



2014 half year results presentation

17 February 2014

Mike Hirst
Managing Director

Richard Fennell
Chief Financial Officer

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 no representation or warranty is made as to the accuracy, completeness or reliability of the information. It is to be read in conjunction with the Bank's half year results filed with the Australian Securities Exchange on 17 February 2014. 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 4D for reconciliation to statutory profit.

Copyright protection exists in this presentation.

- Overview
- Financial performance
- Outlook
- Appendices

Mike Hirst

Group Managing Director

Our half year result

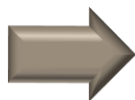
Financial performance - statutory profit after tax	Financial performance - cash basis earnings
<ul style="list-style-type: none"> • Statutory profit after tax \$180.7m • Half year dividend of 31.0¢, fully franked¹ 	<ul style="list-style-type: none"> • Cash earnings of \$185.9m • Cash earnings per share 45.0¢ • Return on average tangible equity 13.3% • Return on average ordinary equity 8.8%
Balance sheet management	Credit
<ul style="list-style-type: none"> • 4 basis point NIM improvement half-on-half • Funding flexibility underpinning margin growth • Basel III CET1 ratio increased to 7.86% • \$300m Basel III compliant Tier 2 sub debt issued in January 2014 	<ul style="list-style-type: none"> • Increasing collective provision • 90 days arrears down 38bps half-on-half • QLD cattle property values continue to fall • Impaired loans increased due to three large exposures, all have been adequately provided for

1.Ex-dividend date is 21 February 2014, record date is 27 February 2014, and dividend payment date is 31 March 2014.

Consolidation to investment

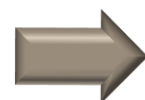
Consolidation

- Rating agency upgrades (Fitch “A-”, S&P “A-”)
- BEN’s securitisation program used to support funding and capital
- Balance sheet strength through strong retail deposit base and demand for our wholesale funding programs
- Improvement in Capital position through Tier 1 and Tier 2 issuances



Strengthening

- BEN buys Australian arm of Bank of Cyprus – later naming it Delphi Bank
- BEN buys Southern Finance and HD&C Securities portfolio’s
- BEN acquires 100% of Community Telco and Rural Bank
- Flexible liability strategy
- Position Margin Lending business for growth



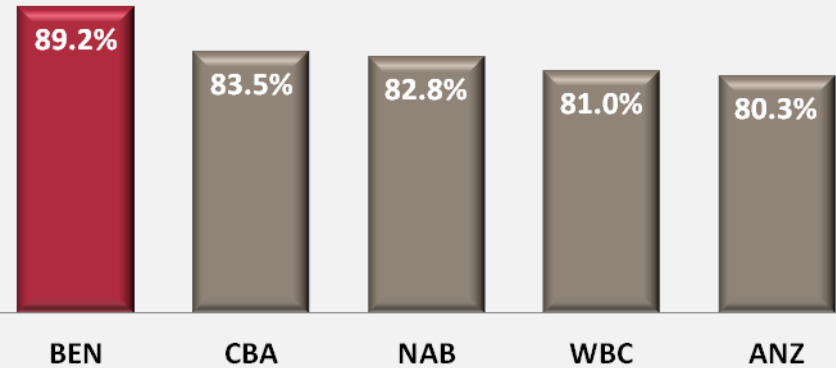
Investment

- Basel II Advanced Accreditation
- Opportunity for future acquisitions
- New Adelaide Office for 1000+ staff
- Increased investment in online channels
- Third Party lending systems platform

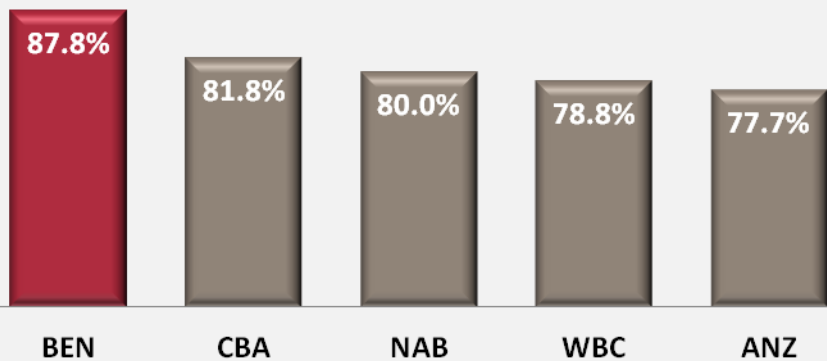
A unique and valued customer proposition

- Brand and customer advocacy
 - ★ Leading financial institution for customer loyalty 2013²
 - ★ Top 100 fastest growing bank followings on Facebook
- Continued maturation of **Community Bank®** and retail network

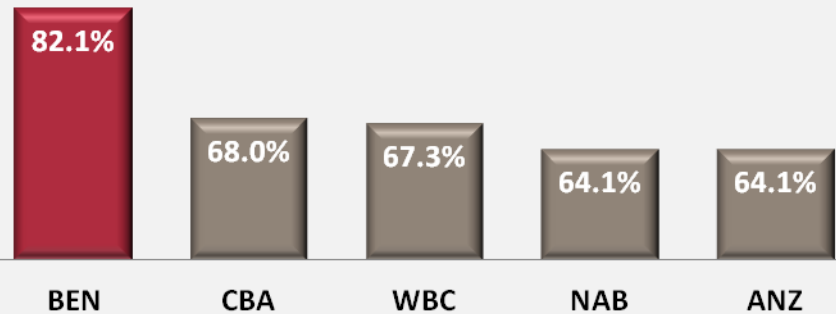
Main Financial Institution (MFI) Satisfaction¹



Consumer Banking Satisfaction¹



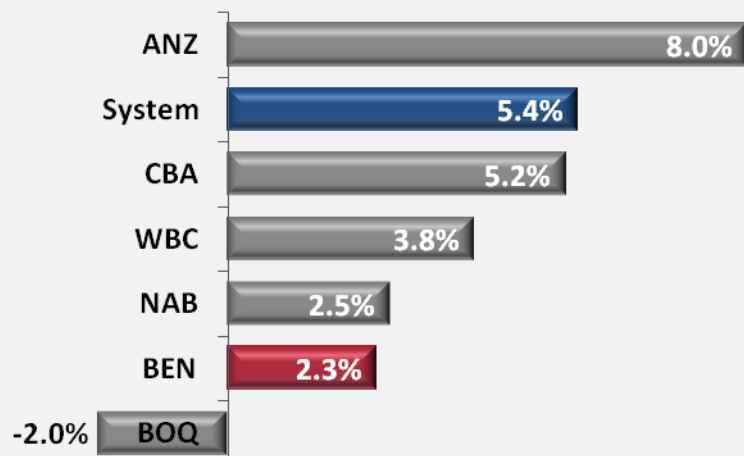
Business Banking Satisfaction¹



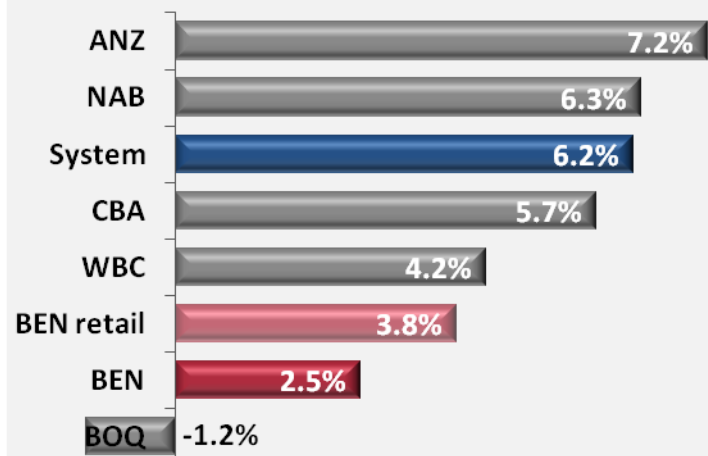
1. Roy Morgan Research – 6 month average to December 2013
2. Engaged Marketing – 2013 financial institution consumer recommendation & loyalty study

Low growth environment

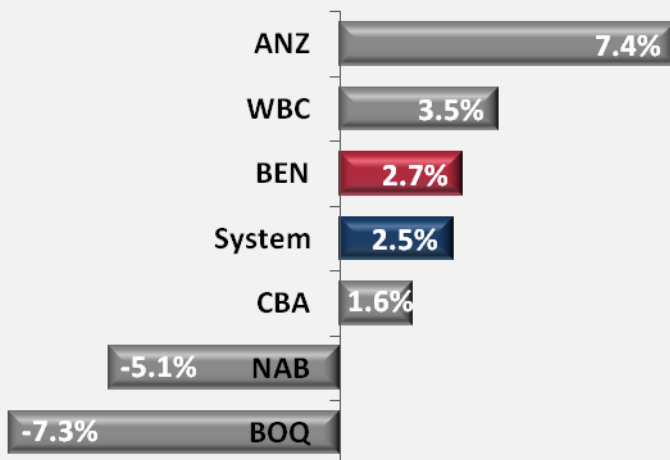
Total lending growth¹



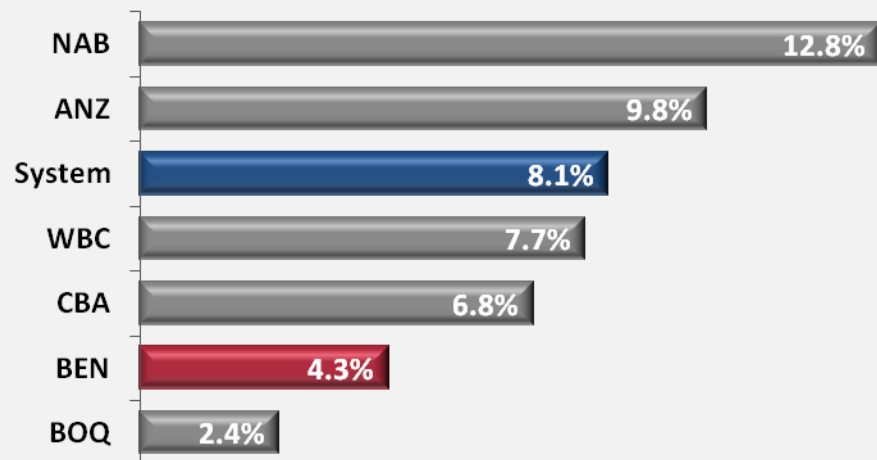
Housing lending growth^{1,2}



Business lending growth¹



Total deposit growth¹



Source: APRA statistics December 2013, Nomura research

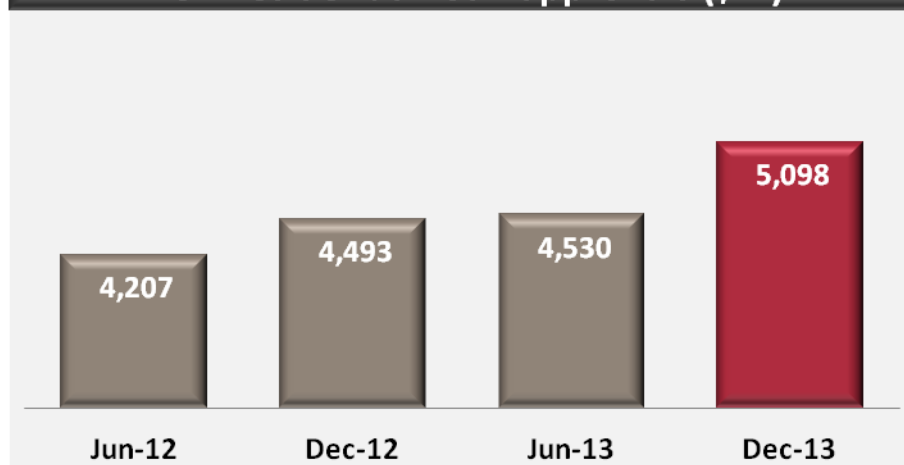
1. Data is based on 6 month growth annualised

2. BEN retail growth of 3.8% is for retail origination channel only

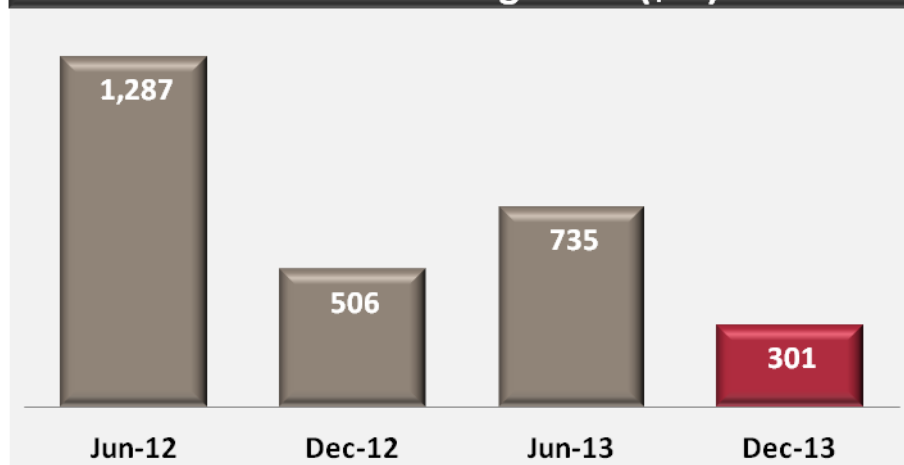
Loan approvals continue to grow

- Continued growth in new loan approvals
- Accelerated amortisation of back book impacting net growth
- No discernible increase in outward refinances
- Some element of half-on-half seasonality evident in loan growth

New residential loan approvals (\$m)



Residential loan growth (\$m)



Pipeline to improve customer's digital experience



- Launch of our new version of Bendigo Bank mobile e-banking
- Bendigo Bank website enhancements to accelerate customer acquisition and product sales with online account opening
- Launch of “redy” a new payment solution developed in conjunction with Community Telco and our payment switch, Strategic Payment Services
- Mobile POS Solution (mobile payments platform for merchants)
- Bendigo Bank eWallet

Richard Fennell

Chief Financial Officer

At a glance

	1H14	2H13	1H13	Change 1H13 – 1H14	Change 2H13 – 1H14
Cash earnings	\$185.9m	\$178.3m	\$169.7m	9.5%	4.3%
Statutory NPAT	\$180.7m	\$162.9m	\$189.4m	(4.6%)	10.9%
Cash EPS	45.0¢	43.5¢	41.9¢	3.1¢	1.5¢
Net interest margin	2.24%	2.20%	2.19%	5 bps	4 bps
Expense to income ratio	55.4%	56.2%	57.8%	(240 bps)	(80 bps)
Expense to average assets	1.30%	1.28%	1.30%	-	2 bps
Return on tangible equity ¹	13.30%	13.57%	13.38%	(8 bps)	(27 bps)
Return on equity ¹	8.83%	8.77%	8.38%	45 bps	6 bps
Dividend per share	31.0¢	31.0¢	30.0¢	1.0¢	-

