Bendigo Bank

ABN 11 068 049 178

Appendix 4E
Preliminary Final Report

For the twelve months ending

30 June 2004

Released 9 August 2004

This report comprises information given to the ASX under listing rule 4.3A

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1. Appendix 4E: Preliminary Final Report

1.1 Company details and reporting period

Bendigo Bank Limited
ABN 11 068 049 178

Reporting period - twelve months ended:	30 June 2004
Previous corresponding period - twelve months ended:	30 June 2003

1.2 Results for announcement to the market

				$m
Revenues from ordinary activities	up	18.2%	to	411.1
Profit from ordinary activities after tax attributable to members	up	35.3%	to	79.8
Net profit attributable to members	up	35.3%	to	79.8

Dividends – current year	**Amount per security**
	Cents
Final Dividend – 2004, fully franked at 30% Payable 30 September 2004	23.0
Interim Dividend – 2004, fully franked at 30% Paid 31 March 2004	17.0

Dividends – previous year	**Amount per security**
	Cents
Final Dividend – 2003, fully franked at 30% Paid 31 October 2003	20.0
Interim Dividend – 2003, fully franked at 30% Paid 30 April 2003	13.5

Record date for determining entitlements for the final dividend	15 September 2004

1.3 Net tangible assets per security

Refer to pages 9 and 40 of the attached June 2004 full 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 17 of the attached June 2004 full year profit announcement.

1.6 Details of any dividend or distribution reinvestment plans in operation

Refer to page 17 of the attached June 2004 full year profit announcement.

1.7 Details of associates and joint venture entities

Refer to page 19 of the attached June 2004 full 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 are in the process of being audited by our external auditors. There is not expected to be any dispute or qualification to the financial accounts.

1.10 Annual general meeting

The annual general meeting will be held as follows:

Place:	Bendigo Regional Arts Centre, View Street, Bendigo, Victoria
Date:	25 October 2004
Time:	11 am

2. Full Year Announcement

2.1 Media Release

Monday, 9 August 2004

Bendigo Bank today announced a 2003/2004 operating profit after tax and specific items of $79.8 million, an increase of 35.3 per cent on the previous year.

Excluding specific items – primarily the sale of Cashcard Australia Limited shares in April – the normalised profit was $73.2 million, a 24.1 per cent increase.

Earnings per share increased by 13.4 cents, or 28.5 per cent, to 60.2 cents (normalised 55.2 cents). The final dividend increases by 3.0 cents to 23.0 cents, payable on 30 September. The total dividend for the year is up by 6.5 cents, to 40 cents per share fully franked, a 19.4 per cent rise. The payout ratio is 65 per cent (71 per cent on normalised profit).

Chairman Richard Guy said the result confirmed the Bank's earnings momentum. "Even excluding the Cashcard shares sale, this year's result reflected the ongoing improvement in revenue, profitability and performance in line with solid growth across the Group.

"We are seeing the results of our consistent and unique strategy – to grow our capacity to help our customers achieve their goals and to improve the prospects of our communities," Mr Guy said.

"Today's result is a significant one for Bendigo Bank because it clearly shows that the investment program undertaken to support this strategy over the years is paying off with earnings progression.

"During the past three years our profit has more than doubled and normalised return on equity has grown from nine per cent to almost 12 in line with our stated aim to grow it by about one per cent per annum.

"Shareholders who have supported our customer and community focus are now being rewarded with consistently strong growth in earnings and the prospect of further improvement as our branch network matures and our newer businesses gain momentum," Mr Guy said.

He said progression would continue as Bendigo enters its 10th year as a bank.

"We have opened 100 new branches in the past three years and demand for our brand tells us that they will continue to grow rapidly for some time yet, augmenting the continued steady growth in our mature branches.

"And investment hasn't stopped, with a further 30 Community Bank branches to open this financial year and new company owned branches for the NSW regional towns of Coffs Harbor, Port Macquarie and Griffith.

"Overall our results indicate that we are achieving our aim of positioning the company to generate fair and sustainable returns for shareholders through delivering on our commitment to customers and communities across Australia.

"A good proportion of the communities that have joined our Community Bank® program are generating good returns and are reinvesting money into local development and payment of local dividends. That is essential to our long-term prospects because successful customers and successful communities create a successful bank, and in that order."

Detailing the normalised result, which is subject to audit, managing director Rob Hunt said operating profit before tax and specific items was $106.6 million, breaking through $100 million for the first time in the Company's history.

Total Group deposits grew by 23 per cent to $10.2 billion, the first time the Company has exceeded the $10 billion mark in deposits.

Retail deposits increased by $1.5 billion. The ratio of retail deposits to total deposits remains high at 90.1 per cent, down slightly from 92.5 per cent. Funds managed by subsidiary Sandhurst Trustees grew by $425 million, to $2.2 billion.

"Our Wealth Solutions division, of which Sandhurst is the linchpin, grew its profit contribution by 80 per cent," Mr Hunt said. "We also saw excellent growth in the contributions from Community Bank and from our joint venture bank Elders Rural Bank."

Mr Hunt said the cost-to-income ratio had decreased to 69.4 per cent (normalised). "This is trending in the right direction, but we feel it is important to maintain a healthy investment program while demand for the Bendigo brand continues to run so strongly and there is clear prospect of generating increasing revenues."

Mr Hunt said the consistent strategy during the past 10 years was paying dividends with four consecutive years of strong earnings growth. "Bendigo Bank's strategy is based on its strengths as a community based financial institution with a strong service culture.

"Australians have a healthy respect for those qualities and we have developed distribution strategies that enable us to reach more communities without getting ahead of our capacity to deliver the brand experience. This is evidenced by our extremely strong showings in independent customer satisfaction and reputation surveys.

"This measured approach has delivered excellent growth in customer numbers and business, which has translated into strongly improving performance as our branch and electronic networks mature and grow their customer bases.

"And because we have expensed these investments, our balance sheet is not encumbered by past expansion activities, positioning us to take advantage of future opportunities and enabling us to invest in initiatives to continue to build our relevance and new revenues.

"Today, there are 276 communities throughout Australia which carry the Bendigo Bank name and a net 88,000 new customers opened accounts with the bank in 2003/2004.

"We plan to open a further 33 new branches this year and we will continue to expand our Wealth Solutions, e-bank and payment card options, all of which have the capacity to further grow revenue."

"We are, however, conscious of where we are in the economic cycle. We are cautious about the future environment and we have positioned the business accordingly, having largely paid for development of our distribution business and strategic initiatives. Nonetheless, we still expect to deliver growth above the banking industry average and to generate improvement in normalised earnings by 15 to 18 per cent depending on market conditions."

Financial highlights

	June 04 $m	**June 03 $m**	**% Increase/ (Decrease)**
Headline result			
Interest income	615.5	500.6	23.0
Interest expense	361.9	278.3	30.0
Net interest income	253.6	222.3	14.1
Other operating income	157.5	125.6	25.4
Total net operating income	411.1	347.9	18.2
Total operating expenses	295.8	258.6	14.4
Profit before tax	115.3	89.3	29.1
Income tax expense	(35.8)	(30.3)	18.5
Profit after tax	79.8	59.0	35.3
Expense to income	68.6%	69.9%	(1.9)
Earnings per share	60.2 cents	46.8 cents	28.5
Return on average equity	12.99%	11.06 %	17.5
Dividends per share	40.0 cents	33.5 cents	19.4
Normalised*			
Profit after tax	73.2	59.0	24.1
Expense to income	69.4%	69.9%	(0.7)
Earnings per share	55.2 cents	46.8 cents	17.9
Return on average equity	11.91%	11.06%	7.7

* Normalised figures are calculated by excluding specific income and expense items.

Other key data

Total equity	676.4	552.7	22.4
Loans & other receivables	9,372.6	7,504.0	24.9
Total assets	11,284.5	9,256.6	21.9
Deposits	10,148.9	8,241.1	23.1
Lending approvals	6,077.8	4,822.8	26.0

2.2 Financial highlights

Solid growth in all key indicators

	2002-03		2003-04		Change Full Year 2003 to Full Year 2004	
	First Half $m	Second Half $m	First Half $m	Second Half $m	$m	%
Profit after tax	25.4	33.6	34.6	45.2	20.8	35
Normalised profit after tax	25.4	33.6	33.2	40.0	14.2	24
Net interest income	108.0	114.3	122.8	130.8	31.3	14
Non-interest income (normalised)	60.3	65.3	70.1	70.4	14.9	12
Gross loans balance	6,886.3	7,583.9	8,387.1	9,470.0	1,886.1	25
Total deposits	7,500.9	8,241.1	9,259.4	10,148.9	1,907.8	23
Total equity	528.6	552.7	608.1	676.4	123.7	22
Funds under management	1,555.6	1,733.5	1,979.4	2,158.9	425.4	25
Group managed assets	10,824.1	11,536.9	12,460.5	13,534.4	1,997.5	17
New loan approvals	2,173.5	2,649.3	3,098.2	2,979.6	1,255.0	26
Residential	1,510.7	1,888.1	2,219.3	1,945.0	765.4	23
Non-residential	662.8	761.1	878.9	1,034.6	489.6	34
Cost to income ratio (normalised)	73.2%	66.6%	71.3%	67.6%	(0.5%)	(1)
Earnings per share - cents	20.3	26.5	26.8	33.4	13.4	29
Normalised earnings per share - cents	20.3	26.5	25.8	29.5	8.4	18
Dividend per share - cents	13.5	20.0	17.0	23.0	6.5	19

2.2.1 Profit

- Operating profit after income tax was $79.8 million, up 35% from $59.0 million profit after tax for 2003.
- Transactions disclosed as specific items for the year contributed $6.6 million to operating profit after income tax.
- Normalised operating profit after income tax was $73.2 million. An increase of 24% over the 2003 result.
- Earnings per share was 60.2 cents, increasing by 13.4 cents, or 29%, over EPS for 2003.
- Normalised earnings per share was 55.2 cents, an increase of 8.4 cents, or 18%, over 2003.
- Return on equity increased to 13.0% from 11.1%, an increase of 17%.
- Normalised return on equity was 11.9%, an 8% increase over 11.1% in 2003.

