



Results Presentation

For the year ended
30 June 2018



**Bendigo and
Adelaide Bank**

Business summary
Financial performance
Looking forward
Appendices



Marnie Baker
Managing
Director



Operating environment



Importance of trust



Subdued banking sector



Advancements in technology



Uncertainty and disruption



Changing customer preferences

A proven business model



Customer focused culture



Most trusted



Leading customer experience and advocacy



Strength in retail funding



History of, and continued commitment to innovation



Partnering a key strength

Business performance



Cash earnings
up 6.4% to
\$445.1m

Final dividend
35c fully
franked¹

Investment in capability
✓ **technology**
✓ **staff**



Alignment of effort
to **customer
strategy**



**Strong
balance
sheet**

Active management
✓ **margin** ✓ **volume** ✓ **costs**

Note – All movements are for FY18 v FY17

1. Ex-dividend date for final dividend is 3 September 2018, record date is 4 September 2018 and final dividend payment date is 28 September 2018



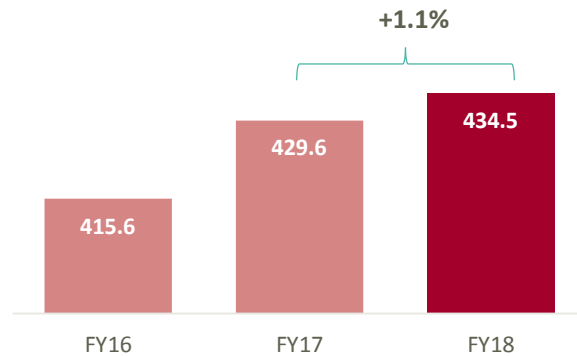
Bendigo and Adelaide Bank

Travis Crouch
Chief Financial
Officer

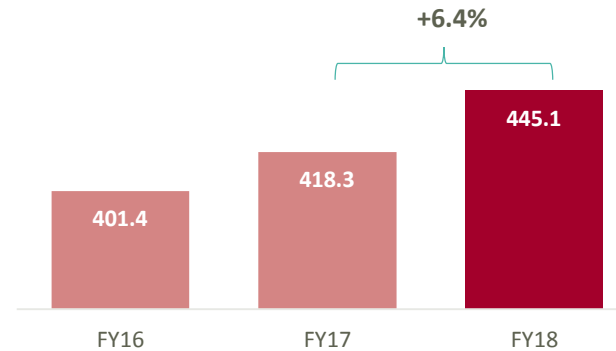


Financial performance

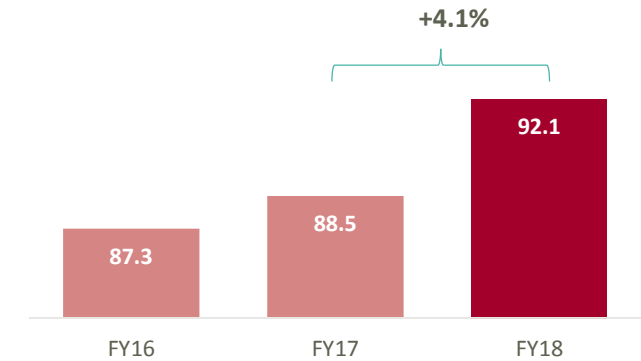
Statutory earnings (\$m)



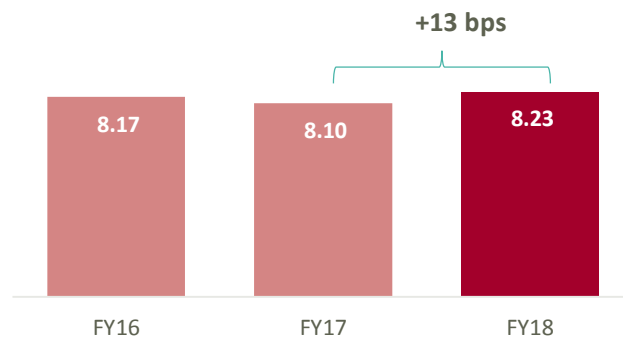
Cash earnings (\$m)



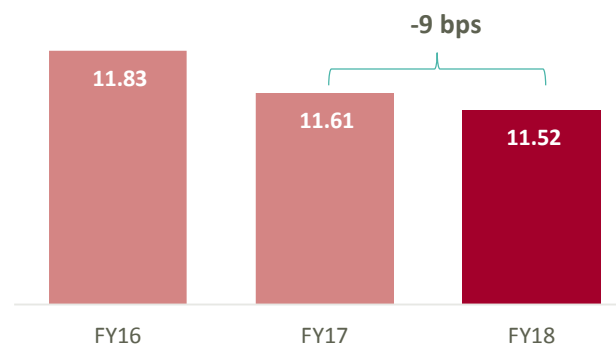
Cash earnings per share (¢)



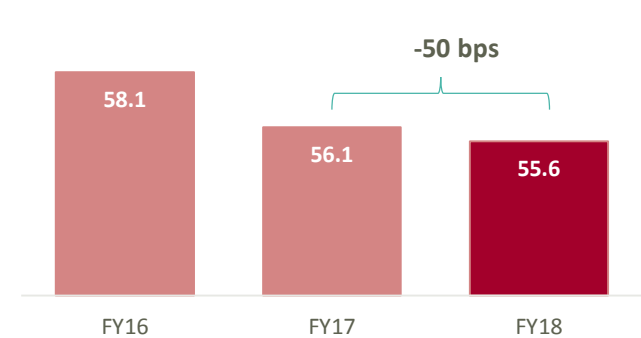
Return on equity¹ (%)



Return on tangible equity¹ (%)



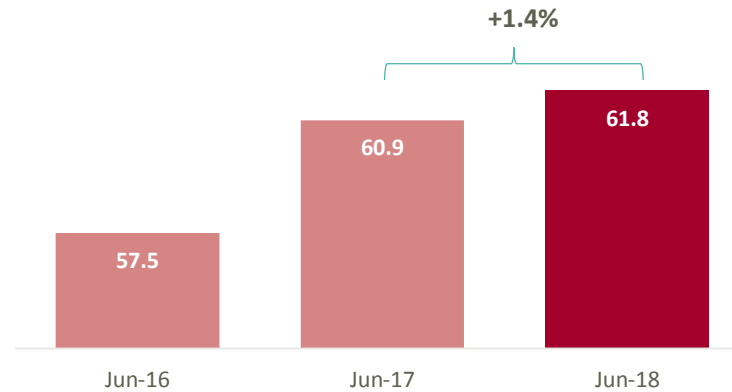
Cost to income ratio (%)



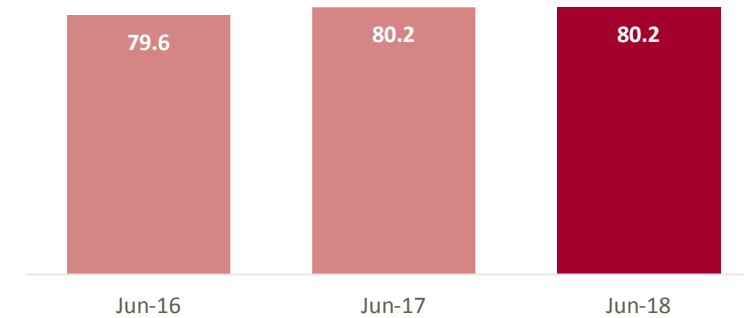
1. Cash earnings basis

Balance sheet and capital

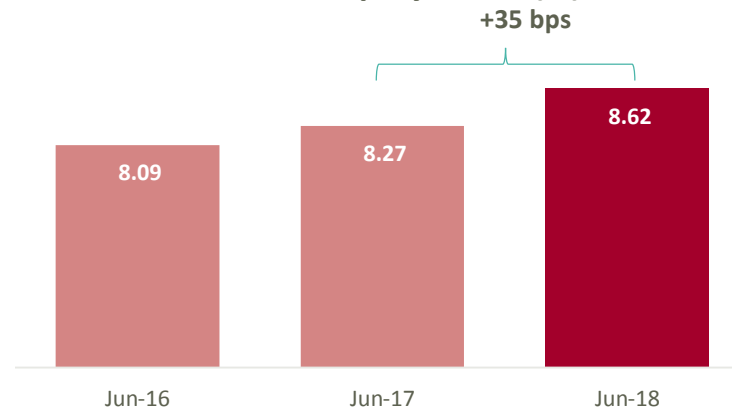
Total gross loans (\$b)



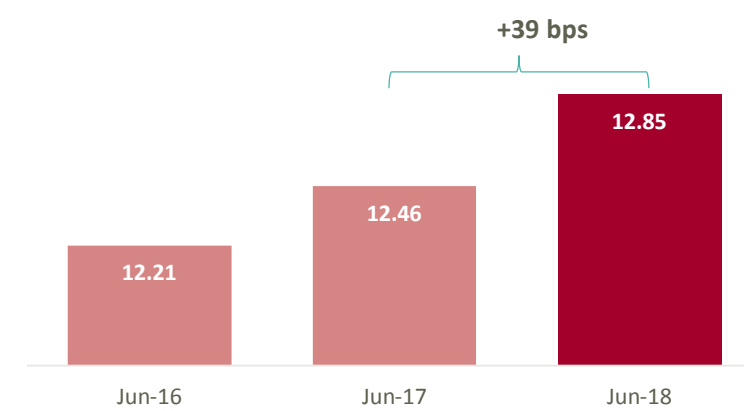
Retail deposit funding (%)



Common Equity Tier 1 (%)

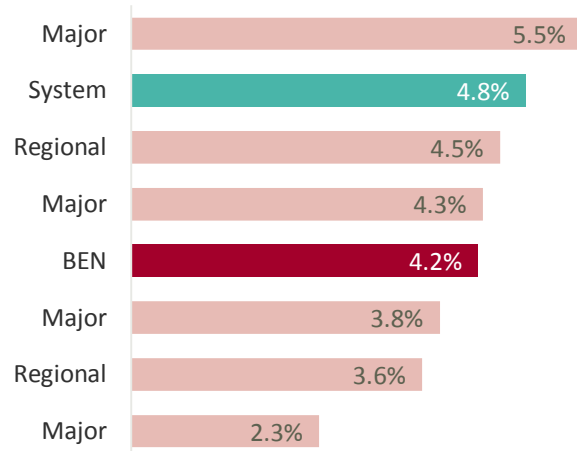


Total capital (%)

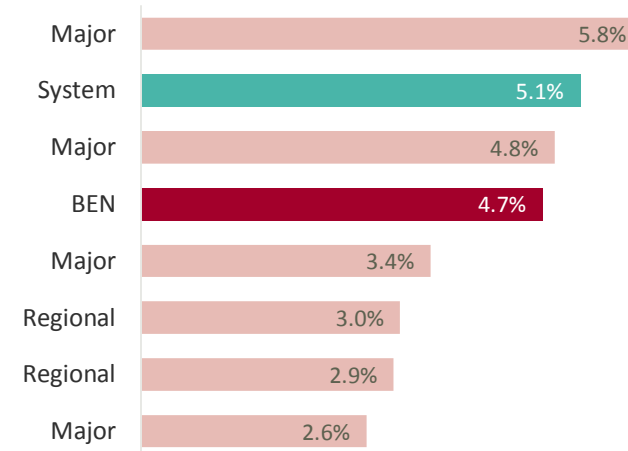


2H18 growth outcomes

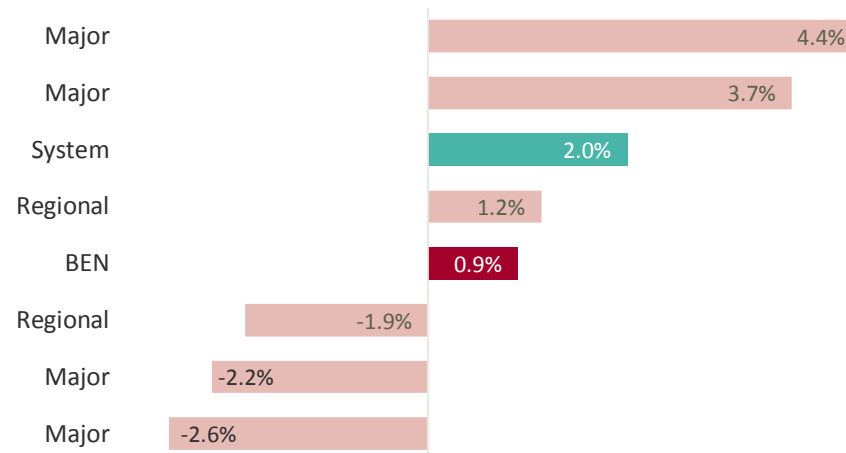
Total lending growth



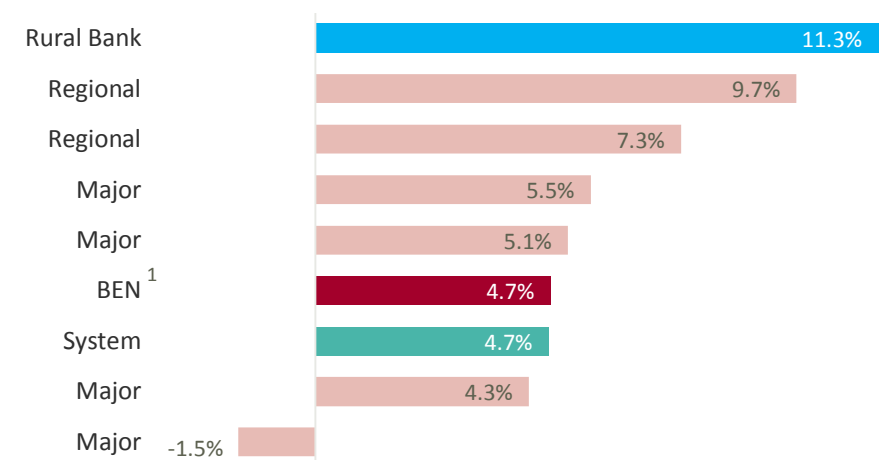
Housing loan growth



Total deposit growth



Business lending growth



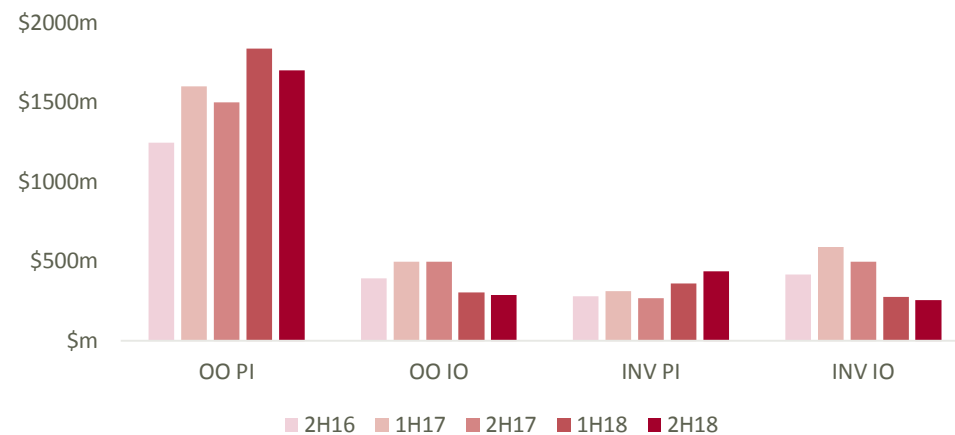
Source: APRA Monthly Banking Statistics June 2018

Note - Data is an annualised growth rate based on a 6 month period (30/06/17 – 30/06/18) for BEN and Rural Bank

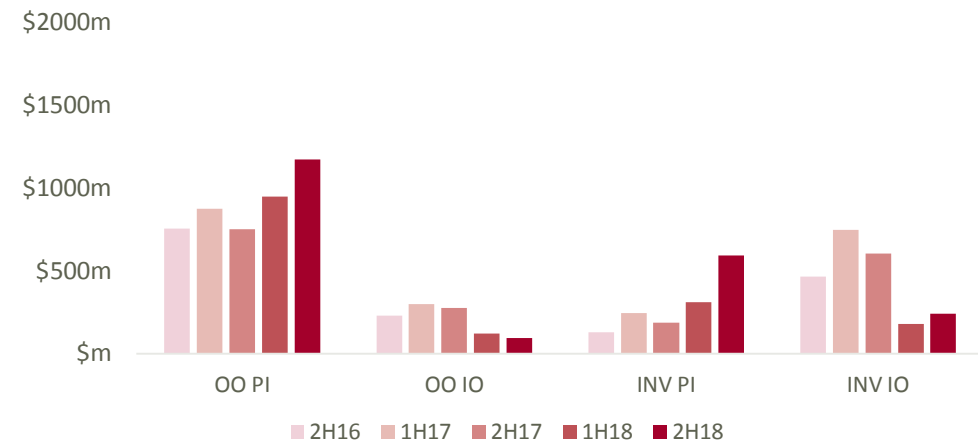
1. Represents total business lending growth including Rural Bank

