Offer Information Statement

East Malvern Community Financial Services Limited
ACN 089 542 174

This Offer Information Statement relates to a placement of shares and a non-renounceable pro rata entitlement offer to Eligible Shareholders of the Company of 1 New Share for every 7 Shares held as at the Record Date at a subscription price of A$4.00 per New Share, to raise up to $540,000

Dated 7 October 2024

IMPORTANT INFORMATION
This is an important document that should be read in its entirety. In considering this document and the offer contained in it, EMCFS recommends that members obtain their own independent professional advice, including legal and tax advice, before deciding to apply for New Shares.

This OIS is issued by EMCFS. It is not an offer to subscribe for shares in Bendigo and Adelaide Bank Limited – it is an offer to subscribe for Shares in EMCFS. Bendigo and Adelaide Bank Limited does not own shares in or control EMCFS, and does not guarantee the liabilities of EMCFS or your investment in EMCFS

Authorised by

Stuart Martyn
Chairman
East Malvern Community Financial Services Limited

Contents

IMPORTANT NOTICE

This is an Offer Information Statement (**OIS**) issued under Part 6D.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**). This OIS is dated 7 October 2024 (**OIS Date**) and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. ASIC takes no responsibility for the contents of this OIS or the merits of the investment to which it relates.

This document is not a prospectus and has a lower level of disclosure requirements than a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares. The level of disclosure required in this OIS is specified in section 715 of the Corporations Act. You should read the entire document including the Annual Report 2024 before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your own independent professional adviser.

The offer contained in this OIS is an invitation for Eligible Shareholders and Prospective Shareholders to apply for New Share(s) in East Malvern Community Financial Services Limited ACN 089 542 174 (**EMCFS**), as further described in and on the terms of this OIS. EMCFS has not entered into any underwriting agreements for the New Shares being offered under this OIS.

Eligible Shareholders and Prospective Shareholders should read this OIS in its entirety before deciding to apply for Shares. In particular, Eligible Shareholders and Prospective Shareholders should refer to section 3 (Risk Factors) of this OIS for descriptions of the risk factors that could affect the performance of the Company and an investment in New Shares. The OIS is not, and should not, be construed as a recommendation to the recipient to acquire New Shares. The Offer does not take into account the investment objectives, personal circumstances (including financial and taxation issues) and particular needs of Eligible Shareholders and Prospective Shareholders. Eligible Shareholders and Prospective Shareholders should consider the prospects of the Company in the light of their individual objectives, circumstances and needs. Eligible Shareholders and Prospective Shareholders should seek professional advice from a solicitor, accountant or other independent financial advisor before deciding to apply for any New Shares. Neither EMCFS nor any person guarantees the success of the Company, the repayment of capital or the payment of dividends.

No securities will be allocated or issued on the basis of the OIS later than 13 months after the OIS Date.

No person is authorised to give any information, or to make any representation, in connection with this OIS or the Offer, other than as contained in this OIS. To the extent permitted by law, any information or representation not contained in this OIS may not be relied on as having been authorised by the Company or its Directors or any other person in connection with this OIS or the Offer.

The Corporations Act prohibits EMCFS from processing applications for Shares received until after expiry of the Exposure Period. The Exposure Period is a seven day period from the OIS Date which may be extended by ASIC by up to seven further days. The purpose of the Exposure Period is to enable examination of the OIS by market participants before the offering of shares. That examination may result in the identification of deficiencies in the OIS, in which case any application may be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the Exposure Period.

This Offer is only available to Eligible Shareholders and Prospective Shareholders who are Australian residents located in Australia.

The distribution of this OIS outside Australia may be restricted by law and therefore persons who come into possession of this document outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This OIS is issued by EMCFS. It is not an offer to subscribe for shares in BEN – it is an offer to subscribe for Shares in EMCFS. BEN does not own shares in or control EMCFS, and does not guarantee the liabilities of EMCFS or your investment in EMCFS.

1. Definitions and interpretation

1.1 Definitions

In this document, unless the context requires otherwise:

(a) capitalised terms used in this OIS which are not defined below but are defined in the Corporations Act 2001 (Cth), will have the meanings given in that other document; and

(b) capitalised terms used in the OIS defined below will have the following meanings:

Annexure means an Annexure to this OIS.

Annual Report 2024 means the audited Annual Report issued by the Company for the year ended 30 June 2024 and is attached to the Offer Document.

Applicant means an Eligible Shareholder or Prospective Shareholder who is entitled to apply for New Shares as described in this OIS.

Application means an application made on the relevant Entitlement and Acceptance Form to subscribe for New Shares (and if applicable, Shortfall Shares) under this OIS.

Application Monies means monies submitted by Applicants under the Offer.

Application Money means money payable by Eligible Shareholders and Prospective Shareholders in respect of New Shares applied for pursuant to an Entitlement and Acceptance Form under this OIS.

ASIC means the Australian Securities and Investments Commission.

BEN means Bendigo and Adelaide Bank Limited ACN 068 049 178.

Board means the Directors of EMCFS.

Closing Date means the last day on which Eligible Shareholders and Prospective Shareholders can deliver Applications for New Shares under this OIS, being 5.00pm on 3 December 2024 or such other date as may be determined by the Directors.

Company means EMCFS.

Constitution means the Constitution of EMCFS (as amended from time to time).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the Directors for the time being of EMCFS or such number of them as has authority to act for EMCFS.

Eligible Shareholder means all Shareholders of EMCFS whose registered address on the Record Date are situated in Australia.

EMCFS means East Malvern Community Financial Services Limited ACN 089 542 174.

Entitlement means the number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the relevant form accompanying this OIS which Eligible Shareholders and Prospective Shareholders may use to apply for New Shares (and, if applicable, Shortfall Shares).

Exposure Period means the period of seven days after the OIS Date which may be extended by ASIC by not more than seven further days pursuant to section 727(3) of the Corporations Act.

Franchise Agreement means the Franchise Agreement 4th Renewal between BEN and the Franchisee dated 15 July 2020.

Issue Price means A$4.00 per New Share**.**

MCFS means Murrumbeena Community Financial Services Limited ACN 104 667 361.

MCFS Shareholder means a former holder of a share in MCFS.

New Shares means 135,000 Shares being offered pursuant to this Offer Information Statement.

Offer means the pro-rata non-renounceable entitlement offer conducted pursuant to this Offer Document under which up to approximately 110,000 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 7 Shares held at the Record Date at the Issue Price rounded up and up to 25,000 New Shares offered to Prospective Shareholders.

Offer Period means the period commencing on the OIS Date and ending on the Closing Date, subject to earlier withdrawal or extension of the offer in accordance with this OIS.

OIS means this Offer Information Statement.

OIS Date means the date of lodgement of this OIS with ASIC, being 7 October 2024.

Prospective Shareholder means any former WCFS Shareholder or former MCFS Shareholder whose registered address is situated in Australia.

Record Date means 7.00pm Melbourne time on 28 October 2024.

Relevant Interest has the meaning given in the *Corporations Act* 2001.

Share means a fully paid ordinary share in EMCFS.

Shareholder a holder of a Share in EMCFS.

Shortfall means the number of New Shares not applied for under the Offer before the Closing Date.

WCFS means Wantirna Community Financial Services Limited ACN 118 000 230 (Deregistered).

WCFS Shareholder means a former holder of a share in WCFS.

1.2 Interpretation

The OIS includes Entitlement and Acceptance Forms and the Annexures.

2. Overview

2.1 Company Overview

EMCFS manages and operates under a Franchise Agreement three Community Bank branches of Bendigo and Adelaide Bank Limited ACN 068 049 178 carried on from:

- 268 Waverley Road, Malvern East
- Shop 5-6 Wantirna Mall, 348 Mountain Highway, Wantirna
- 436 Neerim Rd, Murrumbeena

EMCFS operates as a franchisee of BEN under a Franchise Agreement and earns its income from revenue gererated under the terms of the Franchise Agreeement.

In order to raise funds for general corporate purposes including debt reduction and possible future Community Bank acquisitions, EMCFS is making a share offer pursuant to this OIS.

The OIS is not issued by BEN and BEN takes no responsibility or liabiity for its content including accuracy or information or value of shares being offered by EMCFS.

Important note: BEN has a contractual relationship with EMCFS pursuant to the Franchise Agreement. However, BEN does not own shares in or control EMCFS, and does not guarantee the liabilities of EMCFS or your investment in EMCFS.

This OIS is issued by EMCFS. It is not an offer to subscribe for shares in BEN – it is an offer to subscribe for Shares in EMCFS.

2.2 About the Company

Since opening the Community Bank Malvern East branch in May 2000, EMCFS has operated under a Franchise Agreement with BEN. EMCFS operates as a Community Bank franchisee with the objective of providing banking services to the local communities it serves and balancing returns between community organisations by way of sponsorships and donations and dividends to its shareholders. In February 2022 the Company purchased the premises at 268 Waverley Rd, Malvern East for $1,634,000 plus oncosts. On 31 May 2023 the Company purchased the Community Bank Wantirna revenue rights and fixed assets for $1,400,001 from where it is now operating as Community Bank Wantirna. On 30 November 2023 the Company purchased the Community Bank Murrumbeena revenue rights and fixed assets for $2,750,001 from where it is now operating as Community Bank Murrumbeena.

Since its inception the Company has returned:

- $5,557,000 to community organisations in sponsorships and donations; and
- $1,956,000 to shareholders in dividends

Attached to the Offer Document is EMCFS's audited Annual Report 2024 and all Eligible Shareholders and Prospective Shareholders are encouraged to read this document. In the latest financial year ending 30 June 2024 the Company declared fully franked dividends paid quarterly totalling 36 cents per Share, Branch operating profits increased by $355,000 or 33% to $1,426,000 and the net asset value was $3.56 per share.

The FY24 Q4 Final Dividend marked the 45th consecutive dividend that the Company has paid. For original shareholders dividends paid/declared up to 30 June 2024 have totalled $4.45 per share, all of which have been fully franked apart from the first 2 dividend payments.

On 28 June 2023 the Company announced that the Board would move from declaring semi-annual dividend payments to quarterly dividend payments. For the 2023/24 financial year and thereafter the Company expects to pay a quarterly dividend on the last business day in October, January, April and July of each year.

The intention is to provide shareholders with a stable and regular flow of dividends that respects the dividend guidelines in the Franchise Agreement with BEN and fairly rewards shareholders for their stake in a successful Community Bank company. It is anticipated that the quarterly dividend policy and our ongoing financial results will be highly attractive to the growing cohort of long term income investors, especially when combined with the strong Community Banking ESG credentials and solid growth potential that our Community Bank company offers.

During the last financial year the Board resolved to pay the following fully franked dividends:

- FY24 Q1 Interim dividend of 9 cents per share — Paid 31 October 2023
- FY24 Q2 Interim dividend of 9 cents per share — Paid 31 January 2024
- FY24 Q3 Interim dividend of 9 cents per share — Paid 30 April 2024
- FY24 Q4 Final dividend of 9 cents per share — Paid 31 July 2024

On 28 August 2024 the Company declared that the FY25 Q1 Interim dividend will be 10 cents per share fully franked and unless circumstances change materially it is expected that this will be held stable for the remaining quarters in the current financial year.

Subject to the aforegoing, for the 2024/25 financial year the quarterly dividends declared are expected to total $0.40 per share fully franked, which at the Issue Price equates to a 10% cash yield plus franking credits.

2.3 Summary of the Offer

The Offer is a non-renounceable pro-rata offer to Eligible Shareholders of EMCFS of 1 New Share for every 7 Shares held as at 7:00pm on the Record Date rounded up at a subscription price of A$4.00 per New Share, to raise up to $440,000 before costs of the issue. In addition up to 25,000 New Shares will be made available to Prospective Shareholders, to raise up to $100,000 before costs of the issue.

2.4 Details of the Offer

Timetable

Event	Date
Pro-rata Offer announced	7 October 2024
Record Date (date for identifying Eligible Shareholders entitled to participate in the Offer)	28 October 2024
Offer Document with Entitlement and Acceptance Form sent to Eligible Shareholders and Prospective Shareholders	11 November 2024
Offer opens for both Eligible Shareholders and Prospective Shareholders	14 November 2024

Closing Date (last date for lodgement of Entitlement and Acceptance Forms and Application Money)	3 December 2024
Issue of New Shares	16 December 2024
Refund of unapplied Shortfall Shares monies	18 December 2024

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlement offer on the basis of 1 New Share for every 7 Shares (1:7) held as at the Record Date (7.00pm AEDT on 28 October 2024), at an issue price of A$4.00 per New Share. Prospective Shareholders will be given preferential access to a minimum of 1,000 and a maximum of 5,000 New Shares. There is an allocation of 25,000 New Shares available for Prospective Shareholders. If demand for New Shares by Prospective Shareholders exceeds 25,000 New Shares then applications may be scaled back at the Company's absolute discretion.

