

PROSPECTUS

Proposed Montrose Community Bank® Branch of Bendigo Bank



IMPORTANT NOTICE

This Prospectus is dated 25th March 2010. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). Application will be made within seven days for quotation of the Shares on the Bendigo Stock Exchange (BSX). Neither ASIC nor the BSX take any responsibility for the content of this Prospectus. The fact that the BSX may admit the Company to the BSX official list and quote the Shares is not to be taken in any way as an indication of the merits of the Company or of the Offer.

This Prospectus is an important document. Before deciding to invest in the shares offered under this Prospectus, you should read the Prospectus in its entirety (especially the risk factors) and carefully consider your own personal circumstances (including financial and tax issues). You should also obtain the advice of your solicitor, accountant or other financial adviser.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus and any information or representation not contained in the Prospectus may not be relied upon as having been authorised in relation to the Offer. No assurance is given that any forecast or prospective information made in this Prospectus will be achieved.

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Letter from Mt Evelyn & Districts Financial Services Limited

Dear Investor

We welcome you and thank you for your interest in the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank and the proposed Montrose Community Bank® Branch of Bendigo Bank.

We are pleased to offer you the opportunity to invest in a project which we believe will deliver significant social and economic benefits to our region, as well as the prospect of positive returns to its shareholders.

In keeping with these dual aims, the amount of profits that can be distributed to shareholders is limited and likewise, there are limitations and restrictions on shareholdings. This is explained in detail in this Prospectus.

Eight years ago, the Company established and has continued to prudently manage the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank.

This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation by the Company of a new, second Community Bank® branch to be located in Montrose.

Following the successful raising of the capital pursuant to this Prospectus both Community Bank® branches will be part of the one company and the Bendigo Bank Community Bank® project, the terms of which are also outlined in this Prospectus.

I encourage you to read this Prospectus closely and seek professional advice, so that you might base your investment decision on a clear understanding of the nature and prospects of the business.

The Board's decision to proceed with this capital raising for a new Community Bank® branch in Montrose was based on a survey in which local people and businesses in Montrose indicated the banking business they would bring to a locally-owned branch. This indicative support formed the basis of a business plan which, if achieved, shows the enterprise has solid prospects of generating positive returns for investors.

We are further heartened by the experience of many of the other Community Bank® branches of Bendigo Bank which have been enthusiastically embraced by their communities.

The successful history of the Mt Evelyn & Districts Community Bank® Branch and the enthusiasm shown by the local Montrose people is further proof that once operational, a significant number of groups, clubs, schools and local organizations will benefit by this unique community enterprise.

The Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank and the Montrose Community Bank® Branch of Bendigo Bank afford our communities the chance not only to secure branch banking services with a focus on excellent customer service, but also an opportunity to improve our long-term prospects by retaining greater control over the district's capital resources.

This has been achieved by hard work and commitment by the Company's Board and branch staff and a positive attitude knowing the shareholders and community are the beneficiaries of our endeavours.

If after reading the Prospectus carefully you are satisfied that we (you included) can make a difference in the Montrose community through your investment in our company and the Montrose Community Bank® Branch of Bendigo Bank, I commend the investment to you.

Yours sincerely,



Jill Rule
Chairman, Mt Evelyn & Districts Financial Services Limited

Letter from Bendigo and Adelaide Bank Limited

Dear Investor

“Montrose Community Bank® Branch - Bendigo Bank”. The prospect of seeing that sign fills me with pride and I hope it does the same for you.

By owning shares in Mt Evelyn & Districts Financial Services Limited, you will help secure banking services for your community and also share in the prospect of income which can be used to generate further development in your region.

Why has Bendigo Bank developed this concept? Because we are a community based bank ourselves and by helping to create successful communities we will share in your success.

Bendigo Bank will work with you to maximise the potential of your new branch at Montrose, just as it has worked with Mt Evelyn & Districts Financial Services Limited, in relation to the existing Community Bank® branch at Mt Evelyn. However, as for any business, the success of your community company is ultimately based on the support it receives from its customers – which in this case is the Mt Evelyn & Districts and Montrose communities.

Members of your community have already indicated their intention to support the branch with their banking business. Now is your chance to support it through investing in Mt Evelyn & Districts Financial Services Limited. This Prospectus provides you with information you need to make an informed choice.

Your commitment will help make a difference to your community.

I look forward to the establishment and ongoing success of the Montrose Community Bank® Branch of Bendigo Bank.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Russell Jenkins', with a stylized, cursive script.

Russell Jenkins
Chief General Manager, Customer & Community
Bendigo and Adelaide Bank Limited

1. Purpose and Details of the Offer

1.1 Purpose of the Offer

The purpose of the Offer is to raise funds for the capital expenditure and working capital requirements in respect of a Community Bank® branch of Bendigo Bank to be established in Montrose. After meeting the costs of the Offer, all funds raised (including any oversubscriptions) will be used for the purposes of meeting these requirements and for working capital.

Details of the establishment costs and estimated initial annual operating costs of both branches are set out in Section 4.5 of this Prospectus. The total costs of the Offer are estimated to be between \$35,000 and \$40,000.

On 7 November 2001, Mt Evelyn & Districts Financial Services Limited (the Company) Company entered into a franchise agreement with Bendigo Bank for the Company to manage, and provide services to the Mt Evelyn & Districts Community Bank® Branch as a “franchise” of Bendigo Bank. The Company raised the funds required for the establishment and initial ongoing operations of the Mt Evelyn & Districts Community Bank® Branch via an offer of shares (at an issue price of \$1.00 per share) to the Mt Evelyn & Districts community. The Company’s Prospectus for that offer of shares was dated 9 November 2001. If this offer under this Prospectus is successful, the Company will manage, and provide services to, the Mt Evelyn & Districts Community Bank® Branch and a newly formed Montrose Community Bank® Branch. Each branch will operate as a “franchise” of Bendigo Bank.

The franchise arrangements relating to the Mt Evelyn & Districts Community Bank® Branch and those relating to the Montrose Community Bank® Branch are contained in two separate franchise agreements between the Company and Bendigo Bank (the Franchise Agreements).

The franchise arrangements for both branches and the business of the Company are described in detail in this Prospectus, especially Sections 3 and 6.

Please Note: This Prospectus is issued by the Company and it is not an offer to subscribe for shares in Bendigo and Adelaide Bank Limited - it is an offer to subscribe for shares in the Company.

1.2 Description of the Offer

The Company is offering for subscription 750,000 ordinary shares in the Company (Shares) at an issue price of \$1.00 per Share, payable in full on application.

Applications for Shares should be for a minimum of 250 Shares, or a greater number of Shares in multiples of 100, up to a maximum of 20,000 Shares. However, the Directors reserve the right to accept applications for fewer than 250 Shares or (subject to the maximum permitted shareholding - see Sections 1.4 and 7.3 below) greater than 20,000 Shares. The Directors reserve the right to accept oversubscriptions of up to 200,000 Shares. Proceeds from oversubscriptions will be used to provide additional working capital for the Company.

The amount of dividends and other distributions to shareholders that the Company may pay or make in any 12 month period is limited by the terms of the Franchise Agreement with Bendigo Bank. You should refer to Section 5.2 of this Prospectus for a description of this limit.

Applicants should be aware of the voting and ownership restrictions that apply to the Company, including the Directors’ right not to accept applications in breach of these restrictions (see Section 1.4 below).

1.3 Capital Structure

Assuming the Offer is fully subscribed (and assuming no oversubscriptions are accepted) the capital structure of the Company following completion of the Issue will be as follows:

Ordinary Shares

Shares currently on issue	2,107,530
Shares issued pursuant to this Prospectus	750,000
TOTAL	2,857,530

If the maximum permitted amount of oversubscriptions is accepted, the capital structure of the Company following completion of the Issue will be as follows:

Ordinary Shares

Shares currently on issue	2,107,530
Shares issued pursuant to this Prospectus	950,000
TOTAL	3,057,530

Note: Capital structure includes the issue of bonus shares to existing shareholders at the ratio of two for one allotted in December 2009.

1.4 Voting and Ownership Restrictions

It should be noted that, pursuant to the constitution of the Company, each shareholder is entitled to only one vote, regardless of the number of Shares held. The constitution also contains a restriction on shareholdings. For example, a shareholder will not be able to control or own 10% or more of the Company, and the Directors must refuse to register a transfer of Shares if, to their knowledge, it would be to a person who does not have, in the opinion of the Directors, a close connection with the Mt Evelyn & Districts community or Montrose community. The Directors will not accept any application if it appears the applicant would be in breach of these restrictions.

The voting rights attaching to Shares and the ownership restrictions are discussed further in Sections 7.2(a) and 7.3 below. You should note that where a person is or would be in breach of the restrictions, not only must the Directors refuse to register a transfer but the voting and dividend rights attaching to the relevant Shares are suspended and the Directors have the power to require a divestment of the relevant Shares (see Section 7.3 below).

1.5 Minimum Subscription

The Company must receive applications (and payment) for at least 750,000 Shares in order for the offer to proceed. Shares will not be issued unless this condition is satisfied. If this minimum subscription is not reached by the date (the Four Month Date) which is four months from the date of this Prospectus, no Shares will be allotted and all application monies received will be returned to the Applicants (without interest) as soon as practicable after the Four Month Date. Please refer to “New Franchise Arrangements” in Section 3.2 for further information on the minimum subscription requirement. This Offer is not underwritten. Please also note that no Shares will be allotted or issued if the Shares do not receive permission for official quotation within three months, unless ASIC grants an exemption (see Section 1.7 below).

1.6 Allocation

Application monies will be held on trust by the Company in a separate bank account which has been established by the Company for the purposes of the Offer. This money will be held on trust by the Company until the Shares are issued or the money is returned, as required by the Corporations Act, to the Applicants.

The Company may allocate the full number of Shares applied for by an Applicant or may allocate any lesser number or decline any application.

Where no allocation is made or where the number of Shares allocated is less than the number applied for, the surplus application money will be returned to the Applicant without interest as soon as practicable.

1.7 Quotation of shares on BSX

The Company is listed, and its Shares are quoted, on BSX. Application will be made within seven days of the date of this Prospectus for quotation of the Shares offered under this Prospectus on BSX. Please see Section 5 of this Prospectus for a discussion of the risk factors relevant to the Company’s listing on BSX and quotation of the Shares.

1.8 How to Invest

An application for Shares can only be made on the Application Form in this Prospectus (or on a copy made, or directly derived, from that Application Form, but only if the copy was made/derived by the Applicant). The Application Form (or the copy) must be completed in accordance with the instructions set out in “Application Details and Instructions” commencing towards the end of this Prospectus. The terms and conditions in the Application Form form part of this Prospectus.

1.9 Important Dates

An indicative timetable for the offer is set out below.

Event	Date
Offer opens:	8th April 2010
Offer closes:	10th May 2010
Shares pursuant to this Prospectus expected to be allotted:	24th May 2010
Certificates expected to be dispatched:	8th June 2010
Quotation on BSX	15th June 2010

These dates are indicative only and are subject to change. The Company has the right, in its absolute discretion, to close the Offer early or to extend the closing date, without notice. If the closing date for the Offer is extended, the subsequent dates may also be extended accordingly.

1.10 Expiry Date of this Prospectus

No Shares will be issued on the basis of this Prospectus after the Expiry Date. The Expiry Date is the date 13 months after the date of this Prospectus.

1.11 Accepting Applications

The Company will not accept an application for, or issue any, Shares offered under this Prospectus until the Exposure Period has ended. The Exposure Period is the period of seven days after lodgement of this Prospectus with ASIC or if ASIC, in accordance with the Corporations Act, extends that period, such longer period. At present, ASIC is not permitted to extend the Exposure Period to more than (in total) fourteen days after the lodgement of this Prospectus.

Accordingly, the Company will not process any applications received until after the Exposure Period and no preference will be conferred on applications received in the Exposure Period.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. It is possible that this examination may result in the identification of deficiencies. Any application received in these circumstances may need to be dealt with in accordance with section 724 of the Corporations Act (this section may require, in certain circumstances, the return of application money and/or the distribution of a supplementary or replacement prospectus together with the right of an Applicant to withdraw their application).

1.12 Forward Looking Statements

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors of the Company, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. In particular, the forecast financial information contained in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 5 of this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or the payment of a return on the Shares.

1.13 Investors should seek Financial Advice

Individual investors should seek their own financial advice.

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of individual investors.

In considering the prospects of the Company, it is important that individual investors consider the risk factors that could affect the financial performance of the Company. As a prospective investor, you should carefully consider these factors in light of your particular investment objectives, financial situation and investment needs (including financial and taxation issues) and seek professional advice from your stockbroker, accountant or other professional advisor before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are detailed in section 5.

1.14 Questions

If you have any questions in relation to the Offer please contact:
Company Secretary James Chapman on 0402 652 511,
Company Treasurer Margi Sank on 9736 2998 or
Company Chairman Jill Rule on 9736 3635.

2. Directors

2.1 Current Directors

Details of the Directors of the Company are as follows:

Name Jillian Lorraine Rule

Occupation Semi-retired

Director since 11 May 2001

Background Information

Jill has run her own businesses all her working life. The last being for 25 years before semi-retiring to embark on a multi retail property development. Jill was also an original Steering Committee member of Mt Evelyn & Districts Community Bank® Branch, a previous Vice-Chairperson and now currently Chairperson of the Board. Jill was also pro-active on the Steering Committee for the establishment of Montrose Community Bank® Branch. She has lived in Mt Evelyn for 30 years, raised three children and now has four grandchildren. A past President of the local traders group and committee member of various groups over the years, Jill has interests in the Australian stockmarket, organic gardening, dressmaking and creative cooking.

Resides Mt Evelyn

Name Gareth Martin Little-Hales

Occupation Senior Environmental Health Officer

Director since 30 October 2008

Background Information

Gareth emigrated from the UK in 2002 and has lived in Lilydale and Kilsyth with his wife, Alison, and their 3 children, since that time. He holds a Bachelor of Science degree and has worked in Environmental Health since 1990. Gareth has a strong interest in community strengthening and has been actively involved in community projects here and during his time in the UK. He was a Fellow of the Institute of Home Safety and a Member of the Royal Institute of Public Health and Hygiene and the Royal Society of Health before coming out to Melbourne. Since arriving in Australia, Gareth has been on the Executive Committee of the Australian Injury Prevention Network and was a former President of the Montrose Township Group. Gareth was instrumental in establishing the Montrose Community® Steering Committee and has been its Chairman since its inception.

Resides Montrose

Name Albert Buitenhuis

Occupation Horticulturist

Director since 18 November 2004

Background Information

Albert grew up in the Netherlands and migrated to Australia in January 1988. Albert has over 15 years of experience as Account/Sales Manager of a medium size building Company and 3 years as Owner-Manager of a Woodwork industry in the Netherlands before migrating to Australia. From 1988 he worked in Horticulture, managing his own business at Monbulk from 1996. He has been involved with Mt Evelyn & Districts Financial Services Limited as Director from October 2004, including 5 years as Company Secretary.

