

Canterbury Surrey Hills Community Finance Limited

28 October 2021

Market Announcement
National Stock Exchange (**NSX**)

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

2021 ANNUAL GENERAL MEETING – ADDRESS BY CHAIRMAN AND CEO

Please see attached the address to shareholders of Canterbury Surrey Hills Community Finance Limited (NSX: CSH) to be delivered by the Chairman, Juliann Byron and the Chief Executive Officer, Nick Coker at today's 2021 Annual General Meeting.

Yours sincerely

Michael Sapountzis
Company Secretary
Canterbury Surrey Hills Community Finance Limited

For further information contact:

Juliann Byron
Chairman
+61 419 368 029

Michael Sapountzis
Company Secretary
+61 403 247 523

ABN 96 099 590 593
143 Maling Road, Canterbury VIC 3126

www.supportingourcommunity.com.au



Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

Canterbury Surrey Hills Community Finance Limited

2021 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

I would first like to acknowledge the passing of our fellow Board member Dick Menting on 26 August 2021. Dick would be known to most of you, as he was the driving force behind the commencement of the Community Banks in Surrey Hills, Canterbury, Ashburton, and Balwyn. Dick was probably the reason why many of you signed up as shareholders. He was our inaugural Chairman and a respected and revered member of the Board and the larger Community Banking network. He was one of the first in community banking, involved in the growth of the model, and our Community Banks whilst Chair for our first ten years. He will be missed by us all and will be remembered for his fierce passion for Community Banks and his tireless work for the community generally. I will also miss his friendship.

Moving onto the Company's performance in 2021, I am pleased to report that we have been able to provide support to more than 100 community organisations throughout the year, with another half a million dollars invested directly back to the community. Our total community investment since the opening of our first branch is now in excess of \$6.1 million.

Tough restrictions and lockdowns meant immediate support was required and we acted quickly to provide specific grants for COVID-19 recovery initiatives. More than \$100,000 in grants have been provided since the start of the pandemic and a further \$100,000 through our Return to Sport Grant program.

Our contributions have real impact in our community and make a difference to the lives of many. This year in addition to our Annual Report, we produced a Community Impact Report providing information on our investments and the value of our contribution. This report has been provided to all shareholders, is available in our branches, and can be viewed on our website. I encourage you to look at this report which includes important information on the broader impact our contribution makes to our community. We look forward to continuing to create a positive impact in our community, providing investments, to allow our community to thrive.

As an essential service, our branches have remained open throughout the pandemic and I am particularly proud of our front line team, both staff and Managers who have continued to support our customers throughout the year.

Despite the uncertain economic outlook, our total footings are now \$905 million a growth of 9%. The year was challenging from a revenue perspective due to the low interest rate and therefore low margin environment we find ourselves in and expect this will continue for some time. The revenue movement between products and consequent share with Bendigo Bank has also reduced the revenue. Our total revenue was down 8% to \$4,965,139 and our profit decreased by 58% to \$303,736.

I remind shareholders the profit for last year was high due to reduced community contributions which have been carried forward. The Board anticipates the year ahead will continue to reflect these challenges to our revenue as interest rates and margin will continue to remain at low levels, and consequently our revenue will decline further. However, the accumulated reserves for community investment from prior years will enable us to continue providing support. We returned a dividend of 7 cents per share to shareholders for the 2020 year and the Board has maintained this return for 2021.

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The long-term economic impact of COVID-19 is uncertain and continues to evolve, however we feel confident that we have strong foundations for growth. While we realise the number of transactions in branch are reducing, we recognise the importance of having a presence in the communities we serve. Partnerships we have developed with local community organisations and referral business from our existing customers are critical channels for our continued growth. We have implemented our new three-year strategic plan, setting clear targets for our company growth and continued investment into our community. In line with our strategic plan the Executive and their teams will continue to focus on increasing our footings (and in particular lending) and managing our expenses.

It is a privilege to lead a Board of Directors who are all committed to making a difference in our community. I would like to thank each of them for their continued support and the skills and expertise they bring to ensure our company continues to grow and be successful into the future. I would like to welcome Nicki Kenyon, who was elected as a Director in February 2021 and is a valuable addition to our Board of Directors.

