Bendigo and Adelaide Bank

2012 full year results

August 20, 2012

incorporating Bendigo Bank, BendigoWealth, AdelaideBank, RURAL BANK, Bank of Cyprus Australia

This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the Bank's full year results filed with the Australian Securities Exchange on 20 August 2012. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

This presentation may contain 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.

To the maximum extent permitted by law, the Group shall have no liability whatsoever for any loss or liability of any kind arising in respect of the information contained, or not being contained, in this document.

Non-IFRS Financial Information: The discussion and analysis discloses the net profit after tax on both a 'statutory basis' and a 'cash basis'. The statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding a number of items that are deemed to be outside of our core activities and such items are not considered to be representative of the Group's ongoing financial performance. Refer to the Appendix 4E for reconciliation to statutory profit.

Disclaimer

Bendigo and Adelaide Bank

- Results overview
- Financial performance
- Strategy and outlook

Agenda

Mike Hirst

Group Managing Director

Results overview

Bendigo and Adelaide Bank

Our result	
Financial performance - statutory profit after tax	• Statutory profit after tax $195.0m • Statutory profit after tax before specific items $312.0m • Statutory earnings affected by $95.1m goodwill write-down in wealth cash generating unit in 1H12 • Full year dividend of 60.0¢[1], fully franked
Financial performance - cash basis earnings	• Cash earnings of $323.0m • Cash earnings per share 84.2¢ • Cash basis earnings return on average tangible equity 14.1%

Results overview

Bendigo and Adelaide Bank

1. Half-year dividend of 30.0 cents, fully franked paid on 31 March 2012

Our result	
Capital management	• Recent capital management initiatives[1] materially boost Core Tier 1 levels by 42bps • Provides pro-forma Core Tier 1 levels of 8.09% and Tier 1 ratio of 8.82%
Business strength	• 80% retail funded[2] • Cost efficiencies reinvested into key strategic initiatives • Business strength reflected in ratings upgrades
Outlook and opportunity	• Markets remain challenging and outlook uncertain • Brand-specific demand through the Bendigo retail network • Margin squeeze in early 2H mitigated by active balance sheet management • Maintaining front office capacity for future growth • 35bps mortgage repricing only partially recovering increased funding costs • Opportunistic and strategic approach to non-organic investments (BOCA, NoQ)

Results overview

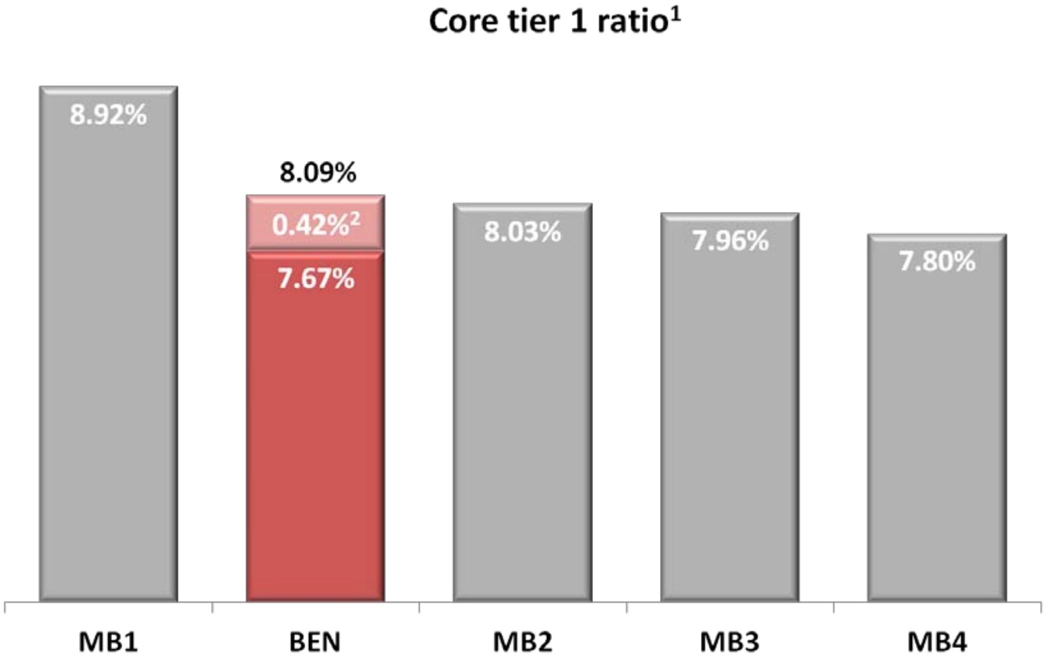
Bendigo and Adelaide Bank

1. Capital management initiatives include sale of IOOF stake and sale of B-notes in TORRENS securitisation trusts
2. As at June 2012, based on total funding, including off-balance sheet

Improved balance sheet strength

Capital

- Prudent and pro-active approach to balance sheet management
- Basel III Tier One Hybrid Capital issue to be launched 1H13[3]
- Recent non-dilutive capital initiatives include sale of stake in IOOF, and subordinated notes in Torrens RMBS program – providing Core Tier 1 benefit of 42bps or an equivalent $120m in capital



Results overview

1. Source: Recent company announcements and APS 330 disclosures. BEN core tier 1 ratio 7.67% as at June 2012,
2. 0.42% relates to post balance capital management initiatives including the sale of the IOOF stake and sale of B-notes in Torrens securitisation trusts
3. Subject to market conditions and relevant Board and regulatory approvals

A year of consolidation and investment

- **Material improvement in capital levels**
  - Equity raising (December 2011) and share purchase plan (March 2012)
  - Sale of IOOF stake (August 8)
  - Sale of Torrens RMBS B-notes (announced today)
  - BEN now exceeds all expected Basel III minimum standards
  - Further efficiency through proposed Basel III T1 Hybrid in 1H13
- **Balance sheet continues to grow and remains low-risk**
  - Retail mortgage origination above system growth
  - Low arrears and losses
  - Superior funding mix
- **Brand, staff and customer engagement still # 1**
  - Staff engagement exceeds high performance benchmark by 2%

Richard Fennell

Chief Financial Officer

Financial overview

$m	FY June 2010	FY June 2011	FY June 2012	change (pcp)
Net profit after tax ($m)	242.6m	342.1m	195.0m	43.0%
Cash earnings ($m)	291.0m	336.2m	323.0m	3.9%
Cash EPS	83.3¢	92.3¢	84.2¢	8.8%
Dividend per share[1]	58.0¢	60.0¢	60.0¢	––
Cost to income	58.1%	57.4%	59.1%	1.7%
Cost to average assets	1.39%	1.37%	1.34%	0.03%
Tax rate on cash earnings	28.4%	27.9%	30.0%	2.1%
Net interest margin	2.12[2]	2.17	2.10	7 bps
Cash basis return on tangible equity	16.4%	16.9%	14.1%	2.8%
Cash basis return on equity	8.2%	9.1%	8.4%	0.7%

Balance sheet	FY June 2012	% change pcp
Total assets ($bn)	57.2	+4.1%
Total liabilities ($bn)	53.0	+3.9%
RWA's ($bn)	28.3	+8.7%

Capital and funding	FY June 2012	change pcp
Tier 1 capital (%)	8.39	54 bpts
Total capital (%)	10.41	18 bpts
Deposit funding[3] (%)	79.7	+4.8%

Financial overview

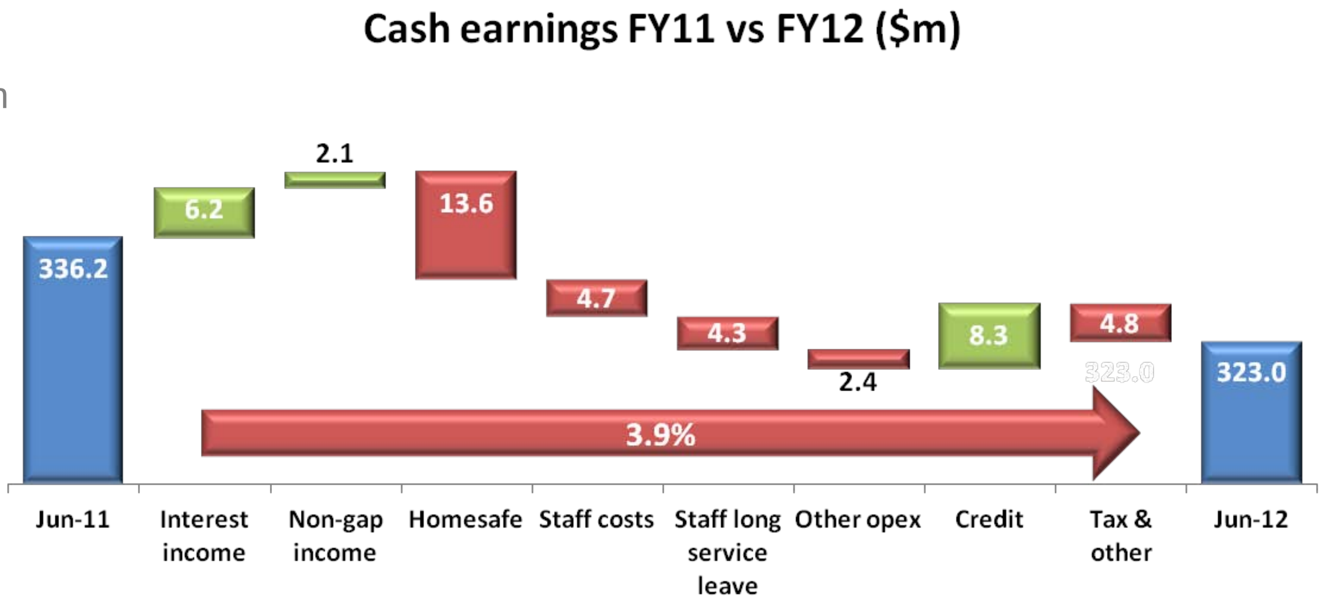
Bendigo and Adelaide Bank

Note: Comparisons are with prior corresponding full year unless otherwise stated
2: Normalised NIM for FY2010 to include 12 month contribution of Rural Bank

1: Includes 30 cents per share dividend in 1st half for FY12.
3: Total funding position

Cash earnings movement

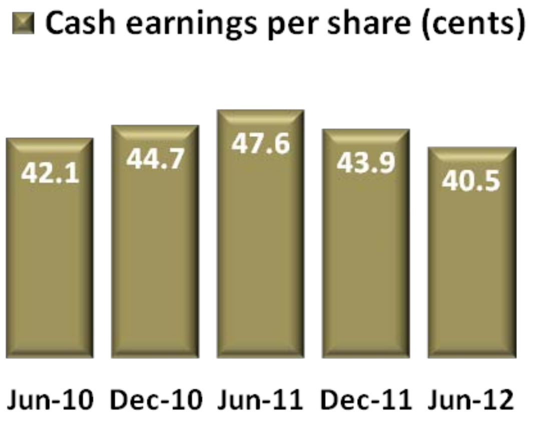
- Cash earnings impacted by Homesafe trust contribution, long service leave calculation adjustment, and staff related costs

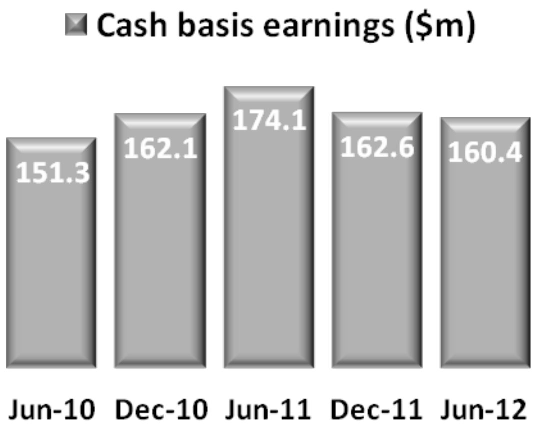


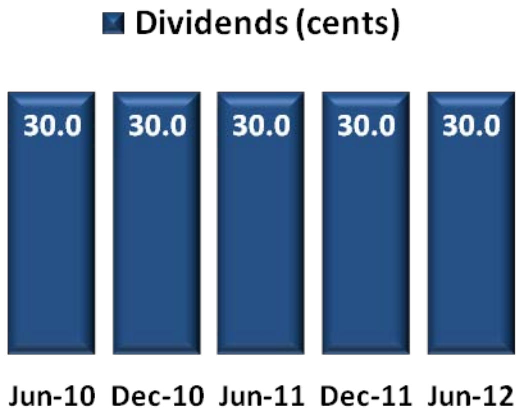
Financial overview

Group performance

- EPS metrics impacted by December 2011 capital raising and share purchase plan in March 2012
- Dividends maintained at 30 cents
- Steady cash basis earnings





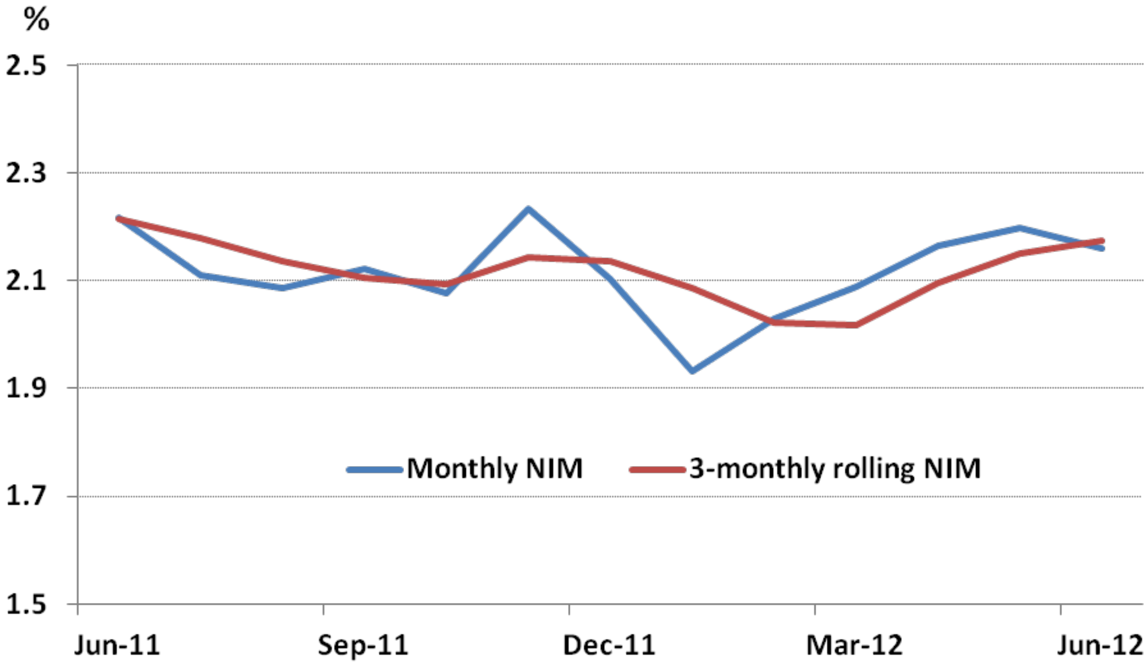


Financial overview

Bendigo and Adelaide Bank

Net interest margin (%)

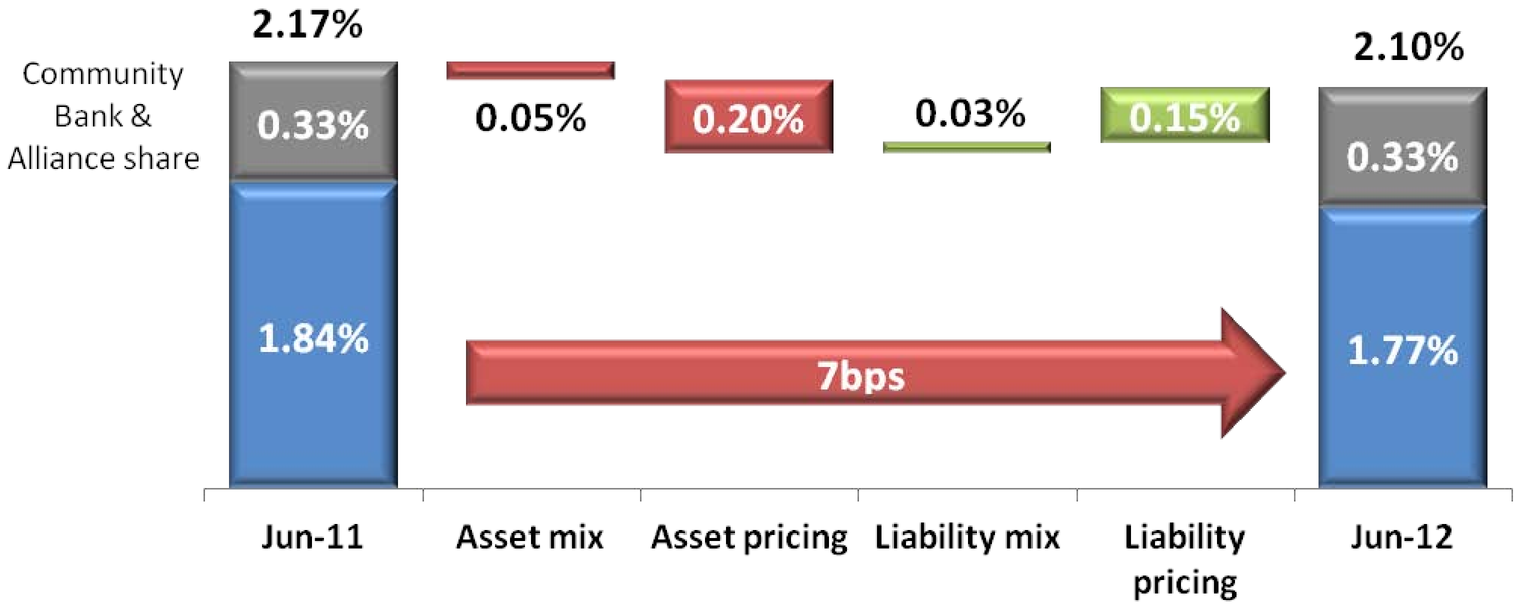
- Impact on NIM in early 2H mitigated by active balance sheet management
- NIM recovery in late 2H through pricing initiatives