The Company currently has 769,384 Shares on issue. Based on the current capital structure of the Company, up to 135,000 New Shares will be offered under the Offer to raise up to $540,000 (before the costs of the issue). The New Shares will rank equally in all respects with existing Shares and will be eligible for quarterly dividend payments declared after their issue date.

For Eligible Shareholders and Prospective Shareholders this Offer is one of the few opportunities to acquire additional shares in the Company. The Company does operate a Low Volume Market but very few transactions are conducted each year.

There can be no guarantees of future success but all Eligible Shareholders and Prospective Shareholders should consider this opportunity to build their own shareholding in the Company and to help strengthen the Company's position.

2.5 Purpose and use of proceeds

As part of the Community Bank Wantirna and Community Bank Murrumbeena acquisitions the Company committed to offering preferential access to a future capital raising for former WCFS and MCFS Shareholders respectively. To deliver on that commitment the Company is making available 25,000 New Shares with preference given to these individuals. Should all these shares not be taken up by the Prospective Shareholders then any unallocated New Shares will be made available to existing EMCFS Shareholders as part of the Shortfall shares allocation.

The Company is making this Offer in order to raise funds for general corporate purposes including debt reduction and possible future Community Bank acquisitions.

Eligible Shareholder Allocation

The Offer is available to all Shareholders whose registered address on the Record Date is situated in Australia. Each Eligible Shareholder will be entitled to subscribe for 1 New Share for every 7 Shares held on the Record Date rounded up. Eligible Shareholders will also be able to apply for Shortfall shares.

2.6 Eligible Shareholder Entitlement

For Eligible Shareholders your Entitlement to participate will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Offer Document. Fractional Entitlements will be rounded up to the nearest whole number. You are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement and Acceptance Form and lodge it together with payment for the New Shares by no later than the Closing Date (5pm AEDT on 3 December 2024). The Offer will lapse if you do not accept your Entitlement by the Closing Date.

2.7 Prospective Shareholder Allocation

The Offer is available to all Prospective Shareholders whose registered address is situated in Australia. Each Prospective Shareholder will be entitled to subscribe for minimum of 1,000 and a maximum of 5,000 New Shares. There is an allocation of 25,000 New Shares available for Prospective Shareholders. If demand for New Shares by Prospective Shareholders exceeds 25,000 New Shares then applications may be scaled back at the Company's absolute discretion.

2.8 Opening and Closing Dates

The Offer will open at 9:00am on 14 November 2024 (Melbourne time), and will close no later than 5:00pm on 3 December 2024 (Melbourne time) (**Closing Date**).

EMCFS reserves the right to close the Offer early or extend the Closing Date (as the case may be) without notice.

If you have not lodged an Application by 5:00pm on the Closing Date, EMCFS is entitled to assume that you have declined your Entitlement under the Offer and you will not be allotted any New Shares.

2.9 Offer is non-renounceable

The Offer is 'non-renounceable' which means that Eligible Shareholders cannot sell or transfer your rights to apply for New Shares that you do not wish to exercise yourself. Any of your Entitlement that is not accepted by you will lapse.

2.10 The potential effect of the Offer on control of the Company

The Company is of the view that the Offer will not materially affect the control of the Company. No Shareholder can increase their shareholding beyond 10% of the issued capital by reason of the Offer. The Company will not issue any New Shares by reason of Shortfall to a Shareholder so they can increase their shareholding beyond 10% of the issued capital. In accordance with the Company's Constitution a shareholder is only entitled to 1 vote per shareholding no matter what the size of the shareholding.

Eligible Shareholders should note, that it they do not participate in the Offer, their holdings will be diluted.

2.11 Nature of the New Shares

New Shares issued under the Offer will be fully paid ordinary shares ranking equally with ordinary shares in EMCFS currently on issue. For full details of the rights attaching to Shares, potential investors should refer to the Constitution of the Company, a copy of which is available for inspection at the Company's registered office at 268 Waverley Road Malvern East VIC 3145.

2.12 Director's participation in the Offer

Each Director of EMCFS who holds Shares and is an Eligible Shareholder may participate in the Offer. Each Director's decision as to whether to take up an entitlement will be made by that Director of their own volition.

2.13 Fees and commissions

There are no amounts payable in respect of the New Shares offered under this OIS by way of fee, commission or other similar charge.

2.14 How to participate in the Offer

(a) Complete Entitlement and Acceptance Form

To accept New Shares, Eligible Shareholders and Prospective Shareholders must complete the relevant Entitlement and Acceptance Form and return it to the address set out below so that it will be received by no later than 5:00pm on the Closing Date.

East Malvern Community Financial Services Limited
c/- Malvern East Community Bank Branch
268 Waverley Rd
Malvern East, VIC 3145

OR

By email to: manager@eastmalverncfs.com.au

You should ensure that your Entitlement and Acceptance Form (and Application Money) is sent early to ensure that they arrive at the Company's registered address specified above by the Closing Date. If we receive your Entitlement and Acceptance Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application. If we reject your Application, we will refund your Application Money in full without interest. If you have any questions about the Offer or how to compete your Entitlement and Acceptance Form, please contact the Company Chairman via email at: stuart@eastmalverncfs.com.au

(b) Taking up the Offer in full or part

If you wish to accept your Entitlement in full or in part either:

- Complete the relevant Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's registered address. It must be received by no later than the Closing Date (5pm AEDT on 3 December 2024).

OR

- Make a payment of $4.00 for each New Share you wish to apply for by electronic transfer in accordance with the instructions on the relevant Entitlement and Acceptance Form by no later than the Closing Date (5pm AEDT on 3 December 2024). Return your completed form so it can be matched to the Application Money to the Company's email account manager@eastmalverncfs.com.au or registered address. Please also refer to the further instructions in section 2.18 below.

As an Eligible Shareholder if you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance with Section 2.15. Regardless of how they are lodged, all Applications must be received by 5:00pm on the Closing Date.

2.15 Applying for more than your Entitlement

Any New Shares not applied for by Eligible Shareholders and Prospective Shareholders under the Offer will form the Shortfall. Eligible Shareholders that have subscribed for their full Entitlement may apply for Shortfall Shares by completing the relevant section in the Entitlement and Acceptance Form. The minimum application value for Shortfall Shares is $800, the maximum value is $40,000 and application values must be in increments of $800 between the minimum and maximum range. The Company will not issue Shortfall Shares so that an Applicant's shareholding in the Company may exceed 10%.

Submitting an Application together with Application Moneys for Shortfall Shares, does not guarantee any allotment of Shortfall Shares. All Application Moneys in relation to which Shortfall Shares are not allocated will be returned without interest. All decisions regarding the allocation, potential scale back and issue of Shortfall Shares will be made by the Company at its absolute discretion. Shortfall Shares will be issued at the same price as the New Shares offered under the Offer. The offer of Shortfall Shares is an offer under this OIS. Eligible Shareholders who are Directors and related parties are eligible to be issued Shortfall Shares on the same basis as other Eligible Shareholders.

Eligible Shareholders will be given priority to Shortfall Shares, however, in the event that not all Shortfall Shares are taken up by Eligible Shareholders then the Company may decide to allocate excess Shortfall Shares to other parties as it determines at its absolute discretion. Accordingly, this OIS may be provided to persons other than the Eligible Shareholders and Prospective Shareholders.

2.16 Applying for less than your Entitlement

You may apply for less than your Entitlement of New Shares. The Entitlement and Acceptance Form will allow you to apply for fewer New Shares than your Entitlement.

If the Application Monies received from you is less than the value of the New Shares you have applied for, then the Company will only allot to you such number of New Shares for which you have provided sufficient Application Monies.

2.17 Allowing your Entitlement to lapse

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

2.18 Payment for New Shares

The issue price of $4.00 per New Share is payable in full on application. All payments are to be made in Australian currency by cheque or by electronic transfer. Cheques should be drawn on an Australian branch of a financial institution, made payable to "EMCFS Ltd – Share Offer Account" and crossed "Not Negotiable".

Electronic transfer payments should be made in accordance with the instructions on the relevant Entitlement and Acceptance Form. For Eligible Shareholders use the Shareholder Reference Number (SRN) shown on the form. For Prospective Shareholders use the initial of your first name with your full surname in the payment Reference field. You are required to return the Entitlement and Acceptance Form if you use electronic transfer to pay the Application Money via email to the Company email account manager@eastmalverncfs.com.au You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through electronic transfer are received by the Closing Date. The SRN is used to identify your holding. If you have multiple holdings you will receive multiple Customer Reference Numbers. You must use the SRN shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by electronic transfer and do not pay your full Entitlement, your remaining Entitlement will lapse. Your completed electronic transfer acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed electronic transfer payments.

2.19 Issue of New Shares

New Shares under the Offer will be issued as soon as practicable after the Closing Date. It is expected that New Shares will be allotted and that transaction confirmation statements will be sent to you on or about 16 December 2024. However, if the Closing Date is extended then the date for allotment and posting may also be extended. It is your responsibility to confirm your holdings before attempting to sell New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who sells New Shares before receiving their confirmation statement. Application Money will be held in trust in a separate bank account on behalf of Eligible Shareholders and Prospective Shareholders until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the Company, regardless of whether New Shares are issued under the Offer.

2.20 Past performance and forward looking statements

This OIS includes information regarding the past performance of the Company, and forward looking statements. Past performance is not an indication of future performance, and forward looking statements are based on a number of assumptions, expectations and estimates, and the Company's actual results may vary from the forecasts and other forward-looking statements included in this OIS. Accordingly, this OIS should not be regarded as a representation or warranty with respect to their accuracy or the accuracy of the underlying assumptions or that the Company will achieve or is likely to achieve any particular results.

2.21 Taxation and other advice

There may be taxation, financial or legal implications in relation to the Offer and subscribing for New Shares. These implications vary depending on your individual circumstances. You should seek and rely on your own professional investment advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation financial or legal consequences connected with the Offer or the New Shares.

3. Risk Factors

Applicants should carefully consider the following factors and other information in this OIS before deciding to apply for any Share(s) in EMCFS. If any of the following risks actually occur, the Company's business, financial condition, operational performance, cash flows and prospects for growth could be impacted.

3.1 Concentration of Shareholding ownership by Shareholder

Following completion of the Offer, there is not expected to be any significant change to the number of Shareholders which at the date of this OIS is 208 and the largest existing Shareholder, will hold less 10% (undiluted) and 10% (fully diluted) of the Shares. Under the

Company's Constitution each shareholder has 1 vote no matter what number of shares they hold. Accordingly, Shareholder/s will continue to be in a position to exert significant influence over the outcome of matters relating to EMCFS including the election of Directors. Although the interests of EMCFS, Shareholder/s and future Shareholders are likely to be aligned in most cases, there may be instances where their respective interests diverge.

3.2 Trading in Shares

The Company is an unlisted public company established to manage and operate a Community Bank branch of BEN. The community nature of the Company is reflected in the provisions of its Constitution relating to voting rights and limits on shareholding interests. There is limited liquidity in the trade of shares in the Company. Although the Company operates a Low Volume Market but there has not been significant trade in shares in the Company and this is not expected to change in the future. Accordingly, there may be limited opportunities for Shareholders to recoup their investment in the Company by disposing of their Shares.

Accordingly, an investment in EMCFS by purchasing Shares should be regarded as making an illiquid investment.

3.3 General economic conditions

The general economic climate in Australia in which EMCFS operates may experience changes, which adversely affect EMCFS's financial performance and is the primary influence of EMCFS's performance and financial position. The general economic climate in Australia is the key influence behind the level of lending and the nature of financial services required by individual Australians and Australian businesses. Factors that may influence the general economic climate include but are not limited to:

- movement in, or outlook on, exchange rates, interest rates and inflation rates; for example changes in inflation or interests rates may reduce the net interest margin achieved by EMCFS's operations or impact demand for lending;
- changes in investor sentiment toward particular market sectors;
- business confidence and retail confidence;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world;
- increasing unemployment rates – these often reduce the level of property lending;
- financial failure or default by an entity with which EMCFS may become involved in a contractual relationship; and
- natural disasters, pandemic, social upheaval or war.

Although EMCFS is not an Authorised Deposit-taking Institution, its ability to generate business, and therefore income (under its Franchise Agreement), is exposed to the same general economic conditions as all trading entities particularly those in the financial services sector.

3.4 Liquidity risk and funding risk

Liquidity risk is the risk that EMCFS has insufficient capacity to meet its payment obligations as and when they fall due. Such a risk is apparent across all corporations due to the difference in cash inflows and cash outflows.

Funding risk is the risk of over-reliance on or a lack of availability of a particular funding source which in turn affects the availability of funds to EMCFS and their cost.

3.5 Market risk

This is the risk of loss arising from fluctuations in interest rates, equity prices, foreign currency exchange rates, commodity prices, indices and other market rates and prices.

Changes in investment markets, including fluctuating interest rates and property prices and other investments, can affect the financial performance of EMCFS through the investments it holds in financial services and other related businesses. If losses arise from this risk then it will have an adverse impact on EMCFS's financial position.

