

BENDIGO BANK CONCISE ANNUAL REPORT



2001



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", "the Bendigo" and "Bendigo" refer to Bendigo Bank Limited; the expression "the Group" refers to Bendigo Bank Limited and its controlled entities.

Customer/Shareholder inquiries

Customer Help Centre
 1300 361 911 (local call)
 8.30am - 5.00pm Mondays to Fridays

Bendigo Bank OnCall
 1300 366 666 (local call)
 8.00am - 8.00pm weekdays,
 9.00am - 4.00pm Saturdays,
 10.00am - 4.00pm Sundays

24-hour Phone Banking
 1300 366 666 (local call)

24-hour e-banking
 www.bendigobank.com.au

Website: www.bendigobank.com.au

Securities Registry: 1800 646 042



2001

TABLE OF CONTENTS

| | |
|---|-----------|
| Highlights | 3 |
| Financial | 3 |
| Service | 3 |
| Corporate | 3 |
| Financial Calendar | 3 |
| Report by Chairman & Managing Director | 4 |
| Looking ahead | 6 |
| Changes to Board | 7 |
| Financial Result | 8 |
| Capital management | 8 |
| Funding | 8 |
| Operational Risk | 9 |
| Result at a glance | 9 |
| Retail Bank | 10 |
| First Australian Building Society | 11 |
| Community Bank | 12 |
| Business Banking | 13 |
| Agencies | 13 |
| Bendigo OnCall | 13 |
| e-banking (internet banking) | 13 |
| Customer and Mortgage Help centres | 13 |
| New Branches | 13 |
| Subsidiaries and Joint Ventures | 14 |
| Bendigo Investment Services | 14 |
| Elders Rural Bank | 14 |
| National Mortgage Market Corporation | 14 |
| Sandhurst Trustees Limited | 14 |
| Tasmanian Banking Services | 14 |
| Victorian Securities Corporation Limited | 15 |
| Worley Securities Pty Ltd | 15 |
| Community Development | 16 |
| Community Bank | 16 |
| Community Telco | 16 |
| Ethical Investment Fund | 16 |
| Lead On | 16 |
| Regional development | 17 |
| Sponsorship | 17 |
| Shareholder Information | 19 |
| Corporate Governance | 20 |
| Concise Financial Report | 25 |

BENDIGO BANK CONCISE ANNUAL REPORT



Pressing ahead... Lead On's Felitia Carboon, Editor of the Bendigo Advertiser youth supplement "Loop", and Lead On Inc. Project Manager Adam Rimington check "Loop" as it rolls off the press. Bendigo Bank is a major supporter of the youth development program.

Bendigo Bank is improving the prospects of its partners, customers and their communities.

Banking vision



A blueprint for growth... Successful communities create a successful Bank. Scott, from our Northern Victoria regional office, examines plans for a \$4.3 million extension to Vision Australia's "Mirridong" nursing home in Bendigo, of which we have been a long-term supporter. With him are Unit Manager Val Stewart (centre) and Service Director Ruth O'Connell.

2001

HIGHLIGHTS

Financial

- > Profit after tax up by 56 per cent to \$33.3 million
- > Profit before tax up by 47 per cent to \$55 million
- > Lending approvals \$2.49 billion, up by 34.5 per cent
- > Retail deposits grew by 49.9 per cent to \$5.5 billion (88.4 per cent of total deposits)
- > General provision 0.55 per cent of risk weighted assets, up from 0.50 per cent
- > Shareholder dividend was 41.0 cents per share (including a 15-cent per share special dividend), up from 24.0 cents

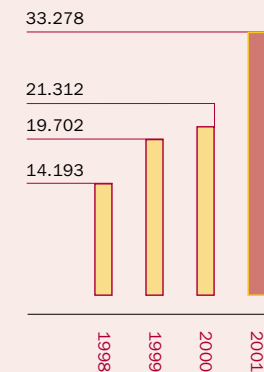
Service

- > Two new company-owned branches opened
- > 21 new Community Bank branches opened
- > 47 Queensland branches badged Bendigo Bank
- > First three Tasmanian Banking Services branches opened
- > Agreement with Elders Rural Bank makes products of both banks available through all Bendigo and Elders branches
- > 24 additional Bendigo Bank ATMs installed

Corporate

- > First Australian Building Society acquired and merged into Group
- > Cassa Commerciale division fully integrated into Retail Bank
- > Number of Shareholders increased from approximately 23,800 to 38,000

Profit after tax (\$ mil.)



FINANCIAL CALENDAR 2001 – 2002

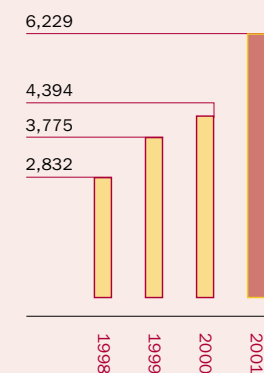
2001

| | |
|-------------|---|
| 8 October | Ex-dividend date |
| 12 October | Final dividend record date |
| 22 October | Annual General Meeting, 11 am |
| 31 October | Distribution of final dividend |
| 30 November | Interest paid on 8% Capital Notes |
| | Opportunity to convert Capital Notes into Ordinary Shares |
| 31 December | Half year end |

Proposed Dates 2002

| | |
|------------|---|
| February | Announcement of interim results and interim dividend |
| 12 April | Interim dividend record date |
| 30 April | Distribution of interim dividend |
| 31 May | Interest paid on 8% Capital Notes |
| | Opportunity to convert Capital Notes into Ordinary Shares |
| August | Announcement of final results and final dividend |
| 31 October | Distribution of final dividend |

Total bank deposits (\$ mil.)





CHAIRMAN
RICHARD A. GUY OAM

GROUP MANAGING DIRECTOR
ROB HUNT

Banking success: making a contribution

Six years ago, when converting to a bank, we declared our intention to become a unique bank.

That was a bold statement. Surely with all banks using variations of the same financial instruments, and similar distribution options, differences between them might largely be cosmetic.

2001

REPORT BY CHAIRMAN AND MANAGING DIRECTOR

Why, then, do we believe we have succeeded in establishing a clear and distinct identity and a logical customer base? and why is this important to our future?

Bendigo remains Australia's only regionally-based bank. We are opening branches while many competitors close theirs. We are expanding our rural and regional presence, again at a time when many service providers are centralising. We have adhered to our long-standing fee principles which offer all customers a guaranteed number of free transactions, and accounts free of account-keeping fees. We have managed to have our customers embrace technology without any penalties or threats - indeed, our customers can choose any of our banking channels as it suits them. And we have taken seriously our social responsibilities, which we believe all businesses should have and which are necessary to run a good business.

Other distinctive factors of our business are less obvious. They lie at the heart of our business strategy, which is to bank communities in which we believe we can excel as a financier committed to improving their prospects. If those communities become more successful, and we are their preferred banker, then our business, too, will be more successful. We are building a brand which is relevant to customers and shareholders, and we work with each community to achieve long-term success.

In some instances, we choose to partner others in establishing relationships with a customer base. Elders Rural Bank combines our banking skills with Elders' rural network and knowledge of agribusiness. Tasmanian Banking Services returns local ownership to the island's banking market through our joint venture arrangement with Tasmanian Trustees. Our Community Bank branches enable communities to leverage their collective demand for banking services to produce better outcomes for their districts. In each instance, Bendigo has benefited by applying its unique focus, banking skills and technologies to markets in which our partners deliver the trust and patronage of substantial customer bases.

Having established these relationships, it is then important that we work with our customers to improve their prospects and those of their communities. Whilst it is far simpler, and cheaper, to set up shop in already thriving communities and to benefit from their prosperity, this does not ensure long-term, sustainable success because it does not engender the same level of patronage and loyalty from customers, nor engage communities in planning their future growth. Successful customers and successful communities create a successful bank, so our community development programs are vital to our long-term prospects.

We have invested heavily in this strategy. Community Bank is unique to Bendigo Bank and has not been tried elsewhere in the world. We have therefore borne substantial development costs to reach the point where communities around Australia are embracing it. Similarly, Community Telco, our community-based telecommunications strategy, is new and requires limited seed capital. We are philosophically and financially committed to supporting the expansion of the successful community-initiated Lead On youth development program and to furthering our initiatives to secure a share of investment capital for regional businesses requiring funding. All of these projects help develop more secure and dynamic markets for Bendigo to bank - successful communities create a successful bank.

Already these investments - the bulk of which have been made over the past three years - are bearing fruit.

New customer numbers are running at an historic high, as are lending volumes and growth in retail deposits. The Group's 2000-2001 profit before tax was a 47 per cent increase on the previous year (which in turn was 26.3 per cent up on the year before that). Our after-tax profit was 56 per cent up on the previous year. Earnings per share growth was four cents (up 14.7 per cent).



Bright prospects...
Our new branch at
303 Collins Street,
Melbourne, shows
our customer service
in a good light.

Profit available for distribution to shareholders was lower than expected due to an adverse (\$4.3 million) ruling in a Federal Court lawsuit brought against the Bank and others following fraudulent use of trust accounts held by a Melbourne solicitor. HIH was the Bank's indemnity insurer in this matter and conducted the case. The Bank will pursue a claim against the Provisional Liquidator of HIH as a creditor of the company and will appeal the judgment following analysis and strong legal advice on the likely success of an appeal. We eliminated uncertainty by provisioning \$5 million (\$3.5 million after tax) in the 2001 accounts. Any recoveries achieved will be brought to account in future trading years.

While our financial result represents a solid progression in our long-term strategy to leverage our position as a regional and community bank, we are conscious of the need for further improvements in key performance measures. Such improvements will be based on the footings we have now established to expand our business beyond its traditional boundaries. Much of the structural change required has been achieved and expensed. We have fully integrated the Queensland operation and Cassa Commerciale division into the retail

bank, formed a new Operational Risk Unit, fully reviewed our larger commercial loan exposures, established an integrated reporting division, and centralised our Treasury and foreign exchange operations. The footings for growth are therefore established and our Board has been able to set profit targets which significantly improve performance ratios in the short to medium term without compromising our level of service, our ethical principles and our community focus. Attainment of these goals would enable us to further reward those many thousands of Shareholders who have supported the Company through its developmental phase as a bank.

Looking ahead

We expect continued strong growth in all business units and joint ventures.

- > The retail bank has been consistently attracting 10,000-plus new customers each month and will benefit from a new corporate television advertising campaign, our first for three years. We continue to expand the Group's distribution network to make us more accessible to more Australians.
- > Customer usage of our electronic banking systems is growing rapidly and we continue to introduce new services.

- > First Australian Building Society, the largest acquisition in Bendigo's history, has now been fully merged into the Group with a net gain in business and the expectation of strong growth as Bendigo becomes embraced in Queensland. Our Board has met twice in Queensland to consult with community and business leaders about our development plans.
- > We expect Community Bank to add more than 20 new branches to our network in 2001-2002. Having attained one billion dollars in total banking business in its first three years, Community Bank's contribution both to our balance sheet and profit will grow rapidly as new branches join and existing branches mature. A \$2.5 million contribution to profit last year is expected to about \$6 million this financial year.
- > Elders Rural Bank's first year as a bank contributed \$5.1 million after tax to our 2000-2001 profit, a figure which is expected to increase as its balance sheet grows, new products are introduced and Bendigo's own branch network provides more referrals to this specialist rural bank.

Banking integrity

- > Tasmanian Banking Services has been well received and will increase its branch network from three to five this year. Business is growing strongly and we believe the joint venture partners have established a solid platform for sustainable success.

We are also working on a range of other initiatives which have presented themselves as a result of our willingness to look at how we can contribute to the success of others.

Currently, Group businesses hold off-balance sheet funds under management and advice exceeding \$2 billion. We will bring these businesses together to create a "one stop" wealth creation/wealth management structure to enhance the ability of our customers to plan and manage their financial needs. Our aim is to substantially grow our off-balance sheet funds, thereby securing a fee-based income stream less susceptible to the fluctuations of interest margins. New products and services will be introduced to complement our existing range.

Previously announced initiatives continue to be developed. With Pharmacy Guild Australia's Guild Insurance & Financial Services arm we continue to build momentum on banking industry members and developing relationships with allied medical professional groups; and with our Community Bank partners we are planning a web-based portal to improve the e-commerce capacity of their communities.

None of these projects apply the traditional approach, but all have the potential to significantly enhance our long-term prospects.

Bendigo Bank now stands out in a crowded and competitive financial marketplace. Our identity has been built on the core strengths of this organisation - honesty, ethical behaviour and a willingness to contribute to the success of our partners, our customers and their communities. This is not, however, a marketing ploy - it is the way in which we do business. If our partners have strengths we do not, we are happy to acknowledge and reward them for their contribution to the growth of our business. With community support, two committed partners working together will achieve a far greater outcome for both than if they worked independently.

