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> 2003

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THE BENDIGO SHAREHOLDER

> Gaining momentum
Investing in a sustainable future

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The e-shareholder of the future

2003

The internet revolution

Australians are among the world's most avid internet users.

While up-to-date statistics are difficult to find, even by September 2000 more than half of Australian adults (6.9 million) were internet users (Australian Bureau of Statistics). About 80,000 new users were connecting each month.

As usage grows, e-mail is becoming the preferred method of communication for more and more Australians – including, of course, shareholders of public companies such as Bendigo Bank.

And as technologies improve, so does the opportunity for shareholders to become more involved with the companies in which they invest.

Bendigo Bank's Annual Report and profit results can be accessed on-line at www.bendigobank.com.au

Last year we joined the growing number of companies which are "webcasting" their Annual General Meetings live (and archived) on the internet. Our 2002 annual profit announcement, in August, was webcast and archived and a pre-recorded presentation of our interim result in February 2003 is currently available on our website.

Given the limited pre-publicity accorded these webcasts, we were pleasantly surprised at how many shareholders "attended" on-line. Many more have accessed the archived versions of these presentations.

Towards an e-Register

The growing popularity of the internet, and e-mail, has profound implications for shareholder communications and shareholder participation in Company affairs. e-communication will benefit shareholders and the Company. It is immediate, convenient, effective and cost-effective.

It would facilitate shareholder participation in Company affairs. We believe shareholders would be far more inclined to hit "Reply" to lodge a Proxy vote, for example, than to complete and mail a Proxy Form. Technology also exists to enable shareholders following an AGM on-line to ask questions "live" during question time.

Shareholder communication is a major expense. In the current year, for example, Bendigo Bank will print and mail about:

- > 40,000 Concise Annual Reports
- > 44,000 Notices of Meeting and Proxy Forms
- > 176,000 Shareholder newsletters (four quarterly editions)

The total cost will approach half-a-million dollars and this is growing in line with the growth in our share register. The ability to send these documents to shareholders electing electronic delivery would potentially represent a large cost saving (as well as saving paper).

Acknowledging the growing popularity of the internet, and improved security features which seek to enable, for example, on-line voting, Government, regulators and companies are now

moving towards creating a legal framework which would enable shareholders to become "e-shareholders" and receive documents on-line.

The Federal Government has stated its intention to remove "unnecessary legislative hurdles to the use of the technologies, subject to the need to maintain the rights of shareholders who are not internet users". It will also request the Australian Stock Exchange's Corporate Governance Council, in consultation with the Australian Securities Investment Commission (ASIC), to prepare guidelines for technology use.

Bendigo Bank's response

Bendigo Bank enthusiastically supports the right of shareholders to elect to receive electronically Company documents such as the Annual Report and Notice of Meeting and, where possible, lodge their replies electronically (eg. Proxies).

We also encourage wider, and more active, shareholder participation in our AGM.

Moving towards e-delivery should also provide cost savings through reduced printing and mail costs as well as avoiding duplication of mailouts (eg. multiple Concise Annual Reports being mailed to shareholders with more than one holding).

With these objectives in mind, the bank is investigating web-based technologies which are secure, efficient and affordable. We expect to be able to make further announcements later this year.

We encourage shareholders to register now to become an e-shareholder.

REGISTER YOUR E-MAIL ADDRESS NOW

We invite shareholders wishing to receive Company information by e-mail to register their e-mail addresses now with our Share Registry. Registration signals your request to receive Company communications by e-mail subject to Bendigo Bank establishing the appropriate arrangements.

To register, go to www.bendigobank.com.au/shareholders and click on the "Register now" icon. Enter your e-mail address as requested and click "Submit" to send to our Share Registry.

The collection of these e-mail addresses is subject to the provisions of the Privacy Act and your address will only be used for official Company communications.

ON-LINE AGM

Webcasts of our AGM and profit announcements will now be provided as a matter of course. Our 2003 profit will be announced on Monday 11 August and our AGM will be webcast from 11am (Victorian time) on Monday 27 October. For further details, please check our website – www.bendigobank.com.au – in the two weeks prior to both events.

Offer to small shareholders

The Company has many shareholders holding a less-than-marketable parcel of shares (defined as \$500 in value). We will shortly write to these shareholders offering them the chance to realise the value of their shares by selling without incurring brokerage costs.

Bendigo Bank launches Mastercard

Bendigo Bank recently introduced Mastercard to its product range.

The Bendigo Red MasterCard credit card complements our existing credit card products, which include the Bendigo Red Visa credit card.

Announcing the affiliation with global payments company MasterCard International, Bendigo Bank's Chief Manager Cards Division Greg Devlin said the introduction of Mastercard was part of the bank's strategy to place renewed focus on its credit card business by providing a full range of products and services to its customers.

"This is an exciting progression for Bendigo Bank and we welcome our new association with MasterCard International."

