Annual Report 2024

The better big bank for everyone

Bendigo and Adelaide Bank

Being a big bank isn't enough... we know our customers want us to be big on the things that matter to them.

With 166 years of experience, we genuinely care about our customers and their communities. We provide a better banking experience and create bigger impacts by empowering communities across Australia while being digital by design and human when it matters.

We are the better big bank.

Reporting on our progress

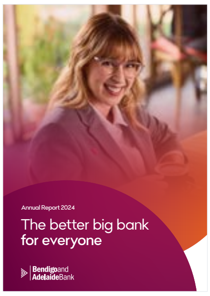
We have continued to be prudent in managing our balance sheet and disciplined in driving sustainable growth, while focusing on being big on trust, big on customers, big on community, big on impact and big on the things that matter.

Where reference is made to 2024, we are referring to the 2024 Financial Year (1 July 2023 – 30 June 2024). Where reference is made to 'the Bank', 'we', 'our' or 'us', we are referring to Bendigo and Adelaide Bank Limited and its wholly-owned and controlled subsidiaries, unless otherwise specified.

Bendigo and Adelaide Bank Limited partners with Community Banks, which are not wholly-owned nor controlled by Bendigo and Adelaide Bank Limited and the Bank does not have the power to govern their decision-making. For completeness, the Sustainability Report contains the sustainability performance of the Community Banks that disclose their activity to us.

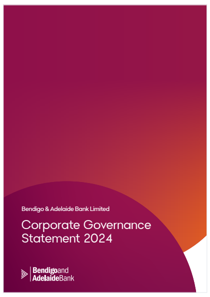
More information about our progress this year is outlined in our reporting suite.

Our Reporting Suite



Annual Financial Report

- Directors' Report
- Statutory Financial Reporting
- Sustainability Report
- Remuneration Report
- Tax Transparency Report



Corporate Governance Statement

Climate Disclosure

ESG Data Summary

All reports are available on our website via our:
Investor Centre Reports | Bendigo and Adelaide Bank
www.bendigoadelaide.com.au/investor-centre

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The Bank's contact information is available on page 292 of this report.

Acknowledgement of Country

We respectfully acknowledge the Traditional Owners of lands across Australia and pay our respects to their Elders past and present. Our head office is located on Dja Dja Wurrung land.

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

A message from our Chair

The hard work completed under our transformation program has delivered Bendigo and Adelaide Bank with the foundations and capabilities that will support the Bank's continued pursuit of sustainable growth.

Bendigo Bank has continued to undergo significant positive change over the last 12 months as part of its transformation program. In my experience, organisations don't change unless people do. The success of any transformation program ultimately comes down to the willingness of those inside the organisation to think and act differently.

Your Bank is fortunate to have so many dedicated leaders and team members who are open to change and have embraced our transformation agenda. This important program of work is ensuring the Bank can continue to deliver on its purpose of feeding into the prosperity of its customers and the community, not off them, well into the future.

The hard work completed under the transformation program has created strong foundations for your Bank. These foundations and the capabilities we have developed will allow us to leverage our points of difference and deliver sustainable growth for the benefit of all of our stakeholders.

It is pleasing to note that the Bank's balance sheet has never been stronger with our capital levels well in excess of the major banks on a standardised basis. Our Common Equity Tier 1 ratio rose seven basis points to 11.32%, which remains comfortably above regulatory requirements and APRA's definition of 'unquestionably strong'.

The Bank delivered cash earnings of $562.0 million in Financial Year 2024. The Bank's net interest margin was 1.90% and credit expenses remained at record lows. I'm also pleased to share that cost growth, excluding investment and remediation was contained to below inflation over the reporting period.

At the conclusion of the Financial Year, your Board declared a fully franked dividend of 33 cents per share for the second half, taking the full year dividend to 63 cents per share, representing a 3.3% rise on the previous year.

In declaring a dividend your Board always strives to balance the needs and interests of all our stakeholders.

In conjunction with our Community Bank partners, the Bank awarded 288 first time tertiary students a record $1.4 million in Financial Year 2024 as part of our expanded 2024 Scholarship Program which delivers on our commitment to address jobs and skills challenges in regional areas. In the last 20 years this program has provided more than $13.3 million in funding to more than 1900 students from across Australia, particularly in regional and remote areas, who might otherwise have missed out on further education.

As our Bank's current strategic plan draws to a close, your Board has worked closely with the leadership team to define the next iteration of our strategy.

I want you to know that while the Bank's strategic imperatives of reducing complexity, investing in capability and telling our story remain as relevant as ever, we continue to sharpen our approach and identify new ways to execute our vision to be Australia's bank of choice.

Renewal is a necessary part of this process. As you may know, David Foster took a leave of absence earlier this year and my appointment as Chair was made permanent on 13 May 2024. I am honoured by the appointment and look forward to guiding and supporting the Bank's capable and committed leadership team through the next phase of growth.

A diverse and complementary mix of experiences and expertise is important to the success of any board. To this end, the Bank appointed Abi Cleland as a non-executive director effective 30 April 2024. Abi is a highly skilled and experienced director with global expertise in strategy, digital, operations, and marketing. Her perspectives and contribution to our Board discussions have been welcome.

$562.0 million
Cash earnings

1.90%
Net interest margin

63 cents per share
Fully franked dividend

The Board continues to pursue education opportunities to ensure our skills remain contemporary. Importantly, the majority of your Board has been assessed as having Expert or Advanced Social and Environmental skill in the Board Skills Matrix. Acknowledging there is always more to learn, we have continued to build on our climate-related capability over the course of the year.

In addition to Board presentations on managing climate risk and the evolving nature of directors' duties, I was fortunate to attend the Cambridge Institute for Sustainability Leadership Non-Executive Director Programme in March 2024. I am confident that the Board is well placed today and will continue to enhance its ability to oversee climate-related risks and opportunities.

On 2 July 2024 your Bank announced the appointment of Chief Customer Officer Consumer Richard Fennell as our new Chief Executive Officer and Managing Director. The appointment followed the Board's careful and considered succession planning which included a comprehensive external search process. The Board is confident that Richard's strong focus on our customers, transformation strategy and significant financial expertise will lead our Bank into the next phase of sustainable growth.

On behalf of the Board, I would like to thank Marnie Baker for her leadership and immense contribution. After 35 years at the Bank, including the last six years as Chief Executive Officer and Managing Director, Marnie indicated her intention to conclude her time with us.

She has led the Bank through significant transformation and change with grace. Her authentic leadership style, warmth and commitment to our customers, people, and communities has served your Bank well. Marnie will remain in the role until 30 August 2024, with Richard commencing on 31 August 2024.

Bendigo and Adelaide Bank is a unique institution with qualities that resonate strongly with its customers. Our position as Australia's most trusted bank, our proud regional history and presence, and our reputation as a community-focused organisation has ensured your Bank stands apart in an increasingly homogenous industry.

There is however, much to be done. Going forward, the Bank will continue leveraging these deep connections through all its channels including digital which will grow our market share and deliver us the scale we need to be competitive, while upholding our commitment of being digital by design and human when it matters.

We will continue to exercise discipline and accountability in our judicious use of your shareholder capital, investing in opportunities that allow us to tap the strong demand for our products and services, accelerate our growth and create value for our customers, our communities, our people and our shareholders.

Bendigo and Adelaide Bank is in a strong position. Your Board and I are confident that we have the right leadership team in place to continue to execute on our strategy to unlock the full potential of Australia's better big bank.

Vicki Carter
Chair, Bendigo and Adelaide Bank
26 August 2024

A message from our Chief Executive Officer and Managing Director

It has been another big year for the Bank, and time to reflect on what we have delivered and how these achievements will ensure our stakeholders are supported in the future.

Bendigo Bank is proud to be an independent, regional bank. There is no other bank that has the strength, capability and differentiation. Our growing customer numbers are proof of this and underscore the important role we play in the Australian banking landscape.

The Bank retained its title as Australia's most trusted bank in Financial Year 2024. We also maintained the privilege of having Australia's most satisfied home loan customers. Our unique approach continues to resonate deeply with customer numbers rising 9.1% to 2.5 million over the year.

Our customers tell us they value the quality service and personalised interactions we offer, supported by the strength and capability of a big bank. This is what we sought to reflect in 'Bigger for you'; our major brand campaign launched earlier this year – Bigger in the ways that matter to you.

The transformational work we have undertaken will ensure the Bank remains a compelling alternative for customers well into the future. I'm pleased to share our progress with you.

As of 30 June 2024 your bank now has just four customer-facing brands in market and three core banking systems. Since 2019, the Bank has halved its number of IT applications, with over 50% of applications now in the cloud.

Looking ahead, the Bank remains committed to the goals of its transformation program and we expect the group to be running one core banking system by Financial Year 2026.

Another key achievement of the year was the launch of our new Bendigo Lending Platform. The platform standardises the processing of home loans for our customers with turnaround times equivalent to the best in market. It is currently available to our mortgage broker partners and will soon be extended across our entire branch network.

The Bank has also launched new values and behaviours for our people. These values reflect who we are today and, with so much change over a short period of time, also act as a guide for who we want to be.

Action on our sustainability agenda has also helped us deliver on our purpose. This year saw the launch of our second climate strategy via the Climate and Nature Action Plan alongside our enterprise-wide climate training for all our people.

The Bank conducted physical risk scenario analysis and disclosed financed emissions for the first time. The Bank also launched its second Accessibility and Inclusion Plan.

Our unique Community Bank model, the most tangible example of how we deliver on our purpose, continues to deliver benefits to the wider community. During Financial Year 2024 Community Banks returned $40.3 million in profit to the community or $366 million since inception. We look forward to working together with our Community Bank partners to ensure the model's ongoing success.

As the outlook for the economy and monetary policy continue to evolve, you will be pleased to know your Bank is well placed to respond. The Bank sees both opportunities and challenges ahead and stands ready to deliver for our customers who need our products and services.

The Bank's financial strength enables us to deliver on our purpose and provide care and support for our customers when they need it. Our Mortgage Help Centre, established over 25 years ago with the aim of keeping customers experiencing financial difficulty in their homes, is one example of how we do that. Our Financial Awareness Support Team, which brings together specialised and dedicated support for vulnerable customers, is another example.

We continue to look for new ways to support our customers. Our Home Loan Health Check ensures that customers have the right loans for their circumstances, while our Financial Inclusion Action Plan aims to improve the financial wellbeing of our customers, staff, suppliers and the communities we operate in.

$40.3 million invested back into communities through our Community Bank network

2.5 million Customers up 9.1%

Another important way we support our customers is by ensuring they have the tools they need to protect themselves online.

In September 2023, the Bank launched Banking Safely Online, a program designed to help our customers and the community stay safe by recognising scams and fraud. Over 150 face-to-face sessions have been held around Australia with many more to come. Our partnership with The Good Things Foundation, launched in 2023, helps customers use their digital devices more confidently by linking branches with local training organisations.

The downside to the speed and convenience of digital is fraud. In Financial Year 2024 the Bank blocked an estimated $34.4 million in fraudulent transactions. Over the last 12 months the Bank has continued to step up its efforts to detect and prevent fraud which has included backing the Scam Safe Accord, participating in various cross-sector collaborative initiatives and deploying the 'Namecheck' anti-fraud technology to around one million customers.

Bendigo Bank continues to work hard to protect our customers and our systems. Cyber fraud remains a complex, evolving, and ongoing challenge. We continue to work closely with our peers in the financial sector, government, regulators, law enforcement agencies and others to find new ways to stamp out cyber fraud.

Earlier this year the Board of directors confirmed the appointment of Vicki Carter as Chair. Vicki joined the Board in September 2018 and has over 30 years' experience in the financial services and telecommunications sectors, including at ASX-listed companies NAB and Telstra.

Vicki understands and appreciates the unique position your Bank occupies for its customers, its people and its shareholders. On a personal level, I have enjoyed working closely with Vicki and I am pleased she is your new Chair.

As you may know, this will be my last letter to you as I will be concluding my time with the Bank after 35 years, the last six as your Chief Executive Officer and Managing Director. It has been my great privilege to lead an organisation with such a strong purpose and sense of identity.

I have always enjoyed the regular opportunities to connect with so many of our people, customers and shareholders in my time here. I leave you in the capable hands of Richard Fennell and have every confidence that the Bank will continue to thrive and make a positive impact under his leadership.

As I prepare to leave the organisation I have had the opportunity to reflect on what has been achieved on your behalf.

The hard work of the past six years has created strong foundations for the Bank and ensures it can continue to deliver on its purpose well into the future. The Bank continues to lead the sector with its trust and advocacy scores and its deep connection with its customers and the communities we serve are as strong as they have ever been.

Put simply Bendigo Bank is the only genuine and credible challenger to the major banks. There is no other bank with the strength, capability and unique characteristics of Bendigo Bank.

Bendigo Bank has always occupied a special place in the Australian banking landscape for its customers, its people and its shareholders. I'm sure you will agree that it is important we continue working hard to preserve what has made it special for the generations to come.

Marnie Baker
Chief Executive Officer and Managing Director, Bendigo and Adelaide Bank

26 August 2024

About us

Established
in 1858
with 166 years' experience

From our origins in the goldfields in the 1800s, we've grown into a top 100 ASX-listed bank. The only ASX 100 bank based in regional Australia.

We are Australia's most trusted bank[1] and for 166 years we have actively listened and responded to the needs of our customers and their communities.

Relationships are at our core. We have grown to be the fourth largest branch network in Australia and our digital bank Up has grown to 920,000 customers in six years and we deliver long-term sustainability and prosperity through our Community Bank model.

Our vision

Australia's bank of choice

Our purpose

To feed into prosperity, not off it

Our strategy

Reduce complexity	Invest in capability	Tell our story

Our values

Make a difference	Be better together	Own it	Find the right way

1. Roy Morgan.

Bendigo and Adelaide Bank's Executive at the Investor Day in July 2024
Photographer: Joseph Mayers

Our reach

Bendigo and Adelaide Bank's national reach through our branch network

Creating value

Our value drivers

A relationship driven bank

driving positive customer experiences with community at the heart of who we are and why we exist

Diverse, engaged and empowered team

that are performance, impact and outcomes-focused

Simplified operating model

supported by our digital transformation agenda

Strong balance sheet and risk management

enabling profitable and sustainable growth

Sustainability and impact focused

delivering positive environmental, social and governance outcomes for our people, customers, communities and shareholders

Our business

Bendigo and Adelaide Bank

Our network of brands provide a wide range of products and services to over 2.5 million customers, including personal and business banking, financial planning, commercial mortgages and unsecured loans, investment products, insurance and superannuation

Bendigo Bank

Delivers retail banking products and services to our retail customers via a national network of branches and agencies

up

A digital-first bank creating financial freedom through technology, innovation and creativity

Leveraged

Australia's first margin lending specialist

RURAL BANK

Provides specialist banking services, knowledge and leadership for Australian farmers to grow

What makes us unique

Community

With our purpose to feed into prosperity, we seek to build more capable, resilient and self-determining communities through models like our internationally recognised Community Bank model

Regional

As the only regionally headquartered ASX-listed bank, our heart and soul, and our values remain firmly rooted in regional and rural Australia, where relationships are built on trust, care and a strong sense of community

Trust

Being Australia's most trusted bank and maintaining our sustained reputational strength is integral to our Bank's success and sustainability

Our purpose To feed into prosperity, not off it

Our vision Australia's bank of choice

Material topics	Value created
Maintaining a strong culture Page 91 Customer satisfaction Page 104 Thriving communities Page 111 Financial crime risk Page 115 Data privacy and security Page 119 Climate change Page 122	**Shareholders** • $562.0 million cash earnings after tax • Net Interest Margin 1.90% • 8.18% Return on Equity • Cost to income ratio of 57.5% **Our people** • Employee engagement score of 77%[1] • Launched our second Accessibility and Inclusion Plan • Refreshed the Bank's Values, Behaviours and Code of Conduct • Female gender diversity at 59%[2] • Median gender pay gap of 24.5% at 30 June 2024[3] **Customers** • Australia's most trusted bank[4] • Over 2.5 million customers • Outstanding customer satisfaction for Bendigo Bank and Up[5] • Most Trusted Agribusiness bank among Australian farmers[4] • Blocked $34.4 million in fraud or scam transactions **Communities** • 23 Community Bank companies certified as social enterprises[6] • Launched Community Impact Hub to measure community impact • Supported financial wellbeing with Banking Safely Online & Good Things Foundation • Launched Financial Inclusion Action Plan • $40.3 million invested back into communities through our Community Bank network **Environment** • Launched second Climate & Nature Action Plan • Reduced Scope 1 and 2 emissions by 85.5% from a 2020 baseline • Completed Physical Risk Scenario Analysis • Maintained CDP score of B • 53% of the Bank's people completed voluntary climate change training

Our values Make a difference | Be better together | Own it | Find the right way

1. Employee engagement score is based on a survey.
2. 2022 Board figure does not include the CEO & MD, however the 2023 and 2024 figure does.
3. 2024 figures include all Bendigo and Adelaide Bank employees employed under BEN RV and Bendigo and Adelaide Bank. Per WGEA guidance, 2024 figure includes CEO and excludes Board members, contractors and Community Bank employees. CEO is excluded from previous years calculations.
4. Roy Morgan.
5. Mozo.
6. Social Traders certification.

Our strategy

We have made significant progress in executing against our strategic imperatives: reducing complexity, investing in capability and telling our story.

We have greatly simplified the Bank, including our brands, our systems and our processes. We've developed and sourced the expertise and capability required, and we've built the infrastructure needed, to better support our customers. We've uplifted our risk management capability, supported by our leadership team to deliver on our business strategy and guide our motivated and engaged workforce who are united by our purpose and believe in our vision.

Banking is an increasingly homogenous industry, yet Bendigo and Adelaide Bank remains differentiated by our authentic customer focus, and our unique qualities that resonate deeply with our customers.

- Strong reputation as Australia's most trusted Bank;
- Proud regional heritage and values; and
- Enduring support for local communities.

Our deep customer focus is core to our strategy and is reflected in the strength of our customer loyalty, advocacy and particularly the quality of our deposits franchise.

We are now in a position to bring it all together – our capability, our differentiation and our strength – in a way that supports our objectives for sustainable growth and returns.

Our vision

Australia's bank of choice

Our purpose

To feed into prosperity, not off it

Strategic imperatives

Reduce complexity	Invest in capability	Tell our story

Customer Centric Operating Model	Customer Value Proposition	Growth and Transformation Strategy	ESG & Sustainability Business Plan
Digital by design, human when it matters	Based on trust, authenticity, knowledge, expertise, connection and personalised relationships	Propelled by human, digital and community connections	Managing ESG and Sustainability risks and opportunities

For our customers, people, partners, communities and shareholders

Community Banks: our unique model

In the late 1990s in response to changes in the banking environment, Bendigo and Adelaide Bank saw an opportunity to create a new banking model – the Community Bank model.

This model was developed on principles of shared value recognising that partnering and sharing revenue with communities could enable their long-term sustainability and prosperity while also creating business value for the Bank through new markets.

Today, twenty-six years later, we partner with more than 300 Community Bank branches throughout Australia and have returned more than $366 million back into communities[1].

Up: Australia's best Digital Bank[2]

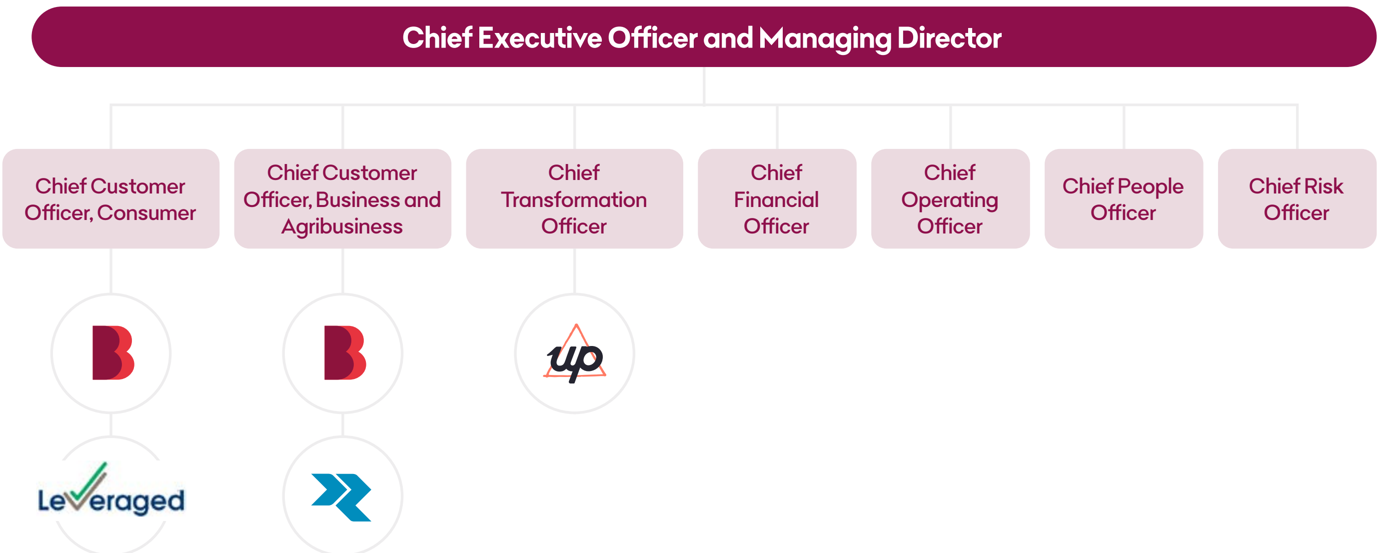
We have created Australia's first and best digital bank with Up. Since 2018, Up has grown to 920,000 customers, has a Net Promoter Score of 49.0[3] and fostered a generation of Savers through innovative and intuitive functionality. The team at Up are focused on building the best digital banking experience on earth.

Up makes money easy by providing tools to save without stress and assist you with your budgeting. Upsiders (Up's customers) have created and refined these experiences through regular and direct feedback helping us shape the future of money together. This unique digital model continues to evolve through Up High, the Early Access program for subscription offers and Up Home loans.

Relationships at our core

At our core, we are a relationship driven bank. Whether engagement is with our customers, our Community Bank network, our people, our suppliers and partners, or other stakeholders whom we create value for, we're focused on feeding into prosperity, not off it.

Each division across our organisation prioritises engagement with different stakeholders, so our model is designed to help us deliver on our vision and strategy. Our leaders drive accountability while ensuring roles and responsibilities are appropriately cascaded.



1. Since inception of the model in 1998.
2. Best digital bank highest rated banking app on the App store and Google Play.
3. Roy Morgan Net Promoter Score – Roy Morgan Research. 6 month rolling average as at June-24. Net promoter, Net Promoter System, Net Promoter Score, NPS and NPS-related emoticons are registered trademarks of Ban & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Our Executive

Marnie Baker
CEO and MD

BBus, ASA, MAICD and SFFin

Marnie lives on the land of the Dja Dja Wurrung people of the Kulin Nation.

Marnie was appointed Chief Executive Officer and Managing Director in July 2018.

Marnie has over 35 years' experience in the financial services industry, across banking, trustee and custodial services, financial planning, insurance and funds management.

Marnie has been with Bendigo and Adelaide Bank since 1989, and an Executive of the Bank since 2000. Her most recent positions include Chief Customer Officer which had responsibility for all the customer-facing and direct customer support businesses across the Group, Executive Corporate Resources with responsibility for human resources, information technology, legal, assurance, property and security, procurement, and corporate services, as well as previous positions of Chief Information Officer, Group Treasurer and Chief Executive Officer Sandhurst Trustees.

Other director and memberships:

- Director of Regional Institute Australia
- Deputy Chair of Australian Banking Association Limited
- Member of Business Council of Australia

Ryan Brosnahan
Chief Transformation Officer

MSc Finance, BCom(Acc)

Ryan joined the Bank in 2019 and is responsible for driving the Group's digital transformation program, a key enabler of the Bank's strategy, in addition to running the digital, data, payments, and technology functions.

With more than 25 years' international experience in the financial services industry across Australia, New Zealand, Asia, the United States and United Kingdom, Ryan has led significant and complex growth and transformational change initiatives across multiple functions and businesses in financial services, and has a deep passion for harnessing the power of technology to improve the way we live and work.

Prior to joining Bendigo and Adelaide Bank, Ryan held Executive responsibility for key portfolios, including enterprise-wide transformation, technology, strategy, operations and risk at ANZ. Ryan holds a Masters in Finance from London Business School and a Bachelor of Commerce in Accounting and Finance. He is also a graduate of the Executive Leadership of Major Projects Program from Sydney University and is a member of the Chartered Accountants of Australia and New Zealand and a member of the Australian Institute of Directors.

Ryan is also a non-executive director of Australian Payments Plus, supporting the ongoing sustainability of Australia's payment systems, and sits on the Advisory Committee for the School of Project Management at Sydney University.

Taso Corolis
Chief Risk Officer

BEc, BCom, Grad Dip App Fin & Invest.

Taso lives on the traditional Country of the Kaurna people of the Adelaide Plains.

Taso Corolis joined the Bank in 2011 and was responsible for qualitative analytics, reporting and risk governance within Group Risk. He joined the Bank from Rural Bank (a division of Bendigo and Adelaide Bank), where he has served as the Chief Risk Officer since 2008. Taso has more than 25 years' experience in the financial services industry. This includes ten years in senior roles within the Australian Prudential Regulation Authority (**APRA**). He holds degrees in Economics and Commerce and postgraduate qualifications in Finance and Investments.

Taso is also a non-executive director of Workskil Australia, a national not-for-profit and charitable organisation committed to transforming people's lives through employment, health, Indigenous and disability services.

Richard Fennell
Chief Customer Officer,
Consumer Banking

BEc, CA, MAICD.

Richard lives on the traditional Country of the Kaurna people of the Adelaide Plains.

Richard has been appointed Chief Executive Officer with effect from 31 August 2024 and has been with the Bank since 2007. Richard has been leading the Bank's Consumer Banking Division since 2018. This includes the Retail, Third Party and Wealth businesses, which are focused on the delivery of our consumer-focused products and services through our company owned and Community Bank branches and through a range of partner organisations including mortgage brokers and financial advisors.

Prior to this, Richard was the Bank's Chief Financial Officer between 2009 and 2018 and Executive Group Strategy between 2007 and 2009. Richard spent the early part of his career in finance and consulting, primarily with PricewaterhouseCoopers in Australia and Asia.

A keen supporter of sport and the arts in South Australia, Richard has been a Director of the Adelaide Football Club since 2017 and is a member of the Board of Governors of the Helpmann Academy, an organisation supporting young artists as they transition from tertiary study to artistic careers.

Andrew Morgan
Chief Financial Officer

BCom, FCPA, GAICD

Andrew lives on the lands of the Gadigal people of the Eora Nation.

Andrew Morgan took up his role with Bendigo and Adelaide Bank in June 2022.

With more than 30 years of global financial services experience behind him, Andrew joined the Bank from Colonial First State where he was Chief Financial Officer.

Prior to Colonial First State, Andrew was Chief Financial Officer and Acting Managing Director of MLC Wealth. He also spent nine years at Commonwealth Bank, including four years as the Chief Financial Officer of its Business and Private Banking and Bankwest businesses.

Andrew has considerable banking experience and throughout his career he has demonstrated the ability to transform, simplify and create value for the businesses he has been involved with.

Adam Rowse
Chief Customer Officer,
Business and Agribusiness

MBA

Adam lives on the sovereign lands of the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung Peoples of the Eastern Kulin.

Adam Rowse joined Bendigo and Adelaide Bank in July 2022 as its new Chief Customer Officer Business and Agribusiness.

Adam leads the Bank's business and agribusiness divisions where he ensures customers have the support they need to grow their businesses. He is leading the transformation of this division, which helps the Bank achieve its aim of being Australia's bank of choice.

Prior to taking up his role with the Bank, Adam spent 14 years in the United Kingdom at Barclays Bank.

During his time there, Adam was the Head of Business Banking, where he helped establish Barclays as the number one business and agribusiness bank alongside a number of other senior roles.

Before joining Barclays, he spent more than a decade at NAB.

Adam, who was raised on a farm in Gippsland, is based in Melbourne.

Our Executive (continued)

Bruce Speirs
Chief Operating Officer

B.Com, CA, MBA, GAICD

Bruce lives on the traditional Country of the Kaurna people of the Adelaide Plains.

Bruce joined the Bank in 2004, holding a number of senior finance and business leadership roles across the Group. In 2015 Bruce was appointed to the Group Executive in the role of Executive Partner Connection, which was responsible for the Bank's Third-Party Banking businesses and then in 2018 as Executive Business Banking. Bruce was appointed to his current role as Chief Operating Officer in 2022, with a focus on productivity improvements across the Group, further strengthening our processes and practices and reducing complexity in our operations. Bruce is also the Bank's appointed Director on the Board of Tiimely.

Prior to joining Bendigo and Adelaide Bank, Bruce worked for Ernst & Young for over nine years working across Australia, the United Kingdom and the United States. He is a Chartered Accountant, MBA and AICD Graduate.

Louise Tebbutt
Chief People Officer

BBus (HR and Industrial Relations) (RMIT)

Louise lives on the sovereign lands of the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung Peoples of the Eastern Kulin.

Louise joined the Bank in October 2018 as Chief People Officer after more than 20 years in senior human resources roles. At the Bank, Louise is responsible for lifting capability and building a performance culture to support Group growth and productivity. Louise has worked across and been responsible for all aspects of human resource functions including organisational development, talent acquisition and sourcing strategies, industrial relations and safety. A particular area of focus continues to be organisational culture, including risk culture and the way in which this impacts business outcomes.

Louise holds a Bachelor of Business and is a lifelong human resources practitioner, with a deep passion for building organisational capability within a culture of performance and accountability, underpinned by shared common values. Louise is on the Board of RULE Prostate Cancer.

Louise Tebbutt resigned as Chief People Officer on 17 June 2024.

Jess, Naomi and Brooke at a BEN Live event in Bendigo in February 2024

Directors' Report

The Directors of Bendigo and Adelaide Bank Limited present their report together with the financial report of Bendigo and Adelaide Bank Limited (the Bank) and its controlled entities (the Group) for the year ended 30 June 2024.

Directors' Information

The names and details of the Directors in office as at the date of this report are as follows:

Vicki Carter
Independent Chair

BA (Social Sciences), Grad Dip Mgt, Certificate in Executive Coaching, GAICD, 60 years

Vicki lives on the land of the Bunurong people of the Kulin Nation.

Vicki joined the Board in September 2018 and was appointed Interim Chair in April 2024 and Chair in May 2024. Vicki is also a member of the Board People and Culture Committee, Board Technology and Transformation Committee, and Board Risk Committee.

Vicki has over 30 years' experience in the financial services and telecommunications sectors with executive roles in distribution, strategy and operations, human resources and transformation.

Vicki's former roles include Executive Director, Transformation Delivery at Telstra, and prior to that, she held several executive roles at NAB including Executive General Manager, Retail Bank, Executive General Manager, Business Operations and General Manager, People and Culture, as well as senior leadership roles at MLC, ING and Prudential Assurance Co Ltd.

Other director and memberships: [1]

- Director of ASX Limited (ASX:ASX) (Feb 2023 to present)
- Director of IPH Limited (ASX:IPH) (Oct 2022 to present)

Marnie Baker
CEO and MD

BBus, ASA, MAICD and SFFin, 56 years

Marnie lives on the land of the Dja Dja Wurrung people of the Kulin Nation.

Marnie was appointed Chief Executive Officer & Managing Director in July 2018.

Marnie has over 35 years' experience in the financial services industry, across banking, trustee and custodial services, financial planning, insurance and funds management. Marnie has been with the Bendigo and Adelaide Bank Group since 1989, and an Executive of the Bank since 2000. Her most recent positions include Chief Customer Officer which had responsibility for all the customer facing and direct customer support businesses across the Group, Executive Corporate Resources with responsibility for human resources, information technology, legal, assurance, property & security, procurement, and corporate services, as well as previous positions of Chief Information Officer, Group Treasurer and Chief Executive Officer Sandhurst Trustees.

Marnie brings to the Board a strong understanding and connection to regional Australia as well as an extensive array of skills, knowledge and experience from over 35 years in financial services, two thirds of which has been in Executive positions. Marnie is not a member of any Board Committees.

Other director and memberships: [1]

- Director of Regional Institute Australia
- Deputy Chair of Australian Banking Association Limited
- Member of Business Council of Australia

Abi Cleland
Independent

MBA, BCom/BA, 50 years

Abi lives on the land of Wurundjeri Woi-wurrung people of the Kulin Nation.

Abi joined the Board in April 2024 and is Chair of the Board People and Culture Committee and a member of the Board Technology and Transformation Committee and the Board Risk Committee.

Abi has global expertise in strategy, digital, supply chain, M&A and operations with broad experience across a range of sectors including financial services, retail, technology and infrastructure.

Abi is passionate about businesses being customer led and digitally enhanced, using data to deliver better outcomes for customers and sustainable returns for investors.

Abi has held senior corporate roles with Amcor, Incitec Pivot, ANZ, Caltex and as Managing Director at KordaMentha's 333. From 2012 to 2017, Abi established and ran an advisory and management business, Absolute Partners, focused on strategy, innovation, and disruption.

She was previously a Non-executive Director of Sydney Airport Corporation, Chair of Planwise AU, a Director of Swimming Australia and on the Lazard PE Fund advisory committee.

Other director and memberships: [1]

- Director of Coles Limited (ASX:COL) (2018 to present)
- Director of Computershare Limited (ASX:CPU) (2018 to present)
- Director of Orora Limited (ASX:ORA) (2014 – 30 Sep 2024)

1. Including other listed companies for the previous three years.

Directors' Information (continued)

Richard Deutsch

Independent

BE, FCA, 57 years

Richard lives on the land of the Bidjigal and Gadigal people of the Eora Nation.

Richard joined the Board in September 2021 and is Chair of the Board Audit Committee and a member of the Board Financial Risk Committee.

Richard most recently served as CEO of Deloitte Australia, the Managing Partner of the Audit & Advisory Practice and a member of the Global Audit & Advisory Leadership Team. Richard's career includes more than 25 years working with PwC, including nine years on PwC's Australian executive.

Richard's former directorships include serving as President and Chairman of the Institute of Chartered Accountants Australia (now Chartered Accountants Australia and New Zealand). He has been a member of the Business Council of Australia.

Other director and memberships: [1]

- Chair Movember Foundation
- Director of AUB Group Limited (ASX:AUB) (Dec 2022 to present)
- Director of Hollard Holdings Australia Pty Ltd (July 2024 to present)

David Foster

Independent

B.AppSci, MBA, SFFin, FAIM, GAICD, 55 years

David lives on the land of the Kabi Kabi people.

David joined the Board in September 2019 and is currently on a leave of absence since 17 April 2024. David was Chair of the Board until 10 May 2024.

David's executive career, primarily in financial services, has spanned over 25 years, most recently as CEO of Suncorp Bank from 2008 to 2013. He also held several senior roles with Westpac Banking Corporation in Sydney and Queensland across a 14-year period. David was previously the Chair of Motorcycle Holdings Limited, G8 Education Limited and Star Entertainment Group Limited.

David has experience in strategy, mergers and acquisitions, operational leadership, finance and risk management, product management and marketing, and change management.

Other director and memberships: [1]

- Chair of Youi Holdings Group Limited (NED from July 2019 & Chair from Sept 2022 to present) *on leave of absence since 17 April 2024*
- Former Director of Star Entertainment Group Limited (ASX:SGR) (Dec 2022 to June 2024)
- Former Director of G8 Education Limited (ASX:GEM) (Feb 2016 to May 2024)
- Former Director of Helia Group Limited (previously Genworth Mortgage Insurance Australia Limited) (ASX:GLI) (May 2016 to Mar 2022)
- Former Director of Motorcycle Holdings Ltd (ASX:MTO) (Mar 2016 to Dec 2022)

David Matthews

Independent

Dip BIT, GAICD, 66 years

David lives on the land of the Wotjobaluk people of the Kulin Nation.

David joined the Board in March 2010. David is a member of the Board Audit Committee and the Board Financial Risk Committee. David is also a member of the Community Bank National Council.

David has extensive connections and experience with regional and rural Australia. David played a fundamental role in the creation of the Community Bank network and chaired the first Community Bank company in Australia which began in Rupanyup and Minyip in regional Victoria.

David has broad experience in agribusiness from production to international trade, deep community connections and an understanding of the critical role 'people' play in business success.

Other director and memberships: [1]

- Director of Farm Trade Australia Pty Ltd
- Former Director Rupanyup/Minyip Finance Group Limited
- Former Director of Australian Grain Technologies Pty Ltd

1. Including other listed companies for the previous three years.

Alistair Muir

Independent

Dip. Comp Sci, BSC (Hons), MAICD, 43 years

Alistair lives on the land of the of the Bidjigal and Gadigal people of the Eora Nation.

Alistair joined the Board in September 2022. Alistair is Chair of the Board Technology and Transformation Committee and a member of the Board Risk Committee and the Board People and Culture Committee.

Alistair is an experienced digital executive and entrepreneur with almost 20 years' experience working in financial services and technology across a broad range of ASX 50 and Fortune 500 companies.

Alistair is currently the Managing Director of advisory business Vanteum and has advised several banks, insurers, and Fintech businesses on Open Banking and the Consumer Data Right (CDR) as well as advising several government departments in Australia and overseas on Fintech and digital innovation. He was previously Director and Chair of the Technology Board committee at Humm Group Limited.

Other director and memberships: [1]

- Director of Helia Group Limited (formerly Genworth Mortgage Insurance Australia Limited) (ASX:HLI) (Dec 2021 to present)
- Member of ASIC's Consultative Panel
- Advisor to CSIRO on the commercialisation of science and technology
- Former Director of Humm Group Limited (ASX:HUM) (Mar 2021 to Jun 2022)

(Patricia) Margaret Payn

Independent

B.A (Honours) French and Pure Mathematics, ICAEW Fellow (FCA), 64 years

Margaret lives on the land of the Kaurna people.

Margaret joined the Board in September 2023 and is Chair of the Board Financial Risk Committee and a member of the Board Audit Committee.

Margaret's career has been mainly in finance, risk and operational roles across financial services including retail banking, institutional banking and wealth management. She also has significant non-executive experience covering publicly listed companies, subsidiaries of large, listed companies and responsible entities for investment schemes and trusts for both public and private markets. She has extensive global experience, having worked in Australia, Asia and the UK.

Margaret's most recent executive position was AMP Capital's Chief Financial Officer and Chief Operating Officer; she has also held roles as Group Managing Director of Strategy and Marketing at ANZ Banking Group and senior finance roles across ANZ, Westpac and Citigroup Australia. Prior to that, Margaret held senior finance and business roles at Schroders plc in Asia, London and Australia. She was also the Group Risk director during her time in London.

Other director and memberships: [1]

- Chair of Sandhurst Trustees Limited (Aug 2024 to present)
- Director of Albion Technology & General VCT plc
- Former Director of JP Morgan Mid Cap Investment Trust plc

Victoria Weekes

Independent

BCom (UNSW) LLB (UNSW), FAICD, 62 years

Victoria lives on the land of the Wangal people of the Eora Nation.

Victoria joined the Board in February 2022. Victoria is Chair of the Board Risk Committee and member of the Board Audit Committee.

Victoria has over 35 years of experience in financial services. Victoria has held executive roles with major Australian listed companies and multi-nationals including Westpac, Citi, Allens and Jarden Morgan (now CS First Boston). Victoria is the Deputy Chair of the ASIC Markets Disciplinary Panel and former chair of NSW Treasury Audit and Risk Committee.

Victoria has been a non-executive director and chair with experience across a range of organisations in the public, private, government and not-for-profit sectors, with expertise in risk management, regulation, and compliance at both executive and board level.

Victoria is a Senior Fellow and past president of professional standards body FINSIA, a Fellow of the Australian Institute of Company Directors, a Chartered Banker and was previously the chair of the Australian Gender Equality Council. Victoria was a former director of URB Investments Limited (ASX:URB).

Other director and memberships: [1]

- Chair of Pinnacle Housing Partnership Limited (Sept 2023 to present)
- Director of Alcidion Group Limited (ASX:ALC) (Sept 2021 to present)
- Member of State Library Council of NSW
- Member of ASIC's Markets Disciplinary Panel
- Treasurer of the Australian Gender Equality Council

1. Including other listed companies for the previous three years.

Company Secretary

Belinda Donaldson (BCom(Economics), LLB) was appointed as Company Secretary of the Bank on 9 January 2023. She is an experienced corporate lawyer and governance professional with extensive experience assisting listed, non-listed and not-for-profit organisations, in mergers and acquisitions, commercial law, corporate governance and advisory matters.

Principal Activities

The principal activities of the Group during the financial year 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, and superannuation, treasury, and foreign exchange services.

Operating and Financial Review

The Group's statutory profit after tax for the financial year ended 30 June 2024 increased 9.7% to $545.0 million (FY23: $497.0 million). This was driven by:

- A decrease in net interest income due to a competitively intense revenue environment in the first half of the year, partly offset by an increase in interest earning assets.
- An increase in other income mainly from fair value adjustments to investment property (Homesafe), which increased by $117.7 million to $154.7 million due to changes in valuation assumptions and methodologies, in addition to increases driven by a restructure of the Homesafe operating structure. Refer to page 37 for further details.
- An increase in operating costs of $64.3 million or 5.5%, mainly due to an increase in investment spend from a continued focus on core technology, digital capability and simplification initiatives, reflecting our desire to continue to invest for long-term growth and productivity benefits. In addition, increased costs relating to software amortisation, information technology, staff, remediation and external services was partially offset by reduced software impairment losses and lower fraud costs.
- A decrease in credit expenses primarily due to a reduction in specific provision charges compared to the prior year. Additionally, there has been a decrease year on year in collective provision charges driven by improvements in economic outlook scenarios and improvement in the ratings profile of some large Business exposures.

Further information on the Group's operating results for the financial year are contained in the Operating and Financial Review, which forms part of the Directors' Report.

Dividends and Distributions

The Directors announced on 26 August 2024 a fully franked dividend of 33 cents per fully paid ordinary share. The final dividend is payable on 30 September 2024. The proposed payment is expected to total $186.6 million.

The following fully franked dividends were paid by the Bank during the year on fully paid ordinary shares:

- A final dividend for FY23 of 32.0 cents per share, paid on 29 September 2023 (amount paid: $181.1 million); and
- An interim dividend for FY24 of 30.0 cents per share, paid on 26 March 2024 (amount paid: $169.9 million).

Further details on dividends provided for or paid during FY24 on the Bank's ordinary and preference shares are provided at Note 8 Dividends of the Financial Report.

Review of Operations

An analysis of the Group's operations for the financial year and the results of those operations, including the financial position, business priorities and prospects, is presented in the Operating and Financial Review section of this report.

Remuneration Report

Refer to page 130 for the Remuneration Report. The Remuneration Report has been prepared and audited in accordance with section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*. The Report forms part of the Directors' Report.

State of Affairs

There were changes made to the composition of the Board and the Executive team during the financial year, specifically:

Directors

1. Margaret Payn was elected as a Non-executive Director on 24 October 2023 for a three-year term.
2. Jim Hazel retired as a Non-executive Director at the AGM on 24 October 2023.
3. Jacqueline Hey retired as Chair and Non-executive Director at the AGM on 24 October 2023.
4. David Foster was granted a leave of absence effective from 17 April 2024, and resigned as Chair on 10 May 2024.
5. Abi Cleland was appointed as a Non-Executive Director commencing 30 April 2024 and will stand for election at the AGM on 7 November 2024.
6. Vicki Carter was appointed Interim Chair on 17 April 2024 and Chair on 13 May 2024.

Executives

1. Louise Tebbutt resigned as Chief People Officer on 17 June 2024 effective 6 September 2024.

In the opinion of the Directors there have been no other significant changes in the state of affairs of the Group during the financial year. Further information on events and matters that affected the Group's state of affairs is presented in the Chair's and Managing Director's Messages and the Operating and Financial Review section of this report.

Events After Reporting Date

1. On 2 July 2024, the Board announced Marnie Baker's resignation and the appointment of Richard Fennell as CEO & MD effective 31 August 2024.
2. Vicki Carter resigned as Chair and Non-executive Director of Sandhurst Trustees Limited effective 15 August 2024.
3. Margaret Payn was appointed Chair and Non-executive Director of Sandhurst Trustees Limited effective 15 August 2024.
4. David Matthews will retire as a Non-executive Director effective from the AGM on 7 November 2024.

The Directors are not aware of any other matter or circumstance which has arisen since the end of the financial year to the date of this report that has 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 years.

Rounding of Amounts

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

Meetings of Directors

The Board met 20 times (scheduled and unscheduled meetings) in the financial year ended 30 June 2024. The following table includes:

- Names of the Directors holding office at any time during, or since the end of, the financial year;
- The number of Board and Board Committee meetings which each Director was eligible to attend; and
- The number of meetings attended by each Director.

All directors may attend Board Committee meetings even if they are not a member of a committee. The table below excludes the attendance of those Directors who attended meetings of Board Committees of which they are not a member.

	Board		Audit		Financial Risk		Risk		People, Culture & Transformation[8]	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Vicki Carter[1]	20	20					5	5	7	7
Marnie Baker[2]	20	20								
Abi Cleland[3]	6	5					1	1	1	1
Richard Deutsch	20	19	8	8	7	7				
Jim Hazel[4]	7	6			2	2	2	2		
Jacqueline Hey[5]	7	7	3	3					3	3
David Matthews	20	20	8	8	7	7				
Alistair Muir	20	19					5	4	7	7
Margaret Payn[6]	15	14			5	5	2	2		
Victoria Weekes	20	20	8	8			5	5		
David Foster[7]	14	14			5	5			6	6

A = Number eligible to attend | B = Number attended

1. Vicki Carter was appointed interim Chair effective 17 April 2024 and Chair on 13 May 2024.
2. On 2 July 2024, the Board announced the retirement of Marnie Baker as CEO & MD effective 31 August 2024.
3. Abi Cleland was appointed as a Non-executive Director on 30 April 2024.
4. Jim Hazel retired as a Non-executive Director effective 24 October 2023.
5. Jacqueline Hey retired as Chair and Non-executive Director effective 24 October 2023.
6. Margaret Payn was appointed by the Board on 14 September 2023 and elected to the Board on 24 October 2023.
7. David Foster was granted a leave of absence effective 17 April 2024.
8. At the 17 June 2024 Board meeting, the Board approved the retirement of the Board People, Culture and Transformation Committee and the creation of a Board People and Culture Committee (BPCC) and Board Technology and Transformation Committee (BTTC). The BPCC and BTTC did not meet during FY24.

Board Committee Composition

Non-Executive Directors	Audit	Financial Risk	People & Culture	Technology & Transformation	Risk
Vicki Carter (Chair)			Member	Member	Member
Richard Deutsch	Chair	Member			
Victoria Weekes	Member				Chair
Margaret Payn	Member	Chair			
Alistair Muir			Member	Chair	Member
Abi Cleland			Chair	Member	Member
David Matthews	Member	Member			
David Foster (leave of absence)					

Directors' Interests in Equity

The relevant interest of each Director in shares in the Bank and in units of registered schemes made available by a related body corporate at the date of this report are provided in the Remuneration Report section of this report.

The Chief Executive Officer and Managing Director also holds a relevant interest in a managed investment scheme made available by Sandhurst Trustees Limited, a subsidiary of the Bank, in the amount of $15,297.30 as at the publication date of this report.

Director Tenure

Director	Last election / re-election at an AGM	Due date for next election / re-election at an AGM [1]	Date appointed
Margaret Payn	2023	2026	14/09/2023
Vicki Carter	2021	2024	04/09/2018
Richard Deutsch	2021	2024	20/09/2021
Victoria Weekes	2022	2025	15/02/2022
David Foster	2022	2025	04/09/2019
David Matthews	2022	2025	01/03/2010
Alistair Muir	2022	2025	12/09/2022
Abi Cleland	2024 AGM	Subject to election	30/04/2024

1. BEN Constitution Clause 72.2 - A director (exempting the Managing Director) may not hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for election or re-election.

Performance and Deferred Share Rights

Rights to ordinary shares in the Bank (Rights) are issued by the Bank to employees under the Performance Rights Plan and Deferred Share Rights Plans and these plans are governed by the BEN Omnibus Plan Rules. Each right represents an entitlement to one fully paid ordinary share in the Bank, subject to certain conditions.

During or since the end of the financial year the Bank granted 4,698,207 rights (2023: 1,204,047). This included 509,604 rights granted to key management personnel.

As at the date of this report there are 5,740,266 rights that are exercisable or may become exercisable at a future date under the Plans. The last date for the exercise of existing rights awards that may vest is up to 30 September 2029.

During or since the end of the financial year 975,167 rights vested (2023: 443,534) and no new fully paid ordinary shares were awarded by the Bank during or since the end of the financial year resulting from rights being exercised.

During or since the end of the financial year, 311,802 rights have lapsed.

There were no options over unissued ordinary shares at the start of the financial year and no options to acquire ordinary shares in the Bank were issued during or since the end of the financial year.

Further details of Key Management Personnel equity holdings during the financial year are detailed in the Remuneration Report.

Corporate Governance

An overview of the Bank's corporate governance structures and practices, including the Board Skills Matrix, is presented in the 2024 Corporate Governance Statement available from the Bank's website at: www.bendigoadelaide.com.au/esg/governance/

The Bank confirms it has followed the ASX Corporate Governance Principles and Recommendations (4th edition) during FY24.

Environmental Regulation

The Bank's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of an Australian State or Territory.

For information about our approach to climate change, greenhouse gas emissions and environmental footprint, carbon neutral certification and progress against our environmental targets, see our Sustainability Report in our 2024 Annual Financial Report.

Indemnification of Officers

The Bank's Constitution provides that the Bank is to indemnify, to the extent permitted by law, each Officer of the Bank against any liability including, in particular, legal costs incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body, incurred by an Officer in or arising out of the conduct of the business of the Bank or arising out of the discharge of the Officer's duties.

As permitted by the Bank's Constitution, the Bank has entered into deeds providing for indemnity, insurance and access to documents for each of its Directors.

The deeds require the Bank to indemnify, to the extent permitted by law, the Directors for all liabilities incurred in their capacity as Directors.

Indemnification of Auditor

To the extent permitted by law and professional regulations, the Bank has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against all claims by third parties and resulting liabilities, losses, damages, costs and expenses (including reasonable external legal costs) arising from the audit engagement including any negligent, wrongful or wilful act or omission by the Bank.

The indemnity does not apply to any loss resulting from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made under this indemnity to Ernst & Young during or since the financial year end.

Insurance of Directors and Officers

During or since the financial year end, the Bank has paid a premium to insure certain Officers of the Bank and its related corporate bodies. The Officers of the Bank covered by the insurance policy include the Directors, the Company Secretary, and Directors and Company Secretaries of controlled entities, who are not Directors or Company Secretaries of the Bank. The policy also covers Officers who accept external directorships as part of their responsibilities with the Bank. The insurance does not provide cover for the external auditor of the Bank. Disclosure of the nature of the liabilities covered and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Declarations by Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer and Managing Director, and the Chief Financial Officer have provided the required declarations to the Board in accordance with section 295A of the *Corporations Act 2001* and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations in relation to the financial records and financial statements for the year ended 30 June 2024.

The Chief Executive Officer and Managing Director, and the Chief Financial Officer also provided declarations to the Board, consistent with the declarations under section 295A of the *Corporations Act 2001* and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, in relation to the financial statements for the half year ended 31 December 2023.

To support the declarations, formal risk management and financial statement due diligence and verification processes including attestations from senior management, were undertaken. This assurance is provided every six months in conjunction with the Bank's half year and full year financial reporting obligations. The financial statements are made on the basis that they provide a reasonable but not absolute level of assurance and do not imply a guarantee against adverse circumstances that may arise in future periods.

Non-audit Services

The Board Audit Committee has assessed the independence of the Group's external auditor, Ernst & Young, for the year ended 30 June 2024. The assessment was conducted in accordance with 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 year ended 30 June 2024.

Non-audit services are those services paid or payable to Ernst & Young which do not relate to Group statutory audit engagements. In its capacity as the Group's external auditor, Ernst & Young is periodically engaged to provide assurance services to the Group in accordance with Australian Auditing Standards. All assignments are subject to engagement letters in accordance with Australian Auditing Standards.

The Board Audit Committee has reviewed the nature and scope of the above non-audit services provided by Ernst & Young. This assessment was made on the basis that the non-audit services performed did not represent the performance of management functions or the making of management decisions, nor were the dollar amounts of the non-audit fees considered sufficient to impair the external auditor's independence. The Board Audit Committee has confirmed that the provision of those services is consistent with the Group's External Audit Independence Policy and compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. This confirmation was provided to, and accepted by, the full Board.

Details of the fees paid or payable to Ernst & Young for audit, review, assurance and non-audit services provided during the year are contained in Note 37 Remuneration of Auditor of the Financial Report.

Auditor's Independence declaration

Ernst & Young Australia Operations Pty Limited
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Bendigo and Adelaide Bank Limited

As lead auditor for the audit of the financial report of Bendigo and Adelaide Bank for the financial year ended 30 June 2024, 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 audit;

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

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

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

Ernst & Young

Ernst & Young

Clare Sporle
Partner
26 August 2024

Operating and financial review

1.1 GROUP PERFORMANCE SUMMARY

The Operating and Financial Review has been prepared in accordance with the requirements of the *Corporations Act 2001*, and forms part of the Directors Report.

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.

Over the last five years we have delivered value to our shareholders demonstrated through significant improvements across all key financial metrics. Return on equity has increased from 5.36% to 8.18%. Cost to Income ratio (cash basis) has improved from 62.7% to 57.5%. Cash earnings per share have increased from 59.7 cents to 99.3 cents, and dividends per share have increased from 35.5 cents to 63.0 cents.

In FY24 we recorded cash earnings after tax of $562.0 million, a 2.6% decrease on the prior year. Cash earnings per share of 99.3 cents decreased 2.8% on the prior year. The result reflected a competitively intense revenue environment in the first half which saw Net Interest Margin (NIM) reduced four basis points on the prior year. We managed our core 'business as usual' costs, excluding investment and remediation, to below inflation levels and credit expenses remained modest.

We have surpassed 2.5 million customers reflecting net customer growth of 9% for the year and our Up customer base grew by 29% year on year to 920,000 customers. Our NPS[1] remained strong with a score of 19.7 which is 27.9 points above the industry, reinforcing our connection to customers and communities.

Over the year, we have continued to execute on our transformation agenda. We reduced complexity with the simplification of our brands down to four, consolidated the Alliance Bank model, progressed the sale of Bendigo Super and we have exited non-strategic partnerships with Elders and Homesafe.

We also continued to build digital capability with the rollout of the Bendigo lending platform and expansion of our digital deposit gathering capability. The lending platform consolidates our core lending origination systems and will over time provide a consistent customer experience when onboarding home loan customers.

We launched the Bendigo lending platform trial to our broking partners in November 2023 and results continue to indicate significant improvements in approval times.

In digital deposits, during January 2024 we launched EasySaver account opening through the Bendigo Bank app. Since its launch, the number of digital account openings has represented 60% of new accounts.

We continue to see an increase in the popularity of our digital mortgages with this channel comprising 19.3% of total mortgage settlements for the last six months.

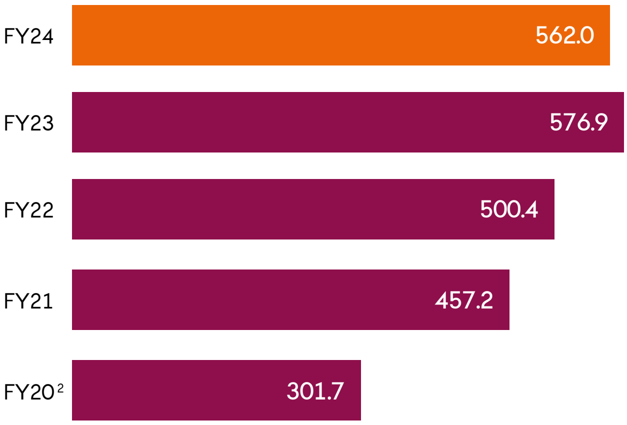
Directors declared a fully franked final dividend of 33 cents per share, reflecting a desire to maintain a strong capital position given the uncertain business outlook, while balancing our commitment to support our shareholders with a reasonable return on their investment.

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.

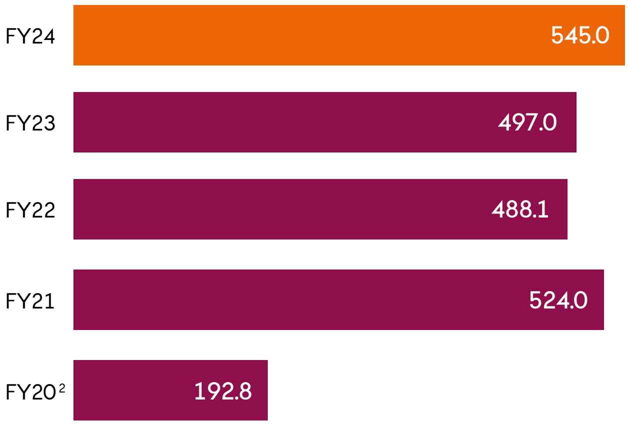
Operating and financial review

1.1 GROUP PERFORMANCE SUMMARY continued

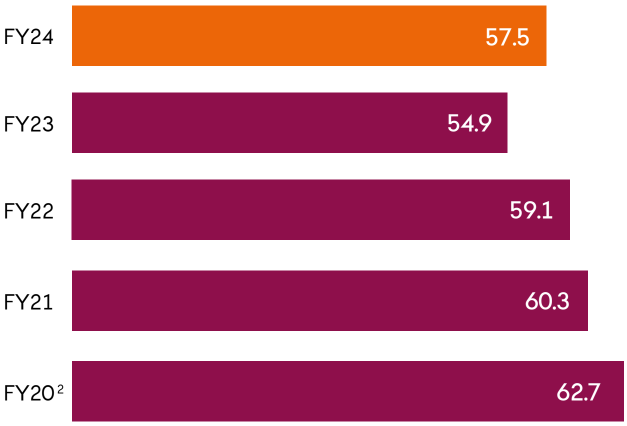
Cash earnings after tax
($m)



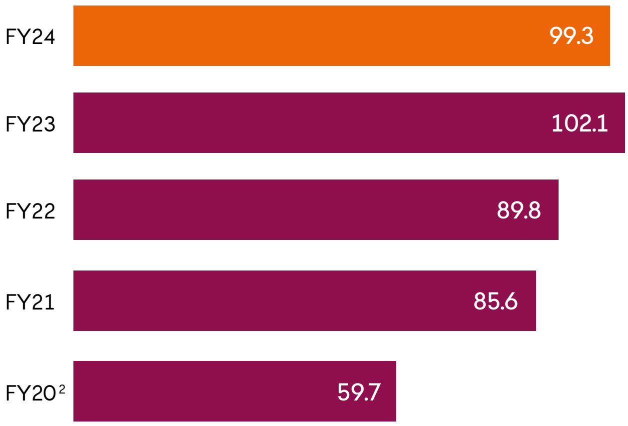
Statutory earnings after tax
($m)



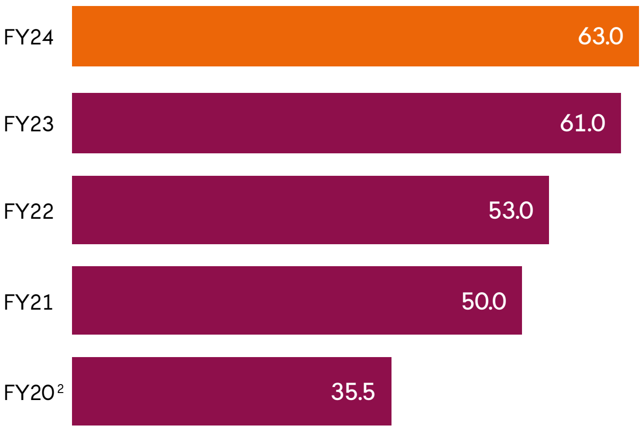
Cost to income[1]
(%)



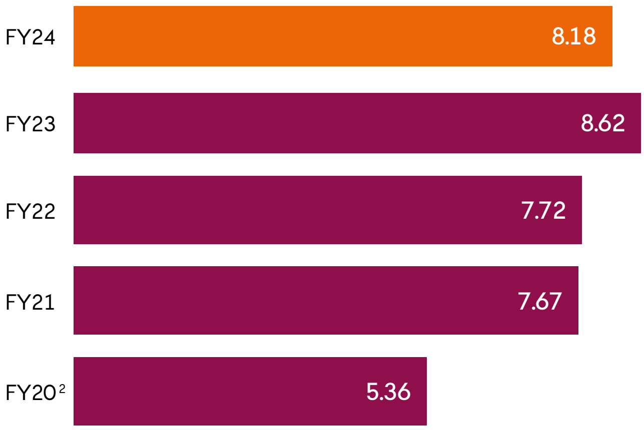
Cash earnings per share
(cents)



Dividend per share
(cents)



Return on equity[1]
(%)



1. Calculated using cash earnings.
2. FY20 performance was impacted by COVID-19.

Operating and financial review

1.2 GROUP PERFORMANCE COMMENTARY

Cash Earnings After Tax

$562.0 million

FY23 $576.9 million

Down 2.6%

Statutory Earnings After Tax

$545.0 million

FY23 $497.0 million

Up 9.7%

Income

Income (Cash Basis)

$1,954.2 million

FY23 $1,932.8 million

Net Interest Margin [1]

1.90%

FY23 1.94%

Total income (cash basis) increased 1.1% to $1,954.2 million, mostly driven by an increase in other operating income.

Net interest income (cash basis) increased 0.2% to $1,666.2 million (FY23: $1,662.5 million). This was driven by a 2.6% or $2.2 billion increase in average interest earning assets, partly offset by a four basis points decrease in net interest margin to 1.90% (FY23: 1.94%).

Net interest margin (NIM) decreased due to intense competition in both lending and deposits. Funding costs increased following decisions to reprice both term deposit and key savings products early in the financial year, with pre-funding of the Term Funding Facility (TFF) a key consideration. This was partly offset with benefits from the replicating portfolio, a positive shift in lending mix from fixed to variable rate products and reduced revenue share due to the impact of decreased product margins.

NIM increased by 13 basis points during the second half with improvement in lending and deposit mix and benefits from the replicating portfolio.

Other operating income (cash basis) increased 6.5% to $288.0 million (FY23: $270.3 million). This was mostly driven by an increase in Homesafe realised income which benefited from a higher volume of completed contracts.

Operating expenses

Operating Expenses (Cash Basis)

$1,122.8 million

FY23 $1,061.2 million

Cost to Income Ratio

57.5%

FY23 54.9%

Operating expenses (cash basis) increased 5.8% to $1,122.8 million (FY23: $1,061.2 million). Excluding an uplift in investment spend and remediation expenses, operating expenses increased 3.0% reflecting prudent management of our costs in the current inflationary environment. Our focus on productivity continued with a modest increase in FTE, with operational efficiencies offset by investment to support growth and transformation.

A continued focus on core technology, digital capability and simplification resulted in increased software amortisation and information technology-related expenses.

Investment spend (expensed) increased 15.2% over the year reflecting increased investment in risk, productivity and growth initiatives focused on modernising our technology and improving our digital capabilities.

Customer-related fraud losses reduced $16.3 million for the year reflecting the benefit of increased investment in scam and fraud detection. This was offset by remediation costs which increased $17.0 million for the year mostly due to a small number of larger events.

As a result of income growing at a slower rate than costs, the **cost to income ratio** increased to 57.5% (FY23: 54.9%). The Group remains committed to reducing its cost to income ratio towards 50% over the medium term.

1. 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 and financial review

1.2 GROUP PERFORMANCE COMMENTARY continued

Credit expenses and provisions

Credit Expenses

$9.9 million

FY23 $33.6 million

Total Provisions

$381.2 million

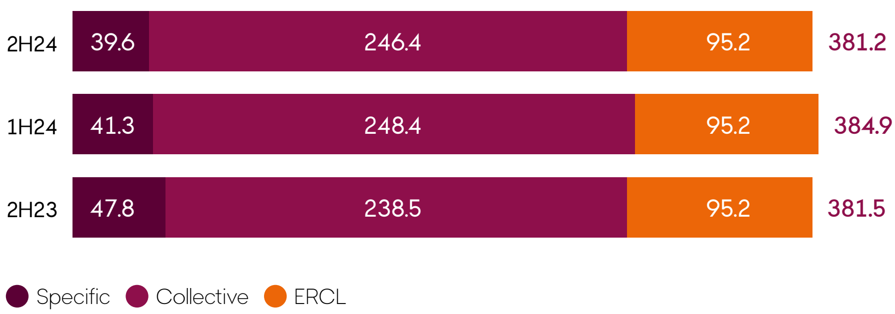
FY23 $381.5 million

Total credit expenses of $9.9 million (FY23: $33.6 million) were substantially lower than the prior year. Specific impairment charges reduced from $21.8 million in FY23 to $1.9 million in FY24 mainly due to a single large exposure incurred in FY23. There has also been a decrease in collective provision charges from $12.8 million to $9.1 million, driven by minor changes to economic outlook scenarios.

In FY24, the Group adopted a revised internal policy definition for restructured loans in the Business and Agribusiness portfolio. The new definition if applied to 30 June 2023 balances would have resulted in a $10.9 million increase in gross impaired loans to $124.8 million. Total gross impaired loans in FY24 have increased to $135.7 million, or 8.7% on a restated basis, largely due to a small number of large exposures.

Provision levels remain appropriate given the uncertain economic environment. Total provisions and equity reserve for credit losses (ERCL) decreased slightly on the prior year to $381.2 million (FY23: $381.5 million) representing 0.47% of gross lending.

Total provisions and reserves for credit losses
($m)



Dividends

Dividends

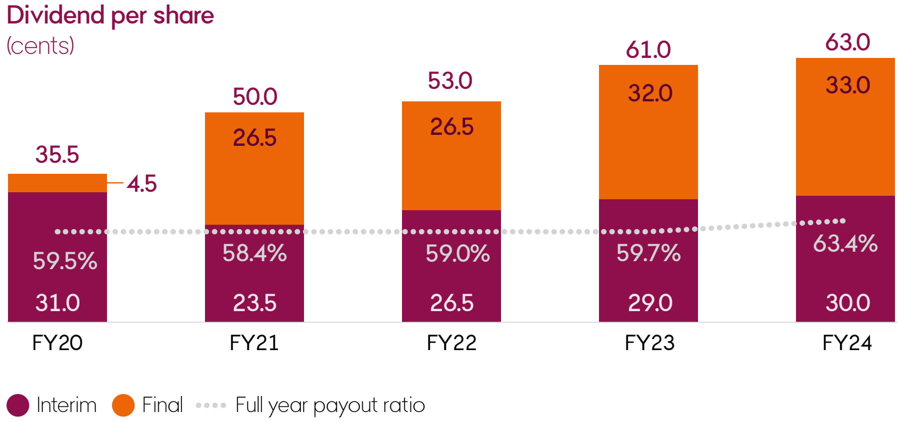
63.0 cents

FY23 61.0 cents

The Board declared a fully franked final dividend of 33 cents per share (FY23 final dividend: 32.0 cents per share). Dividend per share increased 10.0% on the prior half and 3.1% 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)



Operating and financial review

1.2 GROUP PERFORMANCE COMMENTARY continued

Capital and liquidity

Common Equity Tier 1 Ratio

11.32%

FY23 11.25%

Liquidity Coverage Ratio

137.8%

FY23 130.7%

Net Stable Funding Ratio

116.4%

FY23 121.5%

The Common Equity Tier 1 (CET1) ratio increased by seven basis points over the year to 11.32% (FY23: 11.25%). Our continued strong capital position reflects a well-managed balance sheet and strong risk management. It provides flexibility to continue to invest in our business. Under APRA's Basel III capital framework, the Board has determined that the Group will seek to maintain CET1 levels above 10.0%.

The Liquidity Coverage Ratio (**LCR**) for the year was 137.8% (FY23: 130.7%), exceeding the regulatory minimum of 100%. On 9th August 2023, APRA removed a 10% overlay on net cash outflows which had been in place since 21 October 2020. During the course of the year, the Group held an elevated level of liquidity to ensure that it could comfortably repay the Term Funding Facility, which was fully repaid on 25th June 2024.

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 quarterly average.

The Net Stable Funding Ratio (**NSFR**) for the year was 116.4% (FY23: 121.5%), exceeding the regulatory minimum of 100%. 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.

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.

Lending

Gross loan balances by purpose

Residential	Business	Agribusiness	Consumer	Margin Loans
$60.4 billion	$10.4 billion	$6.8 billion	$1.5 billion	$1.7 billion
FY23 $58.6 billion	FY23 $10.3 billion	FY23 $6.3 billion	FY23 $1.7 billion	FY23 $1.9 billion
Up 3.1%	Up 1.2%	Up 7.4%	Down 9.3%	Down 8.8%

Total gross loans increased 2.6% to $80.8 billion over the year (FY23: $78.7 billion) and increased 3.3% over the last half.

Residential lending increased 3.1% to $60.4 billion over the year (FY23: $58.6 billion). 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 1.2% to $10.4 billion over the year (FY23: $10.3 billion), during a period of significant competition. Agribusiness lending increased 7.4% over the year, reflecting increased demand. During the year, the Group continued the rebuild of the Business and Agribusiness Division with the refinement of the operating model and implementation of new technology.

A decrease of 8.8% or $164.4 million in margin loans was mainly due to clients deleveraging and intense competition. Gearing levels in the portfolio have reduced on average over the year.

