

Newsletter

May 2008

Chairman's report



Since our last AGM in October, our **Community Bank®** branches in Rye and Dromana have gone from strength to strength. Our success can be attributed to the wonderful staff we have working in both branches and in all areas of the business. Their hard work has produced some outstanding results in unpredictable economic times. Because of these efforts, your Board has great pleasure announcing that the Dromana branch is quickly heading toward its break even target. Business continues to

flow through the door and we open new accounts, with word of mouth one of our most effective marketing tools - so keep talking it up out there!

Congratulations to Neil and the staff at the Dromana branch, they amassed \$50 million in banking business in January, and their current combined balance sits at around the \$58 million. Julie and the team at Rye are also opening new accounts everyday. The Rye branch has now surpassed the \$200 million mark, an enormous effort since the opening of the Dromana branch.

Well done to all of the staff in both of the branches - we still have the most successful **Community Bank®** branches in the Bendigo Bank **Community Bank®** stables and retain our crown as 'flagship of the fleet'.

CEO and Group Senior Manager, Gary Sanford, is still steering the ship from the front. We thank him for his guidance, advice and assistance to both branches and the Board. Gary works tirelessly with community groups, schools and businesses behind the scenes as well as working with individual customers and other organisations to keep our association with these groups in good stead.

Our success is now having practical outcomes for the community at large. During this time of growth, we still have been funding clubs, community groups, schools and charities. To date we have returned almost \$2.3 million back into the Peninsula community, an achievement we are extremely proud of. As a Board, we know that these results are due in part to you, our shareholders, who continue to tell people how your **Community Bank®** branch operates and we look forward to sharing more good news at our next AGM and in our next newsletter.

Chairman
Peter Van Duren

Branch Manager's report - Dromana



Firstly, I must thank all the people responsible for bringing about the making and establishing of the Dromana **Community Bank®** Branch. The Steering Committee led by Steve Edmund; Board of Directors led by Peter Van Duren; our Chief Executive Officer Gary Sanford; my staff, Michelle Owens (Customer Relations Officer), Denise Coumbe (Customer Relations Manager), Melissa Oorloff (Customer Service Supervisor), Val Jarman (Customer Service Officer), Lynda

Lowe (Customer Service Officer), Chris Broderick (Customer Service Officer); and the Dromana community.

It has now been ten months since the branch opened and what a journey it has been! Within the first seven months of opening, the branch reached its first milestone of \$50 million in combined balances - a fact I am very proud of. As I write this report our total balance is nearing \$60 million. This would not have come about without the dedication and hard work of our staff - I thank you all.

We have experienced many challenges along the way as we have been on a huge learning curve, constantly gaining product and lending knowledge. We have turned any problem into a challenge and we have all made a collective effort to continue to grow and learn. The staff and I are very proud of what this branch has achieved since opening and we look forward to continuing to grow and support our local community, now and into the future.

Neil McKinnon
Branch Manager, Dromana

Board of Directors, Rye & District Community Financial Services Ltd,
239 Point Nepean Road Rye, Vic 3936

Peter Van Duren (Chairman), Shane McCarthy (Deputy Chairman), Eileen Naylor (Secretary), Pat Tonks (Treasurer),
Gus Glavici, Jan Hall, Trevor Lloyd, Barry Irving, Andrew Emerson, Stephen Edmund.

Rye & District and Dromana Community Bank® branches



I am so proud of what we have achieved as a Company in business growth, shareholder returns and community support. One of my biggest personal satisfactions comes when I look back at how our staff have developed and grown. We really do have very strong teams at both the Rye and Dromana branches.

I'm celebrating my eighth year with our **Community Bank®** branches, with the anniversary of my joining date passing on 29 April. I am so proud of what we have achieved as a Company in business growth, shareholder returns and community support. One of my biggest personal satisfactions comes when I look back at how our staff have developed and grown. We really do have very strong teams at both the Rye and Dromana branches.

