

Upper Yarra Community Enterprise Ltd

Minutes of Annual General Meeting

**Held at Warburton Mechanic's Institute
21 November 2007**

Opening

Rodney McKail (Chair) confirmed that a quorum was present and declared the meeting open for business.

Attendance

Directors: Rodney McKail (Chair), Geoff Vickers, Max Magee, Catherine Aulich, Barry Marshall, Elizabeth Fox, Rodney Woods, Barry Sharman, Jaqui Hall.

Staff: Darren Pennington

Guests & Shareholders: Alison Burr (BBL), Terry Vale (RSD), Alan Grundy (Mt Evelyn Community Bank), shareholders and visitors as per attendance list.

Notice of meeting

The notice convening the annual general meeting was taken as read.

Minutes of previous Annual General Meeting

Rodney reported that the minutes of the previous general meeting of members of Warburton Community Financial Services Limited held on 1 November 2006 were approved by the board and signed by the Chairman in accordance with the provisions of section 251A of the Corporations Act and that should any member wish to inspect those minutes, a copy was available for that purpose.

Proxies

Geoff Vickers (Secretary) reported the Company had received 23 valid proxy forms.

Geoff relayed apologies from Joan Howson, Betty Vickers, Timothy Mepstead, Bob and Gail Murray.

Annual Report

Chairman's Address

I am extremely proud to be able to present our 8th Annual report to you this evening knowing that our Company is trading in such a healthy state with great potential for further economic growth. In some way I feel guilty presenting this report to you when the 2007 period was substantially presided over by Baden Berry as Chairman. Baden retired as Chairman and a highly valued member of the Board on the 30th June.

I would like to once again pass on my gratitude to Baden for the contribution that he made to the company over the last 5 years. I will say a little bit more about that later on in the meeting. We had two other board retirements during the year, former chairman and foundation director Bob Murray whom we fare welled at last years AGM, and Luciano Corallo who retired in February to concentrate on his substantial farming interests. I'd like to reiterate our appreciation of the contributions made by both Bob and Luciano.

We have slightly changed the format of the Annual General Meeting. In previous years we took the opportunity at this meeting to present grants to community groups. We have decided to move away from that format for two reasons; firstly, we acknowledge the primary purpose of an AGM is to provide a forum for shareholders to talk to the Board and clarify any issues without any external influences or time pressures. As directors of a public company we are fully aware of our responsibilities in regards to accountability and transparency and value this opportunity to interact with our shareholders.

Secondly, we believe there is greater value in grants being presented by Directors at meetings of the recipient community groups. This increases awareness of the grants program amongst the groups membership and provides an opportunity to market the Bank brand in the community in a very positive way.

The company's results in the 2007 year were again outstanding. To have increased our lending and deposit portfolio over the year by 7.6% to \$79.5 million was an excellent achievement. Particularly given there was virtually no growth in the previous financial period. This reinforces that we have the right structure in place to support the business. This growth has continued into 2008.

I am particularly pleased to report that we have undertaken a comprehensive review of policies over the year. This has resulted in the development of a number of new policies and some changes in existing policies to ensure that they are consistent with contemporary practice. Of particular note was the development of a profit distribution formula that will guide us in the future on how we allocate funds towards grants, sponsorship and shareholder dividends. The recent announcement of a 12 cent per share dividend (up from 9 cents last year) was exciting news for the Board and shareholders alike.

We are also very proud of our record in providing financial support to community groups and projects. In 2006 we contributed just over \$200,000 by way of community grants and sponsorship. As I stand here tonight we have contributed over \$600,000 in grants and contributions since June 2004, that's \$600,000 in less than 3 ½ years. This only goes to demonstrate the strength of the community bank model and of course the great success of the Warburton Bank story.

I would like to extend my congratulations to Darren and his team for their excellent work over the year. We are very lucky to have such a committed group. Very special thanks also to our Executive Officer Geoff Vickers. Geoff works tirelessly in support of the Bank and is critical in our ongoing success. Appreciation is extended to the Bendigo Bank, in particular our regional manager Alison Burr, Alison and her team have been an invaluable source of information and support to me over my first few months as chairman.

