

Real Impact Real Difference Stronger Communities

\$5.2
million

In community
contributions

28

Local staff

8

Local
Directors

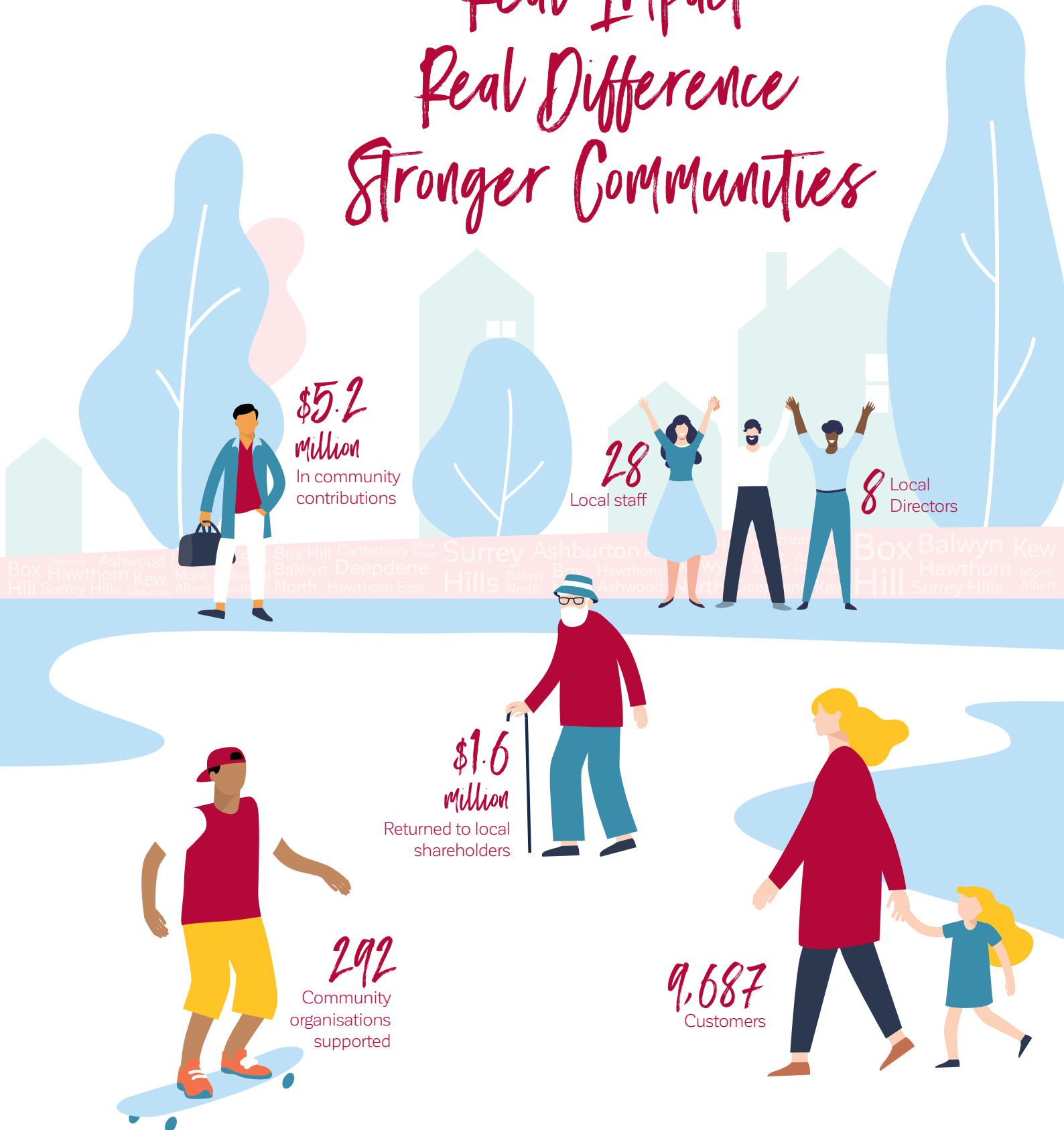
\$1.6
million

Returned to local
shareholders

292

Community
organisations
supported

9,687
Customers





Contents

A little about us	3
Highlights	4
Chairman's Report	5
Senior Manager's Report	8
Treasurer's Report	11
Review of Operations	12
Future Focus	14
Branch Reports	16
Community Report	20
Director's Profiles	26
Governance Report	28
Directors' Report	32
Independent Auditor's Report	36
Financial Statements	41
Glossary	63



A little about us



The Community Bank® model requires partnerships with local people and community enterprises to provide financial services, employment, a local investment opportunity and a source of revenue for projects determined by local people.



Above: Our board members and staff drive our success.

The Community Bank® model, which has long bucked a trend of banks pulling their services out of regional Australia, has sparked a community-led movement nationally, and now has reached the milestone of \$200 million going back to local communities, generating jobs and local economic growth over the past 20 years.

Our Community Bank® branches in Canterbury and Surrey Hills opened 16 years ago to return banking to these small retail strips. Our Ashburton and Balwyn branches compete with other major banks in their precinct and demonstrate how the local community can benefit when profits are retained there. Since the opening of our first branch our Community Bank® company (CASH Group) has invested more than \$5.1 M back into our local community.

Beyond providing quality financial services, we understand the importance of investing in our community. Working with our communities to identify needs has seen us deliver a number of significant projects. As a community business, we have three objectives:

Providing exceptional banking services to our communities

Backed by Bendigo Bank, we can provide robust banking solutions—home loans, personal and business banking, and insurance—as well as exceptional personalised customer service.

Bendigo Bank provides the balance sheet, the financial products, systems and training, while the local community provides the premises, equipment and staff.

Growing our capacity to invest in community projects

Through our Community Investment Program, we are working to build a sustainable and resilient community, and helping local people create the places where they want to live. Over the past 16 years, we have invested more than \$5.1 M in the Canterbury, Ashburton, Surrey Hills and Balwyn communities. We provide economic and social value by funding more than 290 community groups and organisations. Indeed, many community projects would not have been viable without our financial support and investment.

Providing a reasonable financial return to shareholders

We strive to create and share value with everyone connected with our business. This includes our shareholders, many of whom live locally. Bendigo Bank's Community Bank® network gives our communities direct equity in their banking service provider, as well as the scale advantages associated with an established banking brand.

As one of Australia's largest and most successful Community Bank® groups, we are very proud of our strong and valued brand, our commitment to great customer service and our role in our communities. Our Community Investment—which exceeded \$690,000 in the past 12 months—is possible only because our customers choose to bank with us.

Highlights

Local Impact



9687
Customers



756
Shareholders

28

Staff



8

Directors



292
Community Groups

Community Investment



291

Groups supported since 2003



115

Groups supported in 2019



\$5,153,077

Total community investments since 2003

\$1,554,695

Total return to shareholders (dividends)

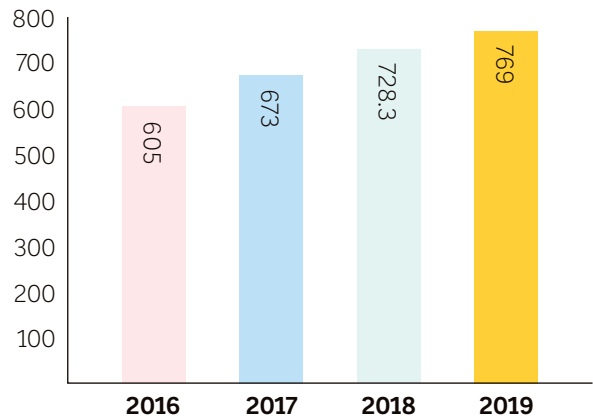


\$693,862

Total community investments in 2018

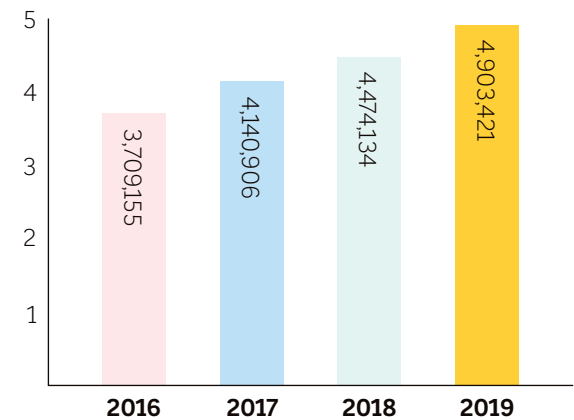
Footings (\$)

millions

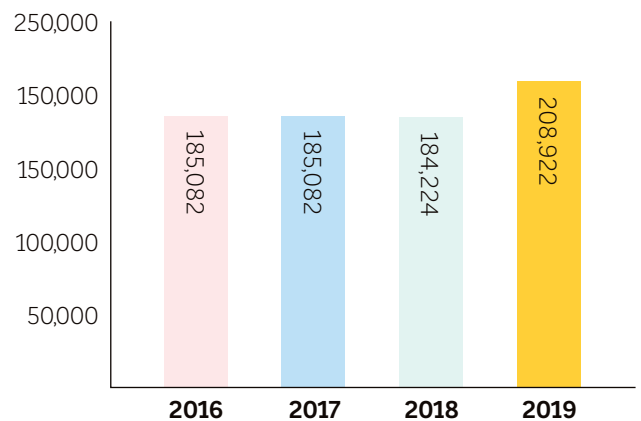


Revenue (\$)

millions



Fully Franked Dividend (\$)



Chairman's Report



Our company exists to help our customers and our community prosper, and if they prosper, so will we.

The Community Bank® model requires partnerships with local people and community enterprises to provide communities with quality banking services, employment opportunities, a local investment opportunity for shareholders and importantly a source of revenue for projects determined by local people. The impact our investment has in the community makes a real difference and builds stronger communities. In the past 12 months we have invested another \$690,000 taking our total community investment to more than \$5.1 million since the opening of our first branch more than 16 years ago.

As a Community Bank® company, we have a customer-focused culture, acting with integrity and fairness and always in the interests of our customer. This has been validated by the Financial Services Royal Commission (Royal Commission) where Bendigo Bank and its Community Bank® branches fared well and were not subject to the same criticism as the other major banks.

This customer-centric approach has always been the basis of our relationship with our customers. Bendigo Bank and the CASH Group share values that recognise customer needs and customer choice, and these values have stood us in good stead in the face of the Royal Commission.

The year was a challenging one in light of the outcomes from the Royal Commission which necessitated a tightening of lending

requirements. These changes were industry-wide, however Bendigo Bank has always acted conservatively, which is in the interest of its customers and ensures compliance with the APRA directives. Despite this we maintained reasonable lending growth of 3.2%, although this fell short of our target. We expect the year ahead to improve as lending restrictions ease.

Our revenue rose overall by 9.5% to \$4.9 million, supported by our personalised service to customers and growing relationships with community groups. It is of note that we achieved another milestone with a community group, by obtaining 10 home loans from the one group in little more than a year. This is a significant achievement which will enable us to continue to provide the club with significant support.

Strengthening the service focus

Our focus on customer service led us to increase the number of Mobile Relationship Managers so that we have one affiliated with each of our four branches. Along with our branch managers, who also provide services as and when our customers require them, this provides us with a customer-focused capability that far exceeds that of any of our competitors.

The introduction of the Mobile Relationship Managers has resulted in an increase in costs which have not yet been offset by growth in business due to the flat conditions for lending. However, the board feels this will stabilise over the coming year and we will then benefit from the increased ability to write business.

Strategic Planning Objectives

We have continued working on our strategic plan initiatives to drive growth, maintain profitability levels and keep supporting the broad range of organisations in our local communities. We have developed an investment strategy to reflect our cash needs and our risk appetite. Our customers are changing how they use our services and branches, so we are considering how to change our branches to deliver the services they need.

As part of our strategic plan the Board recognised the value in having a strong group of managers to facilitate our growth into the future. With this in mind, the Board has further changed the structure of the company by appointing Nick Coker to the position of Chief Executive Officer, to drive the business forward and ease the load of the Chairman which has increasingly developed into more of an executive role. Nick has demonstrated his commitment to the company and its values, and his appointment will be key to the future success of the business.

Community Impact > CHANCES Scholarship Program

The CHANCES Scholarship program is offered through the Boroondara Cares Foundation. The program aims to remove financial hardship barriers, isolation and disadvantage, facing many talented and educationally promising young people in Boroondara. The scholarships provide flexible support options tailored to meet specific educational needs of these young people.

Our company funded seven scholarships to secondary school students. The successful applicants benefit from being supported along their educational path ensuring they can remain at school and aspire to attend tertiary education. We hope they will develop and maintain a strong and healthy level of self esteem, a level of resilience, a sense of empowerment and eventually financial independence.



We have appointed Maggie Stamoulis as the Senior Manager. Maggie has shown leadership in her role as the Surrey Hills branch manager, and we are delighted that she is stepping into the Senior Manager role. Maggie will have responsibility for all the branch managers and their staff. We have also added a part time Executive Officer who will provide support to the CEO and Chairman.

Our Community Impact

Our focus continues to be on investing in local projects and activities that have an impact on the people in our community. We provided support to 115 community organisations in the past 12 months, with a total investment of almost \$700,000.

The diversity of our investment is important and in the past 12 months we have provided support for a variety of projects. The provision of a vehicle to Basscare enabled them to continue the important Meals on Wheels program. We provided funding for both Alkira and Samarinda Aged Care Services to purchase vehicles to allow residents to participate in a variety of recreational activities and to transport them to medical appointments.

We offer support to organisations who work with people with a disability and have provided funding for a music program for children with a disability through Interchange Inner East. We also provided grants to the Belmore School and The Surrey Park Swim Club to provide equipment to support people living with disabilities.

