

Appendix 4E Preliminary Final Report

BENDIGO BANK LIMITED

ABN 11 068 049 178

Reporting period - twelve months ended: 30 June 2003

Previous corresponding period - twelve months ended: 30 June 2002

For announcement to the market

				\$'000
Revenues from ordinary activities	up	18.8%	to	346,566
Profit (loss) from ordinary activities after tax attributable to members	up	20.9%	to	59,004
Net profit (loss) attributable to members	up	20.9%	to	59,004

Dividends	Amount per Security	Franked amount per security at 30%
	Cents	Cents
Final Dividend payable 31 October 2003	20.0	20.0
Interim Dividend paid 30 April 2003	13.5	13.5

Record date for determining entitlements to the final dividend

17 October 2003

FINANCIAL SUMMARY

Profit

- * Operating profit after income tax \$59.0 million. Up 21% from a \$48.8 million operating profit after tax for 2002.
- * Earnings per share was 46.8 cents, increasing by 5.7 cents, or 14%, over EPS for 2002.
- * Return on equity was up from 10.2 per cent to 11.1 per cent.
(Note: Return on equity has been restated to reflect the change in accounting policy - refer page 9)

Lending

- * Total Bank lending approvals were \$4.82 billion, a 33% increase over last year.
- * Lending approvals secured by mortgage over residential property were \$3.40 billion, 70% of total approvals.

Deposits and Funds under Management

- * Total Group deposits increased by \$1.3 billion, or 18%, to \$8.2 billion during the year. All of this increase was in retail deposits.
- * The ratio of retail deposits to total deposits increased from 91.2 % to 92.5% during the year.
- * Superannuation and Managed Funds controlled by Sandhurst Trustees Ltd grew \$450 million to \$1.7 billion during the year.

Assets and Capital

- * Group Assets grew by \$1.3 billion in the year to \$9.3 billion, an increase of 16%.
- * During 2002/2003, the bank securitised or sold loans totalling \$416 million (\$151 million in the first half-year and \$265 million in the second half-year). These factors decreased the balance sheet growth figures for the year.
- * Total Risk weighted capital adequacy ratio at June 2003 is 10.58%.
- * Equity increased \$58 million, or 12%, in the year to \$553 million.
- * During the year 1,704,885 shares were issued under the Dividend Reinvestment Plan, 294,637 under the Bonus Share Scheme and 652,109 on conversion of Capital notes, taking the total number of shares on issue to 127,483,624 at 30 June 2003.
- * Total Group managed assets increased by \$1.5 billion, or 15%, for the year to total \$11.9 billion.
- * Net tangible assets increased 12% from \$3.38 per share to \$3.80 per share.

FINANCIAL SUMMARY (CONTINUED)

Dividends

- * 2002/2003 final dividend of 20.0 cents per fully paid share (an increase of 3.0 cents over the 2001/2002 final dividend), fully franked at 30%.
- * Dividend is payable on 31 October 2003 to shareholders registered on the Record Date of 17 October 2003.
- * The total final dividend proposed is \$24.1 million.
- * Dividends for 2002/2003 total 33.5 cents (up from 29.0 cents in 2001/2002), which represents a payout ratio of 68% (2002 - 69%)

Bad and Doubtful Debts

- * Bad and doubtful debts expense for the year was \$15.5 million, which was \$3.7 million greater than the previous year.
- * Provisions for doubtful debts at June 2003 totalled \$54.5 million, which represents 0.72% of Gross loan balances (2002 - 0.72%)
- * General provisions have been increased by \$8.1 million during the year and now total \$43.8 million, which is 0.79% of risk-weighted assets (2002 - 0.79%).
- * Net impaired assets declined 51% to \$5.80 million, which represents 0.08% of gross loans (2002 - 0.19%).
- * Provision coverage of impaired loans is now 332% (2002 - 221%)

