



# 2004 profit announcement

Rob Hunt  
Managing Director

Craig Langford  
Chief Financial Officer

# Financial results



Craig Langford  
Chief Financial Officer



# A growing capacity

Normalised operating profit increased by 24% to \$73.2 million

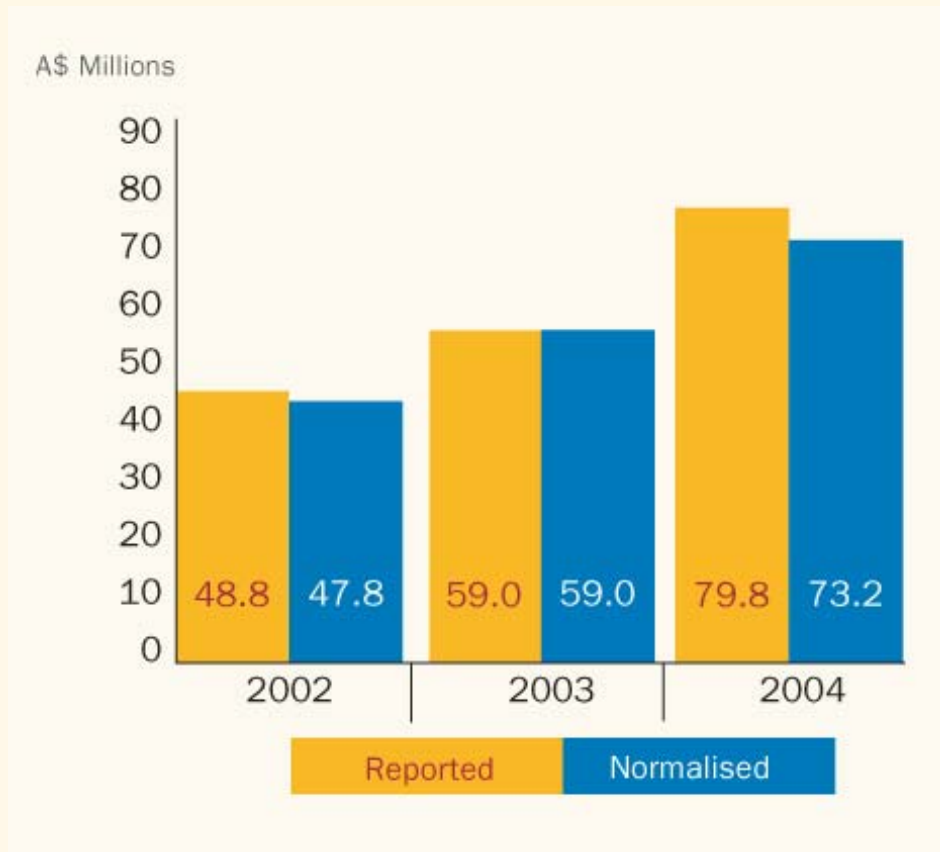
Reported profit increased by 35% to \$79.8 million

Normalised earnings per share up by 18% to 55.2 cents

Final dividend up 3.0 cents to 23.0 cents

Full-year dividend increased by 6.5 cents to 40.0 cents

# Operating profit - after tax



# Specific items

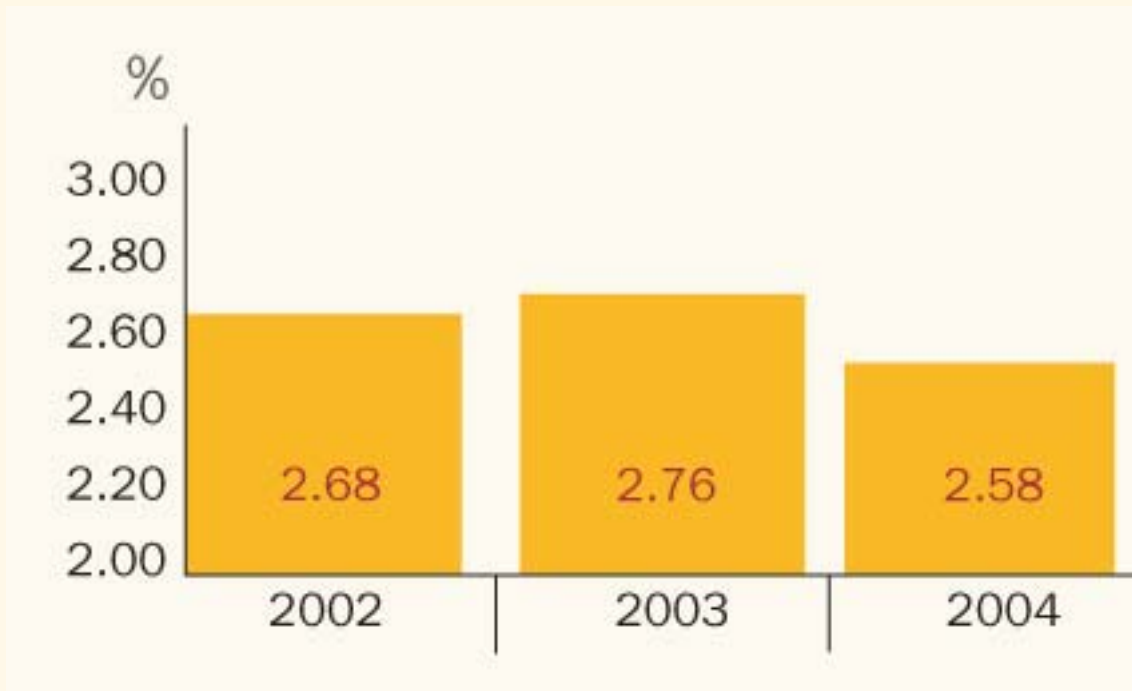


A\$ Millions

Profit on sale of Cashcard shares	\$7.6
GST recovery	\$1.5
Profit on property sales	\$1.3
Investment in Inch Corporation write-off	(\$1.1)
Share of BSX Losses (1998 - 2004)	(\$0.6)
Income Tax effect	(\$2.1)
<b>TOTAL</b>	<b>\$6.6</b>

