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Results Presentation

For the full year
ended 30 June 2017

Mike Hirst
Managing Director

Richard Fennell
Chief Financial Officer



**Bendigo and
Adelaide Bank**

Disclaimer

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 full year results filed with the Australian Securities Exchange on 14 August 2017. 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.

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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

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Mike Hirst

Group Managing Director

Our FY17 result

Financial performance

- Statutory profit after tax \$429.6m
- Cash earnings of \$418.3m
- Cash earnings per share 88.5¢
- Full year dividend of 68¢, fully franked
- Final dividend of 34¢, fully franked¹
- DRP discount of 1.5%
- Net interest margin down 1bp to 2.22% year on year
- Net interest margin up 8bps to 2.26% half on half
- Cost to income down 2%² to 56.1%
- Total operating expenses up 0.2%²
- Return on average tangible equity 11.61%³
- Return on average ordinary equity 8.10%³

Balance sheet management & capital

- Liquidity coverage ratio of 122%
- Retail deposit funding mix increased to 80.2%
- Indicative NSFR ~110% at June 2017
- CET1 8.27% up 30bps from December 2016
- Total capital of 12.46%

Credit

- BDD charge of \$71.8m for FY17, with \$32m in 2H17
- Residential, Business and Rural arrears remain low
- Payback of Great Southern portfolio continuing

1. Ex-dividend date for final dividend is 5 September 2017, record date is 6 September 2017, and dividend payment date is 29 September 2017

2. Movements on prior comparative period

3. Cash basis

Results drivers

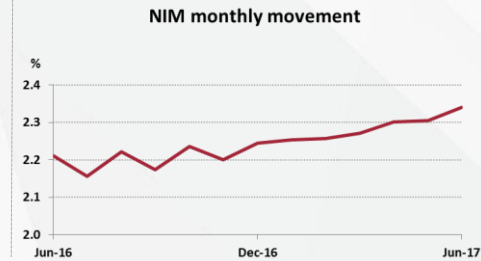
4.3%
deposit
growth



Productivity driven by investment in new systems

- GL & HRP
- Lending
- BPM
- Mobile platform
- Risk

Markets return to profitable pricing



Ave Margin
2.22%

Exit Margin
2.34%

'Most Trusted'
bank by its customers¹

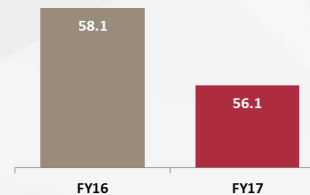


#1 customer
experience²

Portfolio acquisition
flexibility supported by
strong funding capability

Housing loan growth
1.3X system growth

Expense to income ratio (%)



Expense to Income **56.1%**
Down 2%

Credit environment remained benign, impaired assets down 19%

Note – Movements based on prior financial year unless noted

1 - Mozo 2017 Highly Trust award

2 - Forrester's Customer Experience Index Online Survey, Australia consumers, 2015 & 2016

Most customer connected bank

**Rated Top
Bank in 6 out
of 8**

**Categories -
Mozo People's Choice
Awards¹**



**#1 in Forrester's
Australian Customer
Experience Index³**

**2017
Victorian
Corporate
Citizen of
the Year²**

**CANSTAR Innovation
Excellence Award for
Rural Bank FMD Offset Account⁴**

Leveraged Equities⁵

- ✓ - Highest Overall Stockbroker Satisfaction Award
- ✓ - Highest Overall Investor Satisfaction Award
- ✓ - Highest Overall Planner Satisfaction Award

**Bendigo SmartStart Super® awarded 5 star rating
for outstanding value for the 4th year in a row⁶**



1. Mozo People's Choice Awards – 2017

2. Victoria Day Council Awards – 2017.

3. Forrester's Customer Experience Index Online Survey, Australia consumers, 2015 & 2016.

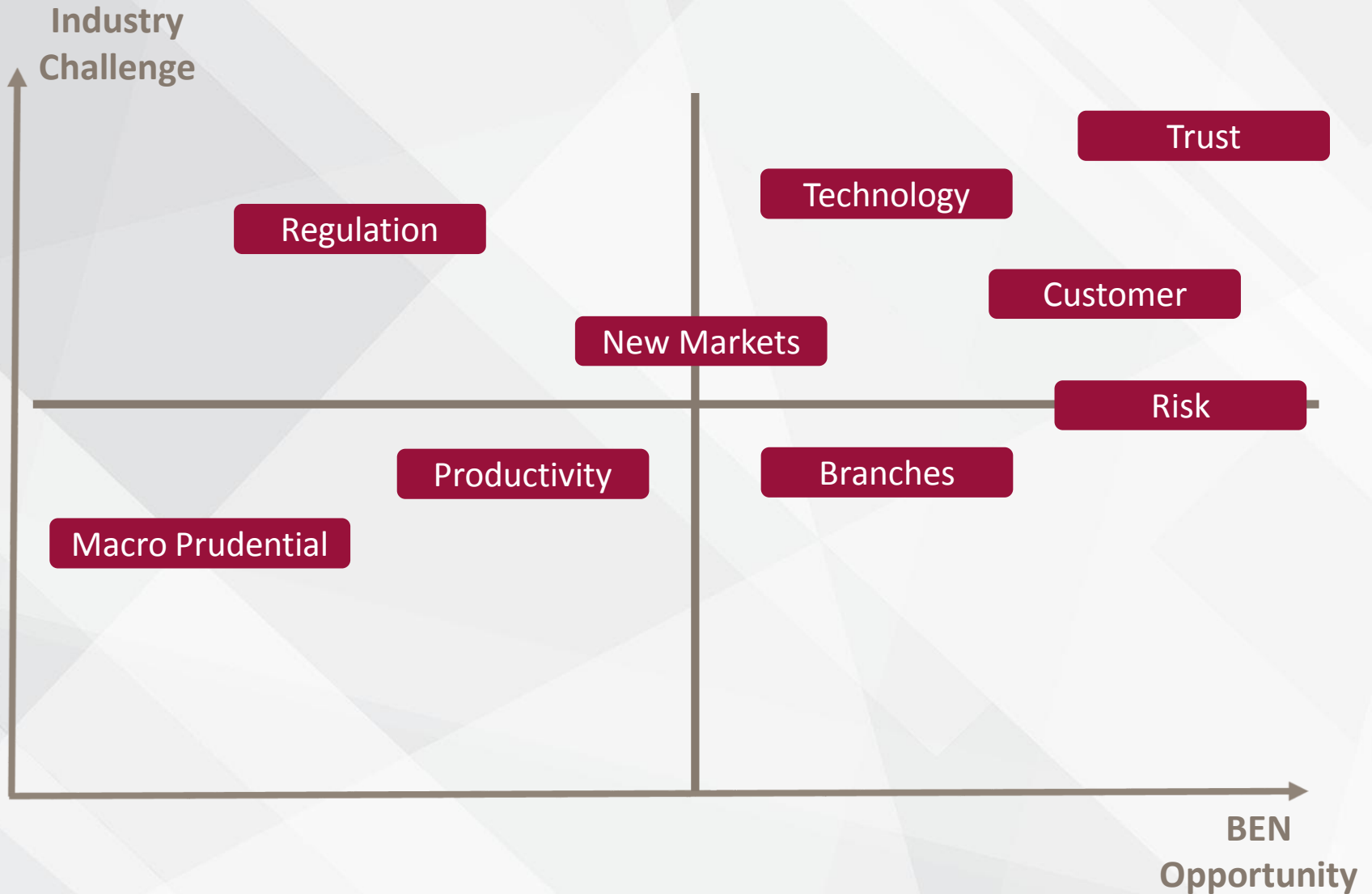
4. CANSTAR awarded Rural Bank an Innovation Excellence Award for Rural Bank FMD Offset Account - April 2017.

5. Leveraged Equities Awarded - Investment Trends 2017 Highest Overall Stockbroker Satisfaction Award, Investment Trends 2017 Highest Overall Investor Satisfaction Award and Investment Trends 2017 Highest Overall Planner Satisfaction Award

6. Canstar Star Ratings report (Superannuation 2013-2017)

Investment Profile

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Richard Fennell

Chief Financial Officer

Financial performance - at a glance

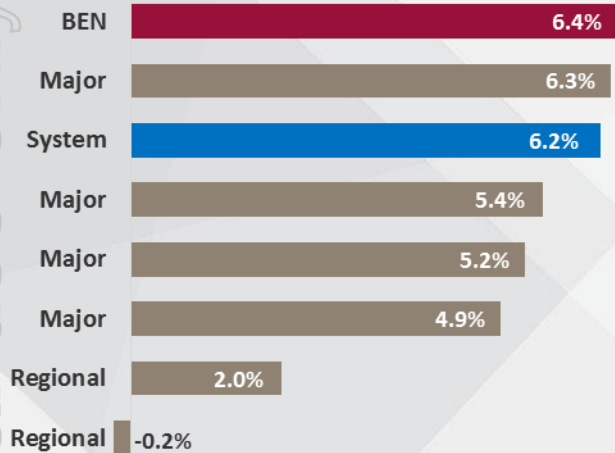
	FY17	FY16	Change FY17 – FY16	Change 2H17 - 1H17
Cash earnings	\$418.3m	\$401.4m	4.2%	5.6%
Statutory NPAT	\$429.6m	\$415.6m	3.4%	5.6%
Cash EPS	88.5¢	87.3¢	1.2¢	1.5¢
Net interest margin	2.22%	2.23%	(1 bps)	8 bps
Expense to income ratio	56.1%	58.1%	(200 bps)	(70 bps)
Expense to average assets	1.28%	1.35%	(7 bps)	-
Return on tangible equity ¹	11.61%	11.83%	(22 bps)	33 bps
Return on equity ¹	8.10%	8.17%	(7 bps)	37 bps
Dividend per share	68.0¢	68.0¢	-	-

Capital and funding	Jun-17	Change Jun17 – Jun16	Change Jun17 – Dec16	Balance sheet	Jun-17	Change Jun17 – Jun16	Change Jun17 – Dec16
CET1 capital	8.27%	18 bps	30 bps	Total assets	\$71.4b	4.1%	0.7%
Total capital	12.46%	25 bps	26 bps	Total liabilities	\$66.0b	4.0%	0.5%
Deposit funding	80.2%	60 bps	-	RWA's	\$38.1b	4.3%	(0.7%)

