

2006 profit announcement

Agenda

Rob Hunt Managing Director

**Branded strategy
producing results**

Mike Hirst Chief Operating Officer

The next growth phase

Craig Langford Chief Financial Officer

The result in detail

Branded retail banking strategy producing results

Rob Hunt Managing Director

The Result

- Continued progress on all fronts
- Substantial improvement in headline result (reported ROE 15.1%)
- Strong improvement in NPAT (excluding significant items) from \$91.7m to \$100.8m
- Exceeded EPS guidance (11.8% increase)
- Dividend increased by 7 cents to 52 cents (15.6% increase)
- Growth continues in deposits, lending, customers and Business Banking. Wealth Solutions progress satisfactory given restructure.

Bendigo – a branded retail approach

An 11-year journey to date

- Most foundation blocks now in place
- Consistent performance is evident
- Plenty of opportunity ahead, but...
- Still work to be done to unlock latent value

Our strategy reflects Bendigo's core strengths

- Strong reputation and brand
- Community connections
- Quality customer service
- Ability to undertake collaborative commerce
- Discipline to build gradually, as capital allows

Strong foundations allowed us to build...

- A style of banking that confirmed our different approach
- Our distribution capability towards a national and diversified coverage
- A product range to support both existing and expected new client base
- The skill base to cater for:
 - more onerous compliance and licensing requirements
 - an expanded product range
 - our expanded role in each community marketplace
- A customer base – with focus on customers likely to develop long-term relationships

Our branded retail strategy is delivering

- Raising deposits and loans in all markets across Australia (testament to the brand value)
- 53% of our branches are now outside Victoria (with 36% of our business now coming from interstate)
- Growth at profitable prices (as demonstrated by the gross margin outcome)
- Continued expansion of our distribution network (demand remains strong)
- A large proportion of our branches are still relatively new

Our branded retail strategy is delivering

- Community engagement is greatly assisting customer acquisition and retention
- Our Wealth Solutions and Business Banking divisions play a key role and now add value in the majority of our markets
- Our alliances and joint ventures are still maturing
- Strategy has been consistent since Bank conversion

Strategy is producing...

- Improved profit performance
- More diverse revenue base
- Improved brand and positioning (ability to grow at profitable prices)
- Excellent customer services outcomes (best in the industry)
- Strong relationships with customers, communities, and our partners
- Solid Triple Bottom Line outcomes emerging
- Strong demand for the Bendigo style across Australia

Strategic priorities unchanged

- Grow at profitable prices
- Sustainably increase shareholder value (NPAT and EPS)
- Further diversify our revenue base
- Continue to expand (invest) while demand for Bendigo remains strong
- Strengthen the connection with our customers and communities (therefore improving likelihood of strong relationships)
- Bring to maturity our branches, Wealth Solutions, joint venture and alliance investments over the past few years
- Maintain high credit standards and good credit management outcomes
- Continue our investment in risk management

Future

- Competitive market expected to remain
- Strengthen customer relationships through value-add, cross-sell and strong retention programs
- Maintain high standard of customer service
- Provide all regions with the skill to implement the full strategy
- Wealth Solutions and Business Banking to continue expansion and coverage across the network
- Further expand retail distribution

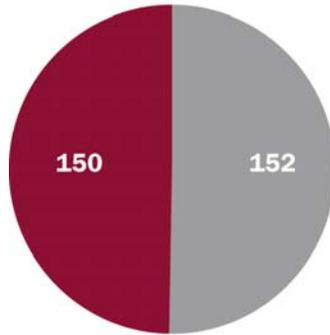
The next growth phase

Mike Hirst Chief Operating Officer

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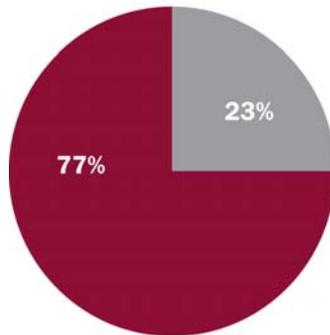
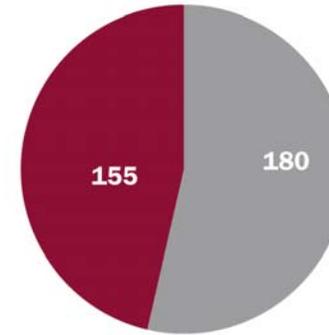
Our Network is changing

2005

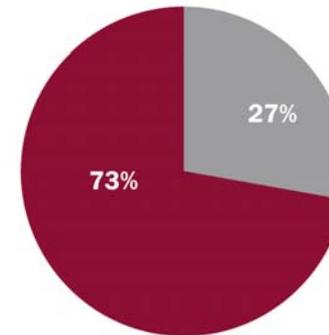


Branch network composition

2006



Balance sheet footings



Company owned

Community owned

...as is the way we manage it.

- Moved to State-based management
- Increased number of Regional Managers
- Responsible for:
 - Company and community branches
 - Business bankers
 - Financial planners
 - Community engagement
- Greater focus on staff, sales and service as regions reduced in size

A premium service offering...

- Customer advocacy levels highest in the industry and more than double the second placed competitor*
- Customer satisfaction also continues to be highest in industry according to both Nielsen and Roy Morgan research
- A complete product offering for our customer base

* Bain-Leading Edge survey as reported in The Australian

...driving an even contribution across the network

- Retail deposits up 13%
- Loans under management up 10%
- Funds under management up 10%
- Net Interest Income up 10%
- Non Interest Income up 12%*
- Interest margin strong
- Customer numbers up 79,000 to 1.068 million (7.9%)

