



Community & Sustainability Report

October 2009

MITTAGONG | BOWRAL | MOSS VALE | GOULBURN

BDCU is a community credit union with membership open to residents and their families of the Wingecarribee or Goulburn Mulwaree Shires. Established 1962.

Berrima District Credit Union Limited (BDCU) ABN 44 087 649 787 AFSL 240766



Printed on recycled paper.



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BDCU Mission Statement

We will deliver the financial solutions to get you where you want to go.

CEO & Chair's Comments

It was April last year when we released our first Community and Sustainability Report. We wanted to show a 'report card' of our position across all areas important to our business—and to any business in the 21st century.



We wanted to hold ourselves accountable to you in terms of our core business and financial status, but also communicate our environmental, social and community responsibilities, how we are as an employer, and where, ideally, we would like to be in relation to all of these things. Anything short of excellence we want to improve.

Even though we still have our work cut out for us, we were over the moon at how well the first report was received.

Since then we have experienced almost unprecedented turmoil in financial markets worldwide. These are interesting times. The lesson of late? It's well and truly time for a different kind of banking. Thank goodness we are part of a credit union where ethics, prudence and corporate social responsibility are the way we do business.

We're very pleased to share our Community & Sustainability Report mark two. We have made some significant progress in some areas. Further milestones will no doubt be reached over the coming months.

We hope you enjoy reading the report and gaining a better insight into your credit union. Please feel free to give your comments to us at marketing@bdcu.com.au We would really appreciate your feedback. Best wishes to you and your family.

Our core business is banking and financial services. Our commitment is to nurture your funds and help them grow. Our profits go back to members and our Highlands and Tablelands communities—everything a bank can do, but we do it better.

Savings & Investment Accounts

- Children
- Student & apprentices
- Pensioners
- Over 50s
- Online savings
- Term deposits
- Business & commercial

Loans

- Home loans
- Car loans
- Personal loans
- Commercial loans
- Investment loans
- Wedding advances

Insurances

- Home & Contents
- Motor Vehicle
- Travel
- Landlord
- CTP Greenslip
- Income Replacement
- Life
- Trauma
- many specialty insurances

Financial Planning

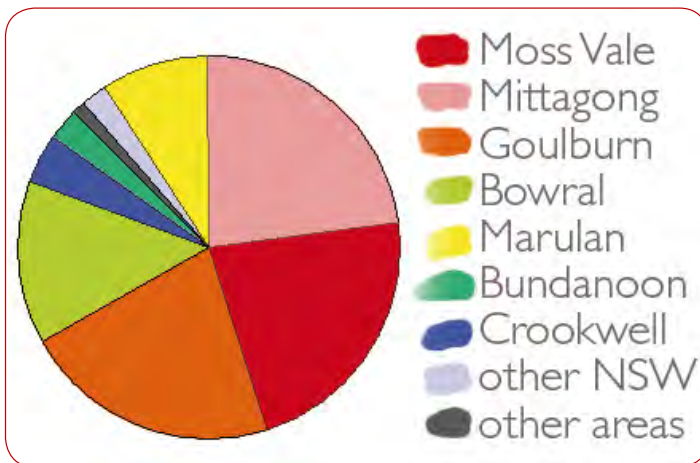
- Managed funds
- Risk protection
- Estate planning
- Retirement planning
- Wealth creation

Member Snapshot

Where you live

BDCU has a healthy spread of members across our areas of operation. There are also a number of members residing outside our niche bonds who have relocated and chosen to retain their memberships.

The four main centres continue to be Moss Vale, Mittagong, Bowral and Goulburn. The South Coast and Wollondilly have fewer, albeit still significant, numbers of members.



Relatives of existing members who do not live in our areas of operation are also entitled to become and maintain memberships with the credit union.

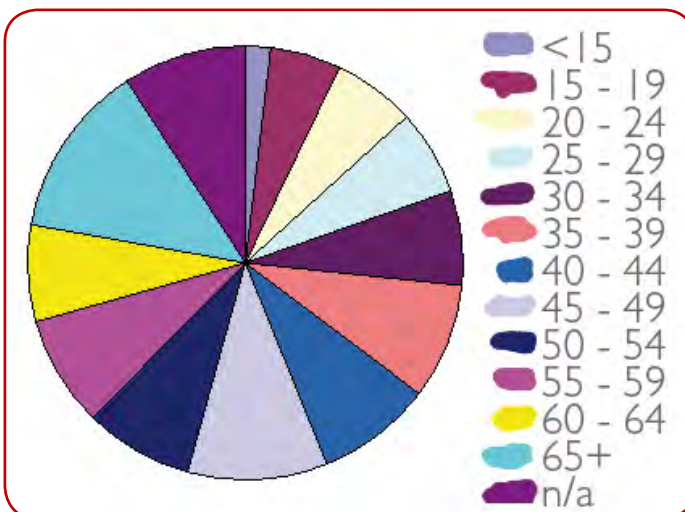
Nine per cent of members currently reside outside of New South Wales including overseas.

How old you are

The credit union has slight concentrations of membership in the 65 years and older and 45-49 year age groups. This is an industry-wide trend.

Efforts by a team of staff have already commenced to encourage new membership by people aged 15 - 24 years. In the coming 12 - 18 months, focus groups will be launched to ascertain the needs and wants of this important group so that our business and services can deliver these solutions.

For other segment members, work is underway to meet the needs and desires of various age groups and life stages amongst our diverse shareholder base.



Charts Above: Membership spread. Most members reside in our core areas of operation and close to our four advice centres.

Left: Members by age. Reasonably consistent spread but few members under 15 years means additional work will need to be done. 'No age' may indicate business, Trust or other entity.

New milestones for members

In the last report we explored some of the specialty accounts, which provide specific benefits to particular members. These included the *MoneyBeans* twin account system for children, the *Students and Apprentice* account package for tertiary students and young people in training, and the *Club Classic* accounts for over 50s.

Green Loans

We are soon to introduce a Green Loan so that members can improve the environmental aspects of their homes, for example, installation of solar panels or water tanks (more in the Environmental section).



Survey Outcomes

At the time of writing, we are conducting Member Research to ascertain member satisfaction, and which channels you prefer to use to access your money.

We have also conducted an online poll asking whether you prefer mail or online statements.

Website

A large number of our members like to control their banking themselves, in their own time. That's why we have made significant investment in both our website and Internet Banking systems in the last 12 months.



BDCU's website overhaul had two main objectives: to be more relevant by providing useful information of a specific financial—as well as a general—nature, and to adopt two-way communication.

The new site has all the standard things you would expect and want to access quickly, such as interest rates and account applications. It also has loads of community news, savings tips, articles of interest for the home, and we feature a business of the month from our member pool.



We also wanted a website in which we don't do all the talking, you can talk back!

