

August
2021

Newsletter

Community Bank · Strathmore

Dear Shareholder,

I hope you are well. I am just writing to give you an update on our company.

Since joining this Board in October 2005, I can honestly say that I am extremely happy to be the current Chairman of your Board and I would like to acknowledge our present Board as I believe they are the best Board we have had in the last 10 years and we are fortunate to have them voluntary serve us as Board members.

Our company footings have now passed \$370 million, our highest ever, which is fantastic after the year we have had. Our Managers David, Aaron, and our staff are all doing a fantastic job. You may have noticed that we have employed a Security Guard for Saturday mornings. This is due to the increase in customer traffic we are now experiencing because of other Bendigo Bank branches closing in the area.

We have now completed the renovations to the branch and the building next door at 341 Napier Street. The renovations look fantastic, and the staff are extremely happy with the new layout.

Our Corporate office is now located at the rear of 341 Napier Street and this can be accessed through the branch.

On 29 May our longest serving Director and past Chairman Peter McKie stood down from our Board and we thank him for his service.

Our AGM for 2020 was delayed due to restriction of COVID-19. We were given permission by ASIC for this to occur, but our 2021 AGM will return to November as normal.

Several points were raised at this AGM by some shareholders and because of this most of the Board and



I at the time believe we should inform all shareholders who were not in attendance of their concerns.

Firstly, our Regional Manager Mr Daryl Ellis of Bendigo and Adelaide Bank (BABL) made some of the following statements relating to our Branch and the relationship your Board now has with BABL:

"...The first thing I wanted to do is thank the Board, and all the members of the Board. It's a thankless task sometimes and I've been on Boards before, it's a volunteer role and we really appreciate all of the work that you do. It's a tough job sometimes so from Bendigo, we really appreciate it.

Strathmore's increase on last year is significant and I know, looking at our pipeline, it's going to be a very solid year from a growth perspective for the Bank. So well done to David and the team. They're working very, very hard through some challenging environment, it must ▶

◀ *be said. But having said that, it's also very competitive environment. We're looking at record low interest rates around lending and deposits and when you get that sort of environment, it becomes a margin issue.*

I probably just need to mention the word COVID... So the customers just not only weren't coming – weren't allowed to come and chose different paths now. So, most of our customers are using digital options. Foot traffic is coming back a little bit but nowhere near what it was. We'll see a minimum of 20 per cent foot traffic reduction this year and that foot traffic reduction, it won't come back. So that's just the ever-changing face of the banking industry that it - we just don't see those customers come back. They use a digital format and do their banking in different ways.

...You've got a very, very healthy business here. Extremely healthy business with really large footings. A strong Bank book. Really good leadership, good management team, good Board. That we've never had such a strong relationship with the Board. We're working really closely on lots of issues. So from that point of view, I thank you. It's great you've set yourself up for the future. With the investment in the branch, it looks outstanding. It's - more importantly, it's effective for our customers and our teams so that's what it's really all about and it has set you up for the future..." (End of quote)

We also had the AGM broadcast on Zoom for people who could not attend, and we had some minor problems with that process. Some of the shareholders on Zoom tried to ask some questions but they were muted by the company we employed for this service. As a result, we were unaware of this and we apologise to them for this. If these shareholders still have questions, I suggest they put them in writing and send them to our Secretary and they will then be answered.

In relation to our last AGM, the Board put forward a proposal to the shareholders to alter our current company constitution to bring it up-to-date with other Community Bank company constitutions throughout the network. We formed a committee consisting of Rohan Jarvis, Phil Lusher and I, and we worked through this process with our BABL Managers and produced

the final document which was then distributed to our entire Board. The amendments were all agreed to by the Board members and we then forwarded this information to you the shareholders and this was then put forward for ratification by you our shareholders at our AGM.

At the AGM most of the Board and myself were extremely disappointed that the shareholders did not vote for the changing of our constitution. It appears to us that a group of people who attended the AGM had organized for proxy votes to be obtained to vote against all items on the agenda including the re-election of two retiring Directors and a new Director, Mr Rohan Jarvis who has been an outstanding addition to the Board since joining us.

We plan to have the amendments to our constitution again placed on the agenda for our AGM this year and I hope we have the support of all our shareholders to implement these changes.

The Board is committed to seeing that these changes are implemented to make our old constitution more accurate and up-to-date. A lot of the changes relate to references of Bendigo Bank which has now become Bendigo and Adelaide Bank.

Other changes relate to the amount of shares a person can hold in our company. Currently our constitution reads that one person and their entities can own up to 10% of our company. The Board believe this goes against the principals of when we started our Community Bank which was to involve our community.

Another change was to make a minimum number of people owning shares in our company. We have found that as some shareholders sell their shares, these shares are being purchased by current share owners and as a result our shareholder base number is diminishing. We hope this change will increase our number of shareholders and give an opportunity for new people to invest in our company.

If shareholders have any concerns about these amendments please feel free to contact Rohan, Phil or myself and we should be able to answer any queries you have in relation to these changes.

It is vitally important for our Bank's future that shareholders are fully informed and up-to-date with all dealings of our Board and the Bank. As a united Board we ask all shareholders to please be involved with voting of this and every year's AGM.

Please if you have any concerns or questions feel free to contact any member of the Board as they are always open to discuss any issues you have.

We have now celebrated the 20th Anniversary of our Bank. In these challenging times it has been difficult to organise a way to recognise this milestone. We are planning an open day at the branch to showcase the renovations to Napier Street and to have a chat about all things Community Bank Strathmore. One of the things we can be certain of, is to reward our shareholders with a dividend reflecting our age.

We will advise shareholders of any celebration dates on our website, at the branch and email distribution.

Your faithfully

Peter J Brown JP
Chairman

Talk to us today

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We're open:

9.30am - 4.00pm Monday to Friday

9.00am - 12 noon Saturday

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