

The 3 B's Bulletin

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The 3 B's Bigger, Better and Bolder

Touching Base

As part of the duties of Directors we take this opportunity to keep you up-to-date with the operations of Berowra & District Community Bank® Branch of Bendigo Bank.

Firstly let us explain just how we derive our income from our partner Bendigo and Adelaide Bank. To date the profit share has operated on a margin basis and it is calculated on all products that our banking customers hold. Thus, the more products per customer that we have, then the greater our share of the revenue.

The fee income each Community Bank® receives is a result of a share of the interest received from loans taken out less interest paid out on deposits. That is why a bank needs to have a balanced set of books, with good term deposits as well as a good array of business and personal loans.

If you bank with another Bendigo and Adelaide Bank branch then you are enhancing the profit share of that other Community Bank®, not ours. Thus, the more we can encourage shareholders and the community to use our bank for all their banking needs, the better our Community Bank® branch will do. You can get all your motor vehicle, business and household insurance here as well as all manner of accounts and loans and credit cards. Shareholders receive a discount on most products. We also have a great Wealth Team from Bendigo and Adelaide Bank that can assist you with future lifestyle planning of superannuation and savings.

With the implementation of Project Horizon's recommendations we expect to see a change in how the profit is shared. This may benefit our bank and so we are optimistic to see how these changes may affect us.

Berowra & District
Community Bank® Branch



Project Horizon

The Community Bank® model has now been operative for some 16 years and for many of the 300 odd companies there has been great success.

However, Bendigo and Adelaide Bank realised that for some communities the operations did not result in success as was hoped and while it is certain that support for struggling companies such as ours was never in

question, a strategic team was set up to examine all the issues around the franchise model

For the last 18 months the Project Horizon team has been seeking input from all the Community Bank® branches around Australia.

All the Directors have been surveyed and the data analysed to see what needs attention, how

revenues are given to the branches and where changes could be made to better support communities in general.

The Project Horizon team published their report recently and made recommendations that will start from 1 July 2016 to lead the Bendigo banking communities more equitably into the next 15 years.

“Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence. [Helen Keller]”

What is going to change?

- Market Development Fund. Less profitable and/or younger branches will get a greater share, more profitable ones will get less of the share. There will also be a pool of funds that everyone will contribute to. This will allow us to collaborate better on regional, state and national marketing.
- The option of paying five annual franchise fees (rather than up-front payments), will be offered to less profitable branches.
- Newer and less profitable branches are going to get more support.
- There will be mentoring for Branch Managers and key Director positions.

- We will also have a mobile team to help write business and we will be improving our staff recruitment and orientation.
- We will be building our business through a full range of financial service like wealth and rural offerings.
- Professional education for Directors will be overhauled.
- We are going to operate as a network. We are going to share ideas, share staff, costs and plans, stand up for each other and be a single voice on the big issues that are important to our communities.

- We are going to improve the way we use information. We will share and use benchmarking data to improve our performance and we will use state of the art information to connect with customers.
- We are going to have a real go at making the most out of what the Community Bank® model has to offer.
- We are going to be innovative and try new ideas so we can open up new opportunities.

This process of change will require a collective effort and a commitment to a three-stage process to ensure consistency across not only the Community Bank® network, but Bendigo and Adelaide Bank as well.

What is NOT going to change?

- Our values and the principles of the model. They are sound and as relevant today as when the model first started.
- The importance we place on the role of the Director. This ensures local owners are making local decisions on local community investments, and that
- Boards are well governed.
- Our 'have a go' attitude and willingness to think BIG and bold.
- Our partnership, the network and Bendigo and Adelaide Bank, and the value we place on a handshake and our commitment to one another.
- The focus on building community.

"Bendigo and Adelaide Bank give us \$50,000 each year so that we can keep putting money back into our community."

What is going to GO!

- The old financial model. We are going to replace it with one that is sustainable, adaptable, and equitable, that is founded on industry best practices.
- One size no longer fits all.
- Doing things on our own all of the time – it's time we operated as a network



What we at our Branch are going to do?

We want to have more Directors on our Board to broaden and enhance the skills and knowledge needed to face this exciting future.

We are attempting to tailor our advertising and marketing to meet consumers' needs.

We are keeping a tight rein on our expenses especially at present with such low interest rates that have reduced our revenue considerably.

Above all we need your support in the form of your banking business.

**Berowra & District
Community Bank®
Branch of Bendigo
Bank.**

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*Strive not only to be a
success, but also to be of
value. [Albert Einstein]*

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(coming soon)**

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The Business Values and Purpose Statement

- Partnership based on trust, respect and goodwill.
- Shared effort, risk and reward.
- Local ownership.
- Local decision making.
- Local investment.
- A focus on broad-based community benefit.
- Commercially focussed and community spirited.

Our focus is on achieving shared goals of building a strong, inclusive, dynamic and productive Community Bank® enterprise.

An enterprise that is committed to innovation and life-long sustainability achieved through the deep collaboration and the collective determination of all partners.

The movement will aim to fulfil the needs and expectations of local communities, customers, staff, shareholders and Bendigo and Adelaide Bank, while always upholding our embedded values.

The Community Bank® enterprise will create and maintain strong and vibrant community outcomes and use its expertise, knowledge, dedication and development opportunities to make a significant contribution.

Current Directors

Mr Andrew Tuft OAM; Chairman
Ms Gillian Reed; Secretary
Dr Helen Bowers; Treasurer
Mr Paul Cook; Advertising and Marketing

We are aiming to have 10 Directors on the Board.

We must ensure that the role of a Community Bank® company board director is personally and professionally fulfilling and that reward for effort is in balance.

It is also important to ensure that strong governance underpins both performance and the reputation of the model at both an individual and collective level.