Bendigo and Adelaide Bank

2008/09 interim result

16 February 2009

Bendigo and Adelaide Bank

Disclaimer: This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the Banks Interim results filed with the Australian Securities Exchange on 16 Februrary 2009. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate .

Disclaimer

Bendigo and Adelaide Bank

Agenda

Rob Hunt Managing Director	**Overview**
David Hughes Chief Financial Officer	Financial result
Mike Hirst Chief Executive – Retail Bank	Retail Bank
Mike Hirst Chief Executive – Retail Bank	Capital and funding
Jamie McPhee Chief Executive – Partner Advised Banking	Partner Advised Banking
Jamie McPhee Chief Executive – Partner Advised Banking	Credit quality
Rob Hunt Managing Director	Summary

Bendigo and Adelaide Bank

72.8%

Cash earnings $**122.2m**[3]

3.0%

Cash earnings per share **44.3c**[1]

Unchanged

Interim dividend **$0.28c**[2]

1 Based on previously reported earnings of 43.0c per share December 2007
2 Fully franked
3 Based on the previously reported cash earnings of 70.7m in December 2007

Overview
> growth at profitable prices

Bendigo and Adelaide Bank

> Market confidence severely impacted

> Reduced availability and increased cost of wholesale funding

> Slowing economy

> Investment and deposit flows back to the banking sector

> Pressure on non-bank funds and distribution channels

> Distinctions in strategies employed by banks have become more evident

Overview
> a difficult environment

Bendigo and Adelaide Bank

> BEN will be Australia's leading customer connected banking group

> Our strategy is to -

> build the customer base and markets we serve
> expand our branch network and exceed customer expections
> consolidate position as provider of choice in partner advised markets
> complete merger and achieve cost synergies
> build on the connection with our customers, communities and partners
> focus on reliable, quality and sustainable revenue generation
> provide a unique and differentiated banking alternative

Overview
> our strategy

Bendigo and Adelaide Bank

> Strengthened balance sheet

> Increased retail funding
> > in real terms
> > as % of balance sheet

> Increased capital

> Continued focussed strategy
> > Growth in retail network
> > Growth at profitable prices

> Committed to restructuring partner channels

> Continued investment in technology, service and delivery options

Overview
> our response

Bendigo and Adelaide Bank

- The important role of a bank has been reaffirmed
  - They play a vital role in functioning domestic economies
  - They are still the most efficient way of delivering capital and funding to the local economy and small business

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- Connection and relevance to local markets and customers is a distinct advantage

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- Trust, reputation and brand take a greater importance

Overview
> the role of a bank

Bendigo and Adelaide Bank

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Bendigo and Adelaide Bank

Accounting standard impacts following the merger:

- Acquisition previously reported at essentially face value
- Completed purchase price allocation
  - Valuation of intangible assets acquired
  - Fair value adjustments finalised – some assets and liabilities revalued
  - Allocated goodwill
- Restatement of impact into prior periods (tables included in Appendix 4D)
- Comparisons to both where possible
- Cash flow hedges ineffective for accounting purposes
- Amortisation of intangible assets

Financial performance
> acquisition accounting

Bendigo and Adelaide Bank

Previously reported

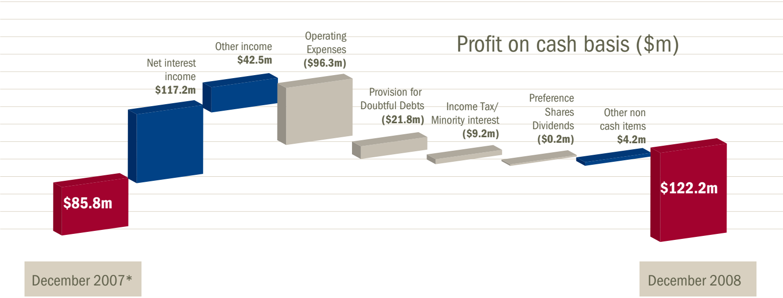
Six months trading	December 2007*	December 2008	Change 07-08
Cash earnings ($m)	70.7	**122.2**	**72.8%** ↑
Cash earnings per share (c)	43.0	**44.3**	**3.0%** ↑
Profit after tax before significant items ($m)	76.1	**118.8**	**56.1%** ↑
Interim dividend (c)	28.0	**28.0**	**steady**