2.2.2 Lending

- Total Bank lending approvals were $6.1 billion, a 26% increase over last year.
- Lending approvals secured by mortgage over residential property were $4.2 billion, representing 69% of total approvals.

2.2.3 Deposits and funds under management

- Total Group deposits increased by $1.9 billion, or 23%, to $10.2 billion during the year. $1.5 billion of this increase was in retail deposits.
- The ratio of retail deposits to total deposits decreased slightly from 92.5% to 90.1% during the year, but still remains high.
- Superannuation and Managed Funds offered by Sandhurst Trustees Ltd grew $0.4 billion to $2.2 billion during the year.

2.2.4 Assets and Capital

- Group assets grew by $2.0 billion in the year to $11.3 billion, an increase of 22%.
- During 2003/04, the bank securitised or sold loans totalling $438 million ($270 million in the first half-year and $168 million in the second half-year). These factors decreased the balance sheet growth figures for the year.
- Total risk weighted capital adequacy ratio at June 2004 is 10.35%.
- Equity increased by $124 million, or 22%, during the year to $676 million.
- During the year 1,861,721 shares were issued under the Dividend Reinvestment Plan, 296,015 under the Bonus Share Scheme, 3,687,347 on conversion of Capital Notes, 1,770,605 under Dividend Underwriting and 2,861,567 under a Shareholder Purchase Plan and 1,417,476 under the Employee Share Ownership Plan, taking the total number of shares on issue to 139,378,355 at 30 June 2004.
- Total group managed assets increased by $2.0 billion, or 17% for the year to $13.5 billion.
- Net tangible assets increased 16% from $3.80 per share to $4.40 per share in the year.

2.2.5. Dividends

- 2003/04 final dividend of 23.0 cents per fully paid share (an increase of 3.0 cents over the 2002/2003 final dividend), fully franked at 30%.
- Dividend is payable on 30 September 2004 to shareholders registered on the Record Date of 15 September 2004.
- The final dividend proposed totals $30.3 million.
- Dividends for 2003/2004 total 40.0 cents up from 33.5 cents in 2002/2003, which represents a payout ratio of 65%, or 71% pre-specific items earnings (2003 - 68%).

2.2.6 Bad and doubtful debts

- Bad and doubtful debts expense for the year was $14.1 million, which was $1.4 million less than the previous year.

- Provisions for doubtful debts at June 2004 totalled $61.5 million, representing 0.65% of gross loan balances (2003 - 0.72%).

- General provisions have been increased by $9.7 million in the year and now total $53.4 million, or 0.79% of risk-weighted assets (2003 - 0.79%).

- Net impaired assets declined 16% to $4.9 million, which represents 0.05% of gross loans (2003 - 0.08%).

- Provision coverage of impaired loans is now 477% (2003 - 332%).

2.3 Financial Statements

2.3.1 Statement of Financial Performance

for the year ended 30 June 2004

	Consolidated 2004	2003
Revenue from ordinary activities	**$m**	**$m**
Net interest revenue		
Interest revenue	615.5	500.6
Interest expense	361.9	278.3
Net interest revenue	253.6	222.3
Other revenue from ordinary activities		
Dividends	0.4	0.3
Fees - asset products	23.5	20.6
- liability products and electronic delivery	41.5	35.2
- trustee, management & other services	9.1	9.2
- securitisation	7.9	10.8
- other	8.3	7.3
Commissions - insurance	5.7	4.9
-other	25.2	20.1
Other operating revenue	3.2	4.3
Specific income items	17.0	-
Total other revenue from ordinary activities	141.8	112.7
Share of associates' net profits (losses) accounted for using the equity method	15.7	12.9
Total revenue after interest expense	411.1	347.9
Expenses from ordinary activities		
Bad and doubtful debts		
Bad and doubtful debts	14.1	15.5
Bad debts recovered	(0.3)	(0.2)
Total bad and doubtful debts	13.8	15.3
Other expenses from ordinary activities		
Borrowing costs	0.5	0.5
Staff and related costs	134.9	118.1
Occupancy costs	23.0	21.7
Amortisation of goodwill	4.3	4.3
Property, plant & equipment costs	11.5	10.1
Fees and commissions	14.2	10.9
Administration expenses	85.3	77.7
Specific expense items	8.3	-
Total other expenses from ordinary activities	282.0	243.3
Profit from ordinary activities before income tax expense	115.3	89.3
Income tax expense relating to ordinary activities	(33.7)	(30.3)
Specific items income tax expense	(2.1)	-
Net profit	79.5	59.0
Net (profit)/loss attributable to outside equity interest	0.3	-
Net profit attributable to members of Bendigo Bank Limited	79.8	59.0

2.3.1 Statement of Financial Performance cont'd…

	Consolidated	
	2004	**2003**
	$m	**$m**
Net profit attributable to members of Bendigo Bank Limited	79.8	59.0
Net increase/(decrease) in asset revaluation reserve	2.1	-
Increase/(decrease) in retained profits on adoption of revised accounting standard: AASB 1028 "Employee Benefits"	-	(0.3)
Share issue costs	(0.5)	-
Total revenues, expenses and valuation adjustments attributable to members of Bendigo Bank Limited and recognised directly in equity	1.6	(0.3)
Total changes in Equity other than those resulting from transactions with owners as owners attributable to members of Bendigo Bank Limited	81.4	58.7
Basic earnings per share (cents per share)	60.2	46.8
Diluted earnings per share (cents per share)	60.2	46.8
Franked dividends per share (cents per share)	40.0	33.5

2.3.2 Statement of Financial Position

as at 30 June 2004

	Consolidated	
	2004	**2003**
	$m	**$m**
Assets		
Cash and liquid assets	157.5	107.2
Due from other financial institutions	157.6	181.3
Investment securities	1,220.2	1,130.0
Loans and other receivables	9,372.6	7,504.0
Shares - other	27.3	23.3
Investments accounted for using equity method	101.1	88.7
Property, plant & equipment	56.6	53.5
Deferred tax assets	32.8	27.2
Intangibles	63.7	67.9
Other assets	95.1	73.5
Total Assets	11,284.5	9,256.6
Liabilities		
Due to other financial institutions	128.9	129.1
Deposits	10,148.9	8,241.1
Payables	88.7	91.3
Current tax liabilities	6.8	8.5
Provision - dividend	0.1	0.1
Other provisions	27.1	23.4
Subordinated debt	199.3	204.7
Deferred tax liabilities	8.3	5.7
Total Liabilities	10,608.1	8,703.9
Net Assets	676.4	552.7
Equity		
Parent entity interest		
Contributed equity	551.6	463.6
Reserves	5.4	3.3
Retained profits	119.6	85.6
Total parent entity interest in equity	676.6	552.5
Total outside equity interest	(0.2)	0.2
Total Equity	676.4	552.7

2.3.3 Statement of Cash Flows

for the year ended 30 June 2004

	Consolidated 2004 $m	2003 $m
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	617.2	503.1
Borrowing costs paid	(358.8)	(284.4)
Receipts from customers (excluding interest)	124.7	112.1
Payments to suppliers and employees	(272.0)	(174.7)
Dividends received	10.6	8.6
Income taxes paid	(36.3)	(25.3)
Net cash flows from operating activities	85.4	139.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows for purchases of property, plant and equipment	(20.9)	(16.9)
Cash proceeds from sale of property, plant and equipment	8.3	1.5
Cash paid for purchases of equity investments	(23.6)	(32.5)
Cash proceeds from sale of equity investments	8.8	0.3
Net increase in balance of loans outstanding	(1,863.1)	(1,301.0)
Net increase of investment securities	(90.2)	(44.6)
Net cash flows used in investing activities	(1,980.7)	(1,393.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	43.1	0.3
Net increase in balance of retail deposits	1,418.2	1,406.1
Net increase/(decrease) in balance of wholesale deposits	479.7	(158.8)
Net increase in balance of subordinated debt	9.8	46.3
Dividends paid	(28.7)	(23.4)
Net cash flows from financing activities	1,922.1	1,270.5
Net increase/(decrease) in cash held	26.8	16.7
Add cash at the beginning of the financial year	159.4	142.7
Cash at end of financial year	186.2	159.4

2.4 Additional notes

2.4.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

2.4.2 Adoption of Australian Equivalents to International Financial Reporting Standards

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

Adoption of IFRS 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 IFRS 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.