Changes to Board

We acknowledge with gratitude the contribution of director Bill Beischer, who, having attained the statutory age of 72, retires from the Board at this year's Annual General Meeting. A former general manager of Pacific Dunlop, and currently chairman of Futuris Corporation Limited, Mr Beischer first joined the Group in 1993 on the Board of Sandhurst Trustees Limited. He joined our principal board in 1996, just after completion of the bank conversion in 1995, and during his term on the Board has made a valuable contribution to the development of the Bank. He played a pivotal role in the establishment of Elders Rural Bank. We wish Bill and his family a happy and fulfilling future.

Our Board was augmented in October 2000 by the addition of two former directors of First Australian Building Society, that company's chairman, Neal Axelby, and Brisbane-based chartered accountant Terry O'Dwyer. With almost one-quarter of shareholders now residing in Queensland, their appointment reflected First Australian's contribution to the Group's business as well as our prospects for growth in the Queensland market. Our intention is to bring Bendigo's unique style of regional and community banking to that state and it is important that we have, at Board level, direct input from those new communities we are servicing.

Richard A. Guy OAM
Chairman

Rob Hunt
Group Managing Director

Banking profitably

FINANCIAL RESULT

Bendigo Bank's 2000/2001 operating profit after tax was \$33.3 million, an increase of 56 per cent on the previous year. Operating profit before tax was \$55 million, a 47 per cent increase.

The acquisition of First Australian Building Society in October 2000 was significant, contributing \$6.3 million to our after-tax profit. Even without this contribution, profit growth was in excess of 20 per cent.

Earnings per share of 31.5 cents provided a 14.7 per cent (four cents per share) increase on the previous year. This was a creditable performance in light of the 28 million shares issued to former First Australian shareholders as part of last October's merger.

Directors declared a final dividend of 14.5 cents per share (payable on 31 October and fully franked at 30 per cent), an increase of 1.0 cent on last year's final dividend. Dividends for the financial year totalled 41.0 cents per share (up from 24.0 cents), including the 15 cent special cash dividend paid in February 2001. Excluding the special dividend, the payout ratio was 84 per cent.

Total bank lending approvals were \$2.49 billion, a 34.5 per cent increase, while total Group deposits grew by 41.7 per cent to \$6.2 billion. Interest margins came under pressure due to the rapid reduction in official rates - three cuts totalling 1.25 per cent within three months in early 2001 - resulting in a net eight-basis point reduction in the average net interest margin compared with the previous financial year.

We continue to take a prudent approach to credit quality, building our general provision by \$8 million, from 0.50 per cent of risk weighted assets to 0.55 per cent. Asset quality remains sound, with net impaired assets just 0.36 per cent of gross loans.

The Company remains conscious that its performance ratios require further improvement. As flagged, First Australian integration costs pushed the cost-to-income ratio back above 70 per cent (72.8). We believe this figure will be back below 70 per cent this year, with a medium term goal of reducing it to the mid 60s. Return on equity was 9.4 per cent. We aim to increase this by one per cent per annum over the next few years.

We had some interruptions to our performance progression, including the decisions to provision against a court ruling (\$3.5 million after tax) and also provisioning several commercial loans in recognition of where we are in the economic cycle. Income growth is strong, with fee and margin income both growing by 37 per cent last year, and we anticipate increasing contributions from all divisions of our business plus our alliance activities Elders Rural Bank, Tasmanian Banking Services and Bendigo Investment Services.

The Company is well placed to deliver solid earnings improvements.

Capital management

Active capital management will play an important role in improving performance ratios and enhancing Shareholder value. An on-market buyback of shares during the last quarter of 2000/2001 resulted in the purchase of almost two million shares. We also continue to use securitisation as a mechanism to more effectively manage our capital base. Our continuing Banksia program securitised \$393 million in loans in 2000/2001. We remain well capitalised, with tier one capital at 8.61 per cent and total capital adequacy of 10.71 per cent.

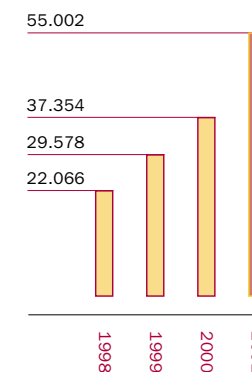
Funding

Retail deposits at 30 June 2001 comprised 88.4 per cent of total deposits. This deposit franchise is one of Bendigo's greatest strengths and provides us with an enviable funding base to support future growth and margins. We retain the ability to raise wholesale funds by further issuance under a range of programs including our US\$500 million Euro medium term note program, which has US\$150 million of bonds on issue.

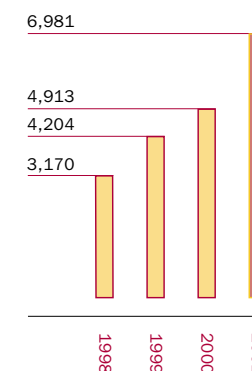


Hands-on approach... Craig and Kaye from our Finance team check progress on our share buyback. Active capital management will play an important role in improving performance ratios.

Profit before tax (\$ mil.)



Total assets (\$ mil.)



Operational Risk

The Group enhanced its risk management processes with the formation of a new Operational Risk Unit to develop and support the implementation of a more formalised operational risk framework. The department is also responsible for providing the Group with legal assistance through the General

Counsel office and supporting the Group's compliance/regulatory (APRA) obligations. The department has completed a holistic review of all aspects of the Group's operational risk management framework, including subsidiaries, and we are implementing the strategic recommendations arising from the review.

Result at a glance

Profit

| | June 01 | June 00 | % Increase |
|----------------------------|------------------------|---------|-------------|
| | (\$mil. unless stated) | | /(Decrease) |
| Interest income | 454,365 | 296,762 | 53.1 |
| Interest expense | 293,677 | 179,877 | 63.3 |
| Net interest income | 160,688 | 116,885 | 37.5 |
| Other operating income | 79,072 | 57,945 | 36.5 |
| Total net operating income | 239,760 | 174,830 | 37.1 |
| Total operating expenses | 184,758 | 137,476 | 34.4 |
| Profit before tax | 55,002 | 37,354 | 47.2 |
| Income tax expense | 21,724 | 16,042 | 35.4 |
| Profit after tax | 33,278 | 21,312 | 56.1 |

Key measures

| | June 01 | June 00 | % Increase |
|---------------------------|-------------|------------|-------------|
| | | | /(Decrease) |
| Shareholders' equity | 422,797 | 288,357 | 46.6 |
| Total assets | 6,981,517 | 4,913,417 | 42.1 |
| Loans & other receivables | 5,592,146 | 3,939,894 | 41.9 |
| Deposits | 6,229,172 | 4,394,669 | 41.7 |
| Lending approvals | 2,494,609 | 1,854,284 | 34.5 |
| Earnings per share | 31.5 cents | 27.5 cents | 14.7 |
| Return on average Equity | 9.4% | 8.0% | 17.5 |
| Dividend per share | 41.0 cents* | 24.0 cents | 70.8 |

* Includes special dividend of 15.0 cents per share

Banking empathy

RETAIL BANK

This year we invited groups of customers to sit down together and, unprompted, talk about their bank. Their responses reaffirmed our view that “banking” to them was not about banking at all. It was about buying their first home, launching a new business, replacing a damaged car, funding their children’s education. In the main, they didn’t discuss account types, or services, or even fees. Instead, the common thread in all their stories was about the Bank’s reaction to their ambitions. Did we listen? Did we empathise? Did we seek to help? Did we picture ourselves in their shoes and ask ourselves how we would like our bank to respond?

In short, it was about how our staff responded to each of them personally.

It was an affirmation of our retail banking strategy. It said we are right to invest in people. It said we are right to insist that customers be given the option of personal contact no matter how they access our services. It said our focus on community is welcomed. It reminded us that family, community, a sense of belonging, are the most important things for our customers and that the actual banking services we provide are simply tools for achieving those ends.

Community Banking, in many senses, is an embodiment of those ideals and a powerful symbol of the unique position Bendigo enjoys in Australian banking. There is a perception that Bendigo is “doing the right thing” by its customers and communities and therefore merits support. This has resulted from the consistency of our positioning, our strategy and our actions.

And it is being reflected in new business. Total bank lending approvals grew by 41.7 per cent to \$2.49 billion, including \$352 million from First Australian. Total Group deposits grew by 41.7 per cent to \$6.2 billion. The lending environment was not easy, given uncertainty with the introduction of the GST, but we experienced record demand. Deposit growth was particularly pleasing given the competition for investors’ funds, and our strong retail deposit base will assist our profitability should wholesale interest rates increase.

During the first half of 2001, new customers were joining us at the rate of 10,000-plus per month, swelling total customer numbers to well over 600,000. New account openings in June 2001, even excluding our new Queensland arm, were 27.5 per cent higher than in the previous June.

This growth is unprecedented in our history and confirms our view that we are correct to emphasise the difference of our approach.

Our challenge is to ensure that our automated systems are clever enough to enable customers to bank with us wherever and whenever they wish (because 80 per cent of the time they choose electronic banking), but that there is always a staff member available for those times when personal contact matters.

This is one reason why we continue to invest in opening new branches. During 2000/2001 we opened two new company-owned branches, three branches of Tasmanian Banking Services and 21 Community Bank branches. We became the first Australian bank to introduce “real time” online chat to Internet Banking. And when Phone Banking users call our automatic “self-help” service, the first option they hear is to be connected straight to a staff member. Most don’t - they go ahead and use the convenience of automatic banking - but the fact that we provide the option is appreciated.

We’re listening... Our customers told us they appreciate the way in which our staff respond to their needs. Our Customer Help Centre Supervisor, Kristen, ensures customers receive prompt attention when they call Head Office.



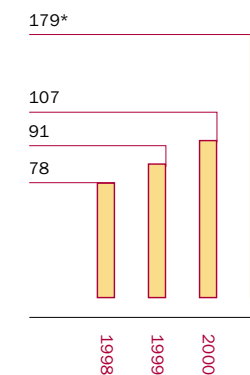
First Australian Building Society

The integration into our Group of the Queensland-based society was the biggest project in the Bank’s history and, at \$134 million, our biggest investment. The Company has appreciated the support of the staff, customers and communities in Queensland in completing a successful merger in under 12 months.

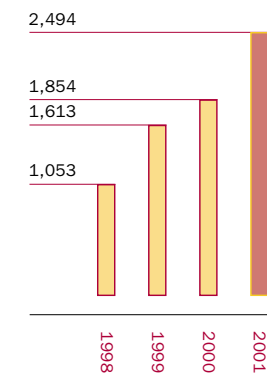
Since October 2000 when the merger was approved, we have refurbished many, and rebadged (as Bendigo Bank, in response to community feedback) all 47 First Australian branches and 17 agencies. One hundred and sixty-five thousand accounts were converted to equivalent, or similar, Bendigo Bank accounts. A nationwide Loans Centre, employing 64 staff, was established at the former head office in Ipswich and new regional offices were opened in Ipswich (south) and Cairns (north). In measures designed to boost the prospects of communities we serve, six new branch managers were employed in branches which had not enjoyed “manager” status and six specialists were appointed to introduce business banking to our new customers.

The first Community Bank branches in Queensland are expected to open in late 2001. We opened a new company-owned branch in Ingham in August and will follow with another in Bundaberg early next year. Five new agencies will be added to that network. We are also engaging in community development activities, with Community Telco and Lead On projects already underway in Ipswich. These activities will be broadened as we grow in Queensland.

Number of branches*



Lending approvals (\$ mil.)



* Includes 45 Community Bank branches, 3 Tasmanian Banking Services branches and 1 private franchise.



Banking facility: Bendigo makes banking easier

A good reception... Enabling customers to choose their preferred method of banking - electronic or face-to-face - has helped increase customer numbers by more than 10,000 per month.

Community Bank

Community Bank achieved a milestone in July 2001 when total banking business crossed the billion dollar threshold just three years after the launch of the first pilot branches in Rupanyup and Minyip (Victoria). There are now 45 branches across four states with the likelihood of adding branches in Queensland and Tasmania soon. Community Bank serves communities as diverse as small farming towns, regional service centres, outer suburban fringes and inner suburbs in capital cities. Our first branches will soon open in the Sydney and Brisbane metropolitan areas.

Community Bank is delivering business success for us, with a billion dollars in new business and a pre-tax profit contribution of \$2.5 million expected to increase to \$6 million in 2001/2002 as new branches join and existing branches grow their businesses. The program is also delivering success for its communities. LaTrobe University Bendigo is

currently studying the socio-economic impact of Community Bank, but there is strong anecdotal evidence to suggest it has been highly beneficial. Examples of flow-on benefits include the opening of the Lang Lang Business Centre, which has brought new services to the South Gippsland town; the provision by Upwey (outer Melbourne) of education scholarships; and increases in local business turnover of up to 25 per cent in 12 months in some communities. These outcomes reinforce our belief that if we can help communities to become more successful, and we are their preferred banker, then our success will follow.

