



Results Presentation

For the full year ended 30 June 2015

Mike Hirst

Managing Director

Richard Fennell

Chief Financial Officer

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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.

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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.

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- Overview
- Financial performance
- Summary and outlook
- Appendices

Mike Hirst

Group Managing Director

Our full year result

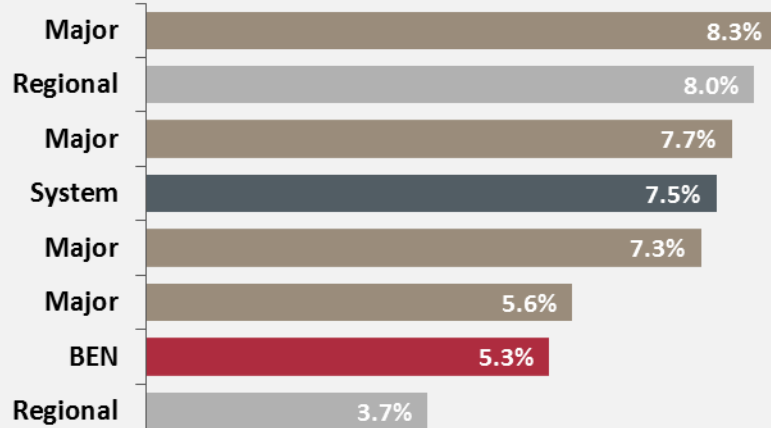
Financial performance - statutory profit after tax	Financial performance - cash earnings
<ul style="list-style-type: none">Statutory profit after tax \$423.9mFull year dividend of 66.0¢, fully franked¹Final dividend of 33.0¢, fully franked¹	<ul style="list-style-type: none">Cash earnings of \$432.4mCash earnings per share 95.1¢Return on average tangible equity 13.28%Return on average ordinary equity 9.09%
Balance sheet management	Credit
<ul style="list-style-type: none">Basel III CET1 ratio increased 15bp to 8.17%²Total capital increased 118bps to 12.57%²NIM down 4bps year-on-year to 2.20%Liquidity Coverage Ratio of 121% at 30 June 2015	<ul style="list-style-type: none">Residential, Business and Rural arrears all remain lowGreat Southern settlement approved<ul style="list-style-type: none">Significant payback of Great Southern portfolio post court settlementCollective provision overlay increase

1. Ex-dividend date for final dividend is 18 August 2015, record date is 20 August 2015, and dividend payment date is 30 September 2015.

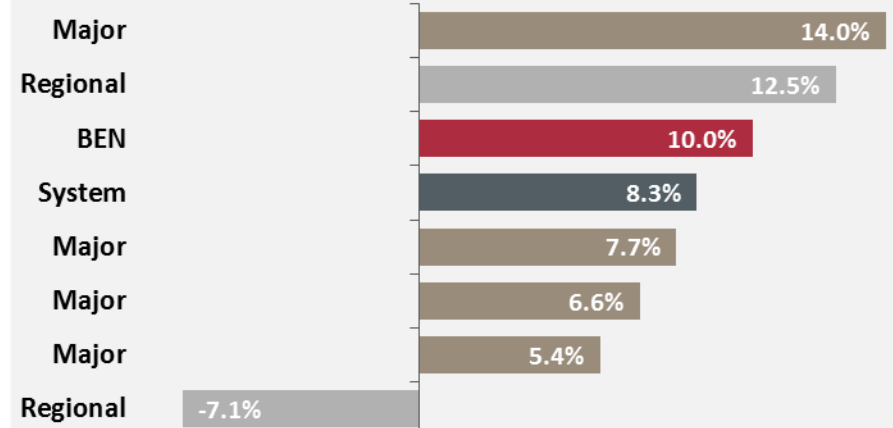
2. Movement in capital ratios based on pro-forma capital adequacy ratio as adjusted for the Rural Finance acquisition completed 1 July 2014

Annual growth outcome

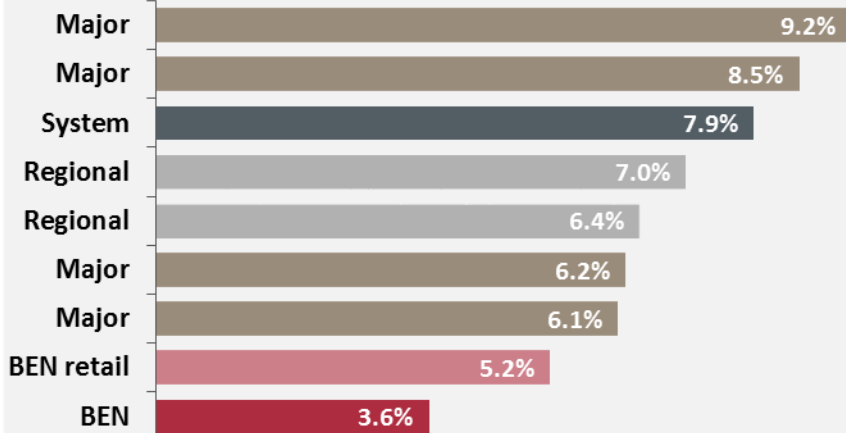
Total lending growth¹



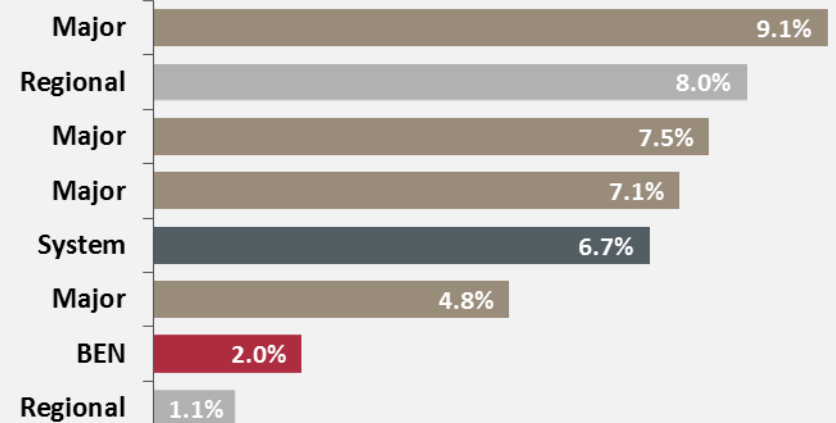
Business lending growth¹



Housing lending growth¹



Total deposit growth¹

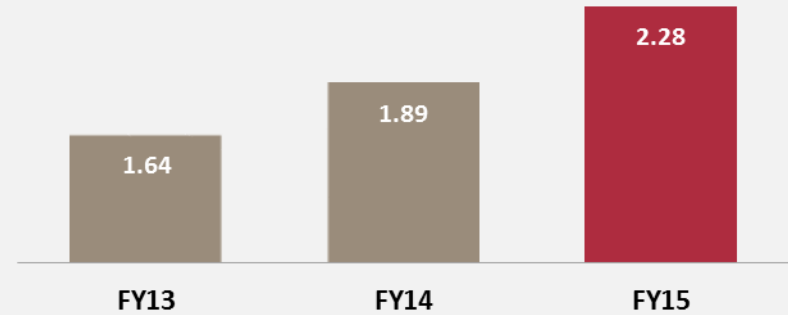


Source: Credit Suisse, APRA/RBA statistics June 2015
 1. Data is based on 12 month growth, includes Rural Bank

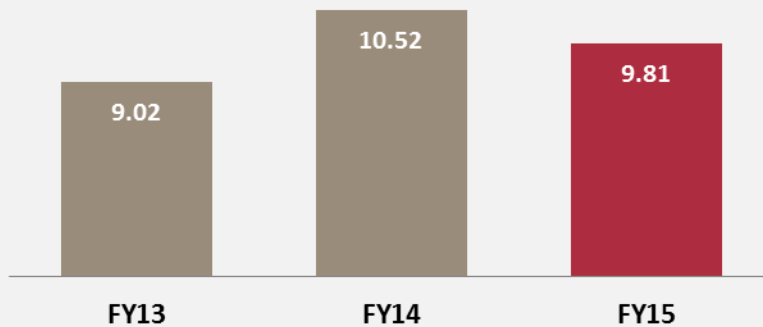
Mortgage growth impacted by uneven playing field

- 20% increase in excess repayments year on year
- Amortisation of back book continues to impact net loan growth but improves customer's financial position
- July 2015 APRA announcements have positively impacted the competitive environment

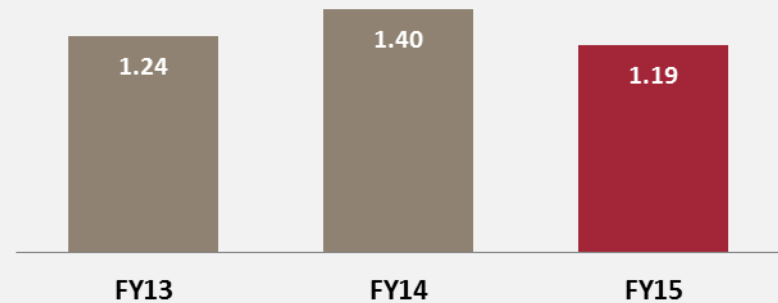
Bendigo Bank (retail) excess repayments (\$b)



Total residential loan approval (\$b)



Total residential loan growth¹ (\$b)

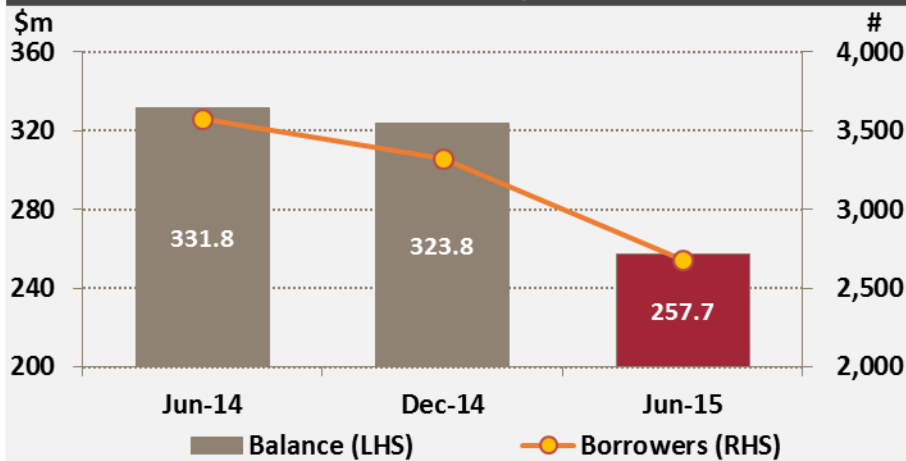


1. Adjustment to FY14 residential loan growth of \$704m has been made to take into account a change to certain loan products terms and conditions

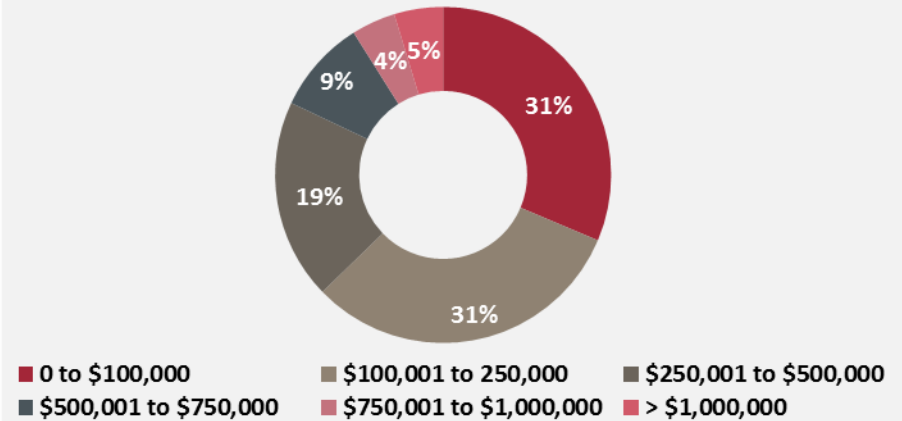
Great Southern

- Total loans net of specific provisions reduced from \$323.8m to \$257.7m since 31 December 2014
- Specific and collective provisions at June 2015 were \$18.3m and \$27.7m respectively
- Total borrowers:
 - 3,321 at December 2014
 - 2,678 at June 2015

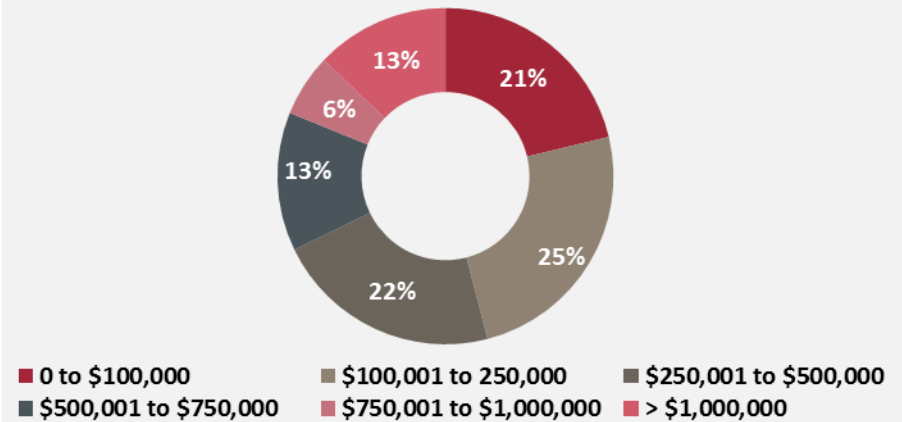
Great Southern portfolio



Loan size distribution¹



Obligor exposure¹



1 - Data as at 30 June 2015

Competitive environment is rapidly changing

Economic

Employment
Low interest rates
Confidence
Ageing population

Leverage wealth investment
Price for risk

Market

Competitive dynamics
Low growth
Consumer propensity to reduce debt

Investor / Owner Occupied differential pricing
Customer advocacy and staff engagement
Alliance Bank model

