
CHAIRMAN'S ADDRESS TO THE 2005 AGM

Ladies and Gentlemen

Welcome on behalf of the Board to Pioneer's 2005 Annual General Meeting, which is the thirty-eighth Annual General Meeting of Pioneer. All are acquainted with the Board members and Mr Allan Richardson (General Manager) and Mr Larry Voltz (Company Secretary) who were responsible for the excellent results for the year under review.

It has been an extremely busy year for all at Pioneer, but also rewarding and exciting. As you have received a copy of the reports and announcements during the year, I do not intend to comment in depth on those matters already reported. I will however draw your attention to the summary of performance on page two of the report which clearly shows the trends of longer-term growth reflected in the financials. Management and Directors have recently adopted a three year forward plan to build on those efforts.

Now Looking Ahead

Balance Sheet strength has continued and looking at the unaudited results to 30 September 2005, I can report that positive trends continue:

- Net profit before tax for the three months is above budget forecasts
- Growth in deposit funds since the year end has been \$21 million, with a greater number of savings account deposits
- Loans originated to 30 September 2005 is \$25.5 million
- Capital adequacy remains high at 16%.

To cope with the expansion of business, Pioneer has purchased an adjoining property to our Corporate Office site. We will undertake moderate renovations which will result in a more comfortable work place and service centre with rent savings. In the longer-term the acquisition will enable consideration of a building project to enhance its overall value and provide a return to shareholders.

Many challenges for the balance of the year are being addressed in a planned way.

Lending

As housing loans decline in the capital cities, we are seeing competition increase in the provincial areas in which we operate. Management is working to introduce innovative new products and incentives and above all to improve our personalised service to counteract this competition:

- With a more streamlined computer system, together with experienced business loan personnel in place, we are gaining more business loans into our loan portfolio
- The product range will be expanded
- Our personal loan volume is increasing and the extra margin on these loans will help offset the intense competition in housing loans.

It is pleasing to report our work to counter this increasing competition has been successful to date, with our loan portfolio overall increasing by \$14.2 million to 30 September 2005.

Dividend Yields and Share Support Value

The Directors will maintain the policy of increasing dividend yield and at the same time ensuring substantial amounts are transferred to the reserves of Pioneer to increase asset backed value for the shares. With the suspension of the Dividend Reinvestment Plan on the last dividend, additional purchases of shares took place on The Stock Exchange of Newcastle Limited (NSX) as shareholders increased their shareholding in this way. Investigations are continuing into increasing awareness of Pioneer shares as an investment, which in turn will increase the appeal and liquidity of Pioneer shares.

Confidence in the Future

The Directors and Management share a confidence for the future as we deliver our strategies in all areas. The locations in which we operate have strong economic growth forecasts, our products are innovative while maintaining personalised service and our staff and Outlets are focussed.

In closing, I would once again acknowledge the strong support and help of Directors, senior management, staff, agents, consultants, shareholders, customers and associates during the past year and look forward to continuing relationships into the future.