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# Half-year Results Briefing

February 2007



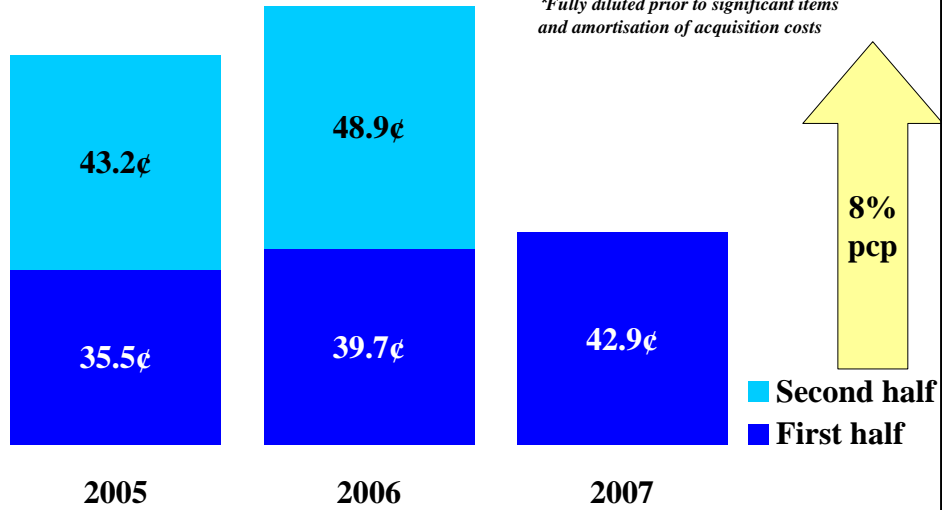
## Results Overview

	Dec-05	Dec-06	Change
Profit on a cash basis	\$41.8M	\$46.1M	10%
Cost to income ratio	54.6%	51.7%	(5%)
Earnings per share	39.7¢	42.9¢	8%
Dividends per share	26¢	29¢	12%

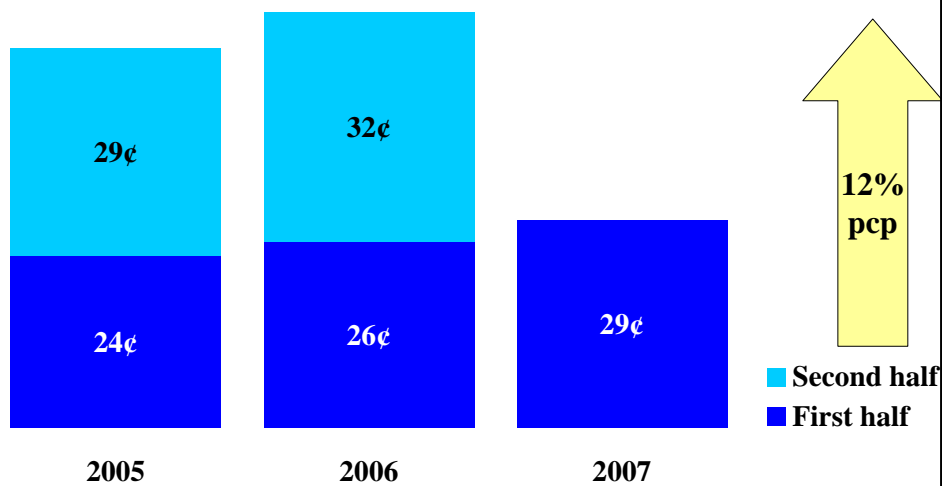


## Earnings Per Share

*\*Fully diluted prior to significant items  
and amortisation of acquisition costs*



## Dividends Per Share

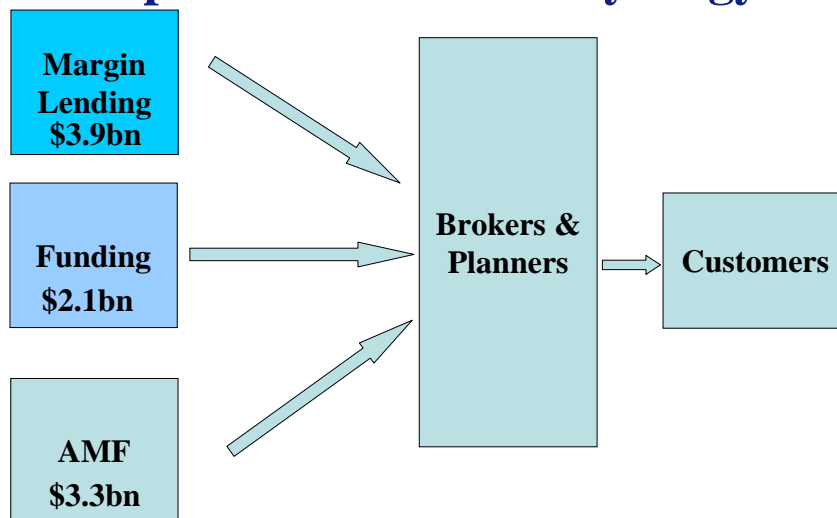


## Key Strategic Advantages

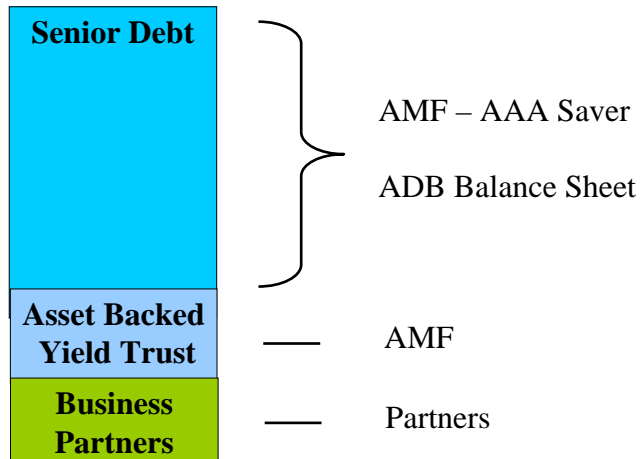
- Flexible business model – low fixed cost
- Independent product provider
- Innovative products – demand pull
- Partner based distribution
- Synergistic businesses



