

Bendigo Shareholder Newsletter March 2007

Building takes shape

Our new head office in Bendigo continues to take shape – and these photos show how the building is progressing.

The photo on the right shows a view of the new office alongside the Bendigo Creek, which will eventually be decked to create a new public space.

The second (above) shows Bendigo's historic City Family Hotel juxtaposed against our new and modern head office.



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Striking a cord in regional Victoria

Bendigo Bank is supporting Orchestra Victoria as it tours through regional Victoria.

The Bank is sponsoring Orchestra Victoria's tour of eight regional cities in 2007 conducting concerts and music workshops.

Bendigo Bank has been a long-term supporter of Orchestra Victoria and the sponsorship is a way in which we can help the orchestra share its music and skills with communities and budding musicians.

The mOVE workshops will be hosted for schools, teachers and amateur orchestras in Traralgon, Bendigo, Hamilton, Shepparton and Mildura.

Perhaps the highlight of the tour will be the free orchestra and chamber concerts.

Horsham, Hamilton, Shepparton and Moe have already experienced the Orchestra Victoria concerts, but further free community performances will be held at:

Shepparton – 9 July

Bendigo – 11 July

Warrnambool – 16 August

Hamilton – 17 August



Interim Profit 2007

Edited version of the announcement made to the Australian Stock Exchange on 12 February 2007

Bendigo Bank continued its growth and success, reporting a 12.4 per cent increase in cash earnings per share, to 39.0 cents, for the six months ended 31 December 2006.

Cash earnings grew from \$48.4 million in the corresponding period last financial year to \$55.4 million on the back of solid growth, progressive maturity of its expanded branch network and strong margin performance.

Profit after tax and before significant items increased by 15.2 per cent, to \$59.9 million.

Directors declared an interim dividend of 24.0 cents per share, fully franked, an increase of two cents on the previous interim dividend.

Managing Director Rob Hunt said the result continued Bendigo's consistent, reliable earnings growth.

"We are steadily and surely building shareholder returns half-on-half, year-on-year in line with the growth and development of our business," Mr Hunt said.

"And this trend is set to continue as our newer businesses and branches mature on a rolling basis."

The non-cash significant item which reduced the reported profit attributable to shareholders to \$54.3 million was a \$5.6 million charge for an issue of shares under the general staff share scheme.

"Under the new Accounting Standards, staff share issues are now accounted for with an adjustment through the profit and loss account reflecting the 'fair value of the issue', yet there is no change to the economic cost of providing shares under our plan which is now more than a decade old," Mr Hunt said.

"Our staff share scheme provides great staff alignment to shareholder outcomes and provides an excellent, long-term incentive benefit for staff."

Mr Hunt said Bendigo Bank had consistently pursued a branded retail banking strategy focused on producing sustainable growth in shareholder value.

"That requires us to deliver service and value in line with our brand, and to ensure the achievement of a fair balance between the needs of customers, communities and shareholders."

"And I think that by and large we are getting this right. The growth in our business and in customer numbers, and the diversity of revenue being produced, is clearly generating value for our shareholders."

Mr Hunt said Bendigo's prospects remained good "in a banking market that is not getting any easier".

"Demand for our brand remains strong and we are writing healthy business volumes at profitable prices. This is reflected in a strong margin performance, with a 13 basis point increase during the December half."

Mr Hunt said Bendigo continued to invest in solutions to "some significant issues" facing customers and communities.

The result in brief

- Cash earnings \$55.4 million (31 Dec. 2005 \$48.4 million), a 14.5% increase.
- Profit after tax before significant items \$59.9 million (\$52.0 million), up 15.2%.
- Cash earnings per share 39.0 cents (34.7 cents), up by 12.4%.
- Significant item for the period - \$5.6 million expense for staff share issue.
- Profit after tax \$54.3 million (\$53.3 million), an increase of 1.9%.
- Return on equity, cash basis 14.8% (14.1%).
- Interim dividend 24.0 cents per share (22.0 cents) fully franked.
- Loans under management \$14.7 billion (\$13.4 billion), a 10% increase.
- Retail funds under management \$15.2 billion (\$13.9 billion), an increase of 8.9%.
- Interest margin 2.92% compared with 2.79% at 30 June 2006.
- Credit quality – gross impaired loans to total assets 0.08% (0.07%).
- Cost to income ratio 66.5% (67.9%).



