



(ACN 072 507 147)

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE is hereby given of the 2017 Annual General Meeting of members of Thorn Group Limited (ACN 072 507 147) (the "Company" or "Thorn") (the "Meeting") to be held:

Date: Wednesday 30 August 2017

Time: 11.00am (Sydney time)

Venue: KPMG Meeting Rooms, Level 38, Tower Three International Towers Sydney,
300 Barangaroo Avenue, Sydney, NSW, 2000

BUSINESS

1. Chair's address and Acting CEO's review of operations

2. Receipt of Annual Financial Report

Receipt of the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 March 2017.

3. Adoption of Remuneration Report (Resolution 1)

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

"That for the purpose of Section 250R(2) of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for the adoption of the Remuneration Report (which forms part of the Directors' Report) for the year ended 31 March 2017."

Please note that the vote on this resolution is advisory only and does not bind the directors or the Company.

Please note that the Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the "Voting Exclusions" section on page 3 below.

4. Re-election of Mr David Foster as a director (Resolution 2)

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

"That Mr David Foster, who retires in accordance with rule 48(b) of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company."

5. Re-election of Mr Andrew Stevens as a director (Resolution 3)

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

"That Mr Andrew Stevens, who retires in accordance with rule 48(b) of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company."

Dated: 12 July 2017

By order of the Board

A handwritten signature in black ink, appearing to read 'Peter Forsberg', written over a light blue horizontal line.

Peter Forsberg
Company Secretary

NOTICE OF 2017 ANNUAL GENERAL MEETING

(CONTINUED)

VOTING BY PROXY

- (a) **(right to appoint):** Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this Meeting.
- (b) **(two proxies):** To enable a shareholder to divide their voting rights, a shareholder may appoint 2 proxies. Where 2 proxies are appointed:
- (i) a separate Proxy Form should be used to appoint each proxy; and
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and, if it does not do so, each proxy may exercise half of the votes.
- (c) **(who may be a proxy):** A shareholder can appoint any other person to be their proxy. A proxy may be an individual or a body corporate and need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, “the Chair of the Meeting”.
- (d) **(signature(s) of individuals):** In the case of shareholders who are individuals, the Proxy Form must be signed:
- (i) if the shares are held by one individual, by that shareholder; or
 - (ii) if the shares are held in joint names, by any one of them.
- (e) **(signatures on behalf of companies):** In the case of a shareholder who is a company, the Proxy Form must be signed:
- (i) if it has a sole director who is also sole company secretary, by that director in the appropriate box; or
 - (ii) in the case of any other company, by either 2 directors or a director and company secretary.
- (f) **(other authorised persons):** If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of paragraph (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in paragraph (g) below.
- (g) **(lodgement place and deadline):** A Proxy Form accompanies this notice.
- (i) To be effective, Proxy Forms (duly completed and signed) must be received by the Company:
 - (A) at Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001; or
 - (B) by facsimile (within Australia) on 1800 783 447 or (outside Australia) +61 3 9473 2555,no later than 11.00am (Sydney time) Monday 28 August 2017.

- (ii) For custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com no later than 11.00am (Sydney time) Monday 28 August 2017.

- (h) **(online voting)** If you are unable to attend the Meeting, you can cast your vote online at www.investorvote.com.au. To use this facility, please follow the instructions on your enclosed Proxy Form.

A proxy is not revoked by the relevant member attending and taking part in the Meeting unless the member actually votes at the Meeting on the resolution for which the proxy is proposed to be used.

Shareholders who appoint a proxy should consider how they wish to direct the proxy to vote, that is, whether the shareholder wishes the proxy to vote “for” or “against”, or abstain from voting, on each resolution, or whether to leave the decision to the appointed proxy after discussion at the Meeting.

THE CHAIR OF THE ANNUAL GENERAL MEETING ACTING AS PROXY

You may appoint the chair of the Meeting (the “Chair”) as your proxy. The Chair is deemed to be appointed where a signed Proxy Form is returned which does not contain the name of the proxy.

If you direct the Chair how to vote on an item of business, on a poll, the Chair must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chair, the Chair intends to vote all available proxies in favour of each of Resolutions 1 to 3 inclusive.

