the Proxy Form

1 Your name and address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. **Please note, you cannot change ownership of your shares using this form.**

2 Appointment of a proxy

A member entitled to attend and vote at the Meeting may appoint one proxy. A proxy need not be a member of the Company. A proxy may be an individual or a company.

3 Identity of proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, the Chairman of the Meeting will act as your proxy.

4 Voting instructions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

5 Signing instructions

The Proxy Form must be signed in the spaces provided.

Individual: If the holding is in one name, the holder must sign.

Joint Holding: If the holding is in more than one name, any one holder may sign.

Power of Attorney: To sign under power of attorney, you must have already lodged this document with the Company or attach a certified copy of the power of attorney to this form when you return it.

Companies: If the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (under section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the Company is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" must be produced before admission to the meeting.

Lodging instructions

This Proxy Form (and any power of attorney under which it is signed) must be received by the Company not later than 2 business days before the meeting, i.e. by 5.00pm on 25th October 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting. Documents may be lodged in any of the following ways.

By post or hand delivery to the Company's registered office at 29 Westernport Road, Lang Lang Victoria, 3984.
By facsimile to 5997 5024.