◀ Rob Hunt – Managing Director (right)
Robert Johanson – Chairman

Changes to shareholder reporting

Thank you to those shareholders who took the time to complete the survey included with the November newsletter. The response was extremely pleasing. The information provided has given us a clearer understanding of how you would like us to communicate with you.

The survey highlighted the areas which are of the greatest interest to our shareholders and we will endeavour to improve our reporting on these in the future.

The survey also highlighted that an increasing number of shareholders would prefer to get their reports by the Internet. We encourage shareholders to register with our e-shareholder service so that they can receive their reports in this manner.

Shareholders were also clear in their concern that our Annual Report has grown in complexity and size due to mandatory reporting requirements. So this year, as a result of the survey, we will be altering our shareholder reporting arrangements as follows.

For this financial year end we intend to meet our statutory reporting requirements by mailing to shareholders (those who still wish to receive an Annual Report) both a Concise Annual Report and a new shareholder booklet. The contents of the concise report will still be similar to last year's report, however it will be a lower cost black and white production. The 16 to 18 page shareholder booklet will be a colour production that contains summaries of our performance and various business developments.

We will be replacing the quarterly shareholder newsletter with further editions of the shareholder booklet. An edition will be issued in November each year covering the annual general meeting and an edition issued soon after our half-year result announcement.

Shareholders who do not wish to receive a copy of the Concise Annual Report, and who have not previously advised us, are reminded to contact our share registry or to advise us in writing to Bendigo Bank Share Registry, PO Box 480, Bendigo Victoria 3552. Shareholders electing not to receive a concise annual report will still receive the shareholder booklets.

Shareholder news

Changing address?

Please ensure you advise of any change of address.

Broker-sponsored shareholders should advise their broker, not our Share Registry (which is unable to process your request).

Issuer-sponsored shareholders should complete a Change of Address Form and return to Bendigo Bank Share Registry, PO Box 480, Bendigo Victoria 3552.

Forms can be downloaded from our Online Share Registry, or contact Share Registry on 1800 646 042 to receive a copy.

Bendigo makes it easier being green

In February, Bendigo Bank launched Generation Green™ – a new suite of solutions to help customers reduce their environmental impact.

Through Generation Green™, customers can purchase carbon offset credits to neutralise the greenhouse gas emissions from their car, house or business.

The Bank has contracted central Victorian firm Greenhouse Balanced to plant indigenous species on already cleared land, which over time will offsets customers' carbon emissions.

Plus, the suite includes our existing Green personal loans, and Green home loans with new, more easily understood eligibility criteria.

Generation Green™ is a further step in Bendigo providing its customers and communities with practical ways to become more sustainable.

Whilst it might seem a strange thing for a bank to do, Bendigo Bank has always been focused on the sustainability of local economies, communities and the environment.

More information is also available by calling 1300 304 541 or visiting www.bendigobank.com.au

One of the first customers of Generation Green™ will be three Victorian adventurers – Linda Beilharz, Rob Rigato and Roger Chao – who will trek across the Greenland Icecap in April and offset their emissions using Generation Green™.

You can find out more about the in expedition at www.icecapjourneys.com.au.



Have you received multiple newsletters?

If your household has received multiple copies of this newsletter and you would only like to receive one, please advise us in writing to Bendigo Bank Share Registry, PO Box 480, Bendigo Victoria 3552.

Become an e-shareholder

By registering to become a Bendigo Bank e-shareholder, you will receive most of your documents on line, including your Annual Report and shareholder newsletters.

To register, simply log on to www.bendigobank.com.au/shareholders and enter your details.

