Bendigo and Adelaide Bank

2010 interim results

February 15, 2010

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This presentation contains certain "forward-looking statements". The words "anticipate", “believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and the Group assumes no obligation to update such information.

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Disclaimer

Bendigo and Adelaide Bank

- Overview – Mike Hirst
- Results – Richard Fennell
- Going forward – Mike Hirst

Agenda

Mike Hirst

Group Managing Director

Overview

Issue	Our commitment	Our achievement
Dislocated debt markets	•Restructure balance sheet (~80% retail funding target) •Prudent and sustainable approach to credit growth •Short-term NIM contraction •Manage for profitability – not market share •Opportunistic targeting of wholesale/securitisation markets	•Low risk balance sheet (80%+ retail funded) •Credit growth aligned to long-term funding capacity •Improved profitability (NIM, NPAT and EPS) •$1b securitisation (Dec 2009)
Short term revenue headwinds	•Manage costs (particularly staff) •Short-term pain for long-term gain	•Overwhelming staff engagement and support (~75% unpaid leave participation) •Cost/income continuing to improve
Market instability	•Opportunistic approach to M&A during dislocation	•Macquarie margin lending, Rural Bank, TBS acquisitions
Demand on capital	•Conservative and prudent approach to capital •Broaden and strengthen shareholder base	•Improved and high-quality capital ratios •Diversified and engaged shareholder base
Uncertain credit outlook	•Maintain and build on solid credit history •Cautious approach to potential concern areas – FHOG; property development; geographical 'hotspots'	•Improved credit quality •Low exposure to problem areas
Slowing credit/system growth	•Invest in businesses with strong growth dynamics •Continued organic growth in core businesses •Prepare and maintain capacity for economic turnaround	•Increased exposure to margin lending (Macquarie) •Maintained capacity in core businesses •Continued branch expansion (25+ new branches)

Overview

Bendigo and Adelaide Bank

Our result	
Financial performance	•Cash earnings $139.7m •Cash EPS 41.2¢ •Profit after tax before significant items $134.2m
Risk management	•Prudent provisioning •% gross impaired loans to total assets, 50bp (41bp excluding Rural Bank)
Capital and dividends	•Tier 1 ratio of 8.95% •Interim dividend of 28.0¢
Funding and liquidity	•85% retail funded, on balance sheet as at Dec-09 •11.79%* liquids, 99%* HQLA

Overview

Bendigo and Adelaide Bank

*as at 31 December 2009

The future…

- Continued focus on asset growth at profitable prices
- Well positioned to realise revenue growth opportunities
- Cost to income improvement (income the predominant driver)
- Continued demonstration of our prudent and sustainable business model
- Opportunistic approach to M&A

Richard Fennell

Chief Financial Officer

Results

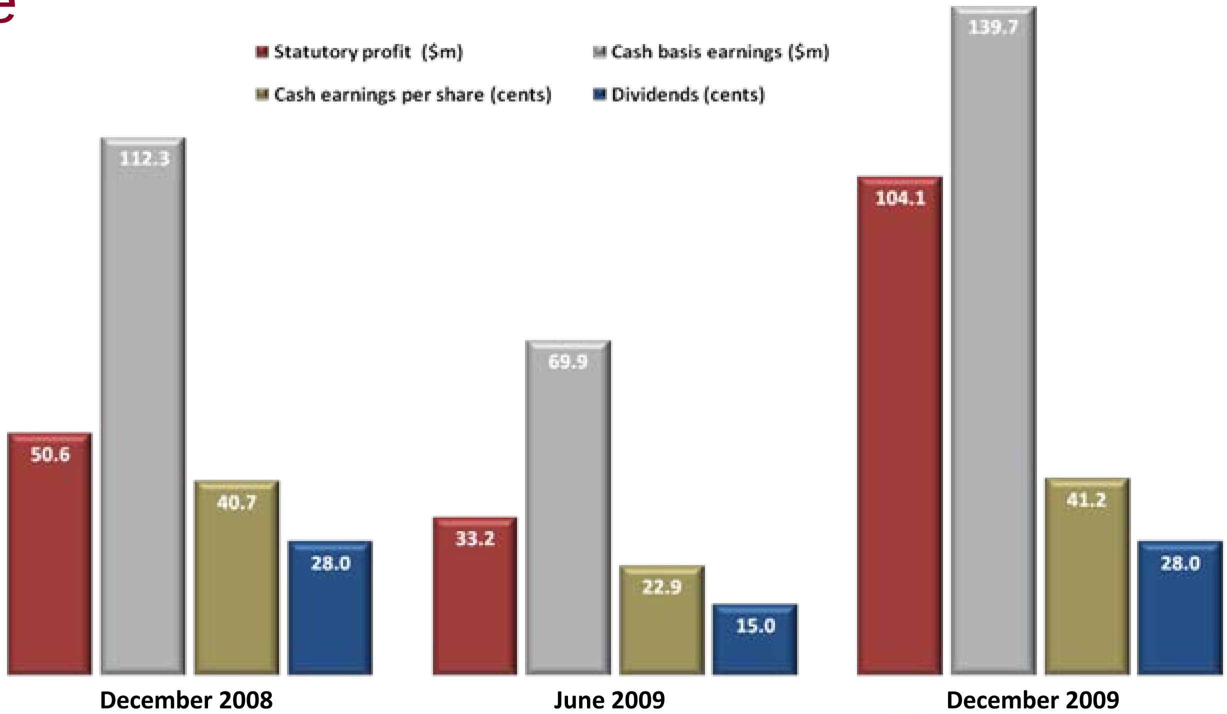
$m	HY Dec 2008	HY June 2009	HY Dec 2009	% change (pcp)
Cash earnings	112.3	69.9	139.7	24.4%
Profit after tax before significant items	108.9	64.3	134.2	23.2%
Profit after tax	50.6	33.2	104.1	105.7%
Cash EPS	40.7¢	22.9¢	41.2 ¢	1.2%
Dividends per share	28.0 ¢	15.0 ¢	28.0 ¢	-

Results

Bendigo and Adelaide Bank

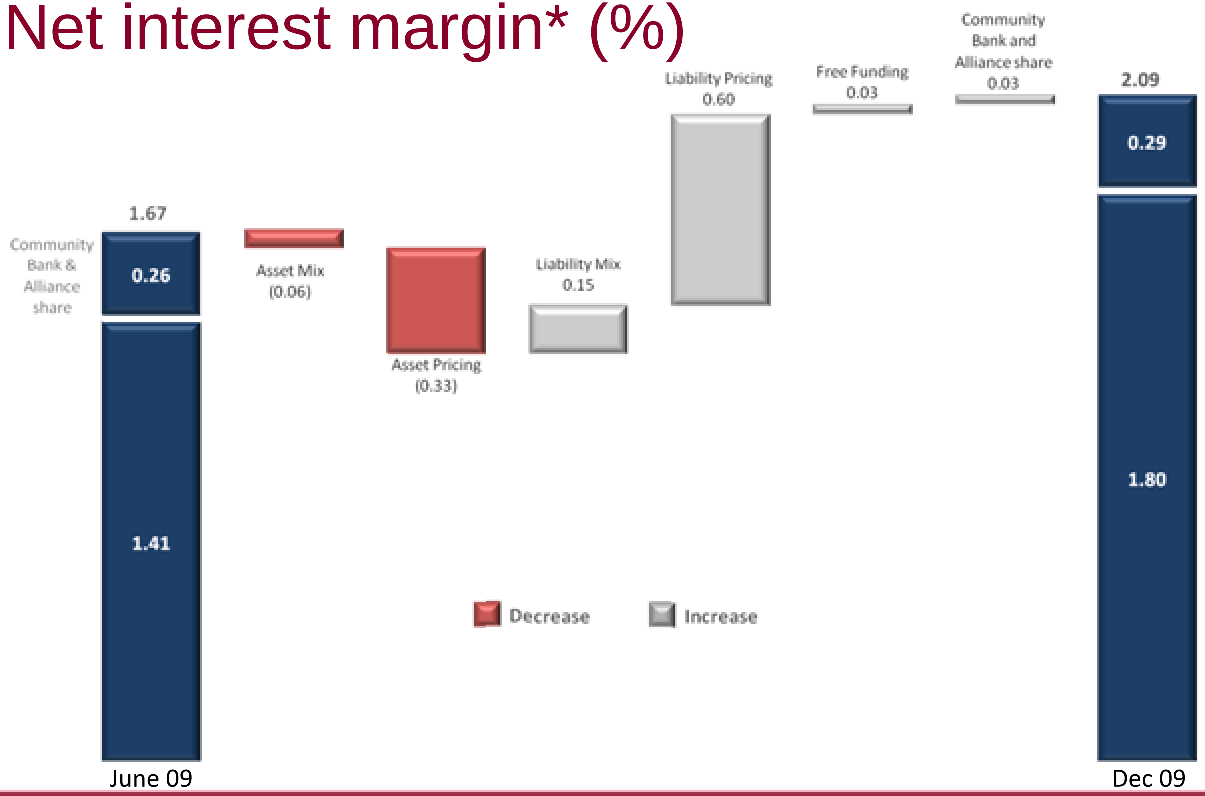
Group performance

- Result was achieved with the flexibility of greater fundamental capital



Results

Net interest margin* (%)



