

BENDIGO BANK

GROUP PROFIT AND DIVIDEND ANNOUNCEMENT

for the HALF YEAR ended DECEMBER 31, 2000

SUMMARY

Profit

- * Operating profit after income tax was \$15.6 million, up 42% from \$11.0 million profit after tax for the corresponding period in 1999.
- * Profit before income tax was \$25.9 million, up 36% from a \$19.0 million profit before tax for the corresponding period in 1999.
- * Earnings per share for the half-year was 16.2 cents, increasing by 1.3 cents over earnings per share for the corresponding period in 1999 (14.9 cents).

Lending

- * Total Group lending approvals were \$1.1 billion, a 16% increase over the same period last year.
- * Lending approvals secured by mortgage over residential property were \$712 million, 67% of total approvals.

Deposits

- * Total Group deposits increased \$1.8 billion, or 41%, to \$6.2 billion during the half year, including \$1.2 billion from the acquisition of FABS (the calendar year increase was \$2.1 billion, or 52%).
- * Sandhurst Trustees Common Funds grew \$69 million to \$727 million in the half year (the calendar year increase was \$39 million, or 6%).

Assets and Capital

- * Group Assets grew by \$2 billion in the half year to \$6.9 billion, including \$1.6 billion from the acquisition of FABS. This is an increase of 40% (the calendar year increase was \$2.4 billion, or 52%).
- * Total Risk weighted capital adequacy ratio at December 2000 is 11.36%.

BENDIGO BANK

GROUP PROFIT AND DIVIDEND ANNOUNCEMENT

for the HALF YEAR ended DECEMBER 31, 2000

SUMMARY

Assets and Capital (continued)

- * Shareholders' funds increased 49% in the half year to \$429 million (the calendar year increase was \$152 million, or 55%).
- * Number of new shares issued during the half year was 29,481,882, including the issue of 27,993,533 in consideration for the acquisition of FABS. This takes the number of shares on issue to 113,098,706.

Dividends

- * 2000/01 interim dividend declared of 11.5 cents per fully paid share (and increase of 1.0 cent over the 1999/2000 interim dividend), fully franked at 34%.
- * Dividend is payable on April 30, 2001 to registered shareholders at the close of trading on the Record Date, March 9, 2001. The ex-dividend date is March 5, 2001.
- * The total interim dividend provided for is \$12.4 million.
- * A special cash dividend was declared on January 17, 2001. This dividend is 15.0 cents per fully paid share, fully franked at 34%.
- * The special dividend is payable on February 28, 2001 to registered shareholders at the close of trading on the Record Date, February 16, 2001. The ex-dividend date was February 12, 2001.

Bad and Doubtful Debts

- * Bad debts written off operating profit for the half year were \$0.9 million. Bad debts written off from provisions were \$11.5 million. The charge against profit for provision for doubtful debts was \$4.7 million.
- * Bad and doubtful debts expense for the half year was \$5.6 million, which was \$1.8 million greater than the 1999 half year.

BENDIGO BANK

GROUP PROFIT AND DIVIDEND ANNOUNCEMENT

for the HALF YEAR ended DECEMBER 31, 2000

SUMMARY

Bad and Doubtful Debts (continued)

- * Provisions for doubtful debts at December 2000 totalled \$29.0 million, which represents 0.52% of Gross loan balances (0.74% - June 2000; 0.55% - December 1999).
- * General provisions have been increased by \$1.4 million in the half year and now total \$21.1 million, or 0.55% of risk-weighted assets.