The ICT regularly reports to the company Audit Committee on project progress, findings, impacts and identified changes required to group accounting policies, systems and procedures to ensure transition.

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

Goodwill

Initial impact on retained earnings at 1 July 2004 Lower expenses Volatility in results in the event of impairment	There will no longer be a requirement to amortise goodwill arising in a business combination. Goodwill is instead subject to impairment testing at least annually, using new methodology. The new testing methodology may result in assessment of impairment for some goodwill and require initial write down on transition to IFRS.

Financial Instruments

Volatility in future earnings for those instruments that are to be measured at fair value	Financial instruments will be required to be classified into five categories, which will determine the accounting treatment of the item. This will result in a change to the current accounting policy that does not classify financial instruments into these categories. Some instruments currently carried at amortised cost will in future be carried at fair value, with fair value changes either charged to profit and loss or taken to equity, depending on their classification. The future financial effect of this change is not yet known as the classification and measurement process has not yet been fully completed.

2.4.2 Adoption of Australian Equivalents to International Financial Reporting Standards cont'd…

Deriviatives	
Volatility in future earnings	All derivative contracts will be recorded at fair value. When derivatives meet the new criteria for recognition as a hedge, movements in fair value will be taken to equity. Derivatives not meeting the criteria will have such movements taken to profit and loss. Also, all hedges will require effectiveness testing, with any ineffectiveness taken to profit and loss. It is expected that the majority of our derivatives will meet the criteria for hedging.
Loan provisioning	
Initial impact on retained earnings at 1 July 2004 Volatility in future earnings	Estimated losses on impaired loans are to be discounted to their present value. As the discount unwinds, there is a resulting recognition of interest in the statement of financial performance during the period between recognition of impairment and recovery of the written down amount. Currently, the bank does not discount the cash flows associated with impaired loans when assessing potential losses, so it is anticipated that the level of provisioning will increase, thereby reducing reported profits. Increases or decreases in general provisions created to comply with "local circumstances or legislation" are to be recognised as appropriations of retained earnings. This may have the effect of decreasing charges to profit for increases or decreases in general provision.
Securitisation	
New assets/liabilities recognised	Securitisations undertaken have been reviewed to ensure they meet the de-recognition requirements of IFRS. It is possible that one program undertaken may not meet these requirements, resulting in re-recognition of these assets. The value of these assets is not material to the group.
Taxation	
New assets/liabilities recognised	A "balance sheet" approach will be adopted, replacing the "statement of financial performance" approach currently used in Australia. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liablility, and its tax base. It is expected that the standard may require the group to carry higher levels of deferred tax assets and liabilities, including a deferred tax liability in relation to the asset revaluation reserve.

At this stage the company has not been able to quantify the final impacts on future financial reports. Bendigo Bank will continue to place a high priority on this project and will include reference to the impacts in future reporting.

2.4.3 Dividends

	2004 $m	2003 $m
Dividends paid or proposed on ordinary shares		
Dividends proposed since the reporting date, but not recognised as a liability		
Final dividend (23.0 cents per share) (2003: 20.0 cents per share)	30.3	24.1
Dividends paid during the year		
current year		
Interim dividend (17.0 cents per share) (2003 - 13.5 cents per share)	21.5	16.1
previous year		
Final dividend (20.0 cents per share) (2003 - 17.0 cents per share)	24.3	20.0
	45.8	36.1

All dividends paid were fully franked. Proposed dividends will be fully franked out of existing franking credits or out of franking credits arising from payment of income tax provided for in the financial statements for the year ended 30 June 2004.

	2004 $m	2003 $m
Dividend franking account		
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial report, and after deducting franking credits to be used in payment of the final dividend.	51.0	35.6

The tax rate at which dividends have been franked is 30% (2003: 30%). Dividends proposed will be franked at the rate of 30%.

Dividend paid
Dividends paid by cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:

	2004 $m	2003 $m
Paid in cash	28.7	23.4
Satisfied by issue of shares	17.1	12.7
	45.8	36.1

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 of the receipt of an election notice for participating in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2004 final dividend is 15 September 2004.

2.4.4 Earnings per share

		Consolidated 2004	2003
Share ratios			
Basic earnings per share (cents)		60.2	46.8
Diluted earnings per share (cents)		60.2	46.8
Basic normalised earnings per share (cents)		55.2	46.8
Diluted normalised earnings per share (cents)		55.2	46.8
Income			
Net profit	**$m**	79.5	59.0
Net loss attributable to outside equity interest	**$m**	0.3	-
Earnings used in calculating basic earnings per share	**$m**	79.8	59.0
Earnings effect of dilutive securities		-	-
Earnings used in calculating diluted earnings per share	**$m**	79.8	59.0
Earnings used in calculating basic and diluted normalised earnings per share	**$m**	73.2	59.0
Number of Shares			
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share		132,583,834	125,995,138
Effect of dilutive securities		-	-
Adjusted weighted average number of ordinary shares used in calculation of diluted earnings per share		132,583,834	125,995,138

The Unsecured subordinated perpetual convertible capital notes are not considered dilutive as they are perpetual notes.

Conversions, calls, subscription or issues after 30 June 2004

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

2.4.5 Investments accounted for using the equity method

Name	**Ownership interest held by consolidated entity**		**Balance date**
	2004 %	**2003 %**	
Elders Rural Bank Ltd	50.0	50.0	30 June
Tasmanian Banking Services Ltd	50.0	50.0	30 June
Community Sector Enterprises Pty Ltd	50.0	50.0	30 June
BSX Group Holdings Ltd	49.8	22.6	30 June

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

(ii) Share of associates' profits	**2004**	**2003**
Share of associates':	**$m**	**$m**
- operating profits before income tax	15.1	12.9
- income tax expense attributable to operating profits	4.4	3.9
- operating profits after income tax	10.7	9.0
Share of associates' operating profits after income tax:		
Elders Rural Bank Ltd	10.9	9.5
Tasmanian Banking Services Ltd	0.6	(0.2)
Community Sector Enterprises Pty Ltd	(0.1)	(0.3)
BSX Group Holdings Ltd (1)	(0.7)	-
	10.7	9.0

(1) First time recognition of share of losses for financial years ending June 1998 to June 2004 inclusive.

Elders Rural Bank Ltd after-tax profit of $21.8 million represented an increase of 15% when compared with 2003 and is its fifth successive increase in annual profit. Elders continues to receive outstanding support and acceptance in both rural Australia as well as regional and metropolitan regions. Elders products and services are now available from more than 500 Elders, Bendigo Bank and Bendigo Community Bank® branches. 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 seven offices holding in excess of $370 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 Community 21 Ltd, which represents 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. The joint venture has recently recorded its first monthly operating surplus.

2.4.5 Investments accounted for using the equity method cont'd…

BSX Group Holdings Ltd is the holding company of Bendigo Stock Exchange Limited (BSX). The BSX was established during the 1860's as a direct result of the gold rush. The rebirth of the BSX began in 1997 and it is now one of four approved stock exchanges in Australia. The reconstituted BSX was granted an Australian Market Licence by the Federal Government. This licence was most recently varied on 13 May 2004 to provide for new compensation arrangements.

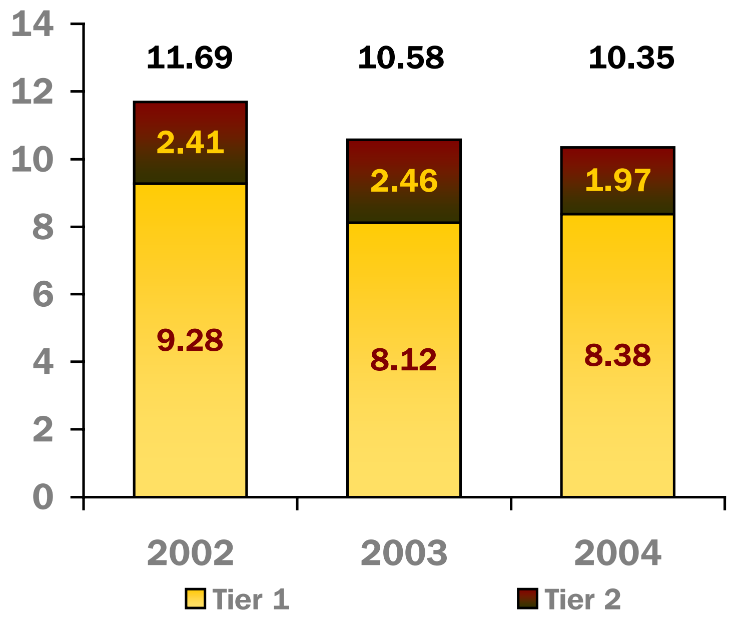
BSX aims to operate a range of specialist markets, particularly emerging enterprises and rural and regional companies. It offers its services to provide growth solutions for emerging businesses, particularly rural and regional enterprises. BSX has recently appointed a new Chief Executive Officer and completed a successful capital raising.