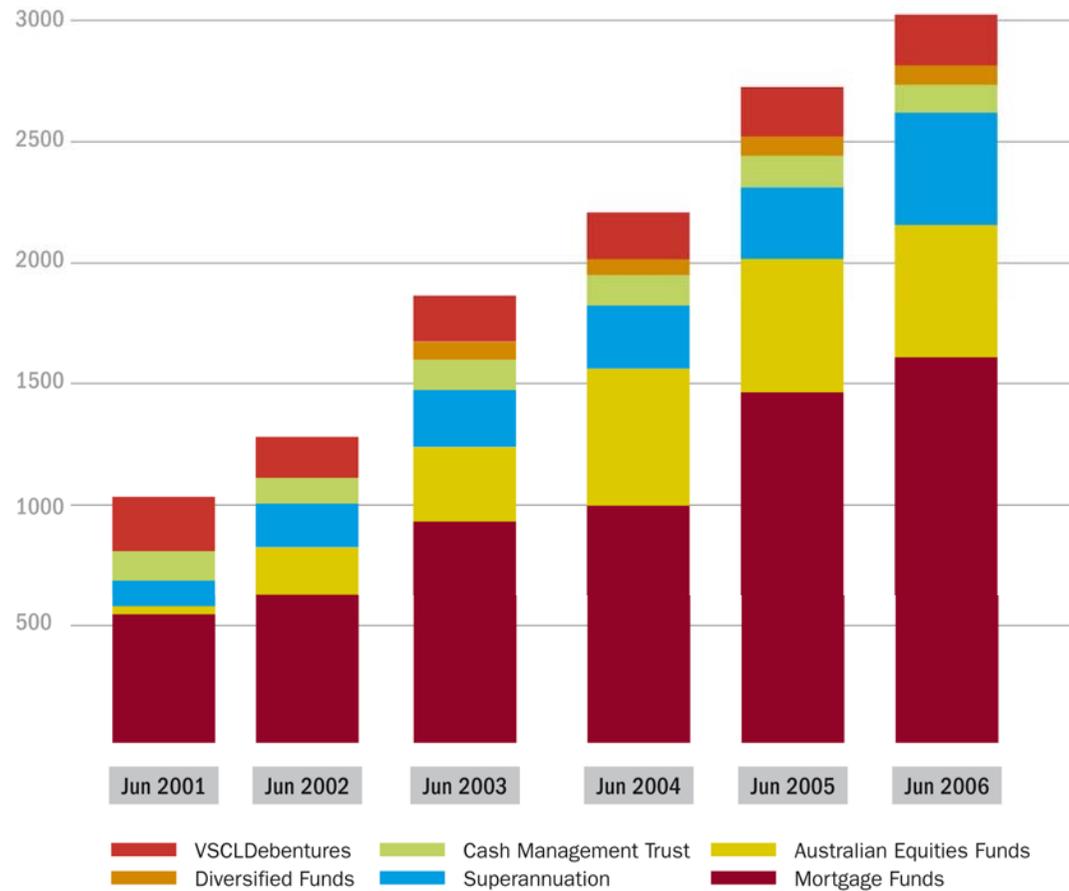
* before significant items

Our wealth management offering has also progressed

- Changed remuneration structure for advisers from sales-based to professional base salary with Group staff bonus
- Continued programme of “home-grown” advisers
- Customers can choose to pay commission or fixed fee
- Launched Professional Series funds to complement platform offerings
- Fund offerings remain internally focused in design and distribution effort

Funds management growth

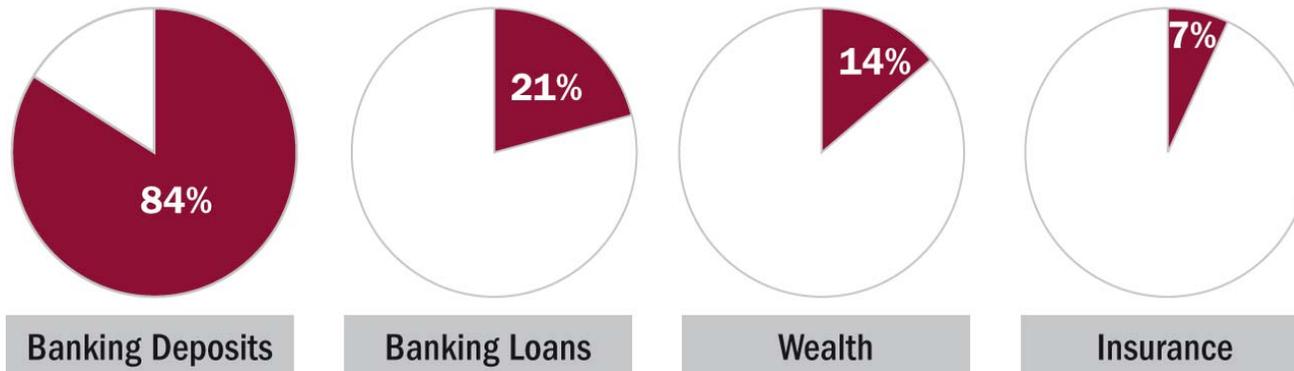
\$ Millions



Relationship opportunities

Relationships are deposit-led with good penetration in loans and wealth management...

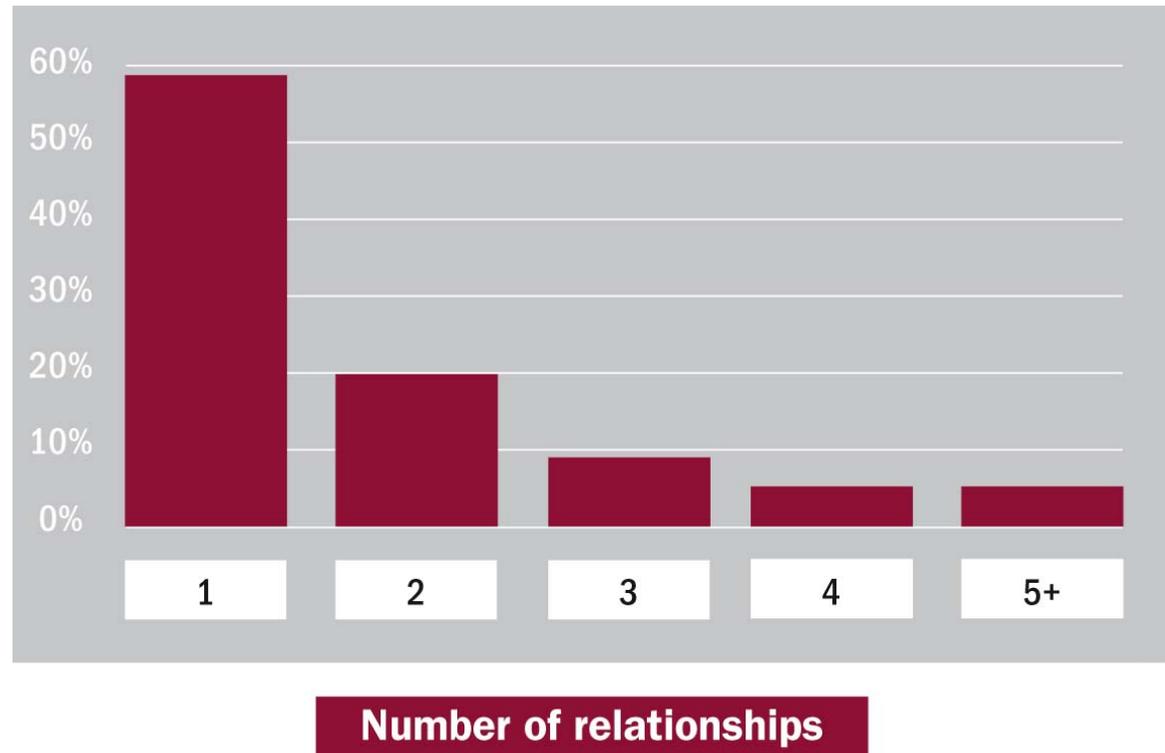
% of customers in product



Relationship opportunities

Great scope for relationship growth

% of customers



The result in detail

Craig Langford Chief Financial Officer

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Branded retail strategy delivering results

