

## Chairman's Address 2016

We have completed another successful year. Net profit after tax was \$15,798. This was after we made a contribution of \$50,000 to the Bendigo and Adelaide Bank Limited Community Enterprise Foundation™. These funds will be used in future years for grants to our local communities. Net profit after tax in 2015 was \$85,111, without any contribution to the Foundation.

Our total assets are now \$898,006 and our total equity stands at \$778,523.

Our total business reached a significant milestone of \$150.2 million at 30 June 2016, an increase from \$137.5 million at 30 June 2015.

Consistent with previous years, a Fully Franked Dividend payment of 6 cents per share has been paid to shareholders. This distribution of \$36,600 brings the funds returned to shareholder by way of Return of Capital and Dividends to \$420,900.

We have signed a new Franchise Agreement with the Bendigo and Adelaide Bank effective from 1 July 2016 and under this new Franchise Agreement there will be a change to the transfer pricing system for our banking products. Previously we received commission on some of our core products and a share of the interest margin on others. From 1 July 2016 we will share the interest margin with Bendigo and Adelaide Bank on all of our core products and if the mix of our business remains much the same in the future we expect to benefit from a small profit increase over what we may have expected under the previous revenue model.

The banking environment will continue to be competitive with low interest rates for the foreseeable future, however with our strong customer base and business we expect to be able to show a modest increase in our profit for the year to 30 June 2017.

Total distributions to our community by way of sponsorships, donations and grants during the year, amounted to \$107,640.

Total Grants, Sponsorships and Donations paid to the Community since establishment is \$928,651.

With new contributions already made this current year we have exceeded \$1 Million in Grants, Sponsorships and Donations paid to our community since establishment. This milestone was recognised recently at a community function held at Without Pier Gallery in Cheltenham.

Matthew will mention a selection of the beneficiaries of our grants, sponsorships and donations program for the year in his address.

With continued growth and a strong balance sheet we will be in a good position to support

our community into the future. We are now using our Grants and Sponsorships to develop new business and together with our business development activities in the community we are well placed to increase our banking business.

I am grateful for the strong support of the Board and the willing participation in community activities they give to support the branch.

During the year we reviewed our Succession Planning and recruited two additional Directors, Amanda and Cait, to strengthen our Board skills and share the workload of Board Committees and promoting the Branch in the community. We will come to their appointment to the Board latter in the Agenda.

Staff training and development continues to be a priority to ensure that their banking

knowledge remains current and that they have the solutions to meet the banking needs of our community.

Matthew Gallop, our Manager, leads a competent and friendly staff. Their knowledge of all banking products and willingness to assist our customers is a major point of difference from the other banks.

The Board is grateful to Mathew and the staff for the quality service they provide in a professional and friendly manner.

We also acknowledge the support we received from our Regional Manager, Michelle McDonald and her team. We thank them for their ready assistance and guidance.

Also thank you the shareholders for your ongoing support and the business that many of you transact at our branch.

We trust that the return of capital and dividends we have paid represent a good

return for the investment you have made in the branch and the community.