*Dec 2007 interim figures represent 6-months contribution from Bendigo Bank and 1-month contribution from Adelaide Bank

Restated

Six months trading	December 2007*	December 2008	Change 07-08
Cash earnings ($m)	85.8	**122.2**	**42.4%** ↑
Cash earnings per share (c)	52.2	**44.3**	**15.1** ↓
Profit after tax before significant items ($m)	86.4	**118.8**	**37.5** ↑
Interim dividend (c)	28.0	**28.0**	**steady**

*Dec 2007 interim figures represent 6-months contribution from Bendigo Bank and 1-month contribution from Adelaide Bank

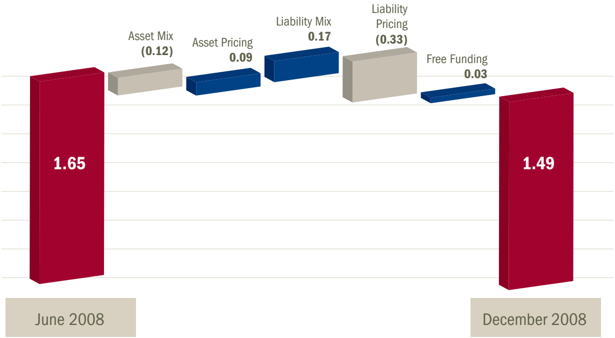


* Restated (previously reported $70.7m)

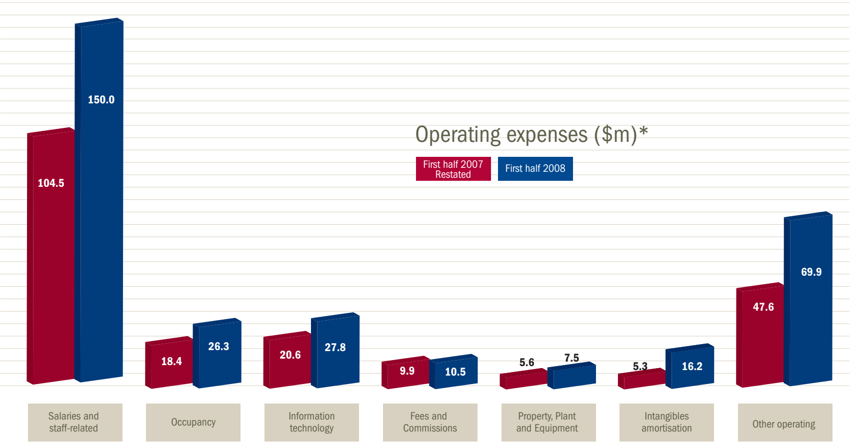
Financial results
> quality earnings

Bendigo and Adelaide Bank

Analysis of net interest margin (%)*



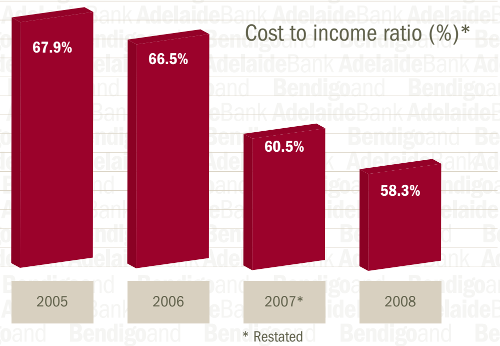
Financial Results
> Protecting margin



*2007 figures include one month Adelaide Bank and six months Bendigo Bank.

Financial results
> continuing to invest in the business

Bendigo and Adelaide Bank



*2007 figures include one month Adelaide Bank and six months Bendigo Bank.

Financial results
> continuing to invest in the business

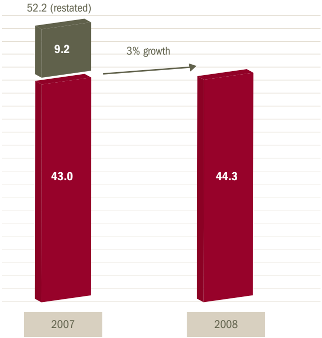
Bendigo and Adelaide Bank

Significant items (post tax)	December 2008 ($m)
Cash flow hedge reserve movements	(43.7)
Equity investment impairment	(4.7)
Integration costs	(13.8)
Head office excess costs	(1.3)
Proceeds on sale of Visa shares	5.2
TOTAL	**(58.3)**