Demand for Community Bank continues to grow and we have instituted steps to accelerate the rollout of new branches. At any one time our development team is working with 60 to 80 communities and we expect to grow the network by more than 20 branches in the current financial year.

Business banking

One of our primary aims in converting to a bank was to develop the capacity to service the business sector in our communities. After five years in this market, we have achieved notable results. Around one-quarter of our lending is now for business purposes, we employ 43 business banking managers and 31 support staff, and our product range includes commercial loans, overdrafts, leasing, trade, superannuation, insurance, eftpos, financial planning and electronic banking. Business banking is a growing sector of our business and reduces our dependence on home loans.

Agencies

Our products are available at more than 100 agencies, which continue to be an important option for servicing a range of communities.

Bendigo OnCall

Our call centres in Bendigo and Ipswich have helped us expand nationally by providing seven-day-a-week personal telephone banking. Indeed, Bendigo OnCall is "the bank" for many customers who cannot, or prefer not, to access our branches, with calls answered in 2000/2001 increasing by 86 per cent on the previous year. A new program, "Deliver", aims to continue improvement in customer service, making it even easier to bank with us.

e-banking (internet banking)

Growth in electronic banking has been rapid, with more than eight-in-ten transactions now performed outside the branch network as customers choose self-service options. e-banking usage increased by 221 per cent, catapulting Bendigo's service into the top eight e-banking sites in Australia. Usage of our e-banking site is now 36 per cent higher than Phone Banking. We continue to enhance our web banking capabilities, especially for businesses, and recently launched an Internet Payment Gateway to enable our business customers to receive payments via their websites. We recently provided businesses with the ability to operate online accounts requiring multiple signatories. Our EFTPOS merchant base grew by 48 per cent, supporting growth in the Group's business banking base. Twenty-four new ATMs were installed, mainly for Community Bank branches, and we were at the forefront of introducing new-generation ATMs in Australia.

Customer and Mortgage Help centres

These departments typify our approach to service. Inbound calls to head office are taken by Customer Help Centre staff who are able to answer most inquiries on-the-spot. As first point of contact, these staff are ideally placed to identify and initiate enhancements to customer service. Mortgage Help Centre staff

seek to assist those customers having problems meeting their loan commitments, a pro-active approach which helps maintain our arrears figures at low levels while helping customers achieve their financial aims.

New branches

Company-owned
> Colac, Vic.
> Wagga Wagga, NSW

Community Bank
> Bayswater, WA
> Boorowa, NSW
> Cummins District, SA
> East Gosford & Districts, NSW
> East Ivanhoe, Vic.
> Fern Tree Gully & Districts, Vic.
> Forrestfield, WA
> Gingin, WA
> Heyfield, Vic.
> Hurstbridge & Districts, Vic.
> Highett, Vic.
> Lancefield, Vic.
> Neerim District, Vic.
> North Perth, WA
> Oak Flats, NSW
> Pearce Dale, Vic.
> Rye & District, Vic.
> Strathmore, Vic.
> South Grafton, NSW
> Tongala & District, Vic.
> West Beach, SA

Tasmanian Banking Services
> Burnie
> Launceston
> Rosny Park (Hobart)

SUBSIDIARIES AND JOINT VENTURES

Bendigo Investment Services (BIS)

A joint venture with IOOF, BIS currently employs 20 licensed financial advisers who operate from the Bank's branch network. BIS aims to help customers achieve their financial goals through quality advice and access to a wide range of financial products. During the year, the company more than doubled its number of customers, with funds under advice exceeding \$400 million. BIS made a contribution to Group profit.

Elders Rural Bank (ERB)

ERB's first year as a stand-alone bank was marked by strong growth in profit and retail deposits, and the milestone achievement of one billion dollars in assets. Profit after-tax, of which Bendigo is entitled to half, was \$10.25 million, with a particularly strong second half contribution of \$6 million. Retail deposits now constitute 100 per cent of the bank's funding, up from 49 per cent at 30 June 2000. ERB products are now distributed throughout Bendigo's branch network, as well as 240 Elders offices, and with most agricultural markets favourable at present, ERB anticipates strong performance in the current year.

National Mortgage Market Corporation (NMMC)

NMMC originates securitisable housing mortgages and provides securitisation and mortgage administration services to the Group. The Company played a leading role in the Banksia 2001-1 Securitisation Trust, issued in March 2001 (total assets in this issue \$393 million). First Australian's broker unit was integrated into NMMC's Origination Division and new markets being developed via this Queensland-based unit have good potential for growth over the next 12 months. NMMC Loans Administration has continued to establish its position as a third party service provider and manager of loan portfolios. In addition to management and servicer roles on the three Banksia Securitised Trusts it is the full servicer of two loan portfolios and the back-up servicer of five securitised portfolios.

Sandhurst Trustees Limited

The year saw strong growth in the common funds, which increased by 31 per cent to \$863 million. Sandhurst Australian Industrial Share Fund performed well over its first full financial year and was one of Australia's best-performed domestic funds for 2000/2001. The Company's financial performance, however, remained affected by

excess liquidity and the loss of corporate trustee work following changes to the Corporations Act. Alternative income sources were unable to replace this contribution, leading to a reduction in Sandhurst's contribution to Group profit. During 2000/2001 two additional Directors were appointed to the Board. Sandhurst will play a pivotal role in the formation of the Group's new wealth creation business.

Tasmanian Banking Services (TBS)

The opening of the first TBS branch in Burnie on 24 November 2000 returned to the Tasmanian banking market local ownership lost with the absorption of Trust Bank into Colonial Bank. A 50/50 joint venture between Bendigo Bank and Tasmanian Trustees, TBS also opened branches in Rosny Park (Hobart) and Launceston, with an agency in Ulverstone and further branches to follow in Hobart central and Devonport. Public support has been extremely encouraging and we anticipate strong business growth based on the distribution platform now established. Prospects were further enhanced in February 2001 with the announcement of a proposed merger between Launceston-based Tasmanian Trustees and Hobart-based Perpetual Trustees. Bendigo Bank intends to be a substantial shareholder of the merged entity, which in turn will retain 50 per cent of TBS.

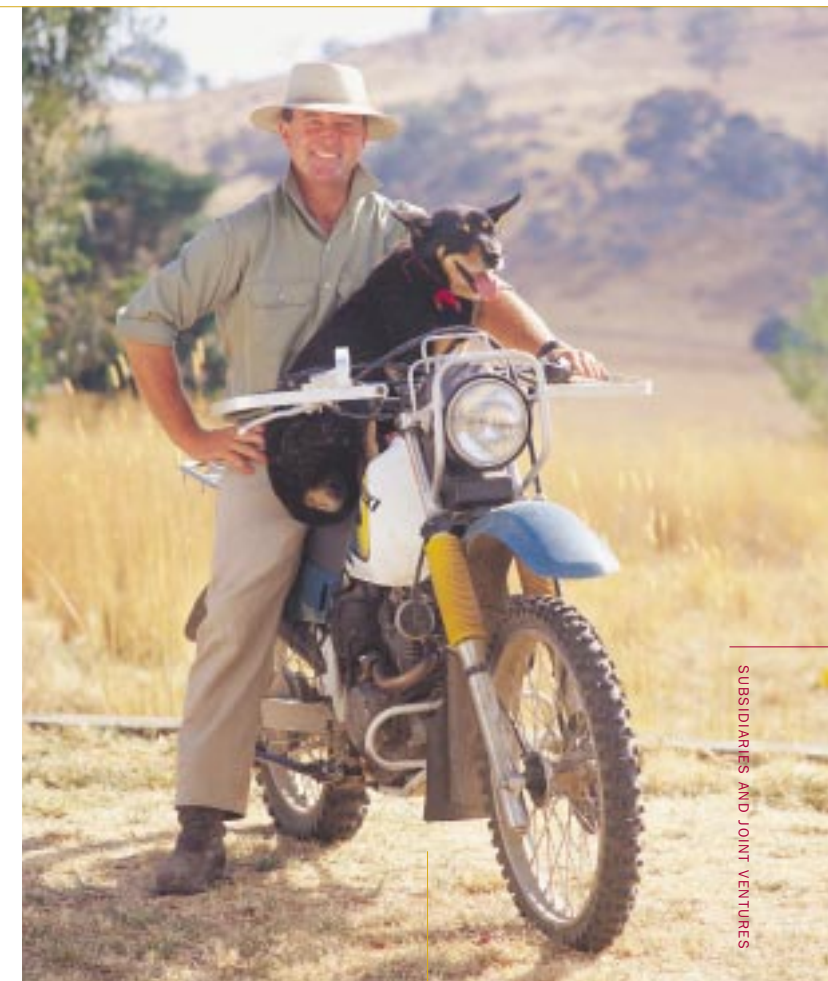
Banking partnerships

Victorian Securities Corporation Limited (VSCL)

The Ballarat-based VSCL reached a milestone with the achievement of \$100 million in deposits. The company completed its integration into the Bendigo Group, successfully converting to our mainframe banking system. The Company continued to trade strongly with profits increasing by 27 per cent. Total assets increased by 37 per cent, to \$138 million, while net growth in Debentures was 38 per cent, increasing debentures on issue to \$126.7 million.

Worley Securities Pty Ltd

Melbourne-based financial planning subsidiary Worley Securities achieved another steady result despite it being a difficult year for investment markets (e.g. MSCI World Index fell by 20 per cent). With more than 50 per cent of income being achieved from on-going servicing fees, the business has a sound base on which to build its future revenue growth.



Strength in partnerships... Elders Rural Bank has enabled us to broaden our support for rural Australia. The joint venture bank contributed \$5 million to our 2001 profit.

COMMUNITY DEVELOPMENT

Good community is good business. Bendigo has a long history of community support ranging from sponsorships and the provision of fee-free accounts to charities, incorporated clubs, churches and schools through to major community projects. These projects are designed to help communities reach their potential through accessing the capital and services they need to participate in the new economy.

Community Bank (See also Retail Banking)

Although Community Bank is a commercial venture between Bendigo Bank and communities, our contribution to their success goes beyond pure business. We educate communities about running a public company, raising capital, managing risk and developing businesses and business plans. We are helping them build websites on which they can outline prospective investments and "sell" themselves to tourists, businesses and prospective residents. We are also in the early stages of constructing a web portal through which member communities can channel information and electronic commerce, thereby enhancing their prospects in the new economy.

Community Telco

If our regional communities are to reach their full potential in the new economy, they must have access to a full range of affordable telecommunications services. Under current arrangements, though, communities rely on suppliers to supply them with the latest developments. Unfortunately, economics dictates that suppliers will favour large metropolitan markets ahead of smaller regional communities. Just as Community Bank aggregates local demand for banking services to contract with a supplier (Bendigo Bank), Community Telco combines local buying power through a locally-owned public telecommunications company. The result is certainty of supply and cost savings for the community and surety of market for the chosen supplier.

We are a shareholder and leading player in Community Telco Australia (CTA), a parent company which will spin off locally-owned companies such as our initial pilot, Bendigo Community Telco. The Bendigo company was launched in September 2000, has already attracted 250-plus business participants and is producing savings and enhanced service for its customers.

Initial success in Bendigo has attracted a number of major regional communities to the project and CTA expects to launch its second site in Ipswich, Queensland, before expanding the concept at the rate of two communities per year. Further information can be found at www.communitytelco.com.au

Ethical Investment Fund

In May 2000, Bendigo Bank launched Australia's first bank deposit account directly linked to ethical investment structures. Ethical Investment Fund has attracted strong support and last year paid its beneficiary, Community Aid Abroad (Oxfam in Australia), a substantial amount in commissions and interest donated by depositors. We plan to introduce further products which enable our customers to support worthy causes through their normal banking.

Lead On

We need to engage our young people in civic and business life, promoting their development and inculcating in them a sense of community and an appreciation of the contribution they can make to their district's prospects. Bendigo Bank is a leading supporter and financial backer of the Lead On youth development program started in Bendigo in 1999 and now expanding its horizons into new communities including Mildura and Echuca.

Banking communities for mutual growth

Lead On's second year was one of development, growth and achievement. The Bendigo office has had more than 400 young people involved, with more than half of this group actively engaged in a variety of business and community-based projects. Lead On Bendigo has partnerships with almost every major business or organisation in the city. More than 50 projects have been completed and major ongoing initiatives include the youth-produced weekly supplement "Loop" in the Bendigo Advertiser. A commercial venture, Lead On Inc., sees young people designing web pages and providing other technology solutions for Bendigo businesses.