I believe it is also important to recognise the associate companies who provide us support throughout the year, this includes: Michael Aicher our company accountant, Warren Sinnott from Richmond Sinnott & Delahunty our auditors, David Rush from Rennick & Gaynor and Tim Mepstead our company solicitors. Success of most companies' depends heavily on the level of professional assistance and advice received. Our company is no exception.

As for my fellow Directors, they are an amazing group of community minded people who have willingly given of their time to support their local community. They are a delight to work with and have very capably represented you the shareholders, our customers and of course our community. To voluntarily take on the role of custodians of a \$1 Million plus community owned organisation and undertake the role with such professionalism, passion and humility is a credit to each and every one of them.

Finally I think it is appropriate for me to quickly touch on the recent announcements in regards to the opening of a new branch in partnership with the Yarra Junction community. Whilst this development did not occur in the 2007 year it is a significant milestone none the less. This is a very exciting project, with the launch of the prospectus due shortly. Whilst this venture will have an adverse impact on our balance sheet in the short term it is a great opportunity for our company to grow and extend the benefit of the community banking model across the Upper Yarra region and at the same time ensure the ongoing viability of what we have already achieved. I would like to quote the late and much respected Mr Ian De La Rue in his 2004 chairman's report: *"We would be foolish to rest on our laurels as the rewards of this journey are more than economic achievement, most importantly we must reflect on the desire and commitment to improve our community's ability to have a sustainable and viable future"*. The decision to open a second branch in partnership with the Yarra Junction community is a further step in our journey of achieving that desired sustainable and viable future for Warburton and the Upper Yarra region.

On behalf of the Board, I thank you for making your time available to attend tonight's meeting. We look forward to the ongoing growth and development of this amazingly successful community owned enterprise and look forward to your continued support.

Managers Address

It's been a solid performance year for the branch: Closing year at \$79.5million, now over \$80m heading up to \$82M...

Processing approx 11,000 transactions a month (4000 OTC & 7000 ATM)

So we are still providing a friendly face to face banking service for the community.

The customers really value the level of service, they can come into the branch and we can deal with them and in most cases make the decision. This is a service differential from our competitors, who will refer people of to various others departments as they are unable to make the call.

Our customer numbers grew by 196 for the financial year making a total of 3,687 customers, when you consider the size of the town this is a good client base.

We do however, still face the situation where customers don't realise that we offer many different banking solutions, from lending personal & business including leasing, investments including financial advice, insurance life, income, house, contents, car and even health.

As such some still only have a transaction account with us, which is fine and we are happy to have any customers on board, it is just some clients do see us as a transaction point and haven't considered us to look at all there banking requirements.

I simply make this point as the branch is coming up to it's 8th birthday next year, and we don't want to see the branch being taken for granted, many people in the community still don't fully understand how a community bank works and simply see it as Bendigo Bank, they see how successful we have become with paying dividends and grants / sponsorships back out to the community and may think we have made it and that we don't need there support as much.

This couldn't be further from the truth, we need and appreciate everyone's contribution to the branch but we can't afford community compliancy. We need to be mindful that during the past 7/8 years new people have moved into the community and to them the bank has always been here they didn't see the campaign that got the branch established and also people have moved out of the community taking there bank support with them. We need to be constantly talking about the community bank and the benefits it provides.

The next 12 months is going to see some more challenges with changes to the economy, interest rates, and housing affordability. However with the addition of our new Yarra Junction branch next year, this will see us be able to grow us a company, have access to more clients and set us up in the community as a valued banking resource.

So on behalf of the team at the branch Derek, Lisa, Tanya, Ros, Linda & Brenda and myself, I thank you for your on-going support and we look forward to being of assistance to you, your family & friends for any of your banking requirements.

Bendigo Bank Address

Alison Burr, Bendigo Bank Regional Manager Yarra Valley, informed the meeting of the growth Bendigo Bank was currently enjoying. The Community Bank network now included more than 200 branches and had a presence in all Australian states and territories contributing \$10 billion in combined banking business, \$10 million in grants to community groups and projects, \$7 million in dividends paid to shareholders and employed over 1000 Community Bank® branch staff.

In the local Yarra Valley Region there are 12 branches - soon to be 15 with Yarra Junction, Heathmont & Bayswater coming onboard. Our region is growing with \$1.1b funds under management, A business centre supporting all the CB's in business banking and financial planning and \$1.5m provided to communities through sponsorships and grants.

Alison reported the recent merger with Adelaide Bank was proceeding and presented a number of growth opportunities to the network. She flagged the celebration of Community Banking's tenth anniversary and Bendigo Bank's 150th, both occurring next year.

Alison congratulated the Board for their ongoing efforts and thanked the community and customers for their support.

Questions to the Auditor

Rodney provided opportunity for the auditor to respond to any written questions received prior to the meeting. No questions had been received by the auditor.

Annual Report Discussion

Rodney invited questions from the meeting as follows:

- Are there any questions or comments on the annual financial report or the reports of the directors and auditor?
- Are there any questions or comments on the management of the Company?
- Are there any questions to be put to the auditor relevant to any of the following?
 - the conduct of the audit, the preparation and content of the auditor's report
 - the accounting policies adopted by the Company in relation to the financial statements
 - the independence of the auditor in relation to the conduct of the audit

Question – Stan Peate: Stan asked why the Annual Report showed a dividend payment of 9 cents per share in 2007 when 12 cents per share had been paid.

Response - Geoff and Rodney explained that the dividend paid and recorded in any financial year actually related to the Company's performance in the preceding financial year. The 12 cents paid in October would appear in the next Annual Report.

Question – Baden Berry: Baden asked what expectations the Board had for the performance of the Company during the coming period.

Response - Rodney explained that it was expected the company's balance sheet would be adversely effected by the expansion into Yarra Junction but this would be a short term effect. He believed that dividends would necessarily reflect that but it was anticipated the Company would quickly return to profitability and be in a much stronger position than currently enjoyed.

Question – Maurice Cahill: Maurice expressed his surprise that the Dividends were now being paid by Computershare rather than Bendigo's Share Registry.

Response – Geoff agreed that Bendigo had effectively exported that role to a company based in Abbotsford. He suggested that the requirements of so many community companies had gone beyond the capacity Bendigo's Share Registry and that Computershare were specialists in dealing with high volume registers. The fact that the infrastructure did not exist in Bendigo was perhaps unfortunate but certainly realistic.

Comment – Maurice Cahill: Maurice said the Board was to be congratulated for the quality of the Newsletter. He hoped it would be continued.

Remuneration Report

Rodney provided an opportunity for questions or comments on the remuneration report.

As there was no discussion, Rodney put the motion:

Motion: That the remuneration report as detailed in the Annual Report be adopted by the meeting.

Seconded: Baden Berry Carried.

Election of directors

Motion: That Catherine Aulich be elected as a director of the company.

Moved: Rodney McKail Seconded: Henk Boer Carried

Motion: That Max Magee be elected as a director of the company.

Moved: Rodney McKail Seconded: Maurice Cahill Carried

Motion: That Geoff Vickers be elected as a director of the company.

Moved: Rodney McKail Seconded: Dick Leith Carried

Motion: That Barry Sharman be elected as a director of the company.

Moved: Rodney McKail Seconded: The Board Carried

Motion: That Jaqui Hall be elected as a director of the company.

Moved: Rodney McKail Seconded: The Board Carried

Appointment of Auditor

Motion: That Richmond Sinnott and Delahunty be reappointed as auditor of the company.

Moved by: Rodney McKail Seconded: Geoff Vickers Carried

Presentation to retiring directors

A presentation was made to retiring director Baden Berry.

Baden responded by saying how much he had enjoyed his five years on the Board and what a pleasure it had been to see the company grow so much during that period. He said he believed it was a great thing to have Yarra Junction coming onboard and he looked forward to maintaining links to the directors.

Ian De La Rue Youth Initiative Award

Rodney informed that the Ian De La Rue Youth Initiative Award would be presented at the Yarra Junction Prospectus Launch in December.

Rodney provided some clarification of the recent bonus share issue certificates. He explained that the bonus issue was a separate parcel of shares additional to those originally owned. The recently distributed certificates were not a consolidation of both parcels.

Stan Peate asked when the Yarra Junction Prospectus would be issued. Jaqui Hall explained the launch was planned for 11 December at the Upper Yarra Secondary College Theatre.

Rodney thanked all those in attendance and invited them to stay for supper.

Meeting Close 8.15pm