Regulatory

FSI / APRA response
Greater focus on competition
Basel IV

Strong capital position
Basel II Advanced accreditation

Technology

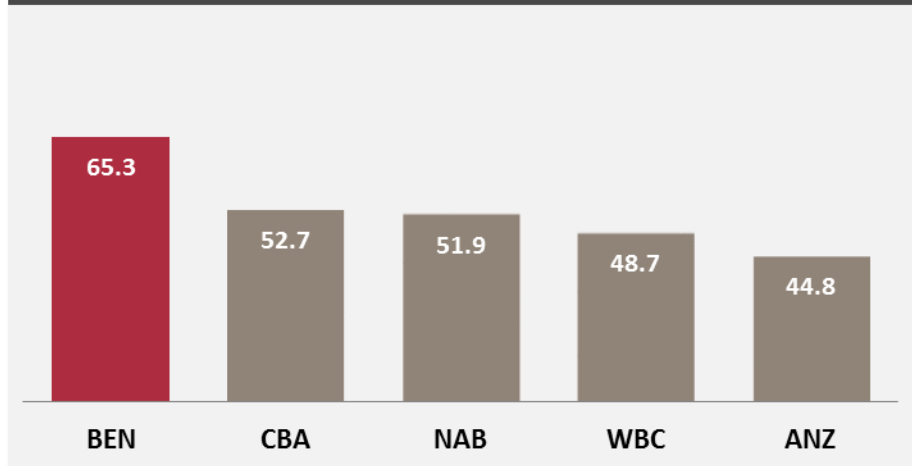
Market disruptors
Consumer driven design
Open architecture

Partnering
Investment in user interface
Disposability

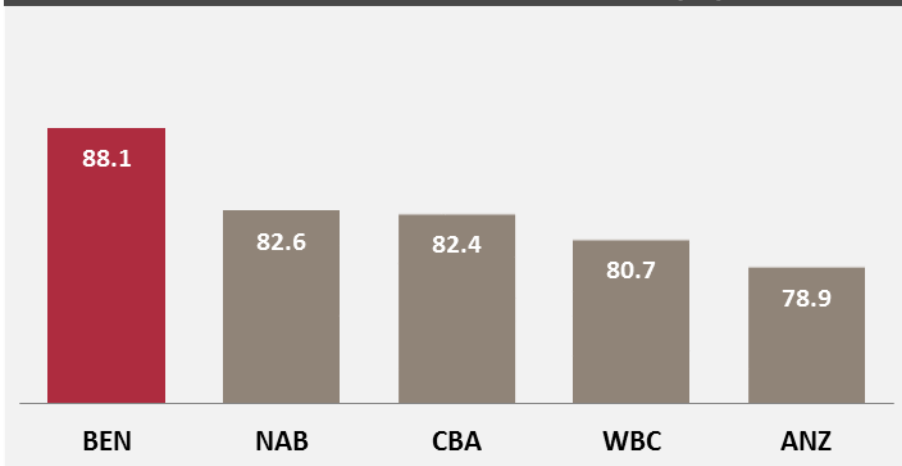
Unique and valued customer proposition

- ★ Business Bank of the year for four consecutive years (2011 – 2014)⁴
- ★ miBanker app won the 2015 Victoria iAwards for financial services
- ★ Best rated Australian financial institution on the Corporate Reputation index⁵
- ★ Bendigo SmartStart Super[®] awarded 5 star rating for outstanding value for 2 consecutive years⁶

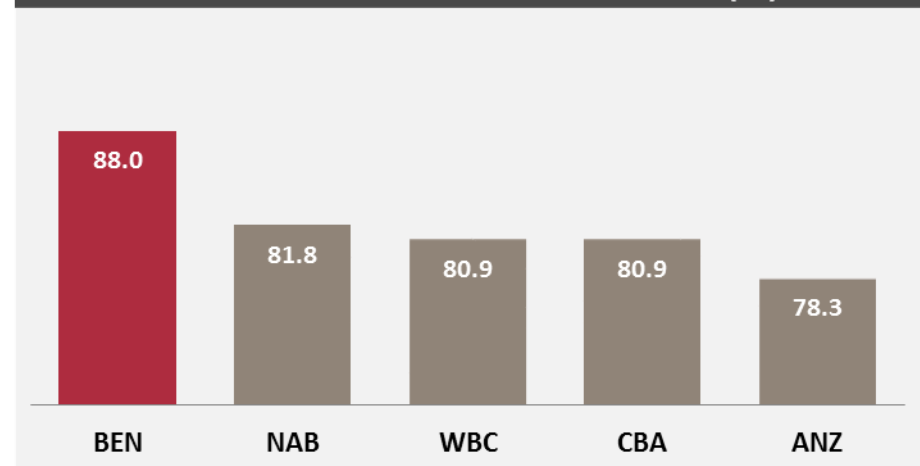
Most likely to recommend¹ (%)



Retail customer satisfaction² (%)



Home loan customer satisfaction³ (%)



1. Roy Morgan Research, High Advocate Customers, 6 months to June 2015

3. Roy Morgan Research, Mortgage Customer Satisfaction, 6 months to June 2015

5. AMR research consultancy

2. Roy Morgan Research, Consumer Banking Satisfaction Report, 6 months to June 2015

4. Roy Morgan – Business bank of the year award

6. Canstar

Listening and responding to the voice of our customers

Collaboration



miVoice. An online community of engaged customers. Ongoing, real-time and two-way feedback, collaboration and co-creation

Surveys and Metrics



Initiated by us, following a customer interaction. Sourced continually, not just when customers are motivated to complain or compliment

Feedback



Complaints, compliments and suggestions. Helping us to understand customer needs and preferences, and drive continuous improvement

Behaviour



Using data analytics and profiling to understand the way that customers choose to engage and interact



"Be part of something bigger."

Welcome

As an organization that strives to be Australia's most customer connected bank, your input is vital and will ensure we have a business valued by all.

As a miVoice member you will become an important voice as we continue to grow and evolve in response to the needs of our customers. We welcome your feedback and suggestions.

Bendigo Bank
Bigger than a bank.



Hi Ian,

Thank you for choosing a Bendigo Bank [product].

Our aim is to support our customers and communities in achieving their goals and we understand this requires being easy and enjoyable to deal with. We hope this is what you experienced with us recently.

Whilst opening your [product] is fresh in your mind we would appreciate 5 minutes of your time to provide us with feedback on how things went. This feedback will help us better understand the things we do well and those we can improve on.



Richard Fennell

Chief Financial Officer

At a glance

	FY15	FY14	Change FY15 - FY14	Change 2H15 - 2H14
Cash earnings	\$432.4m	\$382.3m	13.1%	9.2%
Statutory NPAT	\$423.9m	\$372.3m	13.9%	2.6%
Cash EPS	95.1¢	91.5¢	3.9%	1.3%
Net interest margin	2.20%	2.24%	(4 bps)	(7 bps)
Expense to income ratio	55.2%	55.6%	(40 bps)	(80 bps)
Expense to average assets	1.31%	1.31%	-	(1 bps)
Return on tangible equity ¹	13.28%	13.34%	(6 bps)	(24 bps)
Return on equity ¹	9.09%	8.96%	13 bps	(8 bps)
Dividend per share	66.0	64.0	3.1%	-

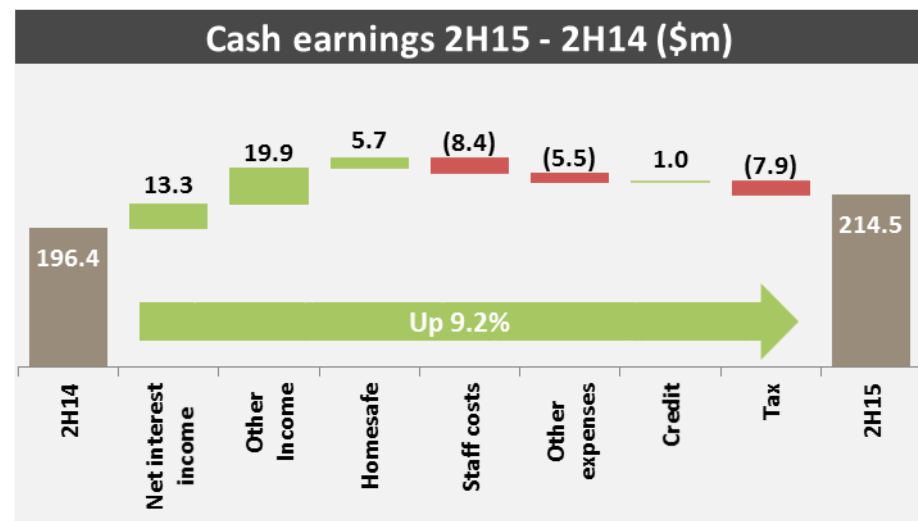
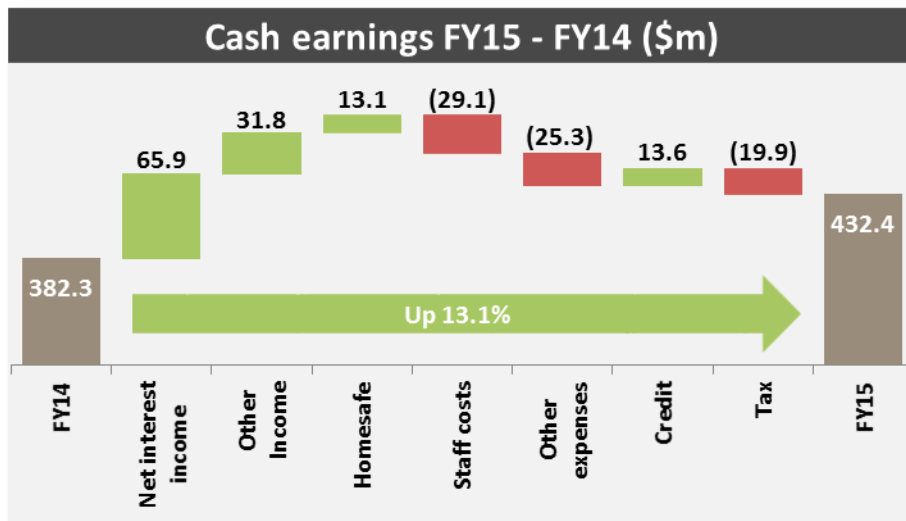
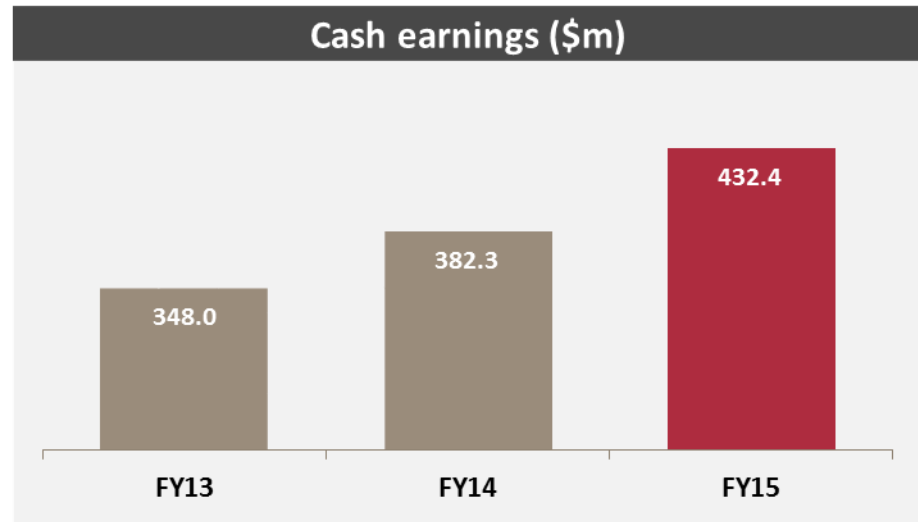
Balance sheet	FY15	Change FY15 - FY14	Change 2H15 - 1H15	Capital and funding	FY15	Change FY15 - FY14	Change 2H15 - 1H15
Total assets	\$66.0b	1.5%	0.9%	CET1 capital	8.17%	15 bps ²	3 bps
Total liabilities	\$61.1b	1.6%	1.0%	Total capital	12.57%	118 bps ²	38 bps
RWA's	\$34.7b	6.4%	0.6%	Deposit funding	79.11%	128 bps	102 bps

1: Cash earnings basis

2: Capital details based on pro-forma impact to capital adequacy for the Rural Finance acquisition which was completed 1 July 2014

Solid annual cash earnings growth

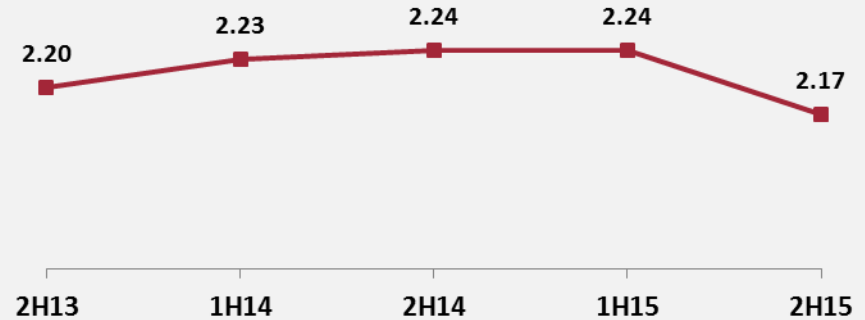
- Costs well contained in 2H15 reflecting challenging revenue environment
- Margin contraction due to cash rate reductions and highly competitive environment
- Continued strong contribution from Homesafe portfolio
- RFC contribution exceeding initial expectations
- Improving underlying credit



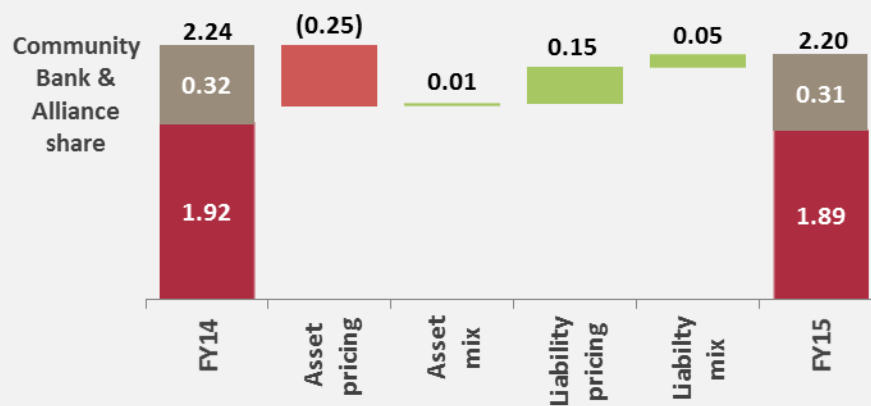
Net interest margin

- Reduction in NIM reflects competitive lending environment and 50bps cut in 2H15 in RBA cash rate
- Asset pricing impact of uneven playing field and trend towards fixed rate lending
- Deposit pricing and mix well managed to partially offset asset margin pressure
- 2H15 included \$3m charge for committed liquidity facility and increased HQLA holdings for Basel III