## Example of Distribution Synergy

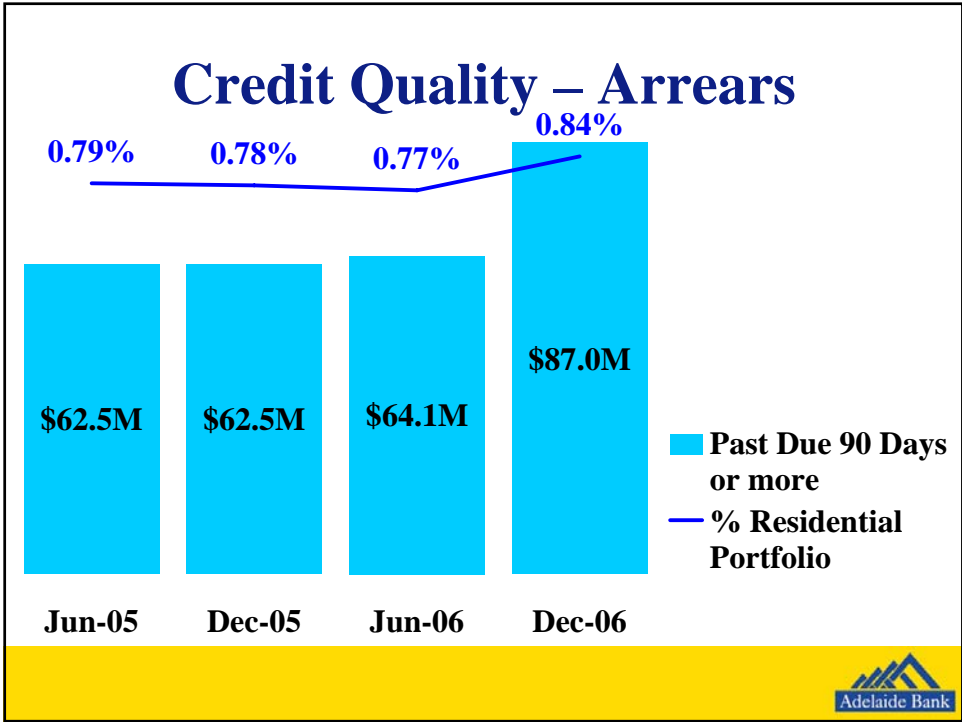
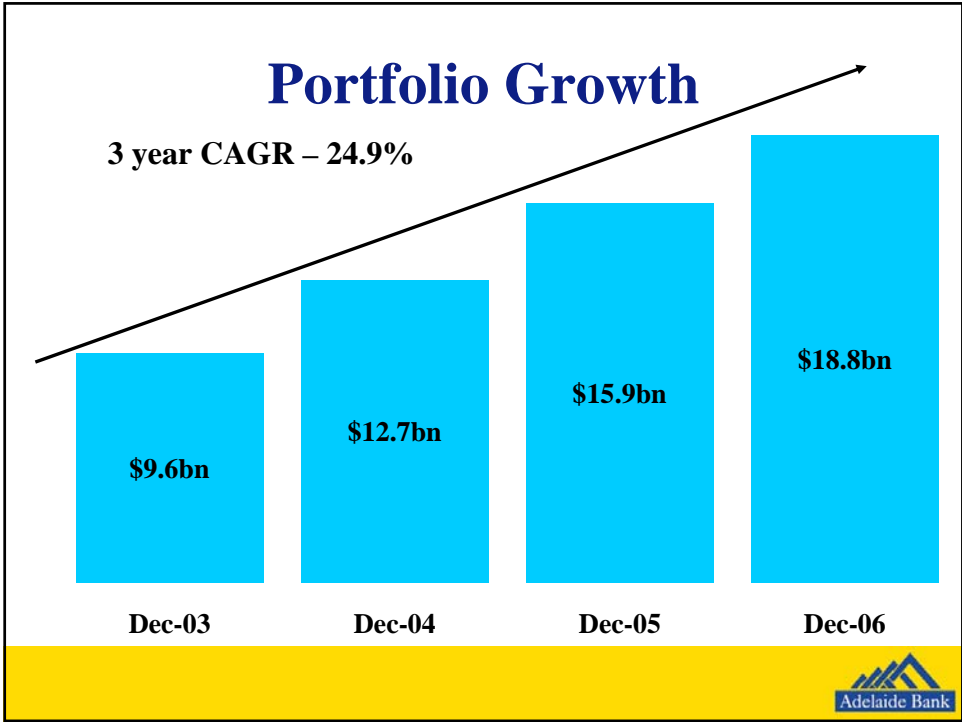


