

# Inner East Community Finance Limited

13 November 2024

Market Announcement  
National Stock Exchange (NSX)

## BY ELECTRONIC LODGEMENT

Dear Sir/Madam

### 2024 ANNUAL GENERAL MEETING – ADDRESS BY CHAIR AND CEO

Please see attached the address to shareholders of Inner East Community Finance Limited to be delivered by the Chair, Bob Stensholt and the Chief Executive Officer, Nick Coker at today's 2024 Annual General Meeting.

Yours sincerely

**Steven Miller**  
Company Secretary  
Inner East Community Finance Limited

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# Inner East Community Finance Limited

## 2024 Annual General Meeting – Chair Address

Welcome all to our 22<sup>nd</sup> Annual Meeting –our shareholders, Board members, staff, visitors and community representatives. This is also our second AGM under our relatively new banner of Inner East Community Finance Limited.

Following last year's outstanding revenue and profit result, we have recorded our second highest profit since the commencement of our operations as a community banking company.

I am pleased to report our result was an operating profit of \$2.6 million which included a depreciation of \$500,000 for our purchase of the revenue right of Community Bank Kew East.

This profit enabled us to provide our highest annual community investment contribution of nearly \$1.8 million, representing just over 60 per cent of our operating profit. Our total community support is now close to \$10 million since the opening of our first branch in 2003.

In terms of general community funding help has been directed to Traders Associations, Rotary and Probus clubs, youth programs, cultural associations, and community centres as well as many other community groups.

During this past year we provided significant funding for projects and initiatives that support people living with a disability and those most vulnerable in our community.

We provided a vehicle for Access Health and Community, enhancing their ability to deliver their outreach programs and reach more individuals in need. A grant of over \$200,000 was provided to Alkira for the development of a new residential facility to be known as Community Bank House. This will accommodate two people living with a disability with access to on-site carers and support, Belmore School received funding of over \$50,000 to complete much needed new facilities to support children with special needs.

The increased cost of living is seeing a rise in the demand for food distribution services. In response, we have provided funding to Boroondara Outreach and Power Neighbourhood Centre to ensure they can meet the demand for food relief.

We also made a strong contribution to education, with a significant investment to Education Chances for the provision of many Community Bank Scholarships to support talented students experiencing financial difficulty as well as funding to Swinburne University for scholarships.

Our support of more than 60 local sporting clubs in the past 12 months demonstrates our commitment to fostering community engagement, health and well-being. Popular sports such as cricket, AFL, football (soccer), netball, tennis and hockey were supported as were many other sporting and recreational activities such as ballet, lacrosse, golf, bridge, basketball, croquet, calisthenics and gymnastics.

We made a further \$200,000 investment to Inner East Community Support Ltd (IECS). We also redirected funds that were previously placed in the Community Enterprise Foundation to IECS. This brings our seed funding contribution to IECS to a total of \$1.5m. This community charity has recently been launched and represents a new chapter in our journey of support for those in need in our community.

Our funding of community organisations in Kew continued. We promised to provide at least \$100,000 a year to local community groups in the Kew and Kew East areas and I am pleased to report in the past year we were able to support more than 25 organisations with funds totalling over \$230,000.

As a result of our continuing strong operating profit, we have provided an increased dividend of 12 cents per share rewarding, in particular, our long-standing shareholders. It was through their foresight and vision in supporting the creation of our local community bank company and its initial branches in Surrey Hills and Canterbury as well as the expansion to Ashburton and Balwyn that we have seen so many positive achievements. We thank them and honor them.

I would also like to thank our managers and staff for their consistent high efforts in a challenging environment. In particular, I thank CEO Nick Coker and Senior Manager, Maggie Stamoulis for their leadership and support as well as our Marketing Manager Anna Gration.

