

# **WANTIRNA COMMUNITY FINANCIAL SERVICES LTD**

**Chairman's address at the Third Annual General Meeting held at 7pm on Tuesday the 11<sup>th</sup> November 2008.**

---

The next item of business on the notice paper is the presentation of the Annual Report for the year ending the 30<sup>th</sup> June 2008. I want to talk to you about the annual report, secondly what we have been doing during the year, and thirdly what we are going to do in the future. The Annual Report has been delivered to all of the shareholders. There will soon be a change in the delivery of the Annual Report, where we want to put in place arrangements to deliver the Annual Report by way of email. Each of you would have received an election notice with the notice of this meeting. The notice made arrangements for you to give the secretary your email address so that all future Annual Reports could then be sent to you by email. That has a whole lot of benefits to us and also the environment. If however you wish to receive future Annual Reports by post, then we can preserve the existing arrangements.

The Annual Report contains a written report from me, as well as another report from the Manager. The report shows that there is an accumulated loss for the year ending the 30<sup>th</sup> June 2008 of \$78,255.00. The loss for the last year was \$124,628.00. This Annual Report is the first Annual Report covering a first full year of operation of the company. Our doors opened on the 18<sup>th</sup> September 2006, which is 21 months ago.

The prospectus spelt out that we expected the bank branch to become profitable within 3 years of opening its doors. The bank branch recorded its first monthly profit in July 2008, that is the month immediately after the closing of the previous financial year. The profit was \$2,832.00 for the month. Please don't get too excited about the profit, because it only arose as a result of an accounting convention, where the month ought to have included three fortnightly salary payments, instead of two where two payments were as a result of annual leave payments. But nevertheless the trend is there. We expect that the profitability of the branch will continue upwards.

Banks compare bank branches by referring to the total business on the books. That is deposits plus loans. When the bank first opened 21 months ago, there was

approximately \$2 million worth of deposits already on the books, with a minor amount for loans. At the 30<sup>th</sup> June 2007 (that is at the start of this financial period), there was \$21,000,000.00 on the books. At the 30<sup>th</sup> June 2008 (the end of the financial period) there was \$30,749,000.00 worth of business. As with every business, the bank branch has its dips and rises. In some months, there is a huge increase in bank business and in other months bank business has fallen back. As an example, we had a record month in August 2008, which was then exceeded by an even better month in September 2008. The amount of bank business on the books at the end of September 2008 was \$36.6 million. That is the nature of business.

The bank business comprises about 40% of loans and deposits of about \$60%. All of that means a good start to the life of the community bank branch.

I want to reassure you that we have an excellent relationship with Bendigo Bank Limited. Wantirna Community Financial Services Ltd is a franchisee of Bendigo Bank Limited. To those of you who are not certain about what a franchise means, then you have probably heard the expression previously. A franchise means that a franchisor, in this case Bendigo Bank Limited, gives Wantirna Community Financial Services Ltd a licence to use all of its logos, skills and expertise and backroom operations to run a bank branch. It is the same as McDonalds and Forty Winks where the McDonald franchisor allows a franchisee to use their distinctive colour schemes and methods of operation.

Here all of the backroom electronic processing of deposits and final approval of loans is carried out by Bendigo Bank Limited. Bendigo Bank Limited bears the credit risk (that is guarantees deposits) and also bears the debt risk. That means that if a borrower cant pay loan payments, then Bendigo Bank bears that risk.

We have an excellent relationship with Allison Burr who is the regional manager for Bendigo Bank Limited. If we have a problem Allison is readily available. The Annual Report was produced by the State Support Unit of Bendigo Bank Limited. If we want posters prepared, invitations sent out then Bendigo Bank is there to assist.

A good healthy relationship with Bendigo Bank Limited is a vital ingredient of the success of this company and we have purposely gone about endeavouring to cement that relationship.