2.4.6 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.

	Consolidated	
	2004	**2003**
Risk weighted capital ratios		
Tier 1	8.38%	8.12%
Tier 2	1.97%	2.46%
Total capital ratio	10.35%	10.58%
Qualifying Capital	**$m**	**$m**
Tier 1		
Contributed capital	551.6	463.6
Retained profits & reserves	97.9	69.4
Less,		
Intangible assets	63.7	67.9
Net future income tax benefit	8.4	8.0
Other adjustments as per APRA advice	7.7	6.4
Total Tier 1 capital	569.7	450.7
Tier 2		
General provision for doubtful debts	37.4	30.6
Unsecured subordinated perpetual convertible capital notes	-	15.4
Subordinated capital notes	199.3	189.3
Asset revaluation reserves	4.9	2.8
	241.6	238.1
Less,		
Subsidiary investment residual	8.9	8.6
Total Tier 2 capital	232.7	229.5
Less,		
Investments in non-consolidated subsidiaries or associates and other bank's capital instruments	99.1	92.6
Total qualifying capital	703.3	587.6
Total Risk Weighted Assets	6,797.2	5,553.7

Capital adequacy
%



2.4.7 Credit ratings

	Short Term	Long Term	Outlook
Standard & Poor's	A2	BBB	Positive
Fitch Ratings	F2	BBB+	Stable
as at June 2004			

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

On 18 March 2004, Standard & Poor's Ratings Services revised the rating outlook on Bendigo Bank to positive from stable, and at the same time, affirmed the 'BBB' long-term and 'A-2' short-term counterparty credit ratings.

The outlook revision to positive reflects Standard & Poor's view that Bendigo is steadily transitioning into a larger, stronger, more diversified institution.

2.4.8 Contributed equity

Changes to issued and quoted securities during the period

Ordinary shares	**$m**
127,483,624 fully paid ordinary shares at beginning of year	463.6
August 2003 - 1,317,476 shares issued at $8.94 under Employee Share Ownership Plan	11.8
October 2003 – 2,811,047 shares issued at $8.66 under Dividend Reinvestment Plan	24.3
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	0.9
November 2003 – 1,995,919 shares issued at $4.10 on conversion of Capital notes	8.2
March 2004 – 821,279 shares issued at $9.87 under Dividend Reinvestment Plan	8.1
March 2004 – 130,581 shares issued at $9.87 under Bonus Share Scheme (in lieu of dividend payment)	-
May 2004 – 2,861,567 shares issued at $9.87 under shareholder Share purchase plan	28.3
May 2004 – 1,691,428 shares issued at $4.10 on conversion of Capital notes	6.9
Share issue expenses	(0.5)
139,378,355 fully paid ordinary shares at 30 June 2004	551.6

Capital Notes	**$m**
8% unsecured subordinated perpetual convertible capital notes at $4.10 fully paid. 3,743,786 notes on issue at beginning of year	15.3
1,995,919 notes converted November 2003	(8.2)
1,691,428 notes converted May 2004	(6.9)
56,439 notes repaid June 2004	(0.2)
Notes on issue at 30 June 2004 - nil	-

2.4.9 Average balance sheets and related interest

For the 12 month period ended 30 June 2004

	Average Balance $m	Interest $m	Average Rate %
Average balances and rates (1)			
Interest earning assets			
Cash and liquid assets	121.4	1.0	0.82
Investment securities	1,238.7	67.7	5.47
Loans and other receivables (2)	8,451.3	546.8	6.47
	9,811.4	615.5	6.27
Non interest earning assets			
Property, plant & equipment	56.2		
Provisions for doubtful debts	(58.4)		
Other assets	287.3		
	285.1		
Total assets (average balance)	10,096.5		
Interest bearing liabilities and equity			
Deposits			
Retail	8,325.9	301.7	3.62
Wholesale - domestic	423.8	22.9	5.40
Wholesale - offshore	411.2	23.4	5.69
Other borrowings			
Subordinated debt	204.7	13.9	6.79
	9,365.6	361.9	3.86
Non interest bearing liabilities and equity			
Other liabilities	129.7		
Equity	601.2		
	730.9		
Total liabilities and equity	10,096.5		
Interest margin and interest spread			
Interest earning assets	9,811.4	615.5	6.27
Interest bearing liabilities	(9,365.6)	(361.9)	(3.86)
Net interest income and interest spread (3)		253.6	2.41
Net interest margin (4)			2.58

1 Average balance is based on monthly closing balances from 30 June 2003 through 30 June 2004 inclusive, with the exception of Wholesale domestic which is based on a daily closing balance.
2 Interest includes an adjustment for share of margin paid to Community Banks and other alliance partners.
3 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
4 Interest margin is the net interest income as a percentage of average interest earning assets.

For the 6 month period ended 30 June 2004

	Average Balance $ m	Interest $ m	Average rate %
Average balances and rates (1)			
Interest earning assets			
Cash and liquid assets	129.6	0.6	0.93
Investment securities	1,302.3	37.5	5.76
Loans and other receivables (2)	8,915.0	292.9	6.57
	10,346.9	331.0	6.40
Non interest earning assets			
Property, plant & equipment	57.5		
Provisions for doubtful debts	(60.1)		
Other assets	293.4		
	290.8		
Total assets (average balance)	10,637.7		
Interest bearing liabilities and equity			
Deposits			
Retail	8,713.6	165.0	3.79
Wholesale - domestic	507.4	14.2	5.60
Wholesale - offshore	455.8	13.5	5.92
Other borrowings			
Subordinated debt	208.7	7.4	7.09
	9,885.5	200.1	4.05
Non interest bearing liabilities and equity			
Other liabilities	146.9		
Equity	605.3		
	752.2		
Total liabilities and equity	10,637.7		
Interest margin and interest spread			
Interest earning assets	10,346.9	331.0	6.40
Interest bearing liabilities	(9,885.5)	(200.1)	(4.05)
Net interest income and interest spread (3)		130.9	2.35
Net interest margin (4)			2.53

1 Average balance is based on monthly closing balances from 31 December 2003 through 30 June 2004 inclusive, with the exception of Wholesale domestic which is based on a daily closing balance.
2 Interest includes an adjustment for share of margin paid to Community Banks and other alliance partners.
3 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
4 Interest margin is the net interest income as a percentage of average interest earning assets.

For 12 month period ended 30 June 2003

	Average Balance $m	Interest $m	Average rate %
Average balances and rates (1)			
Interest earning assets			
Cash and liquid assets	116.5	1.2	1.00
Investment securities	1,060.7	54.2	5.12
Loans and other receivables (2)	6,889.5	445.2	6.46
	8,066.7	500.6	6.21
Non interest earning assets			
Property, plant & equipment	51.0		
Provisions for doubtful debts	(50.1)		
Other assets	260.4		
	261.3		
Total assets (average balance)	8,328.0		
Interest bearing liabilities and equity			
Deposits			
Retail	6,967.7	236.9	3.40
Wholesale - domestic	226.3	10.9	4.82
Wholesale - offshore	353.7	19.7	5.57
Other borrowings			
Subordinated debt	165.1	10.8	6.54
	7,712.8	278.3	3.61
Non interest bearing liabilities and equity			
Other liabilities	92.5		
Equity	522.7		
	615.2		
Total liabilities and equity	8,328.0		
Interest margin and interest spread			
Interest earning assets	8,066.7	500.6	6.21
Interest bearing liabilities	(7,712.8)	(278.3)	(3.61)
Net interest income and interest spread (3)		222.3	2.60
Net interest margin (4)			2.76

1 Average balance is based on monthly closing balances from 30 June 2002 through 30 June 2003 inclusive, with the exception of Wholesale domestic which is based on a daily closing balance.
2 Interest includes an adjustment for share of margin paid to Community Banks and other alliance partners.
3 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
4 Interest margin is the net interest income as a percentage of average interest earning assets.

