Results Presentation

For the half year ended
31 December 2019

Bendigo and Adelaide Bank

Agenda

Overview	Marnie Baker
1H20 financials	Travis Crouch
Summary and outlook	Marnie Baker
Q&A	Marnie Baker and Travis Crouch

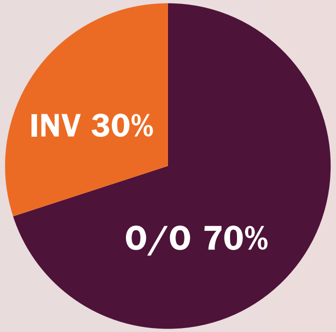
Overview

Marnie Baker
Managing Director

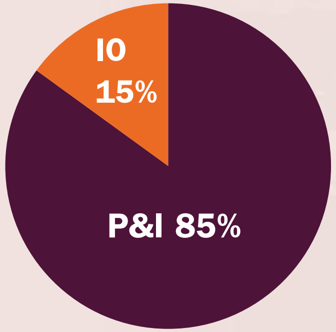
Overview 1H20

Solid result underpinned by strong growth, margin management and credit quality

1.1x
above system
lending growth



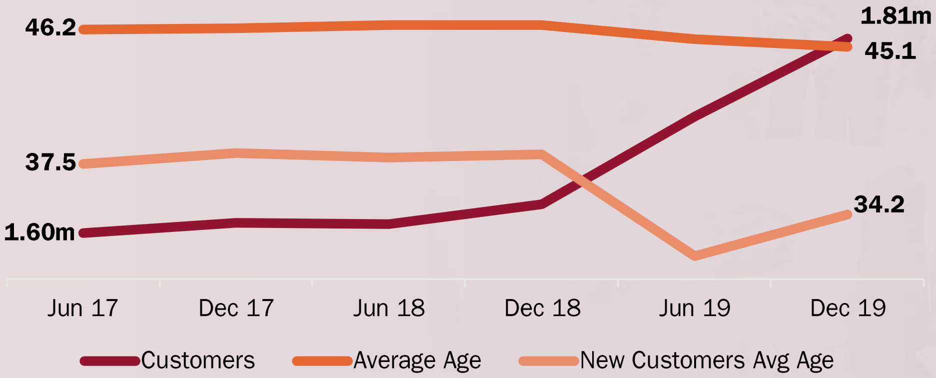
Residential lending growth **+7.7%**[1]



Small business lending growth **+15.6%**[2]

Margin steady at **2.37%**

4.9% uplift in customers numbers
New customers **10 years** younger



Top 10 most trusted brand in Australia[3]

BDD **7bps** of total loans

NPS +27.2 higher than the average of the major banks[4]

[1] APRA Monthly Banking Statistics December 2019. Data is an annualised growth rate based on a 6-month period (30/06/19 – 31/12/19)
[2] Internal data is an annualised growth rate based on a 6-month period (30/06/19 – 31/12/19)
[3] Roy Morgan All Brand Net Trust Score Survey
[4] Roy Morgan Net Promoter Score – Roy Morgan Research for the period July – December 2019 comparing BEN to the average of the major banks

Our purpose in action

Supporting our customers and communities experiencing hardship

Over the short, medium and long term

Our customers

- Emergency funds available to customers
- Home, Business and Agri loan assistance packages including discounted interest rates and fee waivers
- Direct customer contact program to:
  - Drought impacted agribusiness customers
  - Bushfire impacted retail, home loan, small business and agribusiness customers
- Emergency funds and temporary accommodation costs via our insurance partner IAG

Our people

- Unlimited natural disaster and community service leave
- Resilience and wellbeing training and on-going support
- Counselling support

Our communities

- Our National Bushfire Disaster Appeal has raised +$35.4m from over 140,000 generous donors
- 100 per cent of funds raised will be distributed to those impacted
- The donations are already making a difference:
  - Generators for essential electricity to businesses and individuals on Kangaroo Island
  - Funds to support residents in bushfire affected areas who have experienced loss of, or damage to, their home
  - Funds for BlazeAid to operate numerous volunteer base camps in NSW, Vic and SA and provide these volunteers with equipment trailers; and to support the costs of re-fencing

1H20 financial result

	1H20	1H20 v 2H19	1H20 v 1H19
Statutory net profit ($m)	145.8	(16.0%)	(28.2%)
Cash earnings ($m)	215.4	10.0%	(2.0%)
Total income ($m)	814.7	2.3%	1.4%
Cost to income (%)	59.3	(2.8%)	3.5%
Return on tangible equity (cash, %)	10.96	+81bps	(36bps)
CET1 (%)[1]	9.00	+8bps	+24bps
Net interest margin (%)	2.37	-	+2bps
Cash earnings per share (cash, ¢)	43.7	9.3%	(3.1%)
Dividend per share (¢)	31.0c	(4.0c)	(4.0c)

Includes software Impairment of **$87.1m**[2]

Advanced Accreditation
$57.8m
New Payments Platform
$11.1m
Other
$18.2m

& accelerated amortisation of **$19.0m**[2]

Capitalisation threshold increased from **$0.5m** to **$2.0m**

[1] As at 31 Dec
[2] Pre-tax

Disciplined strategy execution

Achieving sustainable growth, a seamless customer experience and reduced cost base

Our vision

To be Australia's bank of choice

Our purpose

To feed into the prosperity of our customers and their communities, not off it

Our strategy

Reduce complexity

Invest in capability

Tell our story

To deliver:

- Seamless customer experience
- Medium-term reduction in cost base
- Sustainable growth

Focusing our investment

Driving simplification of processes and building new capability and capacity for growth

- New and enhanced third party partnerships
- Distribution capability to provide greater flexibility for our customers
- Further development of our digital offerings and capabilities
- Building open banking platform
- Processing capacity to support strong growth
- Continued modernisation of branch network – concept branches and network tiering
- Simplifying our processes
- Continued uplift in risk capabilities

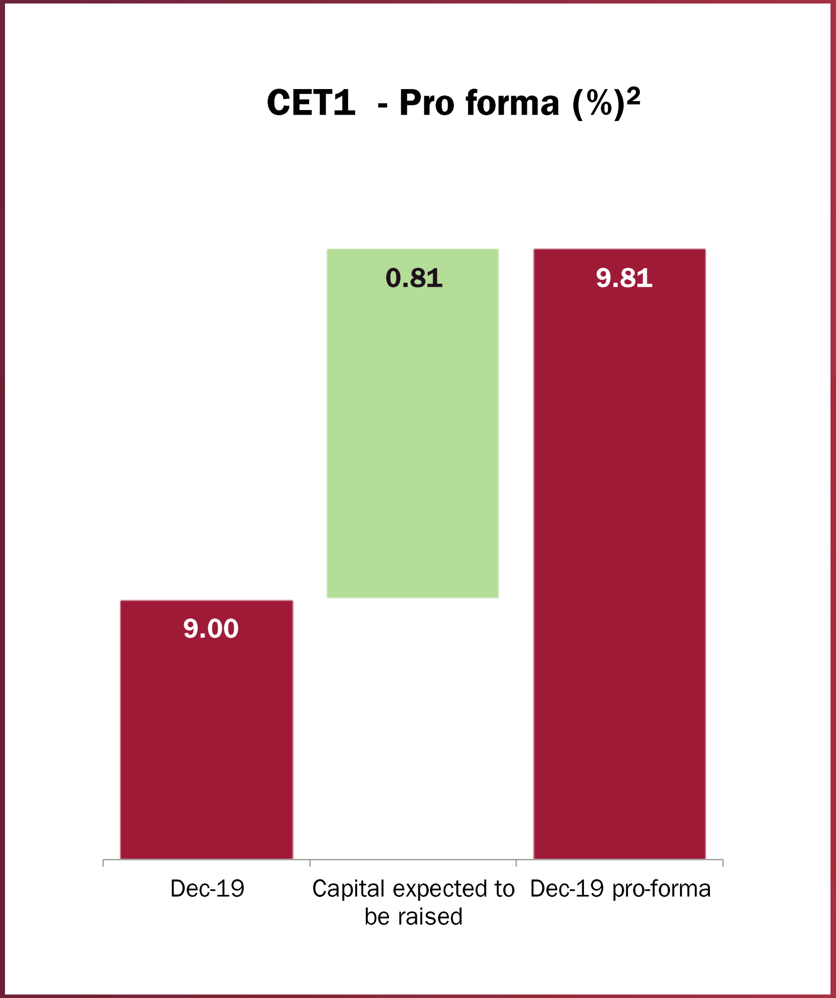
Accelerating investment in five key areas

To support growth, increase operation leverage and maintain a leading customer experience

Customer experience	Designing and delivering customer centric experiences Leveraging AI and machine learning capability to enhance customer experience
Digital	Rationalising and hollowing out core banking systems Leveraging data capabilities to focus on needs of target customer segments Digitising key processes for joining the bank
Simplification	Simplifying and reducing business processes to improve efficiency and experience Reducing number of supporting technology applications to improve efficiency Simplifying our business model to focus on core strengths
Automation	Leveraging cloud technologies to increase speed to market Leveraging AI and machine learning capability to drive automation Investing in capability required to create a responsive and adaptive organisation
Regulatory change	Continuing to enhance data capabilities to mitigate risk Delivering on requirements for Open Banking and Comprehensive Credit Reporting

Strength in balance sheet for continued growth

- CET1 ratio increased 8bps over 1H20 to 9.00%
- Expected to raise $300m capital[1] via an underwritten institutional placement and non-underwritten share purchase plan (SPP)
- Maintain strength in balance sheet to:
  - Support continued growth in residential mortgages
  - Provide an increased buffer above APRA's "unquestionably strong" CET1 capital ratio requirements which gives additional capacity to respond to industry wide APRA capital changes
  - Provide flexibility to continue to invest in technology and regulatory related change initiatives



[1] Assumes $50m to be raised under the SPP – the actual amount raised could be more or less
[2] Based on RWA as at 31-Dec-2019

BendigoandAdelaideBank

1H20 financials

Travis Crouch
Chief Financial Officer

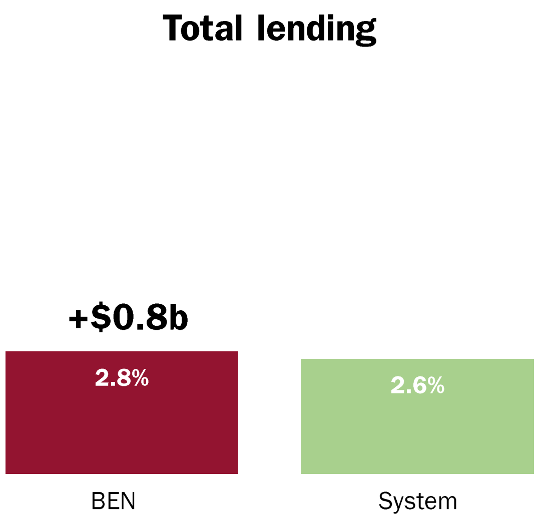
Financial performance

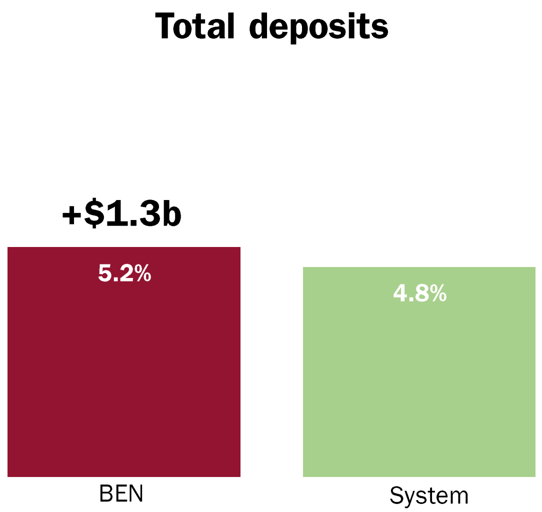
	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Net interest income	$676.4	$649.5	$658.5	4.1%	2.7%
Other income	$138.3	$146.9	$144.6	(5.9%)	(4.4%)
Homesafe[1]	$7.1	$6.9	$7.2	2.9%	(1.4%)
Operating expenses	$487.4	$490.3	$464.2	(0.6%)	5.0%
Credit	$23.2	$24.8	$25.5	(6.5%)	(9.0%)
Cash earnings (after tax)	**$215.4**	**$195.9**	**$219.8**	**10.0%**	**(2.0%)**
Statutory net profit (after tax)	**$145.8**	**$173.6**	**$203.2**	**(16.0%)**	**(28.2%)**
Cash EPS	**43.7c**	**40.0c**	**45.1c**	**9.3%**	**(3.1%)**

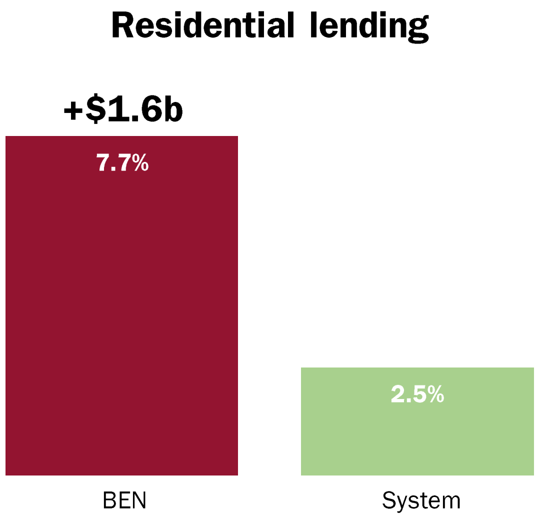
Note: NII, other income and operating expenses all cash basis before tax
[1] Homesafe net realised income before tax

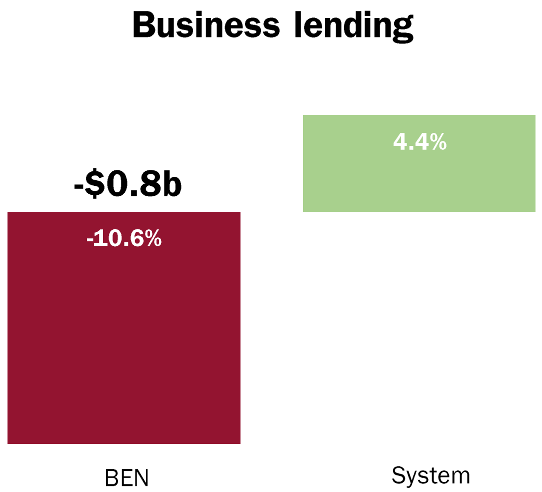
Bendigo and Adelaide Bank

1H20 growth profile[1]



