Half year results

For the half year ended 31 December 2024

Released 17 February 2025

This report comprises information given to the ASX under listing rule 4.2A. Information contained in this report should be read in conjunction with the June 2024 Annual Financial Report.

Bendigo Bank

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Cash Earnings

Certain financial measures detailed in this Half Year Results Announcement for the period ended 31 December 2024 have been disclosed on a cash earnings basis.

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

Section 2.4.6 of this Half Year Results Announcement for the period ended 31 December 2024 contains a reconciliation of cash earnings to statutory earnings and provides a description of the cash earnings adjustments for the half year ended 31 December 2024.

In this Report, a reference to 'Bendigo Bank', 'Group', 'we', 'us' and 'our' is to Bendigo and Adelaide Bank Limited ABN 11 068 049 178 and its subsidiaries.

Appendix 4D

For the period ended 31 December 2024

1.1 COMPANY DETAILS AND REPORTING PERIOD

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Reporting period – six months ended:	31 December 2024
Previous corresponding period – six months ended:	31 December 2023

1.2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	▼	7.9% to $949.0 million
Profit after tax from ordinary activities	▼	23.2% to $216.8 million
Net profit after tax attributable to owners of the Bank	▼	23.2% to $216.8 million

Dividends	Date payable/paid	Amount per security
Current financial year 2025		
Record date for determining entitlements	27 February 2025	
Interim dividend – fully franked	31 March 2025	30.0 cents
Previous financial year 2024		
Final dividend – fully franked	30 September 2024	33.0 cents
Interim dividend – fully franked	26 March 2024	30.0 cents

1.3 CASH EARNINGS RESULTS

Cash earnings attributable to owners of the Bank	▼	1.1% to $265.2 million
Cash earnings per share	▼	1.1% to 46.9 cents

Refer to Section 2.3 and 2.4.6 of the Half Year Results for full details.

1.4 NET TANGIBLE ASSETS PER ORDINARY SHARE

	31 December 2024	31 December 2023
Net tangible assets per ordinary share ($')	9.10	9.06
Net tangible assets		
Net assets	7,093.1	7,009.0
Intangible assets	(1,939.2)	(1,878.3)
Net tangible assets attributable to ordinary shareholders ($'m)	5,153.9	5,130.7
Number of fully paid ordinary shares on issue (000's)	566,543	566,167

1.5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

On 31 August 2024, 100% of the share capital in Bendigo Superannuation Pty Ltd (BSPL), a wholly owned subsidiary of Bendigo and Adelaide Bank Ltd, was sold to Betashares Australia Holdings Pty Ltd. The transaction resulted in the loss of control of BSPL by Bendigo and Adelaide Bank Ltd.

On 25 August 2024, the Bank's joint-controlling interest in Silver Body Corporate Financial Services Limited was deregistered.

The following wholly owned subsidiaries were also deregistered during the period:

- ABL Custodian Services Pty Ltd (30 July 2024)
- Pirie Street Holdings Pty Ltd (30 July 2024)
- Sandhurst Nominees (Victoria) Ltd (9 October 2024)
- TDCC Developments No 11 Pty Ltd (30 July 2024)
- TDCC Holdings Pty Ltd (30 July 2024)

1.6 ASX APPENDIX 4D CROSS REFERENCE TABLE

	Reference
Details of reporting period and previous period (Rule 4.2A.3 Item No. 1)	Section 1.1 above
Results for announcement to the market (Rule 4.2A.3 Item No. 2)	Section 1.2 above
Net tangible assets per security (Rule 4.2A.3 Item No. 3)	Section 1.4 above
Dividends and dividend dates (Rule 4.2A.3 Item No. 5)	Section 1.2 above
Dividend Reinvestment Plan (Rule 4.2A.3 Item No. 6)	Section 2.4.11
Details of entities over which control has been gained or lost (Rule 4.2A.3 Item No. 4)	Section 1.5 above
Details of associates and joint venture entities (Rule 4.2A.3 Item No. 7)	Financial Statements Note 3.17
Foreign entities (Rule 4.2A.3 Item No. 8)	Not applicable
Independent auditor's review report subject to a modified opinion, emphasis of matter or other matter (Rule 4.2A.3 Item No. 9)	Not applicable

The ASX Appendix 4D of Bendigo and Adelaide Bank Limited and its Controlled Entities for the period ended 31 December 2024 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A. The Appendix 4D should be read in conjunction with the 2024 Annual Financial Report and investor materials filed with the ASX.

Half Year Results

For the period ended 31 December 2024

2.1 GROUP PERFORMANCE SUMMARY

Our Business Performance

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

In 1H25 we recorded cash earnings after tax of $265.2 million, a 9.7% decrease on the prior half and down 1.1% on prior comparative period. Cash earnings per share of 46.9 cents decreased 9.6% on the prior half, return on equity decreased 99 basis points to 7.55%, and the cost to income ratio increased to 61.5%.

Directors determined to pay a fully franked interim dividend of 30.0 cents per share, maintaining a strong capital position and supporting shareholders returns.

Total assets exceeded $102 billion during the half. We recorded strong growth in both lending, up 3.4% and customer deposits, up 5.4%. In particular, residential lending grew strongly, up 5.3%, whilst savings accounts including offset accounts grew 8.3% on the prior half.

Income of $972.4 million for 1H25 was 2.5% lower than the prior half and up 1.6% on the prior comparative period. Compared to the prior half, net interest margin on a normalised basis (deferred origination fee impact in prior half) declined six basis points to 1.88%, reflecting a combination of higher funding costs and ongoing competitive pressure in lending markets. Deposit mix this half was skewed towards higher cost deposits due to increasing offset account balances and customer-driven preference for longer dated term deposits.

Expenses of $598.4 million increased 5.0% on the prior half and 8.3% on the prior comparative period. Compared to the prior half, the increase reflected a combination of inflation pressures, higher software and amortisation charges, and a planned increase in investment spend.

A credit reversal or write-back of $10.5 million reflected a reduction in collective provision overlays for events that have now transpired and updated macroeconomic outlook assumptions. Credit performance remains resilient with a reduction in impaired assets of 6.1%.

Strong growth was experienced in residential lending at above system growth rate, and our APRA household loan to deposit ratio was 73.2% for the half.

Total customer numbers increased 5% in the half to just over 2.7 million customers. In particular our Up customer base grew by 13.2% to over one million customers. Our Bendigo Net Promoter Score [1] increased to 22.0 which is 31.1 points above the industry, reinforcing our connection to customers and communities.

Over the six months, we have continued to execute on our transformation agenda. We reduced complexity in our organisational structure with the completion of the sale of Bendigo Superannuation. We have continued to invest in our growth engines and core banking rationalisation for longer term benefit.

Our work to transform Business & Agribusiness continued, with the successful rollout of operating model efficiencies and foundational capability. There is continued focus on uplifting our core platform capabilities including migrating Rural Bank legacy systems and integrating lending origination and customer relationship management platforms.

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

2.1 GROUP PERFORMANCE SUMMARY continued

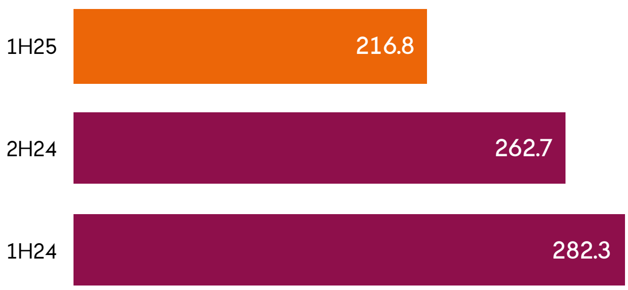
We continued to build digital capability with the rollout of the Bendigo lending platform to our broker partners and a trial implemented in our retail network. This consolidates our lending origination systems and provides a consistent customer experience when onboarding home loan customers.

Support in digital lending origination continued with 19.1% of total mortgages settled digitally in the last six months.

We have expanded our digital deposit gathering capability, including Up. Digital deposits grew 27% in the half and digital deposits represented over one quarter of total customer deposit growth for the half.

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.

Half Year Results

2.2 GROUP PERFORMANCE COMMENTARY

Cash Earnings After Tax

$265.2 million

2H24 $293.8 million

Down 9.7% from 2H24

1H24 $268.2 million

Down 1.1% from 1H24

Statutory Earnings After Tax

$216.8 million

2H24 $262.7 million

Down 17.5% from 2H24

1H24 $282.3 million

Down 23.2% from 1H24

Dividends

Dividends

30.0 cents

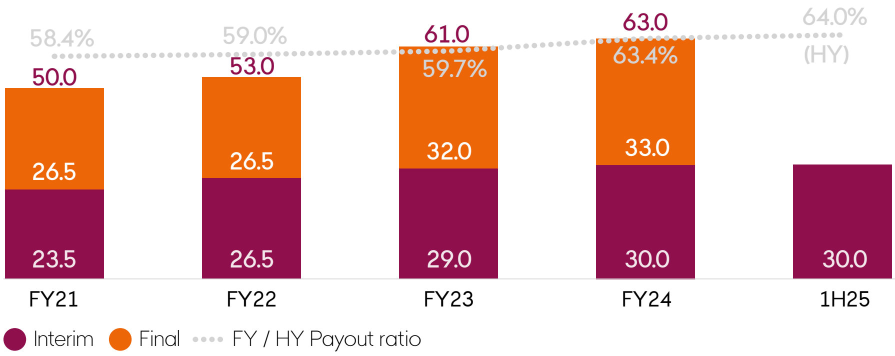
2H24 33.0 cents

1H24 30.0 cents

The Board has determined to pay a fully franked interim dividend of 30.0 cents per share (1H24 interim dividend: 30.0 cents per share). Dividend per share decreased 9.1% on the prior half and remained consistent with the prior comparative period.

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

Dividend per share (cents)



Income

Income (Cash Basis)

$972.4 million

2H24 $997.4 million

1H24 $956.8 million

Net Interest Margin [1]

1.88%

2H24 1.96%

1H24 1.83%

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.

Total income (cash basis) decreased 2.5% to $972.4 million on the prior half (2H24 $997.4 million), driven mainly by a decrease in net interest income.

Net interest income (cash basis) decreased 2.1% to $834.7 million on the prior half (2H24: $852.6 million). This was driven by an eight basis points decrease (or six basis points normalised for deferred origination fees) in net interest margin to 1.88% (2H24: 1.96%), partly offset by a 0.6% or $0.5 billion increase in average interest earning assets.

Net interest margin (NIM) decreased due to competitive pressures in lending markets impacting new business margins compared to portfolio margins. Funding costs have increased, reflecting a mix shift in deposits to higher yielding saving, term deposit and offset accounts. The increase in weighted average wholesale funding costs impacted NIM by 3 basis points compared to prior period. This reflects the full repayment of the RBA term funding facility in the prior half. Revenue share payments predominantly to the Community Bank network, declined on prior half, reflecting reduced deposit margins.

Other operating income (cash basis) decreased 4.9% to $137.7 million (2H24: $144.8 million). This was mostly driven by a decrease in Homesafe realised income with a lower volume of completed contracts and a decline in fee income due to reduced customer transaction account fees.

2.2 GROUP PERFORMANCE COMMENTARY continued

Operating expenses

Operating Expenses (Cash Basis)

$598.4 million

2H24 $570.1 million
1H24 $552.7 million

Cost to Income Ratio

61.5%

2H24 57.2%
1H24 57.8%

Operating expenses (cash basis) increased 5.0% to $598.4 million (2H24: $570.1 million) as we continue to invest in our strategic agenda. A planned increase in investment spend contributed 1.2% of the 5.0% increase. Operating expenses excluding investment spend contributed 3.8% of overall cost growth reflecting a combination of inflation pressures, higher technology costs and software amortisation. Staff costs have increased by $29.7 million (9.9%) mainly due to a larger number of business days in the half, higher average FTE and increased average salaries due to annual salary and superannuation increases. Our focus on productivity and cost management activities continued, and this contributed a reduction of 1.1% to our total cost growth.

A reduction in non-lending losses reflects a decrease in remediation costs by $11.4 million for the half and the benefit from our investment in minimising customer related fraud losses with scam and fraud detection technology, education and resources.

Credit expenses and provisions

Credit Expenses

($10.5) million

2H24 ($0.9) million
1H24 $10.8 million

Total Provisions

$368.5 million

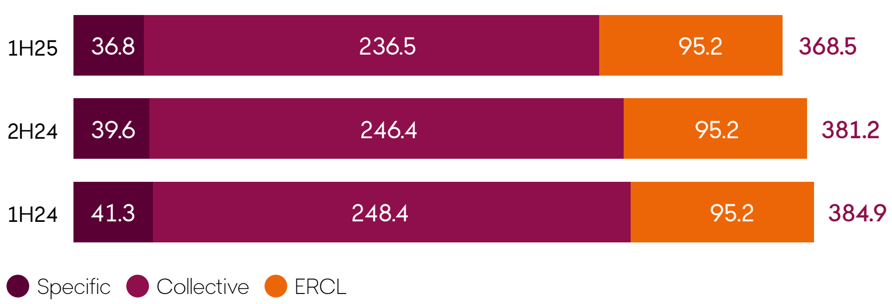
2H24 $381.2 million
1H24 $384.9 million

Total credit expenses of ($10.5) million (2H24: ($0.9) million) were a large reduction of $9.6 million on the prior half. This reflected a decrease in collective provision charges from ($2.0) million last half to ($9.9) million this half, driven by a release of overlays relating to events that have now transpired and updates to macroeconomic outlook assumptions.

Specific impairment charges also reduced $1.8 million to ($0.2) million for the half. Credit performance remains resilient with a reduction in impaired assets of 6.1% to $127.4 million (2H24: $135.7 million).

Provision levels remain appropriate given the uncertain economic environment. Total provisions and equity reserve for credit losses (ERCL) decreased on the half to $368.5 million (2H24: $381.2 million) representing 0.44% of gross lending.

Total provisions and reserves for credit losses ($m)



Half Year Results

2.2 GROUP PERFORMANCE COMMENTARY continued

Capital and liquidity

Common Equity Tier 1 Ratio

11.17%

2H24 11.32%
1H24 11.23%

Liquidity Coverage Ratio

135.2%

2H24 137.8%
1H24 151.4%

Net Stable Funding Ratio

118.0%

2H24 116.4%
1H24 119.7%

The **CET1 ratio** decreased by 15 basis points to 11.17% (2H24: 11.32%). The reduction reflects the benefit of asset sales offset by higher capital consumption from growth in risk-weighted assets and higher investment spend. Our continued strong capital position reflects a well-managed balance sheet, solid risk management, with flexibility to invest in the 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 December 2024 quarter was 135.2% (June 2024 quarter: 137.8%), exceeding the regulatory minimum of 100%.

The LCR 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) as at 31 December 2024 was 118.0% (30 June 2024: 116.4%), exceeding the regulatory minimum of 100%.

The NSFR measures the amount of available stable funding to the amount of required stable funding as defined by APRA.