## Example of Product Synergy (Portfolio Funding)

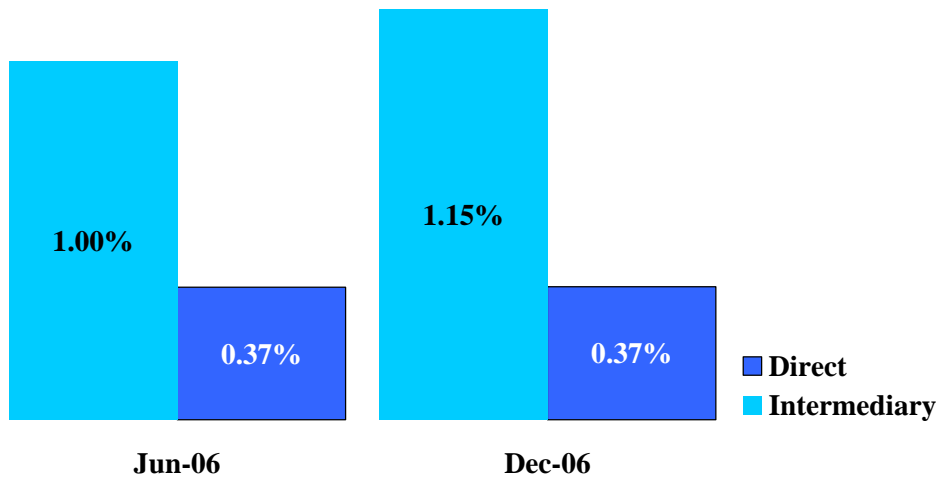


**Residential Lending**

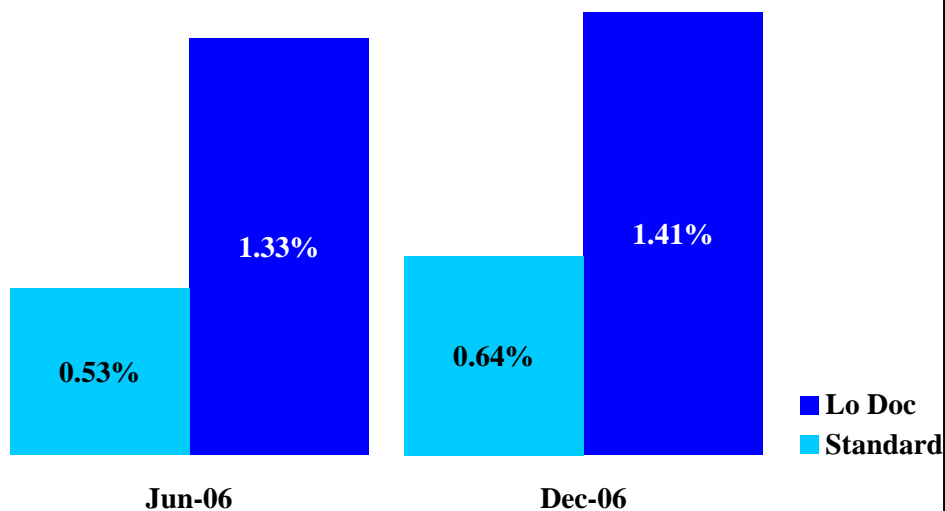




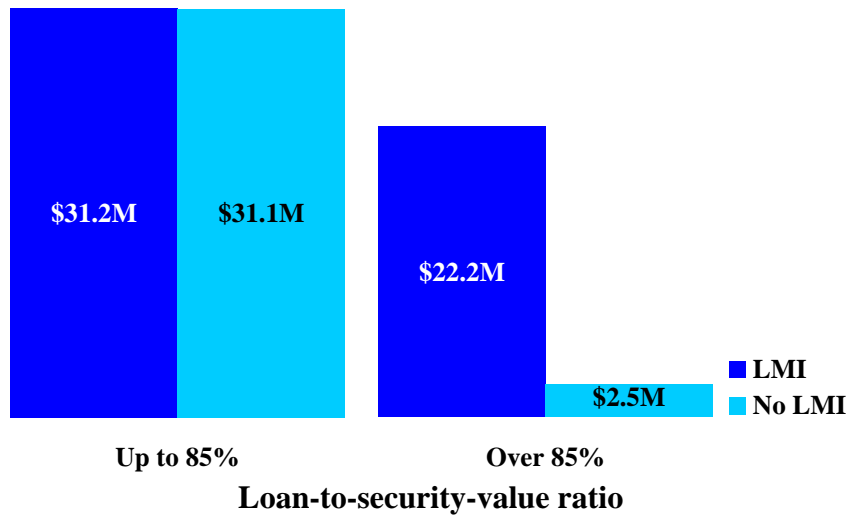
## Channel Breakdown – Arrears



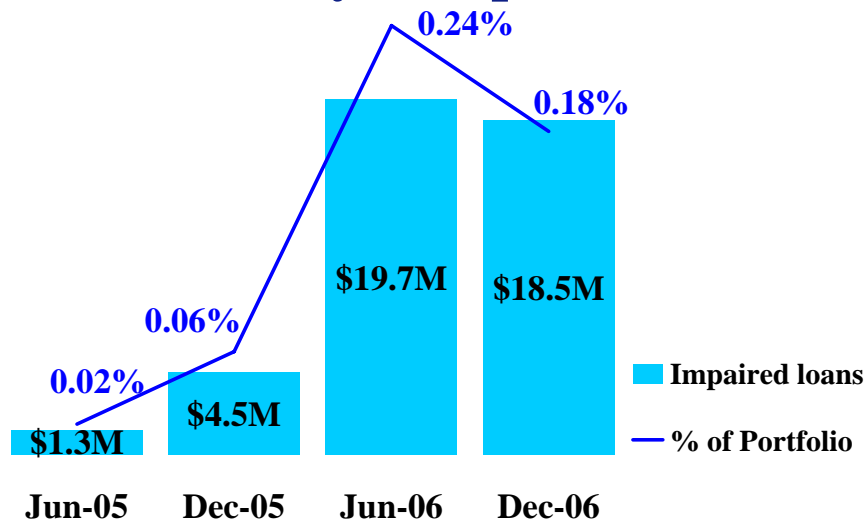
## Product Breakdown – Arrears



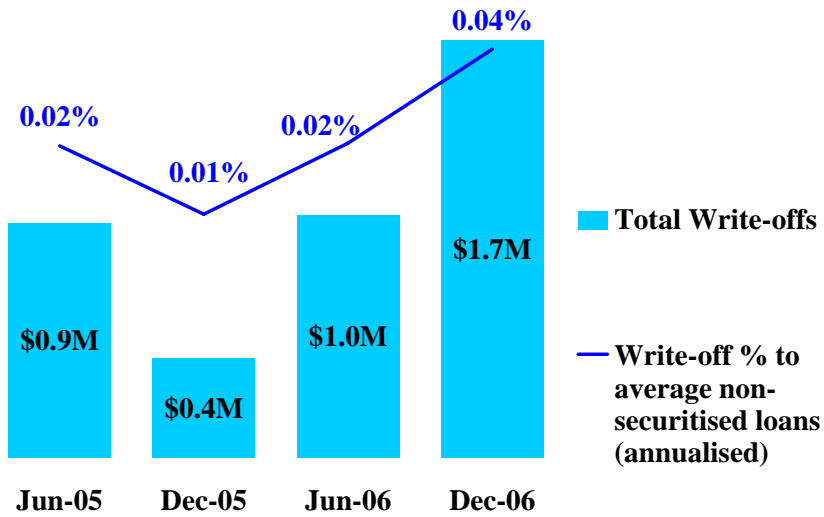
## Arrears – Potential Loss Breakdown



## Credit Quality – Impaired Loans



## Residential Loan Write-offs



## Initiatives

- Repricing of Lo Doc portfolio 90% complete
- Equity Finance Mortgage
- **SmartSuite**
- Pricing for profit, not market share
- Lean manufacturing

