

# Concise Financial Report

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### 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 30 June, 2000 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](http://www.bendigobank.com.au), or,
- (ii) contacting the Bank's Share Registry on 1800 646 042

The Concise Financial Report contained within this document has been derived from the full Financial Report of Bendigo Bank Limited for the financial year ended 30 June, 2000 and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full Financial Report.

# Five Year History

The Bendigo Group

	2000 <sup>1</sup>	1999 <sup>2</sup>	1998	1997 <sup>3</sup>	1996
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Performance year ended 30 June</b>					
Interest revenue	296,762	230,224	195,052	181,269	171,414
Interest expense	179,877	137,002	117,008	110,755	102,025
Net interest margin	116,885	93,222	78,044	70,514	69,389
Other revenue	57,945	43,761	32,606	25,425	20,855
Bad & doubtful debts expense (net of bad debts recovered)	7,613	6,452	5,123	2,223	1,777
Other operating expenses	119,363	100,953	83,461	75,903	66,455
Operating profit before abnormal items and income tax	47,854	29,578	22,066	17,813	22,012
Abnormal items	(10,500)	6,483	-	(3,011)	-
Income tax expense	16,042	16,359	7,873	3,760	8,427
Operating profit after income tax	21,312	19,702	14,193	11,042	13,585
<b>Financial Position at 30 June</b>					
Total assets	4,913,356	4,204,239	3,170,923	2,629,357	1,941,094
Loans	3,939,894	3,298,802	2,493,406	2,152,303	1,603,869
Liquid assets and cash	801,859	713,997	566,971	351,402	229,954
Other assets	171,603	191,440	110,546	125,652	107,271
Shareholders' equity	288,357	243,089	149,690	139,054	114,502
Deposits	4,394,669	3,775,873	2,832,121	2,349,867	1,730,604
Subordinated debt	78,121	82,959	106,636	71,658	45,334
Other liabilities	152,209	102,318	82,476	68,778	50,654
<b>Share Information</b>					
Net tangible assets per share	\$3.00	\$2.85	\$2.61	\$2.40	\$2.38
Earnings per share - cents	27.5	32.6	29.1	24.9	33.9
Earnings per share before abnormal items - cents	36.5	30.7	29.1	20.3	33.9
Dividends per share:					
> Interim - cents	10.5	10.5	10.0	12.0	11.0
> Final - cents	13.5	12.5	11.5	9.0	12.0
> Total - cents	24.0	23.0	21.5	21.0	23.0
<b>Ratios</b>					
Operating profit after tax to average assets	0.47%	0.53%	0.49%	0.48%	0.75%
Operating profit after tax to average equity	8.02%	10.03%	9.83%	8.71%	12.84%

1 Figures for 2000 include the acquisition of Victorian Securities Corporation Limited effective 7 September, 1999.

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

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

# Five Year Comparison

The Bendigo Group

	2000	1999 <sup>1</sup>	1998	1997 <sup>2</sup>	1996
<b>Key Trading Indicators</b>					
Retail deposits - branch sourced (\$'000)	2,953,813	2,530,347	1,771,062	1,588,915	1,395,095
Number of depositors' accounts	481,153	439,034	374,285	339,026	332,745
Average balance per account holder (\$)	6,139	5,763	4,732	4,687	4,193
Total loans approved (\$'000)	1,854,284	1,613,490	1,052,889	959,218	581,244
Number of loans approved	32,243	27,751	21,155	19,830	12,807
Liquid assets and cash (\$'000)	801,859	713,997	566,971	351,402	229,954
Total assets (\$'000)	4,913,356	4,204,239	3,170,923	2,629,357	1,941,094
Liquid assets & cash as proportion of total assets (%)	16.32	16.98	17.88	13.36	11.85
Number of branches	107 <sup>3</sup>	91 <sup>4</sup>	78	68	69
Average deposit holdings per branch (\$'000)	27,606	27,788	22,706	23,366	20,219
Number of staff (FTE)	1,011 <sup>5</sup>	847 <sup>6</sup>	785	801 <sup>7</sup>	709
Assets per staff member (\$'mill)	4.860 <sup>8</sup>	4.964	4.039	3.283	2.738
Staff per million dollars of assets	0.21 <sup>8</sup>	0.20	0.25	0.30	0.37

