



connections

Strengthening connections with our customers and communities
Concise Annual Report **2006**



Contents

- 3 Financial Calendar 2006-2007**
- 4 Report by Chairman and Managing Director**
- 10 Shareholder Privileges**
- 13 Results at a glance**
- 14 Connecting with our customers**
 - Distribution**
 - Retail branch network
 - Community Bank®**
 - Agencies
 - Bendigo OnCall
 - Customer Help Centre
 - Internet banking
 - Elders Rural Bank (ERB)
 - Tasmanian Banking Services (TBS)
 - Silver Body Corporate Financial Services
 - GuildBanking
 - Community Sector Banking
 - National Mortgage Market Corporation (NMMC)
- 18 Product manufacture and import**
 - Bendigo Wealth Solutions
 - Banking Solutions
 - Insurance
 - Cards
 - Leasing
 - Web Partner™
 - Invoice discounting (Oxford Funding)
 - Homesafe Debt Free Equity Release
- 23 Technology**
 - Strategic Payment Services
- 24 Financial result**
- 25 Community Engagement**
 - Community Bank®**
 - Community Enterprise™
 - NSX Ltd
 - Community Enterprise™ Foundation ('the Foundation')
 - Lead On
 - Sponsorships
 - Environment
- 33 Corporate Issues**
 - Our people
 - Properties
 - Shareholder information
- 36 Corporate Governance Overview**
 - 1. The Board
 - 2. Board committees
 - 3. Risk management
 - 4. External auditor
 - 5. Continuous disclosure and communications
 - 6. Corporate conduct
 - 7. Executives
- 49 Concise Financial Report**



Bendigo Bank Limited
ABN 11 068 049 178

Registered Head Office
Level 2, Fountain Court
Bendigo, Victoria, 3550

Telephone: (03) 5433 9339
Facsimile: (03) 5433 9690
Email: share.register@bendigobank.com.au

In this report, the expressions "the Bank" and "the Bendigo" refer to Bendigo Bank Limited; the expressions "the Group" and "the Company" refers to Bendigo Bank Limited and its controlled entities.

Customer/Shareholder inquiries

Customer Help Centre
(Head Office inquiries)
1300 361 911 (local call)
8.30am – 6.30pm (Victorian time)

Bendigo Bank OnCall
(Customer inquiries)
1300 366 666 (local call)
8.00am – 8.00pm weekdays
9.00am – 4.00pm Saturdays
10.00am – 4.00pm Sundays
(Victorian time)

24-hour Phone Bank

1300 366 666 (local call)

24-hour e-banking

www.bendigobank.com.au

Website: www.bendigobank.com.au

Securities Registry: 1800 646 042

◀ *Front Cover: From little things big things grow.
While 70-year old Ken Nankivell has grown with his bank,
Bendigo Bank, during his 70 years, three-year-old Jude Stewart
represents a generation which is set to take our company into
the next 70 years.*



▲
Christi Muir and her family own and operate Pepper's Deli, a unique café/book exchange business, while Bendigo Bank's business banking team supports the small business with financial products and services for its day-to-day and long-term banking needs.



▶
While three-year-old Jude Stewart puts all of his efforts into his latest coloring-in project, his parents are planning for his financial future with Jude's first bank account – a Piggy Account.

Financial Calendar 2006/2007

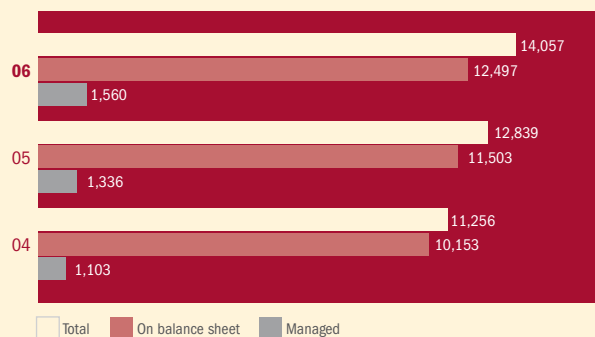
2006

28 August	Ex-dividend date
1 September	Final dividend record date
15 September	Bendigo Preference Share dividend
29 September	Distribution of final dividend
30 October	Annual General Meeting
15 December	Bendigo Preference Share dividend

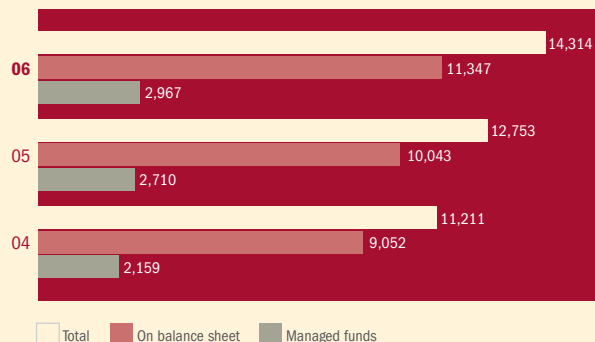
Proposed dates 2007

February	Announcement of interim results and interim dividend
26 February	Ex-dividend date
2 March	Interim dividend record date
15 March	Bendigo Preference Share dividend
30 March	Distribution of interim dividend
15 June	Bendigo Preference Share dividend
August	Announcement of final results and final dividend
17 September	Bendigo Preference Share dividend
28 September	Distribution of final dividend
29 October	Annual General Meeting
17 December	Bendigo Preference Share dividend

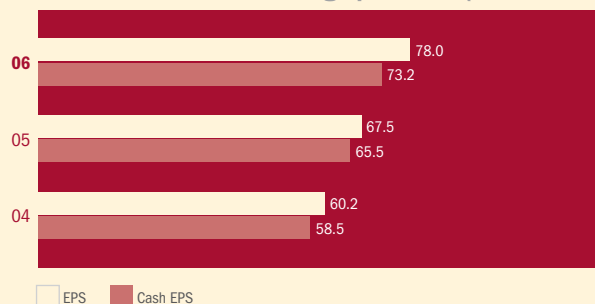
Group-managed loans (\$mil)



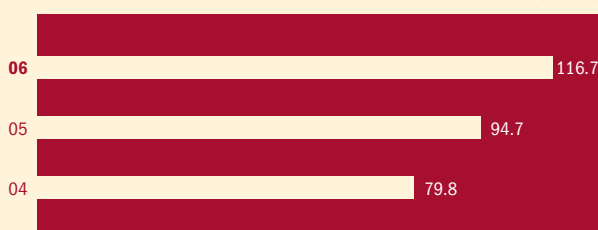
Retail deposits and funds under management (\$mil)



Earnings per share (EPS - cents)



Profit after tax (\$mil)



Dividends (cents per share)



Bendigo Bank in 2005/2006 achieved an after-tax profit of \$100 million for the first time.

Profit available for distribution to Ordinary Shareholders was \$109.2 million. Even adjusted for one-off significant items, the figure was still \$100.8 million, a healthy 10 per cent improvement on the previous year.

At the start of the financial year, we aimed to increase cash earnings per share (EPS) by 10 per cent.

We achieved an increase of 11.8 per cent, to 73.2 cents per share. EPS after significant items was 78.0 cents per share. Directors declared total shareholder dividends of 52.0 cents per share, fully franked.

Our earnings performance continued a strong and steady trend. In each of the past five years we have increased cash EPS by more than 10 per cent. This is the best measure of our financial progress, as it reflects our ability to improve returns to shareholders.

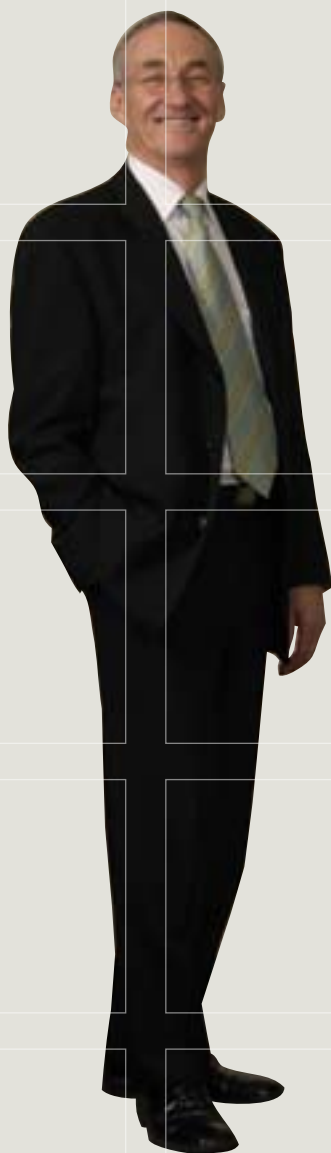
Please turn to Pages 13 and 24 for a more detailed explanation of our financial results, the first to be prepared under new international accounting standards.

Our continued earnings progress is pleasing, as it reflects our determination to build a business that can provide shareholders with sustainable earnings growth. We will improve our chances of achieving this by remaining relevant to our customers and strongly connected with our communities. This will build commitment from customers to buy from us and remain loyal to us, thereby generating sustainable revenues. These are likely to produce improved profit performance and therefore value for shareholders.

Present indications are that we remain on course. Customer satisfaction and advocacy ratings remain near all-time highs and continue to lead the banking industry. Our contribution to the prosperity and well-being of our communities is increasing. And shareholder wealth – dividends plus capital growth – is growing.

Strategy set in 1995

The footings for success were set with our conversion to bank status in 1995. We were convinced there was a place in banking for a bank prepared to work with its customers and communities for their benefit. If we could establish strong connections with them, and be relevant to their futures, there was a better chance they would opt to buy from us, remain loyal to us, and advocate us to others. We wanted the Bendigo Bank brand to mean something special.



Rob Hunt
Managing Director



Robert Johanson
Chairman

Report by Chairman and Managing Director

The company you see today is the result of more than a decade of orderly progression towards our ideal of a national financial services company with the ability to add value beyond the simple provision of products and services.

In 1995 we faced three challenges to become a long-term part of the banking system. Put simply, we had to:

- > Be able to reach more customers around Australia.
- > Provide them with a wider product choice.
- > Develop our own skills to support those products, to comply with ever-widening licensing requirements, and to contribute to communities in ways other than banking.

We approached these tasks in a measured way.

We couldn't afford to do them all at once and there have always been – and remain – more growth opportunities than we can afford to pursue. And so we ration our capital accordingly, always bearing in mind our intention to improve shareholder returns year on year.

Branded retail strategy is working

Started just 11 years ago, this branded retail banking strategy is now starting to mature. Consider the evidence:

- > We are raising deposits and loans almost equally in every market we enter, a testament to the brand value.
- > Half our branches are outside Victoria (only one was in 1995).
- > One-third of our branches are less than four years old, and based on our past experience we expect will continue to grow strongly.
- > The growth we are achieving is at profitable prices, with our gross margin exceeding those of other retail banks. We believe our fair but competitive pricing properly reflects our commitment to quality customer service.
- > We are diversifying our revenues to reduce the risk of a downturn in one sector.
- > Community engagement is proving to greatly assist customer acquisition and retention.

- > Our Wealth Solutions and Business Banking divisions are increasing their value in most of our markets, and
- > Our alliances and joint venture companies continue to grow and contribute to our profit performance.

Expansion continues

These outcomes have been produced by a strategy that has remained consistent since bank conversion and continues to produce steady expansion.

- > We continue to open around 30 branches each year, fuelling future growth.
- > Customer numbers continue to grow by a net 6,500 per month. Our brand advertising is supported by strong word of mouth support, with four-in-ten customers prepared to actively advocate our brand.
- > Our Wealth Solutions division – which is underpinned and supported through our own Sandhurst Trustees company – is achieving good results and is positioning us for continued growth into the future.
- > Bendigo Investment Services was reshaped and relaunched as Bendigo Financial Planning, which aims to provide customers with transparent, unbiased advice and we anticipate continued growth in future. By June 2007 we expect to increase adviser coverage across our network, with many of the new advisers emerging from our in-house associate adviser program.
- > All markets are now serviced by our business bankers.
- > Our joint ventures and alliances are growing at very acceptable rates.

Achieving our current position has required heavy investment, and we have expensed most of this. Future earnings will be little impacted by amortisation of past investments. We will continue with judicious investments while demand for our brand remains strong.

Strategic priorities unchanged

Our strategic priorities remain unchanged:

- > Grow at profitable prices (rather than chase market share with unsustainably low pricing).
- > Increase profit and earnings per share performance (shareholder value) in a sustainable way.

- > Further diversify our revenue base.
- > Continue to invest while demand for Bendigo remains strong.
- > Further strengthen the connections with our customers and communities (to improve the likelihood of strong relationships).
- > Bring to maturity the branches, Wealth Solutions division and alliances in which we have invested.
- > Focus on maintaining high credit standards and producing good credit management outcomes.
- > Continue to enhance the Group's risk management capabilities.

Looking ahead

We are planning for continued growth. Builders are well advanced on our new head office in Bendigo, due for completion in mid-2008 in time for the Company's 150th anniversary celebrations. This complex will be one of the largest commercial developments in regional Australia and it will confirm the City of Greater Bendigo as a leading inland city. We are grateful for financial assistance provided by the Victorian Government and for the co-operation of the City of Greater Bendigo. Both were quick to recognise the advantages of an inner city complex that will ultimately house 1,000 staff in the commercial heart of Bendigo.

As part of the building project, we will this year invest \$10 million in a new, off-site technology centre on the outskirts of Bendigo. This centre will allow for considerable growth in our business.

We conduct our business in an evermore competitive environment. Competition will further intensify as overseas banks and non-bank competitors continue to enter markets once the preserve of Australian financial services companies. Experience has shown us capable of adapting our business to grow profitably in changing markets.

Our future in a more competitive market will be secured by our relevance to our customers and communities. If Bendigo is seen to be valuable to them, then we will win our share of business.

For this reason, we will continue to broaden our community engagement activities such as our Lead On youth and community development program and community foundation. We will ensure all our regions have the skills to undertake these activities.

In early 2006, we brought our company and community owned branches together under the one division. It had been necessary to quarantine our **Community Bank**[®] division while the model was being developed and proven, but with 182 branches and a proven track record, it is no longer necessary. Both networks will learn from each other.

Having attracted more than one million customers to the Bendigo brand, we are now focused on deepening the relationships we have with them. Research shows that most customers are happy for us to make relevant product offers to them and we are therefore investing in sales, retention and value-add programs. These will be monitored to ensure they are focused on improving outcomes for customers, not just on achieving sales.

Customer service and community relevance remain our longest standing competitive advantages and we will continue to invest in the people and technology needed to maintain standards.

We anticipate growing revenues from Wealth Solutions and Business Banking as they become more fully integrated into our customer offering. Our alliances and joint ventures, too, are expected to further improve their profit contributions. And of course we will continue to open more branches across Australia.

For all these reasons, we remain confident about our capacity to further improve shareholder returns. We are targeting an increase in cash earnings per share of around 10 per cent in 2006/2007.

Board renewal

In March 2006, Richard Guy OAM stood down as Chairman after 19 years at the helm of our Company. In August 2006, he resigned as a Director from the Board he first joined in 1982. All shareholders will join us in thanking Richard for his long service and congratulating him on his leadership during a long period of sustained change and growth for the Company.



Whether you bank in one of our 335 branches, via the internet or have business at our Bendigo-based Head Office or State offices throughout the country, you will find staff just like Customer Relationship Officer Lisa Hedley more than happy to assist you with all your banking needs.

'What will have Bendigo Bank pressed on the screen in 20 years time? It will have nothing to do with product, price and feature because they can be replicated overnight. It will not be convenience, because all banks will be convenient. It will be whether our bank is relevant to customers – to their families, their communities and their aspirations. Our business model aims to build stronger connections with our customers and communities so there is a greater likelihood they will buy and stay. That's what will make our business sustainable for the long term.'

Rob Hunt – Managing Director

Richard joined a building society with 12 Victorian branches, \$176 million in assets and an after-tax profit of \$2.7 million. He leaves a bank with 335 branches across Australia, assets under management of \$17 billion and an after-tax profit of more than \$100 million.

He chaired the Company through the development phase of the community banking and broader community engagement strategies that are producing sustainable growth, and he proudly – and we think rightly – claims his greatest achievement was to encourage the Bendigo culture which keeps this organisation at the forefront of customer service in Australian banking. Over 18 of his 19 years as Chairman, Richard and our current Managing Director, Rob Hunt, formed a team that led the emergence of a new style of banking. This achievement will be writ large in our company's history. Richard Guy has been a tremendous ambassador for the Bendigo and represented us with great distinction in many and varied forums. We thank him for his enormous contribution and wish him and his family well for the future.

Our succession planning ensured a smooth transition to the leadership of new Chairman Robert Johanson, a Director of 18 years standing and Deputy Chairman for the past five years. We also appointed two new Directors who bring new perspectives and ideas to the table. Profiles of Deborah Radford and Tony Robinson are presented on Page 43 of this report.

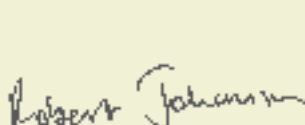
Finally

Our business model looks incredibly complex with company and **Community Bank**[®] branches, some private franchises, agencies, subsidiaries, joint ventures, alliances and third party arrangements. In fact, though, the Bendigo Group is built on the four basic businesses featured in this report:

- Distribution of banking and other services
- Product manufacture or importing
- Technology, and
- Balance sheet and risk management.

Above all these is our community engagement strategy. This year we produced a separate report outlining some of the social benefits this is producing. Entitled *Bendigo Bank in the community*, it is available on our website or by request to our Customer Help Centre on 1300 361 911.

The strength of our business lies in our connections with our past and those we are developing with our customers and communities today. From our past we take a service ethic and reputation that have enabled us to attract more customers. For our future we are committed to further strengthening the connections we have with our customers and communities. Both depend on the ability of our staff to deliver the Bendigo way of banking and we thank them for their ongoing commitment to our success.



Robert N Johanson
Chairman



Rob Hunt AM
Managing Director



◀
Bendigo Financial Planning Adviser Troy West is part of a growing team of advisers based in our branches throughout Australia, working towards ensuring our customers achieve their financial goals.



Shareholder Privileges

Bank with us and everyone wins

We have used this sign for years on the window of **Community Bank**[®] branches to promote the benefits to the community of supporting their local bank branch.

This applies equally to your shareholding in Bendigo Bank. By transferring more of your banking to us, you will benefit through improved returns. The Shareholder Privileges listed on the following page provide a range of special offers to individual shareholders with more than 500 ordinary shares or 40 Preference Shares (1,500 and 120 for companies). They are incentives for you to do more with us.

Of course we wouldn't make this offer if we weren't sure we could back it up with the best service in banking.

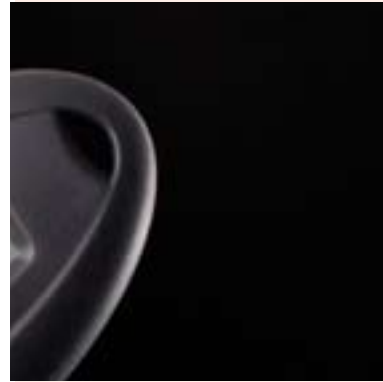
Visit www.bendigobank.com.au to find your nearest branch, or phone us on 1300 366 666 between 8.00am and 8.00pm (Victorian time) on weekdays, 9.00am and 4.00pm on Saturdays or 10.00am and 4.00pm on Sundays. Our call centre staff can either help you directly with your business inquiry or can find your nearest branch.

Once you get started, you can elect personal service or self-service through our 24/7 internet and phone banking services.

Melbourne-based shareholder Patrick Fitzsimmons keeps an eye on Bendigo Bank's share price. Shareholders earned total dividends of 52 cents (fully franked) in 2005/2006.

Privilege 1 Shareholder Account	<p>A convenient transaction account with benefits including an attractive rate of interest on a daily basis and a transaction account rebate of \$10.00.</p> <p>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.</p>
Privilege 2 Special Term Deposit	<p>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.</p> <p>Minimum deposit \$5,000. Term Deposit rate applicable on date of redemption of this offer. The rate listed is subject to change.</p>
Privilege 3 Lending Products	<p>\$0 Loan Application Fees for Home Loans, Investment Loans, Commercial Loans and Personal Loans</p> <p>Maximum value of loan application fee waiver is \$1,000 per application. Excludes all Bendigo Agribusiness Lending products.</p> <p>0.25%p.a. discount on the standard variable and fixed interest rates for Margin Lending.</p>
Privilege 4 Insurance	<p>10% discount on premium for House & Contents Insurance</p> <p>20% discount on premium for Travel Insurance</p> <p>5% discount on premium for Car Insurance</p> <p>10% discount on premium for Landlords Insurance</p>
Privilege 5 Bendigo Bank Credit Card & Bendigo Rewards	<p>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 to Bendigo Rewards.</p> <p>Plus 5,000 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 5,000 points.</p> <p>Annual fee of \$35 applies to the Bendigo Red Up to 44 Days Interest Free credit cards.</p>
Privilege 6 Financial Services	<p>No obligation initial financial consultation and financial plan prepared by a Bendigo financial planner.</p> <p>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 Bendigo financial planner.</p> <p>20% discount on initial advice & implementation fees and on-going servicing fees paid via an on-going service agreement.</p> <p>Financial Planning services are provided by Bendigo Financial Planning Ltd ABN 81 087 585 073, AFSL No. 237898, a subsidiary of Bendigo Bank, operating throughout Bendigo Bank branches in VIC, SA, QLD, NSW, ACT & WA.</p>
Privilege 7 Foreign Currency & Travellers Cheques	<p>Receive a 50% discount on standard fees when buying foreign bank notes and on foreign currency cheque conversions (cash letter and collection items)*.</p> <p>Travellers Cheques FREE of commission charges. A safe way of carrying funds overseas or within Australia.</p> <p>Receive a 50% discount when cashing non-Amex Travellers Cheques*.</p> <p>*Please refer to the Bendigo Bank Schedule of Fees, Charges and Transaction Account Rebates brochure for full details of fees and charges.</p>
Privilege 8 Bank Draft & Telegraphic Transfers	<p>50% discount on issue of Foreign Bank Drafts and Telegraphic Transfers*.</p> <p>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**.</p> <p>*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.</p> <p>** Please refer to the Bendigo Bank Schedule of Fees, Charges and Transaction Account Rebates brochure for full details of fees and charges.</p>
Privilege 9 Sandhurst Trustees	<p>Sandhurst Trustees, a wholly owned subsidiary of Bendigo Bank offers all shareholders 10% off preparation cost of wills.</p> <p>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 No. 237906, 18 View St, Bendigo, VIC 3550.</p>
Privilege 10 Bendigo Online Share Trading	<p>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 two months of the account opening).</p> <p>Visit http://www.bendigobank.com.au/share_trading/shareholder_offer.asp for full terms and conditions and to complete your application today.</p>

All offers are valid until 31 December 2006 with the exception of Bendigo Online Share Trading which expires on 30 November 2006.



▶
Web Services Officer Kristen Maggs and her team have had a busy 12 months, due in part to a 107 per cent increase in the take-up of our security tokens, providing our 135,000-plus internet banking customers with an extra level of security.

Results at a glance

Connections - Our present

As a result of our strategy, focusing on the five key business elements and community enhancement, the Bendigo Bank Group today has:

- > An ever-expanding network and product range.
- > An emerging relationship with our one million-plus customers.
- > Continued demand for **Community Bank®** and company branches.
- > Growing contributions from joint ventures and alliances.
- > A branded retail bank strategy with a focus on diversity of revenues.

	June 06 \$m	June 05 \$m	% Increase (Decrease)
Headline result			
Interest income	907.5	815.0	11.3
Interest expense	592.4	528.9	12.0
Net interest income	315.1	286.1	10.1
Other income	201.8	172.9	16.7
Total income	516.9	459.0	12.6
Total expenses	344.2	309.9	11.1
Bad and doubtful debts expense	7.0	13.6	(48.5)
Profit before tax	165.7	135.5	22.3
Income tax expense	49.0	41.2	18.9
Minority interest	-	0.4	-
Profit after tax	116.7	94.7	23.2
Earnings per ordinary share	78.0 cents	67.5 cents	15.6
Return on average ordinary equity	15.1%	14.0%	8.3
Dividends per share	52.0 cents	45.0 cents	15.6
Result before significant items			
Profit after tax	108.3	91.7	18.1
Expense to income	66.6%	66.9%	(0.4)
Cash basis earnings per ordinary share	73.2 cents	65.5 cents	11.8
Return on average ordinary equity	14.0%	13.5%	3.2
Other key data			
Total equity	899.5	720.7	24.8
Gross loans under management	14,057	12,839	9.5
Deposits & funds under management	16,567	15,282	8.4

Note: Comparatives for 2004/2005 have been restated in compliance with AIFRS.

Connecting with our customers

Distribution

We needed to meet demand for the Bendigo way of banking by expanding our branch and electronic networks. We opted for a combination of growing our own networks and partnering – in joint ventures or alliances – with others who were already strongly connected with their communities. This gives us a greater prospect of attracting more customers than we could by acting alone.

Retail branch network

The traditional, and most obvious, means of increasing our “footprint” has been via our branch network and we have gradually, and affordably, expanded from 74 branches in 1995 to 335 today.

Half our branches are now located outside Victoria. Thirty-four per cent of our business (and growing) is now sourced interstate and we have raised deposits and loans in equal measure, a testament to the strength of the Bendigo brand.

A national branch network needed efficient back office support that was also sympathetic to our community engagement strategy. So in early 2006, we doubled our regions from 13 to 27, with local teams overseeing branches in their region and liaising directly with local communities. This has been a major undertaking resulting in more support staff in our communities rather than working at a centralised regional office hundreds of kilometres away.

As part of this restructure, we consolidated our company and **Community Bank**[®] networks into one at no nett cost. Smaller regions will enable our regional managers to drive improved business performance through developing closer connections with their customers and communities. Purely administrative functions were centralised in new State Offices established in Victoria, Queensland, New South Wales and Western Australia.

We try to develop branch clusters on a hub-and-spoke basis, with a company owned branch providing specialist services such as business banking and financial planning advice to surrounding **Community Bank**[®] branches.

In 2005/2006 we opened new company owned branches in:

Ballarat West, VIC

Docklands, VIC

Griffith, NSW

Lavington, NSW

Joondalup, WA

Up to 30 more branches will open in 2006/2007, continuing to broaden our reach.