Shareholder returns

	June 2005	June 2006	Change
Profit after tax	\$94.7m	\$116.7m	23.2%
Profit available for distribution to ordinary shareholders	\$94.7m	\$109.2m	15.3%
Earnings per share	67.5 cents	78.0 cents	15.6%
Dividends – total	45.0 cents	52.0 cents	15.6%
Dividends – final	26.0 cents	30.0 cents	15.4%

Branded retail strategy delivering results

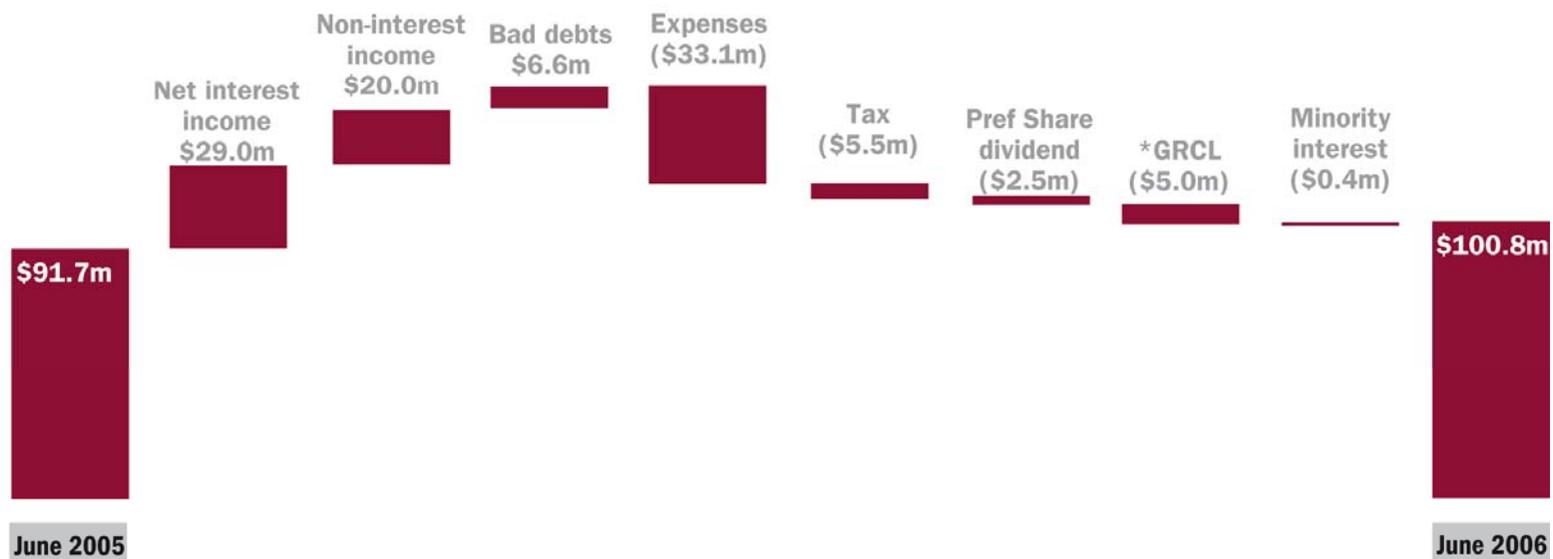
Underlying profit

	June 2005	June 2006	Change
Underlying earnings	\$146.3m	\$163.2m	11.6%
Profit before significant items available for ordinary shareholders	\$91.7m	\$100.8m	10.0%
Cash earnings per share	65.5 cents	73.2 cents	11.8%

Profit analysis

Profit before significant items available for ordinary shareholders

A\$ Millions



*GRCL – General Reserve Credit Loss

Growth at profitable prices

Interest margin

%

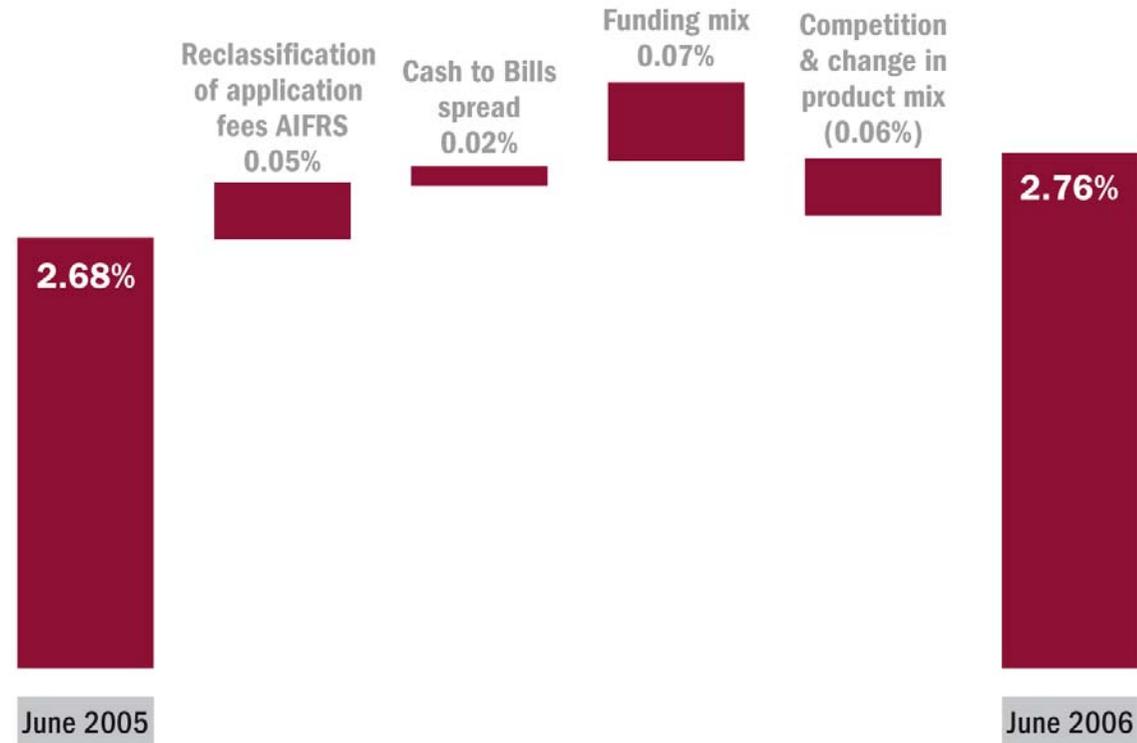


Note: Reclassification of application fees AIFRS has increased margin by five basis points in 2006

