Bendigo and Adelaide Bank

Results Presentation

For the year ended 30 June 2023

Released 14 August 2023

Bendigo and Adelaide Bank Limited ABN 11 068 049 178

Acknowledgement of Country

I would like to begin today by acknowledging the Traditional Custodians of the many lands that we are gathered on. Specifically, I would like to respectfully acknowledge the Gadigal People of the Eora Nation.

I would also like to acknowledge the Traditional Custodians of the lands which each of you are living, learning and working from. I pay my respects to Elders past and present and extend that respect to any Aboriginal or Torres Strait Islander people here with us today.

Artwork by Troy Firebrace, Yorta Yorta and Dja Dja Wurrung artist and educator

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Overview

Marnie Baker – CEO and Managing Director

FY23 highlights

Key highlights

Cash earnings
up 15.3%
to $576.9m

Net Interest Margin
up 20bps
to 1.94%

Full year dividend
up 15.1% to 61c
fully franked

CTI improved
420bps to 54.9%

Customer numbers
up 9.9%

NPS of 23.2
28.4 above industry[1]

- ✓ Strong result delivered with a prudent approach to balance sheet management
- ✓ Delivered improved returns
- ✓ Key transformation milestones achieved, particularly in 2H23
- ✓ Digital channels building significant momentum, providing diversification
- ✓ Commitment to putting our customers and communities first remains unwavering
- ✓ True to our purpose, community connection and regional heritage

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.

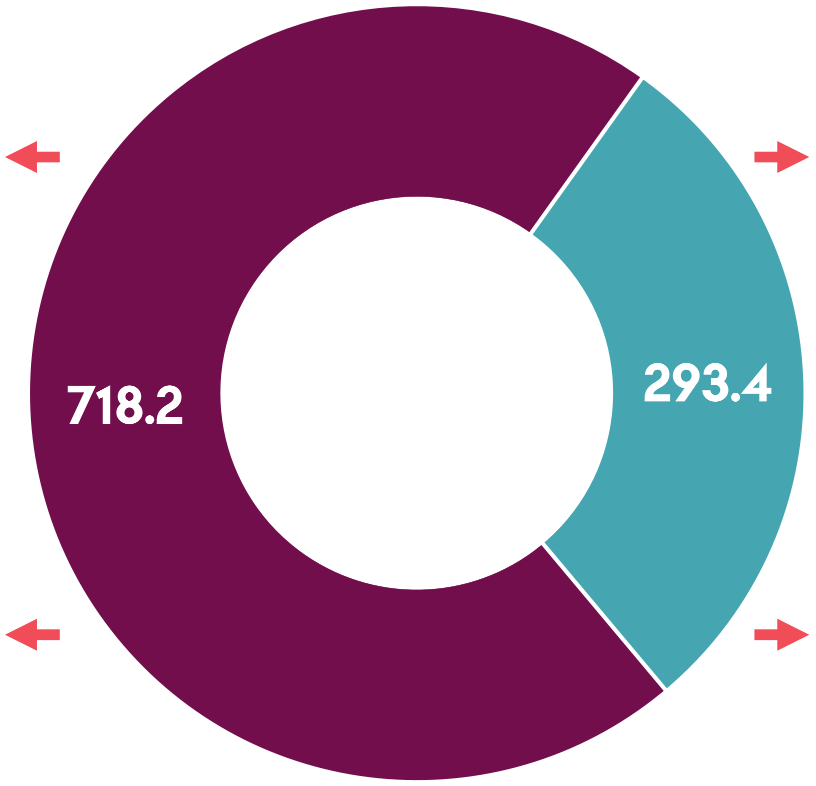
FY23 divisional results

Key segments delivering for customers in highly competitive environment

Consumer

- 45.9% increase in cash earnings driven by NIM expansion
- 1.1% FTE reduction in FY23
- Digital home loan offering continues to grow, accounting for 12.0% of total residential settlements in 2H23
- Deposit franchise a key strength

Cash earnings ($m)



Business & Agribusiness

- 0.4% increase in cash earnings
- 16.5% FTE reduction in FY23
- Momentum building in Agribusiness
- Initial stages of the rebuild of Business and Agribusiness division

Unwavering commitment to our customers

Our proactive approach

Economic conditions

Cost of living pressures remain a major challenge to households

- RBA cash rate risen 4% in 15 months
- Near peak RBA cash rate
- Inflation outside of target band

Economic growth

- Slowed to 0.2% in the March quarter
- Expected to remain very slow in real terms for the remainder of the year
- Projected to rebound in 2025

Unemployment

- Remains at a 50-year low
- Is likely to trend higher in FY24 as higher interest rates slow the economy
- Australia's labour productivity rate fell sharply in 2022

Mortgage Help Centre

- Dedicated service to understand customers' personalised circumstances
- Key purpose is to keep customers in their homes
- Historically low loss rates

Fixed rate retention

- Proactive outbound contact program with multiple phone calls, emails and SMS starting 6 months prior to expiry
- Outcomes are positive
  - Retention rates remain high
  - Market leading NPS remains strong[1]

Caring for our community

- Celebrated 25 years of the Community Bank network
- Raised $1.6m for natural disaster affected communities in FY23
- $1.1m towards scholarships to help students across Australia with their studies
- Up's Maybuy saved Upsiders $800,000 in excess spending
- Committed to Agribusiness through the cycle
- Continue to focus on identifying and preventing financial abuse

1. Roy Morgan Net Promoter Score – Roy Morgan Research, 6 month rolling averages

Shaping the future of banking

Our strategy

VISION: **Australia's bank of choice**

PURPOSE: **To feed into prosperity, not off it**

IMPERATIVES: Reduce complexity | Invest in capability | Tell our story

Customer Centric Operating Model

Digital by design, human when it matters

Customer Value Proposition

Based on trust, authenticity, knowledge, expertise, connection and personalised relationships

Growth & Transformation Strategy

Propelled by human, digital and community connections

ESG & Sustainability Business Plan

Strengthen our ESG outcomes in line with our purpose

For our customers, our people, partners, communities and shareholders

Disciplined year-on-year execution of strategy

Staying true to our purpose

FY19 – FY20

- Launch of Up Bank in Oct 2018
- First bank to provide all together: Apple Pay, Samsung Pay, Google Pay, Fitbit Pay, Garmin Pay, OSKO and PayID
- Handed back Rural Bank ADI licence
- Simplified divisions and teams where significant opportunities for cost out were identified
- Significantly increased processing capacity and Mobile Relationship Manager team to drive growth strategy

FY21 – FY22

- Acquired Ferocia in September 2021, resulting in full ownership of Up Bank and its 400,000 customers
- Total assets increased ~24% from June 2020 to June 2022
- Launched BENU, enhancing employee learning to broaden skillsets for the future
- Combined Business and Agribusiness divisions
- Partnered with Tyro, reducing merchant systems from 7 to 1
- Cloud migration program commenced

FY23

- Up Bank reached 700,000 customers, $1.5b in deposits
- Introduced greater discipline and accountability on the use of capital and focus on returns
- Deepened commitment in digital channels with launch of Up Home and relaunch of Bendigo Express
- Acquired and integrated ANZ Margin Lending business
- Simplification to date:
  - Brands: 13 to 7
  - Core banking systems: 8 to 4
  - IT Apps: 650 to 401
  - 33% of applications in cloud

Transforming our business

Continuing focus delivering results

1. Returns

2. Execution

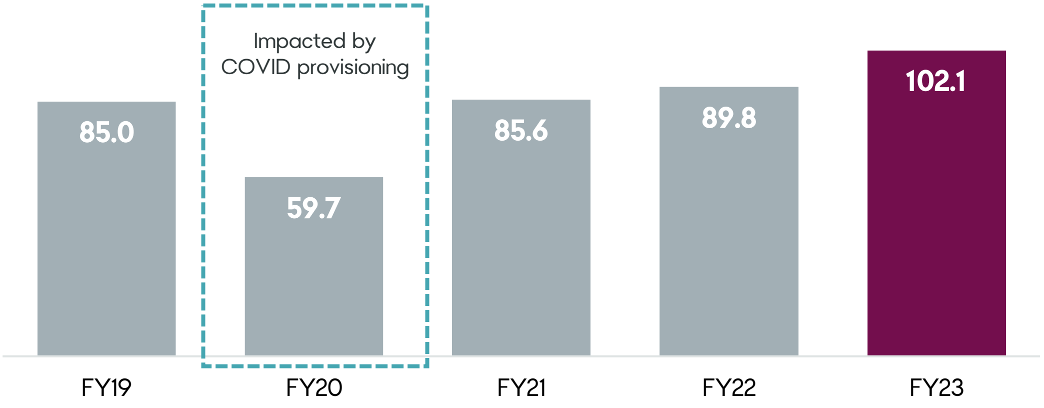
3. Business Sustainability

Transforming our business

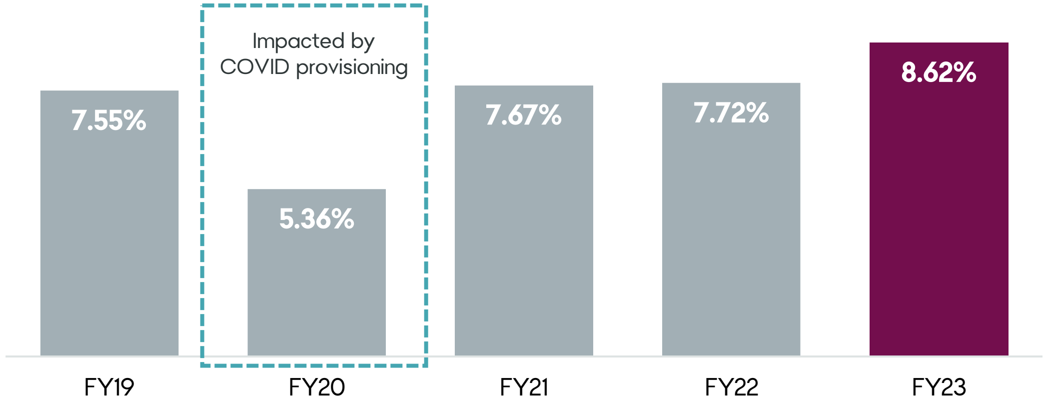
1. Returns

- Cash earnings have increased 15.3% through disciplined cost management and responsible management of volume and margin
- Structural foundations in business practices that return above cost of capital
- Continued simplification to support an efficient cost base and improved customer experience
- Investment in digital innovation has promoted sustainable customer acquisition

Cash EPS (cents)



Cash return on equity



Transforming our business

2. Execution

FY23 achievements:

- Reduction of core banking systems
- Decommissioned data centre infrastructure and related services
- Introduced online term deposits capability
- Commencement of in-app Bendigo Bank products
- Continued growth of digital mortgages
- Integrated ANZ margin lending portfolio

Transformation scorecard

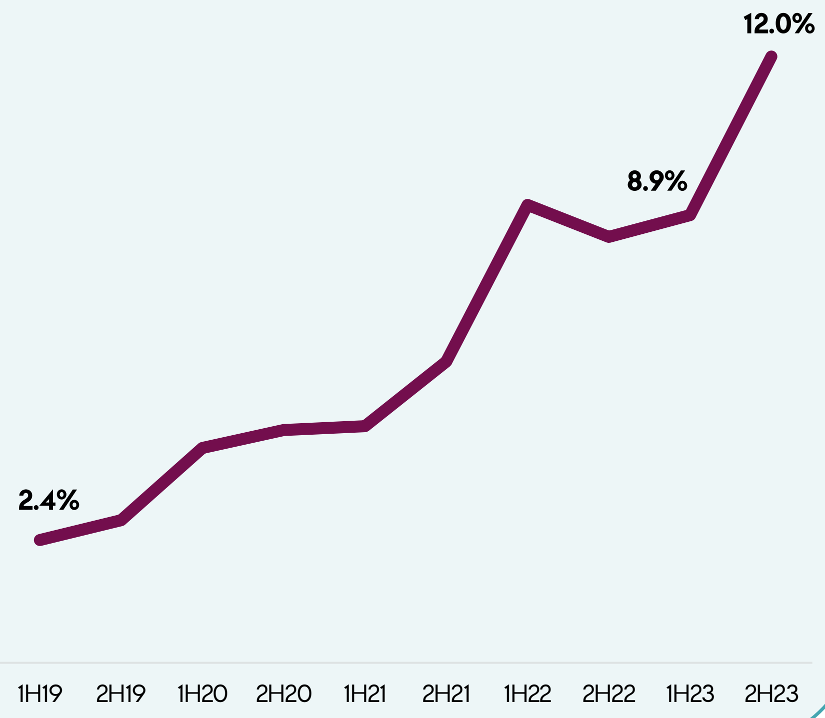
	FY19	FY22	FY23	FY24
# brands[1]	13	10	7	3
# core banking systems[2]	8	7	4	1
# IT applications	650	491	401	325
% applications in the Cloud[3]	1%	20%	33%	50%
% of API re-use	0%	26%	43%	40%
Median time to decision (home loans)[4]	22 days	13 days	14 days	≤1 day
% automated credit decisioning (home loans)[5]	0%	~10%	~10%	70-90%
% active eBanking customers[6]	58%	68%	72%	90%
% sales by digital channels[7]	13%	21%	19%	60%

Notes:
1. Brand is defined as "A commercial entity with a visual identity (unique logo and/ or lock up with the Bendigo Bank logo), trademarked and communicated to customers or other key stakeholders as part of our products and services". Homesafe removed from the list as it is not technically an operating brand
2. Consolidation sequencing under review for FY24 to align with business and agribusiness strategy
3. The proxy measure for 'Velocity of change' is defined as the % of applications in the Cloud, enabling faster change cycle times and code from idea into production
4. Median time to decision (home loan) relates to Third Party Banking channel. Median time to decision (unconditional) includes pended and withdrawn loans. The actual average time to "initial" (conditional) decision as published in BrokerPulse December 2021 excludes pended and withdrawn loans and Adelaide Broker average time to initial decision is currently 6 days (#3 in the market)
5. '% automated credit decision (home loans)' target relates to the proportion of the home lending portfolio that has relatively simple credit needs allowing for automation
6. 'Active eBanking users' covers approx. 92% of the Group customer base including Bendigo Bank and Up customers. Active eBanking customers defined as customer >12yo who used eBanking in last 3 months (Bendigo Bank) and all active Up customers
7. '% sales by digital channels' includes Bendigo Bank (including Delphi, Community Sector Banking and Alliance) consumer core banking sales (Everyday Accounts, Term Deposits, Home Loans, Credit Cards and Personal Loans). Period is determined by the accounts first transaction date

Transforming our business

2. Execution

% of residential lending settlements from digital[1]



Up Home:

- Portfolio of $74m+ from beta launch in July 2022
- $514m in identified savings towards a home
- Cost of acquisition significantly lower than group

Bendigo Bank

BEN Express:

- Consolidated offering in 2H23
- End-to-end digital experience embedded, with the addition of digital identity and document signing
- Customer opting for online pathway is increasing
- Over $270m in settlements since inception. 2H23 achieved more settlements than previous 4 years combined

QANTAS

Qantas Money Home Loan:
The home loan that comes with a holiday every year, 100,000 Qantas Points every year for the life of the loan

tic:toc

BEN Express, Up Home and Qantas Money Home Loans powered by Tic:Toc's platform

1. Settlements in digital channels consists of loans originated through BEN Express, Up, Qantas Money Home Loans and the Tic:Toc label.

Transforming our business

2. Execution – market leading innovation

Save Up 1000 — Savings Habit Creation
145,000+ Upsiders started, 10,800+ completed
~$20m saved. ~20% have never saved $1k before [1]

Locked Savers — Financial Wellbeing
$74m+ held in 30,000+ locked Savers
~21 days average lock duration

Maybuy — Save Now, Buy Later
64% buy, and 36% chose not to buy
Upsiders avoided ~$800,000 in impulse buys

Up Home — Mortgages
$514m+ in identified savings towards a home[2]
$74m+ in completed Up Home loans

2Up — Joint Accounts
24% of active Upsiders have 2Up joint accounts
Digital-first, plastic optional (saved >840kg of plastic)
Ocean plastic recovery floating Seabin operating since Apr-23 at Manly Yacht Club

715,000+ Upsiders[3]
51.5 NPS[4]
2.6% month-on-month growth
78% customer growth by word of mouth
<$50 cost of acquisition[5]

$1.5b+ deposits balance

890m+ transactions completed since launch

Highest rated bank-app in the App Store and Google Play[6]

1. Self-reported by Upsiders directly via in-app completion survey
2. Home Saver feature, incl. self-identified external savings
3. Upsiders = Customers with regulated bank accounts
4. Roy Morgan Net Promoter Score – Roy Morgan Research. 6 month rolling average as at Jun 23
5. Based on total marketing costs
6. Up app rated 4.9 stars in App Store, 4.8 in Google Play at 30-Jun-2023

Transforming our business

3. Business Sustainability

Long-term focus for all stakeholders

Customers:
- Multi-channel experience continues to broaden in response to customers' evolving needs
- Supported customers through product innovation including Regional Family Homebuyer Guarantee, NSW Shared Equity

Communities:
- Launched Reflect Reconciliation Action Plan
- Strong commitment to our 309 Community Bank branches which drive impactful change within their individual communities[1]

Shareholders:
- Focus on capital usage and cost remains paramount
- Embedding of strengthened investment case process and benefits realisation

Employees:
- Completed a review on leader risk capability, delivering personalised assessment and development focuses to standardise and uplift risk capability
- Delivered comprehensive programs and engagement forums to enhance, support, and enrich our employee experience

Recent outcomes (comparisons vs June 2022)

- ✓ NPS increase of +2.1 vs industry[2]
- ✓ Customer numbers increased 9.9%

- ✓ Celebrated 25 years of the Community Banking Model, over $320m of sponsorships and grants since inception
- ✓ $1.6m of natural disaster funds distributed to bushfire and flood affected communities

- ✓ 90bp increase in ROE
- ✓ 15.1% increase in dividend

- ✓ Retained high employee engagement scores across BEN at 77%
- ✓ 92% of workforce have used BENU learning platform

1. 10 Alliance Banks branches have been incorporated into the Community Bank network through 2H23
2. 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.