- TD repricing has flowed through the balance sheet
- Liquidity levels managed down to longer-term trends
- Some margin expansion on the asset side
- Forecasts of an increasing official cash rate are expected to assist margins

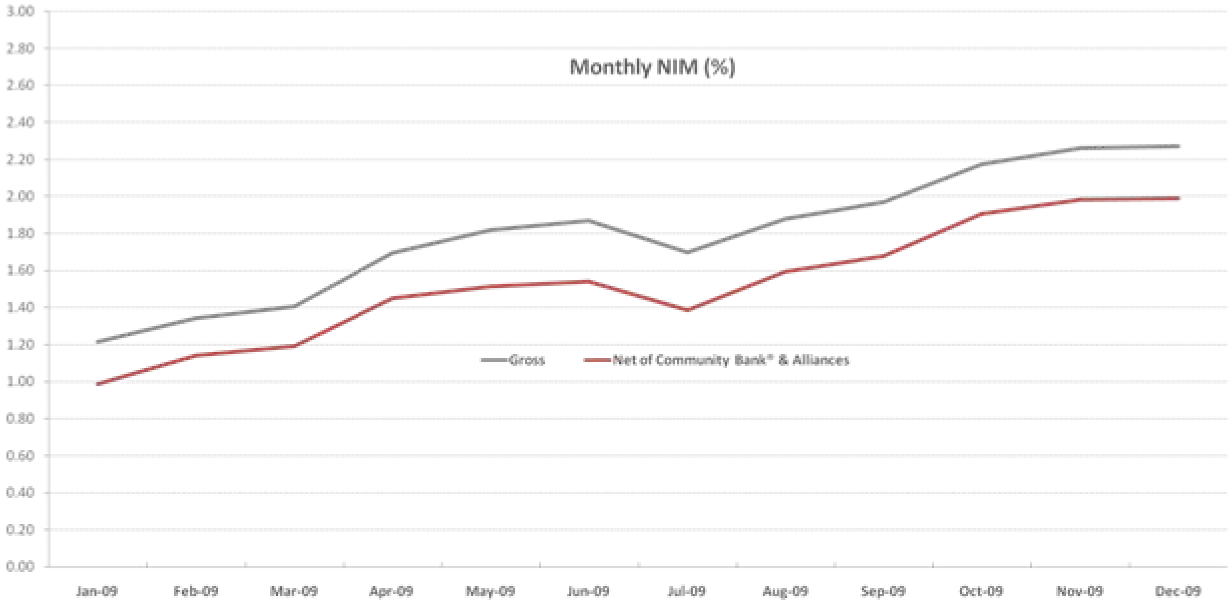
Results

Bendigo and Adelaide Bank

*Normalised for six-months of Rural Bank

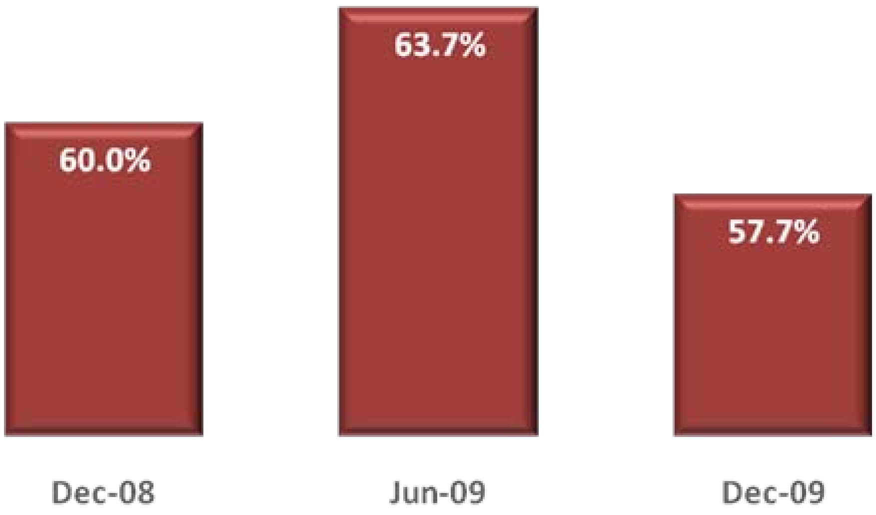
Net interest margin

- Strong improvement in NIM
- TD repricing complete
- Current NIM run-rate of 2.27 per cent gross, and 1.99 per cent net of Community Bank® and Alliances



Results

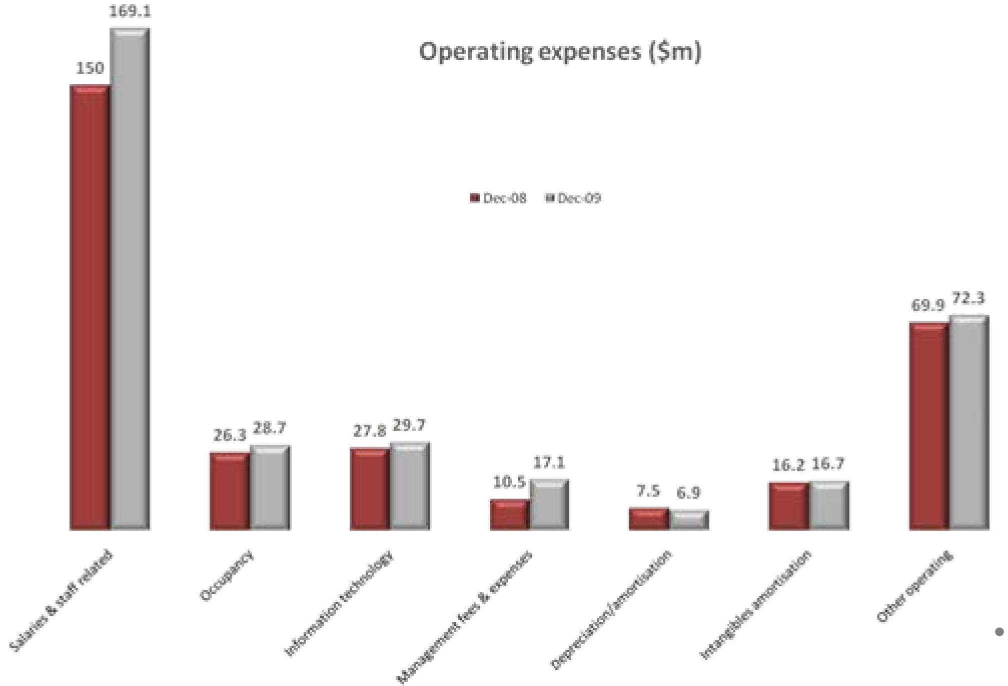
Cost to income

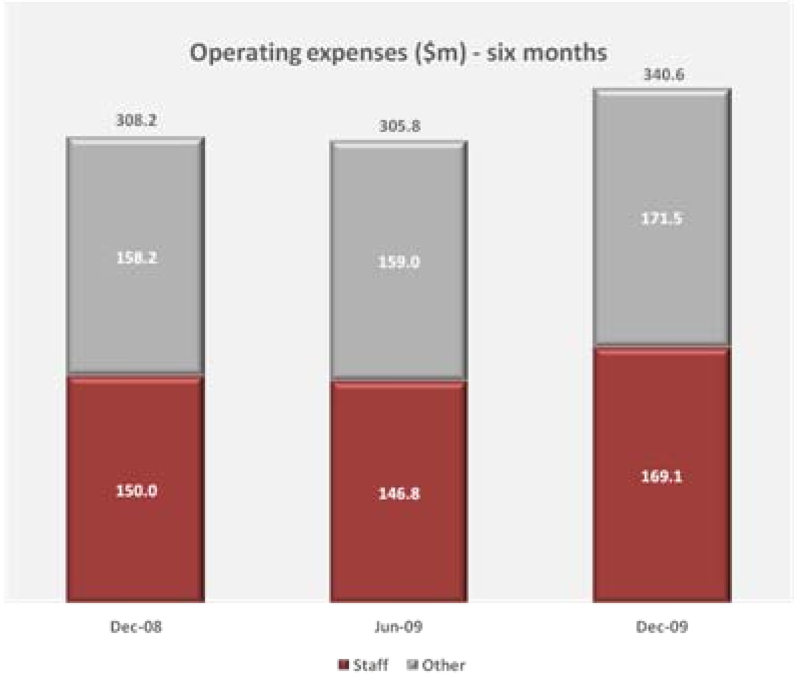


- Revenue drives ratio improvement
- Long-term cost to income of 55% realistic in medium term
- Retained capacity within the network