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

	Consolidated	
	2003	2002
	\$'000	\$'000
Revenue from ordinary activities		
Net interest revenue		
Interest revenue	500,634	446,954
Interest expense	278,345	254,361
Net interest revenue	222,289	192,593
Other revenue from ordinary activities		
Share of associates' net profits (losses) accounted for using the equity method	12,926	11,076
Dividends	292	134
Fees	83,107	66,642
Commissions	24,971	16,343
Other operating revenue	2,981	4,848
Total revenue from ordinary activities after interest expense	346,566	291,636
Expenses from ordinary activities		
Bad and doubtful debts	15,343	11,603
Specific items bad and doubtful debts	-	10,444
Total bad and doubtful debts	15,343	22,047
Other expenses from ordinary activities		
Borrowing costs	540	505
Staff and related costs	118,127	95,345
Occupancy costs	21,705	18,591
Amortisation of goodwill	4,255	4,428
Property, plant & equipment costs	8,790	8,039
Fees and commissions	10,911	10,903
Administration expenses	77,146	66,832
Other operating expenses	466	547
Total expenses from other ordinary activities	241,940	205,190
Profit from ordinary activities before income tax expense	89,283	64,399
Income tax expense relating to ordinary activities	(30,246)	(26,144)
Specific items income tax expense	-	10,444
Net profit	59,037	48,699
Net (profit)/loss attributable to outside equity interest	(33)	85
Net profit attributable to members of Bendigo Bank Limited	59,004	48,784
Net increase/(decrease) in asset revaluation reserve	19	934
Decrease in retained profits on adoption of revised accounting standard AASB 1028 "Employee Benefits"	(275)	-
Share issue costs	-	(116)
Total changes in Equity other than those resulting from transactions with owners as owners attributable to members of Bendigo Bank Limited	58,748	49,602
Basic earnings per share (cents per share)	46.8¢	41.1¢
Diluted earnings per share (cents per share)	46.8¢	41.1¢
Franked dividends per share (cents per share)	33.5¢	29.0¢

The Specific items - bad and doubtful debts and Specific items - income tax expense for June 2002 were due to the change in accounting policy with respect to tax treatment of general provision for doubtful debts. Previously, any movement in the general provision was treated as a permanent difference in the income tax entries and adjusted against income tax expense. Commencing June 2002, any movement in the general provision is treated as a timing difference in the income tax entries and therefore results in the creation of a future income tax benefit. A one-off adjustment was made in the 2002 financial year to reflect this change in accounting policy and increase the general provision by an equal amount. The adjustments had the effect of decreasing pre-tax profit and decreasing income tax expense by \$10,443,537. There was no effect on after-tax profit.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	Consolidated	
	2003	2002
	\$'000	\$'000
Assets		
Cash and liquid assets	107,221	147,236
Due from other financial institutions	181,228	207,369
Investment securities	1,130,002	1,085,261
Loans and other receivables	7,504,016	6,209,513
Shares - other	23,307	7,288
Investments accounted for using the equity method	88,707	72,225
Property, plant & equipment	53,519	49,007
Deferred tax assets	27,172	22,626
Intangibles	67,927	72,182
Other assets	73,527	95,018
Total Assets	9,256,626	7,967,725
Liabilities		
Due to other financial institutions	129,095	211,954
Deposits	8,241,154	6,988,485
Payables	91,262	64,198
Current tax liabilities	8,508	4,560
Provision - dividend	73	20,043
Other provisions	23,448	18,532
Subordinated debt	204,665	161,379
Deferred tax liabilities	5,711	4,147
Total Liabilities	8,703,916	7,473,298
Net Assets	552,710	494,427
Equity		
Parent entity interest		
Contributed equity	463,580	448,170
Reserves	3,318	18,039
Retained profits	85,614	28,295
Total parent entity interest in equity	552,512	494,504
Total outside equity interest	198	(77)
Total Equity	552,710	494,427

