Appendix 4D 2024

Half year results

For the half year ended 31 December 2023
Released 19 February 2024

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 2023 annual financial report

ABN 11 068 049 178

Bendigo and Adelaide Bank

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Appendix 4D: Half Year Results

For the period ended 31 December 2023

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Cash Earnings

Certain financial measures detailed in this Half Year Results Announcement for the period ended 31 December 2023 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 non-cash items and other adjustments. Non-cash 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 2.2.6 of this Half Year Results Announcement for the period ended 31 December 2023 contains a reconciliation of cash earnings to statutory earnings and provides a description of the cash earnings adjustments for the period ended 31 December 2023.

Cover image: **'Feeling Valued' original by Oliver Mills.** Commissioned for the launch for BEN's Accessibility and Inclusion Plan 2024-26.

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 2023
Previous corresponding period – six months ended:	31 December 2022

1.2 Results for announcement to the market

Revenue from ordinary activities	▲	14.4% to $1,030.7 m
Profit after tax from ordinary activities	▲	13.4% to $282.3 m
Net profit after tax attributable to owners of the Bank	▲	13.4% to $282.3 m

Dividends	Date payable/paid	Amount per security
Current financial year 2024		
Record date for determining entitlements	23 February 2024	
Interim dividend – fully franked	26 March 2024	30.0 cents
Previous financial year 2023		
Final dividend – fully franked	29 September 2023	32.0 cents
Interim dividend – fully franked	31 March 2023	29.0 cents

1.3 Cash earnings results

Cash earnings attributable to owners of the Bank	▼	9.0% to $268.2 m
Cash earnings per share	▼	9.2% to 47.4 cents

See note 2.1 and 2.2.6 for full details.

This Appendix 4D: Half year results should be read in conjunction with the media release and results presentation released to the ASX on 19 February 2024.

1.4 ASX Appendix 4D table

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Details of entities over which control has been gained or lost during the period (4.2A.3 Item 4)

During the financial period there have been no changes to the entities in the Group.

Accounting standards used for foreign entities (4.2A.3 Item 8)

Not applicable.

Independent auditor's review report subject to a modified opinion, emphasis of matter or other matter (4.2A.3 Item 9)

Not applicable.

Half year financial statements

Refer to pages 28 to 70 of the attached December 2023 half year profit announcement.

1.5 Subsequent events

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.

1.6 Credit ratings

Rating Agency	Short-term	Long-term	Outlook
S&P Global Ratings	A-2	BBB+	Positive
Fitch Ratings	F2	A-	Stable
Moody's Investors Service	P-2	A3	Stable

Appendix 4D: Half Year Results

1.7 Group performance summary

Our Business Performance

Our results reflect the responsible management of shareholders' funds whilst we continue to invest for the long-term benefit of our customers and shareholders and manage short-term headwinds.

In 1H24 we recorded cash earnings after tax of $268.2 million, a 5.0% decrease on the prior half. Cash earnings per share of 47.4 cents were down 5.0% on the prior half. A competitively intense and challenging revenue environment resulted in a 63 basis points decrease in return on equity to 7.82%, and a 230 basis points increase in the cost-to-income ratio to 57.8%.

Net Interest Margin declined 15 basis points to 1.83%, from the previous half, reflecting the impact of increasing funding costs and the heightened competitive environment.

Customer numbers have grown 3.1% to 2.5 million for the half and our leading Net Promoter Score[1] of 19.0 is 27.8 points higher than the industry average, with the gap widening over the half year as we continue to put the customer at the centre of everything we do.

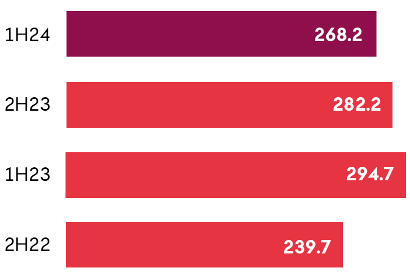
Over the past six months our transformation agenda has focused on reducing complexity within our organisational structures. The Bank has exited its partnership with Elders, progressed the sale of Bendigo Super, restructured its Homesafe investments and consolidated the Alliance banking model. These structural changes reduce our operating complexity and provide opportunities to focus on our core growth.

Interest in our digital products, including Up Home and BEN Express, continues to grow with this channel accounting for 16.3% of total settlements in the half.

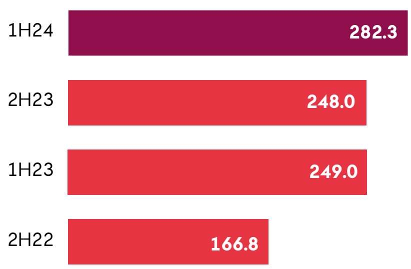
Additionally we have launched stage one of our lending platform to our Broker channel. The lending platform consolidates our core systems and will over time provide a consistent customer experience when onboarding home loan customers. Our first pilot to our Broker channel (BEN Broker) was launched in November and preliminary results indicate positive improvements in approval times.

We announced a fully franked interim dividend of 30.0 cents per share, reflecting our desire to maintain a strong capital position given the uncertain business outlook, while balancing our commitment to support our shareholders.

Cash earnings after tax ($m)

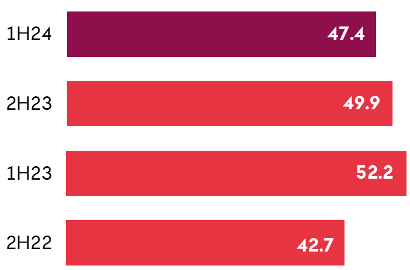


Statutory net profit after tax ($m)

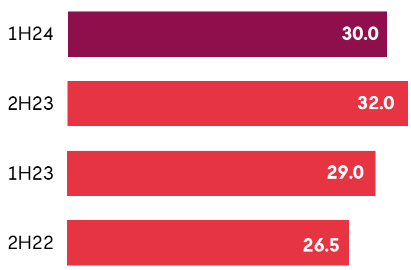


Cost to income (%)[2]

Cash earnings per share (cents)



Dividend per share (cents)



Return on equity (%)[2]

1 Roy Morgan Net Promoter Score Roy Morgan Research, 6 month rolling averages, comparing BEN to the industry average. Industry includes: ANZ, BOM, BOQ, Bank SA, Bankwest, CBA, ING, NAB, St. George, Suncorp & WBC. Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

2 Calculated using cash earnings.

1.8 Group performance commentary

Cash Earnings After Tax

$268.2 million
2H23 $282.2 million
Down 5.0%

Statutory Earnings After Tax

$282.3 million
2H23 $248.0 million
Up 13.8%

Income

Income (Cash Basis) [1]

$956.8 million
2H23 $981.5 million
1H23 $951.3 million

Net Interest Margin

1.83%
2H23 1.98%
1H231.90%

Net interest income (cash basis) decreased 3.6% to $813.6 million (2H23: $844.3 million). This was driven by a decrease in net interest margin of 15 basis points to 1.83% (2H23: 1.98%), partly offset by an increase in average interest earning assets, up $2.4 billion or 2.8%.

Net interest margin decreased on the prior half due to intense competition in both lending and deposits. Funding costs have increased following decisions to reprice both term deposit and key savings products. This was partly offset with benefits from the replicating portfolio and reduced revenue share due to the impact of declining deposit margins.

Other operating income (cash basis) increased 4.4% to $143.2 million (2H23: $137.2 million). This was driven by the one-off sale of an SME insurance portfolio, timing of annual community bank training fee levy and an increase in Homesafe realised income from completed contracts, partly offset by reduced management fees.

Net interest margin represents the return on average interest earning assets less the costs of funding these assets. Net interest margin is calculated including the impact of any revenue share arrangements with partners.

Operating expenses

Operating Expenses (Cash Basis)

$552.7 million
2H23 $544.9 million
1H23 $516.3 million

Cost to Income Ratio

57.8%
2H23 55.5%
1H23 54.3%

Operating expenses (cash basis) increased 1.4% to $552.7 million (2H23: $544.9 million). Investment spend was stable, reflecting our desire to continue to invest through the current economic cycle for long term growth and simplification benefits. Customer-related fraud losses reduced $9.5m for the half reflecting the benefit of increased investment in scam and fraud detection. Our focus on productivity continued with lower FTE over the half and the realisation of other cost management benefits. This is offset by software amortisation increasing from prior year investment in transformation.

Business as usual expenses (excluding investment spend) contributed 1.6% of the total expense growth which is well below inflation and reflects ongoing prudent expense management.

Cost to income increased to 57.8% (2H23: 55.5%) which reflected reduced income and operating expenses increasing at a faster pace than income. The Group maintains its commitment of reducing its cost to income ratio towards 50% over the medium term.

1 Includes Homesafe realised income.

Appendix 4D: Half Year Results

1.8 Group performance commentary continued

Credit expenses and provisions

Credit Expenses

$10.8 million
2H23 $28.0 million
1H23 $5.6 million

Total Provisions

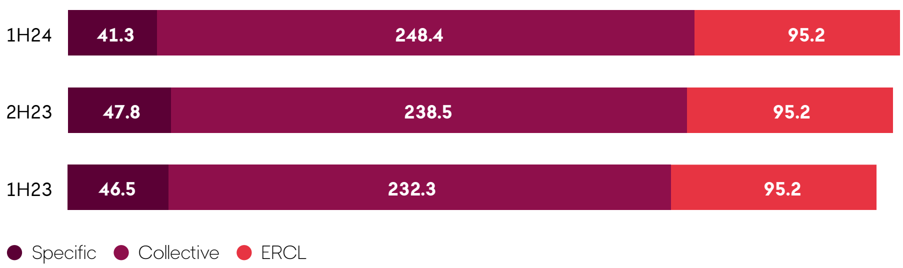
$384.9 million
2H23 $381.5 million
1H23 $374.0 million

Total credit expenses of $10.8 million (2H23: $28.0 million) were substantially lower than the prior half. This was due to a decrease in specific impairment charges from 2H23 which were down $21.8 million to $0.3 million. This benefit was partly offset by an increase in collective provision charges from $6.7 million to $11.1 million, driven by a combination of modelled scenarios and some modest increases in overlays.

Credit performance remains resilient, with a reduction in impaired assets of 15.6% to $96.1 million (2H23: $113.9 million).

Provision levels remain appropriate given the uncertain economic environment. Total provisions and equity reserve for credit losses (ERCL) increased slightly on the prior half to $384.3 million (2H23: $376.7 million) representing 0.49% of gross lending.

Total provisions and reserves for credit losses ($m)



Dividends

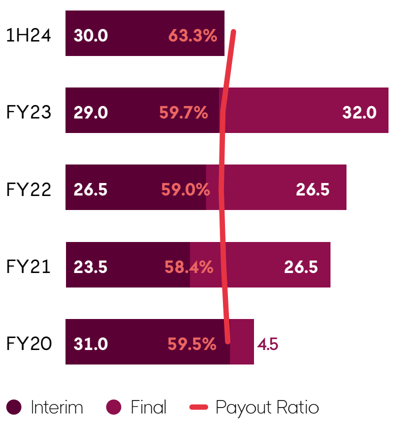
Dividends

30.0 cents
2H23 32.0 cents
1H23 29.0 cents

The Board declared a fully franked interim dividend of 30.0 cents per share (2H23 final dividend: 32.0 cents per share). Dividend per share decreased 6.3% on the prior half and up 3.4% on the prior comparative period.

The Group has in place a Dividend Reinvestment Plan (DRP) which provides shareholders with the opportunity of converting their entitlement to a dividend into new shares.

Dividend per share (cents)



1.8 Group performance commentary continued

Capital and liquidity

Common Equity Tier 1 Ratio

11.23%
2H23 11.25%
1H23 10.13%

Liquidity Coverage Ratio

151.4%
2H23 130.7%
1H23 140.4%

Net Stable Funding Ratio

119.7%
2H23 121.5%
1H23 129.9%

The CET1 ratio decreased by 2 basis points to 11.23% (2H23: 11.25%). Our continued strong capital position reflects a well-managed balance sheet and strong risk management. The CET1 ratio for 1H24 is prepared under the capital standards which came into effect 1 January 2023. The impact increased CET1 by 1.04% on the prior corresponding period ratio.

The Group 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.

Under APRA's Basel III capital framework, the Board's CET1 ratio target range is 10.0% –10.5%.

The **Liquidity Coverage Ratio (LCR)** for the quarter was 151.4% (June 2023 quarter: 130.7%), exceeding the regulatory minimum of 100%.

The **Net Stable Funding Ratio (NSFR)** as at 31 December 2023 was 119.7% (as at 30 June 2023: 121.5%), exceeding the regulatory minimum of 100%.

The Liquidity Coverage Ratio represents the proportion of high quality liquid assets held by the Bank to meet short term obligations. The LCRs quoted represent the average daily LCRs over the respective 3-month period.

The Net Stable Funding ratio measures the amount of available stable funding (ASF) to the amount of required stable funding (RSF) as defined by APRA.

Appendix 4D: Half Year Results

1.8 Group performance commentary continued

Lending

Gross Loan Balances by Purpose

Residential	Commercial	Agribusiness	Consumer	Margin Loans
$58.5 billion	$10.3 billion	$6.1 billion	$1.6 billion	$1.7 billion
FY23 $58.6 billion	FY23 $10.3 billion	FY23 $6.3 billion	FY23 $1.7 billion	FY23 $1.9 billion
Down 0.1%	Up 0.2%	Down 3.9%	Down 6.1%	Down 6.8%

Total gross loans decreased 0.7% to $78.2 billion over the half (2H23: $78.7 billion).

Residential lending decreased slightly from 2H23, down 0.1% or $86.7 million during the half. The Group continued its disciplined approach to managing volume and margin in a highly competitive market, prioritising growth in its more profitable channels including digital mortgages.

Business lending increased 0.2% or $21.1 billion over the half, during a period of significant competition from major peers. Agribusiness lending decreased 3.9% over the half largely due to seasonal run-off in the book. During the half, the Group continued the rebuild of the Business and Agribusiness division with continued refinement of the operating model, process improvements and the commencement of the implementation of new technology.

A decrease of 6.8% or $128.4 million in margin loans is mainly due to clients deleveraging. Gearing levels in the portfolio have reduced on average.

Funding (including deposits)

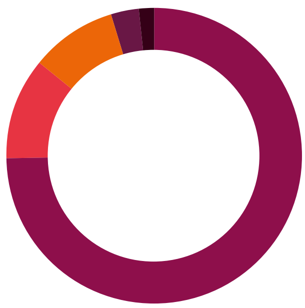
Customer Deposits	Wholesale Deposits	Other Wholesale Borrowings [1]	Loan Capital [2]
$68.4 billion	$10.3 billion	$11.2 billion	$1.4 billion
FY23 $66.1 billion	FY23 $11.2 billion	FY23 $11.8 billion	FY23 $1.4 billion
Up 3.5%	Down 8.5%	Down 5.0%	Up 2.0%

Total funding including deposits increased 0.9% to $91.3 billion (2H23: $90.5 billion).

The Group's principal source of funding is customer deposits, which represented 74.9% (2H23: 73.0%) of the Group's total funding. Customer deposits increased $2.3 billion or 3.5% on 2H23. Customer deposits include deposits sourced from retail, small business and corporate customers, predominantly through the retail network.

Wholesale funding activities support the funding strategy by providing additional diversification benefits from longer term borrowings. Wholesale funding (including the Term Funding Facility (TFF) and securitisation) decreased to 25.1% of total funding (2H23: 27.0%) during the half. Through the course of 1H24, $1.1 billion of TFF was repaid, with the remaining $2.9 billion due to be repaid by June 2024. The Group continued to diversify its funding sources during the half, with the launch of its inaugural Euro Covered Bond Program in October 2023.

Funding Composition



- Customer Deposits **74.9%**
- Term Funding Facility (TFF) **11.2%**
- Wholesale Deposits **9.2%**
- Wholesale Borrowings (excl. TFF) **3.2%**
- Loan Capital **1.5%**

1 Other wholesale borrowings include the RBA Term Funding Facility (TFF), securitisation and medium-term notes.

2 Loan Capital includes subordinated debt, converting preference shares and capital notes.

References to 'wholesale funding' include deposits from wholesale customers, loan capital and other wholesale borrowings.

