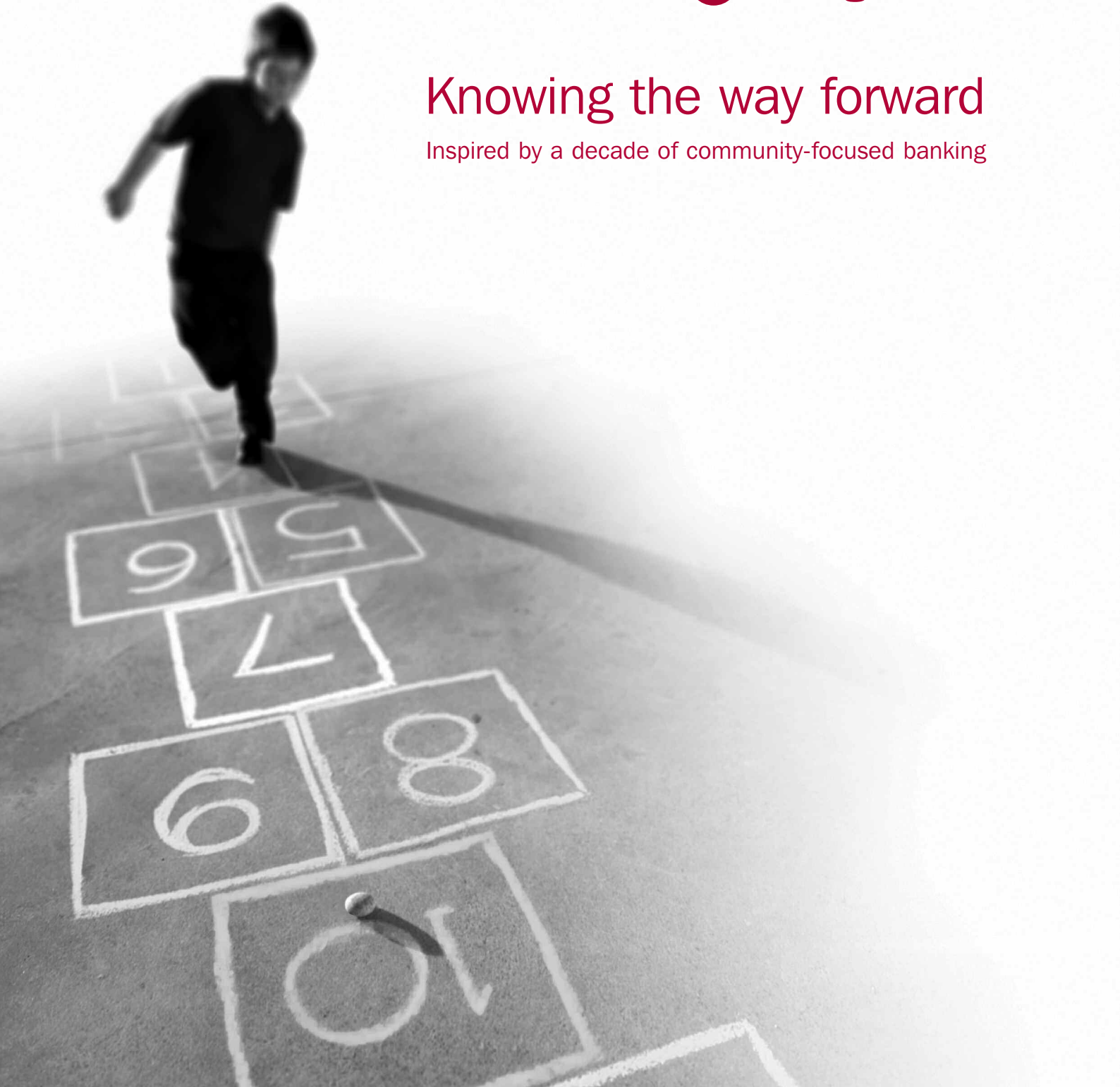


# Knowing the way forward

Inspired by a decade of community-focused banking



THE BENDIGO SHAREHOLDER  
**FEBRUARY 2006**

Volume 11 – Issue Number 1

---

INSIDE THIS ISSUE

p.2 2006 interim profit result

p.2 Profit at a glance

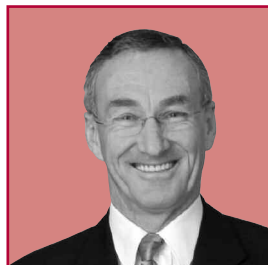
p.3 Shareholder Privileges 2006

# Interim Profit 2006

EDITED VERSION OF THE ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE ON 13 FEBRUARY 2006



Chairman  
**Richard A. Guy OAM**



Group Managing Director  
**Rob Hunt AM**

Bendigo Bank has reported a profit of \$53.2 million for the six months to 31 December 2005 an increase of 18.5 per cent on the corresponding period in 2004.

