

**DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD
2012 ANNUAL GENERAL MEETING MINUTES**

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

November 15th 2012, 7:30pm

The meeting began with the Chairman welcoming all in attendance.

DIRECTORS PRESENT:

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

GUESTS:

Matt Middel (Associate Director), Nicole Friar (Acting Branch Manager), Julieanne Palinkas (Admin Officer), Louise Gavros (Bendigo Bank Representative), Neil Robertson (Robertson Wouters)

Helen Holt – Bendigo Bank Business Banking, Dan Weeks – CEO, West Gippsland Healthcare Group

Drouin & District **Community Bank®** staff – Bruce Sorrell, Helen Cobbledick, Tania Allchin, Kim Nelson, Jade Dance, Lauren Eastwell (the Chairman noted it was Lauren's first AGM)

APOLOGIES:

Chris Harrison (Branch Manager), .Anthony Gillett (Regional Manager, Bendigo Bank), Annette Tarrant (Auditor – Julius Somers)

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 17th November 2011, 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 available for that purpose.

CHAIRMAN'S REPORT:

The Chairman reported to those present that the results in the 11th Annual Report were excellent and above expectations. He noted that the results were especially pleasing given that globally, the trading environment had not improved.

Overall, gross income increased by \$92,834, taking total income to \$1,571 million. Expenses continue to be a challenge; however, the Chairman informed those present that the Board were happy with the due diligence being undertaken by the staff and sub committees to help keep these down.

The Chairman then announced that a dividend of 0.18 cents per share fully franked will be paid to those who hold shares at the close of business on 28th February 2013. This is a slight increase on the previous year.

Whilst informing shareholders about what occurred during the previous year, the Chairman reported that the Board had chosen to appoint an Associate Director. The purpose of the Associate Director's position is to allow prospective Directors the opportunity to see what would be expected of them. This role forms part of the Board's succession planning process. The Chair informed those present that Matt Middel has been in the position since March 2012.

The Chair also outlined to shareholders two (2) expansion projects that the Board had approved during the year.

The first project, the purchase and renovation of the old State Savings Bank house in Drouin has allowed the Board to have its own Boardroom and office facilities.

The second project, the purchase of vacant land in Kennedy Street Longwarry will allow the Company to have a place for an Agency/Sub Branch/Branch in the town. The Chair reported that it has taken twelve (12) months to get a planning permit from Baw Baw Shire Council. The Sub Committee responsible are now in the process of having plans drawn up.

The Chairman also reported that the Company's commitment to the community remains strong, with over \$2 million being returned to the community, including partnerships with the West Gippsland Healthcare Group and Lyrebird Village.

The Chairman concluded his report by highlighting the continuing growth of the Branch with over 5,000 customers and \$180 million under management. He thanked the Directors as well as Branch Manager Chris Harrison and his staff for their continued hard work. He gave special thanks to Nicole Friar and Bruce Sorrell for their hard work whilst Chris Harrison took long service leave.

BRANCH MANAGER'S REPORT:

As Branch Manager Chris Harrison is currently on long service leave, Acting Branch Manager, Nicole Friar delivered this report on his behalf.

She began her report by highlighting that although the past financial year had presented difficult conditions, the Branch had exceeded its budget and expectations with growth measured as being in excess of 165% of the set budget.

Nicole informed shareholders that during the last month of the financial year, the Branch reached \$180 million of funds under management and the Branch are now looking forward to reaching the next milestone of \$200 million. The growth the Branch has experienced has seen it become one of the top performing branches in the Gippsland Region. Nicole also advised shareholders that in order for continued growth, the Branch are striving to do more business with existing and new customers.

Nicole also told those present that while staff levels had remained the same during the year, staff changes had occurred with Elaine Johnson resigning after ten (10) years with the Branch, whilst Lauren Eastwell was welcomed to the Branch. Lauren has worked for Bendigo Bank for seven (7) years, serving at both the Warragul and Neerim South Branches.

Nicole concluded her report by thanking the staff for their hard work and dedication and the Board of Directors who work tirelessly on a volunteer basis.

BENDIGO BANK'S REPORT:

As Regional Manager Anthony Gillett was unable to attend, Retail Operations Manager, Louise Gavros presented Bendigo Bank's report.