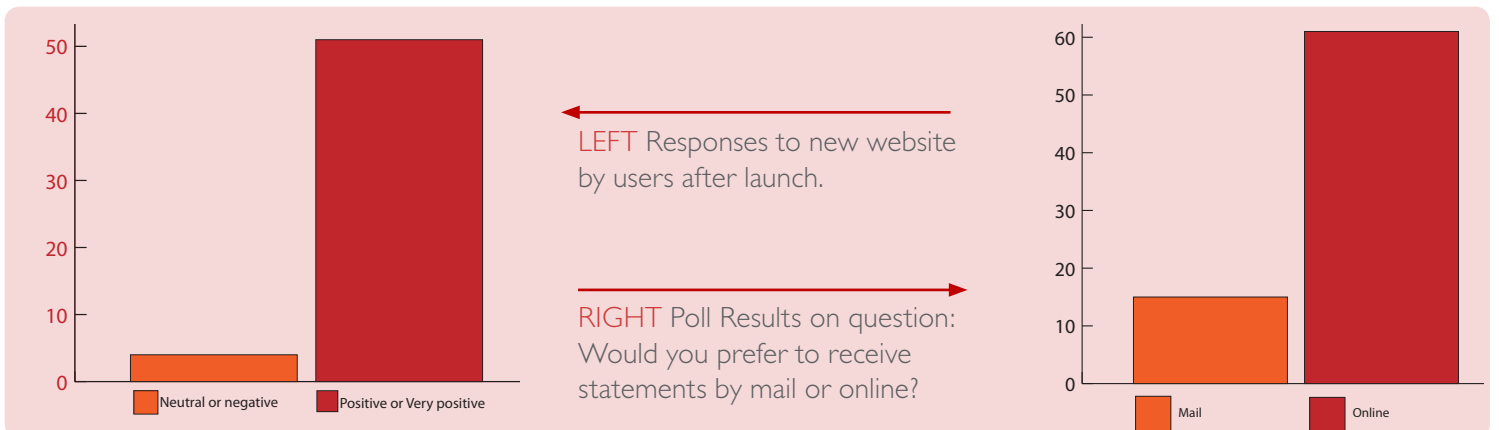
We have incorporated a CEO Blog so that you can hear things relating to financial issues on a broad and local scale. You also have an opportunity to post your comments.



We have also developed forums which consist of a number of areas in which members can exchange information and ideas. Amongst these are:

- Buy and Sell with free posts,
- Community Corkboard where you can pin the event or activity of your group to an online virtual noticeboard,
- Local Hero, where you can nominate a good person in your community,
- MAD Youth events and activities area.

On the Soapbox forum, we have received a number of questions of a financial or operational nature. These are posted anonymously and the answers are published online as soon as possible. We hope this helps explain things in a way that people appreciate, without them having to pick up a phone and turn a general enquiry into a personal one if you prefer not to. For a video site tour, there is a link from the homepage.



New Internet Banking

Acting on member requests, we also overhauled our Internet Banking system. Although it is just as easy to use and does not look significantly different, there are many more convenient features and highly effective enhancements to security. These changes have been very well received.

My ViewPoint is the name of the new system and it has many benefits for personal and business members.

New features include:

- Welcome screen gives a snapshot overview of all accounts and balances under that membership.
- Redicards can be activated by the user online.
- Account names can be personalised, such as Holiday Account or Quarterly Bills.

Business advantages:

- Transactions can now be performed on two-to-sign accounts.
- Upload a batch of payees and perform multiple transactions in one hit.
- Download your transactions into an accounting software package for easy book-keeping.

Security

Not only have we provided our internet banking users with more features and convenience, security has been enhanced in three ways.

The CAPTCHA test at point of log-in is a scramble of letters and numbers—slightly pixelated—which are not able to be determined by a program or machine. The benefit of this is that the test can very simply determine that you are a real user, not a virus or 'malware' infecting your computer.

There are accessibility options if you have any difficulty deciphering the test.

We have also introduced one-time passwords using Australia Post's innovative security tokens. These are small portable devices the size of a keyring, which internet banking users can carry with them. By pushing the button on the token, a six digit one-time password appears and is displayed for 30 seconds. Members then enter this code to authenticate that they are the legitimate account-holder.

The third way in which security and convenience has been enhanced is by the introduction of Alerts. You can be notified

by SMS text or email any time that a specific account activity occurs, which you specify in advance.

For example, you can be emailed or messaged when a deposit over a certain amount enters your account, or an amount leaves your account. Email alerts can be set up in Internet Banking under the Other menu and are free. SMS alerts incur a small charge per message and can be set-up in any advice centre or through Internet Banking.

We were delighted by your feedback. Thank you!



Website feedback after launch in December 2008 was 80 per cent positive or very positive. Comments included some of these gems:

“This is the best banking site I’ve ever seen.”

“I think the new website is great, the scene in the park is very friendly and gives a very community-minded feel, which is how I always feel with BDCU.”

“There’s no need for improvement, it’s fantastic, up to date information, very informative and very user friendly for learners like myself.”

“It’s such a nice change to read about the positives in the current economy (ie low interest rates and house prices) when there is so much doom and gloom coming from all media in the current economic environment.”

“This website is very user friendly and interactive. Well done!”

Changes to Member Benefits

After four years of our current Member Benefits program, BDCU embarked on a few changes. These were designed to simplify the program and make fees more transparent.

We also hoped to reward loyalty by encouraging members to make BDCU their main financial institution. The good news is you are still able to earn up to \$29 per month in fee rebates.

The new fee program came into effect on 1 September 2009. You may notice on your statements what transaction fees you have incurred, the number, and the costs.

The new program rewards members who support their credit union with various levels of business. This goes back to the credit union philosophy of member helping member and is detailed in the table shown below:

NEW REBATES effective 1st September 2009

Value of Membership* (Total value of deposits and loans)	Monthly Rebate
Less than \$5,000	-
\$5,000 - \$19,999	\$10
\$20,000 - \$49,999	\$12
\$50,000 - \$99,999	\$17
\$100,000 and over	\$27

* Total value of deposits and loans is calculated on the monthly minimum balance.

Add length of service rebate:

Length of Membership	Monthly Rebate
Less than 2 years	-
2 - 5 years	Add \$1
5 years and over	Add \$2

We continue to offer a range of supplementary packages available for members who are under 18, full time tertiary students or apprentices, or over 50 years old, which assist keeping fees as low as possible.

Business Members

We are also developing ways of promoting our member businesses to our other existing members via avenues such as the Featured Business space on our website.

Also on the agenda is creating clear and simple communication about matters which may affect your business, including economic trends and government initiatives.

Centre Renovations

Pursuing the corporate mission 'to deliver the financial solutions to get you where you want to go', BDCU aims to have its branches become one-stop shops for all the financial advice and solutions you need. As a member-owned organisation, it makes sense to provide not only basic banking services, but more sophisticated personal advice and financial planning to help you achieve your goals.



