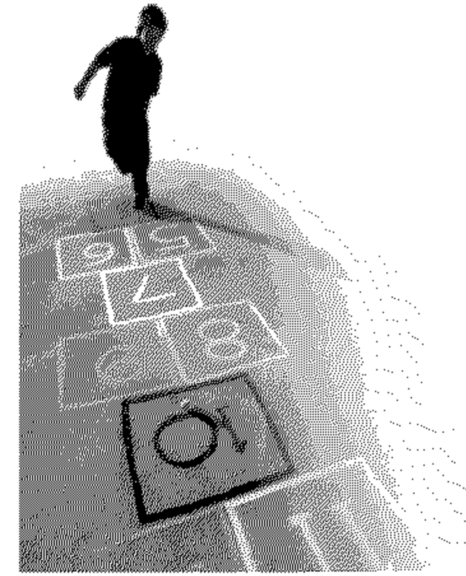
# UBS Sixth Annual Australian Financial Services Conference



## Acquisitions or Organic Growth?

Mike Hirst
Chief Operating Officer
Bendigo Bank Group

Knowing the way forward

Bendigo Bank

# Our approach to growth reflects our strategy…

- A disciplined application of a branded retail strategy
- A strong, differentiated reputation and brand
- Quality customer service
- An ability to undertake collaborative commerce
- Discipline to build gradually, as capital allows

# …and our view of the market going forward.

- In the short term:
  - market share driven
  - a return to customer-centric values
  - branches are back!
  - further commoditisation and margin contraction

- In the medium term:
  - networks no longer transaction based
  - trusted advice is important and valued
  - highly skilled network staff
  - best of breed product – bank balance sheets disintermediated

# We have a range of opportunities

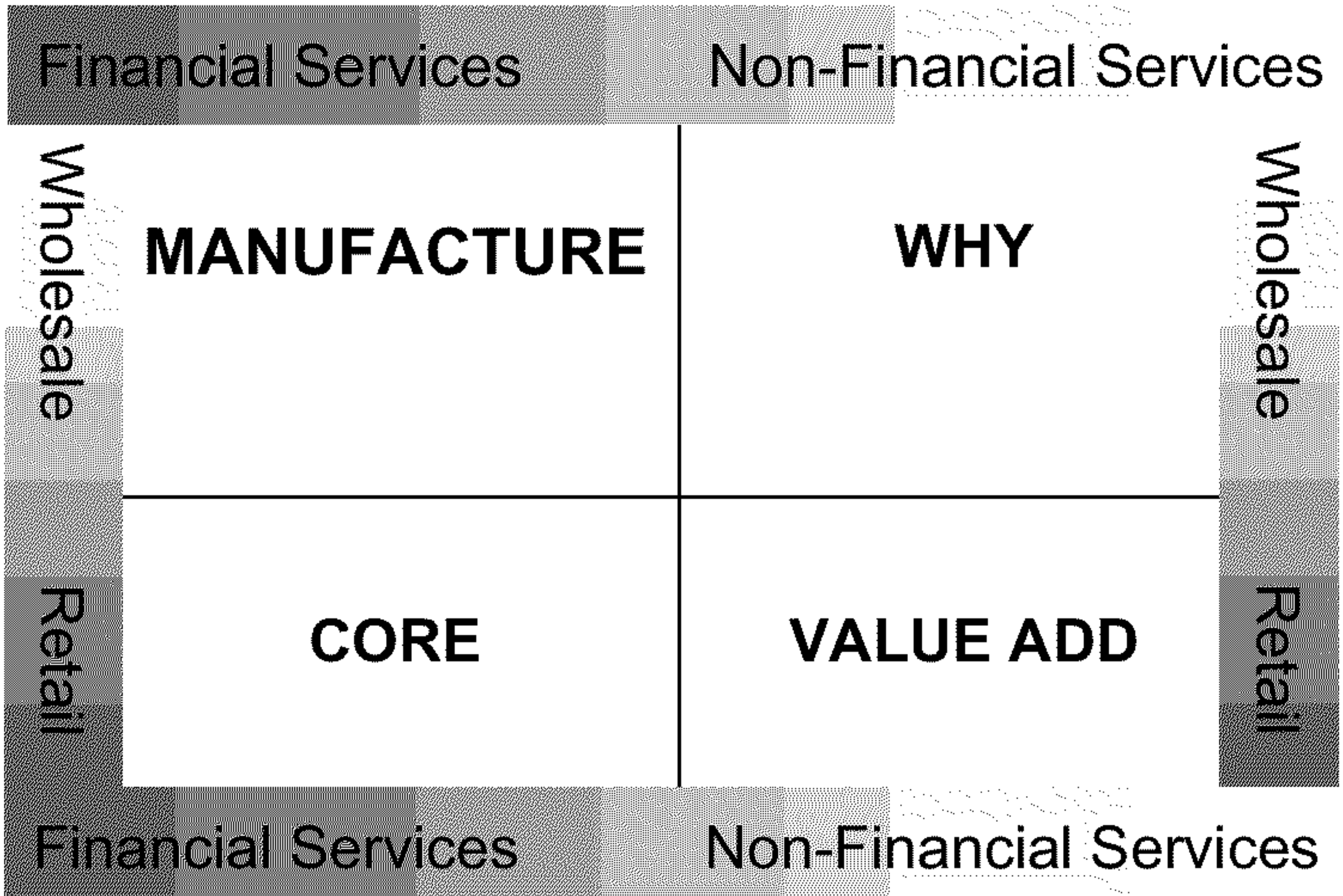
- Organic
  - customer acquisition
  - maturing of an expanding branch network
  - deepening customer relationships

