

BENDIGO BANK

GROUP PROFIT AND DIVIDEND ANNOUNCEMENT

for the HALF YEAR ended DECEMBER 31, 1999

SUMMARY

Profit

- * Operating profit after income tax was \$11.0 million, up 30% from \$8.5 million profit after tax for the corresponding period in 1998.
- * Operating profit before income tax and abnormal item was \$19.0 million, up 65% from a \$11.5 million operating profit before tax for the corresponding period in 1998.
- * Profit before income tax was \$19.0 million, up 50% from a \$12.7 million profit before tax for the corresponding period in 1998.
- * After tax profit for the period has been reduced by \$0.6 million, due to an abnormal charge to income tax expense. This charge is the effect of restating the balances of Future income tax benefit and Provision for deferred tax to reflect the future changes in the company tax rate from 36% to 34% and then to 30%.

Lending

- * Total Bank lending approvals were \$925 million, a 16% increase over the same period last year.
- * Lending approvals secured by mortgage over residential property were \$585 million, 63% of total approvals.
- * Total Group lending approvals (including Sandhurst Trustees) were \$963 million.

Deposits

- * Total Bank deposits increased 8% to \$4.1 billion during the half year. (the calendar year increase was \$975 million, or 32%).
- * Sandhurst Trustees Common Funds grew \$32 million to \$688 million in the half year (the calendar year increase was \$81 million, or 13%).
- * Total Group deposits and funds under management increased \$329 million, or 7%, in the half year to a total of \$4.8 billion (the calendar year increase was \$1.1 billion, or 29%).

BENDIGO BANK
GROUP PROFIT AND DIVIDEND ANNOUNCEMENT
for the HALF YEAR ended DECEMBER 31, 1999

SUMMARY

Assets and Capital

- * Group Assets grew by \$314 million in the half year to \$4.5 billion. This is an increase of 8% (the calendar year increase was \$1.1 billion, or 30%).
- * Total Risk weighted capital adequacy ratio at December 1999 is 10.09%.
- * Shareholders' funds increased 14% in the half year to \$277 million (the calendar year increase was \$79 million, or 40%).
- * Number of new shares issued during the half year was 2,369,982, taking the number of shares on issue to 80,662,188.

Dividends

- * 1999/2000 interim dividend declared of 10.5 cents per fully paid share (equal to 10.5 cents for the 1998/99 interim dividend), fully franked at 36%. Dividend is payable on April 28, 2000 to registered shareholders at the close of trading on the Record Date, April 10, 2000. The ex-dividend date is April 4, 2000.
- * The total interim dividend provided for is \$7.81 million.

Bad and Doubtful Debts

- * Bad debts written off operating profit for the half year were \$0.5 million. Bad debts written off from provisions were \$0.8 million. The charge against profit for provision for doubtful debts was \$3.3 million.
- * Bad and doubtful debts expense for the half year was \$3.8 million, which was \$0.7 million greater than the 1998 half year.
- * Provisions for doubtful debts at December 1999 totalled \$19.6 million, which represents 0.55% of Gross loan balances (0.48% - June 1999; 1.16% - December 1998).
- * General provisions have been increased by \$2.4 million in the half year to progress toward APRA preferred levels. General provisions now total \$12.3 million, 0.46% of risk-weighted assets.