Operating and financial review

1.2 GROUP PERFORMANCE COMMENTARY continued

Funding (including deposits)

Customer deposits
$68.3 billion
FY23 $66.1 billion
Up 3.4%

Wholesale deposits
$10.7 billion
FY23 $11.2 billion
Down 5.1%

Other wholesale borrowings [1]
$9.3 billion
FY23 $11.8 billion
Down 21.5%

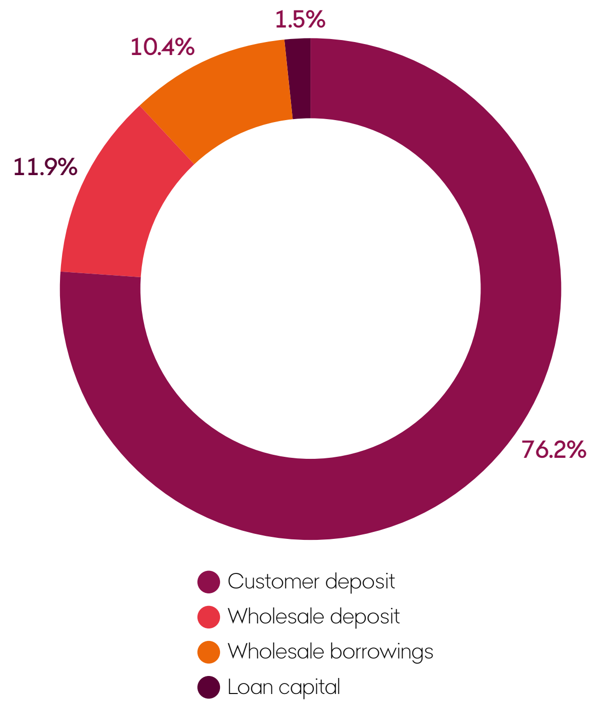
Loan capital [2]
$1.4 billion
FY23 $1.4 billion
Up 0.1%

Total funding including deposits decreased 1.0% to $89.7 billion (FY23: $90.5 billion).

The Group's principal source of funding is customer deposits, which represented 76.2% (FY23: 73.0%) of the Group's total funding. Customer deposits increased $2.2 billion or 3.4% on FY23. Customer deposits are sourced from retail, small business and corporate customers, mainly through the retail network.

Wholesale funding activities support our funding strategy by providing diversification benefits through investor mix, extension of funding duration and geographic exposure. Wholesale funding (including securitisation) decreased to 23.8% of total funding (FY23: 27.0%) during the year. In FY24, BEN issued an inaugural $500 million EUR denominated Covered Bond and repaid the remaining $4.0 billion of RBA Term Funding Facility maturities.

Funding composition



1. Other wholesale borrowings include covered bonds, securitisation and senior unsecured notes.
2. Loan Capital includes subordinated debt and capital notes.

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

Operating and financial review

1.3 GROUP FINANCIAL RESULTS

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Net interest income	1,666.2	1,662.5	0.2	852.6	813.6	4.8
Other operating income	288.0	270.3	6.5	144.8	143.2	1.1
Total income	1,954.2	1,932.8	1.1	997.4	956.8	4.2
Operating expenses	(1,122.8)	(1,061.2)	(5.8)	(570.1)	(552.7)	(3.1)
Operating performance	831.4	871.6	(4.6)	427.3	404.1	5.7
Credit (expenses)/reversals	(9.9)	(33.6)	large	0.9	(10.8)	large
Cash earnings before tax	821.5	838.0	(2.0)	428.2	393.3	8.9
Income tax expense	(259.5)	(261.1)	0.6	(134.4)	(125.1)	(7.4)
Cash earnings after tax	562.0	576.9	(2.6)	293.8	268.2	9.5
Non-cash items after tax	(17.0)	(79.9)	large	(31.1)	14.1	large
Statutory earnings after tax	545.0	497.0	9.7	262.7	282.3	(6.9)

Financial performance ratios [1]

		Full year ended			Half year ended		
		30 Jun 24	30 Jun 23	Change Jun 24 to Jun 23	**30 Jun 24**	31 Dec 23	Change Jun 24 to Dec 23
Cash earnings per ordinary share	¢	99.3	102.1	(2.8)¢	51.9	47.4	4.5¢
Statutory earnings per ordinary share	¢	96.3	87.9	8.4¢	46.4	49.9	(3.5)¢
Diluted statutory earnings per ordinary share	¢	87.3	79.2	8.1¢	42.3	44.9	(2.6)¢
Franked dividends per share	¢	63.0	61.0	2.0¢	33.0	30.0	3.0¢
Return on average ordinary equity	%	8.18	8.62	(44) bps	8.54	7.82	72 bps
Return on average tangible equity	%	11.12	11.63	(51) bps	11.62	10.62	100 bps
Return on average assets	%	0.61	0.65	(4) bps	0.65	0.58	7 bps
Cost to income ratio	%	57.5	54.9	260 bps	57.2	57.8	(60) bps
Net interest margin before revenue share arrangements	%	2.33	2.44	(11) bps	2.40	2.26	14 bps
Net interest margin after revenue share arrangements	%	1.90	1.94	(4) bps	1.96	1.83	13 bps
Average interest earning assets	$m	87,888	85,658	2.6%	87,548	88,246	(0.8%)
Market share [2]							
Residential lending	%	2.72	2.77	(5) bps	2.72	2.70	2 bps
Business lending	%	1.40	1.46	(6) bps	1.40	1.38	2 bps
Deposits	%	2.38	2.45	(7) bps	2.38	2.45	(7) bps
Capital management							
Common Equity Tier 1	%	11.32	11.25	7 bps	11.32	11.23	9 bps
Credit risk-weighted assets	$m	35,274	35,223	0.1%	35,274	35,617	(1.0%)
Total risk-weighted assets	$m	38,005	37,900	0.3%	38,005	38,350	(0.9%)
Liquidity Risk							
Liquidity Coverage Ratio (LCR) [3]	%	137.8	130.7	large	137.8	151.4	large
Net Stable Funding Ratio (NSFR)	%	116.4	121.5	large	116.4	119.7	(330) bps

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. Represents quarterly average LCR.

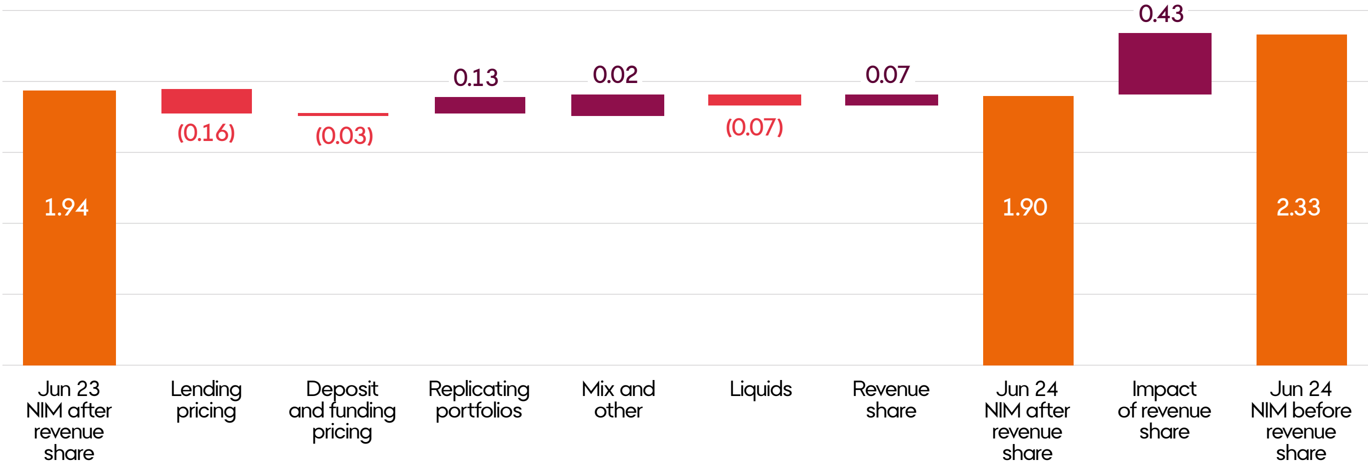
Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS

1.4.1 Net interest income

		Full year ended			Half year ended		
		30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Net interest income (cash basis)		1,666.2	1,662.5	0.2	852.6	813.6	4.8
Non-cash net interest income items							
• Homesafe funding costs – unrealised		(34.9)	(28.4)	(22.9)	(17.8)	(17.1)	(4.1)
• Homesafe funding costs – realised		13.3	8.8	51.1	7.6	5.7	33.3
• Fair value adjustments – interest expense		(8.5)	(2.1)	large	(4.3)	(4.2)	(2.4)
Total non-cash net interest income items		(30.1)	(21.7)	(38.7)	(14.5)	(15.6)	7.1
Total net interest income (statutory basis)		1,636.1	1,640.8	(0.3)	838.1	798.0	5.0
Total gross loans	$m	80,801	78,739	2.6	80,801	78,195	3.3
• Residential	$m	60,380	58,590	3.1	60,380	58,504	3.2
• Business	$m	10,405	10,284	1.2	10,405	10,305	1.0
Customer deposits	$m	68,333	66,090	3.4	68,333	68,390	(0.1)
Average interest earning assets	$m	87,888	85,658	2.6	87,548	88,246	(0.8)
Net interest margin after revenue share [1]	%	1.90	1.94	(4) bps	1.96	1.83	13 bps
Net interest margin before revenue share	%	2.33	2.44	(11) bps	2.40	2.26	14 bps

Net interest margin [2]
(%)



1. 2H24 reported NIM (after revenue share) of 1.96% is elevated due to two one-off adjustments. The normalised 2H24 NIM (after revenue share) is 1.94%. One-off adjustments relate to:
   - Amendments to the accounting treatment of loan origination fees and expenses, and
   - Interest income on Agribusiness loans from loans formerly in arrears.
2. Further information related to the Net Interest Margin breakdown is provided as part of the Average Balance Sheet disclosure (refer note 1.4.7 Average Balance Sheet).

Refer to the FY24 investor presentation for further information.

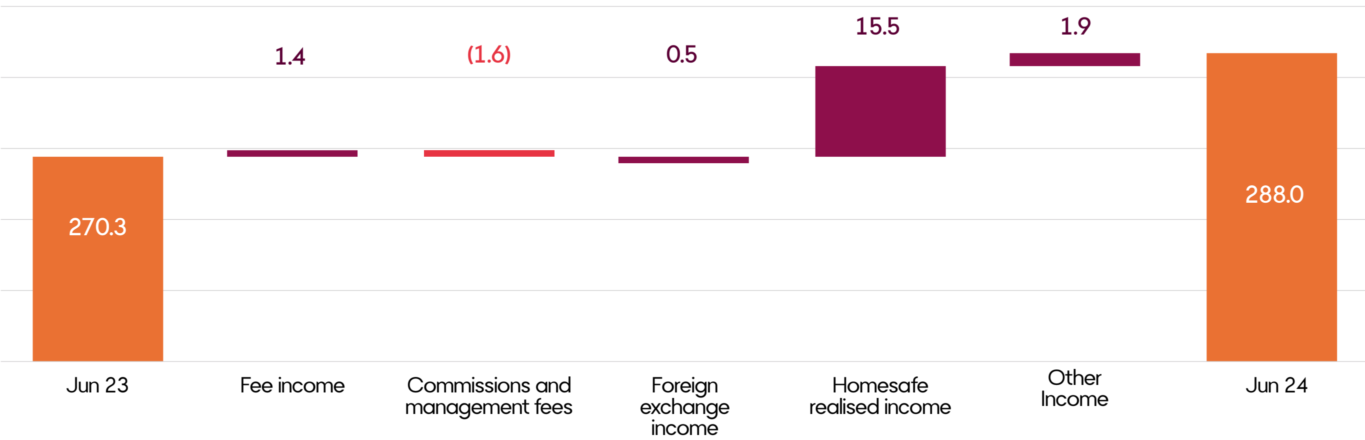
Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.2 Other income

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Other income						
Fee income	131.1	129.7	1.1	64.4	66.7	(3.4)
Commissions and management fees	62.4	64.0	(2.5)	31.7	30.7	3.3
Foreign exchange income	28.4	27.9	1.8	14.6	13.8	5.8
Homesafe realised income	48.4	32.9	47.1	25.1	23.3	7.7
Other	17.7	15.8	12.0	9.0	8.7	3.4
Total other income (cash basis)	288.0	270.3	6.5	144.8	143.2	1.1
Non-cash other income items						
• Homesafe revaluation gain	162.4	44.3	large	50.8	111.6	(54.5)
• Homesafe realised income	(48.4)	(32.9)	(47.1)	(25.1)	(23.3)	(7.7)
• Other non-cash income items	(4.8)	(2.2)	(118.2)	(6.0)	1.2	large
Total non-cash other income items	109.2	9.2	large	19.7	89.5	(78.0)
Total other income (statutory basis)	397.2	279.5	42.1	164.5	232.7	(29.3)

Other Income
($m)



Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.3 Homesafe income

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Homesafe income – realised	48.4	32.9	47.1	25.1	23.3	7.7
Funding costs – realised	(13.3)	(8.8)	(51.1)	(7.6)	(5.7)	(33.3)
Total Homesafe income (cash basis)	35.1	24.1	45.6	17.5	17.6	(0.6)
Non-cash items						
• Homesafe income – realised [1]	(48.4)	(32.9)	(47.1)	(25.1)	(23.3)	(7.7)
• Discount unwind [2]	23.9	28.8	(17.0)	10.7	13.2	(18.9)
• Profit on sale [3]	7.7	7.3	5.5	2.1	5.6	(62.5)
• Property revaluations [4]	130.8	8.2	large	38.0	92.8	(59.1)
• Funding costs – realised [5]	13.3	8.8	51.1	7.6	5.7	33.3
• Funding costs – unrealised [6]	(34.9)	(28.4)	(22.9)	(17.8)	(17.1)	(4.1)
Total non-cash Homesafe income items	92.4	(8.2)	large	15.5	76.9	(79.8)
Total Homesafe income (statutory basis)	127.5	15.9	large	33.0	94.5	(65.1)

1. **Homesafe income realised** – The difference between cash received on completion and the initial funds advanced.
2. **Discount unwind** – The unwind of the discount priced into the contract at inception.
3. **Profit on sale** – The difference between cash received on completion and the carrying value at the time of completion.
4. **Property revaluations** – 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.
5. **Funding costs realised** – Accumulated interest expense on completed contracts since initial funding.
6. **Funding costs unrealised** – Interest expense on existing contracts.

Homesafe property revaluation income has increased by $117.7 million to $154.7 million. This is comprised of property revaluations of $130.8 million and discount unwind of $23.9 million.

Homesafe Valuation Assumptions – Short Term Appreciation Rates

In June 2024, the Group revised its Homesafe valuation assumptions. This included changing the short-term (1 year) property appreciation rate from -1% to +1% and resulted in a $21.9 million revaluation increase.

Homesafe Restructure

During FY24, the Bank executed agreements for the restructure of its Homesafe investments, initially on 21 December 2023 and again on 30 June 2024. The transaction included the transfer of the investment properties held by the Homesafe Trust 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 as a one-off revaluation gain.

CoreLogic Home Value Index Methodology Change

In October 2023, CoreLogic updated their Home Value Index Methodology, including moving to a revisionary index whereby historic indices may be adjusted each month with updated information. This resulted in a one-off revaluation increase of $35.6 million.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.3 Homesafe income continued

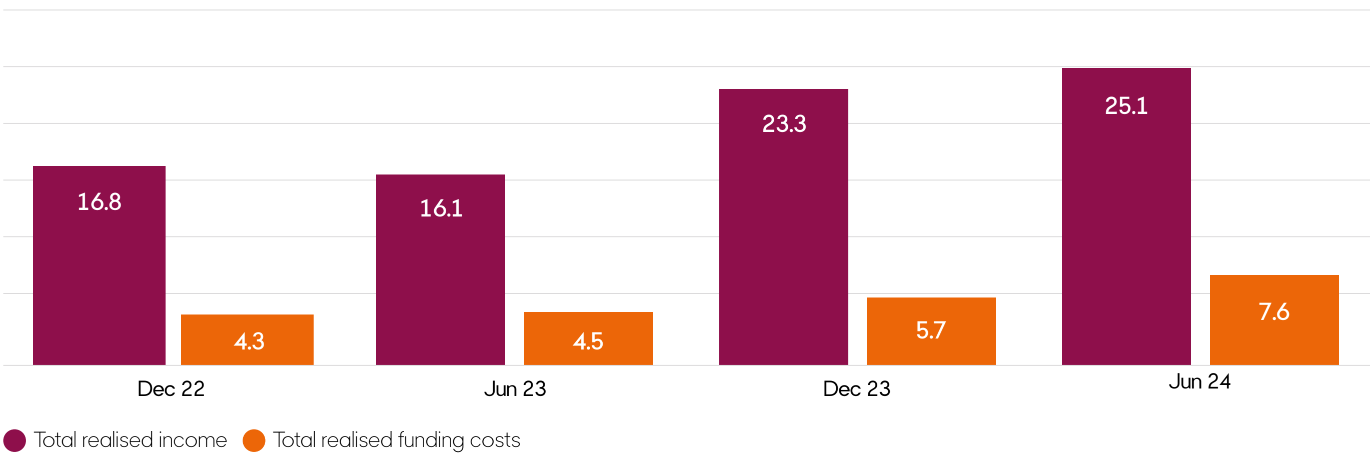
Portfolio balance	As at 30 Jun 24 $m	As at 30 Jun 23 $m	Change Jun 24 to Jun 23 %	As at 30 Jun 24 $m	As at 31 Dec 23 $m	Change Jun 24 to Dec 23 %
Funded balance [1]	611.5	543.6	12.5	611.5	605.5	1.0
Property revaluation balance	528.7	414.2	27.6	528.7	501.1	5.5
Total investment portfolio balance	1,140.2	957.8	19.0	1,140.2	1,106.6	3.0

1. Funded balance includes capitalisation of certain restructuring costs. Refer to Note 24 in the financial statements for further information.

For the purpose of calculating capital ratios, the property revaluation balance is deducted from retained earnings, and is treated as 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)



Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.4 Operating expenses

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Staff and related costs	600.2	582.3	3.1	300.1	300.1	—
Occupancy costs [1]	34.6	35.1	(1.4)	16.7	17.9	(6.7)
Information technology costs	110.4	93.6	17.9	55.9	54.5	2.6
Amortisation of software intangibles	41.8	32.5	28.6	20.5	21.3	(3.8)
Property, plant and equipment costs [1]	55.6	54.4	2.2	27.4	28.2	(2.8)
Fees and commissions	16.7	23.6	(29.2)	6.9	9.8	(29.6)
Communications, postage and stationery	29.3	33.2	(11.7)	14.0	15.3	(8.5)
Advertising and promotion	22.3	26.9	(17.1)	11.7	10.6	10.4
Other product and services delivery costs	15.7	14.7	6.8	8.2	7.5	9.3
Non-lending losses [2]	40.2	38.6	4.1	23.6	16.6	42.2
Other administration expenses	61.4	44.2	38.9	36.7	24.7	48.6
Total operating expenses before investment spend (cash basis)	1,028.2	979.1	5.0	521.7	506.5	3.0
Investment spend [3]	94.6	82.1	15.2	48.4	46.2	4.8
Total operating expenses (cash basis)	1,122.8	1,061.2	5.8	570.1	552.7	3.1
Non-cash expense items						
• Amortisation of acquired intangibles	5.1	6.3	(19.0)	2.5	2.6	(3.8)
• Other non-cash expense items	41.1	76.6	(46.3)	5.7	35.4	(83.9)
• Expensed investment spend	57.2	17.8	large	41.5	15.7	large
Total non-cash expense items	103.4	100.7	2.7	49.7	53.7	(7.4)
Total operating expenses (statutory basis)	1,226.2	1,161.9	5.5	619.8	606.4	2.2

		30 Jun 24	30 Jun 23	Change %	**30 Jun 24**	31 Dec 23	Change %
Cost to income ratio [4]	%	57.5	54.9	260 bps	57.2	57.8	(60) bps
Expenses to average assets	%	1.22	1.19	3 bps	1.25	1.19	6 bps
Staff and related costs to income [4,5]	%	30.3	30.0	30 bps	29.6	31.0	(140) bps
Number of staff (full-time equivalent)	FTE	4,777	4,726	1.1	4,777	4,682	2.0

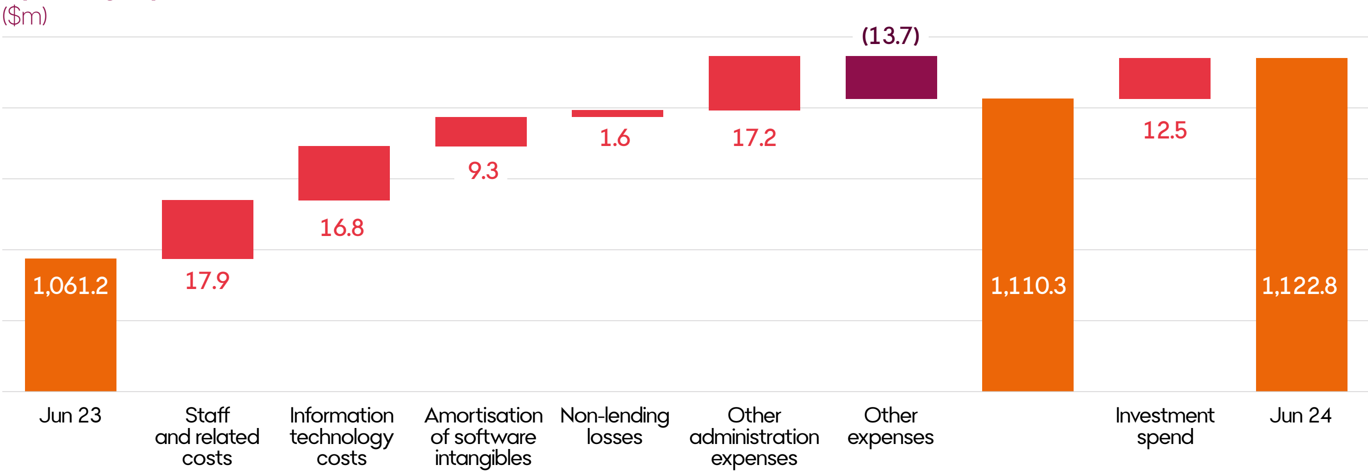
1. Occupancy costs above excludes ROUA depreciation of $37.0 million (FY23: $39.5 million; 2H24: $18.2 million; 1H24 $18.8 million), which is included in 'Property, plant and equipment costs'.
2. Non-lending losses include remediation expenses of $21.2 million (FY23: $4.2 million).
3. Investment spend reflects the operating expenses incurred as part of the transformation agenda and includes staff costs, IT costs and external consultancy costs. Refer to 1.4.5 for further details.
4. Expenses used in the above ratios are expenses less non-cash expense items.
5. Income used in the above ratios is income less non-cash net interest income items and other non-cash income items.This ratio has been adjusted to exclude the impact of redundancy costs before tax (FY24: $7.8 million, FY23: $1.9 million, 2H24: $4.6 million, 1H24: $3.2 million).

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.4 Operating expenses continued

Operating expenses
($m)



Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.5 Investment spend

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	30 Jun 24 $m	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Expensed investment spend	94.6	82.1	15.2	48.4	46.2	4.8
Capitalised investment spend	121.5	120.6	0.7	61.2	60.3	1.5
Total investment spend (cash basis)	216.1	202.7	6.6	109.6	106.5	2.9
Comprising:						
Risk and compliance	57.8	61.4	(5.9)	32.7	25.1	30.3
Foundational technology	112.8	112.7	0.1	51.8	61.0	(15.1)
Growth and productivity	38.2	21.0	81.9	22.4	15.8	41.8
Asset lifecycle management	7.3	7.6	(3.9)	2.7	4.6	(41.3)
Total investment spend (cash basis)	216.1	202.7	6.6	109.6	106.5	2.9
Expensed investment spend (non-cash) [1]	57.2	17.8	large	41.5	15.7	large
Total investment spend (statutory basis)	273.3	220.5	23.9	151.1	122.2	23.6

	%	%	Change	%	%	Change
Investment spend expensed % (statutory basis) [2]	55.5	45.3	large	59.5	50.7	large
Investment spend expensed % (cash basis) [3]	43.8	40.5	330 bps	44.2	43.4	80 bps

1. Expensed investment spend (non-cash) includes one-off costs associated with the conversion of the Alliance Partner model to the Community Bank operating model and structure, and restructuring costs relating to changes to the Business and Agribusiness operating model. Non-cash items are classified in line the Group Accounting Guidance Note on Cash Earnings Adjustments, which is approved by the Board Audit Committee.
2. Calculated as expensed investment spend (statutory basis) as a percentage of total investment spend (statutory basis).
3. Calculated as expensed investment spend (cash basis) as a percentage of total investment spend (cash basis).

Total investment spend (cash basis) increased $13.4 million (6.6%) on FY23. This reflects the Group's continued focus on delivering on our transformation agenda to support long-term growth and simplification benefits, while at the same time complying with regulatory requirements including investment in fraud reduction programs and data security.

Spend on growth and productivity initiatives increased $17.2 million (81.9%) on FY23, driven by investment in digital capabilities and modernising our technology to make it easier for customers to join the Bank using our digital channels. This has driven growth from customers whose channel of choice is digital, and productivity gains by lowering the cost to serve through lower acquisition channels.

Foundational Technology remains flat on FY23, reflecting the ongoing investment in reducing complexity and key capabilities including our investment in the Bendigo lending platform.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.6 Cash earnings reconciliation

For the year ended 30 June 2024

		Cash earnings adjustments									
		Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	
	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	Homesafe restructure costs $m	ANZ acquist'n $m	Restructure costs $m	Elders contract termination costs $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	1,666.2	(8.5)	(34.9)	—	—	—	—	—	—	13.3	1,636.1
Other operating income	288.0	—	162.4	(4.8)	—	—	—	—	—	(48.4)	397.2
Total income	1,954.2	(8.5)	127.5	(4.8)	—	—	—	—	—	(35.1)	2,033.3
Investment spend	(94.6)						(57.2)				(151.8)
Operating expenses	(1,028.2)	—	—	—	(6.4)	(0.9)	(17.0)	(16.8)	(5.1)	—	(1,074.4)
Operating Performance	831.4	(8.5)	127.5	(4.8)	(6.4)	(0.9)	(74.2)	(16.8)	(5.1)	(35.1)	807.1
Credit expenses	(9.9)	—	—	—	—	—	—	—	—	—	(9.9)
Earnings before tax	821.5	(8.5)	127.5	(4.8)	(6.4)	(0.9)	(74.2)	(16.8)	(5.1)	(35.1)	797.2
Income tax expense	(259.5)	2.6	(38.3)	1.4	1.9	0.3	22.4	5.0	1.5	10.5	(252.2)
Earnings after tax	562.0	(5.9)	89.2	(3.4)	(4.5)	(0.6)	(51.8)	(11.8)	(3.6)	(24.6)	545.0

For the year ended 30 June 2023

		Cash earnings adjustments									
	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	Homesafe restructure costs $m	ANZ acquist'n $m	Restructure costs $m	Impairment charges $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	1,662.5	(2.1)	(28.4)	—	—	—	—	—	—	8.8	1,640.8
Other operating income	270.3	—	44.3	(2.2)	—	—	—	—	—	(32.9)	279.5
Total income	1,932.8	(2.1)	15.9	(2.2)	—	—	—	—	—	(24.1)	1,920.3
Investment spend	(82.1)	—	—	—	—	—	(17.8)	—	—	—	(99.9)
Operating expenses	(979.1)	—	—	—	—	(2.8)	(21.6)	(52.2)	(6.3)	—	(1,062.0)
Operating Performance	871.6	(2.1)	15.9	(2.2)	—	(2.8)	(39.4)	(52.2)	(6.3)	(24.1)	758.4
Credit expenses	(33.6)	—	—	—	—	—	—	—	—	—	(33.6)
Earnings before tax	838.0	(2.1)	15.9	(2.2)	—	(2.8)	(39.4)	(52.2)	(6.3)	(24.1)	724.8
Income tax expense	(261.1)	0.6	(4.7)	0.6	—	0.8	12.0	15.0	1.8	7.2	(227.8)
Earnings after tax	576.9	(1.5)	11.2	(1.6)	—	(2.0)	(27.4)	(37.2)	(4.5)	(16.9)	497.0

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.6 Cash earnings reconciliation continued

For the half year ended 30 June 2024

		Cash earnings adjustments									
		Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	
	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	Homesafe restructure costs $m	ANZ acquist'n $m	Restructure costs $m	Elders contract termination costs $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	852.6	(4.3)	(17.8)	—	—	—	—	—	—	7.6	838.1
Other operating income	144.8	—	50.8	(6.0)	—	—	—	—	—	(25.1)	164.5
Total income	997.4	(4.3)	33.0	(6.0)	—	—	—	—	—	(17.5)	1,002.6
Investment spend	(48.4)	—	—	—	—	—	(41.5)	—	—	—	(89.9)
Operating expenses	(521.7)	—	—	—	2.1	(0.2)	(7.6)	—	(2.5)	—	(529.9)
Operating performance	427.3	(4.3)	33.0	(6.0)	2.1	(0.2)	(49.1)	—	(2.5)	(17.5)	382.8
Credit reversals	0.9	—	—	—	—	—	—	—	—	—	0.9
Earnings before tax	428.2	(4.3)	33.0	(6.0)	2.1	(0.2)	(49.1)	—	(2.5)	(17.5)	383.7
Income tax expense	(134.4)	1.3	(9.9)	1.8	(0.6)	0.1	14.7	—	0.7	5.3	(121.0)
Earnings after tax	293.8	(3.0)	23.1	(4.2)	1.5	(0.1)	(34.4)	—	(1.8)	(12.2)	262.7

For the half year ended 31 December 2023

		Cash earnings adjustments									
	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	Homesafe restructure costs $m	ANZ acquist'n $m	Restructure costs $m	Elders contract termination 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 operating 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
Investment spend	(46.2)	—	—	—	—	—	(15.7)	—	—	—	(61.9)
Operating expenses	(506.5)	—	—	—	(8.5)	(0.7)	(9.4)	(16.8)	(2.6)	—	(544.5)
Operating performance	404.1	(4.2)	94.5	1.2	(8.5)	(0.7)	(25.1)	(16.8)	(2.6)	(17.6)	424.3
Credit expenses	(10.8)	—	—	—	—	—	—	—	—	—	(10.8)
Earnings before tax	393.3	(4.2)	94.5	1.2	(8.5)	(0.7)	(25.1)	(16.8)	(2.6)	(17.6)	413.5
Income tax expense	(125.1)	1.3	(28.4)	(0.4)	2.5	0.2	7.6	5.0	0.8	5.3	(131.2)
Earnings after tax	268.2	(2.9)	66.1	0.8	(6.0)	(0.5)	(17.5)	(11.8)	(1.8)	(12.3)	282.3

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.6 Cash earnings reconciliation continued

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
Represents interest expense incurred on existing contracts for the current year.

Non-cash other income items

Note 2 – Homesafe revaluation gain
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
In FY24, BEN executed contracts for the restructure of its Homesafe operations to further reduce complexity across the business. The transaction resulted in a number of costs including stamp duties, legal and consultancy expenses.

Note 5 – ANZ Acquisition
Represents 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 costs
In December 2023, the Group entered into a settlement agreement with Elders Ltd. The settlement included a payment from the Group to Elders Ltd, as well as legal and other costs to restructure the operations.

Note 8 – 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 9 – Homesafe realised income
Represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

Note 9 – 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.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.7 Average balance sheet

For the years ended June 2024 and June 2023

	30 Jun 24			30 Jun 23		
	Average Balance $m	Interest 12 mths $m	Average Rate %	Average Balance $m	Interest 12 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	16,919.0	725.2	4.29	15,785.0	441.1	2.79
Loans and other receivables [2,3]	70,969.4	4,043.7	5.70	69,873.4	2,987.4	4.28
Total interest earning assets	87,888.4	4,768.9	5.43	85,658.4	3,428.5	4.00
Non-interest earning assets						
Credit provisions	(290.0)			(282.1)		
Other assets	4,161.0			3,881.7		
Total non-interest earning assets	3,871.0			3,599.6		
Total assets (average balance)	91,759.4			89,258.0		
Interest bearing liabilities						
Deposits						
• Customer [2]	60,286.2	(2,074.9)	(3.44)	57,957.5	(1,092.2)	(1.88)
• Wholesale	10,746.2	(501.2)	(4.66)	10,756.6	(340.1)	(3.16)
Wholesale borrowings						
• Repurchase agreements	2,751.8	(3.1)	(0.11)	4,647.7	(7.3)	(0.16)
• Notes payable	2,556.9	(139.2)	(5.44)	3,326.6	(132.2)	(3.97)
• Other wholesale borrowings	5,731.0	(292.4)	(5.10)	3,324.3	(121.7)	(3.66)
Lease liability	101.4	(3.3)	(3.25)	129.9	(4.0)	(3.08)
Loan capital	1,410.9	(88.6)	(6.28)	1,368.3	(68.5)	(5.01)
Total interest bearing liabilities	83,584.4	(3,102.7)	(3.71)	81,510.9	(1,766.0)	(2.17)
Non-interest bearing liabilities and equity						
Other liabilities	1,246.6			948.1		
Equity	6,928.4			6,799.0		
Total non-interest bearing liabilities and equity	8,175.0			7,747.1		
Total liabilities and equity (average balance)	91,759.4			89,258.0		
Interest margin and interest spread						
Interest earning assets	87,888.4	4,768.9	5.43	85,658.4	3,428.5	4.00
Interest bearing liabilities	(83,584.4)	(3,102.7)	(3.71)	(81,510.9)	(1,766.0)	(2.17)
Net interest income and interest spread [4]		1,666.2	1.72		1,662.5	1.83
Benefit of net free liabilities, provisions and equity			0.18			0.11
Net interest margin [5]			1.90			1.94
Add: impact of revenue share arrangements			0.43			0.50
Net interest margin before revenue share arrangements			2.33			2.44

1. Average balance is based on monthly closing balances.
2. Offset products have been reclassified from deposits and netted against the corresponding loan balance (FY24: $7,731.7 million; FY23: $7,367.7 million).
3. Interest relating to Loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period.
4. Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
5. Net interest margin is the net interest income as a percentage of average interest earning assets.

Refer to 1.4.6 for further details.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.7 Average balance sheet continued

For the six months ended June 2024 and December 2023

	30 Jun 24			31 Dec 23		
	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	16,564.7	358.4	4.35	17,380.5	366.8	4.20
Loans and other receivables [2,3]	70,983.6	2,074.7	5.88	70,865.5	1,969.0	5.53
Total interest earning assets	87,548.3	2,433.1	5.59	88,246.0	2,335.8	5.27
Non-interest earning assets						
Credit provisions	(289.0)			(290.9)		
Other assets	4,229.6			4,072.3		
Total non-interest earning assets	3,940.6			3,781.4		
Total assets (average balance)	91,488.9			92,027.4		
Interest bearing liabilities						
Deposits						
• Customer [2]	60,362.6	(1,062.6)	(3.54)	60,254.9	(1,012.3)	(3.34)
• Wholesale	10,446.5	(246.7)	(4.75)	10,977.3	(254.5)	(4.61)
Wholesale borrowings						
• Repurchase agreements	2,310.5	(1.3)	(0.11)	3,213.7	(1.8)	(0.11)
• Notes payable	2,395.6	(66.2)	(5.56)	2,717.5	(73.0)	(5.34)
• Other wholesale borrowings	6,145.9	(157.2)	(5.14)	5,325.8	(135.2)	(5.05)
Lease liability	94.5	(1.6)	(3.40)	108.4	(1.7)	(3.12)
Loan capital	1,441.5	(44.9)	(6.26)	1,378.4	(43.7)	(6.31)
Total interest bearing liabilities	83,197.1	(1,580.5)	(3.82)	83,976.0	(1,522.2)	(3.61)
Non-interest bearing liabilities and equity						
Other liabilities	1,304.3			1,170.6		
Equity	6,987.5			6,880.8		
Total non-interest bearing liabilities & equity	8,291.8			8,051.4		
Total liabilities & equity (average balance)	91,488.9			92,027.4		
Interest margin and interest spread						
Interest earning assets	87,548.3	2,433.1	5.59	88,246.0	2,335.8	5.27
Interest bearing liabilities	(83,197.1)	(1,580.5)	(3.82)	(83,976.0)	(1,522.2)	(3.61)
Net interest income and interest spread [4]		852.6	1.77		813.6	1.66
Benefit of net free liabilities, provisions and equity			0.19			0.17
Net interest margin [5]			1.96			1.83
Add: impact of revenue share arrangements			0.44			0.43
Net interest margin before revenue share arrangements			2.40			2.26

1. Average balance is based on monthly closing balances.
2. Offset products have been reclassified from deposits and netted against the corresponding loan balance (2H24: $7,833.5m; 1H24: $7,638.0m).
3. Interest relating to loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period.
4. Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on liabilities.
5. Net interest margin is the net interest income as a percentage of average interest earning assets.

Refer to 1.4.6 for further details.

Operating and financial review continued

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 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 year, 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:

- In 1H24, the Business and Agribusiness division was restructured to include 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.
- In 1H24, 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 and benefits being transferred from Corporate.
- In 2H24, the cards and payments divisions transferred into the Corporate segment (previously reported in the Consumer segment), and the marketing division into the Consumer segment (previously reported in Corporate).

Amy from our Strathdale Branch in Bendigo
Photographer: Leah Ladson

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

The Consumer segment 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.

	Full year ended			Half year ended		
Consumer	**30 Jun 24 $m**	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Net interest income	943.3	1,038.2	(9.1)	479.2	464.1	3.3
Other operating Income	182.4	173.8	4.9	90.6	91.8	(1.3)
Total segment income	1,125.7	1,212.0	(7.1)	569.8	555.9	2.5
Operating expenses	(353.9)	(374.3)	5.5	(174.1)	(179.8)	3.2
Operating performance	771.8	837.7	(7.9)	395.7	376.1	5.2
Credit (expenses)/reversals	(10.0)	(18.3)	45.4	4.3	(14.3)	130.1
Cash earnings before tax	761.8	819.4	(7.0)	400.0	361.8	10.6
Income tax expense	(242.1)	(257.2)	5.9	(126.2)	(115.9)	(8.9)
Cash earnings after tax	519.7	562.2	(7.6)	273.8	245.9	11.3
Non-cash items after tax	49.7	(15.3)	large	6.8	42.9	(84.1)
Statutory earnings after tax	569.4	546.9	4.1	280.6	288.8	(2.8)

		30 Jun 24	30 Jun 23	Change %	**30 Jun 24**	31 Dec 23	Change %
Net interest margin before revenue share	%	2.30	2.65	(35) bps	2.34	2.27	7 bps
Net interest margin after revenue share	%	1.81	2.04	(23) bps	1.85	1.78	7 bps
Cost to income ratio	%	31.4	30.9	50 bps	30.6	32.3	(170) bps
Number of staff (full-time equivalent)	FTE	2,189	2,280	(4.0)	2,189	2,165	1.1

	$m	$m	%	**$m**	$m	%
Reportable segment assets	61,115.7	59,773.7	2.2	61,115.7	59,553.4	2.6
Reportable segment liabilities	45,436.1	43,493.0	4.5	45,436.1	44,864.1	1.3

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

Cash earnings after tax have decreased to $519.7 million

(FY23: $562.2 million).

Net Interest Income

Net interest income was $943.3 million, a decrease of $94.9 million or 9.1% on the prior year. This reflects a decrease in net interest margin after revenue share of 23 basis points, partly offset by an increase in assets and liabilities.

- Net interest margin after revenue share decreased 23 basis points for the year, reflecting increased competition and the impact of pre-funding Term Funding Facility maturities.
- Revenue share payments decreased on the prior year mainly reflecting lower lending and deposit margins.
- Assets increased year on year with growth in Third Party Banking and Up partly offset by reductions in Retail and Leveraged Equities.
- Liabilities increased year on year reflecting strong growth in both term deposit and savings accounts mainly through the branch network and Up.

Other Income

Other Income was $182.4 million, an increase of $8.6 million or 4.9% on the prior year. This was driven by a $15.5 million increase in Homesafe realised income and one-off revenue generated from the sale of the CGU SME insurance portfolio. This was partly offset by lower wealth management fund performance fees and a decrease in loan account fee income.

Operating Expenses

Operating expenses were $353.9 million, a decrease of $20.4 million or 5.5% on the prior year. Productivity efficiencies and a decrease in customer-related fraud losses were partly offset by increased staff, software licensing and technology infrastructure costs.

Credit Expenses

Credit expenses were $10 million, a decrease of $8.3 million on the prior year, mainly driven by a reduction in collective provisions resulting from improved economic outlook scenarios.

Non-cash Items

Non-cash items of $49.7 million after tax for the year includes $91.6 million of Homesafe property revaluations, offset by $33.9 million of Homesafe realised income. Homesafe fair value adjustments have increased significantly on the prior year due to a restructure of Homesafe operations, in addition to valuation methodology and assumption changes. Refer to section 1.4.3 Homesafe Income for further information.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

The Business and Agribusiness segment focuses on servicing business customers and includes Business Banking, Portfolio Funding, and Rural Bank which encompasses all banking services provided to agribusiness, rural and regional Australian communities.

		Full year ended			Half year ended		
Business and Agribusiness		30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	30 Jun 24 $m	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Net interest income		684.6	646.3	5.9	343.5	341.1	0.7
Other operating Income		67.2	67.0	0.3	33.2	34.0	(2.4)
Total segment income		751.8	713.3	5.4	376.7	375.1	0.4
Operating expenses		(162.7)	(160.4)	(1.4)	(86.1)	(76.6)	(12.4)
Operating performance		589.1	552.9	6.5	290.6	298.5	(2.6)
Credit reversals/(expenses)		9.3	(27.2)	134.2	2.8	6.5	(56.9)
Cash Earnings before tax		598.4	525.7	13.8	293.4	305.0	(3.8)
Income tax expense		(189.3)	(165.1)	(14.7)	(92.5)	(96.8)	4.4
Cash earnings after tax		409.1	360.6	13.4	200.9	208.2	(3.5)
Non-cash items after tax		(0.7)	(7.1)	90.1	(0.4)	(0.3)	(33.3)
Statutory earnings after tax		408.4	353.5	15.5	200.5	207.9	(3.6)
		30 Jun 24	30 Jun 23	Change %	30 Jun 24	31 Dec 23	Change %
Net interest margin before revenue share	%	4.21	4.02	19 bps	4.25	4.19	6 bps
Net interest margin after revenue share	%	3.56	3.41	15 bps	3.59	3.54	5 bps
Cost to income ratio	%	21.6	22.5	(90) bps	22.9	20.4	250 bps
Number of staff (full-time equivalent)	FTE	731	687	6.4	731	693	5.5
		$m	$m	%	$m	$m	%
Reportable segment assets		20,582.0	19,626.6	4.9	20,582.0	19,429.3	5.9
Reportable segment liabilities		20,942.6	20,990.9	(0.2)	20,942.6	21,698.1	(3.5)

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

Cash earnings after tax have increased to $409.1 million

(FY23: $360.6 million).

Net Interest Income

Net interest income was $684.6 million, an increase of $38.3 million or 5.9% on the prior year. This reflects an increase in net interest margin after revenue share of 15 basis points and an increase in assets.

- Net interest margin after revenue share increased 15 basis points driven by higher deposit margins mainly from transaction accounts and lower commissions following termination of the Elders relationship agreement, partly offset by reduced lending margins.
- Assets increased year on year reflecting increases driven by growth in Agribusiness and Portfolio funding.
- Liabilities decreased on the prior year reflecting a decrease in savings, transaction accounts, and wholesale deposits partially offset by an increase in term deposits.

Other Income

Other Income was $67.2 million, an increase of $0.2 million on the prior year. This was mainly driven by a one-off government services fee, partly offset by a decrease in foreign exchange income due to lower customer activity.

Operating Expenses

Operating expenses were $162.7 million, an increase of $2.3 million or 1.4% on the prior year. Higher remediation costs, wage inflation and FTE were partially offset by productivity efficiencies, lower commission payments and lower occupancy costs.

Credit Expenses

Credit expenses were a $9.3 million net release, a decline of $36.5 million mainly driven by a reduction in the collective provision resulting from improved economic outlook scenarios and improvement in the ratings profile of some large Business exposures.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

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

	Full year ended			Half year ended		
Corporate	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	30 Jun 24 $m	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Net interest income/(loss)	38.3	(22.0)	large	29.9	8.4	large
Other operating income	38.4	29.5	30.2	21.0	17.4	20.7
Total income	76.7	7.5	large	50.9	25.8	97.3
Operating expenses	(606.2)	(526.5)	(15.1)	(309.9)	(296.3)	(4.6)
Operating performance	(529.5)	(519.0)	(2.0)	(259.0)	(270.5)	4.3
Credit (expenses)/reversals	(9.2)	11.9	large	(6.2)	(3.0)	(106.7)
Cash earnings before tax	(538.7)	(507.1)	(6.2)	(265.2)	(273.5)	3.0
Income tax benefit	171.9	161.2	6.6	84.3	87.6	(3.8)
Cash earnings after tax	(366.8)	(345.9)	(6.0)	(180.9)	(185.9)	2.7
Non-cash items after tax	(66.0)	(57.5)	(14.8)	(37.5)	(28.5)	(31.6)
Statutory earnings after tax	(432.8)	(403.4)	(7.3)	(218.4)	(214.4)	(1.9)

		30 Jun 24	20 Jun 23	Change %	30 Jun 24	31 Dec 23	Change %
Number of staff (full-time equivalent)	FTE	1,857	1,759	5.6	1,857	1,824	1.8
		$m	$m	%	$m	$m	%
Reportable segment assets		16,490.2	19,079.4	(13.6)	16,490.2	20,547.4	(19.7)
Reportable segment liabilities		24,775.2	27,145.1	(8.7)	24,775.2	25,958.9	(4.6)

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.8 Segment results continued

Cash earnings after tax have reduced to a $366.8 million loss

(FY23: $345.9 million loss).

Net Interest Income

Net Interest Income was $38.3 million, an increase of $60.3 million on the prior year due to an improvement in the returns on capital replicating yields driven by increases in underlying swap rates.

Other Income

Other Income was $38.4 million, an increase of $8.9 million on the prior year. This was mainly driven by increased fee income reflecting volume driven foreign exchange, credit card and cash advance fees.

Operating Expenses

Operating expenses were $606.2 million, an increase of $79.7 million on the prior year with a focus on uplifting risk capabilities and technology improvements. This contributed to higher staff costs, software licensing, cloud costs and amortisation.

An uplift in cyber and fraud security capabilities and increased remediation activities resulted in an increase in full time equivalent staff (FTE) mainly in Risk and Technology.

Credit Expenses

Credit expenses were $9.2 million, an increase of $21.1 million on the prior year driven by an increase in collective provision charges.

Non-Cash Items

Non-cash items include $40.0 million of non-cash investment spend (after tax). These include costs associated with changes to the Business and Agribusiness operating model, simplification of Customer Enablement teams, and conversion of the Alliance Partner model to the Community Bank operating model and structure. Non-cash items also include $11.8 million (after tax) of Elders termination costs. Non-cash items are classified in line with the Group Accounting Guidance Note on Cash Earnings Adjustments, which is approved by the Board Audit Committee.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.9 Capital

	As at 30 Jun 24 $m	As at 30 Jun 23 $m	Change Jun 24 to Jun 23 %	As at 31 Dec 23 $m	Change Jun 24 to Dec 23 %
Group assets	98,187.9	98,479.7	(0.3)	99,530.1	(1.3)
Capital adequacy	$m	$m	%	$m	%
Total regulatory capital	5,983.7	5,925.1	1.0	6,013.3	(0.5)
Risk-weighted assets					
• Credit Risk	35,273.6	35,222.7	0.1	35,616.6	(1.0)
• Market Risk	0.5	1.8	(72.2)	2.1	(76.2)
• Operational Risk	2,731.1	2,675.8	2.1	2,731.1	—
Total risk-weighted assets	38,005.2	37,900.3	0.3	38,349.8	(0.9)
Capital adequacy ratios	%	%	bps	%	bps
Common Equity Tier 1 [1]	11.32	11.25	7 bps	11.23	9 bps
Tier 1	13.43	13.43	—	13.38	5 bps
Tier 2	2.31	2.20	11 bps	2.30	1 bps
Total capital ratio	15.74	15.63	11 bps	15.68	6 bps

1. Under APRA's Basel III capital framework, the Board's CET1 target is above 10%.

Regulatory capital	30 Jun 24 $m	31 Dec 23 $m	30 Jun 23 $m
Common Equity Tier 1			
Contributed capital	5,231.3	5,245.1	5,242.9
Retained profits and reserves	1,377.2	1,310.7	1,233.0
Accumulated other comprehensive income (and other reserves)	(54.5)	2.2	(52.3)
Less:			
Intangible assets, cash flow hedges and capitalised expenses	2,033.3	2,040.6	1,946.2
Net deferred tax assets	147.3	144.7	144.1
Equity exposures	71.1	65.3	68.0
Total Common Equity Tier 1 capital	4,302.3	4,307.4	4,265.3
Additional Tier 1 capital instruments	802.4	824.1	824.1
Total Tier 1 capital	5,104.7	5,131.5	5,089.4
Tier 2			
Tier 2 capital instruments	575.0	575.0	550.0
Provisions eligible for inclusion in Tier 2 capital	304.0	306.8	285.7
Total Tier 2 capital	879.0	881.8	835.7
Total regulatory capital	5,983.7	6,013.3	5,925.1
Total risk-weighted assets	38,005.2	38,349.8	37,900.3

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.9 Capital continued

Key movements in FY24 period include:

Total regulatory capital

Total regulatory capital increased by $58.6 million on FY23 primarily due to:

- A $144.2 million increase in retained earnings; and
- A $25.0 million increase in Tier 2 Capital following a new subordinated floating rate note issuance of $300.0 million on 3 November 2023 and a $275.0 million redemption on 30 November 2023.

Partially offset by:

- A $21.6 million decrease in Additional Tier 1 Capital due to a $300.0 million issuance of capital notes on 25 March 2024 (of which $183.7 million was acquired through reinvestment of converting preference shares by eligible holders) and $137.9 million redemption of remaining converting preference shares on 13 June 2024; and
- $93.5 million increase in regulatory adjustments mainly driven by an $82.5 million increase in capitalised expenses.

Risk-weighted assets

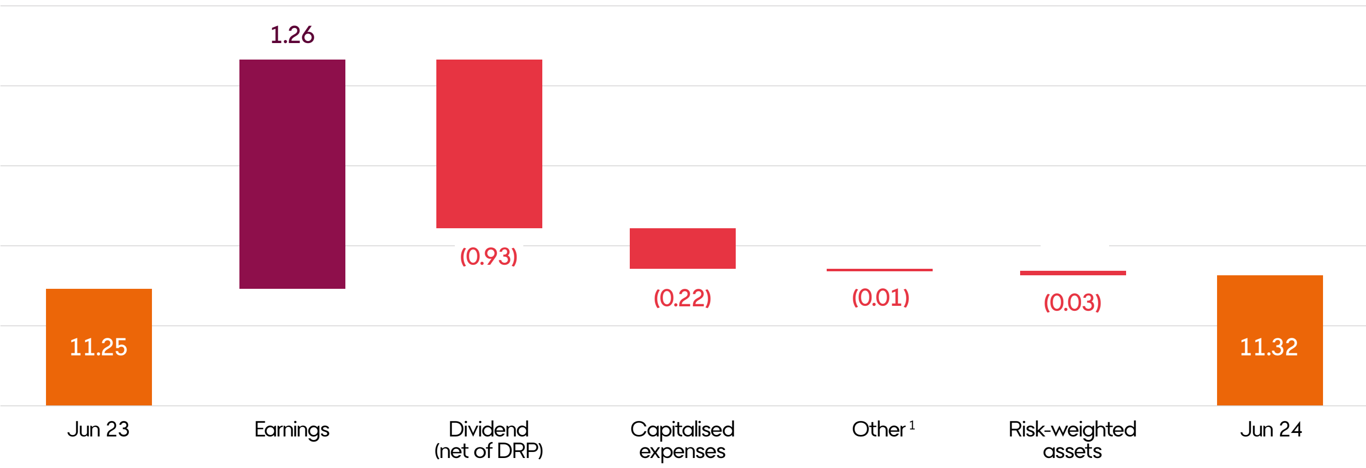
Total risk-weighted assets increased $104.9 million during the period as a result of:

- Securitisation risk-weighted assets increasing due to additional investments in residential mortgage-backed and asset-backed securities;
- Operational risk-weighted assets increasing mainly due to an increase in business growth; and
- Credit risk-weighted asset growth was broadly flat. Some modest increases observed in commercial lending offset by some changes in residential lending mix.

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

Capital – CET1 (%)



1. Other CET1 movements include movements in other reserves and CET1 deductions along with dividends received from non-consolidated subsidiaries related to prior year earnings.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.10 Lending - by purpose

	Full year ended			Half year ended		
	30 Jun 24 $m	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Residential	60,380.0	58,590.2	3.1	60,380.0	58,503.5	3.2
Consumer	1,501.2	1,655.6	(9.3)	1,501.2	1,554.6	(3.4)
Margin lending	1,710.9	1,875.3	(8.8)	1,710.9	1,746.9	(2.1)
Business	10,404.9	10,283.9	1.2	10,404.9	10,305.0	1.0
Agribusiness	6,804.1	6,334.3	7.4	6,804.1	6,085.2	11.8
Total gross loan balance [1]	80,801.1	78,739.3	2.6	80,801.1	78,195.2	3.3
Individually assessed provision	(39.6)	(47.8)	17.2	(39.6)	(41.3)	4.1
Collectively assessed provision	(246.4)	(238.5)	(3.3)	(246.4)	(248.4)	0.8
Unearned income	(105.8)	(90.4)	(17.0)	(105.8)	(94.6)	(11.8)
Total provisions and unearned income	(391.8)	(376.7)	(4.0)	(391.8)	(384.3)	(2.0)
Deferred costs paid [2]	158.3	163.7	(3.3)	158.3	153.0	3.5
Net loans and other receivables	80,567.6	78,526.3	2.6	80,567.6	77,963.9	3.3

1. Gross loans are presented by reference to the underlying purpose of the lending.
2. 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.

Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.11 Funding

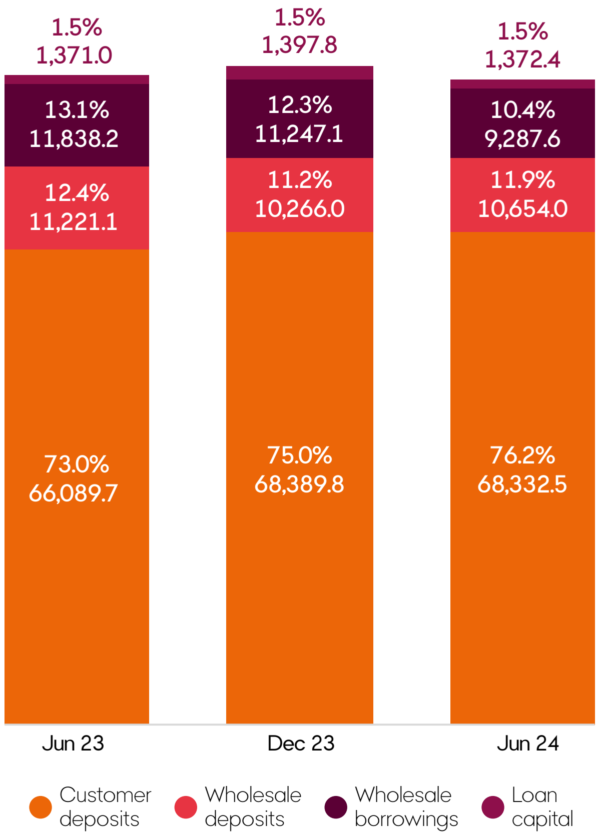
	As at 30 Jun 24 $m	As at 30 Jun 23 $m	Change Jun 24 to Jun 23 %	As at 30 Jun 24 $m	As at 31 Dec 23 $m	Change Jun 24 to Dec 23 %
Deposits						
• Customer deposits	68,332.5	66,089.7	3.4	68,332.5	68,389.8	(0.1)
• Wholesale deposits	10,654.0	11,221.1	(5.1)	10,654.0	10,266.0	3.8
Total deposits	78,986.5	77,310.8	2.2	78,986.5	78,655.8	0.4
Wholesale borrowings	9,287.6	11,838.2	(21.5)	9,287.6	11,247.1	(17.4)
Loan capital	1,372.4	1,371.0	0.1	1,372.4	1,397.8	(1.8)
Total funding	89,646.5	90,520.0	(1.0)	89,646.5	91,300.7	(1.8)

Funding dissection	%	%	%	%
Customer deposits	76.2	73.0	76.2	75.0
Wholesale deposits	11.9	12.4	11.9	11.2
Wholesale borrowings	10.4	13.1	10.4	12.3
Loan capital	1.5	1.5	1.5	1.5
Total funding	100.0	100.0	100.0	100.0

Customer deposits represents the sum of interest bearing and non-interest bearing 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 was collateralised by residential mortgage-backed securities issued by the Group. The Group's final tranche of the TFF facility was repaid in June 2024 (30 June 2023: $4.0 billion).

Funding mix
($m)



Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

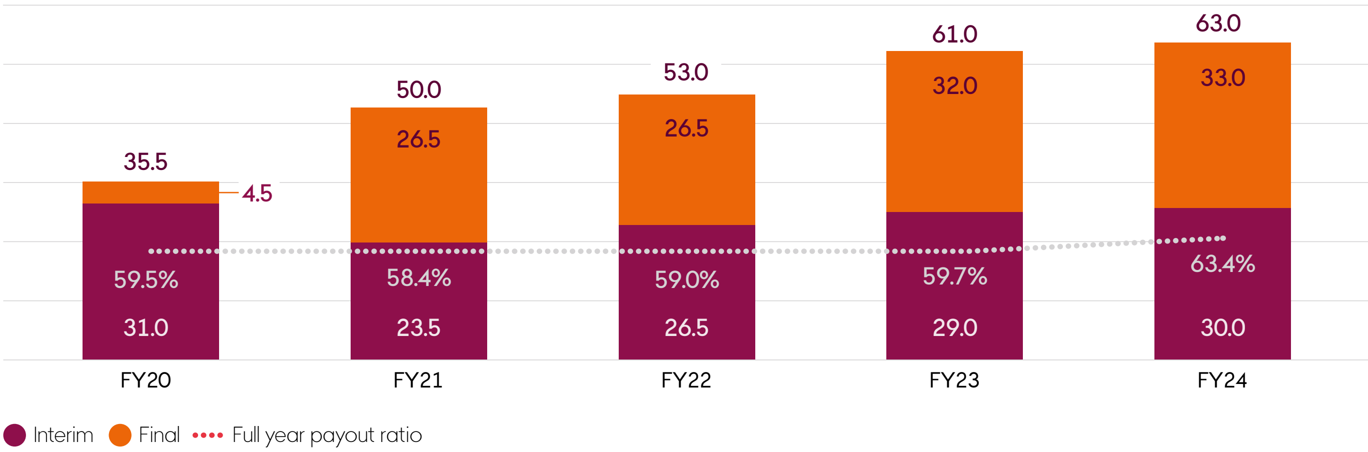
1.4.12 Shareholder returns and dividends

	Full year ended			Half year ended		
Reconciliation of earnings used in the calculation of earnings per ordinary share (EPS)	**30 Jun 24 $m**	30 Jun 23 $m	Change Jun 24 to Jun 23 %	**30 Jun 24 $m**	31 Dec 23 $m	Change Jun 24 to Dec 23 %
Earnings used in calculating basic earnings per ordinary share	545.0	497.0	9.7	262.7	282.3	(6.9)
Amortisation of acquired intangibles (after tax)	3.6	4.5	(20.0)	1.8	1.8	—
Non-cash income and expense items (after tax)	(11.2)	58.5	(119.1)	17.0	(28.2)	large
Homesafe net realised income (after tax)	24.6	16.9	45.6	12.3	12.3	—
Total cash earnings	562.0	576.9	(2.6)	293.8	268.2	9.5

Weighted average number of ordinary shares used in the calculation of EPS	**30 Jun 24 000's**	30 Jun 23 000's	Change %	**30 Jun 24 000's**	31 Dec 23 000's	Change %
Weighted average number of ordinary shares – used in basic and cash basis EPS calculations	565,819	565,153	0.1	565,603	566,032	(0.1)
Weighted average number of ordinary shares – used in diluted EPS calculations	662,913	661,966	0.1	661,697	665,385	(0.6)

Reconciliation of equity used in the calculation of ROE and ROTE	**30 Jun 24 $m**	30 Jun 23 $m	Change %	**30 Jun 24 $m**	31 Dec 23 $m	Change %
Ordinary issued capital	5,233.2	5,242.9	(0.2)	5,233.2	5,245.1	(0.2)
Retained earnings	1,762.0	1,567.3	12.4	1,762.0	1,668.6	5.6
Total ordinary equity	6,995.2	6,810.2	2.7	6,995.2	6,913.7	1.2
Average ordinary equity	6,870.0	6,694.3	2.6	6,914.7	6,825.3	1.3
Average intangible assets	1,876.4	1,843.7	1.8	1,895.0	1,858.3	2.0
Average tangible equity	5,055.5	4,959.7	1.9	5,086.2	5,024.9	1.2

Dividend per share
(cents)



Operating and financial review

1.4 GROUP PERFORMANCE ANALYSIS continued

1.4.12 Shareholder returns and dividends continued

		Full year ended			Half year ended		
		30 Jun 24	30 Jun 23	Change Jun 24 to Jun 23 %	**30 Jun 24**	31 Dec 23	Change Jun 24 to Dec 23 %
Cash earnings per share	¢	99.3	102.1	(2.7)	51.9	47.4	9.5
Dividend per share	¢	63.0	61.0	3.3	33.0	30.0	10.0
Dividend amount payable/paid	$m	356.5	343.2	3.9	186.6	169.9	9.8
Payout ratio – earnings per ordinary share [1]	%	65.4	69.4	(400) bps	71.1	60.1	large
Payout ratio – cash basis per ordinary share [1]	%	63.4	59.7	370 bps	63.6	63.3	30 bps

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 to receive 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 9 September 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 final dividend is 4 September 2024.

1.4.13 Net tangible assets per ordinary share

	Full year ended			Half year ended		
	30 Jun 24	30 Jun 23	Change Jun 24 to Jun 23 %	**30 Jun 24**	31 Dec 23	Change Jun 24 to Dec 23 %
Net assets per ordinary share [1]	$12.44	$12.11	2.7	$12.44	$12.38	0.5
Net tangible assets per ordinary share [2]	$9.06	$8.85	2.4	$9.06	$9.06	—
Net tangible assets	**$m**	$m	$m	**$m**	$m	$m
Net assets	7,034.0	6,850.7	2.7	7,034.0	7,009.0	0.4
Intangible assets	(1,909.8)	(1,841.9)	(3.7)	(1,909.8)	(1,878.3)	(1.7)
Net tangible assets attributable to ordinary shareholders	5,124.2	5,008.8	2.3	5,124.2	5,130.7	(0.1)
Number of fully paid ordinary shares on issue (000's)	565,315	565,896	(0.1)	565,315	566,167	(0.2)

1. Net assets per ordinary share is calculated using the closing number of ordinary shares on issue.
2. Net tangible assets per ordinary share is calculated as net assets less goodwill and other intangible assets, and is calculated using the closing number of ordinary shares on issue.

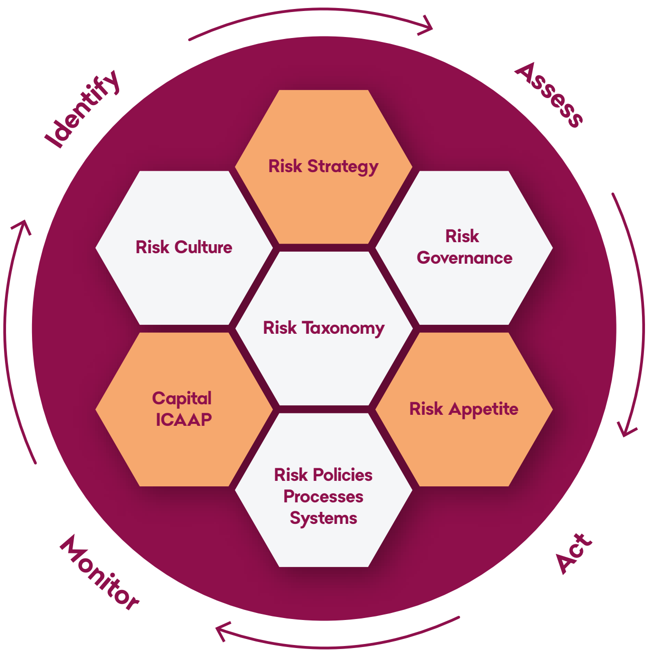
Operating and financial review

Risk Management Framework, Material Risks and Business Uncertainties

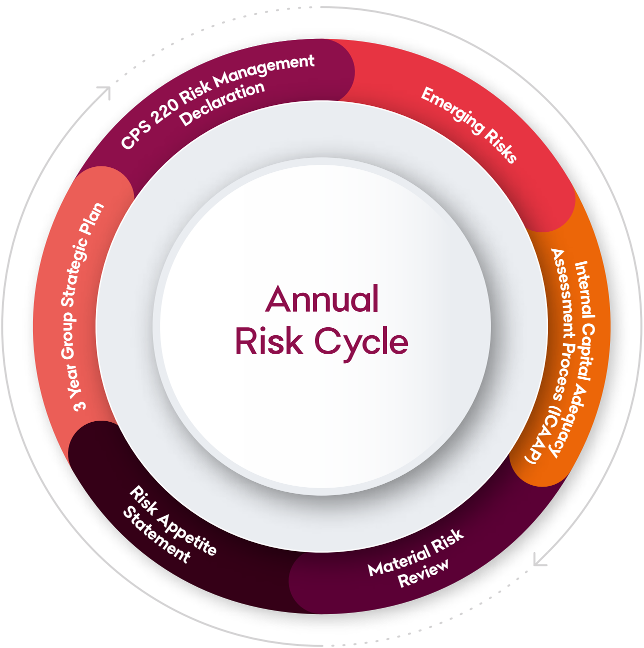
The Group operates in a complex and challenging environment. Our Group Risk Management Strategy (GRMS), framework, and practices support the Group to navigate such challenges and achieve its vision of being Australia's bank of choice.

The Group Risk Management Framework (GRMF) comprises the structures, policies, processes, systems, and people the Group use as our consistent approach to managing risk.

Our key risk management framework components are:



The Group undertakes an annual cycle to support the risk strategy and risk appetite for the Group. The Group's strategic planning process is integrated with the GRMS to ensure alignment between the Group's strategic initiatives, risk appetite, and risk management processes. Capital is held to support delivery of the strategic initiatives and risks of the Group.



All material risks are managed within a defined risk appetite which is aligned with the Group strategy and business objectives. The Board's risk appetite for its material risks is documented in the Group's Risk Appetite Statement (RAS). The RAS defines the level and types of risk that the Group is willing to take.

The Group's RAS is reviewed, updated, and approved annually by the Board. The Group's adherence to the risk appetite is reported regularly to the Board.

Risk culture

Risk culture refers to the shared attitudes, values, and behaviours that characterise how our people consider risk in their day-to-day activities.

A strong risk culture ensures that risk management is embedded in the Group's culture, strategy, risk appetite, and decision-making processes, and that everyone understands their role in managing risk. A positive risk culture also promotes transparency, accountability, and a willingness to speak up about risks and issues, so that we can prevent or mitigate these before they materialise. Central to a strong risk culture is admitting mistakes when they have occurred and using these as learnings to drive improvement and reinforce accountability.

An effective risk culture is critical for the Group to deliver its strategic objectives and operate within its risk appetite. The Board, Executive, and Senior Management play a pivotal role in establishing the target risk culture state, which guides and prioritises risk culture specific initiatives and assists the Board and Executive to form an aligned view of risk culture and its drivers. This is accomplished using the Group's culture model.

Operating and financial review

Risk capabilities, skills and behavioural expectations

To enable and support a strong Risk Culture, it is important that our people model our expected organisational behaviours and continually develop their risk capabilities and skills.

Our Values, Leadership Behaviours and Critical Few Behaviours provide a simple and clear set of behavioural expectations to help accelerate the way we execute on our strategy whilst managing risk. Adherence to these behaviours is reviewed as part of the performance management cycle.

The Group develops risk capabilities and skills for the organisation through inclusion of a Risk Acumen cluster in the People Capability Framework and investing in learning and development.

Lines of defence

The Group adopts a Three Lines of Defence model across most of its operations, which splits responsibility and accountability for risk across the three functions.

Each function has a distinct role and accountabilities. The model includes management accountability (First Line), independent challenge (Second Line), and independent assurance and review by Audit (Third Line).

Three lines of defence is important because it:

- Helps us define who is responsible for what across the organisation;
- Avoids both gaps in our risk management and unnecessary duplication; and
- Helps us deliver strong, integrated, Group-wide assurance activities.

The table below provides a definition:

Line of Defence	Definition	Ownership
First Line of Defence (1LoD) Management Accountability	1LoD includes most front-facing and operations-based staff. This includes Executives and all staff of those divisions, staff members with delegated authority to make decisions (including sales staff), including any staff conducting risk management activities as part of operational teams.	Ownership of the business outcomes, and management of compliance obligations, risks, and controls.
Second Line of Defence (2LoD) Independent challenge	2LoD is made up of specialised risk, compliance, and subject matter expert resources, responsible for the development of risk frameworks and policies and providing independent oversight and challenge of 1LoD practices. 2LoD includes any specialist areas responsible for setting and monitoring adherence with organisation-wide standards.	Ownership of the design and operation of the risk management framework and the extent to which it is fit-for-purpose to enable the business to manage risk. Setting the minimum expectations which are to be applied consistently across the organisation and are designed to ensure compliance or manage/reduce risk.
Third Line of Defence (3LoD) Independent Assurance & Review	3LoD is made up of Group Internal Audit (GIA) and co-sourced internal audit providers. 3LoD are independent of management with a direct reporting line to the Board Audit Committee. The GIA team have unfettered access to the 1LoD and 2LoD people, systems, and processes which allows for objective, transparent, and credible assessment and reporting of the internal risk and control environment. Independent and objective assurance is provided by the Group's External Auditor, on the audited financial report.	Ownership of execution of the Board Audit Committee-approved assurance program.