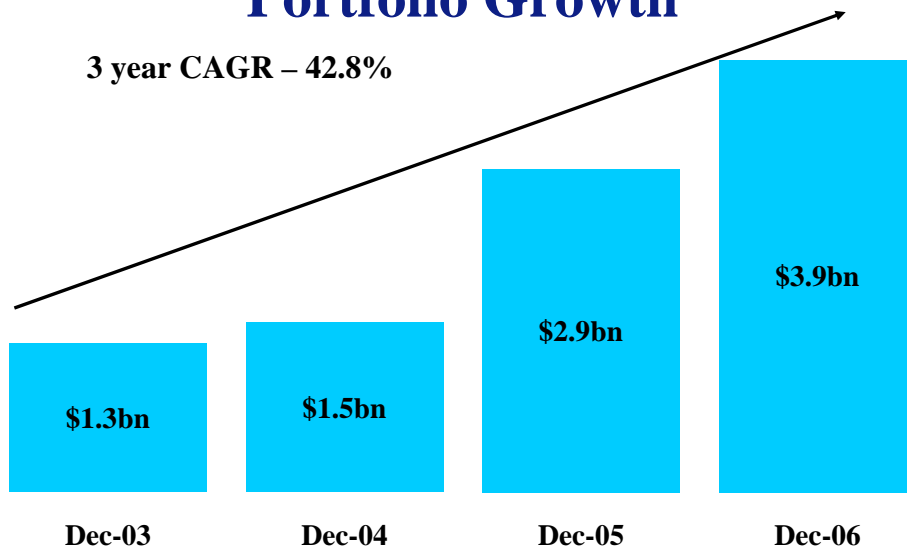


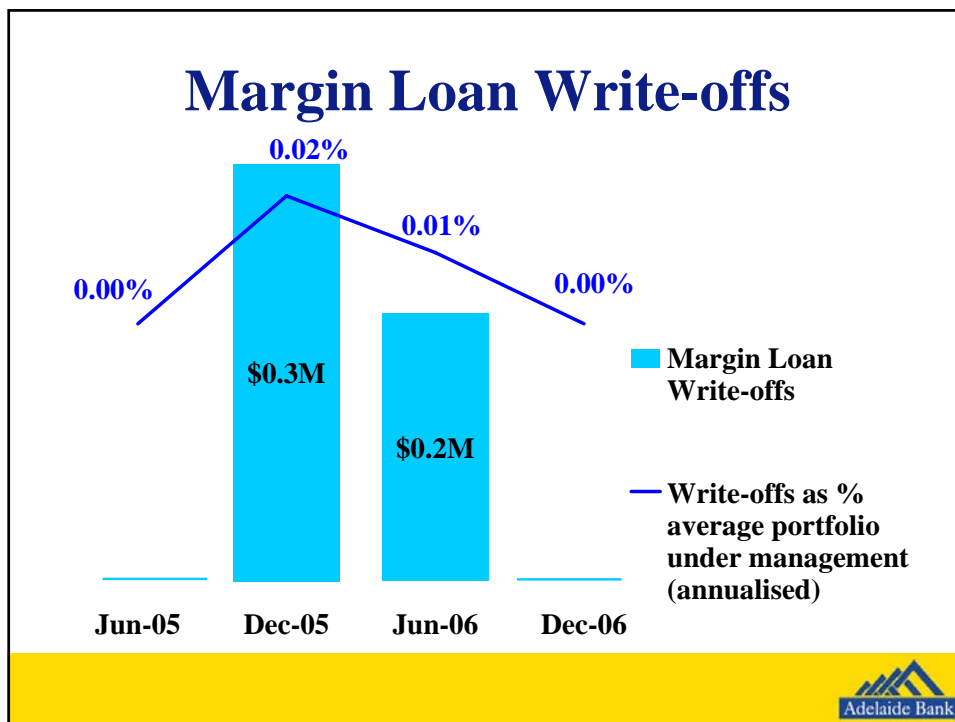
## Margin Lending



## Portfolio Growth

3 year CAGR – 42.8%





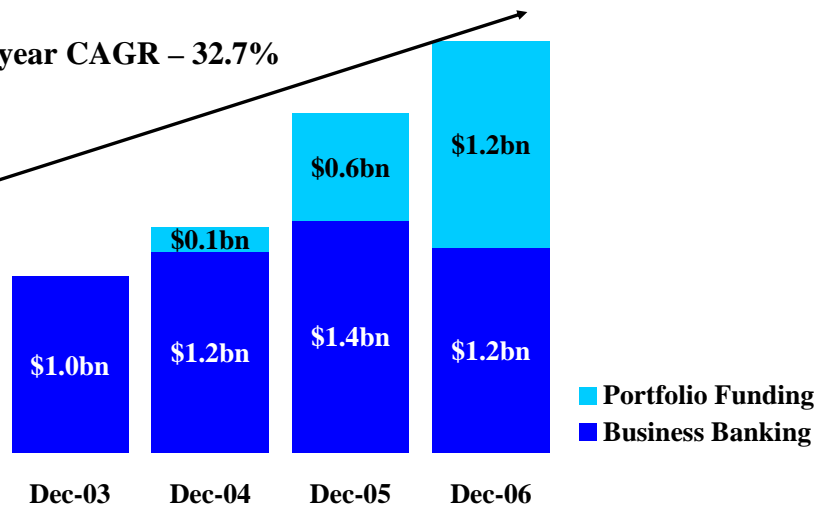
- ### Opportunities
- Fast growing market
  - Geared solutions for wealth creation
  - Demand pull product development
  - Entrenched partnerships
  - Increasing distribution through independent financial advisors
  - Lean manufacturing
- Adelaide Bank