2.1 Group financial results

	Half year ending			% Change	
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Net interest income	**813.6**	844.3	818.2	(3.6)	(0.6)
Other operating income	**143.2**	137.2	133.1	4.4	7.6
Total income	**956.8**	981.5	951.3	(2.5)	0.6
Operating expenses	**(552.7)**	(544.9)	(516.3)	(1.4)	(7.1)
Operating performance	**404.1**	436.6	435.0	(7.4)	(7.1)
Credit expenses	**(10.8)**	(28.0)	(5.6)	61.4	(92.9)
Cash earnings before tax	**393.3**	408.6	429.4	(3.7)	(8.4)
Income tax expense	**(125.1)**	(126.4)	(134.7)	1.0	7.1
Cash earnings after tax	**268.2**	282.2	294.7	(5.0)	(9.0)
Non-cash items after tax	**14.1**	(34.2)	(45.7)	141.2	130.9
Statutory earnings after tax	**282.3**	248.0	249.0	13.8	13.4

Financial performance ratios[1]

		Half year ending			% Change	
		31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Cash earnings per ordinary share	¢	**47.4**	49.9	52.2	(2.5)	(4.8)
Statutory earnings per ordinary share	¢	**49.9**	43.8	44.1	6.1	5.8
Diluted statutory earnings per ordinary share	¢	**44.9**	39.6	39.6	5.3	5.3
Franked dividends per share	¢	**30.0**	32.0	29.0	(2.0)	1.0
Return on average ordinary equity	%	**7.82**	8.45	8.79	(63) bps	(97) bps
Return on average tangible equity	%	**10.62**	11.40	11.86	(78) bps	(124) bps
Return on average assets	%	**0.58**	0.64	0.66	(6) bps	(8) bps
Cost to income ratio	%	**57.8**	55.5	54.3	230 bps	350 bps
Net interest margin before revenue share arrangements	%	**2.26**	2.52	2.36	(26) bps	(10) bps
Net interest margin after revenue share arrangements	%	**1.83**	1.98	1.90	(15) bps	(7) bps
Average interest earning assets	$m	**88,246**	85,844	85,463	2.8%	3.3%
Market share[2]						
Residential lending	%	**2.70**	2.77	2.78	(7) bps	(8) bps
Business lending	%	**1.38**	1.46	1.46	(8) bps	(8) bps
Deposits	%	**2.45**	2.45	2.46	—	(1) bps
Capital management[3]						
Common Equity Tier 1	%	**11.23**	11.25	10.13	(2) bps	110 bps
Credit risk-weighted assets	$m	**35,617**	35,223	36,782	1.1%	(3.2%)
Total risk-weighted assets	$m	**38,350**	37,900	41,485	1.2%	(7.6%)
Liquidity Risk						
Liquidity Coverage Ratio (LCR)[4]	%	**151.4**	130.7	140.4	large	large
Net Stable Funding Ratio (NSFR)	%	**119.7**	121.5	129.9	(180) bps	large

1 Performance ratios prepared on a cash basis except where otherwise indicated
2 Calculated using APRA's Monthly Authorised Deposit-taking Institution Statistics publication.
3 APRA's new Basel III capital framework came into effect from 1 January 2023, impacting the measurement of credit and operational risk-weighted assets. Prior periods are as previously reported.
4 Represents quarterly average LCR.

Appendix 4D: Half Year Results

2.2 Group performance analysis

2.2.1 Net interest income

		Half year ending			% Change	
		31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Net interest income (cash basis)		**813.6**	844.3	818.2	(3.6)	(0.6)
Non-cash net interest income items						
Homesafe funding costs – unrealised		**(17.1)**	(13.1)	(15.3)	(30.5)	(11.8)
Homesafe funding costs – realised		**5.7**	4.5	4.3	26.7	32.6
Fair value adjustments – interest expense		**(4.2)**	(2.1)	—	(100.0)	—
Total non-cash net interest income items		**(15.6)**	(10.7)	(11.0)	(45.8)	(41.8)
Total net interest income (statutory basis)		**798.0**	833.6	807.2	(4.3)	(1.1)
Total gross loans	$m	**78,195**	78,739	76,981	(0.7)	1.6
Residential	$m	**58,504**	58,590	57,516	(0.1)	1.7
Commercial	$m	**10,305**	10,284	10,239	0.2	0.6
Customer deposits	$m	**68,390**	66,090	65,744	3.5	4.0
Funds under management	$m	**6,734**	6,665	6,721	1.0	0.2
Average interest earning assets	$m	**88,246**	85,844	85,463	2.8	3.3
Net interest margin after revenue share	%	**1.83**	1.98	1.90	(15) bps	(7) bps
Net interest margin before revenue share	%	**2.26**	2.52	2.36	(26) bps	(10) bps

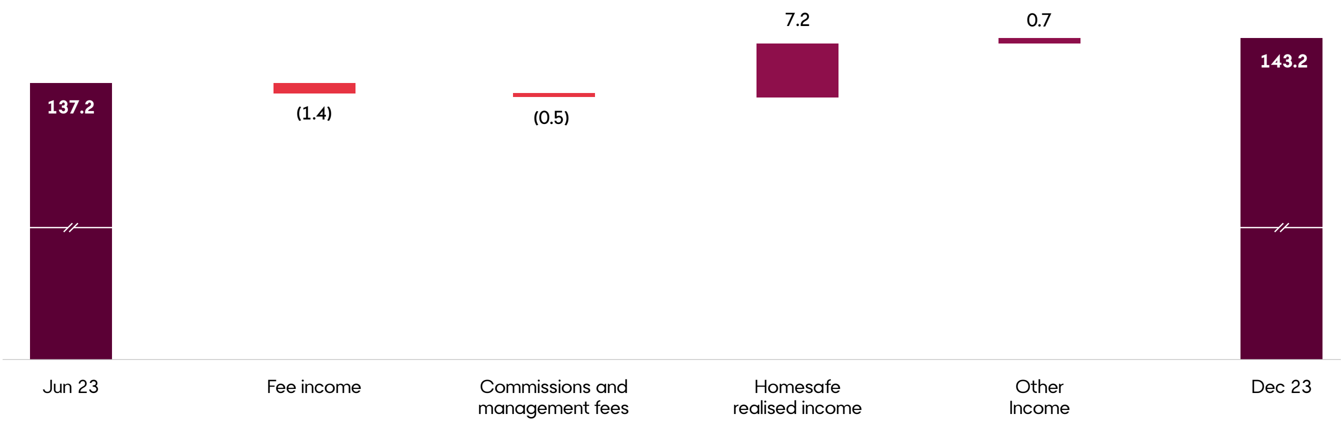
Net interest margin (%)

2.2 Group performance analysis continued

2.2.2 Other income

	Half year ending				
				% Change	
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Other income					
Fee income	**66.7**	68.1	61.6	(2.1)	8.3
Commissions and management fees	**30.7**	31.2	32.8	(1.6)	(6.4)
Foreign exchange income	**13.8**	13.8	14.1	—	(2.1)
Homesafe realised income	**23.3**	16.1	16.8	44.7	38.7
Other	**8.7**	8.0	7.8	8.8	11.5
Total other income (cash basis)	**143.2**	137.2	133.1	4.4	7.6
Non-cash other income items					
Homesafe revaluation gain/(loss)	**111.6**	67.5	(23.2)	65.3	large
Homesafe realised income	**(23.3)**	(16.1)	(16.8)	(44.7)	(38.7)
Other non-cash income items	**1.2**	(2.8)	0.6	142.9	100.0
Total non-cash other income items	**89.5**	48.6	(39.4)	84.2	large
Total other income (statutory basis)	**232.7**	185.8	93.7	25.2	148.3

Other income ($m)



Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.3 Homesafe income

	Half year ending			% Change	
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Homesafe income – realised	**23.3**	16.1	16.8	44.7	38.7
Funding costs – realised	**(5.7)**	(4.5)	(4.3)	(26.7)	(32.6)
Total Homesafe income (cash basis)	**17.6**	11.6	12.5	51.7	40.8
Non-cash items					
Homesafe income – realised	**(23.3)**	(16.1)	(16.8)	(44.7)	(38.7)
Discount unwind	**13.2**	14.5	14.3	(9.0)	(7.7)
Profit on sale	**5.6**	3.7	3.6	51.4	55.6
Property revaluations	**92.8**	49.3	(41.1)	88.2	large
Funding costs – realised	**5.7**	4.5	4.3	26.7	32.6
Funding costs – unrealised	**(17.1)**	(13.1)	(15.3)	(30.5)	(11.8)
Total non-cash Homesafe income items	**76.9**	42.8	(51.0)	79.7	large
Total Homesafe income (statutory basis)	**94.5**	54.4	(38.5)	73.7	large

Homesafe income realised – The difference between cash received on completion and the initial funds advanced.

Funding costs realised – Accumulated interest expense on completed contracts since initial funding.

Discount unwind – The unwind of the discount priced into the contract at inception.

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 (CoreLogic Hedonic Home Value Index) and changes to property appreciation rate assumptions adopted by the Group.

Funding costs unrealised – Interest expense on existing contracts.

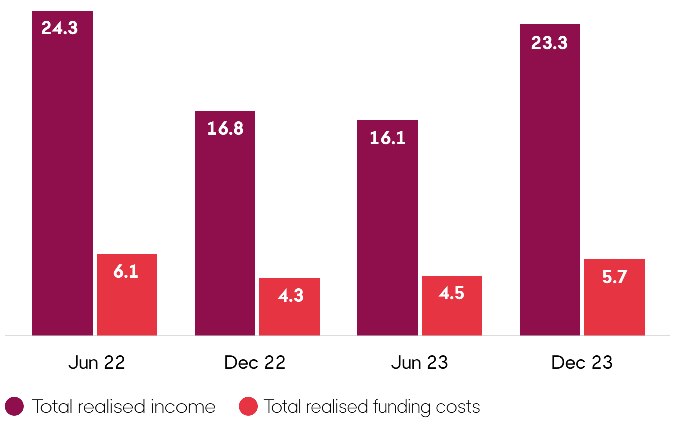
				% Change	
Portfolio balance [1]	As at 31 Dec 23 $m	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Funded balance [2]	**614.0**	543.6	534.8	13.0	14.8
Property revaluation balance	**492.6**	414.2	362.6	18.9	35.9
Total investment portfolio balance	**1,106.6**	957.8	897.4	15.5	23.3

1 On 21 December 2023, Bendigo and Adelaide Bank Ltd (the Bank) executed agreements for the restructure of its Homesafe investments. The transaction included the transfer of the investment properties held by the Homesafe Trust as at 30 November 2023, to the Bank, and resulted in the extinguishment of future fees otherwise payable under the Homesafe Trust structure in relation to the transferred property. These fees were previously considered a deduction (fee deduction) from the portfolio value. Fees paid were capitalised into the funded balance, with the balance of the fee deduction taken through the property revaluation balance.

2 Funded balance includes capitalisation of restructuring costs.

For the purpose of calculating capital ratios, the property revaluation balance is deducted from retained earnings, and hence is a CET1 deduction. The funded balance is included in the calculation of risk-weighted assets with a risk weight of 100%.

Total realised gains and realised funding costs ($m)



2.2 Group performance analysis continued

2.2.4 Operating expenses

	Half year ending			% Change	
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Staff and related costs	**300.1**	301.0	281.3	(0.3)	6.7
Occupancy costs	**17.9**	17.4	17.7	2.9	1.1
Information technology costs	**54.5**	45.7	47.9	19.3	13.8
Amortisation of software intangibles	**21.3**	11.2	21.3	90.2	—
Property, plant and equipment costs	**28.2**	27.4	27.0	2.9	4.4
Fees and commissions	**9.8**	11.0	12.6	(10.9)	(22.2)
Communications, postage and stationery	**15.3**	16.4	16.8	(6.7)	(8.9)
Advertising and promotion	**10.6**	13.6	13.3	(22.1)	(20.3)
Other product and services delivery costs	**7.5**	7.1	7.6	5.6	(1.3)
Non-lending losses	**16.6**	24.8	13.8	(33.1)	20.3
Other administration expenses	**24.7**	23.1	21.1	6.9	17.1
Investment spend [1]	**46.2**	46.2	35.9	—	28.7
Total operating expenses (cash basis)	**552.7**	544.9	516.3	1.4	7.1
Non-cash expense items					
Amortisation of acquired intangibles	**2.6**	2.8	3.5	(7.1)	(25.7)
Other non-cash expense items	**51.1**	82.8	11.6	(38.3)	large
Total non-cash expense items	**53.7**	85.6	15.1	(37.3)	large
Total operating expenses (statutory basis)	**606.4**	630.5	531.4	(3.8)	14.1

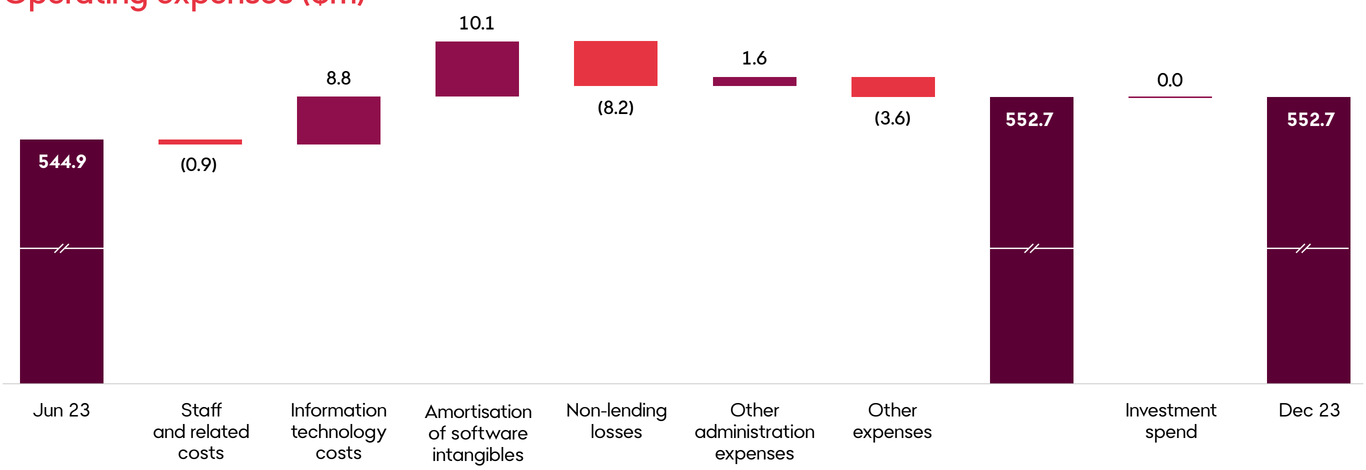
		31 Dec 23	30 Jun 23	31 Dec 22	%	%
Cost to income [2]	%	**57.8**	55.5	54.3	230 bps	350 bps
Expenses to average assets	%	**1.19**	1.23	1.15	(4) bps	4 bps
Staff and related costs to income [2,3]	%	**31.0**	30.5	29.5	50 bps	150 bps
Number of staff (full-time equivalent)	FTE	**4,682**	4,726	4,559	(0.9)	2.7

1 Investment spend reflects the operating expenses incurred as part of the transformation agenda and includes staff costs, IT costs and external consultancy costs.

2 Expenses used in the above ratios are expenses less non-cash expense items and amortisation of acquired intangibles. Income used in the above ratios is income less non-cash net interest income items and other non-cash income items.

3 This ratio has been adjusted to exclude the impact of redundancy costs before tax (1H24: $3.2m, 2H23: $1.2m, 1H23:$0.7m).

Operating expenses ($m)



Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.5 Investment spend

	Half year ending			Change	
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Expensed investment spend	**46.2**	46.2	35.9	—	28.7
Capitalised investment spend	**60.3**	58.4	62.2	3.3	(3.1)
Total investment spend (cash basis)	**106.5**	104.6	98.1	1.8	8.6
Comprising:					
Risk and compliance	**25.1**	31.7	29.7	(20.8)	(15.5)
Foundational technology	**61.0**	58.4	54.3	4.5	12.3
Growth and productivity	**15.8**	10.9	10.1	45.0	56.4
Asset lifecycle management	**4.6**	3.6	4.0	27.8	15.0
Total investment spend (cash basis)	**106.5**	104.6	98.1	1.8	8.6
Expensed investment spend (non-cash) [1]	**15.7**	10.7	7.1	46.7	121.1
Total investment spend (statutory basis)	**122.2**	115.3	105.2	6.0	16.2

	%	%	%	Change	
Total investment spend expensed % [2]	**50.7**	49.3	40.9	140 bps	large
Investment spend expensed % (cash basis) [3]	**43.4**	44.2	36.6	(80) bps	large

1 Expensed investment spend (non-cash) includes costs associated with the conversion of the Alliance Partner model to the Community Bank operating model and structure, and costs relating to changes to the Business and Agribusiness operating structure and model.