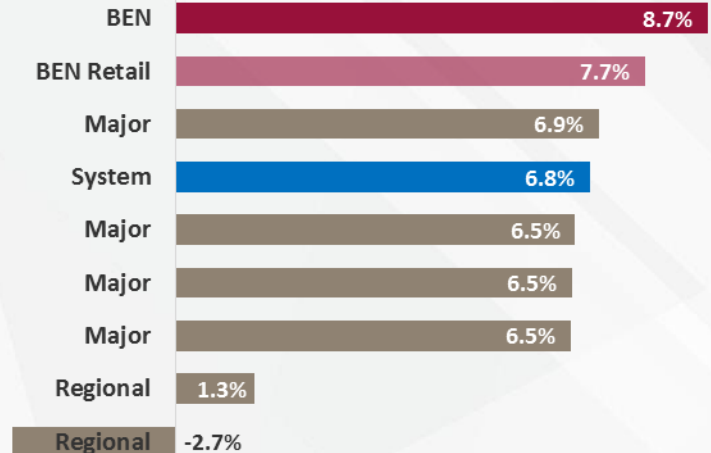
1. Cash earnings basis

FY17 growth outcome

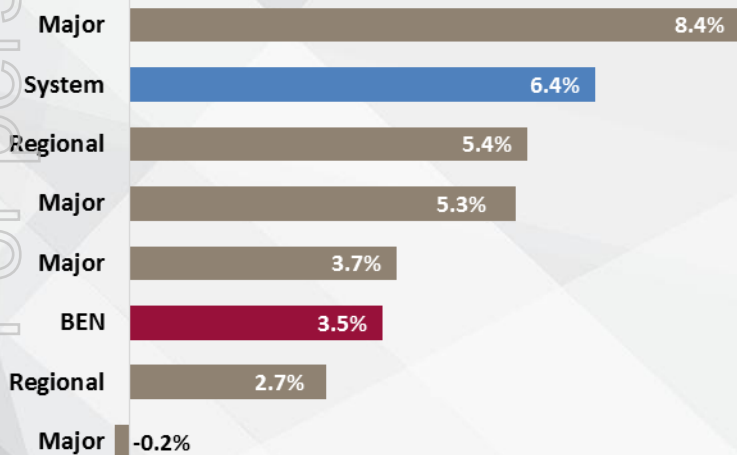
Total lending growth



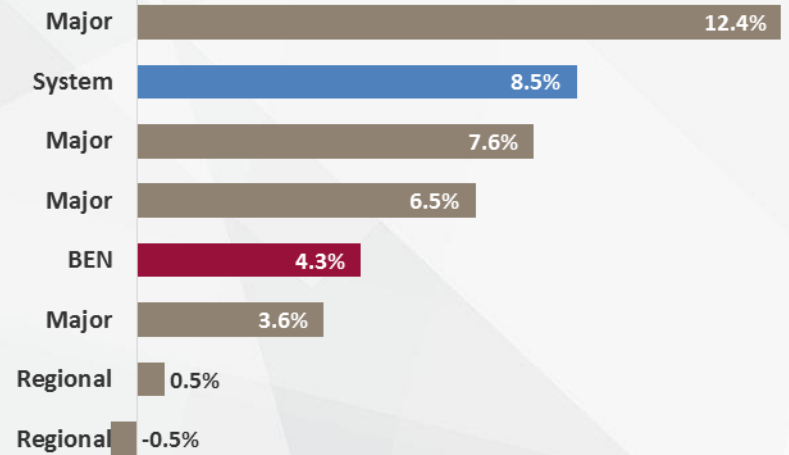
Housing loan growth



Business lending growth



Total deposit growth



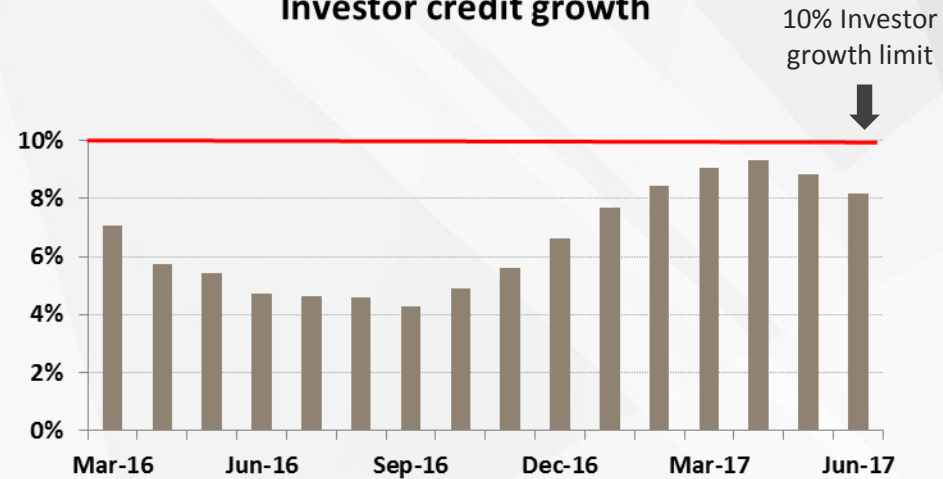
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Source: APRA statistics June 2017
 Note - Data is based on 12 month growth and BEN includes Rural Bank

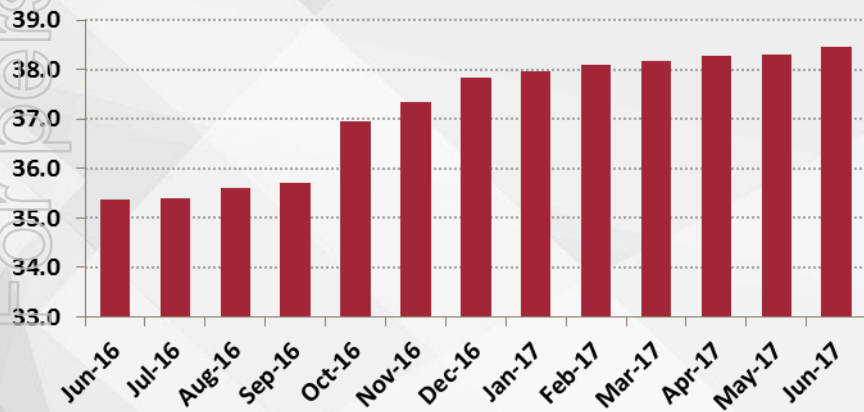
Housing lending growth

- Strong growth across Retail channel
- 2H17 growth has slowed as BEN aligns with new APRA limits
- Investor credit growth sub 10%
- Interest only flows reducing following price changes
- Will achieve sub 30% interest only flows for the September quarter

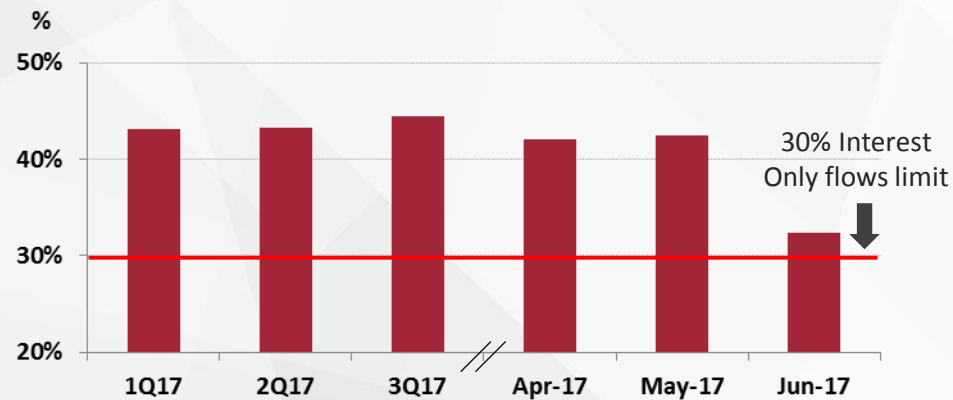
Investor credit growth



Residential portfolio balance² (\$b)



Interest only flows



Source: Company data, APRA statistics June 2017

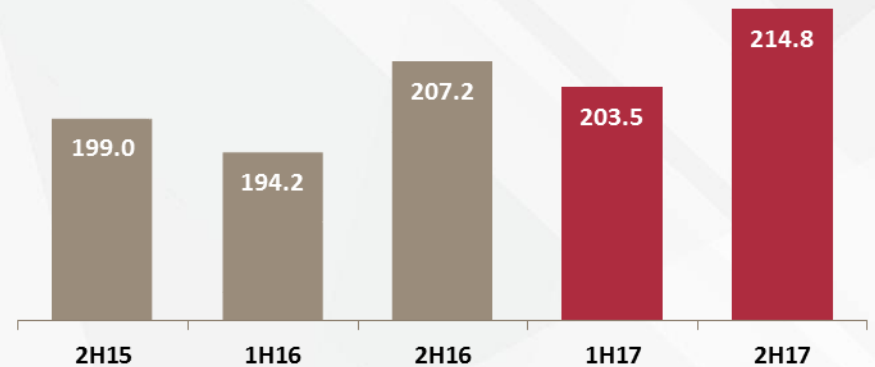
1. Growth is shown using 12 month figures (FY17), excludes Keystart

2. Based on APRA statistics (loans to households : owner occupied & investment and housing loans securitised)

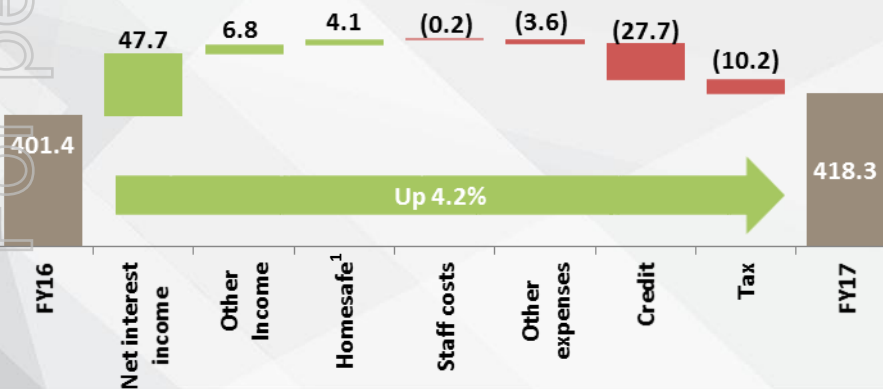
Cash earnings growth

- Strong margin expansion in 2H17
- Efficiency focus delivering flat costs
- Increased credit costs from Great Southern and Business Banking
- Trading book contribution in FY17 of \$19.8m (\$7.2m in 2H17)
- Cash earnings include Homesafe contribution on realised basis

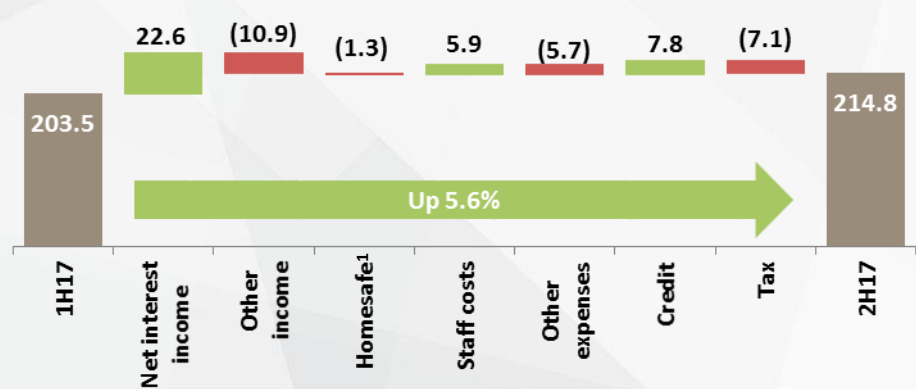
Cash earnings (\$m)



Cash earnings FY16 - FY17 (\$m)



Cash earnings 1H17 - 2H17 (\$m)

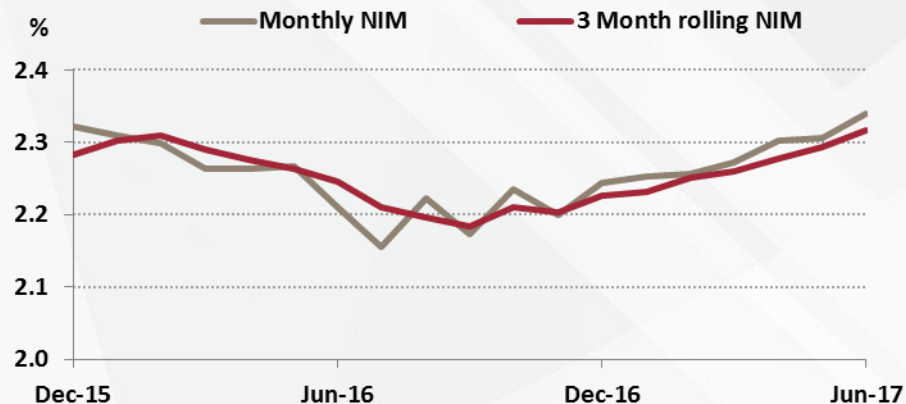


1. Homesafe net realised income

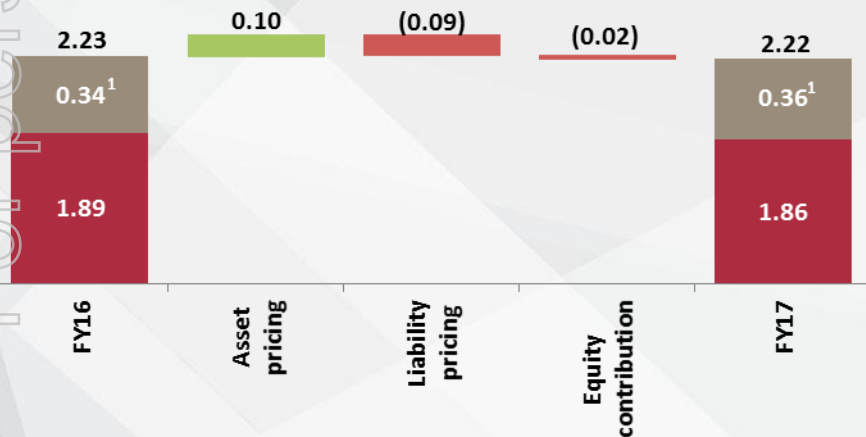
Net interest margin

- Disciplined approach to front book mortgage pricing
- NIM pressure in 1Q17 reflected full impact of May and August cash rate decrease and additional liquidity for Keystart portfolio acquisition
- Asset pricing favourable following market repricing in August and December
- Additional repricing to manage Interest Only and Investor flows
- Strong exit margin of 2.34%