BENDIGO BANK

CONSOLIDATED PROFIT AND LOSS REPORT (Unaudited) - \$'000

for the HALF YEAR ended DECEMBER 31, 1999

	<i>Note</i>	Dec-99	Dec-98	Increase/ (Decrease) %
Interest income		138,327	111,076	24.5
Interest expense		82,534	67,127	23.0
Net interest income		55,793	43,949	26.9
ADD Other income				
Fees - Asset products		3,802	2,622	45.0
- Liability products		2,254	1,764	27.8
- Other		5,295	3,627	46.0
Commissions - Insurance		784	665	17.9
- Other		5,162	4,474	15.4
Property revenue		388	399	(2.8)
Trustee, management & other services		3,529	4,040	(12.6)
Dividend income		31	54	(42.6)
Share of associates' net profit/(loss)		4,465	-	-
Other		1,183	1,939	(39.0)
Total Other income		26,893	19,584	37.3
Total Net operating income		82,686	63,533	30.1
LESS Operating expenses				
<i>Bad and doubtful debts</i>				
Bad debts written off	3	475	352	34.9
Transfer to provision for doubtful debts	3	3,340	2,778	20.2
Bad debts recovered		(23)	(23)	0.0
Total Bad and doubtful debts		3,792	3,107	22.0
<i>Other operating expenses</i>				
Salaries & staff related costs		25,733	22,634	13.7
Occupancy		4,856	3,650	33.0
Information technology costs		6,071	4,620	31.4
Management fees & expenses		2,763	2,064	33.9
Depreciation/amortisation		2,372	3,078	(22.9)
Goodwill amortisation		1,048	422	148.3
Other operating expenses		17,035	12,412	37.2
Total Other Operating Expenses		59,878	48,880	22.5
Total Operating expenses		63,670	51,987	22.5
Profit before tax and abnormal item		19,016	11,546	64.7
Abnormal item	7	-	1,165	-
Profit before tax		19,016	12,711	49.6
Less: Income tax expense		7,430	4,259	74.5
Abnormal tax charge	7	576	-	-
Profit after tax		11,010	8,452	30.3
Retained profits at beginning of year		26,179	20,688	26.5
Total available for appropriation		37,189	29,140	27.6
Final dividend (adj prev year)		132	9	1366.7
Interim dividend		7,811	5,844	33.7
Retained profits at December 31		29,246	23,287	25.6

BENDIGO BANK

CONSOLIDATED BALANCE SHEET (Unaudited) - \$'000

as at DECEMBER 31, 1999

Note	Dec-99	Jun-99 (Audited)	Increase/ (Decrease)	Dec-98	Increase/ (Decrease)
			%		%
ASSETS					
Cash and short-term liquid assets	119,948	98,504	21.8	77,723	54.3
Due from other financial institutions	31,601	85,777	(63.2)	34,275	(7.8)
Investment securities	645,583	529,717	21.9	480,980	34.2
Loans and other receivables	3,542,331	3,298,802	7.4	2,740,852	29.2
Deposit with Reserve Bank of Australia	-	33,049	-	30,780	-
Share investments	47,597	46,622	2.1	740	6,332.0
Other investments	5,757	4,653	23.7	5,220	10.3
Property, plant and equipment	29,725	28,529	4.2	25,147	18.2
Intangibles	38,362	35,810	7.1	18,109	111.8
Other assets	57,227	42,776	33.8	51,665	10.8
TOTAL ASSETS	4,518,131	4,204,239	7.5	3,465,491	30.4
LIABILITIES					
Due to other financial institutions	30,012	62,191	(51.7)	42,155	(28.8)
Deposits	4,072,646	3,775,873	7.9	3,097,328	31.5
Provision for dividend	8,149	8,370	(2.6)	5,862	39.0
Provision for income tax	3,716	4,806	(22.7)	6,572	(43.5)
Other provisions	11,833	11,512	2.8	10,691	10.7
Subordinated debt	80,302	82,959	(3.2)	88,171	(8.9)
Other liabilities	34,246	15,439	121.8	17,071	100.6
TOTAL LIABILITIES	4,240,904	3,961,150	7.1	3,267,850	29.8
NET ASSETS	277,227	243,089	14.0	197,641	40.3
SHAREHOLDERS' EQUITY					
Share capital	231,054	199,979	15.5	159,406	44.9
Reserves	16,927	16,931	0.0	14,948	13.2
Retained profits (accumulated losses)	29,246	26,179	11.7	23,287	25.6
TOTAL SHAREHOLDERS' EQUITY	277,227	243,089	14.0	197,641	40.3

