

AUGUST 2003

> 2003

>

THE BENDIGO SHAREHOLDER

> Gaining momentum
Investing in a sustainable future

VOLUME 8 – ISSUE NUMBER 3
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2003 Profit Result

PROFIT INCREASES BY 21 PER CENT

Bendigo Bank has announced a 2002/2003 operating profit after tax of \$59.0 million, an increase of 21 per cent on the previous year.

Chairman Richard Guy said the result confirmed the Company's steady progression in improving revenue, profitability and performance in line with the solid growth across the Group.

"In conjunction with our communities and partners across Australia, Bendigo Bank is implementing a different strategy to the rest of the industry and this result confirms that it is working and is gathering momentum," Mr Guy said.

"We have established a clear identity and a style of banking that resonates with the public. This approach emphasises customer service and community involvement and is attracting widespread support in cities and country towns alike.

"Bendigo is being embraced and we are embracing communities and their aspirations in a collaborative style of commerce that is focused on improving their prospects, and therefore their willingness, to bank with us.

"This is a long-term strategy aimed at producing sustainable revenue and earnings. We have stuck to the strategy and its underlying principles and this is now being reflected in our financial performance, which is improving in line with our business growth.

"That has been rapid. In the past three years, our branch network, customer numbers and assets under management have all more than doubled. We are now seeing that growth reflected in a marked progression in revenue, profit and performance.

"In those three years our revenues have doubled, our after-tax profit is more than two-and-a-half times higher, ROE has improved by more

than 40 per cent and EPS has increased by 70 per cent, from 28 cents to 47.

"And that progression will continue. Well over half of our branches are less than three years old and experience tells us that their revenue contribution will increase strongly for some time yet.

"At the same time, we continue to expand our network and introduce new service capacity – such as wealth management and business banking – to ensure we have new revenue streams coming on line.

"Ours is a revenue generation strategy and all of our stakeholders are beginning to see its benefit.

"In the past three years we have helped create almost 2000 new jobs and more than 100 communities have secured a locally owned bank committed to their district. Already, local Community Bank boards have ploughed back into their communities just on three million dollars in local surpluses. Those communities are also benefiting from a further \$17 million a year that Community Banks are spending on wages and other operating expenses.

"Bendigo Bank shareholders, too, are benefiting. Having patiently supported our investment program, they are seeing improved returns on their investment.

"We are making excellent progress towards our long-term aim of generating fair and sustainable returns for our shareholders through delivering on our commitment to help improve the prospects of our customers and communities."

Mr Guy said Bendigo Bank shareholders will receive a final dividend of 20.0 cents, payable on 31 October and fully franked. Dividends for the financial year totalled 33.5 cents per share, an increase of four-and-a-half cents on the previous year. The payout ratio of 68 per cent is within our preferred range.

Bendigo Bank managing director Rob Hunt said he expected continued progression in earnings and performance measures.

"There has been no evidence of any tapering off in demand for the Bendigo style of banking," he said.

"The nett increase in new customers was 13 per cent and demand for

Financial highlights

	June 03	June 02	% increase/ (decrease)
Total net operating income	\$346.6 m	\$291.6 m	18.8
Total operating expenses	\$257.3 m	\$227.2 m	13.2
Profit before tax	\$89.3 m	\$64.4 m	38.6
Profit after tax	\$59.0 m	\$48.8 m	20.9
Earnings per share	46.8 cents	41.1 cents	13.9
Dividend per share	33.5 cents	29.0 cents	15.5
Return on average equity - restated	11.06 %	10.24 %	8.0
Cost to income ratio	69.8 %	70.4 %	(0.9)
Lending approvals	\$4.82 b	\$3.64 b	32.6
Total Group deposits	\$8.24 b	\$6.99 b	17.9
Assets under management	\$11.88 b	\$10.37 b	14.6
Net interest margin	2.76 %	2.68 %	-
Net impaired loans (as % of gross loans)	0.08 %	0.19 %	-

YOUR DIVIDEND

Bendigo Bank shareholders will receive a final dividend of 20.0 cents, payable on 31 October 2003 and fully franked. Dividends for the financial year totalled 33.5 cents per share, an increase of four-and-a-half cents on the previous year.



Here's cheers to five years. From left, founding Chairman and current Director of Rupanyup/Minyip Community Bank, David Matthews, Bendigo Bank Chairman Richard Guy OAM and our Managing Director Rob Hunt AM toast the signing of a new five-year franchise agreement.

Community Bank, and Bendigo Bank branches continues to be strong across Australia. We expect to grow branch numbers by about 30 branches this year.

"We will also continue to expand our wealth management, e-bank and payment card options, all of which carry the capacity to further grow revenue.

"We need to continue making these investments while demand for the Bendigo brand is running so strongly.

"What you are beginning to see now is our strategy asserting itself. In 1995 we were new to the banking sector and only our building society customers knew us. Our first job was to establish a clear understanding of who we were and what we stood for.

"Having done that, we needed to invest heavily to expand our delivery network and service capacity to fulfil the strong consumer demand for our style of banking.

"For eight years now, we have balanced the twin imperatives of a strategy designed to produce long-term sustainable value – to continue with the investment needed to build the base while at the same time improving our performance.