In relation to the remuneration-related resolution (being Resolution 1), if the Chair is appointed as your proxy, and you have not directed your proxy how to vote on the relevant resolution, please note that by completing and returning the Proxy Form you will be expressly authorising the Chair to exercise your undirected proxy on this resolution even though it is connected with the remuneration of the Company's key management personnel.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

For the purposes of this Meeting and in accordance with regulation 7.11.37 of the *Corporations Regulations 2001*, the directors of the Company (the “Directors”) have determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 7.00pm (Sydney time) on Monday 28 August 2017.

VOTING EXCLUSIONS

The *Corporations Act 2001* (Cth) (“Corporations Act”) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on Resolution 1 to be considered at the Meeting. These voting exclusions are described below.

Item 3 (Resolution 1)

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on Resolution 1:

- (a) any member of Key Management Personnel (**KMP**) whose remuneration details are included in the Remuneration Report (and any closely related party of such a KMP, and any person voting on behalf of such a KMP or closely related party), unless the person does so as a proxy and:
 - (i) the vote is not cast on behalf of any KMP whose remuneration details are included in the Remuneration Report (or any closely related party of such KMP); and
 - (ii) either:
 - (A) that person is appointed as a proxy by writing that specifies how the proxy is to vote on the resolution; or
 - (B) that person is the Chair and the proxy appointment expressly authorises the Chair to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP; and
- (b) any KMP whose remuneration details are not included in the Remuneration Report (and any closely related party of such a KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution, unless:
 - (i) the proxy is the Chair; and
 - (ii) the proxy appointment expressly authorises the Chair to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

- (a) the term **KMP** means each of those persons having authority and responsibility for planning, directing and controlling the activities of the Thorn consolidated group of companies, either directly or indirectly, including any Directors (whether executive or non-executive) of the Company; and
- (b) the term **closely related party** is defined in the Corporations Act and includes, but is not limited to, a KMP's spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

BUSINESS

Item 1: Chair's address and Acting CEO's review of operations

The Chair will make her address and the Acting CEO will present a review of the Company's operations.

Item 2: Receipt of Annual Financial Report

As required by the Corporations Act, the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 31 March 2017 will be laid before the Meeting. There is no requirement for a formal resolution on this item. However, the Chair will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, those reports.

Shareholders should refer below in relation to asking questions directed to the auditor.

Item 3: Adoption of Remuneration Report (Resolution 1)

The Remuneration Report is set out, under the heading “Remuneration Report - Audited”, on pages 32 to 44 of the Company's Annual Report for the year ended 31 March 2017. The Remuneration Report:

- (a) provides discussion of the board's policy on remuneration of directors and senior managers of the Company and the relationship between such policy and the Company's performance; and
- (b) sets out prescribed information in relation to the directors and senior managers of the Company, including their fixed remuneration and any performance related remuneration.

The awarding of performance related remuneration for the year ended 31 March 2017 was based on the level of Net Profit after Tax of \$25.3m which included charges for expenses arising from regulatory matters pertaining to the period from 1 January 2012 to 1 May 2015. That period was before 4 of the 5 members of the KMP were employed by the Company and before the extent of the regulatory matters was known. During the past year Thorn's KMP have spent much time investigating and resolving the difficult consequences of those matters in addition to the performance of their actual employment role. Of these 5 KMP, 2 have resigned and were deemed ineligible for any performance based remuneration.

As set out in the Remuneration Report, the percentage of total remuneration ‘at risk’ is calculated as 50% of fixed remuneration to cover both short term (25%) and long term (25%) incentive. In regard to the award of Short Term Incentives (STI) to the 3 of 5 members who remain, the Board recognised their work performance and in particular the need to appropriately reward these executives for the extensive investigative and rectification work already undertaken and still continuing, as well as implementation of initiatives in their roles to ensure the continued growth of Thorn in a challenging environment. On this basis the STI payments were awarded, which totalled only 40.8% of the total Target STI for the year, whilst an overall 59.2% of the Target STI was forfeited. It should also be noted that a clawback mechanism of 15% of the STI to be paid has been withheld for one year.

