

Welcome to the 9th Annual General Meeting of East Gosford & Districts Financial Services Ltd

Distinguished guests, ladies & gentlemen

Extend a warm welcome to shareholders

Warren Sinnott, Company auditor from Richmond Sinnott & Delahunty

Scott Elwin, Company accountant

John Brent, Company solicitor sends his apologies

Representing Bendigo Bank: **Ray Chappell**, State Community Enterprise Manager

Michael Bell, Our Senior Manager, Company Secretary & relieving Regional Manager for the Central Coast & northern NSW whilst **Rob Chittick** is on extended leave.

Introduce Board: Barry McDonald (Deputy Chairman)

Brian Lindbeck (Treasurer)

Max Hiron

Col Moran

Garry Morris

Ken Howes

Our new Directors: Mary Collins & Don Glover

(Who need to be elected by Shareholders: item 5 on agenda)

Introduce our three Branch Managers: Julie Carrington, Terri Rutherford & Martin Creeseey.

Introduce Junior Observers: Danielle Ward & Blake Moffat.

Presentation by Junior Observers

Our Board continues to support the Bendigo Bank junior observer program. Our current junior observers are Danielle Ward from Narara Valley High School and Blake Moffat from Gosford High School.

Before we proceed with the AGM could I please ask that all mobile phones be turned off?

I would also like to instruct the meeting that only shareholders are entitled to vote. Thank you

AGENDA

CHAIRMAN'S REPORT

As stated in my report it has been an extremely difficult and challenging year.

The global financial crisis has been described as the most serious financial crisis since the 1930s and as the Chairman of Bendigo and Adelaide Bank recently stated, "It has fundamentally changed the nature of banking for at least a generation".

As I am sure you are aware the Australian economy has fared better than most other countries, however our business has not been immune from global forces.

Our trading result for the financial year, after provision for income tax was a net loss of \$135,311 (2008 profit \$31,411). Revenue decreased from \$1.591 million in 2008 to 1.501 million in 2009, which represents a decrease of 5.7%. This fall in revenue was directly due to a squeeze on margins due to the funding mix and the maturity of higher rated marginal term deposits, which had a negative effect on revenue growth.

As stated in my report the Board has recommended that no dividend be paid to shareholders for the financial year ended 30 June 2009.

Whilst we are disappointed with the financial result we need to focus on the positives. Our combined banking business has increased from \$128.4 million as at 30 June 2008 to \$151.9 million as at 30 June 2009. This represents an increase of \$23.5 million or 18.3% over the previous year. Our company has not seen this sort of increase in banking business since inception and I am confident that we have turned the corner.

I am also now happy to announce that our year to date growth in banking business since 1 July 2009 is \$9 million.

Our combined customer accounts now stand at 9,800.

You may have noticed on the back of your 2009 annual report a photo of a Malibu board. Our company & Bendigo Bank have

donated 6 Malibu boards, painted in Bendigo Bank colours, to Surf Lifesaving Clubs on the Central Coast.

It is important to note that no company funds were used for advertising or sponsorships during the past financial year. All **Community Bank®** branches are given a Market Development Fund income based on the balance of current business levels capped at \$50 million in business. This fund has been used to promote our branches through advertising and sponsorships.

At the State **Community Bank®** Conference in May it was announced that East Gosford and Districts Financial Services won the inaugural NSW/ACT Hall of Fame award for our services to the community. It was indeed an honor for our company to win this award.

Hall of Fame Introduction

East Gosford & Districts Financial Services.

Branches at East Gosford, Lisarow and Kincumber.

East Gosford Community Bank opened its doors in August 2000, after the community and steering committee passionately responded to the 'Big Bank exodus' of the late 1990s. Thus, the 4th community bank in NSW, and the only CB north of Sydney in the eastern states, revitalised the shopping strip in East Gosford. The profile and presence of East Gosford Community Bank was a key reason behind the construction of the \$3m pedestrian highway overpass in the community.

This true pioneer's philosophy has been based upon supporting local sporting groups, the youth and community organisations. Over the last 9 years there have been over 70 sponsor partnerships ranging from the Terrigal Surf Life Saving Club, to Gosford Sailing Club, to Vietnam Veterans, to Gosford City Brass Band, to local league and cricket clubs. Furthermore, the Junior Observer Program has been an important commitment to youth by the company.

Underlying these community outcomes has been the delivery of a unique and quality style of banking to over 7000 customers on the Central Coast of NSW. East Gosford & District Financial Services

has been able to make a big difference to the communities on the Central Coast.

Dividends to shareholders - \$263,000 fully franked

Sponsorships to community - \$219,000

Customer Accounts – 9,800

Footings – \$161m

Staff – 21 over the three branches

In closing I would like to thank our senior Manager and all staff for continuing to provide an exceptional level of banking service and to shareholders and the community for continuing to support our branches.

Special thanks must also go to all Directors for giving up their time on a voluntary basis to support the **Community Bank®** model.

Lastly we have included a questionnaire in order to gauge what you would like from us as a board. We are happy to hear from shareholders with ideas and thoughts regarding any future sponsorships. If you are interested in becoming an ambassador to help promote our branches please contact me, or one of the Directors.

Thank you.