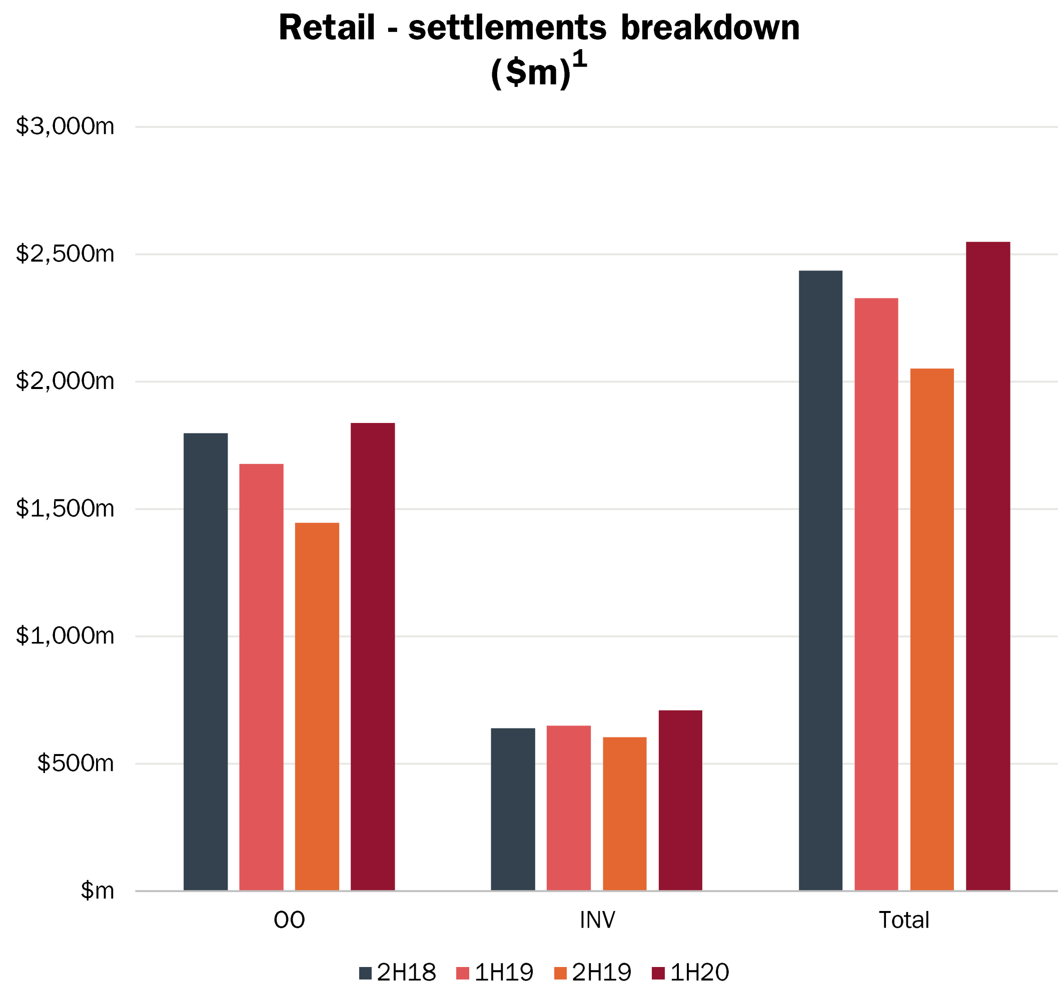


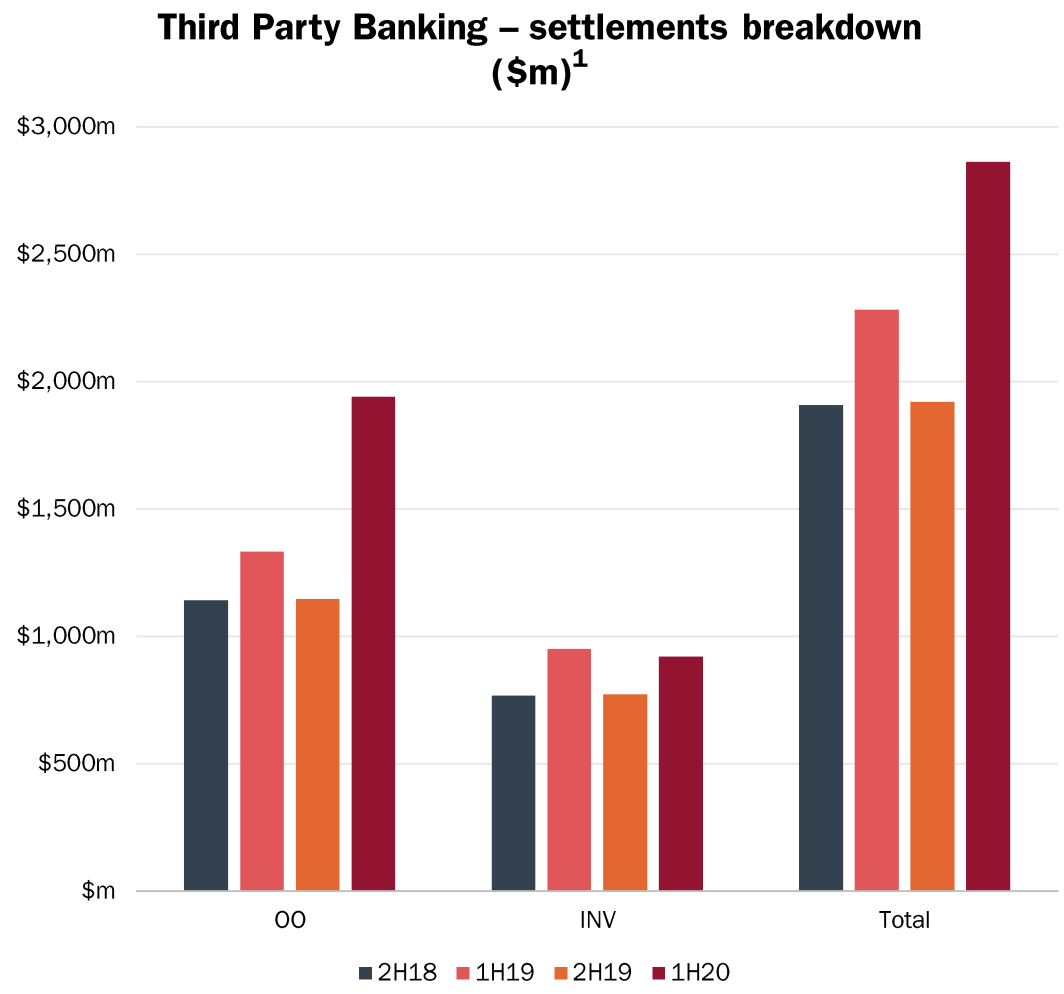




[1] Source: APRA Monthly Banking Statistics December 2019. Data is an annualised growth rate based on a 6-month period (30/06/19 – 31/12/19)

Stronger lending activity





[1] Loan settlements are based on term loans using end of month asset balances. Excludes Delphi Bank, Alliance Bank and line of credit products

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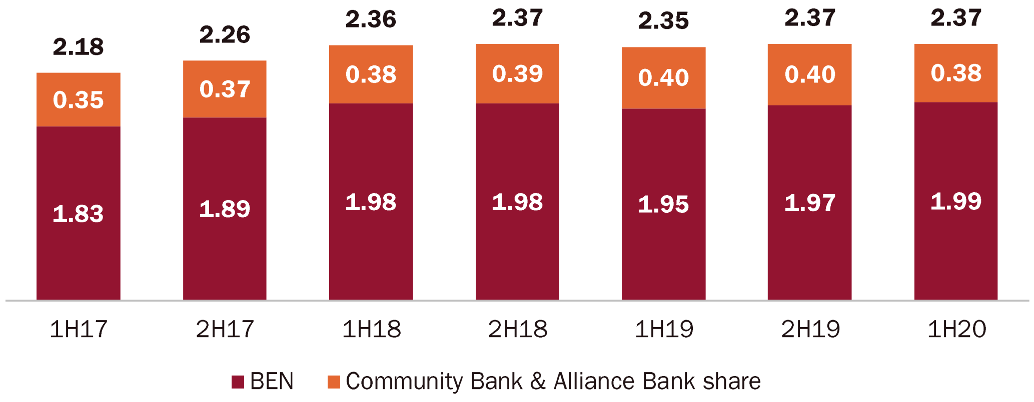
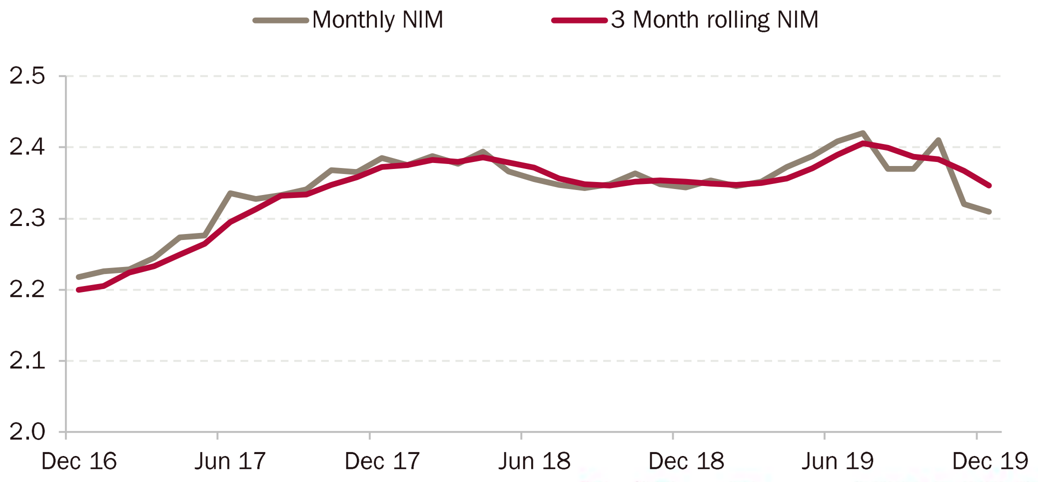
Net interest margin

- Ongoing active management of price/volume balance
- Low interest rate funding & equity impact offset by variable loan repricing following RBA rate cuts
- Lending portfolio rate continues to drive lower due to competitive new business rates
- Hedging activity has provided a 6bp improvement to NIM
- December 2019 exit NIM of 2.31%



NIM impacts	1H20	2H19	1H19
Front book/back book repricing	(6bps)	(6bps)	(7bps)
Variable loan repricing	10bps	-	4bps
BBSW priced commercial lending	-	(1bp)	1bp
Hedging	6bps	3bps	1bp
Treasury liquids	(2bps)	(1bps)	2bps
Customer deposit repricing	(7bps)	3bps	(2bps)
Wholesale deposits repricing	1bp	2bps	(2bps)
Funding mix	2bps	1bp	1bp
Equity contribution	(3bps)	1bp	-
Impact on adoption of AASB 16[1]	(1bp)	-	
Total	**-**	**2bps**	**(2bps)**



[1] On 1 July 2019 the Group applied AASB 16 Leases which has resulted in interest expense associated with the Group's leases being recorded through NII

Bendigo and Adelaide Bank

Income

- Improvement in net interest income driven by strong growth in residential lending while maintaining net interest margin for the half
- Fee income maintained but remains under pressure across the industry
- Commissions reduced following the sale of Bendigo Financial Planning ($5.4m in 2H19)
- Foreign Exchange income growth driven by new consumer product and increased engagement with Business Customers
- Trading Book performance was generated through a net long position and continued reduction in benchmark short term interest rates
- Seasonal Community Bank revenue and increase in Government Services income also contributing to growth in other income

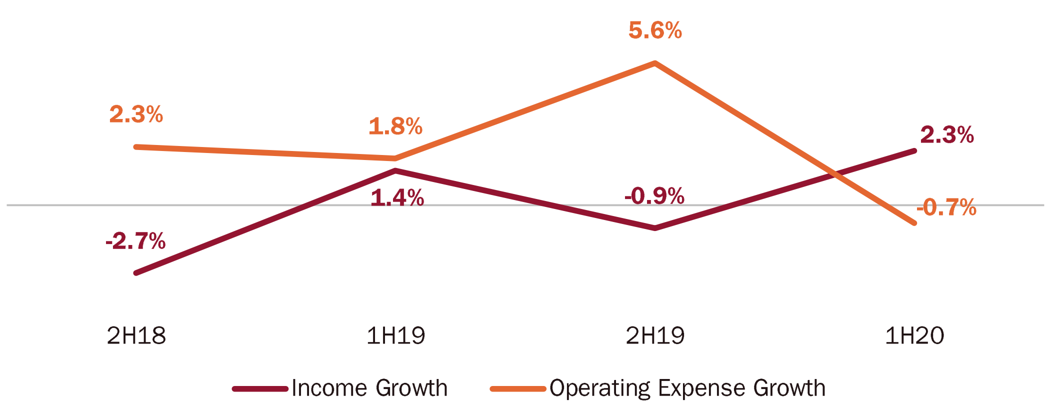
	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Net interest income	**$676.4**	**$649.5**	**$658.5**	**4.1%**	**2.7%**
Fee income	$79.3	$79.0	$84.8	0.4%	(6.5%)
Commissions	$29.2	$36.2	$37.3	(19.3%)	(21.7%)
Foreign exchange income	$12.4	$11.2	$11.2	10.7%	10.7%
Trading book income	$4.8	$10.7	$1.5	Large	Large
Other	$12.6	$9.8	$9.8	28.6%	28.6%
Other income	**$138.3**	**$146.9**	**$144.6**	**(5.9%)**	**(4.4%)**
Total Income (ex specific items)	**$814.7**	**$796.4**	**$803.1**	**2.3%**	**1.4%**

Note: Other income breakdown is prepared on a cash basis and 1H20 excludes fair value adjustments ($0.1m), Homesafe revaluation ($38.8), Homesafe realised income ($7.1m) and revaluation gains on economic hedges (-$12.7). Bendigo Financial Planning contributed to commissions in 2H19 ($5.4m) and 1H19 ($6.2m).

Operating expenses

- Cost to income ratio 59.3%
- Increase in staff costs supporting execution of strategy
- Total operating expenses impacted by an increase in staff costs and consultancy fees relating to design and implementation of new initiatives totalling $16.9m
- Remediation relating to products not operating in accordance with terms and conditions totalling $3.9m
- Adoption of new lease accounting standard (AASB16) resulted in $1m increase in total operating expenses compared to 1H19 (no impact v 2H19)

Jaws momentum (%)



	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Staff costs	$273.5	$262.9	$255.6	4.0%	7.0%
Occupancy, property, plant and equipment	$50.4	$50.4	$51.5	0.0%	(2.1%)
Amortisation of acquired intangibles	$1.5	$2.1	$1.6	(28.6%)	(6.3%)
Amortisation of software intangibles	$16.4	$17.8	$16.0	(7.9%)	2.5%
Fees and commissions	$10.3	$13.8	$17.3	(25.4%)	(40.5%)
Communications, advertising and promotion	$33.1	$33.7	$33.0	(1.8%)	0.3%
Other	$99.8	$95.4	$90.4	4.6%	10.4%
Other – remediation	$3.9	$16.3	$0.4	(Large)	Large
Total OPEX	**$488.9**	**$492.4**	**$465.8**	**(0.7%)**	**5.0%**

Note: In 2H19, Bendigo Financial Planning contributed to staff costs ($6.3m), IT costs ($0.4m), fees and commissions ($0.6m) and other ($9.3m, $7.5m of which is remediation). In 1H19, Bendigo Financial Planning contributed to staff costs ($6.6m), IT costs ($0.4m), fees and commissions ($0.7m) and other ($2.2m, $0.4m of which is remediation). Cost related to fund ongoing wealth concierge function through 1H20 is $0.4m

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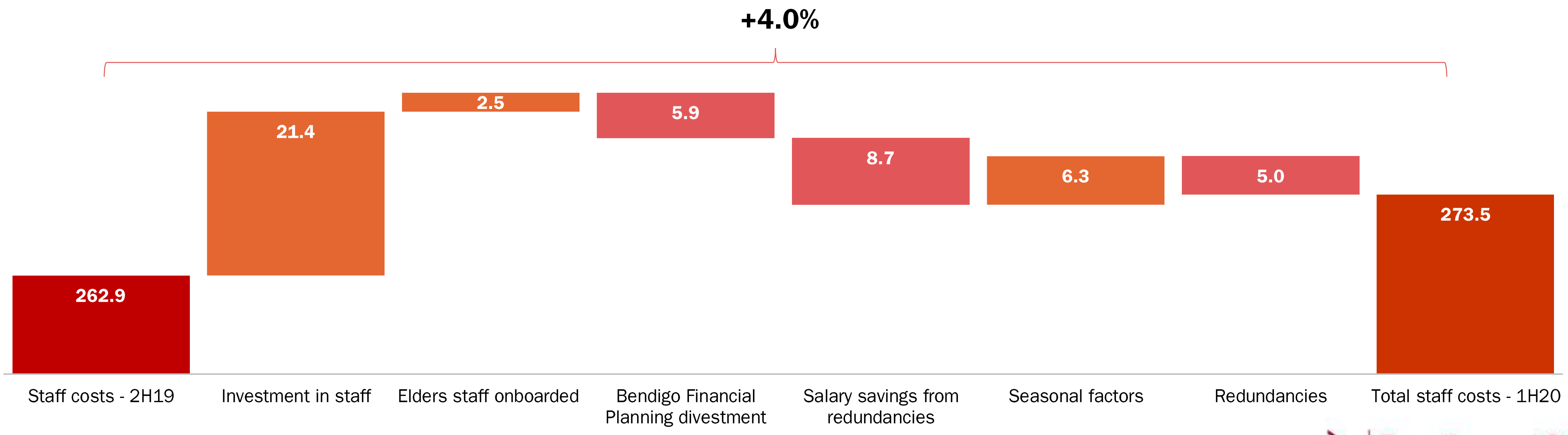
Staff costs

- Investment in staff:
  - Residential mortgage growth – significant uplift in processing staff numbers to meet growing demand
  - Risk and Compliance - ensuring risk capabilities across the Group continue to meet future needs
  - People and Culture – enhanced recruitment team, change management and organisational capability
  - Technology and transformation – expanded leadership team to lead organisational change initiatives
  - Agribusiness – supporting growth in income from Government Services
- Full half of Elders banking staff included following May 2019 onboarding
- Redundancies through the half totalled $4.7m ($9.7m in 2H19)



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Consumer division

- Strong growth in mortgages with settlements up 35%, with particular strength in Q2
- Deposit growth of $1.3bn with $1.7bn growth in at call
- NII increased reflecting strong balance sheet growth combined with effective margin management
- Improved contribution from Wealth business following sale of Bendigo Financial Planning
- Underlying expenses were maintained flat against prior half
- Increase in operating expenses driven by allocated expenses
- Release of collective provision has offset benign specific provisions for the half