Further information on our Risk Management Framework, Governance and Appetite is presented in the 2024 Corporate Governance Statement.

Operating and financial review continued

Emerging Risks

The Group has a process to identify and rank key emerging risks that are either currently impacting, or likely to impact, the Group in the future.

The objective of the emerging risks review is to identify the Group's key emerging risks incorporating views from a range of stakeholders across the three lines of defence, and review how the Group is managing these risks, to ensure:

- Sufficient management attention, action and resources and being allocated in a timely manner; and
- An appropriate governance structure exists to enable informed consideration and for the Executive and Board to have sufficient oversight of the risks.

For any risk that is identified as not being sufficiently managed, action will be taken to ensure that this risk will be better assessed, managed, or controlled. An action plan will be required and may consider the integration of the emerging risk into our risk taxonomy as an existing material risk, or if it should be considered as a material risk in its own right, in conjunction with the Material Risks review.

Material Risks

Our business is exposed to a broad range of financial and non-financial risks arising from our operations.

The most material risks that the Group faces have been assessed as 'Material Risks' which are considered to be those risks that could have a significant adverse impact, financial and/or non-financial, on the Group and its ability to do any of the following:

- Meet its obligations to depositors, customers, shareholders and /or regulators;
- Maintain a sound financial condition;
- Meet its strategic objectives and business plan;
- Maintain critical operations; or
- Maintain its reputation and level of trust.

The Group's material risk categories have been split between financial and non-financial.

Operating and financial review

Financial Risks

Financial risks arise from the Group's risk-taking activities that are reflected in the Group's financial position and balance sheet.

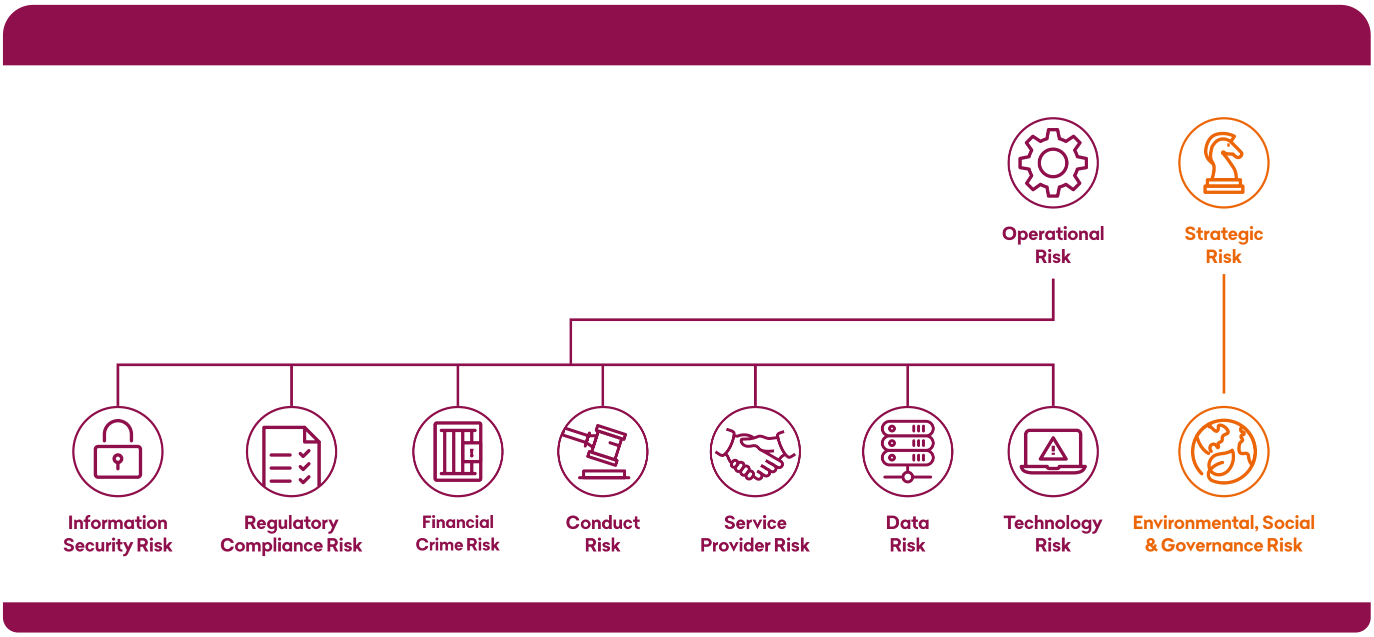
These material financial risks each have an individual risk management framework and are supported by an established network of structures, policies, processes, systems and people which are overseen by the Board and Board Committees, with support from Management Committees and our independent risk management functions. These material financial risks are considered within the Group's RAS.

The definition and management of these financial risks are outlined in further detail in Note 21 to the 2024 Annual Financial Report.

Non-Financial Risks

Non-financial risks arise from our staff, operations, processes, systems, and from our external environment. These are classified as Operational & Strategic Risks.

The material non-financial risks each have or are incorporated within a risk management framework and are supported by an established network of structures, policies, processes, systems and people which are overseen by the Board and Board Committees, with support from Management committees and our independent risk management functions. The material non-financial risks are considered within the Group's RAS.



Operating and financial review

The details of the management of Non-financial Material risks are provided below.

Strategic Risk

Definition

Strategic Risk is the risk that either business decisions or ineffective or inappropriate business plans fail to respond to changes in the environment, or fail to appropriately execute on strategic initiatives, which impacts our ability to meet our strategic objectives.

How we manage the risk

The organisational strategic planning processes are the responsibility of the CEO/MD and facilitated by Group Strategy. This process considers industry and regulatory factors, emerging risks considering both threats and opportunities, organisation risk profile, and risk appetite. Our governance structure manages the execution of strategic objectives, including consideration of prioritisation and sequencing of initiatives, monitoring delivery against financial and non-financial metrics, and approval of investment priorities.

Consequence

Failing to manage Strategic Risk may impact on the ability to deliver expected outcomes for all stakeholders and result in materially adverse outcomes.

Environmental, Social and Governance (ESG) Risk

Definition

Environmental, Social and Governance (ESG) Risk is defined as the risk of failure to appropriately identify and manage material environmental, social, and governance risks and opportunities.

How we manage the risk

The Group has adopted an approach to assess its most material ESG risks and issues. This approach assesses a range of factors to test and validate our approach and Business Plan on an ongoing basis. This includes:

- The regulatory environment;
- Monitoring external ESG and sustainability assessments of the Group;
- Monitoring developments in relevant international frameworks and national industry bodies;
- Reviewing customer complaints;
- Updating the Group's Social Issues Register;
- Reviewing ESG and sustainability themes emerging from banking sector Annual General Meetings; and
- Conducting the Group's annual materiality process.

This approach has informed the transition of the Group's inaugural ESG Framework to an enterprise-wide ESG & Sustainability Business Plan. This Business Plan provides detail on ESG initiatives, provides clarity on accountabilities and includes public commitments to help us measure our performance.

The Business Plan demonstrates alignment with the Group's vision, purpose and strategic imperatives, but also identifies how ESG and sustainability risks are managed, and which policies and positions guide our approach.

The Business Plan reflects that climate change and its impacts will increasingly play a role across our ESG programs and therefore identifies a climate change approach as a point of risk and opportunity for the Group. It also identifies programs of work to manage our ESG approaches. This is how we maintain our social licence to operate and ensure the Group remains a responsible and ethical business.

The Business Plan helps to identify ESG gaps and opportunities and is underpinned by detailed programs of work underway to ensure successful management of ESG risks and opportunities for our business.

Consequence

Failing to identify and manage ESG risks can lead to a range of damaging consequences at an enterprise level and across all stakeholder groups and has the potential to cause material financial and/or reputational damage.

Operating and financial review

Operational Risk

Definition

Operational Risk is the risk of impact on objectives or the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.

It covers a broad range of risks including, but not limited to, material risks such as Regulatory Compliance, Financial Crime, Conduct, Service Provider, Data, Technology, and Information Security Risks.

How we manage the risk

Operational Risk is managed in accordance with the Operational Risk Framework which outlines important activities to ensure we manage and minimise our risks, including:

- Evaluating our environment for threats and challenges, as we strive to achieve our strategic objectives;
- Identifying different types of Operational Risks, we are exposed to, or what can go wrong with our products and processes;
- Assessing the potential impact to our customers, staff, shareholders, and community if risks materialise;
- Introducing controls or processes to prevent risks from occurring or reduce the impact if they do occur;
- Proactively improving our products and processes when there are changes to regulations;
- When things do go wrong, investigating what happened to understand why errors occurred, and how our customers, staff, shareholders and community are impacted so that we can learn from our mistakes and prevent recurrences;
- Monitoring and reporting risk information to Executive management and the Group's Board, to enable them to make risk-informed decisions, and ensure we remain adequately capitalised and can absorb unexpected losses in line with the ICAAP. Regular reporting is provided to the Group's Divisional Risk Committees, Operational Risk Committee (ORC) and Board Risk Committee (BRC); and
- All staff in the Group have a role in managing Operational Risk.

Consequence

Failing to manage Operational Risks can result in significant adverse outcomes for our customers, staff, shareholders, or community. Operational Risk events, due to ineffective processes or insufficient controls can significantly impact the Group's reputation and directly impact the Group's ability to achieve its strategy. Operational Risk events can result in significant financial losses, regulatory intervention, fines and penalties, and, depending on the nature of the failure, result in lengthy litigation or class action.

Regulatory Compliance Risk

Definition

Regulatory Compliance Risk is the risk of adverse customer impact, financial loss or regulatory penalties which may occur because of inadequate or failed internal processes, people, systems or controls and results in a failure to comply with regulatory obligations.

How we manage the risk

Regulatory Compliance Risk is managed in accordance with the Group Regulatory Compliance Risk Management Framework.

Regulatory Compliance Risk is a subset of Operational Risk and utilises the core operational risk management process and procedures.

Regular Regulatory Compliance Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Failing to effectively manage our compliance risks can result in significant damage to our reputation, increased regulatory scrutiny, fines and penalties, or restrictions on our licences, and can result in significant financial losses in legal fees, customer restitution, or class action.

Operating and financial review

Financial Crime Risk

Definition

Financial Crime Risk is the risk of facilitation of money laundering, sanctions violations, bribery or corruption, and fraud.

How we manage the risk

Financial crime-related risks are a subset of Operational Risk and managed with policies, processes, and practices aligned to the Operational Risk Management Framework.

Financial Crime Risk is an inherent risk within financial services, given the ability for staff and external parties to obtain an advantage for themselves or others. An inherent risk also exists due to systems and internal controls failing to prevent or detect all instances of financial crime.

The Group has established techniques and capabilities to detect and prevent financial crime and comply with legislation.

A specialist Financial Crime Risk function is responsible for delivering an overarching framework of programs, policies, and controls to support the Group in the management of the risk of financial crime. The function includes providing independent advice, challenge and oversight across the Group.

Regular Financial Crime Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Failing to manage financial crime can result in significant regulatory fines and penalties impacting our customers, staff, shareholders, and the broader community. Inadvertently facilitating financial crime by failing to identify it and prevent it can also result in significant damage to our reputation as our customers and community lose trust in us.

Conduct Risk

Definition

Conduct Risk is the risk of delivering unfair outcomes for our customers, staff, shareholders. community, the Group and/or markets in which we operate from inappropriate, unethical, or unlawful behaviour, action or omission by management or staff which may be deliberate or inadvertent.

How we manage the risk

Conduct Risk is managed in accordance with the Group Conduct Risk Framework.

Conduct Risk is a subset of Operational Risk and aligns with the core operational risk management processes and procedures to identify and assess key conduct risks, undertake monitoring, and root cause processes that consider and identify underlying contributing behaviours. In addition, the following specialty management elements are specific and/or related to Conduct Risk:

- Code of Conduct;
- Good Conduct Principles; and
- Consequence Management Policy.

Regular Conduct Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Failing to manage Conduct Risk may adversely affect the Group's business, operations, and financial position and its stakeholders. The Group may be exposed to regulatory/legal enforcement actions (restrictions or conditions on banking licences), financial implications and/or reputational damage.

Operating and financial review

Service Provider Risk

Definition

Service Provider Risk is the risk of failing to manage service provider relationships and risks appropriately. For example: not taking appropriate steps to identify and mitigate additional Operational Risks resulting from the outsourcing and procurement of services or functions.

How we manage the risk

Service Provider Risk is a subset of Operational Risk and is managed with policies, processes and practices aligned to Operational Risk. The Group has a Service Provider Risk Management Policy which provides the required steps to manage material service providers including sourcing, onboarding, ongoing monitoring and oversight, and the assessment and treatment of supplier risk. In addition, the Group has an Outsourcing Policy which outlines the principles and practices to effectively manage risks arising from the outsourcing of its business activities and functions as per the Australian Prudential Regulation Authority's (APRA) CPS231 Outsourcing requirements. The Procurement Policy provides the required steps to manage non-material service providers.

The Enterprise Procurement function provides advice, support, and oversight throughout the procurement process as well as monitoring and oversight of material service providers, and management of policies, procedures, and tools.

Regular Service Provider Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Depending on the service provided by our suppliers, failing to manage Service Provider Risks can have significant consequences resulting in financial losses, regulatory impacts, and/or damage to our reputation. Service Provider failures can result in various operational risk events materialising, including Business Disruption.

Data Risk

Definition

Data Risk is the risk of the potential for business loss resulting from failure to appropriately govern, manage and maintain the Group's data, including but not limited to client data, staff data, and the Group's proprietary data.

How we manage the risk

Data Risk is a subset of Operational Risk. There are specific Data Risk policies, standards, processes, and practices that provide specific information on our management of Data Risks.

The Group seeks to minimise Data Risk through maintaining a dedicated Data Risk Management Framework to ensure Data Risk is effectively identified, measured, treated, and monitored for the Group. The Group proactively scans its internal and external environment to identify and monitor for current, evolving, and emerging data risks.

Regular Data Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Data Risk could potentially directly affect the Group's ability to meet its strategic objectives. Failing to manage the Group's data can result in significant operational risk failures and poor customer outcomes, particularly where data is inaccurate, or where data is used or transformed inappropriately. It can also result in significant regulatory fines and penalties and affect the Group's ability to meet its contractual and legal obligations.

Operating and financial review

Technology Risk

Definition

Technology Risk is the risk associated to any technology that negatively impacts the Group's Operations.

How we manage the risk

Technology Risk is a subset of Operational Risk. There are specific Technology Risk-related policies, processes and practices that provide specific information on our management of Technology Risks. Monitoring and reporting on the health of our Technology assets and associated risks is incorporated in our Governance processes, including specific Risk Appetite Statements and measures for Technology Risk.

The Group seeks to minimise Technology Risk through maintaining a dedicated Group Technology Risk Management Framework to ensure Technology is effectively identified, measured, treated, and monitored for the Group. The Group actively scans the internal and external environment to identify and monitor for current, evolving, and emerging technology risks.

Regular Technology Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

The use of Technology is pervasive across all our products, processes, and services. Technology failure can result in significant disruption to our business processes, negative customer outcomes and significant breach of regulatory and legal requirements.

Information Security Risk

Definition

Information Security Risk comprises the impacts to the Group, its customers, and stakeholders that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate.

How we manage the risk

Information Security Risk is a subset of Operational Risk. There are specific policies, processes and practices that provide specific information on our management of Information Security. Information Security Risks, including events where our data and/or associated assets are compromised, are monitored and reported in order to inform our decision-making and associated governance processes.

The Group seeks to minimise Information Security Risk through maintaining a dedicated framework, policies and standards where Information Security Risks are identified, managed, and measured for the Group. The Group actively scans the internal and external environment to identify and monitor for current, evolving, and emerging information security-related threats and vulnerabilities.

Regular Information Security Risk reporting follows the Operational Risk Framework and is provided to Divisional Risk Committees, ORC and BRC.

Consequence

Failing to manage information security can directly impact our customers, particularly in cases where their private identity or business information is compromised. It can also significantly impact our shareholders particularly where commercially sensitive information is compromised. Our failure to manage information security would result in significant financial and reputational consequences, as well as significant fines and penalties as a result of breaching our regulatory or legal obligations.

Operating and financial review

Business Uncertainties

The financial prospects of any company are sensitive to the underlying characteristics of its business and the interaction with the internal and/or external environments. This section explores some of the more significant uncertainties and risks managed by the Group based on these derivations.

Risk derived from Business characteristics:

Property risk

Residential, commercial, and rural property lending, and property finance, including real estate development and investment property finance, constitute important businesses to the Group. A significant reduction in Australian property prices could significantly impact the Group's financial performance and operations. The Group is currently exposed to the risk of declining residential property prices through its 100% equitable interest in the portfolio of Homesafe contracts, originated before June 2024. The Group's interest in the Homesafe contracts – which were entered into by Homesafe Solutions (a previous joint venture of the Group) and which assist senior homeowners to access equity in their homes without going into debt – entitle the Group to a percentage of the proceeds of sale of the properties owned by Homesafe customers. To the extent that there is a decline in residential property prices, there will also be a decline in the absolute amount that the Group may receive under its interest in these Homesafe contracts, which would represent a decrease in the value of the Group's interest in these Homesafe contracts.

Extreme cyber or critical infrastructure events

Cyber-attacks are becoming more frequent and severe globally, with increasing online adoption, reliance on digital services and supply chain risks also leading to greater sophistication and complexity. The Group monitors internal and external cyber-security threats and risks that could impact the organisation and its customers, staff, shareholders, community, partners, and the broader industry. The Group operates a range of controls and protection methods to manage and mitigate cyber risk. Monitoring, contingency planning and control testing is also regularly performed to minimise the potential of a disruption to critical systems or infrastructure and to maintain a resilient technology environment.

Capital base

The capital base of the Group is critical to the management of our businesses and our ability to access funding. The Group is required to maintain adequate regulatory capital and is subject to quantitative and qualitative assessment of its capital levels by APRA. The Group's capital ratios may be affected by a number of factors, including earnings, asset growth and quality, changes in regulatory requirements, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses).

The macroeconomic environment, stressed conditions and/or regulatory change could further impact the Group's capital ratios and therefore its capital adequacy. This can in turn impact how the Group uses capital and can restrict its ability to pay dividends and Additional Tier 1 Capital distributions, or to make stock repurchases, or restrict balance sheet growth. It may also require the Group to raise more capital and there can be no certainty that any additional capital raised in the future can be raised at acceptable and economic terms. Additionally, if the information, models, or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the Group's operations, financial performance and financial position.

Operating and financial review

Changes in accounting policies and critical estimates

The Group is required to adhere to accounting standards which set out how the financial performance and position of the Group is recorded and reported. These financial reports, along with the associated processes, are audited annually.

The Group needs to make assumptions and judgements when executing accounting processes, particularly when determining valuations and computing accounting provisions. These assumptions and judgements could change based on new information, new interpretations, or a change in circumstances, which could lead to the Group incurring higher than expected losses or needing to take higher provisions than previously forecasted.

The Group is also exposed to the risk of the introduction or amendment of accounting standards or interpretations. New or changed accounting requirements could result in higher losses or higher provisions.

Fraud and scams risk

The Group is exposed to the risk of fraud, both internal and external (including fraudulent applications for loans, or from incorrect or fraudulent payments and settlements). The Group also runs the risk that staff, contractor and external service provider misconduct could occur. For instance, fraudulent conduct can also arise from external parties seeking to access the Group's systems or customer accounts. All actual or alleged fraud is investigated under the authority of the Group's financial crimes unit. It is not always possible to deter or prevent misconduct and the precautions taken by the staff to prevent and detect such activity may not be effective in all cases, which could result in financial losses, regulatory intervention, and reputational damage.

A global increase in fraud and scams against customers and the Group has been observed since the COVID-19 pandemic. Scams, frauds and financial crimes could continue to increase materially due to corporate cyber-attacks against Australian corporations where theft of private data could erode the reliability of the Group's existing Know Your Customer (KYC) processes as stolen personal information could be misused for identity theft. Increased focus on protection of vulnerable customers also has the potential to result in Australian regulators imposing a shared liability model where banks become accountable for a portion of the frauds and scams perpetrated against the Group's customers.

Operating and financial review

Liquidity and funding risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

Liquidity risk is managed in line with a Board approved framework, which incorporates limits, monitoring and escalation processes to ensure sufficient liquidity is maintained.

Reduced liquidity could lead to an increase in the cost of the Group's borrowings and possibly constrain the volume of new lending, which could adversely affect the Group's ongoing operations, funding position and profitability.

Liquidity risk may increase during periods of market stress, in the event of deterioration in investor confidence in the Group, or in times of significant competition for funding (including customer deposits).

If the Group's current sources of funding prove to be insufficient or too expensive, it may be forced to seek alternative financing (to the extent such financing is available). The availability of such alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, the Group's credit ratings and the Group's financial position. These alternatives may be more expensive than existing funding sources which may negatively impact the Group's profitability and overall financial position.

If the Group is unable to source appropriate funding, it may be forced to reduce lending or sell liquid securities (to the extent that a market in such securities is available) to solve any potential funding shortfalls. There is no assurance that the Group would be able to obtain favourable prices on some or all of the securities it offers for sale.

The inability to obtain appropriate funding may materially adversely impact the Group's financial performance, financial position, growth, liquidity, and capital resources.

Financial crime risk

The Group is subject to a wide range of financial crimes regulations, such as anti-money laundering and counter terrorism financing laws, anti-bribery and corruption laws and sanctions laws. As a result of the ongoing conflict in Ukraine, there is an unprecedented volume of sanctions being applied by regulators globally to Russia, and potentially other countries. While regulators across the United States, Europe and Australia are largely united with respect to these sanctions, the nuances and specific restrictions are not fully aligned. As a result, the Group is subject to heightened operational and compliance risks in navigating transactions and dealings that may be affected by these additional sanctions laws. This heightened risk is expected to continue and increase as the conflict in the region persists.

While the Group has policies, systems and controls in place that are designed to manage its financial crime obligations (including its reporting obligations in respect of matters such as International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports), these may not always be effective.

To the extent that the Group is found to have failed, or in the future fails, to comply with its obligations under these laws, the Group may face regulatory enforcement action or other sanctions including litigation, fines, civil and criminal penalties, customer compensation obligations and enforceable undertakings. Non-compliance with these obligations could also lead to litigation commenced by third parties (including class action proceedings), regulatory action and sanctions imposed by regulators, as well as adverse media coverage, all of which may also result in reputational damage.

In addition, due to the large volume of transactions that the Group processes, an undetected failure or the ineffective implementation, monitoring or remediation of a policy, system or control has the potential to result in multiple breaches of the Group's obligations under these laws which, in turn, could give rise to significant monetary penalties for the Group.

These actions and events could, either individually or in aggregate, adversely affect the Group's business, prospects, reputation and financial performance and position.

Operating and financial review

Privacy and cyber security risk

The Group processes, stores, and transmits large amounts of personal and confidential information through its technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are increasingly sophisticated. In addition, the number, nature and resources of adverse actors that could pose a cyber threat to the Group is growing, including individual cybercriminals, criminal, or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities.

Although the Group invests in protecting the confidentiality, integrity, and availability of this information, the Group may not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures and controls to prevent or minimise the resulting damage. The Group may also inadvertently retain information which is not specifically required or is not permitted by legislation, thus increasing the impact of a potential data breach or non-compliance.

Additionally, the Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure. While the Group negotiates comprehensive risk-based controls with its service providers, it is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. The Group may also submit confidential information to its key regulators under a legal obligation and as part of regulatory reporting.

A breach of security at any of these external providers, regulators or within the Group may result in operational disruption, theft or loss of customer or employee data, a breach of privacy laws, and regulatory enforcement actions, customer, or employee redress, litigation, financial losses, or loss of market share, property or information. This may be wholly or partially beyond the control of the Group and may adversely impact its financial performance and position, and reputation. Any such event may also give rise to increased regulatory scrutiny or adversely affect the view of ratings agencies.

Credit and impairment risk

As a financial institution, the Group is exposed to the risks associated with extending credit to other parties. Credit risk is defined as the risk of loss of principal, interest and/or fees and charges resulting from a borrower failing to meet a credit commitment. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers to experience an adverse financial situation, thereby exposing the Group to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms.

The Group is predominantly exposed to credit risk as a result of its lending activities as well as counterparty exposures arising from the activities of its Group Treasury and the use of derivative contracts. As with any financial services organisation, the Group assumes counterparty risk in connection with its lending, trading, derivatives and other activities where it relies on the ability of a third party to satisfy its financial obligations to the Group on a timely basis. The Group could also be subject to the risk that its rights against borrowers or third parties are not enforceable in certain circumstances.

The Group holds two types of provisions for credit impairment: the Collective Provision and Specific Provisions. The Collective Provision is held against currently unidentified losses across loan portfolios with similar risk characteristics and against a general deterioration in the loan book. The Collective Provision is determined through credit risk modelling, and considers prevailing and future economic conditions and may include overlays based on management's judgement of other relevant factors. The Group also holds Specific Provisions against identified non-performing loans which it assesses as unlikely to be repaid in full and the value of collateral is not expected to be enough to cover the outstanding amount.

Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. Material unexpected credit losses could have an adverse effect on the Group's business, operations and financial performance and position.

Operating and financial review

Risk derived from internal environment:

The internal environment may lead to different risks for the business in the event of deficient systems, lack of proper risk management, inadequate internal controls or ineffective decision-making.

Partner risk

The Group has Community Bank branches operating in all Australian states and territories and deals with intermediaries through its Third Party Banking business. The Community Bank branches are operated by companies that have entered into franchise and management agreements with the Group to manage and operate a Community Bank branch. Intermediary agreements are also entered into for all Third Party Banking intermediaries.

The Group carefully assesses and monitors the progress of the franchisees and intermediaries although there can be no guarantee of their success. While the Community Bank branch network is relatively mature and the Group's dealings with intermediaries through its Third Party Banking model continue, there are risks that may develop over time which may adversely impact the Group's financial results. These risks include the actions of intermediaries adversely affecting the Group's reputation, loss of customers, and regulatory investigations, enforcement actions, fines, penalties or litigation or other actions brought by third parties (including class actions) all of which, individually or in combination, could adversely affect the Group's business, financial performance, or financial condition.

Litigation and contingent liabilities risk

From time to time, the Group may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they materialise, may adversely affect the Group's results. The Group may be exposed to risks relating to the provision of advice, recommendations or guidance about financial products and services, or behaviours which do not appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in the course of its business activities.

In recent years, there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of those investigations, reviews and enforcement actions can be wide-ranging and, for example, across the financial services industry currently include a range of matters including responsible lending practices, product suitability, wealth advice and conduct in financial markets and capital markets transactions.

Regulatory investigations, fines, other penalties or regulator-imposed conditions could adversely affect the Group's reputation, prospects, financial performance and position, and capital condition. There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

Operating and financial review

Conduct risk

The Group is exposed to risks relating to product flaws, processing and collection errors, and mis-selling. These risks can arise from product design or disclosure flaws or errors in transaction processing. It can also include mis-selling of products to the Group's customers in a manner that is not aligned to the customer's risk appetite, needs or objectives. Where issues are identified, the Group has processes for customer review and remediation and determines compensation amounts for affected customers. Provisions are raised for the estimated compensation due to customers (once sufficient information has been obtained), but this is judgmental and the actual compensation may vary significantly from the amounts provided for.

If conduct risk materialises, this may expose the Group to regulatory actions, restrictions, or conditions on banking licences and/or reputational consequences that may adversely affect the Group's business, operations, and financial position. It is possible that remediation programmes may not be implemented appropriately or may lead to further remediation work being required, resulting in litigation, regulatory action and/or increasing cost to the Group, all of which may adversely affect the Group's business, operations, and financial position.

Contagion risk

The Group includes a number of subsidiaries which are trading entities and holders of Australian Financial Services Licences and/or Australian Credit Licences. Dealings and exposures between the Group and its subsidiaries principally arise from the provision of administrative, corporate, distribution and general banking services. The majority of subsidiary resourcing and infrastructure is provided by the Group's centralised back office functions. Other dealings arise from the provision of funding and equity contributions. The Group is exposed to risks through such dealings, including risks relating to credit, liquidity, and funding. The Group has subsidiaries (whether partially or wholly owned), which through their normal dealings and exposures, may not be able to meet financial obligations as and when they fall due, or become subject to regulatory scrutiny or penalties. This in turn may have an adverse impact on the Group's reputation, business, growth prospects, engagement with regulators, financial performance, or financial condition.

Risk of ineffective risk management

The RMF is designed to enable the management of risk from identification through to measurement, management, reporting, and maintaining a robust control framework. There is a risk that the RMF may be inadequate due to changes in the risk environment, inadequacy of design, or ineffectiveness of process, controls, people, or technology. This could lead to higher risk exposure than the intended risk appetite settings, which in turn could lead to increased regulatory focus, breaches of obligations, losses, or reputational damage.

Operating and financial review

Strategic and acquisition risk

The Group regularly examines a range of corporate opportunities, including material acquisitions, commercial partnerships, and disposals with a view to determining whether those opportunities are aligned with the Group's vision and strategy and would enhance the Group's financial performance and position. There are risks associated with strategic and business decisions made by the Group in the ordinary course of business, including restructures, organic development initiatives or acquisitions and other corporate opportunities. Any restructure, initiative, acquisition, or decision made in relation to other corporate opportunities could, for a variety of reasons, have a materially adverse effect on the Group's current and future financial position or performance.

The Group may seek to grow in the future by merging with or acquiring other companies or businesses. There can be no assurance that any merger or acquisition would have the anticipated positive results, including results relating to the total cost of integration, the time required to complete the integration, the amount of longer-term cost savings or the overall performance of the combined entity or an improved price for the Group's securities. Integration of a merged or acquired business can be complex and costly, sometimes including combining relevant accounting and Information Technology systems and management controls, as well as managing relevant relationships with staff, clients, suppliers and other business partners. Integration efforts could divert management attention and resources, which could adversely affect the Group's operations or results. A merger or acquisition may also result in business disruptions that cause the Group to lose customers or cause customers to remove their business from the Group to competing financial institutions.

The Group may seek to sell or dispose of certain businesses in the future. This may result in a change in the operations of the Group and cause it to face risks, including operations and financial risks that could adversely affect the Group's financial condition and results of operations. The Group's operating performance, risk profile or capital structure may also be affected by these corporate opportunities and there is a risk that any of the Group's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued.

Data quality risk

The Group maintains a large volume of data which is critical to the Group's business and the services provided to customers, staff, shareholders, communities, and regulators. The data held by the Group is also critical to its reporting and risk management framework. Inadequate data, which could be either incomplete, inaccurate, or lacking in sufficient detail can lead to sub-optimal outcomes for the services and processes supported by the Group's data. This can also impact the Group's ability to make decisions and have knock-on impacts to the Group's reputation and performance.

Retention risk

Key executives, employees and Directors play an integral role in the operation of the Group's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or the Group's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse effect on the Group's business, prospects, reputation and financial performance and position.

Operating and financial review

Technology risk

Most of the Group's operations depend on technology, and therefore the reliability, resilience, and security of the Group's (and its third-party vendors') information technology systems and infrastructure are essential to the effective operation of our business and consequently to our financial performance and position. The reliability, security and resilience of the Group's technology may be impacted by the complex technology environment, failure to keep technology systems up to date, an inability to restore or recover systems and data within acceptable timeframes, or a physical or cyber-attack.

The rapid evolution of technology in the financial services industry, and the increased expectations of customers for internet and mobile services on demand, expose the Group to changing operational scenarios. Most of the Group's daily operations are computer-based and information technology systems (including mobile applications) are essential to the provision of banking services, maintaining financial records and effective communication with customers. The exposure to systems risks includes:

- Service disruption through the complete or partial failure of information technology systems or infrastructure, third-party failures or denial of service attack;
- Compromise of bank or customer data due to an information security breach and cyber-attacks; and
- System/data integrity errors or information technology outages.

In 2022 and continuing into 2023 and 2024, a number of large Australian corporations experienced significant cyber-attacks. Intense public response to these attacks has led to increased political focus with the potential for future significant increases in penalties for privacy breaches. Any disruption to the Group's technology (including disruption to the technology systems of the Group's external providers) may be wholly or partially beyond the Group's control and may result in operational disruption, regulatory enforcement actions, litigation, financial losses amongst other adverse consequences.

In addition, any such disruption may adversely affect the trust that internal and external stakeholders have in the Group's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect the Group's reputation, including the view of regulators or ratings agencies, which may result in a loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties. Social media commentary may exacerbate such adverse outcomes for the Group and negatively impact the Group's reputation.

The Group has implemented controls to reduce the risks of business interruption, customer loss, financial compensation, reputational damage, and weakened competitive position from critical systems failures. However, any failure of critical systems could still have a material adverse effect on the Group's business, financial performance, and position.

The Group regularly updates and implements new information technology systems, in part to satisfy regulatory demands, but also to improve its stakeholder experience and to continually enhance its control environment. Enhancements include the simplification and modernisation of the Group's technology environment and improvements to technology controls such as uplifting information security controls. Other examples may include improved online banking services for the Group's customers and the consolidation of the various segments of the Group's business. There is a risk that the Group may not implement these projects effectively or execute them efficiently, which could lead to increased project costs, delays in the ability to comply with regulatory requirements, failure of the Group's information security controls or a decrease in the Group's ability to service its customers.

Operating and financial review

Operational risk

As a financial services organisation, the Group is exposed to a variety of Operational Risks, including those resulting from inadequate or failed internal processes, activities and systems, or from external events. Operational Risk is the risk of impact on objectives or the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. It covers a broad range of risks including, but not limited to, material risks such as Regulatory Compliance, Financial Crime, Conduct, Service Provider, Data, Technology, and Information Security Risks. While the Group has policies, processes and controls in place to manage these risks, these have not always been, or may not be, effective.

Ineffective processes and controls have resulted in, and could result in, adverse outcomes for customers, employees or other third parties. For example, a process breakdown or a failure to have appropriate product governance and monitoring processes in place could result in a customer not receiving a product on the terms, conditions, or pricing they agreed to, potentially to the detriment of the customer. Failed processes could also result in the Group incurring losses because it cannot enforce its expected contractual rights.

As a large financial institution, the Group relies on a number of models for material business decision-making (including lending decisions, calculating capital requirements, provision levels, customer compensation payments and stressing exposures). If the models used prove to be inadequately designed, implemented or maintained or are based on incorrect assumptions or inputs, this could have a material adverse effect on the Group's business, financial performance, and position.

The risk of operational breakdowns occurring is heightened where measures are implemented quickly in response to external events, such as the COVID-19 pandemic. Failed processes could result in the Group incurring losses because it cannot enforce its expected contractual rights. These types of Operational Risk can directly impact the Group's reputation and result in financial losses, customer remediation, regulatory scrutiny and intervention, fines, penalties and capital overlays and, depending on the nature of the failure, result in litigation, including class action proceedings. All of these could adversely affect the Group's financial performance and position.

Operating and financial review

Risk derived from external environment:

The external operating environment can at times be dynamic, volatile, and unpredictable. The external environment and emerging trends are considered as part of the strategic planning process. Uncertainties remain and risks arising from the external environment need to be managed and remain a focal point.

Dependence on prevailing macroeconomic and financial market conditions

The business is dependent on the general state of the domestic economy and global financial markets. Our performance can be impacted by economic and political events, both domestic and international, as well as by natural disasters and pandemics. This includes the level of economic activity and demand for financial services from our customers. In particular, lending is dependent on customer and investor confidence, the overall state of the economy including employment levels, the residential lending market, and the prevailing interest rate environment. The Group's Asset and Liability Management Committee is responsible for the approval of forecast macroeconomic scenarios, which the Group uses to better understand the potential range of outcomes for strategic planning, financial management and forecasting, the assessment of provisions, and scenario analysis.

Geopolitical tensions/events

Geopolitical tensions/events arise due to differing political agendas across the world which may result in disruptions to international trade and a reduction in business confidence. This can lead to a reduction in appetite for Australian exports and also disrupt supply chains. The Group can be affected by geopolitical tensions/events, which may impact our ability to deliver our strategy and business objectives.

Competition risk

The markets in which the Group operates are highly competitive and will continue to be competitive as digital disruption continues to evolve. The increasing prevalence of digital banking and the growing use of artificial intelligence has increased the level and efficacy of competition in the industry through an increased focus on data and analytics capabilities, and creating unique and seamless customer experiences. The inability to keep up with these evolutions in digital banking and the effects of operating in this increased competitive environment could adversely affect the Group's ability to compete and achieve its growth prospects.

Competitors may not be subject to the same capital and/or regulatory requirements and therefore may be able to operate more efficiently. If the Group is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect the Group by diverting business to its competitors or creating pressure on net interest margins. These risks are not specific to the Group and instead represent challenges across the industry, however the impact of these occurring could result in adverse effects on the Group's business prospects, financial performance and position.

Increased competition for deposits could also lead the Group to access other types of funding at higher costs, thereby increasing the Group's cost of funding. The Group relies on retail deposits to fund a significant portion of its balance sheet and these deposits have been a relatively stable source of funding. The Group competes with banks and other financial services firms for such deposits. To the extent that it is not able to successfully compete for deposits, the Group would be forced to rely more heavily on more expensive or less stable forms of funding, or reduce its lending activities.

Operating and financial review

Climate and sustainability-related risks

Climate-related risks have had, and are likely to have, adverse effects on the Group, customers, external suppliers, its people, and the communities in which it operates. There are significant uncertainties inherent in accurately identifying and modelling climate-related risks and opportunities over short-, medium- and long-term time horizons and in assessing their impact. These risks may manifest as physical risks, both acute and chronic in nature, transition risks (such as policy, legal, technological, market and reputational risks), and risks related to legal liability and regulatory action.

Physical risks include increases and variability in temperatures, changes in precipitation patterns, rising sea levels, loss of natural capital, and increased frequency and severity of adverse climatic events, including fires, storms, floods and droughts.

These may impact the Group and its customers through, for example, disruptions to business and economic activity, inability to access insurance and/or impacts on income and asset values. Adverse impacts on the Group's customers may also, in turn, increase human rights risk, increase the number of people in vulnerable circumstances, and negatively impact loan serviceability and security values, as well as the Group's profitability.

Transition risks may arise from initiatives and trends associated with climate change mitigation and the transition to a low carbon economy, changes in investor appetite, shifting customer preferences, technological developments, changes in supervisory expectations of banks, and other regulatory and policy changes. Transition risks could directly impact the Group by, for example, giving rise to higher compliance and/or funding costs, the contraction of revenue from sectors materially exposed to transition risk, and potential legal or regulatory risk. Transition risks may place additional pressure on certain customer sectors, including pressure to reduce greenhouse gas emissions, that could result in loss of revenue and result in increased credit risk to the Group. Conversely, the Group may not be able to reduce its lending to higher risk sectors or regions, as a result of possible stakeholder requirements to continue to lend to certain customer sectors.

The Group's ambition to become a net zero, climate resilient bank has, and will, require ongoing changes to its lending and operational policies, and processes and may present execution risk. The Group's ability to meet its commitments and targets is partially dependent on the orderly transition of the economy towards net zero, which may be impacted by external factors including government climate policy, the level of public and private investment, electricity grid transmission capacity, and constraints in the development and supply of technology, infrastructure and skilled labour required to deliver new renewable projects, including power generation.

Failure or perceived failure to adapt the Group's strategy, governance, procedures, systems and controls to proactively manage or disclose evolving climate and sustainability-related risks and opportunities (including, for example, perceived misstatement of, or failure to adequately implement or meet, sustainability claims, commitments such as with respect to the Modern Slavery Act 2018 (Cth) and/or targets) may give rise to business, reputational, legal and regulatory risks. This includes financial and credit risks that may impact on the Group's profitability and outlook, and the risk of regulatory action or third party and shareholder litigation (including class actions) against the Group (and/or its customers), with these types of actions becoming more common.

Changes in monetary policy

The Reserve Bank of Australia (RBA) sets official interest rates to affect the demand for money and credit in Australia. The cash rate influences other interest rates in the economy which then affects the level of economic activity.

Movements in the cash rate impact our cost of funds for lending and investing, and the return earned on these loans and investments, which can impact our net interest margin.

Changes in monetary policy can also affect the behaviour of borrowers and depositors, such as potentially increasing the risk that borrowers may fail to repay their loans, or repay their loans in advance, and in the case of depositors, potentially increasing the risk that they may seek returns in other asset classes.

Operating and financial review

Credit ratings

External credit ratings have a significant impact on both our access to, and the cost of, capital and wholesale funding. Credit ratings may be withdrawn, made subject to qualifications, revised, or suspended by a credit rating agency at any time. Also, the methodologies by which they are determined may be revised. A downgrade or potential downgrade to our rating may reduce access to capital and wholesale debt markets, potentially leading to an increase in funding costs, as well as affecting the willingness of counterparties to transact with the Group.

Regulatory compliance risk

The Group's businesses are highly regulated, and the Group could be adversely affected by failing to comply with existing laws, regulations, or regulatory policy.

As a financial institution, the Group is subject to laws, regulations, and policies. In particular, the Group's banking and funds management activities are subject to extensive regulation, mainly relating to its operational practices, liquidity levels, capital, solvency, provisioning and licensing conditions.

Regulations generally are designed to protect depositors, insured parties, customers with other products and the banking system as a whole. The Group is currently operating in an environment where there is increased scrutiny of the financial services sector and specifically, increased scrutiny of financial services providers by regulators. The Australian government and its agencies, including APRA, RBA and other financial industry regulating bodies including the Australian Securities and Investments Commission (ASIC) and Australian Transaction Reports and Analysis Centre (AUSTRAC), have supervisory oversight of the Group. In this environment, the Group faces increasing supervision and regulation regarding its operations. This environment has also served to increase the pace and scope of regulatory change.

A failure to comply with any standards, laws, regulations, or policies could result in sanctions by these or other regulatory agencies, the exercise of any discretionary powers that the regulators hold or compensatory action by affected persons, which may in turn cause substantial damage to the Group's reputation. To the extent that these regulatory requirements limit the Group's operations or flexibility, they could adversely impact the Group's financial performance.

A change to regulations or the manner in which they are interpreted or implemented by regulators can also have a material impact on the operations and financial performance of the Group.

Sovereign risk

Sovereign risk is the risk that governments will default on their debt obligations, will be unable to refinance their debts as they fall due, or will nationalise parts of their economy including assets of financial institutions such as the Group. Sovereign defaults could negatively impact the value of the Group's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, could be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets, adversely affecting the Group's liquidity, financial performance and position.

Marnie and our team in Adelaide celebrating 2.5 million customers now banking with us

ESG & Sustainability Report

Driving action towards a resilient and sustainable future to grow the prosperity of our customers, communities, shareholders and our people.

'Bigger for you' campaign
Photographer: Jack Dixon-Gunn

Focusing our reporting

Global Reporting Initiative (GRI)
This report has been prepared with reference to the GRI Standards. A 2024 GRI Index can be found in the 2024 ESG Data Summary.

International Financial Reporting Standards (IFRS) S1 & S2
We are aware of IFRS General Requirements for Disclosure of Sustainability-related Financial Information (**S1**) and Climate-related Disclosures (**S2**) and will look to align as regulations finalise in Australia.

Taskforce on Climate-related Financial Disclosures (TCFD)
The Bank's 2024 Climate Disclosure discloses our 2024 climate-related performance and has been developed leveraging guidance from TCFD.

Focusing our sustainability approach

Sustainable Development Goals (SDGs)
We prioritise the four SDGs where we believe we can make the most impact. These SDGs inform the Bank's strategy and validate our material topics.

Business For Societal Impact (B4SI)
The B4SI Framework is a robust measurement standard that helps companies understand the difference their contributions are making to their business and society. This year, we joined the B4SI Network as a member, and we have commenced reporting our community contributions in alignment with B4SI methodology. This can be found in the 2024 ESG Data Summary.

Benchmarking our performance

Disclosure helps us benchmark our progress. We engage with investors and analysts on an ongoing basis to ensure we're telling our story and aligning with industry standards. This year,[1] we participated in the following disclosures:

CDP Discloser 2023 – Corporate Questionnaire	**Maintained a B**
MSCI – ESG Rating	**Maintained an A**
Morningstar Sustainalytics – ESG Risk Rating[2]	**Scored 19.8** Improved from 23.8
S&P Global – Corporate Sustainability Assessment	**Scored 46** Improved from 35

1. Scores at 30 June 2024. Percentile provided for Australian banks.
2. Copyright© Sustainalytics, a Morningstar company. All rights reserved. This Report includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect. Use of such data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers/

Collaborating for impact

Stakeholder engagement and collaboration helps us ensure we are remaining focused on our sustainability approach and prioritising accordingly.

Global	National	Local
Partnership for Carbon Accounting Financials	Australian Banking Association	BE.BENDIGO
UN Global Compact (We Support)	Australian Disability Network	Djaara Balaki Wuka
Sustainable Development Goals	Australian Sustainable Finance Institute	Greater Bendigo Climate Collaboration
	BCA Business Council of Australia	Reconciliation South Australia
	Diversity Council Australia	
	Pride in Diversity	
	Regional Australia Institute	
	Women in Banking and Finance	

Kavitha and Jai from the Homebush Community Bank
Photographer: Joseph Mayers

Sustainability governance

Sustainability is governed at the Bank from the Board through to management with actions to manage sustainability-related risks and opportunities embedded throughout our business.

Sustainability governance model

Bendigo and Adelaide Bank Board
Oversees the management of environmental, social and governance (ESG) risks and opportunities

Impact	Policy	Risk Management	Opportunities	Disclosure
Considers environmental and social impact of operations and activities	Approves the ESG & Sustainability Business Plan and associated policies	Approves the approach to managing ESG risks	Endorses ESG related opportunities from Executive	Approves ESG disclosures included across the reporting suite

Board Audit Committee

- Primary conduit to the Board for all ESG matters and reporting;
- Monitors the Bank's ESG risk profile (including emerging risks); and
- Receives and reviews ESG related reports from management.

Where required, other Board Committees will be engaged or made aware of papers on ESG topics that are relevant to their respective charters:

- Financial Risk Committee;
- People, Culture and Transformation Committee;[1] and
- Risk Committee.

Executive
Responsible for determining which ESG risks and opportunities are most important for the Bank (material topics), what the appropriate management approach and strategy is for each of the identified material topics and reporting back to stakeholders on progress in these areas. Executives have ESG linked KPIs.

Sustainability Council
ESG capability building forum focused on ensuring ESG and sustainability risks and opportunities are understood. Comprised of accountable stakeholders from all divisions.

Sustainability-related Forums:
Enable and monitor the implementation of the ESG & Sustainability Business Plan to strategically manage sustainability-related risks and opportunities. Examples include:

Climate & Nature Action Plan Delivery Group	Modern Slavery Working Group	Divisional management committees, for instance the Divisional Risk Committees	Employee Network Groups	Community Bank National Council

1. At the 17 June 2024 Board meeting, the Board approved the retirement of the Board People, Culture and Transformation Committee and the creation of a Board People and Culture Committee and Board Technology and Transformation Committee.

Board's role in governing the ESG & Sustainability Business Plan

Our Board oversees the delivery of our ESG & Sustainability Business Plan and associated practices, policies and decisions. With an appropriate level of oversight, the Board can influence sustainable practices across our business. Our Board has deep experience and a wide set of skills articulated in the Board Skills Matrix. Most Directors have been assessed as having Expert or Advanced Social and Environmental skill where climate-related expertise is captured. Our 2024 Corporate Governance Statement provides further detail on the Board's ESG skills.

The Bank's Board Charter states that the Board, with assistance from the Board Audit Committee, oversees, considers and approves our ESG approach, the Board Audit Committee receiving updates on progress made on the ESG & Sustainability Business Plan at every meeting.

In taking into account sustainability-related risks and opportunities when overseeing the Bank's strategy, the Board is accountable for:

- Considering the environmental and social impact of the Bank's operations;
- Approving the ESG & Sustainability Business Plan and any associated policies;
- Approving the Bank's material topics;
- Approving the Bank's approach to managing ESG risks;
- Approving the climate strategy;
- Approving sustainability and climate-related disclosures; and
- Monitoring the effectiveness of the Bank's governance practices (and monitoring performance against public commitments).

Management's role in delivering the ESG & Sustainability Business Plan

Management accountability for the enterprise-wide implementation of the ESG & Sustainability Business Plan is held by the Chief Financial Officer.

Accountability for delivering elements of the ESG & Sustainability Business Plan has been delegated to all Executives within the Bank, articulated through their individual Financial Accountability Regime (**FAR**) Accountability Statements, previously known as Banking Executive Accountability Regime (**BEAR**) Accountability Statements.

Sustainability-related risks and opportunities are monitored through the Risk Appetite Statement, internal management forums, Sustainability Council and other sustainability-related internal and external forums and external public commitments to demonstrate progress to the market against our strategic objectives.

The Bank's Board, Executives and other employees
participating at a Cultural Immersion in Bendigo, traditional lands of the Dja Dja Wurrung peoples of the Kulin nation

Sustainability strategy

Identifying our sustainability-related risks and opportunities

The Bank's material sustainability-related risks and opportunities are identified and managed through our dynamic materiality process which was guided by GRI standards 3: Material Topics, 2021. Our operations continue to be impacted by a range of material topics from an economic, environmental, social and governance perspective.

Through dynamic materiality the Bank also considers the impacts on human rights across our activities and business relationships. The Bank has released its first Human Rights Position which consolidates our human rights activities into a business-wide commitment. This allows us to communicate how we identify, prevent, mitigate and account for human rights principles, and remedy when our actions or inactions cause harm.

Part of this dynamic materiality process is an annual materiality assessment which has been approved by the Bank's Board:

Research and identification

Dynamic materiality considers the following on an ongoing basis:

- Our purpose and strategy
- Our key material risks
- The regulatory environment
- Global benchmarking assessments
- International frameworks
- Customer complaints
- Internal registers
- Industry themes
- Investor and public sentiments
- Learnings from Post Implementation Reviews

In addition to this, each year we create a long list of potential material topics with updated definitions, which are then tested with a range of stakeholders.

Engagement and testing

Material topics are identified through a two-step engagement process:

Step One: testing the importance of material topics to our key stakeholder groups both internally (weighted 1/3) and externally (weighted 2/3). These groups include our customers, our people, the Community Bank National Council, government and industry representatives and debt and institutional investors.

Step Two: testing the importance to our operations using insights provided from internal stakeholders with representation from each division. We also engage with Board Directors and impact investors to test the outcomes.

Prioritisation

By mapping the results on a materiality matrix we identified the top five topics that are most material to our stakeholders and operations. Our material topics for 2024 are:

- Customer satisfaction
- Thriving communities
- Financial crime risk
- Data privacy and security
- Climate change

We also report on **Maintaining a strong culture** as this addresses how we deliver our material topics, allowing us to meet stakeholder expectations.

These material topics are linked and we will identify those interlinkages through the use of icons in the report.

The Bendigo and Adelaide Bank Annual General Meeting held in Bendigo in October 2023

Managing our sustainability-related risks and opportunities

Sustainability-related risks and opportunities are managed through the Bank's strategy and ESG & Sustainability Business Plan.

ESG & Sustainability Business Plan

Our vision: Australia's bank of choice

Our purpose: To feed into prosperity, not off it

Bendigo and Adelaide Bank strategy

Reduce complexity	Invest in capability	Tell our story

ESG and Sustainability Risk Management, Policies and Positions

ESG & Sustainability Business Plan

Ambition: To drive action towards a resilient and sustainable future to grow the prosperity of our customers, communities, shareholders and our people

Social Purpose Agenda

Ambition: To deliver meaningful, sustainable social change in a way that also delivers value for our business

Climate Change

Supporting our customers, communities, our people and business to prepare for and adapt to the impacts and opportunities of climate change

Environment	Social	Governance
Understanding and reducing environmental impacts and improving nature and biodiversity related outcomes throughout our value chain	Identifying and managing issues and opportunities on a range of social topics impacting and shaping customers, communities and our people	Being a responsible and ethical business by ensuring high standards of corporate governance

The Business Plan is enabled through prioritisation, robust ESG and sustainability governance, measurement of our performance, and maintenance of our trust and engagement through our actions and transparency.

Detail on the Bank's performance in managing our sustainability-related risks and opportunities can be found in this Sustainability Report, 2024 ESG Data Summary and 2024 Climate Disclosure.

Maintaining a strong culture	Customer satisfaction	Thriving communities	Financial crime risk	Data privacy and security	Climate change
Helps us retain our social licence to operate by being a values-driven and risk oriented business.	Maximising satisfaction of our customers by offering banking services that are simple, relevant and personalised.	Enabling the social and economic prosperity of communities via the broader social impacts of banking.	Proactively protecting and managing financial crime risk for our customers, our people and our business.	Protecting our customers, our people and our business from cyber security attacks and protecting their data.	Playing our part in the net zero transition by understanding and reducing environmental impacts and driving climate action.
Strategic Imperatives					
• Reduce complexity • Invest in capability • Tell our story	• Reduce complexity • Invest in capability • Tell our story	• Invest in capability • Tell our story	• Reduce complexity • Invest in capability	• Reduce complexity • Invest in capability	• Reduce complexity • Invest in capability • Tell our story
Sustainable Development Goals					
8 Decent work and economic growth 10 Reduced inequalities	8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities 13 Climate action	10 Reduced inequalities 11 Sustainable cities and communities 13 Climate action	8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities	8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities	13 Climate action
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Maintaining a strong culture
Helps us retain our social licence to operate by being a values-driven and risk oriented business.

2024 highlights

Refreshed the
Bank's Values, Behaviours and Code of Conduct
and introduced a new consequence framework

Median gender pay gap of
24.5 (WGEA methodology)[1]

Awarded
'Accessible Corporate App of the Year' and 'Overall Accessible App of the Year'
at the 2023 Australian Access Awards

Expanded and introduced
new leave options for our people

Tiffany at a BEN Live event in Adelaide this year

1. 2024 figures include all Bendigo and Adelaide Bank employees employed under BEN RV and Bendigo and Adelaide Bank. Per WGEA guidance, 2024 figure includes CEO and excludes Board members, contractors and Community Bank employees. CEO is excluded from previous years calculations.

Building a better, big Bank

Our Why:
The core reason why we come to work every day and the guiding direction for our organisation

Our How:
The way we always go about our work and interact with our customers, community and each other

Our Focus:
The day-to-day behaviours that will help us achieve our strategy and desired culture

Vision
To be Australia's bank of choice

Purpose
To feed into prosperity, not off it

Our Values

Make a difference – We create a positive impact for our customers, communities, shareholders and each other, we genuinely care.

Be better together – We are empowered, we speak up and together we continuously improve, learn and grow.

Own it – We take initiative and commit to our decisions to deliver better outcomes.

Find the right way – We make balanced decisions by considering the risk and reward of any given situation and a diverse range of perspectives.

Our Critical Few Behaviours (WHAT WE EXPECT OF EVERY TEAM MEMBER)	Our Leadership Behaviours (WHAT WE EXPECT OF EVERY LEADER)
Move fast to help customers achieve their goals We work collaboratively and efficiently, to deliver sustainable outcomes.	**Drive strategy and own change** We deliver our strategy, own change, aligning our teams focus and effort.
Actively challenge the status quo We seek better ways of doing things and work together to create positive change.	**Cultivate growth mindsets** We start with ourselves, encouraging curiosity, and supporting our team's continual growth.
Recognise people for their impact We acknowledge when we can do better and celebrate when we've done well.	**Be accountable and empower others** We motivate and empower our people, while holding ourselves and others accountable for success.
Act commercially We create opportunities for growth and embrace risk as part of all our roles.	**Take action, balancing risk and reward** We make considered and deliberate decisions, taking action for greatest impact.

Our Code of Conduct:
Sets the standards and core expectations of employees to do the right thing by our customers, community, each other, stakeholders and our business

Values and behaviours play a fundamental role in shaping the culture, behaviour and success of our business. The way we carry out our work is just as important as the work we do. This year we worked to refresh and update our values and behavioural expectations to strengthen our risk culture and to build a better Bank.

Through a rigorous design process, with broad stakeholder engagement across all levels of the organisation, our values and behaviours were refreshed to clearly communicate expectations and to support our people to lead with care while driving accountability. Our values and behavioural expectations enable:

- **Our why:** the core reason why we come to work every day and the guiding direction for our organisation;
- **Our how:** the way we should always go about our work and interact with our customers, community and each other; and
- **Our focus:** the day-to-day behaviours that will help us achieve our strategy and desired culture.

Alignment between our values and behaviours is essential for us to deliver on our vision to be Australia's bank of choice and our purpose to feed into prosperity, not off it.

Setting the standard through our refreshed Code of Conduct

This year, we updated our Code of Conduct. It sets the standard for our corporate and individual behaviours, actions and decisions. It also helps our people understand what is expected of them every day to support the delivery of the right outcomes for each other, as well as our customers, community and our business.

Updates to the Code were made in line with our refreshed values and behaviours, to simply define our expectations of what our people must or must not do and support uplifted risk management. It covers our employees, Community Bank employees, Directors and people who perform work on behalf of the Bank. The Bank's Code of Conduct can be found on our website.

The Code was effective from 1 July 2024 and our employees are required to complete mandatory learning and attest to reading and complying with the Code.

Building capability

Learnapalooza is the Bank's annual virtual learning festival

We are committed to building a culture of capability so we are ready for today and for the future. This is done through BEN U, our approach that delivers enterprise-wide capability growth for our people and leaders:

- **For today:** learning to support customer interactions, specific technical banking skills and relationship management; and
- **For the future:** learning to provide digital readiness, digital leadership, data literacy and climate risk management.

myBEN U is the platform where our people can access a deep catalogue of learning opportunities alongside a network of virtually facilitated workshops and coaching.

Learning Organisation: We track learning culture and attitudes to understand strengths and barriers and enhance our ongoing approach. We track learning culture and attitudes to understand strengths and barriers and enhance our ongoing approach. We also celebrate learning through Learnapalooza, our annual virtual learning event, with over 1000 attendances this year.

Mandatory Learning: We support our people to understand and apply their regulatory and legislative obligations through our mandatory learning suite including privacy, anti-money laundering and the Banking Code of Conduct. Successful completion is a gateway to the Impact@BEN Performance Framework, our approach to performance and development.

Leadership Framework: Lead BEN is our leadership framework that builds leadership capability and effectiveness, anchored by our newly developed Leadership Behaviours.

We invest in talent to build key pipelines in readiness for more senior or complex roles. **Women in Leadership** is a signature program designed to stretch female talent towards senior leadership roles achieving these outcomes:

- 1 year post the program 30% of participants have moved up one career band;
- 3 years post the program 50% have moved one career band or more; and
- 32 women participating in the 2023 and 2024 programs.

Workforce Metrics: For the first time this year, we are reporting our additional workforce capability metrics including total leadership program completions, completions of ESG training hours of learning per full-time employee.

Key metrics measuring the Bank's workforce capability are included in the 2024 ESG Data Summary.

Growing a culture of belonging

Members of the MOB@BEN Employee Network Group and our two RAP Working Groups at a Cultural Immersion Day

Members of our BENAbility Network Group

When we feel comfortable to be ourselves we can reach our full potential. The Bank's **Belonging at BEN** Strategy 2023 – 2025 guides our priorities and actions to enable a more inclusive and better bank for our people, customers and partners.

In 2024 we focused on embedding programs of work and supporting robust governance.

- **Building a disability confident organisation**
  - Launched our second Accessibility and Inclusion Plan 2024–2026 on International Day of People with Disability and lodged it with the Human Rights Commission; and
  - Awarded 'Accessible Corporate App of the Year' and 'Overall Accessible App of the Year' at the 2023 Australian Access Awards.
- **Reflecting the rich diversity of our communities**
  - Introduced a dedicated Cultural Diversity and Inclusion Employee Network Group and appointed the Bank's Chief Risk Officer as the Executive Sponsor of Cultural Inclusion; and
  - Delivered safety and respect education through myBEN U to 95% of our workforce.

CASE STUDY: Belinda Leon

Belinda Leon, Employer Brand Specialist, and BEN Ability Committee Member, was a finalist for the Disability Changemaker of the Year Award at Australian Disability Network's 2024 Disability Confidence Awards. Belinda has been instrumental in helping make the Bank a disability confident organisation. She champions change for neurodiverse people, by making the Bank's recruitment processes more accessible and advocating for increased representation of people with disability.

Growing a culture of belonging

- **Creating a safe, inclusive and empowering environment for our LGBTIQ+ community**
  - Introduced up to six weeks paid Gender Affirmation Support Leave;
  - Maintained Bronze Tier recognition in Australian Workplace Equality Index (**AWEI**);
  - Continued our support of the Bendigo Pride Festival as a Rainbow Sponsor; and
  - Sarah Bateson, General Manager, Marketing and BEN Pride Chair was a finalist for 2024 LGBTQ Role Model at the Australian LGBTQ+ Inclusion Awards.
- **Building on our commitment to reconciliation**
  - Introduced up to five days paid First Nations Cultural and Ceremonial Leave for eligible Aboriginal and Torres Strait Islander employees;
  - Received 17 First Nations Scholarship applications, awarding four to first year student recipients;
  - 1.4% of our employees identify as Aboriginal and/or Torres Strait Islander (an increase from 1.3% in 2023); and
  - Provided in-person and online cultural competency learning opportunities for our people including information on the Voice to Parliament Referendum.
- **Empowering our people to be themselves through an inclusive workplace and culture**
  - Inclusion continues to be a key driver of employee engagement, with an inclusion score of 82%;[1]
  - Expanded and introduced new leave arrangements for parental leave, lifestyle and cultural leave and fertility treatment support leave; and
  - Our annual demographic survey had a participation rate of 43% in 2024 (down 2% from 2023).
- **Gender equality**
  - Please refer to *Everyone benefits from gender equality.*

Key metrics measuring the Bank's performance in workforce representation and inclusion are included in the 2024 ESG Data Summary.

Rosie, a Pride Committee Member, working to create a safe, inclusive and empowered community at the Bank

MOB@BEN Employee Network Group members standing alongside Uncle Billy, a proud Gamilaraay man, at a Cultural Immersion Day in Melbourne, traditional lands of the Wurundjeri people of the Kulin nation

Our people at a Walk in Country in Adelaide, located on the traditional lands of the Kaurna people. The team were guided by Isaac Hannam, a proud Kaurna and Ngarrindjeri man and Haydyn Bromley from Bookabee, a descendant of the Adnyamathanha, Yarluyandi and Narungga peoples Photographer: Bri Hammond

1. The inclusion score is based on the four factors of inclusion: Respect, Belonging, Empowering and Fair Progression. The score is calculated using staff survey responses to questions categorised within those four factors. Employees participate in a voluntary SPARK survey each March via the Qualtrics platform.

Everyone benefits from gender equality

We have a longstanding commitment to addressing gender equality. The Bank has been proudly female-led for the past six years by our CEO and Managing Director, Marnie Baker[1] and our female Chair, Vicki Carter. 56% of our Board Directors are women. While we are making progress in promoting gender equality, we recognise there is more to do.

Gender Pay Gap[2]

This year, the Bank's gender pay gap average was 22.2%[3] and our median gender pay gap was 24.5.[4] This includes the CEO salary and represents a 1.1% drop in our pay gap while the median gap has reduced by 0.3%.

"We believe in providing equal career opportunities for everyone, regardless of gender, and we're committed to closing the gender pay gap."

Andrew Morgan,
Chief Financial Officer and co-Executive Sponsor of the Bank's Gender Pay Gap program

1. Marnie Baker will be retiring from Bendigo Bank on 30 August. From 31 August, Richard Fennell will step into the Chief Executive Officer and Managing Director position.
2. 2024 figures include all Bendigo and Adelaide Bank employees employed under BEN RV and Bendigo and Adelaide Bank. Per WGEA guidance, 2024 figure includes CEO and excludes Board members, contractors and Community Bank employees. CEO is excluded from previous years calculations.
3. The Workplace Gender Equality Agency (**WGEA**) gender pay gap is the difference between the average earnings for men and women, expressed as a percentage of men's average earnings. Data based on the Workplace Gender Equality Agency (**WGEA**) Compliance Reporting. Data as at 1 March 2024 and includes the CEO salary.
4. The Workplace Gender Equality Agency (**WGEA**) median gender pay gap is the difference between the median of what men are paid and the median of what women are paid, expressed as a percentage of the median man's earnings. Data based on the Workplace Gender Equality Agency (**WGEA**) Compliance Reporting. Data as at 1 March 2024 and includes the CEO salary.

BEN Pride Committee Members, Naomi, Jarrod, Rosie, Sarah, Lori, Erin and Evita, with Polly Filla at a BEN Pride Afternoon Tea Photographer: Suzi Birthisel

Everyone benefits from gender equality

How we are addressing the pay gap

During 2024, the Bank undertook a deep dive into the gender pay gap. Leveraging those insights and the Workplace Gender Equality Agency's (**WGEA**) Gender Equality indicators, we developed a Framework and Roadmap. Over the next year, we'll focus on implementing our Gender Equality Roadmap through:

- Targeted interventions in the remuneration review cycle;
- Better assessments of like-for-like roles; and
- Applying our fair pay strategy.

The Bank will also:

- Biannually audit pay equity;
- Enhance pay transparency; and
- Support leaders to set appropriate remuneration.

We also set a gender pay gap target:

To progressively reduce both our average and median gender pay gap by 2029 and to remain below the WGEA Industry Comparison Group.

Female Representation

increased by 3%
across all leader roles since 2022[1]

We acknowledge our current workforce composition and role distribution contribute to the gap. The higher proportion of females in lower paying roles; and more males in higher paying and specialised roles, such as technology, is a common issue in retail banking operations. We are working to change this.

Addressing workforce composition and gender distribution

This year, we continued to work towards our 40:40:20 gender targets by 2025 across all levels of the organisation (40% female, 40% male and 20% any gender), and across the Executive team by 2030 in line with HESTA's 40:40 Vision. We narrowly missed our interim HESTA 2024 target of 50% female representation in the Senior Leader Talent Development Cohort achieving 45.5%.[1]

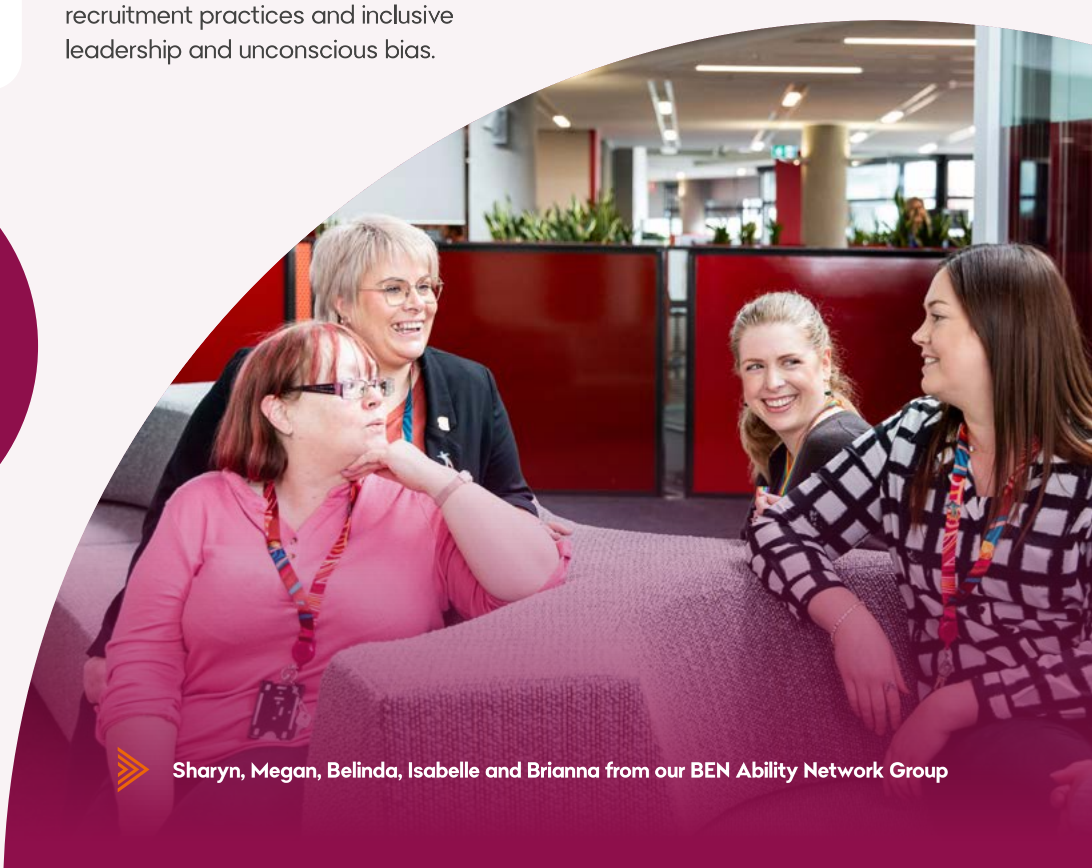
Divisional Gender Equity Plans also helped increase the number of women in leadership positions, with divisions focusing on gender targets, recruitment practices and inclusive leadership and unconscious bias.

Two-thirds of the organisation are on track to meet our 40:40:20 gender representation target by 2025. We have made the most growth in the Middle and Frontline Leader cohort (3%) this year.

Key metrics measuring the Bank's performance in achieving our 40:40:20 targets are included in the 2024 ESG Data Summary.

"Everyone benefits from gender equality. It's not only the right thing to do – or a women's issue – it's a human right. And it makes good business sense."

Louise Tebbutt,
Chief People Officer



Sharyn, Megan, Belinda, Isabelle and Brianna from our BEN Ability Network Group

1. 2022 Board figure does not include the CEO & MD, however the 2023 and 2024 figure does.