- Partnerships and alliances
  - import products for distribution
  - provide new market opportunities

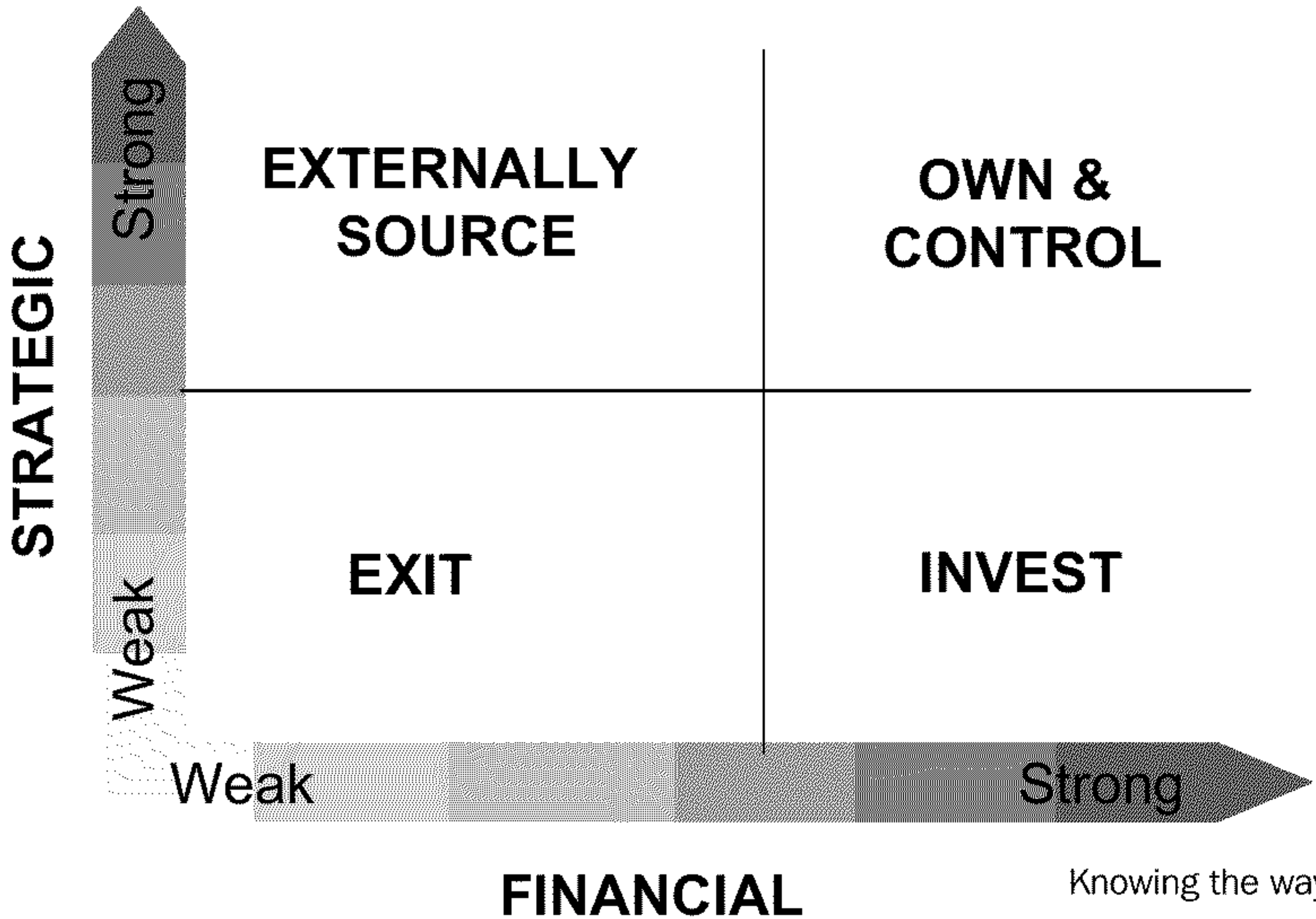
- Acquisitions
  - experienced in implementing M&A
  - for new product and new markets

