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APPENDIX 4E

Full Year Results

For the year ended 30 June 2021

Released 16 August 2021

ABN 11 068 049 178

Bendigo and Adelaide Bank

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Appendix 4E: Full Year Results
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Cash Earnings

Certain financial measures detailed in this Full Year Results Announcement for the year ended 30 June 2021 have been disclosed on a cash earnings basis.

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

Section 2.1.3 of this Full Year Results Announcement for the year ended 30 June 2021 contains a reconciliation of cash earnings to statutory net profit and Section 2.2.1 provides a description of the cash earnings adjustments for the year ended 30 June 2021.

Appendix 4E: Full year results

1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Reporting period - twelve months ended:	30 June 2021
Previous corresponding period - twelve months ended:	30 June 2020

1.2 Results for announcement to the market

Income from operations	10.5% to $1,805.4 m
Profit after tax from ordinary activities	171.8% to $524.0m
Net profit after tax attributable to Owners of the Company	171.8% to $524.0 m

Dividends	Date payable/paid	Amount per security
Current year 2021		
Record date for determining entitlements	6 September 2021	
Final dividend - fully franked	30 September 2021	26.5 cents
Interim dividend - fully franked	31 March 2021	23.5 cents
Previous year 2020		
Final dividend - fully franked	31 March 2021	4.5 cents
Interim dividend - fully franked	31 March 2020	31.0 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Company	51.5% to $457.2 m
Cash earnings per share	43.4% to 85.6 cents

See note 2.1.2 and 2.3.10.3 for full details.

This Appendix 4E: Full year results should be read in conjunction with the media release and results presentation released to the ASX on 16 August 2021.

1.4 ASX Appendix 4E table

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Details of reporting period and previous period	3
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Net tangible assets per ordinary share	32
Details of individual and total dividends	31
Dividend dates	3
Details of any dividend or distribution reinvestment plans in operation	31
Details of associates and joint arrangement entities	32

Details of entities over which control has been gained or lost during the period
During the financial period there have been no changes to the entities in the Group.

Accounting standards used for foreign entities
Not applicable.

Dispute or qualifications if audited
This report is based on financial accounts that are in the process of being audited by our external auditors, Ernst & Young.

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1.5 Results snapshot

Statutory profit	↑	171.8% to $524.0m
Statutory earnings per share	↑	157.5% to 98.1 cents
Cash earnings	↑	51.5% to $457.2m
Cash earnings per share	↑	43.4% to 85.6 cents
Net interest margin	↓	decreased by 7 bps to 2.26% compared to June 2020
CET1 ratio of 9.57%	↑	up 32 basis points compared to June 2020

1.6 Performance summary

- Statutory profit after tax for FY21 was $524.0m compared to $192.8m for FY20.
- Cash earnings after tax for FY21 was $457.2m compared to $301.7m for FY20.
- On a cash earnings basis:
  - Net interest income increased by $84.8m to $1,431.2m as a result of growth in the lending portfolios offset by a reduction in net interest margin. Net interest margin (before revenue share arrangements) for the year decreased by 7 basis points to 2.26% compared to the prior corresponding period.
  - Other operating income decreased by $14.5m or 5.4% this was mainly due to reductions in trading book income, management fees and foreign exchange income. Lending related fee income increased as a result of higher lending volumes, offset by a decline in income from deposit and other fees.
  - Operating expenses increased by $5.9m or 0.6% mainly driven by a decision to increase investment in transformation. Staff costs, information technology costs, consultancy fees and other professional fees were higher, offset against reductions in travel costs and legal fees.
  - Credit expenses decreased by $150.5m or 89.3% largely due to the overlay added to the balance of the collectively assessed provision for the potential future impacts of the COVID-19 pandemic which was recorded in June 2020 and was not repeated in the current year, as well as a $19.4m release of the collectively assessed provision recorded in June 2021.
- Net impaired assets decreased by $47.2m or 29.0%.
- Well secured lending (excluding loans under a commercial arrangement) past due 90 days has decreased by $105.8m or 27.7%.
- Common Equity Tier 1 ratio was up 32 basis points to 9.57% compared to June 2020. Total capital was 13.81% compared to 13.61% in June 2020.
- The final dividend for June 2021 is 26.5 cents.

1.7 Annual general meeting

The annual general meeting will be held on 9 November 2021.
Details of the meeting will be notified to the ASX.

1.8 Subsequent events

On 15 August 2021, Bendigo and Adelaide Bank Limited entered into a Share Sale Agreement to acquire 100% of the shares in Ferocia Pty Ltd, a Melbourne-based fintech company, for consideration of up to $116.0 million. The consideration will be paid in shares, with a portion of the consideration being contingent on future performance. The transaction is subject to conditions precedent and is expected to be completed upon fulfilment of these conditions.

The acquisition will help to accelerate the Group's transformation and digital banking strategy and drive better outcomes and experiences for all customers.

Acquisition accounting will be performed following the completion of the transaction, at which stage it is expected that an amount of goodwill will be recognised.

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.

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2 Full year results

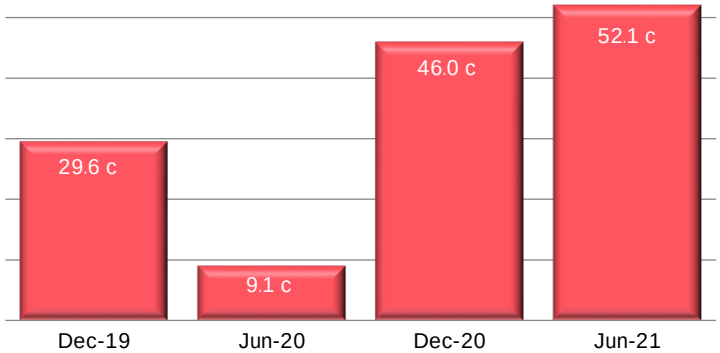
2.1 Financial summary

2.1.1 Statutory profit results

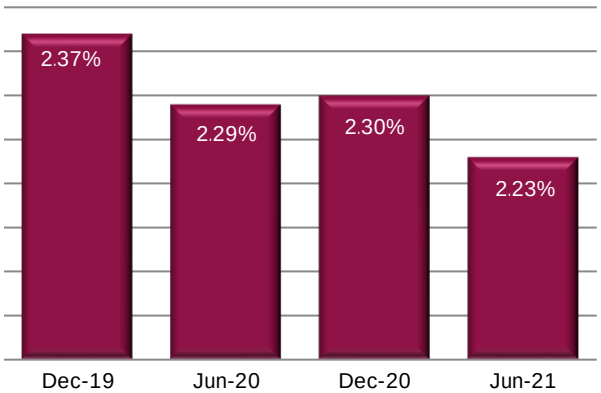
	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	1,422.5	1,333.8	88.7	6.7	716.1	706.4	9.7	1.4
Other operating income	382.9	300.6	82.3	27.4	199.5	183.4	16.1	8.8
Total income	1,805.4	1,634.4	171.0	10.5	915.6	889.8	25.8	2.9
Credit expenses	(18.0)	(168.5)	150.5	89.3	1.5	(19.5)	21.0	107.7
Operating expenses	(1,033.7)	(1,179.8)	146.1	12.4	(511.3)	(522.4)	11.1	2.1
Total expenses	(1,051.7)	(1,348.3)	296.6	22.0	(509.8)	(541.9)	32.1	5.9
Profit before income tax expense	753.7	286.1	467.6	163.4	405.8	347.9	57.9	16.6
Income tax expense	(229.7)	(93.3)	(136.4)	(146.2)	(125.7)	(104.0)	(21.7)	(20.9)
Profit after income tax expense	524.0	192.8	331.2	171.8	280.1	243.9	36.2	14.8

	Half year		Total	Half year		Total	FY21 to FY20
	Jun-21	Dec-20	FY21	Jun-20	Dec-19	FY20	change
Earnings per ordinary share	cents	cents	cents	cents	cents	cents	cents
Basic	52.1	46.0	98.1	9.1	29.6	38.1	60.0
Diluted	44.5	37.9	82.6	8.8	27.0	35.2	47.4
Franked dividends per share	26.5	23.5	50.0	4.5	31.0	35.5	14.5
Financial performance ratios	%	%	%	%	%	%	bps
Net interest margin before revenue share arrangements	2.23%	2.30%	2.26%	2.29%	2.37%	2.33%	(7)
Net interest margin after revenue share arrangements	1.92%	1.97%	1.94%	1.93%	1.99%	1.96%	(2)
Financial position ratios	%	%	%	%	%	%	bps
Return on average ordinary equity	9.28%	8.29%	8.79%	1.65%	5.26%	3.43%	536
Return on average tangible equity	12.18%	11.11%	11.65%	2.24%	7.42%	4.74%	691
Return on average assets	0.72%	0.65%	0.69%	0.13%	0.41%	0.27%	42

Statutory EPS



Net interest margin before revenue share arrangements



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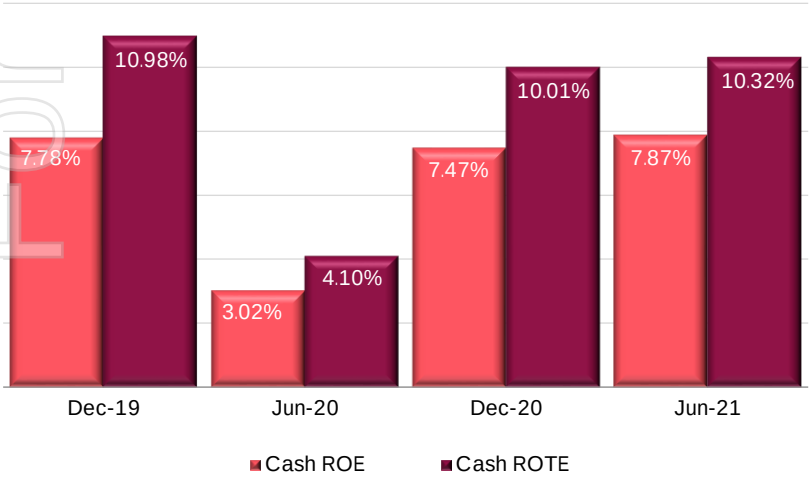
2.1 Financial summary (continued)

2.1.2 Cash earnings results

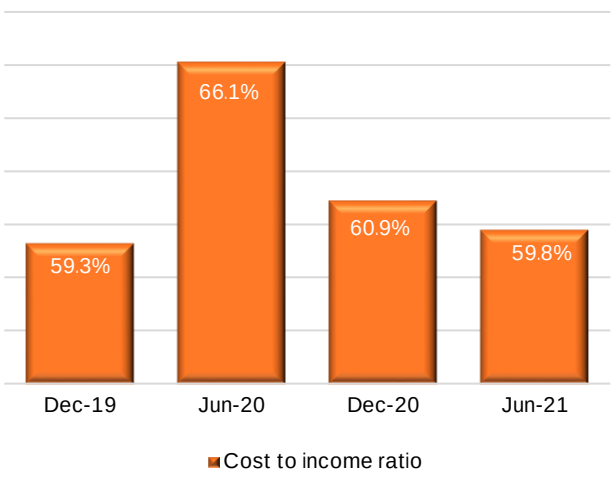
	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	1,431.2	1,346.4	84.8	6.3	719.8	711.4	8.4	1.2
Other operating income	253.3	267.8	(14.5)	(5.4)	123.4	129.9	(6.5)	(5.0)
Total income	1,684.5	1,614.2	70.3	4.4	843.2	841.3	1.9	0.2
Credit expenses	(18.0)	(168.5)	150.5	89.3	1.5	(19.5)	21.0	107.7
Operating expenses	(1,027.4)	(1,021.5)	(5.9)	(0.6)	(510.0)	(517.4)	7.4	1.4
Total expenses	(1,045.4)	(1,190.0)	144.6	12.2	(508.5)	(536.9)	28.4	5.3
Income tax expense	(194.6)	(133.5)	(61.1)	(45.8)	(104.5)	(90.1)	(14.4)	(16.0)
Cash earnings before Homesafe realised income	444.5	290.7	153.8	52.9	230.2	214.3	15.9	7.4
Net Homesafe realised income (after tax)	12.7	11.0	1.7	15.5	7.3	5.4	1.9	35.2
Cash earnings after income tax expense	457.2	301.7	155.5	51.5	237.5	219.7	17.8	8.1