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

Lending

Gross loan balances by product[1]

Residential	Business	Agribusiness	Personal Loans & Cards	Margin Loans
$65.2 billion	$9.4 billion	$6.7 billion	$0.6 billion	$1.6 billion
FY24 $61.9 billion	FY24 $9.5 billion	FY24 $7.1 billion	FY24 $0.6 billion	FY24 $1.7 billion
Up 5.3%	Down 0.9%	Down 4.9%	Up 0.9%	Down 4.3%

Total gross loans increased 3.4% to $83.6 billion over the half (2H24: $80.8 billion).

Residential lending increased 5.3% to $65.2 billion over the half (2H24: $61.9 billion) with strong growth driven by an increased volume of new settlements. The rollout of our new Bendigo Lending Platform has supported growth in Broker channels, and we have seen an increased customer appetite for Digital mortgages through our proprietary and partner brands.

Business lending decreased 0.9% to $9.4 billion over the half (2H24: $9.5 billion), during a period of significant competition. Agribusiness lending decreased 4.9% over the half, largely due to seasonal run-off in the portfolio. During the half, the Group continued the transformation of the Business and Agribusiness Division.

Margin lending decreased 4.3% to $1.6 billion mainly due to the persistent higher-interest rate environment influencing customers' gearing strategies. Conservative gearing levels at 27% provide clients with significant opportunity to leverage their facilities when market conditions improve.

1. In 1H25, the Group adopted a revised approach to the disclosure of lending balances. Historically, lending has been disclosed by reference to the purpose of the underlying lending. From 1H25, the Group's lending balances will be disclosed by reference to the underlying product type. Comparative balances have been restated.

2.2 GROUP PERFORMANCE COMMENTARY continued

Funding (including deposits)

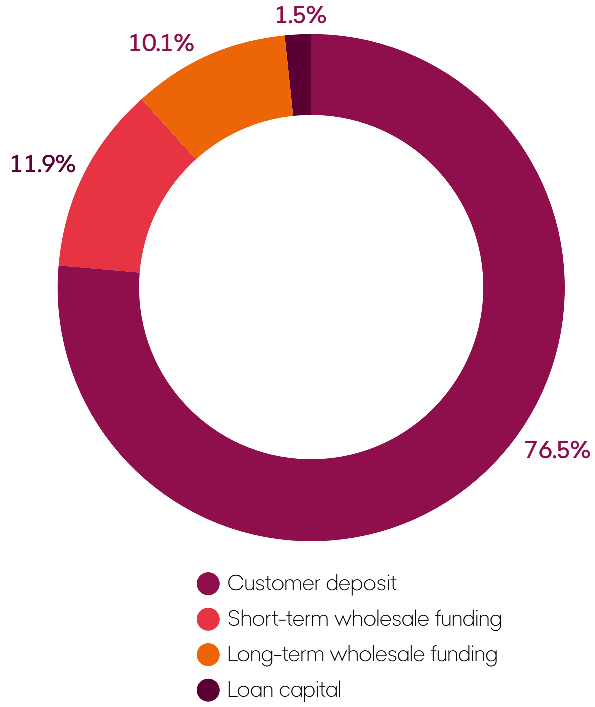
Customer deposits	Short-term wholesale funding [1]	Long-term wholesale funding [2]	Loan capital [3]
$72.0 billion	$11.2 billion	$9.5 billion	$1.4 billion
FY24 $68.3 billion	FY24 $11.2 billion	FY24 $8.7 billion	FY24 $1.4 billion
Up 5.4%	Up 0.3%	Up 8.7%	Up 0.1%

Total funding including deposits increased 5.0% to $94.1 billion (2H24: $89.6 billion).

The Group's principal source of funding is customer deposits, representing 76.5% (2H24: 76.2%) of the Group's total funding. Customer deposits increased $3.7 billion or 5.4% on 2H24 demonstrating the strength of our distribution franchise. Customer deposits include deposits sourced from retail, small business and corporate customers, mainly through the retail network.

Our wholesale funding strategy provides diversification benefits through investor mix, extension of funding duration and geographic exposure. Wholesale funding (including securitisation and loan capital) decreased to 23.5% of total funding (2H24: 23.8%) during the half, due to strong customer deposit growth.

Funding composition



1. Short-term wholesale funding includes deposits from wholesale customers, and other wholesale borrowings which have a maturity at inception of less than or equal to 12 months.
2. Long-term wholesale funding relates to debt issues which have a maturity at inception of greater than 12 months including covered bonds, securitisation and senior unsecured notes.
3. Loan Capital includes subordinated debt and capital notes.

Half Year Results

2.3 GROUP FINANCIAL RESULTS

	Half year ended 31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change Dec 24 vs Jun 24 %	Change Dec 24 vs Dec 23 %
Net interest income	834.7	852.6	813.6	(2.1)	2.6
Other operating income	137.7	144.8	143.2	(4.9)	(3.8)
Total income	972.4	997.4	956.8	(2.5)	1.6
Operating expenses	(598.4)	(570.1)	(552.7)	(5.0)	(8.3)
Operating performance	374.0	427.3	404.1	(12.5)	(7.4)
Credit (expenses)/reversals	10.5	0.9	(10.8)	large	large
Cash earnings before tax	384.5	428.2	393.3	(10.2)	(2.2)
Income tax expense	(119.3)	(134.4)	(125.1)	11.2	4.6
Cash earnings after tax	265.2	293.8	268.2	(9.7)	(1.1)
Non-cash items after tax	(48.4)	(31.1)	14.1	(55.6)	large
Statutory earnings after tax	216.8	262.7	282.3	(17.5)	(23.2)

Financial performance ratios[1]

		Half year ended 31 Dec 24	30 Jun 24	31 Dec 23	Change Dec 24 vs Jun 24	Change Dec 24 vs Dec 23
Cash earnings per ordinary share	¢	46.9	51.9	47.4	(5.0)	(0.5)
Statutory earnings per ordinary share	¢	38.3	46.4	49.9	(8.1)	(11.6)
Diluted statutory earnings per ordinary share	¢	36.5	42.3	44.9	(5.8)	(8.4)
Franked dividends per share	¢	30.0	33.0	30.0	(3.0)	—
Return on average ordinary equity	%	7.55	8.54	7.82	(99) bps	(27) bps
Return on average tangible equity	%	10.32	11.62	10.62	(130) bps	(30) bps
Return on average assets	%	0.57	0.65	0.58	(8) bps	(1) bps
Cost to income ratio	%	61.5	57.2	57.8	430 bps	370 bps
Net interest margin before revenue share arrangements	%	2.31	2.40	2.26	(9) bps	5 bps
Net interest margin after revenue share arrangements	%	1.88	1.96	1.83	(8) bps	5 bps
Average interest earning assets	$m	88,047	87,548	88,246	0.6%	(0.2%)
Market share[2]						
Residential lending	%	2.79	2.72	2.70	7 bps	9 bps
Business lending	%	1.28	1.40	1.38	(12) bps	(10) bps
Deposits	%	2.42	2.38	2.45	4 bps	(3) bps
Capital management						
Common Equity Tier 1	%	11.17	11.32	11.23	(15) bps	(6) bps
Credit risk-weighted assets	$m	35,976	35,274	35,617	2.0%	1.0%
Total risk-weighted assets	$m	38,871	38,005	38,350	2.3%	1.4%
Liquidity Risk						
Liquidity Coverage Ratio (LCR)[3]	%	135.2	137.8	151.4	(260) bps	large
Net Stable Funding Ratio (NSFR)	%	118.0	116.4	119.7	160 bps	(170) 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.

2.4 GROUP PERFORMANCE ANALYSIS

2.4.1 Net interest income

		Half year ended			Change	
		31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Net interest income (cash basis)		834.7	852.6	813.6	(2.1)	2.6
Non-cash net interest income items						
• Homesafe funding costs – unrealised		(18.4)	(17.8)	(17.1)	(3.4)	(7.6)
• Homesafe funding costs – realised		6.8	7.6	5.7	(10.5)	19.3
• Fair value adjustments – interest expense		(4.3)	(4.3)	(4.2)	—	(2.4)
Total non-cash net interest income items		(15.9)	(14.5)	(15.6)	(9.7)	(1.9)
Total net interest income (statutory basis)		818.8	838.1	798.0	(2.3)	2.6
Total gross loans	$m	83,573	80,801	78,195	3.4	6.9
• Residential [1]	$m	65,202	61,925	60,114	5.3	8.5
• Business [1]	$m	9,422	9,508	9,417	(0.9)	—
• Agribusiness [1]	$m	6,724	7,074	6,339	(4.9)	6.1
Customer deposits	$m	72,004	68,333	68,390	5.4	5.3
Average interest earning assets	$m	88,047	87,548	88,246	0.6	(0.2)
Net interest margin after revenue share [2]	%	1.88	1.96	1.83	(8) bps	5 bps
Net interest margin before revenue share [2]	%	2.31	2.40	2.26	(9) bps	5 bps

1. Balances have been restated by reference to the underlying product type rather than the purpose of the advance. Refer to section 2.4.9 for further detail.
2. Further information related to the Net Interest Margin breakdown is provided as part of the Average Balance Sheet disclosure (refer note 2.4.7 Average Balance Sheet).

2.4.2 Other income

	Half year ended			Change	
	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Other income					
Fee income	60.8	64.4	66.7	(5.6)	(8.8)
Commissions and management fees	33.2	31.7	30.7	4.7	8.1
Foreign exchange income	14.9	14.6	13.8	2.1	8.0
Homesafe realised income	20.2	25.1	23.3	(19.5)	(13.3)
Other	8.6	9.0	8.7	(4.4)	(1.1)
Total other income (cash basis)	137.7	144.8	143.2	(4.9)	(3.8)
Non-cash other income items					
• Homesafe revaluation (loss) / gain	(5.1)	50.8	111.6	(110.0)	(104.6)
• Homesafe realised income	(20.2)	(25.1)	(23.3)	19.5	13.3
• Other non-cash income items	17.8	(6.0)	1.2	large	large
Total non-cash other income items	(7.5)	19.7	89.5	(138.1)	(108.4)
Total other income (statutory basis)	130.2	164.5	232.7	(20.9)	(44.0)

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.3 Homesafe income

	Half year ended			Change	
	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Homesafe income – realised	20.2	25.1	23.3	(19.5)	(13.3)
Funding costs – realised	(6.8)	(7.6)	(5.7)	10.5	(19.3)
Total Homesafe income (cash basis)	13.4	17.5	17.6	(23.4)	(23.9)
Non-cash items					
• Homesafe income – realised [1]	(20.2)	(25.1)	(23.3)	19.5	13.3
• Discount unwind [2]	10.4	10.7	13.2	(2.8)	(21.2)
• Profit on sale [3]	1.6	2.1	5.6	(23.8)	(71.4)
• Property revaluation (losses)/ gains [4]	(17.1)	38.0	92.8	(145.0)	(118.4)
• Funding costs – realised [5]	6.8	7.6	5.7	(10.5)	19.3
• Funding costs – unrealised [6]	(18.4)	(17.8)	(17.1)	(3.4)	(7.6)
Total non-cash Homesafe income items	(36.9)	15.5	76.9	large	(148.0)
Total Homesafe income (statutory basis)	(23.5)	33.0	94.5	large	(124.9)

1. **Homesafe income realised** – The difference between cash received on completion and the initial funds advanced (inclusive of capitalised costs).
2. **Discount unwind** – The unwind of the discount priced into the contract at inception.
3. **Profit on sale** – This represents the difference between cash received on completion and the carrying value at the time of completion.
4. **Property revaluations** – This includes the impact of monthly movements in market indices of property values (CoreLogic Hedonic Home Value Index) and changes to property appreciation rate assumptions adopted by the Group.
5. **Funding costs realised** – Accumulated interest expense on completed contracts since initial funding.
6. **Funding costs unrealised** – Interest expense on existing contracts.

Homesafe net realised income (cash basis) reduced 23.4% from 2H24 due to lower completions. Homesafe property revaluation income has reduced by $55.1 million to a $17.1 million loss (2H24: $38.0 million gain). 2H24 and 1H24 property revaluations were elevated due to methodology and assumption changes, in addition to a restructure of the Homesafe operations. Refer to the FY24 Annual Financial Report for further information. 1H25 property revaluation decrements were driven by negative index movements over the half, predominantly in Melbourne.

				Change	
Portfolio balance	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Funded balance [1]	595.2	611.5	605.5	(2.7)	(1.7)
Property revaluation balance	504.4	528.7	501.1	(4.6)	0.7
Total Homesafe income (cash basis)	1,099.6	1,140.2	1,106.6	(3.6)	(0.6)

1. Funded balance includes capitalisation of certain restructuring costs. Refer to the latest Annual Financial Report 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%.

Contract summary (number)	31 Dec 24	30 Jun 24	31 Dec 23
Opening number of contracts	4,009	4,000	3,895
New contracts funded	—	168	233
Completed contracts	(103)	(159)	(128)
Closing number of contracts	3,906	4,009	4,000

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.4 Operating expenses

	Half year ended			Change	
	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Staff and related costs	329.8	300.1	300.1	9.9	9.9
Occupancy costs	35.6	35.1	37.5	1.4	(5.1)
Information technology costs	63.3	55.9	54.5	13.2	16.1
Amortisation of software intangibles	27.1	20.5	21.3	32.2	27.2
Property, plant and equipment costs	8.6	9.0	8.6	(4.4)	—
Fees and commissions	6.5	6.9	9.8	(5.8)	(33.7)
Communications, postage and stationery	14.5	14.0	15.3	3.6	(5.2)
Advertising and promotion	10.3	11.7	10.6	(12.0)	(2.8)
Other product and services delivery costs	8.5	8.2	7.5	3.7	13.3
Non-lending losses [1]	13.6	23.6	16.6	(42.4)	(18.1)
Other administration expenses	25.5	36.7	24.7	(30.5)	3.2
Total operating expenses before investment spend (cash basis)	543.3	521.7	506.5	4.1	7.3
Investment spend [2]	55.1	48.4	46.2	13.8	19.3
Total operating expenses (cash basis)	598.4	570.1	552.7	5.0	8.3
Non-cash expense items					
• Amortisation of acquired intangibles	2.5	2.5	2.6	—	(3.8)
• Other non-cash expense items	4.4	5.7	35.4	(22.8)	(87.6)
• Expensed investment spend	42.8	41.5	15.7	3.1	large
Total non-cash expense items	49.7	49.7	53.7	—	(7.4)
Total operating expenses (statutory basis)	648.1	619.8	606.4	4.6	6.9

					Change	
		31 Dec 24	30 Jun 24	31 Dec 23	%	%
Cost to income ratio [3]	%	61.5	57.2	57.8	430 bps	370 bps
Expenses to average assets	%	1.29	1.25	1.19	4 bps	10 bps
Staff and related costs to income [3,4]	%	33.4	29.6	31.0	380 bps	240 bps
Number of staff (full-time equivalent)	FTE	4,812	4,777	4,682	0.7	2.8

1. Non-lending losses include remediation expenses of $3.4 million (2H24: $14.8 million; 1H24: $6.4 million).
2. 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 2.4.5 for further details.
3. Expenses used in the above ratios are expenses less non-cash expense items. Income used in the above ratios is income less non-cash net interest income items and other non-cash income items.
4. This ratio has been adjusted to exclude the impact of redundancy costs before tax (1H25: $5.5 million, 2H24: $4.6 million, 1H24: $3.2 million).

