

16 October 2019

Dear Shareholders

I would like to take this opportunity to let you know how your Community Bank has progressed and grown over the last 12 months.

In our Annual Report, which will be available at our Annual General Meeting and on line at the web address listed in the Notice of Annual General Meeting attached to this letter, our Senior Manager and Branch Managers make the important point about the value of face to face banking and how this is reflected in the growth of our business. Nowhere is this growth more evident than in the fact that we have been able to return to our community over \$2.3 million of their money since we opened our Dover and Geeveston branches sixteen years ago.

Face to face banking and interaction with our customers is a critical part of the success of the Community Bank model and one that does not always get the credit it rightly deserves. At none of the big four banks can you ring your local branch and speak to the staff or the Branch Manager. At no other bank is the local Branch Manager's mobile phone number publicly available.

As someone who was born in the first half of the 20th century, and thus, far removed from the digital age, I can understand that many of you want to speak across the counter (without a glass screen in the way) to our staff or sit down with the Branch Manager. At the same time I understand the needs of our younger customers and their desire to do as much business as possible on line. No other bank provides that choice.

We love to meet our customers and shareholders and talk with them and understand their banking needs. For it is you that make the Community Bank model what it is. Without you and your business we would not be able to generate profits that are then returned to our wonderful Huon Valley community.

Community Banking only works with great people behind the counter. And we have the best. Without these wonderful people providing the quality service that they do, Huon Valley Financial Services would not be the special organisation that it is. Word of mouth recommendations are our best form of advertising and these recommendations continue to grow.

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Along with our managers and staff, the role of our Directors cannot be overstated. Their commitment, on a voluntary basis, is outstanding. During the year we were fortunate to have our Company Secretary, David Walker, join our Board. David brings a wealth of experience as a qualified accountant and previously CFO of a large public group of companies. In April we were again very lucky to have Ken Langston join the Board. Ken is the head of Sector Engagement, Community Sector Banking at Bendigo Bank and brings another aspect of the Bendigo Bank family to our deliberations.

During the year we were sorry to lose Jordan Lovell in his move to bigger things in Community Banking in Tasmania. We were fortunate however to welcome Brent Stanway as our new Cygnet Branch Manager and we are confident Brent will quickly fill Jordan's shoes and soon outgrow them. We were very pleased also during the year to offer Phil Woolley promotion to Assistant Branch Manager at Huonville. It is always reassuring to be able to promote from within our own staff

Whilst on the subject of Cygnet, I cannot but reflect how quickly the branch's 5th birthday has come around. It seems like yesterday that we celebrated the opening of our newest branch. Congratulations to all the wonderful folks on the other side of the river.

In May we lost the services of our Community Liaison Officer and Board member, John Synnott. John resigned from both positions and I wish him well in the future. The Board has taken this opportunity to review the Community Liaison Officer position and we hope to be able to fill the position before the end of 2019.

I would like to take the opportunity to thank a number of our Directors who, in addition to the workload of a Board member, have added responsibilities. David Brereton has taken on the responsibility as Chair of the Tasmanian Collaborative Marketing Cluster, which involves coordinating statewide Community Bank marketing to ensure that limited marketing funds are spent wisely and consistently across the State. Thank you David.

We would be lost without our Grants and Marketing Committee members – Janet Storan, Jillian Griggs, Pam Lane and Sally Doyle. These folks are responsible for ensuring that the large number of applications that we receive each month for financial support are professionally assessed and recommendations made for giving back to our community the profits from our banking activities. Thank you Janet, Jillian, Pam and Sally.

I am pleased to be able to announce that this year we will pay a fully franked dividend of 5.9 cents per share on 12 December 2019. This is an improvement on the 5.3 cents fully franked that we were able to pay last financial year.

It is an honour and a privilege to be the Chairman of such an exceptional organisation and to be part of the wonderful family that is Huon Valley Financial Services and our four Community Bank branches in Dover, Geeveston, Huonville and Cygnet.



Michael Lynch
Chairman
Huon Valley Financial Services Ltd.