Balance Sheet	1H14	Change 1H13 – 1H14	Change 2H13 – 1H14	Capital and funding	1H14	Change 1H13 – 1H14	Change 2H13 – 1H14
Total assets	\$60.4b	3.3%	0.2%	Tier 1 capital	9.24%	(7 bps)	(1 bps)
Total liabilities	\$55.9b	3.2%	0.1%	Total capital	10.72%	(35 bps)	1 bps
RWA's	\$31.1b	5.8%	1.7%	Deposit funding ²	78.7%	(130 bps)	20 bps

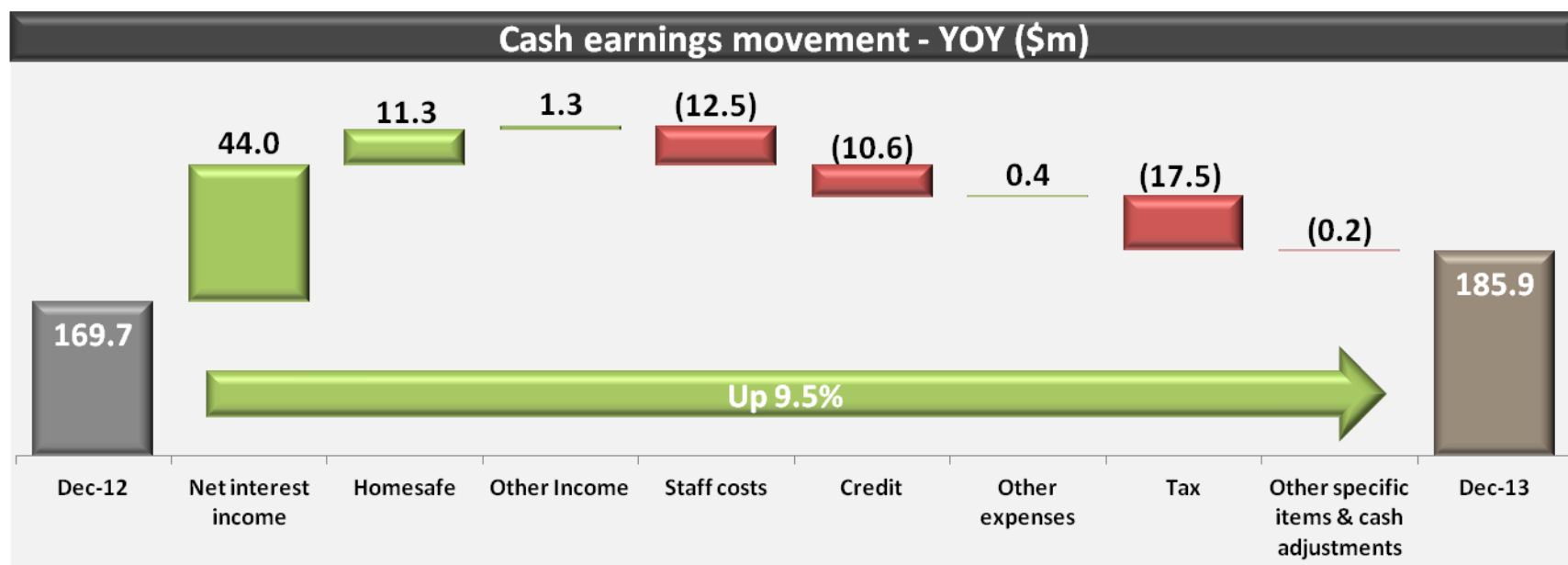
1: Cash earnings basis

2: Total funding position

Financial performance

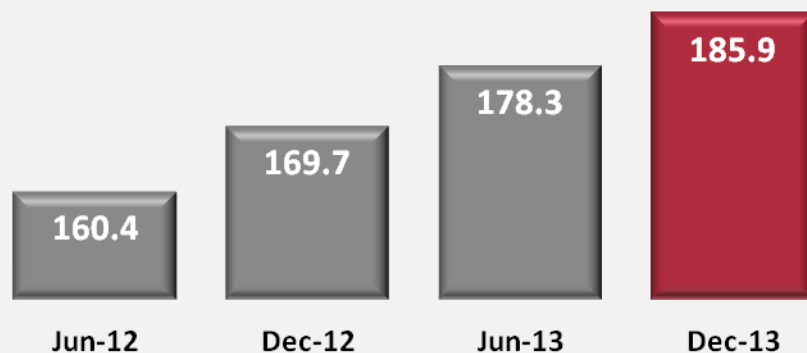
Solid cash earnings growth

- Margin management a continued focus
- Strong contribution from Homesafe portfolio
- Staff costs impacted by Community Telco and salary adjustments
- North Queensland cattle property exposures continue to impact credit outcome

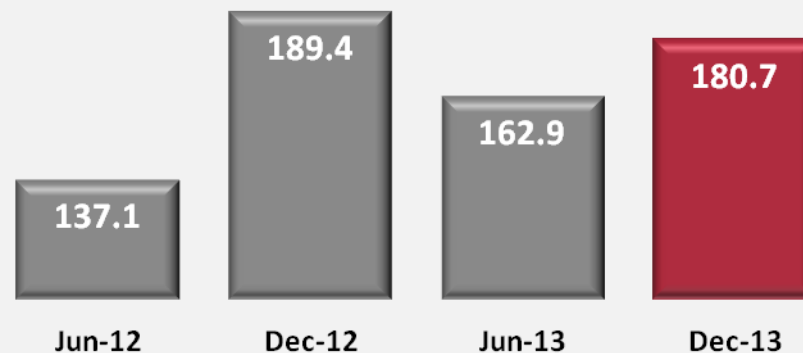


Positive earnings performance

Cash basis profit (\$m)



Statutory profit (\$m)



Dividends (cents)



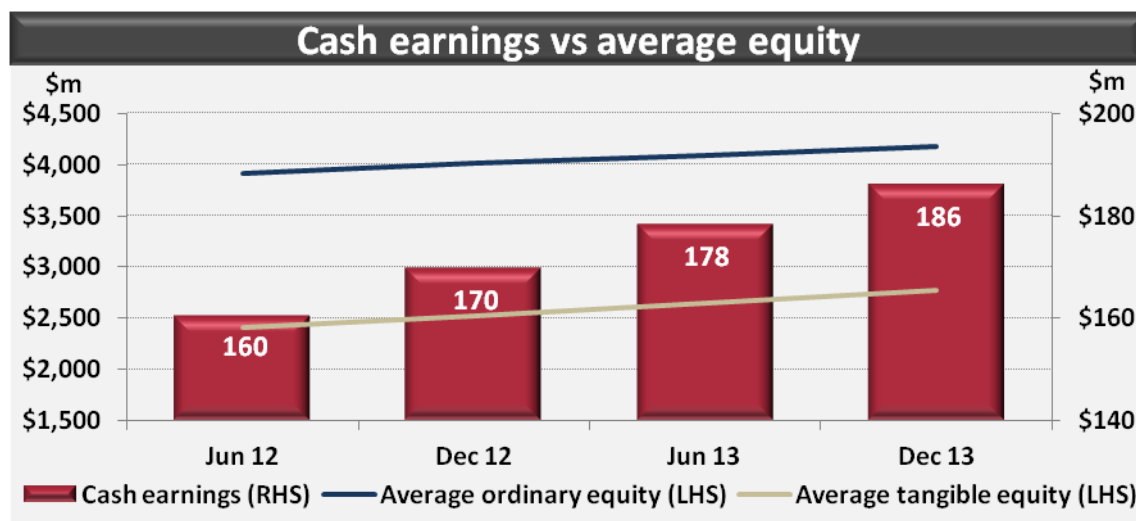
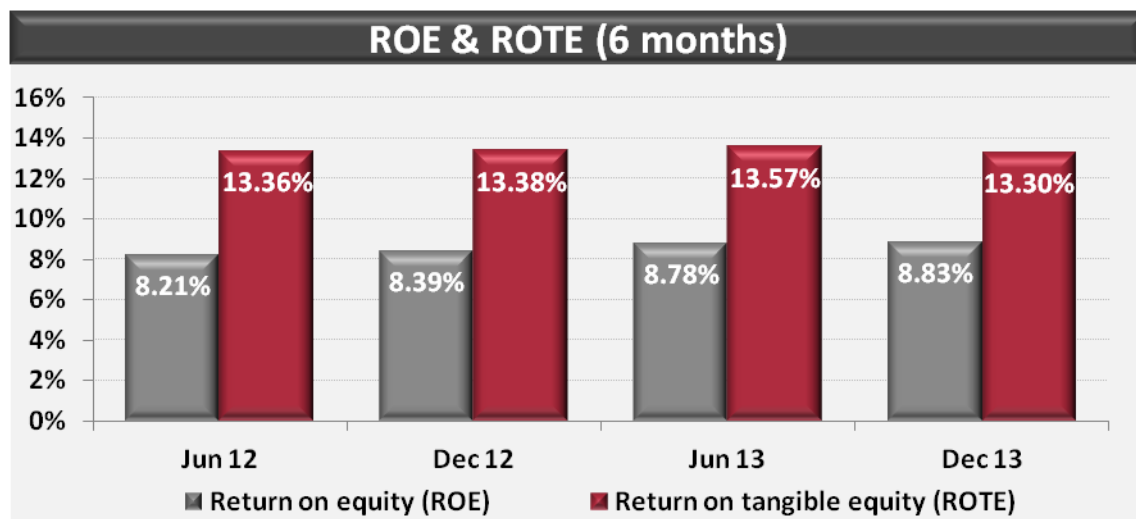
Cash earnings per share (cents)



Financial performance

Steady growth in ROE

- Steady ROE & ROTE outcome
- Strong growth in revenue
- Capital base increasing for Basel III environment

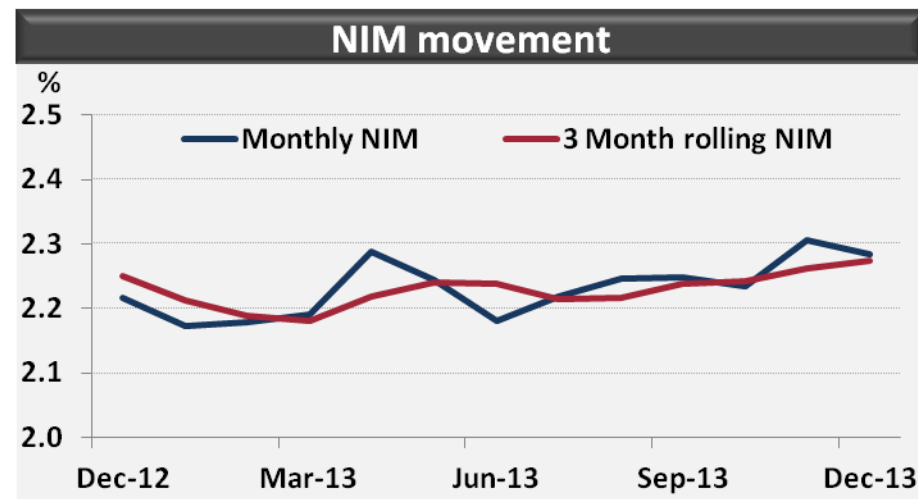
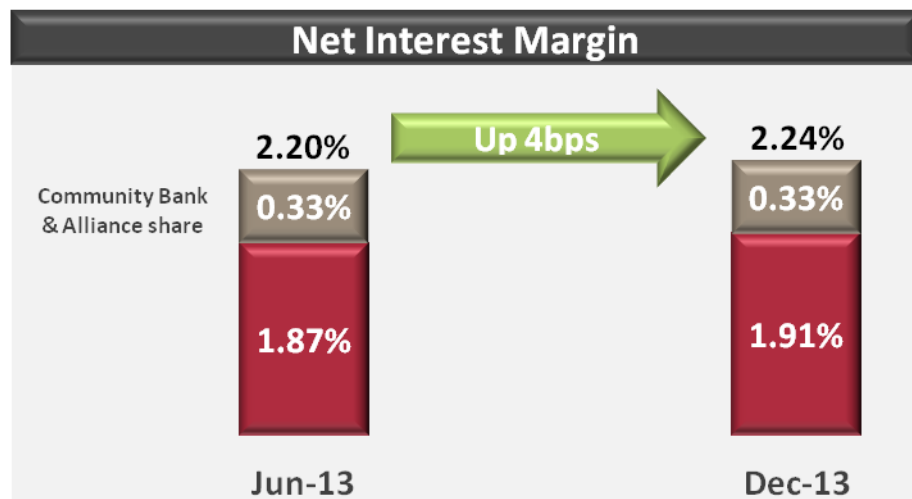


•Return on Equity (ROE) is the net income returned as a percentage of shareholders equity

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

Net interest margin

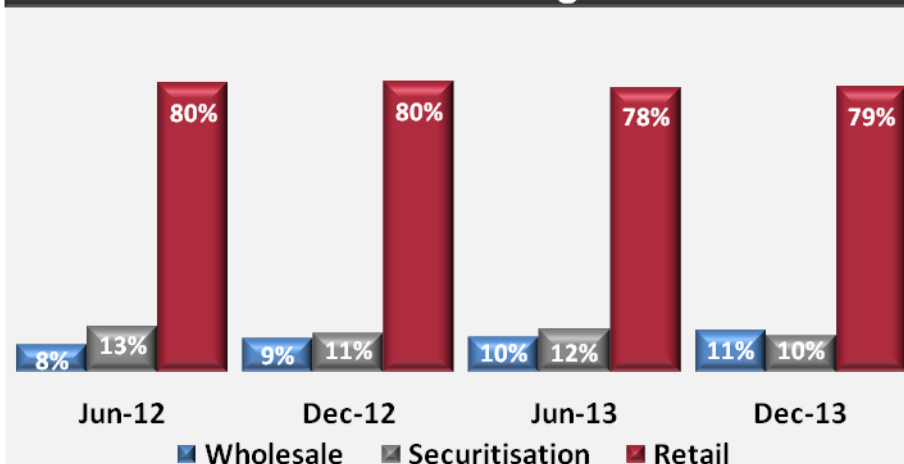
- Proactive and disciplined approach to pricing drives NIM improvement
- Customer proposition and brand positioning provide tangible funding benefits
- Continuing to utilise improved wholesale markets where appropriate



