APPENDIX 4E

Full Year Results

For the year ended 30 June 2022

Released 15 August 2022

ABN 11 068 049 178

Bendigo and Adelaide Bank

This report comprises information given to the ASX under listing rule 4.3A

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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 2022 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 2.2.5 of this Full Year Results Announcement for the year ended 30 June 2022 contains a reconciliation of cash earnings to statutory net profit and provides a description of the cash earnings adjustments for the year ended 30 June 2022.

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 2022
Previous corresponding period - twelve months ended:	30 June 2021

1.2 Results for announcement to the market

Revenue from ordinary activities (statutory basis)	▼	5.3% to $1,709.8 m
Profit after tax from ordinary activities (statutory basis)	▼	6.9% to $488.1 m
Net profit after tax attributable to Owners of the Bank (statutory basis)	▼	6.9% to $488.1 m

Dividends	Date payable/paid	Amount per security
Current financial year 2022		
Record date for determining entitlements	6 September 2022	
Final dividend - fully franked	29 September 2022	26.5 cents
Interim dividend - fully franked	31 March 2022	26.5 cents
Previous financial year 2021		
Final dividend - fully franked	30 September 2021	26.5 cents
Interim dividend - fully franked	31 March 2021	23.5 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Bank	▲	9.4% to $500.4 m
Cash earnings per share	▲	4.9% to 89.8 cents

See note 2.1.1 and 2.2.5 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 15 August 2022.

Appendix 4E: Full year results (continued)

1.4 ASX Appendix 4E table

Details of entities over which control has been gained or lost during the period (4E Item 10)

On 1 September 2021 the Group acquired 100% of the shares in Ferocia Pty Ltd, a Melbourne-based fintech company, resulting in Ferocia Pty Ltd becoming a 100% owned subsidiary.

Accounting standards used for foreign entities (4E Item 13)

Not applicable.

Dispute or qualifications if audited (4E Item 15)

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

1.5 Annual general meeting

The Annual general meeting will be held on 8 November 2022.

Details of the meeting will be notified to the ASX.

1.6 Subsequent events

On 7 July 2022, Bendigo and Adelaide Bank Limited entered into an agreement to acquire the ANZ Investment Lending portfolio, with the transaction expected to be completed in the first half of the 2023 calendar year. The acquisition will allow the Group to further grow its margin lending business, Leveraged Equities Limited. The value of the portfolio being acquired is approximately $715 million and the Group will pay an immaterial premium over book value.

No other matters or circumstances have arisen since the end of the year to the date of this report which have 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.

1.7 Group performance summary

Our Business Performance

We have delivered continued growth in loans, deposits and customer numbers, in a challenging and competitive environment. We have reduced costs and improved our cost-to-income ratio while maintaining a strong balance sheet and preserving our credit quality.

In FY22 cash earnings after tax increased by 9.4% to $500.4 million, the first time in our history that cash earnings has exceeded $500 million. Statutory earnings of $488.1 million decreased 6.9%, largely due to a decline in Homesafe revaluation income. Cash earnings per share of 89.8 cents were up 4.9% from the prior year and the cost-to-income ratio continued to improve, decreasing by 90 bps to 59.4%.

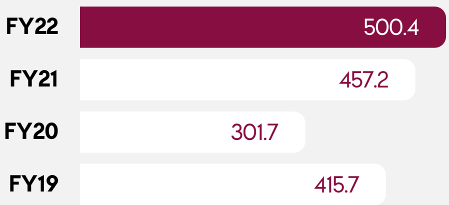
For the third consecutive year we have delivered above system growth in residential lending, with total lending up $5.6 billion or 7.7%. Customer deposits also grew by $6.3 billion or 11.0% in FY22. Customer numbers have grown 7.3% to 2.2 million and our leading Net Promoter Score [1] of 24.5 is 26.3 points higher than the industry average.

We are making progress on simplifying our business and reducing complexity through our transformation agenda. We have fewer brands, fewer core banking systems and fewer IT systems. We also have more apps in the cloud, more APIs being re-used and more e-banking customers than ever before. We have completed the acquisition of Melbourne-based fintech, Ferocia Pty Ltd, which has allowed us to consolidate ownership of Up - Australia's highest rated banking app.