We have an on-going focus to support youth in our community, offering a variety of opportunities for engagement, leadership development and entrepreneurship. Our Youth Advisory Committee works to promote the youth programs we support, whilst at the same time providing the committee members with valuable experience in working with a listed company. We sponsor local students to attend the Magic Moments Leadership Summit and our Business Board Room Program provides the opportunity for students from local government secondary schools to observe the work of our Board and its committees. Through the Boroondara Youth Foundation we provide grants to youth led projects, allowing recipients to bring their ideas to life. We also support the Boroondara Cares Foundation which provide the CHANCES Scholarship program, providing financial support to talented and motivated students who are experiencing financial disadvantage.

Our investment in many local sporting clubs has continued, with the provision of equipment, coaching resources, defibrillators and uniforms, along with support of many larger projects. Numerous football and cricket club facilities need upgrading to cater for the increasing participation numbers of girls and women in these traditionally male dominated sports. We will continue to liaise with local government and get involved in these projects where appropriate.

Marketing

Our community marketing strategy involves deepening the relationships we have with the community organisations we support. We provide marketing support to these organisations to share our message with their members and supporters.

We have also invested locally in the national Better Big Bank Campaign being run by Bendigo Bank. This campaign has included local billboard advertising in addition to local cinema advertising. This brand campaign seeks to increase awareness and consideration of Bendigo Bank as an alternative to the Big Four. The bank's customers can feel better about a bank that is great to deal with and does great things for the community. A bank with history, sincerity and integrity.

We continue to share our community stories across our social media assets, website and in-branch promotions. Our marketing manager provides support across each of our branches and to our community organisation partners to share our community impact.

The Future

We anticipate continued challenges in the financial services sector as a result of the fallout from the Royal Commission and the current interest rate environment. The structural changes we are making, as outlined above, will position us to continue to be relevant to our customers by continuing to provide the personal service they have come to expect. Our Board and management are committed to growing the business and developing the staff to meet the needs of our customers. Over the next 12 months, the Board and management will continue working to have greater penetration into our community organisations, a strategy that is increasingly creating significant benefit for our company.

I am fortunate to work with an experienced Board which is prepared to challenge the company's strategic direction, particularly in light of the implications from the Royal Commission. I appreciate the Board members' commitment to the company and their work with our community partners.

I would also like to acknowledge the contributions of our CEO Nick Coker and Senior Manager Maggie Stamoulis. They both demonstrate a fundamental understanding of the importance of our community, and I am confident that as a team they will continue to provide leadership to our staff to enable us to achieve our goals. They are supported by our managers, mobile relationship managers, branch and administration staff, all of whom continue to display their professionalism and preparedness to do what is needed to help the customers and support our community groups.

Finally, I'd like to acknowledge our shareholders who have been such wonderful supporters of the Board and our vision to build the company while also building the community through banking.

I look forward to a successful 2020.



Juliann Byron,
Chairman

Community Impact > Tuning In To Kids and Teens

We provided funding to Camcare to facilitate 'Tuning In To' programs at local primary and secondary schools. A Tuning In To Kids program was run at Chatham Primary School to parents from the school and the local area. Three Tuning In To Teens programs were held at Balwyn High School, Canterbury Girls Secondary College and at the Greythorn Hub in Balwyn North. The most exciting and innovative of those was the final course at Greythorn Hub which was delivered by Chinese facilitators in Chinese language. There is a large Chinese community in the Balwyn area and, with the funding we provided, Camcare were able to provide a program specifically targeted for that community.



Senior Manager's Report



The 2019 financial year was again busy and extremely challenging due to the significant changes in the banking landscape. Highlights included:

We have welcomed the work of the Royal Commission and its focus on delivering improved customer outcomes. The implementation of the Commission's recommendations will clearly have long lasting and industry-wide implications, and regulatory expectations are shifting in response to the Commission's findings. Across the industry there have been significant changes in the banking landscape resulting in greater complexity in the lending market.

The personal relationships cultivated through our customer base, community groups, business partners and community investment model, leaves us well placed to deliver stronger customer relationships and better outcomes in the coming years.

Our full suite of products and services are promoted to our customers, community groups and local businesses, demonstrating our ability to be a one stop financial services business. We stand apart from our competition by providing exceptional service and wanting to better understand our customers' needs. We have maintained good results in the Risk and Compliance audits in this environment of tightening regulation and compliance requirements.

With Interest rates at their lowest point for generations, retail banking has become even more competitive and we are being constantly challenged by internet-based product providers. It is pleasing to note that our customers and community partners

continue to value the personal interaction and service that our branches provide.

Total footings are now sitting at \$768M which is up \$40M (or 5.5%) for the year. We had a great year in deposit growth, achieving \$29M or 7.7% growth. Lending recorded a positive impact for the business, up \$11M for the year although well short of the 20% growth achieved in the prior year. The overall growth figures compare very well with growth in the banking systems broadly, and within the Bendigo Bank network. With the largest overall footings, we continue to lead the way within the Community Bank® network across the country. Although overall growth targets were not met, we achieved a solid revenue performance reflecting good overall business growth, increased products per customer, combined with continued improvement in insurance sales.

Across our four branches, the managers and their teams have continued to focus on building strong, mutually beneficial relationships with our community groups and local traders. Maggie Stamoulis, manager of the Surrey Hills Community Bank® Branch, and Kathy Koulouris manager of the Ashburton Community Bank® Branch, have had great success in increasing lending opportunities through their community partners. Shuro Shome manager of the Canterbury Community Bank® Branch achieved some significant deposit growth through his community focus, whilst Adam Osmani manager of the Balwyn Community Bank® Branch continues to focus on expanding the business into other multicultural markets.

Our mobile banking workforce continues to make a positive impact on the business and helps us to remain more relevant and connected to our referral networks and community groups. This service proposition has been a major investment for the business, and we see this offering as a key contributor to our future success. Gary Johnson who worked across both Ashburton and Surrey Hills branches for most of the year, was joined by Aaron Knott (previously Branch Manager at the Surrey Hills branch) who re-joined us after living in Wodonga for the past three years. Nick Azar who works across both Canterbury and Balwyn branches, has been joined by George Kapelles who comes to us with extensive banking experience. We now have a mobile lender attached to each of our branches with a clear focus to drive lending results and increase customer numbers.

We are committed to developing outstanding leaders and enhancing staff capabilities to deliver a high-performance culture.

In a very competitive field, customer service and banking knowledge and expertise are key drivers of success. We have made great progress in reshaping our workforce to have the right people with

Community Impact > Camping Opportunity for youth living with a disability



Interchange Inner East provides families of children and young adults with a disability, choices and options for recreation and community activities, respite and support. We provided a grant to this organisation for the purchase of camping equipment. This allowed some of their participants to experience a night camping under the stars for the very first time.



the right skills for today, the year ahead and into the future. I would like to thank all our staff for their commitment and drive in making this such a successful business. This commitment by our people to exceed customer expectations has been fundamental in delivering these results.

Our Board of Directors are valued contributors to the business and provide great support not only to me, but to the wider team. They are driven to build on the community partnerships that we have in place, create new ones and look at how they can further support the business. I would like to acknowledge and thank them all for the great support I have received, and for sharing their vast knowledge and experiences with me and the team.

I would also like to thank our Marketing Manager, Anna Gration who has provided great support to all the branches with personalised marketing and community engagement. Towards the later part of the year we were joined by Rose Laird as part time Executive Officer. Rose has settled in well and will be of great assistance in the year ahead.

We have benefitted from the consistent support that Rohan Sadler and his team from Bendigo and Adelaide Bank Ltd have provided, and they continue to be a critical element of our success.

Our Community Investment Program continues to thrive thanks to our shareholders and customers who have had the biggest impact on our business. Your banking and support builds a better community, and the more we can grow by attracting new business, the more we can all make a difference. Please continue to refer all

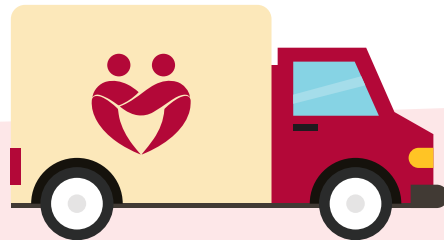
your family, friends and work colleagues to us so we can look after them and also increase our community investment.

Nick Coker,
Senior Manager



Community Impact > Meals on Wheels

The program provided by BASScare to the aged and people with disabilities in Boroondara is a much-valued service. More than 100 meals are delivered each day by volunteers. Isolation and loneliness amongst older people and those with disabilities is a growing concern and the volunteers delivering food not only ensure clients are getting essential nutrition but also a friendly face to check in on their wellbeing. We provided funds for BASScare to purchase a vehicle to transport the meals and ensure the capacity of the service can continue to grow.



Community Impact > Magic Moments Scholarships



We're committed to developing leadership capacity in diverse young people in our community. We provided a full scholarship to four dedicated students to attend a leadership and personal development summit held in Sydney. Over five days over 200+ students gathered from across the country to learn about leadership, developing confidence and how to set ambitious goals. Our four scholarship recipients were grateful for the eye-opening experience and said it helped them with tackling fears that had held them back, understanding resilience, dealing with negative thoughts and forming life-long friendships.



Treasurer's Report

Operating results

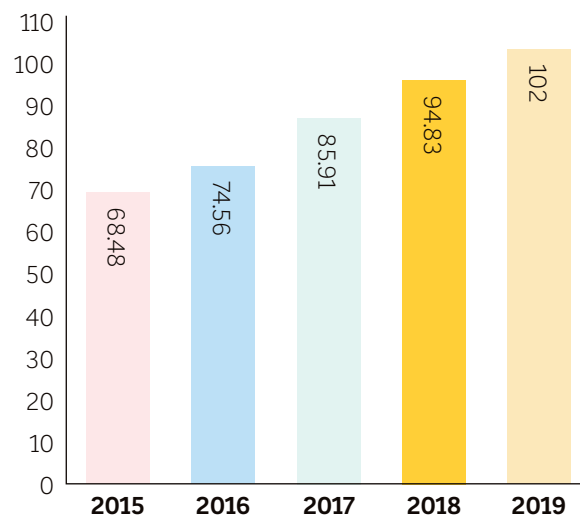
Despite challenging business conditions, the mix of our footings contributed to a 9.5% increase in revenue and an improvement of 6% in our overall Community Returns. Operating expenses increased by 18%, primarily due to recruiting additional experienced staff.

Our sponsorships and community grants of \$650,000 were 54% of our Operating Profit.

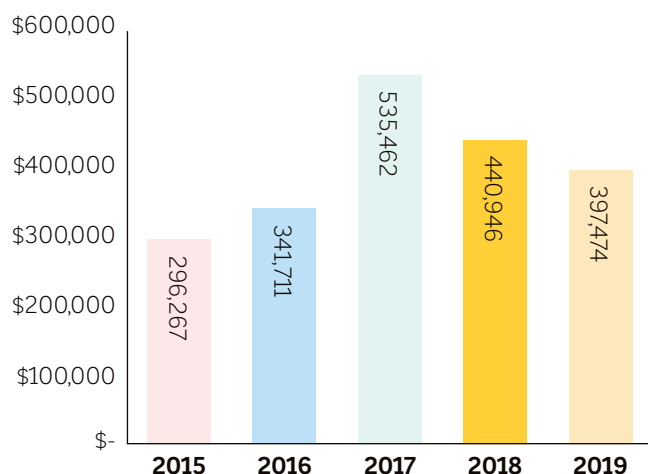
Pre-tax profits decreased by 7.2% from 2018 to \$564,000.

The Board continues to monitor the potential future effects of Bendigo Bank's "Project Horizon" review, and the capacity to increase contributions to the local community and shareholders.

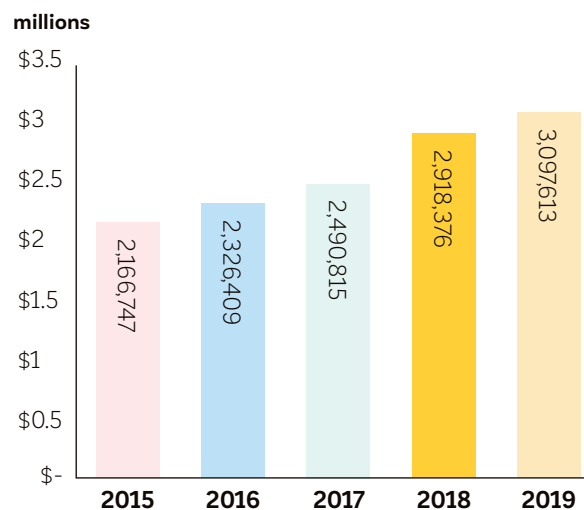
Net Asset Value — cents per share



Net Profit after tax (\$)



Community Investments, dividend and salaries (\$)



Dividends

In October 2018, the Company paid a dividend of 7 cents per share based on the performance of the 2018 financial year.

The Directors have determined that a fully franked dividend of 7 cents per share will be paid for the 2019 year, which is expected to be paid in October 2019.

At the 2018 AGM shareholders approved the proposal by the Board to continue the on-market share buy-back program during 2019 to reduce the equity base of the Company and improve the overall use of capital. The company bought back 192,650 shares in the year ended 30 June 2019 at 85c per share.

Ian Dinnison,
Treasurer

Review of Operations

In the 2018 Annual Report, we identified the strategic issues we wanted to focus on. We have set out those issues below and rated how we performed in delivering these initiatives.

Growing the business and our investments in the community is still at the heart of everything we do. This section discusses our performance against three strategic initiatives identified in 2018: focusing on effective community development, exploring further opportunities for growth and developing our community partnerships for shared success. We also identify our focus for the coming year: growing our business, structuring our company for future success and building stronger communities.