# Net interest margin

A REWARDING FOCUS



# Non interest income as at 30 June 2004

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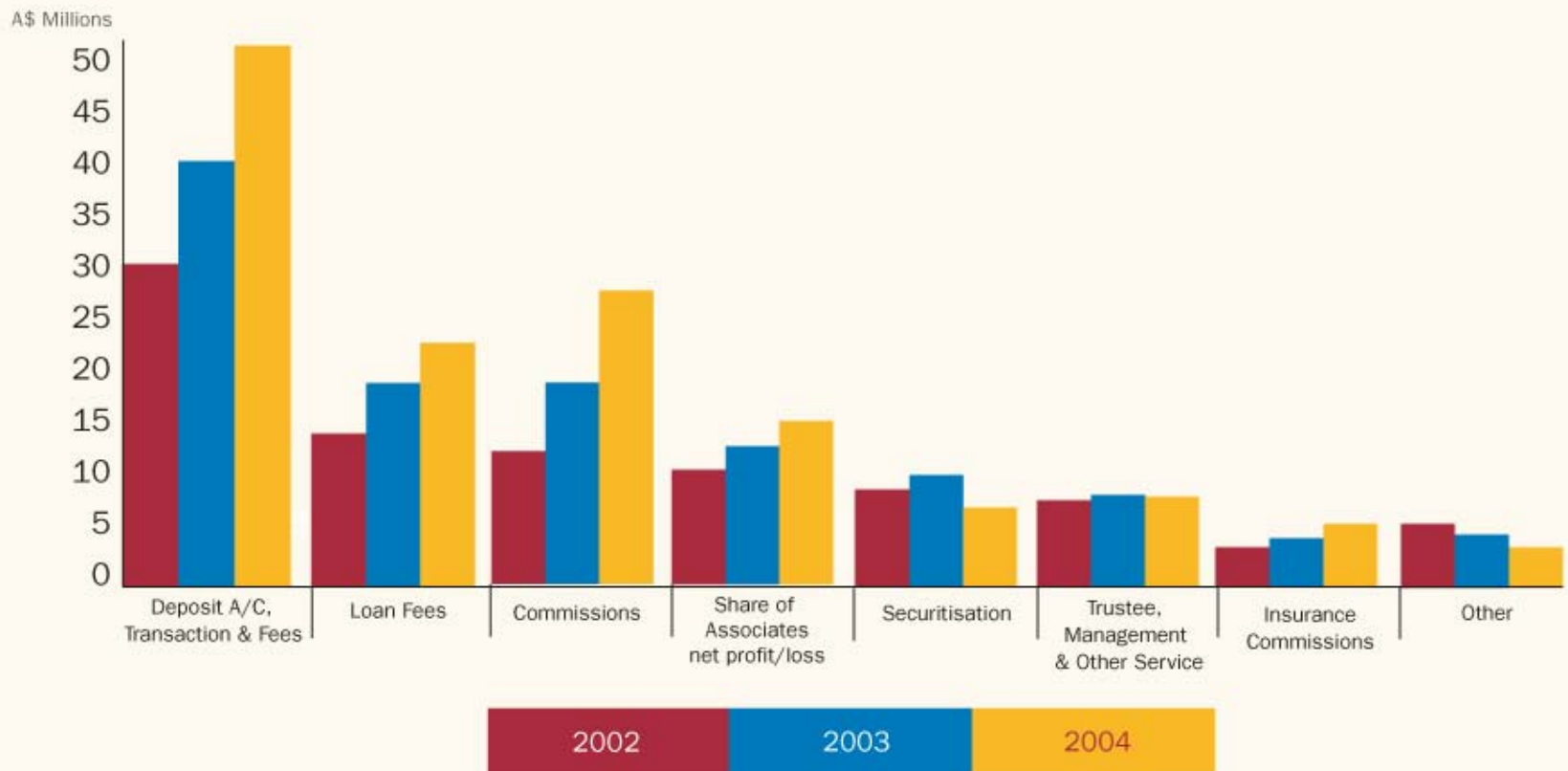


- 35% Deposit A/c, Transaction & Service Fees
- 18% Commissions
- 17% Loan Fees
- 11% Share of Associates net profit/(loss)
- 6% Securitisation
- 6% Trustee, Management & Other Service
- 4% Insurance Commissions
- 3% Other



