

Rye & District Community Financial Services Limited

Annual General Meeting - Tuesday 29 October 2013

CHAIRMAN'S ADDRESS

Another year completed, another set of results announced, another Annual General Meeting being held.

In reflecting upon the year under review, it is worth considering the performance of our company from three points of view – from a BUSINESS perspective, from an INVESTOR perspective and from the perspective of our LOCAL COMMUNITY.

By all standard measurement criteria, it is pleasing to report another successful year for the BUSINESS – success achieved in the wake of some difficult circumstances.

I am sure our Bendigo Bank representatives here today will attest that trading conditions for banking have been challenging.

The reductions in the cash rate by the Reserve Bank of Australia; the movement of capital away from traditional banking products such as term deposits into the equities market; the community shift away from credit; the easing of the housing loan market and the impact of the revenue adjustment program instituted between Bendigo Bank and its Community Bank[®] partners– have all contributed to a year of challenge.

So it is very satisfying to report another year of record revenue for our company which has led to another year of record profit.

I must admit to some trepidation when I stood before shareholders last year and reported on a, then, record profit -wondering when 'the bubble' would burst.

I am pleased that it was not this year.

From an INVESTOR viewpoint, the record profit has led to another record dividend – this year standing at 7.75 cents per share, payable this Friday 1st November. That's a 9.2% increase over last year.

When I look at the progression in dividends over the past six years, it is pleasing that shareholders have experienced nearly a four-fold increase in their dividend payments in that period.

Bearing in mind that this dividend is fully franked, the rate of return on a \$1.00 share is approximately 11% - a remarkable result in these times of economic uncertainty.

Whilst the main reason for investing in a Bendigo Bank Community Bank[®] company is for the betterment of the community in which we live and not necessarily as a growth investment, it is still pleasing, nonetheless, when this investment provides a commercial rate of return.

And all the while, our balance sheet reflects an increase in shareholder value as a result of our growing asset base.

These results provide grounds for gratification for your directors, but our most outstanding achievement during the year has been our ability to provide more than \$531,000 back to our Southern Peninsula COMMUNITIES in the form of sponsorships, grants and donations.

The real point of difference in the Bendigo Bank Community Bank[®] model is the ability to return the support of shareholders and customers towards their local bank in the form of these sponsorships, grants and donations.

From the \$75,000 support of the YMCA-run Youth Services, the \$50,000 contribution to the Rye's Up Playground on the foreshore to the \$500 contribution given to local art or community involvement groups – our contribution to the community is much more than providing day-to-day banking services.

We are proud of our community involvement and look forward to even higher levels of engagement in the future.

Our community contributions since inception now stand at over \$4 million – a remarkable achievement and one which leads me to say year upon year, “What other bank in our community matches this contribution?”

Of course, the crowning achievement of your company is the completion of the development of our new Rosebud Branch – the official opening of which will take place immediately after this Annual General meeting.

I was reviewing the Chairman's address at the 2012 Annual General Meeting and noted my report on the demolition of the old building on the site.

How far have we come in the space of twelve months to see the completed building adding real value to the Rosebud streetscape and ready and willing to serve the Rosebud community with our Community Bank[®] model?

The opening of this branch is an outcome of the strategic planning undertaken by the board in 2008 – so it is the culmination of many years of planning and work by many people. My congratulations are extended to all concerned.

Of course none of these results could have been achieved without the involvement of my fellow directors and all of our staff.

I introduced all of our directors earlier in proceedings but I am indebted to each and every one of them for their conscientious attention to, and execution of, their governance duties.

As a board, we risk underestimating the skills, knowledge and expertise we have achieved during our time as directors of this company.

We shouldn't, because in our own way, we are all very valuable members of our community with highly developed and transferrable skills.

Your directors should be very proud of the contribution they have made and continue to make to the advancement of this company.

To Gary Sanford, our Senior Manager, it is no understatement to affirm that none of our remarkable achievements would be possible without his dedication, leadership and commitment to the Community Bank[®] model. He is considered to be a role model with the Community Bank[®] network and we are extremely fortunate to have him leading the operations of our company.

We thank Julie Nolo and Bronwyn Ralph and all their teams for the exceptional customer service they provide to our customers.

Whilst, in a philosophical sense, it is our community involvement which gives us a point of difference over other banks, it is our excellent customer service on a local basis which separates us from the rest.

To all our staff, we say a huge "Thank You".

Finally, we are indebted to our partners, Bendigo and Adelaide Bank Limited, for the faith they continue to show in us by maintaining our strong relationship. Like any relationship, from time to time we engage in meaningful conversations but always with the best interests of our company and customers in mind.

We extend a warm welcome to Robert Musgrove, recently promoted to the Bendigo Bank Executive team as Executive Community Engagement. Robert will officiate at the opening of the Rosebud Branch later today and we are delighted that he can experience, at close range, the dynamic business and community down here on the Southern Mornington Peninsula.

I also thank Cora Clough for her time as our Regional Manager and for the guidance and support she provided to me and to Gary. We wish her well in her new role in the bank.

Having farewelled Cora, we welcome Michelle Mason, our new Regional Manager and look forward to working with her in the coming year.

Bendigo and Adelaide Bank Limited are embarking upon a review of the Community Bank[®] network to plan for it in 15 years time.

Who could have imagined the growth in Community Bank branches to number 299 (Rosebud is branch number 299) during the past fifteen years?

Who can imagine what it will look like in another fifteen years?

I do know that we welcome this review project, “Project Horizon”, because we want to be part of the successful system that delivers great vision and service to our local communities for the present and for fifteen years hence.

We remain excited by the opportunities that we can create and which await us in the foreseeable future.

Shane McCarthy
Chairman

29 October 2013