## Business Lending

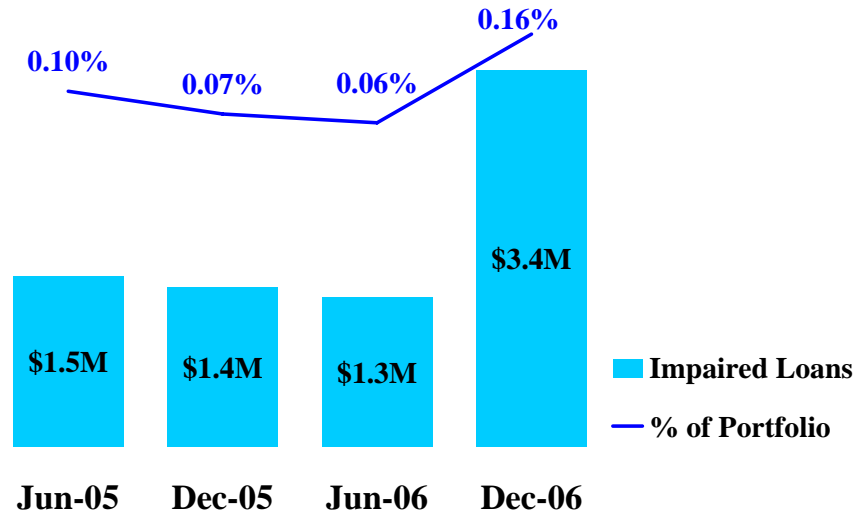


## Portfolio Growth

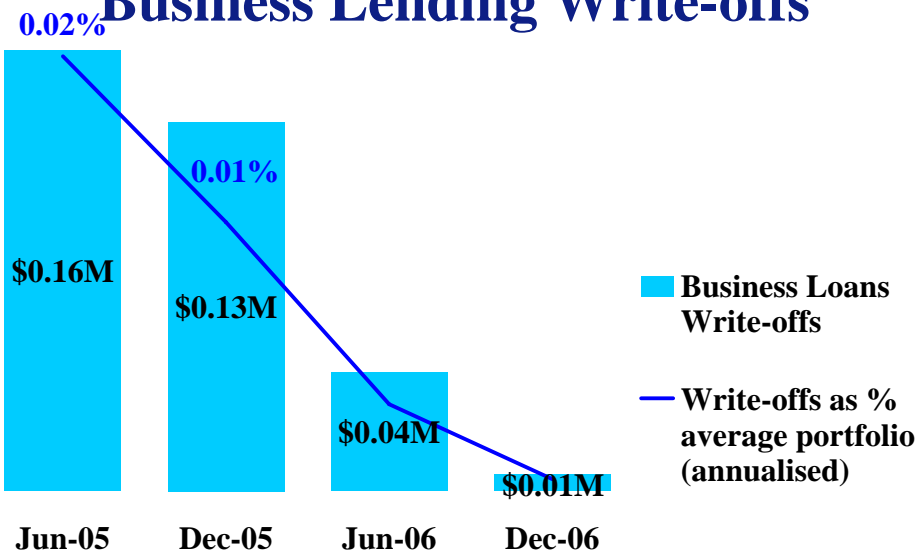
3 year CAGR – 32.7%



## Credit Quality – Impaired Loans



## Business Lending Write-offs



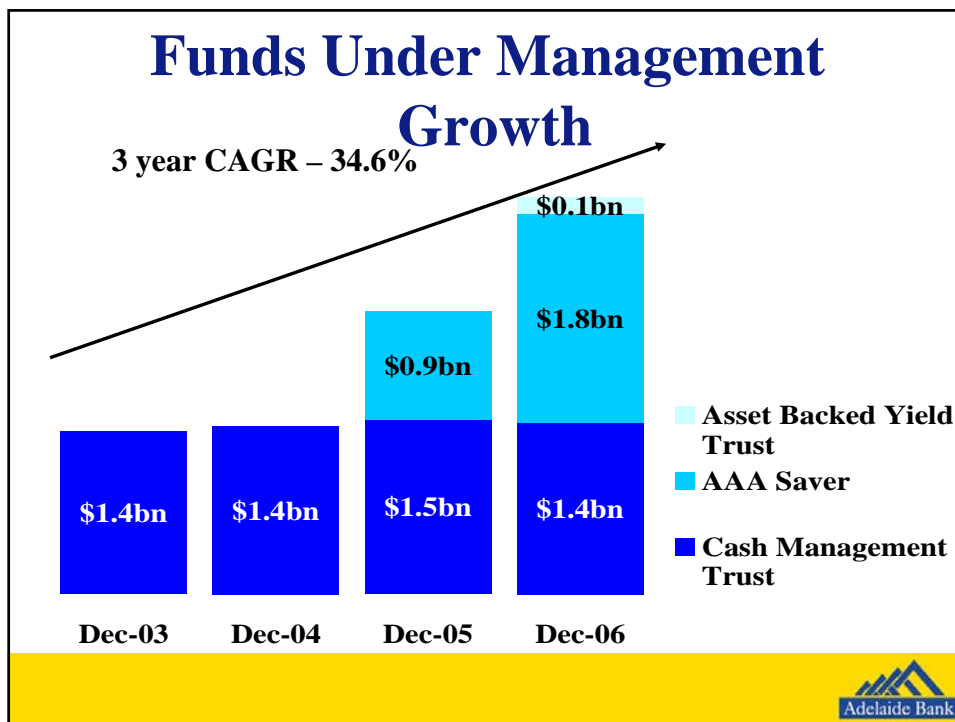
# Opportunities

- Portfolio Funding
  - Strong underlying market dynamics
  - Excellent growth potential
  - Solutions based business
  - High level of synergy with AMF (AAA Saver, ABYT)



**AMF**





- ## Opportunities
- Strong underlying market dynamics
  - Demand pull product development
  - Yield products (AAA Saver, ABYT)
  - Structured products  
(Protected Global Opportunities Fund)
  - High level of synergy with Portfolio Funding and Margin Lending
- Adelaide Bank

# Funding



## A Diverse Funding Base

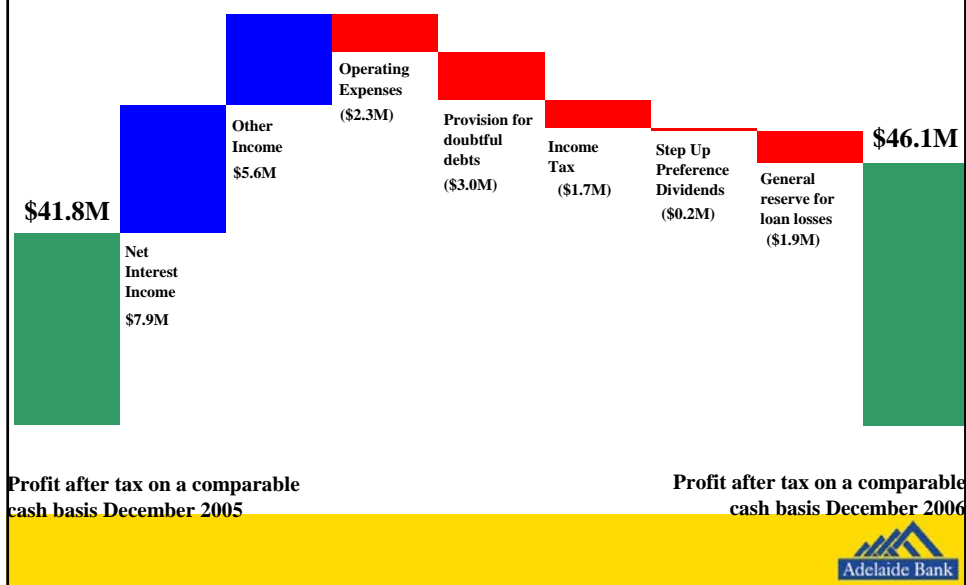
- Flexible funding structure
  - Retail
  - Wealth
  - Money Market
  - Wholesale
  - Securitisation
  - AMF

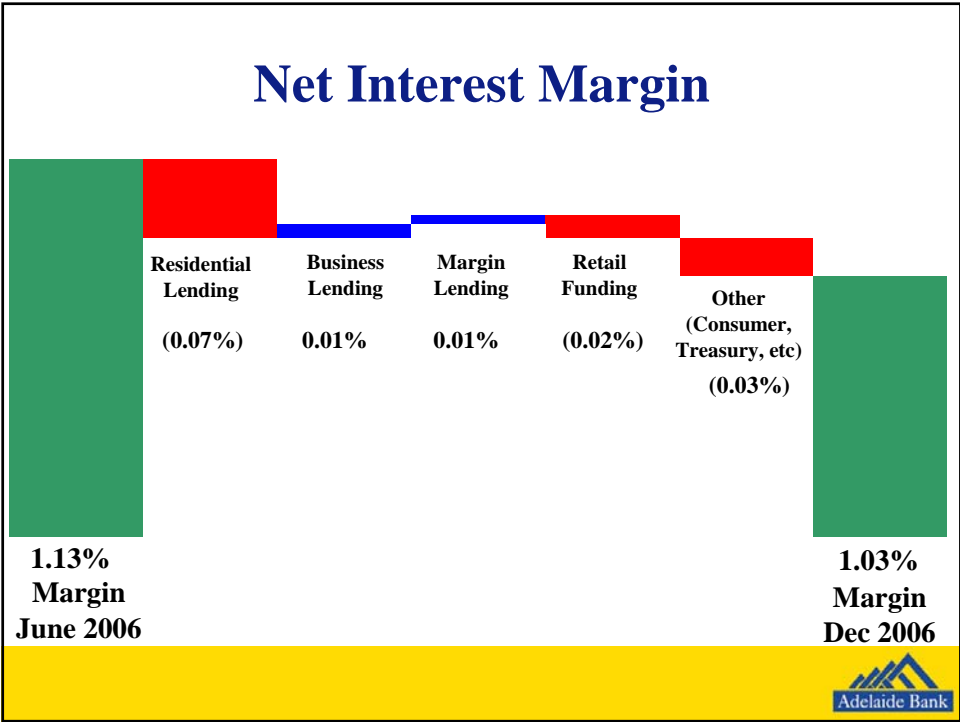
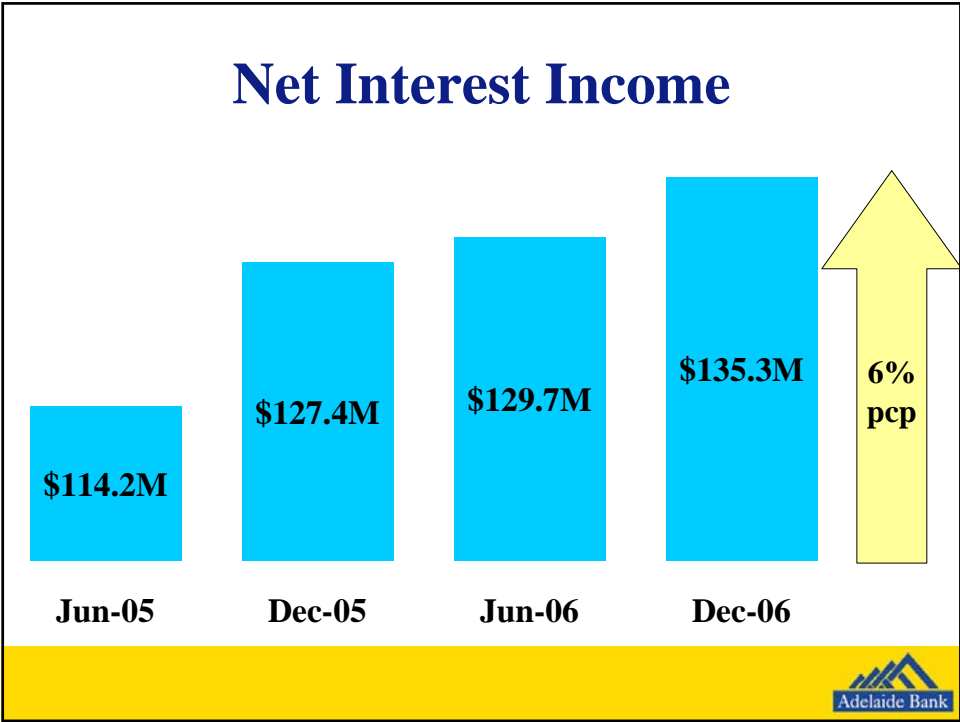