## Dissection of Loans by Security <sup>9</sup> (\$'000)

Residential loans	2,744,183	2,416,793	1,785,182	1,613,318	1,417,059
Commercial loans	996,379	740,454	637,122	488,891	147,609
Personal loans	149,026	117,919	75,444	53,344	25,195
Credit cards	28,205	24,627	17,191	14,966	13,023
Other	72,118	30,001	17,199	13,993	8,918
Gross loans	3,989,911	3,329,794	2,532,138	2,184,512	1,611,804

## Dissection of Loans by Security <sup>9</sup> (%)

Residential loans	68.78	72.58	70.50	73.85	87.92
Commercial loans	24.97	22.24	25.16	22.38	9.16
Personal loans	3.74	3.54	2.98	2.44	1.56
Credit cards	0.71	0.74	0.68	0.69	0.81
Overdrafts	1.80	0.90	0.68	0.64	0.55
Total	100.00	100.00	100.00	100.00	100.00

<sup>1</sup> Figures for 1999 include the acquisition of IOOF Building Society effective 1 April, 1999.

<sup>2</sup> Figures for 1997 include the acquisition of Cassa Commerciale Australia Limited effective 10 February, 1997.

<sup>3</sup> Includes twenty five community bank branches

<sup>4</sup> Includes eleven community bank branches

<sup>5</sup> Includes staff increases from the acquisition of Victorian Securities Corporation Limited.

<sup>6</sup> Includes staff increases from the acquisition of IOOF Building Society.

<sup>7</sup> Includes staff increases from the acquisition of Cassa Commerciale Australia Limited.

<sup>8</sup> These ratios do not take into account off-balance sheet activities, which totalled \$1.5 billion at 30 June, 2000

<sup>9</sup> 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.

# Statutory Directors' Report

Your Board of Directors has pleasure in presenting the 135th Financial Report of the Bendigo Bank Limited and its controlled entities for the year ended 30 June, 2000.

## Directors

The members of the Board at the date of this report are:

- > Richard A Guy, OAM **Chairman**
- > Robert N Johanson, **Deputy Chairman**
- > Robert G Hunt, **Managing Director**
- > William R Beischer
- > Jennifer L Dawson
- > Donald J Erskine
- > William R Lanyon
- > Kevin E Roache

Mr E. Brian Thomas retired from the Board on 25 October, 1999.

## 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 operating profit of the economic entity, after providing for income tax, amounted to \$21.312 million. (1999 - \$19.702 million).

## 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

Shareholders' equity increased from \$243.1 million to \$288.4 million, an increase of \$45.3 million. Share issues accounted for \$42.4 million of the increase. The remaining increase is primarily represented by retained operating profits.

## Dividends Paid or Recommended

### Dividends paid:

- |   |          |
|---|----------|
| > Final dividend 1999 of 12.5¢ per share, paid October 1999 | \$8.479m |
| > Interim dividend 2000 of 10.5¢ per share, paid April 2000 | \$7.809m |
| > Final dividend 1999 of VSCL, paid April 2000              | \$0.295m |

### Dividends recommended:

- |   |           |
|---|-----------|
| > Final dividend 2000 of 13.5¢ per share, declared by the Directors, payable 31 October, 2000 | \$10.432m |
|---|-----------|

All dividends were fully franked.

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

- |                |         |
|----------------|---------|
| > October 1999 | 519,099 |
| > April 2000   | 582,758 |

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

- |                |         |
|----------------|---------|
| > October 1999 | 133,378 |
| > April 2000   | 138,433 |

## After Balance Date Events

Except as referred to in the Report by Chairman and Managing Director, or dealt with elsewhere in the consolidated financial statements, 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

The Bank will continue to grow by building on its reputation as a provider of quality banking services to discrete communities.