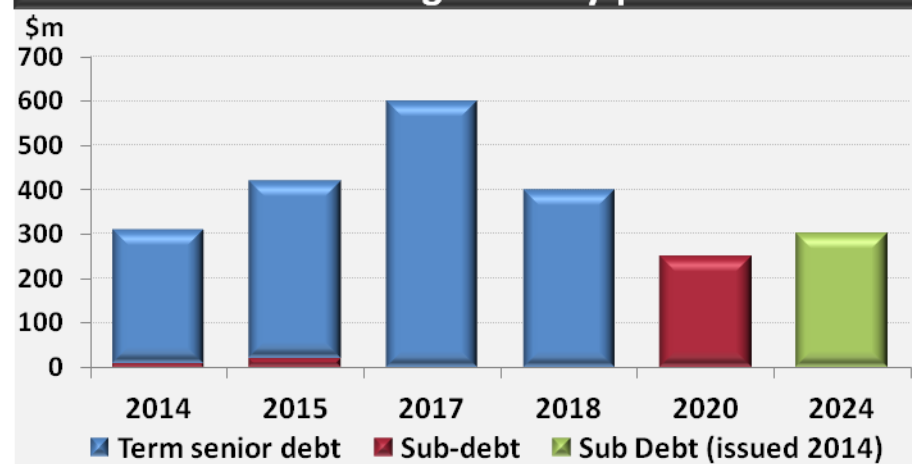
Flexible funding position

- Continued wholesale issuance provides diversity, tenor and pricing benefits
- Leveraging core strengths of the retail business and market conditions
- No RMBS issued in 1H14

Historical funding mix



Term funding maturity profile



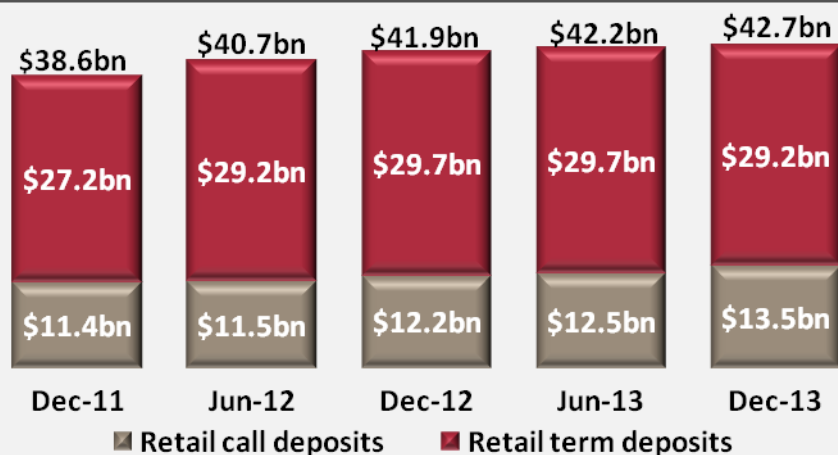
Note : Term funding maturity profile as at 31 December 2013, with Jan 2014 sub debt

Financial performance

Retail deposits

- Management target of 75-80% retail funding remains
- Term deposit retention rate consistently above 80%
- Strong growth in call deposits, with movement from term deposits a contributing factor

Retail deposit portfolio balances



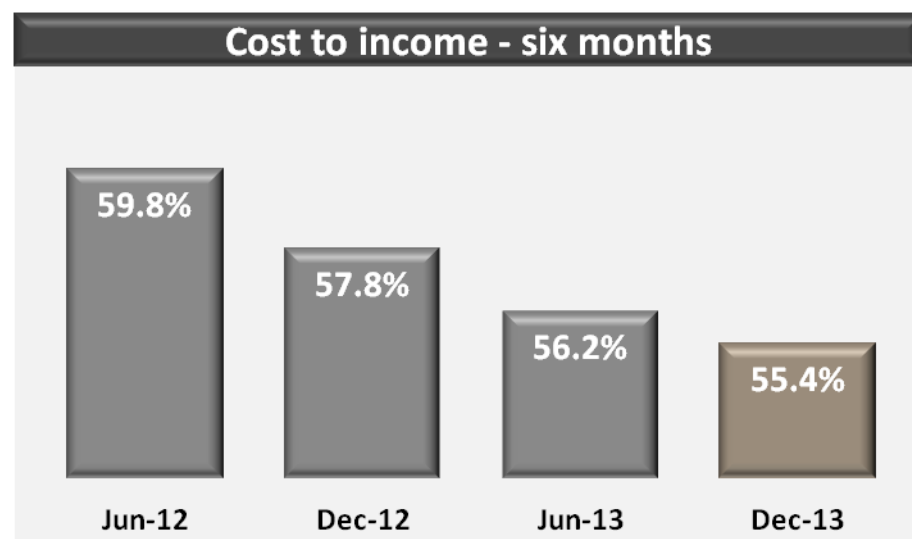
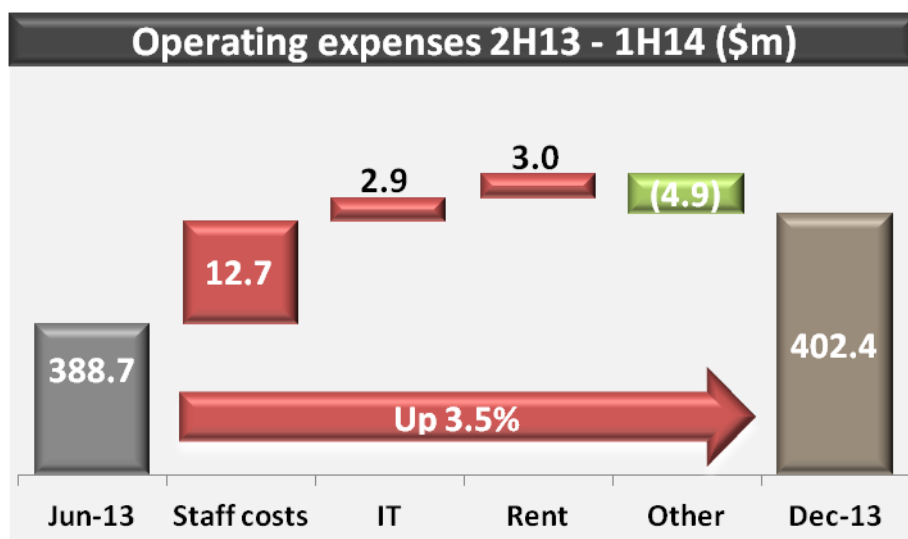
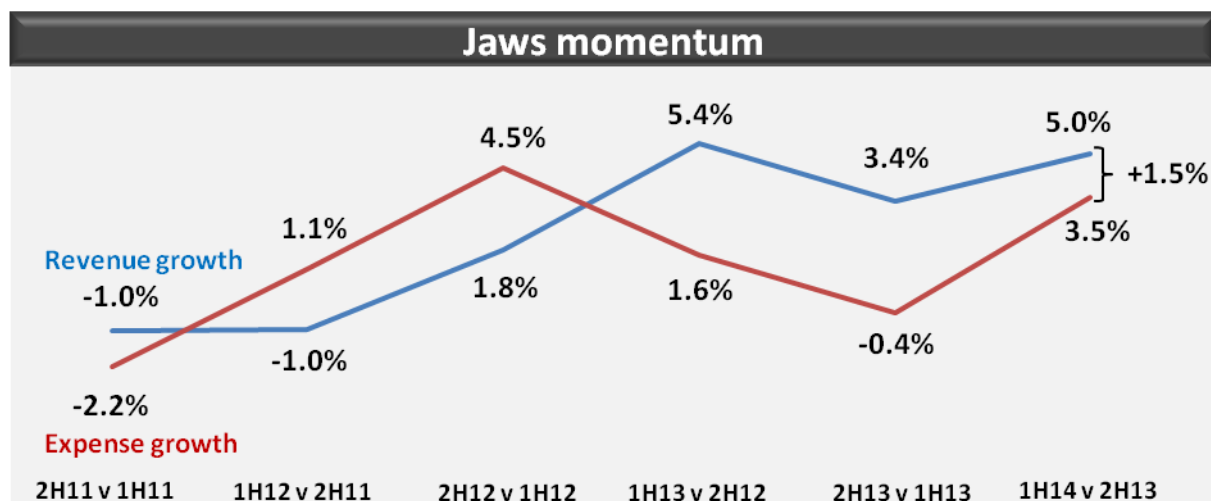
Retail term deposit retention rate¹



¹Source: Company data

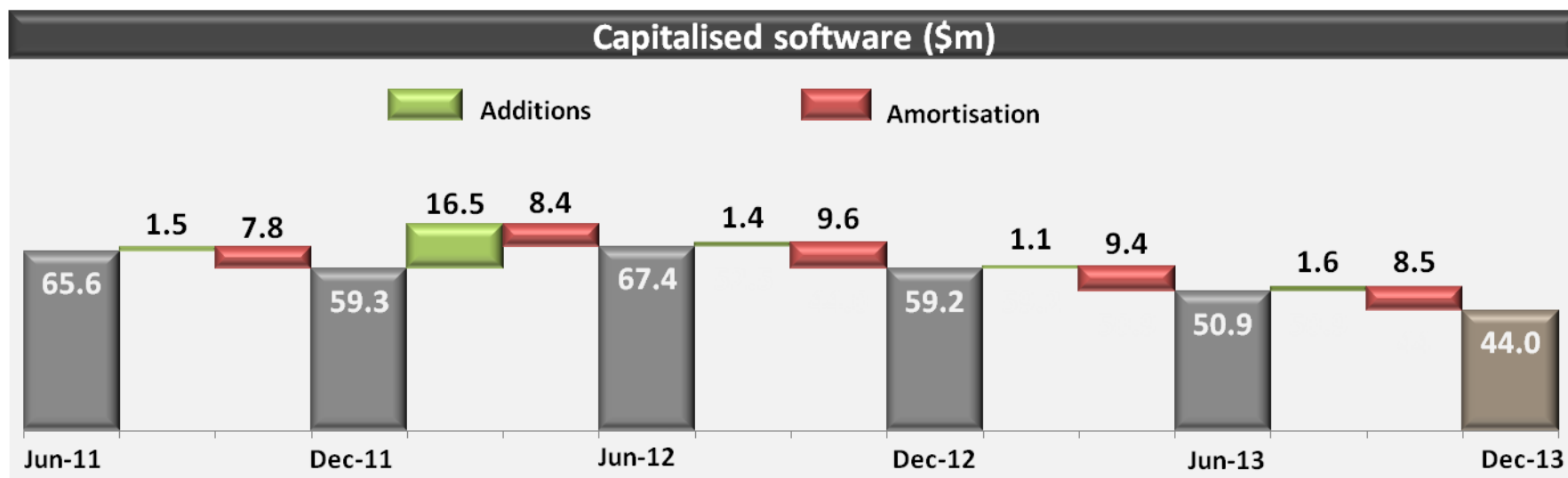
Efficiency focus remains

- Cost headwinds appearing
 - New Adelaide head office
 - Basel II Advanced Accreditation project
- Maintaining positive 'JAWS' will remain a focus of management



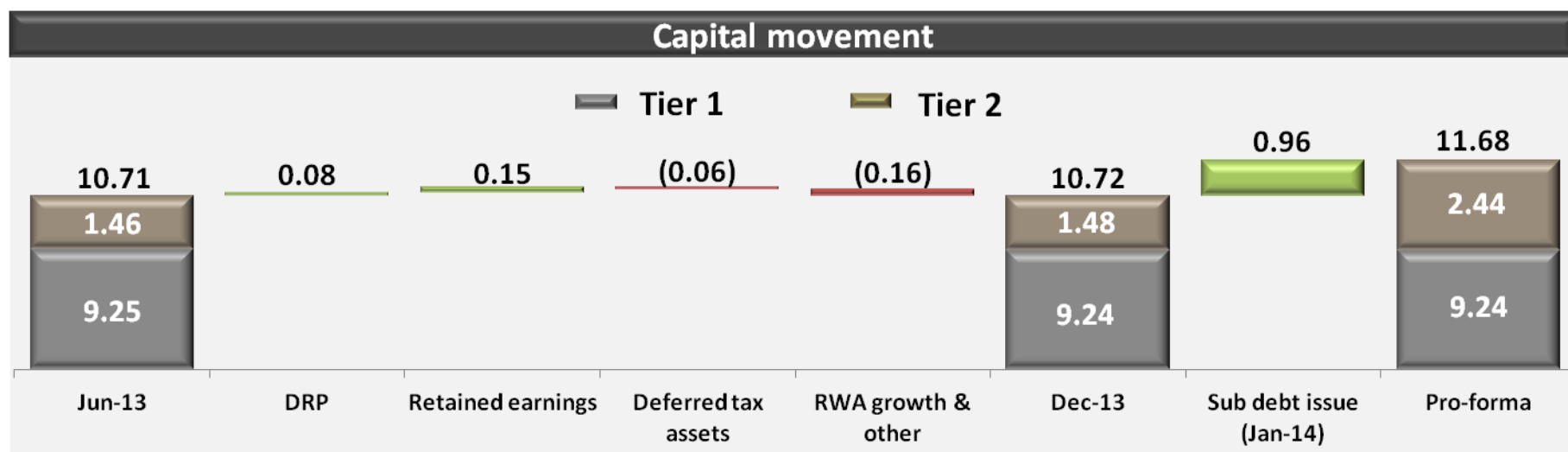
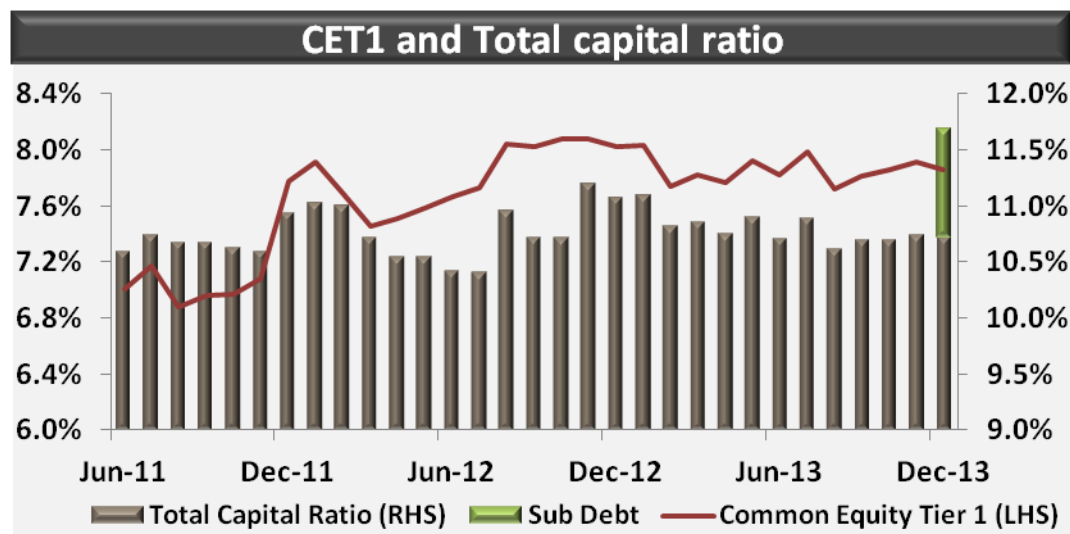
Capitalised software

- Capitalised software balance continues to reduce
- Levels will increase as strategic initiatives are finalised including Basel II Advanced Accreditation
- \$22m of Basel II costs yet to be added to capitalised software