Financial overview

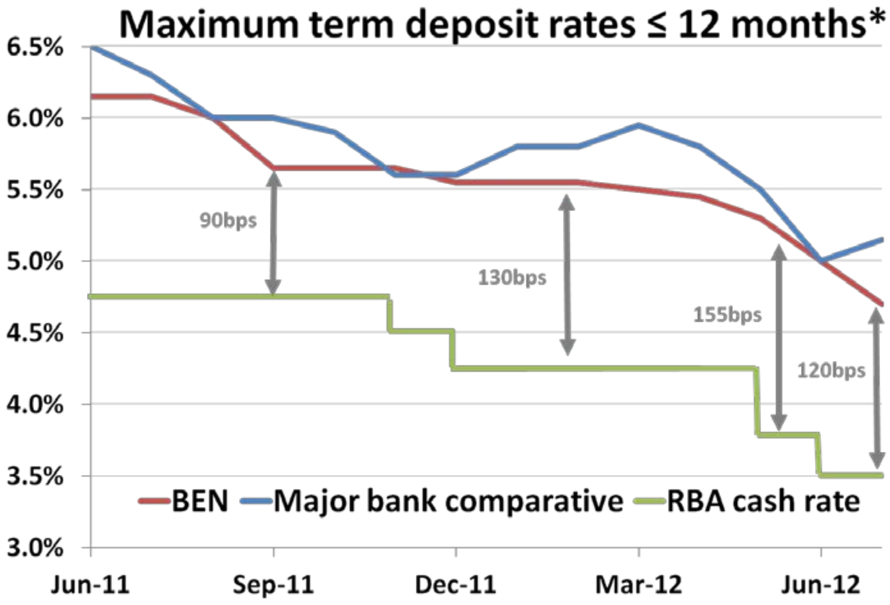
Bendigo and Adelaide Bank

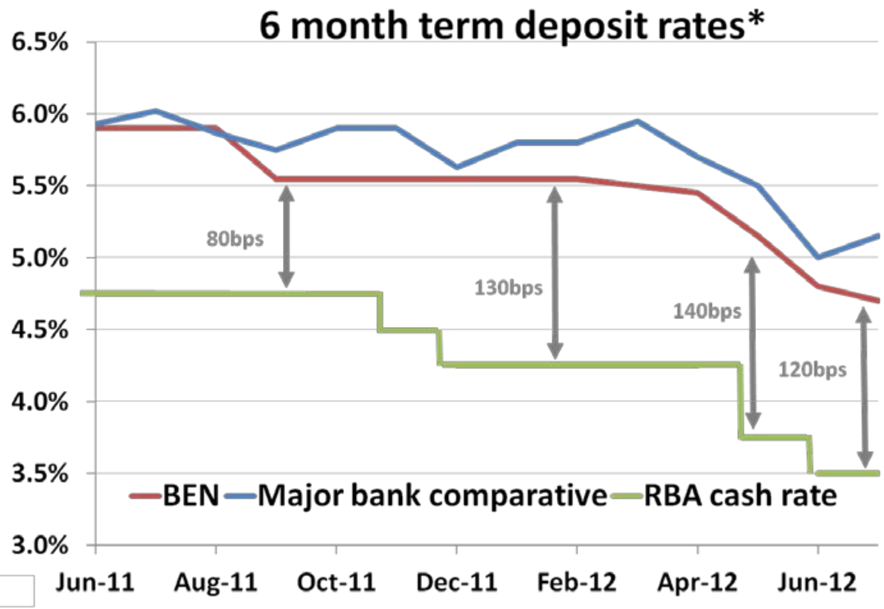
Net interest margin



Financial overview

Marginal retail funding





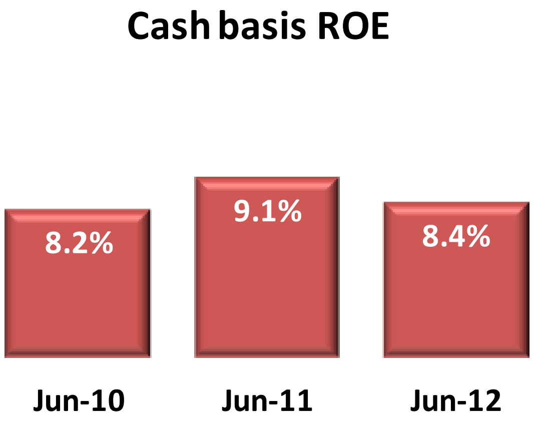
Financial overview

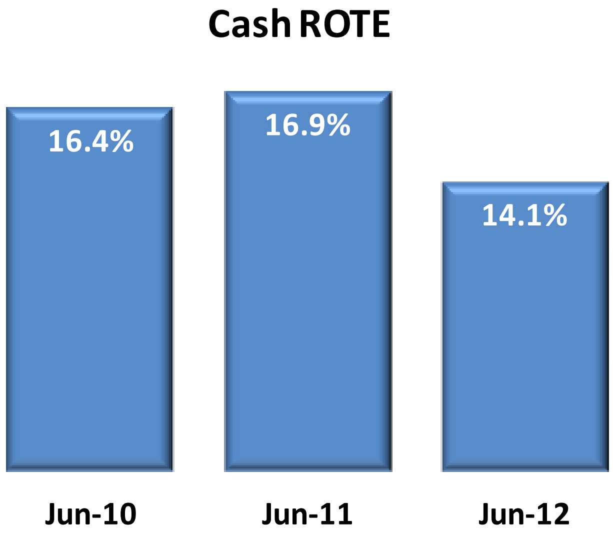
Bendigo and Adelaide Bank

*Source: Company data

Return on equity (ROE) and return on tangible equity (ROTE)

- Maintain ROTE discipline on investments and initiatives
- Medium-term returns to be driven by strong ROTE, and efficiency focus
- December 2011 capital raising impacted 2H2012 figures
- Focus on non-dilutionary capital management initiatives
- Basel II advanced initiative underway





Financial overview

Bendigo and Adelaide Bank

•Return on Equity (ROE) is the net income returned as a percentage of shareholders equity
•Return on Tangible Equity (ROTE) is the net income returned as a percentage of shareholders equity excluding intangible assets such as goodwill

Efficiency focus remains

Cost-to-income (CTI)

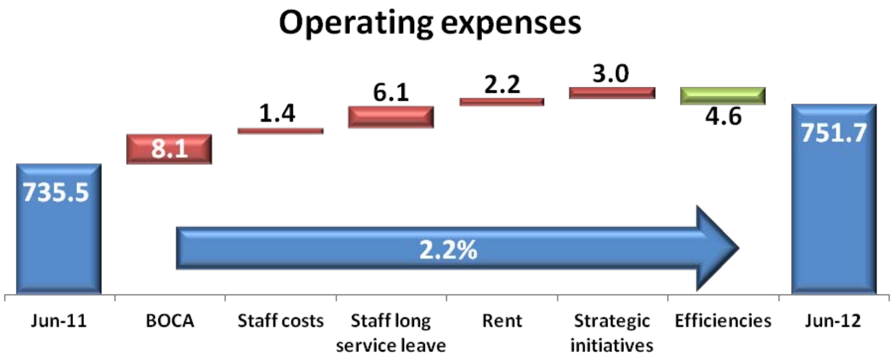
- Increased CTI primarily a factor of new initiatives and lower income
- CTI of 59.1% for June-12 (including BOCA)
- Long-term target of 55% remains
- Cost to average assets shows continued improvement

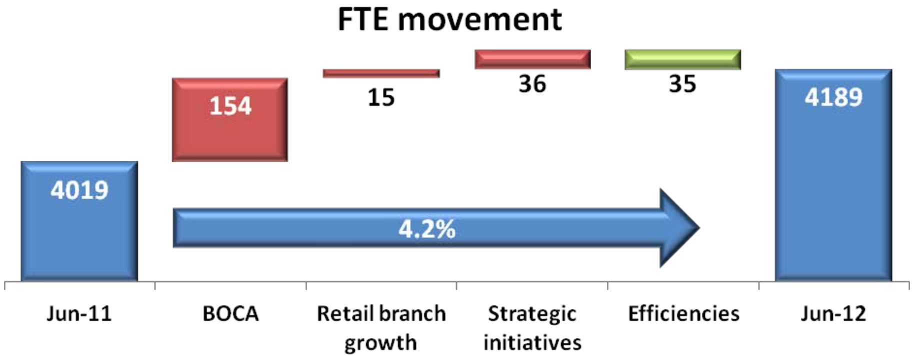
Staff movement

- BOCA and strategic initiatives including Basel II advanced project key drivers of increase in FTE's

Operating expenses

- Operating expenses (ex BOCA) up only 1.1%
- No Executive STI bonus pool

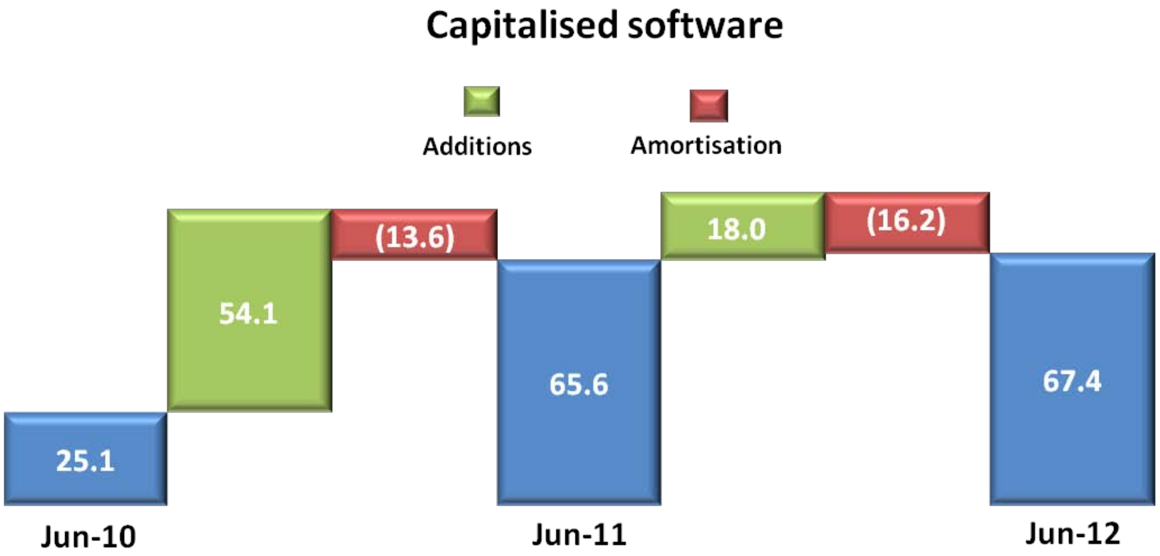




Financial overview

Capitalised software

- Capitalised software held flat FY12
- FY11 increase includes significant investment in customer facing systems (not core banking systems)
- Investment in Basel II Advanced systems will lead to further growth

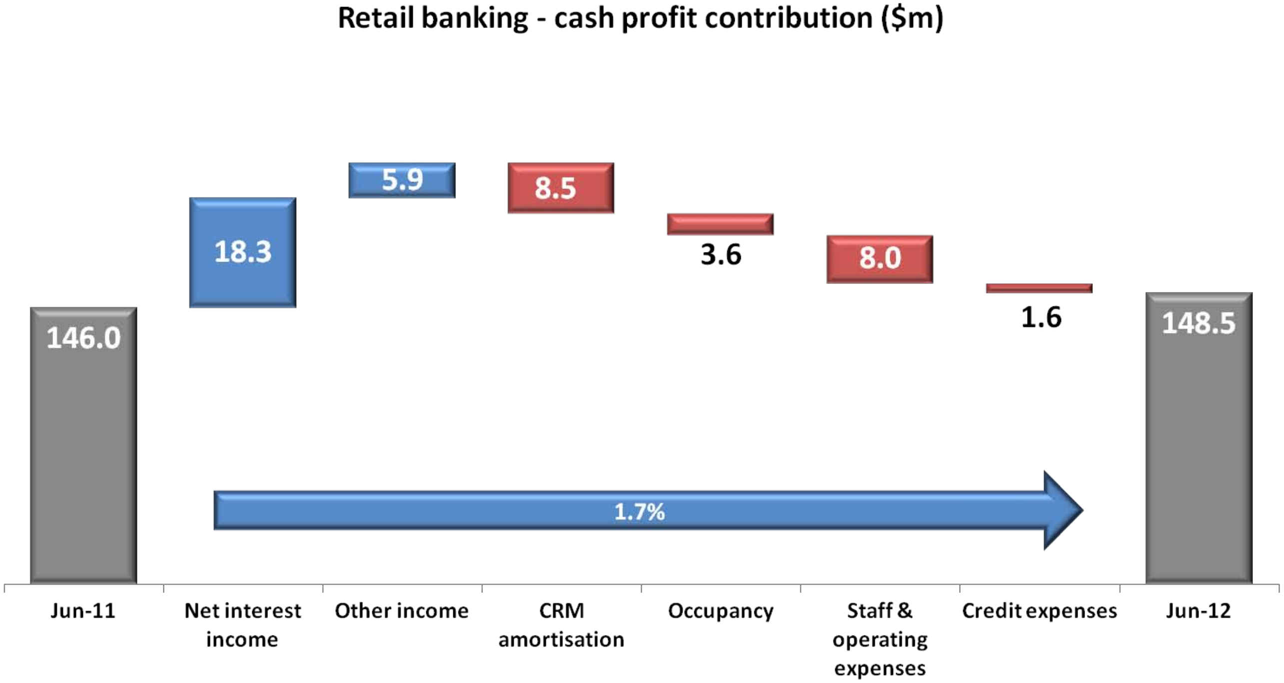


Financial overview

Bendigo and Adelaide Bank

Bendigo Bank

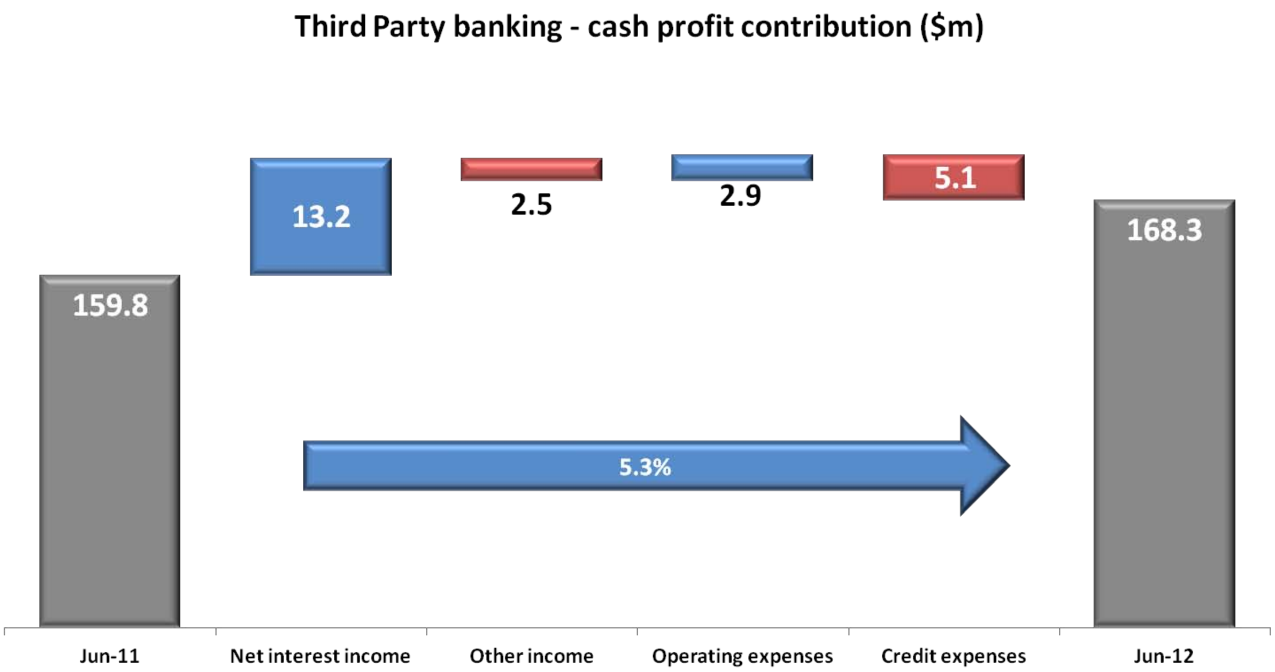
- Profit up 1.7% vs pcp
- Increased allocation of central costs – amortisation of new CRM system
- Continued investment in branch distribution
- Interest income reflects volume off-setting margin compression
- Credit quality remains sound



