

HEIDELBERG DISTRICT COMMUNITY ENTERPRISE LIMITED

Annual General Meeting 6.30pm, 10 November 2009

Chairman's Address

It is with pleasure that I present this ninth annual report of Heidelberg District Community Enterprise Ltd to shareholders.

The 12 months from July 2008 to June 2009 has had many highlights.

In the transition from a one branch to a two-branch Company, a change of name was needed to better reflect the expanded area to be serviced. The change from East Ivanhoe Community Corporation Ltd. to Heidelberg

District Community Enterprise Ltd. was approved at an extraordinary shareholders meeting in May 2009. In addition in preparation of issuing a prospectus and taking on new shareholders the Company underwent a revaluation. Under guidance from Richmond, Synnott and Delahunty the Board approved a bonus issue of 1.3 shares for each share held. This increased our total shares from 477,560 to 1,098,386.

Our vision

Our vision is to be a key element in the success of our community's development, sustainability and

prosperity. We will provide a level of service and community involvement that has people feeling left out if they are not banking with either Heidelberg Community Bank® Branch or East Ivanhoe Community Bank® Branch.

Our mission

Our mission is:

- To grow a sound and profitable banking facility for the Heidelberg, East Ivanhoe and surrounding communities
- To provide value for our shareholders, staff, customers and the community and
- To support community programs and groups in providing key benefits to their communities.

Current position

I proudly announce to you the 2008/09 year profit as \$168,791 before income tax.

This is a reduction on

last year's profit before tax of \$281,238. The reduction is a result of reduction in margins due to the

Global Financial Crisis and an "impairment loss" of \$ 99,600 where the Board chose to revalue its property asset in light of current economic conditions.

This profit is reached after deducting our annual allocation toward community grants and sponsorships which this year totalled \$194,722.

During the last 12 months the number of accounts operated at the branch has grown and the value of our banking book has increased from \$114,500,000 to \$150,000,000.

At 30 June, Heidelberg District Community Enterprise Ltd had healthy retained earnings of \$374,440.

We believe the Company is sound, is governed well, that Bendigo and Adelaide Bank Ltd provide a great product and we as a business provide exemplary service.

Management and staff

Our highly experienced team are critical players in the successful results that we are enjoying. They are our windows to the community providing excellent service to our valuable customer base.

Our team is led by Noel Donnelly who has served with the Company since we began in 2001, Customer Service Supervisor –

Julie Bullen, Customer Relations Officer – Jo-Ann Downey, Customer Service

Officers – Debbie, Sylvia, Amy, Kerry, Nita, Carole and Emilia.

The Board acknowledge and appreciate the energy and enthusiasm that the staff have for the Community Bank® concept, and the strong commitment to our Company's vision and values.

Business initiatives and development

This year we have continued to focus on spreading the story of our community contributions, creating greater awareness among the community and through this improving our business. In the last financial year the Board resolved to look at the opportunity of expanding with a second branch into the Burgundy Street area of Heidelberg.

The Heidelberg Steering Committee was formed in September 2008. This hardworking committee chaired by Brett Purchase has achieved outstanding results in an incredibly short period of time. The steering committee members were Brian

Simpson, Jennifer Christiansen, Russell Hutchins, David Tregear, Jason Dwyer, David Mayne, Darren Pearce, Lyn Scott, Deb Parry, Paul Gittings and Andy Harris.

Community contributions

During this 12 month period East Ivanhoe Community Bank® Branch has supported the community with a

figure of \$194,722. The breakdown of this figure has been:-

- \$46,580 toward sponsorships and donations
- \$148,142 towards grants to different local not-for-profit organisations.

See the table at the end of this report for a detailed list of recipients.

A memorable evening was held in September 2008 when we allocated our Annual Grants to the recipients.

Each group described their key focus and how their East Ivanhoe Community Bank® Branch grant was to be used.

Through our sponsorship and grants program we are building a healthier business as the return on this

investment into our community is realised. It is our aim is to maximise this return on our community investment.

Shareholders

Thank you for your support. You are ambassadors of our Community Bank® branches and of the tangible

benefits it brings to our community. We want you to help us spread the word and to encourage others to support the bank that supports your community.

Proudly, in this our ninth year of operation, the Board of Directors has announced a dividend of 2¢ per share fully franked for 2009. This is our sixth successive dividend allocation. Since 30 June 2009 our shares has increased from 477,560 to 2,398,386 with an increase of shareholders from 230 to 442 shareholders.

See the table at the end of this report for a look at our past dividend allocation. We remind you that trading of our shares is on the open market at the Bendigo Stock Exchange.

The Board of Directors join me in encouraging those shareholders who are not yet banking with the East

Ivanhoe or Heidelberg Community Bank® branches of Bendigo Bank that you consider doing so. For those who are enjoying the Community Bank® experience we encourage you to share this with family and friends.

Board of Directors

This past year has seen numerous changes to Board personnel. We have warmly welcomed four new members who have transitioned from the Heidelberg steering committee to Board positions. Jennifer Christiansen, Russell Hutchins, David Mayne, Brian Simpson. This takes the number of Directors on the Board to 12.

All Board members share positions on the following Board Committees; Human Resource, Audit & Governance, Marketing and Sponsorship, Grants, and Business Development. This year Directors have attended various professional development seminars and workshops held throughout the year including New Branch conference, State and National Community Bank® Conferences and New Director Seminars.

In the role as Chairman, I am grateful for the support of Deputy Chairman, Graham Norman and Company Secretary, John Nelson, along with all Board members. Our Board members contribute generously of their time. Together we embrace the Community Bank® philosophy and work cooperatively toward achieving our goals. We continue to act on a voluntary base in the capacity of Directors on the Heidelberg District Community Enterprise Board, although the time involved and commitment given is most significant.

I look forward to our Annual General Meeting with shareholders on Tuesday 10 November 2009.

Nancy Louise Caple
Chairman