

NEWS BRIEFS

Profit announcements and AGM online

As part of our commitment to shareholder communications, Bendigo Bank's profit announcements and Annual General Meeting (AGM) are now "webcast" on our internet site.

This practice was started with a live audio/slide webcast of last year's final profit announcement and AGM, both of which proved popular. The interim profit presentation made on 17 February 2003 was prerecorded and webcast from that date. It is our intention to archive all such presentations for 12 months after the event.

To view presentations, log on to [www.bendigobank.com.au](http://www.bendigobank.com.au).

'Unfair' share offer fails to attract interest

In November, we issued a media release warning that shareholders might receive an unfair offer to buy their Bendigo Bank shares.

This followed a number of shareholders alerting the bank about a targeted offer they had received in the mail to sell their shares off-market for a cash payment of \$5.00 per share. At that time, our shares were trading around \$8.20, but this was not disclosed to shareholders in the offer letter.

We can now report that this unethical behavior went largely unrewarded. Bendigo Bank received requests to register just four share transfers totalling just over 4000 shares. Nonetheless, this means that these four shareholders effectively surrendered a total of \$12,000 in value.

We urge any shareholder considering selling Bendigo Bank shares to ensure they either sell through a registered broker who can obtain correct market value for their shares, or obtain independent advice before accepting an off-market offer. The bank's share registry can be contacted on 1800 646 042.

Bendigo Bank's 'BBB' Rating Affirmed on Review

In January 2003, Standard & Poor's Ratings Services affirmed Bendigo Bank's 'BBB/A-2' credit ratings upon completion of its formal review process. The outlook on the long-term rating remains stable.

"The ratings affirmation is supported by improved profitability in 2002, maintenance of sound asset quality, and an increasingly diverse business profile – factors that were the cornerstone of Standard & Poor's decision to upgrade Bendigo Bank to 'BBB' from 'BBB-' in May 2002," said Michael Vine, director, Financial Services Ratings.

Bendigo wins Sustainable Company award again

Bendigo Bank has been announced the winner of the CEPA Trust Ethical Investor Sustainable Company of the Year Award 2002. Bendigo Bank also won 2001's inaugural award.

CEPA said the win recognised "significant new initiatives taken by Bendigo Bank in the past 12 months, including the launch of a series of Green Loans and the July launch of Community Sector Banking, a 50 per cent owned joint venture with 19 non-profit organisations to provide a custom banking service to Australia's vast 'third sector'."

Managed funds online

By logging on to the BBL home page, [www.bendigobank.com.au](http://www.bendigobank.com.au), you are now provided with the choice of selecting the Bendigo Wealth Management site. Clicking on to this will give you the selection of all the divisions within Wealth Management.

You can then select Bendigo Managed Funds, which provides details on all our funds on offer, the daily/weekly unit prices, fund performance updates, and other material that would be of interest to existing or new investors.

Smiles all round as our interpreters (centre, in black) and some of the children meet cast members after the show.

SPONSORSHIP

Bendigo Bank is the major sponsor of the stage production of stage adaptation of C.S. Lewis' immortal classic *The Lion, The Witch and The Wardrobe*.

Featuring the magic of life-size – and bigger! – puppets, and the talents of Amanda Muggleton as *The White Witch*, the family oriented show proved a huge hit in its initial run in Melbourne. It has since gone on to Perth and Adelaide, with plans to tour other capitals and major regional centres.

The show was directed by Nadia Tess, who won an Australian Film Institute best director award for her 1986 hit movie *Malcolm*.

Bendigo Bank was delighted to be able to help prepare a special production in Melbourne's State Theatre for a group of hearing impaired children.

Interpreters hired by the bank rehearsed for eight weeks prior to the Sunday matinee performance, with the first four rows filled with children and parents from the Victorian Services for Deaf Children. The interpreters signed the action to the children, who were delighted with the antics of the puppets. At the end of the performance, the children signalled their delight by putting their arms in the air and waving at the actors and the puppets up on stage. We also organised for several of the children to go backstage to meet the puppets, the *White Witch* and have a tour of the Arts Centre.



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BEND7957 Design Visual Communication



> Gaining momentum  
Investing in a sustainable future

VOLUME 8 – ISSUE NUMBER 1  
INSIDE THIS ISSUE

|                             |     |
|-----------------------------|-----|
| INTERIM PROFIT ANNOUNCEMENT | P.2 |
| > RESULT AT A GLANCE        | P.3 |
| NEWS BRIEFS                 | P.4 |
| SPONSORSHIP                 | P.4 |





CHAIRMAN  
RICHARD A. GUY OAM

GROUP MANAGING DIRECTOR  
ROB HUNT AM

2003

## INTERIM PROFIT ANNOUNCEMENT

17 February 2003

Excellent performances from its core and emerging businesses pushed Bendigo Bank to a strong interim profit result, Chairman Richard Guy said today.

Mr Guy said operating profit after income tax was up by 30 per cent to \$25.4 million, compared with \$19.5 million for the corresponding period last year.

On the same comparison, earnings per share increased by 3.5 cents, to 20.3 cents, and return on equity grew from 8.8 per cent to 9.9 per cent.

"We are comfortable with the current progression in performance," Mr Guy said.

