

Update on one-off items impacting FY23 financial results

4 August 2023

Bendigo and Adelaide Bank Limited (**ASX:BEN**) announces the impairment of certain software intangible assets and additional non-cash restructuring costs. The impact of these changes will result in a non-cash expense of \$60.8 million post tax booked in the Group's FY23 profit result.

Impairment of intangible assets

Impairment of software intangibles

A detailed review of the Group's software intangible assets and projects has been conducted over the past six months. This review has resulted in impairments to certain assets recorded where the asset has been decommissioned or abandoned. As the Group continues to invest in new capabilities and technologies, legacy assets will necessarily become obsolete. The impact of the Impairment of software intangibles is \$33.3 million post tax.

Additional non-cash expenses

Additional non-cash expenses that will impact the statutory net profit result include restructuring costs of \$275 million post-tax attributed to the conversion of the Alliance Partner model to the Community Bank model and the costs of restructuring some business units. Further detail of these expenses will be outlined in the Appendix 4E, to be released on 14 August 2023.

Financial reporting changes in the 30 June 2023 full year results announcement

As part of the Group's commitment to continuous improvement in financial reporting and transparency, during the past six months a detailed review of the Group's application of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts and Customers* has been undertaken. A number of reclassifications have been made for the FY23 results, with these changes being applied retrospectively resulting in changes to comparative information. The changes are immaterial restatements between Net Interest Income, Other Income and Operating Expenses. The historical adjustments can be found in Table 1.

Net Interest Margin (NIM)

Following a review of NIM methodology and to better align to reporting on a cash basis, the Bank has readjusted the NIM methodology. The NIM will be calculated by Net Interest Income (cash basis) divided by average interest earning assets. Historically the Homesafe unrealised and realised funding cost adjustments made to Net Interest Income (cash basis) have been excluded from the calculation of NIM.

Approved for release by the Bendigo and Adelaide Bank Limited Board.

Table 1

	Full year ending 30 June 2022		
	Reported	Adjustments	Restated
	30-Jun-22		30-Jun-22
	\$m	\$m	\$m
Net interest income	1,417.5	(3.9)	1,413.6
Other operating income	249.9	(10.2)	239.8
Homesafe	42.6		42.6
Total income	1,710.0	(14.1)	1,695.9
Operating expenses	419.3	(14.1)	405.2
Total Expense	1,016.3	(14.1)	1,002.2
Credit (expenses)/reversals	(27.2)		(27.2)
Net profit before tax	720.9		720.9
Income tax expense	220.5		220.5
Cash earnings after tax	500.4		400.2

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About Bendigo and Adelaide Bank Limited

Bendigo and Adelaide Bank is Australia's better big bank, with more than 7,000 staff helping our over 2 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

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