

BENDIGO BANK LIMITED



30 June 2002 Results

2002

Presenters



Craig Langford

Greg Gillett

Rob Hunt

2002

Financial Result



Craig Langford

Chief Financial Officer

2002

2002 Moving forward



Profit increased by 47% to \$48.8 million
Earnings per share up by 30% to 41.1 cents
Strongly capitalised
Continuing business growth
Solid asset quality
Final dividend up 2.5 cents to 17 cents

2002

Performance summary

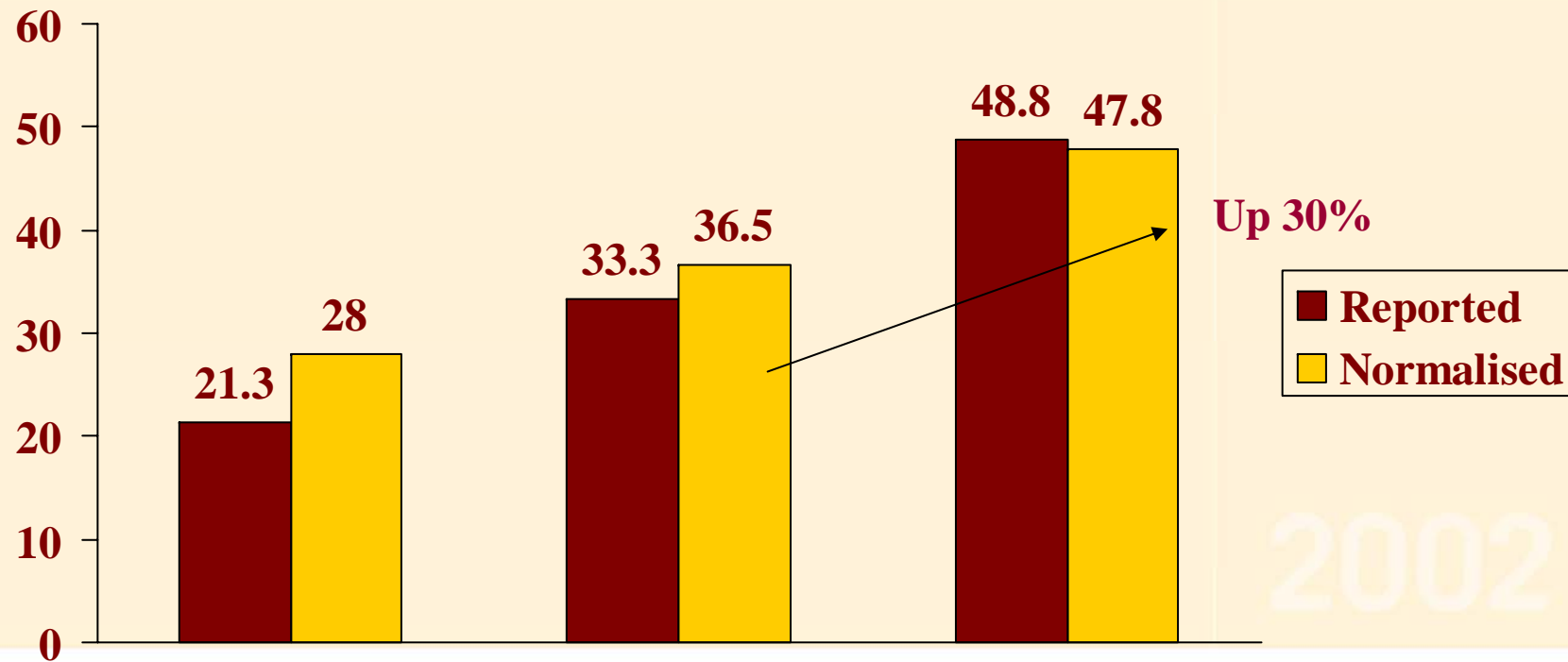


\$Millions	Jun-01	Jun-02
Net Profit after Income Tax	33.3	48.8
Return on Average Assets	0.56%	0.65%
Return on Average Equity	9.4%	10.6%
Earnings per Share - cents	31.5	41.1
Expense to Income Ratio	72.6%	70.5%
Year end Assets	6,982	7,968
Year end Capital	423	494
General Provision for doubtful debts	0.55%	0.79%