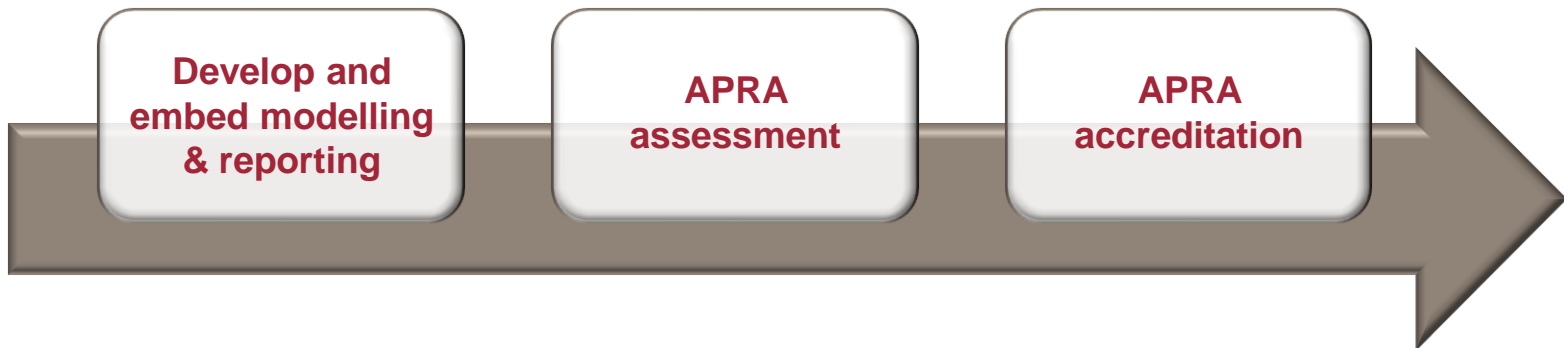
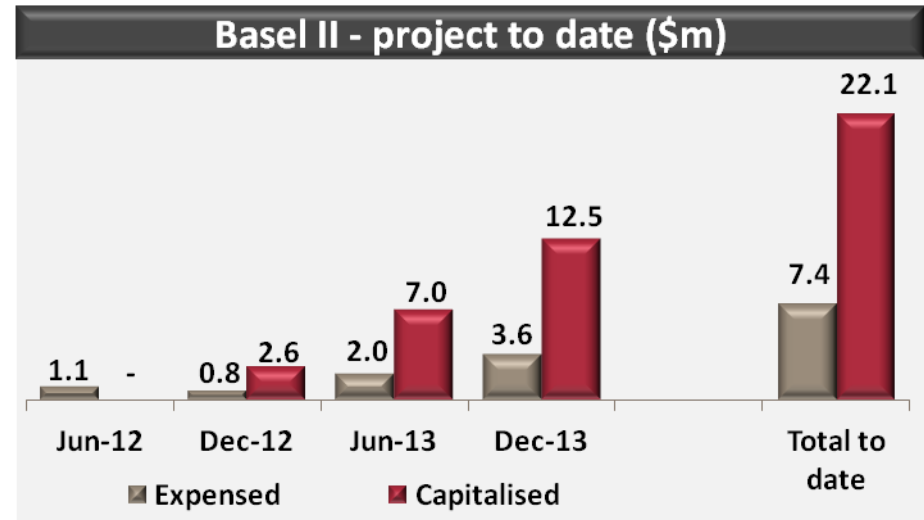
Stable capital position

- Common equity Tier 1 capital improved to 7.86%
- Negative impact from net RMBS movement



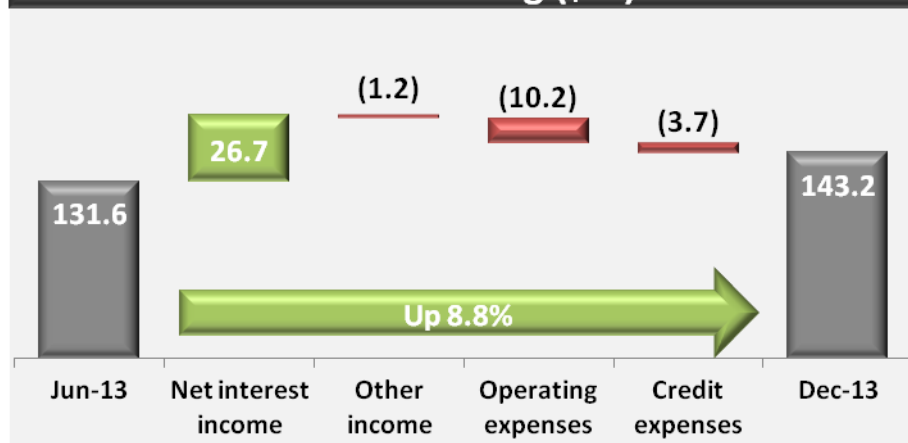
Basel II Advanced Accreditation

- Continuing to develop and embed the use of enhanced models - Credit Risk, Operational Risk and IRRBB
- Developing internal, external and regulatory reporting required of an Advanced institution.
- Introducing enhanced risk-adjusted performance measures, risk-based pricing and information for risk-aware management.
- Enhancing methodology for determining the cost of capital and setting hurdle rates

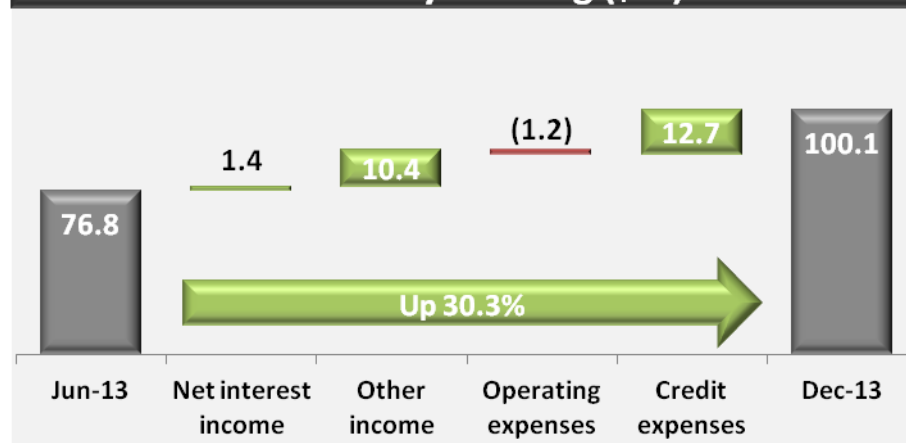


Business segment performance

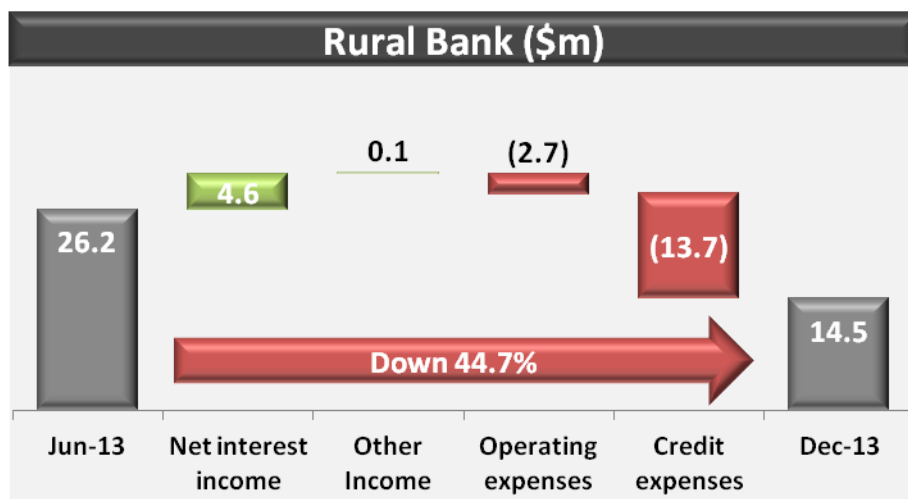
Retail Banking (\$m)



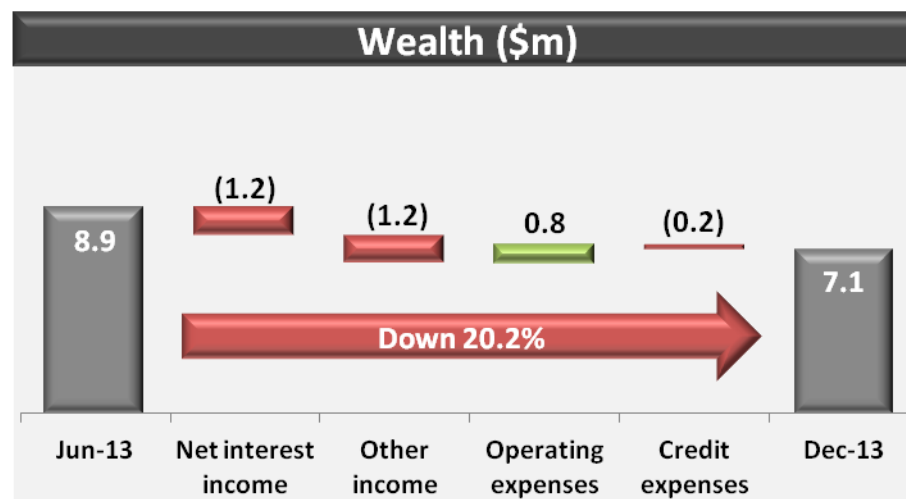
Third Party Banking (\$m)



Rural Bank (\$m)



Wealth (\$m)



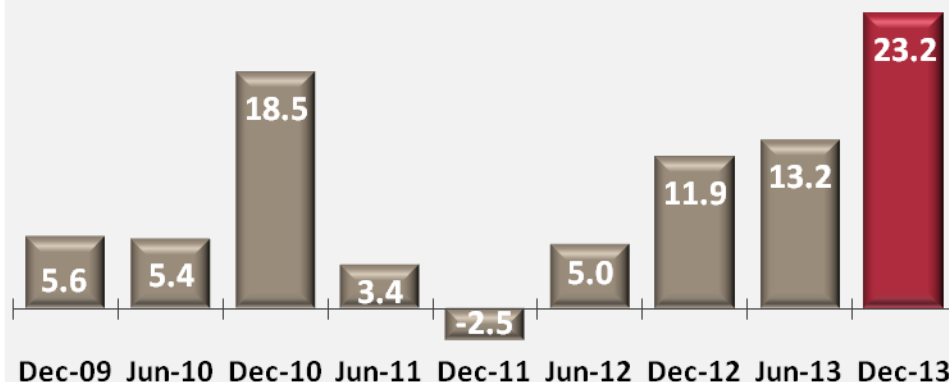
Note – Graphs refer to segment performance on p44 in 4D, excludes central functions.

Financial performance

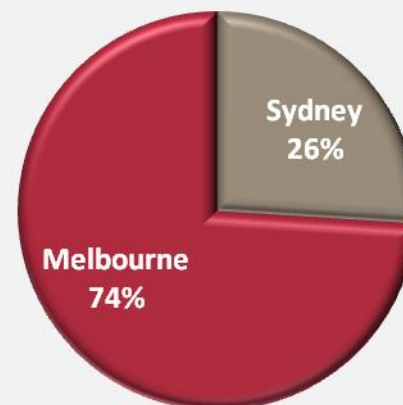
Homesafe investment property portfolio

- Asset growth driven by:
 - New business (properties acquired)
 - Portfolio revaluation (income contribution)
 - Change in property prices – residex index increase for 6 months¹;
Melbourne +4.7%
Sydney +7.8%
 - Ageing of portfolio
- Net average annual return on completed contracts since inception 7.9%

Homesafe income contribution (\$m)



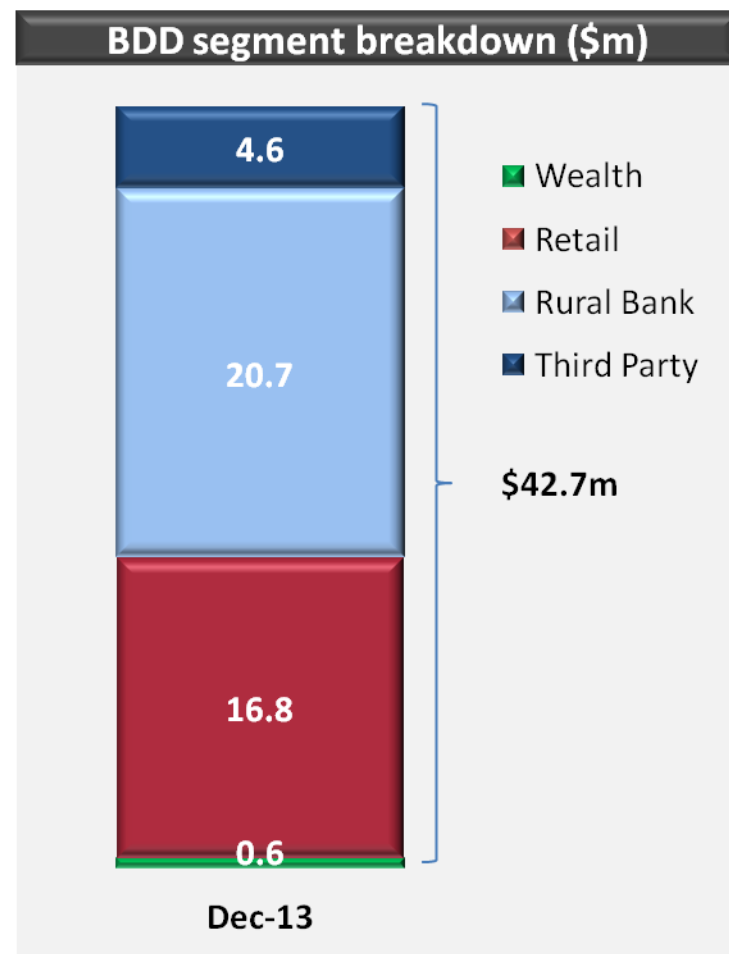
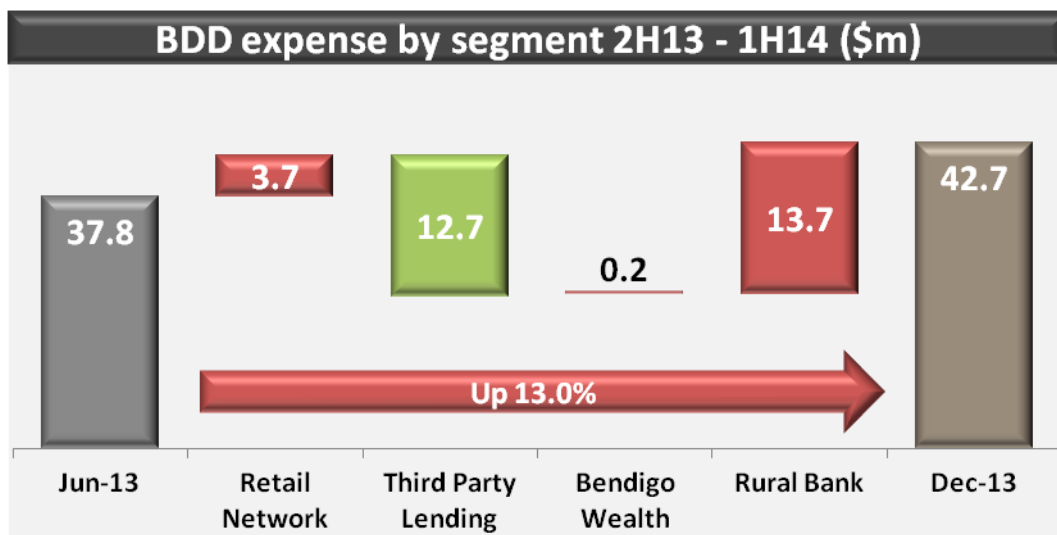
Homesafe portfolio distribution



