

Maldon & District Financial Services Ltd (MDFSL)

(trading as Maldon & District Community Bank)

Introduction to the company

This document provides a summary of the company, as well as the roles and expectations for prospective board directors and new staff members.

About the Maldon & District Community Bank

The Maldon & District Community Bank was established in 1999. It has a branch at Maldon, and Customer Service Centres (CSCs) at the Newstead and Dunolly Rural Transaction Centres (RTCs).

Maldon community members and local business people led the charge for a local bank in 1998 after the last of the big banks left Maldon. A steering committee was established at this time to develop the case for a local Community Bank. Local residents, businesses and people with connections to Maldon committed \$250,000 as start-up capital to establish a community-owned company called Maldon & District Financial Services Ltd (MDFSL). These pledgers became members of the company. MDFSL entered into a franchise agreement with the Bendigo Bank to manage the Maldon & District Community Bank Branch, opening the branch on the 24 April 1999. After demand from residents and businesses in nearby towns, sites were opened in Dunolly (2001) and Newstead (2004).

The company is deeply appreciative of the bold and courageous initiative of the original pledgers to commence a company that provides so much positive value for the community. This legacy will always be honoured.

MDFSL is a not-for profit company run by a board of directors. Our company partners with the Bendigo and Adelaide Bank, via a franchise agreement, to provide banking and financial products and services.

The Maldon & District Community Bank has over 2,800 customers. The customers are predominantly from the local region, but also come from around Australia. MDFSL re-invest profits from our banking business into our local communities. It keeps capital in the community and also provides a local, ethical investment opportunity for our company members.

The Maldon & District Community Bank has returned over \$3 million to our local communities since 1999. This has supported local schools and preschools, emergency services, driver training, community buses, sporting clubs, arts and other community groups to hold events, develop new initiatives and buy much needed equipment and resources. We are passionate about working with and supporting our communities to thrive and prosper.

The Community Bank model

The Bendigo Bank developed the Community Bank model in 1998 in response to the continuing closure of bank branches across Australia, and the subsequent effects on these communities.

The Community Bank model provides communities with the opportunity to set up a community owned company that conducts a retail branch operation in partnership with the now Bendigo and Adelaide Bank. Essentially the Community Bank is locally owned by the people for the people, with local decision making for local benefit. The model enables communities to:

- Secure branch banking and financial services.
- Play a critical role in the growth of their local economy.
- Offer the potential for members/ shareholders to receive an annual reward / dividend.

Role of Bendigo and Adelaide Bank

Community bank branches operate under a franchise model between a locally-based community company and the Bendigo and Adelaide Bank (BEN). The local company enters into a franchise agreement with BEN to operate a community bank branch (as a single site) or branches (multi-site).

BEN provides the banking infrastructure and licensing, the full range of banking and financial products and services, operational requirements (e.g. marketing, training, IT and security), and assesses and reports on operational compliance. BEN provides ongoing support including director education, HR, and policy and procedure templates. Each branch uses Bendigo Bank's name, branding, policies and operating systems.

The community company is responsible running the branch operation and paying for branch running costs, including wages and salaries (as the employer of branch staff). All customer transactions are conducted with Bendigo Bank.

The revenue from the banking operations are shared between the company and BEN. Revenue from most banking products is shared 50/50, although BEN's revenue share is higher for more complex financial products and services.

The community company is solely responsible for reinvesting its share of the profits with the community, through an annual reward payment to company members, and community partnerships to community groups and projects.

MDFSL Company

MDFSL operates the Maldon & District Community Bank in Maldon, Dunolly and Newstead. It is one of more than 300 Community Banks across Australia.

The Board's chief roles are to oversee / govern the company and to distribute profits for community benefit.

The Branch Manager is appointed by the Board to manage the banking business on an operational basis, while the Board provides the direction and leadership required to ensure the company is positioned to achieve the company's objectives.

MDFSL is registered as a company under the Corporations Act. It is a Public Company Limited by Guarantee that restricts the liability of members to a nominal contribution in the event that the company is wound up. All members must contribute a minimum \$500 pledge to the Company (pledges are capped at \$2,000 per member). Each member gets one vote at the Annual General Meeting (AGM).

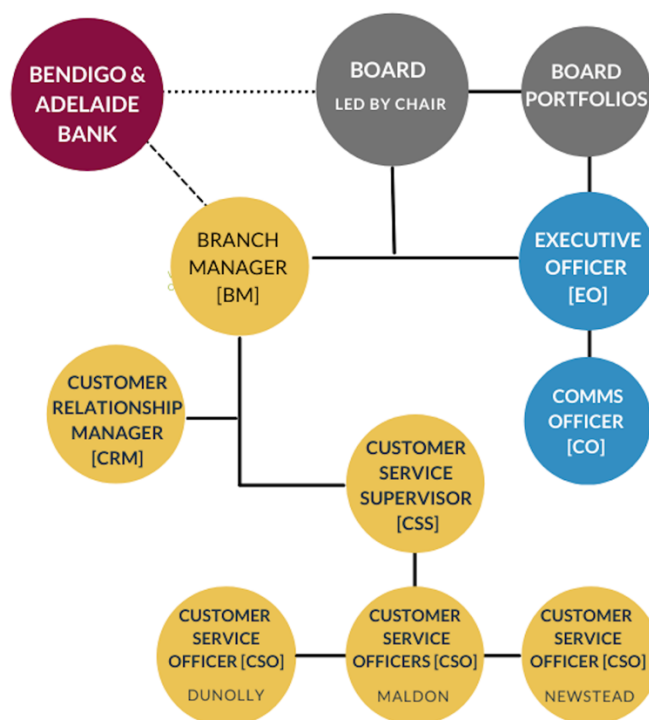
Two staff members are employed to assist the company – an Executive Officer (who also is the Company Secretary) and a Communications Officer.