An integral step in this member-focused strategy has been the re-naming of our branches to 'advice centres'. Equally important has been the renovation of these centres and, in some cases, their relocation to more convenient positions. The aim has been to make the consultation and service experience better and easier.

Bowral Advice Centre and Head Office at 411 Bong Bong St Bowral opened first in December 2004. This major project saw the old Ambulance Station remain in local hands and become re-utilised partly as a public space. This in turn helped reinvigorate the quieter end of Bowral's main street.

Mittagong Centre's renovation finished in March 2007. It was relocated to Highlands Marketplace — a high profile development allowing more spacious and comfortable surroundings. Mittagong members can now park more easily and access department stores, supermarkets and specialty outlets in the one trip.

The Goulburn Advice Centre was completed in October 2008, also in a more convenient main street position next to Centro Mall — another key shopping hub.

These renovations have been completed with the comfort of members in mind. We have included internet pods, where members and their friends can get online to most websites without charge, coffee and tea dispensing machines, and kids play areas.

We will continue to upgrade these member facilities in order to ensure that they service the needs of members and are comfortable, relaxing and appropriately equipped.

Moss Vale is the final centre to be completed. This is planned for completion within the next two years.

To help your credit union make this transition, we appointed well-respected local businessman, Peter Malone (above), as our Retail Services Manager, to oversee all of our advice centres.

Moss Vale Advice Centre



Location: Clarence Street between Australia Post and the newsagency - just five minutes from the site where the credit union began in 1962.

“The bonus of working within the Moss Vale community is that the people are genuine and down-to-earth. There is a great rapport between members and staff because as well as servicing their banking needs, there is a genuine interest in their overall wellbeing. There is always very positive interaction between the staff and the community.



“Recently, staff at Moss Vale Advice Centre held a 1960s-style barbecue and lemonade stall to promote the Sweet Start Home Loan. The staff dressed up in 60s attire to attract attention (which it certainly did) and went about selling sausage and bacon rolls. In two hours all the food was sold out and the centre had successfully raised \$275 dollars for the BDCU Childrens Foundation.

“Moss Vale centre is proud of its community and helps numerous community organisations every year—from storybook readings to publicity for local events and as a fundraising collection point. It promotes good causes by advertising and displaying material on noticeboards. These may be initiatives started by individuals, as well as charities or groups.” LEFT: Top (Moss Vale Manager, Ross Webb) BOTTOM: Brooke, Karmyn, Jane in 60s garb celebrating lowest rates since 1964 and the Sweet Start Home Loan campaign).

Bowral Advice Centre



Location: refurbished Ambulance Station at 411 Bong Bong Street.

“I love community banking having grown up in the city. It is a different style and people are a lot more open, making banking a totally different experience. For example, this week I sat with a septugenarian and helped her understand the ways of internet banking so she could use the eAccess account, as well as pay her bills. She was keen to learn.

“Also, a couple came into the centre very upset and stressed as their superannuation was caught up in a property and their bank was changing the loan. They were very confused and stressed about what that meant for the future. I can empathise. Sometimes you feel like it is all too hard and that you haven't been given the time you need to understand how one thing affects another.



“We sat and spoke about their current financial situation. We are now refinancing them so that their loan is structured in a way that they understand and feel comfortable with. By asking them what they really wanted in the next five years, where they saw themselves, what their ambitions and aspirations were, I was able

to help them clarify to *themselves* what they wanted. Once you have established that, it's not so hard. We worked out how and when it would all fall into place.” (Left TOP: Melissa Tasker, Manager. BELOW [L-R]: Jenna, Melissa, Mychelle, Janine).

Mittagong Advice Centre

Centre Benefits



Location: Shop 23 Highlands Marketplace, Mittagong

“The membership of Mittagong Centre is a fairly even split between business and families. We get mums, dad, kids, tradespeople and retail owners . We help people with personal loans, credit cards, home loans, budgeting, saving, money management skills. We also have some large commercial clients and BDCU has simplified the process to make contracts and other services straightforward and easy to understand,” says staff member, Mary Putland, who is also studying Frontline Management.

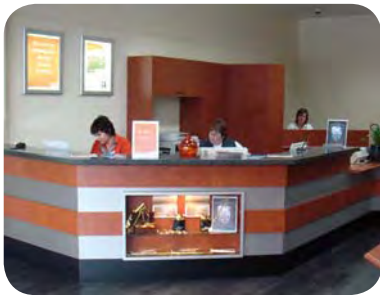


“The greatest satisfaction we get is in helping people and building a relationship over time. It is great to be on first name terms with so many people who have been satisfied. Yesterday I had a member whose direct debits exceeded her income. Just by going through the account and shuffling things around, setting up periodical payments instead, she is now \$200 better off every month. We have just settled four loans—that’s four people going on holidays, buying homes and better cars. That’s satisfying. June this year marked my ten year anniversary at BDCU. My time here has been thoroughly enjoyable and always challenging with so many different changes as BDCU has expanded and grown.”



Mittagong Centre is in a convenient location with abundant parking. As part of the Highlands Marketplace, members can do their banking at the same time that they carry out weekly activities such as grocery shopping, visiting chemists or other retailers. The Centre has extended hours and opens daily from 8.30am with a late 6pm close on Thursdays. Saturday morning trading hours between 9.30am and 11.30am also commenced since the relocation. The Centre has a free internet pod where members can bank or check email.

Goulburn Advice Centre



Life at Work

Location: 211 Auburn Street Goulburn

“The sense of satisfaction in knowing that our members receive the best possible advice and service is the great motivator for staff in

Goulburn. There is a palpable sense of community with many long-standing members. We share their experiences—both joyful and difficult—celebrate over births and marriages. We enjoy working with our members.

“A highlight for us over the last 12 months has been the establishment of BDCU Goulburn Hospital Foundation. It has been amazing to see the community spirit come through.

“It shows that we can offer the best banking and financial services, but we can also make a difference in the community and the lives of people who live here. We care. That’s the difference.”

Above Right: Staff Pam, Tracey, Robyn.



Among the many long-standing members is Mrs Peach* who has recently been very ill. One of the staff noticed that she had not been to the Centre on her regular days. She called her home and was told that Mrs Peach had been admitted to hospital two weeks earlier. The staff member went to visit her, then mowed her lawns, then visited her husband in another hospital to pass on her wishes and care. *name changed for privacy



Advice Support Centre



Behind the Scenes

Led by Lee Denney, (left), Advice Support is the amalgam of the call centre and loans area. The Call Centre responds to inbound calls, emails,

provides internet banking support, orders and activates Visa and ATM cards.

"I recently had a member who moved to Western Australia for work and needed help setting up internet banking. We had to grapple with time differences but we sorted it out fairly quickly," says Julie.