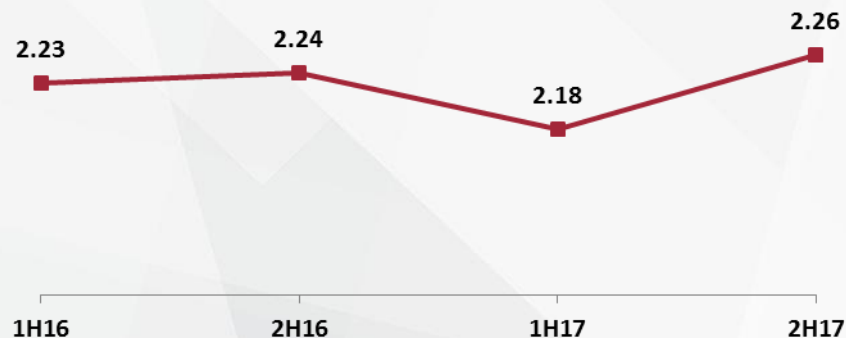
NIM monthly movement



Net interest margin movement (%)



Net interest margin (%)

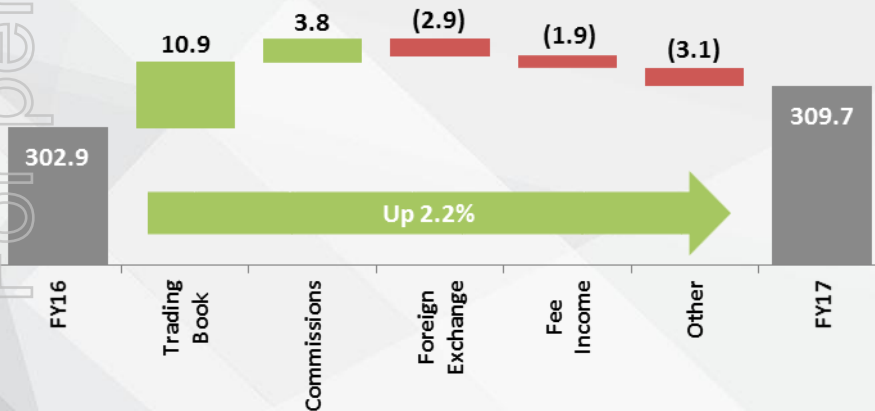


1. Community Bank & Alliance share

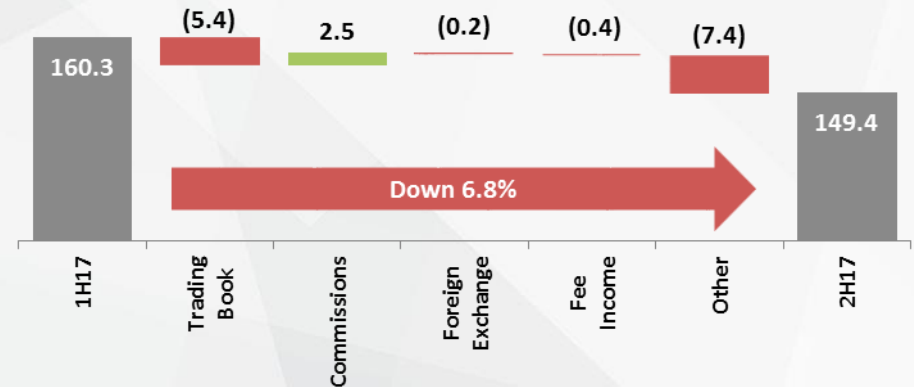
Other Income

- Trading Book contribution of \$12.6m in 1H17, followed by \$7.2m in 2H17
- Commissions income increase from volume of third party products sold, including insurance and wealth
- Lower volumes of foreign exchange during FY17, launch of new travel card in 1H18
- Launch of new suite of credit card products in 1H18
- Fee Income
 - Increase in business banking annual fee income offset by lower transaction fees
 - Higher costs associated with increased volume of card scheme contactless transactions
- Other
 - Franchise fees and MasterCard issuer income lower in 2H17 due to seasonality
 - Telco income lower after sale of wholesale business

Other income FY16 - FY17 (\$m)



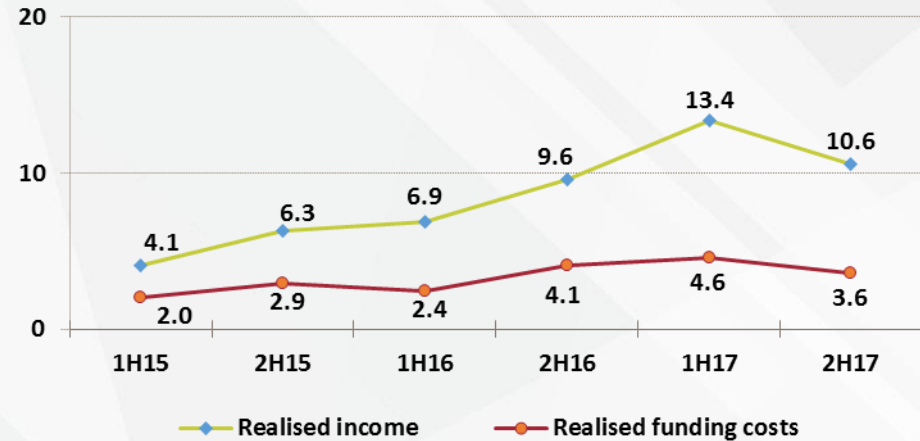
Other income 1H17 - 2H17 (\$m)



Homesafe investment property portfolio

- Average annual return on completed contracts since inception 9.6%, pre funding costs
- Proceeds on completed contracts continue to exceed pre-overlay values in FY17
- Overlay reflects an assumed 3% increase in property prices for the next 18 months before returning to a long term growth rate of 6%
- Total funding provided \$370m at 30 June 2017

Realised - income vs funding costs (\$m)



Residex index movement for 12 months¹

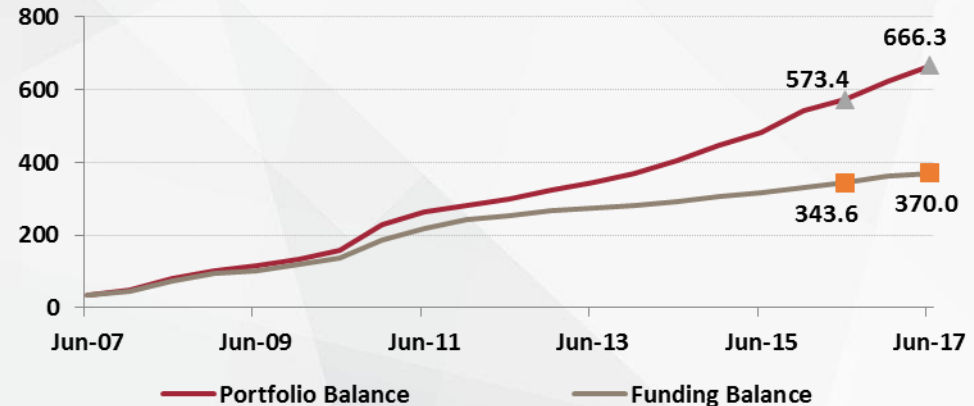


Melbourne
+10.7%



Sydney
+10.4%

Homesafe portfolio & funding balance (\$m)

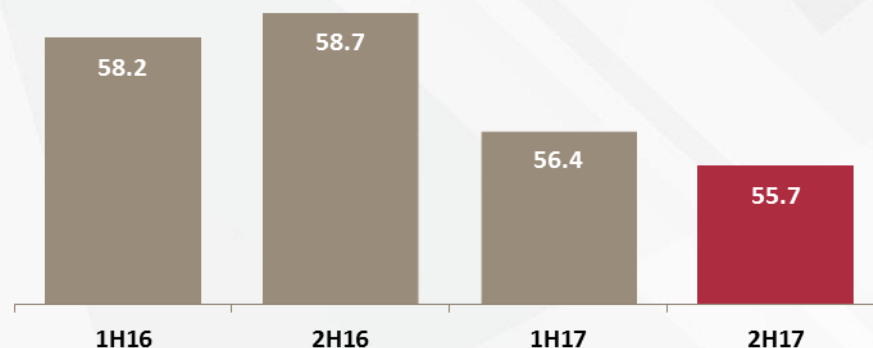


1. 12 months 31 May 2016 – 30 May 2017

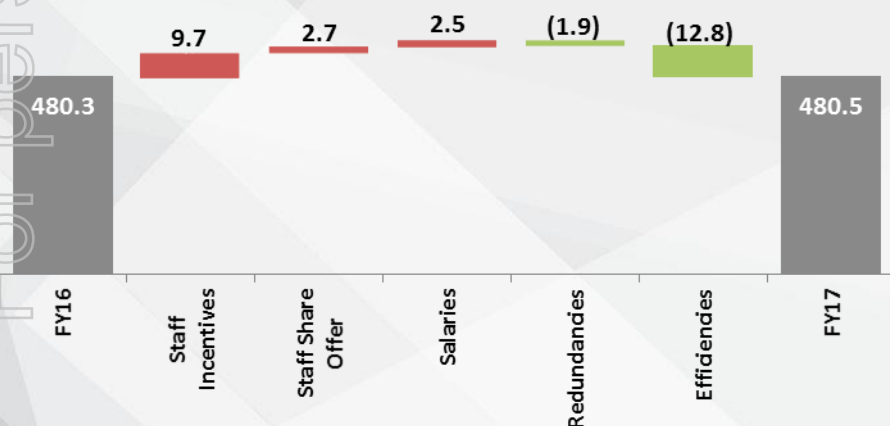
Focus on efficiency

- Discretionary costs actively managed to support flat expenses outcome
- 118 FTE lower in FY17
- Staff incentive accrual in 2H17 reflects strong business performance
- Staff costs include redundancies of \$4.2m (down \$1.9m on FY16)

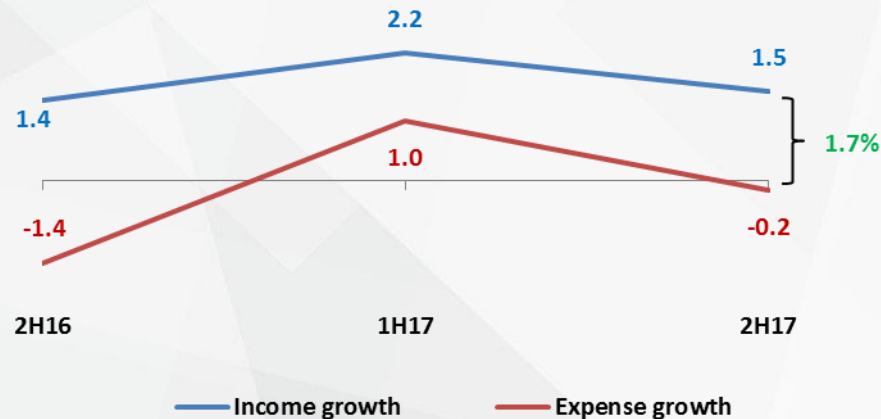
Expense to income ratio (%)



Staff expenses (\$m)



Jaws momentum (%)



Technology investment

FY15 additions :

- Connect e-banking platform
- Online Account Opening
- LINX CRM

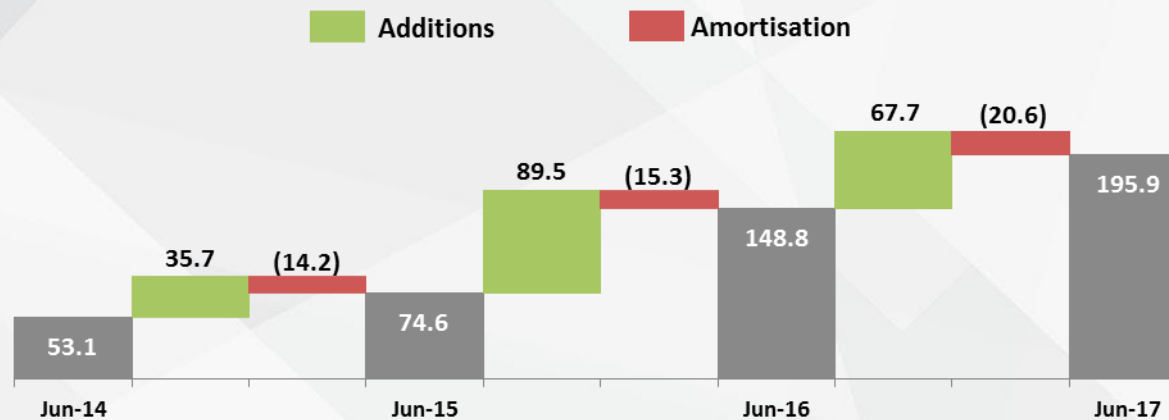
FY16 additions :