Resides Yarra Junction

Name Gai Williams

Occupation Pharmacist

Director since 26 August 2009

Background Information

Gai, who lives in Montrose with her husband and children, has been a Pharmacy owner for 17 years. Gai has actively been involved in her community throughout the years, having volunteered for Meals on Wheels, the Chamber of Commerce, Knox Council and a variety of parent club committees. Gai is also a former Chairman of the Board of Guardian Pharmacies Australia. Gai was an integral part of the Montrose Community Bank® Steering Committee and believes the model will be of great value to the Montrose community.

Resides Montrose

Name Margaret (Margi) Calder Sank

Occupation Accountant

Director since 11 May 2001

Background Information

Margi has over 30 years of experience in running a successful Accounting Practice and has wide and extensive skills in advising small and medium sized enterprises. Margi is married to Peter, is a mother of two and a grandmother of two. She holds a Bachelor of Business Degree, is a Certified Practising Accountant, Registered Tax Agent and has held membership of other professional organisations. Margi has been a Director of the Company since its incorporation. She has held many positions on the Board including Company Secretary. She is the current Treasurer of Board and has held that position for more than eight years. She has had significant and continuing community involvement through Rotary, Scouting and other Community organisations.

Resides Mt Evelyn

Name James Justin Chapman
Occupation Business Advisor
Director since 19 December 2007

Background Information

James has spent his entire life living on the Mt Evelyn and Lilydale border. Qualified in marketing and accounting, James is currently a small business advisor. He has previously operated an equipment leasing business and currently runs an online boat retailing business. James is the treasurer for Mt Evelyn RSL and has worked in the manufacturing, professional services, superannuation and finance and human resource management industries. James is the current Company Secretary.

Resides Lilydale

Name Craig Keithley
Occupation Police Officer
Director since 28 May 2002

Background Information

Craig has 25 years operational service with Victoria Police, as a uniform member and Detective. He is currently the Officer in Charge of the Mount Evelyn Police Station and has been so since February 2001. Craig joined the Mount Evelyn & Districts Financial Services Board and has performed many roles on this board since March 2002.

Resides Mt Evelyn

Name Janette Christine Simmons
Occupation CEO
Director since 11 May 2001

Background Information

Jan Simmons is the CEO of a local community education centre and through her role, Jan has a broad range of contacts and networks within local, regional, state, national and international communities, groups, organisations and forums. She has a solid base in community engagement and projects as seen in her work in community planning and civic engagement, which has been recognised in international circles. Jan spearheaded the development of the Mt Evelyn Township Strategic Plan and Township Planning Days. She has also actively been involved in the Youth Enterprise Shed, which grew out of the Lead On Project and provides an engagement with the local youth and is managed through the joint resources of the Mt Evelyn Community Bank® Branch and Morrisons. Jan's knowledge and experience spans education, community development and social enterprise.

Resides Mt Evelyn

3. Bendigo Bank Franchise

3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies. Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

Bendigo Land and Building Society converted to a bank on 1 July, 1995, at which time it was Australia's oldest and Victoria's largest building society.

The past 30 years have seen the Bendigo Land and Building Society, now Bendigo Bank, grow quickly and in the process merge with a number of other firms and building societies: the Bendigo and Eaglehawk Star (1978), Sandhurst (1983), Sunraysia (1985), Capital (1992) and Compass (1992), trustee company Sandhurst Trustees (1991), mortgage securitisation firm National Mortgage Market Corporation (1995), Monte Paschi Australia Limited (1997) and Victorian Securities Corporation Limited (1997), Queensland based First Australian Building Society (2000) and cash flow finance company Oxford Funding (2005). Sandhurst Trustees, National Mortgage Market Corporation, Monte Paschi (now Cass Comm Limited), Victorian Securities Corporation Limited and Oxford Funding are wholly-owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Financial Planning. Bendigo Bank also operates a joint venture, with Elders Limited, called Rural Bank. This joint venture is aimed at bringing banking services to farmers throughout Australia.

In November 2007, Bendigo Bank merged with Adelaide Bank Limited. Under the terms of the merger, Adelaide Bank Limited became a wholly-owned subsidiary of Bendigo Bank and shareholders in Adelaide Bank Limited became shareholders in Bendigo Bank.

The shareholders approved a name change from “Bendigo Bank Limited” to “Bendigo and Adelaide Bank Limited”, effective 31 March 2008. The bulk of the assets and undertakings of Adelaide Bank Limited was transferred to Bendigo Bank on 1 December 2008.

Bendigo Bank now operates (itself and through franchises) approximately 543 branches. As at 30 June 2009, the Bendigo and Adelaide Bank Group had an asset base of \$47.1 billion. It has more than 1.4 million retail customers and declared an after tax profit before significant items of \$173.2 million for the 12 month period ending 30 June 2009. It is listed on the Australian Securities Exchange.

Through Bendigo Bank and its subsidiary companies, the Bendigo and Adelaide Bank Group provides a wide range of products including home loans, commercial mortgages, unsecured loans, investment products, insurance and superannuation.

3.2 Community Bank® Project

Bendigo Bank developed its Community Bank® project in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

A Community Bank® branch is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank® project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Bank® enterprise.

The Community Bank® model draws on the greatest strength communities possess – their parochialism.

Through the potential to share in branch revenues, communities have the opportunity to generate profits which can be returned to support and develop the community via dividends to participating shareholders and through projects identified and agreed to by the community.

The Community Bank® project does this by providing communities with the opportunity to manage a community owned branch of Bendigo Bank. It supposes that ownership of this management right provides local residents and businesses with a powerful incentive to conduct their financial affairs through their own local bank branch, thereby maximising revenue potential for the local enterprise.

Each branch operates as a franchise of Bendigo Bank, using the name, logo and system of operations of Bendigo Bank. The franchisees are appointed as ‘authorised representatives’ of Bendigo Bank for the purposes of the Corporations Act and manage the Community Bank® branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted franchises to operate around 252 Community Bank® branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Lang Lang, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, East Ivanhoe and Wentworth. Bendigo Bank has also granted a small number of commercial franchises.

Regulation of Franchising

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (Franchising Code).

The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the Trade Practices Act 1974 (Cth) (TPA). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a disclosure document, to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the disclosure document. A disclosure document was provided to the Company in connection with the existing franchise arrangements for the Mt Evelyn & Districts Community Bank® Branch and a further disclosure document has been provided by Bendigo Bank to the Company in connection with the franchise arrangements relating to the proposed Montrose Community Bank® Branch.

The Franchising Code requires that, prior to entering into a franchise agreement with the

Company (see below), Bendigo Bank must have obtained from the Company a statement that the Company has received, read and had a reasonable opportunity to understand the disclosure document and the Franchising Code and statements as to whether the Company has obtained independent legal, accounting and business advice. The relevant statements have been provided to Bendigo Bank by the Company.

Existing Arrangements

In 2001 the Company entered into the Original Franchise Agreement with Bendigo Bank pursuant to which the Company acquired rights to manage the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank. The funds required for the Company to acquire these rights and provide initial working capital were raised by way of an offer of shares in the Company, under a prospectus. The subscription price was \$1.00 per share and the sum of \$695,000 was raised under that offer. The Company currently has approximately 330 shareholders. The Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank has been operating since 4 May 2002. Information regarding the financial performance of the Company is set out in Section 4. The Company has now decided to enter into arrangements with Bendigo Bank under which the Company will acquire rights to manage and operate an additional Community Bank® branch of Bendigo Bank, to be established in Montrose (this is discussed further below).

To facilitate these new arrangements, the Company has entered into the New Franchise Agreement with Bendigo Bank pursuant to which, subject to the satisfaction of a number of conditions, the Company will have the right to provide services to a new Community Bank® branch to be established in Montrose. The “Commencement Date” is the expected branch opening date for the new Montrose Community Bank® Branch (as specified in the New Franchise Agreement), unless a different date is agreed. As at the date of this Prospectus, the only conditions that have not been satisfied is the condition relating to the raising of the minimum subscription amount and the condition relating to the lease (see below).

The Original Franchise Agreement was for an initial period of five years (which expired on 4 May 2007), plus two options to renew each for a five year period (subject to the satisfaction of certain conditions at each renewal). The Original Franchise Agreement was renewed for five years from 4 May 2007 and Bendigo Bank also granted an additional renewal period, ie a third option to renew for five years. The new arrangements described above do not change this.

New Franchise Arrangements

Under the New Franchise Agreement, the Company will acquire the right to manage and provide services to a Community Bank® branch of Bendigo Bank to be located in Montrose.

As indicated above, the Company has entered into the New Franchise Agreement with Bendigo Bank that will govern the management of the Montrose Community Bank® Branch. For ease of reference in this Prospectus, the rights granted to the Company under the Original Franchise Agreement to manage and operate the Mt Evelyn & Districts Community Bank® Branch are referred to as the Mt Evelyn & Districts Franchise Rights and the rights granted to the Company under the New Franchise Agreement to manage and operate the Montrose Community Bank® Branch are referred to as the Montrose Franchise Rights.

A condition to the New Franchise Agreement being granted is that the Company raises the subscription amount of \$750,000 pursuant to the Issue. If this condition in the New Franchise Agreement is not satisfied, the Company will not have the right to manage and operate the Montrose Community Bank® Branch. The Company’s right to manage and operate the Mt Evelyn & Districts Community Bank® Branch will not change.

The key features of the franchise arrangements are described below, and in Section 6 of this Prospectus.

3.3 Duration of Franchise

Under the Franchise Agreements Bendigo Bank has granted the Company the Mt Evelyn & Districts Franchise Rights for an initial term of five years from 4 May 2007 and the Montrose Franchise Rights for an initial term of five years from the Commencement Date. Pursuant to the Franchise Agreements, the Company may seek to extend the term of the Mt Evelyn & Districts Franchise Rights, the Montrose Franchise Rights or both for (in total) two additional five year terms each (subject to satisfying the applicable conditions).

It is possible that the Company will not be able to, or may not wish to, renew the term of the Franchise Rights in relation to one Community Bank® branch (i.e. Mt Evelyn & Districts or Montrose), but will do so in relation to the other. For example, at the end of the initial terms, the Company may satisfy the conditions required in relation to one site, but not the other. In such circumstances, it is possible that the Company will continue to manage and operate only one Community Bank® branch. It is, of course, also possible that at the end of an applicable term, the Company may not be able to, or may not wish

to, renew the Franchise Rights in relation to either branch, in which case, the Company would not be able to continue and operate either branch.

A request to extend the term of either the Mt Evelyn & Districts Franchise Rights, or the Montrose Franchise Rights, must be made between three and six months prior to the end of the then existing term relevant to that Franchise Right. Bendigo Bank must agree to extend the term of the particular Franchise Rights (i.e. the Mt Evelyn & Districts Franchise Rights, the Montrose Franchise Rights or both) provided that the Company:

- is not in breach of the Franchise Agreements;
- secures continued rights to possession and use of each location from which the relevant franchise is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fees for the particular Franchise Rights being renewed under the Franchise Agreements and pays Bendigo Bank's costs of renewing the term of the particular Franchise Rights being renewed.

These conditions must be satisfied at the end of an initial term and, in the case of either of the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights which are extended for the first five year period, at the end of that first renewal period.

Bendigo Bank has the ability to assign or novate its rights and obligations (or any part of them) under the Franchise Agreements at any time. However, Bendigo Bank must not assign its obligations (without the consent of the Company) unless the proposed assignee is either a related body corporate of Bendigo Bank, a person whose business includes the provision of financial services (and it is reasonable to expect that the person will be able to comply with its obligations under the Franchise Agreements) or a person who has entered into arrangements with Bendigo Bank and/or any of the foregoing, so as to enable that person to comply with its obligations under the Franchise Agreements. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Franchise Agreements.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchises (or any one of them), the Company or the Company's interest in the franchise operations, the Franchise Agreements (including, for example, the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights)

or the location of either branch with the prior written consent of Bendigo Bank and with the payment of a Transfer Fee to Bendigo Bank.

Bendigo Bank also has a pre-emptive right over the sale of the Company's interest in the Franchise Agreements, the Mt Evelyn & Districts Franchise Rights, the Montrose Franchise Rights or the branch locations.

The consequences of the termination of the Franchise Agreements, the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights are discussed in Section 5.2 below.

3.4 Activities of Company

Branches

The Mt Evelyn & Districts Community Bank® Branch at 37 Wray Crescent, Mt Evelyn commenced operation on 4 May 2002. The Company has managed that branch since that time under the Original Franchise Agreement. The Company owns this site and the rates costs for the Mt Evelyn & Districts site have been included for the purposes of the forecasts. The Mt Evelyn & Districts Community Bank® Branch is open from 9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturdays (excluding public holidays).

In addition, the Company intends to establish the Montrose Community Bank® Branch of Bendigo Bank in a suitable location. Estimated rental costs for the Montrose Community Bank® Branch site have been included for the purposes of the forecasts. It is proposed that the Montrose Community Bank® Branch will open from 9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturday (excluding public holidays).

It is possible, with Bendigo Bank's consent, to operate the existing and proposed Community Bank® branches from sites in addition to, or in substitution of, the current existing or proposed sites. However, the Directors have no intention to do so at this stage.

Branch Managers and Employees

The Company currently employs a Branch Manager and a number of Customer Service Officers to staff the Mt Evelyn & Districts Community Bank® Branch. It is envisaged that a new Branch Manager and a number of new Customer Service Officers will be employed by the Company to manage and staff the proposed Montrose Community Bank® Branch. All employees must be first approved by Bendigo Bank. It is also possible that staff will be seconded from the Bendigo and Adelaide Bank Group to the Company.

Financial Products and Services

Through the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch, the Company will provide a range of financial products and services determined by Bendigo Bank from time to time. The products and services will include (but are not necessarily limited to) the following:

- deposit business, for example, “Ultimate” accounts, term deposits, “money extra” accounts, “classic” accounts, investment accounts and specialised rural accounts;
- personal bank products and services, for example, credit and debit cards, insurance and financial planning;
- loans and lending products, for example, home loans, investment loans, home equity loans, leasing, commercial loans, farm loans and personal loans;
- investment products, such as superannuation, Sandhurst Select products and common fund and tax-based savings products; and
- cash and cheque facilities, delivered through electronic means and ATM services.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products. As deposits are with Bendigo Bank, they have the benefit of the Commonwealth Government’s deposit guarantee facility. The guarantee applies for three years from November 2008. It applies automatically to deposits of \$1 million or less with an ADI (Authorised Deposit Taking Institution). Originally, an ADI was able to apply for the facility in respect of deposits that exceed \$1 million per customer. However, the guarantee will no longer apply to deposits of more than \$1 million effective from 31 March 2010.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch will not necessarily be the same as those offered by other Bendigo Bank branches or franchises. However, the Company will endeavour to ensure that the products and services offered will be appropriate for the requirements of its customers.

Other Products and Services

In addition, the Company can offer or promote other products and services under agreements with members of the Bendigo Group if Bendigo Bank has given its prior consent. In particular, the Directors envisage that the Company may enter into a referral agreement with a member of the Bendigo Group under which the Company will, in return for a commission, offer and promote to our community non banking products and services offered by that group member. These products and services may, for example, include telecommunications services.