The successful Community Bank program will be expanded, enabling the Bank to assist communities where retail banking services have been reduced or withdrawn. Customer access to our services will be further enhanced by ongoing developments in our Phone and Internet banking facilities. We anticipate continued growth and development in our joint venture, Elders Rural Bank Limited, which provides products and services that are tailored to the needs of primary producers. Additionally, the alliance with the IOOF Group has seen the formation of a joint venture company, Bendigo Investment Services, which provides funds management and financial advisory services to our customers. During the year, the Bank entered a joint venture arrangement with Tasmanian Trustees. As a result Tasmanian Banking Services Limited was formed. The joint venture company will offer banking services to customers in Tasmania.

The Bank's financial projections for 2000/2001 include increased contributions from these joint venture companies, together with a growth in profit from the core banking and other services delivered by the bank's divisions and subsidiaries.

Bendigo Bank and First Australian Building Society have announced a proposal to merge, details of which are set out in the "Events Subsequent to Balance Date" note to the financial statements.

## 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:

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### Richard A Guy OAM (55 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

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### Robert G Hunt (49 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

#### Special Responsibilities:

Managing Director  
Ex-officio member on all Committees

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### Jennifer L Dawson (35 years)

Bachelor of Business (Accounting) Bendigo  
Chartered Accountant

Certified Information Systems Auditor

Appointed to Board August 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)

#### Special Responsibilities:

Audit Committee  
Due Diligence Committee  
Credit Committee

#### Other Directorships:

Councillor of Loddon Mallee Women's Health

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### Robert N Johanson (49 years)

B.A. Melbourne

LL.B. Melbourne

M.B.A. Harvard

Elected to Board 1988

#### Current appointment:

Director, Grant Samuel & Associates Pty Ltd.

#### Other directorships:

ekorp.com Inc  
Elders Rural Bank Limited  
Beaconsfield Gold NL.  
Stadium Operations Ltd.  
Bendigo Community Telco Limited

#### Special Responsibilities:

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

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### William R Beischer (71 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

#### Special Responsibilities:

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

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### Donald J Erskine (54 years)

Appointed to Board August, 1999

#### Previous appointments:

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

#### Current appointment:

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

#### Special Responsibilities:

Credit Committee  
Risk Committee

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### William R Lanyon (62 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

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### Kevin E Roache (60 years)

LL.B, B.Com. - Melbourne

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).  
Deputy 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 Concise 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	Subsidiary Fees	Chairman's Allowance	Superannuation	Total
	\$	\$	\$	\$	\$
<b>Non Executive Directors:</b>					
R A Guy OAM	51,922	-	51,922	7,269	111,113
E B Thomas <sup>1</sup>	31,197	36,346	15,577	-	83,120
R N Johanson	51,922	-	-	3,635	55,557
W R Beischer	51,922	-	-	3,635	55,557
J L Dawson <sup>2</sup>	42,307	-	-	2,960	45,267
D J Erskine <sup>2</sup>	42,307	-	-	2,960	45,267
W R Lanyon	51,922	-	-	3,635	55,557
K E Roache	51,922	-	-	3,635	55,557
	<b>Base Salary</b>	<b>Bonus (at risk)</b>	<b>Other<sup>3</sup></b>	<b>Superannuation</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Executive Director:</b>					
R G Hunt	319,070	100,000	65,930	48,500	533,500

<sup>1</sup> Mr E B Thomas retired from the Board on 25 October 1999. The above annual emoluments exclude benefits paid to Mr Thomas in connection with his retirement from the Bendigo Bank Board totalling \$125,000.

<sup>2</sup> Ms JL Dawson and Mr DJ Erskine were appointed to the Board during August 1999.

<sup>3</sup> "Other" comprises salary sacrifice superannuation and motor vehicle components.