Julie Toward is now Branch Manager of the largest individual **Community Bank®** branch in Australia. Bronwyn Ralph is moving between our two branches as my Personal Assistant and helping our Board with administration issues. The development of Elizabeth Marriott and Christine Gray enables them to be called upon to take on higher levels of responsibility in the future. Tim Ling, almost straight out of school, is now in his third year and showing all the signs of developing into a career banker, taking on lending training as we go to print. Our newest staff members, Mary Rentsch and Patreece Topp are learning and enjoying their responsibilities at the Rye branch. We also welcome back Debbie Harper as a casual staff member.

Neil McKinnon has been faced with enormous challenges, mainly due to the amazing amount of business he has been able to attract to the Dromana branch in a very short period of time. As he comments the "huge" learning curve in lending, product knowledge and staff teller duties, has been made more of a challenge by the sheer volume of business processed in the first ten months.

All our new staff at Dromana branch, along with Melissa Oorloff (previously at our Rye branch), are to be congratulated on what has been achieved so far - they all should be very proud of their efforts and success. As Branch Managers, both Julie and Neil have faced different challenges, but are working hard to gain further knowledge of our systems and procedures.

Over the last seven years, my observations of what makes a **Community Bank®** branch successful are directly attributable to the quality of its Board and the Managers of its branches. In my case, I have been lucky to have quality Directors on our Board over the last seven years. They are all actively involved in the local community and the success of our Company. We are equally blessed to have two people managing our branches who work tirelessly to ensure the success of their branches.

With Rye branch recently reaching the \$200 million mark in combined balances and Dromana \$58 million, our Company has a total banking of \$258 million. This is a year to date growth of approximately \$64 million. I congratulate and thank everyone who has been involved in our success, particularly our local community.

Gary Sanford
Senior Manager

Branch Manager's report - Rye



When I started with our **Community Bank®** branch nearly seven years ago, I did not envisage becoming Branch Manager of one of the most successful **Community Bank®** branches in Australia. I originally applied for a part-time Customer Service Officer role and was employed as the Customer Service Supervisor of the Rye branch. In the past ten months of my new role I have seen our business grow even stronger, with over \$200 million in combined balances. This has

been made possible with much of our new business being attracted to our branch by word of mouth, due to the service we offer and the support we give back to our local community.

It's great to hear that our customers enjoy coming into our branch and appreciate the excellent service they receive from our friendly staff, together with the knowledge they are supporting their local community by banking with us.

I would also like to take this opportunity to thank Gary Sanford as he has been a great inspiration to myself and all our staff in the support he gives to us and the work he does promoting our **Community Bank®** branch.

Our success would not be possible without the ongoing support and commitment of our Board of Directors and I would like to personally thank them also. The staff and I are very proud to be a part of the Rye & District **Community Bank®** Branch and look forward to our branch continuing to grow and support our local community in the future.

Julie Toward
Branch Manager, Rye

Community News

Dromana Community Bank® Branch keeps scouts on the move

A grant of \$5,000 has enabled the 1st Dromana Sea Scout Group to purchase a purpose built trailer needed to transport their camping equipment. The multi purpose trailer is also fitted with a carry rack that allows the trailer to be used for transporting canoes and other boats.

More than 20 scouts, cub scouts, venturers and leaders recently attended a five day camping, fun and scouting activities camp at Gilwell Park, Gembrook. Scouts and leaders representing all parts of Victoria were involved, proving that scouting is very much alive and thriving and continues to provide leadership and good citizenship values for our youth.

Dromana **Community Bank**® Branch, Branch Manager, Neil McKinnon, is a former scout leader himself and said the community is proud to be involved.

“Supporting local youth groups and in particular the Dromana Sea Scout Group is only made possible by the wider community’s continued support of the **Community Bank**® model.”

“This support enables the **Community Bank**® branch to return by virtue of its grants and donations scheme, the funds to support and fund many of the groups in our community,” he said.



Historical gift

Branch Manager of the Dromana **Community Bank**® Branch, Neil McKinnon, was extremely pleased to accept a selection of framed historical photos depicting early Dromana circa 1920. The photos were presented to Neil by long time resident and President of the Dromana Historical Society, Sandy Christie,

accompanied by long serving committee member and life member, Elaine Hitchiner.

Mr McKinnon said the **Community Bank**® branch was thrilled by the donation.