3.5 Benefits of Franchise Arrangements

Name, Logo and Systems

As part of the franchise arrangements, Bendigo Bank grants the Company the right to use its name, logo and system of operations and other relevant intellectual property rights including the trademark “Community Bank®” for the purpose of managing the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch of Bendigo Bank. To the extent that it is able, Bendigo Bank will also give the Company reasonable access to all information and technology created or obtained by Bendigo Bank in connection with other franchises.

The Company will have the benefit of all general advertising and promotions undertaken by Bendigo Bank, in addition to the local promotional activities undertaken by the Company itself (in accordance with the controls set out in the Franchise Agreements).

Assistance and Advice

Bendigo Bank will provide significant assistance in relation to the Mt Evelyn & Districts Community Bank® Branch and Montrose Community Bank® Branch franchise operations including:

- advice and assistance in relation to the design, layout and fitout of each branch office;
- training for the Branch managers and other employees in banking, management systems and interface protocol; and
- assistance in the launch of the Montrose Community Bank® Branch (assistance has already been given by Bendigo Bank in relation to the launch of the Mt Evelyn & Districts Community Bank® Branch).

Bendigo Bank will continue to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of each franchise operation, including advice in relation to:

- methods and procedures for the sale of products and provision of services;

- security and cash logistic controls;
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

Non-exclusive Franchise

The Franchise Rights granted under the Franchise Agreements are non-exclusive franchise. That is, any member of the Bendigo Group is able to carry on any business (including the granting of franchises) anywhere. Further, Bendigo Bank (for example, through branches), any related body corporate of Bendigo Bank and any Bendigo Bank franchise are entitled to be located anywhere and to market to, or deal with, persons located anywhere.

Similarly, although the location of the branches at which the franchise operations are carried on must be approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

3.6 Restrictions on Operations

Sole Purpose Company

The Franchise Agreements provides that, subject to the ability to provide certain other products and services (see below), the Company must not carry on any business other than managing and operating the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank and the Montrose Community Bank® Branch of Bendigo Bank, it must not purchase a location without the approval of Bendigo, and it must not own or use any assets, or incur any liabilities, other than those required by the franchise operations.

The Company may offer or promote other products and services pursuant to an arrangement with a member of the Bendigo Group if Bendigo Bank has given its approval.

Competition Restrictions

The Company is also subject to covenants that restrict its activities both during the term of the franchise, and for a further three years after the franchise has terminated.

Pursuant to these covenants (as contained in the Franchise Agreements), the Company must not:

- have any interest in an entity carrying on business that is substantially the same as that conducted by Bendigo Bank through its franchises, or is in competition in relation to that business or in relation to any other business carried on by the Bendigo Group;
- seek to attract any customers or employees from Bendigo Bank or any of its franchisees; or

- otherwise interfere with the business being conducted by Bendigo Bank.

Similar restrictions apply to the Directors of the Company.

Bendigo Bank Involvement

Bendigo Bank will retain a tight control over the day to day operations of the Company, which includes the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the Company's franchise records.

In particular, as noted above, the products and services to be supplied through the Company will be determined by Bendigo Bank. As described in Section 3.4 above, all credit transactions must be approved by Bendigo Bank.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreements in accordance with the guidelines provided by Bendigo Bank.

The Company has also been appointed as an 'authorised representative' of Bendigo Bank pursuant to a separate authorised representative appointment (see Section 7.4 below).

3.7 Community Interest in the new Montrose Community Bank® Branch

A significant amount of work and public consultation has been undertaken in relation to the feasibility of establishing the Montrose Community Bank® Branch of Bendigo Bank.

A preliminary public meeting on 2 February 2009 was held to discuss the Community Bank® concept and the steps required to establish the Montrose Community Bank® Branch. As a result, the Company engaged an independent consultant, HLB Mann Judd (Vic) Pty Ltd to conduct a feasibility study in relation to the proposal.

The results of the feasibility study were presented to the Directors and Steering Committee at a meeting held on Tuesday 29 September 2009 and it was unanimously voted to proceed towards the establishment of the Montrose Community Bank® Branch.

The results of the feasibility study are discussed in Section 4 of this Prospectus.

A similar process of consultation was undertaken in relation to the Mt Evelyn & Districts Community Bank® Branch prior to its establishment.

3.8 Business allocated to the Company on opening the Montrose Community Bank® Branch

Bendigo Bank has recorded certain new banking business originating within the Montrose community from the date of the initial briefing (held on 2 February 2009) referred to in Section 3.7, and will continue to do so until the date that the Montrose Community Bank® Branch opens. This new banking business will be treated as business of the Montrose Community Bank® Branch. As at 21 September 2009, the amount of new business originating from our community that had been recorded by Bendigo Bank was as follows:

	\$
Deposits Raised	827,630
Loans Generated	1,322,671
Other Business (excluding superannuation)	0
Total Portfolio	2,150,301

The Company's sources of revenue from banking business are discussed further in Section 4.4 of the Prospectus.

3.9 The Company's Board of Directors

The management and control of the business and affairs of the Company is the responsibility of the Company's Board of Directors. There are various rules in the constitution of the Company to ensure that shareholders regularly have the opportunity to vote on the Directors. In particular, under the constitution, one third of the Directors (other than an 'exempt' managing Director – if any) will be required to retire at each annual general meeting (other than the Company's first annual general meeting), and a Director who has held office for in excess of a continuous period of three years or three annual general meetings (whichever is longer) since last elected must retire. However, Directors who so retire are eligible for re-election. In addition, persons who are appointed as Directors by the Board must retire at the next annual general meeting, but are eligible for re-election, and an employee who is a Director must retire as a Director if they cease to be an employee, but is also eligible for re-election.

Under the Constitution of the Company, each Director is required to undergo a probity check (primarily a national criminal record check) as a condition of their appointment as a Director. This rule requires that a Director will need to undergo such a check prior to their appointment as a Director or, if a Director was appointed before this rule became effective, within six months of their

appointment. Directors can be required to undergo a further check every 12 months.

3.10 Share Price

Shares in the Company have been listed on the BSX since 17 August 2006. While past performance cannot be taken as an indication of future performance, as at 26 February 2010 the following shares have been traded on the BSX. Updated share price information can be obtained from the BSX.

Qty	Price	Date
3,000	1.050	20/11/2009
1,000	1.000	27/01/2009
1,000	1.000	26/08/2008
500	1.050	18/10/2007
500	1.050	13/09/2007
7,000	1.050	13/08/2007
1,000	1.050	10/08/2007
1,000	1.050	11/07/2007
9,000	1.050	11/07/2007
10,000	1.150	05/01/2007

4. Financial information

4.1 Feasibility Study

A feasibility study was conducted in the Montrose community by HLB Mann Judd (Vic) Pty Ltd (the Montrose Feasibility Study) to assist the Company to decide whether to proceed with establishing the Montrose Community Bank® Branch.

The Montrose Feasibility Study involved:

- distributing surveys to 4,000 households, businesses and community groups located in Montrose and surrounds;
- conducting interviews with a selection of local businesses and community members; and
- reviewing the available economic information regarding the area.

Surveys were distributed in respect of personal and business banking. A copy of the pro-forma survey is set out in Annexure A to this Prospectus. The response rate to the surveys was as follows:

Feasibility Study Factors	Results
Surveys Distributed	4,000
Surveys Returned	540
% of Surveys Returned	13.5%
Respondents' Total Banking Business	\$97,592,000
Respondents' Banking Business Available in First Year	\$37,871,000

Prior to the establishment of the Mt Evelyn & Districts Community Bank® Branch in 2002, a similar feasibility study was undertaken in the Mt Evelyn & Districts community. As with the Montrose Feasibility Study, the Mt Evelyn & Districts feasibility study involved:

- distributing surveys to households and businesses located in Mt Evelyn & Districts and surrounds;
- conducting interviews with a selection of local businesses and community members; and
- reviewing the available economic information regarding the area.

The surveys distributed in the Mt Evelyn & Districts feasibility study were not substantially different to the surveys set out in Annexure A to this Prospectus.

4.2 Forecasts

Overview of the process of preparing the forecasts

The banking business indicated by respondents to the survey has been analysed and collated by the

consultant who conducted the feasibility study. In addition, details of the banking business that have been recorded by Bendigo Bank as having originated from the Montrose community (as referred to in Section 3.8 above) up to the date of preparation of the forecasts, have been provided by Bendigo Bank to the Company.

Based on this information and the history of operations of the Mt Evelyn & Districts Community Bank® Branch, the Company (together with assistance from Bendigo Bank based its experience with its own branches and other franchises), has prepared forecasts of the interest earnings from the lending products and the interest cost of the deposits, together with forecasts of other revenue streams.

The assumptions made in relation to this financial modelling conducted by the Company and Bendigo Bank are those set out below and in Sections 4.3 and 4.4.

The forecasts have been prepared, assuming that a different level of business is generated by the Company as a whole. In each case, the forecast assumes that the total amount of pre-opening business that has been recorded by Bendigo Bank as originating from the Montrose community forms part of the Company's revenues.

The annual operating costs (refer to Section 4.5) were estimated by the Company on the basis of the annual operating costs incurred by the Mt Evelyn & Districts Community Bank® Branch, and on the basis of other comparable Bendigo Bank branches and franchises. This comparable information was provided, without identifying particular franchises, by Bendigo Bank.

Tables 3 and 4 also include an estimate of the cost of operating the Montrose Community Bank® Branch from 1 July 2010.

The estimated annual operating costs of the Company were included to arrive at the estimated operating profit or loss before any allowance for depreciation, tax or dividends.

The Company's accountant was then provided with these figures and, as part of the accountant's role in relation to the preparation and review of the forecasts, the accountant calculated the depreciation and taxation expenses.

The process of preparation of the forecasts is discussed in detail below.

(a) Mt Evelyn & Districts Stand Alone Forecast (see Table 1 below)

This is a forecast for the Company as a whole, assuming that the Montrose Community Bank® Branch is not opened and assuming that the

existing Mt Evelyn & Districts Community Bank® Branch continues to achieve the level and type of business growth historically achieved.

(b) Montrose Business Volume Forecast (see Table 2 below)

The banking business indicated by respondents to the Montrose Feasibility Study has been analysed and collated by the consultant who conducted the feasibility study. The Directors understand that Bendigo Bank regularly collates data on, and analyses the performance of, the existing Community Bank® Branches and, based on this, the feasibility study results are modified to produce the modified Forecast. Based on discussions with Bendigo Bank, the Directors believe that this process produces forecasts that are more reliable than simply relying on the feasibility study results, as the modified Forecast builds in the experience of other Community Bank® Branches.

This is a forecast assuming that the Montrose Community Bank® Branch achieves the level and type of business indicated by the survey results adjusted, in their first three years of operation, by the performance of other comparable Community Bank® branches, and that the amount of new banking business originating within the Montrose community which will be treated as business provided through the Company at the commencement of operations of the Montrose Community Bank® Branch will be at least \$2.1 million. See section 4.4 level of business for Montrose Community Bank® Branch.

Set out below is a more detailed explanation of how the forecast for the Montrose Community Bank® Branch is produced.

- Bendigo Bank identifies existing Community Bank® branches that are comparable to the proposed Montrose Community Bank® Branch and then calculates the average volume of loans and average volume of deposits these branches have achieved in each of their first three years of operation. In determining whether an existing Community Bank® branch is considered “comparable” to the proposed Montrose Community Bank® Branch, Bendigo Bank considers a range of factors, including whether it is located in a community with a similar population and similar demographic profile to the Montrose community and whether the volume of business carried on by the existing branch is similar to that expected to be carried on by the Montrose Community Bank® Branch.

- The average volume of loans and average volume of deposits for the comparable branches for each of their first three years of operation are then compared to the anticipated volume of loans and deposits identified in the feasibility study results for those branches to produce the factor by which the feasibility study results for the proposed Montrose Community Bank® Branch should be modified.
- The relevant factor is then applied to each of the product groups identified in the feasibility study to produce the results for each of Year 1, Year 2 and Year 3 in the “Modified Forecast”. This is discussed further in Section 4.4 below.

By way of an overview, the statistics generated for the performance of all the branches across the Community Bank® network demonstrate that while individual Community Bank® branch performances vary from branch to branch, and month to month, on average the actual performance of deposit products of each branch exceeds the amounts of deposit business respondents indicated they would transfer to the branch. However, lending products for each branch are more difficult to convert and so may fall short of the amounts of lending business respondents indicated they would transfer to the branch, especially in the first 12 months of operation. These results also show that the superannuation business identified in the surveys has proved difficult to convert. Therefore, the forecasts do not take into account any income for superannuation.

(c) Company Forecast (see table 3 below)

This is a forecast for the Company as a whole, assuming that it will continue to manage the Mt Evelyn & Districts Community Bank® Branch and opens the Montrose Community Bank® Branch on 1 July 2010. The forecast for the year ended 30 June 2010 assumes the Mt Evelyn & Districts Community Bank® Branch achieves the level and type of business growth in the year as it experienced in the year ended 30 June 2009.

(d) 80% of Company Forecast (see table 4 below)

This is a forecast for the Company as a whole assuming that the Company will manage the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch and assuming that, in the year ended 30 June 2011, the Montrose Community Bank® Branch achieves 80% of the volume of business assumed for the “Company Forecast” going forward (refer to Section 4.2 (a) above).

Assumptions

While the Directors have given due care and attention to adopting the forecasts in this Prospectus, they can give no guarantee that the forecast results will be achieved, since there are many factors which may impact on the ability of the Company to achieve such forecasts, which are beyond its influence and control. Some of these factors are discussed in Section 5 below.

In particular, the forecasts are based on the survey responses provided by community members. Community members are under no obligation to act in accordance with their responses and there is no guarantee that these results will be achieved. Forecasts are also prepared on the basis of an assumed level of new banking business that will be allocated to the new Branch on opening. There is no guarantee that this level of business will be available at opening and retained following the opening of the Branch. A failure to do so could materially affect the ability of the Company to achieve the forecast results.

The other assumptions made in relation to the survey responses and on which these forecasts are based are set out in Sections 4.4 and 4.5 below.

The impact of the Australian goods and services tax is discussed in Section 4.6

(a) Mt Evelyn & Districts Stand Alone Forecast

Table 1 shows that if the Company managed only the Mt Evelyn & Districts Community Bank® Branch, it could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$251,256 in the Year ending 30 June 2010, \$269,917 in the Year ending 30 June 2011 and \$283,412 in the year ended 30 June 2012.

Table 1: Mt Evelyn & Districts Stand Alone Forecast

	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Revenue from ordinary activities ¹	1,090,930	1,259,660	1,301,160	1,366,218
Employee benefits expense ²	(461,291)	(501,972)	(522,773)	(548,912)
Charitable donations and sponsorships ²	(197,482)	(225,286)	(220,000)	(231,000)
Depreciation and amortisation expense ³	(31,870)	(31,623)	(31,893)	(33,488)
General administration expenses ²	(221,069)	(249,523)	(256,577)	(269,406)
Profit (Loss) before tax	179,218	251,256	269,917	283,412
Income tax expense (credit) ⁴	(54,203)	(75,377)	(80,975)	(85,024)
Profit (Loss) after income tax	125,015	175,879	188,942	198,388
Earnings per Share				
Earnings per share for the period (cents)	17.80	8.35*	8.97*	9.41*
Dividends paid or provided for (cents per share)	12.30	9.80	-	-

*after bonus issue to existing shareholders at a ratio of two for one allocated on 3 December 2009.