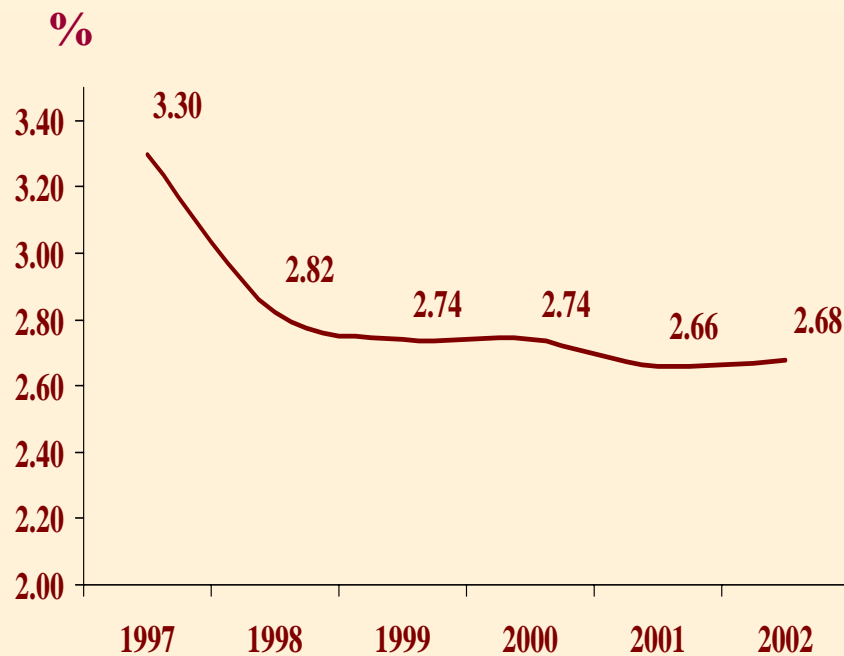
Operating profit - after tax



A\$ Millions



Net interest margin

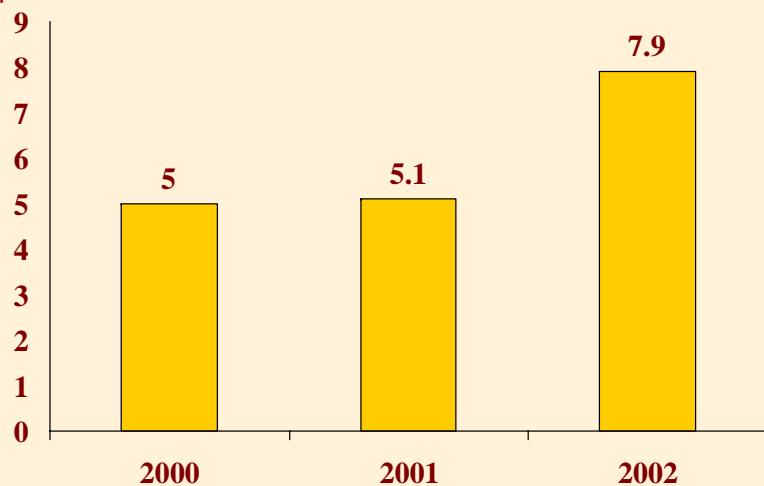


Interest Margins were maintained during the year despite yield curve pressures. A positive yield curve should assist margins for fiscal 2003.

Elders Rural Bank



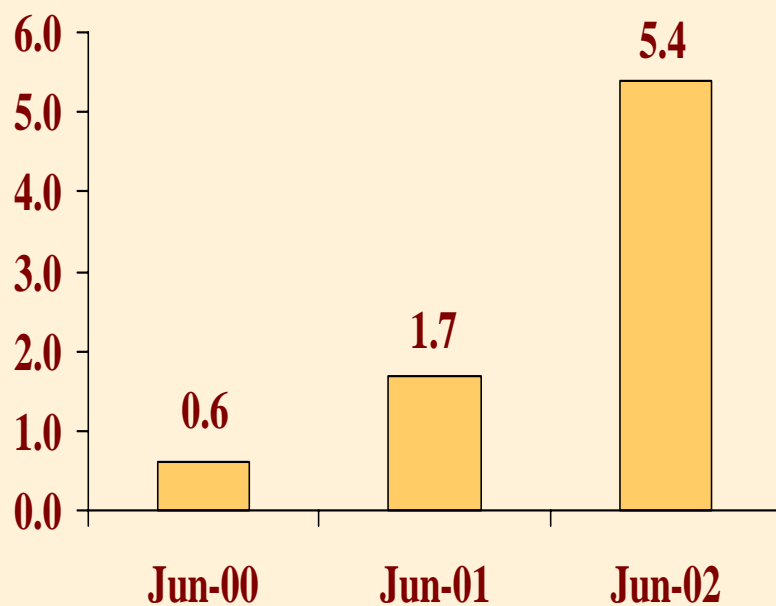
\$ Million



- Returned a solid performance with contribution increased by 55% to \$7.9 million
- Loans increased 25% to \$1.2 billion
- Solid retail funding base
- Loan quality remains excellent

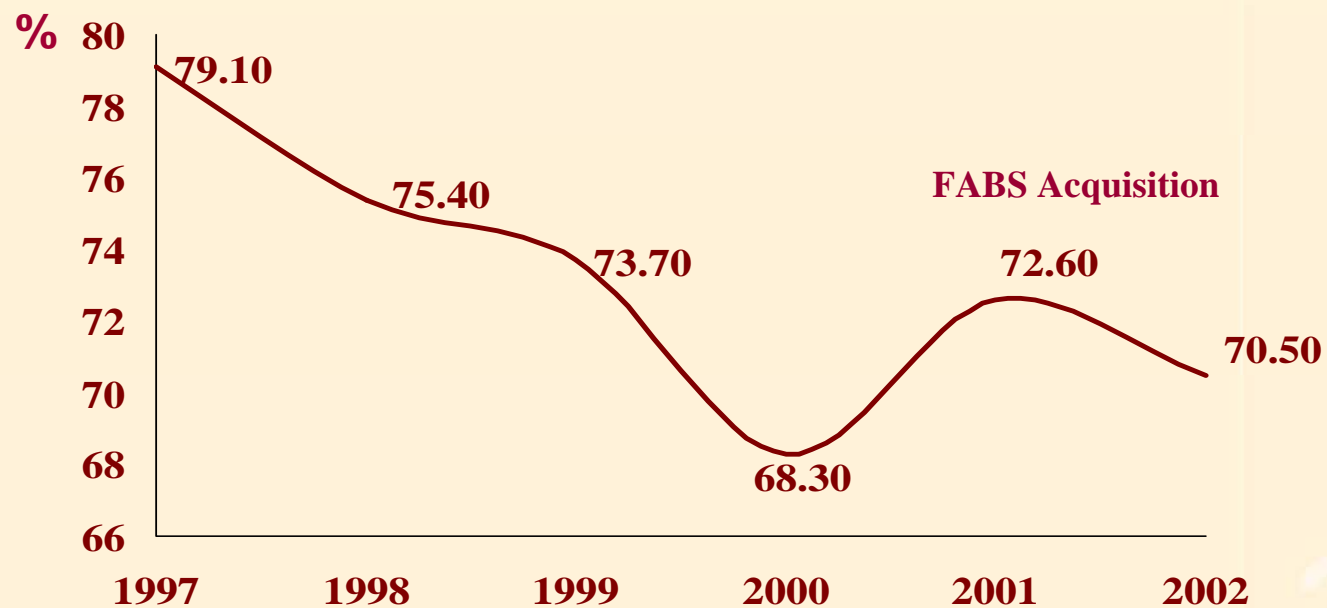
Community Bank contribution

(\$ millions)