# Non interest income as at 30 June 2004

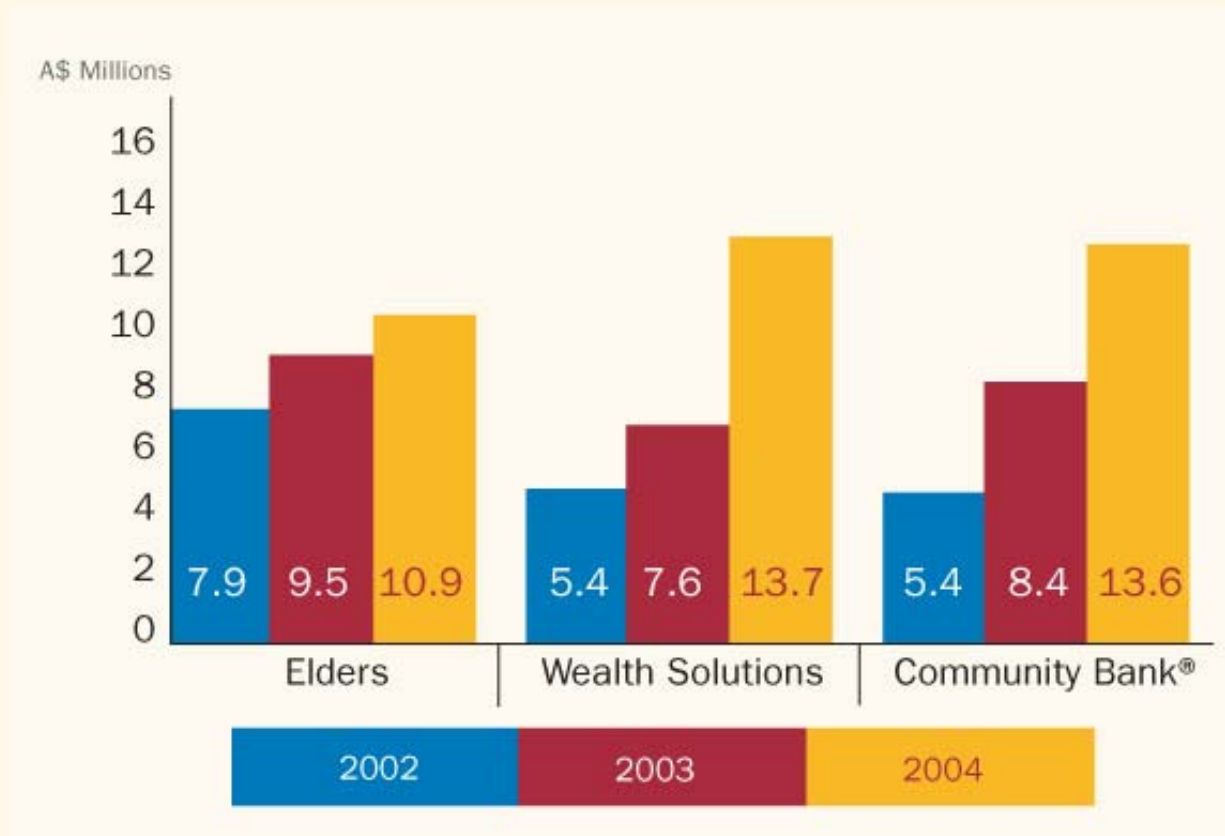
A REWARDING FOCUS







# Contributions





# Funds under management

A\$Millions	Jun 02	Jun 03	Jun 04
Sandhurst Mortgage & Cash Funds	952.0	1,195.2	1,389.2
Sandhurst Industrial Share Fund	153.3	272.5	404.1
Bendigo Superannuation Plan	103.6	146.8	185.2
General Retirement Plan	53.1	52.9	60.2
Bendigo Managed Funds	6.0	48.4	94.6
Other	15.9	17.6	25.6
<b>Total</b>	<b>1,283.9</b>	<b>1,733.4</b>	<b>2,158.9</b>

# Operating expenses

as at 30 June 2004



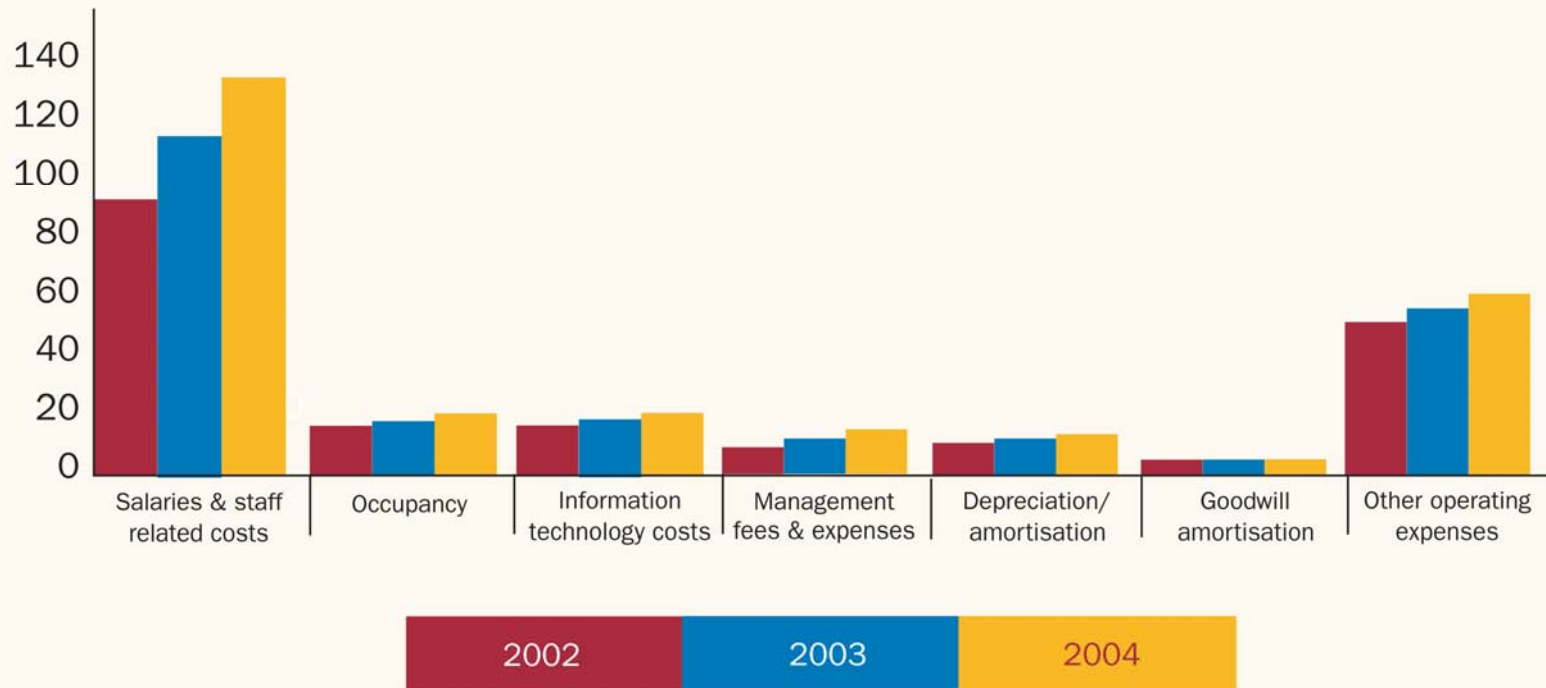
- 49% Salaries & staff related costs
- 23% Other operating expenses
- 8% Occupancy
- 8% Information technology expenses
- 5% Management fees & expenses
- 5% Depreciation/amortisation
- 2% Goodwill amortisation





