Bendigo Bank

ABN 11 068 049 178

Appendix 4D
Half Year Report

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Half Year Financial Report

For the period ending

31 December 2003

Released16 February 2004

This report comprises information given to the ASX under listing rule 4.2A

Information contained in this report should be read in conjunction with the June 2003 annual financial report.

CONTENTS

Information contained in this report should be read in conjunction with the June 2003 annual financial report.

1. Appendix 4D: Half Year Report

1.1 Company details and reporting period

Bendigo Bank Limited
ABN 11 068 049 178

Reporting period - six months ended:	31 December 2003
Previous corresponding period - six months ended:	31 December 2002

1.2 Results for announcement to the market

				$'000
Revenues from ordinary activities	up	16.3%	to	188,302
Profit (loss) from ordinary activities after tax attributable to members	up	36.2%	to	34,570
Net profit (loss) attributable to members	up	36.2%	to	34,570

Dividends	**Amount per security**	**Franked amount per security at 30%**
	Cents	Cents
Interim Dividend - 2004 payable 31 March 2004	17.0	17.0
Final Dividend - 2003 Paid 31 October 2003	20.0	20.0

1.3 Net tangible assets per security

Refer to page 20 of the attached December 2003 half-year profit announcement

1.4 Details of entities over which control has been gained or lost during the period

Nil.

1.5 Details of individual and total dividends

Refer to pages 9 and 21 of the attached December 2003 half-year profit announcement.

1.6 Details of any dividend or distribution reinvestment plans in operation

Refer to page 21 of the attached December 2003 half-year profit announcement.

1.7 Details of associates and joint venture entities

Refer to page 23 of the attached December 2003 half-year profit announcement.

1.8 Accounting standards used for foreign entities

Not applicable.

1.9 Dispute or qualifications if audited

This report is based on financial accounts that have been subject to an independent review by our external auditors. There is no dispute or qualification to the financial accounts.

1.10 Half-year financial statements

Refer to page 27 of the attached December 2003 half-year profit announcement.

2. Half Year Announcement

2.1 Media Release

2003/2004 interim profit announcement

16 February 2004: Bendigo Bank today announced a 2003/04 interim operating profit after income tax of $34.6 million, a 36 per cent increase on the corresponding period for the previous year.

Chairman Richard Guy said key performance ratios had also shown solid improvement. Earnings per share grew by 6.5 cents, or 32 per cent, to 26.8 cents, while return on equity increased to 11.9 per cent.

Directors declared an interim dividend of 17.0 cents per share, fully franked at 30 per cent, an increase of 3.5 cents on the previous interim dividend. The payout ratio was 62 per cent. The dividend is payable on 31 March on shares registered by 17 March.

"This is an excellent result in line with the growth and expansion of our business," Mr Guy said.

"It reaffirms a strong and consistent upward trend in the company's profitability and performance. The interim after-tax profit we announce today is triple that of just four years ago.

"Each reporting period since then has seen a substantial improvement in profitability. This illustrates that we are beginning to reap the rewards for a decade of a consistent strategy and commitment to build new collaborative commerce structures and progressively expand our distribution capacity.

"These investments are focused on improving outcomes for our customers, on broadening the number of communities we service, and on enhancing our capacity to help improve the prospects of many communities across the nation.

"That approach is now paying dividends for all stakeholders. Our communities are gaining renewed confidence and self-belief, they are rewarding our commitment to them by bringing their business to us, and the resulting strong growth in customer and business numbers is creating improved outcomes for Bendigo Bank shareholders.

"We see clear opportunities ahead to continue this progress so long as we maintain our focus. The new branches and businesses – including our joint ventures and alliances – we have established in recent years are maturing and increasing their contribution to the Group's performance, and the demand for the Bendigo style of banking remains strong across Australia.

"We will continue to make the investments needed to expand our distribution network and product capacity and we expect this will continue to fuel our growth and progress into the future."

Detailing the result, Group Managing Director Rob Hunt said retail deposits and lending were significant contributors to growth, both recording solid increases over the same period last year.

"We are yet to see any concrete evidence of a slowdown in our lending growth, and although we anticipate there will be some contraction in the housing market during 2004 we foresee a solid second half performance.

"We have placed the Bendigo brand on 140 new branches in the past three years and they are making an ever stronger contribution to lending growth as they mature. Also, we are less dependent on straight-out home loans, with 37 per cent of our loan balances now drawn for other purposes – mainly small business."

Lending quality remained excellent, with net impaired assets halving to $2.8 million, just 0.03 per cent of gross loan balances. The expense for bad and doubtful debts reduced by almost $1 million, to $6.4 million. "We have no immediate concerns about a deterioration in this position and we continue to build our general provision in line with the bank's growth," Mr Hunt said.

Total Group deposits increased by $1 billion, or 12 per cent, during the half, to $9.3 billion. Mr Hunt said retail funding continued to be a strong attribute of Bendigo, with retail deposits increasing by $774 million, or 10 per cent, to $8.4 billion. This comprised 90.7 per cent of total Group deposits.

Mr Hunt said that while the bank continued to invest in expansion, products and new businesses, it was growing income at a significantly faster rate than expenses. "Ours is an income generation strategy and we are growing income rapidly. I am confident we are on track to reach our target of a 65 per cent cost-to-income ratio by the 30 June 2005 balance date."

Looking ahead, Mr Hunt said the bank was in a strong position.

"As well as our core banking business, we are beginning to see good volumes and margin from our funds management and advice businesses, which we built from within. We are also pleased with the performance of our joint venture bank, Elders Rural Bank, which continues to improve its contribution.

"Our balance sheet is extremely strong and puts us in a sound position to capitalise on growth opportunities that might come our way.

"The many major investments we have made in recent years have already been expensed, which means we can continue to invest in positioning Bendigo as the partner of choice for communities which are looking for a banking provider which can offer much, much more than simply product or banking access.

"We continue to build a raft of interlocking solutions in finance, capital management, telecommunications, energy and e-commerce which we believe can provide our communities with competitive advantages in the new economy.

"As we do, the underlying performance prospects of the bank itself continue to improve markedly. At this point we are on track to achieve our aim of a 25 per cent increase in our full-year profit for 2003/04."

Highlights (July-Dec. 2003 compared with July-Dec. 2002)

Profit	Operating profit after income tax was $34.6 million, up 36% from $25.4 million
	Earnings per share 26.8 cents, compared with 20.3 cents (32% increase)
Lending	Total bank lending approvals were $3.1 billion, a 43% increase
	Gross loan balances grew by $803 million during the half, with a further $270 million in loans sold to off-balance sheet structures ($535 million for the full year)
Deposits	Total Group deposits grew by 12% during the half, to $9.3 billion, with retail deposits representing 90.7% of total deposits
Assets/capital	Group managed assets total $12.9 billion, an 8 per cent increase for the half
	Total risk-weighted capital adequacy ratio at 31 December 2003 was 10.26%
	Shareholder equity increased by 10% to $608 million
Dividends	Interim dividend is 17.0 cents per share, fully franked at 30 per cent (up by 26% from 13.5 cents interim 2003)
Bad debts	Net impaired assets declined by 52% to $2.8 million during the half, representing 0.03% of gross loans (December 2002 = 0.08%, June 2003 = 0.08%)
	General provisions were increased by $4.5 million and now total $48.3 million, or 0.79% of risk-weighted assets

2.2 Financial highlights

2.2.1 Profit

- Operating profit after income tax was $34.6 million, up 36% from $25.4 million profit after tax for the corresponding period in 2002.

- Earnings per share for the half-year was 26.8 cents, increasing by 6.5 cents over EPS for the corresponding period in 2002 (20.3 cents).

- Return on equity increased from 9.7% at December 2002 to 11.9%.

2.2.2 Lending

- Total Bank lending approvals were $3.1 billion, a 43% increase over the same period last year.

- Lending approvals secured by mortgage over residential property were $2.2 billion, 72% of total approvals.