“These photos will be displayed with an acknowledgement recognizing the Dromana Historical Society’s very generous donation and will create a great deal of interest from everyone who enters our branch.”

He also paid tribute to the work done in liaising with and coordinating the exchange with the society by Customer Service Officer, Valerie Jarman.

“I am very proud of the relationship with the customers that all the staff enjoys within the branch and also in the wider community,” Mr McKinnon said.

Rye & District and Dromana Community Bank® branches - What makes them work?

Jamie McPhee, former CEO of Bank of Adelaide and now Chief Executive Wholesale Bank for Bendigo and Adelaide Bank Limited, recently visited Rye & District **Community Bank®** Branch to investigate what makes it so successful.

Jamie was accompanied by David Hughes, Chief Financial Officer, Bendigo and Adelaide Bank Limited, Richard Fennell, Chief General Manager Group Strategy and Robert Musgrove, General Manager Community and Partners.

Having come from a Bank of Adelaide background, they were eager to find out what makes the **Community Bank®** model and in particular the Rye & District **Community Bank®** Branch so successful.

Peter Van Duren, Chairman, and Gary Sanford, Senior Manager of the Rye & District and Dromana **Community Bank®** branches, met the group at the Rye branch and showed them a CD presentation on what community banking means and what Rye has achieved since opening in 2001.

They presented the following information:

The Rye & District **Community Bank®** Branch is operated under a franchise agreement with Bendigo Bank, which allows income to be generated to a locally owned community Company, through banking products and services.

- All products and facilities are provided by Bendigo Bank Ltd
- Up to 20% of the companies profits are returned to shareholders
- Up to 80% of profits are returned to the local community
- The local Company, Rye & District Community Financial Services Ltd (R&DCFS Ltd) is owned by 556 local shareholders
- The Company is currently managed by a Board of 10 Directors
- Further new **Community Bank®** branches on the Mornington Peninsula are being considered at Balnarring, Hastings and Mt Eliza
- Funding from the Rye branch back to the local community over the last three years has been;
 - \$330,510 in 2005
 - \$428,223 in 2006
 - \$396,000 in 2007

Major projects so far have been;

- Portsea Camp - \$100,000 Commitment over 10 years
- Rye Youth Centre - \$425,000 over 5 years



L to R: Peter Van Duren, Chairman Rye Board, Jamie McPhee, Chief Executive Wholesale Bank, Bendigo and Adelaide Bank, Richard Fennell, Chief General Manager Group Strategy, David Hughes, Chief Financial Officer Bendigo and Adelaide Bank, Gary Sanford, Senior Manager Rye & Dromana **Community Bank®** branches, Robert Musgrove, General Manager Community and Partners Bendigo and Adelaide Bank.

- Community grants - \$508,000 to 123 local community groups
- Local schools - \$470,000 to 6 local primary schools, including \$300,000 to Tootgarook Primary School Community Hall project
- Sponsorship & donations - \$800,000 to approx 200 community groups

Total funding & commitment, approx \$2.3 million

All this has been from one **Community Bank®** branch since 2001. Since 30 June 2007, the local Company has operated a second franchise agreement with Bendigo Bank with the opening of Dromana **Community Bank®** Branch. Dromana **Community Bank®** Branch has received tremendous support from the local community and in less than eight months is already generating new funding into the local community.

The **Community Bank®** model allows the local community to generate its own wealth and provide much needed financial support to community groups. By just moving their banking to the Rye & District and Dromana **Community Bank®** branches, this helps generate additional income which in turn benefits the local community.

The group took a visit to the Rye Youth Centre, which is operated by the YMCA as a joint partnership. They also visited the Tootgarook Primary School Community Hall, a major project which is funded in part by \$300,000 from the Rye & District **Community Bank®** Branch.

The presentation and visit to some of the local projects left Jamie McPhee and his colleagues in no doubt of the potential of the **Community Bank®** model and they left suitably impressed.

Rye

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

We are open:

Monday to Friday 9.00am - 5.00pm
Saturday 9.00am - 12 noon

Dromana

For more information please call into
239 Point Nepean Road, Dromana
or phone **5981 0106**

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Rye & District and Dromana **Community Bank®** branches of Bendigo Bank