3.6 Credit risk

As the franchise operator of three Community Bank's EMCFS is not normally exposed to the credit risk inherent in lending to individuals and businesses as this risk is borne by BEN assuming normal credit procedures are followed. If EMCFS does not follow BEN credit procedures, then EMCFS is liable. If there are less favourable market conditions within an industry, specific geographic region or sector, then this can cause customers to experience financial hardship and therefore exposes EMCFS to the risk that those customers cannot satisfy their obligations under their loan agreements - even though those credit risks are primarily borne by BEN this will have flow-on effects for the level of income received under EMCFS's Franchise Agreement and may be reflective of general trading conditions which would impact on the ability of the EMCFS to generate further business. For example small businesses who borrowed at low interest rates may struggle to meet their financial obligations now that interest rates have risen and this credit risk is borne by BEN but in turn affects the income EMCFS would obtain from its Franchise Agreement.

3.7 Community bank model risks

BEN developed the Community Bank model in 1998 in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

Each franchisee conducts its Community Bank branch(es) on behalf of BEN, operating a franchise of BEN, using the name "Bendigo Bank" and the system of operations of BEN. All transactions with customers conducted through a Community Bank branch are between the customers and the service provider or product issuer, in this case BEN.

Accordingly, BEN provides a nationally recognised brand, products and services and the systems for operation. It is also responsible for holding and maintaining all regulatory licences for offering products and services.

BEN receives fees from the Community Bank company including franchise fees and establishment fees. The revenue generated from the products and services offered through the Community Bank branch is shared by BEN with the Community Bank company.

A material uncured breach of the Franchise Agreement by EMCFS that leads to the termination of the Franchise Agreement by Bendigo and Adelaide Bank would cause a loss in revenue and capital and cause harm to EMCFS's financial position. For example, under the terms of the Franchise Agreement, BEN is entitled to terminate its agreement with EMCFS if, amongst other things, EMCFS becomes insolvent, is fraudulent in connection with operation of the business or is in material breach of the Franchise Agreement. The Franchise Agreement provides for a maximum possible term of 15 years, after which the continued operation of the Community Bank Branch will be subject to BEN's discretion, pursuant to the Franchising Code of Conduct. BEN also has broad rights to terminate the Franchise Agreement, in particular, if the franchise operation is not solvent. EMCFS is not entitled to any payment upon termination of the Franchise Agreement resulting from a material breach, though it would be entitled to the net proceeds of the sale or transfer of the franchise operation if, at its discretion, BEN proceeded with such a sale or transfer after termination. There are no restrictions on where BEN (or any of its related bodies corporate or other BEN franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreement).

3.8 Franchise Agreement

EMCFS operates as a franchisee of BEN and is not an Authorised Deposit-taking Institution. It is a Corporate Authorised Representative under BEN's Australian Financial Services Licence and Australian Credit Licence. EMCFS earns its income under the Franchise Agreement with BEN by generating business for BEN for which it is paid commissions and other forms of revenue under its Franchise Agreement. EMCFS was formed for the principal purpose of entering into, operating and carrying into effect the Franchise Agreement, with full power to:

- Agree any amendment or termination or abrogation of all or any of the terms of the Franchise Agreement with the terms thereof;
- Enter into, operate and carry into effect any further or other agreements or arrangements with or in connection with BEN; and
- Do all such things as in the opinion of the board of EMCFS are necessary or desirable for the furtherance of this purpose or for maintenance of the relationship with BEN.

This OIS is not issued by BEN and BEN takes no responsibility for its content. Shareholders should consider the risks of increasing their investing in the Company carefully before making an investment decision.

BEN does not own shares in or control EMCFS, and does not guarantee the liabilities of EMCFS or your investment in EMCFS.

This OIS is issued by EMCFS. It is not an offer to subscribe for shares in BEN – it is an offer to subscribe for Shares in EMCFS.

3.9 Changes to the Franchising Code of Conduct

The franchise relationship between BEN and EMCFS is governed by the Australian Competition and Consumer Commission (ACCC), the Franchising Code of Conduct (Code) and Competition Laws. The Federal government commissioned an independent review of the Code in 2023 which was published in February 2024, In late May 2024, the Federal government released its response to the review of the Code, agreeing (or agreeing in principle) to the 23 recommendations contained within this report. An exposure draft of the revised Code is expected to be released by the Federal government in November 2024 with the revised Code coming into effect on 1 April 2025. All franchisors will be required to amend their current Franchise Agreements to comply with the revised Code with effect from 1 April 2025. This cannot occur until the government releases the exposure draft in November 2024 and subsequently confirms the final version for implementation. BEN's current practice is to provide a copy of its current Franchise Agreement and Disclosure Document at the time of issuing renewal notices to Community Bank companies. As EMCFS is scheduled to enter a new 5 year term in it's Franchise Agreement with BEN on 6 May 2025 the current Franchise Agreement and Disclosure Document that EMCFS operates under will change once the revised Code changes are confirmed by the Government. There is a risk that the terms and conditions under which BEN would issue the renewal may have a negative impact on EMCFS as a consequence of Federal government changes to the Code.

The ‘Bendigo Bank’ branding and intellectual property used by EMCFS is obtained under its Franchise Agreement with BEN. Should the Franchise Agreement end or terminate for any reason then EMCFS will no longer be able to trade using the intellectual property and branding of ‘Bendigo Bank’. This would have an adverse impact on EMCFS’s operating and financial performance.

3.10 Inability to pay dividends or make other distributions

The ability for future dividends or other distributions to be paid by EMCFS will be contingent on its ability to generate positive cash flows.

Furthermore, to the extent that EMCFS pays any dividends, the ability to offer fully franked dividends is contingent on making taxable profits. Taxable profits may be volatile, making the payment of fully franked dividends unpredictable.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder’s particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

EMCFS has agreed that in any 12 month period, the aggregate of the profits or funds of EMCFS distributed to Shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding up, exceed the Distribution Limit. The Distribution Limit is the greater of:

(a) 20% of the before tax profit after adding back community contributions for the year and any retained earnings from previous financial years of EMCFS otherwise available for distribution to Shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital over that 12 month period (as determined by BEN in consultation with EMCFS). The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by BEN) plus 5%.

Of course, the actual amounts distributed to Shareholders may be less than the Distribution Limit. And if the Distribution Limit is greater than an amount permitted to be distributed under the Corporations Act 2001 (Cth) (**Act**), then the amount distributed will be the limit under the Act.

3.11 Risk of Shareholder dilution

EMCFS may in the future elect to issue Shares or engage in further capital raisings to fund ongoing working capital requirements of EMCFS or acquisitions that EMCFS may decide to make. Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

3.12 Taxation changes

An investment in Shares involves tax considerations which differ for each Shareholder dependent on their individual financial affairs. Each prospective Shareholder is encouraged to seek independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation viewpoint and generally.

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact EMCFS's tax liabilities or the tax treatment of a Shareholder's investment.

To the maximum degree permitted by law, EMCFS, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this OIS.

3.13 Government and regulatory factors

BEN is subject to substantial regulatory and legal oversight in Australia. The authorities with regulatory oversight over BEN includes, among others, APRA, the RBA and ASIC. Failure to comply with legal and regulatory requirements may have a material adverse effect on BEN and the reputation among customers of it's franchised Community Banking model. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could have a substantial and unpredictable adverse effect on BEN and by association EMCFS as a franchised operator of a Community Bank branch and Corporate Authorised Representative of BEN. These may include limiting the types of financial services and products that can be offered, and/or reducing the fees which can be charged on their financial products.

3.14 Litigation risk

In the ordinary course of business, EMCFS may be involved in litigation disputes from time to time. Litigation disputes brought by third parties including, but not limited to BEN customers, suppliers, employees and government bodies may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of EMCFS's insurance. Such litigation could negatively impact the community standing of EMCFS, cause EMCFS to incur unforeseen expenses, occupy a significant amount of management's time and attention and could negatively affect EMCFS's business operations and financial position and ultimately lead to termination of the Franchise Agreement. At the date of this OIS, EMCFS is not involved in any disputes or litigation.

3.15 Force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy, EMCFS and the price of Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, pandemic, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for EMCFS's products and its ability to conduct business.

3.16 Competition risk

EMCFS, as a franchisee of a Community Bank branch competes against banks and non-bank financial services providers. The financial services industry is subject to significant changes and is a very competitive market. EMCFS faces the risk that:

- existing competitors could increase their market share through aggressive sales and marketing campaigns, product research and development or price discounting;
- existing and potential competitors, who may have significantly more resources, develop new financial products or services or improve existing financial products or services to compete with EMCFS;

- EMCFS may fail to increase adoption and usage of its financial products or services or introduce new financial products or services;

- EMCFS may fail to anticipate and respond to changing opportunities, technology, or customer requirements as quickly as its competitors; or

- EMCFS's competitors may enhance their financial products or services offering to improve their competitive positioning relative to EMCFS;

- If any of these risks arise, EMCFS may compete less effectively and EMCFS's market share and ability to secure existing or new customer investments, deposits or its ability to provide lending and wealth management services could be reduced, which would have an adverse impact on EMCFS's operating and financial performance.

3.17 Privacy and Cyber Security Risk

BEN processes, stores and transmits large amounts of personal and confidential information through its technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are increasingly sophisticated. In addition, the number, nature and resources of adverse actors that could pose a cyber threat to BEN is growing, including individual cybercriminals, criminal or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities. Although BEN invests in protecting the confidentiality, integrity and availability of this information, BEN may not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures and controls to prevent or minimise the resulting damage. BEN may also inadvertently retain information which is not specifically required or is not permitted by legislation, thus increasing the impact of a potential data breach or non-compliance. Additionally, BEN uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure. While BEN negotiates comprehensive risk-based controls with its service providers, it is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. BEN may also submit confidential information to its key regulators under a legal obligation and as part of regulatory reporting. A breach of security at any of these external providers, regulators or within the BEN Group may result in operational disruption, theft or loss of customer or employee data, a breach of privacy laws, and regulatory enforcement actions, customer or employee redress, litigation, financial losses, or loss of market share, property or information. This may be wholly or partially beyond the control of BEN and may adversely impact its financial performance and position, and reputation. Although BEN invests significant resources in information technology measures, if breached, EMCFS as the operator of a Community Bank branch that relies on BEN information technology may incur legal and financial exposure. Security breaches expose EMCFS to a risk of loss of this information, litigation, and potential liability. The information technology that EMCFS uses may also be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. There is a distinction between the information technology systems that BEN provides to EMCFS for branch operations and the information technology that EMCFS itself uses to manage its own internal operations (e.g., use of personal email addresses and laptops to manage EMCFS finances, corporate compliance, staffing, among other activities). BEN does not provide any information technology resources in respect of the latter.

3.18 Financial Crime Risk

BEN is subject to a wide range of financial crimes regulations, such as anti money laundering and counter terrorism financing laws, anti bribery and corruption laws and sanctions laws. As a result of the ongoing conflict in Ukraine, there is an unprecedented volume of sanctions being applied by regulators globally to Russia, and potentially other governments. While regulators across the United States, Europe and Australia are largely united with respect to these sanctions, the nuances and specific restrictions are not fully aligned. As a result, BEN is subject to heightened operational and compliance risks in navigating transactions and dealings that may be affected by these additional sanctions laws. This heightened risk is expected to continue and increase as the conflict in the region persists. While BEN has policies, systems and controls in place that are designed to manage its financial crime obligations (including its reporting obligations in respect of matters such as International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports), these may not in the future always be effective. To the extent that BEN is found to have failed, or in the future fails, to comply with its obligations under these laws, BEN may face regulatory enforcement action or other sanctions including litigation, fines, civil and criminal penalties, customer compensation obligations and enforceable undertakings. Non compliance with these obligations could also lead to litigation commenced by third parties (including class action proceedings), regulatory action and sanctions imposed by regulators, as well as adverse media coverage, all of which may also result in reputational damage. In addition, due to the large volume of transactions that BEN processes, an undetected failure or the ineffective implementation, monitoring or remediation of a policy, system or control has the potential to result in multiple breaches of BEN's obligations under these laws which, in turn, could give rise to significant monetary penalties for BEN. These actions and events could, either individually or in aggregate, adversely affect BEN's business, prospects, reputation and financial performance and position. Although BEN invests significant resources in mitigating financial crime, EMCFS as the operator of a Community Bank branch that relies on BEN systems may incur legal and financial exposure. Potential financial crime obligations expose EMCFS to a risk of litigation and potential liability.

3.19 Fraud and Scams Risk

BEN is exposed to the risk of fraud, both internal and external (including fraudulent applications for loans, or from incorrect or fraudulent payments and settlements). BEN also runs the risk that employee, contractor and external service provider misconduct could occur. For instance, fraudulent conduct can also arise from external parties seeking to access its systems or customer accounts. All actual or alleged fraud is investigated under the authority of BEN's financial crimes unit. It is not always possible to deter or prevent employee misconduct and the precautions taken by BEN to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage. A global increase in fraud and scams against customers and BEN, has been observed since the COVID 19 pandemic. Scams, frauds and financial crimes could continue to increase materially due to corporate cyberattacks against Australian corporations where theft of private data could erode the reliability of BEN's existing KYC processes as stolen personal information could be misused for identity theft. Increased focus on protection of vulnerable customers also has the potential to result in Australian regulators imposing a shared liability model where banks become accountable for a portion of the frauds and scams perpetrated against BEN's customers. EMCFS as the operator of a Community Bank branch that relies on BEN systems may incur legal and financial exposure. Potential frauds and scams expose EMCFS to a risk of litigation and potential liability.