"Often we get calls from people who get into sticky situations overseas. All of us have done a fair bit of travelling and totally understand how that feels. In the last month we've had backpackers leave their Visa card behind in South America, an ATM swallow a card in China, a woman fall victim to a skimming device in the United States and we get loads of calls from the United Kingdom, even to organise insurance in the middle of the night. We have a lot of members who are originally from the area and live some of the time overseas."



"The most satisfying thing for me is teaching people how they can make the most money, whether it is by changing an account or opening a term deposit," says Christa. "It's about helping people with their money but we also have to help them in the way that suits especially if they are travelling or live interstate."

(Below: Julie & Belinda)



Lending Area

It's not just cars and homes that people borrow money for.

"We recently gave a loan to a member for a horse, and then a horse float and then a car to tow it all," says Narelle (below) who answers the loan hotline.

"We've also had an alpaca loan. Mostly the loans are for vehicles. There are a lot of first home buyers as well. It is nice to be able to help people buy their first places.

"The average first home loan would be around \$300,000, which is quite affordable with two incomes. Then investment properties of around \$700,000 are not uncommon.



"We also do a lot of debt consolidation loans where people have all these small debts that they struggle to afford and keep up with. We can roll them together and it's then much simpler and more affordable. Some people we've helped have had debts from when they were 18 years old that have just spiralled out of control. Many people have been given credit when they were young that they couldn't really afford and it's still hurting them now.

"One of the nicest things is helping pensioners who own their own homes but need small amounts to maintain their properties or have a holiday. A lot of institutions don't consider pensions as a valid income source and expect the couple to mortgage their home again. People really appreciate the fact that we are different like that."

Financial Planning

As part of our commitment to members, we are expanding our financial planning capabilities so that we can help more members get to where they want to be.



Members who have taken advantage of the Financial Planning opportunity have expressed some tremendous feedback.

Members especially like that the Financial Advisors are BDCU staff members who have undergone intense training and study for these positions. Planners are qualified to provide a host of investment, risk and planning solutions, not just a limited set of third party offerings.

Our philosophy is that the more members who invest well, create wealth, and plan ahead, the more this benefits the community at large and the collective membership of BDCU.

The small financial planning team advises on investments that suit the individual, risk protections such as personal insurances, estate planning and retirement planning. (Above: Stephen Aspinall, Manager of Financial Planning)

Commercial Services

With an array of offerings, there is virtually nothing that BDCU is not able to do for member businesses.



The main commercial services are: business and commercial loans, leasing, factoring, EFTPOS and merchant facilities and accounts.

With changes to our internet banking platform, we are pleased to now offer some of the services demanded by large businesses, including bulk payee batching and download to accounting software.

(Above: Geoff Lisle, Commercial Services Manager)

Recently we had a young woman apply for a car loan that she didn't think would be approved. She worked part-time while studying to be a teacher and had five children to support. We reviewed her financial situation and she was easily able to meet her expenses and loan repayments. The best news came after she supplied her Centrelink Income Statement. There was a deduction of \$78 showing from each fortnightly payment. When we enquired as to the purpose of this, she had no idea why it was coming out. After investigation it turned out to be an error. The member received almost \$10,000 in back payments.

Young people want your help

By Claire Mitchell

It doesn't matter how old you are, if you want to help support young people in the Highlands MAD Youth has a job for you.

The youth philanthropy branch of the Southern Highlands Foundation is dedicated to providing opportunities for young people in the Wingecarribee Shire through both grants funding and events.

Close to \$20,000 was raised for the group from the recent Highlands Harvest Hunt. Half will go towards a youth future fund, which will grow by accumulating interest, while the other half will be put towards community grants.

Those aged from 12-25 can join MAD, which meets every Thursday afternoon, and help decide where best to spend the money and what events young people in the area need.

Older people can also be involved via a sub-group, and use their skills to assist the young people put their plans into action.

"We're looking for people who want to be proactive in the community who can work well in a team," youth philanthropy officer Tamara Crowther said.



JOIN US: The MAD Youth team is looking for more members to help make a difference. Photo by Claire Mitchell

"And they all have a lot of fun, make new friends, and really enjoy making a positive difference in the community."

If you have an idea for an event MAD Youth could put on, or you want to join the team, phone Tamara on 0412 962 144 or send her an email at tamracrowther@hotmail.com.



Members prepare for fundraiser

Members of the BDCU are busy preparing for the upcoming fundraiser. The group is working hard to ensure the event is a success. The fundraiser is a great way for the community to support the BDCU. The group is looking for more members to help make a difference. The fundraiser is a great way for the community to support the BDCU. The group is looking for more members to help make a difference.



Bowral gives bank advice

Bowral is giving bank advice to the community. The bank is offering various services to help people manage their finances. The bank is looking for more members to help make a difference. The bank is offering various services to help people manage their finances. The bank is looking for more members to help make a difference.

Support from youth of Bowral in Bowral, Bowral, Bowral



Highland News

Hospital children's ward development sizzling along

The meals are in motion

The path to dancing stardom

Religious delivery

The meals are in motion

The path to dancing stardom

Religious delivery

No Interest Loan Scheme (NILS)



This program involves making no interest loans of up to \$850 to people in Goulburn and surrounding areas for basic household goods such as refrigerators and washing machines.

The scheme is administered by Highlands Community Centre (HCC) who interview applicants in

Goulburn and assess applications with their Loan Committee.

BDCU provides capital funds for the loan program which is also supported by Goulburn Mulwaree Council.

As loans are repaid to this capital, it becomes a revolving capital source of loan funds for new borrowers.

Highlands Community Centre has recently faced funding issues for the staffing of the role of NILs Co-ordinator with the State Government declining to provide ongoing funding. BDCU, after working with the HCC and Pru Goward (our local State Government Member and Shadow Minister for Community Services) has succeeded in restoring this funding.

Get Ahead Program

This loan program is designed for graduates of the NILs scheme in the Highlands to provide loan funds at concessional rates to allow borrowers to purchase larger items such as motor vehicles.

The program is administered by BDCU on referral from Highlands Community Centre and helps people achieve a credit rating whilst educating them in budgeting and borrowing.

Recent In-Kind Support

- Co-organisation of Shave 4 Maeve to support a local family with young daughter fighting leukemia.
- Promotion and collection point for the Red Cross Black Saturday bushfire appeal.
- Promotion and support for member's Kokoda Trail walk fundraiser for Camp Quality
- Free meeting rooms for Not For Profit groups
- Hosting of functions for Rotary Network Group, Southern Highlands Lantern Club, local Businesswomen's Network and others.



BDCU Childrens Foundation

The Foundation formed as a Community-Business partnership with a local community committee of 25 to raise funds for the refurbishment of Bowral Hospital Children's Ward. The Foundation has now raised \$322,000 toward its goal of \$500,000.



BDCU's involvement began with a staff member on the committee. He recognised the need for a corporate organisation's involvement to provide resources and guidance, as well as the potential rewards for BDCU if it were to be that organisation.