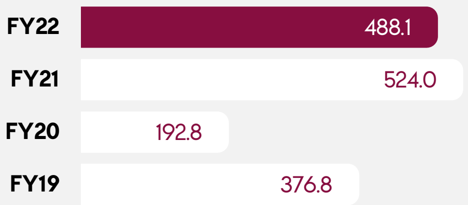
We announced a fully franked interim dividend of 26.5 cents per share.

These results demonstrate our strategy is working. Our path to become a bigger, stronger and simpler bank is on track.

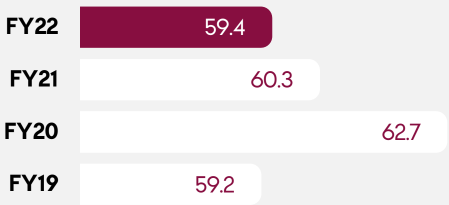
Cash earnings after tax ($m)



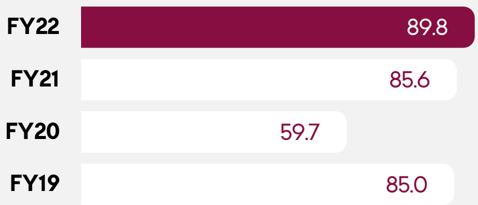
Statutory net profit after tax ($m)



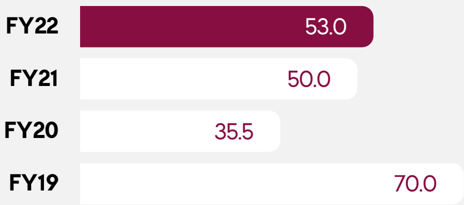
Cost to income (%) [2]



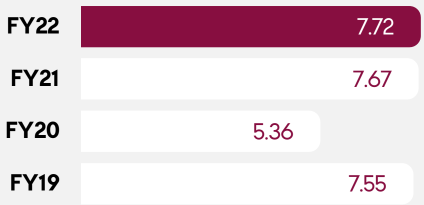
Cash earnings per share (c)



Dividend per share (c)



Return on equity (%) [2]



[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] Calculated using cash earnings

1.8 Group performance commentary

CASH EARNINGS AFTER TAX

$500.4m
FY21 $457.2m
▲ 9.4%

STATUTORY EARNINGS AFTER TAX

$488.1m
FY21 $524.0m
▼ 6.9%

Income

INCOME (CASH BASIS)[1]

$1,709.9m
FY21 $1,702.5m

NET INTEREST MARGIN

1.74%
FY21 1.95%

Net interest income (cash basis) decreased 0.4% to $1,417.4 million (FY21: $1,423.8 million). This was driven by an increase in average interest earning assets, up $8.2 billion or 11.3%, offset by a decrease in net interest margin, down 21bps to 1.74% (FY21: 1.95%).

Net interest margin was impacted by continued pricing pressure on mortgages, a change in customer preference to fixed rate loans and a higher balance of lower yielding liquid assets. This was partly offset by favourable term deposit pricing and lower wholesale funding costs.

Other **operating income** (cash basis) increased 5.0% to $292.5 million (FY21: $278.7 million). This was driven by increased Homesafe realised income, foreign exchange income and increased dividend income from the Group's strategic investments.

This was partly offset by reductions in fee income over the year, mainly from reduced income in Agribusiness' Government services division. Card and merchant income also reduced, driven by the sale of the Merchant Services business to Tyro Payments Limited in FY21. This revenue decline is partly offset by cost savings realised from the transaction.

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.

[1] *Includes Homesafe realised income*

Operating expenses

OPERATING EXPENSES (CASH BASIS)

$1,016.3m
FY21 $1,027.4m

COST TO INCOME RATIO

59.4%
FY21 60.3%

Operating expenses (cash basis) reduced 1.1% to $1,016.3 million (FY21: $1,027.4 million) mainly due to reduced consultancy spend, with the completion of a number of large foundational transformation projects in FY21. In addition, while total investment spend during FY22 was consistent with FY21, higher capitalisation, given the scope of activities underway, also contributed to operating expense reductions. Lower staff costs reflected increased headcount in Technology and Transformation teams (including Ferocia staff), more than offset by efficiency gains from structural and operational changes across the Group and lower redundancy costs.

Software amortisation increased, with a number of significant technology assets becoming operational during the year. Non-credit losses and remediation costs increased $12.4 million on FY21.

