

Canterbury Surrey Hills Community Finance Limited

25 October 2022

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

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

2022 ANNUAL GENERAL MEETING – ADDRESS BY CHAIR AND CEO

Please see attached the address to shareholders of Canterbury Surrey Hills Community Finance Limited (NSX: CSH) to be delivered by Chair, Juliann Byron and the Chief Executive Officer, Nick Coker at today's 2022 Annual General Meeting.

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

Canterbury Surrey Hills Community Finance Limited

2022 Annual General Meeting – Chair Address

May I say how nice it is to hold this meeting in person rather than digitally as was required for the past couple of years.

The past financial year has been challenging for our staff and business, as it has been for many in our community and across the globe. Despite this, we are looking positively towards the future.

During the year we achieved a long-held goal of over one billion dollars in total footings. Our footings overall increased by \$160 million, an increase of 18%. The business is strong and we continue to be the largest in the Community Bank network.

The economic environment of low interest rates and consequent low margins has reduced our revenue and profit for the year. Despite this, the Board agreed to maintain a reasonable return to our community through our Community Investment Program. Many of our community partners were similarly struggling with the ramifications of COVID-19 and the ongoing lockdowns in Melbourne. I am pleased to report that we have been able to provide support to more than 90 community organisations throughout the year, with another \$345,000 invested directly back to the community via 95 grants and sponsorship. Our total community investment since the opening of our first branch is now in excess of \$6.5 million. The pandemic continued to have an impact on our sponsored groups and grant recipients, with an overall reduction in the number of funding applications received. We expect this will change in the year ahead as community events, programs and sports return

We once again 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.

During the year we moved our Balwyn branch to a new location in Whitehorse Road. The footprint of the new branch is smaller than the previous location, reflecting the changing needs of customers whilst maintaining a presence in the communities we serve.

The board determined our company should move onto Funds Transfer Pricing, the Bendigo and Adelaide Bank's preferred method of revenue share calculation. This change was signed off with Bendigo Bank in June 2022 and it is expected it will have a positive impact on our revenue for the year ahead.

While the low interest rates and as a result lower margins resulted in a reduced profit for the year, the growth achieved in the past 12 months combined with the increase in interest rates, which is expected to continue in the near future, positions us well for the year ahead. The expectation is for an increase in our revenue as the current interest rate environment returns higher margins on our footings.

We returned a dividend of 7 cents per share to shareholders for the 2021 year and the Board has maintained this return for 2022.

We have completed the first twelve months of our three-year strategic plan. We have an ambitious financial target for the next twelve months and our Executive and their teams will continue their focus to achieve these, whilst managing our expenses. Partnerships we have developed with local community organisations and referral business from our existing customers are critical channels for our continued growth.

More than ever, it is a privilege to lead a board which is committed to our purpose and making a difference in our community. Our focus on board renewal continues, and our mix of Directors, both in terms of skills and term of tenure is recognized as valuable to the continued development and growth of the board, recognizing the value each individual Director brings to our business. The Board recognize the value of our long serving directors and the knowledge, community connection and skills they bring to the board while continuing to seek new directors to fulfill the needs as identified by the Board. Few Community Banks are listed due to being a community focused companies and not having the same objectives as a normal publicly listed company. The tenure of board members is therefore looked upon differently than other boards. The support of both the board and executive has been essential to the achievement our objectives. I would like to thank them for their commitment.

I would like to acknowledge the passing of Dick Menting during the year. Dick was instrumental in the establishment and growth of the Community Bank and we have much to thank him for. I wish to acknowledge James Grant who resigned as a Director in June this year after 5 years as mentioned in the Annual Report, and Michael Sapountzis who has resigned as our Company Secretary and Director at the end of tonight's meeting. Michael has been our Company Secretary since 2017 and Director since 2019. Michael has been a valuable contributor to myself as Chair and the Board as both Company Secretary and a Director and we wish him well. I am pleased to announce the appointment of Steven Miller as our new company secretary who joins us tonight.

I have been extremely proud of the conduct and service provided by our entire team throughout these challenging times. My thanks go out to all staff for their support as we navigated staffing and COVID-related difficulties during the year. Finally, I would like to thank to our Chief Executive Officer, Nick Coker for his leadership and support, Senior Manager, Maggie Stamoulis who oversees the operation of our four branches, and our Marketing Manager, Anna Gration.

We also wish to recognise the ongoing support of Bendigo Bank, and our Regional Manager, Rohan Sadler.

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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2022 Annual General Meeting – Chief Executive Officer's Address

Thank you, Juliann, and welcome to all our shareholders, community, and business partners and of course the management and staff across our four branches. It's a pleasure to join you in person this year to discuss our operating performance for the financial year 22. It is also great to be holding this meeting in the premises of our Canterbury branch and community space.

I am extremely pleased to report such a strong set of growth results in both lending and deposits.

The financial year was again challenging with lockdowns and other various restrictions impacting the earlier part of the year. It was nice however to be back to some kind of normality as we closed off the year and headed into the new financial year.

Our margins have been very tight over the past 12 months impacting on our revenue and our community investment. The upward interest rate trend will provide a positive impact and it is more important than ever we focus on retention of both the lending and deposit book, without losing sight on growth. Something that has put us in good stead over the years.

Our business grew by \$160M for the year representing an increase of 18% (this is compared to \$75M last year and \$61M the year prior). As a result of this growth our total footings (business on the books) is now sitting at one billion and sixty-five million dollars. It was a highlight to not only reach but surpass the one-billion-dollar milestone throughout the year.

Within this growth number was the acquired Community Bank Swinburne business of \$18M from Bendigo and Adelaide Bank Limited. We have a designated resource to engage and build on the partnership we once had. We expect growth opportunities from this market as the university returns to normal with staff and students on site.

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The other \$142M of growth being broken down to Lending of just over \$62M (14%) and Deposit growth of \$80M (17%). 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 improving we are well placed to reap the rewards going forward.

The decline in revenue is due to the lower margin because of the record low lending rates. We continued to focus on managing expenses to ensure we could still invest in our community by delivering a solid operating profit. Although our community investment declined, we were still able to provide over \$345,000 and retain a constant dividend to shareholders of 7 cents fully franked.

Although we have had our challenges with staffing and vacancies throughout the year, I am very fortunate to have a dedicated team that have contributed to the success.

I would like to thank our Executive Team of Maggie Stamoulis, Senior Manager and Anna Gration, Marketing Manager, who have worked closely with me, the branches, the board and community groups whilst focussing on delivery outcomes in line with our strategy.

I would like to sincerely thank all our staff and of course, Juliann and the Board of Directors and our Company Treasurer Ian for their contribution over the past 12 months. I am very fortunate to be surrounded by passionate people.

I would also like to thank our shareholders, community groups, business partners at Bendigo Bank, and our customers for your ongoing support. Without this support we would not be celebrating community investment of over \$6.4M.

In closing, FY22 was a very successful yet challenging year, and rewarding at the same time.

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We enter FY23 confident that we are absolutely on the right path to deliver on our strategy, to reward our shareholders and to deliver great outcomes to our community.

It is certainly an exciting time for the company, and I thank you all for your ongoing support of this great Community Bank.

Thank you.