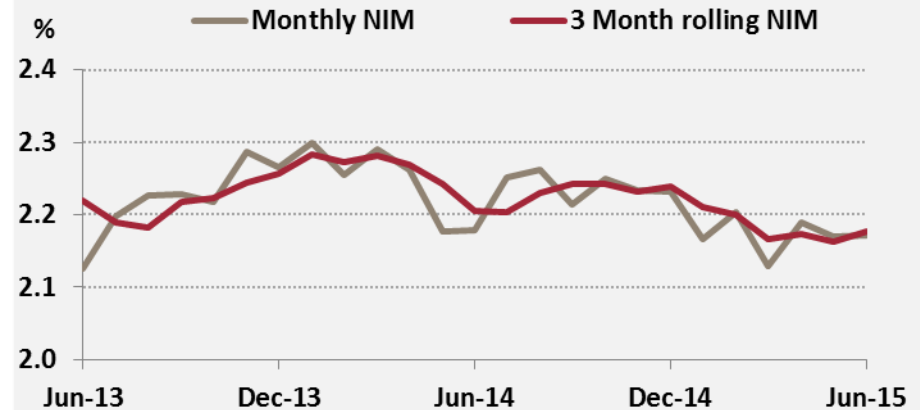
Net interest margin (%)



Net interest margin movement (%)



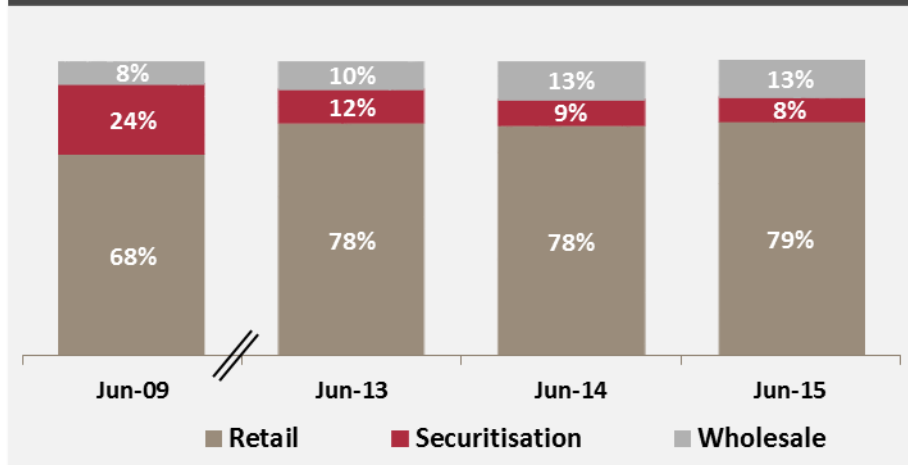
NIM monthly movement



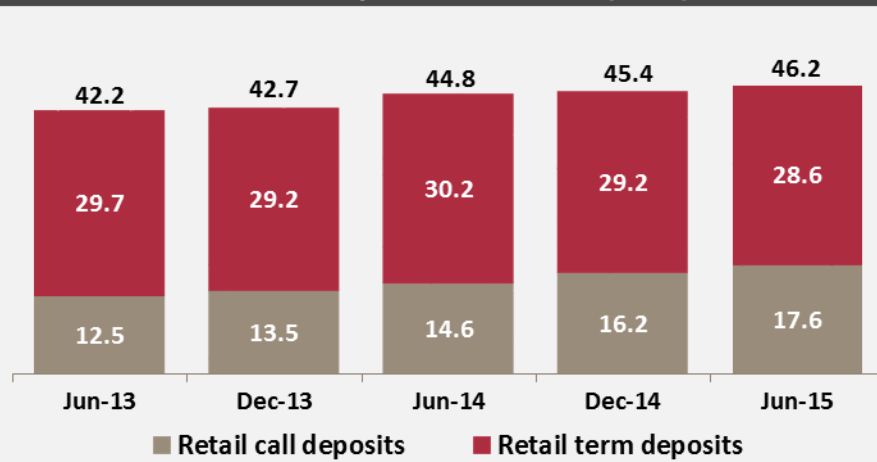
Flexible funding structure

- Leveraging core strengths of the retail brand and network
- RMBS issues of \$600m (December 2014) and \$500m (June 2015)
- Continued strong growth in Retail at-call across a range of deposit products
- Basel III liquidity transition successfully completed
- Average LCR of 121% since January 2015

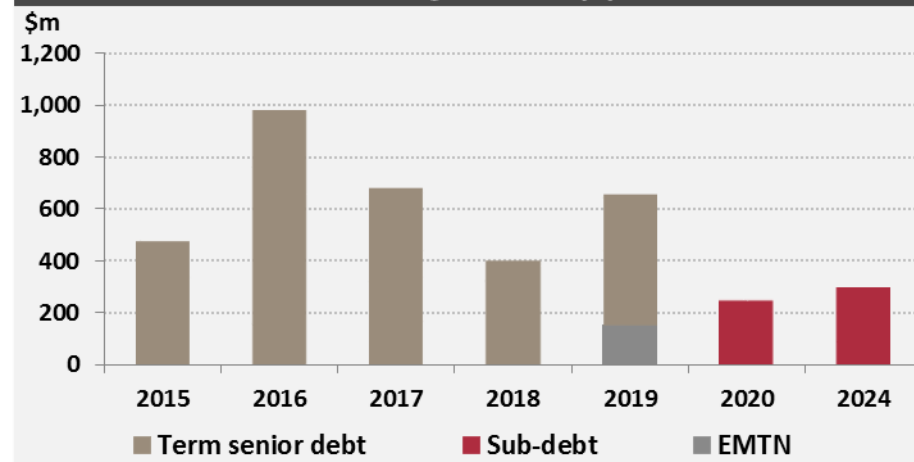
Historical funding mix



Retail deposit balances (\$bn)



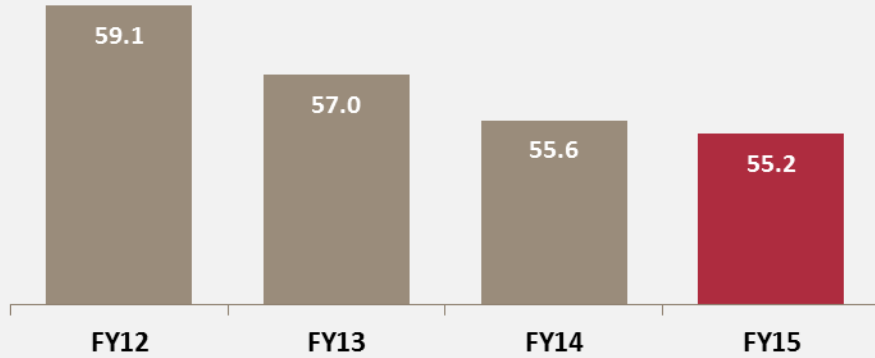
Term funding maturity profile



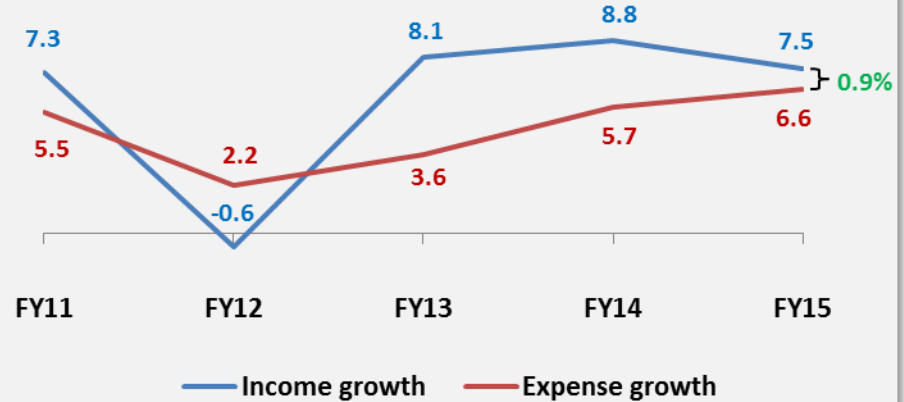
Financial performance

Focus on efficiency

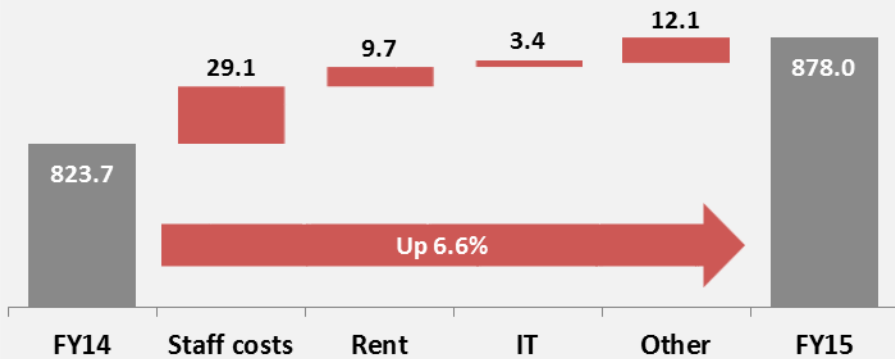
Expense to income ratio (%)



Jaws momentum (%)



Operating expenses (\$m)



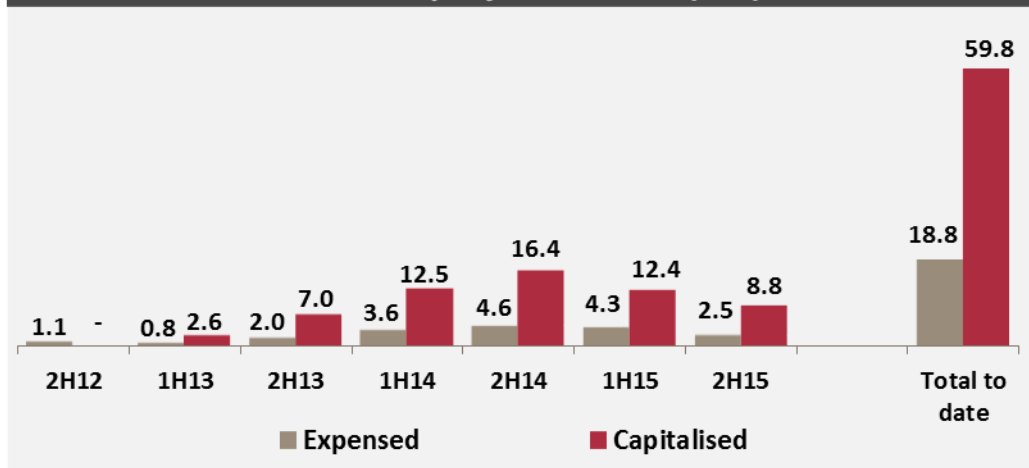
- Expense impacts
 - RFC expense contribution of \$15m
 - Wage inflation
 - Investment in a range of customer technologies and new product / service offerings

Basel II & technology investment

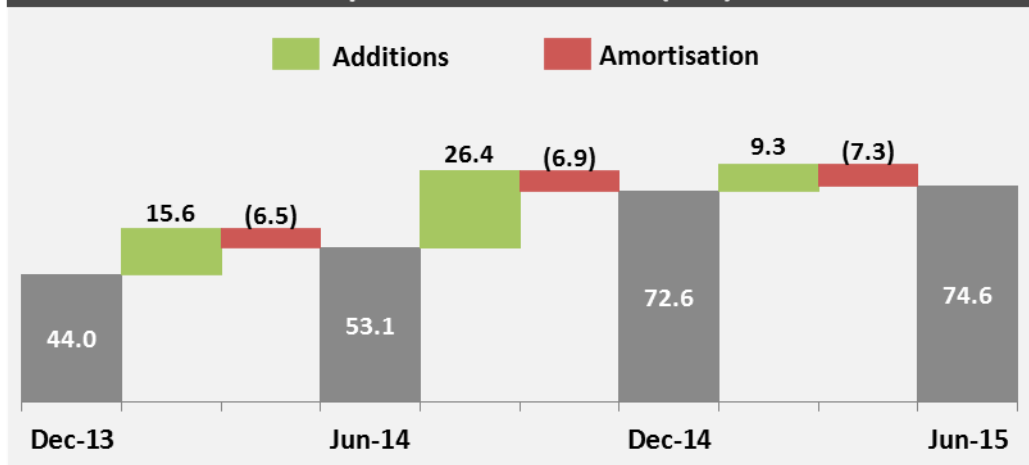
- Build and development phase completed
- Enhancements to data, decision making processes and risk and return measurements are improving how we serve our customers
- Independent review of credit risk and IRRBB models completed
- Actively engaging with APRA

- Capitalised software balance increased primarily due to investments in customer systems
- \$59.8m of Basel II costs capitalised to date
- Basel II capitalised costs will transition to capitalised software in 1H16

Basel II - project to date (\$m)

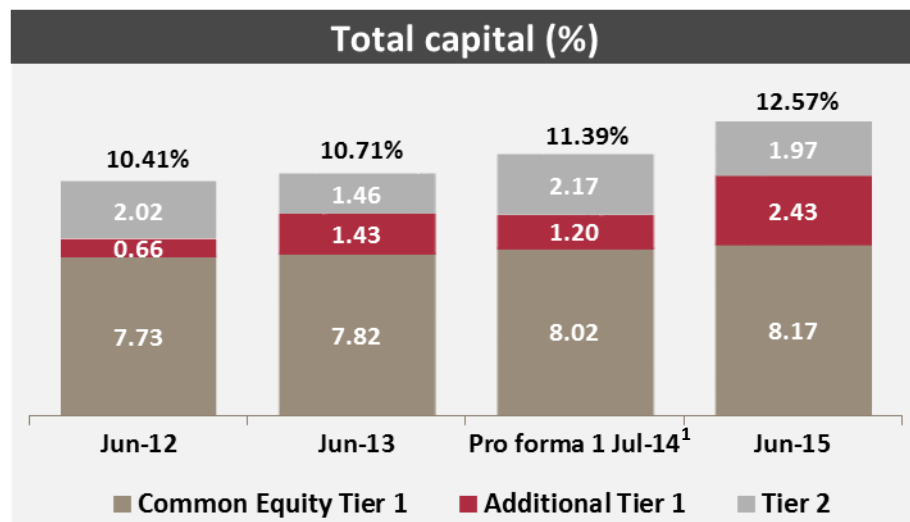


Capitalised software (\$m)

