

**MINUTES OF ANNUAL GENERAL MEETING
DROUIN & DISTRICT COMMUNITY FINANCIAL SERVICES LTD
Held at Young Street, DROUIN 7.30 pm on November 18th 2010**

PRESENT:

Bruno Persico, Terry Williamson, Lyn Arnup, Chris Arnup, Rod Dunlop, Ken Roberts, Deborah Brown

GUEST:

Chris Harrison, (Branch Manager) Anthony Gillett (Regional Manager, BBL)
Shannon Egan (BBL, Financial Advisor) David Wouters (Robertson Wouters)

APOLOGIES:

Ziggy De Gisevius, Annette Tarrant (Julius Sommers Auditor)

OPENING:

The Chairman confirmed that a quorum was present and declared the meeting open for business

NOTICE OF MEETING

The Notice convening the annual general meeting was taken as read.

MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

The Chairman reported that the minutes of the previous Annual General Meeting of the members of the Drouin & District Community Financial Services Ltd held on the 10th November 2009, were approved by the board and signed by the Chairman in accordance with the provisions of section 251A of the Corporations Act and that should any member wish to inspect those minutes, a copy was made available for that purpose.

ANNUAL REPORT

The company's financial report for the year ended 30th June 2010 and the Directors report and Auditor's report were tabled and considered.
It was moved Len Peacock and seconded Hans Schultz that the financial report and auditor's report be received and accepted. Carried

CHAIRMAN'S REPORT

The Results of the financial year were very pleasing despite the year being one of uncertainty concerning financial matters globally.
Highlights included an increase in Gross Income for the year of \$155073 taking the gross amount to \$1,261,000 for the year. There was an increase in the operating profit of 12.1% with an operating profit of \$512,000 declared for the year
Expenses were held in check and the overall expenses were below the budgeted amount

This year Mr George Nicholson resigned from the board He was replaced with associate director Mrs Deborah Brown. On behalf of the board and shareholders we welcome Debbie and hope her time with us is fulfilling. Also on behalf of the board and shareholders we would like to thank George Nicholson for the time and effort he put into the board particularly in the marketing of the business and we wish him well in his future endeavours.

Our company secretary Mr Terry McRory also resigned due to ill health. Terry has been with us since commencement of the bank and we wish to thank him for his efforts over the journey. We wish him and his family well.

This year we have agreed to open an ATM in Longwarry to service our clients in that town and district. The ATM has been opened for 4 weeks and already we are seeing new accounts being opened. Our manager and staff are planning to use the Longwarry Hall for appointments to grow the banking business. Further we have purchased vacant land in Longwarry for future expansion if and when it becomes a profitable proposition to do so for our company.

We continue to assist community development with our sponsorships and grants. This year we reached the \$1,000,000 in grants and sponsorship and this was a remarkable achievement for our company

We continue to support Lyrebird Village for the Aged and have committed a further \$250,000 to them so they can receive grants to complete the project Drouin Recreation Reserve Development has been a major beneficiary this year. The board has committed \$225,000 over the next 4 years to a partnership that involves Baw Baw Shire, State Government and our company. The first instalment of \$75,000 has been paid this year. The existing partnership with the Baw Baw Shire for the Drouin Swimming Pool was finalised this year with the payment of the final amount of \$50,000

Moving forward the company has set the branch a realistic but challenging budget for the year ahead. This will ensure that all commitments will be able to be met, our giving program can continue and we will also produce a profit that will be in line with this year's result or better.

I would like to thank my fellow directors for their support during the past year. Also the branch staff led by our manager Chris Harrison who continue to support us with their professional approach to their duties and their dedication to the community banking concept.

I would also like to mention Chris Harrison for the extra work undertaken this year. With the resignation of our secretary Chris took on that role as acting secretary and has also taken over the Marketing role from George Nicholson with the assistance of the marketing committee.

Last I would like to acknowledge you the shareholders for your continued support Also Bendigo Bank as our business partners for their support.

Following the success of the year we are pleased to announce a dividend to shareholders of 14% or 0.14c per share fully franked.

BANK MANAGER'S REPORT

Good evening ladies and gentleman

The year in review has proven to be difficult but successful for the branch and our business goals.

The board set a challenging budget and we were hit with the continuance of the global financial crisis.

Through out this however the Australian financial market remained strong and we benefitted from that strength.

The clearest example of this was the upsurge in deposits flowing into the branch from various sources. The guarantee issued by the Federal Government extended to the Bendigo & Adelaide Bank Limited and this gave us a position of strength.

This position brought us new customers who enquired about rates and we were able to tell them the community bank story and this resulted in many new clients for the bank.

Deposits grew by 2.6 million which does not seem much but we had always struggled to meet the targets set in this category and this was a good improvement.

Our lending position remain strong and with the age of the branch now approaching 9 years we have many second time borrowers coming into our figures.

When you add this source of lending to the new clients still be attracted to the branch the lending side of our book continued its upward climb.

Overall the lending book grew by 4.1 million in the financial year.

A testament to the continued success of the community bank concept is the number of new accounts that we still are able to achieve. Our account numbers are now in excess of #7300 and we still manage to open around 80 new accounts each month.

Customer numbers also increased with a net increase of #116 for the year.

All of this adds up to a strong result for the business of the branch and a positive outlook for the future.