There will be a focus on emerging markets, including the Northern Territory and New South Wales. Coolalinga **Community Bank**[®] Branch will be our first NT branch when it opens in September 2006. We are relative newcomers in NSW, the nation's biggest banking market, but interest in our brand is growing and we are confident of winning business. In the past three years we have increased our branch numbers in NSW by 76 per cent and grown our business in the State by 112 per cent, continuing to attract more than 1,200 new customers every month.

Community Bank[®] network

Community Bank[®] branches now comprise more than half our network. This demonstrates the strength of the demand for Bendigo's customer and community focused approach to banking.

Our **Community Bank**[®] network grew by 28 branches in 2005/2006. When we launched this banking model, we said it would provide communities with benefits far beyond banking. Eight years on, this is becoming more apparent as communities, and Bendigo Bank, share in the rewards from this enterprise.

- > Communities have received \$224 million in revenue paid to them by Bendigo Bank, \$76 million in the past 12 months.
- > More than 14,000 community shareholders have received dividends totalling \$4.4 million.
- > Local boards have paid out \$6.09 million in sponsorships, donations and contributions.



◀
Much about life on the land for regional Victorian farmer David Johnson is unpredictable but the one thing David can depend on is the customer service of his personal Agribusiness banker.

- > In 2005/2006 communities spent \$33.4 million in their communities on wages, rent, accounting, cleaning and so on. Given a multiplier effect of three, this means branches inject almost \$100 million into their communities every year.
- > **Community Bank**[®] has contributed \$21 million to our pre-tax profit, a 39 per cent increase.
- > 73 **Community Bank**[®] branches are in accumulated profit.
- > 109 **Community Bank**[®] branches declared an operating profit in 2005/2006.

Communities are also benefiting from improved skills, confidence and prospects. More information is available in *Bendigo Bank in the community*.

Agencies

Our agency network provides us with great flexibility in responding to community demands for the Bendigo Bank service. They are increasingly used as stepping stones for those communities wishing to join our branch network. Last year, seven agency sites were upgraded – four to full **Community Bank**[®] branches, two to **Community Bank**[®] sub-branches and one site to a company-owned sub-branch. **Community Bank**[®] campaigns are currently underway in seven communities where there is already an established Bendigo Bank Agency.

Our agency network now holds more than \$1 billion in deposits and in the past 12 months the network averaged more than 80,000 transactions each month.

A new low-cost, real-time banking system (Agent Delivery System – ADS) has been developed and by late 2007 will fully replace the existing manual system. ADS will provide agency customers with a significantly better level of service as well as cost efficiencies for the Bank and our agents.

Bendigo OnCall

Bendigo OnCall, our telephone service centre, clocked up one million personal service calls in 2006. Inquiries continue to grow as customers elect to receive their banking advice and solutions via the phone.

Customers serve themselves on our 24/7 automated service, usage of which grew by 23 per cent last year to 6.368 million log-ons. We plan to upgrade this system during the next 12 months. We must also ensure customers wishing to speak with us can do so in a timely manner and so we continue to increase staffing in line with customer growth.

Customer Help Centre

Customer Help Centre keeps us in touch with customer feedback. Its staff accept all inbound general phone calls. In 8 out of 10 instances, they are able to deal with inquiries without transferring customers.

Our team monitors service standards and researches customer needs and perceptions, ensuring changes are implemented to provide customers with good experiences. This has helped us retain the top rating for banking service standards.

Our level of customer service is measured by:

- > Information identified from phone calls, letters or e-mails.
- > Compliments, concerns and ideas expressed by customers or staff.
- > Cases referred by the Banking and Financial Services Ombudsman.
- > Results from external and internal “mystery shopper” surveys.

In the past year, Customer Help received more than 150,000 customer calls, plus around 6,000 calls and e-mail requests from branches seeking specialist help for their customers.

Operating from 8.30am until 6.30pm (Victorian time) from Monday to Friday, our team of 16 staff is dedicated to offering exceptional service to customers and Bendigo staff throughout Australia. Call 1300 361 911.

Internet banking

Our 24/7 internet banking service continues to be a growing distribution channel, with a 21 per cent increase in log-ons last year. Financial transactions processed by phone and internet banking in the month of June 2006 totalled \$1.3 billion, an increase of \$0.5 billion (38 per cent) compared with the same month in 2005. The number of active users of internet banking grew from 105,000 to 135,000 per month. We have also seen a 107 per cent increase in the take-up of our security tokens during the year, providing an additional level of security for customers. We strongly urge internet banking customers to purchase and activate a token.

Elders Rural Bank (ERB)

(joint venture with Futuris Corporation Ltd)

Elders Rural Bank, a joint agribusiness banking venture between Bendigo Bank and Futuris Corporation, continued to broaden its appeal to farmers, with customer numbers increasing by 7,000 to 58,000. ERB announced an after-tax profit for the year ended 30 June 2006 of \$30.1 million, a 10 per cent increase. Despite the ongoing challenging seasonal conditions, ERB increased loans under management to \$2.834 billion, a 21 per cent increase on the previous 12 months. Loan quality remains excellent, a reflection in part of the close relationships the Elders network enjoys with its rural customers.

Tasmanian Banking Services (TBS)

(joint venture with Tasmanian Perpetual Trustees)

Tasmanian Banking Services provides local ownership participation in the Tasmanian banking market. Launched with one branch (Burnie) in November 2000, TBS now operates seven branches. In 2005/2006, the joint venture reached total business holdings of \$578 million. TBS continues to perform strongly, growing its banking business by \$88 million and making a profit contribution to Bendigo Bank. Two more branches will open in 2006/2007, Kingston in the south and Kings Meadows in the north of the State.

Silver Body Corporate Financial Services

(joint venture with Stewart Silver King & Burns - SSKB)

This joint venture with a Queensland-based body corporate management company provides banking arrangements for body corporate companies managed by SSKB. A Bendigo Bank branch in the Gold Coast offices of SSKB provides a full banking service to SSKB's body corporate clients and the Bundall community. In its first year of operation, this joint venture attracted strong banking business, resulting in a small monthly profit returned in the first months of 2006.

GuildBanking

(alliance with Guild Insurance & Financial Services)

A provider of specialised banking services to pharmacists, GuildBanking is an alliance with Guild Insurance & Financial Services, a subsidiary of the Pharmacy Guild of Australia. In the past 12 months, GuildBanking launched two new cashflow finance packages, for the physiotherapy and childcare industries. GuildBanking continues to grow strongly, with a 14 per cent increase in banking business – following a 24 per cent increase in the previous year. This growth comes in what continues to be a highly competitive market.

Community Sector Banking

(joint venture with Community 21 Ltd)

Due to the unique structure of Community Sector Banking (CSB), it is the best positioned financial entity to manufacture and deliver financial services and solutions to the not-for-profit sector in Australia.

CSB was established as a joint venture between Bendigo Bank and Community 21 Limited, a company currently representing 20 community sector organisations. Since its inception, CSB has delivered specialist financial products specific to the not-for-profit sector and has grown its client base to over 7,800 accounts – an increase of 70 per cent during the financial year.

In the past 12 months, the balance sheet of CSB has grown by 41 per cent and it has provided a \$240,000 investment into capacity building of the not-for-profit sector, through the establishment of Community Sector Innovation (CSI) – a division of CSB. A further \$1 million investment to support capacity building of the sector is planned for the 2006/2007 financial year.

The commitment of CSB to the development and enhancement of the not-for-profit sector is evidenced by the range of financial and non-financial capacity building initiatives that are currently under development.

They include:

- > Child care solutions
- > Telco/IT connectivity solutions
- > Affordable housing
- > Renewable energy
- > Transport solutions for local communities and people with disabilities
- > Insurance
- > Funds management facilities

National Mortgage Market Corporation (NMMC)

(fully owned subsidiary)

While the vast majority of Group loans are written through our retail bank, it is important that we are represented in the third party origination market. Under its HomeLend™ brand, NMMC has restructured and repositioned to take advantage of the growth in this market.

Product manufacture and import

We have now largely met one of the great challenges facing us at bank conversion – broadening our product range. Most products have been developed internally through our Solutions division; some specialist services are imported from strategic partners (eg. agribusiness products through ERB). A wide product range helps us attract and retain customers and diversify our revenue.

Wealth Solutions (incorporating Bendigo Financial Planning)

Banking is just one element of customers' financial dealings. Growing wealth through non-bank investments is assuming increasing importance as an ageing population saves for retirement. Customers currently have \$14 billion invested with our bank, \$3 billion through our Wealth Solutions product offerings such as superannuation and managed funds (including common funds) as well as \$1.4 billion funds under advice in our financial planning business. There is clearly great potential to grow this part of our business and the foundation blocks are now in place.

Bendigo Wealth Solutions incorporates four key businesses – Bendigo Financial Planning Limited, Sandhurst Trustees Limited, Victorian Securities Corporation Limited and margin lending. The division increased its contribution to the Group's result by 6.8 per cent, to \$25 million, or 15 per cent of pre-tax profit. Funds under management grew by 9.5 per cent, to just under \$3 billion.

- > Wealth Solutions is distributed through our bank branches, making it accessible to our million-plus bank customers.
- > Our Wealth Solutions products are easily understood and reflect our customers' risk profile.
- > Our financial planners do not receive sales-based payments, meaning customers can be assured of receiving unbiased advice.

The last plank of this platform came into effect from 31 July 2006 with the enhancement of the financial planning model and relaunch under the new name of Bendigo Financial Planning (replacing Bendigo Investment Services). In the face of industry wide consumer concern that sales commissions can lead to biased advice, we eliminated sales incentives and placed our planners on a professional fixed salary. They are also entitled to participate in the same Group bonus program as all other staff. Under the new model, customers are in control of their fees and the level of service they receive. Customers can choose up-front advice only, or advice plus ongoing service. They can also select how they wish to pay for the advice – either direct fees or through a commission paid to the bank by the product provider. Either way customers know exactly how much they pay and their fees will be capped at pre-agreed levels.

We are confident the changes will increase branch referrals to the benefit of customers and our Company. This will be further aided by a program to train planners recruited from within the bank. An Associate Planner Program launched in 2005 has seen six planners graduate with another eight training currently. During this year, Bendigo Financial Planning aims to increase its planning staff to base more planners in more branches across Australia.

In addition to the changes made to the financial planning business, Sandhurst Trustees enhanced its existing product suite through the launch of the Sandhurst Professional Series and Bendigo Super Easy Superannuation Plan. The Professional Series offers customers an international equities managed fund which has not previously been available through Sandhurst. In addition, Bendigo Super Easy offers a simple and low fee superannuation alternative.

Although Wealth Solutions is a relatively young business, 14 per cent of our customers already have at least one relationship with us. We are confident this figure will grow and that Wealth Solutions will become an even more important contributor to the diversified income base we seek.

Funds Management

In May 2006, Sandhurst Trustees launched the Sandhurst Professional Series to cater for large investors and self-managed superannuation funds. The domestic investment manager is Investors Mutual Limited – with which we have a strategic alliance – and overseas investments are through Global Value Investors Limited, allowing mezzanine investor access to GVI's Global Industrial Share Fund. Our share funds predominantly invest in industrial stocks.

Our products now cater for retail, mezzanine and wholesale investors. In addition, the managed funds offered through the Bendigo Bank Group and external financial planners provide a variety of investment opportunities including superannuation, national and international equities, mortgage funds, cash, diversified managed funds and funeral bonds.

Funds under management grew by \$257 million (9.5 per cent) to \$2.967 billion at 30 June 2006. Select Mortgage Fund grew by \$243 million (18 per cent) to \$1.6 billion, consolidating its place as one of the top 50 managed funds in Australia.

Victorian Securities Corporation Limited (VSCL) (wholly owned subsidiary)

As the only debenture-issuer for the Group, our Ballarat-based finance company continued with its successful philosophy of providing a simple competitive product to meet investor needs. VSCL continues to grow strongly with a 8.0 per cent increase in total assets. The appointment of additional employees at its Melbourne-based Business Development Unit provides the base for growth opportunities in 2006/2007.

The company has been an important part of Ballarat since 1960, and a foundation on which the Bank plans to further increase its commitment to that community. During the year VSCL moved into its newly expanded premises in Chancery Lane, which also houses the Bank's North West Regional Office, relocated from Bendigo to Ballarat in 2005.

Margin Lending

Bendigo Margin Lending enables customers and shareholders to use shares or managed funds as security for a loan. Using shares, managed funds or cash, a margin loan enables investors to borrow additional money to build an investment portfolio. Bendigo Margin Lending was established in 2002 and has experienced solid growth, with loans outstanding doubling during 2005/2006.

Banking Solutions

Banking Solutions develops new products for individual, business and internet banking customers.

In the past 12 months, we have responded to the needs of Australia's ageing population with home equity release products designed to boost retirees' cashflow while providing them with certainty about the future of their home. In 2005, the Bank released a new product, Bendigo Retirement Lifestyle Income, aimed at helping Australian retirees, aged 65-plus, who are asset rich but cash poor. This followed the earlier release of Homesafe Debt Free Equity Release, a deferred sale of an agreed proportion of the home, issued through a joint venture company. Both products have been well received and sales are growing.

Bendigo's Our Community Account has been developed for customers with an interest in supporting their local community and others around Australia. Customers opt to donate half, or all, of their interest to Bendigo's charitable arm, Community Enterprise™ Foundation, for distribution to not-for-profit groups.

An additional internet banking service, B_{PAY}® View, was launched in May 2006. It enables customers to receive and pay bills electronically through our e-banking facility. To use this service, customers register for billers to send their account invoices (bills) directly to our Bendigo e-banking site. All the payee and amount details are automatically inserted by the Biller, making payment easy and accurate to process.

Insurance

During 2005/2006, Insurance division achieved an increase of 12 per cent in income and 15 per cent in profit growth in what is an extremely competitive general insurance market.

We have formed an alliance with Australian Unity to provide health insurance to customers. Launched in September 2006, Bendigo Health Cover expands on our existing Insurance products suite.

For more information regarding this new product, call into your nearest Bendigo Bank branch, visit www.bendigobank.com.au or phone Bendigo Insurance on 1300 557 153.



▶
Kate Smith is proud to hand over her Bendigo Bank RSPCA Rescue Visa credit card. During the past 12 months, simply by using her Bendigo Bank credit card, Kate has helped Bendigo Bank raise more than \$44,000 for the RSPCA's national Adopt-A-Pet program.

Cards

Our cards business grew in a highly competitive market. Credit card receivables increased by 19 per cent, to \$114 million and a total of \$1.7 billion was spent by customers using their Bendigo Bank branded credit and debit cards. Our Bendigo Red no-interest-free period credit card won a Silver Medal in the Money Magazine Annual Credit Card Awards.

In October 2005, we launched a new co-branded card in partnership with the RSPCA, with 3,000 cards issued since its introduction. Revenue generated by the card program has raised more than \$44,000 for the RSPCA's Adopt-A-Pet program which is aimed at providing homes for abandoned animals.

Our Merchant Services business faced aggressive pricing competition but increased the number of businesses using our facility by 21 per cent.

Customers have access to 406 Bendigo-branded ATMs throughout Australia, with 72 machines installed last year.

Leasing

Our Equipment Finance division supports our business customers with a range of leasing and hire purchase solutions. In 2005/2006, receivables increased by 8 per cent.

Web Partner™

Web Partner is a new initiative which provides web services for our business customers. Web Partner helps businesses develop and maintain a company website and provides regular performance tracking reports. Importantly, it also gives businesses the tools to sell goods and settle payments online. The initiative is new but has been well received and will play an important role in further cementing relationships with our business customers.

Invoice discounting (Oxford Funding)

In April 2005, the Bank acquired 100 per cent of the national specialist cashflow financing company Oxford Funding Pty Ltd. The acquisition of Oxford Funding was an integral part of the Bank's strategy of broadening our ability to support the small-to-medium enterprise (SME) sector.

The acquisition enables the Bank to offer our business customers a range of flexible invoice-based working capital solutions to compliment our traditional overdraft facility with reliance on "bricks and mortar" security.

During the year, we developed a Bendigo Bank-branded confidential invoice-based cashflow finance solutions product for distribution through the Bank's business banker and branch network. Additional innovative invoice-based cashflow finance products are currently being developed and will be rolled out during 2006/2007. Oxford Funding continued to sell their range of Oxford branded products through their own distribution channels.

In addition to the development and rollout of additional products from Oxford's current product suite, various Oxford business functions, systems and processes were consolidated into the Bank.

Homesafe Debt Free Equity Release

Through a joint venture company, Homesafe Solutions, we make this equity release product available to elderly homeowners looking to free up part of the cash value of their home. Owners make a deferred sale of an agreed proportion of their home to the company in return for an up-front cash payment. They continue to own and live in the home, making no payments, until they die or sell the home. Homesafe then receives its portion of the sale proceeds. Acceptance of this new-style product has been encouraging, with 118 sales to 24 August 2006 and inquiries running at 1,000 a month. The program is currently limited to Melbourne and Sydney while we seek external funding to support its growth.



Chief Manager Business IT Strategy, Sonia Greguol, is helping oversee the development of our new \$10 million technology centre in Bendigo. The centre is expected to cater for our information technology needs for up to 20 years.

Technology

Technology is at the heart of our business.

Our customers depend on it for virtually every one of the 100 million transactions they perform in a year.

Even the 7 million branch-based transactions are processed electronically. Our record-keeping, accounting, computations, reporting and communications all depend on sound, efficient technology. We are, in large part, a technology company.

Last year we spent \$28.3 million, or 8.4 per cent of operating expenses, on information technology (not including staff costs). This year we will invest even more to keep current systems up to date and introduce new technologies.

Major investments will include:

- > A document management system that will improve workflows, record-keeping and customer information.
- > Enhancements to reporting to meet our statutory obligations under new Anti Money Laundering laws.
- > Reporting changes to incorporate the Basel II changes to calculation of our capital requirements.
- > A line upgrade to improve bandwidth across our branch network.

We will also invest almost \$10 million to build a new IT Data Centre in Bendigo. Our current centre will be demolished to make way for the Bank's new head office. The new centre is expected to be operational by March 2007 and is expected to cover our IT needs for the next 15 to 20 years. We have also used the opportunity to substantially upgrade our information technology capabilities and infrastructure to further improve customer service.

Strategic Payment Services

In early 2006, we formed Strategic Payment Services (SPS) Pty Ltd, a joint venture company with Customers Limited and MasterCard Asia/Pacific (Australia) Pty Ltd. Expected to be operational by the end of 2006, SPS will initially process and manage all Bendigo Bank and Customers ATM and EFTPOS transactions. Formed following the introduction of the Reserve Bank's EFTPOS reforms, SPS will save us money on our transactions while offering other organisations with similar needs a state-of-the-art and efficient payment service.

Financial Result

Bendigo Bank's after-tax profit topped \$100 million for the first time.

Profit available for distribution to ordinary shareholders was \$109.2 million, a 15.3 per cent increase on 2005.

This figure benefited from significant items totalling \$8.4 million after tax. Excluding those items, net profit was \$100.8 million, up from \$91.7 million, a 10 per cent lift.

Reported return on equity increased to 15.1 per cent. We are comfortable with our progress on this important performance measure.

Cash earnings per share increased by 11.8 per cent, to 73.2 cents, exceeding the bank's targeted ten per cent improvement. Total earnings per share were 78.0 cents.

Dividends for 2005/2006 totalled 52.0 cents (up from 45.0 cents in 2004/2005), which represents a payout ratio of 66.7% of total earnings per ordinary share or 71.0% of cash basis earnings per ordinary share (2005: 66.7% and 68.7% respectively).

The result continues Bendigo's steady progression in profitability and earnings in line with the growth in our business. Our balance sheet is growing, we continue to open new branches, sign new customers and deepen our relationships with existing customers and communities across Australia. And our earnings are improving as we leverage that balance sheet growth against investments in expanding our network and product range over the past few years.

This was the fifth year in a row we increased cash earnings per share, and dividends, by more than 10 per cent.

Lending and retail deposits continued to grow strongly, with loans under management up 9.5 per cent to \$14.1 billion and retail deposits increasing by 13 per cent to \$11.3 billion. Retail deposits comprised 83 per cent of total deposits. Managed funds increased by 9.5 per cent to \$3.0 billion.

While loan growth was slightly below the banking system, we resisted chasing growth for growth's sake and instead concentrated on writing quality business at profitable prices. The result was that we achieved reasonable volumes of new business on both sides of the balance sheet – and at a slightly increased margin.

Credit quality remains excellent. Net impaired assets decreased from 0.07 per cent of gross loan receivables at June 2005 to just 0.05 per cent at 30 June 2006. Group assets grew by 9.7 per cent, to \$15.2 billion.

Income growth continues to exceed investments we make in distribution, product and people. While this allows only modest improvement in cost ratios (down from 66.9 to 66.6 per cent), we will continue to invest while demand for the Bendigo style of banking remains strong.

We remain cautiously optimistic about trading conditions, with the economy having shown signs it can absorb reasonable increases in interest rates and fuel prices.

The Bank's credit ratings are:

- > Standard & Poor's: BBB+/A2
- > Fitch Ratings: BBB+/F2

Community engagement

Our work with communities is at the core of our business strategy. We have consistently stated our belief that investing time, money and effort in helping communities prosper will grow our Company as customers recognise our contribution and reward us with their business. There is now clear evidence of that emerging, with more than a quarter of our business directly sourced from community partnerships.

This year we released *Bendigo Bank in the community*, our inaugural report on our community engagement activities. You can find it on our website or request a copy by phoning 1300 361 911. The information below is a brief summary.

Community Bank®

Our **Community Bank®** model is the most recognised of Bendigo Bank's community engagement activities. It is important to note that our **Community Bank®** branches, which now number more than our company owned branches, are providing significant returns not only to individual communities, but to our Company.

Community benefits

Our **Community Bank®** communities received a total of \$224 million in income in the eight years to 30 June 2006

More than 800 jobs have been created in Australian towns and suburbs

More than \$10 million has been distributed through funding for local projects or local shareholder dividends.

Bendigo Bank benefits

Community Bank® has delivered more than \$7 billion in banking business to our balance sheet

Customers, most who are new to Bendigo Bank, have opened almost half-a-million accounts via the **Community Bank®** network

Enabled us to expand our distribution network by 182 branches

Contributed \$21 million – or 12.7 per cent – to our 2005/2006 pre-tax profit.

In 2006, the strength of our **Community Bank®** network was evident. The northern Queensland community of Babinda had been campaigning for a **Community Bank®** branch for several years. Just weeks before the local committee formed its community company and launched its public share offer, Cyclone Larry hit the coast of Queensland. The Babinda community was devastated by the cyclone which destroyed crops and which looked like setting back the local **Community Bank®** campaign. Immediately, one of our pioneering **Community Bank®** directors, Llew Vale from Toora, sent out an SOS to **Community Bank®** directors throughout Australia, asking if they would be prepared to purchase a small number of shares to help Babinda get over the line, if needed.

The shares would only be held temporarily by the **Community Bank®** companies, to be sold back to Babinda locals once they were back on their feet financially. The overwhelming response from the network was yes: a great example of our **Community Bank®** network being willing to help others in need.

The important point is that all of these 182 communities were banking somewhere prior to their **Community Bank®** enterprise, but today by doing their banking through their local **Community Bank®** the benefits to their community are far greater. These communities are today:

- > Retaining local capital.
- > Improving local competition.
- > Building local competencies.
- > Lifting confidence levels.
- > Lifting the commitment to work together to create improved outcomes.
- > Introducing the prospect of identifying and developing local champions for all of these community activities.
- > Fostering co-operative and community spirit.



Bendigo Bank



▶ Elmore **Community Bank**[®] shareholder and customer Sandra Holmberg and two-year-old Max take advantage of 24/7 banking, using one of Bendigo Bank's 400-plus ATMs.

*'I went down to the opening of the new **Community Bank**[®] in Hurstbridge and two or three hundred people turned up. In my 30 years in the industry, working with another bank, I had never seen anything like it.'*

Jim Christie (who later became founding Chairman of East Doncaster **Community Bank**[®] Branch)

QLD Logan's League of Little Heroes - \$3,000

Logan **Community Bank**[®] Branch staff and directors organised for 30 local children suffering from serious illnesses, and their families, to spend a day at Movieworld Theme Park. On their arrival, they joined local Logan police officers in their hunt to find the "baddies" who had stolen the keys to Movieworld. During their search, the children met superheroes and were treated as VIPs for the day.

WA North Perth saving Hyde Park - \$50,000

Saving Hyde Park Lakes is the focus of a public appeal launched by the Town of Vincent. Money raised by the appeal will be used to repair sinking lake walls, improve water quality and the lake's general health. Kicking off the appeal was a \$50,000 grant from North Perth **Community Bank**[®] Branch. During its five-year history the branch has accumulated an \$80 million portfolio and paid good returns to the "Mums and Dads" of North Perth who founded and invested in the community company.

NSW Oak Flats - \$80,000 in grants

In July 2000, the NSW regional town of Oak Flats launched its **Community Bank**[®] branch. In the 2001/2002 financial year, the local company was in a position to grant \$3,500 in company surpluses to community projects. In 2003/2004, almost \$20,000 was gifted to the community. This past financial year, the local board proudly handed over \$80,000 to 19 local community groups and projects. Students at Shellharbour Primary School will learn about the benefits of preserving water with the purchase of a water tank and the Beacon Foundation will use its \$2,500 grant to continue its work with teenagers at risk of prematurely leaving school.

VIC Frankston Life Education Mobile Units - \$57,000

Carrum Downs **Community Bank**[®] Branch has allocated \$22,000 in company profits to assist with the refurbishment of Frankston's Life Education Van, used extensively by schools and community groups in the area.

The Cranbourne/Pakenham Mobile Unit has a new lease of life thanks to a \$35,000 grant from Lang Lang **Community Bank**[®] Branch to re-brand and refurbish its Life Education Van.

SA Mobile speed alert device - \$18,500

As business at West Beach and Districts **Community Bank**[®] Branch accelerates, local motorists are being encouraged to slow down following one of the community company's first grant allocations. A donation of \$18,500 was made to West Torrens Council to purchase a mobile driver safety machine to display a message alerting drivers of the speed at which they are travelling and to relay road safety messages.