Financial overview – retail banking

Bendigo and Adelaide Bank

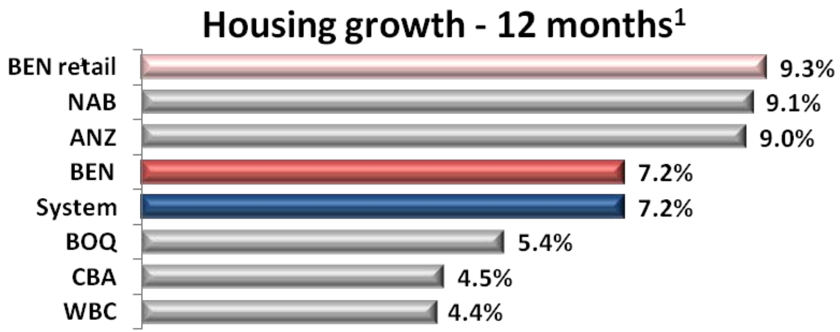
- Profit up 5.3pc v pcp driven by portfolio growth
- Operating expenses reduced
- Scalable business model, with sustainable commission structure

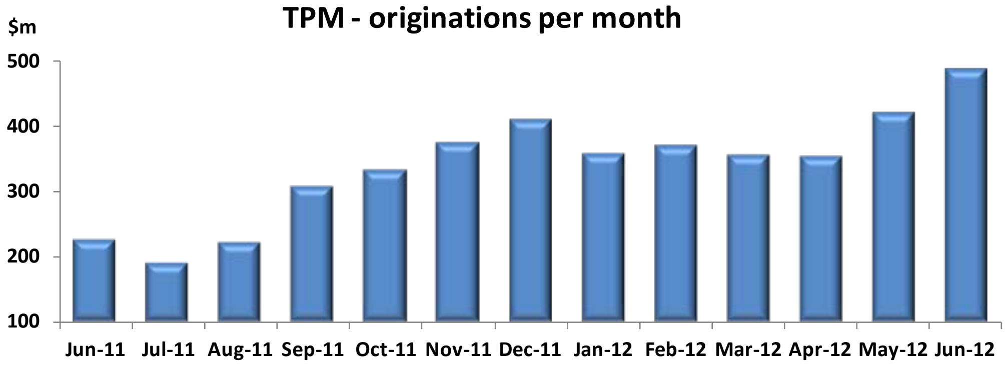


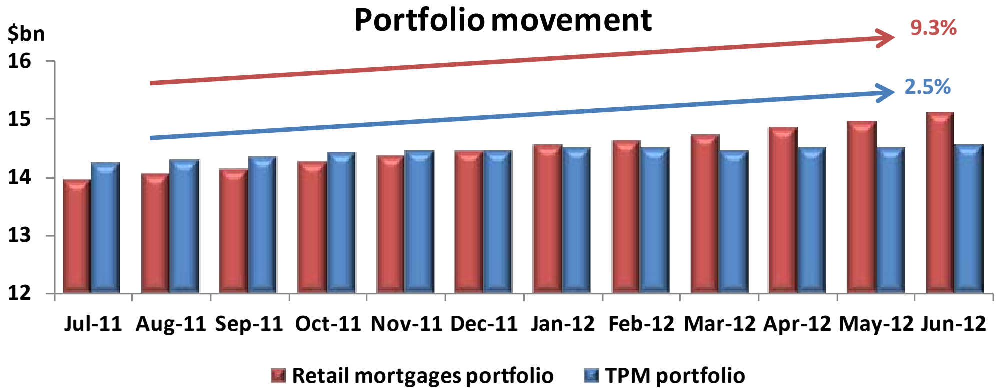
Financial overview – third party banking

Momentum in mortgages

- Retail mortgage growth above system
- Third party mortgages have faced strong price competition in FY12, however monthly originations starting to improve







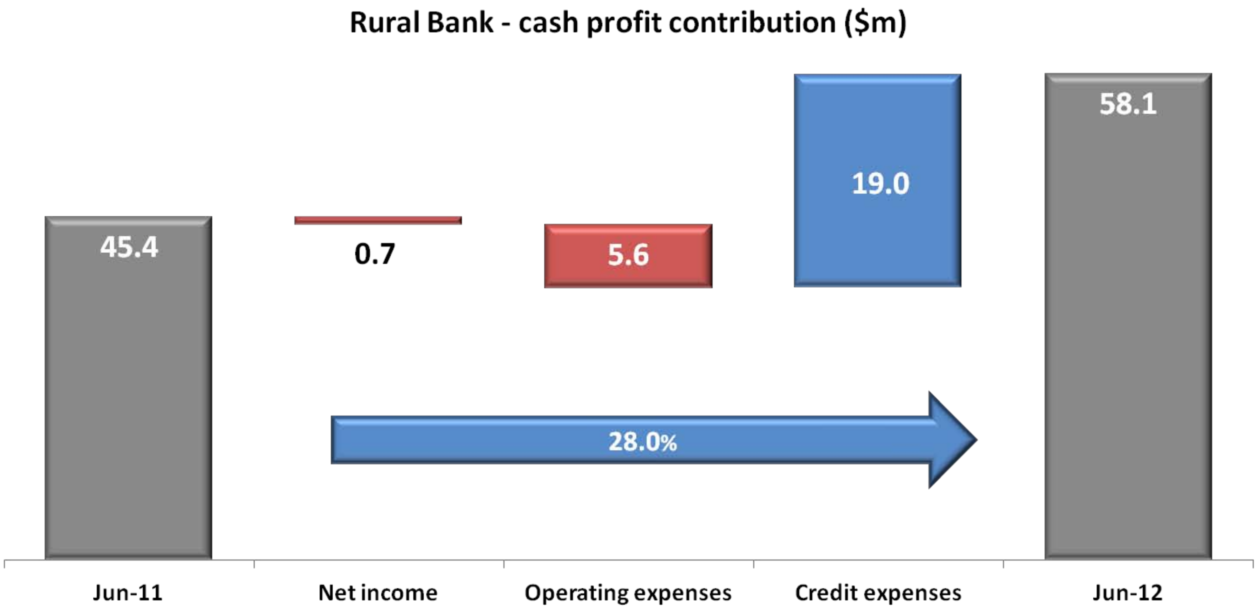
Financial overview – retail mortgages

Bendigo and Adelaide Bank

1. Source: APRA statistics June 2012.
2. BEN housing growth of 9.3% is for retail origination channel only

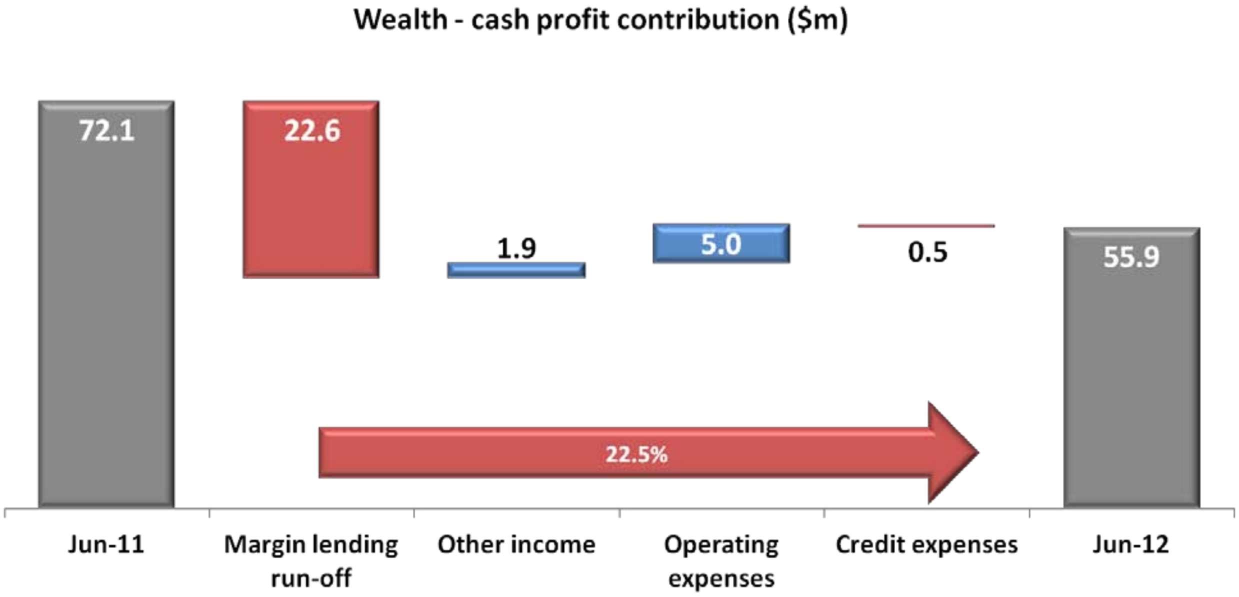
Financial overview – Rural Bank

- Profit up 28pc v pcp
- Credit expenses returned to long-term average
- Further growth potential through distribution alliances
- Roll-out of Australia Post distribution continues
- Expense growth largely reflects investment in distribution



BendigoWealth

- Profit down 22.5pc v pcp
- Material fall in interest income due to $868m reduction of margin lending portfolio
- Improvement in operating costs and other income
- Resources re-allocated from Margin Lending

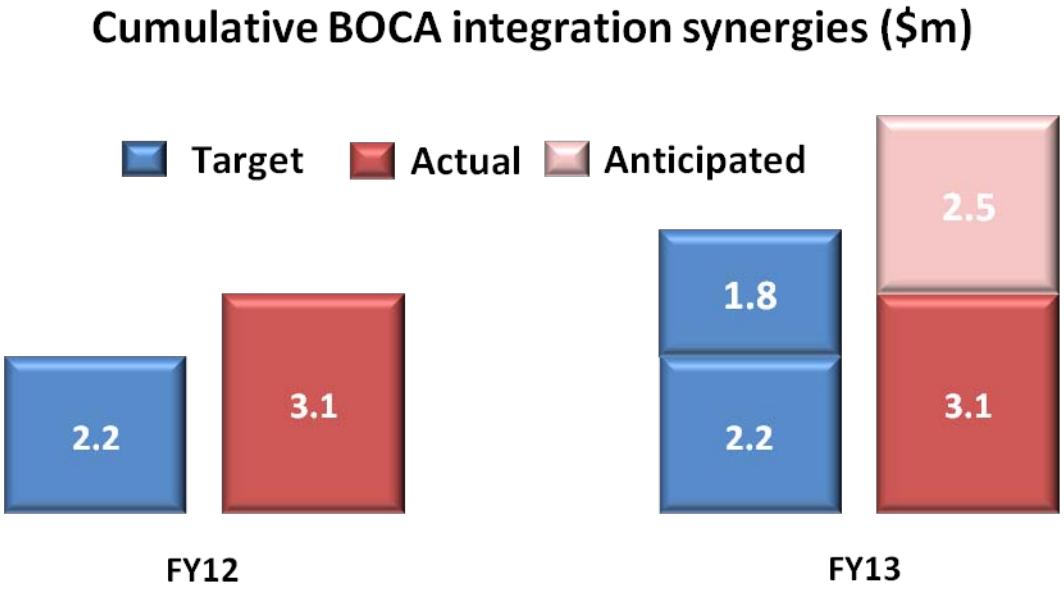


Financial overview - wealth

Bendigo and Adelaide Bank

Bank of Cyprus integration

- Transfer of business completed 31 July 2012
- FY12 synergies exceeded target by over $800k
- FY13 target synergies also expected to exceeded
- Re-branding to be announced 1H13