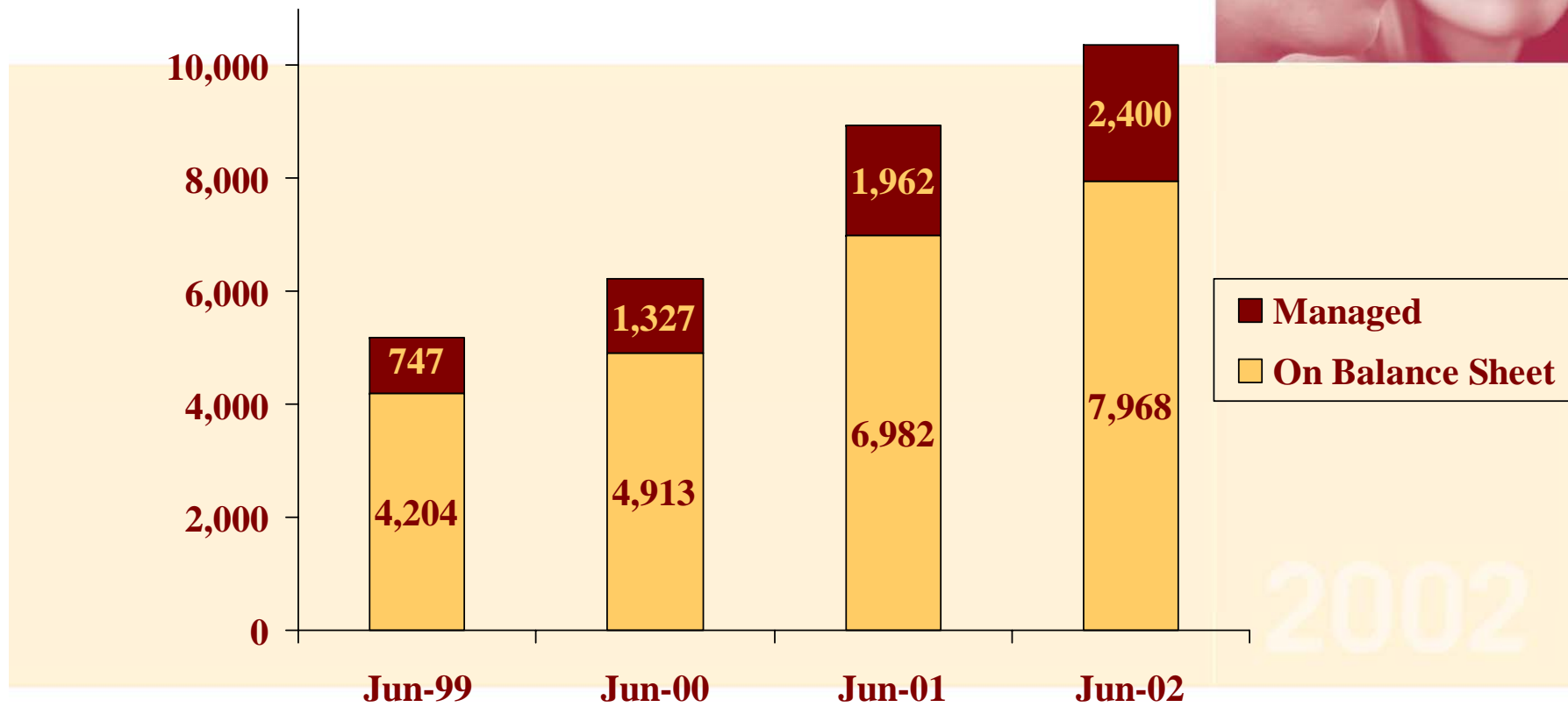
Community Bank contribution more than doubled during 2002. Further strong growth from this division is anticipated in 2003.