Regional development

Small business is the engineroom of regional employment, yet too many regional businesses do not reach their potential because current market structures fail to provide them with access to investment capital. Our own Regional Development Fund has been created to enable superannuation funds and private investors to invest in regional businesses with sound track records, proven markets and obvious potential. Having spent two years developing the fund and assisting targeted businesses to become investor-ready, we anticipate making our first investments during the current financial year.

Bendigo Stock Exchange, in which we hold equity, has more than 40 registered businesses seeking capital and in August 2001 traded its first listed shares. The internet-based exchange, www.bsx.com.au, aims to attract investors to small to medium enterprises requiring capital for expansion.

Sponsorship

Throughout our 143-year history, we have sponsored community events, believing that investing in bettering communities is good for our business. Each of our three Victorian and two Queensland retail bank regions has its own sponsorship budget to support the Bank's core corporate sponsorships. We continue to meet our aim of spreading sponsorship support across a wide group of activities including schools, charities, sport and the arts.

Bendigo calling... Bendigo Community Telco has already produced significant savings and service enhancements for its business customers.



Influencing Australian banking



*Shared success...
Shareholder numbers swelled
by 60 per cent in the 12
months to August 2001.*

SHAREHOLDER INFORMATION

Bendigo Bank's influence continues to grow throughout Australia. Reflecting the Company's origins on the Victorian goldfields, the majority of the Bank's shareholders reside in Victoria. However as we become more widely known, our shareholder base is becoming more widely spread throughout Australia. The merger with First Australian introduced Shareholders to Bendigo Bank from all states but mainly Queensland and, to a lesser extent, New South Wales. Fifty-eight per cent of Shareholders are Victorian, 23 per cent are from Queensland and 12 per cent live in NSW.

Securities

As at 14 August 2001, Bendigo Bank (ASX Code BEN) had on issue 111,196,548 listed ordinary shares, 2,964,801 unlisted employee shares and 5,213,055 listed convertible capital notes (ASX code BENGGA).

The Directors announced in February 2001 that the Bank would operate an on-market buyback of its shares. As at 14 August the total number of shares bought by the Bank was 1,918,305. These shares have now been cancelled.

In the past 12 months, holders of 1,292,848 capital notes elected to convert their notes into shares on a one-for-one basis. These notes are convertible fixed interest securities paying 8.00% on their issue price of \$4.10. They may be converted into ordinary shares, on a one-for-one basis, at any of the six-monthly interest dates until 31 May 2007.

On 17 January 2001 the Board allotted 1,455,000 unlisted employee shares to staff of the Bendigo Bank Group under the terms of the Bendigo Employee Share Ownership Plan as approved by Shareholders.

Dividend Options

The Bank offers a Dividend Reinvestment Plan and a Bonus Share Scheme to enable shareholders to reinvest their dividends into new shares. The new shares issued under these Plans are currently free of brokerage and issued at a five per cent discount to the weighted average market price over the five trading days up to and including the record date. Shareholders may alternatively elect to credit their dividends directly to their account with Bendigo Bank or any other financial institution. To amend the way in which Shareholders have their dividends paid, they should contact the registry for a Dividend Nomination Form (see Securities Registry for contact details).

Shareholder Privileges

Individual holders of 500 or more Bendigo Bank securities are entitled to a range of benefits under our Shareholder Privileges package. Details are available on our website www.bendigobank.com.au, or by contacting a branch or Bendigo OnCall (1300 366 666).

Securities Registry

Manager, Allan Thomas, and his staff, Karyn Flynn and Cindy Morris, 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

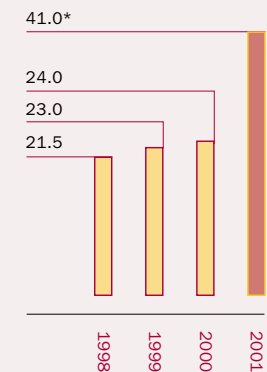
Fax:

(03) 5433 9471

E-Mail:

share.register@bendigobank.com.au

Dividend (cents per share)



* Includes special cash dividend of 15.0 cents.

The Directors and staff of Bendigo Bank strive to achieve the highest standards of professional corporate ethics in conducting the Company's operations. This statement outlines the main Corporate Governance practices that were in place throughout the financial year.



CHAIRMAN
RICHARD A. GUY OAM



DEPUTY CHAIRMAN
ROBERT JOHANSON



GROUP MANAGING DIRECTOR
ROB HUNT



NEAL AXELBY



JENNY DAWSON



DON ERSKINE



BILL LANYON



TERRY O'DWYER



KEVIN ROACHE

Due to prior commitments, Director BILL BEISCHER was not available for the photographic session arranged for the 2001 Concise Annual Report.

The Board of Directors

The Board of Directors governs the Bank within a framework of established principles, policies and procedures which ensure the Bank meets its statutory and moral obligations to its shareholders, customers, employees, suppliers, regulators and the community. These principles are detailed in Bendigo's Corporate Governance Manual, which covers areas such as the membership and role of the Board, Directors' duties and obligations, disclosure requirements, Directors' obligations for trading in the Bank's securities, ethics, risk management, internal controls, compliance and obtaining of independent professional advice by Directors.

Role of the Board

The Board provides direction to the Bank by establishing clear objectives and strategy. Directors review and monitor the management and the business outcomes to ensure they are consistent with the agreed strategy.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Composition of the Board

The Board currently consists of nine non-executive Directors and the Managing Director. Details of the Directors in office at the date of this statement are set out in the Statutory Directors' Report for the year ended 30 June 2001.

Further information regarding the qualifications, experience and special responsibilities of each Director is set out in the statutory Directors' Report. This Directors' Report also includes details of attendance by Directors at formal meetings held by the Board during the year.

The composition of the Board is determined using the following principles:

- > Directors feel it is desirable that the Board comprises six or seven non-executive Directors and one or two executive Directors;
- > The Chairman of the Board shall be a non-executive Director;
- > The Board should comprise Directors with good general business skills and experience and represent a broad range of backgrounds and professions;
- > It is desirable that both genders be represented and that members come from a range of age groups, thereby bringing a blend of youth and experience to the Board.

The appointment and re-election of Directors is governed by the Bank's Constitution. The number of Directors must not be fewer than five nor more than ten. One-third of the Directors, excluding the Managing Director, must retire each year and any Director reaching the age of 72 must retire at the conclusion of the following Annual General Meeting (AGM). Directors appointed after 1995 would not generally be expected to seek re-appointment after serving 15 years on the Board.

New Directors are invited to join the Board by decision of the full Board on recommendation of the Corporate Governance Committee. Any new appointments must be approved by the Shareholders at the following AGM. Upon appointment, the Bank will issue a letter of appointment which outlines the role of the Board, the corporate governance principles described in this statement and formal terms of their Directorship including term of appointment, remuneration policy, expense reimbursement policy, insurance, confidentiality, share trading restrictions and continuous disclosure requirements.

Chairperson and Chief Executive Officer

In recognition of the important role that non-executive Directors play in supervising executive management, the Bank provides that there is clear separation between the roles of the Managing Director and Chairman of the Board.

The Managing Director is responsible for developing business strategy and supervising the management of the Bank in accordance with the major strategic goals, objectives and business plans set by the Board. The duties and responsibilities of the Managing Director are clearly defined by the Board and are reviewed annually.

The Bank's Chairman and Deputy Chairman must be elected from amongst the non-Executive Directors.

Performance evaluation

The Board of Directors meets annually to review its own performance. The performance of individual Board members is also reviewed annually by the Chairman and the Chairman by the Directors. The non-executive Directors also consider, annually, the relationship between the Board and management. The meeting will deal with matters including the evaluation of the performance of the Managing Director, succession planning and a self-evaluation of the functioning and effectiveness of the Board in guiding and supervising management.



Clear steps to follow... Our Corporate Values and Behaviours are a set of principles which are the foundation upon which Bendigo's reputation for ethical behaviour is based.

Banking principles: ethical governance

Remuneration

Remuneration arrangements for non-executive Board members, the Managing Director and other senior executives are determined by the full Board based upon recommendations from the Corporate Governance and Staff Committees. The committees survey the range of comparable remuneration levels, in particular within the banking and finance industry, and take into account the remuneration which would reasonably be expected in order to attract Directors and executives with the knowledge and experience required by the Bank.

The total aggregate amount of non-executive Directors' fees was approved by the Shareholders of the Company at its AGM held in October 2000 as not to exceed \$900,000 per annum. Details of Directors' and executives' remuneration is disclosed in the statutory Directors' Report and notes to and forming part of the financial statements, and includes fees paid to Directors who serve on subsidiary and associated company boards.

Dealings in Bank's securities

Directors are not permitted to deal in the Bank's securities without first notifying the Chairman. Following any dealing, the full Board is required to be advised. In addition, Directors are prohibited from dealing in the Bank's securities for specific periods during the year such as the ten-week period prior to announcement of the Bank's annual and half-year results and also prior to any other important announcements which are likely to affect the price of the Bank's securities.

Independent professional advice

In the execution of their duties, Board members are entitled to seek independent professional advice which is independent from the Bank's management and at the Bank's expense provided that:

- > prior approval is received from the Chairman;
- > the advice sought is relevant to the Bank's affairs;
- > a copy of the instructions and advice obtained is made available to all members of the Board.

The Board is not aware of any circumstances ever having arisen in which a Director has requested external advice.

Committees of the Board

To help it discharge specific aspects of its responsibility, the Board has appointed a number of committees, namely Audit, Corporate Governance, Credit, Due Diligence, Risk and Staff Committees. The Board recognises that the committees do not reduce individual Directors' responsibilities but make the Board more effective. Members are appointed annually by the Board and each Committee is governed by a formal Charter which identifies its objectives and principal accountabilities. The minutes of all Board Committee meetings are tabled and discussed at the next meeting of the full Board where recommendations are considered. Details of committee membership and meeting frequency is provided in the 2001 Directors' Report.

Corporate Governance Committee

It is the responsibility of the committee to review and recommend policy to the Board in relation to the nomination, qualifications and membership of the Board. In addition the committee is responsible for:

- > determining the terms and conditions relating to the appointment and retirement of non-executive Directors;
- > compensation arrangements for non-executive board members, and the managing Director;
- > procedures by which Directors can obtain independent professional advice;
- > establishment and maintenance of ethical standards;
- > monitoring compliance with continuous disclosure requirements.

Audit Committee

The Audit Committee provides a forum for communication between external audit, internal audit, the Board and management. The external auditors, the Manager Group Internal Audit and appropriate senior staff are invited to attend meetings at the discretion of the committee. The main responsibilities of the committee are:

- > recommending to the Board on the appointment and remuneration of the external auditor, reviewing the terms of the engagement and scope and quality of the audit;

- > reviewing and evaluating risk management policies and procedures;
- > determining and evaluating the internal audit function;
- > reviewing the effectiveness of the internal control environment established by management;
- > monitoring compliance with Australian accounting standards and statutory reporting requirements;
- > reviewing and reporting to the Board on the financial statements and the annual report prior to publication.

Credit Committee

The Credit Committee is responsible for the quality, maintenance and performance of credit exposures across the Group and the approval of credits above the limits delegated by the Board to management.

In addition the role of the credit committee includes responsibility for:

- > establishing, monitoring and reviewing all aspects of lending policy;
- > overseeing credit practices, approval authority levels, delegation of credit limits, large exposures and reporting of portfolio management.

Risk Committee

The Risk Committee reviews and monitors policies and standards for all balance sheet and off balance sheet activities which expose the organisation to risk of loss, taking into account the Bank's risk tolerance, overall business strategy and management expertise. The role of the committee includes responsibility for:

- > reviewing the financial strategy for the Group, monitoring the development of the Group's balance sheet and off balance sheet activities and reviewing controls to limit exposures to within prudent limits;
- > monitoring changes in the Group's balance sheet, funding and risk profile to ensure consistency with the financial strategy;
- > monitoring risk management policies and strategies in respect to interest rate risk, funding and liquidity risk and operational risk.

Due Diligence Committee

The Due Diligence Committee oversees the due diligence processes undertaken in respect to the Bank's statutory reporting obligations, transactions of a strategic nature and the release of disclosure documentation in connection with the Bank's securities.



*Meeting our responsibilities...
We ensure the Bank's Shareholders and
the investment market are informed of
all price-sensitive information.*

Concise Financial Report

TABLE OF CONTENTS

2001

| | |
|---------------------------------------|-------|
| Five Year History | 26 |
| Five Year Comparison | 27 |
| Directors' Report | 28-33 |
| Discussion and Analysis | 34 |
| Statement of Financial Performance | 35 |
| Statement of Financial Position | 36 |
| Statement of Cash Flows | 37 |
| Notes to the Concise Financial Report | 38-41 |
| Directors' Declaration | 42 |
| Independent Auditors' Report | 42 |
| Additional Information | 43-44 |

Bendigo Bank Limited
ABN 11 068 049 178

Important Information for Members

The Directors' Report, Concise Financial Report and Auditors' Statement contained within this document represent a Concise Report. The full Financial Report of Bendigo Bank Limited for the financial year ended June 30, 2001 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 contained within this document has been derived from the full Financial Report of Bendigo Bank Limited for the financial year ended June 30, 2001 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.