Focusing on effective community development

What we wanted to do

As our business grows and the investment into our community grows, we want to ensure that these funds are being returned to the community in the most effective way.

We wanted to continue to set aside funds for future projects that may require substantial investment, and will continue to monitor significant community plans for our potential involvement.

With funding availability through federal and state government initiatives continuing to be a challenge for community organisations that provide disability and care services, we wanted to provide support to this important area.

What happened

The allocation of funds through our Community Investment program is determined using a robust review and recommendation process. All applications are considered, and the move to quarterly review of applications has allowed us to promote the program and ensure all community organisations are provided with the opportunity to apply for funds. Funding is allocated using a range of selection-criteria, whilst taking into consideration macro environmental and economic factors. The diversity of our investment in the past 12 months demonstrates our commitment to support all sectors of our community.

We have once again set aside funds for a community project/s, and will continue to work with federal, state and local government and community partners to identify initiatives that we can support.

The funding process for the disability sector has resulted in a considerable degree of uncertainty in the sector. This process will hopefully become clearer in the year ahead, and result in us receiving more targeted requests for support. Despite this, we have been able to provide funding to a number of organisations in the disability and care sector during the past 12 months. These include, providing vehicles for Samarinda Aged Services Ashburton, Basscare and Alkira. We provided funding for equipment at Belmore and Ashwood schools and a grant to the Learning for Life Autism Centre.



Community Result

Excellent



Overall Result

Good

Exploring further opportunities for growth

What we wanted to do

We wanted to increase customer awareness of the suite of products we offer, and focus on increasing the number of products held per customer.

We wanted to employ the right mix of staff to meet the needs of our diverse community, and ensure our staff undertake regular training so that they can provide the levels of customer service that are fundamental to the community bank offering.

We wanted to evaluate our branch structure to maximise opportunities for growth, and ensure we have sufficient mobile capabilities to deliver personalised, immediate and convenient services for our customers where and when they need us.

We wanted to develop the relationships with our community organisations to generate further business growth from this channel.

What happened

The past 12 months have been challenging from a business growth perspective. We did achieve overall growth of more than 5% which was good when compared to our peers in the Community Bank network and the banking sector more broadly. Our total footings now exceed \$768 million and we increased our customers numbers to 9,687.

We increased our number of Mobile Relationship Managers, with each branch now having a dedicated mobile manager in addition to the mobile capabilities of our Branch Managers. These managers meet with customers in their homes or workplaces and are accessible 24/7.

We work hard at attracting and recognising employees who share our values, are passionate about helping our customers and partners succeed, and who go about their job in a way that creates value for all our stakeholders. We provide staff training to ensure staff are equipped to fulfil their roles effectively.

Our customers are demanding they can deal with us using various technology platforms to conduct their banking. Bendigo Bank continues to invest in new technology to meet this demand, without losing the local personalised service that the bank is so well respected for, and whilst ensuring a safe, secure and technically advanced online presence.

We have increased business generated from the community organisations we have supported during the past 12 months. This will continue to be a focus over the coming year.



Developing our community partnerships for shared success

What we wanted to do

We wanted to deepen our relationships with the community we support and share the Community Bank® story. Our continued investment into our community relies on the support the community gives us through banking. We wanted to increase the number of community organisations that we obtain business from.

Community groups require funding to deliver many projects and programs. Our Community Investment Program provides an opportunity for these organisations to achieve funding targets through banking referrals in addition to sponsorships and grants. We wanted to grow the banking business generated from these groups.

We wanted to support needy and disadvantaged groups in our community and look for opportunities to partner in delivering programs and provide resources to assist this sector.

What happened

Our engagement with the community groups we support continues to deepen. We have identified key community groups to partner with, and have successfully increased our business referrals through this channel. This creates a mutually beneficial partnership where our business grows and the community organisation benefits from our financial support. Ultimately this generates profit which is reinvested into the community.

We introduced new marketing resources available to community groups to promote their relationship with us. We work closely with a number of organisations to supply regular content for newsletters and social media.

We have a dedicated marketing manager to provide marketing support to our branch and mobile relationship managers. This enables us to support our community organisations and share the Community Bank® story, so that they understand the mutual benefits when we work together.

We supported a number of needy and disadvantaged groups through the provisions of grants to allow them to deliver important community programs and initiatives.



Future Focus

Growing our Business

The impact we can have within our community, through our investment program, is reliant on the continued growth of our business. The key strength of our business is the genuine connection with the community that banks with us. Despite the current economic challenges faced by the banking sector, we will focus on business growth through our existing partnerships, community relationships and strong customer base.

We will engage more effectively with our existing customer base to identify their needs and offer solutions, with the objective of improving customer retention and increasing the number of products held by each customer.

We will consolidate relationships with our business and referral partners, to expand the product offering to their clients, and increase awareness of our product and service offering.

We will enhance our communication strategy to customers, shareholders and community organisations, to increase awareness and grow and retain customers.

Structuring our company for future success

As our business grows, the structure of our business continues to be reviewed. We have appointed a Chief Executive Officer to provide leadership for the business, as well as support to the Board in relation to governance and strategy. The operational focus of the four branches will continue to be overseen by a Senior Manager. The addition of the Executive Officer role during the year has provided support to the CEO and the Chairman.

We will focus on our staff retention through the implementation of a talent management and mentoring program that will provide career development opportunities for aspirational staff. We will continue to upskill our staff to ensure they can meet the needs of our customers.

We will look to establish a head office to allow the executive team and support staff to more effectively collaborate. This will also provide a base for our mobile relationship managers.

Building Stronger Communities

We continue to strengthen our relationships with our identified community groups. These organisations provide an opportunity for us to grow our business and provide a revenue stream for the community group to achieve their objectives.

We will enhance the marketing activities and support provided to our community organisations, to ensure we share our community story across traditional, digital and social media.

We will utilise our social media assets to promote our relationships with our community in addition to the promotion of special offers and products. We will broaden the reach of our community newsletter to share our achievements.

We will work with federal, state and local government, as well as community partners, to identify significant local project/s that we can support.





01



02



03



04



05



06

1. Our 15th anniversary gala celebration was an opportunity to celebrate the investment we have into our community.
2. Catching Community Cash at the Ashburton Festival.
3. Funding was provided to Solway Primary School to assist with their synthetic oval replacement.
4. Our support of Learning 4 Life means projects such as the new playground development can be completed.
5. Customer event at the Camberwell Artshow.
6. Hawthorn Amateur Football Club thirds win the Division 4 premierships.
7. Trinity Willison Cricket club received support for facility upgrades.
8. The Edge Community fund receives funding for their Annual Easter Raffle.
9. Alamein Football Club under 12 girls in their sponsored playing tops.



07



08



09



Kathy Koulouris,
Branch Manager

Gary Johnson,
Mobile Relationship Manager



Total footings
\$143.6m

Growth

Lending Growth

2018-19	\$5.8	▲	9.5%
2017-18	-\$0.5	▼	-0.80%

Deposit Growth

2018-19	\$9.1	▲	14.3%
2017-18	-\$5.5	▼	-8%

Other Business Growth

2018-19	\$0.8	▲	23.5%
2017-18	\$0.1	▲	3%

Total Growth

2018-19	\$15.7	▲	12.2%
2017-18	-\$6	▼	-4.5%

Branch Reports

Ashburton



Highlights

We are a major sponsor to the Ashburton Village “last Day of Summer” festival held in February. Our financial support ensures the festival continues to offer a variety of free entertainment and activities accessible by all festival attendees.

We provided Samarinda Ashburton Aged services with a new bus with wheelchair access, allowing Samarinda to transport residential and day program patients to various recreational and social activities, keeping the elderly in our community connected and engaged.

We have continued to support many schools in our immediate community, supporting facility upgrades, fairs, fetes and art shows. We also delivered an information session to students helping them to understand the importance of saving money and basic finance.

Our branch has strong relationships with local sporting clubs, relationships we have built over many years. These organisations advocate for our Community Bank as evident from the number of referrals we receive from members’ family and friends.

Achievements

Our deposit growth targets were exceeded as we were able to compete with the deposit rates of the major banks, and support our customers to achieve their investment goals. This resulted in overall business growth in the branch of more than 12%. This was an excellent result when compared to other Community Banks® in the network and the banking sector more broadly.

Our customer numbers increased during this financial year, driven by ongoing business development through local business services, referral partners and sponsored community groups.

We have focused on staff development, with all staff undergoing regular training and upskilling so they can deliver outstanding customer services.

We have received customer advocacy/compliments consistently throughout this year.

Challenges

The past 12 months have been a challenge for Ashburton Branch. Tighter lending regulations and a softening property market resulted in our lending targets not being met. However, we did still achieve growth in this area of 9.5%, the strongest performance of our four branches.

The focus for the year ahead is to work with community business partners and sponsored organisations to grow our lending and deposit opportunities. We will focus on business development activities by working closely with our community groups, encouraging their support and assisting with their individual lending and accounts requirements.



Adam Osmani,
Branch Manager

Nick Azar,
Mobile Relationship Manager



Total footings
\$213.7m

Growth

Lending Growth

2018-19	\$2.3	▲	2%
2017-18	\$35.1	▲	45%

Deposit Growth

2018-19	\$5.3	▲	7.1%
2017-18	-\$1.6	▼	-2%

Other Business Growth

2018-19	\$1.3	▲	7.5%
2017-18	-\$1	▼	-6%

Total Growth

2018-19	\$8.9	▲	4.3%
2017-18	\$32.5	▲	18.8%

Branch Reports

Balwyn

Highlights

We have assisted many disadvantaged groups in our local community via our sponsorship and grants program. We provided Belmore School with funding to replace their hoist, which is used to move students with extreme physical disabilities in their multi-purpose hall. This allows all students access to all equipment. We are also working with the school on a playground upgrade which will be part of a long-term project in the future.

We have continued to support Balwyn Rotary and their Rail Day for children with a disability. This is a wonderful annual event for these children. We provided additional funding this year to purchase much needed new carriages for the train.

We supported the Learning for Life Autism Centre, providing funding to assist the delivery of their programs to help children with Autism Spectrum Disorder and their families reach their full potential, regardless of their financial circumstances.

Our support of many local sporting clubs continued, providing funds for new equipment, coaching resources, uniforms, training programs and facility upgrades.

Achievements

We had a large increase in deposit growth compared to prior years, resulting in us exceeding our deposit targets and achieving overall branch growth of 4.3%.

Our Mobile Relationship Manager Nick Azar has assisted in increasing our new to bank customers, in conjunction with an overall increase in customers held.

Meeting the needs of all our customers is important and we have employed staff with specialist skills to support the diversity of our customer base.

We have a strong focus on staff development to support all staff with their career aspirations, and to ensure they are upskilled to meet regulatory standards so they can provide exceptional customer service.

Challenges

The past 12 months saw challenges across the board for financial institutions. New regulatory requirements and a tightening in our lending procedures and policies, made it more difficult for some customers to access funding. The down-turn in the property market, led some investors to discharge properties and postpone property development projects, resulting in low lending growth.

Our focus for the year ahead is to work with our community groups and other partners to assist in achievement of our lending and deposit growth targets for the 19-20 financial year.



Shurojit Shome,
Branch Manager

George Kappelles,
Mobile Relationship Manager



Total footings
\$189.5m

Growth

Lending Growth

2018-19	\$3.5	▲ 4.9%
2017-18	\$16.4	▲ 29.8%

Deposit Growth

2018-19	\$4.8	▲ 5%
2017-18	\$10	▲ 11.7%

Other Business Growth

2018-19	\$9.9	▲ 225%
2017-18	-\$0.2	▼ -6%

Total Growth

2018-19	\$18.9	▲ 10.6%
2017-18	\$26.2	▲ 18%

Branch Reports

Canterbury

Highlights

We supported BASScare with the purchase of two new vehicles for the provision of the meals on wheels service to their clients. BASScare supply in excess of 20,000 meals per annum. These vehicles are being used by staff and volunteers, not only for meal delivery services but also home visits and assessments.

We provided funding for Interchange Inner East's new Music in Me program for people who are differently abled. This special programme has teachers with a unique skill set which combines a background in caring for disabled children, as well as musical composition and playing instruments.

We were a major supporter of the annual Maling Road Kris Kindl Festival. This important event on the Canterbury calendar brings the community together and celebrates the festive period.

We supported the 2018 Camberwell Rotary Art Show for the fourth year in a row. The event was a great success. Significant funds were raised, which are now being used for humanitarian efforts of the Rotary Club both locally and overseas.

We continued our support of local sporting clubs to fund various small and larger projects. We were proud to support Boroondara Netball Association's Junior Development Program. We also supported the Coach Mentor Program which was extremely successful and productive for young coaches, helping them with their development and generating opportunities for them.

Achievements

Despite a climate of competitive interest rates from other financial institutions, we exceeded our deposit growth targets by leveraging our relationships with our community organisations. Business was obtained based on our close relationships and working together for mutual benefit, through the provision of grants and ongoing support.

Branch growth increased by 10% which was a good result in the current climate. We developed relationships with co-sponsors of various sporting clubs, and worked together to grow our business and expand our networks. This approach saw us generating more opportunities from clubs than we have previously.

We received consistent and significant positive feedback from our customers about our excellent customer service, and the genuine care that our staff demonstrate to all clients.

Challenges

We faced a year of tightening lending standards due to the impact of the Royal Commission. The decline in property valuations also had an impact due to low valuations which meant less refinance and purchase applications were able to be approved.

Competition from other financial institutions continued to be a challenge as they were competing aggressively for the same lending business with low rates and cash back offers.