BENDIGO BANK

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (Unaudited) - \$'000 for the HALF YEAR ended DECEMBER 31, 2000

	<i>Note</i>	Dec-00	Dec-99	Increase/ (Decrease) %
Interest income		218,397	138,327	57.9
Interest expense		142,095	82,534	72.2
Net interest income		76,302	55,793	36.8
ADD Other income				
Fees - Asset products		5,517	3,802	45.1
- Liability products		4,183	2,254	85.6
- Other		8,130	5,295	53.5
Commissions - Insurance		1,167	784	48.9
-Other		5,519	5,162	6.9
Property revenue		426	388	9.8
Trustee, management & other services		4,815	3,529	36.4
Dividend income		53	31	71.0
Share of associates' net profit/(loss)		3,280	4,465	(26.5)
Other		179	1,183	(84.9)
Total Other income		33,269	26,893	23.7
Total Net operating income		109,571	82,686	32.5
LESS Operating expenses				
<i>Bad and doubtful debts</i>				
Bad debts written off	3	929	475	95.6
Transfer to provision for doubtful debts	3	4,715	3,340	41.2
Bad debts recovered		(67)	(23)	191.3
Total Bad and doubtful debts		5,577	3,792	47.1
<i>Other operating expenses</i>				
Salaries & staff related costs		35,673	25,733	38.6
Occupancy		6,747	4,856	38.9
Information technology costs		6,839	6,071	12.7
Management fees & expenses		3,404	2,763	23.2
Depreciation/amortisation		3,437	2,372	44.9
Goodwill amortisation		1,581	1,048	50.9
Other operating expenses		20,380	17,035	19.6
Total Other Operating Expenses		78,061	59,878	30.4
Total Operating expenses		83,638	63,670	31.4
Profit before tax		25,933	19,016	36.4
Less: Income tax expense	7	10,345	8,006	29.2
Profit after tax		15,588	11,010	41.6
Retained profits at beginning of year		29,118	26,179	11.2
Total available for appropriation		44,706	37,189	20.2
Final dividend (adj prev year)		3,726	132	2722.7
Interim dividend		12,393	7,811	58.7
Retained profits at December 31		28,587	29,246	(2.3)

BENDIGO BANK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited) - \$'000

as at DECEMBER 31, 2000

<i>Note</i>	Dec-00	Jun-00 (Audited)	Increase/ (Decrease)	Dec-99	Increase/ (Decrease)
			%		%
ASSETS					
Cash and liquid assets	152,028	91,251	66.6	119,948	26.7
Due from other financial institutions	45,017	119,501	(62.3)	31,601	42.5
Investment securities	892,449	591,107	51.0	645,583	38.2
Loans and other receivables	5,552,830	3,939,894	40.9	3,542,331	56.8
Share investments	58,730	55,154	6.5	47,597	23.4
Other investments	2,293	2,499	(8.2)	5,757	(60.2)
Property, plant and equipment	42,367	31,992	32.4	29,725	42.5
Intangibles	78,987	37,285	111.8	38,362	105.9
Other assets	61,543	44,673	37.8	57,227	7.5
TOTAL ASSETS	6,886,244	4,913,356	40.2	4,518,131	52.4
LIABILITIES					
Due to other financial institutions	33,007	95,472	(65.4)	30,012	10.0
Deposits	6,197,697	4,394,669	41.0	4,072,646	52.2
Provision for dividend	12,427	10,457	18.8	8,149	52.5
Provision for income tax	(2,393)	8,685	(127.6)	3,716	(164.4)
Other provisions	28,569	12,870	122.0	11,833	141.4
Subordinated debt	134,091	78,121	71.6	80,302	67.0
Other liabilities	54,055	24,725	118.6	34,246	57.8
TOTAL LIABILITIES	6,457,453	4,624,999	39.6	4,240,904	52.3
NET ASSETS	428,791	288,357	48.7	277,227	54.7
SHAREHOLDERS' EQUITY					
Share capital	383,269	242,362	58.1	231,054	65.9
Reserves	16,935	16,877	0.3	16,927	0.0
Retained profits (accumulated losses)	28,587	29,118	(1.8)	29,246	(2.3)
TOTAL SHAREHOLDERS' EQUITY	428,791	288,357	48.7	277,227	54.7