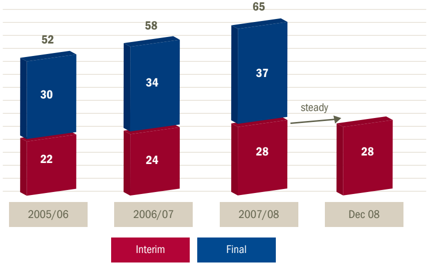
Financial performance
> significant items

Bendigo and Adelaide Bank

Cash earnings per share (cents)



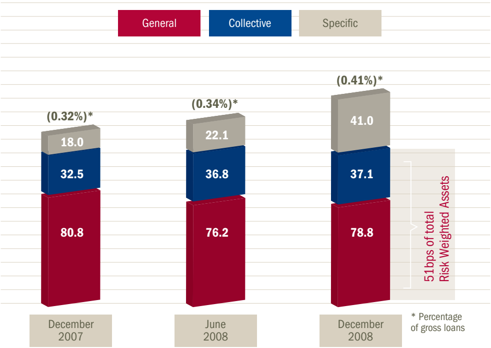
Group dividends (cents)



Financial results
> growth in shareholder value

BendigoandAdelaideBank

Loan loss provisions and reserves ($m)



> Total group provisions of $157m as at December 2008

Group credit
> conservative provisioning

Composition of specific provisions

	Value ($m)	Change since June 08 ($m)
Residential	7.93	0.79
Commercial	24.44	18.28
Margin lending	4.37	0
Consumer	3.74	0.29

Group credit
> Conservative and specific provisions

Bendigo and Adelaide Bank

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Bendigo and Adelaide Bank

> Retail banking is back in vogue

> Strong positioning*

- > customer numbers ↑ 50,000
- > branches ↑ 24
- > market leading customer satisfaction
- > market leading customer avocacy

> Continued demand for **Community Bank®** - 19 new branches in 2008*

> Significant investment in distribution is still maturing

> Leveraging key strategic parts of business

- > wealth
- > deposit gathering

* Calendar year growth

Retail banking
> strong performance

Bendigo and Adelaide Bank

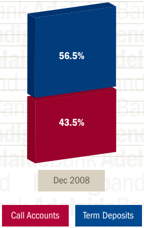
31.5%

Retail branch deposits

Retail deposits ($m)

> Strong growth prior to introduction of government guarantee

Composition of retail deposits



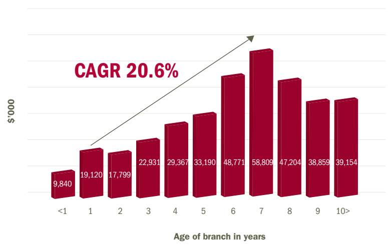
Retail banking
> growth in deposits

Bendigo and Adelaide Bank

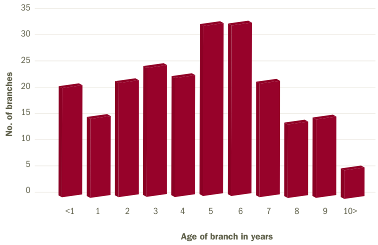
> **Community Bank®** network remains relatively immature

> Liability growth strongest in first seven years of branch life

Deposits per **Community Bank®** branch



Community Bank® branches by age



Retail banking
> funding trends

Bendigo and Adelaide Bank

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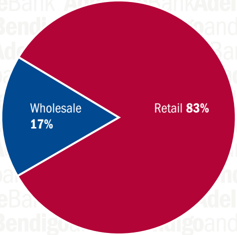
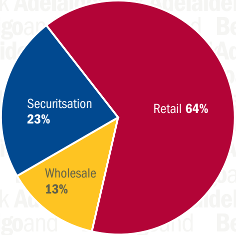
Bendigo and Adelaide Bank