Maggie Stamoulis,

Branch Manager

Aaron Knott,

Mobile Relationship Manager



Total footings
\$221.7m

Growth

Lending Growth

2018-19 -\$0.5 -0.4%

2017-18 \$8.2 8.05%

Deposit Growth

2018-19 -\$2.1 -2%

2017-18 -\$5.3 -4.7%

Other Business Growth

2018-19 \$0 0%

2017-18 \$0.2 11.6%

Total Growth

2018-19 -\$2.6 -1.1%

2017-18 \$3.1 1.4%

Branch Reports

Surrey Hills



Highlights

We are the major sponsor of the Surrey Hills Music Festival, contributing \$7,700 towards this year's event. The Music Festival is a great community event with an increase in attendance in 2018. Local community members are joined by visitors from the broader metropolitan and rural areas of Victoria.

We have supported local schools with their fairs and art shows, providing an opportunity for branch recognition by school staff, families and the broader community.

We provided a defibrillator to the Through Rd Kindergarten and Childcare centre, an important addition with the increasing number of children with life threatening food allergies.

Support to sporting cubs has continued and is a focus for our business development activities. We provided a mobile pool lift to the Surrey Park Swim Club to enable swimmers with a disability to easily and safely access the swimming pool.

We have strong engagement with the Hawthorn Amateur Football Club and Hawthorn Cricket Club, having recently provided funding towards an electronic scoreboard. These clubs, along with others including KBH Brumbies Hockey Club and Mont Albert Cricket Club, have all been active in promoting our relationship, with new business being generated for the branch and additional funds provided by us to the clubs. We attend regular club functions and see members outside normal working hours to assist them with their financial needs.

Achievements

We have strong support in the local shopping strip precinct which helps us to attract more business and retail customers. Local businesses choose to bank with us because we are able to offer a full suite of products combined with excellent customer service.

We have strong long-term relationships with the community groups we support. Continued business development, engagement and growing referral networks will help to ensure this area of the business remains strong.

Challenges

We have had a tough 12 months, with the overall branch footings decreasing by 1%. We had some sizeable lending paid out from property and business sales and, like other branches, were impacted by the tightening of lending regulations and assessment criteria.

Branch foot traffic continues to decline as more customers choose electronic means of banking, and local traders deal more in credit card/EFTPOS payments.

Community Report



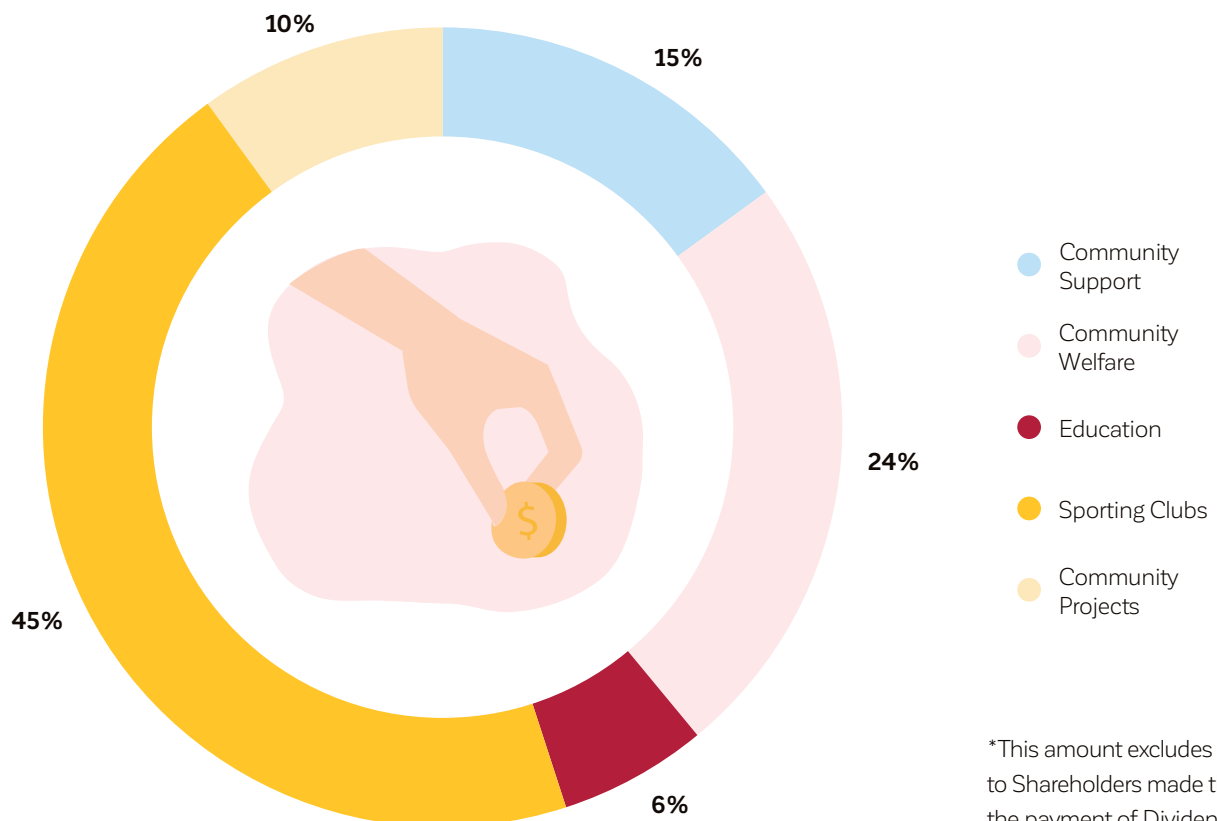
Our Community Investment Program has put almost \$700,000 into local community projects and initiatives in the past 12 months. Our investment of profits directly back to the local community enables those who bank with us to see the difference their banking makes in their community.



\$5,153,077*

Total community investments since 2003

Our community shares in our success. Community banking is based on a 'profit-with-purpose' model, which returns profits directly to the community that has generated them. It is much more than handing out money through sponsorships, grants and donations, it is about building and strengthening relationships that make a real difference and build a stronger community.



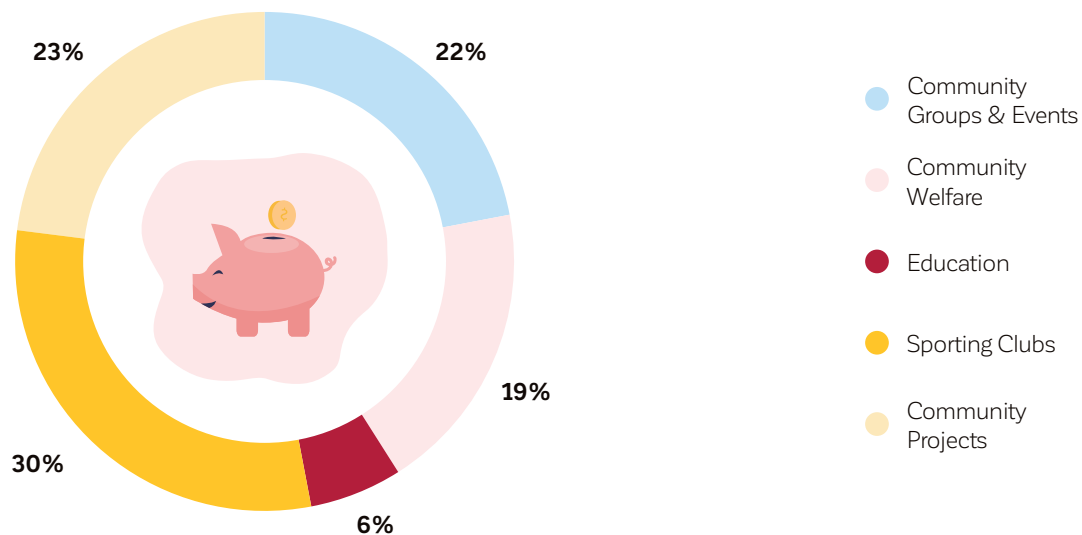
*This amount excludes return to Shareholders made through the payment of Dividends.

Total Community Investment 2019

In 2019, the Community Investment Program provided support to 115 community organisations. We provided almost \$50,000 in payments which recognises the groups that have referred banking business via their members or supporters, providing a valuable revenue stream for the community group. We are continuing our work with our larger clubs and organisations to drive business

growth, which in turn grows profits and allows us to expand the Community Investment Program even further.

In 2019, we allocated funds across the various organisational categories in proportion with our longer-term investments. Once again we made an allocation to Community Projects which will be used to fund a significant project or initiative in the future.

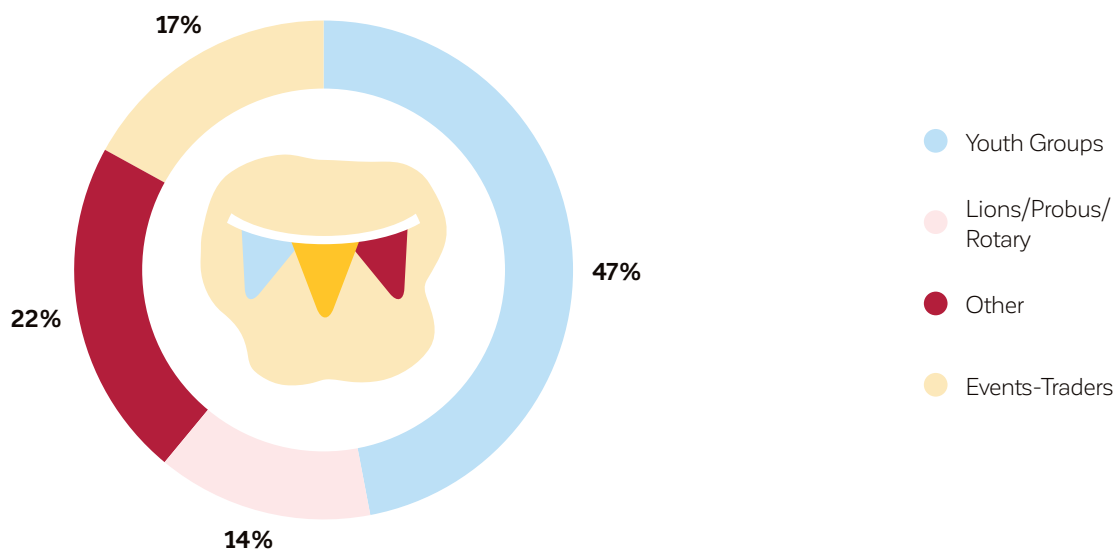


Above: We supported a MND Fundraiser at the Camberwell Magpies Cricket Club. Even Piggy went into the ice bath.

Community Groups & Events

This part of our Community Investment Program includes special interest groups, community and trader events, and our investment in youth programs. In 2019 we contributed significantly to local youth, through the Boroondara Youth Foundation, local Scout

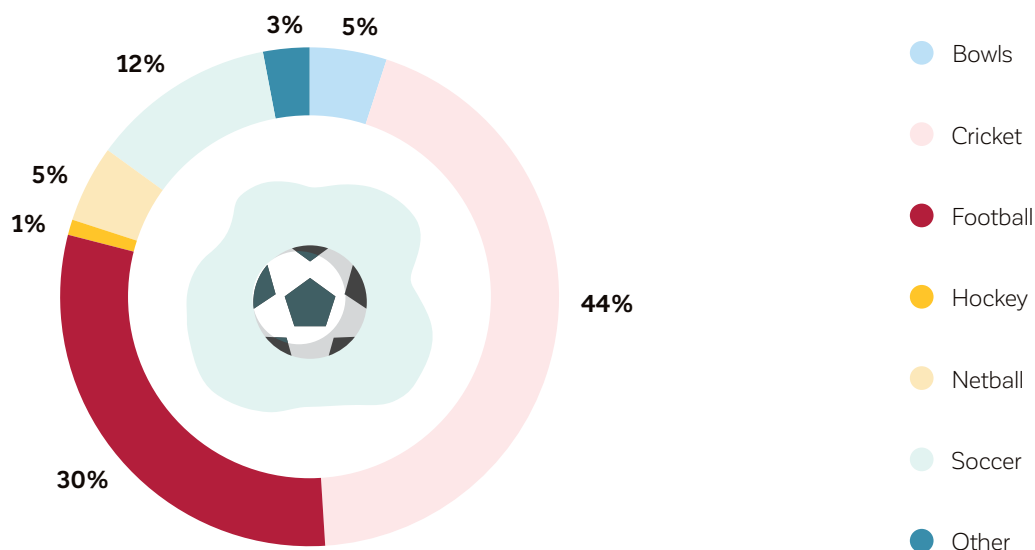
groups, the Magic Moments Foundation and our Business Boardroom Program. We supported local traders associations and their various events, several rotary projects and a musical theatre production.