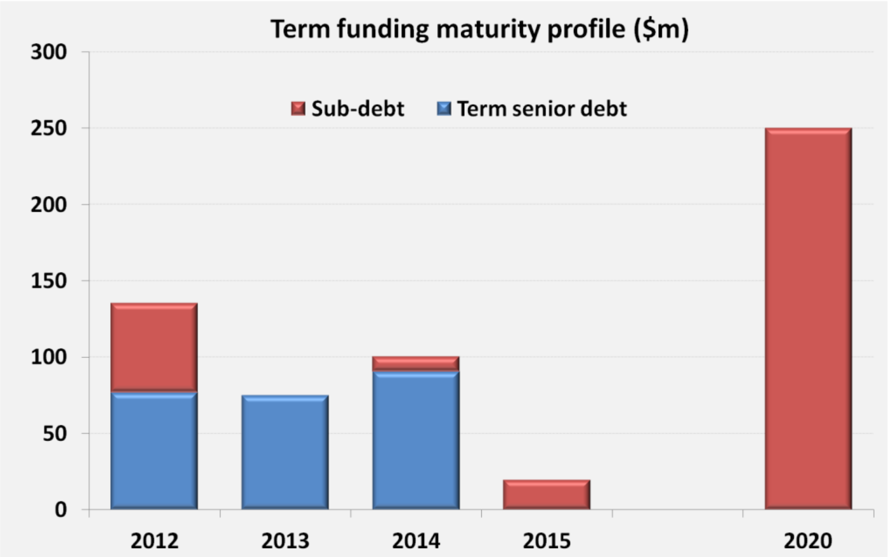


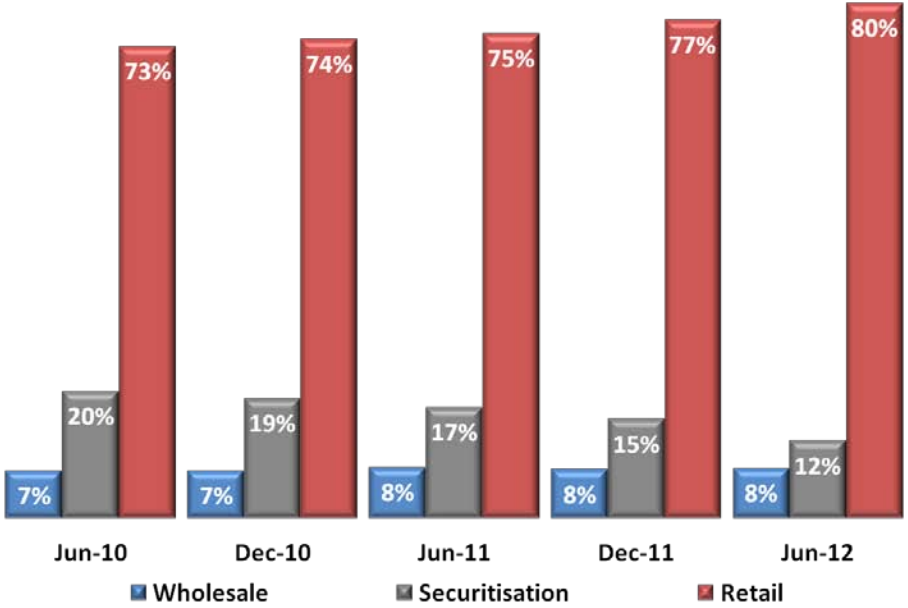
Financial overview – Bank of Cyprus

Bendigo and Adelaide Bank

Funding remains a strength

- No Government Guaranteed wholesale funding

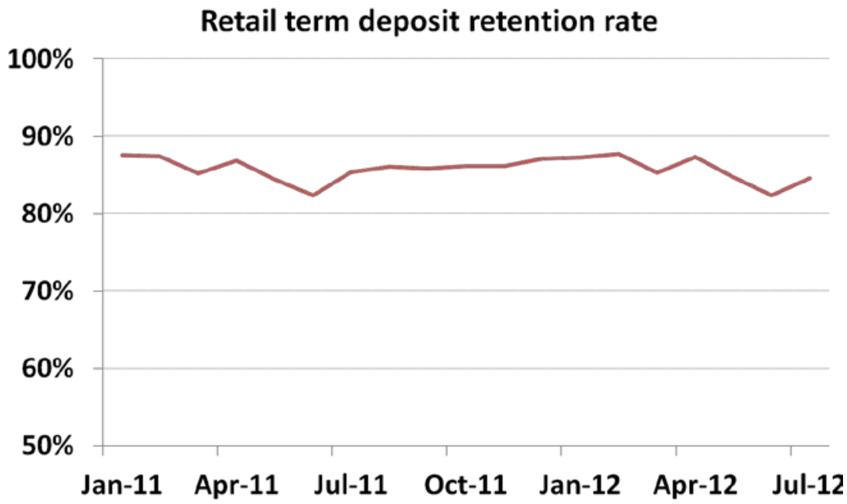


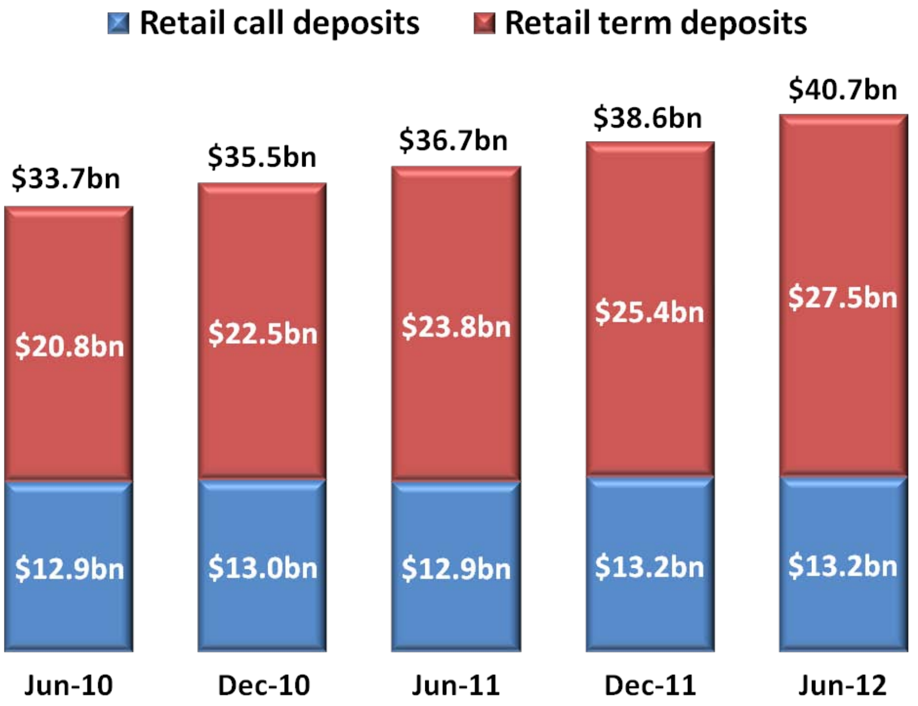


Financial overview

Retail deposits

- Term deposits priced to manage liquidity
- Successful growth and retention strategies in place
- Not a price leader – value proposition driven
- Term deposit retention rate consistently above 80%





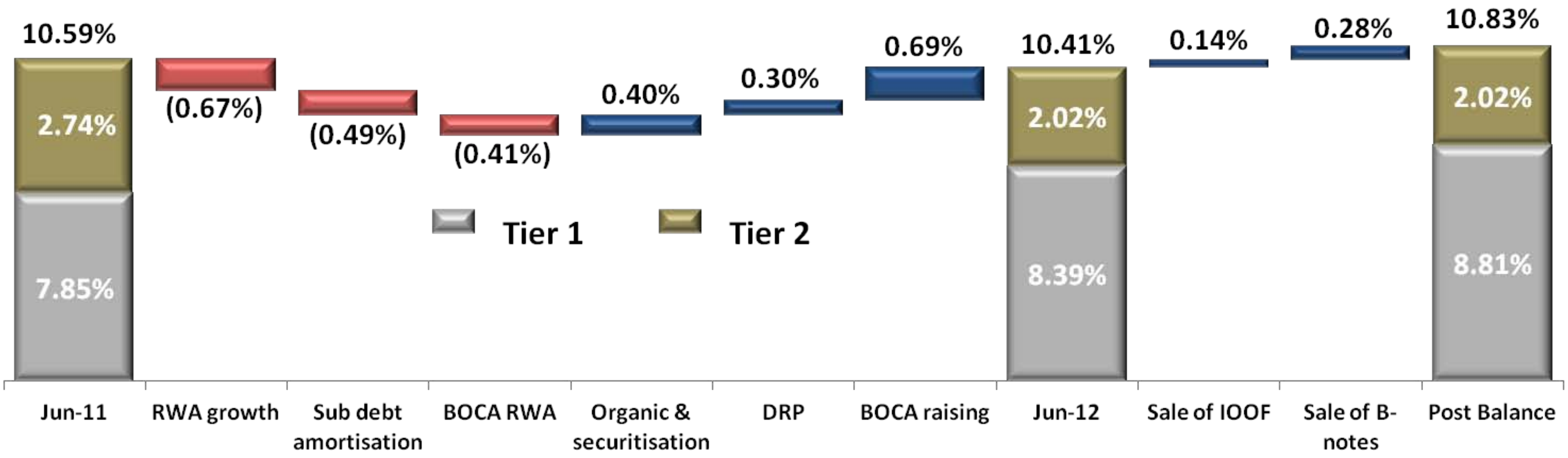
Financial overview

Bendigo and Adelaide Bank

*Source: Company data

Capital

- Material improvement in Tier 1 capital ratios over the reporting period
- June 2012 Core Tier 1 approx 7.67%
- Pro-forma Core Tier 1 after capital initiatives approx 8.09%
- Significant hybrid capacity to improve capital efficiency (subject to market conditions and relevant board and regulatory approvals)

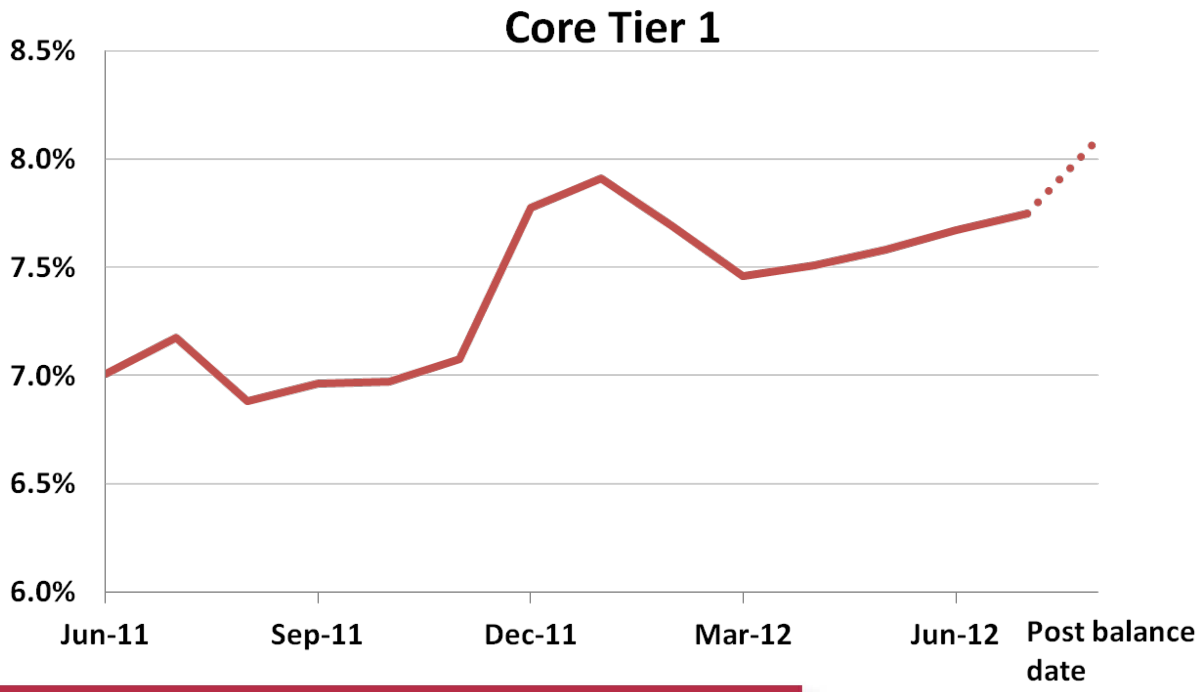


Financial overview

Bendigo and Adelaide Bank

Core Tier 1 materially higher

- Continuing improvement in Core Tier 1 levels
- Post balance date initiatives:
  - IOOF and B-note sale
- August 17 Core Tier 1 of 8.09%



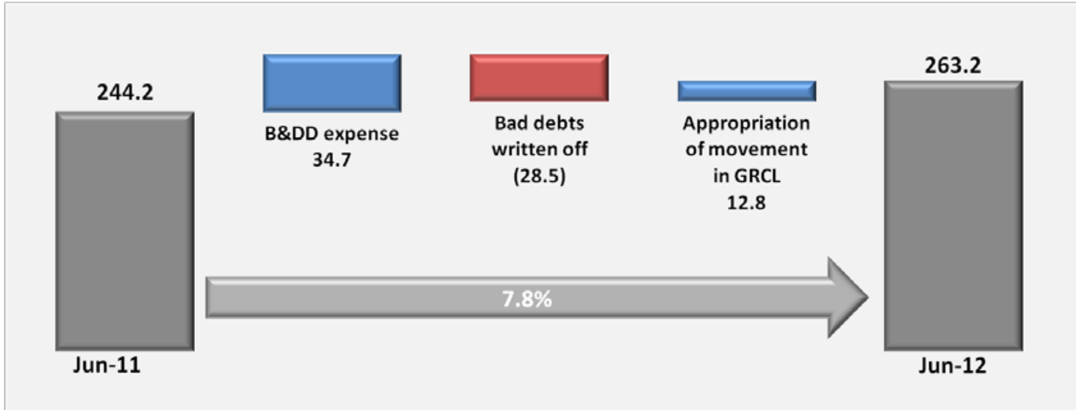
Financial overview

Bendigo and Adelaide Bank

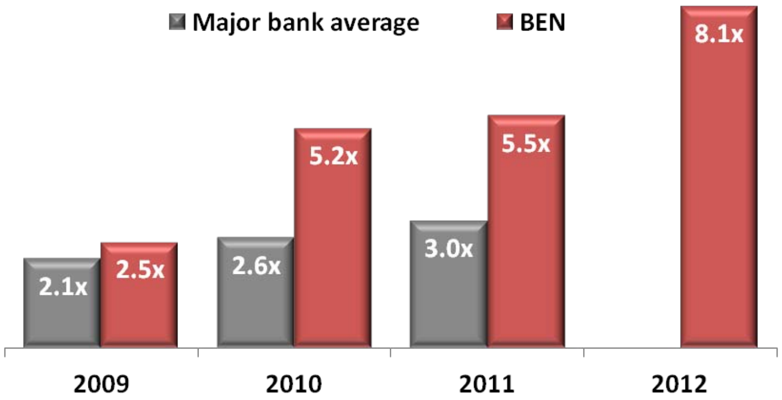
Provisioning has grown and remains conservative

- Provisioning reflects conservative low risk nature of portfolio, prudent underwriting standards and benign bad debt experience
- Impaired assets flat
- Economic overlay increased to $5.5m

Total provisions and reserves for doubtful debts ($m)



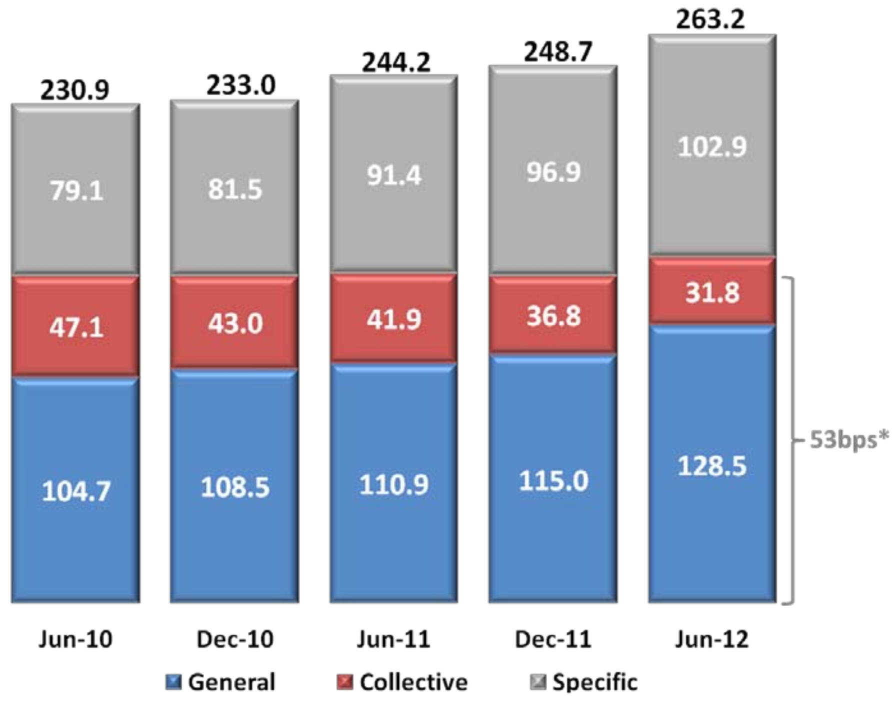
Provisions cover of bad debt expense (x times)[1]



Financial overview

1. Source: Company disclosure

Total provisions and reserves for doubtful debts ($m)

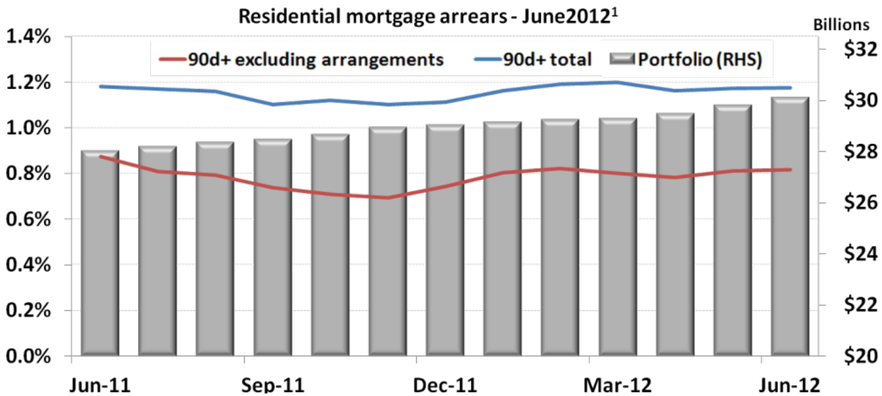


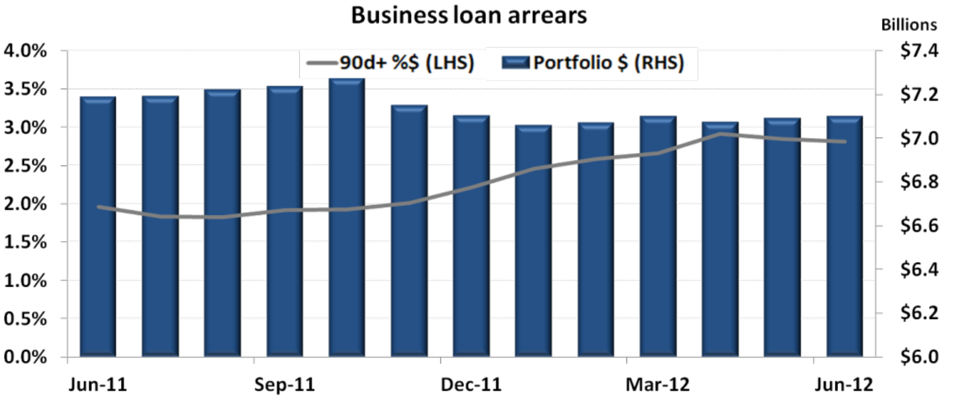
- Total provisions increased $14.5 million over the past six months
- Rural Bank specific provisions have increased to $38.9m (Jun-12) vs $33.7m (Dec-11)
- Great Southern represents $20.7m of total provisions
- Collective reduction due to lower losses in the mortgage and personal lending portfolios