### Emoluments of the five most highly paid executive officers of the company(a)

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	
	Base Salary \$	Bonus (at risk) \$	Other (b) \$	Superannuation \$	Total \$
I.G. Mansbridge	209,000	66,000	11,000	20,020	306,020
G.D. Gillett	155,360	50,000	34,640	16,800	256,800
J.A. Goddard	173,030	45,000	36,970	17,850	272,850
V.M. Kelly	136,760	50,000	53,240	16,800	256,800
K.C. Langford	157,110	50,000	32,890	16,800	256,800

(a) During the year, Mr I.G.Mansbridge was a member of the executive committee of the Bank. Mr Mansbridge was seconded to the Elders joint venture project announced during August 1998 and appointed as Managing Director of Elders Rural Bank Ltd (the joint venture entity) during September 1998. 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 30 June, 2000, and the number of meetings attended by each director were:

	Meetings of Committee													
	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
Attended by:														
R A Guy OAM	15	15	8	8					5	5			1	1
R N Johanson	15	11					8	6			4	3		
E B Thomas <sup>1</sup>	5	5	3	2	6	6								
R G Hunt	15	14	8	5	14	6	8	7	5	4	4	4	1	1
W R Beischer	15	15							5	5	4	4		
J L Dawson	12	12	6	6	11	10					4	4		
D J Erskine	12	12			10	9	6	6						
W R Lanyon	15	13	8	8					5	4			1	1
K E Roache	15	14			14	11	8	5					1	0

<sup>1</sup> Mr E B Thomas retired from the Board on 25 October 1999.

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 Law, at the date of this report is as follows:

Director	Ordinary Shares	Capital Notes
R A Guy OAM	216,799	14,793
R N Johanson	134,976	10,056
R G Hunt <sup>1</sup>	70,931	-
W R Beischer	83,107	-
J L Dawson	6,479	-
D J Erskine	4,531	-
W R Lanyon	21,556	1,624
K E Roache	34,096	658

<sup>1</sup> RG 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	1,101,857
Bonus shares issued in lieu of dividends under the Bonus Share Scheme	271,811
Other issues of ordinary shares,	
> Adjustment to partly paid shares issued under terms of prospectus dated 27 October 1999	10,000
> Issued in connection with purchase of Victorian Securities Corporation Limited on 7 September 1999	1,000,000
> Notes converted	2,923,560
Employee shares issued under Bendigo Employee Share Ownership Plan	27,390
<b>Total shares issued</b>	<b>5,334,618</b>

During the year 211,260 employee shares paid to 5c converted to ordinary shares paid in full. In addition, during the year 124,558 fully paid employee shares were converted to ordinary shares.

### 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 2000



## Discussion and Analysis

### Statement of Financial Performance

Operating profit after income tax, before abnormal items was \$28.2 million. This represents a 52% increase from the \$18.6 million operating profit after tax, before abnormals for 1999.

Operating profit after income tax was \$21.3 million. This represents an 8% increase from the \$19.7 million operating profit after tax for 1999.

Operating profit before tax and abnormal items was \$47.9 million compared to \$29.6 million for 1999. This represents an increase of 62%.

The abnormal item is the result of a specific provision of \$10.5 million (\$6.9 million after tax) in relation to a single Asian loan exposure.

Net interest income increased by 25%, or \$23.7 million due to a 17% increase in assets during the financial year - net interest rate margin was maintained when compared to the previous financial year.

Other operating income increased by \$14.2 million, or 32%, driven by an increase in the share of associates' profits, increased fee income (from asset products, liability products, electronic delivery and management fees) and increased commissions from insurance and Sandhurst Trustees Limited common funds.

Bad and doubtful debts increased by \$1.2 million, or 18% due to an increase in the amount allocated to general provision. This allocation increased the level of the Bank's general provision to 0.5% of risk-weighted assets.

Other operating expenses increased by \$18.4 million, or 18% from the previous financial year. The major category increases were:

- > Staff and related costs, which increased by 17% due to increased staff numbers required to support the expanding branch network and business growth, together with the staff acquired through Victorian Securities Corporation Limited.
- > Administration expenses, which increased by 24%. This increase was due to 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 improved in the period, decreasing from 73.7% to 68.3%.

