

MANAGER'S REPORT

Since July 2006 we have sustained a consistent upward trend to see us grow by 114% bringing us to over \$20 million in funds under management by June 30 with a total of 1414 accounts. Deposit funds of \$11,618,652 and \$7,606,805 in lending funds gave us a split of 57% to 37% with the remainder being our off balance sheet book. This was made up of other Bendigo Bank partners such as Leasing, Elders Rural Bank and Sandhurst products. The continuance of our current trend will see us in the black in 2008.

In August 2006 we developed a 5 year business plan and strategy with the view to increasing our exposure in the Community. This involved my visiting businesses, and together with the Board and Marketing committee implementing unique ways to make us a sustainable business.

Over the last 12 months we have had a change in our staffing arrangements with Dianne Vasiliou leaving us to return to the Real Estate industry, giving us the opportunity to make the position full time. Annette Mosca came to us with extensive experience from the Commonwealth Bank, is a resident for over 40 years of Goodwood and heavily involved in the community.

Some of the highlights of the last 12 months have been realising our commitment to an ATM in Highgate with a view to providing further ongoing services in the near future to the Highgate Community.

We have given over \$3000 in sponsorship to various local groups and implemented school banking beginning with Goodwood Primary school with a view to being able to expand into other schools in the future.

We have had involvement in an extensive training course of 26 weeks supplied by Bendigo Bank called BEing the Bendigo. This program has assisted our team in identifying the needs of our clients to help them realise a secure financial position. The benefits of this program have been evident in our increase in products and our trailer commission has had a consistent increase. This is due to a focus being put on all our other products, such as Insurance, Credit Cards, Community Sector Banking products, over and above our Deposit rates and Lending.

As a team we have been keen to be a part of our local Community activities and this last year has seen us participate in the Unley Way to Go Fair, The Goody Trail, and Christmas Market etc. I have also become a member of the Goodwood Traders Association and have had the pleasure of addressing a number of organisations in this area. Through our Marketing Committee I look forward to us being involved in a number of local activities again this year.

It has been a busy year with a number of highs. We need the ongoing support of our local community and I encourage you to come in and have a chat with us and give us the opportunity to see what we can do for you and your finances.

Chairman's report

2006-7 was the first full year of trading since the launch of the branch in August 2005 and has been a period marked by significant growth.

In July 2006 Annette Seeliger took up management of the branch after completing her training and induction with BBL. Since then she has led a committed and enthusiastic staff team to reach \$20m in funds under management by the end of the financial year. We expect the continued growth of the Branch's business will enable our Community Bank Company to achieve solvency in 2008.

The Board and its various Committees have functioned well during the year. The monthly Marketing, Sponsorship & Business Development Committee has developed renewed energy and direction, the Governance & HR Committee continues to deal effectively with matters as they arise, and Budget & Finance plays an important role at key times of the financial year.

There have been some changes in board membership during the year.

As you will recall the Board lost four of its directors at the last AGM: Leo Amato, Bob Barnden, Jenny Panagaris and Kath Truran. Subsequently, Richard Thorne resigned from the board due to competing pressures with his role as the new Mayor of the City of Unley. All these directors were closely involved with the development of the Goodwood Community Bank from the beginning, and their contributions to the establishment and management of this important community project have been greatly appreciated.

There have also been three additional directors since the last AGM, with the Board's appointment of Rufus Salaman, Paula Stacey-Thomas and Simon Wood in early 2007. The first two of these will stand for election at the AGM, in accordance with our constitution, but Simon Wood has resigned due to pressure of business – although he has agreed to remain as a member of the Marketing Committee.

In accordance with our constitution three of the original directors will retire as part of the 'rotation' process: Pam Dale (Secretary), Graham Pitman and Ian Telfer (Treasurer). The first two will stand for re-election but Ian Telfer has decided to resign after relocating his family to the north coast. His contribution as Steering Committee member, Treasurer and Board member has been valuable and his presence will be missed.

During this early stage of the Branch's development, the Board has continued its policy of the strategic sponsorship of local organisations and projects, so as to maximise the benefit to the growth of the

Branch and its business while also benefiting the local community. Thus, we have made donations to local football and tennis clubs, primary schools and charities, as well as sponsoring the Adelaide Showgrounds Farmers' Market. We have also had a presence at local events such as the Goodwood Xmas Market and the Unley Way to Go Fair.

We maintain our ongoing commitment to the development of banking services to the Highgate community, who provided substantial support to the establishment of the Community Bank Company. An ATM was installed at the Highgate Pharmacy in late 2006 and continues to provide a valued service to the area, and we are currently in negotiation with regard to the establishment of a Community Bank agency. Hopefully we will be able to announce the result of these negotiations very soon.

Finally, on behalf of the Board I would like to thank all those whose contributions continue to build a successful Community Bank Branch: Mike Clutterham and staff of Bendigo Bank Ltd, our franchise partner; Frank Tassone, Chair of Virginia Community Bank and our mentor; Annette Seeliger, our Branch Manager, and her enthusiastic staff team; and the Directors and office holders who serve on the Board and its Committees.

On the occasion of the AGM, I also want to thank our many supporters, particularly the shareholders of the Community Company whose capital contribution made its establishment possible, and whose investment we expect will be rewarded in the near future. I don't need to remind you that we can all assist in reaching this target sooner by continuing to support the Branch with our banking business and by encouraging others to do likewise.

Ken Bridge
Chairman, Board of Directors
Goodwood/Highgate Community Financial Services Ltd