Co-President Jennifer Grey said, "The community support has been overwhelming and we are indebted to BDCU for their enormous support and interest in this vital community facility".

With the successful lobbying of State Government thanks to the support of local member, Pru Goward, State Government funding of \$3.2 million was announced in 2008 to rebuild the dilapidated building with work near completion at time of going to press.

These funds have been raised with a huge amount of community support and events and will be used to purchase items from a wishlist supplied by the hospital staff. The list includes medical and furniture items to ensure the comfort of both children and family during the child's stay in hospital.

"The benefits BDCU has received include publicity, brand value, more business and good community citizenship," said Ross Stone.

BDCU Goulburn Hospital Foundation

Another Community-Business partnership was formed in 2009 with a local committee of 15 to raise funds for the needs of Goulburn Base Hospital.

This energetic and committed group of locals has successfully won the Hospital Derby at Goulburn Melbourne Cup Day from a strong field of contenders to promote the aims of the Foundation.



A series of major fundraisers have already been held or are planned including:

- Mile of Pennies (which raised nearly \$8,000)
- Dancing with the Starz
- Police Academy 25-year Anniversary Ball

The community has again rallied behind the Foundation with many spontaneous donations being received from a variety of individuals and groups.

These funds will be progressively made available to the Hospital to purchase much needed equipment from their wishlist.

Meals On Wheels

The Wingecarribee Food Services provides *Meals on Wheels* in its local government area, which services approximately 120 housebound clients each week. *Meals On Wheels* enables these people to be independent in their own homes for longer.

Nutritionally-balanced meals are delivered by volunteers who are often the only point of contact for recipients. With the rising cost of food and fuel, *Meals On Wheels* is made

possible by the significant contribution of volunteers who deliver the meals.

As of January 2009, BDCU as part of its community involvement has become a *Meals On Wheels* volunteer.

BDCU's contribution to this community involvement includes:

- 18 staff as volunteers
- use of a company car to deliver meals
- fortnightly deliveries by two staff members for about two hours each time
- donation of the travel reimbursement voucher back to Wingecarribee Food Service

Sri Lankan Study Tour

Last May, BDCU welcomed a group of nine from the Sri Lanka Development Services Co-operative Society (also known as the Women's Co-op). The group was in Australia on a study tour, learning how other credit unions serve members and their communities from an international perspective.

Initiated as a pilot program by the National Housing Development Authority of Sri Lanka, the Women's Co-op is based on the traditional system of savings and credit called Seettu.

All members of a group contribute an agreed sum of money to a pool on a regular basis. The pooled amount is awarded to one member of the group.

To be eligible to join a group, the women must have a low income and live in a low-income settlement.

Amongst the group to visit BDCU was the high profile working women's advocate, Rupa Manel Silva.

"Whilst the Southern Highlands couldn't be more different to the coast of Sri Lanka, the credit union principles are the same. It's about people helping people," said Ross Stone, BDCU spokesperson.

"Credit unions establish where there is a need for them. At the Women's Bank, a loan might be \$25 to start a small food-growing operation, but it can be life changing and help lift people out of severe poverty," said Ross Stone.



Pictured: Women from the Women's Co-op, Sri Lanka. BDCU Board Member Gloria Debenham centre.

Community Facilities

BDCU's administration offices are based above the Bowral Advice Centre in Bong Bong Street, Bowral.

A former ambulance station, the building was extensively renovated in 2004 and is now a modern centre offering on-site parking, a landscaped internal courtyard and spacious training and boardroom facilities.

We are pleased to be able to share this magnificent setting with local community groups needing space to hold any non-commercial meetings. The rooms come with kitchenette and audio-visual facilities, which are both complementary.

The facilities are very popular and have been used for a variety of activities in the past 12 months including:

- lunches
- festive gatherings
- Annual General Meetings
- meetings

Groups that have used the rooms recently include:

- Southern Highlands Businesswomen's Network
- Interchange
- MS Support Group
- Rotary
- GPH Care Group
- Southern Highlands Croquet Club
- Jane Austen Appreciation Society
- Association of Independent Retirees
- Rodmell Fund
- BDCU Childrens Foundation
- Harbison
- QUOTA
- and others

Bookings can be made by calling 02 4860 4000.

Pablo & Rusty's

The excellent cafe changed to Pablo & Rusty's under the careful hand of proprietor James. James—whose daughter Maeve was the subject of great community generosity and the inspiration for *Shave 4 Maeve*—has created a cafe blend of premium fair trade coffee, delicious and healthy lunch food, sweet treats, winter soups and a regularly changing menu. Pablo & Rusty's caters for vegetarians, epicureans, the ravenously hungry, as well as those seeking good value for money. Call in for lunch some time and be served by some of the friendliest hospitality staff in the Highlands.



Environmental Status

environment

In late 2007, an emissions report was prepared by external environmental consultants who advised that BDCU had a moderate carbon footprint for an organisation of its size — 240 tonnes per year.

Three months later, BDCU heralded in the new year of 2008 with a new years resolution — to do what we reasonably could to become carbon neutral.

Carbon Offsets



Since then, we have maintained carbon neutrality through the purchase of carbon offsets. The carbon offsets have been accredited by a third party or certified as part of an independent and recognised standard compliant with the Kyoto Protocol.

In 2008 and 2009, BDCU purchased offsets in a methane project in Western Australia. The project was the winner of the *Best Carbon Offsets Project* in 2007 in the *Greenhouse Challenge Plus* award as voted by the Australian Federal Government.

The methane project owner is a group of metropolitan and regional councils, which developed the group with the objective of improving waste management and reducing reliance on landfills as their primary waste strategy.

Healthy Changes

Paper

BDCU now uses recycled stock for 75% of all its printed matter including,

- Annual Report
- reports to members
- all copy paper
- recycled paper pens and pencils.

Staff members pay a small fee for any personal printing and the organisation has a culture encouraging re-use of scrap paper, printing of material double-sided where possible, and only printing and copying what is deemed strictly necessary.

Recycling

Systems have been put in place to ensure that we recycle all paper products, glass, plastic, aluminium, computer hardware and peripherals such as toners and ink cartridges.

- All staff have been provided a specialised bin to sort all recyclable and non-recyclable rubbish at their desks.

- Recycling bins have been provided for all kitchens throughout the organisation.



Computers & Appliances

These consume almost 30% of the organisations energy. As such the following initiatives were completed this year

- All CRT monitors have now been phased out.
- All computer monitors are set to 'power save' mode.
- A full computer shutdown policy has been implemented.
- All Zip boilers and water coolers have a mains timer attached so that they are only consuming power during office opening hours.

Lighting

Lighting accounts for approximately 45% of energy consumed. BDCU has reduced the consumption of electricity by 10.3 tonnes a year through the following:

- Replacement of all current T8 Fluoro tubes with more



efficient and longer lasting T5 tubes. The carbon saving is 8.1 tonnes.