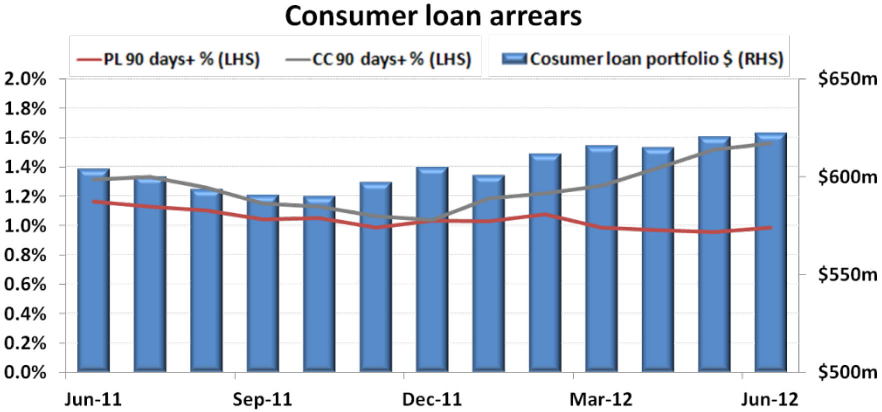
Financial overview

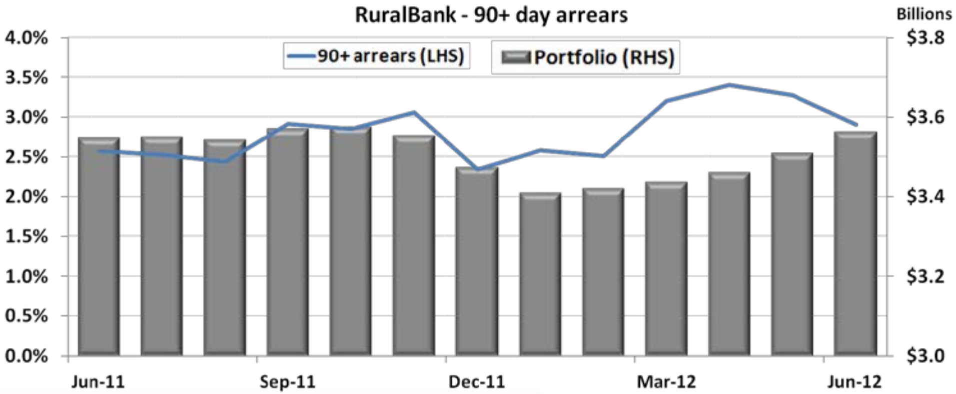
Bendigo and Adelaide Bank

*Collective provision (adjusted for tax) and GRCL to risk-weighted assets









Financial overview

Bendigo and Adelaide Bank

1. '90d+ excluding arrangements' data only excludes those retail residential mortgage arrangements from October 2011 to June 2012

Mike Hirst

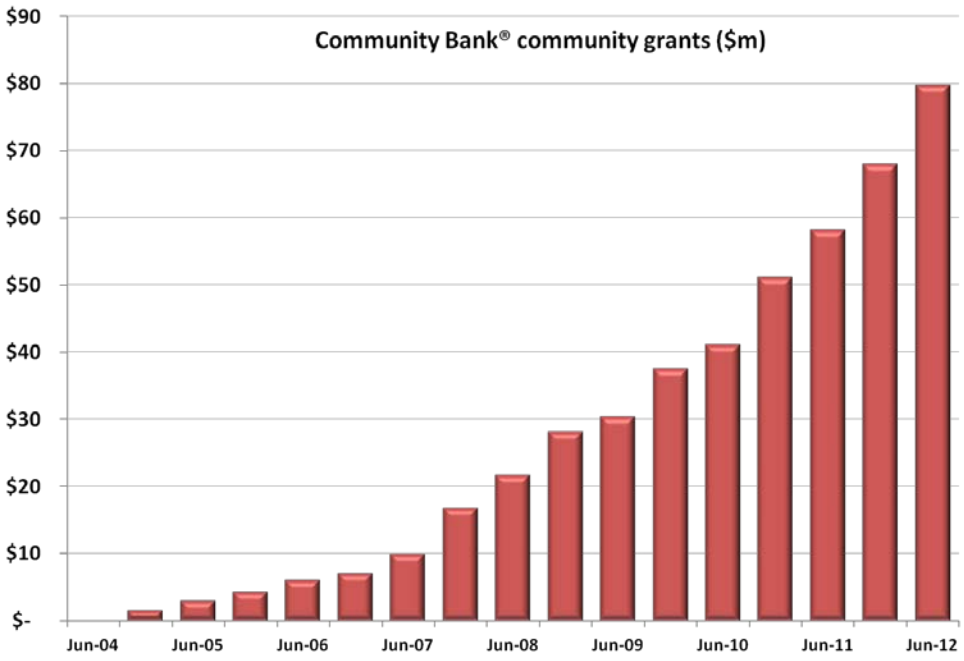
Group Managing Director

Strategy and outlook

Bendigo and Adelaide Bank

We have built a model that provides opportunity and growth

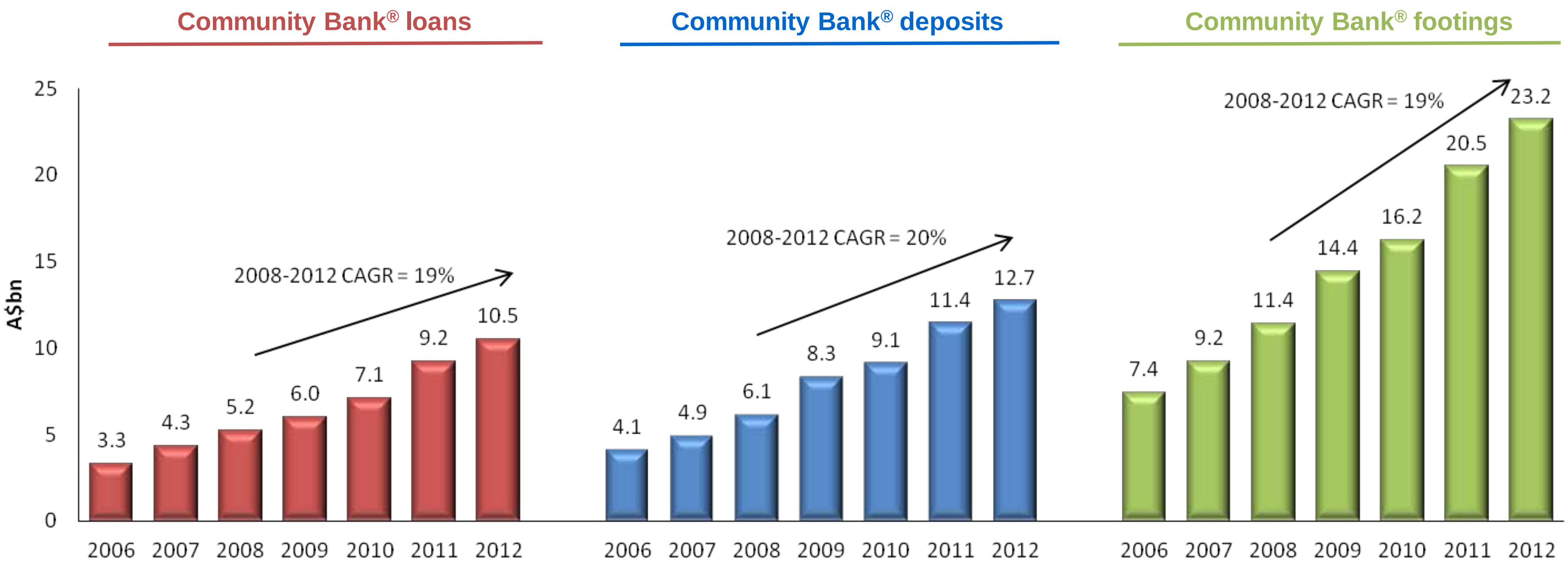
- Communities have proven to be great partners in banking, and together we have opened more than 290 **Community Bank**® branches in 12 years (more than 60 in the last three years)
- More than $80m in community grants over 12 years (more than $50m in the last three years)
- Provides banking services to more than 90 communities where there is no alternative provider
- Proven, reliable and cost effective distribution strategy
- Continued demand for new branches



Strategy and outlook

Bendigo and Adelaide Bank

Community Bank® footings growth

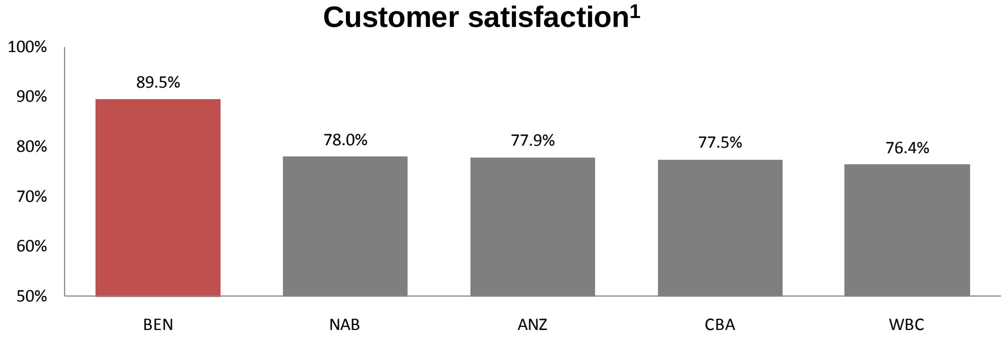


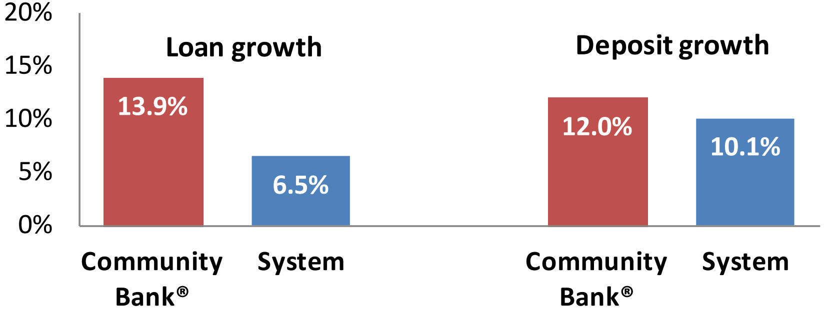
Strategy and outlook

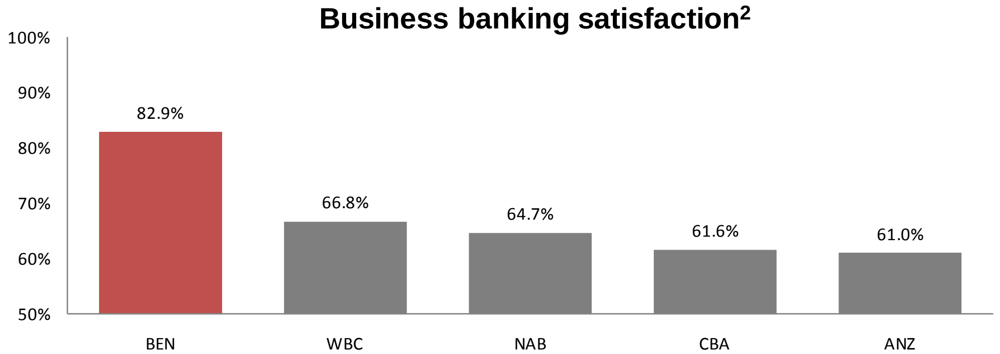
Bendigo and Adelaide Bank

Robust foundations for volatile times

- Continued maturation of **Community Bank**® and retail network
- Opportunities in Bendigo Wealth
- Rural Bank recovery
- S&P rating upgrade in the past 12 months
- Brand, staff and customer advocacy







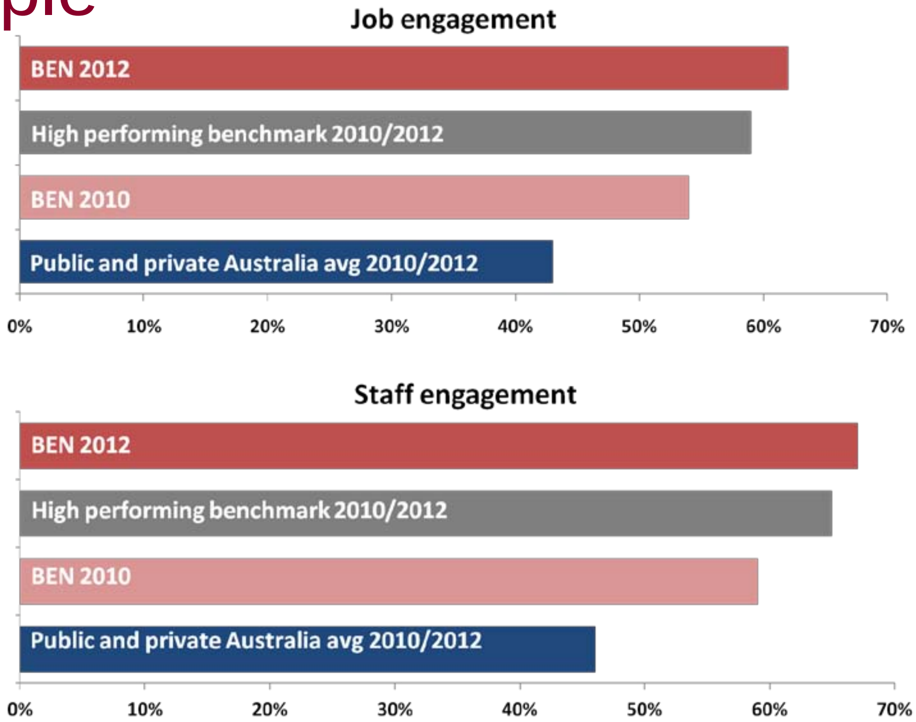
Strategy and outlook

Bendigo and Adelaide Bank

Notes: 1. Roy Morgan Research consumer banking in Australia report December 2011—main financial institution satisfaction
2. Roy Morgan Research business banking satisfaction survey May 2012 – main financial institution satisfaction

Vision supported by our people

- Superior and improving staff advocacy and engagement measures
  - 88% of staff are proud to work for BEN
  - 77% would recommend BEN as a great place to work
  - 17% improvement in overall engagement since 2010
  - 15% improvement in job engagement since 2010
- Low turnover of staff (8% vs 20% industry average)



Strategy and outlook

Bendigo and Adelaide Bank

Staff engagement reflects an employee's connection with and contribution to the success of the organisation and it is a key driver of organisational effectiveness.

In summary….

- Performance in line with industry experience
  - Providing a sound platform for growth
  - Material improvement in capital position with opportunity for further efficiency
  - Maintaining industry-leading funding profile
  - Strong liquidity position
- Maintenance of high credit standards
- Recent ratings upgrades vindicate long-term approach
- Opportunistic investment in growth opportunities
- General market conditions remain difficult
- Continue to scan for strategic bolt-on acquisitions

Outlook

Appendices

A well diversified business

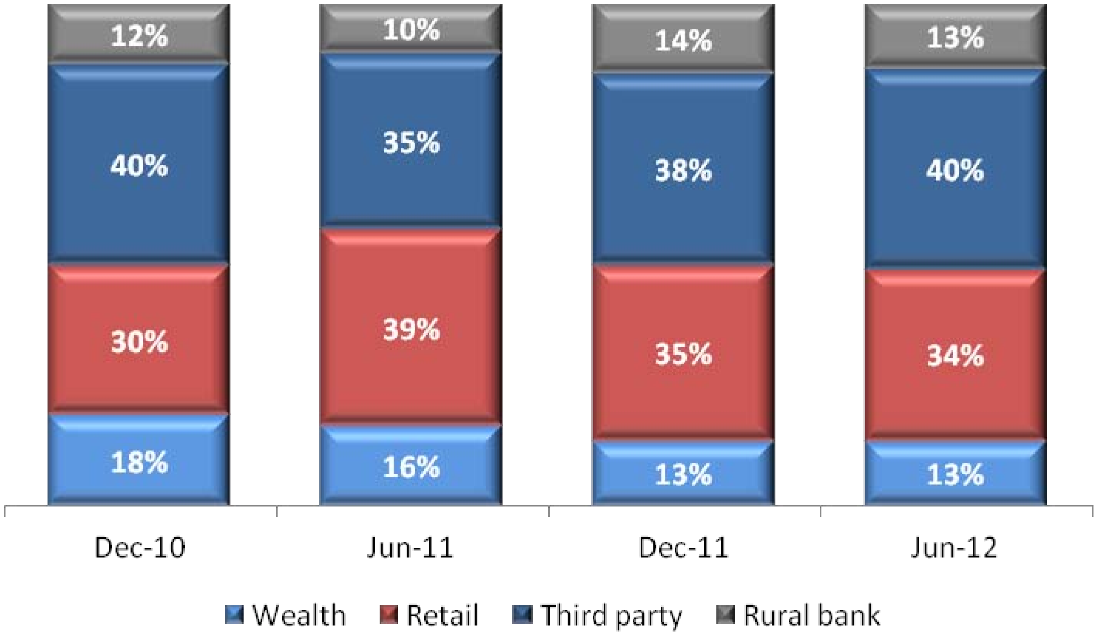
Business	Segment	Business conditions
Bendigo and Adelaide Bank	Domestic bank operating four distinct brands	• Difficult and uncertain market conditions remain • Unique community, customer, and partner proposition • Ratings upgrade reflects sound credit quality and capital position
Bendigo Bank	Consumer and SME banking	• #1 banking brand for customer and business satisfaction, and advocacy • Unique business model – positioned for growth through business cycle • Liability-led strategy continues to perform • Retail residential mortgages growing above system
Adelaide Bank	Third party channel	• Strong independent brand • Upgrading key systems • Origination channel of choice for many consumers