Annexure A – Financial Report for EMCFS

Annual Report 2024

East Malvern Community Financial Services Limited

Community Bank
Malvern East, Murrumbeena and Wantirna

ABN 27 089 542 174

Contents

Chairman's report

For year ending 30 June 2024

It is my pleasure to report on what has been another transformative year, where the Company was considerably strengthened and achieved record profitability with numerous significant developments, including:

- At Community Bank Malvern East the external meeting hub development at the rear of the property was completed, a $160,000 investment.
- The move to paying quarterly fully franked dividends was announced including providing guidance as to what dividends shareholders could expect for the financial year.
- In October a highly successful capital raise was undertaken raising over $670,000 after costs at $3.60 per share.
- In November we were able to add Community Bank Murrumbeena as our third site.
- In March this year the 20th anniversary for Community Bank Murrumbeena was celebrated in style specifically acknowledging the contributions of former Murrumbeena Community Financial Services directors and staff.
- In April a minor premises upgrade and refresh at Community Bank Murrumbeena was completed.
- The foundations for future growth were put in place with a new management structure implemented and all 3 branches transitioning to the Community Investment Hub a software platform to facilitate the administration of our sponsorship grant programmes that are growing in scale and breadth.

From a financial perspective our before tax profit for the full year to 30 June 2024 was $1,083,000 an increase of $249,000 or 30% from the prior comparable period (pcp) $834,000 profit. The operating profit before sponsorships and tax was $1,484,000 up $373,000 or 34% from $1,111,000 from last year. The key reason for these outcomes was the seven months of earnings following the purchase of the revenue right for Community Bank Murrumbeena effective 30 November 2024 which added $1,296,000 to Branch revenue. Combined with solid lending growth at Community Bank Malvern East and a full year of earnings from Community Bank Wantirna this has produced a result for the Company that has well surpassed the previous year which in itself was the first time operating profits had exceeded $1 million.

Financial metrics were as follows:

$'000	2024	2023	Change	
Revenue	4,014	2,141	up	87%
Operating profits before sponsorships and tax	1,484	1,111	up	34%
Sponsorships and donations	401	276	up	45%
Shareholder's equity	2,725	1,517	up	80%
Net assets per share	$3.54	$2.62	up	35%
Dividends per share (declared/paid)	36 cents	30 cents	up	20%
Branch footings	627.3m	347.3m	up	81%

The record returns have flowed through to all stakeholders with sponsorships to our community partners increasing by $125,000 or 45% from the pcp and dividends per share increased to 36 cents per share for the full year, up 20% on the previous year. This was on the back of a 33% expansion of the equity base following the issue of 190,202 shares at $3.60 in November last year with the new shares eligible for the FY24 Q2 dividend.

As a result of the equity issue and the boost to retained earnings from the strong profitability, total shareholder's equity increased by $1,208,000 or 80% to $2,725,000 ($1,517,000 pcp) considerably strengthening the Company's balance sheet and positioning our social enterprise for further growth. Over the course of the year net assets per share increased by 35% to $3.54 benefitting all shareholders.

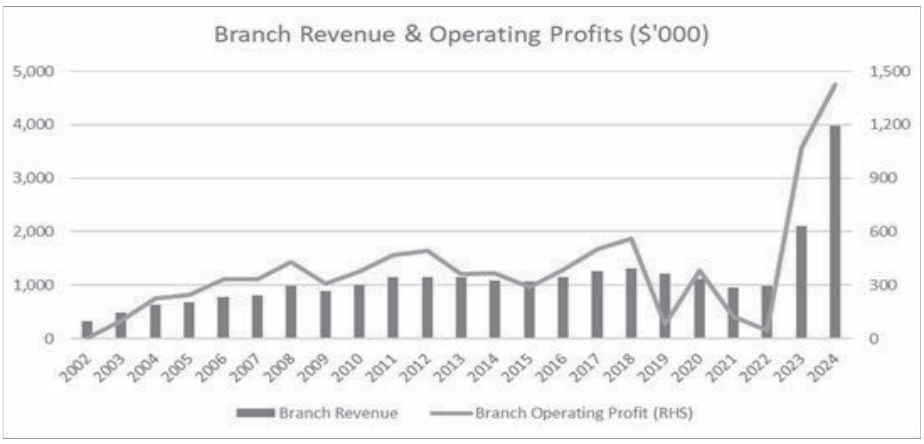
The transformation of our social enterprise has been funded by a balanced combination of equity, retained earnings and carefully managed debt. Following the purchase of the revenue right for Community Bank Murrumbeena for $2,750,000 total debt peaked at $4,147,000 as at 31 December 2023 with a debt to equity ratio of 1.74. In the subsequent 6 months the strong cashflows from the business allowed the Company to repay and close one of the Company's loan facilities 2 years ahead of schedule with total debt reducing by $452,000 to $3,695,000 ($2,184,000 pcp) as at 30 June 2024. During the same time the debt to equity ratio has fallen to 1.36 due to both debt repayments and the continued build up of retained earnings.

Operating Results ($'000)			Total			Total
	1H24	2H24	2024	1H23	2H2	2023
Community Banking						
Branch revenue	1,528	2,447	3,975	916	1,185	2,101
Branch operating profit	500	945	1,445	413	658	1,071
Operating margin	33%	39%	36%	45%	56%	51%
Investment Income						
Cash investment earnings	14	10	24	18	23	41
Mark-to-market adjustment	12	3	15	24	(25)	(1)
Operating Profit before Sponsorships and Tax	526	958	1,484	455	656	1,111
Sponsorships			(401)			(276)
Net profit/(loss) before tax			**1,083**			**835**

Branch operating profit rose by $374,000 or 35% from the previous year while Branch revenues increased by $1,874,000 or 89% from the pcp. The Operating margin reduced from 51% to 36% due to the combined impacts of:

- Revenue from retail loans and deposits is derived on a margin share arrangement with Bendigo Bank. Our Community Bank company receives 50% of the margin attributed to these products, the margin is calculated using Bendigo Banks internal 'Funds Transfer Pricing' (FTP) methodology. Pursuant to requirements of the Bank's regulator, APRA, the Bank is required to review its FTP methodology regularly and after one such review, a change was implemented effective 1 July 2023. This change was made at the request of APRA and was supported by an independent review. This change impacted some deposit products and resulted in lower margin. As we share in the margin our revenue was impacted, the Company believes that the impact to our revenue across our three branches was approximately $323,000 (this has not been validated by the Bank).
- Interest expense on our loan facilities increased by $169,000 which included the costs of funding the recent purchase of the revenue right for Community Bank Wantirna for a full 12 months and Community Bank Murrumbeena effective 30 November 2023.
- Putting in place a new management structure across all 3 branches which will help facilitate future growth.
- A highly competitive mortgage lending market impacted margins across both fixed and variable home loans.

Despite the challenging margin environment, the addition of Community Bank Wantirna and Murrumbeena has enabled our social enterprise to make a decisive break from the long term average for both Branch revenue and operating profits.



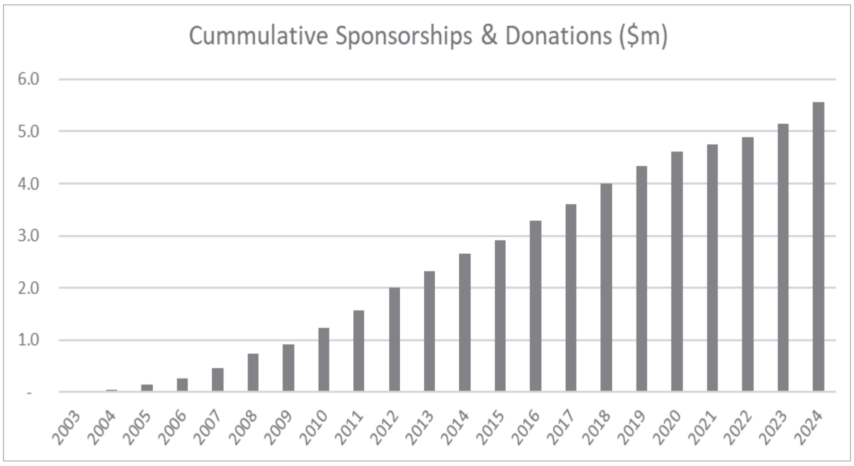
From an operational perspective considerable effort was devoted to rebuilding the branch teams at both Community Bank Wantirna and Murrumbeena with great progress made in developing a cohesive customer focussed culture. New Branch Manager positions were added across all 3 branches that will facilitate growth at the local community level and position the Company for future growth opportunities. In another separate project all 3 branches have transitioned to the Community Investment Hub a software platform to designed to facilitate the administration of our sponsorship grant programmes that are rapidly growing in scale and breadth. In time this will allow our social enterprise to better tell our story and the impact we are having.

After a period of rapid expansion, the integration of Community Bank Wantirna and Murrumbeena is on track which will include long overdue refurbishments of the respective branches. On behalf of all shareholders, I thank Ruth and her whole team for the great operational and financial results, the successful branch integrations and the continuing dedication to customer service across three communities now servicing over 12,000 customers.

Community Sponsorships

Sponsorships increased by 45% to $401,000 ($276,000 pcp) as the Company reached out to a whole set of new community partners following the addition of Community Bank Wantirna and Murrumbeena. Over the course of the last 13 months since the purchase of the revenue right for Community Bank Wantirna a total of $103,000 was distributed across 22 Wantirna community partners virtually all of which were new to the branch. This more than exceeded the commitment given to the former Wantirna Community Financial Services Limited board and shareholders and is helping to build the profile of Community Banking in Wantirna.

Our social enterprise provides grants to many Community Partners throughout the year, and this is outlined in more detail in the Sponsorship Committee Report. We see our Community Partners as valuable relationships to be nurtured for the long term and look forward to expanding the depth and breadth of the sponsorship programme which has now seen $5,557,000 distributed to community partners since our sponsorship programme began.



Dividends

At the beginning of FY24 the Company changed its policy of semi-annual dividend payments to pay quarterly dividends on the last business day in October, January, April and July of each year. In the first quarter of each new financial year the Board plans to advise shareholders what the expected quarterly dividend is likely to be for that financial year.

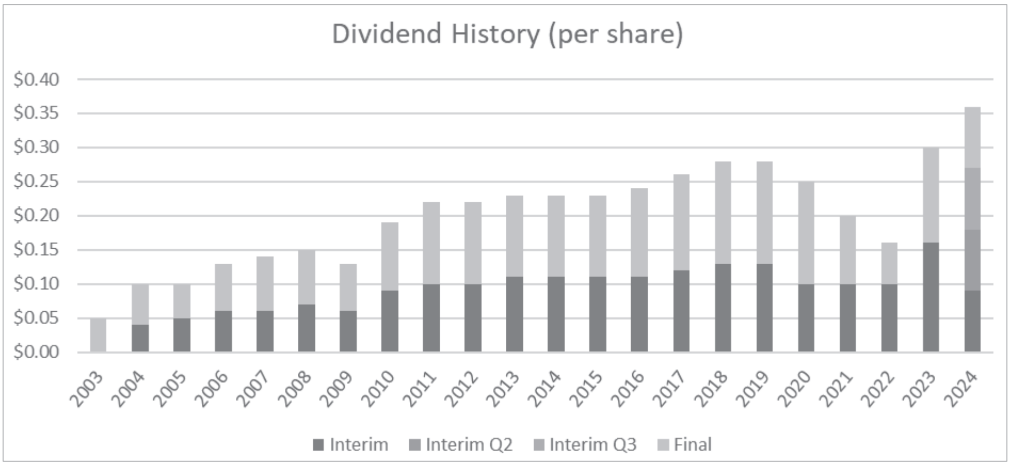
The intention is to provide shareholders with a stable and regular flow of dividends that respects the distribution limit in the Franchise Agreement with Bendigo Bank and fairly rewards shareholders for their stake in a successful social enterprise. It is anticipated that the quarterly dividend policy and our ongoing financial results could be highly attractive to the growing cohort of long term income investors, especially when combined with the strong Community Banking ESG credentials that our social enterprise offers.

In line with the announced move to paying quarterly dividends and following the strong current year operating results the Board resolved to pay the following fully franked dividends in FY24:

- FY24 Q1 Interim dividend of 9 cents per share Paid 31 October 2023
- FY24 Q2 Interim dividend of 9 cents per share Paid 31 January 2024
- FY24 Q3 Interim dividend of 9 cents per share Paid 30 April 2024
- FY24 Q4 Final dividend of 9 cents per share Paid 31 July 2024

The FY24 Q4 Final dividend also marks the 45th consecutive dividend that the Company has paid.