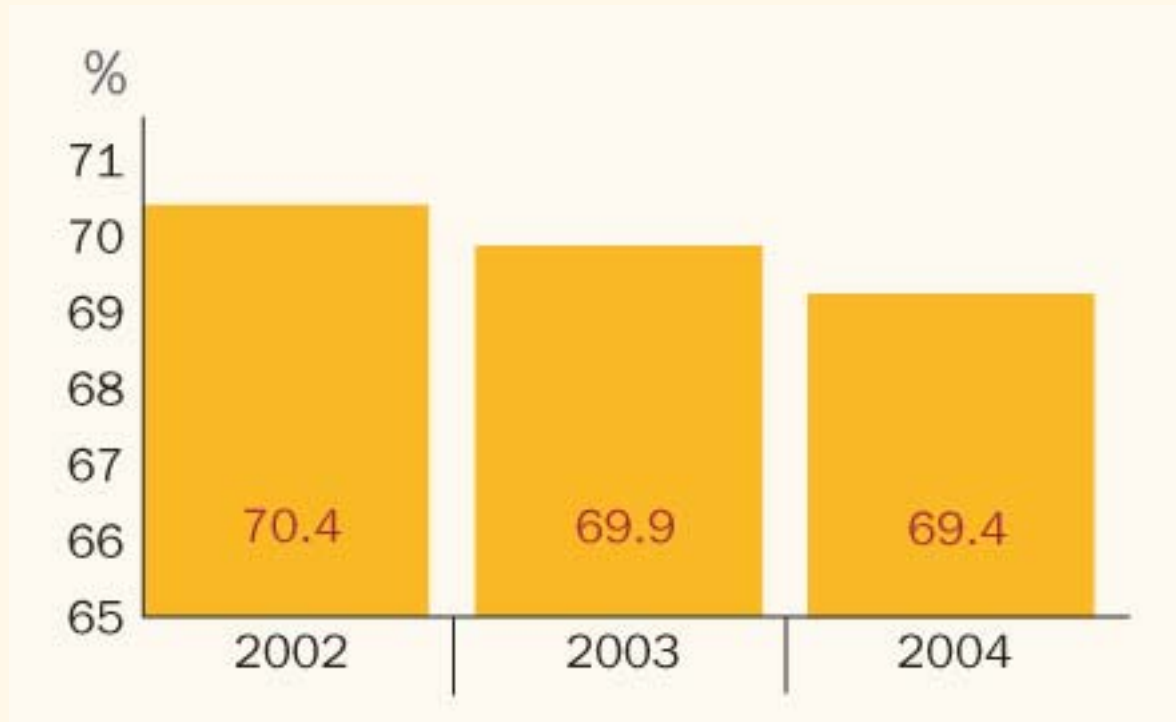
# Operating expenses as at 30 June 2004

A\$ Millions



# Efficiency ratio

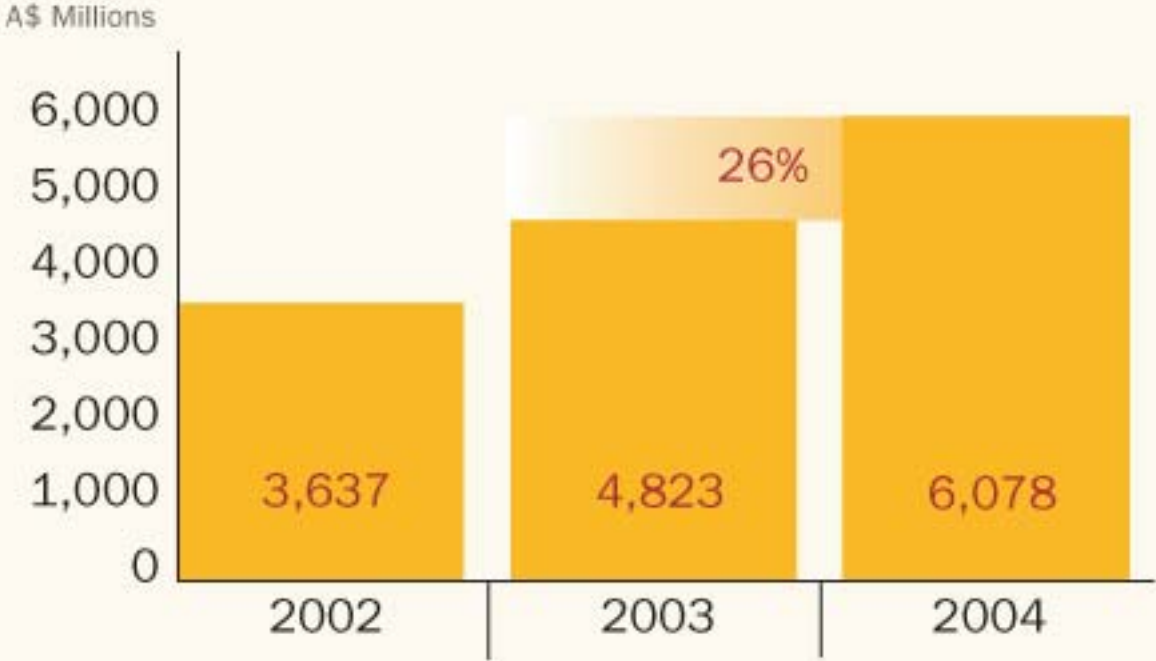
(operating expenses/income)



