

Interim profit announcement

18 February 2008



Agenda

Rob Hunt

Managing Director

Current environment

Merger Integration

David Hughes

Chief Financial Officer

Financial result

Mike Hirst

Chief Executive – Retail Bank

Funding and capital

Retail business update

Jamie McPhee

Chief Executive – Wholesale Bank

Group risk

Wholesale business update

Rob Hunt

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The future



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History

Celebrating 150 years - and 10 years of **Community Bank**[®]

Consistent and focused strategies

Reliable improvement in shareholder returns and shareholder value

Two different business strategies (wholesale and retail), but both using partners to improve effectiveness

Adaptable and innovative – both have invested in distribution, product, technology, and balance sheet and risk options

We are in a new and challenging environment – we fully expect to demonstrate the capabilities of the new merged Group



Current market conditions

Confidence levels have been severely impacted

Non-retail funding – harder to access and costs more

Adequate funding is available, and when managed properly we can:

- Improve profitability

- Enhance relationships and prospects

- Leverage capabilities and investments



Growth at profitable prices - remains our focus

Leveraging our retail strength:

Strong retail deposit growth

Maturing branch network

Conservative retail funding mix

Demonstrated commitment to price for risk and expect acceptable and sustainable returns from each business

Growth has been aligned to our funding capability

We constantly review our growth priorities

Strong merger rationale will continue to be demonstrated



The merger - why it makes good sense

Increased scale and diversity

Improved talent pool

Synergies are realistic and achievable

Immediate progress on merger integration tasks

A range of partner business programs can be leveraged

Early opportunities for retail banking in SA

Expanded margin lending customer base

Retain and build on our business partner and wholesale mortgage businesses



The result - disciplined and sustainable

Cash EPS up 10.3%

Disciplined approach to grow profit

Excellent credit quality

Improved dividend

Excellent retail deposit growth

Strong capital position (including under Basel II)

Reintroduction of DRP discount and share top-up

Reaffirm guidance of 12% cash EPS growth FY08





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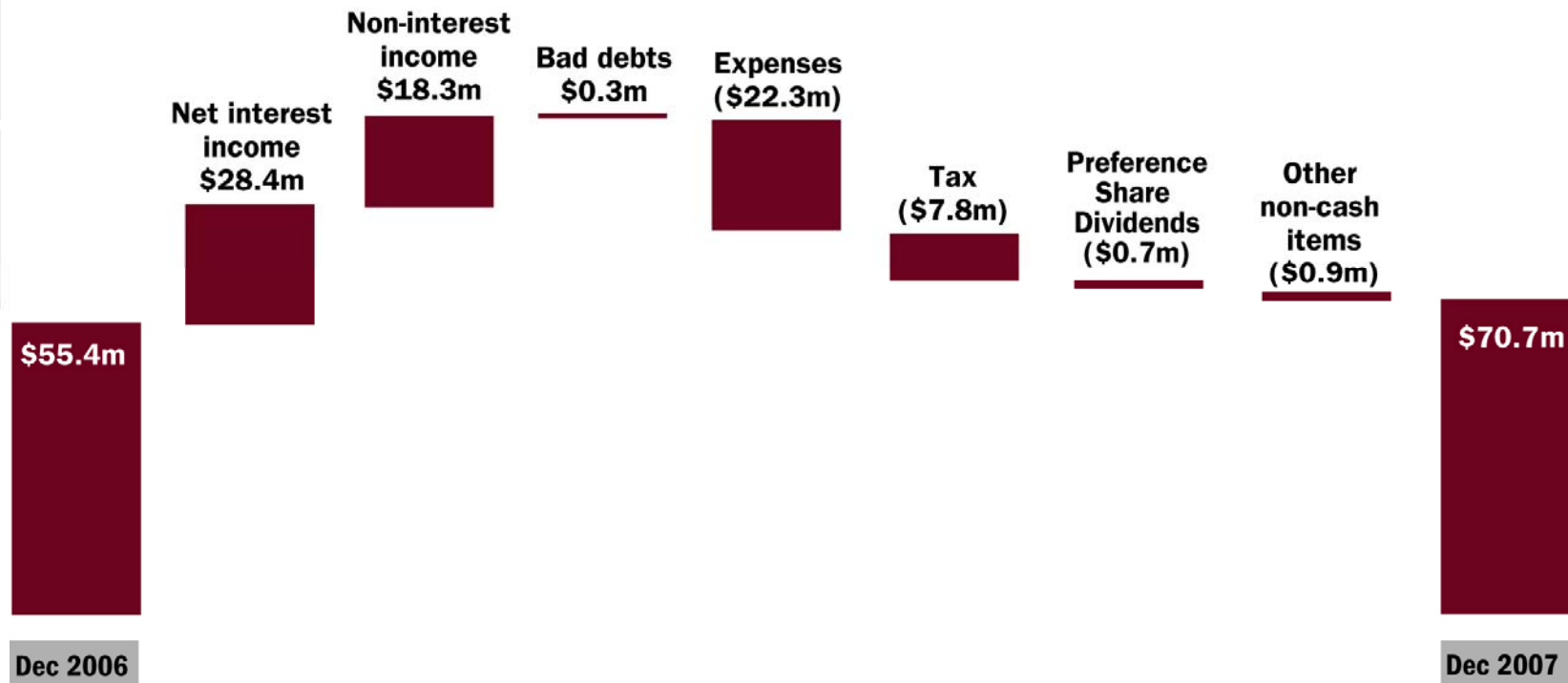
Consistent, reliable earnings growth

Profit (A\$m)