2.2.3 Deposits and funds under management

- Total Group deposits increased by $1.0 billion, or 12%, to $9.3 billion during the half year (the calendar year increase was $1.8 billion, or 23%).

- Retail deposits increased by $774 million, or 10% during the half year representing 90.7% of total deposits (the calendar year increase was $1.4 billion, or 20%).

- Superannuation and managed funds controlled by Sandhurst Trustees Ltd grew $246 million to $2.0 billion during the half year (the calendar year increase was $424 million, or 27%).

2.2.4 Assets and Capital

- Group assets grew by $954 million in the half year to $10.2 billion, an increase of 10% (the calendar year increase was $1.9 billion, or 23%)

- The Bank securitised or sold $270 million of loans in the six month period ended 31 December 2003 (the calendar year value was $535 million). This factor decreased the balance sheet growth figures for these periods.

- Total risk weighted capital adequacy ratio at December 2003 is 10.26%.

- Equity increased by $55 million, or 10% in the half year to $608 million (the calendar year increase was $79 million, or 15%).

- During the half year 1,040,442 shares were issued under the Dividend Reinvestment Plan, 165,434 under the Bonus Share Scheme, 1,995,919 on conversion of Capital Notes, 1,770,605 under Dividend Underwriting and 1,417,476 under the Employee Share Ownership Plan, taking the total number of shares on issue to 133,873,500 at 31 December 2003.

- Total group managed assets increased by $1.0 billion, or 8% for the half year to total $12.9 billion (the calendar year increase was $2.1 billion, or 19%).

- Net tangible assets increase 7% from $3.80 per share to $4.05 per share in the half year (the calendar year increase was $0.42, or 12%).

2.2.5. Dividends

- 2003/04 interim dividend of 17.0 cents per fully paid share (an increase of 3.5 cents over the 2002/2003 interim dividend), fully franked at 30%.

- Dividend is payable on 31 March 2004 to registered shareholders at the close of trading on the Record Date, 17 March 2004.

- The total interim dividend proposed is $21.5 million.

2.2.6 Bad and doubtful debts

- Bad and doubtful debts expense for the half year was $6.4 million, which was $0.9 million less than the 2002 half year.

- Provisions for doubtful debts at December 2003 totalled $57.8 million, which represents 0.69% of gross loan balances (June 2003: 0.72%, December 2002: 0.72%).

- General provisions have been increased by $4.5 million in the half year and now total $48.3 million, or 0.79% of risk-weighted assets (June 2003: 0.79%, December 2002: 0.79%).

- Net impaired assets declined 52% to $2.8 million in the half year and represents 0.03% of gross loans (June 2003: 0.08%, December 2002: 0.08%).

- Provision coverage of impaired loans is now 468% (June 2003: 332%, December 2002: 320%).

2.3 Key Financial Information

Amounts shown in the Half Year Announcement have been rounded to the nearest $'000 unless otherwise stated.

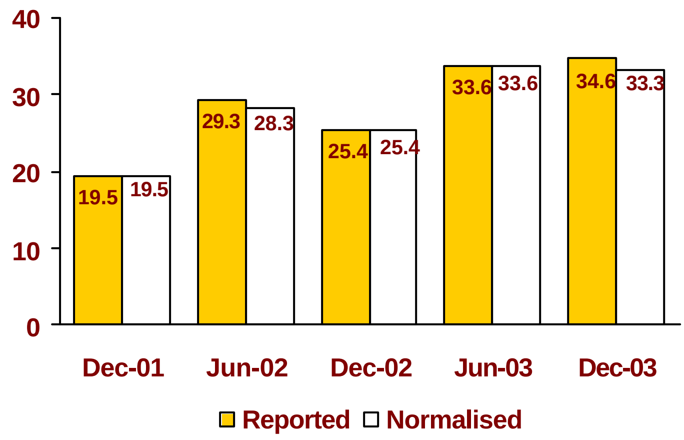
2.3.1 Profitability

	Dec-03	Jun-03	Increase/(Decrease) Value	Increase/(Decrease) %	Dec-02	Increase/(Decrease) Value	Increase/(Decrease) %
Profit before tax	50,986	51,451	(465)	(0.9)	37,832	13,154	34.8
Profit before tax and specific items	50,986	51,451	(465)	(0.9)	37,832	13,154	34.8
Profit after tax attributable to BBL	34,570	33,621	949	2.8	25,383	9,187	36.2
Earnings per ordinary share (weighted average)-cents	26.8	26.5	0.3	1.1	20.3	6.5	32.0
Diluted earnings per share (weighted average)-cents	26.8	26.5	0.3	1.1	20.3	6.5	32.0
After Tax Return on Average Equity (Dec 02 **restated)**	11.91%	12.44%	(0.53%)	(4.3)	9.73%	2.18%	22.4
After tax return on equity at period end	11.37%	12.17%	(0.80%)	(6.6)	9.60%	1.77%	18.4
After tax return on average assets	0.71%	0.77%	(0.06%)	(7.8)	0.62%	0.09%	14.5

December 2002 return on average equity has been restated using June 2002 equity figures, which exclude the provision for dividend. Commencing financial year ended 30 June 2003, dividends were not provided for in the financial statements, in accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets". The restatement is made to facilitate comparison with current and future ratios. The original return on average equity for December 2002 was 9.92%.

June profit and loss figures and ratios are for the June 2003 half-year; balance sheet items are as at end of June 2003. Half-year results are annualised by multiplying numerator by 2. Equity for use in these ratios is Net Assets.

Operating Profit after tax
$mil

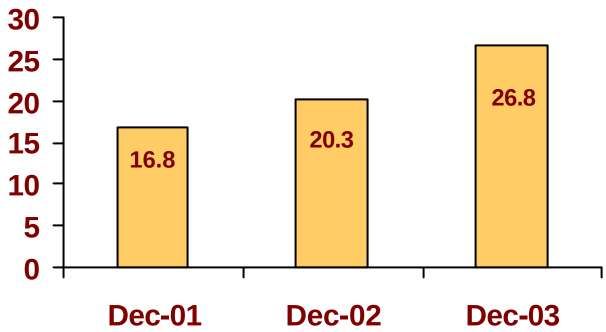


The reported profit for the six months ending 31 December 2003 of $34.57 million included two items of a non-recurring nature.

1. Recovery of overpayment of GST - $1.0 million after tax
2. Profit on sale of land and buildings - $0.3 million after tax.

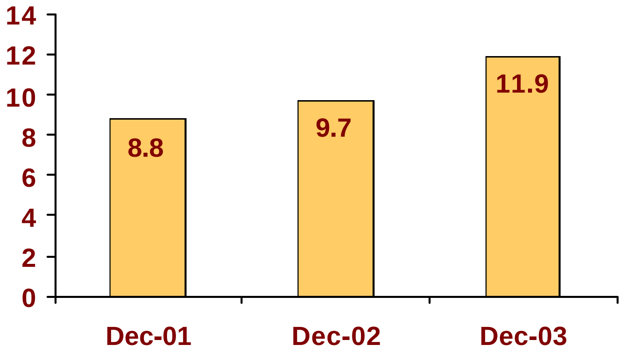
Allowing for these two items the normalised profit for the period is $33.3 million after income tax.

Earnings per share
cents



Earnings per share increased by 6.5 cents (32%) to 26.8 cents for the half year. The strong earnings per share growth enabled directors to lift the interim dividend to 3.5 cents to 17.0 cents per share. This represents a payout ratio of 62.2%.

Return on equity
%



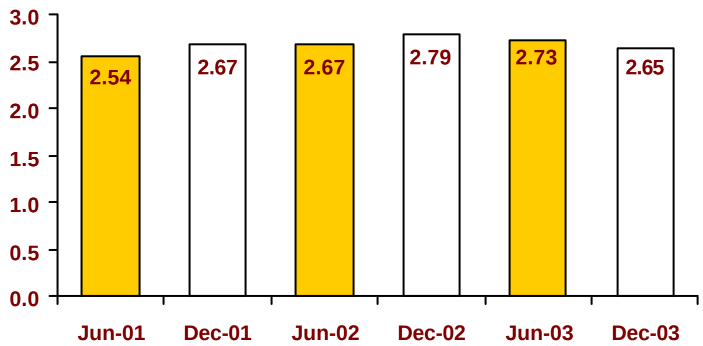
Return on equity increased to 11.9% from 9.7% in the previous corresponding period, representing a 22.4% increase. This exceeded our objective of a 1% per annum increase in this six months.

