

Rye & District Community Financial Services Limited

## **CHAIRMAN'S ADDRESS**

### **2010 ANNUAL GENERAL MEETING**

As I look at the financial year just concluded, the word 'remarkable' keeps coming into my mind.

By any measurement standard, the performance of your company in the year ending 30 June 2010 has been nothing short of 'remarkable'.

It is an honour to stand before you and declare a record after-tax profit for your company of \$445,806.

Remarkable!

It is remarkable that this result can be declared after contributions of \$518,434 were put back into our local community through sponsorships, grants and donations.

If this amount was to be added back into our operational performance, it means that profit from our operations was just short of \$1,000,000 - \$964,240 to be precise. You would agree, a remarkable result for a small company such as ours.

Furthermore, it is remarkable to think that 101 local groups, associations, clubs and organisations have benefited from the funding provided by

your company. These are listed in the Annual Report and I encourage you to peruse the list at your leisure.

This is the strength of the Bendigo Bank Community Bank<sup>®</sup> model. That the profit of Community Bank<sup>®</sup> operations can be shared between shareholders in the way of dividends and the community, by the allocations of sponsorships, grants and donations.

It is reassuring to consider that the support we receive from our customers and shareholders allows us to provide over half a million dollars to the community.

How many other organisations can you think of that provide our communities of Dromana, Rosebud and Rye with financial support of this magnitude?

As shareholders, you are a major part of this achievement and you should be well satisfied with the contribution your company makes to this community.

Our remarkable performance for the year has enabled your directors to declare a fully-franked dividend of 6.5 cents per share – a 44% increase over last year's dividend. This dividend will be paid on the Friday coming, 26 November 2010 for all shareholders as at 31 October 2010.

For those shareholders who invested in the company at start up in 2001, allowing for the bonus share offer in 2007, this dividend is the equivalent of 26 cents per one dollar share – a remarkable return.

As I mentioned in the Annual Report, this dividend has returned our initial shareholders with a fully-franked return of \$1.04 for every share purchased in our original share offering.

Even those who took advantage of the share offering in 2007 have received fully-franked dividends amounting to 16 cents for every dollar invested.

With returns like these, it is not surprising that our company is regarded with admiration by the Bendigo Bank Community Bank<sup>®</sup> network around Australia.

Of course, remarkable results arise from the efforts of a range of people all working together to make them happen.

I would like to acknowledge the efforts of my fellow directors and their dedication to the Community Bank<sup>®</sup> model. Their conscientious application to the task of governing the affairs of the company has placed it in a very sound financial position. You can be assured, as investors, that your interests are at the forefront of board deliberations and, as can be seen from the strengthening balance sheet, shareholder value and worth are stronger than ever before.

We are indeed fortunate to have a very competent, customer-focussed team at both Dromana and Rye, under the direction of our Senior Manager, Gary Sanford.

I hereby record the gratitude of your board to Gary, Julie and Bronwyn and all of our staff for their ongoing contribution to this company. Rest

assured, if it were not for their efforts, our results would be much less remarkable.

To our colleagues and partners at Bendigo & Adelaide Bank Limited, we are grateful for their support and guidance. A strong franchise system needs positive input from both the franchisor and franchisee and we are indebted to Cora Clough and the entire management team at Bendigo Bank for their strong support of our business.

I would also like to record the gratitude of your board to our Board Administration Officer, Tony Harford who, by his administrative skills and attention to detail, enables the board to function in a cohesive and efficient manner.

Thank you, too, to you our shareholders who, by your faith in your board of directors, have allowed us to build a company of significant financial and social strength.

Thank you for your trust. Your board will perform to its utmost capabilities to ensure that your trust is never taken for granted and is guarded as one of our major responsibilities and assets.

At last year's Annual General Meeting, I indicated that your board was exploring other means by which we could grow the business and add value for our shareholders.

I mentioned that Community Bank<sup>®</sup> expansion in Mt Eliza and Mt Martha limited our geographic growth prospects and that we were actively considering Rosebud as a growth opportunity.

It gives me great pleasure to be able to report to you that your company has purchased a site on the Nepean Highway at Rosebud with a view to developing a state-of-the-art retail banking presence in the main shopping precinct.

The site is currently subject to a commercial lease and this lease still has almost two years to run. We intend to honour that lease.

Our planning process has commenced with a view to having a new retail premises open for business in the first half of 2013.

As owners of sites at Dromana and Rosebud, our balance sheet has been strengthened considerably and we are well positioned to maintain a strong position within the banking sector of our community and as a launching place for ongoing growth.

Business performance so far this financial year continues to be ahead of budget expectations and I am confident, that given prevailing market conditions, shareholders can expect another year of growth and strong performance in the year ending 30 June 2011.

Your board will continue to explore and consider other areas of growth and opportunity that will enable our company to prosper in the years to come.

Whilst we have been a very successful company since inception, in reality, we have barely scratched the surface of banking opportunities in our community.

In partnership with the Bendigo & Adelaide Bank Limited, we will endeavour to put ourselves in a position where we can always bear favourable comparison with the other major banking institutions in our area and we would ask for your help in spreading the Community Bank<sup>®</sup> message throughout your families and the local community.

We may not be able to outspend the big four banks in terms of marketing dollars, but our 'word-of-mouth' reputation, spread by our shareholders and customers, will allow us to continue to punch above our weight in the competitive world of banking.

Thank you for your trust and support.

We encourage you to stay on board for the exciting, rewarding and remarkable years ahead.

**Shane McCarthy**

Chairman

Rye & District Community Financial Services Limited.

24 November 2010