1. 6 months July – December 2013

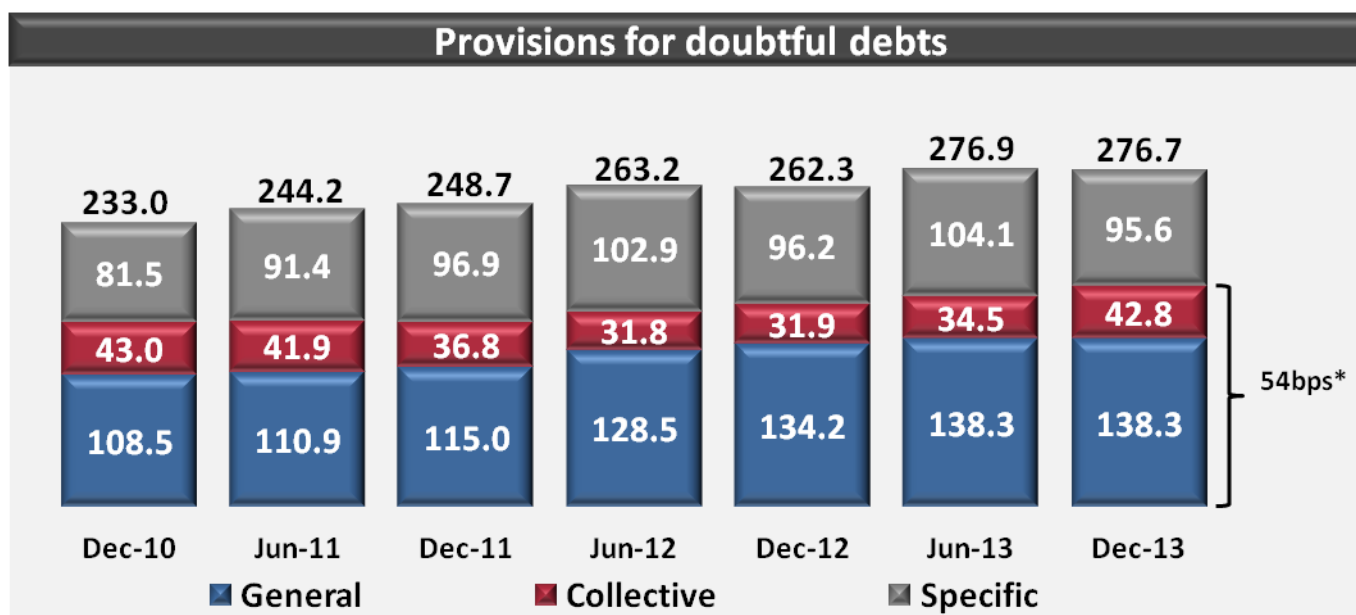
Bad and doubtful debts

- Northern Queensland cattle properties continue to devalue
- Improvement in Third Party Lending predominantly due to Great Southern MIS portfolio



Bad and doubtful debts cont

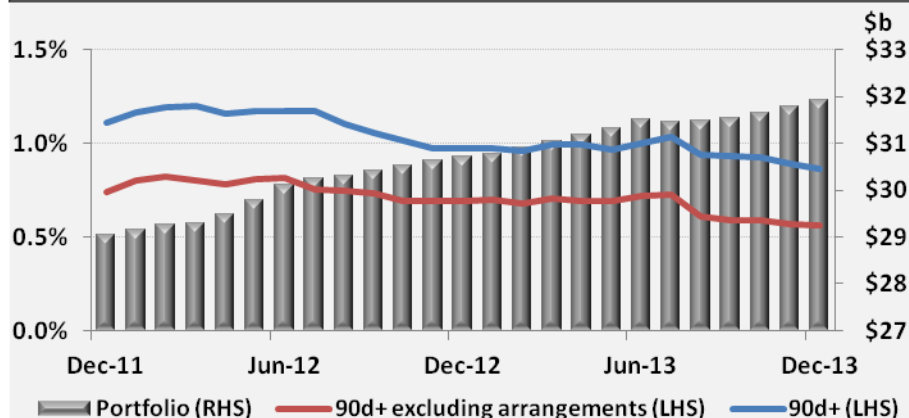
- Increase in collective provisions
- Portfolio remains well secured, with low LVR's



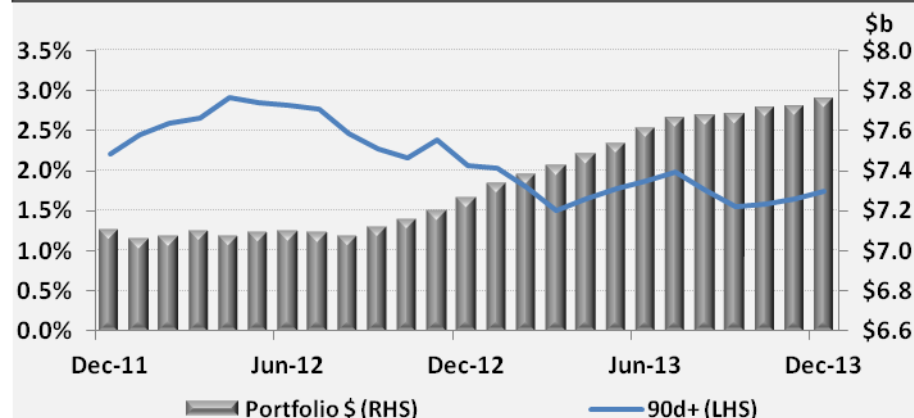
* Collective provision (adjusted for tax) & GRCL to risk weighted assets

Arrears – 90 days+

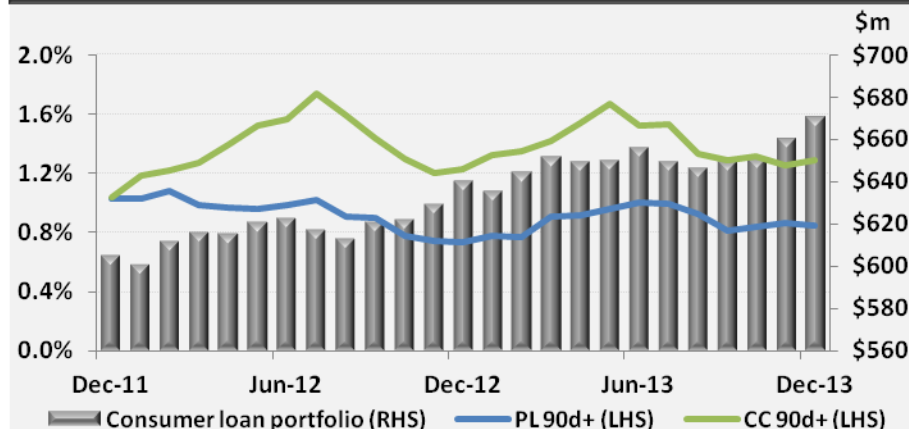
Residential loan arrears



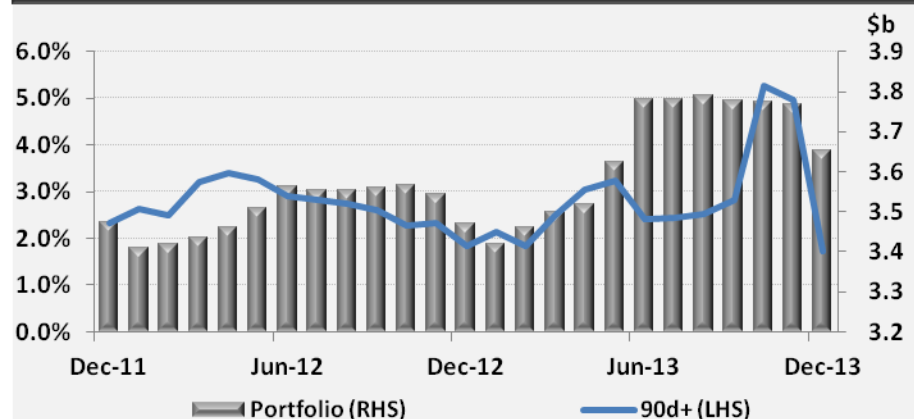
Business loan arrears



Consumer loan arrears



Rural Bank loan arrears



Mike Hirst

Group Managing Director

In summary....







Performance

- Strong margin and balance sheet
- Good cost control
- Investing in customer experience and Basel II
- Queensland cattle property values continue to fall
- Improving arrears position

Future Considerations

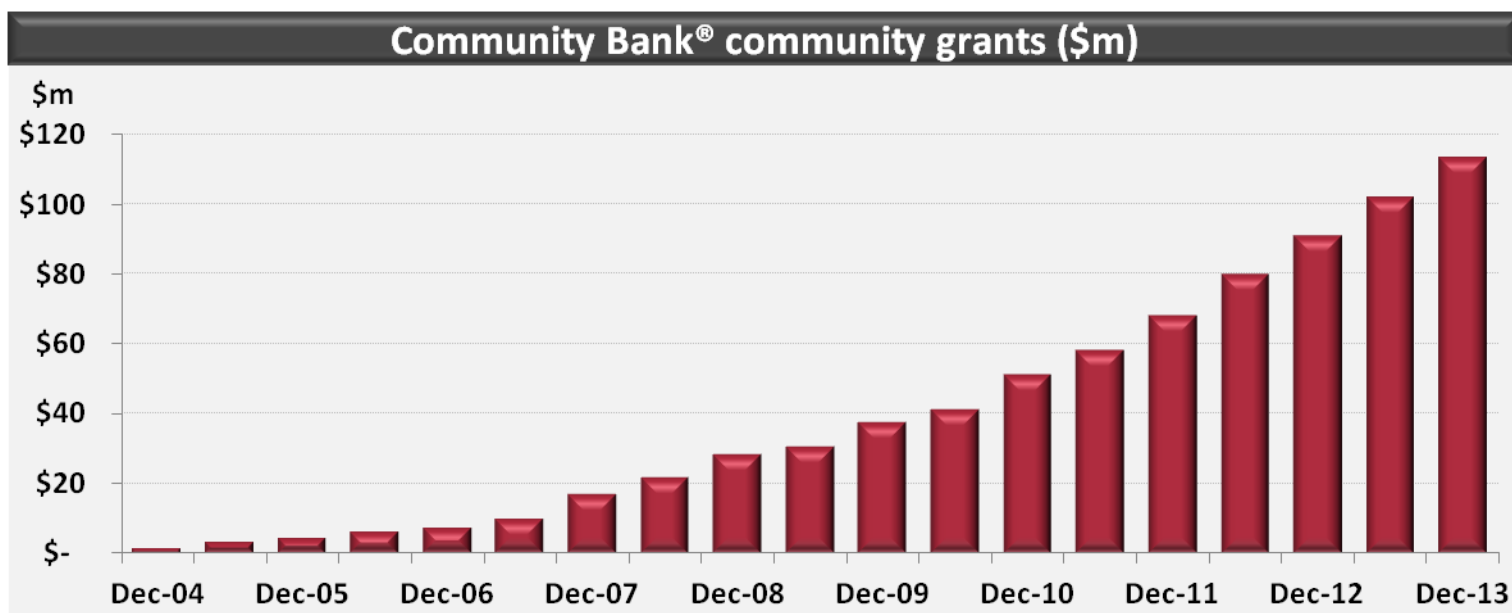
- Low growth environment
- Price vs value
- Emerging convergence telco/payments/banking

A portfolio of diverse businesses

Business	Segment	Business conditions
 Bendigo and Adelaide Bank	Domestic bank operating five distinct brands	<ul style="list-style-type: none"> • Difficult and uncertain market conditions remain • Unique community, customer, and partner proposition
 Bendigo Bank	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
 Adelaide Bank	Third party channel	<ul style="list-style-type: none"> • Strong independent brand • Upgrading key systems • Origination channel of choice for many consumers
 Bendigo Wealth	Margin lending, wealth management, superannuation	<ul style="list-style-type: none"> • Independent provider of choice in select products • Increased investment in IT and distribution capability • Margin lending positioned for growth
 RURAL BANK	Agri-business banking	<ul style="list-style-type: none"> • Growing brand and distribution • Long-term prospects for agricultural services strong
 Delphi Bank	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

The Community Bank® model 15 years old

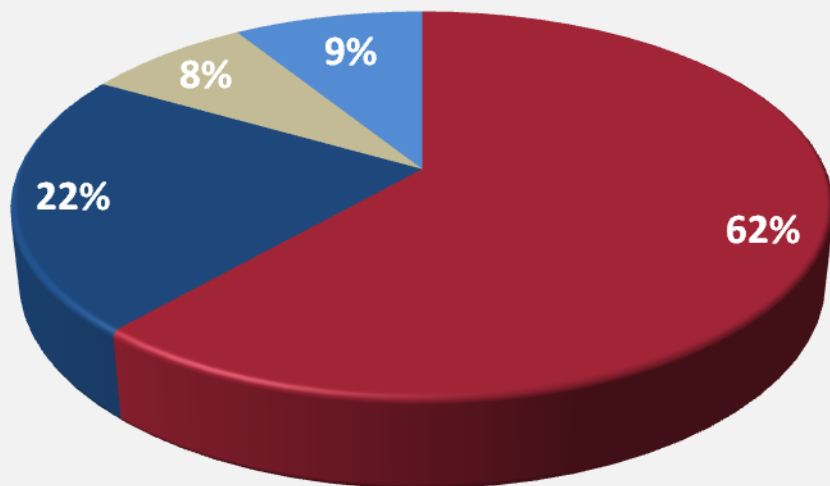
- More than \$110m in community grants since inception – delivering tangible benefits for these communities and our business
- Circa 300 Community Bank branches with more than 90 in communities where there is no alternative provider
- Proven, reliable and cost effective distribution strategy