ESG & Sustainability performance

Sustainability commitments	FY23 outcomes
Environment & Climate	
No direct lending exposure to coal, coal seam gas, crude oil, natural gas, native forest logging projects	Achieved
Maintain carbon neutral status	Maintained since 2020
Purchase 100% renewable energy by 2025	BEN Operations: 40% Community Banks: 21%
Reduce absolute emissions by 50% by 2030 and 95% by 2040	In progress
90% statements to be delivered electronically by 2025 (Bendigo Bank)	Progress toward 2025 target
Maintain travel emissions 25% below 2020 levels	Achieved: 70% below baseline
Social	
Gender balance target of 40:40:20 at every level of the organisation by 2025	Progress toward 2025 target
20-point gap for Bendigo Bank annual relative NPS compared to industry average	Achieved: gap maintained
Monitor and report to the Board external ratings of the Bank's Modern Slavery Disclosure	Progress toward target Monash: B, ASCI: 26.5
Governance	
Achieve and maintain Carbon Disclosure Project score of B	Achieved: uplifted score to B from C
Maintain RepTrak Pulse gap of 8 points to the average of the four majors	Achieved: 75.1 in Jun 2023[1]
Increase social supplier spend by 4% from FY22 actual spend	↑ 115 % actual spend

1. The RepTrak Company is the leading reputation score. The data is reported on a quarterly basis.

FY23 results

Andrew Morgan – Chief Financial Officer

Delivering on key focus area - Returns

Strong performance across all line items

Focus areas

Managing volumes and margins

Improving cost efficiency

Improving returns on investment cases

What we have delivered

- Disciplined utilisation of capital through selectively competing in key markets
- BAU costs well managed with growth below inflation
- Accelerated transformation investment for long term growth
- Further embedded Profit after Capital Charge in pricing and investment decisions

Outcomes

Return on equity
8.62% (+90bps)

Cost to income
54.9% (-420bps)

Cash earnings per share
102.1c (+13.7%)

Financial and operating performance

Strong performance across all line items

	FY23 ($m)	FY22 ($m)	FY23 v FY22 (%)
Total income	1,932.8	1,695.7	14.0%
Operating expenses	1,061.2	1,002.1	5.9%
Underlying profit	**871.6**	**693.6**	**25.7%**
Credit expenses	33.6	(27.2)	Large
Cash earnings (after tax)	**576.9**	**500.4**	**15.3%**
Statutory net profit (after tax)	**497.0**	**488.1**	**1.8%**

Key points

- Income reflects ongoing discipline in managing volumes and margins
- Accelerated investment to set up for long term, sustainable productivity benefits
- Credit expenses increased from historic lows and remain below long-term average

Note: Total income includes Net Interest Income, Other Income & Homesafe net realised income before tax

Cash earnings vs Statutory NPAT

FY23 adjustments

	FY23 ($m)	FY22 ($m)	FY23 v FY22 (%)
Cash earnings after tax	**576.9**	**500.4**	**15.3**
Non-cash items:			
- Homesafe (net)	(5.7)	(3.4)	
- Software impairment	(33.3)	-	
- Restructure costs	(27.4)	(6.8)	
- Other items	(13.5)	(2.1)	
Statutory NPAT	**497.0**	**488.1**	**1.8**

Reflects impact of higher funding costs partly offset by modest appreciation in property values

As disclosed on 4 August

Amortisation of acquired intangibles, acquisition costs and right-of-use asset impairment

Bendigo and Adelaide Bank

Total income

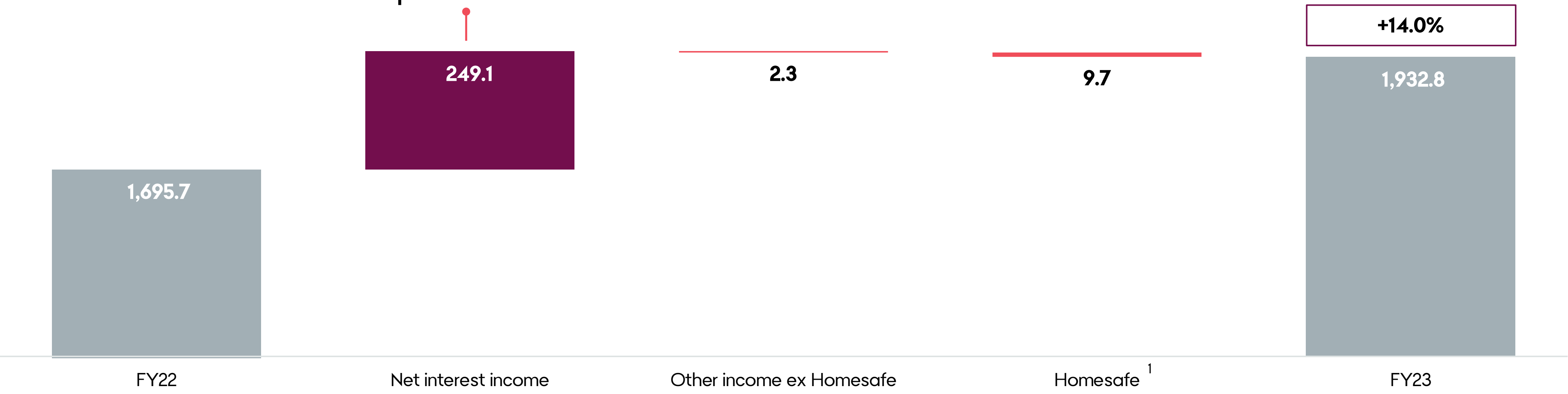
Volume growth and NIM improvement

Average growth:[2]

- Residential lending: +3.9%
- Business lending: -0.4%
- Customer deposit growth: +4.9%

NIM: +20bps

FY23 ($m)



Key income callouts:

- Net interest income driven by volume growth in lending and deposits, boosted by improved margins
- Other income reduced marginally, driven by non-recurring revenue in FY22
- Reduced Homesafe income reflects lower level of completed contracts

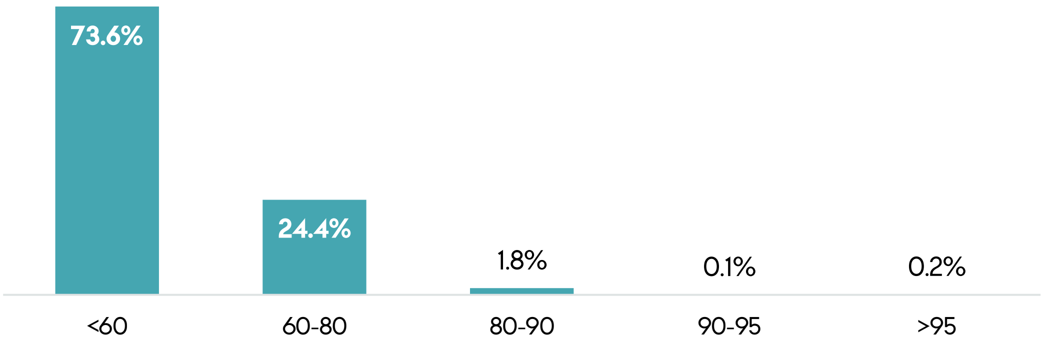
Note: Other income breakdown is prepared on a cash basis
1. Homesafe realised income before tax. Realised funding costs recognised in net interest income
2. Year on year average balances vs prior year. Business lending includes business lending and agribusiness lending

Proven sustainable residential lending growth

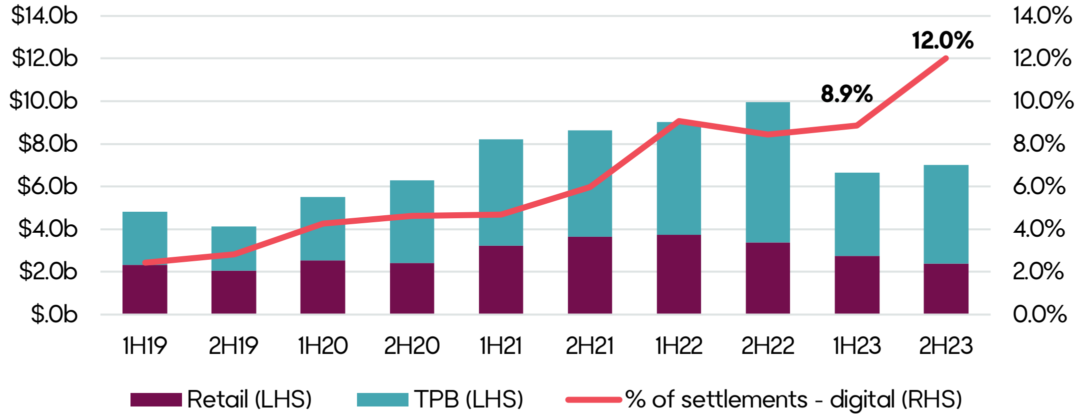
Diversified channels; strong retention

- Intense competition and use of cashbacks limited ability to write business above cost of capital in 1H23
- Opportunity to compete improved through 2H23 and achieved 1.1x system growth in 4Q23
- Growth through digital channels was particularly strong across 2H23
- Improved retention in fixed rate maturities

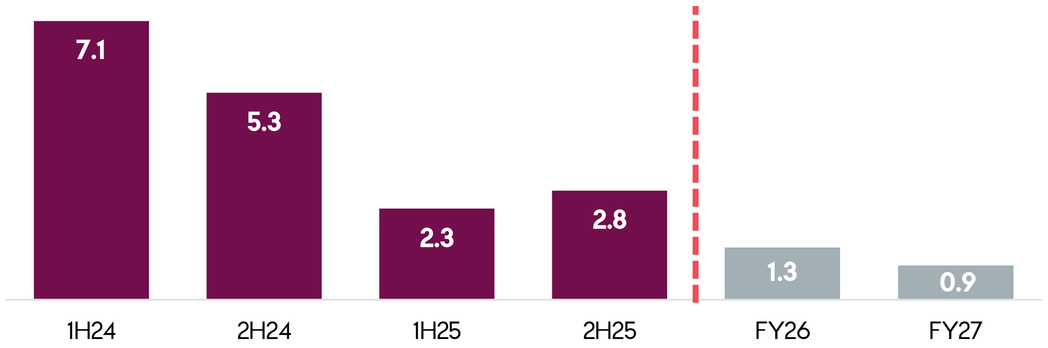
FY23 fixed rate maturities by dynamic LVR bands (% EAD)



Residential lending settlements[1]



Residential lending portfolio - fixed rate maturities ($b)



1. Up and BEN Express included within Retail channel. Qantas Money Home Loans and Tic:Toc portfolio included in TPB (Third Party Banking). Settlements in digital channels consists of loans originated through BEN Express, Up, Qantas Money Home Loans and the Tic:Toc label

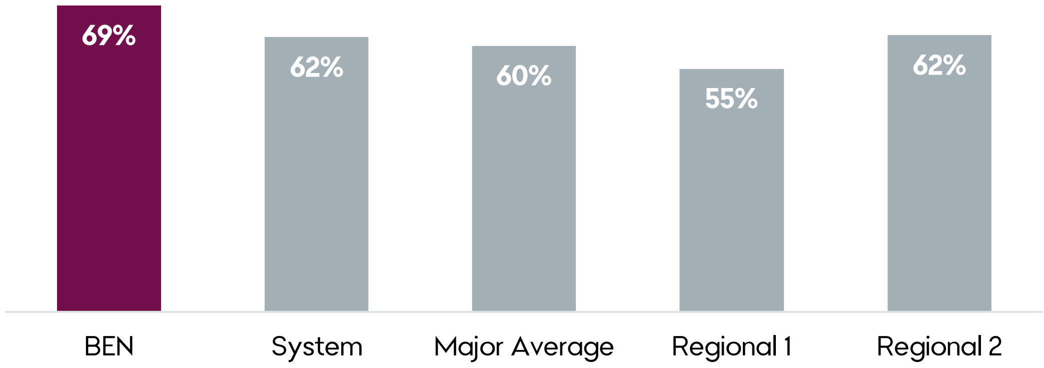
BendigoandAdelaideBank

Strength of deposit franchise

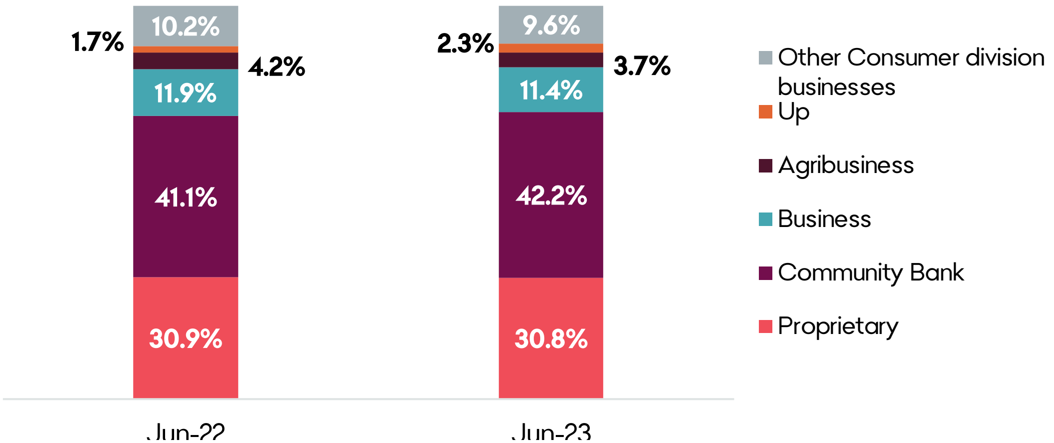
Branch network provides stable funding source

- Proprietary branch network and our Community Bank partners are a critical source of deposit funding
- New digital channels including Up represent an important source of future deposits
- Term deposit retention rates remain strong
- Household deposit to Loan ratio 69%, which is 7% higher than system[1]

Household deposit/loans ratio[1]



Customer deposits - by channel

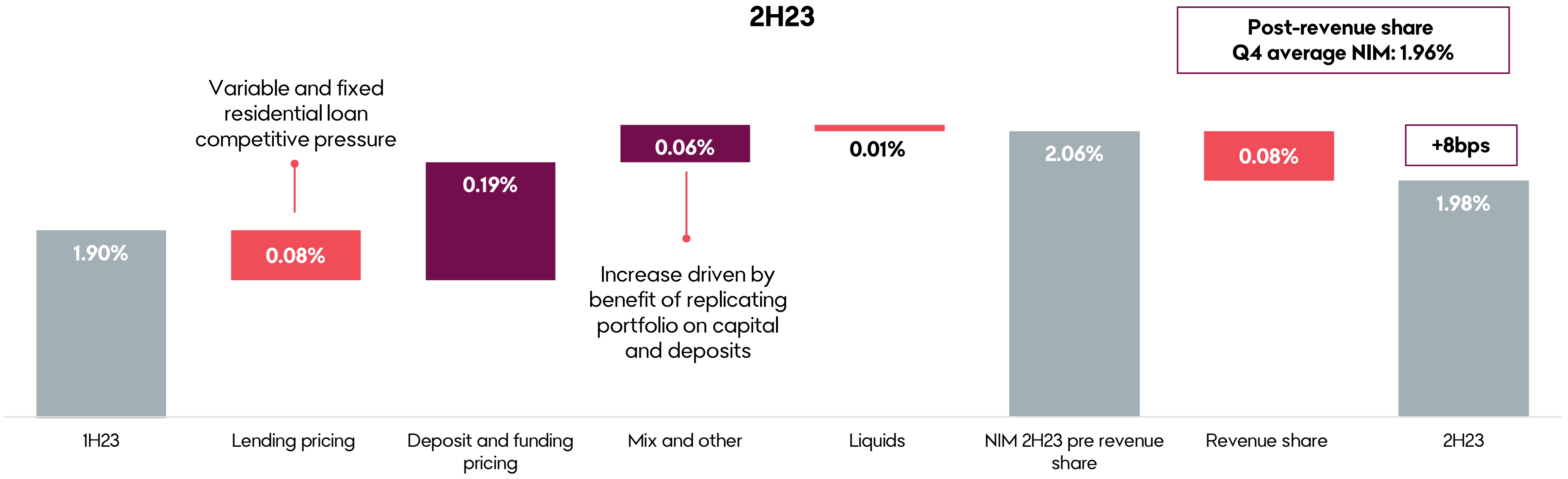


1. Source APRA Monthly Authorised Deposit-taking Institution statistics June 2023. Ratio calculated as deposits by households divided by loans to households columns (owner-occupied, investment, credit cards and other)

BendigoandAdelaideBank

Net interest margin

Strong result reflecting disciplined approach to volume / margin trade-offs



Key considerations for FY24:

Tailwinds

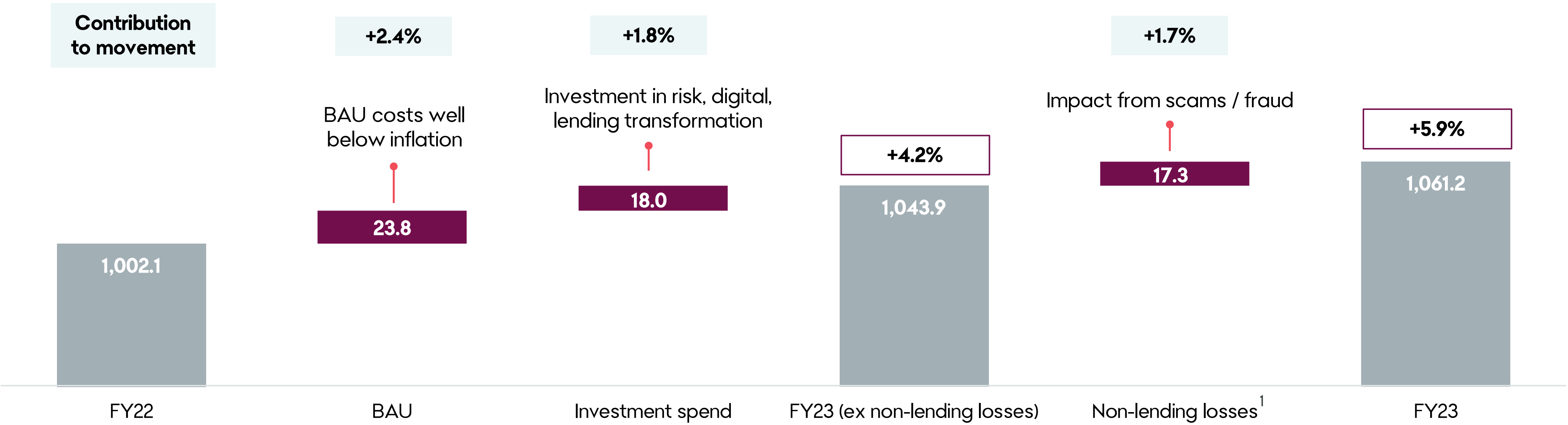
- Expect at least one further increase in cash rate
- Benefit of fixed to variable rate conversions
- Ongoing benefit from replicating portfolio

Headwinds

- Increased competition for deposits
- Shifting mix in deposits
- Higher funding costs – TFF replacement

Operating expenses

Prudently managed in inflationary environment



Key considerations:

FY24

- Inflationary pressures to remain elevated
- Ongoing investment in transformation program
- Targeting further improvement in cost to income ratio through productivity benefits

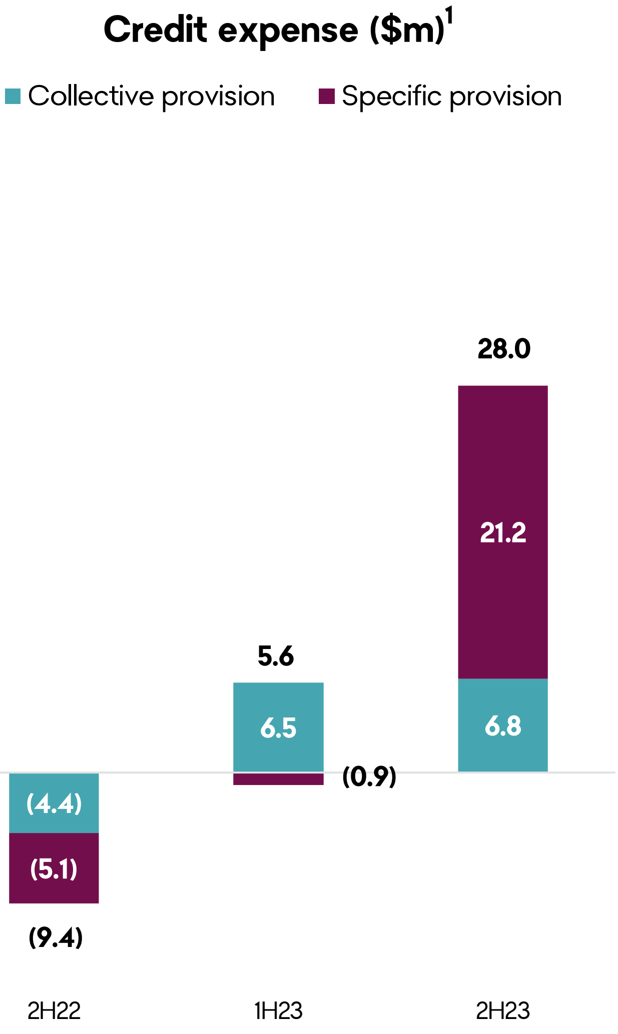
Medium term

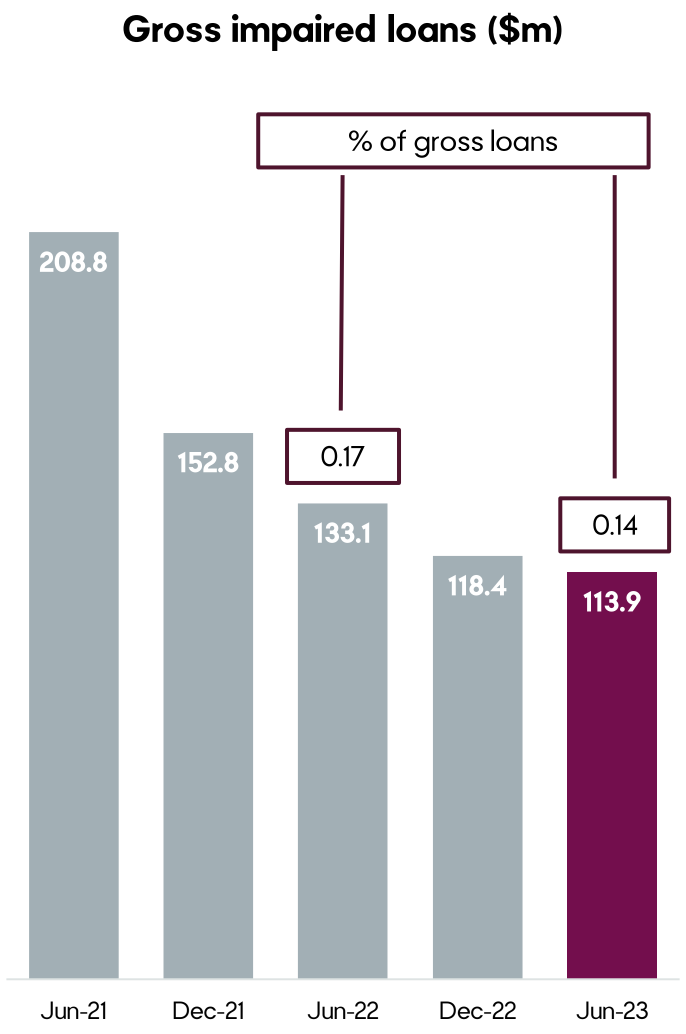
- Investment in long term strategic projects that deliver shareholder value
- Committed to further reducing cost to income ratio towards 50%