Due to the changes in financial statement presentation required by International Financial Reporting Standards (IFRS), this does not reflect a like-for-like comparison.

Profit before significant items available for distribution to ordinary shareholders provides a clearer comparison. On this basis, profit in the six months to 31 December 2005 increased by 15.9 per cent on the corresponding period in 2004, from \$41 million to \$47.5 million.

Underlying earnings were up by 16.9 per cent, to \$76.8 million, and cash earnings per share increased by 18.1 per cent to 34.6 cents.

Ordinary shareholders will receive a 15.8 per cent increase in their interim dividend, up by three cents to 22 cents per share (fully franked). The interim dividend will be paid on 31 March to shareholders registered at the close of trading on 3 March.

"Today's result continues a five-year trend of consistent, reliable growth in business, profitability and earnings," said Bank Chairman Richard Guy.

"Our success is being achieved through consistent application of a branded retail banking strategy.

"Through focusing on improving outcomes for customers and communities, we are building a strong brand that continues to attract customers who are inclined to buy and stay with us.

"We believe this will continue to build long-term, sustainable earnings and shareholder value in a range of market conditions."

Managing Director Rob Hunt said the period in review had witnessed extremely aggressive pricing from competitors chasing market share through a combination of low-margin pricing, active retention programs and low-doc lending.

"We refused to be drawn into that 'volume at any cost' strategy and instead continued to write solid business at good margins," Mr Hunt said.

"The outcome is profitable growth at reasonable levels, with shareholder returns further aided by the combined effects of excellent deposit flows, steady margins and high-quality assets.

"Our gross margin has hardly budged over 12 months, indicating that we continue to achieve pricing that reflects the premium service we provide to our customers."

Mr Hunt said Bendigo continued to progress all of its strategic aims.

"Our distribution expansion continues on track. We are on target to open 35 new branches and install 80 new ATMs this financial year. Eftpos merchant facilities now exceed 8000.

"Our product range is now quite comprehensive and we are able to better support all facets of the communities in which we operate.

"And we have built a strongly differentiated brand based on the depth of our engagement with our customers and their communities. We enjoy high customer satisfaction levels, new customer growth is still strong and there is a pipeline of new communities campaigning for a **Community Bank**<sup>®</sup> branch.

"We continue to diversify our revenues, with non-interest income as a proportion of total income rising from 35 per cent in December 2004 to 38 per cent in today's result. This is aided by contributions from our joint ventures (Elders Rural Bank, Tasmanian Banking Services and Community Sector Bank) and alliances as they establish their credentials in their markets."

Mr Hunt said the bank had made good progress in its stated aim to better align profit growth with shareholder returns this financial year.

"We said we would refine our capital management to achieve this outcome and evidence of its effectiveness is emerging. The on-market buyback of 2.85 million shares and Preference Share issue had some impact and we continue to manage our capital requirements through selling bank asset into our Sandhurst mortgage funds to support their strong growth."

## RESULT HIGHLIGHTS

<b>Profit</b>	Profit before significant items available for distribution to ordinary shareholders up by 15.9%, from \$41.0 million to \$47.5 million Cash earnings per share 34.6 cents, compared with 29.3 cents (18.1% increase)
<b>Lending</b>	Loans under management up 10.6% to \$13,412 million
<b>Deposits</b>	Retail deposits and funds under management up 14.3% to \$13,947 million
<b>Dividend</b>	Interim dividend up by 15.8%, from 19.0 cents to 22.0 cents per share
<b>Assets/capital</b>	Shareholder equity increased by 21% to \$813 million during calendar year 2005

# Welcome to the Bendigo Bank Shareholder Privileges for 2006

We are pleased to offer eligible Bendigo Bank shareholders a variety of benefits on various Bendigo Bank Group products and services for 2006.

These Shareholder Privileges are available to personal customers holding 500 or more fully paid BBL shares or 40 Bendigo Preference Shares, or companies holding 1500 or more fully paid BBL shares or 120 Bendigo Preference Shares.

## Your 2006 card....

You will find your 2006 Shareholder Privileges card enclosed. Please sign this card immediately and destroy your 2005 card. You will need to present your card every time you redeem a privilege.

All of the following offers are valid from 1 January 2006 until 31 December 2006.