- Basel II advanced accreditation
- LINX CRM

FY17 additions :

- Integrated General Ledger & HR platform
- Mortgage Broker lending platform
- Connect e-banking platform
- AML
- LINX CRM

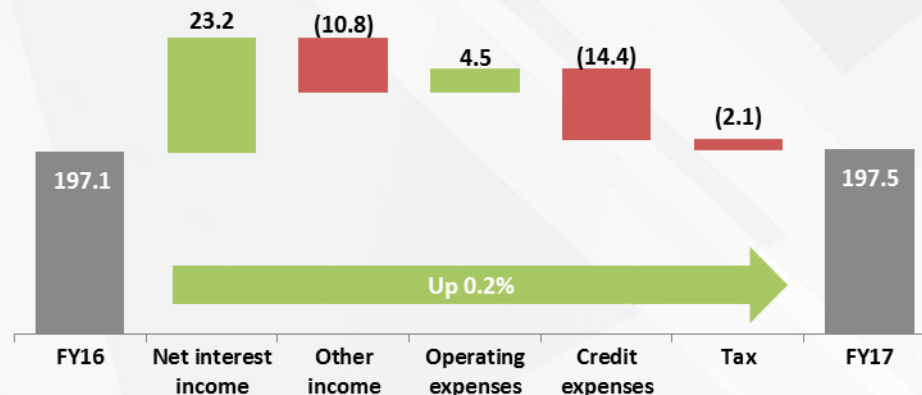
Capitalised software (\$m)



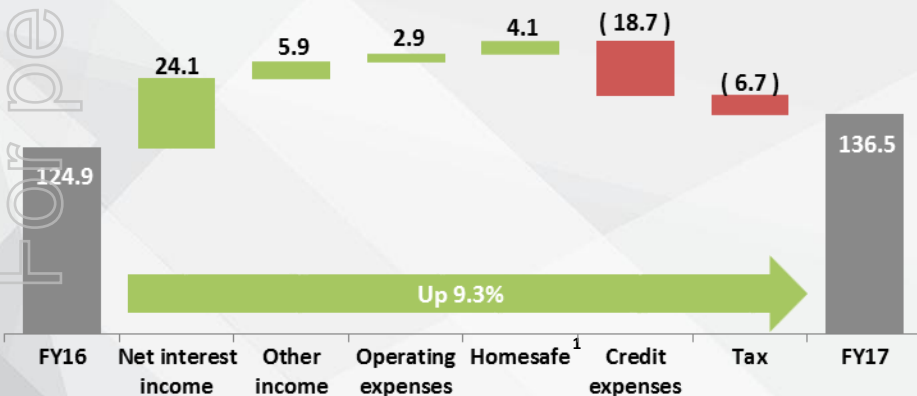
Business segment performance (cash earnings)

- Active margin management in all segments
- Community Bank balance sheet growth 9%²
- Alliance Bank loan growth of 12%²
- Managed funds up 10%²
- Keystart NII contribution \$11.3m
- Strong cost control in all business lines
- Increased credit expense in both Local and Partner
- Agribusiness market remains highly competitive

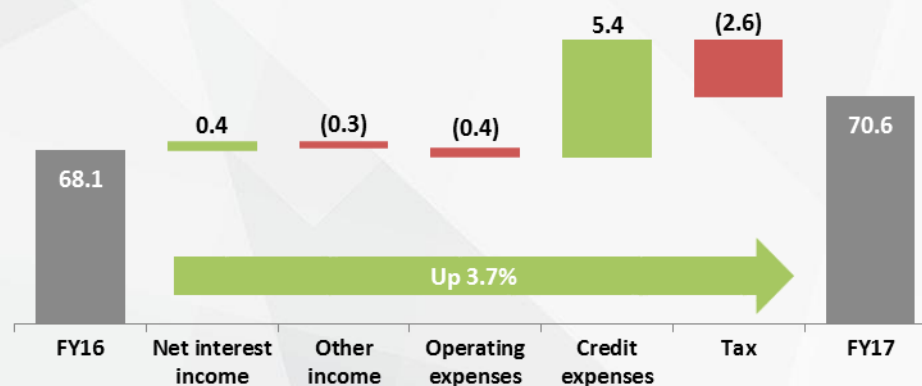
Local connection (\$m)



Partner connection (\$m)



Agribusiness (\$m)

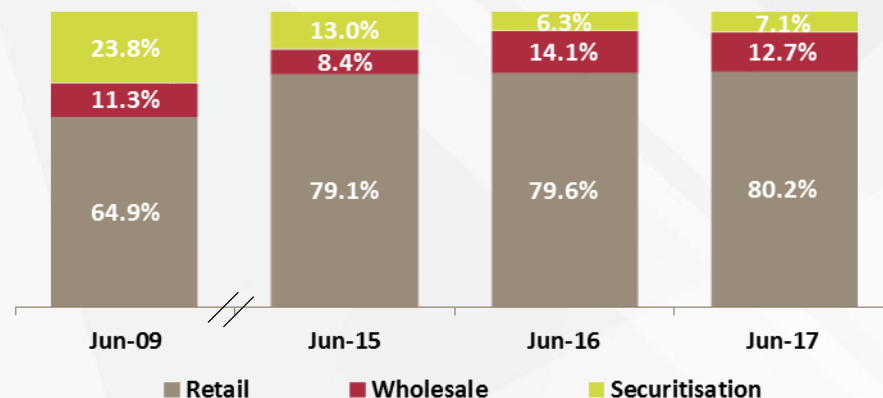


1. Homesafe after tax realised income
2. Growth is 12 month figures (Jul-16 to Jun-17)

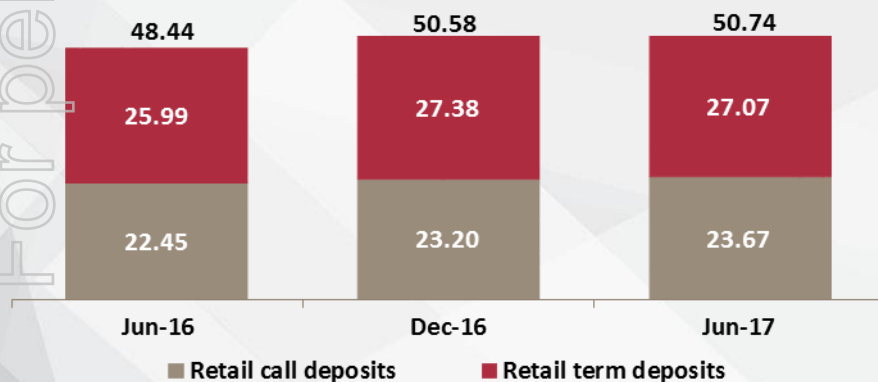
Industry leading funding position

- Funding continues to be a strength providing flexibility for organic and inorganic asset growth
- Retail deposits up 4.7% in FY17
- LCR of 122% at 30 June 2017
- Indicative NSFR ~110%
- Increased activity by BEN in RMBS market in 2H17

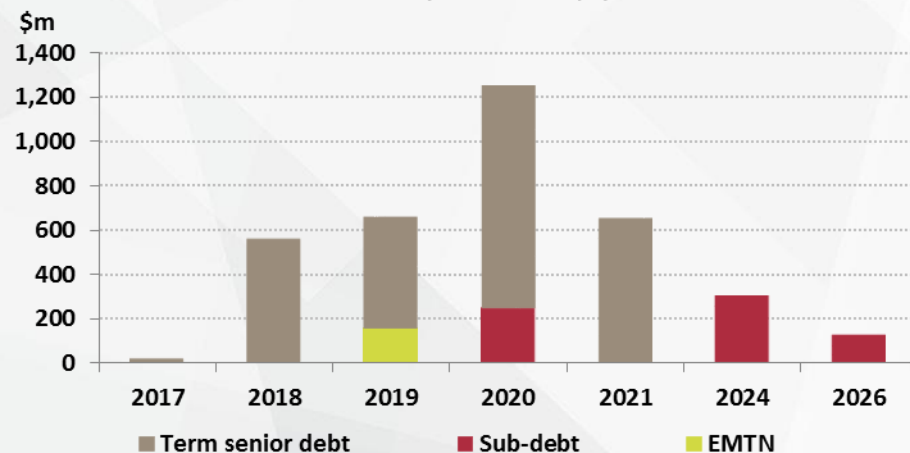
Historical funding mix



Retail deposit balances (\$bn)



Term funding maturity profile

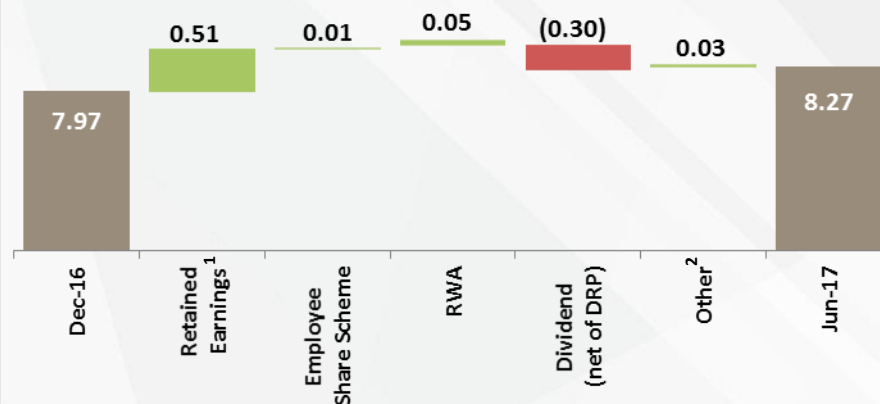


Note - Reclassification of some middle market deposits from Retail to Wholesale has reduced the retail deposit ratios: Dec-16 by 2.7% and June-16 by 2.4%

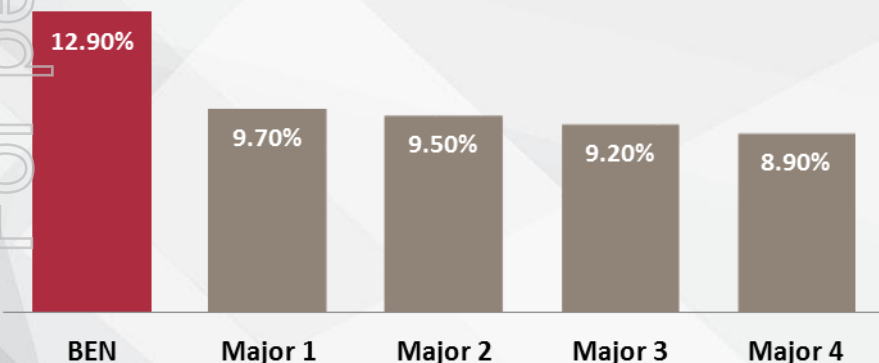
Strong CET1 organic growth in 2H17

- Organic capital growth reflecting slower loan growth and increased RMBS activity in 2H17
- Will achieve unquestionably strong through organic capital generation and DRP participation
- S&P capital comparisons are insightful

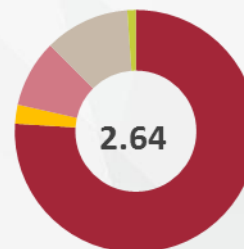
CET1 movement



S&P RAC ratio³

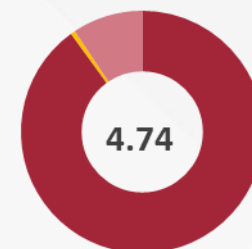


Group Economic Capital⁴ (\$b)



- Credit Risk
- Op Risk
- Market Risk
- Business Risk
- Other

Group Standardised Regulatory Capital (\$b)