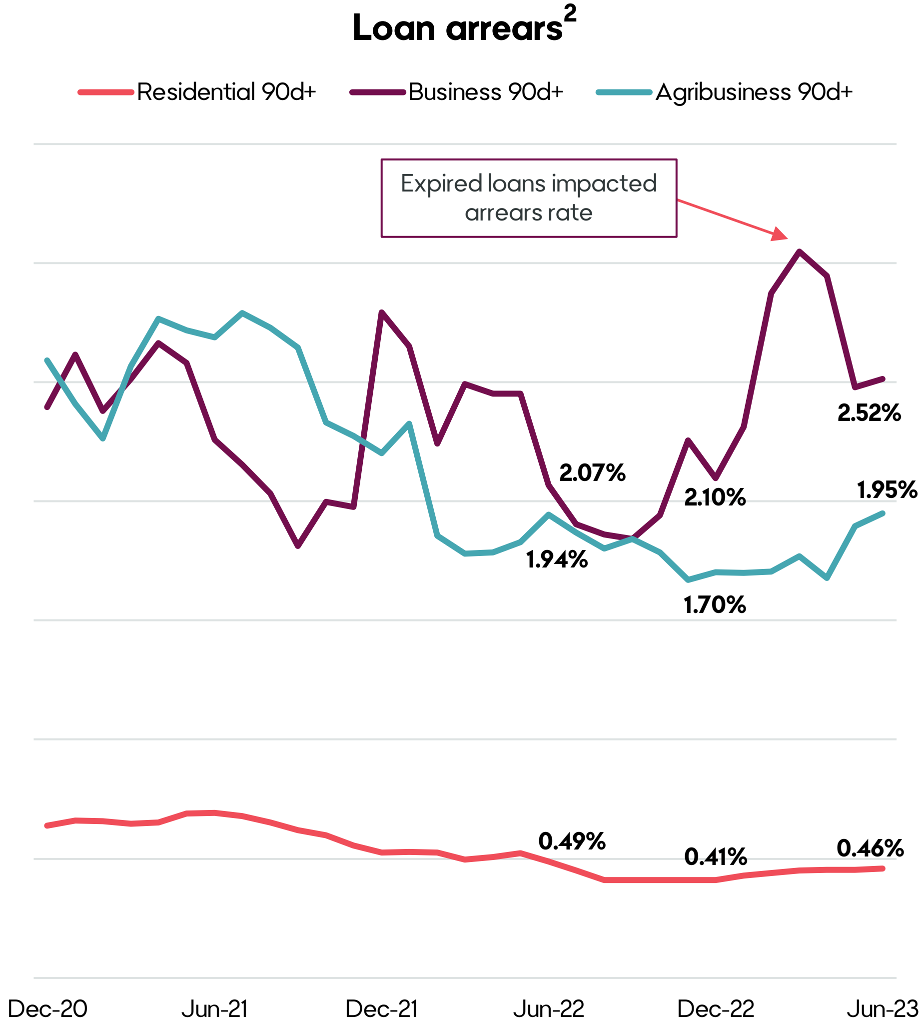
1. Non-lending losses excluding remediation

Credit quality

Credit metrics remain sound





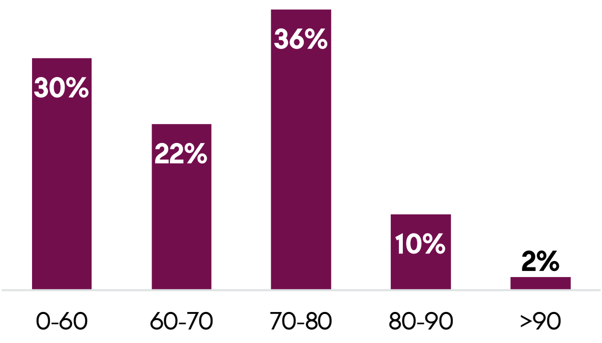


1. Specific provision is net of bad debts written off and recoveries
2. Arrears include impaired assets and all arrangements, agribusiness arrears has been updated to include impaired assets to align to the measurement of arrears for the other portfolios

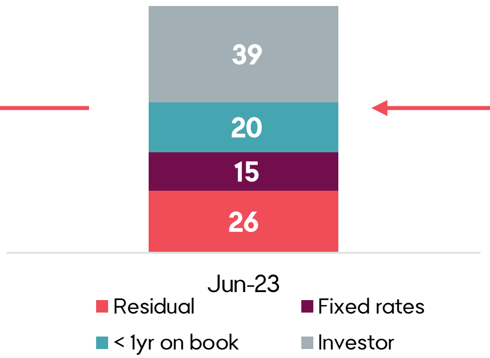
Credit quality

Residential loan portfolio remains resilient

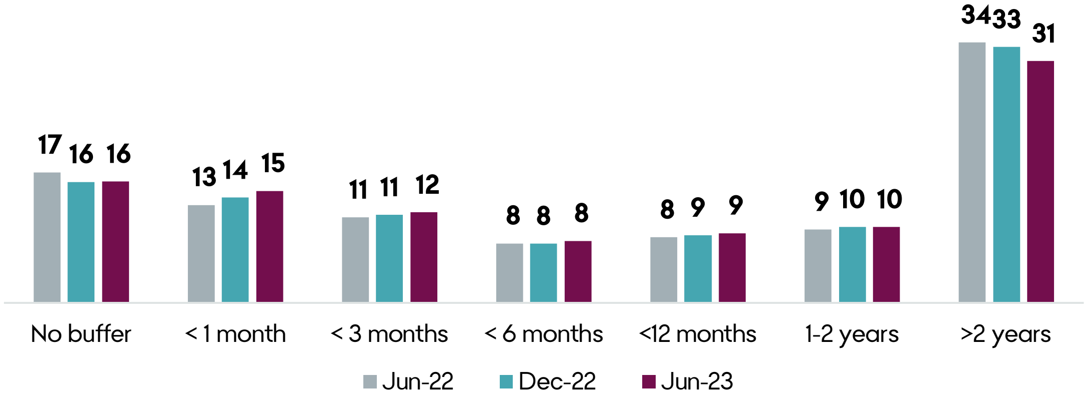
Current LVR of no buffer and <1 month ahead (% EAD)



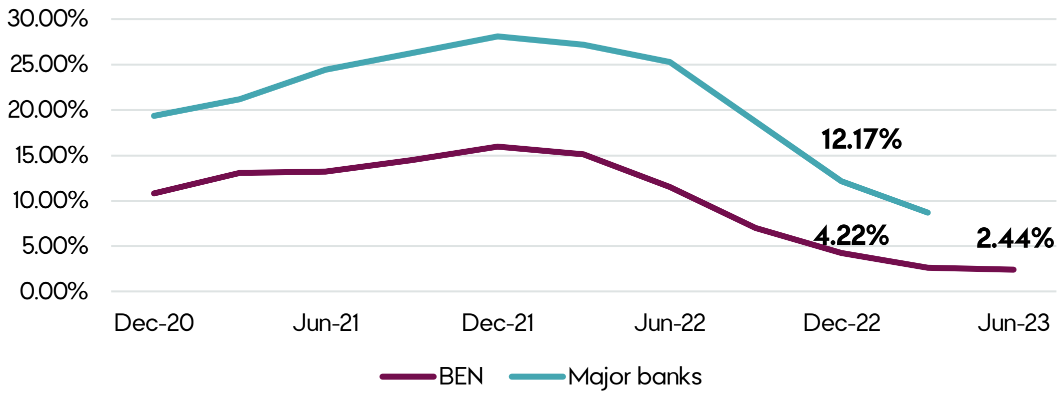
Composition of No Buffer and < 1 month ahead (% of EAD)



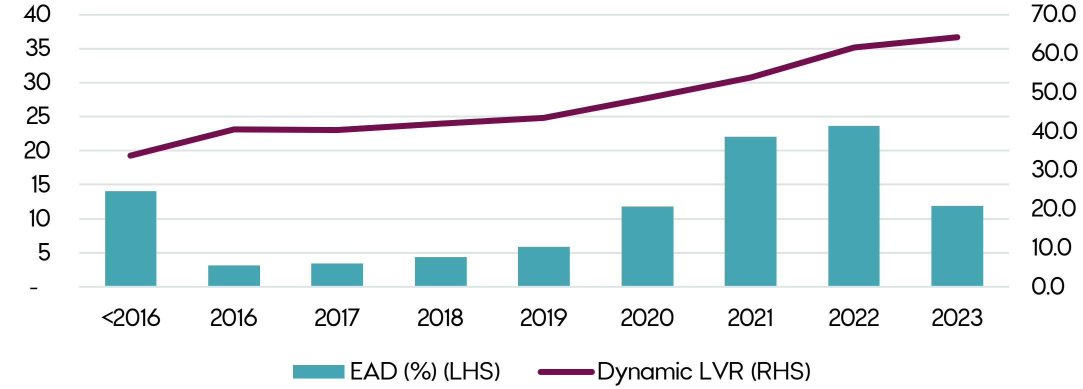
% of exposures by payments in advance (including offsets)[1]



BEN v major banks new originations DTI >6 times[2]



Residential Lending at Jun 2023 by vintage – % EAD vs dynamic LVR (%)[3]

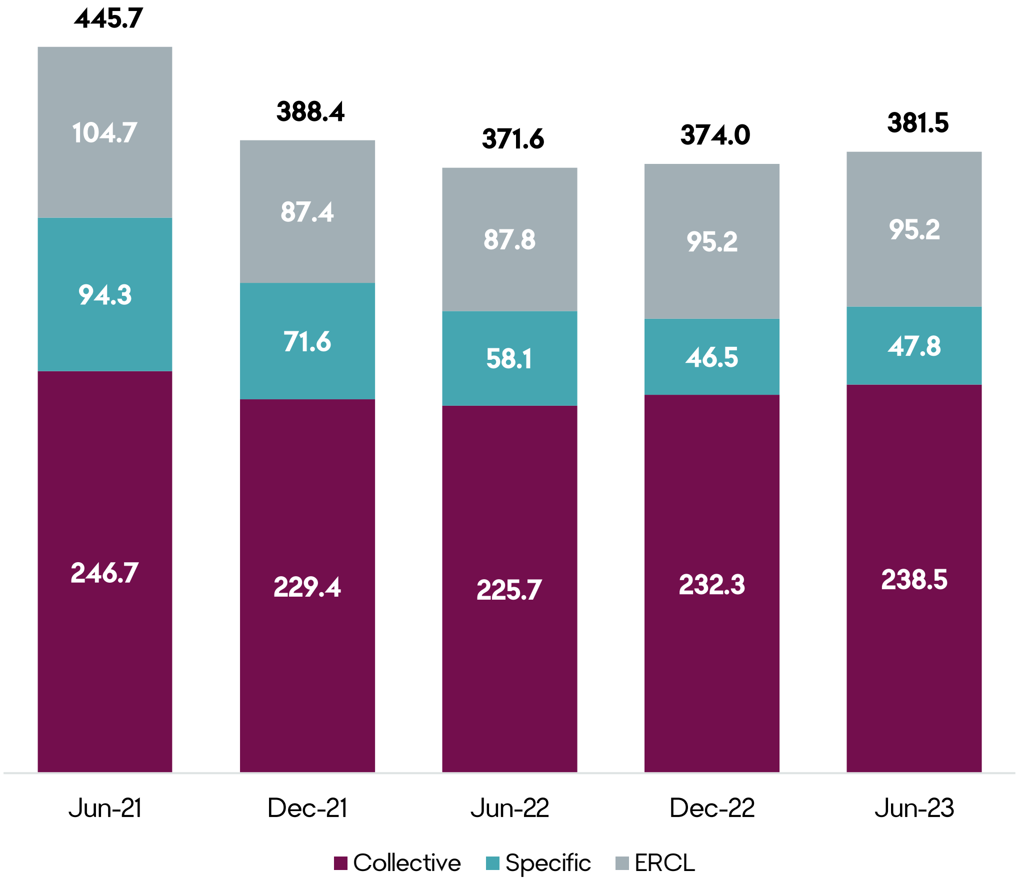


1. Number of monthly payments ahead of minimum monthly payment (based on pre-arrangement); includes offset facilities and excludes HELOC products. Available for Retail, Third Party Banking and Alliance Bank Partners (94% of exposures)
2. APRA Quarterly authorised deposit-taking institution property exposure statistics – Dec 2020 to Mar 2023 and the Bank's statistics
3. Dynamic LVR is defined as current balance/current valuation and is not audited (calculated for Residential Security only and excludes Portfolio Funding exposures (0.2% of total EAD))

Provisioning

Small top-up in collective provisions appropriate for the environment

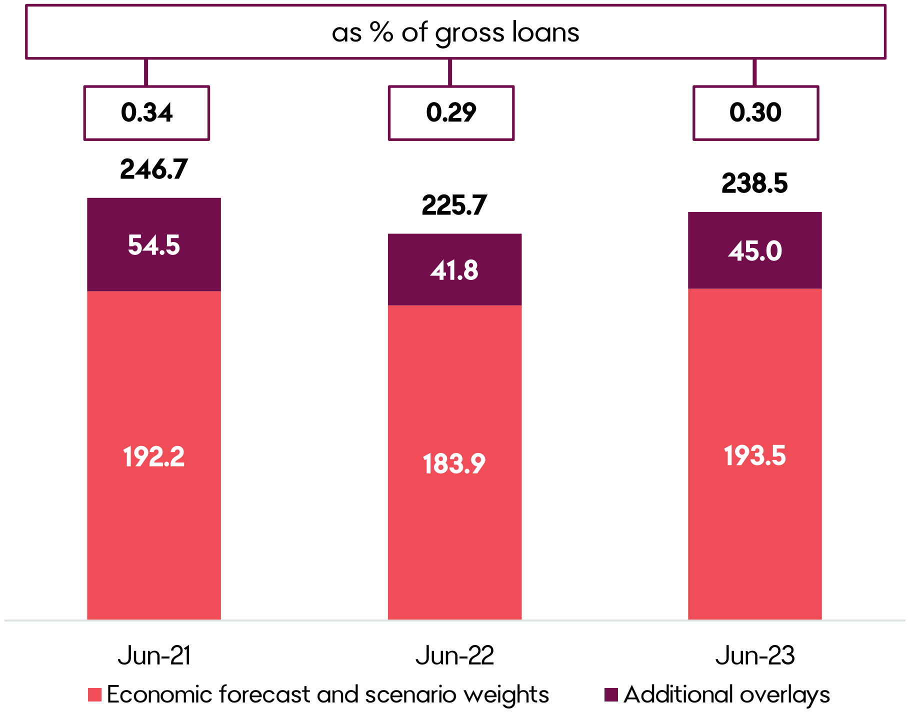
Total provisions ($m)



Collective provisions ($m)

Sector overlays reflect the risks associated with:

- Potential residential mortgage stress resulting from fixed / IO to variable / P&I conversions
- Challenges in the construction industry
- Headwinds in some commercial property sectors



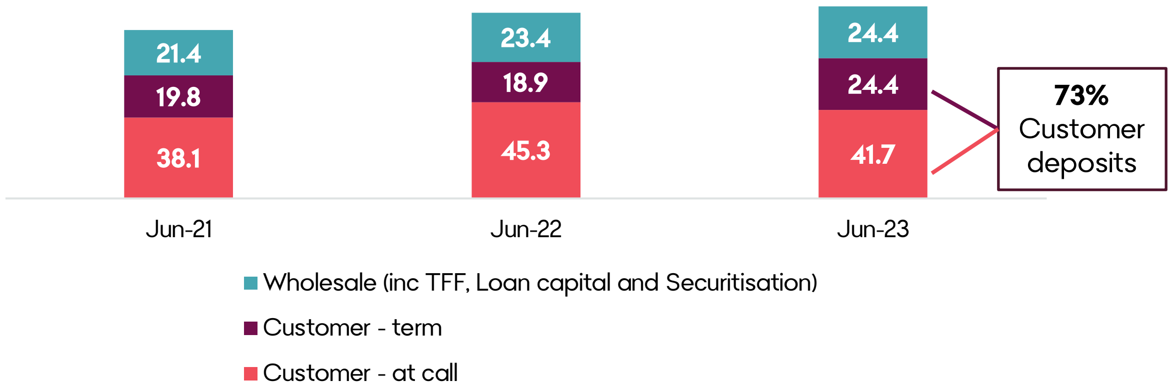
BendigoandAdelaideBank

Funding and liquidity

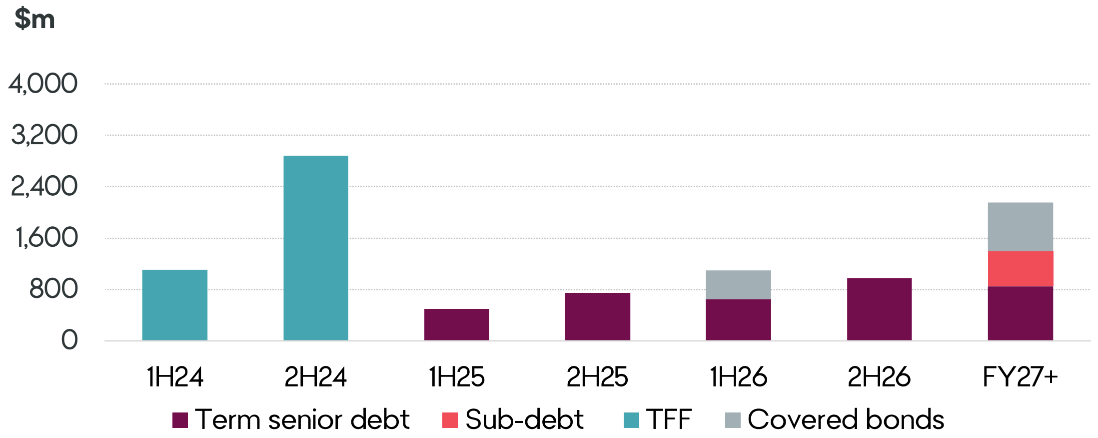
Stable and well diversified funding sources

- Strength of customer deposit franchise demonstrated by % of customer deposits to total funding ratio
- Net +$11bn funding contributed from Community Bank partners
- Wholesale funding diversification further enhanced via second transaction issued off Covered Bond program
- Funding and liquidity ratios well positioned:
  - LCR overlay removed by APRA from 9 August 2023
  - RBA Committed Liquidity Facility (CLF) fully unwound
- Term Funding Facility (TFF):
  - 34% of borrowings already refinanced or in 30-day LCR window
  - Remainder represents ~3% of total assets.
  - No other long-term wholesale debt maturities in FY24

Funding profile ($b)



Term funding maturity profile[1,2]



1. Includes treasury issued products only
2. Subordinated debt maturity refers to legal final maturity date

Bendigo and Adelaide Bank

Capital and dividends

Capital position strengthened; dividend increased

CET1 movement - 6 months (%)[1]

- Benefit from capital reforms of 111bps[2]; Board target CET1 range 10.0-10.5%
- Net capital generation of +1bps reflects disciplined approach to writing new business
- Full year fully franked dividend of 61.0c, up 15.1% on prior year representing 60% dividend payout ratio; DRP to be neutralised

1. CET1 capital excludes unrealised Homesafe revaluation revenue from retained earnings, along with earnings from certain other subsidiaries that do not form part of the regulated level 2 banking group
2. As at 31 December 2022

Building blocks to achieve ROE above cost of capital

	FY23 proof point
Continued focus on cost management and targeting improvement in CTI ratio	**BAU** costs managed to sub-inflation
Investing in our deposit gathering franchise underpinned by the strength of our Community Bank partnerships	**Community Bank net funding** +4.8%
Diversifying our balance sheet with the rebuild of our Business and Agribusiness division	**Agri growth** +4.7% YOY
Disciplined approach in home lending and taking advantage of multi-channel approach	**Digital settlements** 12.0%

Summary

Marnie Baker – CEO and Managing Director

FY24 deliverables

1. Returns

- Leveraging our point of difference:
  - Continue to invest in digital channels
  - Grow at or better than system through channel optimisation
  - Maintain our strong retention rates and our market leading NPS
- Continued focus on prudent cost management for the current environment

2. Execution

- Tracking towards 1 core banking system and 3 brands
- Customer experience initiatives:
  - Implementation of Business and Agribusiness operating model
  - Lending Transformation – Phase 1, significant reduction of manual process

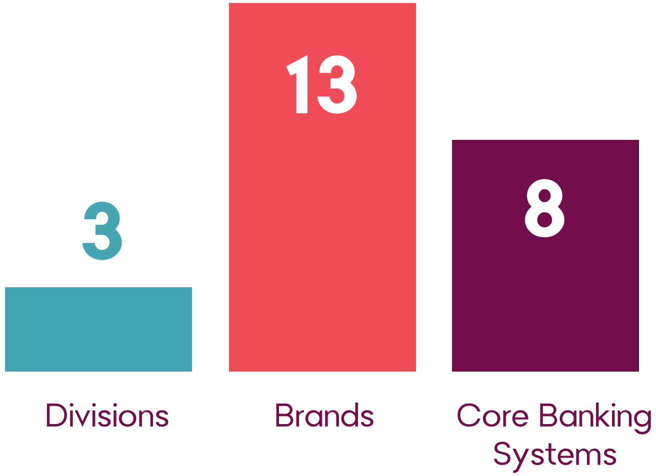
3. Business Sustainability

- Climate and Nature Action Plan – deliver year 1
- Community Bank maintain investment and elevate the Community story
- Embedding Belong at BEN program

Our strategy delivering value

A streamlined business, retaining our core differentiators

FY19

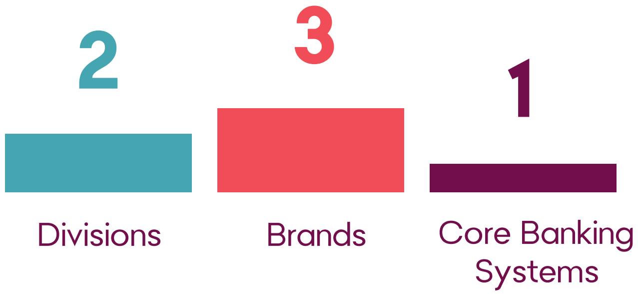


- **1.7m** customers
- % sales by digital channels - **13%**[1]
- Market leading NPS of **24.8**[2]
- ROE of **6.34%,** CTI of **59.2%**, CET1 **8.92%**, Cash EPS of **85.0c**
- Australia's Most Trusted Bank
- Multi-brand, multi-business models group
- Strategy to reduce complexity, invest in capability and tell our story launched

FY23

- **2.4m** customers
- % sales by digital channels - **19%**[1]
- Maintained market leading NPS of **23.2**[3]
- ROE of **8.62%**, CTI of **54.9%**, CET1 **11.25%**, Cash EPS **102.1c**
- Australia's Most Trusted Bank
- Focus areas of returns, execution and business sustainability

FY26



- Return on equity in excess of cost of capital, CTI towards 50%
- Simplified operating model, diversified channel experience and modernised technology
- Australia's Most Trusted Bank with market leading advocacy, digital by design and human when it matters
- True to our purpose and regional values, with trust and community at our core

1. '% sales by digital channels' includes Bendigo Bank (including Delphi, Community Sector Banking and Alliance) consumer core banking sales (Everyday Accounts, Term Deposits, Home Loans, Credit Cards and Personal Loans). Period is determined by the accounts first transaction date
2. Roy Morgan Single Source (Australia), rolling 6-month June 2019 NPS of those with any financials relationship with the bank
3. Roy Morgan Net Promoter Score – Roy Morgan Research, 6 month rolling averages. 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.