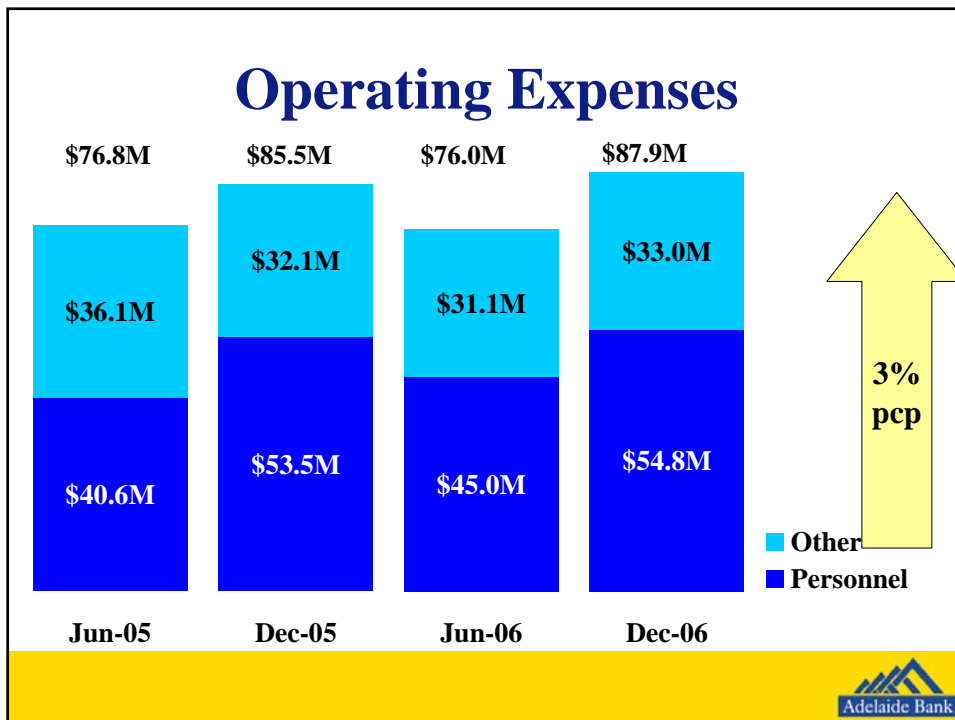
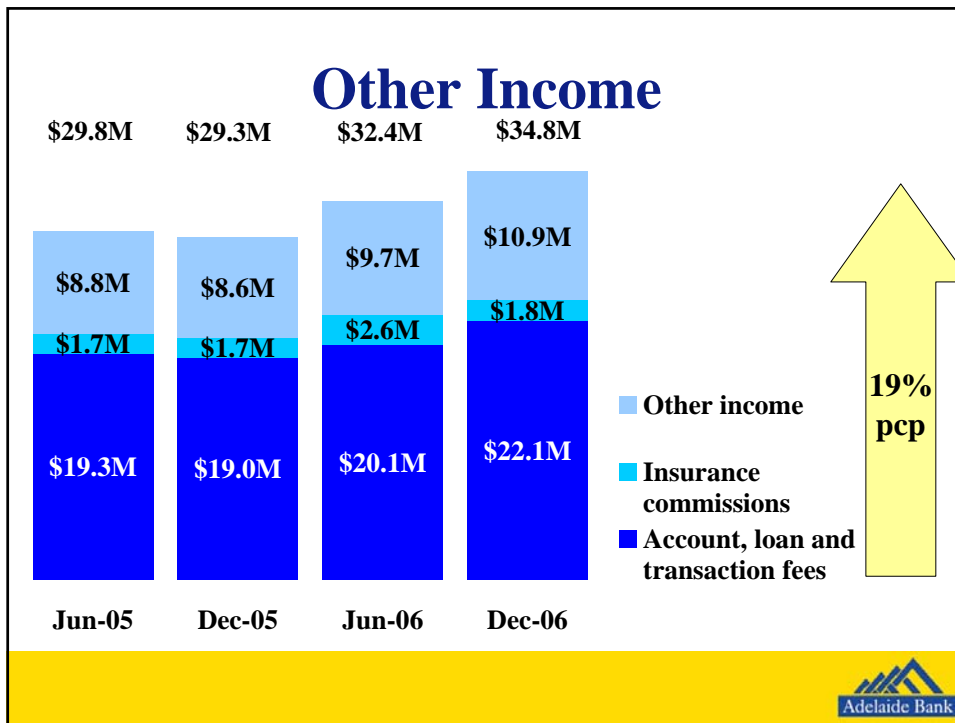
# Results Overview