2.3.2 Income

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Net interest income	122,845	114,272	8,573	7.5	108,017	14,828	13.7
Other income comprising:							
Share of associates' profit	7,943	6,535	1,408	21.5	6,391	1,552	24.3
Fees - asset products	12,011	10,749	1,262	11.7	9,835	2,176	22.1
- liability prod & other	24,231	21,903	2,328	10.6	20,666	3,565	17.3
Comm - insurance	2,457	2,781	(324)	(11.7)	2,108	349	16.6
- other	12,011	10,062	1,949	19.4	10,020	1,991	19.9
Property revenue	527	685	(158)	(23.1)	591	(64)	(10.8)
Trustee, m'ment & other services	9,676	10,421	(745)	(7.1)	9,533	143	1.5
Dividend income	226	211	15	7.1	81	145	179.0
Other operating revenue	4,318	1,957	2,361	120.6	1,075	3,243	301.7
Other income - total	73,400	65,303	8,097	12.4	60,300	13,100	21.7
Net operating income	196,245	179,575	16,670	9.3	168,317	27,928	16.6

Net Interest income increased by 14% compared to previous corresponding period. This increase was primarily due to the increase in interest earning assets of $1.5 billion, or 20%.

Net Interest Margin
%



Although net interest margin declined 8 basis points, it remained a solid 2.65% over the reporting period. The chart indicates during the past three years, margin has been relatively stable in a competitive environment.

Share of associates' profit has increased by 24% due to the increased contribution from Elders Rural Bank and profit contributions from Tasmanian Banking Services.

Fees - asset products increased 22% predominantly due to increased loan application fees flowing from the growth in lending, together with increased loan documentation fees.

Commissions - other increased by 20% due to increased commissions from our Wealth Management division, including commissions from managed fund products and financial planning activities.

Other operating revenue included two items of a non-recurring nature. See comment under Profitability.

2.3.3 Lending

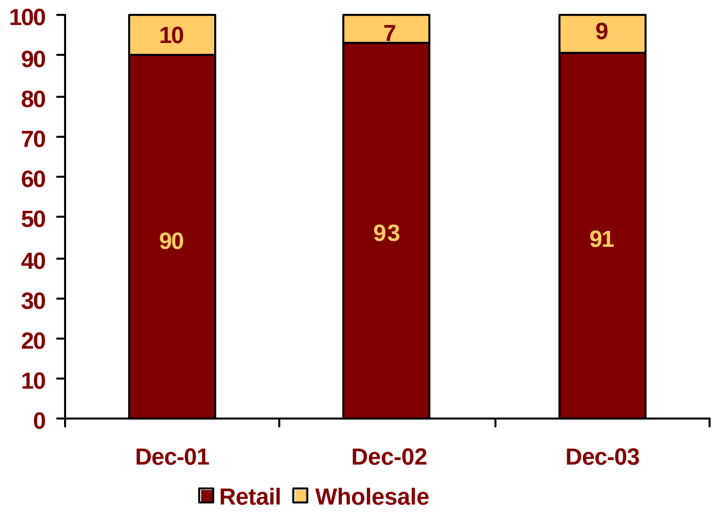
			Increase/(Decrease)			Increase/(Decrease)	
	Dec-03	**Jun-03**	**Value**	**%**	**Dec-02**	**Value**	**%**
Total Approvals - by security	3,098,181	2,649,260	448,921	16.9	2,173,502	924,679	42.5
Residential	2,219,248	1,888,114	331,134	17.5	1,510,730	708,518	46.9
Non-residential	878,933	761,146	117,787	15.5	662,772	216,161	32.6
Gross Loan balance - by security	8,387,140	7,583,898	803,242	10.6	6,886,319	1,500,821	21.8
Residential	6,308,403	5,602,565	705,838	12.6	5,057,732	1,250,671	24.7
Non-residential	2,078,737	1,981,333	97,404	4.9	1,828,587	250,150	13.7
Gross Loan balance - by purpose	8,387,140	7,583,898	803,242	10.6	6,886,319	1,500,821	21.8
Residential	5,271,393	4,692,859	578,534	12.3	4,324,083	947,310	21.9
Non-residential	3,115,747	2,891,039	224,708	7.8	2,562,236	553,511	21.6
Business Lending portfolio - by industry							
Property & business services	501,964	504,744	(2,780)	(0.6)	424,104	77,860	18.4
Retail trade	184,838	160,867	23,971	14.9	137,017	47,821	34.9
Agriculture, forestry & fishing	175,883	220,147	(44,264)	(20.1)	193,598	(17,715)	(9.2)
Construction	109,299	84,088	25,211	30.0	74,472	34,827	46.8
Accom, cafes & restaurants	78,995	71,463	7,532	10.5	63,986	15,009	23.5
Manufacturing	65,140	62,853	2,287	3.6	60,743	4,397	7.2
Transport & storage	53,079	47,023	6,056	12.9	34,156	18,923	55.4
Health & community service	49,341	48,093	1,248	2.6	39,221	10,120	25.8
Cultural & recreational services	38,330	32,362	5,968	18.4	29,760	8,570	28.8
Wholesale trade	33,119	32,777	342	1.0	27,115	6,004	22.1
Communication services	26,262	16,845	9,417	55.9	16,609	9,653	58.1
Personal & other services	23,124	24,064	(940)	(3.9)	17,781	5,343	30.0
Finance & insurance	19,774	20,210	(436)	(2.2)	19,531	243	1.2
Other	163,175	120,937	42,238	34.9	180,908	(17,733)	(9.8)
	1,522,323	1,446,473	75,850	5.2	1,319,001	203,322	15.4

2.3.4 Deposits and Funds Under Management

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Deposits	9,259,421	8,239,000	1,020,421	12.4	7,500,910	1,758,511	23.4
Managed funds-Trustee Coy	1,979,390	1,733,447	245,943	14.2	1,555,620	423,770	27.2

Deposits dissection:	**Dec-03**	**%**	**Jun-03**	**%**	**Movement**
Retail	8,395,985	90.7	7,621,953	92.5	774,032
Wholesale - domestic	505,134	5.5	258,685	3.2	246,449
Wholesale - offshore	358,302	3.8	358,362	4.3	(60)
Total deposits	9,259,421	100.0	8,239,000	100.0	1,020,421

Funding Mix
%



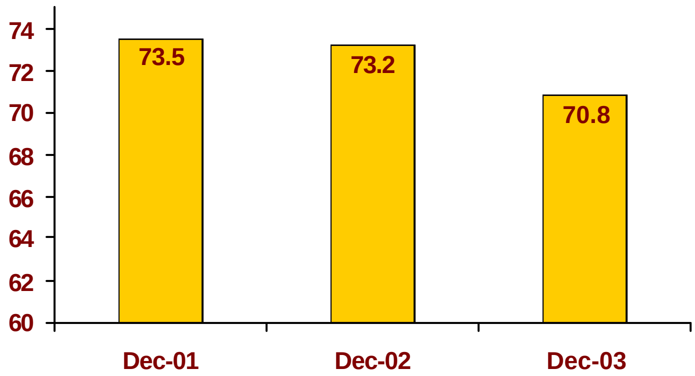
The bank continues solid growth in the retail deposits during the period, with retail deposits increasing by $774 million, substantially funding the achieved loan growth of $803 million.

