



Mundaring Community
Financial Services Ltd
ABN 63 097 289 677

*"Partnering with the
community since 2002"*

Mundaring Community Financial Services Ltd Future Profits Guidance

2015 and 2016

Your Board would like to provide further guidance as to future profitability of Mundaring Community Financial Services Ltd (MCFS).

You will note profits after tax for 6 months ended 31 December 2014 were \$13,461. Full year profits to 30 June 2015 are likely to be lower on a comparative basis due to the continuing tightening of prevailing interest rate margins in the market. The profits for 2016 financial year are also likely to reflect a similar trend in profits.

July 2016 Onwards

However from the 1 July 2016 following the first comprehensive review of the Community Bank model and Bendigo's partnership with the 300 plus Community Banks, a number of changes under the heading of Project Horizon are proposed.

One particular change which has come from this review is the enhancement of the financial model to be more sustainable, transparent, clear and concise, recognise effort, risk and reward and be adaptable to changing market conditions. This has resulted in the introduction of a funds transfer pricing based margin share model for core banking products with 50:50 sharing of margin as the primary basis.

Bendigo Bank and MCFS plan for this change to be implemented from 1 July 2016. Bendigo also provides funds for local marketing the basis of which will also change from this date resulting in a reduction in funds provided under this scheme for MCFS.

Your Board cannot accurately estimate the effect of this change on its financial results for the future due in part to the changes being commenced only after approximately a further 12 months transpires and that the changes are dependent on a number of variable factors including:

- the mix of core business ;
- movement in interest rates and resultant margins and
- the cost of running the business .

However it is estimated that if the above factors remain at similar levels to those prevailing in April 2015 the overall income will increase by a significantly material extent and profits will also improve by a similar level. This estimate is dependent upon analysis results supplied by Bendigo Bank.

James Saunders
Company Secretary

6895 Great Eastern Highway Mundaring 6073 | PO Box 256 Mundaring | Phone (08) 9295 6411

Franchise of Bendigo and
Adelaide Bank Limited
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178 AFSL 237 879