A well diversified business

Business	Segment	Business conditions
BendigoWealth	Margin lending, wealth management, superannuation	• Launch of 'SmartStart Super' • Independent provider of choice in select products • Increased investment in IT and distribution capability
RURAL BANK	Agri-business banking	• Growing brand and distribution • Long-term prospects for agricultural services strong • New distribution agreement with Australia Post
Bank of Cyprus Australia	Consumer and SME banking for Hellenic communities	• Settlement occurred 29 February 2012 • Diversified loan book • Strong strategic fit with BEN business model • Track record of organic loan growth and deposit retention

Half on half performance

- Retail, Third Party and Rural Bank continue to perform
- Wealth affected by loss of confidence in equity markets, resultant goodwill impairment of $95.1m
- Margin pressure due to deposit funding-hedging costs and asset mix

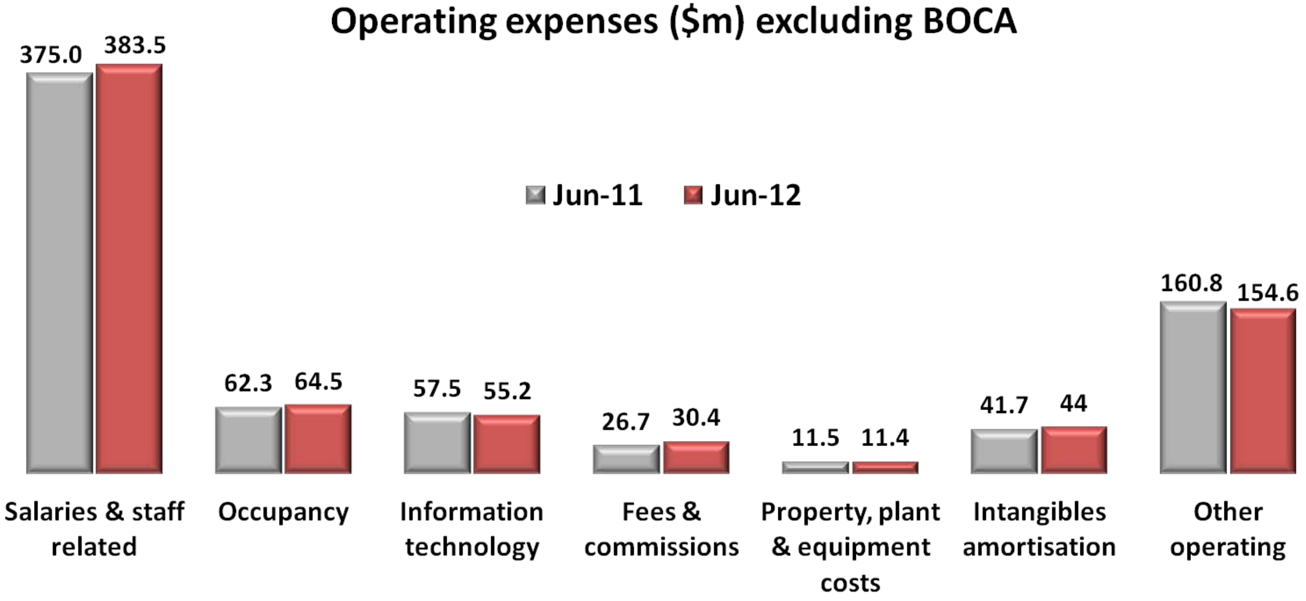


Overview

Bendigo and Adelaide Bank

Operating expenses

- Increase since June 2011 of 1.1pc (ex BOCA)



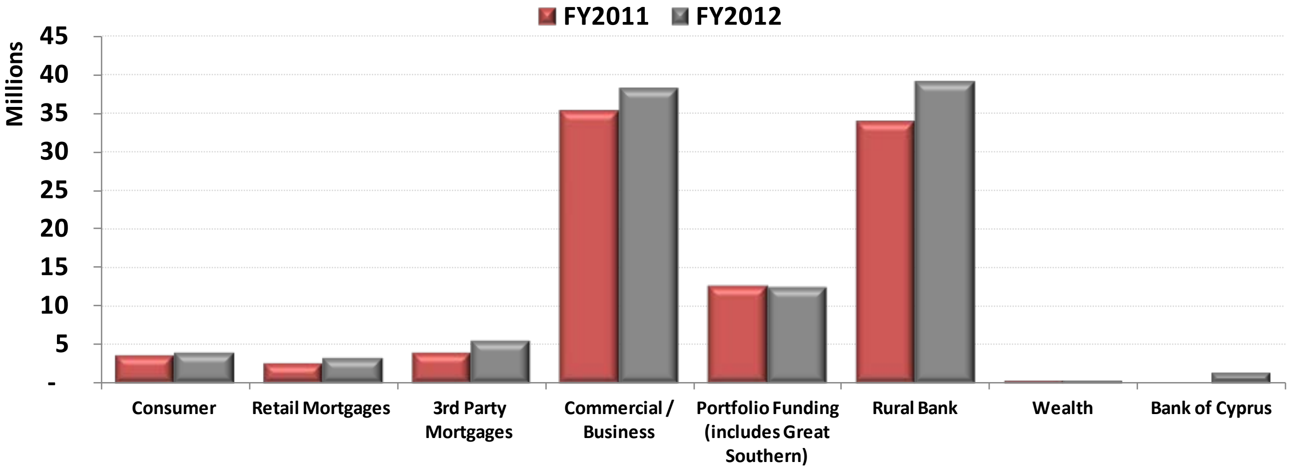
Financial overview

Bendigo and Adelaide Bank

Specific provisions

June 2012

Represented by

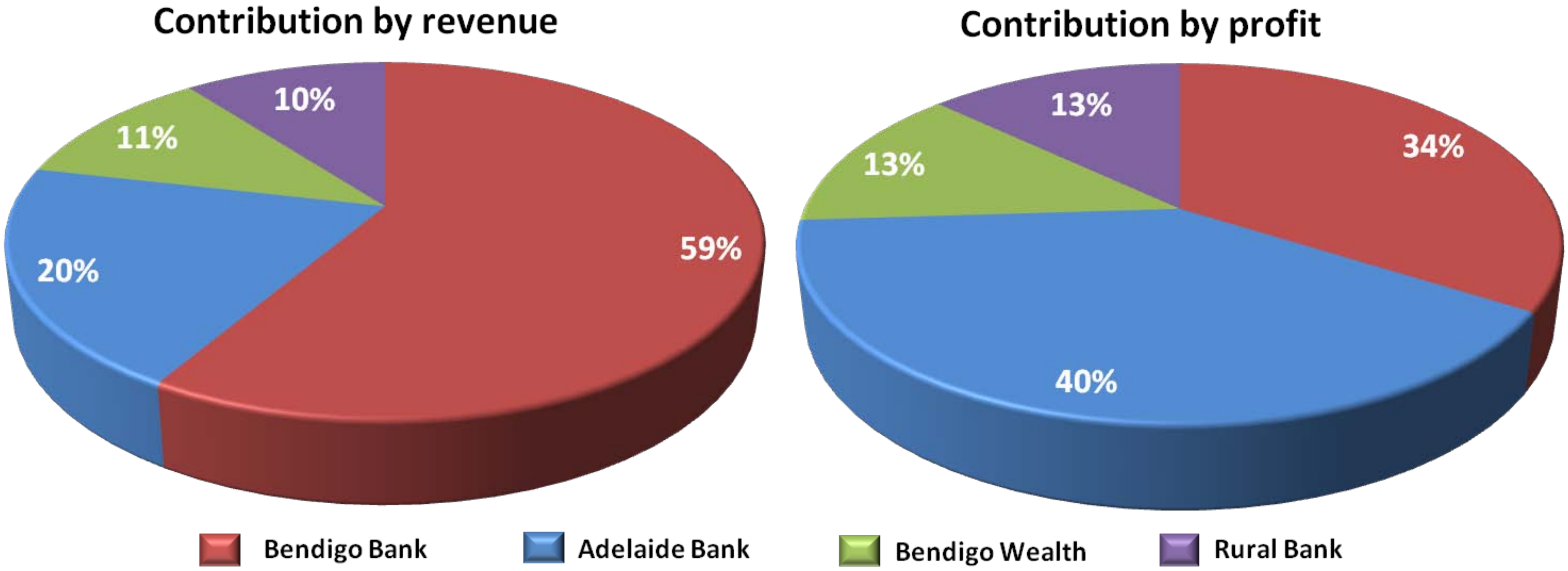


Provision as % of portfolio	Consumer	Retail Mortgages	3rd Party Mortgages	Commercial / Business	Portfolio Funding (includes Great Southern)	Rural Bank	Wealth	Bank of Cyprus	BEN total
FY2011	0.13%	0.02%	0.03%	0.48%	1.25%	0.97%	0.01%	n/a	0.20%
FY2012	0.15%	0.02%	0.04%	0.53%	1.29%	1.11%	0.00%	0.09%	0.21%
Portfolio as % of gross loans	5.42%	32.40%	30.30%	14.94%	2.00%	7.31%	4.87%	2.76%	100%

Business performance - credit

Bendigo and Adelaide Bank

A diversified business



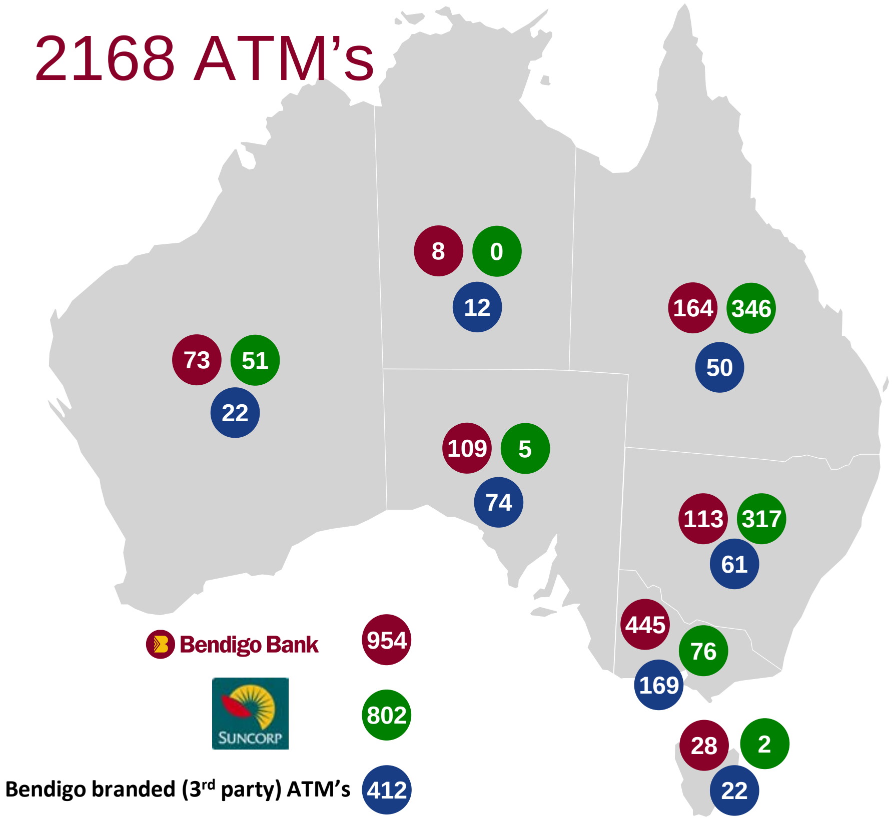
Business performance - financials

Bendigo and Adelaide Bank

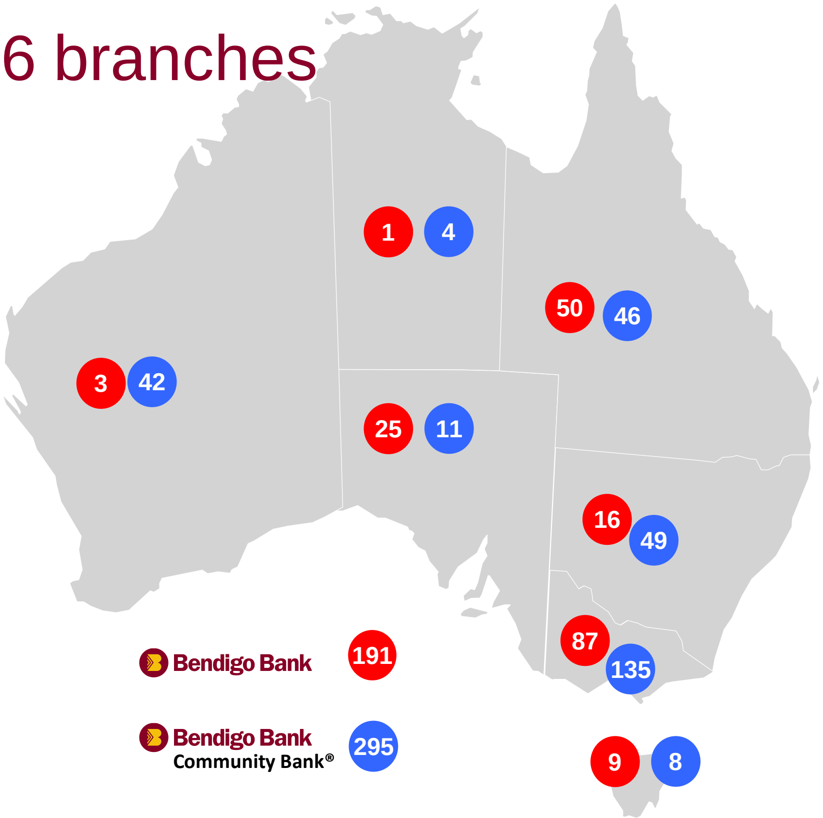
Note: Figures exclude central functions

Geographic spread

2168 ATM's



486 branches

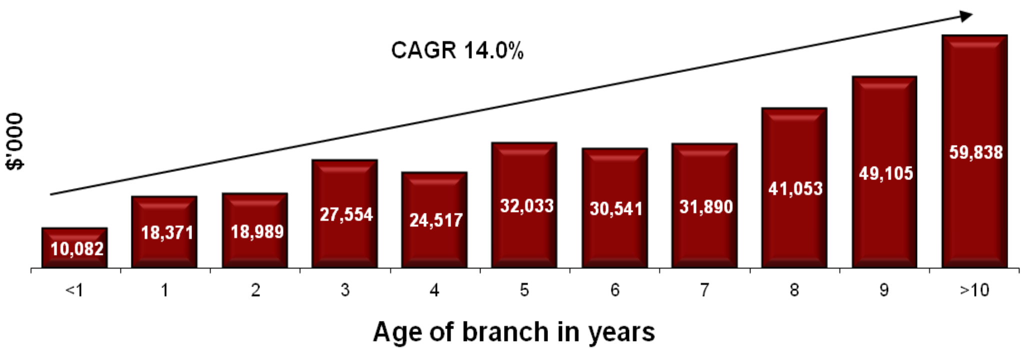


Bendigo and Adelaide Bank

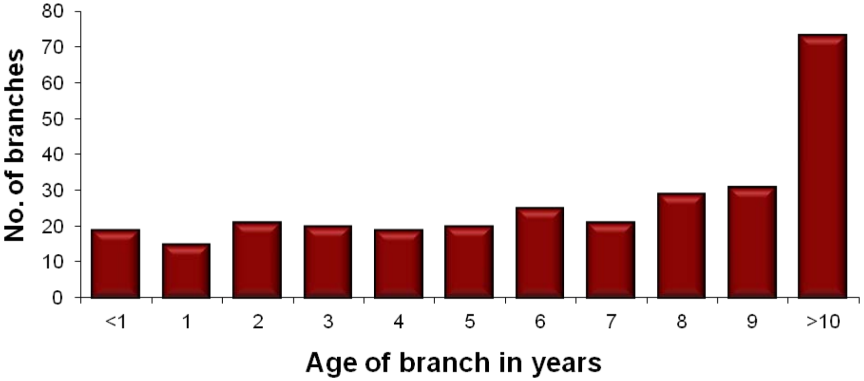
Systematic growth in retail

- 19 Community Bank® branches opened in FY2012
- 15-20 branches to be opened in FY2013
- Relatively immature network