The directors have declared a fully franked (at 34%) final dividend of 13.5 cents per share, which is payable on 31 October, 2000.

This, combined with the interim dividend of 10.5 cents, represents a dividend payout ratio of 86% (65% before abnormal items).

### Statement of Financial Position

Group assets increased by \$709.1 million, or 17% during the financial year. The majority of the increase was due to an increase in lending assets of \$641.1 million, or 19%. The remaining increase was largely related to investments and amounts due from other financial institutions.

Loans and other receivables increased due to record loan approvals, which increased by 15% to \$1.854 billion. The balance of residential loans increased by \$327 million and now represents 69% of outstandings, categorised by security. The commercial loan portfolio increased by \$256 million and now represents 25% of outstandings, an increase over the 1999 level of 22%.

The increase in loans was basically funded through an increase in deposits of \$619 million, or 16%. Retail deposits grew by \$664 million and now account for 84% of total deposits. This growth allowed us to reduce our wholesale funding by \$45 million in the period.

Share capital increased by \$42.4 million, or 21%. The major contributors to this growth included the second instalment of the rights issue (\$20 million), conversion of convertible and capital notes (\$10.5 million), shares issued under the dividend reinvestment plan (\$5.7 million) and shares issued as part consideration for the acquisition of VSCL (\$5.5 million).

### Statement of Cash Flows

The cash flow statement largely echoes the balance sheet movements previously discussed. Cash flows from investing activities increased, reflecting the growth in loans outstanding.

Operating activities provided \$53.2 million for the year, whilst financing activities reflected the growth in retail deposits and decrease in wholesale deposits.

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 30 June, 2000

	Note	Consolidated	
		2000 \$'000	1999 \$'000
<b>Net interest revenue</b>			
> Interest revenue		296,762	230,224
> Interest expense		179,877	137,002
Net interest revenue		116,885	93,222
<b>Other operating revenue</b>			
> Share of associates' net profits (losses)		7,564	3,100
> Dividends		60	230
> Fees		34,781	26,610
> Commissions		12,704	10,875
> Other operating revenue		2,836	2,946
Total operating revenue		174,830	136,983
<b>Operating expenses</b>			
Bad and doubtful debts		7,613	6,452
Other operating expenses			
> Borrowing costs		526	568
> Staff and related costs		52,611	44,999
> Occupancy costs		6,866	6,089
> Amortisation of goodwill		2,128	1,266
> Property, plant & equipment costs		4,217	4,110
> Fees and commissions		6,239	5,172
> Administration expenses		45,618	36,763
> Other operating expenses		1,158	1,986
Total other operating expenses		119,363	100,953
<b>Operating profit before abnormal items and income tax</b>			
		47,854	29,578
Abnormal items before income tax	3	(10,500)	6,483
Operating profit before income tax		37,354	36,061
Income tax attributable to operating profit		16,042	16,359
Operating profit after income tax		21,312	19,702
Retained profits at beginning of the financial year		26,179	20,688
Total available for appropriation		47,491	40,390
Dividends			
> Final 1999 (adjustment to provision)		132	9
> Interim 2000	4	7,809	5,855
> Final 2000	4	10,432	8,347
<b>Retained profits at the end of the financial year</b>			
		29,118	26,179
Basic earnings per share	5	27.5¢	32.6¢
Diluted earnings per share	5	27.4¢	31.4¢
Dividends per share		24.0¢	23.0¢

