

To the Shareholders,

In recent months, Hervey Bay and District Financial Services Limited has seen improved trading results.

Through the hard work of the company's Directors and branch staff, cash surpluses have been achieved in recent months. By continuing to work hard we will make every effort to ensure these surpluses continue and grow over time.

The Board intends to use these surpluses initially to reduce its overdraft bank facilities and then to pay dividends as soon as it is fiscally responsible to do so.

This is great news for Shareholders who have been very patient since the company was formed to provide banking services to benefit and assist Fraser Coast communities.

Significant contributions have already been made to Fraser Coast by

1. Using Market Develop Funds allocations to promote the bank business model and support key associated community benefits. These are discretionary funds paid from Bendigo Bank to assist our business, especially during its infancy, in making connections with the local community and building our profile.
2. Working with other organisations to facilitate, coordinate and assist in programs and activities.

If the company's banking business grows as planned, it is hoped that the Shareholders will soon start to receive a return on their investment and the community will see greater support, benefit and involvement in line with original expectations.

The Board, management and staff wish to thank Shareholders for their patience to date and we ask for their continued support and offer to work with them if they are not already using the all bank's services applicable.

Without the continued support of local shareholders, the company would find it difficult to achieve its goals.

The directors advise it is their intention that a dividend will be returned to Shareholders as soon as it is fiscally responsible and undertakes to keep the Shareholders fully informed of the progress to that goal.

Rod Cullen, Chairman

Hervey Bay and District Financial Services Limited