

Dear Community Bank Shareholder,

I am pleased to invite you to attend our first Annual General Meeting which is to be held on the 30<sup>th</sup> November 2006 at 7:30 pm at Club Berowra, 998 Pacific Highway, Berowra and to enclose our annual report for the financial year 2005/2006.

As the period covered by this report is prior to the opening of our Community Bank® Branch there is little to report on business growth and development initiatives, but nevertheless, I hope the information contained in the report is of interest to you.

Shares in Berowra & District Financial Services Limited are still available for purchase but the prospectus will be closed on the 31<sup>st</sup> December or when the maximum number of shares (860,000) is reached. At the time of writing, about 725,000 shares have been issued.

We would also advise that, effective 31<sup>st</sup> December 2006 we will change our share registry to Computershare Investor Services Pty Limited, as Bendigo Bank will no longer provide this service after that date. There should be little difference in service to our shareholders as a result of this change to Computershare. Contact details for Computershare are: Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria 3067, website: [www.computershare.com](http://www.computershare.com).

There are three motions to be put to shareholders at the AGM as addressed in the attached Notice of Annual General Meeting.

I'm sure you agree that our Community Bank® is a long overdue facility in Berowra & District. As well as providing the convenience of comprehensive and competitive banking services locally by local staff, we are looking forward to providing practical, valuable support to worthwhile community projects from the Hawkesbury to Mt Colah and beyond for many years to come.

To achieve this, and to share our success with you by way of shareholder dividends, our initial emphasis is on building our banking business to a profitable level, and you can help in this. I encourage you to visit the branch if you have not already done so, meet our Manager Graeme Kurtz and his staff and experience the Community Bank® friendly service. And most importantly, encourage your family, your friends and others to bring their banking business to **your** bank.

Yours sincerely,



Matthew Heddou  
Chairman