Bendigo and Adelaide Bank

Q&A

Marnie Baker — CEO and Managing Director

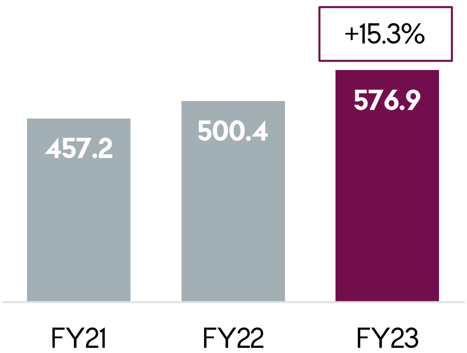
Andrew Morgan — Chief Financial Officer

Additional Information

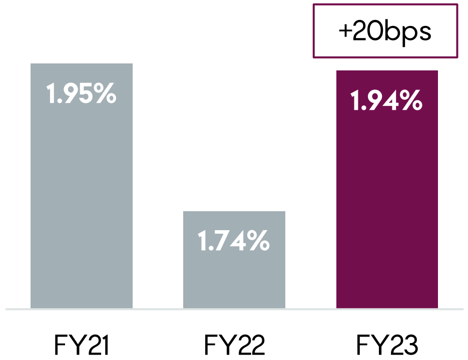
FY23 result

Strong performance across key metrics

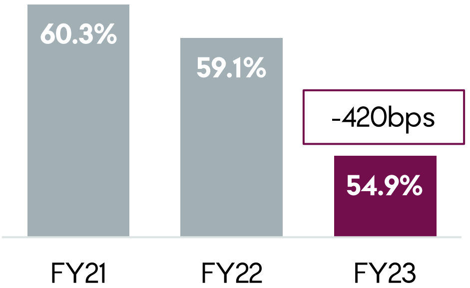
Cash earnings ($m)



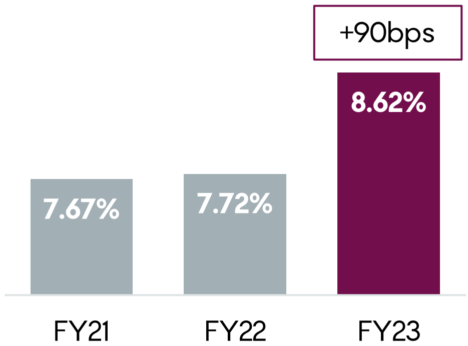
NIM



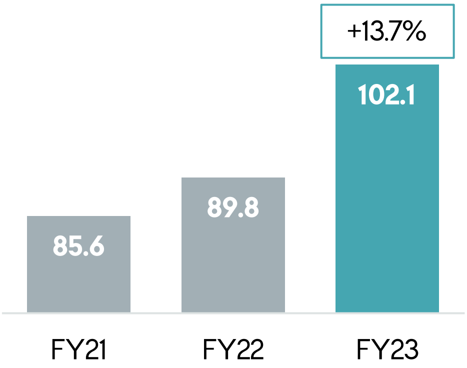
CTI



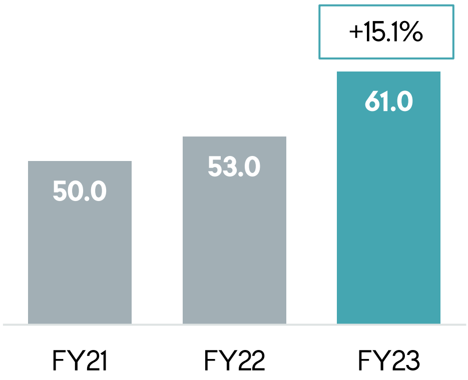
ROE



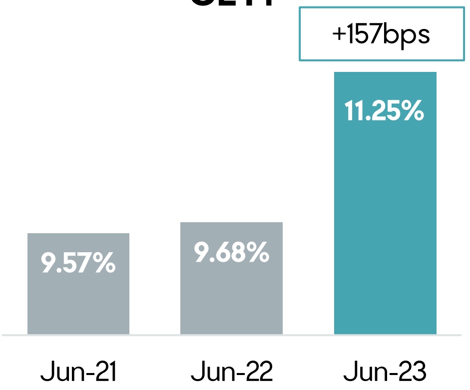
Cash EPS (cents)



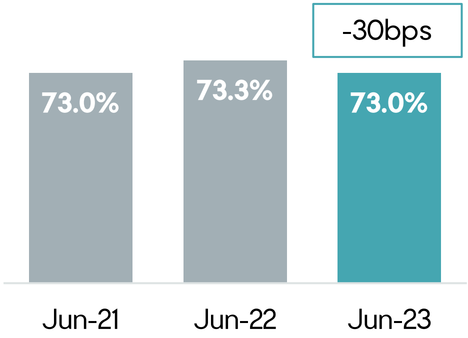
DPS (cents)



CET1



Customer deposits
as % of total funding

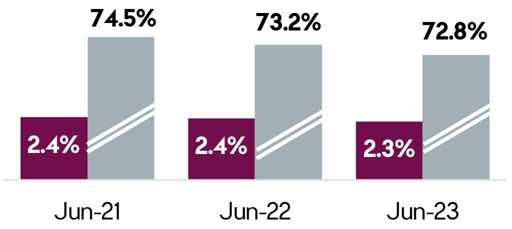


Key performance indicators

Consistent performance

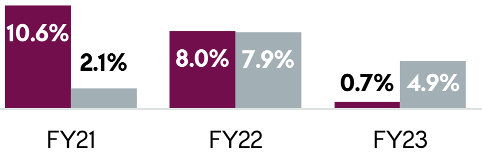
Customer numbers

Market share[1]



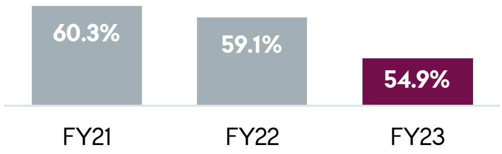
BEN Major banks

Total lending growth[2]

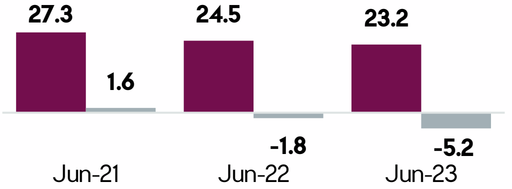


BEN Major banks

Cost to income

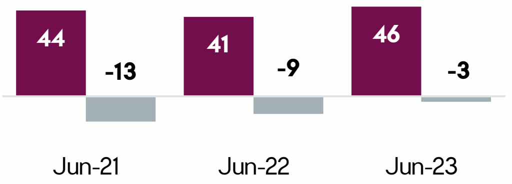


Net promoter score[3]



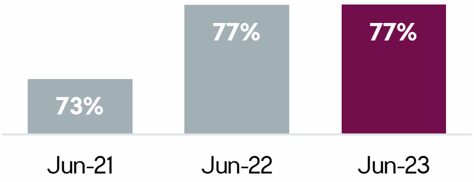
BEN Industry

MFI business NPS[4]

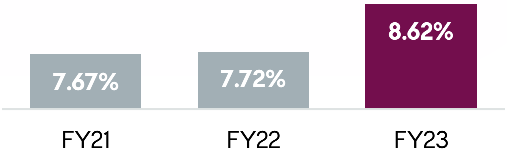


BEN Major banks

Employee Engagement Index[5]



Return on Equity (cash)



1. APRA Monthly Banking Statistics June 2023
2. APRA Monthly Banking Statistics June 2023. Growth rate calculated on 12 monthly basis using BEN total lending and major bank average
3. 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.
4. DBM Atlas (Business) MFI NPS – Total Business with <$40m turnover. Figures based on 12 month rolling data
5. Internal measure of employee motivation, commitment, discretionary effort and pride

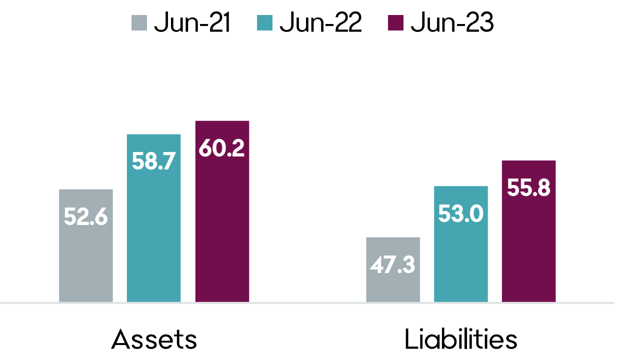
Bendigo and Adelaide Bank

Consumer

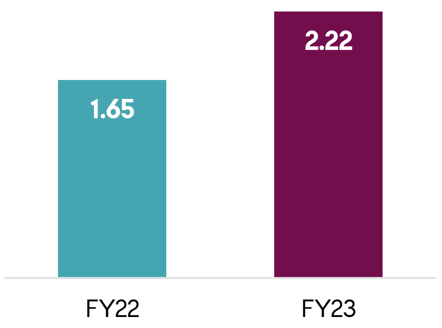
Multi-channel strategy delivering benefits

- Net Interest income increased by 42.9% due to disciplined approach to margin and volume in home lending
- Operating expense increased due to investment in Up, fraud and remediation expenses and fees and commissions
- Credit expense increased $22.8m driven by an increase in collective provisions
- Consumer portfolio grew 22.5%
- Residential mortgages grew by 1.8% for FY23 reflecting a slower first half of the year
- Strong growth in term deposits across both traditional branch channel and new digital channels

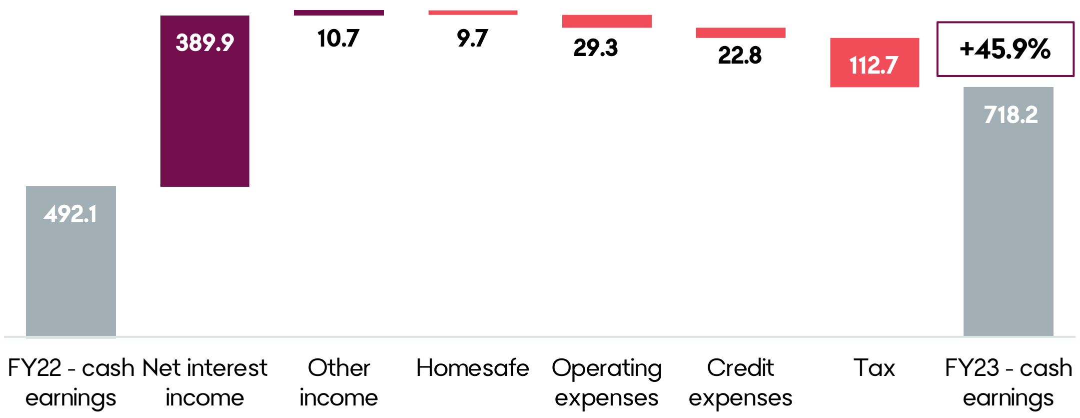
Volume ($m)[1]



Divisional NIM (%)



Profit drivers ($m)[2]



1. Volume growth is based on assets and liabilities that are managed within the Consumer division as per the Appendix 4E segments. Includes investments
2. Homesafe net realised income after tax

Bendigo and Adelaide Bank

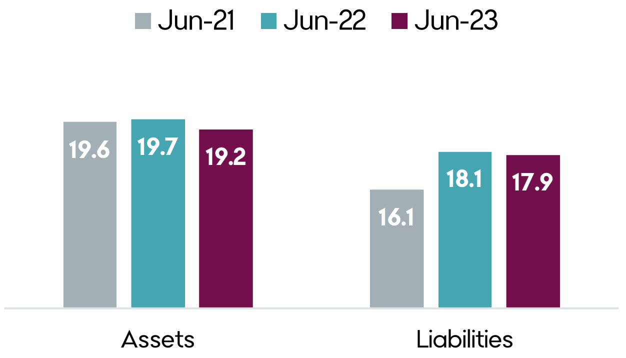
Business and Agribusiness

Significant opportunities the medium term

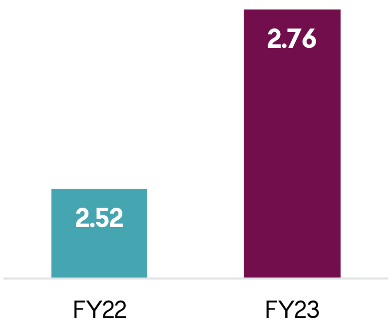
Total division net interest income increased by 7.8%

- Business portfolio reduced by 2.7% due high level of amortisation from very mature portfolio
- Agribusiness increased 5%, supported by growth in third party broker and equipment finance
- New strategy has been finalised, highlighting significant opportunities to drive growth while finding increased efficiency including:
    - Refined target markets
    - Simplified structure, including refocused front-line
    - People capability
- Rebuild of Business and Agribusiness division to build balance sheet diversification

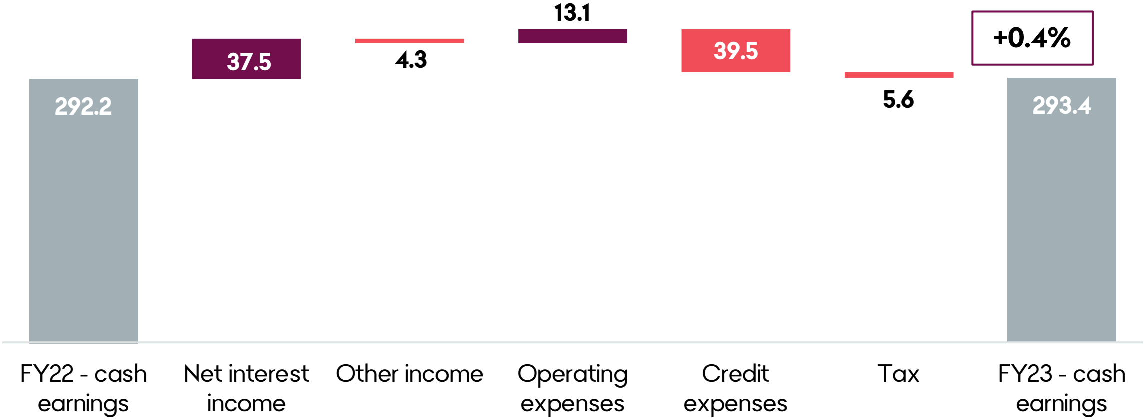
Volume ($m)[1]



Divisional NIM (%)



Profit drivers ($m)



1. Volume growth is based on assets and liabilities that are managed within the Business and Agribusiness division as per the Appendix 4E segments. Includes investments

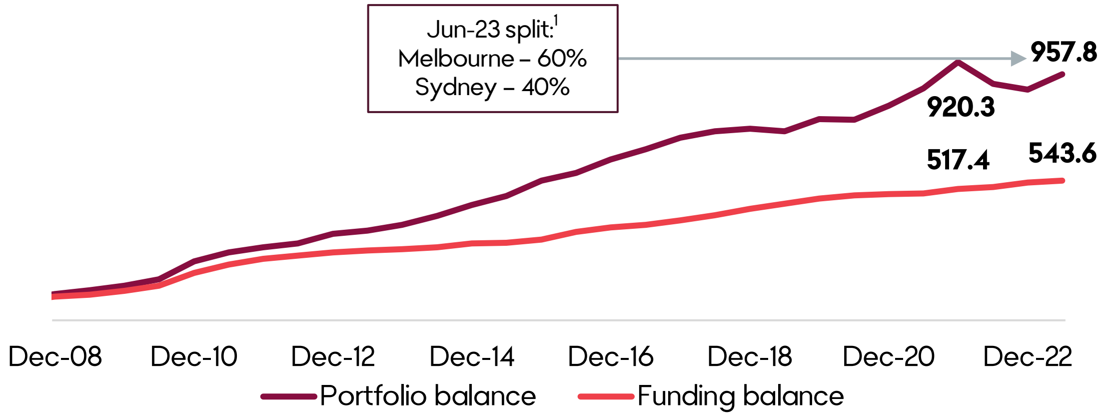
Homesafe

Homesafe wealth release

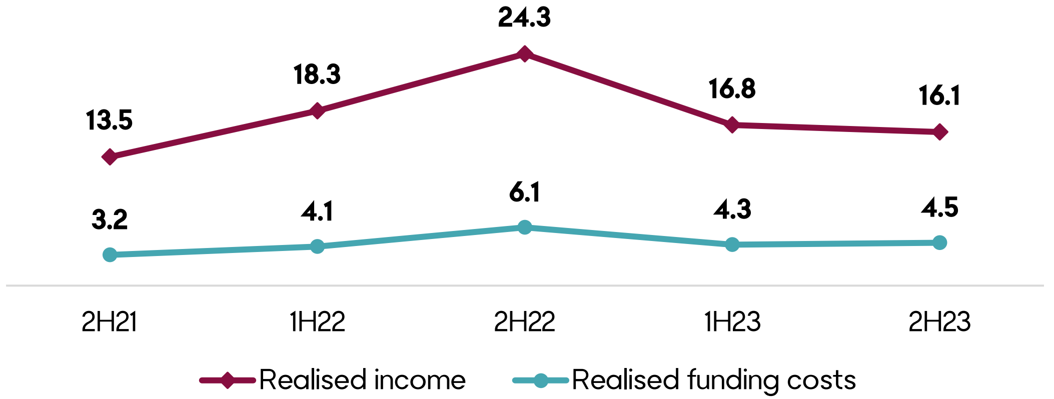
- Reduced Homesafe income reflects lower level of completed contracts from prior year
- Proceeds on contracts completed during 2H23 exceeded carrying value by $4.9m and up $8.4m over the financial year
- Average annual return on completed contracts since inception is 9.7% p.a, prefunding costs
- Property valuation growth assumptions amended -1% year 1, +2% year 2 and +5% year 3+
- Property values would need to fall by 43% before any impact on regulatory capital

	2H23 ($m)	1H23 ($m)	2H22 ($m)	1H22 ($m)
Discount unwind	14.5	14.3	13.7	13.1
Profit on sale	3.7	3.6	3.0	4.9
Property revaluations	49.3	(41.1)	(83.8)	87.6
Total	**67.5**	**(23.2)**	**(67.1)**	**105.6**

