

**DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD
ANNUAL GENERAL MEETING MINUTES**

Held at Baw Baw Shire Community Chambers, Young Street, Drouin

November 17th 2011, 7pm

The meeting began with the Chairman welcoming all in attendance.

PRESENT:

Bruno Persico, Terry Williamson, Lyn Arnup, Chris Arnup, Kim Rees, Ken Roberts, Rod Dunlop, Debbie Brown

GUESTS:

Chris Harrison (Branch Manager), Julieanne Palinkas (Admin Officer), Anthony Gillett (Bendigo Bank Representative), Annette Tarrant (Auditor – Julius Somers), Neil Robertson (Robertson Wouters)

Dan Weeks – CEO, West Gippsland Healthcare Group, Pam Dyson – Public Relations Officer, West Gippsland Healthcare Group

Drouin & District Community Bank® staff – Bruce Sorrell, Elaine Johnson, Helen Cobbledick, Jade Dance, Kim Kovacevic, Nicole Friar

APOLOGIES:

Bill Baker – CEO, Lyrebird Villages for the Aged Inc.

OPENING:

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

MINUTES OF PREVIOUS ANNUAL GENERAL MEETING:

The Chairman reported that the minutes of the previous Annual General Meeting of the members of Drouin & District Community Financial Services Ltd held on the 18th November 2010, 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.

CHAIRMAN'S REPORT:

The Chairman reported to those present that the results for the year had been above expectations and that this was especially pleasing given the difficult trading environment. The Chairman also indicated that these difficult conditions are unlikely to change.

Overall, an increase in gross income to \$1,467,943 was recorded which is an increase of \$206,913 or 13%. The Chairman reported that the Board were happy with the end result and

that they along with the Branch Manager had put into place measures to maintain expenses as close to budget forecasts as possible.

The Chairman highlighted that the support of the shareholders continues to be a stand out and that the Company continues to be able to support the community through grants and sponsorships, with over \$2,000,000 now being returned to the community within just seven years.

The Chairman then reported that the Board have set a realistic, yet challenging budget in order to help build the business and pay a good dividend. In addition, he announced that a dividend of 0.17 cents per share fully franked will be paid this year.

The Chairman was also pleased to report that the Longwarry ATM had now been operating for just over twelve months and was meeting all expectations. Investigations are now being held regarding providing ATM facilities in Poowong and Loch. The Poowong ATM is progressing well, but a suitable concrete floor is proving difficult to find in Loch.

Land has also been purchased in Longwarry with planning permits soon to be finalised.

The Chairman concluded his speech by thanking his fellow directors as well as the Branch Manager and his staff for their professional approach to their duties, and the shareholders and Drouin community for their support of the bank as well as the Bendigo Bank for the opportunity to have a Community Branch.

BRANCH MANAGER'S REPORT:

The Branch Manager began his report by highlighting that when the budget was reviewed, the Global Financial Crisis was a concern and that problems (including in banking) did arise as a result of this, although Australia weathered the storm better than many other countries. This GFC created a trend towards safe havens with solid increases in savings.

The Branch Manager highlighted that there was an influx of deposits which contributed to the result, with funds under management increasing \$18.3 million, for an overall total of \$164.4 million under management. This growth has allowed the Branch to form community partnerships which will help further grow the business. The Branch Manager told those present he will be holding a meeting with the West Gippsland Healthcare Group soon in the hope of forming another new partnership.

The Branch Manager reported that it was especially pleasing that the Branch now has over 4,500 individual customers, an overall increase of 93 for the year, given that the Bank is now nine years old. The Branch Manager informed those present that his staff are looking for new ways to create an environment that will allow customers to place all facets of the business with the Branch.

The Branch Manager indicated that goals for the coming year include delivering \$9.6 million of new funds under management, gaining another 100 new customers and increasing the number of products on average each customer holds. In addition, the Branch Manager highlighted the need to watch expenses, with the number of staff remaining the same, although with some changes to duties and hours. One example of these changes has already taken place with Nicole Friar taking part in conversational banking at the front of the Branch to meet the changes occurring in banking. He also indicated that the year ahead will not be much different with economic pressures in places such as Italy and the USA, as well as possibly having increased competition locally with possible additional players in Drouin.

The Branch Manager concluded his report by thanking the Chairman and the Board for their faith in him and his staff, as well as the Branch staff for their support and loyalty, with Elaine Johnson receiving a special mention for her ten years of service, which he noted was a great testament to the company.

BENDIGO BANK'S REPORT:

Bendigo Bank representative, Regional Manager, Anthony Gillett opened his report by congratulating the company on another great year. He noted that despite a challenging economic environment, there was an increase in revenue, profit, customers and business conducted with them, along with continuing significant community investment.

Mr Gillett thanked the Board for their strong leadership and dedication. He also noted that the increase in customers, which is a major strength of the bank, is a reflection of the professional and friendly staff.

Mr Gillett went on to inform those present that Bendigo Bank takes its partnership with its community branches seriously and does so by providing a range of services to ensure a strong, viable company. He highlighted that two ratings agencies have raised the bank's rating.

He concluded his report by thanking all those involved with producing such a great result.

BUSINESS REQUIRING VOTING BY MEMBERS:

Annual Report:

The Company's Financial Report for the year ended 30th June 2011 and the Director's Report and Auditor's Report were tabled and considered.

MOTION: That the Financial Report and Auditor's Report be received and accepted.

Moved: Allison Diston

Seconded: David Piggin

Carried

Election of Directors:

It was reported that there were no new director nominations.

MOTION: That as there were no other nominations, it is resolved that Mr Terrence Williamson, Mrs Lynette Arnup, Mr Rod Dunlop and Mrs Deborah Brown, directors who retire due to rotation and being eligible have offered themselves for re-election be confirmed as elected.

Moved: Hans Schulte

Seconded: Christine Williamson

Carried

GENERAL BUSINESS – QUESTIONS:

The Chair invited questions from the floor. None were forthcoming.

The Chairman took the opportunity to thank staff member Elaine Johnson and Board members, Lyn Arnup, Terry Williamson, Chris Arnup, Kim Rees and Ken Roberts, Branch Manager Chris Harrison and Accountant, Neil Robertson for their ten years of service. He also affirmed his belief that the community banking concept was a marvellous one and thanked Bendigo Bank for the opportunity.

He concluded the meeting by wishing those present a Merry Christmas and thanking caterer Helen Hateley for her efforts.



The meeting was declared closed 7:40pm