Results

Operating expenses





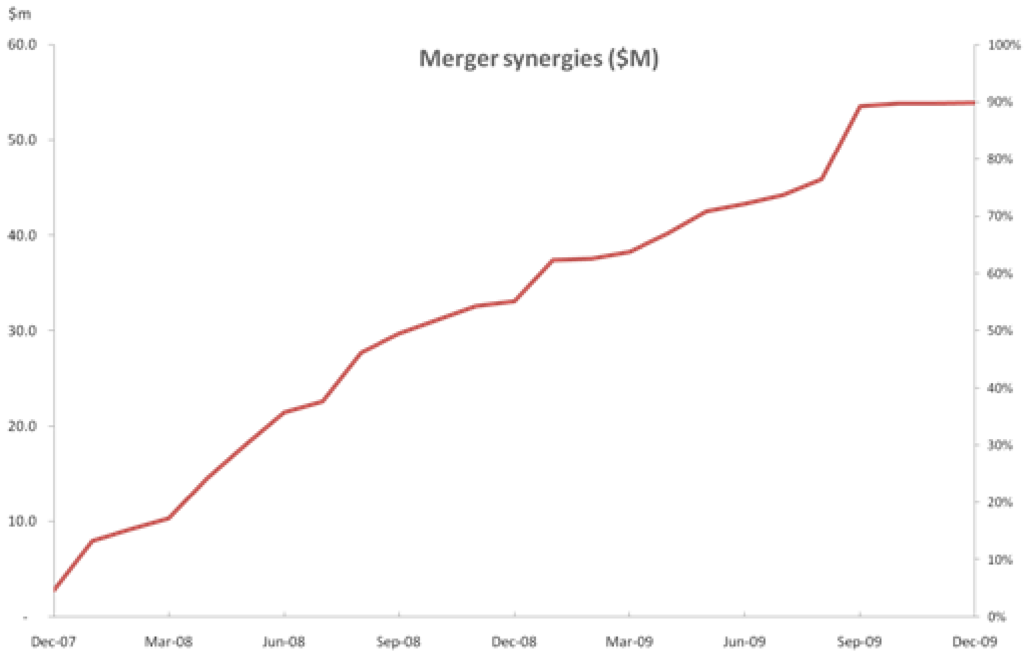
- Approx. $23m of increase over Dec-08 due to Macquarie margin lending and Rural Bank acquisitions

Results

Bendigo and Adelaide Bank

Merger integration

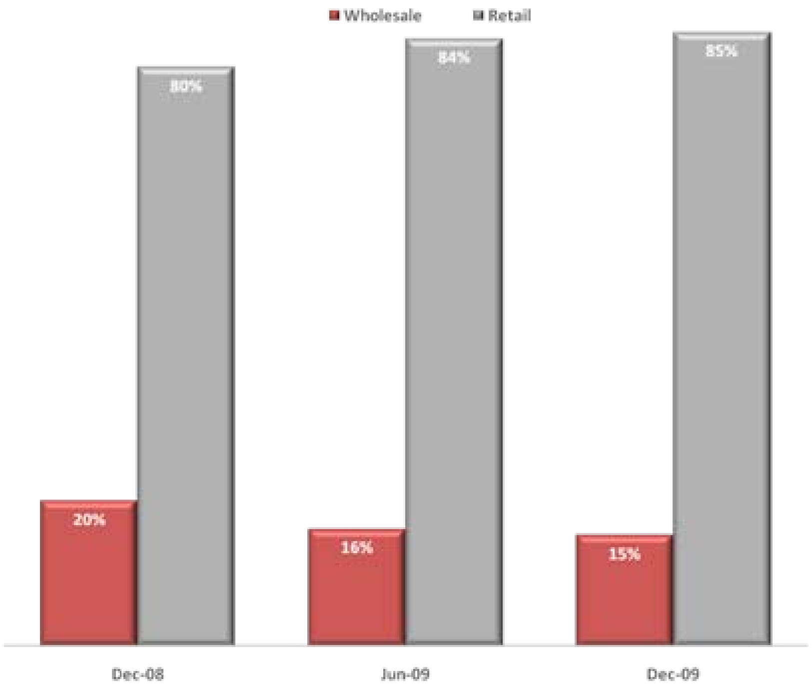
- The Bank exceeded planned cost savings by December 2009
- All major IT and systems integration complete



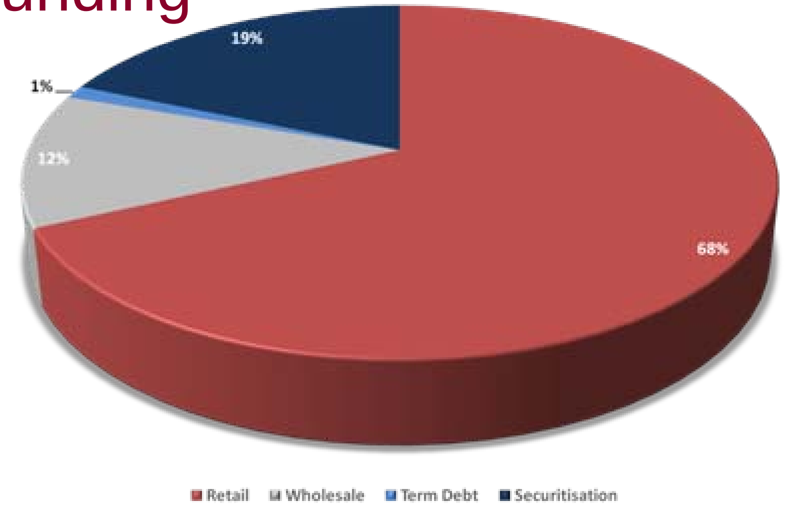
Results

Bendigo and Adelaide Bank

Funding mix*



Total funding



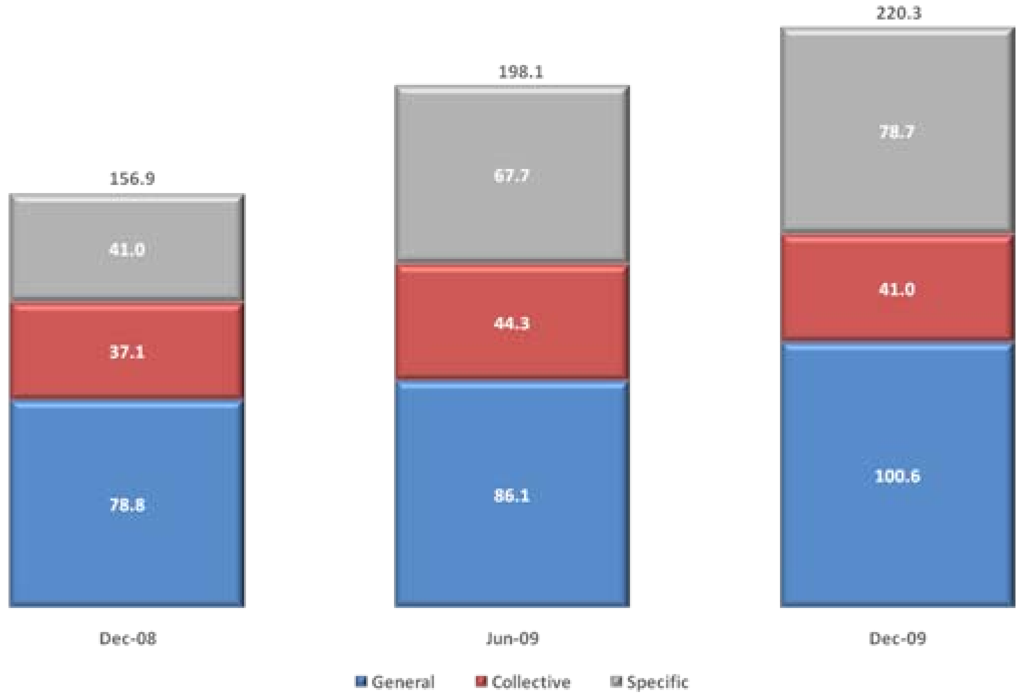
- Low-risk retail funding base
- Opportunistic approach to future securitisation and/or wholesale issuance