- Replacement of all 50W halogen lights with 35W halogens. The carbon saving is 2.2 tonnes in the Centre and administration building in Bowral. Over the next year all lighting in the other Centres will be reviewed to assess most appropriate replacements.
- Popper lights have been installed in all bathrooms
- Carpark, building and courtyard lighting have been put on timer / light sensitive switches.

Heating & Cooling

Heating and cooling accounts for between 23-25% of BDCU's energy consumption.

In 2008/2009, the following reduction strategies were completed:

- Air-conditioning time switches were installed and now automatically switch off overnight and at weekends.
- Air-conditioning vents have been repositioned. A new style of vents has been put in particular 'hot' and 'cold' spots to increase efficiency.
- Thermostat range policy is being implemented.

Company Cars

In 2008, BDCU also replaced its company cars with two more fuel efficient, albeit not inconspicuous, models.



Green Loans

Green Loans is a new Australian Government initiative to help Australians tackle climate change.

We are excited to be one of a handful of financial institutions in Australia who will be offering interest-free 'Green Loans'.

The Green Loans Program assists Australian families to install solar, water saving, and energy efficient products.

The Green Loans Program provides:

- detailed, quality Home Sustainability Assessments; and
- access to interest free Green Loans of up to \$10,000 each to make the changes recommended in the assessment.

'Green Loans' are defined as:

- commercial loans offered to households by a registered financial institution; and
- limited to a maximum of \$10,000 to purchase products or services approved in the Household Sustainability Report; and
- loan limited to a maximum four year (48 month) loan period; and
- granted to an eligible household (ie combined income below \$250,000).

The loan will be interest-free and fee-free with the Federal

Government subsidising the full interest cost as well as the loan administration costs.

The Australian Government through the *Department of Environment, Water, Heritage and the Arts* (DEWHA) is contracting with financial institutions to subsidise small renovation loans in order to encourage improvements to the environmental performance of Australian homes.



Bundanoon Backs Bottled Water Ban

"Australians spend half a billion dollars every year on bottled water that we could get for free from a tap, but we complain when petrol goes up a few cents a litre," said Jon Dee, Founder of *Planet Ark* and *Do Something* at a packed meeting in the Bundanoon Memorial Hall on July 8th.

"We've been conned and they're laughing all the way to the bank."

Residents of the village, known for its national park, pristine water and cycling paths voted almost unanimously to back a proposal, which will see it Australia's first bottled water-free town.

The initiative, known as *Bundy on Tap*, would see businesses no longer selling bottled water and fresh, clean drinking water available in shops, on the street, at school and at events. A reusable bottle will be manufactured which can be refilled, as opposed to the single-use plastic bottles manufactured by most water companies.

It takes 1,000 years to decompose a plastic bottle with 70 per cent currently ending up in landfill or oceans. Conservative estimates state that more than 15 million litres of oil is used each year in the manufacture and distribution of bottled water in Australia alone.

We congratulate and support our friends in Bundanoon for this landmark action!

Human Resources Picture

employees

At BDCU we are committed to finding the right people to work with our members to ensure you are offered the advice appropriate for your individual circumstances.

Employees are provided with training on banking operations and customer service in addition to broader economic, investment, risk and superannuation principles. Those that are interested in further development have the opportunity to improve their skills through further training and education.

As a local employer of choice it is essential that we provide our staff with a work environment that understands their work/life balance needs and offers the flexibility to deal with personal and family responsibilities. As such, we are currently working on a maternity/paternity leave package that could see us as best in the Financial Institution market.

Average absenteeism rate at BDCU is 1.2%.

Average length of service of BDCU employees is 5.3 years with 26% of current staff employed for longer than ten years.

Top 5 Strategies for Attracting & Recruiting Staff

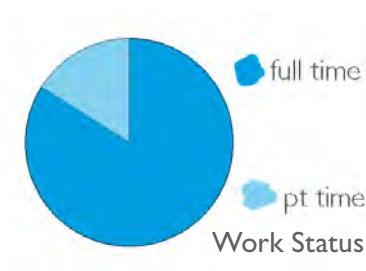
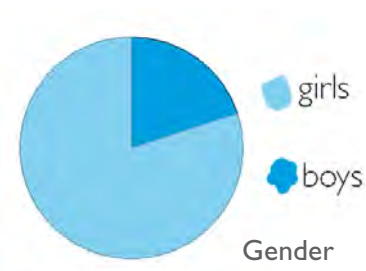
- 1 Competitive remuneration/ benefits/allowances/ performance rewards.
- 2 Flexible hours/comfortable working conditions / family-friendly facilities
- 3 Training / Development / Education support
- 4 Brand name local company with a good reputation
- 5 Employee referrals / networking

Currently 24% of our workforce is enrolled in further education initiatives paid for by the organisation.

All BDCU employees are required to attain a minimum Tier 2 qualification in Financial Services within the first three months of employment. This qualification allows them to meet the initial target for product and service knowledge.

To keep helping members with the best advice, we need to continually increase our employees' level of understanding and knowledge of the advice required by our members. To do this they must have a broad understanding of the economic and financial markets.

A great number of the courses undertaken by staff are Certificate and Diploma courses they are able to do both on the job as well as in their own time.



Courses Being Undertaken by Staff and Paid for by BDCU

- Frontline Management Certificate IV
- Mortgage / Broking Certificate IV
- Accounting Certificate IV
- Business / Financial Services Certificate IV
- Diploma in Financial Planning

Completed Certificate III Traineeship - 3 staff

Returning to Workforce - 9 staff



Recent graduates: Lee Denney (Advice Support Centre Manager) and Shelley Dark (former Lending Manager) both now completed their Diplomas of Financial Planning.

Development

Currently we have staff enrolled in Frontline Management, Diploma in Accounting, Certificate IV in Mortgage Lending and the Diploma in Financial Planning.

BDCU also has a large contingent of its staff who have completed traineeships within the organisation.

The trainee program (Certificate III in Financial Services) has been in place since 1997 when we took on our first trainee.

In 1998 we employed two further trainees and one of those, David Lang, is now our Finance Operations Manager. At this time we currently have eight employees that have come through the traineeship program and a new trainee has just come on board in February.

Successful Staff

A real success story over the past twelve months has been the accomplishment of Lee Denney and Shelley Dark who have completed their Diplomas of Financial Planning. Shelley has been appointed a Financial Advisor with BDCU. Lee is managing the Advice Support Centre.



David Lang

Volunteering

One thing BDCU is proud to foster is a culture of volunteerism. And baking.

In the last twelve months, staff have participated in Meals On Wheels, Christmas Gift Wrapping and volunteered weekend time for Shave 4 Maeve.



Staff also devised an original concept called Pink Week where employees dressed in pink, decorated with pink and even baked pink food whilst contributing daily pocket money to the Jane McGrath Foundation.