Sporting Clubs

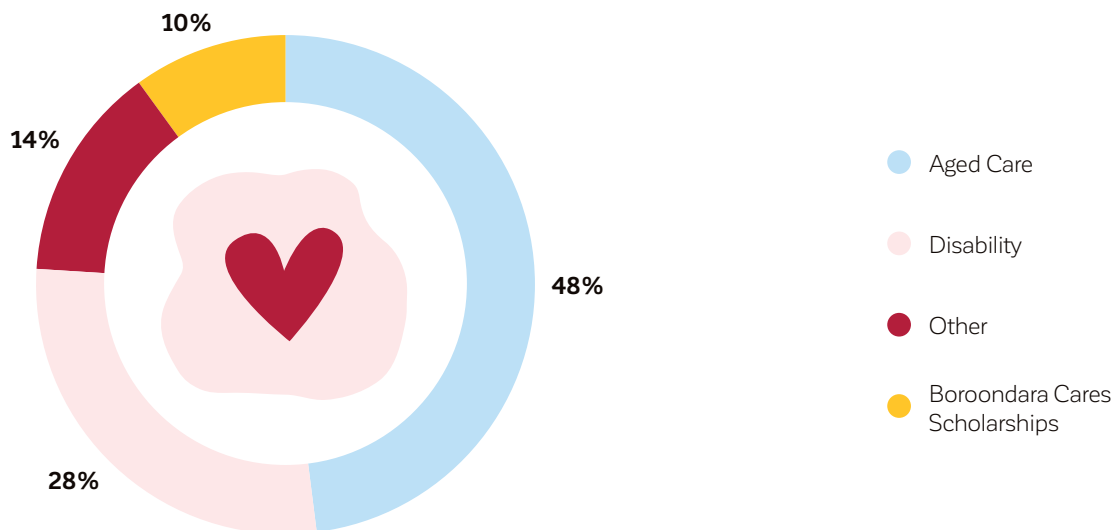
We distributed our investments in sporting clubs across more than ten sports, demonstrating our commitment to supporting this broad sector. We support clubs that provide opportunities to all ages, gender and ability. Football and Cricket clubs received significant funding to support facility upgrades, with many continuing to upgrade to electronic scoreboards. Pitch covers,

rink repairs and portable goal purchases are just some examples of the way our funds are invested with sporting clubs. We have also provided funding to a number of clubs to conduct important education and awareness programs for players on mental health and other relevant topics.



Community Support

Community Support includes aged care and seniors, welfare and disability support. These organisations received a significant share of our total investment, and provide highly valued services and opportunities to this important sector. Our funding helped activities such as purchasing vehicles for transportation of people with a disability and aged care residents, and a vehicle to deliver the volunteer-run Meals on Wheels program by Basscare.

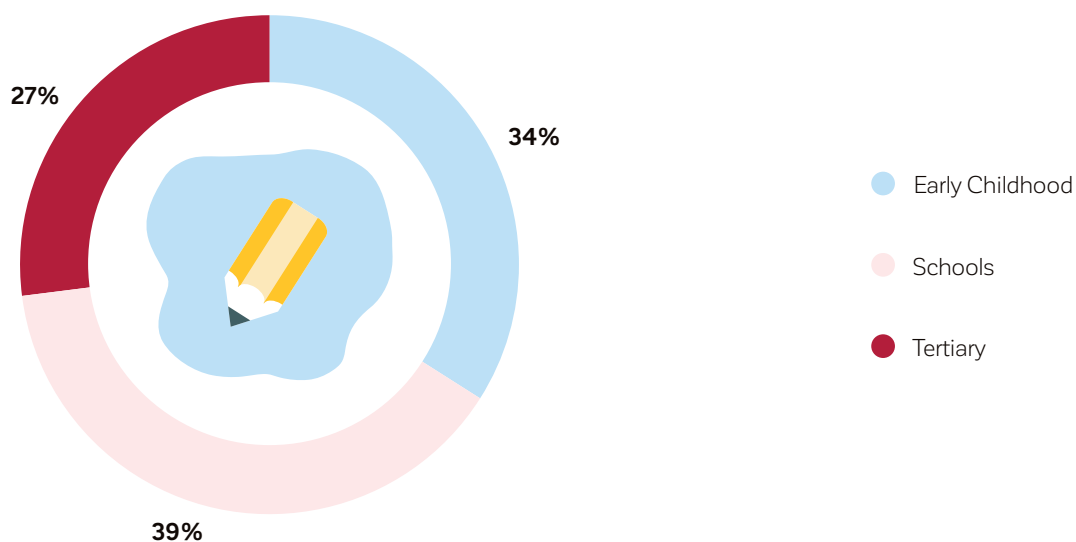


We provided funding to two local schools that provide services for children with a disability, and provided funds to implement a music program at Interchange Inner East. We continued our support of the Boroondara Cares scholarship program, providing financial support for talented and educationally promising young people who are financially disadvantaged.

Education

We increased our support of schools and early childhood organisations in 2019, providing a grant for a local kindergarten to support a much needed playground upgrade. We continued to support school and preschool events and functions, and funded the purchase of a defibrillator and sporting equipment, and

contributed toward an oval upgrade. We continued our support of a leadership program, leadership awards and a financial inclusion program at Swinburne University. We provided information sessions to students at local schools to teach them about money and the importance of saving.





01



02



03



04

1. Funding was provided to Crown Calisthenics to assist with costume production.
2. Student Leaders at Canterbury Girls Secondary College with their grant from the Boroondara Youth Foundation.
3. We sponsored the weekly nearest the pin competition at the Waverley Hockey Club for the winter season.
4. Sponsorship was provided to Glen Iris Cricket Club to expand their girls program.
5. Business Boardroom Program Participants present their experiences at the 2018 Annual General Meeting.



05



05



05



6. Hawthorn Cricket Club received funding towards a new scoreboard at Rathmines Road Reserve.
7. Scouts and Guides of Boroondara perform in the Camberwell Showtime production.
8. A grant was provided to Alkira for the purchase of a new bus.
9. The Camberwell Central Bowls Club received funding in recognition of member support of the Ashburton Branch.

10. Canterbury branch staff member Ashley Wingfield receives a service recognition award at the Annual General Meeting.
11. The Rotary Club of Mont Albert and Surrey Hills received support to fund an educational grants program to students experiencing financial stress.
12. The Community Bank Under 12 Boys at the Ashy Redbacks in action.



Director's Profiles



Juliann Ruth Byron, Chairman—Non Executive

BCom, Grad Dip CM, FCPA, FAICD, AGIA, ACIS

Juliann has extensive experience in the accounting and finance fields. She has also provided corporate secretarial, management and governance consulting services over many years, and is a non-executive Director on public and not for profit company boards. Juliann is a member of the Finance Committee, Staff Committee, Community Investment & Marketing Committee, Events Committee and the Audit & Governance Committee. As Chairman, she also attends other committee meetings as required.



Robert Einar Stensholt, Deputy Chairman—Non Executive

BA, BD(Hons), M Int Law, Dip Phil

Bob has had an extensive career including roles as a senior diplomat, Assistant Director General for AusAID, senior research fellow, consultant and for over ten years as the state Member of Parliament for Burwood. Until recently Bob was a Chief of Staff to a Victorian Government Minister. Bob chairs the Audit and Governance Committee and is a member of the Community Investment & Marketing Committee and the Finance Committee.



James Craig Grant, Director—Non Executive

B.Ec(Accounting), Grad Dip. Finance and Investment, Dip. Financial Planning

James has spent over 35 years in banking and finance, financial planning and dispute resolution in these areas. He has extensive client facing and senior management experience in banking and finance and wealth management products, services and their delivery to business and wealthy clients. James is the Chairman of the Staff Committee and is a member of the Finance Committee.



Damien Leo Hudson, Director—Non Executive

BCom, Grad Dip CM, FCPA, FAICD, AGIA, ACIS

Damien has over 20 years experience in local real estate and community organisations. In 2011, Damien established "Opening Halls", a business providing management and consultancy services to community organisations focusing on revenue generation, marketing and membership. He currently consults to several major clients, predominately in Victoria. Damien is the Chairman of the Events Committee.



Daizy Maan, Director—Non Executive

Daizy is the founder of Bold Punjab a global initiative to empower South Asian women to be impactful leaders and entrepreneurs. She leads Deakin University's Entrepreneurship program—SPARK Deakin and serves on the Advisory board for Centre for Sustainable and Responsible Organisations within the Deakin Business School. She has served as a delegate for the Australia India Youth Dialogue and the G20 Young Entrepreneurs Alliance. She was awarded Boroondara Young Citizen of the year in 2015. She volunteers for the Boroondara Youth Foundation and continues to advocate for the foundation. Daizy is the Chairman of the Youth Advisory Committee.



Hans Diederick (Dick) Menting Director—Non Executive

BCom, MBA

Dick was the foundation Chairman of Canterbury Surrey Hills Community Finance Ltd and previously spent 35 years in banking, finance and administration. Dick retired as a Councillor for Boroondara City Council and continues to run a local small business. He is Chairman of the East Metro Collaborative Group for Cricket Victoria. Dick is the previous Chief Executive Officer, Chairman of the Staff Committee and a member of the Finance Committee and the Community Investment & Marketing Committee.



Michael Sapountzis, Director & Company Secretary—Non Executive

BCom, LLB, AGIA

Michael has been Company Secretary since January 2017 and is a member of the Audit and Governance Committee and Youth Advisory Committee. Michael is a governance professional who has over 10 years' experience providing executive support and managing the regulatory requirements for a variety of listed and unlisted companies. Michael specialises in Corporate Governance, board and secretarial support and shareholder services.



Andrew Graham Whittaker, Director—Non Executive

FCA, GAICD

Andrew has over 40 years' experience in a variety of professional services and senior executive roles. He was formerly a partner with PwC and Ferrier Hodgson and has worked across a variety of industry sectors, including banking, providing performance improvement and governance advice. Andrew is Chairman of the Community Investment and Marketing Committee and is a member of the Finance Committee.



Treasurer

Ian Adrian Dinnison, Treasurer

LLB, BEc

Ian was appointed Treasurer effective 1 December 2016. He has over thirty five years experience in industry, government departments and professional services firms in financial and management roles. He is Chairman of the Finance Committee and attends the Board and Audit & Governance Committee meetings as required as a non-voting member.

Governance Report

For year ending 30 June 2019

Canterbury Surrey Hills Community Finance Limited (“the Company”) is listed on the National Stock Exchange (“NSX”). The ASX Corporate Governance Council’s—Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”) are not compulsory for NSX listed companies. However, this report addresses both the corporate governance issues identified by the NSX and the ASX Principles (3rd edition) in its report on its Governance Framework.

The Company places great importance on its governance framework, adopting a proactive approach to ensure the structures, values and behaviours of the Company have the interests of its stakeholders as a focus.

Policies & Procedures to ensure compliance with the law

The Company has adopted the following governance strategies, policies and procedures to ensure it complies with the law, including the Corporations Act and the NSX Listing Rules:

Board Governance Framework—The Board has identified and documented the roles and obligations of its Directors and Officers in a Board Governance Framework. The Board Governance Framework promotes ethical, considered and independent judgment of the matters before the Board, set out as a Code of Conduct. It highlights the statutory obligations on Directors and Officers generally and also sets out the expectations that are placed on them in terms of the time dedicated to the Company’s affairs.

Monthly Secretary Reports—The Company Secretary provides a report to the Board each month regarding the various compliance obligations and notes any outstanding matters. The Company Secretary manages all NSX and ASIC reporting requirements, and monitors compliance with the Franchise Agreement and Company’s Constitution.

Compliance Calendar—The compliance requirements have been defined and listed in a Compliance Calendar, which is reviewed by the Audit & Governance Committee monthly. The individual items due for completion are reported by the Company Secretary to the Board each month.

Share Trading Policy—All staff including Directors and Officers are not permitted to trade in the Company’s shares except during two periods following the disclosure of the Company’s accounts, and provided that they are not in possession of “Inside Information”.

Privacy Policy—The requirements of the Australian Privacy Principles have been incorporated into a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders.

Audit & Governance Committee—This Board Committee has a special role in ensuring the Company complies with its corporate governance obligations and requirements. More details are set out below.

Policies & Procedures to ensure the Board acts with due care and diligence and in the interests of its shareholders

Company Structure

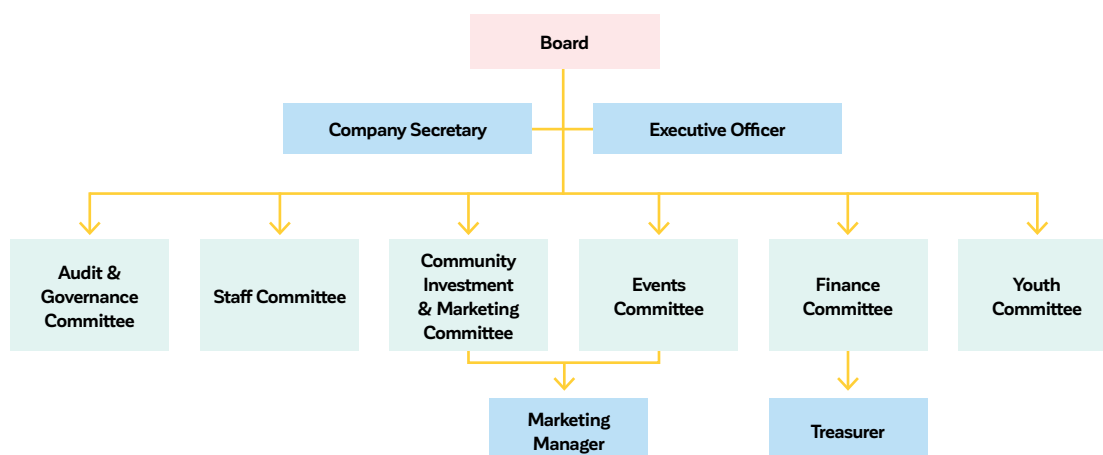
Our Company does not have an extensive executive structure because of its scale and the desire of the Board to be directly connected to the local community. The executive consists of the Senior Manager, Company Treasurer and Company Secretary.

Due to the size and scale of the Company, Directors are heavily involved in many practical roles such as marketing and risk management that might otherwise be overseen by an executive in a larger company. Directors are not specifically remunerated for this (see details of this policy in the Remuneration Report on page 34). The Board in conjunction with the Finance Committee monitor and review remuneration annually.