Homesafe portfolio & funding balance ($m)



Realised - income vs funding costs ($m)



1. % split of portfolio calculated on total portfolio balance

Residential lending

Residential metrics[1,2,3]

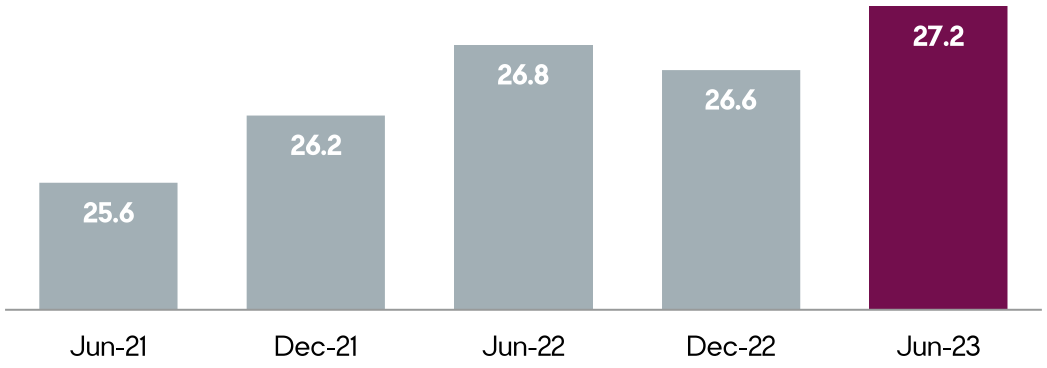
	Flow		Portfolio		
	2H23	1H23	Jun-23	Dec-22	Jun-22
Flow / Portfolio amount	$7.0b	$6.7b	$57.6b	$56.1b	$55.6b
Retail lending	34%	41%	47%	47%	48%
Third Party Banking lending	66%	59%	53%	53%	52%
Lo Doc	0.00%	0.03%	0.3%	0.4%	0.4%
Owner occupied	78%	76%	71%	70%	69%
Owner occupied P&I	96%	94%	97%	96%	95%
Owner occupied I/O	4%	6%	3%	4%	5%
Investment	22%	24%	29%	30%	31%
Investment P&I	68%	67%	69%	67%	65%
Investment I/O	32%	33%	31%	33%	35%
Variable	78%	92%	64%	61%	57%
Fixed	22%	8%	36%	39%	43%
First home buyer %	18%	17%	15%	14%	13%
Mortgages with LMI	5%	5%	11%	12%	13%
Negative equity			0.16%	0.13%	0.12%
Average LVR	62%	64%	53%	54%	55%
Dynamic LVR			53%	52%	52%
Average loan balance	$418k	$441k	$298k	$294k	$290k
90+ days past due			0.46%	0.41%	0.49%
Impaired loans			0.03%	0.04%	0.06%
Specific provisions			0.01%	0.01%	0.02%
Loss rate			0.003%	0.003%	0.003%

1. Loan data represented by purpose. Excludes Alliance Bank and Keystart data. Arrears includes impaired loans and all arrangements
2. Average LVR based on unweighted accounts. Flow metric is based on origination LVR, portfolio is based on current LVR (current balance against security value on file)
3. Dynamic LVR is defined as current balance/current valuation and is not audited (calculated for Residential Security only and excludes Portfolio Funding exposures (0.2% of total EAD))

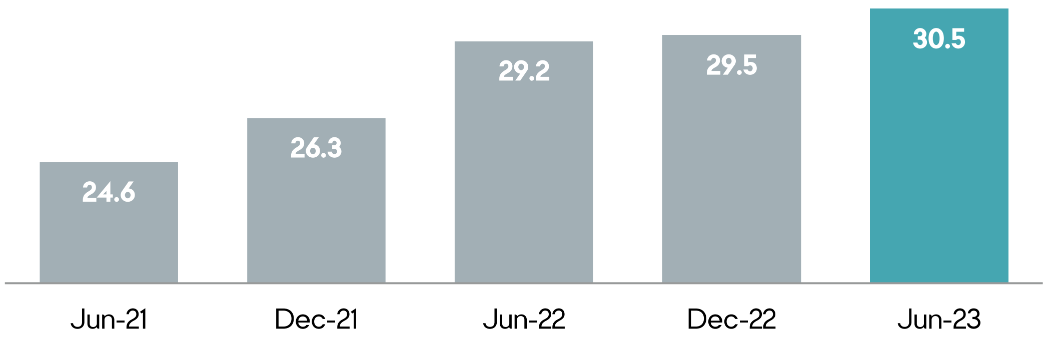
Residential lending

Retail and Third Party Banking portfolios

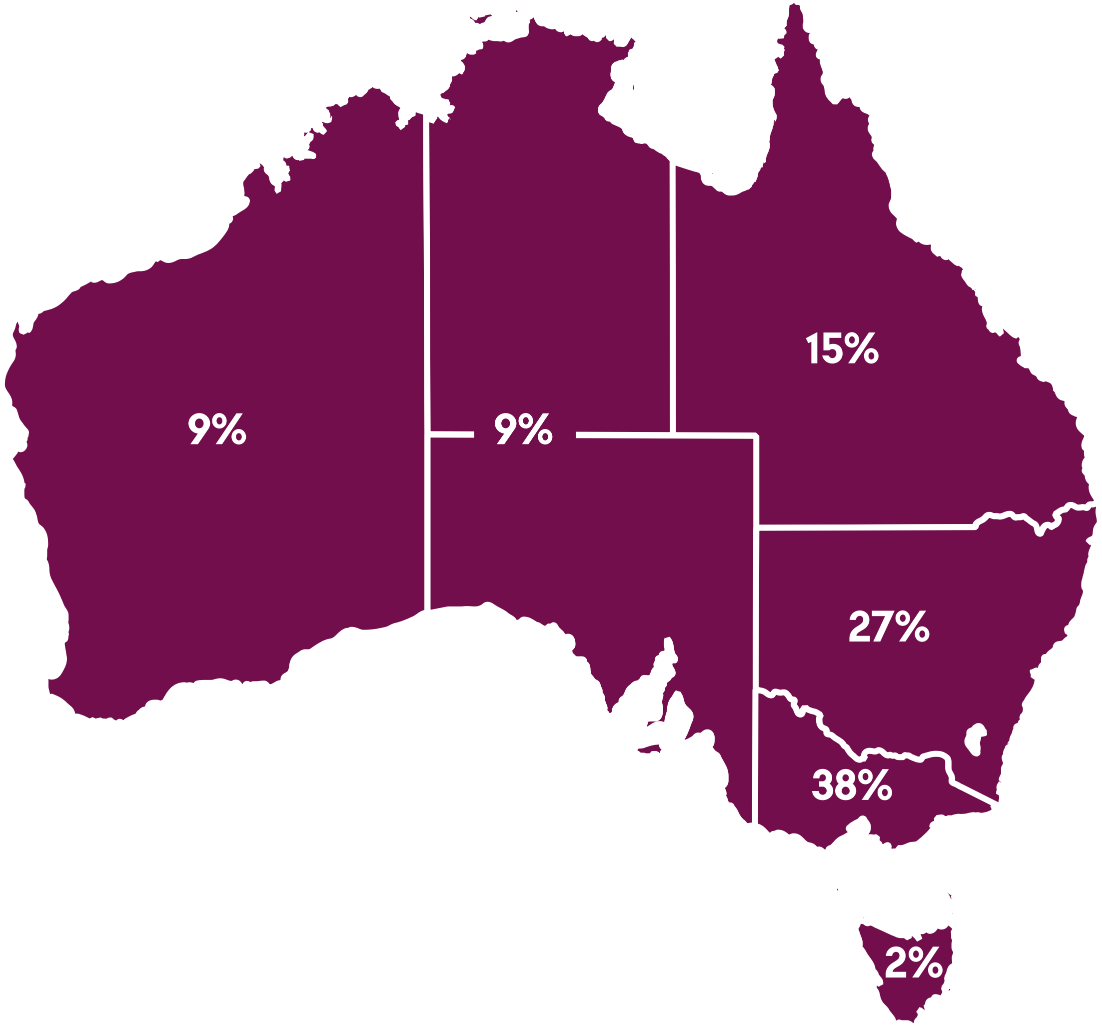
Retail - portfolio ($b)[1]



Third Party Banking - portfolio ($b)[1]



Residential balance by state



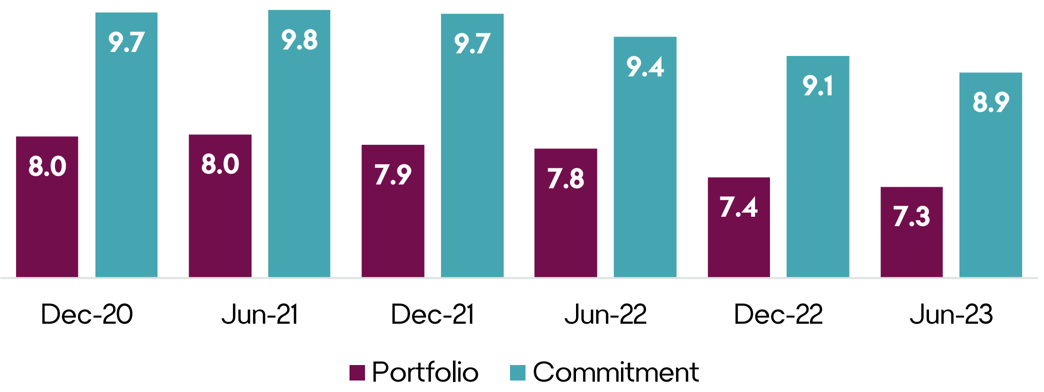
1. Loan portfolio balances are represented by purpose, constructed from internal data and includes line of credit products. Retail includes Delphi, Alliance Bank (ex Alliance AWA), excludes Portfolio Funding

BendigoandAdelaideBank

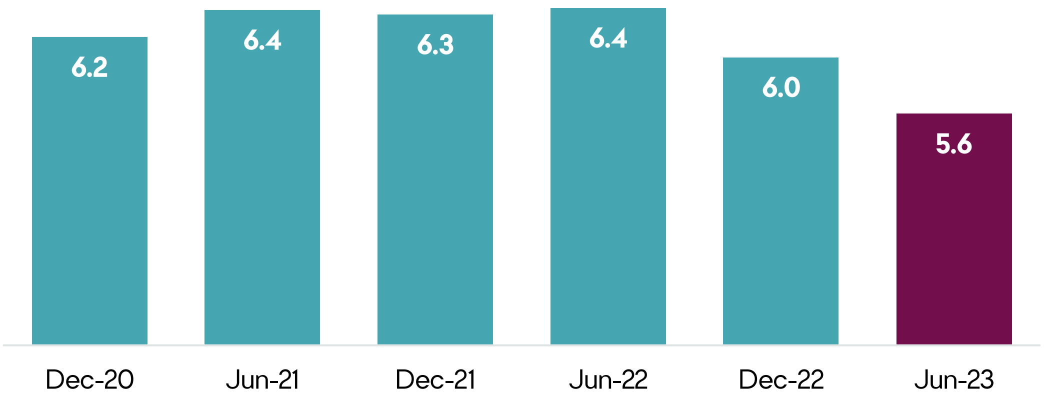
Business lending

Portfolio and state splits

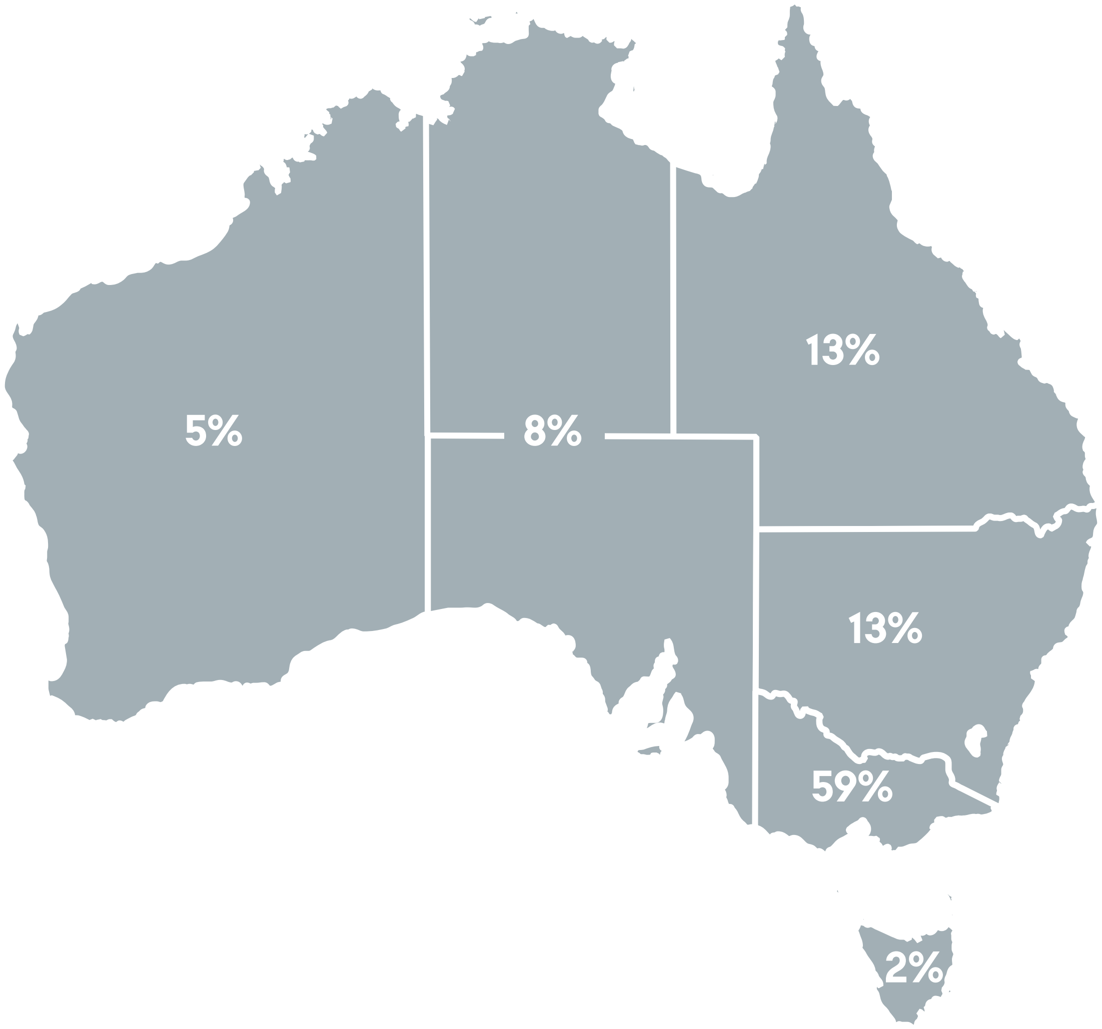
Business portfolio ($b)[1]



SME segment ($b)[2]



Business balance by state



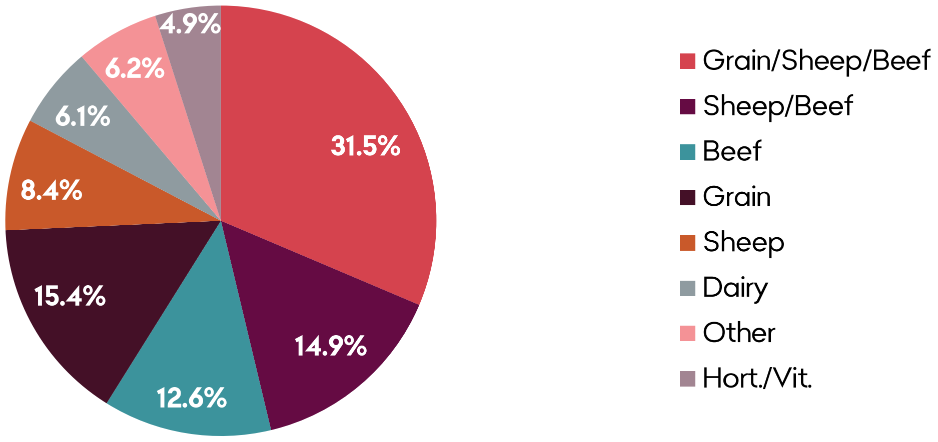
1. Business portfolio balances are represented by purpose, constructed from internal data and includes line of credit products. Excludes Portfolio Funding
2. Restatement on prior periods due to Business and Agribusiness division redesign. SME is an internal definition using Business Banking (less residential loans), Private Bank Commercial and Business Direct

Bendigo and Adelaide Bank

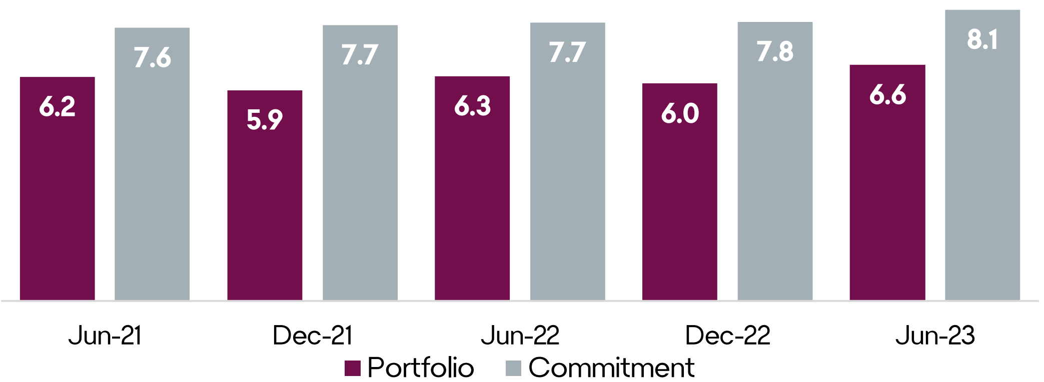
Agribusiness lending

Portfolio splits

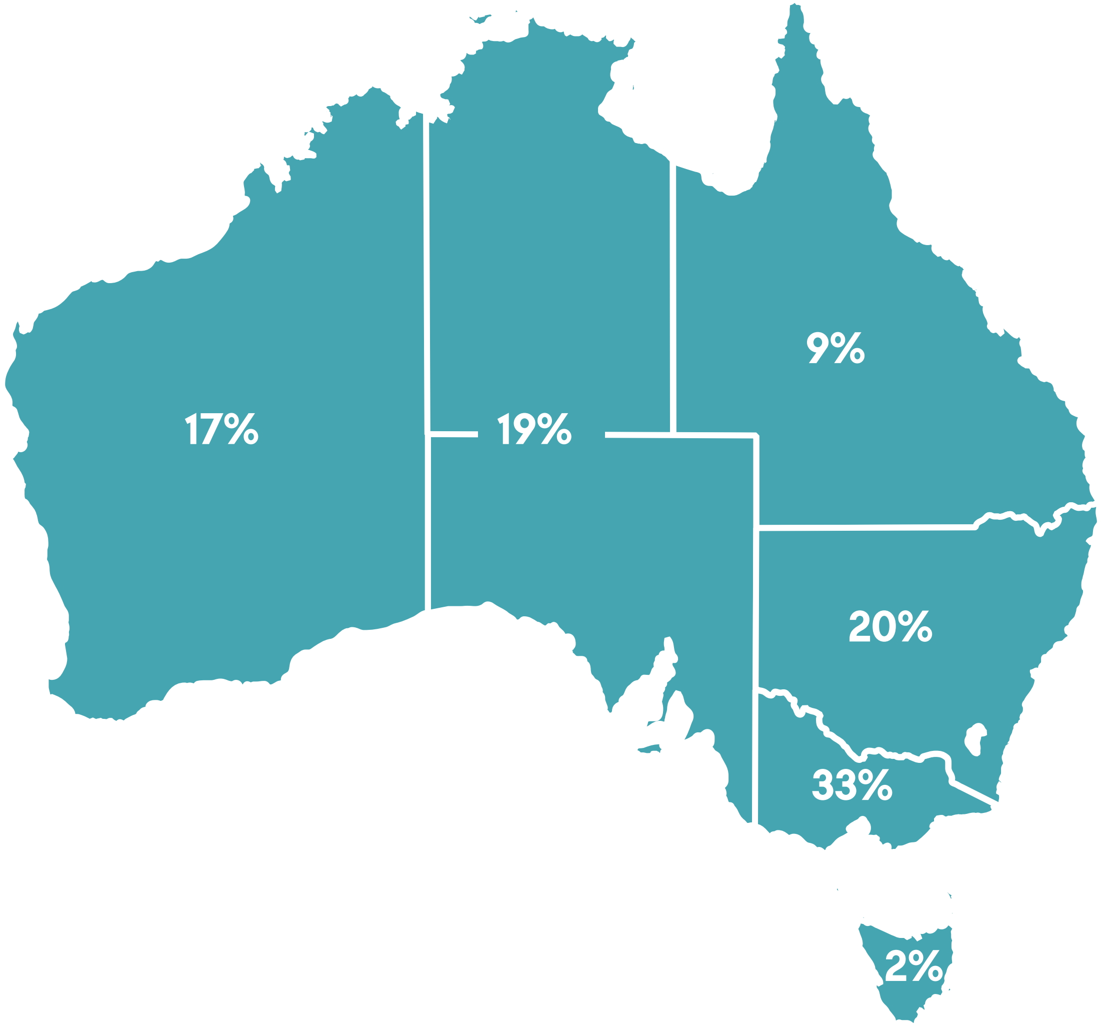
Agribusiness exposure by industry



Agribusiness portfolio ($)