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 1999

	Note	Dec-99	Dec-98	Increase/(Decrease)		Jun-99	Increase/(Decrease)	
				Value	%		Value	%
Profit								
Profit before tax and abnormal		19,016	11,546	7,470	64.7	18,032	984	5.5
Profit before tax		19,016	12,711	6,305	49.6	23,350	(4,334)	(18.6)
Profit after tax, before abnormal		11,586	7,334	4,252	58.0	11,250	336	3.0
Profit after tax		11,010	8,452	2,558	30.3	11,250	(240)	(2.1)
Profitability								
Earnings per ordinary share								
(weighted average)-cents		14.9	16.4	(1.5)	(9.1)	16.2	(1.3)	(8.0)
Pre-abnormal earnings per ordin								
share (weighted ave)-cents		15.7	14.2	1.5	10.6	16.2	(0.5)	(3.1)
Diluted earnings per share								
(weighted average)-cents		14.8	15.8	(1.0)	(6.3)	16.0	(1.2)	(7.5)
After tax return on average								
equity	1	8.5%	9.7%	(1.2%)	(12.4)	10.2%	(1.7%)	(16.7)
After tax return on equity								
at period end	1	7.9%	8.6%	(0.7%)	(8.1)	9.3%	(1.4%)	(15.1)
After tax return on average								
assets	1	0.50%	0.51%	(0.01%)	(2.0)	0.59%	(0.09%)	(15.3)
Income								
Net interest margin		55,793	43,949	11,844	26.9	49,274	6,519	13.2
Other income		26,893	19,584	7,309	37.3	24,177	2,716	11.2
Net operating income		82,686	63,533	19,153	30.1	73,451	9,235	12.6
Lending								
Total Approvals - by security		924,840	799,083	125,757	15.7	814,407	110,433	13.6
Residential		584,979	429,706	155,273	36.1	535,899	49,080	9.2
Commercial		227,963	287,334	(59,371)	(20.7)	210,547	17,416	8.3
Other		111,898	82,043	29,855	36.4	67,961	43,937	64.7
Gross Loan balance - by security		3,560,066	2,770,984	789,082	28.5	3,313,427	246,639	7.4
Residential		2,500,919	1,914,275	586,644	30.6	2,400,426	100,493	4.2
Commercial		855,368	741,403	113,965	15.4	740,454	114,914	15.5
Other		203,779	115,306	88,473	76.7	172,547	31,232	18.1
Gross Loan balance - by purpose		3,560,066	2,770,984	789,082	28.5	3,313,427	246,639	7.4
Residential		2,269,368	1,774,031	495,337	27.9	2,289,759	(20,391)	(0.9)
Non-residential		1,290,698	996,953	293,745	29.5	1,023,668	267,030	26.1
Deposits								
Deposits	5	4,072,646	3,097,328	975,318	31.5	3,775,873	296,773	7.9
Common funds-Trustee Company		688,139	607,185	80,954	13.3	655,949	32,190	4.9
Total Group deposits & funds mgd		4,760,785	3,704,513	1,056,272	28.5	4,431,822	328,963	7.4