On-balance sheet funding



Combined on and off balance sheet funding



> We have not used the government guarantee in wholesale markets

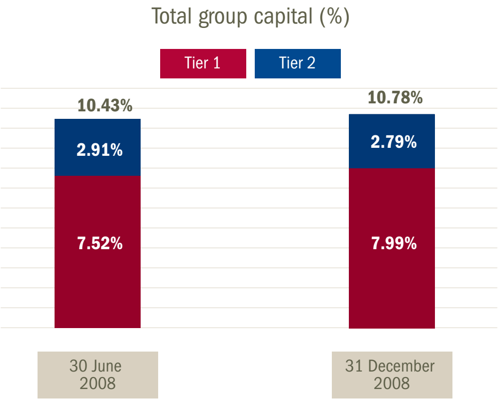
Funding structure
> conservative profile

Bendigo and Adelaide Bank

$millions	Balance at 31/12/07	Balance at 31/12/08	Change (12-months - %)
Wealth/HNW/Corporate	8,078.3	7,574.5	(6.2%)
Branches	15,061.3	19,800.1	31.5%
Total Retail	**23,139.6**	**27,374.6**	**18.3%**
Short term domestic	4,974.8	3,426.2	(31.1%)
ECP	1,260.4	267.7	(78.8%)
Domestic MTN	1,238.8	1,425.0	15.0%
Euro MTN	757.7	505.1	(33.3%)
Total Wholesale	**8,231.7**	**5,623.9**	**(31.7%)**
TOTAL ON BALANCE SHEET	**31,371.3**	**32,998.5**	**5.2%**
Liquidity	**15.50%**	**15.08%**	

Funding structure
> low risk profile

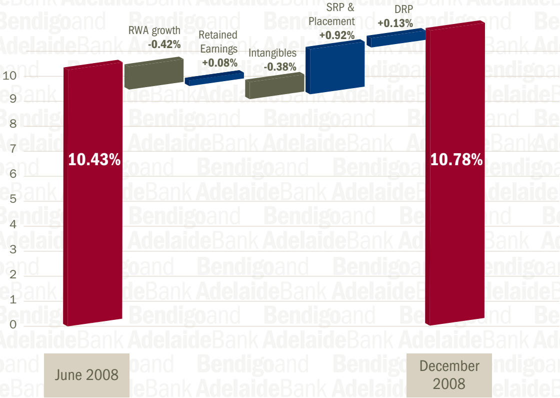
Bendigo and Adelaide Bank



- Conservative capital for our balance sheet and risk profile
- Levels remain well in access of ICAAP measurement
- Continue to allocate capital to the most profitable areas

Capital adequacy
> maintaining conservative approach

Bendigo and Adelaide Bank



> Further capital movement
> - > Macquarie Margin Lending acquisition ~ $52m (Jan 09)
> - > Other

Capital adequacy
> maintaining conservative approach

Bendigo and Adelaide Bank

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Bendigo and Adelaide Bank

> Customers are choosing this channel

> Partner advised businesses remain a key provider of competition in domestic markets

> We are, and will continue, to re-shape these businesses

> We have remained open for business through these channels, and remain committed to our partners

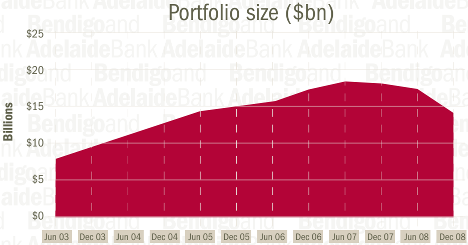
Partner Advised Banking
> a strategic focus

Bendigo and Adelaide Bank

> Variable cost base

> Commissions have been adjusted

> Focus on achieving an appropriate economic return



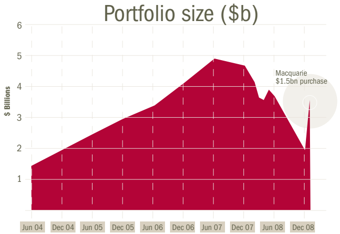
Third party mortgages
> managing for the new world

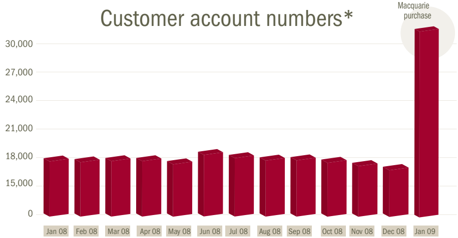
Bendigo and Adelaide Bank

> Strong growth prospects as confidence returns to market

> Portfolio decline has been in line with equity market falls

> Macquarie margin lending purchase - active customer numbers now >31k





Margin lending
> strong future growth prospects

Bendigo and Adelaide Bank

> Significant liabilities generation

> Leverages multi-product distribution strategy through financial planners and stock brokers