For original shareholders dividends paid/declared up until this year end have totalled $4.45 per share, all of which have been fully franked apart from the initial two dividend payments.



FY25 Q1 dividend declaration

Subsequent to year end and reflecting the expected strong FY25 operating results, the Board has resolved to pay the Company's first quarterly dividend of 10 cents per share fully franked as the FY25 Q1 Interim dividend to all shareholders on record as at 18 October 2024. The dividend will be payable on 31 October 2024.

The expectation is that unless circumstances change materially the declared quarterly dividends will be held stable at 10 cents per share fully franked for the remaining quarters of FY25.

Cumulative Community Returns

As always, the Board strives to keep the balance right between all our stakeholders including shareholders while staying true to the spirit of the Community Bank model. Since the business started through to the current year, but excluding the FY25 Q1 dividend declared subsequent to year end, the cumulative returns to the community and shareholders are as follows:

Sponsorships and donations	$ 5,557,000	43%
Dividends paid/payable to shareholders	$ 1,956,000	15%
CB network re-investment	$ 4,150,000	32%
Retained earnings	$ 1,209,000	9%
Total	**$12,872,000**	**100%**

Capital Raising

Subsequent to the preparation of the 2024 Annual Report an Offer Information Statement (OIS) is expected to be shortly registered with ASIC relating to a placement of up to 135,000 shares and a non-renounceable pro rata entitlement offer to shareholders of the Company of 1 new share for every 7 shares held at a subscription price of A$4.00 per new share to raise up to $540,000 before costs of the issue.

As part of the purchase of the revenue right of Community Bank Murrumbeena the Company committed to offering preferential access to a future capital raising for former Murrumbeena Community Financial Services Limited shareholders and members of the Community of Murrumbeena supporters' group. To deliver on that commitment the Company is making available 25,000 new shares with preference given to these individuals. The Company is making this offer in order to raise funds for general corporate purposes including debt reduction and possible future purchase of Community Bank revenue rights. All shareholders are strongly encouraged to read the OIS when it becomes available and consider a further investment in a highly profitable social enterprise that is achieving so much across the community.

New shares issued under the OIS will rank equally with existing shares and are expected to be eligible for the FY25 Q2 and subsequent dividends.

Board of Directors

The role and time commitments of the Board continue to expand in order to help realise many of the available opportunities in growing and building a sustainable social enterprise along with meeting ever increasing regulatory compliance requirements as our Company significantly expands its geographic reach, Community Partner programmes and operations.

Since year end the Board met offsite for a full day to consider and endorse our new strategic plan "EMCFS in 2030" which will guide our thinking and actions over the short to medium term.

One of our objectives for the coming financial year is to formalize social enterprise accreditation for the Company. This involves shareholders at our forthcoming AGM voting for a standard Community Bank mission statement with strong lock in protections designed to ensure these intentions stand the test of time. Having independent and widely recognized certification of our social enterprise is expected to further strengthen our ESG appeal to certain groups of our customers, staff, suppliers and shareholders.

I want to acknowledge the dedication and time the directors provide in guiding this Company for the benefit of all stakeholders, especially the considerable effort that has gone into the planning, bid processes and integration of our recent purchases. Actively working with our business partner Bendigo Bank has been essential to achieving this and many other positive outcomes for both the Company and the many Community Partners that rely on us.

The Board comprises of: -

Stuart Martyn - Chairman

Philip Williamson – Deputy Chairman

Melissa Hartmann– Company Secretary

Michael Arbon

Anne Parsonson

Alistair Macleod (appointed 30 October 2023)

Finally, I want to thank those who are currently supporting our Community Bank branches with their banking business and look forward to that support continuing in the future.

Stuart Martyn
Chairman

Senior Branch Manager’s report

For year ending 30 June 2024

With our renewed focus on developing our leaders and the branch teams we have seen improved focus on our values and behaviours, which in turn has supported our growth strategy.

In a period of rising interest rates, higher inflation, labour shortages and reducing consumer confidence I am very proud of our performance. I thank our staff, customers and shareholders for their ongoing support that allows us to achieve consistent strong results.

Our customer numbers now exceed 12,000, which is a 45% increase. Our Community Bank Malvern East, Murrumbeena and Wantirna teams strive to provide excellent service to each of our customers, we have purposely led our customer interactions with an increased focus of continued education on digital safety, this has seen us protect numerous customers from falling victim to various scams.

Our total footings are sitting at $627 million, up $280 million for the year, this includes the purchase of the Community Bank Murrumbeena revenue right. The growth is mostly attributed to the revenue rights purchase, supported by $10 million lending growth from Malvern East.

Due to increase in footings growth, revenue and net profit we have been able to increase our community investment, which has increased by $125,000 or 45%. This has ensured we been able to reach out to many new community groups from our Wantirna community as well as continuing with the very well established partnerships we have in both our Malvern East and Murrumbeena communities.

Our branch teams continue to change and evolve in line with changing customer demands and ways of banking, we continue to be available to help our customers in branch, via direct phone contact, or at a place that works for them as well as via virtual meetings.

The onboarding of our first Business Development Manager, Vish Sahota has made a strong impact on our results, ensuring we remain relevant and made it easy for customers to bring their home lending to us.

With the purchase of the revenue right of Community Bank Murrumbeena on 30 November 2023 we chose to expand the team with Branch Managers being engaged. This has seen Sunny Kumar, who has many years’ experience leading retail branches at various banks join us as Community Bank Malvern East Branch Manager, Leigh Conway who is also an experienced Branch Manager joins us from Bendigo Bank Camberwell to lead our Community Bank Wantirna team and pleasingly Taylor Speechley promoted to our Murrumbeena Branch Manager role.

The transaction that saw us purchase the revenue right of Community Bank Murrumbeena, whilst swift it also took time and energy to complete our due diligence, prepare and complete the transaction. Our commitment to the staff, customers and community partners of Community Bank Murrumbeena is undoubted with the appointment of Taylor as the Branch Manager, the retention of many of the legacy team supported by Krystal who joined us as a new Customer Advisor.

We have completed a minor refurbishment of Community Bank Murrumbeena to improve the staff workspace, the customer experience as well as ensuring our signage is up to date, this also ensured we remained compliant with our franchise agreement with Bendigo Bank.

Taylor and I were very grateful for the support of now retired Community Bank Murrumbeena Branch Manager, Sue Foley and their former Chairman Dennis Tarrant who introduced us to many customers and community partners respectively. These introductions have assisted us with our continued investment into the Murrumbeena community and deliver a smooth transition for the customers of Community Bank Murrumbeena.

Our planned growth from Community Bank Wantirna has proved challenging, mainly due to staff shortages and the need to re-establish our brand in the local community. We are now working on strengthening relationships with our customer base, the local traders and our recently established community partnerships.

To assist with the re-engagement of the customers and community of Community Bank Wantirna we held a community engagement evening at one of the local cafes. This event was a casual evening that bought many community groups, our staff, board members and customers together. At the end of the evening, we treated our guests to Chinese Lion

Dancers, this assisted us make stronger connections with the Asian communities and celebrated the beginning of the Lunar new year, 2 days later. The evening was a huge success with the noise and colour bringing many diners out from the local cafes and restaurants to come and celebrate with us.

Community Bank Wantirna is in need of a full refurbishment, this is one of our key focuses for the 2024/25 year. The Wantirna staff are very excited that they will have a new and much improved workspace to provide excellent service to their customers.

At Community Bank Malvern East, our outdoor Community Space is now completed and available free of charge for our community groups to use, we also will use this space to host various functions from time to time. This now sees this branch fully refurbished, and the branch continues to be admired by many visitors due to its functionality. It also is a wonderful light filled space that is a staff favourite to work from.

Our Community Bank branch network continues to support our local customers and in particular the business and retail outlets at each of our local shopping strips rather than needing to rely on online and call centres for banking services.

We are continually supporting the Branch Managers, and their teams build their skill set to ensure they are best positioned to be able to deliver exceptional service and results. We are comforted that the strong sales and performance culture we have been building is now well embedded and as a result we will continue to achieve great outcomes.

We have not been immune to staff shortages and our 'One Team' approach across our branches has enabled us to maintain our high service and performance standards throughout the year. We have now also engaged a part time Marketing and Social Media Manager, Ilonka Roode to ensure our social media and our branding at our community partner venues is up to date and allows for a strong, clear message that will assist us win additional business from our community partners.

The right leadership and branch staff are vital to our success, I am very aware of the importance of building the skills needed for now and into the future, through the development and retention of our high quality and diverse team. It has been very pleasing to have 2 of our staff promoted this year, this will only help us build a strong reputation as being an employer of choice.

Our Community Investment Program which has now contributed more than $5.5 million would not have occurred without the ongoing support of our customers and shareholders, I thank them all for their support and contribution. As our reach expands it is imperative we continue to promote the benefit of Community Banking to our new and existing community partners and ensure the right balance of return on investment by providing financial solutions to their members and supporters.

To ensure we bring efficiencies to the business as well as a more robust method of reporting of our community investment program we have now transitioned our sponsorship and grant program across to the Bendigo Bank Community Investment hub.

Throughout the year, our Branch Managers and their teams, have been amazing dealing with the various challenges presented. They continue to live and breathe our core values and behaviours. The next year will continue to be challenging, we will bring our recently prepared strategic plan to life, which will provide career and development opportunities to our people and deliver great outcomes to all stakeholders.

Our skilled Chair, Stuart Martyn, with the support of our Board of Directors, who all have a passion for success are all to be congratulated and I would like to thank them all for their support and guidance over the past 12 months. Bendigo and Adelaide Bank Limited continues to be a valued partner and I would like to thank our Regional Manager, Kristy Marshall and Strategic Performance Manager, Community Banking, Simon Sponza, for their ongoing support.

I am positive the future of our social enterprise holds many exciting opportunities and given the support I receive from my leadership team, their staff and the Board I look forward to the year ahead.

We also look forward to hosting Community Bank Malvern East's 25th anniversary in May 2025, after not being able to hold a celebration for our 20th anniversary we are planning a fitting event to celebrate this amazing milestone.

Ruth Hall
Senior Branch Manager

Sponsorship report

For year ending 30 June 2024

Thanks to your using our local banks, Community Bank Malvern East, Murrumbeena, and Wantirna have made a significant impact this year, returning $401,000 to a wide range of enterprises. These groups are delivering valuable community programs and activities, all helping to strengthen the local economy in which we work, live and play.

We proudly invest in many important areas including emergency and community support, sport and recreation, environment and animal welfare, arts, culture and heritage, health and wellbeing, facilities and infrastructure, as well as education and research. We have played a key role in supporting growth and development across these essential areas.

With over $5.5 million invested in local communities since opening, and with our team providing the capacity to return a significant share of our profits to the local community we serve, more than 50 groups have been supported in 2023-24. Your continued support allows this to happen.

It's never been easier to switch to Bendigo Bank, where you'll find exceptional service, plus all the products and technology of Australia's most trusted bank.

Michael Arbon
Chairman Marketing and Sponsorship

Sponsorship report (continued)

Below is the full list of community partners we have supported this year.

Sport
Caulfield Grammarians Football Club
Coatesville Bowls club
Chadstone Bowls Club
Collegians Football Club
Caulfield Cricket Club
De La Salle Football Club
East Malvern Football Club
East Malvern Tooronga Cricket Club
Malvern Bowls Club
Malvern Cricket Club
Malverndale Ladies Golf Club Cricket Club
Manhatton Eightball Club
Murrumbeena Community Bowls Club
Nextgen unite
Oakleigh Football Netball Club
Old Melburnian's Amateur Football Club
Old Xaverian's Amateur Football Club
Prahran Cricket Club
Salesian Old Boys Cricket Club
Scotchmans Creek Golf Club
St Kevin's Old Boys Football Club
Southern Football Netball League
Southern Golf Club
Templeton Tennis Club
Toorak Park Users Group
Victorian Sub District Cricket Assoc
Victorian Sub District Cricket Umpires Association
Wantirna Football Club
Wantirna Junior Football Club

Community
4th East Malvern Girl Guides
15th Brighton Scout & Cub Group
Babes Project
Chinese Association of Victoria
Daisy Homes
East Malvern Combined Probus Club
East Malvern Food & Wine Festival
East Malvern RSL Anglers Club
Knox Business Awards
Knox InfoLink
Knox Nocturnals
Orano House
Outer East Foodshare
Peoples Choir
Phoenix House Neighbourhood House
Studfield Wantirna Newspaper
Tilly Aston Awards
Vermont Men's Shed
Wantirna Traders
Warriors 4 Wildlife
Arts
Knox Art Show
Malvern Artists Society
Malvern Theatre Company
Health
MAD Foundation
Myeloma Foundation
Education
Malvern Special Needs Playgroup
The Knox School

Community Bank Malvern East

East Malvern Food & Wine Festival

Community Bank Malvern East proudly sponsored the 2023 East Malvern Food & Wine Festival. As a sponsor of this community event, we were excited to contribute to the creation of a family-friendly environment that brings people together. Supporting community events like this, is a fundamental aspect of our mission. By engaging in these efforts, we aim to build community resilience, strengthen connections, and foster a true sense of belonging. We are honoured to have been a part of this event and look forward to continuing our support in the future.