2 Calculated as total expensed investment spend (statutory basis) as a percentage of total investment spend.

3 Calculated as expensed investment spend (cash basis) as a percentage of total investment spend (cash basis).

Total investment spend (cash basis) increased $1.9m (1.8%) on 2H23 and $8.4m (8.6%) on 1H23. This reflects the Group's continued focus on delivering on our transformation agenda to support long term growth and simplification benefits. Spend on Foundational Technology increased $2.6m (4.5%) on 2H23 and $6.7m (12.3%) on 1H23, reflecting the ongoing investment in reducing complexity and key capabilities including our investment in BEN Broker. Asset lifecycle management increased $1.0m (27.8%) on 2H23 and $0.6m (15.0%) on 1H23 driven by a focus on developing and consolidating systems for the Group.

We continue to invest and focus on fraud reduction programs and data security.

2.2 Group performance analysis continued

2.2.6 Cash earnings reconciliation

		Cash earnings adjustments										
Refer to page 16		Note 1	Note 2	Note 3	Note 4	Note 5		Note 6	Note 7	Note 8	Note 9	Note 10	
For the half year ended 31 December 2023	**Cash earnings $m**	**Fair value $m**	**Homesafe unrealised $m**	**Hedging reval'n $m**	**Home-safe re-structure costs $m**	**ANZ acquist'n $m**	**Impair-ment charges $m**	**Re-structure costs $m**	**Elders contract termination costs $m**	**Legal costs $m**	**Amort'n of acquired intangibles $m**	**Homesafe realised income $m**	**Statutory earnings $m**
Net interest income	**813.6**	(4.2)	(17.1)	—	—	—	—	—	—	—	—	5.7	**798.0**
Other income	**143.2**	—	111.6	1.2	—	—	—	—	—	—	—	(23.3)	**232.7**
Total income	**956.8**	(4.2)	94.5	1.2	—	—	—	—	—	—	—	(17.6)	**1,030.7**
Operating expenses	**(552.7)**	—	—	—	(8.5)	(0.7)	—	(24.3)	(16.8)	(0.8)	(2.6)	—	**(606.4)**
Credit expenses	**(10.8)**	—	—	—	—	—	—	—	—	—	—	—	**(10.8)**
Net profit before tax	**393.3**	(4.2)	94.5	1.2	(8.5)	(0.7)	—	(24.3)	(16.8)	(0.8)	(2.6)	(17.6)	**413.5**
Income tax expense	**(125.1)**	1.3	(28.4)	(0.4)	2.5	0.2	—	7.4	5.0	0.2	0.8	5.3	**(131.2)**
Net profit after tax	**268.2**	(2.9)	66.1	0.8	(6.0)	(0.5)	—	(16.9)	(11.8)	(0.6)	(1.8)	(12.3)	**282.3**

		Cash earnings adjustments											
For the half year ended 30 June 2023	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	Home-safe re-structure costs $m	ANZ acquist'n $m	Impair-ment charges $m	Re-structure costs $m	Elders contract termination costs $m	Legal costs $m	Amort'n of acquired intang-ibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	844.3	(2.1)	(13.1)	—	—	—	—	—	—	—	—	4.5	833.6
Other income	137.2	—	67.5	(2.8)	—	—	—	—	—	—	—	(16.1)	185.8
Total income	981.5	(2.1)	54.4	(2.8)	—	—	—	—	—	—	—	(11.6)	1,019.4
Operating expenses	(544.9)	—	—	—	—	(2.8)	(52.2)	(27.8)	—	—	(2.8)	—	(630.5)
Credit expenses	(28.0)	—	—	—	—	—	—	—	—	—	—	—	(28.0)
Net profit before tax	408.6	(2.1)	54.4	(2.8)	—	(2.8)	(52.2)	(27.8)	—	—	(2.8)	(11.6)	360.9
Income tax expense	(126.4)	0.6	(16.3)	0.8	—	0.8	15.0	8.3	—	—	0.8	3.5	(112.9)
Net profit after tax	282.2	(1.5)	38.1	(2.0)	—	(2.0)	(37.2)	(19.5)	—	—	(2.0)	(8.1)	248.0

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.6 Cash earnings reconciliation continued

Refer to page 16		Cash earnings adjustments								
		Note 1	Note 2	Note 3	Note 5		Note 6	Note 9	Note 10	
For the half year ended 31 December 2022	Cash earnings $m	Fair value $m	Home-safe unrealised $m	Hedging reval'n $m	ANZ acquist'n $m	Impair-ment charges $m	Re-structure costs $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	818.2	—	(15.3)	—	—	—	—	—	4.3	807.2
Other income	133.1	—	(23.2)	0.6	—	—	—	—	(16.8)	93.7
Total income	951.3	—	(38.5)	0.6	—	—	—	—	(12.5)	900.9
Operating expenses	(516.3)	—	—	—	—	—	(11.6)	(3.5)	—	(531.4)
Credit expenses	(5.6)	—	—	—	—	—	—	—	—	(5.6)
Net profit before tax	429.4	—	(38.5)	0.6	—	—	(11.6)	(3.5)	(12.5)	363.9
Income tax expense	(134.7)	—	11.6	(0.2)	—	—	3.7	1.0	3.7	(114.9)
Net profit after tax	294.7	—	(26.9)	0.4	—	—	(7.9)	(2.5)	(8.8)	249.0

Non-cash interest income items

Note 1 **Fair value adjustments** – The acquisition of the ANZ Investment Lending portfolio which was completed in April 2023 resulted in the recognition of fair value adjustments on the loans acquired. These fair value adjustments are amortised over the behavioural term of the underlying loans.

Note 2 **Homesafe funding costs – unrealised** – Interest expense incurred on existing contracts for the current year.

Non-cash other income items

Note 2 **Homesafe revaluation gain/(loss)** – Represents the valuation movements of the investment property held.

Note 3 **Revaluation gains/(losses) on economic hedges** – Represents unrealised gains/(losses) from changes in the fair value of economic hedges.

These movements represent timing differences that will reverse through earnings in the future.

Non-cash operating expense items

Note 4 **Homesafe restructure costs** – On 21 December 2023, Bendigo and Adelaide Bank Ltd (the Bank) executed agreements for the restructure of its Homesafe investments. The transaction included the transfer of the investment properties held by the Homesafe Trust as at 30 November 2023, to the Bank. The transaction resulted in a number of costs including stamp duties, legal and consultancy expenses.

Note 5 **ANZ acquisition** – Costs associated with the acquisition and integration of the ANZ Investment Lending portfolio.

Note 6 **Restructure costs** – Represents business restructuring costs incurred as a result of structure changes within the Business and Agribusiness division, costs associated with the implementation of various cost and productivity initiatives through business simplification and restructuring activities, as well as costs associated with the changes across the Alliance Partner network and model.

Note 7 **Elders contract termination costs** – In December 2023, the Group entered into a settlement agreement to resolve all disputes with Elders Ltd. The settlement included a payment from the Group to Elders Ltd.

Note 8 **Legal costs** – Costs associated with the Community Bank registered trademark case.

Note 9 **Amortisation of acquired intangibles** – This amount represents the amortisation of intangible assets acquired by the Group including customer lists, and acquired software.

Other adjustments to statutory earnings

Note 10 **Homesafe realised income** – Represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

Note 10 **Homesafe realised funding costs** – 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 and 4D ASX result releases for details of prior period non-cash items and other adjustments.

2.2 Group performance analysis continued

2.2.7 Average balance sheet

	31 Dec 23			30 Jun 23			31 Dec 22		
	Average Balance $m	**Interest 6 mths $m**	**Average Rate %**	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	**17,380.5**	**366.8**	**4.20**	16,142.7	274.1	3.42	15,478.5	167.0	2.14
Loans and other receivables [2,5]	**70,865.5**	**1,968.9**	**5.53**	69,701.6	1,648.3	4.77	69,984.8	1,339.1	3.80
Total interest earning assets	**88,246.0**	**2,335.7**	**5.26**	85,844.3	1,922.4	4.52	85,463.3	1,506.1	3.50
Non-interest earning assets									
Credit provisions	**(290.9)**			(288.5)			(275.2)		
Other assets	**4,072.3**			3,927.7			3,830.9		
Total non-interest earning assets	**3,781.4**			3,639.2			3,555.7		
Total assets (average balance)	**92,027.4**			89,483.5			89,019.0		
Interest bearing liabilities									
Deposits									
Customer [2]	**60,254.9**	**(1,012.3)**	**(3.34)**	57,952.3	(682.3)	(2.37)	58,006.5	(409.9)	(1.40)
Wholesale	**10,977.3**	**(254.5)**	**(4.61)**	10,861.3	(204.9)	(3.80)	10,645.5	(135.2)	(2.52)
Wholesale borrowings									
Repurchase agreements	**3,213.7**	**(1.8)**	**(0.11)**	4,575.4	(3.5)	(0.15)	4,732.2	(3.8)	(0.16)
Notes payable	**2,717.5**	**(73.0)**	**(5.34)**	3,084.3	(71.6)	(4.68)	3,562.3	(60.6)	(3.37)
Other wholesale borrowings	**5,325.8**	**(135.2)**	**(5.05)**	3,638.7	(76.4)	(4.23)	2,975.4	(45.3)	(3.02)
Lease liability	**108.4**	**(1.7)**	**(3.12)**	122.1	(1.9)	(3.14)	137.6	(2.1)	(3.03)
Loan capital	**1,378.4**	**(43.6)**	**(6.29)**	1,369.5	(37.5)	(5.52)	1,367.3	(31.0)	(4.50)
Total interest bearing liabilities	**83,976.0**	**(1,522.1)**	**(3.61)**	81,603.6	(1,078.1)	(2.66)	81,426.8	(687.9)	(1.68)
Non-interest bearing liabilities and equity									
Other liabilities	**1,170.6**			1,032.7			840.0		
Equity	**6,880.8**			6,847.3			6,752.2		
Total non-interest bearing liabilities and equity	**8,051.4**			7,880.0			7,592.2		
Total liabilities & equity (average balance)	**92,027.4**			89,483.6			89,019.0		
Interest margin and interest spread									
Interest earning assets	**88,246.0**	**2,335.7**	**5.26**	85,844.3	1,922.4	4.52	85,463.3	1,506.1	3.50
Interest bearing liabilities	**(83,976.0)**	**(1,522.1)**	**(3.61)**	(81,603.6)	(1,078.1)	(2.66)	(81,426.8)	(687.9)	(1.68)
Net interest income and interest spread [3]		**813.6**	**1.65**		844.3	1.86		818.2	1.82
Benefit of net free liabilities, provisions and equity			**0.18**			0.12			0.08
Net interest margin [4]			**1.83**			1.98			1.90
Add: impact of revenue share arrangements			**0.43**			0.54			0.46
Net interest margin before revenue share arrangements			**2.26**			2.52			2.36

1 Average balance is based on monthly closing balances.

2 Offset products have been reclassified from deposits and netted against the corresponding loan balance (1H24: $7,638.0m; 2H23: $7,428.6m; 1H23: $7,322.9m).

3 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on liabilities.

4 Net interest margin is the net interest income as a percentage of average interest earning assets.

5 Interest relating to loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period.

Refer to 2.2.6 for further details.

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.8 Segment results

Change to operating segments

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. During the period, there have been a number of management and reporting changes across the Group that have resulted in restatements to prior period segment results. Key changes are as follows:

- The Business and Agribusiness segment now includes micro-business customers (previously reported in the Consumer segment). This change will allow our micro-business customers to experience business services from inception to growth.
- There was a change in the Group's funds transfer pricing (FTP) methodology relating to transaction accounts. The FTP changes align the divisional allocation of net interest income, with cost/benefits being transferred from Corporate.

	Half year ending				
				Change	
Consumer	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	**462.4**	521.1	513.9	(11.3)	(10.0)
Other income	**110.1**	101.0	99.6	9.0	10.5
Total income	**572.5**	622.1	613.5	(8.0)	(6.7)
Operating expenses	**(189.2)**	(203.0)	(200.8)	6.8	5.8
Credit expenses	**(14.3)**	(13.4)	(4.9)	(6.7)	large
Total expenses	**(203.5)**	(216.4)	(205.7)	6.0	1.1
Income tax expense	**(118.2)**	(127.4)	(128.0)	7.2	7.7
Cash earnings after tax	**250.8**	278.3	279.8	(9.9)	(10.4)
Non-cash net interest income items	**(10.9)**	(7.5)	(7.7)	(45.2)	(41.7)
Non-cash other income items	**61.8**	36.0	(28.0)	71.7	large
Non-cash operating expense items	**(8.0)**	(6.1)	(2.0)	(31.1)	large
Statutory earnings after tax	**293.7**	300.7	242.1	(2.3)	21.3

					Change	
		31 Dec 23	30 Jun 23	31 Dec 22	%	%
Net interest margin before revenue share	%	**2.25**	2.70	2.59	(45) bps	(34) bps
Net interest margin after revenue share	%	**1.77**	2.05	2.01	(28) bps	(24) bps
Cost to income ratio	%	**33.0**	32.6	32.7	40 bps	30 bps
Number of staff (full-time equivalent)	FTE	**2,261**	2,381	2,323	(5.0)	(2.6)
		$m	$m	$m	%	%
Reportable segment assets		**59,553.4**	59,773.8	58,545.1	(0.4)	1.7
Reportable segment liabilities		**44,864.1**	43,493.0	43,784.7	3.2	2.5

2.2 Group performance analysis continued

2.2.8 Segment results continued

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 have decreased to $250.8 million (2H23: $278.3 million; 1H23: $279.8 million).

Net Interest Income

Net interest income was $462.4million, a decrease of $58.7million or 11.3% on prior half. This was driven by a decrease in net interest margin (NIM) of 28 basis points and a decrease in asset closing balances and increase in liabilities closing balances.

- Asset closing balances decreased $0.2 billion, with growth in Third Party Banking and Up, offset by reductions in Retail and Leveraged Equities.
- Deposit closing balances increased $1.4 billion on the prior half reflecting strong growth in both term deposit and savings accounts mainly through the branch network.
- Net interest margin after revenue share decreased 28 basis points, with a reduction to deposit margins (based on competitive conditions and to prefund RBA TFF maturities in Q424) and reduced lending margins (from front book vs back book pricing).
- Revenue share payments decreased $36.5 million mainly reflecting lower lending and deposit margins.

Other Income

Other Income was $110.1 million, an increase of $9.1 million or 9% on prior half. This was driven by a $7.2 million increase in Homesafe realised income, higher fee income from foreign exchange volumes, and one-off revenue generated from the sale of the CGU SME insurance portfolio. This was partly offset by decreased income from wealth management fees as a result of lower fund performance fees and lower loan account fee income due to lower activity levels.

Operating Expenses

Operating expenses were $189.2million, a decrease of $13.8 million or improvement of 6.8% on the prior half. Driven by productivity efficiencies in marketing spend and decrease in customer-related fraud losses. Partly offset with increases in information technology costs due to increased software licensing and infrastructure costs including increased cloud volumes, and higher amortisation.

Credit Expenses

Credit expenses increased by $0.9 million to $14.3 million expense in 1H24 largely driven by increased collective provision charges.

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.8 Segment results continued

Business and Agribusiness		Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Change Dec 23 vs Jun 23 %	Change Dec 23 vs Dec 22 %
Net interest income		**341.0**	328.6	317.5	3.8	7.4
Other income		**34.0**	33.7	33.3	0.9	2.1
Total income		**375.0**	362.3	350.8	3.5	6.9
Operating expenses		**(76.1)**	(77.1)	(82.4)	1.3	7.6
Credit reversals/(expenses)		**6.8**	(25.0)	—	127.2	—
Total expenses		**(69.3)**	(102.1)	(82.4)	32.1	15.9
Income tax expense		**(97.0)**	(81.3)	(84.7)	(19.3)	(14.5)
Cash earnings after tax		**208.7**	178.9	183.7	16.7	13.6
Non-cash operating expense items		**(0.3)**	(5.5)	(1.6)	94.5	81.3
Statutory earnings after tax		**208.4**	173.4	182.1	20.2	14.4
		31 Dec 23	30 Jun 23	31 Dec 22	Change %	Change %
Net interest margin before revenue share	%	**4.17**	4.27	3.78	(10) bps	39 bps
Net interest margin after revenue share	%	**3.53**	3.56	3.27	(3) bps	26 bps
Cost to income ratio	%	**20.3**	21.3	23.5	(100) bps	(320) bps
Number of staff (full-time equivalent)	FTE	**687**	682	742	0.7	(7.5)
		$m	$m	$m	%	%
Reportable segment assets [1]		**19,429.8**	19,631.1	19,095.1	(1.0)	1.8
Reportable segment liabilities		**21,698.1**	20,990.9	20,581.5	3.4	5.4

1 The reportable segment assets for Business and Agribusiness include $3.5 billion of residential lending (2H23: $3.6 billion, 1H23: $3.7 billion).