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.5 Investment spend

	Half year ended			Change	
	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Expensed investment spend	55.1	48.4	46.2	13.8	19.3
Capitalised investment spend	56.7	61.2	60.3	(7.4)	(6.0)
Total investment spend (cash basis)	111.8	109.6	106.5	2.0	5.0
Comprising:					
Risk and compliance	36.0	32.7	25.1	10.1	43.4
Foundational technology	52.6	51.8	61.0	1.5	(13.8)
Growth and productivity	13.9	22.4	15.8	(37.9)	(12.0)
Asset lifecycle management	9.3	2.7	4.6	large	102.2
Total investment spend (cash basis)	111.8	109.6	106.5	2.0	5.0
Expensed investment spend (non-cash) [1]	42.8	41.5	15.7	3.1	large
Total investment spend (statutory basis)	154.6	151.1	122.2	2.3	26.5

				Change	
	%	%	%	bps	bps
Total investment spend expensed % [2]	63.3	59.5	50.7	380 bps	large
Investment spend expensed % (cash basis) [3]	49.3	44.2	43.4	large	large

1. Expensed investment spend (non-cash) includes costs relating to changes to the Business and Agribusiness operating model, and migration costs associated with the consolidation of Adelaide Bank customers and accounts onto one platform and brand. Non-cash items are classified in line with the Group Accounting Guidance Note on Cash Earnings Adjustments, which is approved annually 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 $2.2 million (2.0%) on prior half. This reflects the Group's continued focus on delivering on our transformation agenda to support long term growth and simplification benefits.

Risk & Compliance spend has increased by $3.3 million (10.1%) on prior half, reflecting our ongoing commitment to meeting regulatory requirements, in particular CPS 230 Operational Risk Management which includes business continuity and service provider management, and continuing to focus on fraud reduction, Anti-money laundering and information security programs.

Foundational Technology spend is broadly flat on prior half, with further functionality built on the Bendigo Lending Platform.

Growth & Productivity spend decreased by $8.5 million (37.9%) on prior half, driven by the shift of spend on digital capabilities, with a temporary ramp-down of spend in the 1H25 as we reset our delivery approach within our refreshed Digital Division.

Asset Lifecycle Management spend has increased by $6.6 million on prior half, to ensure our systems are supported and up to date.

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.6 Cash earnings reconciliation

For the half year ended 31 December 2024

		Cash earnings adjustments									
		Note 1	Note 2	Note 3	Note 4			Note 5	Note 6	Note 7	
	Cash earnings $m	Fair value $m	Home-safe un-realised $m	Hedging reval'n $m	Sale of BSPL and RE retirement $m	Home-safe re-structure costs $m	ANZ acquist'n $m	Re-structure costs $m	Amort'n of acquired intang-ibles $m	Home-safe realised income $m	Statutory earnings $m
Net interest income	834.7	(4.3)	(18.4)	—	—	—	—	—	—	6.8	818.8
Other operating income	137.7	—	(5.1)	6.0	11.8	—	—	—	—	(20.2)	130.2
Total income	972.4	(4.3)	(23.5)	6.0	11.8	—	—	—	—	(13.4)	949.0
Investment spend	(55.1)	—	—	—	—	—	—	(42.8)	—	—	(97.9)
Operating expenses	(543.3)	—	—	—	(2.6)	—	—	(1.8)	(2.5)	—	(550.2)
Operating performance	374.0	(4.3)	(23.5)	6.0	9.2	—	—	(44.6)	(2.5)	(13.4)	300.9
Credit reversals	10.5	—	—	—	—	—	—	—	—	—	10.5
Earnings before tax	384.5	(4.3)	(23.5)	6.0	9.2	—	—	(44.6)	(2.5)	(13.4)	311.4
Income tax expense	(119.3)	1.3	7.1	(1.8)	(0.1)	—	—	13.4	0.8	4.0	(94.6)
Earnings after tax	265.2	(3.0)	(16.4)	4.2	9.1	—	—	(31.2)	(1.7)	(9.4)	216.8

For the half year ended 30 June 2024

		Cash earnings adjustments									
	Cash earnings $m	Fair value $m	Home-safe un-realised $m	Hedging reval'n $m	Sale of BSPL and RE retirement $m	Home-safe re-structure costs $m	ANZ acquist'n $m	Re-structure costs $m	Amort'n of acquired intang-ibles $m	Home-safe 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

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.6 Cash earnings reconciliation continued

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

Non-cash interest income items

Note 1 – Fair value adjustments. The acquisition of the ANZ Investment Lending portfolio 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. Represents interest expense incurred on existing contracts for the current year.

Non-cash other income items

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

Note 3 – Revaluation gains/(losses) on economic hedges. Represents unrealised gains/ (losses) from changes in the fair value of economic hedges. These movements represent timing differences that will reverse through earnings in the future.

Note 4 – Sale of Bendigo Superannuation Pty Ltd (BSPL) and Responsible Entity (RE) retirement. On 31 August 2024, BSPL was sold to Betashares Australia Holdings Pty Ltd. The sale resulted in a $11.8 million pre-tax gain on sale ($11.0 million post-tax, including a $2.7 million tax credit from a previously unrecognised deferred tax asset relating to capital tax losses). On 28 November 2024, eight Bendigo Bank Managed Funds resolved to appoint Betashares Capital Limited as the new RE. There has been $2.7 million of pre-tax costs associated with the sale of BSPL and the transfer of the RE, which have been classified as non-cash items.

Non-cash operating expense items

Note 5 – Restructure costs. In 1H25, these represent costs relating to changes to the Business and Agribusiness operating model and structure, and migration costs associated with the consolidation of Adelaide Bank customers and accounts onto one platform and brand. It also includes costs associated with the implementation of various cost and productivity initiatives through business simplification and restructuring activities.

Note 6 – Amortisation of acquired intangibles. Represents the amortisation of intangible assets acquired by the Group including customer lists and acquired software.

Other adjustments to statutory earnings

Note 7 – Homesafe realised income. Represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

Note 7 – Homesafe realised funding costs. Represents accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings during the financial year they were incurred. These adjustments align the realised income and funding costs within the same period.

Refer to prior period Appendix 4E and 4D ASX result releases for details of prior period non-cash items and other adjustments.

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.7 Average balance sheet

For the six months ended December 2024 and June 2024

	31 Dec 24			30 Jun 24		
	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	14,402.3	316.5	4.36	16,564.7	358.4	4.35
Loans and other receivables [2,3]	73,644.2	2,205.1	5.94	70,983.6	2,074.7	5.88
Total interest earning assets	88,046.5	2,521.6	5.68	87,548.3	2,433.1	5.59
Non-interest earning assets						
Credit provisions	(283.1)			(289.0)		
Other assets	4,326.9			4,229.6		
Total non-interest earning assets	4,043.8			3,940.6		
Total assets (average balance)	92,090.3			91,488.9		
Interest bearing liabilities						
Deposits						
• Customer [2]	61,744.4	(1,118.8)	(3.59)	60,362.6	(1,062.6)	(3.54)
• Wholesale	10,927.2	(269.5)	(4.89)	10,446.5	(246.7)	(4.75)
Wholesale borrowings						
• Repurchase agreements	—	—	—	2,310.5	(1.3)	(0.11)
• Notes payable	2,087.9	(57.9)	(5.50)	2,395.6	(66.2)	(5.56)
• Other wholesale borrowings	7,553.2	(196.5)	(5.16)	6,145.9	(157.2)	(5.14)
Lease liability	79.9	(1.3)	(3.23)	94.5	(1.6)	(3.40)
Loan capital	1,372.5	(42.9)	(6.20)	1,441.5	(44.9)	(6.26)
Total interest bearing liabilities	83,765.1	(1,686.9)	(3.99)	83,197.1	(1,580.5)	(3.82)
Non-interest bearing liabilities and equity						
Other liabilities	1,303.3			1,304.3		
Equity	7,021.9			6,987.5		
Total non-interest bearing liabilities and equity	8,325.2			8,291.8		
Total liabilities and equity (average balance)	92,090.3			91,488.9		
Interest margin and interest spread						
Interest earning assets	88,046.5	2,521.6	5.68	87,548.3	2,433.1	5.59
Interest bearing liabilities	(83,765.1)	(1,686.9)	(3.99)	(83,197.1)	(1,580.5)	(3.82)
Net interest income and interest spread [4]		834.7	1.69		852.6	1.77
Benefit of net free liabilities, provisions and equity			0.19			0.19
Net interest margin [5]			1.88			1.96
Add: impact of revenue share arrangements			0.43			0.44
Net interest margin before revenue share arrangements			2.31			2.40

1. Average balance is based on monthly closing balances.
2. Offset products have been reclassified from deposits and netted against the corresponding loan balance (1H25: $8,305.1million; 2H24: $7,833.5 million).
3. Interest relating to loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period. Refer to 2.4.6 for further details.
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.

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 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.

In September 2024, the Group announced several structural and Executive changes including:

- The establishment of the Brand, Marketing and Communications Division and the appointment of Sarah Bateson as the Chief Marketing Officer; and
- The appointment of Xavier Shay as the Group's Chief Digital Officer. Xavier has oversight of the Bank's digital capabilities and will be responsible for driving greater penetration of our digital offerings across the Bendigo and Up brands.

The Bendigo digital team has been re-segmented to form part of the Consumer segment (formerly, Corporate). The Brand, Marketing and Communications Division is now reported as part of Corporate (formerly, Consumer).

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 Segment results continued

Consumer		Half year ended 31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Net interest income		481.9	477.2	463.7	1.0	3.9
Other operating Income		85.6	90.6	91.8	(5.5)	(6.8)
Total segment income		567.5	567.8	555.5	(0.1)	2.2
Operating expenses		(179.4)	(164.9)	(168.7)	(8.8)	(6.3)
Operating performance		388.1	402.9	386.8	(3.7)	0.3
Credit reversals / (expenses)		1.3	4.3	(14.3)	(69.8)	109.1
Cash earnings before tax		389.4	407.2	372.5	(4.4)	4.5
Income tax expense		(120.9)	(128.5)	(119.3)	5.9	(1.3)
Cash earnings after tax		268.5	278.7	253.2	(3.7)	6.0
Non-cash net interest income items		(11.1)	(10.2)	(10.9)	(8.8)	(1.8)
Non-cash other income items		(6.7)	18.1	61.8	(137.0)	(110.8)
Non-cash operating expense items		(3.5)	(1.1)	(8.0)	large	56.3
Statutory earnings after tax		247.2	285.5	296.1	(13.4)	(16.5)
		31 Dec 24	30 Jun 24	31 Dec 23	%	%
Net interest margin before revenue share	%	2.22	2.33	2.26	(11) bps	(4) bps
Net interest margin after revenue share	%	1.77	1.84	1.78	(7) bps	(1) bps
Cost to income ratio	%	31.6	29.0	30.4	260 bps	120 bps
Number of staff (full-time equivalent)	FTE	2,147	2,149	2,123	(0.1)	1.1
		$m	$m	$m	%	%
Lending						
Residential lending		61,629.1	58,190.3	56,583.3	5.9	8.9
Business lending		48.2	54.3	64.3	(11.2)	(25.0)
Margin lending		1,637.4	1,710.9	1,746.9	(4.3)	(6.3)
Personal loans / credit cards		555.4	546.8	544.5	1.6	2.0
Total lending		63,870.1	60,502.3	58,939.0	5.6	8.4
Other assets		1,099.6	1,140.2	1,106.6	(3.6)	(0.6)
Total reportable segment assets [1]		64,969.7	61,642.5	60,045.6	5.4	8.2
Deposits						
Transaction accounts		4,608.4	4,436.2	4,732.8	3.9	(2.6)
At call savings		28,181.8	25,506.2	24,279.2	10.5	16.1
Term deposits		14,578.9	14,280.4	14,444.0	2.1	0.9
Total customer deposits		47,369.1	44,222.8	43,456.0	7.1	9.0
Wholesale deposits		790.7	633.8	1,223.3	24.8	(35.4)
Total deposits		48,159.8	44,856.6	44,679.3	7.4	7.8
Total reportable segment liabilities		48,159.8	44,856.6	44,679.3	7.4	7.8

1. The breakdown of lending balances in this disclosure is reflective of the underlying product type.

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 Segment results continued

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

1H25 Cash earnings after tax have decreased to $268.5 million (2H24: $$278.7 million).

Net Interest Income

Net interest income was $481.9 million, an increase of $4.7 million or 1.0% on prior half. There was strong growth in both lending and deposits, partly offset by a seven basis points decrease in net interest margin (NIM) after revenue share.

- Lending balances increased $3.3 billion or 5.6% for the half, mainly in residential lending across Retail, Third Party Banking and Up. This is partly offset by decrease in margin lending as interest rates continue to outpace market returns.
- Customer deposit balances increased $3.1 billion or 7.1% for the half reflecting strong growth in savings (including offsets) and term deposit accounts.
- Net interest margin after revenue share decreased 7 basis points, reflecting a combination of new business variable residential lending pricing lower than the portfolio, and deposit mix switch to higher yielding deposits.
- Revenue share payments decreased $2.3 million, a reflection of lower lending and deposit margins.

Other Income

Other Income was $85.6 million, a decrease of $5 million or 5.5% on the prior half. The decline was driven by a $4.9 million reduction in Homesafe realised income with a lower volume of completed contracts. In addition, the removal and reduction of deposit fees has also impacted Other Income. This was partly offset by higher wealth management fund performance fees.

Operating Expenses

Operating expenses were $179.4 million, an increase of $14.5 million or 8.8% on the prior half. This increase was driven by inflation, higher software amortisation from ongoing investment, and higher non-lending write-offs. This is partially offset by productivity initiatives including workforce optimisation.

Credit Expenses

Credit expenses were a $1.3 million net release, an increase of $3 million on the prior half (2H24: $4.3 million net release). This is mainly driven by an increase in collective provisions.

Non-cash Items

Non-cash items of ($21.3) million after tax for the year includes the following:

- Homesafe contributed ($25.8) million to non-cash items in 1H25 (2H24: $10.8 million). This is driven by reductions in both realised and unrealised income over the half. The contribution of Homesafe is largely a reflection of lower house prices and associated impact on valuation assumptions. Refer to section 2.4.3 for further insight into Homesafe income and portfolio movements.
- The sale of Bendigo Superannuation Pty Ltd (BSPL) contributed $9.3 million to non-cash items. This includes an $11.0 million gain on sale, partially offset by $1.9 million in costs relating to both the sale of BSPL and the retirement of Sandhurst Trustee Limited as the responsible entity for a number of managed funds.
- Other non-cash items relate to historic acquisitions of software and margin lending portfolios. These contributed ($4.5) million to non-cash items.

