

Newsletter

December 2006

Chairman's report

To all our valued shareholders and friends.

As Chairman of the Board of Directors of the Heathcote & District **Community Bank**[®] Branch, I am pleased to have this opportunity to wish everyone a very happy Christmas, a safe and healthy holiday season, and a prosperous New Year.

The past year has been one of continuing development in our business. It has been a time of growth during a challenging period in which the strength of support for the bank has been reflected in solid improvement throughout the year.

Your Board of Directors has worked hard throughout the past 12 months to maintain the momentum which began during 2005 when we opened for business.

As Chairman, I speak for the Board in paying tribute to our Manager, Sally McGaffin, and her staff for their outstanding commitment to the Company.

Their hard work and enthusiasm has paid off with a very pleasing response from our many customers.

We are indeed fortunate to have a Manager of Sally's standing and experience and her contribution to the Company's success to date cannot be under-estimated.

Christmas is a time for reflection, as well as celebration, and I would urge all shareholders to take a moment and reflect on the part they have played so far in the establishment of such an important institution in the Heathcote district. Our **Community Bank**[®] branch is on track to play a part in the town's future development.

But it won't happen without the continued support of our shareholders and customers who I am urging to become ambassadors for the Heathcote & District **Community Bank**[®] Branch at every opportunity.

Here's a suggestion for a New Year's resolution. Let's all talk to our friends and neighbours about the importance of community development and how being a **Community Bank**[®] branch customer can assist in making this resolution a reality.

Merry Christmas.

Barry Cail
Chairman

PS – Please drive carefully.

Manager's report

Welcome to our second Newsletter. The year has progressed rapidly and we are almost halfway through the business financial year, with the festive season fast approaching.

I am pleased to advise that as at the end of October, our total banking business had grown to almost \$29 million, made up of 1,795 various deposit accounts and loans. This is some \$3.1 million ahead of our budget for that period and growth of \$5.1 million for this financial year. Whilst this growth may well level out over the full year, I still expect our growth target to be exceeded, and as such, our move towards profitability accelerated.

Our **Community Bank**[®] branch is one of 186 such branches across Australia including Darwin, with the recent opening of a **Community Bank**[®] branch in Coolalinga. The overall **Community Bank**[®] network last year made contributions to communities topping \$10 million, with \$6 million in community sponsorships and grants, and more than \$4.6 million to shareholders as dividends.

I would hope that the vision of our **Community Bank**[®] branch would be to be in such a position as to assist the local community with various projects and to provide dividends to our shareholders. To enable this to happen of course, will require the support of all in the community and the shareholders. At present we have approximately 58% of our shareholders showing their support by conducting some, or all of their banking, with our branch.

As part of our business development process over the past months, we have provided sponsorship to the Heathcote Wine and Food Festival which was a successful weekend. We have also provided some sponsorship to the local Pony Club for instruction costs and will be contributing to the local Heathcote Walkers group purchase of a GPS device for safety purposes.

I trust that you all received a copy of the annual report and it was good to see some shareholders attend the recent annual meeting. I encourage you all to get involved in our **Community Bank**[®] branch.

Please feel free to contact me or the staff at the branch, if you wish to discuss any financial requirements or you may contact me or any of the Directors regarding the future of our business, or future projects that the **Community Bank**[®] board may look to be involved with in the future.

On behalf of the staff, I would like to wish you and your families a happy and safe Christmas and a prosperous New Year.

Sally McGaffin
Branch Manager

**Board of Directors, Heathcote & District Financial Services Limited,
PO Box 339, Heathcote, VIC 3523**

Barry Cail, Caroline James, Greg Williams, Keith Chambers, Jeremy Davis, Ian Cordiner,
Colin Stobaus, Joe Zurek, Patrick Connally, Danielle Gilmore.

Hayden McDonnell – Manager, Investment and Insurance Protection

Hayden has been with Bendigo Bank since 2000 and has been part of the Bank's insurance division in that time, being involved in a business development position since 2003. Hayden's role is to provide relevant insurance training, compliance & support to the Company branches and **Community Bank®** branches in the Bendigo region, ensuring that our branch staff are able to assist customers with their insurance protection needs, as well as investment options through the Bank's subsidiary Sandhurst Trustees.

Outside of working for the Bendigo, Hayden is soon to be married to long time partner Nikki Jones, and his interests include football, cricket, music and travel. Both he and Nikki plan to travel around the UK in the not too distant future.

For any queries on Bendigo Bank's great range of insurance protection products, or if you wish to enquire about any of Sandhurst Trustees' investment options, call in and speak to Sally and the team at Heathcote & District **Community Bank®** Branch.

Privacy

Depositors are protected by Bendigo Bank, which meets the prudential requirements of the Australian Prudential Regulation Authority (APRA). Bendigo Bank makes all credit decisions and protects individual client privacy.

When a staff member joins our **Community Bank®** branch, it is compulsory for them to sign a confidentiality agreement – this is a practice which is taken very seriously by all involved.

Directors of the local Company have no access to individual banking details. The Branch Manager will prepare a report for Directors, which is presented at every monthly board meeting. However, this report only includes aggregated figures in relation to lending and deposits and no individual banking figures or business.

The next time you see a Director of your local community Company, please keep in mind that they are running the Company, but not the banking side of the business and have absolutely no idea what your banking business with your **Community Bank®** branch is.

**For more information please call into
2/119 High Street, Heathcote
or phone 5433 3115**

Staff profile

Name: Wendy Peers

Position in branch: Customer Service Officer

Duties: Teller transactions, customer enquiries

Previous position: Customer Service Export Co-ordinator

What I like about the Heathcote & District Community Bank® Branch:

Delightful customers, friendly staff and working for a great organisation are a few of the components that go toward making this an enjoyable place to come to work. The positive feedback we continue to receive from the local community is very uplifting & rewarding.

On a more personal note:

Hobbies: Doing things with my kids

Sport: I'm learning to play tennis, and had golf lessons over summer but have not pursued this further yet.

Pets: A brown brindle Staffy and a brown tabby cat

Favourite book: Anything horror

Favourite music: 70s/80s especially Australian bands

Favourite Food: Lindt dark chocolate

Favourite TV show: The Bill

Two people I'd like to invite to dinner: Matt Lucas & David Walliams from Little Britain

Who I barrack for: (AFL) Western Bulldogs



**Merry
Christmas**

The Directors and staff of your **Community Bank®** branch wish you, your families and loved ones a very merry Christmas and a safe and prosperous 2007.

**We are open:
Monday to Friday 9.00am - 5.00pm
Saturday 9.00am - 12 noon**

Heathcote & District **Community Bank®** Branch  **Bendigo Bank**