2.2 Group performance analysis continued

2.2.8 Segment results continued

Business and Agribusiness focuses on servicing business customers and includes Business Banking and Portfolio Funding, in addition to all banking services provided to agribusiness, rural and regional Australian communities through Rural Bank.

Cash earnings after tax have increased to $208.7 million (2H23: $178.9 million; 1H23: $183.7 million).

Net Interest Income

Net interest income was $341.0 million, an increase of $12.4 million or 3.8% on the prior half.

- Asset closing balances declined $0.2 billion reflecting reductions to Agri (seasonal outflows) and residential lending partially offset by increases in business lending.
- Deposit closing balances grew $0.7 billion from the prior half reflecting strong growth in term deposits partially offset by a reduction in transaction accounts.
- Net interest margin after revenue share decreased 3 basis points with the benefit of higher rates on deposit margins (particularly transaction accounts) partly offset by reduced lending margins (from increases to cost of funds).

Other Income

Other Income was $34.0 million, an increase of $0.3 million on the prior half. This was driven by higher fee income and an increase in deposit fees. This was offset by lower new to bank loan account fees and a decrease in foreign exchange income due to lower customer activity.

Operating Expenses

Operating expenses were $76.1 million, a reduction of $1.0 million or 1.3% on the prior half. Staff and related costs reduced as a result of productivity efficiencies offsetting wage inflation. Lower commission payments also contributed, partly offset by higher remediation costs.

Credit Expenses

Credit expenses improved by $31.8 million mainly driven by lower specific provisions and a collective provision reversal as a result of a review of expired limits and an improved economic outlook.

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.8 Segment results continued

Corporate		Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Change Dec 23 vs Jun 23 %	Change Dec 23 vs Dec 22 %
Net interest income/(loss)		**10.2**	(5.4)	(13.2)	large	large
Other income/(loss)		**(0.9)**	2.5	0.2	(136.0)	large
Total income		**9.3**	(2.9)	(13.0)	large	large
Operating expenses		**(287.4)**	(264.8)	(233.1)	(8.5)	(23.3)
Credit (expenses)/reversals		**(3.3)**	10.4	(0.7)	(131.7)	large
Total expenses		**(290.7)**	(254.4)	(233.8)	(14.3)	(24.3)
Income tax benefit		**90.1**	82.3	78.0	9.5	15.5
Cash earnings after tax		**(191.3)**	(175.0)	(168.8)	(9.3)	(13.3)
Non-cash other income items		**0.8**	(1.9)	0.4	142.1	100.0
Non-cash operating expense items		**(29.3)**	(49.2)	(6.8)	40.4	large
Statutory earnings after tax		**(219.8)**	(226.1)	(175.2)	2.8	(25.5)

		31 Dec 23	30 Jun 23	31 Dec 22	Change %	Change %
Number of staff (full-time equivalent)	FTE	**1,734**	1,663	1,494	4.3	16.1
		$m	$m	$m	%	%
Reportable segment assets		**20,546.9**	19,074.8	19,003.0	7.7	8.1
Reportable segment liabilities		**25,958.9**	27,145.1	25,467.4	(4.4)	1.9

2.2 Group performance analysis continued

2.2.8 Segment results continued

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 have reduced to a $191.3 million loss (2H23: $175.0 million loss, 1H23: $168.8 million loss).

Net Interest Income

Net Interest Income increased by $15.6 million on the prior half, driven by an improvement in wholesale liabilities NIM (with customer yield increases less than 'worth of funds' rate increases) and improvement of liquids assets NIM through favourable mix of asset type investment.

Other Income

Other Income was ($0.9) million, a reduction of $3.4 million on the prior half. This was mainly driven by an increase in share of net losses from investments accounted for under the equity method and timing of Community Enterprise Foundation management fees.

Operating Expenses

Operating expenses increased by $22.6 million to $287.4 million on the prior half, contributed by higher staff expenses, information technology costs, software amortisation and remediation costs.

Full time equivalent staff (FTE) increase mainly in Risk and Technology areas driven by an uplift in cyber and fraud security capabilities.

Credit Expenses

Credit expenses were $3.3 million, an increase of $13.7 million on the prior half driven by increase in collective provision charges.

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

2.2.9 Capital

	As at 31 Dec 23 $m	As at 30 Jun 23 $m	As at 31 Dec 22 $m
Group assets	**99,530.1**	98,479.7	96,643.2

Capital adequacy	$m	$m	$m
Total regulatory capital	**6,013.3**	5,925.1	5,860.0
Risk-weighted assets	**38,349.8**	37,900.3	41,485.4

Capital adequacy ratios	%	%	%
Common Equity Tier 1	**11.23**	11.25	10.13
Tier 1	**13.38**	13.43	12.12
Tier 2	**2.30**	2.20	2.01
Total capital ratio	**15.68**	15.63	14.13

APRA's new Basel III capital framework came into effect from 1 January 2023, impacting the measurement of credit and operational risk-weighted assets. The December 2022 ratio is as previously reported.

Under APRA's Basel III capital framework, the Board's Common Equity Tier 1 (CET1) ratio target range is 10.0% to 10.5%

Regulatory capital	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Common Equity Tier 1			
Contributed capital	**5,245.1**	5,242.9	5,242.8
Retained profits and reserves	**1,310.7**	1,233.0	1,196.0
Accumulated other comprehensive income (and other reserves)	**2.2**	(52.3)	(7.0)
Less:			
Intangible assets, cash flow hedges and capitalised expenses	**2,040.6**	1,946.2	1,996.2
Net deferred tax assets	**144.7**	144.1	165.7
Equity exposures	**65.3**	68.0	67.4
Total Common Equity Tier 1 capital	**4,307.4**	4,265.3	4,202.5
Additional Tier 1 capital instruments	**824.1**	824.1	824.1
Total Additional Tier 1 capital	**824.1**	824.1	824.1
Total Tier 1 capital	**5,131.5**	5,089.4	5,026.6
Tier 2			
Tier 2 capital instruments	**575.0**	550.0	550.0
Provisions eligible for inclusion in Tier 2 capital	**306.8**	285.7	283.4
Total Tier 2 capital	**881.8**	835.7	833.4
Total regulatory capital	**6,013.3**	5,925.1	5,860.0
Total risk-weighted assets	**38,349.8**	37,900.3	41,485.4

2.2 Group performance analysis continued

2.2.9 Capital continued

Risk-weighted assets	As at 31 Dec 23 $m	As at 30 Jun 23 $m	As at 31 Dec 22 $m
Credit Risk	**35,616.6**	35,222.7	36,782.2
Market Risk	**2.1**	1.8	1.2
Operational Risk	**2,731.1**	2,675.8	4,702.0
Total risk-weighted assets	**38,349.8**	37,900.3	41,485.4

Key movements in 1H24 period include:

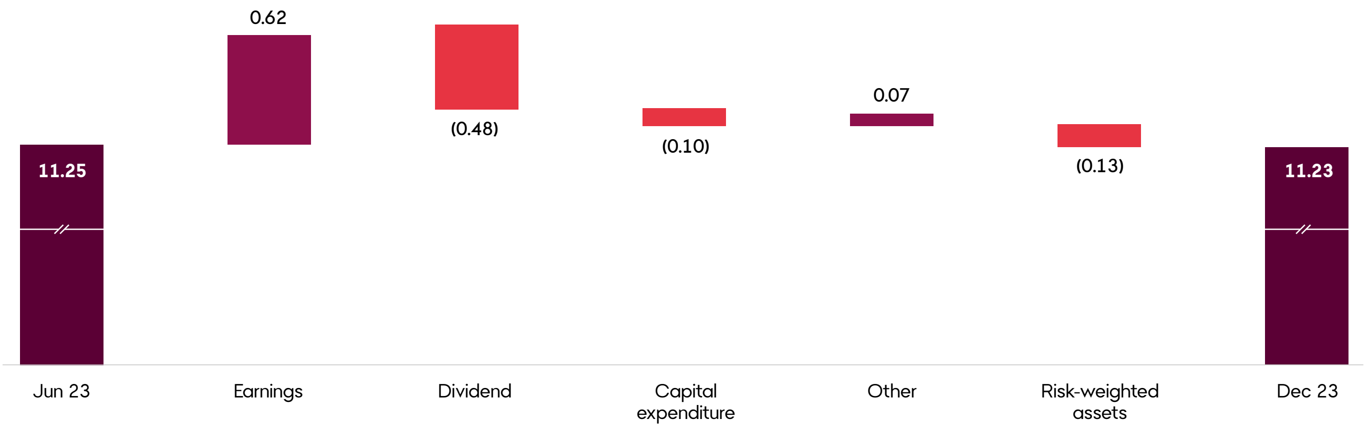
Total regulatory capital

Total regulatory capital increased by $88.2 million primarily due to an increase in retained earnings of $77.7 million net of Homesafe unrealised revaluation gains. In addition, there was a $25.0 million increase in Tier 2 Capital following a new floating rate note issuance of $300.0 million on the 3 November 2023 and a $275.0 million redemption on the 30 November 2023.

Risk-weighted assets

Total risk-weighted assets increased during the period as a result of an increase in credit risk driven by an increase in treasury assets offset by a decrease in residential lending.

Capital – CET1



Capital adequacy is calculated in accordance with regulations prescribed 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

Appendix 4D: Half Year Results

2.2 Group performance analysis continued

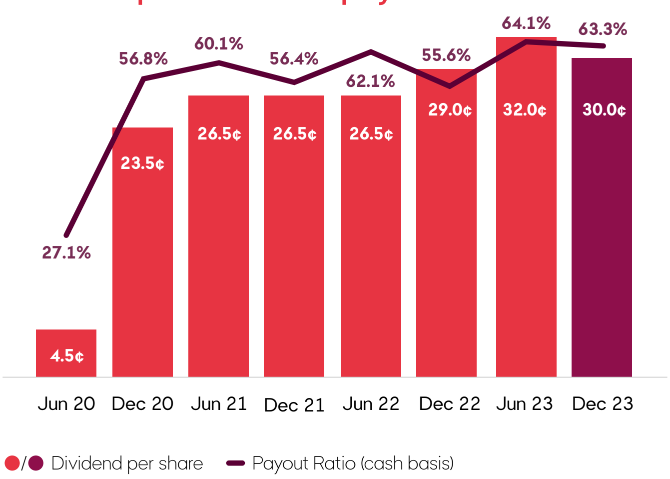
2.2.10 Shareholder returns and dividends

	Half year ending			Change	
Reconciliation of earnings used in the calculation of earnings per ordinary share (EPS)	**31 Dec 23 $m**	30 Jun 23 $m	31 Dec 22 $m	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Earnings used in calculating basic earnings per ordinary share	**282.3**	248.0	249.0	13.8	13.4
Add back: Amortisation of acquired intangibles (after tax)	**1.8**	2.0	2.5	(10.0)	(28.0)
Add back: Non-cash income and expense items (after tax)	**(28.2)**	24.1	34.4	large	large
Add back: Homesafe net realised income (after tax)	**12.3**	8.1	8.8	51.9	39.8
Total cash earnings	**268.2**	282.2	294.7	(5.0)	(9.0)

Weighted average number of ordinary shares used in the calculation of EPS	31 Dec 23 000's	30 Jun 23 000's	31 Dec 22 000's	Change %	%
Weighted average number of ordinary shares – used in basic and cash basis EPS calculations	**566,032**	565,787	564,530	—	0.3
Weighted average number of ordinary shares – used in diluted EPS calculations	**665,385**	663,002	660,967	0.4	0.7

Reconciliation of equity used in the calculation of ROE and ROTE	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	Change %	%
Ordinary issued capital	**5,245.1**	5,242.9	5,242.8	—	—
Retained earnings	**1,668.6**	1,567.3	1,481.7	6.5	12.6
Total ordinary equity	**6,913.7**	6,810.2	6,724.5	1.5	2.8
Average ordinary equity	**6,825.3**	6,738.6	6,650.0	1.3	2.6
Average intangible assets	**1,858.3**	1,860.0	1,827.6	(0.1)	2.8
Average tangible equity	**5,024.9**	4,991.1	4,928.2	0.7	2.0

Dividend per share and payout ratio



2.2 Group performance analysis continued

2.2.10 Shareholder returns and dividends continued

		Half year ending			Change	
		31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Cash earnings per share	¢	**47.4**	49.9	52.2	(5.0)	(9.2)
Dividend per share	¢	**30.0**	32.0	29.0	(6.3)	3.4
Dividend amount payable/paid	$m	**169.9**	181.2	162.1	(6.2)	4.8
Payout ratio – earnings per ordinary share [1]	%	**60.1**	73.1	65.8	large	large
Payout ratio – cash basis per ordinary share [1]	%	**63.3**	64.1	55.6	(80) bps	large

1 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 ten trading days commencing 29 February 2024. Shares issued under this Plan rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in the Dividend Reinvestment Plan for the 2024 interim dividend is 26 February 2024.

2.2.11 Net tangible assets per ordinary share

	Half year ending			Change	
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	31 Dec 23 to 31 Dec 22 %
Net tangible assets per ordinary share	**$9.06**	$8.85	$8.78	2.3	3.4
Net tangible assets	**$m**	**$m**	**$m**		
Net assets	**7,009.0**	6,850.7	6,809.6	2.3	2.9
Intangible assets	**(1,878.3)**	(1,841.9)	(1,845.1)	(2.0)	(1.8)
Net tangible assets attributable to ordinary shareholders	**5,130.7**	5,008.8	4,964.5	2.4	3.3
Number of fully paid ordinary shares on issue – 000's	**566,167**	565,896	565,667	—	0.1

Financial Statements

For the half year ended 31 December 2023

Released 19 February 2024

ABN 11 068 049 178

Bendigo and Adelaide Bank

Financial Statements

Contents

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

David Foster (Chair appointed 24 October 2023)

Marnie Baker (Managing Director)

Vicki Carter

Richard Deutsch

David Matthews

Alistair Muir

Patricia Margaret Payn (appointed 14 September 2023)

Victoria Weekes

Jacqueline Hey (Chair retired 24 October 2023)

Jim Hazel (retired 24 October 2023)

Company Secretary

Belinda Donaldson

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

Link Market Services Limited
Level 12, 680 George Street, Sydney, NSW, 2000
Postal Address: Locked Bag A14 Sydney South NSW 1235

Website: www.linkmarketservices.com.au

Email: BEN@linkmarketservices.com.au

Telephone: 1300 551 242 (inside Australia)
1300 551 242 (from outside Australia)

Auditors

Ernst & Young
Australia

Directors' Report

The Directors of Bendigo and Adelaide Bank Limited present their report together with the financial statements of Bendigo and Adelaide Bank Limited (the "Bank") and its controlled entities (the "Group") for the half year ended 31 December 2023.

Directors

The names of the Directors 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.

David Foster (Chair appointed 24 October 2023)

Marnie Baker (Managing Director)

Vicki Carter

Richard Deutsch

David Matthews

Alistair Muir

Patricia Margaret Payn (appointed 14 September 2023)

Victoria Weekes

Jacqueline Hey (Chair retired 24 October 2023)

Jim Hazel (retired 24 October 2023)

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, rural and commercial lending, deposit-taking, payments services, wealth management, margin lending, superannuation, treasury and foreign exchange services.

There have been no significant changes in the nature of the principal activities of the Group during the period.

The Group's statutory net profit after income tax (attributable to owners of the Bank) increased by $34.3 million, or 13.8%, to $282.3 million when compared with the half year ended 30 June 2023.

Group assets increased by $1.1 billion, or 1.1% to $99.5 billion when compared with the half year ended 30 June 2023.

The total capital adequacy ratio increased during the half year from 15.63% to 15.68%. Tier 1 capital decreased during the half year from 13.43% to 13.38%, with Tier 2 capital increasing from 2.20% to 2.30%. The Common Equity Tier 1 ratio decreased during the half year from 11.25% to 11.23%.

Additional analysis of operations for the half year ended 31 December 2023 is set out in Section 1.8 – Group performance commentary.

Dividends and distributions

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

- Final dividend of 32.0 cents per share, paid on 29 September 2023 in respect of the year ended 30 June 2023.
- Interim dividend of 30.0 cents per share, declared on 19 February 2024, payable on 26 March 2024.

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

- CPS4 140.56 cents per share, paid on 13 September 2023 and 137.28 cents per share, paid on 13 December 2023.
- Capital notes 141.79 cents per share, paid on 15 September 2023 and 138.35 cents per share, paid on 15 December 2023.

Further details on dividends provided for or paid during the half year ended 31 December 2023 on the Bank's ordinary and preference shares and capital notes are provided in Note 9 – Dividends paid and payable.