The cost to income ratio decreased by 90 bps to 59.4% (FY21: 60.3%), reflecting an ongoing focus on sustainable cost reduction.

1.8 Group performance commentary (continued)

Credit expenses and provisions

CREDIT EXPENSES

($27.2m)

FY21 $18.0m

TOTAL PROVISIONS

$371.6m

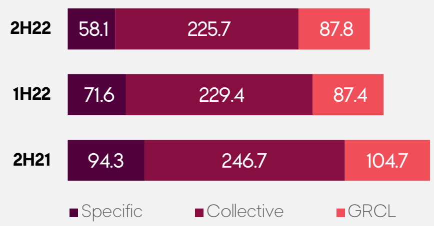
FY21 $445.7m

Total credit expenses reflected a net release of $27.2 million (FY21: $18.0 million expense). This was largely attributed to a release of $20.8 million in the collective provision mainly due to improved economic conditions in the Australian economy from FY21, which was offset against the impact of revised scenarios more heavily weighted towards the downside given the continued economic uncertainty. In addition, there has also been a sizable reduction in specific impairment charges from FY21, down $34.3 million to a $2.3 million release (FY21: $32.0 million expense).

Credit performance remains strong, with low levels of arrears leading to a reduction in impaired assets of 36.3% to $133.1 million (FY21: $208.8 million).

Provision levels remain conservative given the continuing uncertainties resulting from rising interest rates and property price projections. The total of provisions and general reserve for credit losses decreased over the year by 16.6% to $371.6 million (FY21: $445.7 million).

TOTAL PROVISIONS AND RESERVES FOR DOUBTFUL DEBTS ($'M)



Dividends

DIVIDENDS

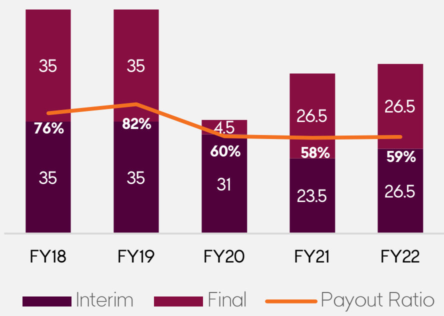
53.0c

FY21 50.0c

The Board declared a fully franked interim dividend of 26.5 cents per share (FY21 interim: 23.5 cents per share; FY21 final: 26.5 cents per share).

The Group has in place a Dividend Reinvestment Plan (DRP) and a Bonus Share Scheme. The DRP provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. 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.

DIVIDEND PER SHARE (CENTS)



Capital and liquidity

COMMON EQUITY TIER 1 RATIO

9.68%

FY21 9.57%

LIQUIDITY COVERAGE RATIO

142.2%

FY21 142.0%

NET STABLE FUNDING RATIO

134.1%

FY21 125.9%

The Group maintained a strong capital position with a Common Equity Tier 1 (CET1) ratio of 9.68% (FY21: 9.57%), which is above APRA's 'unquestionably strong' benchmark target for standardised banks. Our continued strong capital position reflects a well-managed balance sheet and strong risk management.

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

APRA is the prudential regulator of the Australian financial services industry which includes ADIs. APRA's Prudential Standards aim to ensure that ADIs remain adequately capitalised to support the risks associated with their activities and to generally protect Australian depositors. The Group is on the standardised approach for calculating its regulatory capital requirements under Basel II and targets a CET1 ratio in the range of 9.5% to 10.0%.

The Liquidity Coverage Ratio (LCR) for the financial year was 142.2% (FY21: 142.0%), exceeding the regulatory minimum of 100%.

The Net Stable Funding Ratio (NSFR) for the financial year was 134.1% (FY21: 125.9%), exceeding the regulatory minimum of 100%.

The Liquidity Coverage Ratio represents the proportion of high-quality liquid assets held by the Bank to meet short-term obligations. The LCRs quoted above represent the average daily LCRs over the respective 12-month periods.

The Net Stable Funding Ratio measures the extent to which long-term assets are covered by stable sources of funding. The NSFRs quoted above represent the average NSFRs over the respective 12-month periods.