Agribusiness balance by state



Financial assets - credit risk exposures

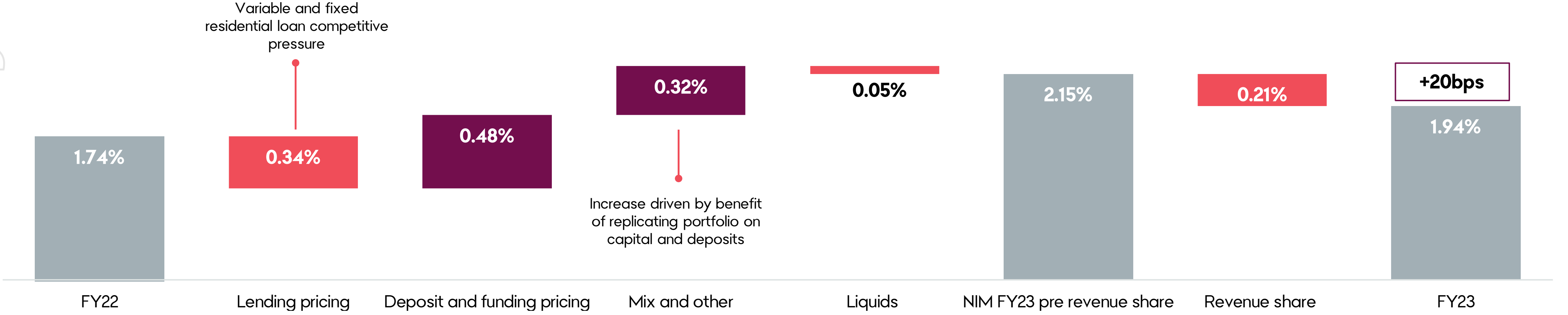
By industry (AASB9)

	Jun-23 ($b)				Jun-22 ($b)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential/Consumer	54.8	5.2	0.4	60.4	55.2	4.1	0.5	59.8
Accommodation and food services	0.2	0.0	0.0	0.2	0.2	0.1	0.0	0.3
Administrative and support services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Agriculture, forestry and fishing	5.9	0.7	0.1	6.7	5.8	0.6	0.1	6.4
Arts and recreation services	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Construction	0.5	0.1	0.0	0.7	0.6	0.1	0.0	0.8
Education and training	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Electricity, gas, water and waste services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial and insurance services	16.0	0.1	0.0	16.1	11.6	0.1	0.0	11.7
Health care and social assistance	0.2	0.1	0.0	0.3	0.2	0.1	0.0	0.3
Information media and telecommunications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	0.2	0.0	0.0	0.2	0.2	0.1	0.0	0.3
Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Services	0.1	0.0	0.0	0.2	0.2	0.0	0.0	0.2
Professional, scientific and technical services	0.2	0.0	0.0	0.2	0.2	0.0	0.0	0.3
Public administration and safety	3.1	0.0	0.0	3.1	5.3	0.0	0.0	5.3
Rental, hiring and real estate services	3.5	0.6	0.1	4.2	3.4	0.8	0.1	4.3
Retail trade	0.3	0.1	0.0	0.3	0.3	0.1	0.0	0.4
Transport, postal and warehousing	0.1	0.0	0.0	0.2	0.1	0.0	0.0	0.2
Wholesale trade	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.1
Total residential, business and agribusiness balance	**85.4**	**7.1**	**0.8**	**93.3**	**83.7**	**6.0**	**0.8**	**90.5**
Margin Lending	1.9	0.0	0.0	1.9	1.4	0.0	0.0	1.4
Other	0.3	0.0	0.0	0.3	0.3	0.0	0.0	0.3
Total financial assets	**87.6**	**7.1**	**0.8**	**95.4**	**85.4**	**6.0**	**0.8**	**92.3**

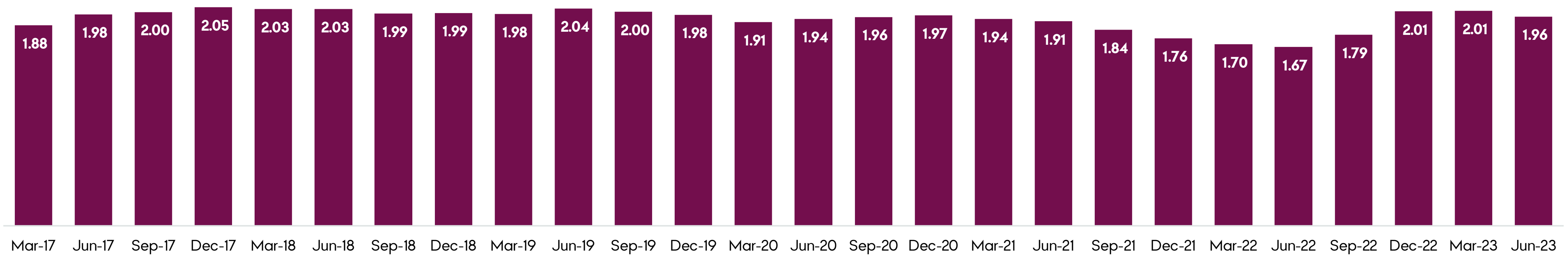
Net interest margin

FY23 NIM and historical trends

FY23 (%)



NIM quarterly movement (%)[1]



Note: NIM is calculated on a cash basis (cash net interest income divided by average interest earnings assets
1. Cash quaterly NIM on a post revenue share basis.
2. Revenue share arrangements includes Community Bank and Alliance Bank

BendigoandAdelaideBank

Net interest margin

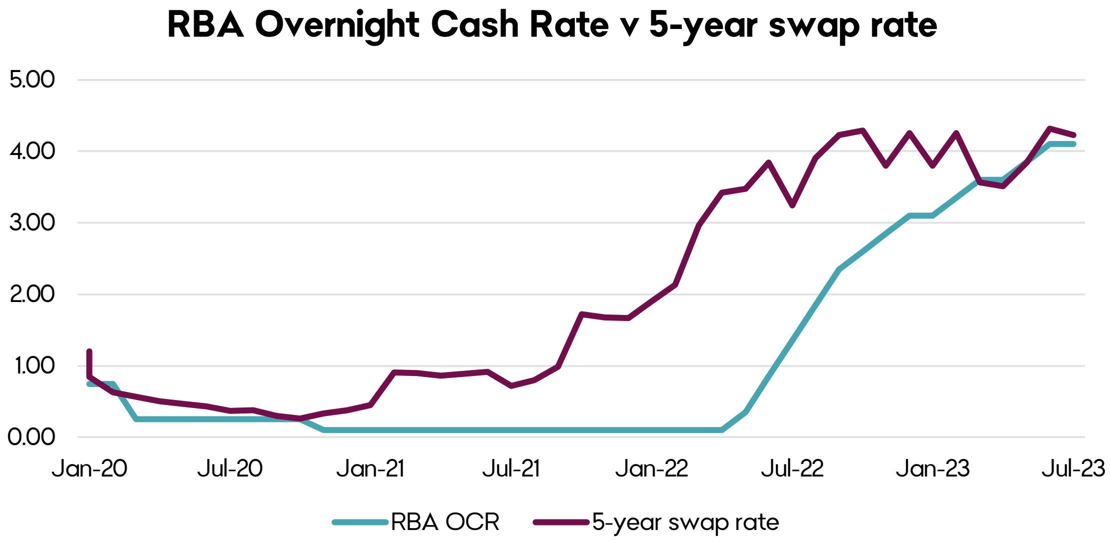
Capital and deposit hedges

- Additional NIM benefit expected over medium term from impact of higher interest rates on capital and deposit replicating yields
- Actual outcomes will be determined by a range of factors including, but not limited to: competition, future interest rates, capital and low rate-sensitive deposit volumes, AIEA volumes and investment strategy

	Portfolio volume ($b)	Hedged proportion	Hedge term (Years)	Hedged yield (%)	
				2H23 avg	2H23 exit
Capital	4	100%	2.5	1.87	2.18
Deposits	11	80%	5.0	2.77	3.00
Total	15	N/A	2.5 – 5.0	2.52	2.77

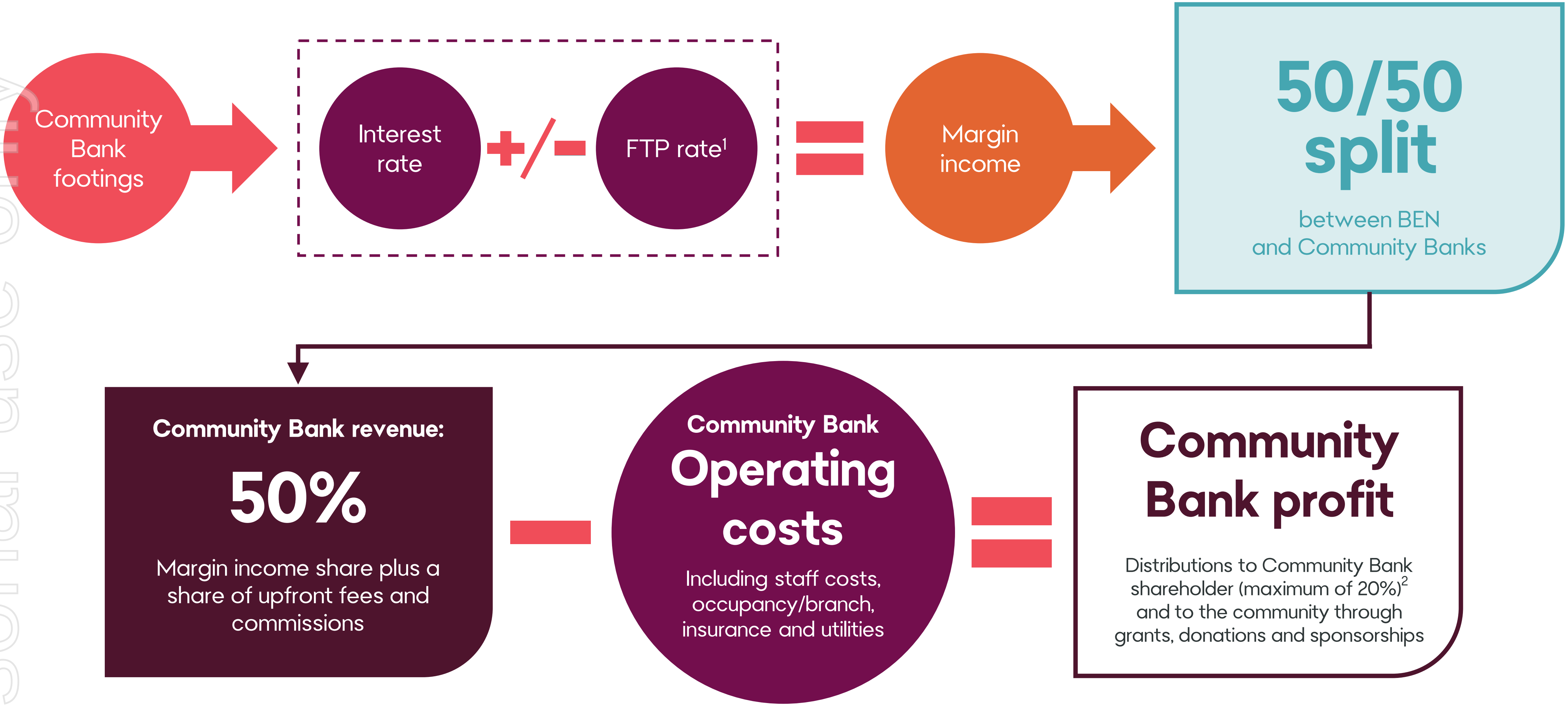
Average hedged yield on capital and deposit replicating portfolio

1H22	2H22	FY22	1H23	2H23	FY23
0.25%	0.83%	0.54%	1.97%	2.52%	2.25%



Community Bank

How the revenue share works



Note: Community Bank footings include residential loans, business loans, credit cards, margin loans, at call accounts, term deposits. FTP is not used across all products

1. FTP = Funds Transfer Pricing. FTP methodology is independently audited
2. Dividend calculation is subject to terms and conditions

Community Bank

‘Profit with purpose’ model

Purpose led vision:

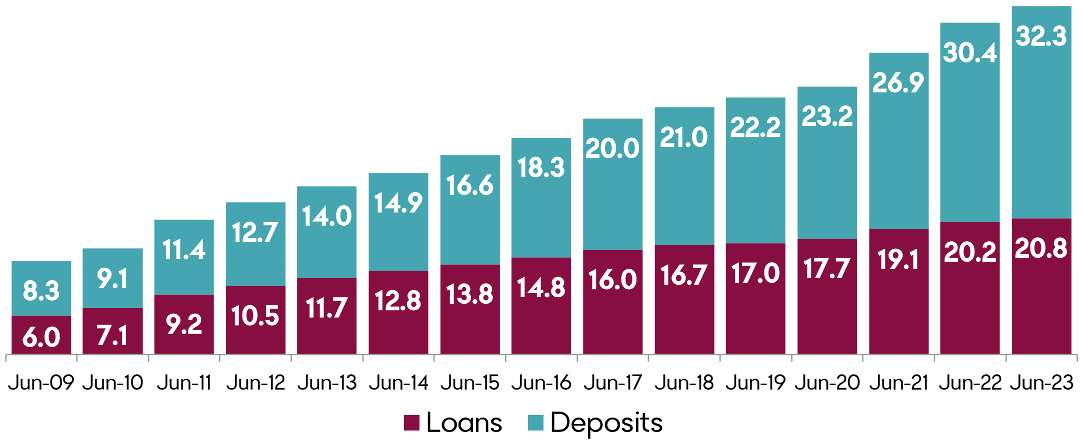
- Celebrating **25 years** since inception
- Over **$320m** in community contributions[1]
- **309** Community Bank branches across Australia[2]
- **933,000+** Customers who hold accounts with Community Banks
- **70,000+** Community Bank shareholders and **1,500+** directors

Providing benefits to BEN:

- Community Banks provide **net benefit of ~$11b of additional funds**, which reduces need for more expensive wholesale funding
- Net funding benefit equates to **~10 to 12 bps of NIM**

Community Bank footings ($b)[3]

Community Bank branches are a significant source of customer deposits for the broader Group, increasing ~$1.9b in FY23.



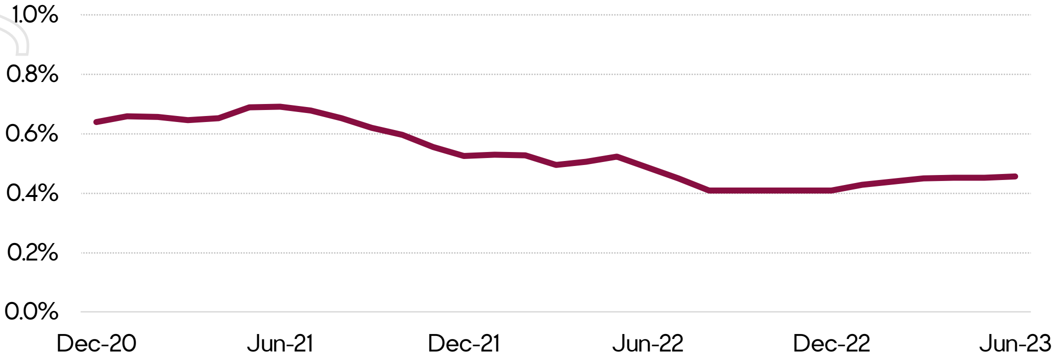
Investments have supported critical local sporting, education, health, arts and cultural initiatives

1. Includes total sponsorships, donations and grants – data as at 30 June 2023
2. 10 Alliance Banks branches have been incorporated into the Community Bank network through 2H23
3. Community Bank footings include Private Franchises (4 branches in total). Loans and deposits includes total lending and all deposits in Community Banks from both personal and business customers. Some products don't use FTP and utilise a fee or commission structure

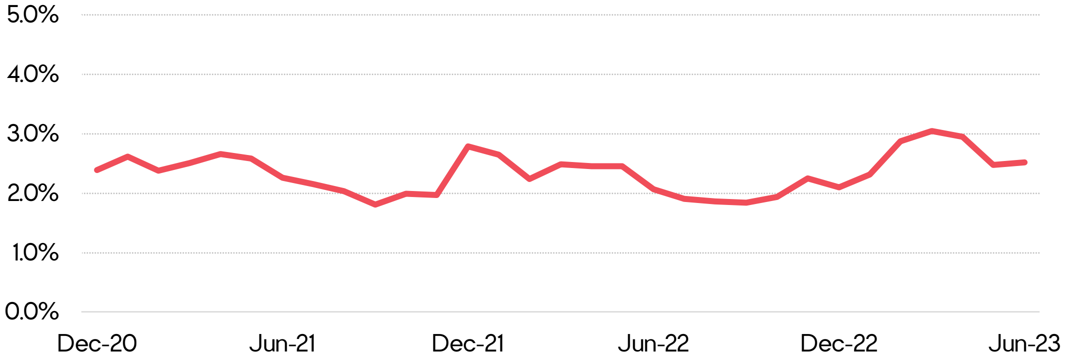
Arrears

Remain benign

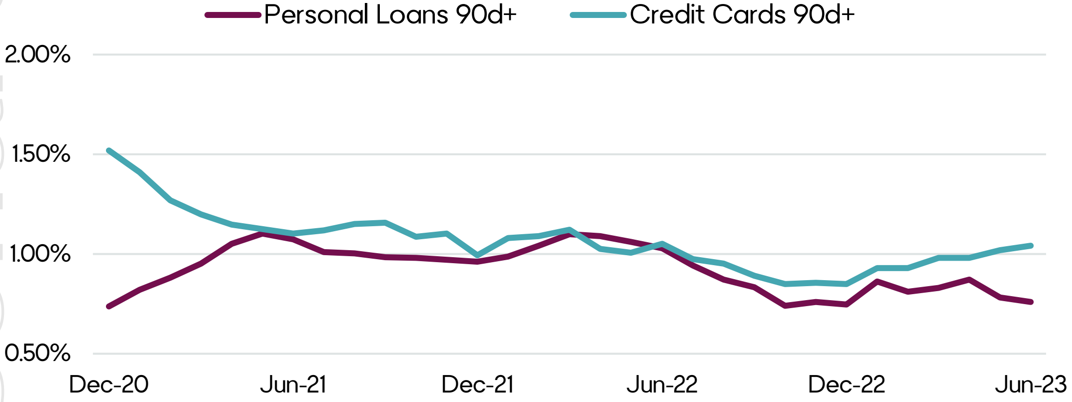
Residential loan arrears



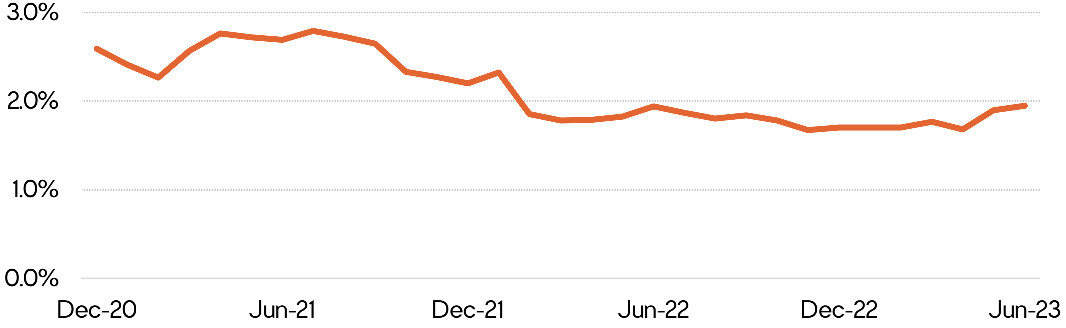
Business loan arrears



Consumer loan arrears



Agribusiness loan arrears[1]



Note: Arrears include impaired assets and all arrangements

1. Agribusiness arrears has been updated to include impaired assets to align to the measurement of arrears for the other portfolios