This was also the first year for the ribald revelry of Movember. Several male staff grew uniquely outlandish moustaches for a month to raise money for prostate cancer research.

The Biggest Morning Tea was also given the BDCU treatment, becoming the *Master Chef Challenge Morning Tea*.

Wellbeing

Happiness and job satisfaction are extremely important human resources objectives. What makes it easier is that staff care about each other and often bring children (and animals) into the workplace.

Our corporate Social Club began many years ago and is

a popular group amongst both new and long-serving staff.

For an investment of \$2 per week, the money is pooled and recreational events can be enjoyed by staff members and their families.

Events are nominated and activities elected on a 'majority rules' basis.

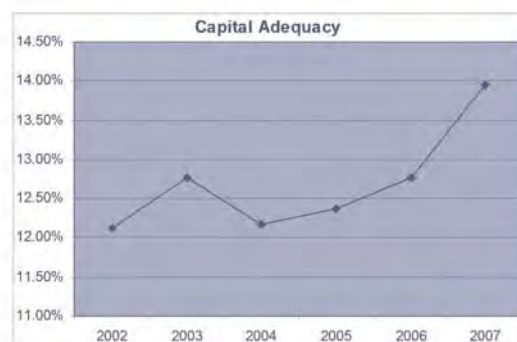
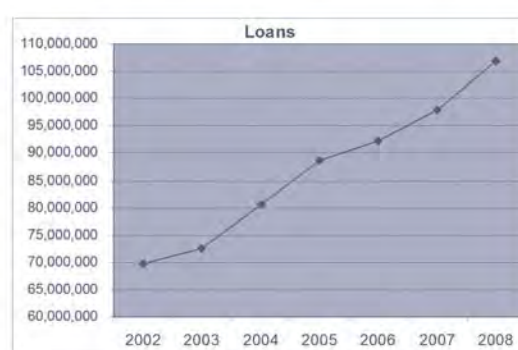
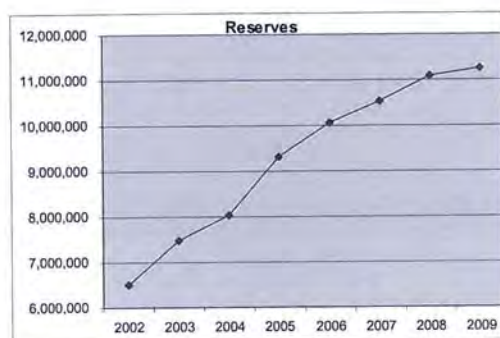
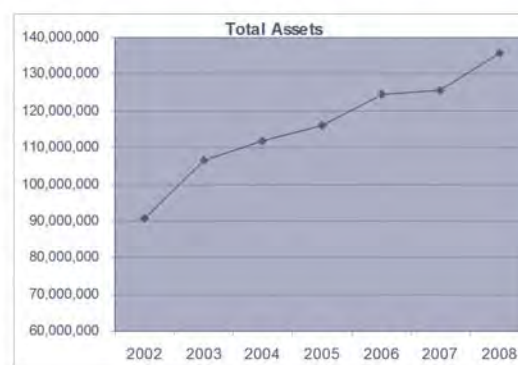
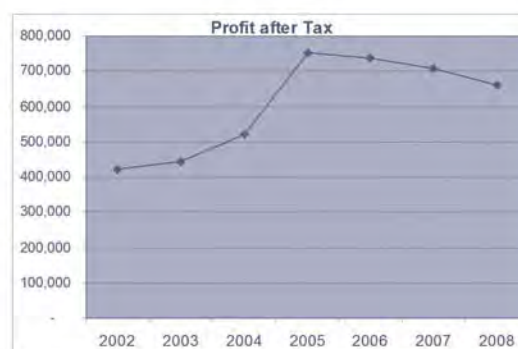
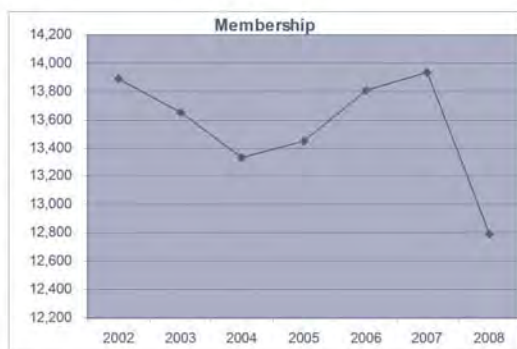
This year there has been football match, white water rafting and plans are underway for a contingent to attend A Day on the Green in November 2009.



Social Club - Rafting

Financial picture (notes overleaf)

the business end



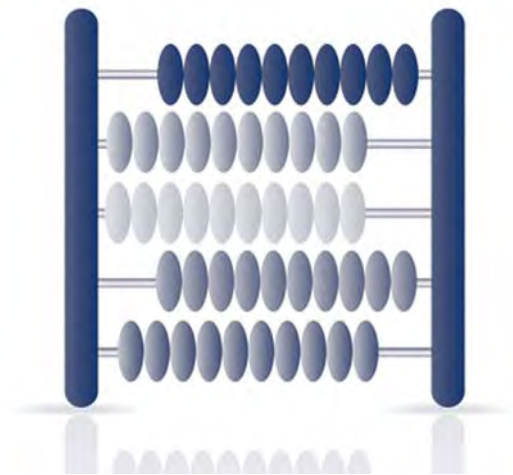
Notes

Membership - The 2007 drop in member numbers is a result of change to BDCU's banking software, which nominates only shareholding members, not all members. Net membership growth averages +2%: reflecting the growth of the area.

Charts span from 1st July 2002 until 30th June 2009.
For fulsome financial reporting, please review your Annual Financial Report.

Solid Figures

Like most financial institutions, our after tax profit took a drop, but is healthy under the circumstances. We are determined to rise to a much higher profitability in future financial years and have made a number of changes to adapt, which will see us successful.



The fall that is displayed in our membership chart is not due to a fall in actual BDCU customers but rather a change in the way our core banking system now differentiates shareholding and non-shareholding members. BDCU's

net growth in membership is steady at +2% — reflecting the level of population growth in our area.

Loans, deposits and assets have all increased again in the last twelve months. This has been a pattern of steady growth, which has been strong for many years.

Reserves are in very healthy shape, reaching \$11.2 million.

We also have abundant capital of 13.82%, significantly greater than APRA's 8% requirement and at the upper end of its revised capital adequacy guidelines expected to be introduced next year.

Updates on our capital adequacy can be viewed on our website under Disclosure Documents.

Number Crunch

There is no denying that this has been a hard financial year for everybody in the financial industry, which caused a domino effect reaching far and wide.

As mentioned, Australia has a robust set of regulations in place that offer protection from many of the events that hit the United States economy so hard, and then other nations in a subsequent and profoundly damaging ripple effect.

