

DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD
2015 ANNUAL GENERAL MEETING MINUTES
Held at Drouin Golf Club, McGlones Road, Drouin
November 19th 2015, 7:00pm

DIRECTORS PRESENT:

Bruno Persico (Chairman), Debbie Brown (Company Secretary), Terry Williamson, Chris Arnup, Kim Rees, Rod Dunlop, Matt Middel

GUESTS:

Lyn Arnup (Treasurer), Craig Black (Branch Manager), Julieanne Palinkas (Admin Officer), Louise Gavros (Bendigo & Adelaide Bank [BABL] Representative), Neil Robertson (Accountant - Robertson Wouters)

Drouin & District **Community Bank®** staff – Bruce Sorrell, Katy Slater, Trudy Rivett, Kim Nelson, Jade Dance

APOLOGIES:

The Chairman advised that there was one apology – shareholder Alan Broadbent

1 - OPENING:

The Chairman opened the meeting by welcoming all in attendance to the company's 14th AGM for the year ending June 30th 2015. He introduced those who were sitting on the table as well as taking the opportunity to welcome the branch team.

The Chairman then requested that if there were any questions that they be held until question time.

The Chairman confirmed that the Notice of Meeting was issued in accordance with the Company's Constitution and the Corporations Act (2001) and that a quorum was present. The meeting was declared open for business

2 - 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 20th November 2014, were approved and signed by the Chairman in accordance with the provisions of Section 251A of the Corporations Act (2001) and that should any member wish to inspect those minutes, a copy was available for that purpose.

3A - CHAIRMAN'S REPORT:

The Chairman announced that it had been another busy year for the company and that he was pleased to present the 14th Annual Report.

The Chairman commenced his speech by stating that everyone had been doing a good job and that the trading environment had improved slightly. He added that the company was very happy with the result for the year; with the company still well positioned. He confirmed that the budget set was met.

In terms of gross income, the Chairman reported that the figure was down; however operating profit had increased by more than \$140,000. He took the opportunity to note that during the previous year there had been a number of large expenses but the company felt the new systems were necessary for the safety of the staff.

The Chairman then advised that he was pleased to announce to shareholders that a dividend of 18 cents per share fully franked will be paid to those holding shares at the close of business on 28th February 2016.

In regards to the company's commitment to the community, the Chairman confirmed the board's commitment remained strong, stating that \$288,000 was returned to the community through investments and grants in the last financial year and that this commitment had continued into the current financial year with \$125,000 distributed at the annual grants presentation held a week prior to the AGM. The Chairman estimated that since the company's inception over \$4 million had been returned back to the community.

The Chairman concluded his report by thanking his fellow directors, board staff, Neil Robertson for making himself available, Branch Manager Craig Black and the branch team for their professional approach, Louise Gavros and all of the team at Regional Office as well as making a note to never forget the shareholders. He concluded his report by thanking the Lonnegan family who donated the block of land on which the branch is located and provided the initial finance for the building.

He then called on Branch Manager Craig Black to deliver his Branch Manager's Report.

3B - BRANCH MANAGER'S REPORT:

The Branch Manager opened his report by stating that despite substantial change being experienced; it had been another successful year with the key driver being in the deposits space. He noted that borrowing clients proved to be more of a challenge and that this trend was not unique to Drouin.

He announced that funds under management now exceeded \$209 million. He told those present that despite this growth, income generated had reduced and that this was in part due to changes in the mix of the product book. He also noted that the economic environment has been difficult however; there are still opportunities which have come to light.

The Branch Manager also highlighted that there had been some changes to staffing in the reporting period and that the Longwarry Agency has now been operating since 2014 with Karen McCormick taking over operations a couple of months ago.

He also took the opportunity to recognise his branch team as well as the Chairman and the board for their efforts and highlighted the changed approach to the way in which the company distributes funds has been a successful one.

The Branch Manager also briefly mentioned the financial services inquiry's final report, noting that the major banks will now need to hold more capital and it is hoped that this could assist smaller organisations such as BABL.

Looking ahead, he stated his belief that the strong population predictions should have some flow on effect and as such, he sees it as a real opportunity.

He concluded his report by encouraging those present to spread the word about community banking.

3C - BENDIGO BANK'S REPORT:

Bendigo and Adelaide Bank representative Retail Operations Manager for Gippsland Louise Gavros opened her report by stating that it is always a pleasure to attend Community Bank® AGMs, noting that the Community Bank® model has now been around for some time and her belief that it is as relevant now as it was when first introduced.