Directors' Report

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the half year:

In September 2023, the Dividend Reinvestment Plan in respect of the 30 June 2023 final dividend was satisfied in full by the on-market purchase and transfer of 2,527,922 shares at $9.13 to participating shareholders.

Changes made to the composition of the Board during the half year, were as follows:

Margaret Payn was appointed as a non-executive director effective 14 September 2023;

David Foster was appointed Chair on 24 October 2023;

Jacqueline Hay retired from the Board effective 24 October 2023; and

Jim Hazel retired as a non-executive director on 24 October 2023.

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.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and Financial Statements have been rounded to the nearest million Australian dollars unless otherwise indicated.

Events after balance sheet date

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.

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 2023. 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 2023. 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.

David Foster
Chair

Marnie Baker
Chief Executive Officer and Managing Director

19 February 2024

Auditor's Independence Declaration

Building a better working world

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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 2023, 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

Ernst & Young

Clare Sporle
Partner
19 February 2024

Primary statements

Income statement

For the period ended 31 December 2023

	Note	Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Net interest income				
Interest income		**2,320.1**	1,911.7	1,495.1
Interest expense		**(1,522.1)**	(1,078.1)	(687.9)
Total net interest income	3	**798.0**	833.6	807.2
Other revenue				
Fees		**66.7**	68.1	61.6
Commissions and management fees		**30.7**	31.2	32.8
Other income		**135.3**	86.5	(0.7)
Total other revenue	3	**232.7**	185.8	93.7
Total income		**1,030.7**	1,019.4	900.9
Credit expenses				
Credit expenses		**(12.2)**	(29.7)	(6.4)
Bad and doubtful debts recovered		**1.4**	1.7	0.8
Total credit expenses	5	**(10.8)**	(28.0)	(5.6)
Operating expenses				
Staff and related costs		**(343.1)**	(344.2)	(312.5)
Occupancy costs		**(17.9)**	(18.2)	(17.7)
Amortisation and depreciation costs		**(52.1)**	(42.0)	(51.9)
Fees and commissions		**(9.8)**	(11.0)	(12.6)
Other operating expenses		**(183.5)**	(215.1)	(136.7)
Total operating expenses	4	**(606.4)**	(630.5)	(531.4)
Profit before income tax expense		**413.5**	360.9	363.9
Income tax expense	6	**(131.2)**	(112.9)	(114.9)
Net profit attributable to owners of the Bank		**282.3**	248.0	249.0

Earnings per share		cents	cents	cents
Basic	8	**49.9**	43.8	44.1
Diluted	8	**44.9**	39.6	39.6

Statement of comprehensive income

For the period ended 31 December 2023

	Half year ending		
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Profit for the half year ended	**282.3**	248.0	249.0
Items which may be reclassified subsequently to profit or loss:			
Revaluation gain/(loss) on debt securities at FVOCI with recycling	**44.8**	(5.9)	(11.1)
Net gain/(loss) on cash flow hedges taken to equity	**25.7**	(64.6)	(11.0)
Tax effect on items taken directly to or transferred from equity	**(21.1)**	21.2	(2.0)
Total items that may be reclassified to profit or loss	**49.4**	(49.3)	(24.1)
Items which will not be reclassified subsequently to profit or loss:			
Revaluation loss/(gain) on equity investments at FVOCI	**—**	0.8	(0.8)
Tax effect on items taken directly to or transferred from equity	**—**	(0.2)	0.2
Total items that will not be reclassified to profit or loss	**—**	0.6	(0.6)
Total comprehensive income for the period net of tax	**331.7**	199.3	224.3
Total comprehensive income for the period attributable to:			
Owners of the Bank	**331.7**	199.3	224.3

Primary statements

Balance sheet

As at 31 December 2023

		As at		
	Note	**31 Dec 23 $m**	30 Jun 23 $m	31 Dec 22 $m
Assets				
Cash and cash equivalents	15	**4,783.3**	8,384.2	8,007.0
Due from other financial institutions	15	**219.5**	123.9	222.1
Financial assets at fair value through profit or loss (FVTPL)		**18.3**	18.5	8.8
Financial assets at amortised cost		**1,503.6**	864.6	694.4
Financial assets at fair value through other comprehensive income (FVOCI)		**11,399.8**	6,917.5	7,468.6
Income tax receivable		**6.9**	—	—
Derivatives		**11.7**	9.2	10.5
Net loans and other receivables	10	**77,963.9**	78,526.3	76,768.3
Investments accounted for using the equity method		**11.1**	13.8	13.2
Property, plant and equipment		**154.4**	166.2	171.2
Deferred tax assets		**5.8**	71.2	60.5
Investment property		**1,106.6**	957.8	897.4
Goodwill and other intangible assets	16	**1,878.3**	1,841.9	1,845.1
Other assets		**466.9**	584.6	476.1
Total Assets		**99,530.1**	98,479.7	96,643.2
Liabilities				
Due to other financial institutions	15	**160.2**	190.3	137.7
Deposits	12	**78,655.8**	77,310.8	76,455.4
Other borrowings	12	**11,247.1**	11,838.2	11,096.6
Derivatives		**21.9**	17.4	18.2
Income tax payable		**—**	40.8	45.3
Provisions		**112.8**	126.3	114.0
Other payables		**925.5**	734.2	597.4
Loan capital	12	**1,397.8**	1,371.0	1,369.0
Total Liabilities		**92,521.1**	91,629.0	89,833.6
Net Assets		**7,009.0**	6,850.7	6,809.6
Equity				
Share capital	14	**5,243.0**	5,240.5	5,240.1
Reserves		**97.4**	42.9	87.8
Retained earnings		**1,668.6**	1,567.3	1,481.7
Total Equity		**7,009.0**	6,850.7	6,809.6

Statement of changes in equity

For the period ended 31 December 2023

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	**Other issued capital $m**	**Retained earnings $m**	**Reserves $m**	**Total equity $m**
Opening balance as at 1 July 2023	**5,242.9**	**(2.4)**	**1,567.3**	**42.9**	**6,850.7**
Comprehensive income:					
Profit for the period	**—**	**—**	**282.3**	**—**	**282.3**
Other comprehensive income	**—**	**—**	**—**	**49.4**	**49.4**
Total comprehensive income for the period	**—**	**—**	**282.3**	**49.4**	**331.7**
Transactions with owners in their capacity as owners:					
Movement in treasury shares	**2.6**	**—**	**—**	**—**	**2.6**
Movement in executive share plans	**(0.4)**	**—**	**—**	**—**	**(0.4)**
Reduction in employee share ownership plan (ESOP) shares	**—**	**0.3**	**—**	**—**	**0.3**
Share-based payment	**—**	**—**	**0.2**	**5.1**	**5.3**
Equity dividends	**—**	**—**	**(181.2)**	**—**	**(181.2)**
Closing balance as at 31 December 2023	**5,245.1**	**(2.1)**	**1,668.6**	**97.4**	**7,009.0**

For the period ended 30 June 2023	$m	$m	$m	$m	$m
Opening balance as at 1 January 2023	5,242.8	(2.7)	1,481.7	87.8	6,809.6
Comprehensive income:					
Profit for the period	—	—	248.0	—	248.0
Other comprehensive income	—	—	—	(48.7)	(48.7)
Total comprehensive income for the period	—	—	248.0	(48.7)	199.3
Transactions with owners in their capacity as owners:					
Movement in treasury shares	0.1	—	—	—	0.1
Reduction in employee share ownership plan (ESOP) shares	—	0.3	—	—	0.3
Share-based payment	—	—	0.1	4.1	4.2
Transfer from asset revaluation reserve	—	—	(0.4)	(0.3)	(0.7)
Equity dividends	—	—	(162.1)	—	(162.1)
Closing balance as at 30 June 2023	5,242.9	(2.4)	1,567.3	42.9	6,850.7

For the period ended 31 December 2022	$m	$m	$m	$m	$m
Opening balance as at 1 July 2022	5,222.5	(3.0)	1,386.5	105.9	6,711.9
Comprehensive income:					
Profit for the period	—	—	249.0	—	249.0
Other comprehensive income	—	—	—	(24.7)	(24.7)
Total comprehensive income for the period	—	—	249.0	(24.7)	224.3
Transactions with owners in their capacity as owners:					
Shares issued	18.8	—	—	—	18.8
Movement in treasury shares	1.3	—	—	—	1.3
Movement in executive share plans	0.2	—	—	—	0.2
Reduction in employee share ownership plan (ESOP) shares	—	0.3	—	—	0.3
Movement in equity reserve for credit losses (ERCL)	—	—	(7.4)	7.4	—
Share-based payment	—	—	0.3	(0.8)	(0.5)
Transfer from asset revaluation reserve	—	—	0.7	—	0.7
Equity dividends	—	—	(147.4)	—	(147.4)
Closing balance as at 31 December 2022	5,242.8	(2.7)	1,481.7	87.8	6,809.6

Primary statements

Cash flow statement

For the period ended 31 December 2023

	Note	Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Cash flows related to operating activities				
Interest and other items of a similar nature received		**2,127.1**	1,727.6	1,396.5
Interest and other costs of finance paid		**(1,227.5)**	(806.5)	(524.3)
Receipts from customers (excluding effective interest)		**135.2**	126.3	125.2
Payments to suppliers and employees		**(357.5)**	(690.4)	(589.6)
Dividends received		**1.0**	0.7	0.7
Income taxes paid		**(134.5)**	(107.0)	(134.1)
Cash flows from operating activities before changes in operating assets and liabilities		**543.8**	250.7	274.4
Net decrease/(increase) in operating assets				
Net decrease/(increase) in balance of loans and other receivables		**550.4**	(1,216.1)	835.6
Net (increase)/decrease in balance of investment securities		**(5,076.6)**	364.9	2,330.0
Net increase/(decrease) in operating liabilities				
Net increase in balance of deposits		**2,300.1**	855.4	1,871.5
Net (decrease)/increase in balance of other borrowings		**(1,546.8)**	741.6	(602.3)
Cash flows (used in)/from operating activities		**(3,229.1)**	996.5	4,709.2
Cash flows related to investing activities				
Cash paid for purchases of property, plant and equipment		**(16.0)**	(20.5)	(10.1)
Cash proceeds from sale of property, plant and equipment		**—**	—	0.1
Cash paid for purchases of investment property		**(39.1)**	(24.0)	(28.2)
Cash proceeds from sale of investment property		**39.2**	30.9	27.9
Cash paid for purchases of equity investments		**—**	(4.0)	—
Cash proceeds from sale of equity investments		**0.9**	—	—
Cash proceeds from return of capital/dividend from JV partners		**—**	1.2	0.7
Cash paid for purchase of ANZIL portfolio		**—**	(571.5)	—
Net cash paid on transfer of Homesafe portfolio		**(46.5)**	—	—
Net cash flows used in investing activities		**(61.5)**	(587.9)	(9.6)
Cash flows related to financing activities				
Proceeds from issuance of subordinated debt		**300.5**	—	—
Repayment of subordinated debt		**(275.0)**	—	—
Equity dividends paid		**(181.2)**	(162.1)	(128.6)
Repayment of lease liabilities		**(29.2)**	(20.4)	(30.1)
Repayment from employees for ESOP shares		**0.3**	0.3	0.3
Net cash flows used in financing activities		**(184.6)**	(182.2)	(158.4)
Net increase/(decrease) in cash and cash equivalents		**(3,475.2)**	226.4	4,541.2
Cash and cash equivalents at the beginning of the period		**8,317.8**	8,091.4	3,550.2
Cash and cash equivalents at the end of period	15	**4,842.6**	8,317.8	8,091.4

Basis of preparation

1 Corporate information

The half year financial report of Bendigo and Adelaide Bank Limited ('the Bank') and its controlled entities ('the Group') for the six months ended 31 December 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 19 February 2024. The Directors have the power to amend and reissue the financial statements.

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 registered office is 22 – 44 Bath Lane, Bendigo, Victoria, 3550, Australia.

The domicile of Bendigo and Adelaide Bank Limited is Australia.

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

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 2023, 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 annual financial report, except as disclosed below.

Basis of preparation

The financial report of Bendigo and Adelaide Bank Limited:

- Is a general purpose financial report;
- Has been prepared in accordance with Australian Accounting Standards, including AASB 134 *Interim Financial Reporting*, along with interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Has been prepared in accordance with the requirements of the *Corporations Act 2001*;
- Has been prepared in accordance with the requirements for an authorised deposit-taking institution under the *Banking Act 1959 (as amended)*;
- Has been presented in Australian dollars, which is the functional presentation currency of the Bank and each of its subsidiaries, with all values rounded to the nearest hundred thousand dollar ($'00,000) in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016-191*, unless otherwise stated;
- Includes foreign currency transactions that are translated into the functional currency using exchange rates at the date of the transaction; and
- 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 preparation

2 Summary of significant accounting policies continued

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)
- Investment Property

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.

Events subsequent to reporting date

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.

Changes in accounting policies

New and amended standards and interpretations

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2023.

A number of new accounting standards and amendments were effective 1 July 2023. These have not had a material effect on the financial position or performance of the Group.

Recently issued or amended standards not yet effective

The following recently issued or amendments to existing standards are not expected to result in significant changes to the Group's accounting policies:

- Classification of liabilities as current or non-current (Amendments to AASB 101);
- Lease Liability in a Sale and Leaseback (Amendments to AASB 16);
- Non-current Liabilities with Covenants (Amendments to AASB 101);
- Supplier Finance Arrangements (Amendments to IAS 7 and AASB 107);
- Sale or contribution of assets between an investor and its associate or joint venture; and
- Lack of exchangeability (Amendments to AASB 121).

2 Summary of significant accounting policies continued

Investment property

Valuation methodology

Subsequent to initial recognition, fair value is determined by discounting the expected future cash flows of the portfolio, taking into account the restrictions on the ability to realise the investment property due to contractual obligations.

Assumptions used in the modelling of future cash flows are sourced from market indices of property values (CoreLogic Hedonic Home Value Index) and long-term growth/discount rates appropriate to residential property and historical performance of contracts that have been closed out. The discounted cash flow model is prepared on a monthly basis. Inputs that form part of the discounted cash flow model include rates of property appreciation/(depreciation), discount rates, selling costs, mortality rates and future CPI increases.

The Group has applied a discount rate of 6.75% (2H23: 6.75%) and property appreciation rates of -1.0% for the first year, 2.0% for the second year, and 5.0% per annum thereafter (2H23: -1.0% for the first year, 2.0% for the second year, and 5.0% per annum thereafter).

Fair value measurement

There are different levels of fair value measurement. When fair value is calculated using inputs that are not based on observable market data, then assets will be considered as Level 3 fair value. Investment property has been categorised as a Level 3 fair value based on the inputs outlined above.

Sensitivity of Level 3 fair value measurements to reasonably possible alternative assumptions

		Range of estimates for unobservable inputs			Effect of reasonably possible alternative assumptions	
Valuation technique	Significant unobservable inputs	Favourable change	Unfavourable change	Fair value measurement sensitivity to unobservable inputs	Favourable change	Unfavourable change
Discounted cash flow	Rates of property appreciation ~ short-term growth rates: Year 1: (1%) Year 2: 2%	Year 1: 0% Year 2: 3%	Year 1: (2%) Year 2: 1%	Significant increases in these inputs would result in higher fair values.	$20.6	($20.2)
	Rates of property appreciation ~ long-term growth rate 5%	6%	4%	Significant increases in these inputs would result in higher fair values.	$87.4	($77.5)
	Discount rates ~ 6.75%	5.75%	7.75%	Significant increases in these inputs would result in lower fair values.	$110.4	($95.3)

Where valuation techniques use non-observable inputs that are significant to a fair value measurement in its entirety, changing these inputs will change the resultant fair value measurement.

The most significant inputs impacting the carrying value of the investment property are the long-term growth rates and the discount rates. There are interdependencies between a number of the assumptions made which mean that no single factor is likely to move independent of others, however, the sensitivities disclosed above assume all other assumptions remain unchanged.