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 1999

	Note	Dec-99	Dec-98	Increase/(Decrease)		Jun-99	Increase/(Decrease)	
				Value	%		Value	%
Productivity								
Net operating expenses	2	59,878	48,880	10,998	22.5	52,074	7,804	15.0
Net operating expenses to								
Net operating income		72.4%	76.9%	(4.5%)	(5.9)	70.9%	1.5%	2.1
Underlying op expenses to	2							
Net operating income		71.1%	76.3%	(5.2%)	(6.8)	69.7%	1.4%	2.0
Net operating expenses to								
Average assets	1	2.7%	2.9%	(0.2%)	(6.9)	2.7%	0.0%	0.0
Avg assets-incl Common fu	1	2.4%	2.5%	(0.1%)	(4.0)	2.3%	0.1%	4.3
Number of staff (Full-time equiv)		969	836	133.0	15.9	878	91.0	10.4
Personnel costs to Net	2							
operating income		31.1%	35.3%	(4.2%)	(11.9)	30.4%	0.7%	2.3
Bad and Doubtful Debts								
Bad debts expense	3	475	352	123	34.9	623	(148)	(23.8)
Prov'n doubtful debts expense		3,340	2,778	562	20.2	2,751	589	21.4
Provision d debts - specific		7,291	20,006	(12,715)	(63.6)	6,616	675	10.2
Provision d debts - general		12,272	12,274	(2)	0.0	9,454	2,818	29.8
Provision d debts - total		19,563	32,280	(12,717)	(39.4)	16,070	3,493	21.7
Provision d debts to Gross Loans		0.55%	1.16%	(0.61%)	(52.8)	0.48%	0.07%	13.4
General provision for doubtful debts								
(net of FITB) to Risk-weighted assets		0.46%	0.41%	0.05%	12.2	0.41%	0.05%	12.2
Asset Quality								
Non-accrual accounts-	4							
Full-performing		-	-	-	-	-	-	-
Part-performing		3,459	7,159	(3,700)	(51.7)	1,967	1,492	75.9
Non-performing		25,232	19,736	5,496	27.8	11,053	14,179	128.3
Total non-accrual assets		28,691	26,895	1,796	6.7	13,020	15,671	120.4
Assets acquired through enforcement		149	-	149	-	266	(117)	(44.0)
Restructured loans		3,301	3,378	(77)	(2.3)	3,374	(73)	(2.2)
Total Impaired assets		32,141	30,273	1,868	6.2	16,660	15,481	92.9
Less: Specific provisions		(6,368)	(19,822)	13,454	(67.9)	(5,960)	(408)	6.8
Net Impaired assets		25,773	10,451	15,322	146.6	10,700	15,073	140.9
Gross non-accrual to Gross Loans		0.81%	0.97%	(0.16%)	(16.5)	0.39%	0.42%	107.7
Gross impaired to Gross Loans		0.90%	1.09%	(0.19%)	(17.4)	0.50%	0.40%	80.0
Net Impaired to Gross Loans		0.72%	0.38%	0.34%	90.9	0.32%	0.40%	125.0
Past due 90 days								
Well secured - balance		10,783	13,978	(3,195)	(22.9)	10,744	39	0.4
Portfolio facilities - balance		750	569	181	31.8	639	111	17.4

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 1999

	Note	Dec-99	Dec-98	Increase/(Decrease)		Jun-99	Increase/(Decrease)	
				Value	%		Value	%
Assets and Capital								
Group assets		4,518,131	3,465,491	1,052,640	30.4	4,204,239	313,892	7.5
Capital adequacy								
Risk-weighted assets		2,663,168	1,911,225	751,943	39.3	2,289,101	374,067	16.3
Risk-weighted capital adequacy		10.09%	13.35%	(3.26%)	(24.4)	10.36%	(0.27%)	(2.6)
- Tier 1		8.72%	8.92%	(0.20%)	(2.2)	8.75%	(0.03%)	(0.3)
- Tier 2		1.37%	4.43%	(3.06%)	(69.1)	1.61%	(0.24%)	(14.9)
Net tangible assets per F/P share		\$2.96	\$2.83	\$0.13	4.6	\$2.85	\$0.11	3.9
Shareholders' funds		277,227	197,641	79,586	40.3	243,089	34,138	14.0
Dividends								
Dividend per share - cents		10.5	10.5	0.0	0.0	12.5	(2.0)	(16.0)
Dividend payable	6	7,811	5,844	1,967	33.7	8,480	(669)	(7.9)

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 1999

Notes: 1 Half-year results are annualised by multiplying numerator by 2.
June profit and loss figures and ratios are for the June half-year, balance sheet items are as at end of June

Equity for use in these ratios is Net assets (Shareholders' equity).

2 **Net Operating expenses** are Operating expenses less bad debts written off, net of bad debts recovered and transfer to provision for doubtful debts.

Underlying Operating expenses are Net Operating expenses less goodwill amortisation.