2.4.10 Business Segments

(a) Business segments	2004 $m	2004 $m	2004 $m	2003 $m	2003 $m	2003 $m
Revenue	**External**	**Intersegment**	**Total**	**External**	**Intersegment**	**Total**
Interest revenue						
Banking	598.0	0.2	598.2	492.6	0.5	493.1
Trustee company	0.3	-	0.3	0.3	-	0.3
Financial services	17.2	0.2	17.4	7.7	0.1	7.8
Eliminations	-	(0.4)	(0.4)	-	(0.6)	(0.6)
	615.5	-	615.5	500.6	-	500.6
Other revenue						
Banking	99.3	10.4	109.7	77.4	6.6	84.0
Trustee company	24.5	0.7	25.2	18.4	2.1	20.5
Financial services	18.0	2.7	20.7	16.9	3.1	20.0
Eliminations	-	(13.8)	(13.8)	-	(11.8)	(11.8)
	141.8	-	141.8	112.7	-	112.7
Share of net profit of equity accounted investments						
Banking	15.4	-	15.4	13.4	-	13.4
Trustee company	-	-	-	-	-	-
Financial services	0.3	-	0.3	(0.5)	-	(0.5)
Eliminations	-	-	-	-	-	-
	15.7	-	15.7	12.9	-	12.9
Total segment revenue						
Banking	712.7	10.6	723.3	583.4	7.1	590.5
Trustee company	24.8	0.7	25.5	18.7	2.1	20.8
Financial services	35.5	2.9	38.4	24.1	3.2	27.3
Eliminations	-	(14.2)	(14.2)	-	(12.4)	(12.4)
Total consolidated revenue	773.0	-	773.0	626.2	-	626.2
Results						
Segment result						
Banking			114.0			87.0
Trustee company			15.0			9.0
Financial services			0.3			2.3
Eliminations			(14.0)			(9.0)
Consolidated entity profit from ordinary activities before income tax expense			115.3			89.3
Income tax expense			(35.8)			(30.3)
Consolidated entity profit from ordinary activities after income tax expense			79.5			59.0
Assets						
Segment assets						
Banking			11,110.5			9,153.2
Trustee company			23.9			23.9
Financial services			345.1			276.2
Eliminations			(195.0)			(196.7)
Total assets			11,284.5			9,256.6
Liabilities						
Segment liabilities						
Banking			10,533.5			8,645.3
Trustee company			6.1			6.7
Financial services			83.0			71.2
Eliminations			(14.5)			(19.3)
Total liabilities			10,608.1			8,703.9

2.4.10 Business Segments cont'd…

(a) Business segments	**2004 $m**	**2003 $m**
Other segment information:	**Total**	**Total**
Equity method investments included in segment assets		
Banking	98.5	87.4
Trustee company	-	-
Financial services	1.8	1.3
Eliminations	-	-
	100.3	88.7
Acquisition of property, plant and equipment, intangible assets and other non-current assets		
Banking	13.8	39.0
Trustee company	0.1	0.1
Financial services	5.1	1.9
Eliminations	-	-
	19.0	41.0
Depreciation		
Banking	11.9	10.3
Trustee company	0.1	0.1
Financial services	1.2	0.7
Eliminations	-	-
	13.2	11.1
Amortisation		
Banking	3.9	3.9
Trustee company	0.3	0.3
Financial services	0.1	0.1
Eliminations	-	-
	4.3	4.3
Non-cash expenses other than depreciation and amortisation		
Banking	14.3	18.6
Trustee company	1.8	3.5
Financial services	3.1	2.2
Eliminations	(7.1)	(10.0)
	12.1	14.3

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 community engagement initiatives and from the provision of financial services, including leasing, financial planning, property management / development and mortgage management services.

2.5 Key Financial Information

Amounts shown in the Full Year Announcement have been rounded to the nearest $00,000 unless otherwise stated.

2.5.1 Profitability

			Increase/(Decrease)			**Increase/(Decrease)**	
	Jun-04	**Jun-03**	**Value**	**%**	**Dec-03**	**Value**	**%**
	$m	**$m**	**$m**		**$m**	**$m**	
Profit							
Operating profit before tax	115.3	89.3	26.0	29.1	51.0	64.3	(a)
Specific items before tax	8.7	-	8.7	-	1.9	6.8	(a)
Normalised profit before tax	106.6	89.3	17.3	19.4	49.1	57.5	(a)
Operating profit after tax	79.8	59.0	20.8	35.3	34.6	45.2	(a)
Specific items after tax	6.6	-	6.6	-	1.4	5.2	(a)
Normalised profit after tax	73.2	59.0	14.2	24.1	33.2	40.0	(a)
Profitability							
Earnings per ordinary share (weighted average)-cents	60.2	46.8	13.4	28.5	-	-	-
Normalised earnings per ordinary share (weighted average)-cents	55.2	46.8	8.4	17.9	-	-	-
Diluted earnings per share (weighted average)-cents	60.2	46.8	13.4	28.5	-	-	-
After tax return on average equity	12.99%	11.06%	1.93%	17.5	11.92%	1.07%	9.0
Normalised after tax return on average equity	11.91%	11.06%	0.85%	7.7	11.44%	0.47%	4.1
After tax return on equity at period end	11.80%	10.67%	1.13%	10.6	11.38%	0.42%	3.7
After tax return on average assets	0.78%	0.69%	0.09%	13.0	0.71%	0.07%	9.9
Normalised after tax return on average assets	0.71%	0.69%	0.02%	2.9	0.65%	0.06%	9.2

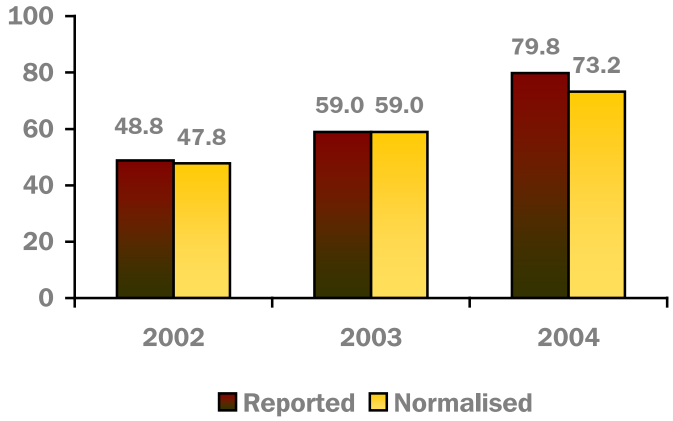
Normalised figures are calculated by excluding specific income and expense items.

Half-year results are annualised by multiplying numerator by 2.

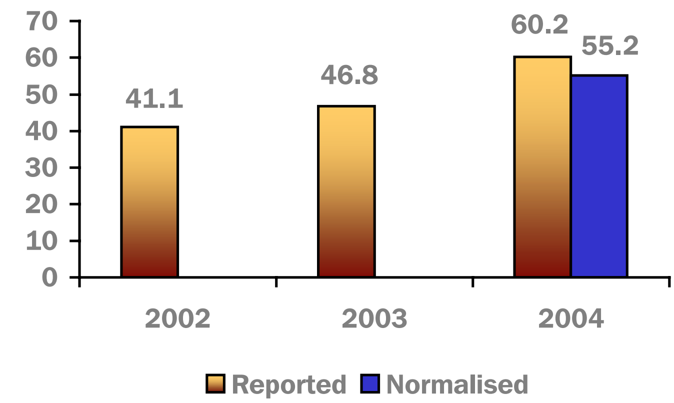
Equity used in calculating these ratios is Net assets.

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

Operating Profit after income tax
$m

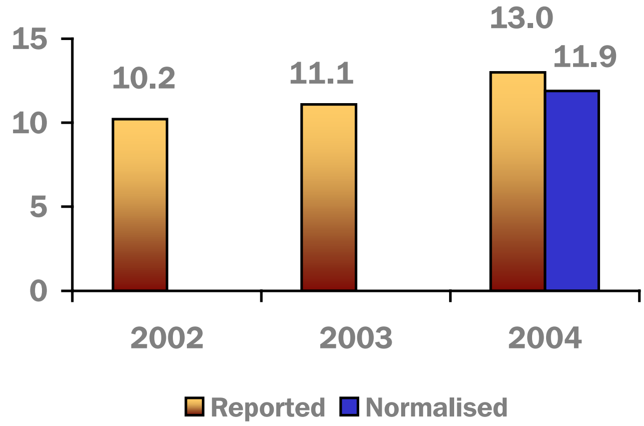


Earnings per share
cents



Earnings per share increased by 13.4 cents (29%) to 60.2 cents for the year. Normalised earnings per share increased by 8.4 cents (18%) to 55.2 cents.
The strong earnings per share growth enabled directors to lift the final dividend by 3.0 cents to 23.0 cents per share. Dividends for the full year are 40.0 cents, a 6.5 cent (19%) increase on 2003. The payout ratio for the year is 65% (71% on normalised profit) (2003: 68%).

Return on equity
%



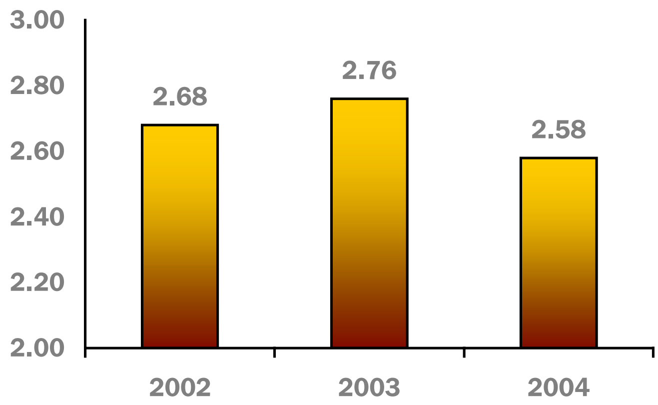
Return on equity rose to 12.99% from 11.06%, representing an 18% increase on 2003. Normalised return on equity rose to 11.91% representing an 8% increase on the 2003 ratio.

