

Sandringham Financial Services Limited



Dear Shareholder,

PROGRESS REPORT - Your Branch in Action

Since 2002 we have been actively working with the local Community to assist in the projects in various ways where we can make a difference. I have pleasure in enclosing a flyer with some of the positive things we have achieved in our Community. I am sure you will agree with me that *'we are making a difference'* as we put back a substantial share of your Community Bank's profits into a range of valuable community services and projects. *In this financial year alone we have distributed \$90,745.* This is an increase of \$23,845 over last year.

Trading update on our last six months of business.

At our Annual General Meeting last year we had set an ambitious growth target of 13%. In February, due to the challenging conditions in our financial markets and quick successive drops in official rates, we experienced a sharp drop in our margin income. We initiated several meetings with Bendigo Bank to address this problem and at the same time revised our existing budget. We implemented appropriate cost cutting measures and tightened further spending.

The Board and branch staff put in a considerable amount of extra work and time to ensure our profit target remained on track. I am delighted to report that we achieved an increase in our margin income back to a more acceptable level in March and I thank the Board and Matthew Gallop, our Manager, for their efforts in achieving this result. Our profit forecast remains on track.

By the end of April we had achieved a growth of more than 20%. This is an excellent result, even more so given the impact of the Global Financial Crisis. The volatility in the share market and the more than favourable Term Deposit rates offered by Bendigo Bank helped us to realise this growth.

ATM Scam

You will no doubt have seen press coverage on scamming at our branch ATM. In essence this was caused by criminal elements installing a tiny camera and extra card reader to capture card numbers and PINs during transactions at the machine. This has turned out to be a widespread concerted effort by organised criminals to steal money from bank accounts across the ATM networks. All banks have been affected and a major review of security in the banking industry has resulted.

Please be assured that customers affected by such scams will not be disadvantaged and Bendigo Bank will address any issue arising as a result of the fraud. Our branch is insured against any such losses.

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Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879

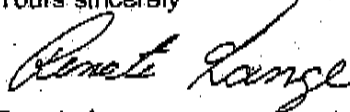
www.bendigobank.com.au

I want to thank Matthew Gallop and his team who have dealt with the concerns and anxieties of our customers with patience and compassion during this difficult time. Bendigo Bank is also to be congratulated for their support to our customers and staff.

Dividend Distribution

A few weeks ago you received a notification from our new share registry provider. I encourage you to act on their request to update your banking details to enable the direct crediting of future dividends. This direct crediting offers us a considerable cost and time saving. Writing out cheques is even expensive for banks!

Yours sincerely



Renate Lange
Chairperson

29 May 2009

PS We are currently offering a very competitive 4% for 4 month Term Deposits.
Please contact the branch for further details.