Bendigo and Adelaide Bank

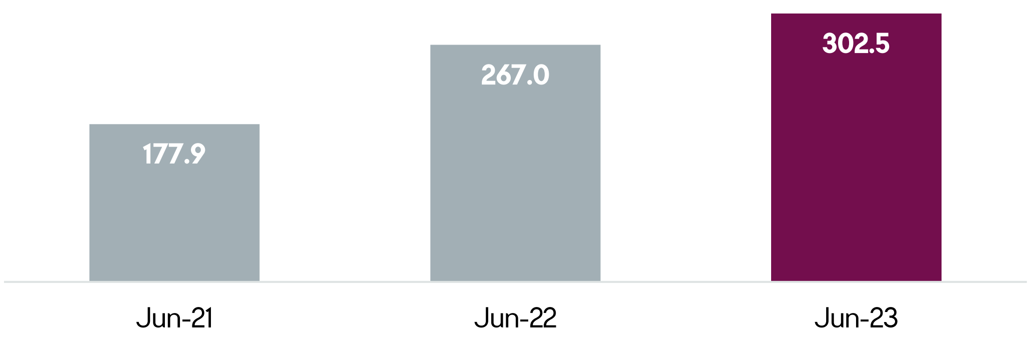
Investment spend

Continuing to invest for long-term simplification benefits

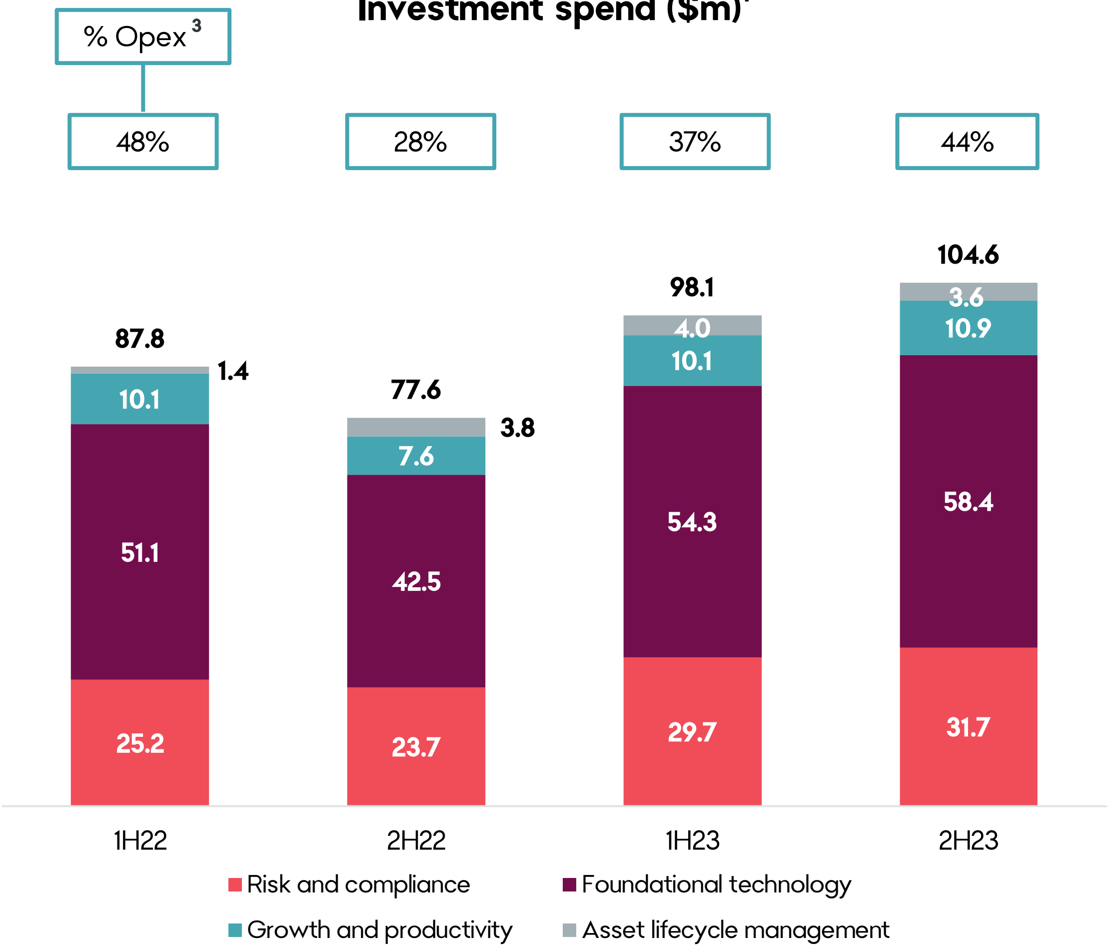
Top 5 projects by spend:

- Lending Transformation Program (Foundational Technology)
- Open Banking (Risk & Compliance)
- Up Digital Bank
- Core Banking – Product & Pricing (Foundational Technology)
- Collaterals Management (Foundational Technology)

Capitalised software balance ($m)[2]



Investment spend ($m)[1]



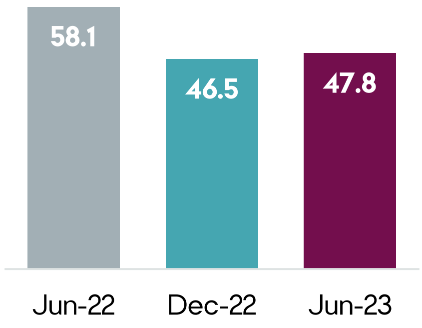
1. Investment spend reclassified to exclude non-cash items
2. Capitalised software balance includes software under development
3. Investment spend expensed % (cash basis) calculated as expensed investment spend (cash basis) as a percentage of total investment spend (cash basis)

BendigoandAdelaideBank

Specific provisions and impaired assets

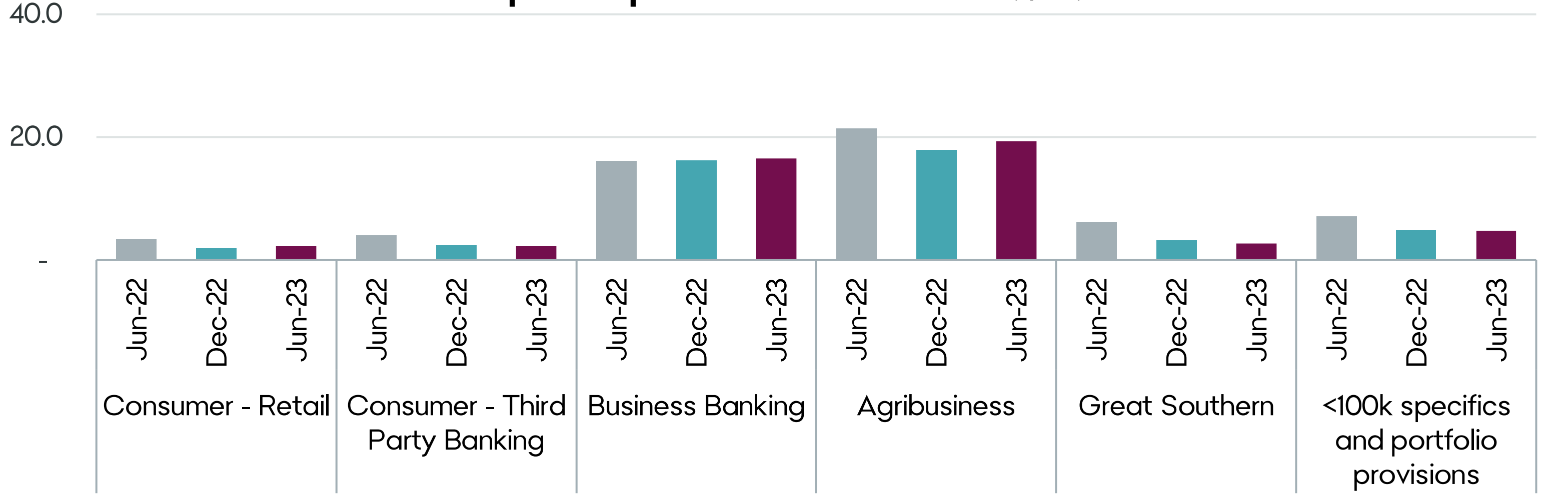
Downward trend on impaired balances has continued

Specific provision balance ($m)

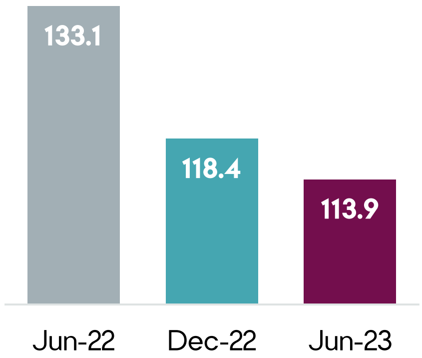


Represented by

Specific provisions breakdown ($m)

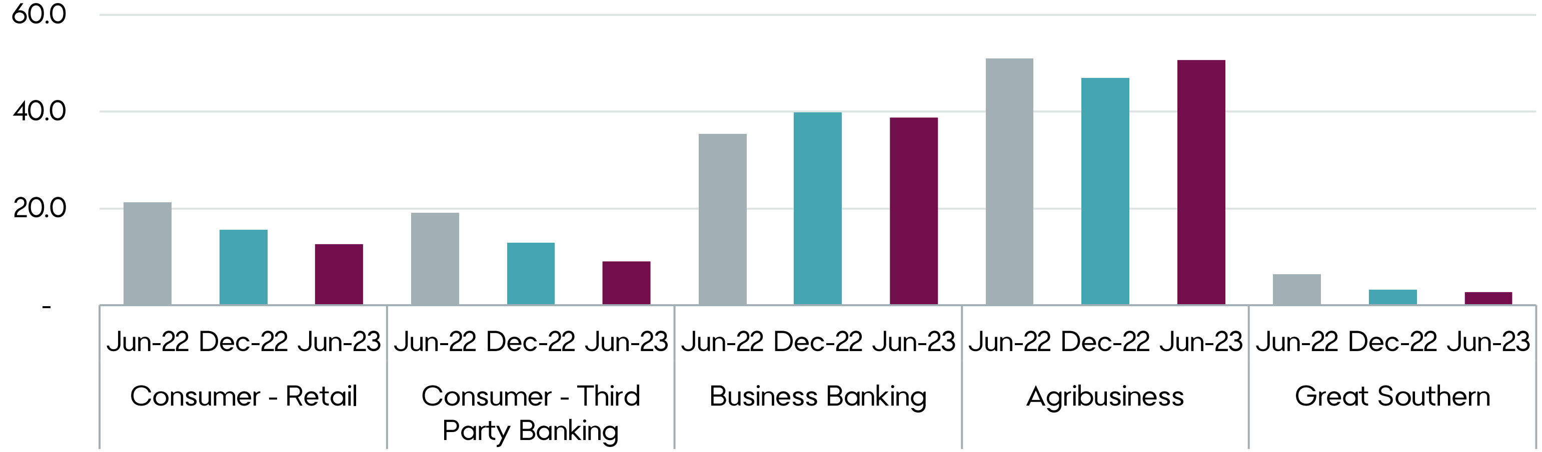


Total impaired balance ($m)



Represented by

Total impaired breakdown ($m)

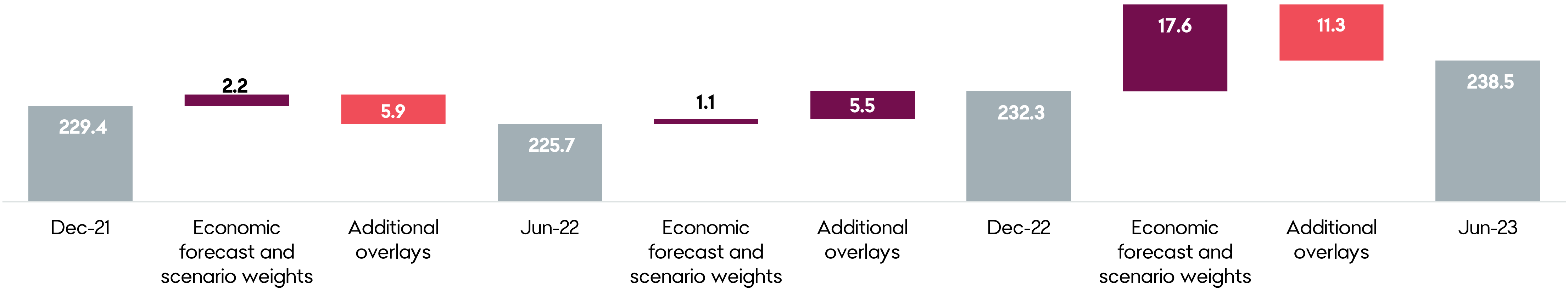


BendigoandAdelaideBank

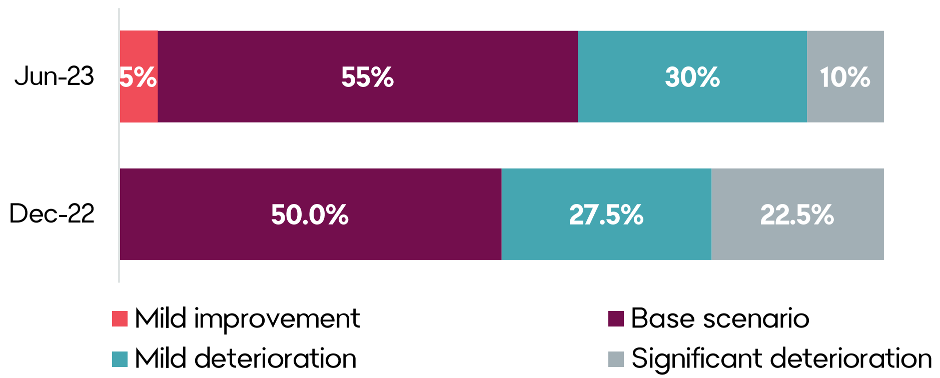
Collective provisions and scenario outcomes

Continued caution is warranted

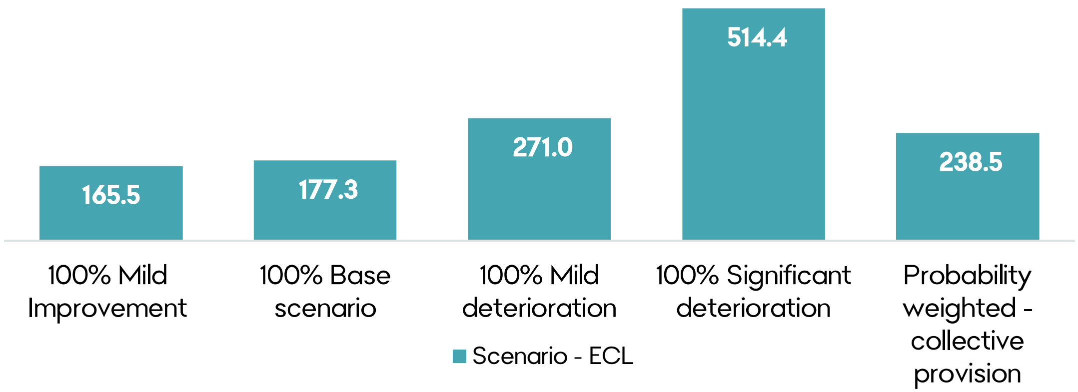
Total collective provision movements ($m)



Scenario weightings



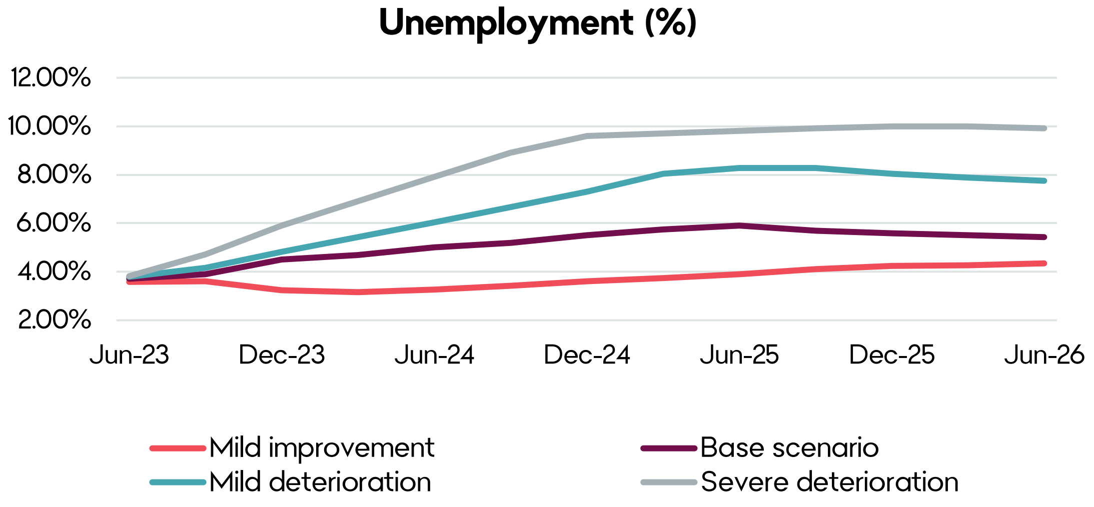
Collective provision - scenario outcomes ($m)[1,2]

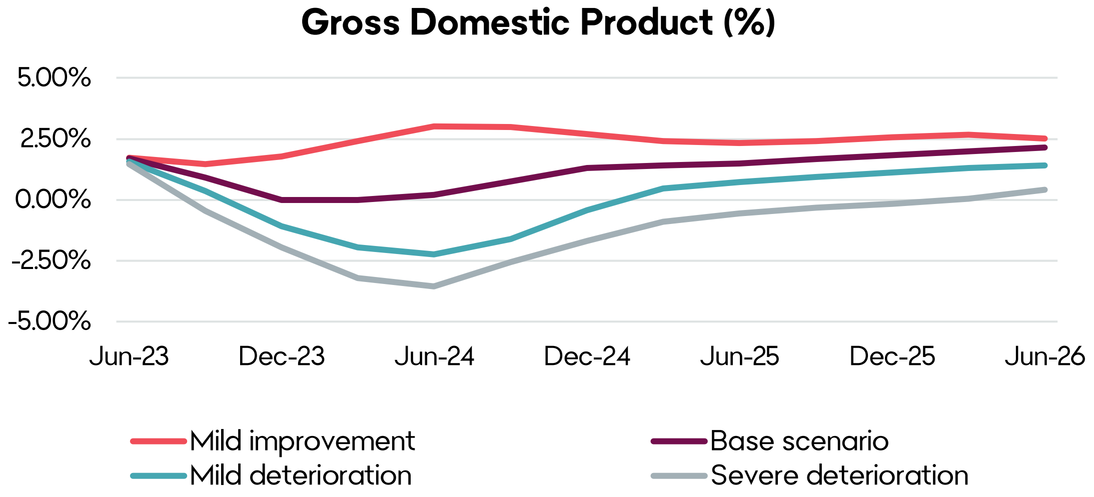


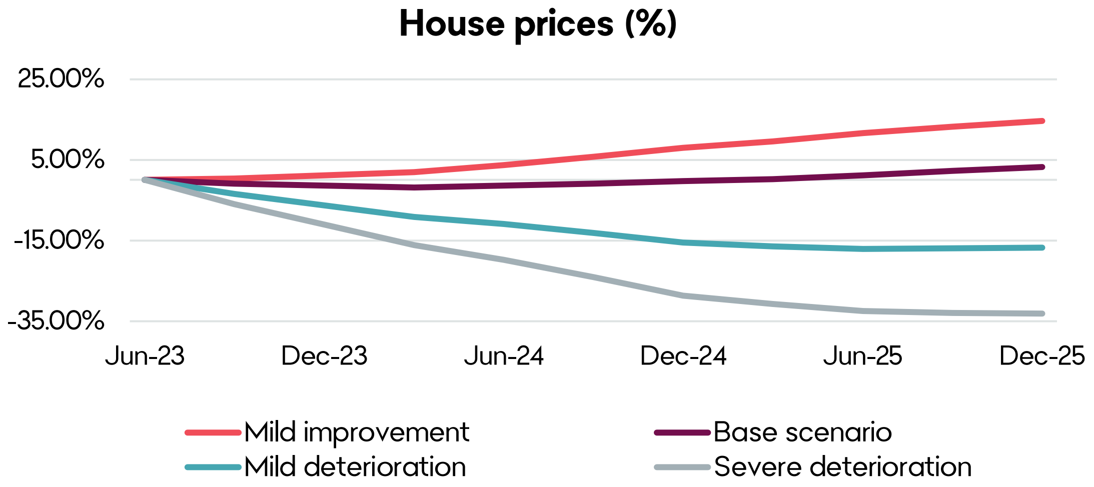
1. Excludes GRCL
2. Scenario – ECL includes economic outlooks scenario weights and related overlays

