

Mt Evelyn & Districts Financial Services Ltd
A.C.N. 096 782 240

Annual General Meeting 25 November 2010

Chairman's Report

Well, what a year! Since our last meeting, an Extraordinary Meeting in January this year for the adoption of a new shares issue and subsequent changes to the company's Constitution, we have successfully completed our commitment to open a second branch for our company. From your unanimous vote to continue with the project, there certainly has been a lot of work done to see this come to fruition. As detailed in the Annual Report, we have had a very busy, but highly satisfying year. Since January, we have launched the new prospectus, entered into a Franchise Agreement with Bendigo & Adelaide Bank Ltd, raised the capital from the conversion of pledges, secured a site, signed a lease/purchase contract, recruited staff, completed the new branch fit-out, and on November 3rd Montrose Community Bank® opened its doors for business and was officially opened by the Honourable James Merlino on November 12th at the Grand Opening Ceremony.

Cr Len Cox, Our Mayor who is a great exponent of community banking, was also a guest speaker. We were also delighted to have Russell Jenkins, Chief Executive of Customer & Community, travel down from Bendigo & Adelaide Bank Ltd's Head Office in Bendigo, to speak at our official proceedings. It was Russell who headed the introduction and subsequent roll-out of the Community Bank® concept in 1998.

Of course all this would not have been possible without the passionate and committed Steering Committee. It was they who braved the elements each Saturday to canvas support, badgered shop keepers to put up posters, phoned pledgers in their spare time to put in their share applications and made the commitment of their time for as long as it would take to bring community banking to Montrose. And that was nineteen months!

I would now like to acknowledge this dedicated team and thank them on behalf of the Board, management and shareholders, firstly Gareth Little-Hales, who chaired the Committee, Peter Blank, Jill Bonsor, Albert Buitenhuis, Valerie Fordham, Iain Fraser, Allan Grundy, Barrie Hicks, Bob Hovenden, Geoff Meehan, Jeni Nathanielsz, Curt Tebbutt, and Gai & Rod Williams.

It has been an absolute pleasure to work with All of you.

And to everyone involved, you are to be congratulated and should be filled with pride with the legacy for future generations that you have been a part of creating.

As part of our business expansion strategy, we will continue to explore other business expansion opportunities, with you the shareholder's, best interests at heart.

With the capital raised in the new share issue, the total shares in the company have gone from 702,510 to 2,940,081 and from 341 to 593 shareholders.

We have also increased our account base from 6060 last year to currently 6518 over the two branches with a total value of business for the company of just over \$142 million for Mt Evelyn and Montrose. This is an increase on last years \$122 of \$20 million for the group, at this time in 2009. I will shortly be making a much anticipated announcement on this year's dividend.

The growth of the business has again been outstanding in delivering profits way beyond our expectation, that is outlined in depth in the Annual Report and will be covered again shortly by our Treasurer, Margi Sank. These figures have been achieved through sound branch management and the strong implementation of policies and procedures from excellent governance by your Board.

David and his staff are to be applauded again for their exemplary efforts resulting in this extremely pleasing result, during a time of persistent global market volatility in the finance sector. They are a totally committed team with a strong sense of both banking and community engagement who continue to deliver the highest level of customer service. They are constantly exceeding customer expectations and always conscious of delivering products relevant to the customers' lifestyle and needs. We are indeed very fortunate to have such a dedicated team. In branch assessments conducted regularly by Bendigo & Adelaide Bank Ltd, our branch is constantly in the top ranking. We extend our congratulations and gratitude to David and the staff for their outstanding achievements once again.

We are delighted to have recruited some excellent people for our new branch, who fit very well into the Bendigo "way of banking" philosophy. Our Manager, Shelley Murcutt's focus is on building strong rapport and positive customer feedback. Shelley will introduce her new staff later and give us an update on the Montrose branch.

I would also like to thank our support team at the Yarra Valley Regional Office.

Our sincere thanks to Area Manager Alison Burr, Regional Manager Mark Nolan and the regional team for their ongoing support. Mark has been looking after us since taking on the role earlier this year. His constructive advice and support has been invaluable and we look forward to our ongoing relationship in working with him. Special thanks also to Adam Rimington, whose support was immeasurable throughout the Montrose campaign. Adam was always there with words of encouragement and praise when needed.

We are proud to be regional and Community Bank® branches that are focused on delivering value and outstanding customer service and building long term relationships with customers and community sectors. This year, through our sponsorships and grants programs we have continued to support local communities in which we operate, and true to "our vision" have provided profits that underpin enterprise and strengthen these communities, to make a difference to those who otherwise might not have been able to realise their goals.

We have now given back in total to local organizations, sporting clubs, schools, pre-schools, youth groups, the elderly, scouts, girl guides, community houses, CFAS, health groups, Lions and Rotary clubs and various other groups and charities, in excess of \$1 million dollars representing another \$270,000 above last years figure.

For a brief example, at a local level, we have:- provided funding for heating for the Mt Evelyn Scout Hall, funded a heart monitor for an emergency ward in a local hospital, given support for the Mt Evelyn Toy Library, funded a wood splitter for a Scout group to enable them to supply wood to those in need, worked with Yarra Glen Fire Brigade with assistance for the funding for a new tanker, supported the Mt Evelyn Relay for Life event, assisted Melba Support Services and Eastern Volunteers, supported our local youth at the Youth Enterprise Shed and sponsored the Mt Evelyn Women's and Lilydale Chamber of Commerce Business Breakfasts, just to name a few and there are many, many more wonderful initiatives that we have engaged in with support.

Also, in partnerships with other branches, local Council, and State and Federal Governments, we have been able to be involved in projects and charitable ventures for the benefit of the wider community:-

Some of these are, Bushfire Recovery Programs for victims and re-vegetation of the bush, a Road Safety Campaign targeted at our youth, an annual Art Exhibition for Lilydale Shire VCE students to publicly showcase their work, driver education for students in the L to P program, The CHAMPS program which supports children of families living with mental illness, and a Neighbourhood House Community Link network project.

As you can see our support of local and surrounding communities is far reaching and varied, and we will continue to contribute to those communities that support us.

I would now like to announce that our dividend declared is 2.5 cents per ordinary share which will be paid to shareholders during December. The total dividend amount is \$73,502.

Chairperson

Jill Rule

Mt Evelyn & Districts Financial Services Ltd.