From a staffing prospective, we have remained stable during the year in review. We have had some need to increase the number of staff to assist with growth and Nicole Friar has been with us for most of the year. Nicole has been positioned inside the banking chamber and this is to enable her to spend time with the customers that would not be otherwise available at the Telling counter.

Nicole has undertaken some addition task study for us and is able to give advice on a limited range of financial service products that we otherwise would not be able to offer from the branch. Nicole is a strong and capable staff member who is a great fit for the team and we would encourage you to avail yourself of the service she offers.

The staff have gone about their business in the usual efficient and friendly way and they have certainly made my year easier by doing so. The growth we experience is no small part attributed to way the go about their business. I would like to thank them for

the efforts and for always putting the business first. We are very lucky to have them all with us.

I would also like to acknowledge the board of the Community Bank Company for the faith they have shown in me and the support that is always available when needed. Many tasks go on in the background and the board members complete these without pomp or ceremony and on many occasions without the need to ask. The running of the business is much smoother thanks to them

I would also like to mention and thank Bendigo & Adelaide Bank Limited, our business partner, and in particular, Anthony Gillett the Regional Manager. We have had a few issues this financial year and I am sure Anthony felt like not answering the phone or opening another of our letters on a few occasions but he has always made himself available for the board and the branch and is a strong advocate of the Community Bank concept and particularly the Drouin Community Bank. So Anthony and the Bendigo, thank you

In closing I would like to speak of the year ahead. The budget set is in keeping with the growth patterns of the business and we believe we are capable of achieving all the parameters set for the branch. There are opportunities and threats but with us all working together I am sure we will be here next year with bigger and better announcements.

BENDIGO BANK'S REPORT

Anthony Gillett spoke on behalf of the Bendigo Bank

He spoke of the original and continual community contributions being made and that to him this was the highlight of the Annual report results.

The money that was given without guarantee of return and the amount now returned to the community is outstanding and imagine what could be achieved if this was replicated over the entire country.

No other bank can stay that they do this and no one else can tell the community bank story as it really is.

Anthony also congratulated Bruno Persico and his fellow directors on the achievements this year and in the past. He stated that the initial meeting showed that the directors were committed to the community and that they have remained relative and connected through constant communication with the community members. He also spoke of the quality of the branch staff and the smooth service that they provide. He believes them to be one of the best in his area and a shining light on how a community bank should operate. He stated that he often tells others to go into the branch so that they can get a feel for what community banking is all about.

He spoke of the manager Chris Harrison and congratulated him on the branch efficiency and that it is a credit to his leadership. He stated that the Regional office need to spend little time on Drouin matters and this is reflective of how well the branch is run.

Anthony spoke to the shareholders and congratulated them as well. He mentioned that the initial investments was not in a bank but more in a community and that commitment is still strong. Customers numbers are encouraging and this shows this commitment and that the future should be equally as good for the company.

He spoke of the Bendigo & Adelaide Bank Limited. The net profit was 60% higher for the year and that the bank attracts 11000 new customers a month Australia wide. There are currently 259 community banks in Australia and 19 in Gippsland. The enquiry for new sites remains strong with the Australian communities and in Gippsland as well.

BUSINESS REQUIRING VOTING BY MEMBERS

Election of Directors

The resolution is in two parts

First the election of Mrs Deborah Brown, a director appointed by the board since the last Annual General Meeting retires in accordance with the company's constitution and being eligible offers herself for election

Second, as there were no other nominations it is resolved that Mr Terry Williamson and Mrs Lyn Arnup, directors who retire due to rotation and being eligible have offered themselves for re election be confirmed as elected

Moved Allison Diston
Second Alan Buzza
Carried

The next item of business was the re election of the chairman and Mr Persico invited Mr Terry Williamson to conduct that election

as there were no other nominations it was resolved that Mr Bruno Persico, a director who retired due to rotation and being eligible offer himself for re election be confirmed as elected

Moved Ada Wouters
Second Patricia Galley
Carried

Auditor

The next order of business was the appointment of the auditor Julius Sommers Pty Ltd for the coming year.

Moved Len Peacock
Second Leslie Galley
Carried

GENERAL BUSINESS – QUESTIONS

The chair invited questions from the floor

Question: Has there been in thought as to the replacement for resigned director Mr George Nicholson

Answer: We have replaced the vacancy with Mrs Deborah Brown whose election was confirmed tonight. We are still seeking skilled community members to serve on the board and are at present seeking a replacement for the company secretary.

Question: What is the role of the associate director as opposed to a full directorship?

Answer: The associate director is invited to meeting and is enabled to be involved in all discussions but is not eligible to vote. Mrs Brown fulfilled that role for 12 months and then moved to fill the vacancy left by Mr Nicolson's resignation. We had sought out a representative from Longwarry and the progress association had advanced Mrs Brown's name. She accepted the directorship when it was offered.

Question: What is being done about the security of the staff at the branch? The counter on which they work is exposed to the general public

Answer: The security of the staff has been address and at present we are listed for an upgrade to satisfy the Australian Bankers Association guidelines. This will include new camera and other security devices as well as a change to the counter for the staff who work from that area. The upgrade will also address access to the telling area. At this stage we are unsure when the upgrade will occur but we are definitely on the list of branches to be completed.

As there were no further questions the meeting was declared closed at 8.00pm

A handwritten signature in cursive script, appearing to read 'B. Peccari', is written in dark ink on the page.