	Half year		Total	Half year		Total	FY21 to FY20
	Jun-21	Dec-20	FY21	Jun-20	Dec-19	FY20	change
Earnings per ordinary share	cents	cents	cents	cents	cents	cents	cents
Cash	44.1	41.4	85.6	16.6	43.8	59.7	25.9
Financial performance ratios (cash)	%	%	%	%	%	%	bps
Cost to income ratio	59.8%	60.9%	60.3%	66.1%	59.3%	62.7%	(240)
Financial position ratios (cash)	%	%	%	%	%	%	bps
Return on average ordinary equity	7.87%	7.47%	7.67%	3.02%	7.78%	5.36%	231
Return on average tangible equity	10.32%	10.01%	10.17%	4.10%	10.98%	7.42%	275
Return on average assets	0.61%	0.59%	0.60%	0.24%	0.61%	0.42%	18

Cash ROE and ROTE



Cost to income ratio



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2.1 Financial summary (continued)

2.1.3 Cash earnings reconciliation

For the year ended 30 June 2021

		Cash earnings adjustments									
	Statutory profit	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Impairment charges	Operating expenses	Amort'n of acquired intangibles	Cash earnings sub-total [1]	Homesafe realised income	Cash earnings
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	1,422.5	0.1	8.6	-	-	-	-	-	1,431.2	(7.4)	1,423.8
Other income	382.9	-	(137.7)	8.1	-	-	-	-	253.3	25.4	278.7
Total income	1,805.4	0.1	(129.1)	8.1	-	-	-	-	1,684.5	18.0	1,702.5
Credit expenses	(18.0)	-	-	-	-	-	-	-	(18.0)	-	(18.0)
Operating expenses	(1,033.7)	-	-	-	3.3	-	-	3.0	(1,027.4)	-	(1,027.4)
Net profit before tax	753.7	0.1	(129.1)	8.1	3.3	-	-	3.0	639.1	18.0	657.1
Income tax expense	(229.7)	(0.1)	38.7	(2.4)	(0.2)	-	-	(0.9)	(194.6)	(5.3)	(199.9)
Net profit after tax	524.0	-	(90.4)	5.7	3.1	-	-	2.1	444.5	12.7	457.2

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

For the year ended 30 June 2020

		Cash earnings adjustments									
	Statutory profit	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Impairment charges [2]	Operating expenses [3]	Amort'n of acquired intangibles	Cash earnings sub-total [1]	Homesafe realised income	Cash earnings
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	1,333.8	0.1	12.5	-	-	-	-	-	1,346.4	(8.5)	1,337.9
Other income	300.6	-	(36.0)	3.2	-	-	-	-	267.8	24.2	292.0
Total income	1,634.4	0.1	(23.5)	3.2	-	-	-	-	1,614.2	15.7	1,629.9
Credit expenses	(168.5)	-	-	-	-	-	-	-	(168.5)	-	(168.5)
Operating expenses	(1,179.8)	-	-	-	-	124.7	30.4	3.2	(1,021.5)	-	(1,021.5)
Net profit before tax	286.1	0.1	(23.5)	3.2	-	124.7	30.4	3.2	424.2	15.7	439.9
Income tax expense	(93.3)	-	7.1	(1.0)	-	(36.4)	(8.9)	(1.0)	(133.5)	(4.7)	(138.2)
Net profit after tax	192.8	0.1	(16.4)	2.2	-	88.3	21.5	2.2	290.7	11.0	301.7

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

[2] Includes impairments of both investments and software intangible assets.

[3] Includes legal, accelerated amortisation and restructuring costs.

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2.1 Financial summary (continued)

2.1.3 Cash earnings reconciliation (continued)

For the half year ended 30 June 2021

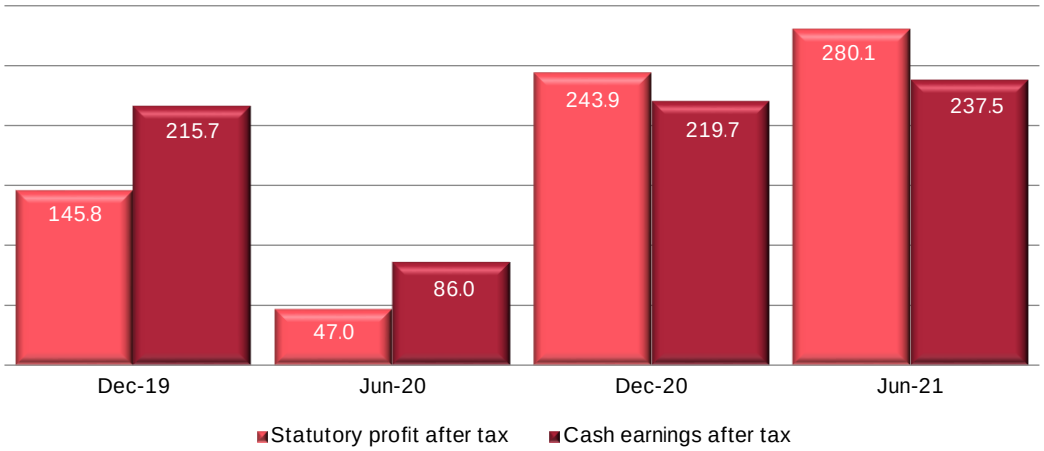
		Cash earnings adjustments							
	Statutory profit	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Amort'n of acquired intangibles	Cash earnings sub-total [1]	Homesafe realised income	Cash earnings
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	716.1	0.1	3.6	-	-	-	719.8	(3.2)	716.6
Other income	199.5	-	(76.1)	-	-	-	123.4	13.5	136.9
Total income	915.6	0.1	(72.5)	-	-	-	843.2	10.3	853.5
Credit expenses	1.5	-	-	-	-	-	1.5	-	1.5
Operating expenses	(511.3)	-	-	-	-	1.3	(510.0)	-	(510.0)
Net profit before tax	405.8	0.1	(72.5)	-	-	1.3	334.7	10.3	345.0
Income tax expense	(125.7)	(0.1)	21.7	-	-	(0.4)	(104.5)	(3.0)	(107.5)
Net profit after tax	280.1	-	(50.8)	-	-	0.9	230.2	7.3	237.5

For the half year ended 31 December 2020

		Cash earnings adjustments							
	Statutory profit	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Amort'n of acquired intangibles	Cash earnings sub-total [1]	Homesafe realised income	Cash earnings
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	706.4	-	5.0	-	-	-	711.4	(4.2)	707.2
Other income	183.4	-	(61.6)	8.1	-	-	129.9	11.9	141.8
Total income	889.8	-	(56.6)	8.1	-	-	841.3	7.7	849.0
Credit expenses	(19.5)	-	-	-	-	-	(19.5)	-	(19.5)
Operating expenses	(522.4)	-	-	-	3.3	1.7	(517.4)	-	(517.4)
Net profit before tax	347.9	-	(56.6)	8.1	3.3	1.7	304.4	7.7	312.1
Income tax expense	(104.0)	-	17.0	(2.4)	(0.2)	(0.5)	(90.1)	(2.3)	(92.4)
Net profit after tax	243.9	-	(39.6)	5.7	3.1	1.2	214.3	5.4	219.7

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

Statutory profit and cash earnings after tax ($m)



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2.2 Results commentary

2.2.1 Specific items

The reported profit after tax for the year ended 30 June 2021 was $524.0 million and included the following specific items:

	Jun-21		Jun-20	
	Before Tax	After Tax	Before Tax	After Tax
	$m	$m	$m	$m
Items included in interest income				
Fair value adjustments - interest expense	(0.1)	-	(0.1)	(0.1)
Homesafe funding costs - unrealised	(8.6)	(6.0)	(12.5)	(8.8)
Total specific net interest income items	(8.7)	(6.0)	(12.6)	(8.9)
Items included in other income				
Revaluation losses on economic hedges	(8.1)	(5.7)	(3.2)	(2.2)
Homesafe revaluation gain	137.7	96.4	36.0	25.2
Total specific other income items	129.6	90.7	32.8	23.0
Items included in operating expenses				
Sale of Merchant Services business	(3.3)	(3.1)	-	-
Legal costs	-	-	(2.5)	(2.1)
Restructuring costs	-	-	(8.9)	(6.2)
Software accelerated amortisation	-	-	(19.0)	(13.2)
Software impairment	-	-	(121.9)	(85.5)
Impairment charge	-	-	(2.8)	(2.8)
Total specific operating expense items	(3.3)	(3.1)	(155.1)	(109.8)
Total specific items attributable to the Group	117.6	81.6	(134.9)	(95.7)
Other specific items				
Homesafe revaluation gain - realised	(25.4)	(17.8)	(24.2)	(17.0)
Homesafe funding costs - realised	7.4	5.1	8.5	6.0
Total other specific items attributable to the Group	(18.0)	(12.7)	(15.7)	(11.0)
Amortisation of acquired intangibles	(3.0)	(2.1)	(3.2)	(2.2)

Specific interest income items

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

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

Specific other income items

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

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

Specific operating expense items

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

Other specific items

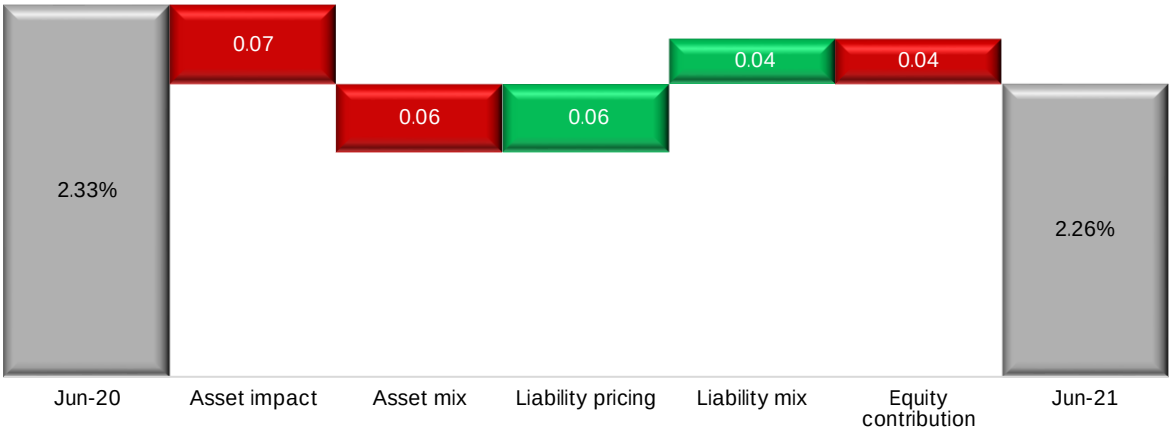
Homesafe revaluation gain - realised - represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

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

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

Bendigo and Adelaide Bank Limited

2.2.2 Net interest margin (before revenue share arrangements)



Asset impact - Pricing pressure on variable and fixed lending portfolios was partially offset by favourable variable mortgage repricing following cash rate decreases.

Asset mix - An increase in the average balance of lower yielding fixed rate loans compared to variable loans and an increase in the average balance of the Group's liquid assets.

Liability pricing - Favourable movements from term deposit and wholesale funding repricing.

Liability mix - The continued strong at-call deposit growth has had a positive impact on the total cost of deposits funding.

Equity contribution - Margin contraction given the cash rate decreases.

Cash net interest income [1]

	Full year		Half year	
	Jun-21	Jun-20	Jun-21	Dec-20
	$m	$m	$m	$m
Net interest income including specific items [2]	1,422.5	1,333.8	716.1	706.4
Adjustments:				
Fair value adjustments [3]	0.1	0.1	0.1	-
Net interest income used in NIM calculation	1,422.6	1,333.9	716.2	706.4
Average interest earning assets [4]	73,165.5	68,182.1	75,059.0	71,290.0
Average interest earning liabilities [4]	69,301.7	64,664.7	71,067.8	67,575.2
Net interest margin	1.94%	1.96%	1.92%	1.97%
Net interest margin before revenue share arrangement	2.26%	2.33%	2.23%	2.30%

[1] Cash net interest income includes Homesafe unrealised funding costs.

[2] Refer to section 2.2.3 - Income.

[3] Fair value adjustments represent entries created on a business acquisition (Rural Finance).

