

Newsletter

February 2006

Chairman's report

I trust that all of our valued shareholders and customers had a safe and enjoyable Christmas and New Year and I realise that we are already drawing close to the end of the first quarter for 2006; and hasn't that come around quickly.

It is exciting times for 'Our Community Bank® branch' and Bendigo Bank's **Community Bank®** model in general with the opening of the 167th branch recently. The **Community Bank®** model has certainly come a long way in the past 5 years when you consider that we were the 44th **Community Bank®** branch to be opened.

We still continue to 'Fire on all cylinders' with great community attitude and support from our customers, shareholders and staff. You will read in the following Managers report from Gary, that we are now seriously involved with the Youth in our area, having committed financially for the next 5 years to the Rye & District **Community Bank®** Youth Center, which will be located at the old Netball club rooms at the Rowley Reserve on Melbourne Road. By the time this newsletter gets to you, the appointed Youth worker would have commenced and would be set up in the facility.

Our commitment to the student education is still strong with further contributions to local Primary & Secondary schools by way of financial support and 'in kind' donations. Amongst a host of other requests for support, your Board has approved the purchase and installation of 25 new T.V.'s

to go into the rooms of the Rosebud Rehabilitation Center & Gary continues in his role as our public image and attends many and varied club, public and business functions, spreading the word of how 'Our **Community Bank®**' has assisted and is continuing to assist across the Peninsula.

Just prior to Christmas, the Board held a public meeting at Dromana to speak with the Dromana Community about

'Our **Community Bank®** branch' expanding into their town. The meeting was well attended by current customers who reside in Dromana & surrounds and potential new customers, curious to hear just what we had been doing in the Dromana area. I believe that there were a few surprised faces when Gary ran through the list of clubs and groups we already support in the area and by the end of the meeting, the prospect of a **Community Bank®** branch in Dromana appeared to be well received.

Talks will continue with a small committee from Dromana until the next public meeting, but I'm sure that by the AGM this year (if not before) I'll be able to announce something more concrete. (By the way, if any of our customers or shareholders knows of a building in Dromana which is coming up for Rent or for sale, please give me a call or contact Gary at the branch.)

The Board of Directors is looking forward this year to another Grants night. We'll be

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**Board of Directors, Rye & District Community Financial Services Limited,
2349 Point Nepean Road, Rye, VIC 3941**

Peter Van Duren, Eileen Naylor, Pat Tonks, Shane McCarthy, Brian Earles,
Gus Glavici, Janet Hall, Barry Irving, Trevor Lloyd.

publicising for applicants toward March - April and with the assistance of the Bendigo Bank Foundation, we'll hold our grants presentation night once again in June, and guess what!!! We'll also be celebrating our fifth year in business and the fact that we have put back into our Community more than \$600,000 in that time. (I'm still amazed at this) but not surprised given the fantastic Community Spirit we have and the beautiful surroundings we live in.

My thanks to all of our great Bank staff who speak with you every time you go into the Branch, they always smile and love a chat and are willing to go that extra yard to assist where possible. I hope to see you all at the presentation night, keep your eye on the papers for the date or ask our Bank staff when you are in the branch toward the end of May.

Peter Van Duren
Chairman

Manager's report

The first half of the 2005/2006 financial year has raced by with continued growth in branch activity and balances.

The 2005 Annual Report and announcement of the Shareholders second dividend payment of 16 cents fully franked, was very satisfying. Again, at the Annual General Meeting, held on 26th October 2005, it was exciting to see several of my staff mixing with a large number of shareholders. The compliments and comments about the Branches performance and service were very pleasing.

In the first half of the 2006 financial year the branch has continued to open many new accounts and attract additional new customers. Our account numbers have grown by a further 430 taking the total to 6,786, which includes 997 lending facilities.

As at 30th December 2005 our combined balances totalled \$146.03 million, which included total deposits at \$72.53 million and total lending at \$67.62 million. Reported financial planning products under management were 5.88 million, assisting to make up the \$146.03 million. This reflects a \$8.34 million (7.26%) growth in combined balances for the first six months, against a budgeted increase of \$15.7 million for the full financial year.

New business continues to be attracted to our branch by the service level we provide and the marketing and promotions the Board has undertaken in the community.

Word has spread far and wide about our achievements and it is this sort of enthusiasm that is and will continue to keep my staff and I busy well into the future.

Marketing and Promotions

The Board has continued to support the growth of the Branch with its support of the local community with Sponsorship and Donations.

The presentation of our first Grants Scheme in June 2005 had tremendous effect, letting many people and groups in the community know what we are achieving. We have had increased inquiries from local groups about moving their banking in support of our **Community Bank®** branch.