2.3.5 Productivity and Expenses

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Net operating expenses	139,013	119,975	19,038	15.9	123,291	15,722	12.8
Borrowing costs	277	289	(12)	(4.2)	251	26	10.4
Staff and related costs	68,398	58,775	9,623	16.4	59,352	9,046	15.2
Occupancy costs	11,216	10,519	697	6.6	11,186	30	0.3
Information technology costs	12,215	10,607	1,608	15.2	10,856	1,359	12.5
Amortisation of goodwill	2,127	2,128	(1)	0.0	2,127	-	0.0
Property, plant and equip costs	7,129	5,905	1,224	20.7	4,211	2,918	69.3
Fees and commissions	6,863	5,346	1,517	28.4	5,565	1,298	23.3
Administration expenses	30,632	26,272	4,360	16.6	29,411	1,221	4.2
Other operating expenses	156	135	21	15.6	332	(176)	(53.0)
Net operating expenses to net operating income	70.8%	66.8%	4.0%	6.0	73.2%	(2.4%)	(3.3)
Underlying operating expenses to net operating income	69.8%	65.6%	4.2%	6.4	72.0%	(2.2%)	(3.1)
Net operating expenses to average assets	2.9%	2.7%	0.2%	7.4	3.0%	(0.1%)	(3.3)
Net operating expenses to average assets-incl managed funds	2.2%	2.1%	0.1%	4.8	2.3%	(0.1%)	(4.3)
Number of staff (full-time equivalent)	2,013	1,904	109	5.7	1,846	167	9.0
Staff & related costs to net operating income	34.8%	32.6%	2.2%	6.7	35.2%	(0.4%)	(1.1)

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 Amortisation of goodwill.

Efficiency Ratio - Operating Expenses/Total Income
%



Staff and related costs increased 15% compared to previous corresponding period. This increase came as a result of wage increases awarded under the group's certified agreement and other salary increases, together with an increase in full time equivalent staff numbers of 167. The majority of full time equivalent staff increases were in our retail division, reflecting the growth in business, the delivery network and business opportunities.

Information technology costs increased by 13% largely due to increased leasing costs of computer hardware and software maintenance. These increases reflect the ongoing upgrading and expansion of our IT resources to service the expanding network and delivery channels.

Property, plant and equipment costs have increased by 69% due to the inclusion of $1.4 million, being the book value of land and buildings sold during the period. December 2002 half year did not include similar figures.

Fees and commissions increased by 23% predominantly due to an increase in Community Bank branches' market development activities. This increase reflects the growth in business in Community Banks and the expansion of the Community Bank network.

2.3.6 Bad and Doubtful Debts

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Bad debts expense	554	249	305	122.5	401	153	38.2
Prov'n doubtful debts - expense	5,841	7,992	(2,151)	(26.9)	6,905	(1,064)	(15.4)
Prov'n doubtful debts - specific	9,515	10,763	(1,248)	(11.6)	10,097	(582)	(5.8)
Prov'n doubtful debts - general	48,294	43,762	4,532	10.4	39,623	8,671	21.9
Prov'n doubtful debts - total	57,809	54,525	3,284	6.0	49,720	8,089	16.3
Total provision for doubtful debts to gross loans	0.69%	0.72%	(0.03%)	(4.2)	0.72%	(0.03%)	(4.2)
General provision for doubtful debts to risk-weighted assets	0.79%	0.79%	0.00%	0.0	0.79%	0.00%	0.0

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

	Dec-03	Jun-03	Movement
Specific provisions	9,515	10,763	(1,248)
General provision	48,294	43,762	4,532
Total balance in provisions for doubtful debts	57,809	54,525	3,284

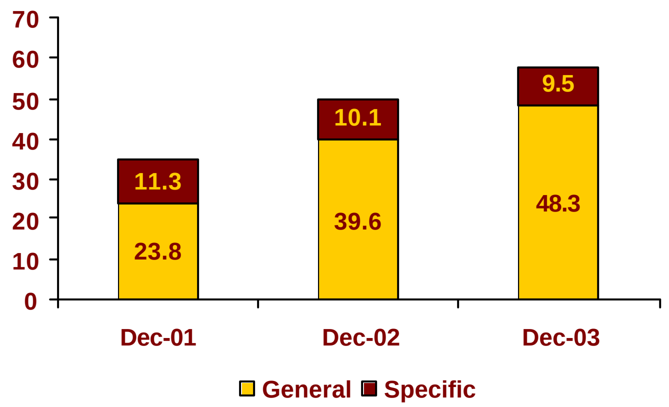
The movement in provisions comprise:

	Specific	General	Total
Balance at June	10,763	43,762	54,525
Bad and doubtful debts expense to profit and loss	1,863	4,532	6,395
Bad debts written off	(3,111)	-	(3,111)
Balance at December	9,515	48,294	57,809

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

Bad debts previously provided for	2,557
Other Bad debts	554
	3,111

Total Provisions for Doubtful Debts
$mil



2.3.7 Asset Quality

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Non-accrual accounts-							
Full-performing	-	282	(282)	(100.0)	580	(580)	(100.0)
Part-performing	3,083	3,242	(159)	(4.9)	2,762	321	11.6
Non-performing	9,279	12,921	(3,642)	(28.2)	12,203	(2,924)	(24.0)
Total non-accrual assets	12,362	16,445	(4,083)	(24.8)	15,545	(3,183)	(20.5)
Restructured loans	-	-	-	-	-	-	-
Total impaired assets	12,362	16,445	(4,083)	(24.8)	15,545	(3,183)	(20.5)
Less: Specific provisions	(9,590)	(10,647)	1,057	(9.9)	(9,755)	165	(1.7)
Net impaired assets	2,772	5,798	(3,026)	(52.2)	5,790	(3,018)	(52.1)
Gross non-accrual to gross loans	0.15%	0.22%	(0.07%)	(31.8)	0.23%	(0.08%)	(34.8)
Gross impaired to gross loans	0.15%	0.22%	(0.07%)	(31.8)	0.23%	(0.08%)	(34.8)
Net impaired to gross loans	0.03%	0.08%	(0.05%)	(62.5)	0.08%	(0.05%)	(62.5)
Provision coverage	468%	332%	136%	41.0	320%	148%	46.3

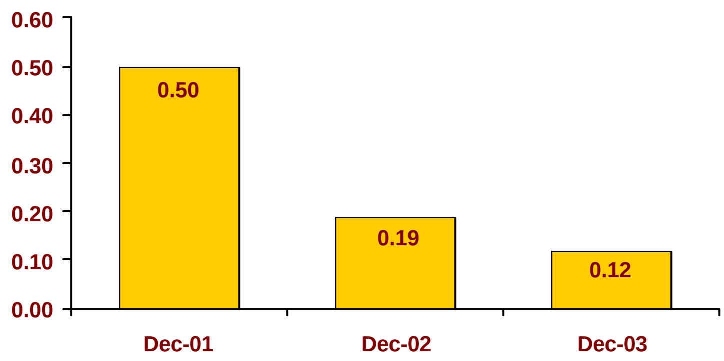
Provision coverage is Provisions for doubtful debts - total divided by Total impaired assets.

	Dec-03	Jun-03	Value	%	Dec-02	Value	%
Past due 90 days							
Well secured	47,668	47,231	437	0.9	15,378	32,290	210.0
Portfolio facilities (not well secured)	2,545	2,494	51	2.0	1,367	1,178	86.2

Impaired assets dissection:	Dec-03	Jun-03	Movement
Loans acquired through mergers/acquisitions	3,612	5,764	(2,152)
Bendigo Bank sourced/purchased loans	8,750	10,681	(1,931)
Total Impaired Assets (gross balance)	12,362	16,445	(4,083)

In March 2003, the bank implemented amended APRA rules covering the calculation of balances under Past Due 90 days - Well secured. Comparative data for December 2002 is not available and has been calculated under the previous rules.