Terms and conditions for these offers are set out at the end of the following list of Shareholder Privileges.

## No February e-newsletter

This edition of the Bendigo Shareholder was posted out to all shareholders, including e-shareholders, so we could enclose your new Shareholder Privileges card to all eligible shareholders.

E-shareholders will receive the next edition of the Bendigo Shareholder via email.

### PRIVILEGE 1

## Shareholder Account

Offering eligible shareholders a convenient transaction account with great benefits.

You have the choice of a Bendigo Shareholder Passbook Account, a Bendigo Shareholder Everyday Account, or a Bendigo Shareholder Cheque Account. All accounts offer an attractive rate of interest on a daily basis, convenient access 24 hours a day 7 days a week and a monthly transaction account rebate of \$10.00.

Limited to one "Shareholder Account" per shareholder. The account must be in the name of a listed shareholder, except in the case of a company shareholding, in which case an account must be opened in a director's name.

### PRIVILEGE 2

## Special Term Deposit

- A 12 month term deposit which will earn higher interest at 0.25% p.a. above the Bank's 12 month Term Deposit rate with interest paid on maturity.

Minimum deposit \$5,000. Term Deposit rate applicable on date of redemption of this offer. The rate listed is subject to change.

### PRIVILEGE 3

## Lending Products

- \$0 Loan Application Fees for:

Home Loans	Investment Loans
Commercial Loans	Personal Loans

Maximum value of loan application fee waiver is \$1000 per application. Excludes all Bendigo Agribusiness Lending products.

- 0.25% p.a. discount on the standard variable and fixed interest rates for Margin Lending.

### PRIVILEGE 4

## Insurance

- 10% discount on premium for House & Contents Insurance
- 20% discount on premium for Travel Insurance
- 5% discount on premium for Car Insurance
- 10% discount on premium for Landlords Insurance

### PRIVILEGE 5

## Bendigo Bank Credit Card & Bendigo Rewards

- 5% discount off the normal standard rate for the Bendigo Red Up to 44 Days Interest Free credit cards. With your choice of either MasterCard or Visa and automatic membership of Bendigo Rewards.
- Plus 5000 Bonus Reward Points. If you successfully apply for a Bendigo Bank "Interest Free Days" Red credit card we'll kick start your points tally with a bonus 5000 points.

Annual fee of \$35 applies to the Bendigo Red Up to 44 Days Interest Free credit cards.

### PRIVILEGE 6

## Financial Services

- Free initial Financial Consultation & Financial Plan prepared by a Bendigo Investment Services (BIS) Financial Adviser.
- 10% rebate on your insurance premiums for the first year on all Life, Trauma, Income Protection, Business Overheads and Key Person Insurance policies arranged by a BIS Financial Adviser.\*
- 30% rebate on upfront commission payable to BIS where a Managed Investment Product(s) is purchased\*\*. Eg:
  - a) Any retail managed Investment Product on the BIS approved products list
  - b) All Master Trusts where an initial fee is payable and selected by the shareholder

Please notify the BIS Financial Adviser of your shareholder status at time of booking the appointment in order to receive the above offers.

\* Only applicable for face to face meeting with a BIS Financial Adviser.

\*\* The discount is not applicable to cash/mortgage trust funds placed in the purchase of direct shares via the BIS service. Only applicable for face to face meeting with a BIS Financial Adviser.

Financial Planning services are provided by Bendigo Investment Services ABN 81 087 585 073, AFSL No. 237898, a subsidiary of Bendigo Bank, operating throughout Bendigo Bank branches in VIC, SA, QLD, NSW & WA.

#### PRIVILEGE 7

### Foreign Currency & Travellers Cheques

- Receive a 50% discount on standard fees when buying foreign bank notes and on foreign currency cheque conversions (cash letter and collection items)\*.
- Travellers Cheques FREE of commission charges. A safe way of carrying funds overseas or within Australia.
- Receive a 50% discount when cashing non-Amex Travellers Cheques\*.

\* Please refer to the Bendigo Bank Schedule of Fees, Charges and Transaction Account Rebates brochure for full details of fees and charges.

#### PRIVILEGE 8

### Bank Draft & Telegraphic Transfers

- 50% discount on issue of Foreign Bank Drafts and Telegraphic Transfers\*.
- Receive a 50% discount on the standard Bendigo Bank fee when making a payment of funds from a Bendigo Bank account for fast transfer to an account at any Australian financial institution\*\*.

\* This discount applies only to the fee component charged by Bendigo Bank for issuing Bank Drafts & Telegraphic Transfers and is only applicable to personal banking. This discount is not to be used to obtain concessions in relation to services provided to companies or trusts.