Health, safety and wellbeing

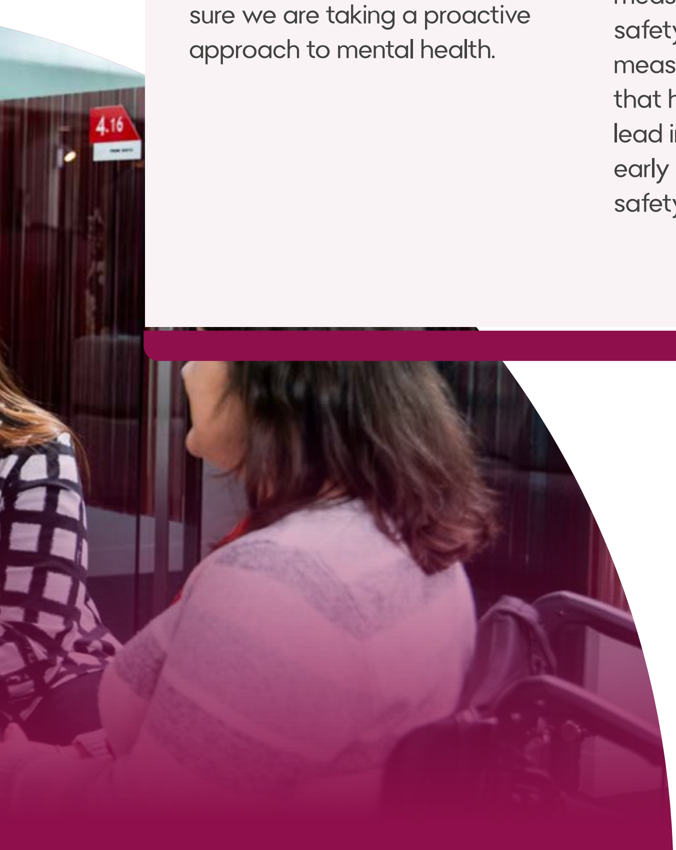
BENAbility Network Group members, Justine, Belinda D and Belinda L, in our Head Office in Bendigo, traditional lands of the Dja Dja Wurrung peoples of the Kulin nation

We are committed to supporting our people to feel safe at work, both physically and psychologically. This year we achieved the following outcomes:

- Commenced work to identify, assess and understand risks posed by psychosocial workplace hazards and to document controls to make sure we are taking a proactive approach to mental health.
- Continued reviewing and addressing risks posed by work health and safety hazards in the workplace; and
- Updated our Enterprise Agreement with stronger remote and hybrid working arrangements.

Lead and lag indicators help us measure and understand our safety performance. Lag indicators measure our response to incidents that have already happened and lead indicators provide us with early warning signals of potential safety risks.

In 2024 our lead indicators were Executive Commitment, WHS Consultation, WHS Induction and WHS Training, demonstrating proactive measures to manage workplace safety. Our lag indicator Lost Time Injury Frequency Rate (**LTIFR**) for 2024 was 1.1, the same result as 2023.



Managing conduct risk by driving accountability

While it is important to drive risk performance, people also need to be held accountable for adverse risk and conduct outcomes.

During the year, the Bank conducted a comprehensive review of its consequence management approach, which included testing framework and policy changes as part of our engagement with the Australian Prudential Regulation Authority (**APRA**).

We are committed to maintaining a robust Consequence Management Policy (**CMP**) to strengthen our risk culture.

More information on the Bank's CMP can be found in the Remuneration Report.

Belinda and Dearne at the October 2023 BEN Live event in the Bendigo Head Office

Risk management is in our DNA

Our people at the October 2023 BEN Live event in the Bendigo Head Office

In June 2023, our Executives and Senior Leaders completed a risk capability assessment against newly defined risk capabilities. The assessment highlighted three risk capability domains to target: Interconnected Thinking; Advances Work Practices; and Learning Mindset.

A risk capability learning series has been designed for our senior leaders focusing on these risk domains and delivery commenced this year. We've also begun addressing these gaps through our risk capability uplift strategy, which has included defining and integrating risk capabilities into the Bank's People Capability Framework and assessing priority cohorts.

We are committed to improving risk proficiency by prioritising learning solutions and Employee Lifecycle activities to ensure a strong risk management approach across our 3 Lines of Defence risk model and to achieve our risk objectives.

It's safe to speak up

The Bank is committed to promoting a culture of integrity and ethical behaviour where all our decisions and actions reflect our values, behaviours and Code of Conduct.

We encourage our people to raise concerns so they can be investigated, discussed and resolved to improve our systems and the way we operate. Consequences are applied, where required. Additional detail is outlined in our Remuneration Report.

We ensure our people complete learning on our Speaking Up Program are familiar with our Whistleblower Policy.

We also provide resources and ongoing communications to ensure our people are aware of our expectations and how they can raise concerns.

Our external whistleblower service has reported an increase in concerns raised this year, with most relating to bullying. This can be partially attributed to heightened awareness of bullying and harassment-related issues, supported by employee learning and broader societal shifts towards intolerance of such behaviours. A low proportion of concerns met the definition of reportable conduct overall.

The Bank will continue to focus on building an environment of high psychosocial safety so that employees feel comfortable to raise concerns internally.

Whistleblower cases by type for 2024 are included in the 2024 ESG Data Summary.

Protecting human rights and combatting Modern Slavery

This year, following broad consultation, we released our first Human Rights Position. It consolidates our human rights activities into a business-wide commitment, allowing us to communicate how we identify, prevent, mitigate and account for human rights principles, and remedy when our actions or inactions cause harm.

Our Human Rights Position is available on our website.

As part of our ongoing commitment to human rights, this year we continued to refine our approach to Modern Slavery. The Monash University Modern Slavery Disclosure Quality Ratings ASX100 Companies Update 2023 scored our Modern Slavery Disclosure at A (up from B in 2022 and E in 2021).

Our performance is detailed in our Modern Slavery Statement available on our website.

Procuring responsibly

Metal money tins with Bank-related landmarks, which replaced our plastic piggy money boxes Photographer: Joseph Mayers

This year we exceeded our social spend target, achieving $10.8 million, which is 167% over target. This success was due, in particular, to Timely (previously Tic:Toc) receiving B-Corp certification. We will refresh our 2025 target to account for this uplift. We also increased the number of Social Suppliers[1] this year from 35 to 38.

This year, 92.4% of our small business suppliers were paid within 30 days (on par with our 2023 performance at 93.2%). We continually strive to maintain and improve our timely payment performance.

This has been supported by the Australian Government's Payment Times Reporting Scheme (**PTRS**), to which our Supplier Payment Policy now aligns. For the last six months, we have continued to investigate material late payments on an ongoing basis. Our new procurement tool, to be implemented in 2025, will centralise invoicing processing, which will help manage our supplier payment times.

Key metrics measuring the Bank's social supplier spend and procurement performance are included in the 2024 ESG Data Summary.

1. The Bank uses recognised sources including the B-Corp, Social Traders, Supply Nation and Kinaway business directories to define the suppliers included as Social Suppliers. These sources may expand over time as other recognised sources become available to us.

D I Song, Strathfield Community Bank's first customer, who is still banking with us over twenty years later
Photographer: Joseph Mayers

Customer satisfaction
Maximising satisfaction of our customers by offering banking services that are simple, relevant and personalised.

2024 highlights

Launched
Bendigo Bank's refreshed brand campaign

Bendigo Bank is the
Most Trusted Bank
(Roy Morgan) with a Net Promoter Score (**NPS**)
of 19.7

Bendigo Bank is the
Most Trusted Agribusiness Bank among Australian farmers
(Roy Morgan)

Bendigo Bank has the
Highest rate of home loan customer satisfaction
(Roy Morgan)

Up NPS of 49.0
Most Satisfied Customers – Bank
(Canstar) and Neo Bank of the Year (Roy Morgan)

Customer complaints[1] increased
5% mainly due to the increase in scam activity
over the year

Launched our
Financial Inclusion Action Plan

1. Covering approx. 94% of the Group customer base including Bendigo Bank and Community Banks. Excludes Up complaints.

Bigger for you: a bold new approach

'Bigger for You' campaign Photographer: Jack Dixon-Gunn

For 166 years, Australians have known us as a customer-first, regional and community oriented bank, but they've not always fully understood the value we offer. This year, we listened to our customers and leveraged our data and insights to deliver on our strategic imperative of 'tell our story'. We wanted to shine a light on our capabilities and highlight that Bendigo Bank is a credible challenger to its peers.

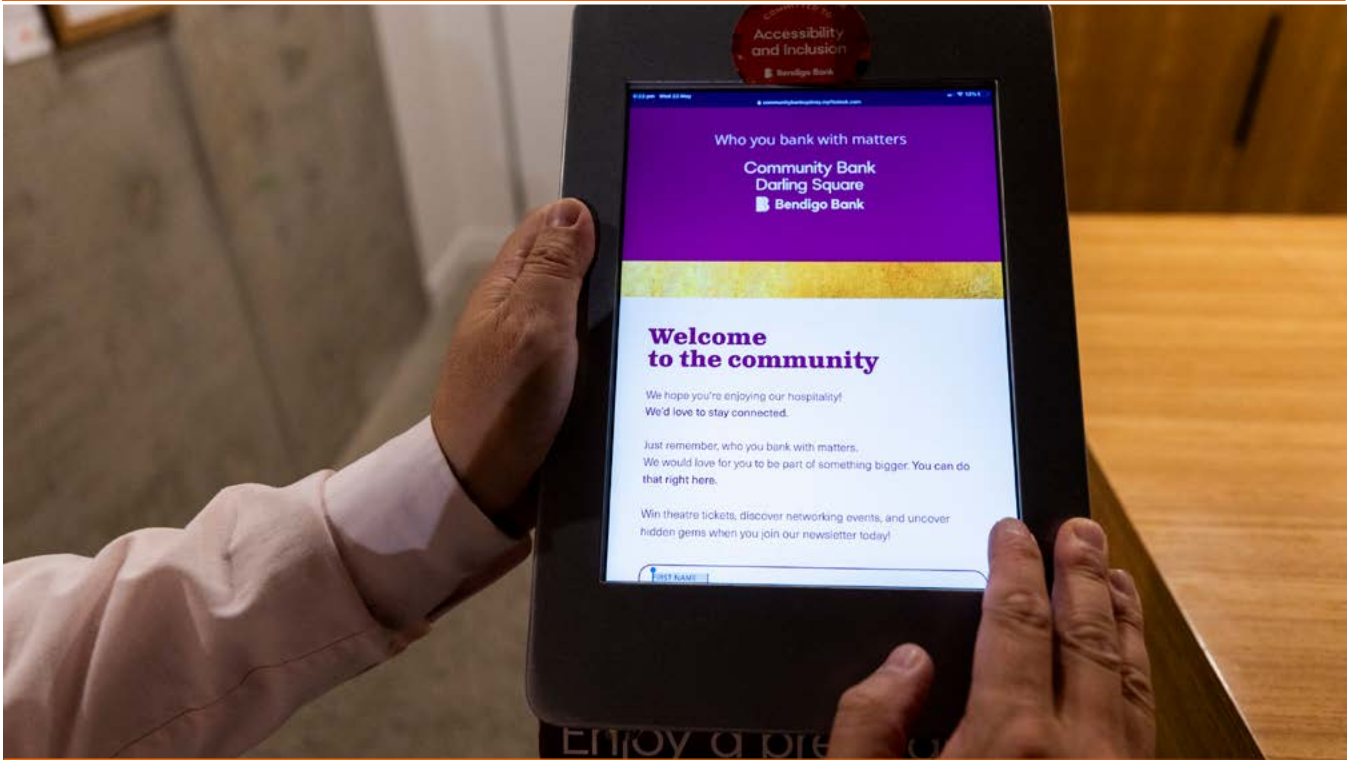
Over the last five years, we've positioned ourselves as the 'better big bank' by talking about who we are and what we stand for.

We support customers from all walks of life, who are united by the belief that their bank should have their back. Being a big bank isn't enough - our customers want us to be big on the things that matter to them. This campaign shows Australians that we're **'Bigger for You'**.

"The Bigger for You campaign brings to life that Bendigo Bank has the capability of the big four banks, but with the human values and care that we're known for. It's that combination of experience and impact that makes us the better big bank," says Sarah Bateson, General Manager Marketing.

Imagery from **Bigger for You** is included throughout this report.

Transforming our business



Our Darling Square Community Bank continues to maintain their connections with their customers and community Photographer: Joseph Mayers

We continued our digital transformation agenda this year to optimise our operating model, processes and products to better service our customers. The program streams of **Simplification**, **Digitisation** and **Modernisation** have achieved the following outcomes in 2024:

- Reduced the number of core banking systems down to three and currently working on our final two migrations, Rural Bank and Adelaide Bank. We had previously flagged this work would be completed this calendar year, however due to our increased focus on cyber security, open banking and strengthening fraud controls, we will complete the Rural Bank migration this year and the Adelaide Bank migration next year;
- Launched Bendigo Lending Platform – this is the first time our Bendigo Bank brand has had a dedicated broker channel. Previously, our broker channel was only offered through our Adelaide Bank brand. This launch has been supported by a new lending platform with enhanced automation for a faster time to decision. The pilot has seen the average time to decision reduce from five days to under six minutes.[1] It will enable us to broaden the number of products per customer from 1.7 in this channel;
- Continued strong growth in Up customer numbers, which targets young couples and singles. Since launching, Up has attracted over 920,000 customers and $2.1 billion in deposits;
- Halved the number of IT applications we support, down from 650 in 2020 to 324 in 2024; and
- In the second half, digital home loans made up 19.3% of total home lending settlements.

Key metrics measuring the Bank's performance in delivering our transformation agenda are included in the 2024 ESG Data Summary.

1. Median time to decision (home loan) relates to Third Party Banking channel. Early statistics from Bendigo Bank Broker trial showing median time to initial credit decision has reduced markedly to 5.74 minutes. We anticipate further reduction in median time to initial credit decision as we commence rollout to Brokers nationwide.

Supporting customers throughout challenging economic times

We know that communities across Australia are experiencing challenging economic times. This year we found the proportion of the Bank's customers experiencing financial pressure is under-represented in our book.

One of the reasons for this is the demographic spread of our customers – over 45% of our customer base is aged 35 and under. We are also known for being the first in market with offset accounts, unlimited offsets for fixed rate customers and lower levels of debt-to-income lending than our peers. We have also consistently delivered some of the lowest credit losses in the industry relative to our peers.

Most of our borrowers are in sound financial positions, however we have seen a small increase in arrears this year. We will continue to support our customers now and into the future.

Mortgage Help Centre

Our customer care-driven **Mortgage Help Centre's** primary objective is to keep our customers in their homes. It provides assistance to customers who are experiencing financial difficulties and contributes to our market-leading customer advocacy. It also means that the historical loss rate on our mortgage portfolio remains one of the lowest in the industry.

Given the economic landscape in 2024, our Mortgage Help Centre saw more customers impacted by cost-of-living pressures, reflected in a marginal increase in call volumes with more complex customer enquiries.

Home Loan Retention Pilot

Throughout 2024 the Bank's predictive churn modelling was refined to improve its ability to detect a customer's likelihood to discharge their mortgage. A dedicated team of Home Loan Specialists actively contacted these existing Home Loan customers in order to understand if their current product was meeting their needs and to understand how Bendigo Bank could support their financial wellbeing. In 2024 we completed 387 rate renegotiations allowing the business to retain $170.3 million in home loans.

This approach helped us to engage customers in a discussion about their current and future needs and we have created an additional $73.8 million in new business opportunities across various products which supports customer retention and allows us to deepen our relationship with those customers.

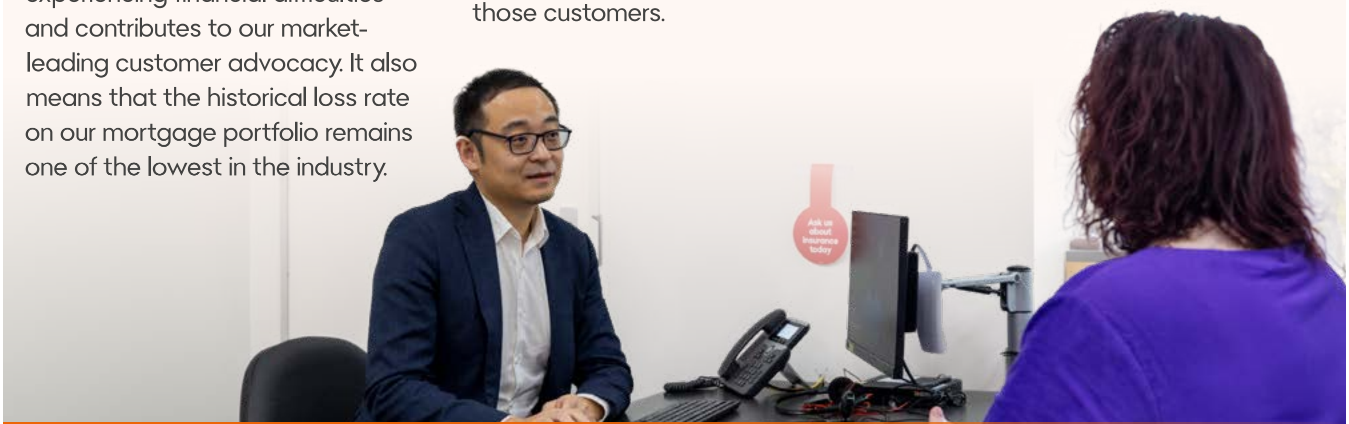
Proudly, we have maintained an 'outstanding'[1] level of home loan customer satisfaction. This year, we continued to lead the market with a home loan customer satisfaction rate of 85%.[2]

"The customer (I spoke with) said they were going to enquire in a month about rates on their home loan but was appreciative of the discount offered as he said every little bit helps and this will save him having to enquire with other financial institutions and look for a better deal."

A Customer Service Officer

"Working on the Home Loan Retention pilot has been extremely gratifying, especially in a rising rate environment. Our team has been able to support and educate our customers and build stronger relationships by contacting them in the moment that matters most."

Joseph (Joey) Mayes
Home Loan Specialist



Jai, one of our Relationship Mobile Bankers, supporting a customer. Photographer: Joseph Mayers

1. Michele Levine, Chief Executive Officer of Roy Morgan, March 2024.
2. Roy Morgan data based on October 2023 - March 2024 period, comparing ten Australian banks with a total sample size of 35,887 people aged 14 and above.

Advocating for our customers and increasing maturity in addressing customer complaints

This year, we focused on maturing our dispute resolution and customer advocacy services. This will drive better customer outcomes while embedding customer-centric decision-making across the business.

Our Customer Advocate Office is an independent voice for customers, helping us understand what our customers and communities need.

Our newly formed Customer Resolutions team will work to uplift our complaints capability by enhancing our systems and business processes, enabling us to reach fair customer outcomes quickly.

This will allow our Customer Advocate Office to dedicate its focus to supporting at-risk groups and working to improve the financial wellbeing of our customers, staff and the communities in which we operate.

In 2024, we received 51,887 customer complaints[1], a 5% increase on 2023. This was influenced by the prevalence of scams, globally and domestically.

Our top four complaints this year (as percentage of overall complaints) were:

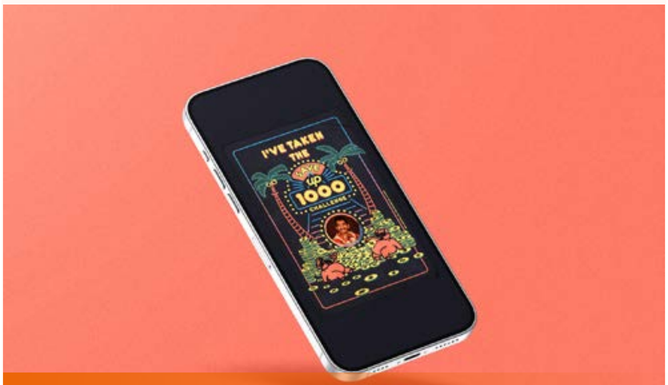
- Service complaints in relation to our Customer Contact Centre - 19%;
- Service complaints in relation to our Retail Banking Network - 15%;
- Technical problems with eBanking (including outages) - 14%;
- Scam / Fraud-related complaints - 11%.

1,207 complaints were received by the Australian Financial Complaints Authority (**AFCA**) this year, which is an increase of 32% from 2023. This can mostly be attributed to the prevalence of fraud and scams.

Helping Upsiders take control

Up is our digital bank designed to help customers, or Upsiders, organise their money and simplify their lives. This year we continued to improve our Upsiders' financial wellbeing through:

- *Save Up 1000* where over 200,000 Upsiders participated in the challenge to save $1000;
- *Locked Savers* where over 85,000 Upsiders have locked their savings (at least once) for an average of 24 days, and over $100 million currently held;
- *Up Home* settled over 1000 home loans;
- *Hi-Fi,* our in-app money management tool to help Upsiders manage their money through automated savings and regular financial wellbeing check ins, now used by 140,000 Upsiders;
- *Maybuy,* our savings-based alternative to Buy Now, Pay Later, has been used over 100,000 times helping Upsiders to avoid impulse purchases and buy more intentionally; and
- *Up High,* a subscription service for Upsiders who want to pilot new features before they are released to the market, has continued to grow with now over 10,000 'early access' users.



Up's *Save Up 1000* challenge in action

1. Covering approx. 94% of the Group customer base including Bendigo Bank and Community Banks. Excludes Up complaints.

Innovating sustainable finance

La Trobe University's electric cars being charged at their Bundoora campus

This year Bendigo Bank participated in La Trobe University's inaugural Sustainability Linked Loan.

The university has committed to reinvesting a portion of the savings earned by achieving targets set in its $195 million Sustainability Linked Loan, into its Indigenous Accommodation Scholarship Fund. This is a first for the Bank and aligns to our goal to drive action towards a resilient and sustainable future to grow the prosperity of our customers, communities, shareholders and our people.

Staff members from La Trobe University and Bendigo and Adelaide Bank

Supporting customers through product innovation

To allow us to better serve our customers and meet their banking needs, this year we continued to innovate our product offering, including:

- NRMA Digital Home Loan: we partnered with NRMA Insurance to deliver the NRMA Digital Home Loan, helping more customers achieve their home loan aspirations while continuing to grow our business.
- Bendigo Lending Platform launch: with around 70% of Australian borrowers choosing a broker to obtain a home loan, potential customers can now get a Bendigo Bank home loan through a broker. New customers through the Platform can access more choices with a simple and flexible home loan offering and other Bendigo Bank products, services and support. We are currently in the process of making this product offering available to all brokers.
- EasySaver accounts: we've made it possible for existing customers to open an EasySaver account in eBanking or through the Bendigo Bank App. This change provides our customers with a simple, secure and instant experience. Over the year, we have seen our EasySaver digital deposits increase by 56%.

We know that being digital by design and human where it matters will help us continue to innovate and provide quality products and services to our customers.

We have also welcomed the opportunity to engage with the Australian Securities and Investments Commission (**ASIC**) on its Better Banking for Indigenous Consumers Report. While we have made progress in ensuring our customers have the right products, improving our processes and refunding First Nations customers where appropriate, we accept there is more to be done as we continue to take additional steps and find new ways to improve customer outcomes. Further information about our efforts in this area can be found in the Bank's Financial Inclusion Action Plan.

Maintaining in-person connections

Jae Mo from the Strathfield Community Bank assisting a customer Photographer: Joseph Mayers

We operate Australia's fourth largest branch network and maintaining in-person connections with our customers through our physical network is important to us. We also know more customers are choosing to bank online, so we are working to deliver a balanced approach that meets the needs of our customers and communities.

About 40% of our customer base lives in regional Australia. In 2023 we paused regional branch closures in response to the Senate Standing Committee on Rural and Regional Affairs and Transport's call for a moratorium on regional branch closures.

Since the end of the embargo period (December 2023), we have permanently closed three regional branches. We acknowledge the risk this presents to the customers previously serviced by closed branches and we will continue to balance customer access with feasibility, while ensuring we are aligned with the Australian Banking Association's (**ABA**) Branch Closure Support Protocol.

In addition to this, it has also been announced by the Commonwealth Treasury that the cheque system in Australia will wind down by 2030. We will continue to support our customers through this transition. We no longer offer cheque books when new accounts are opened and we do not automatically re-issue them on existing accounts.

We currently have no intention to cease cash services in branches and Australia Post facilitates cash services where we do not have a physical presence.

Thriving communities
Enabling the social and economic prosperity of communities via the broader social impacts of banking.

2024 highlights

Launched our
Community Impact Hub

$40.3 million invested
back into communities through our Community Bank network

83% of our Community Bank network
has completed workshops to identify growth and efficiency opportunities

23 Community Bank companies
achieved Social Enterprise accreditation

$19.1 million in funding distributed to community programs
through our Community Bank network

Partnered with our
Community Bank network
to expand our Good Things Digital Literacy Program

Image from the 'Bigger for You' campaign
Photographer: Jack Dixon-Gunn

Helping communities thrive

We are uniquely positioned to empower customers to increase their control over their economic and financial resources; financial wellbeing; prosperity; and ultimately their lives. We do this through three areas of focus:

- **Connected and empowered communities:** our unique Community Bank model, scholarship program and community investment planning activities;
- **Financial and digital inclusion:** digital safety programs, scam awareness sessions, community partnerships and our Financial Inclusion Action Plan; and
- **Climate and disaster resilience:** natural disaster response and preparation, fundraising campaigns and community grants.

Community Banks: driving positive social and economic outcomes

Our Community Bank model is unique – since 1998 we've built partnerships between Bendigo Bank and community companies across the country to build business value for the Bank and deliver on our purpose of feeding into prosperity, not off it.

Community Banks operate on a shared-value model where profits generated from shared revenue are invested back into local initiatives to address specific community needs.

The model has invested $366 million into communities since its inception and it is scaled nationally with:

- 220 community companies;
- Employing more than 1000 employees, 61% of whom are regionally-located[1];
- With over 1,500 directors; and
- Serving 960,465 customers.

Business Planning Program

Our Business Planning Program helps Community Banks identify growth and efficiency opportunities, so they can generate more profits for their local communities and shareholders. As part of this program, workshops are tailored to each Community Bank and focus on data-led insights and analysis, allowing Community Banks to remain true to the purpose of community banking. At 30 June 2024, 83% of Community Banks had chosen to participate in the program.

Social Enterprise certification

This year, we worked with Social Traders to help Community Bank companies become certified social enterprises. This certification gives stakeholders a level of comfort that their banking decisions are having a genuinely positive impact.

At 30 June 2024, 23 Community Bank companies were certified social enterprises and a further five have highlighted interest in becoming certified. Community Bank companies are self-governed entities that make their own decisions, so each company has the opportunity to consider whether certification fits in with their own strategies, vision and values.

1. Data has been calculated in accordance with the Australian Statistical Geography Standard (**ASGS**).

Heidelberg District Community Bank was our first Community Bank to receive Social Traders accreditation

Community Enterprise Foundation

Community Bank Huon Valley awarded 13 scholarships, to students from a range of disciplines, such as Engineering to Agribusiness.

Since 2004 our Community Enterprise Foundation (**Foundation**) has been a central part of the Bank's story to support thriving communities across the country. The Foundation supports Community Banks to enhance their impact and support their communities.

This year the Foundation received

$35.9 million in donations

and distributed

$19.1 million in grants

This year, the Foundation focused on supporting community investment, driving collective impact and partnerships in the funding themes of arts and diversity, infrastructure, education, environment and health. Visit the Community Enterprise Foundation's 2023 Yearbook for more information.

Supporting financial inclusion and resilience

This year, we launched our first Financial Inclusion Action Plan (**FIAP**). It's been designed to support greater financial resilience and control for our customers, promote inclusive growth, and build more capable, resilient and self-sufficient communities.

Comprised of initiatives already underway, extending and improving on existing activities and new ideas to help progress financial and digital inclusion, the FIAP confronts some of the serious issues and life events our customers may experience. It puts in place direct and indirect support to enable fair and equitable access to our services.

The Bank's Financial Inclusion Action Plan is available on our website.

Community Impact Hub: impact at scale

We want to better understand and accurately report on the outcomes of our community investments. This year we commenced rolling out our digital platform which captures the community investment activity of our participating Community Bank partners. At 30 June 2024, we had onboarded 47% of our Community Bank network.

Looking ahead, this will help us improve how we report on community investment through our distributed Community Bank model and allow our Community Bank partners to identify opportunities for greater collaboration and impact.

Supporting educational outcomes through scholarships

Born in Thailand, Moo Sala Win Shew arrived in Mt Gambier, South Australia four years ago, after living in a refugee camp in Thailand for the first 16 years of her life.

"As a person who was born in a refugee camp and grew up there, opportunity to study was limited. Moving to Australia was a whole new world for me and I was afforded a lot more opportunity when it came to my education."

Work experience helped Moo Sala explore career options and after spending time in a clinic and a hospital, she realised that nursing or work in the healthcare industry was calling.

Moo Sala has started a Bachelor of Public Health at the University of South Australia in Adelaide. "This scholarship will be a tremendous help in my transition from Mt Gambier to the city," she said. The scholarship will provide Moo Sala with $13,000 in support over two years.

Education is the most powerful tool we have against poverty and inequality. Not having access to education can have significant and long-lasting impacts on individuals. Supporting education means investing in a pipeline of diverse talent to build stronger communities.

With Community Bank companies across Australia, the Bank's annual scholarship program is one of the largest privately funded scholarship programs in Australia.

In 2024 we[1] awarded

288 scholarships
to first year scholars to the value of

$1.4 million
including first and second year payments

In partnership with the Australian Social Value Bank and Our Community, this year we piloted a tool to measure the social value of our regional and rural scholarships. This will help us understand the outcomes for our recipients as well as the social value of the scholarship program using cost-benefit analysis. Learn more on our website.

1. Scholarships funded by Bendigo and Adelaide Bank Group and Community Bank network.

Christine from Strathfield Community Bank supporting a customer to bank digitally
Photographer: Joseph Mayers

Financial crime risk

Proactively protecting and managing financial crime risk for our customers, our people and our business.

2024 highlights

Blocked
$34.4 million in fraud or scam transactions

54 branches ran digital literacy programs
through the Good Things Foundation

Over 200 Banking Safely Online sessions
held for thousands of customers

780 miVoice members
participated in our Scams Awareness Month survey

Increased investment
in scam and fraud detection

Bridging the digital divide with Good Things Foundation

Despite the broad adoption of technology in communities across Australia, according to the Australian Digital Inclusion Index (2023), almost one in four people are being digitally excluded due to a lack of access, affordability or ability to use technology.

To help bridge this digital divide, this year we extended our partnership with Good Things Foundation, a social change not-for-profit which supports people across the country to build their digital skills through access to free resources and community-based education sessions.

This year, we became the financial inclusion sponsor of Get Online Week 2023, supporting seniors from across the country to improve their digital skills through Australia's largest community-led campaign focusing on promoting digital inclusion across the country. 23,000 people were engaged through over 1,300 community-based digital skills events, with 92% of event attendees saying they learned something new.

Digital inclusion is a social concern. Learning to use technology and the internet can help people stay connected with loved ones, apply for a job, find a rental property, receive education, do their banking, participate in tele-health consultations and better identify frauds and scams.

This year, one of our highest ranked customer complaints was from customers experiencing a scam or fraud. To help build our customers' digital capability, our Good Things partnership saw over 54 branches across our network connect to deliver digital skills programs to build confidence amongst customers and non-customers.

Gracie and Alex from Bendigo and Adelaide Bank with Kerry from Long Gully Neighbourhood Centre, a Centre that hosts digital skills events for Good Things Foundation

"We are thrilled to see the impact our partnership with the Good Things Foundation is having in improving our customers' digital skills and helping local educators to reach more Australians at risk of digital exclusion. Our branch teams have shared that their customers now feel more confident in using digital devices and exploring the vast world of information available to them online. We want our customers and our communities to feel supported and safe, as they transition to digital banking solutions and participate in the modern economy, and the investment in this program is one of the ways we are doing this."

Claire Collinge, Digital Adoption Lead, Mobile and Electronic Banking Capability

Check before you click: outsmarting scammers through Banking Safely Online

We know that financial crime risk impacts our customers as well as the wider Australian community. This year we have continued to invest in scam and fraud detection, which has resulted in us blocking over $34 million in fraud and scam transactions.

Alongside this, we supported thousands of people to better protect themselves online through our popular Banking Safely Online program, which launched in September 2023.

Banking Safely Online is a face-to-face digital literacy education program which has attracted a large number of our customers, with 200 sessions held across the country since launching, with one Community Bank in NSW running 20 sessions alone for their customers.

The 30-minute sessions, designed by our experienced team, have been held at local branches, rotary clubs, football clubs, fishing clubs and other community get-togethers. The program enables connection with our customers to help them navigate digital banking and to grow digital capability, confidence and security.

The classes highlight the benefits and importance of getting digitally connected while staying safe by learning how to recognise and prevent scams and fraud.

Head of Customer Protection at Bendigo Bank, Jason Gordon, says the sessions have been effective in educating and empowering customers facing a digital divide: "The popularity of these sessions proves just how important the hands-on approach is for many of our customers," Mr Gordon said.

"We all know about the growing prevalence of financial crime, and we understand fraud and scams are quite confronting. We want all our customers to feel supported and safe online, and these sessions are specifically designed to make new and existing digital banking users comfortable and confident."

Feedback from the sessions so far has been overwhelmingly positive with one participant saying that it taught them to 'always check before you click.'

Understanding the fraud awareness of our customers

Scam Awareness Week was held at the end of November 2023. We took the opportunity to listen and learn from our miVoice audience and build their capability to help them become more scam-literate.

miVoice is a panel of customers from across the country who we engage with to seek feedback on a regular basis.

> "I'm tech-savvy, but I need to keep up to date. This exercise has reawakened the sleeping dragon, so please help me keep ahead of unknown dangers."

miVoice participant, *November 2023*

780 customers participated in the program and we found:

87%
of participants had encountered some sort of scam;

16%
of those participants gave scammers funds or information;

52%
of participants always use multi-factor authorisation; and

Our miVoicers were grateful for the information to keep scams forefront of mind and to keep them updated on the latest scams circulating.

Fighting cyber and financial crime every minute of every day

The Bank continues to fight cyber and financial crime through a range of operational measures designed to protect its customers and its business:

- Multi-factor authentication is available;
- Blocking high-risk cryptocurrency transactions;
- Significantly increasing the size of its fraud prevention and response team;
- Removing links from unexpected text messages to customers;
- A dedicated security team constantly monitoring for suspicious activity; and
- Unusual account activity detection.

We continue to recommend stopping scammers in their tracks by following Scamwatch's advice:

STOP – Don't give money or personal information to anyone if unsure
Scammers will offer to help you or ask you to verify who you are. They will pretend to be from organisations you know and trust like Services Australia, police, government or a fraud service.

THINK – Ask yourself could the message or call be fake?
Never click a link in a message. Only contact us, businesses or government using contact information from their official website or through their secure apps. If you're not sure, say no, hang up or delete.

PROTECT – Act quickly if something feels wrong
If you notice unusual activity or if a scammer gets your money or information, visit bendigobank.com.au/security to report it and get support.

Deep dive: blocking high-risk cryptocurrency transactions

Investment scams are a prominent feature of the cyber-crime landscape because of the large amounts of money involved. Scammers use cryptocurrency because funds are challenging to recover and money can quickly be sent overseas and is hard to trace.

"Investment scams can be highly sophisticated, very convincing and financially devastating. Nearly half of all investment scams reported in 2022 resulted in a financial loss, so it's vital we do all that we can to stop them,"

Jason Gordon
Head of Customer Protection at Bendigo Bank

Blocking high-risk cryptocurrency transactions, alongside more traditional transactions, is part of our ongoing effort to protect our customers from fraud and financial crime. It's a risk-based approach that adds some friction to certain genuine payments to protect our customers from bad actors.

The rules target high-risk instant payments to cryptocurrency exchanges designed to address fraudulent payments, money laundering and further enhance protection.

Data privacy and security

Protecting our customers, our people and our business from cyber security attacks and protecting their data.

2024 highlights

Launched our
Data-Driven Thought Leadership series

80 senior leaders
participated in data risk capability uplift

Continued
uplift of data handling standards

Image from the 'Bigger for You' campaign
Photographer: Jack Dixon-Gunn

Managing cyber security risks by delivering on our strategy

This year we continued to invest in keeping our customers and their information safe. Our holistic response to the increase in cyber security threats and fraudulent activity has included uplifting technology, our people's capabilities and our risk and governance processes across the business. Our Privacy Policy is published on our website and it is governed by a set of compliance standards.

Being data driven through people capability uplift

Nataly, Leon and Penny at a team meeting at Darling Square Community Bank Photographer: Joseph Mayers

Becoming a data driven organisation is fundamental to achieving our Bank's strategy and outcomes for our people, customers and stakeholders. By investing in our people to build their ability to appropriately prevent and respond to cyber security threats, we continue to keep our customers' data safe and manage data appropriately.

Data-Driven Thought Leadership

We launched the Data-Driven Thought Leadership series this year which aims to help us better understand and leverage data to improve outcomes for our people, customers and stakeholders. This collaboration series allows our people to learn from internal and external leaders to build an understanding of data now and into the future.

The first session, hosted with Google and Accenture, focused on generative Artificial Intelligence (**AI**) and what it could mean for the Bank as well as the broader financial services sector.

Cyber Security always front of mind

In addition to our mandatory privacy training for all staff, both during onboarding and annually, our people participate in Cyber Security Awareness Month. Each week focuses on different cyber protection activities and this year's included multi-factor authentication, software updates, phishing and password protection. These are delivered in different digestible formats and are aimed for all our people.

Managing data and security risks by example

Bendigo Bank's senior leaders participated in a series of risk capability learning experiences which included a focus on managing data risks such as the rise of emerging technologies like artificial intelligence, increased demand for transparency and a shift towards granular reporting, and increased expectations from regulatory bodies and customer demands. Risk scenario training will continue in 2025 to ensure that our business continues to manage and mitigate risk for our customers and their communities.

Data governance and integrity

We continued to progress and uplift the Bank's data management practices, supporting improved data integrity this year. We introduced new policies and standards, which guide how we manage and protect customer information by focusing on priority items based on risk, criticality and sensitivity of data. This includes our new Data Management Policy, which introduces FAR accountability for all Executives and establishes a structured and consistent data management approach for the entire business to help ensure our data is defined, well-governed and managed securely.

New governance processes and toolkits have enabled business uplift at scale through automation and consistent processing across divisions supported by a central area of expertise.

Our Data Risk Management Improvement Committee is dedicated to evolving the maturity of the Group's Data Risk management practices, complemented by the enterprise Data Management Authority with business representation, to provide a consistent and transparent approach in the management of operational data risks and data management activities across the Bank.

Digital by design, human when it matters

We understand that some customers may find it difficult to adapt to the technological changes we've put in place to protect them, which can impact their banking experience.

A real-life example of how we provide human-centred support is from Max Bone, Digital Adoption Lead at the Bank and a former Branch Manager who supported a customer who needed help with her eID. eID is a series of enhancements designed to improve authentication methods and protect our customers' information and eBanking.

"On meeting with our customer in-branch, we worked out that she needed to update her phone to access internet banking. I helped her do that and explained how important it is to stay up to date with phone updates to ensure she could be more secure.

Over the course of our conversation, I realised that she had recently come to Australia from overseas and was having a hard time connecting with her family from back home. She shared with me that she wanted her eID to work so she could transfer money back to her family.

While I helped her get her eID back up and running, I showed her how to initiate a FaceTime call from her iPhone to her daughter while she was in the branch. Our customer transformed in front of my eyes, from someone who was struggling to use her device to someone who was able to use and understand eBanking and connect with her family and friends overseas."

Max Bone
Digital Adoption Lead

Heidi and Mike from Kangaroo Island Land for Wildlife looking at an echidna on their wildlife cameras
Kangaroo Island Land for Wildlife was an SA Bushfire Recovery Grant Program grant recipient
Photographer: Bri Hammond

Climate change

Playing our part in the net zero transition by understanding and reducing environmental impacts and driving climate action.

2024 highlights

Maintained
CDP score of B

Launched our new
Climate & Nature Action Plan 2024 - 2026

53% of all staff[1]
voluntarily completed climate change training, 62% of corporate staff completed the training

Supported
100 farmers
to measure their greenhouse gas emissions with Ruminati

Released
Rural Bank's first 2024 Climate Report
for farming business

1. Includes Bendigo and Adelaide Bank, Community Bank, Mutual Partners, Rural Bank and contractors. Group: Bendigo and Adelaide bank employees. Community Bank: Community Bank & Community Bank admin employees.

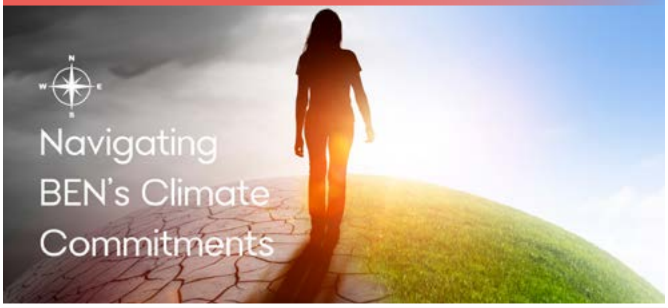
Managing and disclosing climate-related risk

The Bank's strategic approach to managing climate-related risks and opportunities is outlined in our Climate and Nature Action Plan (**CNAP**).

The Bank's 2024 Climate Disclosure discloses our climate performance and has been developed leveraging guidance from the TCFD.

Building capability to better manage climate risk

The Bank's Climate Change Training module



Addressing climate risk is essential for the Bank's long-term resilience. In 2024 we developed online climate change training to help our people better understand the impacts of a changing climate, as well as their role in enabling the Bank to achieve its climate commitments.

We set ourselves a target for 50% of the Bank's people (excluding our Community Banks) to complete the climate training by 30 June 2024. At 30 June 2024, 62% of the Bank's corporate staff had completed the training and 53% of all our people (including Community Banks) had completed it.

We've also embedded Moody's "Introduction to ESG" training into our Delegated Lending Authority learning suite. This ensures that all business bankers who can approve a loan are equipped with an understanding of how ESG relates to their lending decisions.

In February 2024, a cohort of our Rural Bank team participated in the University of Melbourne's Carbon Neutral Agriculture program, presented by Professor of Sustainable Agriculture Richard Eckhard to uplift our capability and better support our farming business customers.

Some of our Rural Bank team members at the University of Melbourne's Carbon Farming and Carbon Neutral Agriculture Training Program 2024

Supporting agribusiness customers to measure their emissions

Launch of the Ruminati pilot in Wagga Wagga, NSW

Recording on-farm emissions is increasingly critical for our agribusiness customers to ensure they're complying with regulations, can access additional revenue by engaging with emerging environmental markets and can meet consumer demands for supply chain transparency.

This year, Rural Bank ran a pilot in partnership with Ruminati, an online emissions calculator created by farmers for farmers. Ruminati's tool helps producers across Australia track and validate on-farm climate action.

By supporting farmers to better understand their environmental impacts, Ruminati helps farming customers identify areas of improvement and adopt more sustainable agricultural practices. This can optimise production systems, preserve natural resources and contribute to the sustainability of their agricultural enterprise.

100 Rural Bank customers were given access to Ruminati through the pilot, where they were able to measure their emissions, identify emissions reduction opportunities and demonstrate proactivity across their supply chain.

"Understanding the carbon footprint of a farming business is not a simple task, but with the support of Ruminati who have developed an online calculator we are now able to support our customers with a resource that enables them to produce an emissions report within 30 minutes and has some very clever scenario modelling functionality. We are pleased to be partnering with Ruminati which we launched in April with a pilot group of farming customers in Wagga Wagga, NSW." David Onto, General Manager Specialist Business

Climate insights helping agribusiness to reduce their emissions

This year, Rural Bank released the Bank's first 2024 Climate Report for primary producers. It's an in-depth compilation of likely and predicted scenarios that agribusinesses can consider and factor into their forward planning.

Regulators, consumers, buyers and suppliers are progressively seeking more information on the source and sustainability of food and other agricultural produce they are purchasing. We expect that sustainability will increasingly factor into contract and procurement decisions, consumer decisions and markets considering buying Australian produce amidst competing exports from other countries.

David Onto, *General Manager Specialist Business said:*

"Rural Bank sees agribusiness as having an increasingly important role to play in reducing emissions. Understanding the projected impacts regionally and how carbon mitigation programmes work is something we are keen to help Australian farmers better understand".

Rural Bank releases regular research and analysis on commodities, farmland values, business performance and topical agricultural issues through our Knowledge and Insights hub.

Climate and disaster recovery: moving fast when disaster strikes

Bendigo Foodshare Truck, partially funded by the Bank's Flood Recovery Grants Program

Natural disasters across the country continued to adversely impact our people, our customers and their communities this year. Immediately following a disaster, on-the-ground community groups are best placed to deliver an effective place-based response.

The Foundation's experience in disaster recovery and resilience makes it well placed to support local Community Banks. Working cross-industry with communities, not-for-profits and government, the Foundation helps provide immediate, short to long-term recovery support.

In 2024, the Foundation supported the following:

$100,000 raised through disaster appeals

$2.3 million total funds
distributed to communities recovering from disaster

56 projects funded
through the disaster appeals

Alongside the Australian Lions Foundation and the City of Greater Bendigo, the Foundation donated $75,000 from Bendigo Bank's Flood Recovery Grants Program, to help purchase a new refrigerated truck for Bendigo Foodshare. The truck will provide food security for central Victoria and support communities recovering from flooding. It allows Foodshare to transport more food to areas in need, especially in times of disasters.

Climate and disaster resilience: in it for the long-haul

Recipients of the Bank's South Australia Bushfire Recovery Grants Program

We know that when disaster strikes, impacts can last for years, well after the damage has been repaired. Following disaster, the Foundation continues to work with the community to identify funding needs for ongoing recovery, including opportunities to build resilience and strengthen communities.

This year, we continued to support long-term bushfire recovery for communities in South Australia (**SA**) through the Bendigo Bank South Australia Bushfire Recovery Grants Program. $650,000 was distributed to the communities of SA's Kangaroo Island and Adelaide Hills to support a range of recovery and resilience programs and initiatives, including camera trap monitoring to benefit threatened species on Kangaroo Island, new fencing trailers, community hall upgrades, and innovative technology to save native wildlife.

There's an Upside to our partnership with Seabin

Up staff members at Seabin's Ocean Health Lab in Manly, NSW

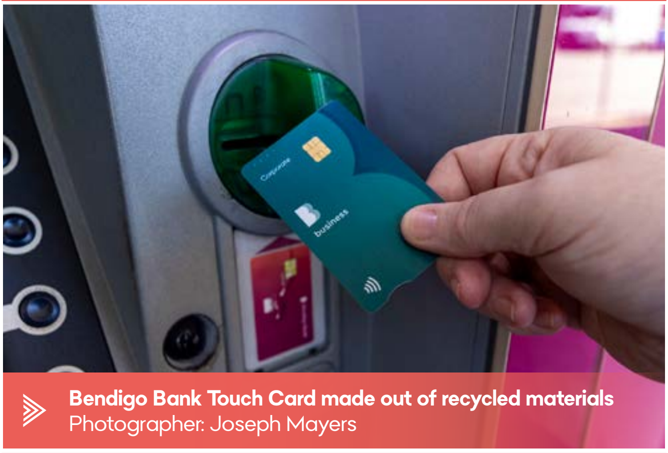
This year, Up continued its partnership with the Seabin Project, supporting a dedicated Up Seabin in Manly, NSW. The Seabin Smart Technology merges the concept of a pool skimmer and a garbage bin to create a litter capture system for the marine environment.

From April 2023 – April 2024, the Seabin in Manly, NSW captured 664.27kg of marine litter or 126,179 plastic items (or 346 plastic items per day).

Learn more about what Up is doing to care for the environment on their website.

Marine litter collected by Up's Seabin in Manly, NSW

Environmentally friendly and inclusive products



Bendigo Bank Touch Card made out of recycled materials
Photographer: Joseph Mayers

We issue over one million plastic bank cards a year and we know our customers expect us to provide environmentally-friendly options. To address this, our bank cards for our Bendigo Bank, Rural Bank, Adelaide Bank and Up brands are made from at least 82% recycled plastic. Upsiders are also automatically issued a 'digital only' Zap Digital Card option which is 100% plastic free.

We've worked with card manufacturers to identify the right materials for our bank cards that meet sustainability standards and provide a durable, cost-effective and quality product for our customers. Where possible, our card carriers and envelopes are Forest Stewardship Council (**FSC**) or Programme for the Endorsement of Forest Certification (**PEFC**) certified, ensuring environmental, social and economic benefits.

In partnership with Mastercard, we recently launched Touch Cards. These feature globally-recognised tactile indicators, allowing customers to easily identify their credit and debit cards. Also printed on recycled materials, these simplify payments for our customers who are vision-impaired. The rollout will be phased so that we can run down our existing card stock and avoid waste.

Assurance Statement

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Building a better working world

Independent Limited Assurance Report to the Management and Directors of Bendigo and Adelaide Bank

Our Conclusion:

Ernst & Young (‘EY’, ‘we’) were engaged by Bendigo and Adelaide Bank (the Bank) to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a ‘review’, over the Subject Matter defined below which is presented in the Bank’s Annual Report and the ESG Data Summary workbook for the year ended 30 June 2024. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed the following Subject Matter for the year ended 30 June 2024, which was prepared using the following Criteria:

- The preparation and disclosure of material sustainability-related risks and opportunities aligned to The Global Reporting Initiative (GRI) Standard 3: Material Topics 2021
- Selected performance metrics as described in the table below:

Subject Matter		Location	Criteria
Customer Satisfaction	Bendigo Bank NPS	Annual Report, Page 26	The Bank’s own criteria
	Total number of customer complaints	Annual Report, Page 106	
	Bendigo and Adelaide Bank branches	ESG Data Summary	
	Community Bank and private franchise branches		
	Number of customers		
Community	Community Bank investment (cash contributions)	ESG Data Summary	The Bank’s own criteria
	Social supplier spend through procurement (dollars)		
People, diversity and inclusion	Headcount	ESG Data Summary	The Bank’s own criteria
	Financial FTE		
	Employee turnover total		
	Employee engagement index (%)		
	Inclusion (%)		
	Woman in leadership roles (%)		
	Gender diversity (%)	Annual Report, Page 9	
	LTIFR	Annual Report, Page 96	
	Average hours of training/headcount	ESG Data Summary	
	Gender pay gap	Annual Report, Page 95	Workplace Gender Equality Agency
Governance	Number of whistleblower cases total	ESG Data Summary	The Bank’s own criteria
	Mandatory training completions		

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual Report and ESG Data Summary (together, the Reports) and accordingly, we do not express an opinion or conclusion on this information.

Assurance Statement

Key responsibilities

Bendigo and Adelaide Bank's responsibility

The Bank's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with the Bank in the signed engagement letter dated 26 March 2024. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Assessed the Bank's materiality process and conducted checks such as a media review and peer review to support alignment with the GRI Standards materiality principle
- Assessed the AFR for disclosure and coverage of materiality process and identified material issues in line with the GRI standards materiality principle
- Conducting limited assurance procedures over the performance metrics and disclosures in the Reports, including:
    - Assessed that the calculation Criteria have been applied in accordance with the methodologies for the selected performance metrics
    - Assessed the clerical accuracy of input data utilised to calculate selected performance metrics
    - Performed analytical procedures to support the reasonableness of selected performance metrics
    - Identified and tested assumptions supporting calculations
    - Performed recalculations of selected performance metrics using input data and, on a sample basis, testing underlying source information to support accuracy of selected performance metrics
    - Assessed the accuracy and balance of statements associated with the selected performance metrics

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Assurance Statement

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by the Bank relating to future performance plans and/or strategies disclosed in the Bank's Annual Report and ESG Data Summary.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Bendigo and Adelaide Bank, or for any purpose other than that for which it was prepared.

Ernst & Young

Ernst & Young
Melbourne, Australia
26 August 2024

Remuneration Report

To our shareholders

On behalf of your Board, as Chair of the People and Culture Committee (the Committee), I am pleased to present the Bank's Remuneration Report for the financial year ended 30 June 2024 (FY24).

The Board empowers our people to deliver our vision of being Australia's bank of choice. The remuneration framework helps drive strategy execution and prudent management of risks, generates shareholder returns and promotes the prosperity of our customers and communities. The Bank's reward approach is designed to attract, motivate and retain the talent needed to make the bank better for all.

Abi Cleland
Chair of the People and Culture Committee

Performance overview

Strategy execution

It was a strong year of transformation for the Bank. In FY24 the Bank reduced complexity, invested in capability and continued to tell our story. The Bank is well positioned to leverage our transformation growth over the coming years. Our transformation program focussed on consolidating banking systems, modernising technology and accelerating our digital capabilities. We improved the Bendigo Bank customer facing systems, introduced our new end to end lending platform which significantly reduces lending decision time, as well as continued investment in our Business and Agri segments to enhance systems and processes. We continued to innovate within our digital bank Up resulting in exceptional customer growth of 29%.

Financial performance

Against a backdrop of economic headwinds and a challenging operating environment, the Bank delivered disciplined results and prudent management of costs. The dedication and efforts of the Executive and our people, positions us well to deliver sustainable returns to shareholders. The FY24 financial results were a story of two halves with the first half of lower profits than the record levels in FY23 but a stronger performance in the second half. Below are the year on year results.

- **Statutory net profit after tax** of $545 million was up 9.7%.
- **Cash earnings** of $562 million was down 2.6%.
- **Net Interest Margin (NIM)** of 1.90% was down 4 basis points.
- **Cost to Income (CTI)** of 57.5% was up 2.6%.
- **Return on Equity (ROE)** of 8.18% was down 44 basis points.
- **Total Shareholder Return** of 40.60% was up from 0.77%.
- **Full year Dividend** of 63 cents was up from 61 cents.

Non-financial performance

The Bank has a proud history of prioritising ESG and community investment. Non-financial performance is an imperative driver of positive stakeholder and societal outcomes, which also promotes effective financial management and outcomes.

- Our customers continue to be the heart of the Bank. We delivered exceptional customer outcomes, maintaining a Net Promoter Score of 27.9 points above the industry. We grew our customer base to a record 2.6 million, whilst being the most trusted bank in Australia.
- The Bank maintained strong discipline in risk practices. Risk management remains a primary focus across all divisions, as the Bank continues to further build on its robust risk management framework.
- Our people continue to be engaged, with an employee engagement score of 77%. Progress was made with gender diversity targets and closing the gender pay gap remains of paramount importance to the Board and Executive.
- Our community investment grew in FY24 to $40.3 million, increasing the social impact in the communities we operate in.

Governance, accountability and remuneration

The Board understands the importance of having a robust remuneration framework that operates as intended. The Bank has ensured it has met the requirements of APRA's Prudential Standard, CPS 511 Remuneration (CPS 511) and continues to proactively engage with APRA.

An enterprise-wide Consequence Management Policy (CMP) was implemented during the year, and a Consequence Management Committee (CMC) was established. The CMP enhances our risk culture and provides increased clarity on risk and conduct standards. The CMP drives accountability and consequences for material risk events. The CMP also provides the ability to recognise positive risk behaviours.

Executive remuneration outcomes for the year

In FY24 based on the recommendation of the Committee, the Board approved remuneration outcomes outlined below. These were based on an assessment of measurable outcomes, and review of broader results, including contra indicators, to ensure appropriate outcomes.

Fixed Remuneration – across the entire Executive cohort, there was an average 3.60% increase. Increases ranged from 0% to 11% depending on relative market positioning of pay and individual role accountabilities.

Short-Term Incentive (STI) – the FY24 Group STI Scorecard outcome was 49% of Max (65% of Target). The Board applied the following adjustments:

- A positive adjustment to the Cash Earnings target to reflect the earlier than budgeted activity of pre-funding the repayment of the Term Funding Facility.
- A downward risk overlay of 5% to Executives. The remuneration consequence was to recognise that while progress has been made with risk and capability uplifts, there are opportunities for heightened focus and greater sustained improvement with risk culture.

Individual modifiers ranged from 100%-120%. The Chief Customer Officer, Consumer; Chief Risk Officer; and Chief Operating Officer had modifiers above 100% based on exceeding individual targets.

Long-Term Incentive (LTI) – vested at 82.40%, reflecting the Bank's Relative Total Shareholder Return (rTSR) performance against the ASX100 over FY21-FY24 with percentile ranking being 64.60%.

Loan Funded Share Plan (LFSP) – the FY21 LFSP restriction period ended in FY24 and vested, with CTI, Market Growth and Relative NPS targets all being met in FY22. The LFSP outcome is strongly aligned to the shareholder experience.

In 2023 we moved to a LTI plan based on rTSR, Return on Equity, Relative NPS and Reputation. The first year of this potentially vesting is 2027.

Looking ahead

The current CEO, Marnie Baker, will be leaving the Bank in FY25. The Board thanks Marnie Baker for her decades of service, leadership and strong community focus. Marnie Baker will be succeeded by Richard Fennell on 31 August 2024, and Marnie Baker will remain in a Special Adviser role until 02 January 2025. Information on FY25 remuneration is detailed in the ASX announcement and will be also included in the 2025 Remuneration Report.

The Board will review the remuneration framework in FY25 to ensure that it continues to attract, retain and reward talent in order to maximise shareholder outcomes.

SECTION 1: INTRODUCTION TO THE REMUNERATION REPORT

This Remuneration Report is for the financial year ended 30 June 2024 (FY24). The Report has been prepared and audited in accordance with section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*. The Report forms part of the Directors' Report.

Structure of the Remuneration Report

Key Management Personnel (KMP)

This report covers the KMP of Bendigo and Adelaide Bank Limited (the Bank) who have the authority and responsibility for planning, directing, and controlling the activities of the Group either directly or indirectly. This includes both Executive KMP and Non-executive Directors. The following Executive KMP and Non-executive Directors are covered in this report.

Name	Position	Term as KMP
Executive KMP		
Marnie Baker	Chief Executive Officer & Managing Director	Full Year
Ryan Brosnahan	Chief Transformation Officer	Full Year
Taso Corolis	Chief Risk Officer	Full Year
Richard Fennell	Chief Customer Officer, Consumer Banking	Full Year
Andrew Morgan	Chief Financial Officer	Full Year
Adam Rowse	Chief Customer Officer, Business and Agribusiness	Full Year
Bruce Speirs	Chief Operating Officer	Full Year
Non-executive Directors		
Vicki Carter [1]	Chair	Full Year
Abi Cleland	Non-executive Director	Part Year (commencing 30 April 2024)
Richard Deutsch	Non-executive Director	Full Year
David Foster [2]	Non-executive Director	Full Year
David Matthews	Non-executive Director	Full Year
Alistair Muir	Non-executive Director	Full Year
Margaret Payn	Non-executive Director	Part Year (commencing 14 September 2023)
Victoria Weekes	Non-executive Director	Full Year
Former Non-executive Directors		
Jacqueline Hey [3]	Non-executive Director	24 October 2023
Jim Hazel [4]	Non-executive Director	24 October 2023

1. Vicki Carter was appointed as Interim Chair of the Bendigo and Adelaide Bank Board on 17 April 2024 and appointed permanently as Chair on 13 May 2024.
2. David Foster was a Non-executive Director for the full year and has been on leave from 17 April 2024 with no remuneration paid from this date.
3. Non-executive Director, Jacqueline Hey, retired from the Board on 24 October 2023.
4. Non-executive Director, Jim Hazel, retired from the Board on 24 October 2023.

SECTION 2: EXECUTIVE REMUNERATION FRAMEWORK

2.1 Remuneration strategy, principles and objectives

The Bank's remuneration framework supports financial and non-financial objectives, strongly aligns the Executive and shareholder experience, and promotes effective risk management and long-term decision-making. Underpinning policies, processes and procedures mitigate sources of risk from the remuneration framework.

BEN has a remuneration approach tailored to its unique purpose, which attracts, motivates and retains key talent who are invested in delivering our vision of being Australia's bank of choice.

Susan, Jae Mo and Laura from the Strathfield Community Bank Photographer: Joseph Mayers

SECTION 2: EXECUTIVE REMUNERATION FRAMEWORK continued

Vision

To be Australia's bank of choice

Purpose

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

Our Values

Make a difference

We create a positive impact for our customers, communities and each other, because we genuinely care

Be better together

We are empowered, we speak up and together we continuously improve, learn and grow

Own it

We take initiative and commit to our decisions to deliver better outcomes

Find the right way

We make balanced decisions by considering the risk and reward of any given situation and a diverse range of perspectives.

Remuneration Principles and Objectives

Strategy led reward

The remuneration framework is aligned to the Bank's strategy of reducing complexity, investing in capability, tell our story and delivery of our transformation, growth and digital agenda.

With a focus on customer connection and investment in the community.

The remuneration framework ensures our key talent are engaged and retained to deliver strategy.

Reward balanced outcomes

Variable reward is designed to motivate prudent financial management, deliver non-financial priorities, and generate superior shareholder returns balancing the short and long-term outcomes.

Financial performance is incorporated with measures that deliver sustainable growth in an increasingly digital environment and effective cost management. Equity reward components ensure alignment between Executives and shareholders.

Each incentive plan has a material weighting towards non-financial measures. Non-financial measures drive positive stakeholder and societal outcomes, with a heavy focus on risk management.

Recognise people for their impact

The Bank's performance is the sum of its parts. Our people are empowered to deliver exceptional performance and when our bank performs our people are recognised.

Variable reward outcomes are based on Group scorecard performance and individual performance (based on individual / Business Unit goals). There is meaningful individual differentiation, aligned with our performance orientation.

Our people must embody a strong risk and accountability mindset to be eligible for variable reward. Where standards are not met, our Consequence Management Policy will be applied.

Transparent and simple measures

People understand the organisational and individual objectives they are expected to achieve.

Transparent and simple measures create greater line of sight for our people, increasing the motivational impact and overall effectiveness of variable reward.

Externally, our shareholders will be provided with cogent detail on the design of the measures, as well as actual outcomes against each measure. This will demonstrate the pay and performance alignment with variable reward.

Embedded risk management

The remuneration framework has strong incorporation of risk management. This is achieved through the use of various levers, including: stand-alone risk measures, a Risk and Compliance Gateway, and a consequence management process.

Variable reward not only holds people accountable for effectively managing risk, but also motivates and recognises exceptional risk performance.

Our people are encouraged to take prudent risks within appetite, which provides sustainable results for our shareholders, customers, and communities.

We proactively engage with our regulators, in order to meet requirements and the intent behind them.

SECTION 2: EXECUTIVE REMUNERATION FRAMEWORK continued

2.2 Executive remuneration framework elements

Guided by our Values, Remuneration Principles and Objectives below is an overview of the Executive remuneration framework. Executives are incentivised to drive performance, think and act like a shareholder, and are held accountable for risk outcomes. Risk forms a significant portion of the remuneration framework, with effective risk management imperative for our performance and sustainability. The remuneration framework meets regulatory requirements.

Fixed Remuneration (FR)	Variable Reward	
	Short-term Incentive (STI)	Long-term Incentive (LTI)
Comprises cash salary and superannuation contributions • External market benchmarking includes comparable roles in the banking sector and companies of a similar size, complexity and performance outlook. • Set with reference to the size, role, individual responsibilities, experience, performance and criticality to delivering BEN's strategy.	• STI Target opportunity: 38-50%. • STI Max opportunity: 50-65%. • Motivates and rewards exceptional Group and individual performance. • 50% financial measures: CTI, Cash Earnings and PACC, and 50% non-financial measures: People & Planet, and Risk and Capability. • Individual modifier: may modify individual STI outcomes by 0-120%. Based on rigorous assessment of individual performance. • 50% in cash and 50% rights deferred for one year. Annual performance period. • Risk overlay: may modify STI outcomes based on a comprehensive assessment of risk management (outside of Scorecard measures).	• LTI face value opportunity: 40-65%. • Rewards long-term shareholder value creation, and aligns the experience of Executives and shareholders. • 65% financial measures: Relative Total Shareholder Return and Return on Equity, and 35% non-financial measures: Relative Customer NPS and RepTrak Reputation index. • 100% in performance rights. • Four-year performance period, with additional deferral to meet CPS 511 requirements.
	Risk and Compliance Gateway Participation in variable reward is subject to meeting the Risk and Compliance Gateway. Risk and conduct standards must be maintained for payment and vesting.	

Board Discretion

Underpinning all Executive reward decisions is the application of Board discretion. This is guided by principles which ensure that reward outcomes align to financial performance, intended results, and the experience of shareholders, customers, and the broader community.

Consequence Management Policy (CMP)

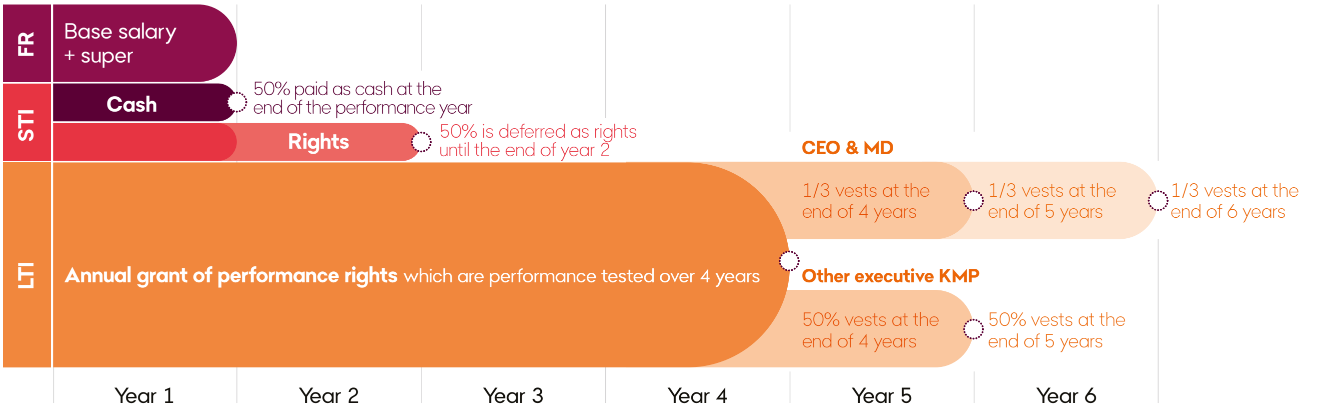
The CMP provides the Board and the organisation with a framework to consider and apply financial and non-financial consequences where Executives have accountability for adverse risk and conduct outcomes. The CMP helps promote a strong risk culture.

SECTION 2: EXECUTIVE REMUNERATION FRAMEWORK continued

2.2 Executive remuneration framework continued

The following provides an illustration of how remuneration is delivered to the CEO & MD and Other Executives.

CEO & MD and Other Executive KMP



Payment or vesting (shortly after the end of the relevant year)

Executive pay mix at maximum remuneration opportunity

Pay mix is tailored to reflect individual responsibility for Group strategy. The CRO has less variable reward, reflecting accountability for management of Group risk performance.

	FR	STI	LTI
CEO (Marnie Baker)	44%	28%	28%
CTO (Ryan Brosnahan)	50%	30%	20%
CRO (Taso Corolis)	53%	26%	21%
CCO, Consumer (Richard Fennel)	50%	30%	20%
CFO (Andrew Morgan)	50%	30%	20%
CCO, Bus & Agr (Adam Rowse)	50%	30%	20%
COO (Bruce Speirs)	50%	30%	20%

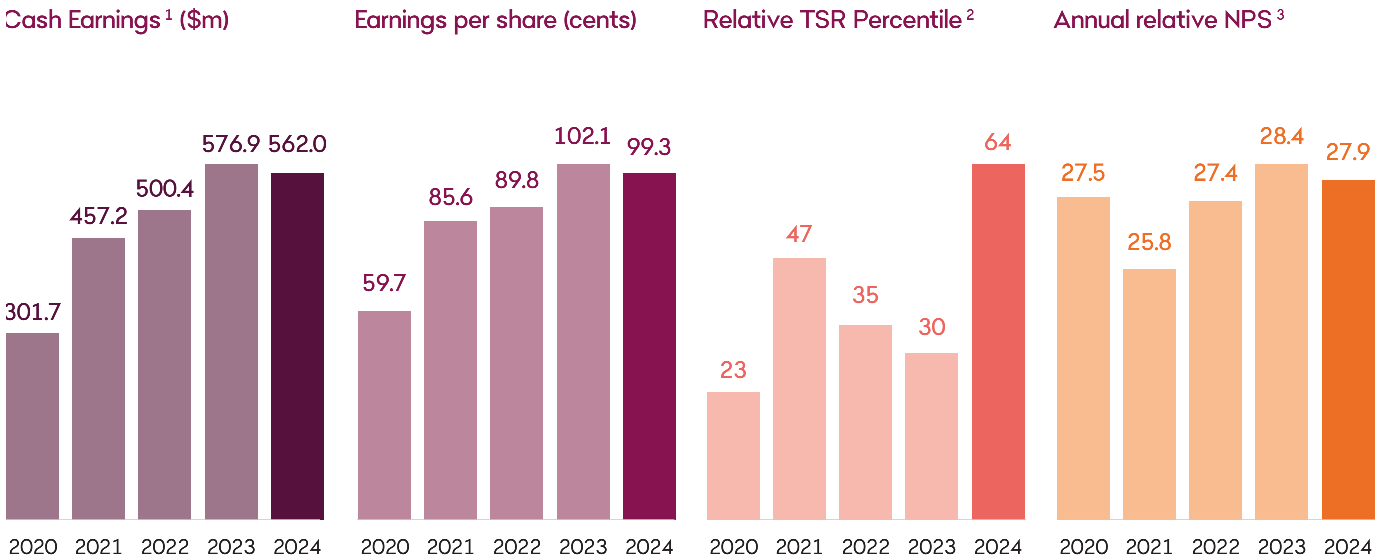
FR STI LTI

SECTION 3: PERFORMANCE AND REWARD OUTCOMES

3.1 Group financial performance

The level of variable remuneration outcomes reflects the Bank's performance as presented in this five-year snapshot of key measures and metrics.

