

11 December 2023

Dear Shareholder,

As the 2023 calendar year draws to a close there are a number of important matters, including the declaration of our second quarterly dividend, that I would like to provide an update on to all shareholders.

FY24 Q2 dividend declaration

As previously foreshadowed and reflecting the strong FY24 year to date operating results, the Board has resolved to pay the Company's second quarterly dividend of 9 cents per share fully franked as the FY24 Q2 dividend to all shareholders on record as at 19 January 2024. The dividend will be payable on 31 January 2024.

2023 OIS capital raise

The 2023 Offer Information Statement (OIS) capital raise dated 18 September 2023 closed as planned on 3 November 2023. There was a strong response resulting in 190,202 new shares that were issued at \$3.60 each on 15 November 2023 taking our shares on issue to 769,384 and raising a total of \$684,727.20 before costs of the issue.

As part of the Community Bank Wantirna acquisition earlier this year the Company committed to giving Wantirna Community Financial Services Ltd (WCFS) shareholders preferential access to a future capital raise. The Company delivered on this commitment with the 2023 OIS as it was open to WCFS shareholders and Community of Wantirna members to apply with preferential access rights.

The 2023 OIS capital raise resulted in Wantirna based shareholders owning 3.1% of the enlarged capital base so there has been a very marginal dilution of existing EMCFS shareholders from delivering on the commitment made to WCFS shareholders as part of the Community Bank Wantirna acquisition. The materially enlarged revenues and operating profits from Wantirna outweighs the small dilution impact by a long way.

The \$685k raised from the 2023 OIS was \$323k or 89% more than what was raised from the 2021 OIS with the average application value up 78% to \$7,781. Similar to 2021, our existing shareholders over subscribed by 14.8% compared to the number of shares made available to existing EMCFS shareholders. This strong vote of confidence is all the more meaningful when considering the issue price was raised by 44% to \$3.60 per share reflecting the much higher earnings and dividend streams now available.

All existing EMCFS shareholders who applied for new shares received 100% of their application requests. All new shares issued rank equally with existing shares and are eligible for the FY24 Q2 dividend that has now been declared.

Community Bank Malvern East
268 Waverley Rd, Malvern East

Community Bank Murrumbena
436 Neerim Rd, Murrumbena

Community Bank Wantirna
Shop 5 Wantirna Mall, Wantirna

Community Bank Murrumbeena

As announced on 27 October 2023 the Company entered into an agreement to acquire the operations and revenue right of Community Bank Murrumbeena (Murrumbeena) from Murrumbeena Community Financial Services Limited (MCFSL). This transaction included the acquisition of both the branch operations and revenue right attached to this location. The revenue right pertains to the revenue generated by the loans, deposits and other revenue generating business under the franchise agreement between MCFSL and Bendigo and Adelaide Bank Limited (Bendigo).

Subsequently the MCFSL shareholders approved the sale and shortly thereafter settlement for Murrumbeena went through as planned. Effective 1 December 2023 Bendigo transferred the Murrumbeena site to the Company's Franchise Agreement and from that point on the Company now operates three Community Bank branches.

From a Company perspective this transaction was undertaken for a number of strategic reasons including;

- expansion of our operating footprint south of Dandenong Road which is a significant barrier to customer traffic.
- building scale by adding 79% to our "footings" with good growth potential,
- leveraging our existing human capital, resources and culture,
- creating greater flexibility and self reliance in relation to staffing and career pathways.

Murrumbeena has and continues to be a very successful Community Bank branch with "footings" well in excess of our Malvern East branch. In 2020 MCFSL purchased the revenue right associated with the Community Bank Ormond McKinnon and while that branch was closed most of the customer connections still exist and are now part of Murrumbeena business which the Company has acquired.

The purchase price of \$2,750,001 reflects the very successful business acquired along with its large revenue and earning potential. Our proposal to retain the branch, provide enduring community contribution commitments and offer a fair price was attractive to the MCFSL board and shareholders. The purchase price included all the branch infrastructure along with the adjacent Community Meeting Hub and was funded by a combination of a new term loan facility from Bendigo, short term vendor finance and cash reserves including proceeds from the 2023 OIS capital raise.

To retain and further enhance the existing deep connections with the local community including the Ormond McKinnon area the Company committed to investing;

- \$250,000 in Murrumbeena and Ormond McKinnon based community sponsorships in the twelve months to 30 November 2024, and
- thereafter providing annual community sponsorships in the range of 8% - 12% of Murrumbeena branch revenue.

As part of the bid proposal the Company also undertook to offer MCFSL shareholders preferential access to a future capital raise the Company may undertake but there are no timeframes for this to occur.

Murrumbeena is coming up to its 20th anniversary in March next year with "footings" totaling \$277m and offers good growth potential. The addition of Murrumbeena has added considerable scale to our business that would otherwise be almost impossible to achieve through organic growth. Importantly Murrumbeena is strongly profitable from day 1 and is expected to add materially to our results this year and for many years to come.

This is another key milestone in our development and an opportunity to show how successful Community Banks can re-invest and help to strengthen the Community Bank model that is at the core of our existence.

If you have the opportunity, please call into the Murrumbeena branch at 436 Neerim Rd, Murrumbeena.

New Director appointment

On 1 November 2023 Alistair Macleod was appointed as a Director of the Company and has subsequently joined the Sponsorship & Marketing committee. Alistair has had 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 and currently leads an education services team at one of the world's leading education research organisations. Alistair and his family have lived in the Wantirna area for more than 28 years and his local community involvement includes roles as Treasurer on a 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).

Alistair has the skills and professional experience to make a very worthwhile addition to the board of directors and will greatly assist in building the Company's connections to the Wantirna community.

Finally, I would like to acknowledge the considerable efforts put in by the Board and the combined branch teams led by Ruth Hall as we integrate Community Bank Murrumbidgee and build connections to a new community with a friendly, customer centric can-do culture.

Thank you for your continuing support and best wishes to you and your family. I hope the festive season is enjoyed by all and the New Year brings fresh ideas with a greater sense of peace and purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Stuart Martyn', with a stylized, cursive script.

Stuart Martyn
Chairman