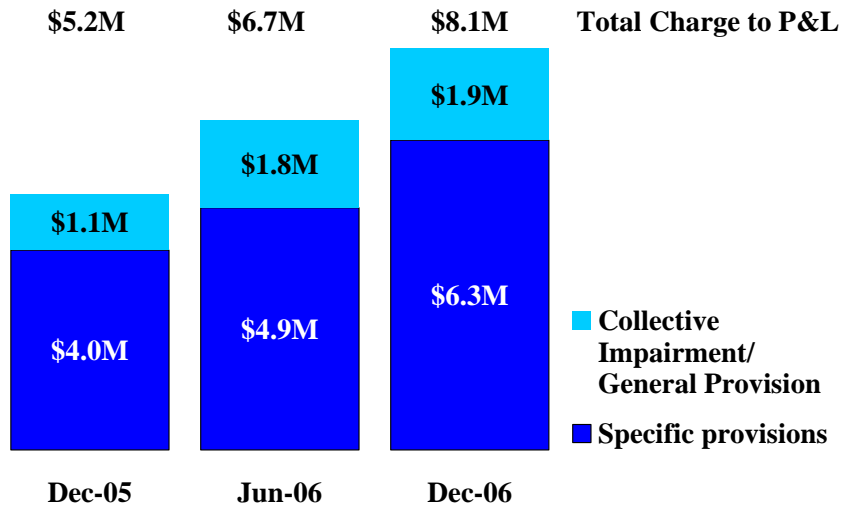
## Profitability



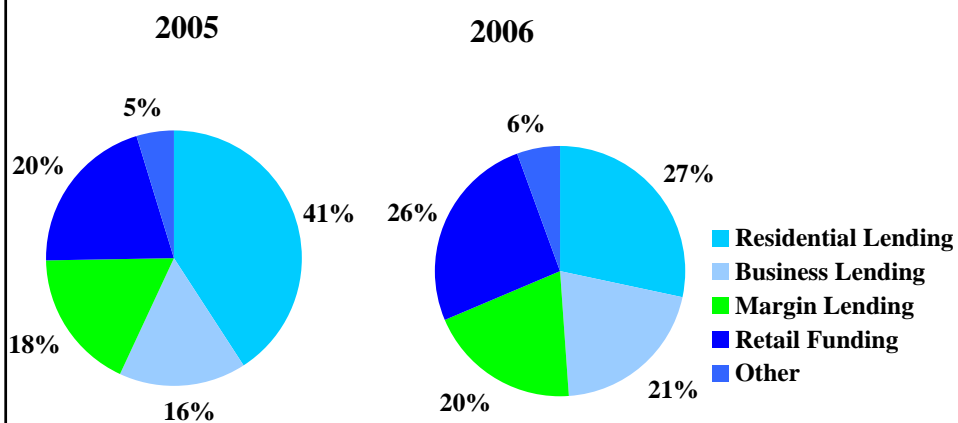


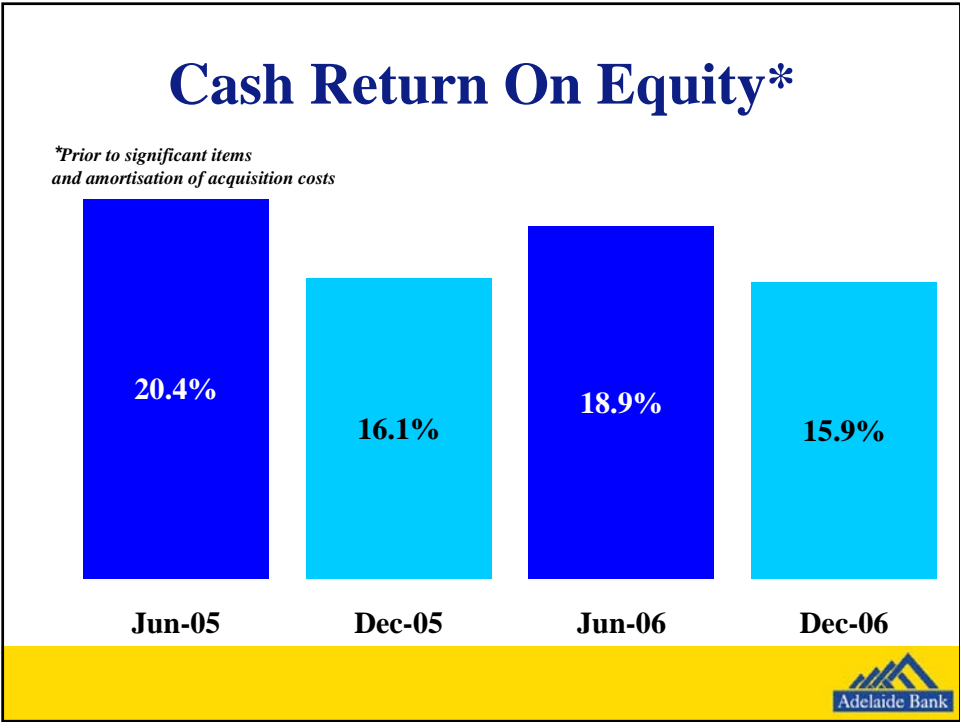
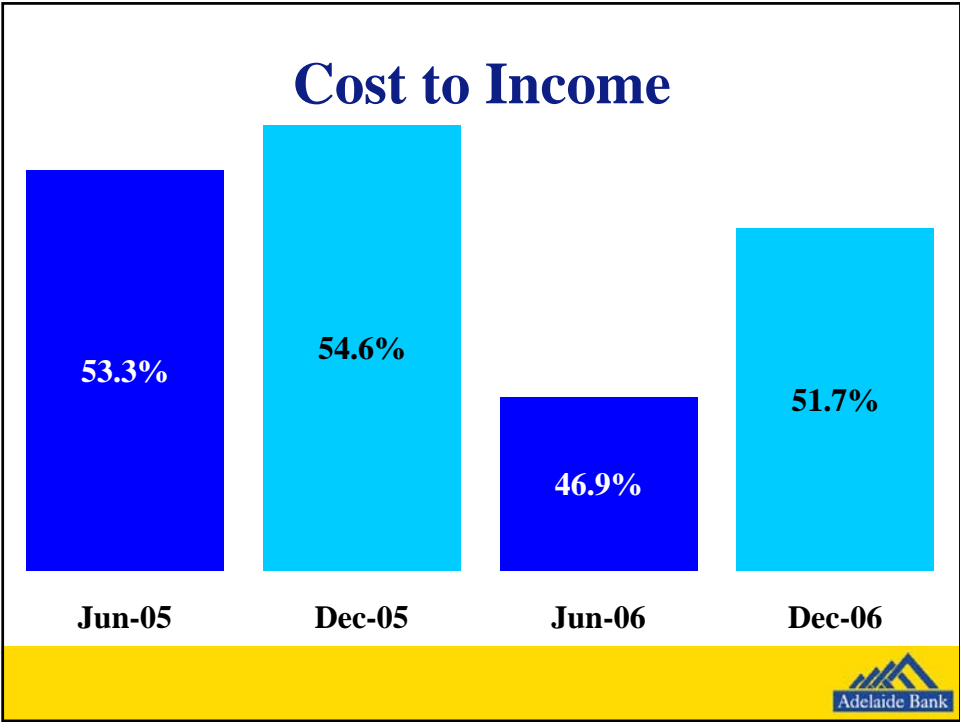


