

Newsletter

February 2005

Chairman's report

Again time seems to have flown by since our AGM, Christmas and New Year. I hope you all enjoyed the festive season and saw the New Year in with family or friends.

Already this year...

Your Board of Directors has had its second meeting since last November. Our three new Directors, Jan Hall, Trevor Lloyd and Barry Irving have all been assigned with portfolios and are contributing to the Board. Board decisions are continuing to be made, decisions which will be of great benefit to our community.

At our AGM it was mentioned that we hoped to list on the Bendigo Stock Exchange (BSX) by the end of 2004. Unfortunately, our listing was delayed but I am happy to announce that only recently, Rye & District Community Financial Services was officially listed on BSX. You will now be able to follow share movements via the Internet, www.bsx.com.au, and through the various publications. Our Company Secretary, Eileen Naylor has included additional information regarding BSX a little further on in this newsletter.

We're just getting stronger...

Another fantastic milestone achieved by Our Bank in the early part of January. Banking business passed the \$120 million mark and is steadily heading towards the \$122 million mark. A great effort by our Manager Gary Sanford and his wonderful staff. I'm sure you'll agree that it is still a delight to walk into the branch and be greeted with smiling, friendly faces. Thanks team for your efforts.

Community and worldwide assistance...

We are all well aware of the tragedy which struck overseas on Boxing Day. Your Board has made a donation of \$10,000 to the World Vision Tsunami Appeal. This we know will be put to

good use in trying to restore the broken lives in countries such as Sri Lanka.

Closer to home, you are no doubt aware of the devastating bushfires in South Australia. Again, the Board decided to assist the Rotary Club of Rye with the launch of Operation C.O.B.R.A. (Community Outreach Bushfire Relief Appeal) with a donation of \$5,000. The appeal will run until 28 February at which time all funds raised will be sent directly to the areas in most need. If you wish, you can also make donations to: Operation COBRA C/- The Rotary Club of Rye, PO Box 158, Rye, VIC 3941.

Our future looks great....

As I mentioned earlier, we are continuing to grow stronger and this is in no small part due to YOU, our shareholders continuing to spread the word about 'our Community Bank® branch' and the good we are doing in the community. You'll read shortly about our Community Grants Scheme and some of the other projects, big and small we are planning to undertake in order to give greater benefits to our community. There's an old saying which goes: "Success breeds success". The more we talk 'our Community Bank® branch' to others and get them to believe in the Community Bank® concept, the larger we grow and the greater the benefit to our community.

In closing, I'd like to thank the Board of Directors for their confidence in appointing me as their Chairman again for this term and I look forward to working with them all, and Gary and his team throughout the coming year.

I wish you all the best for 2005,

Regards,

Peter Van Duren
Chairman

**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 Galvici, Barry Irving, Trevor Lloyd, Jan Hall.

Manager's report

The first half of the 2004/2005 financial year has been hectic with many exciting events occurring.

The completion of the 2004 Annual Report and announcement of the Shareholders first dividend payment has been very satisfying for all concerned. The Annual General Meeting held on 24 November 2004 was exciting with several of my staff mixing with a large number of shareholders. The general discussion and compliments about the branch's performance and service were very refreshing.

In the first half of the 2005 financial year the branch has been very busy looking after our growing number of customers while continuing to open new accounts. Our account numbers have grown by a further 307 taking the total to 5,838. I can still remember the first week we opened the branch back in June 2001, we opened 300 accounts in the first week!

As at 30 December 2004 our combined balances totalled \$118.81 million, which included total deposits at \$55.25 million and total lending at \$55.18 million. Financial Services products under management grew by \$1.20 million to \$8.38 million, assisting to make up the \$118.81 million. This reflects a \$5.78 million (5.11%) growth in combined balances for the first six months, against a budgeted increase of \$15.87 million for the full financial year.

Our growth in the first six months has been impacted by a couple of very large deposits and loans being withdrawn and repaid during this period. When I account for these facility movements our growth has continued to be very strong. One indication of our continued high volumes of new customers and additional lending is our projected income for the first six months is ahead of budget, even though our growth target has not been achieved.

New business continues to be attracted to our branch because of 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 ongoing sponsorship and donations to the local community. The advertising and promotion of these initiatives will only encourage more new customers to our Branch. The appointment of a specific Director as Media Liaison Officer (Barry Irving) to photograph and promote community grants, sponsorships, etc. will enhance awareness of substantial support to the community. There are a couple of examples in this particular newsletter, which you may have seen in local papers already.

Staff

It was great to see Julie Toward, Bronwyn Ralph and Carol O'Connell mixing with shareholders at our 2004 Annual General Meeting. The feedback they and I received was very positive and appreciated.

