

# Valley Community Financial Services Limited

Shop 8B, 75-77 Main Hurstbridge Road (PO Box 469), Diamond Creek, 3089. ABN 86 092 399 730. Authorised Rep No. 265341.  
[www.valleyfinancial.com.au](http://www.valleyfinancial.com.au)  
Telephone 03 9438 3194 – Fax 03 9438 4960. Email : [administration@valleyfinancial.com.au](mailto:administration@valleyfinancial.com.au)  
Franchisee of Bendigo and Adelaide Bank Limited. Fountain Court, Bendigo VIC 3550.  
ABN 11 068 049 178. AFSL No. 237879.



Annual General Meeting  
12 November 2014

## CHAIRMAN'S ADDRESS

Over the last two years, we have experienced extreme change in our business environment and your Board is proactive to change and are making decisions for the future to ensure a continued, healthy bottom line. We've experienced a drop off in the huge volume growth that we were accustomed to in our early years. This is attributed to the Global Financial Crisis and increased competition in the market impacting on our margins. Some of those margins have dropped by up to 50% of what they once were.

I want to talk to you today about the future of our business. You can read our Managers, Treasurers and my own report in the 2014 Annual Report, so a little about the future.

Your Board along with our Managers and our staff, are constantly reviewing the way our business operates. Some figures that we have at the moment, shows that the transactions across the counter are dropping over time and will probably continue to do that. We currently see 96% of all transactions conducted outside of our branches. The 4% transactions done in branch, delivers 80% of our new business. It appears that generally people now only come in to the branch to conduct new business.

This suggests a change in the way we define old fashioned friendly service. Service to our customers is not just about NIL queues in branches but more about ensuring we service their needs across a range of products and at times that suit them.

We will be looking at the internal design of our branches to accommodate our staff and our customers effectively. We also regularly review the training level of our staff to ensure that they are suitably equipped to adequately service our customers. There is a reduced demand for teller services and an increased requirement for people that can help to write applications for loans and other products. We need staff that are able to do the back up work that comes with writing new business.

We want to ensure that we can up skill our staff to enable them to provide the service that is now in most demand. It is definitely a change that will continue to evolve over the next few years.

Along with advice from Bendigo and Adelaide Bank, we are looking to move to a more sales oriented culture within our business. We also need to offer our customers a complete solution to their needs. Property, income, and various other relevant insurances are all offered by our bank and are products that we need to ensure customers are aware of. It's good service to our customers to ensure we offer them the products that they need.

We are also looking at the ability to provide service outside the regular banking hours. We currently have our Hurstbridge Manager, Dion Shirley and our Business Development Manager, Michael Maloney, available as mobile bankers. They can visit customers outside of regular hours. There may also be an opportunity in the future, to provide appointments with the bankers at an office outside of the bank branch. This could provide a more relaxed environment at times that suit our customers.

Over the next few years as our leases fall due, we will review the size and location of our branches in each town and the way that they are laid out. There is no doubt in coming years the way we present will

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change. I expect that we will continue to have a footprint in all the communities that we serve but the way that looks could be very different in 10 years time from where it is today.

We will also continue to explore and embrace new products provided by Bendigo and Adelaide Bank. The latest program that we intend to launch is the new Redy project. This is a new form of Eftpos merchant facility offering retailers an inbuilt loyalty program to attract and keep customers and an incentive scheme for customers to provide financial assistance to community projects of their choosing. Half of 1% of all sales made through the program can be donated by a customer to any project they would like to support. After the Annual General Meeting, there will be a presentation to the audience on how this new exciting program will work. I would encourage everyone here to download the app to their smart phone tonight in preparation for the launch. Our presenter will give you the instructions on how to download the app.

If you continued to operate your business the way it operated 15 years ago, there is a strong possibility that it would not survive. Bendigo and Adelaide Bank have recognised the need for change and has put in place a review called Project Horizon. This review has been conducted in collaboration with all the **Community Banks**® right throughout the Australian network seeking input from the wide and various range of communities that each and every one of us serve and acknowledging that one size doesn't fit all.

The findings from that review will help us identify changes that we need to make within our business. Just as **Community Banks**® came along 15 years ago to fill a void left by the majors, we now need to review our model to ensure that it is still relevant and services our customers' needs as they would like.

We continue to look to our shareholders as a source of ongoing and new business – supporting our business is supporting your business. We also call on members of the various community groups we sponsor to support our business, because without that support, we are not able to provide the wonderful outcomes that we've experienced over that last 13 years.

This is core to the way we do business and is critical to the success both in the past and in the future. This is one thing that won't change.

Another thing that we can be sure of is the **Community Bank**® model will continue to seek to provide healthy dividends for our shareholders and our communities, and that will be determined by the support we get for our business that has been so durable since 2001.

We have put back \$3.56 million to the community and \$1.2 million in dividends. Plus we provide local employment to 31 people and utilise trades and services wherever possible from within our region. This ensures almost all of our \$4 million turnover each year is ploughed right back into the local economy.

Truly a win win for everybody.

A handwritten signature in black ink, appearing to read 'Barry Henwood'.

Barry Henwood  
Chair  
Valley Community Financial Services Limited