The Chair will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the Remuneration Report.

Under section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the directors or the Company.

Recommendation

The directors unanimously recommend that shareholders vote in favour of Item 3 (Resolution 1).

Item 4: Re-election of Mr David Foster as a director (Resolution 2)

David Foster is an Independent Non-Executive Director and was appointed to the Board on 1 December 2014. He is Chairman of the Audit, Risk and Compliance Committee and a Member of the Remuneration and Nomination Committee.

David has brought to the Board a significant level of experience gained over 25 years in the financial services industry. For a five year period from 2008 David was Chief Executive Officer of Suncorp Bank, Australia's fifth largest listed bank and the only "A+" rated Australian regional bank. During his 11 year career at Suncorp Bank he had responsibility for developing the bank's strategy and business model, acquisitions, product development and implementation of a significant technology platform.

Since his appointment as a Non-Executive Director, he has been instrumental in enhancing the scope and activities of the Audit, Risk and Compliance Committee, particularly by the expansion of the risk management processes and by improvements in compliance adherence. He has also participated strongly in the development of strategy for Thorn.

David is also a director of ASX Listed G8 Education Limited, Motorcycle Holdings Limited, Genworth Mortgage Insurance Australia Limited and Kina Securities Limited, which gives David a broad experience as a Non-Executive Director to bring to the Thorn Board.

He holds qualifications of Bachelor of Applied Science, Master of Business Administration and is a Senior Fellow of FINSIA and Graduate of the Australian Institute of Company Directors.

Recommendation

The directors (other than Mr David Foster) unanimously recommend that shareholders vote in favour of Item 4 (Resolution 2).

Item 5: Re-election of Mr Andrew Stevens as a director (Resolution 3)

Andrew Stevens is an Independent Non-Executive Director and was appointed to the Board on 1 June 2015. He is a Member of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee.

Andrew has brought to the Board a wide range of experience both in business and in technology gained over some 30 years' experience spanning program design and delivery, risk evaluation, governance, business transformation and regional/global expansion. He worked at IBM for 12 years, with his roles including Managing Director of Australia and New Zealand and as Managing Partner, Global Business Services across the Growth Markets division which included Latin America, Central Europe, Middle East and Africa and the APAC regions. Prior to IBM, he led the PricewaterhouseCoopers Consulting business across Asia Pacific.

Andrew's knowledge of technology, both traditional and disruptive, has provided valuable expertise and experience to Thorn as well as providing input into Thorn's development as a financial services company. In particular, Andrew has been of significant assistance to both the Board and in providing guidance to management during the development process of an updated technology base to enhance the customer experience of using Thorn products as well as compliance with regulatory requirements.

Andrew is also a director of ASX Listed MYOB Limited, Stockland Corporation Limited and of The Greater Western Sydney Football Club. He is Chairman of the Board of Advanced Manufacturing Growth Corporation, is a member of Male Champions of Change, all of which has enabled Andrew to contribute to the Thorn Board a wide range of both experience at Board level and as a community leader.

He holds qualifications of Master of Commerce from the University of New South Wales, is a member of the Australian Institute of Directors and a Fellow of Chartered Accountants ANZ.

Recommendation

The directors (other than Mr Andrew Stevens) unanimously recommend that shareholders vote in favour of Item 5 (Resolution 3).

QUESTIONS AND COMMENTS ON MANAGEMENT OF THE COMPANY AND ITEMS OF BUSINESS

The Chair will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the management of the Company and the items of ordinary and contingent business set out in the Notice of Annual General Meeting.

In addition, shareholders may submit written questions to the Company no later than the fifth business day before the day on which the Meeting is held.

QUESTIONS TO THE AUDITOR

Any shareholder may submit to the Company a written question directed to the Company's auditor, KPMG, if the question is relevant to:

- (a) the content of the Auditor's Report to be considered at the Meeting; or
- (b) the conduct of the audit of the annual Financial Report to be considered at the Meeting.

Any relevant written question must be received by the Company no later than the fifth business day before the day on which the Meeting is held.

The Chair will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask the auditor or the auditor's representatives questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