1.8 Group performance commentary (continued)

Lending

GROSS LOAN BALANCES BY PURPOSE

RESIDENTIAL	COMMERCIAL	CONSUMER	MARGIN LOANS
$57.6b	$16.6b	$2.2b	$1.4b
FY21 $51.9b	FY21 $16.5b	FY21 $2.4b	FY21 $1.5b
▲ 11.0%	▲ 1.1%	▼ 9.8%	▼ 3.2%

Total gross loans increased 7.7% to $77.8 billion over the financial year (FY21: $72.2 billion).

Residential lending grew 11.0% or $5.7 billion during FY22, which was above system lending growth, reflecting the continued strength in customer demand and the ongoing investment made in our retail and third-party businesses. This lending growth was delivered in our core segments of owner occupied and principal and interest lending. In FY22 there was continued customer preference towards fixed rate lending in anticipation of interest rate increases. As interest rates started to increase in 2H22, customer preferences changed from fixed rate lending to variable lending.

During FY22, commercial lending across the Group increased by 1.1%. Agribusiness lending saw a marginal increase on June 2021. A record harvest, in tandem with record commodity pricing, has led to large paydowns of the Agribusiness facilities, noting that these paydowns do not impact the customers' credit limits. Business lending reduced marginally, driven by continued market competition and a deleveraging of risk within the portfolio. In early February 2022 it was announced that the Business Banking and Agribusiness divisions would be combined into a single division, with a clear focus on growth.

Funding (including deposits)

CUSTOMER DEPOSITS	WHOLESALE DEPOSITS	OTHER WHOLESALE BORROWINGS[1]	LOAN CAPITAL[2]
$64.3b	$10.3b	$11.7b	$1.4b
FY21 $57.9b	FY21 $8.3b	FY21 $11.7b	FY21 $1.4b
▲ 11.0%	▲ 24.3%	▼ 0.2%	▼ 1.2%

Total funding including deposits increased by 10.5% to $87.7 billion over the year (FY21: $79.3 billion).

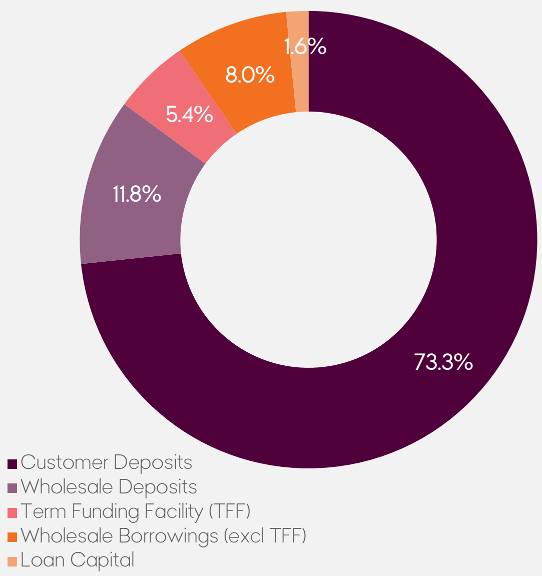
The Group's principal source of funding is customer deposits, which represent 73.3% (FY21: 73.0%) of the Group's total funding. Customer deposits include deposits sourced from retail, small business and corporate customers, predominantly through the retail network.

Wholesale funding activities support the funding strategy providing additional diversification benefits from longer term borrowings. Wholesale funding (including the TFF and securitisation) reduced to 26.7% of total funding (FY21: 27.0%) during the year. Securitisation funding represents 4.4% of total funding (FY21: 4.5%).

[1] *Other wholesale borrowings include the RBA Term Funding Facility (TFF), securitisation and medium-term notes.*
[2] *Loan Capital includes subordinated debt, converting preference shares and capital notes.*