# Statement of Financial Position

As at 30 June, 2000

	Consolidated	
	2000	1999
	\$'000	\$'000
<b>Assets</b>		
Cash and liquid assets	91,251	98,503
Due from other financial institutions	119,501	85,777
Investment securities	591,107	529,717
Loans and other receivables	3,939,894	3,298,802
Deposit with the Reserve Bank of Australia	-	33,049
Shares - other	55,154	46,622
Other investments	2,499	4,653
Property, plant & equipment	31,992	28,529
Intangibles	37,285	35,810
Other assets	44,673	42,777
<b>Total Assets</b>	<b>4,913,356</b>	<b>4,204,239</b>
<b>Liabilities</b>		
Due to other financial institutions	95,472	62,191
Deposits	4,394,669	3,775,873
Provision - dividend	10,457	8,370
Provision - income tax	8,685	4,806
Other provisions	12,870	11,512
Subordinated debt	78,121	82,959
Other liabilities	24,725	15,439
<b>Total Liabilities</b>	<b>4,624,999</b>	<b>3,961,150</b>
<b>Net Assets</b>	<b>288,357</b>	<b>243,089</b>
<b>Shareholders' Equity</b>		
Share capital	242,362	199,979
Reserves	16,877	16,931
Retained Profits	29,118	26,179
<b>Total Shareholders' Equity</b>	<b>288,357</b>	<b>243,089</b>

# Statement of Cash Flows

for the year ended 30 June, 2000

	Consolidated	
	2000	1999
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
> Interest and other items of a similar nature received	299,372	227,524
> Borrowing costs paid	(182,126)	(139,737)
> Receipts from customers (excluding interest)	48,942	40,014
> Payments to suppliers	(102,583)	(128,835)
> Dividends received	59	230
> Income taxes paid	(10,457)	(5,449)
Net cash flows from/(used in) operating activities	<u>53,207</u>	<u>(6,253)</u>
<b>Cash Flows from Investing Activities</b>		
> Cash flows for purchases of property, plant and equipment	(9,779)	(5,530)
> Cash proceeds from sale of property, plant and equipment	4,972	8,602
> Cash paid for purchases of equity investments	(4,907)	(28,458)
> Net increase in balance of loans outstanding	(590,397)	(471,064)
> Net (increase)/decrease in balance of Reserve Bank of Australia deposit	33,049	(6,539)
> Net increase of investment securities	(37,599)	(45,623)
> Net cash paid on acquisition of subsidiary	(4,327)	14,405
Net cash flows used in investing activities	<u>(608,988)</u>	<u>(534,207)</u>
<b>Cash Flows from Financing Activities</b>		
> Proceeds from shares issued	19,826	20,341
> Net increase in balance of retail deposits	578,766	549,170
> Net increase/(decrease) in balance of wholesale deposits	(45,233)	45,416
> Net increase in balance of subordinated debt	6,458	-
> Dividends paid	(10,845)	(7,039)
Net cash flows from financing activities	<u>548,972</u>	<u>607,888</u>
Net increase/(decrease) in cash held	<u>(6,809)</u>	<u>67,428</u>
Cash at the beginning of the financial year	122,089	54,661
Less cash at the end of the financial year	<u>115,280</u>	<u>122,089</u>
	<b>(6,809)</b>	<b>67,428</b>

# Notes to the Concise Financial Report

## 1 Basis of Preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with the requirements of the Corporations Law 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 Law 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.

	Consolidated	
	2000	1999
	\$'000	\$'000
<hr/>		
<b>2 Operating Revenue</b>		
Interest revenue	296,762	230,224
Dividends received	60	230
Proceeds from sale of property, plant and equipment	281	6,255
Proceeds from sale of other investments	4,691	2,347
Other sources of revenue		
> Share of associates' net profits (losses)	7,564	3,100
> Other	50,053	39,900
	<hr/>	<hr/>
	359,411	282,056
<b>3 Abnormal Items</b>		
Increase in specific provisions	(10,500)	-
Sale of Shares in Data Advantage Limited	-	1,165
Decrease in general provision for doubtful debts	-	5,318
Abnormal items before income tax	<hr/>	<hr/>
	(10,500)	6,483
Income tax benefit applicable		
Increase in specific provisions	3,570	-
Sale of shares in Data Advantage Limited	-	(47)
Reverse Income tax expense relating to general provision for doubtful debts	-	(5,318)
Abnormal items after income tax	<hr/>	<hr/>
	(6,930)	1,118

	Consolidated	
	2000 \$'000	1999 \$'000
<b>4 Dividends</b>		
Dividends paid or proposed		
Dividends proposed		
> Final dividend	10,432	8,347
Dividends paid		
> Interim dividend	7,809	5,855
> Final dividend prior year	8,774	5,161
	<u>27,015</u>	<u>19,363</u>

All dividends paid were fully franked. Proposed dividends will be fully franked out of existing franking credits or out of franking credits arising from payment of income tax provided for in the financial statements for the year ended 30 June, 2000.