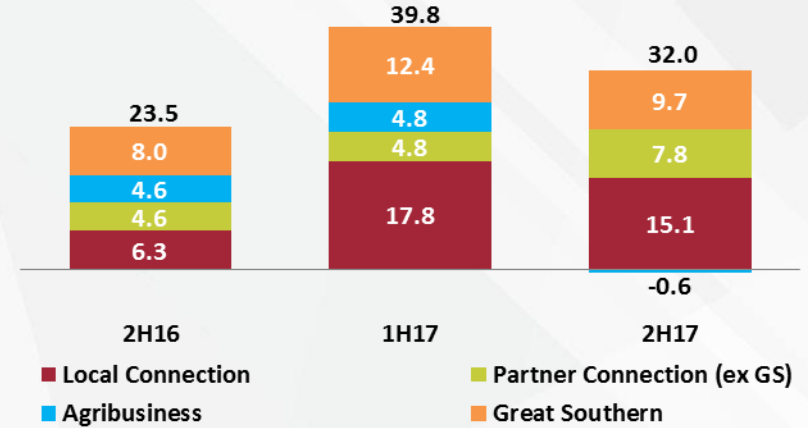
- Credit Risk
- Market Risk
- Op Risk

1. Unrealised Homesafe revaluation revenue excluded from increases in retained earnings was 6bps
 2. Other includes movement in capitalised expenses, deferred tax assets and intangibles
 3. S&P RAC ratio, Major 1, 2, & 4 as at 30 Sept 2016, BEN & Major 3 as at 30 June 2016
 4. Calculated using a combination of internal models and standardised measures

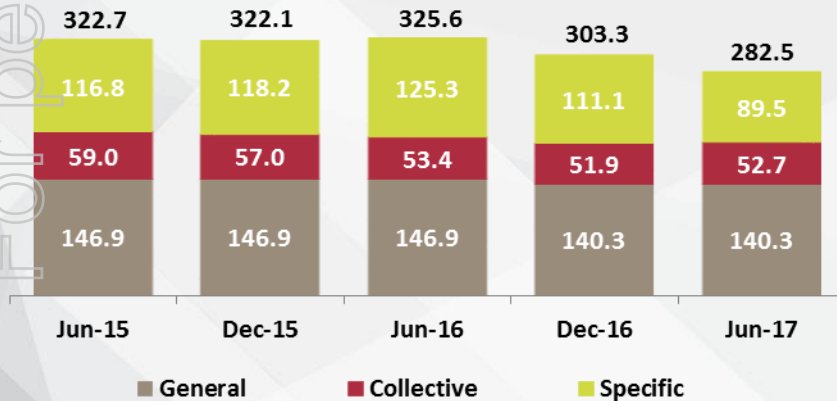
Bad and doubtful debts

- BDD charge 12 basis points of gross loans, 8 basis points excluding Great Southern
- Lower BDD charge in 2H17 driven by Great Southern and business banking improved credit outcome
- Impaired assets reduced by 19% year on year
- Specific provision lower following settlement of various Agri and Great Southern exposures
- Provision coverage 100% of impaired assets
- Reduced Agribusiness provisions reflect strong credit profile
- All portfolios remain well secured, with low LVRs

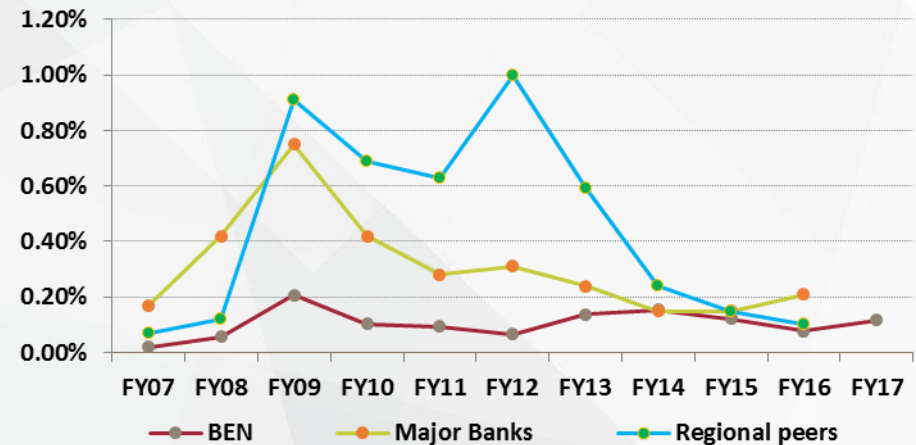
Bad and doubtful debts composition (\$m)



Provisions for doubtful debts (\$m)



BDD / Loans¹

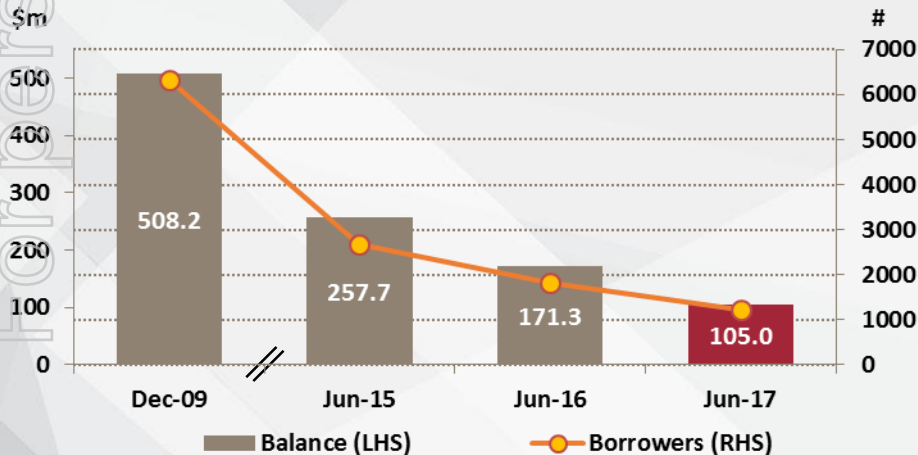


1. Company data

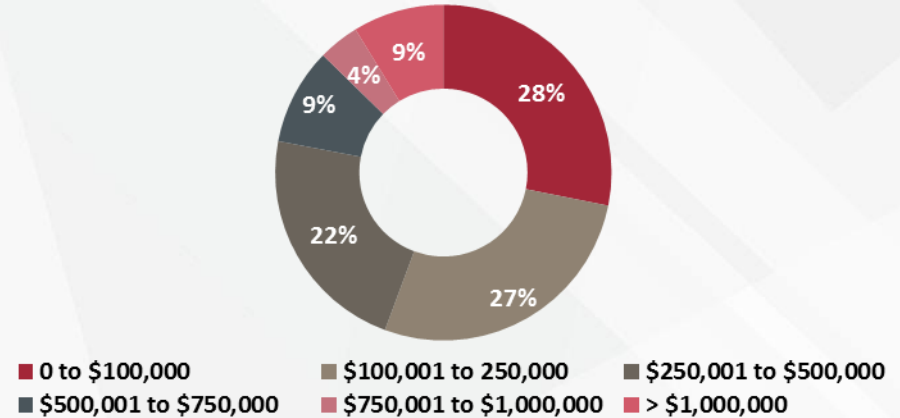
Great Southern paying down as expected

- Past due 90 days \$79m at June 2017, a 50% reduction from June 2016
- Specific and collective provisions at June 2017 were \$11.9m and \$16.5m respectively
- Material recoveries post bankruptcy being achieved, with greater than \$20m recovered in FY17
- Recovery costs have increased as greater legal intervention required
- Total loans net of specific provisions has reduced by 68%, since 31 December 2014
- Total borrowers:
 - 1,212 at June 2017 (1,820 at June 2016)

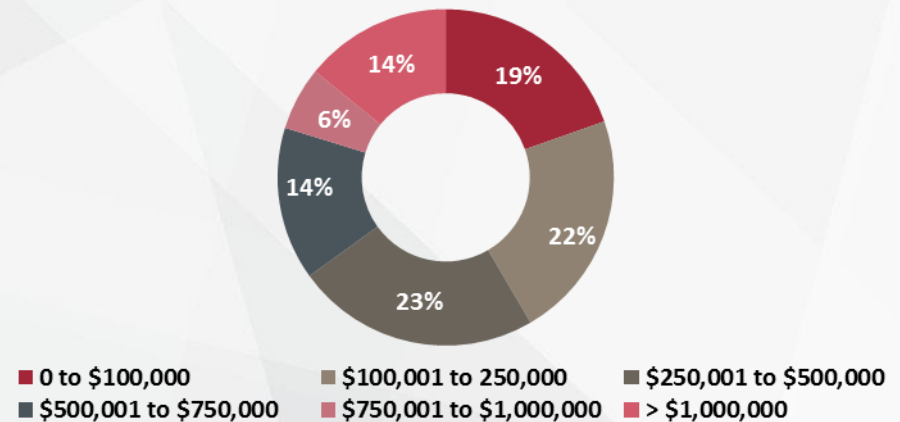
Great Southern portfolio



Loan size distribution¹



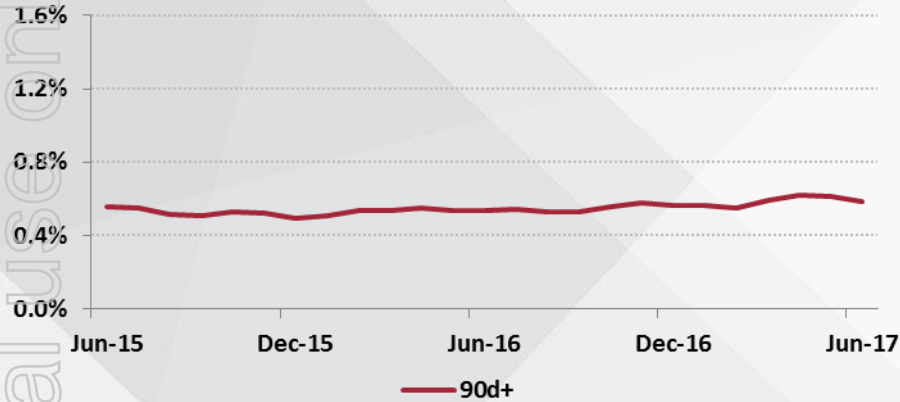
Obligor exposure¹



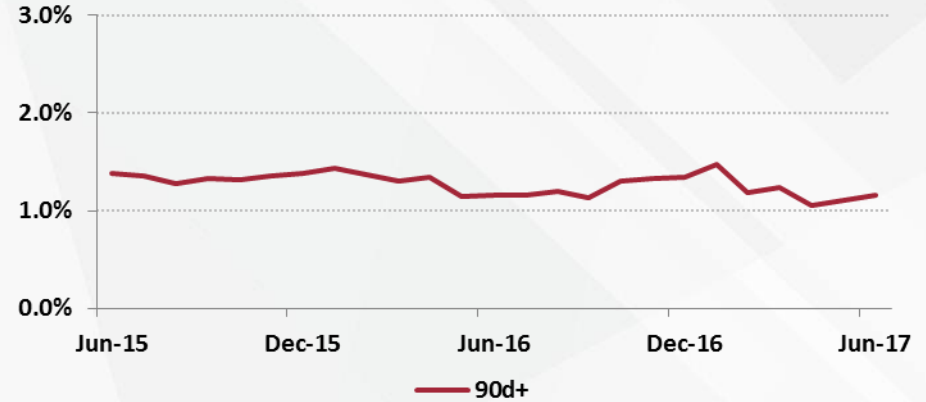
1 - Data as at 30 June 2017

Arrears remain benign

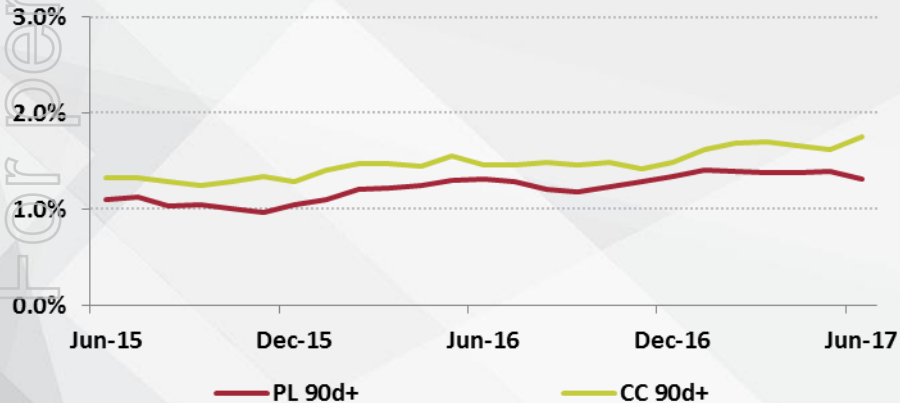
Residential Loan Arrears



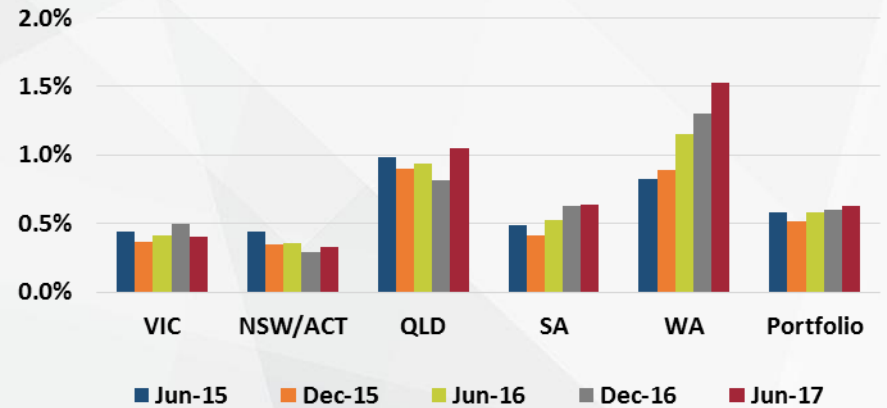
Business Loan Arrears



Consumer Loan Arrears



Home Loans 90+ days past due - by state¹



Note - Data excludes commercial arrangement loans

1. Keystart included from Jun-17

Mike Hirst

Group Managing Director

Delivering on strategy



LOCAL

1. Broaden mobile face-to-face distribution
2. Deepen penetration into small business communities
3. Build sustainable and mutually profitable partnerships
4. Leverage investment in Melbourne & NSW
5. Invest in our people, attract and retain talent



