



Community Financial Services Victoria Limited

7th January 2003

George Wyatt
Announcements Office
Bendigo Stock Exchange
Via Email

Dear George,

Detailed below is the text of the Chairman's and Manager's Reports from our Company Newsletter, due to be despatched to our Shareholders this week.

Chairman's Message

Welcome to the latest Newsletter of Community Financial Services Victoria Limited.

Our recent Annual General Meeting had a strong attendance, demonstrating the ongoing involvement and interest of our Shareholders in the future of our Community Banks and I must thank those who came along to hear of our plans for the future of CFSV.

This year we had a situation where we had five nominations for the four vacant Director positions. The resulting vote saw Russell Jenkins, Max Kneebone, John Lyle and Gordon Sampson returned as Directors. In all, we had over eighty voters register their opinions, either by proxy or through their attendance on the night.

Thank you to John Preston who also nominated to become a Director, for his interest and willingness to help achieve future success for CFSV. I believe it is a healthy situation for any company to have a surplus of willing and capable people wishing to give of their time and knowledge, in that we are lucky at CFSV to be in such a strong position.

As reported in our 2002 Annual Report, the Directors of CFSV are pleased with our result from the 2001/02 Financial Year, with the Lang Lang Community Bank continuing to go from strength to strength and the Pearcedale Community Bank ending the financial year performing well and making consistent monthly trading profits.

Most encouraging is the fact that the first quarter of the 2002/03 year resulted in a cash trading profit of almost \$50,000 – with that in mind, the future of CFSV, and your Community Banks looks bright.

Recently, CFSV became the first Community Bank management company to achieve \$80million of business. Considering our small beginnings and our concentration on primarily rural markets, it is an achievement of which all Shareholders should be proud. As I have said many times before, it is gratifying to see that a small idea has grown to become a great success and a significant part of the Community Bank story.

It is with pride that the Board announced at the Annual General Meeting the upcoming float of our company's shares on the Bendigo Stock Exchange, a stock exchange set up for small to medium sized businesses. The Board identified this as a prime strategic move in many ways, some of which are;

- Providing a fair market value to underpin the face value of our shares,
- Providing a mechanism whereby Shareholders may be able to trade their shares in a fair and open market, and
- An avenue for maintaining and enhancing the corporate accountability of the company through continuous disclosure of information pertinent to our company activities,

CFSV is to be the first existing Community Bank management company to float its shares on a stock exchange, and we that Bendigo Bank and the Strategem Financial Group for the opportunity to again break new ground in Community Banking.

If you would like some more information about the Bendigo Stock Exchange, visit them on the web on www.bsx.com.au.

Thank you again for your support of the Community Banks, we look forward to continuing to see our company grow strongly for many years to come.

Max Papley - Chairman

Manager's Report

The Community Banks continue to grow, passing through more milestones as our business progresses.

In early November, Lang Lang opened it's 4,000th account and was holding over \$57.6million in business. That the branch continues to go from strength to strength is nothing short of amazing for such a small town, well removed from the suburbs of Melbourne.

The amount of business that we are holding is well in excess of what we first envisioned when we opened four years ago, but no surprise to any of the staff. The support from the Lang Lang community and the wider district has always been string, and we have had faith that we would always see the branch exceed expectations. That said, we will not be resting on our laurels, and with the addition of the KooWeeRup and Bunyip Agencies, we are expecting to see significant growth over the coming years.

Pearcedale has also continued to grow, slowly but surely and we now have over 2,400 accounts and just short of \$24million in business.

As I said in the last newsletter, the prospects at Pearcedale are very different to Lang Lang, and a sharp growth pattern is much more difficult to achieve. However, we are seeing a steady level of increases in business, and a strong number of accounts being opened each week.

A promising aspect of the Pearcedale situation is that we are getting increasing support from places like Cranbourne South, Somerville and Baxter, along with the already strong support from Cannon's Creek, Blind Bight and, of course Pearcedale itself.

So what can you do to play a part in the continuing success story of your Community Banks?

The best thing you can do is to be an advocate for your Community Bank – tell everyone you know about the Community Banks. The feedback we get from our customers is positive in regards to the personalised service we give, a service that the staff all take great pride in providing.

Keith MacQueen – Senior Manager

If you have any queries, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink, appearing to read 'Keith MacQueen', with a stylized, somewhat jagged script.

Keith MacQueen
Company Secretary
Community Financial Services Victoria Limited