	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Net interest income	$446.2	$430.7	$434.4	$15.5	$11.8
Other income	$100.1	$103.1	$109.2	($3.0)	($9.1)
Operating expenses	$347.3	$360.2	$333.8	($12.9)	$13.5
Credit expenses	($0.4)	$11.4	$7.1	($11.8)	($7.5)
Tax	$61.2	$52.3	$63.5	$8.9	($2.3)
Cash earnings before Homesafe	**$138.2**	**$109.9**	**$139.2**	**$28.3**	**($1.0)**
Homesafe net realised income[1]	$5.0	$4.9	$5.0	$0.1	-
Cash earnings	**$143.2**	**$114.8**	**$144.2**	**$28.4**	**($1.0)**
Remediation[2]	$2.7	$11.4	$0.3	($8.7)	$2.4
Redundancies[2]	$1.4	$5.3	$0.9	($3.9)	$0.5
Underlying earnings	**$147.3**	**$131.5**	**$145.4**	**$15.8**	**$1.9**

Note: P&L prepared on cash basis
[1] Homesafe net realised income after tax
[2] Remediation and redundancies after tax

Business division

- Steady NII from prior half reflects strength in margin management across both asset and liability portfolios, which offset the impact of further contraction in commercial property lending exposures
- Other income was flat with growth in Foreign Exchange transaction income offset by lower transactional fee income reflecting competitive environment
- Operating expenses impacted by higher staff costs associated with targeted investment in Risk and Support roles and increased allocated expenses
- Credit expenses reverted back toward longer term average, with higher provision coverage of portfolio. Prior half benefited from release of collective provision in line with reduction in the commercial property lending portfolio
- Increase in redundancy costs reflects structural change to further align with segmented relationship model

	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Net interest income	$150.3	$148.7	$154.5	$1.6	($4.2)
Other income	$22.3	$22.2	$23.3	$0.1	($1.0)
Operating expenses	$91.7	$84.9	$88.1	$7.2	$4.0
Credit expenses[1]	$18.2	$11.8	$24.0	$6.4	($5.8)
Tax	$18.6	$23.7	$20.7	($5.1)	($2.1)
Cash earnings	**$43.7**	**$50.5**	**$45.0**	**($6.8)**	**($1.3)**
Redundancies[2]	$1.5	$1.1	$0.6	$0.4	$0.9
Underlying earnings	**$45.2**	**$51.6**	**$45.6**	**($6.4)**	**($0.4)**

Note: P&L prepared on cash basis
[1] Credit expenses included Great Southern
[2] Redundancies after tax

Agribusiness division

- Impact of drought and bushfires is being managed through proactive relationship management and hardship assistance. Most customers expected to operate within existing limits and facilities for the current season
- Strong margin management has benefitted net interest income
- Other income increase due to higher revenue from Government Services division and new revenue streams from acquired businesses (ProFarmer and Australian Crop Forecasters)
- Higher operating expenses reflects increased staffing costs associated with Government Services division, and acquisition of Elders banking staff
- Credit expenses reverting to long-term average after historically low credit expenses in FY19. Recognised a small number of specific provisions, and applied a conservative approach to the collective provision for drought

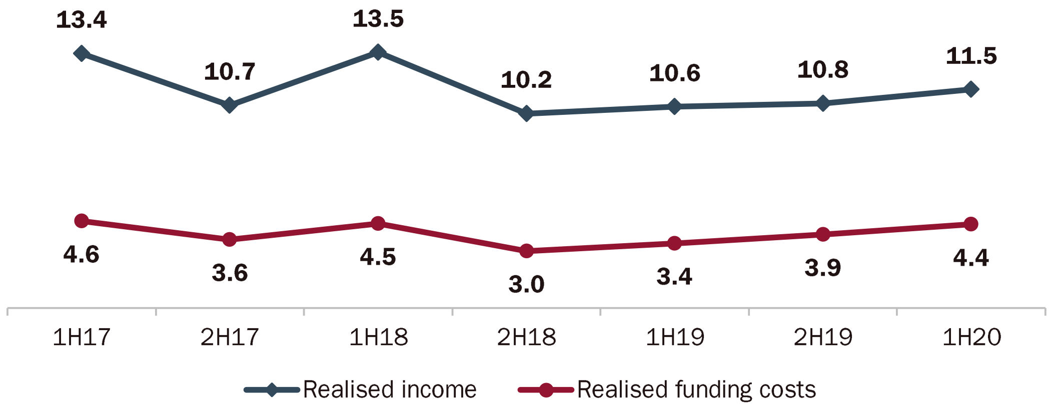
	1H20 ($m)	2H19 ($m)	1H19 ($m)	1H20 vs 2H19	1H20 vs 1H19
Net interest income	$79.9	$70.1	$69.6	$9.8	$10.3
Other income	$8.1	$7.3	$7.7	$0.8	$0.4
Operating expenses	$47.0	$45.4	$42.3	$2.6	$5.7
Credit expenses	$5.4	$1.6	($5.6)	$3.8	$11.0
Tax	$11.2	$9.8	$12.7	$1.4	($1.5)
Cash earnings	**$23.4**	**$20.6**	**$27.9**	**$2.8**	**($4.5)**
Redundancies[1]	$0.4	$0.4	-	-	$0.4
Underlying earnings	**$23.8**	**$21.0**	**$27.9**	**$2.8**	**($4.1)**

Note: P&L prepared on cash basis
[1] Redundancies after tax

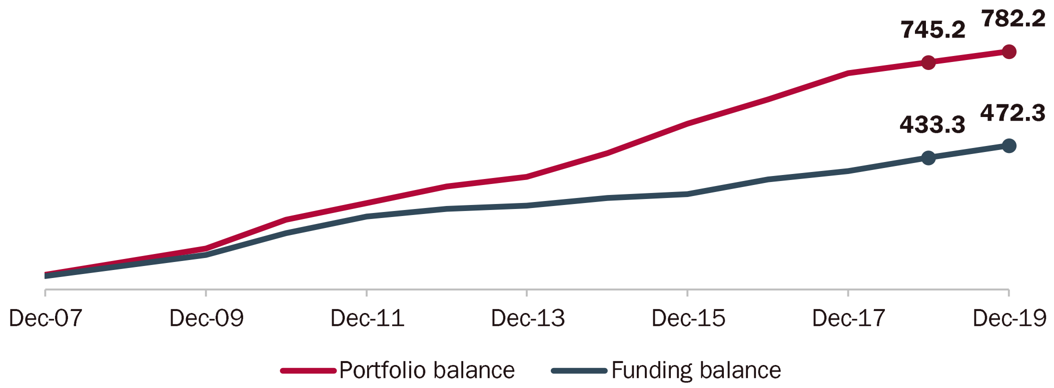
Homesafe investment property portfolio

- Proceeds on contracts completed during 1H20 exceeded carrying value by $1.3m or 5.9%
- Average annual return on completed contracts since inception is 9.8%, pre funding costs
- After unrealised losses for FY19, 1H20 brought $38.8m in unrealised gains into the portfolio
- Portfolio distributed between Melbourne (61%) and Sydney (39%)
- Portfolio valuation methodology reviewed and growth outlook maintained at 0% year 1, 3% year 2 and 4% year 3+
- Property values would need to fall by a further 40% before any impact on regulatory capital

Realised - income vs funding costs ($m)



Homesafe portfolio & funding balance ($m)

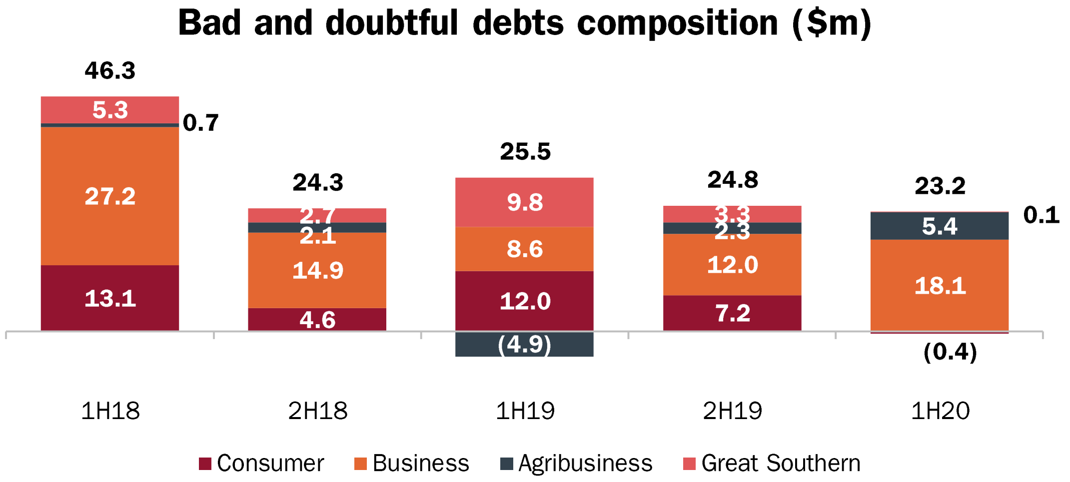


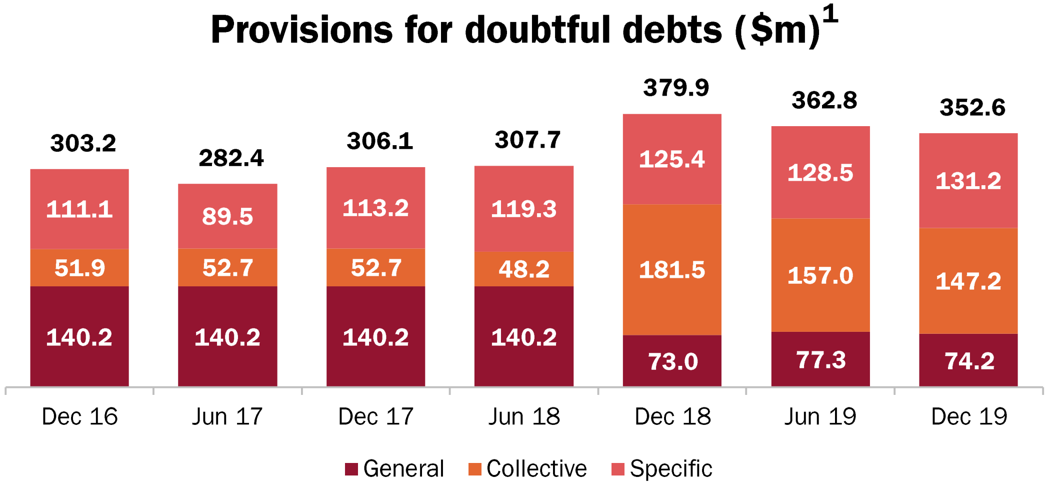
	1H20 ($m)	2H19 ($m)	1H19 ($m)	2H18 ($m)
Discount unwind	$11.4	$11.2	$11.2	$10.1
Profit/(loss) on sale	$1.3	$0.7	-$0.2	$1.3
Property revaluations	$26.1	-$30.6	-$16.4	$4.4
Total	**$38.8**	**-$18.7**	**-$5.4**	**$15.8**

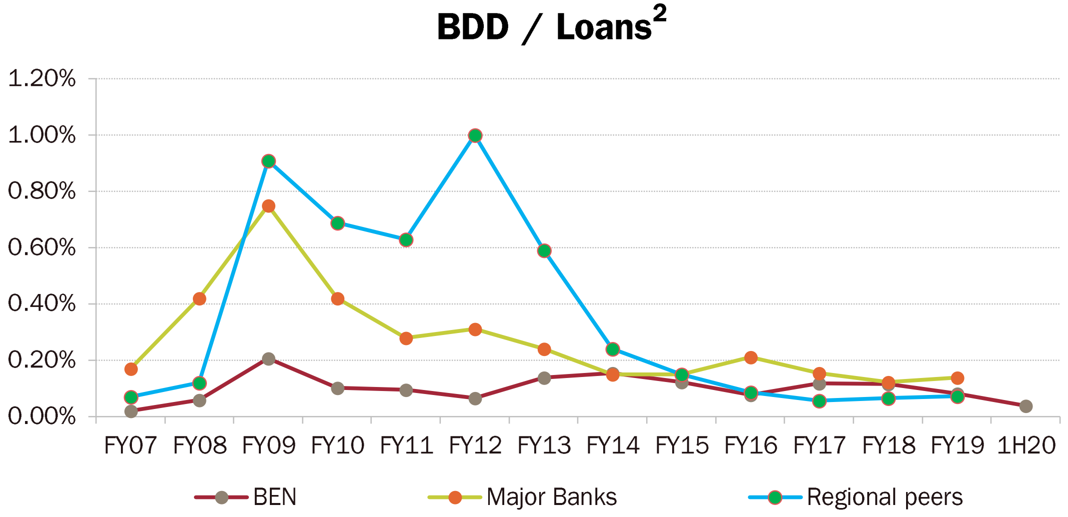
Bendigo and Adelaide Bank

Bad and doubtful debts

- All core portfolios remain well secured and portfolio performance remains sound
- 1H20 BDD charge 7bps (annualised) of gross loans, remains below the long term average of 11bps
- Provision coverage ratio of 111.8% up from 109.8% at 31 December 2018 although specific provisions have gradually increased
- Total impaired assets reduced $30.5m from 31 December 2018





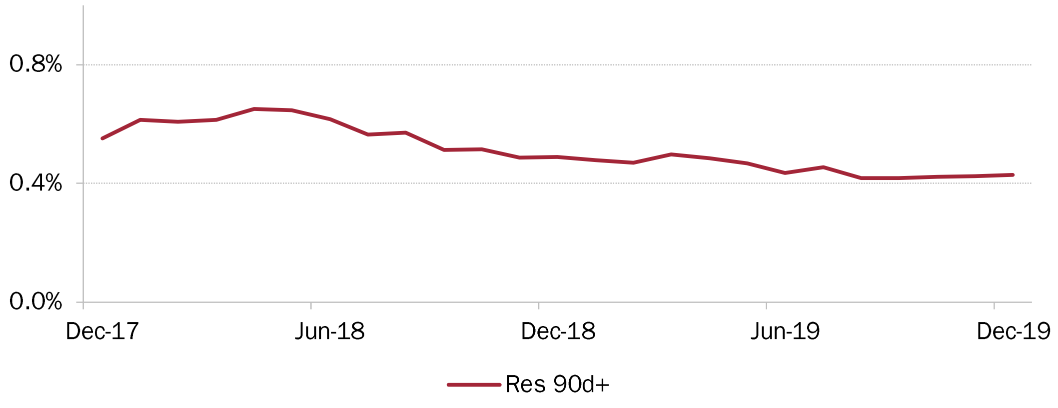


[1] AASB9 was adopted from 1 July 2018 (prior periods are not required to be restated)
[2] External data supplied by Morgan Stanley.

