

26 March, 2017

Dear Shareholder

It is with pleasure that I write to you to outline our activities and the excellent results achieved for the first half of the 2016/17 financial year.

### Interim Result

The first six months of the 2017 financial year saw a profit of **\$ 24,105**, against a loss of **\$14,466** for the same period last year. This represents a turnaround of **\$38,571** dollars due to the hard work of our committed staff and the revised profit share arrangement with Bendigo Bank.

At the same time, the business grew from **\$98.5m** at 31 December 2015 to **\$109.6m** - an outstanding result after a period of stagnant growth.

The Board and management have reduced costs wherever possible and the branch continues to operate with expenses well below comparable branches in the network.

A snapshot of the results can be seen on the attached flyer.

### Trading Conditions

The banking environment continues to be challenging:

- An unprecedented period of low interest rates has continued to reduce margins for financial products.
- Loans continue to be paid out ahead of time making it challenging to grow our loans book.

### Community Engagement

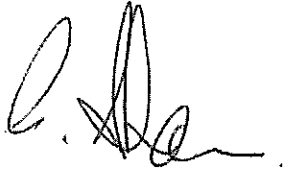
The branch has been active in the community with the Board and staff engaged in a number of successful projects:

- Contributed **\$4,939** in sponsorships and grants for the 6 months bringing our total contributions to date to **\$390,927**
- Supported the **Butterfly Foundation** in the branch and at local community events. We have several programs in place to continue supporting the Foundation for the remainder of the financial year.
- Established a partnership with **Beamaris Rotary** resulting in our presence at the Beamaris Rotary Farmers Market on a regular basis. Our marquee has become the **Community Connect** marquee – a central point for local clubs and organisations to promote their activities.
- Successful engagement with **Bayside City Council** to form part of their Grants Program sponsoring applicants to apply for crowd funding through Bendigo Bank's *Communities* site.

- Sponsored other community engagements including the **Concourse Car Show**, the **Beumaris Christmas Carols** and the **3193 Sailing Cup** held between Black Rock and Beumaris Yacht Clubs.

The Board appreciates your continued support and welcomes any feedback on how we can better fulfill our mission *to grow a prosperous community*. Please feel free to contact me at [chshaw@optusnet.com.au](mailto:chshaw@optusnet.com.au).

Kind regards

A handwritten signature in black ink, appearing to read 'Chris Shaw', with a stylized flourish at the end.

Chris Shaw  
Chairman