Results

Bendigo and Adelaide Bank

*On-balance sheet, including internal securitisation

Total provisions and reserves for doubtful debts ($m)

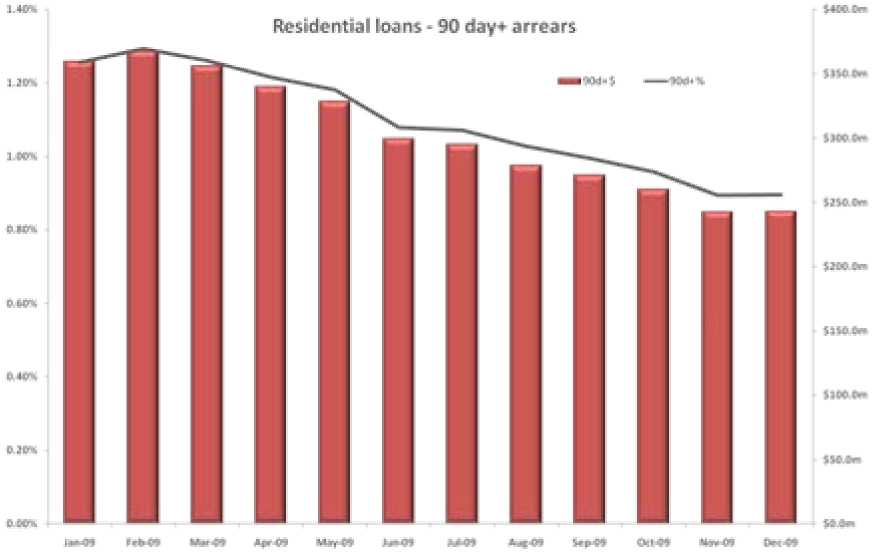


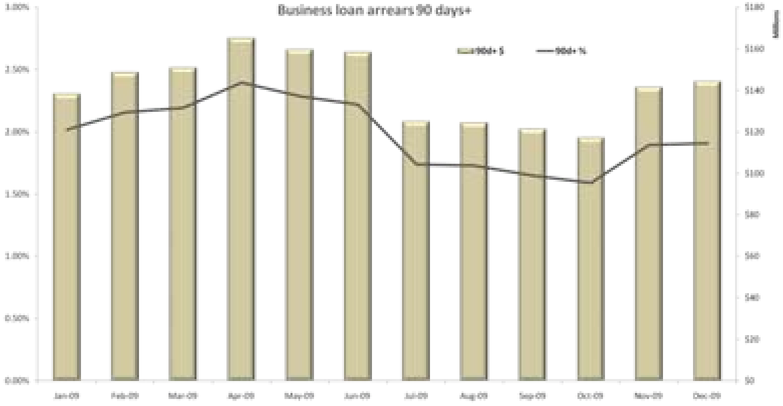
- Provisions increased $7.7m over the past six months
- $13.3m was acquired through the business combination with Rural Bank
- Provisions decreased on a stand alone basis