Group Performance Measures



1. Cash earnings is an unaudited, non-International Financial Reporting Standards (IFRS) financial measure.
2. Relative TSR percentile rank versus ASX comparator group over the performance period tested at the end of each corresponding financial year.
3. Compared with the industry average.

Below is a summary of additional key performance metrics for the previous five years, including FY24.

	Financial year				
Company Performance Measures	2020	2021	2022	2023	**2024**
Statutory net profit after tax ($m)	192.8	524.0	488.1	497.0	545.0
Statutory earnings per share (cents)	38.1	98.1	87.5	87.9	96.3
Cash earnings per share (cents)	59.7	85.6	89.8	102.1	99.3
Dividends paid and payable (cents per share)	35.5	50.0	53.0	61.0	63.0
Total shareholder return (annual) (%)	(36.40)	55.45	(6.80)	0.77	40.60
Annual relative NPS compared to industry average[1]	+27.5	+25.8	+27.4	+28.4	+27.9[2]

1. Roy Morgan data provided for FY20 has been adjusted due to a reporting issue incurred during FY20, however this did not result in any adjustments to LTI outcomes relating to FY20.
2. 6 month rolling averages comparing the Bank's NPS to the industry average.

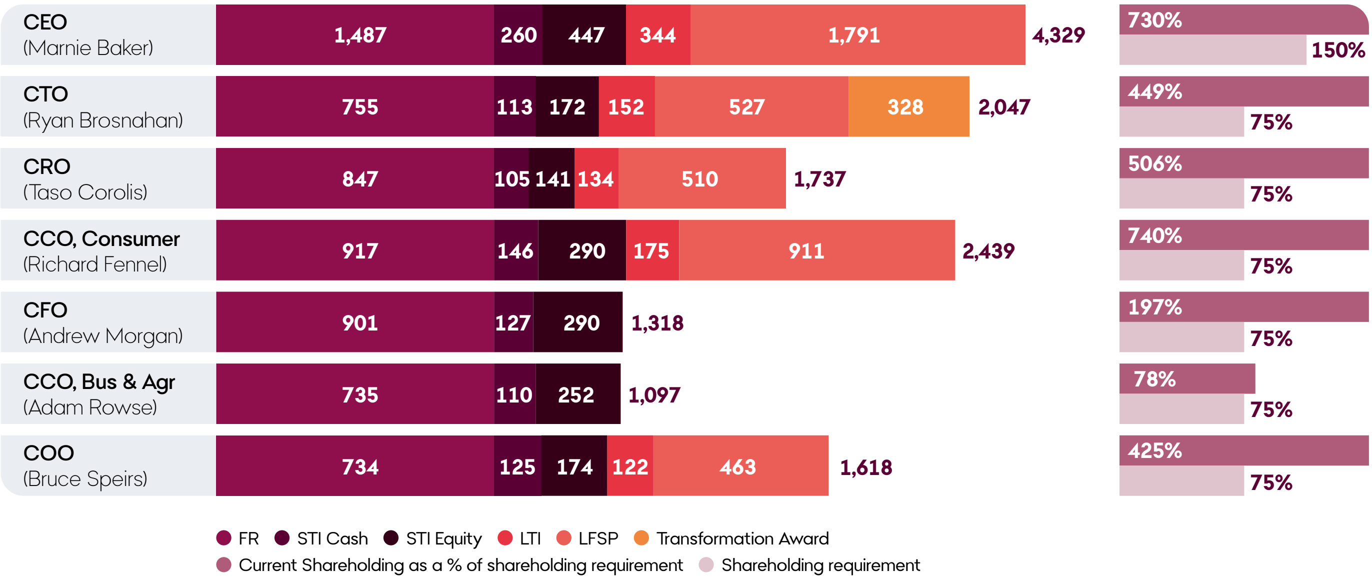
	Financial year				
Variable Reward Outcomes for Executives	2020	2021	2022	2023	**2024**
Average STI as a % of maximum opportunity[1]	—	—	n/a	83%	52%
LTI vesting	30%	35%	35%	35%	82%

1. Reflects the Average STI Outcomes as a percentage of maximum opportunity for Executives. Refer to table 3.4 for individual STI outcome detail.

SECTION 3: PERFORMANCE AND REWARD OUTCOMES continued

3.2 Executive Pay & Performance Outcomes

Below is the actual remuneration amounts received by the Executive KMP for FY24 including the value of any equity awarded in prior years that vested during this financial year and excluding any STI equity awarded in 2024. Included below is each Executive KMP's progress of meeting the minimum shareholding requirement, refer to section 8.1 for further information.



Overview of realised pay remuneration elements

Remuneration element	Description
Fixed Remuneration (FR)	Comprises base salary and superannuation paid in FY24.
STI Cash	Cash portion of the FY24 STI award. 50% of the award is paid in cash and 50% is delivered in share rights deferred for 12 months.
STI Equity	Reflects the deferred portion of the STI from FY23, which vested during FY24.
LTI	Reflects the FY21 LTI award which was tested and vested during FY24.
LFSP	Reflects the FY21 LFSP, which was tested in FY22 with restriction ending in FY24. This is the net value of the loan. Grants under this incentive plan ceased in FY22.
Transformation	Reflects the Transformation Rights from FY21, which was tested and vested during FY24. Transformation Rights were only granted to the Chief Transformation Officer.
Total Remuneration	Reflects the sum of all the above components.

SECTION 3: PERFORMANCE AND REWARD OUTCOMES continued

3.2 Executive Pay & Performance Outcomes continued

The table below provides the value of the Performance Rights, Short-Term Incentive Share Rights and Transformation Rights that were subject to testing, and achieved, on 30 June 2024.

	Test year	FY21 Performance rights value [1] $'000	FY23 Short term incentive right value [2] $'000	FY21 Transformation rights value [3] $'000	Total value of tested outcomes $'000	Equity forfeited/ lapsed $'000
Executive						
CEO (Marnie Baker)	2024	344	447	0	792	14
Group Executives						
CTO (Ryan Brosnahan)	2024	152	172	328	653	6
CRO (Taso Corolis)	2024	134	141	0	276	5
CCO, Consumer (Richard Fennell)	2024	175	290	0	466	7
CFO (Andrew Morgan)	2024	0	290	0	291	0
CCO, Bus & Agri (Adam Rowse)	2024	0	252	0	253	0
COO (Bruce Speirs)	2024	122	174	0	297	5

1. Performance rights awarded to the Executive KMP in FY21 were tested on 30 June 2024, measured for the period 1 July 2020-30 June 2024 and resulted in the TSR hurdle vesting at 82.40%. Values shown in the table above are calculated using the 30 June 2024 closing price. For further details on testing outcomes, refer to Section 4.5.
2. STI Share Rights awarded to the Executive KMP in FY23 were tested on 30 June 2024, and will vest in September following completion of the Service Period. Values shown in the table above are calculated using the 30 June 2024 closing price.
3. Transformation Rights awarded to Ryan Brosnahan in FY21 were tested on 30 June 2024, and will vest in September following completion of the Service Period. Values shown in the table above are calculated using the 30 June 2024 closing price.

SECTION 3: PERFORMANCE AND REWARD OUTCOMES continued

3.3 FY24 Group STI scorecard outcomes

In FY24, the Board assessed the Group STI outcome as being 49% of maximum. Below is an overview of the outcomes of each measures, including performance commentary.

Scorecard measures	FY24 outcome	Weighted outcome	Performance commentary
Financial – Cost-to-Income ratio (20% weighting)			
• Operating expenses divided by Total Income	Threshold **Target** Maximum	0%	• CTI of 57.5% was up 2.6%. • The Bank has fallen just short of the threshold target and no STI was awarded. Efficient management of costs while generating income continues to be a key priority.
Financial – Cash earnings (20% weighting)*			
• Cash Earnings after tax, excludes non-cash items	Threshold **Target** Maximum	20%	• Cash Earnings was down 2.6% to $562 million. • However, this reflected the earlier than budgeted decision to pre-fund the repayment of the Term Funding Facility. The Board applied its discretion to adjust for this impact (see next page for further detail). • The result at Target reflects robust earnings in a challenging environment.
Financial – Profit after capital charge (10% weighting)			
• Earnings minus the estimated costs of capital	Threshold **Target** Maximum	0%	• PACC was down 3.1%. • The Bank has fallen short of the threshold so no STI was awarded. Efficient capital management continues to be a key priority.
Risk and Capability (20% weighting)			
• Underlying measure outcomes against risk and capability uplifts	Threshold **Target** Maximum	20%	• BEN continued with its progress and transformation of risk, systems, framework and capability. • The result at Target reflects underlying metric outcomes and assessment of broader risk indicators.
Customer & Community (20% weighting)			
• Customer experience and satisfaction (advocacy, effort, responsiveness and satisfaction) • Social impact through Community Bank network	Threshold **Target** Maximum	20%	• Target achieved as 4 out of 5 measures increased. These results reflect positive customer experience and outcomes, and the Bank's continued focus on keeping customers at the heart of the Bank. • The contribution from Community Banks continued to increase from the previous year. BEN continues to deliver a positive social impact. • In order to be allocated STI in this category, the Bank also assesses any contra indicators of customer experience.
People & Planet (10% weighting)			
• Employee engagement • Gender diversity targets. • Implementation of the climate change action plan, including our Net Zero and renewable energy targets	Threshold **Target** Maximum	9.5%	• Employee engagement continues to be robust at 77%. • Progress against our gender diversity targets, include strong growth in the Middle and Front line cohort, increasing by 3%. • There were further reductions in operational emissions in FY24 and climate impact understanding was embedded across our people. • The result of slightly below Target reflects most underlying metrics being met, with opportunity for further progress on gender diversity at the executive and leadership team level.
Risk overlay*		~5%	• Nothwithstanding the uplift in risk and capability, the Board has adjusted the outcome for the Executives by 5% to reinforce areas of risk culture which require heightened focus across the organisation.
Scorecard outcome	(% of target)	65%	• Rounded to the nearest whole number.
	(% of max)	49%	

* See table on next page for detail on adjustments

SECTION 3: PERFORMANCE AND REWARD OUTCOMES continued

3.3 FY24 Group STI scorecard outcomes continued

The Board made an adjustment to the Cash Earnings target for FY24.
The Board assesses the formulaic result of each measure to ensure that it appropriately reflects performance and outcomes. This includes stress-testing results with contra indicators. In FY24, the Board made an adjustment to one measure, Cash Earnings.

The Cash Earnings target was adjusted to incorporate the impacts of pre-funding the repayment of the Term Funding Facility by holding excess liquidity. This had an adverse impact to Cash Earnings for FY24. The Board determined it was appropriate to adjust the target, based on the following rationale:

- It was an earlier than budgeted action that was taken, which was material in nature;
- Broader earnings were robust in the context of challenging market conditions;
- There has not been a material decline in financial performance or shareholder value; and
- Management has not been unreasonably favoured.

The Board adjusted the Cash Earnings target and assessed FY24 performance as at Target.

The Board determined that a downward adjustment was required to reflect risk outcomes.
In assessing the effectiveness of risk management, the Board reviewed the Risk and Capability measure outcomes within the scorecard, as well as a number of broader indicators including operational risk performance, Executive Risk Scorecards, regulatory commitments, material risk events, risk culture, Risk Appetite Statement breaches and Internal Audit findings.

A Joint Committee Chair meeting was held, including the Chair of the Board and Board Committee Chairs. Committee Chairs provide the Board People & Culture Committee Chair with information on risk performance to enable its incorporation into reward for Specified Roles (under CPS 511) and the broader organisation.

Following a review of risk performance and outcomes, the Board applied a downward risk adjustment of 5% to Executives. The Board recognises that there have been uplifts demonstrated in risk and capability, and no material deficiencies in risk outcomes have been observed. Notwithstanding this assessment, the Board has applied a remuneration consequence to all Executives to reflect their accountability for areas of risk culture which require heightened focus across the organisation. The Board expects sustained improvements with risk culture, which Executives are accountable for implementing.

The Board has applied a 5% downward risk adjustment to Executives, resulting in a final Scorecard outcome of 49% of Max (65% of Target).

3.4 FY24 STI Individual Modifier

Following the Group STI Scorecard assessment, the assessment of each Executive's individual performance for FY24 is overlayed as Individual Modifier as outlined below:

	STI Opportunity		STI Outcome			
Name	Max $	Target $	STI Individual Modifier %	FY24 Outcome $	Outcome as a % of max opp. %	Outcome as a % of target opp. %
CEO (Marnie Baker)	1,040,000	800,000	100%	520,000	50%	65%
CTO (Ryan Brosnahan)	462,000	346,500	100%	225,225	49%	65%
CRO (Taso Corolis)	390,000	292,500	110%	209,138	54%	72%
CCO, Consumer (Richard Fennell)	543,000	407,250	110%	291,184	54%	72%
CFO (Andrew Morgan)	519,000	389,250	100%	253,013	49%	65%
CCO, Bus & Agri (Adam Rowse)	450,000	337,500	100%	219,375	49%	65%
COO (Bruce Speirs)	426,000	319,500	120%	249,210	59%	78%

SECTION 4: FURTHER DETAIL ON REMUNERATION STRUCTURE & OUTCOMES

4.1 Fixed remuneration

Fixed remuneration comprises base salary and superannuation contributions. Fixed remuneration is delivered in accordance with contractual terms and conditions of employment and reviewed annually. Fixed remuneration levels are set with reference to benchmarks of comparable companies / roles, role accountability and criticality to strategy, experience and individual performance.

4.2 Short-term incentive

Features	STI
Purpose	STI rewards the CEO and Executives for the delivery of annual Group objectives and individual performance. Financial measures promote sustainable earnings growth and effective management of costs and capital, which provides a foundation for longer term returns. There is a material weighting towards non-financial measures, adhering to CPS 511 requirements. Non-financial measures drive positive customer, people and societal outcomes, with a significant emphasis on risk management. Targets are set with sufficient challenge, aligned to our performance orientation.
Delivery mechanism and deferral	Cash (50%) and deferred rights (50%). Rights are deferred for 12 months. In FY24, a portion of the CEO's deferred rights was used to meet CPS 511 deferral requirements.
STI opportunity (% of fixed remuneration)	**Current CEO & MD** • Target – 50% • Maximum – 65% **Executives** • Target – 45% and CRO – 38% • Maximum – 60% and CRO – 50%
Performance period and Group STI scorecard	Performance against the below scorecard is assessed over a one-year period.

Category	Measure	Weighting
Financial Measures	Cost-to-Income ratio	20%
	Cash Earnings	20%
	Profit after capital charge	10%
Risk	Risk and Governance uplift	20%
Customer & Community	Customer experience and satisfaction – progress measured against the majority of: • Advocacy (NPS) • Ease (Customer effort) • Responsiveness (Responsive index) • Satisfaction (Customers) • Up - NPS	20%
	Social impact through our Community Bank network	
People & Planet	Employee experience and diversity – progress measured against: • Employee Engagement Index • Gender Diversity, 40:40:20 across levels of the organisation	10%
	Implementation of the Climate Change Action Plan – measure includes: • Delivery against in-year objectives of the Climate and Nature Action Plan	

Features	STI
Risk & Compliance Gateway	To be eligible to participate in the STI, Executives must meet the Risk and Compliance Gateway. Risk assessments are also conducted during the vesting period.
Individual modifier	An individual modifier of 0-120% is applied to the Group STI scorecard outcome. This provides a mechanism to reward exceptional performance and meaningfully differentiate for individual accountability for risk and strategy outcomes. The Board can adjust individual outcomes down to zero based on: • Delivery of individual objectives. • Individual risk performance. • Values and cultural considerations.
How STI awards are determined	The cash and deferred rights component of the STI award is calculated as follows: STI award value ($) = Fixed Remuneration ($) x STI Target Opportunity (%) x Group STI Outcome (%) x Individual modifier (%) **Board Discretion and Risk Overlay can adjust the formulaic STI outcome upwards or downwards**

SECTION 4: FURTHER DETAIL ON REMUNERATION STRUCTURE & OUTCOMES continued

4.2 Short-term incentive continued

Features	STI
Cessation of employment	Unless otherwise determined by the Board: • In the event of resignation or termination for cause, prior to the end of the restriction and service period, all unvested Share Rights will lapse on the last day of the Executive's employment. • In the event of retirement, redundancy, total permanent disability, death or any other reason determined by the Board, all unvested Share Rights will remain on foot and continue to be held subject to the Plan Rules and the terms and conditions of the award. The Board may consider the portion of the vesting period remaining when determining the treatment.
Board discretion and consequence management	The Board applies judgement when assessing formulaic outcomes to ensure they are appropriate, aligned to actual performance results, and factors in unforeseen outcomes. This includes reviewing contra indicators to the scorecard measures. The CMP provides the Board with the ability to apply adjustments to STI outcomes at a Group and Individual level. This includes application to in-year, deferred and vested awards. Refer to Section 5.2 which explains the features of the CMP.

4.3 FY24 Long-term Incentive (LTI)

Features	LTI
Purpose	LTI drives the focus of the CEO and Executives to make decisions and implement strategy that generates long-term shareholder value. Performance measures promote sustainable financial returns, positive customer outcomes and maintaining our reputation relative to competitors. There is a material weighting (35%) towards non-financial measures, adhering to CPS 511 requirements. There is no overlap with non-financial measures in the STI and LTI, with customer measures being absolute in the STI and relative in the LTI.
Delivery mechanism and deferral	Performance rights (100%). Tested at 4 years and deferred for five years (Executives) and six years (CEO). Following the four-year performance period, there will be an additional holding period on the performance rights for one and two years.
LTI opportunity (% of fixed remuneration)	**Current CEO & MD** • 65% **Executives** • 40%
Performance period and LTI scorecard	Performance against the below scorecard is assessed over a four-year period.

Measure	Weighting
Relative TSR – measures TSR against ASX100 Financials including: AMP Limited, Australia & New Zealand Banking Group Ltd, ASX Limited, Bank of Queensland Limited, Commonwealth Bank of Australia, Challenger Limited, Insurance Australia Group Limited, Medibank Private Limited, Macquarie Group Limited, National Australia Bank Limited, NIB Holdings Limited, QBE Insurance Group Limited, Steadfast Group Limited, Suncorp Group Limited, Virgin Money UK PLC & Westpac Banking Corporation. Where events occur which affect the composition of the select rTSR Peer Group, the rTSR Peer Group is adjusted: • Delisting – remove from rTSR Peer Group; • Shares suspended at test date (<20 days) – keep in, using most recent share price data; and • Shares suspended at test date (>20 days) – TSR provider to consult with the Company.	40%
Absolute Return on Equity	25%
Relative Customer NPS – measures NPS against retail bank peers including: Australia & New Zealand Banking Group Ltd, Commonwealth Bank of Australia, National Australia Bank Limited, Westpac Banking Corporation, Bank SA, BankWest, Bank of Melbourne, Bank of Queensland Limited, ING, St George & Suncorp Group Limited.	20%

SECTION 4: FURTHER DETAIL ON REMUNERATION STRUCTURE & OUTCOMES continued

4.3 FY24 Long-term incentive (LTI) continued

<table>
<tr><th>Features</th><th colspan="4">LTI</th></tr>
<tr><td rowspan="2">Performance period and LTI scorecard continued</td><td colspan="3">Measure</td><td>Weighting</td></tr>
<tr><td colspan="3">RepTrak Reputation index – measured against financial services peers including: AMP Limited, Australia & New Zealand Banking Group Ltd, Australian Retirement Trust, Australian Super, Bank of Queensland Limited, Commonwealth Bank of Australia, Insurance Australia Group Limited, ING, Medibank Private Limited, National Australia Bank Limited, QBE Insurance Group Limited, Suncorp Group Limited & Westpac Banking Corporation.</td><td>15%</td></tr>
<tr><td rowspan="2">Vesting schedule</td><td>TSR (40%)</td><td>ROE (25%)</td><td>NPS (20%)</td><td>Reptrack (15%)</td></tr>
<tr><td>Relative TSR:
Compared to peer group of ASX100 Financials over performance period:
• 50th percentile or less: 0%
• At 50.1th percentile: 50%
• Between 50.11th percentile and 75th percentile: Straight-line vesting between 50% and 100%
• Above 75th percentile: 100%</td><td>Absolute ROE:
Based on Company's Absolute ROE performance in final year of performance period.</td><td>NPS:
20 points above the Customer NPS Peer Group over Performance Period:
• If target met: 100%
• If not met: 0%</td><td>Reptrak:
Measures the level of trust towards the Company and threshold to maintain an average gap of 8 points over the period:
• Below Threshold: 0%
• At Threshold: 50%
• Between Threshold and Stretch Performance [1]: Straight-line vesting between 50% and 100%
• At or above Stretch Performance: 100%</td></tr>
<tr><td>Risk and Compliance Gateway</td><td colspan="4">To be eligible to participate in the LTI, Executives must meet the Risk and Compliance Gateway.
Risk assessments are also conducted during the vesting period.</td></tr>
<tr><td>How LTI awards are determined (allocation approach)</td><td colspan="4">The value of the LTI award is based on the value of LTI Performance Rights. These are granted based on face value allocation, calculated as follows:
LTI Performance Rights (#) = (Fixed Remuneration ($) x LTI Target Opportunity (%)) / Share price (%) [2]
Board Discretion may adjust the size of award and performance outcome</td></tr>
<tr><td>Retesting</td><td colspan="4">LTI grants are tested at the conclusion of the performance period for each award.</td></tr>
<tr><td>Dividends</td><td colspan="4">Prior to vesting, LTI Performance Rights do not receive dividends or dividend equivalent payments.
Once the performance and service conditions have been met and the LTI Performance Rights convert into BEN Shares, the shares are eligible to receive dividends.</td></tr>
<tr><td>Cessation of employment</td><td colspan="4">Unless otherwise determined by the Board:
• In the event of resignation or termination for cause prior to the end of the restriction and service period, all unvested Performance Rights will lapse on the last day of the Executive's employment.
• In the event of retirement, redundancy, total permanent disability, death or any other reason determined by the Board, all unvested Performance Rights will remain on foot and continue to be held subject to the Plan Rules and terms and conditions of the award. The Board may consider the portion of the vesting period remaining and performance against the performance measures at the time of cessation when determining the treatment.</td></tr>
<tr><td>Board discretion and consequence management</td><td colspan="4">The Board applies judgement when assessing formulaic outcomes to ensure they are appropriate and aligned to the shareholder experience, and broader factors outside of the scorecard. Board discretion is also applied during the additional holding lock period.
The CMP provides the Board with the ability to apply adjustments to LTI outcomes. This includes application to pre-grant, in period, deferred and vested awards. Refer to Section 5.2 which explains the features of the CMP.</td></tr>
</table>

1. Stretch performance based on achieving 75th percentile performance of the peer group.
2. 5-day volume weighted average price up to and including 30 June.

SECTION 4: FURTHER DETAIL ON REMUNERATION STRUCTURE & OUTCOMES continued

4.4 FY24 STI outcomes

FY24 STI outcomes are detailed below. This includes the adjustment to Cash Earnings and the 5% downward risk adjustment applied to all Executives outlined in Section 3. This results in the Group Scorecard STI of 49% of Max (65% of Target). Individual Modifier outcomes are overlayed and reflect the assessment of each Executive's individual performance for FY24.

	STI Actual						
	Total $'000	Cash [1] $'000	Deferred [2] $'000	Percentage of STI Max	Group Scorecard	Individual Modifier	Percentage of STI Target
CEO (Marnie Baker)	520	260	260	50	65%	100%	65%
CTO (Ryan Brosnahan)	225	113	113	49	65%	100%	65%
CRO (Taso Corolis)	209	105	105	54	65%	110%	72%
CCO, Consumer (Richard Fennell)	291	146	146	54	65%	110%	72%
CFO (Andrew Morgan)	253	127	127	49	65%	100%	65%
CCO, Bus & Agri (Adam Rowse)	219	110	110	49	65%	100%	65%
COO (Bruce Speirs)	249	125	125	59	65%	120%	78%

1. Cash amounts will be paid in September 2024.
2. Equity awards will be granted in October 2024.

4.5 FY24 LTI outcomes

The FY21 LTI grant awarded to the current CEO and Executive's reached the conclusion of its four-year performance period, 01 July 2020 to 30 June 2024. Relative Total Shareholder Return (rTSR) against the ASX100 (excluding resources and property trusts) was the performance measure. The award does not have any additional holding lock period. From 2023 the LTI program changed to the performance metrics outlined above.

Results for the FY21 LTI grant is detailed below.

Grant	Grant Date	Test Date	Hurdle	Weighting	Performance result	Vesting outcome
FY21 LTI	25.11.2020	30.06.2024	TSR	100%	64.60 percentile	82.40%

SECTION 5: REMUNERATION GOVERNANCE

5.1 Remuneration governance

The People & Culture Committee[1] (Committee) assists the Board in relation to the Group's remuneration arrangements. The Board makes all final decisions in relation to those arrangements. The current members of the Committee are all independent Non-executive Directors:

a) Vicki Carter (Chair until 30 June 2024)[2]

b) Abi Cleland (Chair from 01 July 2024)

c) David Foster[3]

d) Alistair Muir

A summary of the Committee's remuneration responsibilities is presented below and the Committee Charter is available from the Corporate Governance section of the Bank's website at https://www.bendigoadelaide.com.au/esg/governance/.

The Committee's remuneration responsibilities include conducting regular reviews of, and making recommendations to the Board on, the remuneration strategy and policy taking into account the Group's objectives, risk profile, shareholder interests, regulatory requirements and market developments. The Committee is also responsible for making recommendations to the Board on:

- The remuneration arrangements for executives, including the terms on which performance-based remuneration will be provided;
- The performance-based remuneration outcomes for the executives; and
- The annual bonus pool.

The Committee makes recommendations to the Board on the exercise of the Board's discretion to adjust incentive and performance-based remuneration to reflect the outcomes of business activities and the risks relating to those activities.

The Committee is also responsible for recommending to the Board the remuneration matters specified by the Australian Prudential Regulation Authority under Prudential Standard *CPS 511 Remuneration* relating to CEO, Senior Managers / Executive Directors, Material Risk Takers and Risk & Financial Control Personnel.

The Committee also has responsibility for providing input into the Group's risk management framework in relation to remuneration risk, in particular recommending to the Board the remuneration arrangements of Specified Roles under CPS 511.

As part of the end-of-year process the Committee takes advice from the Chairs of the Board Risk Committee, Board Financial Risk Committee, and Audit Committee regarding the need to apply risk adjustments to incentive outcomes to individual executives, cohorts of employees or across the Bank.

The Committee may consult a professional adviser or expert, at the cost of the Bank, if the Committee considers it necessary to carry out its duties and responsibilities. During the FY24 process, the Committee considered remuneration data, trends and assistance with other ad-hoc tax, governance and legal matters from experienced remuneration consultations. No remuneration recommendations as defined in the *Corporations Act 2001* (Cth) were provided to the Committee during FY24.

With the reset of strategy, the Board will review the remuneration framework in FY25 to ensure that it continues to attract, retain and reward talent in order to maximise shareholder outcomes.

1. On 17 June, the Board resolved to retire the People, Culture and Transformation Committee effective 1 July 2024 and to create the People and Culture Committee effective from 1 July 2024.
2. Vicki Carter was appointed as Interim Chair of the Bendigo and Adelaide Bank Board on 17 April 2024 and appointed permanently as Chair on 13 May 2024.
3. David Foster was a Non-executive Director for the full year and has been on leave from 17 April 2024 with no remuneration paid from this date. David Foster was Chair from 24 October 2023 to 10 May 2024 but did not receive remuneration from 17 April 2024.

SECTION 5: REMUNERATION GOVERNANCE continued

5.2 Risk and accountability in reward

Consequence Management Policy

While is it important to drive risk performance, people also need to be held accountable for adverse risk and conduct outcomes. During the year, the Bank conducted a comprehensive review and uplift of its consequence management approach, which included engagement with APRA. The Bank is committed to maintaining a robust Consequence Management Policy (CMP), which helps strengthens the Bank's risk culture. Below is an overview of the CMP.

Principles that underpin the CMP

- Decisions under the Policy should be underpinned by the Bank's strategy, culture, and values;
- Consequences should be consistently applied in similar cases and reflect procedural fairness;
- Consequences should be proportionate and linked to the severity of the matter;
- Consequences should be determined at the earliest opportunity; and
- Positive risk role models and events should be acknowledged and recognised.

Scope

- All employees are in scope;
- Financial adjustments include in-year bonus, malus and clawback; and
- Non-financial consequences include increased supervision, training, verbal / written warning and termination.

Assessment and application process

- Assessments occur throughout the year;
- People leaders assess low level of severity events whilst Employee Relations will assess moderate-high level of severity events;
- Consequence Management Committee (CMC) Chaired by CEO, including CRO, CPO, COO, CCO Consumer, CFO and General Counsel assesses material matters and recommends outcomes for Specified Roles;
- The CMC recommends outcomes for review at the PCC; and
- The PCC recommends remuneration related outcomes to Board for approval.

Trigger events

Examples include:

- Fraud, dishonesty, failure or breach of accountability, compliance obligations;
- Serious misconduct;
- Significant failure of financial or non-financial risk management;
- Significant adverse outcomes for customers and other stakeholders;
- Material reputational damage; and
- Breached accountability obligations.

Consequence Management Matrix

GREATER LEVELS OF ACCOUNTABILITY

INCREASING SEVERITY OF IMPACT

SEVERITY OF IMPACT	ACCOUNTABILITY: Low	Medium	High
Very high	Category B		Category A
High	Category C	Category B	
Medium	Category D	Category C	Category B
Low	Category E	Category D	Category C

Sequencing of remuneration adjustment tools

INCREASE IN SEVERITY

Clawback
Malus
In-year

- Repayment of variable reward that has been paid and vested;
- Reduction down to zero of variable reward that has been granted but not yet vested due to service or performance conditions to be met (e.g. deferred STI, LTI); and
- Reduction down to zero of in-year variable reward (e.g. STI).

SECTION 5: REMUNERATION GOVERNANCE continued

5.2 Risk and accountability in reward continued

Hedging and margin loan restrictions

The Remuneration Policy mandates that Executives, and their closely related parties, may not enter into a transaction designed to remove the at-risk element of equity-based pay before it has vested, or while it is subject to a trading restriction. The restriction is contained in the Remuneration Policy. The Bank treats compliance with the requirement as important and at the end of each year requires the individuals to confirm they have complied with the restriction. If the restriction is breached the individual will forfeit all equity-based remuneration that is subject to the prohibition at the time of the breach.

The Bank's Trading Policy also prohibits Executive KMP from using the Bank's securities as collateral in any margin loan arrangements.

SECTION 6: EXECUTIVE STATUTORY REMUNERATION

6.1 Statutory remuneration details

The following table sets out the statutory executive remuneration disclosures which have been prepared in accordance with the *Corporations Act 2001* and the Australian Accounting Standards.

		Short-term benefits					Share-based payments[7]				
Executive KMP		Cash salary[1] $'000	Cash STI[2] $'000	Non-monetary[3] $'000	Superannuation benefits[4] $'000	Other long-term benefits[5] $'000	Other remuneration	Rights $'000	Deferred Shares[6] $'000	Loan Funded Shares $'000	Total $'000
M Baker	2024	1,564	260	(7)	31	(101)	—	694	—	223	2,664
	2023	1,567	396	94	27	(95)	—	171	104	364	2,628
R Brosnahan	2024	719	113	(2)	26	13	—	247	—	66	1,182
	2023	700	127	22	24	12	—	157	—	107	1,149
T Corolis	2024	753	105	46	29	19	—	181	—	64	1,197
	2023	677	104	(8)	25	17	—	64	—	104	983
R Fennell	2024	888	146	2	29	(2)	—	295	—	114	1,472
	2023	854	214	—	25	(14)	—	97	—	185	1,361
A Morgan	2024	839	127	23	26	14	—	335	—	—	1,364
	2023	843	214	34	24	14	—	136	—	—	1,265
A Rowse	2024	709	110	(11)	26	12	—	250	—	—	1,096
	2023	677	186	30	25	11	—	52	—	—	981
B Speirs	2024	676	125	12	29	17	—	195	—	58	1,112
	2023	621	129	12	25	16	—	59	—	94	956
Totals[7]	**2024**	**6,148**	**986**	**63**	**196**	**(28)**	**—**	**2,197**	**—**	**525**	**10,087**
	2023	5,939	1,370	184	175	(39)	—	736	104	854	9,323

1. 2023 and 2024 Cash salary amounts have been updated to exclude the net movement in annual leave accrual for both years. Annual leave accrual is now included in non-monetary amounts. Cash salary amounts include lending allowance where applicable.
2. Cash STI for FY24 reflects the STI award outcome for the performance year for Executive KMP.
3. Non-monetary relates to annual leave accrual and sacrifice components of salary such as motor vehicle costs. 2023 and 2024 non-monetary amounts have been updated to include annual leave accrual.
4. Company superannuation contributions form part of fixed remuneration and are paid up to the statutory maximum contribution base.
5. The amounts relate to movements in long service leave accruals.
6. Under the prior remuneration structure, the current CEO & MD's annual fixed remuneration consisted of cash salary, superannuation and deferred base pay shares. For further details refer to the FY23 Remuneration Report.
7. The values in the table reflect the current year expense for all awards outstanding at any point during the year. The expense is inclusive of adjustments that may be made in the current period in relation to unvested awards. The fair value of the awards as at the grant date has been calculated under AASB 2 Share-based Payment applying a Black-Scholes-Merton valuation method incorporating a Monte Carlo simulation option pricing model to estimate the probability of achieving the Total Shareholder Return hurdle and the number of securities that are expected to vest.

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.2 Movements in Executive KMP equity holdings

Executive KMP	Equity Instrument	Balance on 1 July 2023	Granted	Vested/ released [1,2,3]	Lapsed/ forfeited [4]	Net change other [5]	Balance on 30 June 2024
CEO (Marnie Baker) [5]	Ordinary shares	836,525	—	68,894	—	54,665	960,084
	Preference shares	100	—	—	—	(50)	50
	Deferred shares	—	—	—	—	—	—
	Loan Funded Shares	586,110	—	(377,777)	—	—	208,333
	Restricted shares	—	—	377,777	—	—	377,777
	Performance rights	130,384	122,641	(29,973)	(6,403)	—	216,649
	Share rights [6]	—	46,698	(38,921)	—	—	7,777
CTO (Ryan Brosnahan)	Ordinary shares	8,628	—	78,822	—	(21,000)	66,450
	Loan Funded Shares	172,385	—	(111,111)	—	—	61,274
	Restricted shares	—	—	111,111	—	—	111,111
	Performance rights	110,996	36,320	(63,840)	(2,825)	—	80,651
	Share rights	—	14,982	(14,982)	—	—	—
CRO (Taso Corolis)	Ordinary shares	73,706	—	23,894	—	4,904	102,504
	Loan Funded Shares	166,868	—	(107,555)	—	—	59,313
	Restricted shares	—	—	107,555	—	—	107,555
	Performance rights	54,108	36,792	(11,636)	(2,486)		76,778
	Share rights	—	12,258	(12,258)	—	—	—
CCO, Consumer (Richard Fennell)	Ordinary shares	113,237	—	40,497	—	346	154,080
	Loan Funded Shares	298,226	—	(192,222)	—	—	106,004
	Restricted shares	—	—	192,222	—	—	192,222
	Performance rights	68,633	42,688	(15,251)	(3,258)	—	92,812
	Share rights	—	25,246	(25,246)	—	—	—
CFO (Andrew Morgan) [6]	Ordinary shares	—	—	65,379	—	—	65,379
	Performance rights	28,237	40,801	—	—	—	69,038
	Alignment rights	18,824	—	—	—	—	18,824
	Deferred Share rights	66,888	—	(40,133)	—	—	26,755
	Share rights	—	25,246	(25,246)	—	—	—
CCO, Bus & Agri (Adam Rowse) [6]	Ordinary shares	—	—	21,889	—	—	21,889
	Performance rights	24,483	35,377	—	—	—	59,860
	Alignment rights	16,322	—	—	—	—	16,322
	Share rights	—	21,889	(21,889)	—	—	—
COO (Bruce Speirs)	Ordinary shares	30,036	—	25,754	—	—	55,790
	Loan Funded Shares	151,698	—	(97,777)	—	—	53,921
	Restricted shares	—	—	97,777	—	—	97,777
	Performance rights	49,782	33,490	(10,578)	(2,260)	—	70,434
	Share rights	—	15,176	(15,176)	—	—	—

1. Performance rights awarded to the Executive KMP in FY21 were tested on 30 June 2024, measured for the period 1 July 2020-30 June 2024 and resulted in the TSR hurdle vesting at 82.40%. For further details on testing outcomes, refer to Section 4.5.
2. Loan Funded Shares awarded to the Executive KMP in FY21 vested on 30 June 2024 having completed the vesting period. The shares are held under restrictions until the loan has been repaid in full. Participants have two years from vesting date to repay the loan.
3. STI Share Rights awarded to the Executive KMP in FY23 were tested on 30 June 2024, and will vest in September following completion of the Service Period. It was found that the current CEO's FY23 STI was over-deferred in complying with CPS 511. The Board corrected the award. 7,777 Share Rights (17%) are deferred up to September 2029 with the remaining 38,921 Share Rights vesting in September 2024.
4. Performance rights awarded to the Executive KMP in FY21 were tested on 30 June 2024, measured for the period 1 July 2020-30 June 2024 and resulted in the TSR hurdle vesting at 82.40%. The lapsed number of units is shown in the above table.
5. Net Change may include shares allocated under the Dividend Reinvestment Plan (DRP), an on-market purchase or Related Party holdings.
6. The FY23 STI component was deferred up to 2029 to meet CPS 511 requirements.

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.3 Details of awards granted, vested, lapsed

Executive KMP	Equity Instrument	Grant date	Units granted	Value at grant [1] $	Units vested/ released [2,3,4,5]	Value at vest[6] $	Units forfeited/ lapsed [7]	Forfeited/ lapse value [8] $
CEO (Marnie Baker)	Loan Funded Shares	04.11.2020	–	–	377,777	706,443	–	–
	Performance Rights	25.11.2020	–	–	29,973	65,641	6,403	14,023
	Performance Rights	20.11.2023	40,839	158,047	–	–	–	–
	Performance Rights	20.11.2023	40,839	142,120	–	–	–	–
	Performance Rights	20.11.2023	40,963	134,359	–	–	–	–
	Share Rights	29.09.2023	38,921	326,158	38,921	326,158	–	–
	Share Rights	29.09.2023	2,808	19,179	–	–	–	–
	Share Rights	29.09.2023	2,808	17,915	–	–	–	–
	Share Rights	29.09.2023	2,161	12,880	–	–	–	–
CTO (Ryan Brosnahan)	Loan Funded Shares	04.11.2020	–	–	111,111	207,778	–	–
	Performance Rights	17.12.2019	–	–	2,416	18,386	–	–
	Performance Rights	17.12.2019	–	–	2,415	18,378	–	–
	Performance Rights	25.11.2020	–	–	13,223	28,958	2,825	6,187
	Performance Rights	20.11.2023	18,160	70,279	–	–	–	–
	Performance Rights	20.11.2023	18,160	63,197	–	–	–	–
	Transformation Rights	15.12.2019	–	–	17,256	131,318	–	–
	Transformation Rights	25.11.2020	–	–	28,530	163,762	–	–
	Share Rights	29.09.2023	14,982	125,549	14,982	125,549	–	–
CRO (Taso Corolis)	Loan Funded Shares	04.11.2020	–	–	107,555	201,128	–	–
	Performance Rights	25.11.2020	–	–	11,636	25,483	2,486	5,444
	Performance Rights	20.11.2023	18,396	71,193	–	–	–	–
	Performance Rights	20.11.2023	18,396	64,018	–	–	–	–
	Share Rights	29.09.2023	12,258	102,722	12,258	102,722	–	–
CCO, Consumer (Richard Fennell)	Loan Funded Shares	04.11.2020	–	–	192,222	359,455	–	–
	Performance Rights	25.11.2020	–	–	15,251	33,400	3,258	7,135
	Performance Rights	20.11.2023	21,344	82,601	–	–	–	–
	Performance Rights	20.11.2023	21,344	74,277	–	–	–	–
	Share Rights	29.09.2023	25,246	211,561	25,246	211,561	–	–
CFO (Andrew Morgan)	Performance Rights	20.11.2023	20,401	78,952	–	–	–	–
	Performance Rights	20.11.2023	20,400	70,992	–	–	–	–
	Share Rights	29.09.2023	25,246	211,561	25,246	211,561	–	–
	Deferred Share Rights	24.06.2022	–	–	40,133	335,512	–	–
CCO, Bus & Agri (Adam Rowse)	Performance Rights	20.11.2023	17,689	68,456	–	–	–	–
	Performance Rights	20.11.2023	17,688	61,554	–	–	–	–
	Share Rights	29.09.2023	21,889	183,430	21,889	183,430	–	–

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.3 Details of awards granted, vested, lapsed continued

Executive KMP	Equity Instrument	Grant date	Units granted	Value at grant [1] $	Units vested/ released [2,3,4,5]	Value at vest[6] $	Units forfeited/ lapsed [7]	Forfeited/ lapse value [8] $
COO (Bruce Speirs)	Loan Funded Shares	04.11.2020	—	—	97,777	182,843	—	—
	Performance Rights	25.11.2020	—	—	10,578	23,166	2,260	4,949
	Performance Rights	20.11.2023	16,745	64,803	—	—	—	—
	Performance Rights	20.11.2023	16,745	58,273	—	—	—	—
	Share Rights	29.09.2023	15,176	127,175	15,176	127,175	—	—

1. The price used to calculate the award value at the time of grant is the fair value on the date of grant. Refer to Section 6.4 for further details.
2. FY20 Performance rights awarded to Ryan Brosnahan were previously tested on 30 June 2022 and 30 June 2023 and had a holding lock until November 2023. The conditions were met and the award was released.
3. Performance rights awarded to the Executive KMP in FY21 were tested on 30 June 2024, measured for the period 1 July 2020-30 June 2024 and resulted in the TSR hurdle vesting at 82.40%.
4. Loan Funded Shares awarded to the Executive KMP in FY21 vested on 30 June 2024 having completed the vesting period.
5. STI Share Rights awarded to the Executive KMP in FY23 were tested on 30 June 2024, and will vest in September following completion of the Service Period.
6. The value of each award on the date it vests is calculated using the fair value on the date of grant. Refer to Section 6.4 for further details.
7. Performance rights awarded to the Executive KMP in FY21 were tested on 30 June 2024, measured for the period 1 July 2020-30 June 2024 and resulted in the TSR hurdle vesting at 82.40%. The lapsed number of units is shown in the above table.
8. The value of lapsed awards is calculated using the fair value on the date of grant. Refer to Section 6.4 for further details.

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.4 Equity plan valuation inputs

Performance Rights

Terms and Conditions for each Grant[1]

Equity Instrument	Grant date	Fair value[2] Financial	Fair value[2] Non-financial	Share price $	Risk free interest rate %	Dividend yield %	Expected volatility %	Expected life	Performance period end[3]	Vest date
FY21 Performance Rights	04.11.2020	$2.19	n/a	$6.83	0.19%	4.54%	29.21%	4 years	30.06.2024	30.09.2024
FY21 Performance Rights Transformation	04.11.2020	$5.74	n/a	$6.83	0.19%	4.54%	29.21%	4 years	30.06.2024	30.09.2024
FY22 Performance Rights (MD)	16.11.2021	$3.42	n/a	$9.18	1.23%	6.02%	30.85%	4 years	30.06.2025	30.09.2025
FY22 Performance Rights	16.11.2021	$3.42	n/a	$9.18	1.23%	6.02%	30.85%	4 years	30.06.2025	30.09.2025
FY23 Performance Rights Tranche 1 (MD)	14.11.2022	$3.64	7.01	$8.84	3.34%	6.00%	31.72%	4 years	30.06.2026	30.09.2026
FY23 Performance Rights Tranche 2 (MD)	14.11.2022	$3.34	6.6	$8.84	3.42%	6.00%	29.65%	5 years	30.06.2026	30.09.2027
FY23 Performance Rights Tranche 3 (MD)	14.11.2022	$3.14	6.21	$8.84	3.49%	6.00%	28.65%	6 years	30.06.2026	30.09.2028
FY23 Performance Rights Tranche 1	14.11.2022	$3.64	7.01	$8.84	3.34%	6.00%	31.72%	4 years	30.06.2026	30.09.2026
FY23 Performance Rights Tranche 2	14.11.2022	$3.34	6.6	$8.84	3.42%	6.00%	29.65%	5 years	30.06.2026	30.09.2027
2022 Alignment Rights Tranche 1	14.11.2022	n/a	7.01	$8.84	3.34%	6.00%	31.72%	4 years	30.09.2026	30.09.2026
2022 Alignment Rights Tranche 2	14.11.2022	n/a	6.6	$8.84	3.42%	6.00%	29.65%	5 years	30.09.2027	30.09.2027
FY24 Performance Rights Tranche 1 (MD)	20.11.2023	$3.87	6.65	$8.71	4.15%	7.00%	31.89%	4 years	30.06.2027	30.09.2027
FY24 Performance Rights Tranche 2 (MD)	20.11.2023	$3.48	6.19	$8.71	4.18%	7.00%	29.65%	5 years	30.06.2027	30.09.2028
FY24 Performance Rights Tranche 3 (MD)	20.11.2023	$3.28	5.78	$8.71	4.24%	7.00%	28.23%	6 years	30.06.2027	30.09.2029
FY24 Performance Rights Tranche 1	20.11.2023	$3.87	6.65	$8.71	4.15%	7.00%	31.89%	4 years	30.06.2027	30.09.2027
FY24 Performance Rights Tranche 2	20.11.2023	$3.48	$6.19	$8.71	4.18%	7.00%	29.65%	5 years	30.06.2027	30.09.2028

1. All awards outlined in the table above do not have an exercise price at the time of reporting, these awards are unvested.
2. The fair value is calculated as at grant date in accordance with AASB 2 Share-based Payment using an independent valuation.
3. The Board will test the performance condition as soon as practical after the performance period has been reached. Any performance rights that do not vest will lapse at 5.00pm on the date the Board determines the vesting outcome of the grant.

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.4 Equity plan valuation inputs continued

Deferred Share Rights

Executives	Equity Instrument	Grant date	Issue price / fair value[1] $	Share price at grant date $	Restriction period end / test date	Vest / expiry date
Andrew Morgan (sign-on)	Deferred Share Rights – T2[2]	24.06.2022	7.06	8.97	30.09.2026	30.09.2026
Executives	FY23 STI	29.09.2023	8.38	8.93	01.09.2024	01.09.2024
MD & CEO	FY23 STI T1	29.09.2023	8.38	8.93	01.09.2024	01.09.2024
MD & CEO	FY23 STI T2	29.09.2023	6.83	8.93	01.09.2027	01.09.2027
MD & CEO	FY23 STI T3	29.09.2023	6.38	8.93	01.09.2028	01.09.2028
MD & CEO	FY23 STI T4	29.09.2023	5.96	8.93	01.09.2029	01.09.2029

1. Andrew Morgan received a sign-on equity award delivered in deferred share rights, vesting in two tranches over four years to replace incentive arrangements that were forgone with his previous employer.
2. The fair value is calculated on the grant date in accordance with AASB 2 *Share-based Payment* using an independent valuation.

Loan Funded Share Plan

The Loan Funded Share Plan ceased on 16 November 2021 with the last vesting due to occur on 30 June 2025.

Equity Instrument	Grant date	Fair value $	Share price $	Exercise price $	Risk free interest rate	Dividend yield	Expected volatility	Expected life	Performance/ Vest schedule
FY21 Loan Funded Share Plan[1]	04.11.2020	1.87	6.83	6.75	0.26%	0.00%	27.92%	4 – 6 years	30.06.2022 (perf.) 30.06.2024 (vesting) 30.06.2026 (expiry)
FY22 Loan Funded Share Plan	16.11.2021	2.70	9.18	9.18	1.44%	0.00%	28.93%	4 – 6 years	30.06.2023 (perf.) 30.06.2025 (vesting) 30.06.2027 (expiry)

1. The FY21 Loan Funded Share Plan grant vested on 30 June 2024 at the completion of the four-year vesting period and following a risk assessment.

6.5 Details of untested awards

The following summary details the current plans that remain on-foot, are untested, and are not eligible for vesting. All plans are subject to a Risk and Compliance Gateway and the Clawback and Malus policy.

<table>
<tr><th>Grant</th><th>Grant Date</th><th>Measures</th><th>Weighting</th><th>Performance Period</th><th>Vesting Condition</th></tr>
<tr><td colspan="6">Performance Rights</td></tr>
<tr><td>2022 LTI CEO & MD</td><td>16.11.2021</td><td>TSR</td><td>100%</td><td>01.07.2021 – 30.06.2025</td><td rowspan="2">TSR:
Compared to peer group of ASX100 companies (excluding property trust and resources) over performance period:
• If less than or equal to 50th percentile: 0%
• If between 50.1th & 75th percentile: straight-line vesting starting at 60% up to 100%
• If greater than 75th percentile: 100%</td></tr>
<tr><td>2022 LTI Executive</td><td>16.11.2021</td><td>TSR</td><td>100%</td><td>01.07.2021 – 30.06.2025</td></tr>
</table>

SECTION 6: EXECUTIVE STATUTORY REMUNERATION continued

6.5 Details of untested awards continued

Grant	Grant Date	Measures	Weighting	Performance Period	Vesting Condition
Performance Rights continued					
2023 LTI – CEO & MD & Executive	14.11.2022			01.07.2022-30.06.2026	

rTSR: 40%	ROE: 25%	NPS: 20%	Reptrak :15%
Relative TSR: Compared to peer group of ASX100 financial companies (excluding resources and property trusts) over performance period: • 50th percentile or less: 0% • At 50.1th percentile: 50% • Between 50.11th percentile and 75th percentile: Straight-line vesting between 50% and 100% • Above 75th percentile: 100%	**Absolute ROE:** Based on Company's Absolute ROE performance in final year of Performance Period.	**NPS:** 20 points above the Customer NPS Peer Group over Performance Period: • If target met: 100% • If not met: 0%	**Reptrak:** Measures the level of trust towards the Company and threshold to maintain an average gap of 8 points over the period: • Below Threshold: 0% • At Threshold: 50% • Between Threshold and Stretch Performance: Straight-line vesting between 50% and 100% • At or above Stretch Performance: 100%

Grant	Grant Date	Measures	Weighting	Performance Period	Vesting Condition
2024 LTI – CEO & MD & Executive	20.11.2023			01.07.2023-30.06.2027	

rTSR: 40%	ROE: 25%	NPS: 20%	Reptrak :15%
Relative TSR: Compared to peer group of ASX100 financial companies (excluding resources and property trusts) over performance period: • 50th percentile or less: 0% • At 50.1th percentile: 50% • Between 50.11th percentile and 75th percentile: Straight-line vesting between 50% and 100% • Above 75th percentile: 100%	**Absolute ROE:** Based on Company's Absolute ROE performance in final year of Performance Period.	**NPS:** 20 points above the Customer NPS Peer Group over Performance Period: • If target met: 100% • If not met: 0%	**Reptrak:** Measures the level of trust towards the Company and threshold to maintain an average gap of 8 points over the period: • Below Threshold: 0% • At Threshold: 50% • Between Threshold and Stretch Performance: Straight-line vesting between 50% and 100% • At or above Stretch Performance: 100%

Grant	Grant Date	Measures	Weighting	Performance Period	Vesting Condition
FY23 Alignment rights (T1)[1]	14.11.2022	Service	100%	01.07.2022-30.09.2026	100% subject to: • Remaining employed by the Company for the duration of the Service Period; and • Risk gateway
FY23 Alignment rights (T2)[1]	14.11.2022	Service	100%	01.07.2022-30.09.2027	
FY23 STI – CEO & MD (T2)	29.09.2023	Service	100%	01.07.2023-01.09.2027	100% subject to: • Remaining employed by the Company for the duration of the Service Period; and • Risk gateway
FY23 STI – CEO & MD (T3)	29.09.2023	Service	100%	01.07.2023-01.09.2028	
FY23 STI – CEO & MD (T4)	29.09.2023	Service	100%	01.07.2023-01.09.2029	

1. Alignment Rights granted during the year were awarded to Andrew Morgan and Adam Rowse as part of their contracted long-term incentive.

SECTION 7: NON-EXECUTIVE DIRECTOR ARRANGEMENTS

7.1 Non-executive Director fees

The People and Culture Committee (Committee) is responsible for reviewing Non-executive Director (NED) fees for the Bank and its main subsidiaries. In reviewing these fees, the Committee has regard to a range of factors including:

a) The scope of responsibilities of Non-executive Directors and time commitments. This includes consideration of significant changes to the Group's operations and industry developments which impact workloads and responsibilities at the Board and committee level.
b) Fees paid by peer companies and companies of similar market capitalisation and complexity.
c) The level of Director fees paid in the banking and finance sector.
d) Attracting and retaining high calibre Non-executive Directors who are equipped with the diverse skills needed to oversee all functions of the Bank in an increasingly complex environment.

There is no direct link between Non-executive Director fees and the annual results of the Group. Non-executive Directors do not receive bonuses or incentive payments, nor receive equity-based pay.

Shareholders approved an aggregate fee pool for Non-executive Directors of $2,500,000 at the 2011 Annual General Meeting. This fee pool covers payments (including superannuation) for the main Board and Committees (from FY22) and payments to the Bank's Non-executive Directors appointed to subsidiary boards and the Community Bank National Council. The aggregate Non-executive Director fees paid for FY24 was $1,925,512 which represents 77% of the $2,500,000 fee cap approved by shareholders.

Non-executive Directors' fees are inclusive of superannuation contributions at 11%. In relation to the superannuation contributions, Non-executive Directors can elect to receive amounts above the maximum contributions limit as cash.

The Directors contribute $5,000 per annum each to the Bank's scholarship program. The program was established to assist disadvantaged students from rural and regional areas to meet their tertiary education, accommodation, and direct study costs. The contributions are deducted from Base Board fees.

The following table shows the annual fees in FY24 for the Board and committees (inclusive of statutory superannuation contributions). Additional fees are paid to Non-executive Directors appointed to the Community Bank National Council and subsidiary companies.

	Fee schedule	
Board/Committee	Chair [1] $	Member $
Board	479,230	165,000
Committees	40,000	20,000

1. Chair fees are all inclusive i.e. a separate committee member fee is not paid.

7.2 Rights to Shares Plan

A fee sacrifice Rights to Shares Plan was introduced in FY21 for Non-executive Directors, to be offered annually, on an opt-in basis under the terms of the BEN Omnibus Equity Plan. Participants can nominate to sacrifice a minimum of $10,000 of fees, up to a maximum of 100%, to be issued as Rights to Shares. The Rights to Shares are allocated after the announcement of the year-end results and the filing of the Appendix 4E announcement with the Australian Securities Exchange (ASX). The number of Rights to Shares is allocated on a face value methodology, with the nominated fee sacrificed amount divided by the five-day closing volume weighted average price (VWAP) from the date of the Appendix 4E announcement to the ASX for that plan year.

The Rights to Shares are allocated in two tranches, with the first tranche vesting after that plan year's Appendix 4D announcement and the second tranche vesting post the Appendix 4E announcement for the following financial year. Vested shares must be held for the earlier of 15 years or the Non-executive Director's retirement from the Board.

SECTION 7: NON-EXECUTIVE DIRECTOR ARRANGEMENTS continued

7.3 Non-executive Director statutory remuneration

	Year	Short-term benefits			Post-employment benefits	
		Fees [1] $'000	Rights to Shares Plan [2] (salary sacrifice) $'000	Non-monetary benefits [3] $'000	Superannuation contributions $'000	Total $'000
Non-executive Director						
V Carter (Chair)[4]	2024	338	–	–	27	365
	2023	284	–	–	25	309
A Cleland	2024 (part year)	30	–	–	3	33
	2023	–	–	–	–	–
R Deutsch	2024	154	39	–	22	215
	2023	155	40	–	21	216
D Foster[5]	2024	276	–	–	23	299
	2023	195	–	–	21	216
D Matthews[6]	2024	184	–	6	22	212
	2023	199	–	6	21	226
A Muir	2024	180	–	–	20	200
	2023 (part year)	144	–	–	15	159
M Payn	2024 (part year)	154	–	–	17	171
	2023	–	–	–	–	–
V Weekes	2024	154	39	–	22	215
		155	40	–	20	215
Former Non-executive Director						
J Hey	2024 (part year)	141	–	–	11	152
	2023	456	–	–	25	481
J Hazel	2024 (part year)	57	–	–	6	63
	2023	186	–	–	20	206
J Harris [7]	2023	38	–	–	4	42
Aggregate totals	**2024**	**1,668**	**78**	**6**	**173**	**1,925**
	2023	1,812	80	6	172	2,070

1. Fee amounts include the $5,000 Director contribution to the Bank's scholarship program.
2. Includes fee sacrifice component of the Base Board fee sacrificed as part of the FY24 NED Rights to Shares Plan. The values contained in the table above are calculated using the grant price multiplied by the total units granted. For FY24 the grant price was $9.06.
3. Includes fee sacrifice component of the Base Board fee paid as superannuation.
4. Vicki Carter was appointed as Interim Chair of the Bendigo and Adelaide Bank Board on 17 April 2024 and appointed permanently as Chair on 13 May 2024. Fees paid to Vicki Carter include the Board Chair fees from 17 April 2024 and $94,350 as the Chair of Sandhurst Trustees Limited. Vicki Carter resigned as Chair of Sandhurst Trustees Limited effective 15 August 2024.
5. David Foster was appointed Chair of the Board effective 24 October 2023. David Foster was granted a leave of absence on 17 April 2024 and resigned as Chair on 10 May 2024. Chair fees paid to David Foster include the period 24 October 2023 to 17 April 2024. No remuneration has been paid to David Foster since 17 April 2024.
6. Fees paid to David Matthews include $15,500 as a member of the Community Bank National Council.
7. J Harris did not receive any remuneration in FY24 and has been included due to remuneration received in FY23 and comparison in the year-on-year totals.

SECTION 7: NON-EXECUTIVE DIRECTOR ARRANGEMENTS continued

7.4 Shares and other securities held by Non-executive Directors

	Equity Instrument	Balance on 1/07/2023	Granted during the year [1]	Vested or released [2]	Lapsed or expired	Net change other [3]	Balance on 30/06/2024
Non-executive Director							
V Carter	Ordinary shares	24,850	—	—	—	—	24,850
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
A Cleland	Ordinary shares	—	—	—	—	11,000	11,000
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
R Deutsch	Ordinary shares	6,087	—	4,304	—	—	10,391
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	2,096	4,415	(4,304)	—	—	2,207
D Foster	Ordinary shares	11,581	—	—	—	3,672	15,253
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
D Matthews	Ordinary shares	47,625	—	—	—	2,870	50,495
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
A Muir	Ordinary shares	1,043	—	—	—	—	1,043
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
M Payn	Ordinary shares	10,000	—	—	—	—	10,000
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—
V Weekes	Ordinary shares	7,597	—	4,304	—	—	11,901
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	2,096	4,415	(4,304)	—	—	2,207
Former Non-executive Director							
J Hey	Ordinary shares	57,437	—	—	—	(12,909)	44,528
	Preference Shares	250	—	—	—	(250)	—
	Rights to Shares	—	—	—	—	—	—
J Hazel	Ordinary shares	42,835	—	—	—	(42,835)	—
	Preference Shares	—	—	—	—	—	—
	Rights to Shares	—	—	—	—	—	—

1. Mr Deutsch and Ms Weekes elected to participate in the FY24 Rights to Shares Plan. Rights to Shares were allocated in two tranches on 16 August 2023 using a VWAP of $9.06.
2. The FY23 Rights to Shares Plan (tranche 2) granted to Mr Deutsch and Ms Weekes vested on 16 August 2023, coinciding with the Bank's full year results. The FY24 Rights to Shares Plan (tranche 1) granted to Mr Deutsch and Ms Weekes vested on 22 February 2024, coinciding with the Bank's half year results.
3. Net Change may include shares allocated under the Dividend Reinvestment Plan (DRP), an on-market purchase or Related Party holdings.

SECTION 8: MINIMUM SHAREHOLDING POLICY, CONTRACTS & EXECUTIVE KMP LOANS

8.1 Minimum Shareholding Policy

The Minimum Shareholding Policy (MSP) aims to further align the interests of Executives and Non-executive Directors with those of shareholders. The MSP supports a focus on long-term shareholder value by requiring Executives and Non-executive Directors to build a minimum shareholding in BEN shares and maintain it during their tenure.

With effect from 25 August 2020 the MSP requires the CEO & MD to accumulate shares equal to 150% of Fixed Remuneration and executive KMP to accumulate shares equal to 75% of Fixed Remuneration and Non-executive Directors to hold 100% of their annual Base Board fee. The requirement must be met within a five-year period (from the later of 25 August 2020 or the date of their appointment).

Once the minimum shareholding level has been assessed as met for the first time, the executive KMP will be deemed to have met the policy requirements. The Board may, at any time and in its sole discretion, amend the minimum shareholding levels and/or timing requirements.

Compliance with the minimum shareholding requirement is assessed at the end of each financial year. Based on their shareholding at 30 June 2024, all Executives and Non-executive Directors have either met the requirement, or are on track to meet this, within the required time frames. See Section 3.2 for the status of each executive.

8.2 Executive employment arrangements

The remuneration and other terms of employment for Executives are contained in formal employment contracts. The material terms of the Executive contracts at the date of this report are set out below.

Issue	Description	Applies to
What is the duration of the contracts?	Ongoing until notice is given by either party.	All Executives
What notice must be provided by an Executive to end the contract without cause?[1]	Between 6 and 12 months' notice. No notice period required if material change in duties or responsibilities.	All Executives
What notice must be provided by the Bank to end the contract without cause?[2]	6 months' notice or payment in lieu.[1]	• Marnie Baker, • Taso Corolis, • Ryan Brosnahan, • Andrew Morgan, • Adam Rowse
	12 months' notice or payment in lieu.	• Bruce Speirs, • Richard Fennell
What payments must be made by the Bank for ending the contract without cause?[2]	Payment of gross salary in lieu of period of notice (including payment of accrued / unused leave entitlements calculated to end of relevant notice period).	All Executives
What are notice and payment requirements if the Bank ends the contract for cause?	Termination by way of summary dismissal does not require a notice period. Payment of pro-rata gross salary and benefits (including payment of accrued / unused leave entitlements) is required to date of termination.	All Executives
Are there any post-employment restraints?	12-month non-competition and non-solicitation (employees, customers and suppliers) restriction.	CEO & MD
	12-month non-solicitation (employees, customers and suppliers) restriction.	Other Executives

1. A review of the executive employment contract was completed in 2019, taking market practices into account. Changes to the contract included reducing the relevant notice period from 12 months to 6 months. The 12-month notice period for the existing Executive KMP has been grandfathered.
2. In certain circumstances, such as a material diminution of responsibility, the Bank may be deemed to have ended the employment of an executive and will be liable to pay a termination benefit as outlined at the row titled "What payments must be made by the Bank for ending the contract without cause".

SECTION 8: MINIMUM SHAREHOLDING POLICY, CONTRACTS & EXECUTIVE KMP LOANS continued

8.3 Loans and other transactions

Details on the aggregate loans provided to Executive KMP and Non-executive Directors and their related parties are provided below. The loans occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Bank would have adopted if dealing at arms-length with an unrelated person.

2024	Balance at start of year $'000	Interest charged [1] $'000	Interest not charged $'000	Write-off $'000	Balance at end of year $'000	Number at year end
Non-executive Directors	4,319	237	—	—	3,673	9
Executive KMP	2,871	153	—	—	6,066	20
Total Directors and Executives	**7,190**	**391**	**—**	**—**	**9,739**	**29**

Details of Executive KMP (including their related parties) with an aggregate of loans above $100,000 in the reporting period are as follows:

2024	Balance at start of year $'000	Interest charged [1] $'000	Interest not charged $'000	Write-off $'000	Balance at end of year $'000	Highest owing in period [2] $'000
Non-executive Directors						
J Hey [3]	686	14	—	—	640	732
D Matthews	3,633	224	—	—	3,034	3,707
Executive KMP						
M Baker	855	52	—	—	822	881
R Fennell	2,015	62	—	—	1,891	2,020
A Morgan	—	12	—	—	1,670	1,750
A Rowse	—	27	—	—	1,684	1,740

1. Interest charged may include the impact of interest offset facility.
2. Represents aggregate highest indebtedness of the Executive KMP and Non-executive Directors during the financial year. All other items in the table include their related parties.
3. J Hey resigned from the Board on 24 October 2023 and balances are reflected as 31 December 2023.

Nathan at Marnie Baker's Farewell in Bendigo in August 2024 Photographer: Leah Leadson

Financial Report

Financial Highlights

The following table provides a summary of the last five years' key metrics. Note some of the key indicators in the table below are non-IFRS measures and are unaudited.

		Group				
Financial performance		**June 2024**	June 2023	June 2022	June 2021	June 2020
Net interest income	($m)	1,636.1	1,640.8	1,412.8	1,422.5	1,333.8
Other revenue	($m)	397.2	279.5	282.8	382.9	300.6
Operating expenses	($m)	(1,226.2)	(1,161.9)	(1,021.4)	(1,033.7)	(1,179.8)
Credit (expenses)/reversals	($m)	(9.9)	(33.6)	27.2	(18.0)	(168.5)
Income tax expense	($m)	(252.2)	(227.8)	(213.3)	(229.7)	(93.3)
Statutory earnings attributable to owners of the bank	($m)	545.0	497.0	488.1	524.0	192.8
Add back: total non-cash items and other adjustments [1]	($m)	17.0	79.9	12.3	(66.8)	108.9
Cash earnings after income tax [2]	($m)	562.0	576.9	500.4	457.2	301.7
Financial position						
Net loans and other receivables	($m)	80,567.6	78,526.3	77,610.4	71,920.6	64,980.4
Total assets	($m)	98,187.9	98,479.7	95,239.6	86,577.2	76,008.9
Deposits	($m)	78,986.5	77,310.8	74,583.9	66,217.1	58,912.4
Total liabilities	($m)	91,153.9	91,629.0	88,527.7	80,223.7	70,210.7
Total equity	($m)	7,034.0	6,850.7	6,711.9	6,353.5	5,798.2
Risk-weighted assets	($m)	38,005.2	37,900.3	42,197.9	40,469.3	38,215.2
Common Equity Tier 1 capital ratio	(%)	11.32	11.25	9.68	9.57	9.25
Total capital ratio	(%)	15.74	15.63	13.6	13.81	13.61
Share information (per ordinary share)						
Net tangible assets	($)	9.06	8.85	8.71	8.66	7.98
Earnings per share (statutory basis)	(¢)	96.3	87.9	87.5	98.1	38.1
Earnings per share (cash basis) [2]	(¢)	99.3	102.1	89.8	85.6	59.7
Total fully franked dividend	(¢)	63.0	61.0	53.0	50.0	35.5
Shareholder ratios						
Return on average tangible equity (cash basis) [2]	(%)	11.12	11.63	10.28	10.27	7.42
Return on average assets (cash basis) [2]	(%)	0.61	0.65	0.59	0.60	0.42
Return on average ordinary equity (cash basis) [2]	(%)	8.18	8.62	7.72	7.67	5.36
Return on average ordinary equity (statutory basis)	(%)	7.91	7.42	7.53	8.79	3.43
Key trading indicators						
Number of staff (excluding Community Banks)	(FTE)	4,777	4,726	4,652	4,483	4,776
Assets per staff member	($m)	20.6	20.8	20.5	19.3	15.9
Asset quality						
Impaired loans [3]	($m)	135.7	113.9	133.1	208.8	240.5
Individually assessed provisions	($m)	(38.5)	(46.2)	(57.1)	(93.0)	(77.5)
Net impaired loans	($m)	97.2	67.7	76.0	115.8	163.0
Net impaired loans % of gross loans	(%)	0.12	0.09	0.10	0.16	0.25
Individually assessed provision for impairment	($m)	39.6	47.8	58.1	94.3	78.4
Individually assessed provision % of gross loans	(%)	0.05	0.06	0.07	0.13	0.12
Collectively assessed provision	($m)	246.4	238.5	225.7	246.7	263.2
Equity reserve for credit losses (ERCL)	($m)	95.2	95.2	87.8	104.7	86.6
Collectively assessed provision & ERCL % of risk-weighted assets	(%)	0.90	0.88	0.74	0.87	0.92

1. Non-cash items are those items that are 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. For further details relating to non-cash items refer to the Operating and Financial Review section of this report.
2. Cash earnings is an unaudited, non-IFRS financial measure. It is considered by management to be a key indicator of the underlying performance of the core business activities of the Group. The basis for determining cash earnings is net profit after tax, adjusted for non-cash items, amortisation on acquired intangibles and Homesafe net realised income. All adjustments are net of tax.
3. In FY24, the Group adopted a revised internal policy definition for restructured loans in the Business and Agribusiness portfolio. The new definition if applied to 30 June 2023 balances would have resulted in a $10.9 million increase in impaired assets to $124.8 million.

