

# Heyfield & District Community Financial Services Ltd

## Newsletter

### August 2008

#### Chairman's Report

Dear Shareholders

This year we celebrate the vision of Rob Hunt and his team at Bendigo Bank - ten years since the arrival of the first **Community Bank<sup>®</sup>** branch.

On 25 June 1998, two small towns in the Victorian Wimmera wheatbelt, Rupanyup and Minyip took hold of their financial destiny and opened the first two **Community Bank<sup>®</sup>** branches. Ten years on, we now have 217 communities throughout Australia proudly supporting their local **Community Bank<sup>®</sup>** branch.

Another wonderful milestone is that Bendigo Bank is currently celebrating its 150th birthday.

I am also very proud to announce that Heyfield & District **Community Bank<sup>®</sup>** Branch has reached a major milestone, exceeding funds under management of \$60M, which prompted a letter of congratulation from the Chief General Manager, Retail & Distribution at Bendigo Bank, Russell Jenkins (this is reproduced on page 4).

Additionally, our banking premises have been revalued at \$187,500. The net value of our Company is now over \$500,000.

#### 2008 Annual General Meeting

All shareholders are invited to attend the Annual General Meeting.

Date: Thursday 30 October 2008

Time: 7.00pm

Venue: Heyfield Wetlands

Light supper provided.

Looking to the future, the Board has resolved to de-list from the Bendigo Stock Exchange and trade on the Low Volume Market. This strategic decision came about due to the low number of shares traded by our shareholders. We believe this change will deliver substantial gains through lowering our operating costs. Please note that the Low Volume Market is still administered by the Australian Securities and Investment Commission.

I wish to thank our branch staff and my fellow Company Directors who spend so much time on improving our business.

On behalf of the Board and staff of Heyfield & District **Community Bank<sup>®</sup>** Branch we would like to thank you for your ongoing support. We look forward to your continued support to ensure that we maintain our growth and continue to be able to support our community.

**Alan Broadbent (OAM)**  
**Chairman**

#### Secretary's Report

While our branch continues to trade profitably, it is clear that with fuel prices and interest rates rising, business conditions will be more challenging in the near future.

Over the past year, a number of shareholders have expressed concerns about the profitability of the company and the dividends paid to shareholders.

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#### Heyfield & District Community Financial Services Limited

170 Johnson Street, Maffra, VIC, 3860 | P: (03) 5148 2292 | F: (03) 5148 2188 | Heyfield@bendigobank.com.au

Heyfield & District **Community Bank<sup>®</sup>** Branch Operating Hours:

9:30am - 4:00pm

Mon - Thurs

9:30am - 5:00pm

Fri

9:00am - 12 noon

Sat

## Secretary's Report cont..

Our company derives all of its income from the franchise agreement it holds with Bendigo Bank Limited. The franchise agreement provides a formula for the distribution of the company profits, by which approximately 80% of the profit is distributed to the community and 20% is distributed to our shareholders.

The aim of the distributions to the community is not purely philanthropic but rather to support projects, which are good for both the community and our branch. With the total value of our banking business now reaching over \$60M in only seven years, there is no doubt that this formula has been successful so far. The Board is nevertheless introducing two measures that we anticipate will improve profitability and show a clearer picture of the financial strength of the company.

### Delisting from the Bendigo Stock Exchange

Shortly after the company was established it became clear to the Board that there was not a proper system for the trading of shares in our company.

Under the Corporations Law it is strictly prohibited for any Director or Company Secretary to "broker" share transactions. **Community Bank®** franchisees were therefore encouraged to list on the Bendigo Stock Exchange, which provided a means for shares to be traded on the open market that extended across the whole of Australia.

It then became apparent however that the cost of maintaining the listing was a considerable burden, especially on companies that had not reached cumulative profit, when most companies only had a handful of share transactions each year.

So Bendigo Bank negotiated an agreement with the Australian Securities and Investment Commission (ASIC) to establish a Low Volume Share Market for individual companies with less than a hundred share trades in a year.

A Low Volume Market (LVM) consists of an Internet website operated by the company where shareholders can register an expression of interest in selling shares and buyers can register an interest in purchasing them – very similar in fact to the e-bay Website.

The Board has resolved to apply to register a Low Volume Market for our company. There will be some administration expenses associated with running the LVM but the net savings are estimated to be \$6,000 per annum.

### The proposed changeover date to the Low Volume Market is 20 October 2008.

This will allow any shareholders wishing to sell their shares on the Bendigo Stock Exchange a period of three months to do so.

### Revaluation of Building

Up until now the Company's Annual Reports have shown a depreciated value for the branch site based on the purchase price paid for the property in 2001 which was \$55,500. Earlier this year the Board requested a sworn valuation of the property, which showed that the value was now \$187,500.

As a result, I am pleased to announce that the value of the company's net assets shown in the 2008 Balance Sheet now comfortably exceeds the share capital value – which is a great result.

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## Secretary's Report cont..

Our budget for the coming year provides for continued growth notwithstanding the current economic climate. Our aim is to create successful customers, a successful community and, thereby, a successful **Community Bank®** branch.

Please contact me on 03 5148 2292 if you have any questions. We hope you can join us at the Annual General Meeting on 30 October 2008.

**Keith Borthwick**  
**Secretary**

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## Staff Profiles

### Branch Manager - Clare Adams

Clare joined the team in August 2005 after many years working in the banking sector and non-bank financial institutions, including seven years as Manager of the Catholic Development Fund, Sale.