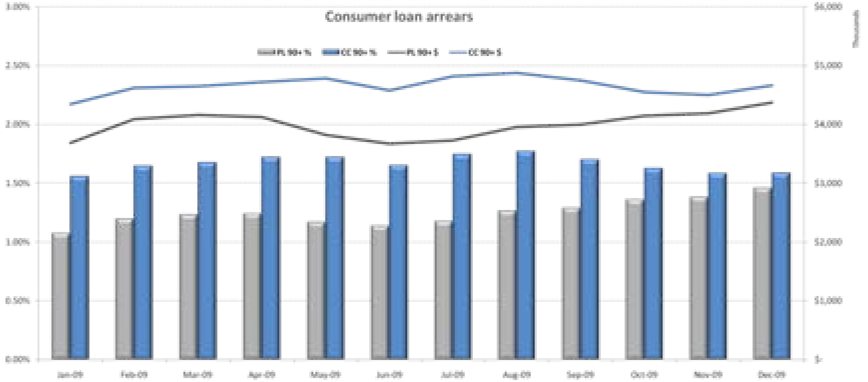
Results

Bendigo and Adelaide Bank

Arrears performance*







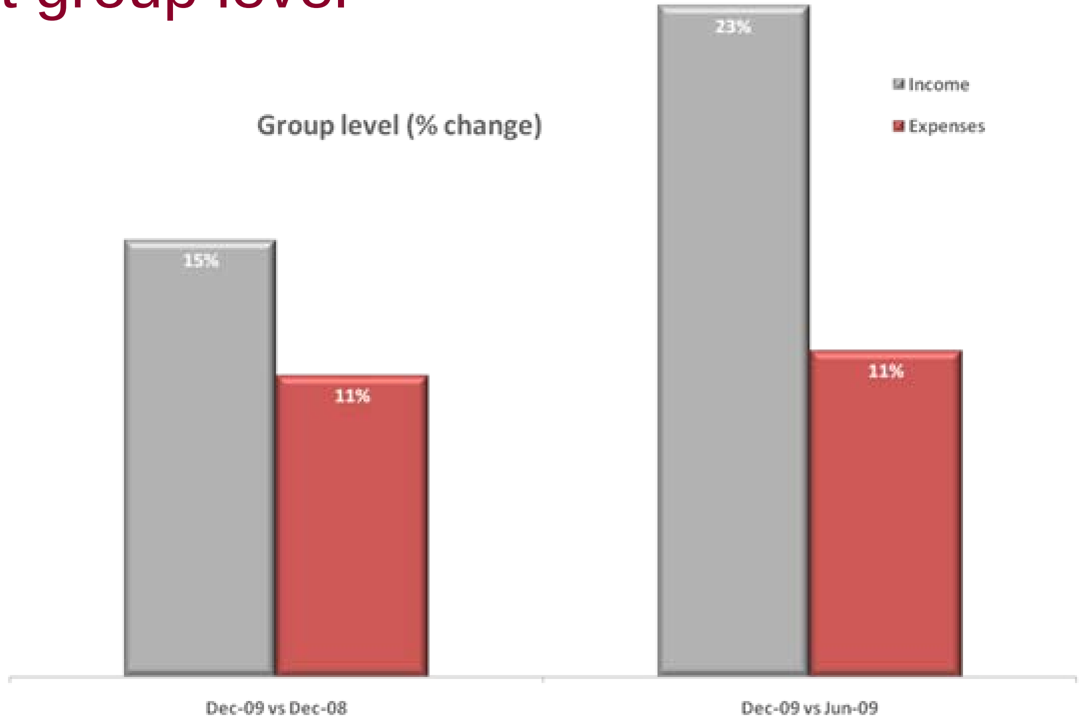
Results

Bendigo and Adelaide Bank

*excludes Rural Bank

Strong fundamentals at group level

- Strong cost controls
- Focus on efficiency
- Significant recovery in revenue



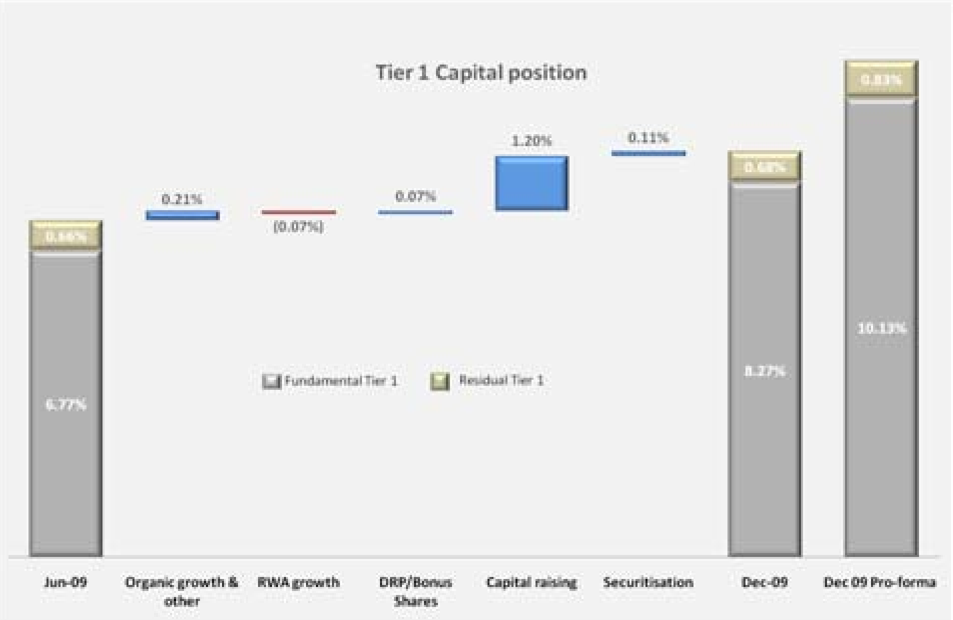
Results

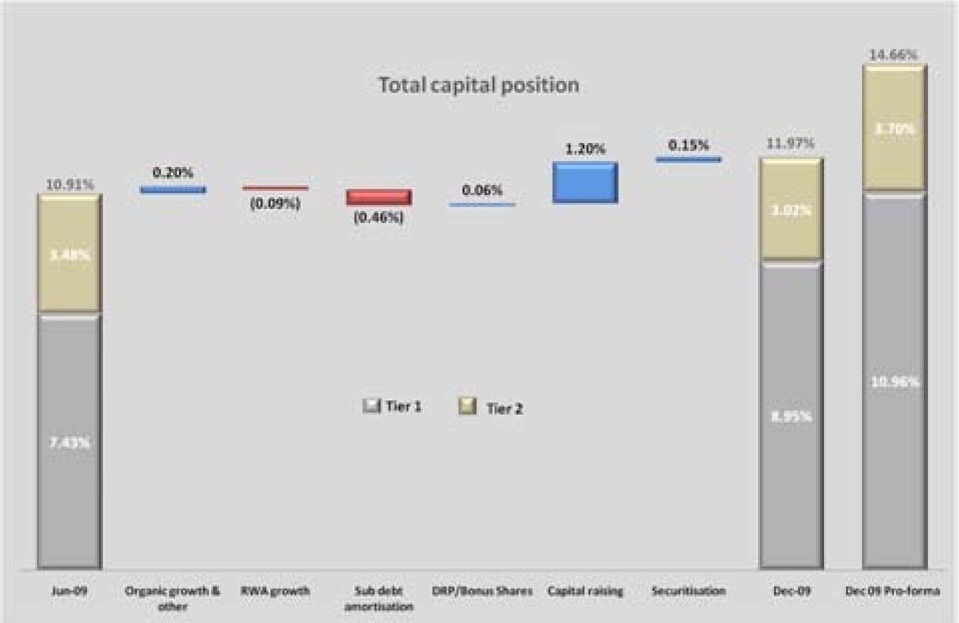
Bendigo and Adelaide Bank

Capital

- Capital management will continue to reflect the low risk nature of the loan book
- Total capital 11.97%
- Tier 1 capital 8.95%
- Tier 1 capital position boosted by Aug/Sept capital raising of $300m, ~120bp
- Thawing of securitisation markets also assisted

Capital





Results

Bendigo and Adelaide Bank

Mike Hirst

Group Managing Director

Bendigo and Adelaide Bank

Our point of difference

- Our group and business unit brands are strongly differentiated
- The group enjoys high levels of customer, shareholder and community trust and advocacy

Attribute	Measure
Customer advocacy	World class Net Promoter Score of +33 (June 2009), Highest customer advocacy of any Australian bank 31% open advocates of Bank[2]
Customer satisfaction	Leading Australian bank in customer satisfaction[3]
Trust	#1 Australian bank[4]
Brand	Top 20 brand in Australia[5]
Corporate responsibility	#1 of Australian listed companies[6]
Sustainability	World's Top 10 sustainable listed companies[7]
Unprompted awareness	34% nationally[2]

Going forward

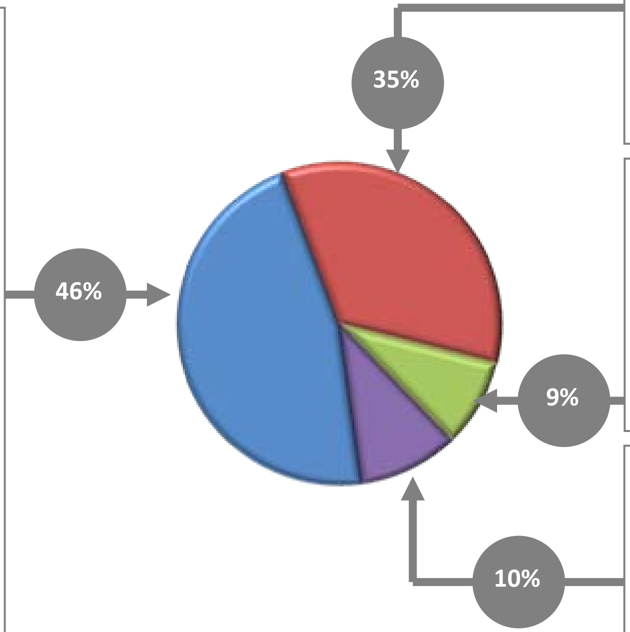
Bendigo and Adelaide Bank

[1]Engaged Marketing, 2009. [2]Quantum, October 2009. [3]Choice, October 2009. [4]The Leading Edge, June 2009. [5]Interbrand. [6]Australian Centre for Corporate Social Responsibility, March 2009. [7]www.sustainablebusiness.com

Growth and opportunities

Retail Banking

- 1.4m customers
- 1.9 products per person
- 442 branches
  - 191 Bank owned
  - 251 Community Bank® branches
- Strong pipeline of Community Banks
- Expect to open 25+ branches this financial year
- Liability led strategy
- Relatively immature network
  - 32% of branches three years old or younger



Third Party Banking

- Margins improving
- Partners desire a genuine alternative
- Variable cost base
- Funding options emerging

Wealth

- Fundamentals remain attractive for margin lending
- Strong margins
- Potential regulatory support/stimulus

JV and Alliances

- Rural Bank increased shareholding
- Suncorp ATM partnership
- Tasmanian Banking Services

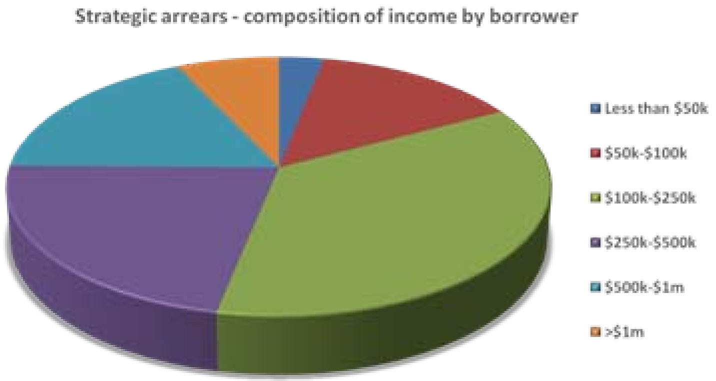
Going forward

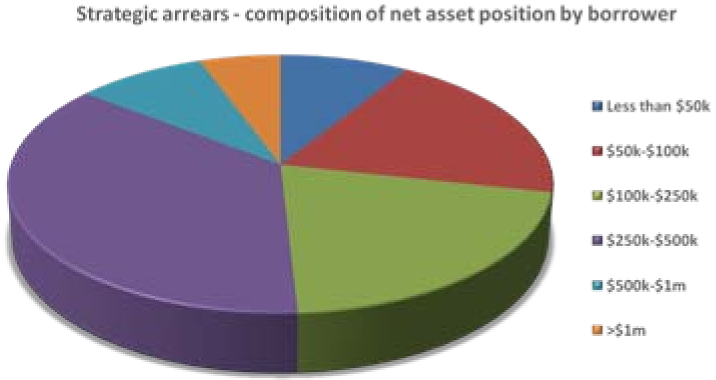
Bendigo and Adelaide Bank

x% = % of total segment assets

Towards a resolution

- Initial court actions commenced against borrowers
- We remain confident of our position
- Majority of arrears are 'strategic' - borrowers have capacity to pay





Great Southern

Bendigo and Adelaide Bank

Note: Percentages based on value of loans in arrears at 31 December 2009.