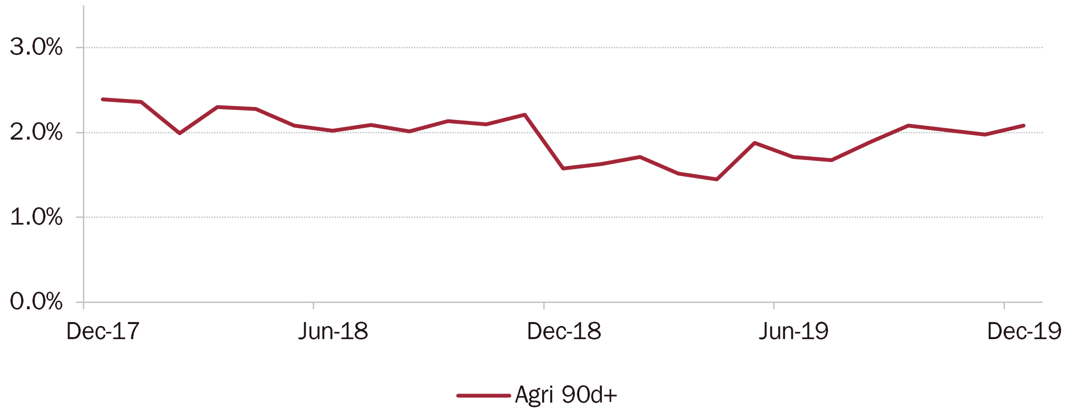
Bendigo and Adelaide Bank

Arrears

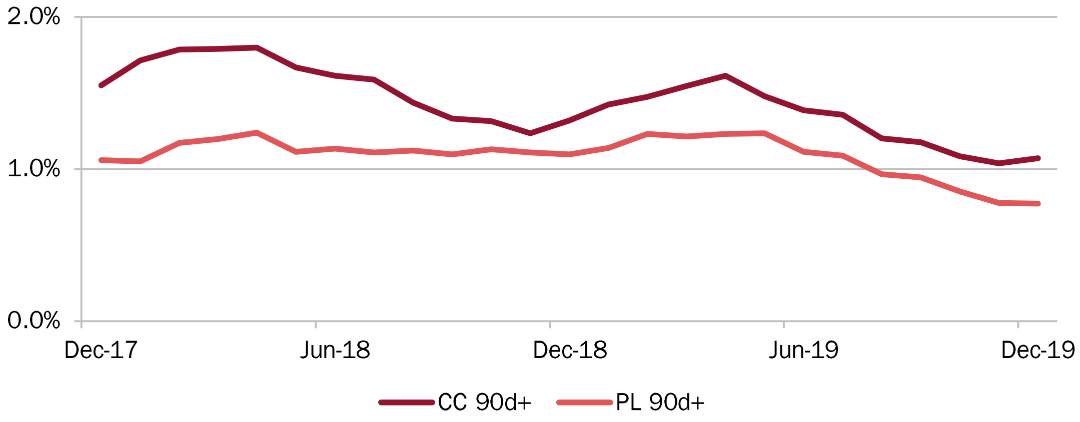
Residential loan arrears



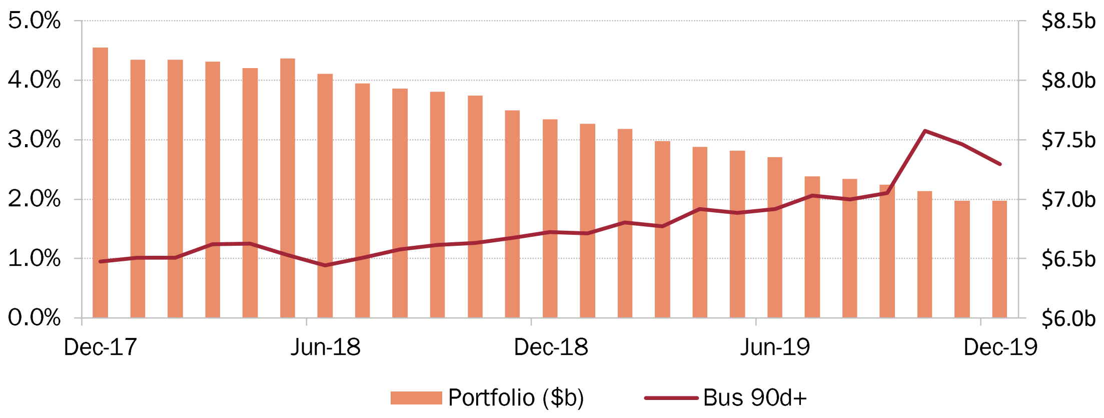
Agribusiness loan arrears



Consumer loan arrears[1]



Business loan arrears



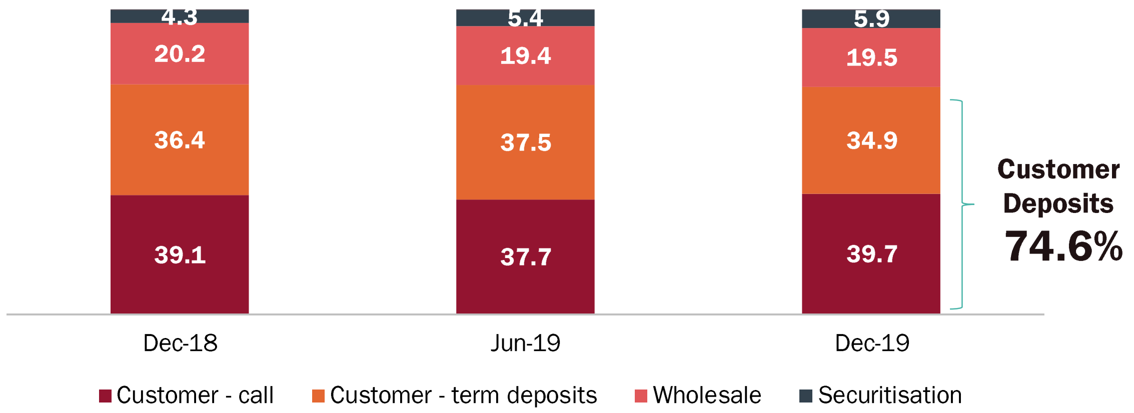
Note: Arrears includes impaired over 90d+ and excludes arrangements

[1] Consumer loan arrears reflects credit card portfolio and personal loan portfolio

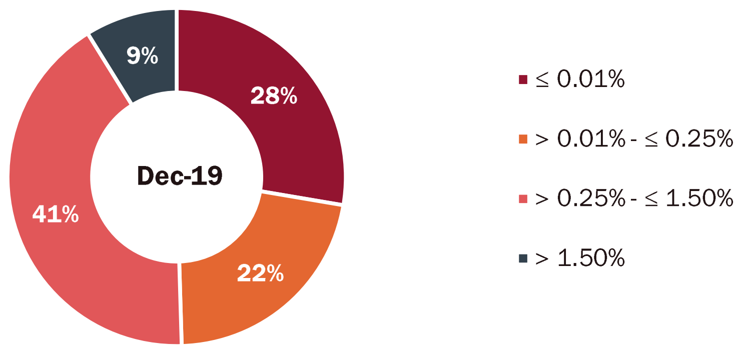
Funding mix

- Funding mix continues to be a strength, allowing flexibility to fund asset growth and manage cost of funding in low rate environment with customer deposits up $1.5b on 2H19
- Review of the Group's deposits resulted in a change to the deposit classifications, with $3.6b (4,500 accounts) in deposits moving to wholesale funding[1]
- Despite RBA cash rate reductions, at-call deposit portfolio has increased during the period
- Term deposit average retention rate of 90% through 1H20
- LCR of 130% and NSFR ~115% at 31 December 2019
- Successfully completed wholesale transactions including:
  - Torrens 2019-2 $1b capital effective securitisation transaction completed in November 2019
  - Two $500m senior unsecured transactions in September and December 2019

Funding profile (%)



Customer call deposit funding costs



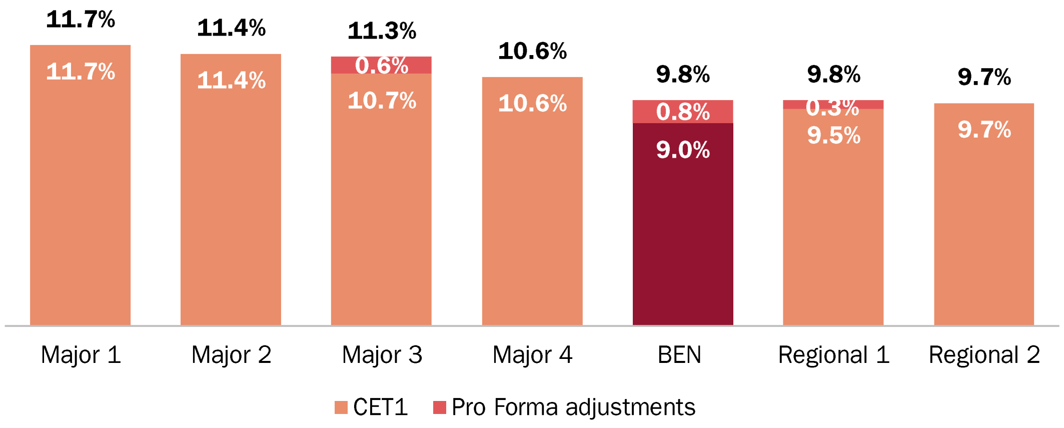
[1] The total amount of customer deposits is equal to the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers

BendigoandAdelaideBank

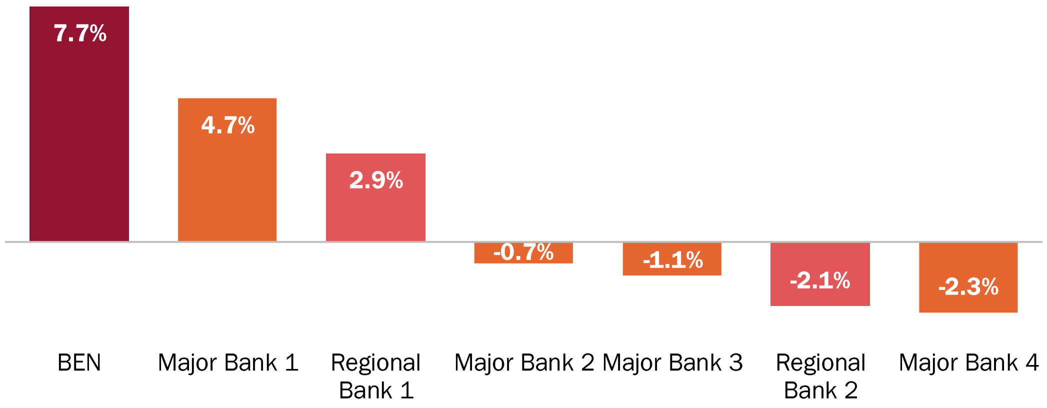
Capital

- Balance Sheet Strength
  - 8bps increase in CET1 over 1H20 to 9.0% at December 2019 during a period of strong growth which reflects the stability in the balance sheet
  - Target CET1 range of 9.0% – 9.5% and will review the range after APRA finalises its review of the capital adequacy framework
- Supporting residential mortgage growth above system is a key priority
- Continued investment across the business in partnerships, simplification, automation technology, risk and compliance
- Dividend Policy maintained
  - Target dividend payout ratio maintained at 60% – 80% of cash earnings, with cash dividend reset to a more sustainable level for the current environment

CET1 peer comparison[1]



Residential housing lending growth[2]



[1] CET1 is based on the most recent CET1 disclosures adjusted for equity raisings
[2] Source: APRA Monthly Banking Statistics December 2019. Data is an annualised growth rate based on a 6 month period (30/06/19 – 31/12/19)

Outlook and summary

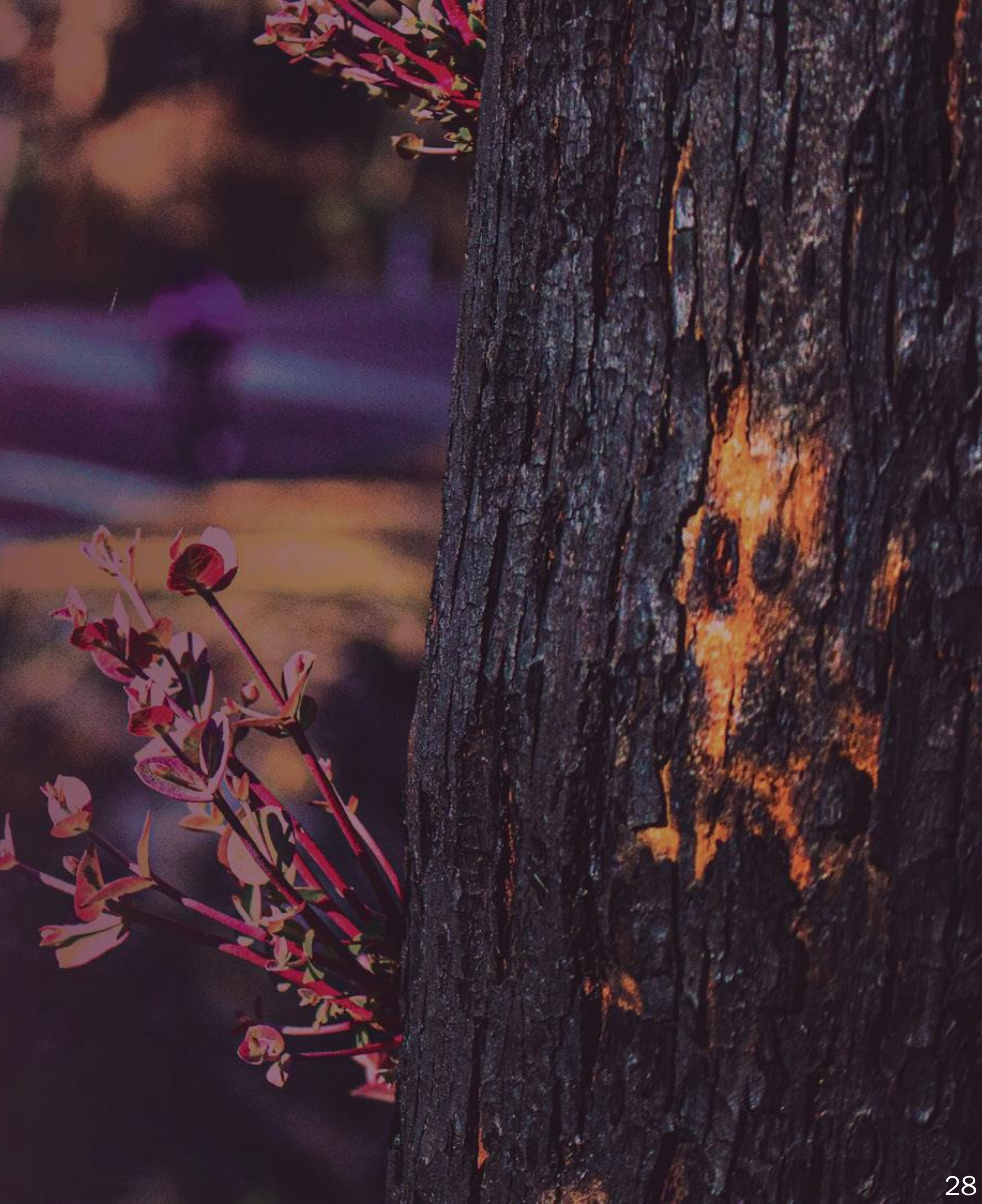
Marnie Baker
Managing Director

Outlook

Resilience in uncertain times

- **Expected**
  - Growth in digital
  - Continued regulatory focus
  - Domestic economic indicators improving

- **Uncertainty**
  - Climate change
  - Global economy
  - Coronavirus



Financial considerations for 2H20

Strong growth with NIM and expense headwinds

- Mortgage lending growth rates expected to exceed system growth
- Business lending growth to revert towards system growth through 2H20
- Agri lending growth to be underpinned by seasonal drawdowns for crop planting in Q4, and continued growth in core markets
- Impact of drought and bushfires expected to increase BDD, but within 11bps long term average
- CTI ratio expected to increase marginally in 2H20 with key drivers:
  - NIM expected to decline from 1H20 margin of 2.37%
  - Operating expenses, including accelerated investment in technology, to increase 2-3% from 1H20

Summary

Delivering sustainable growth, a seamless customer experience and reduced cost base

- Strong residential mortgage lending
- Accelerated investment across the business in revenue opportunities, partnerships, simplification, automation technology, risk and compliance
- Net operating expense impact from accelerated investment spend expected to peak at $80m in year three and then decline materially as acceleration phase of investment spend tapers off and as cost efficiencies increase
- CTI expected to increase moderately in the short term, then return to 1H20 ratio in year three, before declining towards our target of 50% thereafter
- CTI outcome will be driven by revenue growth, cost efficiencies, completion of accelerated phase of investment spend and operating environment
- Strong balance sheet position will enable investment to support key growth areas and flexibility to drive technology and regulatory change initiatives

Questions

Appendix

Appendix index

Our longstanding commitment to the environment

Statement of commitment to the environment

Bendigo and Adelaide Bank is committed to making a positive contribution to the communities in which it operates.

Our planet is made up of many such communities. For that reason acting in the best interests of the environment just makes sense.

Therefore:

We commit to actively identify opportunities to reduce our environmental footprint.

We will assist our staff, customers, partners, shareholders and communities to identify opportunities to reduce their envronmental footprint.

We will consider the environment in all relevant business descisions.

We commit to measure and report our progress as we act to achieve these goals.

Working together we can all make a difference.

Bendigo and Adelaide Bank

Demonstrated through:

- No direct lending to coal or coal seam gas projects
- 5 star NABERS Energy rating for Adelaide and Bendigo head office buildings
- Voluntary reporting on carbon emissions; 28.84kt C02e emissions in FY19, 11.4% reduction YOY
- Travel emissions offset through Greenfleet. Over 85,000 trees planted since 2014
- Ongoing waste and energy efficiency initiatives
- Trialling solar energy at 7 branch locations
- 70% group power purchases matched against renewable energy
- Victorian “Switch to Save” initiative. 55,000 energy efficient light globes installed
- Numerous Community Bank funded energy initiatives

Next steps:

- Dedicated Climate Change team established to finalise Action Strategy
- Launch of a renewed Policy Statement and commitment to action in 1H21
- Strengthen climate change governance and risk management framework

Bendigo and Adelaide Bank

Executive team

Marnle Baker

MANAGING DIRECTOR
BBUS (ACC), ASA, MAICD, SF FIN

Taso Corolls

CHIEF RISK OFFICER
BEC, BCOM, GRAD DIP APP FIN & INVEST

Travls Crouch

CHIEF FINANCIAL OFFICER
BBUS (ACC), CA

Rlchard Fennell

EXECUTIVE, CONSUMER BANKING
BEC, CA, MAICD

Alexandra Gartmann

CEO RURAL BANK & EXECUTIVE, CUSTOMER AND PARTNER ENGAGEMENT
BSC (REM), MAICD

Bruce Spelrs

EXECUTIVE, BUSINESS BANKING
BCOM, CA, MBA, GAICD

Loulse Tebbutt

CHIEF PEOPLE OFFICER
BBUS

Ryan Brosnahan

CHIEF TRANSFORMATION OFFICER
BCOM, MSc(FIN), CA, MAICD

Ryan Brosnahan joined Bendigo and Adelaide Bank in 2019 and is responsible for driving the Group's organisational and technological change program to support the Bank's strategy. With more than 20 years' international experience in the financial services industry in Australia, New Zealand and the United Kingdom, Ryan has led significant and complex growth and transformational change initiatives across multiple functions and businesses in financial services, and has a deep passion for harnessing the power of technology to improve the way we live and work.