Community Enterprise™

Community Enterprise™ is a division of the Bendigo Bank Group. It works in partnership with communities to deliver a range of non-banking services, such as telecommunications, through a locally owned company. This captures local spending and creates a revenue stream to support local initiatives.

Community Enterprise™ achieves this via two distinct models.

The first is a full franchise in which a community establishes a new broadly owned local enterprise company that raises local capital to employ staff and to retail services that meet the needs of their community.

The first Community Enterprise™ franchise, Bendigo Community Telco (BCT), was established in May 2000. Since then, BCT has:

- > Reported a 2004/2005 turnover of \$15 million and achieved an \$18 million-plus turnover for 2005/2006.
- > Created 27 new jobs.
- > Attracted 1200 business customers.
- > Paid shareholder dividends totalling \$664,000.

A further six franchises have been established throughout Australia. These are on the Sunshine Coast and in Ipswich (Qld), the central Victorian city of Ballarat, Tasmania's Launceston and in the Dubbo/Orange/Bathurst region (NSW).

The telecommunications services offered by these franchises are delivered under licence from Community Telco Australia, a joint venture between Bendigo Bank and its telecommunications carrier AAPT.

The second model is delivered by the sixth franchise, Community Solutions Australia (CSA), which is also a wholly owned subsidiary of the Bendigo Bank Group. CSA is a referral agent model that offers telecommunications services through the Bank's retail network. CSA shares its profit 50/50 with its community partners, who use their revenue to support local projects and aspirations.

All of these communities, whether full franchises or referral agents, see other flow-on benefits, too. Aggregating their buying power into a single, cohesive

and committed buying base makes them more attractive investment opportunities for major service suppliers. That gives them more influence on the infrastructure plans of suppliers in their region.

As a Community Enterprise™ franchise and/or referral agent, they are also part of an impressive Australia-wide buying base – a base which increases its buying power each time a new community comes on board.

The people of Tongala who entered into a referral agency agreement with CSA know that a percentage of their telecommunications spend will remain local. In less than 12 months, profits from this partnership have enabled the purchase of a wheelchair access vehicle for the local aged care facility. As more people switch their telecommunications spending across to CSA, further income will become available to support other local projects.

NSX Ltd (Bendigo Stock Exchange)

Bendigo Stock Exchange merged with the Stock Exchange of Newcastle in 2005, with Bendigo Bank retaining an 11.8 per cent interest in the capital of what is now NSX Ltd. During the past 12 months, NSX has experienced strong growth in the number of listings as small and emerging companies realise that they can enjoy the benefits of listing on markets tailored for companies of their size. Across the two stock exchanges, more than 100 securities are listed. From a Bendigo perspective, more than 50 **Community Bank**® companies have either listed or applied to list.

The market capitalisation of companies listed on NSX exceeds \$800 million. Listed companies range from **Community Bank**® companies and retailers to mining companies and property developers throughout Australia.

Community Enterprise™ Foundation ('the Foundation')

The Foundation is our Company's charitable arm. It provides our communities with a tax-effective way in which to channel donations to worthy international, national and local causes. The latter is achieved by creating community management accounts within the Foundation. Local donors may stipulate their money goes to their community's account. The Foundation trustee (our subsidiary company Sandhurst Trustees) are able to receive – and, if they choose, act – on recommendations made by the community itself for the disbursement of funds.

Launched in 2004, the Foundation has distributed more than \$4.5 million to worthy local, national and international organisations and projects. It has supported victims of natural disaster, children left orphaned after a family tragedy and people in need of medical assistance. Its grants are also used as building blocks for better communities. **Community Bank®** companies are increasingly partnering with the Foundation to distribute their company profits to their individual communities.

We are delighted that our own staff, and those of our community partners, have also embraced the Foundation. They have joined forces to raise money for various fundraising appeals throughout the year, shaving their hair to raise money for cancer research, walking in teams for 100 kilometres for Oxfam, and holding trivia nights to raise money for depression awareness. Community Enterprise™ Foundation is one way in which we are becoming better connected with our communities.

When Cyclone Larry ripped through far north Queensland it affected not only many of our customers, but our staff as well. One staff member and her family living and working in Babinda lost their home, another lost the roof of the family home and others were left with damage to homes and property. Bendigo Bank staff nationally held a "casual dress" day to raise money for victims, adding several thousand dollars to the \$100,000 raised via the Foundation's community appeal for assistance.

This appeal resulted in a partnership, Get Involved, Community grants program with Foundation for Rural and Regional Renewal (FRRR) which provided \$200,000 for community organisations affected by Cyclone Larry.

Lead On

Lead On is a youth and community development program launched in Bendigo eight years ago. Businesses, local government and young people are encouraged to work together on projects of community benefit.

Young people learn skills and gain an understanding of the interdependences that make communities work. Bendigo is proud of its continued involvement with Lead On and not only contributes annual funding as principal sponsor but important in-kind support to the program.

- > The program now operates in 15 communities throughout Australia.
- > More than 3,300 young people have participated in projects.
- > More than 600 community and business projects have been completed.
- > 250 young people credit their employment to their involvement in Lead On, citing the experience they gained from project work, engaging with adults and new networks as key elements in securing work.
- > A number of Lead On offices are financially self-sufficient and no longer rely on grants.

In Bendigo, bank staff have volunteered their time to work with Lead On to develop the Lead On Driver Education Program. The program is available to the community's learner drivers who are put through their paces in an intensive week-long driver education course.

Sponsorships

Sponsoring community organisations and events continues to be an important means for Bendigo Bank to return the support of its communities. Our most recent sponsorship audit covered expenditure in the year to 30 June 2005. In brief:

Direct sponsorship payments in support of the Bendigo Bank brand totalled \$2.74 million.

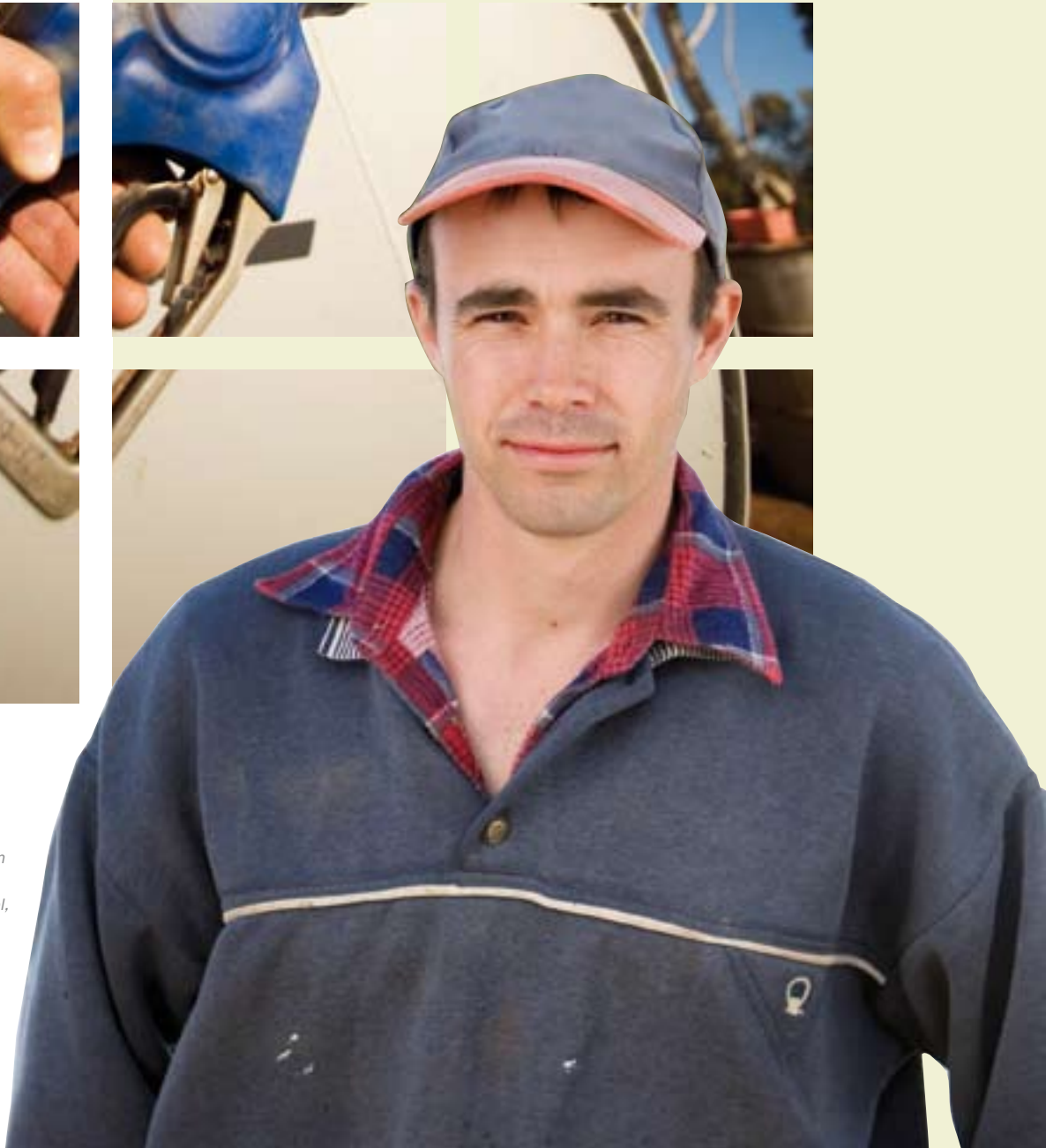
Bendigo Bank itself spent \$1.64 million including GST (1.82 per cent of after-tax profit for that year), while **Community Bank**[®] boards spent a further \$1.1 million from revenues received from the Bank under their franchise agreements.

Our major corporate sponsorships included Orchestra Victoria, Committee For Geelong, Linden Post Card Show, Annals of Bendigo and Victorian Football League teams the Bendigo Bank Bombers and Geelong. A new major sponsorship for 2006/2007 will be a grant to the Immigration Bridge Australia to be constructed in Canberra. The bridge will commemorate the contributions migrants have made to Australia. Our branches will collect public subscriptions and the Bank will subsidise staff wishing to have their family history commemorated.

Grassroots sponsorship continues as an important focus. Whether it is providing caps for the junior soccer team, funding to print programs for a local theatre company production or a prize for the nearest-the-pin golf competition, these sponsorships enable Bendigo Bank to acknowledge the communities that support us.



►
Our involvement in communities goes well beyond providing an exceptional banking and finance service. Jack Bowyer, 15, and his peers are proud to wear Oxfam Community Aid Abroad and RSPCA wrist bands in support of organisations we support.



▶ Chris Giffin is one of a group of central Victorian farmers who are working in conjunction with Bendigo Bank on a pilot scheme to purchase bio-diesel, a cleaner-burning diesel fuel made from natural, renewable resources.

Corporate Issues

Environment

A test group of farmers in Victoria's Wimmera and in the Central Victorian town of Elmore are today fueling their tractors with a diesel/bio-diesel blend. They have joined with Bendigo Bank, to purchase bulk loads of bio-diesel for their heavy farm machinery. The first 45,000 litres of bio-diesel arrived in May 2006 and communities are watching this pilot program closely.

Bio-diesel is a cleaner-burning diesel fuel made from natural, renewable resources such as vegetable oils. We are currently in discussions with other rural communities about this initiative.

We continue to purchase carbon credits – in the form of revegetation of native forests – to offset the greenhouse emissions of the Company's 300-plus vehicle fleet.

Our people

Our business model calls for a willingness and capacity to engage with our customers and their communities. This can only be achieved with engaged, competent and enthusiastic staff and we are working to provide an environment in which such people thrive. Customer satisfaction is one way in which we measure how well we are doing. In the latest available survey (Nielsen, June quarter 2006), 99.6% of our customers surveyed said they were 'pleased' or 'very pleased' with our service.

During the past 12 months, the Group's full-time equivalent (FTE) staff numbers increased by 129. The staff turnover rate was 13.7 per cent, which ranks low by industry standards. On average, staff take just 1.93 days sick leave each per year – again below industry averages.

Management is currently sponsoring a number of initiatives – under the banner Career/Performance Management – to ensure we continue to attract, develop, reward and retain good staff. We encourage staff input into improving our business through the 'Inspirations' staff suggestion scheme which was introduced to encourage individuals to submit ideas for improvements and/or changes to the Group's policies, work practices, procedures, products and services. The scheme is widely embraced across the Group with 688 "Inspirations" submitted in the past year, many of which have now been accepted and implemented. Examples of Inspirations implemented this year include:

- > Making our ATM transactions more user-friendly.
- > Introducing a translation service for non-English speaking customers.
- > Improved statement cycle options on loan accounts.

We also believe that as a national organisation, it makes sense for us to foster a staff which reflects the diversity of our communities. We belong to the Federal Government's 'Corporate Leaders for Indigenous Employment and Economic Development' program. This centres on providing financial support and work experience for indigenous university students while completing their degrees. The Bank presently has three of these cadetships underway.

Properties

Our main focus this year will be on our Head Office redevelopment in Bendigo. The Company's rapid growth in recent years means our staff are currently housed in five separate buildings across Bendigo, which is hardly conducive to productivity or a coherent corporate culture.

One of the biggest building projects of its kind in Bendigo's history, the head office complex will consist of a three-staged building comprising the current Fountain Court building and two new buildings, all three linked by 'skywalks'. The new buildings will feature environmentally sustainable building initiatives and principles including large atriums to ensure natural light filters to all work stations, blackwater recycling, flow-through underfloor ventilation to reduce the use of air conditioning and allow a substantial degree of user control and external sun-shading to reduce the heat load on the building. The development will set a benchmark for future developments in our home city, and sends a strong message that regional cities have the capability to develop and sustain significant office developments, on a par with Australia's capital cities. This is a major commitment to Bendigo and one which confirms the city's status as a financial centre and as a prosperous and vibrant city in which to live and work.

Staff are due to begin moving into Stage 1 of the new building in May 2007, with Stage 2 to be finished by July 2007 and final completion of the building in June 2008.

At a total cost of \$100 million, the project creates a new inner-city precinct with retail stores, cafes and public open space. We are grateful for the support of the Victorian Government, which recognised the project's potential to invigorate central Bendigo with a contribution of \$3.8 million towards public infrastructure. We also acknowledge with thanks the contribution of the City of Greater Bendigo, which has been very supportive throughout planning and construction.

The building works have created much interest in the community, with local companies contracted by Probuild Constructions to provide various services. Individual tradespeople, including apprentices, have been employed and the Melbourne-based contractor has leased office space and homes in Bendigo for workers, bought several vehicles from a local car dealership and purchased supplies from local hardware stores and businesses. Probuild has also become a valuable sponsor of many local community and sporting organisations.

Bendigo Bank has contracted to sell its new headquarters to a consortium of buyers arranged by Societe Generale Corporate & Investment Banking for \$100 million. Bendigo Bank will lease back the premises on a long-term lease.

In Melbourne, our 250-plus staff are now housed in the one premises at Docklands. Our staff reacted positively to the new facility which provides a focal point for our business in Melbourne.

Shareholder information

At 18 August 2006, Bendigo Bank (ASX Code BEN) had on issue 136,165,493 listed ordinary shares and 4,685,468 unlisted employee shares.

Bendigo Preference Shares (BPS)

The following dividends were paid on Bendigo Preference Shares (BPS), 900,000 of which were allotted on 6 May 2005:

BPS dividends paid			
Date	Cents per share	Shares on issue	Franked amount
15.09.05	90.80	900,000	\$817,200
15.12.05	62.19	900,000	\$559,716
15.03.06	61.62	900,000	\$554,580
15.06.06	62.68	900,000	\$564,120

e-shareholder initiative

Subject to regulatory requirements, the Company is committed to providing shareholders with the option of receiving information electronically via the internet. This provides shareholders with timely information, reduces waste and has the potential to save significant costs if adopted by sufficient numbers of shareholders.

We encourage shareholders to register to become an e-shareholder by visiting www.bendigobank.com.au/shareholders

Shareholder Privileges

Individual and company shareholders who hold a specific number of Bendigo Bank securities are entitled to a range of benefits under our Shareholder Privileges package. Details are available on page 11, our website www.bendigobank.com.au by contacting a branch, or phoning Bendigo OnCall (1300 366 666).

Securities Registry

Manager Karyn Flynn and staff can provide assistance with matters relating to all the Company's listed securities by:

Mail:

Securities Registry

Bendigo Bank

PO Box 480, BENDIGO VIC 3552

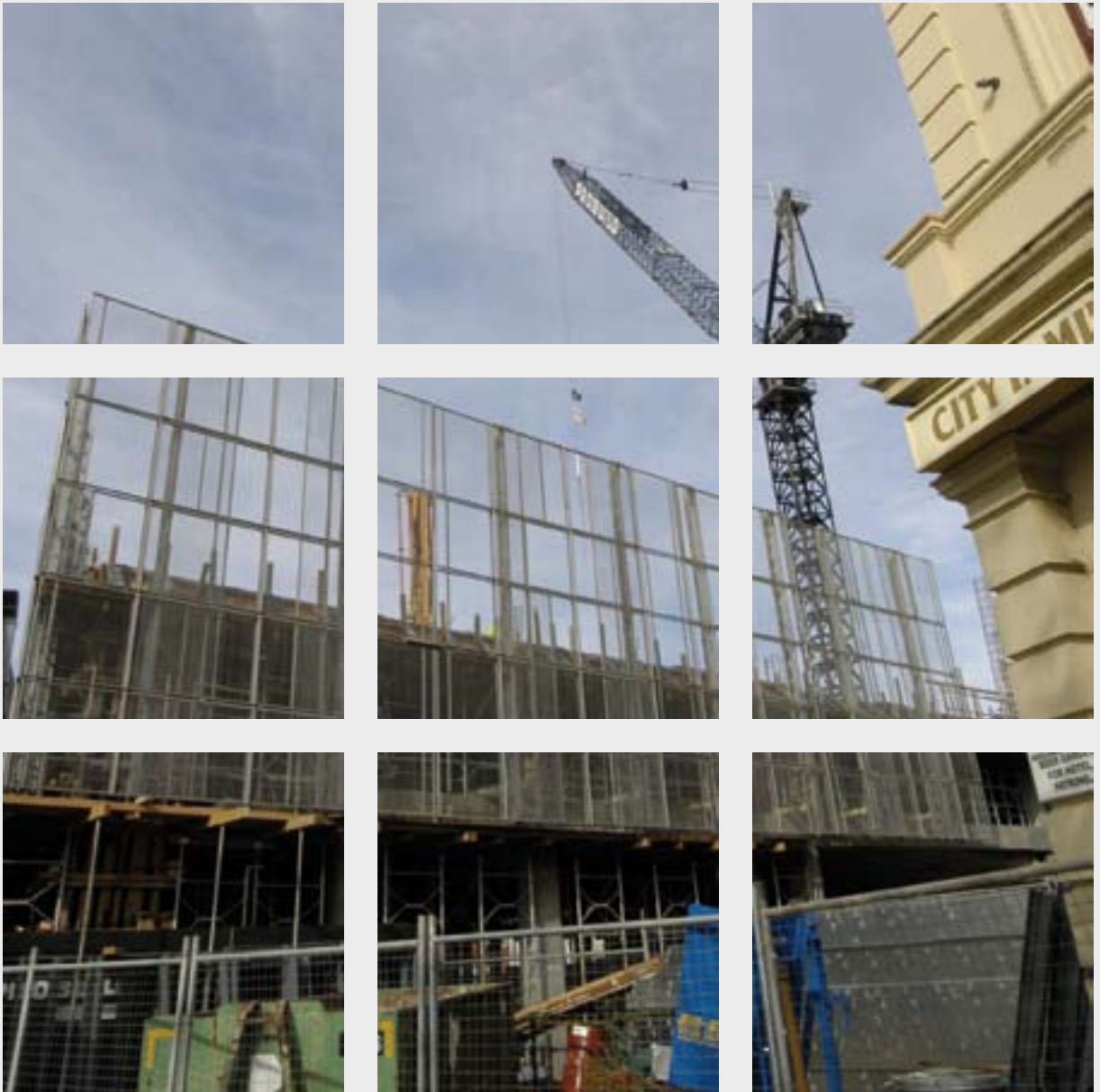
Telephone: (03) 5433 9549 or 1800 646 042

Fax: (03) 5433 9029

Email: share.register@bendigobank.com.au

'This new building connects our past with our future. It is being built on the site occupied by the (Bendigo Building) Society's first branch, opened in 1858, and it will hopefully be here for the next 150 years as Bendigo Bank develops its place in the Australian banking landscape.'

Rob Hunt – Managing Director
(At the turning of the sod for Bendigo Bank's new Head Office in Bendigo)



Work on our new Head Office is on track for completion in mid-2008.
The opening will coincide with the company's 150th anniversary.

Corporate Governance Overview

Bendigo Bank is committed to high standards of corporate governance. The Board believes that Bendigo Bank's commitment to ethical corporate dealings in the conduct of its business has been an important element of its success during its 148-year history.

This commitment applies to the dealings by Bendigo Bank with its shareholders, customers, employees, suppliers, regulators and the community. It is also

reflected in Bendigo Bank's corporate values.

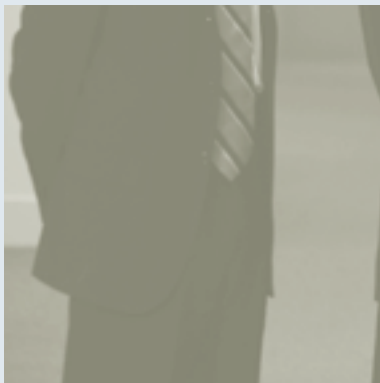
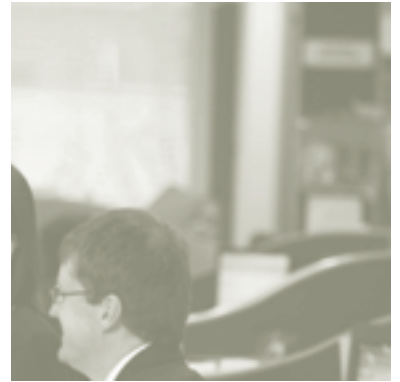
The following is a guide to the discussion in this report about how Bendigo Bank practices meet the ASX Corporate Governance Council Principles of Good Governance and Best Practice Recommendations.

The documents referred to below are available from the Bendigo Bank website (www.bendigobank.com.au) in the corporate governance section of "About us".

Principle	Recommendation	Bendigo Bank Practice
1. Lay solid foundations for management and oversight	1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	<i>Status: Adopted Annual report: Section 1.a Documents on website: Constitution, Board charter</i>
2. Structure the board to add value	2.1 A majority of the board should be independent directors.	<i>Status: Adopted Annual report: Section 1.b</i>
	2.2 The chairperson should be an independent director.	<i>Status: Adopted Annual report: Section 1.b</i>
	2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	<i>Status: Adopted Annual report: Section 1.b</i>
	2.4 The board should establish a nomination committee.	<i>Status: Adopted Annual report: Section 2.a</i>
	2.5 Provide the information indicated in Guide to reporting on Principle 2.	<i>Status: Adopted Annual report: Section 1.b, 1.f, 2.a, and see Directors' Report p.64 for director attendances at Committee meetings Documents on website: Constitution, Board charter, Governance Committee charter, Committee procedural rules, Appointment of non-executive directors</i>
3. Promote ethical and responsible decision-making	3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	<i>Status: Adopted Annual report: Section 6.a</i>
	3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	<i>Status: Adopted Annual report: Section 6.c</i>
	3.3 Provide the information indicated in Guide to reporting on Principle 3.	<i>Status: Adopted Annual report: Section 6 Documents on website: Code of conduct, Reporting of concerns, Staff trading policy</i>

Principle	Recommendation	Bendigo Bank Practice
4. Safeguard integrity in financial reporting	<p>4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 3</i></p>
	<p>4.2 The board should establish an audit committee.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 2.a</i></p>
	<p>4.3 Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none"> > only non-executive directors > a majority of independent directors > an independent chairperson, who is not chairperson of the board > at least three members. 	<p><i>Status: Adopted</i> <i>Annual report: Section 2.a</i></p>
	<p>4.4 The audit committee should have a formal charter.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 2</i></p>
	<p>4.5 Provide the information indicated in Guide to reporting on Principle 4.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 1.b, 2.a and see Directors' Report page 64 for director attendances at Committee meetings</i> <i>Documents on website: Audit Committee charter, Committee procedural rules, Selection and appointment of external auditor engagement partners; rotation of external audit partners, Risk management system description</i></p>
5. Make timely and balanced disclosure	<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 5</i></p>
	<p>5.2 Provide the information indicated in Guide to reporting on Principle 5.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 5</i> <i>Documents on website: Continuous disclosure policy, Communications policy</i></p>
6. Respect the rights of shareholders	<p>6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 5</i> <i>Documents on website: Communications policy</i></p>
	<p>6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.</p>	<p><i>Status: Adopted</i> <i>Annual report: Section 4</i></p>

Principle	Recommendation	Bendigo Bank Practice
7. Recognise and manage risk	7.1 The board or appropriate board committee should establish policies on risk oversight and management.	<i>Status: Adopted Annual report: Section 3</i>
	7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	<i>Status: Adopted Annual report: Section 3</i>
	7.3 Provide the information indicated in Guide to reporting on Principle 7.	<i>Status: Adopted Annual report: Section 3 Documents on website: Summary of Risk Committee and Credit Committee charters, Risk management system description</i>
8. Encourage enhanced performance	8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	<i>Status: Adopted Annual report: Section 1.d, 7.a, and Directors' Report pages 57-58</i>
9. Remunerate fairly and responsibly	9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	<i>Status: Adopted Annual report: Section 1.e and Directors' Report under the heading "Remuneration Report"</i>
	9.2 The board should establish a remuneration committee.	<i>Status: Adopted Annual report: Section 2.a</i>
	9.3 Clearly distinguish the structure of non-executive directors remuneration from that of executives.	<i>Status: Adopted Annual report: Section 1.e, and Directors' Report under the heading "Remuneration Report"</i>
	9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	<i>Status: Adopted Annual report: Directors' report under the heading "Remuneration Report"</i>
	9.5 Provide the information indicated in Guide to reporting on Principle 9.	<i>Status: Adopted Annual report: Section 1.e and 2.a, and see Directors' Report page 64 for committee attendance page 55 and page 56 for remuneration policies. Documents on website: Governance Committee charter, Remuneration policy – executives and non-executive directors; Employee Share Ownership Plan</i>
10. Recognise the legitimate interests of stakeholders	10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	<i>Status: Adopted Annual report: Section 6.a. Documents on website: Code of Conduct, Reporting of Concerns</i>



▶
Our future lies with strengthening the connections we have with our customers and communities. This is dependent on the ability of our staff to deliver the Bendigo way of banking and I thank our staff for their ongoing commitment to our success.”
– Rob Hunt, Managing Director

1. The Board

1.a Role

The Board provides direction to the Bank by approving and monitoring the Bank's strategy and financial objectives. Available from our website, the Board charter sets out the Board's detailed responsibilities, including its responsibilities in relation to committees, nomination, remuneration, governance, audit, risk and credit matters. Except in relation to any matters reserved to the Board under the charter, the day-to-day management of Bendigo Bank and its operations is delegated to management.