Residential mortgage growth

Retail - settlements breakdown¹

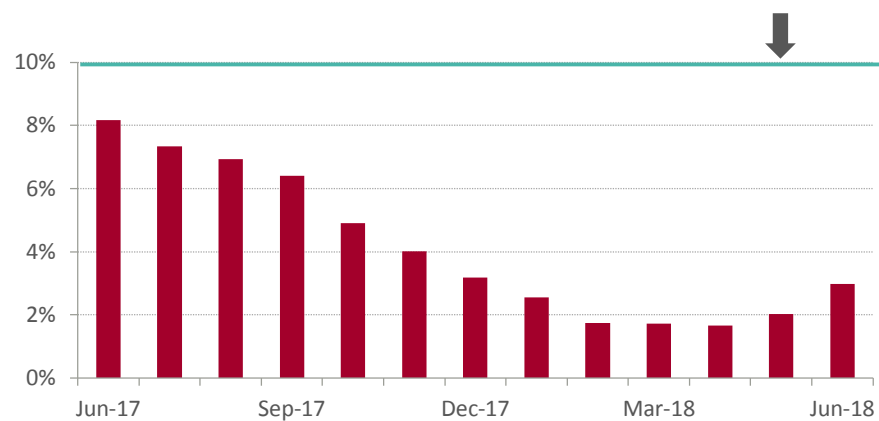


Third Party - settlements breakdown²



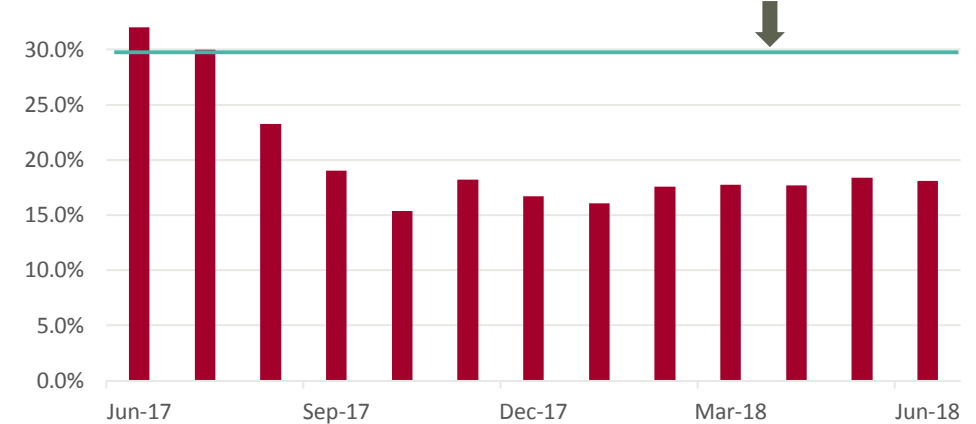
Investor credit growth

10% Investor growth limit



Interest only flows

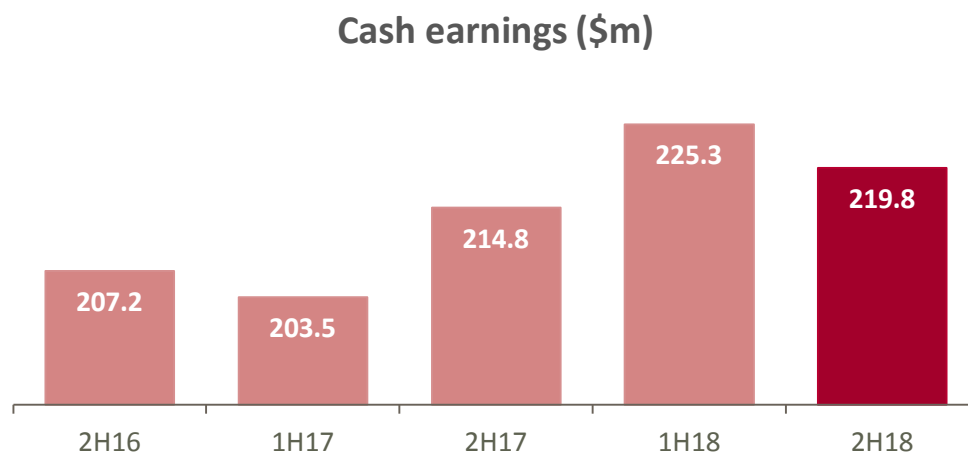
30% Interest Only flows limit



1. Loan settlements for Bendigo Bank retail banking excluding Delphi Bank and line of credits
2. Loan settlements for Adelaide Bank excluding Alliance Bank and line of credits

Cash earnings growth

- Cash earnings up 6.4%
- Strong annual margin performance +14bps
- Significantly lower trading book income
- 2H18 cost increase as expected
- Improved credit costs in 2H18 leading to lower annual BDD



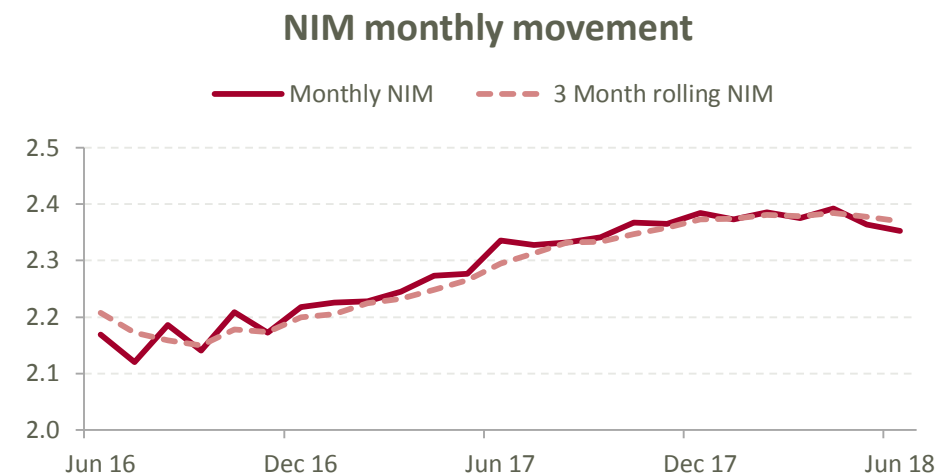
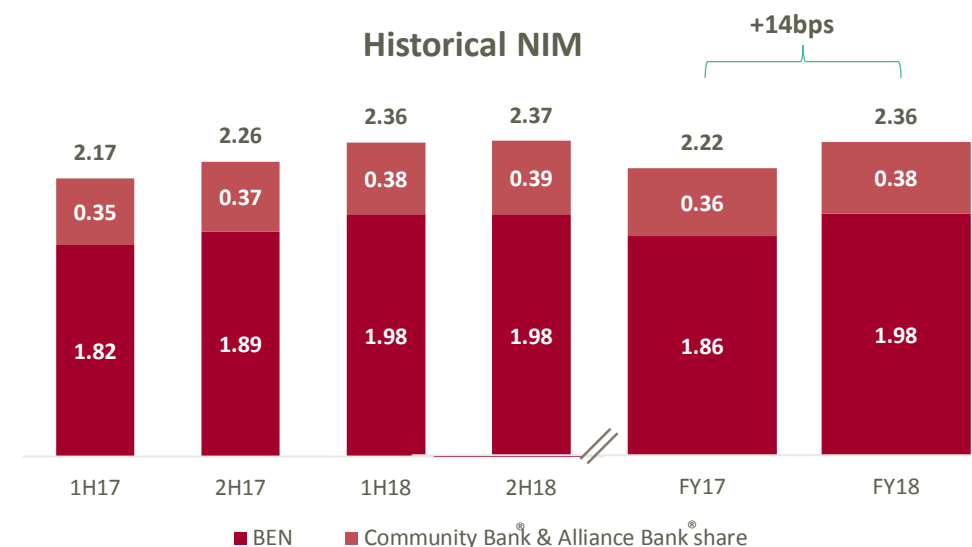
1. Homesafe net realised income after tax

	FY18 (\$m)	FY17 (\$m)	FY18 v FY17	2H18 v 2H17
Net interest income	\$1,323.6	\$1,232.0	+7.4%	+4.5%
Other income	\$281.2	\$309.7	(9.2%)	(8.5%)
Homesafe ¹	\$11.3	\$11.1	+1.8%	+2.0%
Operating expenses	\$900.9	\$873.0	+3.2%	+4.4%
Credit	\$70.6	\$71.8	(1.7%)	(24.1%)
Cash earnings (after tax)	\$445.1	\$418.3	+6.4%	+2.3%

Net interest margin

- Active management of margin / volume balance for both lending and deposits
- June 2018 exit margin of 2.35%
- Mortgage repricing in late July 2018 to offset higher funding costs
- Front book discounts will continue to challenge margin

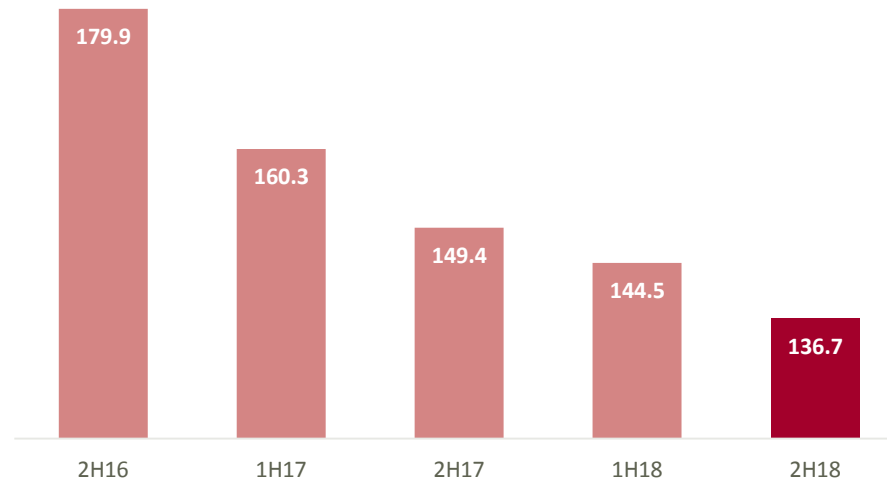
NIM impacts	1H18	2H18
Front book/back book repricing	(4bps)	(4bps)
Variable mortgage repricing	5bps	-
Hedging costs	2bps	1bp
Treasury liquids	-	1bp
Retail deposit repricing	4bps	7bps
Wholesale deposit repricing	1bp	(4bps)
Funding mix	1bp	1bp
Equity contribution	1bp	(1bp)
Total	10bps	1bp



Other income

- Lower ATM and transaction fees
- Commission – 2H18 stronger with flows into superannuation and managed funds
- Trading book income lower given the stable interest rate environment in the first half, second half impacted by elevated cash/bills spread
- Continued erosion of other income is evident across the industry

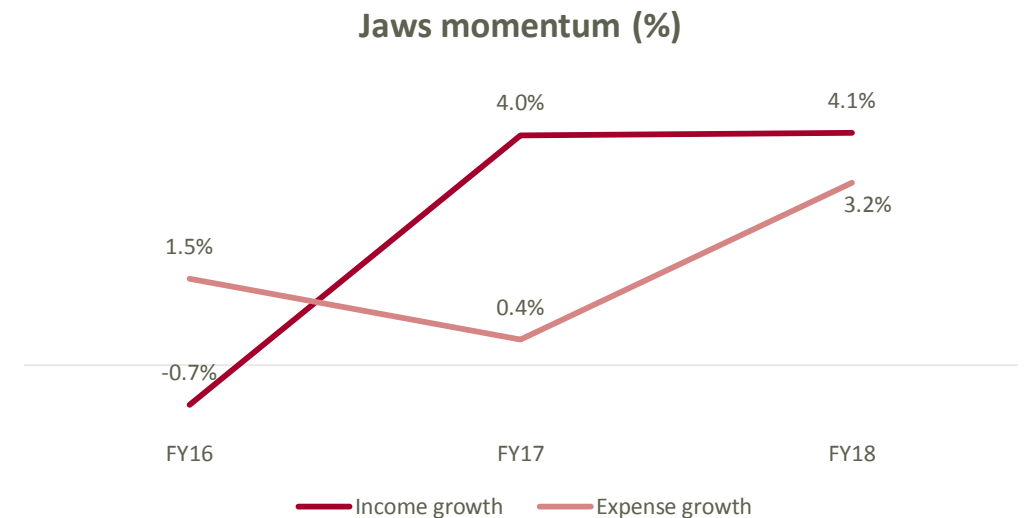
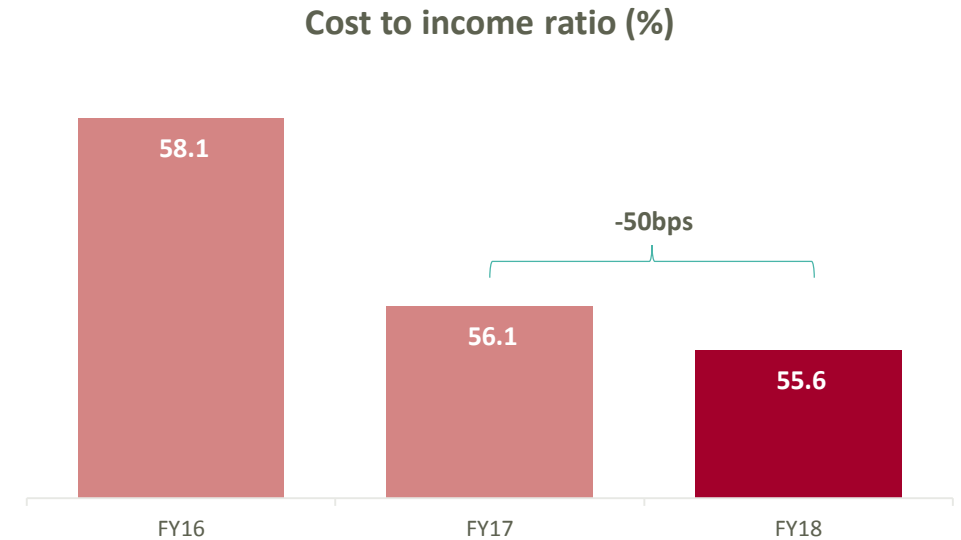
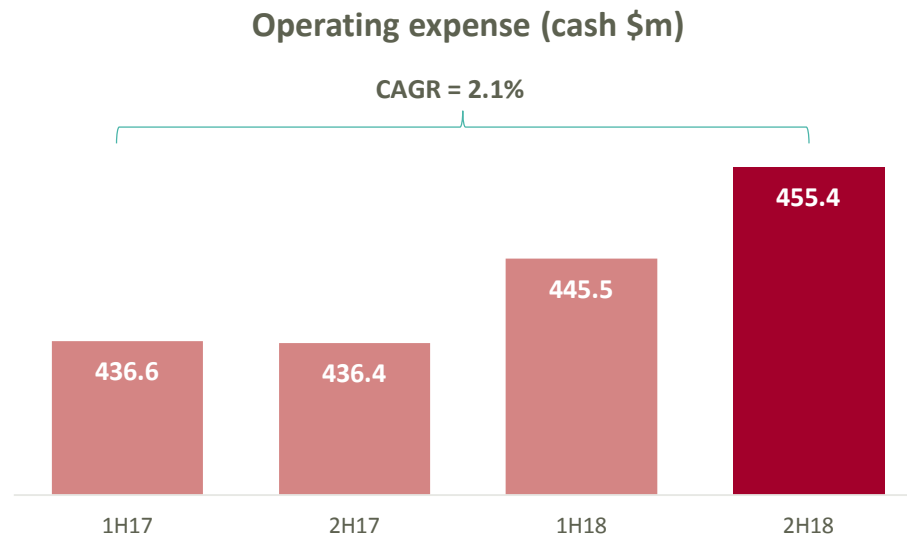
Other income (\$m)