PARTNER

1. End to end operational excellence
2. Wealth cost to income improvement
3. Customer strategy alignment
4. Enhance partner management



AGRIBUSINESS

1. Targeting growth markets aligned with our specialisation and experience
2. Aligned systems, processes, people and partners
3. Enabling future farmers
4. Exploring the agriculture industry to identify market opportunities
5. Innovation and knowledge partnerships

Summary and outlook

- 1 Customers are our greatest advocate
- 2 Partner of choice
- 3 Continued investment in community
- 4 Building resilience with our people
- 5 Sustainable returns and a strong balance sheet
- 6 Positive operating environment

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Questions

Appendices

Our vision, strategy and purpose

Our vision is to be Australia's most customer connected bank

Our strategy is to focus on the success of our customers, people, partners and communities

We do this by:

- Taking a 100 year view
- Listening and responding
- Respecting every customer's choice, needs and objectives
- Partnering for shared success
- Working together as one team.

Measures of success

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How do we measure success?

Customer

- New to lost customers
- Average products per customer
- Customer advocacy

People

- Diversity
- Staff engagement
- Productivity

Partner

- Partner advocacy
- Partner performance

Risk

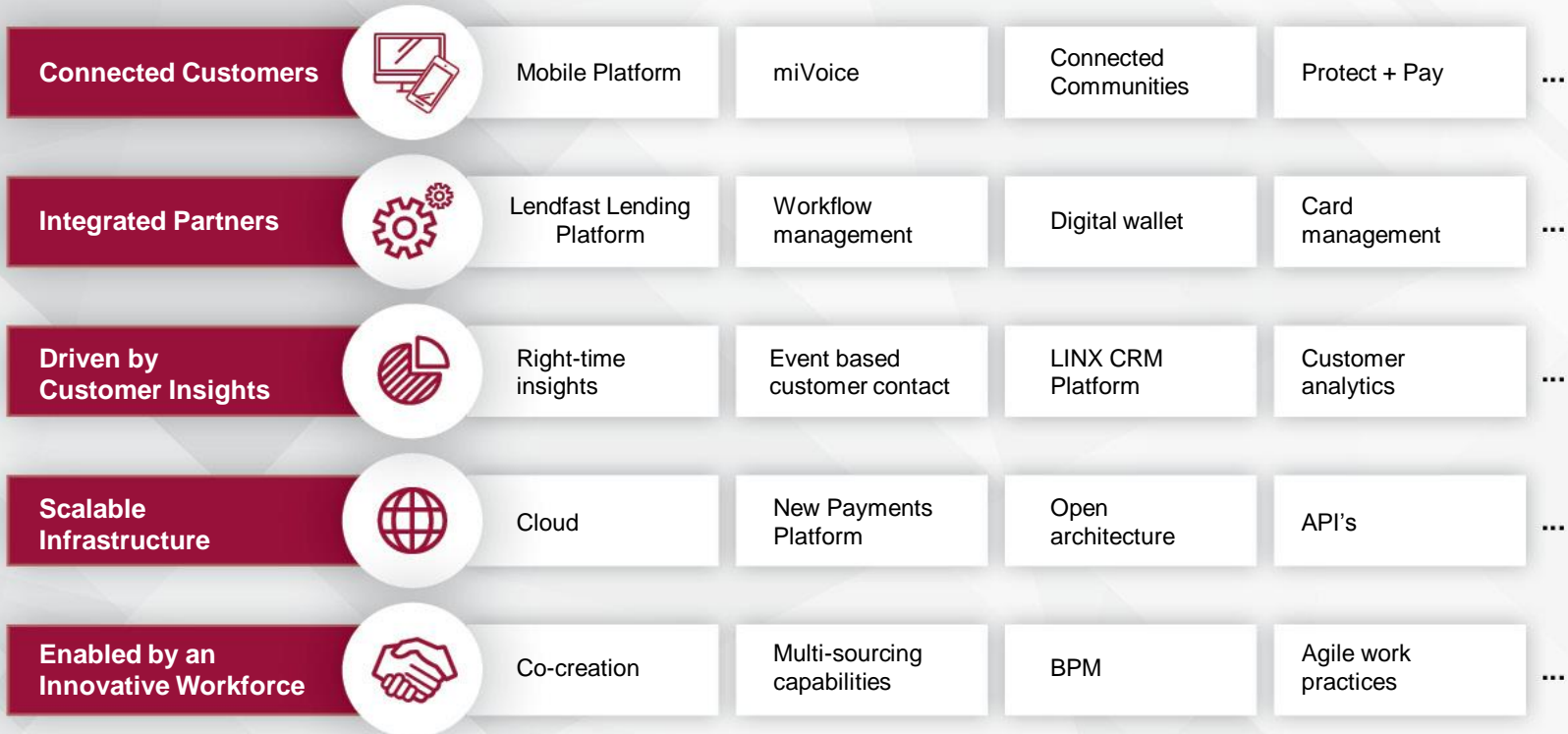
- Credit loss % risk weighted assets
- Liquidity & Funding

Financial

- Cash EPS
- ROTE
- ROA
- RAROC








Our digital platform

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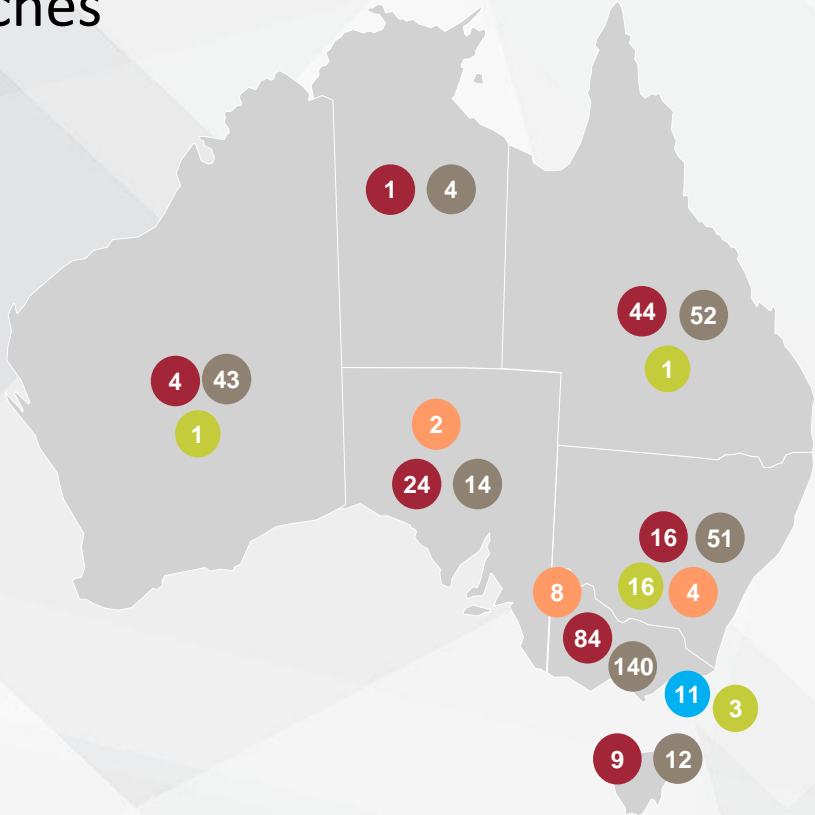
A complete portfolio of businesses

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Brand	Segment	Business
 	Local Connection	Provides a full range of consumer and business banking products and solutions
   	Partner Connection	Third party banking, wealth and protection solutions
	Agribusiness	Solutions for agricultural farm businesses

Diverse geographic footprint

544 branches



- Bendigo Bank 182
- Bendigo Bank Community Bank® 316
- DelphiBank 14
- RURAL BANK 11
- Alliance Bank® 21

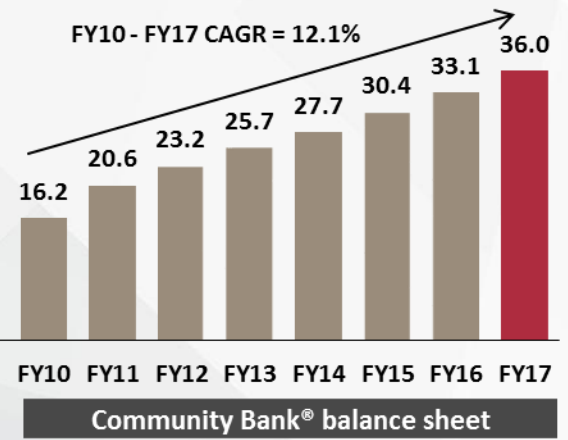
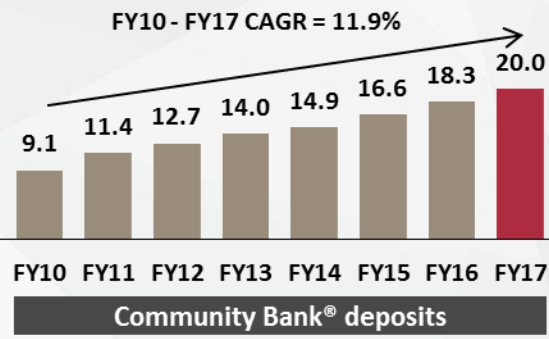
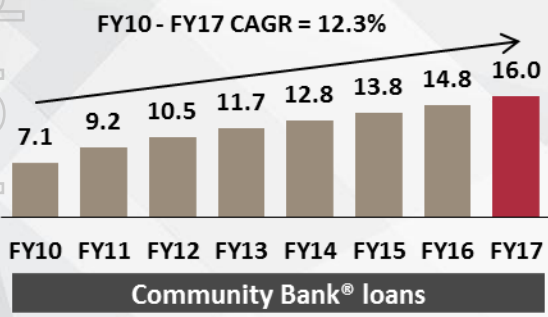
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The Community Bank® model 19 years old

- Over \$165m in community grants¹ since inception – delivering tangible benefits for these communities and our business
- 316 Community Bank branches with more than 90 in communities where there is no alternative provider
- Proven, reliable and cost effective distribution strategy



Community Bank® growth (\$bn)



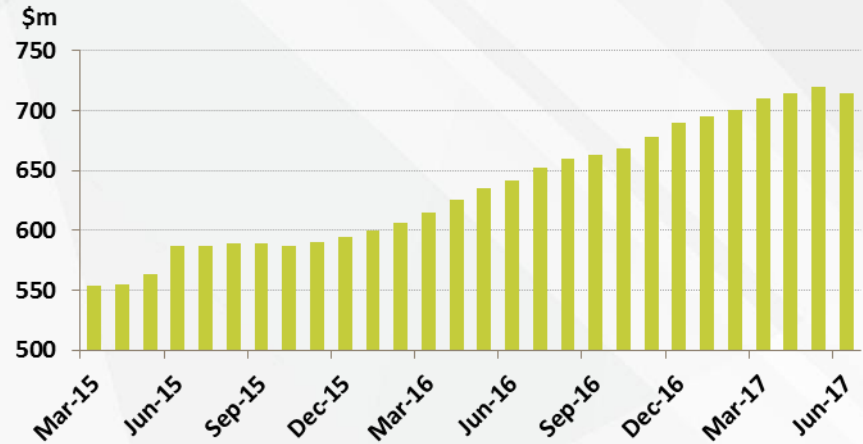
1. Includes total sponsorships, donations and contributions