2.5.2 Income

	Jun-04 $m	Jun-03 $m	Increase/(Decrease) Value	%	Dec-03 $m	Increase/(Decrease) Value $m	%
Net interest income	253.6	222.3	31.3	14.1	122.8	130.8	(a)
Other income comprising:							
Share of associates' profit	15.7	12.9	2.8	21.7	7.9	7.8	(a)
Fees - asset products	23.5	20.6	2.9	14.1	12.0	11.5	(a)
- liability products & other	49.8	42.5	7.3	17.2	24.2	25.6	(a)
Commissions - insurance	5.7	4.9	0.8	16.3	2.5	3.2	(a)
- other	25.1	20.1	5.0	24.9	12.0	13.1	(a)
Property revenue	1.1	1.3	(0.2)	(15.4)	0.5	0.6	(a)
Trustee, m'ment & other services	9.1	9.2	(0.1)	(1.1)	4.8	4.3	(a)
Securitisation	7.9	10.8	(2.9)	(26.9)	4.9	3.0	(a)
Dividend income	0.4	0.3	0.1	33.3	0.2	0.2	(a)
Specific items - operating revenue	17.0	-	17.0	-	3.3	13.7	(a)
Other operating revenue	2.2	3.0	(0.8)	(26.7)	1.1	1.1	(a)
Other income - total	157.5	125.6	31.9	25.4	73.4	84.1	(a)
Net operating income	411.1	347.9	63.2	18.2	196.2	214.9	(a)

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance

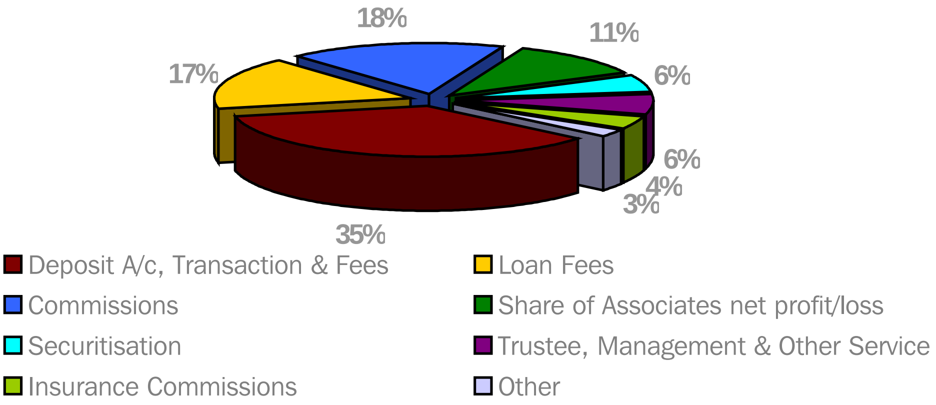
Net Interest Margin
%



Net interest income increased by 14% when compared with the previous year. This was driven by an increase of $1.7 billion, or 22% in average interest earning assets. The increase in net interest income was impacted by an 18 basis point decline in net interest margin. Interest income is reported net of margin share paid to Community Banks and other alliance partners.

2.5.2 Income cont'd…

Other Income



Share of associate's profit has increased by 22% due to an increased contribution from Elders Rural Bank and profit contributions from Tasmanian Banking Services.

Fees-asset products increased by 14% driven by the record levels of lending achieved during the year.

Fees-liability products & other increased by 17% due to increased net transaction fees on customer accounts and increases in fee income from our electronic network.

Commissions-other increased by 25% due to increased earnings from our Wealth Solutions division, including commissions from managed fund products and financial planning activities.

Securitisation income declined by 27% due to the run-off in securitisation portfolios, which declined by 21% over the year. No new securitisation programs were undertaken in the current year.

Specific income items include:

	$m
Proceeds on sale of Cashcard shares	8.8
Proceeds on sale of properties	7.4
GST refund in relation to electronic networks transactions	1.5
Share of loss from BSX Group Holdings Ltd (1)	(0.7)
	17.0

(1) First time recognition of share of losses for financial years ending June 1998 to June 2004 inclusive.

2.5.3 Lending

			Increase/(Decrease)			**Increase/(Decrease)**	
	Jun-04	**Jun-03**	**Value**	**%**	**Dec-03**	**Value**	**%**
	$m	**$m**	**$m**		**$m**	**$m**	
Total Approvals - by security	6,077.8	4,822.8	1,255.0	26.0	3,098.2	2,979.6	(a)
Residential	4,164.3	3,398.9	765.4	22.5	2,219.3	1,945.0	(a)
Non-residential	1,913.5	1,423.9	489.6	34.4	878.9	1,034.6	(a)
Gross Loan balance - by security	9,470.0	7,583.9	1,886.1	24.9	8,387.1	1,082.9	12.9
Residential	7,110.9	5,602.6	1,508.3	26.9	6,308.4	802.5	12.7
Non-residential	2,359.1	1,981.3	377.8	19.1	2,078.7	280.4	13.5
Gross Loan balance - by purpose	9,470.0	7,583.9	1,886.1	24.9	8,387.1	1,082.9	12.9
Residential	5,903.6	4,692.9	1,210.7	25.8	5,271.4	632.2	12.0
Non-residential	3,566.4	2,891.0	675.4	23.4	3,115.7	450.7	14.5

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

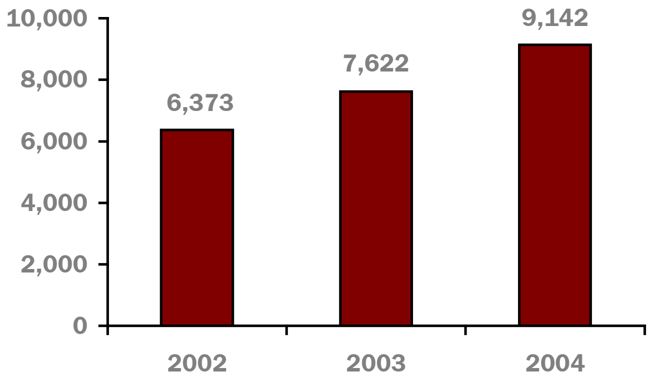
Business Lending portfolio - by industry							
Property & business services	662.2	504.7	157.5	31.2	502.0	160.2	31.9
Retail trade	216.7	160.9	55.8	34.7	184.8	31.9	17.3
Agriculture, forestry & fishing	202.2	220.1	(17.9)	(8.1)	175.9	26.3	15.0
Construction	121.8	84.1	37.7	44.8	109.3	12.5	11.4
Accom, cafes & restaurants	91.6	71.5	20.1	28.1	79.0	12.6	15.9
Manufacturing	77.1	62.9	14.2	22.6	65.1	12.0	18.4
Transport & storage	65.1	47.0	18.1	38.5	53.1	12.0	22.6
Health & community services	52.2	48.1	4.1	8.5	49.3	2.9	5.9
Cultural & recreational services	41.9	32.4	9.5	29.3	38.3	3.6	9.4
Wholesale trade	36.4	32.8	3.6	11.0	33.1	3.3	10.0
Communication services	23.1	16.8	6.3	37.5	26.3	(3.2)	(12.2)
Personal & other services	22.4	24.1	(1.7)	(7.1)	23.1	(0.7)	(3.0)
Finance & insurance	20.2	20.2	-	-	19.8	0.4	2.0
Other	141.2	120.9	20.3	16.8	163.2	(22.0)	(13.5)
	1,774.1	1,446.5	327.6	22.6	1,522.3	251.8	16.5

2.5.4 Deposits and Funds Under Management

	Jun-04 $m	Jun-03 $m	Value $m	%	Dec-03 $m	Value $m	%
Deposits	10,148.9	8,241.1	1,907.8	23.1	9,259.4	889.5	9.6
Managed funds-Trustee Coy	2,158.9	1,733.5	425.4	24.5	1,979.4	179.5	9.1

Deposits dissection:	Jun-04	%	Jun-03	%	Movement
Retail	9,141.7	90.1	7,621.9	92.5	1,519.8
Wholesale - domestic	509.5	5.0	260.8	3.2	248.7
Wholesale - offshore	497.7	4.9	358.4	4.3	139.3
Total deposits	10,148.9	100.0	8,241.1	100.0	1,907.8

Retail Deposits
$m



The bank continues solid growth in the retail deposits during the period, with retail deposits increasing by $1.5 billion, substantially funding the achieved loan growth of $1.9 billion.