# Total assets

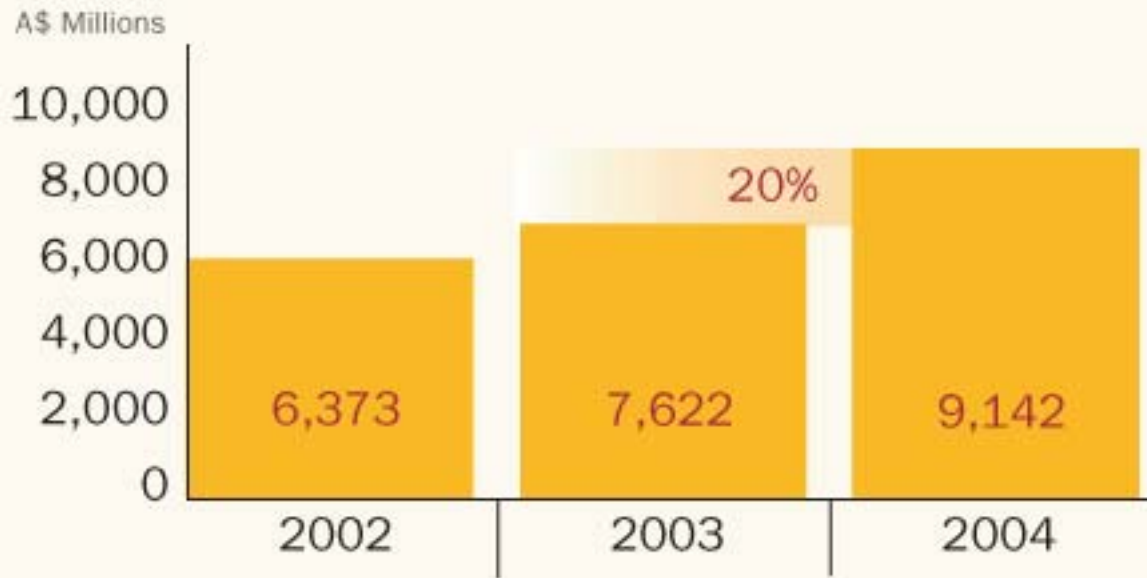


# Lending approvals



# Retail deposits

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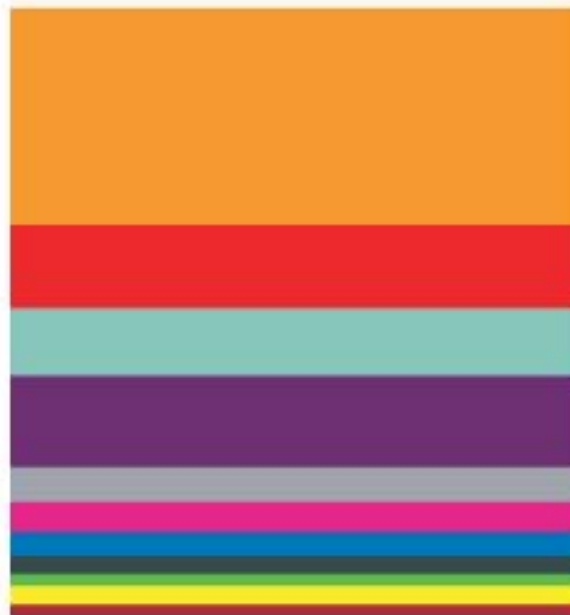


# Commercial loans

as at 30 June 2004 (\$1,774m)



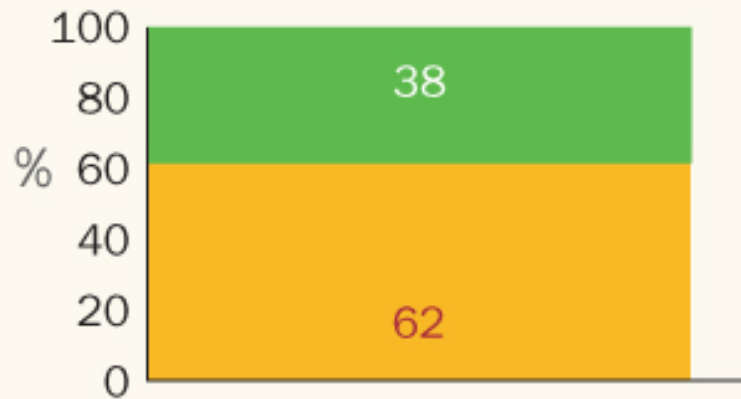
- 38% Property & Business Services
- 12% Other
- 12% Retail Trade
- 11% Agriculture, Forestry & Fishing
- 7% Construction
- 5% Accommodation, Cafes & Restaurants
- 4% Manufacturing
- 3% Health & Community Service
- 2% Wholesale trade
- 4% Transport & Storage
- 2% Cultural & Recreation



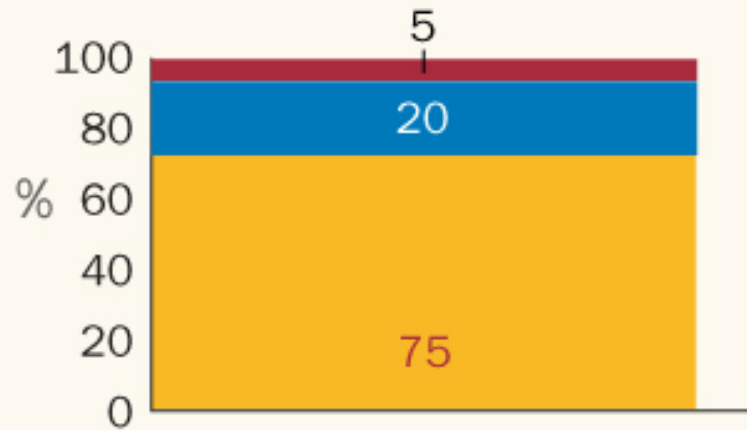
# Loan portfolio



## By purpose



## By security

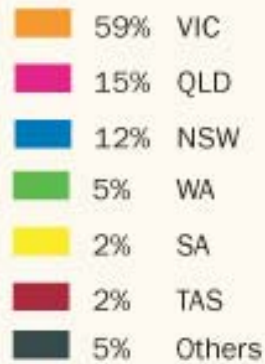


# Geographic spread

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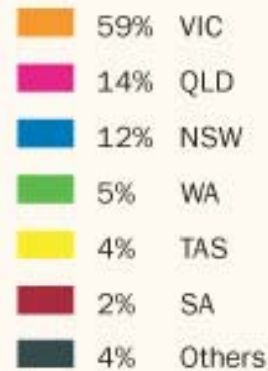