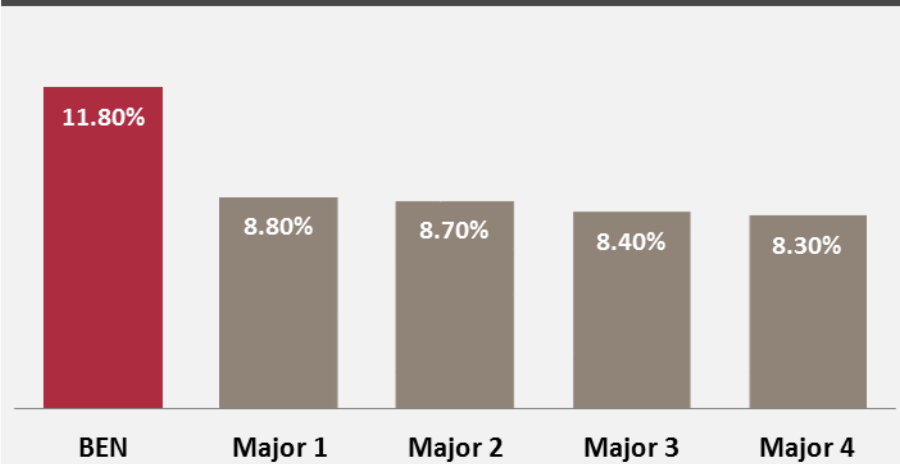


Strong capital position

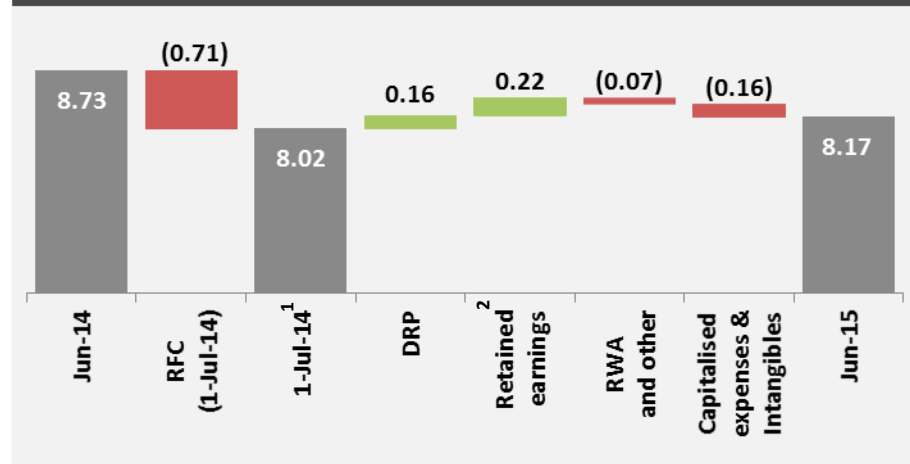
- Basel III CET1 ratio increased to 8.17%
- Total capital increased to 12.57%
- Additional Tier 1 capital issued in October 2014 and June 2015 (net increase of \$384m)



S&P RAC ratio³



CET1 movement



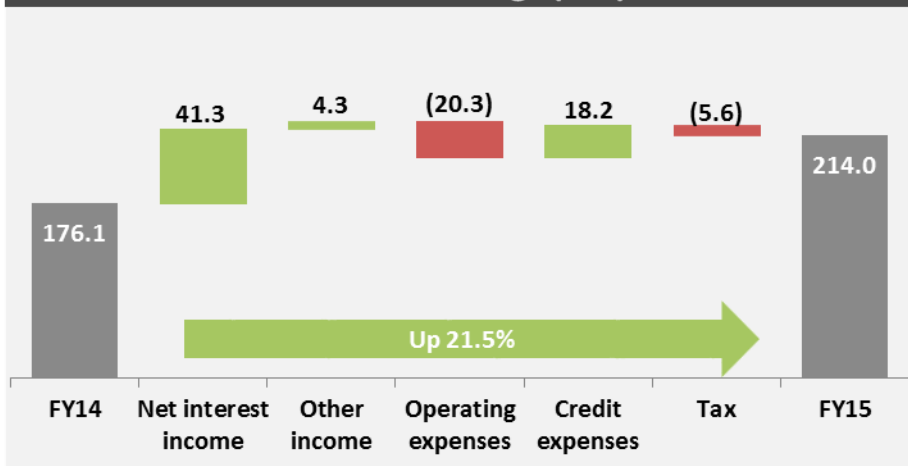
1. Shows pro-forma impact to capital adequacy ratios of the Rural Finance acquisition which was completed on 1 July 2014

2. Unrealised Homesafe revaluation revenue excluded from increases in retained earnings was 13bps

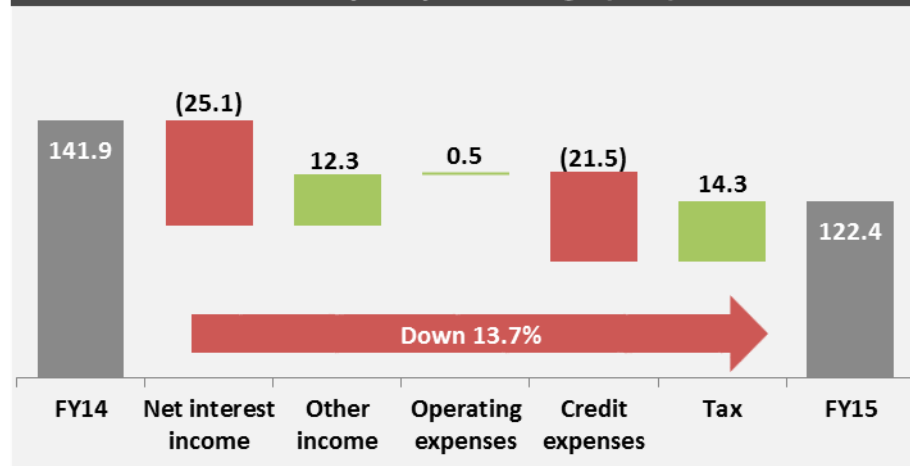
3. S&P RAC ratio, Major 1,3 & 4 as at 30 Sept 2014, Major 2 as at 30 June 2014, BEN as at 31 Dec 2014

Business segment performance

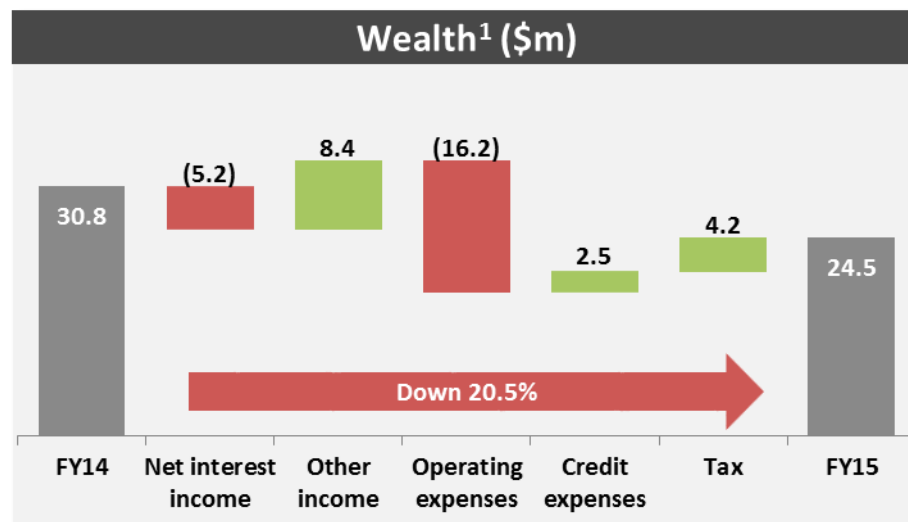
Retail banking¹ (\$m)



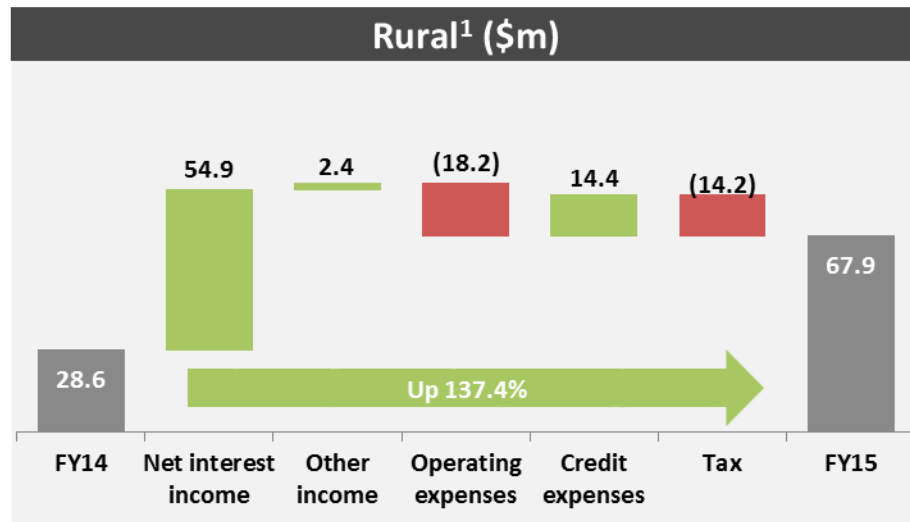
Third party banking¹ (\$m)



Wealth¹ (\$m)



Rural¹ (\$m)



1. Graphs refer to operating segment information (cash basis) on p18 in 4E, excludes central functions.

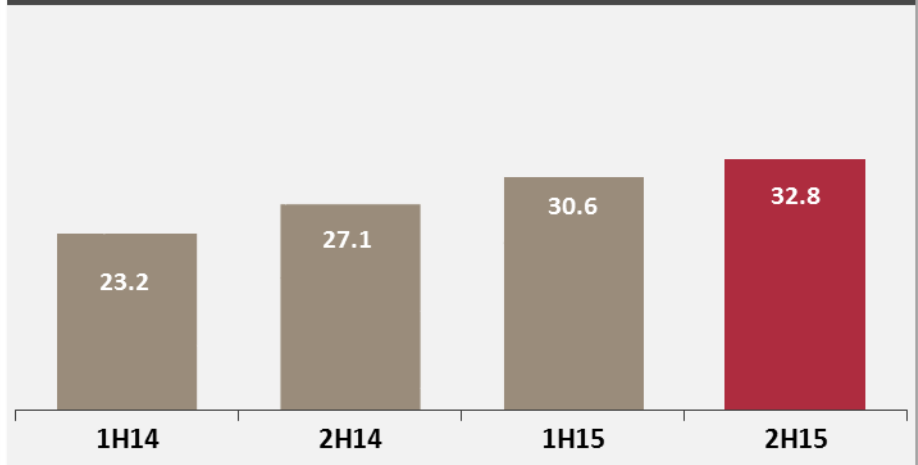
Homesafe investment property portfolio

- Asset growth driven by:
 - New business (properties acquired)
 - Portfolio revaluation (income contribution)
 - Change in property prices – Residex index increase for 12 months¹;
 - Melbourne +8.2%
 - Sydney +16.7%
 - Ageing of portfolio

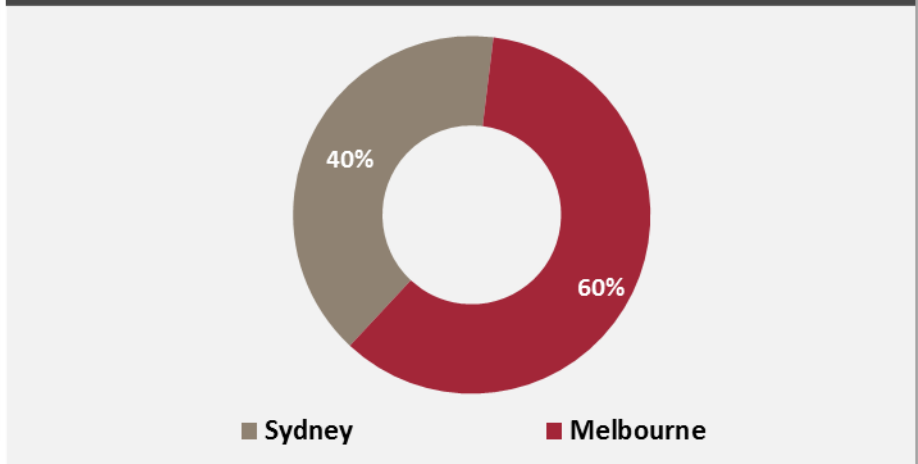
- Average annual return on completed contracts since inception 8.6%, pre funding costs

	FY14 (\$m)	FY15 (\$m)
Discount & profit on sale	\$13.1	\$16.6
Property revaluation	\$37.2	\$46.8
Total income contribution	\$50.3	\$63.4

Homesafe income contribution (\$m)