	FY18 (\$m)	FY17 (\$m)	FY18 v FY17	2H18 v 1H18
Fee income	\$167.9	\$172.2	(2.5%)	(1.8%)
Commissions	\$71.7	\$72.7	(1.4%)	+3.7%
Foreign exchange income	\$18.8	\$18.0	+4.4%	+4.3%
Trading book income	\$0.8	\$19.8	(96.0%)	(175.0%)
Other	\$22.0	\$27.0	(18.5%)	(19.7%)
Total other income	\$281.2	\$309.7	(9.2%)	(5.4%)

Cost to income

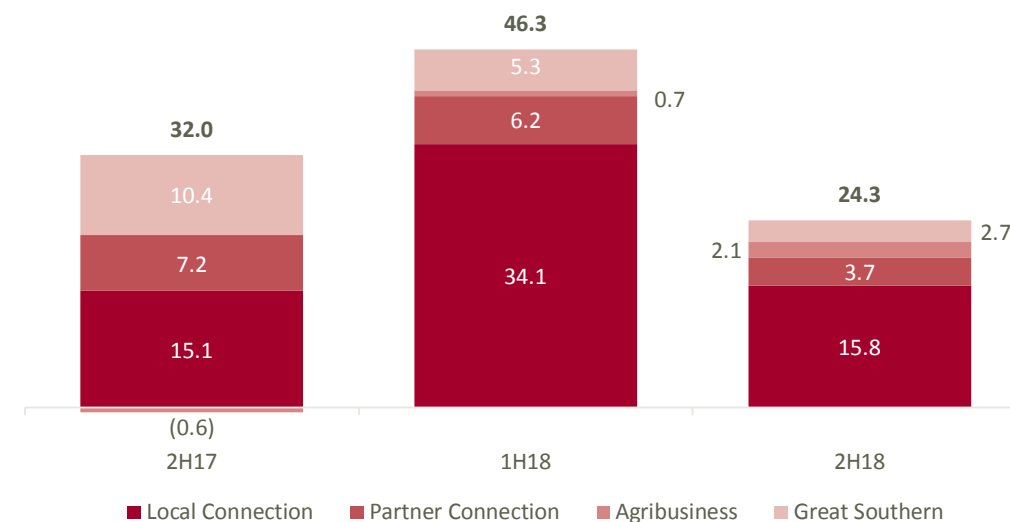
- 50bp improvement over FY18 in challenging environment
- Increased cost of compliance and regulation
- Staff costs up 3.5% for FY18 due to annual salary increases and reduction in project capitalisation
- Software amortisation up \$7m on prior year
- Continue to actively manage costs
- 2H18 negative jaws outcome driven by lower revenue



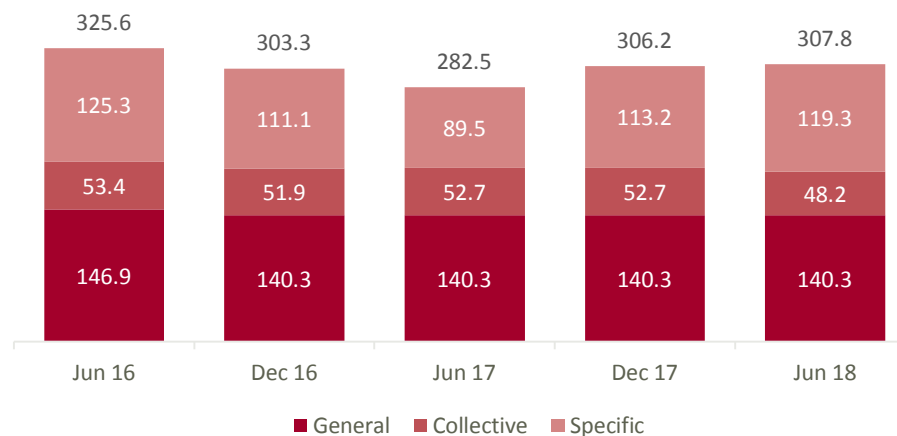
Bad and doubtful debts

- BDD charge 11bps of gross loans, 10bps excluding Great Southern – in line with four year average
- New impaired loans in 2H18 are being actively managed and provisions are based on recent valuations
- Collective provision reduced as Great Southern portfolio runs off and reduction in higher risk lending portfolios
- Provision coverage of 92%
- Agribusiness provisions continue to remain low
- All core portfolios remain well secured, with low LVRs

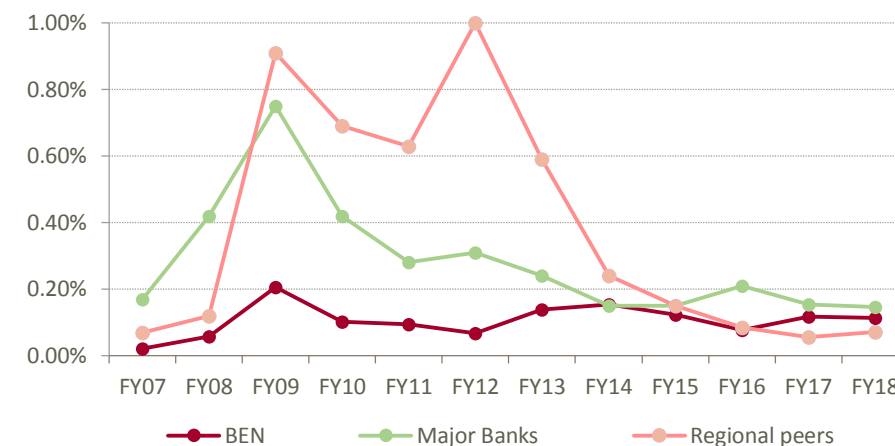
Bad and doubtful debts composition (\$m)



Provisions for doubtful debts (\$m)

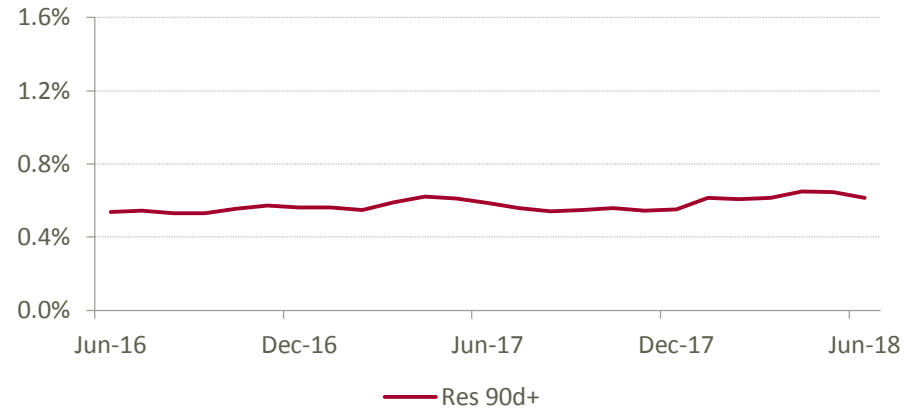


BDD / loans

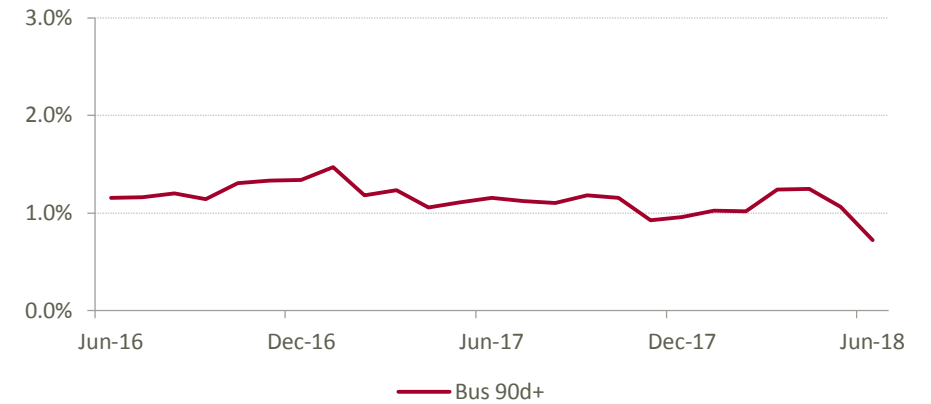


Arrears remain benign

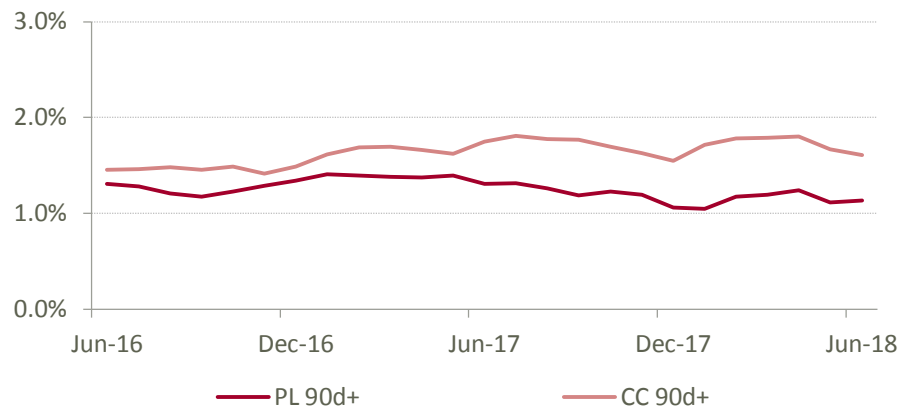
Residential Loan Arrears



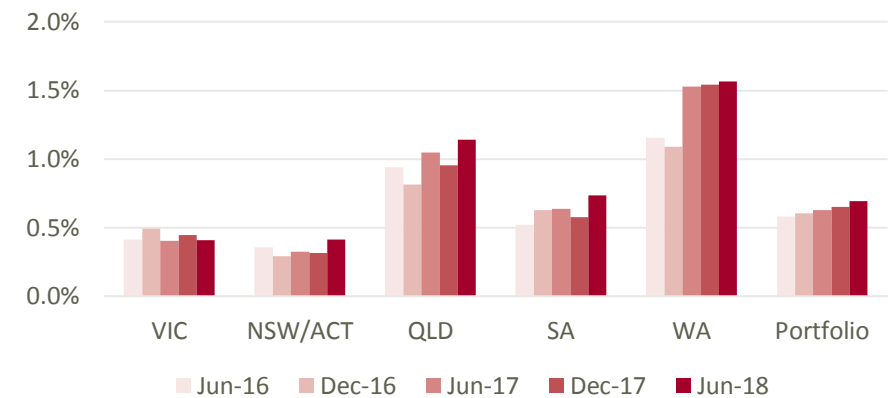
Business Loan Arrears



Consumer Loan Arrears



Home Loans 90+ days past due - by state ¹

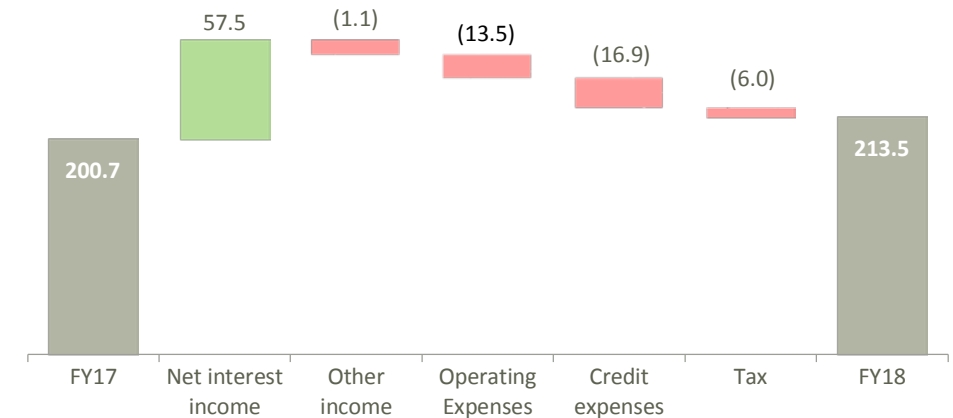


Note - Data excludes commercial arrangement loans
 1. Keystart included from Jun-17

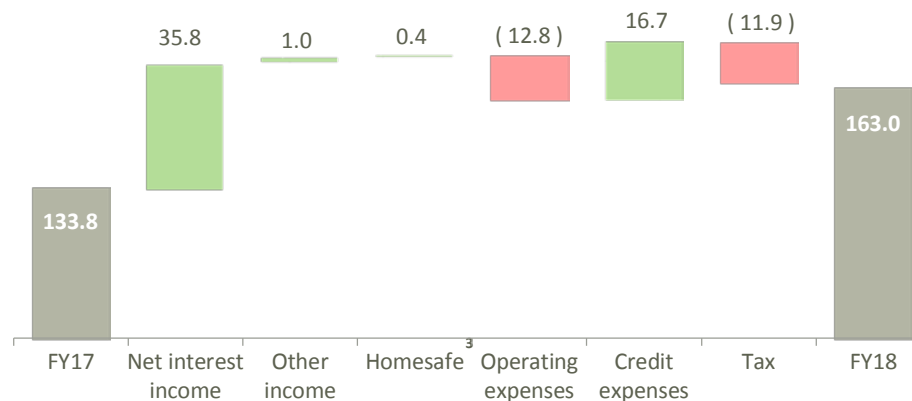
Business segment performance (cash earnings)

- All lending markets remain highly competitive
- Significant margin improvement in Local and Partner Connection businesses
- Extreme price competition in agribusiness lending
- Full year impact of Agri FMD 100% offset product (c\$1.5m)
- Managed funds up 9.6%¹, including Bendigo SmartStart Super up 21%²
- Reduced credit expenses in Partner Connection (Great Southern) and Agribusiness

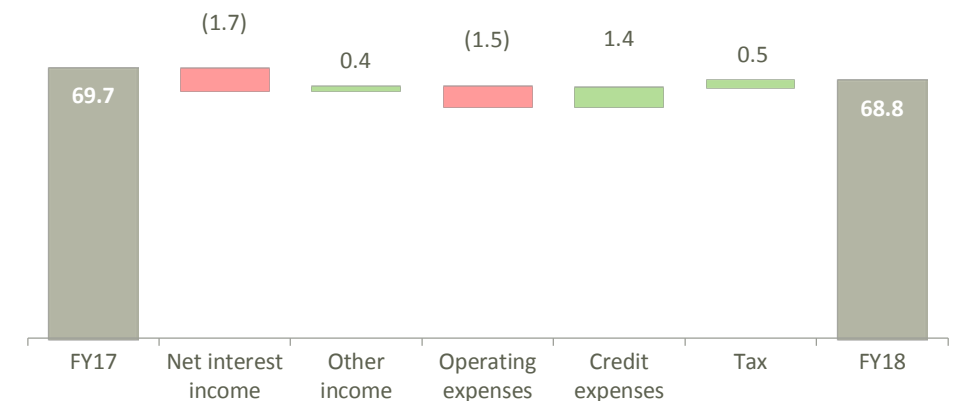
Local Connection (\$m)



Partner Connection (\$m)



Agribusiness (\$m)

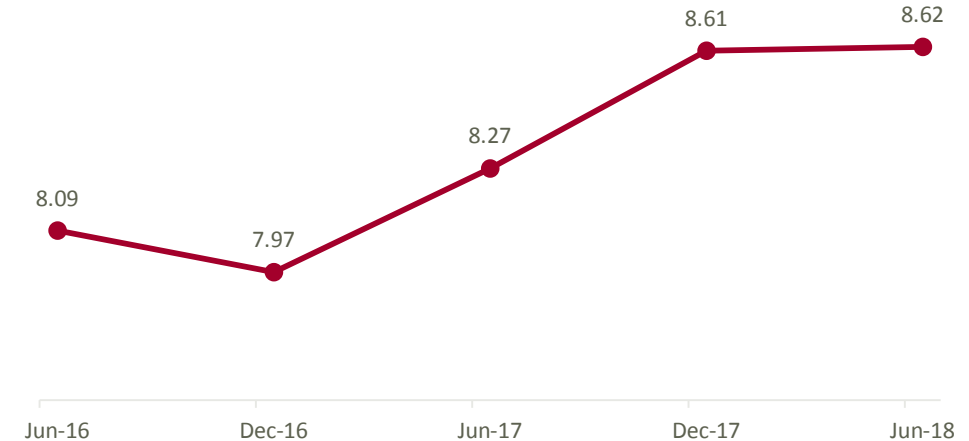


1. Growth is based on 12 month figures (Jun-17 to Jun-18)
 2. Growth is based on 12 month figures (Jun-17 to Jun-18)
 3. Homesafe net realised income after tax

Continued CET1 strength

- 35bp increase in CET1 since June 2017 - well positioned to meet unquestionably strong CET1 requirement
- Organic capital growth reflects strong profitability, stable balance sheet and move to lower risk exposures
- CET1 maintained in 2H18 following stronger asset growth
- Last RMBS transaction in August 2017 for \$750m
- The new APRA proposals regarding credit risk weights are being evaluated and the Bank has made an individual submission on the proposals
- Progress towards Advanced Accreditation is continuing positively with greater clarity expected post finalisation of the new standards

Historical CET1



CET1 movement - 12 months

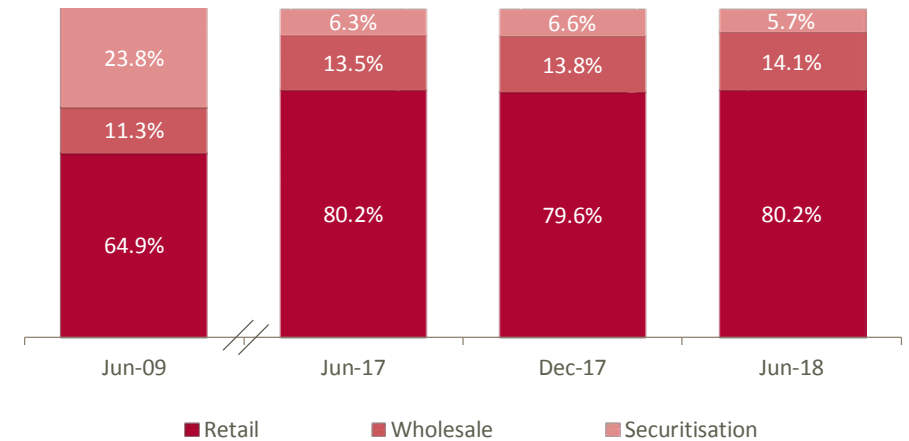


1. Unrealised Homesafe revaluation revenue excluded from increases in retained earnings was 5bps
 2. Other includes movement in capitalised expenses, deferred tax assets and intangibles

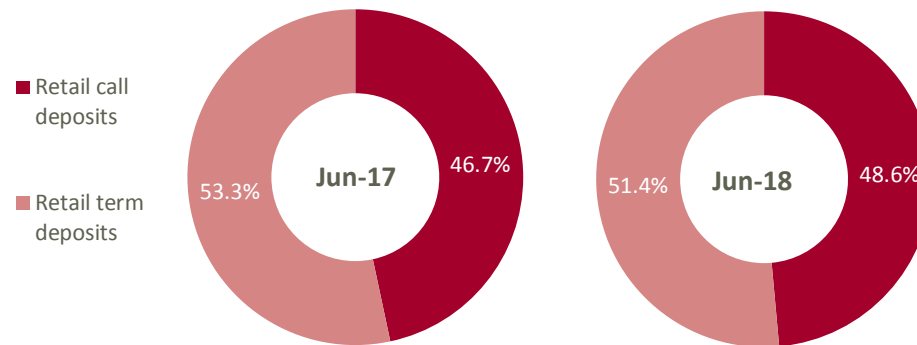
Industry leading funding position

- Funding mix continues to be a strength providing flexibility to fund asset growth and manage margin
- Retail call deposit portfolio continues to increase with customer demand for revised product range
- Increased BBSW spreads impacting cost of wholesale and securitisation funding
- Industry TD rates trending higher in Q4
- LCR of 125.6%, NSFR ~109% at 30 June 2018
- \$500m 5-year senior unsecured deal completed in January 2018 at +105bps

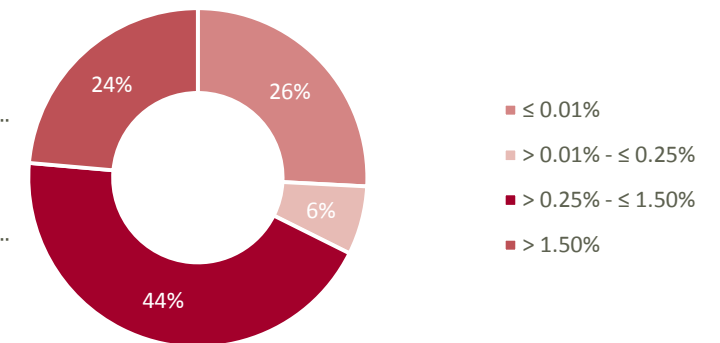
Historical funding mix



Retail deposit composition



Retail call deposit interest rate mix



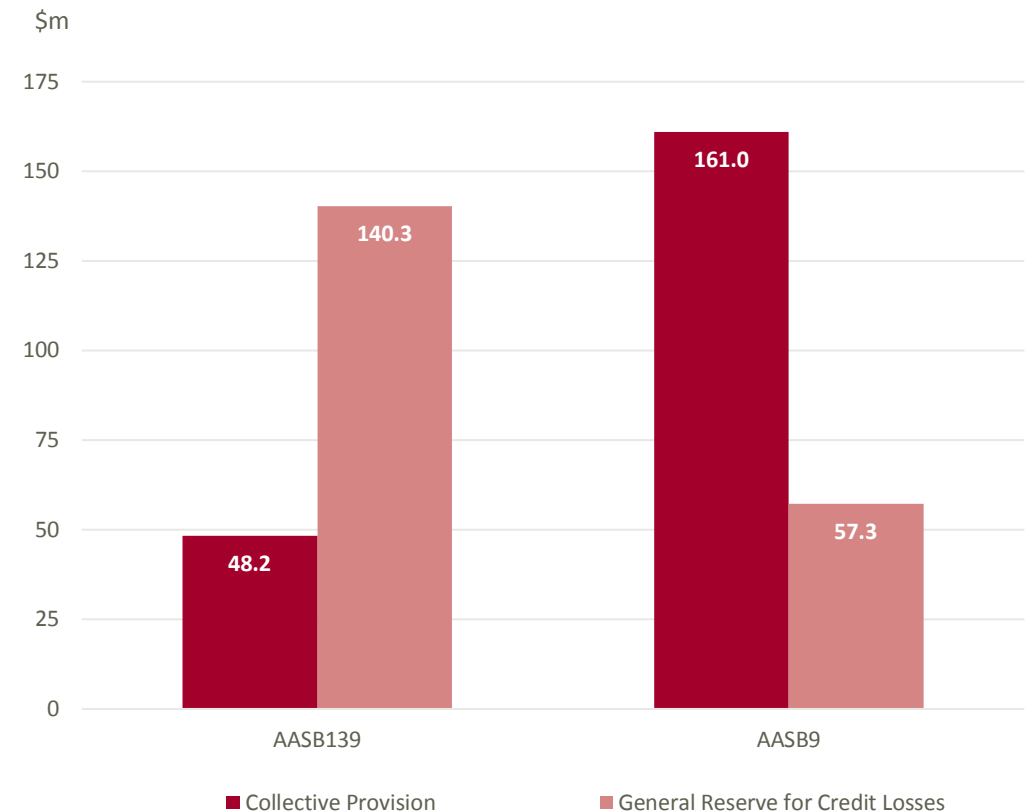
AASB 9

- \$112.8m increase in collective provision due to expected loss model rather than incurred loss model
- Increase taken through retained earnings as at 1 July 2018
- Individually assessed specific provisions process is unchanged
- Underlying portfolio credit quality unchanged
- CET1 ratio will decrease by 8bps on 1 July 2018

	AASB139	AASB9
Provision coverage ¹	0.14%	0.47%

1. Provision coverage is collective provision divided by credit risk weighted assets

AASB 9 Impact on Collective Provision and General Reserve for Credit Losses



Marnie Baker
Managing
Director





Most Trusted Bank and 3rd most trusted brand in Australia¹

Roy Morgan Net Trust Score



Consistently ranked TOP 2 for customer satisfaction⁴

- ✓ For more than a decade
- ✓ Customers are most likely to recommend Bendigo Bank



KPMG 2018 Customer Experience Excellence Report⁵

Ranked #3 in the
TOP 50 CX brands in
Australia.

#1

Forrester's Australian Customer Experience Index⁶

Top rated across all
industries, for the third year
running.



Asiamoney Best Bank Awards²

- ✓ Best Domestic Bank
- ✓ Best Bank – Corporate Social Responsibility



Fortune 2017 Global Change the World List⁷

Top Australian company 'That are Doing Well
by Doing Good'



#1 Bank Mozo People's Choice Awards³



5 Star rating⁸ Bendigo Bank Student Account



Environment is right for us to succeed

Purpose

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

...the same today as the day we were founded.

Vision

**Australia's
bank
of choice**



KEY STAKEHOLDERS · CUSTOMERS · STAFF · PARTNERS · INVESTORS



We have the team to deliver



Marnie Baker
Managing Director



Richard Fennell
Executive – Consumer Banking



Bruce Speirs
Executive – Business Banking



Alexandra Gartmann
Executive – Agribusiness and
Managing Director, Rural Bank



Andrew Twalts
Executive – Customer and
Partner Engagement



Louise Tebbutt
Chief People Officer



Travis Crouch
Chief Financial Officer



Taso Corolls
Chief Risk Officer



Stella Thredgold
Executive – Technology and
Business Enablement



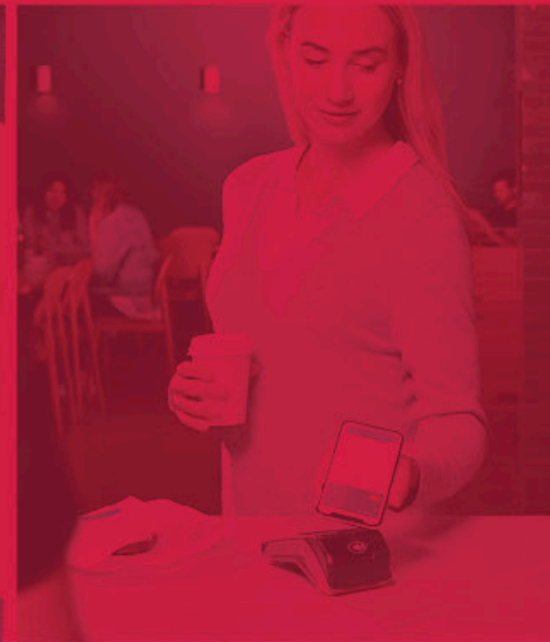
Robert Musgrove
Executive – Corporate and
Public Affairs

Key focus



Questions

Australia's bank of choice



Bendigo and Adelaide Bank

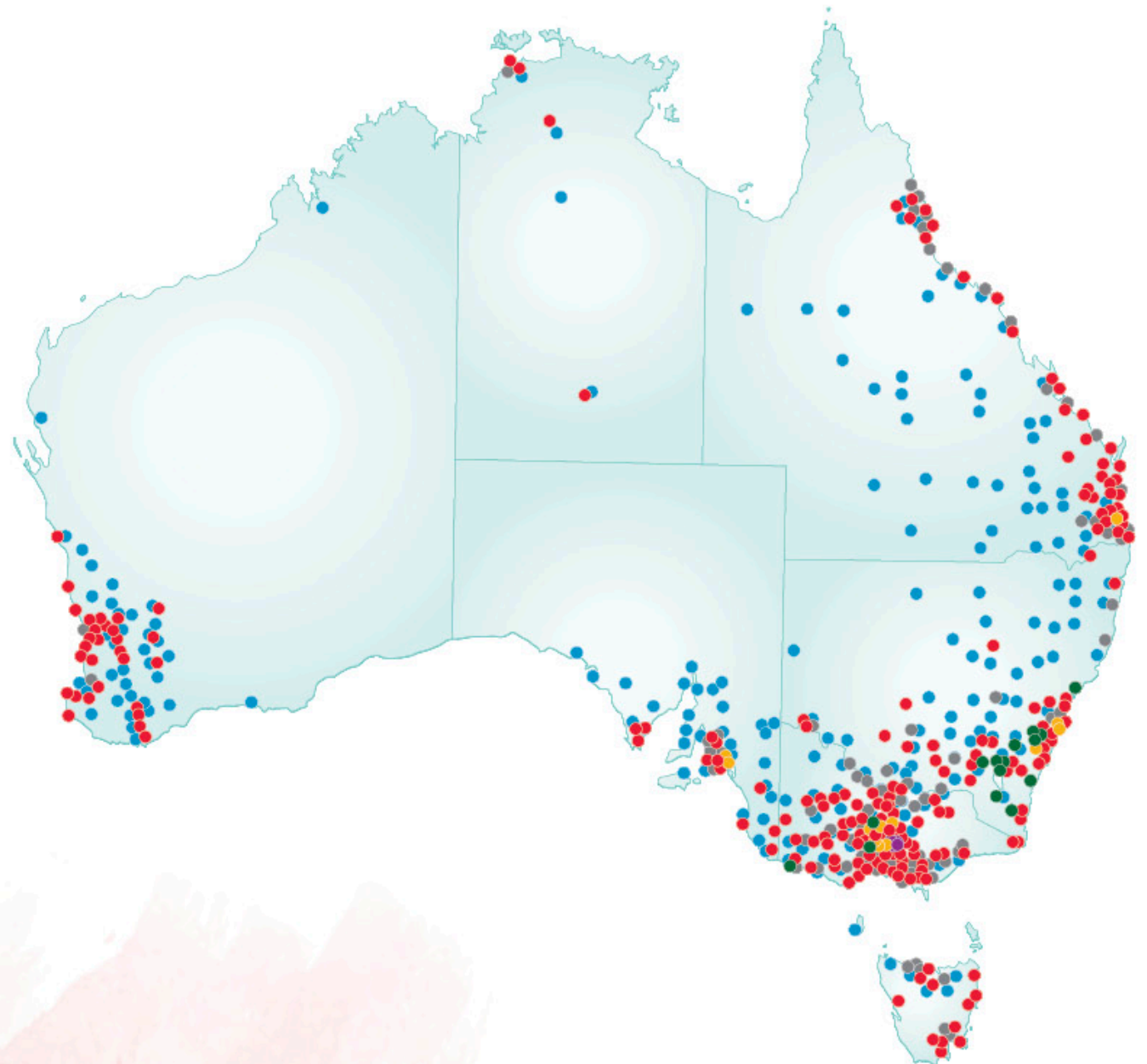
Appendices



Customer connected

ACROSS AUSTRALIA	#
ATMs	699
Bendigo Bank Mobile and Business Development Managers	100+
Agri lending Relationship Managers	120+
Mortgage brokers	5000+
eBanking customers	630,000+

POINTS OF PRESENCE	#
Alliance Bank™	22
Community Bank® Branch	321
Company-owned Branch	173
Rural Bank	217
Delphi Bank	15
Private Franchise Branch	4



Customer focus

Customers can provide their feedback to the team in a number of different ways:



Compliments
▲ 28%

Suggestions
▲ 57%

Complaints
▲ 15%

Ombudsman Cases
▼ 22%

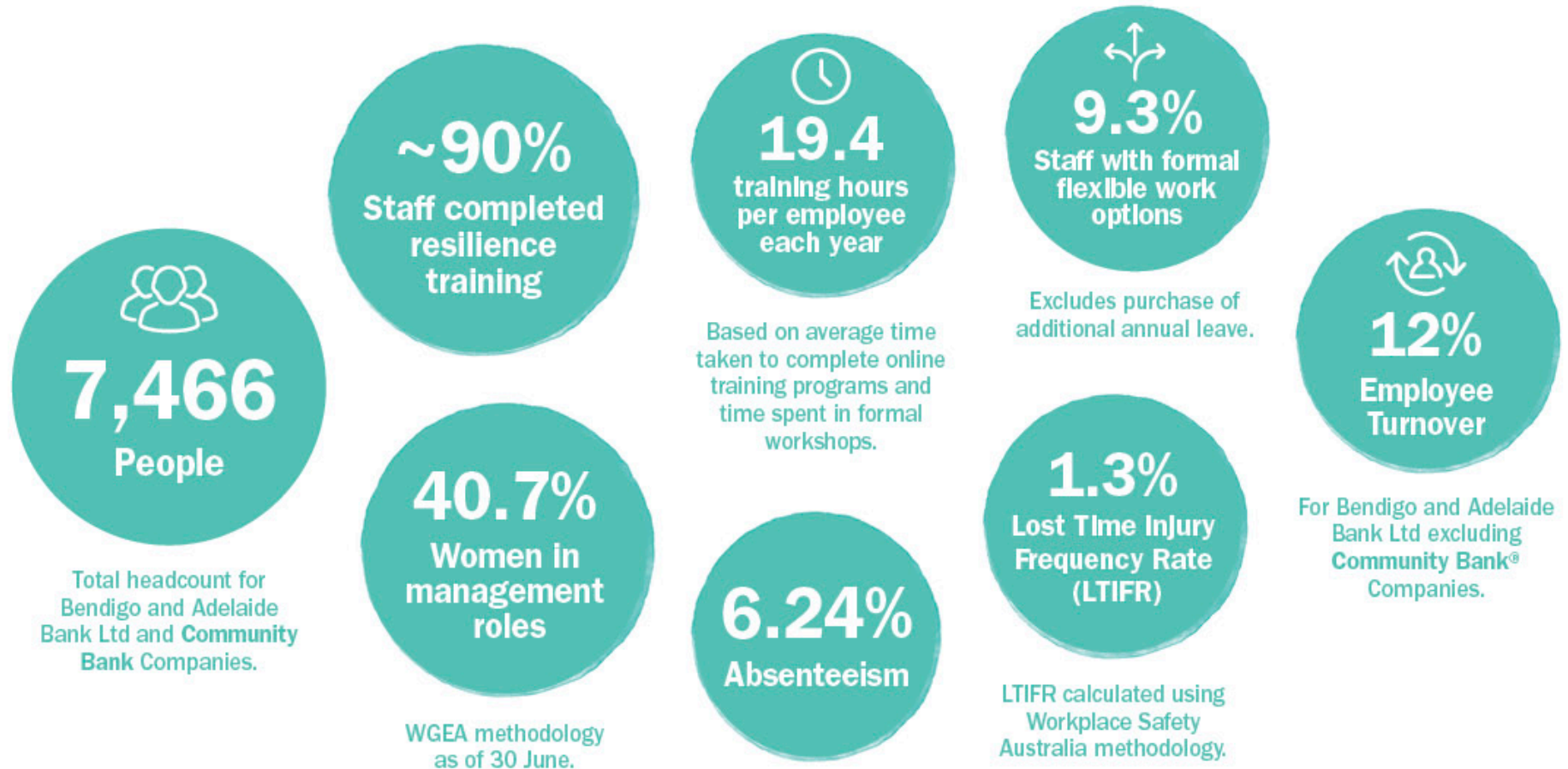
Average of
1.8
days to resolve complaints

122
Cases for review by our Customer Advocate

1. Roy Morgan (3 month rolling average)

Our people

We believe that individual, positive actions create a workforce that is motivated to work, is proud of our company, understand the needs of our customers, and genuinely care about making a difference in the community.



Executive appointments



Louise Tebbutt

Chief People Officer

Louise Tebbutt has been appointed to the role of Chief People Officer, forming part of the Executive Group.

Louise is a lifelong human resources practitioner who has worked across and been responsible for all aspects of human resource functions including organisational development, talent acquisition and sourcing strategies, industrial relations and safety. Louise has a passion for building organisational capability within a culture of performance and accountability, underpinned by shared common values.

Louise will join us in October 2018 and is most recently from Myer Pty Ltd, where she has held a number of senior roles.

Louise holds a Bachelor of Business and is a former director of the Myer Stores Community Fund and Chair of the Myer Superannuation Policy Committee.



Travis Crouch

Chief Financial Officer

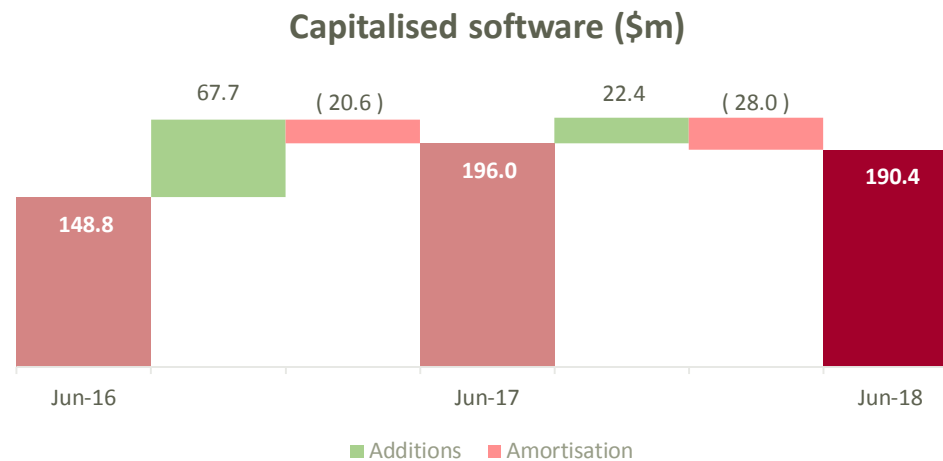
Travis Crouch joined Bendigo and Adelaide Bank in 2001. Over the past 17 years Travis has held various roles in the organisation including Head of Banking Products & Solutions, Head of Investor Relations and most recently Divisional CFO.

In his time at the bank he has also held other senior roles in Funds Transfer Pricing, Balance Sheet Management and Capital. Travis has been the Chairman of the Bank's Pricing Committee since 2016.

Prior to joining the bank Travis had 9 years' experience working in Audit and Business Services in several Accounting firms. Travis holds a Bachelor of Business (Accounting) from Latrobe University and is a member of the Institute of Chartered Accountants Australia and New Zealand.

Future proofing technology

- Improving customer choice and convenience
- Creating safe and secure online presence
- Ensuring we remain relevant
- Implemented agile way of working
- Focusing on simplification and innovation
- Continuing investment in cloud
- Maintaining a strong information security program



Tic:Toc – The world's first instant home loan™



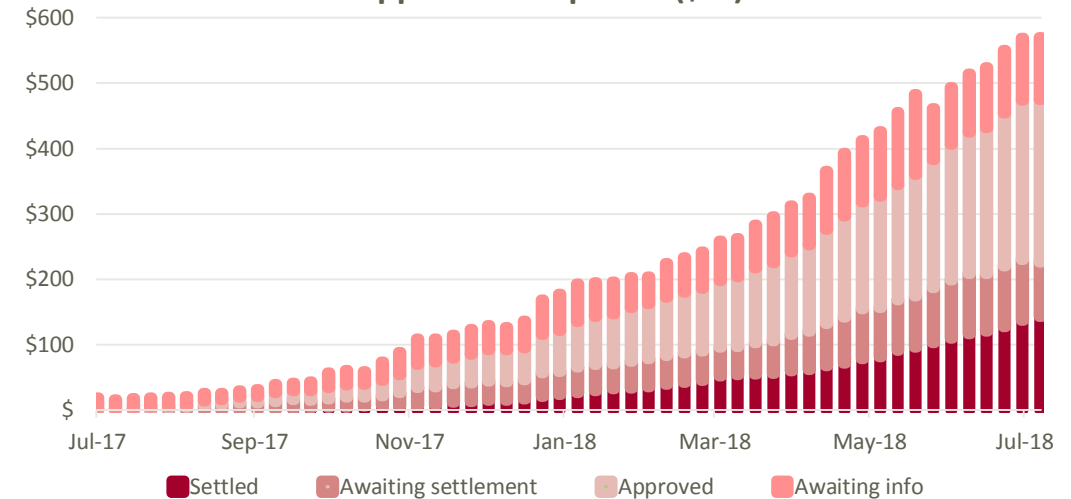
Significant growth since July 2017 launch:

- \$1.36b value of submitted applications
- \$170m loan portfolio
- Successfully validated, approved and provided home loan documentation for customers in as little as 1 hour

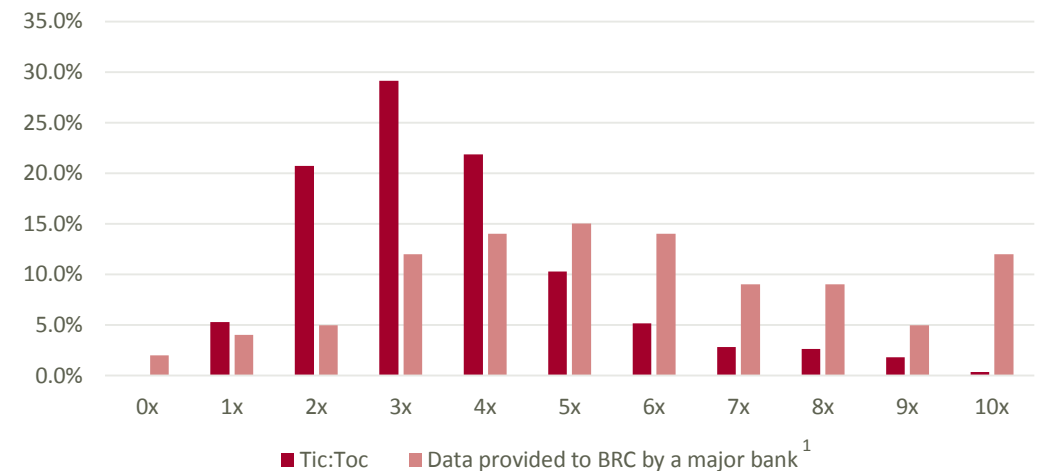
A more responsible way to lend:

- Automated credit decisioning and exception based underwriting is not only more efficient, but more responsible
- Digital validation ensures more accurate verification of financials

Application Pipeline (\$m)



Comparative borrower Debt to Income

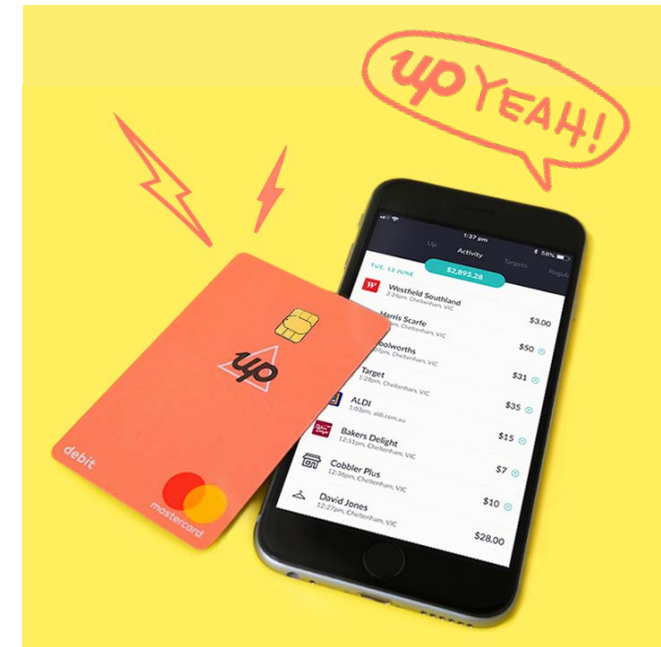


1. BRC refers to the Banking Royal Commission

Up – *Super powered banking*

- Australia's first fully licenced and all-in-app mobile banking platform
- Testing began in Oct 2017 — 99.962% up-time
- Public beta live in Aug 2018 — 500+ customers
- Public launch planned for Oct 2018
- Up brings a more human-focused technology solution to market, as a mobile-first banking platform helping digital natives gain financial independence and enrich their financial life

up.com.au



Innovation snapshot



1982

- > First Australian financial institution to launch Visa Debit card

1986

- > First Australian financial institution to launch Visa Credit card

1990

- > Introduced Mortgage Help Centre, assisting customers through period of high interest rates
- > Launched Australia's first mortgage offset account

1996

- > Launched Inspirations, a portal for employees to share ideas to improve the Bank's policies, practices and products

1998

- > Established Community Bank® model

2000

- > Established Lead On Australia to develop and engage young Australians
- > Established Community Telco, allowing customers to invest in community initiatives
- > Launched Ethical Investment Fund, Australia's first ethical bank deposit
- > Launched Australia's first Regional Development Fund to attract superannuation back to regional investments

2014

- > Bendigo and Adelaide Bank recognised with inclusion in BRW's Most Innovative Companies list
- > Launched GoPos® Lite
- > Launched Alliance Bank® partnership with Mutual companies
- > Adelaide's new office opened with a 5 Star Green rating, and introduced Activity Based Working

2008

- > Opened the Bendigo Centre, the first building in regional Australia to receive a 5 Star Green rating

2005

- > Launched Homesafe Solutions, the only product of its kind available
- > Established Community Enterprise Foundation™

2002

- > Launched Community Sector Banking supporting not-for-profit community ventures
- > Introduced Australia's first green loan product

2001

- > First Australian bank to provide an online portal to improve access to third party financial products

2015

- > Introduced IGNITE, an event where our people share their innovation ideas
- > Launched miVoice

2016

- > Launched Deakin University Community Bank®
- > Acquired portion of Keystart portfolio from WA Government.
- > Rural Bank launched first Farm Management Deposit (FMD) Offset account, the first of its kind in the market

2017

- > Launched Socially Responsible Growth Fund
- > Entered partnership with TicToc, TicToc allows consumers to receive loan approvals in just 22 minutes

2018

- > Welcomed Nova Credit Union to Alliance Bank® partnership
- > Appointed as a Panel Financier in HomesVic scheme, a Vic. Government concept to aid first home buyers
- > First bank to provide all together: Apple Pay, Samsung Pay, Google Pay, Fitbit Pay, Garmin Pay, OSKO and PayID

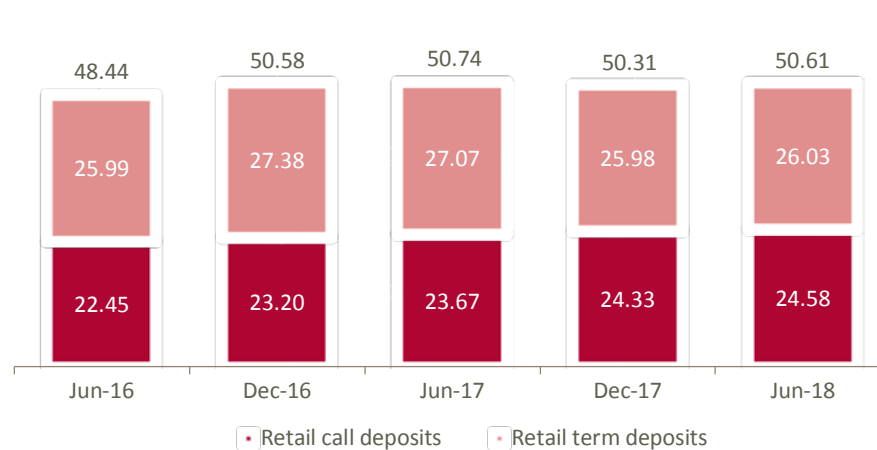
Oct

- > Up, Bendigo's Digital Bank

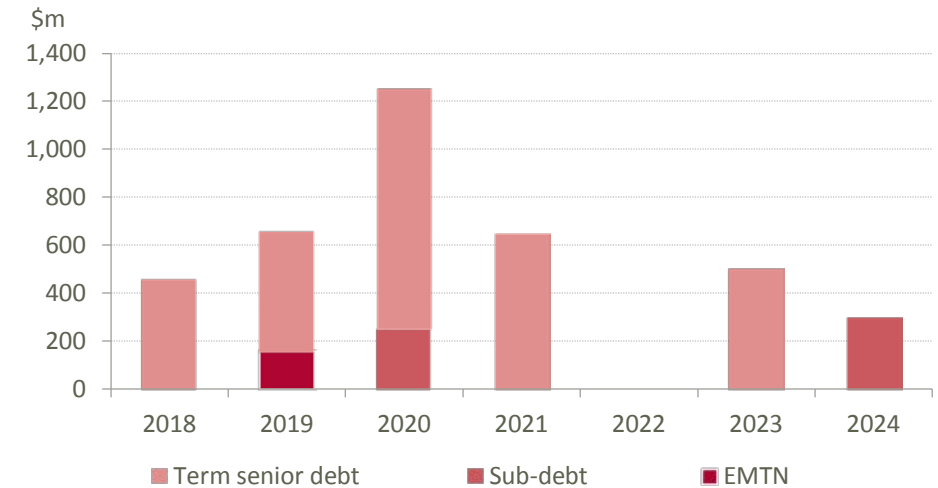
2019

Funding

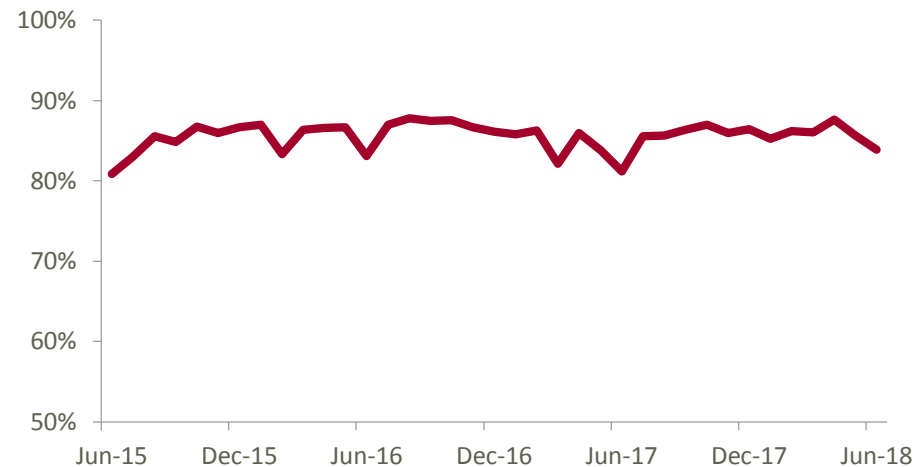
Retail deposit balances (\$bn)



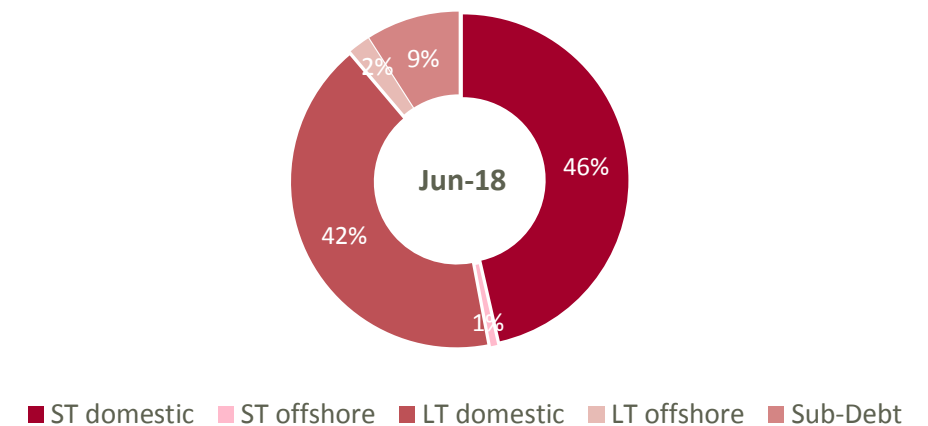
Term funding maturity profile



Retail term deposit retention rate¹



Wholesale funding composition²



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

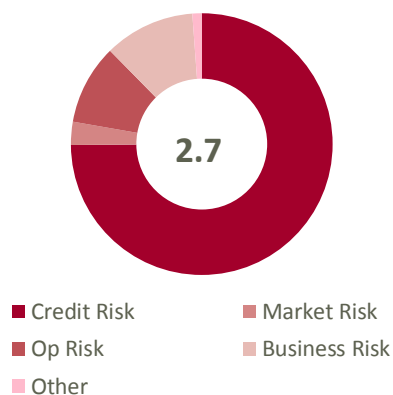
1. Company data

2. Wholesale funding composition excludes financial markets NCD's

Key capital ratios

	1H17	2H17	1H18	2H18
Common Equity Tier 1	7.97%	8.27%	8.61%	8.62%
Additional Tier 1	2.20%	2.22%	2.37%	2.34%
Tier 1	10.17%	10.49%	10.98%	10.96%
Tier 2	2.03%	1.97%	2.00%	1.89%
Total capital	12.20%	12.46%	12.98%	12.85%
Total Risk weighted assets	\$38.3b	\$38.1b	\$37.7b	\$38.3b

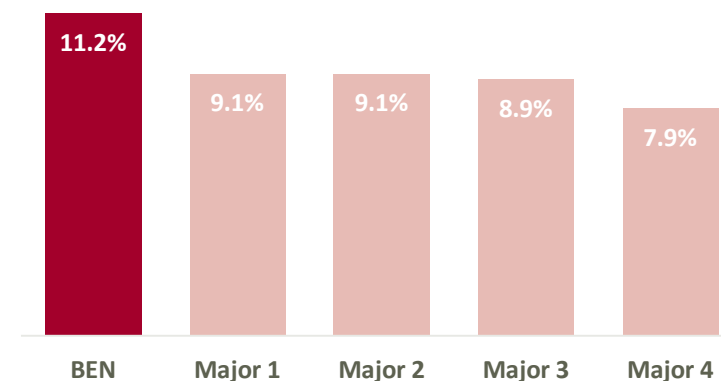
Group Economic Capital¹
(\$b)



Group Standardised Regulatory Capital
(\$b)



S&P RAC Ratio²



1. Calculated using a combination of internal models and standardised measures
2. S&P RAC ratio, Major 2, 3 & 4 as at 30 Sept 2017, BEN & Major 1 as at 30 June 2017

Stress testing scenarios

- The Bank has a comprehensive stress testing framework in place which has been operational since 2010 and is managed by a dedicated stress testing team within Group Risk
- Stress testing is undertaken annually at the Group level (across all risk types) and quarterly at the credit portfolio level
- Impact of stress is assessed against capital, liquidity and other key ratios

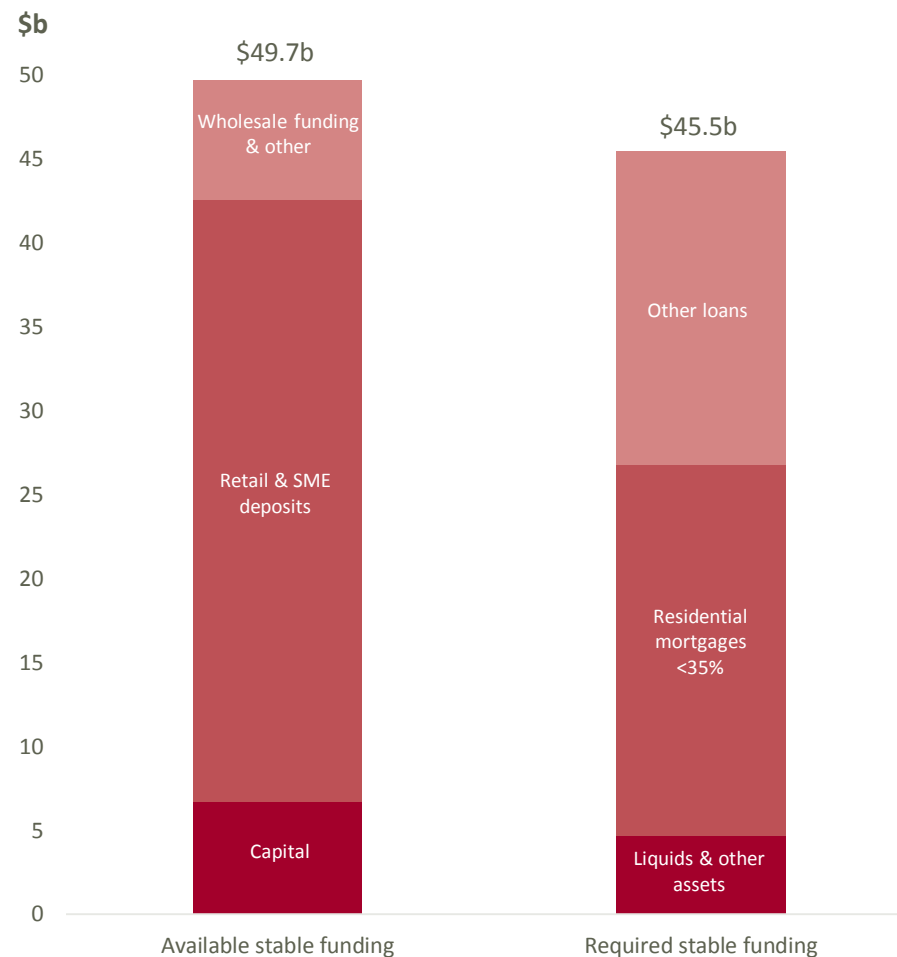
Key Assumptions – Annual enterprise wide stress test	Key Assumptions – Quarterly portfolio stress test
GDP negative growth 2-3 qtrs	Retail Portfolios – default rates increased 4x (peak to trough)
Unemployment >10% over the term of the scenario	Retail Portfolios -national residential property prices fall 30%
Cash rate falls (0.1% at last test)	Non-retail portfolios - default rates increased by a factor of 1 to 8x (peak to trough)
National residential property prices fall 30% (greater in certain states)	Non-retail portfolios – security values discounted by up to 50%
Stressed PDs for residential investor are assumed to be 10% higher than owner occupier	Margin lending portfolio – single stock failure scenario
Stress test period is 5 years	Margin lending portfolio – severe market shock (25% & 35% single day decline)
LMI payouts assumed at 70% (from >95%)	Rural Portfolios – default rates by a factor of 1 to 8x (peak to trough)
Collateral value for construction falls 50%	Rural portfolios – security values discounted by up to 50%
Wholesale funding markets (incl securitisation) are shut in early years of scenario	Rural Portfolios – adhoc stress tests are periodically undertaken based on agri outlook (commodity price, climatic conditions)

Liquidity

Liquidity coverage ratio – 3 month average (\$b)				
	Sep-17	Dec-17	Mar-18	Jun-18
High quality liquid assets	4.19	4.26	4.15	3.62
Committed liquidity facility	3.28	3.28	3.48	3.48
Total LCR liquid assets	7.47	7.54	7.63	7.10
Customer deposits	3.80	3.73	3.59	3.64
Wholesale funding	0.88	0.73	0.80	0.77
Other flows	1.22	1.62	1.44	1.36
Net cash outflows	5.90	6.08	5.83	5.77
LCR	127%	124%	131%	123%

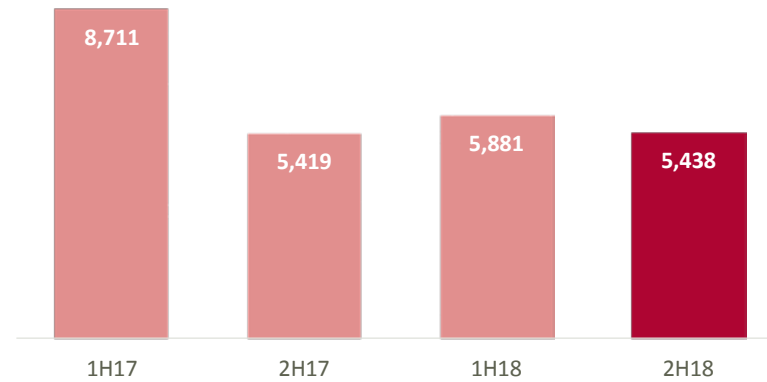
Net stable funding ratio (NSFR)

109.2% as at 30 June 2018

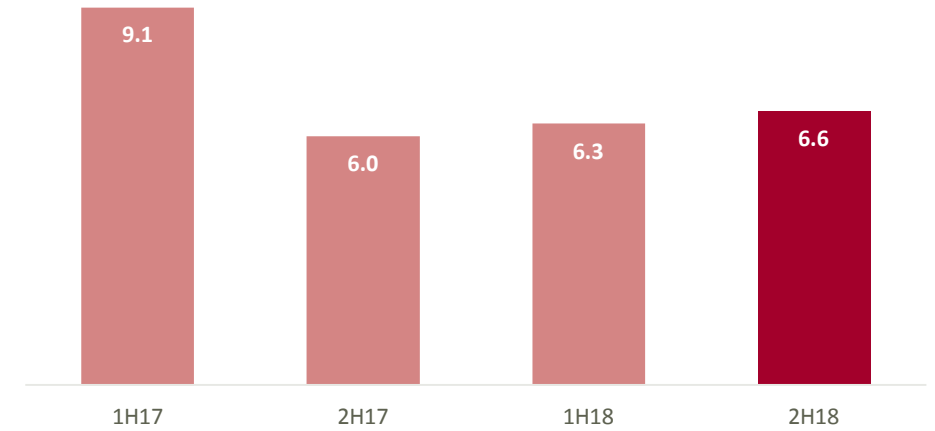


Residential lending

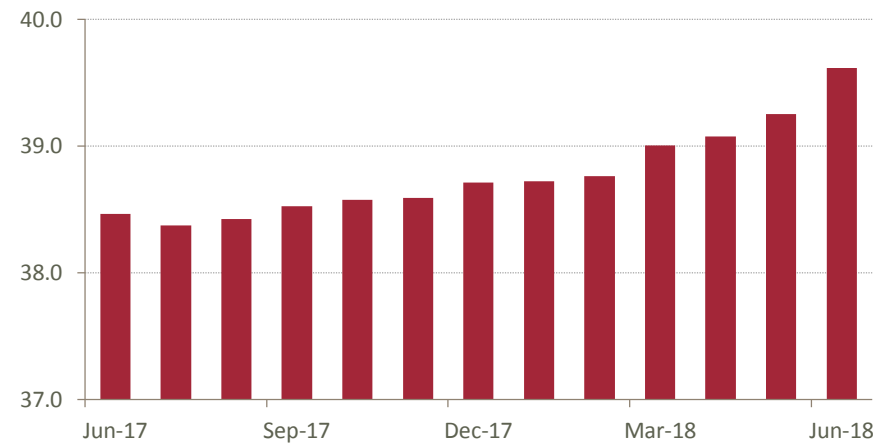
Total residential loan approval (\$m)



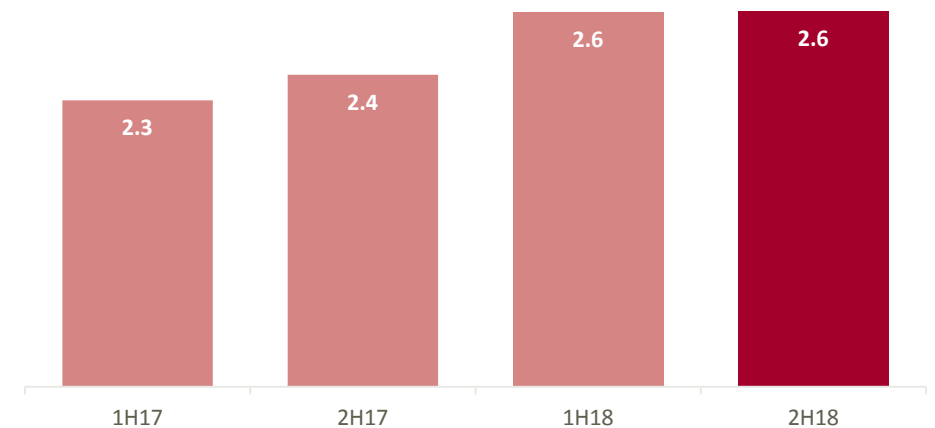
Settlements² (\$b)



Residential portfolio balance¹ (\$b)



Offset account portfolio (\$b)



Source: Company data, APRA statistics June 2018

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

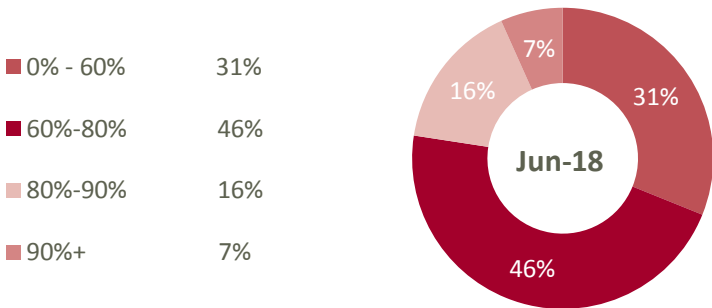
2. Settlements include LaTrobe and business lending



Residential LVR breakdown at origination

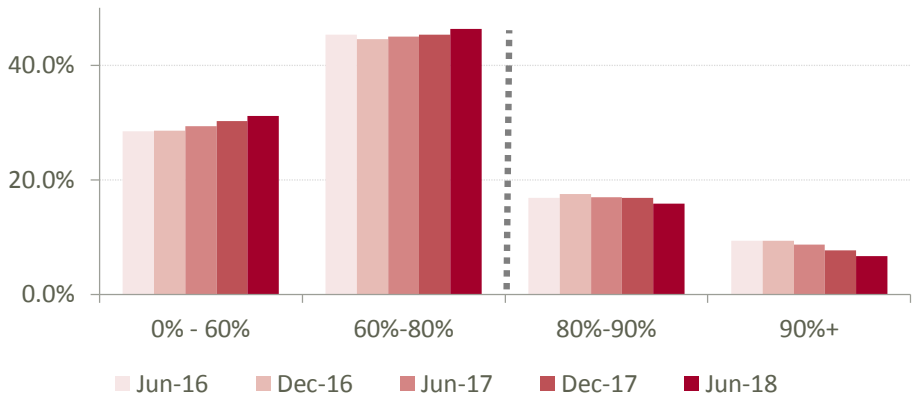
- Proportion of portfolio with LVR ≤ 80% is 77%
- Average LVR has reduced to 59% (based on property value at origination)
- Dynamic LVR reflects an even lower portfolio average LVR

Residential LVR breakdown

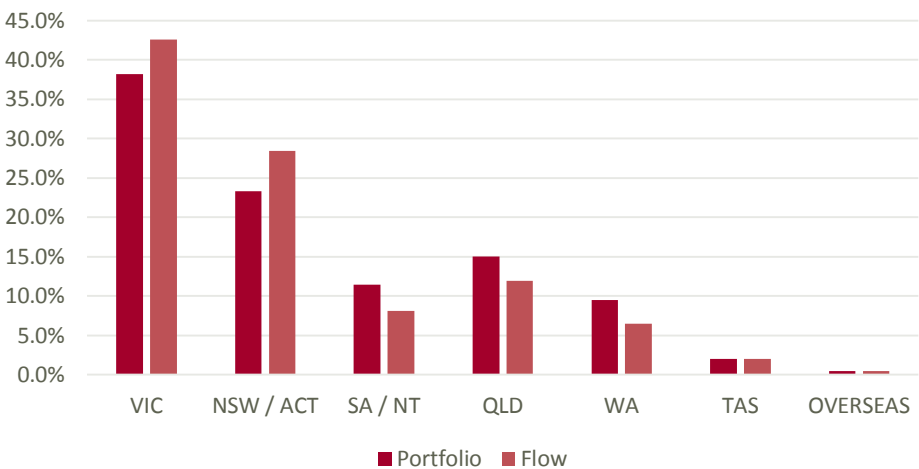


Residential loan-to-value profile

77% of portfolio with LVR ≤ 80%



Residential Mortgage - portfolio and flow¹

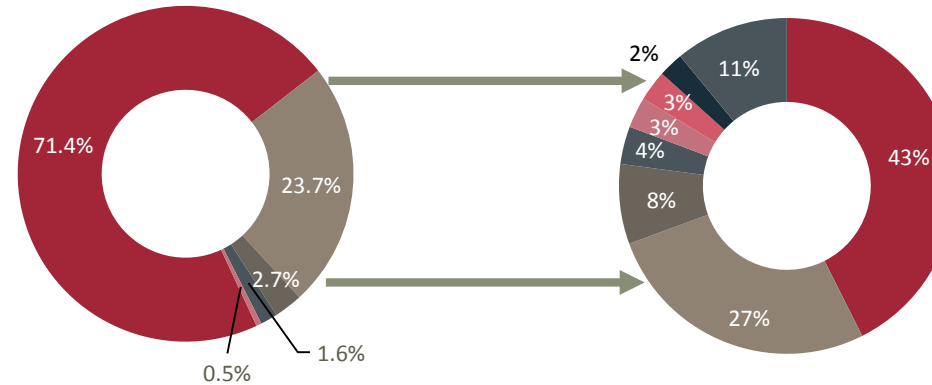


Note - Breakdown of LVRs for by residential mortgages at 30 June 2018 by origination
1. Contains all Local Connection and Partner Connection residential mortgage lending. Overseas removed from graph due to small percentage (Portfolio 0.5%, flow 0.5%)

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
- Construction
- Health Care & Social assist
- Retail trade
- Finance & insurance
- Accom & food services
- Other

- 98.4% secured
- 97.9% secured by mortgages and listed securities
- Residential mortgages
 - average LVR 59%
 - 63% owner occupied
- Margin Lending
 - 78% of portfolios hold ≥ 4 stocks
 - Average LVR 35%

Residential Mortgages ^{2,3}	Jun-18	Dec-17
Retail mortgages	59%	58%
Third Party mortgages	41%	42%
Lo Doc	2%	2%
Owner occupied	63%	63%
Owner occupied P&I	82%	79%
Owner occupied I/O	18%	21%
Investment	37%	37%
Investment P&I	42%	38%
Investment I/O	58%	62%

Residential Mortgages ^{2,3}	Jun-18	Dec-17
Mortgages with LMI	23%	27%
Average LVR	59%	61%
Average loan balance	\$231k	\$225k
90+ days past due - exc arrangements	0.5%	0.5%
Impaired loans	0.11%	0.13%
Specific provisions	0.03%	0.03%
Loss rate	0.02%	0.01%
Variable	74%	72%
Fixed	26%	28%

1. Loan data represented by security as per page 23 in the 4E

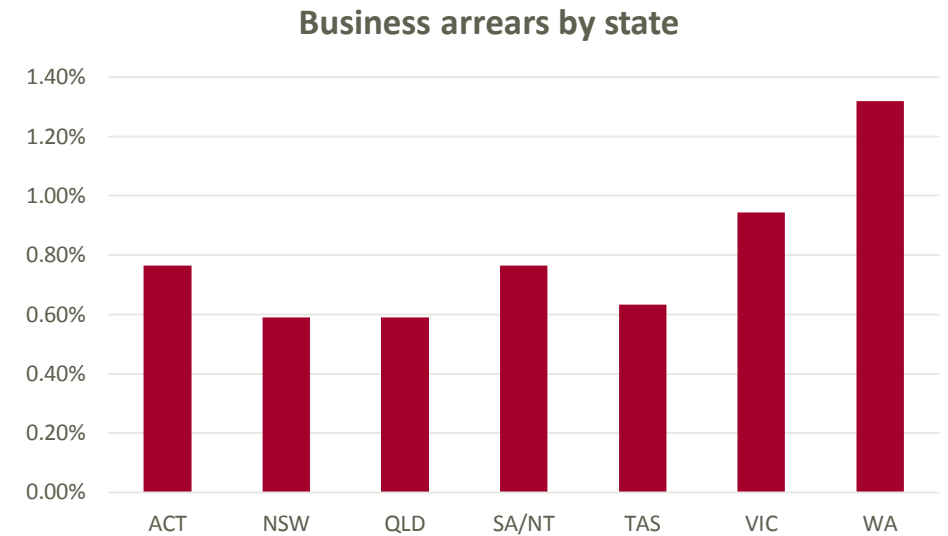
2. Loan data represented by purpose

3. Excludes Delphi Bank & Keystart data

Commercial Loan book portfolio

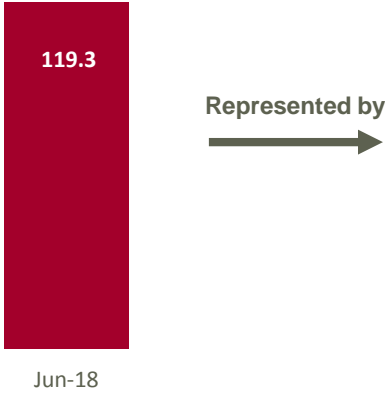
Portfolio		
	Jun-18	Jun-17
VIC – Melbourne	33%	34%
VIC – other	14%	13%
NSW – Sydney	6%	6%
NSW – other	4%	3%
QLD – Brisbane	4%	4%
QLD – other	6%	6%
QLD - Gold Coast	2%	1%
SA	17%	17%
WA	10%	10%
Other ¹	3%	4%

1. Other includes NT, Tasmania and ACT

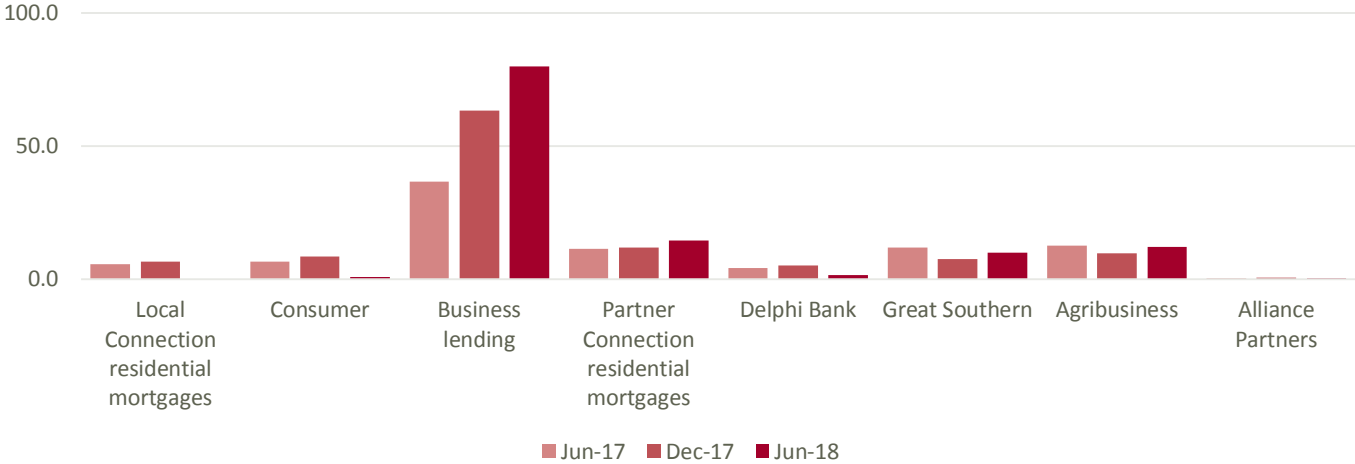


Specific provisions

Specific provision
balance (\$m)



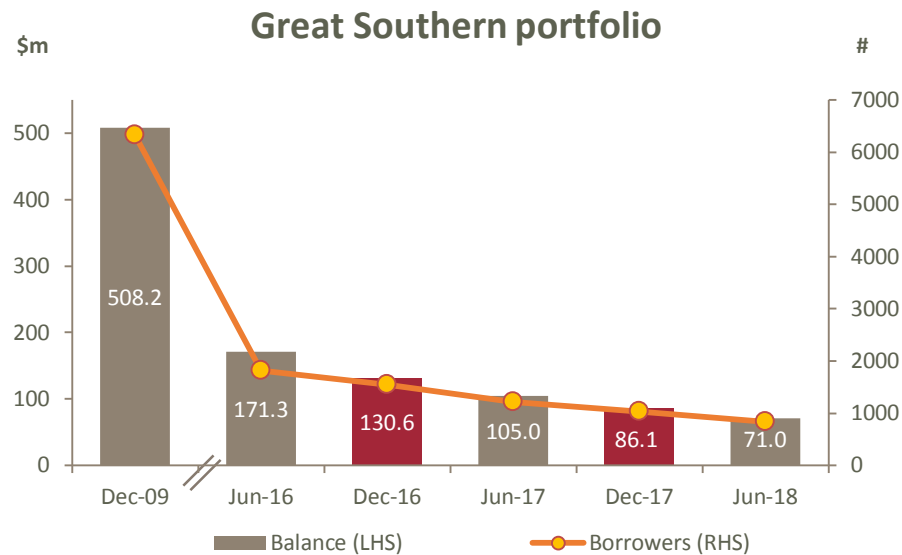
Specific provisions breakdown



Provision as % of each portfolio's gross loans	Local Connection residential mortgages	Consumer	Business Lending	Partner Connection residential mortgages	Delphi Bank	Great Southern	Agribusiness	Alliance Partners	BEN total
June 2018	0.03%	0.53%	0.98%	0.06%	0.08%	11.62%	0.20%	0.05%	0.19%
June 2017	0.02%	0.58%	0.49%	0.06%	0.22%	9.42%	0.22%	0.06%	0.15%
Portfolio as % of gross loans	39.6%	1.8%	11.6%	33.1%	3.0%	0.1%	9.5%	1.3%	100%

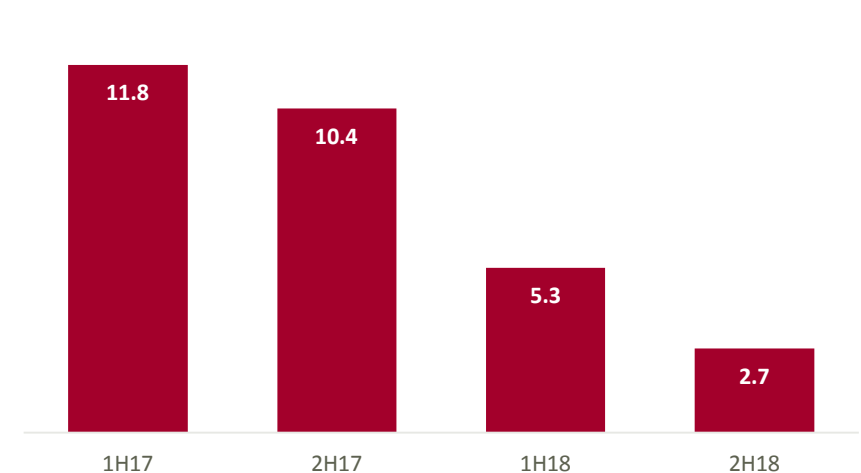
Great Southern paying down

- Great Southern portfolio has paid down significantly and adequately provisioned
- Past due 90 days of \$50.5m¹, down 36% from 30 June 2017
- Specific provision of \$9.9m¹, down 17% from 30 June 2017
- Collective provision of \$13.5m¹, reduced by \$3m in line with reduction in portfolio



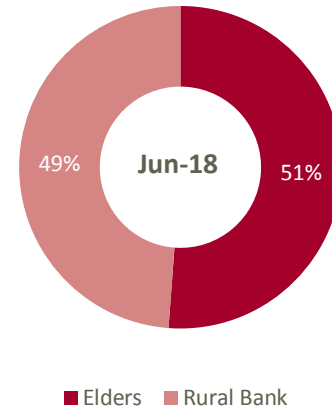
1 - Data as at 30 June 2018

Great Southern BDD (\$m)