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 stabilised its position during the first six months and although slightly behind on growth targets, I will be eager to make up the shortfall by 30 June 2005. My personal aim is to reach the \$130 million mark by this time. You will have to wait until our 2005 Annual Report to find out how I have gone!

Gary Sanford
Manager

**Dominic Salvato, Financial Adviser*,
is available for appointments.**

For more information or to talk to us about making a no obligation appointment, please call into 2349 Point Nepean Road, Rye or phone 5985 9755.

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

* Financial advice is provided by Bendigo Investment Services Limited, 5th Floor, 410 Collins Street, Melbourne, VIC 3000. ABN 81 087 585 073.
AFSL 237898 a subsidiary of Bendigo Bank Limited, Fountain Court, Bendigo Vic 3550 ABN 11 068 049 178. AFSL 237879 (S7451) (28/02/05)

Secretary's report

Listing on the Bendigo Stock Exchange (BSX)

Your Board made a decision in August last year to proceed with listing on the Bendigo Stock Exchange (BSX).

We are delighted to announce that our application to list has finally been approved and that we were formally listed on the BSX on Friday 4 February, 2005, joining a growing list of Community Companies who are becoming listed.

Some key information concerning this important step for our Company is set out below:

Who is BSX?

- History going back to the gold rush days
- Re-established in 2001
- Licensed by the Australian government and regulated by Australian Securities and Investments Commission
- Catering specifically to small companies and property funds

Who is listed on BSX?

- Household small company names such as Capilano Honey and Brumby's Bakeries plus other emerging companies.
- Several Community Companies
- Property funds with assets valued at hundreds of millions of dollars

Why do companies list on BSX?

- Transparent market for share trading
- Higher corporate governance standards
- Easier access to equity and debt capital
- More flexible and cheaper than an ASX listing
- Greater investor confidence

Shareholder benefits of being listed:

- Transparent trading, independent of the Company

- Daily market valuation
- Greater liquidity
- The elite - the knowledge that your company is one of only 1800 listed companies in Australia, subjecting themselves to higher standards of disclosure and governance
- Greater investor confidence through open disclosure and higher profile

How do you trade on BSX?

To trade on BSX you need to use a BSX Broker. Those brokers have particular interests in emerging companies and rural and regional businesses. The current brokers and their contact details are listed below.

AAA Shares – (W.A.)
(08) 8382 4288

ABN AMRO Morgans – (QLD)
(07) 3334 4888

Strategem Financial Group – (VIC)
(03) 5445 4777

Whilst we do not anticipate a lot of trading activity, as shareholders you will be able to follow your investment either through the Financial Review, where it will be printed or online at www.bsx.com.au.

You can also still trade 'off market' should you choose not to use a broker. This is particularly appropriate for smaller parcels you may wish to sell or even transfer within your family for example. Your Company still retains a waiting list for people wishing to purchase shares and you can contact our Shareholder Liaison Officer, Eileen Naylor on 5985 2971 if you have any queries.

This is a major step forward in the professional operation of our Company and demonstrates the commitment of your Board to sound management practice.

Eileen Naylor
Secretary

Sponsorship and Marketing report

With the company going from strength to strength your Board is excited at the prospect of returning profits back into the community via sponsorship and marketing and community grants. Shareholders will have now received their first dividend, and whilst it is important for your bank to continue to trade profitably and return part of its profits to shareholders by way of dividends, the twin purposes of our company providing modern face to face banking and assisting the local community are also important.

Since our last newsletter your Board has agreed to sponsor the Southern Peninsula Rescue Squad for \$10,000 over three years, has donated \$10,000 to the Tsunami Appeal run by World Vision and provided \$5,000 for victims of bush fires this summer. We are continuing to support local sporting, social and cultural clubs. We recently provided funds to the Rye Historical Society to enable them to restore an item of significant historical importance. We provide on a monthly basis support to Sister Carmel and Southern Peninsula Cancer Support Group. We have provided \$5,000 to Anglicare Rosebud for their "Youth Out There" Program.

Over the next few weeks we will be launching our Community Grants Scheme. We have a

significant amount of money allocated for these grants, which has the purpose of not only promoting our Community Bank® branch, but also investing in our community. Watch out for advertisements in the local papers. All applications must be received by 3.00pm on 8 April 2005 and details will be available from the branch at the end of the month.

Sponsorship, marketing and the Community Grants Scheme is evidence of the community's return to the Community Bank® concept.

Shane McCarthy
Chairman - Sponsorship and Marketing Committee.



Chairman of the Board, Peter Van Duren together with Branch manager, Gary Sanford present a cheque for the Tsunami Appeal.



Manager Gary Sanford and S.P.R.S President Bob Stewart present a cheque in support of the rescue squad.



Board member Shane McCarthy and Gus Glavici

**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 - 12:00pm**

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