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

	Consolidated	
	2003	2002
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	503,141	452,170
Borrowing costs paid	(284,392)	(276,154)
Receipts from customers (excluding interest)	109,404	86,269
Payments to suppliers	(174,670)	(223,823)
Dividends received	292	7,531
Income taxes paid	(25,341)	(12,958)
Net cash flows from operating activities	<u>128,434</u>	<u>33,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows for purchases of property, plant and equipment	(16,463)	(16,749)
Cash proceeds from sale of property, plant and equipment	1,041	687
Cash paid for purchases of equity investments	(23,894)	(12,854)
Cash proceeds from sale of equity investments	-	500
Net increase in balance of loans outstanding	(1,301,006)	(605,133)
Net increase of investment securities	(44,595)	(288,990)
Net cash (paid)/acquired on acquisition of subsidiary	-	900
Net cash flows used in investing activities	<u>(1,384,917)</u>	<u>(921,639)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for share buy-back	-	(6,528)
Proceeds from shares issued	250	35,075
Net increase in balance of retail deposits	1,408,756	877,604
Net increase/(decrease) in balance of wholesale deposits	(158,770)	(108,869)
Net increase in balance of subordinated debt	46,309	31,622
Dividends paid	(23,359)	(20,843)
Net cash flows from financing activities	<u>1,273,186</u>	<u>808,061</u>
Net increase/(decrease) in cash held	<u>16,703</u>	<u>(80,543)</u>
Cash at the beginning of the financial year	142,651	223,194
Less cash at the end of the financial year	<u>159,354</u>	<u>142,651</u>
	<u>16,703</u>	<u>(80,543)</u>

ADDITIONAL NOTES

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year, except that in accordance with Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" a provision for dividend is not recognised as a liability unless the dividend is declared, determined or publicly recommended on or before the reporting date. This change has the effect that no liability has been recognised in the financial statements for the final 2003 dividend. This has the financial effect of reducing liabilities and increasing retained profits by \$24.088 million at reporting date, when compared to the previous accounting policy for dividends.

The consolidated entity has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities in relation to annual leave. Previously, the consolidated entity measured these provisions based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised standard, the provisions are now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has been to decrease consolidated retained profits and increase employee benefit liabilities at the beginning of the year by \$275,209. In addition, current year profits have decreased and provisions have increased by \$263,253 as a result of the change in accounting policy.

	2003	2002
	\$'000	\$'000
DIVIDENDS		
Dividends paid or provided for on ordinary shares		
Dividends proposed and recognised as a liability		
Final dividend (Nil) (2002: 17.0 cents per share) (1)	-	19,982
Dividends paid during the year		
current year		
Interim dividend (13.5 cents per share) (2002 - 12.0 cents per share)	16,103	13,751
Dividend - Bendigo Investment Services Ltd (2)	-	428
	<u>16,103</u>	<u>34,161</u>
previous year		
Final dividend (17.0 cents per share)	20,004	15,664

- (1) A provision for the Final 2003 dividend has not been recognised as it was not declared, determined or publicly recommended on or before the reporting date.
(2) Being dividend provided by Bendigo Investment Services Ltd prior to acquisition, paid May 2002.

Dividends proposed since the reporting date, but not recognised as a liability		
Final dividend (20.0 cents per share) (2002: Nil)	24,088	-

All dividends paid were fully franked. Proposed dividends will be fully franked out of existing franking credits or out of franking credits arising from payment of income tax provided for in the financial statements for the year ended 30 June 2003.

Dividend franking account

Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial report, and after deducting franking credits to be used in payment of the above dividends.

	<u>36,335</u>	<u>27,815</u>
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The tax rate at which dividends have been franked is 30 per cent (2002: 30 per cent)

Dividend paid

Dividends paid by cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:

Paid in cash	23,359	20,843
Satisfied by issue of shares	12,736	8,984
Increase in residuals carried forward	12	16
	<u>36,107</u>	<u>29,843</u>

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the weighted average trading price of all Bendigo Bank shares traded on the Australian Stock Exchange over the five trading days up to and including the Record Date less a discount of 2.5%. Shares issued under this Plan rank equally with all other ordinary shares. The last date for the receipt of an election notice for participation in the dividend reinvestment plan for the final dividend is 17 October 2003.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the weighted average trading price of all Bendigo Bank shares traded on the Australian Stock Exchange over the five trading days up to and including the Record Date less a discount of 2.5%. Shares issued under this scheme rank equally with all other ordinary shares.