Staff Committee

The Staff Committee oversees remuneration arrangements, including the review of assessments from the Managing Director and organisation, development and culture function regarding policies for staff remuneration and employment conditions.

Risk Management

The recognition and management of risk is an essential element of the Group's strategy. The Board, being ultimately responsible for the management of risks associated with the Group's activities, has established an integrated framework of committee structures, policies and controls to manage risk. The risk management strategy is underpinned by a system of delegations, passing from the Board, through board sub-committees, management committees and executive committee to the various support and business units of the Group.

The various sub-committees, governed by formal charters, have delegated authority to determine the risk management strategies of the Group, taking into account the Group's risk tolerance, business strategies and management expertise.

Ethical standards and performance

The Bank has built a set of "Corporate Values and Behaviours" which were developed by a representative group of staff drawn from all areas of the organisation. Their purpose is to state the corporate ethics and philosophy of the Bank so that those with whom the Bank may have a relationship will be informed of the values and standards of behaviour to which the Bank adheres.

Our Corporate Values and Behaviours are a set of principles which are the foundation upon which Bendigo's reputation for ethical behaviour is based. They are the basis for the Bendigo Bank Code of Conduct which has been endorsed by the Board and applies to everyone within the Bank. The maintenance and updating of the Code of Conduct is undertaken, on an ongoing basis, by the Corporate Governance Committee.

The Code of Conduct outlines Bendigo's responsibilities to its Shareholders, customers, suppliers, employees and to the community. It also provides guidelines for personal conduct in relation to the use of privileged information, dealing in the company's securities, use of company assets and resources and possible conflicts of interest. In addition, the Bank complies with the relevant industry codes of conduct relating to banking practice.

Continuous disclosure

The Board recognises the importance of ensuring that the Bank's Shareholders, and the broader investment market, is continuously informed of all major business events and transactions that affect the Bank.

The continuous disclosure policy provides that the Bank will release all market-sensitive information, including its annual and interim profit announcements and statutory financial reports, promptly following lodgement of the information with the Australian Stock Exchange.

The Bank has established a framework of policies and procedures for dealing with the release of potentially price sensitive information to the Australian Stock Exchange. The Bank's Board meeting agenda includes continuous disclosure as a standing item for consideration. The Managing Director, and in his absence, the Chairman, are responsible for identifying matters or transactions arising between Board meetings which require disclosure in accordance with the Australian Stock Exchange Listing Rules. The agenda of the Bank's fortnightly management executive committee meetings are monitored by the Managing Director and Company Secretary for potential continuous disclosure matters.

All announcements to the market must be approved by the Managing Director and/or the Chairman prior to release. The release of all market announcements is coordinated through the Company Secretary.

FIVE YEAR HISTORY

The Bendigo Group

| | 2001 ¹ | 2000 ² | 1999 ³ | 1998 | 1997 ⁴ |
|---|-------------------|-------------------|-------------------|-----------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Performance year ended 30 June | | | | | |
| Interest revenue | 454,365 | 296,762 | 230,224 | 195,052 | 181,269 |
| Interest expense | 293,677 | 179,877 | 137,002 | 117,008 | 110,755 |
| Net interest margin | 160,688 | 116,885 | 93,222 | 78,044 | 70,514 |
| Significant income items | - | - | 1,165 | - | - |
| Other revenue | 79,072 | 57,945 | 43,761 | 32,606 | 25,425 |
| Significant bad & doubtful debts expense | - | 10,500 | (5,318) | - | - |
| Bad & doubtful debts expense (net of bad debts recovered) | 10,130 | 7,613 | 6,452 | 5,123 | 2,223 |
| Significant expense items | 5,000 | - | - | - | 3,011 |
| Other operating expenses | 169,628 | 119,363 | 100,953 | 83,461 | 75,903 |
| Profit from ordinary activities before income tax expense | 55,002 | 37,354 | 29,578 | 22,066 | 14,802 |
| Income tax expense | 21,724 | 16,042 | 16,359 | 7,873 | 3,760 |
| Profit from ordinary activities after income tax expense | 33,278 | 21,312 | 19,702 | 14,193 | 11,042 |
| Financial Position at 30 June | | | | | |
| Total assets | 6,981,517 | 4,913,417 | 4,204,239 | 3,170,923 | 2,629,357 |
| Loans | 5,592,146 | 3,939,894 | 3,298,802 | 2,493,406 | 2,152,303 |
| Liquid assets and cash | 1,125,675 | 801,859 | 713,997 | 566,971 | 351,402 |
| Other assets | 263,696 | 171,664 | 191,440 | 110,546 | 125,652 |
| Equity | 422,797 | 288,357 | 243,089 | 149,690 | 139,054 |
| Deposits | 6,229,172 | 4,394,669 | 3,775,873 | 2,832,121 | 2,349,867 |
| Subordinated debt | 135,394 | 78,121 | 82,959 | 106,636 | 71,658 |
| Other liabilities | 194,154 | 152,270 | 102,318 | 82,476 | 68,778 |
| Share Information | | | | | |
| Net tangible assets per share | \$3.02 | \$3.00 | \$2.85 | \$2.61 | \$2.40 |
| Earnings per share - cents | 31.5 | 27.5 | 32.6 | 29.1 | 24.9 |
| Earnings per share before significant items - cents | 34.8 | 36.5 | 30.7 | 29.1 | 20.3 |
| Dividends per share: | | | | | |
| Interim - cents | 11.5 | 10.5 | 10.5 | 10.0 | 12.0 |
| Special - cents | 15.0 | - | - | - | - |
| Final - cents | 14.5 | 13.5 | 12.5 | 11.5 | 9.0 |
| Total - cents | 41.0 | 24.0 | 23.0 | 21.5 | 21.0 |
| Ratios | | | | | |
| Profit from ordinary activities after tax to average assets | 0.56% | 0.47% | 0.53% | 0.49% | 0.48% |
| Profit from ordinary activities after tax to average equity | 9.36% | 8.02% | 10.03% | 9.83% | 8.71% |

¹ Figures for 2001 include the acquisition of First Australian Building Society effective October 11, 2000.

² Figures for 2000 include the acquisition of Victorian Securities Corporation Limited effective September 1, 1999.

³ Figures for 1999 include the acquisition of IOOF Building Society effective April 1, 1999.

⁴ Figures for 1997 include the acquisition of Cassa Commerciale Australia Limited effective February 10, 1997.

FIVE YEAR COMPARISON

The Bendigo Group

| | | 2001 ¹ | 2000 | 1999 ² | 1998 | 1997 |
|---|-----------|--------------------|--------------------|-------------------|-----------|-----------|
| Key Trading Indicators | | | | | | |
| Retail deposits - branch sourced | (\$'000) | 4,756,755 | 2,953,813 | 2,530,347 | 1,771,062 | 1,588,915 |
| Number of depositors' accounts | | 966,812 | 481,153 | 439,034 | 374,285 | 339,026 |
| Average balance per account holder | (\$) | 4,920 | 6,139 | 5,763 | 4,732 | 4,687 |
| Total loans approved | (\$'000) | 2,494,609 | 1,854,284 | 1,613,490 | 1,052,889 | 959,218 |
| Number of loans approved | | 40,614 | 32,243 | 27,751 | 21,155 | 19,830 |
| Liquid assets and cash | (\$'000) | 1,125,675 | 801,859 | 713,997 | 566,971 | 351,402 |
| Total assets | (\$'000) | 6,981,517 | 4,913,417 | 4,204,239 | 3,170,923 | 2,629,357 |
| Liquid assets & cash as proportion of total assets (%) | | 16.12 | 16.32 | 16.98 | 17.88 | 13.36 |
| Number of branches | | 179 ³ | 107 ⁴ | 91 | 78 | 68 |
| Average deposit holdings per branch | (\$'000) | 24,394 | 27,606 | 27,788 | 22,706 | 23,366 |
| Number of staff (FTE) | | 1,533 ⁵ | 1,011 ⁶ | 847 ⁷ | 785 | 801 |
| Assets per staff member | (\$'mill) | 4,554 ⁸ | 4,860 | 4,964 | 4,039 | 3,283 |
| Staff per million dollars of assets | | 0.22 ⁸ | 0.21 | 0.20 | 0.25 | 0.30 |
| Dissection of Loans by Security⁹ (\$'000) | | | | | | |
| Residential loans | | 4,188,134 | 2,774,278 | 2,416,793 | 1,785,182 | 1,613,318 |
| Commercial loans | | 1,041,388 | 893,760 | 740,454 | 637,122 | 488,891 |
| Unsecured loans | | 337,130 | 293,210 | 142,546 | 92,635 | 68,310 |
| Other | | 81,239 | 28,663 | 30,001 | 17,199 | 13,993 |
| Gross loans | | 5,647,891 | 3,989,911 | 3,329,794 | 2,532,138 | 2,184,512 |
| Dissection of Loans by Security⁹ (%) | | | | | | |
| Residential loans | | 74.15 | 69.53 | 72.58 | 70.50 | 73.85 |
| Commercial loans | | 18.44 | 22.40 | 22.24 | 25.16 | 22.38 |
| Unsecured loans | | 5.97 | 7.35 | 4.28 | 3.66 | 3.13 |
| Other | | 1.44 | 0.72 | 0.90 | 0.68 | 0.64 |
| Total | | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

¹ Figures for 2001 include the acquisition of First Australian Building Society effective October 11, 2000.

² Figures for 1999 include the acquisition of IOOF Building Society effective April 1, 1999.

³ Includes 45 Community Bank branches.

⁴ Includes 25 Community Bank branches.

⁵ Includes staff increases from the acquisition of First Australian Building Society.

⁶ Includes staff increases from the acquisition of Victorian Securities Corporation Limited.

⁷ Includes staff increases from the acquisition of IOOF Building Society.

⁸ These ratios do not take into account off-statement of financial position activities, which totalled \$2.1 billion at June 30, 2001.

⁹ 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.

DIRECTORS' REPORT

Your Board of Directors has pleasure in presenting the 136th Financial Report of the Bendigo Bank Limited and its controlled entities for the year ended June 30, 2001.

Directors

The names of the Bank's directors in office during the financial year and until the date of this report are as follows:

- > Richard A Guy OAM **Chairman**
- > Robert N Johanson **Deputy Chairman**
- > Robert G Hunt **Managing Director**
- > Neal J Axelby ¹
- > William R Beischer
- > Jennifer L Dawson
- > Donald J Erskine
- > William R Lanyon
- > Terence J O'Dwyer ¹
- > Kevin E Roache

¹ Appointed to the Board during October 2000.

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 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 from ordinary activities of the economic entity, after providing for income tax, amounted to \$33.278 mill. (2000 - \$21.312 mill.).

Dividends Paid or Recommended

Dividends paid:

- > Final dividend 2000 of 13.5¢ per share, paid October 2000 \$14.158 mill
- > Special dividend of 15.0¢ per share, paid February 2001 \$17.184 mill
- > Interim dividend 2001 of 11.5¢ per share, paid April 2001 \$12.387 mill
- > Dividend - First Australian Building Society, paid October 2000¹ \$2.799 mill

Dividends recommended:

- > Final dividend 2001 of 14.5¢ per share, declared by the Directors, payable October 31, 2001 \$15.697 mill
- > All dividends were fully franked.

Shareholders electing to receive dividends in the form of shares received the following ordinary shares, paid in full:

- > October 2000 780,249
- > April 2001 610,889

In addition, shareholders electing to receive bonus shares in lieu of dividends received the following ordinary shares, paid in full:

- > October 2000 186,187
- > April 2001 137,224

¹ Being dividend of 5.0¢ per share provided by First Australian Building Society prior to acquisition.

Review of Operations

A review of operations and the results of those operations for the financial year are set out in the Chairman's and Managing Director's Report.

Significant Changes in the State of Affairs

Total equity increased from \$288.4 million to \$422.8 million, an increase of \$134.4 million or 47%. Contributed capital increased by \$150.1 million, essentially due to the issue of shares in connection with the acquisition of First Australian Building Society in October 2000. Retained profits decreased by \$15.8 million, primarily due to the payment of a special 15 cents per share cash dividend in February 2001.

After Balance Date Events

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 Chairman's and Managing Director's Report.

