

Minutes of Annual General Meeting

**Held at Warburton Golf Club
on 1 November 2006**

Opening

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

Attendance

Directors: Baden Berry (Chair), Geoff Vickers, Bob Murray, Max Magee, Catherine Fitzpatrick, Barry Marshall, Elizabeth Fox, Rodney Woods, Rodney McKail.

Apology: Luciano Corallo

Staff: Darren Pennington

Guests & Shareholders: Alison Burr, Terry Vale, Michael Aicher, Timothy Mepstead, 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

Baden reported that the minutes of the previous general meeting of members of Warburton Community Financial Services Limited held on 26 October 2005 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 that the Company had received 20 valid proxy forms.

Geoff relayed apologies from David von Bertouch, Joan Howson, Betty Vickers, Margaret De La Rue and Stephen Raskovy.

Annual Report

Chairman's Address

I trust you have all read the Chairperson's report in the 2006 Annual Report and so I won't bore everyone by going through that again in detail. There are some points that are worth noting and a number of initiatives undertaken through the year of which the Board is quite proud.

In November last year we had our first Strategic Planning Conference. This was of great benefit for all the directors and subsequently the company as well. It was truly beneficial to take time out to work through strategic matters away from the normal monthly business. It was at this meeting the board decided to appoint a Board Executive Officer to act in a full time capacity to oversee all governance issues, financial issues, development possibilities and so forth. This allows the other directors to use their precious time more effectively and assists in better and faster decision making.

We also decided to set a level of cash reserves as a contingency fund to stabilize the company in the event of a business slow down or as a business development fund. Much of this fund was utilized in the purchase of the bank building in February. It was fortuitous that the fund was in place at that time as the board had previously been advised by the building owner that the building would never be sold to the company.

Financially the year was a bit flat and we ended up in a similar position to that in which we started. This was not a bad situation considering the landlord dispute that had ensued. The company had a number of extraordinary expenses regarding painting, carpeting, security, renovations, etc that all impacted on the bottom line. In spite of this we were able to declare a fully franked 9c per share dividend. Our Community Grants program however will not be at the level of last year but we anticipate that an amount of approximately \$80,000 will be put into the community this year.

Finally we acknowledge the input and efforts of our retiring directors Bob Murray who has held the position of Chairperson for the last twelve months, Robert Musgrove from Bendigo Bank who has been a director since the establishment of the company and Raylene Chisholm who has served on the board since 2001. We will talk more about them later.

Where will the company be in twelve months time? That is always a difficult question. We don't know what interest rates will do. We don't know how the economy will progress. What we do know is that Warburton Community Financial Services Ltd is in a strong position to take advantage of any shifts in the financial arena and the company will continue to grow and prosper with the support of the shareholders, the staff and the community.

Managers Address

Darren spoke of the busy year just past and the highlight that was the purchase of the banking premises. He explained that the business was facing strong competition from a number of alternative financial service providers and changing economic conditions. Darren expressed his satisfaction with the relationships being formed with community groups and pointed to business lending as an area that would receive greater attention. He thanked the community for their ongoing support of the branch.

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 totaled 188 branches and had a presence in all Australian states.

Questions to the Auditor

Baden 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

Baden 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 preparation of the financial statements
 - the independence of the auditor in relation to the conduct of the audit

Comment – Stan Peate: Stan noted how well the Bank was performing with handsome profits with the exception of this year but he understood this was due in the main to extraordinary expenses. He pointed out that the company's prospectus entitled shareholders to up to 20% of the profit but this had not occurred.

Question – Stan Peate: The Manager's report said that partnerships being formed with community groups were providing them with an income stream; what does this mean?

Response: Darren explained that the income stream was derived by a payment to the organization for the referral of business to the branch.

Question – Maurice Cahill: The amount of community payments appears to be too high; are we requiring the recipients of these grants to be customers of the branch?

Maurice also noted that none of the newly elected directors were shareholders.

Response: Baden explained that we preferred recipients of grants to be supporters of the branch but it wasn't compulsory. He used the example of schools not necessarily having control over the choice of bank but that the membership were deserving recipients and often were customers of the branch.

Catherine explained that the beneficiaries of the community grants were not only in Warburton. Grants had been made to groups in Wesburn, Yarra Junction and beyond.

Max made the point that Directors were not required to be shareholders of the company. Max continued by suggesting that when the purchase of the building was added to the amount paid in dividends the return to shareholders was in fact greater than the amount paid as community grants.