ADDITIONAL NOTES

	2003	2002
EARNINGS PER SHARE	\$'000	\$'000
Share ratios		
Basic earnings per share	46.8¢	41.1¢
Diluted earnings per share	46.8¢	41.1¢
Income		
Net profit	59,037	48,699
Net loss attributable to outside equity interest	(33)	85
Earnings used in calculating basic earnings per share	59,004	48,784
Earnings effect of dilutive securities	-	-
Earnings used in calculating diluted earnings per share	59,004	48,784
Number of Shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	125,995,138	118,705,807
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares used in calculation of diluted earnings per share	125,995,138	118,705,807

Conversions, calls, subscription or issues after 30 June 2003

On 28 July 2003 the Board of Directors announced a new issue of shares under the Bendigo Employee Share Ownership Plan. The issue price will be determined by calculating the weighted average value of all trades of Bendigo Bank shares, on the Australian Stock Exchange, over the five trading days immediately prior to the date of allotment - 25 August 2003. Offers will be made to employees for the issue of up to a maximum of 1.4 million shares.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Ownership		Balance date
	interest held by		
	consolidated entity		
	2003	2002	
	%	%	
Elders Rural Bank Ltd	50	50	30 June
Tasmanian Banking Services Ltd	50	50	30 June
Community Sector Enterprises Pty Ltd	50	50	30 June
(i) Principal activities of associated companies			
Elders Rural Bank Limited - bank			
Tasmanian Banking Services Limited - financial services			
Community Sector Enterprises Pty Limited - financial services			
(ii) Share of associates' profits			
Share of associates':			
- operating profits before income tax		12,926	11,076
- income tax expense attributable to operating profits		3,939	3,522
- operating profits after income tax		8,987	7,554
Share of associates' operating profits after income tax:			
Elders Rural Bank Ltd		9,503	7,899
Tasmanian Banking Services Ltd		(207)	(681)
Community Sector Enterprises Pty Ltd		(309)	-
Bendigo Investment Services Ltd (1)		-	336
		8,987	7,554

(1) On 1 April 2002 Bendigo Investment Services Limited became a wholly-owned subsidiary of Bendigo Bank Limited. From this date its financial results are included in the consolidated financial statements of the Group and therefore are no longer accounted for using the equity method.

KEY FINANCIAL INFORMATION - \$'000

Information in this section is included to provide more detailed analysis of the Group results.

	Jun-03	Jun-02	Increase/Decrease		Dec-02	Increase/Decrease	
			Value	%		Value	%
Profit							
Profit before Tax	89,283	64,399	24,884	38.6	37,832	51,451	(a)
Profit b/f Tax and Specific Items	89,283	74,843	14,440	19.3	37,832	51,451	(a)
Profit after Tax	59,004	48,784	10,220	20.9	25,383	33,621	(a)
Profitability							
Earnings per Ordinary Share							
(weighted average)-cents	46.8	41.1	5.7	13.9	-	-	-
Diluted Earnings per Share							
(weighted average)-cents	46.8	41.1	5.7	13.9	-	-	-
After Tax Return on Average							
Equity	11.3%	10.6%	0.7%	6.6	9.9%	1.4%	14.1
After Tax Return on Average							
Equity - restated	11.1%	10.2%	0.9%	8.8	9.7%	1.4%	14.4
After Tax Return on Equity							
At Period End	10.7%	9.9%	0.8%	8.1	9.6%	1.1%	11.5
After Tax Return on Average							
Assets	0.69%	0.65%	0.04%	6.2	0.62%	0.07%	11.3

Restated return on average equity has been calculated using equity figures which exclude the provision for final dividend. Commencing 30 June 2003 the final dividend will not be provided for in the financial statements, in accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets". The restatement is made to facilitate comparison with current and future ratios.

Half-year results are annualised by multiplying numerator by 2.

