

Mt Evelyn & Districts Financial Services Limited



3 December 2009

Dear Shareholder,

The Board of the Company Mt Evelyn & District Financial Services Ltd that controls the Mt Evelyn & Districts **Community Bank**[®] Branch, wishes to announce that this financial year (2009/2010) will be the most exciting that the Company has had to date.

The Board has recently been approached by representatives from the Montrose community with their wish to join with Mt Evelyn & District Financial Services Ltd in opening a branch at Montrose.

Business expansion has always been of paramount importance in our strategic planning. It is an emerging trend for existing successful **Community Bank**[®] branches to consider opening another site as part of that expansion. As well as our local area, Mt Evelyn & Districts **Community Bank**[®] Branch has always been interested in sourcing business from, and supporting, outside areas where other communities support us. As a result of this the Board of Directors of the Mt Evelyn & Districts **Community Bank**[®] Branch has identified an opportunity to establish a second bank site in Montrose, where there is currently no banking facility. Each branch will run autonomously.

Mt Evelyn & District Financial Services Ltd has agreed to work with the Montrose Steering Committee so that the project can proceed quickly. The Montrose community has embraced this and rallied to raise in excess of \$800,000 in pledges from the community to buy shares in the Company.

A feasibility study has been conducted during September 2009 which showed the business in Montrose would be a viable business opportunity.

This expansion will increase the value of the Company and thereby also increase the shareholding value. With approval of our Shareholders, the Company will issue a Prospectus for new capital to cover its costs in operating the proposed Montrose **Community Bank**[®] Branch. You will be notified in the near future about the Extraordinary General Meeting dealing with this matter in due course. New shareholders will rank equally with existing shareholders and participate in potential dividends available from the Company's overall profit from running the two **Community Bank**[®] branches.

However, in order to reward and protect the value of shares of existing shareholders as a result of the new share offer and to ensure that existing shareholders hold fair value for their very successful business already operating in Mt Evelyn, the Board has resolved to make a 2 for 1 bonus issue to all existing shareholders on our register at November 30, 2009. This bonus issue of shares is unconditional and it requires no additional capital outlay from shareholders.

The Board congratulates the communities that support our franchise of the Bendigo and Adelaide Bank Limited. It is entirely due to the level of this support that the Company is able to participate in these wonderful projects.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Jill Rule'.

Jill Rule
Chairperson

Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796 Phone 03 9737 1833 Fax 03 9737 1844 ACN 096 782 240
Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

C015LHb CB486 (64063-v2) (26/06/2008)