

25th January 2010

Dear Shareholder,

**Bellarine Peninsula Community Branch Ltd
2008/2009 Share Dividend**

In the last 12 months we have endured the most serious financial crisis since the 1930's. It has fundamentally changed the nature of banking, especially overseas where much of the world's banking system has been nationalised as economies have struggled to cope.

Bellarine Peninsula Community Branch Ltd, the company which owns and operates the Bellarine Peninsula **Community Bank**[®] Branch and the Drysdale **Community Bank**[®] Branch has not been immune from this upheaval.

While our grassroots style of banking and community focus is still popular and reaping great rewards for our local community, we, like all other banks, experienced a decline in profit margin.

As a result we made the following announcement to the Bendigo Stock Exchange on 21 May 2009;

As a result of economic circumstances and the reduced margin income, it is anticipated that there will be a reduction in the forecasted position of the company for the year ending 30 June 2009.

Although business levels have continued to grow over the reporting period, our profit is less than expected because of the reduced margin in the market place.

In line with that announcement and our chairman's address at the annual general meeting, the board of directors decided it would be prudent to retain liquidity to cover all contingencies which may arise. Therefore a dividend for the financial period 2008/2009 was not paid to shareholders.

We are pleased to advise we remain in a sound financial position and with the easing of the global financial crisis our margins have improved. We anticipate paying a dividend this financial year.

Regards,



Russell Enders
Chairman

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