On behalf of everyone in our community, I thank Juliann Byron for her now twenty years of service on the Board of the company and her outstanding leadership as the Chair for eleven years, which concluded during last financial year. Under Juliann's guidance the company more than tripled its footings and has now moved to achieving record levels of operating profitability and community investments and support. Well done indeed!

I also thank my fellow Board and Executive members and all our committee members for their hard work and support during the year.

Finally, I extend my heartfelt thanks to all our shareholders, our growing number of customers, and the nearly 400 community groups and organisations we have partnered with. Your support and involvement are integral to our success. To our colleagues at Bendigo Bank and other community banking companies, thank you. Together, we are on a remarkable journey of unique and impactful community support. Our collective efforts make a significant difference in our community.

# Inner East Community Finance Limited

## 2024 ANNUAL GENERAL MEETING – CEO’S ADDRESS

Thank you, Bob, and welcome to all our shareholders and community partners.

I would also like to welcome the management and staff across our four branches. It’s a pleasure to share with you our operating performance for the 2024 financial year.

I am pleased to report another strong result in revenue, although our footings (total loan and deposit book) dropped back to \$1.17 billion as at the end of the year.

The financial year was extremely challenging due to the high-interest rate environment and increased cost of living. As a result, we experienced a slowdown in lending opportunities.

Margins were flat, although came off a little towards the later part of year resulting in revenue of \$8.27M, in line with the previous year of \$8.22M. Our drop in footings of \$75M (6%) can be attributed to a shift in investment strategy due to increased holding costs of property. We are seeing investors looking to redirecting these funds to low-cost investments.

I am pleased to report that our investment at the end of the previous financial year into the Kew East revenue right has been a success and the book remains steady.

Nearly \$1.8 million has been invested in the community through sponsorships and grants this year, significantly exceeding last year’s contribution of \$1.3 million. We take great pride in this achievement, bringing our total contributions to over \$9.5 million

Our operating profit for the year was \$2.6 million being well down on the \$4 million recorded in FY 23. Expenses increased by approximately \$1.5 million with the main contributors being \$1 million in payroll and \$400,000 in amortisation of goodwill attributed to the Kew East rights purchase.

Our increase in payroll costs is a result of a number of factors:

- The Kew East acquisition increased our footings by 20% and additional staff were employed to service this new business.

## Inner East Community Finance Limited

- Our FY23 employment costs were lower than budgeted with staff vacancies filled in the currency FY period.
- In FY24 we increased our Mobile Lending force to six business development managers being employed.

Payroll is our greatest expense for the business, but we choose to keep branches open (which is costly) rather than close them like the other banks and we continue to invest in our mobile lending force.

Our payroll costs attributed to 44% of our revenue and is budgeted in FY25 at 48%. This is well down on the 57% recorded in 2022 and 54% in 2021. Returning to the numbers recorded in 2020 and 2019 being 46% and 48% respectively. The 2023 year of 32% was unusual due to the peak in margins and vacancies recorded.

We are pleased to be able to increase our dividend to shareholders to 12 cents fully franked (an increase of 20%).

We continued to have challenges with staffing and vacancies throughout the year, being typical of the retail environment, however I am very fortunate to have a dedicated team that have contributed to the success, that are also the face of our branches within the shopping strips that we support and the wider community.

I would like to thank the Executive Team of Maggie Stamoulis, Senior Manager, Anna Gratton, Marketing Manager, and Alyssa Hennessy Executive Assistant who have all worked closely with me over the past year as well as the branches, the board and community groups.

I would like to sincerely thank all of our staff and of course Bob our chair, the Board of Directors, our Company Treasurer Ian, and Company Secretary Steve for their contribution over the past 12 months. I am very fortunate to be surrounded by so much experience and passionate team.

## **Inner East Community Finance Limited**

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 \$9.5M.

We enter the new year confident that we can deliver on our strategy, continue to reward our shareholders and provide great outcomes through our community investment.

It is certainly an exciting time for the company, and I thank you all for your ongoing support.

Thank you.