	Dec-06	Dec-07	Change
Underlying earnings - \$ million	90.9	115.0	26.5%
Dividend (interim) - cents per share	24.0	28.0	16.7%
Cash basis earnings - cents per share	55.4	70.7	27.6%
Cash earnings - cents per share	39.0	43.0	10.3%

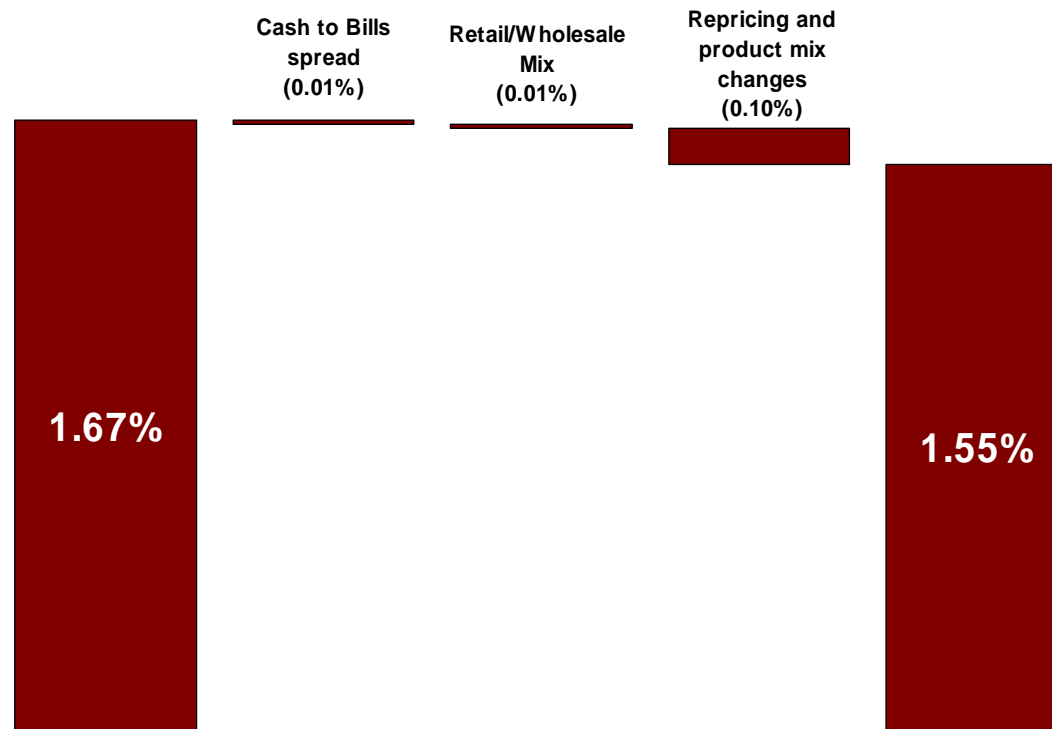


Profit analysis – cash based earnings