Immigration Bridge

Bendigo Bank helps to honour family history

The launch of Immigration Bridge in Canberra has provided all Australians with the perfect chance to acknowledge their migrant ancestors.

Sponsored by Bendigo Bank, Immigration Bridge Australia will recognise and celebrate the significant contribution migrants from across the world have made to Australia.

The bridge features the History Handrail, providing the public with the chance to purchase a section of handrail on which the names of their migrant forebears will be inscribed. Each section costs \$110.

Bendigo Bank Chairman Robert Johanson has purchased two sections of handrail for his family.

"I hope everyone connected with Bendigo Bank will get behind this project and honour their family history," Mr Johanson said.

Application forms for the History Handrail project are available from all Bendigo Bank branches, or online at www.immigrationbridge.com.au

Tell your story

A distinctive feature of the Immigration Bridge project will be the Australia Migration Book. The book will include stories about Australian's migration experiences.

The huge book will be bound and displayed under glass on the bridge, with a page turning each day of the year.

You can register your family's story online at www.immigrationbridge.com.au.

Each family has its own unique migration story to tell, including the family of Bank Chairman Robert Johanson. Here Mr Johanson's mother, Mrs Yvonne Johanson, shares her family story.

You received two handrails from your son as a Christmas gift – which ancestors are you going to acknowledge?

The two handrails will enable me to acknowledge both sides of my family.

My mother's grandfather Georg Carl Ferdinand Junck (Ferdinand) emigrated from Germany in the early 1870s, arriving in Hobart on 29 October 1870 on the North German barque Fiegaro.

My father's grandfather Richard Friswell migrated to Australia in the late 1840s, arriving in Adelaide in 1849 on the SS Derwent.



Could you tell us a little more about their families?

Ferdinand and his wife Johanna had five children before they migrated to Australia – three sons and two daughters. Their eldest son died at an early age. Another daughter was born in Australia, but she also died when she was young.

Richard and Mary had a family of 14 children, nine of whom survived to maturity. Their daughter Charlotte (Lotty) died in 1967 at the grand old age of 105 – at that time, the oldest female in Australia. Many of the sixth generation of Richard's descendants still reside in Bendigo.

Where did they decide to settle, and what were their occupations?

Ferdinand originally settled in Tasmania, and in September 1872 came to Victoria. Ferdinand was a builder and with the assistance of his son Arnold, built their home in Bailes Street, Bendigo.

Many buildings built by G.C.F. Junck and his son Arnold are still in use.

Richard settled in Adelaide, where he worked for the mounted police and then the Civil Service in Customs House, Adelaide.

In 1851, he resigned and accompanied Drs. Hoyle and Beetham to the gold diggings in Bendigo, where he and his family camped in tents.

Although his mining ventures were profitless, he gained success as a carrying contractor. In recognition of his public service, he was later granted 50 acres of land in White Hills (a suburb of Bendigo), which he farmed.

Were there any historic experiences or events of interest that you would like to mention?

Ferdinand was a great walker. In 1876, Ferdinand and his son Arnold built the Catholic Church in Marong, 15 kilometres from Bendigo. Each Monday morning they would walk from Bendigo to Marong and camp there while building the church.

In his later years, Ferdinand and his youngest grandchild Harold would often go for walks hand in hand to nearby places. One day Ferdinand went off alone and wandered into the Kimbolton forest. He went missing for several days and was found in a very exhausted condition. He was brought home but died soon afterwards. He was buried on 3 November 1914 in the Bendigo Cemetery.

His son Arnold was a noted cricketer and footballer of his day. He is credited with the invention of the term "googly", a word used to describe a type of delivery bowled by a spin bowler.

Although very successful in his business enterprises, Richard was a quiet and unassuming man, who held the respect of his associates through the years.

In Richard's obituary following his death in 1905 at the age of 82, he was described as "one of the oldest and most respected residents of White Hills". He is buried in the White Hills cemetery, Bendigo.

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