Non-cash items are classified in line with the Group Accounting Guidance Note on Cash Earnings Adjustments, which is approved annually by the Board Audit Committee. Refer to section 2.4.6 for further information on non-cash items.

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 Segment results continued

		Half year ended				
					Change	
Business and Agribusiness		31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Net interest income		330.2	345.6	341.4	(4.5)	(3.3)
Other operating Income		33.4	33.2	34.0	0.6	(1.8)
Total segment income		363.6	378.8	375.4	(4.0)	(3.1)
Operating expenses		(82.6)	(86.1)	(76.6)	4.1	(7.8)
Operating performance		281.0	292.7	298.8	(4.0)	(6.0)
Credit (expenses) / reversals		(5.0)	2.8	6.5	large	large
Cash Earnings before tax		276.0	295.5	305.3	(6.6)	(9.6)
Income tax expense		(83.8)	(93.1)	(96.9)	10.0	13.5
Cash earnings after tax		192.2	202.4	208.4	(5.0)	(7.8)
Non-cash other income items		—	(0.1)	—	100.0	—
Non-cash operating expense items		(0.2)	(0.3)	(0.3)	33.3	33.3
Statutory earnings after tax		192.0	202.0	208.1	(5.0)	(7.7)
		31 Dec 24	30 Jun 24	31 Dec 23	%	%
Net interest margin before revenue share	%	3.92	4.28	4.19	(36) bps	(27) bps
Net interest margin after revenue share	%	3.28	3.61	3.54	(33) bps	(26) bps
Cost to income ratio	%	22.7	22.7	20.4	0.0 bps	230 bps
Number of staff (full-time equivalent)	FTE	711	731	693	(2.7)	2.6
		$m	$m	$m	%	%
Lending						
Residential lending		3,541.3	3,708.0	3,499.0	(4.5)	1.2
Business lending		9,373.3	9,453.6	9,352.5	(0.8)	0.2
Agribusiness lending		6,723.6	7,073.7	6,338.6	(4.9)	6.1
Personal loans / credit cards		33.2	36.8	34.8	(9.8)	(4.6)
Total lending		19,671.4	20,272.1	19,224.9	(3.0)	2.3
Other assets		371.2	311.7	204.8	19.1	81.3
Total reportable segment assets [1]		20,042.6	20,583.8	19,429.7	(2.6)	3.2
Deposits						
Transaction accounts		5,439.8	5,514.4	5,652.6	(1.4)	(3.8)
At call savings		7,326.2	7,363.4	7,510.6	(0.5)	(2.5)
Term deposits		8,848.0	8,562.6	8,633.9	3.3	2.5
Total customer deposits		21,614.0	21,440.4	21,797.1	0.8	(0.8)
Wholesale deposits		96.1	81.8	85.8	17.5	12.0
Total deposits		21,710.1	21,522.2	21,882.9	0.9	(0.8)
Total reportable segment liabilities		21,710.1	21,522.2	21,882.9	0.9	(0.8)

1. The breakdown of lending balances in this disclosure is reflective of the underlying product type.

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 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.

1H25 Cash earnings after tax have decreased to $192.2 million (2H24: $202.4 million).

Net Interest Income

Net interest income was $330.2 million, a decrease of $15.4 million or 4.5% on the prior half, reflecting declining net interest margin after revenue share of 33 basis points, and a decrease in lending balances.

- Lending balances decreased $0.6 billion or 3% for the half, mainly driven by seasonal outflows within the Agribusiness portfolio. Decreased business and residential lending reflects ongoing competitive pressure in lending markets.
- Customer deposit balances increased $0.2 billion or 0.8% for the half with growth mostly in term deposits, partly offset by a reduction in transaction and saving accounts.
- Net interest margin after revenue share decreased 33 basis points driven by mix shift to higher yielding deposits as customers optimise for yield, increased competition and funding costs.

Other Income

Other Income was $33.4 million, which is broadly flat on the prior half. This reflected an increase in foreign exchange volume due to higher customer activity, partly offset by lower government scheme income due to a lower number of industry assistance programs.

Operating Expenses

Operating expenses were $82.6 million, a decrease of $3.5 million or 4.1% on the prior half. The decrease reflects lower remediation costs compared to prior half, partially offset by higher staff costs due to investment in business relationship capacity.

Credit Expenses

Credit expenses of $5.0 million were $7.8 million higher than prior half. This relates to aligning the definition of default in the collective provision as prescribed in APS220 *Credit Risk Management* prudential standard.

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 Segment results continued

Corporate		Half year ended 31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change Dec 24 vs Jun 24 %	Change Dec 24 vs Dec 23 %
Net interest income		22.6	29.8	8.5	(24.2)	large
Other operating income		18.7	21.0	17.4	(11.0)	7.5
Total income		41.3	50.8	25.9	(18.7)	59.5
Operating expenses		(336.4)	(319.1)	(307.4)	(5.4)	(9.4)
Operating performance		(295.1)	(268.3)	(281.5)	(10.0)	(4.8)
Credit reversals / (expenses)		14.2	(6.2)	(3.0)	large	large
Cash earnings before tax		(280.9)	(274.5)	(284.5)	(2.3)	1.3
Income tax benefit		85.4	87.2	91.1	(2.1)	(6.3)
Cash earnings after tax		(195.5)	(187.3)	(193.4)	(4.4)	(1.1)
Non-cash other income items		4.3	(4.1)	0.8	large	large
Non-cash operating expense items		(31.2)	(33.4)	(29.3)	6.6	(6.5)
Statutory earnings after tax		(222.4)	(224.8)	(221.9)	1.1	(0.2)
		31 Dec 24	30 Jun 24	31 Dec 23	%	%
Number of staff (full-time equivalent)	FTE	1,954	1,897	1,866	3.0	4.7
		$m	$m	$m	%	%
Total reportable segment assets [1]		17,157.4	15,961.6	20,054.8	7.5	(14.4)
Total reportable segment liabilities [2]		25,206.7	24,775.1	25,958.9	1.7	(2.9)

1. Reportable segment assets mainly comprise the Group's liquid asset portfolio, managed by Treasury.
2. Reportable segment liabilities include the Treasury wholesale funding portfolio. This includes loan capital, covered bonds, senior unsecured notes and other debt issuances, in addition to wholesale deposits managed by Treasury.

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.8 Segment results continued

The Corporate segment includes the results of the Group's support functions including treasury, technology and transformation, cards and payments, property services, strategy, finance, risk, compliance, legal, people and culture, investor relations and brand, marketing and communications.

1H25 Cash earnings after tax have decreased to a $195.5 million loss (2H24: $187.3 million loss).

Net Interest Income

Net Interest Income was $22.6 million, a decrease of $7.2 million on the prior half mainly due to an increase in hedging expense partly offset by favourable returns on capital replicating yields driven by increases in underlying swap rates.

Other Income

Other Income was $18.7 million, a decrease of $2.3 million on the prior half. This was mainly driven by the timing of corporate management fees and higher treasury break fees.

Operating Expenses

Operating expenses were $336.4 million, an increase of $17.3 million on the prior half. This increase was driven by higher software licensing, cloud costs and amortisation, an uplift in investment spend and increased staff to strengthen cyber, fraud risk and security capabilities. This was partly offset by prudent management of marketing and external services costs.

Credit Expenses

Credit reversals of $14.2 million were a decrease of $20.4 million on the prior half driven by a reduction in collective provision overlays.

Non-cash Items

Non-cash items include non-cash investment spend (after tax) of $30.0 million, partially offset by hedging revaluation income of $4.2 million.

Non-cash investment spend includes:

- Costs associated with changes to the Business and Agribusiness operating model, and migration costs associated with the consolidation of Adelaide and Rural Bank customers onto one platform and brand.
- Costs associated with the implementation of various cost and productivity initiatives through business simplification and restructuring activities.

Non-cash items are classified in line with the Group Accounting Guidance Note on Cash Earnings Adjustments, which is approved annually by the Board Audit Committee.

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.9 Lending

Lending by product	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change: Dec 24 vs Jun 24 %	Change: Dec 24 vs Dec 23 %
Residential lending	65,201.5	61,925.0	60,113.6	5.3	8.5
Personal loans and credit cards	588.6	583.6	579.3	0.9	1.6
Margin lending	1,637.4	1,710.9	1,746.9	(4.3)	(6.3)
Business lending	9,421.5	9,507.9	9,416.8	(0.9)	—
Agribusiness lending	6,723.6	7,073.7	6,338.6	(4.9)	6.1
Total gross loans [1]	83,572.6	80,801.1	78,195.2	3.4	6.9
Individually assessed provision	(36.8)	(39.6)	(41.3)	7.1	10.9
Collectively assessed provision	(236.5)	(246.4)	(248.4)	4.0	4.8
Unearned income	(109.0)	(105.8)	(94.6)	(3.0)	(15.2)
Total provisions and unearned income	(382.3)	(391.8)	(384.3)	2.4	0.5
Deferred costs paid [2]	166.5	158.3	153.0	5.2	8.8
Net loans and other receivables	83,356.8	80,567.6	77,963.9	3.5	6.9

1. In 1H25, the Group adopted a revised approach to the disclosure of lending balances. Historically, lending has been disclosed by reference to the purpose of the underlying lending. From 2H25, the Group's lending balances will only be disclosed by reference to the underlying product type. Comparative balances above have been restated, with the historic table reproduced below.
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.

Lending by purpose	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change: Dec 24 vs Jun 24 %	Change: Dec 24 vs Dec 23 %
Residential lending	63,682.8	60,380.0	58,503.5	5.5	8.9
Consumer lending	1,499.8	1,501.2	1,554.6	(0.1)	(3.5)
Margin lending	1,637.4	1,710.9	1,746.9	(4.3)	(6.3)
Business lending	10,342.3	10,404.9	10,305.0	(0.6)	0.4
Agribusiness lending	6,410.3	6,804.1	6,085.2	(5.8)	5.3
Total gross loans	83,572.6	80,801.1	78,195.2	3.4	6.9

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.10 Capital

	As at 31 Dec 24 $m	As at 30 Jun 24 $m	As at 31 Dec 23 $m	Change Dec 24 vs Jun 24 %	Change Dec 24 vs Dec 23 %
Group assets	102,169.7	98,187.9	99,530.1	4.1	2.7
Capital adequacy	$m	$m	$m	%	%
Total regulatory capital	6,018.6	5,983.7	6,013.3	0.6	0.1
Risk-weighted assets					
• Credit Risk	35,976.3	35,273.6	35,616.6	2.0	1.0
• Market Risk	0.9	0.5	2.1	80.0	(57.1)
• Operational Risk	2,893.7	2,731.1	2,731.1	6.0	6.0
Total risk-weighted assets	38,870.9	38,005.2	38,349.8	2.3	1.4
Capital adequacy ratios	%	%	%	bps	bps
Common Equity Tier 1 [1]	11.17	11.32	11.23	(15) bps	(6) bps
Tier 1	13.24	13.43	13.38	(19) bps	(14) bps
Tier 2	2.24	2.31	2.30	(7) bps	(6) bps
Total capital ratio	15.48	15.74	15.68	(26) bps	(20) bps

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

Regulatory capital	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m
Common Equity Tier 1			
Contributed capital	5,234.8	5,231.3	5,245.1
Retained profits and reserves	1,441.2	1,377.2	1,310.7
Accumulated other comprehensive income (and other reserves)	(48.7)	(54.5)	2.2
Less:			
Intangible assets, cash flow hedges and capitalised expenses	2,119.7	2,033.3	2,040.6
Net deferred tax assets	138.9	147.3	144.7
Equity exposures	25.4	71.1	65.3
Total Common Equity Tier 1 capital	4,343.3	4,302.3	4,307.4
Additional Tier 1 capital instruments	802.4	802.4	824.1
Total Tier 1 capital	5,145.7	5,104.7	5,131.5
Tier 2			
Tier 2 capital instruments	575.0	575.0	575.0
Provisions eligible for inclusion in Tier 2 capital	297.9	304.0	306.8
Total Tier 2 capital	872.9	879.0	881.8
Total regulatory capital	6,018.6	5,983.7	6,013.3
Total risk-weighted assets	38,870.9	38,005.2	38,349.8

Half Year Results

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.10 Capital continued

Key movements in 1H25 period include:

Total regulatory capital

Total regulatory capital increased by $34.9 million primarily due to:

- An increase in retained earnings net of dividends of $64.0 million.
- A $43.9 million reduction in capital deductions following the divestment of equity investments in Cuscal Limited and Bendigo Superannuation Limited.
- An offsetting $43.7 million increase in capital deductions for capitalised expenses driven by an increase in investment spend; and
- An increase in other capital deductions of $32.5 million.

Risk-weighted assets

Total risk-weighted assets increased $865.7 million during the period as a result of:

- Credit risk-weighted assets increasing due to strong growth in residential lending volumes, somewhat offset by mix impacts reducing the average risk weighting of the lending. There were also decreases in both commercial property secured lending and land acquisition, development and construction lending during the half.
- Operational risk-weighted assets increasing predominately due to an increase in the overall book size leading to higher interest income.

Pillar 3 Disclosures

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

2.4 GROUP PERFORMANCE ANALYSIS continued

2.4.11 Shareholder returns and dividends

Reconciliation of earnings used in the calculation of earnings per ordinary share (EPS)	Half year ended 31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	Change Dec 24 vs Jun 24 %	Dec 24 vs Dec 23 %
Earnings used in calculating basic earnings per ordinary share	216.8	262.7	282.3	(17.5)	(23.2)
Amortisation of acquired intangibles (after tax)	1.7	1.8	1.8	(5.6)	(5.6)
Non-cash income and expense items (after tax)	37.3	17.1	(28.2)	118.1	large
Homesafe net realised income (after tax)	9.4	12.2	12.3	(23.0)	(23.6)
Total cash earnings	265.2	293.8	268.2	(9.7)	(1.1)

Weighted average number of ordinary shares used in the calculation of EPS	31 Dec 24 000's	30 Jun 24 000's	31 Dec 23 000's	%	%
Weighted average number of ordinary shares – used in basic and cash basis EPS calculations	565,607	565,603	566,032	—	(0.1)
Weighted average number of ordinary shares – used in diluted EPS calculations	636,450	661,697	665,385	(3.8)	(4.3)

Reconciliation of equity used in the calculation of ROE and ROTE	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m	%	%
Ordinary issued capital	5,236.5	5,233.2	5,245.1	0.1	(0.2)
Retained earnings	1,811.8	1,762.0	1,668.6	2.8	8.6
Total ordinary equity	7,048.3	6,995.2	6,913.7	0.8	1.9
Average ordinary equity	6,963.3	6,914.7	6,825.3	0.7	2.0
Average intangible assets	1,922.4	1,895.0	1,858.3	1.4	3.4
Average tangible equity	5,095.4	5,086.2	5,024.9	0.2	1.4

		Half year ended 31 Dec 24	30 Jun 24	31 Dec 23	Change Dec 24 vs Jun 24	Dec 24 vs Dec 23
Cash earnings per share	¢	46.9	51.9	47.4	(9.6)%	(1.1)%
Dividend per share	¢	30.0	33.0	30.0	(9.1)%	—
Dividend amount payable/paid	$m	170.0	186.5	169.8	(8.8)%	0.1%
Payout ratio – stat basis per ordinary share [1]	%	78.3	71.1	60.1	large	large
Payout ratio – cash basis per ordinary share [1]	%	64.0	63.6	63.3	40 bps	70 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 in 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 5 March 2025. 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 2025 interim dividend is 28 February 2025.

