

Bellarine Peninsula Community Branch Ltd

Update on Financial Position

Presented by Stephen Wight
Board Director

Highlights

- Have achieved milestone of \$200 million held in deposits and loans across the 2 branches
- Continued strong community support via grants program
- Increase in sponsorship – up \$15,000 year to date
- Revenue likely to exceed 2011 result
- Increased expenditure in customer service
 - Mobile Relationship Manager
- Refurbishment of the Portarlinton Branch

Factors Impacting on the 2012 Result

- Decrease in Trailer income
 - Correction made to the Community Bank model so that the Company and BBL have a more equal share of this revenue stream
- Investment in facilities – Portarlinton
- Squeeze on Margin income in a climate of reducing interest rates

Margin Income

Simple Example:

Residential Loan \$500,000 at 7.5%

Funded by a 180 day term deposit \$500k at 5.5%

Interest Margin is 2% shared b/w BBL and the company

In month 2 the RBA announces a 0.5% reduction in rates and this is matched by the Bank in reducing the home loan rate

Residential Loan \$500,000 at 7.0%

Funded by a 180 day term deposit \$500k at 5.5%

Interest Margin is 1.5% and will remain until the term

Future Challenges

- Growth in deposits and loans
- Meeting shareholder and community expectations with respect to dividends and community support
- Investment by the Community in non-core products
 - Insurance
 - Superannuation
 - Financial Planning