[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance. (FY21: $4,554.4, FY20: $3,324.9; 2H21: $4,913.5; 1H21: $4,206.2)

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2.2.3 Income

	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	1,431.2	1,346.4	84.8	6.3	719.8	711.4	8.4	1.2
Homesafe funding costs - unrealised	(8.6)	(12.5)	3.9	31.2	(3.6)	(5.0)	1.4	28.0
Fair value adjustments - interest expense	(0.1)	(0.1)	-	-	(0.1)	-	(0.1)	-
Total net interest income including specific items	1,422.5	1,333.8	88.7	6.7	716.1	706.4	9.7	1.4
Other income								
Fee Income	158.7	155.5	3.2	2.1	82.2	76.5	5.7	7.5
Commissions and management fees	53.5	56.6	(3.1)	(5.5)	27.0	26.5	0.5	1.9
Foreign exchange income	19.1	22.6	(3.5)	(15.5)	9.1	10.0	(0.9)	(9.0)
Trading book income	1.7	11.2	(9.5)	(84.8)	(5.2)	6.9	(12.1)	(175.4)
Other	20.3	21.9	(1.6)	(7.3)	10.3	10.0	0.3	3.0
Total other income	253.3	267.8	(14.5)	(5.4)	123.4	129.9	(6.5)	(5.0)
Specific other income items								
Homesafe revaluation gain	137.7	36.0	101.7	282.5	76.1	61.6	14.5	23.5
Revaluation losses on economic hedges	(8.1)	(3.2)	(4.9)	(153.1)	-	(8.1)	8.1	100.0
Total other specific income	129.6	32.8	96.8	295.1	76.1	53.5	22.6	42.2
Total other income including specific items	382.9	300.6	82.3	27.4	199.5	183.4	16.1	8.8
Total income	1,805.4	1,634.4	171.0	10.5	915.6	889.8	25.8	2.9

Comments on individual income categories when compared to the previous corresponding period are:

Net interest income increased by $84.8m or 6.3% largely as a result of growth in the lending portfolios, offset against a contraction in net interest margin (FY21: 2.26%, FY20: 2.33%).

Fee income increased by $3.2m or 2.1% primarily due to an increase in lending related fee income as a result of higher lending volumes, partially offset by a reduction in deposit and other fees.

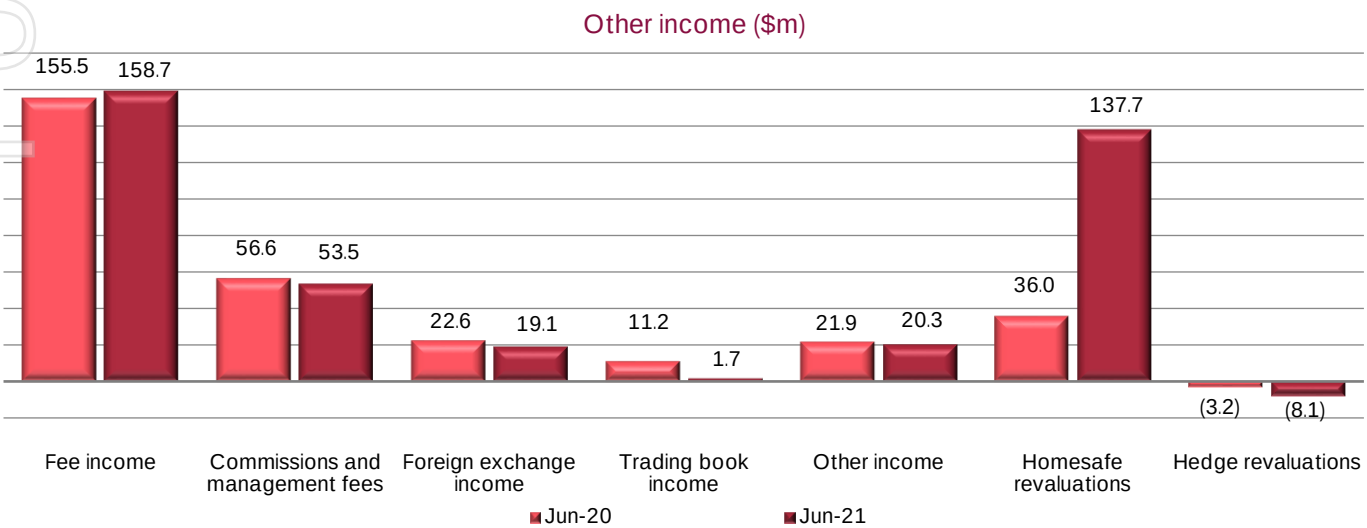
Commissions and management fees decreased by $3.1m or 5.5% mainly due to reductions in the management fees earned by Sandhurst Trustees Limited from the managed funds directly linked to margin contractions.

Foreign exchange income decreased by $3.5m or 15.5% as a result of a decrease in foreign exchange transactions directly attributed to a decrease in international trade activities due to COVID-19.

Trading book income decreased by $9.5m or 84.8% primarily due to impacts on trading activity following the Reserve Bank of Australia's actions that included the lower cash rate, Yield Curve Control and Quantitative Easing.

Homesafe revaluation gain was $101.7m or 282.5% higher due to continued strong growth in residential property markets in both Melbourne and Sydney and a change in the valuation assumptions. Refer to section 2.2.4 for further detail.

Revaluation losses on economic hedges increased by $4.9m or 153.1%. Refer to 2.2.1 for further detail.



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2.2.4 Homesafe Trust

Homesafe income	Full Year Jun-21 $m	Half Year Jun-21 $m	Half Year Dec-20 $m	Full Year Jun-20 $m	Half Year Jun-20 $m	Half Year Dec-19 $m
Discount unwind	24.0	11.7	12.3	23.1	11.7	11.4
Profit on sale	5.2	3.5	1.7	3.2	1.9	1.3
Property revaluations	108.5	60.9	47.6	9.7	(16.4)	26.1
Total income/(loss)	137.7	76.1	61.6	36.0	(2.8)	38.8

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

	Full Year Jun-21 $m	Half Year Jun-21 $m	Half Year Dec-20 $m	Full Year Jun-20 $m	Half Year Jun-20 $m	Half Year Dec-19 $m
Homesafe realised income	25.4	13.5	11.9	24.2	12.7	11.5

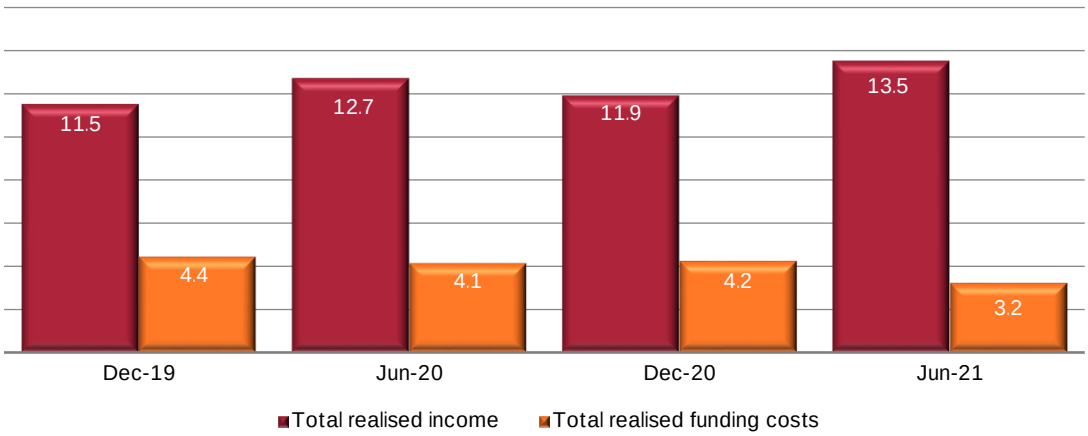
Realised income - The difference between cash received on completion and the initial funds advanced.

Funding costs	Full Year Jun-21 $m	Half Year Jun-21 $m	Half Year Dec-20 $m	Full Year Jun-20 $m	Half Year Jun-20 $m	Half Year Dec-19 $m
Funding costs - unrealised	(8.6)	(3.6)	(5.0)	(12.5)	(6.0)	(6.5)
Funding costs - realised	(7.4)	(3.2)	(4.2)	(8.5)	(4.1)	(4.4)

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

Portfolio balance	As at Jun-21 $m	As at Dec-20 $m	As at Jun-20 $m	As at Dec-19 $m
Funded balance	493.9	490.6	485.6	472.3
Property revaluation balance	407.8	344.9	294.2	309.9
Total investment portfolio balance	901.7	835.5	779.8	782.2

Total realised gains and realised funding costs ($m)



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2.2.5 Operating expenses

	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Staff and related costs	589.8	567.1	22.7	4.0	295.6	294.2	1.4	0.5
Occupancy costs	35.9	36.3	(0.4)	(1.1)	17.5	18.4	(0.9)	(4.9)
Information technology costs	79.4	70.9	8.5	12.0	40.5	38.9	1.6	4.1
Amortisation of acquired intangibles	3.0	3.2	(0.2)	(6.3)	1.3	1.7	(0.4)	(23.5)
Amortisation of software intangibles	27.9	31.1	(3.2)	(10.3)	13.5	14.4	(0.9)	(6.3)
Property, plant and equipment costs	61.1	64.4	(3.3)	(5.1)	29.8	31.3	(1.5)	(4.8)
Fees and commissions	20.2	20.3	(0.1)	(0.5)	9.4	10.8	(1.4)	(13.0)
Communications, postage and stationery	33.4	35.8	(2.4)	(6.7)	16.2	17.2	(1.0)	(5.8)
Advertising and promotion	28.3	31.6	(3.3)	(10.4)	13.1	15.2	(2.1)	(13.8)
Other product and services delivery costs	22.8	24.3	(1.5)	(6.2)	11.4	11.4	-	-
Other administration expenses	128.6	139.7	(11.1)	(7.9)	63.0	65.6	(2.6)	(4.0)
Total operating expenses	1,030.4	1,024.7	5.7	0.6	511.3	519.1	(7.8)	(1.5)
Specific items	3.3	155.1	(151.8)	(97.9)	-	3.3	(3.3)	(100.0)
Total expenses	1,033.7	1,179.8	(146.1)	(12.4)	511.3	522.4	(11.1)	(2.1)

			Change				Change	
	Jun-21	Jun-20		%	Jun-21	Dec-20		%
Cost to income [1]	60.3%	62.7%	(2.4)	(3.8)	59.8%	60.9%	(1.1)	(1.8)
Expenses to average assets	1.35%	1.43%	(0.08)	(5.6)	1.32%	1.38%	(0.06)	(4.3)
Number of staff (full-time equivalent)	4,483	4,776	(293)	(6.1)	4,483	4,529	(46)	(1.0)
Staff and related costs to income [2]	33.8%	34.1%	(0.3)	(0.9)	33.9%	33.7%	0.2	0.6

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

[2] Excludes redundancy costs.

Comments on individual expense categories when compared to the previous corresponding period are:

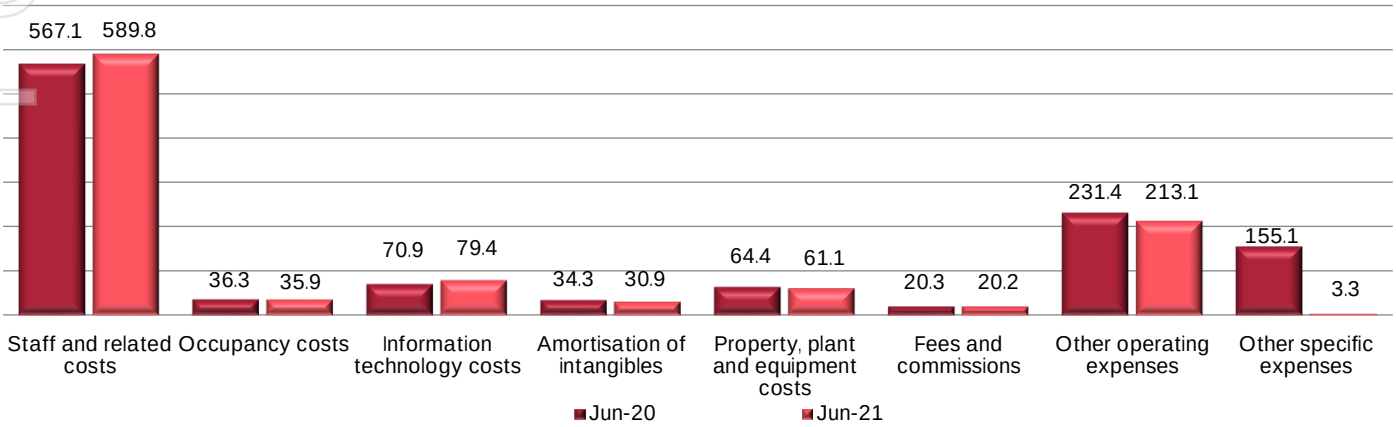
Staff and related costs increased by $22.7m or 4.0%. This increase is attributed to an increase in staff costs as well as an increase in redundancy costs (FY21: $14.1m, FY20 $10.8m). Staff costs have increased to support transformation initiatives, greater investment in risk and compliance capabilities, and residential lending growth.