Financial Statements

Corporate information

This half year report covers the consolidated entity comprising Bendigo and Adelaide Bank Limited ('the Bank') and its controlled entities ('the Group').

A description of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not subject to audit or review and does not form part of the financial report.

Directors

- Vicki Carter
- Richard Fennell (Managing Director) (appointed 31 August 2024)
- Marnie Baker (Managing Director) (retired 30 August 2024)
- Richard Deutsch
- David Matthews (retired 7 November 2024)
- Alistair Muir
- Patricia Margaret Payn
- Victoria Weekes
- David Foster (resigned 23 September 2024)
- Abi Cleland
- Daryl Johnson (appointed 30 September 2024)

Company Secretary

Belinda Donaldson

Registered Office

Bendigo and Adelaide Bank Limited
The Bendigo Centre
22–44 Bath Lane, Bendigo, Victoria, 3550

Telephone: 1300 361 911

Principal place of business

The Bendigo Centre,
22-44 Bath Lane, Bendigo, Victoria, 3550

Share Registry

MUFG Pension & Market Services
Level 12, 680 George Street, Sydney, NSW, 2000

Postal Address:
Locked Bag A14 Sydney South NSW 1235

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

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

Auditors

Ernst & Young
Australia

Directors' Report

The Directors of Bendigo and Adelaide Bank Limited present their report together with the financial statements of Bendigo and Adelaide Bank Limited ('the Bank') and its controlled entities ('the Group') for the half year ended 31 December 2024.

Directors

The names of the Directors who have held office during the half year and up to the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

- Vicki Carter
- Richard Fennell (Managing Director) (appointed 31 August 2024)
- Marnie Baker (Managing Director) (retired 30 August 2024)
- Richard Deutsch
- David Matthews (retired 7 November 2024)
- Alistair Muir
- Patricia Margaret Payn
- Victoria Weekes
- David Foster (resigned 23 September 2024)
- Abi Cleland
- Daryl Johnson (appointed 30 September 2024)

On 31 January 2025, the Bank announced the appointment of Travis Dillon as a non-executive director, effective 21 February 2025.

Review of operations

The principal activities of the Bank and its controlled entities ('the Group') during the financial period were the provision of a broad range of banking and other financial services including consumer, residential, business, rural and commercial lending, deposit-taking, payments services, wealth management, margin lending, treasury and foreign exchange services.

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

The Group's statutory net profit after income tax (attributable to owners of the Bank) decreased by $45.9 million, or 17.5%, to $216.8 million when compared with the half year ended 30 June 2024.

The total capital adequacy ratio decreased during the half year from 15.74% to 15.48%. Tier 1 capital decreased during the half year from 13.43% to 13.24%, with Tier 2 capital decreasing from 2.31% to 2.24%. The Common Equity Tier 1 ratio decreased during the half year from 11.32% to 11.17%.

Additional analysis of operations for the half year ended 31 December 2024 is set out in Section 2.2 – Group performance commentary.

Dividends and distributions

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

- FY24 final dividend of 33.0 cents per share, paid on 30 September 2024.
- FY25 interim dividend of 30.0 cents per share, determined on 17 February 2025, payable on 31 March 2025.

Fully franked distributions paid on Capital Notes during the half year:

- Capital Notes (ASX: BENPH) -142.6 cents per share, paid on 16 September 2024 and 143.39 cents per share, paid on 16 December 2024.
- Capital Notes 2 (ASX: BENPI) – 133.49 cents per share, paid on 13 September 2024 and 133.06 cents per share, paid on 13 December 2024.

Further details on dividends provided for or paid during the half year ended 31 December 2024 on the Bank's ordinary shares and capital notes are provided in Note 3.9 – Dividends paid and payable.

Directors' Report

Significant changes in the state of affairs

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

In September 2024, the Dividend Reinvestment Plan in respect of the 30 June 2024 final dividend was satisfied in full by the on-market purchase and transfer of 1,871,561 shares at $12.13 to participating shareholders.

On 2 July 2024, the Board announced Marnie Baker's retirement effective 30 August 2024 and the appointment of Richard Fennell as Chief Executive Officer and Managing Director effective 31 August 2024. Subsequently, there were a number of changes to members of the Executive team during the half year. These were as follows:

- Xavier Shay was appointed as the Chief Digital Officer, effective 2 September 2024, with FAR accountability commencing 7 October 2024;
- Sarah Bateson was appointed as the Chief Marketing Officer, effective 2 September 2024, with FAR accountability commencing 7 October 2024;
- Taso Corolis was appointed as the Chief Customer Officer, Consumer Banking, effective 7 October 2024, with FAR accountability commencing on that date; and
- Fiona Thompson was appointed as the Chief People Officer, effective 2 December 2024, with FAR accountability commencing 6 January 2025.

In addition to the above, the Group announced the appointment of Kerrie Noonan as the Chief Risk Officer, effective 20 February 2025, and the appointment of Kieran O'Meara as the Chief Technology Officer, effective 1 April 2025. Ryan Brosnahan, Chief Transformation Officer will be leaving the Bank in mid-2025 after five years leading the organisation's transformation program.

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

Rounding of amounts

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

Events after balance sheet date

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

Auditor's Independence Declaration

The Group's Board Audit Committee has conducted an assessment of the independence of the external auditor for the period ended 31 December 2024. The assessment was conducted on the basis of the Group's External Audit Independence Policy and the requirements of the *Corporations Act 2001*. The assessment included a review of non-audit services provided by the auditor and an assessment of the independence declaration issued by the external auditor for the period ended 31 December 2024. The Board Audit Committee's assessment confirmed that the independence requirements have been met. The Board Audit Committee's assessment was accepted by the full Board.

A copy of the Auditor's Independence Declaration as required is set out on the following page and forms part of this report.

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

Vicki Carter
Chair

Richard Fennell
Chief Executive Officer and Managing Director

17 February 2025

Auditor's Independence Declaration

Ernst & Young
200 George Street
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GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Auditor's independence declaration to the directors of Bendigo and Adelaide Bank Limited

As lead auditor for the review of the half-year financial report of Bendigo and Adelaide Bank Limited for the half-year ended 31 December 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 review;

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

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

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

Ernst & Young

Ernst & Young

Clare Sporle
Partner
17 February 2025

Primary statements

Income statement

For the period ended 31 December 2024

	Note	Half year ended 31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m
Net interest income				
Interest income		2,505.7	2,418.6	2,320.1
Interest expense		(1,686.9)	(1,580.5)	(1,522.1)
Total net interest income	3.3	818.8	838.1	798.0
Other revenue				
Fees		60.8	64.4	66.7
Commissions and management fees		33.2	31.7	30.7
Other income		36.2	68.4	135.3
Total other revenue		130.2	164.5	232.7
Total income	3.3	949.0	1,002.6	1,030.7
Credit expenses				
Credit reversals / (expenses)		9.5	(1.2)	(12.2)
Bad and doubtful debts recovered		1.0	2.1	1.4
Total credit reversals / (expenses)	3.5	10.5	0.9	(10.8)
Operating expenses				
Staff and related costs		(399.9)	(351.4)	(343.1)
Occupancy costs		(35.6)	(35.1)	(37.5)
Amortisation and depreciation costs		(38.4)	(32.0)	(32.5)
Fees and commissions		(6.5)	(6.9)	(9.8)
Other operating expenses		(167.7)	(194.4)	(183.5)
Total operating expenses	3.4	(648.1)	(619.8)	(606.4)
Profit before income tax expense		311.4	383.7	413.5
Income tax expense	3.6	(94.6)	(121.0)	(131.2)
Net profit attributable to owners of the Bank		216.8	262.7	282.3

Earnings per share		cents	cents	cents
Basic	3.8	38.3	46.4	49.9
Diluted	3.8	36.5	42.3	44.9

Statements of Comprehensive Income

For the period ended 31 December 2024

	Half year ended		
	31 Dec 24 $m	30 Jun 24 $m	31 Dec 23 $m
Profit for the half year ended	216.8	262.7	282.3
Items which may be reclassified subsequently to profit/(loss):			
Revaluation gain / (loss) on debt securities at FVOCI[1] with recycling	19.1	(81.1)	44.8
Net gain/(loss) on cash flow hedges taken to equity	28.7	(20.3)	25.7
Tax effect on items taken directly to or transferred from equity	(14.3)	30.4	(21.1)
Total items that may be reclassified to profit/(loss)	33.5	(71.0)	49.4
Items which will not be reclassified subsequently to profit/(loss):			
Revaluation gain on equity investments at FVOCI	9.6	0.2	—
Tax effect on items taken directly to or transferred from equity	(2.8)	(0.1)	—
Total items that will not be reclassified to profit/(loss)	6.8	0.1	—
Total comprehensive income for the period	257.1	191.8	331.7
Total comprehensive income for the period attributable to:			
Owners of the Bank	257.1	191.8	331.7

1. Financial assets measured at fair value through other comprehensive income. Refer to Glossary for more context.

Primary statements

Balance sheet

As at 31 December 2024

	Note	Half year ended 31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Assets				
Cash and cash equivalents	3.15	4,004.3	1,964.5	4,783.3
Due from other financial institutions	3.15	274.6	282.9	219.5
Financial assets at fair value through profit or loss (FVTPL)		12.5	16.9	18.3
Financial assets at amortised cost		1,434.0	1,001.2	1,503.6
Financial assets at fair value through other comprehensive income (FVOCI)		9,246.5	10,561.5	11,399.8
Income tax receivable		48.3	16.5	6.9
Derivatives		64.5	5.9	11.7
Net loans and other receivables	3.10	83,356.8	80,567.6	77,963.9
Investments accounted for using the equity method		8.3	9.7	11.1
Property, plant and equipment		131.7	141.8	154.4
Assets held for sale		—	10.2	—
Deferred tax assets		—	17.8	5.8
Investment property		1,099.6	1,140.2	1,106.6
Goodwill and other intangible assets	3.16	1,939.2	1,909.8	1,878.3
Other assets		549.4	541.4	466.9
Total Assets		102,169.7	98,187.9	99,530.1
Liabilities				
Due to other financial institutions	3.15	83.4	309.5	160.2
Deposits		82,500.4	78,986.5	78,655.8
Other borrowings		10,232.6	9,287.6	11,247.1
Derivatives		6.5	13.3	21.9
Amounts payable to controlled entities		—	4.9	—
Provisions		104.8	111.9	112.8
Liabilities held for sale		—	0.3	—
Deferred tax liabilities		6.5	—	—
Other payables		768.6	1,067.5	925.5
Loan capital		1,373.8	1,372.4	1,397.8
Total Liabilities		95,076.6	91,153.9	92,521.1
Net Assets		7,093.1	7,034.0	7,009.0
Equity				
Share capital	3.14	5,234.8	5,231.3	5,243.0
Reserves		46.5	40.7	97.4
Retained earnings		1,811.8	1,762.0	1,668.6
Total Equity		7,093.1	7,034.0	7,009.0

Statement of changes in equity

For the period ended 31 December 2024

	Half year ended				
	Attributable to owners of Bendigo and Adelaide Bank Limited				
For the period ended 31 December 2024	Issued ordinary capital [1] $m	Other Issued capital [1] $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance at 1 July 2024	5,233.2	(1.9)	1,762.0	40.7	7,034.0
Comprehensive income					
Profit for the period	—	—	216.8	—	216.8
Other comprehensive income/(loss)	—	—	—	40.3	40.3
Total comprehensive income/(loss) for the period	—	—	216.8	40.3	257.1
Transactions with owners in their capacity as owners:					
Movement in treasury shares	14.7	—	—	—	14.7
Movement in executive share plans	(11.4)	—	—	—	(11.4)
Reduction in employee share ownership plan (ESOP) shares	—	0.2	—	—	0.2
Share-based payment	—	—	—	(15.0)	(15.0)
Transfer to / (from) reserves	—	—	19.5	(19.5)	—
Equity dividends	—	—	(186.5)	—	(186.5)
Closing balance at 31 December 2024	5,236.5	(1.7)	1,811.8	46.5	7,093.1
For the period ended 30 June 2024	$m	$m	$m	$m	$m
Opening balance at 1 January 2024	5,245.1	(2.1)	1,668.6	97.4	7,009.0
Comprehensive income					
Profit for the period	—	—	262.7	—	262.7
Other comprehensive income/(loss)	—	—	—	(70.9)	(70.9)
Total comprehensive income/(loss) for the period	—	—	262.7	(70.9)	191.8
Transactions with owners in their capacity as owners:					
Movement in treasury shares	(11.9)	—	—	—	(11.9)
Reduction in employee share ownership plan (ESOP) shares	—	0.2	—	—	0.2
Share-based payment	—	—	0.4	14.3	14.7
Transfer to / (from) reserve	—	—	0.1	(0.1)	—
Equity dividends	—	—	(169.8)	—	(169.8)
Closing balance at 30 June 2024	5,233.2	(1.9)	1,762.0	40.7	7,034.0
For the period ended 31 December 2023	$m	$m	$m	$m	$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 period	—	—	282.3	—	282.3
Other comprehensive income/(loss)	—	—	—	49.4	49.4
Total comprehensive income/(loss) for the period	—	—	282.3	49.4	331.7
Transactions with owners in their capacity as owners:					
Movement in treasury shares	2.6	—	—	—	2.6
Movement in executive share plans	(0.4)	—	—	—	(0.4)
Reduction in employee share ownership plan (ESOP) shares	—	0.3	—	—	0.3
Share-based payment	—	—	0.2	5.1	5.3
Equity dividends	—	—	(181.2)	—	(181.2)
Closing balance at 31 December 2023	5,245.1	(2.1)	1,668.6	97.4	7,009.0

1. Refer to Note 3.14 for further details.

Primary statements

Cash flow statement

For the period ended 31 December 2024

	Note	Half year ended 31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Cash flows from operating activities				
Interest and other items of a similar nature received		2,390.3	2,335.4	2,127.1
Interest and other costs of finance paid		(1,654.2)	(1,425.2)	(1,227.5)
Receipts from customers (excluding effective interest)		123.0	115.7	135.2
Payments to suppliers and employees		(880.3)	(614.3)	(364.1)
Income taxes paid		(119.4)	(113.4)	(134.5)
Cash flows (used in) / from operating activities before changes in operating assets and liabilities		(140.6)	298.2	536.2
(Increase)/decrease in operating assets				
Net (increase) / decrease in balance of loans and other receivables		(2,779.8)	(2,610.0)	550.4
Net decrease / (increase) in balance of investment securities		871.4	1,261.4	(5,076.6)
Increase/(decrease) in operating liabilities				
Net increase in balance of retail deposits		3,822.8	142.8	2,300.1
Net (decrease) / increase in balance of wholesale deposits		(308.9)	187.8	(955.1)
Net increase / (decrease) in balance of other borrowings		944.5	(1,960.0)	(591.7)
Net cash flows from / (used in) operating activities		2,409.4	(2,679.8)	(3,236.7)
Cash flows related to investing activities				
Cash paid for purchases of property, plant and equipment		(8.8)	(11.2)	(16.0)
Cash paid for purchases of investment property		—	(28.3)	(39.1)
Cash proceeds from sale of investment property		35.5	38.5	39.2
Cash proceeds from sale of equity investments		43.9	(0.7)	0.9
Cash proceeds from dividends from associates and JV partners		2.9	3.5	1.0
Cash paid for Homesafe portfolio			—	(39.9)
Cash received from sale of Bendigo Superannuation Pty Ltd		15.8	—	—
Net cash flows from / (used in) investing activities		89.3	1.8	(53.9)
Cash flows from financing activities				
Repayment of preference shares		—	(321.6)	—
Cash paid for purchases of treasury shares		(26.1)	(10.8)	—
Proceeds from issuance of capital notes		—	300.0	—
Payment of loan capital issue costs		—	(4.0)	—
Proceeds from issuance of subordinated debt		—	(0.5)	300.5
Repayment of subordinated debt		—	—	(275.0)
Equity dividends paid		(186.5)	(169.8)	(181.2)
Repayment of lease liabilities		(28.7)	(20.2)	(29.2)
Repayment from employees for ESOP shares		0.2	0.2	0.3
Net cash flows used in financing activities		(241.1)	(226.7)	(184.6)
Net increase / (decrease) in cash and cash equivalents		2,257.6	(2,904.7)	(3,475.2)
Cash and cash equivalents at the beginning of period		1,937.9	4,842.6	8,317.8
Cash and cash equivalents at the end of period	3.15	4,195.5	1,937.9	4,842.6

Basis of preparation

3.1 CORPORATE INFORMATION

The half year financial report of Bendigo and Adelaide Bank Limited ('the Bank') and its controlled entities ('the Group') for the six months ended 31 December 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2025. The Directors have the power to amend and reissue the financial statements.