East Malvern Football Netball Club

Like many community clubs East Malvern Football Netball Club has found bouncing back from the Covid period extremely difficult. Attracting and adding value for sponsors has been a real challenge but having the foundation support of a sponsor like Community Bank Malvern East provided us, as a group of volunteers, the confidence to keep moving forward. The support from the bank has allowed our club to provide a pathway for dozens of young people to contribute in such a positive manner to our local community.

Malvern Theatre Company

Malvern Theatre Company usually provides a season of five plays annually and has been the only resident theatre group at the City of Stonnington Malvern Community Arts Centre for more than 50 years. Community Bank Malvern East is proud sponsor their incorporated association, with their committee of experienced volunteers who have a core of very skilled, volunteer backstage, technical and front-of-house staff. The Bank is honoured to support an organisation who attract actors and designers of such high calibre.

Malvern Cricket Club

Malvern Cricket Club, with a 165-year history, has been in partnership with Community Bank Malvern East for 24 years. This strong connection has enabled the club to deliver a dynamic junior cricket program, supporting over 250 local kids from ages 5 to 17 each summer as well as connect the larger local community. The bank's ongoing funding provides essential equipment for players and supports the club's goal of increasing participation among girls and women, a key focus for future development.

Community Bank Murrumbeena

Story Dogs

Community Bank Murrumbeena is proud to sponsor Story Dogs at Murrumbeena Primary School, where two wonderful dogs, Cooper and Henry, along with their handlers Silvia and Karen, are making a meaningful difference in students' lives. These sponsored pups are part of a literacy program that helps young readers build confidence and improve their reading skills in a relaxed and supportive environment. Supporting this initiative reflects the bank's commitment to strengthening local connections and enhancing students' educational experiences.

Bentleigh Football Netball Club

Bentleigh Football Netball Club, a competitive force in the South Metro area, is dedicated to supporting, training, and testing its athletes. With the sponsorship of Community Bank Murrumbeena, the club has been able to develop raw talent through quality coaching and a strong love for the sport. Teamwork, perseverance, and sportsmanship are key to the club's success, which provides pathways for boys and girls from Auskick to under-17s. The club boasts two under-19 teams, one women's football team, four netball teams, two senior men's teams, and over 250 members. Additionally, the club's Coterie Group, The Dragon Club, financially supports five key beneficiaries: Nightlife Disability Services, Grief Line, Ride for a Cure (Peter McCallum), the Click Foundation, and Project 37, a fund set up for members facing hardship. Proceeds from sponsorships are directed to these causes annually.

Oakleigh Bowls Club

Community Bank Murrumbeena proudly sponsors Oakleigh Bowls Club, a true community-based club that welcomes all members to be part of its fun, friendly, and inclusive environment. The club's vibrant calendar is filled with special events and the Bank's support helps the club maintain its welcoming atmosphere, offering events like free Thursday evening introductions to lawn bowls, encouraging community participation year-round.

Southern Netball Football League

Community Bank Murrumbeena is integral in providing the necessary funding to the Southern Football Netball League to ensure that playing community football and netball is financially within the reach of all its participants. The Southern Football Netball League employ over 450 casual football and netball umpires to ensure our great games can go ahead and this is only possible due to the support from Community Bank Murrumbeena.

Community Bank Wantirna

Orana Neighbourhood House

Community Bank Wantirna proudly sponsors Orana Neighbourhood House, enabling them to continue running their vital community programs. This support helps Orana offer educational and social initiatives that enrich the lives of local residents. Without this funding, many of these essential services would be inaccessible to the community. The partnership underscores the bank's commitment to fostering strong, supportive local networks.

Warriors 4 Wildlife

Warriors 4 Wildlife is a proud Community Bank Wantirna sponsorship recipient through their Support 4 Shelters program. This funding provided essential equipment such as incubators, aviary upgrades, medical supplies, and possum boxes. The 100% volunteer-run organisation delivers rescue services across Victoria, aiming to enhance their ability to respond quickly to wildlife in need with new rescue vehicles.

Outer East Foodshare

Outer East Foodshare, sponsored by Community Bank Wantirna, collects surplus and rescued food and delivers it to agencies supporting families in need across Melbourne's outer eastern suburbs. It is this sponsorship that allows them to partner with organisations like Foodbank Victoria, OzHarvest, and local growers to distribute food to five agencies in the Yarra Ranges. In addition to food distribution, they host workshops to help food relief agencies strengthen their organisational capacity and upskill their volunteers.

Tilly Aston Awards

Community Bank Wantirna sponsored the Tilly Aston Community Awards, hosted by Mary Doyle (MP). Named after the renowned advocate Tilly Aston, the awards celebrate individuals and groups who have demonstrated exceptional leadership and positive impact in the community. Through this sponsorship, the bank proudly supports a recognition program that highlights dedication and social responsibility across the Aston community.

Directors' report

For the financial year ended 30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stuart Martyn

Title: Chair

Experience and expertise: Stuart has substantial CFO and Board experience across IT, Payments and Retail Banking. Chartered Accountant, MBA (AGSM) and GAICD qualified he was an executive with a major retail bank for more than 8 years and a long term CFO for the Australian subsidiary of a large international IT company specialising in the financial services industry. A founding director of the East Malvern Community Bank he and his family have been Stonnington residents for over 30 years.

Special responsibilities: Chair of Investment Committee, Member of Audit, Risk & Governance Committee, Member of Remuneration & Nominations Committee.

Philip Williamson

Title: Deputy Chair

Experience and expertise: Phil had a 23-year career in retail banking with Westpac holding all roles from junior through to running a high performing branch. In addition, Phil held Regional banking roles in the People and Culture space as well as periods of heading up the Recruitment function for Victoria and senior management roles in Learning & Development. Subsequently, Phil has held the most senior People and Culture positions in Mercedes-Benz Australia Pacific, the Movember Foundation (Global), ECMS Early Childhood Management and a senior management role in People & Culture with the City of Monash. Phil has been involved in sporting, school, and kindergarten committees for almost 50 years and has held the role of President on two occasions at the Prahran Cricket Club.

Special responsibilities: Chair of Remuneration & Nominations Committee, Member of Investment Committee.

Michael Arbon

Title: Non-executive director

Experience and expertise: Michael joined the Board in 2008. He holds a Bachelor of Engineering Degree from Melbourne University and is a graduate of the Stanford Executive Program. Michael has worked in a variety of Infrastructure businesses during his career in Executive Management positions. Michael has lived in the City of Stonnington for over 30 years and is a life member of the Malvern Cricket Club.

Special responsibilities: Chair of Audit, Risk & Governance Committee, Chair of Sponsorship & Marketing Committee, Member of Remuneration & Nominations Committee.

Directors (continued)

Anne Parsonson

Title: Non-executive director

Experience and expertise: Anne joined the Board in 2012 and has over 25 years experience in the manufacturing and retail services sector including being a Director of Kidman Furniture Pty Ltd and Red Dust Furniture. Most recently she is involved in the accounting sector of her family business in Veneer Board manufacturing and distribution which operates in Victoria and Canberra. Anne has lived in Stonnington for more than 30 years and has been involved in local community groups, including Malvern Netball Club and East Malvern Tennis Club.

Special responsibilities: Member of Sponsorship & Marketing Committee.

Melissa Hartmann

Title: Company Secretary

Appointed company secretary on 1 July 2023

Experience and expertise: Melissa has substantial Strategy and Digital Transformation experience, working in Financial Services across 5 countries. She was an executive with a major insurer, where she worked for 16 years. She holds a Bachelor of Commerce from the University of Western Australia and a MBA from the Australian Graduate School of Management. Melissa joined in the board in March 2021.

Special responsibilities: Member of Investment Committee.

Alistair Macleod

Title: Non-executive director (appointed 30 October 2023)

Experience and expertise: Alistair has extensive leadership experience across a range of sectors including education, IT, business services, consulting and retail banking. He holds an MBA (Exec) from the AGSM. He currently leads an education services team at one of the world's leading education research organisations. He has lived in the Wantirna area for more than 28 years. His involvement in the community includes roles as Treasurer on a local school council and various positions, including President, with a local sporting club. He is a life member of the Templeton Netball Club and the American Chamber of Commerce (Australia).

Special responsibilities: Member of Sponsorship & Marketing Committee.

Company secretary

The company secretary is Melissa Hartmann. Melissa was appointed to the position of company secretary on 1 July 2023.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $795,895 (30 June 2023: $602,412).

Operations have continued to perform in line with expectations.

In November 2023 the company made a strategic acquisition by purchasing the revenue rights associated with Murrumbeena Community Financial Services Ltd which has significantly increased the company's total footings. This acquisition, as well as the prior year acquisition of the Wantirna Community Financial Services Limited revenue rights, has significantly contributed to the growth in the company's revenue.

Dividends

During the financial year, the following dividends were declared. The dividends have been provided for in the financial statements.

	2024 $
Payable on 579,182 shares	
Fully franked dividend of 9 cents per share	52,183
Payable on 769,384 shares	
Fully franked dividend of 9 cents per share	69,245
Fully franked dividend of 9 cents per share	69,245
Fully franked dividend of 9 cents per share	69,245
	259,918

Dividends proposed but not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay an interim fully franked dividend of 10 cents per share, to be paid on 31 October 2024. The financial impact of the dividend, amounting to $76,938 has not been recognised in the financial statements for the financial year ended 30 June 2024, and will be recognised in the subsequent financial statements.

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

During the period the company made an offer, in the form of a Purchase Agreement, to Murrumbeena Community Financial Services Ltd (MCFSL) to acquire MCFSL's rights in relation to the revenue from its loans, deposits and other revenue generating business, currently derived from the franchise agreement between MCFSL and Bendigo and Adelaide Bank Limited. The Agreement was settled in November 2023. The purchase price for Murrumbeena's revenue rights was $2,750,000.

During the year, the company completed a share issue, where the company issued 190,202 ordinary shares at $3.60 each. The company incurred $13,038 of equity raising costs during the share issue.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Subsequent to the preparation of the 2024 Annual Report an Offer Information Statement (OIS) is expected to be shortly registered with ASIC relating to a placement of up to 135,000 shares and a non-renounceable pro rata entitlement offer to shareholders of the Company of 1 new share for every 7 shares held at a subscription price of A$4.00 per new share to raise up to $540,000 before costs of the issue.

In the last week East Malvern CFSL have also signed the 5 year option renewal on the Murrumbeena premises.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board	
	Eligible	Attended
Stuart Martyn	11	11
Philip Williamson	11	11
Michael Arbon	11	11
Anne Parsonson	11	10
Melissa Hartmann	11	11
Alistair Macleod	7	7

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Stuart Martyn	22,300	11,700	44,000
Philip Williamson	1,700	425	2,125
Michael Arbon	9,000	4,500	13,500
Anne Parsonson	11,000	2,750	13,750
Melissa Hartmann	-	-	-
Alistair Macleod	-	5,000	5,000

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Stuart Martyn
Chair

24 September 2024

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of East Malvern Community Financial Services Limited

As lead auditor for the audit of East Malvern Community Financial Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2024

Joshua Griffin
Lead Auditor

Financial statements

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	6	3,924,498	2,100,262
Other revenue		85,900	40,629
Finance revenue		3,206	-
Total revenue		4,013,604	2,140,891
Employee benefits expense	7	(1,664,604)	(598,722)
Occupancy expenses		(55,852)	(30,127)
IT expenses		(74,651)	(29,250)
Depreciation and amortisation expense	7	(146,919)	(49,287)
Finance costs	7	(251,333)	(70,091)
Administration and general expenses		(336,543)	(252,680)
Total expenses before community contributions and income tax expense		(2,529,902)	(1,030,157)
Profit before community contributions and income tax expense		**1,483,702**	**1,110,734**
Charitable donations and sponsorships expense		(400,607)	(276,353)
Profit before income tax expense		**1,083,095**	**834,381**
Income tax expense	8	(287,200)	(231,969)
Profit after income tax expense for the year		**795,895**	**602,412**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**795,895**	**602,412**
		Cents	**Cents**
Basic earnings per share	28	103.45	104.01
Diluted earnings per share	28	103.45	104.01