Primary Statements

Income Statements

For the year ended 30 June 2024

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Net interest income					
Interest income		4,738.7	3,406.8	4,604.5	3,316.8
Interest expense		(3,102.6)	(1,766.0)	(2,963.4)	(1,633.9)
Total net interest income	3	1,636.1	1,640.8	1,641.1	1,682.9
Other revenue					
Fees		131.1	129.7	116.7	115.2
Commissions and management fees		62.4	64.0	16.7	16.3
Other income		203.7	85.8	163.6	46.3
Total other revenue	3	397.2	279.5	297.0	177.8
Total income		2,033.3	1,920.3	1,938.1	1,860.7
Credit expenses					
Credit (expenses)/reversals		(13.4)	(36.1)	18.5	(71.4)
Bad and doubtful debts recovered		3.5	2.5	3.4	2.5
Total credit (expenses)/reversals	11	(9.9)	(33.6)	21.9	(68.9)
Operating expenses					
Staff and related costs		(694.5)	(656.7)	(677.2)	(640.2)
Occupancy costs		(71.6)	(75.4)	(71.6)	(75.4)
Amortisation and depreciation costs		(65.5)	(54.4)	(65.4)	(53.7)
Fees and commissions		(16.7)	(23.6)	(4.3)	(7.9)
Other operating expenses		(377.9)	(351.8)	(374.5)	(357.7)
Total operating expenses	4	(1,226.2)	(1,161.9)	(1,193.0)	(1,134.9)
Profit before income tax expense		797.2	724.8	767.0	656.9
Income tax expense	5	(252.2)	(227.8)	(229.7)	(208.5)
Net profit attributable to owners of the Bank		545.0	497.0	537.3	448.4

Earnings per share		cents	cents
Basic	7	96.3	87.9
Diluted	7	87.3	79.2

Primary Statements

Statements of Comprehensive Income

For the year ended 30 June 2024

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Profit for the year		545.0	497.0	537.3	448.4
Items which may be reclassified subsequently to profit or loss:					
Revaluation gain on debt securities at FVOCI[1] with recycling	23	(36.3)	(17.0)	38.0	9.7
Net gain/(loss) on cash flow hedges taken to equity	23	5.4	(75.6)	5.4	(75.6)
Tax effect on items taken directly to or transferred from equity	23	9.3	19.2	(13.0)	11.2
Total items that may be reclassified to profit or loss		(21.6)	(73.4)	30.4	(54.7)
Items which will not be reclassified subsequently to profit or loss:					
Revaluation (loss)/gain on equity investments at FVOCI	23	0.2	—	0.2	—
Tax effect on items taken directly to or transferred from equity	23	(0.1)	—	(0.1)	—
Total items that will not be reclassified to profit or loss		0.1	—	0.1	—
Total comprehensive income for the year		523.5	423.6	567.8	393.7
Total comprehensive income for the year attributable to:					
Owners of the Bank		523.5	423.6	567.8	393.7

1. Financial assets measured at fair value through other comprehensive income. See Glossary for more context.

Primary Statements

Balance Sheets

As at 30 June 2024

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Assets					
Cash and cash equivalents	9	1,964.5	8,384.2	1,699.2	7,953.9
Due from other financial institutions	9	282.9	123.9	282.9	123.9
Financial assets at fair value through profit or loss (FVTPL)	12	16.9	18.5	7.5	9.2
Financial assets at amortised cost	13	1,001.2	864.6	5,031.2	3,830.1
Financial assets at fair value through other comprehensive income (FVOCI)	14	10,561.5	6,917.5	18,703.8	17,458.9
Income tax receivable	5	16.5	—	16.5	—
Derivatives	19	5.9	9.2	5.9	9.2
Net loans and other receivables	10	80,567.6	78,526.3	78,842.1	77,616.7
Investments accounted for using the equity method		9.7	13.8	9.7	13.8
Shares in controlled entities	30	—	—	100.7	101.8
Property, plant and equipment		141.8	166.2	141.8	166.2
Assets held for sale	33	10.2	—	—	—
Deferred tax assets	5	17.8	71.2	133.4	203.4
Investment property	24	1,140.2	957.8	1,140.2	—
Goodwill and other intangible assets	25	1,909.8	1,841.9	1,844.3	1,776.3
Other assets	26	541.4	584.6	1,511.5	1,593.6
Total Assets		98,187.9	98,479.7	109,470.7	110,857.0
Liabilities					
Due to other financial institutions	9	309.5	190.3	309.5	190.3
Deposits	15	78,986.5	77,310.8	78,962.5	77,316.2
Other borrowings	16	9,287.6	11,838.2	7,079.7	8,945.7
Derivatives	19	13.3	17.4	13.3	17.4
Amounts payable to controlled entities		4.9	—	14,036.8	15,829.0
Income tax payable	5	—	40.8	—	40.8
Provisions	28	111.9	126.3	81.9	96.5
Liabilities held for sale	33	0.3	—	—	—
Other payables	27	1,067.5	734.2	1,029.9	693.5
Loan capital	17	1,372.4	1,371.0	1,372.4	1,371.0
Total Liabilities		91,153.9	91,629.0	102,886.0	104,500.4
Net Assets		7,034.0	6,850.7	6,584.7	6,356.6
Equity					
Share capital	22	5,231.3	5,240.5	5,231.3	5,240.5
Reserves	23	40.7	42.9	73.0	23.2
Retained earnings	23	1,762.0	1,567.3	1,280.4	1,092.9
Total Equity		7,034.0	6,850.7	6,584.7	6,356.6

Primary Statements

Statements of Changes in Equity

For the year ended 30 June 2024

	Group				
	Attributable to owners of Bendigo and Adelaide Bank Limited				
For the year ended 30 June 2024	**Issued ordinary capital [1] $m**	**Other issued capital [1] $m**	**Retained earnings [2] $m**	**Reserves [2] $m**	**Total equity $m**
Opening balance at 1 July 2023	5,242.9	(2.4)	1,567.3	42.9	6,850.7
Comprehensive income					
Profit for the year	—	—	545.0	—	545.0
Other comprehensive income/(loss)	—	—	—	(21.5)	(21.5)
Total comprehensive income/(loss) for the year	—	—	545.0	(21.5)	523.5
Transactions with owners in their capacity as owners:					
Movement in treasury shares	(9.3)	—	—	—	(9.3)
Movement in executive share plans	(0.4)	—	—	—	(0.4)
Reduction in employee share ownership plan (ESOP) shares	—	0.5	—	—	0.5
Share-based payment	—	—	0.6	19.4	20.0
Transfer from reserves	—	—	0.1	(0.1)	—
Equity dividends	—	—	(351.0)	—	(351.0)
Closing balance at 30 June 2024	5,233.2	(1.9)	1,762.0	40.7	7,034.0

	Group				
	Attributable to owners of Bendigo and Adelaide Bank Limited				
For the year ended 30 June 2023	Issued ordinary capital [1] $m	Other issued capital [1] $m	Retained earnings [2] $m	Reserves [2] $m	Total equity $m
Opening balance at 1 July 2022	5,222.5	(3.0)	1,386.5	105.9	6,711.9
Comprehensive income					
Profit for the year	—	—	497.0	—	497.0
Other comprehensive income/(loss)	—	—	—	(73.4)	(73.4)
Total comprehensive income/(loss) for the year	—	—	497.0	(73.4)	423.6
Transactions with owners in their capacity as owners:					
Shares issued	18.8	—	—	—	18.8
Movement in treasury shares	1.4	—	—	—	1.4
Movement in executive share plans	0.2	—	—	—	0.2
Reduction in employee share ownership plan (ESOP) shares	—	0.6	—	—	0.6
Movement in equity reserve for credit losses (ERCL)	—	—	(7.4)	7.4	—
Share-based payment	—	—	0.4	3.3	3.7
Transfer from reserve	—	—	0.3	(0.3)	—
Equity dividends	—	—	(309.5)	—	(309.5)
Closing balance at 30 June 2023	5,242.9	(2.4)	1,567.3	42.9	6,850.7

1. Refer to Note 22 for further details.
2. Refer to Note 23 for further details.

Primary Statements

Statements of Changes in Equity continued

For the year ended 30 June 2024

	Bank				
	Attributable to owners of Bendigo and Adelaide Bank Limited				
For the year ended 30 June 2024	**Issued ordinary capital [1] $m**	**Other issued capital [1] $m**	**Retained earnings [2] $m**	**Reserves [2] $m**	**Total equity $m**
Opening balance at 1 July 2023	5,242.9	(2.4)	1,092.9	23.2	6,356.6
Opening balance adjustment	—	—	0.5	—	0.5
Comprehensive income					
Profit for the year	—	—	537.3	—	537.3
Other comprehensive income	—	—	—	30.5	30.5
Total comprehensive income for the year	—	—	537.3	30.5	567.8
Transactions with owners in their capacity as owners:					
Movement in treasury shares	(9.3)	—	—	—	(9.3)
Movement in executive share plans	(0.4)	—	—	—	(0.4)
Reduction in employee share ownership plan (ESOP) shares	—	0.5	—	—	0.5
Share-based payment	—	—	0.6	19.4	20.0
Transfer from reserves	—	—	0.1	(0.1)	—
Equity dividends	—	—	(351.0)	—	(351.0)
Closing balance at 30 June 2024	5,233.2	(1.9)	1,280.4	73.0	6,584.7

	Bank				
	Attributable to owners of Bendigo and Adelaide Bank Limited				
For the year ended 30 June 2023	Issued ordinary capital [1] $m	Other issued capital [1] $m	Retained earnings [2] $m	Reserves [2] $m	Total equity $m
Opening balance at 1 July 2022	5,222.5	(3.0)	961.1	67.2	6,247.8
Comprehensive income					
Profit for the year	—	—	448.4	—	448.4
Other comprehensive income/(loss)	—	—	—	(54.7)	(54.7)
Total comprehensive income/(loss) for the year	—	—	448.4	(54.7)	393.7
Transactions with owners in their capacity as owners:					
Shares issued	18.8	—	—	—	18.8
Movement in treasury shares	1.4	—	—	—	1.4
Movement in executive share plans	0.2	—	—	—	0.2
Reduction in employee share ownership plan (ESOP) shares	—	0.6	—	—	0.6
Movement in equity reserve for credit losses (ERCL)	—	—	(7.4)	7.4	—
Share-based payment	—	—	0.3	3.3	3.6
Equity dividends	—	—	(309.5)	—	(309.5)
Closing balance at 30 June 2023	5,242.9	(2.4)	1,092.9	23.2	6,356.6

1. Refer to Note 22 for further details.
2. Refer to Note 23 for further details.

Primary Statements

Cash Flow Statements

For the year ended 30 June 2024

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Cash flows from operating activities					
Interest and other items of a similar nature received		4,462.5	3,124.1	4,137.2	2,984.6
Interest and other costs of finance paid		(2,652.7)	(1,330.8)	(2,419.0)	(1,201.8)
Receipts from customers (excluding effective interest)		250.9	251.5	251.7	211.1
Payments to suppliers and employees		(978.4)	(1,280.0)	(901.8)	(1,230.3)
Income taxes paid		(247.9)	(241.1)	(193.6)	(241.1)
Cash flows from operating activities before changes in operating assets and liabilities		834.4	523.7	874.5	522.5
(Increase)/decrease in operating assets					
Net increase in balance of loans and other receivables		(2,059.6)	(380.5)	(4,091.4)	(1,823.9)
Net (increase)/decrease in balance of investment securities		(3,815.2)	2,694.9	(2,406.5)	2,648.6
Increase/(decrease) in operating liabilities					
Net increase in balance of retail deposits		2,442.9	1,828.3	2,413.5	1,827.9
Net (decrease)/increase in balance of wholesale deposits		(767.3)	898.6	(767.3)	898.6
Net (decrease)/increase in balance of other borrowings		(2,551.7)	139.3	(1,866.0)	1,086.7
Net cash flows (used in)/from operating activities	29	(5,916.5)	5,704.3	(5,843.2)	5,160.4
Cash flows related to investing activities					
Cash paid for purchases of property, plant and equipment		(27.2)	(30.6)	(27.2)	(30.5)
Cash proceeds from sale of property, plant and equipment		—	0.1	—	0.1
Cash paid for purchases of investment property		(67.4)	(52.2)	—	—
Cash proceeds from sale of investment property		77.7	58.8	50.2	—
Cash proceeds from sale of equity investments		0.2	—	0.2	—
Cash paid for purchases of equity investments		—	(4.0)	—	(4.0)
Cash proceeds from dividends from JV partners		4.5	3.3	56.3	10.6
Cash paid for purchase of ANZ investment lending portfolio		—	(571.5)	—	—
Cash paid for Homesafe portfolio		(39.9)	—	(39.9)	—
Net cash flows used in investing activities		(52.1)	(596.1)	39.6	(23.8)
Cash flows from financing activities					
Repayment of preference shares		(321.6)	—	(321.6)	—
Cash paid for purchases of treasury shares		(10.8)	—	(10.8)	—
Proceeds from issuance of capital notes		300.0	—	300.0	—
Payment of loan capital issue costs		(4.0)	—	(4.0)	—
Proceeds from issuance of subordinated debt		300.0	—	300.0	—
Repayment of subordinated debt		(275.0)	—	(275.0)	—
Equity dividends paid		(351.0)	(290.7)	(351.0)	(290.7)
Repayment of lease liabilities		(49.4)	(50.5)	(49.4)	(50.5)
Repayment from employees for ESOP shares		0.5	0.6	0.5	0.6
Net cash flows used in financing activities		(411.3)	(340.6)	(411.3)	(340.6)
Net (decrease)/increase in cash and cash equivalents		(6,379.9)	4,767.6	(6,214.9)	4,796.0
Cash and cash equivalents at the beginning of year		8,317.8	3,550.2	7,887.5	3,091.5
Cash and cash equivalents at the end of year	9	1,937.9	8,317.8	1,672.6	7,887.5

Notes to the financial statements

1. CORPORATE INFORMATION

The financial report of Bendigo and Adelaide Bank Limited ('the Bank') and its controlled entities ('the Group') for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 23 August 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 domicile of Bendigo and Adelaide Bank Limited is Australia. The registered office of the company is:

The Bendigo Centre,
22–44 Bath Lane, Bendigo,
Victoria, 3550, Australia.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The financial report of Bendigo and Adelaide Bank Limited:

- Is a general purpose financial report;
- Has been prepared in accordance with Australian Accounting Standards 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 dollars ($'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
- Where necessary, presents reclassified comparatives for consistency with current year disclosures.

Basis of measurement and presentation

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); and
- Investment Property.

The Financial Report presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity.

Notes to the financial statements

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Material 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.

Further information on the judgements, estimates and assumptions that are considered material to the financial statements have been included within the following notes:

- Note 11 Impairment of loans and advances;
- Note 24 Investment property; and
- Note 25 Goodwill and other intangible assets.

Events subsequent to reporting date

On 2 July 2024, the Board announced Marnie Baker's retirement and the appointment of Richard Fennell as CEO & MD effective 31 August 2024.

No other matters or circumstances have arisen since the end of the full 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

A number of new and amended standards and interpretations issued by the AASB and the IASB became effective for the financial year ended 30 June 2024.

These did not result in material changes to the Group's accounting policies.

Recently issued or amended standards not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 30 June 2024. These have not been applied by the Group in preparing these financial statements. Unless otherwise indicated below, these are not expected to have a material impact on the Group's financial statements.

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 *Presentation and Disclosure in Financial Statements* was issued in June 2024 and will be effective for the Group on 1 July 2027. AASB 18 replaces AASB 101 *Presentation of Financial Statements* as the standard describing financial statements and setting out requirements for the presentation and disclosure of information in financial statements. Amongst other changes, it introduces the concept of the "management-defined performance measures" to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. Although the new Standard is not expected to have a material impact on the recognition or measurement policies of the Group, it is expected to have an impact on how the Group presents and discloses financial performance in its financial statements.

Results for the year

3 INCOME

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Interest income					
Effective interest income					
Cash and cash equivalents		203.2	170.7	178.2	152.7
Assets held at FVOCI		397.1	237.0	901.8	724.3
Assets held at amortised cost		33.5	15.1	192.0	54.5
Reverse repurchase agreements		87.3	17.9	87.3	17.9
Loans and other receivables		4,013.5	2,965.7	3,241.1	2,367.0
Other interest income					
Assets held at FVTPL		4.1	0.4	4.1	0.4
Total interest income		4,738.7	3,406.8	4,604.5	3,316.8
Interest expense					
Deposits					
• Customer		(2,074.9)	(1,092.2)	(2,075.0)	(1,092.3)
• Wholesale		(498.7)	(339.5)	(498.7)	(339.5)
Wholesale borrowings					
• Wholesale borrowings – domestic		(258.7)	(122.3)	(258.7)	(122.3)
• Wholesale borrowings – overseas		(36.1)	—	(36.1)	—
• Notes payable		(139.2)	(132.2)	—	—
• Repurchase agreements		(3.1)	(7.3)	(3.1)	(7.3)
Lease liability		(3.3)	(4.0)	(3.3)	(4.0)
Loan capital		(88.6)	(68.5)	(88.5)	(68.5)
Total interest expense		(3,102.6)	(1,766.0)	(2,963.4)	(1,633.9)
Total net interest income		1,636.1	1,640.8	1,641.1	1,682.9
Other revenue					
Fee income					
Assets		63.1	69.5	52.7	58.7
Liabilities and other products		62.7	54.7	62.5	54.5
Trustee, management and other services		5.3	5.5	1.5	2.0
Total fee income		131.1	129.7	116.7	115.2
Commissions and management fees		62.4	64.0	16.7	16.3
Total revenue from contracts with customers		193.5	193.7	133.4	131.5
Other income					
Foreign exchange income		28.4	27.9	28.4	27.9
Homesafe revaluation gain	24	162.4	44.3	72.1	—
Dividend income		1.5	1.2	54.0	8.7
Other		11.4	12.4	9.1	9.7
Total other income		203.7	85.8	163.6	46.3
Total other revenue		397.2	279.5	297.0	177.8
Total income		2,033.3	1,920.3	1,938.1	1,860.7

Results for the year

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.

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

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

Homesafe revaluation gain reflects the gains arising from changes in the fair value of investment property and are recognised in the year in which they arise.

Refer to Note 24 for further information.

Results for the year

4 OPERATING EXPENSES

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Staff and related costs					
Salaries, wages and incentives		595.5	567.7	580.9	553.6
Superannuation contributions		58.7	53.5	57.1	52.0
Other staff-related costs		40.3	35.5	39.2	34.6
Total staff and related costs		694.5	656.7	677.2	640.2
Occupancy costs					
Operating lease rentals		4.7	5.8	4.7	5.8
Depreciation of leasehold improvements		9.3	8.9	9.3	8.9
Depreciation of ROUA[1]	38	37.0	39.5	37.0	39.5
Other		20.6	21.2	20.6	21.2
Total occupancy costs		71.6	75.4	71.6	75.4
Amortisation and depreciation					
Amortisation of acquired intangibles	25	5.1	6.3	5.0	5.6
Amortisation of software intangibles	25	41.8	32.5	41.8	32.5
Depreciation of plant and equipment		18.6	15.6	18.6	15.6
Total amortisation and depreciation costs		65.5	54.4	65.4	53.7
Fees and commission expense		16.7	23.6	4.3	7.9
Other operating expenses					
Communications, postage and stationery		29.4	34.2	29.3	34.1
Computer systems and software costs		122.2	101.6	120.9	100.5
Advertising and promotion		24.0	28.3	23.8	28.0
Other product and services delivery costs		15.7	14.7	15.7	14.7
Consultancy fees		77.4	56.7	76.2	55.0
Non-credit losses		14.2	30.5	14.2	30.5
Insurance costs		9.0	10.3	9.0	10.3
Impairment charges		—	52.2	—	63.2
Legal expenses		7.1	4.2	5.0	4.1
Remediation expenses		21.2	4.2	21.2	4.2
Other expenses		57.7	14.9	59.2	13.1
Total other operating expenses		377.9	351.8	374.5	357.7
Total operating expenses		1,226.2	1,161.9	1,193.0	1,134.9

1. Right of Use Assets.

Results for the year

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.

Refer to Note 28 for more information relating to provisions for employee entitlements.

Incentive payments are recognised to the extent that the Group has a present obligation. Refer to Note 35 for further information on share-based payments.

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, in addition to depreciation expenses associated with operating leases on properties which are recognised as ROUA.

Amortisation
Refer to Note 25 for information on the amortisation of intangibles.

Depreciation of Property, Plant and Equipment includes depreciation expenses associated with operating leases (excluding property leases), which are recognised as ROUA. Refer to Note 38 for further information on the depreciation of leased assets.

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 the year

5 INCOME TAX EXPENSE

Major components of income tax expense are:

	Group		Bank	
Income Statement	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Current income tax				
Current income tax charge	(198.6)	(239.4)	(179.8)	(224.1)
Franking credits	1.5	1.3	1.5	1.3
Adjustments in respect of current income tax of previous years	6.9	6.6	5.6	6.6
Adjustments in respect of deferred income tax of previous years	(4.9)	(4.8)	(3.7)	(4.8)
Relating to origination and reversal of temporary differences	(57.1)	8.5	(53.3)	12.5
Income tax expense reported in the Income Statement	(252.2)	(227.8)	(229.7)	(208.5)

Statement of changes in equity	$m	$m	$m	$m
Deferred income tax related to items charged or credited directly in equity				
Net loss on cash flow hedges	(1.6)	14.1	(1.6)	14.1
Net (gain)/loss on financial assets at FVOCI	10.8	5.1	(11.5)	(2.9)
Income tax (charged)/credited in equity	9.2	19.2	(13.1)	11.2

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	$m	$m	$m	$m
Accounting profit before income tax	797.2	724.8	767.0	656.9
Income tax expense comprises amounts set aside as:				
Provision attributable to current year at statutory rate, being:				
Prima facie tax on accounting profit before tax	(239.2)	(217.5)	(230.1)	(197.1)
Under provision in prior years	2.0	1.8	1.9	1.8
Tax credits and adjustments	1.5	1.3	1.5	1.3
Expenditure not allowable for income tax purposes	(14.5)	(12.4)	(16.8)	(15.7)
Tax effect of tax credits and adjustments	(1.1)	(0.3)	(1.1)	(0.3)
Dividends received	—	—	15.8	2.2
Other	(0.9)	(0.7)	(0.8)	(0.7)
Income tax expense reported in the Income Statement	(252.2)	(227.8)	(229.7)	(208.5)

Results for the year

5 INCOME TAX EXPENSE continued

Deferred income tax

Deferred income tax at 30 June relates to the following:

	Group		Bank	
Gross deferred tax assets	**June 2024 $m**	June 2023 $m	**June 2024 $m**	June 2023 $m
Derivatives	33.2	50.4	33.2	50.4
Employee benefits	25.2	33.1	16.2	24.2
Provisions	93.4	89.9	93.3	99.4
Lease liability	26.4	34.7	26.4	34.7
Financial assets at FVOCI	35.3	24.5	21.8	33.2
Other	24.4	23.7	24.8	22.7
Gross deferred tax assets	237.9	256.3	215.7	264.6
Set-off of deferred tax assets and deferred tax liabilities	(220.1)	(185.1)	(82.3)	(61.2)
Net deferred tax assets	17.8	71.2	133.4	203.4

	Group		Bank	
Gross deferred tax liabilities	**June 2024 $m**	June 2023 $m	**June 2024 $m**	June 2023 $m
Deferred expenses	8.5	3.0	8.5	3.0
Derivatives	29.7	22.2	29.7	22.2
Intangible assets	10.5	13.4	10.5	13.4
Investment property	158.6	123.9	20.8	—
Property, plant and equipment	5.6	15.5	5.6	15.5
Other	7.2	7.1	7.2	7.1
Gross deferred tax liability	220.1	185.1	82.3	61.2
Set-off of deferred tax assets and deferred tax liabilities	(220.1)	(185.1)	(82.3)	(61.2)
Net deferred tax liabilities	—	—	—	—

Income tax payable	$m	$m	$m	$m
Tax (refundable) / payable attributable to members of the tax consolidated group	(16.5)	40.8	(16.5)	40.8
	(16.5)	40.8	(16.5)	40.8

As at 30 June 2024, there is no unrecognised deferred income tax liability (June 2023: Nil) for taxes that would be payable on the unremitted earnings of certain subsidiaries or joint ventures of the Group, as the Group has no liability for additional taxation should such amounts be remitted.

Results for the year

5 INCOME TAX EXPENSE continued

Recognition and measurement

Current taxes

The income tax for the period is the tax payable on the current period's taxable income based on the national income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

Deferred taxes

The Group has adopted the Balance Sheet liability method of tax effect accounting, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Balance Sheet or a tax-based Balance Sheet.

Deferred tax assets and liabilities are recognised for temporary differences, except where the deferred tax asset/liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

For amounts directly recognised in equity, the associated current and deferred tax balances are also recognised directly in equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax balances are reviewed annually to determine whether they should be recognised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Tax consolidation

Bendigo and Adelaide Bank Limited and its 100% owned subsidiaries form the tax consolidated Group. Members of the Group entered into a tax sharing agreement to allocate income tax liabilities to the wholly-owned subsidiaries should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated Group is Bendigo and Adelaide Bank Limited.

Members of the tax consolidated Group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated Group on a group allocation method based on a notional stand alone calculation, while deferred taxes are calculated by members of the tax consolidated Group in accordance with AASB 112 *Income Taxes*.

Results for the year

6 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:

- In 1H24, the Business and Agribusiness division was restructured to include 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.
- In 1H24, 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 and benefits being transferred from Corporate.
- In 2H24, the cards and payments divisions transferred into the Corporate segment (previously reported in the Consumer segment), and the marketing division into the Consumer segment (previously reported in 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

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

Corporate

Corporate includes the results of the Group's support functions including treasury, technology (including payments), 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 directly attributable to each business. Transactions between business segments are conducted at arm's length, and are eliminated on consolidation.

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

Major customers

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

Geographic Information

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

Results for the year

6 SEGMENT REPORTING continued

	June 2024			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	943.3	684.6	38.3	1,666.2
Other income	182.4	67.2	38.4	288.0
Total segment income	1,125.7	751.8	76.7	1,954.2
Operating expenses	(353.9)	(162.7)	(606.2)	(1,122.8)
Credit (expenses)/reversals	(10.0)	9.3	(9.2)	(9.9)
Total segment expenses	(363.9)	(153.4)	(615.4)	(1,132.7)
Net profit/(loss) before income tax expense (cash basis)	761.8	598.4	(538.7)	821.5
Income tax (expense)/benefit	(242.1)	(189.3)	171.9	(259.5)
Net profit/(loss) after income tax expense (cash basis)	519.7	409.1	(366.8)	562.0
Non-cash net interest income items	(21.1)	—	—	(21.1)
Non-cash other income items	79.9	(0.1)	(3.3)	76.5
Non-cash operating expense items	(9.1)	(0.6)	(62.7)	(72.4)
Net profit/(loss) after tax (statutory basis)	569.4	408.4	(432.8)	545.0
	$m	$m	$m	$m
Reportable segment assets	61,115.7	20,582.0	16,490.2	98,187.9
Reportable segment liabilities	45,436.1	20,942.6	24,775.2	91,153.9

	June 2023			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	1,038.2	646.3	(22.0)	1,662.5
Other income	173.8	67.0	29.5	270.3
Total segment income	1,212.0	713.3	7.5	1,932.8
Operating expenses	(374.3)	(160.4)	(526.5)	(1,061.2)
Credit (expenses)/reversals	(18.3)	(27.2)	11.9	(33.6)
Total segment expenses	(392.6)	(187.6)	(514.6)	(1,094.8)
Net profit/(loss) before tax (cash basis)	819.4	525.7	(507.1)	838.0
Income tax (expense)/benefit	(257.2)	(165.1)	161.2	(261.1)
Net profit/(loss) after tax (cash basis)	562.2	360.6	(345.9)	576.9
Non-cash net interest income items	(15.2)	—	—	(15.2)
Non-cash other income items	8.0	—	(1.6)	6.4
Non-cash operating expense items [1]	(8.1)	(7.1)	(55.9)	(71.1)
Net profit/(loss) after tax (statutory basis)	546.9	353.5	(403.4)	497.0
	$m	$m	$m	$m
Reportable segment assets	59,773.7	19,626.6	19,079.4	98,479.7
Reportable segment liabilities	43,493.0	20,990.9	27,145.1	91,629.0

1. In FY23, an impairment expense of $47.6m was recognised against the Group's software intangible balances. This includes a $39.3m impairment against assets to be replaced, and an $8.3m impairment of software under development. The majority of the impairment loss is recorded in the Corporate segment for the purposes of AASB 8 *Operating Segments*, with a small component of the impairment recorded in the Consumer segment.

Results for the year

7 EARNINGS PER ORDINARY SHARE

	Group	
Earnings per ordinary share	June 2024 cents	June 2023 cents
Basic	96.3	87.9
Diluted	87.3	79.2

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
Net profit after tax	545.0	497.0
Total statutory earnings	545.0	497.0
Earnings used in calculating statutory earnings per ordinary share	545.0	497.0
Add back: dividends accrued and/or paid on dilutive loan capital instruments	33.4	27.0
Total diluted earnings	578.4	524.0

Reconciliation of weighted average number of ordinary shares (WANOS) used in earnings per share calculations	June 2024 No. of shares	June 2023 No. of shares
WANOS used in the calculation of basic earnings per share	565,818,752	565,153,125
Effect of dilutive instruments – executive share plans and convertible loan capital instruments	97,093,818	96,813,366
WANOS used in the calculation of diluted earnings per share	662,912,570	661,966,491

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 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 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.

Results for the year

8 DIVIDENDS

Ordinary shares (ASX:BEN)

Group						Bank					
Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
June 2023 final dividend			June 2022 final dividend			**June 2023 final dividend**			June 2022 final dividend		
Sep 2023	32.0	181.1	Sep 2022	26.5	147.4	Sep 2023	32.0	181.1	Sep 2022	26.5	147.4
December 23 interim dividend			December 22 interim dividend			**December 23 interim dividend**			December 22 interim dividend		
Mar 2024	30.0	169.9	Mar 2023	29.0	162.1	Mar 2024	30.0	169.9	Mar 2023	29.0	162.1
	62.0	351.0		55.5	309.5		62.0	351.0		55.5	309.5

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 year ended 30 June 2024.

Final dividend June 2024

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

Group			Bank		
Date payable	¢	$m	Date payable	¢	$m
Sep 2024	33.0	186.6	Sep 2024	33.0	186.6

Results for the year

8 DIVIDENDS continued

Preference shares and Capital notes

Group						Bank					
June 2024			June 2023			June 2024			June 2023		
Date paid	Cents per share ¢	Total amount $m	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	Sep 2022	93.76	3.0	Sep 2023	140.56	4.5	Sep 2022	93.76	3.0
Dec 2023	137.28	4.4	Dec 2022	112.26	3.6	Dec 2023	137.28	4.4	Dec 2022	112.26	3.6
Mar 2024	160.15	5.2	Mar 2023	120.32	3.9	Mar 2024	160.15	5.2	Mar 2023	120.32	3.9
Jun 2024	124.24	1.7	Jun 2023	128.94	4.1	Jun 2024	124.24	1.7	Jun 2023	128.94	4.1
	562.23	15.8		455.28	14.6		562.23	15.8		455.28	14.6
Capital notes (recorded as debt instruments) (ASX: BENPH) [2]											
Sep 2023	141.79	7.1	Sep 2022	97.13	4.9	Sep 2023	141.79	7.1	Sep 2022	97.13	4.9
Dec 2023	138.35	7.0	Dec 2022	114.37	5.7	Dec 2023	138.35	7.0	Dec 2022	114.37	5.7
Mar 2024	142.23	7.1	Mar 2023	120.25	6.0	Mar 2024	142.23	7.1	Mar 2023	120.25	6.0
Jun 2024	146.83	7.4	Jun 2023	131.59	6.6	Jun 2024	146.83	7.4	Jun 2023	131.59	6.6
	569.20	28.6		463.34	23.2		569.20	28.6		463.34	23.2
Capital notes (recorded as debt instruments) (ASX: BENPI) [3]											
Jun 2024	115.89	3.5				Jun 2024	115.89	3.5			
	115.89	3.5					115.89	3.5			

1. Converting preference shares (CPS 4, ASX:BENPG) were issued in December 2017 and redeemed in June 2024.
2. Capital notes (ASX: BENPH) were issued in November 2020.
3. Capital notes (ASX: BENPI) were issued in March 2024.

Results for the year

8 DIVIDENDS continued

Dividend franking account

	Group	
	June 2024 $m	June 2023 $m
Balance of franking account as at the end of the financial year	800.0	721.5
Franking credits that will arise from the payment of income tax provided for in the financial report	(16.5)	40.8
Impact of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution of equity holders during the period	(80.8)	(78.5)
Closing balance	702.7	683.8

Ordinary share dividends paid

Dividends paid by cash or by the purchase of shares on market or issue of new shares under the Dividend Reinvestment Plan during the year were as follows:

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Cash [1]	351.0	290.7	351.0	290.7
Satisfied by issue of new shares [2]	—	18.8	—	18.8
	351.0	309.5	351.0	309.5

1. Refers to cash paid directly to shareholders or paid to acquire shares on market to satisfy shareholders who have elected to receive shares under the Dividend Reinvestment Plan. In 2024 $44.7 million worth of shares were acquired on-market (2023: $22.4 million).
2. Represents the value of new shares issued to participating shareholders under the Dividend Reinvestment Plan.

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 9 September 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 final dividend is 4 September 2024.

Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognised on the date on which the Group becomes a party to the contractual provisions of the instrument, or, in the case of loans and advances, when funds are transferred to the customer's account.

At initial recognition, the Group measures a financial instrument at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument, such as fees and commissions. Transaction costs of financial instruments carried at FVTPL are expensed in profit or loss.

Classification of financial assets

Subsequent to initial recognition, the measurement of the Group's financial assets is dependent on the business model in which it is managed and the contractual cash flow characteristics. There are four measurement classifications, being:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) with recycling;
- Fair value through other comprehensive income (FVOCI) without recycling; and
- Fair value through profit or loss (FVTPL).

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial 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 (SPPI) on the principal amount outstanding, unless the financial asset has been designated as FVTPL. The details of these conditions are outlined below.

Financial assets with contractual terms that meet the SPPI test and that are held within a business model where the objective is to both collect contractual cash flows and sell the financial assets are measured at FVOCI with subsequent reclassification to the Income Statement, unless the financial asset has been designated as FVTPL. Non-traded equity instruments have been designated at FVOCI with no subsequent reclassification to the Income Statement. All other assets are measured at FVTPL.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. While judgement is used in determining the business model, consideration is given to relevant, objective evidence including:

- The business purpose of the portfolio;
- The risks that affect the performance and the way those risks are managed;
- The basis on which the performance of the portfolio is evaluated; and
- The frequency and significance of sales activity.

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

The Group assesses financial assets to evaluate if their contractual cash flows are comprised of solely payments of principal and interest (the SPPI test). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' for the purpose of this test is defined as the consideration for the time value of money and credit risk, which are the most significant elements of interest within a lending arrangement. Principal amounts include repayments of lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding.

Financial instruments

9 CASH AND CASH EQUIVALENTS

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Notes and coins	117.6	131.0	117.6	130.9
Cash at bank	1,479.0	6,429.0	1,213.7	5,998.8
Reverse repurchase agreements	367.9	1,824.2	367.9	1,824.2
Total cash and cash equivalents	1,964.5	8,384.2	1,699.2	7,953.9

Reconciliation of cash and cash equivalents

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

	$m	$m	$m	$m
Cash and cash equivalents	1,964.5	8,384.2	1,699.2	7,953.9
Due from other financial institutions	282.9	123.9	282.9	123.9
Due to other financial institutions	(309.5)	(190.3)	(309.5)	(190.3)
	1,937.9	8,317.8	1,672.6	7,887.5

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.

Financial instruments

10 LOANS AND OTHER RECEIVABLES

	Note	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Overdrafts		941.6	1,102.0	941.5	1,102.0
Credit cards		315.6	318.7	315.6	318.7
Term loans		77,004.0	74,592.4	77,004.1	75,613.0
Margin lending		1,710.9	1,875.3	—	—
Lease receivables		713.8	710.6	713.7	710.5
Other		115.2	140.3	115.2	140.3
Gross loans and other receivables		80,801.1	78,739.3	79,090.1	77,884.5
Individually assessed provision	11	(39.6)	(47.8)	(39.6)	(80.2)
Collectively assessed provision	11	(246.4)	(238.5)	(246.0)	(237.4)
Unearned income		(105.8)	(90.4)	(105.8)	(90.4)
Total provisions and unearned income		(391.8)	(376.7)	(391.4)	(408.0)
Deferred costs paid		158.3	163.7	143.4	140.2
Net loans and other receivables		80,567.6	78,526.3	78,842.1	77,616.7

Maturity analysis [1]	$m	$m	$m	$m
At call / overdrafts	3,993.4	4,183.0	2,282.5	2,307.7
Not longer than 3 months	759.1	771.8	759.1	771.8
Longer than 3 and not longer than 12 months	3,694.1	2,729.9	3,694.1	2,729.9
Longer than 1 and not longer than 5 years	9,702.8	10,220.7	9,702.8	10,220.7
Longer than 5 years	62,651.7	60,833.9	62,651.6	61,854.4
Gross loans and other receivables	80,801.1	78,739.3	79,090.1	77,884.5

1. Balances exclude individually assessed and collectively assessed provisions, unearned revenue, and deferred costs and are categorised by the contracted maturity date of each loan facility.

Recognition and measurement

Loans and other receivables are debt instruments recognised initially at fair value, which represent the cash advanced to the borrower plus direct and incremental transaction costs on settlement date, when funding is advanced to the customer. Loans are subsequently measured in accordance with the Group's Classification of financial assets policy. Most loans are carried at amortised cost, which represents the gross carrying amount less allowances for credit losses. Interest on loans is recognised using the effective interest method. The estimated future cash flows used in the calculation of the effective interest rate include those determined by the contractual term of the asset, and includes all fees, transaction costs and all other premiums or discounts.

For loans carried at amortised cost, impairment losses are recognised in accordance with the three-stage expected credit loss (ECL) impairment model outlined in Note 11.

Finance leases, where the Group acts as lessor, are included in loans and other receivables. Finance leases are those where substantially all the risks and rewards of ownership of the asset have been transferred to the lessee. Lease receivables are recognised at an amount equal to the net investment in the lease.

Unearned income on the Group's personal lending and leasing portfolios is brought to account over the life of the contracts on an actuarial basis.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES

	Group		Bank	
Credit expenses	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Individually assessed provision	1.9	21.8	(30.6)	54.2
Collectively assessed provision	9.1	12.8	9.8	12.6
Bad debts written off	2.4	1.5	2.3	4.6
Bad debts recovered	(3.5)	(2.5)	(3.4)	(2.5)
Total credit expenses/(reversals)	9.9	33.6	(21.9)	68.9
Summary of impaired financial assets	$m	$m	$m	$m
Impaired loans [1]				
Loans – without individually assessed provisions	8.7	25.1	8.7	25.1
Loans – with individually assessed provisions	57.9	85.7	57.9	1,106.8
Restructured loans	69.1	3.1	69.1	3.1
Gross impaired loans	135.7	113.9	135.7	1,135.0
Less: individually assessed provisions	(38.5)	(46.2)	(38.5)	(78.6)
Net impaired loans	97.2	67.7	97.2	1,056.4
Portfolio facilities – past due 90 days, not well secured	2.2	2.9	2.2	2.9
Less: individually assessed provisions	(1.1)	(1.6)	(1.1)	(1.6)
Net portfolio facilities	1.1	1.3	1.1	1.3
Loans past due 90 days	$m	$m	$m	$m
Accruing loans past due 90 days, with adequate security balance	273.4	331.1	273.4	331.1
Net fair value of properties acquired through the enforcement of security	13.4	10.5	13.4	10.5
Ratios				
Net impaired loans to gross loans	0.12%	0.09%	0.12%	1.36%
Total impaired loans to gross loans	0.17%	0.14%	0.17%	1.46%
Total impaired loans to total assets	0.14%	0.12%	0.12%	1.02%

1. In FY23, loans with specific provisions included a facility between the Bank and the Homesafe Trust. The conditions giving rise to the impairment reversed over the first six months of FY24, and the facility was ultimately terminated on 30 June 2024 as part of the Homesafe restructure. Refer to Note 24 for further information on the Homesafe restructure.

Recognition and measurement

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.

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. In FY24, the Group adopted a revised internal definition for restructured loans in the Business and Agribusiness portfolio. This has resulted in an increase in the disclosed impaired assets. Comparative figures above have not been restated. On a restated basis, the FY23 gross impaired loans was $124.8 million.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

	Group					
	Stage 1	Stage 2	Stage 3			
Movements in provisions and reserves	12 month ECL $m	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	48.0	47.8	95.2	381.5
Transfers to/(from) during the year:						
Stage 1	1.7	(1.6)	(0.1)	—	—	—
Stage 2	(23.9)	24.6	(0.7)	—	—	—
Stage 3	(8.0)	(9.3)	17.3	—	—	—
Transfer from collectively assessed to individually assessed provision	—	(0.4)	(4.0)	4.4	—	—
New/increased provisions	21.1	3.5	2.5	—	—	27.1
Write-back of provisions no longer required	(9.5)	(11.0)	(15.4)	(2.5)	—	(38.4)
Change in balances	19.7	11.4	(10.0)	—	—	21.1
Bad debts written off previously provided for	—	—	—	(10.1)	—	(10.1)
Total provision for doubtful debts as at 30 June 2024	116.3	92.5	37.6	39.6	95.2	381.2

	$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 year:						
Stage 1	1.3	(1.2)	(0.1)	—	—	—
Stage 2	(24.6)	25.6	(1.0)	—	—	—
Stage 3	(13.5)	(14.5)	28.0	—	—	—
Transfer from collectively assessed to individually assessed provision	—	(0.4)	(1.1)	1.5	—	—
New/increased provisions	20.4	5.6	1.4	19.8	—	47.2
Write-back of provisions no longer required	(7.1)	(12.4)	(7.6)	—	—	(27.1)
Change in balances	33.6	(16.8)	(2.8)	—	7.4	21.4
Bad debts written off previously provided for	—	—	—	(31.6)	—	(31.6)
Total provision for doubtful debts as at 30 June 2023	115.2	75.3	48.0	47.8	95.2	381.5

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

	Bank					
	Stage 1	Stage 2	Stage 3			
Movements in provisions and reserves	12 month ECL $m	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	**114.1**	**75.3**	**48**	**80.2**	**95.2**	**412.8**
Transfers to/(from) during the year:						
Stage 1	1.7	(1.6)	(0.1)	—	—	—
Stage 2	(23.9)	24.6	(0.7)	—	—	—
Stage 3	(8.0)	(9.3)	17.3	—	—	—
Transfer from collectively assessed to individually assessed provision	—	(0.4)	(4.0)	4.4	—	—
New/increased provisions	21.2	3.5	2.5	—	—	27.2
Write-back of provisions no longer required	(9.5)	(11.0)	(15.4)	(34.9)	—	(70.8)
Change in balances	20.4	11.4	(10.1)	—	—	21.7
Bad debts written off previously provided for	—	—	—	(10.1)	—	(10.1)
Total provision for doubtful debts as at 30 June 2024	116.0	92.5	37.5	39.6	95.2	380.8

	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2022	104.2	89.4	31.2	57.8	87.8	370.4
Transfers to/(from) during the year:						
Stage 1	1.3	(1.2)	(0.1)	—	—	—
Stage 2	(24.6)	25.6	(1.0)	—	—	—
Stage 3	(13.5)	(14.5)	28.0	—	—	—
Transfer from collectively assessed to individually assessed provision	—	(0.4)	(1.1)	1.5	—	—
New/increased provisions	20.4	5.6	1.4	52.5	—	79.9
Write-back of provisions no longer required	(7.1)	(12.4)	(7.6)	—	—	(27.1)
Change in balances	33.4	(16.8)	(2.8)	—	7.4	21.2
Bad debts written off previously provided for	—	—	—	(31.6)	—	(31.6)
Total provision for doubtful debts as at 30 June 2023	114.1	75.3	48.0	80.2	95.2	412.8

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

	Group		Bank	
Summary of provisions and reserves	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Individually assessed provision				
Opening balance	47.8	58.1	80.2	57.8
Bad debts written off previously provided for	(10.1)	(31.6)	(10.1)	(31.6)
Charged to Income Statement	4.4	21.3	4.4	54.0
Write back of provisions no longer required	(2.5)	—	(34.9)	—
Closing balance individually assessed provision	39.6	47.8	39.6	80.2
Collectively assessed provision				
Opening balance	238.5	225.7	237.4	224.8
Charged to Income Statement	7.9	12.8	8.6	12.6
Closing balance collectively assessed provision	246.4	238.5	246.0	237.4
Equity reserve for credit losses (ERCL)				
Opening balance	95.2	87.8	95.2	87.8
Increase in ERCL	—	7.4	—	7.4
Closing balance ERCL	95.2	95.2	95.2	95.2
Total provisions and reserves	381.2	381.5	380.8	412.8

Ratios		
Individually assessed provision to gross loans	0.05%	0.06%
Total provisions and reserves to gross loans	0.47%	0.48%
Collectively assessed provision and ERCL to risk-weighted assets	0.90%	0.88%
Provision coverage [1]	280.91%	334.94%

1. Provision coverage is calculated as total provisions and reserves for doubtful debts divided by total gross impaired assets.

Recognition and measurement

Scope

The Group applies a three-stage approach to measure the allowance for expected credit losses for the following categories of financial assets that are not measured at FVTPL:

- Amortised cost financial assets;
- Debt securities at FVOCI;
- Off-Balance Sheet loan commitments; and
- Financial guarantee contracts.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

Recognition and measurement continued

Expected credit loss impairment model

The Group's allowance for credit losses calculations are outputs of credit risk models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial asset depending on credit deterioration from inception.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple economic scenarios based on reasonable and supportable forecasts.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- **Stage 1 –** Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial asset, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.
- **Stage 2 –** When a financial asset experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial asset.
- **Stage 3 –** Financial assets that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Interest income is recognised on gross carrying amounts for financial assets in Stage 1 and Stage 2, and gross carrying value net of provisions for financial assets in Stage 3.

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively, whilst those in Stage 3 are subjected to either a collective or individual impairment assessment. The Group uses the following collective provisioning models for the purpose of calculating expected credit loss:

- Retail lending: residential mortgages model, personal loans model, credit cards model, retail small and medium enterprise (SME) model;
- Non-retail lending: corporate model, commercial real estate model, agribusiness model.

Measurement of expected credit loss

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

- **PD –** The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD –** The exposure at default is an estimate of the exposure at the point of default, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD –** The loss given default is an estimate of the loss arising in the case where a default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

Recognition and measurement 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 ongoing weakness in the household sector, domestic cost pressures, a tight labour market and subdued economic growth. 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 those 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 determine projections and forecasts.

The forecasts are based on consensus forecasts and expert judgment 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 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 30 June 2024 reflects subdued growth in domestic final demand with weakness most pronounced in the household sector. Annual GDP growth is forecasted to slow to 0.8% for the June 2024 quarter, with growth above 2% only returning by September 2025.

Interest rates are forecasted to remain at the current level of 4.35% up to June 2025 while the unemployment rate is expected to gradually increase, peaking at 5.2% in December 2025. Below average growth is forecasted for house prices over the next two years while commercial property prices are expected to remain under pressure for the next 12 months, especially city office spaces.

In the significant deterioration scenario, the country is forecasted to go into a recession with GDP growth declining to a low point of -3.50% in June 2025, while the unemployment rate peaks at 10.09% by June 2026. House prices are assumed to fall by 24% from December 2023 levels and commercial property prices by 29%. For the mild deterioration scenario, quarterly GDP growth is negative for four quarters with YoY growth reaching a low point of negative 1.73%, unemployment peaks at 8.95%, house prices fall by 14% from December 2023 levels, commercial property prices by 21% and interest rates decline from September 2025 onwards to a low of 1.60%.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

Recognition and measurement continued

The table below illustrates the weightings applied to the scenarios for the purpose of calculating the collectively assessed provisions which reflect an increased bias to the downside.

Weightings	30 June 2024	30 June 2023
Base scenario	50.0%	55.0%
Significant improvement	0.0%	0.0%
Mild improvement	5.0%	5.0%
Mild deterioration	30.0%	30.0%
Significant deterioration	15.0%	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]	30 June 2024	30 June 2023
100% Base scenario	$ 197.8 m	$ 177.3 m
100% Significant improvement	$187.2 m	$ 151.9 m
100% Mild improvement	$ 195.9 m	$ 165.5 m
100% Mild deterioration	$ 252.8 m	$ 271.0 m
100% Significant deterioration	$412.0 m	$ 514.4 m

1. These outcomes exclude the equity reserve for credit losses (ERCL).

Assessment of significant increase in credit risk (SICR)
The Group assesses whether there has been a SICR for exposures since initial recognition by comparing the current probability of default (PD) and the PD at the date of initial recognition. The assessment also considers borrower-specific quantitative and qualitative information including arrears status and hardship arrangements.

Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a SICR. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

For retail portfolios, a 50 basis point increase in PDs combined with a doubling of the PD since origination will result in a loan transitioning to Stage 2.

The Group uses an internal rating system for its non-retail exposures. All non-retail exposures have a rating assigned that reflects the probability of default of the borrower. SICR is evaluated based on the movement in the ratings of customers, i.e. a two notch downgrade in the internal rating since origination will trigger a transfer to Stage 2.

The thresholds used for PD migration are reviewed and assessed at least annually unless there is a significant change in credit risk management practices in which case the review is brought forward.

Expected life
When measuring expected credit loss, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options. For certain revolving credit facilities, such as credit cards, the expected life is estimated based on the period over which the Group is exposed to credit risk and how the credit losses are mitigated by management actions.

Presentation of allowance for credit losses in the Balance Sheet

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognised in the Balance Sheet because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income;
- Off-Balance Sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee as a provision in other liabilities.

Financial instruments

11 IMPAIRMENT OF LOANS AND ADVANCES continued

Recognition and measurement continued

Definition of default

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management and regulatory purposes.

The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the borrower;
- Default or delinquency in interest or principal payments;
- High probability of the borrower entering a phase of bankruptcy or a financial reorganisation;
- Measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Group considers that default has occurred when a financial asset is more than 90 days past due, unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate. Impairment is recognised when it is determined that all principal and interest amounts which are due are unlikely to actually be fully recovered.

Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in the Income Statement.

Modified financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the existing financial asset should be derecognised. Where a modification does not result in derecognition, the date of origination continues to be used to determine SICR. Where a modification results in derecognition, the new financial asset is recognised at its fair value on the modification date. The modification date is also the date of origination for this new asset.

The Group may modify the contractual terms of loans for either commercial or credit reasons. The terms of a loan in good standing may be modified for commercial reasons to provide competitive pricing to borrowers. Loans are also modified for credit reasons where the contractual terms are modified to grant a concession to a borrower that may be experiencing financial difficulty.

For all financial assets modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. These terms include interest rate, authorised amount, term, or type of underlying collateral. The original loan is derecognised and the new loan is recognised at its fair value. The difference between the carrying value of the derecognised asset and the fair value of the new asset is recognised in the Income Statement.

For all loans, performing and credit-impaired, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate, and any gain or loss from the modification is recorded in the provision for credit losses line in the Income Statement.

Purchased loans

All purchased loans are initially measured at fair value on the date of acquisition. As a result no allowance for credit losses would be recorded in the Balance Sheet on the date of acquisition. Purchased loans may fit into either of the two categories: Performing loans or Purchased Credit Impaired (PCI) loans.

Purchased performing loans follow the same accounting as originated performing loans and are reflected in Stage 1 on the date of the acquisition. They will be subject to a 12-month allowance for credit losses which is recorded as a provision for credit losses in the Income Statement. The fair value adjustment set up for these loans on the date of acquisition is amortised into interest income over the life of these loans.

PCI loans are reflected in Stage 3 and are always subject to lifetime allowance for credit losses. Any changes in the expected cash flows since the date of acquisition are recorded as a charge/recovery in the provision for credit losses in the Income Statement at the end of all reporting periods subsequent to the date of acquisition.

Equity reserve for credit losses

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.

Financial instruments

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Government securities	—	9.2	—	9.2
Unlisted Managed Fund investments	16.9	9.3	7.5	—
Total financial assets at fair value through profit or loss	16.9	18.5	7.5	9.2

Maturity analysis	$m	$m	$m	$m
Longer than 5 years	—	9.2	—	9.2
Non-maturing	16.9	9.3	7.5	—
Total financial assets at fair value through profit or loss	16.9	18.5	7.5	9.2

Recognition and measurement

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These financial instruments are recorded in the Balance Sheet at fair value with revaluation gains or losses being recognised in the Income Statement. Interest earned is accrued in interest income, taking into account any discount or premium and qualifying transaction costs being an integral part of the instrument.

Dividend income is recognised in the Income Statement unless the dividend represents a recovery of part of the cost of the investment.

Fair value measurement is outlined in Note 20.

Financial instruments

13 FINANCIAL ASSETS AT AMORTISED COST

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Collateral and security deposits	426.7	518.5	162.5	260.0
Other deposits	8.2	7.5	—	—
Bonds	374.7	186.4	374.7	186.4
Loans receivable from controlled entities	—	—	4,302.4	3,231.5
Reverse repurchase agreements [1]	191.6	152.2	191.6	152.2
Total financial assets at amortised cost	1,001.2	864.6	5,031.2	3,830.1

Maturity analysis	$m	$m	$m	$m
Not longer than 3 months [2]	296.9	198.7	2,548.9	2,225.6
Longer than 3 and not longer than 12 months	19.9	—	19.9	—
Longer than 1 and not longer than 5 years	301.9	—	2,344.2	453.1
Longer than 5 years	382.5	665.9	118.2	1,151.4
Total financial assets at amortised cost	1,001.2	864.6	5,031.2	3,830.1

1. Reverse repurchase agreements have an original maturity date of greater than 90 days.
2. Represents the demand component of loans receivable from controlled entities.

Classification and measurement

A financial asset is measured at amortised cost only if both of the following conditions are met:

- The asset is 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.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 11.

Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial instruments

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Debt securities (with recycling)				
Floating rate notes	1,058.7	975.3	1,058.7	975.3
Government securities	9,466.9	5,902.7	9,466.9	5,902.7
Mortgage backed securities	—	3.3	8,142.3	10,544.7
Other debt securities	0.5	0.5	0.5	0.5
Total debt securities (with recycling)	10,526.1	6,881.8	18,668.4	17,423.2
Equity investments (without recycling)				
Listed share investments	0.2	0.1	0.2	0.1
Unlisted share investments	35.2	35.6	35.2	35.6
Total equity investments (without recycling)	35.4	35.7	35.4	35.7
Total financial assets at fair value through other comprehensive income	10,561.5	6,917.5	18,703.8	17,458.9

Maturity analysis	$m	$m	$m	$m
Not longer than 3 months	5,379.5	3,421.0	5,555.4	3,618.6
Longer than 3 and not longer than 12 months	1,367.2	586.6	1,367.2	586.6
Longer than 1 and not longer than 5 years	1,083.3	966.9	1,083.3	966.9
Longer than 5 years	2,696.1	1,907.3	10,662.5	12,251.1
Non-maturing	35.4	35.7	35.4	35.7
Total financial assets at fair value through other comprehensive income	10,561.5	6,917.5	18,703.8	17,458.9

Recognition and measurement

A financial asset will be measured at fair value through other comprehensive income if:

- The Group's intent is to hold the asset in order to collect contractual cash flows and to sell the asset; and
- The cash flows solely represent principal and interest.

Debt instruments

These assets are initially recognised at fair value including directly attributable transaction costs. Subsequent measurement is at fair value with any revaluation gains or losses being included in other comprehensive income. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the Income Statement.

Equity instruments

The Group has irrevocably elected to measure all equity investments that are not held for trading at fair value through other comprehensive income. Subsequent changes to the fair value are recognised in other comprehensive income and are not transferred to the Income Statement, including upon disposal. Dividend income is recognised in the Income Statement unless the dividend represents a recovery of part of the cost of the investment.

Financial instruments

Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Amortised cost; or
- Designated at FVTPL.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are held principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities are recognised on a trade date basis and are accounted for at fair value, with changes in fair value and any gains or losses recognised in the Income Statement as part of the non-interest income. Transaction costs are expensed as incurred.

Financial liabilities measured at amortised cost

Deposits, subordinated notes and capital notes are accounted for at amortised cost. Interest on deposits, calculated using the effective interest rate method, is recognised as interest expense. Interest on subordinated notes and capital notes, including capitalised transaction costs, is recognised using the effective interest rate method as interest expense.

Financial liabilities designated at FVTPL

Financial liabilities classified in this category are those that have been designated by the Group upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial liabilities for which a reliable estimate of fair value can be obtained.

Financial liabilities are designated at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- A group of financial liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities designated at FVTPL are recorded in the Balance Sheet at fair value. Any changes in fair value are recognised in non-interest income in the Income Statement, except for changes in fair value arising from changes in the Group's own credit risk which are recognised in other comprehensive income. Changes in fair value due to changes in the Group's own credit risk are not subsequently reclassified to the Income Statement upon derecognition/extinguishment of the liabilities.

Financial instruments

15 DEPOSITS

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
At call	44,039.2	42,777.4	44,015.2	42,782.7
Term	27,895.7	27,778.1	27,895.7	27,778.2
Certificates of Deposit	7,051.6	6,755.3	7,051.6	6,755.3
Total deposits	78,986.5	77,310.8	78,962.5	77,316.2

Concentration of deposits	$m	$m	$m	$m
Customer deposits [1]	68,332.5	66,089.7	68,308.5	66,095.1
Wholesale deposits [2]	10,654.0	11,221.1	10,654.0	11,221.1
Total deposits	78,986.5	77,310.8	78,962.5	77,316.2

1. Customer deposits represent the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers.
2. Wholesale deposits represent the sum of interest bearing, non-interest bearing and term deposits from Other Financial Institutions and certificates of deposit.

Deposits by geographic location	$m	$m	$m	$m
Victoria	40,496.7	40,109.5	40,507.5	40,145.5
New South Wales	12,078.7	12,707.5	12,063.0	12,697.4
Queensland	9,696.1	9,051.3	9,689.3	9,044.3
South Australia/Northern Territory	6,622.1	6,392.0	6,619.8	6,390.3
Western Australia	6,061.6	5,443.1	6,053.7	5,434.5
Australian Capital Territory	1,752.1	1,405.5	1,751.9	1,405.2
Tasmania	1,597.2	1,595.6	1,597.1	1,595.4
Overseas/other	682.0	606.3	680.2	603.6
Total deposits	78,986.5	77,310.8	78,962.5	77,316.2

Recognition and measurement

All deposits are initially recognised at cost, being the fair value of the consideration received net of issue costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method. Amortised cost includes any issue costs and any discount or premium on settlement.

For liabilities carried at amortised cost, gains and losses are recognised in the Income Statement when the liabilities are de-recognised.

Financial instruments

16 OTHER BORROWINGS

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Term Funding Facility	—	4,007.2	—	4,007.2
Covered Bonds	2,037.6	1,201.3	2,037.6	1,201.3
Medium-term notes	4,795.1	3,737.2	4,795.1	3,737.2
Commercial paper	247.0	—	247.0	—
Notes payable	2,207.9	2,892.5	—	—
Total other borrowings	9,287.6	11,838.2	7,079.7	8,945.7

Term Funding Facility

On 19 March 2020, the Reserve Bank of Australia announced the establishment of the Term Funding Facility (TFF). 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 was collateralised by residential mortgage-backed securities issued by the Group. The Group's final TFF maturity was repaid in June 2024.

Covered Bonds

The Group established its Covered Bond Programme (CBP) in October 2022. The covered bonds issued by the Bank constitute wholesale debt instruments that offer investors dual recourse to the issuing ADI and a bankruptcy-remote Special Purpose Entity (SPE) associated with the CBP. As at 30 June 2024, the Group's CBP held EUR500 million (June 2023: EUR nil) in foreign currencies. All other balances are denominated in Australian dollars.

Medium-term notes

The Group's medium-term notes include fixed and floating rate notes issued under the AUD7.5 billion Debt Instrument Programme.

Commercial paper

The Group's commercial paper include the Euro-Commercial Paper (ECP) Programme utilised to satisfy short-term funding requirements. They represent unsubordinated and unsecured obligations. The instruments may be issued at a discount or bear interest on a fixed or floating basis. As at 30 June 2024, ECP programme outstandings were AUD247 million (June 2023: AUD nil), all of which were issued in foreign currencies.

Notes payable

The Group conducts an asset securitisation program through which it packages and sells asset-backed securities to investors. Notes payable are predominantly interest-bearing financial instruments issued through these securitisation programs. The notes are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. The associated interest expense is recognised in the Income Statement.

Repurchase agreements

Securities sold under agreement to repurchase are retained on Balance Sheet given that the majority of the risks and rewards of ownership remain with the Group. The counterparty liability is included as a separate Balance Sheet item when cash consideration is received.

Financial instruments

17 LOAN CAPITAL

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Tier 1 loan capital	793.5	818.2	793.5	818.2
Tier 2 loan capital	578.9	552.8	578.9	552.8
Total loan capital	1,372.4	1,371.0	1,372.4	1,371.0

Tier 1 loan capital instruments

	$m	$m	$m	$m
CPS4 (ASX Code: BENPG)				
December 2017: 3,216,145 fully paid $100 Converting preference shares [1]	—	321.6	—	321.6
Closing balance CPS4	—	321.6	—	321.6
Capital notes				
November 2020: 5,024,446 fully paid $100 Capital notes (ASX Code: BENPH)	502.4	502.5	502.4	502.5
March 2024: 3,000,000 fully paid $100 Capital notes (ASX Code: BENPI) [2]	300.0	—	300.0	—
Closing balance capital notes	802.4	502.5	802.4	502.5
Total Additional Tier 1 regulatory capital	802.4	824.1	802.4	824.1
Unamortised issue costs	(8.9)	(5.9)	(8.9)	(5.9)
Total Tier 1 loan capital	793.5	818.2	793.5	818.2

1. BENPG redeemed in March 2024 – 1,837,086 units at $100 and in June 2024 - 1,379,059 units at $100.
2. BENPI issued in March 2024. Forms part of Additional Tier 1 capital instruments.

Nature of Tier 1 capital instruments

In accordance with Australian Prudential Regulation Authority's Basel III capital adequacy framework, these instruments form part of the Group's Additional Tier 1 capital.

Tier 1 loan capital instruments are long term in nature and are perpetual, hence they do not have a fixed maturity date. The instruments may be redeemed at the discretion of the Group for a price per security on the redemption date. Any securities not already converted will be converted into ordinary shares on the mandatory conversion date specified in the issue's prospectus located at https://www.bendigoadelaide.com.au/investor-centre/prospectus/

If the Group is unable to pay a dividend/distribution because of insufficient profits, the dividend/distribution is non-cumulative. The securities rank ahead of ordinary shares in the event of liquidation. Under certain circumstances, the ranking of the securities may be affected resulting in the securities converting to ordinary shares or the securities being written off.

Recognition and measurement

Tier 1 loan capital instruments are classified as debt within the Balance Sheet and dividends/distributions are treated as interest expense in the Income Statement.

These instruments are initially recognised at fair value less costs associated with the issue of the instrument. They are subsequently measured at amortised cost using the effective interest rate method.

The preference shares carry a dividend which is determined semi-annually or quarterly and payable half yearly or quarterly in arrears. The dividend rate is the floating Bank Bill Rate plus the initial fixed margin, adjusted for franking credits.

The capital notes carry a discretionary distribution which is determined and payable quarterly in arrears. The distribution rate is based on the floating Bank Bill Swap Rate.

Financial instruments

17 LOAN CAPITAL continued

Tier 2 loan capital instruments

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Floating rate subordinated notes	575.0	550.0	575.0	550.0
Total Tier 2 capital instruments	575.0	550.0	575.0	550.0
Accrued interest	6.1	4.0	6.1	4.0
Unamortised issue costs	(2.2)	(1.2)	(2.2)	(1.2)
Total Tier 2 loan capital	578.9	552.8	578.9	552.8

Nature of Tier 2 capital instruments

In accordance with Australian Prudential Regulation Authority's Basel III capital adequacy framework, these instruments form part of the Group's Tier 2 capital. Tier 2 capital instruments rank ahead of Additional Tier 1 capital instruments.

Recognition and measurement

These instruments are classified as debt within the Balance Sheet and the interest expense is recorded in the Income Statement. Tier 2 loan capital instruments are initially recognised at fair value less charges associated with the issue of the instrument. They are subsequently measured at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses are recognised in the Income Statement when the liabilities are derecognised.

Transactions denominated in foreign currencies are translated into Australian dollars at the end of each month at the spot foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

	Group		Bank	
Maturity analysis [1]	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Longer than 3 and not longer than 12 months	—	4.0	—	4.0
Longer than 1 and not longer than 5 years	502.4	818.2	502.4	818.2
Over 5 years	870.0	548.8	870.0	548.8
Total loan capital	1,372.4	1,371.0	1,372.4	1,371.0

1. Based on the final maturity date or, in the case of Additional Tier 1 capital securities, the optional exchange date (if any).

Financial instruments

17 LOAN CAPITAL continued

Capital management

Capital management strategy

Bendigo and Adelaide Bank Limited's key capital management objectives are to:

- Maintain a sufficient level of capital above the regulatory minimum to provide a buffer against losses arising from unanticipated events, and allow the Group to continue as a going concern;
- Optimise the level and use of capital resources to enhance shareholder value through maximising financial performance; and
- Ensure that capital management is closely aligned with the Group's business and strategic objectives.

Regulatory Capital

As an Authorised Deposit-taking Institution (ADI) in Australia, Bendigo and Adelaide Bank Limited is regulated by Australian Prudential Regulation Authority (APRA) under the *Banking Act 1959*.

The Group manages capital adequacy in accordance with the framework provided by APRA. APRA's Basel III capital framework came into effect from 1 January 2023, impacting the measurement of credit and operational risk-weighted assets. The capital requirements have been summarised below.

Regulatory Capital consists of:

Common Equity Tier 1 Capital	Tier 1 Capital	Tier 2 Capital	Total Capital
Shareholders' equity less goodwill and other prescribed adjustments.	Common Equity Tier 1 plus other higher ranked capital instruments meeting APRA's requirements to be classified as eligible Additional Tier 1 Capital Instruments.	Subordinated debt instruments meeting APRA's requirements to qualify as eligible Tier 2 Capital, along with certain provisions held against non defaulted exposures representing a purely forward-looking view of presently unidentified losses up to certain prescribed limits.	Tier 1 Capital plus Tier 2 Capital.

Reporting Levels consist of:

Level 1	Level 2
Bendigo and Adelaide Bank Limited and certain controlled entities that meet the APRA definition of extended licensed entities.	Consolidated Group, excluding non-controlled subsidiaries and subsidiaries involved in insurance, funds management, non-financial operations and special purpose vehicles.

APRA determines minimum prudential capital ratios (eligible capital as a percentage of total risk-weighted assets) that must be held by all ADIs. Accordingly, Bendigo and Adelaide Bank Limited is required to maintain minimum prudential capital ratios at both Level 1 and Level 2 as determined by APRA. The Board sets capital limits above regulatory minimum levels for each of CET1, Tier 1 and Total capital levels. These processes are formalised within the Group's Internal Capital Adequacy Assessment Process (ICAAP).

The Group determines its regulatory capital requirements in relation to credit risk, operational risk and market risk using the Standardised Approach set by APRA. The Group maintained capital levels above both regulatory minimum requirements and Board limits throughout the financial year.

Financial instruments

17 LOAN CAPITAL continued

Capital Adequacy

The following table provides details of the Group's Level 2 capital adequacy ratios:

Risk-weighted capital adequacy ratios	June 2024	June 2023
Tier 1	13.43%	13.43%
Tier 2	2.31%	2.20%
Total capital ratio	15.74%	15.63%
Common Equity Tier 1	11.32%	11.25%

Regulatory capital	$m	$m
Common Equity Tier 1		
Contributed capital	5,231.3	5,242.9
Retained profits and reserves	1,377.2	1,233.0
Accumulated other comprehensive income (and other reserves)	(54.5)	(52.3)
Intangible assets, cash flow hedges and capitalised expenses	2,033.3	1,946.2
Net deferred tax assets	147.3	144.1
Equity exposures	71.1	68.0
Total Common Equity Tier 1 capital	4,302.3	4,265.3
Additional Tier 1 capital	802.4	824.1
Total Tier 1 capital	5,104.7	5,089.4
Total Tier 2 capital	879.0	835.7
Total regulatory capital	5,983.7	5,925.1
Total risk-weighted assets	38,005.2	37,900.3

Financial instruments

18 SECURITISATION AND TRANSFERRED ASSETS

In the normal course of business the Group enters into transactions by which it transfers financial assets to counterparties or directly to Special Purpose Entities (SPEs). These transfers do not give rise to derecognition of those financial assets for the Group.

At the Balance Sheet date, transferred financial assets that did not qualify for derecognition and their associated liabilities are as follows:

	Group					
	Repurchase agreements		Covered Bonds		Securitisation	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Carrying amount of transferred assets [1]	—	4,007.2	4,210.0	3,155.5	2,197.6	2,857.4
Carrying amount of associated liabilities [2]	—	4,007.2	2,031.2	1,201.3	2,207.9	2,892.5
Fair value of transferred assets					2,192.1	2,842.6
Fair value of associated liabilities					2,202.6	2,863.3
Net position					(10.5)	(20.7)

	Bank					
	Repurchase agreements		Covered Bonds		Securitisation	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Carrying amount of transferred assets [1,3]	—	4,007.2	4,210.0	3,155.5	9,670.4	12,668.0
Carrying amount of associated liabilities [4]	—	4,007.2	2,031.2	1,201.3	10,128.1	13,264.3
Fair value of transferred assets					9,647.9	12,584.3
Fair value of associated liabilities					10,169.0	13,207.1
Net position					(521.1)	(622.8)

1. Represents the carrying value of the loans transferred to the trust.
2. Securitisation liabilities of the Group include RMBS notes issued by the SPEs and held by external parties.
3. Securitisation assets include assets where the Bank holds all the issued instruments of the SPE.
4. Securitisation liabilities of the Bank include borrowings from SPEs including the SPEs that issue internally held notes for repurchase with central banks, recognised on transfer of residential mortgages by the Bank.

Financial instruments

18 SECURITISATION AND TRANSFERRED ASSETS continued

Repurchase agreements

Securities sold under agreement to repurchase are retained on Balance Sheet when the majority of the risks and rewards of ownership remain with the Group. The counterparty liability is included separately in the Balance Sheet when cash consideration is received.

Covered bonds

The Group established its Covered Bond Programme (CBP) in October 2022. The Bank has established a special purpose entity (SPE) to which a cover pool of specific residential mortgages has been assigned. In the event the Bank is unable to fulfil its obligations owing to the covered bond holders, the SPE's assets are available for distribution thereby providing investors with a dual layer of protection. The Group is entitled to any residual income after all payments due to covered bonds investors have been met. The Group retains all of the risks and rewards associated with the residential mortgages.