Bendigo and Adelaide Bank Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. The registered office is 22 – 44 Bath Lane, Bendigo, Victoria, 3550, Australia.

The domicile of Bendigo and Adelaide Bank Limited is Australia.

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

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

It is recommended that the half year financial report is read in conjunction with the annual financial report of Bendigo and Adelaide Bank Limited as at 30 June 2024, which was prepared based on Australian Accounting Standards, together with any public announcements made by Bendigo and Adelaide Bank Limited and its controlled entities made up until the date this half year financial report is signed by the Group in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX Listing Rules.

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

Basis of preparation

The financial report of Bendigo and Adelaide Bank Limited:

- is a general purpose financial report;
- has been prepared in accordance with Australian Accounting Standards, including AASB 134 *Interim Financial Reporting*, along with interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth);
- has been prepared in accordance with the requirements for an authorised deposit-taking institution under the *Banking Act 1959 (as amended)*;
- has been presented in Australian dollars, which is the functional presentation currency of the Bank and each of its subsidiaries, with all values rounded to the nearest hundred thousand dollar ($'00,000) in accordance with *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016-191*, unless otherwise stated;
- includes foreign currency transactions that are translated into the functional currency using exchange rates at the date of the transaction; and
- For the purposes of preparing the half year financial report, the half year has been treated as a discrete reporting period and where necessary, presents reclassified comparatives for consistency with current year disclosures.

Basis of preparation

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Basis of measurement

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

- Financial assets and liabilities at fair value through profit or loss (FVTPL)
- Derivative financial instruments
- Debt and equity instruments measured at fair value through other comprehensive income (FVOCI)
- Investment Property

The Financial Report presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity.

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.

Events subsequent to reporting date

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

Changes in accounting policies

New and amended standards and interpretations

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2024.

A number of new accounting standards and amendments were effective 1 July 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 period ended 31 December 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.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Investment property

Valuation methodology

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

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

The Group has applied a discount rate of 6.75% (2H24: 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 (2H24: 1.0% for the first year, 2.0% for the second year, and 5.0% per annum thereafter).

Fair value measurement

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

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

		Range of estimates for unobservable inputs			Effect of reasonably possible alternative assumptions	
Valuation technique	Significant unobservable inputs	Favourable change	Unfavourable change	Fair value measurement sensitivity to unobservable inputs	Favourable change	Unfavourable change
Discounted cash flow	Rates of property appreciation ~ short-term growth rates: Year 1: 1% Year 2: 2%	Year 1: 2% Year 2: 3%	Year 1: 0% Year 2: 1%	Significant increases in these inputs would result in higher fair values.	$20.2	($19.9)
	Rates of property appreciation ~ long-term growth rate 5%	6%	4%	Significant increases in these inputs would result in higher fair values.	$84.1	($74.7)
	Discount rates ~ 6.75%	5.75%	7.75%	Significant increases in these inputs would result in lower fair values.	$107.1	($92.7)

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

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

Results for the period

3.3 INCOME

	Half year ended		
	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Interest income			
Effective interest income			
Cash and cash equivalents	36.6	59.9	143.3
Assets held at FVOCI	220.4	242.8	154.3
Assets held at amortised cost	16.3	15.6	17.9
Reverse repurchase agreements	43.2	36.2	51.1
Loans and other receivables	2,189.2	2,060.2	1,953.3
Other interest income			
Assets held at FVTPL	–	3.9	0.2
Total interest income	2,505.7	2,418.6	2,320.1
Interest expense			
Deposits			
Customer	(1,118.8)	(1,062.6)	(1,012.3)
Wholesale	(267.9)	(245.3)	(253.4)
Wholesale borrowings			
Wholesale borrowings – domestic	(165.0)	(133.5)	(125.2)
Wholesale borrowings – overseas	(33.1)	(25.0)	(11.1)
Notes payable	(57.9)	(66.2)	(73.0)
Repurchase agreements	–	(1.3)	(1.8)
Lease liability	(1.3)	(1.6)	(1.7)
Loan capital	(42.9)	(45.0)	(43.6)
Total interest expense	(1,686.9)	(1,580.5)	(1,522.1)
Total net interest income	818.8	838.1	798.0
Other revenue			
Fee income			
Assets	29.8	30.2	32.9
Liabilities and other products	28.7	31.1	31.6
Trustee, management and other services	2.3	3.1	2.2
Total fee income	60.8	64.4	66.7
Commissions and management fees	33.2	31.7	30.7
Total revenue from contracts with customers	94.0	96.1	97.4
Other income			
Foreign exchange income	14.9	14.6	13.8
Homesafe revaluation (loss) / gain	(5.1)	50.8	111.6
Dividend income	1.7	0.8	0.7
Other	24.7	2.2	9.2
Total other income	36.2	68.4	135.3
Total other revenue	130.2	164.5	232.7
Total income	949.0	1,002.6	1,030.7

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

Results for the period

3.4 OPERATING EXPENSES

	Half year ended		
	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Staff and related costs			
Salaries, wages and incentives	346.7	301.3	294.2
Superannuation contributions	32.8	29.9	28.8
Other staff related costs	20.4	20.2	20.1
Total staff and related costs	399.9	351.4	343.1
Occupancy costs			
Operating lease rentals	2.6	2.6	2.1
Depreciation of leasehold improvements	4.0	4.1	5.2
Depreciation of Right of Use Assets (ROUA)	18.1	18.4	19.6
Other	10.9	10.0	10.6
Total occupancy costs	35.6	35.1	37.5
Amortisation and depreciation			
Amortisation of acquired intangibles	2.5	2.5	2.6
Amortisation of software intangibles	27.1	20.5	21.3
Depreciation of plant and equipment	8.8	9.0	8.6
Total amortisation and depreciation costs	38.4	32.0	32.5
Fees and commission expense	6.5	6.9	9.8
Other operating expenses			
Communications, postage and stationery	14.6	14.1	15.3
Computer systems and software costs	66.2	62.6	59.6
Advertising and promotion	10.3	13.2	10.8
Other product and services delivery costs	8.5	8.2	7.5
Consultancy fees	37.8	47.5	29.9
Non-credit losses	6.8	6.1	8.1
Insurance costs	4.0	4.5	4.5
Legal expenses	2.5	2.1	5.0
Remediation expenses	3.4	14.8	6.4
Other expenses	13.6	21.3	36.4
Total other operating expenses	167.7	194.4	183.5
Total operating expenses	648.1	619.8	606.4

3.4 OPERATING EXPENSES continued

Recognition and measurement

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

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

Incentive payments are recognised to the extent that the Group has a present obligation.

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

Occupancy costs include operating lease expenses relating to low value assets and short-term leases, being leases with a term of 12 months or less, in addition to depreciation expenses associated with operating leases on properties which are recognised as ROUA.

Amortisation

Refer to Note 3.16 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 Right of Use Assets (ROUA).

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the taxation authority, are classified as operating cash flows.

Results for the period

3.5 CREDIT EXPENSES AND IMPAIRMENT OF LOANS AND ADVANCES

	Half year ended		
Credit expenses	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Bad debts written off	0.6	1.6	0.8
Collectively assessed provision (releases) / expenses	(9.9)	(2.0)	11.1
Individually assessed provision (releases) / expenses	(0.2)	1.6	0.3
Total credit (reversals) / expenses	(9.5)	1.2	12.2
Bad debts recovered	(1.0)	(2.1)	(1.4)
Credit (reversals) / expenses (net of recoveries)	(10.5)	(0.9)	10.8

Provisions and reserves	As at 31 Dec 2024 $m	As at 30 Jun 2024 $m	As at 31 Dec 2023 $m
Individually assessed provisions	36.8	39.6	41.3
Collectively assessed provisions	236.5	246.4	248.4
Equity reserve for credit losses (ERCL)	95.2	95.2	95.2
Total provisions and reserves for credit losses	368.5	381.2	384.9

Ratios	%	%	%
Credit expenses net of recoveries to gross loans [1]	(0.02)	(0.00)	0.03
Total provisions/reserves for credit losses to gross loans	0.44	0.47	0.49

1. Credit expenses net of recoveries are annualised.

3.5 CREDIT EXPENSES AND IMPAIRMENT OF LOANS AND ADVANCES continued

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

Movements in provisions and reserves	Stage 1 Collectively assessed – 12 month ECL $m	Stage 2 Collectively assessed – Lifetime ECL $m	Stage 3 Collectively assessed – Lifetime ECL $m	Stage 3 Individually assessed – Lifetime ECL $m	Equity reserve for credit losses $m	Total $m
Balance as at 1 July 2024	116.3	92.5	37.6	39.6	95.2	381.2
Transfers to/(from) during the period to:						
Stage 1	1.8	(1.8)	—	—	—	—
Stage 2	(16.7)	17.8	(1.1)	—	—	—
Stage 3	(4.0)	(8.4)	12.4	—	—	—
Transfer from collectively assessed to individually assessed provisions	—	(0.1)	(0.3)	0.4	—	—
New/increased provisions	15.5	2.7	0.3	—	—	18.5
Write-back of provisions no longer required	(4.9)	(5.3)	(8.9)	—	—	(19.1)
Change in balances	9.0	(11.7)	(6.2)	—	—	(8.9)
Bad debts written off previously provided for	—	—	—	(3.2)	—	(3.2)
Total provisions and reserves for credit losses as at 31 December 2024	117.0	85.7	33.8	36.8	95.2	368.5
	$m	$m	$m	$m	$m	$m
Balance as at 1 January 2024	114.7	96.9	36.8	41.3	95.2	384.9
Transfers to/(from) during the period to:						
Stage 1	1.7	(1.7)	—	—	—	—
Stage 2	(17.7)	18.3	(0.6)	—	—	—
Stage 3	(4.3)	(6.6)	10.9	—	—	—
Transfer from collectively assessed to individually assessed provisions	—	(0.2)	(2.1)	2.3	—	—
New/increased provisions	13.3	0.7	2.1	—	—	16.1
Write-back of provisions no longer required	(5.3)	(8.1)	(6.4)	—	—	(19.8)
Change in balances	13.9	(6.8)	(3.1)	—	—	4.0
Bad debts written off previously provided for	—	—	—	(4.0)	—	(4.0)
Total provisions and reserves for credit losses 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 2023	115.2	75.3	48.0	47.8	95.2	381.5
Transfers to/(from) during the period to:						
Stage 1	1.9	(1.9)	—	—	—	—
Stage 2	(21.5)	22.4	(0.9)	—	—	—
Stage 3	(6.0)	(9.5)	15.5	—	—	—
Transfer from collectively assessed to individually assessed provisions	—	(0.2)	(4.0)	4.2	—	—
New/increased provisions	13.7	4.2	0.6	(1.9)	—	16.6
Write-back of provisions no longer required	(4.3)	(5.9)	(10.5)	—	—	(20.7)
Change in balances	15.7	12.5	(11.9)	—	—	16.3
Bad debts written off previously provided for	—	—	—	(8.8)	—	(8.8)
Total provisions and reserves for credit losses as at 31 December 2023	114.7	96.9	36.8	41.3	95.2	384.9

Results for the period

3.5 CREDIT EXPENSES AND IMPAIRMENT OF LOANS AND ADVANCES continued

Credit quality

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

	Stage 1	Stage 2	Stage 3		
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Total $m
Gross carrying amount as at 1 July 2024	76,013.3	7,214.8	729.7	91.9	84,049.7
Transfers to/(from) during the period to:					
Stage 1	2,161.4	(2,133.8)	(27.6)	—	—
Stage 2	(3,047.9)	3,191.7	(143.8)	—	—
Stage 3	(120.8)	(273.9)	394.7	—	—
Transfer from collectively assessed to individually assessed provisions	(0.9)	(0.8)	(5.0)	6.7	—
New financial assets originated or purchased	10,895.2	110.2	10.4	—	11,015.8
Financial assets derecognised or repaid	(5,715.8)	(951.4)	(187.7)	(6.7)	(6,861.6)
Change in balances	1,186.5	(88.1)	(21.4)	7.2	1,084.2
Amounts written off against provisions	—	—	—	(2.7)	(2.7)
Gross carrying amount as at 31 December 2024	81,371.0	7,068.7	749.3	96.4	89,285.4

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 January 2024	76,777.0	7,112.9	717.6	94.1	84,701.6
Transfers to/(from) during the period to:					
Stage 1	2,072.7	(2,057.8)	(14.9)	—	—
Stage 2	(3,196.8)	3,291.5	(94.7)	—	—
Stage 3	(130.3)	(221.5)	351.8	—	—
Transfer from collectively assessed to individually assessed provisions	(1.6)	(5.0)	(12.6)	19.2	—
New financial assets originated or purchased	8,508.7	101.2	10.5	—	8,620.4
Financial assets derecognised or repaid	(5,801.4)	(911.2)	(219.2)	(19.2)	(6,951.0)
Change in balances	(2,215.0)	(95.3)	(8.8)	1.1	(2,318.0)
Amounts written off against provisions	—	—	—	(3.3)	(3.3)
Gross carrying amount as at 30 June 2024	76,013.3	7,214.8	729.7	91.9	84,049.7

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2023	80,296.0	7052.3	657.3	106.4	88,112.0
Transfers to/(from) during the period to:					
Stage 1	2,070.5	(2,048.3)	(22.2)	—	—
Stage 2	(3,221.8)	3,332.9	(111.1)	—	—
Stage 3	(123.5)	(260.1)	383.6	—	—
Transfer from collectively assessed to individually assessed provisions	(0.9)	(7.0)	(20.3)	28.2	—
New financial assets originated or purchased	8,307.7	154.1	4.2	—	8,466.0
Financial assets derecognised or repaid	(6,202.8)	(1,039.9)	(165.4)	(28.2)	(7,436.3)
Change in balances	4,348.2	(71.1)	(8.5)	(5.4)	(4,433.2)
Amounts written off against provisions	—	—	—	(6.8)	(6.8)
Gross carrying amount as at 31 December 2023	76,777.0	7,112.9	717.6	94.2	84,701.7

3.5 CREDIT EXPENSES AND IMPAIRMENT OF LOANS AND ADVANCES continued

Forward-looking information

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

Macroeconomic factors

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

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

Multiple forward-looking scenarios

The Group determines its allowance for credit losses using five probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to 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 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 31 December 2024 reflects subdued GDP growth due to weaker final demand and slower expected growth in net overseas migration. Annual GDP growth is forecasted to slow to 0.84% for the December 2024 quarter, with growth above 2% only returning by September 2025. Interest rates are forecasted to remain at the current level of 4.35% until mid-2025 before three interest rate cuts are forecasted to end the year at 3.6%. The unemployment rate is expected to gradually increase due to a decline in labour as a result of business sentiment and global factors, peaking at 5.2% in March 2026. Due to a relatively shallow RBA easing cycle, and the expected delay in interest rate cuts combined with lower population growth, house price growth is expected to continue to slow over the next two to three years. Most commercial property markets appear to have stabilised. Office space in Melbourne is still problematic, especially in the CBD, but limited growth is expected for all other markets.