## Deposits



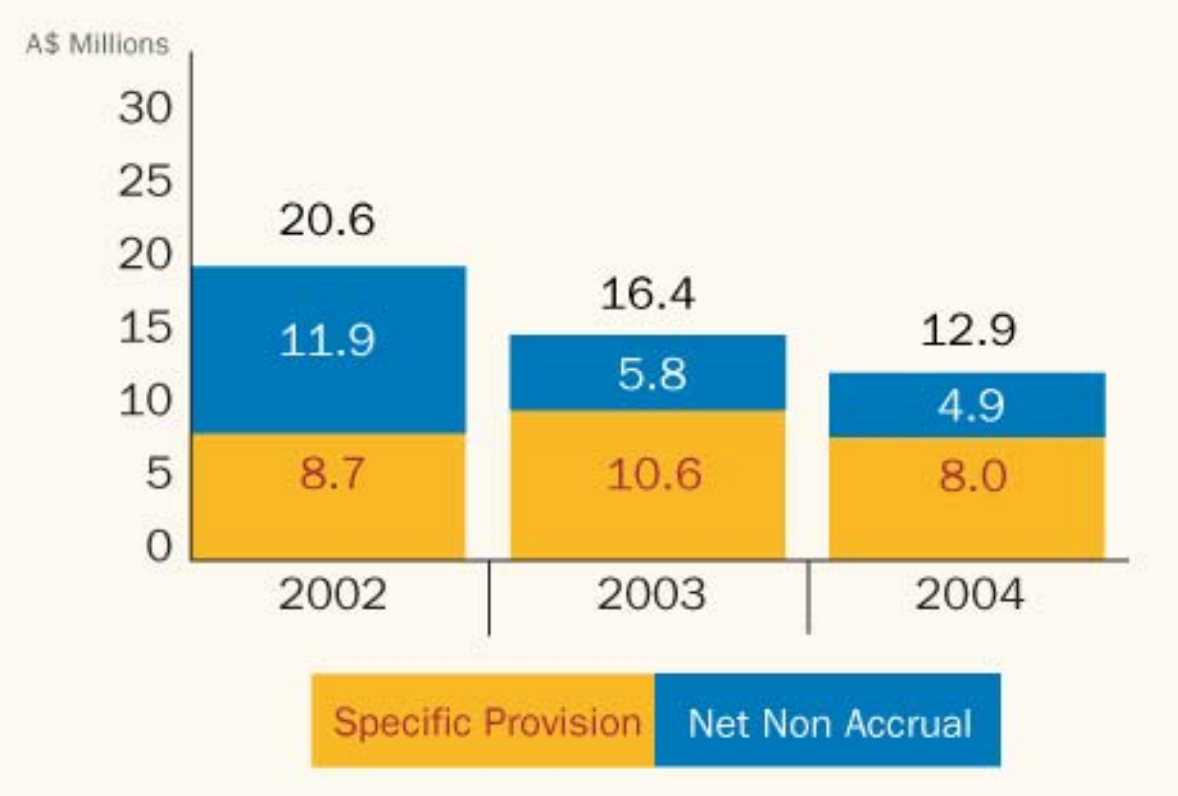
2004

## Loans



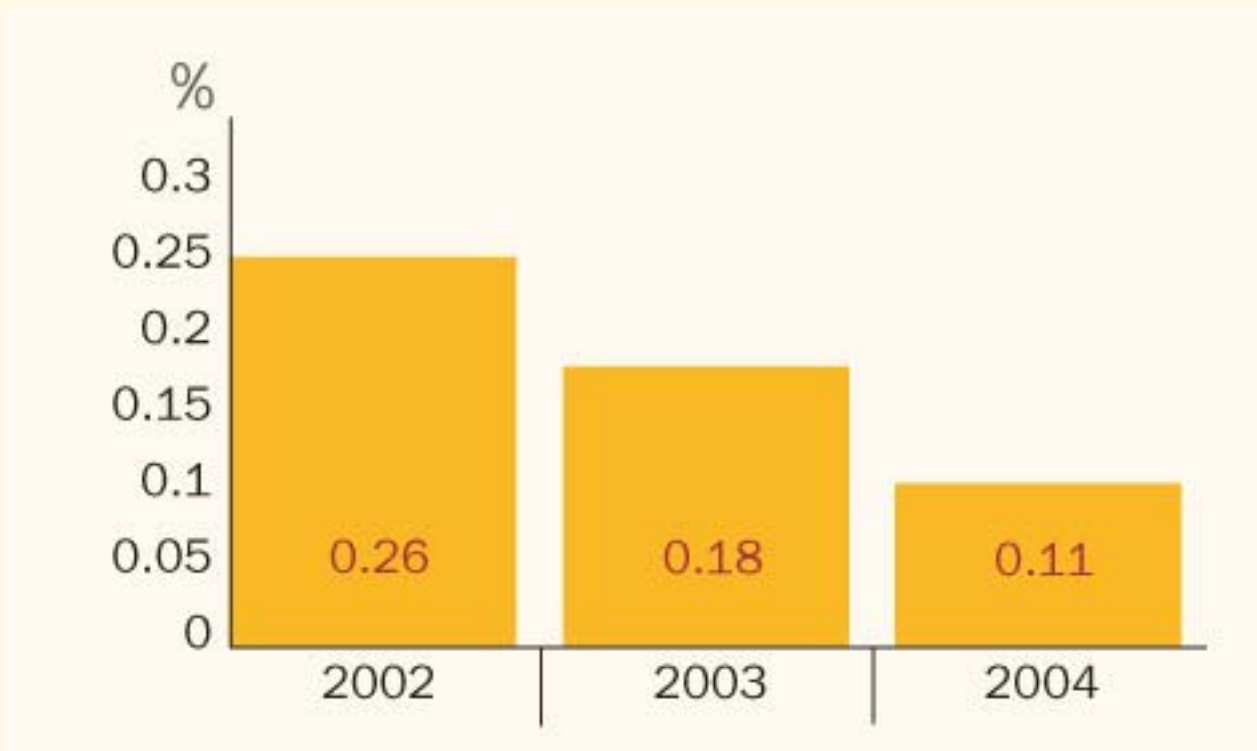
2004

# Non-accrual loans

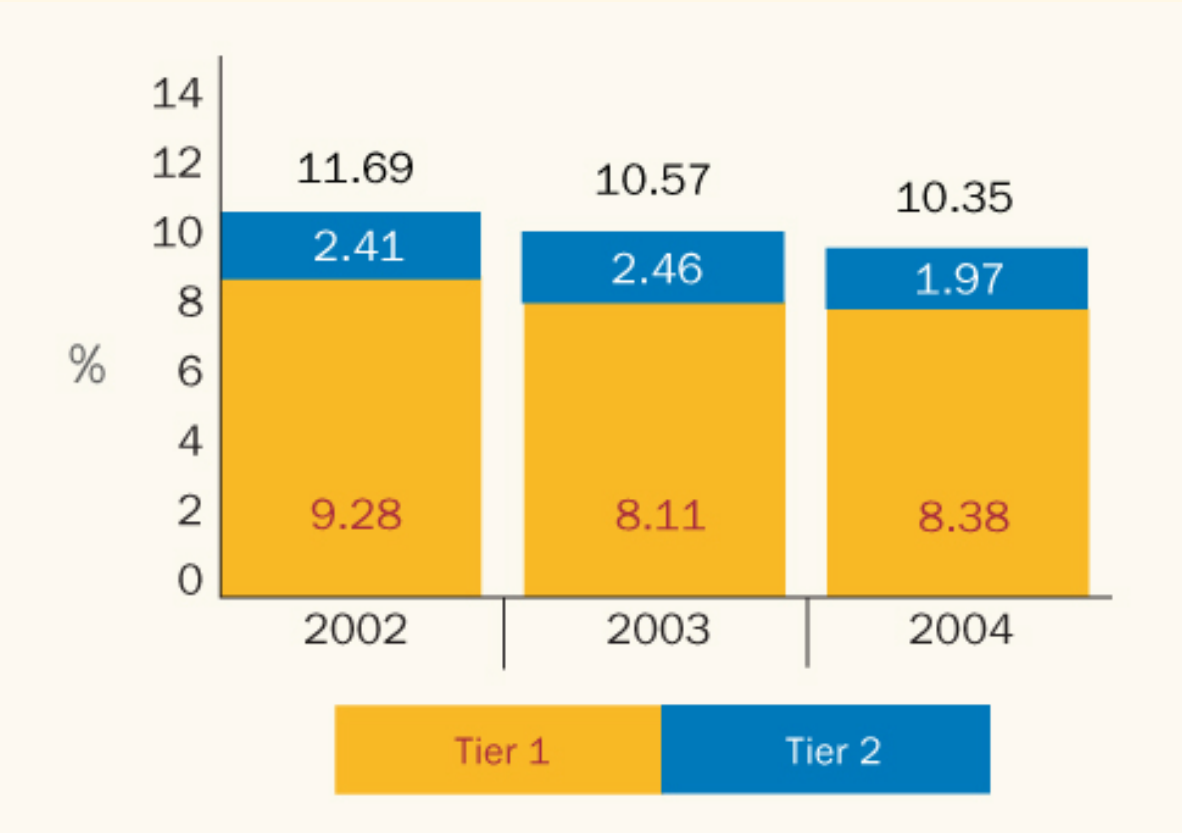


# Asset quality

Impaired loans/total assets