#### 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 statements, and after deducting franking credits to be used in payment of the above dividends.

29,808	16,730
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The tax rate at which dividends have been franked is 36% (1999: 36%)

On July 1, 2000 the balance of franking accounts are required to be converted to 34%. Dividends paid in 2000/01 will therefore be franked at 34%.

#### 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	10,845	7,039
Satisfied by issue of shares	5,738	3,977
	<u>16,583</u>	<u>11,016</u>

#### 5 Earnings Per Share

##### Share ratios

Basic earnings per share	27.5c	32.6c
Diluted earnings per share	27.4c	31.4c

##### Number of Shares

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share

77,468,734	60,450,559
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##### Classification of Securities

7,444,891 Capital Convertible Notes issued 19 November, 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".

#### 6 Contingent Liabilities

##### Guarantees

The economic entity has issued guarantees on behalf of clients	3,304	4,019
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##### Other

Documentary letters of credit	4,717	3,043
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## 7 Segment Reporting

### (a) Industry segments

	2000		1999		1999	
	\$'000		\$'000		\$'000	
	External	Intersegment	Total	External	Intersegment	Total
<b>Interest revenue</b>						
Banking	279,340	1,195	280,535	219,032	3,488	222,520
Trustee company	562	-	562	528	-	528
Financial services	16,860	86	16,946	10,664	-	10,664
Eliminations	-	(1,281)	(1,281)	-	(3,488)	(3,488)
<b>Total</b>	<b>296,762</b>	<b>-</b>	<b>296,762</b>	<b>230,224</b>	<b>-</b>	<b>230,224</b>
<b>Other revenue</b>						
Banking	36,047	12,197	48,244	30,723	8,426	39,149
Trustee company	13,306	-	13,306	12,133	619	12,752
Financial services	13,296	1,377	14,673	8,976	1,606	10,582
Eliminations	-	(13,574)	(13,574)	-	(10,651)	(10,651)
<b>Total</b>	<b>62,649</b>	<b>-</b>	<b>62,649</b>	<b>51,832</b>	<b>-</b>	<b>51,832</b>
<b>Total revenue</b>						
Banking	315,387	13,392	328,779	249,755	11,914	261,669
Trustee company	13,868	-	13,868	12,661	619	13,280
Financial services	30,155	1,463	31,618	19,640	1,606	21,246
Eliminations	-	(14,855)	(14,855)	-	(14,139)	(14,139)
<b>Total</b>	<b>359,411</b>	<b>-</b>	<b>359,411</b>	<b>282,056</b>	<b>-</b>	<b>282,056</b>
<b>Operating profit before tax</b>						
Banking			38,109			33,418
Trustee company			6,028			6,031
Financial services			2,762			1,342
Eliminations			(9,545)			(4,730)
<b>Total</b>			<b>37,354</b>			<b>36,061</b>
<b>Operating profit after tax</b>						
Banking			26,416			20,611
Trustee company			3,740			3,784
Financial services			1,192			368
Eliminations			(10,036)			(5,061)
<b>Total</b>			<b>21,312</b>			<b>19,702</b>
<b>Total Assets</b>						
Banking			5,064,852			4,331,137
Trustee company			24,168			23,272
Financial services			21,365			44,363
Eliminations			(197,029)			(194,533)
<b>Total</b>			<b>4,913,356</b>			<b>4,204,239</b>

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

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(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.

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**8 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, except that on 5 June 2000 Bendigo Bank Limited and First Australian Building Society announced a proposal to merge by way of schemes of arrangement under the Corporations Law. On 15 August 2000, the Supreme Court of Queensland issued orders approving the issuing of the schemes documentation and Notices of Meetings to convene shareholder and member meetings to consider the schemes of arrangement. Subject to approval by the respective shareholders and members (and final court approval), the targeted implementation date of the schemes is 9 October, 2000 subject to obtaining relevant regulatory approval.