Quality earnings - growth at profitable prices

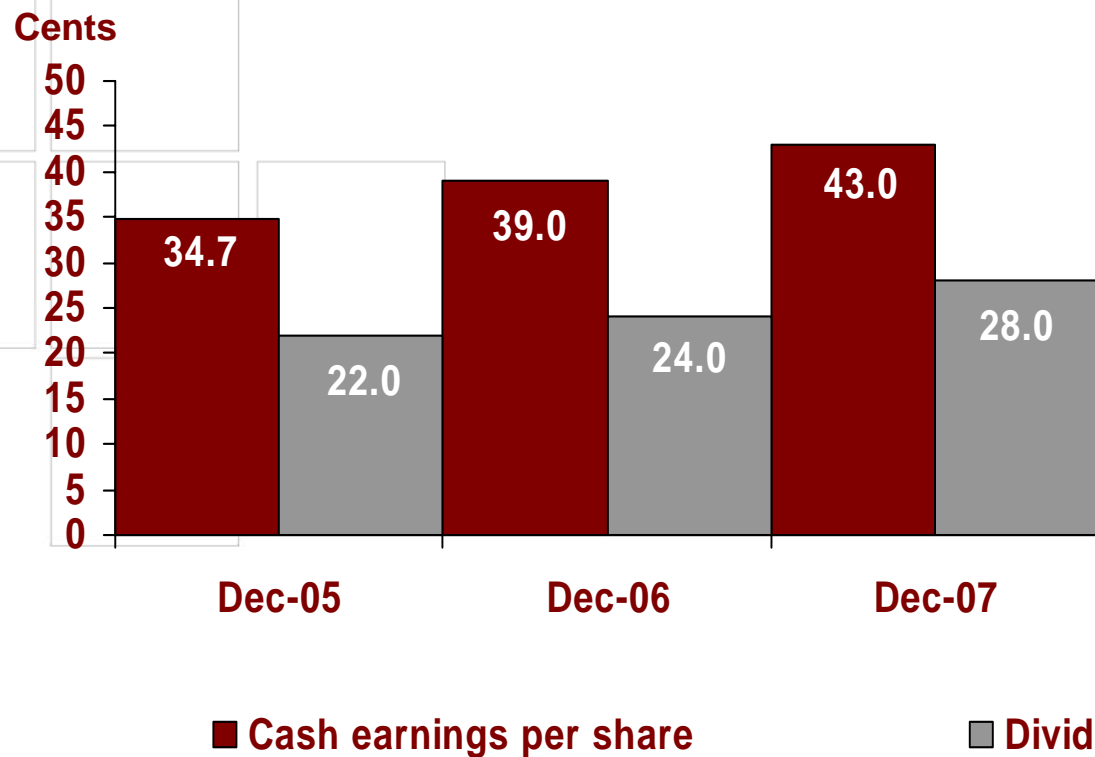
Analysis of net interest margin*



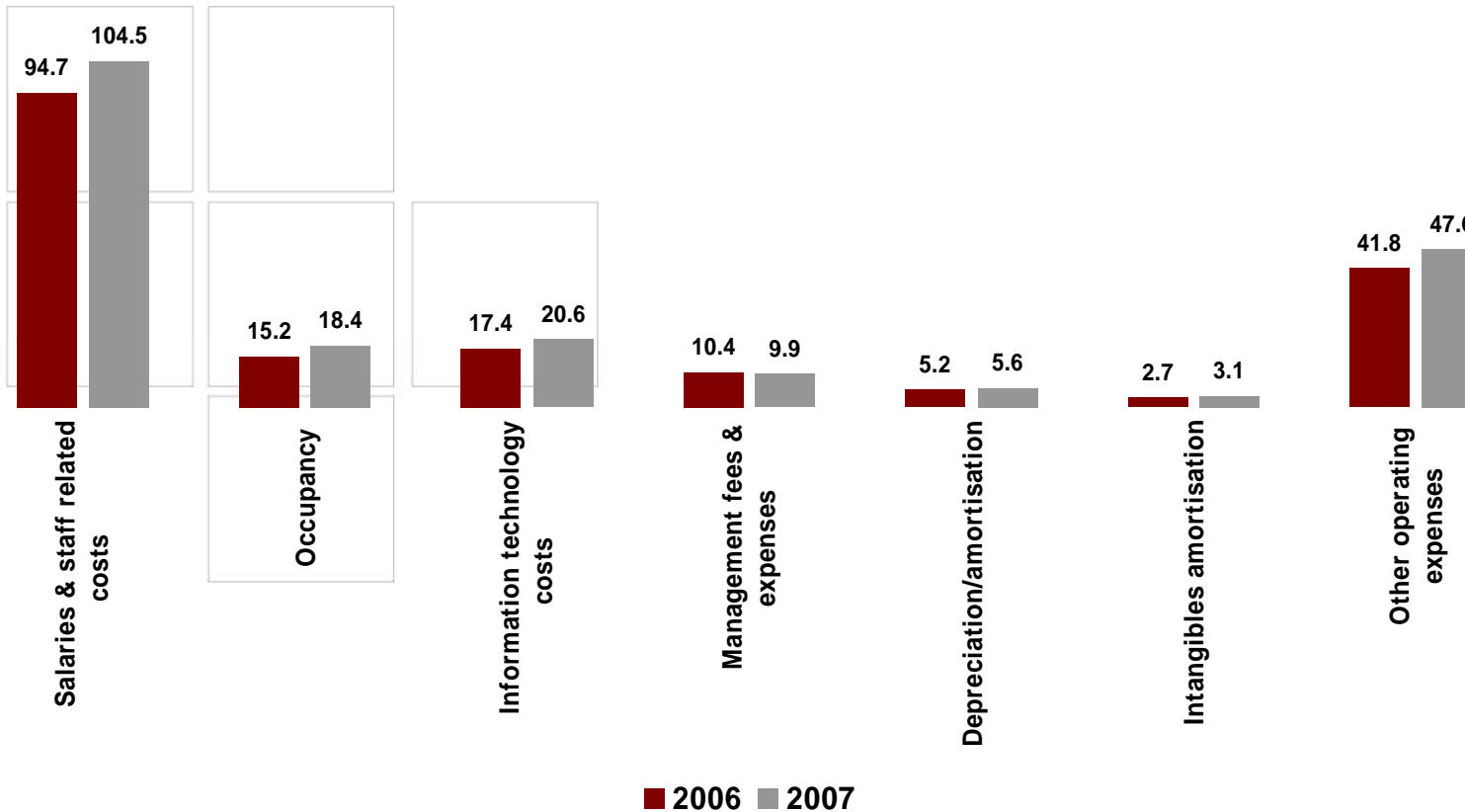
*Prepared on the basis of Adelaide Bank and Bendigo Bank being merged since 1 July 2007



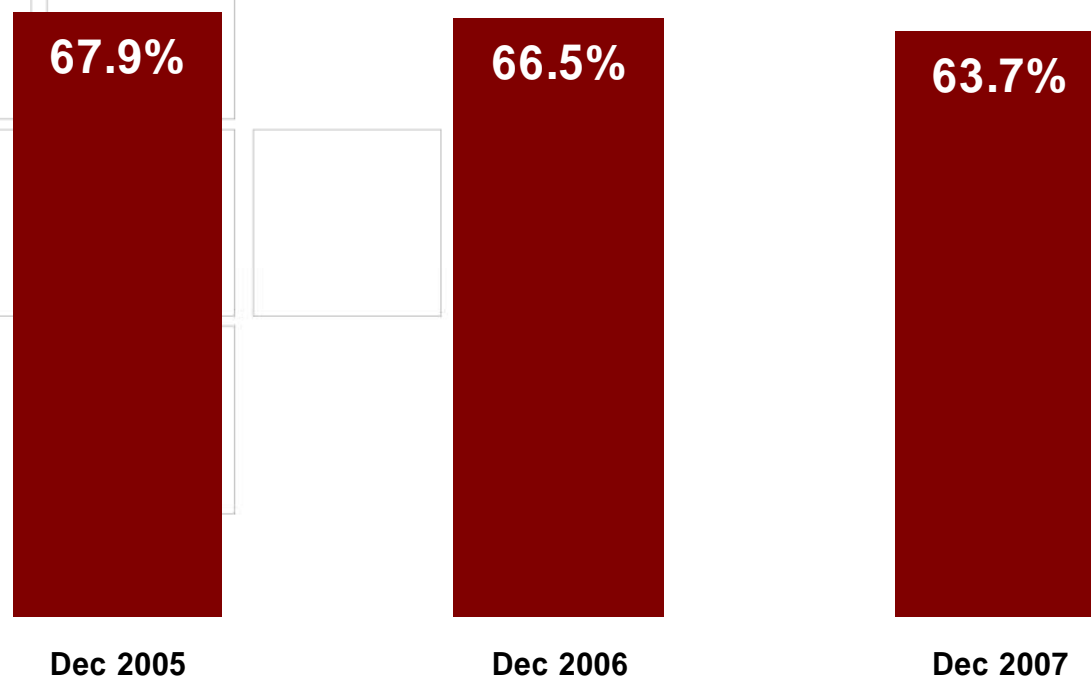
Growing shareholder returns - earnings and dividends