We are well placed

Top 10 most trusted brand in Australia[1]

Roy Morgan Net Trust Score

#2 Consumer Banking Satisfaction[3] for

Home Loan customers and Non Home Loan customers

J.D. Power

Bendigo Bank ranks highest in credit card satisfaction

Canstar 4-Star Rated

Savings & transaction accounts 2019
in Youth Transactor Category for Bendigo Bank Student Account

Most Satisfied Customers Award for Credit Cards

Outstanding Value Award for Premium Credit Card

Up winner of Fintech Australia awards for

Best Partnership of the Year

Excellence in Industry Collaborations & Partnerships

Bendigo and Adelaide Bank and Ferocia

Ranked 11th overall – top ranking bank and financial institution

Australia 2019 RepTrak® Results

Mozo's Experts Choice Award Winner 2019

1st Excellent Banking App

#2 Forrester's Australian Customer Experience Index

KPMG Customer Experience Excellence 2019

#3 overall

Canstar Innovation Excellence Award for Youth Debit Card

Canstar Outstanding Value Award for Leveraged
Second year running

Mozo People's Choice Award Winner 2019[2]

- Outstanding Customer Satisfaction
- Most Recommended
- Bank Account Satisfaction
- Excellent Customer Service
- Highly Trusted
- Staff Friendliness
- Customer satisfaction credit cards

2019 DBM Australian Financial Awards Winner of 5 business banking awards

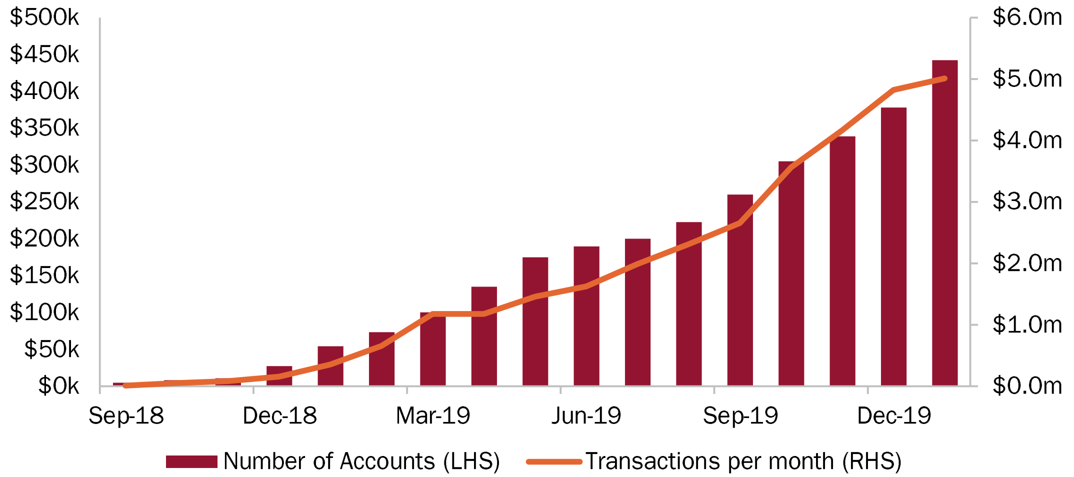
- Best Business Customer Service
- Best Business Relationship Managers
- Best Digital Business Bank
- Most Competitive Business Bank
- Most Recommended Business Bank

1. Roy Morgan All Brand Net Trust Score Survey
2. Mozo People's Choice Awards 2019
3. Roy Morgan's 'Customer Satisfaction report on Consumer Banking in Australia', May 2019

Digital Partnerships delivering growth and digital capabilities

Super Powered ~~Banking.~~ LIVING

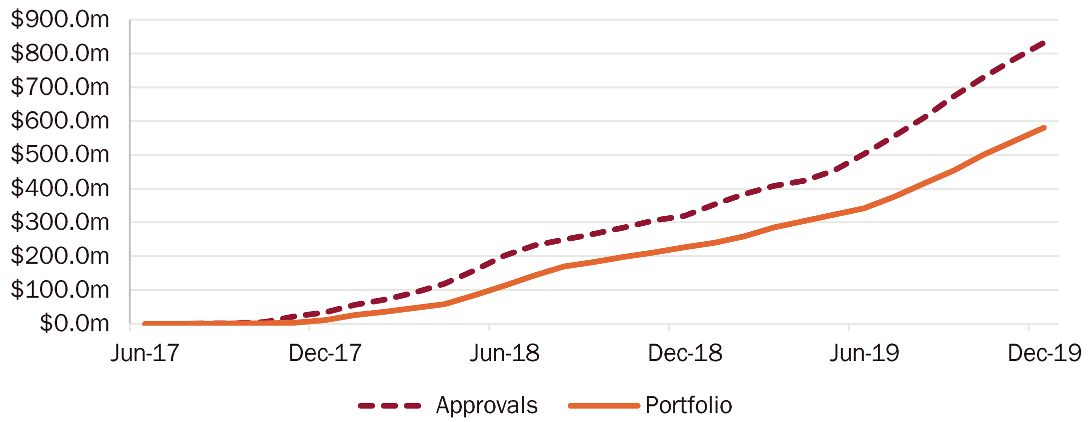
- Technology-led banking
- +165,000 customers an increase of 57% on prior half
- 50% of customers aged between 16 and 24 with a median age of 20
- 42% of customers actively using Up, depositing $1k or more per month, an increase of 93% on prior half
- Savings and transaction account balances $172m, up 414% on prior half



tic:toc

- ~$1bn in approvals and more than $600m in settlements in 2.5 years, with portfolio growth averaging 8-10% per month
- Approvals in the first half of FY20 are 55% higher than the previous six months, demonstrating strong growth in activity levels
- Tic:Toc residential mortgage portfolio has had no defaults or credit losses since launch in July 2017
- The evolution of Tic:Toc's proprietary AI continues with the launch of XAI Validate.

Tic:Toc - portfolio history ($m)



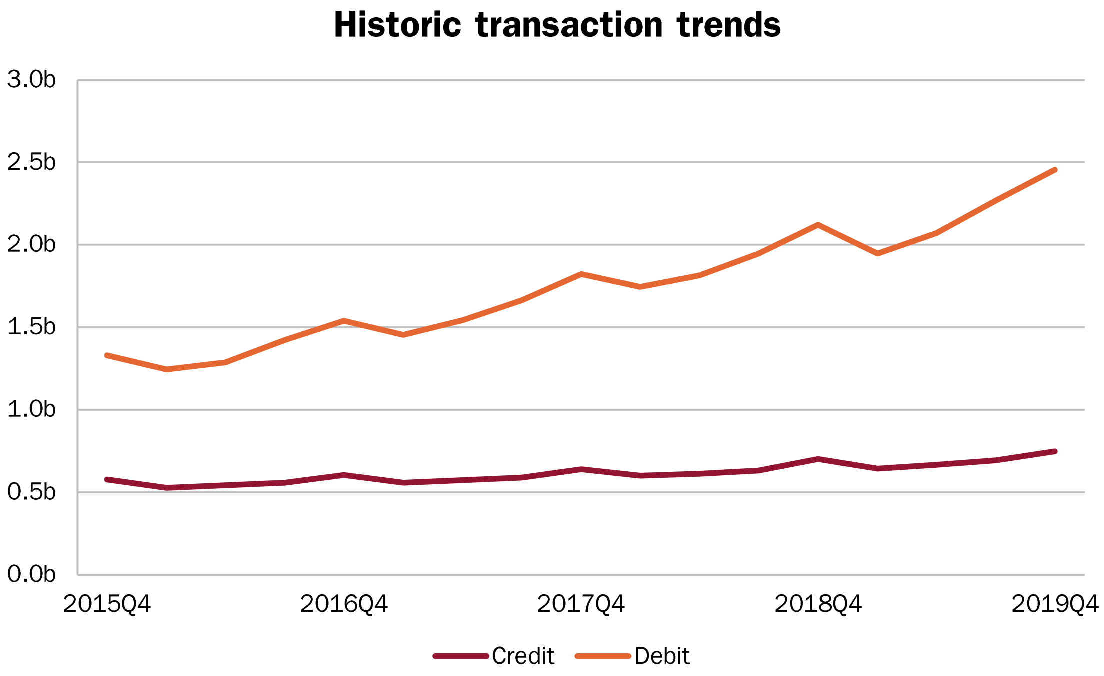
BendigoandAdelaideBank

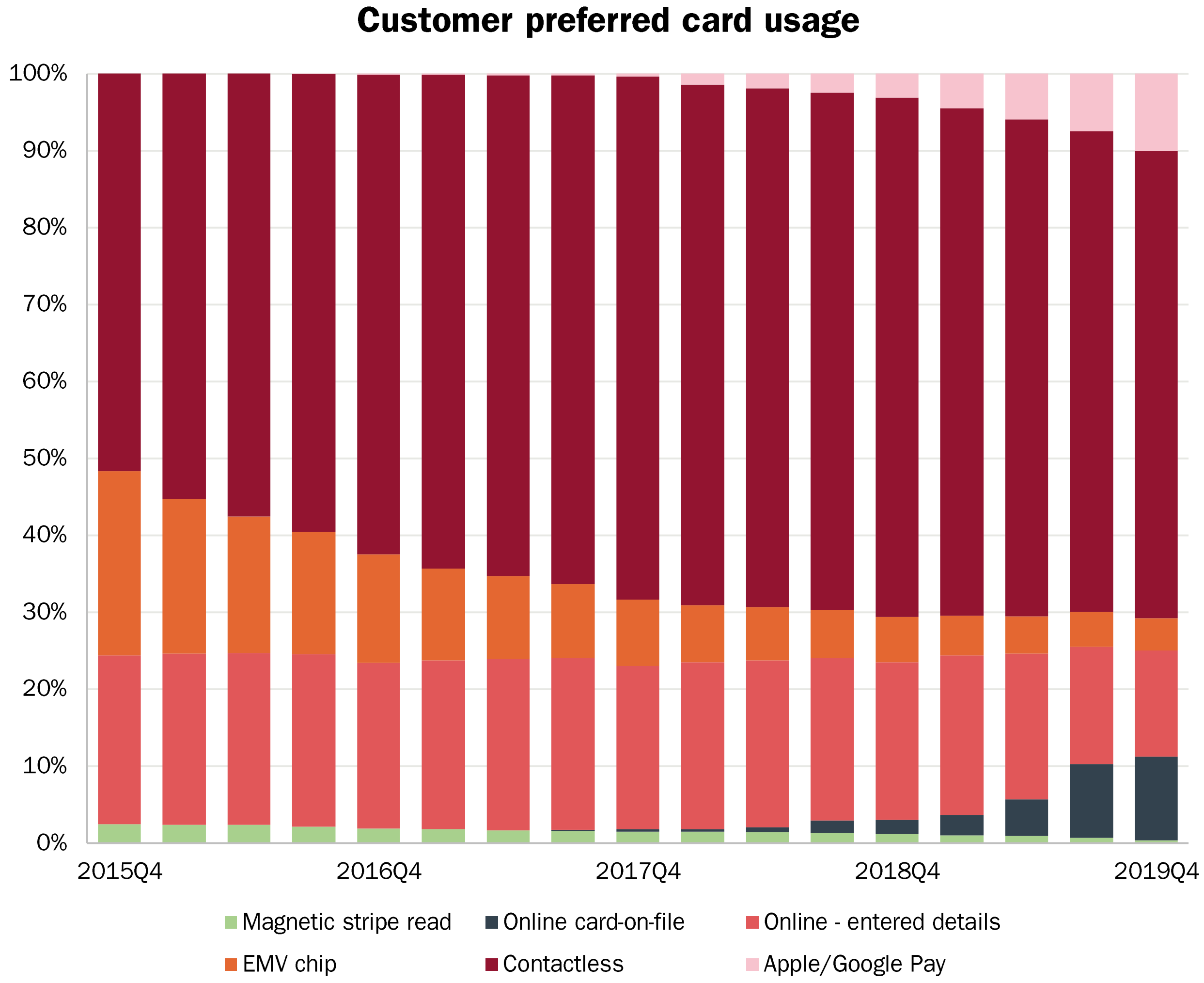
Changing customer preferences

E-banking platform usage

Up 9.7% through 2019

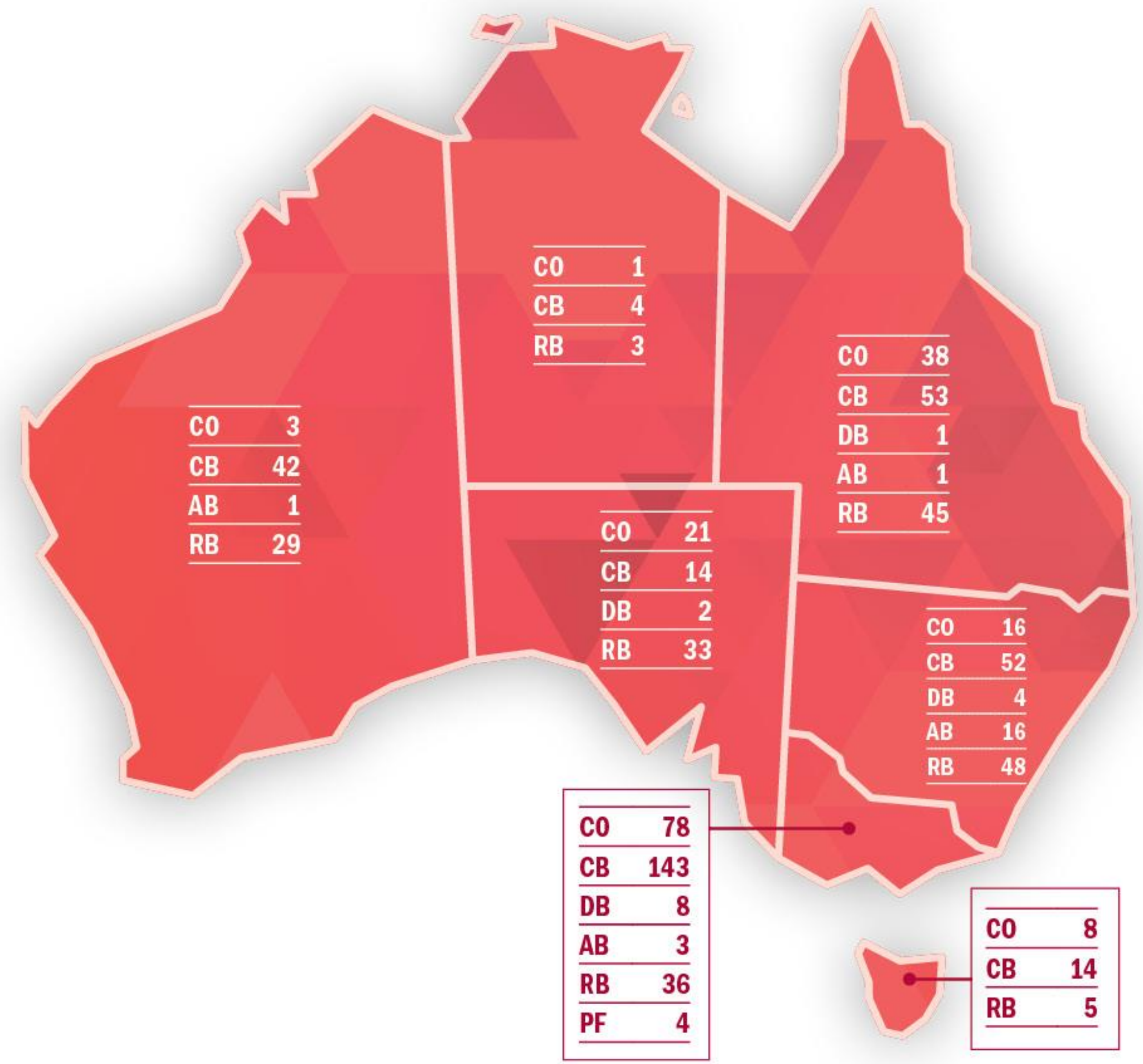
with **18.9% more logons**





Bendigo and Adelaide Bank

Physical presence

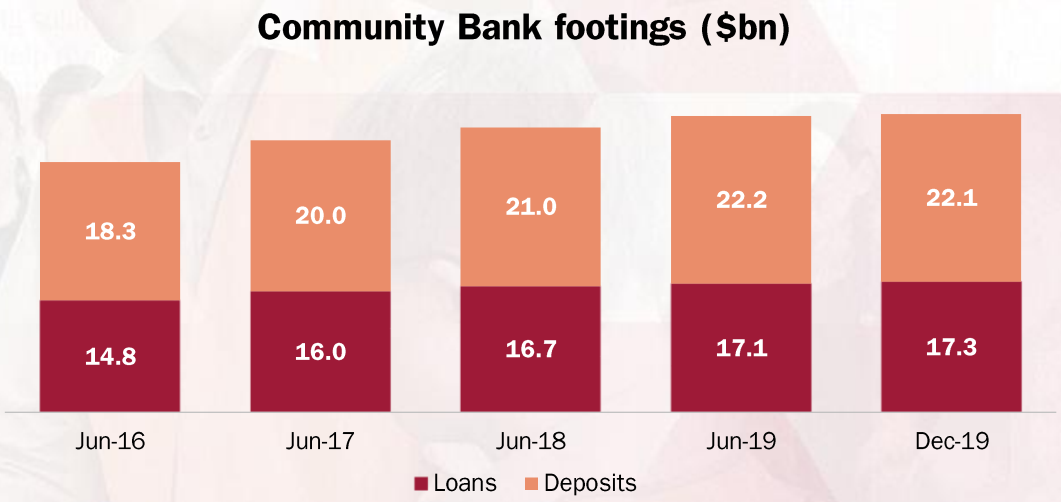


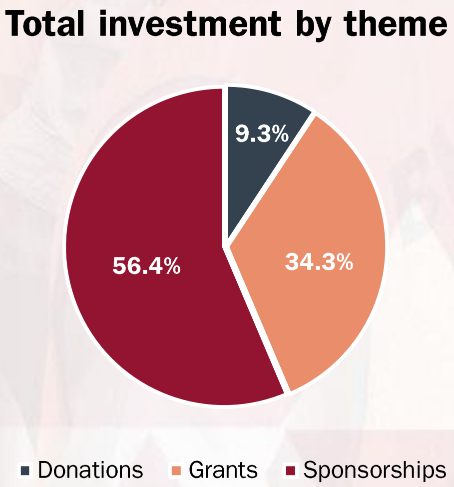
POINTS OF PRESENCE		
CO	Company-owned branch	165
CB	Community Bank® branch	322
DB	Delphi Bank	15
RB	Rural Bank	199
AB	Alliance Bank	21
PF	Private Franchises	4
TOTAL		726