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 2000

	Note	Dec-00	Dec-99	Increase/(Decrease)		Jun-00	Increase/(Decrease)	
				Value	%		Value	%
Profit								
Profit before tax		25,933	19,016	6,917	36.4	18,338	7,595	41.4
Profit after tax		15,588	11,010	4,578	41.6	10,302	5,286	51.3
Profitability								
Earnings per ordinary share								
(weighted average)-cents		16.2	14.9	1.3	8.7	12.9	3.3	25.6
Diluted earnings per share								
(weighted average)-cents		16.2	14.8	1.4	9.5	12.9	3.3	25.6
After tax return on average equity	1	8.7%	8.5%	0.2%	2.4	7.3%	1.4%	19.2
After tax return on equity at period end	1	7.3%	7.9%	(0.6%)	(7.6)	7.1%	0.2%	2.8
After tax return on average assets	1	0.53%	0.50%	0.03%	6.0	0.44%	0.09%	20.5
Income								
Net interest margin		76,302	55,793	20,509	36.8	61,092	15,210	24.9
Other income		33,269	26,893	6,376	23.7	31,052	2,217	7.1
Net operating income		109,571	82,686	26,885	32.5	92,144	17,427	18.9
Lending								
Total Approvals - by security		1,067,988	924,840	143,148	15.5	929,444	138,544	14.9
Residential		712,420	584,979	127,441	21.8	678,093	34,327	5.1
Commercial		224,351	227,963	(3,612)	(1.6)	135,474	88,877	65.6
Other		131,217	111,898	19,319	17.3	115,877	15,340	13.2
Gross Loan balance - by security		5,581,209	3,560,066	2,021,143	56.8	3,970,752	1,610,457	40.6
Residential		4,177,396	2,500,919	1,676,477	67.0	2,730,198	1,447,198	53.0
Commercial		1,097,898	855,368	242,530	28.4	991,206	106,692	10.8
Other		305,915	203,779	102,136	50.1	249,348	56,567	22.7
Gross Loan balance - by purpose		5,581,209	3,560,066	2,021,143	56.8	3,970,752	1,610,457	40.6
Residential		3,951,313	2,269,368	1,681,945	74.1	2,530,118	1,421,195	56.2
Non-residential		1,629,896	1,290,698	339,198	26.3	1,440,634	189,262	13.1
Deposits								
Deposits	5	6,197,697	4,072,646	2,125,051	52.2	4,394,669	1,803,028	41.0
Common funds-Trustee Company		727,260	688,139	39,121	5.7	658,060	69,200	10.5
Total Group deposits & funds mgd		6,924,957	4,760,785	2,164,172	45.5	5,052,729	1,872,228	37.1

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 2000

	Note	Dec-00	Dec-99	Increase/(Decrease)		Jun-00	Increase/(Decrease)	
				Value	%		Value	%
Productivity								
Net operating expenses	2	78,061	59,878	18,183	30.4	59,485	18,576	31.2
Net operating expenses to								
Net operating income		71.2%	72.4%	(1.2%)	(1.7)	64.6%	6.6%	10.3
Underlying op expenses to	2							
Net operating income		69.8%	71.1%	(1.3%)	(1.8)	63.4%	6.4%	10.1
Net operating expenses to								
Average assets	1	2.6%	2.7%	(0.1%)	(3.7)	2.5%	0.1%	4.0
Avg assets-incl Common fu	1	2.4%	2.4%	0.0%	0.0	2.2%	0.2%	9.1
Number of staff (Full-time equiv)		1,423	969	454	46.9	1,011	412.0	40.8
Personnel costs to Net	2							
operating income		32.3%	31.1%	1.2%	3.9	29.1%	3.2%	11.0
Bad and Doubtful Debts								
Bad debts expense	3	929	475	454	95.6	561	368	65.6
Prov'n doubtful debts expense		4,715	3,340	1,375	41.2	3,321	1,394	42.0
Provision d debts - specific		7,944	7,291	653	9.0	15,523	(7,579)	(48.8)
Provision d debts - general		21,073	12,272	8,801	71.7	13,826	7,247	52.4
Provision d debts - total		29,017	19,563	9,454	48.3	29,349	(332)	(1.1)
Provision d debts to Gross Loans		0.52%	0.55%	(0.03%)	(5.5)	0.74%	(0.22%)	(29.7)
General provision for doubtful debts								
to Risk-weighted assets		0.55%	0.46%	0.09%	19.6	0.50%	0.05%	10.0
Asset Quality								
Non-accrual accounts-	4							
Full-performing		-	-	-	-	-	-	-
Part-performing		10,940	3,459	7,481	216.3	4,956	5,984	120.7
Non-performing		11,534	25,232	(13,698)	(54.3)	22,238	(10,704)	(48.1)
Total non-accrual assets		22,474	28,691	(6,217)	(21.7)	27,194	(4,720)	(17.4)
Assets acquired through enforce		-	149	(149)	-	30	(30)	-
Restructured loans		3,365	3,301	64	1.9	3,285	80	2.4
Total Impaired assets		25,839	32,141	(6,302)	(19.6)	30,509	(4,670)	(15.3)
Less: Specific provisions		(6,482)	(6,368)	(114)	1.8	(14,505)	8,023	(55.3)
Net Impaired assets		19,357	25,773	(6,416)	(24.9)	16,004	3,353	21.0
Gross non-accrual to Gross Loans		0.40%	0.81%	(0.41%)	(50.6)	0.68%	(0.28%)	(41.2)
Gross impaired to Gross Loans		0.46%	0.90%	(0.44%)	(48.9)	0.77%	(0.31%)	(40.3)
Net Impaired to Gross Loans		0.35%	0.72%	(0.37%)	(51.4)	0.40%	(0.05%)	(12.5)
Past due 90 days								
Well secured - balance		14,604	10,783	3,821	35.4	12,539	2,065	16.5
Portfolio facilities - balance		1,062	750	312	41.6	952	110	11.6