Investing in future growth - operating expenses

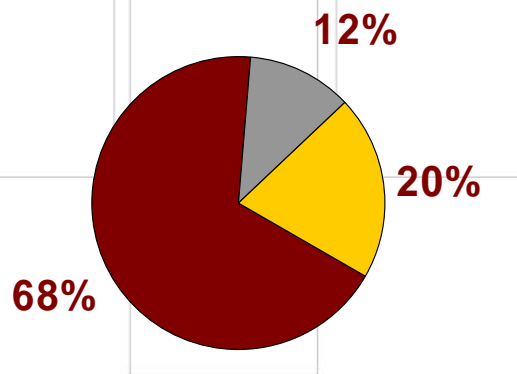


Investing in future growth - efficiency ratio: expenses/income



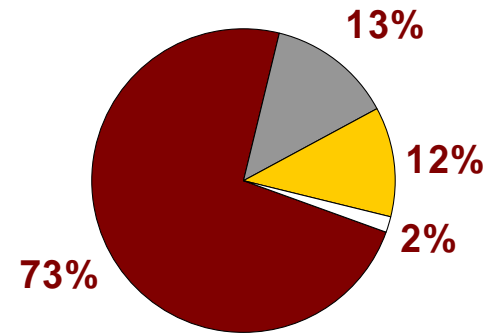
Loan portfolio

By purpose



■ Residential ■ Margin Lending ■ Non-residential

By security

