



A REWARDING FOCUS

THE BENDIGO SHAREHOLDER AUGUST 2004

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2004 PROFIT RESULTS

YOUR DIVIDEND

Bendigo Bank shareholders will receive a final dividend of 23.0 cents, payable on 30 September 2004 and fully franked. Dividends for the financial year totalled 40.0 cents per share, an increase of six-and-a-half cents, or 19.4 per cent, on the previous year.

PROFIT INCREASES BY 35 PER CENT (Normalised profit up by 24 per cent)

Bendigo Bank has 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.

"The result clearly shows that the investment program undertaken to support our customer and community focus over the years is paying off with earnings progression," Mr Guy said.

"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.

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 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.

"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, cautious about the future environment and we have positioned the business accordingly. 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."

This year's profit was announced to stockbrokers and journalists in Melbourne on 9 August by our Managing Director, Rob Hunt, and our Chief Financial Officer, Craig Langford. It was webcast live on our website, www.bendigobank.com.au and is now archived in our online Investor Centre. Included in the archive is a transcript of their presentation and the question session that followed.

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



Chairman
Richard A. Guy OAM



Group Managing Director
Rob Hunt AM

DIVIDEND BROUGHT FORWARD

The Company this year brought forward the payment of dividends by one month, from the last day of April and October to the last day of March and September.

SHARE PURCHASE PLAN

In March 2004, Shareholders were given the opportunity to purchase up to 150 shares as we sought to raise capital to support the growth of our balance sheet. Forty-four per cent of shareholders purchased a total of 2.86 million shares, raising \$28 million in capital.

CAPITAL NOTES REPAYED

In the year to 30 June, holders of 3,687,347 capital notes elected to convert their notes into shares. Those remaining noteholders were advised that 31 May was the final chance to convert to ordinary shares. In June 2004 we repaid holders of 56,439 notes at their \$4.10 face value.

BECOME AN E-SHAREHOLDER NOW

We are committed to gradually increasing e-shareholder services in line with demand. We therefore urge those shareholders wishing to register to receive material online 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.

COMMUNITY BANK[®] TOPS \$5 BIL.

The total business in Australia's 132 Community Bank[®] branches has reached more than \$5 billion.

The milestone was achieved just six years after the first locally owned branch of Bendigo Bank opened in the wake of a wave of branch closures that left many towns and suburbs without a bank.

SHARE PRICE HISTORY

The following information will be of assistance to Shareholders for taxation purposes.

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		
31 October 2003	\$8.66	\$8.66		
31 March 2004	\$9.87	\$9.87		
10 May 2004			\$9.87	

> 24 August, 1984 all shareholders' certificates were consolidated and a new certificate issued. (pre CGT)

> 30 June, 1987 was a bonus Issue of 3 shares for every 19 shares held

> 16 December 1991 1:5 Rights Issue. Some shareholders elected to pay in two instalments,. \$1 on 16 December 1991 and the final payment on 28 May 1992

30 November, 1998 1:6 rights issue @ \$3.75 - \$2.00 paid 30 November, 1998. Final Payment of \$1.75 paid

30 November, 1999. Shares converted to Fully Paid December, 1999.



Bendigo Bank Limited
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