Information technology costs increased by $8.5m or 12.0% due to an increase in software licence fees incurred in relation to transformation initiatives, including Open Banking.

Other administration expenses decreased by $11.1m or 7.9% predominantly due to reductions in travel costs and legal fees, partially offset by increases in consultancy fees and other professional fees such as insurance premiums, regulatory levies and fees, and loan establishment fees.

Specific items decreased by $151.8m or 97.9%. Refer to 2.2.1 for further detail.

Operating expenses ($m)



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2.2.6 Average balance sheet

For the years ended 30 June 2021 and 30 June 2020

	30 June 2021			30 June 2020		
	Average Balance $m	Interest 12 mths $m	Average Rate %	Average Balance $m	Interest 12 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	9,346.1	21.8	0.23	8,427.1	72.6	0.86
Loans and other receivables [4]	63,819.4	1,845.6	2.89	59,755.0	2,201.9	3.68
Total interest earning assets	73,165.5	1,867.4	2.55	68,182.1	2,274.5	3.34
Non-interest earning assets						
Credit provisions	(346.0)			(290.4)		
Other assets	3,342.7			3,451.6		
Total non-interest earning assets	2,996.7			3,161.2		
Total assets (average balance)	76,162.2			71,343.3		
Interest bearing liabilities						
Deposits						
- Customer [4]	50,647.8	(305.8)	(0.60)	46,008.1	(668.7)	(1.45)
- Wholesale - domestic	11,006.4	(35.0)	(0.32)	12,431.0	(126.0)	(1.01)
- Repurchase agreements	2,565.9	(5.0)	(0.19)	850.0	(4.0)	(0.47)
Lease liability	197.2	(5.9)	(2.99)	240.9	(7.4)	(3.07)
Notes payable	3,259.8	(44.7)	(1.37)	3,564.4	(73.8)	(2.07)
Loan capital	1,624.6	(48.4)	(2.98)	1,570.3	(60.7)	(3.87)
Total interest bearing liabilities	69,301.7	(444.8)	(0.64)	64,664.7	(940.6)	(1.45)
Non-interest bearing liabilities and equity						
Other liabilities	820.9			988.1		
Equity	6,039.6			5,690.5		
Total non-interest bearing liabilities and equity	6,860.5			6,678.6		
Total liabilities and equity (average balance)	76,162.2			71,343.3		
Interest margin and interest spread						
Interest earning assets	73,165.5	1,867.4	2.55	68,182.1	2,274.5	3.34
Interest bearing liabilities	(69,301.7)	(444.8)	(0.64)	(64,664.7)	(940.6)	(1.45)
Net interest income and interest spread [2,5]		1,422.6	1.91		1,333.9	1.89
Benefit of net free liabilities, provisions and equity			0.03			0.07
Net interest margin [3]			1.94			1.96
Impact of revenue share arrangements						
Net interest margin			1.94			1.96
Add: impact of revenue share arrangements			0.32			0.37
Net interest margin before revenue share arrangements			2.26			2.33

[1] Average balance is based on monthly closing balances.

[2] Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

[3] Net interest margin is the net interest income as a percentage of average interest earning assets.

[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance.

[5] Net interest income excludes fair value adjustments - refer to section 2.2.2 for net interest income reconciliation.

Lending Policy

2.2.6 Average balance sheet (continued)

For the six months ended 30 June 2021 and 31 December 2020

	30 June 2021			31 December 2020		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	10,038.8	8.9	0.18	8,695.4	12.9	0.29
Loans and other receivables [4]	65,020.2	892.5	2.77	62,594.6	953.1	3.02
Total interest earning assets	75,059.0	901.4	2.42	71,290.0	966.0	2.69
Non-interest earning assets						
Credit provisions	(347.9)			(344.9)		
Other assets	3,349.7			3,314.5		
Total non-interest earning assets	3,001.8			2,969.6		
Total assets (average balance)	78,060.8			74,259.6		
Interest bearing liabilities						
Deposits						
- Customer [4]	52,027.6	(122.5)	(0.47)	49,338.2	(183.3)	(0.74)
- Wholesale - domestic	11,070.1	(12.9)	(0.23)	10,975.6	(22.1)	(0.40)
- Repurchase agreements	2,917.5	(2.5)	(0.17)	2,180.9	(2.5)	(0.23)
Lease liability	186.6	(2.8)	(3.03)	207.5	(3.1)	(2.96)
Notes payable	3,240.3	(21.3)	(1.33)	3,243.5	(23.4)	(1.43)
Loan capital	1,625.7	(23.2)	(2.88)	1,629.5	(25.2)	(3.07)
Total interest bearing liabilities	71,067.8	(185.2)	(0.53)	67,575.2	(259.6)	(0.76)
Non-interest bearing liabilities and equity						
Other liabilities	819.2			777.9		
Equity	6,173.8			5,906.5		
Total non-interest bearing liabilities and equity	6,993.0			6,684.4		
Total liabilities and equity (average balance)	78,060.8			74,259.6		
Interest margin and interest spread						
Interest earning assets	75,059.0	901.4	2.42	71,290.0	966.0	2.69
Interest bearing liabilities	(71,067.8)	(185.2)	(0.53)	(67,575.2)	(259.6)	(0.76)
Net interest income and interest spread [2,5]		716.2	1.89		706.4	1.93
Benefit of net free liabilities, provisions and equity			0.03			0.04
Net interest margin [3]			1.92			1.97
Net interest margin			1.92			1.97
Add: impact of revenue share arrangements			0.31			0.33
Net interest margin before revenue share arrangements			2.23			2.30

[1] Average balance is based on monthly closing balances.

[2] Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

[3] Net interest margin is the net interest income as a percentage of average interest earning assets.

[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance.

[5] Net interest income excludes fair value adjustments - refer to section 2.2.2 for net interest income reconciliation.

Lending Integrity

2.2.6 Average balance sheet (continued)

For the six months ended 30 June 2020 and 31 December 2019

	30 June 2020			31 December 2019		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and Investments	8,943.2	31.0	0.70	7,971.1	41.6	1.04
Loans and other receivables [4]	60,372.6	1,037.6	3.46	59,108.7	1,164.3	3.92
Total interest earning assets	69,315.8	1,068.6	3.10	67,079.8	1,205.9	3.58
Non-interest earning assets						
Credit provisions	(298.2)			(280.9)		
Other assets	3,362.0			3,506.4		
Total non-interest earning assets	3,063.8			3,225.5		
Total assets (average balance)	72,379.6			70,305.3		
Interest bearing liabilities						
Deposits						
- Customer [4]	46,685.3	(284.0)	(1.22)	45,340.7	(384.7)	(1.69)
- Wholesale - domestic	12,401.4	(52.3)	(0.85)	12,515.3	(73.7)	(1.17)
- Repurchase agreements	1,120.2	(1.8)	(0.32)	530.3	(2.2)	(0.83)
Lease liability	229.5	(3.6)	(3.15)	252.2	(3.8)	(3.0)
Notes payable	3,728.1	(34.2)	(1.84)	3,456.8	(39.6)	(2.28)
Loan capital	1,570.4	(28.7)	(3.68)	1,570.2	(32.0)	(4.05)
Total interest bearing liabilities	65,734.9	(404.6)	(1.24)	63,665.5	(536.0)	(1.67)
Non-interest bearing liabilities and equity						
Other liabilities	867.4			1,050.3		
Equity	5,777.3			5,589.5		
Total non-interest bearing liabilities and equity	6,644.7			6,639.8		
Total liabilities and equity (average balance)	72,379.6			70,305.3		
Interest margin and interest spread						
Interest earning assets	69,315.8	1,068.6	3.10	67,079.8	1,205.9	3.58
Interest bearing liabilities	(65,734.9)	(404.6)	(1.24)	(63,665.5)	(536.0)	(1.67)
Net interest income and interest spread [2,5]		664.0	1.86		669.9	1.91
Benefit of net free liabilities, provisions and equity			0.07			0.08
Net interest margin [3]			1.93			1.99
Net interest margin			1.93			1.99
Add: impact of revenue share arrangements			0.36			0.38
Net interest margin before revenue share arrangements			2.29			2.37

[1] Average balance is based on monthly closing balances.

[2] Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.

[3] Net interest margin is the net interest income as a percentage of average interest earning assets.

[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance.

[5] Net interest income excludes fair value adjustments - refer to section 2.2.2 for net interest income reconciliation.

Lodged with the ASX Limited on 11 August 2021

2.2.7 Segment results

Segment reporting

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

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

Consumer

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

Business

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

Agribusiness

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

Corporate

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

Accounting policies and inter-segment transactions

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

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

Major customers

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

Geographic information

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

For the year ended 30 June 2021

	Operating segments					
	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
	$m	$m	$m	$m	$m	$m
Net interest income	902.5	314.4	171.9	1,388.8	33.7	1,422.5
Other income	316.8	39.2	26.6	382.6	0.3	382.9
Total segment income	1,219.3	353.6	198.5	1,771.4	34.0	1,805.4
Operating expenses	(451.0)	(85.1)	(61.5)	(597.6)	(436.1)	(1,033.7)
Credit (expenses)/reversals [1]	(8.3)	(17.7)	(7.5)	(33.5)	15.5	(18.0)
Segment result (before tax expense)	760.0	250.8	129.5	1,140.3	(386.6)	753.7
Tax (expense)/benefit	(231.7)	(76.4)	(39.5)	(347.6)	117.9	(229.7)
Segment result (statutory basis)	528.3	174.4	90.0	792.7	(268.7)	524.0
Cash basis adjustments:						
Specific income and expense items (after tax)	(87.3)	0.2	0.1	(87.0)	5.4	(81.6)
Homesafe net realised income (after tax)	12.7	-	-	12.7	-	12.7
Amortisation of acquired intangibles (after tax)	1.2	0.4	0.5	2.1	-	2.1
Segment result (cash basis)	454.9	175.0	90.6	720.5	(263.3)	457.2

[1] Overlays added to the collectively assessed provisions are included in the Corporate segment results.

2.2.7 Segment results (continued)

For the year ended 30 June 2020

	Operating segments					
	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
	$m	$m	$m	$m	$m	$m
Net interest income	856.2	288.1	155.3	1,299.6	34.2	1,333.8
Other income	224.1	42.5	18.3	284.9	15.7	300.6
Total segment income	1,080.3	330.6	173.6	1,584.5	49.9	1,634.4
Operating expenses	(459.5)	(96.4)	(63.6)	(619.5)	(560.3)	(1,179.8)
Credit (expenses)/reversals [1]	3.9	(35.0)	(6.1)	(37.2)	(131.3)	(168.5)
Segment result (before tax expense)	624.7	199.2	103.9	927.8	(641.7)	286.1
Tax (expense)/benefit	(203.7)	(65.0)	(33.9)	(302.6)	209.3	(93.3)
Segment result (statutory basis)	421.0	134.2	70.0	625.2	(432.4)	192.8
Cash basis adjustments:						
Specific income and expense items (after tax)	(16.4)	1.4	0.1	(14.9)	110.6	95.7
Homesafe net realised income (after tax)	11.0	-	-	11.0	-	11.0
Amortisation of intangibles (after tax)	1.6	0.1	0.5	2.2	-	2.2
Segment result (cash basis)	417.2	135.7	70.6	623.5	(321.8)	301.7

[1] The COVID-19 overlay of $127.7m has been included in the Corporate segment results.