Homesafe portfolio distribution

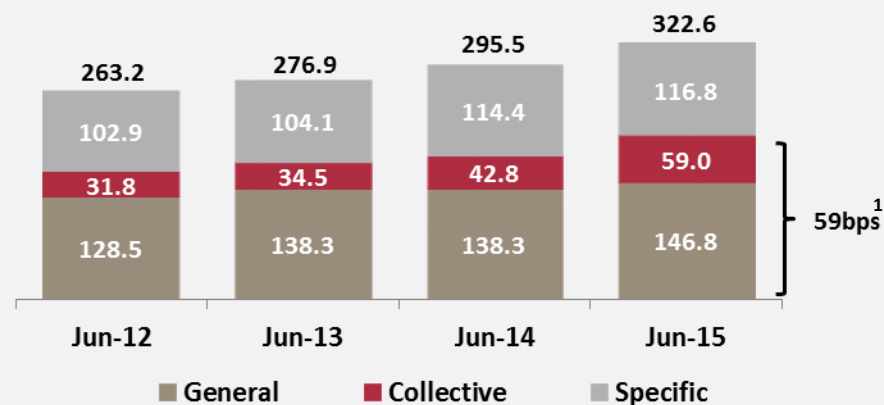


1. 12 months June 2014 – May 2015

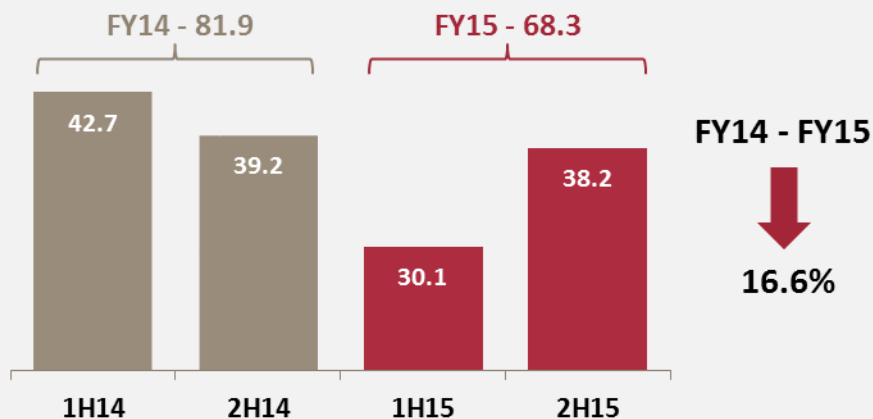
Bad and doubtful debts

- Portfolio remains well secured, with low LVR's
- Bad and doubtful debts expense was \$68.3 million, down 16.6% year-on-year
- Increase in 2H15 BDD expense primarily driven by \$15.9m collective provision overlay for Great Southern
- RFC acquisition resulted in \$8.5m increase in GRCL and \$3.2m increase in Collective provision

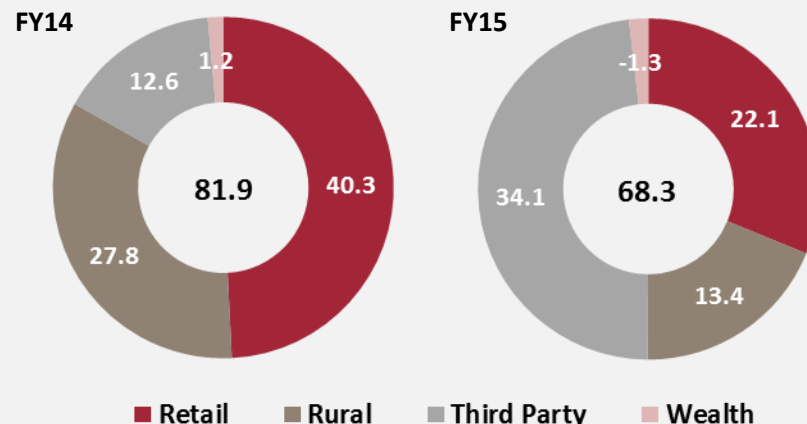
Provisions for doubtful debts (\$m)



Loan impairment expense (\$m)



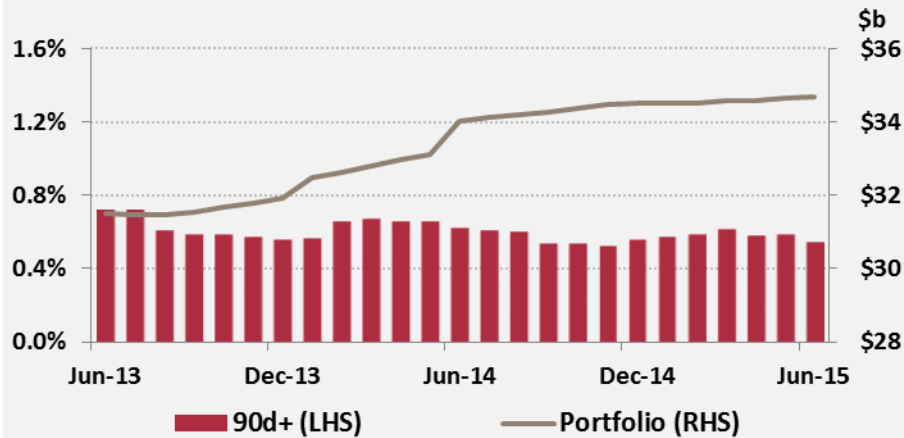
Bad and doubtful debts composition (\$m)



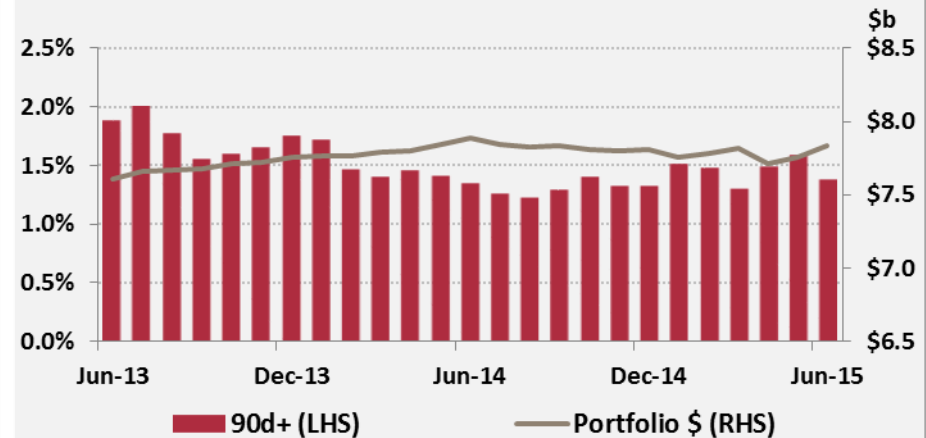
1. Collective provision (adjusted for tax) & GRCL to risk weighted assets

Arrears – 90 days+

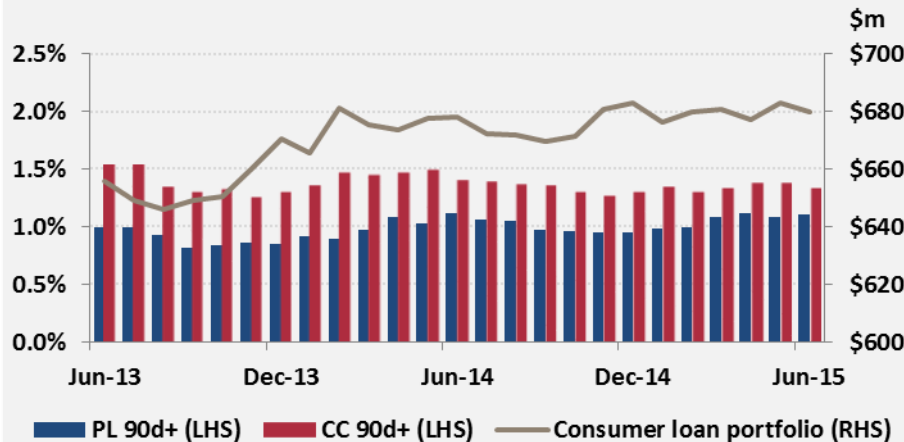
Residential Loan Arrears



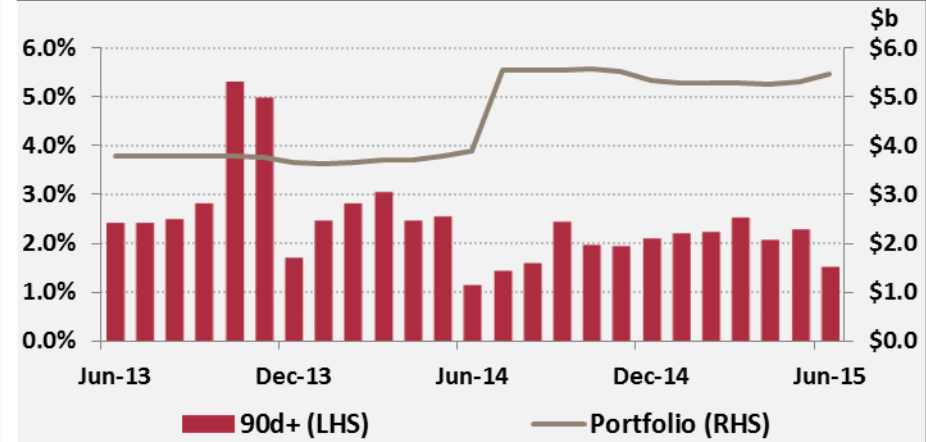
Business Loan Arrears



Consumer Loan Arrears



Rural Loan Arrears



Mike Hirst

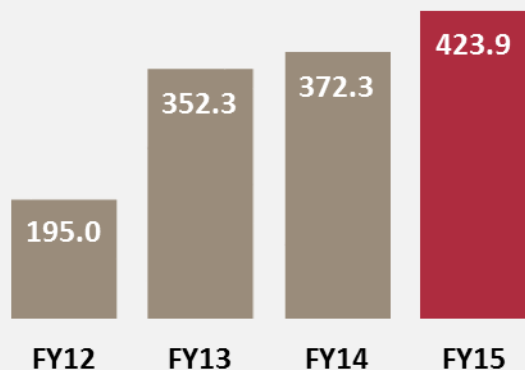
Group Managing Director

Summary and outlook

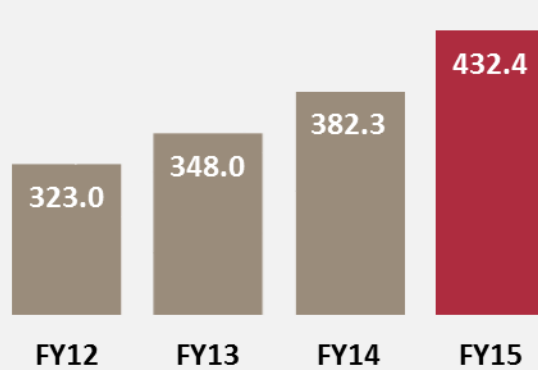
- 1 Value proposition to the fore with more level playing field
- 2 Balance sheet strength
- 3 Continue to consider acquisitions and alliances with a strategic fit
- 4 Margin management in a low rate, low growth environment
- 5 Investments in technology
- 6 Basel IV
- 7 Benefits of advanced models and processes

Positive earnings progression

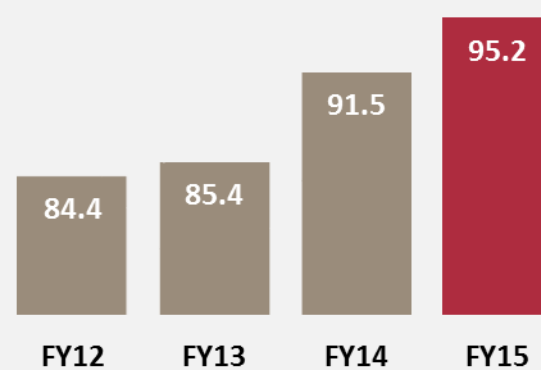
Statutory profit (\$m)



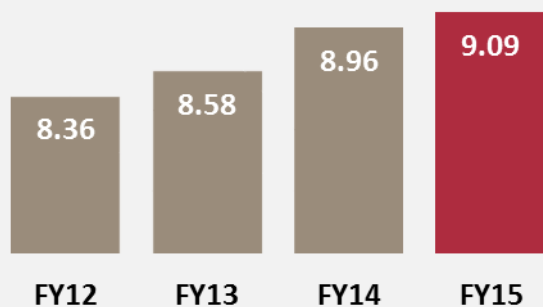
Cash earnings (\$m)



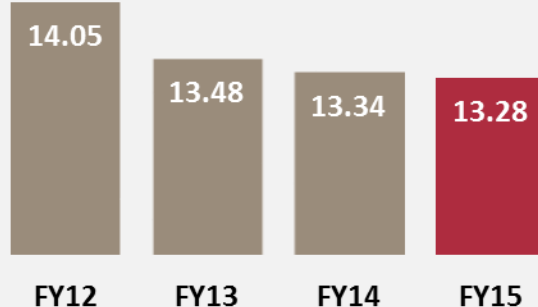
Cash earnings per share (cents)



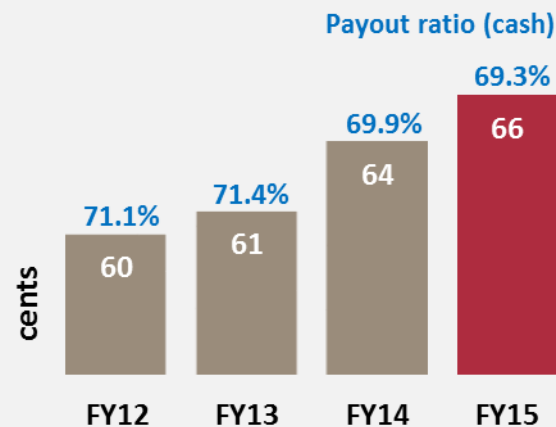
Return on equity (%)









Return on tangible equity (%)



Dividend per share (cents)

