

Inner East Community Finance Limited

14 November 2023

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

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

2023 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 2023 Annual General Meeting.

Yours sincerely

Steve Miller
Company Secretary
Inner East Community Finance Limited

For further information contact:

Bob Stensholt
Chair
+61 428 131 634

Steve Miller
Company Secretary
+61 400 825 397

2023 Annual General Meeting – Chair Address

A warm welcome to our shareholders, Board members, staff and visitors to our 21st Annual Meeting and our first under our new company name – Inner East Community Finance Limited.

This has been a record-breaking year in many ways for our Company. Twenty years ago we opened first the Surrey Hills Branch and then our Canterbury Branch. We celebrated this anniversary at a special event with shareholders, community groups, Bendigo Bank representatives and our staff.

We have also achieved the highest revenue and profit for the Company since we commenced operation.

The main reason for the increase in revenue this year is the higher margin which has lifted in line with interest rates. In the previous financial year, we felt the impact of the low margin environment and our revenue suffered. We have benefited from the turnaround this year as well as from changes to how our revenue share with Bendigo Bank is calculated under Funds Transfer Pricing. The increase was also aided by the purchase of Community Bank Swinburne's revenue share rights last financial year and our purchase in May of Community Bank Kew East's revenue share rights taking our footings to over \$1.2 billion.

However, our footings growth for the financial year was limited to these purchases with a highly competitive banking market and interest rate rises limiting growth opportunities. The lack of footings growth was felt throughout the Bendigo Bank network.

The Kew East revenue share rights purchase is of great significance as it enables us to truly grow into our new name of Inner East Community Finance Limited. We thank

Inner East Community Finance Limited

the Board of Kew East Financial Services Limited and their shareholders for their work in the community over more than 20 years and it is our privilege to continue this work.

Along with the customers, we have gained the community groups across Kew and Kew East and have already contributed to some community groups previously supported by Community Bank Kew East. We are working hard to support and assist them as we continue to do for all in our community.

Our record profits have enabled us to provide record support of more than \$1.3m for community benefit in the year, or \$1m more than was possible in the previous financial year. This investment in our community by our company has now totalled over \$7.7m – a tribute to the hard work of many over the last 20 years. There is a summary in our Annual Report as well as a more extensive presentation in this year's Community Impact Statement.

For some time the Board has been considering how best it might support or even undertake larger projects and programs that have a significant impact in our community given the growing capacity of the company. As a result, your Board decided to establish a new entity separate to Inner East Community Finance Limited, namely Inner East Community Support Limited for which charitable status is being sought. This new entity will be how we can support larger projects directly with grants or by establishing programs for the benefit of identified needs within our community.

Our record year has also enabled us to boost our dividend to 10 cents a share to shareholders for this year, an increase from 7 cents per share for the previous year.

This is my first Annual General Meeting as Chair and I stand on the shoulders of my predecessors, Dick Menting and Juliann Byron. It is my pleasure on behalf of you all to pay tribute to Juliann for her exceptional service as Chair for the past eleven years. Thank you! During your leadership our company footings grew from \$370m to over \$1.2b and our revenue increased from \$3m to \$8.2m. Our community investment

Inner East Community Finance Limited

through grants and sponsorships grew from \$1.9m to \$7.7m – by any indication magnificent achievements.

Our company continues to be fortunate to be led by a Board that is both strong in expertise and in commitment to our community. I thank them on your behalf for their contribution in continuing to make our company one of the leaders among the several hundred community banking companies in Australia. Inevitably there are from time to time changes in personnel and this year saw the resignation of one of the founders of our company, Damien Hudson. Damien was the inspiration and leader for our first community bank branch in Surrey Hills where he was part of the family business. His commitment to his community has been outstanding and we wish him well for the future. The year also saw the resignation of Andrew Whittaker and Nicki Kenyon as Directors. Andrew served on the Board for over six years and was a constant source of sage analysis and advice as well as leading our Community Investment Committee. Nicki in her time on the Board provided a fresh and valuable contribution and insights into marketing for our growing company. We thank them both for their valuable service to our company.

Joining our Board during the year were Coral Ross AM as a Director, and our CEO, Nick Coker as Executive Director. Coral would be well known to most of you as a former mayor and Councillor in Boroondara. With a background as journalist, she is also a leading figure in Australia on gender equality and has served as President of the Municipal Association of Victoria. Recently Neil Dalrymple has joined the Board. He brings a very strong community background as CEO of World Bowls and Chair of the Eastern Cricket Association among his many achievements. The Board recently appointed him to the role of Deputy Chair.

Finally, as reported at last year's AGM, I note that Michael Sapountzis retired as Secretary and as a Director – we thank him also for his contribution over five years – and we welcomed Steve Miller as our new Secretary who has organized with his well-appreciated competency today's meeting.

Inner East Community Finance Limited

As a company we are very fortunate to have such a strong and dedicated team. Our thanks to them all whom it has been a pleasure to work with. Our staff manage our four branches, provide mobile banking services, undertake our marketing and provide executive support. Our team has been led by our CEO Nick Coker and our Senior Manager Maggie Stamoulis – we are indeed fortunate to have them as committed leaders which bodes well for our company's continued development and adaptability to what is a rapidly changing environment.

I am also pleased to recognize the strong relationship we have with Bendigo Bank and its leadership team, including our Regional Manager, Rohan Sadler.

In conclusion, on behalf of the Board and our entire team, I would like to thank, you our shareholders for your continuing and unwavering support for our company and its work for our community over the past 20 years and into the future.

2023 Annual General Meeting – CEO Address

Thank you, Bob, 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 share with you our operating performance for the financial year '23.

I am pleased to report such a strong result in revenue, and our footings (total loan and deposit book) exceeding \$1.2 billion as at the end of the year.

The financial year was again challenging with a slowdown in lending opportunities due to the rising interest rate environment, and the uncertainty surrounding increased living costs.

As a result of the higher interest rates, our margins improved over the year resulting in revenue of \$8.22M (up 86% on the year prior). Our focus in building footings (business on the books) over many years proving to be a big contributor to this result. A clear focus going forward is to continue to grow the book where we can, but also to focus on retention.

Our business grew by \$187M for the year representing an increase of 17%, however this is attributed to our investment in purchasing the Kew East revenue right, the existing book remained flat.

With this exciting investment we expanded our reach to include the Kew, Kew East and surrounding area with our community investment program and as a result expect to target and grow our business through this avenue.

Over \$1.3 million has been contributed for community investment through sponsorships and grants for the year, \$1m more than was possible in the previous

Inner East Community Finance Limited

financial year. This is something we are all very proud of and with the improved margins and footings we are well placed to continue this trend.

We continued to focus on what we can control and that is growth and retention of our footings and managing expenses. Our operating profit of just over \$4 million being well above \$414,000 for the FY 22 has not only allowed us to increase our community Investment as stated early, but also increase our dividend to shareholders to 10 cents fully franked (an increase of 43%).

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. As the majors continue to close branches, we stand on our own and are here to stay.

I would like to thank the 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 our past chair of 10 years, Bob our new 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 passion.

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 \$7.7M, let alone both Canterbury and Surrey Hills branches celebrating 20 years.

Inner East Community Finance Limited

We enter FY24 confident that we are absolutely on the right path to deliver on our strategy, to continue to reward our shareholders and to deliver 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.