Personnel costs are Salaries & staff related costs less redundancy costs.

3 The balances of the components of **provision for doubtful debts** are:

	Dec-99	Jun-99	Movement
Specific provisions	7,291	6,616	675
General provision	12,272	9,454	2,818
Total balance in provisions for doubtful debts	<u>19,563</u>	<u>16,070</u>	<u>3,493</u>

The movement in provisions comprise:

	Specific	General	Total
Balance at June	6,616	9,454	16,070
Balances acquired - VSCL	552	448	1,000
Bad and doubtful debts expense to profit and loss	1,445	2,370	3,815
Bad debts written off	(1,322)	-	(1,322)
Balance at December	<u>7,291</u>	<u>12,272</u>	<u>19,563</u>

Total bad debts written off for the period, as shown above, comprises:

Bad debts previously provided for	847
Other Bad debts	475
	<u>1,322</u>

An additional \$2.37 million has been added to the general provision for doubtful debts in the period. This is to progress toward the APRA preferred level of 0.50% (net of FITB) of risk-weighted assets. General provision is now 0.46% of risk-weighted assets and it is planned to achieve the preferred level by June 30, 2000.

4 **Impaired assets dissection:**

	Dec-99	Jun-99	Movement
Loans acquired through mergers/acquisitions	4,796	4,828	(32)
Cassa	21,838	6,719	15,119
Other	5,507	5,113	394
Total Impaired Assets (gross balance)	<u>32,141</u>	<u>16,660</u>	<u>15,481</u>

5 **Deposits** are as follows:

	Dec-99	Jun-99	Movement
Retail	3,334,671	3,008,063	326,608
Wholesale - domestic	577,200	607,547	(30,347)
Wholesale - offshore	160,775	160,263	512
Total deposits	<u>4,072,646</u>	<u>3,775,873</u>	<u>296,773</u>

6 The **provision for dividend** excludes those shareholders who have elected to take bonus shares in lieu of dividends.

7 **Abnormal tax charge** for December 1999 is the effect of restating the balances of FITB and PFDT to reflect the future changes in the company tax rate from 36% to 34% and then to 30%.

Abnormal items in 1998/99 are as follows:	Before tax	Related tax	After tax
Dec-98 half year Sale of shares - Data Advantage	1,165	47	1,118
Jun-99 half year Change in tax accounting treatment of General provn for d debts and reduction in General provn	5,318	5,318	0

BENDIGO BANK
AVERAGE BALANCE SHEET AND RELATED INTEREST
for the six month period ended December 31, 1999

	Average Balance \$'000	Interest 6 mths \$'000	Average rate %
Average balances and rates ⁽¹⁾			
Interest earning assets			
Cash and liquid assets	85,593	586	1.37
Investment securities	565,882	15,170	5.36
Loans and other receivables	3,460,686	122,574	7.08
Deposit with Reserve Bank of Australia	4,721	(3)	(0.13)
	<u>4,116,882</u>	<u>138,327</u>	<u>6.72</u>
Non interest earning assets			
Property, plant & equipment	29,356		
Provisions for doubtful debts	(17,861)		
Other assets	135,759		
	<u>147,254</u>		
Total assets (average balance)	<u>4,264,136</u>		
Interest bearing liabilities and equity			
Deposits			
Retail	3,172,654	60,824	3.83
Wholesale - domestic	534,283	14,217	5.32
Wholesale - offshore	161,146	4,465	5.54
Other borrowings			
Subordinated debt	82,786	3,028	7.32
	<u>3,950,868</u>	<u>82,534</u>	<u>4.18</u>
Non interest bearing liabilities and equity			
Other liabilities	95,901		
Shareholders' equity	217,366		
	<u>313,267</u>		
Total liabilities and shareholders' equity	<u>4,264,136</u>		
Interest margin and interest spread			
Interest earning assets	4,116,882	138,327	6.72
Interest bearing liabilities	(3,950,868)	(82,534)	(4.18)
Net interest income and interest spread ⁽²⁾		<u>55,793</u>	<u>2.54</u>
Net interest margin ⁽³⁾			2.71

¹ Average balance is based on monthly closing balances from June 30, 1999 through December 31, 1999 inclusive

² Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

³ Interest margin is the net interest income as a percentage of average interest earning assets.