We have a good working culture at our directors meetings. We meet on the last Tuesday of every month in this hall. We have close to full attendance at all of our directors meetings. If a director is absent it is usually by illness or a director is absent interstate. We aim to have our meeting closed within 2 hours, so that we can remain focused on the tasks in hand. Our Treasurer in conjunction with the branch manager provides an excellent set of financial reports at each of our regular meetings. Issues are dealt with on a timely basis. Each of the directors are free to raise issues as they see fit.

Our branch Manager has proven adept at community engagement. As you will have seen during the heaving advertising campaign during the Olympic Games, the Bendigo Bank relies heavily upon community engagement. That is sponsorships and grants to local community groups. We have entered into sponsorship agreements with Wantirna South Football Club and Bayswater Park Cricket Club. And by the way the senior team at the Wantirna South Football Club won their division premiership this year and they will step up to Division A in their competition. Our charitable activity during the year has been focused on the plight of a young girl named Eliza Baird. We have raised upwards of \$5,500.00 towards assisting Eliza and her family on the supply of bandages and other support mechanisms. Our bank branch supports a sports and academic competition at Wantirna College. The competition is this coming Friday being the 14<sup>th</sup> November 2008. A perpetual shield has been created, and the perpetual shield has been financed by this bank branch.

This branch sponsors the Knox Little Athletics Club. We were represented at a mayoral ball at the City of Knox which was a reception for the 40<sup>th</sup> Anniversary of the Knox Little Athletics Club. We are also sponsoring the 40<sup>th</sup> Anniversary Family Fun Day on the 22<sup>nd</sup> November 2008 for the Knox Little Athletics Club.

Many of you will have seen the pylon sign in the Wantirna Mall which caught fire and burnt out about 3 years ago. It is currently an eyesore. The City of Knox does not have any jurisdiction over the pylon sign. The Traders Association has managed the sign. Unfortunately the sign was not insured. At the moment the Traders Association does not have funds to rebuild the sign. The board is presently working through a proposal where this company will take over ownership of the sign, and will rebuild the sign. Our proposal to the Traders Association will include a cash flow back to the Traders Association so that the Traders Association can be properly funded. This is a tangible benefit stemming directly from the establishment of the community bank branch here in the Wantirna Mall. It also brings with it the hope that more of the traders will support the bank by bringing their business to the bank branch.

We have purchased a gazebo and that is the gazebo that we made you all walk through to enter this meeting! We will use the gazebo for our own fundraising activities, and it is also available for other charitable and community groups. If you wish to use the gazebo for a charitable or a community based purpose, then please contact Steve. The gazebo is easy to erect. We will deliver the gazebo to the place where you want it and we will erect it. We will then return later in the day, and take it down, fold it away and return it to the bank branch. So if you know of a community group who would benefit from the use of the gazebo, then please contact Steve.

Most of this charitable and community based activity is funded from an ex gratia – no strings attached payment – of about \$1,300.00 which we receive each month from Bendigo Bank Ltd.

There has been huge publicity in the newspapers and the media about the global financial crisis. I have been endeavouring to monitor progress on the crisis, and to identify any early signs of whether the crisis has affected our bank branch. So far I have been unable to identify any adverse affects on our bank branch. The interest rates offered by Bendigo Bank Limited (over which we have no control) remains competitive, and continues to attract deposits to the bank. Loans are still being made to borrowers who qualify.

We have had two new members join our board. One is Frank Kruize and he is an architect. Frank was involved in the Bendigo Bank awareness campaign on establishing our bank branch.

John Katselas is a local real estate agent. His office is just a short walk from this hall. John has been a resident of Wantirna for upwards of 25 years. John brings marketing expertise to our bank branch.

The life blood of this bank branch is the business which is attracted to the branch. The board continues to be surprised at the statistics that only 15% of shareholders actually bring their banking business to the bank branch. The more business we have the more profits we can generate with resulting dividends. I urge all of you to reconsider your current banking arrangements.

My personal thanks goes to Steve and his staff, Karen, Lee, Debbie, and Mary-Lee and also to Bendigo Bank Limited for their support. I commend this report to you.