1.b Composition

The constitution provides that the number of directors is to be decided by the Board, being not fewer than three and not more than 10. The Board currently consists of seven non-executive directors and the Managing Director. The roles of the Chairman and Managing Director are separated. Information on each of the directors is set out on pages 41-43.

The Board believes that the exercise of independent judgment by directors is an important feature of corporate governance.

The Board has decided that the majority of directors are to be independent. For the purpose of assessing the independence of non-executive directors, the Board regards an independent director as a non-executive director whom the Board considers to be independent of management and free of any business or other relationship or association - including those arising out of a substantial shareholding, involvement in past management or as a supplier, customer or advisor, that could materially interfere with, or could reasonably be perceived to interfere materially with, the exercise of unfettered and independent judgement. In deciding materiality, the Board takes into account the quantitative materiality thresholds in Accounting Standard AASB 1013, as well as qualitative materiality factors.

Directors must disclose any material personal interest in accordance with the Corporations Act. Directors must also comply with the constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the Corporations Act.

Each director may from time to time have personal dealings with Bendigo Bank. Each director may be involved in other companies or professional firms which may from time to time have dealings with Bendigo Bank. Full details of related party dealings are set out in notes to the Bendigo Bank financial statements, as required by law.

The Board has assessed each non-executive director as independent. In making that assessment, the Board has taken into account the relationships set out on pages 41-43 and the following.

- > No director is, or is associated directly with, a substantial shareholder of Bendigo Bank.
- > No director, except as previously disclosed, has ever been employed by the Bendigo Bank or any of its subsidiaries.
- > No director is, or is associated directly with, a professional adviser, consultant, supplier, customer or other contractor of Bendigo Bank that is a material adviser, consultant, supplier, customer or other contractor under accounting standards.
- > No related party dealing referable to any director is material under accounting standards.

The Board does not consider that the term of service on the Board should be considered as a factor affecting a director's ability to exercise unfettered and independent judgement.

1.c Appointment

The policy of Bendigo Bank is to appoint directors with appropriate skills, knowledge and experience to contribute to the effectiveness of the Board and to provide leadership and contribute to the success of Bendigo Bank. The policy and procedure for the selection and appointment of new directors is available from the website.

1.d Performance




The Board charter provides for an annual evaluation of the Board, individual directors and Board Committees. An evaluation took place in the reporting period. The evaluation of individual directors and the Board was conducted by the Chairman. The Board (in the absence of the Chairman) undertook an evaluation of the Chairman. The Chairman of each Board Committee conducted a performance evaluation of the Committee and the results were discussed in a Board meeting. Information on the performance evaluation procedure is available from the website.





1.e Remuneration




The Remuneration report in the Directors' Report includes a discussion of non-executive directors' remuneration.

1.f Procedures

The Board charter (available from the website) sets out relevant Board procedural matters. This includes procedures in relation to a conflict of interest and also provision for access to independent professional advice at the expense of Bendigo Bank.

Name, Age, Qualifications and Independence status	Term of office	Special Responsibilities		Skills, Experience, Expertise, Relationships
<p>Robert Johanson Chairman (55 years) BA, LLM (Melb) MBA (Harvard) Independent director</p> 	<p>Director for 19 years and appointed as Chairman during 2006. Previously Deputy Chairman for 5 years.</p>	<p>Committees Governance (Chair) Risk (Chair) Audit</p>	<p>Group and joint venture company directorships Community Telco Australia Pty Ltd Elders Rural Bank Ltd Homesafe Solutions Pty Ltd (Chair)</p>	<p>Mr Johanson has expertise in corporate strategy, capital and risk management. He has provided independent corporate advice in respect to capital market transactions to a wide range of public and private companies.</p> <p>Mr Johanson is a member of the Finance Committee and Chairman of the Investment Committee of the University of Melbourne and a Director of the Robert Salzer Foundation Ltd. He is also a member of the Takeovers Panel.</p> <p>Mr Johanson is a Director of Grant Samuel Group Pty Ltd (and subsidiaries).</p> <p>Grant Samuel provides professional advisory services to the Group on normal commercial terms and conditions.</p> <p>The services provided during the 2006 financial year related to the Group property review, subsidiary, alliance and joint venture activities and initiatives, and strategic developments.</p>
<p>Rob Hunt AM Managing Director (55 years) FAICD Doctor of University (honoris causa) La Trobe University, 1999 Executive director and Chief Executive Officer</p> 	<p>Employee since 1973 and appointed CEO in 1988. Appointed to Board in 1990.</p>	<p>Committees Governance Risk Property IT Strategy</p>	<p>Group and joint venture company directorships Community Telco Australia Pty Ltd (Chair) Community Sector Enterprises Pty Ltd Elders Rural Bank Ltd Tasmanian Banking Services Ltd</p>	<p>Mr Hunt is also Chair of a number of subsidiary companies involved in community engagement activities. Based in Bendigo, Mr Hunt has led the Bank's development from a provincial building society to a nationally represented, uniquely positioned and diverse banking and financial services group.</p> <p>Mr Hunt is the architect of the Bank's Community Bank[®] model and other alliance arrangements. He is also Chairman of Bendigo Community Telco Ltd. He is a Councillor of the ABA, a member of the BCA, the Prime Minister's Community Business Partnership and the Victorian Government's Innovation Economy Advisory Board.</p>
<p>Neal Axelby (56 years) Dip CM ACIS, FAICD, AIMM Independent director</p> 	<p>Director for 6 years.</p>	<p>Committees Credit Governance Risk</p>	<p>Group and joint venture company directorships Sunstate Lenders Mortgage Insurance Pty Ltd</p>	<p>A Queensland-based director, Mr Axelby has had 15 combined years of experience as an employee and director in the finance industry before joining the Board. He also has 22 years experience in senior management positions in the private sector. Mr Axelby is a Director of Ipswich & West Moreton United Friendly Society Dispensary Ltd and several private companies.</p> <p>Mr Axelby was a director of First Australian Building Society Ltd, which was acquired by Bendigo Bank in 2000.</p>

Name, Age, Qualifications and Independence status	Term of office	Special Responsibilities		Skills, Experience, Expertise, Relationships
<p>Jennifer Dawson (41 years) B Bus (Acc) FCA, MAICD Independent director</p> 	<p>Director for 7 years. *Seeking re-election at 2006 AGM</p>	<p>Committees Audit (Chair) Property Credit</p>	<p>Group and joint venture company directorships Community Sector Banking Pty Ltd Community Sector Enterprises Pty Ltd</p>	<p>A Bendigo-based director, Ms Dawson spent 10 years with Arthur Andersen in the audit and IT controls division. Ms Dawson has experience in the areas of financial reporting and audit, IT internal control reviews, internal audit and risk management. Ms Dawson is a Director of Coliban Water Authority and a member of the Victorian Regional Development Advisory Committee.</p> <p>Ms Dawson was engaged by Bendigo Bank during the period 1995 to 1999, initially as a contractor and then an employee.</p> <p>Ms Dawson was a shareholder of Central Victorian Removals Pty Ltd (ceased November 2005). Central Victorian Removals provided relocation services to Bendigo Bank on normal commercial terms and conditions.</p>
<p>Donald Erskine (60 years) Independent director</p> 	<p>Director for 7 years. *Seeking re-election at 2006 AGM</p>	<p>Committees Credit Property (Chair) IT Strategy</p>	<p>Group and joint venture company directorships Community Telco Australia Pty Ltd (Mr Erskine resigned as a director of the subsidiary on 18 August 2005)</p>	<p>A Bendigo-based director, Mr Erskine is a mechanical engineer and Chairman of several private companies. Mr Erskine has an extensive background in manufacturing and property development and experience in international trade.</p> <p>Mr Erskine is the Chairman of Australian Technical College, Bendigo. He is also a Director of Bendigo Community Telco Ltd.</p>
<p>Richard Guy OAM (61 years) B App Sc M Sc (London) Independent director</p> 	<p>Director for 25 years. Retired as Chairman during 2006. Mr Guy retired from the Board on 31 August 2006</p>	<p>Committees Governance Audit Property</p>	<p>Group and joint venture company directorships Elders Rural Bank Ltd (Mr Guy retired as a director of ERB on 31 December 2005)</p>	<p>A Bendigo-based director, Mr Guy is an engineer by trade and is Chairman of Crystal Industries Group. Mr Guy was Chairman of the Bank from 1986 to 2006 through a period of rapid growth and development including the conversion to Bank status in 1995, a number of mergers, joint ventures and the introduction of Community Bank[®].</p> <p>Mr Guy is a Director of Bendigo Mining Limited, a company listed on the Australian Stock Exchange, and member of various community and charitable organisations in Bendigo.</p>
<p>Terence O'Dwyer (56 years) B Com, Dip Adv Acc FCA, FAICD Independent director</p> 	<p>Director for 6 years.</p>	<p>Committees Audit Risk IT Strategy (Chair)</p>	<p>Group and joint venture company directorships Sunstate Lenders Mortgage Insurance Pty Ltd</p>	<p>A Queensland-based Director, Mr O'Dwyer chairs BDO Kendalls (Chartered Accountants). He was a partner in the firm for 28 years and headed its corporate finance division prior to being appointed its independent Chairman.</p> <p>Mr O'Dwyer is Chairman of Metal Storm Ltd, MFS Ltd, Brumby's Bakeries Holdings Ltd and a director of Queensland Theatre Company Ltd.</p> <p>Mr O'Dwyer was a director of First Australian Building Society Ltd, which was acquired by Bendigo Bank in 2000.</p>

Name, Age, Qualifications and Independence status	Term of office	Special Responsibilities		Skills, Experience, Expertise, Relationships
<p>Deborah Radford (50 years) B.Ec G. Dip Finance & Investment Independent director</p> 	<p>Director appointed February 2006 *Seeking election at 2006 AGM</p>	<p>Committees IT Strategy Credit</p>	<p>Group and joint venture company directorships Nil</p>	<p>A Melbourne-based director, Ms Radford is an economics graduate with experience in both the public and private sector. Ms Radford has extensive experience in the banking sector, specialising in credit, acquisitions and property transactions.</p> <p>Ms Radford is a Director of Forestry Tasmania, Melbourne Market Authority, City West Water and Deb Radford & Associates, a consultancy company advising on government business enterprises.</p>
<p>Kevin Roache (66 years) LLB, B Com, ASCPA, FAICD Barrister and Solicitor of the Supreme Court of Victoria Independent director</p> 	<p>Director for 15 years. *Seeking re-election at 2006 AGM</p>	<p>Committees Credit (Chair) Risk Governance</p>	<p>Group and joint venture company directorships Nil</p>	<p>A Geelong-based director, Mr Roache has extensive experience in advising clients on business and taxation issues. Mr Roache is the past President of the Geelong Business Club, member of the Finance Committee of Geelong Chamber of Commerce, member of Committee for Geelong, a former Chairman of Barwon Health Geelong and has been a board member of many community and charitable organisations.</p> <p>Mr Roache was a director of Capital Building Society, the business of which was integrated into Bendigo Bank in 1992. Mr Roache is the Chairman of partners in Coulter Roache Lawyers which provides legal services to the Group on normal commercial terms and conditions.</p>
<p>Antony Robinson (49 years) B Com ASA MBA (Melbourne) Independent director</p> 	<p>Director appointed April 2006 *Seeking election at 2006 AGM</p>	<p>Committees Risk Governance</p>	<p>Group and joint venture company directorships Nil</p>	<p>A Melbourne-based director, Mr Robinson is the chief executive officer of OAMPS Limited, which provides broking and financial services for insurance, risk management, workers' compensation and occupational health and safety, financial planning services and superannuation. He was also a Director of VECCI. Mr Robinson's previous management positions include joint managing director of Falkiners Stockbroking, managing director of WealthPoint, chief financial officer of Link Telecommunications and general manager corporate services at Mayne Nickless.</p>

2. Board Committees

2.a Composition and responsibilities

To help it discharge specific aspects of its responsibility, the Board has established the following Committees.

Committee	Composition – Requirements	Members	Responsibilities
Audit	At least 3 members. All independent directors. An independent Chair, who is not Chairman of the Board.	Ms Dawson (Chair) Mr Guy Mr Johanson Mr O'Dwyer	The role of the Committee is to provide assistance to the Board in relation to the following: > External audit function (including prudential audit requirements). > Internal audit function. > Statutory financial reporting. > Internal control framework.
Governance (also performs nomination and remuneration functions)	At least 3 members. A majority of independent directors. An independent Chair.	Mr Johanson (Chair) Mr Guy Mr Hunt Mr Axelby Mr Roache Mr Robinson	The role of the Committee is to provide assistance to the Board in relation to the following: > Board composition and succession planning. > Board performance and Board and executive remuneration policy. > Corporate governance matters generally.
Risk	At least 3 members. A majority of independent directors. An independent Chair.	Mr Johanson (Chair) Mr Roache Mr O'Dwyer Mr Hunt Mr Axelby Mr Robinson	The role of the Committee is to provide assistance to the Board in relation to oversight of the establishment, implementation, review and monitoring of risk management systems and policies for the following: > Balance sheet and off-balance sheet risk. > Operational risk, including regulatory compliance, business continuity and fraud risk.
Credit	At least 3 members. A majority of independent directors. An independent Chair.	Mr Roache (Chair) Mr Axelby Ms Dawson Mr Erskine Ms Radford	The role of the Committee is to provide assistance to the Board in relation to oversight of the establishment, implementation, review and monitoring of credit risk management systems and policies, taking into account the risk tolerance of the Bank, the overall business strategy and management expertise.
Property	At least 3 members. A majority of independent directors. An independent Chair.	Mr Erskine (Chair) Mr Guy Ms Dawson Mr Hunt	The role of the Committee is to provide assistance to the Board in relation to the development of the Bank's property strategy including oversight of the planning, design, establishment, implementation and review of the Group's principal properties.
IT Strategy	At least 3 members. A majority of independent directors. An independent Chair.	Mr O'Dwyer (Chair) Mr Erskine Mr Hunt Ms Radford	The role of the Committee is to provide oversight of IT strategic planning and to make sure frameworks are in place for the efficient and effective management of the IT investment and the continuing alignment with business strategy and plans.

2b. Procedures

Membership of all Committees is reviewed annually. Each Committee is governed by a charter which identifies the Committee's role and responsibilities. A Committee may consult a professional adviser or expert, at the cost of the Bank, if the Committee considers it necessary to carry out its duties and responsibilities. A Committee may meet with employees and third parties without the presence of management. The minutes of each Committee meeting are tabled and discussed at the next meeting of the Board.

3. Risk management

The recognition and management of risk is an essential element of the Group's strategy. The risk management strategy is based on risk principles approved by the Board.

The Board is responsible for overseeing the establishment, implementation, review and monitoring of risk management systems and policies. It has established an integrated framework of committee, policies and controls to identify, assess, monitor and manage risk. Executive management is responsible for implementing the policies and controls.

The key risks and responsibilities for the Group are:

- > Credit risk: The risk of financial loss due to the unwillingness or inability of a counterparty to fully meet their contractual debts and obligations. Credit risk is primarily monitored by the Credit Committee, while the framework, policies, analysis and reporting are managed by the Group Risk business unit (which includes the Group's credit bureau and credit inspection unit).
- > Interest rate risk: The risk of loss of earnings due to adverse movements in interest rates. Interest rate risk is primarily monitored through the Risk Committee and the Asset Liability Management Committee and managed through the Strategic Finance business unit.
- > Liquidity risk: The risk of the inability to access funds which may lead to an inability to meet obligations in an orderly manner as they arise or forgone investment opportunities. Liquidity risk is primarily monitored by the Risk Committee and the Asset Liability Management Committee and managed through the Group Strategic Finance business unit.

- > Currency risk: The risk of loss of earnings due to adverse movements in exchange rates. Currency risk is primarily monitored by the Risk Committee and the Asset Liability Management Committee and managed through the Group Strategic Finance business unit.
- > Operational risk: The risk resulting from inadequate or failed internal processes, people and systems or from external events that are not covered by credit and market risk. Operational risk is primarily monitored by the Risk Committee and the Executive Committee and managed through the Operational Risk business unit incorporating operational risk, regulatory compliance, fraud prevention and detection and business continuity.

In addition, the Bank has an independent internal audit function that oversees all activities across the Group. The head of Group Audit has dual reporting lines to the Audit Committee and management, with direct access to the Managing Director, the Chair of the Audit Committee and the Chairman of the Board. Group Audit also has direct access to any member of staff and access to any information relevant to its work. Group Audit assists in monitoring the effectiveness of the Group's risk management and internal compliance and control system including implementation. Reports on the outcome of internal audit programs are provided to the Audit Committee. The strategic plan for the internal audit function is approved and monitored by the Audit Committee.

The audit function is also independent of the external auditor. External audit considers risk management in order to assess and understand the Group's business and financial risks as well as the effectiveness of internal controls which may have a significant impact on the financial statements.

The Managing Director and Chief Financial Officer provide an annual signoff to the Board on the matters summarised below for the Bank and the consolidated entity for the reporting period. The statements are made on the basis that they provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or circumstances that may arise in future periods.

- > Whether the financial reports present a true and fair view, in all material respects, of the Group's financial position and performance and are in accordance with the Corporations Act and relevant accounting standards.
- > Whether there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they become due and payable.
- > Whether the financial records of the Group are maintained in accordance with the Corporations Act.
- > Whether the financial reports are founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board.
- > Whether the risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

To support this sign off the Bank has implemented due diligence, verification and certification processes throughout the business to provide assurance to the Managing Director, Chief Financial Officer and the Board, both in respect to the financial statements and the systems of risk management and internal compliance and control.

4. External auditor

The Audit Committee is responsible for recommending to the Board a policy in relation to auditor independence, rotation and the provision of non-audit services by the external auditor, and for monitoring compliance with the policy.

The policy on audit independence sets out the factors regarded as compromising auditor independence. It includes a requirement for the engagement of the auditor for any non-audit services to be approved by the Audit Committee before the engagement, so that the Audit Committee can consider any impact on the independence of the auditor. The policy also provides for the Audit Committee to receive the annual and half-year independence declaration from the auditor. As required by the Corporations Act, the Audit Committee provides an annual statement to the Board as to whether the Audit Committee is satisfied that the provision of non-audit services is compatible with the independence of the auditor and the reasons for being so satisfied.

The Directors' Report includes a statement about whether the directors are satisfied that the provision of non-audit services is compatible with the independence of the auditor and the reasons for being so satisfied. In addition, while not required by the Corporations Act, the policy requires the Audit Committee to provide the same statement for the half-year and for the directors to consider it with the auditor's half-year independence declaration.

The policy provides that a person who plays a significant role in the audit must rotate if they have acted in that role for five successive years or, if they were to act, they would have played a significant role for more than five out of seven successive financial years, with a two-year cooling-off period.

The Corporations Act provides for members to submit written questions to Bank for the auditor about the content of the auditor's report to be considered at the annual general meeting, or the conduct of the audit of the annual financial report to be considered at the annual general meeting, no later than the fifth business day before the day on which the annual general meeting is held.

The external audit engagement partner from Ernst & Young is required to make sure that a suitably qualified representative attends the annual general meeting. The Chairman of the meeting is required to provide an opportunity for the members as a whole at the meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and conduct of the auditor's report, the accounting policies adopted by the Bank in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit. The Chairman is also required to allow a reasonable opportunity for the representative of the auditor to answer written questions submitted before the meeting.

5. Continuous disclosure and communications

The Bendigo Bank Board recognises the importance of making sure that the Bank's shareholders, and the broader investment market, are kept informed about the Bank's activities and that the Bank meets its continuous disclosure obligations.

5.a Continuous disclosure

The Bank has a continuous disclosure policy to make sure that all price sensitive information is disclosed to Australian Stock Exchange (“ASX”) under the continuous disclosure requirements of ASX Listing Rules and the Corporations Act.

The Board meeting agenda includes continuous disclosure as a standing item for Board consideration. The Managing Director, Chairman and executive officers are responsible for identifying matters or transactions arising between Board meetings which require disclosure in accordance with the ASX Listing Rules.

All announcements to be lodged with ASX must first be approved by an authorised officer, generally the Managing Director, before release.

The company secretary is responsible for coordinating communications with ASX and for having systems in place to ensure that information is not released to external parties until confirmation of lodgement is received from ASX.

5.b Communications

The Bank has also established a communications policy which provides clear authorities and protocols for all communications with parties external to the Bank, in particular, ASX, regulatory authorities, media and brokers.

Bendigo Bank communicates with its shareholders by the following means:

- > ASX announcements.
- > Quarterly shareholder newsletters (in the newsletter after the AGM, this includes the Chairman’s address and responses to commonly asked shareholder questions).
- > Annual reporting.
- > Annual general meetings.
- > Shareholder question sheet included with annual general meetings notice.

The following material is made available on the Bendigo Bank website:

- > Quarterly shareholder newsletters.
- > Concise annual report and full financial statements (for past three years).

- > Media releases (for past three years).
- > Notices of meeting (for past three years).
- > Webcasting of results presentation (following preliminary final announcement).
- > Webcasting of annual general meeting.
- > Any material provided in briefings with analysts, stockbrokers and institutional investors (following its release to the market).

In addition, there is a link from the Bendigo Bank website to the ASX website for access to announcements that Bendigo Bank has made to ASX.

6. Corporate conduct

6a. Code of Conduct and Reporting of Concerns policy

Bendigo Bank’s corporate values provide a framework to guide interactions within the Group, with customers, shareholders, suppliers and the community. The values are achievement, excellence, equality, integrity, loyalty, respect and trust.

These values have been incorporated in a Code of Conduct that has been endorsed by the Bank Executive Committee and adopted by the Board. The Code of Conduct sets out the Group’s mission statement, being to focus on building and improving the prospects of customers, communities and partnerships in order to develop sustainable earnings and growth for the business, and thus provide increasing wealth for shareholders. Engagement with communities is central to the Group’s strategy and stands Bendigo Bank apart.

The Code of Conduct provides guidelines for directors and staff, so that there is a common understanding of the values and expected standards of behaviour, including in relation to conflicts of interest, staff trading and confidentiality.

The Group’s Reporting of Concerns policy provides a reference point for reporting concerns, including on an anonymous basis. This includes a concern, a grievance, and report of a suspected breach of law or Group policy (including any breach of the Code of Conduct)

The Reporting of Concerns policy also explains the protection provided for employees who raise concerns in good faith.

6.b Regulatory compliance

Bendigo Bank has always placed importance on being law-abiding, and has a long history of dealing fairly and ethically with its customers. The Code of Conduct requires all employees and directors to comply with laws and policies, and requires directors and officers to promote compliance. In addition, a regulatory compliance framework is in place that applies across the Group, setting out specific responsibilities in relation to compliance with regulatory obligations. The Board is responsible for overseeing regulatory compliance and is assisted by the Risk Committee.

6.c Share trading policy

The staff trading policy imposes restrictions on trading by directors, members of the Executive Committee and other designated employees (who may have access to price sensitive information). A black-out period is imposed for the 10 weeks leading up to each of the half-year and full-year announcements to ASX. The policy also imposes obligations on these employees and officers in relation to notifying the Bank before and after trading. The notifications are reported to the Board.

In addition, all employees and directors are prohibited from trading if in possession of price sensitive information.

7. Executives

7.a Performance

The Remuneration Report in the Directors' Report includes a discussion of the annual performance assessment arrangements for executive management, including the managing director.

7.b Remuneration, contracts with executives

The Remuneration Report in the Directors' Report includes a discussion of executive (including Managing Director) remuneration and contracts.



Concise Financial Report

Table of Contents

Five Year History	50
Five Year Comparison	51
Corporate Information	52
Directors' Report	52
Income Statement	67
Balance Sheet	68
Cash Flow Statement	69
Statement of Changes in Equity	70
Notes to the Concise Financial Statements	71
Directors' Declaration	78
Independent Audit Report	79
Additional Information	80

Bendigo Bank Limited
ABN 11 068 049 178

Important information for members

The Directors' Report, Concise Financial Report and Auditors' Report contained within this document represent a Concise Report. The Full Financial Report of Bendigo Bank Limited for the financial year ended 30 June 2006 and the Auditors' Report thereon will be sent, free of charge, to members upon request.

Members wishing to receive the Full Financial Report and Auditors' Report may arrange to obtain a copy by either:

- i) visiting our website at www.bendigobank.com.au, or
- ii) contacting the Bank's Share Registry on (03) 5433 9549.

The Concise Financial Report is an extract from the Full Financial Report.

The Concise Financial Report contained within this document has been derived from the Full Financial Report of Bendigo Bank Limited for the financial year ended 30 June 2006 and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the Full Financial Report.