Bendigo and Adelaide Bank

The Community Bank model

- Community banking is based on a 'profit with purpose' model, which means profits are returned directly to the community which has generated them
- Over $230m in community contributions[1] since inception, enabling tangible economic and social benefits for the communities and our business
- Significant matched funding leveraged by community partners for major local infrastructure initiatives
- 322 Community Bank branches, of which over 20% are the last financial institution in the town or suburb
- Proven, reliable and cost effective distribution strategy
- Compelling and significant engagement across communities with 75,000+ Community Bank shareholders and 1,950+ directors
- One of the largest social enterprise movements globally

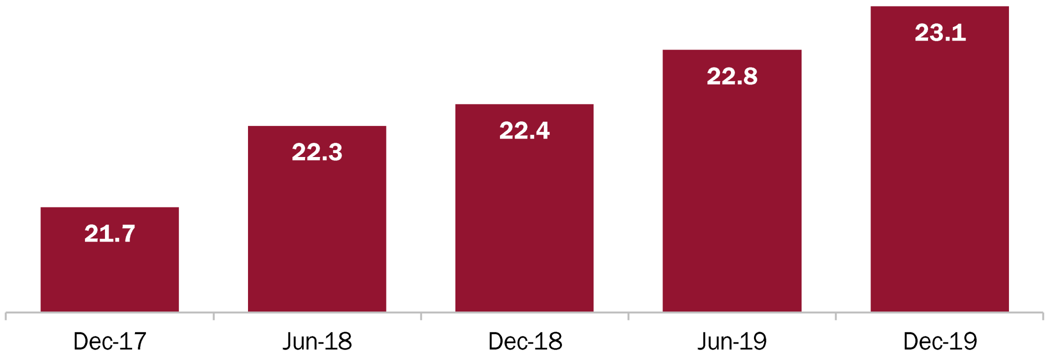




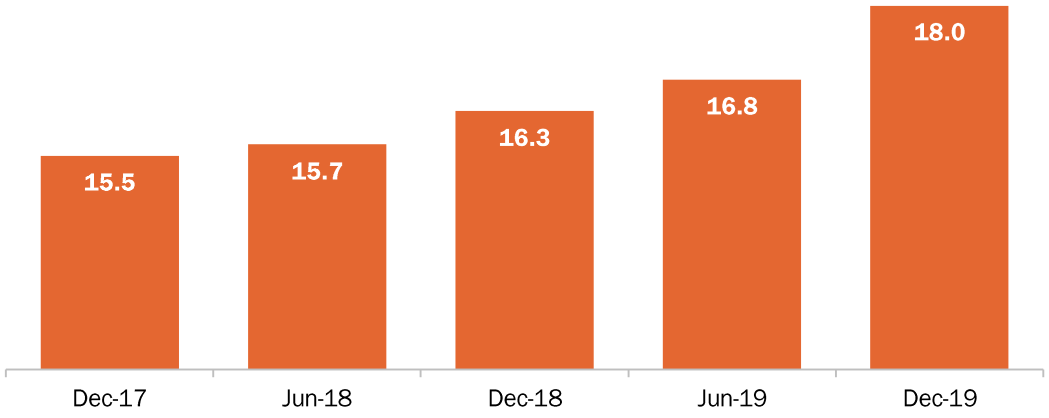
[1] Includes total sponsorships, donations and grants
[2] Community Bank footing includes Private Franchises (4 branches in total)

Residential portfolio

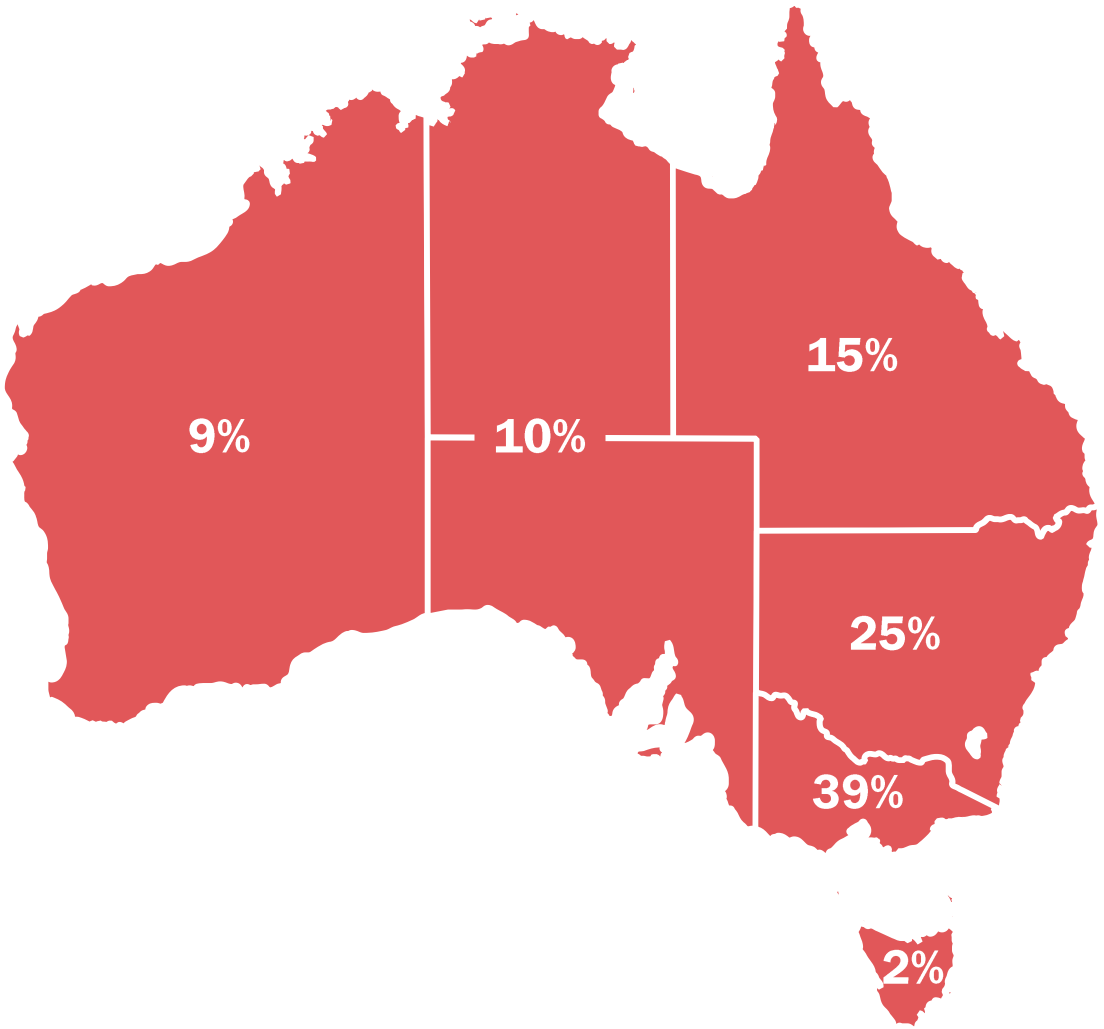
Retail - portfolio ($b)[1]



TPB - portfolio ($b)[1]



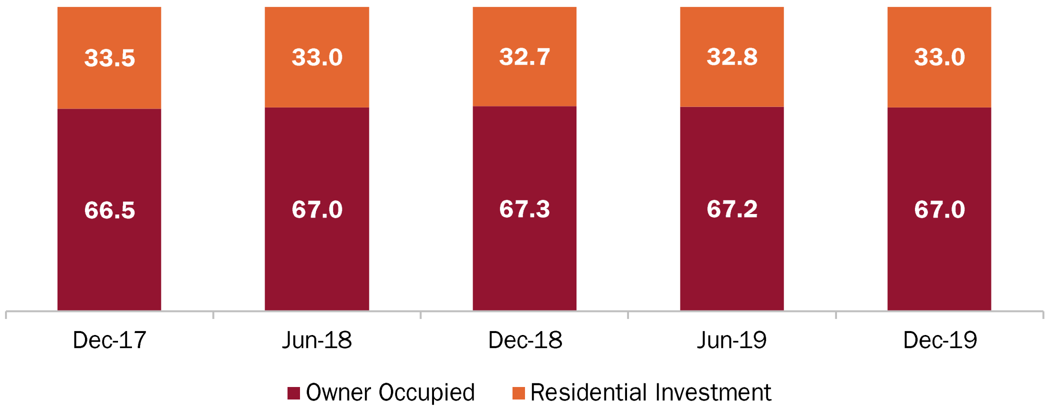
Exposure by state



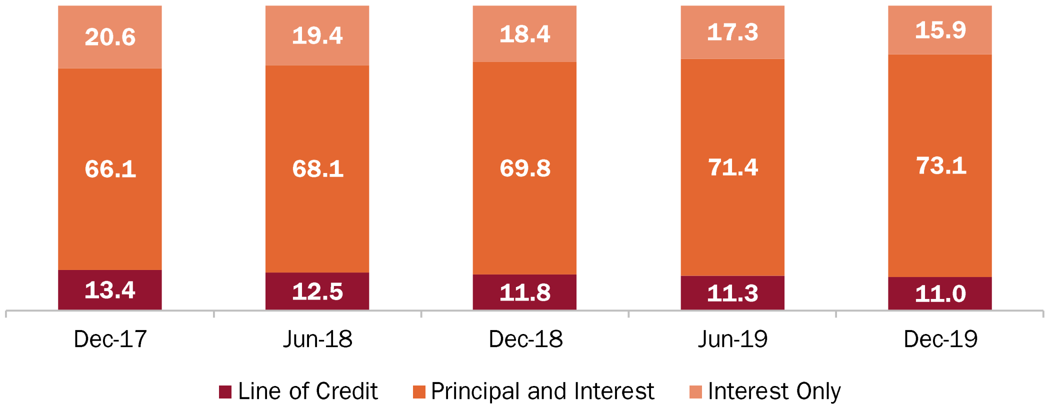
[1] Loan portfolio constructed from internal data and includes line of credit products

Residential portfolio – total exposure

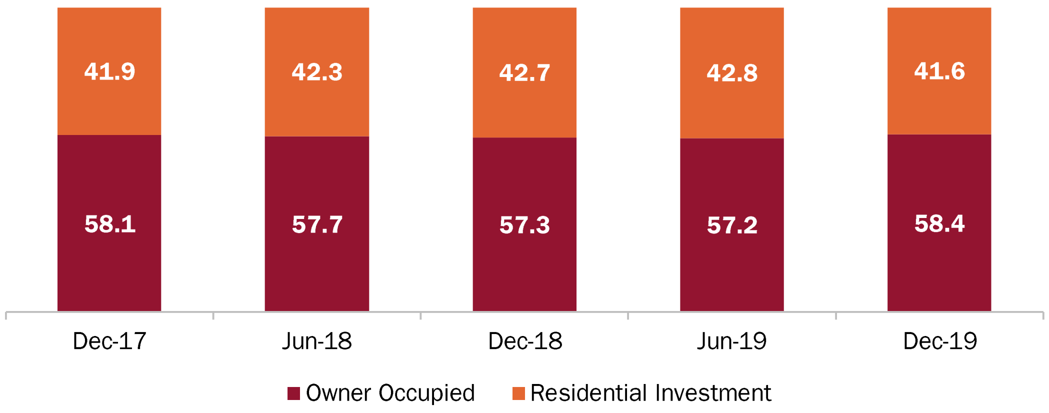
Retail lending - purpose (%)



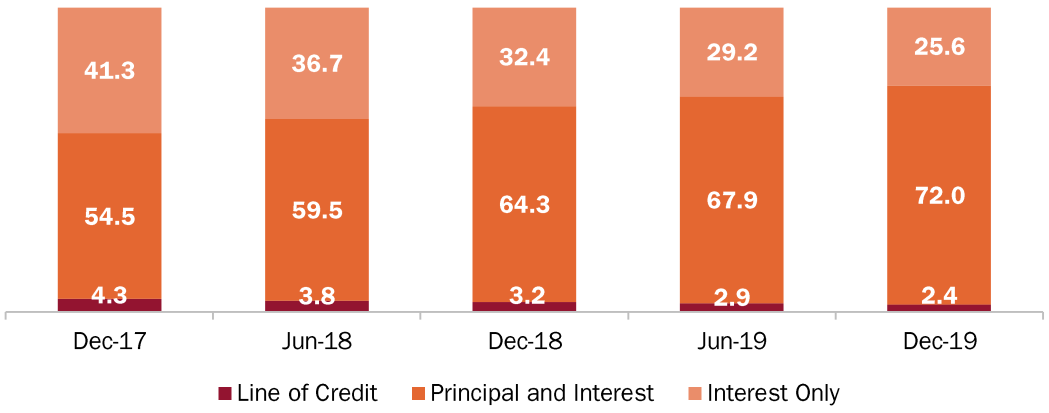
Retail lending - payment type (%)



TPB lending - purpose (%)

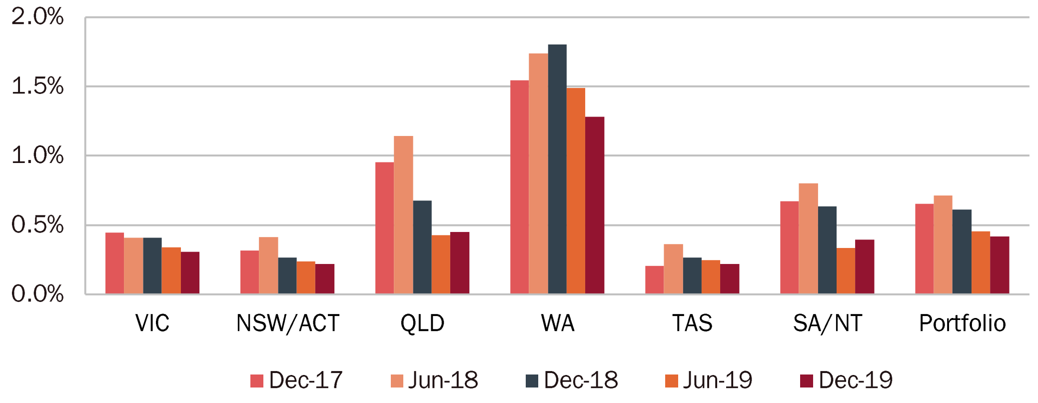


TPB lending - payment type (%)