2.5.5 Productivity and Expenses

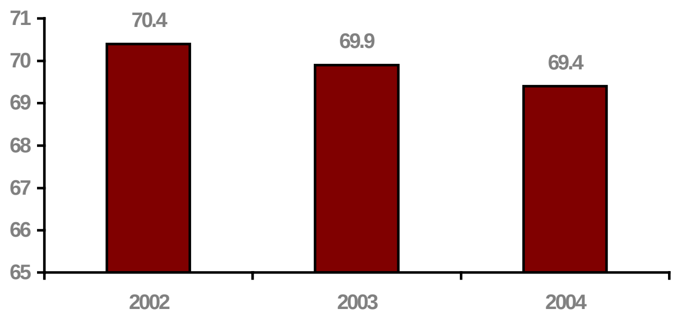
			Increase/(Decrease)			Increase/(Decrease)	
	Jun-04	**Jun-03**	**Value**	**%**	**Dec-03**	**Value**	**%**
	$m	**$m**	**$m**		**$m**	**$m**	
Net Operating Expenses	282.0	243.3	38.7	15.9	139.0	143.0	(a)
Borrowing costs	0.5	0.5	-	-	0.3	0.2	(a)
Staff and related costs	134.9	118.1	16.8	14.2	68.4	66.5	(a)
Occupancy costs	23.0	21.7	1.3	6.0	11.2	11.8	(a)
Information technology costs	22.1	21.5	0.6	2.8	12.2	9.9	(a)
Amortisation of goodwill	4.3	4.3	-	-	2.1	2.2	(a)
Property, plant & equip costs	11.5	10.1	1.4	13.9	5.7	5.8	(a)
Fees & commissions	14.2	10.9	3.3	30.3	6.9	7.3	(a)
Administration expenses	63.2	56.2	7.0	12.5	30.8	32.4	(a)
Specific items - operating expenses	8.3	-	8.3	-	1.4	6.9	(a)
Net operating expenses to net interest income and other income	68.6%	69.9%	(1.3%)	(1.9)	70.8%	(2.2%)	(3.1)
Net operating expenses to net int income and other income before specific items	69.4%	69.9%	(0.5%)	(0.7)	71.3%	(1.9%)	(2.7)
Underlying op expenses to net int income and other income less specific inc items	68.4%	68.7%	(0.3%)	(0.4)	70.2%	(1.8%)	(2.6)
Net operating expenses to average assets	2.7%	2.8%	(0.1%)	(3.6)	2.9%	(0.2%)	(6.9)
Ave assets-incl mged assets	2.2%	2.2%	-	-	2.3%	(0.1%)	(4.3)
Number of staff (full-time equiv) - No.	2,107	1,904	203	10.7	2,013	94	4.7
Staff & related costs to net interest income and other income	32.8%	33.9%	(1.1%)	(3.2)	34.8%	(2.0%)	(5.7)

Net operating expenses are operating expenses less specific expense items, 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.

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

Efficiency Ratio - Operating Expenses/Total Income
%



2.5.5 Productivity & Expenses cont'd…

Staff and related costs increased by 14% compared to the previous year. The increase follows the increase in full time equivalent staff numbers by 203. The majority of the increases were in our retail division, reflecting the growth in business volumes and expansion of the delivery network. Wage increases awarded under the group's certified agreement and other salary increases also contributed to the increase in this category.

Fees and commissions increased by 30% predominantly due to an increase in Community Bank branches' market development activities. The increase reflects the growth in Community Banks and the expansion of this delivery network. Commissions paid to our agency network also contributed to the increase in this expense category.

Administration expenses increased by 13%. Major contributors to this increase were product & delivery services costs, which includes the costs of delivering branch cash, ATM & Eftpos services and the Rewards program. Communications, postage and stationery costs also contributed to the increase in this category. Administration expenses were impacted this year by the significant external costs of implementing the requirements of the Financial Services Reform Act (FSRA).

Specific expense items include:

	$m
Book value of Cashcard shares sold	1.2
Book value of properties sold	6.1
Write-down of share investment - Inch Corporation Limited	1.1
Reversal of investment write-down and goodwill expense - BSX Group Holdings Ltd	(0.1)
	8.3

2.5.6 Bad and Doubtful Debts

	Jun-04	Jun-03	Increase/(Decrease) Value	Increase/(Decrease) %	Dec-03	Increase/(Decrease) Value	Increase/(Decrease) %
	$m	$m	$m		$m	$m	
Bad debts expense	0.7	0.6	0.1	16.7	0.6	0.1	(a)
Prov'n doubtful debts - expense	13.4	14.9	(1.5)	(10.1)	5.8	7.6	(a)
Prov'n doubtful debts - specific	8.1	10.8	(2.7)	(25.0)	9.5	(1.4)	(14.7)
Prov'n doubtful debts - general	53.4	43.7	9.7	22.2	48.3	5.1	10.6
Prov'n doubtful debts - total	61.5	54.5	7.0	12.8	57.8	3.7	6.4
Loan write-offs to average assets	0.07%	0.08%	(0.01%)	(12.5)	0.06%	0.01%	16.7
Total provision for doubtful debts to gross loans	0.65%	0.72%	(0.07%)	(9.7)	0.69%	(0.04%)	(5.8)
General provision for doubtful debts to risk-weighted assets	0.79%	0.79%	-	-	0.79%	-	-

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

	Jun-04	Jun-03	Movement
	$m	$m	$m
Specific provisions	8.1	10.8	(2.7)
General provision	53.4	43.7	9.7
Total balance in provisions for doubtful debts	61.5	54.5	7.0

The movement in provisions comprise:

	Specific	General	Total
Balance at June 2003	10.8	43.7	54.5
Bad & doubtful debts expense to profit and loss	4.4	9.7	14.1
Bad debts written off	(7.1)	-	(7.1)
Balance at June 2004	8.1	53.4	61.5

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

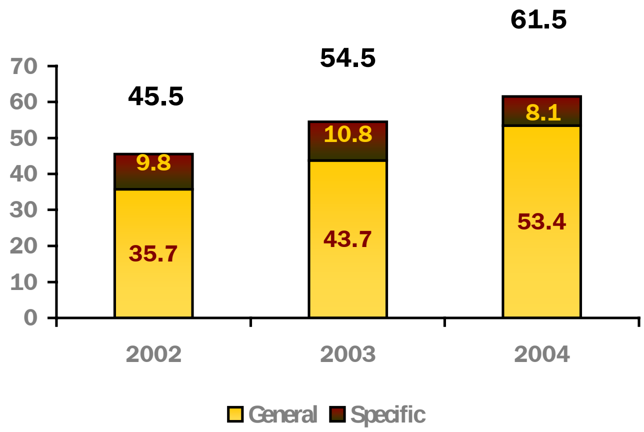
Bad debts previously provided for	6.4
Other Bad debts	0.7
	7.1

(a) Not applicable - the Increase/Decrease Value shows the comparitive second half performance.

Provision for doubtful debts expense decreased by $1.5 million, or 10% when compared with the previous year.

This change in expense is made up of:
1) the general provision expense component increasing by $1.6 million to reflect the growth in assets and maintain the ratio of the general provision to risk-weighted assets at 0.79%.
2) a $3.1 million reduction in specific provisions expense, reflecting the general improvement in impaired assets.

Total Provisions for Doubtful Debts
$mil



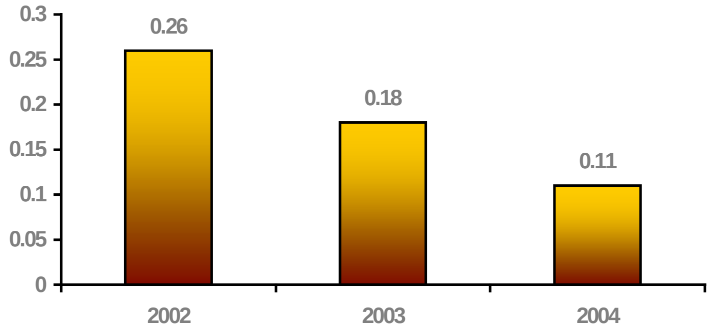
2.5.7 Asset Quality

	Jun-04 $m	Jun-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %	Dec-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %
Non-accrual accounts-							
Full-performing	-	0.3	(0.3)	-	-	-	-
Part-performing	3.7	3.2	0.5	15.6	3.1	0.6	19.4
Non-performing	9.2	12.9	(3.7)	(28.7)	9.3	(0.1)	(1.1)
Total impaired assets	12.9	16.4	(3.5)	(21.3)	12.4	0.5	4.0
Less: Specific provisions	(8.0)	(10.6)	2.6	(24.5)	(9.6)	1.6	(16.7)
Net impaired assets	4.9	5.8	(0.9)	(15.5)	2.8	2.1	75.0
Gross non-accrual to gross loans	0.14%	0.22%	(0.08%)	(36.4)	0.15%	(0.01%)	(6.7)
Gross impaired to gross loans	0.14%	0.22%	(0.08%)	(36.4)	0.15%	(0.01%)	(6.7)
Net impaired to gross loans	0.05%	0.08%	(0.03%)	(37.5)	0.03%	0.02%	66.7
Provision coverage	477%	332%	145%	43.7	466%	11.00%	2.4

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

	Jun-04 $m	Jun-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %	Dec-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %
Past due 90 days							
Well secured	57.1	47.2	9.9	21.0	47.7	9.4	19.7
Portfolio facilities - not well secured	1.9	2.5	(0.6)	(24.0)	2.5	(0.6)	(24.0)