> Continued growth expected in current environment

Wealth deposits
> strong funding capability

Bendigo and Adelaide Bank

> Challenging times for funds management

> Remains a key strategic focus

> We have not locked up any funds

> Funds will return strongly when confidence re-emerges

Funds
> cash and fixed income specialists

Bendigo and Adelaide Bank

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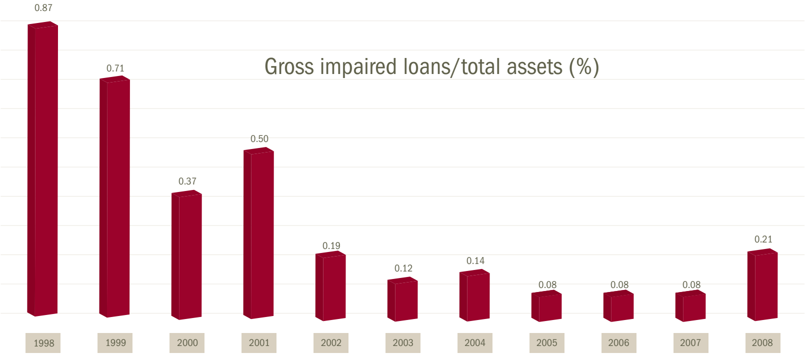
Bendigo and Adelaide Bank

> Gross impaired loans remain near historically low

> Maintaining a vigilant approach



Group credit > maintaining quality

Bendigo and Adelaide Bank

> Top 20 exposures = $663.5m (1.38% of total assets)

> Only 6 loans greater than $30m

> All top exposures performing well

> Diversity by geography and industry

Group credit
> granular portfolio

Bendigo and Adelaide Bank

> Mortgages form the majority of loans by purpose and security

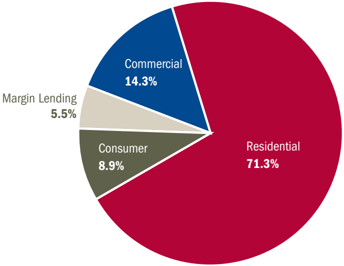
> Unsecured consumer lending a minor part of the portfolio - and performing strongly

> Margin lending credit quality remains exceptional

> Commercial portfolio - credit deterioration primarily in property development

> Renewed focus on Mortgage Help, financial hardship provisions and asset management

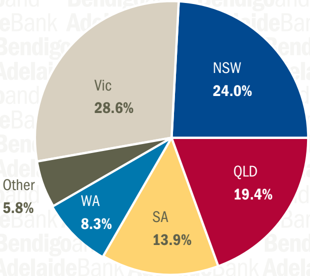
Group loans by purpose



Group risk
> diversity by purpose

Bendigo and Adelaide Bank

Group lending by geography

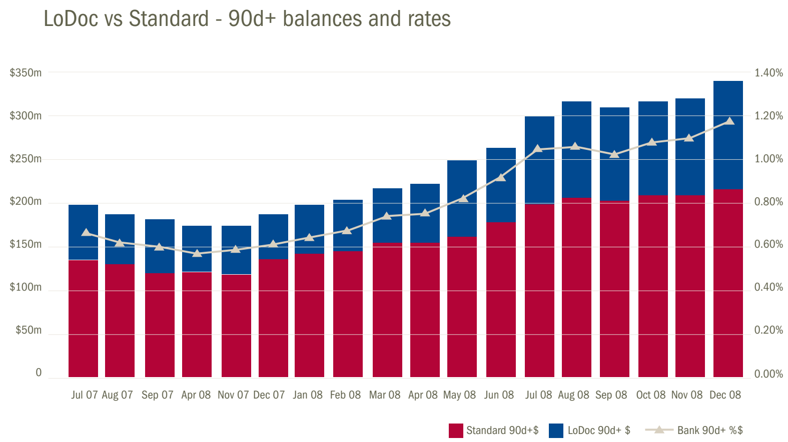


> Diversity by geography

> Remain underweight in troubled NSW and QLD sectors

Group credit
> diversity by geography

Bendigoand AdelaideBank



Group risk - mortgages
> total mortgage arrears remain steady

Bendigo and Adelaide Bank

- > 90+ day arrears levels are increasing – from a very low base
- > Of those in 90+ day arrears:
  - > Average historical LVR is 69.2%
  - > 57.8% are fully verified
  - > 42.2% are lo-doc
- > LMI insurance covers more than 69% of all MIP loans
- > Pro-actively reviewing and changing business practices
  - > in-house arrears management of third party mortgages