Impaired Loans/Total Assets
%



2.3.8 Assets and capital

			Increase/(Decrease)			Increase/(Decrease)	
	Dec-03	**Jun-03**	**Value**	**%**	**Dec-02**	**Value**	**%**
Group assets	10,210,388	9,256,626	953,762	10.3	8,315,665	1,894,723	22.8
Capital adequacy							
Risk-weighted assets	6,088,297	5,553,707	534,590	9.6	4,987,464	1,100,833	22.1
Risk-weighted capital adequacy	10.26%	10.58%	(0.32%)	(3.0)	10.65%	(0.39%)	(3.7)
- Tier 1	8.30%	8.12%	0.18%	2.2	8.58%	(0.28%)	(3.3)
- Tier 2	1.96%	2.46%	(0.50%)	(20.3)	2.07%	(0.11%)	(5.3)
Net tangible assets per fully paid share	$4.05	$3.80	$0.25	6.6	$3.63	$0.42	11.6
Equity	608,082	552,710	55,372	10.0	528,596	79,486	15.0
Assets under management							
Off-balance sheet loans	1,364,248	1,433,118	(68,870)	(4.8)	1,404,307	(40,059)	(2.9)
Sandhurst Trustee Company	1,313,681	1,195,252	118,429	9.9	1,104,120	209,561	19.0
Total Group assets under management	2,677,929	2,628,370	49,559	1.9	2,508,427	169,502	6.8
Total Group managed assets	12,888,317	11,884,996	1,003,321	8.4	10,824,092	2,064,225	19.1

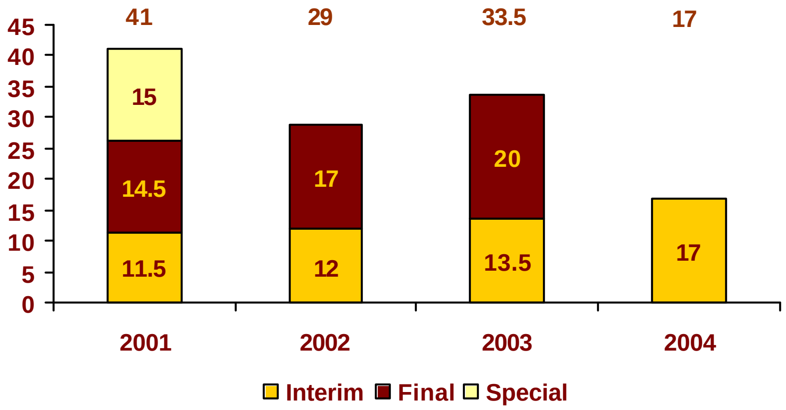
Bendigo maintained solid growth during the reporting period with total assets rising by 10.3% during the period and assets under management increasing 8.4% to $12.9 billion as at 31 December 2003.

Risk weighted assets increased by 9.6% and the group's capital base was up by 10% to $608 million during the reporting period. The group continues to be strongly capitalised with tier one ratio increasing from 8.12% to 8.30% during the period.

2.3.9 Dividends

	Dec-03	Jun-03	Increase/(Decrease) Value	%	Dec-02	Increase/(Decrease) Value	%
Dividend per share - cents	17.0	20.0	(3.0)	(15.0)	13.5	3.5	25.9
Dividend payable	21,518	24,340	(2,822)	(11.6)	16,103	5,415	33.6

Total Dividends paid
cents



Our ability to continue fully franked dividends in the near term remains strong, with our adjusted franking account balance standing at $37.8 million after allowing for the interim 2004 dividend.

The dividend pay-out ratio for the half year is 62.2%.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the average closing price of Bendigo Bank shares traded on the Australian Stock Exchange over the five trading days up to and including the Record Date less a discount of 2.5%. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the average closing price of Bendigo Bank shares traded on the Australian Stock Exchange over the five trading days up to and including the Record Date less a discount of 2.5%. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2004 interim dividend is 17 March 2004.

2.3.10 Retained profits

	Dec-03	Dec-02
Retained profits at beginning of financial year	85,613	28,295
Net profit attributable to members of Bendigo Bank Limited	34,570	25,383
Total available for appropriation	120,183	53,678
Transfer (to)/from reserves	-	278
Final dividend paid (2002: Adjustment to final dividend)	(24,340)	(20)
Retained profits at 31 December	**95,843**	**53,936**

The balance of provision for dividend in the Statement of Financial Position represents the balance of residues held for those shareholders participating in the dividend reinvestment plan.

The dividend paid value excludes those shareholders that have elected to take bonus shares in lieu of dividends.

2.4 Additional notes

2.4.1 Investments accounted for using the equity method

Name	Ownership interest held by consolidated entity 2003 %	2002 %	Balance date
Elders Rural Bank Ltd	50	50	31 December
Tasmanian Banking Services Ltd	50	50	31 December
Community Sector Enterprises Pty Ltd	50	50	31 December

(i) Principal activities of associated companies
Elders Rural Bank Ltd - bank
Tasmanian Banking Services Ltd - financial services
Community Sector Enterprises Pty Ltd - financial services

	December 2003	December 2002
(ii) Share of associates' profits		
Share of associates':		
operating profits before income tax	7,943	6,391
income tax expense attributable to operating profits	(2,408)	(2,066)
operating profits after income tax	5,535	4,325
Share of associates' operating profits after income tax:		
Elders Rural Bank Ltd	5,505	4,706
Tasmanian Banking Services Ltd	120	(210)
Community Sector Enterprises Pty Ltd	(90)	(171)
	5,535	4,325

Elders Rural Bank Ltd reported results for the 6 months to December 2003 on 5 February 2004. Its after-tax profit of $11.0 million represented an increase of 17% when compared with the same period last year and demonstrates that Elders Rural Bank's commitment to rural Australia is paying off, with strong growth in its customer base contributing to a strong profit result. Bendigo Bank retains a 50% interest in this entity.

Tasmanian Banking Services Ltd is a joint venture between Bendigo Bank and Tasmanian Perpetual Trustees providing banking services in Tasmania. Launched in November 2000, there are now six offices holding in excess of $300 million in banking business and the company is consistently recording monthly operating surpluses.

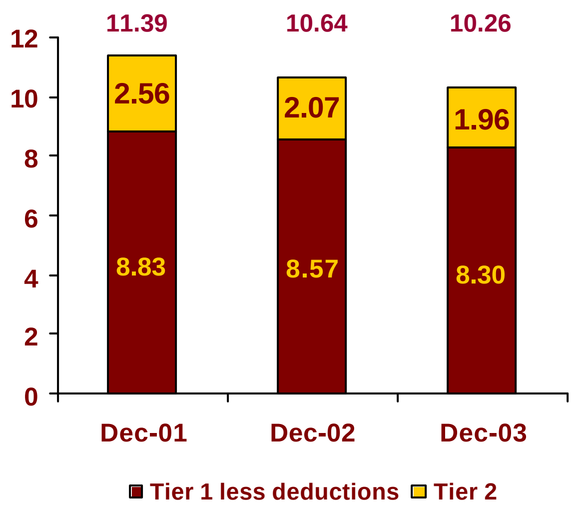
Community Sector Enterprises Pty Ltd was launched in July 2002. Community Sector Enterprises is a joint venture between the Bank and 19 not-for-profit sector bodies. Based on the Community Bank model, it delivers banking services to the not-for-profit sector in return for a share of the margin and fee income. This improves the return on capital for the sector, enhancing its ability to deliver services to the community. In line with Bendigo's strategy to bank discrete communities, it provides the Bank with a distribution channel providing access to a geographically diverse community of interest.

2.4.2 Capital Adequacy

The Australian Prudential Regulation Authority (APRA) guidelines require capital to be allocated against credit and market risks. Banks must maintain a ratio of qualifying capital (comprising Tier 1 and Tier 2 capital), to risk weighted assets and off-balance sheet exposures determined on a risk weighted basis, of which at least half must be Tier 1 capital. The Bank adopted the 'standard model' approach prescribed by APRA to measure market risk. The resultant capital after applying a numeric conversion factor forms part of risk-weighted assets.