Equity used in calculating these ratios is Net assets.

Income

Gross Margin	222,289	192,593	29,696	15.4	108,017	114,272	(a)
Other Income	124,277	99,043	25,234	25.5	60,299	63,978	(a)
Gross Margin and Other Income	346,566	291,636	54,930	18.8	168,316	178,250	(a)

Lending

Total Approvals - by security	4,822,762	3,637,170	1,185,592	32.6	2,173,502	2,649,260	(a)
Residential	3,398,844	2,870,905	527,939	18.4	1,510,730	1,888,114	(a)
Non-residential	1,423,918	766,265	657,653	85.8	662,772	761,146	(a)

Gross Loan balance - by security	7,583,898	6,278,836	1,305,062	20.8	6,886,319	697,579	10.1
Residential	5,602,565	4,583,210	1,019,355	22.2	5,057,732	544,833	10.8
Non-residential	1,981,333	1,695,626	285,707	16.8	1,828,587	152,746	8.4

Gross Loan balance - by purpose	7,583,898	6,278,836	1,305,062	20.8	6,886,319	697,579	10.1
Residential	4,692,859	4,007,778	685,081	17.1	4,324,083	368,776	8.5
Non-residential	2,891,039	2,271,058	619,981	27.3	2,562,236	328,803	12.8

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

KEY FINANCIAL INFORMATION - \$'000

	Jun-03	Jun-02	Increase/Decrease		Dec-02	Increase/Decrease	
			Value	%		Value	%
Business Lending loans - by industry							
Property & business services	504,744	356,160	148,584	41.7	424,104	80,640	19.0
Agriculture, forestry & fishing	220,147	210,077	10,070	4.8	193,598	26,549	13.7
Retail trade	160,867	121,787	39,080	32.1	137,017	23,850	17.4
Construction	84,088	67,044	17,044	25.4	74,472	9,616	12.9
Accom, cafes & restaurants	71,463	46,302	25,161	54.3	63,986	7,477	11.7
Manufacturing	62,853	55,187	7,666	13.9	60,743	2,110	3.5
Health & community services	48,093	42,875	5,218	12.2	39,221	8,872	22.6
Transport & storage	47,023	41,125	5,898	14.3	34,156	12,867	37.7
Wholesale trade	32,777	26,268	6,509	24.8	27,115	5,662	20.9
Cultural & recreational services	32,362	28,632	3,730	13.0	29,760	2,602	8.7
Personal & other services	24,064	18,039	6,025	33.4	17,781	6,283	35.3
Finance & insurance	20,210	33,056	(12,846)	(38.9)	19,531	679	3.5
Communication services	16,845	14,378	2,467	17.2	16,609	236	1.4
Other	120,937	178,608	(57,671)	(32.3)	180,908	(59,971)	(33.1)
	1,446,473	1,239,538	206,935	16.7	1,319,001	127,472	9.7

Deposits and Funds under Management

Deposits	8,241,154	6,988,485	1,252,669	17.9	7,500,910	740,244	9.9
Managed funds-Trustee Coy	1,733,447	1,283,884	449,563	35.0	1,555,620	177,827	11.4

Deposits dissection:	Jun-03	%	Jun-02	%	Movement
Retail	7,621,952	92.5	6,372,822	91.2	1,249,130
Wholesale - domestic	260,840	3.2	335,050	4.8	(74,210)
Wholesale - offshore	358,362	4.3	280,613	4.0	77,749
Total deposits	8,241,154	100.0	6,988,485	100.0	1,252,669

Productivity

Net Operating Expenses	241,940	205,190	36,750	17.9	123,290	118,650	(a)
Net Operating Expenses to							
Gross Margin and Other Income	69.8%	70.4%	(0.6%)	(0.9)	73.2%	(3.4%)	(4.6)
Underlying Op Expenses to							
Gross Margin and Other Income	68.6%	68.8%	(0.2%)	(0.3)	72.0%	(3.4%)	(4.7)
Net Operating Expenses to							
Average Assets	2.8%	2.7%	0.1%	3.7	3.0%	(0.2%)	(6.7)
Ave Assets-incl Mged Assets	2.2%	2.0%	0.2%	10.0	2.3%	(0.1%)	(4.3)
Number of Staff (Full-Time Equiv)	1,904	1,753	151	8.6	1,846	58	3.1
Staff & related costs to Gross							
Margin and Other Income	34.0%	32.5%	1.5%	4.6	35.2%	(1.2%)	(3.4)

Net operating expenses are operating expenses less bad debts written off, net of bad debts recovered and transfer to provision for doubtful debts.

