

## Chairman's Report

For year ending 30 June 2017

### **Our achievements**

We completed another good year with net profit after tax of \$37,467 for the year to 30 June 2017. This was an increase over the \$15,798 for the year to 30 June 2016.

Our total assets are \$903,793 and total equity is \$779,388.

Total business continues to grow and now totals \$160.3 million

Consistent with previous years a Fully Franked Dividend payment of 6 cents per share will be paid to shareholders. This distribution of \$36,600 brings the funds returned to shareholder by Return of Capital and Dividends to \$457,500. The Australian Tax Office recently announced changes to the company tax rate which has resulted in the maximum franking credit on share dividends paid by our Bank being reduced to 27.5%. This legislation was passed on 17 May 2017 and had a retrospective effect to 1 July 2016, hence the franking credit required adjustment on the dividend we paid to shareholders last year. A recent advice from RSD Chartered Accountants explained the position and attached an amended shareholder dividend statement.

The banking environment continues to be competitive, however with careful management of our business we expect to be able to build on our strong customer base and reputation in the community to achieve a modest increase in our operating profit for the year to 30 June 2018.

### **Our community**

Over recent years we have been looking for a community project that would bring benefits to the wider community and improve community values. In this regard, we have been accumulating funds in our reserves to put towards a suitable project. A worthwhile project was identified and the Board recently agreed to commit \$500,000 to the Sandringham Hospital \$2.5 million appeal for the proposed new Day Procedure Centre. This will give us naming rights and the new centre will be called the Sandringham Community Bank Day Procedure Centre. The Centre should be completed in 2018.

This commitment together with total distributions to our community by way of sponsorships, donations, grants and dividends since establishment brings us close to \$2million worth of value being added to our community.

Beneficiaries of our grants, sponsorships and donations program for this year are shown in the community section of this report.

### **Our strategy**

The Board remains committed to a strategy of growing and retaining our business. With continued growth and maintaining a strong balance sheet we will be well placed to continue to support our community into the future. We now use our Grants and Sponsorships to partner with our community to develop new business and this is expected to show good results in the future.

### **Our people**

One of the major benefits of doing business with our Community Bank is the staff. Our long serving staff lead by Matthew Gallop, who recently completed 15 years' service at our Bank, are competent and friendly. Their knowledge of all banking products and willingness to assist our customers is a major point of difference from the other banks.

We have eight Directors who bring diverse and competent skills to the Board and I am grateful for the dedicated support they give to me and the branch. We continually review our Succession Planning and Committee structures and membership to ensure that we share the workload of Board promoting the Branch in the community.

We also acknowledge the support we received from our Regional Management team. Their support and guidance is much appreciated.

### **Our shareholders**

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

The return of capital and dividends received over the years represent a good return on the investment you made in the Bank and the community.

Graham M Ludecke  
Chairman