# We consider our Strategic Intent…

**“Retail Distribution Financial Services Organisation”**



# …in deciding our approach.




Knowing the way forward

Bendigo Bank

# Bendigo's Platform for Growth

## Focus of Recent Years

- Investment in network
- Building goodwill, brand and customer base
- Costs have expanded to deliver the infrastructure
- Focus on customer acquisition rather than share of wallet
- Business growth has delivered 10%+ EPS growth

## Significant Potential

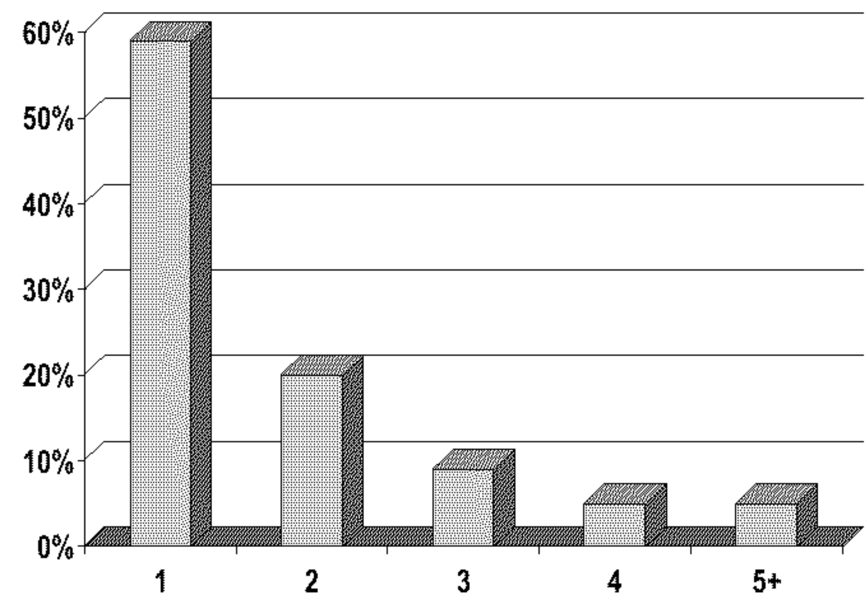
- Preserve customer service, goodwill and brand
- Contain costs – but not at expense of 'culture'
- Leverage customer base to increase share of wallet and cross-sell
- Accelerate P&L and EPS growth
- Significant growth still in CB model

# Customer acquisition continues…

- Customer advocacy and customer satisfaction highest in industry on surveys including:
  - Net Promoter Scores
  - Bain-Leading Edge
  - Nielson
  - Roy Morgan

- Ranked # 1 choice for customers looking to change banks

…and there is great scope for relationship growth.




Knowing the way forward

Bendigo Bank

# Network focused on sales & service

- Moved to state-based management
- Increased number of Regional Managers
- RM's responsible for:

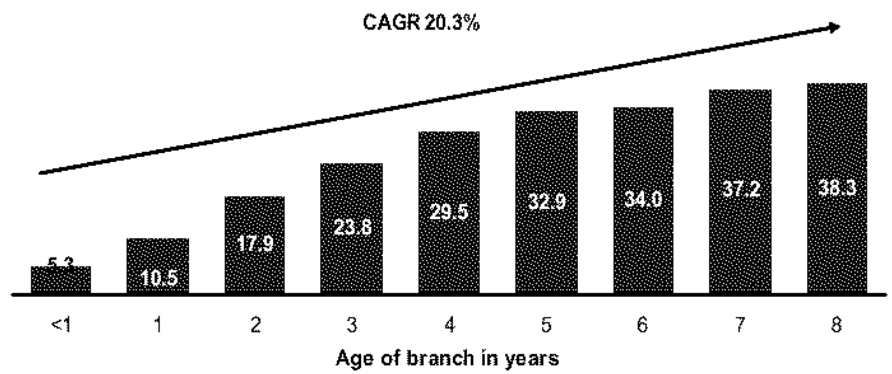
  - Company and community branches

  - Business Bankers

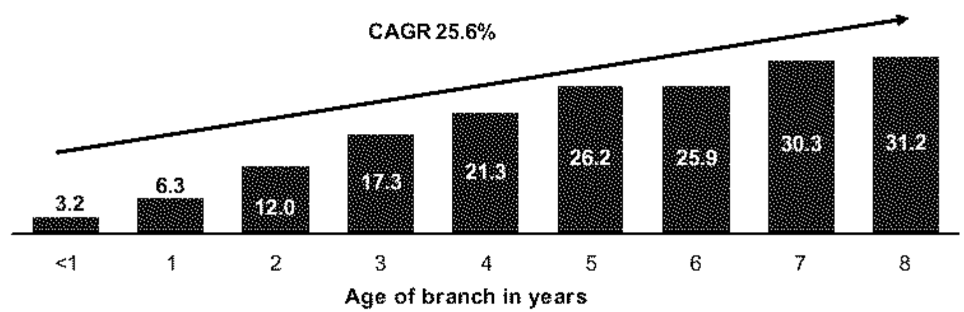
  - Financial Planners
- Community engagement central to branch development

# Community Bank Growth

## Deposits per Community Bank branch




## Loans per Community Bank branch



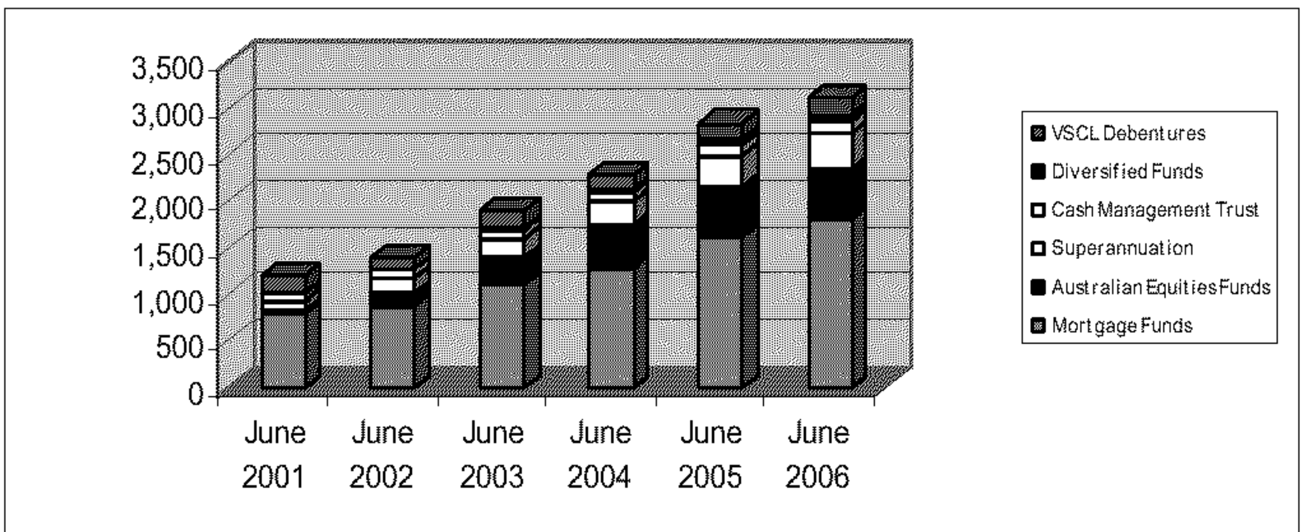
# Wealth Management

•The Bendigo Wealth Solutions division contributed $51m in revenue and $25m before tax in 2006

•Based on median P/E of listed wealth management companies (19x '07F) Bendigo's wealth business is worth around $340m

•Continued programme of "home-grown" advisers

•Fund offerings remain internally focused in design and distribution effort



# Partnerships and alliances

- Elders Rural Bank
- Tasmanian Banking Services
- Homesafe Solutions
- Strategic Payment Systems
- Community Enterprise companies
- Community Sector Bank

# In conclusion, Bendigo…

- Is well positioned to grow organically
  - very strong brand and high customer advocacy
  - strong customer acquisition
  - national (but immature) branch network
  - significant wealth management investment
- Has a proven ability to grow the business through partnering and collaborative commerce
- Will be strategic about M&A activity