

# Valley Community Financial Services Limited

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## ANNUAL GENERAL MEETING: WEDNESDAY, 14 NOVEMBER 2012

### CHAIRMAN'S ADDRESS

Tonight I'd like to take my report on our Annual Report as read and give you an update as to how we are travelling in the new financial year and the plans we have ahead.

In September, we opened our new fully fledged branch at Kinglake employing one extra person and providing full time 5 and a half days a week banking services into Kinglake. The Kinglake branch has continued to be quite strong and it may take another couple of years for that business to return profits to the company but eventually should be a good business for our business. The branch is a Bendigo Bank branch fully owned by Valley Community Financial Services Limited. We have a commitment to the Community Bank Stadium and we've been making payments towards that - a \$750,000 naming rights commitment which will be finished by June 2013. That's been an exciting project, one that's generated huge interest in our business and I think put community banking in this region on everyone's lips. We've been able to provide a tremendous facility for the region and obtained great promotional opportunity as well for the next 10 years.

The 2013 financial year has continued to throw up challenges due to the economic climate. We are slightly behind our budget targets for the year to date but we are finding margins are still squeezed and projected revenues are difficult to achieve. Nevertheless, we are still expecting to see the Eltham branch come close to profit by end of financial year 2013 and the Doreen/Mernda branch is gaining traction in that community day by day and we expect to see further solid growth in that business for the 2013 financial year. Hurstbridge continues to be our stalwart generating business and growing and has experienced wonderful support from that community. Diamond Creek branch is in a much more competitive environment and our Manager, Tina Elmer, is working hard to grow that business although it has been a great profitable business for us to date.

I am pleased to be able to say, that for our original shareholders this year we were able to pay dividends equivalent to 8% return on their original investment, fully franked and our new shareholders who took up the offer in 2010, have now received 10c a share in dividends fully franked. These are solid returns given that we have new businesses at Eltham and Doreen/Mernda still working hard to grow into profit. This makes it a great outcome for both those new shareholders and their communities. Those branches will provide Valley Community Financial Services Limited an excellent income stream and profitable businesses as they continue and become more and more successful.

In September 2012 we launched our own website. This can be located at [www.valleyfinancial.com.au](http://www.valleyfinancial.com.au). This will enable our community to access information, find out the latest news and see what our company can bring to the community. There is also a specific access area for shareholders. Our website is continually evolving and it will eventually have an area where community groups can gain information on applying for funding. Lastly it will become a great place to record our history.

Finally I'd like to reiterate that we need your business too. The more people that become customers of our business, the more profit we are able to make and contribute to dividends and also of course dividends to the community.

Barry Henwood  
Chair  
Valley Community Financial Services Limited