Group risk - mortgages
> maintaining a vigilant approach

Bendigo and Adelaide Bank

> High levels of LMI in lo-doc portfolio (all loans more than 60% LVR)

> Full valuations for all lo-doc loans – regardless of LMI status

> While 90+ day arrears trends higher, actual losses remain low

> Charged at a 1% premium over standard variable rates

90+ day arrears - loss expectations

	Total portfolio	December 90+ day arrears ($m)	12-month trend, 90+ day to loss ($ value of portfolio)	Potential $-loss at current 90+ day levels
All lo-doc	$3,126m	$124.0m	2%	$3.25m

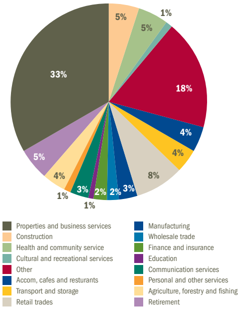
Group risk - lo-doc mortgages > product design provides additional security

Bendigo and Adelaide Bank

Business lending portfolio ($000's)

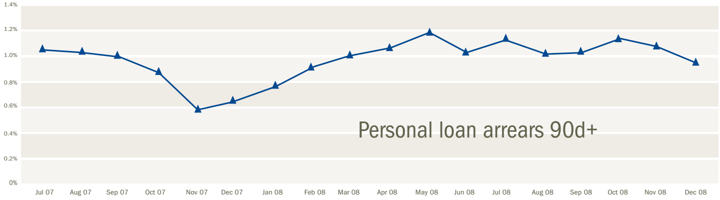
State	Total portfolio	Property development only	Other
Victoria/Tasmania	2,855,774	194,764	2652,157
South Australia/NT	696,731	55,460	640,992
New South Wales/ACT	693,505	7,559	685,876
Queensland	914,867	34,125	880,742
Western Australia	594,452	43,811	550,940
TOTAL	**5,755,329**	**335,536**	**5,419,794**

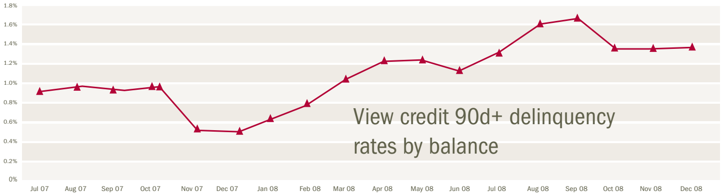
Business lending by industry



Group Credit > minimal exposure to commercial property development

Bendigo and Adelaide Bank





- > Consumer arrears low and falling
- > Margin lending continues to perform exceptionally well

Group risk - other
> exceptional credit performance

Bendigo and Adelaide Bank

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Bendigo and Adelaide Bank

> Improved cash EPS

> All businesses making a contribution

> Strong and growing retail franchises

> Growing customer base

> Merger integration on track

> Diverse revenue streams

> We are managing for these challenging times

Summary
> a solid result

Bendigo and Adelaide Bank

> We will maintain a disciplined approach - “Growth at profitable prices”

> We are well positioned
> - > Conservative balance sheet structure with improved levels of retail funding
> - > Excellent brand, positioning, and customer connection
> - > Capacity to selectively grow business units