Five Year History

The Bendigo Group

	Disclosure prepared under AIFRS		Comparatives prepared under previous AGAAP		
	2006 \$m	2005 ¹ \$m	2004 \$m	2003 \$m	2002 \$m
Financial Performance year ended 30 June					
Interest income	907.5	815.0	615.5	500.6	447.0
Interest expense	592.4	528.9	361.9	278.3	254.4
Net interest income	315.1	286.1	253.6	222.3	192.6
Other income	201.8	172.9	157.5	125.6	99.6
Bad & doubtful debts expense (net of bad debts recovered)	7.0	13.6	13.8	15.3	22.0
Other expenses	344.2	309.9	282.0	243.3	205.8
Profit before income tax expense	165.7	135.5	115.3	89.3	64.4
Income tax expense	(49.0)	(41.2)	(35.8)	(30.2)	(15.7)
Net (profit)/loss attributable to minority interest	-	0.4	0.3	(0.1)	0.1
Profit after income tax expense	116.7	94.7	79.8	59.0	48.8
Profit appropriations not available to ordinary shareholders	(7.5)	-	-	-	-
Profit available for distribution to ordinary shareholders	109.2	94.7	79.8	59.0	48.8
Financial Position at 30 June					
Total assets	15,196.1	13,858.6	11,284.5	9,256.6	7,967.7
Loans and receivables	12,436.7	11,392.4	9,372.6	7,504.0	6,209.5
Cash and cash equivalents	479.8	442.0	315.1	288.5	354.6
Financial assets and derivatives	1,854.3	1,615.7	1,220.2	1,130.0	1,085.3
Other assets	425.3	408.5	376.6	334.2	318.3
Equity	899.5	720.7	676.4	552.7	494.4
Deposits	13,599.8	12,572.2	10,148.9	8,241.2	6,988.5
Subordinated debt	307.1	262.1	199.3	204.7	161.4
Other liabilities	389.7	303.6	259.9	258.1	323.4
Share Information					
Net tangible assets per ordinary share	\$4.78	\$4.21	\$4.40	\$3.80	\$3.38
Earnings per ordinary share - cents	78.0	67.5	60.2	46.8	41.1
Cash basis earnings per ordinary share - cents	73.2	65.5	58.5	50.2	44.8
Dividends per ordinary share:					
Interim - cents	22.0	19.0	17.0	13.5	12.0
Final - cents	30.0	26.0	23.0	20.0	17.0
Total - cents	52.0	45.0	40.0	33.5	29.0
Ratios					
Return on average assets	0.75%	0.75%	0.78%	0.69%	0.65%
Return on average ordinary equity	15.14%	13.98%	12.99%	11.06%	10.24%

¹ Figures for 2005 include the acquisition of Oxford Funding Pty Ltd effective 1 May 2005.

Comparatives for financial years 2004 and prior are not prepared under AIFRS.

The main adjustments that would make the figures comply with AIFRS are:

Profit

- > goodwill and trustee licence are not amortised under AIFRS.
- > movements in general provision for doubtful debts (general reserve for credit losses) reflect as appropriations of profit under AIFRS rather than expense under AGAAP
- > loan application fees and loan origination fees are recognised on an effective interest rate basis (deferred and amortised) and are disclosed as net interest income under AIFRS.

Balance sheet

- > general provision for doubtful debts now disclosed as general reserve for credit losses in equity.
- > establishment of new collective provision for doubtful debts under AIFRS. This provision is treated as a general provision for prudential purposes.

- > specific provisions for doubtful debts are assessed on the basis of discounted estimated future cash flows under AIFRS. Future cash flows were not discounted under AGAAP
- > loans to employees in relation to employee share ownership plan disclosed as reduction of equity under AIFRS.
- > assets and liabilities of securitisation trusts are consolidated under AIFRS.
- > share investments are carried at fair value under AIFRS.
- > derivative financial instruments are carried at fair value under AIFRS.
- > computer software assets have been reclassified from property, plant & equipment to intangible assets under AIFRS.
- > deferred tax assets and liabilities have been recognised in relation to asset revaluation reserves under AIFRS.

More detailed explanations of the adjustments are disclosed in the "Impact on Adoption of AIFRS" note to the financial statements under the heading "Notes to reconciliations".

Five Year Comparison

The Bendigo Group

		Disclosure prepared under AIFRS		Comparatives prepared under previous AGAAP		
		2006	2005	2004	2003	2002
Key Trading Indicators						
Retail deposits - branch sourced	(\$m)	10,771.4	9,259.8	8,293.3	6,823.4	5,637.9
Number of depositors' accounts		1,309,957	1,201,627	1,094,884	974,788	850,979
Total loans approved	(\$m)	6,189.6	5,872.6	6,077.8	4,822.8	3,637.2
Number of loans approved		66,227	65,498	72,063	70,175	47,325
Liquid assets and cash equivalents	(\$m)	2,334.1	2,057.7	1,535.3	1,418.5	1,439.9
Total assets	(\$m)	15,196.1	13,858.6	11,284.5	9,256.6	7,967.7
Liquid assets & cash equivalents as proportion of total assets	(%)	15.36	14.85	13.61	15.32	18.07
Number of branches ¹		335	302 ⁶	276	246	215
Average deposit holdings per branch	(\$m)	32.2	30.0	30.0	27.6	26.2
Number of staff (excluding Community Banks)	(FTE)	2,343	2,214 ²	2,063	1,904	1,754 ³
Assets per staff member ⁴	(\$m)	6.486	5.990	5.470	4.862	4.543
Staff per million dollars of assets ⁴	(\$m)	0.15	0.17	0.18	0.21	0.22
Dissection of Loans by Security ⁵ (\$'000)						
Residential loans		9,278.1	8,629.2	7,110.9	5,602.5	4,583.2
Commercial loans		2,574.4	2,217.8	1,774.1	1,446.5	1,239.5
Unsecured loans		415.1	490.6	492.9	463.5	403.4
Other		230.0	165.2	92.0	71.4	52.7
Gross loans		12,497.6	11,502.8	9,469.9	7,583.9	6,278.8
Dissection of Loans by Security ⁵ (%)						
Residential loans		74.24	75.02	75.09	73.87	72.99
Commercial loans		20.60	19.28	18.73	19.07	19.74
Unsecured loans		3.32	4.26	5.20	6.11	6.42
Other		1.84	1.44	0.98	0.95	0.85
Total		100.00	100.00	100.00	100.00	100.00
Asset Quality						
Non-accruing loans	(\$m)	14.9	16.7	12.9	16.4	20.6
Specific provisions	(\$m)	(9.0)	(8.6)	(8.0)	(10.6)	(8.7)
Net impaired loans	(\$m)	5.9	8.1	4.9	5.8	11.9
Net impaired loans % of gross loans	(%)	0.05	0.07	0.05	0.08	0.19
Specific provision for impairment	(\$m)	9.1	8.6	8.1	10.7	9.8
Specific provision % of gross loans less unearned income	(%)	0.07	0.08	0.09	0.14	0.16
Collective provision (\$m)		8.8	-	-	-	-
General reserve for credit losses (general provision) (\$m)		40.6	60.3	53.4	43.8	35.7
Collective provision (net of tax) & GRCL (general provn) as a % of risk-weighted assets	(%)	0.55	0.55	0.55	0.55	0.55
Loan write-offs as % of average total assets		0.04	0.06	0.07	0.08	0.11

¹ Includes **Community Bank**⁶ branches.

² Includes staff increases from the acquisition of Oxford Funding Pty Ltd.

³ Includes staff increases from the acquisition of Bendigo Investment Services.

⁴ These ratios do not take into account off-balance sheet assets under management, which totalled \$1.6 billion at 30 June 2006 (2005: \$1.3 billion).

⁵ For the purposes of this dissection, overdrafts and personal loans secured by residential and commercial property mortgages are included in residential and commercial loan categories respectively.

⁶ Revised due to reclassification of some outlets.

Comparatives for financial years 2004 and prior are not prepared under AIFRS.

The main adjustments that would make the figures comply with AIFRS are:

Profit

- > goodwill and trustee licence are not amortised under AIFRS.
- > movements in general provision for doubtful debts (general reserve for credit losses) reflect as appropriations of profit under AIFRS rather than expense under AGAAP
- > loan application fees and loan origination fees are recognised on an effective interest rate basis (deferred and amortised) and are disclosed as net interest income under AIFRS.

Balance sheet

- > general provision for doubtful debts now disclosed as general reserve for credit losses in equity.
- > establishment of new collective provision for doubtful debts under AIFRS.
- > This provision is treated as a general provision for prudential purposes.
- > specific provisions for doubtful debts are assessed on the basis of discounted estimated future cash flows under AIFRS. Future cash flows were not discounted under AGAAP
- > loans to employees in relation to employee share ownership plan disclosed as reduction of equity under AIFRS.
- > assets and liabilities of securitisation trusts are consolidated under AIFRS.
- > share investments are carried at fair value under AIFRS.
- > derivative financial instruments are carried at fair value under AIFRS.
- > computer software assets have been reclassified from property, plant & equipment to intangible assets under AIFRS.
- > deferred tax assets and liabilities have been recognised in relation to asset revaluation reserves under AIFRS.

More detailed explanations of the adjustments are disclosed in the "Impact on Adoption of AIFRS" note to the financial statements under the heading "Notes to reconciliations".

Corporate Information

This Concise Financial Report covers the Bendigo Bank Limited consolidated entity comprising Bendigo Bank Limited and its subsidiaries.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report is not part of the financial report.

Directors

RN Johanson – Chairman
RG Hunt AM – Managing Director
NJ Axelby
JL Dawson
DJ Erskine
RA Guy OAM*
TJ O'Dwyer
DL Radford
KE Roache
AD Robinson

*retired from the Board on 31 August 2006

Company Secretary

DA Oataway

Registered Office

Bendigo Bank Limited
Second Floor
Fountain Court
Bendigo Victoria 3550

Telephone (03) 5433 9339

Fax (03) 5433 9690

Principal place of business

Fountain Court
Bendigo Victoria 3550

Share Registry

Securities Registry
Bendigo Bank Limited
Second Floor
Fountain Court
Bendigo Victoria 3550

Telephone (03) 5433 9549

Fax (03) 5433 9029

Auditors

Ernst & Young
Australia

Directors' Report

Your Board of Directors has pleasure in presenting the 141st Financial Report of Bendigo Bank Limited and its controlled entities for the year ended 30 June 2006.

Share Issues

The following share classes were issued during the financial year:

Ordinary shares	No. of shares
Ordinary shares issued under the Dividend Reinvestment Plan	1,451,293
Ordinary shares issued in lieu of dividends under the Bonus Share Scheme	292,999
Total ordinary shares issued	1,744,292

Share Options

During the year, or since the end of the financial year, no entity within the economic entity has granted to any person an option to take up shares in the economic entity. There are no outstanding options in relation to shares.

Ordinary Share Dividends Paid or Recommended

Dividends paid:

- > Final dividend 2005 of 26.0¢ per share, paid September 2005 \$34.3 million
- > Interim dividend 2006 of 22.0¢ per share, paid March 2006 \$29.1 million

Dividend recommended:

- > Final dividend 2006 of 30.0¢ per share, declared by the Directors on 14 August 2006, payable 29 September 2006 \$40.1 million

All dividends were fully franked

- > Shareholders electing to receive dividends in the form of shares received the following ordinary shares, paid in full:
 - > September 2005 866,908
 - > March 2006 584,385
- > In addition, shareholders electing to receive bonus shares in lieu of dividends received the following ordinary shares, paid in full:
 - > September 2005 168,244
 - > March 2006 124,755

Preference Share Dividends Paid or Recommended

Dividends paid:

- > 90.80 cents per share, paid 15 September 2005 \$0.8 million
- > 62.19 cents per share, paid 15 December 2005 \$0.6 million
- > 61.62 cents per share, paid 15 March 2006 \$0.5 million
- > 62.68 cents per share, paid 15 June 2006 \$0.6 million

Dividend announced:

- A dividend of 131.68¢ per security for the period 15 June 2006 to 14 September 2006 (inclusive), announced on 14 August 2006, payable 15 September 2006 \$1.2 million

All dividends were fully franked.

Operating and Financial Review

Principal Activities

The principal activities of the Company and its controlled entities during the financial year were the provision of a range of banking and other financial services, including retail banking, business banking and commercial finance, funds management, treasury and foreign exchange services (including trade finance), superannuation, financial advisory and trustee services. There was no significant change in the nature of the activities of the economic entity during the year.

Consolidated Result

The consolidated profit of the economic entity, after providing for income tax, amounted to \$116.7 million (2005 - \$94.7 million).

Review of Operations and Operating Results

An operational and financial review, including information on the operations, financial position and business strategies and prospects of the economic entity is set out in the Report by the Chairman and Managing Director contained in the Concise Annual Report. Certain information in respect to business strategies and prospects has not been disclosed where the disclosure is likely to result in unreasonable prejudice to the Company or its controlled entities.

Significant Changes in the State of Affairs

Total equity increased from \$720.7 million to \$899.5 million, an increase of \$178.8 million or 24.8 per cent. Contributed ordinary equity increased by \$17.8 million, due to shares issued under the dividend reinvestment plan.

Contributed preference share equity increased by \$45.3 million due to payment in June 2006 of the second and final instalment of \$50 per share on the 900,000 \$100 face value shares on issue.

Reserves increased by \$74.8 million. The major contributor to this increase was the establishment of the general reserve for credit losses of \$40.6 million and \$6.5 million for associate companies. Asset revaluation reserves also increased by \$25.0 million, predominantly due to the AIFRS requirement to adjust our share investments to fair value. The remaining \$2.7 million increase was attributable to unrealised gains/losses on hedges in compliance with AIFRS hedge accounting principles.

Significant After Balance Date Events

On 14 August 2006 the Bank declared a final dividend for ordinary shares and a dividend for preference shares, details of which are shown above.

On 1 September 2006 the Bank announced it has contracted to sell its new headquarters in Bendigo for \$100 million in a sale-and-leaseback transaction arranged by Societe Generale Corporate & Investment Banking (SGCIB).

A consortium of investors arranged by SGCIB will purchase both the new development and the Bank's existing Fountain Court building adjacent. The sale will occur on 1 September 2008 - after completion of the new building - with Bendigo taking a long-term lease.

Except as referred to in the Report by Chairman and Managing Director, or dealt with elsewhere in the consolidated financial report, there were no matters or circumstances which arose since the end of the financial year to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Likely Developments and Results

Disclosure of information relating to major developments in the operations of the Group and the expected results of those operations in future financial years, which, in the opinion of the Directors, will not unreasonably prejudice the interests of the Group, is contained in the Report by Chairman and Managing Director accompanying this Financial Report.

Remuneration report

The Directors of the Company present this Remuneration Report for the Company and for the consolidated entity for the year ended 30 June 2006. This Remuneration Report is prepared in accordance with section 300A of the Corporations Act and Accounting Standard AASB 124 "Related Party Disclosures" and forms part of the Directors' Report. The disclosures have been audited other than where indicated.

The Group's policy in respect to non-executive and executive remuneration is available from the Bank's web site.

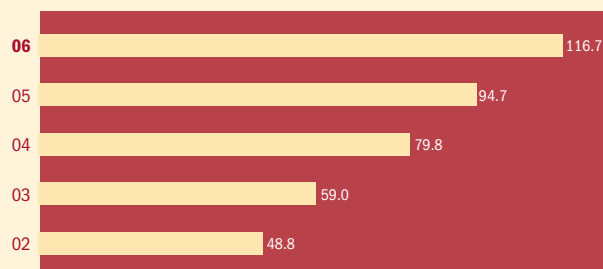
Group Performance

The following overview of the Company's development and performance is provided as background information to assist shareholders in their consideration of the Remuneration Report and to explain the link between Group performance and executive remuneration.

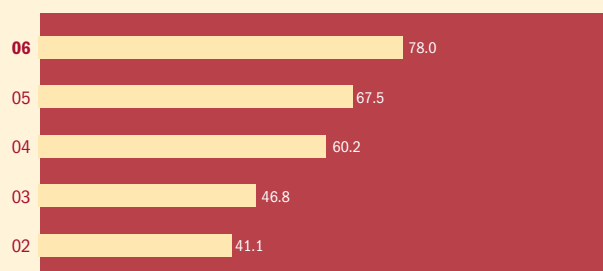
Bendigo Bank has developed to become a nationally represented, diversified financial services enterprise which is in the top 120 companies listed on the Australian Stock Exchange. The Bank has maintained a consistent branded retail strategy, focussed on the interests and prospects of our customers and communities. This is supported by a strategically focussed investment program and commitment to our corporate and social responsibilities. Through this strategy Bendigo Bank has built a brand that is well recognised, respected and sought after. Through continued commitment to the strategy, the maturity of investments to date and further investment, the Bank expects to deliver to shareholders improved, and sustainable, growth in shareholder value.

The accompanying charts set out the Company's key financial performance measures for the financial year ended 30 June 2006, and the four previous financial years, to illustrate the consequences of the Company's performance on shareholder value and returns.

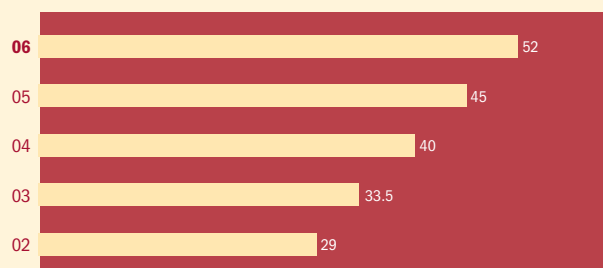
Profit after tax (\$mil)



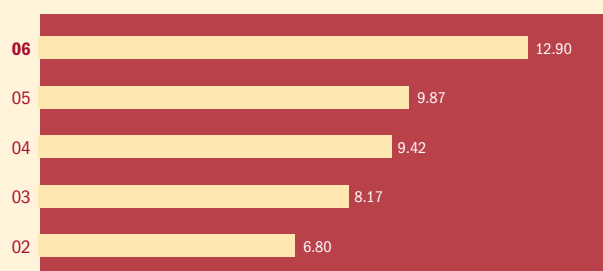
Earnings per Ordinary Share (cents)



Dividends (cents per ordinary share)



Share Price (\$) at 30 June



The Company has experienced growth in after-tax earnings averaging 27% per year since 2001, resulting in:

- > An increase in the Company's share price, from \$6.60 at 30 June 2001 to \$12.90 at 30 June 2006, of \$6.30 [\$3.03 for 2006];
- > Growth in EPS, from 28.2 cents (2001) to 72 cents (2006), of approximately 123%; [15.6 % for 2006]; and
- > An increase in dividends, from 26 cents per share (2001) to 52 cents per share (2006), of 26 cents per share [7 cents per share for 2006].

The Company has announced a final dividend of 30 cents per share on 14 August 2006, payable on 29 September 2006. This results in a total dividend payable by the Bank for the 2006 financial year of 52 cents per share (fully franked) which represents a 15.6% increase on the previous year.

As at 30 June 2006 the Company's share price has increased by \$3.03 against the Company's share price as at 30 June 2005, which represents an increase of 31%.

The Company conducted an on-market share buy-back of 2.85 million shares during the 2005 financial year. This reduced the number of ordinary shares on issue and had a positive impact on EPS.

This financial report includes a specific disclosure in respect to the key terms and estimated financial impact of the Bank's equity plans on shareholder returns. The disclosure is presented at Note 6.

During the 5 year period ended 30 June 2006, the total shareholder return, calculated on the basis of the gain in the Bank's share price and notional reinvestment of dividends paid during the same 5 year period, equates to 140%.

Under a prospectus dated 16 March 2005, Bendigo Bank issued 900,000 Bendigo Preference Shares, at a face value of \$100 per share, to raise \$90 million in share capital. The capital raising has diversified the Bank's Tier 1 capital base and was structured to assist the Bank in aligning after-tax profit performance with ordinary shareholder returns.

Non-Executive Director Fees

Objectives and Structure:

The Board has adopted a policy in respect to non-executive director fees with the following objectives:

- > To attract and retain appropriately qualified and experienced directors.
- > To remunerate directors fairly having regard to their responsibilities including providing leadership and guidance to management.
- > To build sustainable shareholder value by encouraging a longer-term strategic perspective, by not linking fees to the results of Bendigo Bank.

As the focus of the Board is to build sustainable shareholder value by taking a longer-term strategic perspective, there is no direct link between non-executive directors' fees and the annual results of the Bank. In accordance with the Board policy, non-executive director remuneration comprises the following elements:

- > Base fee.
- > Superannuation Guarantee Charge ("SGC") payments - currently at 9% of directors' fees.

A committee fee previously applied to membership of the Board Credit Committee which ceased on 31 October 2005.

Non-executive director fees and SGC payments are determined by the Board within the aggregate limit approved by shareholders. The current aggregate director fee limit which was approved by shareholders at the 2005 Annual General Meeting is \$1,200,000 per annum.

The Chairman receives twice the base fee paid to other directors to recognise and compensate for the Chairman's additional time commitment. Non-executive directors do not receive bonuses or incentive payments, nor participate in the Bank's equity participation plans. Non-executive directors are entitled under the Company's constitution to be reimbursed for business related expenses.

Non-executive director fees are reviewed annually by the Board to ensure that the structure and amount are appropriate for the circumstances of the Bank. Fees for non-executive directors are decided by the Board based on the recommendation of the Governance Committee. The Board

determined that annual non-executive director fee payments may be increased annually by the CPI index should the Governance Committee not recommend a general fee payment increase.

The Committee takes into account survey data and peer analysis to determine the level of director fees paid in the market by companies of a relatively comparable size and complexity, particularly in the banking and finance sector, and to ensure that fees and payments reflect the demands and the scope of responsibilities of directors. The assessment takes into account the remuneration policies of the Bank, changes in the nature and operations of the Group including industry developments which impact the responsibilities and risks associated with the role of director.

At the date of this report, the base fee paid to each non-executive director is \$90,000 per annum. This base fee was effective from 1 November 2005, based upon independent advice obtained from a remuneration consultant and took into account the Board's decision to wind-up the Bank's retirement benefit arrangement as at 31 August 2005 and to cease the payment of separate committee and subsidiary fees. The fee will increase to \$93,600 per annum effective 1 November 2006, reflecting a CPI increase.

Details of the membership of the Governance Committee, and its responsibilities in relation to remuneration arrangements, are set out on page 44 of the Concise Annual Report. The fees of non-executive directors for the year are detailed in the table that accompanies this report.

Non-Executive Directors' Retirement Benefits - No Longer Offered

A retirement benefit scheme was in place for non-executive directors since Bank conversion on 1 July 1995. Directors in office as at December 2003 were entitled to receive a retirement benefit equal to the aggregate of the remuneration paid to the director during the three-year period before retirement (including superannuation contributions by the Company), provided the director had served at least nine years.

Last year, the Board decided to wind-up the current arrangement with non-executive director retirement benefit entitlements being crystallised as at 31 August 2005. Each eligible director has a period of up to 4 years from August 2005 to inform the Bank as to the manner in which their respective entitlements are to be paid, provided the cost to the Bank is the same.

The Bank will continue to pay statutory superannuation guarantee charge payments to current and new non-executive directors.

Details of the retirement benefit accruals for the period to 31 August 2005 and the aggregate entitlements payable to each director as at 31 August 2005 are disclosed in the non-executive director remuneration table and associated notes that accompany this report.

Executive Remuneration

Objectives and Structure:

The Board has adopted a policy in respect to executive remuneration with the following objectives:

- > To motivate executive management to manage and lead the business successfully and to drive strong long-term organisational growth in line with the strategy and business objectives.
- > To drive successful organisational performance by incorporating an annual performance incentive and establish longer-term performance objectives.
- > To further drive longer-term organisational performance through an equity-based reward structure.
- > To make sure that there is transparency and fairness in executive remuneration policy and practices.
- > To deliver a balanced solution addressing all elements of total pay – base pay, incentive pay (cash and shares), and benefits including loans.
- > To make sure appropriate superannuation arrangements are in place for executives.
- > To contribute to appropriate attraction and retention strategies for executives.

The Group has pursued a long term “branded retail banking strategy” which has required a significantly different focus and direction to that typically taken by other organisations in the sector. The Board and Managing Director have sought to maintain a remuneration framework that provides the desired flexibility and reward structure to support this strategy whilst recognising the need to provide remuneration arrangements which are aligned with shareholder interests and commensurate with executive roles, responsibilities and market relativities.

The strategy has involved a significant investment program by the Group which has included acquisitions, expansion of the Group’s product range and the distribution network through joint ventures, **Community Bank**[®] and alliance activities, and investments into a range of community enhancement initiatives.

These investments have a medium to longer-term maturity profile with the objective of generating sustainable improvement in shareholder value. This has been reflected in the Company’s short and long term incentive remuneration arrangements for senior executives. The arrangements have been designed to balance the reward for annual performance and provide sufficient flexibility to allow for rewards to be tailored to recognise the development of business opportunities that present themselves during a year or programs that stretch across more than one reporting period.

To achieve the above objectives, executive remuneration arrangements have been structured to comprise:

- > Fixed annual remuneration.
- > Incentive arrangements.
- > Superannuation guarantee charge payments (currently 15% for the Managing Director and 9% for other executives).

It is the objective of the Board, and Managing Director, to achieve a balance between fixed remuneration and incentive components that takes into account market relativities and aligns executive remuneration with shareholder interests. The incentive based component of the total remuneration package for the

Managing Director, was 31% and for the executives, including executives who are key management personnel and executives identified in the executive remuneration table that accompanies this report (“Named Executives”), ranged between 20% and 30% of their total remuneration package.

The incentive arrangements in place during the 2006 year included the following components:

- > An annual (cash) incentive; and
- > Equity participation.

There have been no issues of equity to the Named Executives since November 2004. The Bank announced on 19 October 2005 that a review would be undertaken in respect to the Bank’s remuneration arrangements. The outcomes of the review, including proposed changes to the long-term incentive arrangements, have been described in the “Long term incentives” section of this report.

The incentive arrangements in place during the year were designed to reward the achievement of annual financial goals, individual performance criteria and to drive continued improvement in sustainable shareholder value. There were no long term incentive grants during the year while the Bank was reviewing its long term incentive arrangements. The Bank has completed that review and has introduced a new Executive Incentive Plan (the “Plan”) for senior executives (including the Managing Director) and a new Employee Share Plan for general staff. A description of the Plans are set out in the 2006 Notice of Annual General Meeting.

The remuneration arrangements apply to the Managing Director, executives (including the Named Executives) and the Company Secretary of Bendigo Bank.

The Board decides the remuneration arrangements for the Managing Director, including the proportions of fixed remuneration and incentive arrangements, and considers whether any change to the nature or amount should be made to the arrangements, on an annual basis.

The Managing Director, also on an annual basis, reviews and determines the nature and amount of remuneration for executives (including the Company Secretary), including the proportions of fixed remuneration and incentive arrangements.

Fixed annual remuneration:

The terms of employment for executives, including the Managing Director, provide for a base salary component. It is intended that executive base salaries take into account market relativities having regard to the need for Bendigo Bank to attract, motivate and retain the appropriate executive management. The base salary is a specified dollar amount that the executive may receive in a form agreed by the Company.