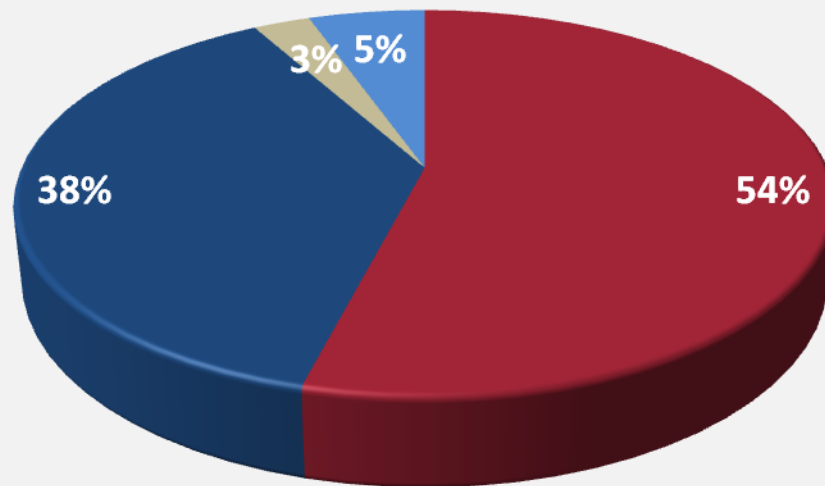
Note: Includes total sponsorships, donations and contributions





Diversity of revenue and profit contribution

Contribution by revenue



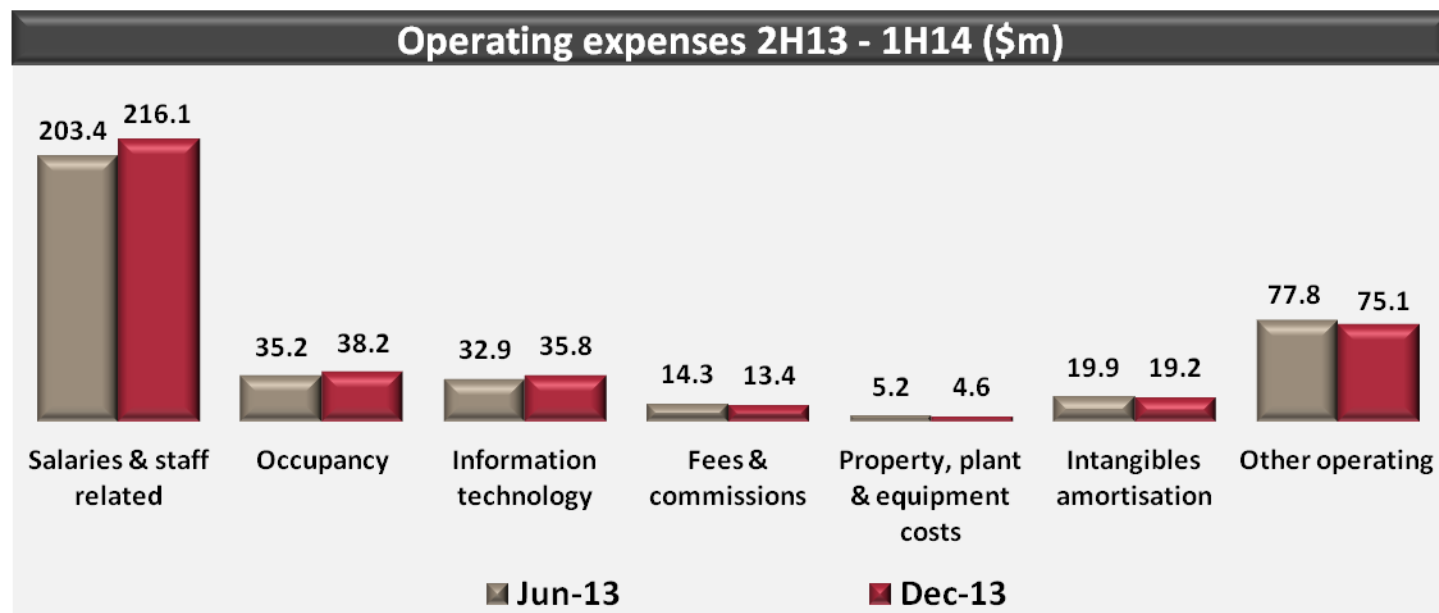
Contribution by profit



 Retail  Third party lending  Wealth  Rural Bank

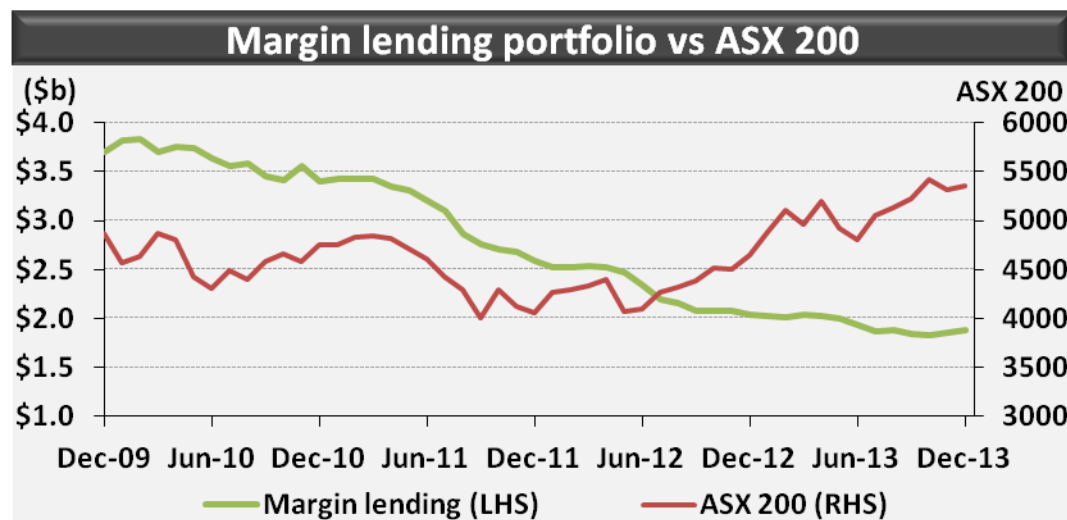
Note – Graphs refer to segment performance on p44 in 4D, excludes central functions.

Operating expenses

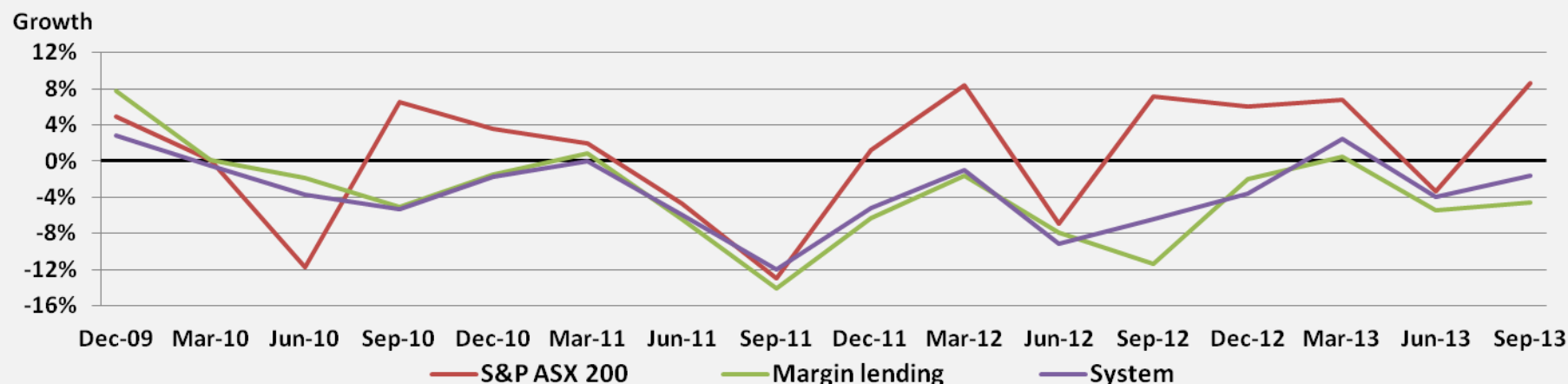


Margin Lending portfolio

- Margin lending portfolio stabilised
- Restablished our commitment to our customers and partners
- Positioned to take advantaged of upswing in equities and renewed interest in leveraging products



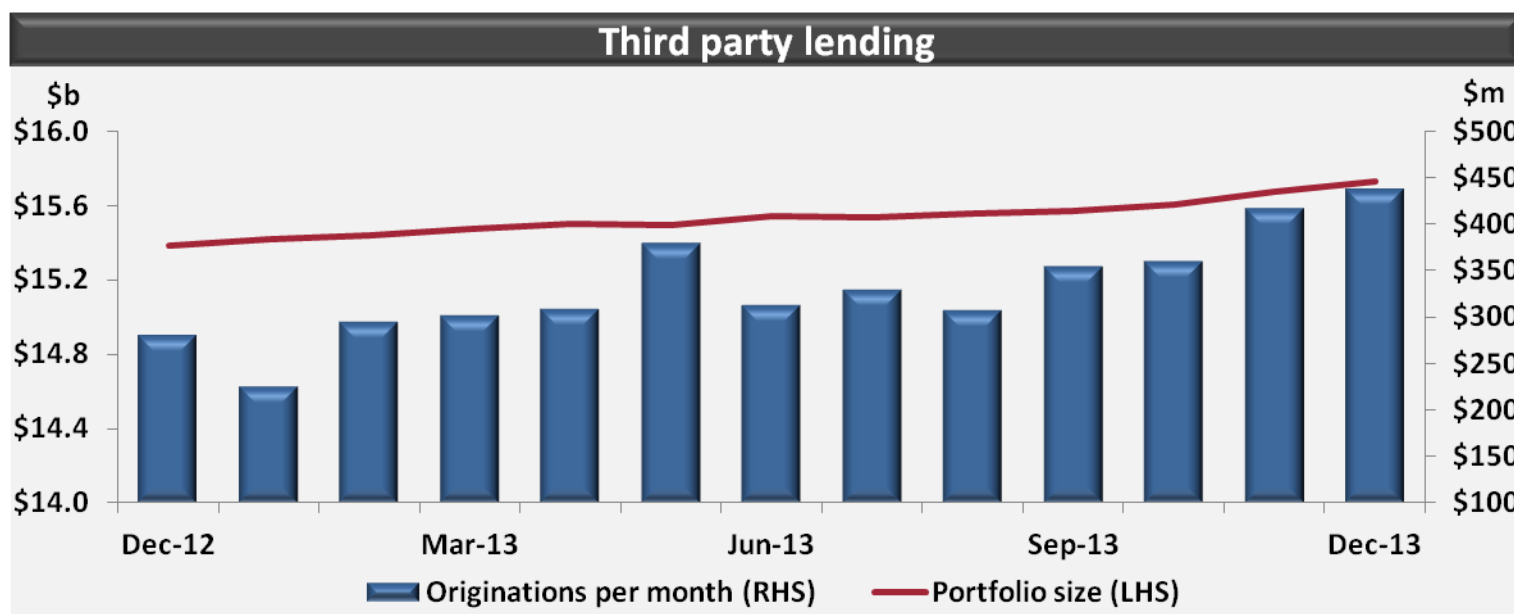
Margin lending portfolio vs system vs ASX 200 growth¹



¹Source: RBA/APRA/Thomson one

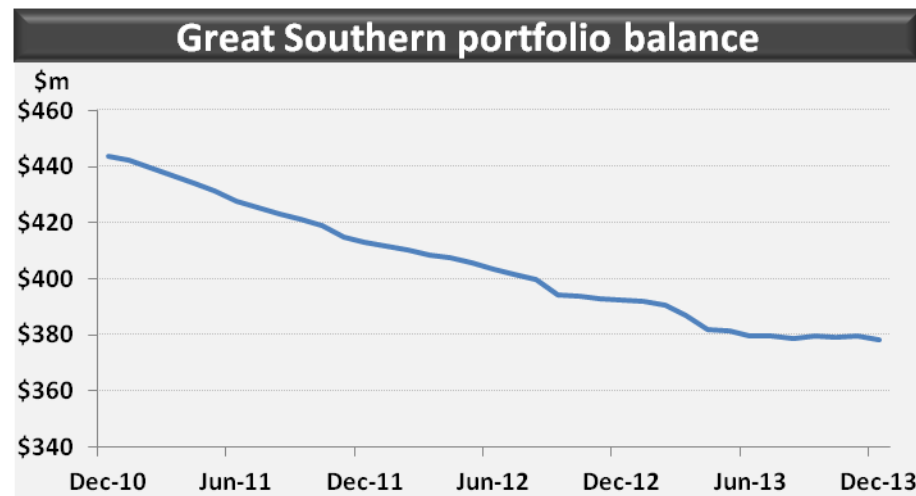
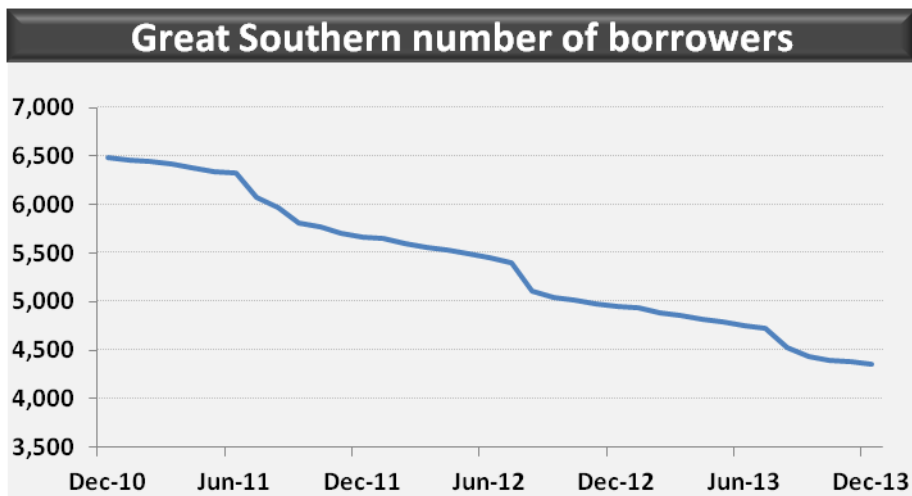
Third party banking

- Investment in Adelaide Bank brand starting to show benefit in originations
- Market conditions remain highly competitive, especially in the broker channel