Growth at profitable prices

Analysis of net interest margin

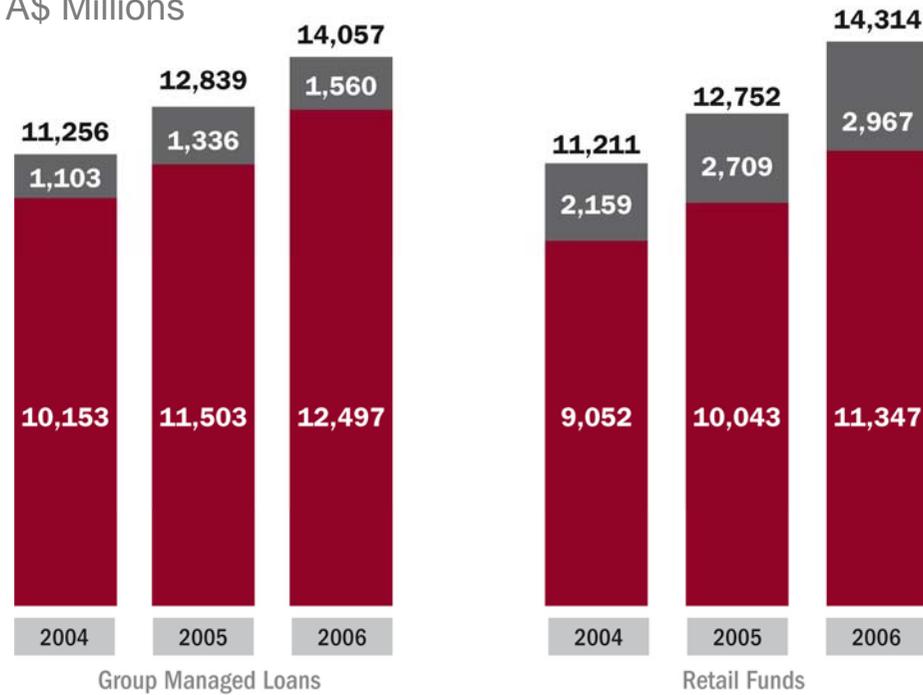
%



Growth at profitable prices

Group managed loans / retail funds

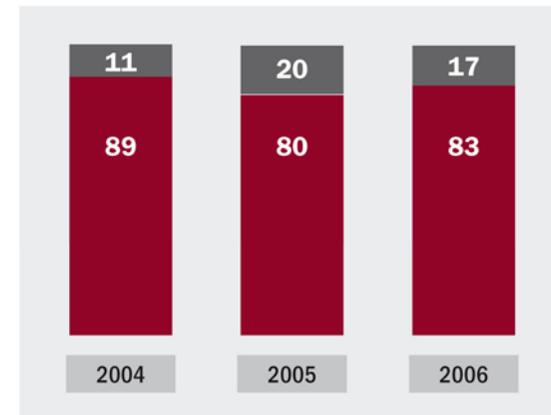
A\$ Millions



On balance sheet Managed

Retail funding mix

%

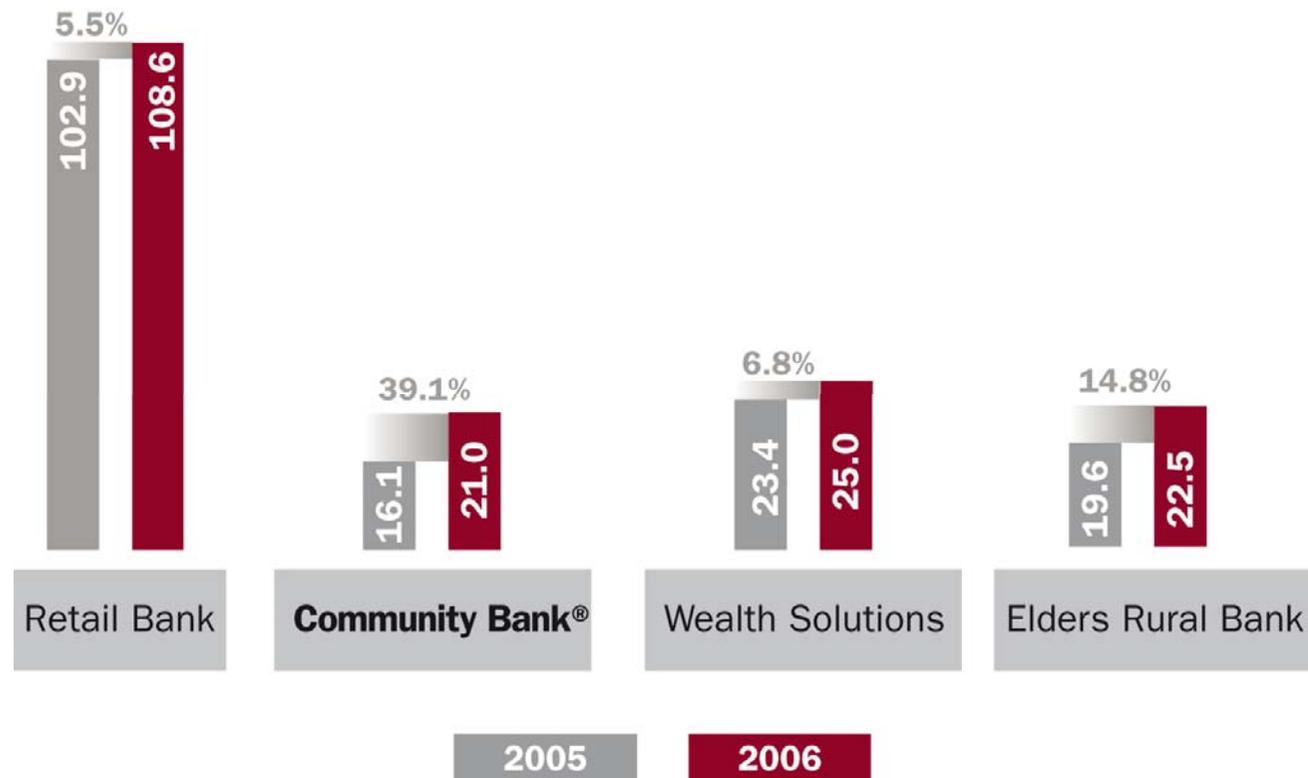


Retail Wholesale