	Operating segments					
Reportable segment assets and liabilities	Consumer	Business	Agribusiness	Total operating segments	Corporate	Total
	$m	$m	$m	$m	$m	$m
For the year ended 30 June 2021						
Reportable segment assets	52,456.6	13,500.6	6,229.5	72,186.7	14,390.5	86,577.2
Reportable segment liabilities	47,053.4	13,602.3	2,753.4	63,409.1	13,216.9	76,626.0
For the year ended 30 June 2020						
Reportable segment assets	45,884.6	13,348.8	6,073.5	65,306.9	10,702.0	76,008.9
Reportable segment liabilities	41,281.0	11,503.7	3,107.8	55,892.5	10,814.7	66,707.2

	As at Jun-21	As at Jun-20
	$m	$m
Total assets for operating segments	86,577.2	76,008.9
Total assets	86,577.2	76,008.9
Total liabilities for operating segments	76,626.0	66,707.2
Notes payable	3,597.7	3,503.5
Total liabilities	80,223.7	70,210.7

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2.3 Financial statements

2.3.1 Balance Sheet metrics

Financial position metrics	Half year Jun-21 $m	Half year Dec-20 $m	Total FY21 $m	Half year Jun-20 $m	Half year Dec-19 $m	Total FY20 $m	FY21 to FY20 change $m	FY21 to FY20 change %
Ordinary equity	6,219.1	5,948.5	6,219.1	5,715.2	5,521.0	5,715.2	503.9	8.8
Customer deposits	57,915.7	55,770.6	57,915.7	50,716.6	49,399.9	50,716.6	7,199.1	14.2
Funds under management	6,872.2	6,580.5	6,872.2	6,179.4	6,634.3	6,179.4	692.8	11.2
Loans under management	74,483.3	70,021.1	74,483.3	66,764.6	64,129.4	66,764.6	7,718.7	11.6
New loan approvals	12,810.5	12,109.9	24,920.4	10,194.5	9,568.1	19,762.6	5,157.8	26.1
> Residential	9,982.1	9,597.4	19,579.5	7,553.7	6,924.0	14,477.7	5,101.8	35.2
> Non-residential	2,828.4	2,512.5	5,340.9	2,640.8	2,644.1	5,284.9	56.0	1.1
Total provisions and reserves for doubtful debts	445.7	445.8	445.7	428.2	352.6	428.2	17.5	4.1

Capital management metrics	Half year Jun-21	Half year Dec-20	Total FY21	Half year Jun-20	Half year Dec-19	Total FY20	FY21 to FY20 change bps
Common Equity Tier 1 (%)	9.57%	9.36%	9.57%	9.25%	9.00%	9.25%	32
							$m / %
Credit risk weighted assets ($m)	36,412.0	35,311.0	36,412.0	34,252.2	33,246.3	34,252.2	2,159.8 / 6.3
Total risk weighted assets ($m)	40,469.3	39,398.5	40,469.3	38,215.2	37,265.6	38,215.2	2,254.1 / 5.9

Liquidity risk [1]							bps
Liquidity Coverage Ratio (LCR) (%) [2]	145.0%	139.0%	142.0%	121.9%	112.7%	117.3%	2,470
Net Stable Funding Ratio (NSFR) (%) [3]	127.9%	123.7%	125.9%	114.8%	111.6%	113.2%	1,270

Impaired assets							$m	%
Gross impaired assets ($m)	208.8	222.2	208.8	240.5	315.5	240.5	(31.7)	(13.2)
Net impaired assets ($m)	115.8	137.9	115.8	163.0	185.0	163.0	(47.2)	(29.0)
								bps
Net impaired loans to gross loans (%)	0.16%	0.20%	0.16%	0.25%	0.29%	0.25%		(9)

[1] The Bank advised the Australian Stock Exchange (ASX) on 21 October 2020 that it had discovered a historical error in its calculation of the Liquidity Coverage Ratio (LCR). The error related to the incorrect system coding of three business rules used to categorise deposits for stability used in the LCR calculation. The incorrect system coding resulted in an understatement of the expected net cash outflow and consequently an overstatement of the LCR. The incorrect system coding matter which resulted in an understatement of the expected net cash outflow and consequently an overstatement of the LCR also impacted the Net Stable Funding Ratio (NSFR) via an overstatement of Available Stable Funding (ASF). The Bank has since corrected the coding errors and the restated LCRs and NSFRs are disclosed in the table above.

[2] Represents average daily LCR over respective 6 and 12 month period.

[3] Represents average end of month NSFR over respective 6 and 12 month period.

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2.3.2 Statement of comprehensive income

For the year ended 30 June 2021

	Group	
	30 June 2021 $m	30 June 2020 $m
Profit for the period ended 30 June	524.0	192.8
Items which may be reclassified subsequently to profit or loss:		
Revaluation gain/(loss) on debt investments at fair value through OCI	0.8	(0.3)
Revaluation (loss)/gain on debt securities at fair value through OCI	(0.5)	1.4
Transfer from asset revaluation reserve to income	-	0.1
Net gain/(loss) on cash flow hedges taken to equity	32.5	(20.3)
Tax effect on items taken directly to or transferred from equity	(9.8)	5.4
Total items that may be reclassified to profit or loss	23.0	(13.7)
Items which will not be reclassifed subsequently to profit or loss:		
Revaluation loss on land and buildings	-	(0.7)
Revaluation gain on equity investments at fair value through OCI	12.7	-
Actuarial loss on superannuation defined benefits plan	(0.9)	(1.3)
Tax effect on items taken directly to or transferred from equity	(3.7)	1.1
Total items that will not be reclassified to profit or loss	8.1	(0.9)
Total comprehensive income for the period net of tax	555.1	178.2

2.3.3 Balance Sheet

As at 30 June 2021

	Group	
	30 June 2021 $m	30 June 2020 $m
Assets		
Cash and cash equivalents	7,086.3	1,189.6
Due from other financial institutions	173.4	137.0
Financial assets at fair value through profit or loss (FVTPL)	1,678.7	5,411.1
Financial assets at amortised cost	351.5	325.3
Financial assets at fair value through other comprehensive income (FVOCI)	2,186.1	814.8
Income tax receivable	-	17.6
Derivatives	59.1	106.4
Net loans and other receivables	71,920.6	64,980.4
Investments accounted for using the equity method	9.7	10.2
Property, plant and equipment	205.9	252.3
Deferred tax assets	42.2	88.3
Investment property	901.7	779.8
Goodwill and other intangible assets	1,549.4	1,564.6
Other assets	412.6	331.5
Total Assets	86,577.2	76,008.9
Liabilities		
Due to other financial institutions	175.4	145.1
Deposits	74,355.6	64,182.6
Notes payable	3,597.7	3,503.5
Derivatives	45.3	100.2
Income tax payable	44.2	-
Provisions	120.5	114.4
Other payables	501.8	603.4
Loan capital	1,383.2	1,561.5
Total Liabilities	80,223.7	70,210.7
Net Assets	6,353.5	5,798.2
Equity		
Share capital	5,049.5	4,905.0
Reserves	138.0	87.3
Retained earnings	1,166.0	805.9
Total Equity	6,353.5	5,798.2

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2.3.4 Statement of changes in equity

For the year ended 30 June 2021

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	Other issued capital $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance as at 1 July 2020	4,909.3	(4.3)	805.9	87.3	5,798.2
Comprehensive income:					
Profit for the period	-	-	524.0	-	524.0
Other comprehensive income	-	-	(0.8)	31.9	31.1
Total comprehensive income for the period	-	-	523.2	31.9	555.1
Transactions with owners in their capacity as owners:					
Shares issued	155.4	-	-	-	155.4
Purchase of Treasury shares	(11.8)	-	-	-	(11.8)
Share issue expenses	-	-	-	-	-
Movement in Executive Share plans	0.2	-	-	-	0.2
Reduction in employee share ownership plan (ESOP) shares	-	0.7	-	-	0.7
Movement in general reserve for credit losses (GRCL)	-	-	(18.1)	18.1	-
Share based payment	-	-	1.3	0.7	2.0
Equity dividends	-	-	(146.3)	-	(146.3)
Closing balance as at 30 June 2021	5,053.1	(3.6)	1,166.0	138.0	6,353.5

For the year ended 30 June 2020

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	Other issued capital $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance as at 1 July 2019	4,575.9	(5.4)	987.3	73.8	5,631.6
Impact of adoption of new accounting standards [1]	-	-	(24.7)	-	(24.7)
Rural Bank consolidation [2]	-	-	(20.4)	20.4	-
Comprehensive income:					
Profit for the period	-	-	192.8	-	192.8
Other comprehensive income	-	-	(0.9)	(13.7)	(14.6)
Total comprehensive income for the period	-	-	191.9	(13.7)	178.2
Transactions with owners in their capacity as owners:					
Shares issued	337.7	-	-	-	337.7
Share issue expenses	(3.0)	-	-	-	(3.0)
Movement in Executive Share plans	(1.3)	-	-	-	(1.3)
Reduction in employee share ownership plan (ESOP) shares	-	1.1	-	-	1.1
Movement in general reserve for credit losses (GRCL)	-	-	(9.3)	9.3	-
Share based payment	-	-	1.0	(2.1)	(1.1)
Transfer from asset revaluation reserve	-	-	0.8	(0.8)	-
Movement in operational risk reserve	-	-	(0.4)	0.4	-
Equity dividends	-	-	(320.3)	-	(320.3)
Closing balance as at 30 June 2020	4,909.3	(4.3)	805.9	87.3	5,798.2

[1] The Group applied AASB 16 *Leases* from 1 July 2019.

[2] Relates to Rural Bank consolidation adjustments recorded in FY20 following the transfer of business that occurred between Rural Bank Limited and Bendigo and Adelaide Bank Limited when Rural Bank Limited handed back its ADI licence on 31 May 2019.

Bendigo and Adelaide Bank Limited

2.3.5 Cash flow statement

For the year ended 30 June 2021

	Group	
	30 June 2021	30 June 2020
	$m	$m
Cash flows from operating activities		
Interest and other items of a similar nature received	1,927.8	2,323.5
Interest and other costs of finance paid	(503.7)	(1,005.9)
Receipts from customers (excluding effective interest)	253.9	257.0
Payments to suppliers and employees	(1,045.3)	(956.5)
Dividends received	0.5	1.6
Income taxes paid	(134.0)	(183.0)
Cash flows from operating activities before changes in operating assets and liabilities	499.2	436.7
Net increase in operating assets		
Net increase in balance of loans and other receivables	(6,960.9)	(3,319.9)
Net decrease/(increase) in balance of investment securities	2,330.4	(384.0)
Net Increase in operating liabilities		
Net increase in balance of deposits	10,172.9	3,585.7
Net increase in balance of notes payable	94.3	39.1
Cash flows from operating activities	6,135.9	357.6
Cash flows related to investing activities		
Cash paid for purchases of property, plant and equipment	(21.0)	(29.9)
Cash proceeds from sale of property, plant and equipment	7.5	4.2
Cash paid for purchases of investment property	(32.9)	(59.3)
Cash proceeds from sale of investment property	48.7	50.0
Cash paid for purchases of equity investments	-	(4.5)
Cash paid for purchases of intangible assets	-	(7.4)
Net cash flows from/(used in) investing activities	2.3	(46.9)
Cash flows related to financing activities		
Proceeds from issue of ordinary shares	102.8	294.8
Repayment of preference shares	(574.3)	-
Proceeds from issue of subordinated debt	146.9	-
Payments to subordinated debt holders	(250.0)	(10.5)
Proceeds from issue of capital notes	502.4	-
Payment of capital notes issue costs	(7.4)	-
Dividends paid	(105.3)	(277.4)
Lease repayments	(51.0)	(54.9)
Repayment of ESOP shares	0.7	1.1
Payment of shares issue costs	(0.2)	(4.3)
Net cash flows used in financing activities	(235.4)	(51.2)
Net increase in cash and cash equivalents	5,902.8	259.5
Cash and cash equivalents at the beginning of the period	1,181.5	922.0
Cash and cash equivalents at the end of period	7,084.3	1,181.5