Louise opened her presentation by passing on to those present Anthony's congratulations for the impressive result achieved.

She told shareholders that a week prior, she had attended the company's Community Grants presentation at Lyrebird Village and saw firsthand what could be achieved and acknowledged the company's achievement of now having returned over \$2 million to the community. Nationally, Louise informed shareholders that twenty (20) new branches had been opened in the past year with another thirty-two (32) potential new branches identified. Together, the 295 nationwide branches have returned over \$80 million to communities.

Louise also spoke about the fact that in December 2011, Bendigo Bank joined Australia's "A" rated banks, with all three (3) credit agencies giving Bendigo Bank this rating. This was an important achievement for the Bank as it allows the bank to access funds at greater levels and also allows more groups to business with the company.

Louise concluded her speech by informing shareholders that they are a part of something very special and congratulated the Board and Branch staff on their success.

BUSINESS REQUIRING VOTING BY MEMBERS:

Annual Report:

The Company's Financial Report for the year ended 30th June 2012 and the Director's Report and Auditor's Report were tabled and considered.

MOTION: That the Financial Report and Auditor's Report for the year ended 30th June 2012 be received and accepted.

Moved: Les Galley

Seconded: Hans Schulte

Carried

Election of Directors:

The Chair reported that there were no new director nominations. He then explained that it was a requirement that each year, a number of existing Directors must seek re-election and that this year he was one of those seeking re-election. As such, the Chair handed proceedings over to fellow Director Rod Dunlop.

MOTION: That as there were no other nominations, it is resolved that Mr Bruno Persico and Mr Kim Rees, directors who retire due to rotation and being eligible have offered themselves for re-election be confirmed as elected.

Moved: Allison Diston

Seconded: Les Galley

Carried (Unanimously)

PLEASE NOTE: ONCE THE ELECTION WAS CONDUCTED, ROD DUNLOP HANDED BACK PROCEEDINGS TO BRUNO PERSICO

GENERAL BUSINESS – QUESTIONS:

The Chair invited questions from the floor. Three questions were asked.

Question One – If the Company are receiving more requests for grants/sponsorship, how does the Board handle these?

The Chair explained that the Board has a Marketing & Sponsorship Committee which is charged with the responsibility of assessing all requests. The Committee have the ability to approve sponsorships of up to \$3,000. For any requests above this amount, it must go to the Board for approval.

The same shareholder then asked for clarification regarding whether anybody from outside the Board participated in this process. The Chair responded that no, not at this stage as the

system the Board has in place currently works quite well. He noted that many Community Bank® Boards handle requests differently.

Question Two– As the bank grows, will more shares be issued?

The Treasurer answered this question by informing those present that there are no further shares available unless someone chooses to sell. If they wish to attain more shares, they can go into the Branch and advise that they wish to purchase more and as shares become available, they can be considered. She told those present that each year on average, about a half a dozen transactions take place. Shareholders were also reminded that Community Bank® shares are capped at 10,000.

Question Three– Would Bendigo Bank look at an interest bearing at call account that some of their competitors have?

Nicole Friar answered this question by advising that she is aware that Bendigo Bank is looking at the possibility in recognition of the gap in products although there are some current products which are “nearly there”.

Louise Gavros also told those present that the bank is continually looking for customer feedback and if enough enquiries are received, it is given elevated attention.

The Chair asked if there were any further questions from the floor. None were forthcoming.

GENERAL BUSINESS – RESIGNATIONS:

Once all other business had been conducted, the Chair announced that it was a time in the history of the Company that the Board had not been looking forward to. He then proceeded to announce the resignation of Director and Company Treasurer, Lyn Arnup. Her resignation was to become effective from this AGM. He informed those present that Lyn had been with the Company since its very beginning twelve (12) years ago. He described Lyn as a great asset to the Company and told her that she had done a great job. The Chair then advised shareholders that they would hear about Lyn’s new role with the Company in due course.

The Chair then announced that another foundation member of the Board had also decided to retire and was moving on. Ken Roberts had also tendered his resignation, effective from the AGM. The Chair told Ken that he was sad to see him go and thanked him for all his hard work.

He then concluded the meeting by thanking caterer Helen Hateley for her catering efforts.

The meeting was declared closed 8:10pm

