

5 May 2010

Dear Shareholder

As you are probably aware San Remo District Financial Services Ltd has been working with Grantville and District community in their efforts to obtain banking services in Grantville. To this end a steering committee was formed in September 2007 and a campaign has been under way to gauge community support for a Community Bank Branch in Grantville.

At this time pledges to the value of \$430,000 have been obtained and feasibility was undertaken by RSD Chartered Accountants in March. The Board and Steering Committee have received the report that indicates a Community Bank Branch in Grantville meets the requirements necessary for San Remo District Financial Services Ltd and the Grantville and District community to proceed to raise capital to establish a Community Bank Branch in Grantville.

To this end please find attached notice of an Extraordinary General Meeting to be held at the 3925 Centre, San Remo on Tuesday 8th June, 2010 at 7pm.

The Corporations Act permits Companies to provide their Annual Reports to shareholders through the Company website rather than as an electronic or paper based copy. San Remo District Financial Services Ltd will be making our Annual Report available to shareholders through the Bendigo Bank, Cowes and San Remo District Community Bank® Branches, website from this year.

Aside from being able to improve our communication to shareholders by using our website as an information resource, we will also be able to reduce the cost of printing and postage of Annual Reports.

The Annual Report will be published in October. It will be accessible at www.bendigobank.com.au/community_bank/our_community_banks.asp under San Remo.

Shareholders may still choose to receive an electronic or paper based Annual Report free of charge. If you would like to receive a copy of the Annual Report, please complete the section at the bottom of this letter and return it to Michele Fulwell at PO Box 101, San Remo, Vic 3925 by no later than 31 July 2010

In addition to nominating your preference as to how you receive your Annual Report, you can choose how you would like to receive your Notices of Meeting and Newsletters by completing the relevant section attached and returning it to the Company Secretary.

For your convenience a direct credit form is also enclosed to allow further dividends to be paid directly into your bank account. When completed this form will need to be returned to:

Richmond Sinnott & Delahunty
Chartered Accountants
PO Box 30
Bendigo, Vic 3552

Yours sincerely,



Michele Fulwell
Company Secretary
San Remo District Financial Services Ltd

All correspondence addressed to:
San Remo District Financial Services Limited
PO Box 101, San Remo VIC 3925
Phone: (03) 5956 7658 Email: srdfs@waterfront.net.au

Notice of Extraordinary General Meeting

To be held at 3925 Centre, Back Beach Rd, San Remo
on Tuesday 8th June 2010 at 7.00pm

Special Business

1 Issue of new shares

To consider, and if thought fit, pass the following resolution:

"In order to comply with Rule 5 of the Listing Rules of the BSX, the proposal to issue not more than **800,000** shares in the Company by way of a Prospectus for the purpose of raising capital for the establishment of a third Community Bank® Branch at Grantville, is hereby approved"

Explanatory Notes

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

The Company currently manages and operates two Community Bank® Branches at San Remo and Cowes under a Franchise Agreement. The Franchise Agreement for San Remo commenced in **2003** and to finance all the establishment costs and provide working capital, **\$650,000** was raised under an initial Prospectus. The Franchise Agreement for Cowes commenced in 2009 and to finance all the establishment costs and provide working capital, **\$436,498** was raised under an initial Prospectus.

After considering the results of a feasibility study which was commissioned by the Board and after undertaking a comprehensive review, the Board has decided that it is in the best interests of the Company to establish a third Community Bank® Branch. To meet this objective the Board has resolved that the Company raise additional capital by way of a Prospectus to enable the Company to fund the establishment costs and to meet the working capital requirements.

The Directors recommend that the shareholders vote in favour of the resolution.

Attending the meeting

All shareholders may attend the Extraordinary General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Corporate shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the Meeting.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Voting rights

Each shareholder is entitled to **one** vote.

The Resolutions will be voted on by a poll.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at 5.00pm on 30 April 2010.