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

FUNDING COMPOSITION



2.1 Financial summary

2.1.1 Financial results

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	1,417.4	1,423.8	(6.4)	(0.4)	690.5	726.9	(36.4)	(5.0)
Other operating income	292.5	278.7	13.8	5.0	146.0	146.5	(0.5)	(0.3)
Total income	**1,709.9**	**1,702.5**	**7.4**	**0.4**	**836.5**	**873.4**	**(36.9)**	**(4.2)**
Operating expenses	(1,016.3)	(1,027.4)	11.1	1.1	(498.6)	(517.7)	19.1	3.7
Credit reversals/(expenses)	27.2	(18.0)	45.2	251.1	9.4	17.8	(8.4)	(47.2)
Total expenses	**(989.1)**	**(1,045.4)**	**56.3**	**5.4**	**(489.2)**	**(499.9)**	**10.7**	**2.1**
Income tax expense	(220.4)	(199.9)	(20.5)	(10.3)	(107.6)	(112.8)	5.2	4.6
Cash earnings after income tax expense	**500.4**	**457.2**	**43.2**	**9.4**	**239.7**	**260.7**	**(21.0)**	**(8.1)**
Non cash net interest income items	(0.5)	(0.9)	0.4	44.4	(0.3)	(0.2)	(0.1)	(50.0)
Non cash other income items	2.1	72.9	(70.8)	(97.1)	(64.0)	66.1	(130.1)	(196.8)
Non cash operating expense items	(13.9)	(5.2)	(8.7)	(167.3)	(8.6)	(5.3)	(3.3)	(62.3)
Statutory earnings after income tax expense	**488.1**	**524.0**	**(35.9)**	**(6.9)**	**166.8**	**321.3**	**(154.5)**	**(48.1)**

Financial performance ratios [1]

		Full year ending				Half year ending			
		Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
Cash earnings per ordinary share	cents	89.8	85.6		4.2	42.7	47.0		(4.3)
Statutory earnings per ordinary share	cents	87.5	98.1		(10.6)	29.7	58.0		(28.3)
Diluted statutory earnings per ordinary share	cents	77.6	82.6		(5.0)	26.8	50.8		(24.0)
Franked dividends per share	cents	53.0	50.0		3.0	26.5	26.5		-
Return on average ordinary equity	%	7.72%	7.67%		5 bps	7.34%	8.11%		(77) bps
Return on average tangible equity	%	10.28%	10.27%		1 bps	9.77%	10.79%		(102) bps
Return on average assets	%	0.59%	0.60%		(1) bps	0.56%	0.62%		(6) bps
Cost to income ratio	%	59.4%	60.3%		(90) bps	59.6%	59.3%		30 bps
Net interest margin before revenue share arrangements	%	2.03%	2.27%		(24) bps	1.99%	2.09%		(10) bps
Net interest margin after revenue share arrangements	%	1.74%	1.95%		(21) bps	1.69%	1.80%		(11) bps
Average interest earning assets	$m	81,222.0	72,990.3		8,231.7	82,524.8	79,881.9		2,642.9
Market share [2]									
Residential lending	%	2.86%	2.78%		8 bps	2.86%	2.78%		8 bps
Business lending	%	1.59%	1.83%		(24) bps	1.59%	1.67%		(8) bps
Deposits	%	2.48%	2.03%		45 bps	2.48%	2.47%		1 bps
Capital management									
Common Equity Tier 1	%	9.68%	9.57%		11 bps	9.68%	9.85%		(17) bps
Credit risk-weighted assets	$m	37,710.4	36,412.0	1,298.4	3.6%	37,710.4	36,258.9	1,451.5	4.0%
Total risk-weighted assets	$m	42,197.9	40,469.3	1,728.6	4.3%	42,197.9	40,487.2	1,710.7	4.2%
Liquidity risk									
Liquidity Coverage Ratio (LCR) [3]	%	142.2%	142.0%		20 bps	137.5%	146.8%		(930) bps
Net Stable Funding Ratio (NSFR) [4]	%	134.1%	125.9%		820 bps	132.7%	135.4%		(270) 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 average daily LCR over respective 6 and 12 month period.