Securitisation programs

The Group uses SPEs to securitise customer loans and advances that it has originated in order to source funding and/or for capital efficiency purposes. The loans are transferred by the Group to the SPEs, which in turn issue debt to investors. This transfer does not give rise to the de-recognition of those financial assets for the Group. The Group holds income and capital units in the SPEs which entitles the Group to any residual income after all payments to investors and costs have been met. Trust investors have no recourse against the Group if cash flows from the securitised loans are inadequate to service the trust obligations. Liabilities associated with the SPEs are accounted for at amortised cost using the effective interest rate method.

Consolidation

SPEs are consolidated by the Group where the Group has the power to govern directly or indirectly decision-making in relation to financial and operational policies and receives the majority of the residual income or is exposed to the majority of the residual risks associated with the SPEs. The Group enters into interest rate swaps and liquidity facilities with the SPEs on an arm's length basis.

Securitised and sold loans

The Group securitised loans totalling $1,738.6 million (June 2023: $3,370.4 million) during the financial year. The Group invests in some of its own securitisation programs by holding A and B class notes equivalent to $12,398.5 million as at 30 June 2024 (June 2023: $13,800.9 million).

Financial instruments

19 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments primarily to manage risk, including interest rate risk and foreign currency rate risk. Note 21 outlines the risk management framework that the Group applies.

Derivative instruments are contracts whose value is derived from interest rates, foreign exchange rates, commodities, equity prices or other financial variables. Most derivative instruments can be characterised as interest rate contracts, foreign exchange contracts, commodity contracts, equity contracts or credit contracts. Derivative instruments are either exchange-traded contracts or negotiated over-the-counter contracts. Negotiated over-the-counter contracts include swaps, forwards and options.

The Group enters into these derivative contracts for trading purposes, as well as to hedge its risk exposures (i.e. to manage the Group's non-trading interest rate, foreign currency and other exposures). Trading activities are undertaken to meet the needs of the Group's customers, as well as for the Group's own account to generate income from trading operations.

All derivatives are recorded at fair value in the Balance Sheet. The determination of the fair value of derivatives includes consideration of credit risk, estimated funding costs and ongoing direct costs over the life of the instruments. Inception gains or losses on derivatives are only recognised where the valuation is dependent only on observable market data, otherwise, they are deferred and amortised over the life of the related contract, or until the valuation inputs become observable.

Derivative financial instruments, with the exception of future exchange contracts, are valued in accordance with Level 2 of the fair value hierarchy, as outlined in Note 20. Future contracts are valued in accordance with Level 1 of the fair value hierarchy.

Changes in the fair value of derivatives that are not designated in hedge accounting relationships, and of derivatives that are designated in fair value hedge accounting relationships, are recorded in the Income Statement in Other revenue.

Changes in the fair value of derivatives that are designated in cash flow hedge relationships are recorded in the Statement of Comprehensive Income for the effective portion and the Income Statement in Other revenue for the ineffective portion.

Cash flow hedges include interest rate swaps that are used to protect against exposures to movements in future interest cash flows on assets and liabilities which bear interest at variable rates. In addition, cash flow hedges include cross currency swaps and FX swaps that are used to protect against exposures to movements in future cash flows relating to foreign exchange risk on foreign currency liabilities.

Financial instruments

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

The following tables provide the fair value and notional value of derivatives held by the Group and the Bank:

	Group							
	June 2024				June 2023			
Derivative category	Notional amount [1] $m	Fair value assets $m	Fair value liabilities $m	Net fair value $m	Notional amount $m	Fair value assets $m	Fair value liabilities $m	Net fair value $m
Not designated in a hedge accounting relationship								
Futures	—	—	—	—	9.0	—	—	—
Interest rate swaps	29,348.0	4.7	(3.7)	1.0	3,072.5	8.1	(7.0)	1.1
Foreign exchange contracts	411.5	0.8	(1.1)	(0.3)	390.6	1.1	(1.9)	(0.8)
	29,759.5	5.5	(4.8)	0.7	3,472.1	9.2	(8.9)	0.3
Designated in a hedge accounting relationship								
Interest rate swaps	38,630.9	—	(1.0)	(1.0)	13,465.3	—	(8.5)	(8.5)
Cross currency swaps	826.9	—	(5.1)	(5.1)	—	—	—	—
FX Swaps	330.5	0.4	(2.4)	(2.0)	—	—	—	—
	39,788.3	0.4	(8.5)	(8.1)	13,465.3	—	(8.5)	(8.5)
Total derivatives	69,547.8	5.9	(13.3)	(7.4)	16,937.4	9.2	(17.4)	(8.2)

	Bank							
	June 2024				June 2023			
Derivative category	$m [1]	$m	$m	$m	$m	$m	$m	$m
Not designated in a hedge accounting relationship								
Futures	—	—	—	—	9.0	—	—	—
Interest rate swaps	29,348.0	4.7	(3.7)	1.0	3,072.5	8.1	(7.0)	1.1
Foreign exchange contracts	411.5	0.8	(1.1)	(0.3)	390.6	1.1	(1.9)	(0.8)
	29,759.5	5.5	(4.8)	0.7	3,472.1	9.2	(8.9)	0.3
Designated in a hedge accounting relationship								
Interest rate swaps	38,630.9	—	(1.0)	(1.0)	13,465.3	—	(8.5)	(8.5)
Cross currency swaps	826.9	—	(5.1)	(5.1)	—	—	—	—
FX Swaps	330.5	0.4	(2.4)	(2.0)	—	—	—	—
	39,788.3	0.4	(8.5)	(8.1)	13,465.3	—	(8.5)	(8.5)
Total derivatives	69,547.8	5.9	(13.3)	(7.4)	16,937.4	9.2	(17.4)	(8.2)

1. Increase in notional total derivatives reflects increased hedging activity by the Group to manage short-term interest rate risk.

Variation margin is paid or received on the daily mark-to-market movements on the interest rate swaps that are settled through the central clearing body, London Clearing House, with this payment being offset against the fair value of the swap. The market valuation for the centrally cleared derivatives totalled $244.8 million and $247.0 million was received as variation margin as at 30 June 2024. The difference represented the variable margin payable to London Clearing House as at 30 June 2024, which is classified as Due to other financial institutions in the Balance Sheet. The total notional value of the centrally cleared derivatives as at 30 June 2024 is $67.13 billion (June 2023: $15.77 billion).

Financial instruments

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

The following table shows the notional value and maturity profile of derivatives designated in hedge accounting relationships:

	Group			
	June 2024			
	Within 1 year $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Interest rate swaps	22,704.2	13,097.7	2,829.0	38,630.9
Foreign exchange contracts	330.5	–	–	330.5
Cross-currency swaps – interest and currency	–	826.9	–	826.9
	June 2023			
	$m	$m	$m	$m
Interest rate swaps	7,163.0	4,375.3	1,927.0	13,465.3
Foreign exchange contracts	–	–	–	–
Cross-currency swaps – interest and currency	–	–	–	–

	Bank			
	June 2024			
	Within 1 year $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Interest rate swaps	22,704.2	13,097.7	2,829.0	38,630.9
Foreign exchange contracts	330.5	–	–	330.5
Cross-currency swaps – interest and currency	–	826.9	–	826.9
	June 2023			
	$m	$m	$m	$m
Interest rate swaps	7,163.0	4,375.3	1,927.0	13,465.3
Foreign exchange contracts	–	–	–	–
Cross-currency swaps – interest and currency	–	–	–	–

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Revaluation losses arising from derivatives that are not in a hedge relationship				
(Loss) on derivatives	(4.9)	(2.2)	(4.9)	(2.2)
	(4.9)	(2.2)	(4.9)	(2.2)

Financial instruments

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

The average rate for major currencies for the final exchange of cross-currency swaps designated in hedge accounting relationships is as follows:

	Group		Bank	
	June 2024	June 2023	June 2024	June 2023
EUR:AUD	1.65	-	1.65	-

The executed rates for interest rate swaps designated in cash flow hedge relationships for major currencies is as follows:

	Group		Bank	
	June 2024 %	June 2023 %	June 2024 %	June 2023 %
AUD interest rates	1.50 to 6.26	1.50 to 6.26	1.50 to 6.26	1.50 to 6.26

Financial instruments

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

Offsetting financial assets and financial liabilities

Non-Centrally Cleared Derivatives

Derivative financial instruments entered into by the Group are subject to International Swaps and Derivatives Association (ISDA) master netting agreements and other similar master netting arrangements. These arrangements do not meet the criteria for offsetting in the Balance Sheet. This is because the right of set-off is only enforceable by the parties to the agreement following an event of default, insolvency or bankruptcy of the Group, or the counterparties, or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Centrally Cleared Derivatives

Derivative amounts are only offset on the Balance Sheet where the Group has a legally enforceable right to offset in all circumstances and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The Group has applied offsetting to centrally cleared derivatives and their associated collateral amounts which were deemed to satisfy the AASB 132 *Financial Instruments*: *Presentation* requirements.

The following table identifies amounts that have been offset on the Balance Sheet and amounts covered by enforceable netting arrangements or similar agreements that do not qualify for set off:

	Subject to enforceable master netting or similar agreements							
	Balance Sheet			Non-qualifying offsets				
	Gross amount $m	Qualifying offsets [1] $m	Net amounts recognised $m	Financial instruments $m	Financial collateral (received)/ pledged [2] $m	Net amount recognised plus non qualifying offsets $m	Not subject to netting agreements $m	Total Balance Sheet amount $m
Group								
June 2024								
Derivative assets	373.8	(368.1)	5.7	(4.1)	—	1.6	0.2	5.9
Derivative liabilities	(134.3)	123.3	(11.0)	4.1	6.8	(0.1)	(2.3)	(13.3)
June 2023								
Derivative assets	248.8	(239.7)	9.1	(5.0)	(1.4)	2.7	0.1	9.2
Derivative liabilities	(185.4)	172.5	(12.9)	5.0	7.5	(0.4)	(4.5)	(17.4)
Bank								
June 2024								
Derivative assets	373.8	(368.1)	5.7	(4.1)	—	1.6	0.2	5.9
Derivative liabilities	(134.3)	123.3	(11.0)	4.1	6.8	(0.1)	(2.3)	(13.3)
June 2023								
Derivative assets	248.8	(239.7)	9.1	(5.0)	(1.4)	2.7	0.1	9.2
Derivative liabilities	(185.4)	172.5	(12.9)	5.0	7.5	(0.4)	(4.5)	(17.4)

1. The net offset balance of $244.8 million represents variation margin received $247.0 million less variation margin payable of $2.2 million (June 2023: variation margin received $73.7 million less variation margin payable $6.5 million). The variation margin payable is reflected in Due to other financial institutions in the Balance Sheet.
2. For the purpose of this disclosure, financial collateral not set off in the Balance Sheet has been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported in the Balance Sheet (i.e. over-collateralisation, where it exists, is not reflected in the tables).

Financial instruments

20 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.

	Group			
	June 2024			
	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	—	—	1,964.5	1,964.5
Due from other financial institutions	—	—	282.9	282.9
Financial assets fair value through profit or loss (FVTPL)	16.9	—	—	16.9
Financial assets amortised cost	—	—	1,001.2	1,001.2
Financial assets fair value through other comprehensive income (FVOCI)	—	10,561.5	—	10,561.5
Net loans and other receivables	—	—	80,567.6	80,567.6
Derivatives – designated as hedging instruments	0.4	—	—	0.4
Derivatives – not designated as hedging instruments	5.5	—	—	5.5
Total financial assets	22.8	10,561.5	83,816.2	94,400.5
Financial liabilities				
Due to other financial institutions	—	—	309.5	309.5
Deposits	—	—	78,986.5	78,986.5
Wholesale borrowings	—	—	9,287.6	9,287.6
Derivatives – designated as hedging instruments	8.5	—	—	8.5
Derivatives – not designated as hedging instruments	4.8	—	—	4.8
Loan capital	—	—	1,372.4	1,372.4
Total financial liabilities	13.3	—	89,956.0	89,969.3
	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

Financial instruments

20 FINANCIAL INSTRUMENTS continued

a) Measurement basis of financial assets and liabilities continued

	Bank			
	June 2024			
	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	—	—	1,699.2	1,699.2
Due from other financial institutions	—	—	282.9	282.9
Financial assets fair value through profit or loss (FVTPL)	7.5	—	—	7.5
Financial assets amortised cost	—	—	5,031.2	5,031.2
Financial assets fair value through other comprehensive income (FVOCI)	—	18,703.8	—	18,703.8
Net loans and other receivables	—	—	78,842.1	78,842.1
Derivatives – designated as hedging instruments	0.4	—	—	0.4
Derivatives – not designated as hedging instruments	5.5	—	—	5.5
Total financial assets	13.4	18,703.8	85,855.4	104,572.6
Financial liabilities				
Due to other financial institutions	—	—	309.5	309.5
Deposits	—	—	78,962.5	78,962.5
Wholesale borrowings	—	—	7,079.7	7,079.7
Derivatives – designated as hedging instruments	8.5	—	—	8.5
Derivatives – not designated as hedging instruments	4.8	—	—	4.8
Loan capital	—	—	1,372.4	1,372.4
Total financial liabilities	13.3	—	87,724.1	87,737.4

	June 2023			
	$m	$m	$m	$m
Financial assets				
Cash and cash equivalents	—	—	7,953.9	7,953.9
Due from other financial institutions	—	—	123.9	123.9
Financial assets fair value through profit or loss (FVTPL)	9.2	—	—	9.2
Financial assets amortised cost	—	—	3,830.1	3,830.1
Financial assets fair value through other comprehensive income (FVOCI)	—	17,458.9	—	17,458.9
Net Loans and other receivables	—	—	77,616.7	77,616.7
Derivatives – not designated as hedging instruments	9.2	—	—	9.2
Total financial assets	18.4	17,458.9	89,524.6	107,001.9
Financial liabilities				
Due to other financial institutions	—	—	190.3	190.3
Deposits	—	—	77,316.2	77,316.2
Wholesale borrowings	—	—	8,945.7	8,945.7
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	—	87,823.2	87,840.6

Financial instruments

20 FINANCIAL INSTRUMENTS continued

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 assets and liabilities carried at fair value

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

	Group				
	June 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying value $m
Financial assets					
Financial assets FVTPL	—	16.9	—	16.9	16.9
Financial assets FVOCI	6,183.8	4,341.8	35.9	10,561.5	10,561.5
Derivatives	—	5.9	—	5.9	5.9
Financial liabilities					
Derivatives	—	13.3	—	13.3	13.3
	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

Financial instruments

20 FINANCIAL INSTRUMENTS continued

b) Fair value measurement continued

	Bank				
	June 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying value $m
Financial assets					
Financial assets FVTPL	—	7.5	—	7.5	7.5
Financial assets FVOCI	6,183.8	12,484.1	35.9	18,703.8	18,703.8
Derivatives	—	5.9	—	5.9	5.9
Financial liabilities					
Derivatives	—	13.3	—	13.3	13.3
	June 2023				
	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	9.2	—	—	9.2	9.2
Financial assets FVOCI	0.1	17,423.2	35.6	17,458.9	17,458.9
Derivatives	—	9.2	—	9.2	9.2
Financial liabilities					
Derivatives	—	17.4	—	17.4	17.4

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 year for the Group or Bank.

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.

Financial instruments

20 FINANCIAL INSTRUMENTS continued

b) Fair value measurement continued

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:

	Group		Bank	
Financial assets – equity investments	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Opening balance	35.6	35.6	35.6	35.6
Sales	(0.4)	—	(0.4)	—
Closing balance	35.2	35.6	35.2	35.6

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:

	Group				
	June 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying amount $m
Cash and cash equivalents [1]	—	1,846.9	—	1,846.9	1,846.9
Due from other financial institutions	—	282.9	—	282.9	282.9
Financial assets amortised cost	—	1,001.2	—	1,001.2	1,001.2
Net loans and other receivables	—	—	80,465.8	80,465.8	80,567.6
Total financial assets at amortised cost	—	3,131.0	80,465.8	83,596.8	83,698.6
Due to other financial institutions	—	309.5	—	309.5	309.5
Deposits	—	79,946.0	—	79,946.0	78,986.5
Wholesale borrowings	—	9,293.1	—	9,293.1	9,287.6
Loan capital	826.0	578.9	—	1,404.9	1,372.4
Total financial liabilities at amortised cost	826.0	90,127.5	—	90,953.5	89,956.0
	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

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

Financial instruments

20 FINANCIAL INSTRUMENTS continued

Financial assets and liabilities carried at amortised cost continued

Valuation hierarchy continued

	Bank				
	June 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying amount $m
Cash and cash equivalents [1]	—	1,581.6	—	1,581.6	1,581.6
Due from other financial institutions	—	282.9	—	282.9	282.9
Financial assets amortised cost	—	4,481.2	552.2	5,033.4	5,031.2
Net loans and other receivables	—	—	78,740.3	78,740.3	78,842.1
Total financial assets at amortised cost	—	6,345.7	79,292.5	85,638.2	85,737.8
Due to other financial institutions	—	309.5	—	309.5	309.5
Deposits	—	79,922.0	—	79,922.0	78,962.5
Wholesale borrowings	—	7,080.0	—	7,080.0	7,079.7
Loan capital	826.0	578.9	—	1,404.9	1,372.4
Total financial liabilities at amortised cost	826.0	87,890.4	—	88,716.4	87,724.1

	June 2023				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying amount $m
Cash and cash equivalents [1]	—	7,823.0	—	7,823.0	7,823.0
Due from other financial institutions	—	123.9	—	123.9	123.9
Financial assets amortised cost	—	3,278.2	551.9	3,830.1	3,830.1
Net loans and other receivables	—	—	77,100.9	77,100.9	77,616.7
Total financial assets at amortised cost	—	11,225.1	77,652.8	88,877.9	89,393.7
Due to other financial institutions	—	190.3	—	190.3	190.3
Deposits	—	77,956.5	—	77,956.5	77,316.2
Wholesale borrowings	—	8,806.3	—	8,806.3	8,945.7
Loan capital	837.7	552.6	—	1,390.3	1,371.0
Total financial liabilities at amortised cost	837.7	87,505.7	—	88,343.4	87,823.2

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 year for the Group or Bank.

Financial instruments

20 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.

Financial instruments

21 RISK MANAGEMENT

Nature of risk

Our business is exposed to a broad range of financial and non-financial risks from our operations.

The Group has identified the following material financial risks, which are reflected in the Group's financial position and balance sheet and result from the Group's risk-taking activities:

- Credit Risk;
- Capital Risk;
- Market Risk; and
- Liquidity Risk.

Non-financial risks, including Operational Risk and Strategic Risk (including environmental, social and governance (ESG) risk), are outlined in the Risk Management Framework, Material Risks and Business Uncertainties section of the 2024 Annual Financial Report.

The Group Risk Management Framework (GRMF) comprises the structures, policies, processes, systems and people applied by the Group in the consistent approach to management of material risks.

The Board is ultimately responsible for the GRMF and is responsible for the oversight of its operation by the Executive and management of the Group. The GRMF is a group of items such as Risk Appetite Statement, Risk Management Strategy, CPS 220 Risk Management Declaration Report, 3 Year Group Strategic Plan, Internal Capital Adequacy Assessment Process (ICAAP), Material risk review and Emerging risks assessments.

The Board's role is supported by various Board Committees including:

- Board Risk Committee (BRC);
- Board Audit Committee (BAC);
- Board People and Culture Committee (BPCC);
- Board Technology and Transformation Committee (BTTC); and
- Board Financial Risk Committee (BFRC).

The key Management Committees include:

- Asset and Liability Management Committee (ALMAC);
- Operational Risk Committee (ORC); and
- Management Credit Committee (MCC).

Further details regarding the Group's material risks including our strategic approach to their management is contained within the Directors' Report and the Corporate Governance Statement. Our Board committee charters are available on our website.

Credit Risk

The Group is predominantly exposed to credit risk as a result of its lending activities. Credit Risk is defined as the risk of loss of principal, interest and/or fees and charges resulting from a borrower failing to meet a credit commitment.

The Group maintains a Credit Risk Management Framework and supporting policies to ensure and facilitate effective management of Credit Risk and the maintenance of acceptable asset quality. The Risk Appetite Statement establishes the Group's appetite for Credit Risk. Stress testing is also undertaken on key portfolios to support the prudent management of credit risks.

Authority to officers to approve Credit Risk exposures for customers, is delegated by the Board to the Group's MCC and the Chief Risk Officer (CRO). The Group utilises models to support the management of Credit Risk. Governance of risk models is overseen by the Risk Models Committee (RMC) and Credit Risk models are approved by the Group's MCC.

The Group is also exposed to Counterparty Credit Risk, which is the risk that a counterparty may default before the final settlement of the transaction's cash flows. This risk is primarily related to the Group's derivative exposures. Counterparty Credit Risk is mitigated using margining and central clearing. Financial Risk & Modelling is responsible for monitoring Treasury counterparty credit limits in line with the Group's Counterparty Credit Limit Framework.

Regular reporting provides confirmation of the effectiveness of processes and highlights any trends or deterioration which require attention. This enables portfolio monitoring by all levels of management and the Board. Regular reporting is provided to the Group's MCC and BFRC, and to relevant Divisional Risk Committees.

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Maximum exposure to credit risk

The table below presents the maximum exposure to credit risk arising from on-Balance Sheet and off-Balance Sheet financial instruments. The exposure is shown gross before taking into account any master netting, collateral agreements or other credit enhancements.

	Group			
	June 2024			
Gross maximum exposure	Stage 1 $m	Stage 2 $m	Stage 3 $m	Total $m
Credit risk exposures relating to on Balance Sheet assets				
Cash and cash equivalents [1]	1,846.9	—	—	1,846.9
Due from other financial institutions	282.9	—	—	282.9
Financial assets fair value through profit or loss (FVTPL)	16.9	—	—	16.9
Financial assets amortised cost	1,001.2	—	—	1,001.2
Financial assets fair value through other comprehensive income (FVOCI)	10,561.5	—	—	10,561.5
Other assets	428.0	—	—	428.0
Derivative assets	5.9	—	—	5.9
Gross loans and other receivables	72,765.1	7,214.4	821.6	80,801.1
Total financial assets	86,908.4	7,214.4	821.6	94,944.4
Credit risk exposures relating to off Balance Sheet assets				
Commitments and contingencies	11,666.0	—	—	11,666.0
Total credit risk exposure	98,574.4	7,214.4	821.6	106,610.4
	June 2023			
	$m	$m	$m	$m
Credit risk exposures relating to on Balance Sheet assets				
Cash and cash equivalents [1]	8,253.2	—	—	8,253.2
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
Other assets	469.6	—	—	469.6
Derivative assets	9.2	—	—	9.2
Gross loans and other receivables	70,923.6	7,052.1	763.6	78,739.3
Total financial assets	87,580.1	7,052.1	763.6	95,395.8
Credit risk exposures relating to off Balance Sheet assets				
Commitments and contingencies	12,821.2	—	—	12,821.2
Total credit risk exposure	100,401.3	7,052.1	763.6	108,217.0

1. Cash and cash equivalents excludes notes and coins as they do not give rise to credit risk.

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Maximum exposure to credit risk continued

	Bank			
	June 2024			
Gross maximum exposure	**Stage 1 $m**	**Stage 2 $m**	**Stage 3 $m**	**Total $m**
Credit risk exposures relating to on Balance Sheet assets				
Cash and cash equivalents [1]	1,581.6	—	—	1,581.6
Due from other financial institutions	282.9	—	—	282.9
Financial assets fair value through profit or loss (FVTPL)	7.5	—	—	7.5
Financial assets amortised cost	5,031.2	—	—	5,031.2
Financial assets fair value through other comprehensive income (FVOCI)	18,703.8	—	—	18,703.8
Other assets	1,401.4	—	—	1,401.4
Derivative assets	5.9	—	—	5.9
Gross loans and other receivables	71,054.1	7,214.4	821.6	79,090.1
Total financial assets	98,068.4	7,214.4	821.6	106,104.4
Credit risk exposures relating to off Balance Sheet assets				
Commitments and contingencies	9,595.1	—	—	9,595.1
Total credit risk exposure	107,663.5	7,214.4	821.6	115,699.5
	June 2023			
	$m	$m	$m	$m
Credit risk exposures relating to on Balance Sheet assets				
Cash and cash equivalents [1]	7,823.0	—	—	7,823.0
Due from other financial institutions	123.9	—	—	123.9
Financial assets fair value through profit or loss (FVTPL)	9.2	—	—	9.2
Financial assets amortised cost	3,830.1	—	—	3,830.1
Financial assets fair value through other comprehensive income (FVOCI)	17,458.9	—	—	17,458.9
Other assets	1,482.5	—	—	1,482.5
Derivative assets	9.2	—	—	9.2
Gross loans and other receivables	69,048.8	7,052.1	1,783.6	77,884.5
Total financial assets	99,785.6	7,052.1	1,783.6	108,621.3
Credit risk exposures relating to off Balance Sheet assets				
Commitments and contingencies	10,746.9	—	—	10,746.9
Total credit risk exposure	110,532.5	7,052.1	1,783.6	119,368.2

1. Cash and cash equivalents excludes notes and coins as they do not give rise to credit risk.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For financial assets recognised in the Balance Sheet, the maximum exposure to credit risk equals their carrying amount. For contingent liabilities including financial guarantees granted, it is the maximum amount that the Group would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the committed facilities.

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Concentration of credit risk

Concentration risk is managed by client or counterparty, by geographical region, by industry sector, by exposure type or by risk features. The Group implements certain exposure and concentration limits in order to mitigate concentration risk.

The gross maximum credit exposure to any client or counterparty (excluding sovereign/government exposures) as at 30 June 2024 was $455.5 million (June 2023: $418.7 million) before taking into account collateral or other credit enhancements.

Geographic – based on the location of the counterparty or customer.

The table below presents the maximum exposure to credit risk categorised by geographical region. The exposures are shown gross before taking into account any collateral held or other credit enhancements.

	Group		Bank	
Geographic concentration [1]	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Victoria	38,750.9	39,687.6	38,678.1	40,335.8
New South Wales	24,759.3	30,759.7	25,720.7	32,151.6
Queensland	13,569.9	13,040.5	12,838.7	12,338.3
South Australia/Northern Territory	9,294.4	9,051.9	14,530.0	16,197.9
Western Australia	9,455.5	8,354.5	9,098.4	8,019.8
Australian Capital Territory	8,080.6	4,969.4	7,935.8	4,829.6
Tasmania	1,811.9	1,783.0	1,765.5	1,732.0
Overseas/other	887.9	570.4	5,132.3	3,763.2
Total credit risk exposure	106,610.4	108,217.0	115,699.5	119,368.2

1. Disclosures reconcile to definitions applied for regulatory reporting purposes.

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Concentration of credit risk continued

Industry Sector – is based on the industry in which the customer or counterparty are engaged.

The table below presents the maximum exposure to credit risk categorised by industry sector. The exposures are shown gross before taking into account any collateral held or other credit enhancements.

	Group		Bank	
Industry concentration[1]	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Accommodation and food services	224.7	281.9	220.2	276.4
Administrative and support services	39.3	48.4	38.5	47.5
Agriculture, forestry and fishing	8,160.3	7,717.3	7,996.6	7,566.5
Arts and recreation services	56.2	68.6	55.1	67.3
Construction	688.8	782.8	675.3	767.7
Education and training	57.0	65.1	55.9	63.9
Electricity, gas, water and waste services	24.4	32.1	23.9	31.5
Financial and insurance services	11,220.3	16,810.2	24,012.2	31,818.0
Health care and social assistance	355.3	382.7	348.2	375.2
Information media and telecommunications	16.2	24.6	15.9	24.1
Manufacturing	219.9	237.3	215.6	232.7
Margin lending	1,957.6	2,176.5	—	—
Mining	11.8	14.8	11.5	14.5
Other	334.7	261.0	333.0	259.8
Other services	201.0	218.2	197.0	213.9
Professional, scientific and technical services	230.4	282.2	225.8	276.7
Public administration and safety	6,203.0	3,099.5	6,202.4	3,098.4
Rental, hiring and real estate services	4,909.3	4,917.6	4,810.6	4,821.3
Residential/consumer	71,049.8	70,113.4	69,624.2	68,743.1
Retail trade	318.4	364.7	312.1	357.6
Transport, postal and warehousing	175.4	174.2	172.0	170.9
Wholesale trade	156.6	143.9	153.5	141.2
Total credit risk exposure	106,610.4	108,217.0	115,699.5	119,368.2

1. Disclosures reconcile to definitions applied for regulatory reporting purposes.

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Credit quality

The table below discloses the effect of movements in the gross carrying value of loans and other receivables, other financial assets held at amortised cost and contingent liabilities issued by the Group on behalf of customers, to the different stages of the ECL model:

	Group				
	Stage 1	Stage 2	Stage 3	Stage 3	
	Collectively assessed provisions			Individually assessed provisions	Total
	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2023	93,117.5	7,052.1	657.2	106.4	100,933.2
Transfers to/(from) during the year:					
Stage 1	2,275.1	(2,227.4)	(47.7)	—	—
Stage 2	(3,988.7)	4,077.5	(88.8)	—	—
Stage 3	(239.6)	(268.6)	508.2	—	—
Transfer from collectively assessed to individually assessed provisions	(6.1)	(13.8)	(21.5)	41.4	—
New financial assets originated or purchased	16,475.5	466.1	20.3	—	16,961.9
Financial assets derecognised or repaid	(11,808.5)	(1,743.6)	(291.4)	—	(13,843.5)
Change in balances	(8,145.5)	(127.9)	(6.6)	(45.8)	(8,325.8)
Amounts written off against provisions	—	—	—	(10.1)	(10.1)
Gross carrying amount as at 30 June 2024	87,679.7	7,214.4	729.7	91.9	95,715.7

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2022	87,867.9	6,047.6	665.1	126.7	94,707.3
Transfers to/(from) during the year:					
Stage 1	1,726.7	(1,664.6)	(62.1)	—	—
Stage 2	(3,985.4)	4,124.5	(139.1)	—	—
Stage 3	(217.2)	(240.2)	457.4	—	—
Transfer from collectively assessed to individually assessed provisions	(3.5)	(16.8)	(10.6)	30.9	—
New financial assets originated or purchased	15,175.1	509.6	26.4	—	15,711.1
Financial assets derecognised or repaid	(11,266.3)	(1,537.3)	(304.8)	—	(13,108.4)
Change in balances	3,820.2	(170.7)	24.9	(19.6)	3,654.8
Amounts written off against provisions	—	—	—	(31.6)	(31.6)
Gross carrying amount as at 30 June 2023	93,117.5	7,052.1	657.2	106.4	100,933.2

Financial instruments
21 RISK MANAGEMENT continued

Credit Risk continued
Credit quality continued

	Bank				
	Stage 1	Stage 2	Stage 3	Stage 3	
	Collectively assessed provisions			Individually assessed provisions	Total
	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2023	91,703.6	7,052.1	657.2	1,126.4	100,539.3
Transfers to/(from) during the year:					
Stage 1	2,275.0	(2,227.4)	(47.7)	—	(0.1)
Stage 2	(3,988.7)	4,077.5	(88.8)	—	—
Stage 3	(239.5)	(268.6)	508.2	—	0.1
Transfer from collectively assessed to individually assessed provisions	(6.1)	(13.8)	(21.5)	41.4	—
New financial assets originated or purchased	16,475.5	466.1	20.3	—	16,961.9
Financial assets derecognised or repaid	(10,788.9)	(1,743.6)	(291.4)	(1,020.0)	(13,843.9)
Change in balances	(7,768.4)	(127.9)	(6.6)	(45.8)	(7,948.7)
Amounts written off against provisions	—	—	—	(10.1)	(10.1)
Gross carrying amount as at 30 June 2024	87,662.5	7,214.4	729.7	91.9	95,698.5
	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2022	85,175.7	6,047.6	665.1	125.6	92,014.0
Transfers to/(from) during the year:					
Stage 1	1,726.7	(1,664.6)	(62.1)	—	—
Stage 2	(3,985.4)	4,124.5	(139.1)	—	—
Stage 3	(217.2)	(240.2)	457.4	—	—
Transfer from collectively assessed to individually assessed provisions	(1,024.6)	(16.8)	(10.6)	1,052.0	—
New financial assets originated or purchased	15,175.1	509.6	26.4	—	15,711.1
Financial assets derecognised or repaid	(11,266.3)	(1,537.3)	(304.8)	—	(13,108.4)
Change in balances	6,119.6	(170.7)	24.9	(19.6)	5,954.2
Amounts written off against provisions	—	—	—	(31.6)	(31.6)
Gross carrying amount as at 30 June 2023	91,703.6	7,052.1	657.2	1,126.4	100,539.3

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Credit quality continued

The table below discloses information about the credit quality of financial assets measured at amortised cost without taking into account collateral or other credit enhancement. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

	Group				
	Stage 1	Stage 2	Stage 3	Stage 3	
	Collectively assessed provisions			Individually assessed provisions	Total
	$m	$m	$m	$m	$m
Neither past due nor impaired					
• High grade	62,489.2	460.5	0.4	—	62,950.1
• Standard grade	29,215.9	3,659.6	7.7	—	32,883.2
• Sub-standard grade	866.7	1,241.2	24.3	—	2,132.2
• Unrated	5,120.2	83.4	2.5	—	5,206.1
Past due or impaired	1,150.0	1,502.1	694.8	91.9	3,438.8
Gross carrying amount as at 30 June 2024	98,842.0	6,946.8	729.7	91.9	106,610.4
	$m	$m	$m	$m	$m
Neither past due nor impaired					
• High grade	63,696.5	493.0	0.8	—	64,190.3
• Standard grade	28,913.2	3,890.3	13.5	—	32,817.0
• Sub-standard grade	1,242.0	1,245.9	36.8	—	2,524.7
• Unrated	6,056.0	103.9	1.8	—	6,161.7
Past due or impaired	493.5	1,319.1	604.3	106.4	2,523.3
Gross carrying amount as at 30 June 2023	100,401.2	7,052.2	657.2	106.4	108,217.0

Financial instruments

21 RISK MANAGEMENT continued

Credit Risk continued

Credit quality continued

	Bank				
	Stage 1	Stage 2	Stage 3	Stage 3	
	Collectively assessed provisions			Individually assessed provisions	Total
	$m	$m	$m	$m	$m
Neither past due nor impaired					
• High grade	71,578.2	460.6	0.4	—	72,039.2
• Standard grade	29,215.9	3,659.6	7.7	—	32,883.2
• Sub-standard grade	866.7	1,241.2	24.3	—	2,132.2
• Unrated	5,120.2	83.4	2.5	—	5,206.1
Past due or impaired	1,150.1	1,502.0	694.8	91.9	3,438.8
Gross carrying amount as at 30 June 2024	107,931.1	6,946.8	729.7	91.9	115,699.5
	$m	$m	$m	$m	$m
Neither past due nor impaired					
• High grade	74,847.7	493.0	0.8	—	75,341.5
• Standard grade	28,913.2	3,890.3	13.5	—	32,817.0
• Sub-standard grade	1,242.0	1,245.9	36.8	—	2,524.7
• Unrated	6,056.0	103.9	1.8	—	6,161.7
Past due or impaired	493.6	1,319.0	604.3	106.4	2,523.3
Gross carrying amount as at 30 June 2023	111,552.5	7,052.1	657.2	106.4	119,368.2

The credit ratings range from high grade where there is a very low likelihood of default and/or high likelihood of the debt being recovered in full to sub-standard grade where there is concern over the obligor's ability to make payments when due and/or the likely recovery of the debt.

Credit Risk stress testing is performed to assess the likelihood of loan default under various macroeconomic conditions, to examine the financial strength of borrowers and counterparties including their ability to meet commitments under changing scenarios and to assess the exposure and extent of loss should default actually occur both at a counterparty and portfolio level.

Ageing

The following table presents the ageing analysis of past due but not impaired loans and other receivables. Loans and receivables which are 90 or more days past due are not classified as impaired assets where the estimated net realisable value of the collateral/security is sufficient to cover the repayment of all principal and interest amounts due. The exposures are shown net after taking into account any collateral held or other credit enhancements.

	Group					
	Less than 30 days $m	31 to 60 days $m	61 to 90 days $m	More than 91 days $m	Total $m	Fair value of collateral $m
June 2024	1,623.8	299.1	192.0	531.2	2,646.1	7,686.7
June 2023	1,333.0	332.2	231.6	520.1	2,416.9	6,510.5

	Bank					
June 2024	1,623.8	299.1	192.0	531.2	2,646.1	7,686.7
June 2023	1,333.0	332.2	231.6	520.1	2,416.9	6,510.5

Financial instruments

21 RISK MANAGEMENT continued

Climate Change Risk

Climate Change Risk includes physical risks from changing climate conditions and weather events, transition risks from disruptive adjustment in a low-carbon economy, and liability from exposure to litigation or regulatory enforcement. The Group is predominantly exposed to Climate Change Risk through its lending activities whilst noting there is also exposure through supply chains and property assets such as branches and offices.

The processes for identifying, assessing, and managing climate-related risks is integrated into our risk management. Specifically, it is included in the Group Risk Management Strategy (GRMS) and annual GRMS review process with ultimate oversight from the Board.

The Group has delivered the first year of the Climate & Nature Action Plan 2024-2026. In doing so, the Group is evolving and enhancing ongoing climate risk management.

For further information please refer to the Sustainability Report section of this Report.

Liquidity Risk

Liquidity risk is defined as the risk that the Group is unable to access funds, both anticipated and unforeseen, which may lead to the Group being unable to meet its obligations in an orderly manner as they arise or forgoing investment opportunities.

Liquidity risk is managed in line with the Board-approved Risk Appetite Statement and the Group Liquidity Risk Management Framework. The principal objective of the Group's Liquidity Risk Management Framework is to ensure that all cash flow commitments are met in a timely manner and prudential requirements are satisfied.

The Group manages a portfolio of High-Quality Liquid Assets (HQLA) and Alternative Liquid Assets (ALA) to cover projected net cash outflows over a 30 day period under the stress scenario assumptions prescribed by the Liquidity Coverage Ratio (LCR) in APRA Prudential Standard 210 Liquidity. APRA requires LCR ADIs to maintain a minimum 100% LCR. The Group also monitors the stability and composition of funding, including the calculation of the Net Stable Funding Ratio (NSFR), which APRA also requires LCR ADIs to maintain at a minimum of 100%.

The Group continues to manage liquidity holdings in line with the Board-approved Funding Strategy, ensuring adequate levels of HQLA and diversified sources of funding.

The Group has established a trigger framework to support the liquidity risk management process, in particular, to alert management of emerging or increased risk or vulnerability in its liquidity position. This framework incorporates limits, early warning indicators and monitoring and escalation processes to ensure that sufficient liquidity is maintained.

The Group undertakes scenario analysis to examine liquidity under both "business as usual" and stressed scenarios. In addition, the Group's Contingency Funding Plan (CFP) outlines specific actions to deal with a liquidity-related event. Regular reporting is provided to ALMAC and BFRC.

Analysis of financial liabilities by remaining contractual maturities

The table below categorises the Group's financial liabilities into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table represent all cash flows, on an undiscounted basis, including all future coupon payments, both principal and interest, and therefore may not reconcile with the amounts disclosed in the Balance Sheet.

For foreign exchange derivatives and cross currency interest rate swaps, the amounts disclosed are the gross contractual cash flows to be paid. For interest rate swaps, the cash flows are the net amounts to be paid, and have been estimated using forward interest rates applicable at the reporting date.

Financial instruments

21 RISK MANAGEMENT continued

Liquidity Risk continued

Analysis of financial liabilities by remaining contractual maturities continued

	Group					
	June 2024					
	At call $m	Not longer than 3 months $m	3 to 12 months $m	1 to 5 years $m	Longer than 5 years $m	Total $m
Due to other financial institutions	309.5	—	—	—	—	309.5
Deposits	43,025.9	13,735.1	22,038.7	1,502.4	105.3	80,407.4
Other borrowings	—	617.8	1,513.6	7,052.3	781.4	9,965.1
Derivatives – net settled	—	4.5	(0.7)	1.5	—	5.3
Derivatives – gross settled						
• Outflows	—	45.3	239.1	871.9	—	1,156.3
• Inflows	—	(56.5)	(242.3)	(894.3)	—	(1,193.1)
Other payables	503.4	1.3	4.5	84.9	2.0	596.1
Loan capital	—	24.8	0.4	710.9	863.9	1,600.0
Total financial liabilities	43,838.8	14,372.3	23,553.3	9,329.6	1,752.6	92,846.6
Commitments and contingent liabilities	11,666.0	—	—	—	—	11,666.0
Total contingent liabilities and commitments	11,666.0	—	—	—	—	11,666.0
	June 2023					
	$m	$m	$m	$m	$m	$m
Due to other financial institutions	190.3	—	—	—	—	190.3
Deposits	42,823.6	15,610.3	18,577.7	586.0	0.4	77,598.0
Other borrowings	—	1,113.1	2,957.5	6,368.1	1,399.8	11,838.5
Derivatives – net settled	—	4.4	5.7	4.4	—	14.5
Other payables	331.4	1.8	6.7	112.4	—	452.3
Loan capital	—	19.9	59.6	1,067.0	599.6	1,746.1
Total financial liabilities	43,345.3	16,749.5	21,607.2	8,137.9	1,999.8	91,839.7
Commitments and contingent liabilities	12,821.2	—	—	—	—	12,821.2
Total contingent liabilities and commitments	12,821.2	—	—	—	—	12,821.2

Financial instruments

21 RISK MANAGEMENT continued

Liquidity Risk continued

Analysis of financial liabilities by remaining contractual maturities continued

	Bank					
	June 2024					
	At call $m	Not longer than 3 months $m	3 to 12 months $m	1 to 5 years $m	Longer than 5 years $m	Total $m
Due to other financial institutions	309.5	—	—	—	—	309.5
Deposits	43,044.8	13,735.1	22,038.7	1,564.7	—	80,383.3
Other borrowings	—	617.8	1,513.6	5,625.9	—	7,757.3
Derivatives – net settled	—	4.5	(0.7)	1.5	—	5.3
Derivatives – gross settled						
• Outflows	—	45.3	239.1	871.9	—	1,156.3
• Inflows	—	(56.5)	(242.3)	(894.3)	—	(1,193.1)
Other payables	466.1	1.3	4.5	84.9	2.0	558.8
Loans payable to securitisation trusts	—	—	—	—	13,880.4	13,880.4
Loan capital	—	24.8	0.4	710.9	863.9	1,600.0
Total financial liabilities	43,820.4	14,372.3	23,553.3	7,965.5	14,746.3	104,457.8
Commitments and contingent liabilities	9,595.1	—	—	—	—	9,595.1
Total contingent liabilities and commitments	9,595.1	—	—	—	—	9,595.1

	June 2023					
	$m	$m	$m	$m	$m	$m
Due to other financial institutions	190.3	—	—	—	—	190.3
Deposits	42,829.0	15,610.3	18,577.7	586.0	0.4	77,603.4
Other borrowings	—	1,113.1	2,885.0	4,947.9	—	8,946.0
Derivatives – net settled	—	4.4	5.7	4.4	—	14.5
Other payables	290.7	1.8	6.7	112.4	—	411.6
Loans payable to securitisation trusts	—	—	—	—	15,823.5	15,823.5
Loan capital	—	19.9	59.6	1,067.0	599.6	1,746.1
Total financial liabilities	43,310.0	16,749.5	21,534.7	6,717.7	16,423.5	104,735.4
Commitments and contingent liabilities	10,746.9	—	—	—	—	10,746.9
Total contingent liabilities and commitments	10,746.9	—	—	—	—	10,746.9

Market Risk (including Interest Rate Risk and Currency Risk)

Market Risk is the risk that changes in market variables such as interest rates, foreign exchange rates and equity prices will impact the Group's fair value or future cash flows of financial instruments. The Group classifies its exposures to market risk as either traded (the Trading Book) or non-traded (the Banking Book).

Traded Market Risk is defined as the risk of loss owing to changes in the general level of market prices or interest rates. Traded market risk arises from positions held in the Group's Trading Book, which consists of securities held for both trading and liquidity purposes, and discretionary interest rate and foreign exchange trading. Foreign currency trading is undertaken primarily for the purpose of providing the Group's customers with access to foreign exchange markets. Trading Book positions include approved financial instruments, both physical and derivative. Traded Market Risk is managed in line with the Board-approved Risk Appetite Statement and Group Trading Book Policy.

Financial instruments

21 RISK MANAGEMENT continued

Market Risk (including Interest Rate Risk and Currency Risk) continued

Non-traded Market Risk comprises Interest Rate Risk in the Banking Book (IRRBB). IRRBB is the risk of loss in earnings or in the economic value in the Banking Book due to movements in interest rates. IRRBB arises predominantly from the Group's general balance sheet funding and lending activities. The Group takes a prudent approach to the management of IRRBB, balancing Net Interest Income and Economic Value (EV) and aiming to minimise volatility in current and future earnings.

IRRBB is managed in line with the Board-approved Risk Appetite Statement, and Group Interest Rate Risk in the Banking Book Policy.

Market Risk is primarily managed by Group Treasury, which is responsible for ensuring that the Group's exposures remain compliant with Market Risk limits.

Group Treasury monitors significant developments in market structure and pricing as part of their established market risk management process. The Financial Risk & Modelling function provides independent oversight of market risk practices.

The Group utilises Value at Risk (VaR) as a key measure of IRRBB. VaR measures the potential loss in the value of an asset or portfolio to a 99% confidence level over a 12-month time frame due to interest rate changes.

The Group also models a variety of scenarios to analyse the Group's exposure to IRRBB and project the potential impact. This includes scenarios that would potentially have an extreme impact on earnings.

The following table outlines the key measure for Traded Market Risk. EV Sensitivity is based on the impact of a 50 basis point parallel movement in rates.

	Exposure at year end	Avg during the year	Exposure at year end	Avg during the year
	June 2024		June 2023	
VaR	$m	$m	$m	$m
Economic Value (EV) Sensitivity	–	–	–	(0.1)

The following table outlines the key measures for Non-Traded Market Risk (IRRBB). EV and NII Sensitivity are based on a static representation of the Balance Sheet and the impact of instantaneous 200 basis point parallel and non-parallel shifts in rates.

	Exposure at year end	Avg during the year	Exposure at year end	Avg during the year
	June 2024		June 2023	
VaR	$m	$m	$m	$m
VaR	118.2	142.8	123.1	106.9
Economic Value (EV) Sensitivity	(13.7)	(70.8)	(117.1)	(85.8)
Net Interest Income (NII) Sensitivity	(5.0)	(72.6)	(115.2)	(93.5)

Financial instruments

21 RISK MANAGEMENT continued

Market Risk (including Interest Rate Risk and Currency Risk) continued

Interest Rate Risk

The following table demonstrates the sensitivity of the Group's Income Statement and equity to a plausible change in interest rates, with all other variables held constant.

The sensitivity of the Income Statement is the effect of assumed changes in interest rates on the net interest income including revenue share arrangements for one year, based on the floating rate financial assets and financial liabilities held at 30 June 2024, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate financial assets (including the effect of any associated hedges), and swaps designated as cash flow hedges, at 30 June 2024 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by the maturity of the asset or swap, with sensitivity based on the assumption that there are parallel shifts in the yield curve.

The table below represents the change to the Group's profit for the relevant financial year from a 25 basis point up and 25 basis point down (2023: 50 basis point up and 25 basis point down) rate shock.

	Group			
	June 2024		June 2023	
	+25 bps $m	-25 bps $m	+50 bps $m	-25 bps $m
Net interest income	16.4	(16.5)	46.1	(21.6)
Revaluation (losses)/gains arising on economic hedges that are not in a hedge relationship	(11.5)	11.5	(3.1)	1.6
Income tax effect at 30%	(1.5)	1.5	(12.9)	6.0
Effect on profit	3.5	(3.5)	30.1	(14.0)
Effect on profit (per above)	3.5	(3.5)	30.1	(14.0)
Cash flow hedge reserve	(53.0)	53.0	(47.6)	23.8
Income tax effect on reserves at 30%	15.9	(15.9)	14.3	(7.1)
Effect on equity	(33.6)	33.6	(3.2)	2.7

	Bank			
	June 2024		June 2023	
	+25 bps $m	-25 bps $m	+50 bps $m	-25 bps $m
Net interest income	16.4	(16.5)	46.1	(21.6)
Revaluation (losses)/gains arising on economic hedges that are not in a hedge relationship	(11.5)	11.5	(3.1)	1.6
Income tax effect at 30%	(1.5)	1.5	(12.9)	6.0
Effect on profit	3.5	(3.5)	30.1	(14.0)
Effect on profit (per above)	3.5	(3.5)	30.1	(14.0)
Cash flow hedge reserve	(53.0)	53.0	(47.6)	23.8
Income tax effect on reserves at 30%	15.9	(15.9)	14.3	(7.1)
Effect on equity	(33.6)	33.6	(3.2)	2.7

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is also affected by the increase/decrease in the fair value of derivative instruments designated as cash flow hedges, where these derivatives are deemed effective.

This analysis reflects a scenario where no management actions are taken to counter movements in rates.

Financial instruments

21 RISK MANAGEMENT continued

Foreign Currency Risk

The Group does not have significant exposure to foreign currency risk, with non-AUD borrowing economically hedged back to AUD. At balance date the principal of foreign currency denominated borrowings outstanding under these programs was AUD $1.1bn (June 2023: AUD $nil).

Retail and business banking foreign exchange transactions are managed by the Group's Financial Markets business unit within spot and forward limits.

Adherence to limits is independently monitored by the Financial Risk & Modelling function.

Funding and capital management

22 SHARE CAPITAL

	Group		Bank	
	June 2024		June 2024	
Issued and paid up capital	**No. of shares**	**$m**	**No. of shares**	**$m**
Ordinary shares fully paid (ASX Code: BEN)	565,314,737	5,233.2	565,314,737	5,233.2
Employee Share Ownership Plan shares	—	(1.9)	—	(1.9)
Total issued and paid up capital	565,314,737	5,231.3	565,314,737	5,231.3
Movements in ordinary shares on issue	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance 1 July 2023	568,292,798	5,261.9	568,292,798	5,261.9
Dividend reinvestment plan [1, 2]	—	—	—	—
Institutional placement [3]	34	—	34	—
Executive performance rights	—	(0.4)	—	(0.4)
Closing balance (including treasury shares) 30 June 2024	568,292,832	5,261.5	568,292,832	5,261.5
Less: treasury shares	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance 1 July 2023	(2,397,288)	(19.0)	(2,397,288)	(19.0)
Net movement during the period	(580,807)	(9.3)	(580,807)	(9.3)
Closing balance (excluding treasury shares) 30 June 2024	565,314,737	5,233.2	565,314,737	5,233.2
Movements in Employee Share Ownership Plan	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance 1 July 2023	—	(2.4)	—	(2.4)
Reduction in Employee Share Ownership Plan	—	0.5	—	0.5
Closing balance 30 June 2024	—	(1.9)	—	(1.9)
Total issued and paid up capital	565,314,737	5,231.3	565,314,737	5,231.3

1. The Dividend Reinvestment Plan in respect of the 31 December 2023 interim dividend was satisfied in full by the on-market purchase and transfer of 2,198,082 shares at $9.86 to participating shareholders.
2. 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.
3. In February 2024 the Group issued 34 shares at $9.71.

22 SHARE CAPITAL continued

	Group		Bank	
	June 2023		June 2023	
Issued and paid up capital	No. of shares	$m	No. of shares	$m
Ordinary shares fully paid (ASX Code: BEN)	565,895,510	5,242.9	565,895,510	5,242.9
Employee Share Ownership Plan shares	—	(2.4)	—	(2.4)
Total issued and paid up capital	565,895,510	5,240.5	565,895,510	5,240.5
Movements in ordinary shares on issue	No. of shares	$m	No. of shares	$m
Opening balance 1 July 2022	565,655,652	5,242.9	565,655,652	5,242.9
Bonus share scheme [1]	434,164	—	434,164	—
Dividend reinvestment plan [2, 3]	2,202,982	18.8	2,202,982	18.8
Executive performance rights	—	0.2	—	0.2
Closing balance (including treasury shares) 30 June 2023	568,292,798	5,261.9	568,292,798	5,261.9
Less: treasury shares	No. of shares	$m	No. of shares	$m
Opening balance 1 July 2022	(2,578,207)	(20.4)	(2,578,207)	(20.4)
Net movement during the period	180,919	1.4	180,919	1.4
Closing balance (excluding treasury shares) 30 June 2023	565,895,510	5,242.9	565,895,510	5,242.9
Movements in Employee Share Ownership Plan	No. of shares	$m	No. of shares	$m
Opening balance 1 July 2022	—	(3.0)	—	(3.0)
Reduction in Employee Share Ownership Plan	—	0.6	—	0.6
Closing balance 30 June 2023	—	(2.4)	—	(2.4)
Total issued and paid up capital	565,895,510	5,240.5	565,895,510	5,240.5

1. The Group issued 217,141 shares @ $8.98 as part of the December 2022 interim dividend and issued 217,023 shares @ $8.55 as part of the June 2022 final 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 31 December 2022 interim dividend was satisfied in full by the on-market purchase and transfer of 2,496,726 shares at $8.98 to participating shareholders.

Funding and capital management

23 RETAINED EARNINGS AND RESERVES

Retained earnings movements

Retained earnings movements	Group June 2024 $m	Group June 2023 $m	Bank June 2024 $m	Bank June 2023 $m
Opening balance	1,567.3	1,386.5	1,092.9	961.1
Profit for the year	545.0	497.0	537.3	448.4
Opening balance adjustment	—	—	0.5	—
Share-based payment	0.6	0.4	0.6	0.3
Increase in equity reserve for credit losses	—	(7.4)	—	(7.4)
Transfer from reserves	0.1	0.3	0.1	—
Dividends	(351.0)	(309.5)	(351.0)	(309.5)
Closing balance	1,762.0	1,567.3	1,280.4	1,092.9

Reserve movements

Employee benefits reserve	$m	$m	$m	$m
Opening balance	17.0	13.7	17.0	13.7
Share-based payment expense	26.8	9.4	26.8	9.4
Lapsed/forfeited awards	(1.5)	(0.5)	(1.5)	(0.5)
Vested awards	(5.3)	(5.6)	(5.3)	(5.6)
Tax effect of movement	(0.6)	—	(0.6)	—
Closing balance	36.4	17.0	36.4	17.0
Revaluation reserve – Equity Investments at FVOCI without recycling	**$m**	**$m**	**$m**	**$m**
Opening balance	12.7	13.0	12.7	12.7
Transfer from reserves	(0.1)	—	(0.1)	—
Net unrealised gains	0.2	(0.3)	0.2	—
Tax effect of net unrealised gains	(0.1)	—	(0.1)	—
Closing balance	12.7	12.7	12.7	12.7
Revaluation reserve – Debt Securities at FVOCI with recycling	**$m**	**$m**	**$m**	**$m**
Opening balance	(70.4)	(58.5)	(90.1)	(96.9)
Impairment	—	—	—	—
Net unrealised (losses)/gains	(36.3)	(17.0)	38.0	9.7
Tax effect of revaluations	10.9	5.1	(11.4)	(2.9)
Closing balance	(95.8)	(70.4)	(63.5)	(90.1)
Cash flow hedge reserve	**$m**	**$m**	**$m**	**$m**
Opening balance	(11.6)	49.9	(11.6)	49.9
Mark-to-market movements	5.4	(75.6)	5.4	(75.6)
Tax effect of mark-to-market movements	(1.6)	14.1	(1.6)	14.1
Closing balance	(7.8)	(11.6)	(7.8)	(11.6)
Equity reserve for credit losses (ERCL)	**$m**	**$m**	**$m**	**$m**
Opening balance	95.2	87.8	95.2	87.8
Increase in ERCL	—	7.4	—	7.4
Closing balance	95.2	95.2	95.2	95.2
Total reserves	40.7	42.9	73.0	23.2

Funding and capital management

23 RETAINED EARNINGS AND RESERVES continued

Nature and purpose of reserves

Employee benefits reserve

The reserve records the value of equities issued to non-executive employees under the Employee Share Ownership Plan and the value of deferred shares and rights granted to Executive employees under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan. Further details regarding these employee equity plans are disclosed within Note 35.

Revaluation reserve – Equity Investments at FVOCI

The reserve records fair value changes in relation to equity investments held.

Revaluation reserve – Debt Securities at FVOCI

The reserve records fair value changes in assets classified as debt securities.

Operational risk reserve

The reserve is required to meet Bendigo Superannuation Pty Ltd licence requirements.

Cash flow hedge reserve

The reserve records mark-to-market movements in relation to derivatives that are determined to be in an effective cash flow hedge relationship.

Equity reserve for credit losses

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.

Other assets and liabilities

24 INVESTMENT PROPERTY

Investment property values reflect the Group's investment in residential real estate through the Homesafe Wealth Release product. The investments represent shared equity interest alongside the original home owners in Sydney and Melbourne residential properties.

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Opening balance	957.8	920.3	—	—
Additions	67.4	52.2	1,076.6	—
Capitalised restructure costs	38.0	—	44.4	—
Disposals	(77.7)	(51.7)	(50.2)	—
Homesafe revaluation gain [1]	154.7	37.0	69.4	—
Total investment property	1,140.2	957.8	1,140.2	—

1. Homesafe revaluation income in Note 3 of $162.4 million (June 2023: $44.3 million) includes Homesafe revaluation gain and the profit/(loss) recognised on each contracts' completion.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs and are then stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in the Income Statement in the year in which they arise.

On 21 December 2023 and 30 June 2024, 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 and 30 June 2024, 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. Other transaction costs were expensed as incurred in the Group Income Statement, and capitalised into the funded balance in the Bank's Balance Sheet. Any capitalised balances unwind as contracts complete.

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 regional property indices) 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 revised the assumptions upon which the Homesafe valuation is calculated to ensure consistency with the Group's forecasts for the property market as determined by the Economic Outlook Workgroup, taking into account the specific characteristics of the portfolio. The Group has applied a discount rate of 6.75% (June 2023: 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 (June 2023: -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.

Other assets and liabilities

24 INVESTMENT PROPERTY continued

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

Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs		Fair value measurement sensitivity to unobservable inputs	Effect of reasonably possible alternative assumptions	
		Favourable change	Unfavourable change		Favourable change	Unfavourable change
Discounted cash flow	Rates of property appreciation ~ short-term growth rates: Year 1: 1% Year 2: 2%	Year 1: 2% Year 2: 3%	Year 1: 0 Year 2: 1%	Significant increases in these inputs would result in higher fair values.	$21.4	($21.0)
	Rates of property appreciation ~ long-term growth rate 5%	6%	4%	Significant increases in these inputs would result in higher fair values.	$90.1	($79.9)
	Discount rates ~ 6.75%	5.75%	7.75%	Significant increases in these inputs would result in lower fair values.	$113.9	($98.4)

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.

Other assets and liabilities

25 GOODWILL AND OTHER INTANGIBLE ASSETS

	Group						
	Goodwill $m	Software $m	Software under development $m	Customer relationship $m	Other acquired intangibles [1] $m	Trustee licence $m	Total $m
Carrying amount as at 1 July 2023	1,527.5	115.0	187.5	3.4	0.1	8.4	1,841.9
Additions	—	—	114.8	—	—	—	114.8
Transfer to software	—	222.8	(222.8)	—	—	—	—
Amortisation of acquired intangibles	—	(4.4)	—	(0.6)	(0.1)	—	(5.1)
Amortisation of internally developed intangibles	—	(41.8)	—	—	—	—	(41.8)
Closing balance as at 30 June 2024	1,527.5	291.6	79.5	2.8	—	8.4	1,909.8
	$m	$m	$m	$m	$m	$m	$m
Carrying amount as at 1 July 2022	1,527.5	157.0	110.0	4.0	1.4	8.4	1,808.3
Additions	—	—	120.0	—	—	—	120.0
Impairment charge [2]	—	(39.3)	(8.3)	—	—	—	(47.6)
Transfer to software	—	34.2	(34.2)	—	—	—	—
Amortisation of acquired intangibles	—	(4.4)	—	(0.6)	(1.3)	—	(6.3)
Amortisation of internally developed intangibles	—	(32.5)	—	—	—	—	(32.5)
Closing balance as at 30 June 2023	1,527.5	115.0	187.5	3.4	0.1	8.4	1,841.9

	Bank						
	$m	$m	$m	$m	$m	$m	$m
Carrying amount as at 1 July 2023	1,470.4	115.0	187.5	3.4	—	—	1,776.3
Additions	—	—	114.7	—	—	—	114.7
Impairment charge	—	—	0.1	—	—	—	0.1
Transfer to software	—	222.8	(222.8)	—	—	—	—
Amortisation of acquired intangibles	—	(4.4)	—	(0.6)	—	—	(5.0)
Amortisation of internally developed intangibles	—	(41.8)	—	—	—	—	(41.8)
Closing balance as at 30 June 2024	1,470.4	291.6	79.5	2.8	—	—	1,844.3
	$m	$m	$m	$m	$m	$m	$m
Carrying amount as at 1 July 2022	1,470.4	157.0	109.9	4.0	0.6	—	1,741.9
Additions	—	—	120.0	—	—	—	120.0
Impairment charge [2]	—	(39.3)	(8.2)	—	—	—	(47.5)
Transfer to software	—	34.2	(34.2)	—	—	—	—
Amortisation of acquired intangibles	—	(4.4)	—	(0.6)	(0.6)	—	(5.6)
Amortisation of internally developed intangibles	—	(32.5)	—	—	—	—	(32.5)
Closing balance as at 30 June 2023	1,470.4	115.0	187.5	3.4	—	—	1,776.3

1. These assets include customer lists, management rights and trade names.
2. In FY23, an impairment expense of $47.6m was recognised against the Group's software intangibles balances. This included a $39.3m impairment against assets in use and an $8.3m impairment of software under development. As the Group continues to invest in new capabilities and technologies, legacy assets will necessarily be retired. In accordance with AASB 136 *Impairment of Assets*, an impairment of such assets is recorded where the carrying value exceeds the recoverable value. A majority of the impairment loss was recorded in the Corporate segment for the purposes of AASB 8 *Operating Segments*, with a small component of the impairment recorded in the Consumer segment.

Other assets and liabilities

25 GOODWILL AND OTHER INTANGIBLE ASSETS continued

Intangible assets (other than goodwill)

Recognition and measurement

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination are measured at fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life are amortised over their useful life on a straight line basis or in line with the expected benefit realisation and are tested at least annually for impairment or when there is an indicator that impairment may exist. Intangible assets with indefinite useful lives, not yet available for use or not capable of generating largely independent cash flows are tested for impairment in the same way as goodwill. The amortisation period and method are reviewed at each financial year end for all intangible assets.

Software includes both purchased and internally generated software. The cost of internally generated software comprises all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in the manner intended by management. Costs incurred in the ongoing maintenance of software are expensed as incurred.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the sale proceeds and the carrying amount of the asset and are included in the Income Statement in the year of disposal.

Software-as-a-Service (SaaS) arrangements

The Group enters into arrangements with software providers which provide the Group with the right to access the suppliers' cloud-based software over a contracted period. The Group incurs ongoing access fees for use of the software, in addition to costs in implementing the service. Ongoing access fees are expensed over the contract period. Where implementation costs relate to the development of software or code for on-premise systems that the Group controls; the Group may capitalise these costs to the extent they meet the recognition criteria for an intangible asset. To the extent implementation costs relate to configuring or customising a SaaS provider's software, the Group will make an assessment of whether to expense the costs over the contract period or as the configuration and customisation services are performed based on:

1. Who performs the configuration and customisation services; and (if applicable)
2. Whether the performance obligations in the contract are distinct.

In completing the impairment tests for the Group's intangibles, management is required to make judgements, estimates and assumptions that affect the recoverable amount of the asset. Management make these judgements, estimates and assumptions on information available when the financial statements are prepared. Changes to these judgements, estimates and assumptions may occur in the future which are beyond the control of the Group. Such changes will be reflected in the assumptions when they occur.

A summary of the policies applied to the Group's intangible assets (excluding goodwill) are as follows:

	Trustee Licence	Software	Intangible assets acquired in a business combination
Useful lives	Indefinite	Finite	Finite
Method used	Not amortised or revalued	Straight line over 2.5 – 10 yrs	Straight line over 2 – 15 yrs
Internally generated/acquired	Acquired	Internally generated or acquired	Acquired
Impairment test/recoverable amount testing	Annually and when an indicator of impairment exists	When an indicator of impairment exists	When an indicator of impairment exists

Other assets and liabilities

25 GOODWILL AND OTHER INTANGIBLE ASSETS continued

Goodwill

Recognition and measurement

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the consideration paid for the business minus the fair value of the identifiable net assets acquired. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Where a business is divested, goodwill attributable to the sale is measured on the basis of the relative value of the operation disposed of and the portion of the CGU retained.

Impairment of goodwill

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. Impairment testing is performed at least annually, or when there is an indicator of impairment, by comparing the recoverable amount of a CGU with its carrying amount. The carrying amount of a CGU is based on its assets, liabilities and allocated goodwill. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value in use. If the recoverable amount is less than the carrying value, an impairment loss is charged to the Income Statement. The impairment loss will be recorded initially against any goodwill allocated to the CGU, followed by other assets of the CGU on a pro-rata basis, subject to the requirements in AASB 136 *Impairment of Assets*.

Changes to cash generating units

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.

Key assumptions and estimates

Cash flows

The recoverable amount of each CGU is determined using a value in use calculation. In determining value in use, the estimated future cash flows for each CGU are discounted to their present value using a post-tax discount rate. The basis for estimated future cash flows is the Group's target which is developed annually and approved by management and the Board, and the Group's five-year strategic plan. A terminal growth rate is applied to extrapolate cash flows beyond the initial five-year period for each CGU. The value in use calculations are compared against other valuations prepared using various approaches to calculate the Group's fair value less cost to sell.

The assumptions made in determining value in use have been based on reasonable and supportable information as at 30 June 2024 and include the following:

- Cash flows are based on the Group's FY25 target and five-year strategic plan, with specific adjustments as required by accounting standards, for non-cash items and to account for inherent uncertainties in longer-term forecasting.
- Cash flows are based on past performance, established divisional strategies and management's expectations of future conditions (including the expected tangible benefits from the Board-approved transformation initiatives).
- Terminal growth rates of 3.0% (Consumer) 2.5% (Business & Agribusiness) (June 2023: 2.5% for both), as a representation of long-term growth rates, including inflation, in Australia.

Post-tax discount rate

The post-tax discount rate used is based on the weighted average cost of capital for each CGU and reflects current market assessments of the risks specific to the CGU for which future estimates of cash flows have not been adjusted. At June 2023, management included a 75bps risk premium in the post-tax discount rate to reflect the inherent uncertainties in forecasting cash flows in the current environment. This has been removed in FY24, with any estimation uncertainty instead adjusted in the underlying cash flows.

Other assets and liabilities

25 GOODWILL AND OTHER INTANGIBLE ASSETS continued

The table below contains the carrying value of goodwill and other indefinite useful life intangible assets for each CGU, together with the post-tax discount rates used in the calculation of the recoverable amount.

	Goodwill		Other indefinite useful life assets		Post-tax discount rate	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m	June 2024 %	June 2023 %
Consumer	1,179.9	1,285.1	8.4	8.4	10.61%	11.01%
Business & Agribusiness	347.6	242.4	—	—	10.79%	11.13%

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 the post-tax discount rate and net interest income and operating expense growth 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 the FY26-FY29 within the cash flow.

			Growth rates	
	Headroom $m	Post tax discount rate bps	Net interest income bps	Operating expenses bps
Consumer	514.9	+82	-133	+198
Business & Agribusiness	846.1	+519	-534	+786

Other assets and liabilities

26 OTHER ASSETS

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Accrued income	49.9	44.0	46.9	40.5
Prepayments	54.0	62.7	53.7	62.6
Sundry debtors	175.2	252.0	1,148.7	1,265.0
Accrued interest	252.8	217.6	252.7	217.5
Deferred expenditure	9.5	8.3	9.5	8.0
Total other assets	541.4	584.6	1,511.5	1,593.6

Recognition and measurement

Prepayments and sundry debtors

Prepayments and sundry debtors are recognised initially at fair value and then subsequently measured at amortised cost using the effective interest rate method. Collectability of sundry debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified.

Accrued interest

Accrued interest is interest that has been recognised as income on an accrual basis using the effective interest rate method, but is yet to be charged to the loan or receivable.

Other assets and liabilities

27 OTHER PAYABLES

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Lease liability	88.1	115.8	88.1	115.8
Accrued expenses and outstanding claims	468.6	294.8	465.8	290.5
Accrued interest	476.0	287.2	476.0	287.2
Prepaid interest	34.8	36.4	—	—
Total other payables	1,067.5	734.2	1,029.9	693.5

Recognition and measurement

Lease liability

A lease liability is recorded in the Balance Sheet at the inception of a lease contract. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification that is not accounted for as a separate lease, a change in index or rate applicable, a change in the amount payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Accrued expenses

Accrued expenses are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Accrued interest

Accrued interest is the interest that is recognised as an expense in the Income Statement but has yet to be paid to the customer's liability account. Interest is recognised using the effective interest rate method.

Prepaid interest

Prepaid interest is the interest received from customers in advance. This interest is recognised in the Income Statement using the effective interest rate method.

Other assets and liabilities

28 PROVISIONS

	Group		Bank	
	June 2024 $m	June 2023 $m	**June 2024 $m**	June 2023 $m
Employee entitlements	83.9	110.4	53.9	80.6
Make good provision	11.2	12.2	11.2	12.2
Other [1]	16.8	3.7	16.8	3.7
Closing balance	111.9	126.3	81.9	96.5

1. Other provisions comprises of various other provisions including reward programs, customer remediation and dividends. As at 30 June 2024, customer remediation provisions were $13.0 million.