Impaired Loans/Total Assets
%



2.5.8 Assets and capital

	Jun-04 $m	Jun-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %	Dec-03 $m	Increase/(Decrease) Value $m	Increase/(Decrease) %
Group assets	11,284.5	9,256.6	2,027.9	21.9	10,210.4	1,074.1	10.5
Capital adequacy							
Risk-weighted assets	6,797.2	5,553.7	1,243.5	22.4	6,088.3	708.9	11.6
Risk-weighted capital adequacy	10.35%	10.58%	(0.23%)	(2.2)	10.26%	0.09%	0.9
- Tier 1	8.38%	8.12%	0.26%	3.2	8.30%	0.08%	1.0
- Tier 2	1.97%	2.46%	(0.49%)	(19.9)	1.96%	0.01%	0.5
Net tangible assets per fully paid share	$4.40	$3.80	$0.60	15.8	$4.05	$0.35	8.6
Equity	676.4	552.7	123.7	22.4	608.1	68.3	11.2
Assets under management							
Off-balance sheet loans	860.7	1,085.0	(224.3)	(20.7)	936.4	(75.7)	(8.1)
Sandhurst Trustee Company	1,389.2	1,195.3	193.9	16.2	1,313.7	75.5	5.7
Total Group assets under management	2,249.9	2,280.3	(30.4)	(1.3)	2,250.1	(0.2)	0.0
Total Group managed assets	13,534.4	11,536.9	1,997.5	17.3	12,460.5	1,073.9	8.6

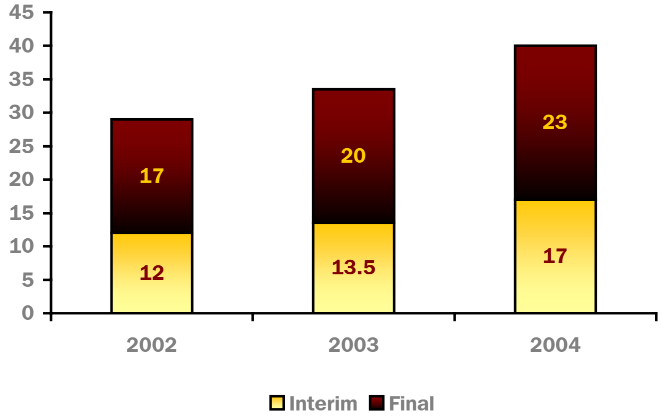
Group assets grew solidly in the period by $2.0 billion, or 22%. **Group assets under management** declined slightly by $30 million, primarily reflecting the run-off in the securitised loan portfolios, offset by an increase of $194 million in the assets managed by Sandhurst Trustees Limited.

Risk-weighted assets increased by 22% reflecting the growth in total assets and group equity also increased by 22% to $676 million. Group capital adequacy ratio of 10.35% comfortably exceeds regulatory minimum with Tier 1 a very solid 8.38%.

2.5.9 Dividends

	Jun-04	**Jun-03**	**Increase/(Decrease) Value**	**%**	**Dec-03**	**Increase/(Decrease) Value**	**%**
Dividend per share - cents	23.0	20.0	3.0	15.0	17.0	-	-
Dividend amount payable - $m	30.3	24.3	6.0	24.7	21.5	-	-
Dividends for full year - cents	40.0	33.5	6.5	19.4	-	-	-

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 $51.0 million after allowing for final 2004 dividend.

The dividend pay-out ratio for 2003/04 is 71% for normalised profit, or 65% after specific items.

2.5.10 Retained profits

	Jun-04	Jun-03	Inc/(Dec) %
Retained profits at beginning of year	85.6	28.3	202.5
Net profit attributable to members of Bendigo Bank Limited	79.8	59.0	35.3
Reversal of prior year final dividend provision per AASB 1044	-	20.0	-
Adjustment to opening retained profits per revised AASB 1028	-	(0.3)	-
Total Available for appropriation	165.4	107.0	54.6
Transfer from/(to) general reserve	-	13.5	-
Transfer from asset realisation reserve	-	1.0	-
Transfer from capital profits reserve	-	0.2	-
2003 Final dividend paid (2003: 2002 Final dividend paid)	(24.3)	(20.0)	21.5
2004 Interim dividend paid (2003: 2003 Interim dividend paid)	(21.5)	(16.1)	33.5
Retained profits at 30 June	**119.6**	**85.6**	**39.7**

The 2003 reversal of the prior year final dividend provision against opening retained earnings was made in accordance with the transitional arrangements under AASB 1044 "Provisions, Contingent liabilities and Contingent assets".

The 2003 adjustment to opening retained profits re revised AASB 1028 "Employee Benefits" is made in accordance with the transitional arrangements of that standard. The adjustment is due to a re-assessment of annual leave provisions at 30 June 2002 and related on-costs calculated in accordance with the revised accounting standard.

In 2003, the balances of a number of reserves were transferred to retained profits, as the reasons for maintaining these separate reserves was redundant.

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

2.6 Commentary

2.6.1 Commentary on results for the period

Group net profit attributable to members was $79.8 million, a $20.8 million or 35% increase over the $59.0 million achieved in 2003. This result included the effect of several specific items of income and expense, with the normalised result being $73.2 million, a $14.2 million or 24% increase over 2003.

The result flowed from good contributions from all divisions within the Group, with the Retail Division, Business Banking, Community Bank, Wealth Solutions and associated companies all showing strong results. Record lending approvals, a 17% increase in Group managed assets and a 24% growth in managed funds contributed to the increase in profit.

Profit before tax increased by 29% from $89.3 million to $115.3 million, whilst the result before tax and specific items (normalised) increased from $89.3 million to $106.6 million, a 19% increase over 2003. Specific items included the profit on sale of Cashcard shares and properties and a GST refund in relation to our electronic network transactions.

Net interest income increased by 14% or $31.3 million, driven by an increase of $1.7 billion in average earning assets. The increase was impacted by an 18 basis point decline in net interest rate margin when compared with 2003.

Other income from ordinary activities increased by $14.9 or 12% excluding the specific income items. The major increases included the share of associate company profits, which resulted from improved results for Elders Rural Bank and Tasmanian Banking Services. Fees from asset products, liability product transaction fees and income from our electronic delivery network also increased in 2004. Earnings from our Wealth Solutions managed funds and financial planning activities contributed to the increased income.

Bad and doubtful debts expense decreased by $1.4 million to $14.1 million. The general provision increase was $1.6 million greater than last year to reflect the growth in assets and maintain the ratio of the general provision to risk-weighted assets at 0.79%. The expense in relation to specific provisions decreased by $3.1 million, reflecting the general improvement in impaired assets.

Other expenses relating to ordinary activities excluding specific expense items increased by $30.4 million or 12%. The major contributors to this increase were:

- Staff and related costs increased by 14% following the increase in full time equivalent staff numbers by 203. The majority of the staff increases were in our retail division, reflecting the growth in business volumes and expansion of the delivery network. Wage increases awarded under the Group's certified agreement and other salary increases also contributed to the increase in the category.

- Fees and commissions increased by 30% predominantly due to Community Bank branches' market development activities. This increase reflects the growth in Community Banks and the expansion of this delivery network. Commissions paid to our agency network also contributed to the increase.

- Administration expenses increased by 13%. Major contributors to this increase were product & delivery services costs, which includes the costs of delivering branch cash, ATM & Eftpos services and the Rewards program. Administration expenses were impacted by the significant external costs of implementing the requirements of the Financial Services Reform Act (FSRA).

2.6.1 Commentary on results for the period cont'd…

The operating expense to income ratio decreased from 69.9% to 68.6% (69.4% normalised).

The directors declared a dividend of 23.0 cents per share, fully franked (at 30 per cent) on 9 August 2004. The final dividend is payable on 30 September 2004 and when combined with the interim dividend of 17.0 cents represents a dividend pay-out ratio for the financial year of 65% (71% on normalised profits) (2003: 68%).

2.6.2 Business activities and performance trends

The major business divisions of the Group contributed to the solid result reported for the period under review. During the year, the network was expanded through the addition of 29 Community Banks. The Group has again achieved strong business growth as evidenced by record lending approvals of $6.1 billion, growth in loan outstanding balances of $1.9 billion (a 25% increase) and an increase in retail deposits of $1.5 billion (20%).

Community Banking division after tax contribution increased from $8.4 million to $13.6 million – a 62% improvement.

Wealth Solutions division continued the trend from last year by increasing the contribution by 80% from $7.6 million to $13.7 million, flowing from strong growth in managed fund income.

A solid increase in profit contribution from Elders Rural Bank Limited and increased profitability of Tasmanian Banking Services ensured that the total associated companies' contributions increased from $9.0 million to $10.7 million in 2004.

These results are in line with the predictions made in 2003 and we expect further improvement in the contribution from all divisions in 2005. The ongoing expansion of our Community Bank network, further growth in the Wealth Solutions division and increased business in our retail, e-banking and business banking products will bring a further increase in profit in the new financial year.