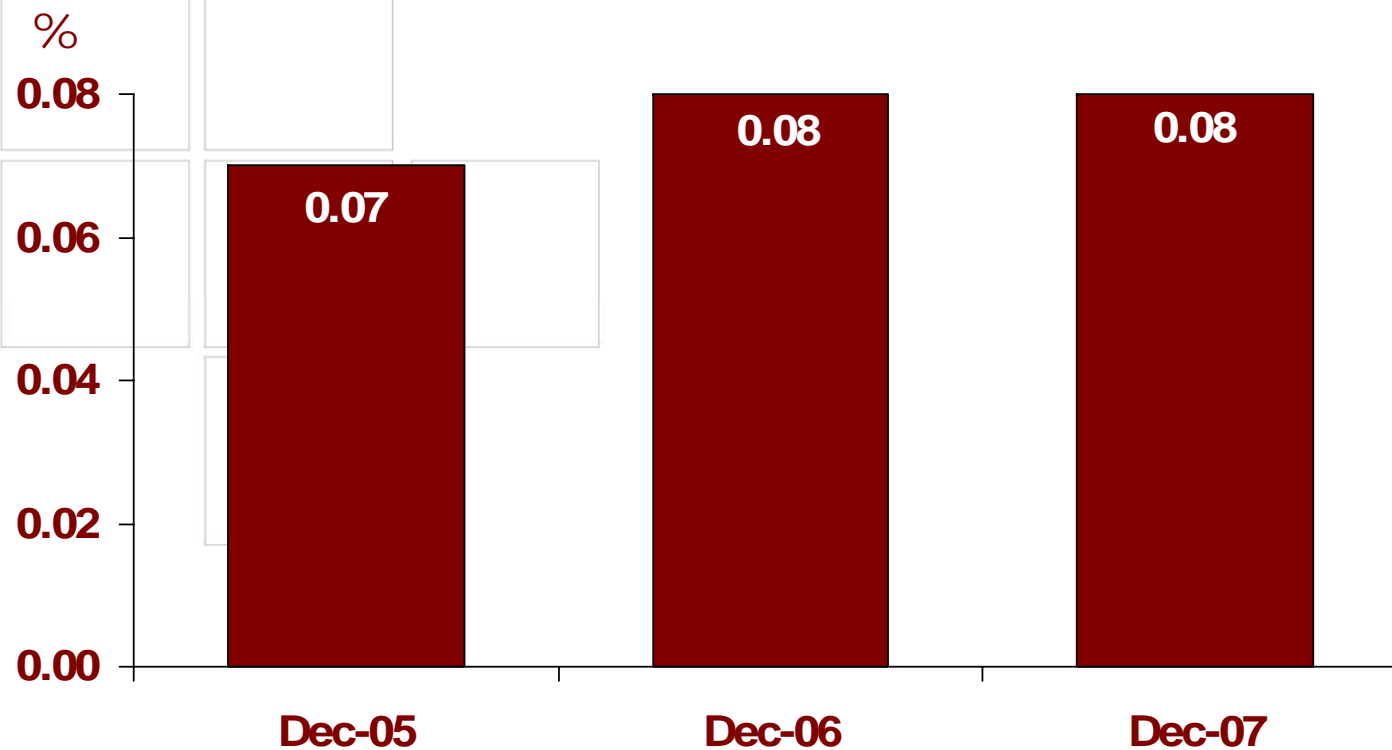


■ Residential ■ Commercial ■ Margin Lending □ Unsecured

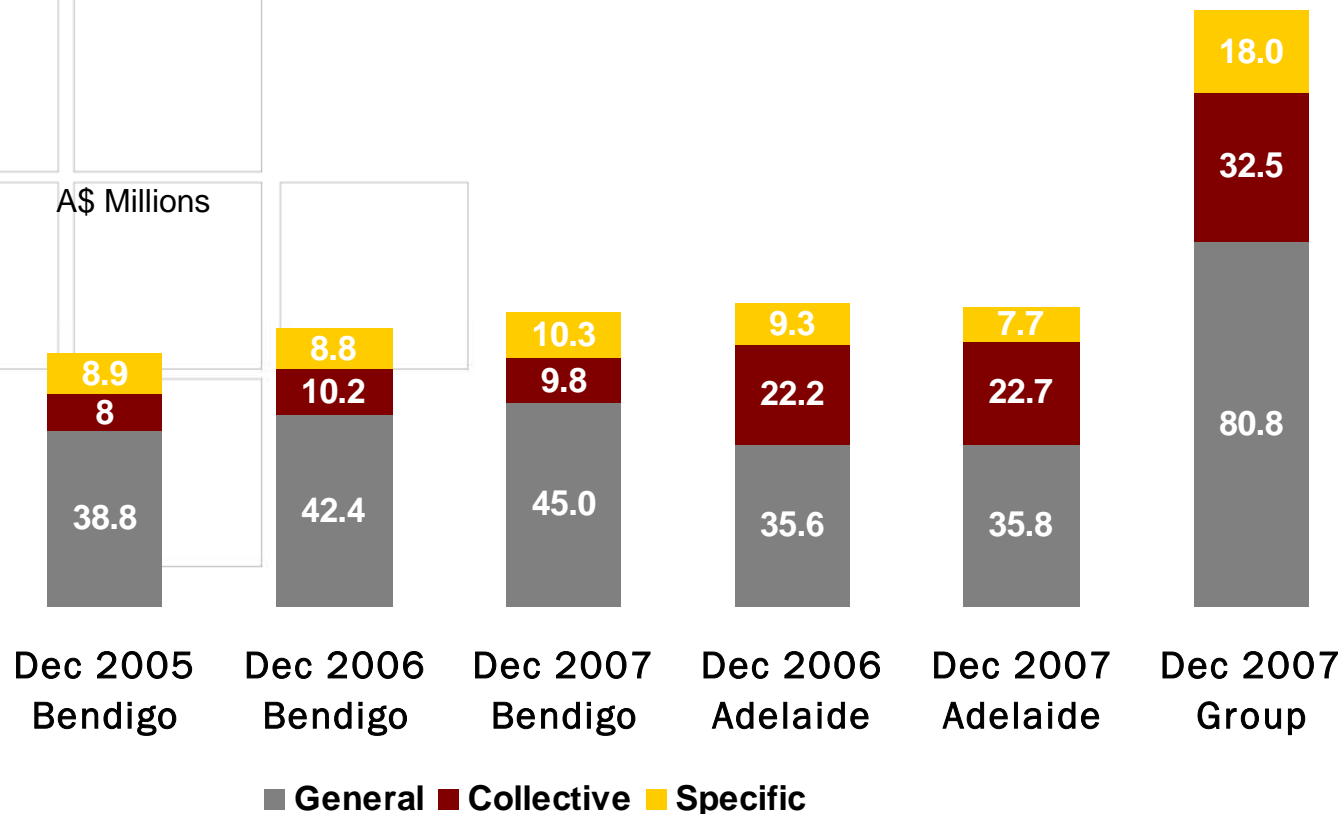


Excellent credit quality

- gross impaired loans/total assets



Excellent credit quality - loan loss provision and reserves