The base salary component is set by reference to appropriate benchmark information relevant to the executive's role, responsibilities, experience and expertise.

Executives are given the opportunity to receive their base salary in a variety of forms including cash and non-cash (salary sacrifice) benefits such as motor vehicle, superannuation contributions and expense payment arrangements. Executives are able to structure their salary sacrifice arrangements so that the payments are optimal for the recipient, provided they are made available at the same economic cost (including applicable fringe benefits tax) to the Bank.

Managing Director

In setting the fixed remuneration arrangements for the Managing Director, the Board surveys the range of comparable remuneration arrangements in the market, particularly in the banking and finance sector, to ensure that the remuneration arrangements take into account market relativities and also take into account the particular experience, expertise and strategic direction that the Managing Director brings to the role. The Board's assessment has regard to changes in the size, nature and complexity of the Group's business activities and relevant industry developments which impact the Managing Director's role and responsibilities.

Other executives

In setting the fixed remuneration arrangements for other executives, the Managing Director takes into account general market and peer information, relative to the particular role and responsibilities of the executive.

Incentive arrangements

It is the Board's objective that the incentive arrangements for the Managing Director comprise short-term annual (STI) and long-term incentive (LTI) components. The board has set a targeted remuneration mix for the Managing Director of:

Fixed:	40%
STI:	30%
LTI:	30%

The Board and Managing Director have set a targeted allocation value of 30% of fixed annual reward for participation by other executives in the new Executive Incentive Plan.

Details of the short-term incentive arrangements for the 2006 financial year and the new long-term incentive arrangements are set out below.

Annual Incentive Arrangements

As discussed above, the Managing Director's and executive remuneration packages for the 2006 year included an annual incentive component which rewards both annual financial goals and longer term performance. Payment of any part of the incentive component is at the discretion of the Board in respect of the Managing Director and at the discretion of the Managing Director for executives.

The maximum amount of the cash incentive is set by the Board for the Managing Director, taking into account market data. The Managing Director sets the maximum for other executives, taking into account the executive's particular role and responsibilities.

The amount of the annual incentive component paid to executives, including the Managing Director, is contingent primarily upon the Group achieving budgeted profit performance and in addition, subject to the discretion of the Board and Managing Director, the technical competence, leadership, operational management performance and achievement of agreed business outcomes. The amounts are set following the year-end profit announcement.

The objective of the incentive component is to link the annual financial performance of the group, and the achievement of individual business priorities which enhance the future prospects of the company with the remuneration received by executives. The total potential annual

cash incentive is set for each executive with operational responsibilities at a level which provides an appropriate incentive to achieve the business and financial targets and at a cost that is reasonable to the Company in its circumstances.

Managing Director

The Managing Director's annual cash incentive component for the year ended 30 June 2006 was based upon a mix of quantitative and qualitative performance measures and was set at a maximum of \$600,000.

The quantitative element focused on the achievement of EPS growth calculated at the rate of \$40,000 for every one cent per share increase in the Bank's reported normalised EPS ratio above the normalised EPS ratio achieved for the 2005 financial year, with a maximum of \$400,000 payable.

The Board selected the EPS measure as it represents a publicly available performance measure that appropriately reflects the short-term interests of shareholders. The Board considers that the use of the Bank's EPS ratio ensures that an appropriate focus is placed upon both profit performance and effective application of shareholder capital, given the Bank must adhere at all times to the minimum capital requirements set by the Australian Prudential Regulation Authority.

The Board has set qualitative performance measures in respect to the balance of the annual cash incentive (\$200,000) that focus on the continued progress of the Group strategy and reinforcement of the Bank's positioning, the achievement of major business priorities confirmed by the Board, and:

- > Continued progress of the Bank to enable an increase in the Bank's credit rating.
- > Continued progress of the rationalisation of the Group's property and premises requirements.
- > Continued development of the Group's wealth management business.
- > Succession planning and development of management.
- > Continued enhancement of the Group's reporting framework.

The above quantitative and qualitative performance measures were selected by the Board to reflect a balance between measures which provide an annual

profit-based incentive and measures which provide incentive to generate further sustainable shareholder value during the short to medium term.

The performance of the Managing Director is reviewed by the Board on an annual basis in two stages. The Chairman conducts an assessment of the Managing Director's performance as part of the annual Board and Director performance process completed prior to year-end. The outcomes of the assessment are presented to the non-executive directors by the Chairman.

The non-executive directors complete the second stage of the assessment process, after the Group's year-end profit result announcement, at which time the Board determines the amount of the incentive payment based upon the achievement of the agreed performance measures. The Board also determines at the same time the following year's fixed remuneration and incentive arrangements including performance criteria.

Other Executives

The annual incentive component for other executives is primarily determined on the basis of the Group's normalised EPS performance. Details of the Bank's EPS performance is set out in the Group Performance section of this report. At the discretion of the Managing Director, payment of the annual incentive component may also take into account the executive's technical competence, leadership, operational management performance and achievement of relevant business outcomes for the year.

Generally the amount of the annual incentive paid to other executives is contingent upon the achievement of targeted EPS performance, aligned with the market guidance issued by the Bank. The Managing Director will also take into account the individual performance achievements of the executive member. The incentive paid to executives is based upon an assessment of the Group's actual EPS performance and the extent to which the executive has discharged their position responsibilities and achieved objectives.

Executives may also participate in the bonus pool that is allocated amongst Group employees. Executives only participate in the bonus pool if Company performance exceeds the Board approved budget performance. The amount of any payment from the bonus pool to executives is determined by the Managing Director. No amounts were paid from the bonus pool allocation to executives for the 2006 financial year.

Long term incentives

Executive Incentive Plan: Executives

There were no long term incentive payments or grants of shares to the Named Executives in the financial year ending 30 June 2006 due to the pending establishment of a new Executive Incentive Plan.

The Board considers it important that executives, including the Managing Director, have ongoing share ownership in the Company.

The Company's new Executive Incentive Plan ("Plan") is designed to link executive reward with the key performance drivers which underpin sustainable growth in shareholder value – including both share price and returns to shareholders. Participation is offered to executives, including the Managing Director, as decided by the Board.

Offers to participate in the Plan will be made to 11 executives and the Managing Director shortly after the 2006 Annual General Meeting.

Overview of the Plan

The Plan provides for grants of options and performance rights ("Instruments") to key executives, including the Managing Director. Under the Plan, eligible executives are granted options and performance rights subject to performance conditions set by the Board. If the performance conditions are satisfied during the relevant performance period, the options and performance rights will vest. The performance conditions and performance periods for the 2007 grants are set out below.

Options and performance rights are granted at no cost to the executive. The Plan rules provide that the Board may determine that a price is payable upon exercise of an option or exercisable performance right.

The exercise price for options will generally be the market price of the shares at the grant date, and no exercise price will apply to exercisable performance rights.

Executives are entitled to vote and to receive any dividend, bonus issue, return of capital or other distribution made in respect of shares they are allocated on vesting and exercise of their performance rights and options, as applicable.

The 2007 grants are subject to a dealing restriction. Executives are not entitled to sell, transfer or otherwise deal with the shares allocated to them until 2 years after the end of the initial performance period.

If an executive ends their employment with the Company before the performance conditions for the options or performance rights have been met, the options and performance rights that have not yet vested will lapse.

However, if the executive's employment ends because of death, disability, redundancy, or if the Board consents, the Board may decide that a number of options and performance rights vest.

If there is a takeover or change of control of the Company, the Board may decide that unvested options or performance rights vest, having regard to the Company's pro-rata performance against the relevant performance conditions.

If an executive were to act fraudulently, dishonestly or, in the Board's opinion, in breach of his or her legal duties, any unvested options or performance rights will lapse.

Performance Conditions

The performance condition for options to be granted to executives in 2007 will be based on the Company's total shareholder return ("TSR"). The performance condition for performance rights granted to executives in 2007 will be based on the Company's compound growth in cash basis earnings per share ("EPS"), both measured over a 3 year initial performance period.

Total Shareholder Return ("TSR")

TSR measures changes in the market value of the Company's shares over the performance period and the value of dividends on the shares during that period (dividends are treated as if they were re-invested).

The use of a TSR based hurdle ensures an alignment between comparative shareholder return and reward for the executives and provides a relative, external market performance measure, having regard to the TSR performance of other companies in a comparator group. For the purpose of the 2007 grants under the Plan, the comparator group consists of ASX 200 companies (excluding financials, property trusts and resources) ("Peer Group").

Earnings Per Share ("EPS")

Cash basis EPS will be calculated as the reportable earnings which reflect the underlying operating performance of the business, as approved by the Board. The EPS based hurdle is a fundamental indicator of financial performance, both internally and externally and links directly to the Company's long-term objective of growing earnings.

For the purpose of the 2007 grants under the Plan, the EPS performance condition involves a comparison between the cash basis EPS for the last financial year of the performance period against the cash basis EPS for the first financial year of the performance period.

Vesting schedule – Options

Options granted in 2007 will vest in accordance with the following table.

Company's TSR ranking against TSR of Peer Group	Percentage of options that vest
TSR below 50th percentile	Nil
TSR at the 50th percentile	50%
TSR between 51st and 74th percentile	An additional 2% of options will vest for every percentage increase.
TSR at or above 75th percentile	100%

Vesting schedule – performance rights

Performance rights granted in 2007 will vest as set out below. At the end of the performance period, the growth in the Company's cash basis EPS must equal or exceed 10% per annum, calculated on a compound basis.

Company's compound growth in EPS	Percentage of performance rights that vest
EPS growth less than 10%	Nil
EPS growth at or above 10%	100%

The Board has a discretion to increase or decrease by 20% the number of performance rights provided under the 2007 grant based on an assessment of whether cash basis EPS growth was due to factors controllable by the Company or external factors.

Retesting

To the extent that the performance conditions attaching to options and performance rights granted in 2007 are not satisfied at the end of the initial performance period, the options and performance rights that do not vest, will be carried forward and retested as described below.

Options: will be retested after a further 6 months and, if still not satisfied, they may be retested one final time after another 6 months.

Performance rights: will be retested only once, after 12 months.

Any options or performance rights that have not vested at the end of the additional 12 month period will lapse.

Terms of grant to Managing Director

It is proposed that options and performance rights will be granted to the Managing Director in three separate tranches if shareholder approval is obtained at the Company's 2006 Annual General Meeting.

In the 2007 financial year, it is intended that options and performance rights will be granted in two separate tranches, commencing concurrently. Tranche 1 will consist of 120,349 options and 19,043 performance rights and will have an initial performance period of 2 years. Tranche 2 will consist of 160,465 options and 25,391 performance rights and have an initial performance period of 3 years. Tranche 3, which will be granted in the 2008 financial year, will also have a 3 year initial performance period.

The performance conditions attaching to Tranches 1 and 2 are those noted above, which apply to all executives participating in the Plan, except that Tranche 1 has an initial performance period of 2 years. The performance conditions for Tranche 3 will be determined by the Board before the start of the 2008 financial year and will be reported in the Company's 2007 Remuneration Report. It is intended that the performance conditions for Tranche 3 will consist of either or both of TSR and EPS hurdles and will be consistent with those applicable to other executives receiving grants under the Plan at that time.

Employee Share Plan: General Staff**Legacy Plan**

The Company has discontinued the existing loan-based Employee Share Ownership Plan ("Plan") which was open to all employees in the Group, including the Managing Director and executives. The Plan will continue as a legacy plan until such time as the loans provided to fund share purchases under the Plan have been repaid. There have been no issues of shares under this Plan since November 2004.

Further details of the major terms and conditions of the Plan are set out in the Concise Annual Report at page 76.

New Plan

As announced on 23 May 2006, the Bank has established a new loan-based limited recourse Employee Share Plan ("Plan"). The Plan is substantially the same as the Legacy plan. However, it is only available to general staff. Executives (including the Managing Director) may not participate in it.

Under the terms of the Plan, shares will be issued at the prevailing market value. The shares must be paid for by the staff member. The Plan provides staff members with an interest-free loan for the sole purpose of acquiring Plan shares. Net cash dividends after personal income tax obligations are applied to reduce the loan balance. Staff cannot deal in the shares until the loan has been repaid. The primary benefit under the terms of the Plan is the financial benefit of the interest-free loan.

The Board has recently approved, on the recommendation of the Managing Director, a share issue to general staff under the Plan. The share issue was completed during September 2006.

Issues under the Plan are valued and expensed in accordance with applicable accounting requirements.

Executive Employment Contracts

It is the Group's policy that executive employment contracts will not be for fixed terms and are not to include a provision for payment on early termination, without Board approval.

To date executive members, other than the Managing Director, are employed under the prevailing employment terms and conditions of the Group as set out in the standard employment letter signed by the executive. The respective remuneration arrangements are determined in accordance with Group employment practices.

The employment letter signed by executives does not contain a separate provision in respect to early termination other than in the case of the Chief Financial Officer which provides for a 6 month termination notice period, except in the case of non-performance.

The notice period applicable to other executives ranges between three to four weeks, depending on the executive's length of service.

At the date of this report the only contract the Board has approved which contains a specific provision for payment on early termination is the employment contract entered into between the Bank and the Managing Director. Details of the contract terms are set out below.

**Employment Contract
– Managing Director**

The current employment agreement with the Group's Managing Director commenced on 1 July 2001 and expires on 30 June 2007. As announced on 19 October 2006 the Managing Director has agreed to extend the agreement and from 1 July 2007 Mr Hunt's employment as Managing Director will be open-ended. A summary of the key elements of the employment agreement follows.

The agreement provides for termination payments to be made in certain circumstances and the payment varies depending on the circumstances as explained below. In each case, it includes payment in lieu of statutory leave entitlements.

Bendigo Bank may terminate the agreement without cause by giving 12 months' notice or, at its option, payment of pro-rata gross salary, in lieu of the required notice, together with any accrued but unused statutory leave entitlements including any that would have accrued in that period. Bendigo Bank may also terminate the agreement for cause, including illegal conduct or gross misconduct, including serious neglect of duties, which in the reasonable opinion of the Board is injurious to the Company, provided that Mr Hunt is given the opportunity to defend himself before termination. In that case, Mr Hunt is entitled to payment of his pro-rata gross salary and benefits to the date of termination and payment in lieu of any accrued but unused statutory leave entitlements as at that date.

Mr Hunt may terminate the agreement by giving Bendigo Bank not less than six months' written notice. Mr Hunt is entitled to the pro-rata gross salary and benefits for the duration of the six-month notice period. Bendigo Bank may at its sole election make a payment in lieu of the notice period.

Mr Hunt may also treat the agreement as terminated if without cause Bendigo Bank acts or proposes to act to diminish the job content, status, responsibility or authority of Mr Hunt or reduce his gross salary. In that case, Bendigo Bank is required to pay Mr Hunt an amount equivalent to 12 months' gross salary, together with any accrued but unused statutory leave entitlements including any that would have accrued in that period.

The agreement provides for participation in any equity participation plan, other than the general staff plan and for issues of equity instruments at least every two years during the term of the agreement.

Details of the remuneration of Directors and executives of the Group for the 2006 financial year

(a) Details of Key Management Personnel

The following tables set out the remuneration details for Directors and executives, including key management personnel (being the Directors of the Bank and the executives who have the authority and responsibility for planning, directing and controlling the activities of the Group), and the five most highly remunerated executives of the Group and the Company for the 2006 financial year.

(i) Directors:

Robert N Johanson	Chairman (non executive) - appointed Chairman 28 March 2006
Robert G Hunt AM	Managing Director
Neal J Axelby	Director (non-executive)
Jennifer L Dawson	Director (non-executive)
Donald J Erskine	Director (non-executive)
Richard A Guy OAM	Director (non-executive) - retired from the Board on 31 August 2006
Terence J O'Dwyer	Director (non-executive)
Deborah L Radford	Director (non-executive) - appointed 27 February 2006
Kevin E Roache	Director (non-executive)
Antony D Robinson	Director (non-executive) - appointed 24 April 2006

(ii) Executives:

Marnie A Baker ¹	Chief General Manager, Solutions
Gregory D Gillett	Chief General Manager, Strategy and Human Resources
Richard H Hasseldine	Chief General Manager, Group Delivery
Michael J Hirst	Chief Operating Officer
Russell P Jenkins ¹	Chief General Manager, Retail and Distribution
Vicky M Kelly	Chief Information Officer
K Craig Langford	Chief Financial Officer

¹ Ms Baker and Mr Jenkins became Key Management Personnel following changes to their position responsibilities implemented during September 2005. Other than the retirement of Mr Guy noted above, there were no other changes in respect to the Group's Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

(b) Remuneration of Key Management Personnel

The remuneration details of directors and named executives for the financial year ended 30 June 2006 (consolidated) are set out in the following tables.

Non-executive Directors	Short-Term				Post Employment		Long-Term	Share- Based Payment	Total
	Salary & Fees ¹	Cash Bonus (At-Risk) ²	Non Monetary Benefits ³	Other ⁴	Super-annuation ⁵	Retirement Benefits ⁶	Incentive Plans & Long Service Leave Accrual ⁷	Options & Shares ⁸	
R N Johanson ⁹	107,500	-	-	-	9,675	(1,025)	-	-	116,150
N J Axelby	86,822	-	-	-	7,814	814	-	-	95,450
J L Dawson	88,534	-	-	-	7,964	3,611	-	-	100,109
D J Erskine	86,822	-	-	-	7,814	3,277	-	-	97,913
R A Guy OAM ⁹	147,500	-	-	-	13,275	(5,682)	-	-	155,093
T J O'Dwyer	85,000	-	-	-	7,650	1,582	-	-	94,232
D L Radford	31,150	-	-	-	2,804	-	-	-	33,954
K E Roache	87,551	-	-	-	7,880	2,488	-	-	97,919
A D Robinson	17,300	-	-	-	1,557	-	-	-	18,857
Total	738,179	-	-	-	66,433	5,065	-	-	809,677

Remuneration of Key Management Personnel (continued).

Executives	Short-Term				Post Employment		Long-Term	Share- Based Payment	Total	Total Performance Related
	Salary & Fees	Cash Bonus (At-Risk) ²	Non Monetary Benefits ³	Other ⁴	Super-annuation ⁵	Retirement Benefits ⁶	Incentive Plans & Long Service Leave Accrual ⁷	Options & Shares ⁸		
R G Hunt AM	769,315	559,000	36,500	245,146	177,687	-	10,276	-	1,797,924	31%
M A Baker	261,797	90,000	13,799	15,165	30,202	-	22,019	-	432,982	21%
G D Gillett	328,940	160,000	53,905	30,741	48,702	-	12,812	-	635,100	25%
R H Hasseldine	138,144	110,000	132,698	14,641	35,294	-	6,318	-	437,095	25%
M J Hirst	377,150	185,000	54,483	16,601	53,169	-	14,272	-	700,675	26%
R P Jenkins	310,700	90,000	15,539	17,243	33,906	-	27,412	-	494,800	18%
V M Kelly	320,943	120,000	32,717	28,825	40,458	-	16,089	-	559,032	21%
K C Langford	344,546	160,000	66,029	28,415	50,452	-	16,753	-	666,195	24%
Total	2,851,535	1,474,000	405,670	396,777	469,870	-	125,951	-	5,723,803	

Remuneration of Key Management Personnel (continued).

Remuneration details for the financial year ended 30 June 2005 (consolidated) are set out in the following tables.

Non-executive Directors	Short-Term				Post Employment		Long-Term	Share- Based Payment	Total	Total Performance Related
	Salary & Fees ¹	Cash Bonus (At-Risk) ²	Non Monetary Benefits ³	Other ⁴	Super-annuation ⁵	Retirement Benefits ⁶	Incentive Plans & Long Service Leave Accrual ⁷	Options & Shares ⁸		
R N Johanson	71,618	-	-	-	6,446	(7,735)	-	-	70,329	-
N J Axelby	76,883	-	-	-	6,919	18,728	-	-	102,530	-
J L Dawson	73,069	-	3,814	-	7,374	25,553	-	-	109,810	-
D J Erskine	76,883	-	-	-	6,919	25,067	-	-	108,869	-
R A Guy OAM ⁹	143,236	-	-	-	12,891	(14,114)	-	-	142,013	-
T J O'Dwyer	71,618	-	-	-	6,446	12,271	-	-	90,335	-
K E Roache	78,968	-	-	-	7,107	9,119	-	-	95,194	-
Total	592,275	-	3,814	-	54,102	68,889	-	-	719,080	

Remuneration of Key Management Personnel (continued).

Executives	Short-Term				Post Employment		Long-Term	Share- Based Payment	Total	Total Performance Related
	Salary & Fees	Cash Bonus (At-Risk) ²	Non Monetary Benefits ³	Other ⁴	Super-annuation ⁵	Retirement Benefits ⁶	Incentive Plans & Long Service Leave Accrual ⁷	Options & Shares ⁸		
R G Hunt AM	600,753	450,000	30,625	162,882	130,102	-	10,865	-	1,385,227	33%
G D Gillett	304,907	160,000	43,472	29,650	42,296	-	9,615	-	589,940	27%
R H Hasseldine	165,512	100,000	95,570	13,816	31,867	-	5,062	-	411,827	24%
M J Hirst	264,939	160,000	77,441	15,651	39,981	-	7,306	-	565,318	28%
V M Kelly	311,519	100,000	29,364	27,778	33,875	-	9,293	-	511,829	20%
K C Langford	281,519	150,000	60,346	27,328	39,981	-	9,525	-	568,699	26%
Total	1,929,149	1,120,000	336,818	277,105	318,102	-	51,666	-	4,032,840	

Notes:

- Includes fees payable to members of the Credit Committee up to 31 October 2005. The amounts paid comprise Mr K Roache \$2,550 (2005 \$7,350); Ms J Dawson \$1,822 (2005 \$5,265); Mr D Erskine \$1,822 (2005 \$5,265) ; and Mr N Axelby \$1,822 (2005 \$5,265) .
- The percentage of the incentive payment for the financial year approved by the Board for payment to the Managing Director is 93% with 7% forfeited (2005 90% with 10% forfeited). The percentage of the incentive payments for the financial year approved by the Managing Director for payment to the specified executives is 100% (2005 100%). A minimum level of performance must be achieved before any annual incentive is paid. Therefore, the minimum potential value of the annual incentive which was granted in respect of the 2006 financial year was nil. The maximum value of annual incentive grants made during the 2006 financial year is the amount specified in this table. The incentive payments will be paid during September 2006.
- "Non-monetary" relates to the salary sacrifice components of short-term compensation.
- "Other" relates to the interest free loan provided under the Employee Share Ownership Plan. A notional benefit is calculated using the average outstanding loan balance and the Bank's average cost of funds. Details in respect to loans provided to the executive under the Employee Share Ownership Plan are disclosed in the full financial statements at Note 36.
- Represents superannuation contributions made on behalf of Directors and Named Executives in accordance with the Superannuation Guarantee Charge legislation.
- Represents amounts provided for by the company during the financial year in relation to the contractual retirement benefit payment to which the non-executive director will be entitled upon retirement from office. As disclosed in the 2005 Concise Annual Report, the retirement benefit entitlements were crystallised as at 31 August 2005 with the following entitlements payable: RA Guy \$341,052; RN Johanson \$170,434; NJ Axelby \$93,471; JL Dawson \$126,326; DJ Erskine \$125,506; TJ O'Dwyer \$87,782; KE Roache \$191,722. The respective entitlements are to be paid-out by the Bank in accordance with each Director's instructions over the next few years. The final retirement benefit entitlements have been adjusted for Superannuation Guarantee Charge contributions and associated earnings.
- The amounts disclosed relate solely to long service leave accruals.
- For the reasons set out in this Report, no equity grants were made to the Managing Director or the Named Executives during the 2006 financial year. Accordingly, 0% of the remuneration for the Managing Director and Named Executives for the 2006 financial year consisted of options and rights. There were no equity and other remuneration components paid to non-executive directors in accordance with the non-executive director remuneration policy. During the 2005 year 300,000 ordinary shares were issued to the Group Managing Director under the terms of the Employee Share Ownership Plan, as approved by shareholders at the 2004 Annual General Meeting. The shares were issued fully paid (funded by an interest-free loan) at market value. An approximate fair value of the 300,000 shares issued, based on the valuation methodology under AASB 2: Share-based Payment, ranges between \$420,000 and \$515,000. The benefit of the interest-free loan is disclosed in the remuneration table in the "Short-Term - Other" column in respect to the Managing Director. During the 2005 year, the Board approved the sale of a percentage of the Bank's ownership in Bendigo Community Telco Limited to the Managing Director, the details of which are disclosed in the related party note to the full financial statements. As part of the Managing Director's remuneration arrangements, the Board approved a benefit of a deferred payment arrangement for the Managing Director to finance the purchase of the shares. The benefit of the deferred payment arrangement is also included as remuneration under "Short -Term - Other" column in respect to the Managing Director.
- Fees include Chairman's allowance of \$62,500 (2005 \$71,618) paid to Mr R A Guy and Chairman's allowance of \$22,500 paid to Mr R N Johanson.

Meetings of directors

The number of meetings of the Bank's directors (including meetings of committees of Directors) held during the year ended 30 June 2006 and the number attended by each director were:

Attended by:	Meetings in Committees													
	Board of directors Meetings		Audit		Credit		Risk		Property		Governance		IT Strategy	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
R A Guy OAM	16	13	9	7					1	-	4	3		
R N Johanson	16	15	4	3			6	5			3	3	4	4
R G Hunt AM	16	14					6	6	1	1	4	3	6	5
N J Axelby	16	16			11	11	6	6			4	4		
J L Dawson	16	16	9	9	11	11			1	1				
D J Erskine	16	15			11	11			1	1			6	5
T J O'Dwyer	16	16	9	7			6	5					6	6
DLM Radford ¹	5	5			4	4							2	2
K E Roache	16	16			11	9	6	6			4	4		
AD Robinson ²	3	2					1	1			1	1		

A = Number held
B = Number attended

¹ DL Radford was appointed to the Board on 27 February 2006.

² AD Robinson was appointed to the Board on 24 April 2006.

Insurance of Directors and Officers

During or since the financial year end, the Company has paid premiums to insure certain officers of the company and related bodies corporate. The officers of the Company covered by the insurance policy include the Directors listed above, the secretary and Directors or secretaries of controlled entities who are not also Directors and secretaries of Bendigo Bank Limited, and general managers of each of the divisions of the economic entity.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an independent auditor of the Company or a related body corporate.