Information on Directors

The particulars of the qualifications, experience, special responsibilities and age of each director as at the date of this report are as follows:

Richard A Guy OAM (56 years)

B.Appl.Sc.Melbourne
M.Sc.London
Elected to Board 1982
Elected Chairman 1986

Current appointment:

Managing Director, Crystal Industries

Other directorships:

Crystal Industries Group
Girton Grammar School Ltd
Elders Rural Bank Limited

Special Responsibilities:

Chairman of Directors
Chairman, Staff Committee
Chairman, Corporate Governance Committee
Audit Committee

Robert G Hunt (50 years)

Employee since 1973
Appointed Chief Executive Officer 1988
Appointed to Board 1990

Current appointment:

Managing Director, Bendigo Bank Group

Other directorships:

BSX Group Holdings Pty Ltd
Bendigo Investment Services Limited
Elders Rural Bank Limited
Sandhurst Trustees Ltd
St. Lukes Anglicare
Councillor of Australian Bankers' Association
Bendigo Community Telco Limited
Tasmanian Trustees Limited
Victorian Securities Corporation Limited
Tasmanian Banking Services Limited
Community Telco Australia Limited

Special Responsibilities:

Managing Director
Ex-officio member on all Committees

Robert N Johanson (50 years)

B.A. Melbourne
LL.M. Melbourne
M.B.A. Harvard
Elected to Board 1988

Current appointment:

Director, Grant Samuel Group

Other directorships:

Elders Rural Bank Limited
Stadium Operations Ltd
Community Telco Australia Limited

Special Responsibilities:

Deputy Chairman of Directors
Chairman, Due Diligence Committee
Chairman, Risk Committee

Neal J Axelby (51 years)

A.C.I.S.
Dip. CM
F.A.I.C.D.
A.I.M.M.
A.I.F.S.
Appointed to Board 2000

Previous appointment:

Director, First Australian Building Society Ltd

Current appointment:

Director, Ipswich and West Morton United Friendly Society Dispensary Limited
Chairman, Sunstate Lenders Mortgage Insurance Limited

Special Responsibilities:

Credit Committee
Staff Committee

William R Beischer (72 years)

Elected to Board 1995

Previous appointment:

Director and Group General Manager, Pacific Dunlop Ltd

Other directorships:

Chairman, Futuris Corporation Ltd
Chairman, Vision Systems Ltd
Elders Australia Ltd
Executive Board Member, Tennis Australia
Chairman, Air International Ltd

Special Responsibilities:

Due Diligence Committee
Staff Committee
Chairman, Bendigo Superannuation Ltd (Trustee of Staff Superannuation Fund)

Donald J Erskine (55 years)

Elected to Board 1999

Previous appointments:

Director, North West Country Credit Union Co-op Ltd
Director, Bendigo Economic Development Committee

Current appointments:

Managing Director, Industrial Conveying (Aust) Pty Ltd
Managing Director, Bendigo Brick Pty Ltd
Chairman, Fortunes (Bendigo) Pty Ltd - "All Seasons International"

Other directorships:

Bendigo Community Telco Limited
Community Telco Australia Limited

Special Responsibilities:

Credit Committee
Risk Committee

Information on Directors (continued)

Terence J O'Dwyer (51 years)

B.Com
Dip.Adv.Acc
F.C.A.
F.A.I.M.
F.A.I.C.D.
Appointed to Board 2000

Previous appointments:

Director, First Australian Building Society Limited

Current appointments:

Chairman, BDO Kendalls,
(Chartered Accountants)

Other directorships:

CS Energy Ltd
Metal Storm Ltd
BDO Kendalls Securities Limited

Special Responsibilities:

Audit Committee
Risk Committee

Jennifer L Dawson (36 years)

B.Bus (Acc)
Chartered Accountant
Certified Information Systems Auditor
Elected to Board 1999

Previous appointments:

Manager, Special Projects-Managing Directors' Office (Bendigo Bank)
Senior Manager-Group Internal Audit (Bendigo Bank)
Senior Manager - Audit & Business Advisory Division (Arthur Andersen)

Other directorships:

Councillor of Loddon Mallee Women's Health

Special Responsibilities:

Audit Committee
Due Diligence Committee
Credit Committee

William R Lanyon (63 years)

Media executive
Elected to Board 1987

Previous appointment:

Director, Sunraysia Building Society

Current appointment:

Managing Director, Elliott Newspaper Group

Other directorships:

Elliott Newspaper Group
Vicpress Ltd

Special Responsibilities:

Corporate Governance Committee
Chairman, Audit Committee
Staff Committee
Marketing Consultative Committee

Kevin E Roache (61 years)

LL.B, B.Com.
A.S.C.P.A.
Barrister and Solicitor of the Supreme Court of Victoria
Elected to Board 1992

Previous appointments:

Chairman, Capital Building Society

Current appointments:

Senior Partner, Gargan & Roache (Solicitors Geelong)
Chairman, Barwon Health

Special Responsibilities:

Chairman, Credit Committee
Corporate Governance Committee
Risk Committee

Directors' and other Officers' Emoluments

The method of determining Directors' Emoluments is outlined in the Corporate Governance section of this Annual Report.

Remuneration packages of executive officers are aligned with market relativities of comparable positions to ensure that the organisation can attract, motivate and retain the positions' incumbents. Executive remuneration packages are structured in a manner which provides that a reasonable component is at risk, with payment contingent upon the achievement of agreed performance objectives. In accordance with the Bank's performance management process, executive performance objectives are set at the start of each financial year, linking to the Group strategic plan, business and financial objectives.

Executive officers' performance is assessed against the achievement of individual performance objectives and Group performance for the year.

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Emoluments of Directors of Bendigo Bank Limited

| | Annual Emoluments | | | Long Term Emoluments | |
|---------------------------------|-------------------|----------------------|--------------------|----------------------|---------|
| | Base Fee | Chairman's Allowance | Other | Superannuation | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Non Executive Directors: | | | | | |
| R A Guy OAM | 53,461 | 53,462 | - | 8,554 | 115,477 |
| R N Johanson | 53,461 | - | - | 4,277 | 57,738 |
| N J Axelby ¹ | 33,846 | - | - | 2,708 | 36,554 |
| W R Beischer | 53,461 | - | - | 4,277 | 57,738 |
| J L Dawson | 53,461 | - | - | 4,277 | 57,738 |
| D J Erskine | 53,461 | - | - | 4,277 | 57,738 |
| W R Lanyon | 53,461 | - | - | 4,277 | 57,738 |
| T J O'Dwyer ¹ | 33,846 | - | - | 2,708 | 36,554 |
| K E Roache | 53,461 | - | - | 4,277 | 57,738 |
| | Base Salary | Bonus (at risk) | Other ² | Superannuation | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Executive Director: | | | | | |
| R G Hunt | 319,306 | 100,000 | 65,694 | 48,500 | 533,500 |

¹ Messrs Axelby and O'Dwyer were appointed to the Board in October, 2000 following the acquisition of First Australian Building Society.

² "Other" comprises salary sacrifice superannuation and motor vehicle components.

Emoluments of the five most highly paid executive officers of the company

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity. Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

| | Annual Emoluments | | | Long Term Emoluments | | Total \$ |
|---------------------|-------------------|-----------------------|-----------------|----------------------|--|-------------|
| | Base Salary \$ | Bonus (at risk) \$ | Other (b) \$ | Superannuation \$ | | |
| I.G. Mansbridge (a) | 209,000 | 66,000 | 11,000 | 22,880 | | 308,880 |
| G.D. Gillett | 185,660 | 55,000 | 34,341 | 22,000 | | 297,001 |
| J. Goddard | 183,035 | 50,000 | 36,965 | 21,600 | | 291,600 |
| V.M. Kelly | 158,586 | 50,000 | 56,414 | 21,200 | | 286,200 |
| K.C. Langford | 187,000 | 50,000 | 33,000 | 21,600 | | 291,600 |

(a) During the year, Mr I.G.Mansbridge was seconded to the Elders joint venture project, announced during August 1998, as Managing Director of Elders Rural Bank Limited (the joint venture entity). The annual and long term emoluments paid by Bendigo Bank during the year in respect to Mr Mansbridge were fully reimbursed by Elders Rural Bank.

(b) "Other" represents the value of non-cash benefits provided and comprises salary sacrifice superannuation and motor vehicle components.

Meetings of Directors

The number of meetings of the Bank's directors (including meetings of committees of directors) held during the year ended June 30, 2001, and the numbers of meetings attended by each director were:

| | Meetings of Committees | | | | | | | | | | | | | |
|--------------------------|-----------------------------|----|-------|---|--------|----|------|---|-------|---|---------------|---|----------------------|---|
| | Board of Directors Meetings | | Audit | | Credit | | Risk | | Staff | | Due Diligence | | Corporate Governance | |
| No. of Meetings Held: | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| | 15 | | 8 | | 12 | | 8 | | 5 | | 4 | | 1 | |
| Attended by: | | | | | | | | | | | | | | |
| R A Guy OAM | 15 | 14 | 8 | 8 | | | | | 5 | 5 | | | 1 | 1 |
| R N Johanson | 15 | 14 | | | | | 8 | 7 | | | 4 | 3 | | |
| R G Hunt | 15 | 14 | 8 | 6 | 12 | 9 | 8 | 8 | 5 | 4 | 4 | 4 | 1 | 1 |
| N J Axelby ¹ | 10 | 10 | | | 7 | 7 | | | 4 | 3 | | | | |
| W R Beischer | 15 | 14 | | | | | | | 5 | 4 | 4 | 3 | | |
| J L Dawson | 15 | 14 | 8 | 8 | 12 | 11 | | | | | 4 | 4 | | |
| D J Erskine | 15 | 15 | | | 12 | 12 | 8 | 8 | | | | | | |
| W R Lanyon | 15 | 11 | 8 | 8 | | | | | 5 | 4 | | | 1 | 1 |
| T J O'Dwyer ¹ | 10 | 9 | 4 | 3 | | | 4 | 4 | | | | | | |
| K E Roache | 15 | 15 | | | 12 | 10 | 8 | 7 | | | | | 1 | 1 |

¹ Messrs Axelby and O'Dwyer were appointed to the Board in October, 2000 following the acquisition of First Australian Building Society.

A eligible to attend
B attended

Indemnification and Insurance of Officers and Auditors

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 auditor of the company or a related body corporate.

Directors' Interests in Equity

The relevant interest of each director in the share capital of the entities within the economic entity, as notified by the directors to the securities exchange in accordance with Section 205G (1) of the Corporations Act, at the date of this report is as follows:

| Director | Ordinary Shares | Capital Notes |
|-----------------------|-----------------|---------------|
| R A Guy OAM | 237,095 | - |
| R N Johanson | 148,722 | 10,056 |
| R G Hunt ¹ | 67,973 | - |
| N J Axelby | 25,940 | - |
| W R Beischer | 87,084 | - |
| J L Dawson | 6,789 | - |
| D J Erskine | 47,410 | - |
| W R Lanyon | 22,587 | 1,624 |
| T J O'Dwyer | 37,500 | - |
| K E Roache | 35,727 | 658 |

¹ R G Hunt also holds 140,000 fully paid employee shares.

The above holding relates wholly to Bendigo Bank, as all controlled entities are ultimately 100% owned by Bendigo Bank Limited.

Share Issues

The following share classes were issued during the financial year :

| Description | No. of Shares |
|---|-------------------|
| Ordinary shares issued under the Dividend Reinvestment Plan | 1,391,138 |
| Bonus shares issued in lieu of dividends under the Bonus Share Scheme | 323,411 |
| Other issues of ordinary shares, | |
| > Adjustment to shares issued under terms of prospectus dated 14 December 1992 | 6,900 |
| > Issued in connection with purchase of First Australian Building Society Limited in October 2000 | 27,993,533 |
| > Notes converted | 1,292,848 |
| Employee shares issued under Bendigo Employee Share Ownership Plan | 1,455,000 |
| Total shares issued | 32,462,830 |

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.

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.

Rounding of Amounts

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, however, the amounts are rounded to the nearest \$'000, due to the size of account balances.

Signed in accordance with a resolution of the Board of Directors



R A Guy OAM, Chairman



R G Hunt, Managing Director

Dated this 4th day of September 2001

DISCUSSION AND ANALYSIS

Statement of Financial Performance

The Group achieved a profit from ordinary activities after income tax expense of \$33.3 million. This represents a 56% increase from the \$21.3 million profit from ordinary activities after tax expense for 2000. Profit from ordinary activities before tax expense was \$55.0 million compared to \$37.4 million for 2000. This represents an increase of 47%.

The significant expense item of \$5.0 million relates to the Federal Court judgement delivered on 17 July 2001 regarding the Tab Fried proceedings. Bendigo Bank was covered in this matter by indemnity insurance placed through HIH. The Bank intends to appeal the judgement and will pursue a claim against the provisional liquidator of HIH.