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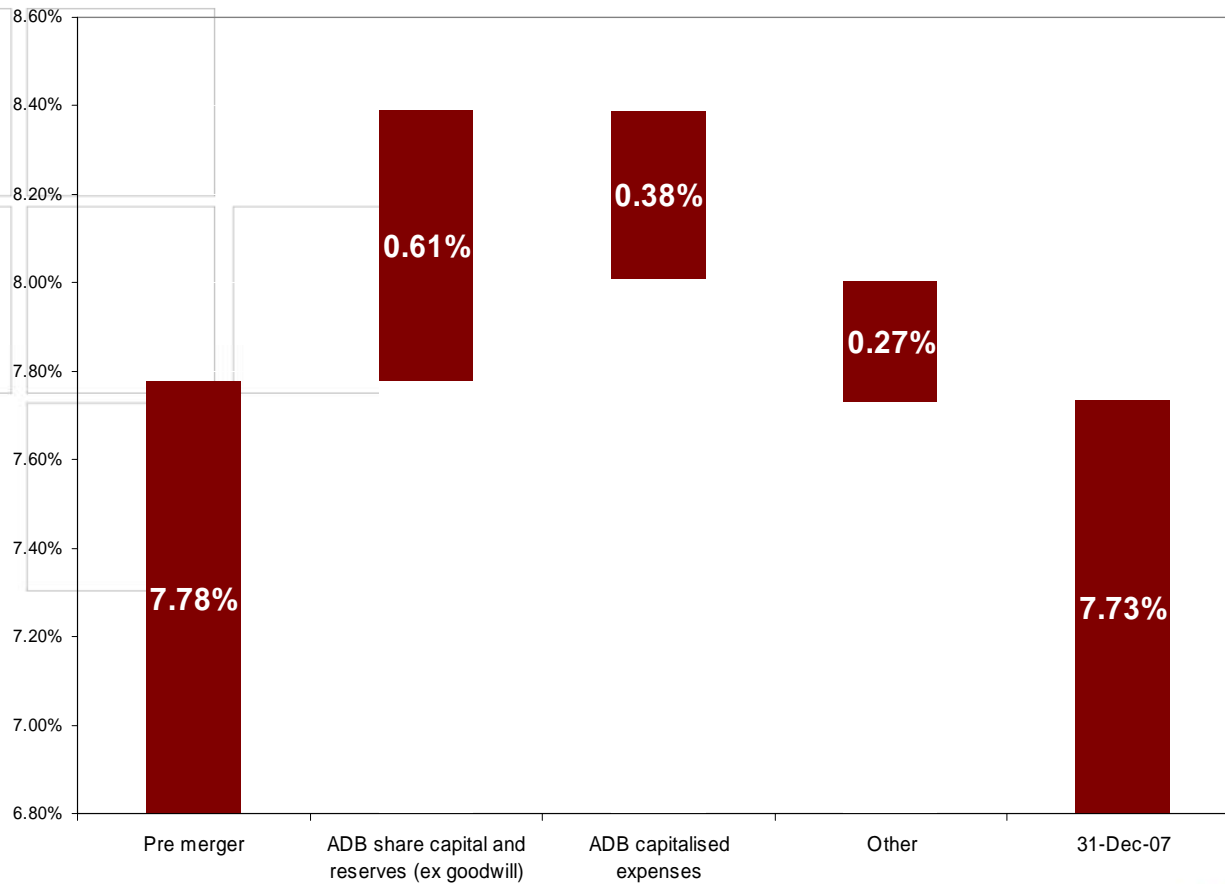
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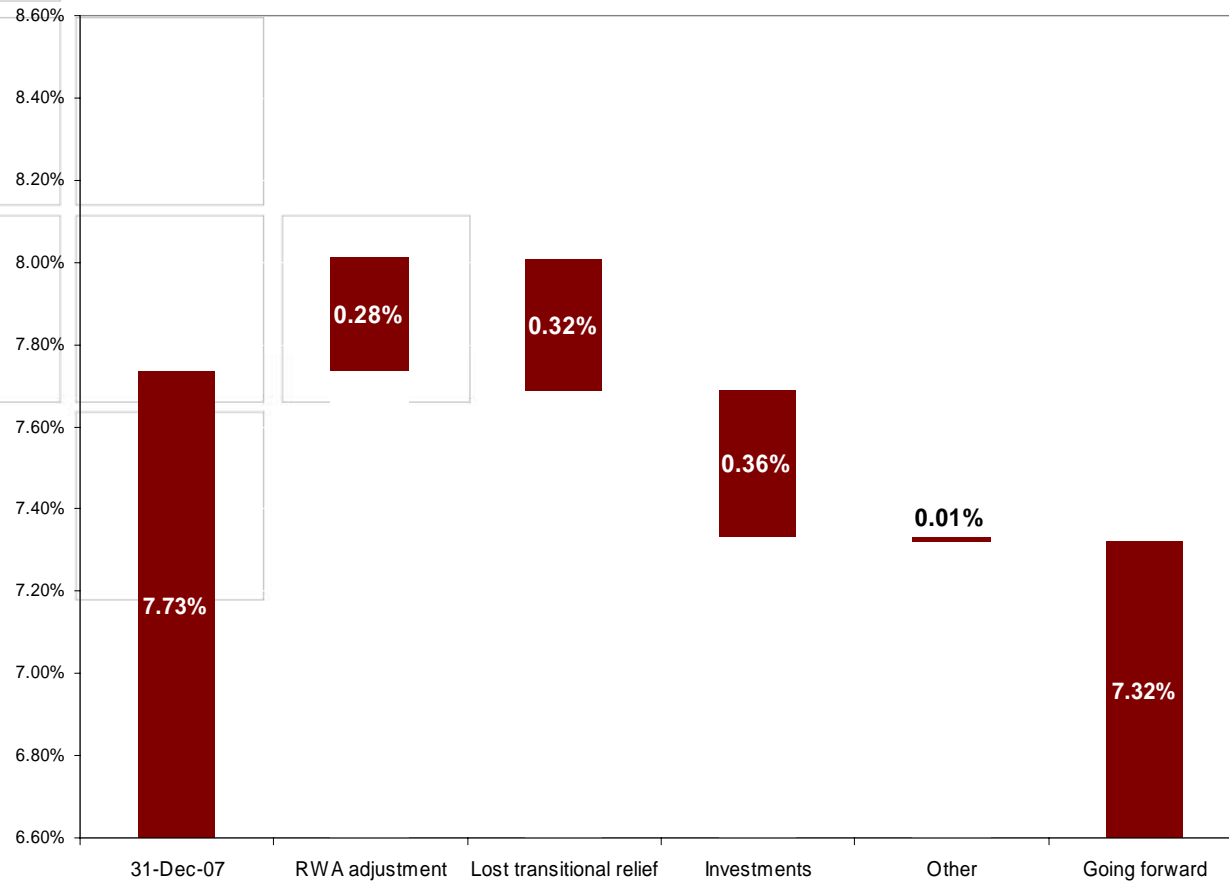
The future



Change in Tier 1 ratio in December (effect of merger)



Change in Tier 1 ratio in January (effect of Basel II)