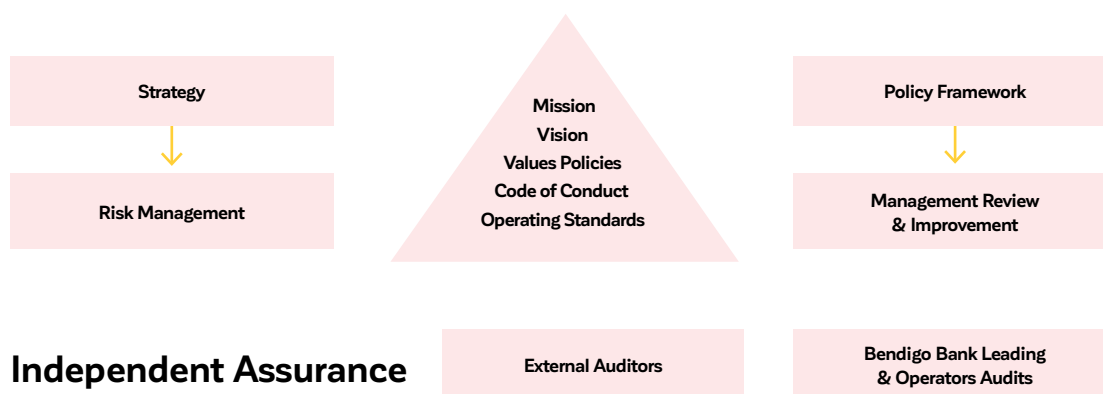
Details of each Board Committee is provided below.



Company Structure



Governance & Assurance



Independent Assurance

The Board Governance Framework established a list of responsibilities that were delegated to Committees or Officers, and also ensured certain responsibilities remained the responsibility of the Board. This has been developed into a comprehensive Delegations Register, which identifies the specific officer with delegated authority from the Board and any limits that apply to that delegated authority.

It is the Board's policy that a majority of its Directors are independent. This is currently the case.

Board Performance Review

The Board Governance Framework identifies how the Board's performance is reviewed. The broad policy requires:

- The Audit & Governance Committee to prepare a review of the Board as a whole annually. This may be an externally facilitated review if the Board considers this necessary;
- The Chairman and the Chair of the Audit & Governance Committee to review the performance of the Committees annually;
- The Chairman to meet with each Director annually to review each Director's personal performance.

The Chief Executive Officer has a documented performance plan that is approved by the Board annually for the following calendar year and this is monitored by the Chairman.

Role of the Chairman

The Chairman's role is defined in the Board Governance Framework and is responsible for a range of roles that deal with leadership of the Board and the Company generally. The principal role is to facilitate effective discussion and decision making at Board meetings of material relevant to the conduct of the Company. The Chairman must be an independent, non-executive director.

Role of the Chief Executive Officer

The Chief Executive Officer provides leadership to programs that broadly include implementation of strategy, business growth, asset management, communications and community relations. The Chief Executive Officer is responsible for the banking operations and provides the Board with a direct link to Bendigo Bank and its systems and procedures.

Board Appointments

The Board has prepared a Skills Matrix to identify the various skills and experience of its current members and to assist it to identify the skills that need to be recruited to the Board in the future. The Board does not have a standing Nominations Committee, but will appoint a Nominations Committee from time to time when considering the appointment of a new director. All new Directors must satisfy a comprehensive due diligence process that meets the requirements of the Company's and Bendigo Bank's risk management systems.

Directors are elected by shareholders for a maximum of three years with retirements on a rotating basis. The Chairman, as part of her annual discussion with Directors, will canvas each Director's view of their future plans to remain on the Board. The Board Governance Framework considers the ongoing succession planning for the Board's composition.

An induction procedure is in place to ensure all new Directors are able to learn as much about the Company as possible in a short time frame and contribute to the Board's functions as soon as possible.

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic area the Company serves. The Board does have an aspiration to have greater gender balance on the Board, but is mindful that service on the Board is not remunerated on commercial terms and the limitations this creates.

Policies and Procedures to identify and deal with conflicts of interest

The Company maintains a Conflicts of Interest Register to record each Director ongoing material personal interests. The register is managed by the Company Secretary and is tabled at each Board meeting. Every Board and Committee meeting also has a scheduled item calling for participants to declare any actual or potential conflicts of interest with the scheduled agenda items.

This Register is supported by a written policy on how actual and potential conflicts of interest must be managed. Conflicted Directors are required to be absent from discussions on the conflicted issue. The policy also defines how a decision to obtain products or services from a Director must be taken, including ensuring the transactions is on arms length terms.

Policies and Procedures to protect the interests of shareholders

Communication Procedures

The Company aims to provide timely and relevant information to shareholders throughout the year via its website. The Company also releases a number of newsletters in both electronic and written form, which are sent directly to shareholders. It also writes directly to shareholders when the Board considers information is sufficiently important.

The Company applies a rigorous process regarding its continuous disclosure obligations in order to comply with the requirements of the Corporations Act. These disclosures are published on the NSX website at:

nsxa.com.au/summary/CSH

The Company website includes an investor section with greater information resources. The Company recognises the importance of its Governance Framework and provides all stakeholders with access to this information on the website at:

supportingourcommunity.com.au/investor-relations/

Shareholders are able to access forms and assistance for the management of their shareholding from the Company's share registry provider at:

boardroomlimited.com.au

Risk Management

The Company has developed its own formal Risk Management System ("RMS") and tools to identify and record the various risks to the Company and its business. The RMS is based on the international standard ISO 31000-2009 Risk Management and is monitored by the Audit & Governance Committee.

Bendigo & Adelaide Bank Limited ("Bendigo Bank"), as the franchisor to the Company, provides support for the development and implementation of the RMS. Bendigo Bank provides an internal audit system for the operational and lending risks to each branch and reports the results of these audit visits to the Senior Manager and the Board.

The Audit & Governance Committee monitor these reports and review the implementation of any recommended changes and meet with the Senior Manager every six months to discuss any trends in the internal audit findings. The Committee may also interview Bendigo Audit staff from time to time to discuss the findings from these audits. It also monitors and reviews the Company's risks and risk appetite annually.



Policies and Procedures to protect the interests of other stakeholders

Staff Committee

The Staff Committee manages policy issues regarding the Company's employees including remuneration policies, communication with the employees, reward and incentive programs and development pathways. More information is set out below.

Political Donations

The terms of reference for the Community Investment & Marketing Committee prohibit that Committee from considering donations, grants or sponsorship for political or religious purposes, except in limited circumstances (such as fetes or events) for the purposes of tolerance and understanding. The Company has made no political donations during the 2018–19 financial year.

Committees of the Board

All Committees have been established by the Board and each have a written terms of reference. The Director's appointed to each Committee are set out in the Directors Report on page 30.

Audit & Governance Committee

The Audit & Governance Committee has been established to review (and where appropriate, recommend changes to) the Company's processes and systems. The Committee has developed an annual workplan to ensure it considers a range of issues and to review at least one written policy at each meeting.

The Board has considered the appropriateness of the Company Secretary and the Board Chairman being on this committee and taken into account the scale of the Company and the qualifications and experience of these officers.

Finance Committee

The Finance Committee has been established to review, monitor and report on finance strategy and direction, financial performance and reporting, financial risk, investments of the Company and shareholders' rights. It also provides the primary input into budget preparation for the Board to approve. The Board has appointed Ian Dinnison as Committee Chairman.

Community Investment & Marketing Committee

The Community Investment and Marketing Committee has been established to facilitate Community Investment. It considers how these investments will contribute to the growth of the Company, how they can position our branches as the primary choice of the community for local banking and how we can promote these activities to the community.

The Board has delegated the Committee with an authority to approve sponsorships and grants up to \$20,000. Applications for more than this amount must be considered by the Board of Directors.

Staff Committee

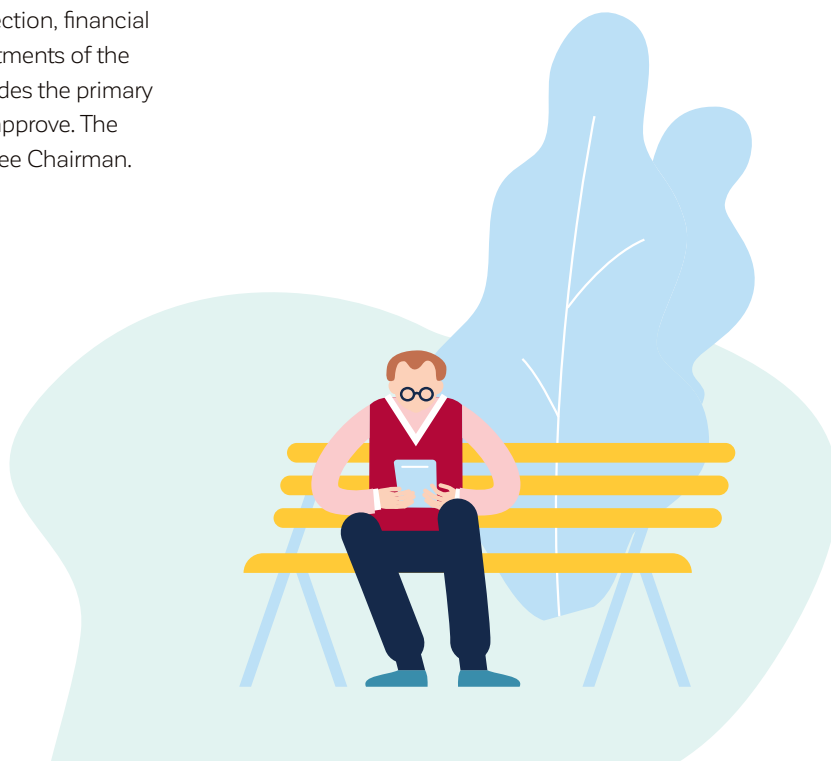
The Staff Committee has been established to create and share business success with employees and to facilitate communications throughout the Company. The Committee develops and monitors staffing policies that do not relate to the banking procedures, and oversees the staff remuneration processes. The banking procedures are determined and monitored by Bendigo Bank in accordance with the Franchise Agreement.

Events Committee

The Events Committee has been established to plan and coordinate events that are undertaken by the Company. The Company is serious about its role as a member of our local community, and participates in a range of community events, all of which need substantial coordination.

Youth Advisory Committee

The Youth Advisory Committee has been established to manage various programs run by the Company, such as the Business Boardroom Program, Magic Moments program and the Boroondara Youth Foundation. This Committee provides advice and guidance to the Board on issues that affect local youth and on ways to increase the banking effectiveness to the youth market.



Directors' Report

Your Directors submit their report of the Company for the financial year ended 30 June 2019.

Directors

The names of the Company's Directors in office during the financial year and since the end of the financial year, including their skills, experience and responsibilities of the Directors at the date of this report are set out on pages 26 and 27.

No Directors have material interests in contracts or proposed contracts with the Company.

Review and results of operations

The review of operations is set out on pages 12 and 13.

Significant Changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

Principal activities

The principal activities of the Company during the course of the financial period were in providing Community Bank® services under management rights to operate four franchised branches of Bendigo and Adelaide Bank Limited in Canterbury, Surrey Hills, Ashburton and Balwyn, Victoria.

There have been no significant changes in the nature of these activities during the year.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulations.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings which the Company is a party for the purpose of taking responsibilities on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Dividends

A fully franked dividend of 7 cents per share was declared and paid in the year ended 30 June 2019 (2018: 6 cents).

Share Options

The Company has granted no options on unissued shares at any time.

Indemnification and insurance of Directors and Officers

The Company is required under its constitution to indemnify each Officer of the Company out of assets of the Company to the relevant extent against any liability incurred by that Officer arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company has Directors and Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Company Secretary

Michael Sapountzis was appointed Company Secretary on 25 January 2017. He has extensive experience in providing high level executive support, governance advice and managing the regulatory requirements for a variety of Boards including listed public and unlisted companies. Michael holds a Graduate Diploma of Applied Corporate Governance and Graduate Diploma of Legal Practice. He also holds a Bachelor of Commerce (Finance) and a Bachelor of Laws (Hons).

Directors Meetings

During the financial year, the Directors conducted the following number of meetings for the Board as a whole and each Committee

(listed together with the attendance record of each Director). Attendances by each Director during the year were as follows:

	Board		Audit & Governance Committee		Finance Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Juliann Ruth Byron	11	11	4	4	8	7
Damien Leo Hudson	11	11	-	-	-	-
Daizy Maan	11	8	3	1	-	-
Hans Diederick Menting	11	10	-	-	8	7
James Craig Grant	11	10	-	-	8	7
Robert Einar Stensholt	11	10	4	4	8	7
Andrew Graham Whittaker	11	10	1	1	4	2
Michael Sapountzis	3	3	-	-	-	-

	Community Investment & Marketing Committee		Youth Advisory Committee		Staff Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Juliann Ruth Byron	11	11	2	1	7	7
Damien Leo Hudson	-	-	-	-	-	-
Daizy Maan	6	2	2	1	-	-
Hans Diederick Menting	11	8	-	-	7	7
James Craig Grant	-	-	-	-	7	7
Robert Einar Stensholt	11	11	-	-	-	-
Andrew Graham Whittaker	11	10	-	-	-	-
Michael Sapountzis	-	-	-	-	-	-

Events Committee		
Director	Eligible	Attended
Juliann Ruth Byron	9	6
Damien Leo Hudson	9	9
Daizy Maan	-	-
Hans Diederick Menting	-	-
James Craig Grant	-	-
Robert Einar Stensholt	9	8
Andrew Graham Whittaker	-	-
Michael Sapountzis	-	-

Analysis of Holdings Securities: Fully Paid Ordinary

Holdings Ranges	Holders	Total Units	%
1-1,000	131	78,465	2.785
1,001-5,000	480	1,023,576	36.336
5,001-10,000	66	437,530	15.532
10,001-100,000	66	1,167,386	41.441
100,001+	1	110,000	3.905
Totals	744	2,816,957	100.000

Directors Interests The Directors hold the following interests in the Company as at the 30 June 2019:

Name	Position	Number of Shares Held 30 June 2019			30 June 2018
		Directly	Indirectly	Total	Total
Juliann Ruth Byron	Director	4,400	17,600	22,000	9,800
Hans Diederick Menting	Director	55,202	0	55,202	55,202
Robert Einar Stensholt	Director	20,350	0	20,350	20,350
Damien Leo Hudson	Director	14,582	0	14,582	14,582
Daizy Maan	Director	0	0	0	0
Andrew Graham Whittaker	Director	3,850	0	3,850	0
James Craig Grant	Director	2,500	0	2,500	2,500
Michael Sapountzis	Director	0	0	0	N/A

Non-audit services

The amount paid or payable to the Auditor (Richmond Sinnott & Delahunty) for non-audit services provided during the year ended 30 June 2019 was \$0 (2018—\$1,365).

