

7 August 2019

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 2018/19 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 seventeenth 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 17 years, customer numbers continued to grow slightly. Despite the low interest rate environment generating higher loan balance repayment rates, total loans outstanding increased by some 5% during the year. Adjusted total deposits were flat compared to last year although total funds under management (loans plus deposits) have increased to a little over \$200 million.

Revenue increased by approximately 5% and profit before tax nudged up by some 16%.

The closure of a competitor in Dayboro twelve months ago has led to a significant level of activity for your bank in that market with many organisations and residents establishing a relationship with one or other of our branches.

Full details of our financial results will be published in the Annual Report which will be made available in October 2019 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 financially over the year and our staff and volunteer directors have participated in a number of community engagement activities at major sporting events, as well as Dayboro Day, and the Samford and Pine Rivers annual shows.

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** in partnership with Lakeside Park to help young drivers get off to a sound start to their driving lives. Consideration is being given to expanding this programme to more experienced drivers.

2.

The decision four 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 nine financial years, the total financial support we have injected into local not-for-profit projects and community groups has exceeded \$550,000, and on behalf of the community, we thank you, for the contribution you have made to this outcome.

3. Outlook for 2019/20 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.

Notwithstanding these challenges, we have committed to at least maintaining a similar investment of at least \$60,000 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 Mandy Bell, 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 Melinda Fleming who moved to the Northern Territory and were pleased a few months ago to welcome Ruth Lennon as a director.

4. Dividend

We are pleased to advise that an increased dividend of 3.5 cents per share (unfranked) (2018 – 2.5cps) will be paid in late September 2019, based on your shareholding as at 30 June 2019.

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

Dividends cannot be paid unless a valid bank account number has been provided. It is recommended that you log on to the online register at <https://www.registrydirect.com.au/login/rsd-registry/pine-rivers-community-finance-limited/> and confirm your bank account details noted on the register. If you do not currently have online access, please contact our Share Registry at shares@rsdregistry.com.au or (03) 5445 4222 and they will forward you an email invitation to register for the online access.

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