Results for the period

3.5 CREDIT EXPENSES AND IMPAIRMENT OF LOANS AND ADVANCES continued

In the significant deterioration scenario, the country is assumed to go into a recession with GDP growth declining to a low point of -2.52% in December 2025, while the unemployment rate peaks at 10.0% by September 2026. House prices are assumed to fall by 18.3% from December 2024 levels and commercial property prices by 16.6%. Interest rates decline to a low of 0.6% by September 2025. For the mild deterioration scenario, GDP growth remains positive, but year on year growth slows to 0.83% in December 2025 while the unemployment rate peaks at 7.1%. House prices decline by 3.2% from December 2024 levels, commercial property prices by 1.5% and interest rates decline to a low of 3.1% by March 2026.

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

Weightings	31 Dec 2024 %	30 Jun 2024 %
Base scenario	50.0	50.0
Significant improvement	2.0	0.0
Mild improvement	8.0	5.0
Mild deterioration	30.0	30.0
Significant deterioration	10.0	15.0

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

Scenario Outcomes [1]	31 Dec 2024 $m	30 Jun 2024 $m
100% Base scenario	199.9	197.8
100% Significant improvement	185.6	187.2
100% Mild improvement	190.1	195.9
100% Mild deterioration	265.9	252.8
100% Significant deterioration	378.3	412.0

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

3.6 INCOME TAX EXPENSE

Major components of income tax expense are:

	Half year ended		
Income Statement	**31 Dec 2024 $m**	30 Jun 2024 $m	31 Dec 2023 $m
Current income tax			
Current income tax charge	(93.7)	(110.8)	(87.8)
Franking credits	0.7	0.5	1.0
Adjustments in respect of current income tax of previous years	5.6	6.9	—
Deferred income tax			
Adjustments in respect of deferred income tax of previous years	(0.6)	(4.9)	—
Relating to origination and reversal of temporary differences	(6.6)	(12.7)	(44.4)
Income tax expense reported in the Income Statement	(94.6)	(121.0)	(131.2)

Results for the period

3.7 SEGMENT REPORTING

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

Changes to the management structure of the Group can cause the Group's operating segments to change. Where this occurs, prior period segment results are restated. During the period, there have been a number of management and reporting changes across the Group that have resulted in restatements to prior period segment results.

In September 2024, the Group announced a number of structural and Executive changes. Key changes include:

- The establishment of the Brand, Marketing and Communications Division and the appointment of Sarah Bateson as the Chief Marketing Officer; and
- The appointment of Xavier Shay as the Group's Chief Digital Officer. Xavier will bring together the Bank's digital capabilities and will be responsible for driving greater penetration of our digital offerings across the Bendigo and Up brands.

The Bendigo digital team has been re-segmented to form part of the Consumer segment (formerly, Corporate). The Brand, Marketing and Communications Division is now reported as part of Corporate (formerly, Consumer).

The Group's reportable segments are as follows:

Consumer

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

Business and Agribusiness

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.

Corporate

The Corporate segment includes the results of the Group's support functions including treasury, technology and transformation, cards and payments, property services, strategy, finance, risk, compliance, legal, people and culture, investor relations and brand, marketing and communications.

Accounting policies and inter-segment transactions

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

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

Major customers

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

Geographic Information

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

3.7 SEGMENT REPORTING continued

	31 Dec 2024			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	481.9	330.2	22.6	834.7
Other income	85.6	33.4	18.7	137.7
Total segment income	567.5	363.6	41.3	972.4
Operating expenses	(179.4)	(82.6)	(336.4)	(598.4)
Credit reversals / (expenses)	1.3	(5.0)	14.2	10.5
Total segment expenses	(178.1)	(87.6)	(322.2)	(587.9)
Net profit/(loss) before tax (cash basis)	389.4	276.0	(280.9)	384.5
Income tax (expense)/benefit	(120.9)	(83.8)	85.4	(119.3)
Net profit/(loss) after tax (cash basis)	268.5	192.2	(195.5)	265.2
Non-cash net interest income items	(11.1)	—	—	(11.1)
Non-cash other income items	(6.7)	—	4.3	(2.4)
Non-cash operating expense items	(3.5)	(0.2)	(31.2)	(34.9)
Net profit/(loss) after tax (statutory basis)	247.2	192.0	(222.4)	216.8
	$m	$m	$m	$m
Reportable segment assets	64,969.7	20,042.6	17,157.4	102,169.7
Reportable segment liabilities	48,159.8	21,710.1	25,206.7	95,076.6

	30 Jun 2024			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	477.2	345.6	29.8	852.6
Other income	90.6	33.2	21.0	144.8
Total segment income	567.8	378.8	50.8	997.4
Operating expenses	(164.9)	(86.1)	(319.1)	(570.1)
Credit reversals / (expenses)	4.3	2.8	(6.2)	0.9
Total segment expenses	(160.6)	(83.3)	(325.3)	(569.2)
Net profit/(loss) before tax (cash basis)	407.2	295.5	(274.5)	428.2
Income tax (expense)/benefit	(128.5)	(93.1)	87.2	(134.4)
Net profit/(loss) after tax (cash basis)	278.7	202.4	(187.3)	293.8
Non-cash net interest income items	(10.2)	—	—	(10.2)
Non-cash other income items	18.1	(0.1)	(4.1)	13.9
Non-cash operating expense items	(1.1)	(0.3)	(33.4)	(34.8)
Net profit/(loss) after tax (statutory basis)	285.5	202.0	(224.8)	262.7
	$m	$m	$m	$m
Reportable segment assets	61,642.5	20,583.8	15,961.6	98,187.9
Reportable segment liabilities	44,856.6	21,522.2	24,775.1	91,153.9

Results for the period

3.7 SEGMENT REPORTING continued

	31 Dec 2023			
	Consumer $m	Business and Agribusiness $m	Corporate $m	Total $m
Net interest income	463.7	341.4	8.5	813.6
Other income	91.8	34.0	17.4	143.2
Total segment income	555.5	375.4	25.9	956.8
Operating expenses	(168.7)	(76.6)	(307.4)	(552.7)
Credit (expenses)/reversals	(14.3)	6.5	(3.0)	(10.8)
Total segment expenses	(183.0)	(70.1)	(310.4)	(563.5)
Net profit/(loss) before tax (cash basis)	372.5	305.3	(284.5)	393.3
Income tax (expense)/benefit	(119.3)	(96.9)	91.1	(125.1)
Net profit/(loss) after tax (cash basis)	253.2	208.4	(193.4)	268.2
Non-cash net interest income items	(10.9)	—	—	(10.9)
Non-cash other income items	61.8	—	0.8	62.6
Non-cash operating expense items	(8.0)	(0.3)	(29.3)	(37.6)
Net profit/(loss) after tax (statutory basis)	296.1	208.1	(221.9)	282.3

	$m	$m	$m	$m
Reportable segment assets	60,045.6	19,429.7	20,054.8	99,530.1
Reportable segment liabilities	44,679.3	21,882.9	25,958.9	92,521.1

3.8 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share	Half year ended 31 Dec 2024 cents	30 Jun 2024 cents	31 Dec 2023 cents
Basic	38.3	46.4	49.9
Diluted	36.5	42.3	44.9

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

Reconciliation of earnings used in calculation of earnings per ordinary share	$m	$m	$m
Net profit after tax	216.8	262.7	282.3
Total statutory earnings	216.8	262.7	282.3
Earnings used in calculating statutory earnings per ordinary share	216.8	262.7	282.3
Add back: dividends accrued and/or paid on dilutive loan capital instruments	15.8	17.2	16.2
Total diluted earnings	232.6	279.9	298.5

Reconciliation of weighted average number of ordinary shares (WANOS) used in earnings per share calculations	Dec 2024 No. of shares	Jun 2024 No. of shares	Dec 2023 No. of shares
WANOS used in the calculation of basic earnings per share	565,607	565,603	566,032
Effect of dilutive instruments – executive share plans and convertible loan capital instruments	70,843	96,094	99,353
WANOS used in the calculation of diluted earnings per share	636,450	661,697	665,385

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 period 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 period 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 period

3.9 DIVIDENDS PAID AND PAYABLE

Ordinary shares (ASX:BEN)

June 2024 final dividend			December 2023 interim dividend			June 2023 final dividend		
Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m	Date paid	Cents per share ¢	Total amount $m
Sep 2024	33.0	186.5	Mar 2024	30.0	169.8	Sep 2023	32.0	181.2

All dividends paid were fully franked at 30% either from existing franking credits or from franking credits arising from payment of income tax provided for in the financial statements for the period ended 31 December 2024.

Interim dividend December 2024

Dividends determined to be paid since the reporting date, but not recognised as a liability:

Date payable	¢	$m
31 Mar 2025	30.0	170.0

Preference shares and Capital notes

December 2024			June 2024			December 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
Converting preference shares (CPS4) (recorded as debt instruments) (ASX: BENPG) [1]								
			Mar 2024	160.15	5.2	Sep 2023	140.56	4.5
			Jun 2024	124.24	1.7	Dec 2023	137.28	4.4
				284.39	6.9		277.84	8.9
Capital notes (recorded as debt instruments) (ASX: BENPH) [2]								
Sep 2024	142.60	7.2	Mar 2024	142.23	7.1	Sep 2023	141.79	7.1
Dec 2024	143.39	7.2	Jun 2024	146.83	7.4	Dec 2023	138.35	7.0
	285.99	14.4		289.06	14.5		280.14	14.1
Capital notes (recorded as debt instruments) (ASX: BENPI) [3]								
Sep 2024	133.49	4.0	Jun 2024	115.89	3.5			
Dec 2024	133.06	4.0						
	266.55	8.0		115.89	3.5			

1. Converting preference shares (CPS 4, ASX:BENPG) were redeemed in June 2024.
2. Capital notes (ASX: BENPH) were issued in November 2020.
3. Capital notes (ASX: BENPI) were issued in March 2024.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity to receive their entitlement to a dividend in 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 5 March 2025. 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 2025 interim dividend is 28 February 2025.

Financial instruments

3.10 LENDING

	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Overdrafts	831.2	941.6	953.9
Credit cards	309.6	315.6	325.8
Term loans	79,922.0	77,004.0	74,328.8
Margin lending	1,637.4	1,710.9	1,746.9
Lease receivables	743.1	713.8	716.3
Other	129.3	115.2	123.5
Total gross loans and other receivables	83,572.6	80,801.1	78,195.2
Individually assessed provision	(36.8)	(39.6)	(41.3)
Collectively assessed provision	(236.5)	(246.4)	(248.4)
Unearned income	(109.0)	(105.8)	(94.6)
Total provisions and unearned income	(382.3)	(391.8)	(384.3)
Deferred costs paid	166.5	158.3	153.0
Net loans and other receivables	83,356.8	80,567.6	77,963.9

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.

Financial instruments

3.11 ASSET QUALITY

Impaired loans [1]		31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Loans – without individually assessed provisions		7.6	8.7	16.9
Loans – with individually assessed provisions		55.7	57.9	68.2
Restructured loans [2]		64.1	69.1	11.0
Less: individually assessed provisions		(36.8)	(38.5)	(40.4)
Net impaired loans		90.6	97.2	55.7
Portfolio facilities – past due 90 days, not well secured		–	2.2	1.8
Less: individually assessed provisions		–	(1.1)	(0.9)
Net portfolio facilities		–	1.1	0.9
Loans past due 90 days		$m	$m	$m
Accruing loans past due 90 days, with adequate security balance		270.2	273.4	299.2
Net fair value of properties acquired through the enforcement of security		7.8	13.4	7.5
Ratios				
Total impaired loans to gross loans	%	0.15	0.17	0.12
Total impaired loans to total assets	%	0.11	0.14	0.10
Net impaired loans to gross loans	%	0.11	0.12	0.07

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

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

   Impairment losses are calculated by discounting the expected future cash flows of a loan, which includes expected future receipts of contractual interest, at the loan's original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.
2. Restructured loans are facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity.

   In 2H24, 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. 1H24 comparative figures above have not been restated. On a restated basis, the 1H24 gross impaired loans was $112.7 million.