By Order of the Board

Terry Ashenden

Chairperson

All correspondence addressed to:
San Remo District Financial Services Limited
PO Box 101, San Remo VIC 3925
Phone: (03) 5956 7658 Email: srdfs@waterfront.net.au

Annual Report

I would like to receive a copy of the Annual Report by the following means:

- By email
- By mail

Notices of Meeting and Proxy Form

I would like to receive Notices of Meeting and Proxy Form by the following means:

- By email
- By mail

Newsletters

I would like to receive a copy of the Newsletters by the following means:

- By email
- By mail

Multiple copies of newsletters and Annual Reports

To reduce wastage and cost we will only be sending one copy of mailed company information to each address. If you wish to continue receiving separate copies of company information please indicate below

Please continue to mail separate company information, newsletters and Annual Reports for the following shareholders:

Name _____

My email address is: _____

My postal address is:

Address _____

Post Code _____

All correspondence addressed to:
San Remo District Financial Services Limited
PO Box 101, San Remo VIC 3925
Phone: (03) 5956 7658 Email: srdfs@waterfront.net.au

San Remo District Financial Services Limited ABN 20 102 770 150 Franchisee of
Bendigo Bank Limited Fountain Court, Bendigo VIC 3550 ABN 11068049178 (S3864)

Proxy form

San Remo District Financial Services Ltd
A.B.N. 20 102 770 150

All correspondence to:
San Remo District Financial Services Limited
PO Box 101
SAN REMO VIC 3925
Phone / Fax: (03) 5956 7658
Email: srdfs@waterfront.net.au

SHAREHOLDER NAME: _____

ADDRESS: _____

Appointment of proxy

I/We being a member/s of **San Remo District Financial Services Limited** and entitled to attend the vote appoint the person named below or, if no person is named below, the Chairman of the Meeting as my/our proxy to vote in accordance with directions set out below (with a discretion as to any business not referred to below) or, if no directions are given, as my/our proxy sees fit, at the Annual General Meeting of the Company to be held at **the 3925 Centre, Backbeach Rd, San Remo on Tuesday 8th June, 2010 at 7pm** and at any adjournment of that Meeting.

The Chairman of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

Voting directions to your proxy

Please mark with 'X' to indicate your directions

Ordinary Business	Accept	Decline	Abstain*
Item 1. Issue of shares			

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in working out the required majority on a poll.

PLEASE SIGN HERE

This section MUST be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

--	--	--

Sole Director and
Sole Company Secretary

Director

Director/Company Secretary

This Proxy Form (and any Power of Attorney under which it is signed) must be received by the Company not later than **5pm on Friday 4 June 2010**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged in any of the following ways:

Hand Delivery

To the Company's registered office at **103a Marine Pde, San Remo, Vic, 3925**

Post or hand delivery

To **PO Box 101, San Remo, Vic, 3925**

Facsimile

To fax number **(03) 5956 7658**

How to complete this Proxy form

1. Your name and address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please mark the box and make the correction on the form. **Please note, you cannot change ownership of your shares using this form.**

2. Appointment of a proxy

A member entitled to attend and vote at the Meeting may appoint one proxy. A proxy need not be a member of the Company. A proxy may be an individual or a Company.

3. Identity of proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, the Chairman of the Meeting will act as your proxy.

4. Voting instructions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

5. Signing instructions

The Proxy form must be signed in the spaces provided.

Individual

If the holding is in one name, the holder must sign.

Joint holding

If the holding is in more than one name, any one holder may sign.

Power of Attorney

To sign under power of attorney, you must have already lodged this document with the Company or attach a certified copy of the Power of Attorney to this form when you return it.

Companies

If the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (under section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the Company is to attend the meeting, the appropriate 'Certificate of Appointment of Corporate Representative' must be produced before admission to the Meeting.

Company or Trust in which Investment is Held

San Remo District Financial Services Ltd

Full Name(s)
of Registered
Holding

Registered
Address

Post Code

Direct Credit Facility

This form must be forwarded to the Issuer's Registry.

Use a **black pen**. Print in **CAPITAL** letters inside the boxes

A Request for Direct Crediting of Payments

Please credit all cash payments from the above holding directly to our account at the following Australian financial institution:

Account Number

BSB Number

Name in which account is held (eg: John Smith)

Name of Australian bank or financial institution

Name of branch or suburb or town

Type of account (eg: cheque, savings)



DO NOT USE YOUR CARD NUMBER

If you are unsure of your account or BSB number, please check with your bank, building society or credit union.

Contact Name

Telephone Number - Business Hours
()

Telephone Number - After Hours
()

B Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash, but do not override any previous Reinvestment Plan instructions.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

Sole Director and
Sole Company Secretary

Day Month Year
/ /

Individual: This form is to be signed by the securityholder.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: To sign as Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form.

Companies: Director, Company Secretary, Sole Director and Sole Company Secretary can sign. Please indicate the office held by signing in the appropriate space.