The Directors are satisfied that the provisions of non-audit services by the Auditor 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 Audit & Governance Committee to ensure they do not impact on the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Remuneration Report

a) Policies

Director Remuneration: The Company's special position as a for-profit, community-based company places particular restrictions on how it should remunerate its directors. The Board has determined the following policy, which was approved by shareholders at the 2018 Annual General Meeting (AGM) and was last reviewed by the Staff Committee in June 2019.

Directors will be remunerated by taking into account two issues. Firstly, the Company recognises the personal liability risk that each director of a listed public company bears and has determined a fee for this risk is appropriate. The current fee for this risk is \$10,000 per annum. Each Director is paid this fee, plus superannuation required under the Superannuation Guarantee legislation.

Secondly, certain roles will have a further fee attaching to them as some compensation for the additional work and resources provided by those serving in these positions. The positions and their additional fee are:

Chairman	\$20,000
Treasurer	\$3,000
Committee Chairman	\$3,000
Company Secretary	\$3,000

The Company did not engage any remuneration consultants in reviewing its remuneration structure for the 2019 financial year. From 1 July 2011, public companies have additional reporting obligations if they receive a 'no' vote of 25% or higher at their previous AGM. At the 2018 AGM, the Company recorded a 'no' vote of 8.77% (2017: 6.67%) on its remuneration report.

b) Directors' Remuneration

Director remuneration for the year ended 30 June 2019 is set out in the table below. For the purpose of Section 300A(1)(c) of the Corporations Act 2001, the amount of each prescribed detail is nil unless set out in the table:

	Short Term Employee Benefits		Post Employment Benefits
	Cash Salary	Bonuses	Superannuation
Juliann Ruth Byron	\$26,315	\$0	\$2,500
James Craig Grant	\$10,766	\$0	\$1,023
Damien Leo Hudson	\$10,766	\$0	\$1,023
Daizy Maan	\$10,766	\$0	\$1,023
Hans Diederick Menting	\$8,883	\$0	\$844
Robert Einar Stensholt	\$10,766	\$0	\$1,023
Andrew Graham Whittaker	\$11,833	\$0	\$1,129
Michael Sapountzis	\$4,333	\$0	\$412

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

End of Remuneration Report.

Additional Information

In accordance with National Stock Exchange Listing Rule 6.9, the Company provides the following information as at 30 June 2019:

- The principal activities of the Company are described above.
- The Company does not have any subsidiary companies.
- The interests of each director in the Company are set out above.
- The Accounts presented with this report do not differ materially from any forecast previously issued by the Company.
- There are no service contracts for directors that are proposed for election at the forthcoming AGM.
- There are no arrangements under which a director has waived or agreed to waive any emoluments.
- There are no arrangements under which a shareholder has waived or agreed to waive any dividends.
- Comparative Table of Financial Results.

	2019 (\$)	2018(\$)	2017 (\$)	2016 (\$)	2015 (\$)
Profit & Loss					
Revenue from operating activities	4,903,421	4,474,134	4,140,906	3,709,155	3,540,644
Total expenses	-4,339,132	-3,865,933	-3,398,555	-3,220,995	-3,142,280
Profit from ordinary activities before income tax expense	564,289	608,201	742,351	488,160	398,364
Income tax expense	166,815	167,255	206,889	146,449	102,097
Net profit/loss after tax	397,474	440,946	535,462	341,711	296,267
Net profit/loss attributable to shareholders	397,474	440,946	535,462	341,711	296,267
Balance Sheet					
Current assets	2,783,104	2,694,155	2,445,912	1,782,330	1,769,936
Non-current assets	497,000	460,138	624,794	827,327	606,758
Total assets	3,280,104	3,154,293	3,070,706	2,609,657	2,376,694
Current liabilities	369,881	281,614	409,523	302,812	264,324
Non-current liabilities	30,462	18,821	10,957	6,999	-
Total liabilities	400,343	300,426	420,480	309,811	264,324
Shareholders' funds	2,879,761	2,853,867	2,650,226	2,299,846	2,112,370
Earnings per share (in cents)	13.50	14.53	17.56	11.08	9.60
Dividends per share (in cents)	7.00	6.00	6.00	5.00	5.00
Net assets value per share (in cents)	102.23	94.83	85.91	74.56	68.48
Price earnings ratio	6.30	5.85	3.23	3.82	5.63

- i. The Treasurer's Report is contained at page 11.
- j. The Corporate Governance Report is contained at page 28.
- k. The following table shows the ten largest shareholders:

	Number of Shares	% of issued capital
Shareholder		
Adrienne Leslie Murray	110,000	3.905%
Thomas Leigh Pty Ltd <The Waring Family S/F A/C>	81,040	2.877%
Mr Hans Diederick Menting	55,202	1.960%
Scipio Nominees Pty Ltd	55,000	1.952%
Leigh Smith & Felicity Smith <Atf Eb Investment Fund A/C>	44,000	1.562%
Richard Middleton <Atf Marpiz Super Fund A/C>	44,000	1.562%
Wayne Austen & Erica Austen	41,800	1.484%
John Henry Anderson & Patricia Noreen Anderson	33,000	1.171%
Rodney Stroyan Weatherhead	22,000	0.781%
Melvin William Austin & Gillian Rebecca Austin	22,000	0.781%
John Matsen Guest & Joslin Adelaide Guest	22,000	0.781%
Tsung-Hsien Lim	22,000	0.781%
Chesterfield Super Pty Ltd <Atf R & C Daly Super Fund>	22,000	0.781%
Gwendoline Joan Matthies	22,000	0.781%
Cgt Investments Pty Ltd <Cgt Investments P/L S/F A/C>	22,000	0.781%
Chandler Consulting Services <Chandler Cons Serv S/F A/C>	22,000	0.781%
Peter Davis Engineers Pty Ltd <P Davis Engineers Exec Plan>	22,000	0.781%

Auditor Independence Declaration

The Auditor Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 36.

No Officer of the Company is or has been a partner of the Auditor of the Company.

Signed in accordance with a resolution of the Directors in Melbourne on 28 August 2019.



Juliann Ruth Byron,
Chairman



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

**Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Canterbury
Surrey Hills Community Finance Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in blue ink, appearing to be 'Katie' or 'Kathie', with a stylized flourish at the end.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 29 August 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Canterbury Surrey Hills Community Finance Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

- (a) the financial report of Canterbury Surrey Hills Community Finance 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 2019 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report or the year ended 30 June 2019. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Matter
Taxation	
<p>The application of taxation legislation to the Company's accounts is inherently complex and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and liabilities.</p> <p>Further disclosure regarding Taxation can be found at Note 1(f) <i>Critical Accounting Estimates and Judgements</i> and Note 4 <i>Income Tax</i>.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the income taxation calculations prepared and are satisfied that the calculations are in accordance with the accounting standards and applicable income tax legislation. • Tested the assumptions and forecast taxable income supporting deferred tax assets • Considered the appropriateness of the Company's disclosures regarding current tax matters • Assessed the consistency of assumptions used in estimating provisions and liabilities.
Employee Provisions	
<p>The valuation of employee entitlements are subject to complex estimation techniques and significant judgement. Assumptions required for wage growth and CPI movements, coupled with the estimated likelihood of employees reaching unconditional services is estimated.</p> <p>A small change in assumptions can have a material impact on the financial statements.</p> <p>Further disclosure regarding Employee Provisions can be found at Note 1(f) <i>Critical Accounting Estimates and Judgements</i> and Note 14 <i>Provisions</i>.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the employee entitlement calculations and are satisfied that they calculations are in accordance with applicable accounting standards. • Tested the accuracy of the calculations and models used to calculate employee entitlement provisions. • Evaluated the assumptions applied in calculating employee entitlements such as the discount rate and the probability of long service leave vesting conditions being met.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2019, 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 do not express any form of assurance conclusion thereon. On 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Auditor's Opinion on the Remuneration Report

We have audited the remuneration report included in pages 30 to 33 of the director's report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report and in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the remuneration report of Canterbury Surrey Hills Community Finance Limited, for the year ended 30 June 2019 is in accordance with s300A of the *Corporations Act 2001*.

Responsibilities for the Remuneration Report

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

RSD AUDIT



Kathie Teasdale

Partner

Bendigo

Dated: 30 August 2019

Financial Statements



Statement of Profit or Loss and Other Comprehensive Income

	Note	2019 \$	2018 \$
Revenue	2	4,903,421	4,474,134
Expenses			
Employee benefits expense	3	(2,383,251)	(2,021,512)
Depreciation and amortisation	3	(103,238)	(113,219)
Administration and general costs		(727,215)	(589,743)
Rental expenses		(475,147)	(428,819)
		(3,688,851)	(3,153,293)
Operating profit before charitable donations & sponsorship		1,214,570	1,320,841
Charitable donations and sponsorships		(650,281)	(712,640)
Profit before income tax		564,289	608,201
Income tax expense	4	(166,815)	(167,255)
Profit for the year after income tax		397,474	440,946
Other comprehensive income		-	-
Total comprehensive income for the year		397,474	440,946
Profit attributable to members of the company		397,474	440,946
Total comprehensive income attributable to members of the company		397,474	440,946
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	13.50	14.53

These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	125,180	(12,004)
Trade and other receivables	6	459,030	406,876
Investments and other financial assets	7	2,100,000	2,200,000
Other assets	8	98,894	99,283
Total current assets		2,783,104	2,694,155
Non-current assets			
Property, plant and equipment	9	277,215	329,985
Intangible assets	10	174,025	103,643
Deferred tax assets	4	45,760	26,510
Total non-current assets		497,000	460,138
Total assets		3,280,104	3,154,293
Liabilities			
Current liabilities			
Trade and other payables	12	192,160	160,909
Current tax liability	4	29,724	27,659
Provisions	13	147,997	93,046
Total current liabilities		369,881	281,614
Non-current liabilities			
Provisions	13	30,462	18,812
Total non-current liabilities		30,462	18,812
Total liabilities		400,343	300,426
Net assets		2,879,761	2,853,867
Equity			
Issued capital	14	1,321,250	1,483,908
Retained earnings	15	1,558,511	1,369,959
Total equity		2,879,761	2,853,867

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018 (reported)		1,483,908	1,369,959	2,853,867
Comprehensive income for the year				
Profit for the year		-	397,474	397,474
Transactions with owners in their capacity as owners				
Share buy-backs	14	(162,658)	-	(162,658)
Dividends paid or provided	16	-	(208,922)	(208,922)
Balance at 30 June 2019		1,321,250	1,558,511	2,879,761
Balance at 1 July 2017		1,536,989	1,113,237	2,650,226
Comprehensive income for the year				
Profit for the year		-	440,946	440,946
Transactions with owners in their capacity as owners				
Share buy-backs	14	(53,081)	-	(53,081)
Dividends paid or provided	16	-	(184,224)	(184,224)
Balance at 30 June 2018		1,483,908	1,369,959	2,853,867

These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		5,282,948	4,849,589
Payments to suppliers and employees		(4,630,352)	(4,243,414)
Interest received		61,018	56,187
Income tax paid		(184,000)	(245,705)
Net cash flows provided by operating activities	18b	529,614	416,657
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	(12,112)
Proceeds from sale of investments		100,000	(383,444)
Purchase of intangible assets		(120,850)	(57,293)
Net cash flows used in investing activities		(20,850)	(452,849)
Cash flows from financing activities			
Dividends paid		(208,922)	(184,224)
Payment for share buy-back		(162,658)	(53,081)
Net cash flows used in financing activities		(371,580)	(237,305)
Net increase/(decrease) in cash held		137,184	(273,497)
Cash and cash equivalents at beginning of financial year		(12,004)	261,493
Cash and cash equivalents at end of financial year	18a	125,180	(12,004)

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

These financial statements and notes represent those of Canterbury Surrey Hills Community Finance Limited (the Company).

The Company is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 28 August 2019.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Franchise relationship

The Company has entered into franchise agreements with Bendigo and Adelaide Bank Limited for the Community Bank® branches at Canterbury, Surrey Hills, Ashburton and Balwyn.

All transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

(b) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts.

Employee benefits provision

Assumptions are required for wage growth and CPI movements.

Income tax

The Company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Company elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The standard will primarily affect the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of \$1,282,215. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Company does not intend to adopt the standard before its effective date.

(h) Change in accounting policies

Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:

- a) when the Company has a right to receive the income and it can be reliably measured; or
- b) upon receipt.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant

financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified as financial assets at amortised cost.

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Company's trade and most other receivables fall into this category of financial instruments as well as deposits that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to Company's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical

experience, external indicators and forward-looking information to determine the expected credit losses on a case-by-case basis.