Diversification of revenue

Profit contributions before tax

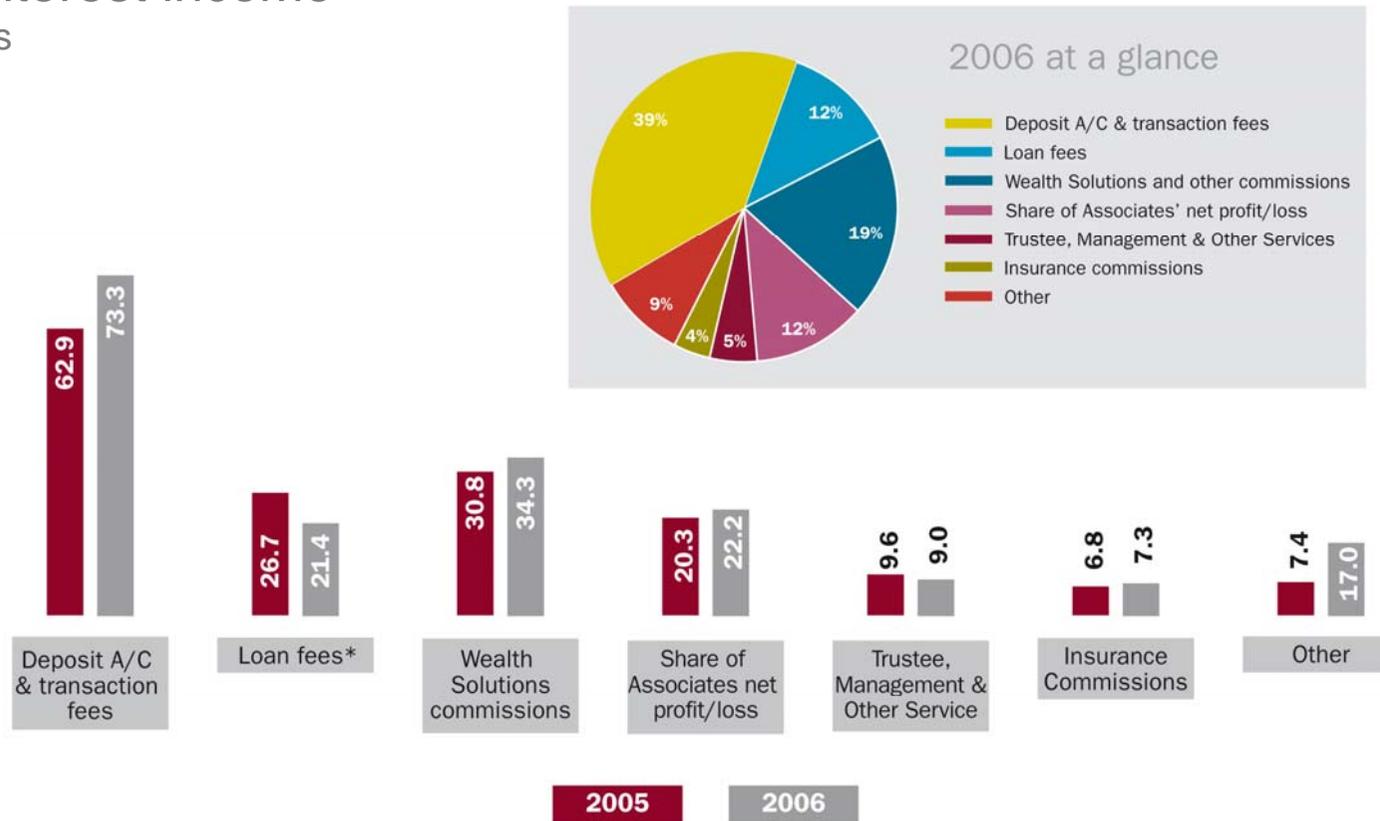
A\$ Millions



Diversification of revenue

Non-interest income

\$ Millions

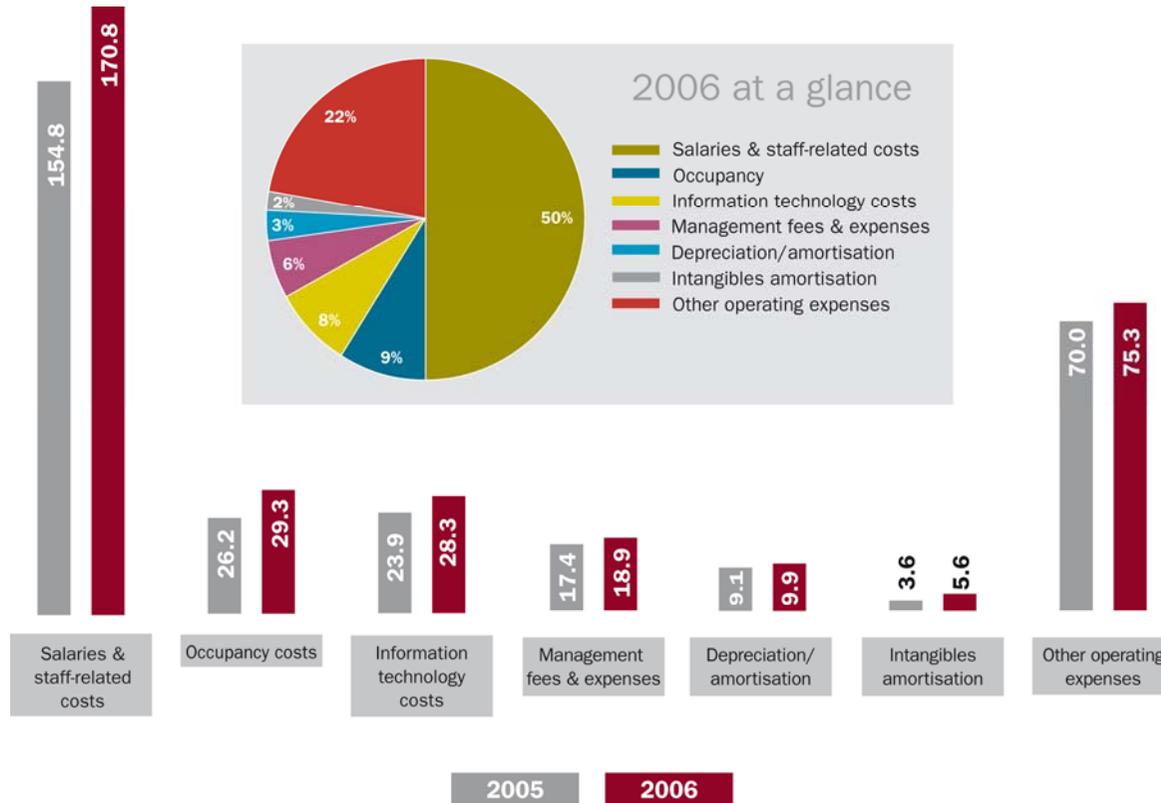


* Note: Under AIFRS, \$7.2 million of loan application fees have been reclassified to net interest income for 2006