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non current assets will be depreciated over their useful economic life as follows:-

	Life	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Depreciation of non current assets					
Plant & equipment	2.5 – 40 years	13,451	13,705	13,975	15,055
Buildings	40 years	6,159	6,159	6,159	6,159
Building improvements	40 years	1,466	1,466	1,466	1,466
Amortisation of non current assets					
Intangibles	5 Years	10,794	10,293	10,293	10,808
Total		31,870	31,623	31,893	33,488

4 Income tax at the company tax rate of 30% has been applied to profit (loss) before tax. The income tax expense may vary depending upon the allowable deductions applicable to the Company under current income tax legislation

(b) Montrose Business Volume Forecast

Table 2 shows business identified in the Montrose Feasibility Study results adjusted (as described above) based on the average trading performances of existing comparable Community Bank® branches. The forecast also assumes that the amount of new banking business originating within the Montrose community which will be treated as business provided through the Company at the date that the Montrose Community Bank® Branch commences operations will be at least \$2.1 million.

Table 2: Montrose Business Volume Forecast

	Year ended 30 June 2011 \$	Year ended 30 June 2012 \$	Year ended 30 June 2013 \$
Deposits Raised	14,119,644	20,619,545	24,782,276
Loans Generated	9,945,413	15,716,861	19,942,577
Total Portfolio	24,065,057	36,336,406	44,724,853

(c) Company Forecast

Table 3 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a loss before tax of \$108,144 in the Year ended 30 June 2011, but a profit before tax of \$193,082 in the year ended 30 June 2012. This table assumes that the Company will manage both the Mt Evelyn & Districts and Montrose Community Bank® branches from 1 July 2010.

Table 3: Company Forecast

	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Revenue from ordinary activities ¹	1,090,930	1,259,660	1,462,474	1,706,396
Employee benefits expense ²	(461,291)	(501,972)	(798,123)	(803,168)
Charitable donations and sponsorships ²	(197,482)	(225,286)	(220,000)	(231,000)
Depreciation and amortisation expense ³	(31,870)	(31,623)	(48,797)	(50,392)
General administration expenses ²	(221,069)	(249,523)	(503,698)	(428,754)
Profit (Loss) before tax	179,218	251,256	(108,144)	193,082
Income tax expense (credit) ⁴	(54,203)	(75,377)	10,843	(58,525)
Profit (Loss) after income tax	125,015	175,879	(97,301)	134,557
Earnings per Share				
Earnings per share for the period (cents)	17.80	8.35#	(3.41)* (3.18)**	4.71* 4.40**
Dividends paid or provided for (cents per share)	12.30	9.80	-	-

#After bonus issue to existing shareholders at a ratio of two for one allocated on 3 December 2009

*Assumes minimum shares issued under this Prospectus on 30 June 2010 and after a 2 for 1 bonus issue in 3 December 2009

**Assumes maximum shares issued under this Prospectus on 30 June 2010 and after a 2 for 1 bonus issue in 3 December 2009

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non current assets will be depreciated over their useful economic life as follows:-

	Life	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Depreciation of non current assets					
Plant & equipment	2.5 – 40 years	13,451	13,705	17,958	19,038
Buildings	40 years	6,159	6,159	6,159	6,159
Building/leasehold improvements	20-40 years	1,466	1,466	12,387	12,387
Amortisation of non current assets					
Intangibles	5 Years	10,794	10,293	12,293	12,808
Total		31,870	31,623	48,797	50,392

4 Income tax at the company tax rate of 30% has been applied to profit (loss) before tax. The income tax expense may vary depending upon the allowable deductions applicable to the Company under current income tax legislation.

The following forecast illustrates how a change in the level of business generated by the Community Bank® branch affects the forecast in table 3 above.

For this table all other assumptions described in sections 4.4 and 4.5 remain the same – (see section 4.6 for a discussion of the impact of the Goods and Services Tax)

(d) Company Forecast, Montrose achieves 80% of Budget

Table 4 shows that the Company could, if it only achieves 80% of the level of business assumed for the Montrose Community Bank® Branch, generate a loss before tax of \$130,293 in the Year ended 30 June 2011, but a profit before tax of \$138,179 in the Year ended 30 June 2012. This table also assumes that the Company will manage both the Mt Evelyn & Districts and Montrose Community Bank® branches from 1 July 2010.

Table 4: Company Forecast, Montrose achieves 80% of Budget

	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Revenue from ordinary activities ¹	1,090,930	1,259,660	1,440,325	1,651,493
Employee benefits expense ²	(461,291)	(501,972)	(798,123)	(803,168)
Charitable donations and sponsorships ²	(197,482)	(225,286)	(220,000)	(231,000)
Depreciation and amortisation expense ³	(31,870)	(31,623)	(48,797)	(50,392)
General administration expenses ²	(221,069)	(249,523)	(503,698)	(428,754)
Profit (Loss) before tax	179,218	251,256	(130,293)	138,179
Income tax expense (credit) ⁴	(54,203)	(75,377)	17,488	(42,054)
Profit (Loss) after income tax	125,015	175,879	(112,805)	96,125
Earnings per Share				
Earnings per share for the period (cents)	17.80	8.35#	(3.95)* (3.69)**	3.36* 3.14**
Dividends paid or provided for (cents per share)	12.30	9.80	-	-

#After bonus issue to existing shareholders at a ratio of two for one allocated on 3 December 2009

*Assumes minimum shares issued under this Prospectus on 30 June 2010 and after a 2 for 1 bonus issue in 3 December 2009

**Assumes maximum shares issued under this Prospectus on 30 June 2010 and after a 2 for 1 bonus issue in 3 December 2009

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non current assets will be depreciated over their useful economic life as follows:-

	Life	Year ended 30 June 2009 \$ (Audited)	Year ended 30 June 2010 \$ (Unaudited)	Year ended 30 June 2011 \$ (Unaudited)	Year ended 30 June 2012 \$ (Unaudited)
Depreciation of non current assets					
Plant & equipment	2.5 – 40 years	13,451	13,705	17,958	19,038
Buildings	40 years	6,159	6,159	6,159	6,159
Building/leasehold improvements	20-40 years	1,466	1,466	12,387	12,387
Amortisation of non current assets					
Intangibles	5 Years	10,794	10,293	12,293	12,808
Total		31,870	31,623	48,797	50,392

4 Income tax at the company tax rate of 30% has been applied to profit (loss) before tax. The income tax expense may vary depending upon the allowable deductions applicable to the Company under current income tax legislation.

4.3 Sensitivity

The forecasts will be affected by the following factors:

- the extent to which the business generated by the Mt Evelyn & Districts Community Bank® Branch varies from the business generated by that branch in the past, including the impact of the Montrose Community Bank® Branch;
- the extent to which the business generated by the Montrose Community Bank® Branch varies from the Montrose Feasibility Study responses including:
 - the value of the accounts;
 - different business mixes;
 - the timing of writing the business; and
 - account retention;
- the assumption that the Montrose Community Bank® Branch commences trading in 1 July 2010;
- the extent to which new banking business originating within the Montrose community from the date of the meeting at which it was resolved to proceed towards the establishment of the Montrose Community Bank® Branch is retained following the opening of the Montrose Community Bank® Branch;
- the extent to which the actual amount of new banking business allocated to the Montrose Community Bank® Branch on opening (as described in Sections 3.8 and 4.2), differs from the assumed amount of business or is diminished during the forecast period;
- interest rate variations (though see Section 4.4 below); and
- operating costs containment.

4.4 Revenue

Revenue Calculation

The estimated revenue for each year is the amount that is estimated to be earned by the Company under the Franchise Agreements on the basis of the levels of business forecast for that year (see below).

The Franchise Agreements provide for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the

gross margin is a negative amount), the Company effectively incurs, and must bear, 50% of that loss.

The second source of revenue for the Company is commission paid by Bendigo Bank on the other products and services provided through the Company (ie ‘commission business’).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The Franchise Agreements provides that a commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days), and that all other products and services are taken into account in determining the gross margin. The amount of commission payable can be varied in accordance with the Franchise Agreements (which, in some cases, permits commissions to be varied at the discretion of Bendigo Bank). However, for the purposes of the forecasts, it has been assumed that the rates of commission payable to the Company will not vary during the forecast period.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as ‘bank fees and charges’) charged to customers to which the Company may be entitled. This proportion (if any) is determined by Bendigo Bank, may vary between products and services and may be amended by Bendigo Bank from time to time. For the purposes of these forecasts, it has been assumed that the proportions will not vary during the forecast period.

As it is too uncertain to determine whether any revenue (and, if so, how much) will be generated by the Company in promoting or offering “non banking” products or services during the forecast period (see Section 3.4), no such revenue has been included in any forecast.

Description of Business

The following types of business is currently generated by the Mt Evelyn & Districts Community Bank® Branch and was also covered by the Montrose Feasibility Study:

• Deposits

“Deposits raised” comprises personal and business savings accounts, cheque accounts and term deposits. Of these products, savings and cheque accounts and term deposits of less than 90 days are included in the calculation of the monthly gross margin. Term deposits of more than 90 days earn a commission.

• Loans

“Loans generated” comprises personal and business overdrafts, personal loans, home loans, business leasing and hire purchase and other business loan facilities. Of these products and services, overdrafts, personal loans and flexible home loans are margin business and fixed home loans, leasing, hire purchase and other business loan facilities are commission business.

• Other

“Other business” consists of superannuation products, which are commission based products. As discussed in Section 4.2 above, the forecasts do not take into account any income for superannuation.

Level of Business - Mt Evelyn & Districts

In preparing the forecasts, the following assumptions were made in relation to the level and type of business to be generated by the Mt Evelyn & Districts Community Bank® Branch.

In preparing the forecast in Table 1 for the years ended 30 June 2010 and 30 June 2011, it has been assumed that the level of growth the Mt Evelyn & Districts Community Bank® Branch has historically experienced will continue.

In Table 4, it has been assumed the Montrose Community Bank® Branch will only achieve 80% of the volume of business assumed for the corresponding period in Table 3.

Level of Business – Montrose

As described in detail in Section 4.2, revenue for Years 1, 2 and 3 of the business volume forecast for the Montrose Community Bank® Branch is based upon the following.

- The feasibility study results, as modified based on the average trading performances of existing comparable Community Bank® branches in each of their first three years of operation.
- New banking business originating within the Montrose community from the date of the meeting at which it was resolved to proceed towards the establishment of the Montrose Community Bank® Branch is at least \$2.1 million and is retained following the opening of the Montrose Community Bank® Branch.

The 80% of Company Forecast assumes that the Company only achieves 80% of this business.

Each forecast is also based on the static assumption that new banking business allocated to the Montrose Community Bank® Branch on opening

is as described in Section 4.2 and is retained by the Company for the forecast period.

Survey Responses

The following additional assumptions were made in relation to the Montrose Feasibility Study responses:

- no allowance is made for financial seasonality - survey responses indicating current account balances were considered to be equal to the average annual account balances;
- averages are used for the ranges indicated on the survey forms (ie \$0-\$5,000 is taken to be \$2,500);
- specific amounts have been used where indicated in the response;
- the maturity profile of term deposits has been regarded as 1/4 less than 90 days and 3/4 greater than 90 days;
- home loans have been regarded as 3/4 variable and 1/4 fixed interest loans;
- in Year 1 in all forecasts based on the Montrose Feasibility Study results (Tables 3 and 4), it has been assumed that deposits will be transferred to the Montrose Community Bank® Branch equally each month. However, as loans can be slower to convert, this is not assumed for loans – rather, the total loans for Year 1 are divided by 12 and it is assumed that, based on this per month amount, only 50% will be written in each of months 1-4, 100% will be written in each of months 5-8, but 150% will be written in each of months 9-12. In Year 2 and Year 3 in table 2 of the forecast, it is assumed that deposits and loans will be transferred to the Montrose Community Bank® Branch equally each month;
- no allowance has been made for revenue generated from products or services other than the deposit and loan business specified in the survey and revenue generated from “foreign” ATM fees.

Interest Rates

Interest rates (as set out below) within broad product groups have been adopted across all revenue forecasts.

Product	Rate
Personal Transaction Account	1.16%
Business Cheque Account	1.00%
Term Deposits ≤ 90 days	2.13%
Home Loans	5.51%
Home Equity Loans	8.72%
Credit Cards	8.95%
Overdrafts (Business)	8.72%
Personal Loans	11.65%

The rates in the above table represent a weighted average of the interest earned on products within each product group listed across five comparable Community Bank® branches. They are included in the Prospectus solely for the purpose of providing information concerning the rates of interest used in preparing the forecasts and do not purport to represent a market interest rate that customers of any Bendigo Bank branch should expect to be offered. The interest rates were determined as at 21 September 2009 and reflect the rates current at the time the forecasts were prepared. Although some of these rates would now be likely to have changed given movements in market interest rates in the intervening period, the margins that the Company could expect to receive on these products and services have not changed in any material respect. As indicated below, it is changes in the interest rate margin that would be expected to affect the profitability of the Company.

In determining the profitability of a Community Bank® branch (as with any other bank branch), one factor is the interest rate margin. The interest rate margin can be described as the difference between the interest rate earned on lending products as compared to the interest rate paid out on deposits and investments. If interest rates change over the period of the forecasts in this Prospectus, the profitability of the branch may not be affected, if the interest rate margin remains unchanged.

However, as the interest rate margin changes, so does the profitability of the branch. It is estimated that an increase/decrease of 0.1% in the interest rate margin would increase/decrease the Company's gross revenue as at 30 June 2010 by \$7,389.

ATM Fees

The forecasts in this Prospectus contain an estimate of the amount of fees generated from non Bendigo Bank customers using the Company's existing ATM at Mt Evelyn and the proposed ATM at Montrose.

4.5 Establishment and Operating Costs

The following costs will be incurred by the Company:

- the initial investment required to establish the Montrose Community Bank® Branch and commence operations; and
- the annual operating costs of the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch.

Establishment Costs

The costs to establish the Montrose Community Bank® Branch and commence operations include:

- the Initial Fees and training costs payable under the New Franchise Agreement in relation to the Montrose Community Bank® Branch;
- site modifications and IT establishment in relation to the Montrose Community Bank® Branch;
- legal costs (including the costs of undertaking this Issue);
- the costs of the opening launch of the Montrose Community Bank® Branch;
- Montrose Feasibility Study; and
- working capital.

Annual Operating Costs

The operating costs of the Company have been incorporated in the forecasts in Section 4.2.

These costs include:

- share registry fees;
- labour (Branch Managers and Customer Service officers) and related costs (eg uniforms);
- occupancy and outgoings;
- marketing;
- bad debts and other credit expenses;
- IT equipment, running costs and support costs;
- insurance;
- phone and fax;
- postage and stationery;
- cash logistics;
- security monitoring and maintenance;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machines (ATMs);
- accountancy and secretarial;
- annual audit fees;
- and annual BSX listing and quotation fees.