The evolution of our Executive team has been made possible by the new Maling Road offices which now houses our full Executive team. I extend my thanks to our Chief Executive Officer, Nick Coker for his leadership and support, our Senior Manager, Maggie Stamoulis who oversees the operation of our four branches, our Marketing Manager, Anna Gration and Executive Officer, Rose Laird, who make up the Executive team. We also wish to recognise the ongoing support of Bendigo Bank, and our Regional Manager, Daryl Ellis.

Finally, on behalf of the Board, I would like to thank you, our shareholders for your continued support of our company, our Community Bank network and our purpose.

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2021 ANNUAL GENERAL MEETING – CEO'S ADDRESS

Thanks Juliann and welcome to all our shareholders, community and business partners and of course the management and staff across our four branches, to yet another virtual Annual General Meeting. It is nice to be coming to you from our new Head Office complex in Maling Road, Canterbury.

Let me start off by saying how sad I am that our founding Chairman Dick Menting is not with us tonight, having recently passed away. I was fortunate some 12 years ago to be interviewed by Dick when I applied for a senior position with this great community supporting Company. Over the years we became good friends, many the nights visiting our community groups, building the business, and sharing a passion for success. Dick leaves behind a great legacy within the community and this Company.

The financial year was again challenging for us as an essential service provider. Through lockdowns and other various restrictions, we have been able to keep the doors open to all of our four branches. This has been extremely important for our personal and business customers and community groups. It has also been important for our staff who are all very proud that they have been able to provide this support.

Our performance for the period demonstrates our deep strengths, disciplined execution of our strategy and desire to build strong relationships with our customers and community groups and partners.

Living and breathing our Values and Behaviours have never been more important. The focus on Performance, Leadership, Engagement and Teamwork has delivered a pleasing result for the financial year.

Performance – in these challenging times we achieved business growth of 9%.

Leadership – we are now another year into our Management structure and have a strong foundation for now and into the years ahead.

Engagement – we continue to work closely with our community groups, providing ongoing support and in the process ticking over the \$6M mark in sponsorships and grants.

Teamwork – we have pulled together to ensure the business remains open and that our work colleagues remain safe.

Our business grew by \$75M for the year representing an increase of 9% and as a result our total footings (business on the books) is now sitting at \$905M. This growth figure being broken down to Lending growth of just over \$48M (12%) and Deposit growth of \$24M (6%). Our customer base and account numbers also increased throughout the year.

We continue to have a clear focus to build the business through growth to our footings which has brought us great success in the past. With margins being extremely tight however, it is important that we drive revenue through other streams such as insurance sales and increasing our products per customer.

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Our Net Profit is not a true reflection of how we perform. In this most recent year we have provided 60% of our after tax profit to sponsorships and grants. In the previous year we contributed 40% and this was because we wanted to increase our reserves for future community support due to the impact of COVID -19 on our community.

The decline in revenue is due to the lower margin as a result of the record low lending rates and the reduction in margin share from Bendigo Bank. Our footings (business on the books - total loans and deposits) over the past five years has increased from \$673M to \$905M (over 34%) yet our total income has only grown by 18%. We expect the impact of lower margins to continue over the next 12-18 months, however with our focus to grow our footings during this period we will be well position to accelerate profitability when margins improve.

The success of the past financial year would not have been achieved without a dedicated team.

I would like to thank Maggie Stamoulis, Senior Manager who has worked closely with the branches driving some great outcomes through the network and our community partners.

To all of our staff, the Executive Team and of course, Juliann and the Board of Directors (including our Company Treasurer Ian) I would like to thank you all for your contribution over the past 12 months. I would also like to thank our shareholders, community groups, business partners at Bendigo Bank, and our customers for your ongoing support. You have all contributed in making this Community Bank model a success and helped us achieve the \$6M in sponsorships and grants so far.

We have some very exciting times ahead as we track into the new calendar year. We will move into our new Balwyn branch, we expect to be able to re-engage with our community groups (face to face) and get out and support the many sporting teams from the sidelines.

Thank you for your time this evening and I'm looking forward to a year of driving business success for all stakeholders.