

DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD
2019 ANNUAL GENERAL MEETING MINUTES
Held at Drouin Golf Club, McGlone Road, Drouin
November 20th 2019, 6:31pm

1A) DIRECTORS PRESENT:

Rod Dunlop (Chairman), Rob Celada (Company Secretary), Kim Rees, Matt Middel, Matthew Williamson, Brett McKellar, Martin Sayers, Sean Walsh

1B) GUESTS:

Helen Taylor (Treasurer), Rob Hutchinson (Branch Manager), Julieanne Palinkas (Admin Officer), Neil Robertson (Accountant - Robertson Wouters)

Drouin & District Community Bank branch staff – Katy Slater, Michele Sanford, Kim Nelson, Michelle Owen, Hilary Sullivan

1C) APOLOGIES:

The Chairman advised that apologies were received from:

- Shareholders Keith and Pam Pretty
- Shareholder David Piggin
- Director Vanessa Marsh
- Bendigo & Adelaide Bank (BABL)

2 – DECLARATION OF QUORUM AND FORMAL OPENING OF MEETING:

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

3 – CONFIRMATION OF NOTICE OF MEETING:

The Chairman confirmed that the Notice of Meeting was issued in accordance with the Company's Constitution and the Corporations Act to all shareholders

4 - MINUTES OF PREVIOUS ANNUAL GENERAL MEETING:

The Chairman reported that the minutes of the 2018 Annual General Meeting were approved and signed by the Chairman in accordance with the provisions of the Corporations Act and the procedures adopted by the board. Members were advised that copies of the minutes were available for review at the shareholder check in table and had also been posted to the company's website shortly after being approved by the board.

5 - BRANCH MANAGER'S REPORT:

The Branch Manager's Report noted:

- That there are a number of external factors which he included in his report within the Annual Report which have the potential to impact the company including:

- The outcomes of the Royal Commission into the Financial Services Sector
- Property prices
- The federal election
- Interest rates and internal margins
- He had attended a conference earlier in the week. BABL's Managing Director Marnie Baker was in attendance and had highlighted external forces on BABL, including:
 - Low interest rate environment and the issue of trying to retain depositors
 - Mortgage holders are paying loans off faster
 - A landscape of contracting margins and increased competition
- The focus is on things which can be controlled such as working harder on customer retention and deepening relationships with customers

Please note that at 6:39pm, June Lidstone advised that she could not hear proceedings. The Branch Manager moved position so that she could be heard and the Treasurer requested that Golf Club staff try to reduce background noise coming from other parts of the venue. The Branch Manager resumed at 6:41pm

- The Branch Manager noted that other measures being undertaken include trying to improve the figures in relation to the number of products per customer and continuing to look for new opportunities. Plans are in place to assist with the achievement of these goals
- The investment in the local community continues to grow and funds returned is now close to \$6 million. He posed the question who would've thought that a bank could have so much social impact?
- For the journey over the last seventeen (17) years, the shareholders, customers, Board and staff should all be congratulated
- He thanked the staff and the volunteer board
- He also thanked customers and the company's partner BABL
- He concluded by noting everyone should feel very proud with what has been achieved

6 - CHAIRMAN'S REPORT:

The Chairman's Report noted:

- He congratulated and acknowledged those that had started the branch eighteen (18) years ago for their vision
- The results achieved were within expectations
- The Branch Manager has been with the company for three (3) years and during that time has built strong relationships with partners and community leaders
- The commitment to Drouin and Longwarry remains strong and the company continues to work on building relationships in Warragul
- The company's quarterly cheque presentations continue to be well attended and they provide the chance to reinforce the difference of community banks with attendees leaving knowing that they are a part of something special

- He acknowledged that the company's shareholders are of key importance. He then declared to shareholders that a dividend of 25 cents per share fully franked will be paid to those holding shares at the close of business on 28th February 2020.
- The land located at Bank Place which was purchased by the company is being developed with construction to begin on a new corporate office and community meeting facility soon. Once built, the current corporate office will be sold. The Branch will remain where it is. He noted that plans for the new building were available for attendees to view after the meeting
- The company is also looking to strengthen its relationship with Baw Baw Shire Council
- He thanked the branch team for their sustained success, company staff and fellow directors who are working well together. He noted that the current board have a variety of skill sets and that he has really enjoyed the last twelve (12) months. He also thanked BABL
- He noted that directors Kim Rees and Matthew Williamson were retiring by rotation and both have renominated. He added that he too was retiring by rotation and was also renominating. He acknowledged a rumour some may have heard that he may be considering retirement. He noted these plans didn't include retirement from the board
- He concluded his report by thanking shareholders for their support

Bendigo & Adelaide Bank Report:

- The Chairman acknowledged that it is normally at this point in proceedings that a representative from Bendigo & Adelaide Bank would address shareholders, however due to a clash of AGM dates with Bunyip, they were an apology for the meeting. Regional Manager for South West Gippsland Gerry Marvin did contact the Chairman and noted that the branch is one of the most successful branches in Gippsland and that he would like to congratulate the board and shareholders
- The Chairman noted that Gerry is new to his role and is settling in well

7 - BUSINESS REQUIRING VOTING BY MEMBERS:

A) Adoption of Accounts:

The Chairman presented the Financial Report with the Auditor's report for 2018/19 and proposed that the Financial Report of the Company together with the Auditor's Report for the year ended 30th June 2019 be submitted to the meeting and be resolved that the Financial Report and Auditor's Report be received and accepted

MOTION: That the Financial Report and Auditor's Report for the year ended 30th June 2019 be received and accepted.

