Sandringham Community Financial Services Limited

Bendigo Bank

6 May 2010

Dear Shareholder

Progress Report:

Your Bank in Action

During the last seven years we have put over $ 330,000 back into our local community and we budgeted $ 150,000 this financial year for marketing, sponsorships and donations. This in itself is a great testimony to our commitment to our community.

Our latest sponsorship is a combined project with our immediate neighbours Beaumaris, Highett and Parkdale Bendigo Community Banks and Cheltenham Bendigo Bank. This is a first partnered sponsorship which will benefit a wider group of recipients, mainly babies at Sandringham Hospital. We are funding the"Family Room" at Sandringham Hospital: A room for mothers and other family members to share and bond with their new babies away from hospital beds.

This is a first for Bendigo Bank – a partnered sponsorship that will benefit a wide group of recipients, particularly the cities of Bayside and Kingston.

This of course is but one example of your money at work. I have enclosed a flyer to show you some of the projects we have both helped establish and support.

Branch Refurbishment

We have taken the opportunity of the Federal Government's tax incentive package and the Board took a decision to refurbish our branch. The new look branch will be ready in August, in time for us to celebrate our 8th birthday on the 4th September. This is a reflection of our commitment to our customers and our staff.

This new investment is in line with Bendigo Bank rollout of a new open space branch design. Our staff are excited by the proposed refurbishment and are looking forward to the new working environment. We requested an extension on our existing lease and this was granted given the capital investment we will make. Alternate banking services will be in place during this work and we apologise to our customers for any disruptions.

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

We will write to you at a later date and explain the impact and any temporary arrangements we need to make to enable our customers to continue their banking.

The Board is investigating the possibility of expanding our services into Hampton by establishing a Community Bank in Hampton Street. A steering committee has been formed to explore the various options and assess community response. We will keep you up to date with developments as they unfold – but please be assured that this is about growing our business and support to the local community.

Trading update on our last six month of business.

Our half yearly results were excellent.

We achieved a net profit of $105,081 against $75,719 for the period ending 31 Dec 2009 and from 30 June 2009 or total assets increased from $514,371 to $633,659.

Your Board:

I have had the privilege of leading the board through some remarkable events such as weathering the financial storms, fantastic growth periods, adding transparency and listing the business on the Bendigo Stock Exchange. It is now my decision to retire from the board 30 June 2010 after a ten year relationship.

I certainly enjoyed the challenges not only achieving a monetary success but being able to make a difference in establishing the Bendigo Community Bank in Sandringham. The board and I welcome the appointment of Graham Ludecke to succeed into the role of Chair.

I thank the board, the staff and particularly Matthew Gallop for the trust and support they have given me. I also like to assure you the shareholder that I have every confidence this business continues to grow in strength and profitability in the years to come.

Yours sincerely

Renate Lange

Renate Lange
Chairperson