

27 April 2009

Dear Shareholder

Trading in our Company's shares

Your Company Directors write to advise you of important changes that relate to your shareholding.

Trading in your shares is to be simplified. Bendigo Bank and the Australian Securities and Investment Commission (ASIC) have agreed that Low Volume Markets (LVM) may be established.

Such new markets offer significant advantages to Australia's 220+ Community Banks[®] and their shareholders.

As I indicated in our 2008 Annual Report, the Board was looking at ways to reduce the compulsory annual costs that are incurred by the Company to facilitate share trading. We have studied the introduction of Low Volume Markets (LVM) elsewhere. Now it has decided to apply to transfer our share registry from the Bendigo Stock Exchange to a Low Volume Market. Company activities will continue to be reported to ASIC as is currently done.

The Board at its 27th April 2009 meeting has resolved to apply to register a Low Volume Market for our Company. There will be some administration expenses associated with running the LVM, but the net savings to our Company are estimated to be \$5,000 per annum.

Our contract for services from Computershare Pty Ltd expires on 30 June 2009. Shareholders wishing to use the services of Computershare are advised to do so before that date. Details of the proposed Low Volume Market will be issued to shareholders upon its inception.

Background to the Board's decision

1. While trading in our shares has been minimal (2 trades in almost 4 years), our Company account has carried the disproportionate cost of maintaining our share registry on the open market, a position common among Community Banks[®]. We are pleased that our partner Bendigo Bank has taken steps to remedy the situation by negotiating with ASIC to approve the introduction of LVMs as a secure alternative.
2. Low Volume Markets (LVMs) provide services to individual companies with less than a hundred (100) share trades in a year. Services of brokers are not necessary as in the open market.
3. **The process.** Each Company already operates an Internet website. There, shareholders will be able to register expressions of interest in selling Company shares and buyers will be able to register interest in purchasing shares, somewhat as in using E-Bay. On application, paper versions of the required forms will be supplied to shareholders by the Board Secretary.
4. Our facility will be administered locally with support from Bendigo and Adelaide Bank Web Services. Information posted on our Company Website will provide links between traders but our Company will not be involved in setting prices of shares.
5. The Board of our Company will have authority to approve or refuse share transfers because these must comply with certain conditions imposed by the Company constitution.

The proposed changeover date to the Low Volume Market is 31 July 2009

Yours faithfully



Darren West
Chairman SBCFSLtd

P.S News from our Manger

At the end of March, our Company had \$40M under management; in other words, in less than 4 years our Branch has accrued business at an average rate of \$10M per annum and that is bringing a major milestone very near.