

Mt Evelyn & Districts Financial Services Limited

09 October 2014

Canterbury Gardens **Community Bank®** Project

Dear Shareholder

It is with considerable disappointment that, on behalf of the Board I must inform you that we have voted unanimously to cease our efforts to establish a **Community Bank®** branch in the Canterbury Gardens Shopping Centre at Bayswater North. This decision was not reached without exhaustive analysis of the banking potential gathered over a seventeen month period. The Board has now reached the conclusion that it is highly unlikely that we would be able to turn the project into a profitable one in an acceptable term to satisfy all our stake holders.

The Board's decision was based on these factors of high importance:

- Analysis of existing and potential banking within the catchment area.
- Extensive current competition in financial services, placing additional pressure on pricing and reducing profit margins.
- Exhaustive campaigning over seventeen months resulting in a low level of pledges.
- A lack of passion from a large portion of the residents of the immediate area towards the benefits and value that a **Community Bank®** would bring to the locale. *This passion is an essential ingredient existent in successful **Community Bank®** branches.*
- Uncovering the fact that a vast number of patrons of the Canterbury Gardens Shopping Centre are transient shoppers and are therefore most unlikely to support us with their banking.
- Acceptance that it is harder to make profit in the current banking climate.
- Realisation that the targets required for a new branch to open, most likely would not be met in the original anticipated timeframe.

The above issues presented significant difficulties for the Board and after much deliberation, and with sound governance principles at the forefront of our decision making, the Board has voted unanimously to cease the Campaign at Canterbury Gardens, effective immediately.

It should be said that the Board was in no way influenced by Bendigo & Adelaide Bank Limited in reaching this determination. The bank supported our continuance until the decision was made by the Board alone.

However on a positive note, as a result of our introduction to the area, some banking business has been written through our Montrose **Community Bank®** Branch. David Watt, Senior Group Manager and Ann Peters, Montrose Branch Manager will continue to service the area and seek to build on the banking relationships that have resulted from the Campaign.

We believe, and are resolved that we can bring Community Banking to the area without the presence of a physical **Community Bank®** branch.

We will continue to work through our areas of influence using our group profits to continue to meet our social obligations in making those communities in which we operate a better place to live.

Finally, my sincere thanks must go to the Steering Committee members, headed by Terry Marshall. Their dedication and passion is to be commended and it was not for lack of effort and time dedicated to the cause by the Committee that the Campaign has struggled.

Yours Sincerely



Jill Rule
Chairman

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