	December 2003 $'000	June 2003 $'000
Risk weighted capital ratios		
Tier 1	8.30%	8.12%
Tier 2	1.96%	2.46%
Total capital ratio	10.26%	10.58%
Qualifying Capital		
Tier 1		
Contributed capital	508,769	463,580
Retained profits & reserves	78,823	69,469
Less,		
Intangible assets	(65,800)	(67,927)
Net future income tax benefit	(7,451)	(8,043)
Other adjustments as per APRA advice	(9,267)	(6,358)
Total Tier 1 capital	505,074	450,721
Tier 2		
General provision for doubtful debts	33,806	30,634
Unsecured subordinated perpetual convertible capital notes	7,166	15,350
Subordinated capital notes	179,107	189,315
Asset revaluation reserve	2,823	2,824
	222,902	238,123
Less,		
Subsidiary investment residual	(8,715)	(8,564)
Total Tier 2 capital	214,187	229,559
Less,		
Investments in non-consolidated subsidiaries or associates and other banks' capital instruments	(94,428)	(92,607)
Total qualifying capital	624,833	587,673
Risk Weighted Assets	**6,088,296**	**5,553,707**

Capital adequacy
%



2.4.3 Credit Ratings

	Short Term	Long Term	Outlook
Standard & Poor's	A2	BBB	Stable
Fitch Ratings	F2	BBB+	Stable

as at February 2004

On 2 February 2004, Fitch Ratings, the international ratings agency, announced an upgrade of Bendigo Bank's long term rating to BBB+ from BBB.

Fitch cited "Bendigo's strong commitment to relationship banking as providing a solid platform for growth, improved financial performance and maintenance of capital ratios as positive developments enhancing the bank's credit worthiness."

2.4.4 Contributed Equity

Changes to issued and quoted securities during the period

Ordinary shares	**$000's**
127,483,624 fully paid ordinary shares at beginning of year	463,580
August 2003 - 1,317,476 shares issued at $8.94 under Employee Share Ownership Plan	11,778
October 2003 - 2,811,047 shares issued at $8.66 under Dividend Reinvestment Plan	24,344
October 2003 - 165,434 shares issued at $8.66 under Bonus Share Scheme (in lieu of dividend payment)	-
November 2003 - 100,000 shares issued at $8.83 under Employee Share Ownership Plan	883
November 2003 - 1,995,919 shares issued at $4.10 on conversion of capital notes	8,184
133,873,500 fully paid ordinary shares at December 2003	508,769

Capital Notes	
8% unsecured subordinated perpetual convertible capital notes at $4.10 fully paid. 3,743,786 notes on issue at beginning of year	15,350
1,995,919 notes converted November 2003	(8,184)
1,747,867 notes on issue at December 2003	7,166

Bendigo Bank

ABN 11 068 049 178

Half Year Financial Report

For the period ending

31 December 2003

Information contained in this report should be read in conjunction with the June 2003 annual financial report.

3. Statutory half-year financial report

3.1 Directors' Report

Your Directors submit their report for the half-year ended 31 December 2003.

3.1.1 Directors

The names of the directors of the Board of Bendigo Bank who have held office during the half-year and up to the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Richard A. Guy OAM	Chairman	B.Appl.Sc, M.Sc.(London)
Robert N. Johanson	Deputy Chairman	B.A.,LL.M.,M.B.A.(Harvard)
Robert G. Hunt AM	Managing Director	FAICD
Neal J. Axelby		ACIS, Dip. CM, FAICD, AIMM, AIFS
Jennifer L. Dawson		B.Bus.(Acc), C.A., MAICD
Donald J. Erskine		
Terence J. O'Dwyer		B.Com,Dip.Adv.Acc.,FCA,FAICD
Kevin E. Roache		LL.B,B.Com., A.S.C.P.A.

3.1.2 Review of operations

The Group recorded strong growth in revenues and profits during the half year with all major divisions improving their overall contribution to the result.

Profit after tax increased by 36% to $34.6 million when compared to the half-year ended 31 December 2002.

Profit before tax increased by 35% to $51.0 million.

Group assets increased 10%, or $1.0 billion in the half-year. Group assets at 31 December 2003 were $10.2 billion.

Total capital decreased during the half from 10.58% to 10.26% and remains comfortably above the required level. Tier one capital increased during the half year from 8.12% to 8.30% with Tier two capital declining from 2.46% to 1.96%.

A final dividend of 20.0 cents per share, fully franked at 30%, was paid on 31 October 2003 in respect of the year ended 30 June 2003. An interim dividend of 17.0 cents per share (up from 13.5 cents - Interim 2003), fully franked at 30%, will be payable on 31 March 2004.

3.1.3 Significant changes in the state of affairs

The following significant change in the state of affairs of the chief entity occurred during the half-year.

a) During the period 1,995,919 capital notes were converted to ordinary shares, increasing share capital by $8.18 million.

b) In October 2003, 1,040,442 shares were allotted at an issue price of $8.66 to those shareholders participating in the Dividend Reinvestment Plan, increasing share capital by $9.01 million.

c) The October 2003 Dividend Reinvestment Plan was underwritten, resulting in the issue of 1,770,605 shares at a price of $8.66, increasing share capital by $15.33 million.

d) Two issues of shares were made under the Employee Share Ownership Plan during the period. A total of 1,317,476 shares were issued at a price of $8.94 to staff in August 2003 and, following approval at the Annual General Meeting in October 2003, 100,000 shares at a price of $8.83 were issued to the Managing Director. These issues increased share capital by $12.66 million.

In the opinion of the directors, there were no other significant changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report or the financial statements.

3.1.4 After balance date events

No matters or circumstances have arisen since the end of the half-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 periods.

3.1.5 Rounding of amounts

The amounts contained in this report have been rounded off to the nearest $'000, under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Board of Directors.

J. L. Dawson, Director
Bendigo
16 February 2004

3.2 Condensed statement of financial performance
For the half-year ended 31 December 2003

		Consolidated	
		2003	**2002**
Revenue from ordinary activities		**$'000**	**$'000**
Net interest revenue			
Interest income		284,559	243,970
Interest expense		161,714	135,953
Net interest income		122,845	108,017
Other revenue from ordinary activities			
Fees	- asset products	12,011	9,835
	- liability products and electronic delivery	24,231	20,666
Commissions	- insurance	2,457	2,108
	- other	12,011	10,020
Property revenue		527	591
Trustee, management & other services		9,676	9,533
Dividend income		226	81
Other operating revenue		4,318	1,075
Total other revenue from ordinary activities		65,457	53,909
Share of associates' net profits (losses) accounted for using the equity method		7,943	6,391
Total revenue after interest expense		196,245	168,317
Expenses from ordinary activities			
Bad and doubtful debts		6,246	7,194
Other expenses from ordinary activities			
Borrowing costs		277	251
Staff and related costs		68,398	59,352
Occupancy costs		11,216	11,186
Information technology costs		12,215	10,856
Amortisation of goodwill		2,127	2,127
Property, plant and equipment costs		7,129	4,211
Fees and commissions		6,863	5,565
Administration expenses		30,632	29,411
Other operating expenses		156	332
Total expenses from other ordinary activities		139,013	123,291
Profit from ordinary activities before income tax expense		50,986	37,832
Income tax expense relating to ordinary activities		(16,463)	(12,475)
Net profit		34,523	25,357
Net loss attributable to outside equity interest		47	26
Net profit attributable to members of Bendigo Bank Limited		34,570	25,383
Transfer (to)/from reserves		-	278
Total revenues, expenses and valuation adjustments attributable to members of Bendigo Bank Limited and recognised directly in equity		-	278
Total changes in Equity other than those resulting from transactions with owners as owners attributable to members of Bendigo Bank Limited		34,570	25,661
Basic earnings per share (cents per share)		26.8¢	20.3¢
Diluted earnings per share (cents per share)		26.8¢	20.3¢
Franked dividends per share (cents per share)		17.0¢	13.5¢