3.12 FUNDING

	As at 31 Dec 2024 $m	As at 30 Jun 2024 $m	As at 31 Dec 2023 $m
Deposits			
Customer deposits	72,004.0	68,332.5	68,389.8
Wholesale deposits	10,496.4	10,654.0	10,266.0
Total deposits	82,500.4	78,986.5	78,655.8
Wholesale borrowings	10,232.6	9,287.6	11,247.1
Loan capital	1,373.8	1,372.4	1,397.8
Total funding	94,106.8	89,646.5	91,300.7
Funding dissection	**%**	**%**	**%**
Customer deposits	76.6	76.2	75.0
Wholesale deposits	11.2	11.9	11.2
Wholesale borrowings	10.9	10.4	12.3
Loan capital	1.3	1.5	1.5
Total funding	100.0	100.0	100.0
Funds under management	**$m**	**$m**	**$m**
Assets under management	4,349.5	3,712.6	3,340.0
Other managed funds	153.9	3,368.9	3,394.2
Total funds under management	4,503.4	7,081.5	6,734.2

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

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

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

Financial instruments

3.13 FINANCIAL INSTRUMENTS

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

a. Measurement basis of financial assets and liabilities

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

	December 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	—	—	4,004.3	4,004.3
Due from other financial institutions	—	—	274.6	274.6
Financial assets fair value through profit or loss (FVTPL)	12.5	—	—	12.5
Financial assets amortised cost	—	—	1,434.0	1,434.0
Financial assets fair value through other comprehensive income (FVOCI)	—	9,246.5	—	9,246.5
Net loans and other receivables	—	—	83,356.8	83,356.8
Derivatives – designated as hedging instruments	38.0	—	—	38.0
Derivatives – not designated as hedging instruments	26.5	—	—	26.5
Total financial assets	77.0	9,246.5	89,069.7	98,393.2
Financial liabilities				
Due to other financial institutions	—	—	83.4	83.4
Deposits	—	—	82,500.4	82,500.4
Wholesale borrowings	—	—	10,232.6	10,232.6
Derivatives – not designated as hedging instruments	6.5	—	—	6.5
Loan capital	—	—	1,373.8	1,373.8
Total financial liabilities	6.5	—	94,190.2	94,196.7
	June 2024			
	$m	$m	$m	$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

3.13 FINANCIAL INSTRUMENTS continued

a. Measurement basis of financial assets and liabilities continued

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

Financial instruments

3.13 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.

3.13 FINANCIAL INSTRUMENTS continued

b. Fair value measurement continued

Financial assets and liabilities carried at fair value

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

	December 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying value $m
Financial assets					
Financial assets FVTPL	—	12.5	—	12.5	12.5
Financial assets FVOCI	2,488.4	6,756.6	1.5	9,246.5	9,246.5
Derivatives	—	64.5	—	64.5	64.5
Financial liabilities					
Derivatives	—	6.5	—	6.5	6.5

	June 2024				
	$m	$m	$m	$m	$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

	December 2023				
	$m	$m	$m	$m	$m
Financial assets					
Financial assets FVTPL	9.2	9.1	—	18.3	18.3
Financial assets FVOCI	0.2	11,364.0	35.6	11,399.8	11,399.8
Derivatives	—	11.7	—	11.7	11.7
Financial liabilities					
Derivatives	—	21.9	—	21.9	21.9

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.

Financial instruments

3.13 FINANCIAL INSTRUMENTS continued

b. Fair value measurement continued

Valuation methodology

Financial instruments – debt securities

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

Financial instruments – equity investments

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

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

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

Derivatives

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

Movements in Level 3 portfolio

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

Financial assets – equity investments	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Opening balance	35.2	35.6	35.6
Revaluations	9.7	—	—
Sales [1]	(44.0)	(0.4)	—
Closing balance	0.9	35.2	35.6

1. Sales of equity investments mainly relate to the disposal of the Group's investment in Cuscal Ltd.

3.13 FINANCIAL INSTRUMENTS continued

Financial assets and liabilities carried at amortised cost

Valuation hierarchy

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

	December 2024				
	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m	Total carrying amount $m
Cash and cash equivalents [1]	—	3,844.3	—	3,844.3	3,844.3
Due from other financial institutions	—	274.6	—	274.6	274.6
Financial assets amortised cost	—	1,434.0	—	1,434.0	1,434.0
Net loans and other receivables	—	—	83,342.5	83,342.5	83,356.8
Total financial assets at amortised cost	—	5,552.9	83,342.5	88,895.4	88,909.7
Due to other financial institutions	—	83.4	—	83.4	83.4
Deposits	—	83,443.4	—	83,443.4	82,500.4
Wholesale borrowings	—	10,227.3	—	10,227.3	10,232.6
Loan capital	836.2	579.3	—	1,415.5	1,373.8
Total financial liabilities at amortised cost	836.2	94,333.4	—	95,169.6	94,190.2
	June 2024				
	$m	$m	$m	$m	$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
	December 2023				
	$m	$m	$m	$m	$m
Cash and cash equivalents [1]	—	4,640.7	—	4,640.7	4,640.7
Due from other financial institutions	—	219.5	—	219.5	219.5
Financial assets amortised cost	—	1,503.6	—	1,503.6	1,503.6
Net loans and other receivables	—	—	77,703.7	77,703.7	77,963.9
Total financial assets at amortised cost	—	6,363.8	77,703.7	84,067.5	84,327.7
Due to other financial institutions	—	160.2	—	160.2	160.2
Deposits	—	79,574.6	—	79,574.6	78,655.8
Wholesale borrowings	—	11,310.1	—	11,310.1	11,247.1
Loan capital	842.5	578.6	—	1,421.1	1,397.8
Total financial liabilities at amortised cost	842.5	91,623.5	—	92,466.0	91,460.9

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

3.13 FINANCIAL INSTRUMENTS continued

Valuation methodology

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

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

Financial assets amortised cost

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

Net loans and other receivables

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

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

Deposits

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

Wholesale borrowings

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

Loan capital

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

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

Funding and capital management

3.14 SHARE CAPITAL

	Half year ended					
	31 Dec 2024		30 Jun 2024		31 Dec 2023	
Issued and paid up capital	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Ordinary shares fully paid (ASX Code: BEN)	566,543,257	5,236.5	565,314,737	5,233.2	566,167,092	5,245.1
Employee Share Ownership Plan shares	—	(1.7)	—	(1.9)	—	(2.1)
Total issued and paid up capital	566,543,257	5,234.8	565,314,737	5,231.3	566,167,092	5,243.0
Movements in ordinary shares on issue	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	568,292,829	5,261.5	568,292,798	5,261.5	568,292,798	5,261.9
Dividend reinvestment plan [1,2,3]	—	—	—	—	—	—
Institutional placement [4]	—	—	34	—	—	—
Executive performance rights	—	(11.4)	—	—	—	(0.4)
Closing balance (including treasury shares)	568,292,829	5,250.1	568,292,832	5,261.5	568,292,798	5,261.5
Less: treasury shares	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	(2,978,095)	(28.3)	(2,125,706)	(16.4)	(2,397,288)	(19.0)
Net movement during the period	1,228,523	14.7	(852,389)	(11.9)	271,582	2.6
Closing balance (excluding treasury shares)	566,543,257	5,236.5	565,314,737	5,233.2	566,167,092	5,245.1
Movements in Employee Share Ownership Plan	**No. of shares**	**$m**	**No. of shares**	**$m**	**No. of shares**	**$m**
Opening balance	—	(1.9)	—	(2.1)	—	(2.4)
Reduction in Employee Share Ownership Plan	—	0.2	—	0.2	—	0.3
Closing balance	—	(1.7)	—	(1.9)	—	(2.1)
Total issued and paid up capital	566,543,257	5,234.8	565,314,737	5,231.3	566,167,092	5,243.0

1. The Dividend Reinvestment Plan in respect of the 30 June 2024 final dividend was satisfied in full by the on-market purchase and transfer of 1,871,561 shares at $12.13 to participating shareholders.
2. 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.
3. 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.
4. In February 2024 the Group issued 34 shares at $9.71.

Other disclosure matters

3.15 CASH FLOW INFORMATION

Reconciliation of cash and cash equivalents

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

	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Cash and cash equivalents	4,004.3	1,964.5	4,783.3
Due from other financial institutions	274.6	282.9	219.5
Due to other financial institutions	(83.4)	(309.5)	(160.2)
Total cash and cash equivalents	4,195.5	1,937.9	4,842.6

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.

3.16 ANALYSIS OF INTANGIBLE ASSETS

	Balance Sheet carrying value			Income Statement amortisation expense		
	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m	**31 Dec 2024 $m**	30 Jun 2024 $m	31 Dec 2023 $m
Goodwill	1,527.5	1,527.5	1,527.5	—	—	—
Software [1]	393.1	361.2	327.2	27.1	20.5	21.3
Software – acquired [2]	7.7	9.9	12.1	2.2	2.2	2.2
Other acquired intangibles [3]	10.9	11.2	11.5	0.3	0.3	0.4
Total intangible assets	1,939.2	1,909.8	1,878.3	29.6	23.0	23.9

1. Includes software assets under development 1H25 $72.4 million (2H24: $79.5 million, 1H24: $150.0 million).
2. Represents the software intangible recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.
3. Other acquired intangibles includes trustee licence and customer relationship.

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

Under AASB 136 *Impairment of Assets*, where an entity reorganises its reporting structure in such a way that changes the composition of one or more CGUs, goodwill is to be reallocated between the CGUs affected.

Sensitivity to changes in assumptions

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

The table below details the movements in net interest income and operating expense growth rates, and post-tax discount rates that would result in an impairment. These sensitivities assume the specific assumption moves in isolation, with all other assumptions held constant. Growth rate sensitivities are cumulative and adjust the growth rates applied to FY26-FY29 within the cash flow. Management believes that any reasonably possible change in other key assumptions would not result in an impairment.

			Growth rates	
	Headroom $m	Post-tax discount rate bps	Net interest income bps	Operating expenses bps
Consumer	374.0	+58	-96	+145
Business & Agribusiness	887.3	+561	-562	+821

3.17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Ownership interest held by consolidated entity			
	31 Dec 2024	30 Jun 2024	31 Dec 2023	Balance date
Joint Arrangements				
Silver Body Corporate Financial Services Pty Ltd [1]	—	50.0%	50.0%	30 June
Associates				
Bendigo Telco Ltd	30.8%	30.8%	30.8%	30 June
Dancoor Community Finances Ltd	49.0%	49.0%	49.0%	30 June
Homebush Financial Services Ltd	49.0%	49.0%	49.0%	30 June
Tiimely Pty Ltd	26.6%	26.6%	26.6%	30 June

1. Silver Body Corporate Pty Ltd was deregistered in August 2024.

All joint arrangements and associates are incorporated in Australia.

Other disclosure matters

3.18 COMMITMENTS AND CONTINGENCIES

a. Commitments and contingent liabilities

The following table provides details of outstanding expenditure and credit related commitments.

	31 Dec 2024 $m	30 Jun 2024 $m	31 Dec 2023 $m
Commitment to provide credit	12,180.5	11,415.2	12,925.8
Guarantees	234.7	250.7	235.1
Documentary letters of credit and performance related obligations	0.1	0.1	0.1

Recognition and measurement

Commitment to provide credit

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

Guarantees, documentary letters of credit and performance related obligations

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

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

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

Legal claims

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

Remediation and compensation claims

The Group undertakes ongoing compliance activities, including review of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged. Some of these investigations and reviews have resulted in remediation programs and where required the Group consults with the respective regulator on the proposed remediation action. There is a risk that where a breach has occurred, regulators may also impose fines and/or sanctions.

b. Contingent assets

As at 31 December 2024, the economic entity does not have any contingent assets.

3.19 EVENTS AFTER BALANCE SHEET DATE

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

Directors' Declaration

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

In the opinion of the Directors:

a. the consolidated financial statements and notes of the Bendigo and Adelaide Bank Group are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Bendigo and Adelaide Bank Group's financial position as at 31 December 2024 and of its performance for the period ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3.2; and

c. there are reasonable grounds to believe that Bendigo and Adelaide Bank Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Vicki Carter
Chair

Richard Fennell
Chief Executive Officer and Managing Director

17 February 2025

Independent Auditor's Report

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

Conclusion

We have reviewed the accompanying condensed half-year financial report of Bendigo and Adelaide Bank Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and

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

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Ernst & Young

Clare Sporle
Partner
Sydney
17 February 2025

Glossary

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)	Is the Australian Government agency responsible for developing, issuing and maintaining accounting standards that apply under the *Corporations Act 2001*.
Australian Prudential Regulation Authority (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.
The Australian Securities and Investments Commission (ASIC)	Is an independent commission of the Australian Government tasked as the national corporate regulator.
Authorised deposittaking institution (ADI)	Is 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.
Cash earnings	Represents a non-statutory financial measure, not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. It is considered by management to be a key indicator of the underlying performance of the core business activities of the Group. Cash earnings is defined as statutory net profit after tax adjusted for non-cash items and other adjustments. Non-cash items are those deemed to be outside of the Group's core activities and hence these items are not considered to be representative of the Group's ongoing financial performance.
Committed Liquidity Facility (CLF)	Represents a facility the RBA made available to Australian Authorised Deposit-taking Institutions 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)	Represents 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.
Cost to Income ratio	Is 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	Is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
Dilutive earnings per share	Is 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	Represents 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	Is 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 reserve 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.
Fair value	Represents 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	Represents 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)	Represents 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)	Represents assets that are not held in one of the two business models applicable to amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Changes in fair value are recognised in the Income Statement.
Full-time equivalent (FTE)	Includes all permanent full-time staff and part-time staff equivalents.
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	Represents Bendigo and Adelaide Bank Limited ('the Bank') and the entities it controlled at financial year end and during the financial year ('the Group').
Hedging	Represents 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	Is a facility must be classified as impaired regardless of whether it is 90 days or more past due (arrears) when there is doubt as to whether the full amounts due (interest and principal) will be achieved in a timely manner. This is the case even if the full extent of the loss cannot be clearly determined.
Liquidity Coverage Ratio (LCR)	Represents a measure of 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.
Mark-to-Market valuation	Represents a valuation that reflects current market rates as at the Balance Sheet date for financial instruments that are carried at fair value.
Net Interest Income (NII)	Represents the amount of interest received or receivable on assets net of interest paid or payable on liabilities.
Net Interest Margin (NIM)	Represents net interest income divided by average interest-earning assets. This measure provides an indication of the profitability of the Bank's interest earning assets less the cost of interest-bearing liabilities (i.e. cost of funding).
Net Promoter Score (NPS)	Represents a measure used to gauge customer loyalty, satisfaction, and enthusiasm with the Bank.
Net Stable Funding Ratio (NSFR)	Represents 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	Represents 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	Represents 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	Represents a component of the Group that engages in business activities from which it earns revenues and incurs expenses. Segment reporting reflects the information that is used by the Managing Director for the purposes of resource allocation and performance assessment, hence it is consistent with the internal reporting provided to the Managing Director and the Executive Team.
Past due	A financial asset is past due when a counterparty has failed to make a payment of principal, interest or other amount, when contractually due.

Glossary continued

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.
Reserve Bank 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.
Residential Mortgage Backed Security (RMBS)	Represents 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	Represents 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)	Represents net profit attributable to owners of the Bank divided by average ordinary equity, excluding treasury shares.
Return on average tangible equity (ROTE)	Represents 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)	Represents a lessee's right to use an asset over the life of a lease.
Rights	Represents 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)	Represents assets calculated by applying a regulatory risk-weight factor, prescribed by APRA, to on and off-balance sheet exposures.
Share-based payments (SBP)	Represents 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)	Is a facility 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	Represents total capital divided by total RWA calculated in accordance with relevant APS.
Treasury shares	Represents 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.
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.

We are the better big bank.

Contact us

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