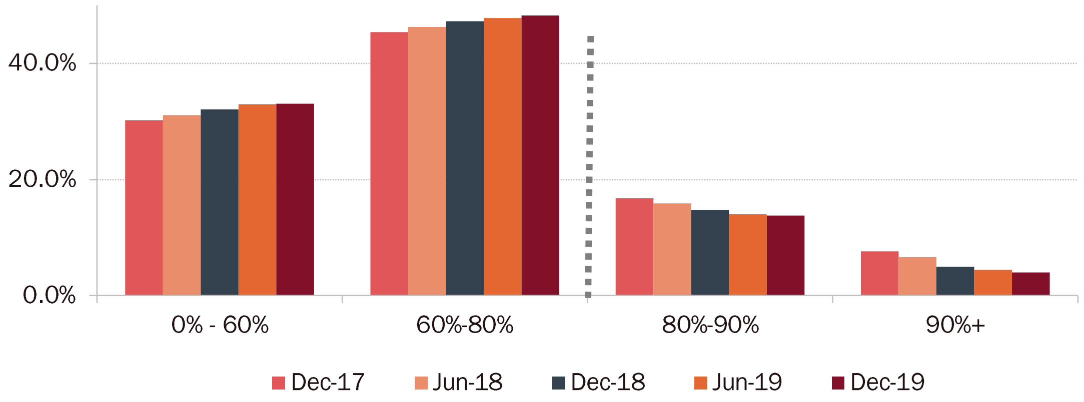
Residential portfolio key metrics

Home Loans 90+ days past due - by state[1]



Residential loan-to-value profile[2]

82% of portfolio with LVR ≤ 80%



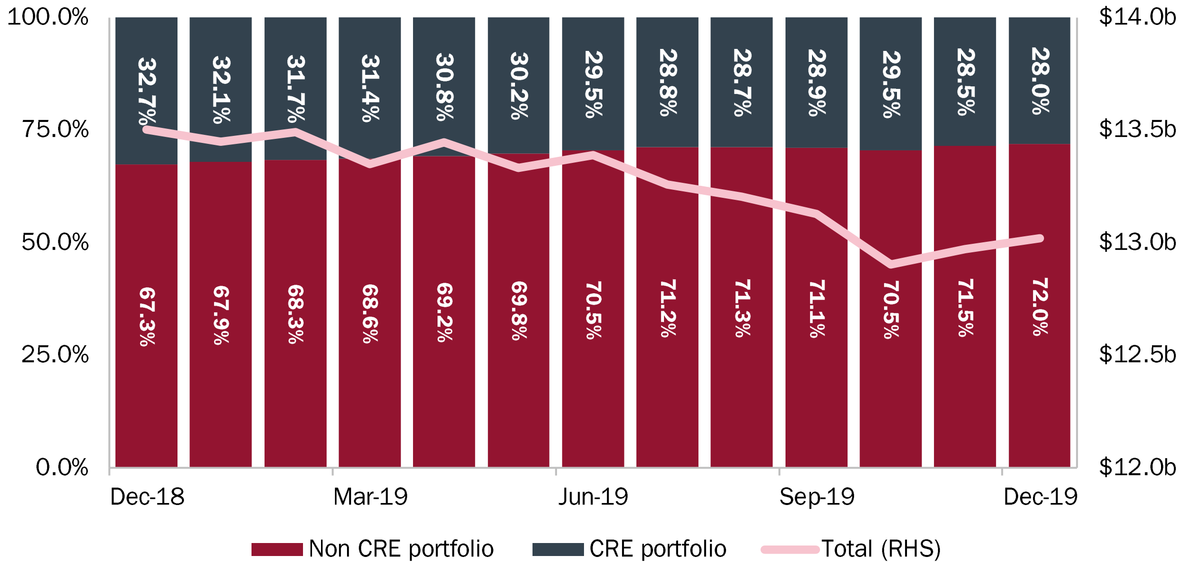
Residential portfolio and settlement metrics[3]	Dec-19	Jun-19
Retail mortgages	56%	58%
Third Party mortgages	44%	42%
Lo Doc	1%	1%
Owner occupied	63%	63%
Owner occupied P&I	89%	86%
Owner occupied I/O	11%	14%
Investment	37%	37%
Investment P&I	52%	49%
Investment I/O	48%	51%
Mortgages with LMI	20%	20%
Average LVR (at origination)	57%	58%
Average loan balance	$243k	$239k
90+ days past due - exc arrangements	0.4%	0.4%
Impaired loans	0.11%	0.08%
Specific provisions	0.03%	0.03%
Loss rate	0.01%	0.02%
Variable	77%	74%
Fixed	23%	26%

[1] Keystart included from Jun-17, excludes Delphi Bank. Arrears includes impaired over 90d+ and excludes arrangements
[2] Breakdown of LVRs by residential mortgages by origination
[3] Loan data represented by purpose. Includes Business and Agribusiness divisions. Excludes Delphi Bank & Keystart data. Arrears includes impaired over 90d+ and excludes arrangements

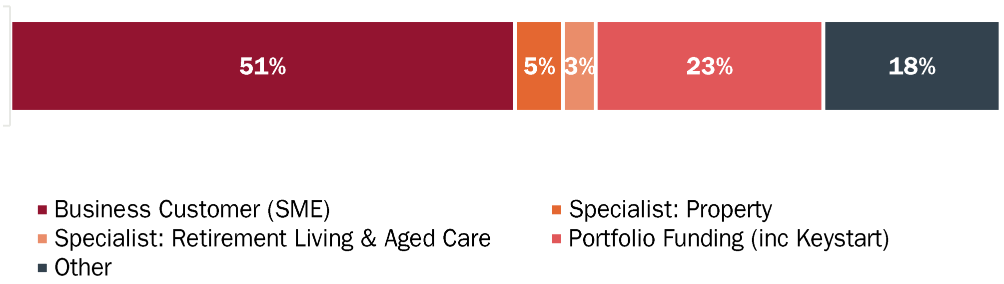
Business division - segments

- Full segmentation of the Business division now complete, with further centralisation of support processes underway to release further capacity within front line.
- All segments now fully resourced, with targeted smaller number of customer relationships per banker to support differentiated model
- Small Business proposition continues to build on prior period momentum, as a clear differentiator within the market, achieving 15.6% growth through the period[1]
- Stronger momentum in latter months of 1H20, supporting expectations for return towards systems growth levels in 2H20
- Readjustment of the Commercial property lending portfolio completed during 1H20. Expectations are 2H20 will bring positive growth within revised risk appetite
- Opportunities identified for investment to generate further efficiencies for front line bankers to increase customer relationship capacity

Business division - reduction in CRE portfolio



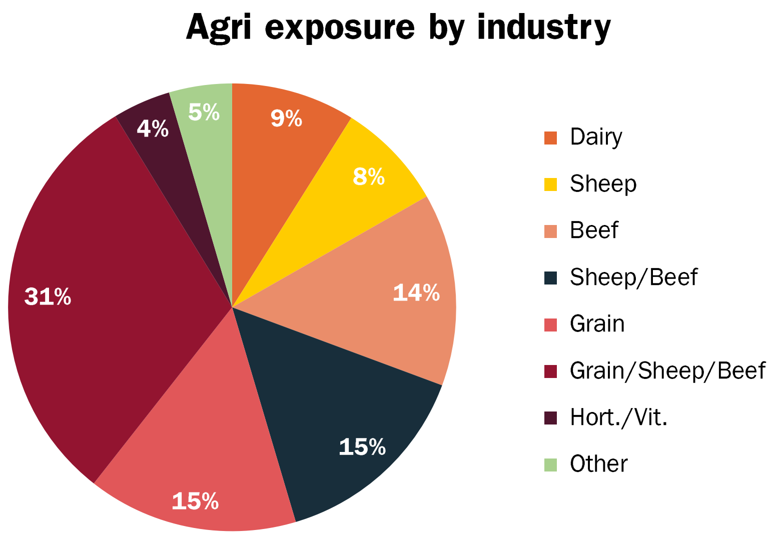
Business division

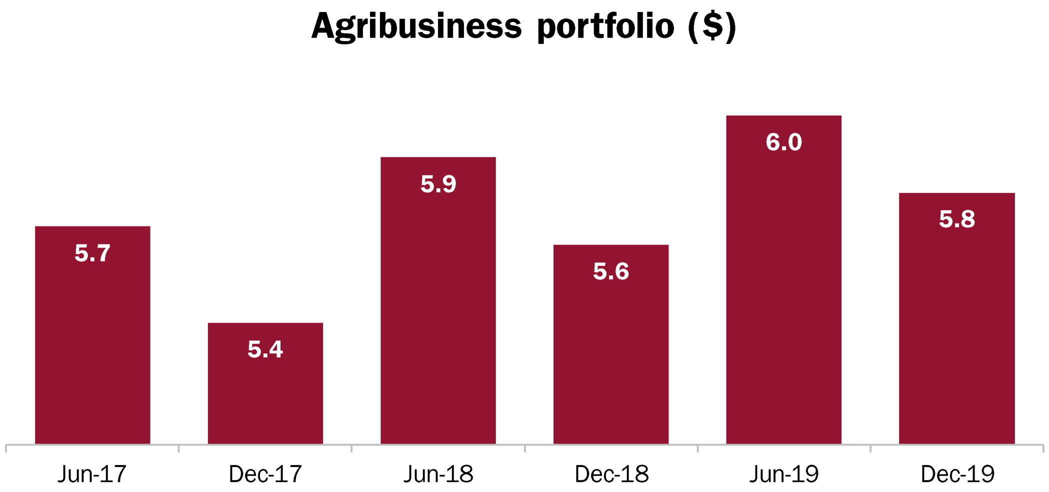


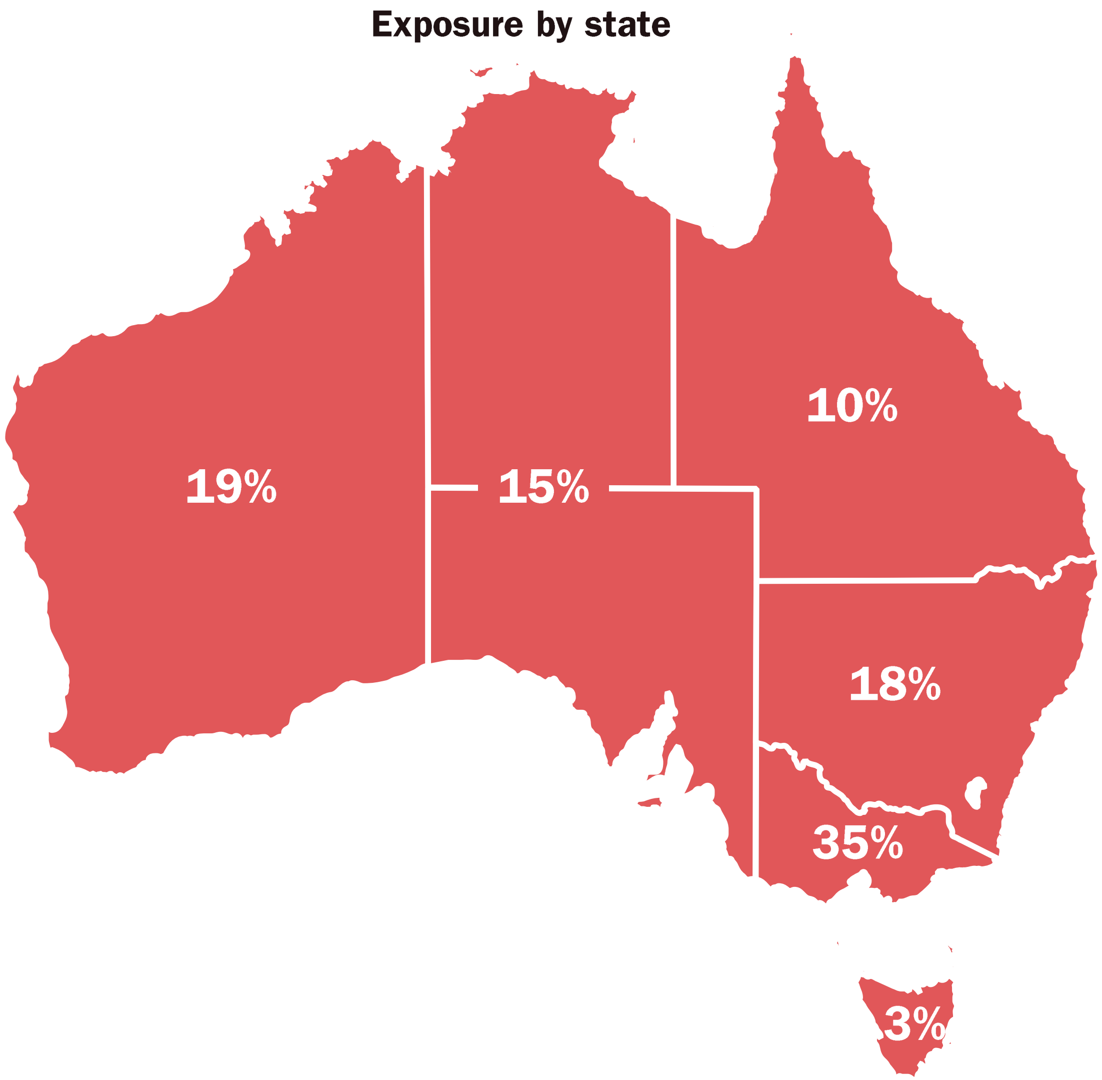
[1] Internal data is an annualised growth rate based on a 6 month period (30/06/19 – 31/12/19)

BendigoandAdelaideBank

Agribusiness portfolio





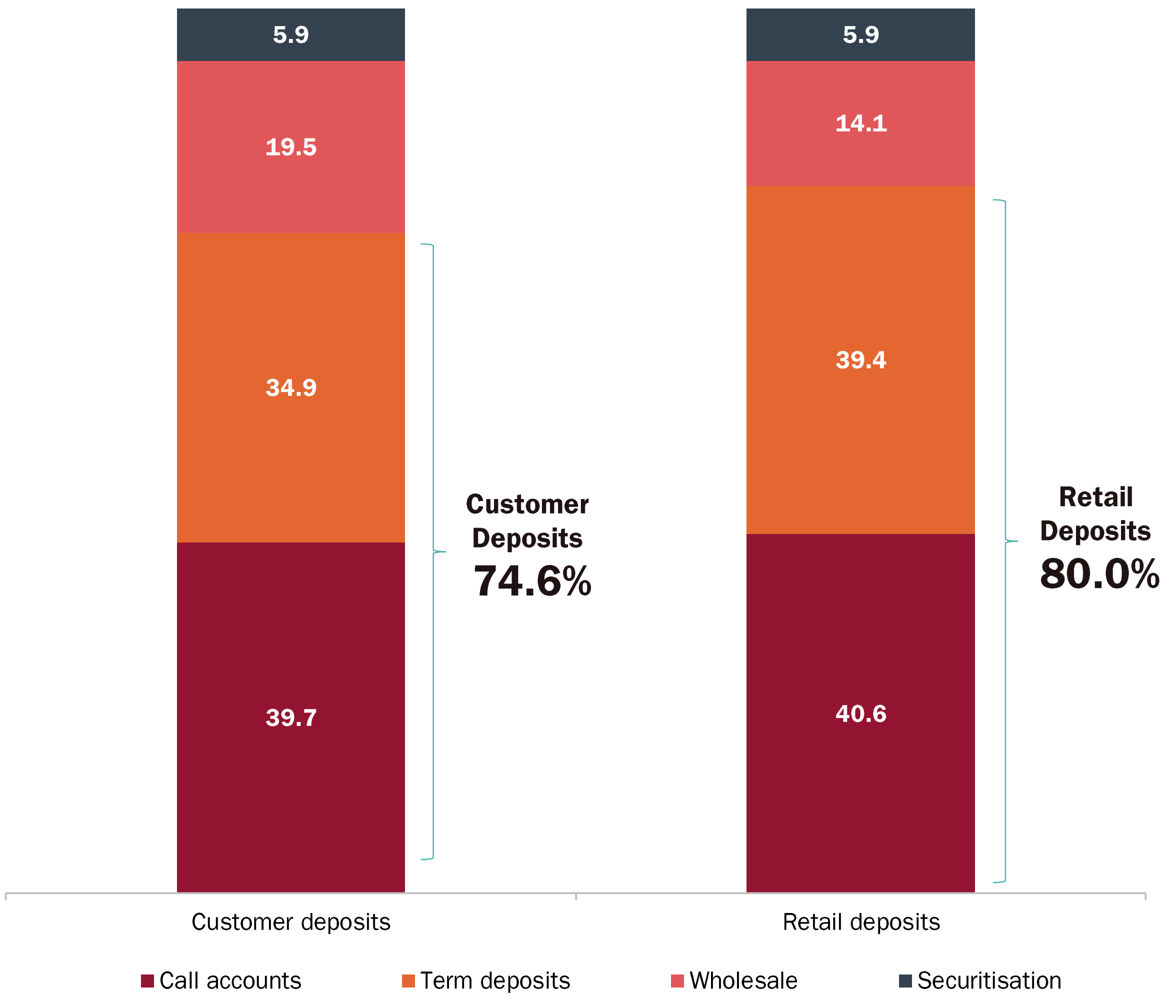


Customer deposit methodology

- During the period, a review of the Group's deposits has been completed aligning the funding classification to the end investor (from product type), resulting in a change to the deposits disclosures. Retail deposits will now be classified as customer deposits to better align the Group's funding profile to the new disclosures.
- The total amount of customer deposits is defined as being equal to the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers. Examples of the products that transferred from the previous retail deposit classification include term deposits and 11am borrowing accounts to financial institutions totalling $3.6b.