Underlying operating expenses are Net operating expenses less goodwill amortisation.

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

KEY FINANCIAL INFORMATION - \$'000

	Jun-03	Jun-02	Increase/Decrease		Dec-02	Increase/Decrease	
			Value	%		Value	%
Bad and Doubtful Debts							
Bad Debts Expense	650	1,697	(1,047)	(61.7)	401	249	(a)
Prov'n Doubtful Debts Expense	14,897	10,088	4,809	47.7	6,905	7,992	(a)
Provision d debts - specific	10,763	9,824	939	9.6	10,097	666	6.6
Provision d debts - general	43,764	35,688	8,076	22.6	39,623	4,141	10.5
Provision d debts - total	54,527	45,512	9,015	19.8	49,720	4,807	9.7
Total Prov d debts to Gross Loans	0.72%	0.72%	0.00%	0.0	0.72%	0.00%	0.0
General provision for doubtful debts to Risk-weighted assets	0.79%	0.79%	0.00%	0.0	0.79%	0.00%	0.0

The balances of the components of provision for doubtful debts are:

	Jun-03	Jun-02	Movement
Specific provisions	10,763	9,824	939
General provision	43,762	35,688	8,076
Total balance in provisions for doubtful debts	54,525	45,512	9,015

The movement in provisions comprise:

	Specific	General	Total
Balance at June 2002	9,824	35,688	45,512
Bad & doubtful debts expense to profit and loss	7,473	8,074	15,547
Bad debts written off	(6,534)	-	(6,532)
Balance at June 2003	10,763	43,762	54,527

Total bad debts written off for the period, as shown above comprises:

Bad debts previously provided for	5,884
Other Bad debts	650
	6,534

(a) Not applicable - the Increase/Decrease Value shows the comparative second half performance.

Asset Quality

Non-accrual accounts-							
Full-performing	282	371	(89)	0.0	580	(298)	(51.4)
Part-performing	3,242	8,201	(4,959)	(60.5)	2,762	480	17.4
Non-performing	12,921	12,040	881	7.3	12,203	718	5.9
Total non-accrual assets	16,445	20,612	(4,167)	(20.2)	15,545	900	5.8
Restructured loans	-	-	-	-	-	-	-
Total Impaired assets	16,445	20,612	(4,167)	(20.2)	15,545	900	5.8
Less: Specific provisions	(10,647)	(8,674)	(1,973)	22.7	(9,755)	(892)	9.1
Net Impaired assets	5,798	11,938	(6,140)	(51.4)	5,790	8	0.1
Gross non-accrual to Gross Loans	0.22%	0.33%	(0.11%)	(33.3)	0.23%	(0.01%)	(4.3)
Gross impaired to Gross Loans	0.22%	0.33%	(0.11%)	(33.3)	0.23%	(0.01%)	(4.3)
Net Impaired to Gross Loans	0.08%	0.19%	(0.11%)	(57.9)	0.08%	0.00%	0.0
Provision coverage	332%	221%	111%	50.2	320%	12%	3.7

Past due 90 days, well secured - balance has increased significantly since December 2002. This is due to APRA rule changes in March 2003, whereby the balances of accounts 90 days past due must be included in the figure unless payments are received to eliminate all arrears. Previously, any 90 days past due account that received a repayment was not included in the figures.

This change has increased the figure by approximately \$30 million when compared to the previous method. Portfolio facilities, not well secured - balance has also increased due to the change in APRA rules. Provision coverage is Total provisions divided by Total impaired assets.