> Willing and able to service current demand

> Willing and able to reshape parts of the business as appropriate

> Significant upside when/if market sentiment improves

> Consistent strategy with conservative risk profile

> A great team - experienced and capable bankers

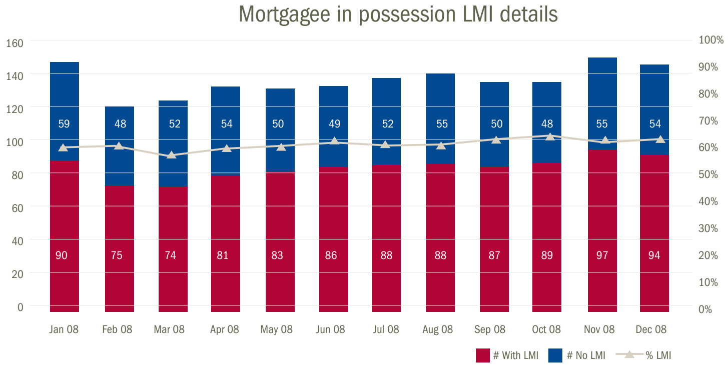
Summary
> the future

Bendigo and Adelaide Bank

Questions

Appendix

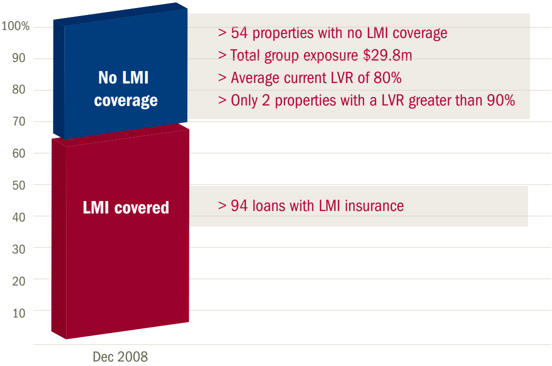
> LMI insurance covers more than 60% of all MIP loans



Group risk: mortgages in possession > high levels of LMI insurance

Bendigo and Adelaide Bank

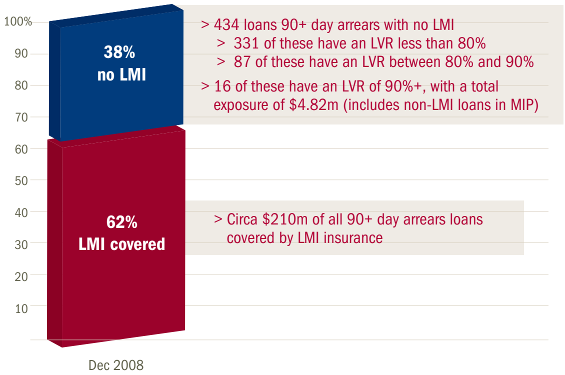
Group MIP loans



Group risk: mortgages in possession
> non LMI loans managed closely

Bendigo and Adelaide Bank

Group 90+ day arrears

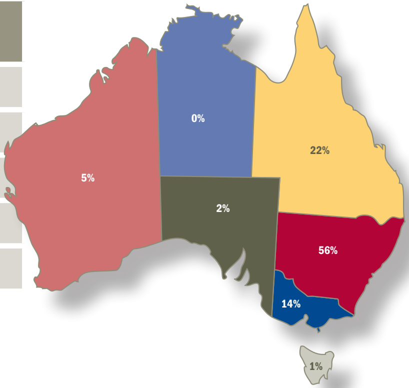


Group risk: mortgages in possession > non LMI loans managed closely

Bendigo and Adelaide Bank

Group mortgagee in possession loans

State	Number	$ value (m)
NSW	83	$38.8
Victoria	21	$6.1
Queensland	32	$16.2
South Australia	3	$0.5
Other	9	$4.1

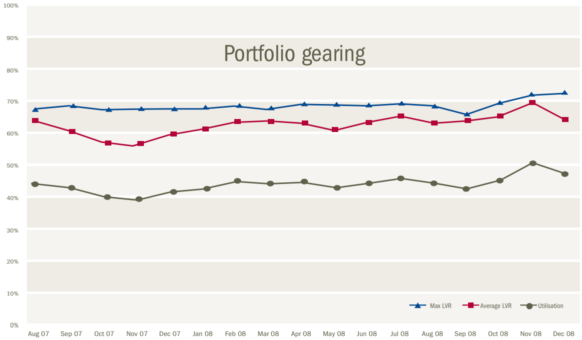


Group risk
> diversity by geography

Bendigo and Adelaide Bank

> Margin calls effectively re-calibrate portfolio LVR

> Unweighted LVR increasing due to more granular portfolio with fewer single stock loans



Group risk: Margin lending
> self-calibrating portfolio

Bendigo and Adelaide Bank

> On track to achieve 80% of synergy target by second full year of merger

> $33.1m of run-rate reduction achieved (54.8% of target)

Merger integration
> progress and opportunity

Bendigo and Adelaide Bank

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Further information

Bendigo and Adelaide Bank