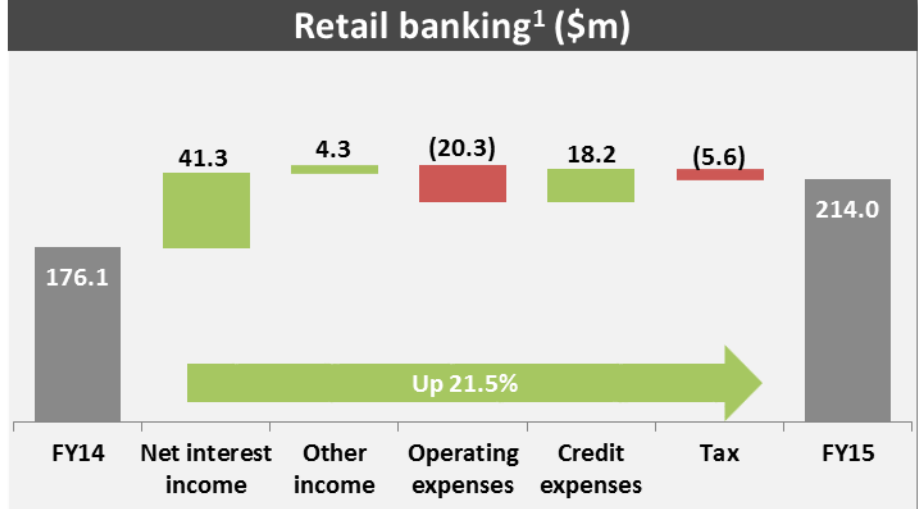


A portfolio of diverse businesses

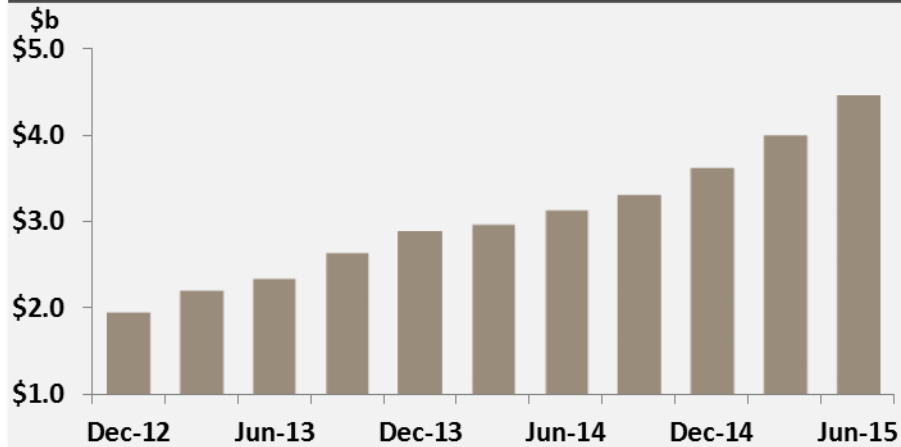
Business	Segment	
	Domestic bank operating seven distinct brands	<ul style="list-style-type: none"> • Challenges through continued regulatory change • Unique community, customer, and partner proposition
	Consumer and SME banking	<ul style="list-style-type: none"> • #1 banking brand for customer and business satisfaction, and advocacy • Unique business model – positioned for growth through business cycle • Valued and unique customer proposition
	Third party channel	<ul style="list-style-type: none"> • Independent brand • Continue to upgrade key systems • Origination channel of choice for many consumers
	Margin lending, wealth management, superannuation	<ul style="list-style-type: none"> • Independent provider of choice in select products • Investment in IT and distribution capability • Margin lending positioned for growth
	Agri-business banking	<ul style="list-style-type: none"> • Growing brand and distribution • Long-term prospects for agricultural services strong • Expansion of capability and customer base through RFC acquisition
	Consumer and SME banking for Hellenic communities	<ul style="list-style-type: none"> • Strategic fit with BEN business model • Solid loan growth and deposit retention

Retail banking

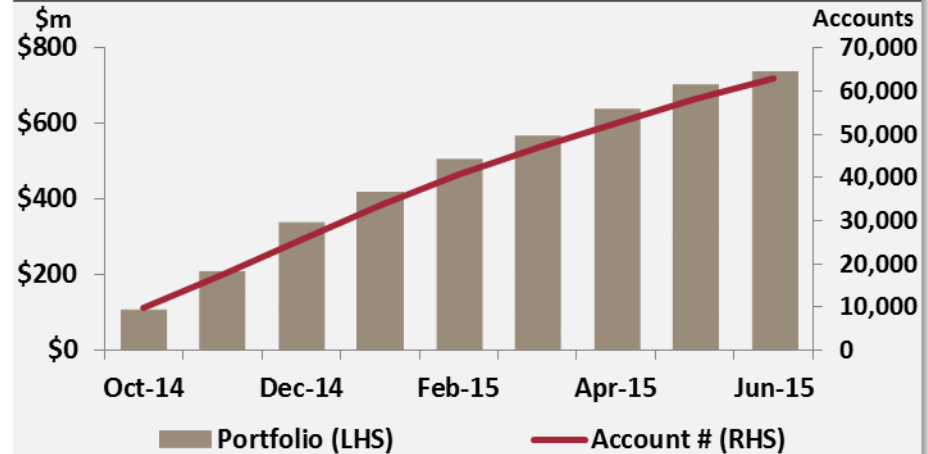
- Leading Consumer and Business satisfaction ratings
- Strong focus on Customer strategy execution
- Increase in NII supported by strong growth in at-call funds and pricing of term deposits
- Highly competitive lending market
- EasySaver deposit product launched 1 October 2014, interest rate of cash rate less 25bps



Retirement account portfolio



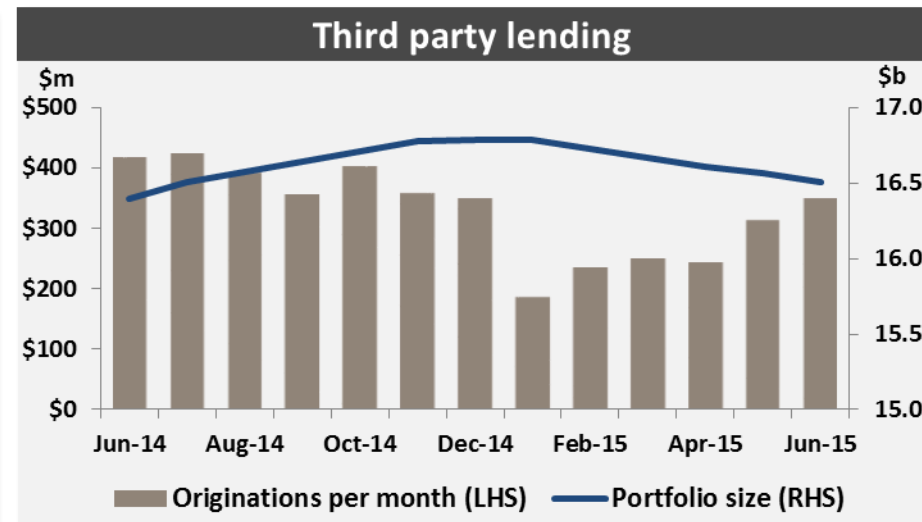
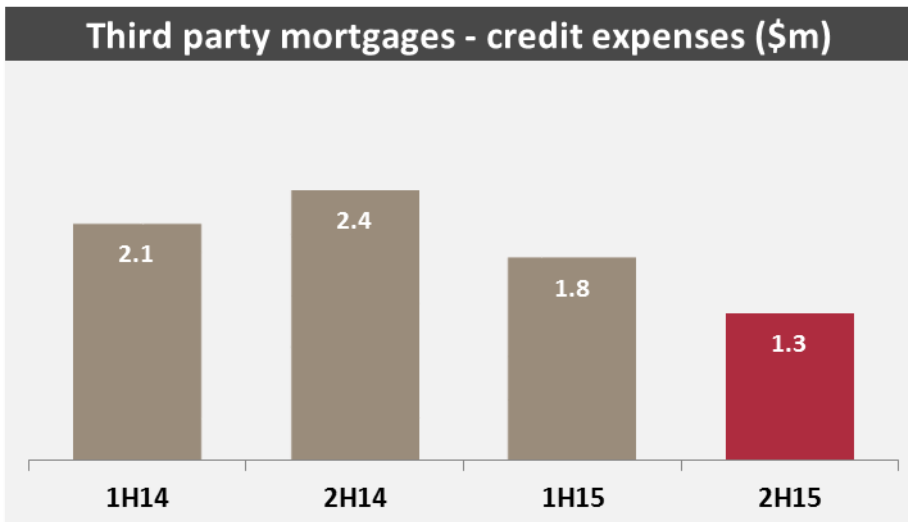
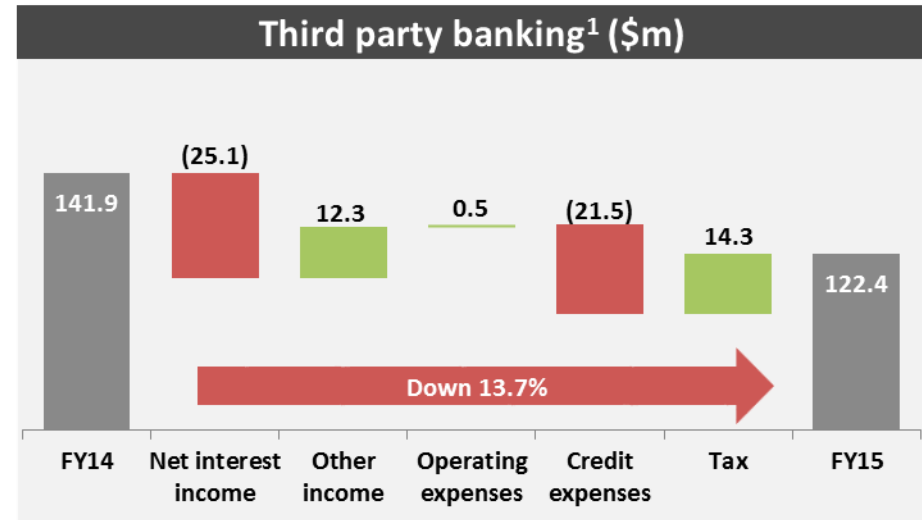
EasySaver



1. Graphs refer to operating segment information (cash basis) on p18 in 4E, excludes central functions.

Third party banking

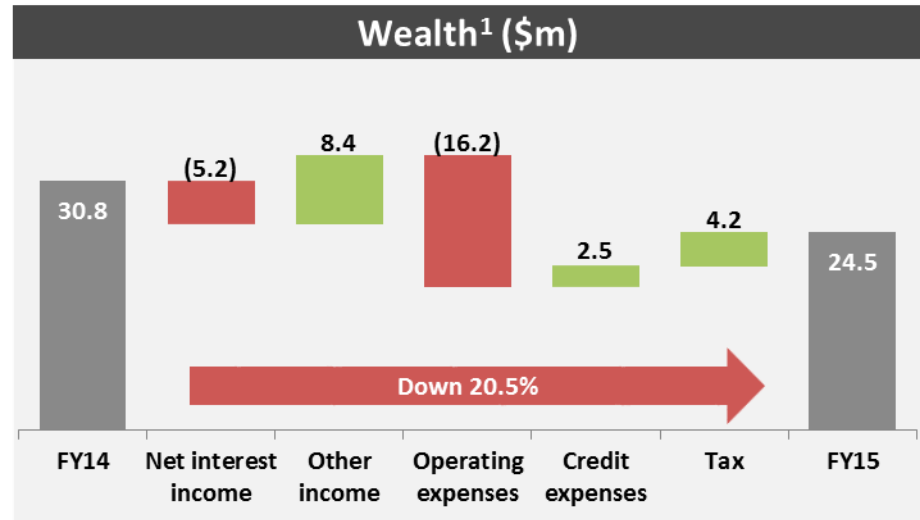
- Market conditions remain highly competitive
- Increased investment in broker channel has shown promising results
- Replacement of existing lending systems with best practice platform underway
- Approximately 50% of NII decrease due to change in FTP methodology
- Other income increase primarily due to Homesafe
- Credit expense increase primarily due to Great Southern



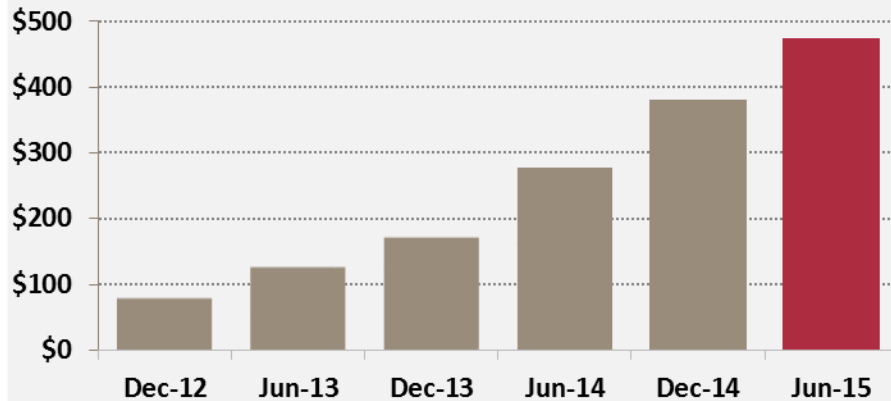
1. Graphs refer to operating segment information (cash basis) on p18 in 4E, excludes central functions.

Wealth

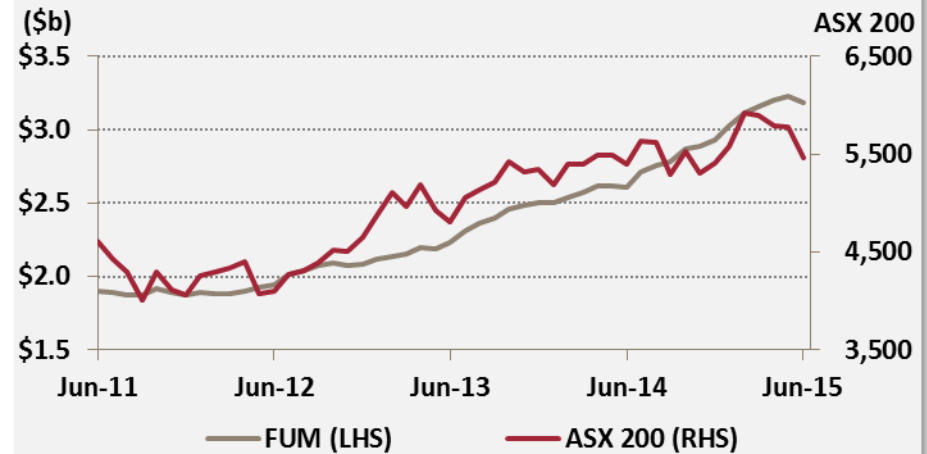
- Total Funds Under Management grew at 22%
- Acquired 11% interest in Future Super (the first fossil fuel free Superannuation fund) in September 2014
- Total Margin Lending portfolio steady with an increase in the annual prepaid proportion
- Smart Start Super continues to perform strongly with a 70% increase for the year
- Operating expense includes increased central cost allocation and amortisation of acquired intangibles



Smart Start Super (\$m)



Funds under management



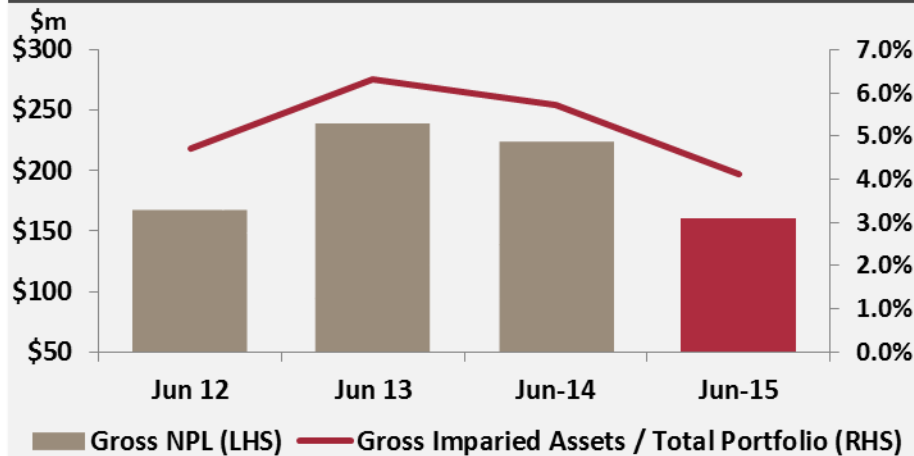
1. Graphs refer to operating segment information (cash basis) on p18 in 4E, excludes central functions.