Our increased support of the local schools with commitments to Tootgarook Primary School and new computers for Rye Primary School previously being promoted. We have since supported Sorrento Primary School with new computers and Eastbourne Primary School with their new Community building. This has increased the awareness of the benefits of the **Community Bank®** Concept, within the local schools.

The Boards decision to invest in local youth, entering into a Heads of Agreement with the YMCA to open and manage the Rye & District **Community Bank®** Youth Centre has enable me to promote the benefits of the **Community Bank®** Concept at every opportunity.

Manager's report *continued*

These initiatives should make all shareholders and existing customers feel very proud of what they are helping to achieve as well as encouraging new customers to our branch.

Staff

It was great to see Julie Toward, Elizabeth Marriott, Deborah Harper, Cheryl Rogers, Melissa Oorloff and Carol O'Connell mixing with Shareholders at our 2005 Annual General Meeting.

Since our last report we have had two new staff members commence full time employment, Elizabeth Marriott joined on 5th September 2005, Tim Ling on 29th August 2005. Elizabeth has considerable previous banking experience and has settled in very quickly. Tim Ling has no previous banking experience and completed his VCE at Rosebud Secondary College in 2004. He is embarking on a new banking career and has many challenges and opportunities ahead.

I am proud of my staff and hope that they and I will continue to meet all the needs of our customers for a very long time to come.

Summary

The Branch has continued with its growth at remarkable levels, which is testimony to the "**Community Bank®** Concept" and how our Board and branch has embraced this concept. It is also testimony to the support of the local community of our branch.

I look forward to the remainder of this financial year and further initiatives like our Youth Centre and second Grant Scheme release. I anticipate promotion of these events only increasing our level of new customers and our growth.

Gary Sanford
Manager

Board weekend review

Shortly after the completion of the 2005 financial year, at one of its Board meetings, the Directors were reflecting on the success of its first Grants Scheme and its approval of the second dividend payment to shareholders. It was agreed that time needed to be set aside to discuss what the Company had achieved to date, where it was at, and where it was heading. This time did not seem practical or available during existing Board meetings when so many other issues arise.

So the Board decided that a weekend be set aside to allow all Board members time to discuss and raise issues that might impact on the Branch's future. It was also agreed that it would be beneficial to have an impartial facilitator to chair and add direction to the meeting.

The meeting was convened for the weekend of the 22nd. & 23rd October at Moonah Links Resort. Mr. Peter Singline, Brand DNA was appointed as facilitator and an invitation to Max Papley, Bendigo Bank Board Mentor was accepted. Peter Singline canvassed Directors prior to the weekend about issues they would like raised. These included the branches ongoing growth, property purchase, market share, expansion, sub branch, branch etc.

At the weekend we broke into a number of team activities designed to make us think "outside the square" and ensure the Board as individuals shared a common goal for the future.

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Board members in discussion.

Board weekend review continued

The Board acknowledged since opening less than 5 years ago the Branch has achieved a sound and financially rewarding investment for its, shareholders, customers & staff. The Branch has met the requirements of its franchise agreement rewarding the shareholders with two fully franked dividends which in total represent 26% of their initial outlay. As well the community has benefited with sponsorships, marketing and direct grants.

To maintain its growth and community benefit the Board agreed expansion would greatly increase the catchment area for new business. The area chosen as most suitable is Dromana extending the catchment to McCrae, Red Hill, Safety Beach, Mt. Martha as well as Dromana. Consideration about the threat of a “similar type banking facility moving in and competing for business” made sound business sense to close that door. A Branch in Dromana would provide customers increased facilities as they will be able to conduct their banking at Rye, Dromana or Mornington.

There are still many issues to be finalised regarding plans to expand, including, location, branch size, funding and impact on existing shareholders, which will all be evaluated before a new branch is established.

Over the weekend two other significant discussions took place resulting in agreement to proceed with a Youth Centre in Rye and the employment of a part time Board Administrative Assistant.



The Youth Centre project is a Heads of Agreement with the YMCA over the next five years for the YMCA to open and operate the “Rye & District **Community Bank®** Youth Centre”. This will involve the employment of a full time youth worker based at the Netball rooms at the Rowley Reserve who will look after the Southern Peninsula area.

The Board Administrative Assistant is a new position, which is aimed at assisting with the growth of the administration requirements of the Company, which are currently falling back on the branch staff. This position will not only improve the operation of the Board but also increase the time available for the branch staff to continue with the growth of the branch

All Directors agreed that the weekend was a huge success allowing time to discuss and debate important issues that had not been previously devoted sufficient time at monthly Board meetings.

**For more information please call into
2349 Point Nepean Road, Rye
or phone (03) 5985 9755**

**We are open:
Monday - Friday 9.00am - 5.00pm
Saturday 9.00am - 12 noon**

Rye & District **Community Bank®** Branch  **Bendigo Bank**