Net interest income increased by 37%, or \$43.8 million driven by a 42% increase in assets during the financial year, 33% of which was due to the acquisition of First Australian Building Society (FABS) in October 2000. Average net interest margin declined by 8 basis points when compared to the previous financial year. The interest margin was compressed in the second half, averaging 2.54% compared to 2.7% for the first half.

Other income from ordinary activities increased by \$21.1 million, or 37%, driven by an increase in fee income (from asset products, liability products and electronic delivery) and increased commissions from insurance, mortgage management and securitisation income.

Bad and doubtful debts, including \$0.9 million from FABS, increased by \$2.5 million (excluding the 2000 significant item), or 33% due to an increase in the amount allocated to specific provisions. An amount of \$1.8 million was charged against profit to increase general provisions to 0.55% of risk-weighted assets.

Other expenses relating to ordinary activities increased by \$55.3 million, or 46% from the previous financial year. The increase was due predominantly to the ordinary expenses of FABS, which increased this category by \$27.4 million, or 23%.

The major expense category increases (including the expenses of FABS) were:

- > Staff and related costs, which increased by 40% due to increased staff numbers required to support the expanding branch network, expansion of electronic banking channels and business growth, together with the staff acquired through FABS.
- > Administration expenses, which increased by 44%. This increase was due to the inclusion of FABS administration costs from October 2000 and increases in information technology costs, electronic delivery costs and general administration expenses associated with the expanding group and business volumes.

The operating expense to income ratio increased in the period from 68.3% to 72.8% (70.7% excluding the significant expense item). The additional costs associated with the acquisition and integration of FABS contributed to the rise in this ratio.

The directors have declared a fully franked (at 30%) final dividend of 14.5 cents per share, which is payable on October 31, 2001. This, combined with the interim dividend of 11.5 cents and the 15.0 cents special cash dividend paid in February 2001, represents a dividend payout ratio of 136% (84% excluding the special dividend).

Statement of Financial Position

Group assets increased by \$2.1 billion, or 42% during the financial year. \$1.6 billion of this increase was due to the acquisition of FABS in October 2000. The predominant asset category increase was lending products, which increased by \$1.7 billion, or 42%.

In addition to the FABS acquisition, loans and other receivables increased due to record loan approvals, which increased by 35% to \$2.495 billion including \$352 million from FABS. The balance of residential loans increased by \$1.4 billion and now represents 74% of outstandings. The commercial loan portfolio increased by \$148 million and now represents 18% of outstandings.

The increase in loans was basically funded through an increase in deposits of \$1.8 billion, or 42% (including \$1.2 billion of FABS deposits). Retail deposits grew by \$1.8 billion and now account for 88% (2000 - 84%) of total deposits. Wholesale funding remained at around the same levels as 2000, but now represents only 12% of total deposits at June 30, 2001.

Contributed capital increased by \$150 million, or 62%. The major contributors to this growth included shares issued as consideration for the acquisition of FABS (\$134.9 million), conversion of capital notes (\$5.3 million), shares issued under the dividend reinvestment plan (\$7.4 million) and shares issued under the employee share plan (\$8.2 million). Contributed capital was reduced under an on-market share buy-back totalling \$12.2 million (\$5.6 million as at balance date).

Statement of Cash Flows

The cash flow statement largely echoes the balance sheet movements previously discussed. Cash flows from financing activities increased, reflecting the growth in retail deposits.

Operating activities provided \$43.5 million for the year, whilst investing cash flows reflected the growth in loans for the period. The bank does not use this accounting Statement of Cash Flows in the internal management of its liquidity position.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended June 30, 2001

| | Note | Consolidated | |
|---|------|----------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 |
| Revenue from Ordinary Activities | | | |
| Net interest revenue | | | |
| > Interest revenue | | 454,365 | 296,762 |
| > Interest expense | | 293,677 | 179,877 |
| Net interest revenue | | 160,688 | 116,885 |
| Other revenue from ordinary activities | | | |
| > Share of associates' net profits (losses) accounted for using the equity method | | 7,693 | 7,564 |
| > Dividends | | 126 | 60 |
| > Fees | | 58,173 | 34,781 |
| > Commissions | | 11,720 | 12,704 |
| > Other operating revenue | | 1,360 | 2,836 |
| Total revenue from operating activities | | 239,760 | 174,830 |
| Expenses from ordinary activities | | | |
| Bad and doubtful debts | | 10,130 | 7,613 |
| Significant items bad and doubtful debts | 3 | - | 10,500 |
| Total bad and doubtful debts | | 10,130 | 18,113 |
| Other expenses from ordinary activities | | | |
| > Borrowing costs | | 1,431 | 526 |
| > Staff and related costs | | 73,709 | 52,611 |
| > Occupancy costs | | 10,372 | 6,866 |
| > Amortisation of goodwill | | 3,662 | 2,128 |
| > Property, plant & equipment costs | | 6,325 | 4,217 |
| > Fees and commissions | | 8,472 | 6,239 |
| > Administration expenses | | 63,312 | 43,992 |
| > Significant items | 3 | 5,000 | - |
| > Other operating expenses | | 2,345 | 2,784 |
| Total expenses from other ordinary activities | | 174,628 | 119,363 |
| Profit from ordinary activities before income tax expense | | 55,002 | 37,354 |
| Income tax expense relating to ordinary activities | | 21,724 | 16,042 |
| Profit from ordinary activities after income tax expense attributable to members of Bendigo Bank Limited | | 33,278 | 21,312 |
| Net increase/(decrease) in asset revaluation reserve | | 12 | (54) |
| Total changes in Equity other than those resulting from transactions with owners as owners | | 33,290 | 21,258 |
| Basic earnings per share (cents per share) | 6 | 31.5¢ | 27.5¢ |
| Diluted earnings per share (cents per share) | 6 | 31.4¢ | 27.4¢ |
| Franked dividends per share (cents per share) | 5 | 41.0¢ | 24.0¢ |

STATEMENT OF FINANCIAL POSITION
as at June 30, 2001

| | Note | Consolidated | |
|---|------|------------------|------------------|
| | | 2001 \$'000 | 2000 \$'000 |
| Assets | | | |
| Cash and liquid assets | | 187,727 | 91,251 |
| Due from other financial institutions | | 141,677 | 119,501 |
| Investment securities | | 796,271 | 591,107 |
| Current tax assets | | 4,685 | - |
| Loans and other receivables | | 5,592,146 | 3,939,894 |
| Shares | | 5,608 | 3,532 |
| Investments accounted for using the equity method | | 61,252 | 51,622 |
| Other investments | | 143 | 2,499 |
| Property, plant & equipment | | 42,399 | 31,992 |
| Deferred tax assets | | 13,546 | 11,563 |
| Intangibles | | 75,551 | 37,285 |
| Other assets | | 60,512 | 33,171 |
| Total Assets | | 6,981,517 | 4,913,417 |
| Liabilities | | | |
| Due to other financial institutions | | 106,210 | 95,472 |
| Deposits | | 6,229,172 | 4,394,669 |
| Payables | | 46,161 | 24,786 |
| Current tax liabilities | | - | 8,685 |
| Provision - dividend | | 15,742 | 10,457 |
| Other provisions | | 21,456 | 9,721 |
| Subordinated debt | | 135,394 | 78,121 |
| Deferred tax liabilities | | 4,585 | 3,149 |
| Total Liabilities | | 6,558,720 | 4,625,060 |
| Net Assets | | 422,797 | 288,357 |
| Equity | | | |
| Contributed capital | | 392,507 | 242,362 |
| Reserves | | 17,014 | 16,877 |
| Retained profits | 4 | 13,276 | 29,118 |
| Total Equity | | 422,797 | 288,357 |

STATEMENT OF CASH FLOWS
for the year ended June 30, 2001

| | Note | Consolidated | |
|---|------|------------------|------------------|
| | | 2001 \$'000 | 2000 \$'000 |
| Cash Flows from Operating Activities | | | |
| > Interest and other items of a similar nature received | | 454,922 | 299,372 |
| > Borrowing costs paid | | (288,164) | (182,126) |
| > Receipts from customers (excluding interest) | | 71,073 | 48,942 |
| > Payments to suppliers | | (168,327) | (102,583) |
| > Dividends received | | 4,294 | 4,809 |
| > Income taxes paid | | (30,276) | (10,457) |
| Net cash flows from operating activities | | 43,522 | 57,957 |
| Cash Flows from Investing Activities | | | |
| > Cash flows for purchases of property, plant and equipment | | (9,831) | (9,779) |
| > Cash proceeds from sale of property, plant and equipment | | 2,315 | 4,972 |
| > Cash paid for purchases of equity investments | | (7,551) | (9,657) |
| > Net increase in balance of loans outstanding | | (330,745) | (590,397) |
| > Net (increase)/decrease in balance of Reserve Bank of Australia deposit | | - | 33,049 |
| > Net increase of investment securities | | (10,795) | (37,599) |
| > Net cash (paid)/acquired on acquisition of subsidiary | | 30,696 | (4,327) |
| Net cash flows used in investing activities | | (325,911) | (613,738) |
| Cash Flows from Financing Activities | | | |
| > Proceeds from shares issued | | 10,703 | 19,826 |
| > Net increase in balance of retail deposits | | 671,378 | 578,766 |
| > Net increase/(decrease) in balance of wholesale deposits | | (288,454) | (45,233) |
| > Net increase in balance of subordinated debt | | 35,808 | 6,458 |
| > Dividends paid | | (39,132) | (10,845) |
| Net cash flows from financing activities | | 390,303 | 548,972 |
| Net increase/(decrease) in cash held | | 107,914 | (6,809) |
| Cash at the beginning of the financial year | | 115,280 | 122,089 |
| Less cash at the end of the financial year | 9 | 223,194 | 115,280 |
| | | 107,914 | (6,809) |

NOTES TO THE CONCISE FINANCIAL REPORT

| | Consolidated | |
|--|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| 1 Basis of Preparation of the Concise Financial Report | | |
| 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 has been derived from the full financial report of the company and the consolidated entity. The full financial report is prepared in accordance with the requirements of the Banking Act, Corporations Act 2001 and Australian Accounting Standards and Urgent Issues Group Consensus Views. Where changes have been made to presentation policies, comparative figures have been adjusted to reflect those changes. | | |
| Changes in accounting policies and estimates | | |
| The accounting policies adopted are consistent with those of the previous year unless otherwise stated. | | |
| The consolidated entity has adopted Accounting Standards AASB 1041 "Revaluation of Non-Current Assets" and AASB 1010 "Recoverable Amount of Non-Current Assets". Under the transitional provisions of these standards, the directors have made the following elections: | | |
| > freehold land and buildings on freehold land will continue to be revalued on a three-yearly cycle. | | |
| > listed and unlisted shares, which were previously measured at revalued amount, will be carried at their deemed cost, being the carrying value of these assets at the beginning of the period. | | |
| The consolidated entity has elected to apply the revised accounting standard AASB 1005 Segment Reporting early, in accordance with subsection 334(5) of the Corporations Act 2001. The Segment Reporting note in this financial report complies with the requirements of the revised standard. | | |
| 2 Revenue from Ordinary Activities | | |
| Interest revenue | 454,365 | 296,762 |
| Dividends received | 126 | 60 |
| Proceeds from sale of property, plant and equipment | 609 | 281 |
| Proceeds from sale of other investments | 1,430 | 4,691 |
| Other sources of revenue | | |
| > Share of associates' net profits - equity accounted | 7,693 | 7,564 |
| > Other | 71,079 | 50,053 |
| | <u>535,302</u> | <u>359,411</u> |
| 3 Significant Items | | |
| Profit from ordinary activities before income tax expense includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity: | | |
| Provision for legal claims where recovery of professional indemnity insurance from insurers is doubtful | 5,000 | - |
| Increase in specific provisions relating to a single exposure | - | 10,500 |
| Significant items before income tax | <u>5,000</u> | <u>10,500</u> |
| Income tax benefit applicable to significant items | 1,500 | 3,570 |
| Significant items after income tax | <u>3,500</u> | <u>6,930</u> |
| 4 Retained Profits | | |
| Opening Balance | 29,118 | 26,179 |
| Net profit attributable to members of Bendigo Bank Limited | <u>33,278</u> | <u>21,312</u> |
| Total available for appropriation | 62,396 | 47,491 |
| Dividends | | |
| > Final 2000 (adjustment to provision) | 3,726 | 132 |
| > Interim 2001 | 12,387 | 7,809 |
| > Special 2001 | 17,184 | - |
| > Final 2001 | 15,697 | 10,432 |
| Aggregate of amounts transferred to reserves | <u>126</u> | <u>-</u> |
| Retained profits at the end of the financial year | <u>13,276</u> | <u>29,118</u> |
| The adjustment to provision in relation to the final 2000 dividend was due to the participation of the new shareholders in the final 2000 dividend, following the FABS acquisition in October 2000. This amount was not provided in June 2000. | | |