Indemnification of Officers

The constitution stipulates that the Company is to indemnify, to the extent permitted by law, each officer or employee of the Company against liabilities (including costs, damages and expenses incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body) incurred by an officer or employee in, or arising out of the conduct of the business of the Company or arising out of the discharge of the officer's or employee's duties.

As provided under the Company's constitution, the Company has entered into deeds providing for indemnity, insurance and access to documents for each Director who held office during the year. The deed requires the Company to indemnify, to the extent permitted by law, the Director against all liabilities (including costs, damages and expenses incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body) incurred by the Director in, or arising out of conduct of the business of the Company, an associated entity of the Company or in the discharge of their duties as a Director of the Company, a subsidiary or associated company.

Directors' Interests in Equity

The relevant interest (as defined under S205G of the Corporations Act) of each Director in shares of the company or a related body corporate at the date of this report is as follows:

Director	Ordinary shares	Preference shares
R N Johanson	178,401	500
R G Hunt AM ¹	808,954	-
N J Axelby	26,461	50
J L Dawson	12,765	100
D J Erskine	230,908	-
R A Guy OAM	324,623	200
T J O'Dwyer	50,300	-
D L Radford	1,000	-
A D Robinson	2,500	-
K E Roache	40,643	200

¹ includes 740,000 shares issued under the Bendigo Employee Share Ownership Plan.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Company Secretary

David A Oatway B Bus, CA, ACIS

Mr Oatway has been the company secretary of Bendigo Bank Limited for eight years. Prior to this position he held roles within the Bank's internal audit and secretariat departments. Prior to joining the Bank he was employed by Melbourne and Bendigo based chartered accounting firms.

Auditor Independence and Non-audit Services

The Company's audit committee has conducted an assessment of the independence of the external auditor for the year ended 30 June 2006. The assessment was conducted on the basis of the Company's audit independence policy and the requirements of the Corporations Act 2001.

The assessment included a review of non-audit services provided by the auditor and an assessment of the independence declaration issued by the external auditor for the year ended 30 June 2006. The audit committee's assessment confirmed that the independence requirements have been met. The audit committee's assessment was accepted by the full Board. A copy of the auditor's independence declaration is provided at the end of this Directors' Report.

Non-Audit Services

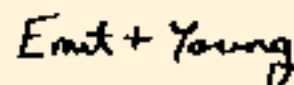
Details of all non-audit services for the year ended 30 June 2006:

(a) Audit related fees:

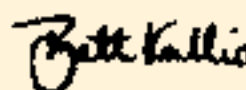
In its capacity as the Group's external auditor, Ernst & Young are periodically engaged to provide assurance services to the Group in accordance with Australian Auditing Standards. All assignments are subject to engagement letters in accordance with Australian Auditing Standards. They include audit services required for regulatory and prudential purposes and the amounts shown are GST exclusive.

Auditor's Independence Declaration to the Directors of Bendigo Bank Limited

In relation to our audit of the financial report of Bendigo Bank Limited for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young

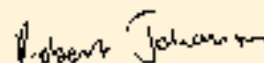


Brett Kallio
Partner

12 September 2006

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Signed in accordance with a resolution of the Board of Directors



RN Johanson Chairman



RG Hunt AM Managing Director

12 September 2006

Service Category	Fees paid/payable (excluding GST) \$	Entity
APRA Prudential Standard APS310 report	52,000	Bendigo Bank Limited
Australian Financial Services Licences	41,000	Note 1
APRA Prudential Standard GPS220 report	16,000	Sunstate Lenders Mortgage Insurance
Sub total – audit related fees	109,000	

Note 1: Amount attributed to Bendigo Bank and subsidiary companies: Sandhurst Trustees Limited, Victorian Securities Corporation Ltd, Worley Securities Pty Ltd, Bendigo Investment Services Limited and National Assets Securitisation Corporation

(b) Non audit related fees

Non audit services are those services paid or payable to the Group's external auditor, Ernst & Young, which do not relate to the audit requirements of the Corporations Act.

The following table is a summary of all current year non audit related fees:

Service	Fees (excluding GST) \$	Entity
Tax compliance services	85,543	Bendigo Bank Limited
Tax advice – (R&D, GST and other advice)	90,541	Bendigo Bank Limited
Sub total– non-audit related fees	176,084	
Total	285,084	

The Audit Committee has reviewed the nature and scope of the above non-audit services provided by the external auditor. In doing so, the Audit Committee has assessed that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

This assessment was made on the basis that the non-audit services performed did not represent the performance of management functions or the making of management decisions, nor were the dollar amounts of the non-audit fees considered sufficient to impair the external auditor's independence. As noted previously, this Audit Committee's assessment has been reviewed and accepted by the full Board.

Income Statement

for the year ended 30 June 2006

	Note	Consolidated	
		2006 \$m	2005 \$m
Revenue			
Net interest income			
> Interest income		907.5	815.0
> Interest expense		592.4	528.9
Net interest income		315.1	286.1
Other revenue			
> Dividends		2.7	1.6
> Fees			
	– asset products	21.4	26.7
	– liability products and electronic delivery	62.6	53.5
	– trustee, management & other services	9.0	9.6
	– other	10.7	9.4
> Commissions			
	– wealth solutions	31.9	29.0
	– insurance	7.3	6.8
	– other	2.4	1.8
> Other revenue		13.5	4.5
Total other revenue		161.5	142.9
Income			
> Profit on sale of SMF shares		15.5	-
> Other income		2.6	9.7
Total income		18.1	9.7
Share of associates' net profits (losses) accounted for using the equity method		22.2	20.3
Total income after interest expense		516.9	459.0
Expenses			
Bad and Doubtful Debts on loans and receivables			
> Bad and Doubtful Debts		7.3	14.1
> Bad and Doubtful Debts recovered		(0.3)	(0.5)
Total bad and doubtful debts on loans and receivables		7.0	13.6
Other expenses			
> Borrowing costs		0.3	0.4
> Staff and related costs		170.8	154.8
> Occupancy costs		29.3	26.2
> Amortisation of intangibles		5.6	3.6
> Property, plant & equipment costs		9.9	9.1
> Fees and commissions		18.9	17.4
> Other		109.4	98.4
Total other expenses		344.2	309.9
Profit before income tax expense		165.7	135.5
Income tax expense		(49.0)	(41.2)
Net profit		116.7	94.3
Net (profit)/loss attributable to minority interest		-	0.4
Net profit attributable to members of Bendigo Bank Limited		116.7	94.7
Basic earnings per ordinary share (cents per share)	4	78.0	67.5
Diluted earnings per ordinary share (cents per share)	4	78.0	67.5
Franked dividends per ordinary share (cents per share)	5	52.0	45.0

Balance Sheet

as at 30 June 2006

	Consolidated	
	2006	2005
	\$m	\$m
Assets		
Cash and cash equivalents	270.8	253.1
Due from other financial institutions	209.0	188.9
Derivatives	28.4	3.1
Financial assets available for sale - securities	360.9	-
Financial assets available for sale - share investments	94.4	42.5
Financial assets held to maturity	1,370.6	1,570.1
Loans and other receivables	12,436.7	11,392.4
Investments in associates and joint ventures using the equity method	143.5	118.1
Property, plant & equipment	81.1	47.5
Intangible assets and goodwill	89.6	90.4
Deferred tax assets	27.4	35.8
Other financial assets	83.7	116.7
Total Assets	15,196.1	13,858.6
Liabilities		
Due to other financial institutions	166.3	143.3
Deposits	13,599.8	12,572.2
Derivatives	20.0	6.3
Financial liabilities	140.0	111.3
Income tax payable	9.9	8.3
Provisions	37.4	32.0
Deferred tax liabilities	16.1	2.4
Subordinated debt - at amortised cost	307.1	262.1
Total Liabilities	14,296.6	13,137.9
Net Assets	899.5	720.7
Equity		
Parent entity interest		
> Issued capital -ordinary	564.1	546.3
> Perpetual non-cumulative redeemable convertible preference shares	88.3	43.0
> ESOP shares	(25.6)	(30.0)
> Reserves	78.8	4.0
> Retained earnings	194.5	157.8
Total parent entity interest in equity	900.1	721.1
Total minority interest	(0.6)	(0.4)
Total Equity	899.5	720.7

Cash Flow Statement

for the year ended 30 June 2006

	Consolidated	
	2006	2005
	\$m	\$m
Cash flows from Operating Activities		
Interest and other items of a similar nature received	904.8	815.6
Interest and other costs of finance paid	(573.6)	(522.2)
Receipts from customers (excluding interest)	158.9	133.3
Payments to suppliers and employees	(288.4)	(332.1)
Dividends received	15.1	12.6
Income taxes paid	(45.6)	(41.6)
Net cash flows from operating activities	171.2	65.6
Cash Flows from Investing Activities		
Cash flows for purchases of property, plant and equipment	(44.6)	(16.5)
Cash proceeds from sale of property, plant and equipment	5.8	9.4
Cash paid for purchases of intangible software	(9.0)	(6.8)
Cash paid for purchases of equity investments	(28.7)	(34.4)
Cash proceeds from sale of equity investments	2.2	13.9
Net increase in balance of loans outstanding	(976.1)	(1,342.3)
Net increase in balance of investment securities	(161.5)	(350.8)
Net cash increase on derecognition of a subsidiary	0.7	-
Net cash received/(paid) on acquisition of a subsidiary	-	14.6
Net cash flows used in investing activities	(1,211.2)	(1,712.9)
Cash Flows from Financing Activities		
Cash paid for buyback of shares	-	(27.0)
Proceeds from issue of preference shares	44.9	45.0
Net increase in balance of retail deposits	1,286.2	987.2
Net increase/(decrease) in balance of wholesale deposits	(277.5)	729.2
Proceeds from issue of subordinated debt	75.0	85.0
Repayment of subordinated debt	(30.1)	(22.5)
Dividends paid	(48.1)	(36.5)
Repayment of ESOP shares	4.4	1.4
Payment of share issue costs	-	(2.0)
Net cash flows from financing activities	1,054.8	1,759.8
Net increase/(decrease) in cash and cash equivalents held	14.8	112.5
Add cash and cash equivalents at the beginning of the financial period	298.7	186.2
Cash and cash equivalents at the end of financial year	313.5	298.7

Statement of Changes in Equity

for the year ended 30 June 2006

	Attributable to equity holders of Bendigo Bank Limited					Minority Interest	Total Equity	
	Issued Capital \$m	ESOP Shares \$m	Preference Shares \$m	Retained Earnings \$m	Other Reserves \$m	Total \$m	\$m	
Consolidated								
At 1 July 2004								
Opening AGAAP balance	551.6	-	-	119.6	5.4	676.6	(0.2)	676.4
<i>AIFRS opening balance adjustments:</i>								
Goodwill impairment	-	-	-	(3.4)	-	(3.4)	-	(3.4)
Adjust lease (rent) costs	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Tax effect of asset reval reserve	-	-	-	-	1.2	1.2	-	1.2
ESOP shares	-	(31.4)	-	-	-	(31.4)	-	(31.4)
Adjusted AIFRS opening balance	551.6	(31.4)	-	116.1	6.6	642.9	(0.2)	642.7
Transfer from asset reval reserve	-	-	-	2.3	(2.3)	-	-	-
Tax effect of asset reval reserve	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total income and expenses recognised directly in equity	-	-	-	2.3	(2.6)	(0.3)	-	(0.3)
Profit for the year	-	-	-	94.7	-	94.7	(0.2)	94.5
Total income/(expense) for the year	-	-	-	97.0	(2.6)	94.4	(0.2)	94.2
Issue of share capital	21.7	-	43.0	-	-	64.7	-	64.7
Share buy-back	(27.0)	-	-	-	-	(27.0)	-	(27.0)
Reduction in ESOP shares	-	1.4	-	-	-	1.4	-	1.4
Equity dividends	-	-	-	(55.1)	-	(55.1)	-	(55.1)
Other	-	-	-	(0.2)	-	(0.2)	-	(0.2)
At 30 June 2005	546.3	(30.0)	43.0	157.8	4.0	721.1	(0.4)	720.7
At 1 July 2005								
Opening balance b/fwd	546.3	(30.0)	43.0	157.8	4.0	721.1	(0.4)	720.7
<i>AIFRS opening balance adjustments:</i>								
Adj carrying value of share invests	-	-	-	-	25.5	25.5	-	25.5
Tax effect - adjust carry value of share investments	-	-	-	-	(7.5)	(7.5)	-	(7.5)
Discounting of specific provisions	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Fair value adjustments	-	-	-	0.1	-	0.1	-	0.1
Fair value adjustments - associates	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Establish general reserve for credit losses (GRCL)	-	-	-	-	36.7	36.7	-	36.7
Establish GRCL - associates	-	-	-	-	4.8	4.8	-	4.8
Deferred loan application fees	-	-	-	(7.4)	-	(7.4)	-	(7.4)
Other opening balance adjusts-assoc	-	-	-	(1.0)	0.6	(0.4)	-	(0.4)
Adjusted opening balance	546.3	(30.0)	43.0	148.4	64.1	771.8	(0.4)	771.4
Net gains on AFS financial assets	-	-	-	-	7.3	7.3	-	7.3
Gains/(losses) on cash flow hedges	-	-	-	-	2.3	2.3	-	2.3
Gains/(loss) on c/flow hedges-assoc	-	-	-	-	0.4	0.4	-	0.4
Total income and expenses recognised directly in equity	-	-	-	-	10.0	10.0	-	10.0
Profit for the year	-	-	-	116.7	-	116.7	(0.2)	116.5
Total income/(expense) for the year	-	-	-	116.7	10.0	126.7	(0.2)	126.5
Issue of share capital	17.8	-	-	-	-	17.8	-	17.8
Preference share instalment (net)	-	-	45.3	-	-	45.3	-	45.3
Reduction in ESOP shares	-	4.4	-	-	-	4.4	-	4.4
Transfer from asset revaluation res	-	-	-	0.3	(0.3)	-	-	-
Movements in GRCL	-	-	-	(3.9)	3.9	-	-	-
Move in GRCL - associates	-	-	-	(1.1)	1.1	-	-	-
Equity dividends	-	-	-	(65.9)	-	(65.9)	-	(65.9)
At 30 June 2006	564.1	(25.6)	88.3	194.5	78.8	900.1	(0.6)	899.5

Notes To The Concise Financial Statements

1. Corporate Information

The Concise Financial Report of Bendigo Bank Limited (the Company) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors on 12 September 2006.

Bendigo Bank Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The domicile of Bendigo Bank Limited is Australia.

The Group's functional and presentation currency is AUD (\$).

2. Summary Of Significant Accounting Policies

2.1 Basis of Preparation

The Concise Financial Report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports". The information contained within this concise financial report have been derived from the Full Financial Report of the Company and the consolidated entity.

Bendigo Bank Limited is a "prescribed corporation" in terms of the Corporations Act 2001. Financial reports prepared in compliance with the Banking Act are deemed to comply with the accounts provisions of the Corporations Act 2001.

The Full Financial Report is a general purpose financial report which has been prepared in accordance with the Banking Act, applicable Accounting Standards, Corporations Act 2001 and the requirements of law so far as they are applicable to Australian banking corporations.

The Full Financial Report has been prepared in accordance with the historical cost convention, except for investment properties, land and buildings, derivative financial instruments and available-for-sale financial assets which are measured at their fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged through the income statement or at amortised cost where appropriate.

The amounts contained in this report and in the financial statements have been rounded off under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies. The Class Order allows for rounding to the nearest \$'00,000.

2.2 Statement of Compliance

The Full Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first annual financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 and AASB 139, as the group has adopted the exemption under AASB 1 to apply these standards from 1 July 2005.

2.3 Reconciliations and descriptions of transition impacts

A summary of significant impacts of adoption of AIFRS is provided in Note 9 of this Concise Financial Report.

Reconciliations and descriptions of the impact of transition from previous AGAAP to AIFRS are provided in Note 43 of the Full Financial Report.

2.4 Changes in accounting policies

The accounting policies are consistent with those applied in the previous financial year and corresponding interim period, with the exception of changes resulting from the adoption of AIFRS. Accounting policies are set out in detail in the Full Financial Report.

3. Segment Information

The Group's primary reporting format is business segments and its secondary format is geographical segments.

The operating businesses are organised and managed according to the nature of products and services provided and the key delivery channels, with each segment representing a strategic business unit that offers a different delivery method and/or different products and services.

Retail banking

Net interest revenue, predominantly derived from the provision of first mortgage finance less the interest paid to depositors; and fee income derived from the provision of banking services delivered through the company-owned branch network.

Community banking

The group's share of interest predominantly derived from the provision of first mortgage finance less the interest paid to depositors; and fee income derived from the provision of banking services delivered through the community bank branch network.

Wealth creation

Commission received as Responsible Entity for managed investment schemes and for corporate trusteeships and other trustee and custodial services. Fees, commission and interest from the provision of financial planning services.

Joint ventures, Alliances and corporate support

Share of profit from equity accounted investments in associates, revenue from alliances and minor subsidiaries and unallocated corporate support business units.

Geographic segments

Bendigo Bank Limited and its controlled entities operate predominantly in the geographic areas of all Australian States and the Australian Capital Territory, providing banking and other financial services.

Business segments

The following tables present revenue and profit information and certain assets and liability regarding business segments for the years ended 30 June 2006 and 2005.

For the twelve months ended 30 June 2006	Retail Banking \$m	Community Banking \$m	Wealth Solutions \$m	J/Ventures, Alliances & Corp Supp't \$m	Total \$m
Revenue					
Net interest income	259.4	48.5	7.2	-	315.1
Other income					
> Other external income	103.0	25.1	41.3	10.2	179.6
> Other intersegment income	0.5	-	2.3	(2.8)	-
Total other income	103.5	25.1	43.6	7.4	179.6
Share of net profit of equity accounted investments	-	-	-	22.2	22.2
Total income after interest expense					
> External income after interest expense	362.4	73.6	48.5	32.4	516.9
> Intersegment income after interest expense	0.5	-	2.3	(2.8)	-
Total income after interest expense	362.9	73.6	50.8	29.6	516.9
Results					
Segment result	145.8	43.2	26.6	(49.9)	165.7
Internal cost allocations	(37.2)	(22.2)	(1.6)	61.0	-
Consolidated entity profit from continuing operations before income tax expense	108.6	21.0	25.0	11.1	165.7
Income tax expense					(49.0)
Minority interests					-
Consolidated entity profit from continuing operations after income tax expense					116.7
Assets					
Segment assets	7,791.3	3,320.0	149.5	3,791.8	15,052.6
Originated and managed assets	981.7	228.8	715.1	(1,925.6)	-
Equity accounted assets	-	-	-	143.5	143.5
Total assets	8,773.0	3,548.8	864.6	2,009.7	15,196.1
Liabilities					
Segment liabilities	6,611.9	4,007.3	179.3	3,498.1	14,296.6
Funds under management	1,368.9	416.2	1,181.0	(2,966.1)	-
Total liabilities	7,980.8	4,423.5	1,360.3	532.0	14,296.6
Other segment information					
Non-cash expenses					
> Depreciation and amortisation	10.6	1.2	0.3	0.3	12.4
> Amortisation of intangibles	4.7	0.6	0.2	0.1	5.6
> Impairment losses recognised in profit & loss	-	-	-	5.5	5.5
> Non-cash expenses other than depreciation & amortisation	18.6	3.7	10.0	(12.6)	19.7
Acquisition of property, plant and equipment, intangible assets and other non-current assets	8.0	0.2	0.8	100.3	109.3

Business segments continued

For the twelve months ended 30 June 2005

	Retail Banking \$m	Community Banking \$m	Wealth Solutions \$m	J/Ventures, Alliances & Corp Supp't \$m	Total \$m
Revenue					
Net interest income	242.5	37.2	6.4	-	286.1
Other income					
> Other external income	81.5	21.5	38.3	11.3	152.6
> Other intersegment income	3.8	0.3	0.2	(4.3)	-
Total other income	85.3	21.8	38.5	7.0	152.6
Share of net profit of equity accounted investments	-	-	-	20.3	20.3
Total income after interest expense					
> External income after interest expense	324.0	58.6	44.7	31.7	459.0
> Intersegment income after interest expense	3.8	0.3	0.2	(4.3)	-
Total income after interest expense	327.8	58.9	44.9	27.4	459.0
Results					
Segment result	133.7	33.7	25.0	(56.9)	135.5
Internal cost allocations	(30.8)	(17.6)	(1.6)	50.0	-
Consolidated entity profit from continuing operations before income tax expense	102.9	16.1	23.4	(6.9)	135.5
Income tax expense					(41.2)
Minority interests					0.4
Consolidated entity profit from continuing operations after income tax expense					94.7
Assets					
Segment assets	7,503.6	2,622.3	141.9	3,472.7	13,740.5
Originated and managed assets	956.4	148.7	750.3	(1,855.4)	-
Equity accounted assets	-	-	-	118.1	118.1
Total assets	8,460.0	2,771.0	892.2	1,735.4	13,858.6
Liabilities					
Segment liabilities	6,124.2	3,141.3	169.3	3,703.1	13,137.9
Funds under management	1,266.1	301.0	1,140.7	(2,707.8)	-
Total liabilities	7,390.3	3,442.3	1,310.0	995.3	13,137.9
Other segment information					
Non-cash expenses					
> Depreciation and amortisation	10.2	0.4	0.3	0.4	11.3
> Amortisation of intangibles	2.8	0.3	0.1	0.4	3.6
> Impairment losses recognised in profit & loss	-	-	-	-	-
> Non-cash expenses other than depreciation & amortisation	26.7	3.9	6.0	(10.3)	26.3
Acquisition of property, plant and equipment, intangible assets and other non-current assets	11.9	0.5	0.2	64.8	77.4

4. Earnings Per Ordinary Share

	Consolidated	
	2006 Cents per share	2005 Cents per share
Share Ratios		
Basic earnings per ordinary share	78.0	67.5
Diluted earnings per ordinary share	78.0	67.5
Cash basis earnings per ordinary share	73.2	65.5
Earnings used in the calculation of earnings per ordinary share		
	\$m	\$m
Net profit	116.7	94.3
Net loss attributable to minority interests	-	0.4
Distributions paid on preference shares	(2.5)	-
Movement in general reserve for credit losses	(3.9)	-
Movement in general reserve for credit losses - associates	(1.1)	-
Earnings used in calculating basic earnings per ordinary share	109.2	94.7
Earnings used in calculating diluted earnings per ordinary share	109.2	94.7
After tax intangibles amortisation (excluding amortisation of intangible software)	1.7	0.3
After tax significant income and expense items	(8.4)	(3.0)
Earnings used in calculating cash basis earnings per ordinary share	102.5	92.0
Weighted average number of ordinary shares		
	No. of shares	No. of shares
Weighted average number of ordinary shares used in basic earnings per ordinary share	140,057,705	140,391,946

The above weighted average number of ordinary shares is also used in the calculation of diluted and cash basis earnings per ordinary share as there are no dilutive potential ordinary shares.

Conversions, calls, subscription or issues after 30 June 2006

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

5. Dividends

Dividends paid or proposed

	Consolidated	
	2006 \$m	2005 \$m
Dividends paid or proposed		
Ordinary shares		
Dividends paid during the year		
> current year Interim dividend (22.0 cents per share) (2005 - 19.0 cents per share)	29.1	25.3
> previous year Final dividend (26.0 cents per share) (2005 - 23.0 cents per share)	34.3	29.8
Dividends proposed since the reporting date, but not recognised as a liability	40.1	34.3
Final dividend (30.0 cents per share) (2005: 26.0 cents per share)		
All dividends paid were fully franked. Proposed dividends will be fully franked out of existing franking credits or out of franking credits arising from payment of income tax provided for in the financial statements for the year ended 30 June 2006.		
Preference shares		
Dividends paid during the year		
> 90.80 cents per share paid on 15 September 2005 (2005: Nil)	0.8	-
> 62.19 cents per share paid on 15 December 2005 (2005: Nil)	0.6	-
> 61.62 cents per share paid on 15 March 2006 (2005: Nil)	0.5	-
> 62.68 cents per share paid on 15 June 2006 (2005: Nil)	0.6	-
	2.5	-

	Consolidated	
	2006 \$m	2005 \$m
Dividend franking account		
Balance of franking account as at end of financial year	95.4	79.6
Franking credits that will arise from the payment of income tax provided for in the financial report	9.9	8.3
Impact of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution of equity holders during the period	(18.1)	(15.5)
	87.2	72.4
The tax rate at which dividends have been franked is 30% (2005: 30%).		
Dividends proposed will be franked at the rate of 30% (2005: 30%)		
Dividend paid		
Dividends paid by cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:		
Paid in cash	48.1	36.5
Satisfied by issue of shares	17.8	18.6
	65.9	55.1

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo Bank shares traded on the Australian Stock Exchange over the ten trading days following the Record Date. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average share price of Bendigo Bank shares traded on the Australian Stock Exchange over the ten trading days following the Record Date. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2006 final dividend was 1 September 2006.

6. Employee Benefits

Bendigo Employee Share Ownership Plan Legacy Plan

The Company has discontinued the existing loan-based Employee Share Ownership Plan ("Plan") which was open to all employees in the Group, including the Managing Director and executives. The Plan will continue as a legacy plan until such time as the loans provided to fund share purchases under the Plan have been repaid. There have been no issues of shares under this Plan since November 2004.

The general design of the Plan is consistent with the New Plan as described below.

The market value of the Company's shares at balance date was \$12.90. At this price there is currently no shortfall liability on any loan made under this plan.

New Plan

As announced on 23 May 2006, the Bank has established a new loan-based limited recourse Employee Share Plan ("Plan").

The Plan is substantially the same as the Legacy Plan. However, it is only available to general staff, and executives (including the Managing Director), may not participate in it.

Under the terms of the Plan, shares will be issued at the prevailing market value. The shares must be paid for by the staff member. The Plan provides staff members with an interest-free loan for the sole purpose of acquiring Plan shares. Dividends paid on shares issued under the plan are applied primarily to repay the loans. Staff cannot deal in the shares until the loan has been repaid.

When a staff member ceases their employment, they are required to repay their loan within three months, unless they retire, then they have six months to repay. The plan allows staff to request the plan administrator to sell their employee shares to repay their loan. In the event that the proceeds of sale of the shares is insufficient to fully repay the loan, the shares are forfeited to the Company's nominee in discharge of the loan.

