



Bendigo Bank

SHAREHOLDER QUESTIONS ANNUAL GENERAL MEETING HELD ON 31 OCTOBER 2005

SHAREHOLDER QUESTIONS TO THE AUDITOR

Question 1: “Why is the internal audit function independent? To what extent? Don’t you co-operate?”

Answer: Ernst & Young response:

The first and second part of the question:

We will refer this question to the Chairman for a response as we consider the question is outside the scope of our audit.

The third part of the questions in terms of co-operation between external audit and internal audit:

The role of the internal audit is determined by management and the Audit Committee and its objectives differ from those of us as external auditor. Internal audit is part of management’s control processes. We as external auditors are not permitted to play any management role in the business. Our primary concern as external auditor is whether the financial report is free of material misstatement. Our audit involves testing management’s processes and procedures that are relevant to the financial report and examining supporting evidence. In certain situations, the means by which we, as external auditor and internal audit achieve our objectives are similar and therefore in some areas internal audit work may be relied on to support our preliminary assessment of control risk. We, as external auditors, have sole responsibility for the audit opinion expressed, and that responsibility is not reduced by any use made of internal audit.

Question 2: “In view of the “bad press” regarding the embezzlement by Bendigo Bank employees, are the Bank’s funds being audited adequately?”

Answer: Ernst & Young response:

Our primary concern as external auditors is whether the financial report is free of material misstatement. Accordingly, we do not audit every transaction that occurs; we test selected transactions and balances in order to form an opinion on the truth and fairness of the financial statements as a whole. Our responsibility does not extend to giving an opinion on internal controls. We do, however, consider internal controls in order to determine the nature and extent of our audit procedures. In designing these procedures, we may rely on selected controls to reduce other audit work.

Question 3: “What fees do you receive for audit services compared with non-audit services?”

Answer: Ernst & Young response:

Audit fees are set out in Note 30 on page 43 of the full financial report, which is available on the Company’s website.

In summary, our audit fees were \$523,977 and other services (including taxation services) were \$353,425. These other services are all permitted services and do not affect our independence.

Question 4: “Has the HIH effect been overcome? Or when is it likely?”

Answer: Ernst & Young response:

We will refer this question to the Chairman for a response as we consider the question is outside the scope of our audit.

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Note: Shareholders were invited to ask questions of the Bank’s auditor in respect to the content of the auditor’s report and the conduct of the audit of the financial report to be considered at the 2005 Annual General Meeting. A number of questions submitted by shareholders were recorded under the heading “Shareholder Questions for the Auditor”, but related to the management or operations of the Bank. The Bank will write to these respective shareholders in response to these questions.