Alliance Bank loan & deposit growth

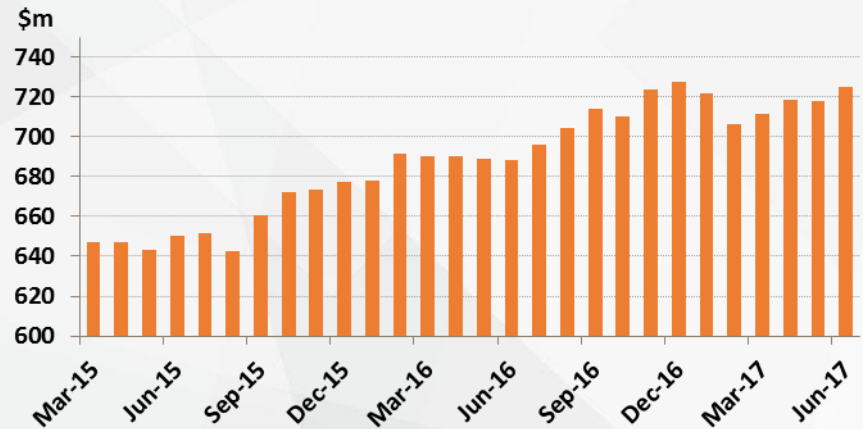
- 30% growth in loan portfolio and 16% growth in deposit portfolio since March 2015
- Two new entrants due for completion in FY18
- Confidentiality agreements signed with two other credit unions
- 150 employees
- 35,000 customers
- Innovative social impact loan program



Alliance loan portfolio balance



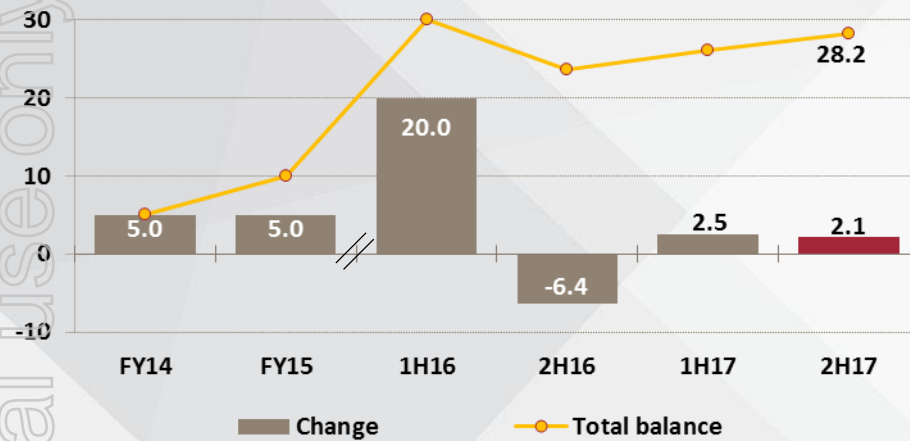
Alliance deposit portfolio balance



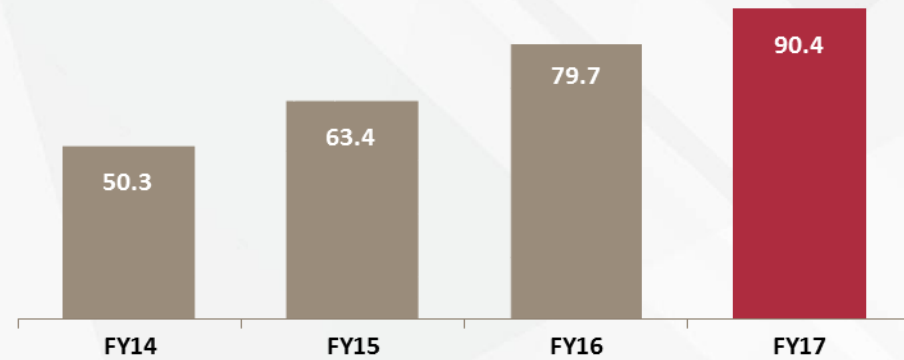
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Homesafe investment property portfolio (based on statutory earnings)

Portfolio overlay (\$m)

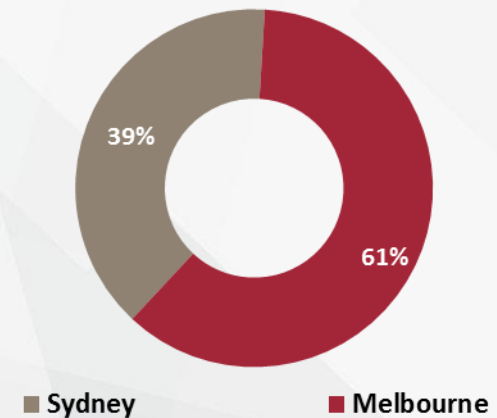


Homesafe statutory income contribution (\$m)



	FY14 (\$m)	FY15 (\$m)	FY16 (\$m)	FY17 (\$m)
Profit on sale	\$0.5	\$1.0	-\$0.1	\$1.7
Discount	\$12.6	\$15.6	\$16.7	\$18.4
Property valuations	\$42.2	\$51.8	\$76.7	\$74.9
Portfolio overlay	-\$5.0	-\$5.0	-\$13.6	-\$4.6
Total income contribution	\$50.3	\$63.4	\$79.7	\$90.4

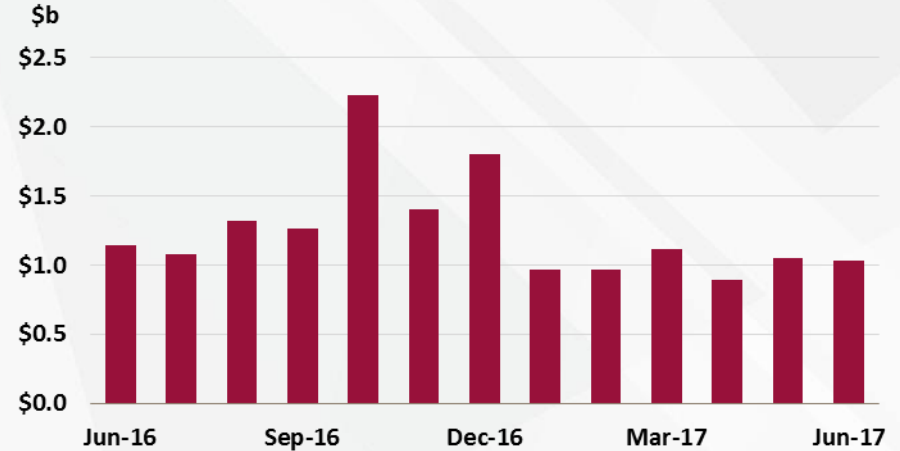
Homesafe portfolio distribution



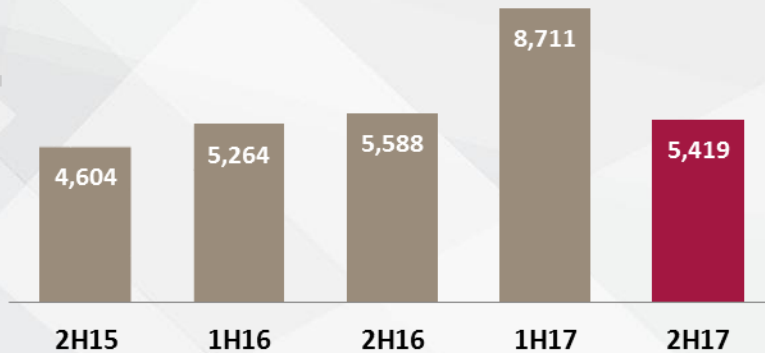
Residential loan approvals

- 13% growth in Offset portfolio since June 2016
- 45% of home loan customers are ahead of minimum repayments, with 29% of customers three or more repayments ahead¹

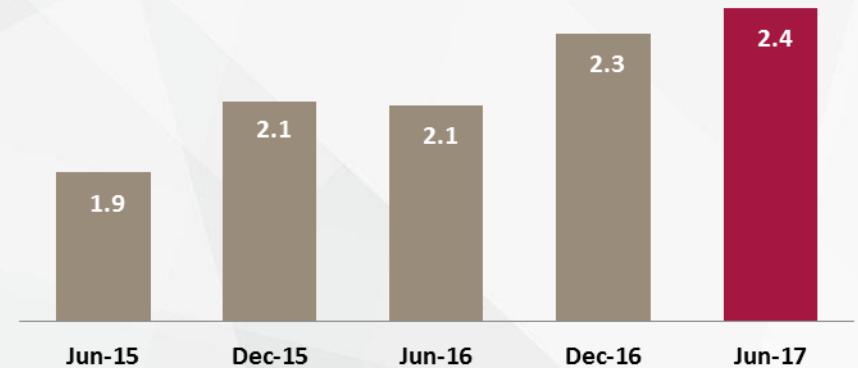
Settlements²



Total residential loan approval (\$m)



Offset account portfolio (\$b)

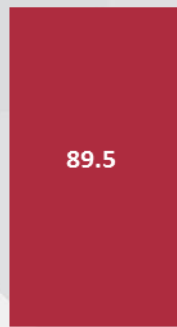


1. Excludes amounts held in Offset facilities

2. Data excludes Rural Bank, Rural Finance & Delphi

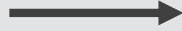
Specific provisions

Specific provision balance (\$m)

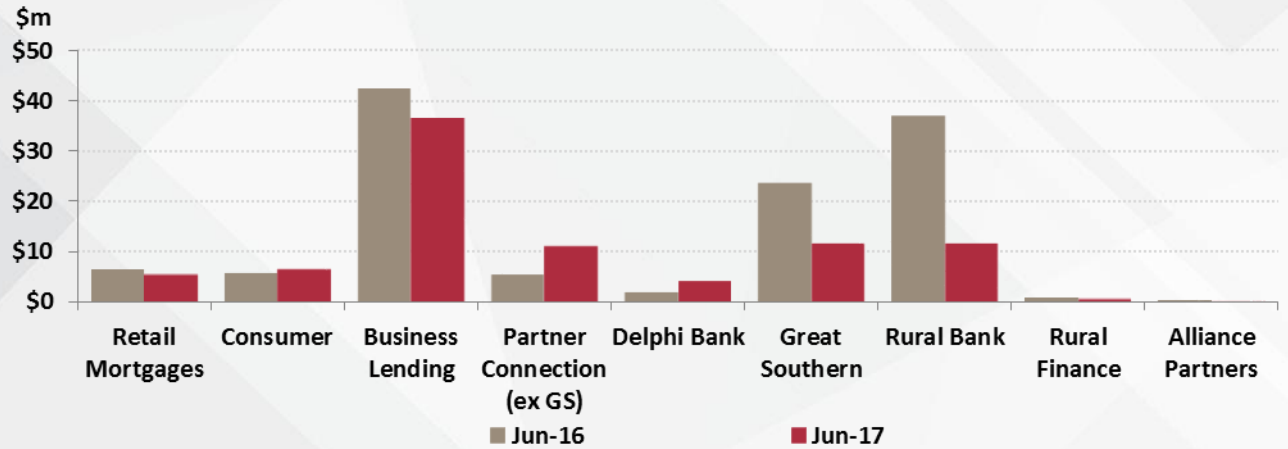


As at Jun 2017

Represented by



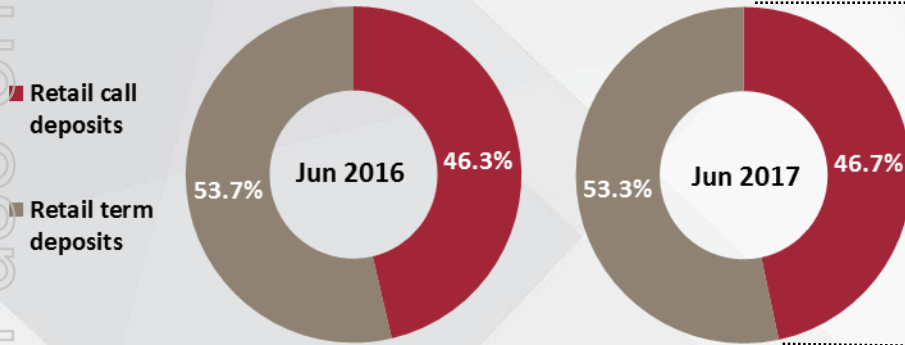
Specific provisions breakdown



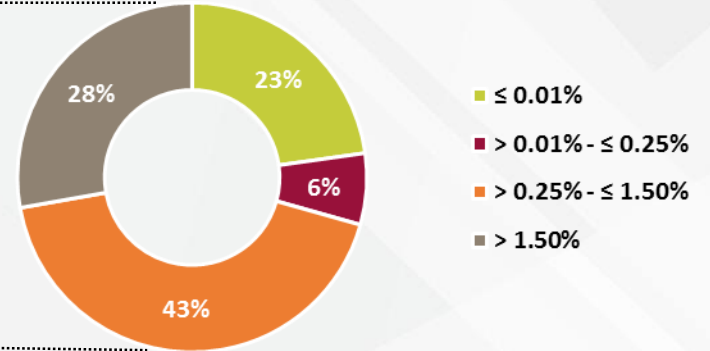
Provision as % of each portfolio's gross loans	Retail Mortgages	Consumer	Business Lending	Partner Connection (ex GS)	Delphi Bank	Great Southern	Rural Bank	Rural Finance	Alliance Partners	BEN total
June 2017	0.02%	0.58%	0.49%	0.06%	0.22%	9.42%	0.29%	0.05%	0.06%	0.15%
June 2016	0.03%	0.54%	0.58%	0.03%	0.11%	11.48%	0.97%	0.07%	0.03%	0.22%
Portfolio as % of gross loans	38.6%	1.9%	12.3%	33.3%	3.2%	0.2%	6.6%	2.7%	1.2%	100%