4.6 Goods and Services Tax

The Goods and Services Tax (GST) legislation took effect from 1 July 2000. The impact of the GST on providers of financial services is quite different from its impact on other businesses. Most businesses are able to claim back all GST paid on business inputs. This is not the case for providers of 'financial supplies'. Providers of 'financial supplies' are input taxed. This means that they can not charge GST on these 'financial supplies' and can not claim back all the GST paid on their inputs.

The regulations distinguish between a financial supply “provider” who makes a financial supply and a “facilitator” who facilitates a financial supply made by another entity. Generally, supplies by a “financial supply facilitator” are not financial supplies and would therefore be subject to GST.

The Company is a “financial supply facilitator” and it is able to reclaim GST it incurs on its business inputs but will also be required to account for GST on its revenues.

For the purposes of the forecasts in this Prospectus, it has been assumed that the services which the Company provides to Bendigo Bank are subject to GST, and the tax paid on purchases of inputs to the business will be able to be reclaimed in full. The revenues stated in the forecasts are net of GST and the costs are net of input tax credits.

4.7 Pro-Forma Balance Sheet

Set out below is an unaudited pro-forma balance sheet for the Company showing the actual position prior to the date of Issue and alternative unaudited pro-forma balance sheets showing the effect of the Issue.

	Budgeted as at at 30 June 2010 ³ \$ (Unaudited)	Unaudited Pro-Forma 30 June 2010 ¹ \$	Unaudited Pro-Forma 30 June 2010 ² \$
Current Assets			
Cash assets	479,711	889,711	1,089,711
Receivables	112,276	112,276	112,276
Total Current Assets	591,987	1,001,987	1,201,987
Non-Current Assets			
Property, plant and equipment	420,073	670,073	670,073
Deferred income tax assets	21,713	21,713	21,713
Intangible assets	19,156	109,156	109,156
Total Non-Current Assets	460,942	800,942	800,942
Total Assets	1,052,929	1,802,929	2,002,929
Current Liabilities			
Payables	40,885	68,385	68,385
Interest bearing liabilities	225	225	225
Current tax liability	16,373	16,373	16,373
Provisions	69,618	69,618	69,618
Total Current Liabilities	127,101	154,601	154,601
Non-Current Liabilities			
Payables	2,500	2,500	2,500
Total Non-Current Liabilities	2,500	2,500	2,500
Total Liabilities	129,601	157,101	157,101
Net Assets	923,328	1,645,828	1,845,828
Equity			
Issued capital	695,010	1,445,010	1,645,010
Less: Equity raising costs	-	(27,500)	(27,500)
Retained earnings	228,318	228,318	228,318
Contributed Equity	923,328	1,645,828	1,845,828

Notes

- 1 Assumes the offer is fully subscribed and no oversubscriptions are accepted, and all Shares have been allotted.
- 2 Assumes the offer is fully subscribed and the maximum amount of oversubscriptions is accepted, and all Shares have been allotted.
- 3 These balances are after bonus shares have been issued to existing shareholders at the ratio of 2 to 1.
- 4 This balance sheet shows the position assuming that amounts due to Bendigo Bank under the Franchise Agreement have been paid – refer to Section 6.
- 5 This balance sheet shows the position before any new banking business is allocated by Bendigo Bank to the new Branch, as described in Sections 3.8 and 4.2 of this Prospectus.

4.8 International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. The first financial year to which IFRS applies to the Company was the Year ended 30 June 2006.

All financial information disclosed in this Prospectus has been prepared in accordance with IFRS.

5. Risk Factors

5.1 Introduction

Potential investors should consider the risks of investing in the Company carefully before making an investment decision. Your investment is not guaranteed by Bendigo Bank.

Particular investment risks arise due to the specific purpose for which the Company has been established and the specific nature of the business to be conducted by the Company, that is, to manage two Community Bank® Branches of Bendigo Bank pursuant to the Franchise Agreements with Bendigo Bank.

An investment in the Company is also affected by the business risks to which the Company will be subject, which may affect the success of the Company and, accordingly, its ability to pay dividends and its ongoing operation.

The following Sections highlight some of the key risks associated with an investment in the Company. There may also be other risks.

5.2 Investment Risk

Dividends

The Directors have established a policy whereby profits will, as a general rule, be applied at the discretion of the Directors in one or more of the following ways:

- in payment of dividends to shareholders (subject to the limit described below);
- towards community or charitable projects as determined by the Directors from time to time; or
- as working capital.

The timing and payment of dividends is dependent on many factors which affect future profits and the financial position of the Company. Dividends will be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding

up, exceed the Distribution Limit. The Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital over that 12 month period (as determined by Bendigo Bank in consultation with the Company). The relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

For the purposes of calculating the Distribution Limit, “profit” shall be determined by reference to all applicable accounting standards pursuant to the Corporations Act and will be calculated before:

- any tax, including GST;
- eligible contributions to Bendigo Bank’s Community Enterprise™ Foundation (or any of its sub-funds or successor(s)); and
- community contributions or donations made by the Company that would have been eligible contributions to Bendigo Bank’s Community Enterprise™ Foundation (or any of its sub-funds or successor(s)).

Of course, the actual amounts distributed to shareholders may be less than the Distribution Limit.

The Company has paid dividends previously however there is no guarantee they will pay dividends during the forecast period.

Trading in Shares

The Company provides members of the community with the opportunity to contribute to establishing and maintaining the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank and the Montrose Community Bank® Branch of Bendigo Bank. The community nature of the Company is reflected in the provisions of its constitution relating to voting rights and limits on shareholding interests (see Sections 7.1 to 7.3 below).

Because of the community based nature of the Company, it is not envisaged that there will be significant trade in shares in the Company. Accordingly, there may be limited opportunities for members to recoup their investment in the Company by disposing of their Shares.

In particular, while the Company is listed and its Shares are quoted on the BSX (and the Directors intend to apply for quotation on BSX of the Shares issued pursuant to this Prospectus), as listing and quotation impose additional obligations and costs on the Company, it is possible that in the future, the

Directors will form the view that listing and quotation is no longer in the best interests of the Company.

Even if the Company remains listed on BSX, it is not anticipated that an active market for trading of the Shares will develop. For example, the restrictions on shareholding interests may limit those persons who are able to purchase Shares in the Company. If the market for the Shares is not liquid, it is possible that the market price of the Shares may not reflect the true underlying value of the Company.

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

In addition, in the case of some companies listed on a stock market, it is possible that their share price may include a “control premium” to reflect the fact that a person may wish to acquire sufficient shares in the Company to gain control of the Company and, to do so, the acquirer would need to pay a premium above the underlying share price. It is unlikely that such a premium will be present in the case of the Shares (or will be paid by an acquirer), given the restrictions on share ownership in the constitution and the fact that a change of control of the Company may trigger a termination of the Franchise Agreements.

In summary therefore, it is possible that the market price of the Shares may be lower than the issue price under the Offer or otherwise may not reflect the true underlying value of the Company or its performance. While this risk applies to all investments in any securities on any stock market, it applies particularly so here given the community nature of the Company (for example, the restriction on dividend payments), the limitations on share ownership, the restrictions on the business activities of the Company and the likelihood of an illiquid market.

Termination of Franchise

The Franchise Agreements provides for a maximum possible term of 15 years for the Mt Evelyn & Districts Franchise Rights and a maximum possible term of 15 years for the Montrose Franchise Rights (see Section 3.3 above), after which the continued operation of each Community Bank® Branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreements (see Section 6 below), the Mt Evelyn & Districts Franchise Rights and/or the Montrose Franchise Rights, in particular, if the relevant franchise operation is not profitable.

If the Franchise Agreements are terminated, the Mt Evelyn & Districts Franchise Rights and the Montrose Franchise Rights would also terminate. However, if the Mt Evelyn & Districts Franchise Rights alone are terminated, the Montrose Franchise Rights would not, by that fact alone, necessarily terminate (and vice versa). In other words, it is possible that the Company may end up managing and operating only one of the Community Bank® branches.

The Company is not entitled to any payment upon termination of the Franchise Agreements, though it would be entitled to the net proceeds of the sale of either or both of the franchise operations if, at its discretion, Bendigo Bank proceeded with such a sale after termination (see Section 6 below).

There are no restrictions on where Bendigo Bank (or any of its related bodies corporate or other Bendigo Bank franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreements – see Section 3.5 above).

On the expiration or earlier termination of the Franchise Agreements, the Company is prohibited from carrying on a substantially similar business for three years.

There are also restrictions on the ability of the Company to dispose of its rights in the franchises, the Franchise Agreements (including the Mt Evelyn & Districts Franchise Rights, the Montrose Franchise Rights, or both, as the case may be, the franchise operations or the branch locations (see Section 3.3 above). If the Company owns the premises from which a Community Bank® branch operates, on termination of the Franchise Agreement Bendigo Bank may require the Company to enter into an agreement to lease the premises to Bendigo Bank for the purposes of Bendigo Bank continuing to operate the business from that premises.

5.3 Business Risks

Sole Purpose Company

The Company will essentially be a sole purpose company.

Subject to the ability to offer and promote other products and services under agreements with Bendigo Group members that have been approved by Bendigo Bank, the Company's only business will be managing the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank and the Montrose Community Bank® Branch.

Suitable location

The Company has not as yet secured a suitable location for the proposed Montrose Community Bank® Branch. It is a condition to the New Franchise Agreement that the Company secures the rights to

the possession and use of a suitable location for the initial five year term of the Montrose Franchise Rights and each of the renewal periods. If the Company is unable to secure a suitable location within six months of the date of the New Franchise Agreement, Bendigo Bank has the ability to terminate the New Franchise Agreement.

Revenue & Level of Banking Business

Although all transactions conducted through the Community Bank® branches will actually be conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 4.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

It is important to recognise that the forecasts presented in Section 4.2 are based (in part) on the Montrose Feasibility Study responses, and there is no obligation on respondents to transfer the business indicated in the survey. There is also no certainty that the new banking business originating within the Montrose community from 2 February 2009 will be retained following the opening of the Montrose Community Bank® Branch. Accordingly, there is no guarantee that the results set out in Section 4 will be achieved. In addition, part of the revenue earned by the Company is based on commission and fee income on certain products and services, and the commission and fees payable to the Company can be varied (in some cases, at the discretion of Bendigo Bank). The Company Forecast (see Table 3 in Section 4.2) discloses that the Company will experience a loss of \$97,301 in the first year of operation of the Montrose Community Bank® Branch. If the Company continues to incur further losses, it is possible that this will have an adverse impact on the Company's ability to continue to operate.

The ability of the Company to generate new business is subject to factors beyond the control of the Company.

The level of banking business conducted through the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch will be affected by general economic conditions, in particular, the effect of interest rate movements on the interest rates offered by Bendigo Bank.

As part of the Community Bank® concept, the Mt Evelyn & Districts Community Bank® Branch was established and the Montrose Community Bank® Branch is being established, in part, given the current level of banking facilities available in the Mt Evelyn & Districts and Montrose communities. It should be recognised that the Company will face competition from other financial service providers

(including, possibly, other branches and franchises of Bendigo Bank) whether located in Mt Evelyn & Districts community, Montrose community or in nearby communities or from other providers that are able to deliver such services remotely (for example, through the internet or over the phone). It is also possible that, in the future, other financial service outlets could seek to open in Mt Evelyn & Districts community or Montrose community, particularly if the Community Bank® branches are successful.

The Directors believe that the possibility of two Community Bank® branches in close proximity offers additional convenience and service opportunities to local people, and may increase the rate of conversion of new customers to either branch. It is however possible that this additional business may be offset if respondents to the Montrose Feasibility Study choose to base their banking at the Mt Evelyn & Districts Community Bank® Branch instead of converting their business to Montrose Community Bank® Branch as indicated. The Directors are unable to quantify the value of such business that may be affected.

Branch Operations

Like any small business, the Branch Manager and employees will have a key role in the success of each of the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch. The Branch Manager and employees of each branch will be responsible for promoting the branch, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Branch managers to communicate effectively with representatives of Bendigo Bank, and represent the interests of the Community Bank® branches, will also be critical to the smooth operation of the branches.

Security Risks (eg armed robbery)

Although all cash deposits made through the Mt Evelyn & Districts and Montrose Community Bank® branches will be transferred to Bendigo Bank, the Company will bear the risk of implementing procedures for handling and transferring such deposits. For example, the risk of robbery is inherent in the nature of the Company's business of managing Community Bank® branches of Bendigo Bank.

Under the Franchise Agreement, the Company is responsible for ensuring that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistic controls. This may require the Company to make modifications to the fitout of its Community Bank® branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

Two Branches

The Company will manage and operate two Community Bank® branches of Bendigo Bank. Thus, shareholders of the Company will share the risks, and rewards, of both branches. For example, it is possible that losses from one branch could offset the profits from the other branch. Similarly, should the Company incur any liabilities in respect of one branch, all assets of the Company (including assets relating to the other branch) would be available to meet those liabilities.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Mt Evelyn & Districts Community Bank® Branch operates and the Montrose Community Bank® Branch will operate under the Bendigo Bank name and (subject to any products and services approved by Bendigo Bank) that may be provided under agreements with Bendigo Group members) will only provide Bendigo Bank products and services.

Accordingly, the success of the Company is, to a significant degree, dependent on the standing and success of Bendigo Bank. If Bendigo Bank were to become insolvent or subject to external administration, this would be likely to have a significant adverse effect on the Company. However, Bendigo Bank, as a bank and an authorised deposit-taking institution, is subject to strict prudential supervision by APRA, and the risk of insolvency is not considered to be material.

The products and services provided through the Company, and the income that Bendigo Bank (and, accordingly, the Company) is able to earn on those products and services, will be subject to the competitive pressures facing Bendigo Bank generally and the impact of economic conditions and other factors on the business of Bendigo Bank.

Approvals

As described in Section 3.6 above, many of the Company's business decisions (including the products and services made available by the Company, and the annual budgets and the credit business generated through the branches) are subject to the approval of Bendigo Bank.

It is clear that the Company and Bendigo Bank have a common interest in the success of the Company. However, as noted above, communication between the Company and Bendigo Bank will be critical to ensuring that Bendigo Bank understands the particular requirements of the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch and that decisions

in respect of the branch operations are made accordingly.

Bendigo Bank Claims

Pursuant to a broad indemnity in the Franchise Agreements, the Company is responsible for certain claims made against Bendigo Bank in connection with the operation of the franchise operations (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company will not carry on banking business, by managing two Community Bank® branches of Bendigo Bank it will effectively be subject to the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

In addition, as part of the franchise arrangements, the Company must be appointed as an 'authorised representative' of Bendigo Bank for the purposes of carrying out the franchise operations (see Section 7.4 below).

Economic Conditions

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

The current dislocation in global financial markets has significantly impacted global economic activity including the Australian economy, with domestic and global economies slowing or in recession and experiencing rising unemployment. This has led to a decrease in credit growth and a reduction in consumer and business confidence. A further downturn in the Australian economy could adversely impact Bendigo Bank's ongoing financial performance or financial condition and the Company's business as the operator of two Community Bank® branches.

Government Policies and Legislation

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

6. Franchise Agreement

The Franchise Agreements establish the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The Franchise Agreements define the business that will be conducted by the Company and, accordingly, is critical to an assessment of the Company.