Outlook

Cautious optimism for the future

- Low risk businesses and assets

Potential upside

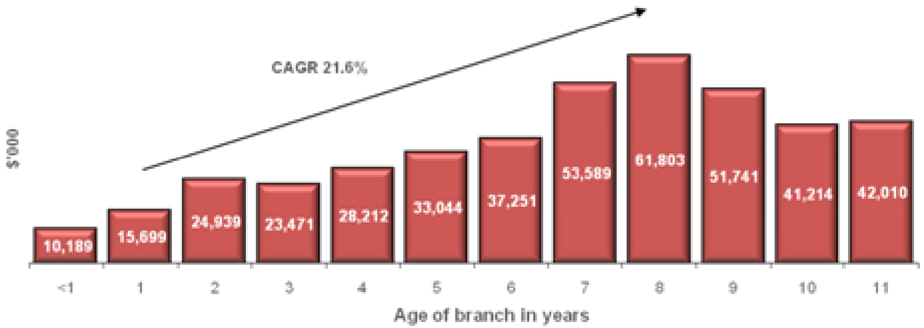
- Retained capacity in network for growth
- Re-opening of securitisation market
- Normalised credit spreads in wholesale funding markets
- Expansive share market growth

Appendices

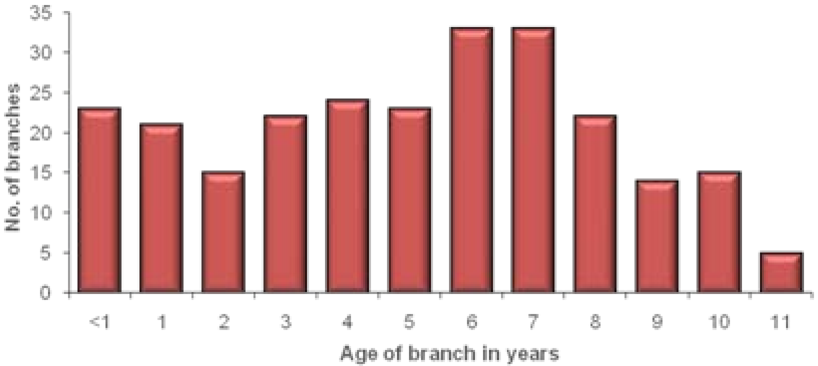
Systematic growth in retail

- 23 branches opened in 2009
- 25+ branches to be opened in 2010
- Relatively immature network

Deposits per Community Bank® branches



Community Bank® branches by age

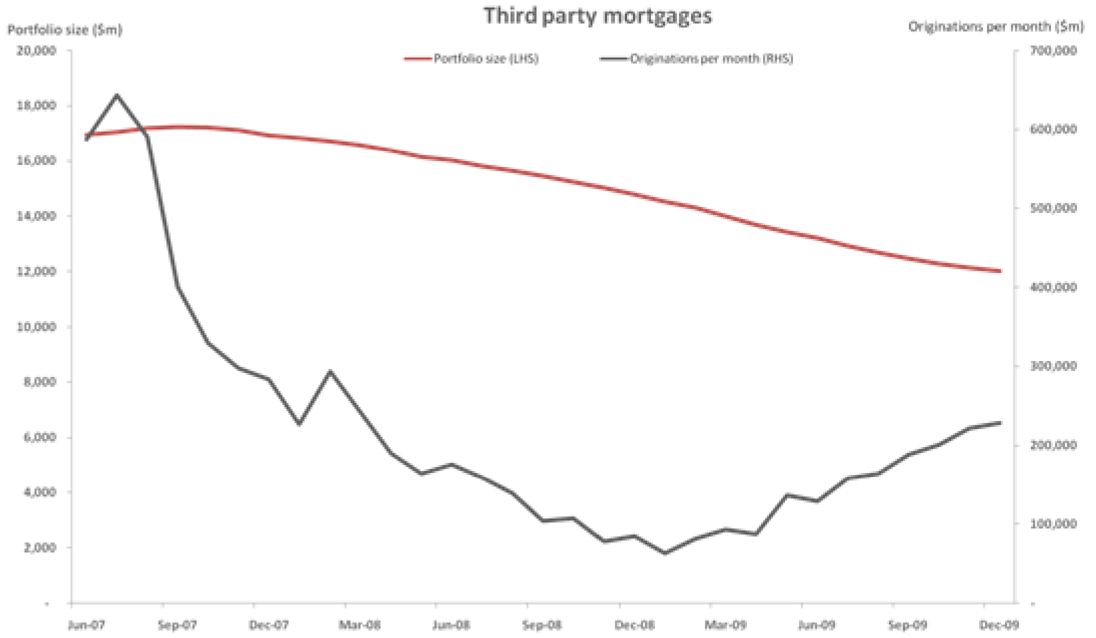


Going forward – Community Bank® and retail

BendigoandAdelaideBank

Opportunities in Third-Party Banking

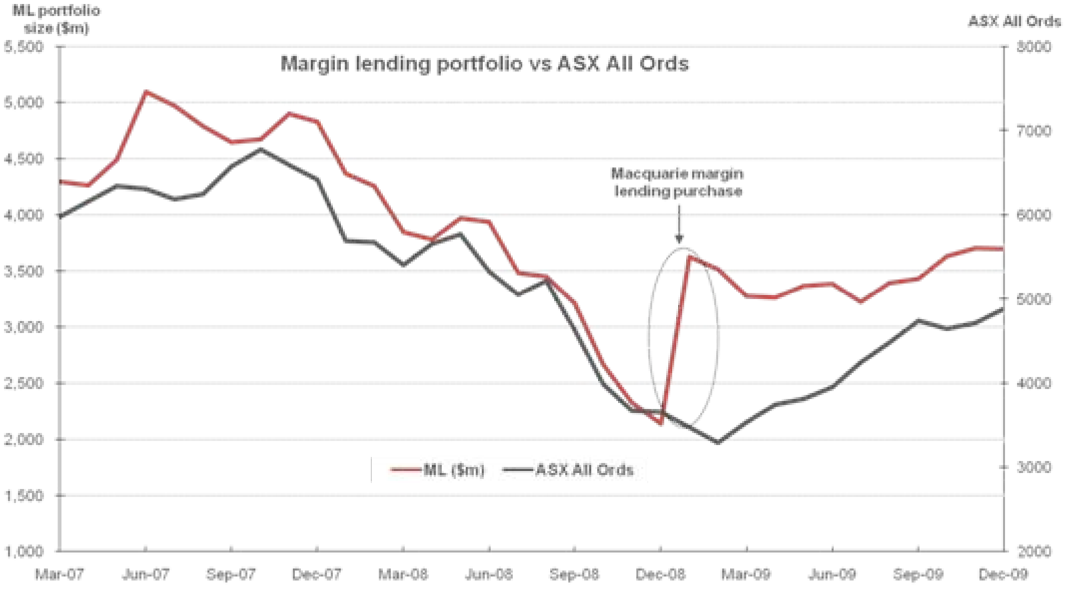
- Opportunity now to grow the business
- Partners desire maintaining a genuine funding alternative
- Variable cost base
- Commissions have been adjusted
- Margins improving
- Focus shifting to growth



Going forward – Third Party Banking

Fundamentals remain attractive for Margin Lending

- Customer appetite for risk and gearing is improving
- Independent margin loan provider of choice
- Strong long term relationships with many financial advisory firms
- Strong margins
- Low cost to income
- Capacity for significant growth
- Continued excellent credit quality



Going forward - Wealth

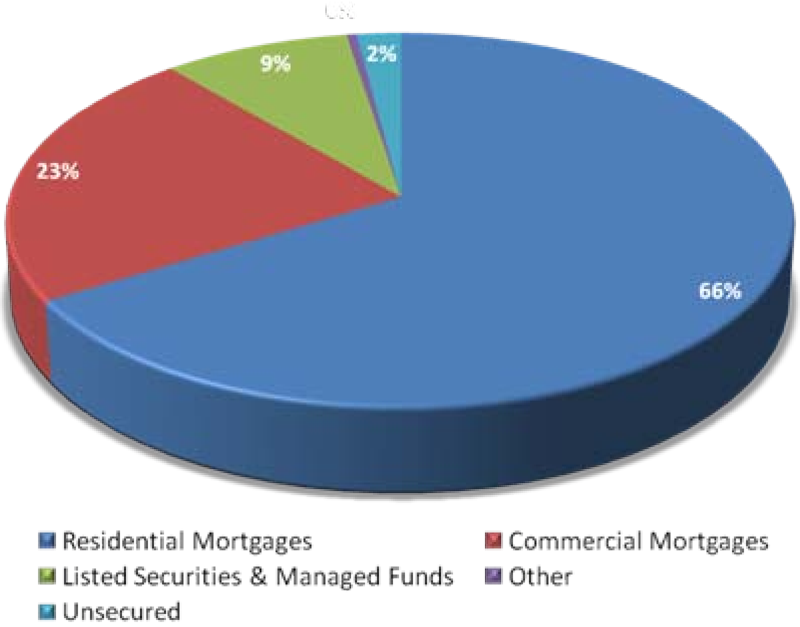
Bendigo and Adelaide Bank

Wealth management growth expected

- Value chain under pressure
- Strong industry drivers remain - ageing population, compulsory super
- Independence and trust to the fore - an opportunity for a trusted institution
- Advice structure changing to meet customer preference - bank’s salaried planner model in place for three years
- Low investment to date allows flexibility to adapt to pending change