Appendices

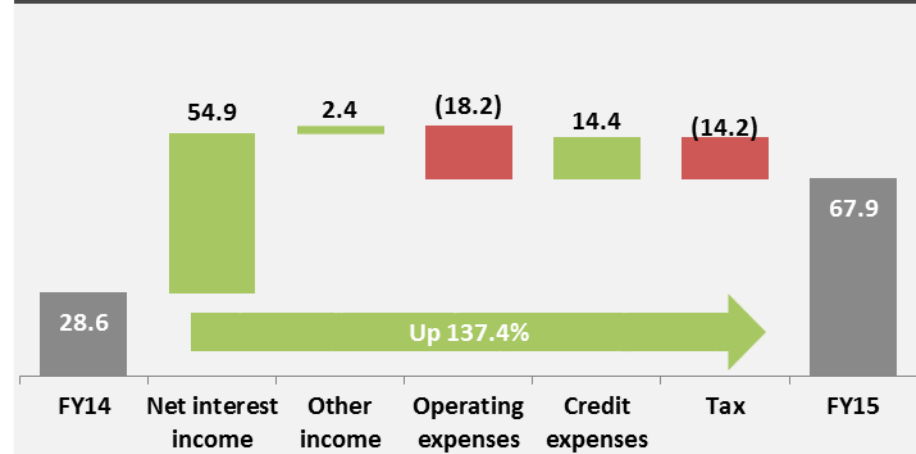
Agri-business

- Underlying improvement in operating performance
- Strong retention of Rural Finance customer base
- Cost synergies from Rural Finance delivered ahead of schedule
- Continued reduction in non-performing loans
- Improving macro environment

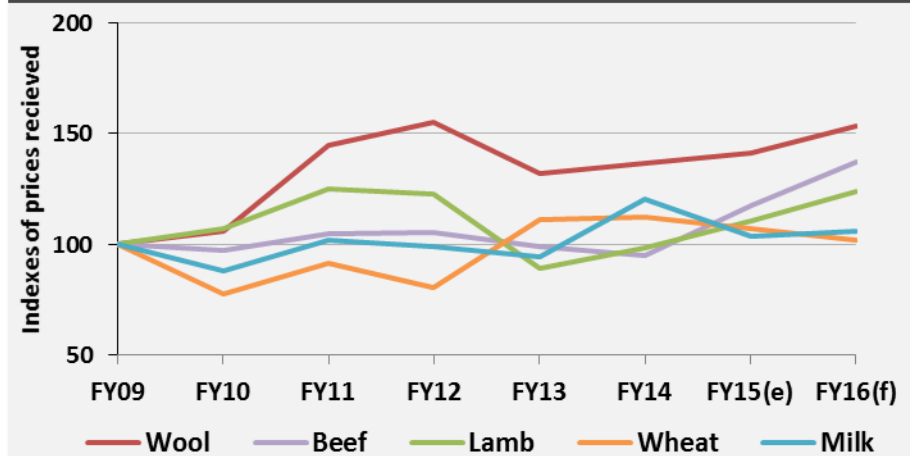
Non performing loan trends



Rural¹ (\$m)



Commodity indices²

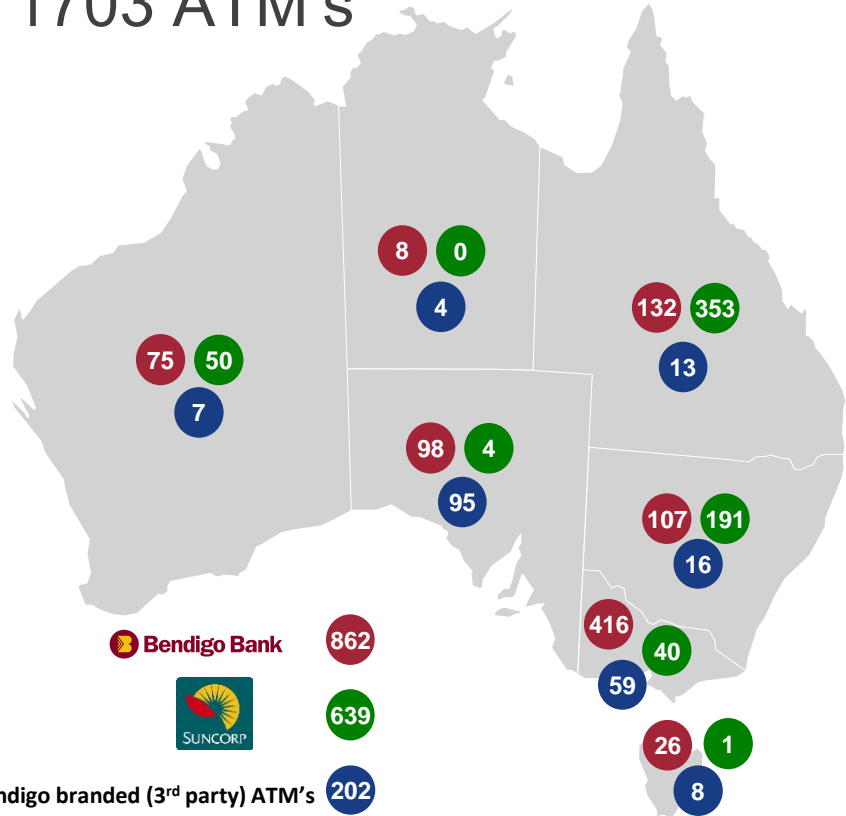


1. Graphs refer to operating segment information (cash basis) on p18 in 4E, excludes central functions

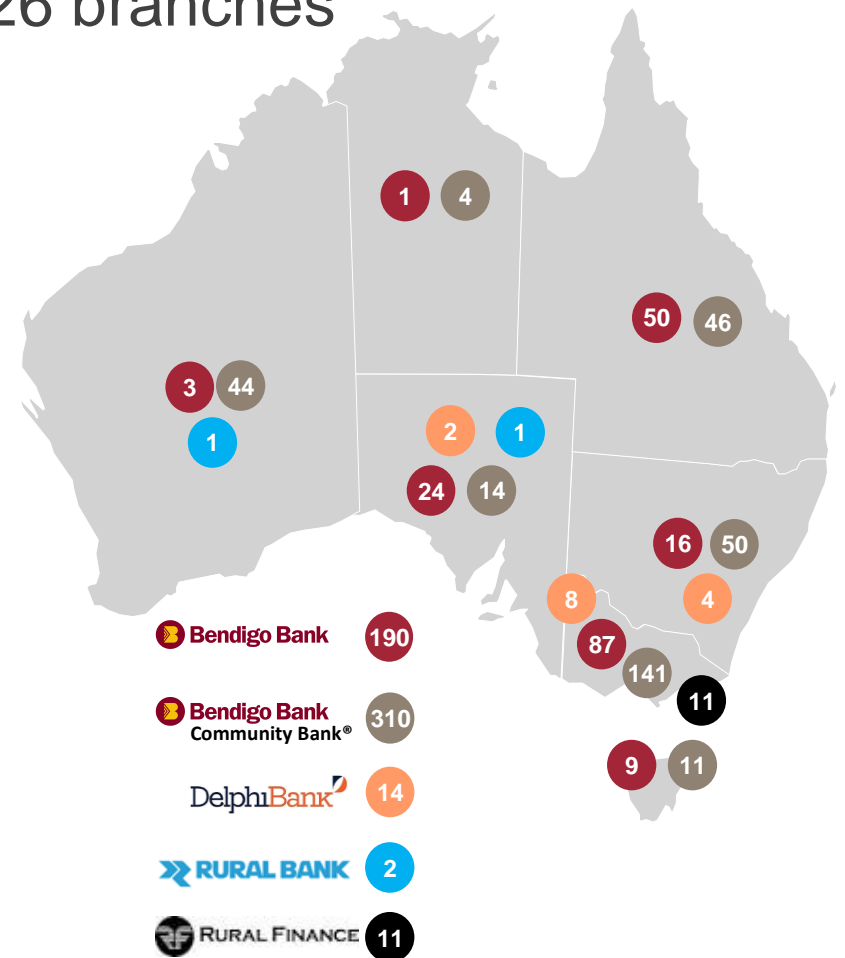
2. Source - ABARES

Diverse geographic footprint

1703 ATM's



526 branches

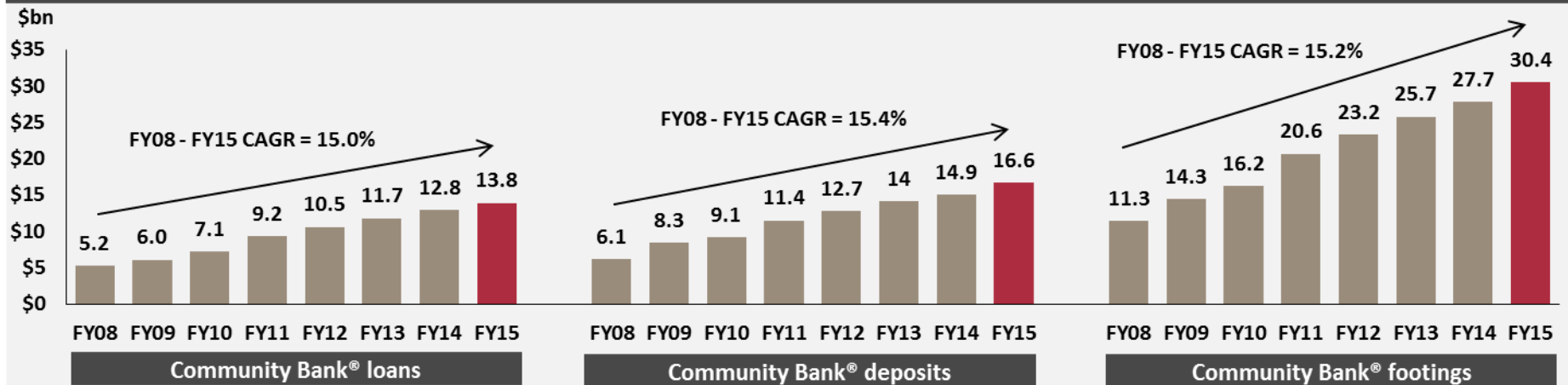


The Community Bank® model 17 years old

- More than \$130m in community grants since inception – delivering tangible benefits for these communities and our business
- 310 Community Bank branches with more than 90 in communities where there is no alternative provider
- Proven, reliable and cost effective distribution strategy



Community Bank® footings growth (\$bn)

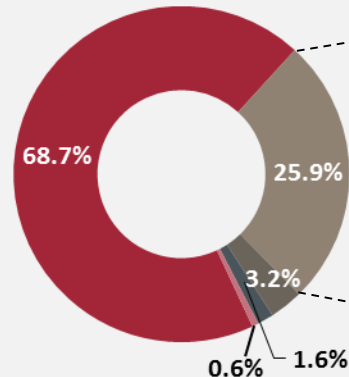


1. Includes total sponsorships, donations and contributions

Secure and low risk loan portfolios

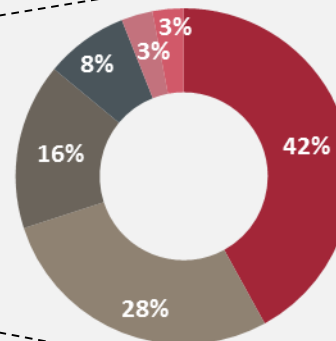
BEN loan composition¹

- Residential mortgages
- Commercial mortgages
- Listed securities & managed funds
- Unsecured
- Other



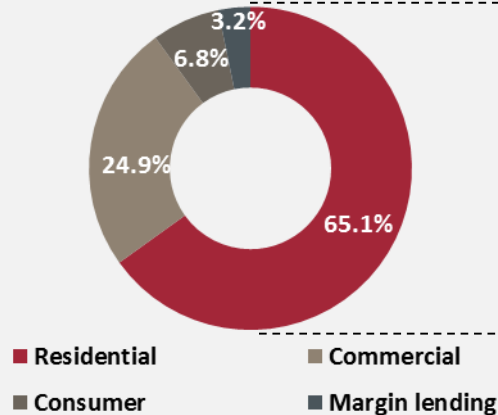
Commercial breakdown

- Agri, forestry & fishing
- Rental, hiring & real estate
- Other
- Construction
- Finance & insurance
- Retail trade
- Health Care & Social assist
- Accom & food services
- Manufacturing



- 98.4% secured
- 97.8% secured by mortgages and listed securities
- Residential mortgages
 - average LVR 58.8%
 - 65% owner occupied
- Margin Lending
 - 78% of portfolios hold ≥ 4 stocks
 - Average LVR 39.0%