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 2000

	Note	Dec-00	Dec-99	Increase/(Decrease)		Jun-00	Increase/(Decrease)	
				Value	%		Value	%
Assets and Capital								
Group assets		6,886,244	4,518,131	2,368,113	52.4	4,913,356	1,972,888	40.2
Capital adequacy								
Risk-weighted assets		3,866,415	2,663,168	1,203,247	45.2	2,772,656	1,093,759	39.4
Risk-weighted capital adequacy		11.36%	10.09%	1.27%	12.6	10.03%	1.33%	13.3
- Tier 1		8.88%	8.72%	0.16%	1.8	8.77%	0.11%	1.3
- Tier 2		2.48%	1.37%	1.11%	81.0	1.26%	1.22%	96.8
Net tangible assets per F/P share		\$3.09	\$2.96	\$0.13	4.4	\$3.00	\$0.09	3.0
Shareholders' funds		428,791	277,227	151,564	54.7	288,357	140,434	48.7
Dividends								
Dividend per share - cents		11.5	10.5	1.0	9.5	13.5	(2.0)	(14.8)
Dividend paid/payable	6	12,393	7,809	4,584	58.7	14,158	(1,765)	(12.5)

BENDIGO BANK

KEY FINANCIAL INFORMATION - \$'000

for the HALF YEAR ended DECEMBER 31, 2000

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-00	Jun-00	Movement
Specific provisions	7,944	15,523	(7,579)
General provision	21,073	13,826	7,247
Total balance in provisions for doubtful debts	<u>29,017</u>	<u>29,349</u>	<u>(332)</u>

The movement in provisions comprise:

	Specific	General	Total
Balance at June	15,523	13,826	29,349
Balances acquired - FABS	536	5,880	6,416
Bad and doubtful debts expense to profit and loss	4,277	1,367	5,644
Bad debts written off	(12,392)	-	(12,392)
Balance at December	<u>7,944</u>	<u>21,073</u>	<u>29,017</u>

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

Bad debts previously provided for	11,463
Other Bad debts	929
	<u>12,392</u>

An additional \$1.4 million has been added to the general provision for doubtful debts in the period.

General provision is now 0.55% of risk-weighted assets.