\*\* Please refer to the Bendigo Bank Schedule of Fees, Charges and Transaction Account Rebates brochure for full details of fees and charges.

#### PRIVILEGE 9

### Sandhurst Trustees

- Sandhurst Trustees, a wholly owned subsidiary of Bendigo Bank would like to offer all shareholders:  
10% off preparation cost of wills.

This Offer is restricted to VIC and NSW only and is provided by Sandhurst Trustees Wills & Estates Administration Service, Sandhurst Trustees, ABN 16 004 030 737, AFSL Number 237906, 18 View St, Bendigo, VIC 3550.

#### PRIVILEGE 10

### Bendigo Online Share Trading

- Register for Bendigo Online Share Purchasing & Trading and as a Bendigo Bank Shareholder you will receive your first 10 share trades free of brokerage (your new account must be opened by 30 November 2006 and share purchases completed within 2 months of the account opening).

Visit [http://www.bendigobank.com.au/share\\_trading/shareholder\\_offer.asp](http://www.bendigobank.com.au/share_trading/shareholder_offer.asp) for full terms and conditions and to complete your application today.

### Terms & Conditions

The Shareholder Privileges package is available to:

- Personal customers holding 500 or more fully paid Bendigo Bank Limited shares or 40 Bendigo Bank Limited Preference Shares.
- Companies holding 1500 or more fully paid Bendigo Bank Limited shares or 120 Bendigo Bank Limited Preference Shares.

The listed privileges can be redeemed at most Bendigo Bank branches throughout Australia.

All of the offers listed in this brochure are valid until 31 December 2006, with the exception of Bendigo Online Share Trading which expires on 30 November 2006. If you would like further information please contact Customer Help on 1300 361 911.

The information in this booklet is provided by Bendigo Bank Limited ABN 11 068 049 178, Fountain Court, Bendigo Vic 3550. As the information in this booklet has been prepared without taking into account your objectives, financial situation or needs, before acting on the information, you should consider how appropriate it is having regard to your objectives, financial situation and needs.

You should obtain a copy of the relevant Product Disclosure Statement (PDS) and consider it before making a decision whether to acquire or continue to hold any of these products or use any of these services.

The Bendigo Shareholder Passbook Account, Bendigo Shareholder Everyday Account, Bendigo Shareholder Cheque Account, travellers cheques and Bendigo Term Deposit accounts are issued by Bendigo Bank Limited, ABN 11 068 049 178, of Fountain Court, Bendigo Vic 3550. A PDS for each of these products and services is available from your nearest Bendigo Bank branch or online at [www.bendigobank.com.au](http://www.bendigobank.com.au).

BBL Insurance is a registered business name of Bendigo Bank Limited. House and Contents Insurance, Travel Insurance and Car Insurance are issued by CGU Insurance Limited ABN 27 004 478 371, of 485 Latrobe Street, Melbourne Vic 3000, an IAG Company. You can get a Product Disclosure Statement (PDS) for these products from any BBL Insurance office or CGU. Bendigo Bank Limited is authorised by CGU Insurance Limited to distribute its products. Bendigo Bank Limited receives a commission based on a proportion of your insurance premium. This is included in the amount that you pay for the product. More detailed information can be found in the Bendigo Bank Limited Financial Services Guide.

Financial planning services are provided by Bendigo Investment Services Limited, ABN 81 087 585 073 of Level 5, 120 Harbour Esplanade, Docklands, Melbourne, Vic 3008, a subsidiary of Bendigo Bank Limited. The insurance products offered by Bendigo Investment Services are issued and underwritten by MLC, ABN 90 000 000 402 of 105-153 Miller Street, North Sydney, NSW 2060. AXA, ABN 72 004 020 437 of 447 Collins Street, Melbourne, Vic 3000, and AC&L, ABN 72 004 020 437, of Level 9, 383 Kent Street, Sydney, NSW 2000. A PDS for each of these products is available from each respective company or through a Bendigo Investment Services Financial Adviser. Bendigo Bank Limited is authorised by these companies to distribute their products and receives a commission based on a proportion of your insurance premium. This is included in the amount that you pay for the product. More detailed information can be found in the Bendigo Bank Limited Financial Services Guide.



**Bendigo Bank Limited**  
Second Floor  
Fountain Court  
Bendigo, Victoria 3550

Telephone (03) 5433 9339  
Facsimile (03) 5433 9690  
[www.bendigobank.com.au](http://www.bendigobank.com.au)