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2.3.6 Lending

	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Approvals - by security								
Residential	19,579.5	14,477.7	5,101.8	35.2	9,982.1	9,597.4	384.7	4.0
Non-residential	5,340.9	5,284.9	56.0	1.1	2,828.4	2,512.5	315.9	12.6
Total new loan approvals	24,920.4	19,762.6	5,157.8	26.1	12,810.5	12,109.9	700.6	5.8

	As at Jun-21	As at Jun-20	Change		As at Jun-21	As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Gross loan balance - by security								
Residential	55,762.3	49,558.3	6,204.0	12.5	55,762.3	52,494.6	3,267.7	6.2
Business								
Accommodation and food services	286.1	304.9	(18.8)	(6.2)	286.1	301.3	(15.2)	(5.0)
Administrative and support services	32.4	31.9	0.5	1.6	32.4	28.8	3.6	12.5
Agriculture, forestry and fishing	6,338.7	6,216.2	122.5	2.0	6,338.7	5,965.4	373.3	6.3
Arts and recreation services	44.2	66.8	(22.6)	(33.8)	44.2	55.0	(10.8)	(19.6)
Construction	497.0	515.1	(18.1)	(3.5)	497.0	492.2	4.8	1.0
Education and training	98.3	50.7	47.6	93.9	98.3	95.3	3.0	3.1
Electricity, gas, water and waste services	16.5	13.7	2.8	20.4	16.5	19.5	(3.0)	(15.4)
Financial and insurance services	1,851.8	1,618.0	233.8	14.4	1,851.8	1,734.2	117.6	6.8
Health care and social assistance	352.1	366.6	(14.5)	(4.0)	352.1	419.3	(67.2)	(16.0)
Information media and telecommunications	16.5	18.1	(1.6)	(8.8)	16.5	17.4	(0.9)	(5.2)
Manufacturing	163.4	166.7	(3.3)	(2.0)	163.4	167.2	(3.8)	(2.3)
Mining	16.4	20.7	(4.3)	(20.8)	16.4	17.0	(0.6)	(3.5)
Other Services	254.7	261.4	(6.7)	(2.6)	254.7	242.9	11.8	4.9
Professional, scientific and technical services	115.4	102.7	12.7	12.4	115.4	102.5	12.9	12.6
Public administration and safety	10.6	12.9	(2.3)	(17.8)	10.6	12.3	(1.7)	(13.8)
Rental, hiring and real estate services	3,289.9	3,013.7	276.2	9.2	3,289.9	3,174.8	115.1	3.6
Retail trade	277.7	307.9	(30.2)	(9.8)	277.7	276.1	1.6	0.6
Transport, postal and warehousing	121.0	128.9	(7.9)	(6.1)	121.0	125.6	(4.6)	(3.7)
Wholesale trade	116.3	114.5	1.8	1.6	116.3	125.7	(9.4)	(7.5)
Other	38.8	47.3	(8.5)	(18.0)	38.8	45.6	(6.8)	(14.9)
Total business	13,937.8	13,378.7	559.1	4.2	13,937.8	13,418.1	519.7	3.9
Margin lending	1,480.6	1,294.9	185.7	14.3	1,480.6	1,368.0	112.6	8.2
Unsecured	780.6	882.9	(102.3)	(11.6)	780.6	761.2	19.4	2.5
Other	271.3	206.9	64.4	31.1	271.3	285.4	(14.1)	(4.9)
Total gross loan balance	72,232.6	65,321.7	6,910.9	10.6	72,232.6	68,327.3	3,905.3	5.7
Gross loan balance - by purpose								
Residential	51,886.7	45,232.4	6,654.3	14.7	51,886.7	48,371.2	3,515.5	7.3
Consumer	2,400.9	2,836.7	(435.8)	(15.4)	2,400.9	2,718.5	(317.6)	(11.7)
Margin lending	1,480.6	1,294.9	185.7	14.3	1,480.6	1,368.0	112.6	8.2
Business	16,464.4	15,957.7	506.7	3.2	16,464.4	15,869.6	594.8	3.7
Total gross loan balance	72,232.6	65,321.7	6,910.9	10.6	72,232.6	68,327.3	3,905.3	5.7
Loans under management (gross balance)								
On-balance sheet	72,232.6	65,321.7	6,910.9	10.6	72,232.6	68,327.3	3,905.3	5.7
Off-balance sheet loans under management	2,250.7	1,442.9	807.8	56.0	2,250.7	1,693.8	556.9	32.9
Total Group loans under management	74,483.3	66,764.6	7,718.7	11.6	74,483.3	70,021.1	4,462.2	6.4

Loans under management represents the gross balance of loans held and managed by the Group categorised as follows:

On-balance sheet loans are the gross balance of loans and factoring receivables held by the consolidated Group.

Off-balance sheet loans under management represents the gross balance of off-balance sheet loans managed by wholly-owned subsidiaries of Bendigo and Adelaide Bank Limited.

2.3.7 Asset quality

Impaired loans [1]	As at Jun-21 $m	As at Jun-20 $m	Change $m	Change %	As at Jun-21 $m	As at Dec-20 $m	Change $m	Change %
Full-performing [2]	6.7	10.1	(3.4)	(33.7)	6.7	8.7	(2.0)	(23.0)
Part-performing [3]	48.4	52.4	(4.0)	(7.6)	48.4	48.4	-	-
Non-performing	153.5	177.0	(23.5)	(13.3)	153.5	164.7	(11.2)	(6.8)
Restructured loans [4]	0.2	1.0	(0.8)	(80.0)	0.2	0.4	(0.2)	(50.0)
Total impaired assets	208.8	240.5	(31.7)	(13.2)	208.8	222.2	(13.4)	(6.0)
Less: specific impairment provisions	(93.0)	(77.5)	(15.5)	(20.0)	(93.0)	(84.3)	(8.7)	(10.3)
Net impaired assets	115.8	163.0	(47.2)	(29.0)	115.8	137.9	(22.1)	(16.0)
Portfolio facilities - past due 90 days, not well secured	2.9	4.9	(2.0)	(40.8)	2.9	2.1	0.8	38.1
Less: specific impairment provisions	(1.3)	(0.9)	(0.4)	(44.4)	(1.3)	(1.1)	(0.2)	(18.2)
Net portfolio facilities	1.6	4.0	(2.4)	(60.0)	1.6	1.0	0.6	60.0
Past due 90 days	**$m**	**$m**	**$m**	**%**	**$m**	**$m**	**$m**	**%**
Well secured (excluding commercial arrangement loans)	276.7	382.5	(105.8)	(27.7)	276.7	302.0	(25.3)	(8.4)
Great Southern portfolio	6.2	8.4	(2.2)	(26.2)	6.2	5.6	0.6	10.7
Ratios	**%**	**%**	**bps**		**%**	**%**	**bps**	
Total impaired loans to gross loans	0.29%	0.37%	(8)		0.29%	0.33%	(4)	
Total impaired loans to total assets	0.24%	0.32%	(8)		0.24%	0.28%	(4)	
Net impaired loans to gross loans	0.16%	0.25%	(9)		0.16%	0.20%	(4)	
Provision coverage [5]	213.5%	178.0%	3,550		213.5%	200.6%	1,290	

[1] A facility is classified as impaired regardless of whether it is 90 days or more past due (arrears) when there is doubt as to whether the full amounts due (interest and principal) will be achieved in a timely manner. This is the case even if the full extent of the loss cannot be clearly determined. Customers receiving COVID-19 eligible deferrals have been treated as performing in accordance with APRA guidance, unless other objective contrary evidence exists.

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

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

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

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

Regulated Disclosure

2.3.8 Credit expenses

	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
Credit expense	$m	$m	$m	%	$m	$m	$m	%
Bad debts written off	3.0	10.7	(7.7)	(72.0)	1.9	1.1	0.8	72.7
Provision expense	17.7	162.6	(144.9)	(89.1)	(2.6)	20.3	(22.9)	(112.8)
Total credit expense	20.7	173.3	(152.6)	(88.1)	(0.7)	21.4	(22.1)	(103.3)
Bad debts recovered	(2.7)	(4.8)	2.1	43.8	(0.8)	(1.9)	1.1	57.9
Credit expenses net of recoveries	18.0	168.5	(150.5)	(89.3)	(1.5)	19.5	(21.0)	(107.7)

	As at Jun-21	As at Jun-20	Change		As at Jun-21	As at Dec-20	Change	
Provisions and reserves	$m	$m	$m	%	$m	$m	$m	%
Individually assessed provisions	94.3	78.4	15.9	20.3	94.3	85.4	8.9	10.4
Collectively assessed provisions	246.7	263.2	(16.5)	(6.3)	246.7	266.1	(19.4)	(7.3)
General reserve for credit losses	104.7	86.6	18.1	20.9	104.7	94.3	10.4	11.0
Total provisions and reserves for doubtful debts	445.7	428.2	17.5	4.1	445.7	445.8	(0.1)	-

Ratios	%	%	bps	%	%	bps
Credit expenses net of recoveries to gross loans	0.02%	0.26%	(24)	0.00%	0.06%	(6)
Credit expenses net of recoveries (excluding Great Southern) to gross loans	0.02%	0.26%	(24)	0.00%	0.05%	(5)
Total provision/reserve for doubtful debts to gross loans	0.62%	0.66%	(4)	0.62%	0.65%	(3)
Collectively assessed provisions and GRCL to risk-weighted assets	0.87%	0.92%	(5)	0.87%	0.91%	(4)

During 2H21, $19.4m of the collectively assessed provision was released, reflecting the improved economic outlook for the Australian economy, including rising GDP, lower unemployment and higher residential property prices. This has been partially offset by a small increase in total overlays recognised as a result of the continued economic uncertainty created by the COVID-19 pandemic.

	Stage 1	Stage 2	Stage 3			
Movements in provisions and reserves	12 month ECL $m	Lifetime ECL $m	Collectively assessed - Lifetime ECL $m	Individually assessed - Lifetime ECL $m	General reserve for credit losses $m	Total $m
Balance as at 1 July 2020	76.3	153.0	33.9	78.4	86.6	428.2
Transfers during the period to:						
Stage 1	1.7	(1.6)	(0.1)	-	-	-
Stage 2	(18.6)	20.8	(2.2)	-	-	-
Stage 3	(5.0)	(7.0)	12.0	-	-	-
Transfer from collectively assessed to individually assessed provisions	-	(0.3)	(0.9)	1.2	-	-
New/increased provisions	12.6	2.6	0.4	33.0	-	48.6
Write-back of provisions no longer required	(5.7)	(4.6)	(6.2)	-	-	(16.5)
Change in balances	10.7	(19.0)	(6.1)	-	18.1	3.7
Bad debts written off previously provided for	-	-	-	(18.3)	-	(18.3)
Total provision for doubtful debts as at 30 June 2021	72.0	143.9	30.8	94.3	104.7	445.7

Appendix 4E

2.3.8 Credit expenses (continued)

Movements in provisions and reserves (continued)	Stage 1 12 month ECL $m	Stage 2 Lifetime ECL $m	Stage 3 Collectively assessed - Lifetime ECL $m	Stage 3 Individually assessed - Lifetime ECL $m	General reserve for credit losses $m	Total $m
Balance as at 1 July 2019	36.9	75.9	44.2	128.5	77.3	362.8
Transfers during the period to:						
Stage 1	0.7	(0.7)	-	-	-	-
Stage 2	(17.3)	18.3	(1.0)	-	-	-
Stage 3	(6.4)	(6.4)	12.8	-	-	-
Transfer from collectively assessed to individually assessed provisions	(0.1)	(1.2)	(6.5)	7.8	-	-
New/increased provisions [1]	11.6	3.7	1.0	48.6	20.6	85.5
Write-back of provisions no longer required	(5.2)	(8.4)	(3.3)	-	-	(16.9)
Change in balances	56.1	71.8	(13.3)	-	(11.3)	103.3
Bad debts written off previously provided for	-	-	-	(106.5)	-	(106.5)
Total provision for doubtful debts as at 30 June 2020	76.3	153.0	33.9	78.4	86.6	428.2

[1] includes recognition of COVID-19 overlay.