Movements in provisions (excluding employee entitlements)

	Group					
	Make good provision		Other		Total	
	June 2024 $m	June 2023 $m	**June 2024 $m**	June 2023 $m	**June 2024 $m**	June 2023 $m
Opening balance	12.2	13.0	3.7	3.8	15.9	16.8
Additional provision recognised	0.8	0.8	374.7	319.5	375.5	320.3
Amounts utilised during the year	(1.8)	(1.6)	(361.6)	(319.6)	(363.4)	(321.2)
Closing balance	11.2	12.2	16.8	3.7	28.0	15.9

	Bank					
	$m	$m	**$m**	$m	**$m**	$m
Opening balance	12.2	13.0	3.7	3.8	15.9	16.8
Additional provision recognised	0.8	0.8	374.7	319.5	375.5	320.3
Amounts utilised during the year	(1.8)	(1.6)	(361.6)	(319.6)	(363.4)	(321.2)
Closing balance	11.2	12.2	16.8	3.7	28.0	15.9

Employee benefits

The table below shows the individual balances for employee benefits:

	Group		Bank	
	June 2024 $m	June 2023 $m	**June 2024 $m**	June 2023 $m
Annual leave	34.9	35.9	23.3	24.5
Other employee payments	2.8	17.2	2.8	17.2
Long service leave	40.9	51.0	22.5	32.6
Sick leave bonus	5.3	6.3	5.3	6.3
Closing balance	83.9	110.4	53.9	80.6

Other assets and liabilities

28 PROVISIONS continued

Recognition and measurement

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Annual leave and long service leave provisions are measured as the present value of expected future payments for the services provided by employees up to the reporting date. The provision is measured at the amounts that are expected to be paid when the liabilities are settled. Expected future payments are discounted using corporate bond rates.

Annual leave is accrued on the basis of full pro-rata entitlement and amounts are estimated to apply when the leave is paid. It is anticipated that annual leave will be paid in the ensuing twelve months.

Long service leave has been assessed at full pro-rata entitlement in respect of all employees with more than one year of service. The assessment considers the likely number of employees that will ultimately be entitled to long service leave, estimated future salary rates and on-costs.

Sick leave bonus provides an entitlement dependent on an employee's years of service and unused sick leave and is paid on termination.

Other employee payments include short-term incentives and are expected to be paid in the ensuing twelve months.

Make good provision

Upon initial recognition of a lease contract, to which the Group acts as a lessee, a provision is recorded in the Balance Sheet. The provision is to recognise the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right-of-use asset and are amortised over the useful life of the asset.

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.

Other

A provision for dividends payable is not recognised as a liability unless the dividend is declared, determined or publicly recommended on or before the reporting date.

The provision of rewards program is to recognise the liability to customers in relation to points earned by them under the program. Reward points expire after three years. The balance will be utilised or forfeited during that period.

Other assets and liabilities

29 CASH FLOW STATEMENT RECONCILIATION

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Profit after tax	545.0	497.0	537.3	448.4
Non-cash items				
Credit expenses/(reversals)	13.4	36.1	(18.5)	71.4
Amortisation	46.9	38.8	46.8	38.1
Depreciation (including leasehold improvements)	64.9	64.0	64.9	64.0
Revaluation increment/(decrement)	(154.8)	5.3	(69.4)	(2.6)
Equity settled transactions	24.7	7.0	24.7	7.0
Share of net profit from joint arrangements and associates	1.9	0.5	1.9	0.5
Dividends received	(1.5)	(1.2)	(54.0)	(8.7)
Impairment write down	—	52.2	—	63.2
Fair value acquisition adjustments	16.1	13.4	7.5	11.3
Revaluation loss on derivatives	4.9	2.2	4.9	2.2
Changes in assets and liabilities				
Decrease in tax provision	(40.8)	(9.8)	(40.8)	(9.8)
Decrease / (increase) in deferred tax assets and liabilities	53.4	(22.6)	70.0	(18.8)
(Increase) / decrease in derivatives	(0.8)	33.3	(0.8)	33.3
Increase in accrued interest	152.0	178.3	153.6	163.5
(Decrease) / increase in accrued employee entitlements	(26.5)	5.0	(26.7)	(24.8)
Decrease / (increase) in other accruals, receivables and provisions	135.6	(375.8)	173.1	(315.7)
Cash flows from operating activities before changes in operating assets and liabilities	834.4	523.7	874.5	522.5
(Increase)/decrease in operating assets				
Net increase in balance of loans and other receivables	(2,059.6)	(380.5)	(4,091.4)	(1,823.9)
Net (increase) / decrease of investment securities	(3,815.2)	2,694.9	(2,406.5)	2,648.6
Increase/(decrease) in operating liabilities				
Net increase in balance of retail deposits	2,443.0	1,828.3	2,413.6	1,827.9
Net (decrease) / increase in balance of wholesale deposits	(767.3)	898.6	(767.3)	898.6
Net (decrease) / increase in balance of other borrowings	(2,551.8)	139.3	(1,866.1)	1,086.7
Net cash flows (used in)/from operating activities	(5,916.5)	5,704.3	(5,843.2)	5,160.4

Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Cash Flow Statement: Loans and other receivables, investment securities, deposits and other borrowings.

Other assets and liabilities

30 SUBSIDIARIES AND OTHER CONTROLLED ENTITIES

Subsidiaries

Bendigo and Adelaide Bank Limited consolidates a subsidiary (including structured entities) when it controls it. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When assessing whether the Bank has power over an entity, and therefore, control over the variability of its returns, consideration is given to all relevant facts and circumstances, including:

- Voting rights currently exercisable;
- The purpose and design of the entity;
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities;
- Contractual arrangements such as call rights, put rights and liquidation rights.

Subsidiaries prepare financial reports for consolidation in accordance with the Group's accounting policies. When necessary, adjustments are made to bring their accounting policies in line with the Group's accounting policies.

All inter-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group have been eliminated in full on consolidation. Where a controlled entity has been sold or acquired during the year its operating results have been included to the date control ceased or from the date control was obtained.

The following table presents the material subsidiaries of the Group. A subsidiary has been considered to be material where the assets are more than 0.5% of total Group assets.

Chief entity and Ultimate parent	Principal activities
Bendigo and Adelaide Bank Limited	Banking

Other entities	Principal activities
Leveraged Equities Ltd	Margin lending

Investments in controlled entities

The Bank's investments in controlled entities are disclosed in the table below.

	Bank	
	June 2024 $m	June 2023 $m
At cost	100.7	101.8
Total investments in controlled entities	100.7	101.8

Other assets and liabilities

30 SUBSIDIARIES AND OTHER CONTROLLED ENTITIES continued

Significant restrictions

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory framework requires banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

Recognition and measurement

The Group classifies all entities where it owns 100% of the shares and which it controls as subsidiaries. Investments in subsidiaries are stated at cost.

Refer to Note 31 for further details regarding controlled and related entities.

Special Purpose Entities (SPEs)

The following table presents a list of the material SPEs. A SPE has been considered to be material where the assets are more than 0.5% of total Group assets. For further information relating to SPEs refer to Note 18.

Entity	Principal activities
Bendigo Covered Bond Trust	Securitisation
Torrens Series 2008-1 Trust	Securitisation
Torrens Series 2008-4 Trust	Securitisation
Torrens Series 2021-2 Trust	Securitisation

Other assets and liabilities

31 RELATED PARTY DISCLOSURES

Subsidiary transactions

Transactions undertaken with subsidiaries are eliminated in the Group's financial statements. Transactions between the Bank and the subsidiary are funded through intercompany loans with no fixed repayment date and are repayable upon demand.

A summary of material transactions (excluding dividends) between the Bank and its subsidiaries during the year were:

	June 2024 $m	June 2023 $m
Opening balance at beginning of financial year	2,268.6	3,731.4
Net receipts and fees paid to subsidiaries	(3,927.3)	(1,414.7)
Supplies, fixed assets and services charged to subsidiaries	(102.3)	(48.1)
Net amount (owing from)/owing to subsidiaries	(1,761.0)	2,268.6

Bendigo and Adelaide Bank Limited provides funding and guarantee facilities to several subsidiary companies. These facilities are provided on normal commercial terms and conditions.

Subsidiary	Facility	Limit $m	Drawn/ issued at 30 June 2024 $m
Sandhurst Trustees Limited	Guarantee	0.5	—

Dividends paid by subsidiaries	June 2024 $m	June 2023 $m
Sandhurst Trustees Limited	52.5	7.5

Other assets and liabilities

31 RELATED PARTY DISCLOSURES continued

Other related party transactions

Joint arrangement entities and associates

Bendigo and Adelaide Bank Limited has investments in joint arrangement entities and associates which are accounted for using the equity method. The investments are initially recorded at cost, and are subsequently adjusted by the Group's share of the entity's profit or loss. Dividends received reduce the carrying value of the investment. Details of the investments held by the Group during the period were:

	Ownership interest held by consolidated entity		
	2024	2023	Balance date
Joint Arrangements			
Homesafe Solutions Pty Ltd [1]	—	50.0%	30/6/2024
Silver Body Corporate Financial Services Pty Ltd	50.0%	50.0%	30/6/2024
Associates			
Bendigo Telco Ltd	30.8%	30.8%	30/6/2024
Dancoor Community Finances Ltd	49.0%	49.0%	30/6/2024
Homebush Financial Services Ltd	49.0%	49.0%	30/6/2024
Tiimely Pty Ltd (formerly TicToc Online Pty Ltd)	26.6%	26.8%	30/6/2024

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

All joint arrangements and associates are incorporated in Australia.

Transactions entered into with these related entities principally include commissions received and paid, services and supplies procured and fees charged in relation to the provision of banking, administrative and corporate services. These revenue and expense items are included in the Group's Income Statement. The transactions are conducted on the same terms as other third party transactions.

A summary of material transactions excluding dividends between the Group and joint arrangements and associates during the period were:

	June 2024 $m	June 2023 $m
Commissions and fees paid to joint arrangements and associates	33.7	29.0
Supplies and services provided to joint arrangements and associates	0.3	0.5
Amount owing to/(from) joint arrangements and associates	8.4	19.5

Bendigo and Adelaide Bank Limited provides loans, guarantees and/or overdraft facilities to joint arrangements and associates. The loans have agreed repayment terms which vary according to the nature of the facility. These loans are included in the net amount owing from joint arrangements and associates in the above table.

Other assets and liabilities

31 RELATED PARTY DISCLOSURES continued

Other related party transactions continued

Key management personnel

Key management personnel (KMP) are those persons with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The Group's KMP are those members of the Bendigo and Adelaide Bank Group Executive Committee together with its Non-executive Directors.

Further details relating to KMP are located in the Remuneration Report.

The table below details, on an aggregated basis, KMP compensation:

Compensation	June 2024 $'000's	June 2023 $'000's
Salaries and other short-term benefits	8,866.2	9,308.8
Post-employment benefits	368.2	346.4
Other long-term benefits	(27.4)	(38.8)
Share-based payments	2,799.9	1,773.9
Total compensation	12,006.9	11,390.3

The table below details, on an aggregate basis, KMP equity holdings. The holdings comprise ordinary shares, preference shares, performance shares and deferred shares:

Equity holdings	June 2024 No.	June 2023 No.
Ordinary shares (includes deferred shares)	1,605,637	1,276,815
Preference shares	50	350
Performance Rights	666,222	466,623
Share Rights (STI)	7,777	—
Alignment Rights	35,146	35,146
Deferred Share Rights	26,755	66,888
Loan Funded Shares	488,845	1,375,287
Restricted Shares	886,442	—
NED Rights to Shares	4,414	4,192
Closing balance of equity holdings	3,721,288	3,225,301

The table below details, on an aggregated basis, loan balances outstanding at the end of the year between the Group and its KMP:

Loans [1,2]	June 2024 $'000's	June 2023 $'000's
Loans outstanding at the beginning of the year [2]	7,190.0	8,274.0
Loans outstanding at the end of the year	9,739.0	7,149.0
Interest paid or payable [3]	391.0	314.0

1. For details related to loans held by Executive KMP and Non-executive Directors, refer to Section 5 of the Remuneration Report section of the Annual Financial Report.
2. The balance of loans outstanding relate to Executive KMP and Non-executive Directors who were in office at the start of, or appointed during, the financial year. Loan balances exclude the value of loans provided to Executives under the Loan Funded Share Plan or Employee Share Ownership Plan.
3. Interest charged may include the impact of an interest off-set facility.

Loans to directors and senior executives are made in the ordinary course of the Group's business and on an arm's length basis. The loans are processed and approved in accordance with the Bank's standard lending terms and conditions.

Other assets and liabilities

32 INVOLVEMENT WITH UNCONSOLIDATED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Securitisation vehicles – for loans and advances originated by third parties	To generate: • External funding for third parties; and • Investment opportunities for the Group. • These vehicles are financed through the issue of notes or bonds to investors.	Investments in notes or bonds issued by the vehicles
Managed investment funds	To generate: • A range of investment opportunities for external investors; and • Fees from managing assets on behalf of third party investors for the Group.	Investment in units issued by the funds' management fees

Risks associated with unconsolidated structured entities

The following table summarises the carrying values recognised in the Balance Sheet in relation to unconsolidated structured entities, together with the maximum exposure to loss that could arise from those interests.

Balance Sheet	Managed investment funds June 2024 $m	Securitisation vehicles June 2024 $m	Managed investment funds June 2023 $m	Securitisation vehicles June 2023 $m
Cash and cash equivalents	0.1	—	0.1	—
Financial assets – amortised cost	—	374.7	—	186.4
Financial assets fair value through other comprehensive income	—	—	—	3.2
Financial assets fair value through profit and loss	16.9	—	9.4	—
Net Loans and other receivables	—	2,656.0	—	2,279.9
Other assets	—	5.6	—	4.6
Total on-balance sheet exposures	17.0	3,036.3	9.5	2,474.1
Total off-balance sheet exposures [1]	—	93.1	—	197.4
Total maximum exposure to loss	17.0	3,129.4	9.5	2,671.5

1. Relates to undrawn funding limits.

Maximum exposure to loss

For loans and other receivables, the maximum exposure to loss is the current carrying value of these interests representing the amortised cost at reporting date, in addition to any undrawn funding limits.

The following table summarises the Group's maximum exposure to loss from its involvement with unconsolidated structured entities.

	Carrying amount June 2024 $m	Maximum loss exposure June 2024 $m	Carrying amount June 2023 $m	Maximum loss exposure June 2023 $m
Cash and cash equivalents	0.1	0.1	0.1	0.1
Senior notes	3,036.3	3,129.4	2,474.1	2,671.5
Investment	16.9	16.9	9.4	9.4
	3,053.3	3,146.4	2,483.6	2,681.0

Other assets and liabilities

32 INVOLVEMENT WITH UNCONSOLIDATED ENTITIES continued

Significant restrictions

There are no significant restrictions imposed by any unconsolidated structured entity on the Group's ability to access or use its assets or settle its liabilities.

Recognition and measurement

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Involvement with structured entities varies and includes debt financing of these entities as well as other relationships. A review is undertaken to determine the involvement the Group has and whether the involvement with these entities results in significant influence, joint control or control over the structured entity. The structured entities over which control can be exercised are consolidated. These entities are outlined in Note 30.

The Group has no contractual arrangements that would require it to provide financial or other support to an unconsolidated entity. The Group has not previously provided financial support, and has no intention to provide such support to these entities.

Securitisation vehicles

The Group has exposure to a number of securitisation vehicles through Residential Mortgage Backed Securities (RMBS). Securitisations involve transferring assets into an entity that sells interests to investors through the issue of debt or equity notes. The notes are secured by the underlying assets transferred to the vehicles, and generally hold a number of levels of subordination, with the residual income paid to the most subordinated investor. The Group does not hold any mezzanine notes in the unconsolidated structured entities it invests in, and does not receive any residual income. The Group does not act as the primary trust manager or servicer of any of its unconsolidated structured entities.

Managed Investment funds

Sandhurst Trustees Limited (STL), a subsidiary of the Group, acts as a responsible entity for certain managed investment funds. The decision-making rights of the fund are restricted to the Product Disclosure Statements. The fees received by STL are not variable, are commensurate with the services provided and are consistent with similar funds in the market. Where STL holds investments in the funds, an assessment of the Group's power over the relevant activities of the Fund and the significance of its exposure to variable returns is completed to determine whether the Fund should be consolidated.

Community Banks

Community Banks are not consolidated by the Group as the Group does not have power to govern decision-making. While the Group's returns are variable they are calculated as a percentage of the gross margin. In some cases the Group holds shares in Community Bank branches and has representation on the Board. These shares are held as investments and are accounted for using the equity method. Consolidation of a Community Bank Branch would occur when the Group has power to affect returns through a majority representation on the Board.

Other assets and liabilities

33 BUSINESSES HELD FOR SALE

Bendigo Superannuation Pty Ltd: 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. As BPSL does not constitute a major line of business, it was not classified as a discontinued operation.

34 FIDUCIARY ACTIVITIES

The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian or manager for a number of funds and trusts, including superannuation, unit trusts and mortgage pools.

The amounts of the funds concerned are:

	Group	
	June 2024 $m	June 2023 $m
Funds under trusteeship	7,081.5	6,665.2
Assets under management	3,712.6	3,090.4
Funds under management	3,368.9	3,574.8

Recognition and measurement

The assets and liabilities of these trusts and funds are not included in the consolidated financial statements as the Group does not have direct or indirect control of the trusts and funds. Commissions and fees earned in respect of the activities are included in the Income Statement of the Group.

As an obligation arises under each type of duty, the amount of funds has been included where that duty arises. This may lead to the same funds being shown more than once where the Group acts in more than one capacity in relation to those funds (e.g. manager and trustee). Where controlled entities, as trustees, custodian or manager incur liabilities in the normal course of their duties, a right of indemnity exists against the assets of the applicable trusts. As these assets are sufficient to cover liabilities, and it is therefore not probable that the Group will be required to settle them, the liabilities are not included in the financial statements.

Other assets and liabilities

35 SHARE-BASED PAYMENT PLANS

Bendigo and Adelaide Bank has multiple employee share-based payment plans. The share-based payment plans form an integral part of the Group's remuneration framework and help create alignment between employees participating in those plans (participants) and shareholders.

Information on the plans currently offered is provided below and further details are outlined in the Remuneration Report.

The following table shows the expense recorded for share-based payment plans during the year:

Plans	June 2024 $m	June 2023 $m
Performance and Share Rights	23.5	5.4
Loan Funded Shares	1.2	1.5
Deferred Shares	—	0.1
Total share-based payments expense	24.7	7.0

Accounting Policy

The cost of the employee services received in respect of shares or rights granted is recognised in the Income Statement over the period the employee provides the services, generally the period between the grant date and the vesting date of the shares or rights. The overall cost of the award is calculated using the number of shares or rights expected to vest and the fair value of the shares or rights at the grant date.

Recognition and Measurement

The shares or rights are recognised at fair value at the grant date and expensed to staff expenses over the vesting period, with a corresponding increase in reserves. If the shares do not vest because of market conditions, the Employee Benefits Reserve is cleared to Retained Earnings. If the shares do not vest because of service or performance conditions not being met, the Employee Benefits Reserve is cleared to Profit or Loss.

Fair value methodology

The fair value of shares or rights granted under the various Plans takes into account the terms and conditions upon which the shares or rights were granted.

Equity-settled share-based payments

The cost of equity-settled share-based payments is measured using their fair value at the date on which they are granted. The fair value calculation takes into consideration a number of factors, including the likelihood of achieving market-based vesting conditions such as total shareholder return (market conditions).

The cost of equity-settled share-based payments is recognised in the Consolidated income statement, together with a corresponding increase in the share-based payment reserve (SBP reserve) in equity, over the vesting period of the instrument.

At each reporting date, the Bank reviews its estimates of the number of instruments that are expected to vest and any changes to the cost are recognised in the Consolidated income statement and the SBP reserve, over the remaining vesting period.

Where the terms of an equity-settled share-based payment are modified and the expense increases as a result of the modification, the increase is recognised over the remaining vesting period. When a modification reduces the expense, there is no adjustment, and the pre-modification cost continues to be recognised.

Where an equity-settled award does not ultimately vest, expenses are not reversed; except for awards where vesting is conditional upon a non-market condition, in which case all expenses are reversed in the period in which the award lapses.

Cash-settled share-based payments

Cash-settled share-based payments are recognised when the terms of the arrangement provide the Bank with the discretion to settle in cash or by issuing equity instruments and it has a present obligation to settle the arrangement in cash. A present obligation may occur where the past practice has set a precedent for future settlements in cash.

Cash-settled share-based payments are recognised, over the vesting period of the award, in the Consolidated income statement, together with a corresponding liability. The fair value is measured on initial recognition and re-measured at each reporting date up to and including the settlement date, with any changes in fair value recognised in the Consolidated income statement. Similar to equity-settled awards, numbers of instruments expected to vest are reviewed at each reporting date and any changes are recognised in the Consolidated income statement and corresponding liability. The fair value is determined using appropriate valuation techniques at grant date and subsequent reporting dates.

Other assets and liabilities

35 SHARE-BASED PAYMENT PLANS continued

Plan overview

Performance rights

The Managing Director and Executive KMP receive their long-term incentive in performance rights. Incentives are subject to downward adjustments through ongoing risk assessments, the Consequence Management Policy and the application of Board discretion.

These arrangements are summarised below:

Long-term Incentive	Managing Director & CEO	Executive KMP
Performance rights give the participant the right to acquire one fully paid ordinary share in Bendigo and Adelaide Bank upon meeting specific hurdles. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. Performance is assessed against; Relative Total Shareholder Return, Absolute Return on Equity, Relative Customer Net Promoter Score, Reputation based on RepTrak score.	In FY24 the Managing Director received a grant of performance rights in accordance with the terms approved by shareholders at the 2023 AGM. The FY24 performance rights grant has a four-year performance period and will be tested on 30 June 2027. Following testing, tranches 2 & 3 of the grant remain subject to further conditions including a service period and risk gateway until 30 September 2028 and 30 September 2029 respectively.	In FY24 the Executive received a grant of performance rights with a four-year performance period and will be tested on 30 June 2027. Following testing, tranche 2 will remain subject to further conditions including a service period and risk gateway until 30 September 2028.

Performance rights valuation

The fair value is determined using a Black-Scholes-Merton valuation method incorporating a Monte Carlo Simulation option pricing model taking into account the terms and conditions upon which the rights were granted. The valuations are based on the 5-day volume weighted average share price measured over the 5-day trading period prior to the start of the award's valuation period. Assumptions regarding the dividend yield and volatility have been estimated based on dividend yield and volatility over the relevant period.

The following table shows the factors considered in determining the value of the performance rights granted during the period. No awards are exercisable at year end.

CEO & Managing Director

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value of rTSR	Fair value of ROE, NPS, Reputation
20/11/2023	$8.71	3.86 years	7.00%	31.89%	4.15%	$3.87	$6.65
20/11/2023	$8.71	4.86 years	7.00%	29.65%	4.18%	$3.48	$6.19
20/11/2023	$8.71	5.86 years	7.00%	28.23%	4.24%	$3.28	$5.78

Executive KMP

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value of rTSR	Fair value of ROE, NPS, Reputation
20/11/2023	$8.84	3.86 years	7.00%	31.89%	4.15%	$3.87	$6.65
20/11/2023	$8.84	4.86 years	7.00%	29.65%	4.18%	$3.48	$6.19

The following table shows the movement in number of performance rights outstanding during the period:

Performance rights	June 2024	June 2023
Opening balance	533,804	352,763
Granted during the year	435,704	310,127
Lapsed during the year	(23,968)	(77,619)
Exercised during the year	(117,020)	(51,467)
Closing balance	828,520	533,804

Other assets and liabilities

35 SHARE-BASED PAYMENT PLANS continued

Share Rights

The Managing Director, Executive KMP, executives and employees may receive share rights as part of their remuneration arrangements. Share rights give the participant the right to acquire one fully paid ordinary share in Bendigo and Adelaide Bank Limited after a specific service period. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. Incentives are subject to downward adjustments through ongoing risk assessments, the Consequence Management Policy and application of Board discretion.

These arrangements are summarised below.

Long-term Incentive Plan	Short-term Incentive Plan Managing Director and Executive KMP	Deferred Share Rights
Alignment Rights and Transformation Incentive awards are subject to continued service and risk gateway conditions and may be awarded to certain employees as part of their overall LTI award.	STI rewards the achievement of Bank, Divisional and individual performance. Performance is assessed based on a scorecard of; Financial, Customer & Community, People & Plant, and Risk and Governance uplift. Delivered through a mix of cash (50% and deferred rights (50%). One-year deferral period following completion of the performance period.	Employee Bonus Equity Plan, deferred bonus equity and sign-on awards are subject to continued service and risk gateway conditions. Deferred bonus equity grants are made whereby all or a portion of the employee's annual bonus outcome is delivered in share rights. Sign-on awards are made to select employees to replace incentives from their previous employer.

Share rights valuation

The number of share rights granted to Participants was determined by dividing the value of the proposed grant by the volume weighted average price of the Company's shares for the five trading days preceding the allocation date.

The service conditions and risk gateways attached to the Share Rights granted are not considered market-based conditions under AASB 2. Accordingly, a Black-Scholes-Merton model is used to estimate the fair value.

As soon as reasonably practicable at the end of the vesting period, the Board will make an assessment against the Company's overall Risk Gateway to determine whether, and the extent to which, the Share Rights which have not otherwise been forfeited will vest. The Board may in its discretion make adjustments to the award to reflect risk outcomes.

The following table shows the factors considered in determining the value of the share rights granted during the period:

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value
29/9/2023	$8.93	1/9/2024	6.83%	20.21%	4.11%	$8.38
29/9/2023	$8.93	1/9/2027	6.83%	25.40%	4.08%	$6.83
29/9/2023	$8.93	1/9/2028	6.83%	31.65%	4.10%	$6.38
29/9/2023	$8.93	1/9/2029	6.83%	29.64%	4.13%	$5.96

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value
29/9/2023	$8.93	1/9/2024	6.83%	20.21%	4.11%	$8.38

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value
2/10/2023	$8.93	30/9/2024	6.83%	20.36%	4.11%	$8.34
2/10/2023	$8.93	30/9/2025	6.83%	22.91%	4.11%	$7.79

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value
29/11/2023	$8.84	29/11/2024	6.90%	19.54%	4.10%	$8.25

Other assets and liabilities

35 SHARE-BASED PAYMENT PLANS continued

Share rights valuation continued

The following table shows the movement in number of share rights outstanding during the period. No awards are exercisable at year end.

Share rights	June 2024	June 2023
Opening balance	1,795,224	1,313,852
Granted during the year	4,262,503	893,920
Lapsed during the year	(287,834)	(20,481)
Exercised during the year	(858,147)	(392,067)
Closing balance	4,911,746	1,795,224

Restricted Shares

The Managing Director, Executive KMP, executives and employees may receive restricted shares. These arrangements are summarised below:

Loan Funded Share Plan	Employee Share Plan	Deferred Shares
The Bank established a Loan Funded Share Plan (LFSP) in 2020. Under the LFSP, eligible employees are provided with a non-recourse loan for the sole purpose of acquiring shares in the Bank. The full loan term is six years. The LFSP facilitates immediate share ownership by the senior managers and links a significant proportion of their 'at-risk' remuneration to Bendigo and Adelaide Bank Limited's ongoing share price and returns to shareholders over the performance period. It is designed to encourage senior managers to focus on the key performance drivers that underpin sustainable growth in shareholder value. There have been no further issues under this plan since 2021.	The Bank established a loan-based limited recourse Employee Share plan in 2006. The plan is only available to full-time and part-time employees of the Group (excluding Senior Executives and the Managing Director). The Plan provides employees with a limited recourse interest free loan for the sole purpose of acquiring fully paid ordinary shares in the Bank. The shares must be paid for by the employee with cash dividends after personal income tax being applied to repay the loans. Employees cannot exercise, dispose of or transfer the shares until the loan has been fully repaid. There have been no further issues under this plan since 2008.	Under the Plan, Participants were granted deferred shares as part of their base remuneration and short-term incentive payments. The number of deferred shares granted to Participants is calculated by dividing the deferred remuneration value by the volume weighted average closing price of the Bank's shares for the last five trading days of the financial year prior to the year of grant. There have been no further issues under this plan since 2018.

Other assets and liabilities

35 SHARE-BASED PAYMENT PLANS continued

Restricted share valuation

The fair value is measured at the date of the grant using the volume weighted average closing price of the Company's shares traded on the ASX for five trading days ending on the grant date.

The following table shows the factors considered in determining the value of the restricted shares granted in prior years. No awards are exercisable at year end.

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free interest rate	Fair value
25/11/2020	$6.83	4-6 years	0.00%	27.92%	0.26%	$1.87
16/11/2021	$9.18	4-6 years	0.00%	28.93%	1.44%	$2.70

	June 2024		June 2023	
Loan Funded Share Plan [1]	No.	WAEP $	No.	WAEP $
Opening balance	2,108,450	$6.82	2,408,535	$7.45
Granted during the year	—	—	—	—
Lapsed during the year	(11,454)	—	(300,085)	—
Exercised during the year	(1,491,934)	—	—	—
Restricted during the year	1,491,934	—	—	—
Closing balance [2]	2,096,996	$6.34	2,108,450	$6.82

1. There have been no further issues under this plan since 2021.
2. The FY21 LFSP vested on 30 June 2024. The shares are held under restrictions until the loan has been repaid in full. Participants have two years from vesting date to repay the loan. The remaining 605,062 units in the FY22 LFSP are due to vest on 30 June 2025.

	June 2024		June 2023	
Employee Share Plan [1]	No.	WAEP $	No.	WAEP $
Opening balance	560,299	$4.31	630,883	$4.74
Granted during the year	—	—	—	—
Lapsed during the year	—	—	—	—
Exercised during the year	(229,210)	$4.50	(70,584)	$4.58
Closing balance [2]	331,089	$5.64	560,299	$4.31

1. There have been no further issues under this plan since 2008.
2. The outstanding balance of the Employee Share Plan on 30 June 2024 is represented by 331,089 (2023: 560,299 & 2022: 630,883) ordinary shares with a market value of $3,804,213 (2023: $4,812,968 & 2022 : $5,722,109), exercisable upon repayment of the employee loan.

Deferred Share Pay Plan [1]	June 2024	June 2023
Opening balance	—	57,969
Granted during the year	—	2,946
Lapsed during the year	—	—
Exercised during the year	—	(60,915)
Closing balance	—	—

Restricted Shares [2]	June 2024	June 2023
Opening balance	—	—
Granted during the year	11,656	—
Lapsed during the year	—	—
Exercised during the year	—	—
Closing balance	11,656	—

1. There have been no further issues under this plan since 2018.
2. Previously deferred share rights that have vested and held as restricted shares until completion of the service period.

Other assets and liabilities

36 COMMITMENTS AND CONTINGENCIES

a) Commitments and contingent liabilities

The following table provides details of outstanding expenditure and credit-related commitments.

	Group		Bank	
	June 2024 $m	June 2023 $m	**June 2024 $m**	June 2023 $m
Commitment to provide credit	11,415.2	12,577.4	9,344.3	10,503.1
Guarantees	250.7	243.3	250.7	243.3
Documentary letters of credit and performance related obligations	0.1	0.5	0.1	0.5

Recognition and measurement

Commitment to provide credit

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

Guarantees, documentary letters of credit and performance-related obligations

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

Guarantees, documentary letters of credit and performance-related obligations are not recognised on the Balance Sheet. The contractual term of 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.

b) Contingent assets

As at 30 June 2024, the economic entity does not have any contingent assets.

Other assets and liabilities

37 REMUNERATION OF AUDITOR

The Group's external auditor is Ernst & Young (EY). In addition to the audit and review of the Group's financial reports, EY has provided other services throughout the year.

	Group		Bank	
	June 2024 $	June 2023 $	June 2024 $	June 2023 $
Fees to Ernst & Young (Australia)[1]				
Category 1 – Fees to the group auditor for audit and review of financial statements	1,928,000	1,929,542	1,851,310	1,836,322
Category 2 – Audit-related services	450,000	464,000	450,000	464,000
Category 3 – Other assurance services				
• Consolidated entities	748,300	560,967	748,300	560,967
• Non-consolidated entities	444,342	437,769	-	-
Category 4 – Non-audit (other) related fees				
• Consolidated entities	247,850	449,675	247,850	449,675
Total fees to Ernst & Young (Australia)	3,818,492	3,841,953	3,297,460	3,310,964

1. Fees exclude goods and services tax (GST).

Category 1 – Fees to the Group's auditor for auditing the statutory financial reports of the Group and the Parent, and for auditing the statutory financial reports of any controlled entities.

Category 2 – Fees for assurance services that are required by legislation to be provided by the external auditor. These services include assurance of the Group's compliance with Australian Financial Services Licensing requirements.

Category 3 – Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the external auditor or another firm. These services include regulatory compliance reviews, agreed-upon procedures, comfort letters, assurance of the Group's sustainability reporting, systems assurance and controls reviews. This category also includes assurance services provided to non-consolidated trusts of which a Group entity is trustee, manager, or responsible entity, and the non-consolidated Group superannuation fund.

Category 4 – Fees for other services.

The Group has processes in place to maintain the independence of the external auditor, including the nature of expenditure on non-audit services. EY also has specific internal processes in place to ensure auditor independence.

Other assets and liabilities

38 LEASES

A. Leases as lessee

Recognition and measurement

As a lessee the Group leases many assets including property, IT equipment, ATMs and motor vehicles. The Group records right-of-use assets (ROUA) and lease liabilities for most of its lease contracts, with the exception of short-term and leases of low value whereby lease payments are expensed on a straight line basis over the lease term.

i) Right-of-use assets (ROUA) relate to leased branch and office premises that are included in the balance of property, plant and equipment in the Balance Sheet.

	Properties		Other	
ROUA	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Opening balance as at 1 July	89.8	114.1	2.9	5.9
Depreciation charge	(37.0)	(39.5)	(2.2)	(3.8)
Additions	4.7	10.2	1.2	0.8
Remeasurements	16.2	7.4	—	—
Disposals	—	—	0.1	—
Impairments	—	(2.4)	—	—
Closing balance as at 30 June	73.7	89.8	2.0	2.9

ii) Amounts recognised in the Income Statement:

	Group	
Depreciation charge of ROUA	June 2024 $m	June 2023 $m
Properties	37.0	39.5
Other	2.2	3.8
Total depreciation expense ROUA	39.2	43.3
Interest on lease liabilities	3.3	4.0
Expenses relating to short-term leases	0.8	1.4
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	0.1	0.1
Expenses relating to impairment of leases	—	2.4

iii) Amounts recognised in the Cash Flow Statement:

	Group	
	June 2024 $m	June 2023 $m
Total cash outflow for leases	49.4	50.5

Other assets and liabilities

38 LEASES continued

B. Leases as lessor

Recognition and measurement

The Group sub-leases some of its properties. As of 1 July 2019, the Group accounts for its interests in the head lease and the sub-lease separately and assesses the lease classification of a sub-lease with reference to the ROUA arising from the head lease, rather than the underlying asset. The Group has defined the sub-leases to be operating leases and as a consequence recognises lease income from the sub-lease in the Income Statement on a straight line basis over the lease term.

Rental income recognised by the Group during the year ended 30 June 2024 was $3.6m (30 June 2023: $4.6m).

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Bank	
	June 2024 $m	June 2023 $m	June 2024 $m	June 2023 $m
Less than one year	4.6	4.7	4.6	4.7
One to two years	2.1	4.3	2.1	4.3
Two to three years	0.3	1.7	0.3	1.7
Three to four years	0.2	—	0.2	—
Four to five years	0.2	—	0.2	—
Total	7.4	10.7	7.4	10.7

39 EVENTS AFTER BALANCE SHEET DATE

On 2 July 2024, the Board announced Marnie Baker's retirement and the appointment of Richard Fennell as CEO & MD effective 31 August 2024.

No matters or circumstances have arisen since the end of the full 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 30 June 2024 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.

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

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) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct.

e) 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 30 June 2024.

On behalf of the Board,

Vicki Carter
Chair

Marnie Baker
Chief Executive Officer and Managing Director

26 August 2024

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bendigo and Adelaide Bank Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- The Group consolidated and Company balance sheets as at 30 June 2024;
- The Group consolidated and Company income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended;
- Notes to the financial statements, including a summary of significant accounting policies;
- The consolidated entity disclosure statement; and
- The Directors' Declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2024 and of their financial performance for the year ended on that date; and
b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the

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procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Allowance for credit losses

Why significant

As at 30 June 2024, the allowance for credit losses includes individually assessed credit provisions of \$39.6 million and collectively assessed credit provisions of \$246.4 million as disclosed in Note 11 *Impairment of loans and advances* and Note 21 *Risk management*.

The allowance for expected credit losses is determined in accordance with the requirements of Australian Accounting Standards and is subject to a number of significant judgements, such as:

- the identification of exposures with a significant increase in credit risk;
- assumptions used in the expected credit loss model (for exposures assessed on an individual or collective basis) such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors, such as gross domestic product growth, unemployment rates, central-bank interest rates and house price indices;
- the incorporation of forward-looking information to reflect current or future external factors, specifically judgments related to current economic uncertainty, both in the multiple forward-looking scenarios and the probability weighting determined for each of these scenarios; and
- assumptions used in the calculation of overlays, which are used to capture known model shortcomings or current and future market characteristics that are not currently captured by the Group's expected credit loss models.

This was a key audit matter due to the value of the provisions and the degree of judgment

How our audit addressed the key audit matter

In addressing the adequacy of the allowance for credit losses for exposures assessed on a collective basis, our audit procedures included the following:

- Assessed the Group's calculation methodology against the requirements of Australian Accounting Standards.
- Involved our actuarial specialists to test the mathematical accuracy of the Group's models and key modelling assumptions, including probability of default, exposure at default and loss given default assumptions.
- Involved our Economics specialists to assess significant macroeconomic assumptions incorporated into the Group's models, including the reasonableness of forward-looking information and scenarios, with reference to relevant publicly-available macro-economic information and the sensitivity of the collectively assessed credit provision to changes in such assumptions.
- Assessed on a sample basis, the operating effectiveness of relevant controls used to manage the flow of information between systems and models related to the determination of the allowance for credit losses.
- Agreed on a sample basis, the key loan attributes that are used in the models to calculate the expected credit loss, through to relevant source documentation.
- Assessed the basis for, and assumptions used in, overlays recognised to capture current and future market characteristics resulting from current market uncertainty, with reference to market data and industry/geographic concentrations.

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Why significant	How our audit addressed the key audit matter
and estimation uncertainty associated with the calculations.	Our audit procedures on the individually assessed credit provisions included the following on a sample basis: ▸ Assessed the reasonableness of internal credit quality assessments based on the borrowers' particular circumstances. ▸ Evaluated the associated provisions by assessing the reasonableness of key inputs into the calculation, with particular focus on emerging trends within high-risk industries, work out strategies, collateral values and the value and timing of recoveries. We also assessed the adequacy and appropriateness of the disclosures associated with credit impairment included in the Notes to the financial report.

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Impairment assessment of goodwill

Why significant

As at 30 June 2024, goodwill associated with historical acquisitions amounts to $1,527.5 million as disclosed in Note 25 *Goodwill and other intangible assets*.

An impairment assessment is performed each year, comparing the carrying value of each cash generating unit (CGU), inclusive of goodwill balances, with its recoverable amount. The recoverable amount of each CGU was determined using a value in use calculation. This calculation incorporated a number of assumptions, including:

- forecast future cash flows;
- discount rates; and
- terminal growth rates.

This was a key audit matter due to the value of the goodwill balance and the degree of judgment and estimation uncertainty associated with the impairment assessment.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed whether the models used by the Group in the impairment testing of goodwill met the requirements of Australian Accounting Standards.
- Assessed the appropriateness of the CGUs identified by management to which goodwill has been allocated.
- Agreed the forecast cash flows to the most recent forecasts approved by management or the Board, assessed the reasonableness of these forecasts based on the current economic environment, and the accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results.
- Involved our Valuation specialists to:
  - Assess the key assumptions used in the impairment assessment with reference to market rates and historical performance;
  - Consider the relationship between market capitalisation of the Group as at 30 June 2024 and recent trading history relative to net assets;
  - Test the mathematical accuracy of the impairment models; and
  - Benchmark the implied valuations to comparable company trading and control valuation multiples.
- We also assessed the adequacy of the disclosures associated with the impairment assessment of goodwill included in the Notes to the financial report.

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Valuation of investment property

Why significant	How our audit addressed the key audit matter
Homesafe offers a debt-free equity release product to allow customers to release the equity in their homes in exchange for a capped percentage share of the future sale proceeds of the property. The product is accounted for as investment property. Bendigo and Adelaide Bank Limited holds investment property on its balance sheet after it purchased the investment property assets from the Homesafe Trust during the year. The Group's and Company's investment property balance as at 30 June 2024 was $1,140.2 million and the revaluation gain recognised in the current year from the Homesafe portfolio was $162.4 million as disclosed in Note 24 *Investment property*. The Homesafe investment property portfolio is measured at fair value using a discounted cash flow model which is categorised as level 3 in the fair value hierarchy. The valuation of the portfolio is subject to judgment in relation to key assumptions, including: ▸ expected rates of property appreciation; ▸ discount rates; ▸ mortality rates; and ▸ voluntary exit rates. This was a key audit matter due to the value of the Group's investment property portfolio and the degree of judgment and estimation uncertainty associated with the assumptions, particularly the expected rates of property appreciation assumption.	Our audit procedures included the following: ▸ Assessed the effectiveness of controls over new contracts, maintenance and settlement processes associated with this product. ▸ Agreed data used in the discounted cash flow model for a sample of properties to customer signed contracts. ▸ Assessed on a sample basis whether new contracts and settlements around 30 June 2024 were recorded within the correct period. ▸ Involved our Real Estate and Actuarial specialists to assess the key assumptions used in the valuation model with reference to market rates, historical trends and settlements during the year, as well as the mathematical accuracy of the model. ▸ Assessed the adequacy of disclosures in respect of the investment property and associated revaluation gains included in the Notes to the financial report.

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Information Technology (IT) systems and controls over financial reporting

Why significant	How our audit addressed the key audit matter

The Group's financial reporting process is significantly reliant on IT systems with automated processes and controls relating to the capture, storage and extraction of information.
 	
A fundamental component of these IT controls is ensuring that risks relating to inappropriate user access management, unauthorised program changes and IT operating protocols are addressed.
	Our audit procedures in this area were conducted with the involvement of our IT specialists and included the following:
	
	▸ Assessed the effectiveness of the Group's IT controls significant to the financial reporting processes, including those related to user access, change management and data integrity.
	▸ Where we identified design and/or operating deficiencies in the IT control environment, our procedures included the following:
	    ▸ Assessed the potential impact of the deficiencies on the integrity and reliability of the systems and data related to financial reporting; and
	    ▸ Where automated procedures were supported by systems with identified deficiencies, performed alternative audit procedures.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 130 to 160 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Bendigo and Adelaide Bank Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Clare Sporle
Partner

Sydney
26 August 2024

Consolidated Entity Disclosure Statement

The consolidated entity disclosure statement below has been prepared in accordance with the requirements of Section 295(3A) of the *Corporations Act 2001* (Cth).

Unless otherwise indicated, as at 30 June 2024:

- the Group holds 100% of the share capital in any body corporates; and
- the place of incorporation or formation for all body corporates is Australia; and
- the entities listed are Australian tax residents within the meaning of the *Income Tax Assessment Act 1997*.

Entity name	Entity type
AB MANAGEMENT PTY LTD	Body Corporate
ABL CUSTODIAN SERVICES PTY LTD	Body Corporate
ABL NOMINEES PTY LTD [1]	Body Corporate
ACN 151 328 148 PTY LIMITED	Body Corporate
ADELAIDE EQUITY FINANCE PTY LTD	Body Corporate
AGRI ADVISORS PTY LIMITED	Body Corporate
B.B.S. NOMINEES PTY. LTD. [2]	Body Corporate
BEN REGIONAL VICTORIA PTY LTD	Body Corporate
BENDIGO FINANCE PTY. LTD.	Body Corporate
BENDIGO FINANCIAL PLANNING LIMITED	Body Corporate
BENDIGO FUNDING (ARARAT) PTY LIMITED	Body Corporate
BENDIGO SUPERANNUATION PTY LTD	Body Corporate
COMMUNITY SECTOR BANKING PTY LTD	Body Corporate
COMMUNITY SECTOR ENTERPRISES PTY LTD	Body Corporate
FEROCIA PTY LTD	Body Corporate
LEVERAGED EQUITIES LIMITED [2]	Body Corporate
NATIONAL MORTGAGE MARKET CORPORATION PTY LTD	Body Corporate
PIRIE STREET CUSTODIAN LTD	Body Corporate
PIRIE STREET HOLDINGS PTY LIMITED [2]	Body Corporate
PIRIE STREET NOMINEES PTY LTD	Body Corporate
PROFARMER AUSTRALIA PTY LTD	Body Corporate
RBL SALES SERVICES CO PTY LTD	Body Corporate
RURAL BANK LIMITED	Body Corporate
SANDHURST NOMINEES (VICTORIA) LTD	Body Corporate
SANDHURST TRUSTEES LIMITED	Body Corporate
TDCC DEVELOPMENTS NO 11 PTY LTD	Body Corporate
TDCC HOLDINGS PTY. LTD.	Body Corporate
THE TRUST FOR HINDMARSH PROPERTY TRUST	Trust
THE TRUSTEE FOR ALLSURITY PRE-SECURITISATION TRUST	Trust
THE TRUSTEE FOR BENDIGO AND ADELAIDE BANK COVERED BOND TRUST	Trust
THE TRUSTEE FOR BENDIGO AND ADELAIDE BANK EMPLOYEE SHARE PLAN TRUST	Trust
THE TRUSTEE FOR HOMESAFE TRUST	Trust
THE TRUSTEE FOR LEVERAGED EQUITIES 2009 TRUST	Trust
THE TRUSTEE FOR LIGHTHOUSE WAREHOUSE TRUST NO. 1	Trust
THE TRUSTEE FOR LIGHTHOUSE WAREHOUSE TRUST NO 8	Trust
THE TRUSTEE FOR TORRENS 2008-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2008-4 TRUST	Trust
THE TRUSTEE FOR TORRENS 2014-2 TRUST	Trust
THE TRUSTEE FOR TORRENS 2015-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2016-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2017-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2017-2 TRUST	Trust
THE TRUSTEE FOR TORRENS 2017-3 TRUST	Trust
THE TRUSTEE FOR TORRENS 2019-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2019-2 TRUST	Trust
THE TRUSTEE FOR TORRENS 2021-1 TRUST	Trust
THE TRUSTEE FOR TORRENS 2021-2 TRUST	Trust
THE TRUSTEE FOR TORRENS 2022-1 TRUST	Trust
UP MONEY PTY LIMITED	Body Corporate

1. Indicates the entity is a trustee of a trust within the consolidated entity.
2. Bendigo and Adelaide Bank Ltd holds 33% of the share capital in B.B.S Nominees Pty Ltd.

Tax Transparency Report

Tax policy, strategy and governance

Bendigo and Adelaide Bank Limited, together with its 100% controlled Australian entities, has formed a tax consolidated group for Australian income tax purposes, with Bendigo and Adelaide Bank Limited as the head company.

Our approach is to ensure tax compliance is consistent with our broader approach to regulatory compliance. We are committed to not knowingly breaching any laws or regulations which includes those related to taxation.

Recognising that tax laws are highly complex and open to interpretation, our approach is to:

- Comply with statutory obligations and make tax payments in accordance with relevant tax laws;
- Take a prudent and conservative approach to tax planning and manage transactions with a low level of tax risk;
- Resource the tax function appropriately with qualified staff;
- Engage with Revenue Authorities in a constructive, cooperative and transparent manner, avoiding unnecessary disputes;
- Adopt the Board of Taxation's voluntary Tax Transparency Code (**TTC**) to ensure our disclosures maximise tax transparency for our stakeholders; and
- Regularly provide tax risks and tax-related information to the Chief Financial Officer and the Board Audit Committee.

International-related party dealings

We do not have any international-related party dealings.

Image from the 'Bigger for You' campaign
Photographer: Jack Dixon-Gunn

Income taxes disclosed in the 2024 Annual Financial Report

Our Income Tax Expense (**ITE**) calculations are based on the Australian Accounting Standards.

In any income year it is expected that there will be differences between the ITE calculated in the Annual Report, and the total cash taxes paid to a relevant taxation authority during the same income year. Several factors contribute to this difference, including the timing of corporate tax instalments paid to the relevant authorities and the taxes excluded from ITE such as fringe benefits tax, non-recoverable goods and services tax, payroll taxes and employee-related taxes. Our ITE is also reduced by the receipt of franked dividends and the incentive available for eligible Research and Development expenditure.

The Group's Effective Tax Rate (**ETR**) was 31.9% in 2024 (2023: 31.7%). ETR is calculated by dividing our ITE by our accounting profit before income tax.

Reconciliation of accounting profit to income tax expense	2024 ($m)	2023 ($m)
Accounting profit	**797.2**	**724.8**
Income tax on profit at 30%	239.2	217.5
Distributions on Tier 1 loan capital instruments	14.3	11.6
Tax effect of amounts not deductible/(assessable)	0.7	0.5
Other prior year adjustments[1]	(2.0)	(1.8)
Income tax expense reported in the Annual Financial Report	**252.2**	**227.8**
Income tax expense for the current year[2]	**254.2**	**229.7**
Australian effective tax rate	31.9%	31.7%
Reconciliation of income tax expense to income tax payable		
Income tax expense for current year	**254.2**	**229.7**
Temporary differences (movement)		
Unrealised (gain)/loss revaluations	(33.3)	(4.6)
Unrealised (gain)/loss other	(22.4)	14.2
Depreciation of property, plant and equipment	3.1	(15.2)
Provisions	(4.4)	2.0
Intangibles	0.8	11.4
Other adjustments[3]	(0.7)	(6.6)
Income tax payable for the current year	**197.3**	**230.9**

1. Other adjustments include the research and development incentive and other adjustments relating to prior years.
2. Tax expense excluding prior year adjustments and final adjustments upon lodgement of the income tax return.
3. Other adjustments also include updates to comparison data to reflect final balances upon lodgement of the income tax return.

Yanni and Leon working from the Darling Square Community Bank
Photographer: Joseph Mayers

Tax contribution summary

The following is a summary of the Group's tax contributions paid to tax authorities for the 2024 and 2023 financial years. The amounts include tax payments made to the Australian Taxation Office (**ATO**) and the State Revenue Offices (**SROs**) due on its own behalf and in respect of tax collected on behalf of others.

	2024 ($m)	2023 ($m)
Corporate income tax	197.3	230.9
Employer payroll taxes	35.0	29.3
Non-recoverable GST[1]	57.8	58.6
Other[2]	1.0	11.8
Tax paid	**291.1**	**330.6**
Employee payroll taxes withheld	161.7	147.8
Customer tax withheld	23.2	9.9
GST collected	44.6	45.9
Tax collected	**229.5**	**203.6**
Total tax contribution	**520.6**	**534.2**

1. Bendigo and Adelaide Bank Limited provides financial supplies that are 'input taxed' in accordance with Australian GST laws. This amount represents the GST that Bendigo and Adelaide Bank Limited is not able to claim back from the ATO in relation to making input taxed supplies.
2. Other state and territory taxes such as stamp duty.

ATO tax disclosure

The ATO produces an annual report called 'Report of entity tax information' which contains the tax data of public corporate tax entities with a total income exceeding $100 million. The ATO is expected to publish the following income tax information in respect of the 2023 financial year for the Group:

Total Income ($)	Taxable Income ($)	Tax Payable ($)
3,707,300,873	803,372,831	230,945,089

A reconciliation from the accounting profit included in the 2023 Annual Financial Report to the amounts disclosed by the ATO is included below:

	($m)
Accounting profit for the Group	724.8
Non-deductible/non-assessable differences[1]	50.5
Temporary differences[2]	28.1
Taxable income	**803.4**
Income tax liability of taxable income at 30%	241.0
Less: franking credit offset	(1.3)
Less: research and development offset	(8.8)
Income tax payable	**230.9**

1. Non-deductible/non-assessable items relate to interest expense on Tier 1 loan capital instruments, accounting impairments and expenditure subject to research and development incentive claims.
2. Temporary differences include movements in provisions, depreciation on plant and equipment, fair value adjustments and revaluations and amortisation of intangible assets.

Shareholder information

Additional Information

This year, we engaged with our investors through a range of events and interactions including:

26 March 2024	Payment date for interim dividend
30 June 2024	Financial year end
26 August 2024	**Full year results and final dividend announcement**
2 September 2024	Ex-dividend date for final dividend
3 September 2024	Record date for final dividend
4 September 2024	DRP election date for final dividend
30 September 2024	Payment date for final dividend
7 November 2024	**Annual General Meeting**
31 December 2024	Financial half year end

1. Material differences

There are no material differences between the information supplied in this report and the information in the preliminary final report supplied by Bendigo and Adelaide Bank Limited ("the Company") to the ASX on 26 August 2024.

2. Audit Committee

As at the date of the Directors' Report the Group had an Audit Committee of the Board of Directors.

3. Corporate governance practices

The corporate governance practices adopted by the Company are as detailed in the 2024 Corporate Governance Statement. For further details, please refer to our website at: www.bendigoadelaide.com.au/esg/governance/

4. Substantial shareholders

The following parties and their associates have notified the Company that they have a substantial relevant interest in the ordinary shares of the Company, effective as at 30 June 2024:

Substantial holder	Number of ordinary shares held	% of total shares issued [1]	Date of last notice
Vanguard Group	28,298,593	5.003%	12/07/2022
Blackrock Group	28,585,995	5.03%	29/11/2023
State Street Corporation	29,816,863	6.34%	21/12/2023

1. As at the date of the substantial shareholder's last notice lodged with the ASX.

Shareholder information

Additional Information continued

5. Distribution of shareholders

The range of issued securities as at 30 June 2024 were in the following categories:

Category	Fully Paid Ordinary Shares	%	Fully Paid Employee Shares (BENAK, AA and AB)	%	Capital Notes (BEN PH)	%	Capital Notes (BEN PI)	%	Performance and Share Rights (BENAAA, and BENAC)	%	Rights to Shares (BENAAD)	%
1 – 1,000	15,725,712	2.77	289,137	87.33	1,979,128	39.39	1,300,733	43.36	2,751,708	43.90	0	0.00
1,001 – 5,000	90,169,244	15.88	41,952	12.67	1,344,251	26.75	877,560	29.25	1,749,279	27.91	8,830	100.00
5,001 – 10,000	66,759,384	11.75	0	0	300,896	5.99	186,899	6.23	372,150	5.94	0	0.00
10,001 – 100,000	121,244,027	21.35	0	0	474,671	9.45	349,548	11.65	1,394,232	22.25	0	0.00
100,001 and over	274,062,438	48.25	0	0	925,500	18.42	285,260	9.51	0	0	0	0.00
Number of Holders	92,935	100	720	100	6,506	100	4,099	100	5,562	100	2	100
Securities on Issue	**567,960,805**	**100.00**	**331,089**	**100.00**	**5,024,446**	**100.00**	**3,000,000**	**100.00**	**6,267,369**	**100.00**	**8,830**	**100.00**

6. Marketable parcel

Based on a closing price of $11.49 on 30 June 2024 the number of holders with less than a marketable parcel of the Company's main class of securities (Ordinary Shares) as at 30 June 2024 was 3,772.

7. Unquoted securities

The number of unquoted equity securities that are on issue and the number of holders of those securities are shown in the above table under the heading of Fully Paid Employee Shares (namely BENAK, BENAA and BENAB securities).

8. Major shareholders

Names of the 20 largest holders of Fully Paid Ordinary Shares in the Company, including the number of shares each holds and the percentage of capital that number represents, as at 30 June 2024 are:

Fully paid ordinary shares

Rank	Name	Number of shares	% of shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	110,265,870	19.44%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	56,221,267	9.91%
3	CITICORP NOMINEES PTY LIMITED	42,257,335	7.45%
4	NATIONAL NOMINEES LIMITED	13,606,538	2.40%
5	BNP PARIBAS NOMS PTY LTD	5,390,611	0.95%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,758,048	0.66%
7	BNP PARIBAS NOMINEES PTY LTD	3,758,169	0.66%
8	NETWEALTH INVESTMENTS LIMITED	2,587,080	0.46%
9	PACIFIC CUSTODIANS PTY LIMITED	2,096,996	0.37%
10	CITICORP NOMINEES PTY LIMITED	1,954,431	0.34%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,882,099	0.33%
12	BNP PARIBAS NOMINEES PTY LTD	1,667,907	0.29%
13	UBS NOMINEES PTY LTD	1,308,595	0.23%
14	PACIFIC CUSTODIANS PTY LIMITED	1,174,802	0.21%
15	CARLTON HOTEL LIMITED	1,117,147	0.20%
16	IOOF INVESTMENT SERVICES LIMITED	863,445	0.15%
17	MARNIE ANN BAKER	843,036	0.15%
18	IOOF INVESTMENT SERVICES LIMITED	779,739	0.14%
19	BNP PARIBAS NOMS (NZ) LTD	771,588	0.14%
20	LEESVILLE EQUITY PTY LTD	681,688	0.12%
Total Securities of Top 20 Holdings		**252,986,391**	**44.59%**

Shareholder information

Additional Information continued

8. Major shareholders continued

BEN Capital Notes (ASX: BEN PH)

Rank	Name	Number of Notes	% of Notes
1	BNP PARIBAS NOMINEES PTY LTD	335,749	6.68%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	264,394	5.27%
3	BNP PARIBAS NOMINEES PTY LTD	110,061	2.19%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	109,897	2.19%
5	NETWEALTH INVESTMENTS LIMITED	105,399	2.10%
6	CITICORP NOMINEES PTY LIMITED	87,850	1.75%
7	IOOF INVESTMENT SERVICES LIMITED	54,364	1.08%
8	MUTUAL TRUST PTY LTD	51,202	1.02%
9	IOOF INVESTMENT SERVICES LIMITED	47,101	0.94%
10	BNP PARIBAS NOMINEES PTY LTD	38,821	0.77%
11	NETWEALTH INVESTMENTS LIMITED	35,617	0.71%
12	DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	30,600	0.61%
13	IOOF INVESTMENT SERVICES LIMITED	22,818	0.45%
14	SANDHURST TRUSTEES LTD	17,114	0.34%
15	TRUSTEES OF CHURCH PROPERTY FOR THE DIOCESE OF NEWCASTLE	14,500	0.29%
16	CITICORP NOMINEES PTY LIMITED	13,866	0.28%
17	IOOF INVESTMENT SERVICES LIMITED	13,671	0.27%
18	SOUTH HONG NOMINEES PTY LTD	13,000	0.26%
19	MR BRUCE WILLIAM NEILL	11,987	0.24%
20	NATIONAL NOMINEES LIMITED	11,790	0.23%
Total Securities of Top 20 Holdings		**1,389,801**	**27.66%**

BEN Capital Notes (ASX: BEN PI)

Rank	Name	Number of Notes	% of Notes
1	BNP PARIBAS NOMINEES PTY LTD	169,583	5.65%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	115,677	3.86%
3	CITICORP NOMINEES PTY LIMITED	84,761	2.83%
4	BNP PARIBAS NOMINEES PTY LTD	58,834	1.96%
5	NETWEALTH INVESTMENTS LIMITED	43,947	1.46%
6	BNP PARIBAS NOMINEES PTY LTD	33,597	1.12%
7	NETWEALTH INVESTMENTS LIMITED	19,527	0.65%
8	INVIA CUSTODIAN PTY LIMITED	18,600	0.62%
9	SOUTH HONG NOMINEES PTY LTD	18,000	0.60%
10	TRUSTEES OF CHURCH PROPERTY FOR THE DIOCESE OF NEWCASTLE	15,000	0.50%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	12,495	0.42%
12	MR MICHAEL KENNETH HARVEY & MR BRUCE WILLIAM NEILL & MS BROOKE ELIZABETH SLATTERY	12,375	0.41%
13	SUNTECA (WA) PTY LTD	11,103	0.37%
13	WALMSLEY DEVELOPMENTS PTY LTD	11,103	0.37%
14	SOUTH BAY NOMINEES PTY LTD	10,206	0.34%
15	TRISTAR METALS PTY LTD	10,000	0.33%
15	THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH OF AUSTRALIA INC #2	10,000	0.33%
15	MARENTO PTY LTD	10,000	0.33%
16	R C C T PTY LTD	9,000	0.30%
17	G C F INVESTMENTS PTY LTD	8,612	0.29%
18	VIKURI PTY LIMITED	8,500	0.28%
19	NATIONAL NOMINEES LIMITED	8,391	0.28%
20	PUPGALL PTY LTD	7,870	0.26%
Total Securities of Top 20 Holdings		**707,181**	**23.57%**

Shareholder information

Additional Information continued

9 Voting rights

Under the Company's Constitution, each person who is a voting Shareholder and who is present at a general meeting of the Company in person or by proxy, attorney or official representative is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held. In the case of an equality of votes the Chair has, on both a show of hands and at a poll, a casting vote in addition to the vote to which the Chair may be entitled as a shareholder, proxy, attorney or duly appointed representative of a shareholder.

With respect to each person that is a holder of preference shares under the Company's Constitution each holder is not entitled to vote at any general meeting of the Company except:

a) On any resolution during a period in which a dividend or part of a dividend remains unpaid.

b) On any resolution:

- To reduce the share capital of the Company (other than a resolution to approve a redemption of the holder's class of preference shares);
- That affects rights attached to the holder's class of preference shares;
- To wind up the Company; and
- For the disposal of the whole of the property, business and undertaking of the Company.

c) On a resolution to approve the terms of a buy-back agreement (other than a resolution to approve a redemption of the holder's class of preference shares).

d) During a winding-up of the Company, in which case a holder will have the same rights as to manner of attendance and voting as a holder of ordinary shares with one vote per preference share.

Glossary

Absolute Emissions	The total amount of greenhouse gases (GHGs) emitted into the atmosphere over a specific period. These relate to both our operational and financed emissions.
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing.
Anti-bribery and corruption (ABC)	The Bank's policy that sets out that we do not provide political donations to any individual or political party.
Australian Accounting Standards (AAS)	Refers to the Australian Accounting Standards issued by the AASB. An accounting standard is a technical pronouncement that sets out the required accounting, including measurement and recognition requirements, for particular types of transactions and events. The accounting 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 responsible for developing, issuing and maintaining accounting standards that apply under the *Corporations Act 2001*.
Australian Banking Association (ABA)	The Australian Banking Association (ABA) is the trade association for the Australian banking industry.
Australian Competition and Consumer Commission (ACCC)	The Australian Competition and Consumer Commission (ACCC) is the chief competition regulator of the Government of Australia.
Australian Financial Complaints Authority (AFCA)	The Australian Financial Complaints Authority (AFCA) is an external dispute resolution company for consumers who are unable to resolve complaints with member financial services organisations.
The Australian Financial Markets Association (AFMA)	The Australian Financial Markets Association (AFMA) is an industry association promoting efficiency, integrity and professionalism in Australia's financial markets – including the capital, credit, derivatives, foreign exchange and other specialist markets.
Australian Prudential Regulation Authority (APRA)	APRA is the prudential regulator of the Australian financial services industry. APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia.
Australian Prudential Standards (APS)	Refers to the Prudential and Regulatory Standards issued by APRA.
Australian Sustainable Finance Institute (ASFI)	The Australian Sustainable Finance Institute (ASFI) is an organisation established to realign the Australian financial services system so that more money flows to activities that will create a sustainable, resilient and inclusive Australia.
The Australian Securities and Investments Commission (ASIC)	The Australian Securities and Investments Commission (ASIC) is an independent commission of the Australian Government tasked as the national corporate regulator.
Australian Transaction Reports and Analysis Centre (AUSTRAC)	Australian Transaction Reports and Analysis Centre (AUSTRAC) is Australia's financial intelligence unit and anti-money laundering and counter-terrorism financing (AML/CTF) regulator.
Authorised deposit-taking institution (ADI)	A body corporate which is authorised under the *Banking Act 1959*, to carry on banking business in Australia. It includes banks, building societies and credit unions.

Glossary

Australian Workplace Equality Index (AWEI)	The Australian Workplace Equality Index (AWEI) is the definitive national benchmark on LGBTQ workplace inclusion and comprises the largest and only national employee survey designed to gauge the overall impact of inclusion initiatives on organisational culture as well as identifying and non-identifying employees. The Index drives best practice in Australia and sets a comparative benchmark for Australian employers across all sectors.
Bank Operations	All corporate offices, data centres and branches where the Bank has direct control of energy procurement.
Banking Executive Accountability Regime (BEAR)	Accountability statements and responsibility statements to make it clear where responsibility has been delegated.
Business Council of Australia (BCA)	The Business Council of Australia (BCA) represents Australia's largest employers, advocating for good policy on behalf of the business community and the Australians they employ.
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.
Climate Change Action Plan (CCAP)	The Bank's inaugural Climate Action Plan that commenced in 2021 and closed in 2023 to manage the Bank's climate related risks and opportunities.
Climate Change Action Strategy Group (CCASG)	The Climate Change Action Strategy Group (CCASG) informs and assists in the development of a comprehensive climate action strategy with the aim of driving our transition to net zero, while helping to identify and review key risks and opportunities, deepen our understanding of climate impacts, facilitate communication and monitor climate action initiatives.
Climate & Nature Action Plan 2024 – 2026 (CNAP)	The Bank's Climate and Nature Action Plan that followed the Climate Action Plan (CCAP) that launched in 2024 with actions planned to 2026 to manage the Bank's climate and nature-related risks and opportunities.
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*. The Bank's CLF was removed on 1 January 2023.
Common Equity Tier 1 Capital (CET1)	The highest quality components of capital available to the Group satisfying certain characteristics as defined by the prudential regulator including providing the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and allowable reserves less specified regulatory adjustments.
Community Bank Operations	All Community Branches that are part of the Bendigo Bank Group. The Bank does not have direct control of the energy procurement of these branches, instead each branch has that control.
COP26	26th Conference of the Parties – a summit attended by all countries that have signed the United Nations Framework Convention on Climate Change (UNFCCC).

Glossary

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.
The Customer Advocate Office (CAO)	The Customer Advocate Office (CAO) is responsible for overseeing direct customer feedback, as well as handling escalated complaints.
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.
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.
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 decided to maintain this reserve, with the value assessed on a semi-annual basis.
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.
Financial Awareness Support Team (FAST)	The Financial Awareness Support Team (FAST) is a specialised team set up within the Customer Advocate Office to support vulnerable customers.

Glossary

Financial Inclusion Action Plan (FIAP)	The Bank's approach to increasing the financial wellbeing of our customers, people, suppliers and community.
Financed Emissions	Greenhouse gas (GHG) emissions linked to the lending activities of the Bank.
Foundation	Community Enterprise Foundation.
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 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').
Hedging	The use of financial market contracts, namely derivatives, to eliminate or minimise the Bank's exposure to fluctuations in interest rates, foreign currency exchange rates, or other market factors.
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.
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.
Liquidity Coverage Ratio (LCR)	The Liquidity Coverage Ratio measures the portion of High Quality Liquidity Assets (HQLA) available to meet net cash outflows over a 30-day period under an APRA defined severe short-term stress scenario.
Location based emissions	Scope 2 operational emissions that reflect the average emissions intensity of the grid.
Mark-to-Market valuation	A valuation that reflects current market rates as at the Balance Sheet date for financial instruments that are carried at fair value.
Market based emissions	Scope 2 operational emissions that account for the Bank's decisions to invest in different electricity products and markets, including LGCs and purchases of renewable electricity.
National Anti-Corruption Commission (NACC)	The National Anti-Corruption Commission (NACC) is an independent Commonwealth agency. They detect, investigate and report on serious or systemic corruption in the Commonwealth public sector.
National Greenhouse Gas Reporting (NGER)	The National Greenhouse Gas Reporting framework (NGER) is the reporting framework used to measure the Bank's greenhouse gas emissions, energy production and energy consumption.
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).

Glossary

Net Promoter Score (NPS)	Net Promoter Score (NPS) is the measure used to gauge customer loyalty, satisfaction, and enthusiasm with the Bank.
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.
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.
Operational emissions	The direct and indirect greenhouse gas (GHG) emissions linked to the operations of the Bank.
Partnership for Carbon Accounting Financials (PCAF)	PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments (**financed emissions**).
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 have 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.
Physical Risk	Risks resulting from climate change that can be event-driven (acute) or longer term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.
Reserve Bank Australia (RBA)	The Reserve Bank of Australia (RBA) is Australia's central bank that is responsible for contributing to the stability of the currency, full employment, and the economic prosperity and welfare of the Australian people.
Reconciliation Action Plan (RAP)	The Bank's approach and commitment to strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples, for the benefit of all Australians.
Residential Mortgage Backed Security (RMBS)	A debt security whose cash flow is backed by the principal and interest payments from a specified pool of mortgage loans that are secured by mortgages over residential property.
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.

Glossary

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.
Scope 1	Direct emissions from owned or controlled sources.
Scope 2	Indirect emissions from the generation of purchased energy.
Scope 3	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions where applicable.
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 services 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.
Special purpose entity (SPE)	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.
Transition Risk	Risk related to transitioning to a lower carbon economy that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
Travel emissions	Business travel emissions (Scope 3, Category 6) are the emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This will not include the emissions associated with business travellers staying in hotels.
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.
United Nations Global Compact (UNGC)	The United Nations Global Compact (UNGC) is a non-binding United Nations pact to get businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
Value at Risk (VaR)	A measure of the loss that could occur on risk positions as a result of adverse market movements (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.
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.
WHS	Work, health and safety.

We are the better big bank.

Contact us

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Photographer: Joel Bramley is based in Bendigo and has over 10 years' experience in photography. He specialises in landscape photography and here he has captured Hotel Shamrock in Bendigo, after some rain on a February evening. Joel has been with the Bank for over 16 years and his current position is Digital Marketing Communications Specialist.