

Updated notice of expected material elevation in Ku-ring-gai Financial Services Limited's company revenues – 16 June 2023

In terms of its franchise agreement with Bendigo and Adelaide Bank (BABL), Ku-ring-gai Financial Services Limited (KFSL) delivers BABL's banking and financial services to its community. The franchise agreement provides for a share of interest margin, fee, and commission revenue to be earned by KFSL on the outstanding portfolio of loans, deposits and other business sourced by KFSL.

As noted by KFSL in its previously issued Continuous Disclosure Statements, the increases in the cash rate by the Reserve Bank of Australia during the financial year have elevated the level of earnings for KFSL on this portfolio compared to the prior year. As a result, based on its financial performance to the end of April 2023, KFSL expects its revenue from contracts with customers for FY23 to exceed the prior year by 65% to 75%, with a related material uplift in profit for the year. Applying a similar dividend payout ratio to that of the prior year and an estimate of the profit that would have arisen had there been no changes in the RBA's cash rate since 1 July 2023, the Board is considering the declaration of an ordinary dividend of between 7.29c and 7.49c per ordinary share. As a result of KFSL's elevated profit during the year, the Board is also considering declaring a special dividend of between 11.45c and 11.65c per ordinary share. The total ordinary and special dividend would be within the dividend payout limits as prescribed by KFSL's franchise agreement. The payment of these dividends is subject to: the finalisation of KFSL's financial results for the year ending 30 June 2023; consideration of the resources required for further investment into KFSL; forecast of future earnings, taking into account current macro-economic conditions; and final declaration by the Board.