4 **Impaired assets dissection:**

	Dec-00	Jun-00	Movement
Loans acquired through mergers/acquisitions	3,228	2,951	277
Cassa	16,967	23,410	(6,443)
Other	5,644	4,148	1,496
Total Impaired Assets (gross balance)	<u>25,839</u>	<u>30,509</u>	<u>(4,670)</u>

5 **Deposits** are as follows:

	Dec-00	%	Jun-00	%	Movement
Retail	5,173,326	83.5	3,672,091	83.6	1,501,235
Wholesale - domestic	704,491	11.4	560,140	12.7	144,351
Wholesale - offshore	319,880	5.1	162,438	3.7	157,442
Total deposits	<u>6,197,697</u>	<u>100.0</u>	<u>4,394,669</u>	<u>100.0</u>	<u>1,803,028</u>

6 The **provision for dividend** excludes those shareholders who have elected to take bonus shares in lieu of dividends. The appropriation at 31 December, 2000 includes a provision for 1.455 million Staff shares in January, 2001, which will participate in the interim dividend.

7 **Income tax expense** for December 1999 included an abnormal charge of \$0.6 million, which was the effect of restating the balances of FITB and PFDT to reflect the future changes in the company tax rate from 36% and then to 30%.

BENDIGO BANK
AVERAGE BALANCE SHEET AND RELATED INTEREST
for the half-year ended December 31, 2000

	Average Balance \$'000	Interest 6 mths \$'000	Average rate %
Average balances and rates ⁽¹⁾			
Interest earning assets			
Cash and liquid assets	84,054	562	1.34
Investment securities	813,813	27,226	6.69
Loans and other receivables	4,640,285	190,609	8.22
	<u>5,538,152</u>	<u>218,397</u>	<u>7.89</u>
Non interest earning assets			
Property, plant & equipment	35,880		
Provisions for doubtful debts	(29,182)		
Other assets	166,348		
	<u>173,046</u>		
Total assets (average balance)	<u>5,711,198</u>		
Interest bearing liabilities and equity			
Deposits			
Retail	4,342,940	108,971	5.02
Wholesale - domestic	568,572	19,038	6.70
Wholesale - offshore	263,002	9,351	7.11
Other borrowings			
Subordinated debt	115,780	4,735	8.18
	<u>5,290,294</u>	<u>142,095</u>	<u>5.37</u>
Non interest bearing liabilities and equity			
Other liabilities	68,132		
Shareholders' equity	352,772		
	<u>420,904</u>		
Total liabilities and shareholders' equity	<u>5,711,198</u>		
Interest margin and interest spread			
Interest earning assets	5,538,152	218,397	7.89
Interest bearing liabilities	(5,290,294)	(142,095)	(5.37)
Net interest income and interest spread ⁽²⁾		<u>76,302</u>	2.52
Net interest margin ⁽³⁾			2.76

1 Average balance is based on monthly closing balances from June 30, 2000 through December 31, 2000 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 half-year ended 30 June 2000

	Average Balance \$'000	Interest 6 mths \$'000	Average rate %
Average balances and rates ⁽¹⁾			
Interest earning assets			
Cash and liquid assets	64,191	119	0.37
Investment securities	630,504	19,169	6.08
Loans and other receivables	3,737,727	139,147	7.45
	<u>4,432,422</u>	<u>158,435</u>	<u>7.15</u>
Non interest earning assets			
Property, plant & equipment	30,514		
Provisions for doubtful debts	(23,813)		
Other assets	140,452		
	<u>147,153</u>		
Total assets (average balance)	<u>4,579,575</u>		
Interest bearing liabilities and equity			
Deposits			
Retail	3,511,879	75,260	4.29
Wholesale - domestic	488,117	13,726	5.62
Wholesale - offshore	162,441	5,258	6.47
Other borrowings			
Subordinated debt	78,987	3,099	7.85
	<u>4,241,424</u>	<u>97,343</u>	<u>4.59</u>
Non interest bearing liabilities and equity			
Other liabilities	53,624		
Shareholders' equity	284,526		
	<u>338,150</u>		
Total liabilities and shareholders' equity	<u>4,579,575</u>		
Interest margin and interest spread			
Interest earning assets	4,432,422	158,435	7.15
Interest bearing liabilities	(4,241,424)	(97,343)	(4.59)
Net interest income and interest spread ⁽²⁾		61,092	2.56
Net interest margin ⁽³⁾			2.76

1 Average balance is based on monthly closing balances from December 31, 1999 through June 30, 2000 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 half-year 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			
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 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⁾		55,793	2.54
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.