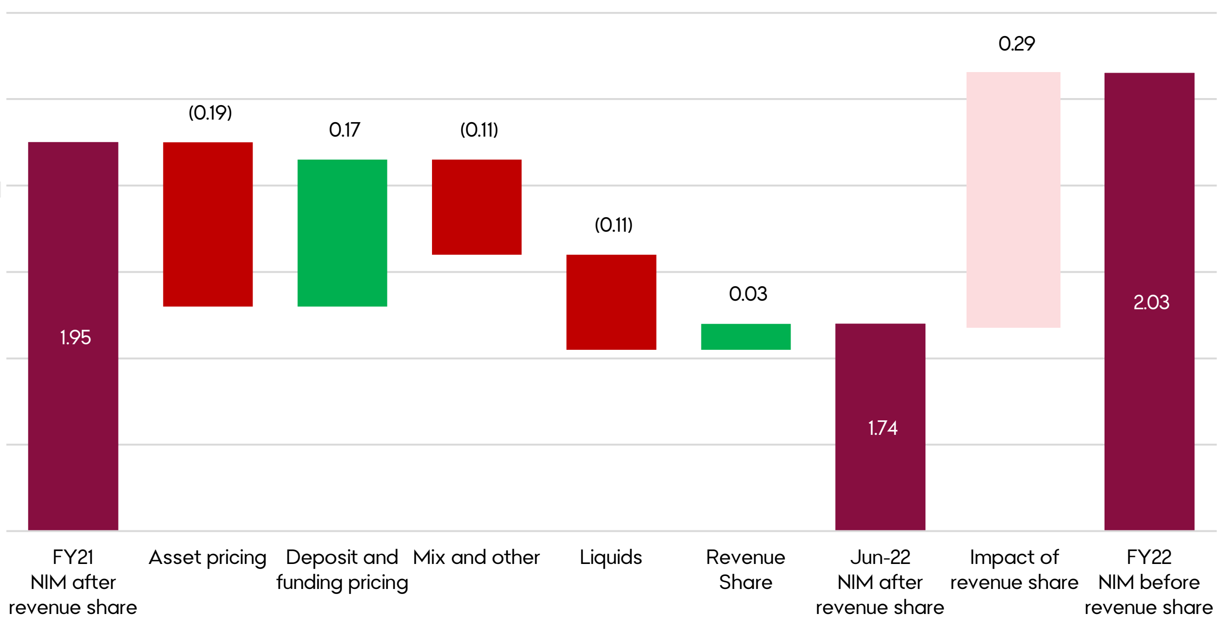
[4] Represents average end of month NSFR over respective 6 and 12 month period.

2.2 Group performance analysis

2.2.1 Net interest income

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income (cash basis)	1,417.4	1,423.8	(6.4)	(0.4)	690.5	726.9	(36.4)	(5.0)
Non cash net interest income items								
Homesafe funding costs - unrealised	(10.7)	(8.6)	(2.1)	(24.4)	(6.5)	(4.2)	(2.3)	(54.8)
Homesafe funding costs - realised	10.2	7.4	2.8	37.8	6.1	4.1	2.0	48.8
Fair value adjustments - interest expense	(0.1)	(0.1)	-	-	-	(0.1)	0.1	100.0
Total non cash net interest income items	**(0.6)**	**(1.3)**	**0.7**	**53.8**	**(0.4)**	**(0.2)**	**(0.2)**	**(100.0)**
Total net interest income (statutory basis)	**1,416.8**	**1,422.5**	**(5.7)**	**(0.4)**	**690.1**	**726.7**	**(36.6)**	**(5.0)**
Total gross loans	77,821.3	72,232.6	5,588.7	7.7	77,821.3	73,752.8	4,068.5	5.5
> Residential	57,574.0	51,886.7	5,687.3	11.0	57,574.0	54,041.2	3,532.8	6.5
> Business	16,648.8	16,464.4	184.4	1.1	16,648.8	15,910.1	738.7	4.6
Customer deposits	64,261.4	57,915.7	6,345.7	11.0	64,261.4	61,730.5	2,530.9	4.1
New loan approvals	28,550.1	24,920.4	3,629.7	14.6	15,082.3	13,467.8	1,614.5	12.0
> Residential	21,512.9	19,579.5	1,933.4	9.9	10,952.2	10,560.7	391.5	3.7
> Non-residential	7,037.2	5,340.9	1,696.3	31.8	4,130.1	2,907.1	1,223.0	42.1
Funds under management	6,680.0	6,872.2	(192.2)	(2.8)	6,680.0	7,285.3	(605.3)	(8.3)
Average interest earning assets	81,222.0	72,990.3	8,231.7	11.3	82,524.8	79,881.9	2,642.9	3.3
Net interest margin after revenue share	1.74%	1.95%		(21) bps	1.69%	1.80%		(11) bps
Net interest margin before revenue share	2.03%	2.27%		(24) bps	1.99%	2.09%		(10) bps