Past due 90 days

Well secured - balance	47,231	13,822	33,409	241.7	15,378	31,853	207.1
Well secured - amount in arrears	5,407	2,135	3,272	153.3	n/a	-	-
Portfolio facilities - not well secured - balance	2,494	1,686	808	47.9	1,367	1,127	82.4

Impaired assets dissection:

	Jun-03	Jun-02	Movement
Loans acquired through mergers/acquisitions	5,764	11,750	(5,986)
Bendigo Bank sourced/purchased loans	10,681	8,862	1,819
Total Impaired Assets (gross balance)	16,445	20,612	(4,167)

KEY FINANCIAL INFORMATION - \$'000

	Jun-03	Jun-02	Increase/Decrease		Dec-02	Increase/Decrease	
			Value	%		Value	%
Assets and Capital							
Group Assets	9,256,624	7,967,725	1,288,899	16.2	8,315,665	940,959	11.3
Capital Adequacy							
Risk Weighted Assets	5,553,705	4,519,023	1,034,682	22.9	4,987,464	566,241	11.4
Risk Weighted Capital Adequacy	10.58%	11.69%	(1.11%)	(9.5)	10.65%	(0.07%)	(0.7)
- Tier 1	8.11%	9.28%	(1.17%)	(12.6)	8.58%	(0.47%)	(5.5)
- Tier 2	2.47%	2.41%	0.06%	2.5	2.07%	0.40%	19.3
Net Tangible Assets per F/P Share	\$3.80	\$3.38	\$0.42	12.4	\$3.63	\$0.17	4.7
Equity	552,710	494,427	58,283	11.8	528,596	24,114	4.6
Assets under management							
Off-balance sheet loans	1,433,118	1,447,896	(14,778)	(1.0)	1,404,307	28,811	2.1
Trustee Company	1,195,252	951,984	243,268	25.6	1,104,120	91,132	8.3
Total Group assets under management	2,628,370	2,399,880	228,490	9.5	2,508,427	119,943	4.8
Total Group Managed Assets	11,884,994	10,367,605	1,517,389	14.6	10,824,092	1,060,902	9.8
Dividends							
Dividend per Share - cents	20.0	17.0	3.0	17.6	13.5	-	-
Dividend Payable	24,088	19,982	4,106	20.5	16,078	-	-
Dividends for full year - cents	33.5	29.0	4.5	15.5			

Retained profits

	Jun-03	Jun-02
Retained profits at beginning of year	28,295	13,276
Net profit attributable to members of Bendigo Bank Limited	59,004	48,784
Reversal of prior year final dividend provision per AASB 1044	19,982	-
Adjustment to opening retained profits per revised AASB 1028	(275)	-
Total Available for appropriation	107,006	62,060
Transfer from/(to) general reserve	13,490	(65)
Transfer from asset realisation reserve	993	-
Transfer from capital profits reserve	232	-
2002 Final dividend paid (2002: Adjust 2001 final dividend)	(20,004)	33
Interim dividend	(16,103)	(13,751)
Final dividend provided - 2002	-	(19,982)
Retained profits at 30 June	85,614	28,295

KEY FINANCIAL INFORMATION - \$'000

Retained profits

The reversal of the prior year final dividend provision against opening retained earnings is made in accordance with the transitional arrangements under AASB 1044 "Provisions, Contingent liabilities and Contingent assets".

The adjustment to opening retained profits is made in accordance with the transitional arrangements of AASB 1028 "Employee Benefits". The adjustment is due to a re-assessment of annual leave provisions at 30 June 2002 and related on-costs calculated in accordance with the revised accounting standard.

The balances of a number of reserves have been transferred to retained profits, as the reasons for maintaining these separate reserves are redundant.

In accordance with accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" the final dividend has not been provided for, as it was not declared, determined or publicly announced on or before the reporting date (30 June 2003).

The balance of provision for dividend in the Statement of Financial Position represents the balance of residues held for those shareholders participating in the dividend reinvestment plan.