Despite unfounded rumours by some commentators about the security of mutual banking groups (of which credit unions are a part), we are demonstrably in better shape than many of our larger competitors.

Responsible Lending

Sharemarkets internationally have been hit hard ever since cracks began to appear in the sub-prime lending markets in September 2008. Australia has been more fortunate than most as it has in place one of the best and toughest financial regulatory frameworks in the world.

BDCU has not, and does not, do sub-prime lending. Nor do we invest in high risk or complex market instruments—at all. Ever.

Prudent lending in the interest of both the borrowing member, and the funds of other members, is fundamental to our credit union principles and our *Mutual Banking Code of Practice*.

Capital Adequacy

This refers to the amount of funds in reserve as a proportion of total assets. The minimum APRA requirement for Australian Deposit-taking institutions is 8%.

BDCU's capital adequacy reserve is far above surpasses its legal requirement, and has been so for many years.



Healthy Signs in our Fragile Economy

Recently, some began heralding Australia's faster-than-expected recovery and slating it to be one of the first countries likely to start increasing interest rates again.

This may have been due in part by the Reserve Bank of Australia (RBA) upgrading its forecasts for gross domestic product for the rest of 2009 and 2010 to an expected half a per cent growth.

"Movement towards a more normal setting of monetary policy could be expected at some point if further signs of a durable recovery emerge," the RBA said.

Australia's close relationship with China and its demands for iron ore would have also contributed to our country's relatively healthy state. Generally speaking, with the exception of Japan, the Asian economy is performing better than the US, UK and Europe. This seems due to a number of factors including low personal debt and low tax rates across Asia.

This is good news, although nobody really knows whether markets will fall further. In many ways, the markets are susceptible to the unpredictability of human emotion. The economy is still fragile and as Government stimulus measures wind down, consumer spending may also slow commensurately.

Other good news is that US house prices have stopped falling, which is significant because they comprise a large portion of US debt with radical domino effect when citizens en masse foreclose or embark on a share selling spree to avoid that scenario.

Excerpt from Jan's Blog: August 2009 www.bdcu.com.au

Governance overview

What is Governance?

Governance is the combination of processes and structures implemented to inform, direct, manage and monitor the activities of an organisation in order to manage its risks.

That good governance is essential to organisational sustainability may seem like an obvious thing to say. But it has never been more important than in the last twelve months.

The economic turmoil caused by the collapse of the credit market has been the result, in part, of poor governance.

The push for short-term results and ever increased profits in the finance sector has given rise to the subtle, consistent erosion in the exercise of good governance. The result has been a credit crisis and global recession of some significance.

Where does BDCU stand in all of this?

As a mutual organisation BDCU is not driven by profit. Though part of our governance oversight is to ensure that we create sufficient profit for growth and to put aside for the proverbial 'rainy day',

BDCU is driven by return to its members in the form of sound products and exceptional service at a fair cost rather than large short-term increases in profit.

As a result we take only the risks we understand and only make investments where the return is fair and the makeup of the investment transparent.

BDCU's governance structures and approach to risk have resulted in a low risk profile, a sound balance sheet and continued profitability in this most difficult economic environment.



Governance Committees

The Board and management are organised into a number of working groups to ensure the smooth and effective governance of the credit union:

- Executive
- Audit
- Assets and Liabilities
- Credit and Operations
- Nominations

Who Regulates Credit Unions?

Australia has one of the best and toughest regulatory systems for financial institutions in the world. BDCU is covered by the same regulations as a major bank.

These governing bodies include the *Australian Securities and Investments Commission (ASIC)*, the *Australian Prudential Regulatory Association (APRA)*, the *Department of Fair Trading*, and the *Australian Competition and Consumer Commission (ACCC)*.

The industry is highly legislated with detailed compliance requirements for all activities.

Basel II

One of the recent regulatory changes is introduction of the international banking standards known as the Basel Accords.

The second (known as Basel II) concerns how much capital financial institutions need to set aside to safeguard against the financial and operational risks that they face.

Advocates believe that these standards can help protect global financial systems from issues that can arise when major banks collapse.

Australia, through APRA, implemented Basel II on 1 January 2008. The United States was scheduled to comply by April 2009.

Anti-Money Laundering & Counter Terrorism

Source: Attorney-General's Dept www.ag.gov.au



The anti-money laundering and counter-terrorism financing (AML/CTF) reforms are aimed at addressing the risk of money laundering in Australia and the threat to national security caused by the financing of terrorism.

The reforms seek to implement Australia's international obligations including a commitment to bring our AML/CTF regime in line with the international standards as set out by the *Financial Action Task Force on Money Laundering (FATF)*.

A new legislative framework has recently been put in place through the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. This first tranche of reforms covers the financial sector including banks, credit unions, building societies and trustees and extends to casinos, TABs wagering service providers and bullion dealers.

The second tranche of reforms will cover real estate agents, dealers in precious metals and dealers in precious

stones and a range of non-financial transactions provided by accountants, lawyers and trust and company service providers.

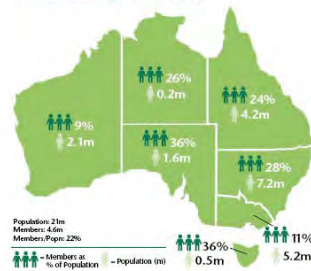
Mutual Banking Code of Practice

Over four million Australians are members of a credit union or mutual building society. The Mutual Banking Code of Practice was introduced in July 2009. It is the public expression of the value that credit unions and building societies owned by members place on improving the financial wellbeing of their individual members and their communities.

Mutuals deliver member-focused, competitive services. We are committed to responsible lending practices and to helping members gain financial independence.

The ten key promises that are the backbone of the Code, as well as additional information and explanatory notes, are available at each Advice Centre.

Mutual Banking Membership



CUSCAL

The Credit Union Services Corporation of Australia (Cuscal) is Australia's leading wholesale provider of

transactional banking, liquidity and capital management products to specialist financial service retailers, like BDCU.

As an established presence in the financial services sector, Cuscal's customers manage more than \$30 billion worth of assets.

ABACUS

Abacus—Australian Mutuals is the industry association for 127 credit unions and mutual building societies.

Credit unions and mutual building societies have a combined \$65 billion in assets.

Our industry upholds values that reflect our mutual heritage and structure, namely:

- co-operation
- moral integrity
- trust
- financial prudence
- caring for members
- social responsibility

ABACUS also represents our industry to government, in public debates and to the media.



The 10 key promises

- 1 We will be fair and ethical in our dealings with you
- 2 We will focus on our members.
- 3 We will give you clear information about our products and services
- 4 We will be responsible lenders.
- 5 We will deliver high customer service and standards.
- 6 We will deal fairly with any complaints.
- 7 We will recognise member rights as owners.
- 8 We will comply with our legal and industry obligations.
- 9 We will recognise our impact on the wider community.
- 10 We will support and promote the Mutual Banking Code of Practice.