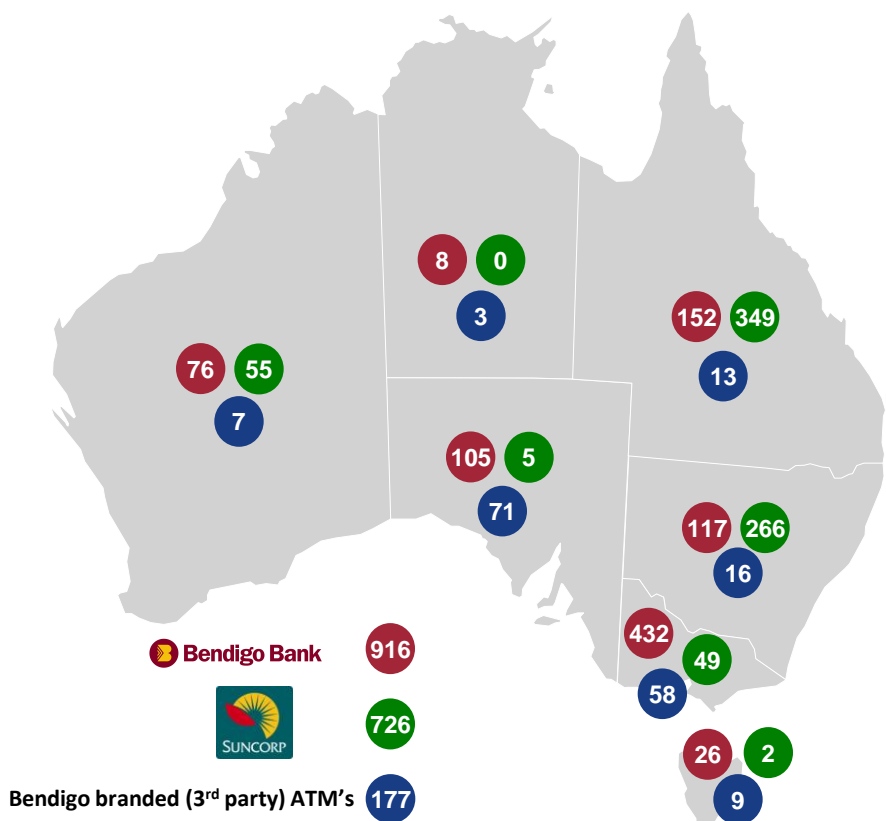
Great Southern

- The trial of group proceedings concluded on 25 October 2013 with judgement anticipated in the first half of 2014
- Borrowers are generally high net worth that sought to take advantage of the upfront tax benefit from investing in MIS
- All loans are full recourse
- The balance of loans was \$379m as at December 2013, down from \$582m at May 2009
- Total number of borrowers as at December 2013 was 4,352, down from approximately 8,200 at May 2009
- Total arrears - \$298m at December 2013
- Specific and collective provisions at December 2013 were \$11.1m and \$11.8m respectively

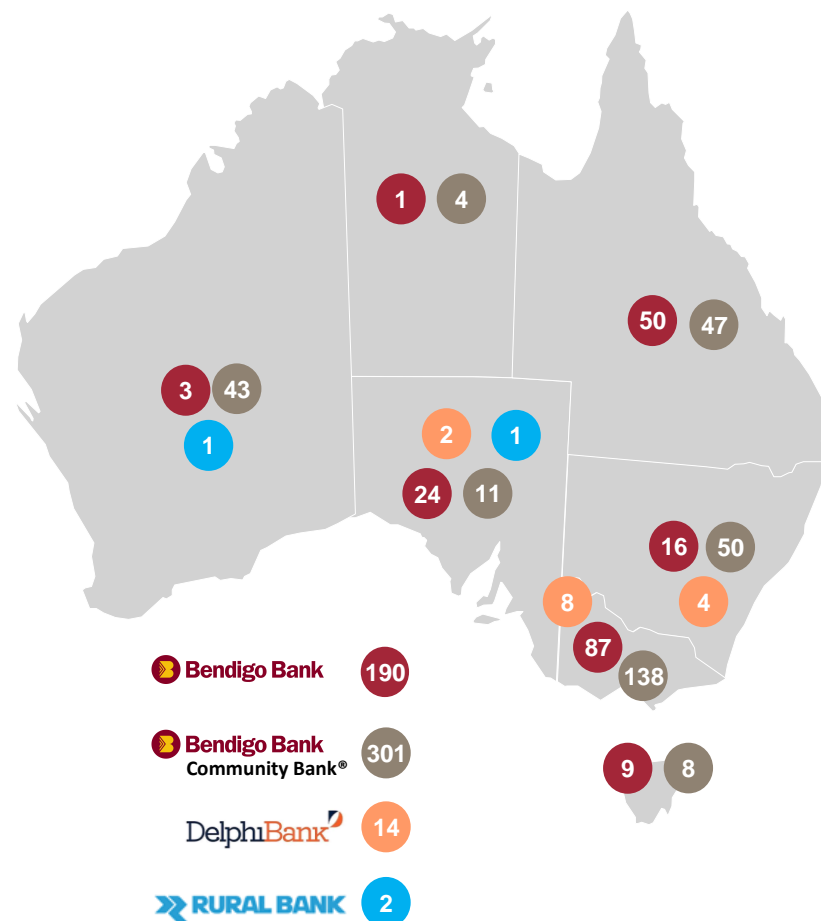


Diverse geographic footprint

1819 ATM's

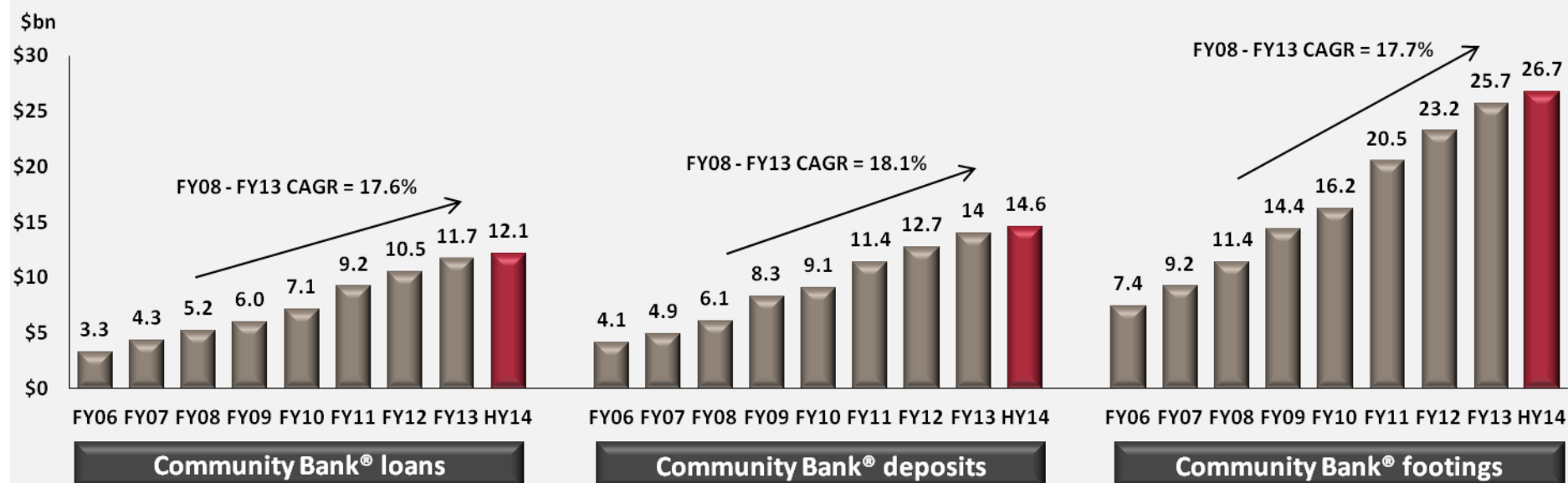


507 branches

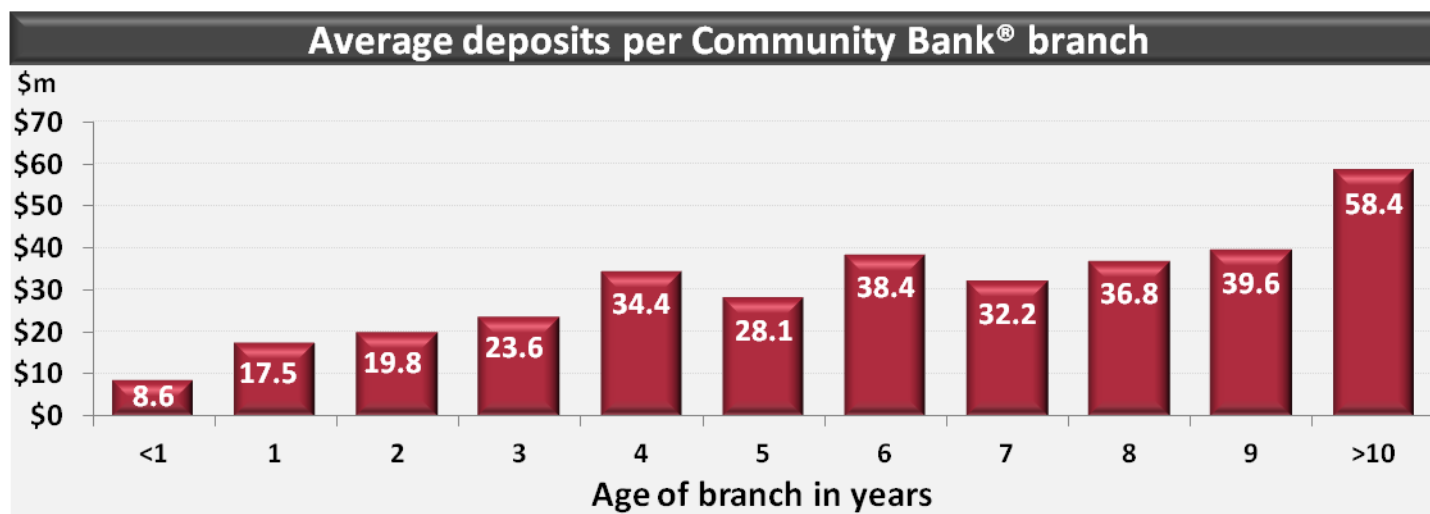
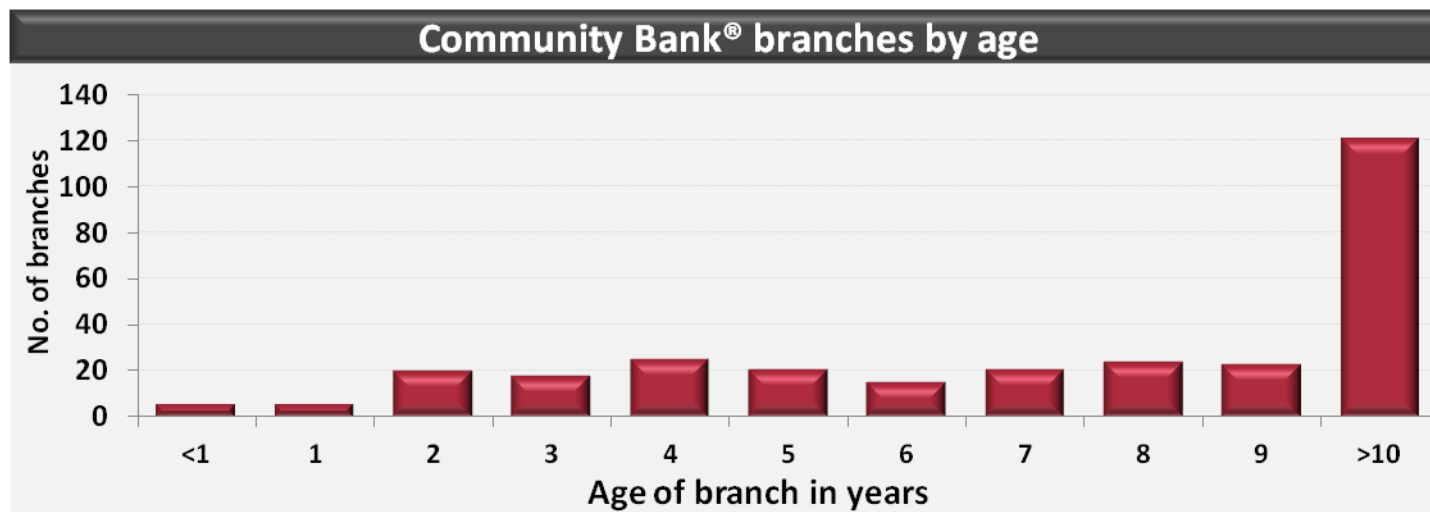