Results for period

3 Income

	Note	Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Interest income				
Effective interest income				
Cash and cash equivalents		**143.3**	107.5	63.2
Assets held at FVTPL		**0.2**	—	0.4
Assets held at FVOCI		**154.3**	144.2	92.8
Assets held at amortised cost		**17.9**	8.6	6.5
Reverse repurchase agreements		**51.1**	13.8	4.1
Loans and other receivables		**1,953.3**	1,637.6	1,328.1
Total interest income		**2,320.1**	1,911.7	1,495.1
Interest expense				
Deposits				
Customer		**(1,012.3)**	(682.3)	(409.9)
Wholesale		**(254.5)**	(204.9)	(135.2)
Wholesale borrowings				
Wholesale borrowings – domestic		**(124.1)**	(76.4)	(45.3)
Wholesale borrowings – overseas		**(11.1)**	—	—
Notes payable		**(73.0)**	(71.6)	(60.6)
Repurchase agreements		**(1.8)**	(3.5)	(3.8)
Lease liability		**(1.7)**	(1.9)	(2.1)
Loan capital		**(43.6)**	(37.5)	(31.0)
Total interest expense		**(1,522.1)**	(1,078.1)	(687.9)
Total net interest income [1]	2.2.1	**798.0**	833.6	807.2
Other revenue				
Fee income				
Assets		**32.9**	35.0	34.5
Liabilities and other products		**31.6**	29.6	25.1
Trustee, management and other services		**2.2**	3.5	2.0
Total fee income		**66.7**	68.1	61.6
Commissions and management fees		**30.7**	31.2	32.8
Total revenue from contracts with customers		**97.4**	99.3	94.4
Other income				
Foreign exchange income		**13.8**	13.8	14.1
Homesafe revaluation gain/(loss)	2.2.3	**111.6**	67.5	(23.2)
Dividend income		**0.7**	0.7	0.5
Other		**9.2**	4.5	7.9
Total other income		**135.3**	86.5	(0.7)
Total other revenue [1]		**232.7**	185.8	93.7
Total income		**1,030.7**	1,019.4	900.9

1 During FY23 a detailed review of the application of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* was undertaken. A number of reclassifications have been made, with these changes being applied retrospectively resulting in changes to comparative information. The restatements impact Net Interest Income, Other Income and Operating Expenses.

3 Income continued

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.

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/(loss) reflects the gains/(losses) arising from changes in the fair value of investment property and are recognised in the period in which they arise.

Results for period

4 Operating expenses

	Note	Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Staff and related costs				
Salaries, wages and incentives		**294.2**	299.2	268.5
Superannuation contributions		**28.8**	27.3	26.2
Other staff related costs		**20.1**	17.7	17.8
Total staff and related costs		**343.1**	344.2	312.5
Occupancy costs				
Operating lease rentals		**2.1**	2.8	3.0
Depreciation of leasehold improvements		**5.2**	4.6	4.3
Other		**10.6**	10.8	10.4
Total occupancy costs		**17.9**	18.2	17.7
Amortisation and depreciation				
Amortisation of acquired intangibles	16	**2.6**	2.8	3.5
Amortisation of software intangibles	16	**21.3**	11.2	21.3
Depreciation of property, plant and equipment		**28.2**	28.0	27.1
Total amortisation and depreciation costs		**52.1**	42.0	51.9
Fees and commission expense [1]		**9.8**	11.0	12.6
Other operating expenses				
Communications, postage and stationery		**15.3**	17.3	16.9
Computer systems and software costs		**59.6**	51.3	50.3
Advertising and promotion		**10.8**	14.4	13.9
Other product and services delivery costs		**7.5**	7.1	7.6
Consultancy fees		**29.9**	35.2	21.6
Non-lending losses		**16.6**	24.8	13.8
Insurance costs		**4.5**	4.8	5.5
Impairment charges		**—**	52.2	—
Other expenses [1]		**39.3**	8.0	7.1
Total other operating expenses [2]		**183.5**	215.1	136.7
Total operating expenses		**606.4**	630.5	531.4

1 1H24 includes Elders contract costs ($16.8 m) and Homesafe restructure costs ($8.5 m). Refer to section 2.2.6 for further details.

2 During FY23 a detailed review of the application of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* was undertaken. A number of reclassifications have been made, with these changes being applied retrospectively resulting in changes to comparative information. The restatements impact Net Interest Income, Other Income and Operating Expenses.

4 Operating expenses continued

Recognition and measurement

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

Staff and related costs are recognised over the period in which the employees provide service. Incentive payments are recognised to the extent that the Group has a present obligation.

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

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

Amortisation
Refer to Note 16 for information on the amortisation of intangibles.

Depreciation of Property, Plant and Equipment includes depreciation expenses associated with operating leases, which are recognised as 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.Cash flows are included in the Cash Flow Statement 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.

Results for period

5 Credit expenses and impairment of loans and advances

Credit expenses	Half year ending 31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Bad debts written off	**0.8**	0.8	0.7
Collectively assessed provision expenses	**11.1**	6.8	6.5
Individually assessed provision expenses/(releases)	**0.3**	22.1	(0.8)
Total credit expenses	**12.2**	29.7	6.4
Bad debts recovered	**(1.4)**	(1.7)	(0.8)
Credit expenses (net of recoveries)	**10.8**	28.0	5.6

Provisions and reserves	As at 31 Dec 23 $m	As at 30 Jun 23 $m	As at 31 Dec 22 $m
Individually assessed provisions	**41.3**	47.8	46.5
Collectively assessed provisions	**248.4**	238.5	232.3
Equity reserve for credit losses (ERCL)	**95.2**	95.2	95.2
Total provisions and reserves for credit losses	**384.9**	381.5	374.0

Ratios	%	%	%
Credit expenses net of recoveries to gross loans	**0.03**	0.07	0.01
Total provisions/reserves for credit losses to gross loans	**0.49**	0.48	0.49

5 Credit expenses and impairment of loans and advances continued

The table below discloses the effect of movements in provisions and reserves to the different stages of the Expected Credit Loss (ECL) model:

	Stage 1	Stage 2	Stage 3			
Movements in provisions and reserves	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Equity reserve for credit losses $m	Total $m
Balance as at 1 July 2023	**115.2**	**75.3**	**48**	**47.8**	**95.2**	**381.5**
Transfers to/(from) during the period to:						
Stage 1	**1.9**	**(1.9)**	**—**	**—**	**—**	**—**
Stage 2	**(21.5)**	**22.4**	**(0.9)**	**—**	**—**	**—**
Stage 3	**(6.0)**	**(9.5)**	**15.5**	**—**	**—**	**—**
Transfer from collectively assessed to individually assessed provisions	**—**	**(0.2)**	**(4.0)**	**4.2**	**—**	**—**
New/increased provisions	**13.7**	**4.2**	**0.6**	**(1.9)**	**—**	**16.6**
Write-back of provisions no longer required	**(4.3)**	**(5.9)**	**(10.5)**	**—**	**—**	**(20.7)**
Change in balances	**15.7**	**12.5**	**(11.9)**	**—**	**—**	**16.3**
Bad debts written off previously provided for	**—**	**—**	**—**	**(8.8)**	**—**	**(8.8)**
Total provisions and reserves for credit losses as at 31 December 2023	**114.7**	**96.9**	**36.8**	**41.3**	**95.2**	**384.9**

	$m	$m	$m	$m	$m	$m
Balance as at 1 January 2023	93.4	94.7	44.2	46.5	95.2	374.0
Transfers to/(from) during the period to:						
Stage 1	1.1	(1.1)	—	—	—	—
Stage 2	(21.4)	22.2	(0.8)	—	—	—
Stage 3	(6.4)	(17.5)	23.9	—	—	—
Transfer from collectively assessed to individually assessed provisions	—	(0.3)	(0.8)	1.1	—	—
New/increased provisions	13.8	2.4	0.4	11.0	—	27.6
Write-back of provisions no longer required	(3.6)	(14.5)	(11.6)	—	—	(29.7)
Change in balances	38.3	(10.6)	(7.3)	—	—	20.4
Bad debts written off previously provided for	—	—	—	(10.8)	—	(10.8)
Total provisions and reserves for credit losses as at 30 June 2023	115.2	75.3	48.0	47.8	95.2	381.5

	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2022	105.1	89.4	31.2	58.1	87.8	371.6
Transfers to/(from) during the period to:						
Stage 1	1.2	(1.2)	—	—	—	—
Stage 2	(15.0)	16.3	(1.3)	—	—	—
Stage 3	(5.0)	(7.2)	12.2	—	—	—
Transfer from collectively assessed to individually assessed provisions	—	(0.3)	(0.8)	1.1	—	—
New/increased provisions	7.9	1.3	4.5	(2.0)	—	11.7
Write-back of provisions no longer required	(3.2)	(4.2)	(3.6)	—	—	(11.0)
Change in balances	2.4	0.6	2.0	—	7.4	12.4
Bad debts written off previously provided for	—	—	—	(10.7)	—	(10.7)
Total provisions and reserves for credit losses as at 31 December 2022	93.4	94.7	44.2	46.5	95.2	374.0

Results for period

5 Credit expenses and impairment of loans and advances continued

Credit quality

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	Stage 2	Stage 3		
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Total $m
Gross carrying amount as at 1 July 2023	80,296.0	7,052.3	657.3	106.4	88,112.0
Transfers to/(from) during the period to:					
Stage 1	2,070.5	(2,048.3)	(22.2)	—	—
Stage 2	(3,221.8)	3,332.9	(111.1)	—	—
Stage 3	(123.5)	(260.1)	383.6	—	—
Transfer from collectively assessed to individually assessed provisions	(0.9)	(7.0)	(20.3)	28.2	—
New financial assets originated or purchased	8,307.7	154.1	4.2	—	8,466.0
Financial assets derecognised or repaid	(6,202.8)	(1,039.9)	(165.4)	(28.2)	(7,436.3)
Change in balances	(4,348.2)	(71.1)	(8.5)	(5.4)	(4,433.2)
Amounts written off against provisions	—		—	(6.8)	(6.8)
Gross carrying amount as at 31 December 2023	76,777.0	7,112.9	717.6	94.2	84,701.7

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 January 2023	79,161.2	6,055.7	577.0	110.9	85,904.8
Transfers to/(from) during the period to:					
Stage 1	1,556.8	(1,547.9)	(8.9)	—	—
Stage 2	(3,461.4)	3,552.9	(91.5)	—	—
Stage 3	(126.9)	(264.5)	391.4	—	—
Transfer from collectively assessed to individually assessed provisions	(1.5)	(3.9)	(6.8)	12.2	—
New financial assets originated or purchased	7,914.4	133.8	3.6	—	8,051.8
Financial assets derecognised or repaid	(5,855.6)	(799.0)	(194.9)	(12.2)	(6,861.7)
Change in balances	1,109.0	(74.8)	(12.6)	16.3	1,037.9
Amounts written off against provisions	—	—	—	(20.8)	(20.8)
Gross carrying amount as at 30 June 2023	80,296.0	7,052.3	657.3	106.4	88,112.0

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2022	75,539.4	6,047.6	698.3	126.8	82,412.1
Transfers to/(from) during the period to:					
Stage 1	1,783.2	(1,755.3)	(27.9)	—	—
Stage 2	(2,627.8)	2,790.9	(163.1)	—	—
Stage 3	(81.4)	(151.7)	233.1	—	—
Transfer from collectively assessed to individually assessed provisions	(2.2)	(14.6)	(8.0)	24.8	—
New financial assets originated or purchased	7,670.3	77.2	45.5	—	7,793.0
Financial assets derecognised or repaid	(5,708.5)	(843.4)	(204.9)	(24.8)	(6,781.6)
Change in balances	2,588.2	(95.0)	4.0	(5.1)	2,492.1
Amounts written off against provisions	—	—	—	(10.8)	(10.8)
Gross carrying amount as at 31 December 2022	79,161.2	6,055.7	577.0	110.9	85,904.8

5 Credit expenses and impairment of loans and advances continued

Forward-looking information

The estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information may require significant judgement, particularly during periods of economic uncertainty. In assessing the forward-looking information, the Group has considered the potential impacts of the conflict in Europe and the Middle East, the high interest rate environment, natural disasters and falling commodity prices including livestock. The Group's expectations of future events have been based on a range of plausible scenarios and are believed to be reasonable and supportable. Under the circumstances, however, it is recognised that uncertainty still exists and actual results may differ from these estimates.

Macroeconomic factors

In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as: Gross Domestic Product (GDP) growth, unemployment rates, central-bank interest rates, and house-price growth. The inputs and models used for calculating expected credit losses may not always capture all characteristics and available data of the market at the date of the financial statements. To reflect this, qualitative adjustments or management overlays may be made using expert credit judgement.

The Group's Economic Outlook Workgroup (EOW) is responsible for reviewing and formulating the macroeconomic forecasts. The base economic scenario is discussed and approved by the Asset and Liability Management Committee (ALMAC) while the upside and downside scenarios are approved by the Management Credit Committee (MCC). Any management overlays or adjustments required to account for identified risks that have not been considered in the modelling process are determined after consultation with respective business representatives. At each reporting period the modelled outcomes and any key areas of judgement are reported to the Group's Board Audit Committee and the Board Financial Risk Committee.

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 forecasts are based on consensus forecasts and expert judgement 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. Two downside and two upside scenarios are also generated in addition to the base case. 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 Group's base case economic forecast used for the collective provision assessment as at 31 December 2023 reflects subdued growth due to persistent inflation driven by fuel and utilities, rents and the cost of new dwellings. Annual GDP growth is forecasted to slow to 0.3% for the June 2024 quarter, with growth above 2% only returning by December 2025.

Interest rates are forecasted to peak at 4.6% and remain at that level to March 2025 while the unemployment rate is expected to gradually increase, peaking at 4.9% in December 2025. Modest growth (below 1%) is forecasted for house prices over the next 3 years while commercial property prices are expected to remain under pressure for the next 12 months.

In the significant deterioration scenario, the country is forecasted to go into a recession with GDP growth assumed to be negative for four quarters with a low point of -4.12%, while the unemployment rate peaks at 9.3% by September 2025. House prices are assumed to fall by 33% from December 2023 levels and commercial property prices by 31%. For the mild deterioration scenario, quarterly GDP growth is negative for four quarters with year-on-year growth reaching a low point of -2.75%, unemployment peaks at 8.2%, house prices fall by 24% from December 2023 levels, commercial property prices by 26% and interest rates decline from September 2024 onwards to a low of 1.35%.

Results for period

5 Credit expenses and impairment of loans and advances continued

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

These are unchanged from June 2023:

Weightings	31 Dec 23 %	30 Jun 23 %
Base scenario	**55.0**	55.0
Significant improvement	**0.0**	0.0
Mild improvement	**5.0**	5.0
Mild deterioration	**30.0**	30.0
Significant deterioration	**10.0**	10.0

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

Scenario Outcomes [1]	31 Dec 23 $m	30 Jun 23 $m
100% Base scenario	**186.7**	177.3
100% Significant improvement	**171.6**	151.9
100% Mild improvement	**182.2**	165.5
100% Mild deterioration	**291.2**	271.0
100% Significant deterioration	**491.8**	514.4

1 These outcomes exclude the Equity Reserve for Credit Losses (ERCL).

6 Income tax expense

Major components of income tax expense are:

	Half year ending		
Income Statement	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Current income tax			
Current income tax charge	**(87.8)**	(109.7)	(129.7)
Franking credits	**1.0**	0.8	0.5
Adjustments in respect of current income tax of previous years	**—**	6.6	—
Deferred income tax			
Adjustments in respect of deferred income tax of previous years	**—**	(4.8)	—
Relating to origination and reversal of temporary differences	**(44.4)**	(5.8)	14.3
Income tax expense reported in the Income Statement	**(131.2)**	(112.9)	(114.9)

7 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. During the period, there have been a number of management and reporting changes across the Group that have resulted in restatements to prior period segment results. Key changes are as follows:

- The Business and Agribusiness segment now includes micro-business customers (previously reported in the Consumer segment). This change will allow our micro-business customers to experience business services from inception to growth.
- There was a change in the Group's funds transfer pricing (FTP) methodology relating to transaction accounts. The FTP changes align the divisional allocation of net interest income, with cost/benefits being transferred from Corporate.

The Group's reportable segments are as follows:

Consumer

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

Business and Agribusiness

The Business and Agribusiness division is focused on servicing business customers, particularly small and medium businesses who are seeking a relationship banking experience and includes Portfolio Funding and Business Direct, in addition to all banking services provided to agribusiness, rural and regional Australian communities through the Rural Bank brand.

Corporate

Corporate includes the results of the Group's support functions including treasury, technology, transformation, 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

No individual customer revenues 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.