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 Collectively assessed provisions $m	Stage 2 Collectively assessed provisions $m	Stage 3 Collectively assessed provisions $m	Stage 3 Individually assessed provisions $m	Total $m
Gross carrying amount as at 1 July 2020	59,337.4	6,794.5	866.5	232.7	67,231.1
Stage 1	2,376.4	(2,295.0)	(81.4)	-	-
Stage 2	(2,991.5)	3,150.5	(159.0)	-	-
Stage 3	(142.6)	(231.0)	373.6	-	-
Transfer from collectively assessed to individually assessed provisions	(3.3)	(11.4)	(42.0)	56.7	-
New financial assets originated or purchased	18,813.6	364.6	11.9	-	19,190.1
Financial assets derecognised or repaid	(9,629.0)	(1,045.4)	(256.8)	-	(10,931.2)
Change in balances	4,992.7	(247.3)	(60.0)	(65.4)	4,620.0
Amounts written off against provisions	-	-	-	(18.2)	(18.2)
Gross carrying amount as at 30 June 2021	72,753.7	6,479.5	652.8	205.8	80,091.8

	$m	$m	$m	$m	$m
Gross carrying amount as at 1 July 2019	55,543.7	7,287.9	901.3	281.5	64,014.4
Stage 1	2,242.5	(2,183.2)	(59.3)	-	-
Stage 2	(3,229.5)	3,375.7	(146.2)	-	-
Stage 3	(245.6)	(294.7)	540.3	-	-
Transfer from collectively assessed to individually assessed provisions	(23.4)	(34.6)	(68.7)	126.7	-
New financial assets originated or purchased	15,229.4	400.3	166.7	-	15,796.4
Financial assets derecognised or repaid	(8,651.3)	(1,537.6)	(384.0)	-	(10,572.9)
Change in balances	(1,528.4)	(219.3)	(83.6)	(68.9)	(1,900.2)
Amounts written off against provisions	-	-	-	(106.6)	(106.6)
Gross carrying amount as at 30 June 2020	59,337.4	6,794.5	866.5	232.7	67,231.1

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2.3.9 Deposits and funds under management

	As at Jun-21	As at Jun-20	Change		As at Jun-21	As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Deposits and funds under management								
Deposits	74,355.6	64,182.6	10,173.0	15.9	74,355.6	69,339.4	5,016.2	7.2
Securitisation	3,597.7	3,503.5	94.2	2.7	3,597.7	3,008.9	588.8	19.6
Managed funds	6,872.2	6,179.4	692.8	11.2	6,872.2	6,580.5	291.7	4.4
Total deposits and funds under management	84,825.5	73,865.5	10,960.0	14.8	84,825.5	78,928.8	5,896.7	7.5
Deposits dissection - $m								
Customer	57,915.7	50,716.6	7,199.1	14.2	57,915.7	55,770.6	2,145.1	3.8
Wholesale	16,439.9	13,466.0	2,973.9	22.1	16,439.9	13,568.8	2,871.1	21.2
Securitisation	3,597.7	3,503.5	94.2	2.7	3,597.7	3,008.9	588.8	19.6
Total deposits	77,953.3	67,686.1	10,267.2	15.2	77,953.3	72,348.3	5,605.0	7.7
Deposits dissection - %								
Customer	74.3%	74.9%			74.3%	77.0%		
Wholesale	21.1%	19.9%			21.1%	18.8%		
Securitisation	4.6%	5.2%			4.6%	4.2%		
Total deposits	100.0%	100.0%			100.0%	100.0%		
Managed funds dissection - $m								
Assets under management	2,809.7	2,472.4	337.3	13.6	2,809.7	2,622.1	187.6	7.2
Other managed funds	4,062.5	3,707.0	355.5	9.6	4,062.5	3,958.4	104.1	2.6
Total managed funds	6,872.2	6,179.4	692.8	11.2	6,872.2	6,580.5	291.7	4.4

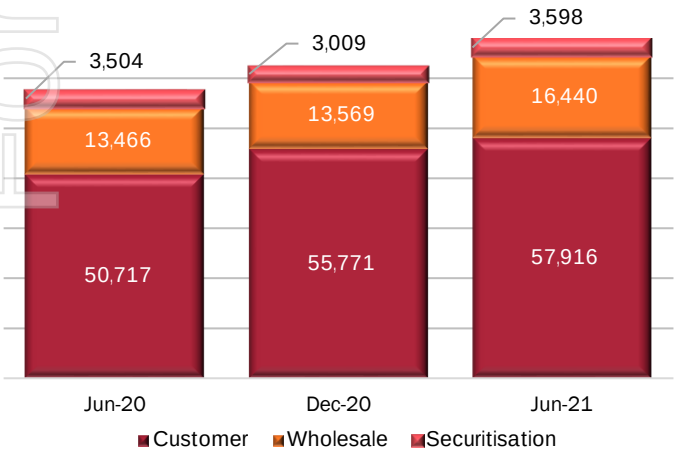
Customer deposits represents the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers.

Wholesale deposits includes the Term Funding Facility (TFF). On 19 March 2020, the Reserve Bank of Australia announced the establishment of the TFF, a three-year facility. The TFF was established to provide ADIs with access to long-term funding to reinforce the benefits to the economy of a lower RBA cash rate and to encourage ADIs to support businesses. The TFF is collateralised by residential mortgage-backed securities issued by the Group. As at 30 June 2021 the Group's TTF drawdowns totalled $4.7 billion (30 June 2020: $0.7 billion).

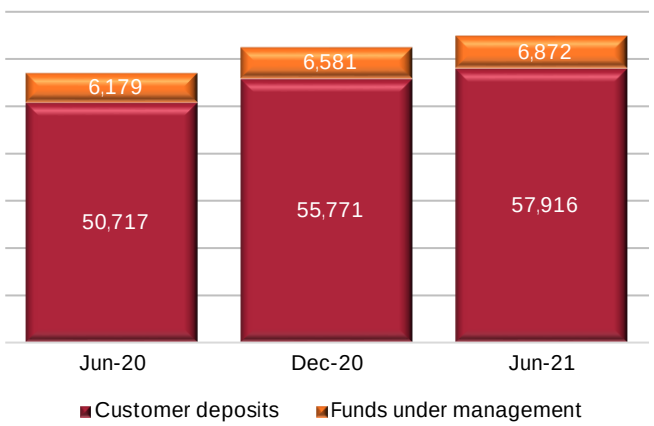
Assets under management include those funds deposited in the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of investors. These funds are off-balance sheet.

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

Funding mix ($m)



Customer deposits and funds under management ($m)



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2.3.10 Capital and shareholder returns

2.3.10.1 Assets and capital

	As at Jun-21	As at Jun-20	Change		As at Jun-21	As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Group assets	86,577.2	76,008.9	10,568.3	13.9	86,577.2	80,765.2	5,812.0	7.2
Capital adequacy								
Total regulatory capital	5,588.9	5,202.6	386.3	7.4	5,588.9	5,694.3	(105.4)	(1.9)
Risk weighted assets	40,469.3	38,215.2	2,254.1	5.9	40,469.3	39,398.5	1,070.8	2.7
Risk weighted capital adequacy	13.81%	13.61%	0.20%	1.5	13.81%	14.45%	(0.64%)	(4.4)
- Tier 1 (%)	11.61%	11.59%	0.0	0.2	11.61%	12.17%	(0.56%)	(4.6)
- Tier 2 (%)	2.20%	2.02%	0.18%	8.9	2.20%	2.28%	(0.08%)	(3.5)
- Common Equity Tier 1 (%)	9.57%	9.25%	0.32%	3.5	9.57%	9.36%	0.21%	2.2

2.3.10.2 Capital adequacy

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

Risk weighted capital adequacy ratios	Jun-21	Dec-20	Jun-20
Tier 1	11.61%	12.17%	11.59%
Tier 2	2.20%	2.28%	2.02%
Total capital ratio	13.81%	14.45%	13.61%
Common Equity Tier 1	9.57%	9.36%	9.25%

Regulatory capital	$m	$m	$m
Common Equity Tier 1			
Contributed capital	5,053.1	4,906.6	4,909.3
Retained profits and reserves	792.3	722.2	528.4
Accumulated other comprehensive income (and other reserves)	28.3	3.6	(3.6)
Less:			
Intangible assets, cash flow hedges and capitalised expenses	1,782.2	1,727.5	1,690.1
Net deferred tax assets	168.5	180.6	170.9
Equity exposures	49.9	37.7	38.1
Other adjustments as per APRA advice	-	-	0.4
Total Common Equity Tier 1 capital	3,873.1	3,686.6	3,534.6
Additional Tier 1 capital instruments	824.1	1,106.3	895.9
Total Additional Tier 1 capital	824.1	1,106.3	895.9
Total Tier 1 capital	4,697.2	4,792.9	4,430.5
Tier 2			
Tier 2 capital instruments	571.1	571.1	456.2
General reserve for credit losses/collective provision (net of tax effect)	320.6	330.3	315.9
Total Tier 2 capital	891.7	901.4	772.1
Total regulatory capital	5,588.9	5,694.3	5,202.6
Total risk weighted assets	40,469.3	39,398.5	38,215.2

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2.3.10.2 Capital adequacy (continued)

Risk weighted assets	As at Jun-21 $m	As at Jun-20 $m	Change $m	Change %	As at Jun-21 $m	As at Dec-20 $m	Change $m	Change %
Credit risk	36,412.0	34,252.2	2,159.8	6.3	36,412.0	35,311.0	1,101.0	3.1
Market risk	129.3	238.0	(108.7)	(45.7)	129.3	360.4	(231.1)	(64.1)
Operational risk	3,928.0	3,725.0	203.0	5.4	3,928.0	3,727.1	200.9	5.4
Total risk weighted assets	40,469.3	38,215.2	2,254.1	5.9	40,469.3	39,398.5	1,070.8	2.7

Key movements in FY21 year include:

> Common Tier 1

Capital increased by $143.8m, predominantly due to the underwritten share issuance in March 2021. Refer to 2.4.5 for further details.

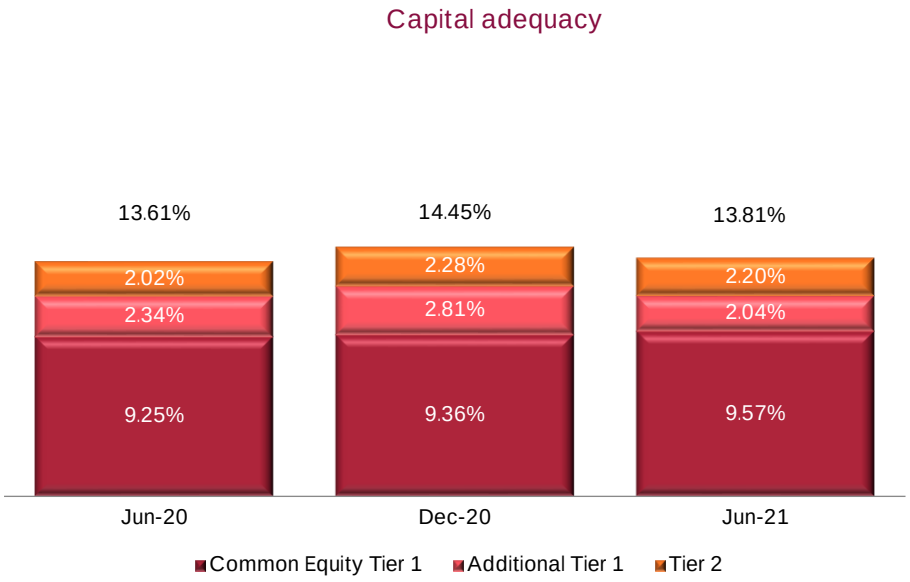
> Additional Tier 1

Additional Tier 1 capital instruments reduced by $71.8m due to redemption of Preference shares in November 2020 and June 2021 and partially offset due to the issue of Capital notes.

Retained earnings and net deferred tax assets increased by $263.9m net of Homesafe unrealised revaluation gains.

> Risk weighted assets

Risk weighted assets increased during the year mainly due to growth in residential mortgages.



Capital adequacy is calculated in accordance with regulations prescribed by APRA.