Secure and low risk group loan portfolio

- 98% secured
- 75% secured by residential mortgages and listed securities
- Commercial mortgage increase due to Rural Bank
- Residential lending
  - improvement in arrears observed in 1st half 2009 continued
  - average LVR 65%*
- Margin lending
  - average LVR 39%
  - 89% of portfolios held ≥ 4 stocks
  - negligible arrears



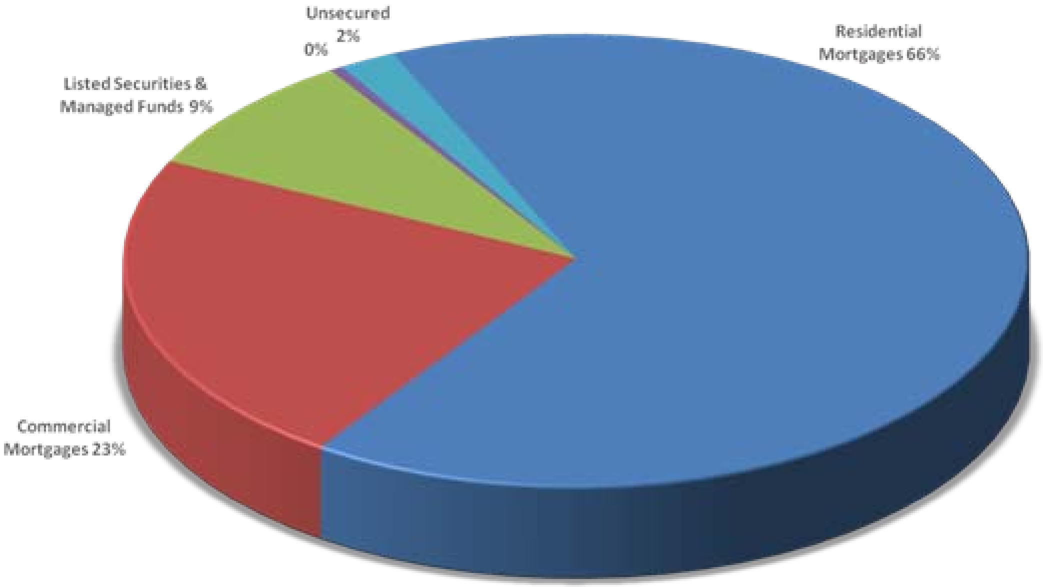
Credit

Bendigo and Adelaide Bank

As at 31 December 2009. * At origination

NB: definitional changes has resulted in some loans previously classified as commercial mortgages reclassified as residential mortgages.

Portfolio breakup – total $42.2bn

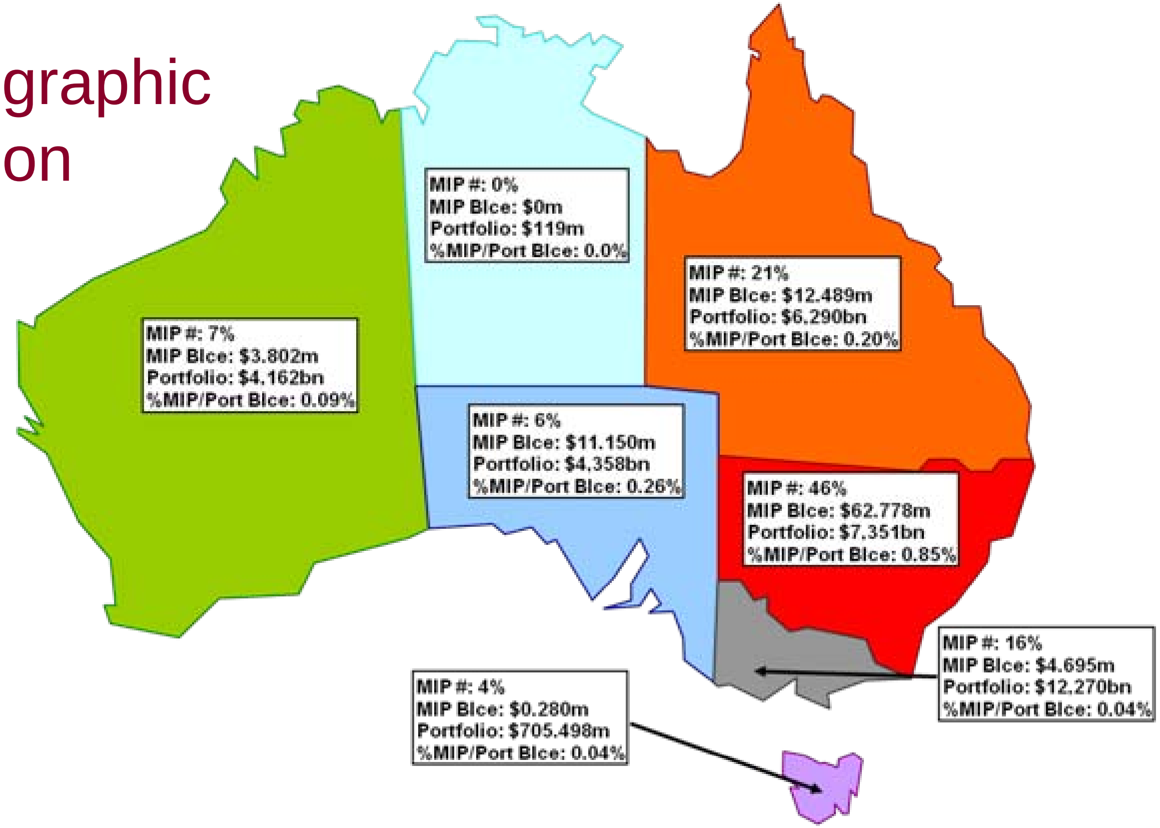


Mortgages	Dec 09
Owner occupied	64.1%
Investment	35.9%
Lo Doc	7.8%
Retail mortgages	53.2%
Third Party mortgages	46.8%
Mortgages with LMI	39.0%
Mortgages without LMI	61.0%
Customers ahead 3 payments or more	45.2%
Customers ahead 3 monthly payments or more	42.4%
Average loan balance	$143k
90+ days past due	0.9%
Impaired loans	0.1%
Specific provisions	0.03%
Loss rate	0.02%