3.3 Condensed statement of financial position
For the half-year ended 31 December 2003

	Consolidated		
	As at 31-Dec-03 $'000	**As at 30-Jun-03 $'000**	**As at 31-Dec-02 $'000**
Assets			
Cash and liquid assets	193,284	107,221	107,923
Due from other financial institutions	56,752	181,228	55,545
Investment securities	1,280,897	1,130,002	998,714
Loans and other receivables	8,300,826	7,504,016	6,813,661
Shares - other	28,071	23,307	23,087
Investments accounted for using the equity method	95,245	88,707	78,373
Property, plant & equipment	56,083	53,519	51,189
Deferred tax assets	28,295	27,172	24,490
Intangibles	65,800	67,927	70,054
Other assets	105,135	73,527	92,629
Total Assets	10,210,388	9,256,626	8,315,665
Liabilities			
Due to other financial institutions	55,739	129,095	52,595
Deposits	9,259,421	8,239,000	7,500,910
Payables	64,603	93,416	45,878
Current tax liabilities	4,798	8,508	3,372
Provision - dividend	80	73	69
Other provisions	25,227	23,448	20,817
Subordinated debt	186,274	204,665	159,343
Deferred tax liabilities	6,164	5,711	4,085
Total Liabilities	9,602,306	8,703,916	7,787,069
Net Assets	608,082	552,710	528,596
Equity			
Parent entity interest			
Contributed capital	508,769	463,580	457,008
Reserves	3,318	3,318	17,755
Retained profits	95,843	85,614	53,936
Total parent entity interest in equity	607,930	552,512	528,699
Total outside equity interest	152	198	(103)
Total Equity	608,082	552,710	528,596

3.4 Condensed statement of cash flows
For the half-year ended 31 December 2003

	Consolidated	
	2003	**2002**
	$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	285,810	245,096
Borrowing costs paid	(163,177)	(135,999)
Receipts from customers (excluding interest)	63,399	53,024
Payments to suppliers	(187,816)	(130,342)
Dividends received	5,023	3,658
Income taxes paid	(18,434)	(13,523)
Net cash flows from operating activities	(15,195)	21,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows for purchases of property, plant and equipment	(10,875)	(7,896)
Cash proceeds from sale of property, plant and equipment	2,400	509
Cash paid for purchases of equity investments	(10,573)	(21,097)
Net increase in balance of loans outstanding	(786,208)	(607,192)
Net increase of investment securities	(150,895)	86,547
Net cash flows used in investing activities	(956,151)	(549,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for buy back of shares	-	-
Proceeds from shares issued	15,333	-
Net increase in balance of retail deposits	1,013,921	621,439
Net increase/(decrease) in balance of wholesale deposits	2,966	(113,160)
Net increase in balance of subordinated debt	(10,607)	177
Dividends paid	(15,324)	(13,020)
Net cash flows from financing activities	1,006,289	495,436
Net increase/(decrease) in cash held	34,943	(31,779)
Cash at the beginning of the financial year	159,354	142,651
Less cash at the end of the half year	194,297	110,872
	34,943	(31,779)

NOTES TO THE CONDENSED STATEMENT OF CASH FLOWS

(a) Cash flows presented on a net basis
Cash flows arising from the following activities are presented on a net basis in the statement of cash flows.

- Net (increase) decrease in balance of loans outstanding
- Net decrease (increase) of investment securities
- Net increase (decrease) in balance of retail deposits
- Net increase (decrease) in balance of wholesale deposits
- Net increase (decrease) in balance of subordinated debt
- Proceeds from share issues is net of capital raising costs

(b) Reconciliation of cash
For the purposes of the statement of cash flows, cash includes:

	2003	2002
Cash and liquid assets	193,284	107,923
Due from other financial institutions	56,752	55,545
Due to other financial institutions	(55,739)	(52,595)
Other (rounding)	-	(1)
	194,297	110,872

Cash and liquid assets are items readily convertible into cash and generally repayable on demand
Amounts due to and from other financial institutions relate to inter-bank settlement processes and are generally repaid within 2 working days.

3.5 Notes to and forming part of the financial statements

3.5.1 Statement of significant accounting policies

a) Basis of preparation of the interim financial report

The half-year financial report is a general purpose financial report which has been prepared in accordance with the Banking Act, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), Corporations Act 2001 and the requirements of law so far as they are applicable to Australian banking corporations.

The half-year financial report has been prepared in accordance with the historical cost convention, except for freehold land and buildings on freehold land, which are measured at their fair value.

The half-year financial report does not include notes of the type normally included in an annual financial report and therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and finance and investing activities of the consolidated entity as would a full financial report.

It is recommended that the half-year report is read in conjunction with the annual Financial Report of Bendigo Bank Limited as at 30 June 2003, together with any public announcements made by Bendigo Bank Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2003.

3.5.2 Adoption of AASB equivalent to IASB Accounting Standards

The Australian Accounting Standards Board (AASB) is implementing the Financial Reporting Council's policy of adopting the Standards of the International Accounting Standards Board (IASB), which will apply to the group's reporting periods from 1 July 2005.

Adoption of IASB Standards in 2005 is expected to have significant impacts on the accounting policies of Australian reporting entities and their reported financial position and financial performance.

Bendigo Bank commenced a project in December 2002 to assess the implications of the adoption of IASB Standards for accounting policies, reported performance and position of the group. As part of this project, Bendigo Bank has formed an IAS Conversion Team (ICT) to undertake assessment of impacts, implementation of necessary changes to accounting policies, modifications to accounting systems and communication to stakeholders.

Key areas of the bank's reported performance and position that are likely to be affected by the adoption of IASB Standards are:

> Goodwill - introduction of new impairment testing methodology and cessation of amortisation;
>
> Provisions for doubtful debts - use of discounting techniques for impairment testing. Possible change to recognition method for increases/decreases in general provision;
>
> Financial assets and liabilities - changes to classification of financial assets and liabilities to determine measurement methodology and disclosure requirements;
>
> Securitised and sold assets - potential on-balance sheet recognition of previously sold or securitised assets;

however, as many AASB equivalent standards are yet to be finalised and released it is not possible to quantify the final impact of these changes on the group at this time.

Bendigo Bank will continue to place a high priority on this project and will include reference to the impacts in future reporting.

3.5.3 Retained profits

	Consolidated	
	2003 **$'000**	**2002** **$'000**
Profit from ordinary activities after income tax expense attributable to members of Bendigo Bank Limited	34,570	25,383
Retained profits at beginning of the financial year	85,613	28,295
Total available for appropriation	120,183	53,678
Dividend paid - Final 2003 (2002: adjustment to provision)	(24,340)	(20)
Aggregate of amounts transferred (to)/from reserves	-	278
Retained profits at the end of the half-year	95,843	53,936

3.5.4 Dividends paid or provided for on ordinary shares

	Consolidated	
	2003 **$'000**	**2002** **$'000**
Dividends paid during the half-year: *Final dividend 2003 - 20.0 cents (Final dividend 2002 - 17.0 cents)*	24,340	20,004
Dividends proposed since the reporting date, but not recognised as a liability: *Interim dividend 2004 - 17.0 cents (Interim dividend 2003 - 13.5 cents)*	21,518	16,103

3.5.5 Average balance sheets and related interest

For the 6 month period ended 31 December 2003	**Note**	**Average Balance $'000**	**Interest 6 mths $'000**	**Average rate %**
Average balances and rates	1			
Interest earning assets				
Cash and liquid assets		123,444	434	0.70
Investment securities		1,181,069	30,186	5.11
Loans and other receivables		7,978,514	253,939	6.37
		9,283,027	284,559	6.13
Non interest earning assets				
Property, plant & equipment		54,886		
Provisions for doubtful debts		(56,556)		
Other assets		282,165		
		280,495		
Total assets (average balance)		9,563,522		
Interest bearing liabilities and equity				
Deposits				
Retail		7,948,221	136,692	3.44
Wholesale - domestic		350,421	8,679	4.95
Wholesale - offshore		359,018	9,850	5.49
Other borrowings				
Subordinated debt		197,972	6,493	6.56
		8,855,632	161,714	3.65
Non interest bearing liabilities and equity				
Other liabilities		134,239		
Equity		573,651		
		707,890		
Total liabilities and equity		9,563,522		
Interest margin and interest spread				
Interest earning assets		9,283,027	284,559	6.13
Interest bearing liabilities		(8,855,632)	(161,714)	(3.65)
Net interest income and interest spread	2		122,845	2.48
Net interest margin	3			2.65

1 Average balance is based on monthly closing balances from 30 June 2003 through 31 December 2003 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.

