

Meander Valley Financial Services Ltd

Chairman's Report to AGM for FY 2008/9

November 23rd 2009 at 6pm

Deloraine Community Complex. Alverston Drive. Deloraine.

After just over 4 years of operations in the Meander Valley community, the continuing success of Deloraine and Districts Community Bank Branch ® of Bendigo Bank Limited has proven that the community bank model can be highly successful in a community where banking services are well established and very competitive. Our results this past financial year continue to be very encouraging and this good performance is continuing. We have and are weathering the global financial crisis (GFC) which threatened to engulf the world's financial systems towards the end of 2008, quite well. During these dramatic times it was clear to us that all operators in the financial and business sectors in Australia were experiencing a dramatic decline in income and we (MVFS Ltd) was no exception. Many businesses, both small and larger, and of course very big ones as well, collapsed or were taken over by larger groups. However, our partners, Bendigo and Adelaide Bank Ltd, have weathered the stormy seas extremely well. Bendigo Bank Ltd's leadership and example and our careful review of expenditure practices, have assisted us in steering our way through the difficulties and the company has continued to grow and has experienced a recovery in margin income in the last two months of the financial year.

During the year to June 30 customer numbers increased by 15% to 1849, account numbers grew by 16% to 2803 and our bank footings by 28% to just on \$54M. We believe this result places us in an excellent position as the recovery begins to take effect. Just by way of an update, account numbers are now at 2848. Lending is showing a strong upswing and although deposit business has not been as strong as we would like we are confident of an improvement in this side of the business as the year progresses.

The Board's careful financial planning and review processes have enabled us to continue to support our community throughout the year. Beneficiaries of our sponsorships program have been our local schools, Women in Agriculture, local sports clubs, including Junior Soccer, Junior Basketball and Deloraine Bowls Club, and our major sponsorship of the Deloraine Agricultural and Pastoral Society's inaugural Meander Valley 8 Fun Run, in October 2008. The Fun Run was a stunningly successful day and a first in what is sure to become a permanent fixture in Tasmania's annual sport and recreation calendar. And of course we have sponsored this event for the second year several weeks ago. In addition the Board approved a grant to assist local traders' group "Deloraine on the Move" and Meander Valley Council with two tourist lay-by signs, which can now be seen on both ends of the town on the Bass Highway. Another major initiative of the Board saw the company's first expansion of its banking services by way of the installation of a 24-hour access ATM in the Mole Creek main street which has been very well received by local businesses and the community. We worked with MVEC to sponsor and conduct two community forums in Deloraine and Westbury in August this year. This was supported by our partner Bendigo who provided David Robertson from

BBL's Treasury department to address the forums on the world and Australian economic situation. The initiative, which was formulated to support the MVEC, has led to the establishment of a new community planning group under the aegis of MVEC, drawn from a wide cross-section of the community to work towards developing a community plan for Meander Valley. This was another way that we have been able to help support the longer term sustainability of our community.

The Board has commenced a review of its strategic and business planning objectives which will be completed over the next few months and which will outline our future directions for the next 3 years. We have successfully achieved our first dividend to shareholders of 5c unfranked per share in September and we are planning our first community grant round for the 2010 year. It is important to emphasise that our ability to achieve these goals depends entirely on the support the community gives to the bank by the business people undertake with us.

In closing, I would like to thank our Branch staff, Darren Rumble, Kelly Hills, Kim Walters, Kelly Challis, Susan Drake and Kim Hansen and our newest member, Judy Hawkes, for their wonderful commitment and dedication to the service they provide to our customers and our community. We are very fortunate to have such warm, friendly and dedicated people as our Branch staff.

I would also like to acknowledge the dedication and commitment of the MVFS Board, and to welcome our new Treasurer, Jessica Leonard, and Director, Brad Swain, and thank retiring Directors, Drew Badcock, Nikki Atkins and John Dare, and most recently, Elizabeth Nowell, for their service to the Board. In particular I would like to acknowledge Jess, Laura, our Secretary and Jan Blakeney for their outstanding work in getting the dividend out to our shareholders. And also to Kelly Hills for her wonderful assistance with the accounts organization side of things.

And a special thanks to Jan for the wonderful work she has done in PR and newsletter production, not to mention the many other things she does for us, including movie production, powerpoint presentations among the many of her contributions.

Thanks also to our auditor, David Hutchings who is retiring in accordance with the rules for auditors, and who has been our auditor since the inception of the company.

And our thanks also to Rob Hanley and the staff of the Bendigo Regional, now State office, Lauren and Lisa, who support us in so many different ways.

Finally, I would like to thank all of our shareholders who continue to support us with banking business. faith in and commitment to your community. All of us on the MVFS Board appreciate the interest and encouragement you show as we work hard to build the benefits Deloraine and Districts Community Bank® provides for our community.

Thank you for attending and best wishes for a happy and safe Christmas and New Year.

Lynn Hayward
Chairman, MVFS Ltd.

November 23rd 2009