The provisions of the Franchise Agreements have been described in detail in Sections 3 and 5 of this Prospectus.

The following is a further brief summary of the key provisions of the Franchise Agreements.

Grant of Rights

Under the Franchise Agreements, Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch of Bendigo Bank.

It is a condition to the New Franchise Agreement that the Company raises \$750,000 pursuant to the Issue.

Term

Under the Franchise Agreements, the initial term of the Mt Evelyn & Districts Franchise Rights is five years (commencing 4 May 2007) and the initial term of the Montrose Franchise Rights is five years (commencing on the date that the Montrose Community Bank® Branch opens). Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term of the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights (or both) for two further five year terms (see Section 3.3).

Branch Operations

There are strict controls on the Company in relation to the operations of each Community Bank® branch. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

Security and Cash Logistics

The Company is required to ensure that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistic controls (including appropriate security surveillance and monitoring and appropriate arrangements regarding the secure transportation of cash). All arrangements with providers of security services and cash logistic services must receive prior written approval from Bendigo Bank.

Payments/Receipts

Under the New Franchise Agreement, the Company is required to pay Bendigo Bank:

- the Initial Establishment Fee and Franchising Fee of \$80,000 (which items are treated as Capital Expenditure for accounting purposes);
- Training Costs of \$10,000, and;
- Start-up Costs being: IT establishment fee estimated at \$10,315 and Site Modifications estimated at \$250,000.

For each additional five year period in respect of each branch (ie the Mt Evelyn & Districts Franchise Rights, the Montrose Franchise Rights or both), the Company must pay Renewal Fees, the reasonable costs of training provided by Bendigo Bank to the Company's employees and the expenses of Bendigo Bank associated with renewing the relevant franchise (including legal fees).

In addition, the Company is responsible for all ongoing costs in relation to each branch and each branch location (including, for example, all staff costs, rent, outgoings and insurance).

The revenue the Company is entitled to receive is described in Section 4.4 above.

You should refer also to Section 5.2 of this Prospectus for a description of the limit, contained in the Franchise Agreements, on distributions by the Company to its shareholders.

Indemnity

The Company provides a broad indemnity in favour of Bendigo Bank under the Franchise Agreements. In particular, the Company indemnifies Bendigo Bank against all losses Bendigo Bank may suffer and all third party claims that may be brought against Bendigo Bank in connection with the conduct of the franchise or the franchise operations (ie the management and operation of the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch), a breach of the Franchise Agreements (including the manuals) by a person other than Bendigo Bank, the offering of any products and services (whether banking or non banking) by the Company, the carrying on of any business by the Company (whether or not permitted by Bendigo Bank),

the activities of the Company or its employees at or near each of the Community Bank® branch premises and any unauthorised act, default, dishonesty, negligent act or omission or fraudulent conduct of the Company or any of its officers, employees or agents.

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from, the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

Termination

Bendigo Bank may terminate the Franchise Agreements in various circumstances, including if:

- the Company breaches the Franchise Agreements;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a “serious offence” (as defined under the Franchising Code) or, without limiting the foregoing, the Company, any of its directors or employees is, or has been, convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of a franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, unless, in the case of a Director or member of staff, that person ceases to be involved or concerned in the management or operation of the Company and the franchises within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company carries on a franchise in a manner that, or takes (or fails to take) any action that, harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank’s business, the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct or conduct that is unlawful or may cause Bendigo Bank to breach any law or regulation or if the reputation of a Director or of a member of staff could adversely affect the good reputation or goodwill of Bendigo Bank, unless, in this latter case, that Director or member of staff (as the case may be) ceases to be involved or concerned in the management or operation of the Company

and the franchise within the time period (being not less than 7 days) specified by Bendigo Bank;

- the Company takes (or omits to take) an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreements (eg the Company abandons a branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreements);
- the Company operates the business from a location that is not approved by Bendigo Bank;
- there is, without Bendigo Bank’s prior written consent, a change in the underlying ownership or control of the Company, the franchise or the Company’s interest in the Franchise Agreements or either of the branch locations (this can be deemed to occur for certain changes to the Directors of the Company or if the Company’s control/ownership limit is breached - see Section 7.3 below); or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company’s constituent documents, without the approval of Bendigo Bank.

Bendigo Bank may also terminate the rights to manage a branch (ie the Mt Evelyn & Districts Community Bank® Branch or the Montrose Community Bank® Branch) if:

- the Branch Manager of the Community Bank® branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- the branch is not profitable; or
- the Company operates the branch from a location not previously approved by Bendigo Bank.

The Company may terminate the Franchise Agreements if Bendigo Bank materially breaches the Franchise Agreements.

The procedures for termination (either by Bendigo Bank or by the Company) are set out in the Franchise Agreements.

In certain circumstances, where there has been a breach of the Franchise Agreements by the Company, the right to manage and operate the Mt Evelyn & Districts Community Bank® Branch and/or the Montrose Community Bank® Branch is suspended until the breach is rectified or the Franchise Agreements are terminated.

Upon termination of the Franchise Agreements, the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights, there is no obligation on Bendigo Bank to sell the franchise operations or those Franchise Rights that have been terminated. However, if such a sale did proceed, the Company would be entitled to the proceeds received (less the costs of the sale and certain debts owed by the Company, if any).

7. Additional Information

7.1 Constitution

The rights attaching to Shares (Section 7.2) and the prohibition on shareholding interest (Section 7.3) set out in the Company's constitution are summarised below.

7.2 Rights Attaching to Shares

The Shares will be issued as fully paid ordinary shares issued at \$1.00 each.

Set out below is a summary of the principal rights attaching to the Shares.

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Mt Evelyn & Districts Community Bank® Branch and the Montrose Community Bank® Branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreements with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. You should refer to Section 5.2 of this Prospectus for a description of this limit. There is also a restriction on the payment

of dividends to certain shareholders if they have a prohibited shareholding interest (see Section 7.3 below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares, but while the Company is listed on BSX they can only exercise this discretion in certain limited circumstances (for example, where permitted or required by law or the BSX Listing Rules). The Directors must refuse to register a transfer of shares if, to their knowledge, the registration would result in a person having, or if it would be to a person who has, a prohibited shareholding interest (see Section 7.3 below) (unless refusal to register such a transfer is prohibited by the BSX Listing Rules).

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution and the Corporations Act and, if the Shares are quoted on the BSX, the rules applicable to transfers on BSX.

The Directors understand that, if the Shares are quoted on BSX, it is likely that brokers may require a statutory declaration from the transferee confirming that the transfer will not breach any of the shareholding ownership restrictions that apply (see Section 7.3 below).

(d) Winding Up

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the capital paid up on their shares when the winding up begins.

If the surplus assets available for distribution amongst shareholders are insufficient to repay the whole of the paid up capital, then those assets will be distributed in proportion to the capital paid up on shares when the winding up begins.

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division of the Company's assets may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, chapter 5 of the Corporations Act, especially Section 507).

7.3 Prohibited Shareholding Interest

The Company's Constitution prohibits a person from having a "prohibited shareholding interest". The ways in which a prohibited shareholding interest may arise are set out in the Company's Constitution and are summarised below.

A person who controls or owns 10% or more of the Shares has a prohibited shareholding interest.

As with the voting rights, the purpose of this shareholding limit is to reflect the community based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In other words, a person will be deemed to own the shares in the Company in which the person has a relevant interest and the shares in which the person's associates have a relevant interest. (The terms 'relevant interest' and 'associate' have the same meaning as in the Corporations Act, subject to some modifications as set out in the Company's Constitution). Also, a person is deemed to control the votes that they, and their associates, can cast or control the casting of on a resolution to elect a director of the Company.

The effect of these definitions is that, for example, if the aggregate of the shares owned (legally or beneficially) by a person plus the shares owned (legally or beneficially) by members of the person's immediate family, equal or exceed 10% of the shares in the Company, the person has a prohibited shareholding interest. Similarly, if the votes a person can control the casting of on a resolution to elect a director, plus the votes that members of the person's immediate family can control the casting of on such a resolution, equal or exceed 10% of the votes that could be cast by all shareholders on such a resolution, that person has a prohibited shareholding interest. A person's "immediate family" includes a person's spouse, defacto spouse, parent, son, daughter, brother or sister or a spouse or defacto spouse of any of the preceding persons.

In addition, in keeping with the community spirit and intent of the Company, a person will also be deemed to have a prohibited shareholding interest if they have voting power in the Company and, in the opinion of the Directors, they do not have a close connection to the Mt Evelyn & Districts community or Montrose community. For example, individuals who are residents of our community, and their close family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in our community and that is owned and controlled by such individuals

would ordinarily be considered to have such a close connection. However, these are illustrative examples only. Ultimately the Directors will need to assess in each case whether there is a close community connection.

Further, a person is also deemed to have a prohibited shareholding interest if after the transfer of shares to that person, the number of shareholders in the Company would be less than the Base Number of shareholders.

This Base Number is 80% of the shareholders in the Company after the issue of Shares under this Prospectus.

The purpose of this Base Number restriction, together with the requirement of a close community connection, is to seek to ensure that the Company has broad based local ownership. Note, however, that while the Company is listed, this Base Number restriction only comes into effect if and when BSX approval for this restriction is obtained. To date, BSX has indicated that it will not grant this approval.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to those shares in the Company in which the person and the person's associates have a relevant interest are suspended. However, where a person has a prohibited shareholding interest purely on the basis that they own or control 10% or more of the shares or votes in the Company, the suspension only applies to those shares in which the person and the person's associates have a relevant interest in excess of 10% of the Company.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

Furthermore, as noted above in Section 7.2, the Board must refuse to register a transfer of shares if, to their knowledge, it would result in a person having, or if it would be to a person who has, a prohibited

shareholding interest (unless refusal to register such a transfer is prohibited by the BSX Listing Rules).

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

7.4 Authorised Representative Appointment

As noted previously, as part of the franchise arrangements, the Company has been appointed as an 'authorised representative' of Bendigo Bank so that the Company can provide financial services on behalf of Bendigo Bank.

Under the appointment, Bendigo Bank authorises the Company to provide financial services advice in relation to, and deal in, various classes of financial products on behalf of Bendigo Bank. It is a condition of Bendigo Bank granting the authorisation that, amongst other things, the Company does everything necessary to ensure that Bendigo Bank complies with the law. If Bendigo Bank believes on reasonable grounds that the Company or its staff may have or are about to contravene the law or cause Bendigo Bank to contravene the law, Bendigo Bank has the power to modify or revoke the authorisation (in which case Bendigo Bank may also have the ability to terminate the Franchise Agreements).

7.5 Taxation Implications

The following is intended only as a general summary and does not purport to be a complete statement of all tax consequences that may be relevant to the issue of Shares in the Company. The taxation implications of investing in the Company may vary depending on the individual circumstances of investors. The information provided is a brief explanation of the potential taxation implications for Australian resident investors.

All investors should consult their adviser about the taxation implications of investing in the Company relevant to their own particular circumstances.

An acquisition of Shares by a resident of Australia will be an acquisition for Capital Gains Tax (CGT) purposes.

A resident of Australia may be assessed in respect of a net capital gain for CGT purposes on disposal of their Shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the Shares over the cost base of the Shares. The amount of the excess will constitute the amount of capital gain unless the investor is entitled to a CGT discount, which is only available to individuals, superannuation funds and, in certain

situations, trust investors. The CGT discount is calculated as follows. In the case of an investor who holds their Shares for at least 12 months after the date of acquisition of the shares, the capital gain will be reduced by 50% (where the investor is an individual) or 33⅓ (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the Shares over the consideration received for those shares) with respect to the Shares can generally be offset against capital gains realised by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains.

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of Shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

7.6 Directors' Interests

Other than as set out below, no Director (and no proposed Director) has, or has held at any time during the last two years, any interest in the formation or promotion of the Company, in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer of the Shares, or in the Offer of the Shares.

Shares

The Directors of the Company and their interests in the share capital of the Company as at the date of this Prospectus are set out below.

Name of Director	Number of Shares	Nature of Interest
Jillian Lorraine Rule	83,628	Legal and Beneficial
James Justin Chapman	0	Legal and Beneficial
Craig Keithley	1,500	Legal and Beneficial
Gareth Martin Little-Hales	0	Legal and Beneficial
Janette Christine Simmons	2,814	Legal and Beneficial
Albert Buitenhuis	21,000	Legal and Beneficial
Margaret Calder Sank	15,003	Legal and Beneficial
Gai Williams	0	Legal and Beneficial

No Director holds shares in any related body corporate of the Company.

Indemnity

Under the Company's constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers of the Company; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

Other Interests

Nil

Other benefits

For the 2009 year, Director remuneration was \$20,419.

For the 2010 year, a further \$34,289 has been budgeted for Director remuneration.

7.7 Disclosure of Interests

Other than as set out below, no person (referred to as a relevant person) named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus and no stockbroker or underwriter to the Issue of Shares has, or has held at any time during the last two years, any interest in property acquired or proposed to be acquired by the Company in connection with the offer of the Shares, or in the offer of the Shares.

The amounts paid, or agreed to be paid, and the nature and value of any benefits given or agreed to be given, to a relevant person or such a stockbroker or underwriter, for services provided in connection with the offer of the Shares are as follows:

Rennick & Gaynor Solicitors has provided legal services to the Company in connection with the offer and for those services will be paid a fee of \$8,000 (exclusive of GST).

HLB Mann Judd (Vic) Pty Ltd have undertaken the Montrose Feasibility Study and prepared a report in connection with the offer, and for those services has been paid a fee of \$10,000 (exclusive of GST).

Richmond Sinnott & Delahunty have provided accountancy services to the Company in connection with the offer and for those services will be paid a fee of \$2,500 (exclusive of GST).

7.8 BSX waivers

The Company obtained a number of waivers and confirmations from the BSX at the time of its admission to the official list of BSX on 17 August 2006. A number of those waivers and confirmations related to the Company's Constitution, which was subsequently amended on 16 February 2010 to include "close connection" and "Base Number" provisions. BSX has given advice as to how these waivers and confirmations apply to the amendments to the Company's Constitution as follows.

(a) Company's Constitution

The Company obtained confirmation that, for the purposes of BSX Listing Rule 1.2(b), the Company's Constitution is consistent with the BSX Listing Rules (as modified by the waivers and confirmations granted by BSX at the time of admission).

At the time of this confirmation, the Company's Constitution provided only that breach of the 10% limit was a prohibited shareholding interest. BSX has advised that this confirmation extends to the "close connection" provisions introduced on 16 February 2010. BSX has advised that the "Base Number" provisions are not appropriate and equitable and

therefore this confirmation does not extend to the “Base Number” provisions. Consequently those provisions do not apply, as provided for in Rule 9(12).

(b) Suspension of Dividend and Voting Rights

The Company obtained confirmation that the provisions in the Company’s Constitution that suspend the rights of a shareholder to receive dividends or vote if they have a prohibited shareholding interest (see Section 7.3 above) are “appropriate and equitable” for the purposes of the BSX Listing Rule 4.4(f).