She noted that since the first Community Bank® branch was opened, some of the biggest changes experienced surround technologies and consumer behaviour and as such it is important that BABL are innovative. She noted customers are looking for value, convenience and personalised service with many customers actually not visiting a branch. She then highlighted a number of BABL's initiatives including:

- Now have a real time banking advice app
- A phone banking app has been launched
- E Statements

She also highlighted recognition that BABL has received for its efforts including:

- Recognition and a win in Vic I-Awards for services
- Has now been named the business bank of the year for the 4th year in a row
- BABL's super product received a three (3) star rating from Canstar

Louise concluded her report by noting 309 communities have partnered with BABL with over 100,000 shareholders and \$130 million returned to communities. She commended those present for supporting their local community and stated her belief there is no limit to what can be achieved under the Community Banking® model.

4 - BUSINESS REQUIRING VOTING BY MEMBERS:

Annual Report:

The Company's Financial Report for the year ended 30th June 2015 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 2015 be received and accepted.

Moved: Hans Schulte (Listed as Johann Schulte on shareholder's register)

Seconded: Allison Diston

Carried (Show of Hands)

Election of Directors:

Before commencing this item, the Chairman handed control of the proceedings to Vice Chairman Rod Dunlop.

Rod Dunlop explained that it was a requirement that each year, a number of existing directors must seek re-election. In accordance with the company's constitution, Bruno Persico and Kim Rees were seeking re-election.

MOTION: That Bruno Persico be re-elected as a Director of the company

Moved: David Piggitt

Seconded: Christine Williamson

Carried (Show of Hands)

MOTION: That Kim Rees be re-elected as a Director of the company

Moved: Cheryl Persico

Seconded: Christine Williamson

Carried (Show of Hands)

Bruno Persico then resumed control of proceedings and requested that shareholders approve the proposed change to the company's constitution,

MOTION: That the proposed change to the company's constitution be approved

Moved: Cheryl Persico

Seconded: Jenny Rees

Carried (Show of Hands)

GENERAL BUSINESS – QUESTIONS:

The Chair advised that no new business could be introduced however; he did invite questions from the floor.

Question 1

Shareholder Alan Buzza asked if the business was growing in line with population growth.

Branch Manager Craig Black answered this question, stating that there had been growth in customer numbers but it can be difficult to accurately quantify. He also stated that one of the big focal points for the branch has been the measurement of the number of products per customer. He advised that the branch team is always looking at how they can better assist existing customers and that this can help ensure they do not leave. Further to this, the Branch Manager noted that the current data for the branch indicates that approximately 50% of customers hold just one (1) product with the branch and as such believes that there are some great opportunities to ask questions and investigate how else the branch may be able to assist these clients, He added that the branch are also looking to capture Longwarry.

The Chairman further added that since the company introduced quarterly cheque presentations in order to distribute funds, the company have found that more people now better understand the model.

Question 2

Shareholder Christine Williamson asked if borrowing was tightening up and if there is enough money to loan out.

Customer Relationship Manager Bruce Sorrell answered this question by stating that it is preferable that clients have a 20% deposit as well as costs in order to be able to obtain a loan. He further added that BABL use two (2) different companies for insurance and that their requirements are always changing. Additionally, he advised that there is a code of practice and that the code requires lenders to ensure that people can afford to service any loan made.

Craig Black further added that there are also differing elements depending on whether it is housing or business lending. He also stated that any regulations irrespective of where they originate help protect shareholders and assist to stop risky lending practices.

Question 3

Shareholder Christine Williamson noted to those present that seniors can seem to have issues borrowing and that this is an issue that she had raised at previous AGMs. Craig Black responded that sometimes a bank cannot always be everything to everyone.

Christine then asked how this situation could be changed. BABL representative Louise Gavros advised that she has taken note of Christine's question and will discuss it with the relevant people. She noted that this issue had been raised at other community bank AGMs as well.

Christine then stated her view that many shareholders would be seniors and that they do not seem to be receiving a benefit from this which seems unfair.

Question 4

Director and shareholder Chris Arnup asked Louise Gavros if BABL were still going to look after older people who are computer illiterate and still wish to conduct their banking in a branch.


Louise responded that BABL looks at the whole customer base and aims to cater for all ages and as such those who still wish to go into a branch to conduct their transactions can do so.

The Chairman then called for any more questions. None were forthcoming.

The meeting was declared closed 7:25pm

After the meeting was formally closed, shareholder Hans (Johann) Schulte stood up and approached the table at which the directors were sitting to make a brief speech, in which he thanked Bruno Persico who he had known for many years. He noted Bruno had been with the company since it first opened.

Signed as a correct record


18/12/2015

(Chairman)