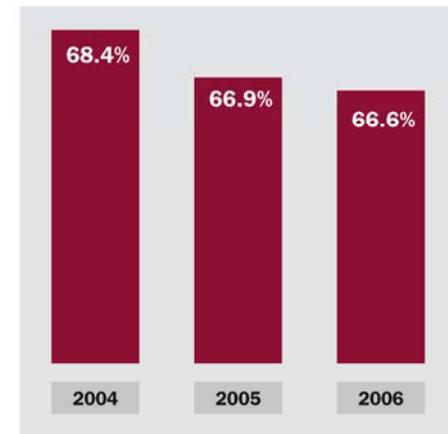
Investing in future growth

Operating expenses

\$ Millions



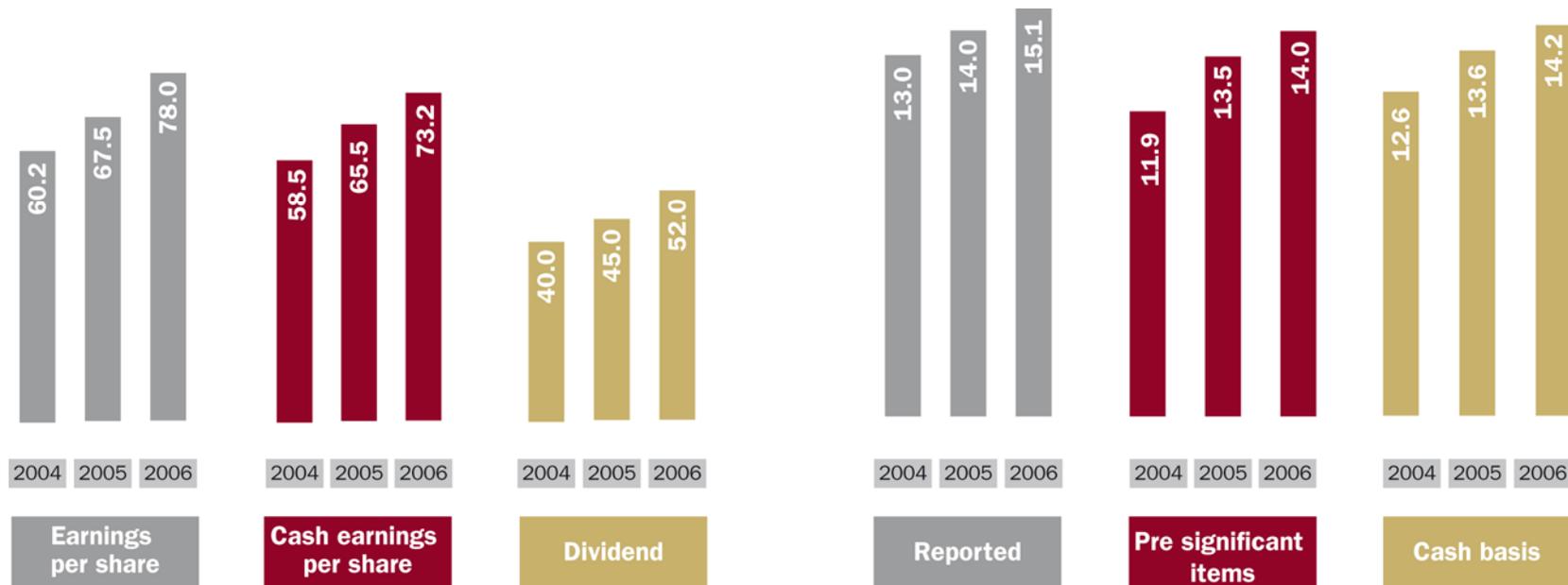
Efficiency ratio:
Expenses/income
%



Growing shareholder returns

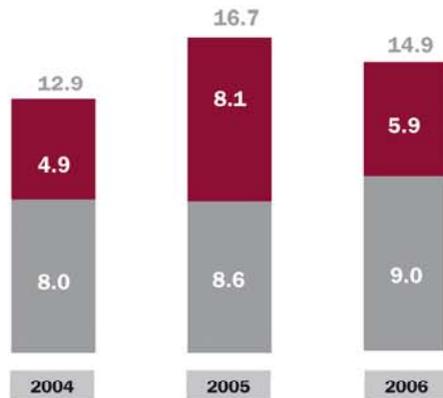
Earnings and dividends
cents

Return on equity
%



Excellent credit quality

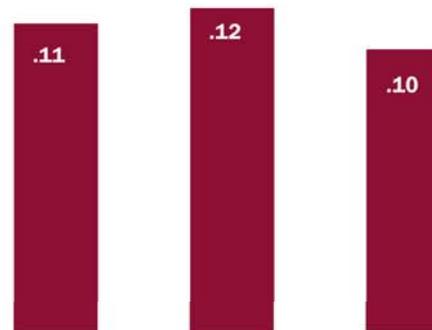
Non-accrual loans
A\$ Millions



Specific provision

Net Non Accrual

Gross impaired loans/total assets
%

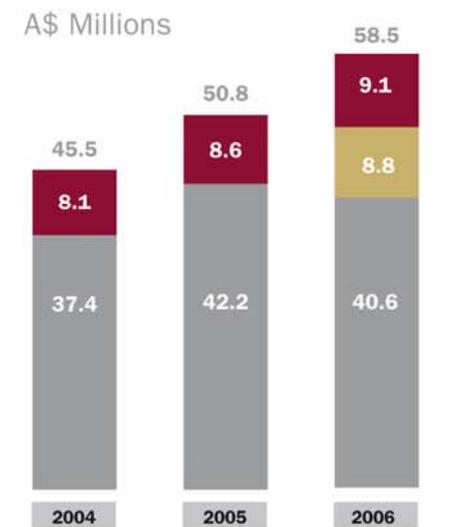


2004

2005

2006

Loan loss provisions and reserves
A\$ Millions



General

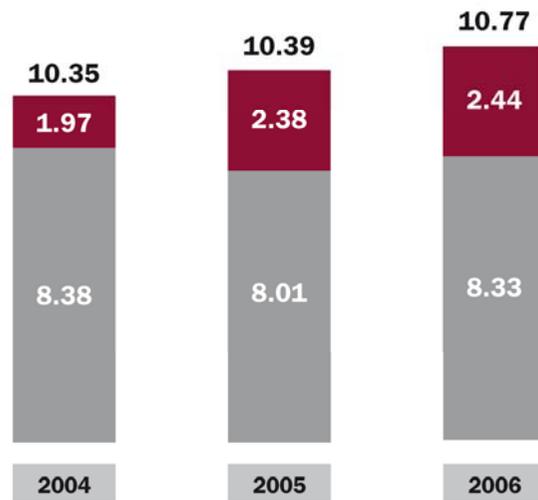
Specific

Collective

Note: General provision for 2004 & 2005 has been displayed as post-tax values to provide comparability with GRCL in 2006