Customers now have the option of a Bendigo Red MasterCard credit card with up to 44 interest free days at a rate of 15.9 per cent. This card has an annual fee of \$35 and provides automatic access to Bendigo Bank's popular Rewards program.*

The second MasterCard option is the Bendigo Red MasterCard credit card with a no interest free period, a rate of 12.9 per cent and no annual fee.*

"A unique feature of our new MasterCard credit card relates to Bendigo Bank's Community Bank customers, who will have the name of their Community Bank branch printed on their credit card," Mr Devlin said.

"This specifically links the product to that Community Bank branch and is a fabulous marketing tool for our community companies.

"Every time their customer uses their Bendigo Red MasterCard credit card, the name of their local Community Bank branch will be on show. And of course their community will share in revenues generated by spending on the card."

Bendigo Bank is no stranger to payment card initiatives. In 1982, the then Bendigo Building Society was the first financial institution in Australia to successfully introduce Visa into Australia.

"Our relationship with Visa continues to be successful. Adding MasterCard to our list of credit card options provides Bendigo Bank customers with further choice."

* Subject to terms and conditions. Fees and charges apply. All rates are subject to change.



News Briefs

Community Bank "turns 100"

Bendigo Bank is scheduled to open its 100th Community Bank branch in June.

The 100th branch will open five years after the launch of Australia's first locally-owned and operated bank branches, in Rupanyup and Minyip (Vic.) on 26 June 1998.

Following the launch this month of our first Tasmanian branches, in Geeveston and Dover, Community Banks are now operating in all Australian states and the ACT.

At the time of writing, more than 120,000 Australians hold accounts with Bendigo Bank's 94 Community Bank branches. Total banking business is rapidly approaching \$3 billion.

More than 40 communities are achieving sustainable monthly operating surpluses and a growing number of our older sites are ploughing their local profits into community projects and shareholder returns. Bendigo Bank expects its share of Community Bank revenue to contribute \$7 million to its 2002/03 after-tax profit.

1.5 cent boost to interim dividend

Bendigo Bank's interim dividend was paid on 30 April to shareholders registered at close of trading on 11 April. The fully franked interim dividend of 13.5 cents represented an increase of 1.5 cents on the 2001/2002 interim dividend.

There was a pleasing increase in the percentage of shareholders participating in our Dividend Reinvestment Plan (DRP), with just over one-third of shareholders now electing to increase their investment in the Company through the DRP. Shares are allocated under the DRP at a 2.5 per cent dividend to the average market price in the five trading days prior to the record date.

If you do not currently participate in the DRP and wish to do so, please contact our Share Registry on 1800 646 042 or at share.register@bendigobank.com.au

Board meeting in Geelong

Bendigo Bank's Board of Directors held its April 2003 meeting in Victoria's second-largest city, Geelong, supporting the strong business growth we have recorded in the region.

Chairman Richard Guy told business and community leaders that following its 1992 merger with Geelong's Capital Building Society, the Bendigo had increased branch numbers from seven to 10 plus five agencies, and staff numbers by 40 per cent, to 125.

Bendigo Bank now held more than one billion dollars in business in the region (compared with \$300 million held by Capital) and was growing its local business at a compound rate of about 18 per cent per annum.

FABS merger benefits all

Bendigo Bank's merger with Queensland's First Australian Building Society (FABS) continues to deliver benefits to all stakeholders.

During a four-day tour of the Queensland seaboard last month, Managing Director Rob Hunt outlined progress in that State since the October 2000 merger. He said Bendigo Bank had created 80 new company jobs, established its e-banking development unit and national lending centre at Ipswich, opened four new company owned branches and five Community Bank branches and introduced Community Telco and the Lead On youth development program to Queensland.

"Former FABS shareholders who accepted Bendigo's one-for-two scrip offer back in October 2000 have also benefitted from the bank's progress, enjoying an 85 per cent capital gain, plus 97 cents in dividends." (As Mr Hunt spoke, Bendigo shares traded at \$7.68. Queenslanders own 17% of Bendigo Bank.)



All hail our Community Bank. Chairman Milton Taylor (centre) and residents are delighted with the latest round of community grants.

HENTY CHEERS COMMUNITY BANK SUCCESS

A growing number of communities are now ploughing profits back into local projects.

Now in its fourth year of operation, Henty Community Bank, in southern NSW, recently made \$150,000 in grants.

One hundred thousand dollars was allocated to the Henty Bowling and Golf Club to refurbish its auditorium and kitchen to cater for weddings, functions and conferences. This is the only such facility in the district and will provide a welcome boost to Henty's economy and social infrastructure.

Club president Kevin Fogarty said: "We have wanted to do something like this for years but we just never had the finances. We have been given a fantastic boost from Henty Community Bank, which is always willing to help out, whether it's for us, the local swimming pool or the aged care centre. The bank is a valuable community facility in our district and one that we are extremely proud of."



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