| | Consolidated | |
|--|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| 5 Dividends | | |
| Dividends paid or provided for on ordinary shares | | |
| Dividends proposed | | |
| > Final dividend (14.5 cents per share) (2000: 13.5 cents per share) | 15,697 | 10,432 |
| Dividends paid during the year | | |
| <i>current year</i> | | |
| > Interim dividend (11.5 cents per share) (2000: 10.5 cents per share) | 12,387 | 7,809 |
| > Special dividend (15.0 cents per share) (2000: Nil) | 17,184 | - |
| | <u>45,268</u> | <u>18,241</u> |
| <i>previous year</i> | | |
| > Final dividend (13.5 cents per share) | 14,158 | 8,479 |
| > Dividend - First Australian Building Society, paid October 2000 ¹ (2000: Dividend paid by Victorian Securities Corporation Ltd) | 2799 | 295 |
| Dividend franking account | | |
| Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial report, and after deducting franking credits to be used in payment of the above dividends. | 11,078 | 29,808 |
| The tax rate at which dividends have been franked is 34% (2000: 36%) | | |
| On July 1, 2001 the balance of franking account was converted to 30%. Dividends paid in 2001/02 will therefore be franked at 30%. The balance of the franking account has been included in this note after conversion to 30%. | | |
| Dividend paid | | |
| Dividends actually paid by cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows: | | |
| Paid in cash | 39,132 | 10,845 |
| Satisfied by issue of shares | 7,376 | 5,736 |
| Increase in residuals carried forward | 20 | 2 |
| | <u>46,528</u> | <u>16,583</u> |
| 6 Earnings Per Share | | |
| Share ratios | | |
| Basic earnings per share | 31.5¢ | 27.5¢ |
| Diluted earnings per share | 31.4¢ | 27.4¢ |
| Number of Shares | | |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share | 105,536,570 | 77,468,734 |
| Classification of Securities | | |
| 5,213,055 Capital Convertible Notes issued November 19, 1997 are considered potential ordinary shares. The weighted balance of notes outstanding during the year has therefore been included in the determination of diluted earnings per share. The conversion basis is one note to one ordinary share. | | |
| Method of Calculation | | |
| Basic earnings per share and diluted earnings per share have been calculated in accordance with AASB 1027: "Earnings per Share". | | |
| 7 Contingent Liabilities | | |
| Guarantees | | |
| The economic entity has issued guarantees on behalf of clients | 3,946 | 3,304 |
| Other | | |
| Documentary letters of credit | 2,968 | 4,717 |

8 Segment Reporting

(a) Business segments

| | 2001 | | 2000 | | 2000 | |
|---|----------|--------------|-----------|----------|--------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| | External | Intersegment | Total | External | Intersegment | Total |
| Revenue | | | | | | |
| Interest revenue | | | | | | |
| > Banking | 447,496 | 7,497 | 454,993 | 291,312 | 1,460 | 292,772 |
| > Trustee company | 599 | - | 599 | 562 | - | 562 |
| > Financial services | 6,270 | (78) | 6,192 | 4,888 | 86 | 4,974 |
| > Eliminations | - | (7,419) | (7,419) | - | (1,546) | (1,546) |
| | 454,365 | - | 454,365 | 296,762 | - | 296,762 |
| Other revenue | | | | | | |
| > Banking | 48,459 | 17,081 | 65,540 | 30,349 | 12,197 | 42,546 |
| > Trustee company | 11,847 | 1,122 | 12,969 | 12,328 | 978 | 13,306 |
| > Financial services | 12,938 | 1,983 | 14,921 | 12,408 | 1,291 | 13,699 |
| > Eliminations | - | (20,186) | (20,186) | - | (14,466) | (14,466) |
| | 73,244 | - | 73,244 | 55,085 | - | 55,085 |
| Share of net profit of equity accounted investments | | | | | | |
| > Banking | 7,366 | - | 7,366 | 7,846 | - | 7,846 |
| > Trustee company | - | - | - | - | - | - |
| > Financial services | 327 | - | 327 | (282) | - | (282) |
| > Eliminations | - | - | - | - | - | - |
| | 7,693 | - | 7,693 | 7,564 | - | 7,564 |
| Total segment revenue | | | | | | |
| > Banking | 503,321 | 24,578 | 527,899 | 329,507 | 13,657 | 343,164 |
| > Trustee company | 12,446 | 1,122 | 13,568 | 12,890 | 978 | 13,868 |
| > Financial services | 19,535 | 1,905 | 21,440 | 17,014 | 1,377 | 18,391 |
| > Eliminations | - | (27,605) | (27,605) | - | (16,012) | (16,012) |
| Total consolidated revenue | 535,302 | - | 535,302 | 359,411 | - | 359,411 |
| Results | | | | | | |
| Segment result | | | | | | |
| > Banking | | | 57,926 | | | 38,414 |
| > Trustee company | | | 3,366 | | | 6,028 |
| > Financial services | | | 5,716 | | | 2,457 |
| > Eliminations | | | (12,006) | | | (9,545) |
| Consolidated entity profit from ordinary activities before income tax expense | | | 55,002 | | | 37,354 |
| Income tax expense | | | (21,724) | | | (16,042) |
| Consolidated entity profit from ordinary activities after income tax expense | | | 33,278 | | | 21,312 |
| Assets | | | | | | |
| Segment assets | | | | | | |
| > Banking | | | 7,080,694 | | | 4,780,882 |
| > Trustee company | | | 22,706 | | | 24,168 |
| > Financial services | | | 240,835 | | | 193,671 |
| > Eliminations | | | (362,718) | | | (85,304) |
| Total assets | | | 6,981,517 | | | 4,913,417 |

8 Segment Reporting (continued)

(a) Business segments

| | 2001 | | 2000 | |
|--|-----------|-----------|--------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| | Total | Total | Total | Total |
| Liabilities | | | | |
| Segment liabilities | | | | |
| > Banking | 6,673,155 | 4,576,396 | | |
| > Trustee company | 6,135 | 7,782 | | |
| > Financial services | 70,933 | 72,919 | | |
| > Eliminations | (191,503) | (32,037) | | |
| Total liabilities | 6,558,720 | 4,625,060 | | |
| Other segment information: | | | | |
| Equity method investments included in segment assets | | | | |
| > Banking | 60,660 | 51,622 | | |
| > Trustee company | - | - | | |
| > Financial services | 592 | - | | |
| > Eliminations | - | - | | |
| | 61,252 | 51,622 | | |
| Acquisition of property, plant and equipment, intangible assets and other non-current assets | | | | |
| > Banking | 17,101 | 19,279 | | |
| > Trustee company | 66 | 100 | | |
| > Financial services | 215 | 57 | | |
| > Eliminations | - | - | | |
| | 17,382 | 19,436 | | |
| Depreciation | | | | |
| > Banking | 6,047 | 3,865 | | |
| > Trustee company | 139 | 186 | | |
| > Financial services | 444 | 424 | | |
| > Eliminations | (39) | - | | |
| | 6,591 | 4,475 | | |
| Amortisation | | | | |
| > Banking | 1,720 | 1,686 | | |
| > Trustee company | 308 | 308 | | |
| > Financial services | 134 | 134 | | |
| > Eliminations | 1,500 | - | | |
| | 3,662 | 2,128 | | |
| Non-cash expenses other than depreciation and amortisation | | | | |
| > Banking | 8,403 | 6,798 | | |
| > Trustee company | - | - | | |
| > Financial services | 87 | 1 | | |
| > Eliminations | (137) | (541) | | |
| | 8,353 | 6,258 | | |

The basis of intersegment funding pricing is 90 day bank bill (BBSW) rate plus a margin of 20 basis points.

(b) Geographical segments

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

Descriptions of derived revenue by segment

Banking

> Interest, predominantly derived from the provision of first mortgage housing finance; and fee revenue derived from the provision of banking services.

Trustee Company

> Commission received from the management of common funds and trusteeships.

Financial Services

> Interest, fees and commissions from the provision of financial services, including leasing, financial planning, property management / development and mortgage management services.

9 Reconciliation of cash

| | Consolidated | |
|--|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| For the purpose of the statement of cash flows, cash includes: | | |
| > Cash and liquid assets | 187,727 | 91,251 |
| > Due from other financial institutions | 141,677 | 119,501 |
| > Due to other financial institutions | (106,210) | (95,472) |
| | 223,194 | 115,280 |

10 Events Subsequent to Balance 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.

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 June 30, 2001:

- (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".

On behalf of the Board



R A Guy OAM, Chairman



R G Hunt, Managing Director

Dated this 4th day of September 2001

INDEPENDENT AUDIT REPORT

To the Members of Bendigo Bank Limited

Scope

We have audited the concise financial report of Bendigo Bank Limited for the financial year ended June 30, 2001 as set out on pages 34 to 42, in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Bendigo Bank Limited for the year ended June 30, 2001. Our audit report on the full financial report was signed on September 4, 2001 and was not subject to any qualification.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" applicable in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

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



Ian Miller, Partner
Ernst & Young



Warren Sinnott, Partner
Richmond Sinnott & Delahunty

Signed at Bendigo on this 4th day of September 2001

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

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 August 6, 2001.

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 section of the Group's Concise Annual Report for 2001.

4 Substantial Shareholders

As at August 14, 2001 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 August 14, 2001 in the following categories:

| | Fully Paid Ordinary Shares | Fully Paid Employee Shares | Capital Notes |
|----------------------------|-------------------------------|-------------------------------|------------------|
| 1 - 1,000 | 19,660 | 835 | 1,471 |
| 1,001 - 5,000 | 15,035 | 581 | 568 |
| 5,001 - 10,000 | 2,418 | 70 | 80 |
| 10,001 - 100,000 | 1,379 | 31 | 54 |
| 100,001 and over | 60 | 1 | 5 |
| Number of Holders | 38,552 | 1,518 | 2,178 |
| Securities on Issue | 111,196,548 | 2,964,801 | 5,213,055 |

6 Marketable Parcel

Based on the closing price of \$6.69 on 13 August 2001, the number of holders with less than a marketable parcel of the Company's main class of securities (Ordinary Shares), as at 14 August 2001, was 1,742.

8 Share Buy-Back

Bendigo Bank Ltd. operated an on-market buy-back which was cancelled by the Board on 27 August 2001. An Appendix 3F was lodged with the Australian Stock Exchange on 28 August 2001.

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.

9 Major Shareholders

Names of the 20 largest holders of Ordinary Fully Paid shares, including the number of shares each holds and the percentage of capital that number represents as at 14 August, 2001 are:

| Rank & Name | Number of Ordinary Fully Paid Shares | % held of Issued Ordinary Capital |
|---|--------------------------------------|-----------------------------------|
| Fully Paid Ordinary Shares | | |
| 1 Elders Australia Limited | 4,251,149 | 3.82% |
| 2 Milton Group | 2,597,803 | 2.34% |
| 3 IOOF Ltd. | 2,556,566 | 2.30% |
| 4 Leesville Equity Pty. Ltd. | 1,340,027 | 1.21% |
| 5 Futuris Investments Pty Ltd | 710,834 | 0.64% |
| 6 Choiseul Investments Limited | 565,145 | 0.51% |
| 7 National Nominees Limited | 562,953 | 0.51% |
| 8 Westpac Custodian Nominees Limited | 528,135 | 0.47% |
| 9 Tower Trust (NSW) Limited | 504,008 | 0.45% |
| 10 Chase Manhattan Nominees Limited | 451,714 | 0.41% |
| 11 Australian Foundation Investment Company Ltd | 308,695 | 0.28% |
| 12 Argo Investments Limited | 295,747 | 0.27% |
| 13 Mansbridge I.G | 257,127 | 0.23% |
| 14 Tower Trust Limited | 231,649 | 0.21% |
| 15 Queensland Investment Corporation | 222,768 | 0.20% |
| 16 Stoddarts (1985) Pty. Ltd | 211,339 | 0.19% |
| 17 Commonwealth Custodial Services Limited | 198,258 | 0.18% |
| 18 Tobin M.A.L. Dec'd | 195,614 | 0.18% |
| 19 Guy M | 191,829 | 0.17% |
| 20 Acacia Properties Pty. Ltd. | 191,360 | 0.17% |
| | 16,372,720 | 14.74% |

10 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. The holding of 8% Capital Notes does not give voting rights.

11 Company Secretary

The company secretary of Bendigo Bank Ltd is David A. Oataway.

12 Registered Office

The address and telephone number of Bendigo Bank's registered office in Australia and its principal administrative office is:

Bendigo Bank Limited
Second Floor
Fountain Court
Bendigo Victoria 3550

Telephone (03) 5433 9339
Fax (03) 5433 9690

13 Securities Register

The address and telephone number of Bendigo Bank's securities register is:

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

Telephone (03) 5433 9549
Fax (03) 5433 9471