Moved: Johann (Hans) Schulte

Seconded: Neil Robertson

Carried unanimously on a show of hands

The Chairman sought if anyone had questions in relation to this matter. None were forthcoming

B) Election of Directors:

The Chairman advised that as required by the Constitution, Kim Rees, Matthew Williamson and himself had retired as directors by rotation and all offer themselves for re-election. He added that as he is Chairman and Kim Rees is Vice Chairman, the Board had chosen Rob Celada to act as Chairman for this section of the meeting.

Rob Celada confirmed that there were four (4) vacancies available and three (3) candidates. He then put to the meeting the motion that Rod Dunlop be re-elected as a director of the company

MOTION: That Rodney Bruce Dunlop be re-elected as a Director of the company

Moved: Neil Robertson

Seconded: Michael Royce

Carried on a show of hands

Rob Celada advised of a unanimous vote in favour of the resolution and declared Rod Dunlop elected.

Rob Celada then handed back the chairing of the meeting to Rod Dunlop

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

Moved: Rob Celada

Seconded: Margeau Buzza

Carried on show of hands

Rod advised he counted twenty-two (22) votes in favour of the resolution and none against, and declared Kim Rees elected

MOTION: That Matthew Marc Williamson be re-elected as a Director of the company

Moved: Kim Rees

Seconded: Johann (Hans) Schulte

Carried on show of hands

Rod advised he counted twenty-two (22) votes in favour of the resolution and none against, and declared Matthew Williamson elected

The Chairman took the opportunity to note:

- That Matthew Williamson specialises in risk management and brings those skills to the board

- As a result of the elections, the board comprises of nine (9) directors
- That the board will work hard for the interests of shareholders and Drouin

8) OPEN FLOOR FOR QUESTIONS:

The Chairman sought if anyone had any questions that they would like to ask the board.

Follow Up of Question from Shareholder Tim Wills Raised at 2018 AGM:

The Chairman noted that last year shareholder Tim Wills had a question in relation to if where are profits are returned reflects where funds are flowing from. It was acknowledged that Tim wasn't in attendance but confirmed to those present:

- In the last twelve (12) months, approximately \$223, 000 had been returned to Drouin
- Approximately \$57,000 had been returned to Warragul
- Approximately \$61,000 had been returned to other towns in the area and Baw Baw wide initiatives
- That recently a dialysis chair had been provided to the West Gippsland Hospital and that it raises the question would this be defined as Warragul or as whole of community. This question applies to many groups supported by the company

Question from Shareholder June Lidstone

June outlined that she is on a part pension and had been recently talking to Centrelink. She had valued her five thousand (5,000) shares at \$5,000 but was advised by Centrelink that they were valuing them at \$7,500 - \$8,000

Accountant Neil Robertson noted that they are valued in accordance with fair market value. Centrelink will look at the Annual Report and using figures listed in the report along with the number of shareholders in the company, they come to a fair market value for the shares. Re-evaluation occurs every twelve (12) months. Neil offered to speak to June after the meeting.

The Chairman noted that the company's shares are traded on the Low Volume Market (LVM) and that in recent times shares have been sold well above their original value.

Question from a Shareholder

Another shareholder asked if there was anything that could be done about the deeming rate. Accountant Neil Robertson advised that there is nothing which can be done about that. The Chairman suggested that Neil may be able to follow up this type of question individually.

Neil reminded those present that everyone needed to be mindful of interest rates and commented that it will be interesting to see what would happen if interest rates were to reach zero.

Director Martin Sayers noted that he had read an article a couple of weeks ago which had focussed on deeming and gave a brief overview of what he had read.

Question from a Shareholder & Company Accountant Neil Robertson

Neil asked the Branch Manager if at the recent conference he attended if there had been any mention of BABL not paying trails. The Branch Manager advised that there had been no discussions in relation to third party networks. Neil expressed concerns as brokers received nothing from BABL.

Question from a Shareholder & Company Accountant Neil Robertson

Neil noted that the government guarantee on bank deposits is \$250,000 per individual, per institution. As a result, it is likely some people may move money around to get the guarantee. The Branch Manager noted that community banks are one of the stronger traditional banks.

Neil then asked if the banks actively advise of the guarantee. The Chairman suggested that the question may need to be addressed after the meeting.

Question from a Shareholder & Company Accountant Neil Robertson

Neil asked if the branch receives a trail from Warragul given the question about returning funds to Warragul. The Branch Manager noted that some trails have been grandfathered and the most modern versions don't have trails.

The Branch Manager advised that in relation to who gets the business, it is dependent upon whoever owns the referral agreement that the business derived from.

The Chairman noted that he believed Tim Wills' question related more to the return of funds to Warragul and other areas reflecting what was raised in terms of funding from those communities.

There were no other questions

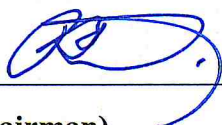
9) CLOSURE OF MEETING:

The Chairman thanked everyone for attending and noted that the company had received twenty-two (22) proxy forms prior to the meeting and the results in the forms reflected the voting which took place at the meeting.

He apologised for the lack of a working PA system.

The meeting was declared closed 7:08pm

Signed as a correct record



(Chairman)

26/11/2019