Pillar 3 Disclosures

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

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2.3.10.3 Shareholder returns

	Full year ending				Half year ending			
	Jun-21	Jun-20	Change		Jun-21	Dec-20	Change	
Earnings per ordinary share	cents	cents	cents	%	cents	cents	cents	%
Statutory earnings per ordinary share (weighted avg.)	98.1	38.1	60.0	157.5	52.1	46.0	6.1	13.3
Cash earnings per ordinary share (weighted avg.)	85.6	59.7	25.9	43.4	44.1	41.4	2.7	6.5
Diluted earnings per ordinary share (weighted avg.)	82.6	35.2	47.4	134.7	44.5	37.9	6.6	17.4

			Change				Change	
Weighted average number of ordinary shares	000's	000's	000's	%	000's	000's	000's	%
Weighted average number of ordinary shares - used in basic and cash basis EPS calculations	534,374	505,527	28,847	5.7	538,097	530,711	7,386	1.4
Weighted average number of ordinary shares - used in diluted EPS calculations	657,142	607,710	49,432	8.1	652,786	666,115	(13,329)	(2.0)

Ratios	%	%	bps	%	%	bps
Return on average ordinary equity (after tax)	8.79%	3.43%	536	9.28%	8.29%	99
Return on average tangible equity (after tax)	11.65%	4.74%	691	12.18%	11.11%	107
Return on average ordinary equity (cash basis)	7.67%	5.36%	231	7.87%	7.47%	40
Return on average tangible equity (cash basis)	10.17%	7.42%	275	10.32%	10.01%	31
Return on average assets (after tax)	0.69%	0.27%	42	0.72%	0.65%	7
Return on average assets (cash basis)	0.60%	0.42%	18	0.61%	0.59%	2

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

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

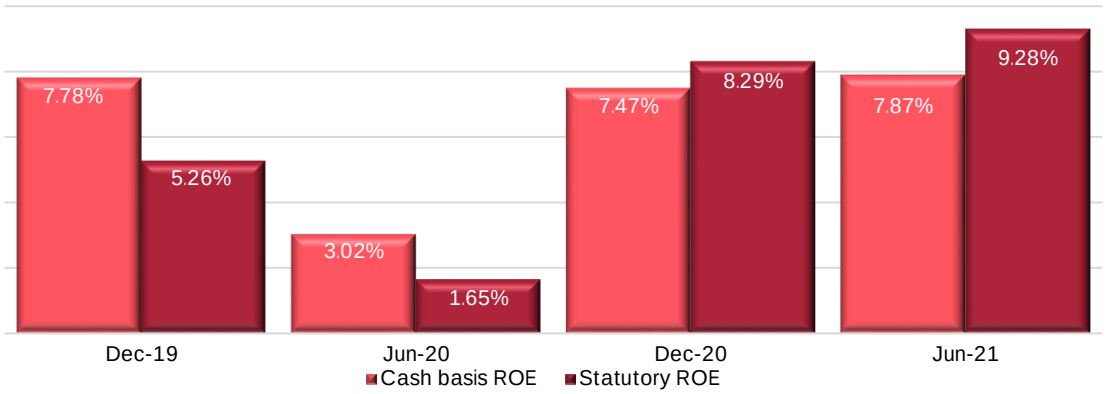
Dilutive preference shares include convertible and converting preference shares and capital notes.

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

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

	As at Jun-21	As at Jun-20	Change		As at Jun-21	As at Dec-20	Change	
	$m	$m	$m	%	$m	$m	$m	%
Ordinary issued capital	5,053.1	4,909.3	143.8	2.9	5,053.1	4,906.3	146.8	3.0
Retained earnings	1,166.0	805.9	360.1	44.7	1,166.0	1,042.2	123.8	11.9
Total ordinary equity	6,219.1	5,715.2	503.9	8.8	6,219.1	5,948.5	270.6	4.5
Average ordinary equity	5,958.5	5,623.6			6,084.2	5,832.9		
Average tangible ordinary equity	4,497.7	4,063.3			4,639.3	4,356.0		

Statutory return on equity and cash basis return on equity

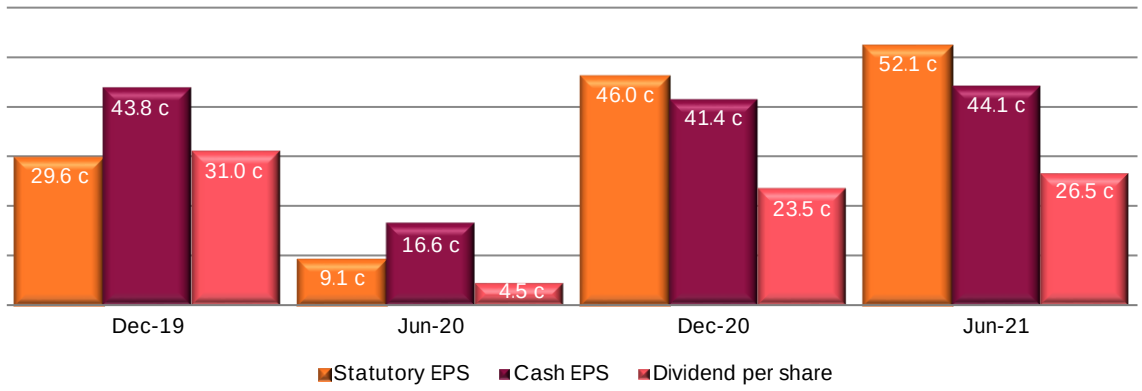


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2.3.10.3 Shareholder returns (continued)

Reconciliation of earnings used in the calculation of earnings per ordinary share	Full year ending Jun-21 $m	Full year ending Jun-20 $m	Half year ending Jun-21 $m	Half year ending Dec-20 $m
Net profit after tax	524.0	192.8	280.1	243.9
Total basic earnings	524.0	192.8	280.1	243.9
Earnings used in calculating basic earnings per ordinary share	524.0	192.8	280.1	243.9
Add back : Dividends accrued and/or paid on dilutive other debt issues	19.1	20.9	10.2	8.9
Total diluted earnings	543.1	213.7	290.3	252.8
Earnings used in calculating basic earnings per ordinary share	524.0	192.8	280.1	243.9
Add back: Amortisation of acquired intangibles (after tax)	2.1	2.2	0.9	1.2
Add back: Specific income and expense items (after tax)	(81.6)	95.7	(50.8)	(30.8)
Add back: Homesafe net realised income (after tax)	12.7	11.0	7.3	5.4
Total cash earnings	457.2	301.7	237.5	219.7

Earnings per share and dividend per share



2.3.10.4 Dividends

	Full year ending Jun-21	Full year ending Jun-20	Change	Change %	Half year ending Jun-21	Half year ending Dec-20	Change	Change %
Dividend per share - cents	50.0	35.5	14.5	40.8	26.5	23.5	3.0	12.8
Dividend amount payable/paid - $m [1]	265.3	174.3	91.0	52.2	142.5	122.8	19.7	16.0
Payout ratio - earnings per ordinary share [2]	51.0%	93.2%	(42.2%)	(45.3)	50.9%	51.1%	(0.2%)	(0.4)
Payout ratio - cash basis per ordinary share [2]	58.4%	59.5%	(1.1%)	(1.8)	60.1%	56.8%	3.3%	5.8

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

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

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 8 September 2021 at a discount of 1.5%. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 8 September 2021 at a discount of 1.5%. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2021 final dividend is 7 September 2021.

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2.4 Additional notes

2.4.1 Analysis of intangible assets

	Balance sheet Carrying value		Amortisation/ impairment expense	
	Jun-21 $m	Jun-20 $m	Jun-21 $m	Jun-20 $m
Goodwill	1,437.5	1,440.3	-	-
Software [1]	95.4	104.8	27.9	163.5
Trustee licence	8.4	8.4	-	-
Customer relationship	4.6	5.5	0.9	1.1
Customer lists	1.6	2.3	0.8	0.8
Management rights - Adelaide Bank	1.4	2.5	1.0	1.0
Trade name	0.5	0.8	0.3	0.3
Total intangible assets and goodwill	1,549.4	1,564.6	30.9	166.7

[1] FY20 total expenses recorded in relation to software include impairments and accelerated amortisation charges that have been excluded from cash earnings.

2.4.2 Net tangible assets per ordinary share

	Jun-21	Jun-20
Net tangible assets per ordinary share	$8.81	$7.98

	$m	$m
Net tangible assets		
Net assets	6,353.5	5,798.2
Intangible assets	(1,549.4)	(1,564.6)
Net tangible assets attributable to ordinary shareholders	4,804.1	4,233.6
Number of fully paid ordinary shares on issue - 000's	545,510	530,779

2.4.3 Investments accounted for using the equity method

	Ownership interest held by consolidated entity		Balance date
	Jun-21 %	Jun-20 %	
Joint Arrangements			
Homesafe Solutions Pty Ltd	50.0	50.0	30 June
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	30 June
Associates			
Aegis Group [1]	-	49.5	30 June
Bendigo Telco Ltd	30.8	30.8	30 June
Dancoor Community Finances Ltd	49.0	49.0	30 June
Homebush Financial Services Ltd	49.0	49.0	30 June
TicToc Online Pty Ltd	28.6	28.0	30 June

[1] In December 2020 the Group sold its equity interest in the Aegis Group.

All joint arrangements and associates are incorporated in Australia.

Bendigo and Adelaide Bank Limited

2.4.4 Credit ratings

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

On 27 April 2021, Standard & Poor's Global Ratings (S&P) revised its outlook on Bendigo and Adelaide Bank Limited (the Bank) to positive from stable and affirmed its long-term counterparty credit rating at 'BBB+' and the short-term rating at 'A-2'. The positive outlook on the Bank reflects the view that there is a one-in-three possibility that Australian banks will face reduced industry risks in the next two years. S&P consider that the stronger system-wide funding metrics could be sustained despite a modest weakening in the next three years as the COVID-19 driven rise in customer deposits through 2020 unwinds and the Reserve Bank of Australia's term funding matures. S&P expect to raise the long-term issuer credit rating on the Bank by one notch to 'A-' if a view is formed that industry risks facing Australian banks have reduced sustainably, all else being equal.

On 16 May 2021, Fitch Ratings revised the outlook on the Bank's Long-Term Issuer Default Rating (IDR) to stable from negative, and affirmed the IDR at 'A-'. The Bank's other ratings were affirmed at the same time. Fitch expects a strong rebound in earnings and profitability metrics in 2021, supported by solid loan growth over the past 18 months, significantly lower impairment charges and a reduction in one-off expenses. Fitch still see some downward pressure on earnings in the medium-term from pre-pandemic headwinds, such as low interest rates and high competition. Even so, the Bank appears to be tackling these challenges through continued investment in business simplification and digitisation.

On 19 May 2021, Moody's affirmed the 'A3' long-term issuer and senior unsecured debt ratings of the Bank. Moody's has also affirmed the Bank's baseline credit assessment (BCA) of 'baa1' and short-term rating of 'P-2'. The ratings outlook remain stable. Moody's noted that the Bank's ratings reflect its very strong asset quality, good capital adequacy and good profitability. The Bank's asset quality is very strong with relatively low levels of non-performing loans. The Bank's non-performing loans ratio was 1.4% as at December 2020. While problems could emerge over the next 6 months as regulatory forbearance measures related to the COVID-19 pandemic have expired, they expect the ultimate level of problem loans and eventual credit losses will be manageable for the Bank.

2.4.5 Issued capital

Changes to issued and quoted securities during the period:

Ordinary shares [1]	Number of Shares	$m
Fully paid ordinary shares as at 1 July 2020	530,779,195	4,909.3
Shares issued:		
October 2020 - Institutional share issue at $6.79	43	-
November 2020 - Shares issued for Loan Share Plan at $6.75	1,297,625	8.7
March 2021 - Dividend reinvestment plan at $9.72	4,213,290	41.0
March 2021 - Bonus share scheme (in lieu of dividend payment) at $9.72	232,760	-
March 2021 - Underwritten share issuance at $9.95	10,624,730	105.7
May 2021 - Institutional share issue at $10.08	28	-
Executive Performance rights	-	0.2
Total ordinary shares as at 30 June 2021	547,147,671	5,064.9

Treasury shares (included in ordinary shares above)	Number of shares	$m
Treasury shares as at 1 July 2020	-	-
Net acquisitions during the period	(1,637,293)	(11.8)
Total treasury shares as at 30 June 2021	(1,637,293)	(11.8)

[1] BEN - ASX code Ordinary Fully Paid Shares

Lodged with the ASX under Listing Rule 4.2A

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