

Chairman's Address 2012

I am pleased to report that we have achieved a good result for the year to 30 June 2012.

Total Revenue increased by 3.1% to \$964,585 and our Profit Before Tax was \$150,465, up from \$143,822 last year.

There was good growth in our business with lending exceeding our annual target and after allowing for the transfer of a Deposit customer to another Community Bank, we achieved our target growth in Deposits. Progress has been made in providing our customers with a wider range of products and acquiring new business. Initiatives are in place to further promote our services and products to our community partners that should not only increase our business, but give our community partners the opportunity to increase the funds we distribute to them.

The Profit Before Tax of \$150,465 was achieved after the contribution of \$120,000 to the Bendigo and Adelaide Bank Ltd Community Enterprise Foundation for future Grants to our Community.

Our Balance Sheet remains strong with our Retained Earnings increasing to \$192,921 and our Total Equity now standing at \$711,428.

In common with other Banks, we see the challenging trading conditions continuing into 2013 and with pressure on our margins we expect to see the growth in our business and profit moderate for the year to 30 June 2013.

A Fully Franked Dividend of 6 cents has been paid to Shareholders and this along with the return of Capital and subsequent Dividends has seen a total of \$274,500 returned to Shareholders over the last 7 Years.

I mentioned earlier that our Profit Before Tax of \$150,465 was achieved after \$120,000 was transferred to the Bendigo and Adelaide Bank Ltd Community Enterprise Foundation for future Grants to our Community.

It is important to remember that grants made to our Community from this Foundation come from funds generated by our business and is in addition to the Sponsorship payments we make each year. Over recent years we have transferred substantial funds to the Foundation for future Grants to our Community and prior to the payments being made tonight, \$302,027 was held in our account at the Foundation.

With the payments already made to the community of \$538,955 plus the available funds in the Foundation of \$302,027 and the Dividends paid to Shareholders of \$274,500 we have allocated or distributed a total of \$1,115,482 to our Community. This is an achievement to celebrate and all within 10 years since the establishment of our Bank.

Directors continue to maintain and develop strong links with the community and all Directors have a portfolio of community groups that they liaise with and provide an alternative contact with the bank. The primary contact remains the responsibility of the Manager, Matthew Gallop.

Our community partners are shown in the Annual Report.

We are in the final stages of reviewing our Strategic and Business plan to refresh and develop new strategies to implement over the next few years. A new vision, developed by the staff has been adopted:

Local People, Local Bank
Building a stronger community together.

A Business Incentive Program is being introduced to our community partners that should grow our business and at the same time gives them the opportunity to receive increased sponsorship contributions.

We were looking at the establishment of a branch in Hampton, however with the current economic environment the community is cautious about making new commitments and the flow of pledges was slow. We have therefore decided to defer further activity towards the establishment of a Community Bank Branch in Hampton until there are clear signs that the economic conditions have improved. We continue to evaluate the opportunities in Hampton and have strategies to build on the existing business we have developed and how best to service our Hampton customers.

Glen Barnes resigned from the Board in April 2012. Glen is a founding shareholder of the Bank and we thank Glen for the service she gave to the Board and in particular for her dedication as Chair of the Marketing and Community Engagement Committee.

We review our Board numbers and skill sets on an annual basis and look to groom future Directors through our various Board Sub Committees. We are conscious of the need to spread the Board and Board Committee work load and provide a wide set of skills, gender and age.

My thanks to the Board for their support and contribution to the success of the Bank. In addition to the normal monthly meetings there is attendance at Audit, Marketing and Community Engagement and the Business Development Committees that take up a considerable amount of time. The Chairs of these Board Committees, Michael Davies, Helen Searle and Glen Kruger deserve a special mention for the extra work they take on.

Thanks also to our Company Secretary Kate Robb, who provides us with quality corporate advice and accounting to meet the requirements of our Auditors, ASIC and the National Stock Exchange.

The support of the Bendigo and Adelaide Bank is appreciated and in particular the leadership and guidance given by Sohpia Cole and her team at the Regional Office.

To the staff at the Bank, a big thank you for the service they provide and the friendly interaction they have with the customers. This is one of the big pluses for our community Bank. When you do business with us there is quality staff providing friendly and knowledgeable service. In addition to their banking duties they readily involve themselves in community activities and bank functions outside the normal banking hours. The Directors appreciate their contribution.

The team is capably led by Matthew Gallop and thanks to him for his efforts and leadership at the bank. Matthew spends a good deal of time with our Community partners and I know that he is well respected in the Community for his knowledge and willingness to help. His contribution at Board and Committee meetings is very much appreciated by the Directors.

We also thank our customers and shareholders for their continued support and as a Community Bank we not only provide a full range of banking services but take a leadership role as a community hub to promote and embrace the values of our community.