The dividend paid/payable value excludes those shareholders that have elected to take bonus shares in lieu of dividends.

Commentary on results for the period

The Group achieved a net profit attributable to members of \$59.0 million, which represents a 21% increase from the \$48.8 million for 2002. Buoyed by a 15% increase in Group Managed Assets, the result confirms the steady progression in improving revenue, profitability and performance across the Group.

Profit from ordinary activities before income tax was \$89.3 million compared with \$64.4 million for 2002. This represents an increase of 39%. The pre-tax result for 2002 was adversely affected by a \$10.4 million specific bad debt expense relating to a change in accounting policy with respect to the tax accounting treatment of the general provision for doubtful debts. This change did not impact the after-tax result for 2002.

Net interest income increased by 15%, or \$29.7 million, reflecting a 16% growth in assets for the period. Average net interest margin was 2.76% and increased 8 basis points when compared to 2002.

Other income from ordinary activities increased by \$25.2 million, or 26%, due to increases in fee income (from loan products, liability products and electronic delivery, including ATM, Cards and EFTpos) and increased commissions from insurance, financial planning and Sandhurst Trustees commissions and fees. Share of profits from associated entities, including Elders Rural Bank Limited also increased.

Bad and doubtful debts expense increased by \$3.7 million (excluding the 2002 specific item), or 32%, predominantly due to an increase in general provision for doubtful debts to reflect the growth in assets during the financial year. The increase in general provision was \$8.1 million (2002: \$3.5 million, excluding the specific item), to maintain the ratio of the general provision to risk-weighted assets at 0.79%.

Other expenses relating to ordinary activities increased by \$36.7 million, or 18%, from the previous financial year. The major expense category increases were:

- Staff and related costs, which increased by 24%, due to increased staff numbers. The increased staff are predominantly in our retail distribution areas, to strengthen business banking, financial planning and our expanding branch network.
- Occupancy, other product & services delivery, advertising & promotion and general administration all increased by over 10%, predominantly due to the ongoing expansion of the group, its product range and business volumes.

The operating expense to income ratio decreased in the period from 70.4% to 69.8%.

The Directors declared a dividend of 20.0 cents per share, fully franked (at 30 per cent) on 11 August 2003. This final dividend is payable on 31 October 2003 and when combined with the interim dividend of 13.5 cents represents a dividend payout ratio of 68 per cent (2002: 69 per cent).

Business activities and performance trends

Each of the major business activities of the Group contributed strongly to the improvement in the results for the period. The results reflect an expansion of banking branches, both company-owned and Community Bank and a strong increase in business. This is evident through the record lending approvals figure of \$4.82 billion, growth in lending outstandings of 21% to \$7.5 billion and increase in retail deposits of 20% to \$7.6 billion (Total Deposits - \$8.2 billion).

Community Banking division increased its after tax contribution by an impressive 68% to \$8.4 million. Wealth Management division also increased its after tax contribution by 41% to \$7.6 million, driven by an increase in funds under management and advice.

The after tax contribution from our associate companies increased strongly by 19% to \$9.0 million. The major contributor to this increase was Elders Rural Bank Limited.

Further improvements are anticipated from all major activities in 2004, with the planned establishment of additional branches, continued expansion of our wealth management division, e-bank and payment card options and the ongoing strong demand for our products and services.

Contingent asset

The company commenced discussions with the Australian Taxation Office ('ATO') in February 2003 in relation to a refund of Goods and Services Tax ('GST'). The directors are confident the discussions will result in a refund of GST. The total GST refund being claimed amounts to \$1.87 million (2002: Nil).

Audit status of accounts

This report is based on accounts which are in the process of being audited. There is not expected to be any dispute or qualification to the accounts.

Annual General Meeting

The annual meeting will be held as follows:

Place: Bendigo Regional Arts Centre, View Street, Bendigo, Victoria
Date: 27 October 2003
Time: 11 am

Sign here:

Company Secretary

Date:

11-Aug-2003

Print name:

David A. Oataway