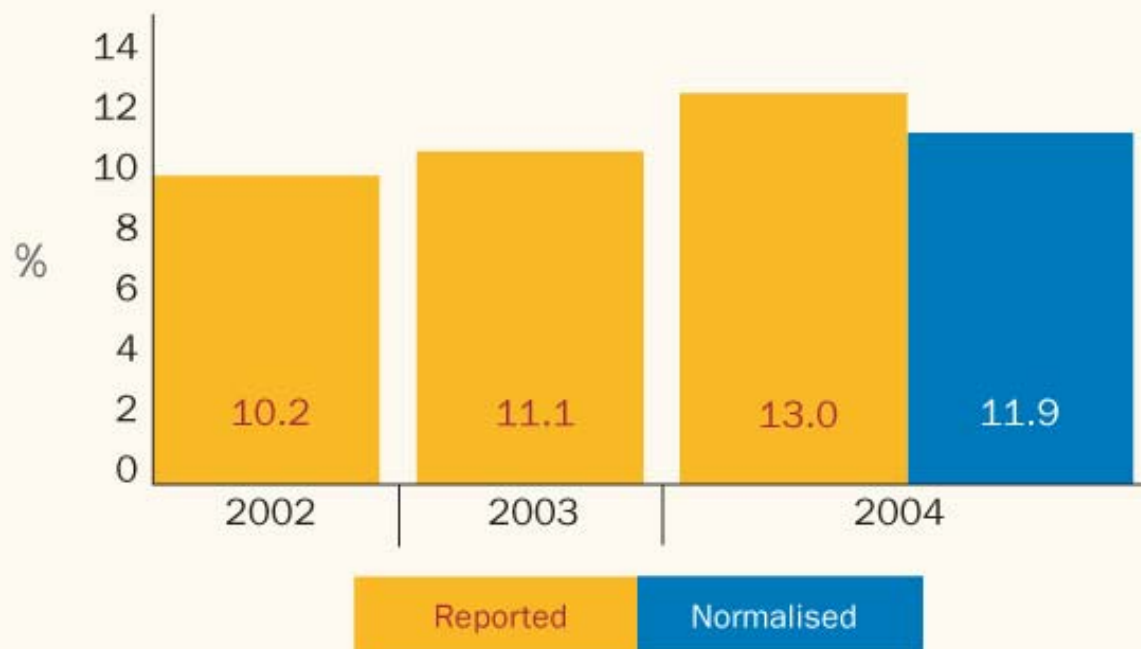


# Capital adequacy



# Return on equity

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# Earnings per share

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# Strategy, performance and the future

