

## **Chairman's Address**

Rye & District Community Financial Services Limited

### **ANNUAL GENERAL MEETING**

Wednesday 21<sup>st</sup> November 2012

As most of our shareholders would be acutely aware, the financial year just completed has been a very difficult one for most businesses.

Consumer confidence is low; approvals of new buildings, stagnant; the housing market has been in the doldrums; the share market refuses to rebound and the financial markets are still reacting cautiously to the economic issues confronting the USA and many European countries.

Against this background of gloom and doom, it gives me great pleasure to stand before you as Chairman of Rye & District Community Financial Services Limited and report on yet another successful year for our company.

At last year's Annual General Meeting, I stood before you and declared a record profit of \$543,969 and wondered whether the economic circumstances of our district, state and country would allow that record to be beaten.

Well, it has - and this year we declare a new record after tax profit of \$592,419 – an increase of 9%.

What makes this profit even more amazing is that it has been achieved after an amount of \$516,427 was distributed back into our community in the form of sponsorships, donations and grants – an outstanding result for a company such as ours.

It gives your board of directors great satisfaction to know that by their careful stewardship of the company's assets and their adherence to the Bendigo Bank Community Bank® model, your company is able to make such a difference to the lives of so many in our community.

The list of beneficiaries included in this year's annual report gives you a very clear indication of the breadth and depth of our community involvement. Schools, sporting clubs, CFA units, art societies are but a few organisations for whom support has been forthcoming this year.

The Community Bank® model under which we operate is an excellent example of the way in which community and business can work together for the common good.

We are very fortunate to have the Bendigo & Adelaide Bank as our partner in this enterprise and we value the support and guidance provided to us as we continue to grow our business.

In particular, I acknowledge the support of our Regional Manager, Cora Clough, whose down-to-earth approach to developing our relationship and steering us through the many issues confronting your board on a regular basis, is greatly appreciated.

Our relationship with Bendigo Bank is constantly evolving and this year promises to be one of a number of significant challenges as the Community Bank® model continues to be honed and perfected.

The changing global financial environment has meant that Bendigo Bank needs to review and amend its funding costs and this, undoubtedly, will have some impact on our revenue earning capabilities for the coming years.

Your board understands the Bendigo Bank position and appreciates its regular dialogue with our company as it seeks to formalise a final arrangement which is fair and equitable for both partners under our present franchise agreement.

Shareholders will be interested to learn of the developments relating to the opening of our new branch in Rosebud.

I am pleased to advise that demolition works on the previous structure will commence within the next two weeks and it is anticipated that construction of the new building will commence by February, with a completion date expected by mid-year 2013.

We are excited by the prospects offered by the opening of our Rosebud branch as it gives us the opportunity to provide local service to the entire Southern Peninsula region, from Dromana to Rye.

Shareholders should be very proud of the efforts of their board of directors who, after all, have been elected to represent shareholder interests.

I can advise that your directors take their governance responsibilities extremely seriously and are constantly developing their skills by undertaking various development programs offered to us by our partner, Bendigo Bank.

I am indebted to the support and assistance of:

**Steven Edmund**, as Deputy Chairman and Chairman of the Marketing Committee;

**Eileen Naylor**, as Company Secretary and member of the Sponsorship and Marketing Committee;

**Pat Tonks**, as Treasurer and member of the Finance Committee;

**Gary Cain**, as a member of the Finance Committee and advisor on financial issues;

**Barry Irving**, as a member of the Marketing Committee and as our liaison officer with the YMCA for our involvement in the Rye Youth Centre and its associated activities;

**Andrew Emerson**, as Chairman of our Property Committee;

**Janet Hall**, as Chairman of the Governance Committee;

**Dorothy Mortlock**, for her role as a member of the Governance Committee and her mentoring role with the Rye Youth Centre, and

**Vin Cheers**, who has recently joined our board to fill a casual vacancy and whose experience as a successful local businessman, family man and community volunteer, makes him a valuable member of the board. Under our constitution, Vin is required to stand for election to the board tonight and I heartily endorse his candidature.

I also acknowledge the work of our Board Administration Officer, **Tony Harford**, for ensuring that our high administrative standards and regulatory responsibilities are maintained.

Of course, the success of our business would not be possible without the efforts of our Senior Manager, **Gary Sanford** and his entire staff.

We are indeed fortunate to have the services of Gary as our Senior Manager. His commitment to the Community Bank® model, his experience as a banker and his local community involvement – pave the way for our success.

We are also proud of the role played by our Branch Managers in the success of our company.

**Julie Toward**, the Manager of our Rye Branch and **Bronwyn Ralph**, the Manager of our Dromana Branch have both been promoted from within our company ranks and make a vital contribution to the delivery of our banking services. Their rapport with

our customers and their roles within our communities, stand them apart as exceptional managers of our customer service teams.

On behalf of you, our shareholders, I acknowledge Gary's, Julie's and Bronwyn's contribution to our record-breaking success and on behalf of your board of directors, thank them and their staff for their outstanding commitment to excellent banking and customer service.

My final pleasant duty is to announce the annual dividend of the 2011/2012 financial year.

For those who held shares at the record date of 31 October 2012, a dividend of 7.1 cents per share will be payable this Friday, 23 November. Dividends will be paid according to your instructions, either by cheque or via direct deposit to your banking account.

This dividend reflects an increase of 6% over last year's dividend and, in the opinion of the board, is a just reward for the faith and support shown by our shareholders to make this company a successful one, by any measurement standard.

The coming financial year will not be without its challenges, with revisions to the revenue model used for Community Banks®, increased costs associated with the opening of our new branch in Rosebud and ongoing uncertainty of financial markets.

Results for the first quarter, however, have been ahead of budget, due to effective cost control rather than increased revenue.

Your board remains confident of another year of growth for your company – growth which can be obtained through the support of our shareholders and customers, as they continue to promote the service and community benefits of their involvement with their local Bendigo Bank Community Bank®.

**Shane McCarthy**  
Chairman

21 November 2012