Efficiency ratio: Operating expenses / income

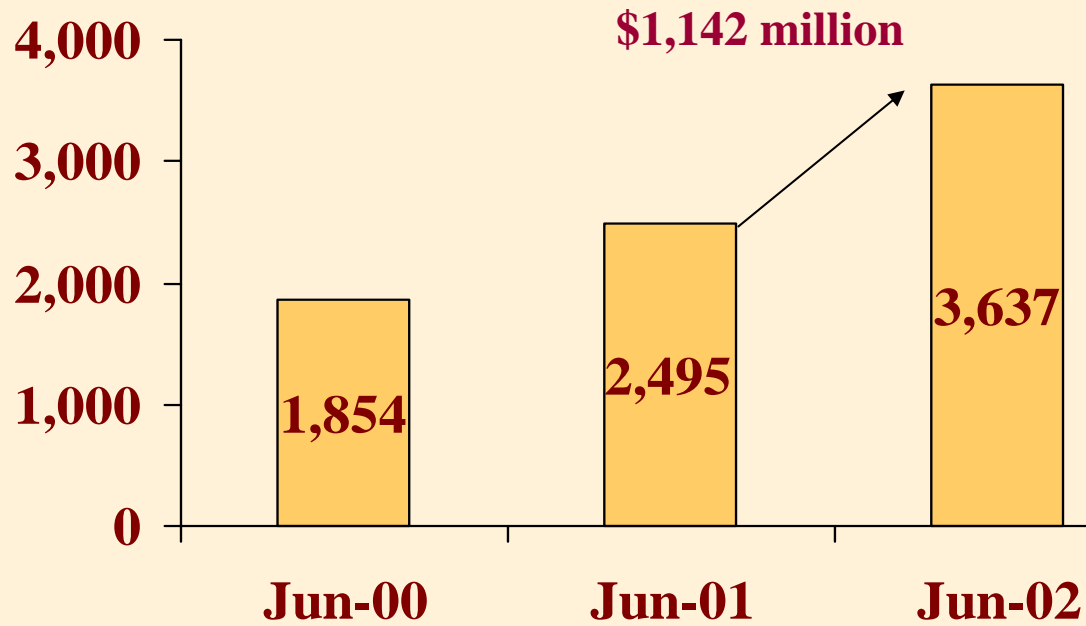


Total assets

A\$ Millions

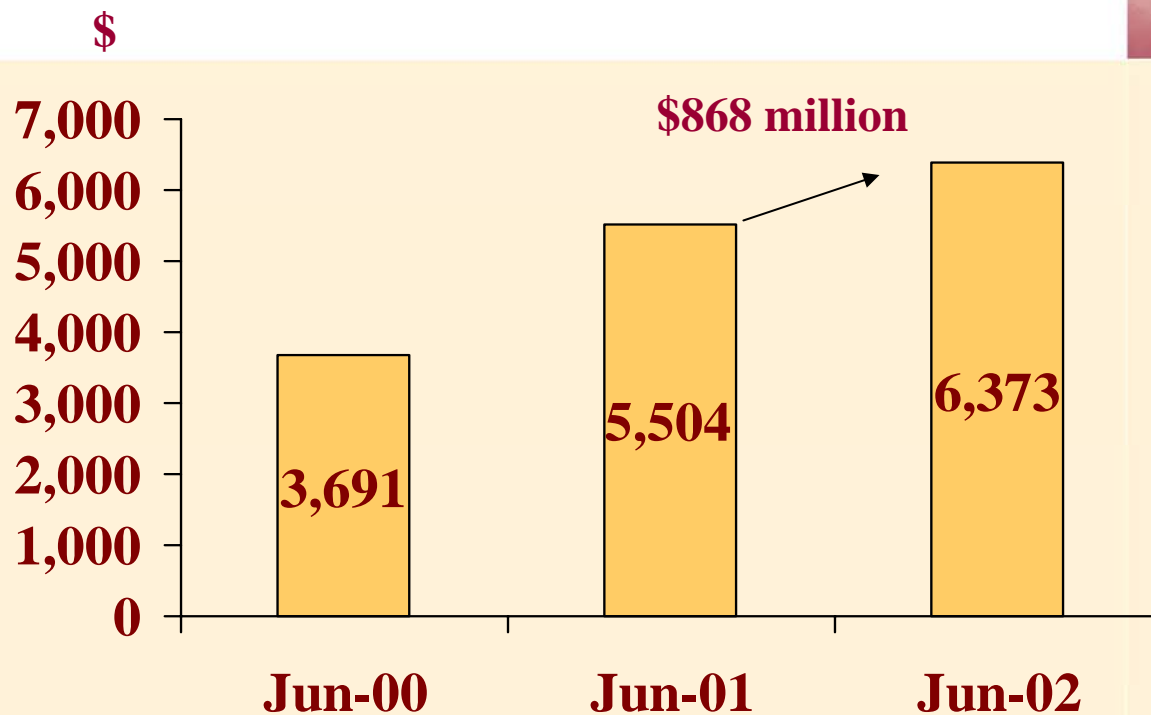


Lending approvals (\$millions)



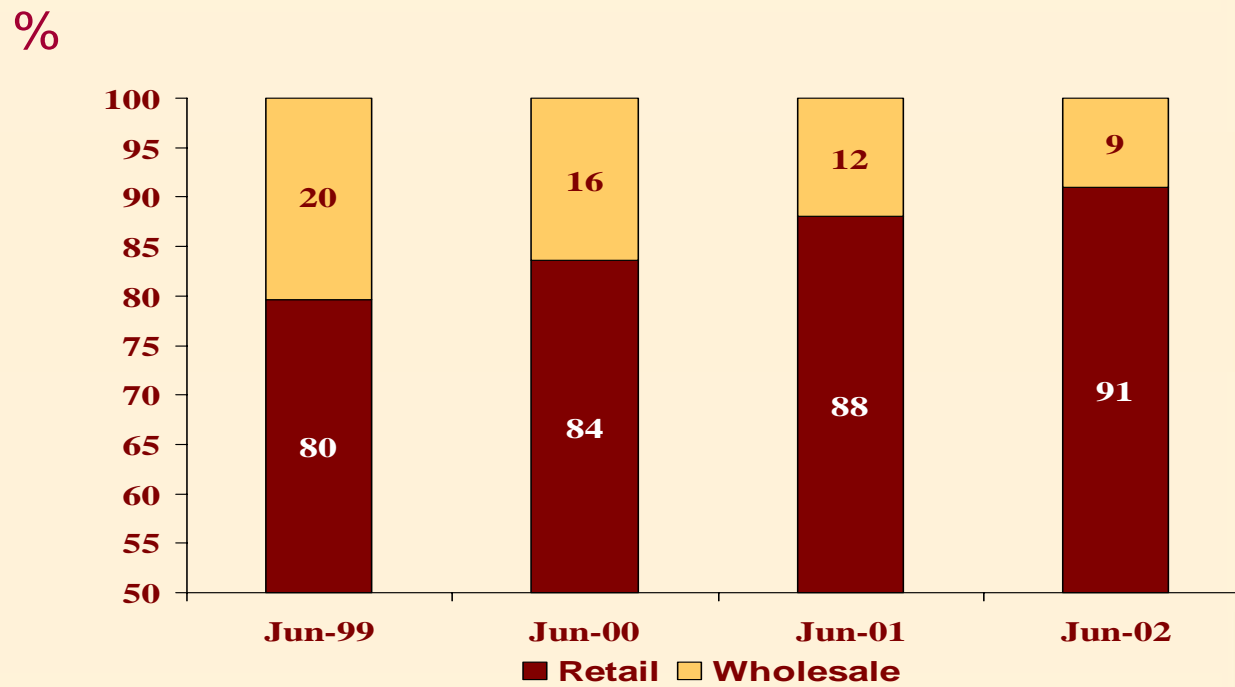
Retail deposits

(\$ millions)