BEN loan composition²



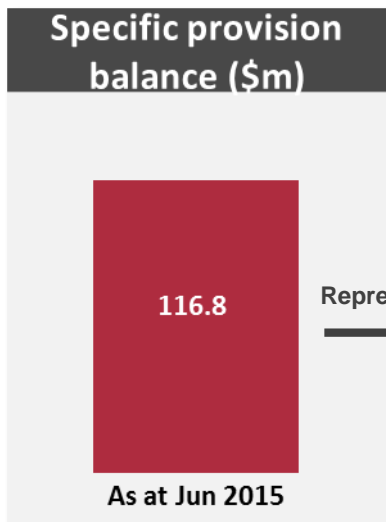
Residential Mortgages ³	Jun-15	Dec-14	Jun-14
Owner occupied	64.9%	65.0%	65.1%
Investment	35.1%	35.0%	34.9%
Lo Doc	2.9%	3.4%	3.9%
Retail mortgages	53.6%	52.1%	52.0%
Third Party mortgages	46.4%	47.9%	48.0%
Mortgages with LMI	35.1%	37.5%	37.9%
Average LVR	58.8%	59.3%	62.4%
Average loan balance	\$171k	\$200k	\$198k
90+ days past due	0.55%	0.56%	0.62%
Impaired loans	0.09%	0.10%	0.12%
Specific provisions	0.03%	0.03%	0.03%
Loss rate	0.01%	0.01%	0.01%
Variable	64.1%	64.8%	70.0%
Fixed	35.9%	35.2%	30.0%
First home owners % portfolio	5.9%	5.9%	7.1%

1. Loan data represented by security as per page 20 in the 4E.

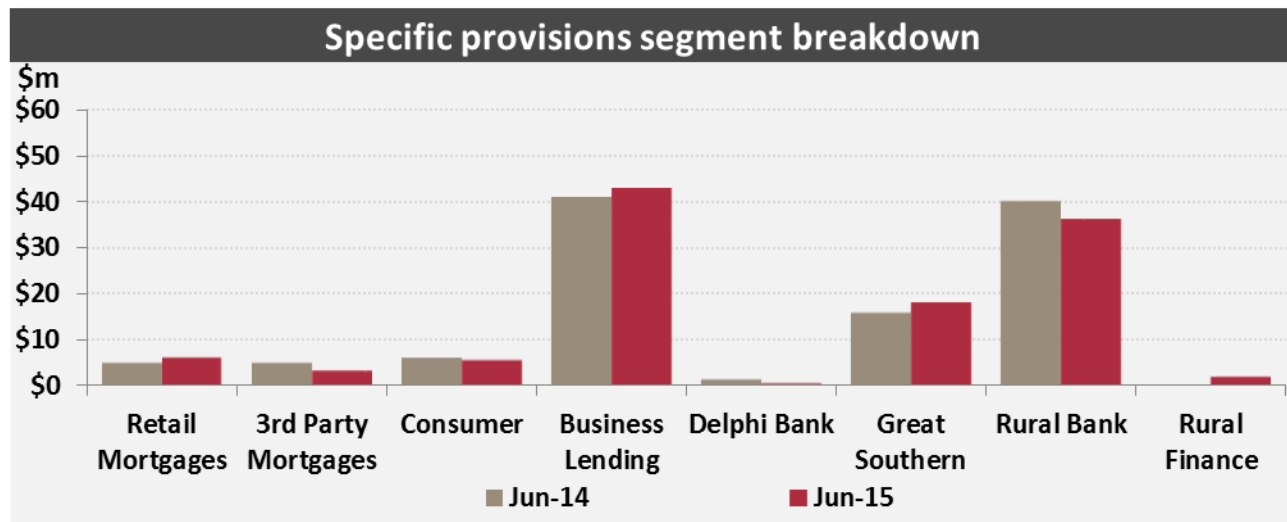
2. Loan data represented by purpose

3. Excludes Delphi Bank data

Specific provisions



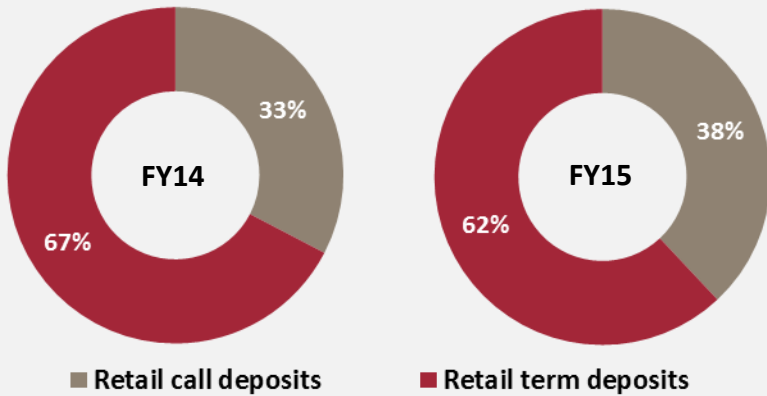
Represented by



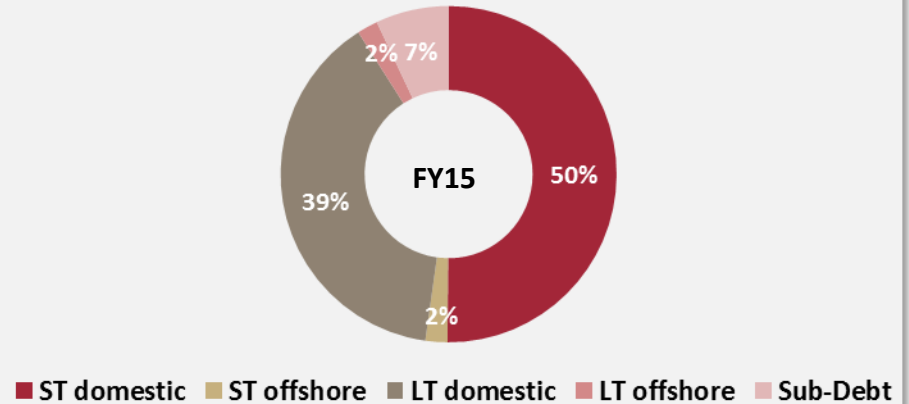
Provision as % of gross loans	Retail Mortgages	3 rd Party Mortgages	Consumer	Business Lending	Delphi Bank	Great Southern	Rural Bank	Rural Finance	Wealth	Alliance Partners	BEN total
June 2014	0.03%	0.03%	0.2%	0.5%	0.08%	4.3%	1.0%	-	-	-	0.22%
June 2015	0.03%	0.02%	0.2%	0.5%	0.03%	6.7%	1.2%	0.1%	-	-	0.21%
Portfolio as % of gross loans	33.1%	29.7%	4.6%	14.1%	3.5%	0.5%	6.7%	3.0%	3.3%	1.0%	100%

Funding

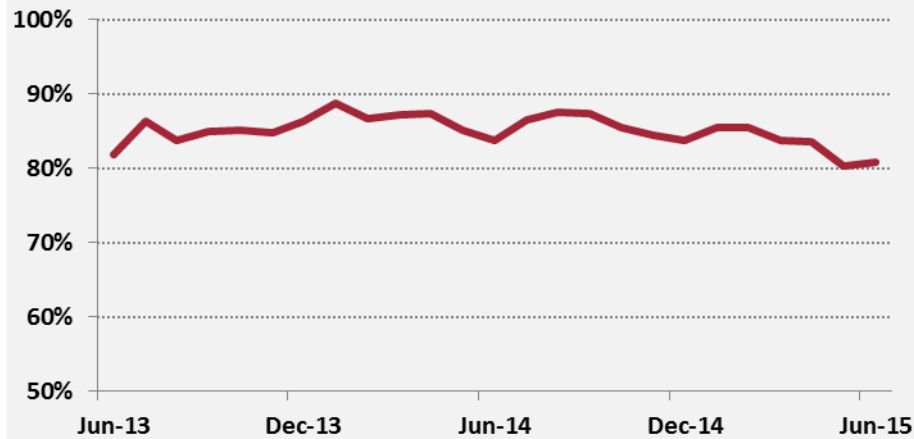
Retail deposit composition



Wholesale funding composition



Retail term deposit retention rate¹



1. Company data

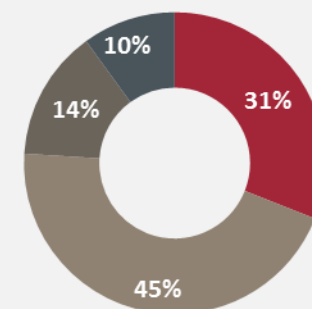
Key capital ratios & LVR breakdown

Key capital ratios (%)

	2H14 ¹	1H15	2H15
Common equity tier 1	8.02	8.14	8.17
Additional tier 1	1.20	1.88	2.43
Tier 1 Capital	9.99	10.02	10.60
Tier 2	2.17	2.17	1.97
Total regulatory capital	11.39	12.19	12.57
Risk weighted assets (RWA) (\$bn)	34.3	34.5	34.7

Residential LVR breakdown²

■ 0% - 60%	31%
■ 60%-80%	45%
■ 80%-90%	14%
■ 90%+	10%

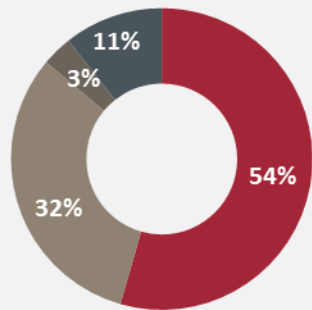


1. Shows pro-forma impact to capital adequacy of the Rural Finance acquisition which was completed on 1 July 2014

2. Breakdown of LVRs for claims secured by residential mortgages at 30 June 2015

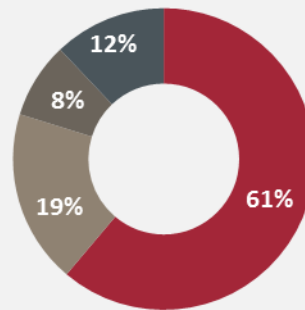
Contributions by segment

Contribution by assets



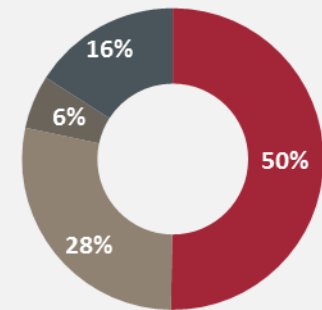
■ Retail ■ Third party banking ■ Wealth ■ Rural

Contribution by income



■ Retail ■ Third party banking ■ Wealth ■ Rural

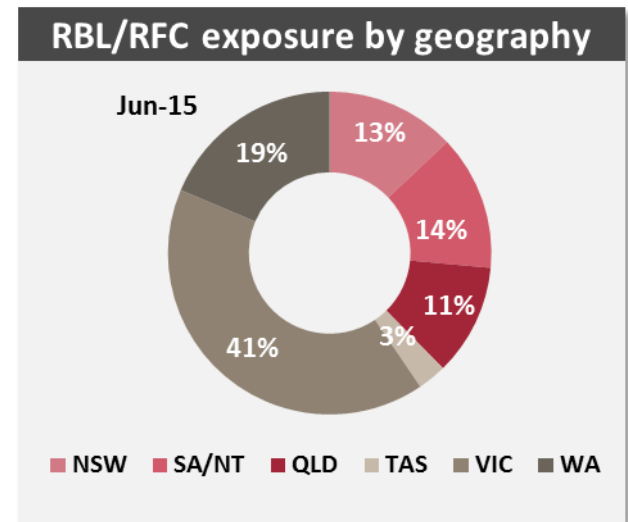
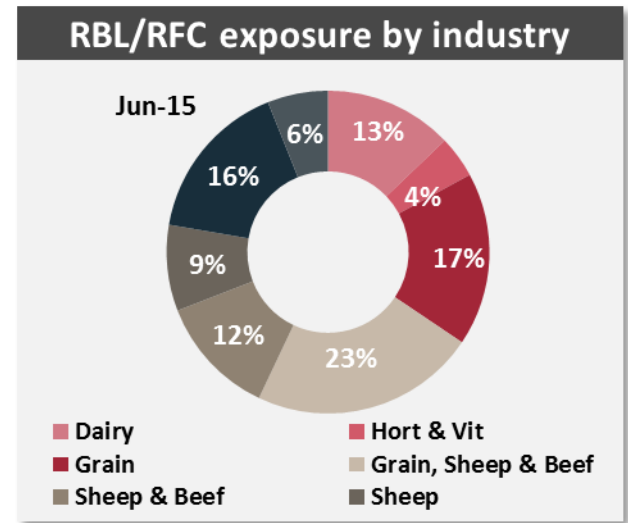
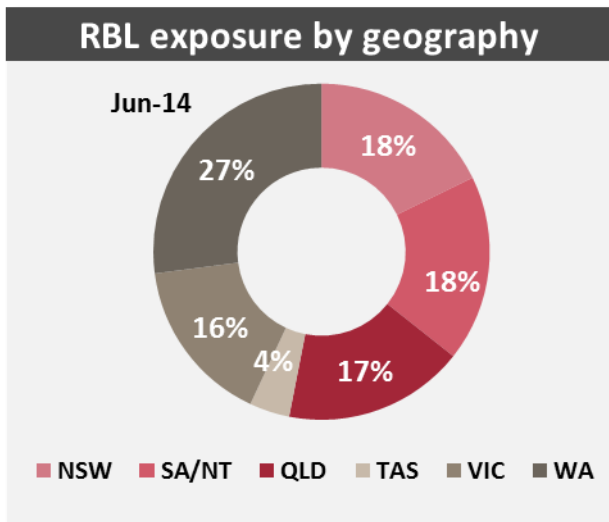
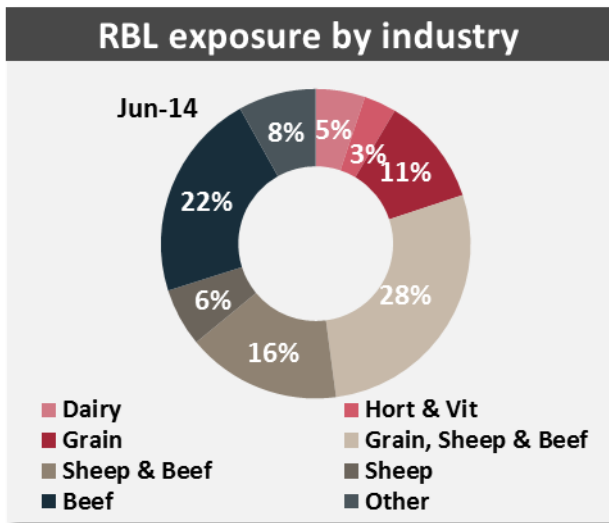
Contribution by cash earnings



■ Retail ■ Third party banking ■ Wealth ■ Rural

1. Graphs refer to operating segment information (cash basis) on p18 - 19 in 4E, excludes central functions.

RBL/RFC exposure by industry/geography



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