## Directors' Declaration

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

In the opinion of the directors, the concise financial report of the consolidated entity, comprising Bendigo Bank Limited and its controlled entities, for the year ended 30 June, 2000:

- (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

Dated this 4th day of September 2000



R G Hunt, Managing Director

## 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 30 June, 2000 as set out on pages 33 to 41, 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.

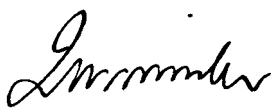
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Bendigo Bank Limited for the year ended 30 June, 2000. Our audit report on the full financial report was signed on 4 September 2000 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."

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

Signed at Bendigo this 4th day of September 2000



Warren Sinnott, Partner

Richmond Sinnott & Delahunty

## 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 7 August, 2000.

### 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 Practises

The corporate governance practices adopted by Bendigo Bank Ltd. are detailed in the Corporate Governance section of this Concise Annual Report.

### 4 Substantial Shareholders

As at 18 August, 2000 there were no substantial shareholders in Bendigo Bank Ltd. as defined by the Listing Rules of the Australian Stock Exchange Ltd.

### 5 Distribution of Shareholders

Range of Securities as at 18 August, 2000 in the following categories:

	Fully Paid Ordinary Shares	Fully Paid Employee Shares	Capital Notes
1-1,000	11,350	384	1,869
1,001-5,000	9,906	315	701
5,001-10,000	1,754	40	105
10,001-100,000	1,015	18	63
100,001 and over	53	1	6
<b>Number of Holders</b>	<b>24,078</b>	<b>758</b>	<b>2,744</b>
<b>Securities on Issue</b>	<b>81,881,282</b>	<b>1,742,442</b>	<b>6,505,903</b>

### 6 Marketable Parcel

The number of holders with less than a marketable parcel of the Company's main class of securities (Ordinary Shares) based on the closing price of \$5.30 on 18 August, 2000 is 1,206.

### 7 Unquoted Security

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

### 8 Buy-Back Scheme

Bendigo Bank Ltd. does not have a current on-market buy-back scheme.

## Additional Information (continued)

### 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 18 August, 2000 are:

Rank & Name	Number of Ordinary Fully Paid Shares	% held of Issued Ordinary Capital
<b>Fully Paid Ordinary Shares</b>		
1 IOOF Ltd.	3,700,000	4.52%
2 Westpac Custodian Nominees Limited.	3,639,297	4.44%
3 Milton Group	2,222,803	2.72%
4 Leesville Equity Pty Ltd.	1,340,027	1.64%
5 Chase Manhattan Nominees Limited	530,152	0.65%
6 Commonwealth Custodial Services Limited	425,441	0.52%
7 Choiseul Investments Limited	425,000	0.52%
8 Australian Foundation Investment Company Limited	379,887	0.46%
9 Commonwealth Custodial Services Limited	324,644	0.40%
10 Argo Investments Limited	295,747	0.36%
11 Mansbridge I. G.	245,385	0.30%
12 National Nominees Limited	243,737	0.30%
13 Tryjac Holdings Pty Ltd.	230,100	0.28%
14 Stoddarts (1985) Pty Ltd.	211,339	0.26%
15 Permanent Trustee Company Limited	204,779	0.25%
16 Tower Trust Limited	203,265	0.25%
17 Queensland Investment Corporation	197,718	0.24%
18 Acacia Properties Pty Ltd.	191,360	0.23%
19 Decisive Holdings Pty Ltd.	190,700	0.23%
20 Tobin M.A.L. Dec'd	189,009	0.23%
	<b>15,390,390</b>	<b>18.80%</b>

### 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. Holders of partly paid employee shares may direct the trustee of the Staff Share Incentive Plan to vote

on their behalf in the proportion that the paid up value of their shares bears to the total issue price of those shares. The holding of Convertible Notes and 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**