2002

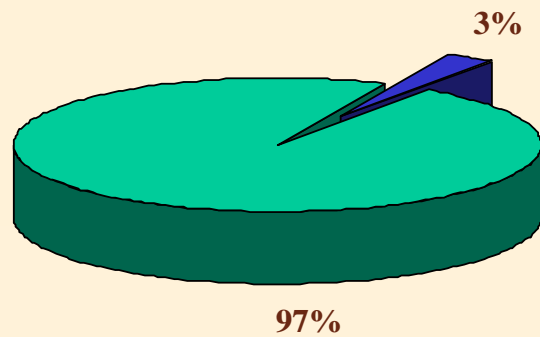
Core retail deposit base: Funding mix



Geographic spread of loans

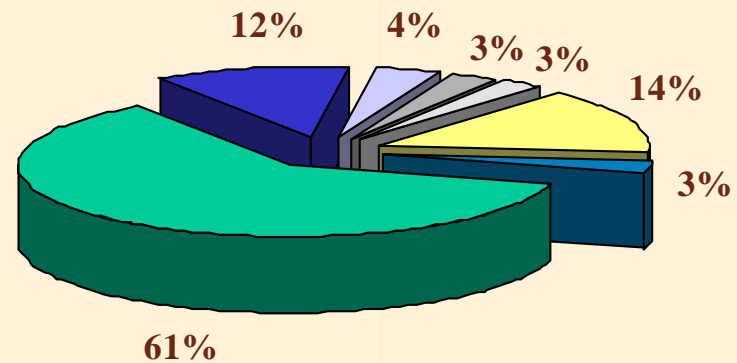


JUNE 1995



■ VIC ■ NSW

JUNE 2002

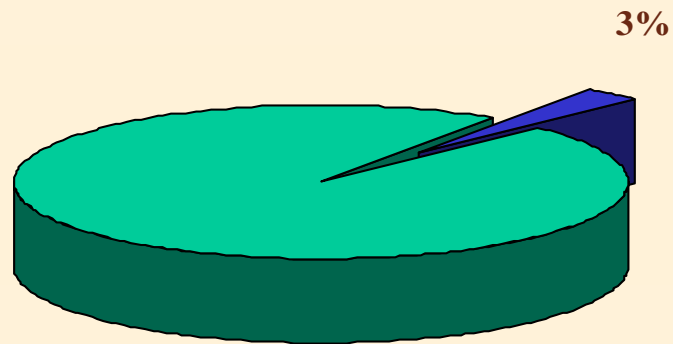


■ VIC ■ NSW ■ WA ■ ACT ■ SA ■ QLD ■ TAS

Geographic spread of deposits

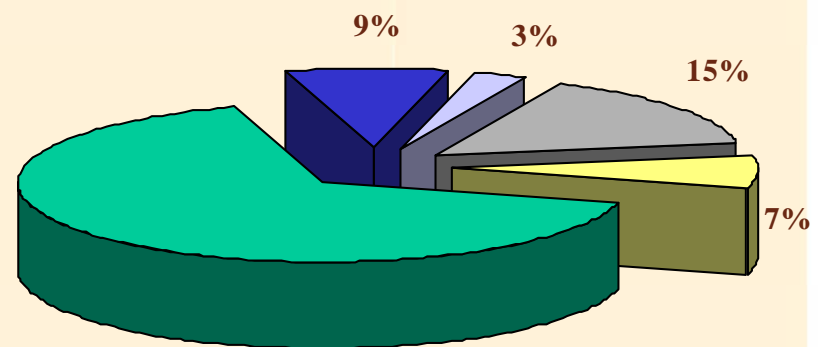


JUNE 1995



97%
VIC
NSW

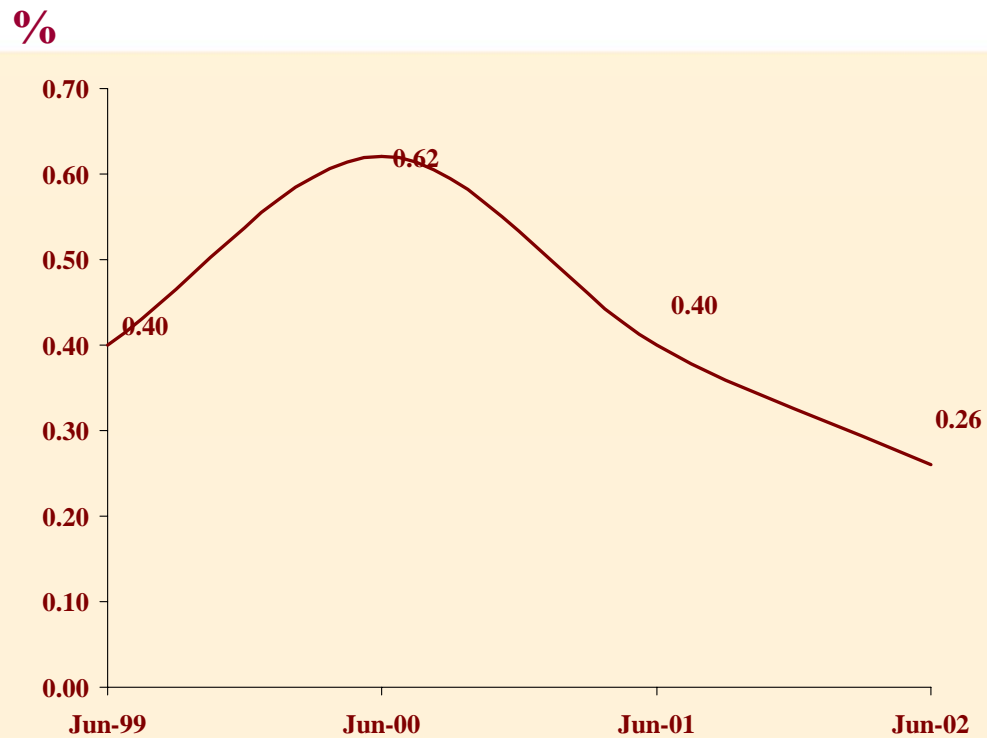
JUNE 2002



66%
VIC NSW WA
QLD OTHER

Asset quality

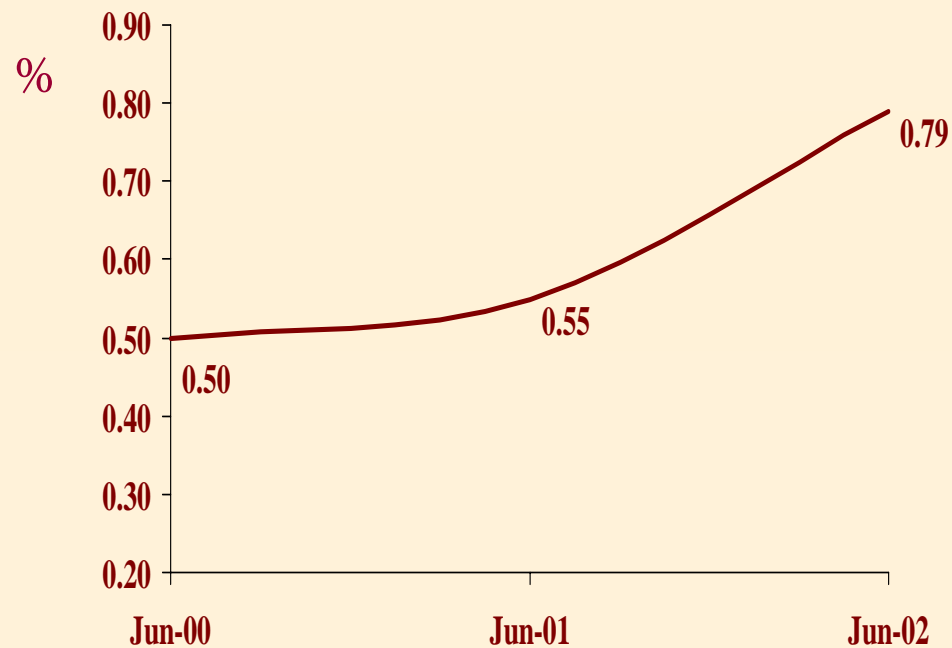
Impaired loans / total assets



Asset quality demonstrated solid improvement particularly in the second half reducing to the lowest level since Bendigo converted to Bank status.

2002

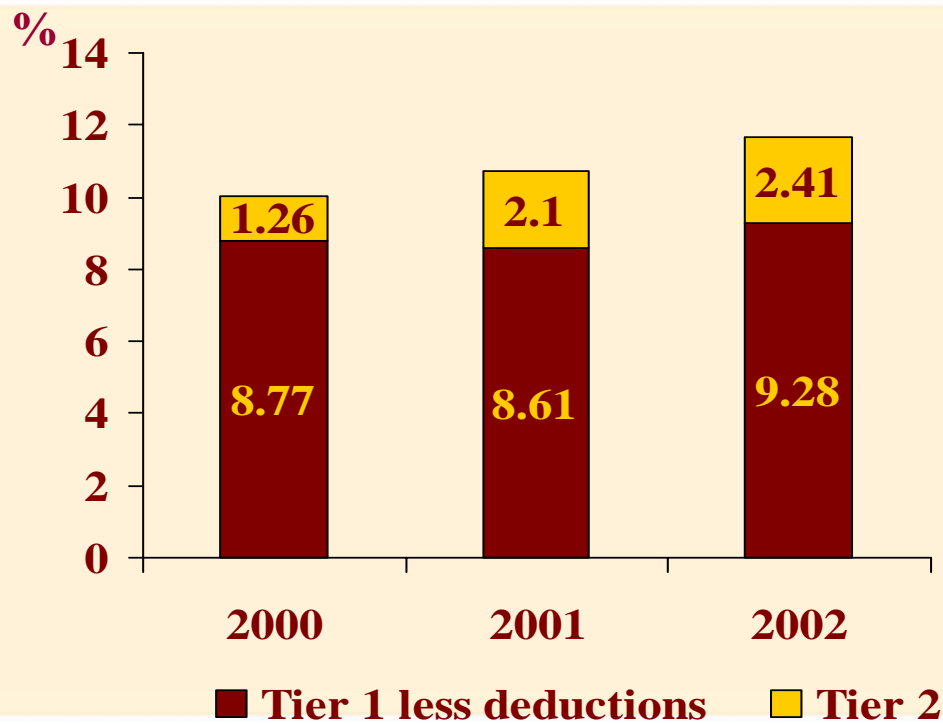
Asset quality: General provisions / risk weighted assets



Higher general provision coverage reflected change in accounting policy to “gross of income tax method” in line with the majority of Australian Banks during 2003.

2002

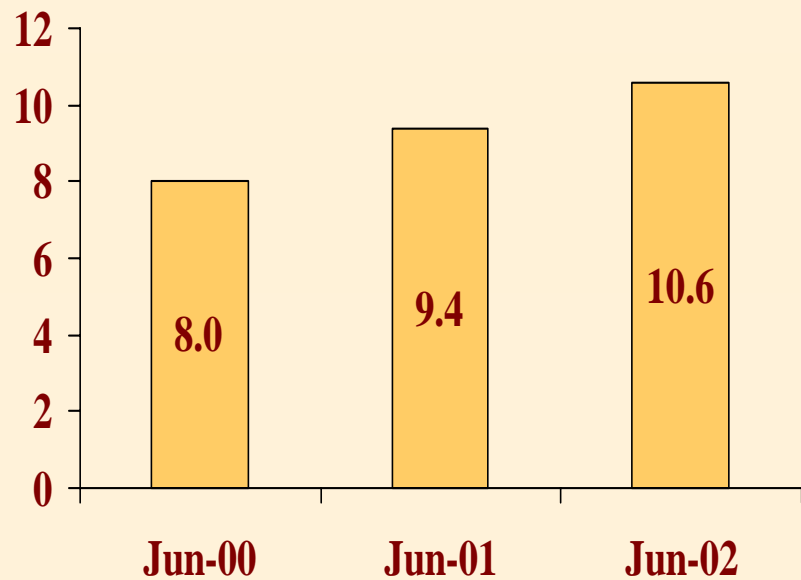
Capital adequacy



Tier one capital grew to a robust 9.28% during the year. This is slightly above the targeted mix of 8.5% tier one and 2.5% tier two

2002

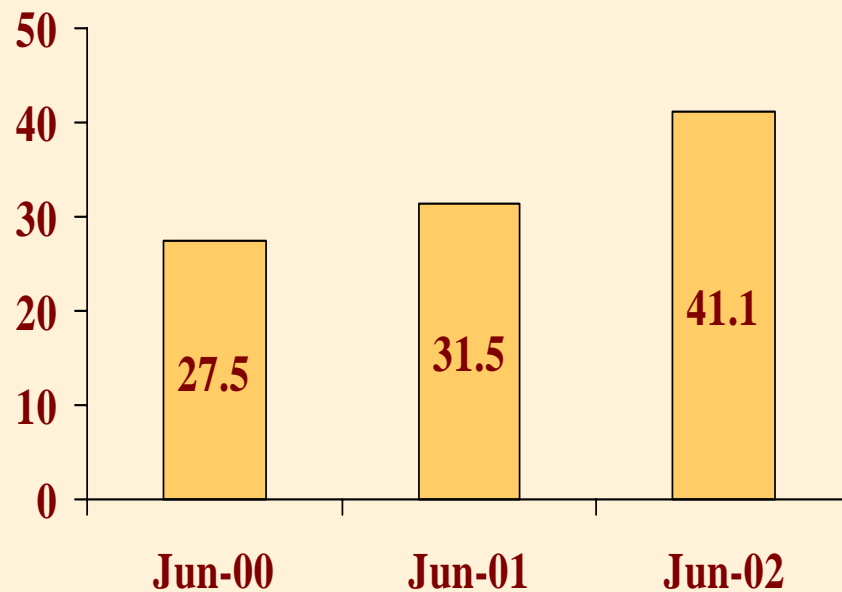
Return on equity (Percentage)



We delivered on our promise to increase ROE by 1% in 2002.

2002

Earnings per share (Cents)



Earnings per share increased by 30% enabling Directors to increase dividend by three cents per share to 29 cents. Pay out ratio was just below 70% down from 84% 2001.

2002

Retail Bank



Greg Gillett
General Manager Retail Banking

2002

Priorities for 2002: Increase access



Achievements

- Opened 29 Community Banks
- Opened 5 bank-owned branches
- Opened 1 private franchise
- Opened 9 in-store agencies
- Installed 34 additional ATMs

2002

Priorities for 2002: Growth



Achievements

Customers	97,602
Loan balances	\$1,056 M
Retail deposit balances (inc STL)	\$1,112 M

2002

Priorities for 2002: Improve product range



Achievements

- Launched on-line share trading
- Launched margin lending
- Launched on-line merchant service
- Launched Green Personal Loan

2002

Priorities for 2002: Improve organisational capacity



Achievements

Separated accountabilities for Business & Consumer Banking

Major fee restructuring to reward relationships and recognise user pay principle.

Integrated all card functions and accountabilities into single area.

The nature of customer transactions



17% completed at branch

Number of transactions per account is growing

Use of “foreign” ATMs increasing

8% of customers are active users of Internet

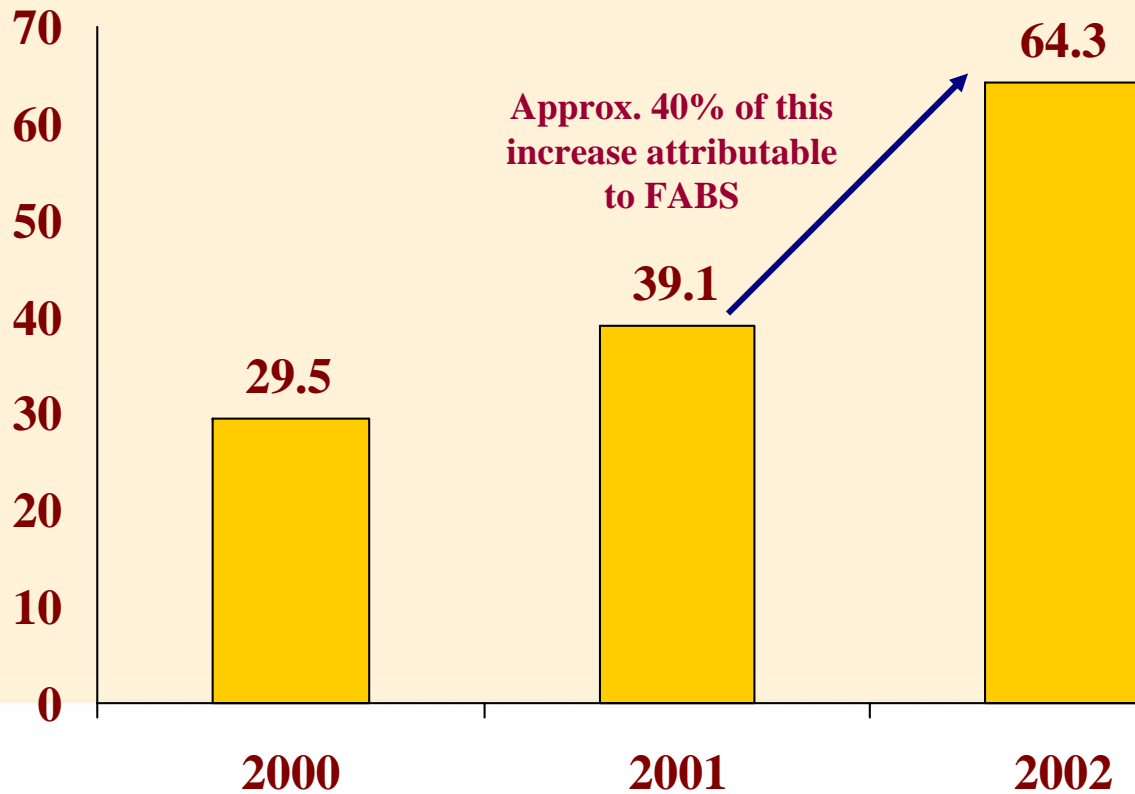
Internet transactions volume grew by 85% in 2002

2002

Number of customer transactions processed



Millions



2002

Physical distribution June 2002



	Vic	NSW	Qld	WA	SA	TAS	ACT	NT	Totals
Branches	72	4	50	1	1	5	1	-	133
Community Banks	39	11	2	18	4	-	-	-	74
In-store Agencies	83	3	19	3	1	1	-	-	110
Totals	194	18	71	22	6	6	1	-	317
Population	4,828,968	6,532,459	3,627,816	1,909,751	1,502,397	470,272	314,171	197,590	19,383,424
Population per point of presence	24,892	362,914	51,096	86,807	250,400	78,379	314,171	-	61,146

Broad objectives for 2003



Increase access

Growth

Improve product range

Improve organisational capacity

Provide an exceptional customer experience.

2002

Some key opportunities



Business banking

Queensland

New South Wales

Elders Rural Bank

2002

Strategy & Direction



Rob Hunt

Group Managing Director

2002

*Successful customers and successful communities
help create a successful and relevant bank . . .
in that order*



MISSION STATEMENT

We focus on building and improving the prospects of our customers, communities and partnerships in order to develop sustainable earnings and growth for the business and thus provide increasing wealth for our shareholders

2002

Bendigo Style of Banking



Building capacity to:

Differentiate and build strong brand / market position

Create strong buying base of customers / communities

Blend face-to-face and technology delivery

Open up new markets

Introduce new products to strengthen relationship offer & value proposition

Key Strategies



Expand distribution capability & coverage

Develop a Wealth Management Division

Enhance our unique position, brand & point of difference

Develop a strong franchise & growth in shareholder value

Broaden product & services available

Strengthen the capacity of our market of buyers

2002

Successes in 2002



- Improved profit performance by 47%
- Increased distribution network and interstate representation
- Increased EPS & DPS
- Strong retail deposit growth
- Strong lending and asset growth
- Improved contribution from new businesses (C'ty Bank, ERB, Qld)
- Successfully integrated Queensland network
- Improved asset quality
- Increased E-Bank usage and participation
- Strong contribution by all subsidiary companies

2002

Investments in 2002



Established Wealth Management Division

Continued enhancement of risk management framework

Continued to grow our skill base

Building community capacity to enhance our market place

Launched “Shaping to Grow” project
to improve company capacity and efficiencies

Enhanced business banking capabilities

2002

Wealth Management Division



<u>Combined</u>	Funds Management Offers of STL Worley Securities Bendigo Investment Services & Bendigo Superannuation (With Alliance Partners - IOOF, Investors Mutual, SMF)
<u>Launched</u>	Bendigo Managed Funds
<u>Expanding</u>	Advisory Division across branch network
<u>To Date</u>	\$1b Funds & Assets Under Mgt & \$1b Funds Under Advice (Securitised Assets Under Management \$1.45 m)

Size of bank, customer base, trusted brand indicate strong growth potential

**The ‘emotional key’ to
our new markets . . .**



**Positioning
and
perception of brand**

Bendigo has a unique position / opportunity in the market

2002

Why will people visit you on the Web?



Trust

Perceptions / beliefs

Loyalty

People

Products/facilities/price can be replicated

All competitors will be convenient

Community & customer beliefs . . . will be critical

2002

Why Bendigo's progress will continue



Differentiated brand & offer

New Businesses increasing contribution -

50% of Bendigo-branded branches under 2 years old
ERB, Guild Banking, Tasmanian Banking Services, etc

Wealth Management Division revenue contribution

Strong community & business demand for Bendigo solutions

Bendigo's proven ability to . . .



Integrate other businesses

Form and run alliances and partnerships

Grow our base faster than system growth

Create innovative solutions

Unite, engage, involve communities & discrete customer bases

Future . . .



- Continued growth in distribution network (another 35+ branches)
- New communities & customer groups (growing national presence)
(Sydney, Community Banks, Community Sector Bank, etc)
- Roll-out of Wealth Management facilities & advice
- Expanded capability in business banking
- Strong growth in e-banking use & expanded facilities
- Solid increase in revenue base expected
- Steady improvement in profitability & company performance

Questions



2002

BENDIGO BANK LIMITED



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