At the time of this confirmation, the Company’s Constitution provided only that breach of the 10% limit was a prohibited shareholding interest. BSX has advised that this confirmation extends to the “close connection” provisions introduced on 16 February 2010. BSX has advised that the “Base Number” provisions are not appropriate and equitable and therefore this confirmation does not extend to the “Base Number” provisions. Consequently those provisions do not apply, as provided for in Rule 9(12).

(c) Divestment of shares

The Company obtained confirmation that the provisions in the Company’s Constitution that permit a divestment of shares if a shareholder has a prohibited shareholding interest (see Section 7.3 above) are “appropriate and equitable” for the purposes of the BSX Listing Rule 4.6(c) or (d).

BSX has advised that this confirmation extends to the “close connection” provisions introduced on 16 February 2010. BSX has advised that the “Base Number” provisions are not appropriate and equitable and therefore this confirmation does not extend to the “Base Number” provisions. Consequently those provisions do not apply, as provided for in Rule 9(12).

(d) Registration of share transfers

The Company obtained a waiver from BSX Listing Rule 6.3 in order to permit the Directors of the Company to prevent a share transfer in accordance with the rules under the Company’s Constitution (see Sections 7.2 and 7.3 above), on condition that there is no substantial change in the Company’s business and if the Directors exercise their discretion to refuse to register a transfer, written notice of the refusal together with reasons for the refusal must be provided to the lodging party within five business days of the date that the transfer is lodged with the Company.

At the time BSX granted this waiver, Rule 28 of the Company’s Constitution provided that the Board in its discretion may refuse to register any transfer of shares and may decline to give its reasons and grounds for doing so. Rule 28 was amended on

16 February 2010 to make it subject to Rule 28A, and Rule 28A was introduced. Rule 28A provides that while shares in the Company are quoted on an Exchange, the Board may only refuse to register a transfer of shares in limited circumstances. These circumstances are essentially circumstances permitted by the BSX Listing Rules, and therefore the waiver from Listing Rule 6.3 no longer has any effective operation as Rule 28 is now consistent with the BSX Listing Rules.

7.9 Consents and Disclaimer

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, any omissions from, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

- (a) Rennick & Gaynor Solicitors** has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named as solicitors to the Company in the form and context in which they are named.
- (b) HLB Mann Judd (Vic) Pty Ltd** has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which they are named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the factual information obtained in the Montrose Feasibility Study.
- (c) Richmond Sinnott & Delahunty** have given and have not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the details of its involvement in the preparation of the forecasts.
- (d) Bendigo Bank** has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.2, 4.3, 4.4 and 4.5 of this Prospectus, of the details of Bendigo Bank’s involvement in preparation of the forecasts.
- (e) BSX – NSX Limited** the operator of the Bendigo Stock Exchange, has given and has not, before lodgement of this Prospectus, withdrawn its

written consent to be named in this Prospectus in the form and context in which it is named.

7.10 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company and the Company's share registrar. The Company and the Company's share registrar collect, hold and use your personal information in order to:

- assess and process your application;
- service your needs as an investor;
- provide products, facilities and services which you may request;
- provide you with information about products, facilities and services; and
- carry out appropriate administration of your investment.

Some of the information which will be collected is required pursuant to tax and company legislation. If you do not provide the information requested, your share application may not be able to be processed efficiently, or at all.

To do these things, the Company and the Company's share registrar may disclose your personal information for purposes related to your investment to Bendigo Bank and to related bodies corporate, agents and service providers of the Company and of Bendigo Bank or as otherwise authorised under the Privacy Act 1988 (Cth). If you become a shareholder, your information may be used for purposes related to your investment (including as noted above) and may also be shared with the Bendigo and Adelaide Bank Group and its joint ventures so that you can be told about products, facilities or services offered or distributed by the Group or its joint ventures or other matters concerning the Bendigo and Adelaide Bank Group generally that the Company or Bendigo Bank thinks may be of interest to you. You agree that the contact details you provide to the Company (including any personal or home phone number) can be used by the Company and any member of the Bendigo and Adelaide Bank Group or any of the Group's joint ventures indefinitely for these purposes. If you do not want your personal information to be used for these purposes, you should contact the Company and Bendigo Bank, on the contact details below.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or Bendigo Bank. You can request access to your personal information held by the Company by contacting the Company's Company Secretary at the Company's registered office (see

page 41). You can request access to your personal information held by Bendigo Bank by contacting Bendigo Bank as follows:

Bendigo and Adelaide Bank Limited
Registered Head Office: Bendigo Centre
Bendigo, Victoria, 3550
Postal Address: PO Box 480,
Bendigo, Victoria, 3552
Telephone: 1300 366 666 (local call)

You can obtain a copy of the privacy policy of the Company by contacting its Company Secretary. A copy of the privacy policy of Bendigo Bank is available at **www.bendigobank.com.au**

8. Definitions

Applicant – a person or entity that applies for Shares pursuant to this Prospectus.

APRA – Australian Prudential and Regulatory Authority.

ASIC – Australian Securities and Investments Commission.

Bendigo and Adelaide Bank Group – Bendigo Bank and its related corporate.

Bendigo Bank – Bendigo Bank Limited (ABN 11 068 049 178).

Bendigo Group – Bendigo Bank and its related bodies corporate.

Bendigo Stock Exchange or BSX – Bendigo Stock Exchange Ltd (ACN 087 708 898) or, as the context requires, the Bendigo Stock Exchange, or either's successors

BSX Listing Rules – Listing rules of the BSX.

Company – Mt Evelyn & Districts Financial Services Limited ACN 096 782 240

Corporations Act – Corporations Act 2001 (Cth).

Director – a Director of the Company.

Disclosure Document – the disclosure document provided to the Company by Bendigo Bank under the Franchising Code.

Franchise Agreements – the Original Franchise Agreement which governs the Mt Evelyn & District Franchise Rights and the New Franchise Agreement which governs the Montrose Franchise Rights.

Franchise Rights – either of the Mt Evelyn & Districts Franchise Rights or the Montrose Franchise Rights.

Franchising Code – Franchising Code of Conduct.

Issue – Issue of Shares pursuant to this Prospectus.

Mt Evelyn & Districts Community Bank® Branch – the Community Bank® branch of Bendigo Bank located at 37 Wray Crescent, Mt Evelyn.

Mt Evelyn & Districts Franchise Rights – the rights to manage and operate the Mt Evelyn & Districts Community Bank® Branch.

Montrose Community Bank® Branch – the proposed Community Bank® branch of Bendigo Bank to be located in Montrose

Montrose Franchise Rights – the rights to manage and operate the Montrose Community Bank® Branch.

New Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the Directors under which the Company has the right to manage and operate the Montrose Community Bank® Branch.

Offer – offer of Shares pursuant to this Prospectus.

Original Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the current Directors of the Company on 7 November 2001 pursuant to which the Company acquired rights to manage the Mt Evelyn & Districts Community Bank® Branch of Bendigo Bank.

Prospectus – this prospectus.

Shares – ordinary shares in the Company issued at \$1.00.

9. Signatures

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC.
Signed for and on behalf of the Company:

Jillian Lorraine Rule

James Justin Chapman

Craig Keithley

Gareth Martin Little-Hales

Janette Christine Simmons

Albert Buitenhuis

Margaret Calder Sank

Gai Williams by her attorney Jillian Lorraine Rule

10. Directory

Directors

Jillian Lorraine Rule
James Justin Chapman
Craig Keithley
Gareth Martin Little-Hales
Janette Christine Simmons
Albert Buitenhuis
Margaret Calder Sank
Gai Williams

Company Secretary

James Justin Chapman

Registered Office

37 Wray Crescent
MT EVELYN VIC 3796

Solicitors

Rennick & Gaynor Solicitors
431 Riversdale Road
HAWTHORN VIC 3123

Accountants

Richmond Sinnott & Delahunty
172 McIvor Road
BENDIGO VIC 3550

**Annexure A
Feasibility Study
Pro-Forma Survey**

OR GO ONLINEFill out this paper survey **OR** the online survey – **not both**www.hlbconsulting.com.au/survey.aspx

Password: ourbank

MONTROSE COMMUNITY BANK[®] SURVEY

A Bank of Our Own!

Please complete this survey by:
Friday 4 September 2009

PERSONAL BANKING SURVEY

Dear Community Member,

You may be aware that a Steering Committee has been working to establish a Community Bank[®] branch of Bendigo Bank in Montrose.

A Community Bank[®] branch is unlike other banks in that we, the people, have the opportunity to generate funds from our local bank, which can be reinvested within our local community. Community Bank[®] branches of Bendigo Bank are already operating in about 240 communities throughout Australia.

Briefly it works like this:

- Revenue will be shared between Bendigo Bank and our Community Bank[®] branch.
- The local Community Bank[®] company pays all branch operating costs while the Bendigo Bank pays for support services.
- The profits we generate will be available for distribution as donations, sponsorships and grants to community projects, to shareholders as dividends and reinvestment in banking services.

The proposed branch will provide a full range of products and services. It is important that everyone in the community takes part and we urge you to complete this short confidential survey as soon as possible.

A decision on whether to proceed will be based on the level of support in this survey from you and your fellow residents.

In order to proceed with the project it is necessary for the community to establish that the Community Bank[®] branch will be financially viable, for this reason, your accurate and speedy response to this survey is important.

All the information you provide remains **confidential**. Please take the time to fill in the survey as we need a response from a cross section of the community (including voluntary organisations). In framing your response, consider your possible future needs as well as your current requirements.

Two survey forms are enclosed. One is for personal use, the other is for business use. If you are a business proprietor, please complete the personal survey for your personal banking and the business survey for your business banking. The online link details are on the top right of this page.

We urge you to complete this survey now. Five minutes of your time could make the difference for Montrose to get a Community Bank[®] branch.

Gareth Little-Hayes
Chair, Montrose Community Bank[®]
Steering Committee

Please feel free to contact any of the following members of the Steering Committee:

Gareth Little-Hales	0423 203 992
Curt Tebbutt	0408 201 848
Gai Williams	0412 661 272

THE CONTENTS OF THIS SURVEY ARE CONFIDENTIAL

This survey is anonymous and confidential and will be processed by HLB Mann Judd, Level 1, 160 Queen Street, Melbourne Vic 3000. Neither any member of the steering committee nor any bank representative will be permitted access to these surveys or their contents. Only aggregated information is disclosed. HLB Mann Judd (HLB) is an independent chartered accounting firm appointed by the Steering Committee to conduct the feasibility study. If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call Paul Goddard of HLB on (03) 9606 3313.

PLEASE HELP US BY ENSURING THAT:

- This personal survey is used only for personal banking information (Business proprietors and community organisations complete the business survey).
- Your response includes all of the banking products you currently use.
- Each account is only recorded once.
e.g. Joint accounts should be recorded on one survey only. Business accounts should only be recorded by one proprietor/officeholder.
- Your survey is completed and returned to HLB Mann Judd in the enclosed reply paid envelope (or completed online) by **Friday 4 September 2009**.

☒ **Tick one box only**

1. (a) Please indicate your current occupation or income source

- ☐ Business Proprietor/Self Employed
☐ Employee (Full Time or Part Time)
☐ Home Duties
☐ Retired/Unemployed/Pensioner
☐ Student
☐ Other (please specify)

(b) Where do you live?

- ☐ Montrose
☐ Kalorama
☐ Mooroolbark
☐ Kilsyth
☐ Kilsyth South
☐ Mount Evelyn
☐ Lilydale
☐ Other (please specify)

(c) What is your age?

- | | | |
|--------------------------------|--------------------------------|------------------------------------|
| <input type="checkbox"/> 10-19 | <input type="checkbox"/> 40-49 | <input type="checkbox"/> 70-79 |
| <input type="checkbox"/> 20-29 | <input type="checkbox"/> 50-59 | <input type="checkbox"/> 80-89 |
| <input type="checkbox"/> 30-39 | <input type="checkbox"/> 60-69 | <input type="checkbox"/> 90 & Over |

2. (a) Which is your main financial institution?

- ☐ ANZ
☐ Bendigo Bank
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ Credit Union
☐ Westpac
☐ Other (please specify)

(b) If your main institution is Bendigo Bank, which branch do you use?

- ☐ Mount Evelyn
☐ Mooroolbark
☐ Boronia
☐ Ringwood East
☐ Ringwood
☐ Upwey
☐ Other (please specify)

Rank Top 3

3. Why do you use your main financial institution? Please rank top three reasons

- | | |
|----------|--|
| 1 | <input type="checkbox"/> Account fee structure |
| 2 | <input type="checkbox"/> Banked with them for many years |
| 3 | <input type="checkbox"/> Competitive interest rates |
| | <input type="checkbox"/> Convenience/locality |
| | <input type="checkbox"/> Customer service received |
| | <input type="checkbox"/> Loyalty/relationship |
| | <input type="checkbox"/> Products and services offered |
| | <input type="checkbox"/> Support Community |
| | <input type="checkbox"/> Too difficult/expensive to change |
| | <input type="checkbox"/> Other (please specify) |

☒ **Tick one box only**

4. (a) How satisfied are you with the service you currently receive from your main financial institution?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Not Satisfied | | | | Very Satisfied |

(b) Please tell us any way in which you feel the service from your main financial institution could be improved.

.....

.....

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.....

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5. Have you made a pledge to become a shareholder of the Montrose Community Bank[®] branch?

- ☐ Yes ☐ No

☒ ☒ ☒ Tick as many boxes as applicable

6. How do you withdraw cash when you need it?

TICK AS MANY BOXES AS APPLICABLE

- ☒ ☐ ATM
☒ ☐ EFTPOS
☒ ☐ Giro-Post
☐ Over the Counter (Bank or Non-Bank)
☐ Other (please specify)

7. What services would you require frequently from your financial institution?

TICK AS MANY BOXES AS APPLICABLE

- ☒ ☐ ATM
☒ ☐ Cheque Deposit
☒ ☐ Bank Cheque
☐ Credit Card
☐ Bpay
☐ EFTPOS
☐ Cash Deposit
☐ Internet Banking
☐ Cash Withdrawal
☐ Personal Cheque Book
☐ Cheque Cashing
☐ Phone Banking
☐ Other (please specify)

☒ Tick one box only

8. If you have Personal Savings, Cheque and/or Term Deposit accounts with any institution, please indicate the approximate typical balance. Please ensure that each account is only marked ONCE.

PERSONAL SAVINGS/CHEQUE ACCOUNT(S)

- ☐ DON'T HAVE
☐ \$0 - \$20,000
☐ \$20,001 - \$40,000
☐ \$40,001 - \$60,000
☐ \$60,001 - \$80,000
☐ \$80,001 - \$100,000
☐ \$100,001 - \$120,000
☐ More (please specify)

PERSONAL INVESTMENTS

[Term Deposit(s)/Cash Management Account(s)]

- ☐ DON'T HAVE
☐ \$0 - \$50,000
☐ \$50,001 - \$75,000
☐ \$75,001 - \$100,000
☐ \$100,001 - \$150,000
☐ \$150,001 - \$200,000
☐ \$200,001 - \$250,000
☐ More (please specify)

9.

If you have a Credit Card, Personal Loan, Home Loan and/or Investment Loan, please indicate approximate typical balance.