Comment – John Ridley: John expressed his support for the comments made by the previous shareholders. He expressed his belief that the value of the building could not be realized by the shareholders until the building was sold and the proceeds returned to them. John said he believes that the board of directors is too large and that directors should be paid. He said it seemed that all responsibility was being placed on one director because the others weren't able to do their job. He believes that not enough effort has been put into recruiting directors. John also asked if the board had considered providing telco services to the community.

Response: Baden reiterated that the Board Executive position had not come about because the directors couldn't do their job but more so because the directors needed a "gopher" to carry-out the resolutions of the board and oversee the management of what has become a sizable enterprise. He explained that the administration of the company had become too onerous to be carried out on a part-time basis. Baden also mentioned that a number of initiatives beyond banking were being pursued by the company and a considerable time-investment was required. Baden clarified that the board consisted of eight directors as not all seated at the front table were directors. Geoff informed that the company was providing telco services.

Question – Stan Peate: Stan queried the fact that non-customers of the branch were receiving community payments.

Response: Darren explained that opportunities to secure banking business were always sought from grant recipients.

Question – Stan Peate: Is it entirely at the board's discretion who should receive community grants. Stan also asked how directors were recruited.

Response: Baden replied that it was at the board's discretion but Bendigo Bank and the community enterprise foundation provided guidance on profit distribution and a range of other issues. Baden explained that directors were chosen on the basis of the skills they might bring to the board. He said that it was important to maintain broad representation and replace skills lost to retiring directors.

Max commented that it was difficult to find directors with suitable qualities that were prepared to perform the role on an unpaid basis.

Question – John Ridley: John asked how many of the directors had previous experience as directors of a public company.

Response: Max replied none, with the exception of this company.

Question – John Ridley: Has the company put in a bid to gain the Shire's banking business.

Response: Alison explained that Bendigo Bank has made a number of attempts to secure the Shire's business. This was ongoing.

Comment - Ellena Biggs: Ellena stated that many community groups had reaped the benefits of community grants.

Comment – Henk Boer: Henk said that as a shareholder and customer of the branch and as a recipient of support from the branch for the upper yarra secondary college chaplaincy he was very happy with the nine cents dividend and that he was very disappointed to hear the comments being made.

Comment - Dick Leith: Dick explained that he was an inaugural board member and he believes that a more important quality in a community bank director was a strong sense of community spirit. Dick believes the current board members possess that spirit.

Comment – Maurice Cahill: Maurice wished to reiterate that he was happy with the community grants but questioned the amount and how much business development was resulting. He said it was not about greed. Maurice asked how much business growth could be expected if Yarra Junction opened their own community Bank.

Response: Baden acknowledged that Warburton would be impacted by a Yarra Junction branch but it may add value to the community bank network. He agreed that the company should and indeed was looking at strategies and opportunities for business expansion.

Comment – Dagmar Limp: Dagmar related the experience of the Upper Yarra Film Society who had received funds from the branch. She said the society had been able to introduce a number of initiatives to further opportunities for young people that simply would not have been an option were it not for the support of the Community Bank.

Remuneration Report

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

As there was no discussion, Baden put the motion:

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

Seconded by: Bob Murray Carried.

Election of directors

Motion: That Rodney McKail be elected as a director of the company.

Moved by: Baden Berry Seconded by: Kerry Jorgenson Carried

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

Moved by: Baden Berry Seconded by: Stan Peate Carried

Motion: That Elizabeth Fox be elected as a director of the company.

Moved by: Baden Berry Seconded by: Dick Leith Carried

Motion: That Rodney Woods be elected as a director of the company.

Moved by: Baden Berry Seconded by: Bob Murray Carried

Appointment of Auditor

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

Moved by: Baden Berry Seconded by: Geoff Vickers Carried

Presentation to retiring directors

Presentations were made to retiring directors Bob Murray, Raylene Chisholm and Robert Musgrove.

Ian De La Rue Youth Initiative Award

Tony Aulich introduced Nathan Elbourne as this year's recipient of the award.

Nathan responded, expressing thanks to his supporters for helping him achieve his goals.

Entertainment

Baden introduced the recipient of last year's Youth Initiative Award, Michael Connell who entertained the meeting with his comedy routine.

Meeting Close 9.30pm

Baden thanked all those in attendance and invited them to stay for refreshments.