Strong capital position

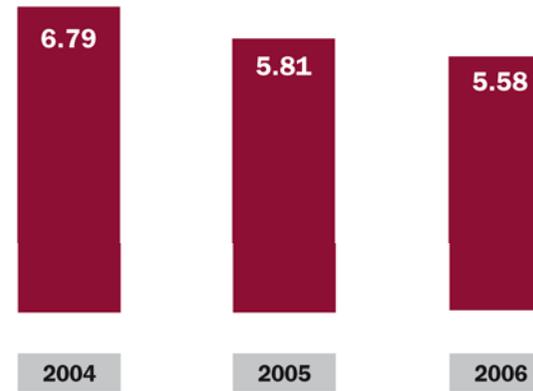
Capital adequacy
%



Tier 1

Tier 2

Adjusted common
equity ratio
%



ACE ratio

To recap, our strategy is...

- A disciplined application of a branded retail banking strategy that plays to our strengths
- Achieving consistent growth ... at profitable prices
- Growing both sides of the book equally in all markets
- Producing consistently strong growth (five years of 10%-plus cash EPS)
- Guidance: Targeting another cash EPS improvement of 10% in FY07

Summary & Questions

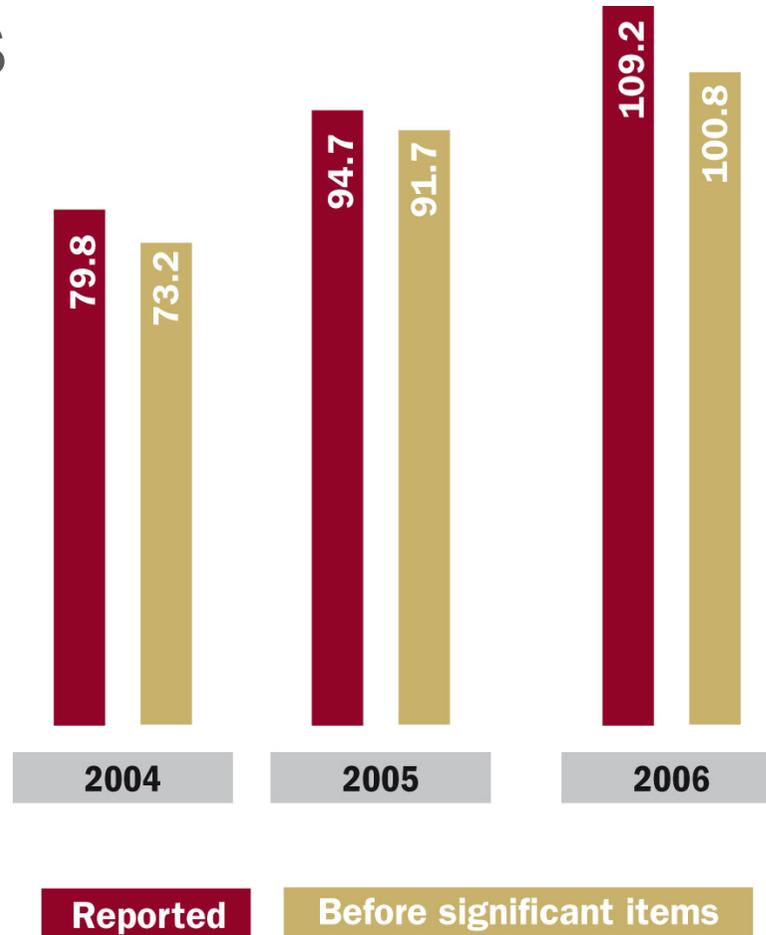
Rob Hunt Managing Director

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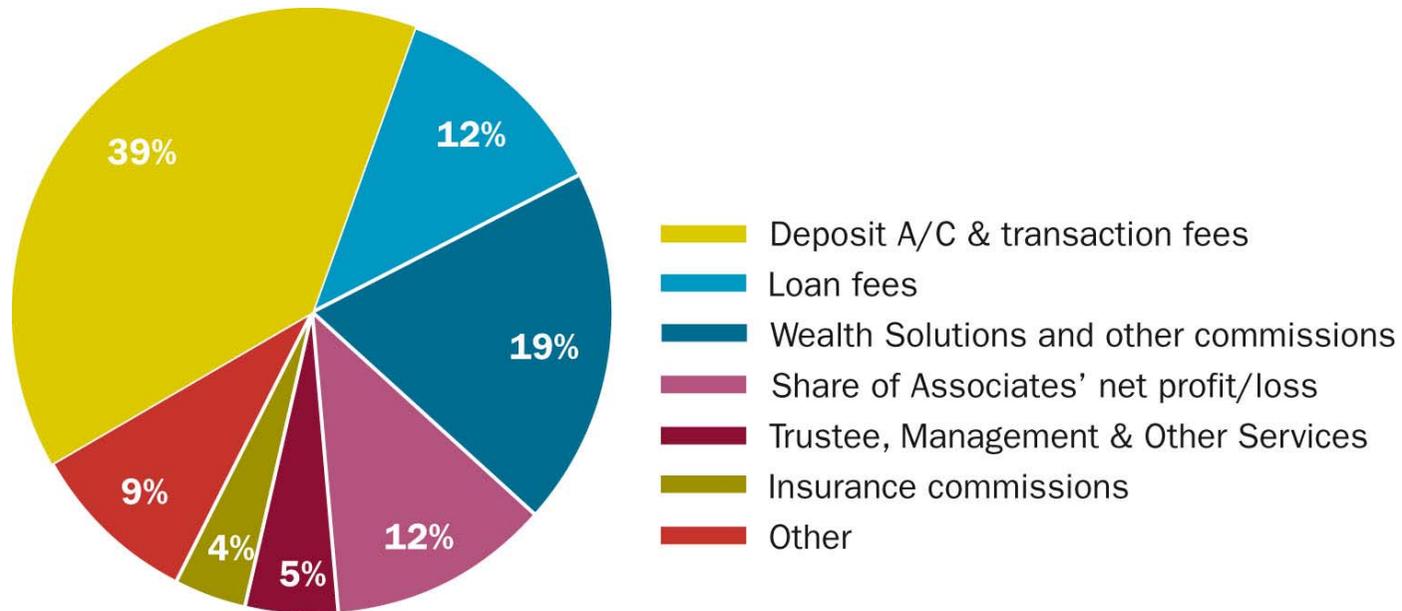
Additional information