CREDIT CARD (NB: Average Balance, not Limit)

- ☐ DON'T HAVE
☐ \$0 - \$3,000
☐ \$3,001 - \$5,000
☐ \$5,001 - \$10,000
☐ \$10,001 - \$15,000
☐ \$15,001 - \$20,000
☐ More (please specify)

PERSONAL LOAN

- ☐ DON'T HAVE
☐ \$0 - \$10,000
☐ \$10,001 - \$20,000
☐ \$20,001 - \$30,000
☐ \$30,001 - \$40,000
☐ \$40,001 - \$50,000
☐ \$50,001 - \$60,000
☐ More (please specify)

HOME LOAN

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ \$400,001 - \$500,000
☐ \$500,001 - \$600,000
☐ More (please specify)

INVESTMENT LOAN

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ \$400,001 - \$500,000
☐ \$500,001 - \$600,000
☐ More (please specify)

10.

If you have managed funds, please indicate the approximate typical balance.

MANAGED FUNDS

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ More (please specify)

11. If a Community Bank® branch were to open in Montrose:

(a) Would you be prepared to support it by transferring your banking within 12 months?

- ☐ NO - Go to I2
- ☐ YES - ALL of your banking. Go to 12.
- ☐ YES - PART of your banking. Go to 11(b).

☒ ☒ ☒ Tick as many boxes as applicable

(b) If you answered YES - PART of your banking to question 11(a), what would you transfer?

- ☒ ☐ Personal Savings/Cheque Account(s)
- ☒ ☐ Personal Term Deposit(s)/CMA(s)
- ☒ ☐ Managed Fund(s)
- ☐ Credit Cards/Personal Overdraft(s)
- ☐ Personal Loan(s)
- ☐ Home Loan(s)
- ☐ Investment Loan(s)

12. In addition to your existing banking identified in Question 11, what additional borrowing or deposit amounts would you expect to transfer to a Community Bank® branch in Montrose over the next 3 years?

\$

☒ Tick one box only

13. (a) How often would you expect to do your banking business in the branch? i.e. over the counter?

- ☐ Never
- ☐ Daily
- ☐ 2-4 Times per Week
- ☐ Weekly
- ☐ Fortnightly
- ☐ Monthly
- ☐ 6 Monthly
- ☐ Annually

(b) Would you utilise a banking service if it was available on a Saturday morning?

- ☐ Yes ☐ No

14. We would greatly value your comments on why the Community Bank® branch would (or would not) meet your banking needs.

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COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Montrose Community Bank® Steering Committee. All banking details are confidential and withheld by HLB Mann Judd.

I WISH TO SHOW MY SUPPORT FOR THE MONTROSE COMMUNITY BANK® PROJECT AND AGREE TO BEING CONTACTED AT A LATER DATE

Contact Name

Address

.....

.....Postcode

Telephone

ADDITIONAL SURVEYS CAN BE OBTAINED FROM THE FOLLOWING BUSINESSES:

Montrose Pharmacy, York Hairdressing and Mount Evelyn Community Bank Branch

Alternatively you can complete online at www.hlbconsulting.com.au/survey.aspx

Thank you for completing this survey.

Please place it in the reply paid envelope and post it as soon as possible

OR GO ONLINE

Fill out this paper survey **OR** the online survey – **not both**

www.hlbconsulting.com.au/survey.aspx

Password: ourbank

MONTROSE COMMUNITY BANK[®] SURVEY

A Bank of Our Own!

Please complete this survey by:

Friday 4 September 2009

BUSINESS BANKING SURVEY

PLEASE HELP US BY ENSURING THAT:

- If your business enterprise consists of a number of partners, please complete only one "Business Survey" per business enterprise.
- Your survey is completed and returned to HLB Mann Judd in the enclosed envelope (or online) by Friday 4 September 2009.

☒ Please tick one box only, unless specified

1.(a) If you currently own/manage a business or organisation, please indicate the type of business.

- ☐ Accommodation/Hospitality
- ☐ Agriculture/Aquaculture/Vineyards/Forestry
- ☐ Community Organisation
- ☐ Construction
- ☐ Education
- ☐ Health & Community Services
- ☐ Manufacturing
- ☐ Property & Business Services
- ☐ Retail/Wholesale
- ☐ Service
- ☐ Tourism
- ☐ Transport and Storage
- ☐ Other (please specify)

(b) Where is your business located?

- ☐ Montrose
- ☐ Kalorama
- ☐ Mooroolbark
- ☐ Kilsyth
- ☐ Kilsyth South
- ☐ Mount Evelyn
- ☐ Lilydale
- ☐ Other (please specify)

2. (a) Which is your main financial institution?

- ☐ ANZ
- ☐ Bendigo Bank
- ☐ Commonwealth Bank of Australia
- ☐ National Australia Bank
- ☐ Westpac
- ☐ Credit Union
- ☐ Other (please specify)

(b) If your main financial institution is Bendigo Bank, which branch do you use?

- ☐ Mount Evelyn
- ☐ Mooroolbark
- ☐ Boronia
- ☐ Ringwood East
- ☐ Ringwood
- ☐ Upwey
- ☐ Other (please specify)

3. On a scale of 1 to 5, how satisfied are you with the service you currently receive from your main Financial Institution?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Not Satisfied | | | | Very Satisfied |

4. Has your business made a pledge to become a shareholder of the Montrose Community Bank[®] branch?

- ☐ Yes ☐ No

THE CONTENTS OF THIS SURVEY ARE CONFIDENTIAL

This survey is anonymous and confidential and will be processed by HLB Mann Judd, Level 1, 160 Queen Street, Melbourne Vic 3000.

Neither any member of the steering committee nor any bank representative will be permitted access to these surveys or their contents.

Only aggregated information is disclosed. HLB Mann Judd (HLB) is an independent chartered accounting firm appointed by the Steering Committee to conduct the feasibility study. If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call Paul Goddard of HLB on (03) 9606 3313

5. If you have Business Savings, Cheque Account(s) and/or Term Deposit(s), with any institution please indicate the approximate typical balance(s) in the table below. (Please ensure each account is only marked once.)

BUSINESS SAVINGS/CHEQUE ACCOUNT(S)

- ☐ DON'T HAVE ☐ \$50,001 - \$100,000
☐ \$0 - \$20,000 ☐ \$100,001 - \$150,000
☐ \$20,001-\$50,000 ☐ More (please specify).....

BUSINESS TERM DEPOSIT(S)

- ☐ DON'T HAVE ☐ \$50,001 - \$100,000
☐ \$0 - \$20,000 ☐ \$100,001 - \$150,000
☐ \$20,001-\$50,000 ☐ More (please specify).....

6. If you have Business Overdraft, Leasing/Hire Purchase agreement and/or Other Loan Facilities, please indicate the approximate typical balance(s) in the table below.

Please ensure each account is only marked once.

BUSINESS OVERDRAFT (NB: Average, not Limit)

- ☐ DON'T HAVE
☐ \$0 - \$10,000
☐ \$10,001 - \$50,000
☐ \$50,001 - \$100,000
☐ \$100,001 - 150,000
☐ \$150,001 - \$200,000
☐ More (please specify).....

BUSINESS LEASING/HIRE PURCHASE

- ☐ DON'T HAVE
☐ \$0 - \$30,000
☐ \$30,001 - \$50,000
☐ \$50,001 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ More (please specify).....

OTHER LOAN FACILITIES

- ☐ DON'T HAVE
☐ \$0 - \$50,000
☐ \$50,001 - \$250,000
☐ \$250,001 - \$500,000
☐ \$500,001 - \$1,000,000
☐ More (please specify).....

7. If a Community Bank® branch were to open in Montrose?
- (a) Would you be prepared to support it by transferring your banking within 12 months?
- ☐ No - Go to 8
- ☐ YES - ALL of your banking. Go to 8.

☐ YES - PART of your banking. Go to 7(b).

- (b) If you answered YES - PART of your banking to question 7(a), what would you transfer?

- ☒ Business Savings/Cheque Account(s)
☒ Business Term Deposit(s)
☒ Business Overdraft(s)
☐ Business Lease(s)/Hire Purchase(s)
☐ Other Loan Facilities

8. In addition to your existing banking identified in Question 7, what additional borrowing or deposit amounts would you expect to transfer to a Community Bank® branch in Montrose over the next 3 years?

\$

- 9.(a) How often would you expect to do your banking business in the branch? i.e. over the counter?

- ☐ Never
☐ Daily
☐ 2-4 Times per Week
☐ Weekly
☐ Fortnightly
☐ Monthly
☐ 6 Monthly
☐ Annually

- (b) Would you utilise a banking service if it was available on a Saturday morning?

- ☐ Yes ☐ No

10. We would greatly value your comments on why the Community Bank® branch would (or would not) meet your business banking needs.

.....

COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

Please Note: If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Montrose Community Bank® Steering Committee. All banking details are confidential and withheld by HLB Mann Judd.

I WISH TO SHOW MY SUPPORT FOR THE MONTROSE COMMUNITY BANK® PROJECT AND AGREE TO BEING CONTACTED AT A LATER DATE

Contact Name

Business Name

Address

.....Postcode

Telephone

Thank you for completing this survey.

PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE

Application Details and Instructions

Please complete all relevant sections of the Application Form (or copy of that form) using **BLOCK LETTERS**.

- A Enter the **NUMBER OF SHARES** you wish to apply for.

Applications must be for the minimum of 250 and thereafter in multiples of 100. The maximum number of Shares that may be applied for is 20,000.

- B Enter the **TOTAL AMOUNT** of application money payable. To calculate the amount multiply the number of shares applied for by one dollar.
- C Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the Name Standards below for guidance on valid registration.
- D Enter the **POSTAL ADDRESS** for all communications from the Company. Only one address can be recorded.
- E Enter telephone numbers and a contact person the Company Secretary can speak to if there are any queries regarding this application.
- F Payment must be made by cheque payable to **Mt Evelyn & Districts Financial Services Limited Share Offer** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.
- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the application relates. The Applicant(s) offer(s) to subscribe for Shares in the Company, and agree(s) to be bound by the constitution of the Company and the terms and conditions set out in this Prospectus. The Applicant(s) agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A of this Application Form that may be allotted to the Applicant(s) pursuant to the Prospectus. The Applicant(s) declare(s) that all details and statements made in the Application Form are complete and accurate and consent(s) to the use and disclosure of their personal information in the manner described in the Prospectus. The Application Form does not need to be signed.

- H Enter the Tax File Number(s) (TFNs), Australian Business Number(s) (ABNs) (where you make the investment in the course of carrying on an enterprise) or tax exemption categories (such as aged pension, invalid pension or non-profit organisation) of the Applicant(s). For joint applications, only the TFNs or ABNs of two Applicants are required. Provision of your TFN, ABN or tax exemption category is not compulsory and will not affect your application. If your TFN, ABN or tax exemption category is not provided, the Company is required to deduct tax from your dividend entitlement at the maximum personal tax rate plus the Medicare levy, which currently totals 46.5%.

Payment

Payment must be made in **Australian Currency** and cheques must be drawn on an **Australian Bank**. Cheques or bank drafts must be payable to **MT EVELYN & DISTRICTS FINANCIAL SERVICES LIMITED SHARE OFFER** and crossed **Not Negotiable**. **Cheques not properly drawn will be rejected**. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

Where to send application form

Forward your completed application together with the application money to:

**MT EVELYN & DISTRICTS FINANCIAL SERVICES
LIMITED SHARE OFFER**

PO Box 451

Mt Evelyn VIC 3796

Name Standards

- Only legal entities may be registered as the holder of securities.
- The full and correct name of each entity must be shown.
- Salutations such as Mr, Mrs and Ms should be included.
- Securities cannot be registered in the name of a trust and no trust can be implied.
- Securities cannot be registered in the name of a minor or deceased person.
- An account designation can be included. If shown, it must be contained within one line and with the "<>" symbols. the last word of the designation must be ACCOUNT or A/C.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company: Use the Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: Individual(s) as trustee: Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Trusts: Corporate Trustee: Use the trustee(s) name(s)	Sue Smith Pty Ltd <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): Use the name of a responsible adult with appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: Use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith & Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Club/Unincorporated Bodies/ Business names: Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Incorporated Associations	ABC Tennis Association Inc	ABC Tennis Association
Superannuation Funds: Use the name of the fund trustee	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Queries

If you have any queries concerning this Offer or any part of this Prospectus, please call:
Company Secretary James Chapman on 0402 652 511,
Company Treasurer Margi Sank on 9736 2998 or
Company Chairman Jill Rule on 9736 3635.

Holder number (See your original certificate)

[illegible][illegible][illegible]

| (| | |) | | | | | | | | | |

| (| | |) | | | | | | | |

| | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

1 offer to subscribe for shares in the Company;
2 agree to be bound by the Constitution of the Company, and by the terms and conditions set out in the Prospectus;
3 agree to take any number of shares equal to or less than the number of shares indicated in Box A of this
Application Form that may be allotted to me/us pursuant to this Prospectus;
4 declare that all details and statements made by me/us in this Application Form are complete and accurate; and
5 agree that the personal information included in this Application Form may be collected by the Company and used
and disclosed by the Company and any member of the Bendigo Group as set out in Section 7.10 of the Prospectus.
A person lodging this Application Form on behalf of the above-named Applicant(s) hereby confirms that the
Applicant(s) has/have consented to the above terms

--	--	--	--	--	--	--	--	--

[illegible]

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

[illegible]

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[illegible]

| | | | | | | | | | | | | | | | | | | | |

[illegible][illegible][illegible]

|||

Holder number (See your original certificate)

| | | | |

[illegible]

| | | | | | | | | | | | | | | | | | | |

| (| | |) | | | | | | | |

| (| | |) | | | | | | | |

| | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

1 offer to subscribe for shares in the Company;

2 agree to be bound by the Constitution of the Company, and by the terms and conditions set out in the Prospectus;

3 agree to take any number of shares equal to or less than the number of shares indicated in Box A of this Application Form that may be allotted to me/us pursuant to this Prospectus;

4 declare that all details and statements made by me/us in this Application Form are complete and accurate; and

5 agree that the personal information included in this Application Form may be collected by the Company and used and disclosed by the Company and any member of the Bendigo Group as set out in Section 7.10 of the Prospectus.

A person lodging this Application Form on behalf of the above-named Applicant(s) hereby confirms that the Applicant(s) has/have consented to the above terms

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[illegible]

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

[illegible]

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— 324 —

Holder number (See your original certificate)

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Drawer	Bank	Branch	BSB	Amount

1 offer to subscribe for shares in the Company;

2 agree to be bound by the Constitution of the Company, and by the terms and conditions set out in the Prospectus;

3 agree to take any number of shares equal to or less than the number of shares indicated in Box A of this
Application Form that may be allotted to me/us pursuant to this Prospectus;

4 declare that all details and statements made by me/us in this Application Form are complete and accurate; and

5 agree that the personal information included in this Application Form may be collected by the Company and used
and disclosed by the Company and any member of the Bendigo Group as set out in Section 7.10 of the Prospectus.

A person lodging this Application Form on behalf of the above-named Applicant(s) hereby confirms that the
Applicant(s) has/have consented to the above terms

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Applicant #1:

Applicant #2:

Applicant #3:

