APPENDIX 4D

Half Year Results

For the period ended 31 December 2021
Released 14 February 2022

ABN 11 068 049 178

Bendigo and Adelaide Bank

This report comprises information given to the ASX under listing rule 4.2A
Information contained in this report should be read in conjunction with the June 2021 annual financial report.

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Appendix 4D: Half Year Results

Contents

Cash Earnings

Certain financial measures detailed in this Half Year Results Announcement for the year ended 31 December 2021 have been disclosed on a cash earnings basis.

Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. It is considered by management to be a key indicator of the underlying performance of the core business activities of the Group. Cash earnings is defined as statutory net profit after tax adjusted for specific items and non-cash items. Specific items are those deemed to be outside of the Group's core activities and hence these items are not considered to be representative of the Group's ongoing financial performance.

Section 2.1.3 of this Half Year Results Announcement for the year ended 31 December 2021 contains a reconciliation of cash earnings to statutory net profit and Section 2.2.1 provides a description of the cash earnings adjustments for the half year ended 31 December 2021.

1 Appendix 4D: Half year results

1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Reporting period - six months ended:	31 December 2021
Previous corresponding period - six months ended:	31 December 2020

1.2 Results for announcement to the market

Revenue from ordinary activities	▲	8.5% to $965.1 m
Profit after tax from ordinary activities	▲	31.7% to $321.3 m
Net profit after tax attributable to Owners of the Company	▲	31.7% to $321.3 m

Dividends	Date payable/paid	Amount per security
Current financial year 2022		
Record date for determining entitlements	8 March 2022	
Interim dividend - fully franked	31 March 2022	26.5 cents
Previous financial year 2021		
Final dividend - fully franked	30 September 2021	26.5 cents
Interim dividend - fully franked	31 March 2021	23.5 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Company	▲	18.7% to $260.7 m
Cash earnings per share	▲	13.5% to 47.0 cents

See note 2.1.2 and 2.2.12.3 for full details

1.4 ASX Appendix 4D table

Details of entities over which control has been gained or lost during the period (Rule 4.2A.3 Item No. 4)

On 1 September 2021 the Group acquired 100% of the shares in Ferocia Pty Ltd, a Melbourne-based fintech company, resulting in Ferocia Pty Ltd becoming a 100% owned subsidiary.

Accounting standards used for foreign entities (Rule 4.2A.3 Item No. 8)

Not applicable.

Half year financial statements

Refer to pages 32 to 59 of the attached December 2021 half year profit announcement.

1.5 Group performance summary

Our strategy and our focus on execution are delivering strong financial performance. We are committed to removing complexity, keeping costs low and, above all, remaining a customer centric organisation.

In 1H22 we recorded an after-tax statutory profit of $321.3 million and cash earnings of $260.7 million, a 9.8% increase from the prior six month period and a 18.7% increase from the prior corresponding period. Cash earnings per share of 47.0 cents was up 6.6% from the prior half, and up 13.5% from the prior corresponding period, and the Cost to Income ratio continued to improve, decreasing to 59.3%.

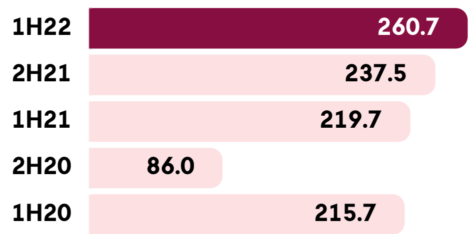
For the sixth consecutive half we have delivered above system growth in residential lending, with total lending up $1.5 billion or 2.1%. Customer deposits also grew by $3.8 billion or 6.6%. During the half we extended our customer base by 3.4% to 2.12 million customers and have maintained the highest NPS of any Australian listed bank at 29.7.

In September 2021 we acquired Ferocia Pty Ltd, a Melbourne-based fintech company, to help accelerate our transformation and digital strategy. We are making progress on simplifying our business and reducing complexity by continuing our transformation agenda and divesting non-core assets and business lines.

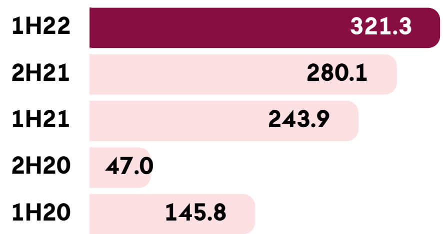
We announced a fully franked interim dividend of 26.5 cents per share.

These results show that we are executing our strategy as we become a bigger, better and stronger business.

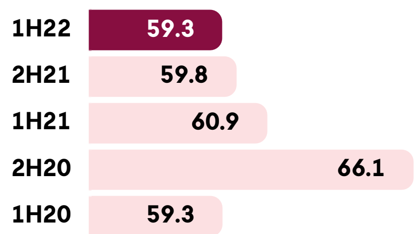
Cash earnings after tax ($m)



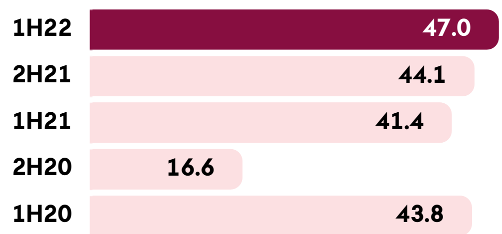
Statutory net profit after tax ($m)



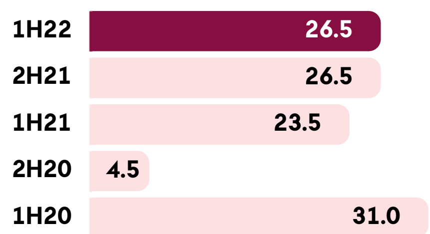
Cost to income (%)[1]



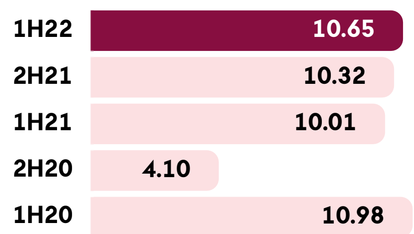
Cash earnings per share (c)



Dividend per share (c)



Return on tangible equity (%)[1]



[1] Calculated using cash earnings

1.6 Group performance analysis

STATUTORY EARNINGS (AFTER TAX)

$321.3m

2H21 $280.1m
1H21 $243.9m

CASH EARNINGS (AFTER TAX)

$260.7m

2H21 $237.5m
1H21 $219.7m

Statutory profit after income tax increased 14.7% to $321.3 million (2H21: $280.1 million) and cash earnings after tax increased 9.8% to $260.7 million (2H21: $237.5 million).

Both statutory profit after tax and cash earnings after tax were impacted by:

- An increase in net interest income relating to growth in the lending portfolios, partially offset by the change in the lending mix and the higher balance of lower yielding liquid assets during the half.
- Continued investment in transformation totalling $42.1 million or $29.5 million after tax (2H21: $49.8 million or $34.9 million after tax) recorded in cash operating expenses. This investment focused on improving customer experience and productivity, modernising our technology platforms to deliver process and technology simplification and automation, as well as delivering on key regulatory obligations.
- A decrease in credit expenses attributed to a $7.3 million release of the collective provision overlays, as well as an additional $6.8 million release in the modelled collective provision mainly due to improved economic conditions in the Australian economy.

Statutory profit was also impacted by Homesafe revaluation gains of $105.6 million (2H21: $76.1 million), with significant growth in both the Sydney and Melbourne property markets during the half.

Cash earnings is considered by management to be a key indicator of the underlying performance of our core business activities. It is defined as statutory net profit after tax adjusted for specific items and non-cash items. Specific items are those deemed to be outside of the core activities of the business. Cash earnings adjustments are outlined in sections 2.1.2, 2.1.3, and 2.2.1.

Income

INCOME (CASH BASIS) [1]

$873.4m

2H21 $853.5m
1H21 $849.0m

NET INTEREST MARGIN

2.09%

2H21 2.23%
1H21 2.30%

[1] Includes Homesafe realised income

Net interest income (cash basis) increased by 1.4% to $726.9 million (2H21: $716.6 million). Net interest margin (before revenue share arrangements) decreased from the prior half to 2.09% (2H21: 2.23%), however, this contraction in net interest margin was more than offset by an increase in lending activity with total lending up 2.1% over the last 6 months.

Net interest margin (before revenue share arrangements) declined by 14bps over the half. Continued pricing pressure on mortgages, in addition to the higher balance of lower yielding liquid assets and a change in customer preference to fixed loans have negatively impacted net interest margin. This was partially offset by favourable margin contraction in term deposits and wholesale funding.

Other **operating income** (cash basis) increased by 7.0% to $146.5 million (2H21: $136.9 million). Key drivers include lower losses in the trading book, increases in foreign exchange income and increased dividend income from the Group's strategic investments.

The Group also recorded increased commissions due to an increase in funds under management, in addition to the negotiation of new referral arrangements in the Business division. The Group also recorded increased Homesafe realised income.

These increases were partially offset by reductions in fee income during the half, largely from reduced income in Agribusiness' Government services division. Card and merchant income also reduced largely attributable to the sale of the Merchant Services business to Tyro Payments Limited in FY21. This revenue decline is partially offset by cost savings realised from the transaction.

Net interest margin represents the return on average interest earning assets less the costs of funding these assets. Net interest margin (before revenue share arrangement) is calculated excluding any revenue share arrangements with partners.

Operating expenses

OPERATING EXPENSES (CASH BASIS)

$517.7m

2H21 $510.0m
1H21 $517.4m

COST TO INCOME RATIO

59.3%

2H21 59.8%
1H21 60.9%

Operating expenses (cash basis) increased by 1.5% to $517.7 million (2H21: $510.0 million) mainly due to increased staff costs associated with the onboarding of Ferocia staff in September 2021, three additional days in the half, and an increase to the superannuation guarantee charge. Software amortisation increased, with a number of significant technology assets becoming operational during the half. Fraud and remediation costs have also increased by $7.1 million from 2H21.

These increases are partially offset by a reduction in expenses following the sale of the Merchant Services business in FY21, lower transformation spend and higher capitalisation given the scope of activities underway. The group also recorded lower redundancy costs and staff performance accruals in 1H22 compared to the prior half.

The cost to income ratio decreased to 59.3% (2H21: 59.8%), a result driven by a combination of revenue growth and our continued focus on cost reduction.

Credit expenses and provisions

CREDIT EXPENSES

($17.8m)

2H21 ($1.5m)
1H21 $19.5m

TOTAL PROVISIONS

$388.4m

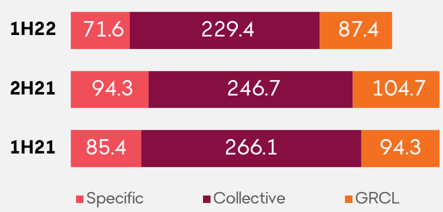
2H21 $445.7m
1H21 $445.8m

There was a significant decrease in credit expenses during the period, with total credit expenses recognised being ($17.8 million) (2H21: ($1.5 million)). This decrease was largely attributed to a release of $7.3 million in the collective provision overlays, as well as a $6.8 million release in the modelled collective provision mainly due to improved economic conditions in the Australian economy.

We have seen an improvement in credit performance, with low levels of arrears, leading to a reduction in impaired assets of 56.0% to $152.8 million (2H21: $208.8 million) and continued improving economic conditions.

Notwithstanding the improved economic conditions, our provision levels remain conservative given the continuing uncertainties resulting from the COVID-19 pandemic. The total of provisions and general reserve for credit losses decreased during the half by 12.9% to $388.4 million (2H21: $445.7 million).

TOTAL PROVISIONS AND RESERVES FOR DOUBTFUL DEBTS ($'M)



Dividends

DIVIDENDS

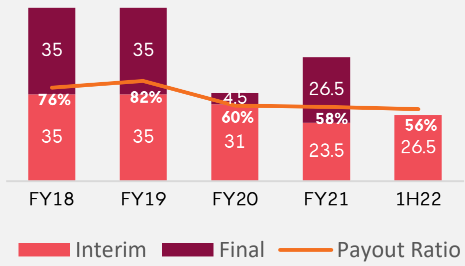
26.5c

2H21 26.5c
1H21 23.5c

The Board declared a fully franked interim dividend of 26.5 cents per share (FY21 interim: 23.5 cents per share; FY21 final: 26.5 cents per share).

The Bank has in place a Dividend Reinvestment Plan and a Bonus Share Scheme. The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend.

DIVIDEND PER SHARE (CENTS)



Capital

COMMON EQUITY TIER 1 RATIO

9.85%

2H21 9.57%
1H21 9.36%

The Bank has a strong capital position with a Common Equity Tier 1 (CET1) ratio of 9.85% (2H21: 9.57%), which is above APRA's 'unquestionably strong' benchmark target for standardised banks. Our continued strong capital position reflects a well-managed balance sheet and strong risk management.

The Bank is regulated by APRA due to its status as an Authorised Deposit-taking Institution ("ADI").

APRA is the prudential regulator of the Australian financial services industry which includes ADIs. APRA's Prudential Standards aim to ensure that ADIs remain adequately capitalised to support the risks associated with their activities and to generally protect Australian depositors. The Bank is on the standardised approach for calculating its regulatory capital requirements under Basel II and targets a CET1 ratio in the range of 9.0% to 9.5%. From 14 February 2022, the Board has approved a new CET1 target ratio of between 9.5% and 10.0%.

Divisional Performance

Consumer

The Consumer division focuses on engaging with and servicing our consumer customers and includes the branch network (including Community Banks and Alliance Banks), Up digital bank, mobile relationship managers, third party banking channels, wealth services, Homesafe, and customer support functions.

CASH EARNINGS (AFTER TAX)

$252.7m

2H21 $233.7m
1H21 $221.5m

Cash earnings increased to $252.7 million (2H21: $233.7 million), with the key drivers of this performance being:

- > Improvement in **net interest income** following continued strong growth in the residential mortgage portfolio, partially offset by NIM reductions mainly due to a higher proportion of lower yielding fixed-rate lending compared to variable lending.
- > A decline in **other income** due to the sale of the Merchant Services business in FY21 offset by increases in fund management fees.
- > An increase in **operating expenses**, reflecting incremental business costs from acquiring Ferocia, in addition to increased fraud and remediation costs. The increase was partially offset by savings realised from the sale of the Merchant Services business, and branch rationalisation programmes.
- > Lower **credit expenses** due to the releases of collectively assessed provisions, in addition to lower specific provision charges.

Business

The Business division is focused on servicing business customers, particularly small and medium businesses who are seeking a relationship banking experience and includes portfolio funding and Delphi Bank.

CASH EARNINGS (AFTER TAX)

$96.5m

2H21 $85.3m
1H21 $89.4m

Cash earnings increased to $96.5 million (2H21: $85.3 million), with the key drivers of this performance being:

- > Reduced **net interest income** following a decline in assets balances and an increase in liability balances over the half, in addition to lower margins.
- > An increase in **other income** due to increased foreign exchange income, in addition to new referral arrangements entered into by the division in 1H22.
- > A marginal reduction in **operating expenses**, reflecting the savings from efficiency programs that occured in 2H21.
- > Lower **credit expenses** driven by lower specific and collective impairment charges, in addition to increased recoveries.

Agribusiness

The Agribusiness division includes all banking services provided to agribusiness, rural and regional Australian communities through our Rural Bank brand, with a focus on the family corporate segment of Australian farm businesses.

CASH EARNINGS (AFTER TAX)

$57.2m

2H21 $46.7m
1H21 $43.9m

Cash earnings increased to $57.2 million (2H21: $46.7 million), with the key drivers of this performance being:

- > An increase in **net interest income** driven by an increase in average lending over the period and improved asset margins.
- > A reduction in **other income** due to reduced management fees from Government Services.
- > Reduced **operating expenses** from active management of staff costs, particularly in the Government Services division.
- > Lower **credit expenses** driven by releases in both the specific and collective provisions during the half.

Corporate

Corporate includes the results of the Group's support functions including treasury, technology, property services, strategy, finance, risk, compliance, legal, human resources, and investor relations.

CASH EARNINGS (AFTER TAX)

($145.7m)

2H21 ($128.2m)
1H21 ($135.1m)

Cash earnings for the current half year totalled ($145.7 million) (2H21: ($128.2 million)), with the key drivers of this performance being:

- > Increased **credit expenses** with a net release of $7.2 million in 1H22, compared to a net release of $22.6 million in 2H21.
- > Higher **other income** driven by reduced trading book losses.
- > An increase in **operating expenses**, driven by increased spend in the technology divisions, in addition to increased amortisation following a number of significant technology assets becoming operational during the half.

Lending

GROSS LOAN BALANCES BY PURPOSE

RESIDENTIAL	COMMERCIAL	CONSUMER	MARGIN LOANS
$54.0b	**$15.9b**	**$2.3b**	**$1.5b**
2H21 $51.9b	2H21 $16.5b	2H21 $2.4b	2H21 $1.5b
1H21 $48.4b	1H21 $15.9b	1H21 $2.7b	1H21 $1.4b

Total gross loans increased 2.1% during the half year to $73,752.8 million (2H21: $72,232.6 million).

Residential lending grew 4.2% or $2.1 billion during 1H22, which was above system lending growth, reflecting strong customer demand and the investment made in our retail and third-party businesses. This lending growth was delivered in our core segments of owner occupied and principal and interest lending. We continue to see customers choosing to lock in fixed rate lending as many customers seek to take advantage of record low interest rates.

During 1H22, business lending across the Bank reduced 8.3%[1] on an annualised basis. Most of this reduction is attributed to the seasonality of Agribusiness loans. A record grain harvest, in tandem with record commodity prices, has led to large paydowns of the Agribusiness facilities, noting that these paydowns do not impact the customers' credit limits. Business lending also reduced, driven by heightened competition and a deleveraging of risk within the portfolio. In early February 2022 it was announced that the Business Banking and Agribusiness divisions will be combined into a single division, with a clear focus on growth.

[1] APRA Monthly Banking Statistics December 2021. Data is an annualised growth rate based on a 6-month period (30/06/21 – 31/12/21). Business lending is lending to non-financial corporations as defined by APRA.

Funding

CUSTOMER DEPOSITS	WHOLESALE FUNDING[1]	OTHER WHOLESALE FUNDING[2]	SECURITISATION
$61.7b	**$16.2b**	**$1.4b**	**$4.0b**
2H21 $57.9b	2H21 $16.4b	2H21 $1.4b	2H21 $3.6b
1H21 $55.8b	1H21 $13.6b	1H21 $1.7b	1H21 $3.0b

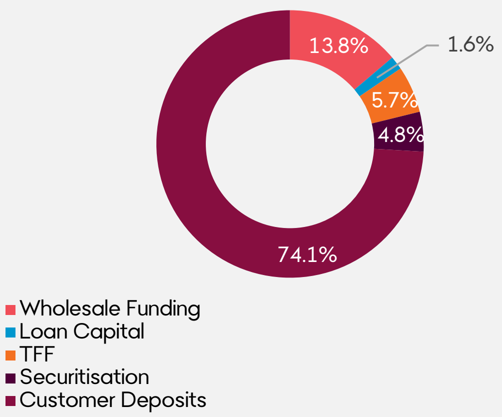
The Bank's principal source of funding is its stable deposit base, with customer deposits representing 74.1% (2H21: 73.0%) of the Bank's total funding. The Bank's customer deposits include deposits sourced from retail and corporate customers, predominantly through the retail network.

Wholesale funding activities support the core customer deposit funding strategy and provide additional diversification and benefits from longer term borrowings. Wholesale funding (including the TFF) reduced to 19.5% (2H21: 20.7%) during the half. Securitisation funding comprises 4.8% (2H21: 4.5%).

Our funding position continues to be a strength for the organisation. It provides flexibility to fund asset growth through our retail and business customer base as well as being able to access wholesale markets for unsecured or securitisation funding.

[1] Wholesale funding includes deposits from wholesale customers, the RBA Term Funding Facility (TFF) (1H22: $4.7 billion, 2H21: $4.7 billion) and other borrowings.
[2] 'Other wholesale funding' includes Loan Capital (including subordinated debt, converting preference shares and capital notes).

FUNDING COMPOSITION



2 Half year results

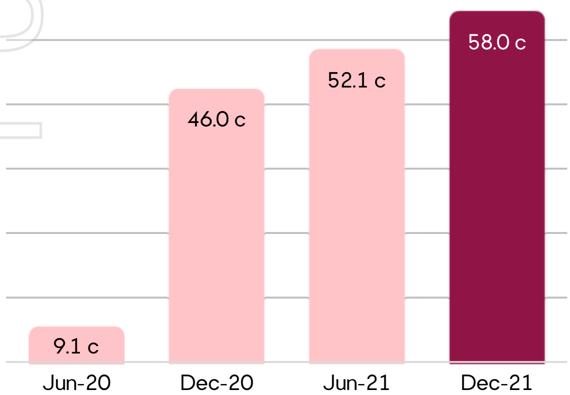
2.1 Financial summary

2.1.1 Statutory profit results

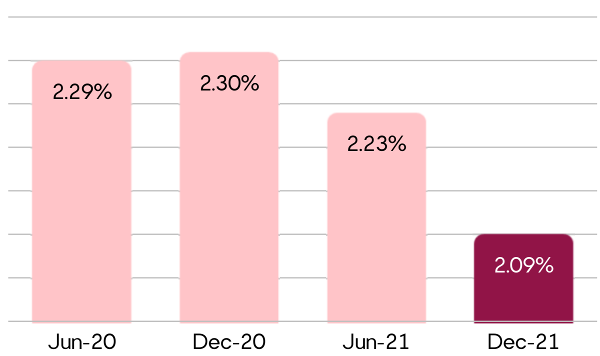
	Dec-21	Jun-21	Change		Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Net interest income	726.7	716.1	10.6	1.5	706.4	20.3	2.9
Other operating income	238.4	199.5	38.9	19.5	183.4	55.0	30.0
Total income	**965.1**	**915.6**	**49.5**	**5.4**	**889.8**	**75.3**	**8.5**
Credit reversals/(expenses)	17.8	1.5	16.3	1,086.7	(19.5)	37.3	191.3
Operating expenses	(524.5)	(511.3)	(13.2)	(2.6)	(522.4)	(2.1)	(0.4)
Total expenses	**(506.7)**	**(509.8)**	**3.1**	**0.6**	**(541.9)**	**35.2**	**6.5**
Profit before income tax expense	**458.4**	**405.8**	**52.6**	**13.0**	**347.9**	**110.5**	**31.8**
Income tax expense	(137.1)	(125.7)	(11.4)	(9.1)	(104.0)	(33.1)	(31.8)
Profit after income tax expense	**321.3**	**280.1**	**41.2**	**14.7**	**243.9**	**77.4**	**31.7**

	Half year				Dec-21 to Dec-20
	Dec-21	Jun-21	Dec-20	Jun-20	change
Earnings per ordinary share	cents	cents	cents	cents	cents
Basic	58.0	52.1	46.0	9.1	12.0
Diluted	50.8	44.5	37.9	8.9	12.9
Franked dividends per share	26.5	26.5	23.5	4.5	3.0
Financial performance ratios (statutory)	%	%	%	%	bps
Net interest margin before revenue share arrangements	2.09%	2.23%	2.30%	2.29%	(21)
Net interest margin after revenue share arrangements	1.80%	1.92%	1.97%	1.93%	(17)
Financial position ratios (statutory)	%	%	%	%	bps
Return on average ordinary equity (after tax)	9.99%	9.28%	8.29%	1.65%	170
Return on average tangible equity (after tax)	13.12%	12.18%	11.11%	2.24%	201
Return on average assets	0.77%	0.72%	0.65%	0.13%	12

Statutory EPS



Net interest margin before revenue share arrangements

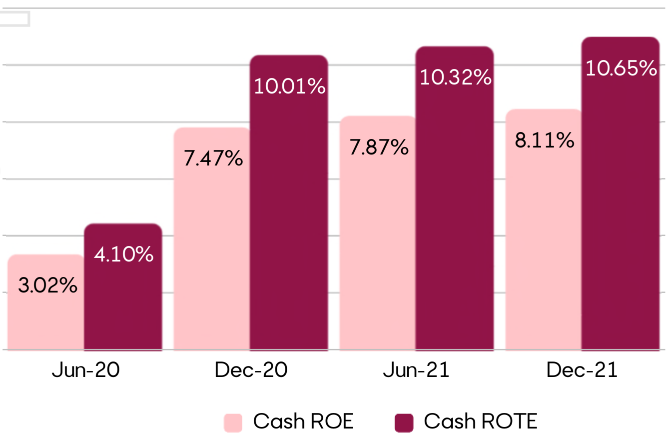


2.1.2 Cash earnings results

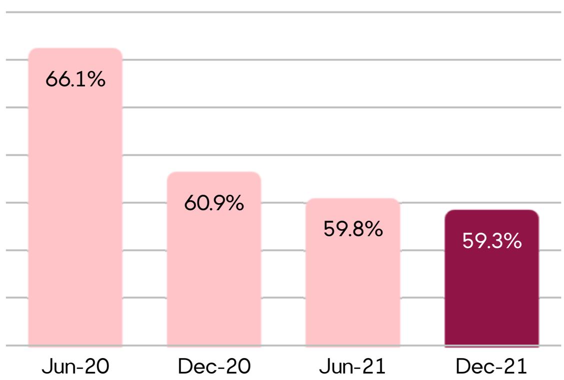
	Dec-21	Jun-21	Change		Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Net interest income	731.0	719.8	11.2	1.6	711.4	19.6	2.8
Other operating income	128.2	123.4	4.8	3.9	129.9	(1.7)	(1.3)
Total income	**859.2**	**843.2**	**16.0**	**1.9**	**841.3**	**17.9**	**2.1**
Credit reversals/(expenses)	17.8	1.5	16.3	1,086.7	(19.5)	37.3	191.3
Operating expenses	(517.7)	(510.0)	(7.7)	(1.5)	(517.4)	(0.3)	(0.1)
Total expenses	**(499.9)**	**(508.5)**	**8.6**	**1.7**	**(536.9)**	**37.0**	**6.9**
Income tax expense	(108.6)	(104.5)	(4.1)	(3.9)	(90.1)	(18.5)	(20.5)
Cash earnings before Homesafe realised income	**250.7**	**230.2**	**20.5**	**8.9**	**214.3**	**36.4**	**17.0**
Net Homesafe realised income (after tax)	10.0	7.3	2.7	37.0	5.4	4.6	85.2
Cash earnings after income tax expense	**260.7**	**237.5**	**23.2**	**9.8**	**219.7**	**41.0**	**18.7**

	Half year				Dec-21 to Dec-20
	Dec-21	Jun-21	Dec-20	Jun-20	change
Earnings per ordinary share	cents	cents	cents	cents	cents
Cash	47.0	44.1	41.4	16.6	5.6
Financial performance ratios (cash)	%	%	%	%	bps
Cost to income ratio	59.3%	59.8%	60.9%	66.1%	(160)
Financial position ratios (cash)	%	%	%	%	bps
Return on average ordinary equity (after tax)	8.11%	7.87%	7.47%	3.02%	64
Return on average tangible equity (after tax)	10.65%	10.32%	10.01%	4.10%	64
Return on average assets	0.62%	0.61%	0.59%	0.24%	3

Cash ROE and Cash ROTE



Cost to income ratio



2.1.3 Cash earnings reconciliation

For the half year ended 31 December 2021

	Statutory Profit	Cash earnings adjustments											
		Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Insurance Broking sale	Debtor Finance sale	Ferocia acquist'n	Restructure costs	Amort'n of acquired intangibles	Cash earnings sub-total [1]	Net Homesafe realised income	Cash earnings
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	726.7	0.1	4.2	-	-	-	-	-	-	-	731.0	(4.1)	726.9
Other income	238.4	-	(105.6)	-	-	(3.1)	(1.5)	-	-	-	128.2	18.3	146.5
Total income	**965.1**	**0.1**	**(101.4)**	**-**	**-**	**(3.1)**	**(1.5)**	**-**	**-**	**-**	**859.2**	**14.2**	**873.4**
Credit reversals	17.8	-	-	-	-	-	-	-	-	-	17.8	-	17.8
Operating expenses	(524.5)	-	-	-	-	-	-	3.5	0.9	2.4	(517.7)	-	(517.7)
Net profit before tax	**458.4**	**0.1**	**(101.4)**	**-**	**-**	**(3.1)**	**(1.5)**	**3.5**	**0.9**	**2.4**	**359.3**	**14.2**	**373.5**
Income tax expense	(137.1)	(0.1)	30.5	-	-	(0.2)	(0.2)	(0.6)	(0.2)	(0.7)	(108.6)	(4.2)	(112.8)
Net profit after tax	**321.3**	**-**	**(70.9)**	**-**	**-**	**(3.3)**	**(1.7)**	**2.9**	**0.7**	**1.7**	**250.7**	**10.0**	**260.7**

For the half year ended 30 June 2021

	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	716.1	0.1	3.6	-	-	-	-	-	-	-	719.8	(3.2)	716.6
Other income	199.5	-	(76.1)	-	-	-	-	-	-	-	123.4	13.5	136.9
Total income	**915.6**	**0.1**	**(72.5)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**843.2**	**10.3**	**853.5**
Credit reversals	1.5	-	-	-	-	-	-	-	-	-	1.5	-	1.5
Operating expenses	(511.3)	-	-	-	-	-	-	-	-	1.3	(510.0)	-	(510.0)
Net profit before tax	**405.8**	**0.1**	**(72.5)**	**-**	**-**	**-**	**-**	**-**	**-**	**1.3**	**334.7**	**10.3**	**345.0**
Income tax expense	(125.7)	(0.1)	21.7	-	-	-	-	-	-	(0.4)	(104.5)	(3.0)	(107.5)
Net profit after tax	**280.1**	**-**	**(50.8)**	**-**	**-**	**-**	**-**	**-**	**-**	**0.9**	**230.2**	**7.3**	**237.5**

For the half year ended 31 December 2020

	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	706.4	-	5.0	-	-	-	-	-	-	-	711.4	(4.2)	707.2
Other income	183.4	-	(61.6)	8.1	-	-	-	-	-	-	129.9	11.9	141.8
Total income	**889.8**	**-**	**(56.6)**	**8.1**	**-**	**-**	**-**	**-**	**-**	**-**	**841.3**	**7.7**	**849.0**
Credit expenses	(19.5)	-	-	-	-	-	-	-	-	-	(19.5)	-	(19.5)
Operating expenses	(522.4)	-	-	-	3.3	-	-	-	-	1.7	(517.4)	-	(517.4)
Net profit before tax	**347.9**	**-**	**(56.6)**	**8.1**	**3.3**	**-**	**-**	**-**	**-**	**1.7**	**304.4**	**7.7**	**312.1**
Income tax expense	(104.0)	-	17.0	(2.4)	(0.2)	-	-	-	-	(0.5)	(90.1)	(2.3)	(92.4)
Net profit after tax	**243.9**	**-**	**(39.6)**	**5.7**	**3.1**	**-**	**-**	**-**	**-**	**1.2**	**214.3**	**5.4**	**219.7**

[1] Cash earnings sub-total is equal to cash earnings before Homesafe realised income.

2.2 Results commentary
2.2.1 Specific items

The reported profit after tax for the half year ended 31 December 2021 of $321.3 million included the following specific items:

	Dec-21		Jun-21		Dec-20	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
	$m	$m	$m	$m	$m	$m
Items included in interest income						
Fair value adjustments - interest expense	(0.1)	-	(0.1)	-	-	-
Homesafe funding costs - unrealised	(4.2)	(3.0)	(3.6)	(2.5)	(5.0)	(3.5)
Total specific net interest income items	**(4.3)**	**(3.0)**	**(3.7)**	**(2.5)**	**(5.0)**	**(3.5)**
Items included in other income						
Revaluation losses on economic hedges	-	-	-	-	(8.1)	(5.7)
Homesafe revaluation gain	105.6	73.9	76.1	53.3	61.6	43.1
Sale of Insurance Broking business	3.1	3.3	-	-	-	-
Sale of Debtor Finance business	1.5	1.7	-	-	-	-
Total specific other income items	**110.2**	**78.9**	**76.1**	**53.3**	**53.5**	**37.4**
Items included in operating expenses						
Amortisation of acquired intangibles	(2.4)	(1.7)	(1.3)	(0.9)	(1.7)	(1.2)
Sale of Merchant Services business	-	-	-	-	(3.3)	(3.1)
Business restructuring costs	(0.9)	(0.7)	-	-	-	-
Ferocia acquisition costs	(3.5)	(2.9)	-	-	-	-
Total specific operating expense items	**(6.8)**	**(5.3)**	**(1.3)**	**(0.9)**	**(5.0)**	**(4.3)**
Total specific items attributable to the Group	**99.1**	**70.6**	**71.1**	**49.9**	**43.5**	**29.6**
Other specific items						
Homesafe revaluation gain - realised	(18.3)	(12.8)	(13.5)	(9.5)	(11.9)	(8.3)
Homesafe funding costs - realised	4.1	2.8	3.2	2.2	4.2	2.9
Total other specific items attributable to the Group	**(14.2)**	**(10.0)**	**(10.3)**	**(7.3)**	**(7.7)**	**(5.4)**

Specific interest income items

Fair value adjustments - the acquisition of the business activities of Rural Finance resulted in the recognition of fair value adjustments on the loans acquired. These fair value adjustments are amortised over the life of the underlying transactions.

Homesafe funding costs - unrealised - interest expense incurred on existing contracts for the current year.

Specific other income items

Revaluation losses on economic hedges - represents unrealised losses from changes in the fair value of economic hedges. These movements represent timing differences that will reverse through earnings in the future.

Homesafe revaluation gain - represents the valuation movements of the investment property held.

Sale of Insurance Broker business - represents proceeds less costs of disposal relating to the sale of Community Insurance Solutions to Community Broker Network.

Sale of Debtor Financing business - represents proceeds less costs of disposal relating to the sale of the Debtor Financing business to Timelio Pty Ltd.

Specific operating expense items

Sale of Merchant Services business - represents proceeds less costs of disposal relating to the sale of the Merchant Services business to Tyro Payments Limited.

Ferocia acquisition costs - represents legal, consultancy and integration costs incurred in relation to the acquisition of Ferocia Pty Ltd.

Business restructuring costs - represent costs associated with the conversion of the Alliance Partner model to the Community Bank model and operating structure.

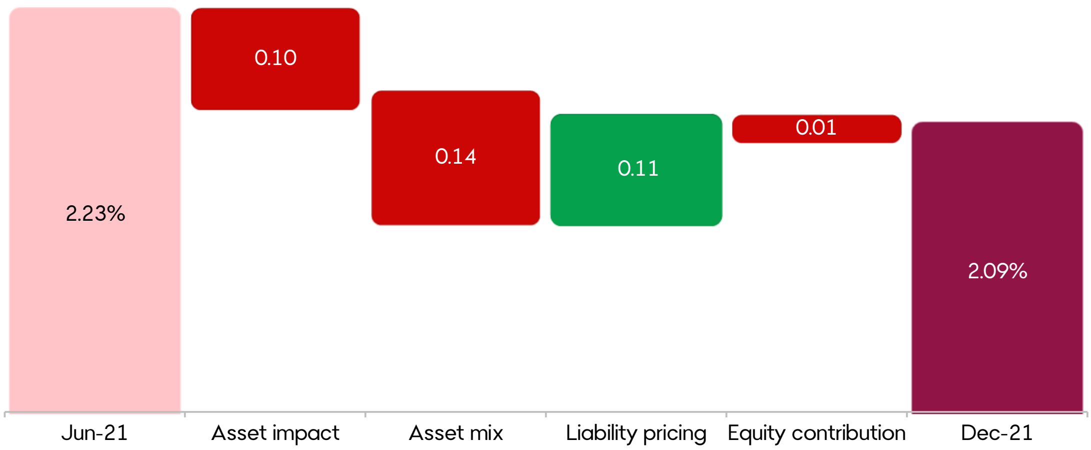
Other specific items

Homesafe revaluation gain - realised - represents funds received on completion being the difference between the cash received on completion less the initial funds advanced.

Homesafe funding costs - realised - represents accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings during the financial year they were incurred. These adjustments align the realised income and funding costs within the same period.

Refer to prior period Appendix 4E ASX result releases for details of prior period specific items.

2.2.2 Net interest margin (before revenue share arrangements)



Asset impact - Pricing pressure continued on variable and fixed rate mortgages, supporting above system loan growth resulting in increased net interest income during the half.

Asset mix - An increase in the average balance of lower yielding fixed loans compared to variable loans due to a shift in customer preference to fixed rate loans and an increase in the average balance of liquid assets through ongoing management of the Group's liquidity position.

Liability pricing - Favourable from margin contraction in term deposits and wholesale funding (mainly from large increase in RBA TFF average balance).

Equity contribution - Margin contraction given the proportion of non-interest bearing liabilities and equity that has decreased.

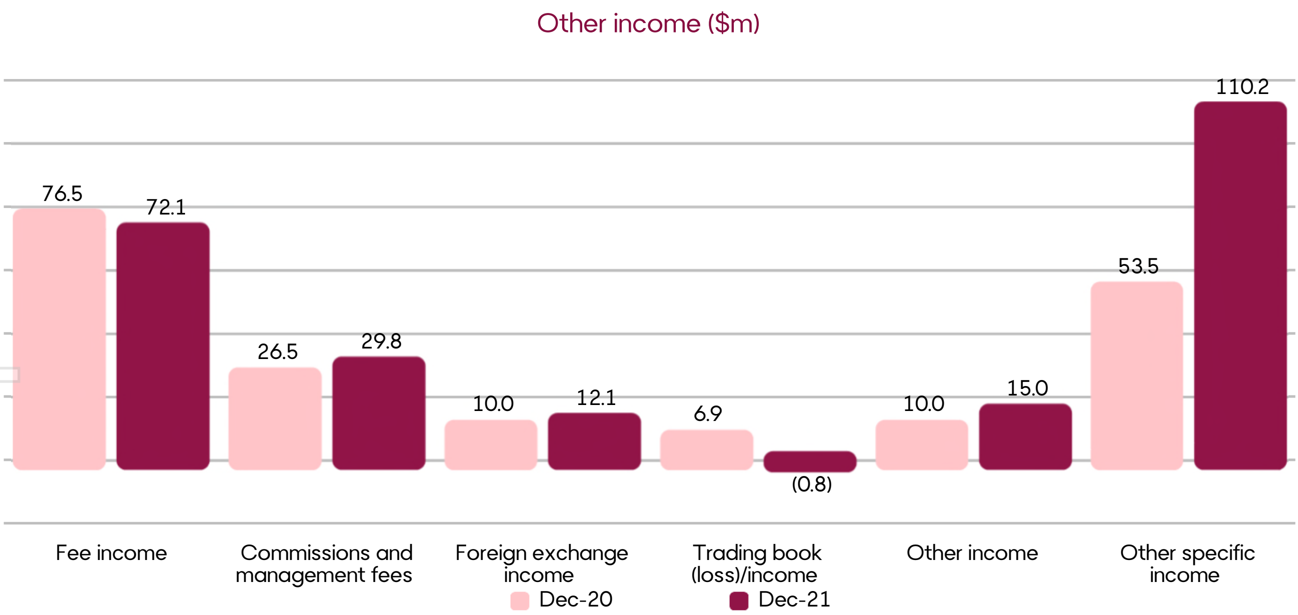
Cash net interest income [1]

	Half year		
	Dec-21	Jun-21	Dec-20
	$m	$m	$m
Net interest income including specific items [2]	726.7	716.1	706.4
Adjustments:			
Fair value adjustments [3]	0.1	0.1	-
Net interest income used in NIM calculation	**726.8**	**716.2**	**706.4**
Average interest earning assets [4]	80,056.6	75,059.0	71,290.0
Average interest earning liabilities [4]	75,932.7	71,067.8	67,575.2
Net interest margin (%)	1.80	1.92	1.97
Net interest margin before revenue share arrangement (%)	2.09	2.23	2.30

1 Cash net interest income includes Homesafe unrealised funding costs.
2 Refer to section 2.2.3 - Total net interest income including specific items.
3 Fair value adjustments relate to the acquisition of loans from Rural Finance.
4 Offset products have been reclassified from deposits and netted against the corresponding loan balance. (1H22: $5,834.4m; 2H21: $4,913.5m; 1H21: $4,206.2m)

2.2.3 Income

	Dec-21	Jun-21	Change		Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Net interest income	731.0	719.8	11.2	1.6	711.4	19.6	2.8
Homesafe funding costs - unrealised	(4.2)	(3.6)	(0.6)	(16.7)	(5.0)	0.8	16.0
Fair value adjustments - interest expense	(0.1)	(0.1)	-	-	-	(0.1)	-
Total net interest income including specific items	**726.7**	**716.1**	**10.6**	**1.5**	**706.4**	**20.3**	**2.9**
Other income							
Fee income	72.1	82.2	(10.1)	(12.3)	76.5	(4.4)	(5.8)
Commissions and management fees	29.8	27.0	2.8	10.4	26.5	3.3	12.5
Foreign exchange income	12.1	9.1	3.0	33.0	10.0	2.1	21.0
Trading book (loss)/income	(0.8)	(5.2)	4.4	84.6	6.9	(7.7)	(111.6)
Other	15.0	10.3	4.7	45.6	10.0	5.0	50.0
Total other income	**128.2**	**123.4**	**4.8**	**3.9**	**129.9**	**(1.7)**	**(1.3)**
Specific other income items							
Homesafe revaluation gain	105.6	76.1	29.5	38.8	61.6	44.0	71.4
Revaluation losses on economic hedges	-	-	-	-	(8.1)	8.1	100.0
Other Specific income items	4.6	-	4.6	-	-	4.6	-
Total other specific income	**110.2**	**76.1**	**34.1**	**44.8**	**53.5**	**56.7**	**106.0**
Total other income including specific items	**238.4**	**199.5**	**38.9**	**19.5**	**183.4**	**55.0**	**30.0**
Total income	**965.1**	**915.6**	**49.5**	**5.4**	**889.8**	**75.3**	**8.5**



2.2.4 Homesafe Trust

Homesafe income	Half Year Dec-21 $m	Jun-21 $m	Dec-20 $m
Discount unwind	13.1	11.7	12.3
Profit on sale	4.9	3.5	1.7
Property revaluations	87.6	60.9	47.6
Total income	**105.6**	**76.1**	**61.6**

Profit on sale - This represents the difference between cash received on completion and the carrying value at the time of completion.
Property revaluations - This includes the impact of monthly movements in market indices of property values (Residex) and changes to property appreciation rate assumptions adopted by the Group.

	Half Year Dec-21 $m	Jun-21 $m	Dec-20 $m
Homesafe realised income	18.3	13.5	11.9

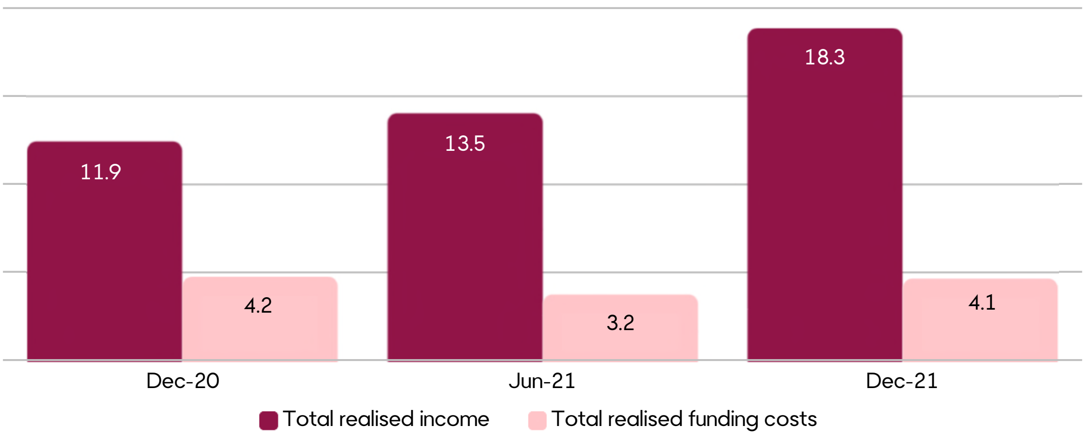
Realised income - The difference between cash received on completion and the initial funds advanced.

Funding costs	Half Year Dec-21 $m	Jun-21 $m	Dec-20 $m
Funding costs - unrealised	(4.2)	(3.6)	(5.0)
Funding costs - realised	(4.1)	(3.2)	(4.2)

Funding costs realised - Accumulated interest expense on completed contracts since initial funding.
Funding costs unrealised - Interest expense on existing contracts.

Portfolio balance	As at Dec-21 $m	As at Jun-21 $m	As at Dec-20 $m
Funded balance	509.4	493.9	490.6
Property revaluation balance	494.9	407.8	344.9
Total investment portfolio balance	**1,004.3**	**901.7**	**835.5**

Total realised income and realised funding costs ($m)



2.2.5 Operating expenses

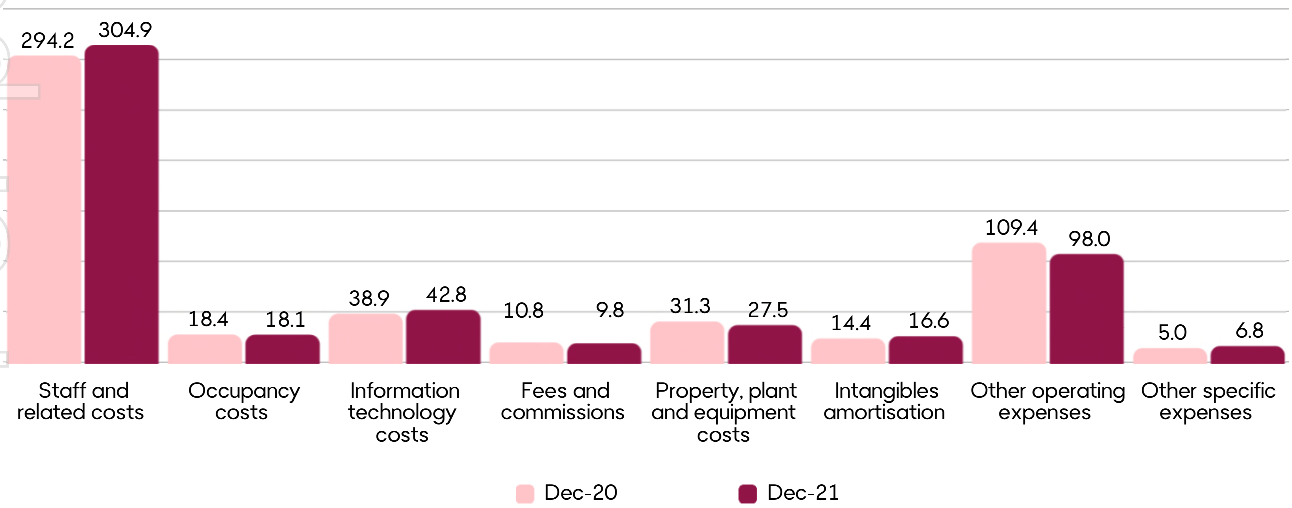
	Dec-21	Jun-21	Change		Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Staff and related costs	304.9	295.6	9.3	3.1	294.2	10.7	3.6
Occupancy costs	18.1	17.5	0.6	3.4	18.4	(0.3)	(1.6)
Information technology costs	42.8	40.5	2.3	5.7	38.9	3.9	10.0
Amortisation of software intangibles	16.6	13.5	3.1	23.0	14.4	2.2	15.3
Property, plant and equipment costs	27.5	29.8	(2.3)	(7.7)	31.3	(3.8)	(12.1)
Fees and commissions	9.8	9.4	0.4	4.3	10.8	(1.0)	(9.3)
Communications, postage and stationery	17.1	16.2	0.9	5.6	17.2	(0.1)	(0.6)
Advertising and promotion	12.2	13.1	(0.9)	(6.9)	15.2	(3.0)	(19.7)
Other product and services delivery costs	8.4	11.4	(3.0)	(26.3)	11.4	(3.0)	(26.3)
Other administration expenses	60.3	63.0	(2.7)	(4.3)	65.6	(5.3)	(8.1)
Total operating expenses	**517.7**	**510.0**	**7.7**	**1.5**	**517.4**	**0.3**	**0.1**
Amortisation of acquired intangibles	2.4	1.3	1.1	84.6	1.7	0.7	41.2
Other Specific expense items	4.4	-	4.4	-	3.3	1.1	33.3
Total expenses	**524.5**	**511.3**	**13.2**	**2.6**	**522.4**	**2.1**	**0.4**

	Dec-21	Jun-21	Change		Dec-20	Change	
				%			%
Cost to income [1]	59.3%	59.8%	(0.5)	(0.8)	60.9%	(1.6)	(2.6)
Expenses to average assets	1.23%	1.32%	(0.09)	(6.8)	1.38%	(0.15)	(10.9)
Staff and related costs to income [1,2]	34.8%	33.9%	0.9	2.7	33.7%	1.1	3.3
Number of staff (full-time equivalent)	4,575	4,483	92	2.1	4,529	46	1.0

[1] **Expenses** used in the above ratios are expenses less specific expense items and acquired intangibles amortisation.
Income used in the above ratios is income less specific net interest income items and other specific income items.

[2] This ratio has been adjusted to exclude the impact of redundancy costs before tax (1H22: $1.1m, 2H21: $6.5m, 1H21: $7.7m).

Operating expenses ($m)



2.2.6 Average balance sheet

For the six months ended 31 December 2021 and 30 June 2021

	31 December 2021			30 June 2021		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	13,021.5	4.3	0.07	10,038.8	8.9	0.18
Loans and other receivables [4]	67,035.1	872.9	2.58	65,020.2	892.5	2.77
Total interest earning assets	**80,056.6**	**877.2**	**2.17**	**75,059.0**	**901.4**	**2.42**
Non-interest earning assets						
Credit provisions	(326.2)			(347.9)		
Other assets	3,528.4			3,349.7		
Total non-interest earning assets	**3,202.2**			**3,001.8**		
Total assets (average balance)	**83,258.8**			**78,060.8**		
Interest bearing liabilities						
Funding						
- Customer deposits [4]	53,977.4	(90.6)	(0.33)	52,027.6	(122.5)	(0.47)
- Wholesale funding - domestic	11,430.7	(11.1)	(0.19)	11,070.1	(12.9)	(0.23)
- Repurchase agreements	5,081.9	(3.8)	(0.15)	2,917.5	(2.5)	(0.17)
Lease liability	165.3	(2.6)	(3.12)	186.6	(2.8)	(3.03)
Notes payable	3,863.4	(22.8)	(1.17)	3,240.3	(21.3)	(1.33)
Loan capital	1,414.0	(19.5)	(2.74)	1,625.7	(23.2)	(2.88)
Total interest bearing liabilities	**75,932.7**	**(150.4)**	**(0.39)**	**71,067.8**	**(185.2)**	**(0.53)**
Non-interest bearing liabilities and equity						
Other liabilities	837.8			819.2		
Equity	6,488.3			6,173.8		
Total non-interest bearing liabilities and equity	**7,326.1**			**6,993.0**		
Total liabilities and equity (average balance)	**83,258.8**			**78,060.8**		
Interest margin and interest spread						
Interest earning assets	80,056.6	877.2	2.17	75,059.0	901.4	2.42
Interest bearing liabilities	(75,932.7)	(150.4)	(0.39)	(71,067.8)	(185.2)	(0.53)
Net interest income and interest spread [2,5]		**726.8**	**1.78**		**716.2**	**1.89**
Benefit of net free liabilities, provisions and equity			0.02			0.03
Net interest margin [3]			**1.80**			**1.92**
Net interest margin			1.80			1.92
Add: impact of revenue share arrangements			0.29			0.31
Net interest margin before revenue share arrangements			2.09			2.23

[1] Average balance is based on monthly closing balances.
[2] Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
[3] Net interest margin is the net interest income as a percentage of average interest earning assets.
[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance.
[5] Net interest income excludes fair value adjustments - refer to section 2.2.2 for net interest income reconciliation.

2.2.6 Average balance sheet (continued)

For the six months ended 31 December 2020 and 30 June 2020

	31 December 2020			30 June 2020		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and Investments	8,695.4	12.9	0.29	8,943.2	31.0	0.70
Loans and other receivables [4]	62,594.6	953.1	3.02	60,372.6	1,037.6	3.46
Total interest earning assets	**71,290.0**	**966.0**	**2.69**	**69,315.8**	**1,068.6**	**3.10**
Non-interest earning assets						
Credit provisions	(344.9)			(298.2)		
Other assets	3,314.5			3,362.0		
Total non-interest earning assets	**2,969.6**			**3,063.8**		
Total assets (average balance)	**74,259.6**			**72,379.6**		
Interest bearing liabilities						
Funding						
- Customer deposits [4]	49,338.2	(183.3)	(0.74)	46,685.3	(284.0)	(1.22)
- Wholesale funding - domestic	10,975.6	(22.1)	(0.40)	12,401.4	(52.3)	(0.85)
- Repurchase agreements	2,180.9	(2.5)	(0.23)	1,120.2	(1.8)	(0.32)
Lease liability	207.5	(3.1)	(2.96)	229.5	(3.6)	(3.15)
Notes payable	3,243.5	(23.4)	(1.43)	3,728.1	(34.2)	(1.84)
Loan capital	1,629.5	(25.2)	(3.07)	1,570.4	(28.7)	(3.68)
Total interest bearing liabilities	**67,575.2**	**(259.6)**	**(0.76)**	**65,734.9**	**(404.6)**	**(1.24)**
Non-interest bearing liabilities and equity						
Other liabilities	777.9			867.4		
Equity	5,906.5			5,777.3		
Total non-interest bearing liabilities and equity	**6,684.4**			**6,644.7**		
Total liabilities and equity (average balance)	**74,259.6**			**72,379.6**		
Interest margin and interest spread						
Interest earning assets	71,290.0	966.0	2.69	69,315.8	1,068.6	3.10
Interest bearing liabilities	(67,575.2)	(259.6)	(0.76)	(65,734.9)	(404.6)	(1.24)
Net interest income and interest spread [2, 5]		**706.4**	**1.93**		**664.0**	**1.86**
Benefit of net free liabilities, provisions and equity			0.04			0.07
Net interest margin [3]			**1.97**			**1.93**
Net interest margin			1.97			1.93
Add: impact of revenue share arrangements			0.33			0.36
Net interest margin before revenue share arrangements			2.30			2.29

[1] Average balance is based on monthly closing balances.
[2] Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
[3] Net interest margin is the net interest income as a percentage of average interest earning assets.
[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance.
[5] Net interest income excludes fair value adjustments - refer to section 2.2.2 for net interest income reconciliation.

2.2.7 Balance sheet metrics

	Half year		Half year		Dec-21 to Dec-20 change	
	Dec-21	Jun-21	Dec-20	Jun-20		
Financial position metrics	$m	$m	$m	$m	$m	%
Ordinary equity	6,545.7	6,219.1	5,948.5	5,715.2	597.2	10.0
Customer deposits	61,730.4	57,915.7	55,770.6	50,716.6	5,959.8	10.7
Funds under management	7,285.3	6,872.2	6,580.5	6,179.4	704.8	10.7
Loans under management	77,179.5	74,483.3	70,021.1	66,764.6	7,158.4	10.2
New loan approvals	13,467.8	12,810.5	12,109.9	10,194.5	1,357.9	11.2
> Residential	10,560.7	9,982.1	9,597.4	7,553.7	963.3	10.0
> Non-residential	2,907.1	2,828.4	2,512.5	2,640.8	394.6	15.7
Total provisions and reserves for doubtful debts	388.4	445.7	445.8	428.2	(57.4)	(12.9)

	Half year		Half year		Dec-21 to Dec-20 change	
Capital management metrics	Dec-21	Jun-21	Dec-20	Jun-20		bps
Common Equity Tier 1 (%)	9.85%	9.57%	9.36%	9.25%		49
					$m	%
Credit risk-weighted assets ($m)	36,258.9	36,412.0	35,311.0	34,252.2	947.9	2.7
Total risk-weighted assets ($m)	40,487.2	40,469.3	39,398.5	38,215.2	1,088.7	2.8
Liquidity risk						bps
Liquidity Coverage Ratio (LCR) (%) [1]	146.8%	145.0%	139.0%	121.9%		780
Net Stable Funding Ratio (NSFR) (%) [2]	135.4%	127.9%	123.7%	114.8%		1,170
Impaired assets					$m	%
Gross impaired assets ($m)	152.8	208.8	222.2	240.5	(69.4)	(31.2)
Net impaired assets ($m)	82.4	115.8	137.9	163.0	(55.5)	(40.2)
						bps
Net impaired loans to gross loans (%)	0.11%	0.16%	0.20%	0.25%		(9)

[1] Represents average daily LCR over respective 6 monthly period.

[2] Represents average end of month NSFR over respective 6 month period.

2.2.8 Lending

	Dec-21	Jun-21	Change		Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Approvals - by security							
Residential	10,560.7	9,982.1	578.6	5.8	9,597.4	963.3	10.0
Non-residential	2,907.1	2,828.4	78.7	2.8	2,512.5	394.6	15.7
Total new loan approvals	**13,467.8**	**12,810.5**	**657.3**	**5.1**	**12,109.9**	**1,357.9**	**11.2**

	As at Dec-21	As at Jun-21	Change		As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Gross loan balance - by security							
Residential	**57,860.4**	**55,762.3**	**2,098.1**	**3.8**	**52,494.6**	**5,365.8**	**10.2**
Business							
Accommodation and food services	252.8	286.1	(33.3)	(11.6)	301.3	(48.5)	(16.1)
Administrative and support services	30.4	32.4	(2.0)	(6.2)	28.8	1.6	5.6
Agriculture, forestry and fishing	5,938.1	6,338.7	(400.6)	(6.3)	5,965.4	(27.3)	(0.5)
Arts and recreation services	38.4	44.2	(5.8)	(13.1)	55.0	(16.6)	(30.2)
Construction	464.8	497.0	(32.2)	(6.5)	492.2	(27.4)	(5.6)
Education and training	80.4	98.3	(17.9)	(18.2)	95.3	(14.9)	(15.6)
Electricity, gas, water and waste services	14.1	16.5	(2.4)	(14.5)	19.5	(5.4)	(27.7)
Financial and insurance services	1,802.0	1,851.8	(49.8)	(2.7)	1,734.2	67.8	3.9
Health care and social assistance	384.7	352.1	32.6	9.3	419.3	(34.6)	(8.3)
Information media and telecommunications	17.8	16.5	1.3	7.9	17.4	0.4	2.3
Manufacturing	152.1	163.4	(11.3)	(6.9)	167.2	(15.1)	(9.0)
Mining	42.1	16.4	25.7	156.7	17.0	25.1	147.6
Other Services	245.1	254.7	(9.6)	(3.8)	242.9	2.2	0.9
Professional, scientific and technical services	105.7	115.4	(9.7)	(8.4)	102.5	3.2	3.1
Public administration and safety	12.3	10.6	1.7	16.0	12.3	-	-
Rental, hiring and real estate services	3,266.1	3,289.9	(23.8)	(0.7)	3,174.8	91.3	2.9
Retail trade	267.0	277.7	(10.7)	(3.9)	276.1	(9.1)	(3.3)
Transport, postal and warehousing	123.8	121.0	2.8	2.3	125.6	(1.8)	(1.4)
Wholesale trade	105.3	116.3	(11.0)	(9.5)	125.7	(20.4)	(16.2)
Other	27.3	38.8	(11.5)	(29.6)	45.6	(18.3)	(40.1)
Total business	**13,370.3**	**13,937.8**	**(567.5)**	**(4.1)**	**13,418.1**	**(47.8)**	**(0.4)**
Margin lending	1,522.4	1,480.6	41.8	2.8	1,368.0	154.4	11.3
Unsecured	746.0	780.6	(34.6)	(4.4)	761.2	(15.2)	(2.0)
Other	253.7	271.3	(17.6)	(6.5)	285.4	(31.7)	(11.1)
Total gross loan balance	**73,752.8**	**72,232.6**	**1,520.2**	**2.1**	**68,327.3**	**5,425.5**	**7.9**
Gross loan balance - by purpose							
Residential	54,041.2	51,886.7	2,154.5	4.2	48,371.2	5,670.0	11.7
Consumer	2,279.1	2,400.9	(121.8)	(5.1)	2,718.5	(439.4)	(16.2)
Margin lending	1,522.4	1,480.6	41.8	2.8	1,368.0	154.4	11.3
Commercial	15,910.1	16,464.4	(554.3)	(3.4)	15,869.6	40.5	0.3
Total gross loan balance	**73,752.8**	**72,232.6**	**1,520.2**	**2.1**	**68,327.3**	**5,425.5**	**7.9**
Loans under management (gross balance)							
On-balance sheet	73,752.8	72,232.6	1,520.2	2.1	68,327.3	5,425.5	7.9
Off-balance sheet loans under management	3,426.7	2,250.7	1,176.0	52.3	1,693.8	1,732.9	102.3
Total Group loans under management	**77,179.5**	**74,483.3**	**2,696.2**	**3.6**	**70,021.1**	**7,158.4**	**10.2**

Loans under management represent the gross balance of loans held and managed by the Group categorised as follows:
On-balance sheet loans are the gross balance of loans and factoring receivables held by the consolidated Group.
Off-balance sheet loans under management represent the gross balance of off-balance sheet loans managed by wholly-owned subsidiaries of Bendigo and Adelaide Bank Limited.

2.2.9 Asset quality

	As at Dec-21	As at Jun-21	Change		As at Dec-20	Change	
Impaired loans [1]	$m	$m	$m	%	$m	$m	%
Full-performing [2]	10.1	6.7	3.4	50.7	8.7	1.4	16.1
Part-performing [3]	46.5	48.4	(1.9)	(3.9)	48.4	(1.9)	(3.9)
Non-performing	96.1	153.5	(57.4)	(37.4)	164.7	(68.6)	(41.7)
Restructured loans [4]	0.1	0.2	(0.1)	(50.0)	0.4	(0.3)	(75.0)
Total impaired assets	**152.8**	**208.8**	**(56.0)**	**(26.8)**	**222.2**	**(69.4)**	**(31.2)**
Less: specific impairment provisions	(70.4)	(93.0)	22.6	24.3	(84.3)	13.9	16.5
Net impaired assets	**82.4**	**115.8**	**(33.4)**	**(28.8)**	**137.9**	**(55.5)**	**(40.2)**
Portfolio facilities - past due 90 days, not well secured	2.8	2.9	(0.1)	(3.4)	2.1	0.7	33.3
Less: specific impairment provisions	(1.2)	(1.3)	0.1	7.7	(1.1)	(0.1)	(9.1)
Net portfolio facilities	**1.6**	**1.6**	**-**	**-**	**1.0**	**0.6**	**60.0**

Past due 90 days	$m	$m	$m	%	$m	$m	%
Well secured (excluding commercial arrangement loans)	274.4	276.7	(2.3)	(0.8)	302.0	(27.6)	(9.1)
Great Southern portfolio	4.4	6.2	(1.8)	(29.0)	5.6	(1.2)	(21.4)

Ratios	%	%	Change bps		%	Change bps	
Total impaired loans to gross loans	0.21%	0.29%	(8)		0.33%	(12)	
Total impaired loans to total assets	0.17%	0.24%	(7)		0.28%	(11)	
Net impaired loans to gross loans	0.11%	0.16%	(5)		0.20%	(9)	
Provision coverage [5]	254.2%	213.5%	4,070		200.6%	5,360	

[1] A facility is classified as impaired regardless of whether it is 90 days or more past due (arrears) when there is doubt as to whether the full amounts due (interest and principal) will be achieved in a timely manner. This is the case even if the full extent of the loss cannot be clearly determined.

[2] Includes loans where the value of the security has reduced below the value of the outstanding loans but repayments are being made in accordance with the loan contract.

[3] Includes loans where the value of the security has reduced below the value of the outstanding loans but partial repayments are being made in accordance with the loan contract.

[4] Restructured loans are facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customers.

[5] Provision coverage is calculated as total provisions and reserves for doubtful debts divided by total impaired assets.

2.2.10 Credit expenses

Credit expense	Dec-21 $m	Jun-21 $m	Change $m	Change %	Dec-20 $m	Change $m	Change %
Bad debts written off	(1.7)	1.9	(3.6)	(189.5)	1.1	(2.8)	(254.5)
Provision (releases)/expenses	(13.9)	(2.6)	(11.3)	(434.6)	20.3	(34.2)	(168.5)
Total credit (reversals)/expenses	**(15.6)**	**(0.7)**	**(14.9)**	**(2,128.6)**	**21.4**	**(37.0)**	**(172.9)**
Bad debts recovered	(2.2)	(0.8)	(1.4)	(175.0)	(1.9)	(0.3)	(15.8)
Credit expenses net of recoveries	**(17.8)**	**(1.5)**	**(16.3)**	**(1,086.7)**	**19.5**	**(37.3)**	**(191.3)**

Provisions and reserves	As at Dec-21 $m	As at Jun-21 $m	Change $m	Change %	As at Dec-20 $m	Change $m	Change %
Individually assessed provisions	71.6	94.3	(22.7)	(24.1)	85.4	(13.8)	(16.2)
Collectively assessed provisions	229.4	246.7	(17.3)	(7.0)	266.1	(36.7)	(13.8)
General reserve for credit losses	87.4	104.7	(17.3)	(16.5)	94.3	(6.9)	(7.3)
Total provisions and reserves for doubtful debts	**388.4**	**445.7**	**(57.3)**	**(12.9)**	**445.8**	**(57.4)**	**(12.9)**

Ratios	%	%	Change bps	%	Change bps
Credit expenses net of recoveries to gross loans	(0.05%)	-	(5)	0.06%	(11)
Credit expenses net of recoveries (excluding Great Southern) to gross loans	(0.06%)	-	(6)	0.05%	(11)
Total provision/reserve for doubtful debts to gross loans	0.53%	0.62%	(9)	0.65%	(12)
Collectively assessed provisions and GRCL to risk-weighted assets	0.78%	0.87%	(9)	0.91%	(13)

For details relating to the calculation of the Group's allowance for credit losses, refer to 3.8.2.

Movements in provisions and reserves	Stage 1 12 month ECL $m	Stage 2 Lifetime ECL $m	Stage 3 Collectively assessed - Lifetime ECL $m	Stage 3 Individually assessed - Lifetime ECL $m	General reserve for credit losses $m	Total $m
Balance as at 1 July 2021	**71.7**	**144.2**	**30.8**	**94.3**	**104.7**	**445.7**
Transfers during the period to:						
Stage 1	1.4	(1.4)	-	-	-	-
Stage 2	(11.3)	12.0	(0.7)	-	-	-
Stage 3	(2.5)	(3.0)	5.5	-	-	-
Transfer from collectively assessed to individually assessed provisions	-	(0.4)	(1.8)	2.2	-	-
New/increased provisions	12.1	0.6	0.3	1.1	-	14.1
Write-back of provisions no longer required	(3.7)	(5.7)	(4.2)	-	-	(13.6)
Change in balances	46.5	(50.8)	(10.2)	-	(17.3)	(31.8)
Bad debts written off previously provided for	-	-	-	(26.0)	-	(26.0)
Total provision as at 31 December 2021	**114.2**	**95.5**	**19.7**	**71.6**	**87.4**	**388.4**

	$m	$m	$m	$m	$m	$m
Balance as at 1 January 2021	**69.4**	**166.6**	**30.1**	**85.4**	**94.3**	**445.8**
Transfers during the period to:						
Stage 1	1.4	(1.4)	-	-	-	-
Stage 2	(15.5)	17.4	(1.9)	-	-	-
Stage 3	(3.0)	(5.8)	8.8	-	-	-
Transfer from collectively assessed to individually assessed provisions	-	(0.2)	(0.9)	1.1	-	-
New/increased provisions	7.6	0.4	-	15.6	-	23.6
Write-back of provisions no longer required	(2.8)	(3.6)	(1.1)	-	-	(7.5)
Change in balances	14.6	(29.2)	(4.2)	-	10.4	(8.4)
Bad debts written off previously provided for	-	-	-	(7.8)	-	(7.8)
Total provision as at 30 June 2021	**71.7**	**144.2**	**30.8**	**94.3**	**104.7**	**445.7**

2.2.10 Credit expenses (continued)

Movements in provisions and reserves (continued)	Stage 1 12 month ECL $m	Stage 2 Lifetime ECL $m	Stage 3 Collectively assessed - Lifetime ECL $m	Stage 3 Individually assessed - Lifetime ECL $m	General reserve for credit losses $m	**Total** **$m**
Balance as at 1 July 2020	**76.3**	**153.0**	**33.9**	**78.4**	**86.6**	**428.2**
Transfers during the period to:						
Stage 1	(4.3)	4.5	(0.2)	-	-	-
Stage 2	(21.5)	23.7	(2.2)	-	-	-
Stage 3	(2.1)	(4.5)	6.6	-	-	-
Transfer from collectively assessed to individually assessed provisions	-	(0.4)	(1.6)	2.0	-	-
New/increased provisions	7.6	1.1	0.2	15.4	-	24.3
Write-back of provisions no longer required	(3.0)	(2.1)	(2.4)	-	-	(7.5)
Change in balances	16.4	(8.7)	(4.2)	-	7.7	11.2
Bad debts written off previously provided for	-	-	-	(10.4)	-	(10.4)
Total provision as at 31 December 2020	**69.4**	**166.6**	**30.1**	**85.4**	**94.3**	**445.8**

The table below discloses the effect of movements in the gross carrying value of loans and other receivables and other financial assets held at amortised cost to the different stages of the ECL model:

	Stage 1 Collectively assessed provisions $m	Stage 2 Collectively assessed provisions $m	Stage 3 Collectively assessed provisions $m	Stage 3 Individually assessed provisions $m	**Total** **$m**
Gross carrying amount as at 1 July 2021	**72,753.7**	**6,479.5**	**652.8**	**205.8**	**80,091.8**
Stage 1	1,940.7	(1,918.0)	(22.7)	-	-
Stage 2	(2,344.2)	2,450.1	(105.9)	-	-
Stage 3	(72.4)	(117.8)	190.2	-	-
Transfer from collectively assessed to individually assessed provisions	(1.9)	(5.8)	(25.0)	32.7	-
New financial assets originated or purchased	9,954.3	57.6	2.8	-	10,014.7
Financial assets derecognised or repaid	(6,453.7)	(945.3)	(175.6)	-	(7,574.6)
Change in balances	1,944.1	(152.4)	21.4	(49.9)	1,763.2
Amounts written off against provisions	-	-	-	(26.0)	(26.0)
Gross carrying amount as at 31 December 2021	**77,720.6**	**5,847.9**	**538.0**	**162.6**	**84,269.1**
	$m	$m	$m	$m	**$m**
Gross carrying amount as at 1 January 2021	**65,656.9**	**7,027.5**	**672.8**	**261.7**	**73,618.9**
Stage 1	2,393.3	(2,339.9)	(53.4)	-	-
Stage 2	(2,570.1)	2,714.6	(144.5)	-	-
Stage 3	(87.5)	(185.5)	273.0	-	-
Transfer from collectively assessed to individually assessed provisions	(2.9)	(3.7)	(23.7)	30.3	-
New financial assets originated or purchased	9,892.6	56.0	1.4	-	9,950.0
Financial assets derecognised or repaid	(5,458.1)	(648.3)	(91.0)	-	(6,197.4)
Change in balances	2,929.5	(141.2)	18.2	(85.5)	2,721.0
Amounts written off against provisions	-	-	-	(0.7)	(0.7)
Gross carrying amount as at 30 June 2021	**72,753.7**	**6,479.5**	**652.8**	**205.8**	**80,091.8**
	$m	$m	$m	$m	**$m**
Gross carrying amount as at 1 July 2020	**59,337.4**	**6,794.5**	**866.5**	**232.7**	**67,231.1**
Stage 1	1,839.7	(1,805.0)	(34.7)	-	-
Stage 2	(2,672.1)	2,819.1	(147.0)	-	-
Stage 3	(93.4)	(189.6)	283.0	-	-
Transfer from collectively assessed to individually assessed provisions	(1.0)	(1.2)	(0.7)	2.9	-
New financial assets originated or purchased	9,499.5	78.3	5.0	-	9,582.8
Financial assets derecognised or repaid	(4,983.6)	(521.5)	(212.0)	-	(5,717.1)
Change in balances	2,730.4	(147.1)	(87.3)	43.6	2,539.6
Amounts written off against provisions	-	-	-	(17.5)	(17.5)
Gross carrying amount as at 31 December 2020	**65,656.9**	**7,027.5**	**672.8**	**261.7**	**73,618.9**

2.2.11 Funding and funds under management

	As at Dec-21 $m	As at Jun-21 $m	Change $m	Change %	As at Dec-20 $m	Change $m	Change %
Funding and funds under management							
Deposits and wholesale funding	77,978.0	74,355.6	3,622.4	4.9	69,339.4	8,638.6	12.5
Securitisation	3,972.0	3,597.7	374.3	10.4	3,008.9	963.1	32.0
Managed funds	7,285.3	6,872.2	413.1	6.0	6,580.5	704.8	10.7
Total funding and funds under management	**89,235.3**	**84,825.5**	**4,409.8**	**5.2**	**78,928.8**	**10,306.5**	**13.1**
Funding dissection - $m							
Customer deposits	61,730.4	57,915.7	3,814.7	6.6	55,770.6	5,959.8	10.7
Wholesale funding	16,247.6	16,439.9	(192.3)	(1.2)	13,568.8	2,678.8	19.7
Securitisation	3,972.0	3,597.7	374.3	10.4	3,008.9	963.1	32.0
Total funding [1]	**81,950.0**	**77,953.3**	**3,996.7**	**5.1**	**72,348.3**	**9,601.7**	**13.3**
Funding dissection - %							
Customer deposits	75.3%	74.3%			77.0%		
Wholesale funding	19.8%	21.1%			18.8%		
Securitisation	4.9%	4.6%			4.2%		
Total funding [1]	**100.0%**	**100.0%**			**100.0%**		
Managed funds dissection - $m							
Assets under management	2,957.5	2,809.7	147.8	5.3	2,622.1	335.4	12.8
Other managed funds	4,327.8	4,062.5	265.3	6.5	3,958.4	369.4	9.3
Total managed funds	**7,285.3**	**6,872.2**	**413.1**	**6.0**	**6,580.5**	**704.8**	**10.7**

[1] Total funding excludes Loan Capital (subordinated debt, converting preference shares and capital notes).

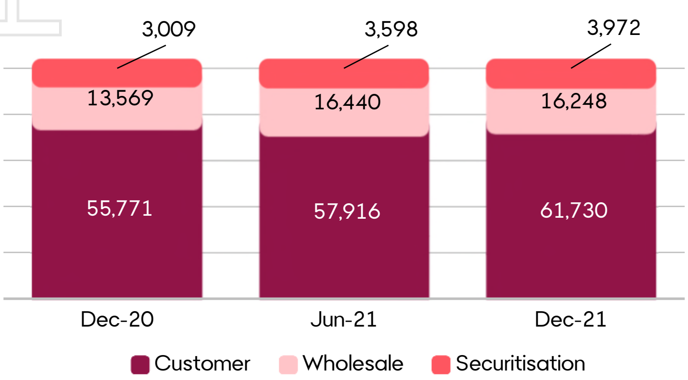
Customer deposits represents the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers.

Wholesale funding includes deposits from wholesale customers, the RBA Term Funding Facility (TFF) and other borrowings. On 19 March 2020, the Reserve Bank of Australia announced the establishment of the TFF, a three-year facility. The TFF was established to provide ADIs with access to long-term funding to reinforce the benefits to the economy of a lower RBA cash rate and to encourage ADIs to support businesses. The TFF is collateralised by residential mortgage-backed securities issued by the Group. As at 31 December 2021 the Group's TFF drawdowns totalled $4.7 billion (2H21: $4.7 billion, 1H21: $1.8 billion). Prior to 4 November 2020, funding provided under the TFF was at a fixed interest rate of 0.25% per annum. From 4 November 2020, the fixed interest rate was changed to 0.1% per annum.

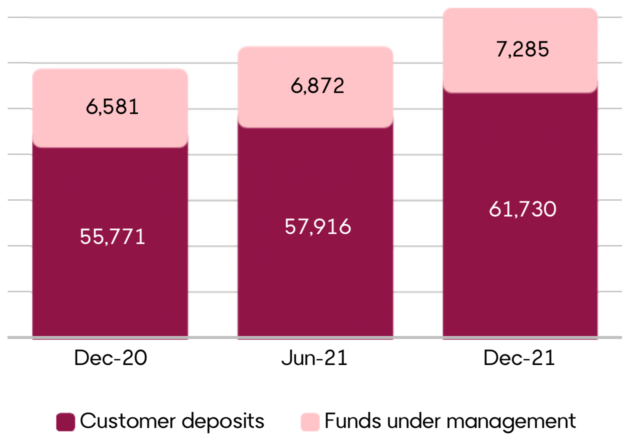
Assets under management include those funds deposited in the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of investors. These funds are off-balance sheet.

Other managed funds include funds deposited for investment in managed investment products and superannuation funds managed off-balance sheet by Sandhurst Trustees Limited.

Funding mix ($m)



Customer deposits and funds under management ($m)



2.2.12 Capital and shareholder returns

2.2.12.1 Assets and capital

	As at Dec-21	As at Jun-21	Change		As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	%
Group assets	90,782.4	86,577.2	4,205.2	4.9	80,765.2	10,017.2	12.4
Capital adequacy							
Total regulatory capital	5,660.3	5,588.9	71.4	1.3	5,694.3	(34.0)	(0.6)
Risk-weighted assets	40,487.2	40,469.3	17.9	-	39,398.5	1,088.7	2.8
	%	%	%		%	%	
Risk-weighted capital adequacy	13.98%	13.81%	0.17%	1.2	14.45%	(0.47%)	(3.3)
- Tier 1 (%)	11.89%	11.61%	0.28%	2.4	12.17%	(0.28%)	(2.3)
- Tier 2 (%)	2.09%	2.20%	(0.11%)	(5.0)	2.28%	(0.19%)	(8.3)
- Common Equity Tier 1 (%)	9.85%	9.57%	0.28%	2.9	9.36%	0.49%	5.2

2.2.12.2 Capital adequacy

The Australian Prudential Regulation Authority (APRA) guidelines require capital to be allocated against credit, operational and market risk. Banks must maintain a ratio of qualifying capital (comprising Common Equity Tier 1, Additional Tier 1 and Tier 2 capital), to risk-weighted assets. The Bank adopted the "standard model" approach prescribed by APRA to calculate the Bank's capital position.

Risk-weighted capital adequacy ratios	Dec-21	Jun-21	Dec-20
Tier 1	11.89%	11.61%	12.17%
Tier 2	2.09%	2.20%	2.28%
Total capital ratio	**13.98%**	**13.81%**	**14.45%**
Common Equity Tier 1	**9.85%**	**9.57%**	**9.36%**
Regulatory capital	$m	$m	$m
Common Equity Tier 1			
Contributed capital	5,184.7	5,053.1	4,906.6
Retained profits and reserves	932.5	792.3	722.2
Accumulated other comprehensive income (and other reserves)	54.1	28.3	3.6
Less:			
Intangible assets, cash flow hedges and capitalised expenses	1,960.5	1,782.2	1,727.5
Net deferred tax assets	162.6	168.5	180.6
Equity exposures	59.1	49.9	37.7
Total Common Equity Tier 1 capital	**3,989.1**	**3,873.1**	**3,686.6**
Additional Tier 1 capital instruments	824.1	824.1	1,106.3
Total Additional Tier 1 capital	**824.1**	**824.1**	**1,106.3**
Total Tier 1 capital	**4,813.2**	**4,697.2**	**4,792.9**
Tier 2			
Tier 2 capital instruments	550.0	571.1	571.1
General reserve for credit losses/collectively assessed provision (net of tax effect)	297.1	320.6	330.3
Total Tier 2 capital	**847.1**	**891.7**	**901.4**
Total regulatory capital	**5,660.3**	**5,588.9**	**5,694.3**
Total risk-weighted assets	**40,487.2**	**40,469.3**	**39,398.5**

2.2.12.2 Capital adequacy (continued)

Risk-weighted assets	As at Dec-21 $m	As at Jun-21 $m	Change $m	Change %	As at Dec-20 $m	Change $m	Change %
Credit risk	36,258.9	36,412.0	(153.1)	(0.4)	35,311.0	947.9	2.7
Market risk	6.9	129.3	(122.4)	(94.7)	360.4	(353.5)	(98.1)
Operational risk	4,221.4	3,928.0	293.4	7.5	3,727.1	494.3	13.3
Total risk-weighted assets	**40,487.2**	**40,469.3**	**17.9**	**-**	**39,398.5**	**1,088.7**	**2.8**

Key movements in capital in the December 2021 half year compared to the June 2021 half include:

> Tier 1 Capital

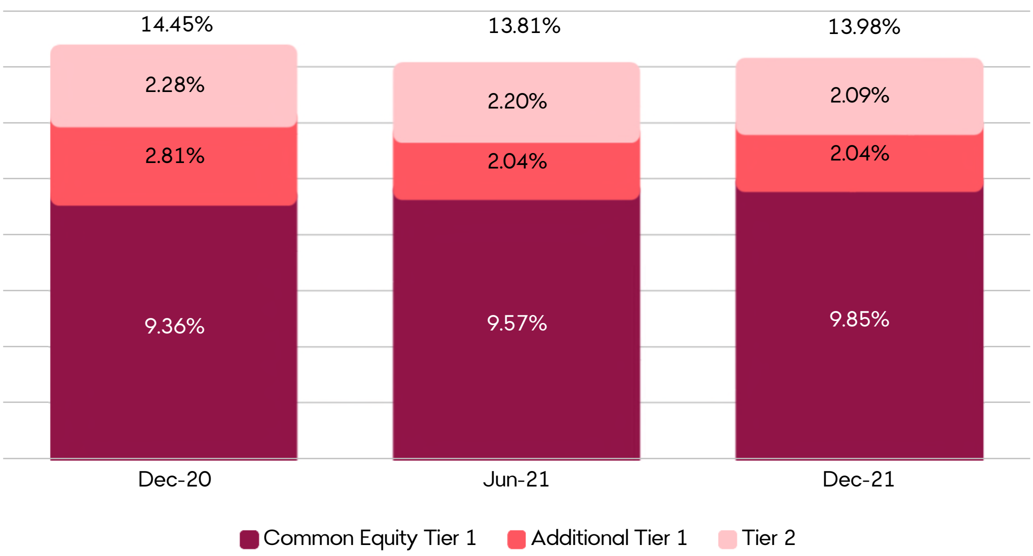
Common Equity Tier 1 contributed capital increased by $131.6 million primarily due to the issue of Ordinary Capital as a result of the Ferocia acquisition transaction. Intangibles and goodwill also increased by $112.2 million through regulatory adjustments.
Retained earnings and net deferred tax assets increased by $140.2 million net of Homesafe unrealised revaluation gains.

> Risk-weighted assets

Total risk-weighted assets increased during the period as a result of:

- Operational Risk increase is driven by lending growth, increase in the exchange settlement account (ESA) with the RBA and Banking Book asset growth.
- Market Risk decrease is driven by a decrease in trading assets as the banking book grows.
- Credit Risk decreased during the period due to the securitisation of residential mortgages partially offset by loan growth.

Capital adequacy



Capital adequacy is calculated in accordance with regulations set down by APRA.

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per prudential standard APS 330 “Public Disclosure”, are provided on the Group’s website at: http://www.bendigoadelaide.com.au/public/shareholders/announcements/aps_330.asp

2.2.12.3 Shareholder returns

Earnings per ordinary share	Dec-21 cents	Jun-21 cents	Change cents	Change %	Dec-20 cents	Change cents	Change %
Statutory earnings per ordinary share (weighted average)	58.0	52.1	5.9	11.3	46.0	12.0	26.1
Cash earnings per ordinary share (weighted average)	47.0	44.1	2.9	6.6	41.4	5.6	13.5
Diluted earnings per ordinary share (weighted average)	50.8	44.5	6.3	14.2	37.9	12.9	34.0

Weighted average number of ordinary shares	000's	000's	Change 000's	Change %	000's	Change 000's	Change %
Weighted average number of ordinary shares - used in basic and cash basis EPS calculations	554,108	538,097	16,011	3.0	530,711	23,397	4.4
Weighted average number of ordinary shares - used in diluted EPS calculations	647,301	652,786	(5,485)	(0.8)	666,115	(18,813)	(2.8)

Ratios	%	%	Change bps	%	Change bps
Return on average ordinary equity (after tax)	9.99%	9.28%	71	8.29%	170
Return on average tangible equity (after tax)	13.12%	12.18%	94	11.11%	201
Return on average ordinary equity (cash basis)	8.11%	7.87%	24	7.47%	64
Return on average tangible equity (cash basis)	10.65%	10.32%	33	10.01%	64
Return on average assets (after tax)	0.77%	0.72%	5	0.65%	12
Return on average assets (cash basis)	0.62%	0.61%	1	0.59%	3

Cash earnings used in the calculation of cash earnings per ordinary share is profit after tax adjusted for specific items after tax and amortisation on acquired intangibles.

Earnings used in the statutory earnings per ordinary share is profit after tax including specific items.

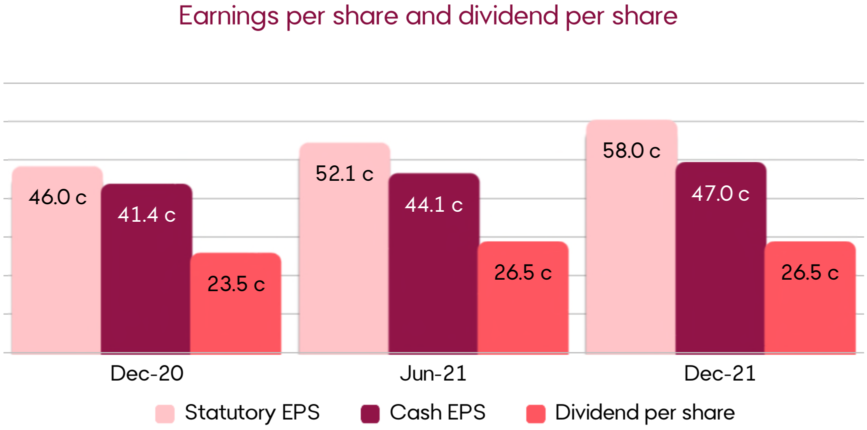
Dilutive preference shares include convertible and converting preference shares and capital notes.

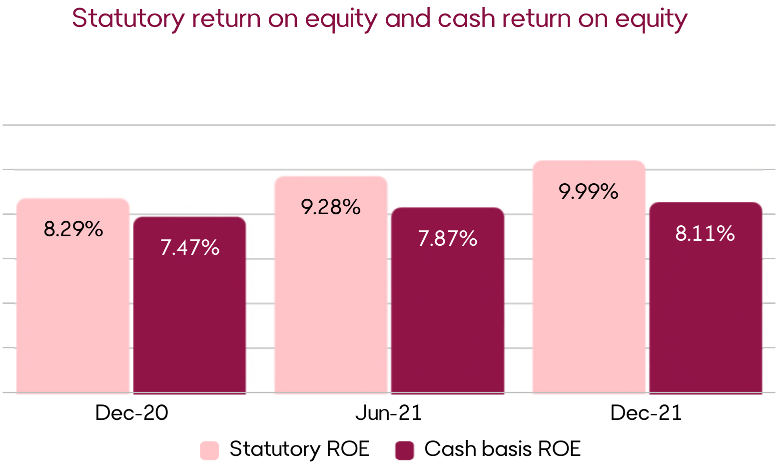
Ordinary equity for use in these ratios is represented by total ordinary shares and retained earnings.

Tangible equity for use in these ratios is represented by net assets less intangible assets.

	As at Dec-21 $m	As at Jun-21 $m	Change $m	Change %	As at Dec-20 $m	Change $m	Change %
Ordinary issued capital	5,184.7	5,053.1	131.6	2.6	4,906.3	278.4	5.7
Retained earnings	1,361.0	1,166.0	195.0	16.7	1,042.2	318.8	30.6
Total ordinary equity	**6,545.7**	**6,219.1**	**326.6**	**5.3**	**5,948.5**	**597.2**	**10.0**
Average ordinary equity	**6,379.0**	**6,084.2**			**5,832.9**		
Average tangible ordinary equity	**4,856.5**	**4,639.3**			**4,356.0**		

2.2.12.3 Shareholder returns (continued)





2.2.12.4 Dividends

	Dec-21	Jun-21	Change		Dec-20	Change	
				%			%
Dividend per share - cents	26.5	26.5	-	-	23.5	3.0	12.8
Dividend amount payable/paid - $m [1]	145.6	144.0	1.6	1.1	122.8	22.8	18.6
Payout ratio - earnings per ordinary share [2]	45.7%	50.9%	(5.2%)	(10.2)	51.1%	(5.4%)	(10.6)
Payout ratio - cash basis per ordinary share [2]	56.4%	60.1%	(3.7%)	(6.2)	56.8%	(0.4%)	(0.7)

[1] Dividend amount payable is indicative as is based on expected Bonus Share Scheme participation recorded at reporting date and is subject to finalisation upon confirmation by shareholders electing to participate in the Group's Bonus Share Scheme.

[2] Payout ratio is calculated as dividend per share divided by the applicable earnings per ordinary share.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 10 March 2022 at a discount of 1.5%. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 10 March 2022 at a discount of 1.5%. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2022 interim dividend is 9 March 2022.

2.3 Additional notes

2.3.1 Analysis of intangible assets

	Balance sheet Carrying value			Half year Amortisation expense		
	Dec-21 $m	Jun-21 $m	Dec-20 $m	Dec-21 $m	Jun-21 $m	Dec-20 $m
Goodwill [1]	1,527.5	1,437.5	1,437.5	-	-	-
Software	143.0	95.4	108.8	16.5	13.5	14.4
Software - acquired [2]	20.9	-	-	1.1	-	-
Trustee licence	8.4	8.4	8.4	-	-	-
Customer relationship	4.3	4.6	4.9	0.3	0.6	0.3
Customer lists	1.2	1.6	1.9	0.4	0.1	0.7
Management rights - Adelaide Bank	0.9	1.4	2.0	0.5	0.5	0.5
Trade name	0.3	0.5	0.7	0.2	0.1	0.2
Total goodwill and other intangible assets	**1,706.5**	**1,549.4**	**1,564.2**	**19.0**	**14.8**	**16.1**

[1] Includes Goodwill of $91.3 million recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.
[2] Represents the software intangible recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.

2.3.2 Net tangible assets per ordinary share

	Dec-21	Jun-21	Dec-20
Net tangible assets per ordinary share	$8.91	$8.81	$8.45
	$m	$m	$m
Net tangible assets			
Net assets	6,689.1	6,353.5	6,047.2
Intangibles	(1,706.5)	(1,549.4)	(1,564.2)
Net tangible assets attributable to ordinary shareholders	**4,982.6**	**4,804.1**	**4,483.0**
Number of fully paid ordinary shares on issue - 000's	558,901	545,510	530,430

2.3.3 Investments accounted for using the equity method

	Ownership interest held by consolidated entity			
	Dec-21 %	Jun-21 %	Dec-20 %	Balance date
Joint arrangements				
Homesafe Solutions Pty Ltd	50.0	50.0	50.0	30 June
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	50.0	30 June
Associates				
Bendigo Telco Ltd	30.8	30.8	30.4	30 June
Dancoor Community Finances Ltd	49.0	49.0	49.0	30 June
Homebush Financial Services Ltd	49.0	49.0	49.0	30 June
TicToc Online Pty Ltd	27.3	28.6	28.8	30 June

All joint arrangements and associates are incorporated in Australia.

2.3.4 Credit ratings

	Short-term	Long-term	Outlook
Standard & Poor's	A-2	BBB+	Positive
Fitch Ratings	F2	A-	Stable
Moody's	P-2	A3	Stable

On 9 December 2021, Standard & Poor's Global Ratings (S&P) affirmed its long-term counterparty credit rating of Bendigo and Adelaide Bank Limited (the Bank) at 'BBB+' and affirmed the short-term rating at 'A-2' outlook. Further to this, the positive outlook for the Bank was affirmed. The positive outlook on the Bank reflects the view that there is a one-in-three possibility that Australian banks will face reduced industry risks in the next two years. S&P expect that the Bank will maintain a strong Risk-adjusted Capital ratio of 10% - 15% over the next two years. In addition, S&P consider that credit losses should remain low. S&P expect to raise the long-term issuer credit rating on the Bank by one notch to 'A-' if a view is formed that industry risks facing Australian banks have reduced sustainably, all else being equal.

On 23 November 2021, Fitch Ratings affirmed the Bank's Long-Term Issuer Default Rating (IDR) at 'A-' with a stable outlook and affirmed the Viability Rating (VR) at 'a-'. Fitch expects the Bank's operating profit/risk-weighted assets to decline modestly during the financial year ending June 2022 (FY22) from 1.9% in FY21, driven by pressure on net interest margins and intense competition. Further, Fitch expects the Bank's capitalisation and leverage to remain around current levels, consistent with the management's operating range while there is expected to be limited funding and liquidity pressure for the Bank over the next 12 months.

On 15 November 2021, Moody's affirmed the 'A3' long-term issuer and senior unsecured debt ratings of the Bank. Moody's has also affirmed the Bank's baseline credit assessment (BCA) of 'baa1' and short term rating of 'P-2'. The ratings outlook remains stable. Moody's noted that the Bank's ratings reflect the Bank's well-developed franchise centred around community banking, conservative management historically focused on low-risk lending, strong funding structure and good capital adequacy. Moody's also noted the Bank's balance sheet buffers remain very strong as its asset profile is good with relatively low levels of non-performing loans, but remains sensitive to the uncertainty of the COVID-19 pandemic in Australia.

2.3.5 Issued capital

Changes to issued and quoted securities during the period:

Ordinary shares [1]	Number of shares	$m
Fully paid ordinary shares as at 1 July 2021	547,147,671	5,064.9
Shares issued under:		
September 2021 - Share issuance at $10.22	10,002,606	102.2
September 2021 - Dividend Reinvestment Plan at $9.49	3,989,562	38.0
September 2021 - Bonus Share Scheme (in lieu of dividend payment) at $9.49	339,228	-
Total ordinary shares as at 31 December 2021	**561,479,067**	**5,205.1**

Treasury shares (included in ordinary shares above)	Number of shares	$m
Treasury shares as at 1 July 2021	(1,637,293)	(11.8)
Net acquisitions during the period	(940,914)	(8.6)
Total treasury shares as at 31 December 2021	**(2,578,207)**	**(20.4)**

[1] BEN - ASX code Ordinary Fully Paid Shares

Half Year Financial Report

For the period ended 31 December 2021
Released 14 February 2022

ABN 11 068 049 178

Bendigo and Adelaide Bank

This report comprises information given to the ASX under listing rule 4.2A.
Information contained in this report should be read in conjunction with the June 2021 annual financial report.

3 Statutory half year financial report

3.1 Corporate information

This half year report covers the consolidated entity comprising Bendigo and Adelaide Bank Limited ("the Company") and its subsidiaries ("the Group").
A description of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not subject to audit or review and does not form part of the financial report.

Directors
Jacqueline Hey (Chair)
Marnie Baker (Managing Director)
Vicki Carter
Richard Deutsch (appointed September 2021)
David Foster
Jan Harris
Jim Hazel
Robert Hubbard (retired November 2021)
David Matthews
Tony Robinson (retired November 2021)

Company Secretary
Carmen Lunderstedt

Registered Office
Bendigo and Adelaide Bank Limited
The Bendigo Centre
22 - 44 Bath Lane
Bendigo, Victoria, 3550
Telephone: 1300 361 911

Principal place of business
The Bendigo Centre,
22-44 Bath Lane, Bendigo, Victoria, 3550

Share Registry
Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street, Sydney, NSW, 2000
Postal Address: GPO Box 3993, Sydney, NSW, 2001

Website: www.boardroomlimited.com.au
Email: BEN@boardroomlimited.com.au

Telephone: 02 8023 5417 (inside Australia)
+61 1300 032 762 (from outside Australia)

Auditors
Ernst & Young
Australia

3.2 Directors' report

Your Directors submit their report for the half year ended 31 December 2021.

3.2.1 Directors

The names of the Directors of the Board of Bendigo and Adelaide Bank Limited ("the Company") who have held office during the half year and up to the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Jacqueline Hey (Chair)
Marnie Baker (Managing Director)
Vicki Carter
Richard Deutsch (appointed September 2021)
David Foster
Jan Harris
Jim Hazel
Robert Hubbard (retired November 2021)
David Matthews
Tony Robinson (retired November 2021)

3.2.2 Review of operations

The principal activities of the Company and its controlled entities ("the Group") during the financial period were the provision of a broad range of banking and other financial services including consumer, residential, business and rural lending, deposit-taking, payment services, wealth management and superannuation, treasury and foreign exchange services. There have been no significant changes in the nature of the activities of the Group during the period.

The Group recorded an increase in cash earnings during the half year when compared to the previous corresponding period.

Total income from operations increased by $75.3 million, or 8.5%, to $965.1 million when compared with the half year ended 31 December 2020.

Profit before tax increased by $110.5 million, or 31.8%, to $458.4 million when compared to the previous corresponding period.

Profit after tax (attributable to owners of the Company) increased by $77.4 million to $321.3 million when compared to the previous corresponding period.

Group assets increased by 12.4%, or $10.0 billion, when compared with the half year ended 31 December 2020. Group assets at 31 December 2021 were $90.8 billion.

The total capital adequacy ratio increased during the half year from 13.81% to 13.98%. Tier 1 capital increased during the half year from 11.61% to 11.89%, with Tier 2 capital decreasing from 2.20% to 2.09%. The Common Equity Tier 1 ratio increased during the half year from 9.57% to 9.85%.

Fully franked dividends paid on Converting Preference Shares (CPS) and Capital Notes during the half year:

> CPS4 65.15 cents per share, paid on 13 September 2021 and 65.65 cents per share, paid on 13 December 2021

> Capital Notes 67.48 cents per share, paid on 15 September 2021 and 66.51 cents per share, paid on 15 December 2021

Fully franked dividends paid or declared on ordinary shares during the half year:

> Final dividend of 26.5 cents per share, paid on 30 September 2021 in respect of the year ended 30 June 2021

> Interim dividend of 26.5 cents per share, declared on 14 February 2022, payable on 31 March 2022

3.2 Directors' report (continued)

3.2.3 Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the half year:
On 1 September 2021 the Group acquired 100% of the shares in Ferocia Pty Ltd, a Melbourne-based fintech company, resulting in Ferocia Pty Ltd becoming a 100% owned subsidiary. Refer to Section 3.8.14 - Business combination for further details.

On September 2021, 3,989,562 shares were allotted at an issue price of $9.49 to those shareholders participating in the Dividend Reinvestment Plan, increasing share capital by $38.0 million. Further to this, 339,228 shares were allotted under the Bonus Share Scheme.

Richard Deutsch was appointed as a non-executive director effective 20 September 2021. Robert Hubbard and Tony Robinson retired from the Board at the Annual General Meeting held on 9 November 2021.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the half year under review not otherwise disclosed in this report or the financial statements.

3.2.4 Events after balance sheet date

On 1 February 2022, the Group announced changes to the executive structure. Under the changes, the Business Bank and Rural Bank businesses will be combined into a single division to ensure customers continue to have access to specialist knowledge and quality products, while also streamlining operations and delivering greater efficiencies. There has been a reorganisation of reporting lines across the Group to facilitate the new structure. Management is yet to fully analyse the impact of the reorganisation on the Group's reporting segments and cash generating units in accordance with Australian Accounting Standards. Any changes, including any goodwill reallocations, will be completed prior to 30 June 2022.

No other matters or circumstances have arisen since the end of the half year to the date of this report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

3.2.5 Auditor's Independence Declaration

The Group's Board Audit Committee has conducted an assessment of the independence of the external auditor for the period ended 31 December 2021. The assessment was conducted on the basis of the Group's External Audit Independence Policy and the requirements of the *Corporations Act 2001* . The assessment included a review of non-audit services provided by the auditor and an assessment of the independence declaration issued by the external auditor for the period ended 31 December 2021. The Board Audit Committee's assessment confirmed that the independence requirements have been met. The Board Audit Committee's assessment was accepted by the full Board.

A copy of the auditor's independence declaration as required is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

Jacqueline Hey	Marnie Baker
Chair	**Chief Executive Officer and Managing Director**

14 February 2022

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
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Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of Bendigo and Adelaide Bank Limited

As lead auditor for the review of the half-year financial report of Bendigo and Adelaide Bank Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bendigo and Adelaide Bank Limited and the entities it controlled during the financial period.

Ernst & Young

T M Dring
Partner
14 February 2022

3.3 Income statement

For the half year ended 31 December 2021

	Note	Consolidated Dec-21 $m	Jun-21 $m	Dec-20 $m
Net interest income				
Interest income		877.1	901.3	966.0
Interest expense		(150.4)	(185.2)	(259.6)
Total net interest income	3.8.3	**726.7**	**716.1**	**706.4**
Other revenue				
Fees		72.1	82.2	76.5
Commissions and management fees		29.8	27.0	26.5
Other income		136.5	90.3	80.4
Total other revenue	3.8.3	**238.4**	**199.5**	**183.4**
Total income		**965.1**	**915.6**	**889.8**
Expenses				
Credit reversals/(expenses)	3.8.4	17.8	1.5	(19.5)
Other expenses				
Staff and related costs		(304.9)	(295.6)	(294.2)
Occupancy costs		(18.1)	(17.5)	(18.4)
Amortisation and depreciation costs		(46.5)	(44.6)	(47.4)
Fees and commissions		(9.8)	(9.4)	(10.8)
Other operating expenses		(145.2)	(144.2)	(151.6)
Total other expenses	3.8.4	**(524.5)**	**(511.3)**	**(522.4)**
Profit before income tax expense		**458.4**	**405.8**	**347.9**
Income tax expense	3.8.6	(137.1)	(125.7)	(104.0)
Net profit attributable to owners of the company		**321.3**	**280.1**	**243.9**
Earnings per ordinary share (cents)		cents	cents	cents
Basic	3.8.8	58.0	52.1	46.0
Diluted	3.8.8	50.8	44.5	37.9

3.4 Statement of comprehensive income

For the half year ended 31 December 2021

	Consolidated Dec-21 $m	Jun-21 $m	Dec-20 $m
Profit for the period ended	**321.3**	**280.1**	**243.9**
Items which may be reclassified subsequently to profit or loss:			
Revaluation (loss)/gain on debt securities at fair value through OCI with recycling	(15.8)	0.5	(1.0)
Impairment of debt securities at fair value through OCI	0.1	-	-
Net gain on cash flow hedges taken to equity	40.5	18.0	14.5
Tax effect on items taken directly to or transferred from equity	(2.5)	(5.6)	(4.0)
Total items that may be reclassified to profit or loss	**22.3**	**12.9**	**9.5**
Items which will not be reclassified subsequently to profit or loss:			
Revaluation gain on equity investments at fair value through OCI	5.4	13.5	-
Actuarial loss on superannuation defined benefits plan	-	-	(0.9)
Tax effect on items taken directly to or transferred from equity	(1.6)	(4.0)	0.1
Total items that will not be reclassified to profit or loss	**3.8**	**9.5**	**(0.8)**
Total comprehensive income for the period	**347.4**	**302.5**	**252.6**

3.5 Balance sheet

As at 31 December 2021

		Consolidated		
	Note	As at Dec-21 $m	As at Jun-21 $m	As at Dec-20 $m
Assets				
Cash and cash equivalents	3.8.10	9,493.3	7,086.3	4,577.0
Due from other financial institutions	3.8.10	200.4	173.4	116.5
Financial assets fair value through profit or loss (FVTPL)		58.0	1,678.7	4,514.4
Financial assets amortised cost		572.8	351.5	339.8
Financial assets fair value through other comprehensive income (FVOCI)		3,554.9	2,186.1	110.6
Derivatives		46.9	59.1	80.1
Net loans and other receivables		73,504.7	71,920.6	67,989.9
Investments accounted for using the equity method		14.5	9.7	9.8
Property, plant and equipment		185.9	205.9	232.2
Income tax receivable		-	-	3.5
Deferred tax assets		-	42.2	78.7
Investment property		1,004.3	901.7	835.5
Goodwill and other intangible assets		1,706.5	1,549.4	1,564.2
Other assets		440.2	412.6	313.0
Total Assets		**90,782.4**	**86,577.2**	**80,765.2**
Liabilities				
Due to other financial institutions	3.8.10	116.1	175.4	62.4
Deposits and funding		77,978.0	74,355.6	69,339.4
Notes payable		3,972.0	3,597.7	3,008.9
Derivatives		32.7	45.3	87.1
Income tax payable		26.6	44.2	-
Provisions		116.8	120.5	114.0
Deferred tax liabilities		0.8	-	-
Other payables		486.1	501.8	439.7
Loan capital		1,364.2	1,383.2	1,666.5
Total Liabilities		**84,093.3**	**80,223.7**	**74,718.0**
Net Assets		**6,689.1**	**6,353.5**	**6,047.2**
Equity				
Share capital	3.8.11	5,181.3	5,049.5	4,902.2
Reserves		146.8	138.0	102.8
Retained earnings		1,361.0	1,166.0	1,042.2
Total Equity		**6,689.1**	**6,353.5**	**6,047.2**

3.6 Statement of changes in equity

For the half year ended 31 December 2021

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	Other issued capital [1] $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance at 1 July 2021	**5,053.1**	**(3.6)**	**1,166.0**	**138.0**	**6,353.5**
Comprehensive income					
Profit for the period	-	-	321.3	-	321.3
Other comprehensive income	-	-	-	26.1	26.1
Total comprehensive income for the period	**-**	**-**	**321.3**	**26.1**	**347.4**
Transactions with owners in their capacity as owners					
Shares issued	140.2	-	-	-	140.2
Purchase of Treasury shares	(8.5)	-	-	-	(8.5)
Reduction in employee share ownership plan (ESOP) shares	-	0.2	-	-	0.2
Movement in general reserve for credit losses (GRCL)	-	-	17.3	(17.3)	-
Share based payment	-	-	0.8	(0.4)	0.4
Movement in Operational Risk Reserve	-	-	(0.4)	0.4	-
Equity dividends	-	-	(144.0)	-	(144.0)
Closing balance at 31 December 2021	**5,184.7**	**(3.4)**	**1,361.0**	**146.8**	**6,689.1**

For the half year ended 30 June 2021

	$m	$m [1]	$m	$m	$m
Opening balance at 1 January 2021	**4,906.3**	**(4.1)**	**1,042.2**	**102.8**	**6,047.2**
Comprehensive income					
Profit for the period	-	-	280.1	-	280.1
Other comprehensive income	-	-	-	22.4	22.4
Total comprehensive income for the period	**-**	**-**	**280.1**	**22.4**	**302.5**
Transactions with owners in their capacity as owners					
Shares issued	146.7	-	-	-	146.7
Purchase of Treasury shares	0.1	-	-	-	0.1
Reduction in employee share ownership plan (ESOP) shares	-	0.5	-	-	0.5
Movement in general reserve for credit losses (GRCL)	-	-	(10.4)	10.4	-
Share based payment	-	-	0.4	2.4	2.8
Equity dividends	-	-	(146.3)	-	(146.3)
Closing balance at 30 June 2021	**5,053.1**	**(3.6)**	**1,166.0**	**138.0**	**6,353.5**

For the half year ended 31 December 2020

	$m	$m [1]	$m	$m	$m
Opening balance at 1 July 2020	**4,909.3**	**(4.3)**	**805.9**	**87.3**	**5,798.2**
Comprehensive income					
Profit for the period	-	-	243.9	-	243.9
Other comprehensive income	-	-	(0.8)	9.5	8.7
Total comprehensive income for the period	**-**	**-**	**243.1**	**9.5**	**252.6**
Transactions with owners in their capacity as owners					
Shares issued	8.7	-	-	-	8.7
Purchase of Treasury shares	(11.9)	-	-	-	(11.9)
Movement in Executive Share plans	0.2	-	-	-	0.2
Reduction in employee share ownership plan (ESOP) shares	-	0.2	-	-	0.2
Movement in general reserve for credit losses (GRCL)	-	-	(7.7)	7.7	-
Share based payment	-	-	0.9	(1.7)	(0.8)
Closing balance at 31 December 2020	**4,906.3**	**(4.1)**	**1,042.2**	**102.8**	**6,047.2**

[1] Refer to note 3.8.11 Share capital for further details.

3.7 Cash flow statement

For the half year ended 31 December 2021

		Consolidated		
		Dec-21	Jun-21	Dec-20
	Note	$m	$m	$m
Cash flows from operating activities				
Interest and other items of a similar nature received		929.5	918.2	1,009.6
Interest and other costs of finance paid		(187.9)	(204.0)	(299.7)
Receipts from customers (excluding effective interest)		129.3	124.6	125.8
Payments to suppliers and employees		(546.8)	(466.5)	(576.6)
Dividends received		4.7	0.3	0.2
Income taxes paid		(117.1)	(52.9)	(81.1)
Cash flows from operating activities before changes operating assets and liabilities		**211.7**	**319.7**	**178.2**
(Increase)/decrease in operating assets				
Net increase in balance of loans and other receivables		(1,568.5)	(3,929.9)	(3,031.0)
Net increase in balance of investment securities		16.7	757.9	1,572.5
Increase/(decrease) in operating liabilities				
Net increase in balance of deposits		3,622.4	5,016.3	5,156.7
Net increase/(decrease) in balance of notes payable		374.3	588.8	(494.6)
Net cash flows from operating activities		**2,656.6**	**2,752.8**	**3,381.8**
Cash flows related to investing activities				
Cash paid for purchases of property, plant and equipment		(5.5)	(14.0)	(7.0)
Cash proceeds from sale of property, plant and equipment		2.6	7.1	0.4
Cash paid for purchases of investment property		(28.4)	(15.0)	(16.6)
Cash proceeds from sale of investment property		31.4	26.1	22.6
Cash paid for purchases of equity investments		(5.0)	-	-
Cash proceeds from sale of equity investments		0.8	-	-
Cash proceeds from return of capital of equity investments		1.1	-	-
Net cash acquired with Ferocia		0.5	-	-
Net cash proceeds from sale of Insurance Broking and Debtor Financing businesses		4.0	-	-
Net cash flows from/(used in) investing activities		**1.5**	**4.2**	**(0.6)**
Cash flows from financing activities				
Proceeds from issue of ordinary shares		-	105.8	-
Cash paid for purchase of treasury shares		(8.5)	-	(3.2)
Repayment of preference shares		-	(282.2)	(292.1)
Proceeds from issuance of capital notes		-	-	502.4
Cash paid for redemption of capital notes		(21.1)	-	-
Payment of loan capital issue costs		(0.1)	(1.9)	(5.5)
Proceeds from issuance of subordinated debt		0.7	146.9	-
Repayment of subordinated debt		-	(148.2)	(101.8)
Equity dividends paid		(106.0)	(105.3)	-
Repayment of lease liabilities		(30.0)	(19.4)	(31.6)
Repayment of ESOP shares		0.2	0.5	0.2
Net cash flows (used in)/from financing activities		**(164.8)**	**(303.8)**	**68.4**
Net increase in cash and cash equivalents		2,493.3	2,453.2	3,449.6
Cash and cash equivalents at the beginning of period		7,084.3	4,631.1	1,181.5
Cash and cash equivalents at the end of period	3.8.10	**9,577.6**	**7,084.3**	**4,631.1**

3.8 Notes to and forming part of the financial statements

3.8.1 Corporate information

The half year financial report of Bendigo and Adelaide Bank Limited for the six months ended 31 December 2021 was authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2022.

Bendigo and Adelaide Bank Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The domicile of Bendigo and Adelaide Bank Limited is Australia.

The Group's functional and presentation currency is AUD ($).

3.8.2 Summary of significant accounting policies

The half year financial report does not contain all disclosures of the type normally found within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and finance and investing activities of the consolidated entity as that given by the annual financial report.

It is recommended that the half year financial report is read in conjunction with the annual financial report of Bendigo and Adelaide Bank Limited as at 30 June 2021, which was prepared based on Australian Accounting Standards, together with any public announcements made by Bendigo and Adelaide Bank Limited and its controlled entities made up until the date this half year financial report is signed by the Group in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX Listing Rules.

This half year financial report has been prepared on the basis of accounting policies consistent with those applied in the 30 June 2021 annual financial report, except as disclosed below.

Basis of preparation

Bendigo and Adelaide Bank Limited is a "prescribed corporation" in terms of the *Corporations Act 2001*. Financial reports prepared in compliance with the Banking Act 1959 (as amended) are deemed to comply with the accounts provisions of the *Corporations Act 2001*.

The half year financial report is a general purpose financial report which has been prepared in accordance with the Banking Act 1959 (as amended), applicable Australian Accounting Standards including AASB 134 *Interim Financial Reporting*, *Corporations Act 2001* and the requirements of law in so far as they are applicable to Australian banking corporations.

The amounts contained in the financial report have been rounded to the nearest one hundred thousand dollars ($'00,000) under the option available to the Company under *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

For the purposes of preparing the half year financial report, the half year has been treated as a discrete reporting period and where necessary, presents reclassified comparatives for consistency with current year disclosures.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items that are measured at fair value in the Balance Sheet:

> Financial assets and liabilities at fair value through profit or loss (FVTPL)

> Derivative financial instruments

> Debt and equity instruments measured at fair value through other comprehensive income (FVOCI)

3.8.2 Summary of significant accounting policies (continued)

Changes in accounting policies

New and amended standards and interpretations

Interest Rate Benchmark Reform - Phase 2 (Amendments to AASB 9, IAS39, AASB 7, AASB 4, and AASB 16)
In September 2020, the AASB issued AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2, which has an effective date for the Group of 1 July 2021. This standard addresses issues that may affect the Group at the point of transition from an existing IBOR to a RFR and provides relief from applying specific requirements related to hedge accounting and the modification of financial assets and financial liabilities if certain criteria are met.

The Group has exposure to IBOR, mainly BBSW, through its issuance of debt, holdings of investment securities, and associated hedging activities. The Group expects BBSW to exist as a benchmark rate for the foreseeable future and, therefore, does not expect to be directly impacted by IBOR reform.

Recently issued or amended standards not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the half year ended 31 December 2021.

The following amendments to existing standards are not expected to result in significant changes to the Group's accounting policies:
> AASB 17 *Insurance Contracts*;
> Classification of liabilities as current or non-current (Amendments to AASB 101);
> Onerous Contracts – Cost of Fulfilling a Contract (Amendments to AASB 137);
> Annual Improvements to IFRS Standards 2018-2020;
> Property, Plant and Equipment: Proceeds before Intended Use (Amendments to AASB 16);
> Reference to the Conceptual Framework (Amendments to AASB 3);
> Amendments to AASB 17;
> Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and IAS 28);
> Disclosure of Accounting Policy (Amendments to AASB 101 and IFRS Practice Statement 2);
> Definition of Accounting Estimate (Amendments to AASB 108); and
> Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to AASB 12 *Income Taxes*.

Significant accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenues, expenses and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis.

3.8.2 Summary of significant accounting policies (continued)

Significant accounting judgements, estimates and assumptions (continued)

Impairment of loans and advances

During 1H22, $6.8 million of the modelled collectively assessed provision was released, reflecting the improved economic conditions in the Australian economy, including rising GDP, lower unemployment and higher residential property prices. There has also been a small release in the overlays held on the collective provision of $7.3 million.

The assessment and determination of forward-looking assumptions used to calculate the provision is challenging given the inherent uncertainties around COVID-19, specifically the Omicron variant.

Multiple forward-looking scenarios

The Group determines its allowance for credit losses using five probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve unbiased projections and forecasts. The Group prepares the scenarios using forecasts generated by Interest Rate Risk in the Banking Book (IRRBB) team. The forecasts are created using internal and external models which are modified by IRRBB as necessary to formulate a 'base case' view of the most probable future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The process involves the development of four additional economic scenarios and consideration of the relative probabilities of each outcome.

The 'base case' represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables, credit risk and credit losses.

The assessment and determination of forward-looking assumptions in the current environment is challenging given the inherent uncertainties surrounding COVID-19, including current restrictions and the risk of further outbreaks.

The Group's base case economic forecast scenario used in the calculation of the collectively assessed provision as at 31 December 2021, reflects a strong recovery in economic conditions throughout 2022. Unemployment, under the base case scenario, peaks at 5.2% in June 2022. Subdued positive quarterly growth in GDP is expected during 2022. House prices are expected to grow strongly by approximately 14% p.a. up to March 2022, but a correction is expected in 2023 with negative growth expected into 2024. Commercial property prices are expected to stabilise after significant falls, especially CBD retail and office space. Negative growth is still expected into 2023 before subdued positive growth returns from June 2023 onwards.

The Group's significant deterioration scenario was reassessed based on downturn scenarios published by external parties, and assumes unemployment peaks at 7.6% in December 2022, and improves slightly to 7.5% by June 2024. Gross Domestic Product is expected to contract by 3.5% in the March 2022 quarter with negative GDP projected for another 6 quarters before recovering by December 2023. House prices are projected to fall by 31.2% from the December 2021 highs and commercial property prices by 12.9%.

The scenario weightings remained the same compared to the June 2021 assessment due to recent COVID-19 outbreaks, new variants and reintroduced restrictions.

The table below illustrates the weightings applied to the forecast scenarios for the purpose of calculating the collectively assessed provision.

Weightings	31 Dec 2021	30 Jun 2021
Base scenario	50.0%	50.0%
Significant improvement	0.0%	0.0%
Mild improvement	5.0%	5.0%
Mild deterioration	27.5%	27.5%
Significant deterioration	17.5%	17.5%

The above probability weightings have been applied to all portfolios with the exception of the agricultural lending portfolio. The weightings applied to this portfolio for both 31 December 2021 and 30 June 2021 were 53% base scenario, 25% mild deterioration, 20% mild improvement, and 1% each for the remaining two scenarios.

The table below discloses the collectively assessed provision outcomes assuming a 100% weighting is applied to the relevant scenario, all other assumptions held constant.

Scenario Outcomes	31 Dec 2021 ($m) [1]	30 Jun 2021 ($m) [1]
100% Base scenario	206.8	217.0
100% Significant improvement	193.3	203.0
100% Mild improvement	198.0	207.2
100% Mild deterioration	239.5	247.5
100% Significant deterioration	288.0	347.6

[1] *These outcomes exclude the GRCL.*

3.8.2 Summary of significant accounting policies (continued)

Significant accounting judgements, estimates and assumptions (continued)

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Cash earnings

Cash earnings is a non-IFRS key financial performance measure used by the Group, the investment community and other Australian banks with similar business portfolios. As a non-IFRS financial measure, cash earnings has been prepared on a basis other than in accordance with Australian Accounting Standards.

The basis for determining cash earnings is the statutory profit after tax, adjusted for specific items after tax and acquired intangibles amortisation after tax. Cash earnings have been used in a number of key indicator calculations such as 3.8.8 - Earnings per ordinary share and 3.8.9 - Return on average ordinary equity.

Specific items

Specific items are those items that are deemed to be outside of the Group's core activities and are not considered to be representative of the Group's ongoing financial performance.

3.8.3 Income

	Consolidated		
	Dec-21 $m	Jun-21 $m	Dec-20 $m
Interest income			
Effective interest income			
Assets held at FVTPL	0.6	7.6	11.0
Assets held at FVOCI	3.2	0.8	0.9
Assets held at amortised cost	0.4	0.1	0.2
Reverse repurchase agreements	0.1	0.4	0.8
Loans and other receivables	872.8	892.4	953.1
Total interest income	**877.1**	**901.3**	**966.0**
Interest expense			
Deposits			
Customer	(90.6)	(122.5)	(183.3)
Wholesale - domestic	(11.1)	(12.9)	(22.1)
Other borrowings			
Notes payable	(22.8)	(21.3)	(23.4)
Repurchase agreements	(3.8)	(2.5)	(2.5)
Lease liability - interest expense	(2.6)	(2.8)	(3.1)
Loan capital	(19.5)	(23.2)	(25.2)
Total interest expense	**(150.4)**	**(185.2)**	**(259.6)**
Total net interest income	**726.7**	**716.1**	**706.4**
Other revenue			
Fee income			
Assets	40.8	45.8	39.2
Liabilities and other products	29.5	34.3	35.7
Trustee, management and other services	1.8	2.1	1.6
Total fee income	**72.1**	**82.2**	**76.5**
Commissions and management fees	**29.8**	**27.0**	**26.5**
Revenue from contracts with customers	**101.9**	**109.2**	**103.0**
Other income			
Foreign exchange income	12.1	9.1	10.0
Factoring products income	0.4	0.5	0.5
Trading book (loss)/income	(0.8)	(5.2)	6.9
Homesafe revaluation gain	105.6	76.1	61.6
Dividend income	4.4	0.4	-
Other	14.8	9.4	1.4
Total other income	**136.5**	**90.3**	**80.4**
Total other revenue	**238.4**	**199.5**	**183.4**

Recognition and measurement

Interest income or expense on financial instruments that are recognised at amortised cost or fair value through other comprehensive income are measured using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial instrument. Calculation of the effective interest rate takes into account fees receivable (i.e. origination and application fees) or payable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Where the Group acts as a lessee, and a lease liability has been recognised, the interest expense associated with the lease liability is recognised as an interest expense.

3.8.3 Income (continued)

Recognition and measurement (continued)

Trading book (loss)/income represents the fair value adjustments for financial assets measured at FVTPL.

Commissions and management fees are earned by the Group from a diverse range of financial services provided to customers. Fees, commissions and management fees are recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or over the contract period for a service provided over time.

Dividend income is recognised by the Group when the right to receive a payment is established.

Homesafe revaluation gain reflects the gains arising from changes in the fair value of investment property and are recognised in the year in which they arise. Refer to Note 2.2.4 for further information.

3.8.4 Expenses

	Consolidated		
	Dec-21 $m	Jun-21 $m	Dec-20 $m
Credit expenses			
Individually assessed provision	(3.2)	(16.8)	(17.4)
Collectively assessed provision	17.1	19.4	(2.9)
Bad debts written off	1.7	(1.9)	(1.1)
Bad debts recovered	2.2	0.8	1.9
Total credit reversals/(expenses)	**17.8**	**1.5**	**(19.5)**
Other expenses			
Staff and related costs			
Salaries, wages and incentives	(263.4)	(256.4)	(254.1)
Superannuation contributions	(23.9)	(21.8)	(22.8)
Other staff related costs	(17.6)	(17.4)	(17.3)
Total staff and related costs	**(304.9)**	**(295.6)**	**(294.2)**
Occupancy costs			
Operating lease rentals	(2.9)	(2.6)	(3.2)
Depreciation of leasehold improvements	(4.2)	(4.1)	(4.1)
Other	(11.0)	(10.8)	(11.1)
Total occupancy costs	**(18.1)**	**(17.5)**	**(18.4)**
Amortisation and depreciation			
Amortisation of acquired intangibles	(2.4)	(1.3)	(1.7)
Amortisation of software intangibles	(16.6)	(13.5)	(14.4)
Depreciation of property, plant and equipment	(27.5)	(29.8)	(31.3)
Total amortisation and depreciation costs	**(46.5)**	**(44.6)**	**(47.4)**
Fees and commission expense	**(9.8)**	**(9.4)**	**(10.8)**
Other operating expenses			
Communications, postage and stationery	(17.1)	(16.2)	(17.2)
Computer systems and software costs	(42.8)	(40.5)	(38.9)
Advertising and promotion	(12.2)	(13.1)	(15.2)
Other product and services delivery costs	(8.4)	(11.4)	(11.4)
Consultancy fees	(21.2)	(29.3)	(30.6)
Other expenses	(43.5)	(33.7)	(38.3)
Total other operating expenses	**(145.2)**	**(144.2)**	**(151.6)**
Total other expenses	**(524.5)**	**(511.3)**	**(522.4)**

3.8.4 Expenses (continued)

Recognition and measurement

Operating expenses are recognised as the relevant service is rendered, or once a liability is incurred.

Credit expenses are measured as the difference between the carrying amount and the value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

Staff and related costs
Wage and salary costs are recognised over the period in which the employees provide the service.

Superannuation contributions are made to an employee accumulation fund and are expensed when they become payable.

Occupancy costs
Includes operating lease expenses relating to low value assets and short-term leases, being leases with a term of 12 months or less.

Amortisation
Amortisation expense includes computer software previously capitalised and subsequently amortised over its estimated useful life.

Depreciation of Property, Plant and Equipment
Depreciation expenses associated with operating leases are shown as depreciation of the Right of Use Assets (ROUA).

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet. on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the taxation authority, are classified as operating cash flows.

3.8.5 Segment results

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses. Segment reporting reflects the information that is used by the Managing Director for the purposes of resource allocation and performance assessment, hence it is consistent with the internal reporting provided to the Managing Director and the Executive Team.

Changes to the management structure of the Group can cause the Group's operating segments to change. Where this occurs, prior period segment results are restated. A description of each of the Group's segments has been provided below.

The Group has the following reportable segments: Consumer, Business and Agribusiness.

Consumer

Consumer focuses on engaging with and servicing consumer customers and includes the branch network (including Community Banks and Alliance Banks), Up digital bank, mobile relationship managers, third party banking channels, wealth services, Homesafe, call centres, and consumer support functions such as the processing centres.

Business

Business focuses on servicing business customers and includes business banking, Portfolio Funding and Delphi Bank.

Agribusiness

Agribusiness includes all banking services provided to agribusiness, rural and regional Australian communities through Rural Bank.

Corporate

Corporate includes the results of the Group's support functions including treasury, technology, property services, strategy, finance, risk, compliance, legal, human resources, and investor relations.

Accounting policies and inter-segment transactions

Measurement of segmental assets, liabilities, income and expenses is in accordance with the Group's accounting policies. Segment results are determined by including all revenue and expenses associated with each business. Transactions between business segments are conducted at arm's length, and are eliminated on consolidation.

Segment net interest income is recognised based on an internally set funds transfer pricing policy, based on pre-determined market rates of return on the assets and liabilities of the segment.

Major customers

Revenues from no individual customer amount to greater than 10% of the Group's revenue.

Geographic Information

The allocation of revenue and assets is based on the geographic location of the customer. The Group operates in all Australian states and territories, providing banking and other financial services.

For the half year ended 31 December 2021

	Operating segments					
	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
	$m	$m	$m	$m	$m	$m
Net interest income	467.3	157.6	92.4	**717.3**	9.4	**726.7**
Other income	197.4	25.3	10.1	**232.8**	5.6	**238.4**
Total segment income	**664.7**	**182.9**	**102.5**	**950.1**	**15.0**	**965.1**
Operating expenses	(223.8)	(42.2)	(27.4)	**(293.4)**	(231.1)	**(524.5)**
Credit reversals/(expenses)	5.4	(0.9)	6.1	**10.6**	7.2	**17.8**
Segment result (before tax expense)	**446.3**	**139.8**	**81.2**	**667.3**	**(208.9)**	**458.4**
Tax (expense)/benefit	(133.5)	(41.8)	(24.3)	**(199.6)**	62.5	**(137.1)**
Segment result (statutory basis)	**312.8**	**98.0**	**56.9**	**467.7**	**(146.4)**	**321.3**
Cash basis adjustments:						
Specific income and expense items (after tax)	(71.3)	(1.7)	-	**(73.0)**	0.7	**(72.3)**
Homesafe net realised income (after tax)	10.0	-	-	**10.0**	-	**10.0**
Amortisation of acquired intangibles (after tax)	1.2	0.2	0.3	**1.7**	-	**1.7**
Segment result (cash basis) [1]	**252.7**	**96.5**	**57.2**	**406.4**	**(145.7)**	**260.7**

[1] This balance excludes non-cash and specific items. Specific items are those deemed to be outside of the Group's core activities and hence are not considered to be representative of the Group's ongoing financial performance.

3.8.5 Segment results (continued)

For the half year ended 30 June 2021

	Operating segments					
	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
	$m	$m	$m	**$m**	$m	$m
Net interest income	456.0	159.5	84.8	**700.3**	15.8	**716.1**
Other income	166.0	19.8	14.7	**200.5**	(1.0)	**199.5**
Total segment income	**622.0**	**179.3**	**99.5**	**900.8**	**14.8**	**915.6**
Operating expenses	(214.8)	(42.3)	(30.6)	**(287.7)**	(223.6)	**(511.3)**
Credit (expenses)/reversals	(5.9)	(13.6)	(1.6)	**(21.1)**	22.6	**1.5**
Segment result (before tax expense)	**401.3**	**123.4**	**67.3**	**592.0**	**(186.2)**	**405.8**
Tax (expense)/benefit	(124.4)	(38.4)	(20.9)	**(183.7)**	58.0	**(125.7)**
Segment result (statutory basis)	**276.9**	**85.0**	**46.4**	**408.3**	**(128.2)**	**280.1**
Cash basis adjustments:						
Specific income and expense items (after tax)	(51.0)	0.1	0.1	**(50.8)**	-	**(50.8)**
Homesafe net realised income (after tax)	7.3	-	-	**7.3**	-	**7.3**
Amortisation of acquired intangibles (after tax)	0.5	0.2	0.2	**0.9**	-	**0.9**
Segment result (cash basis) [1]	**233.7**	**85.3**	**46.7**	**365.7**	**(128.2)**	**237.5**

For the half year ended 31 December 2020

	$m	$m	$m	**$m**	$m	**$m**
Net interest income	446.9	154.5	87.1	**688.5**	17.9	**706.4**
Other income	150.9	19.4	11.9	**182.2**	1.2	**183.4**
Total segment income	**597.8**	**173.9**	**99.0**	**870.7**	**19.1**	**889.8**
Operating expenses	(236.2)	(42.8)	(30.9)	**(309.9)**	(212.5)	**(522.4)**
Credit expenses	(2.4)	(4.1)	(5.9)	**(12.4)**	(7.1)	**(19.5)**
Segment result (before tax expense)	**359.2**	**127.0**	**62.2**	**548.4**	**(200.5)**	**347.9**
Tax (expense)/benefit	(107.4)	(37.9)	(18.6)	**(163.9)**	59.9	**(104.0)**
Segment result (statutory basis)	**251.8**	**89.1**	**43.6**	**384.5**	**(140.6)**	**243.9**
Cash basis adjustments:						
Specific income and expense items (after tax)	(36.4)	0.1	-	**(36.3)**	5.5	**(30.8)**
Homesafe net realised income (after tax)	5.4	-	-	**5.4**	-	**5.4**
Amortisation of acquired intangibles (after tax)	0.7	0.2	0.3	**1.2**	-	**1.2**
Segment result (cash basis) [1]	**221.5**	**89.4**	**43.9**	**354.8**	**(135.1)**	**219.7**

[1] This balance excludes non-cash and specific items. Specific items are those deemed to be outside of the Group's core activities and hence are not considered to be representative of the Group's ongoing financial performance.

	Operating segments					
	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
Reportable segment assets and liabilities	$m	$m	$m	**$m**	$m	**$m**
As at 31 Dec 2021						
Reportable segment assets	54,832.9	13,209.2	5,855.8	**73,897.9**	16,884.5	**90,782.4**
Reportable segment liabilities	50,730.3	13,890.3	2,829.7	**67,450.3**	12,671.0	**80,121.3**
As at 30 Jun 2021						
Reportable segment assets	52,594.7	13,362.5	6,229.5	**72,186.7**	14,390.5	**86,577.2**
Reportable segment liabilities	47,293.8	13,361.9	2,753.4	**63,409.1**	13,216.9	**76,626.0**
As at 31 Dec 2020						
Reportable segment assets	49,040.3	13,416.8	5,821.9	**68,279.0**	12,486.2	**80,765.2**
Reportable segment liabilities	45,337.3	12,489.3	3,102.6	**60,929.2**	10,779.9	**71,709.1**

	As at 31 Dec 2021	As at 30 Jun 2021	As at 31 Dec 2020
Reconciliation of reportable segments to consolidated assets and liabilities	$m	$m	$m
Total assets for operating segments	90,782.4	86,577.2	80,765.2
Total assets	**90,782.4**	**86,577.2**	**80,765.2**
Total liabilities for operating segments	80,121.3	76,626.0	71,709.1
Notes payable	3,972.0	3,597.7	3,008.9
Total liabilities	**84,093.3**	**80,223.7**	**74,718.0**

3.8.6 Income tax

For the half year ended 31 December 2021

The major components of income tax expense for the half year ended 31 December 2021 are:

Income Statement	Dec-21 $m	Jun-21 $m	Dec-20 $m
Current income tax			
Current income tax charge	(101.5)	(100.8)	(99.3)
Franking credits	2.2	0.4	0.4
Adjustments in respect of current income tax of previous years	5.9	-	3.6
Deferred income tax			
Adjustments in respect of current income tax of previous years	(4.6)	-	(1.8)
Relating to origination and reversal of temporary differences	(39.1)	(25.3)	(6.9)
Income tax expense reported in the Income Statement	**(137.1)**	**(125.7)**	**(104.0)**

3.8.7 Dividends paid and payable

Ordinary shares (ASX: BEN)

	Dec-21			Jun-21			Dec-20		
Dividends paid	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
	June 2021 final dividend			December 2020 interim dividend			June 2020 final dividend		
	Sep 21	26.5	144.0	Mar 21	23.5	122.8	Mar 21	4.5	23.5

Dividends payable

Dividends proposed since the reporting date, but not recognised as a liability:

Interim dividend December 2021		
Cents per share ¢	Franked amount per share %	Total amount $m
26.5	100.0	145.6

All dividends paid were fully franked at 30% either from existing franking credits or from franking credits arising from payment of income tax provided for in the financial statements for the half year ended 31 December 2021.

Preference shares and capital notes

	Dec-21			Jun-21			Dec-20		
	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
Convertible preference shares (CPS2) (recorded as debt instruments) (ASX: BENPE) [1]									
							Nov 2020	117.28	3.4
Convertible preference shares (CPS3) (recorded as debt instruments) (ASX: BENPF) [2]									
				Jun 2021	140.31	4.0	Dec 2020	146.35	4.1
Converting preference shares (CPS4) (recorded as debt instruments) (ASX: BENPG)									
	Sep 2021	65.15	2.1	Mar 2021	65.80	2.1	Sep 2020	67.19	2.2
	Dec 2021	65.65	2.1	Jun 2021	66.81	2.1	Dec 2020	67.02	2.2
Capital notes (recorded as debt instruments) (ASX: BENPH) [3]									
	Sep 2021	67.48	3.4	Mar 2021	76.92	3.9			
	Dec 2021	66.51	3.3	Jun 2021	67.70	3.4			

[1] Convertible preference shares (CPS2, ASX: BENPE) were redeemed in November 2020. Final dividend payment was made in November 2020.

[2] Convertible preference shares (CPS3, ASX: BENPF) were redeemed in June 2021. Final dividend payment was made in June 2021.

[3] Capital notes (ASX: BENPH) were issued in November 2020. First dividend payment was made in March 2021.

3.8.8 Earnings per ordinary share

	Half Year		
	Dec-21	Jun-21	Dec-20
Earnings per ordinary share	Cents per share		
Basic	58.0	52.1	46.0
Diluted	50.8	44.5	37.9

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share (EPS) are as follows:

Reconciliation of earnings used in calculation of earnings per ordinary share	$m	$m	$m
Net profit for the half-year (after tax)	321.3	280.1	243.9
Total basic earnings	**321.3**	**280.1**	**243.9**
Earnings used in calculating basic earnings per ordinary share	321.3	280.1	243.9
Add back : Dividends accrued and/or paid on dilutive loan capital	7.8	10.2	8.9
Total diluted earnings	**329.1**	**290.3**	**252.8**

Reconciliation of weighted average number of ordinary shares (WANOS) used in earnings per share calculations	No. of shares		
WANOS used in the calculation of basic earnings per share	554,108,106	538,097,346	530,710,858
Effect of dilution - executive performance rights	3,213,958	2,265,978	1,425,878
Effect of dilution - other debt issues	89,979,071	112,422,832	133,977,770
WANOS used in the calculation of diluted earnings per share	**647,301,135**	**652,786,156**	**666,114,506**

Potentially dilutive instruments

The following instruments are potentially dilutive during the reporting period:

	Dec-21	Jun-21	Dec-20
Loan capital instruments	Yes	Yes	Yes
Executive share options	No	No	No
Executive performance rights	Yes	Yes	Yes
Subordinated note (with non viability clause)	No	No	No

Recognition and measurement

Basic earnings per share (EPS) is calculated as net profit after tax, divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit after tax, add back dividends on dilutive loan capital instruments, divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, including loan capital instruments.

Executive performance rights - classification of securities

Executive performance rights are treated as dilutive from the date of issue and remain dilutive, so long as the performance conditions are satisfied. In the event of a performance condition not being satisfied, the number of dilutive rights would be reduced to the number that would have been issued if the end of the period was the end of the contingency period.

3.8.9 Return on average ordinary equity

	Half year		
	Dec-21	Jun-21	Dec-20
	%	%	%
Return on average ordinary equity (after tax)	9.99	9.28	8.29
Return on average ordinary equity (cash basis)	8.11	7.87	7.47

Reconciliation of ordinary equity used in the calculation of return on average ordinary equity

	As at 31 Dec 2021	As at 30 Jun 2021	As at 31 Dec 2020
	$m	$m	$m
Ordinary issued capital	5,184.7	5,053.1	4,906.3
Retained earnings	1,361.0	1,166.0	1,042.2
Total ordinary equity	**6,545.7**	**6,219.1**	**5,948.5**
Average ordinary equity [1]	**6,379.0**	**6,084.2**	**5,832.9**

[1] The average ordinary equity is calculated using a six month average.

Return on average ordinary equity is a key performance measure and is used in the company's management remuneration policy. Refer to the June 2021 full year annual report for the full details of this policy.

3.8.10 Cash flow information

For the purposes of the cash flow statement, cash and cash equivalents includes:

	As at 31 Dec 2021	As at 30 Jun 2021	As at 31 Dec 2020
	$m	$m	$m
Cash and cash equivalents	9,493.3	7,086.3	4,577.0
Due from other financial institutions	200.4	173.4	116.5
Due to other financial institutions	(116.1)	(175.4)	(62.4)
Total cash and cash equivalents	**9,577.6**	**7,084.3**	**4,631.1**

Recognition and measurement

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with other financial institutions, reverse repurchase agreements and highly liquid financial assets with original maturities of three months or less and are subject to an insignificant risk of changes in their fair value. These assets are generally used by the Group in managing its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Balance Sheet.

Cash at bank earns interest at variable rates based on daily bank and short-term deposit rates. Interest is recognised in the Income Statement using the effective interest method.

3.8.11 Share capital

	As at 31 Dec 2021		As at 30 Jun 2021		As at 31 Dec 2020	
Issued and paid up capital	No. of shares	$m	No. of shares	$m	No. of shares	$m
Ordinary shares fully paid	558,900,860	5,184.7	545,510,378	5,053.1	530,429,882	4,906.3
Employee Share Ownership Plan shares	-	(3.4)	-	(3.6)	-	(4.1)
Total issued and paid up capital	**558,900,860**	**5,181.3**	**545,510,378**	**5,049.5**	**530,429,882**	**4,902.2**

Movements in ordinary shares on issue	No. of shares	$m	No. of shares	$m	No. of shares	$m
Opening balance	547,147,671	5,064.9	532,076,863	4,918.2	530,779,195	4,909.3
Institutional share issue	-	-	28	-	43	-
Shares issued for Loan Share Plan	-	-	-	-	1,297,625	8.7
Dividend Reinvestment Plan [1]	3,989,562	38.0	4,213,290	41.0	-	-
Bonus Share Scheme [2]	339,228	-	232,760	-	-	-
Underwritten share issuance	-	-	10,624,730	105.7	-	-
Share issuance [3]	10,002,606	102.2	-	-	-	-
Executive performance rights	-	-	-	-	-	0.2
Closing balance (includes Treasury shares)	**561,479,067**	**5,205.1**	**547,147,671**	**5,064.9**	**532,076,863**	**4,918.2**

Less: Treasury shares	No. of shares	$m	No. of shares	$m	No. of shares	$m
Opening balance	(1,637,293)	(11.8)	(1,646,981)	(11.9)	-	-
Net (acquisitions)/disposals during the period	(940,914)	(8.5)	9,688	0.1	(1,646,981)	(11.9)
Closing balance (Treasury shares)	**(2,578,207)**	**(20.4)**	**(1,637,293)**	**(11.8)**	**(1,646,981)**	**(11.9)**
Closing balance (excludes Treasury shares)	**558,900,860**	**5,184.7**	**545,510,378**	**5,053.1**	**530,429,882**	**4,906.3**

Movements in Employee Share Ownership Plan	$m	$m	$m
Opening balance	(3.6)	(4.1)	(4.3)
Reduction in Employee Share Ownership Plan shares	0.2	0.5	0.2
Closing balance	**(3.4)**	**(3.6)**	**(4.1)**

[1] The Group issued 3,989,562 shares @ $9.49 as part of the June 2021 final dividend under the Dividend Reinvestment Plan.

[2] The Group issued 339,228 shares @ $9.49 as part of the 2021 final dividend under the Bonus Share Scheme.

[3] The Group issued 10,002,606 shares @ $10.22 as part of the Ferocia acquisition.

3.8.12 Financial instruments

All financial instruments are initially recognised at fair value on the date of initial recognition depending on the classification of the asset and liability.

a) Measurement basis of financial assets and liabilities

The following table details the carrying amount of the financial assets and liabilities by classification on the Balance Sheet.

31 December 2021	Fair value through profit or loss $m	Fair value through other comprehensive income $m	Amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents	-	-	9,493.3	9,493.3
Due from other financial institutions	-	-	200.4	200.4
Financial assets fair value through profit or loss (FVTPL)	58.0	-	-	58.0
Financial assets amortised cost	-	-	572.8	572.8
Financial assets fair value through other comprehensive income (FVOCI)	-	3,554.9	-	3,554.9
Net loans and other receivables	-	-	73,504.7	73,504.7
Derivatives	8.8	38.1	-	46.9
Total financial assets	**66.8**	**3,593.0**	**83,771.2**	**87,431.0**
Financial liabilities				
Due to other financial institutions	-	-	116.1	116.1
Deposits	-	-	77,978.0	77,978.0
Notes payable	-	-	3,972.0	3,972.0
Derivatives	12.4	20.3	-	32.7
Loan capital	-	-	1,364.2	1,364.2
Total financial liabilities	**12.4**	**20.3**	**83,430.3**	**83,463.0**

30 June 2021	$m	$m	$m	$m
Financial assets				
Cash and cash equivalents	-	-	7,086.3	7,086.3
Due from other financial institutions	-	-	173.4	173.4
Financial assets fair value through profit or loss (FVTPL)	1,678.7	-	-	1,678.7
Financial assets amortised cost	-	-	351.5	351.5
Financial assets fair value through other comprehensive income (FVOCI)	-	2,186.1	-	2,186.1
Net loans and other receivables	-	-	71,920.6	71,920.6
Derivatives	16.0	43.1	-	59.1
Total financial assets	**1,694.7**	**2,229.2**	**79,531.8**	**83,455.7**
Financial liabilities				
Due to other financial institutions	-	-	175.4	175.4
Deposits	-	-	74,355.6	74,355.6
Notes payable	-	-	3,597.7	3,597.7
Derivatives	11.3	34.0	-	45.3
Loan capital	-	-	1,383.2	1,383.2
Total financial liabilities	**11.3**	**34.0**	**79,511.9**	**79,557.2**

3.8.12 Financial instruments (continued)

a) Measurement basis of financial assets and liabilities (continued)

31 December 2020	Fair value through profit or loss $m	Fair value through other comprehensive income $m	Amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents	-	-	4,577.0	4,577.0
Due from other financial institutions	-	-	116.5	116.5
Financial assets fair value through profit or loss (FVTPL)	4,514.4	-	-	4,514.4
Financial assets amortised cost	-	-	339.8	339.8
Financial assets fair value through other comprehensive income (FVOCI)	-	110.6	-	110.6
Net loans and other receivables	-	-	67,989.9	67,989.9
Derivatives	16.8	63.3	-	80.1
Total financial assets	**4,531.2**	**173.9**	**73,023.2**	**77,728.3**
Financial liabilities				
Due to other financial institutions	-	-	62.4	62.4
Deposits	-	-	69,339.4	69,339.4
Notes payable	-	-	3,008.9	3,008.9
Derivatives	19.9	67.2	-	87.1
Loan capital	-	-	1,666.5	1,666.5
Total financial liabilities	**19.9**	**67.2**	**74,077.2**	**74,164.3**

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments. A quoted market price in an active market provides the most reliable evidence of fair value. For all other financial instruments, the fair value is determined by using other valuation techniques.

Valuation of financial assets and liabilities

Various valuation techniques are used to measure the fair value of financial instruments. The technique adopted is dependent upon the inputs available.

As part of the fair value measurement, the Group classifies its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the hierarchy are defined below:

Level 1 - Quoted market prices

Financial instruments that have been valued by reference to unadjusted quoted prices for identical financial assets in active markets. Government bonds issued by the Commonwealth of Australia have been included in this category.

Level 2 - Valuation technique using observable inputs

The fair value is determined using models whose inputs are observable in an active market.

Level 3 - Valuation technique using significant unobservable inputs

The fair value is calculated using significant inputs that are not based on observable market data but that are most reflective of the market conditions at the measurement date.

3.8.12 Financial instruments (continued)

Financial assets and liabilities carried at fair value

The table below details financial instruments carried at fair value, by Balance Sheet classification and hierarchy level:

	Level 1	Level 2	Level 3	Total fair value	Total carrying value
31 December 2021	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	14.2	43.8	-	58.0	58.0
Financial assets FVOCI	152.0	3,367.4	35.5	3,554.9	3,554.9
Derivatives	-	46.9	-	46.9	46.9
Financial liabilities					
Derivatives	-	32.7	-	32.7	32.7
30 June 2021	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	187.2	1,491.5	-	1,678.7	1,678.7
Financial assets FVOCI	561.4	1,593.5	31.2	2,186.1	2,186.1
Derivatives	-	59.1	-	59.1	59.1
Financial liabilities					
Derivatives	-	45.3	-	45.3	45.3
31 December 2020	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	2,386.8	2,127.6	-	4,514.4	4,514.4
Financial assets FVOCI	0.1	91.9	18.6	110.6	110.6
Derivatives	-	80.1	-	80.1	80.1
Financial liabilities					
Derivatives	-	87.1	-	87.1	87.1

Transfers between levels are deemed to have occurred at the beginning of the reporting period in which instruments are transferred. There were no transfers between levels during the half year for the Group.

Valuation methodology

Financial instruments - debt securities

Each month, independent valuations are determined by the Group's Financial Risk & Modelling function. This involves an analysis of independently sourced data that is deemed most representative of the market. From this independent data which is made available by other financial institutions, market average valuations are calculated, and the value of debt securities are updated.

Financial instruments - equity investments

Level 1 - Listed investments relates to equities held that are on listed exchanges.

Level 2 - Unlisted investments are equity holdings in unlisted managed investment schemes. For managed scheme investments the most recent prices provided by the fund manager are used.

Level 3 - Unlisted investments are equity holdings in small unlisted entities. Given there are no quoted market prices and no observable inputs, assumptions reflective of market conditions at the measurement date are used to approximate fair value.

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using valuation methodologies, including discounted cash flow and option pricing models as appropriate. The most significant inputs into the valuations are interest rate yields which are developed from publicly quoted rates.

3.8.12 Financial instruments (continued)

Movements in level 3 portfolio

The following table provides a reconciliation from the opening balances to the closing balances for financial instruments which are classified as Level 3:

Financial assets - equity investments	$m
Opening balance as at 1 July 2021	31.2
Revaluation	6.5
Sales	(2.2)
Closing balance as at 31 December 2021	**35.5**

Financial assets and liabilities carried at amortised cost

Valuation hierarchy

The table below details financial instruments carried at amortised cost, by Balance Sheet classification and hierarchy level:

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
31 December 2021	$m	$m	$m	$m	$m
Financial assets					
Cash and cash equivalents [1]	-	9,334.5	-	9,334.5	9,334.5
Due from other financial institutions	-	200.4	-	200.4	200.4
Financial assets amortised cost	-	572.8	-	572.8	572.8
Net Loans and other receivables	-	-	73,421.4	73,421.4	73,504.7
Financial liabilities					
Due to other financial institutions	-	116.1	-	116.1	116.1
Deposits	-	77,929.6	-	77,929.6	77,978.0
Notes payable	-	3,983.9	-	3,983.9	3,972.0
Loan capital	858.3	549.3	-	1,407.6	1,364.2
30 June 2021	$m	$m	$m	$m	$m
Financial assets					
Cash and cash equivalents [1]	-	6,949.2	-	6,949.2	6,949.2
Due from other financial institutions	-	173.4	-	173.4	173.4
Financial assets amortised cost	-	351.5	-	351.5	351.5
Net Loans and other receivables	-	-	71,985.9	71,985.9	71,920.6
Financial liabilities					
Due to other financial institutions	-	175.4	-	175.4	175.4
Deposits	-	74,375.3	-	74,375.3	74,355.6
Notes payable	-	3,631.5	-	3,631.5	3,597.7
Loan capital	850.3	568.1	-	1,418.4	1,383.2
31 December 2020	$m	$m	$m	$m	$m
Financial assets					
Cash and cash equivalents [1]	-	4,387.4	-	4,387.4	4,387.4
Due from other financial institutions	-	116.5	-	116.5	116.5
Financial assets amortised cost	-	339.8	-	339.8	339.8
Net Loans and other receivables	-	-	68,166.7	68,166.7	67,989.9
Financial liabilities					
Due to other financial institutions	-	62.4	-	62.4	62.4
Deposits	-	69,431.8	-	69,431.8	69,339.4
Notes payable	-	3,030.2	-	3,030.2	3,008.9
Loan capital	1,114.8	565.5	-	1,680.3	1,666.5

[1] Cash and cash equivalents excludes the balance of Notes and Coins.

Transfers between levels are deemed to have occurred at the beginning of the reporting period in which instruments are transferred. There were no transfers between levels during the half year for the Group.

3.8.12 Financial instruments (continued)

Valuation methodology

Cash and cash equivalents, due from/to other financial institutions

The carrying value for these assets and liabilities are a reasonable approximation of fair value.

Financial assets amortised cost

The fair values of financial assets held to maturity are measured at amortised cost which approximates their fair value given they are predominantly short-term in nature or have interest rates which reprice frequently.

Net loans and other receivables

The carrying value of loans and other receivables is net of specific and collective provisions. For variable rate loans, excluding impaired loans, the carrying amount is a reasonable estimate of fair value.

The fair value for fixed loans is calculated by utilising discounted cash flow models, based on the maturity of the loans. The discount rates used represent the rate the market is willing to offer at arm's length for customers of similar credit quality. The net fair value of impaired loans is calculated by discounting expected cash flows using these rates.

Deposits

The carrying value of deposits at call is considered to represent fair value given they are short-term in nature. The fair value for all term deposits is calculated using a discounted cash flow model applying market rates, or current rates for deposits of similar maturities.

Wholesale deposits includes the Term Funding Facility (TFF). On 19 March 2020, the Reserve Bank of Australia announced the establishment of the TFF, a three-year facility with a fixed interest rate of 0.25% per annum. The TFF was established to provide ADIs with access to long-term funding to reinforce the benefits to the economy of a lower RBA cash rate and to encourage ADIs to support businesses. The TFF is collateralised by residential mortgage-backed securities issued by the Group. As at 31 December 2021 the Group's TFF drawdowns totalled $4,718.3 billion (30 June 2021: $4,718.3 billion).

Notes payable

The fair value for all notes payable is calculated using a discounted cash flow model applying independent market rates and margins for similar financial instruments.

Loan capital

The fair value of preference shares and capital notes is based on quoted market rates for the issue concerned as at year end.

The fair value of subordinated debt is calculated based on quoted market prices. For those debt issues where quoted market prices were not available, a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instrument is used.

3.8.13 Commitments and contingencies

(a) Commitments and contingent liabilities

The following are outstanding expenditure and credit related commitments as at 31 December 2021.

	Dec-21 $m	Jun-21 $m	Dec-20 $m
Commitment to provide credit	11,050.8	10,453.3	10,922.9
Guarantees	247.6	244.3	254.8
Documentary letters of credit and performance related obligations	2.2	3.7	3.5

Recognition and measurement

Commitment to provide credit

The Group enters into arrangements with customers that allows them to borrow money in line with specific terms and conditions, these commitments are made for a fixed term or subject to cancellation conditions. These arrangements expose the Group to liquidity risk when they are called upon and/or credit risk if the customer fails to repay the funds under the terms of their agreement. The maximum exposure to credit loss is the contractual or notional amount, which does not reflect future cash requirements of the Group as It is expected that a large portion of these values will not be drawn upon. All commitments noted will expire within 12 months.

Guarantees, documentary letters of credit and performance related obligations

Bank guarantees have been issued by the Group on behalf of customers whereby the Group is required to make specified payments to reimburse the holders for a loss they may incur because the customer fails to make a payment.

Guarantees, documentary letters of credit and performance related obligations are not recognised on the Balance Sheet. The contractual term of these instruments matches the underlying obligations to which they relate.

The fair value of these contracts has been assessed using a probability weighted discounted cash flow approach.

The guarantees issued by the Bank are fully secured and the Bank has never incurred a loss in relation to the financial guarantees it has provided. As the probability and value of guarantees, documentary letters of credit and performance related obligations that may be called on is unpredictable, it is not practical to state the timing of any potential payment.

Legal claims

The Group is engaged in a range of litigation and court proceedings at any point in time. However, no current proceedings or claims are expected to have a material effect on the business, financial condition or operating results of the Group. For all litigation exposures where loss is probable and can be reliably estimated an appropriate provision is made. The Group has no material provisions raised for any current legal proceedings.

Remediation and compensation claims

The Group undertakes ongoing compliance activities, including review of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged.

Some of these investigations and reviews have resulted in remediation programs and where required the Group consults with the respective regulator on the proposed remediation action. There is a risk that where a breach has occurred, regulators may also impose fines and/or sanctions.

Provisions are recognised when it is probable an outflow will be required to address a past event and where a reliable estimate is available. There remains a contingent liability with respect to these matters, however, the threshold for recognising a provision for the aggregate potential liability has not been met for the above matters.

(b) Contingent assets

As at 31 December 2021, the economic entity does not have any contingent assets (31 December 2020: Nil).

3.8.14 Business combination

Acquisition of Ferocia Pty Ltd

On 1 September 2021 the Group completed the acquisition of 100% of the shares and voting interests in Ferocia Pty Ltd (Ferocia), a Melbourne-based fintech company. The team of technology engineers employed by Ferocia have sound knowledge of the Australian Financial Services market and will help to accelerate the Group's transformation and digital strategy. The acquisition will also drive better outcomes and experiences for all customers providing the ability for the Group to connect more easily with new customers, service customer needs better through digital offerings, and reduce scale disadvantages.

The purchase price consisted of the following:

- The **Initial Purchase Price** totalling $106.0 million. The initial purchase price was adjusted for working capital to $102.2m.
- The **Earnout Payment** which will be calculated and paid annually in respect of each annual period, with the first annual period ending on 30 June 2022 and the final annual period ending on 30 June 2026 (5 payments).

$91.3 million of goodwill has been recognised in relation to the acquisition. The goodwill is attributable to the skills and technical talent of the Ferocia work force and the efficiencies created in the delivery of the Bendigo e-banking app and Internet banking platform. None of the goodwill recognised is expected to be deductible for tax purposes.

	Group $m
Consideration transferred	
Value of shares issued on 1 September 2021 [1]	102.2
Settlement of pre-existing finance	3.1
Contingent consideration [2]	6.5
Replacement of employee share-based payment agreements	1.0
Total consideration transferred	**112.8**
Net assets acquired	
Fair value of assets acquired [3]	22.7
Fair value of liabilities acquired	1.2
Net fair value of assets acquired	**21.5**
Goodwill	**91.3**

[1] The fair value of the ordinary shares issued was calculated with reference to the volume weighted average price of a BEN share calculated over the 30 trading days ending on, and including, 30 August 2021. 10,002,606 Bendigo and Adelaide Bank Limited shares were issued on 1 September 2021.

[2] The contingent consideration is equal to 0.10% of the Up sourced mortgage balance at the end of each year. An earnout payment will be paid only if the aggregated earnout payments exceed $5 million. The maximum aggregate amount of all earnout payments that may be paid to the vendors is $10 million. The calculation of the contingent consideration has been based on level 3 inputs.

[3] The fair value of assets acquired included $22 million of software intangible assets relating to the Up platform.

Recognition and measurement

The Group accounts for a business combination using the acquisition accounting method when control is transferred. The consideration transferred for the acquisition is measured at fair value, including contingent consideration, given at the date of acquisition. The acquired identifiable net assets are generally measured at fair value. Goodwill will be recorded on the Balance Sheet where the purchase price exceeds the fair value of the identifiable net assets. Any gain on a bargain purchase is recognised in the Income Statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity.

3.9 Events after balance sheet date

On 1 February 2022, the Group announced changes to the executive structure. Under the changes, the Business Bank and Rural Bank businesses will be combined into a single division to ensure customers continue to have access to specialist knowledge and quality products, while also streamlining operations and delivering greater efficiencies. There has been a reorganisation of reporting lines across the Group to facilitate the new structure. Management is yet to fully analyse the impact of the reorganisation on the Group's reporting segments and cash generating units in accordance with Australian Accounting Standards. Any changes, including any goodwill reallocations, will be completed prior to 30 June 2022.

No other matters or circumstances have arisen since the end of the half year to the date of this report which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In accordance with a resolution of the directors of Bendigo and Adelaide Bank Limited, we state that:

In the opinion of the directors:

(a) the half year financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors

Jacqueline Hey
Chair

Marnie Baker
Chief Executive Officer and Managing Director

14 February 2022

Building a better working world

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Independent auditor's review report to the members of Bendigo and Adelaide Bank Limited

Conclusion

We have reviewed the accompanying half-year financial report of Bendigo and Adelaide Bank Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

T M Dring
Partner

Clare Sporle
Partner

Melbourne
14 February 2022

Bendigo and Adelaide Bank Limited.
ABN 11 068 049 178

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