Profit available for distribution to ordinary shareholders

A\$ Millions



Non-interest income

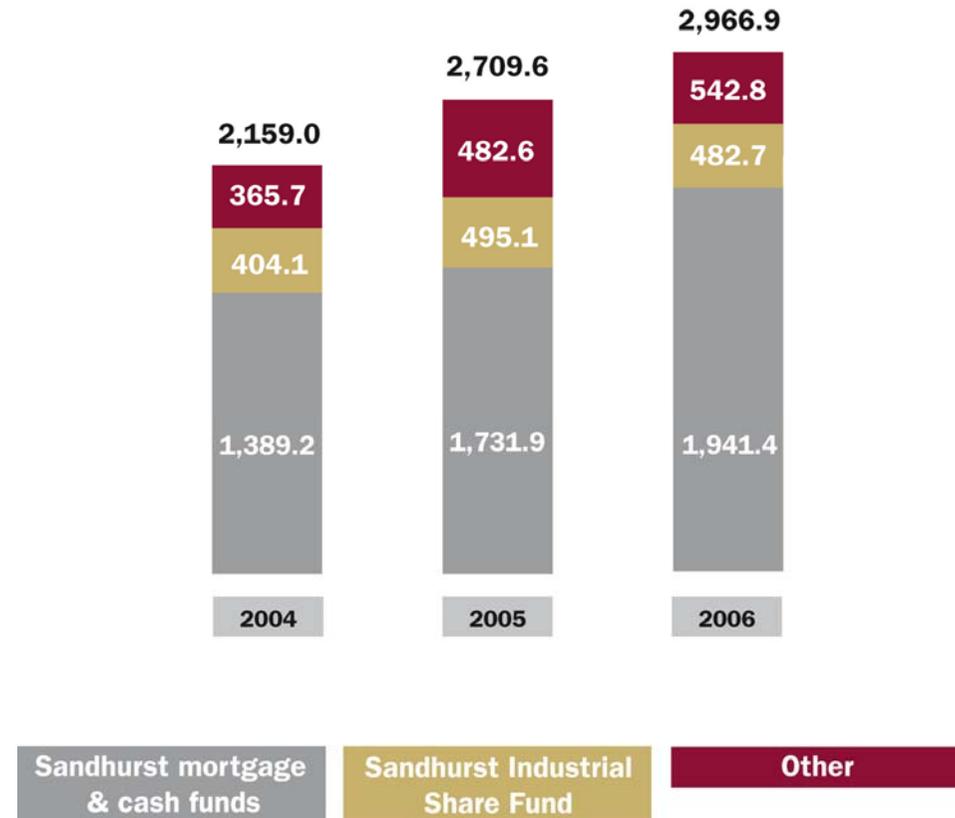


Funds under management

	2004	2005	2006
Sandhurst mortgage & cash funds	1,389.2	1,731.9	1,941.4
Sandhurst Industrial Share Fund	404.1	495.1	482.7
Bendigo Superannuation Plan	185.2	220.4	256.9
General Retirement Plan	60.2	68.2	80.2
Bendigo managed funds	94.6	123.7	135.5
Other	25.7	70.3	70.2
Total	2,159.0	2,709.6	2,966.9

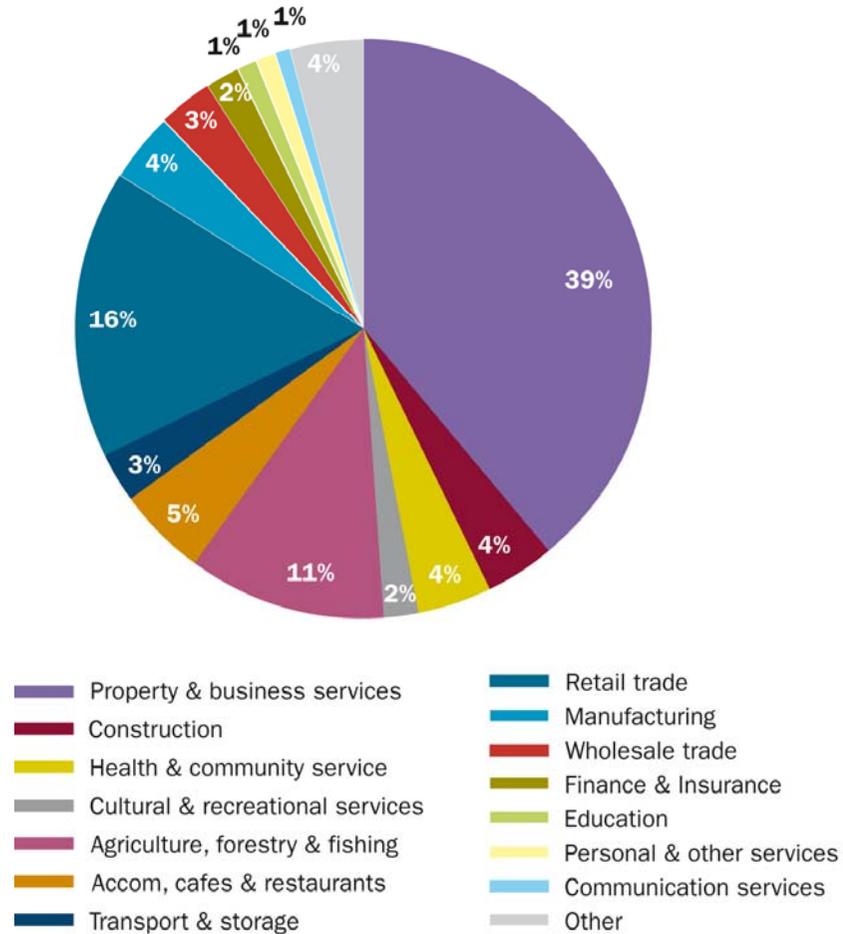
Funds under management

A\$ Millions



Commercial loans

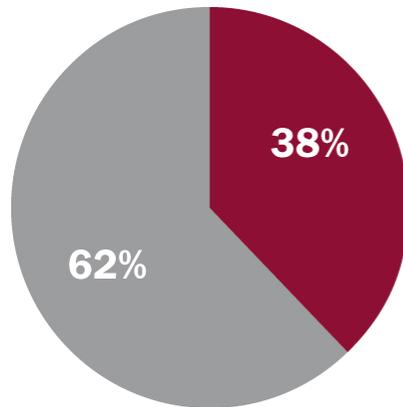
%



Loan portfolio

By purpose

%



By security