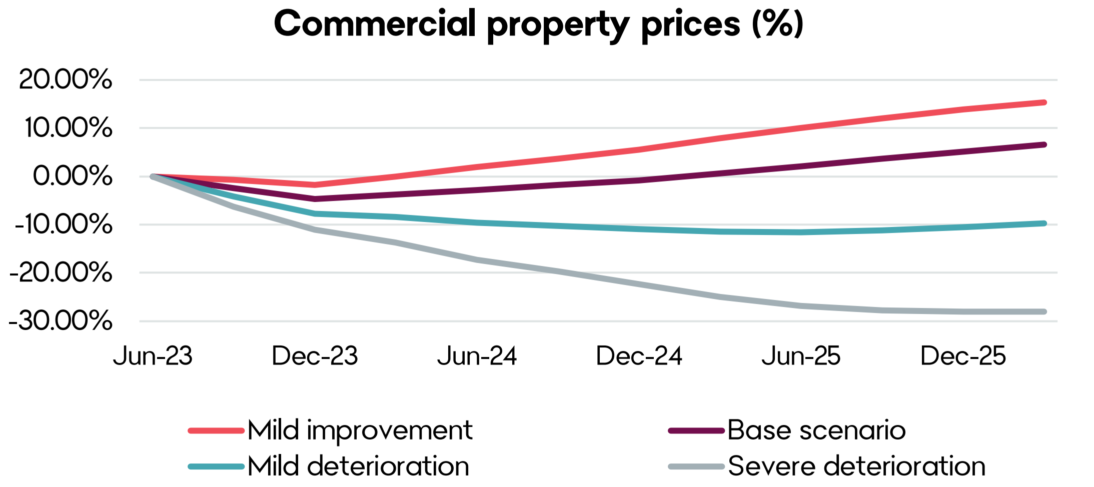
Collective provisions and scenario outcomes

Model inputs









Note: Economic inputs into scenarios as at 14 Jun 2023

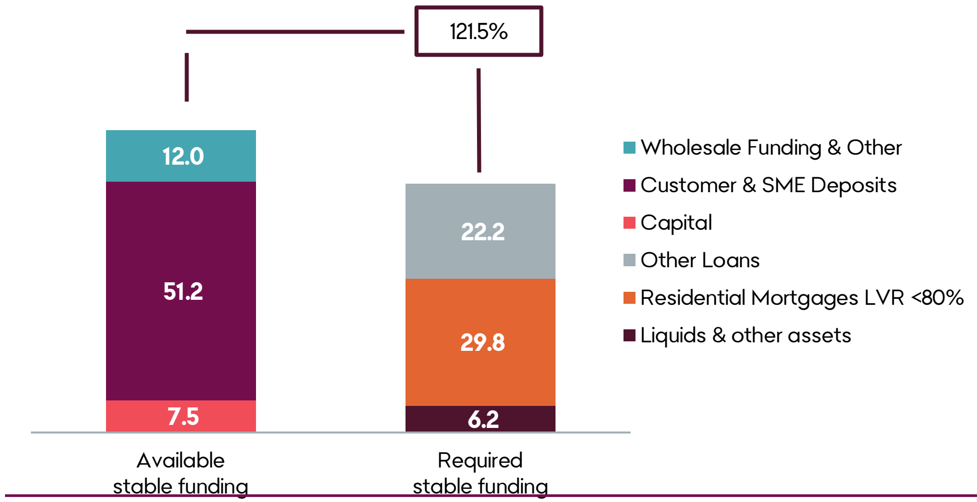
Bendigo and Adelaide Bank

LCR and NSFR

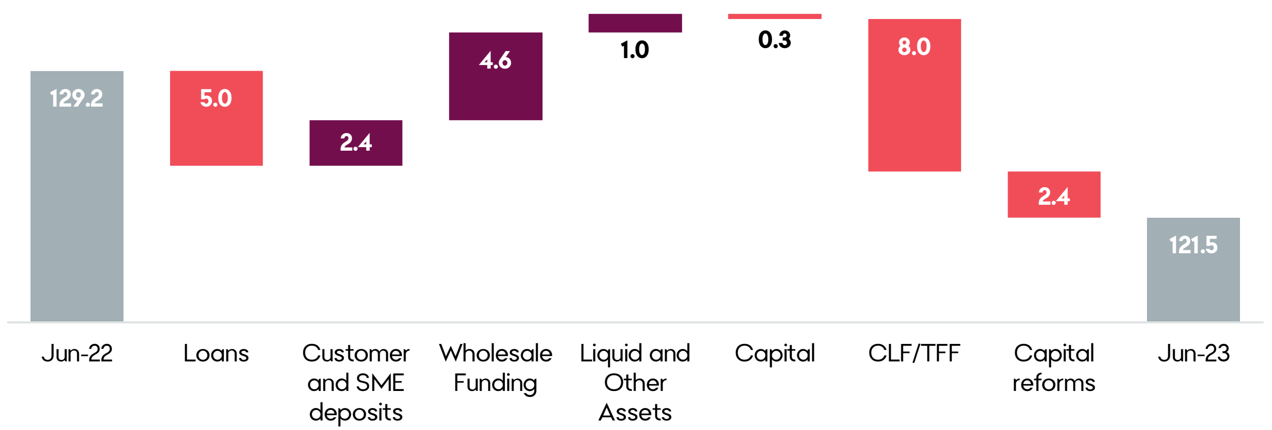
Funding & liquidity ratios remain well positioned

Net Stable Funding Ratio ($b)

As at 30 June 2023

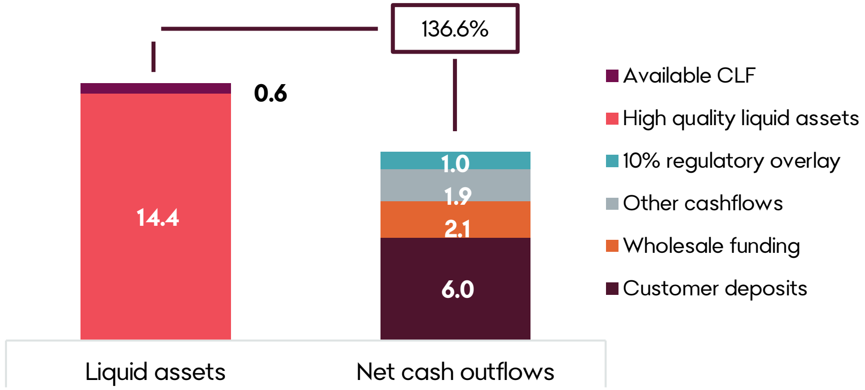


NSFR full year (%)[3]

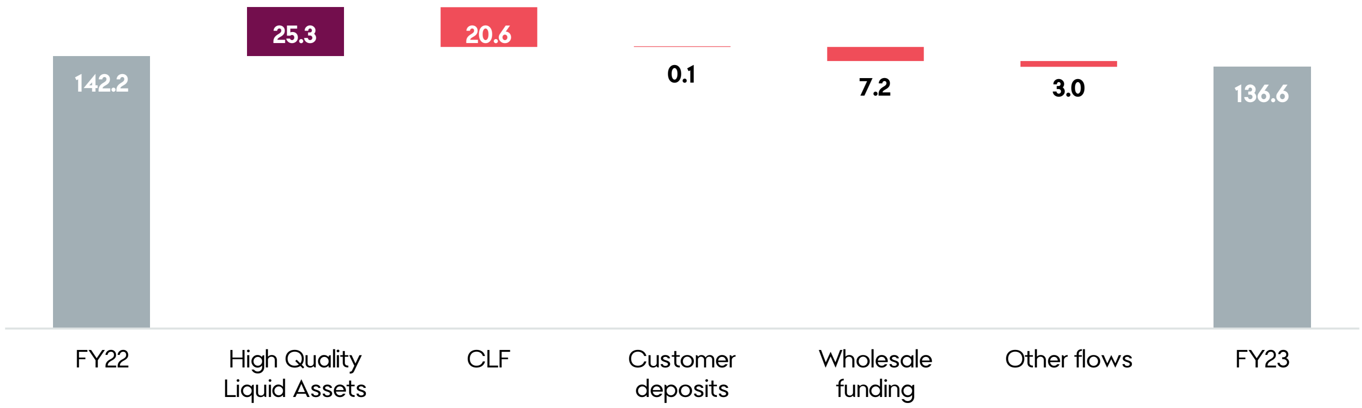


Liquidity coverage ratio LCR ($b)[1,2]

Full year average



LCR full year (%)[2,3]



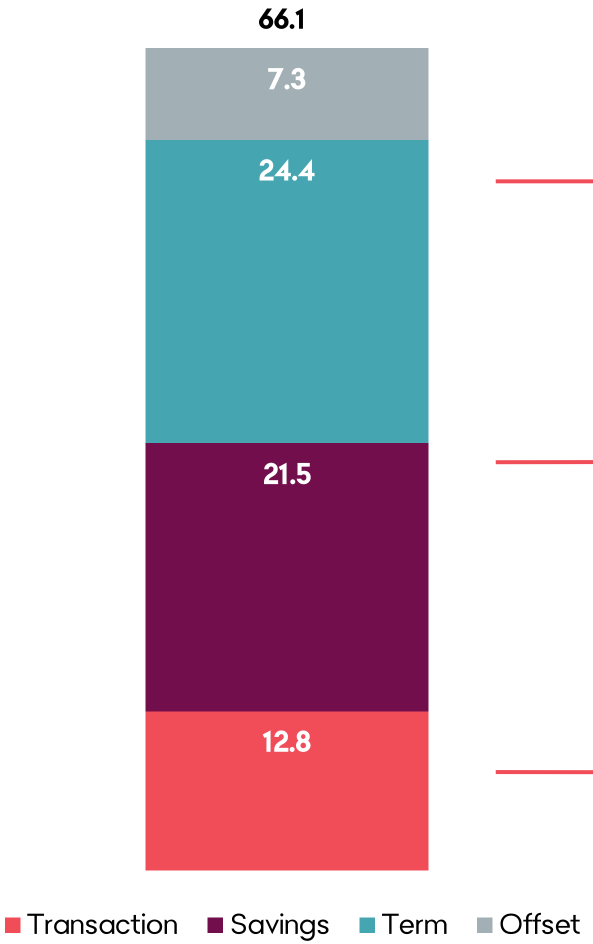
1. The total net cash outflows are inclusive of a 10 per cent regulatory overlay, which was effective from 2 Nov 2020. Removed from 9 Aug 2023
2. The LCRs quoted represent the average daily LCRs during FY23
3. BEN's Committed Liquidity Facility was reduced by $0.9b to zero on 1 Jan 2023; and BEN repaid $0.7b of RBA Term Funding Facility borrowings during the half

BendigoandAdelaideBank

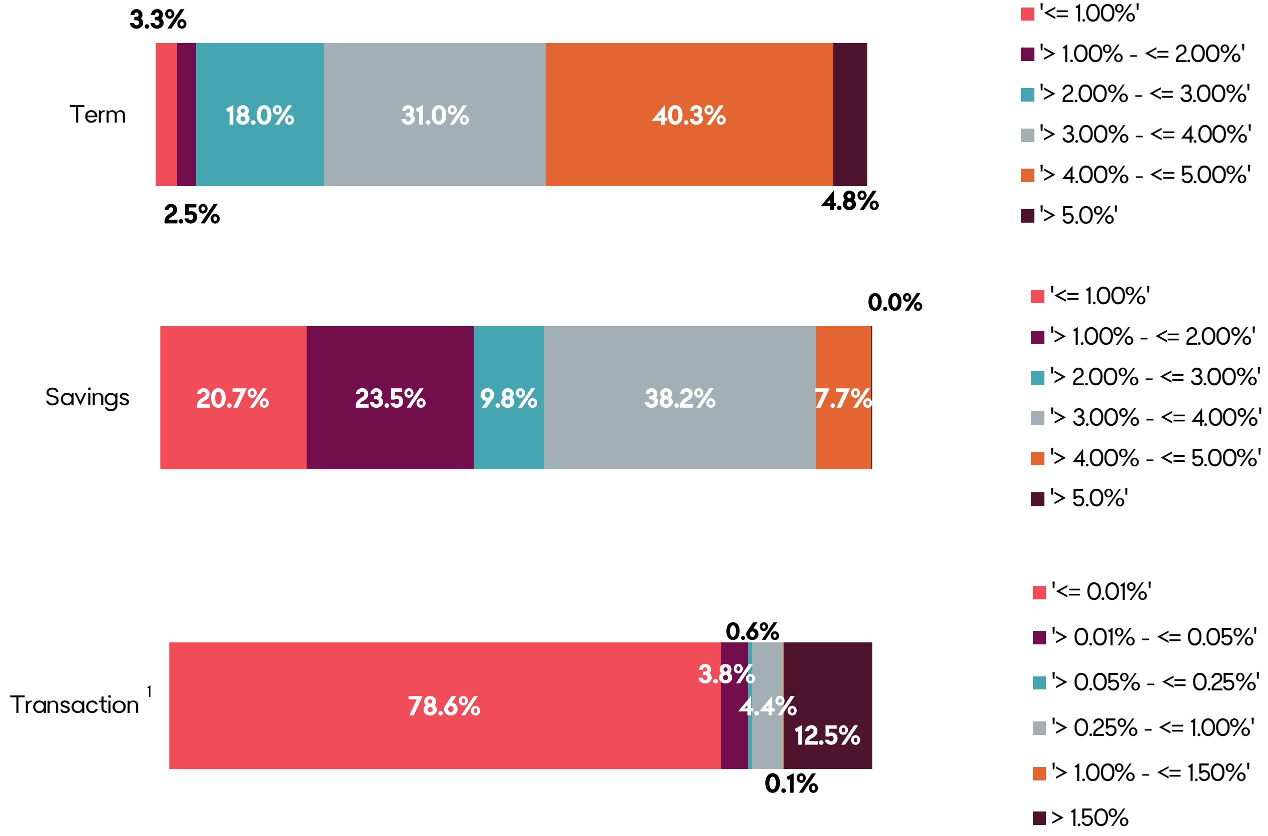
Customer deposits

Split and funding costs

Customer deposit - split ($b)



Customer deposit – funding costs



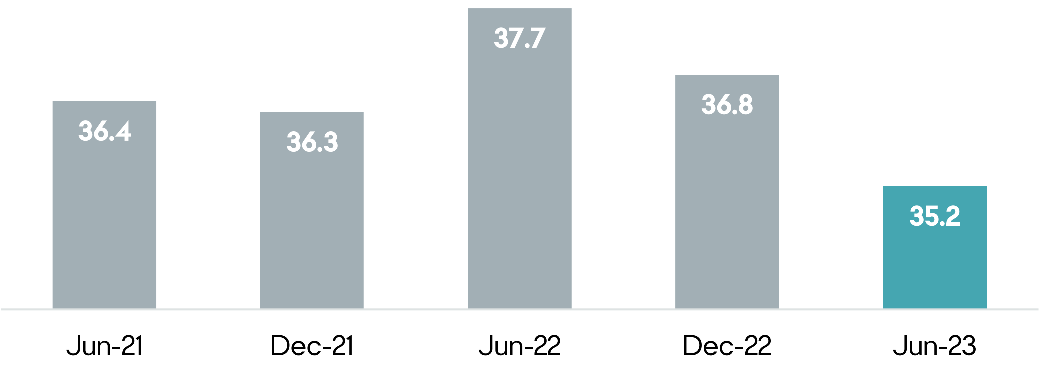
1. 12.5% interest rate band in transaction accounts mainly relates to State Government regulated trust accounts

Capital

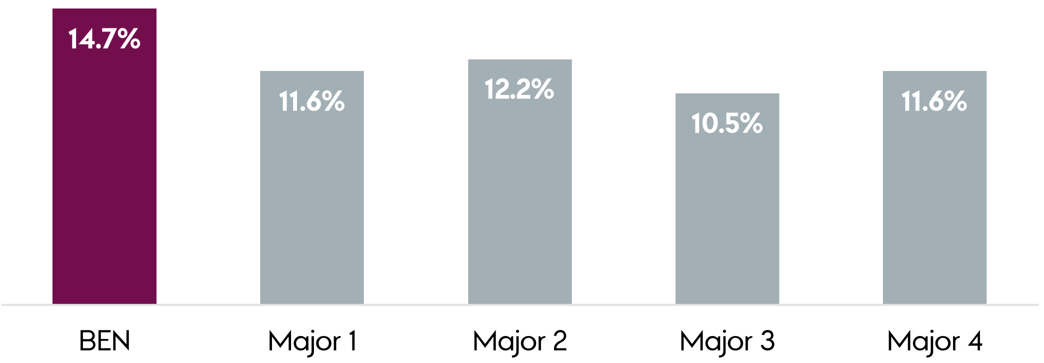
Continued strengthening in ratios

	Jun-23	Dec-22	Jun-22	Dec-21
Common Equity Tier 1	11.25%	10.13%	9.68%	9.85%
Additional Tier 1	2.18%	1.99%	1.95%	2.04%
Total Tier 1	13.43%	12.12%	11.63%	11.89%
Tier 2	2.20%	2.01%	1.97%	2.09%
Total capital	15.63%	14.13%	13.60%	13.98%
Total risk weighted assets	$37.9b	$41.5b	$42.2b	$40.5b

Credit risk weighted assets ($b)



S&P RAC Ratio[1]

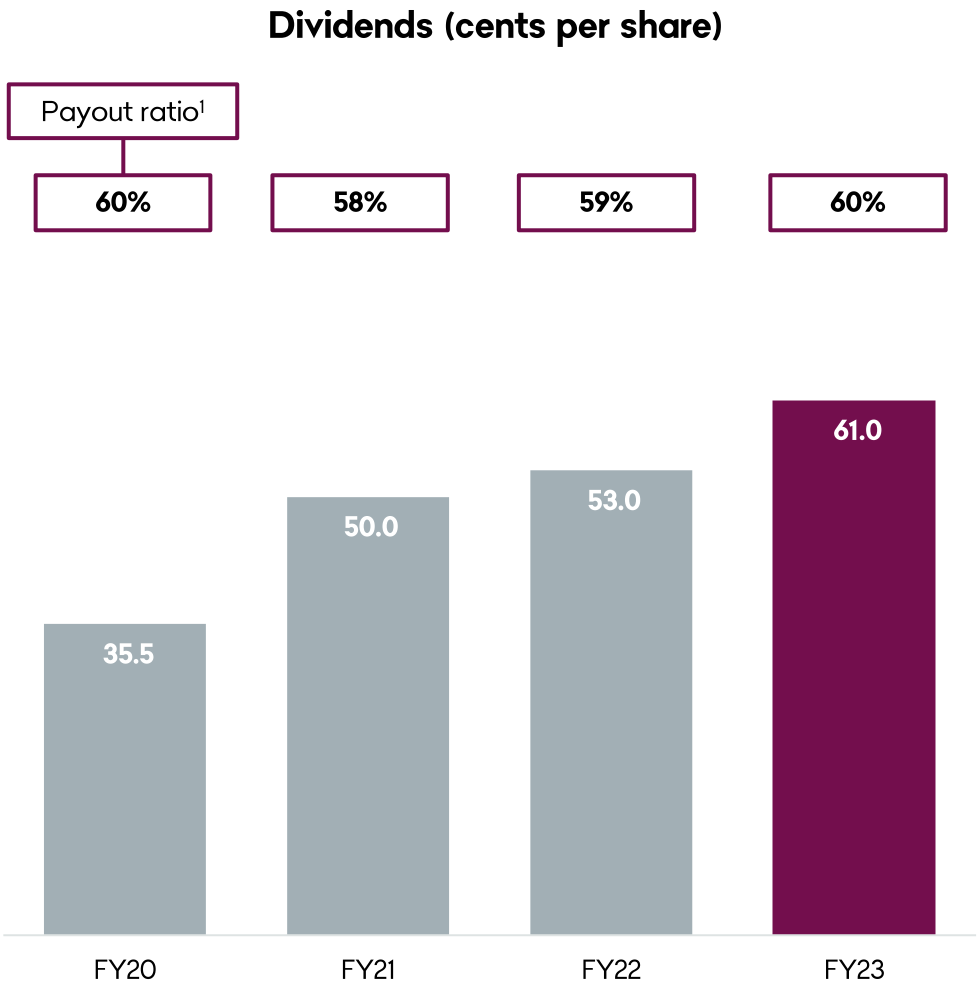


1. Standard & Poor's RAC Ratio, Major 1 as at 31 Dec 2022, Major 2, 3 & 4 as at 30 Sep 2022 & BEN as at 30 Jun 2022

Dividend

Increasing returns for shareholders

- FY23 full year dividend up 15.1% on FY22
- Dividend levels continue to be managed across the year
- Target payout ratio 60-80%
- Improvement in organic capital generation provides greater flexibility



1. Dividend payout ratio calculated on a cash basis

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This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and no representation or warranty is made as to the accuracy, completeness or reliability of the information. It is to be read in conjunction with the Bank's full year results filed with the Australian Securities Exchange on **14 August 2023** and the Bank's other periodic and continuous disclosure announcements. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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