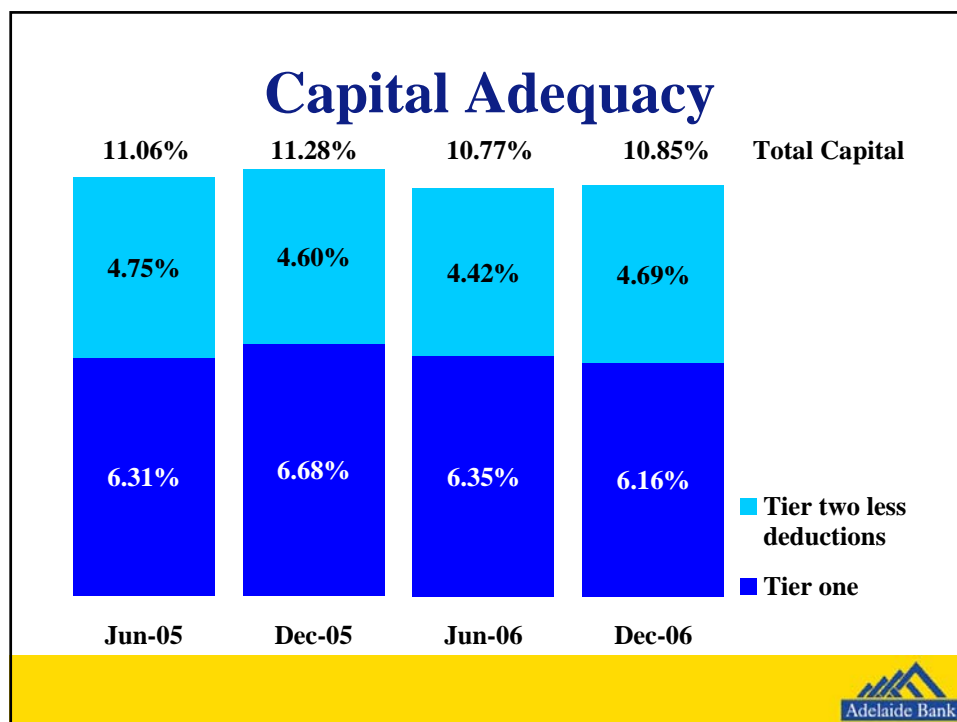
## Provision for Doubtful Debts



## Profit by Segment







## Capital Management

- **FY '07:**

- dividend reinvestment plan
- additional securitisation (including capitalised costs)
- subordinated debt
- AMF/ Asset Backed Yield Trust
- Dividend payout ratio of around 70%

## Capital Management

- **APRA/AIFRS transitional relief:**
  - Ends 1 January 2008
  - Total transitional relief \$66M
- **Basle II**
  - Transitional relief for hybrids from 2008 to 2010
  - Standardised Bank



## Summary



## Future Focus

- Business units on strong profit trajectories (excluding mortgages)
- Extensive innovative product pipeline
- Further leveraging synergies across business units
- Lean manufacturing



## Outlook

- 06/07 earnings will be towards the upper end of guidance
- Committed to returning to our previously stated objective of 10% EPS growth from 07/08



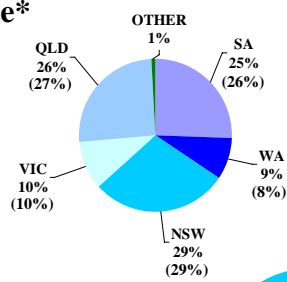
# Appendices



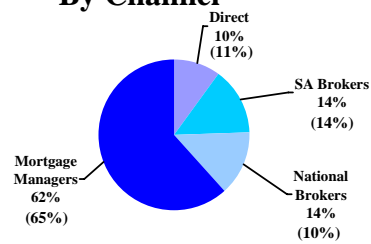
## Residential Lending

*\*Excludes purchased portfolios  
June 2005 ratios in parentheses*

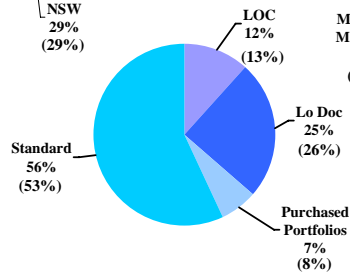
**By State\***



**By Channel\***



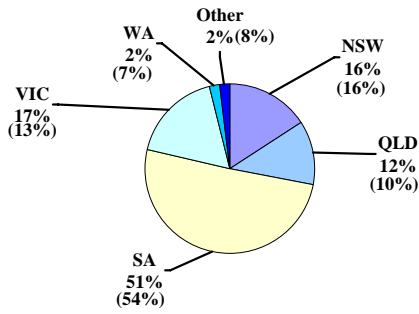
**By Product**



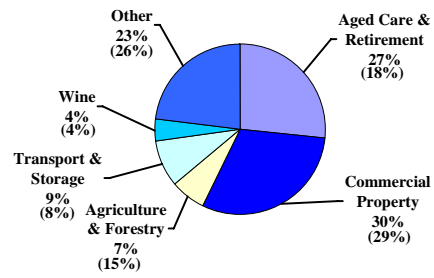
# Business Banking

June 2005 ratios in parentheses

By State

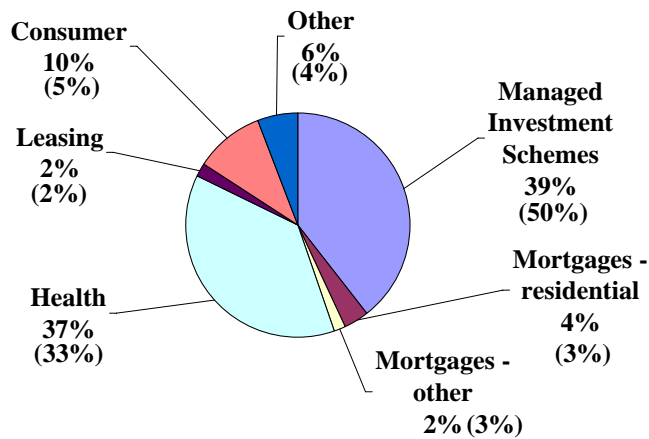


By Industry



# Portfolio Funding

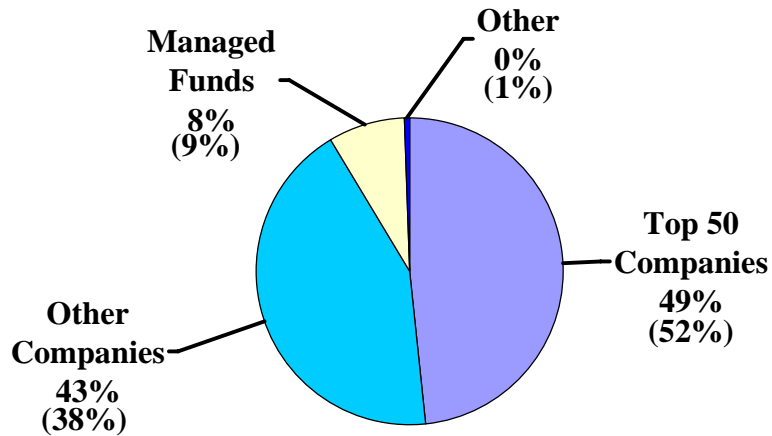
June 2005 ratios in parentheses



# Margin Lending

By Security Type

June 2005 ratios in parentheses



# Funding Base

June 2005 ratios in parentheses

