

# Chairman's report

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For year ending 30 June 2011

Whilst the year 2011 was not characterised by the financial turbulence and uncertainties of previous recent years, challenging business conditions still remain the precedence. Your local management team's concentrated efforts, along with Bendigo and Adelaide Bank Ltd's ever present strong support, enabled our community Company to hurdle these challenges, remain buoyant and produce financials that reflect moderate to strong earnings for the year, a decent achievement in relative terms (industry wise).

Profitability remained in line with expectations despite the reduction in trailing commission from 0.5% to 0.375% on term deposits greater than 90 days and fixed rate home loans from 1 April 2010. A net increase in profit of 24.9% was a pleasing result (excluding income tax, grants, sponsorships and donations).

It's not difficult to understand and it's worth noting that the Community Financial Services Victoria Ltd branch network is well established and has its own market presence in our communities of Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South, Tooradin and the Coastal Villages. Our staff, strongly supported by our business partner Bendigo and Adelaide Bank Ltd, work to underpin this directive in their day to day efforts providing outstanding banking and financing, investment and insurance options to a broad base of industry, private and commercial clients. Our goal is to continually provide outstanding products and services to our customers, whilst recognising the importance of catering to all business indices and maintaining a healthy and balanced portfolio. We don't aim to be the biggest in the business, but importantly we aim to be the best in the business.

Our front line team being led by the Branch Manager in each location are all committed to the **Community Bank®** model. Our Managers continue to engage with their communities and take a genuine interest in the predominately volunteer groups that make up the heart of each town. The **Community Bank®** model provides a tremendous catalyst for greater liaisons between our Managers and their respective communities promoting the win/win situation through mutual support. This is evident through our Grants and Sponsorship program that this year saw 61 community groups share in more than \$278,000 at a presentation evening held in Koo Wee Rup. These funds are in addition to the many other ways our local branches are assisting their community groups. This represents a magnificent community investment outcome for our communities, the Company, our customers, our shareholders and our partner, Bendigo and Adelaide Bank Ltd.

Your Board of Directors is deeply committed to the continued sustainable growth of your community Company. Lang Lang **Community Bank®** Branch celebrates 13 years of business this year and the initial principles that guided the Directors in the early days of the Company are still as strong today as they were 13 years ago. Banking services have been retained to maintain and support a commercial presence in the town. Profits are being returned to the community via community groups and community projects. And shareholders who supported an unproven and unique model continue to receive a dividend on their investment. The Directors have high regard for the initial and continued support of the shareholders of Community Financial Services Victoria Limited.

## Chairman's report continued

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I would like to acknowledge the efforts of our Managers and their branch teams, our business partner Bendigo and Adelaide Bank Ltd, my fellow Directors and in particular our Executive Officer, Tania Hansen who provides tremendous value and support to the Chairman and her fellow Board members. Thank you to our fellow shareholders for their continued faith and ongoing support of the Board and the **Community Bank®** ideals.

A handwritten signature in black ink, appearing to read 'M. Duff', with a stylized flourish at the end.

**Michael Duff**  
**Chairman**