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities include trade payables and other creditors. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying value(\$)	AASB 9 Carrying value (\$)
Financial Asset				
Trade and Other receivables	Loans and receivables	Amortised cost	406,876	406,876
Term deposits	Held to maturity	Amortised cost	2,200,000	2,200,000
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	160,909	160,909

The effect of classification changes arising from transitioning from AASB 139 to AASB 9 are shown below:

	AFS Reserve (\$)	FVTOCI Reserve (\$)	Retained Earnings (\$)
Opening balance under AASB 139	-	-	-
Opening balance under AASB 9	-	-	-

2. Revenue

	2019 \$	2018 \$
Revenue		
- service commissions	4,842,403	4,417,947
	4,842,403	4,417,947
Other revenue		
- interest received	61,018	56,187
	61,018	56,187
Total revenue	4,903,421	4,474,134

Revenue arises from the rendering of services through its franchise agreements with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The Company generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited.

The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest income is recognised on an accrual basis using the effective interest rate method.

All revenue is stated net of the amount of GST.

3. Expenses

	2019 \$	2018 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,945,811	1,660,489
- superannuation costs	181,868	156,285
- other costs	255,572	204,738
	2,383,251	2,021,512
Depreciation and amortisation		
Depreciation		
- plant and equipment	51,632	1,106
- leasehold improvements	1,138	61,585
	52,770	62,691
Amortisation		
- franchise fees	50,468	50,528
Total depreciation and amortisation	103,238	113,219
Auditors' remuneration		
- Audit or review of the financial report	3,330	7,443
- Share registry services	-	1,365
	3,330	8,808

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Leasehold improvements	3%	Straight line
Plant and equipment	7-34%	Straight line

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.



4. Income tax

	2019 \$	2018 \$
a. The components of tax expense comprise:		
Current tax expense	184,827	176,549
Deferred tax expense	(19,250)	(9,294)
Under provision of prior years	1,238	-
	166,815	167,255
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	155,180	167,255
Add tax effect of:		
- Under provision of prior years	1,238	-
- Non-deductible expenses	10,397	-
Income tax attributable to the entity	166,815	167,255
The applicable weighted average effective tax rate is:	29.56%	27.50%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	27,659	96,815
Income tax paid	(184,000)	(245,705)
Current tax	184,827	176,549
Under provision prior years	1,238	-
	29,724	27,659
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	834	1,942
Employee provisions	49,076	30,761
	49,910	32,703
Deferred tax liabilities comprise:		
Accrued income	4,150	6,193
	4,150	6,193
Net deferred tax asset	45,760	26,510
e. Deferred income tax included in income tax expense comprises:		
Decrease in deferred tax assets	(17,207)	(8,384)
Decrease in deferred tax liabilities	(2,043)	(910)
	(19,250)	(9,294)

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	125,180	(12,004)
	125,180	(12,004)

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

6. Trade and other receivables

	2019	2018
	\$	\$
Current		
Trade receivables	459,030	406,876
	459,030	406,876

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
	\$	\$	\$	\$	\$	\$
2019						
Trade receivables	459,030	459,030	-	-	-	-
Total	459,030	459,030	-	-	-	-
2018						
Trade receivables	406,876	406,876	-	-	-	-
Total	406,876	406,876	-	-	-	-

7. Financial assets

	2019	2018
	\$	\$
<i>Amortised cost</i>		
Term deposits	2,100,000	2,200,000
	2,100,000	2,200,000

(a) Classification of financial assets

The company classifies its financial assets as financial assets at amortised cost.

Classifications are determined by both:

- The Company's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

(c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses—the 'expected credit losses model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

8. Other assets

	2019	2018
	\$	\$
Prepayments	8,460	1,419
Security bond	75,344	75,344
Accrued interest	15,090	22,520
	98,894	99,283

Other assets represent items that will provide the company with future economic benefits controlled by the company as a result of past transactions or other past events.

9. Property, plant and equipment

	2019			2018		
	\$			\$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements	45,817	(3,779)	42,038	45,817	(2,641)	43,176
Plant and equipment	1,154,801	(919,624)	235,177	1,154,801	(867,992)	286,809
Total property, plant and equipment	1,200,618	(923,403)	277,215	1,200,618	(870,633)	329,985

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The company does not have any capital expenditure commitments at 30 June 2019 (2018: None).

(b) Movements in carrying amounts of PP&E

	Opening written down value	Additions	Disposals	Depreciation	Closing written down value
2019					
Leasehold improvements	43,176	-	-	(1,138)	42,038
Plant and equipment	286,809	-	-	(51,632)	235,177
Total property, plant and equipment	329,985	-	-	(52,770)	277,215

	Opening written down value	Additions	Disposals	Depreciation	Closing written down value
2018					
Leasehold improvements	41,984	2,298	-	(1,106)	43,176
Plant and equipment	338,580	9,814	-	(61,585)	286,809
Total property, plant and equipment	380,564	12,112	-	(62,691)	329,985

10. Intangible assets

	2019			2018		
	\$			\$		
	At cost	Accumulated amortisation	Written down value	At Cost	Accumulated amortisation	Written down value
Franchise fees	524,633	(350,608)	174,025	542,829	(439,186)	103,643
Total intangible assets	524,633	(350,608)	174,025	542,829	(439,186)	103,643

Franchise fees and establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts	Opening written down value	Additions	Amortisation	Closing written down value
2019				
Franchise fees	103,643	120,850	(50,468)	174,025
Total intangible assets	103,643	120,850	(50,468)	174,025

	Opening written down value	Additions	Amortisation	Closing written down value
2018				
Franchise fees	96,878	57,293	(50,528)	103,643
Total intangible assets	96,878	57,293	(50,528)	103,643

11. Financial liabilities

Financial liabilities include trade payables and other creditors. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

12. Trade and other payables

	2019	2018
	\$	\$
Current		
Unsecured liabilities:		
Trade creditors	62,959	71,761
Other creditors and accruals	129,201	89,148
	192,160	160,909

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a

current liability with the amounts normally paid within 30 days of recognition of the liability. The average credit period on trade and other payables is one month.

13. Provisions

	2019 \$	2018 \$
Current		
Employee benefits	147,997	93,046
Non-current		
Employee benefits	30,462	18,812
Total provisions	178,459	111,858

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which

the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

14. Share capital

	2019 \$	2018 \$
Ordinary shares fully paid at start of year	1,483,908	1,536,989
Shares bought back during the year	(162,658)	(53,081)
	1,321,250	1,483,908

Ordinary shares are classified as equity.

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	3,009,607	3,084,707
Shares bought back during the year	(192,650)	(75,100)
At the end of the reporting period	2,816,957	3,009,607

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends 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.

- (i) the Distribution Limit is the greater of:
- (a) 20% of the profit or funds of the company 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 of the Franchisee over that 12 month period; and
- (ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

15. Retained Earnings

	2019	2018
	\$	\$
Balance at the beginning of the reporting period	1,369,959	1,113,237
Profit after income tax	397,474	440,946
Dividends paid	(208,922)	(184,224)
Balance at the end of the reporting period	1,558,511	1,369,959

16. Dividends paid or provided for on ordinary shares

	2019	2018
	\$	\$
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 7 cents per share (2018:6 cents)	208,922	184,224

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the company on or before the end of the financial year, but not distributed at balance date.

17. Earnings per share

	2019	2018
	\$	\$
Basic earnings per share (cents)	13.50	14.53
Earnings used in calculating basic earnings per share	397,474	440,946
Weighted average number of ordinary shares used in calculating basic earnings per share	2,945,303	3,034,598

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted

average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

18. Statement of cash flows

	2019 \$	2018 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	125,180	(12,004)
As per the Statement of Cash Flow	125,180	(12,004)
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	397,474	440,946
Non-cash flows in profit		
- Depreciation and amortisation	103,238	113,219
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(52,154)	(12,435)
- (Increase) / decrease in prepayments and other assets	389	4,275
- (Increase) / decrease in deferred tax asset	(19,250)	(9,294)
- Increase / (decrease) in trade and other payables	31,251	(86,789)
- Increase / (decrease) in current tax liability	2,065	(69,156)
- Increase / (decrease) in provisions	66,601	35,891
Net cash flows from operating activities	529,614	416,657

19. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling

the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2019 \$	2018 \$
Short-term employee benefits	94,478	69,000
Post-employment benefits	8,975	6,555
Total key management personnel compensation	103,453	75,555

Short-term employee benefits

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.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company.

The company has not accepted the Bendigo and Adelaide Bank Limited's Community Bank® Directors Privileges package.

The number of ordinary shares in the company held by each key management personnel of the company during the financial year is as follows:

	2019	2018
	\$	\$
Juliann Ruth Byron	22,000	9,800
James Craig Grant	2,500	2,500
Damien Leo Hudson	14,582	14,582
Hans Diederick Menting	55,202	55,202
Robert Einar Stensholt	20,350	20,350
Andrew Graham Whittaker	3,850	-
Gordon Lennox McFarlane *	-	3,850
Leigh Warren Smith *	-	44,000
	118,484	150,284

Andrew Graham Whittaker acquired 3,850 during the year. Each share held has a paid up value of \$1 and is fully paid.

* Shareholder did not hold office during 2018 financial year

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

23. Commitments

Operating lease commitments	2019	2018
	\$	\$
Payable:		
- no later than 12 months	372,188	297,696
- between 12 months and five years	910,027	836,546
- greater than five years	-	6,000
Minimum lease payments	1,282,215	1,140,242

24. Company details

The registered office is 143 Maling Road, Canterbury, Victoria, 3126

The principal places of business are:

Canterbury Community Bank®

143 Maling Road, Canterbury, Victoria, 3126

Ashburton Community Bank®

241 High Street, Ashburton, Victoria, 3147

Surrey Hills Community Bank®

107 Union Road, Surrey Hills, VIC, 3127

Balwyn Community Bank®

411 Whitehorse Road, Balwyn, Victoria, 3103

25. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is

exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments and account receivables and payables. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	5	125,180	(12,004)
Trade and other receivables	6	459,030	406,876
Financial assets	7	2,100,000	2,200,000
Total financial assets		2,684,210	2,594,872
Financial liabilities			
Trade and other payables	12	192,160	160,909
Total financial liabilities		192,160	160,909

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate	Total	Within 1 year	1 to 5 years	Over 5 years
30 June 2019	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.50%	125,180	125,180	-	-
Trade and other receivables		459,030	459,030	-	-
Financial assets	2.53%	2,100,000	2,100,000	-	-
Total anticipated inflows		2,684,210	2,684,210	-	-
Financial liabilities					
Trade and other payables		192,160	192,160	-	-
Total expected outflows		192,160	192,160	-	-
Net inflow / (outflow) on financial instruments		2,492,050	2,492,050	-	-

	Weighted average interest rate	Total	Within 1 year	1 to 5 years	Over 5 years
30 June 2018	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.50%	(12,004)	(12,004)	-	-
Trade and other receivables		406,876	406,876	-	-
Financial assets	2.64%	2,200,000	2,200,000	-	-
Total anticipated inflows		2,594,872	2,594,872	-	-
Financial liabilities					
Trade and other payables		160,909	160,909	-	-
Total expected outflows		160,909	160,909	-	-
Net inflow / (outflow) on financial instruments		2,433,963	2,433,963	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019		2018	
	Profit (\$)	Equity (\$)	Profit (\$)	Equity (\$)
+/- 1% in interest rates (interest income)	22,252	22,252	21,880	21,880
	22,252	22,252	21,880	21,880

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Directors Declaration

In accordance with a resolution of the Directors of Canterbury Surrey Hills Community Finance Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 41 to 60 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2019 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This resolution is made in accordance with a resolution of the Board of Directors.



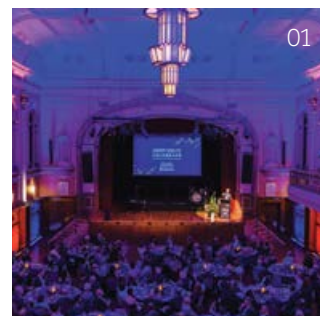
Juliann Byron,
Chairman

Signed at Balwyn on 28 August 2019.





01



01



01



02



03

1. Our 15th anniversary gala celebration was an opportunity to celebrate the investment we have into our community and recognise the Founding and existing Directors.
2. Hawthorn Amateur Football Club womens team take the Division 1 premiership.
3. The Ashburton team at the Community Festival.
4. Juliann Byron & Nick Coker congratulate Di Gillies on her induction as Balwyn Rotary President.
5. We provided the Mullumbimba Rover Crew with fuding to provide safety and storage equipment.



04



05

Glossary

Throughout this report we refer to particular terms. Here's what we mean by ...

Footings means the total deposits, loan and other business held at a particular Community Bank® branch. This is a measure of the banking business we look after for customers.

Community Investment means a contribution made by our Company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers. Details of our Community Investments can be found in our Community Report.

Community Investment Program means the strategy adopted by the Board for assessing and selecting Community Investments over the short, medium and longer term.

Community Bank® means a franchise of the Bendigo & Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.



Above: The Community Bank Under 12 Boys at the Ashy Redbacks in action. Image by Gavin Blue.

**Canterbury
Community Bank® Branch**

Shop 2, 143 Maling Road,
Canterbury, VIC, 3126
T • (03) 9836 9466

**Ashburton
Community Bank® Branch**

241 High Street,
Ashburton, VIC, 3147
T • (03) 9885 2666

**Surrey Hills
Community Bank® Branch**

107 Union Road,
Surrey Hills, VIC, 3127
T • (03) 9890 7188

**Balwyn
Community Bank® Branch**

411 Whitehorse Road,
Balwyn, VIC, 3103
T • (03) 9836 8029

Franchisee

Canterbury Surrey Hills
Community Finance Limited
PO Box 439
Canterbury VIC 3126
ABN 96 099 590 593