BENDIGO BANK
AVERAGE BALANCE SHEET AND RELATED INTEREST
for the 6 month period ended 30 June 1999

	Average Balance \$'000	Interest 6 mths \$'000	Average rate %
Average balances and rates ⁽¹⁾			
Interest earning assets			
Cash and liquid assets	76,629	722	1.88
Investment securities	485,133	12,853	5.30
Loans and other receivables	3,019,482	105,552	6.99
Deposit with Reserve Bank of Australia	31,522	(8)	(0.05)
	<u>3,612,766</u>	<u>119,119</u>	<u>6.59</u>
Non interest earning assets			
Property, plant & equipment	26,072		
Provisions for doubtful debts	(29,119)		
Other assets	116,982		
	<u>113,936</u>		
Total assets (average balance)	<u>3,726,702</u>		
Interest bearing liabilities and equity			
Deposits			
Retail	2,738,660	51,177	3.74
Wholesale - domestic	477,231	11,187	4.69
Wholesale - offshore	163,674	4,825	5.90
Other borrowings			
Subordinated debt	86,742	2,687	6.20
	<u>3,466,307</u>	<u>69,876</u>	<u>4.03</u>
Non interest bearing liabilities and equity			
Other liabilities	35,404		
Shareholders' equity	224,991		
	<u>260,395</u>		
Total liabilities and shareholders' equity	<u>3,726,702</u>		
Interest margin and interest spread			
Interest earning assets	3,612,766	119,119	6.59
Interest bearing liabilities	(3,466,307)	(69,876)	(4.03)
Net interest income and interest spread ⁽²⁾		49,243	2.56
Net interest margin ⁽³⁾			2.73

1 Average balance is based on monthly closing balances from December 31, 1998 through June 30, 1999 inclusive

2 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

3 Interest margin is the net interest income as a percentage of average interest earning assets.

BENDIGO BANK
AVERAGE BALANCE SHEET AND RELATED INTEREST
for the six month period ended December 31, 1998

	Average Balance \$'000	Interest 6 mths \$'000	Average rate %
Average balances and rates ⁽¹⁾			
Interest earning assets			
Cash and liquid assets	22,707	615	5.42
Investment securities	484,359	13,468	5.56
Loans and other receivables	2,651,199	96,982	7.32
Deposit with Reserve Bank of Australia	28,564	11	0.08
	<u>3,186,829</u>	<u>111,076</u>	<u>6.97</u>
Non interest earning assets			
Property, plant & equipment	27,657		
Provisions for doubtful debts	(31,015)		
Other assets	70,353		
	<u>66,995</u>		
Total assets (average balance)	<u>3,253,823</u>		
Interest bearing liabilities and equity			
Deposits			
Retail	2,332,255	46,369	3.98
Wholesale - domestic	446,274	11,624	5.21
Wholesale - offshore	176,469	4,535	5.14
Other borrowings			
Subordinated debt	101,546	4,599	9.06
	<u>3,056,545</u>	<u>67,127</u>	<u>4.39</u>
Non interest bearing liabilities and equity			
Other liabilities	35,061		
Shareholders' equity	162,218		
	<u>197,279</u>		
Total liabilities and shareholders' equity	<u>3,253,823</u>		
Interest margin and interest spread			
Interest earning assets	3,186,829	111,076	6.97
Interest bearing liabilities	(3,056,545)	(67,127)	(4.39)
Net interest income and interest spread ⁽²⁾		43,949	2.58
Net interest margin ⁽³⁾			2.76

1 Average balance is based on monthly closing balances from June 30, 1998 through December 31, 1998 inclusive

2 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

3 Interest margin is the net interest income as a percentage of average interest earning assets.