Rob Hunt  
Managing Director



# Building a sustainable retail banking business



Create a unique bank identity and demand for our brand & services

Broaden our distribution network and product offering

Enhance the capacity of our communities (and therefore their inclination to support our business)

Improve the financial performance of the Bank

*‘A consistent strategy producing sustainable shareholder value’*

# A unique bank identity: Customer & community focus



Core strengths - honesty, quality service and customer engagement

Strategy produces improved customer & community outcomes

In 1990s banks disengaged with community (and customer expectations)

Community Bank<sup>®</sup> reinforced our point of difference

*'A bank focussed on building value through customer and community success'*

# A unique bank identity: Growing demand



Positive market awareness & customer satisfaction surveys

Community Bank<sup>®</sup> demand continues

Growing interstate activity – Qld, NSW, WA, Tas, SA

Solid growth continues in our Victorian network

Customer numbers:

2001 = 505,000

2004 = 916,000

*‘Our style of banking is in demand’*

# Broaden distribution & products: Network growth



Total Branch numbers

2001 = 179      2004 = 276

Community Bank<sup>®</sup> branches

2001 = 45      2004 = 132

Bendigo Bank agencies

Stable at around 100

*'Expansion of community markets available to Bendigo Group'*

# Broaden distribution & products: Alliances



Elders Rural Bank (JV bank - 240 branches)

Tasmanian Banking Services (7 branches)

Community Sector Banking

Guild Banking

*'Bendigo Bank's collaborative skills being demonstrated'*

# Broaden distribution & products: Electronic banking



ATMs

2001 = 117      2004 = 265

e-bank

100,000 users

Phone Bank

165,000 users

Eftpos terminals

2001 = 1982      2004 = 5413

Cardholders

2001 = 276k      2004 = 580k

*‘Strong customer adoption of e-banking activities’*

# Broaden distribution & products: Wealth Solutions



STL cash & mortgage funds (strong growth)

Bendigo Managed Funds (2002)

Sandhurst Australian Industrial Share Fund (2000)

Funds under management:

2001 = \$967m 2004 = \$2159m (123% increase)

Bendigo Investment Services & Worley Securities (advisory services)

Funds under advice:

2004 = \$1000m (approx.)

*'New value for customers – new revenues emerging for the Bank'*



# Enhance community capacity: Community Bank<sup>®</sup>



\$100 mil. in community revenues retained by the local enterprises since Community Bank<sup>®</sup> commenced

700 new committed local staff

\$3m contributed to local projects (increasing rapidly)

\$2m in dividends paid to local shareholders (increasing rapidly)

1100 local Community Bank<sup>®</sup> directors strongly advocating Bendigo Bank

\$13.6m contribution to BBL in 2004

*‘Strong customer and community commitment to buy and stay’*

# Enhance community capacity: Community Telco Australia



2 successful pilot sites

25%-plus reductions in business telco costs

New services & infrastructure delivered

Rollout to more communities expected soon

Improved competitive environment locally

*'Assisting communities with essential infrastructure, skills & guidance'*

# Enhance community capacity: Lead On Australia



Youth / Community engagement program

12 sites on eastern seaboard to date

1400-plus young participants in community projects to date

Potential for expansion to every Bendigo Bank community

*'An excellent bank /community engagement model which improves local outcomes'*

# Enhance community capacity: Other initiatives



Community Sector Banking

Community Exchange Australia

Community Foundation

Active staff participation at a community level

Ongoing community sponsorship activities across Australia

*'Being more valuable than competitors in each community'*

# Improved financial performance



	2001	2004 Actual	2004 Normalised
Profit	\$33.3m	\$79.8m	\$73.2m
ROE	9.03%	12.99%	11.91%
EPS	31.5 cents	60.2 cents	55.2 cents
Dividend	29.0 cents	40 cents	-
Market value	\$725m	\$1365m	-

*‘Steady progression in earnings’*

# 2004 Performance commentary



Lending, deposit growth strong in all markets

Strong growth in revenues

Gross margin remains high

(Reported margin is net of Community Bank<sup>®</sup> share)

ROE improvement in line with forecast

Strong & clean balance sheet

*‘Product of a consistent and unique strategy’*

# Looking forward: Trading environment



Strong domestic economy, but ...

High household debt

Upward pressure on interest rates possible

International economy performance

Leaves us with an outlook which is a little more cautious, despite being optimistic about Bendigo's current positioning and prospects

*'Well positioned to cater for change in sentiment'*

# Looking forward: Bendigo's position



Strong brand and market positioning

Robust balance sheet (with expansion to date expensed)

170 branches < 4 years old (170 new communities)

33 new branches in F2005

Funds management growth expected to continue as facilities expand and integration with the banking unit matures

Strong margin reflects the strength of Bendigo's brand

Great team committed to quality customer service

*'Our business has never been better positioned'*



# Looking forward: Earnings guidance



Strong retail funding confirms we can fund our growth

Above system growth due to relatively young distribution network

Expected improvement in Alliance, JV and Subsidiary contributions

Normalised profit growth expected to be between 15%-18% in F2005

*‘Revenue growth strategy is expected to continue to deliver improved results’*



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Questions