Funding structure

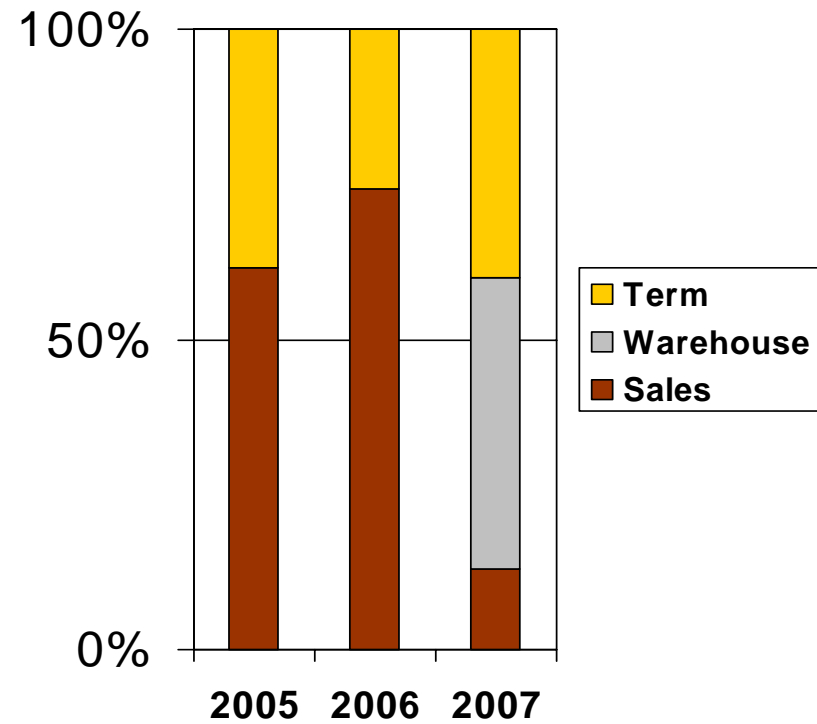
\$millions	Balance at 31/1/08
Wealth/HNW/Corporate	8,135.6
Branches	15,183.3
Total Retail	23,318.9
Short term domestic	4,945.1
ECP	1,377.6
Domestic MTN	1,449.7
Euro MTN	757.7
Total Wholesale	8,530.1
Securitisation & clean sales	14,840.1



Funding mix



On Balance Sheet



Securitisation



Retail banking

– first half highlights

Added 33 branches and pipeline remains strong

Integrated ADB network into retail management

Continue to move staff from transactional to relationship positions

Grew customer numbers by 35,000 – to 1.18 million

Maintained leadership position in customer service and customer advocacy

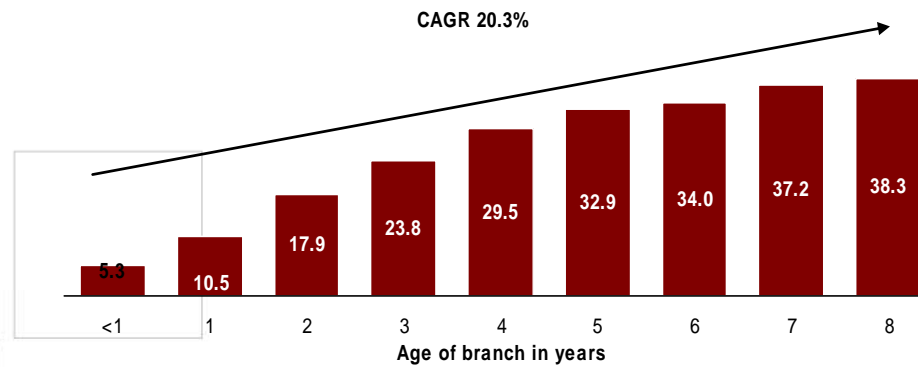
Loan growth of 8.4% and deposit growth of 19.3% (annualised)

Associate planner program ongoing

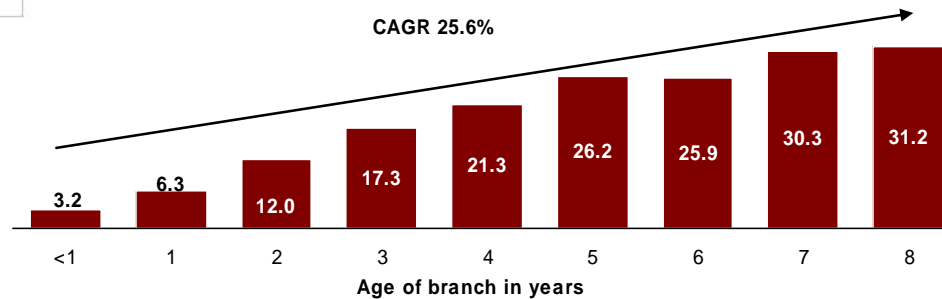


Community Bank[®] growth

Deposits per Community Bank[®] branch



Loans per Community Bank[®] branch





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Group risk

Measure and monitor credit and operational risks against a Board-determined framework

Unique opportunity to leverage existing skills from both businesses

Larger dedicated resource available due to scale provided by merger



Wholesale Bank - a diverse portfolio of businesses

Wholesale Mortgages

Business Partners

Margin Lending

Funds Management



Wholesale Mortgages - a challenging environment

A commitment to write business with an appropriate economic return (no market share target)

Repriced portfolio

0.55% for Lo-Doc

0.25% variable rate

Growth in assets being actively managed



Wholesale Mortgages - a challenging environment

More than \$1b of loans coming off fixed rates in next 6 months – a re-pricing opportunity

Continued credit quality focus

Variable cost base has allowed downwards management of costs

Working on the assumption that securitisation markets are closed for the foreseeable future

We remain committed to this business



Business Partners - specialised lending

Integration of ADB and BEN business banking
structures currently under way
Meaningful synergies available
Excellent credit quality