Deposits per Community Bank® branch



Community Bank® branches by age

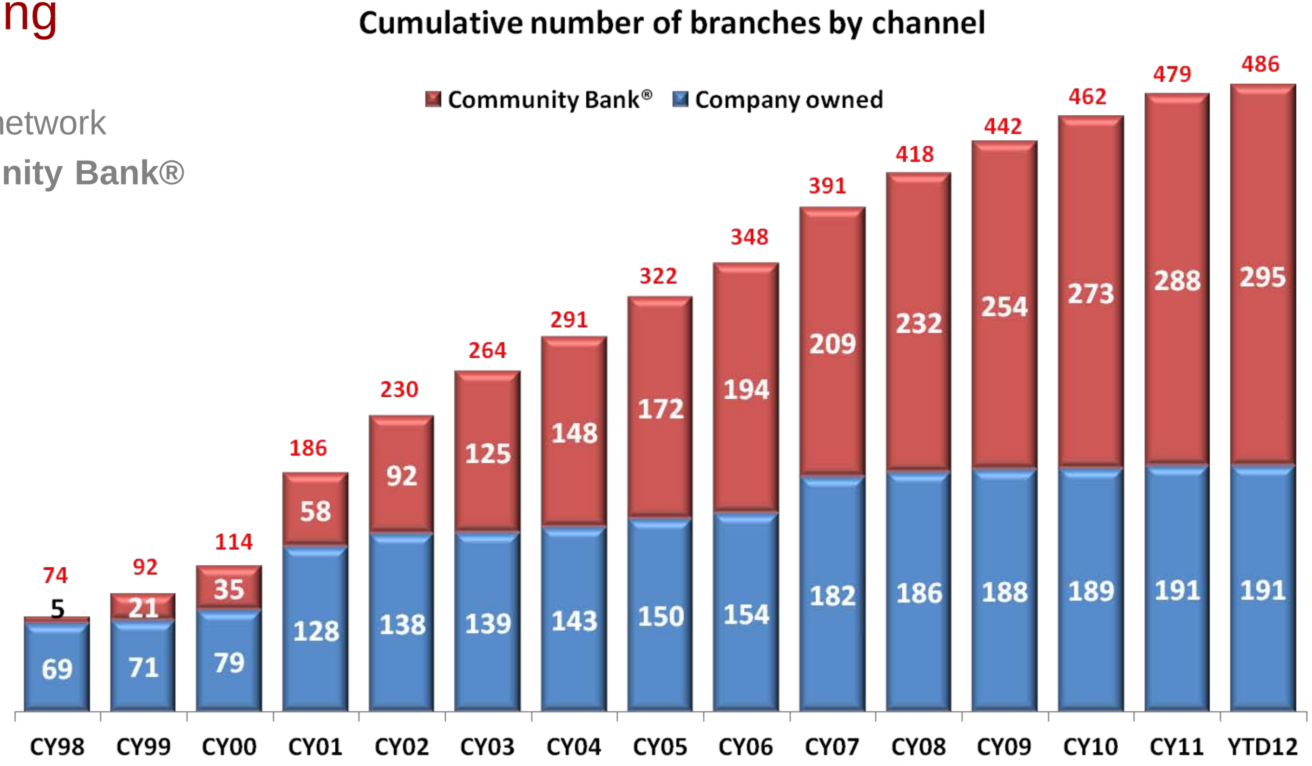


Community Bank® and retail

Bendigo and Adelaide Bank

Growth – retail banking

- Continued growth in retail network
- Strong pipeline for **Community Bank®** branches.



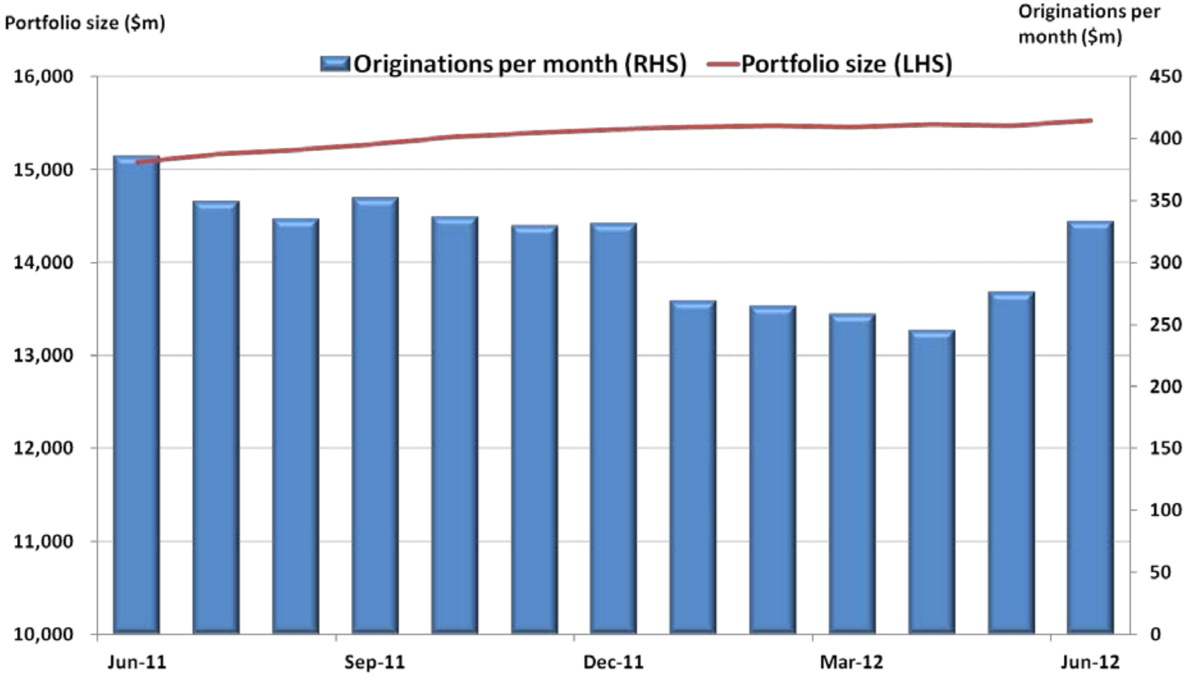
Retail banking

Bendigo and Adelaide Bank

Source: BEN internal data. Notes: 2001 includes FABS acquisition, 2007 includes ADB merger. Excludes alliances and private franchises.

Third-Party Banking

- Fewer competitors in the market
- Variable cost base
- Strong price competition in FY12

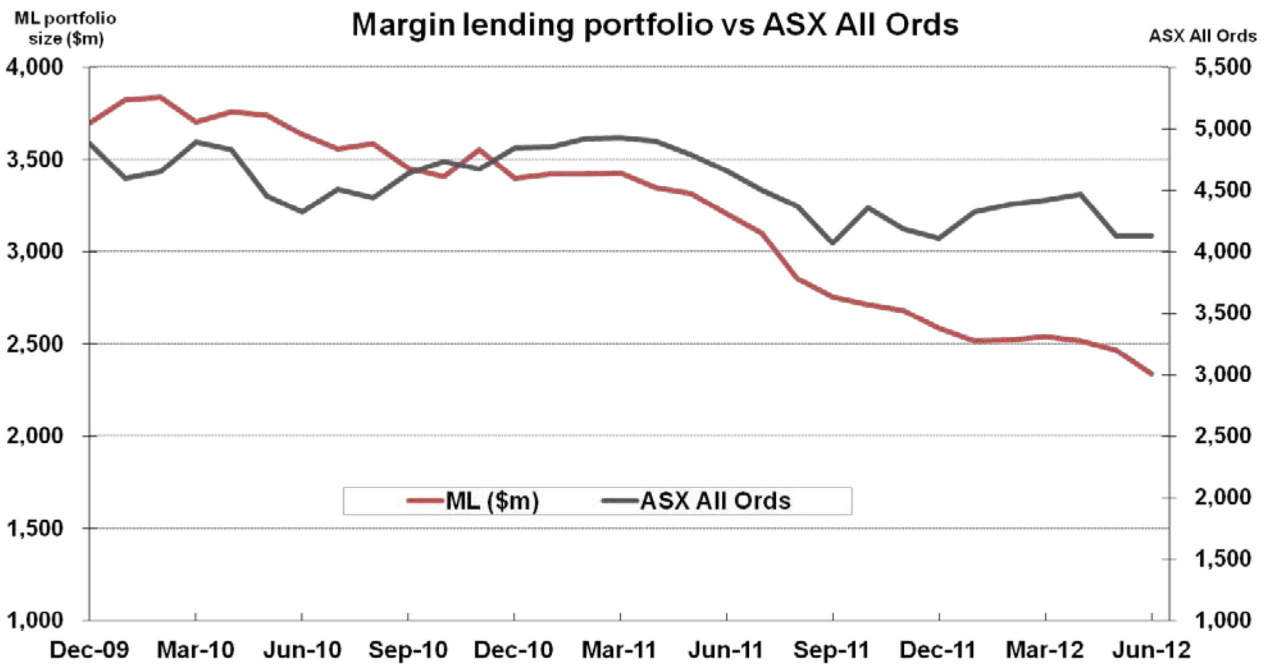


Third-Party mortgage business

Bendigo and Adelaide Bank

Margin Lending turnaround dependent on equity market risk appetite

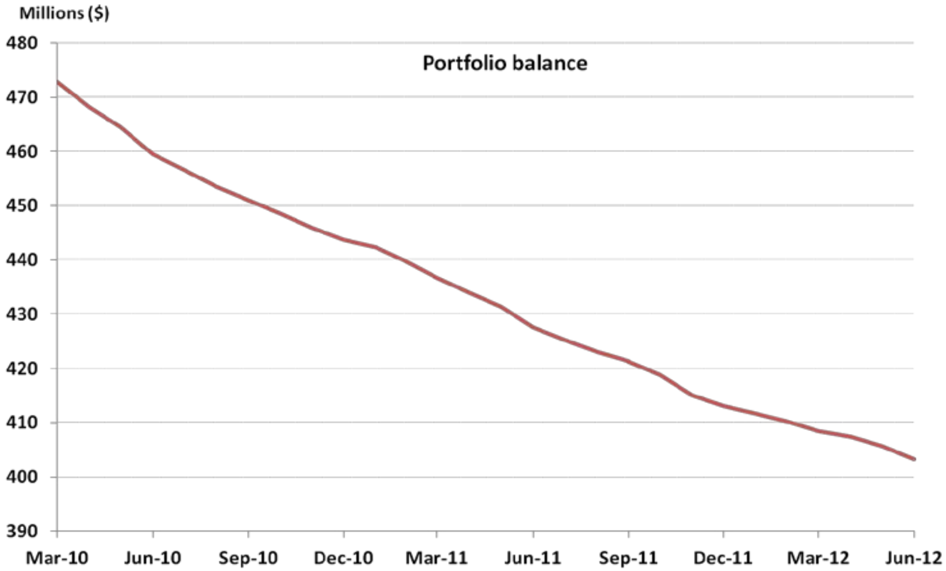
- Wealth business affected by lack of confidence in markets
- Write-down in business of $95.1m
- Strong long term relationships with many financial advisory firms
- Margins remain strong
- Continued excellent credit quality

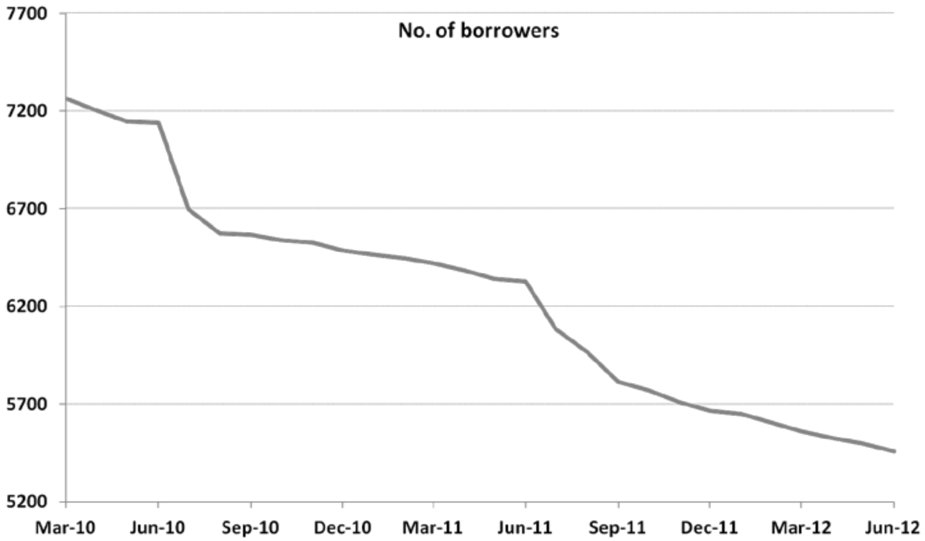


Business performance - wealth

Towards a resolution

- Reducing portfolio and borrowers
- Court date now set for M+K class action – October 2012



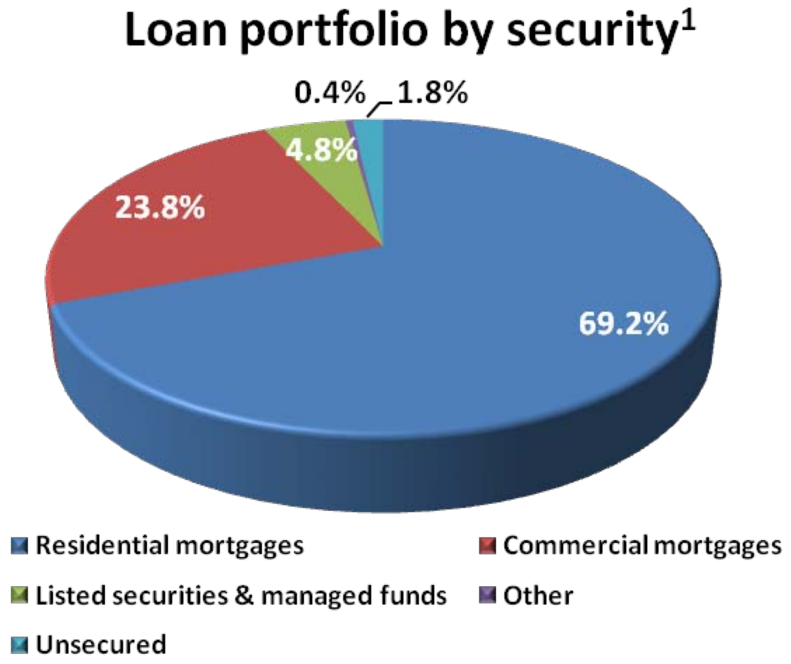


Great Southern

Bendigo and Adelaide Bank

Secure and low risk loan portfolios

- 98.2% secured
- 97.8% secured by mortgages and listed securities
- Residential lending
  - arrears have improved in FY12
  - average LVR 61.8%[2]
- Margin lending
  - average LVR 45%
  - 87% of portfolios held ≥ 4 stocks
  - negligible arrears