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
as at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	9	96,445	32,032
Trade and other receivables	10	416,024	280,840
Total current assets		**512,469**	**312,872**
Non-current assets			
Trade and other receivables	10	9,623	6,099
Financial assets	13	297,470	282,237
Property, plant and equipment	11	2,249,898	2,113,607
Right-of-use assets	12	219,197	53,803
Intangible assets	14	4,190,477	1,426,306
Total non-current assets		**6,966,665**	**3,882,052**
Total assets		**7,479,134**	**4,194,924**
Liabilities			
Current liabilities			
Trade and other payables	15	411,520	190,182
Borrowings	16	566,189	419,688
Lease liabilities	17	48,728	42,869
Current tax liabilities	8	226,687	154,536
Employee benefits	18	93,603	50,081
Total current liabilities		**1,346,727**	**857,356**
Non-current liabilities			
Borrowings	16	3,128,934	1,764,627
Lease liabilities	17	151,945	7,423
Deferred tax liabilities	8	13,909	12,576
Employee benefits	18	72,676	35,543
Lease make good provision		39,878	-
Total non-current liabilities		**3,407,342**	**1,820,169**
Total liabilities		**4,754,069**	**2,677,525**
Net assets		**2,725,065**	**1,517,399**
Equity			
Issued capital	19	1,515,801	844,112
Retained earnings		1,209,264	673,287
Total equity		**2,725,065**	**1,517,399**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity
for the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		845,371	240,723	1,086,094
Cumulative retrospective effect of AASB 16: Leases		-	3,906	3,906
Restated balance at 1 July 2022		**845,371**	**244,629**	**1,090,000**
Profit after income tax expense		-	602,412	602,412
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**602,412**	**602,412**
Transactions with owners in their capacity as owners:				
Costs of issuing shares		(1,259)	-	(1,259)
Dividends provided for or paid	21	-	(173,754)	(173,754)
Balance at 30 June 2023		**844,112**	**673,287**	**1,517,399**
Balance at 1 July 2023		844,112	673,287	1,517,399
Profit after income tax expense		-	795,895	795,895
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**795,895**	**795,895**
Transactions with owners in their capacity as owners:				
Shares issued during period	19	684,727	-	684,727
Costs of issuing shares		(13,038)	-	(13,038)
Dividends provided for or paid	21	-	(259,918)	(259,918)
		671,689	**(259,918)**	**411,771**
Balance at 30 June 2024		**1,515,801**	**1,209,264**	**2,725,065**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
for the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,172,690	1,932,125
Payments to suppliers and employees (inclusive of GST)		(2,589,744)	(1,163,072)
Dividends received		20,667	21,027
Interest received		3,206	-
Lease payments not included in the measurement of lease liabilities	7	(31,889)	(12,630)
Interest and other finance costs paid		(239,006)	(69,796)
Income taxes paid		(154,536)	-
Net cash provided by operating activities	**27**	**1,181,388**	**707,654**
Cash flows from investing activities			
Net (investments)/disposal of shares		-	74,089
Payments for rights to revenue share		(2,750,000)	(1,400,000)
Payments for property, plant and equipment		(165,763)	(9,863)
Payments for intangibles		(50,807)	(28,697)
(Investment)/prepayment of loans to sponsorship groups		-	10,000
Net cash used in investing activities		**(2,966,570)**	**(1,354,471)**
Cash flows from financing activities			
Proceeds from issue of shares	19	684,727	-
Share issue transaction costs		(13,038)	(1,259)
Proceeds from borrowings		2,250,000	900,000
Repayment of borrowings		(739,192)	(116,530)
Lease payments (principal component)		(60,754)	(3,447)
Lease payments (interest component)		(10,388)	(295)
Dividends paid	21	(261,760)	(124,985)
Net cash provided by financing activities		**1,849,595**	**653,484**
Net increase in cash and cash equivalents		64,413	6,667
Cash and cash equivalents at the beginning of the financial year		32,032	25,365
Cash and cash equivalents at the end of the financial year	**9**	**96,445**	**32,032**

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

The financial statements cover East Malvern Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 268 Waverley Road, Malvern East, Vic 3145.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

Going concern

The company has demonstrated strong financial performance, including a profit of $795,895 and operating cash flows of $1,118,388. However, the company has reported a working capital deficiency as of 30 June 2024, where current liabilities exceed current assets by $834,258. Management is confident that the company will have sufficient resources to repay its short-term debts due to the profitability of the business (both historical and budgeted), strong forecast cashflows and the investment portfolio of ASX listed stocks valued at $297,470 that is readily convertible to cash. The board has taken proactive measures by paying down loans ahead of schedule to reduce interest expenses and maintained access to $106k of undrawn loan facilities at 30 June 2024 (refer to note 16 Borrowings), which can be utilised if needed. As a result, the directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Note 3. Material accounting policy information (continued)

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- The company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company.
- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Estimates and assumptions

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Estimation of useful lives for rights to revenue share

The company holds intangible assets representing the rights to revenue share for both Wantirna and Murrumbeena. The directors have assessed the useful life of the assets to be indefinite based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for EMCFS Ltd. The rights to revenue share are assessed annually for impairment, refer to note 4.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in May 2025.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2024 $	2023 $
Margin income	3,596,467	1,968,335
Fee income	154,701	63,956
Commission income	173,330	67,971
	3,924,498	**2,100,262**

Accounting policy for revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Note 6. Revenue from contracts with customers (continued)

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin

Margin on core banking products is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

Note 7. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	1,423,048	529,936
Superannuation contributions	137,784	50,933
Expenses related to long service leave	37,134	(552)
Other expenses	66,638	18,405
	1,664,604	**598,722**

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	27,491	26,629
Furniture and fittings	1,633	1,420
Office equipment	348	1,734
	29,472	**29,783**
Depreciation of right-of-use assets		
Leased land and buildings	80,811	3,844
Amortisation of intangible assets		
Franchise fee	36,636	15,660
	146,919	**49,287**

Finance costs

	2024 $	2023 $
Bank loan interest paid or accrued	239,006	69,796
Lease interest expense	10,271	295
Unwinding of make-good provision	2,056	-
	251,333	**70,091**

Finance costs are recognised as expenses when incurred using the effective interest rate.

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	**400,607**	**276,353**

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

Note 8. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	285,867	208,595
Movement in deferred tax	1,333	1,954
Net benefit of franking credits on dividends received	-	(8,658)
Adjustment recognised for prior periods	-	77,433
Recoupment of prior year tax losses	-	(47,355)
Aggregate income tax expense	**287,200**	**231,969**
Prima facie income tax reconciliation		
Profit before income tax expense	**1,083,095**	**834,381**
Tax at the statutory tax rate of 25%	270,774	208,595
Tax effect of:		
Non-deductible expenses	15,093	-
Movement in deferred tax	1,333	79,387
Tax effect of permanent differences	-	(56,013)
Income tax expense	**287,200**	**231,969**

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Employee benefits	41,570	21,406
Provision for lease make good	9,970	-
Lease liabilities	50,168	12,573
Property, plant and equipment	(52,064)	(28,466)
Right-of-use assets	(54,799)	(13,451)
Market value of investments	(6,621)	(2,813)
Prepayments	(2,133)	(1,825)
Deferred tax liability	**(13,909)**	**(12,576)**

	2024 $	2023 $
Provision for income tax	**226,687**	**154,536**

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting policy for deferred tax

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 9. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	**96,445**	**32,032**

Note 10. Trade and other receivables

	2024 $	2023 $
Trade receivables	**407,389**	**273,541**
Other receivables and accruals	102	-
Prepayments	8,533	7,299
	8,635	**7,299**
	416,024	**280,840**
Non-current assets		
Borrowing costs	**9,623**	**6,099**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

Note 11. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	2,333,553	2,176,674
Less: Accumulated depreciation	(97,394)	(69,902)
	2,236,159	**2,106,772**
Furniture and fittings - at cost	13,585	11,450
Less: Accumulated depreciation	(6,248)	(4,615)
	7,337	**6,835**
Office equipment - at cost	8,483	1,734
Less: Accumulated depreciation	(2,081)	(1,734)
	6,402	**-**
	2,249,898	**2,113,607**

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Furniture and fittings $	Office equipment $	Total $
Balance at 1 July 2022	2,127,799	5,729	-	2,133,528
Additions	5,602	2,526	1,734	9,862
Depreciation	(26,629)	(1,420)	(1,734)	(29,783)
Balance at 30 June 2023	**2,106,772**	**6,835**	**-**	**2,113,607**
Additions	156,878	2,135	6,750	165,763
Depreciation	(27,491)	(1,633)	(348)	(29,472)
Balance at 30 June 2024	**2,236,159**	**7,337**	**6,402**	**2,249,898**

Note 11. Property, plant and equipment (continued)

Additions

During the financial year the company completed back yard and court yard works at the 268 Waverley Road property.

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	10 to 20 years
Furniture and fittings	2 to 20 years
Office equipment	2 to 20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 12. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	304,932	138,350
Less: Accumulated depreciation	(85,735)	(84,547)
	219,197	**53,803**

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $
Balance at 1 July 2022	-
Additions	138,350
Remeasurement adjustments	(80,703)
Depreciation expense	(3,844)
Balance at 30 June 2023	**53,803**
Additions	224,503
Remeasurement adjustments	21,702
Depreciation expense	(80,811)
Balance at 30 June 2024	**219,197**

Accounting policy for right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

Note 13. Financial assets

	2024 $	2023 $
Sponsorship Fund (ASX Listed Securities) at cost	270,986	270,986
Market value adjustment	26,484	11,251
	297,470	**282,237**

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 14. Intangible assets

	2024 $	2023 $
Rights to revenue share (Wantirna) - at cost	**1,400,000**	**1,400,000**
Rights to revenue share (Murrumbeena) - at cost	**2,750,000**	**-**
Franchise fee	79,504	28,697
Less: Accumulated amortisation	(39,027)	(2,391)
	40,477	**26,306**
	4,190,477	**1,426,306**

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Rights to revenue share (Wantirna) $	Rights to revenue share (Murrumbeena) $	Franchise fee $	Total $
Balance at 1 July 2022	-	-	13,269	13,269
Additions	1,400,000	-	28,697	1,428,697
Amortisation expense	-	-	(15,660)	(15,660)
Balance at 30 June 2023	**1,400,000**	**-**	**26,306**	**1,426,306**
Additions	-	2,750,000	50,807	2,800,807
Amortisation expense	-	-	(36,636)	(36,636)
Balance at 30 June 2024	**1,400,000**	**2,750,000**	**40,477**	**4,190,477**

In November 2023 the company made a strategic acquisition by purchasing the revenue rights associated with Murrumbeena Community Financial Services Ltd. The purchase price of these revenue rights was $2,750,000.

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Rights to revenue shares acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

Note 14. Intangible assets (continued)

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life	Expiry/ renewal date
Franchise fee	Straight-line	Over the franchise term (1 year)	May 2025
Rights to revenue share (Wantirna)	Assessed for impairment	Indefinite	N/A
Rights to revenue share (Murrumbeena)	Assessed for impairment	Indefinite	N/A

Amortisation methods, useful life, and residual values are reviewed and adjusted, if appropriate, at each reporting date.

Note 15. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	16,362	5,192
Other payables and accruals	395,158	184,990
	411,520	**190,182**

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	411,520	190,182
less other payables and accruals (net GST payable to the ATO)	(94,668)	(53,845)
	316,852	**136,337**

Note 16. Borrowings

	2024 $	2023 $
Current liabilities		
Bank loans	**566,189**	**419,688**
Non-current liabilities		
Bank loans	**3,128,934**	**1,764,627**

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2024 $	2023 $
Total facilities		
Bank loans	**3,801,240**	**2,184,841**
Used at the reporting date		
Bank loans	**3,695,123**	**2,184,315**
Unused at the reporting date		
Bank loans	**106,117**	**526**

Note 16. Borrowings (continued)

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	**48,728**	**42,869**
Non-current liabilities		
Land and buildings lease liabilities	**151,945**	**7,423**

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	50,292	-
Additions	205,187	53,739
Remeasurement adjustments	5,948	-
Lease interest expense	10,388	295
Lease payments - total cash outflow	(71,142)	(3,742)
	200,673	**50,292**

Additions

During the year the company acquired the Murrumbeena branch through the purchase of Murrumbeena Community Financial Services Ltd. The lease is due to expire December 2029.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Murrumbeena Branch	7.50%	5 years	5 years	Yes	December 2029
Wantirna Branch	6.59%	3 years	N/A	N/A	September 2024

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	**93,603**	**50,081**
Non-current liabilities		
Long service leave	**72,676**	**35,543**

Accounting policy for short-term employee benefits

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid at $1 per share	394,300	394,300	394,300	394,300
Ordinary shares - 1:3 rights at $2.50 per share	184,882	184,882	462,205	462,205
Ordinary shares - fully paid at $3.60 per share	190,202	-	684,727	-
Less: Equity raising costs	-	-	(25,431)	(12,393)
	769,384	**579,182**	**1,515,801**	**844,112**

During the year, the company completed a share issue, where the company sold 190,202 ordinary shares at $3.60 each. The company incurred $13,038 of equity raising costs during the share issue.

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being the payment received at the time of issue. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Note 19. Issued capital (continued)

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 172. As at the date of this report, the company had 206 shareholders (2023: 172 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 20. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive income.

Note 20. Capital management (continued)

There were no changes in the company's approach to capital management during the year.

Note 21. Dividends

Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the Statement of changes in equity.