Clare is actively involved in a range of community groups and organisations. Currently Clare is Chair of the Sale Catholic College Council, a position she has held for the last three years. Recently Clare accepted a position as member of Gippsland Area Consultative Committee's Business Development and Partnerships Reference Group.

### Customer Relationship Manager

#### - Tamarah Smith

Tamarah started her career with Heyfield & District **Community Bank®** Branch as a Trainee in April 2006. During that time Tamarah successfully completed her Financial Services Certificate 3.

In October last year we were sad to see Tamarah leave our branch, to take on a new

## Part time Board PA

We are currently advertising for a part time Personal Assistant to support the Board and Heyfield & District **Community Bank®** Branch with marketing and administrative activities.

The main role of the PA will be to support the Board in managing the increasing administrative workload that has been generated by the rapid growth of your branch and to further support marketing initiatives.

We hope to appoint a successful candidate shortly.

position as the Customer Relationship Officer at Bendigo Bank Traralgon branch, a position that enabled her to build on her banking skills.

In June of this year we were delighted that Tamarah decided to return to our branch as our full time Customer Relationship Manager, following the resignation of Mandy Hodge.

Mandy had been with our branch since the doors first opened. The Board would like to acknowledge Mandy's outstanding contribution to the success of our branch and we wish her well for the future.

### Customer Service Officers

#### - Kerry Anderson, Tina McGill & Jane McInnes

One of the many strengths of our branch are our highly experienced Customer Service Officers.

Kerry and Tina are two of our original staff members having been at the branch since it opened in May 2001. Jane joined the team 12 months later in 2002.

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## Your Community Bank® Branch contributions at work

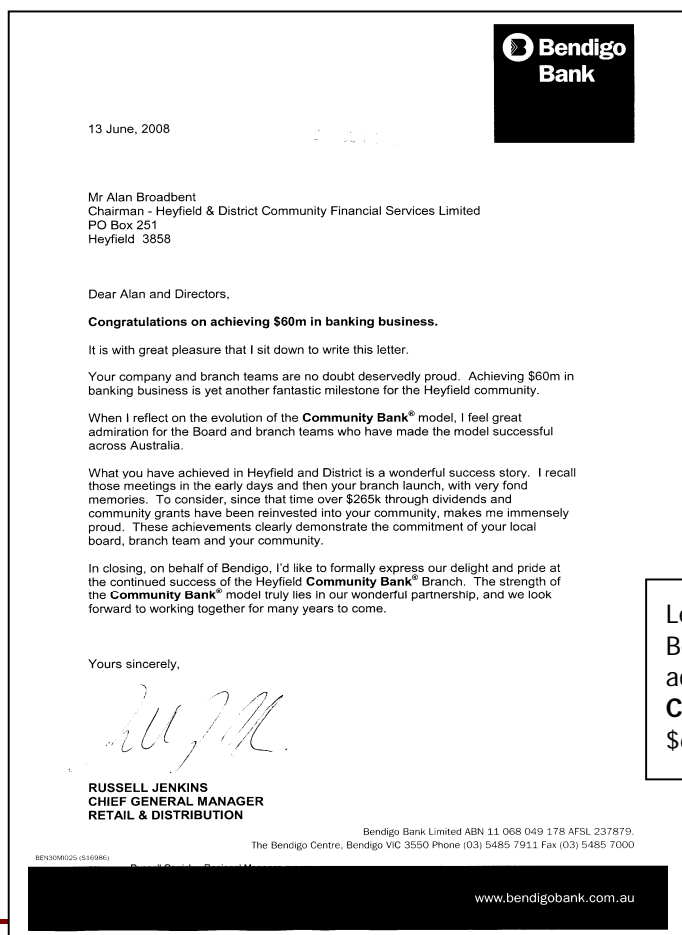
Since our doors opened seven years ago, the support of our customers and shareholders has enabled Heyfield & District **Community Bank®** Branch to grow to \$60 million funds under management. The ongoing growth of our branch has enabled us to distribute over \$265,000 to both community projects and to shareholders through dividends.

The 2007/08 contributions totalled **\$90,636.84**. The recipients of Heyfield & District Community Financial Services Limited sponsorship funding in 2007/08 financial year have included:

Australian Miniature Pony Society  
Cowwarr Football Club  
Cowwarr Historical Association  
Gippsland Business Awards  
Gippsland Emergency Relief Fund  
Heyfield & District Angling Club  
Heyfield & District Family History Group  
Heyfield & District Traders  
Heyfield & District Vintage Machinery Group  
Heyfield Basketball Association

Heyfield Bowls Club  
Heyfield Cemetery Trust  
Heyfield Community Chest  
Heyfield Community Resource Centre  
Heyfield Cricket Club  
Heyfield Football Club  
Heyfield Hospital  
Heyfield Netball Club  
Heyfield Primary School  
Heyfield Scout Group  
Heyfield Tennis Club  
Heyfield Wetlands  
Laurina Lodge Hostel  
Lions Club of Heyfield  
Maffra & District Agricultural Society  
Maffra Secondary College  
Nambrok - Denison Primary School  
Newry Christmas Pageant  
Rotary Club of Heyfield  
St Michael's Parents & Friends  
St Michael's Primary School  
Victoria Police  
Wollangarra

**TOTAL \$90,636.84**



Letter of congratulations received from Bendigo Bank, acknowledging the achievement of Heyfield & District **Community Bank®** Branch in reaching \$60 million in funds under management.

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