

CHAIRMANS REPORT

Thank you for coming today and share in the telling of our Community bank story so far. It has been a big year! Any new business starting out has challenges to face and ours is no exception.

Applications for shares in the bank closed on the 29th October. We now have 146 shareholders with shareholdings totalling \$534,487.00.

Financial Update

You will all have received a copy of our Annual Report to the end of the financial year 30th June 2006.

Income for the September 2006 quarter was 11.8% better than budget, whilst the expenses for the same period were 8.1% over budget. The net loss for the quarter was 3.6% over budget.

The Company has budgeted for approximately \$9 million of new business by the end of next June 2007. By the end of our first full year of trading, we hope to be close to a breakeven position on a monthly basis.

If our loans and deposits can grow at a faster rate than budgeted, and our costs kept within budget we will break even sooner.

We have had a considerable number of staff changes in our first year. The time and cost of training new staff in the bank has presented a challenge in delivering good customer service, while coping with the necessary disruptions that these changes bring and growing the business.

Community Impact

The bank has approximately \$22 million dollars worth of business to date – well done Acacia Ridge! We need approximately another \$10 million to start making a profit. What does this mean to you?

When profitable, we can repay our set up costs and then start returning dividends to you as shareholders and benefits to our community.

Our budget for the next 12 months is about \$9 million – but we want to do more.

With your help we can achieve this. We all need to bank. By bringing your business over to Bendigo you are doing something for your community.

All over Australia communities like ours have reaped the rewards of Community Banking. I encourage any of you here today, to contact me about any worthwhile community project that will help unite Acacia Ridge in a common cause that the Bank can support.

At present we have a limited promotional budget to promote the business in our community. We are a corporate sponsor of our local Chamber of Commerce and we have sponsored the printing of school newsletters at Acacia Ridge State School.

Bendigo Bank Limited have another Community initiative which I hope to tell you about in the New Year : COMMUNITY TELCO. Residents can combine their Telco spending to generate profits for Community Projects.

As I stated in the annual report, it has been wonderful to see the impact that our bank has had on the Acacia Ridge community in this past year : it has restored prosperity to the shopping centre and the immediate community. We have new Brisbane City Council landscaping to the Elizabeth Street precinct, Minimovers Head Office, a new IGA food store and revamped Post Office and Newsagency and other store upgrades. The shop keepers have experienced good business growth.

THE FUTURE

Currently about 60% of shareholders have an account with the branch. We need more! If you are thinking of transferring or renegotiating a loan, come and see Bernie or the girls about this or any other banking or insurance need you may have.

In conclusion, the challenge for 2007 is to encourage you all to bring more of your banking over to your Community Bank and spread the word to your family and friends to do the same!

We have some exciting new products eg a new Bendigo Bank 9.95% Visa card.. By banking with your Bank we keep the profits here in Acacia Ridge - not in the pockets of other bank Companies.

Lets work together to make your Community Bank an Acacia Ridge success story!

Vicki Maguire
Chairman