

16 August 2018

Dear Shareholder

**PINE RIVERS COMMUNITY FINANCE LIMITED
BREDALE AND SAMFORD COMMUNITY BANK® UPDATE
NB! This letter contains important information requiring your attention**

As we close out the 2017/18 Financial Year, we are very pleased to provide you with an update on the progress of **Brendale and Samford Community Bank®** Branches.

1. *Business Results*

This year we celebrate the sixteenth year that the residents and businesses of Brendale, Samford and surrounding areas have supported their locally owned **Community Bank®** by establishing their banking relationship with **Brendale and Samford Community Bank®** Branches. Over the last twelve months and despite the fact that our business is maturing after 16 years, growth in customer numbers continued, with net customer numbers increasing by a further 5% (previous year 6%) and loans and deposits under management increasing by 5% (previous year 13%).

Full details of our financial results will be published in our Annual Report that will be made available in October 2018 and will be accessible on our website www.prcf.com.au.

2. *In the Community*

Although growth in company revenue has been difficult to achieve this last twelve months (see point 3), **Brendale and Samford Community Bank®** Branches continue to actively support community groups and projects.

Apart from providing direct grants and sponsorships to a number of organisations, for different projects, across education, sporting, cultural, charitable, public safety, health and disability services your company has continued its popular **driver education programme** to help young drivers get off to a sound start to their driving lives. A similar course focussed on driver safety has recently been conducted for the experienced drivers of a large local Not for Profit organisation.

The decision three years ago to commit to a programme of installing **life-saving defibrillators** in strategic public locations throughout our region (including one that has saved a life) has now seen units placed at 6 individual sites. As a company, our primary objective is to make a significant and positive contribution in the communities in which we live and do business, and we are extremely pleased to have once again achieved this objective.

Over the last eight financial years, the total financial support we have injected into local not-for-profit projects and community groups has exceeded \$500,000, and on behalf of the community, we thank you, for the contribution you have made to this outcome.

3. Outlook for 2018/19 Financial Year

Revenue growth will continue to be challenging over the next 12 months, with interest rates and margins (i.e our share of the difference between what we pay our depositors and earn on loans) not expected to show any great improvement in the company's favour. This is partly influenced by the changes to our revenue sharing model by Bendigo Bank that commenced on 1 July 2016.

Notwithstanding these challenges, we have committed to at least maintaining a similar investment in our communities during this financial year. We will continue to engage with our community partners and leverage these relationships to both communicate our unique value proposition and, through our team of 11 passionate staff under the leadership of Bronwyn Fitzpatrick, to further expand our customer base.

The role you can play amongst your family and other connections as an advocate for your bank cannot be overstated.

Your skilled and committed volunteer Board continues to work strenuously for you as a shareholder and hopefully as one of our customers. During the year we farewelled Tony Freeman who moved out of the district and were pleased to welcome Kellie Pamic, Melinda Fleming and Terry Hogan as additional directors, the latter two of whom are rejoining the Board after a time away with other commitments.

Business activity overall has remained strong with a recent burst of activity brought about following the closure of another financial institution that was previously servicing the Dayboro District.

4. Dividend

We are pleased to advise that a dividend of 2.5 cents per share (unfranked) will be paid in late September 2018, based on your shareholding as at 30 June 2018. **Over the last eight financial years, total dividends of \$0.315 per share have been paid to eligible shareholders.**

The company dividend policy will continue to be reviewed annually in context of our actual and anticipated revenue and profit growth.

5. Bank Account Details for Dividends

Your dividend payments are paid electronically, and cheque payments are no longer provided. If you have previously received your dividend by direct deposit, you do not need to take any further action unless your bank account number has changed.

If you have not previously supplied your bank account details, please complete and return the enclosed 'Direct Credit Facility Form' to our Share Registry at PO Box 30, Bendigo, VIC, 3552 before **11 September 2018**. Dividends cannot be paid unless a valid bank account number has been provided.

It is also recommended that you register for our online share registry system. An updated invitation will be sent via email from the Registry within the next 10 days. If you have not provided an email address, please contact our Share Registry at RSD Chartered Accountants at sharer@rsdadvisors.com.au or (03) 5445 4222.

Apart from our many customers, you as a shareholder, can be one of our most valuable advocates and we thank you for your ongoing support to both your community and your **Community Bank**[®] Branches - we look forward to continuing our relationship into the future.

If you have any questions regarding your individual banking needs, please contact either our Brendale Branch (Ph. 3881 0720) or Samford Branch (Ph. 3289 6710) direct. If there is anything else you would like to discuss regarding the Company or your shareholding, please contact our Company Secretary, Gail Brown via **email secretary@prcf.com.au** or leave a message with one of our branch staff.

Yours sincerely



Bob Millar
Chairman
Pine Rivers Community Finance Limited