	2024 $	2023 $
Provided on 579,182 shares		
Fully franked dividend of 9 cents per share (2023: 12 cents)	52,183	69,502
Fully franked special dividend of nil cents per share (2023: 4 cents)	-	23,167
Fully franked final dividend of nil cents per share (2023: 14 cents)	-	81,085
Provided on 769,384 shares		
Fully franked dividend of 9 cents per share (2023: nil cents)	69,245	-
Fully franked dividend of 9 cents per share (2023: nil cents)	69,245	-
Fully franked dividend of 9 cents per share (2023: nil cents)	69,245	-
	259,918	**173,754**

Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2024 $	2023 $
Payment of current year dividends	181,725	93,719
Payment of prior year(s) dividends	80,035	31,266
	261,760	**124,985**

Dividends proposed but not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay an interim fully franked dividend of 10 cents per share, to be paid on 31 October 2024. The financial impact of the dividend, amounting to $76,938 has not been recognised in the financial statements for the financial year ended 30 June 2024, and will be recognised in the subsequent financial statements.

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	172,835	222,095
Franking credits (debits) arising from income taxes paid (refunded)	154,536	-
Franking debits from the payment of franked distributions	(87,253)	(57,918)
Franking credits from franked distributions received	5,676	8,658
	245,794	**172,835**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	245,794	172,835
Franking credits (debits) that will arise from payment (refund) of income tax	280,318	154,536
Franking debits that will arise from payment of dividends subsequent to financial year end	(26,064)	(17,395)
Franking credits available for future reporting periods	**500,048**	**309,976**

Note 21. Dividends (continued)

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 22. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

	2024 $	2023 $
Financial assets		
Trade and other receivables (note 10)	407,491	280,840
Cash and cash equivalents (note 9)	96,445	32,032
Financial assets (note 13)	297,470	282,237
	801,406	**595,109**
Financial liabilities		
Trade and other payables (note 15)	316,852	136,337
Lease liabilities (note 17)	200,673	50,292
Bank loans (note 16)	3,695,123	2,184,315
	4,212,648	**2,370,944**

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

Note 22. Financial risk management (continued)

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $96,445 and borrowings of $3,695,123 at 30 June 2024 (2023: $32,032 and $2,184,315).

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2024		2023	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	8.08%	3,695,123	7.50%	2,184,315
Net exposure to cash flow interest rate risk		**3,695,123**		**2,184,315**

Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

2024	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	**10%**	**29,747**	**29,747**	**(10%)**	**(29,747)**	**(29,747)**

2023	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	**10%**	**28,224**	**28,224**	**(10%)**	**(28,224)**	**(28,224)**

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Note 22. Financial risk management (continued)

The following are the company's remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2024				
Bank loans	566,189	2,264,756	864,178	3,695,123
Trade and other payables	316,852	-	-	316,852
Lease liabilities	50,151	169,622	21,204	240,977
Total non-derivatives	**933,192**	**2,434,378**	**885,382**	**4,252,952**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Bank loans	419,688	1,764,627	-	2,184,315
Trade and other payables	136,337	-	-	136,337
Lease liabilities	44,904	7,484	-	52,388
Total non-derivatives	**600,929**	**1,772,111**	**-**	**2,373,040**

Note 23. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
2024				
Assets				
Equity securities	297,470	-	-	297,470
Total assets	**297,470**	**-**	**-**	**297,470**

	Level 1 $	Level 2 $	Level 3 $	Total $
2023				
Assets				
Equity securities	282,237	-	-	282,237
Total assets	**282,237**	**-**	**-**	**282,237**

Note 23. Fair value measurement (continued)

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Key management personnel disclosures

The following persons were directors of East Malvern Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Stuart Martyn	Anne Parsonson
Philip Williamson	Melissa Hartmann
Michael Arbon	Alistair Macleod

Compensation

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

	2024 $	2023 $
Short-term employee benefits	105,450	103,820
Total key management personnel compensation	**105,450**	**103,820**

Note 25. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

The following transactions occurred with related parties:

	2024 $	2023 $
During the period, a sponsorship was made to Prahran Cricket Club of which a director is a committee member. The total benefit received was:	10,000	-
During the period a sponsorship was made to Toorak Park Users Group of which a director is a Project Leader. The total benefit received was:	100,000	-

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart (2024) and John Creffield (2023), the auditor of the company:

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	3,650	9,550
Other services		
General advisory services	2,000	-
	5,650	**9,550**

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	795,895	602,412
Adjustments for:		
Depreciation and amortisation	146,919	49,287
Net gain on disposal of non-current assets	-	(10,407)
Movement in financial assets	(15,233)	799
Lease interest	10,388	295
Change in operating assets and liabilities:		
Increase in trade and other receivables	(138,708)	(164,449)
Increase in trade and other payables	188,110	70,601
Increase in provision for income tax	72,151	154,536
Increase/(decrease) in deferred tax liabilities	1,333	(680)
Increase in employee benefits	80,655	5,260
Increase in other provisions	39,878	-
Net cash provided by operating activities	**1,181,388**	**707,654**

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	795,895	602,412

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	769,384	579,182
Weighted average number of ordinary shares used in calculating diluted earnings per share	**769,384**	**579,182**

	Cents	Cents
Basic earnings per share	103.45	104.01
Diluted earnings per share	103.45	104.01

Note 28. Earnings per share (continued)

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of East Malvern Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

Note 30. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 31. Events after the reporting period

Subsequent to the preparation of the 2024 Annual Report an Offer Information Statement (OIS) is expected to be shortly registered with ASIC relating to a placement of up to 135,000 shares and a non-renounceable pro rata entitlement offer to shareholders of the Company of 1 new share for every 7 shares held at a subscription price of A$4.00 per new share to raise up to $540,000 before costs of the issue.

In the last week East Malvern CFSL have also signed the 5 year option renewal on the Murrumbeena premises.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

For the financial year ended 30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Stuart Martyn
Chair

24 September 2024

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of East Malvern Community Financial Services Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of East Malvern Community Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of East Malvern Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The financial report for the year ended 30 June 2023 of East Malvern Community Financial Services Limited was not audited by Andrew Frewin Stewart. Due to not being provided access to the prior year files, it was not practical for us to audit the comparative balances disclosed in the financial report for the year ended 30 June 2024.

Since the opening balances impact directly on the determination of the results of operations, we were unable to determine whether adjustments to the results of operations might be necessary for the year ended 30 June 2024 as a consequence of any potential misstatements of the opening balances.

Accordingly, no opinion on these comparative amounts is provided.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2024

Joshua Griffin
Lead Auditor

Community Bank · Malvern East
268 Waverley Rd,
Malvern East VIC 3145
Phone: 9563 6044
Email: malverneast@bendigoadelaide.com.au
Web: bendigobank.com.au/malverneast

Community Bank · Murrumbeena
436 Neerim Rd,
Murrumbeena VIC 3163
Phone: 9568 8166
Email: murrumbeena@bendigoadelaide.com.au
Web: bendigobank.com.au/murrumbeena

Community Bank · Wantirna
Shop 5- 6 Wantirna Mall, 348 Mountain Hwy,
Wantirna VIC 3152
Phone: 9720 4122
Email: wantirna@bendigoadelaide.ccom.au
Web: bendigobank.com.au/wantirna

Franchisee: East Malvern Community Financial Services Limited
ABN: 27 089 542 174
268 Waverley Rd
Malvern east, VIC 3145
Phone: 0412 555 452
Email: manager@eastmalvercfs.com.au

Share Registry:
LEAD Advisory Pty Ltd
PO Box 30, Bendigo VIC 3552
Phone: 5445 4222
Email: shares@rsdregistry.com.au

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Bendigo Bank

Annexure B – Entitlement and Acceptance form for New Shares in EMCFS by Eligible Shareholders

SRN:

To:

PRO RATA ENTITLEMENT OFFER OF NEW SHARES AT AN ISSUE PRICE OF AUD$4.00 PER NEW SHARE ON THE BASIS OF ONE (1) NEW SHARE FOR EVERY SEVEN (7) SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THE INVITATION TO YOU TO PARTICIPATE IN THE OFFER.

A Entitlement Acceptance

If you wish to accept your **FULL ENTITLEMENT,** please complete and return this form by no later than **5.00 pm (Melbourne time)** on **3 December 2024 WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW** to be received by the Company by no later than **5.00 pm (Melbourne time) on 3 December 2024**. The return of this form by no later than **5.00 pm (Melbourne time)** on **3 December 2024** will constitute acceptance of the invitation to you to participate in the Offer and to pay the Application Money by 3 December 2024.

Right to subscribe for New Shares on the basis of 1 New Share for every 7 Shares held	Issue Price Per New Share	Amount Payable for Full Acceptance
	AUD$4.00 per New Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY,** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Issue Price Per New Share	Amount Payable
	AUD$4.00 per New Share =	AUD$

If you wish to accept your **FULL ENTITLEMENT** and make an application for **SHORTFALL SHARES,** please complete this form showing in the box below the **NUMBER OF SHORTFALL SHARES BEING APPLIED FOR** and the appropriate amount payable.

Number of Shortfall Shares Minimum 200 shares Maximum 10,000 shares	Issue Price Per New Share	Amount Payable
	AUD$4.00 per Shortfall Share =	AUD$

B Payment

Payment may only be made by electronic funds transfer to the following account:

Bank account holder name	EMCFS Ltd – Share Offer Account
Bank name	Bendigo Bank
Bank branch address	268 Waverley Rd, Malvern East VIC 3145
BSB	633000
Bank account number	221 778 053
Reference	

Payment must be received in the account by no later than **5.00pm (Melbourne time)** on **3 December 2024.**

C Acceptance

By completing, signing and returning this form to EMCFS, you agree to subscribe for the number of New Shares and Shortfall Shares set out in section A above on the terms and conditions set out in the Offer Information Statement dated 7 October 2024.

Signed on behalf of [*insert shareholder name*]

…………………………………

Signatory name:

Annexure C – Acceptance form for New Shares in EMCFS by Prospective Shareholders

From: Full Name: ______________________________

Address: ______________________________

____

Email address: ______________________________

Mobile number: ______________________________(optional)

Eligibility type (please tick): Former MCFS Shareholder ☐

Former WCFS Shareholder ☐

Community Bank supporter ☐

OFFER OF NEW SHARES AT AN ISSUE PRICE OF AUD$4.00 PER NEW SHARE TO PROSPECTIVE SHAREHOLDERS WITH A MINIMUM SUBSCRIPTION OF ONE THOUSAND (1,000) AND A MAXIMUM SUBSCRIPTION OF FIVE THOUSAND (5,000) NEW SHARES IN INCREMENTS OF 1,000 NEW SHARES, PAYABLE IN FULL UPON ACCEPTANCE OF THE INVITATION TO YOU TO PARTICIPATE IN THE OFFER.

A New Shares Applied For

As a Prospective Shareholder if you wish to apply for New Shares, please complete and return this form by no later than **5.00 pm (Melbourne time)** on **3 December 2024 WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW** to be received by the Company by no later than **5.00 pm (Melbourne time) on 3 December 2024**. The return of this form by no later than **5.00 pm (Melbourne time)** on **3 December 2024** will constitute acceptance of the invitation to you to participate in the Offer and to pay the Application Money by 3 December 2024.

Please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable. The only valid options are:

1,000 New Shares at AUD$4.00 per New Share =	AUD$ 4,000
2,000 New Shares at AUD$4.00 per New Share =	AUD$ 8,000
3,000 New Shares at AUD$4.00 per New Share =	AUD$12,000
4,000 New Shares at AUD$4.00 per New Share =	AUD$16,000
5,000 New Shares at AUD$4.00 per New Share =	AUD$20,000

Number of New Shares accepted	Issue Price Per New Share	Amount Payable
	AUD$4.00 per New Share =	**AUD$**

B Payment

Payment may only be made by electronic funds transfer to the following account:

Bank account holder name	EMCFS Ltd – Share Offer Account
Bank name	Bendigo Bank
Bank branch address	268 Waverley Rd, Malvern East VIC 3145
BSB	633000
Bank account number	221 778 053
Reference	

Payment must be received in the account by no later than **5.00pm (Melbourne time)** on **3 December 2024.**

For Prospective Shareholders use the initial of your first name with your full surname in the payment Reference field.

C Acceptance

By completing, signing and returning this form to EMCFS, you agree to subscribe for the number of New Shares set out in section A above on the terms and conditions set out in the Offer Information Statement dated 7 October 2024.

Signed on behalf of Full Name: ______________________________

Signature: ………………………………….

Date: ………………………………….

Entitlement and Acceptance Form Instructions

Opening date for applications:

Applications may be received from 14 November 2024

Closing date for applications: 3 December 2024

Applications must be received by no later than 5pm Melbourne time on 3 December 2024.

Entitlement and Acceptance form

To apply for New Shares or Shortfall Shares as set out in the OIS, Eligible Shareholders and Prospective Shareholders must complete the relevant Entitlement and Acceptance Form attached in accordance with these instructions.