Funding

Retail deposit composition



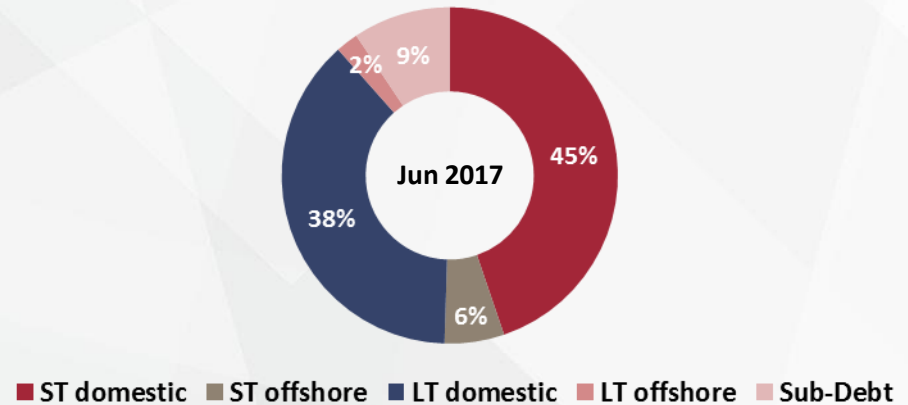
Retail call deposit funding costs



Retail term deposit retention rate¹



Wholesale funding composition



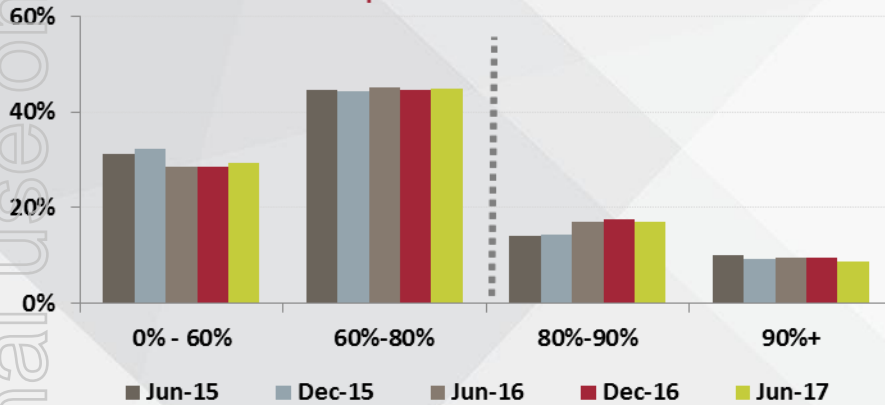
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1. Company data

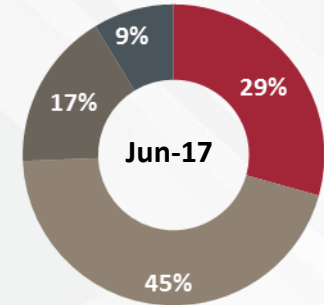
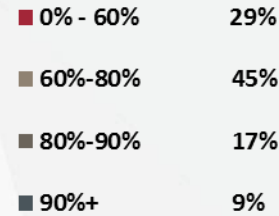
Key capital ratios & residential LVR breakdown

Residential loan-to-value profile

74% of portfolio with LVR ≤ 80%



Residential LVR breakdown



Key capital ratios (%)

	1H16	2H16	1H17	2H17
Common equity tier 1	8.24	8.09	7.97	8.27
Additional tier 1	2.44	2.31	2.20	2.22
Tier 1 Capital	10.68	10.40	10.17	10.49
Tier 2	1.98	1.81	2.03	1.97
Total regulatory capital	12.66	12.21	12.20	12.46
Risk weighted assets (RWA) (\$bn)	34.5	36.5	38.3	38.1

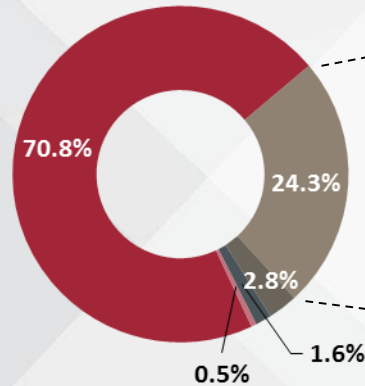
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Note - Breakdown of LVRs for by residential mortgages at 30 June 2017 by origination

Secure and low risk loan portfolios

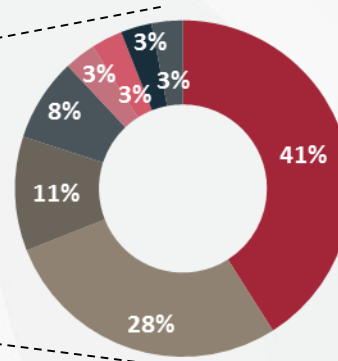
BEN loan composition¹

- 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
- Accom & food services
- Health Care & Social assist



- 98.4% secured
- 97.9% secured by mortgages and listed securities
- Residential mortgages
 - average LVR 61%
 - 62% owner occupied
- Margin Lending
 - 78% of portfolios hold ≥ 4 stocks
 - Average LVR 38%

Residential Mortgages ^{2,3}	Jun-17	Dec-16
Retail mortgages	57%	56%
Third Party mortgages	43%	44%
Owner occupied	62%	62%
Investment	38%	38%
P&I	60%	60%
I/O	40%	40%
Owner occupied P&I	76%	76%
Owner occupied I/O	24%	24%
Investment P&I	34%	34%
Investment I/O	66%	66%
Lo Doc	2%	2%

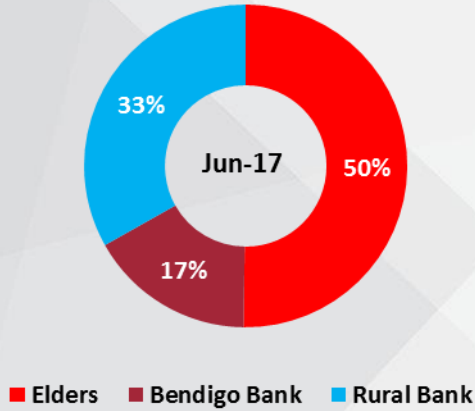
Residential Mortgages ^{2,3}	Jun-17	Dec-16
Mortgages with LMI	27%	28%
Average LVR	61%	61%
Average loan balance	\$217k	\$217k
90+ days past due - exc arrangements	0.5%	0.5%
Impaired loans	0.1%	0.1%
Specific provisions	0.03%	0.04%
Loss rate	0.01%	0.01%
Variable	70%	70%
Fixed	30%	30%

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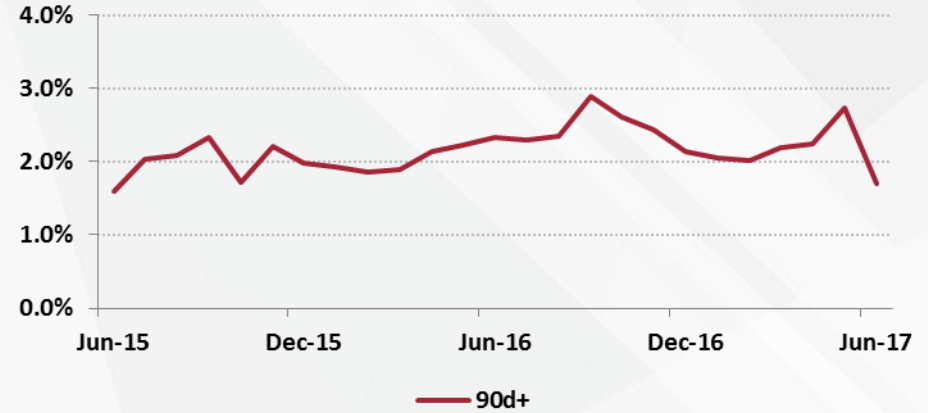
1. Loan data represented by security as per page 18 in the 4E.
 2. Loan data represented by purpose
 3. Excludes Delphi Bank & Keystart data

Agribusiness

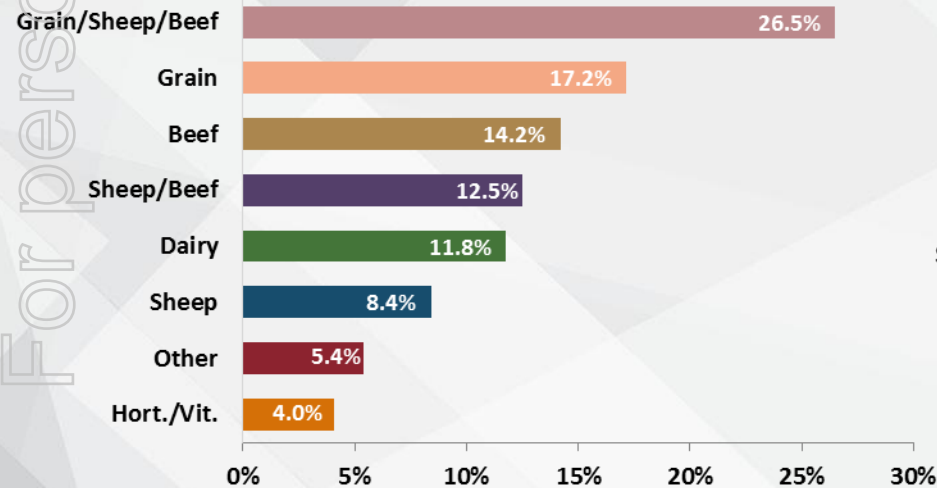
Channel distribution



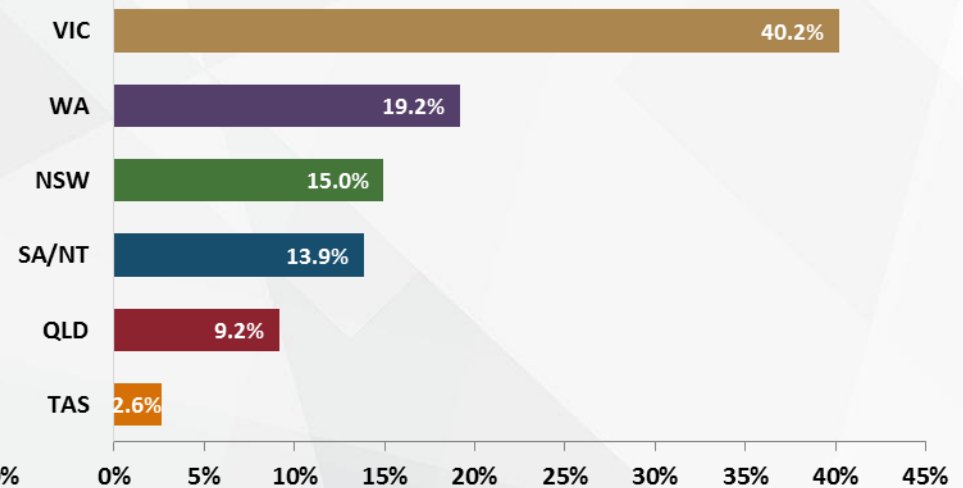
Agribusiness Loan Arrears



Agri exposure by industry



Agri exposure by state



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