	Change in funding ($b)	Change in funding (%)
At call accounts	($0.6)	(0.9%)
Term deposits	($3.0)	(4.5%)
Wholesale	$3.6	5.4%

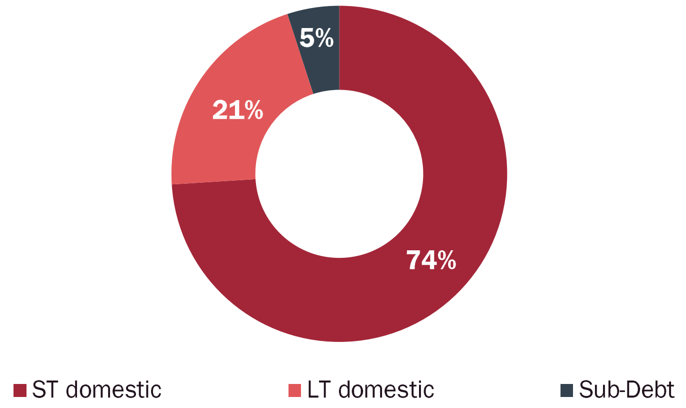
Funding profile – 31 Dec 2019 (%)



BendigoandAdelaideBank

Funding and liquidity

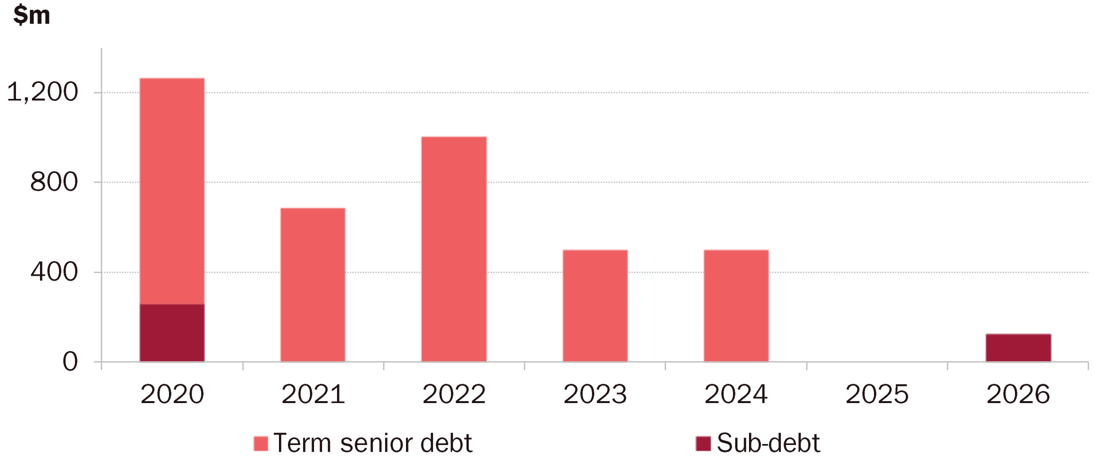
Wholesale funding composition[1]



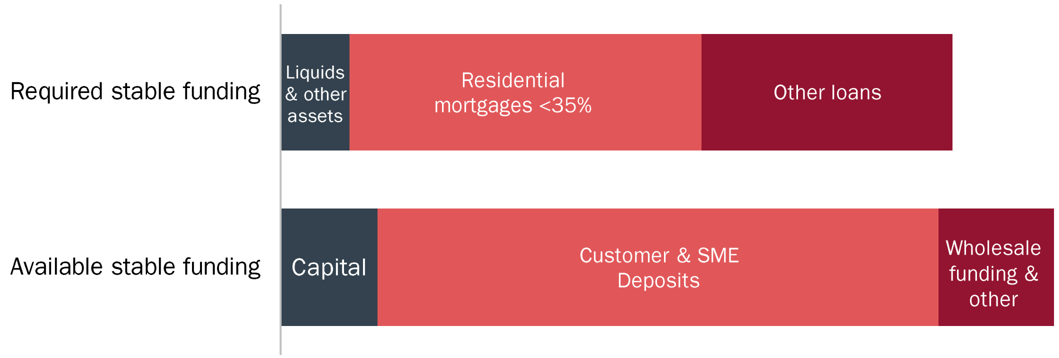
Liquidity Coverage Ratio – 3 month average[3,4]

	Dec-19 ($b)	Sep-19 ($b)	Jun-19 ($b)	Mar-19 ($b)
High quality liquid assets	5.70	5.25	4.29	4.91
Committed liquidity facility	3.00	3.00	2.99	2.98
Total LCR liquid assets	**8.70**	**8.25**	**7.28**	**7.89**
Customer deposits	3.64	3.32	3.27	3.14
Wholesale funding	1.35	1.53	1.22	1.54
Other flows	1.71	1.59	1.35	1.50
Net cash outflows	**6.70**	**6.44**	**5.84**	**6.18**
LCR	**130%**	**128%**	**125%**	**128%**

Term funding maturity profile[2]

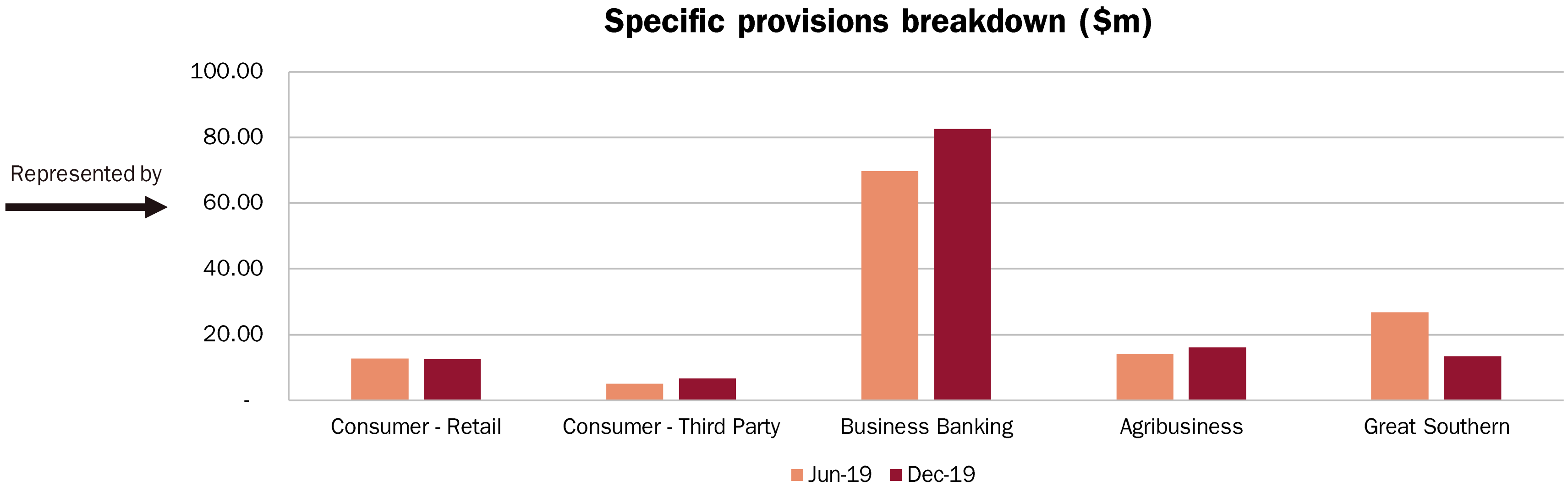


Net Stable Funding Ratio (NSFR) 115.2% as at 31 December 2019



[1] Wholesale funding composition reflects change to customer deposit methodology, with $3.6bn moving to wholesale. Wholesale funding with residual term less than 12 months are classified as short-term funding.
[2] Subordinated debt maturity refers to legal final maturity date.
[3] LCR values are based the average LCR outcomes observed during each quarter (i.e. 92 data points for the quarter ended 31 December 2019) whereas LCR averages provided in 4E are based on semi-annual averages (i.e. 183 data points for the 6 months to 31 December 2019).
[4] Customer deposits and Wholesale funding inputs have been restated to reflect the change in customer deposit methodology.

Specific provisions

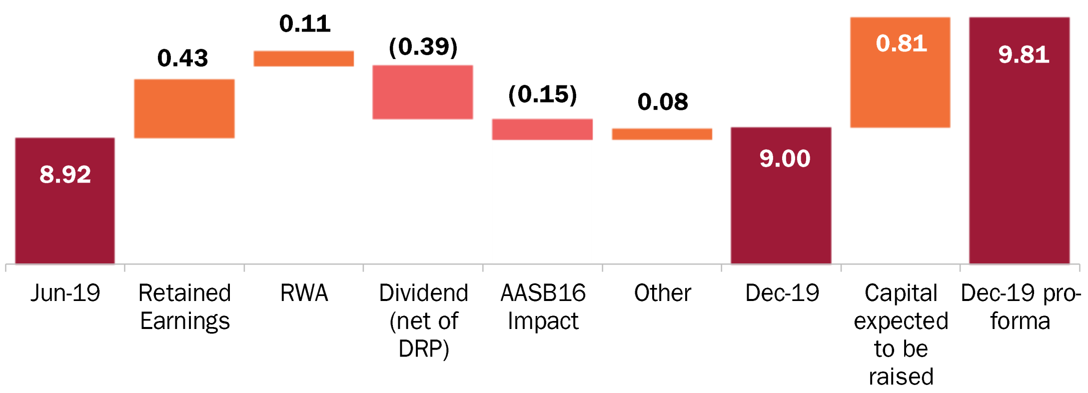


Provision as % of each portfolio's gross loans	Consumer – Retail	Consumer – Third Party	Business Banking	Agribusiness	Great Southern	BEN total
December 2019	0.04%	0.04%	0.77%	0.28%	35.70%	**0.21%**
June 2019	0.05%	0.03%	0.63%	0.23%	46.98%	**0.21%**

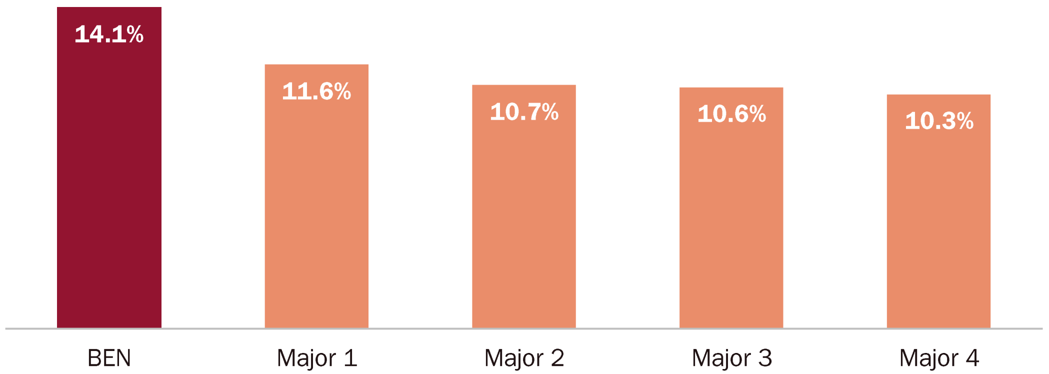
Capital

	1H20 (%)	2H19 (%)	1H19 (%)	2H18 (%)
Common Equity Tier 1	9.00%	8.92%	8.76%	8.62%
Additional Tier 1	2.40%	2.39%	2.39%	2.34%
Tier 1	11.40%	11.31%	11.15%	10.96%
Tier 2	1.81%	1.83%	2.69%	1.89%
Total capital	13.21%	13.14%	13.84%	12.85%
Total risk weighted assets	$37.3b	$37.5b	$37.5b	$38.3b

CET1 movement - 6 months[1,2]



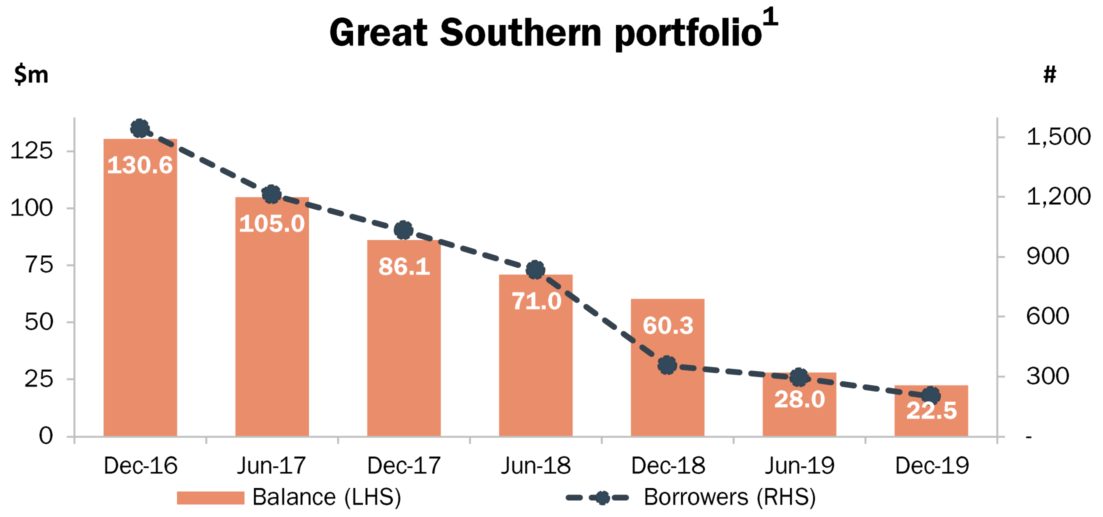
S&P RAC Ratio[3]

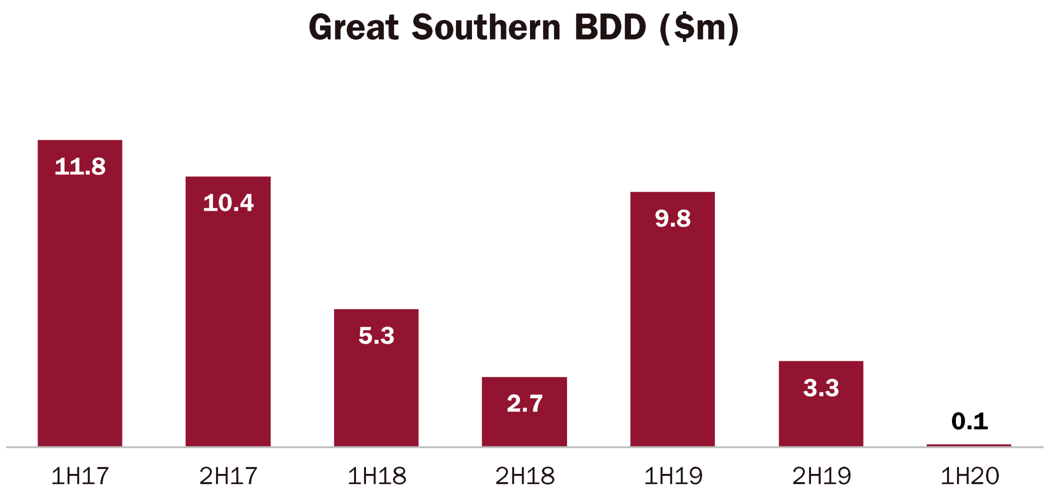


[1] Unrealised Homesafe revaluation revenue has been excluded from increases in retained earnings
[2] Retained earnings, RWA and Other excludes AASB16 impacts
[3] Standard & Poors RAC Ratio, Major 1 as at 30 Dec 2018, Major 2 & 4 as at 30 Sep 2018, Major 3 as at 31 March 2019 & BEN as at 30 Jun 2019

Great Southern

- Great Southern portfolio continues to contract and is adequately provisioned
- Past due 90 days of $8.8m, down 74.8% from 30 June 2019
- Specific provision of $13.4m, down $13.4m from 30 June 2019
- Collective provision of $8.2m, down $0.6m from 30 June 2019[1]





[1] Balance of loans less specific provisions

Reconciliation

	1H20 ($m)	2H19 ($m)	1H19 ($m)
Statutory Profit after tax	**$145.8**	**$173.6**	**$203.2**
Fair value adjustments	$0.1	$0.1	$0.2
Homesafe unrealised adjustments	($22.6)	$19.3	$10.2
Hedging revaluation	$8.9	($6.1)	($1.3)
Loss on sale of business	-	$1.6	-
Software impairment	$60.9	$0.5	-
Software accelerated amortisation	$13.2	-	-
Operating expenses[2]	$3.0	$0.5	$1.4
Amortisation of intangibles	$1.1	$1.5	$1.1
Cash earnings after tax (sub total)[1]	**$210.4**	**$191.0**	**$214.8**
Homesafe net realised income after tax	$5.0	$4.9	$5.0
Cash earnings after tax	**$215.4**	**$195.9**	**$219.8**

[1] Cash earnings after tax (subtotal) is equal to cash earnings before Homesafe realised income
[2] Operating expenses included integration, legal and compensation costs

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