For the 6 month period ended 30 June 2003	Note	Average Balance $'000	Interest 6 mths $'000	Average rate %
Average balances and rates	1			
Interest earning assets				
Cash and liquid assets		109,922	544	0.99
Investment securities		1,052,083	26,566	5.05
Loans and other receivables		7,211,572	229,554	6.37
		8,373,577	256,664	6.13
Non interest earning assets				
Property, plant & equipment		51,341		
Provisions for doubtful debts		(52,369)		
Other assets		256,126		
		255,098		
Total assets (average balance)		8,628,675		
Interest bearing liabilities and equity				
Deposits				
Retail		7,241,209	120,945	3.34
Wholesale - domestic		244,938	6,426	5.25
Wholesale - offshore		360,367	9,476	5.26
Other borrowings				
Subordinated debt		173,121	5,545	6.41
		8,019,635	142,392	3.55
Non interest bearing liabilities and equity				
Other liabilities		83,989		
Equity		525,051		
		609,040		
Total liabilities and equity		8,628,675		
Interest margin and interest spread				
Interest earning assets		8,373,577	256,664	6.13
Interest bearing liabilities		(8,019,635)	(142,392)	(3.55)
Net interest income and interest spread	2		114,272	2.58
Net interest margin	3			2.73

1 *Average balance is based on monthly closing balances from 31 December 2002 through 30 June 2003 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.*

For the 6 month period ended 31 December 2002	**Note**	**Average Balance $'000**	**Interest 6 mths $'000**	**Average rate %**
Average balances and rates	1			
Interest earning assets				
Cash and liquid assets		121,872	619	1.02
Investment securities		1,060,485	27,695	5.22
Loans and other receivables		6,566,982	215,656	6.57
		7,749,339	243,970	6.30
Non interest earning assets				
Property, plant & equipment		50,793		
Provisions for doubtful debts		(47,858)		
Other assets		265,373		
		268,308		
Total assets (average balance)		8,017,647		
Interest bearing liabilities and equity				
Deposits				
Retail		6,698,471	115,997	3.46
Wholesale - domestic		196,099	4,480	4.57
Wholesale - offshore		347,945	10,223	5.88
Other borrowings				
Subordinated debt		156,294	5,253	6.72
		7,398,809	135,953	3.68
Non interest bearing liabilities and equity				
Other liabilities		108,635		
Equity		510,203		
		618,838		
Total liabilities and equity		8,017,647		
Interest margin and interest spread				
Interest earning assets		7,749,339	243,970	6.30
Interest bearing liabilities		(7,398,809)	(135,953)	(3.68)
Net interest income and interest spread	2		108,017	2.62
Net interest margin	3			2.79

1 *Average balance is based on monthly closing balances from 30 June 2002 through 31 December 2002 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.*

3.5.6 Segment reporting

(a) Business segments

	2003 $'000 External	2003 $'000 Inter-segment	2003 $'000 Total	2002 $'000 External	2002 $'000 Inter-segment	2002 $'000 Total
Revenue						
Interest revenue						
Banking	276,260	75	276,335	241,062	507	241,569
Trustee company	154	-	154	146	-	146
Financial services	8,145	115	8,260	2,762	8	2,770
Eliminations	-	(190)	(190)	-	(515)	(515)
	284,559	-	284,559	243,970	-	243,970
Other revenue						
Banking	44,220	5,713	49,933	36,558	3,106	39,664
Trustee company	11,983	629	12,612	8,881	1,062	9,943
Financial services	9,254	1,343	10,597	8,470	1,626	10,096
Eliminations	-	(7,685)	(7,685)	-	(5,794)	(5,794)
	65,457	-	65,457	53,909	-	53,909
Share of net profit of equity accounted investments						
Banking	7,943	-	7,943	6,391	-	6,391
Trustee company	-	-	-	-	-	-
Financial services	-	-	-	-	-	-
Eliminations	-	-	-	-	-	-
	7,943	-	7,943	6,391	-	6,391
Total segment revenue						
Banking	328,423	5,788	334,211	284,011	3,613	287,624
Trustee company	12,137	629	12,766	9,027	1,062	10,089
Financial services	17,399	1,458	18,857	11,232	1,634	12,866
Eliminations	-	(7,875)	(7,875)	-	(6,309)	(6,309)
Total consolidated revenue	357,959	-	357,959	304,270	-	304,270
Results						
Segment result						
Banking			48,276			36,150
Trustee company			6,886			3,662
Financial services			1,123			756
Eliminations			(5,299)			(2,736)
Consolidated entity profit from ordinary activities before income tax expense			50,986			37,832
Income tax expense			(16,463)			(12,475)
Consolidated entity profit from ordinary activities after income tax expense			34,523			25,357
Assets						
Segment assets						
Banking			10,071,658			8,239,830
Trustee company			22,984			23,420
Financial services			307,977			253,457
Eliminations			(192,231)			(201,042)
Total assets			10,210,388			8,315,665
Liabilities						
Segment liabilities						
Banking			9,522,600			7,742,455
Trustee company			4,552			5,405
Financial services			88,627			64,513
Eliminations			(13,473)			(25,304)
Total liabilities			9,602,306			7,787,069

(a) Business segments cont'd…

	2003 $'000 Total	2002 $'000 Total
Other segment information:		
Equity method investments included in segment assets		
Banking	93,867	76,935
Trustee company	-	-
Financial services	1,378	1,438
Eliminations	-	-
	95,245	78,373
Acquisition of property, plant and equipment, intangible assets and other non-current assets		
Banking	23,013	27,942
Trustee company	58	44
Financial services	777	1,007
Eliminations	-	-
	23,848	28,993
Depreciation		
Banking	5,848	4,920
Trustee company	65	75
Financial services	661	320
Eliminations	-	-
	6,574	5,315
Amortisation		
Banking	1,924	1,924
Trustee company	154	154
Financial services	49	49
Eliminations	-	-
	2,127	2,127
Non-cash expenses other than depreciation & amortis'n		
Banking	6,817	8,317
Trustee company	1,370	1,688
Financial services	1,262	1,214
Eliminations	(4,295)	(4,919)
	5,154	6,300

Applicable commercial rates are used as the basis for pricing intersegment funding.

(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 as Responsible Entity for managed investment schemes and for corporate trusteeships and other trustee and custodial services.

Financial Services
Fees, commissions and interest from the provision of financial services, including leasing, financial planning, property management/development and mortgage management services.

3.5.7 Contingent Liabilities

	Consolidated	
	2003	**2002**
	$'000	**$'000**
Guarantees		
The economic entity has issued guarantees on behalf of clients	48,927	48,454
Other		
Documentary letters of credit	-	1,024

3.5.8 Subsequent events

No matters or circumstances have arisen since the end of the half year to the date of this financial 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 periods.

3.6 Directors' declaration

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

In the opinion of the directors:

a) the half-year financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
   ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

J. L. Dawson, Director
Bendigo
16 February 2004

3.7 Independent review report

To the Members of Bendigo Bank Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Bendigo Bank Limited ("the company") and the consolidated entities, for the period ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during the period.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complied with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investment Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001,* Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.* In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Bendigo Bank Limited is not in accordance with:

a) the *Corporations Act 2001*, including:

   i) giving a true and fair view of the financial position of Bendigo Bank Limited and the consolidated entity as at 31 December of their performance for the period ended on that date; and

   ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting", and the *Corporations Regulations 2001*; and

b) other mandatory professional reporting requirements in Australia.

Ernst & Young

I H Miller
Partner

Bendigo
Dated this 16th day of February 2004

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