

Chair's address 2013 AGM

- Whilst I am not going to repeat what I said in our Annual Report, I would like to reiterate the importance of community banks in retaining capital in their communities & utilising their profits to invest in those communities
- Our **Community Bank**® is part of a wonderful network of 300 across Australia & in the 15 years since the first bank opened, over \$100 million has been invested in communities - \$50M of that in just the past 3 years!
- B&DCB has played a role in this – over \$230,000 has been invested in our community since 2008, including the \$16,800 paid to shareholders in our first dividend payment
- It was wonderful to finally reward the investment by shareholders which saw the establishment of our **Community Bank**® & it gives me great pleasure tonight to announce our second dividend payment. A 3cents per share dividend for the 2012/13 financial year will be paid on 15 November & we take this opportunity to once again thank our shareholders for their support
- I would also like to once again thank Jason and our staff for their commitment to our bank & our community. They are the face of our business & we could not ask for a more professional, hard-working & caring group of people. I know our customers agree with me, because many of them frequently tell me so
- The difficult economic environment and the effects of Restoring the Balance 2, the margin share agreement with our franchise partner Bendigo & Adelaide Bank, which affected our income from 1 April this year, brought some very real challenges during the 2012/13 financial year
- 90% of Australians' banking is with the 'Big 4', which are now establishing sub-brands such as the Bank of Melbourne & giving them some fee independence to catch 'defectors'. Such competition & the effects of the GFC have seen levels of customer acquisition by Bendigo Bank branches & community banks drop by 40%
- Despite this, Jason & his team continued to build our business during 2012/13 with strategic determination & a commitment to best practice that saw total business growth of \$13 million - \$3 million above budget. No wonder we are so impressed by them!
- The third group which is also totally committed to the success of our bank is your board of directors. They bring to the board a wide range of experience & expertise & as you can see, we have a group which is quite representative of our community
- I would also like to recognise the contribution of Ingrid Leighton, who resigned from the board in August because of the demands of a new job, which when combined with having a young child, was simply too much. We would like to think that Ingrid will return to the board in years to come

- I am proud to emphasise the board's absolute commitment to high standards of corporate governance. We ensure that all areas of legal & fiduciary compliance are completed within the required time-frames & I thank our directors for their readiness to take on the resulting responsibility & work
- The board is also setting high standards as we plan the strategic direction & monitor the performance of the company in consultation & partnership with Jason & our staff
- A Strategic Plan is in place for the 2013/14 financial year. This plan defines our shared vision for the financial year and details our priorities as the specific goals and outcomes that we wish to achieve
- It is an effective business building and engagement tool, as it provides a clear business focus, allowing us to engage at both community and business levels
- It will ensure that we have the knowledge and skills to continue to tell our story, connecting with our community and sharing with them our goals and aspirations. Copies of the Executive Summary of the Strategic Plan are distributed around the room, so please take the time to have a look
- We now have five board committees working effectively to ensure the achievement of the plan & it is a real pleasure to watch this happening & know that we are doing our best to support Jason & our staff to make our **Community Bank®** the best it can be
- A vital part of our growth is to ensure that directors and staff continue to reinforce our point of difference at every opportunity, making the link between banking with our branch and the valuable outcomes which are achieved through our community investment program
- Directors & staff have a major focus on visiting our community groups as often as we can, so that we can continue to tell our story – it is amazing how many people still do not understand the **Community Bank®** model & telling the story face to face is far more effective than any advertising we could ever do
- Research undertaken by Bendigo Bank tells us that people know about community banks, but 60% don't know what we do & 50% don't even know that we do credit cards
- We must do our very best to make certain that this does not apply in our community – we need everyone to know that we are here, what we offer in terms of banking & the difference we are making in building a strong & sustainable community
- We must continue to explain that it is the banking of our customers that generates the income that we invest in our community – it is only by making certain that this is well understood that we will continue to build our business

- Our shareholders can be valuable advocates for our bank – tell your friends & family about the bank & the difference our community investments have & will continue to make. Explain how their banking business increase the profits we then use to further invest in the community & encourage them to become customers. Harold Weber did this beautifully in an article in our wonderful local publication, The Bridge & we have put copies of this around in case anyone missed it
- Community banks are a metaphor for showing how things can be done in a different way, so let us all commit to developing the strong & effective partnerships which will see the hopes & dreams of our community realised

Thank you once again for your support .