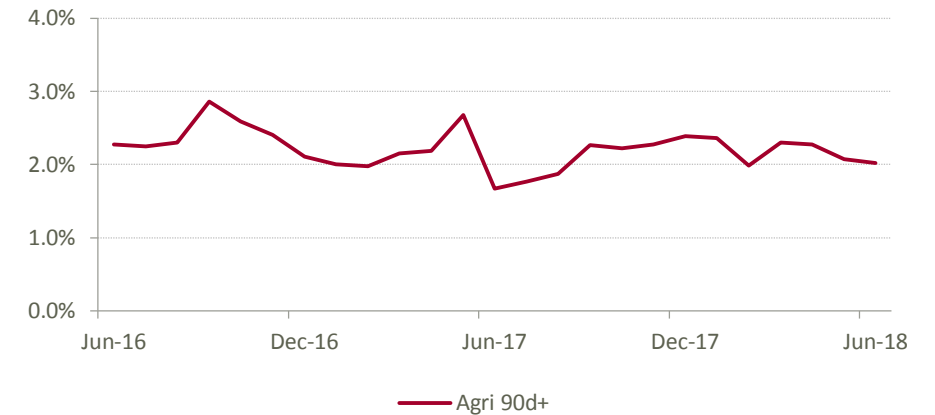


Agribusiness

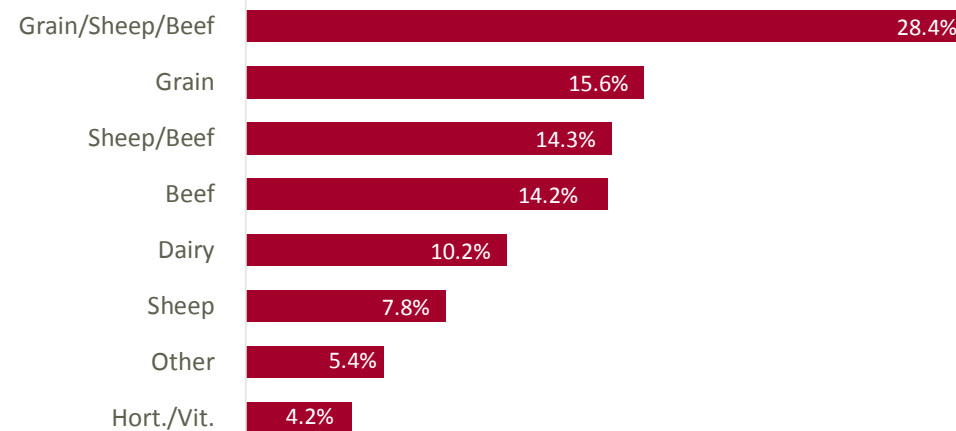
Lending customer management



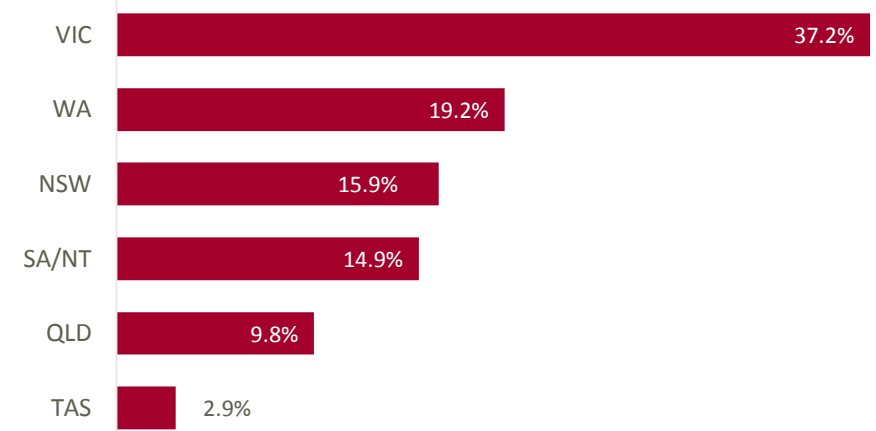
Agribusiness loan arrears



Agri exposure by industry



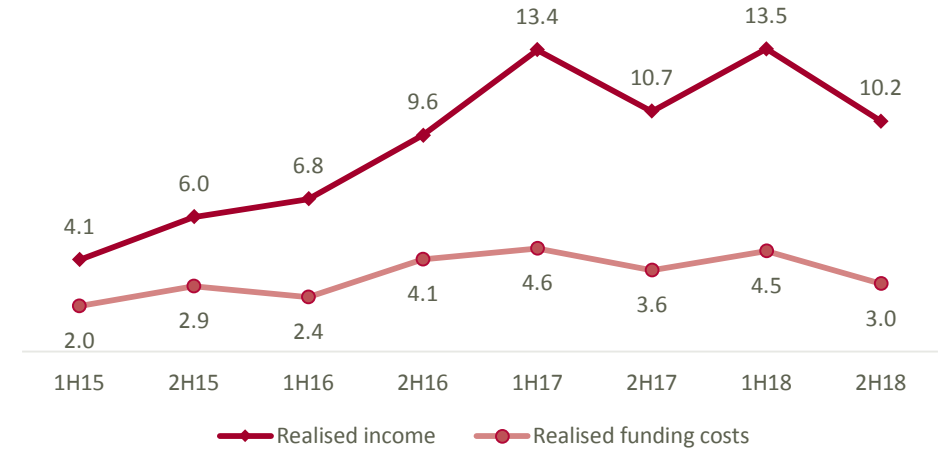
Agri exposure by state



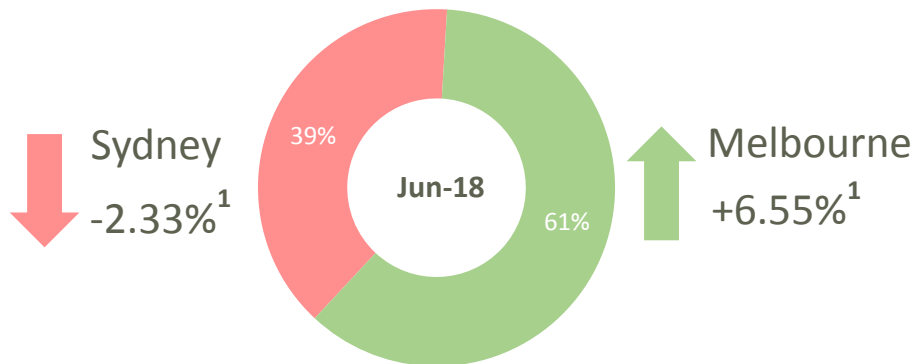
Homesafe investment property portfolio

- Proceeds on completed contracts continue to exceed pre-overlay values
- Overlay reflects an assumed 3% increase in property prices for the next 18 months before returning to a long term growth rate of 6%
- Average annual return on completed contracts since inception is 9.9%, pre funding costs

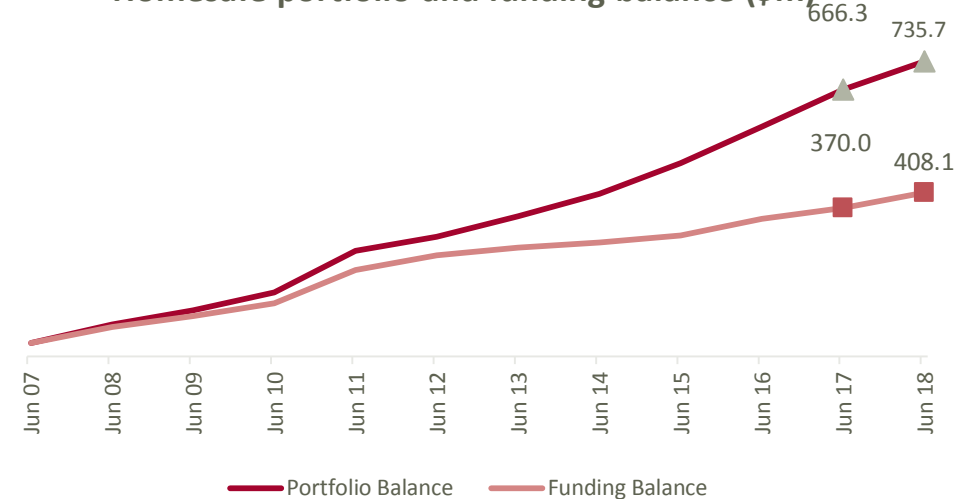
Realised - income vs funding costs (\$m)



Homesafe portfolio distribution



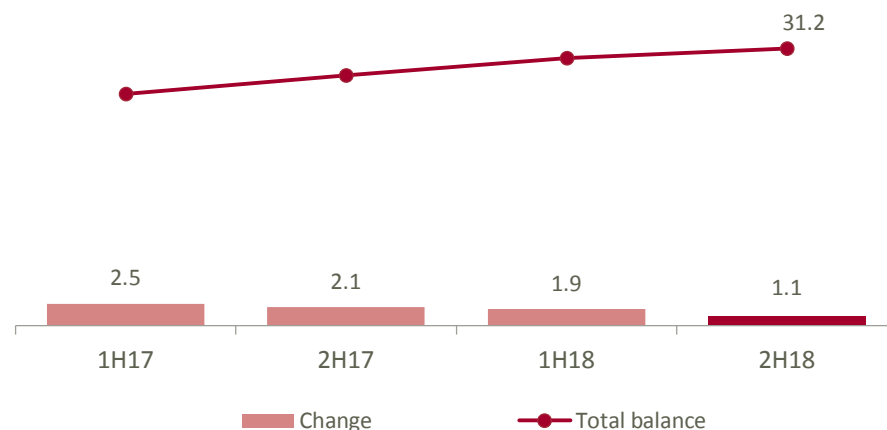
Homesafe portfolio and funding balance (\$m)



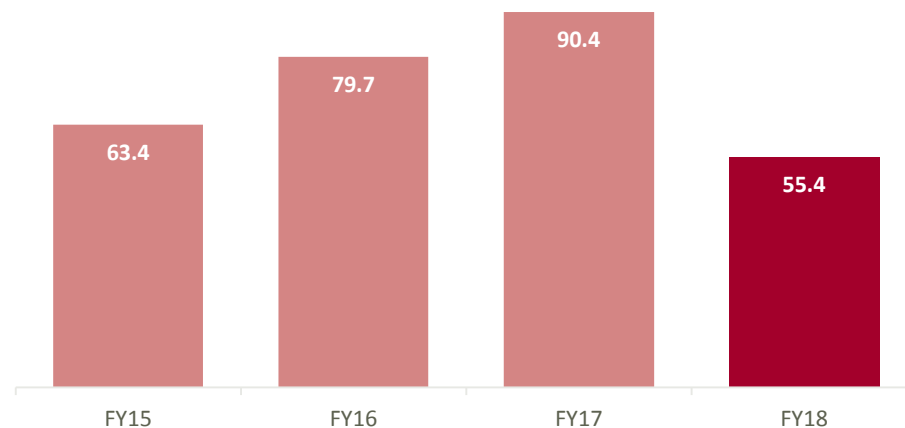
1. 12 months movement reflects Residex movement between 1 June 2017 and 31 May 2018

Homesafe investment property portfolio (statutory earnings)

Portfolio overlay (\$m)



Homesafe statutory income contribution (\$m)



	1H17 (\$m)	2H17 (\$m)	1H18 (\$m)	2H18 (\$m)
Profit on sale	\$1.4	\$0.3	\$1.0	\$1.3
Discount	\$9.0	\$9.4	\$10.4	\$10.1
Property revaluations	\$38.5	\$36.4	\$30.1	\$5.5
Portfolio overlay	-\$2.5	-\$2.1	-\$1.9	-\$1.1
Total income contribution	\$46.4	\$44.0	\$39.6	\$15.8

Homesafe accounting treatment – illustrative example

	Start of Year 1	End of Year 1	Year 2	Year 3	Year 4	Total
Day 1 funding	100,000					
Property value		110,000	130,000	120,000		
Homesafe Income		10,000	20,000	(10,000)	5,000	
Unrealised funding costs		(5,000)	(5,000)	(5,000)	(5,000)	
Property sold					125,000	
Realised profit					25,000	
Realised funding costs					(20,000)	
Profit and Loss						
Unrealised funding costs (NII)		(5,000)	(5,000)	(5,000)	(5,000)	(20,000)
Homesafe revaluation income		10,000	20,000	(10,000)	5,000	25,000
Total statutory earnings before tax		5,000	15,000	(15,000)	0	5,000
Cash earnings adjustments						
Unrealised funding costs		5,000	5,000	5,000	5,000	20,000
Homesafe revaluation income		(10,000)	(20,000)	10,000	(5,000)	(25,000)
Realised income		0	0	0	25,000	25,000
Realised funding costs		0	0	0	(20,000)	(20,000)
Total before tax		(5,000)	(15,000)	15,000	5,000	0
Net cash earnings before tax		0	0	0	5,000	5,000

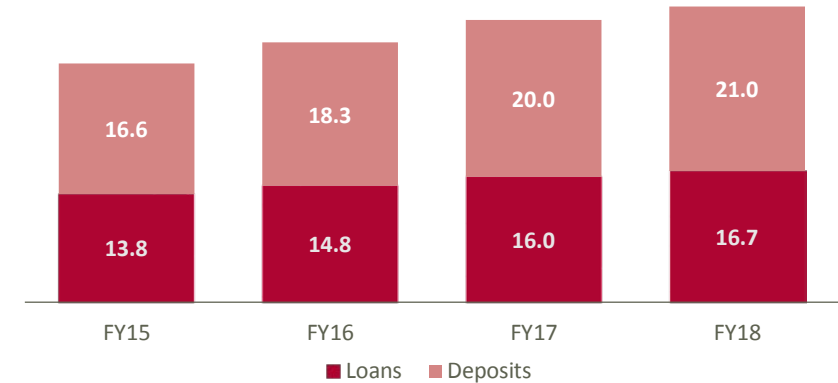
Note – for illustrative purposes only

The Community Bank[®] model

20th anniversary

- Over \$200m in community contributions¹ 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
- 321 **Community Bank[®]** branches, of which over 20% are the last financial institution in the town or suburb
- Proven, reliable and cost effective distribution strategy
- Up to 80% of Community Bank profit (after tax) distributed to the community

Community Bank[®] footings (\$bn)²



Margin Income is calculated using the Funds Transfer Price Methodology and is split 50/50 between BEN and the Community Bank[®]



Other income including fee income, upfront & trailer product commission



Direct operating costs including staff costs, occupancy, insurance and utilities



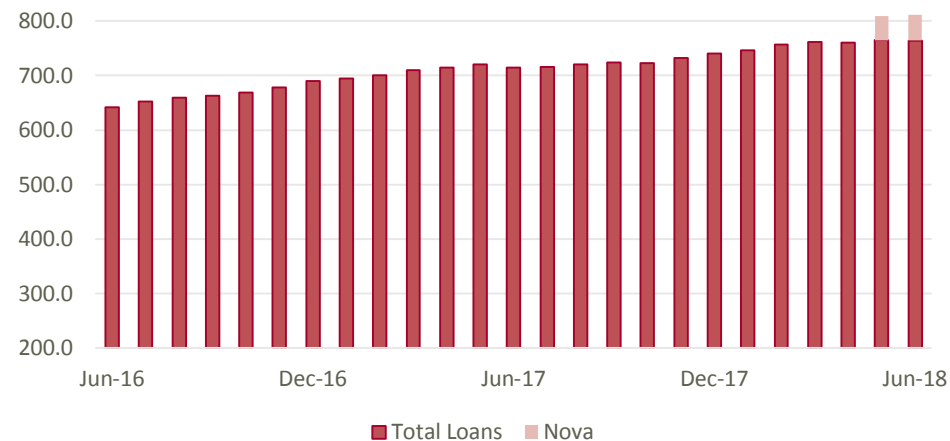
Community Bank[®] profit before tax

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

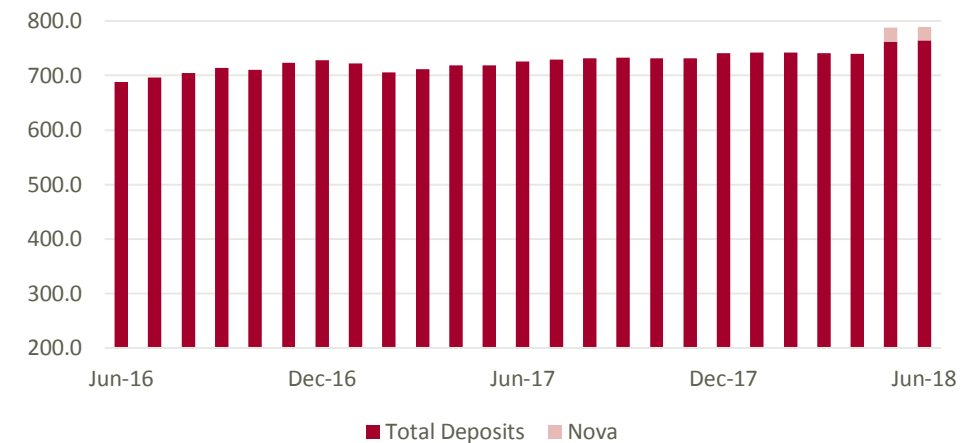
Alliance Bank[®] growth

- Nova Alliance Bank[®] added in May 2018
- Nova included \$71m in total loans and deposits and 1,500 new members
- Alliance Bank[®] delivered 13.6% lending growth in FY18

Alliance Bank[®] loan portfolio balance



Alliance Bank[®] deposit portfolio balance



Statutory earnings to cash earnings - reconciliation

	FY18 (\$m)	FY17 (\$m)
Statutory Profit after tax	\$434.5	\$429.6
Fair value adjustments	\$0.8	\$1.8
Homesafe unrealised adjustments	(\$26.8)	(\$52.2)
Hedging/income (costs)	(\$1.2)	\$5.6
(Profit)/Loss on sale of business	\$1.2	(\$2.7)
Integration costs	\$5.3	\$9.2
Impairment charge/(reversal)	\$0.4	(\$0.9)
Operating expenses, includes legal, litigation and compensation costs	\$13.8	\$4.4
Amortisation of intangibles	\$5.8	\$12.4
Cash earnings after tax (sub total)¹	\$433.8	\$407.2
Homesafe net realised income after tax	\$11.3	\$11.1
Cash earnings after tax	\$445.1	\$418.3

1. Cash earnings subtotal is equal to cash earnings before Homesafe realised income

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Bendigo and Adelaide Bank

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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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