Results for period

7 Segment reporting continued

	31 December 2023			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	462.4	341.0	10.2	813.6
Other income	110.1	34.0	(0.9)	143.2
Total segment income	572.5	375.0	9.3	956.8
Operating expenses	(189.2)	(76.1)	(287.4)	(552.7)
Credit (expenses)/reversals	(14.3)	6.8	(3.3)	(10.8)
Total segment expenses	(203.5)	(69.3)	(290.7)	(563.5)
Net profit/(loss) before tax (cash basis)	369.0	305.7	(281.4)	393.3
Income tax (expense)/benefit	(118.2)	(97.0)	90.1	(125.1)
Net profit/(loss) after tax (cash basis) [1]	250.8	208.7	(191.3)	268.2
Non-cash net interest income items	(10.9)	—	—	(10.9)
Non-cash other income items	61.8	—	0.8	62.6
Non-cash operating expense items	(8.0)	(0.3)	(29.3)	(37.6)
Net profit/(loss) after tax (statutory basis)	293.7	208.4	(219.8)	282.3
	$m	$m	$m	$m
Reportable segment assets	59,553.4	19,429.8	20,546.9	99,530.1
Reportable segment liabilities	44,864.1	21,698.1	25,958.9	92,521.1

	30 June 2023			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	521.1	328.6	(5.4)	844.3
Other income	101.0	33.7	2.5	137.2
Total segment income	622.1	362.3	(2.9)	981.5
Operating expenses	(203.0)	(77.1)	(264.8)	(544.9)
Credit (expenses)/reversals	(13.4)	(25.0)	10.4	(28.0)
Total segment expenses	(216.4)	(102.1)	(254.4)	(572.9)
Net profit/(loss) before tax (cash basis)	405.7	260.2	(257.3)	408.6
Income tax (expense)/benefit	(127.4)	(81.3)	82.3	(126.4)
Net profit/(loss) after tax (cash basis) [1]	278.3	178.9	(175.0)	282.2
Non-cash net interest income items	(7.5)	—	—	(7.5)
Non-cash other income items	36.0	—	(1.9)	34.1
Non-cash operating expense items [2]	(6.1)	(5.5)	(49.2)	(60.8)
Net profit/(loss) after tax (statutory basis)	300.7	173.4	(226.1)	248.0
	$m	$m	$m	$m
Reportable segment assets	59,773.8	19,631.1	19,074.8	98,479.7
Reportable segment liabilities	43,493.0	20,990.9	27,145.1	91,629.0

1 This balance excludes non-cash items and other adjustments. Non-cash 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.

2 In 2H23, an impairment expense of $47.6m was recognised against the Group's software intangible balances. Refer to June 2023 Annual Financial Report for further details.

7 Segment reporting continued

	31 December 2022			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	513.9	317.5	(13.2)	818.2
Other income	99.6	33.3	0.2	133.1
Total segment income	613.5	350.8	(13.0)	951.3
Operating expenses	(200.8)	(82.4)	(233.1)	(516.3)
Credit (expenses)/reversals	(4.9)	—	(0.7)	(5.6)
Total segment expenses	(205.7)	(82.4)	(233.8)	(521.9)
Net profit/(loss) before tax (cash basis)	407.8	268.4	(246.8)	429.4
Income tax (expense)/benefit	(128.0)	(84.7)	78.0	(134.7)
Net profit/(loss) after tax (cash basis) [1]	279.8	183.7	(168.8)	294.7
Non-cash net interest income items	(7.7)	—	—	(7.7)
Non-cash other income items	(28.0)	—	0.4	(27.6)
Non-cash operating expense items	(2.0)	(1.6)	(6.8)	(10.4)
Net profit/(loss) after tax (statutory basis)	242.1	182.1	(175.2)	249.0
	$m	$m	$m	$m
Reportable segment assets	58,545.1	19,095.1	19,003.0	96,643.2
Reportable segment liabilities	43,784.7	20,581.5	25,467.4	89,833.6

1 This balance excludes non-cash items and other adjustments. Non-cash 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.

Results for period

8 Earnings per ordinary share

Earnings per ordinary share	Half year ending 31 Dec 23 cents	30 Jun 23 cents	31 Dec 22 cents
Basic	**49.9**	43.8	44.1
Diluted	**44.9**	39.6	39.6

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

Reconciliation of earnings used in calculation of earnings per ordinary share	$m	$m	$m
Net profit after tax	**282.3**	248.0	249.0
Total statutory earnings	**282.3**	248.0	249.0
Earnings used in calculating statutory earnings per ordinary share	**282.3**	248.0	249.0
Add back: dividends accrued and/or paid on dilutive loan capital instruments	**16.2**	14.5	12.5
Total diluted earnings	**298.5**	262.5	261.5

Reconciliation of weighted average number of ordinary shares (WANOS) used in earnings per share calculations	No. of shares	No. of shares	No. of shares
WANOS used in the calculation of basic earnings per share	**566,031,909**	565,786,813	564,529,768
Effect of dilutive instruments – executive share plans and convertible loan capital instruments	**99,352,956**	97,214,719	96,437,005
WANOS used in the calculation of diluted earnings per share	**665,384,865**	663,001,532	660,966,773

Recognition and measurement

Basic EPS is calculated as net profit after tax attributable to ordinary shareholders, divided by the weighted average number of ordinary shares outstanding during the half year excluding treasury shares held.

Diluted EPS is calculated as net profit after tax attributable to ordinary shareholders, adjusted for the effect of dividends on dilutive loan capital instruments, divided by the weighted average number of ordinary shares outstanding during the half year adjusted for the effects of potentially dilutive ordinary shares, including loan capital instruments and shares issuable as part of Group's share-based payment plans.

9 Dividends paid and payable

Ordinary shares (ASX:BEN)

June 2023 final dividend			December 2022 interim dividend			June 2022 final dividend		
Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
Sep 2023	**32.0**	**181.2**	Mar 2023	29.0	162.1	Sep 2022	26.5	147.4

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 period ended 31 December 2023.

Interim dividend December 2023

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

Date payable	¢	$m
Mar 2024	30.0	169.9

Preference shares and Capital notes

December 2023			June 2023			December 2022		
Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
Converting preference shares (CPS4) (recorded as debt instruments) (ASX: BENPG) [1]								
Sep 2023	**140.56**	**4.5**	Mar 2023	120.32	3.9	Sep 2022	93.76	3.0
Dec 2023	**137.28**	**4.4**	Jun 2023	128.94	4.1	Dec 2022	112.26	3.6
	277.84	**8.9**		249.26	8.0		206.02	6.6
Capital notes (recorded as debt instruments) (ASX: BENPH) [2]								
Sep 2023	**141.79**	**7.1**	Mar 2023	120.25	6.0	Sep 2022	97.13	4.9
Dec 2023	**138.35**	**7.0**	Jun 2023	131.59	6.6	Dec 2022	114.37	5.7
	280.14	**14.1**		251.84	12.6		211.50	10.6

1 Converting preference shares (CPS 4, ASX:BENPG) were issued in December 2017.

2 Capital notes (ASX: BENPH) were issued in November 2020.

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 ten trading days commencing 29 February 2024. Shares issued under this Plan rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in the Dividend Reinvestment Plan for the 2024 interim dividend is 26 February 2024.

Financial Instruments

10 Lending

	Half year ending		
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Overdrafts	**953.9**	1,102.0	1,129.1
Credit cards	**325.8**	318.7	327.9
Term loans	**74,328.8**	74,592.4	73,311.8
Margin lending	**1,746.9**	1,875.3	1,379.7
Lease receivables	**716.3**	710.6	702.2
Other	**123.5**	140.3	130.6
Total gross loans and other receivables	**78,195.2**	78,739.3	76,981.3
Individually assessed provision	**(41.3)**	(47.8)	(46.5)
Collectively assessed provision	**(248.4)**	(238.5)	(232.3)
Unearned income	**(94.6)**	(90.4)	(75.2)
Total provisions and unearned income	**(384.3)**	(376.7)	(354.0)
Deferred costs paid	**153.0**	163.7	141.0
Net loans and other receivables	**77,963.9**	78,526.3	76,768.3

Deferred costs paid include costs associated with the acquisition, origination or securitisation of loan portfolios. These costs are amortised through the Consolidated Income Statement over the average life of the loans in these portfolios.

11 Asset quality

Impaired loans [1]		**As at 31 Dec 23 $m**	As at 30 Jun 23 $m	As at 31 Dec 22 $m
Loans – without individually assessed provisions		**16.9**	25.1	28.8
Loans – with individually assessed provisions		**68.2**	85.7	86.4
Restructured loans [2]		**11.0**	3.1	3.2
Less: individually assessed provisions		**(40.4)**	(46.2)	(45.5)
Net impaired loans		**55.7**	67.7	72.9
Portfolio facilities – past due 90 days, not well secured		**1.8**	2.9	2.1
Less: individually assessed provisions		**(0.9)**	(1.6)	(1.0)
Net portfolio facilities		**0.9**	1.3	1.1
Loans past due 90 days		**$m**	$m	$m
Accruing loans past due 90 days, with adequate security balance		**299.2**	331.1	276.3
Net fair value of properties acquired through the enforcement of security		**7.5**	10.5	10.4
Ratios				
Total impaired loans to gross loans	%	**0.12**	0.14	0.15
Total impaired loans to total assets	%	**0.10**	0.12	0.12
Net impaired loans to gross loans	%	**0.07**	0.09	0.09
Total provisions and reserves to gross loans	%	**0.49**	0.48	0.49

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 received in a timely manner. This is the case even if the full extent of the loss cannot be clearly determined.

Impairment losses that are calculated on individual loans, or on groups of loans assessed collectively, are recorded in the Income Statement.

Impairment losses are calculated by discounting the expected future cash flows of a loan, which includes expected future receipts of contractual interest, at the loan's original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

2 Restructured loans are facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity.

12 Funding and funds under management

Funding	As at 31 Dec 23 $m	As at 30 Jun 23 $m	As at 31 Dec 22 $m
Deposits			
Customer deposits	**68,389.8**	66,089.7	65,744.4
Wholesale deposits	**10,266.0**	11,221.1	10,711.0
Other borrowings			
Wholesale borrowings	**11,247.1**	11,838.2	11,096.6
Loan capital	**1,397.8**	1,371.0	1,369.0
Total funding	**91,300.7**	90,520.0	88,921.0

Funding dissection	%	%	%
Customer deposits	**75.0%**	73.0%	73.9%
Wholesale deposits	**11.2%**	12.4%	12.1%
Wholesale borrowings	**12.3%**	13.1%	12.5%
Loan capital	**1.5%**	1.5%	1.5%
Total funding	**100.0%**	100.0%	100.0%

Funds under management	$m	$m	$m
Assets under management	**3,340.0**	3,090.4	3,047.4
Other managed funds	**3,394.2**	3,574.8	3,673.2
Total funds under management	**6,734.2**	6,665.2	6,720.6

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

Wholesale funding 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. 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 2023 the Group's TTF drawdowns totalled $2.9 billion (30 June 2023: $4.0 billion). The final tranche of the TFF facility will mature in June 2024.

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.

Financial Instruments

13 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 in the Balance Sheet.

	December 2023			
	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	—	—	4,783.3	4,783.3
Due from other financial institutions	—	—	219.5	219.5
Financial assets fair value through profit or loss (FVTPL)	18.3	—		18.3
Financial assets amortised cost	—	—	1,503.6	1,503.6
Financial assets fair value through other comprehensive income (FVOCI)	—	11,399.8		11,399.8
Net loans and other receivables	—	—	77,963.9	77,963.9
Derivatives – not designated as hedging instruments	11.7	—	—	11.7
Total financial assets	30.0	11,399.8	84,470.3	95,900.1
Financial liabilities				
Due to other financial institutions	—	—	160.2	160.2
Deposits	—	—	78,655.8	78,655.8
Wholesale borrowings	—	—	11,247.1	11,247.1
Derivatives – designated as hedging instruments	10.7	—	—	10.7
Derivatives – not designated as hedging instruments	11.2	—	—	11.2
Loan capital	—	—	1,397.8	1,397.8
Total financial liabilities	21.9	—	91,460.9	91,482.8

	June 2023			
	$m	$m	$m	$m
Financial assets				
Cash and cash equivalents	—	—	8,384.2	8,384.2
Due from other financial institutions	—	—	123.9	123.9
Financial assets fair value through profit or loss (FVTPL)	18.5	—	—	18.5
Financial assets amortised cost	—	—	864.6	864.6
Financial assets fair value through other comprehensive income (FVOCI)	—	6,917.5	—	6,917.5
Net Loans and other receivables	—	—	78,526.3	78,526.3
Derivatives – not designated as hedging instruments	9.2	—	—	9.2
Total financial assets	27.7	6,917.5	87,899.0	94,844.2
Financial liabilities				
Due to other financial institutions	—	—	190.3	190.3
Deposits	—	—	77,310.8	77,310.8
Wholesale borrowings	—	—	11,838.2	11,838.2
Derivatives – designated as hedging instruments	8.5	—	—	8.5
Derivatives – not designated as hedging instruments	8.9	—	—	8.9
Loan capital	—	—	1,371.0	1,371.0
Total financial liabilities	17.4	—	90,710.3	90,727.7

13 Financial instruments continued

	December 2022			
	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	—	—	8,007.0	8,007.0
Due from other financial institutions	—	—	222.1	222.1
Financial assets fair value through profit or loss (FVTPL)	8.8	—	—	8.8
Financial assets amortised cost	—	—	694.4	694.4
Financial assets fair value through other comprehensive income (FVOCI)	—	7,468.6	—	7,468.6
Net loans and other receivables	—	—	76,768.3	76,768.3
Derivatives – not designated as hedging instruments	10.5	—	—	10.5
Total financial assets	19.3	7,468.6	85,691.8	93,179.7
Financial liabilities				
Due to other financial institutions	—	—	137.7	137.7
Deposits	—	—	76,455.4	76,455.4
Wholesale borrowings	—	—	11,096.6	11,096.6
Derivatives – designated as hedging instruments	9.6	—	—	9.6
Derivatives – not designated as hedging instruments	8.6	—	—	8.6
Loan capital	—	—	1,369.0	1,369.0
Total financial liabilities	18.2	—	89,058.7	89,076.9

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 as follows:

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.

Financial Instruments

13 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:

	December 2023				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying value $m
Financial assets					
Financial assets FVTPL	**9.2**	**9.1**	**—**	**18.3**	**18.3**
Financial assets FVOCI	**0.2**	**11,364.0**	**35.6**	**11,399.8**	**11,399.8**
Derivatives	**—**	**11.7**	**—**	**11.7**	**11.7**
Financial liabilities					
Derivatives	**—**	**21.9**	**—**	**21.9**	**21.9**

	June 2023				
	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	9.2	9.3	—	18.5	18.5
Financial assets FVOCI	0.1	6,881.8	35.6	6,917.5	6,917.5
Derivatives	—	9.2	—	9.2	9.2
Financial liabilities					
Derivatives	—	17.4	—	17.4	17.4

	December 2022				
	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	—	8.8	—	8.8	8.8
Financial assets FVOCI	153.7	7,279.4	35.5	7,468.6	7,468.6
Derivatives	—	10.5	—	10.5	10.5
Financial liabilities					
Derivatives	—	18.2	—	18.2	18.2

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 or Bank.

13 Financial instruments continued

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.

Movements in Level 3 portfolio

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

Financial assets – equity investments	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Opening balance	**35.6**	35.6	35.6
Revaluations	**—**	—	—
Sales	**—**	—	—
Closing balance	**35.6**	35.6	35.6

Financial Instruments

13 Financial instruments continued

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:

	December 2023				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying amount $m
Cash and cash equivalents [1]	—	4,640.7	—	4,640.7	4,640.7
Due from other financial institutions	—	219.5	—	219.5	219.5
Financial assets amortised cost	—	1,503.6	—	1,503.6	1,503.6
Net loans and other receivables	—	—	77,703.7	77,703.7	77,963.9
Total financial assets at amortised cost	—	6,363.8	77,703.7	84,067.5	84,327.7
Due to other financial institutions	—	160.2	—	160.2	160.2
Deposits	—	79,574.6	—	79,574.6	78,655.8
Wholesale borrowings	—	11,310.1	—	11,310.1	11,247.1
Loan capital	842.5	578.6	—	1,421.1	1,397.8
Total financial liabilities at amortised cost	842.5	91,623.5	—	92,466.0	91,460.9

	June 2023				
	$m	$m	$m	$m	$m
Cash and cash equivalents [1]	—	8,253.2	—	8,253.2	8,253.2
Due from other financial institutions	—	123.9	—	123.9	123.9
Financial assets amortised cost	—	864.6	—	864.6	864.6
Net loans and other receivables	—	—	78,010.6	78,010.6	78,526.3
Total financial assets at amortised cost	—	9,241.7	78,010.6	87,252.3	87,768.0
Due to other financial institutions	—	190.3	—	190.3	190.3
Deposits	—	77,951.1	—	77,951.1	77,310.8
Wholesale borrowings	—	11,669.6	—	11,669.6	11,838.2
Loan capital	837.7	552.6	—	1,390.3	1,371.0
Total financial liabilities at amortised cost	837.7	90,363.6	—	91,201.3	90,710.3

	December 2022				
	$m	$m	$m	$m	$m
Cash and cash equivalents [1]	—	7,866.4	—	7,866.4	7,866.4
Due from other financial institutions	—	222.1	—	222.1	222.1
Financial assets amortised cost	—	694.4	—	694.4	694.4
Net loans and other receivables	—	—	76,391.0	76,391.0	76,768.3
Total financial assets at amortised cost	—	8,782.9	76,391.0	85,173.9	85,551.2
Due to other financial institutions	—	137.7	—	137.7	137.7
Deposits	—	76,785.5	—	76,785.5	76,455.4
Wholesale borrowings	—	10,873.9	—	10,873.9	11,096.6
Loan capital	—	1,404.2	—	1,404.2	1,369.0
Total financial liabilities at amortised cost	—	89,201.3	—	89,201.3	89,058.7

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 significant transfers between levels during the half year for the Group or Bank.