The branch Staff and Directors are united under the one company and collaborate on company related activities such as strategy and staff are encouraged to join a portfolio.

Our company aims to represent our communities through a diverse Board of Directors in terms of skills and experience, as well as age, gender, culture, experience and geographical location.

MDFSL employs the branch and company staff.

Company structure



Key branch and company roles

Branch Manager (BM):

The BM leads the branches (main branch and customer service centres) and is responsible for day-to-day management of branch, growing the business, customer relations and lending. The BM Reports to the Board Chair and to Bendigo and Adelaide Bank (chiefly to their Regional Manager). The BM is a member of Board portfolios as directed by the Board (currently Community Investment, Business Development and Finance).

Executive Officer (EO)

The EO co-ordinates the administrative, governance, financial and legal compliance, public relations (including managing funding and other support to community groups) and marketing requirements of the company. The Executive Officer works in various capacities with a variety of individuals, community organisations, industry groups, government bodies, Bendigo and Adelaide Bank, other Community Bank companies / branches and regulatory bodies. The EO is currently a Member of all Board portfolios (except Recruitment & Remuneration), and reports directly to the Board Chair.

Communications (Comms) Officer (CO):

The CO role is to help build business by maintaining a strong company presence in the community via social media and communications, as well as increasing brand awareness, building the company marketing lists and marketing to the lists. The CO reports to the Communications Portfolio Chair.

Customer Relationship Manager (CRM):

The CRM is responsible for establishing long term relationships with customers and plays an important role in building the success of the bank in the community. The CRM, in conjunction with the Branch Manager, supports a team of staff to meet individual and group targets, specifically around sales and referring new business. The CRM reports to the Branch Manager.

Customer Service Supervisor (CSS):

The CSS reports to the Branch Manager and is responsible for ensuring that all Customer Service Officers (CSOs) are competent to identify customer needs and providing relevant solutions. The CSS performs a leadership role and assists CSOs build their knowledge and skills. A key focus of the CSS role is to ensure the branch runs efficiently and in accordance with policies and procedures, ensuring a high level of customer service. The CSS reports to the Branch Manager.

Customer Service Officers (CSO):

The CSO is the face of our business, providing frontline customer service and delivering core banking and financial services (including advice on relevant products and services) and building customer relationships. The CSO reports to the CSS and to the Branch Manager.

The role of Board Directors

Board members are actively involved in running the company. This includes attending board and portfolio meetings, annual strategy days and representing the company at various community and other events.

It is the responsibility of the Board to govern the company, however the Community Bank model requires hands on involvement in non-bank operations such as communications, finance and community partnerships (sponsorships, granting and donations).

The day-to-day management of the banking business is the responsibility of the Branch Manager and branch staff. The Board is not involved in customer business, and branch staff maintain complete banking confidentiality for all customers.

As with any Public Company, there are legal and fiduciary obligations to ensure that Directors act in good faith in the best interest of the company.

The Board has a key role in deciding how the company profits are distributed back into the communities of Maldon, Dunolly, Newstead and the Mount Alexander Shire. We seek the advice of the Branch Manager and staff when making these decisions in order to benefit the community and provide opportunities to grow the business.

The Board has a number of portfolios (committees) to ensure efficient and effective progress in non-banking operations, sharing the workload across all board members. Directors are required to join one or two portfolios in which they have skills and interest. The Executive Officer provides support to these portfolios as well as to the Board in general and the Chair. Current portfolios are:

- Audit & Governance
- Finance
- Communication
- Community Investment
- Recruitment and Remuneration
- Business Development

Key board roles

- *Chair*: responsible for the leadership of the board, and plays an important role in setting board culture, running board meetings, developing relationships and strategy, and communicating the views of the board to stakeholders.
- *Treasurer*: responsible for ensuring financial transactions are properly recorded and reported. The treasurer presents financial reports at Finance Portfolio and board meetings. A key aspect of this role is to develop and review annual budgets (in conjunction with the Finance Portfolio).
- *Portfolios*: these are the company committees consisting of directors and non-directors (such as staff and / or community representatives). The board delegates aspects of the board's workload to the committees to build expertise and lessen the board's workload. The committee makes recommendations to the board on specific matters.
- *Portfolio Chairs*: responsible for leadership of their portfolio and reporting to the board on portfolio recommendations and activities.