Business Partners - portfolio funding

25 active partners

Strong pipeline of active discussions and approved mandates

Excellent credit quality

No write-offs for any program with subordination structures

Write-offs and arrears below forecasts for on-balance sheet portfolios

Margin improvement

Reducing competition in the sector



Margin Lending

Integrity of business model tested and proven

All margin calls made, all settlements met

Anticipate future portfolio growth through:

- Improved equity market sentiment

- Further opportunities in financial planning sector

- (white label agreement with Aviva, February 2008)

- Access to larger retail customer base

Headline rate increased 0.20%, February 2008

Credit quality remains sound



Wealth Solutions - funds management

Sandhurst Trustees

Select Mortgage Fund

Cash Common Fund

Adelaide Managed Funds

CMT

AMF Yield Fund

Funds continue to perform well

Growth sector

Opportunity for product innovation and business growth





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The future

- continued sustained performance

Expect continued improvement in shareholder outcomes

Retail bank will continue to expand and progressively mature

Partnering will continue to play an important role

Wholesale and business partner divisions remain key businesses

Broader funding options will emerge

Better leverage customer, community and partner connections

We will continue direct capital and funding to the most important activities



The future

We expect to improve shareholder returns by continuing to be relevant, connected and valued by our customers, communities and partners

We will be disciplined in the application of capital and funding to provide the best economic outcome



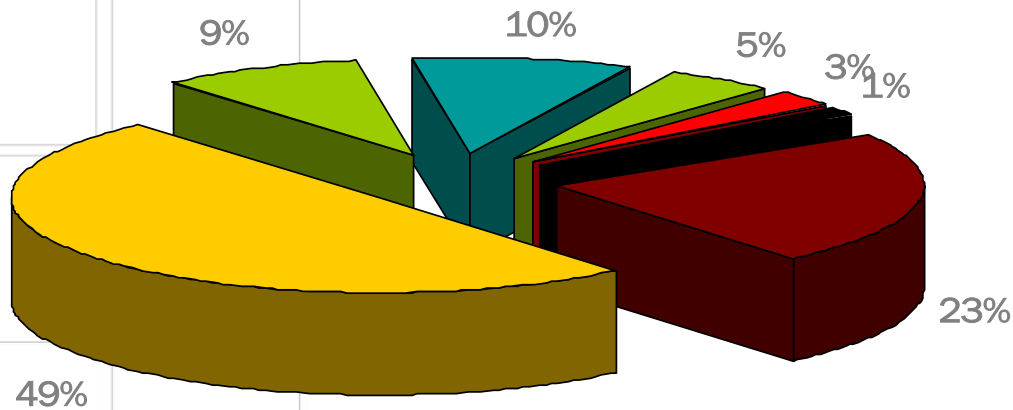
Questions



Appendix



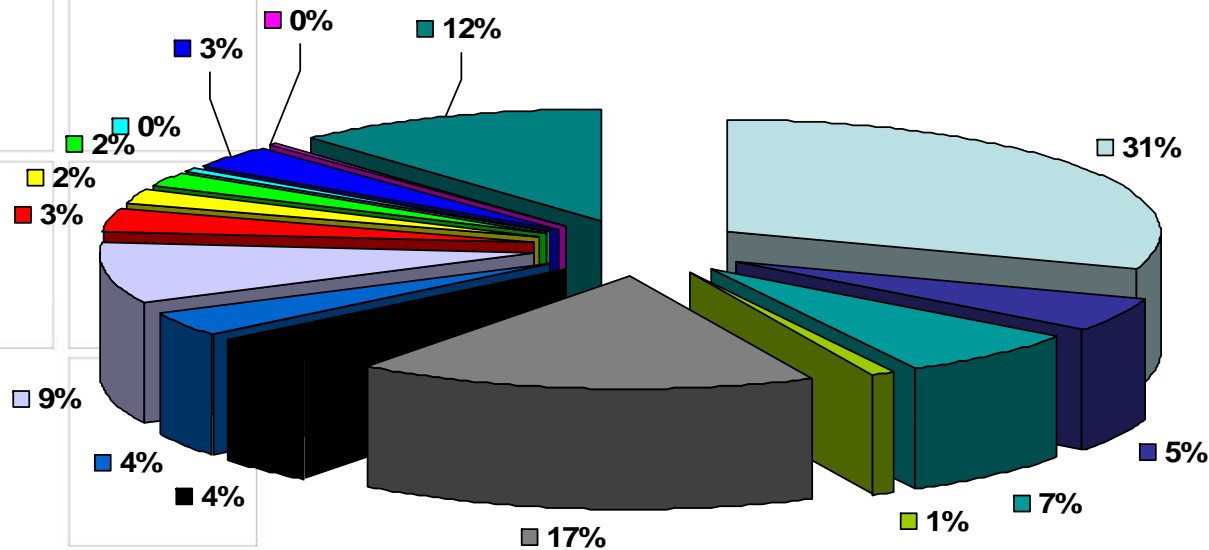
Investing in future growth - operating expenses



- Salaries & staff related costs \$104.5m
- Information technology costs \$20.6m
- Depreciation/amortisation \$5.6m
- Other operating expenses \$47.6m

- Occupancy \$18.4m
- Management fees & expenses \$9.9m
- Intangibles amortisation \$3.1m

Commercial loans - diversity of loans



Property & business services - 1646.8	Construction - 277.6
Health & community service - 386.3	Cultural & recreational services - 38.9
Agriculture & associated industries - 937.6	Accom, cafes & restaurants - 206.9
Transport & storage - 207.4	Retail trade - 485.7
Manufacturing - 172.8	Wholesale trade - 105.6
Finance & insurance - 132.4	Education - 26.5
Personal & other services - 183.1	Communication services - 19.5
Other - 629.1	