Credit

Bendigo and Adelaide Bank

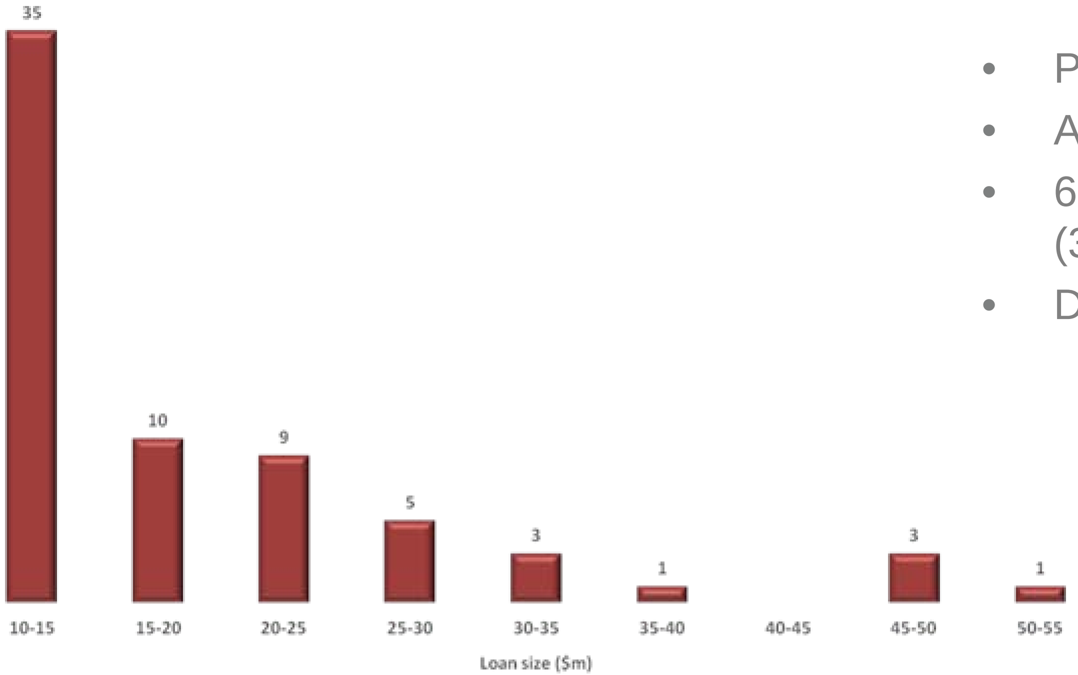
MIP geographic distribution



Credit

Includes Commercial property MIP and Business Banking portfolio

Commercial loans typically small

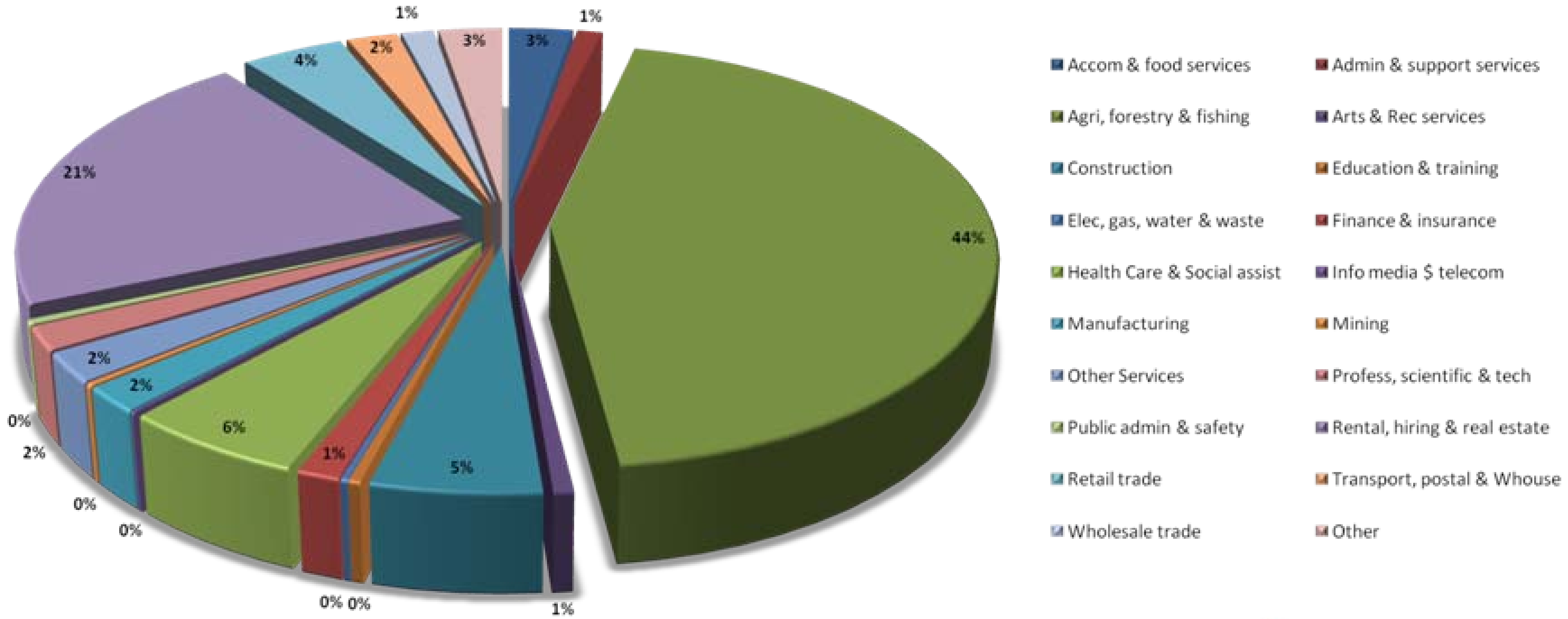


- Predominantly SME
- Average loan size $180k
- 67 loans >$10m totalling $1,273m (3.0% of BEN loans)
- Diversity by geography and industry

Credit

Bendigo and Adelaide Bank

Commercial – industry split*



Credit

Bendigo and Adelaide Bank

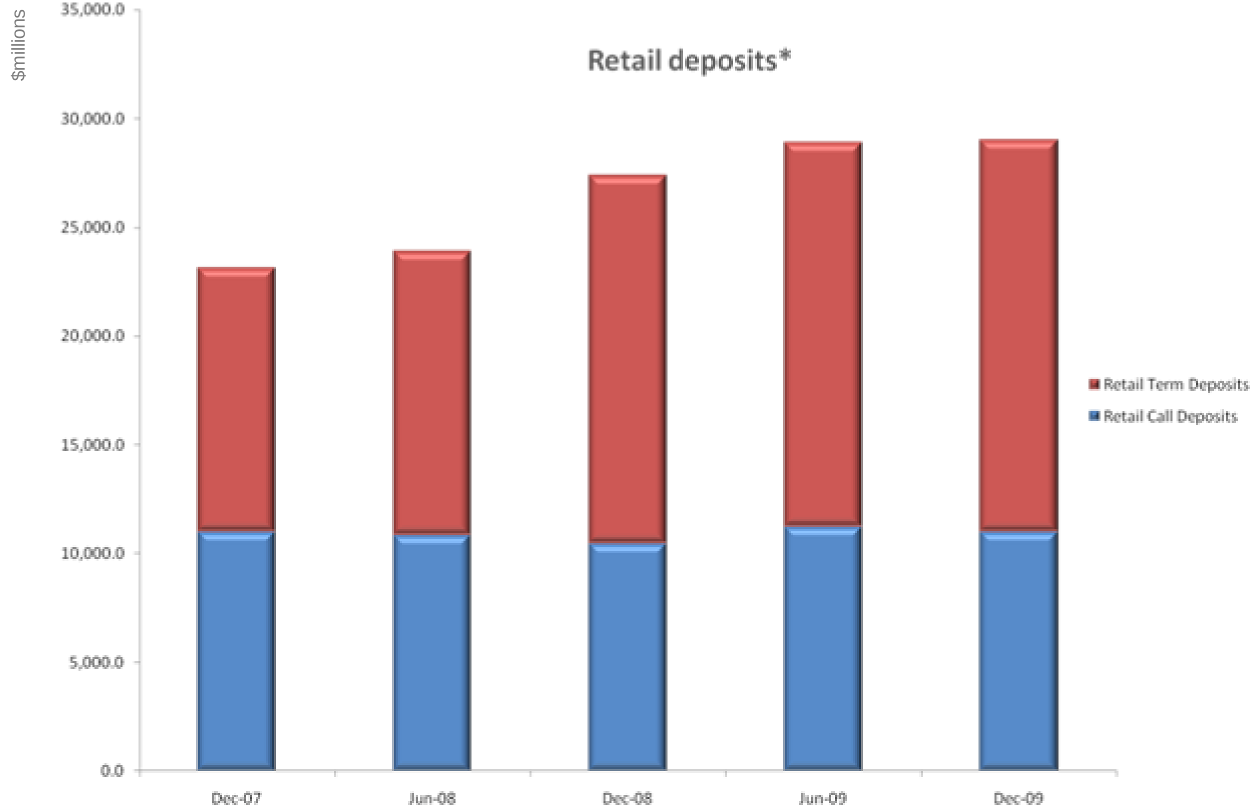
*As at 31 December 2009. Agriculture, forestry and fishing increase due to Rural Bank.

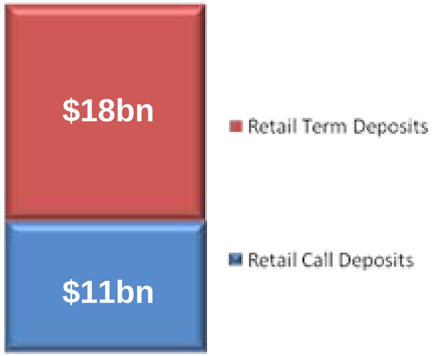
Home loan stress testing results benign

- Harsh recession scenario based on experience of UK recession (1992) which saw:
  - Up to 6 fold increase in delinquency rates from peak to trough
  - Unemployment around 10%
  - Interest rates of 14%
  - Up to 30% fall in property values

Expected Loss ($m)	Trough PD stress factor			
Property Value	x2	x4	x6	x8
No decrease	8.3	20.8	31.2	44.0
10% decrease	9.1	22.6	33.8	47.6
20% decrease	10.0	24.9	37.2	52.4
30% decrease	11.1	27.7	41.5	58.3

- Forecasted probability of default (PD) for next 12 months estimated at 2.09x trough PD
- Expected loss for next 12 months estimated at $8.8m for on balance sheet loans
- Expected loss under harsh recession scenario was $41.5m
- Under most severe stressed conditions, expected loss totals $58.3m for on balance sheet loans





Funding

*Excludes Rural Bank

Borrower characteristics

Borrower profile*	% of portfolio
Income > $100k	79%
Net assets > $500k	66%
Loan balances < $250k	84%
Professional (by occupation)	66%

Great Southern

Bendigo and Adelaide Bank

*% based on value of loans as at 31 December 2009. Income and net assets at loan origination. Incomes pre tax

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