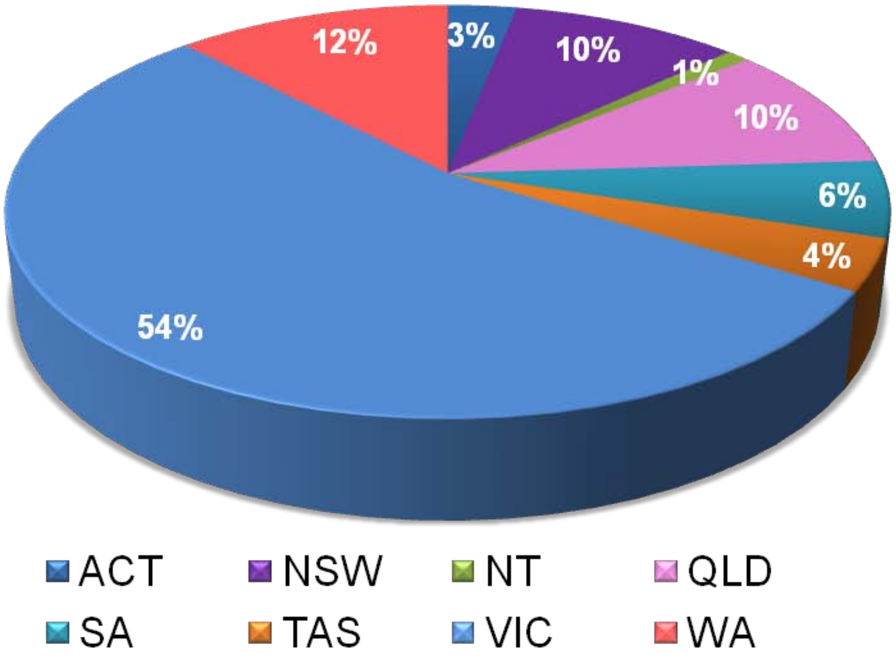


Credit

1. By security as at 30 June 2012.
2. At origination

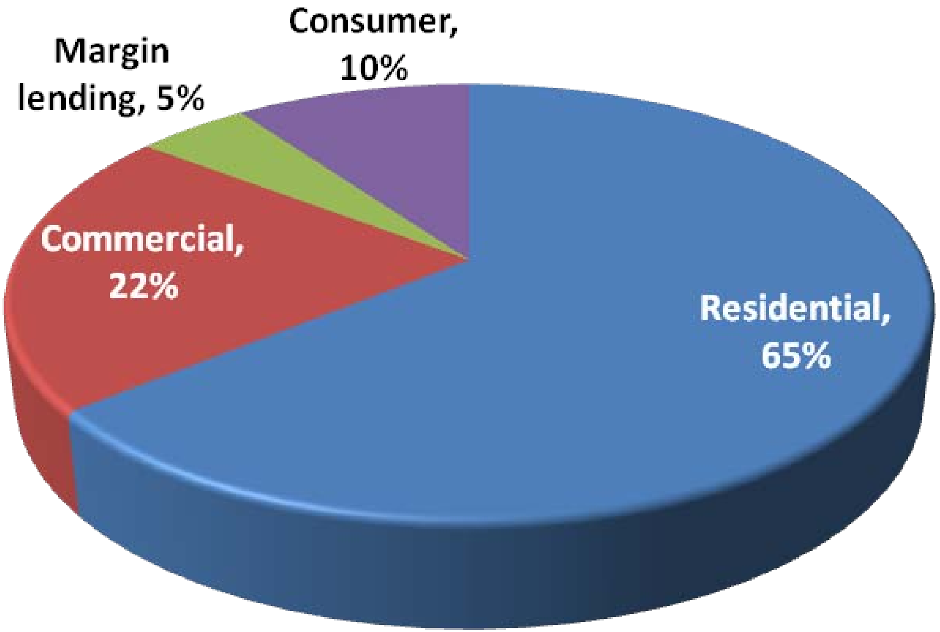
Construction portfolio

- $728m of loans (3.2% decrease since Dec-11)
- 1.5% of total loans
- $145k average loan size
- $33m largest loan size
- Geographic spread
- $40m impaired loans
- $6m in arrears (0.8% 90 days+)



Credit

Group exposures – total $48.8bn



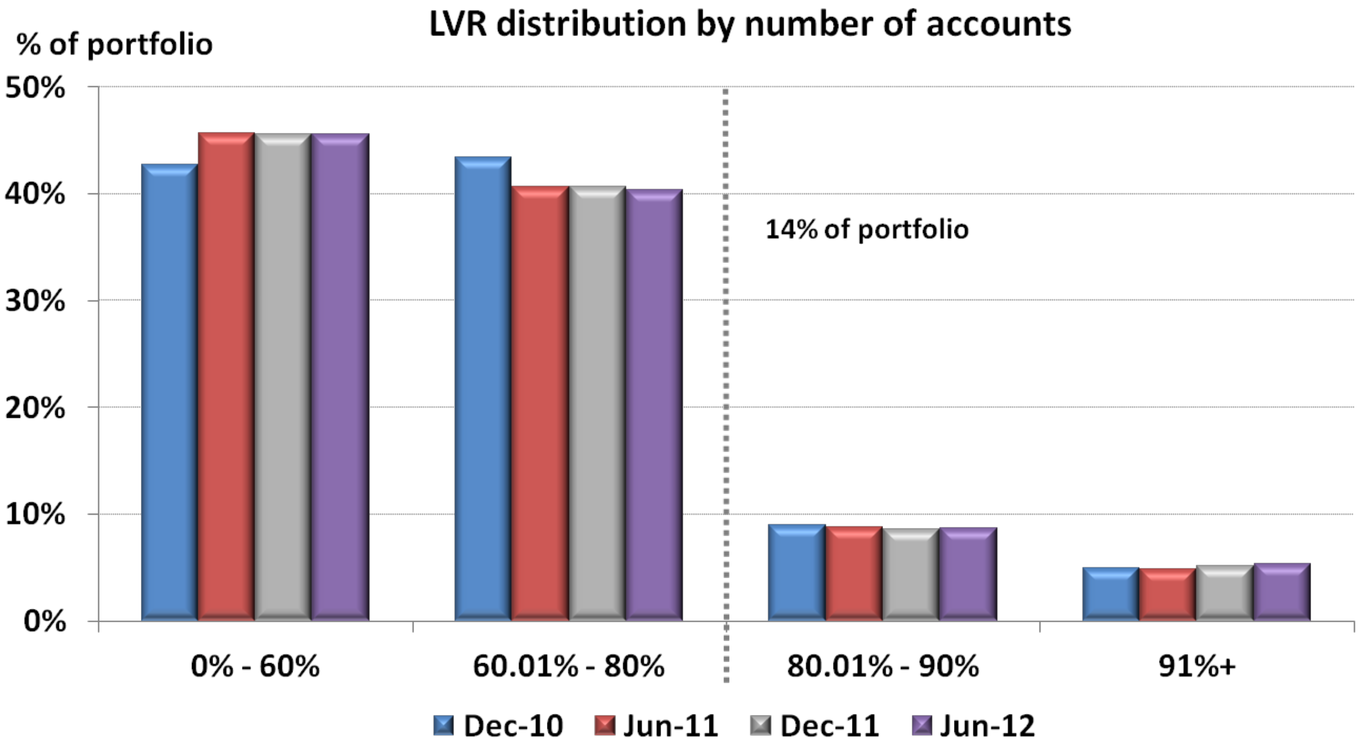
Mortgages	Jun-12	Dec-11	Jun-11
Owner occupied	63.2%	63.0%	62.7%
Investment	37.0%	37.0%	37.3%
Lo Doc	6.5%	7.0%	7.5%
Retail mortgages	51.7%	50.2%	49.4%
Third Party mortgages	48.3%	49.8%	50.6%
Mortgages with LMI	42.5%	42.7%	44.6%
Average LVR	61.8%	61.8%	61.8%
Average loan balance	$183k	$180k	$170k
90+ arrears inc arrangements	1.2%	1.1%	1.2%
90+ arrears excl arrangements	0.82%	0.74%	0.87%
Impaired loans	0.1%	0.09%	0.10%
Specific provisions	0.03%	0.03%	0.02%
Loss rate	0.03%	0.01%	0.02%
Variable/Fixed	79%/21%	79%/21%	78%/22%
First home owners % portfolio	8.5%	8.6%	8.9%
First home owners average LVR	71.2%	70.4%	NA

Credit

Note: All mortgage data above represented by loan purpose

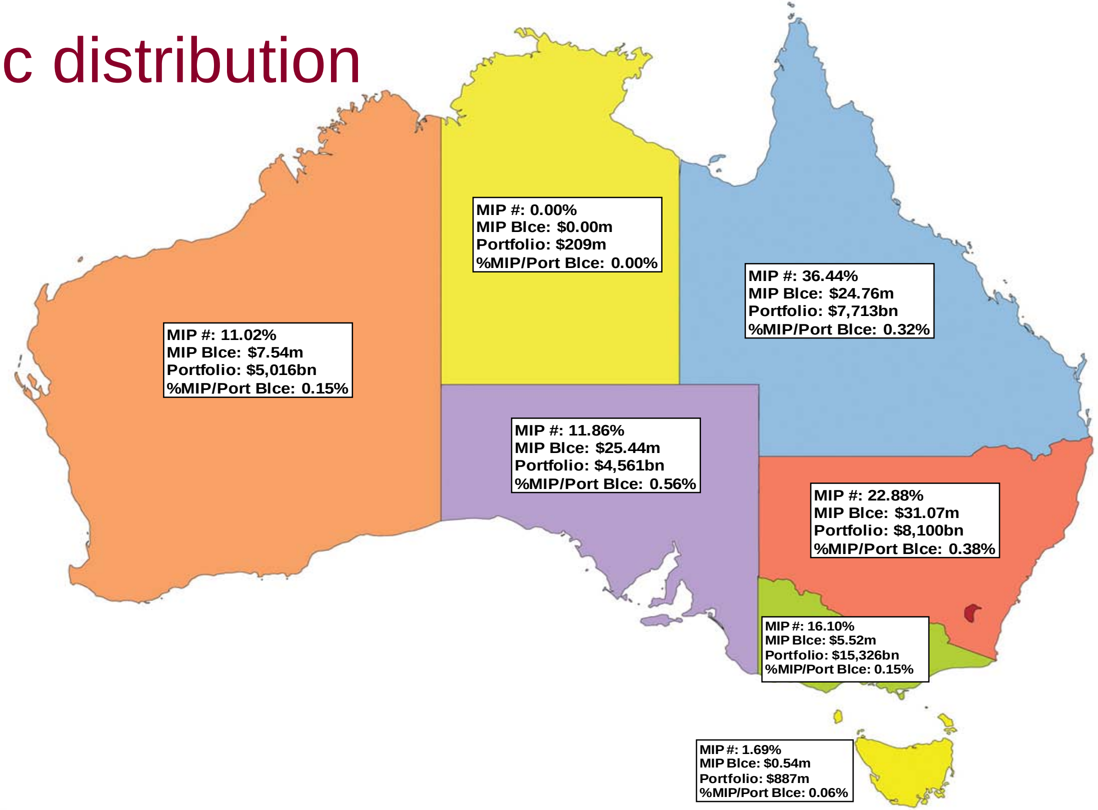
LVR trends

- No material change in LVR trends of new business written
- LMI required for high LVR loans



Credit

MIP geographic distribution

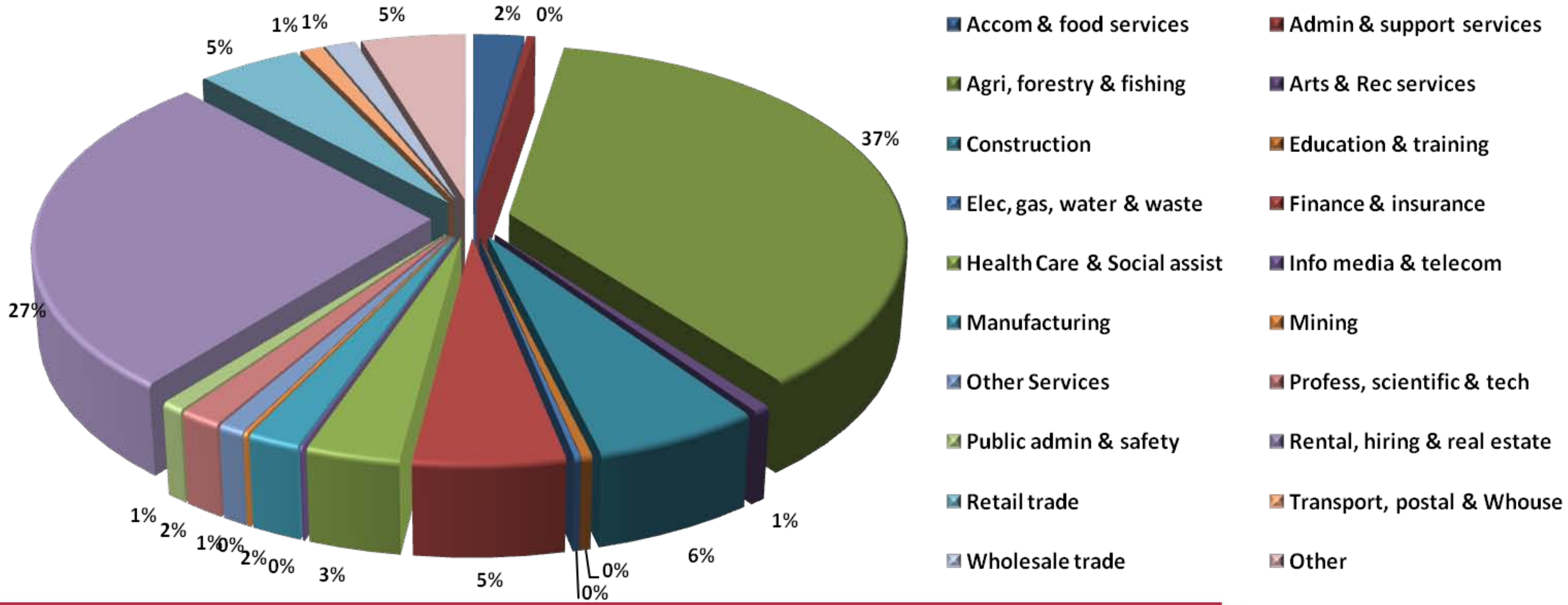


Credit

Bendigo and Adelaide Bank

Note: Includes Commercial property MIP and Business Banking portfolio. MIP# represents the percentage of MIP by the number of loans. Excludes Rural Bank.

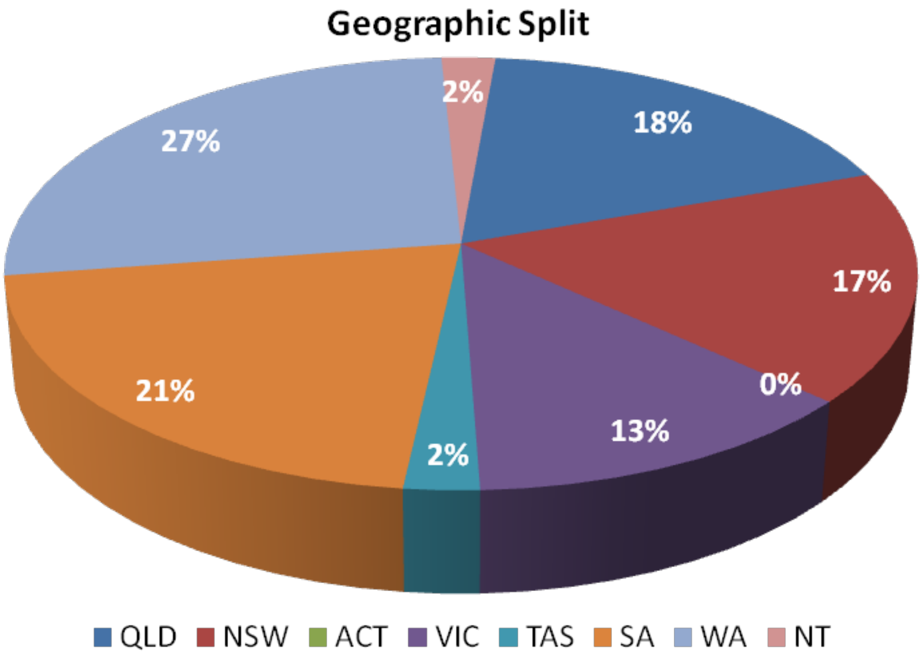
Commercial – industry split

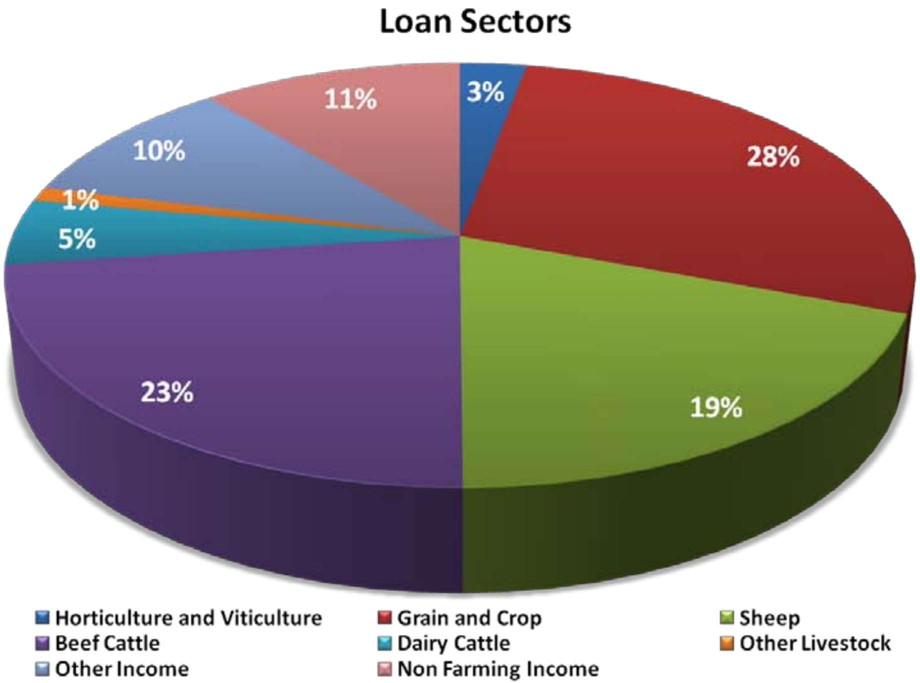


Credit

Bendigo and Adelaide Bank

Loans under management





Rural Bank – loan diversity

Bendigo and Adelaide Bank

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