The Board has recently approved, on the recommendation of the Managing Director, a share issue to general staff under the Plan. The share issue was completed during September 2006.

Issues under the Plan are valued and expensed in accordance with applicable accounting requirements.

	Consolidated	
	2006 \$m	2005 \$m
Employee share and loan values		
Value of unlisted employee shares on issue at 30 June 2006 - 4,798,426 shares @ \$12.90 (2005 - 5,251,744 shares @ \$9.87)	61.9	51.8
Value of outstanding employee loans at beginning of year relating to employee shares	30.0	31.4
Value of new loans relating to employee shares issued during year	-	3.0
Value of repayments of loans during year	(4.4)	(4.4)
Value of outstanding employee loans at end of year relating to employee shares	25.6	30.0
Number of employees with outstanding loan balances	1,461	1,710
Indicative cost of funding employee loans		
Average balance of loans outstanding	27.6	31.0
Average cost of funds	4.79%	4.31%
After tax indicative cost of funding employee loans	0.9	0.9
Earnings per ordinary share - actual - cents	78.0	67.5
Earnings per ordinary share - adjusted for interest foregone - cents	78.7	68.1

The cost of employee interest-free loans is calculated by applying the bank's average cost of funds for the financial year to the average outstanding balance of employee loans for the financial year. This cost is then tax-effected at the company tax rate of 30% (2005: 30%).

Earnings per ordinary share - adjusted is calculated by adding the after tax indicative cost of funding employee loans to net profit attributable to members of Bendigo Bank Limited. This adjusted earnings figure is divided by the weighted average number of ordinary shares.

7. Contingent Liabilities And Contingent Assets

	Consolidated	
	2006 \$m	2005 \$m
(a) Contingent Liabilities		
Guarantees		
The economic entity has issued guarantees on behalf of clients	98.3	77.6
Other		
Documentary letters of credit & performance related obligations	13.6	14.7

As the the probability and value of guarantees, letters of credit and performance related obligations that may be called on is unpredictable, it is not practical to state the timing of any potential payment.

(b) Contingent Assets

As at 30 June 2006, the economic entity does not have any contingent assets.

8. Events After Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

On 14 August 2006 the Bank declared a final dividend for ordinary shares and a dividend for preference shares, details of which are disclosed in the directors' report and in Note 5.

On 1 September 2006 the Bank announced it has contracted to sell its new headquarters in Bendigo for \$100 million in a sale-and-lease back transaction arranged by Societe Generale Corporate & Investment Banking (SGCIB).

A consortium of investors arranged by SGCIB will purchase both the new development and the Bank's existing Fountain Court building adjacent. The sale will occur on 1 September 2008 - after completion of the new building - with Bendigo taking a long-term lease.

9. Summary Of Impacts On Adoption Of AIFRS

The Group has prepared the financial statements for the year ended 30 June 2006 for the first time using Australian Standards that are equivalent to International Financial Reporting Standards ("AIFRS"). In accordance with AIFRS and where required by the applicable standards, comparatives have been restated for the year ended 30 June 2005. A summary of the main transitional changes is outlined below with full details of the changes and impacts set out in the Full Financial Report.

Goodwill

Goodwill is not amortised under AIFRS. Goodwill is tested for impairment at least annually, using new testing methodology. This resulted in the cessation of amortisation of goodwill and some write-offs of goodwill on transition.

Financial Instruments (Treasury investment securities)

Financial instruments are required to be classified into three portfolios being held to maturity, available for sale or trading. The Group does not currently have a trading portfolio. Held to maturity instruments continue to be carried at amortised cost. Available for sale instruments are carried at fair value with movements in fair value reflected in equity. This resulted in the reclassification of some treasury investments to the available for sale portfolio and a change in accounting for these assets.

Financial Instruments (Equity investment securities)

Equity (share) investments are classified as available for sale financial instruments. Available for sale financial instruments are carried at fair value with movements in fair value reflected in equity.

Derivatives

Derivative financial instruments are recorded at fair value. Movements in fair value are reflected in the Income Statement. Derivatives meeting the criteria for recognition as a cash flow hedge and found to be effective have the effective component of fair value movements transferred to equity. Effective fair value hedges have an offsetting fair value movement of the hedged exposure reflected in the Income Statement.

Credit Loss (loan) Provisioning

The previous general provision for doubtful debts has been replaced by a general reserve for credit losses and collective provision. Movements in general reserve for credit losses are reflected in equity as an appropriation of profit. Movements in the collective provision are reflected as an expense in the Income Statement.

The assessment of specific provisions for doubtful debts now includes the requirement to discount the estimated future cash flows relating to impaired loans, increasing specific provision balances.

Intangible Assets (computer software)

Reclassification of computer software that is not an integral part of computer hardware from property, plant and equipment to intangible assets.

Securitisation Trusts

Special purpose entities are required to be consolidated under AIFRS. This resulted in an increase in on-balance sheet assets and liabilities and a reclassification of securitisation revenue from non-interest income to net interest income following the consolidation of our securitisation trusts.

Taxation

AIFRS introduces a "Balance Sheet approach", rather than an "Income Statement approach" to accounting for income tax. This has resulted in the recognition of additional deferred tax assets and liabilities, predominantly relating to revaluation reserves.

Loan Origination revenue and expense

Under AIFRS, loan application fee revenue and loan origination expense is recognised as part of the effective interest rate of the loan. This requires that this revenue or expense is deferred and amortised over the average life of the loan. The revenue is reclassified from non-interest revenue or expense to net interest income.

Policies, reconciliations and descriptions of impacts

AIFRS accounting policies for the group are set out in Note 2 of the Full Financial Report – June 2006. Reconciliations and detailed descriptions of the above impacts on the transition to AIFRS are set out in Note 43 of the Full Financial Report – June 2006.

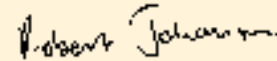
Directors' Declaration

In accordance with a resolution of the directors of Bendigo Bank Limited, we state that:

In the opinion of the Directors, the concise financial report of the consolidated entity, comprising Bendigo Bank Limited and its controlled entities, for the year ended 30 June 2006:

- (a) has been derived from, or is consistent with, the full financial report for the financial year: and
- (b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2006.

On behalf of the Board

RN Johanson Chairman



RG Hunt AM Managing Director

12 September 2006

INDEPENDENT AUDIT REPORT

To the Members of Bendigo Bank Limited

Scope**The concise financial report and directors' responsibility**

The concise financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the year ended 30 June 2006. The consolidated entity comprises both Bendigo Bank Limited (the company) and the entities it controlled during the year.

The directors of the company are responsible for preparing a concise financial report that complies with Accounting Standard AASB 1039 Concise Financial Reports, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit on the concise financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- > Examining, on a test basis, the information to provide evidence supporting that the amounts and disclosures in the concise financial report are consistent with the full financial report; and
- > Examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report.

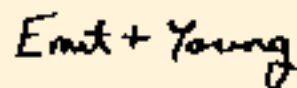
We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2006. Our audit report on the full financial report was signed on 12 September 2006, and was not subject to any qualification. For a better understanding of our approach to the audit of the full financial report, this report should be read in conjunction with our audit report on the full financial report.

Independence

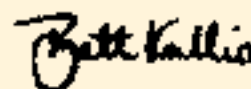
We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, signed on 12 September 2006 a copy of which is included in the Directors' Report. In addition to our audit of the full and concise financial reports, we were engaged to undertake the services disclosed in the notes to the financial statements of the full financial report. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion the concise financial report of Bendigo Bank Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".



Ernst & Young



Brett Kallio
Partner

12 September 2006

Additional Information

1. Material Differences

There are no material differences between the information supplied in this report and the information in the preliminary final report supplied by Bendigo Bank Ltd to the Australian Stock Exchange on 14 August 2006.

2. Audit Committee

As at the date of the Directors' Report the economic entity had an audit committee of the Board of Directors.

3. Corporate Governance Practices

The corporate governance practices adopted by Bendigo Bank Ltd are detailed in the Corporate Governance section of the Group's Concise Annual Report for 2006.

4. Substantial Shareholders

As at 18 August 2006 there were no substantial shareholders in Bendigo Bank Ltd as defined by the Listing Rules of the Australian Stock Exchange Ltd.

5. Distribution Of Shareholders

Range of Securities as at 18 August 2006 in the following categories:

Catagory	Fully paid Ordinary shares	Fully paid Employee shares	Fully paid Preference shares
1 - 1,000	24,912	456	3,449
1,001 - 5,000	20,120	851	34
5,001 - 10,000	2,886	83	4
10,001 - 100,000	1,571	38	1
100,001 and over	69	4	1
Number of Holders	49,558	1,432	3,489
Securities on Issue	136,165,493	4,685,468	900,000

6. Marketable Parcel

Based on the closing price of \$13.50 on 18 August 2006, the number of holders with less than a marketable parcel of the Company's main class of securities (Ordinary Shares) as at 18 August 2006 was 1,330.

7. Unquoted Securities

The number of unquoted equity securities that are on issue and the number of holders of those securities are shown in the above table under the heading of Fully Paid Employee shares.

8. Major Shareholders

Names of the 20 largest holders of Fully Paid Ordinary Shares, including the number of shares each holds and the percentage of capital that number represents as at 18 August 2006 are:

Rank	Fully Paid Ordinary Shares Name	Number of Fully paid Ordinary Shares	% held of Issued Ordinary Capital
1	J P Morgan Nominees Australia Limited	3,737,888	2.65%
2	Westpac Custodian Nominees Limited	3,105,826	2.21%
3	Milton Corporation Limited	2,954,743	2.10%
4	National Nominees Limited	2,097,797	1.49%
5	Citicorp Nominees Pty Limited	1,631,542	1.16%
6	Leesville Equity Pty Ltd	1,340,477	0.95%
7	Cogent Nominees Pty Limited	1,134,514	0.81%
8	ANZ Nominees Limited (Cash Income a/c)	935,244	0.66%
9	Choiseul Investments Limited	710,250	0.50%
10	Argo Investments Limited	591,940	0.42%
11	AMP Life Limited	496,070	0.35%
12	Invia Custodian Pty Limited (Wilson Invmt Fund Ltd a/c)	495,463	0.35%
13	Brickworks Investment Company Limited	349,942	0.25%
14	Anthony Detata Nominees Pty Ltd	320,488	0.23%
15	Mansbridge, Ian George	319,151	0.23%
16	Warbont Nominees Pty Ltd (Unpaid Entrepot a/c)	297,320	0.21%
17	Sandhurst Trustees Ltd (SISF a/c)	293,136	0.21%
18	HSBC Custody Nominees (Australia) Limited - GSCO ECSA	292,914	0.21%
19	UBS Wealth Management Australia Nominees Pty Ltd	285,846	0.20%
20	Tobin (Estate of), Mary Alison Lorraine	228,346	0.16%
		21,618,897	15.35%

BBS Nominees Pty Ltd, trustee for the Bendigo Employee Share Ownership Plan, held 4,685,468 unlisted shares as at the date of this report. These shares have not been included in the above table.

Names of the 20 largest holders of Bendigo Preference Shares, including the number of shares each holds and the percentage of preference share capital that number represents as at 18 August 2006 are:

Fully Paid Bendigo Preference shares			
Rank	Name	Number of Fully paid Bendigo Preference Shares	% held of Issued Preference Capital
1	J P Morgan Nominees Australia Limited	233,940	25.99%
2	Citicorp Nominees Pty Limited	17,000	1.89%
3	Cogent Nominees Pty Limited	10,000	1.11%
4	Edwards, JF & JR	8,293	0.92%
5	ANZ Nominees Limited	5,100	0.57%
6	Perry, BW & EM	5,046	0.56%
7	Cambooya Pty Ltd	5,000	0.56%
8	M F Custodians Ltd	5,000	0.56%
9	Pavwood Pty Limited	4,800	0.53%
10	Jackson, PD	4,000	0.44%
11	Leesville Equity Pty Ltd	4,000	0.44%
12	Scenic Tours Pty Ltd	3,000	0.33%
13	Cambooya Pty Ltd (Foundation a/c)	2,500	0.28%
14	Hadges, JT	2,500	0.28%
15	Rome Pty Ltd	2,428	0.27%
16	Pavwood Pty Limited (Put a/c)	2,100	0.23%
17	Australian Executor Trustees Limited	2,097	0.23%
18	Andre, RM	2,000	0.22%
19	Bond Street Custodians Limited	2,000	0.22%
20	Brencorp No. 11 Pty Limited	2,000	0.22%
		322,804	35.85%

9. Voting Rights

The holders of ordinary shares are entitled to vote at meetings of shareholders in the first instance by a show of hands of the shareholders present and entitled to vote. If a poll is called, each shareholder has one vote for each fully paid share held.

Holders of partly paid shares have a vote which carries the same proportionate value as the proportion that the amount paid up on the total issue price bears to the total issue price of the share.

In the case of an equality of votes the Chairman has, on both a show of hands and at a poll, a casting vote in addition to the vote to which the Chairman may be entitled as a shareholder, proxy, attorney or duly appointed representative of a shareholder.

For all your banking needs ... you need to know the Bendigo

Below is a selection of products available at Bendigo Bank. To find out more about these, or any of our other products and services, just ask at your local branch, visit www.bendigobank.com.au or call 1300 366 666.

Where and when you need us.

Branch banking

All branches have locally-based branch managers with the expertise and authority to assist you with all your banking needs – whether you're banking for yourself, your family or your business.

Phone and Internet banking

These services enable you to conduct your banking 24-hours-a-day, seven-days-a-week from anywhere in the world.

Our automated phone banking system allows you to check your balances, transfer funds, pay bills, hear your transaction summary, obtain a statement or even order a chequebook just by picking up the phone.

Bendigo internet banking gives you access to your banking 24-hours-a-day at www.bendigobank.com.au

Your internet banking security is enhanced with a keyring sized Security Token that provide an additional level of security when you're banking online.

To register for either service, call 1300 366 666.

Bendigo Personal Accounts.

Bendigo Ultimate Everyday Cheque Account.

All your personal banking needs in one product – with or without a cheque book.

Bendigo Classic Passbook Account.

Grow your savings with access at any time through Bendigo Phone Banking, internet banking or by visiting your local branch.

Bendigo Achiever Passbook Account.

For just \$1 you can open an account with the ability to make deposits and withdrawals at-call from any branch.

Bendigo Term Deposit.

With a range of terms available, a Bendigo Term Deposit is a great way to save.

Bendigo Gold Term Deposit.

A fixed term deposit, Bendigo Gold allows you to deposit amounts greater than \$500.00. You may withdraw up to 25 per cent of your deposit at any time.

Bendigo Cash Management Accounts.

With at-call convenience, Bendigo Cash Management Accounts are the ideal way to earn interest on your money.

Bendigo Oxfam Australia

Cash Management Account.

Exclusive to Bendigo Bank, the account provides a regular stream of income to Oxfam Australia for its valuable work.

Our Community Account.

Just like a regular savings account but you can choose to allocate some or all of the interest you earn to the community through

Bendigo Bank's Community Enterprise Foundation™. Your contribution is tax deductible.

Bendigo Piggy Bank Passbook Account.

Perfect for primary school aged savers, with no account keeping fees, transaction or government fees and no deposit restrictions. Plus, there's a host of fun games and rewards for junior savers.

Bendigo Mortgage Saver Everyday/Cheque Account.

With our Mortgage Saver Account you can offset the balance of your home loan with either a partial or full offset facility – saving you interest on your loan repayments.

Bendigo Retirement Accounts.

Designed for self-funded retirees and pensioners over the age of 55, Bendigo's Retirement Passbook Account enables you to have your pension or allowance paid directly into your account.

Bendigo Home Loans.

Bendigo Home Equity Line of Credit.

This all-in-one home loan provides you with a line of credit – a loan with no fixed repayment schedule. Provided you stay under the credit limit, you can choose when you want to make a repayment. You can even redraw what you've already paid off.

Bendigo Residential Variable Home Loan.

With a variable interest rate, a Bendigo Residential Variable Home Loan is the ideal choice if you're buying your home, a block of land, building or upgrading.

Bendigo Fixed Residential Home Loan.

With your interest rate fixed for terms of one to five years, you always know where you stand with a Bendigo Fixed Residential Home Loan.

Bendigo Residential Variable Investment Loan.

This loan is designed for buying an investment property or for making extensions or improvements to an existing investment property.

Bendigo Fixed Residential Investment Loan.

Purchasing an investment property or making improvements to an existing investment property has never been easier. With your repayments fixed for a specific agreed period, you'll always know where you stand.

Bendigo Green Home Loans.

Building or buying an energy efficient 'green home' is now more affordable. With a Bendigo Green Home Loan you'll enjoy a reduced interest rates and the added benefit of no monthly fees.

Fixed Rate Lock.

With Fixed Rate Lock you can ensure you receive the current fixed interest rate for home loans, and are protected from subsequent rate rises. (Valid for 90 days only from date of application).

Let your home equity fund your retirement.

Bendigo Retirement Lifestyle Income.

A Bendigo Retirement Lifestyle Income is a simple way to improve your quality of life in retirement.

Homesafe Equity Release.

Receive a cash lump sum today in return for an agreed percentage of the proceeds when your home sells in the future.

(Product of Homesafe Solutions, a joint venture between Bendigo Bank and Athy Pty Ltd. This product is only available in selected areas. Please check with your local branch regarding availability.)

Bendigo Personal Loans.

Bendigo Personal Loans.

Choose the term of your loan and enjoy the benefits of flexible repayments, a fixed interest rate and the option of a secured or unsecured loan.

Bendigo Green Personal Loan.

A Bendigo Green Personal Loan rewards you with a discounted interest rate, no monthly service fee and the option of a secured or unsecured loan, for the purchase of Bank-approved environmentally friendly products.

Banking your business – Bendigo Business Solutions.

Bendigo Business Solutions Account.

Bendigo Bank's flexible range of working accounts provide you with a wide range of transaction options, including a chequebook, internet banking and the ability to transfer funds to pay suppliers or general bills.

Bendigo GST Management Account.

A flexible and convenient way to set money aside for tax office payments.

Bendigo Trust Account.

Ideal for trust funds not regulated by governing bodies, these accounts provide the convenience of a variety of transaction channels.

Bendigo Business Cash Management Account.

The perfect day-to-day deposit account for small to medium-sized businesses, allowing you to pay suppliers and other bills electronically or by cheque.

Bendigo Primary Producer Account.

Enjoy the convenience of 24-hour access, personal cheques and Bendigo Blue Visa Debit Card with a Bendigo Primary Producer Account.

Bendigo Business Loans.

Bendigo Principal and Interest Term Loan.

For businesses seeking a firm repayment schedule on their loan, with a choice of variable or fixed interest rates and security options.

Bendigo Interest Only Term Loan.

A short to medium-term finance option where repayments cover interest only – with the principal paid at the end of the loan term or in advance if preferred. Select variable or fixed interest rates and your choice of security options.

Bendigo Business Overdrafts.

Draw on funds up to an agreed limit with a revolving credit facility linked to your choice of business accounts – and pay interest only on the money used.

Bendigo Business Investment Facility.

A revolving line of credit for new investments with the added convenience of a wide range of transaction channels.

Bendigo Equipment Finance.

With fixed or flexible payment options tailored to suit your cash flow, Bendigo Equipment Finance products offer up to 100 per cent finance.

Foreign Exchange.

Whether you need travel insurance, travellers cheques, foreign cash, telegraphic transfers or foreign currency drafts, Bendigo Bank can handle it all.

Solutions for Not-For-Profit Organisations.

Bendigo Club Account.

Designed exclusively for incorporated clubs, churches, charities and schools, a Bendigo Club Account is an investment account with the convenience of a cheque book and at-call access to your money.

Bendigo School Cash Management Account.

Recognising the specific needs of schools, colleges, universities and kindergartens, our School Cash Management Account combines competitive interest with the convenience of at-call access and a cheque book facility.

Community Sector Banking (CSB).

A joint venture between Bendigo Bank and Community 21, CSB provides Australia's not-for-profit organisations with a convenient banking alternative. CSB products and services include a Cash Management Trading Account with the convenience of at-call access to funds, a Salary Benefit Account designed to manage your fringe benefit tax responsibilities, interest-bearing cheque accounts, transaction accounts, loans, leasing and much more.

Bendigo Agribusiness Banking.

(Products issued by Elders Rural Bank.)

Bendigo Agribusiness Farm Management Deposit Account.

The account lets you set aside your pre-tax income from profitable years for the times when you need it most. Choose an interest rate that's floating or fixed for one or two years.

Bendigo Agribusiness Seasonal Account.

Interest on borrowings is calculated daily and charged monthly – and you can make repayments at any time.

Bendigo Agribusiness AgriManager Account.

Manage all your finances with this simple line of credit account and enjoy the flexibility of using the equity in your land to manage and grow your business. The Bendigo AgriManager Account lets you draw on your funds where and when you need them.

Bendigo Agribusiness Money for Living Account.

Designed to let you live off the interest your investment earns while still providing easy access to your money, this account features interest calculated daily and paid monthly and higher interest rates the more you invest.

Bendigo Agribusiness Harvest Loan.

This loan makes it easier to access working capital once you've delivered eligible grades of wheat to the AWB National Pool. You can access up to 90 per cent of your estimated

pool return, less estimated expenses.

The Bendigo Agribusiness Harvest Loan is underwritten to help you manage price risk.

Bendigo Agribusiness Term Loan.

This loan can help you purchase property, make capital improvements, restructure your finances or even make off-farm investments.

Bendigo Agribusiness Phone and Internet Banking.

Register by phoning 1300 651 839 or contact your Bendigo Agribusiness Manager.

Bendigo Credit Cards and Rewards.

Bendigo Red Credit Card.

Select a Visa Card or MasterCard with with up to 44 days interest free and choose whether you pay bills or purchase goods in person, online or over the phone. You can also choose a no interest free period with a lower rate – where interest is charged from the date each transaction is debited to your account.

Bendigo Gold Credit Card.

With a Bendigo Gold Visa Card you're entitled to a wider range of benefits and a greater selection of rewards, with a minimum credit limit of \$10,000, up to 55 days interest free and monthly statements.

Bendigo RSPCA Rescue Visa Cards.

You can help save the lives of homeless animals every time you go shopping. By using the card, you'll be funding the RSPCA's national Adopt-A-Pet program, giving thousands of animals a second chance at life.

Bendigo Business MasterCard.

Perfect for sole traders and small to medium-sized business owners, a Bendigo Business MasterCard is the easy way to keep on top of your business expenditure.

Bendigo Rewards.

At Bendigo Bank we'll reward you with flight points, travel, accommodation, theatre and movie passes, shopping vouchers and more, just for using your Bendigo MasterCard or Visa Card.

Bendigo Financial Planning.

A Bendigo Financial Planner can help you identify your lifestyle goals and assist you to implement achievable, understandable and cost-effective ways to make them a reality. You can make an appointment by visiting your local branch or calling 1300 366 666.

Investments and Superannuation.

(Products issued Sandhurst Trustees Limited.)

Bendigo Managed Funds.

Bendigo Managed Funds provide investment opportunities including Australian equities, international equities, listed property, Australian and international fixed interest, and cash. There are five Bendigo Managed Funds to choose from – and you can invest with as little as \$2000.

Sandhurst Professional Series.

Investors with more than \$50,000 looking to invest in Australian or international equities may find the Sandhurst Professional Series to be a cost-effective way to access specialised investment managers.

Sandhurst Common Funds.

With the flexibility to diversify between at-call and fixed term investments, with fixed or variable interest rate options, the Sandhurst Common Funds offer a convenient way to invest for capital stability, liquidity and competitive returns.

Superannuation.

Bendigo Super Easy™ offers four straight forward investment options and simple insurance choices, whilst a Bendigo Superannuation Plan has more than 40 diversified investment options and 200 direct share investments along with comprehensive and flexible insurance options.

Other Products

Bendigo Funeral Bonds.

A secure saving and investment plan, a Bendigo Funeral Bond allows you to accumulate funds to finance the cost of your funeral. You can choose individual or joint ownership and the ability to assign ownership of the bond to your funeral director as part of a pre-paid funeral arrangement.

Margin Lending.

Borrow money to start or increase the size of your investment portfolio.

Disclaimer Products issued or administered by Sandhurst Trustees

Sandhurst Trustees Limited ('STL'), 18 View Street, Bendigo Vic 3550, ABN 16 004 030 737 AFSL 237906 RSE Licence No. L0000154, is a member of the Bendigo Bank group of companies. STL is the Responsible Entity and issuer of the Bendigo Managed Funds, Sandhurst Common Funds and Sandhurst Professional Series. STL is the Trustee and issuer of The Bendigo Superannuation Plan (RSE No. R1000139) and The Bendigo Super Easy™ Superannuation Plan (a sub-plan of The Bendigo Superannuation Plan). STL is the Administrator of the Bendigo Funeral Bond issued by Australian Friendly Society Limited, ABN 29 087 648 851 AFSL 247028. Neither Bendigo Bank nor any other member of the Bendigo Bank group guarantees the performance of or accepts liability (other than STL in its capacity as Responsible Entity and Trustee) for these products. Please read the relevant Product Disclosure Statement ('PDS') or Disclosure Document ('DD') before making any decisions. A PDS or DD is available at all Bendigo Bank Branches, online at www.bendigobank.com.au or by phoning 1800 803 173.

Insurance.

Through Bendigo Bank, you can arrange:

- Home and Contents Insurance
- Car Insurance
- Landlords Insurance
- LoanSure Insurance
- Travel Insurance
- Commercial Insurance
- Bendigo Health Cover
- Construction Insurance
- Caravan Insurance
- Boat Insurance
- Transit Insurance

*Photography by Mark Strachan Artist Photographer.
Board members photography by Richard Gibbs.*

The paper used on the cover (Hanno) and throughout this document (Opal) are both acid free papers produced from Elemental Chlorine Free (ECF) pulp sourced from sustainable plantation forests. Opal is manufactured under Environmental Management Scheme ISO 14001 and Quality Management System ISO 9002.

Bendigo Bank Limited
Second Floor
Fountain Court
Bendigo, Victoria 3550
Telephone (03) 5433 9339
Facsimile (03) 5433 9690
www.bendigobank.com.au