"We are now increasingly seeing the rewards from keeping faith with our strategy. Revenue is growing and performance ratios are improving as we generate some economies of scale.

"That means we can continue to improve shareholder returns without damaging our brand and reputation, lessening our commitment to our customers and communities, or eating into our continued investment program. Bendigo Bank is well positioned to deliver sustainable shareholder earnings."

News Briefs

Bendigo Bank has been granted Australian Trademark Registration for Community Bank for a ten-year period effective from 24 August 2001.

Bendigo Bank managing director Rob Hunt said: "Trademark recognition is a way we can protect the value and intellectual property that has been established to date."

Milestones

The final week of June was a milestone week for our Community Bank® network:

Australia's first locally owned branches, in Rupanyup/Minyip in the

Victorian Wimmera, turned five-years-old and signed a new five-year franchise agreement with us.

Total banking business in Community Bank® topped \$3 billion.

We opened the 100th Community Bank® branch, in San Remo in southern Victoria.

Community Bank® made an \$8.4 million after-tax contribution to our 2003 result, and our community partners have already seen \$1.9 million in benefits through funding of local projects and local shareholder dividends.

Become an e-shareholder now

Almost 500 Shareholders responded to the May edition's invitation to become "e-shareholders" and receive Company information by e-mail.

While this is an encouraging response from just one article, we require substantially more registrations before a full e-shareholder service can break even. We are loath to commit to a full e-shareholder service until we can justify the expense.

Nevertheless, we remain committed to building e-shareholder registration numbers to the point where a full service can be provided. We therefore urge those shareholders wishing to register to do so now.

To register, go to www.bendigobank.com.au/shareholders and click on the "Register now" icon. Enter your e-mail address as

requested and click "Submit" to send to our Share Registry.

The collection of these e-mail addresses is subject to the provisions of the Privacy Act and your address will only be used for official Company communications.

Current e-services

Our Annual General Meeting and profit announcements are broadcast live and then archived. The 2003 profit presentation is currently available online and our 2003 AGM will be webcast from 11am (Victorian time) on Monday 27 October.

Shareholders can also access our Annual Report, profit results, news releases, share price, dividend options and Shareholder Privileges details on-line at www.bendigobank.com.au

Share Price History

2003

BENDIGO BANK LTD SHARE ISSUE PRICES FROM 31ST AUGUST, 1988

DATE	DIVIDEND REINVESTMENT PLAN (DRPAL)	BONUS SHARE SCHEME (BSPAL)	SHARE PURCHASE PLAN (@TOPU)	RIGHTS ISSUE
31 August 1988	\$2.75			
17 March 1989				1:5 @ \$2.00
2 July 1989	\$2.475	\$2.20		
23 October 1989	\$2.475	\$2.20		
30 April 1990	\$2.28	\$2.02		
31 October 1990	\$2.14	\$1.90		
30 April 1991	\$2.12	\$2.12		
31 October 1991	\$2.28	\$2.28		
16 December 1991				1:5 @ \$2.00*
30 April 1992	\$2.87	\$2.87		
30 October 1992	\$2.80	\$2.80		
30 April 1993	\$3.05	\$3.05		
29 October 1993	\$3.01	\$3.01		
29 April 1994	\$3.27	\$3.27		
6 June 1994			\$3.27	
31 October 1994	\$2.71	\$2.71		
30 November 1994			\$2.71	
28 April 1995	\$2.89	\$2.89		
31 May 1995			\$2.89	
31 October 1995	\$3.40	\$3.40		
30 November 1995			\$3.40	
30 April 1996	\$3.54	\$3.54		
31 May 1996			\$3.54	
31 October 1996	\$3.75	\$3.75		
29 November 1996			\$3.75	
31 January 1997			\$3.86	
30 April 1997	\$4.41	\$4.41		
30 May 1997			\$4.41	
31 October 1997	\$3.77	\$3.77		
30 April 1998	\$3.67	\$3.67	\$3.67	
30 October 1998	\$4.38	\$4.38		
30 November 1998				1:6 @ \$3.75*
30 April 1999	\$5.82	\$5.82		
29 October 1999	\$5.65	\$5.65		
30 April 2000	\$4.81	\$4.81		
31 October 2000	\$4.92	\$4.92		
30 April 2001	\$5.79	\$5.79		
30 October 2001	\$5.81	\$5.81		
17 December 2001			\$5.89	
30 April 2002	\$6.67	\$6.67		
31 October 2002	\$7.43	\$7.43		
30 April 2003	\$7.52	\$7.52		

- > 24th August, 1984 all shareholders' certificates were consolidated and a new certificate issued (pre CGT)
- > 30th June, 1987 was a bonus Issue of 3 shares for every 19 shares held
- > 16th December 1991 1:6 Rights Issue. Some shareholders elected to pay in two instalments, \$1 on 16 December 1991 and the final payment on 28th May 1992
- > 30th November, 1998 1:6 rights issue @ \$3.75 - \$2.00 paid 30 November, 1998, final payment of \$1.75 paid 30th November, 1999. Shares converted to Fully Paid December, 1999.

Share sales

Three hundred and twenty-two Shareholders took advantage of the Bank's offer to pay brokerage costs to help them dispose of small, unmarketable parcels of shares (fewer than 65).



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