

---

## Chairman's Report

Year ending 30<sup>th</sup> June 2010

It is with pleasure that I present this tenth Annual Report of Heidelberg District Community Enterprise Ltd to shareholders.

The 12 months July 2009 to June 2010 has been extremely positive. We have weathered the impact of the GFC and the challenging business environment that presented throughout the year.

The opening of the company's 2<sup>nd</sup> branch, the Heidelberg **Community Bank**®, on September 16<sup>th</sup> 2009 was indeed the greatest achievement of this past 12 months. This was the culmination of 12 months of endeavour and commitment by the Steering committee to the campaign that was well supported by the community. The raising of the capital was rapid, reaching full subscription in just 8 weeks.

### 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**® or East Ivanhoe **Community Bank**®.

### 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 announce to you that for the 2009/10 year the company made a loss of \$41,678 before income tax credit. This is a reduction on last year's profit before tax of \$168,791

This year's result has been impacted on by the opening of our second branch in September 2009; not only were there significant one-off costs, but a new branch takes time to establish and grow its revenue. East Ivanhoe branch continues to perform in line with expectations.

This result is reached after deducting our annual allocation toward Community Grants and sponsorships which this year totalled \$210,000.

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 \$150,000,000 to \$ 182,000,000.

At the 30<sup>th</sup> June, the Heidelberg District Community Enterprise Ltd had healthy retained earnings of \$309,107

We believe the company is sound, is governed well, that Bendigo 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. This year has seen a near doubling of our staff team to accommodate the expansion to a 2-branch company.

Senior Manager Noel Donnelly who has served with the company since we began in 2001 leads our team.

Noel is supported by Sam Pearce, Manager at Heidelberg, and Greg Arnott, Manager at East Ivanhoe.

Customer Relations Officers – Julie Bullen, Jo-Ann Downey and Susan Scroop,

Customer Service Officers – Debbie, Sylvia, Amy, Kerry, Nita, Carole, Mandy, Kane and Adam.

The Board acknowledge and appreciate the energy and enthusiasm that the staff have for Community Banking, 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 community banking, creating greater awareness among the community and through this improving our business. The Directors and Management team are focusing directly on connecting and maintaining contact with all the Community entities that have benefited from our grants and sponsorship. We aim to develop with these recipients, a key understanding of the importance of supporting the bank that in turn supports them in their endeavours.

Our annual business breakfast for key community business members held at the Old England Hotel was indeed a successful and well-supported event. David Robinson, Head of Financial Markets for Bendigo & Adelaide Bank Ltd was a great keynote speaker who informed those in attendance the global and local perspective of the economic climate.

## Community Contributions

During this 12 month period the East Ivanhoe and Heidelberg **Community Bank**<sup>®</sup> branches of Bendigo Bank have supported the community with a figure of \$210,000. The breakdown of this figure has been: -

- \$97,000 toward sponsorships and donations
- \$113,000 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 2009 when we allocated our Annual Grants to the recipients. Each group described their key focus and how their East Ivanhoe **Community Bank**<sup>®</sup> 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 community banking and of the tangible benefits it brings to our community. We want you to help us spread the word and to encourage others to;

Proudly, in this our tenth year of operation, the Board of Directors has announced a dividend of 3¢ per share fully franked for 2010. This is our seventh successive dividend allocation. Since June 30 2009 our shares on issue have increased from 477,560 to 2,398,386 with an increase of shareholders from 230 to 442.

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 banking 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 welcomed Brett Purchase who chaired the successful Heidelberg steering committee and has held an Associate Director position leading up to his board appointment. Brett filled the vacancy created when we farewelled Cameron Bragg who relocated to northern NSW. Cameron was a vital and energetic member of our Board and we appreciated his input to the success we have experienced to date. We were sorry to farewell Katy Richmond in August 2010 who is planning to spend more of her time travelling. These changes leave us with a Board off 11.

All board members share positions on the following 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, the State and the National Community Bank Conferences. We have as a team of Staff and Directors all participated in a “Good For Business Good for Community” workshop. Our company has presented sessions at both the National and State conferences and is seen as a mature, well functioning company that is able to assist and mentor younger, less established companies in their journey to achieve their goals.

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 and of their expertise. At the 2009 AGM a motion was passed to remunerate the Directors a nominal amount. A Director Remuneration Policy was created to ensure various criteria are met before a Director receives payment.

Directors on the Heidelberg District Community Enterprise Ltd board together embrace the philosophy of community banking and work cooperatively toward achieving our goals.