13 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 individual 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 borrowings

The fair value for all wholesale borrowings 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.

Funding and Capital Management

14 Share capital

	December 2023		June 2023		December 2022	
Issued and paid up capital	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Ordinary shares fully paid (ASX Code: BEN)	**566,167,092**	**5,245.1**	565,895,510	5,242.9	565,667,122	5,242.8
Employee Share Ownership Plan shares	**—**	**(2.1)**	—	(2.4)	—	(2.7)
Total issued and paid up capital	**566,167,092**	**5,243.0**	565,895,510	5,240.5	565,667,122	5,240.1
Movements in ordinary shares on issue	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	**568,292,798**	**5,261.9**	568,075,657	5,261.9	565,655,652	5,242.9
Bonus share scheme [1]	**—**	**—**	217,141	—	217,023	—
Dividend reinvestment plan [2, 3]	**—**	**—**	—	—	2,202,982	18.8
Executive performance rights	**—**	**(0.4)**	—	—	—	0.2
Closing balance (including treasury shares)	**568,292,798**	**5,261.5**	568,292,798	5,261.9	568,075,657	5,261.9
Less: treasury shares	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	**(2,397,288)**	**(19.0)**	(2,408,535)	(19.1)	(2,578,207)	(20.4)
Net movement during the period	**271,582**	**2.6**	11,247	0.1	169,672	1.3
Closing balance (excluding treasury shares)	**566,167,092**	**5,245.1**	565,895,510	5,242.9	565,667,122	5,242.8
Movements in Employee Share Ownership Plan	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	**—**	**(2.4)**	—	(2.7)	—	(3.0)
Reduction in Employee Share Ownership Plan	**—**	**0.3**	—	0.3	—	0.3
Closing balance	**—**	**(2.1)**	—	(2.4)	—	(2.7)
Total issued and paid up capital	**566,167,092**	**5,243.0**	565,895,510	5,240.5	565,667,122	5,240.1

1 The Group issued 217,023 shares @ $8.55 as part of the June 2022 final dividend and issued 217,141 shares @ $8.98 as part of the December 2022 interim dividend under the Bonus Share Scheme.

2 The Group issued 2,202,982 shares @ $8.55 as part of the June 2022 final dividend under the Dividend Reinvestment Plan.

3 The Dividend Reinvestment Plan in respect of the December 2022 interim dividend and the June 2023 final dividend was satisfied in full by the on-market purchase and transfer of 2,496,726 shares at $8.98 and 2,527,922 shares at $9.13 respectively to participating shareholders.

Other Disclosure Matters

15 Cash flow information

Reconciliation of cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes:

	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Cash and cash equivalents	**4,783.3**	8,384.2	8,007.0
Due from other financial institutions	**219.5**	123.9	222.1
Due to other financial institutions	**(160.2)**	(190.3)	(137.7)
Total cash and cash equivalents	**4,842.6**	8,317.8	8,091.4

Recognition and measurement

Cash and cash equivalents include notes and coins at branches, 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.

Other Disclosure Matters

16 Analysis of intangible assets

	Balance Sheet Carrying value			Income Statement Amortisation expense and Impairment charges		
	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m	**31 Dec 23 $m**	30 Jun 23 $m	31 Dec 22 $m
Goodwill	**1,527.5**	1,527.5	1,527.5	**—**	—	—
Software [1,2]	**327.2**	288.2	288.6	**21.3**	58.8	21.3
Software – acquired [3]	**12.1**	14.3	16.5	**2.2**	2.2	2.2
Trustee licence	**8.4**	8.4	8.4	**—**	—	—
Customer relationship	**3.1**	3.4	3.7	**0.3**	0.3	0.3
Other acquired intangibles	**—**	0.1	0.4	**0.1**	0.3	1.0
Total	**1,878.3**	1,841.9	1,845.1	**23.9**	61.6	24.8

1 2H23 total expenses recorded in relation to software include impairment charges that have been excluded from cash earnings.

2 Includes software assets under development 1H24 $150.0 million (2H23: $187.4 million; 1H23: $137.5 million).

3 Represents the software intangible recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.

Goodwill is allocated to cash generating units (CGUs) for the purposes of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes.

Under AASB 136 *Impairment of Assets*, where an entity reorganises its reporting structure in such a way that changes the composition of one or more CGUs, goodwill is to be reallocated between the CGUs affected. During the period, there were a number of changes resulting in changes to the composition of the Group's CGUs. Principally, on 1 November 2023, a re-segmentation occurred in relation to the Group's micro-business customers. This resulted in a component of the Consumer CGU transferring to the Business and Agribusiness CGU. Goodwill has been reallocated between Consumer and Business and Agribusiness using a relative fair value approach.

Sensitivity to changes in assumptions

The measurement of the CGUs recoverable amount is most sensitive to changes in net interest income and expenses. As a result, if the Group experiences a significant reduction in assumed asset growth or net interest margin, or a significant increase in assumed expenses, this may impact the assessment of the Group's goodwill balances.

The table below details the movements in net interest income and operating expense growth rates, and post-tax discount rates that would result in an impairment. These sensitivities assume the specific assumption moves in isolation, with all other assumptions held constant. Growth rate sensitivities are cumulative and adjust the growth rates applied to FY25-FY28 within the cash flow. Management believes that any reasonably possible change in other key assumptions would not result in an impairment.

			Growth rates	
	Goodwill $m	Post-tax discount rate bps	Net interest income bps	Operating expenses bps
Consumer	1,179.9	+55	-88	+149
Business & Agribusiness	347.6	+342	-447	+625

17 Investments accounted for using the equity method

	Ownership interest held by consolidated entity			
	31 Dec 23 %	30 Jun 23 %	31 Dec 22 %	Balance date
Joint Arrangements				
Homesafe Solutions Pty Ltd [1]	**–**	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	30.8	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
Tiimely Pty Ltd (formerly TicToc Online Pty Ltd)	**26.6**	26.4	26.8	30 June

1 Homesafe Solutions Pty Ltd shares were sold on 21 December 2023.

All joint arrangements and associates are incorporated in Australia.

Other Disclosure Matters

18 Commitments and contingencies

a) Commitments and contingent liabilities

The following are outstanding expenditure and credit related commitments as at 31 December 2023.

	31 Dec 23 $m	30 Jun 23 $m	31 Dec 22 $m
Commitment to provide credit	**12,925.8**	12,577.4	12,280.3
Guarantees	**235.1**	243.3	250.2
Documentary letters of credit and performance related obligations	**0.1**	0.5	4.0

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 the guarantee matches the underlying obligations to which they relate.

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.

Other claims

AWA Alliance Bank Transfer

In November 2023, Bendigo and Adelaide Bank Ltd (the Bank) executed a tripartite agreement with AWA Mutual Ltd (AWA) and Beyond Bank Australia Ltd (BBA). Under the agreement, the Bank will transfer the products assigned to AWA under their existing Alliance Agreement to BBA at book value. The transaction is expected to complete on 29 February 2024. Completion of this transaction results in the finalisation of the Alliance Bank network at the Bank, following the successful integration of other Alliance Bank partners into the Community Bank model.

Bendigo Superannuation Pty Ltd Sale

In September 2023, Bendigo and Adelaide Bank Ltd (the Bank) entered into an agreement with Betashares for the sale of Bendigo Superannuation Pty Limited (BSPL). BSPL is a wholly owned subsidiary of the Bank, and trustee and issuer of Bendigo SmartStart Super and Bendigo SmartStart Pension products, which are part of the Bendigo Superannuation Plan. The value of Bendigo Superannuation Plan assets under administration management is approximately $1.4 billion. The transaction is subject to regulatory approvals and is expected to complete in 2024.

b) Contingent assets

As at 31 December 2023, the economic entity does not have any contingent assets.

19 Events after balance sheet date

No 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.

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 financial statements and notes of the Company and the Bendigo and Adelaide Bank Group are in accordance with the *Corporations Act 2001*, including:
   i) giving a true and fair view of the Company's and the Bendigo and Adelaide Bank Group's financial position as at 31 December 2023 and of its performance for the period ended on that date; and
   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

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

d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 31 December 2023.

On behalf of the Board,

David Foster
Chair

Marnie Baker
Chief Executive Officer and Managing Director

19 February 2024

Independent Auditor's Report

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 2023, 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 2023 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 2023 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*.

Independent Auditor's Report

Building a better working world

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

Clare Sporle
Partner
Sydney
19 February 2024

Glossary

Australian Accounting Standards (AAS)	Refers to the Australian Accounting Standards issued by the AASB. An accounting standard is a Australian Accounting Standards (AAS) technical pronouncement that sets out the required accounting, including measurement and Australian Accounting Standards (AAS) recognition requirements, for particular types of transactions and events. The accounting Australian Accounting Standards (AAS) requirements affect the preparation and presentation of an entity's financial statements.
Australian Accounting Standards Board (AASB)	The Australian Accounting Standards Board (AASB) is the Australian Government agency Australian Accounting Standards Board (AASB) responsible for developing, issuing and maintaining accounting standards that apply under Australian Accounting Standards Board (AASB) *Corporations Act 2001*.
Australian Prudential Regulation Authority (APRA)	Is the prudential regulator of the Australian financial services industry. APRA is an independent Australian Prudential Regulation Authority (APRA) statutory authority that supervises institutions across banking, insurance and superannuation and Australian Prudential Regulation Authority (APRA) promotes financial system stability in Australia.
Australian Prudential Standards (APS)	Refers to the Prudential and Regulatory Standards issued by APRA.
Authorised deposit-taking institution (ADI)	A body corporate which is authorised under the *Banking Act 1959*, to carry on banking business Authorised deposit-taking institution (ADI) in Australia. It includes banks, building societies and credit unions.
Bonus Share Scheme	The Bonus Share Scheme was terminated in April 2023. The final offering occurred in December 2022.
Cash earnings	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 non-cash items and other adjustments. Non-cash 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.
Committed Liquidity Facility (CLF)	The RBA makes available to Australian Authorised Deposit-taking institutions a CLF that, subject to qualifying conditions set and approved by APRA, can be accessed to meet LCR requirements under APS 210 *Liquidity*.
Common Equity Tier 1 Capital (CET1)	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less specified regulatory adjustments.
Cost to Income ratio	A performance measure which represents total operating expenses before non-cash items and other adjustments as a percentage of total income before non-cash items and other adjustments.
Credit Risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
Dilutive earnings per share	An earnings measure calculated by dividing net profit after tax attributable to owners of the Bank by the weighted average number of fully paid ordinary shares on issue over the period adjusted for the effect of all potentially dilutive instruments.
Dividend payout ratio	Dividends paid on ordinary shares divided by net profit after tax attributable to owners of the Bank.
Dividend Reinvestment Plan	A plan which provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into new shares.

Glossary

Earnings per share	An earnings measure calculated by dividing net profit after tax attributable to owners of the Bank by the weighted average number of fully paid ordinary shares on issue over the period.
Expected Credit Loss (ECL)	Represents the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and considers reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Bank's credit risk assessment.
Fair value	Is an amount at which an asset or liability could be exchanged between knowledgeable and willing parties in an arm's length transaction.
Financial assets measured at amortised cost	Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Financial assets measured at fair value through other comprehensive income (FVOCI)	Financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Changes in fair value are recognised in other comprehensive income.
Financial assets measured at fair value through profit or loss (FVTPL)	Financial assets that are not held in one of the two business models applicable to amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Changes in fair value are recognised in the Income Statement.
Full time equivalent (FTE)	Includes all permanent full-time staff and part-time staff equivalents.
Equity Reserve for Credit Losses (ERCL)	The Equity reserve for credit losses was initially established to meet the requirements of APRA Prudential Standard, APS 220 *Credit Quality*, which required a reserve to be held to recognise estimated future credit losses which may arise over the life of the Group's lending portfolio. This requirement was removed from 1 January 2022, however, the Group has prudently maintained this reserve pending further clarification.
Gross loans and other receivables	Is the principal amount of loans and advances provided, gross of provisions and deferred fee Gross loans and other receivables income and including any accrued interest.
Group	Is Bendigo and Adelaide Bank Limited ('the Bank') and the entities it controlled at financial year end and during the financial year ('the Group').
Impaired loan	A facility must be 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.
Liquidity Coverage Ratio (LCR)	The Liquidity Coverage Ratio (LCR) measures the portion of High Quality Liquid Assets (HQLA) available to meet net cash outflows over a 30-day period under an APRA defined severe short term stress scenario.
Net Interest Income (NII)	The amount of interest received or receivable on assets net of interest paid or payable on liabilities.
Net Interest Margin (NIM)	Net interest income divided by average interest-earning assets. This measure provides an indication of the profitability of the Bank's interest earning assets less the cost of interest bearing liabilities (i.e cost of funding).
Net Stable Funding Ratio (NSFR)	The Net Stable Funding Ratio (NSFR) is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is the function of the liquidity characteristics and residual maturities of an ADI's assets and Off Balance Sheet activities.
Net tangible assets	Net assets excluding intangible assets and other equity instruments divided by ordinary shares on issue at the end of the period (excluding Treasury Shares deduction).
Non-performing loans	Are loans that have been recognised as either impaired or 90 days past due, consistent with the methodology in APS 220 *Credit Risk Management*.
Notional	Is the face value on which the calculations of payments for derivative financial instruments is based.

Offset account	An Offset Account (RCA) is a savings account which participates with a separate facility usually for a mortgage. Instead of receiving interest on the savings account, the interest payment due on the loan is calculated only on the net balance of the facility balance less the savings account balance.
Operating segment	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.
Past due	A financial asset is past due when a counterparty has failed to make a payment of principal, interest or other amount, when contractually due.
Past Due 90 Days	For a loan subject to a regular repayment schedule: • At least 90 days has elapsed from the due date of a contractual repayment which has not been satisfied in full; and • Total amount of arrears is equivalent to at least 90 days worth of Scheduled Payments. For a loan not subject to a contractual repayment schedule (e.g. overdrafts and revolving credit facilities) the facility remains over the contractual limit amount for at least 90 days.
Restructured facility	A 'Restructured Loan' is a facility in which the original contractual terms have been modified to provide for concessions of interest, or principal, or other payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer and would not be offered to new customers with similar risk.
Return on average ordinary equity (ROE)	Net profit attributable to owners of the Bank divided by average ordinary equity, excluding Treasury shares.
Return on average tangible equity (ROTE)	Net profit attributable to the owners of the Bank divided by average ordinary equity, excluding Treasury shares less goodwill and other intangible assets.
Right-of-use-asset (ROUA)	The right-of-use asset is a lessee's right to use an asset over the life of a lease.
Rights	Rights to ordinary shares in Bendigo and Adelaide Bank Limited granted under Long-Term Variable Remuneration award and subject to performance, service and risk gateway conditions.
Risk-weighted assets (RWA)	Assets calculated by applying a regulatory risk-weight factor, prescribed by APRA, to on and off-balance sheet exposures.
Share-based payments (SBP)	Arrangements whereby employees services are exchanged for equity settled instruments namely options or shares. These payments are accounted for under AASB 2 *Share-Based Payments* where, in relation to employees and KMP, the organisation receives in exchange for providing Equity instruments (including shares and share options) of the organisation with the ability to settle in cash at the Board's discretion. A non-bank entity established for a narrowly defined purpose, including for carrying on securitisation activities. The structure of the SPE and its activities are intended to isolate its obligation from those of the originator and the holders of the beneficial interests in the securitisation.
Term Funding Facility (TFF)	The Term Funding Facility (TFF) was established by the RBA in March 2020 to provide three-year term funding to authorised deposit-taking institutions (ADIs), to support lending to Australian businesses.
Total Capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Treasury shares	Are shares that the Bank has issued but are held by a trust included within the Bank's consolidated results. Treasury shares are not considered shares outstanding and are not included in 'per share' calculations.
Weighted average number of shares	The calculation includes fully paid ordinary shares of the Bank and excludes treasury shares related to investment in the Bank's shares.

Bendigo and Adelaide Bank