"We have consistently stated our belief that successful customers and successful communities create a successful bank – in that order – and this result clearly shows the strength of that strategy.

"Over the past few years we have responded to growing demand for a bank which is happy to work with community to improve local prospects. We have invested in growing our own branch and electronic networks, in taking Community Bank across Australia, in improving access to farm banking through our joint venture Elders Rural Bank, and in securing local banking ownership in Tasmania.

"In every case, communities have rewarded us with a growing share of their business and we are now seeing

this reflected in strong business and earnings growth as our emerging businesses begin to mature."

Mr Guy said demand for the Bendigo style of banking remained strong and the bank would continue to respond.

"That means further investment and we have every confidence we will continue to be rewarded with growing market share and further earnings and profit improvements.

"We have stated our ambition to grow our return on equity by around one per cent this financial year and the result we announce today sees us on track to achieve improvement of that order.

"Our aim is to achieve a position where we are generating fair and sustainable growth in returns for our shareholders through delivering on our commitment to help improve the prospects of our customers and communities. This will continue to strengthen our base of buyers and their commitment to us."

Mr Guy said directors had declared a fully franked interim dividend of 13.5 cents, an increase of 1.5 cents on the 2001/2002 interim dividend. The dividend is payable on 30 April 2003 to shareholders registered at the close of trading on 11 April 2003. The total interim dividend proposed is \$16.1 million, a payout ratio of 63 per cent.

Detailing the result, managing director Rob Hunt said pre-tax profit had increased by 23 per cent, to \$37.8 million, on growth in net operating income of 20.5 per cent.

"Revenue is growing for a variety of reasons. We continue to attract new customers at a rapid rate, even in our long-established areas; we are broadening our distribution networks and expect to open another 25 branches in 2003; our product range is expanding; and a number of our initiatives are beginning to mature as businesses.

"In part, of course, profit growth is reflecting this growth in our business. We approved \$2.2 billion in loans for the half – up by 16 per cent – and Group-managed assets were up by 14 per cent for the calendar year, so you would expect gross profit to be growing strongly.

"We are focused on converting this growth to improved performance measures and shareholder returns.

"We are more actively managing our balance sheet and capital base. During the calendar year, we securitised or sold loans totalling \$672 million, tempering growth in our balance sheet to which we must apply capital.

"Loan quality is excellent and we have been able to reduce net impaired assets to just 0.08 per cent of total loans while building our general provision for doubtful debts to maintain a ratio of 0.79 per cent of risk weighted assets.

"Performance was further enhanced by continuing strong growth in retail deposits, to 93 per cent of total deposits, which helped improve our net interest margin by 12 basis points during the half.

"There will doubtless be some focus on the sticky nature of our cost-to-income ratio, but this simply reflects our determination to respond to the strong demand for our brand.

"During the first half, we invested in establishing a core network to support our growing Community Bank

presence in Sydney. Our fledgling wealth management division was boosted by the addition of 12 planners as we expanded the Bendigo Investment Services network into Queensland.

"We also expensed, in large part, a program to examine the Group structure from top to bottom to ensure we are shaped to cope with, and capitalise on, the rapid growth which we are confident will continue for some time yet.

"Efficiencies will flow from this review and our cost ratio will trend down over time, but it is the opportunity to grow revenues which shareholders should focus on. Today's result, on top of two strong years, is evidence of that potential."

## YOUR DIVIDEND AN IMPORTANT ANNOUNCEMENT

The Bank will change the discount rate applying to shares issued under the Dividend Reinvestment Plan and Bonus Share Scheme.

Formerly, shares were issued at a discount of 5% to the average market price in the five trading days prior to the record date. In line with market practice, this discount will be reduced to 2.5% effective from the current interim dividend payable on 30 April 2003. We believe these schemes continue to offer Shareholders attractive opportunities to progressively build their stake in the Company.

If you wish to change your dividend instructions, please contact our Securities Registry on 1800 646 042. Instructions received by 5pm on 11 April 2003 will apply to the payment of the current interim dividend.

### Result at a Glance

#### The interim result at a glance

|  | Dec.02                    | Dec.01  | % change |
|--|---------------------------|---------|----------|
|  | (\$million unless stated) |         |          |
| Net operating income   | 168.3                     | 139.6   | 20.5     |
| Total operating expenses   | 130.5                     | 108.9   | 19.8     |
| Profit before tax and abnormal items                                       | 37.8                      | 30.7    | 23.1     |
| Income tax expense   | 12.5                      | 11.2    | 10.9     |
| Net profit attributable to Bendigo Bank                                    | 25.4                      | 19.5    | 30.3     |
| Earnings per share (cents)   | 20.3                      | 16.8    | 20.8     |
| Dividend (cents per share)   | 13.5                      | 12.0    | 12.5     |
| Assets   | 8,315                     | 7,521   | 10.6     |
| New lending approvals  | 2,174                     | 1,881   | 15.6     |
| General provision for doubtful debts to risk-weighted assets (net of FITB) | 0.79%                     | 0.55%   | -        |
| Group deposits   | 7,501                     | 6,752   | 11.1     |
| Number of listed shares*   | 126,391                   | 121,797 | 3.8      |

\* Excludes employee shares