Community Bank® footings growth

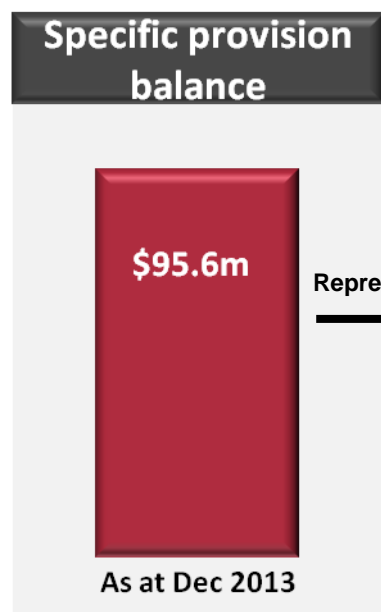
Community Bank® footings growth



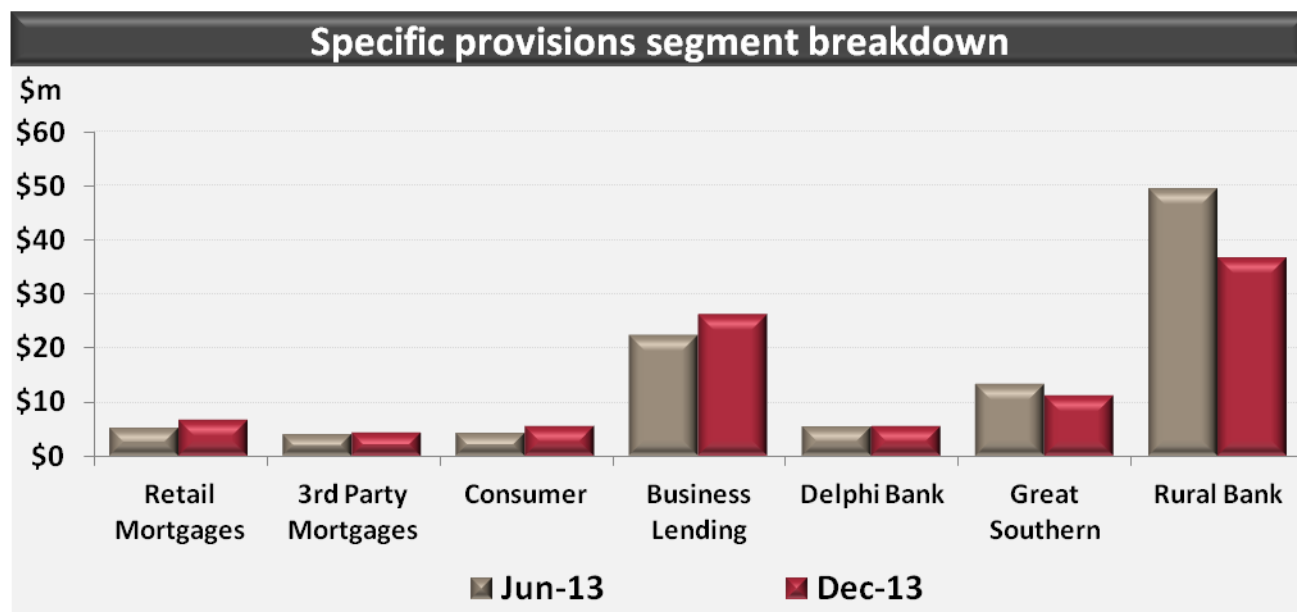
Community Bank® maturing



Specific provisions



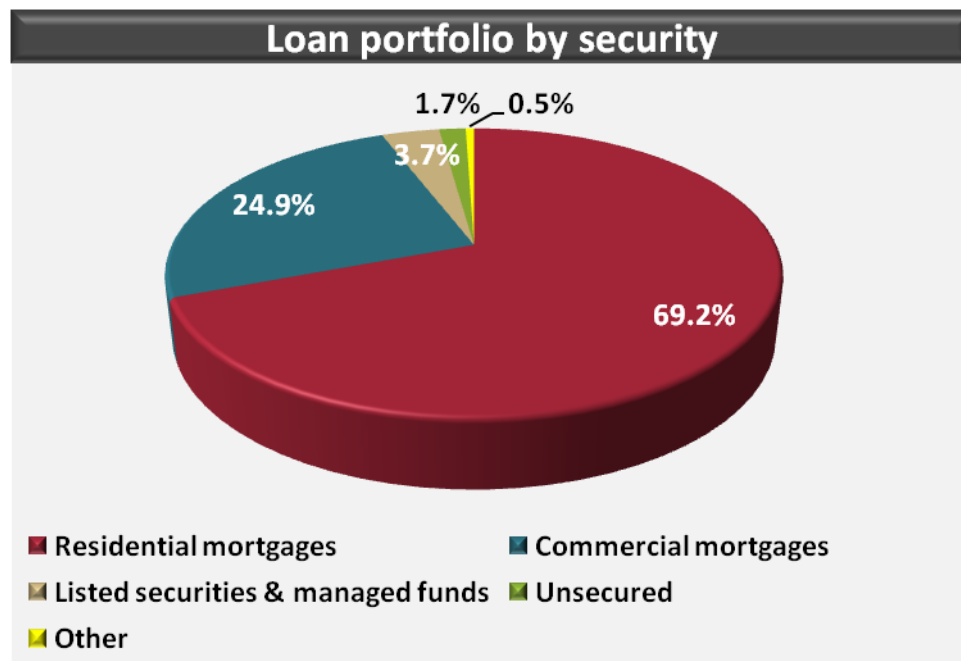
Represented by



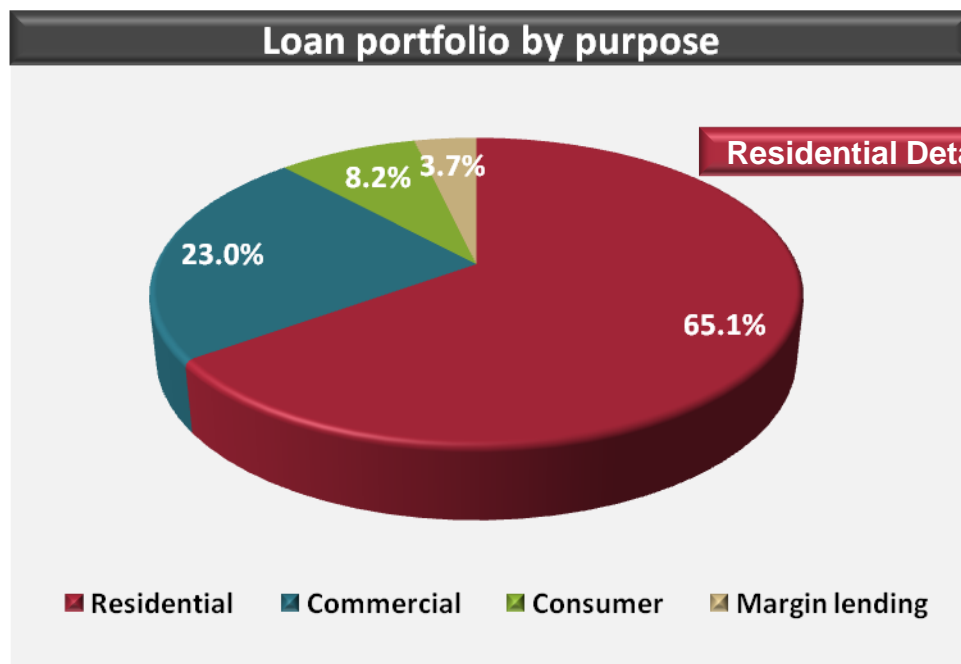
Provision as % of portfolio	Retail Mortgages	3rd Party Mortgages	Consumer	Commercial / Business	Delphi Bank	Great Southern	Rural Bank	Wealth	BEN total
June 2013	0.03%	0.03%	0.17%	0.29%	0.35%	3.50%	1.31%	-	0.21%
December 2013	0.04%	0.03%	0.21%	0.33%	0.33%	2.92%	0.97%	-	0.23%
Portfolio as % of gross loans	33.9%	29.8%	5.0%	16.3%	3.2%	0.7%	7.3%	3.7%	100%

Secure and low risk loan portfolios

- 98.3% secured
- 97.8% secured by mortgages and listed securities
- Residential lending
 - average LVR 62.4%
- Margin lending
 - average LVR 36%
 - 76% of portfolios held ≥ 4 stocks



Group exposure – total \$51.0b



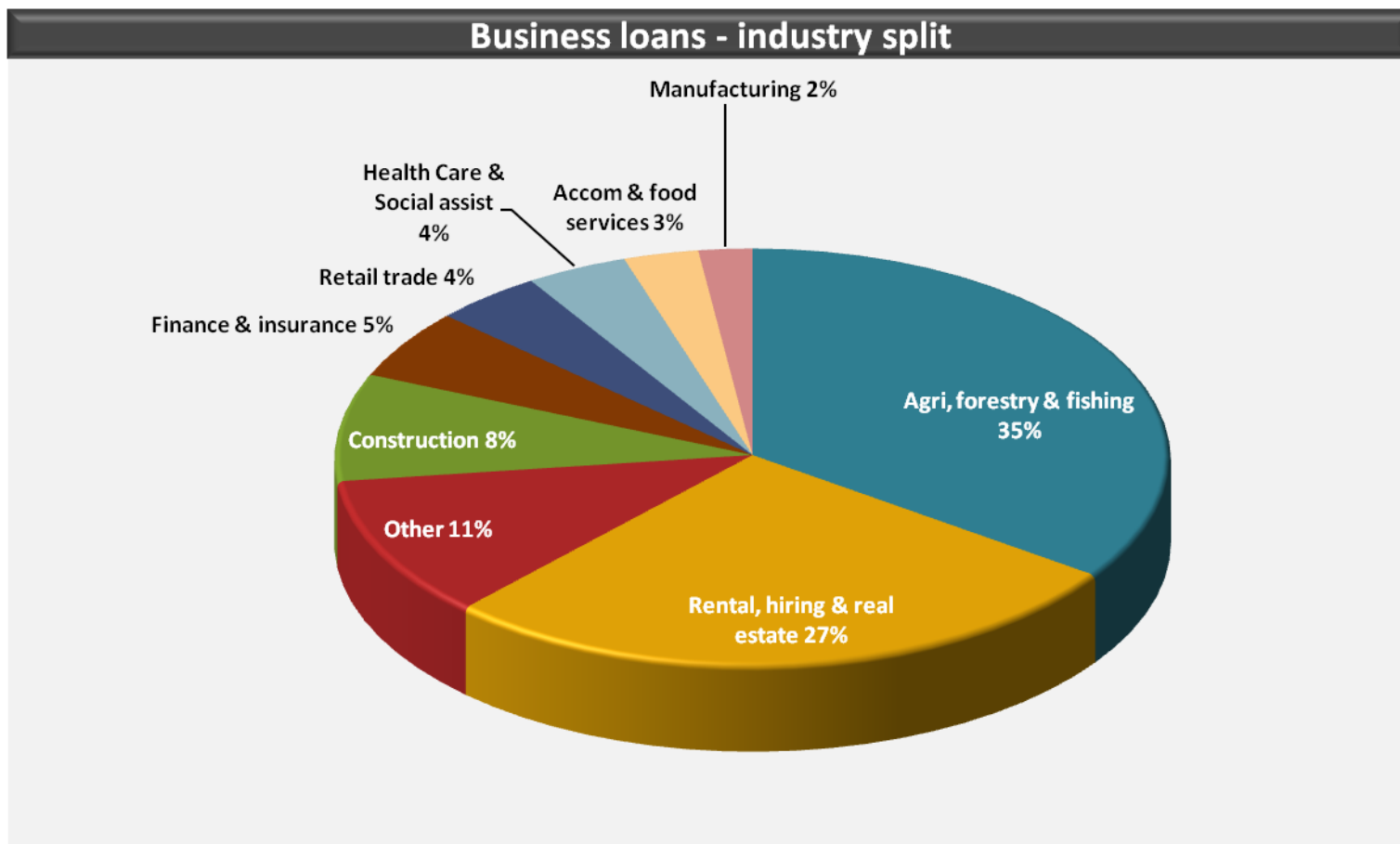
Residential Mortgages ¹	Dec-13	Jun-13	Dec-12
Owner occupied	64.95%	64.4%	63.6%
Investment	35.05%	35.6%	36.5%
Lo Doc	4.48%	5.2%	5.9%
Retail mortgages	53.75%	53.2%	52.3%
Third Party mortgages	46.25%	46.8%	47.7%
Mortgages with LMI	39.83%	40.3%	39.5%
Average LVR	62.36%	62.5%	62.2%
Average loan balance	\$189k	\$187k	\$185k
90+ arrears inc arrangements	0.86%	1.00%	0.97%
90+ arrears excl arrangements	0.56%	0.72%	0.70%
Impaired loans	0.09%	0.12%	0.09%
Specific provisions	0.03%	0.03%	0.03%
Loss rate	0.01%	0.02%	0.02%
Variable/Fixed	75%/25%	79%/21%	80%/20%
First home owners % portfolio	8.3%	8.3%	8.5%
First home owners average LVR	71.4%	72.0%	70.0%

Note: All loan data above represented by loan purpose.

¹Data excludes Delphi Bank

Appendices

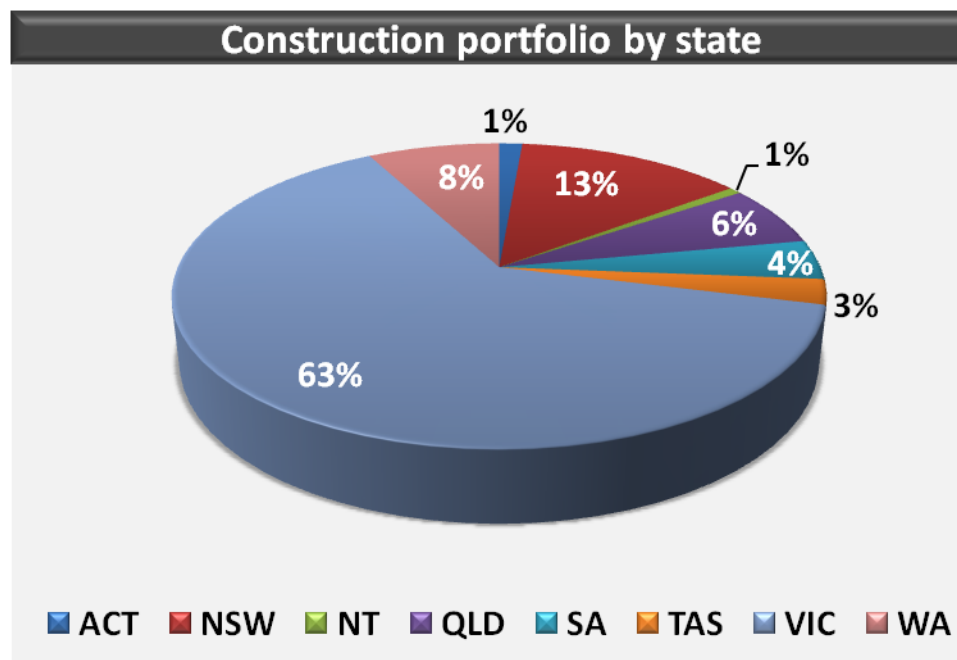
Business – industry split



Note: All loan data above represented by security as per page 15 in the 4D. Data excludes Delphi Bank

Construction portfolio

- \$1.1b of loans
- 2.2% of total loans
- \$182k average loan size
- \$15.7m largest loan size
- Geographic spread
- \$13.6m impaired loans (1.2%)
- \$13.7m in arrears (1.8% 90 days+)

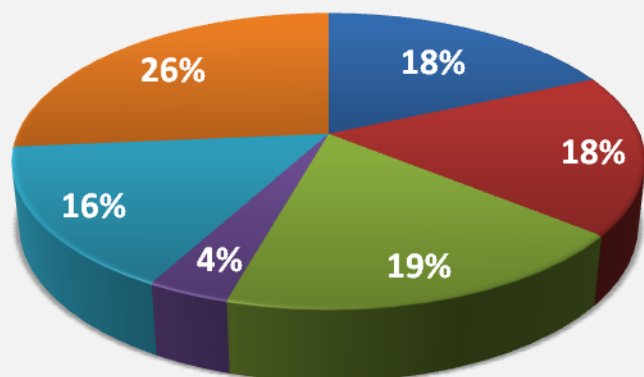


Note: Excludes Rural Bank

Appendices

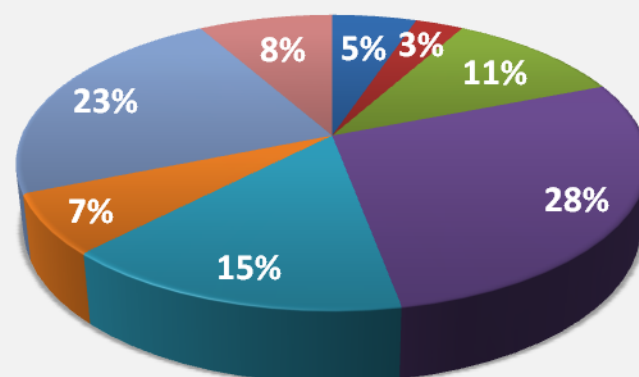
Rural Bank – loan portfolio

Rural Bank loan portfolio - geographic split



■ NSW ■ SA/NT ■ QLD ■ TAS ■ VIC ■ WA

Rural Bank loan portfolio - industry split



■ Dairy ■ Hort & Vit ■ Grain
■ Grain, Sheep & Beef ■ Sheep & Beef ■ Sheep
■ Beef ■ Other

Analysts

Travis Crouch
Head of Capital and Investor Relations
Bendigo and Adelaide Bank Limited
Tel: +61 3 5485 6261
Mob: +61 418 552 922
Email: travis.crouch@bendigoadelaide.com.au

James Officer
Senior Manager Investor Relations
Bendigo and Adelaide Bank Limited
Tel: +61 8 8300 6056
Mob: +61 403 112 796
Email: james.officer@bendigoadelaide.com.au

Media

Lauren Andrews
Senior Manager Media and Communications
Bendigo and Adelaide Bank Limited
Tel: +61 3 5485 7109
Mob: +61 407 340 283
Email: lauren.andrews@bendigoadelaide.com.au