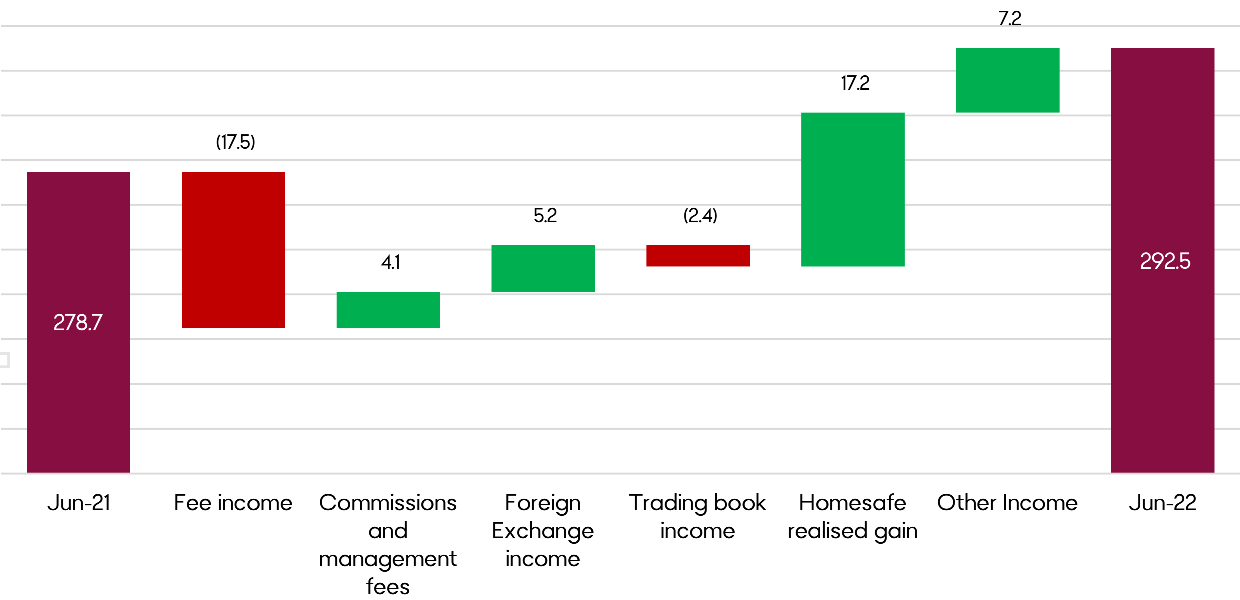
Net interest margin (%)



2.2.2 Other income

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Other income								
Fee income	141.2	158.7	(17.5)	(11.0)	69.1	72.1	(3.0)	(4.2)
Commissions and management fees	57.6	53.5	4.1	7.7	27.8	29.8	(2.0)	(6.7)
Foreign exchange income	24.3	19.1	5.2	27.2	12.2	12.1	0.1	0.8
Trading book (loss)/income	(0.7)	1.7	(2.4)	(141.2)	0.1	(0.8)	0.9	112.5
Homesafe realised income	42.6	25.4	17.2	67.7	24.3	18.3	6.0	32.8
Other	27.5	20.3	7.2	35.4	12.5	15.0	(2.5)	(16.7)
Total other income (cash basis)	**292.5**	**278.7**	**13.8**	**5.0**	**146.0**	**146.5**	**(0.5)**	**(0.3)**
Non cash other income items								
Homesafe revaluation gain/(loss)	38.5	137.7	(99.2)	(72.0)	(67.1)	105.6	(172.7)	(163.5)
Homesafe realised income	(42.6)	(25.4)	(17.2)	(67.7)	(24.3)	(18.3)	(6.0)	(32.8)
Revaluation losses on economic hedges	-	(8.1)	8.1	100.0	-	-	-	-
Other non cash income items	4.6	-	4.6	-	-	4.6	(4.6)	(100.0)
Total non cash other income items	**0.5**	**104.2**	**(103.7)**	**(99.5)**	**(91.4)**	**91.9**	**(183.3)**	**(199.5)**
Total other income (statutory basis)	**293.0**	**382.9**	**(89.9)**	**(23.5)**	**54.6**	**238.4**	**(183.8)**	**(77.1)**

Other income ($m)



2.2.3 Operating expenses

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Staff and related costs	555.9	560.0	(4.1)	(0.7)	278.2	277.7	0.5	0.2
Occupancy costs	35.7	35.9	(0.2)	(0.6)	17.6	18.1	(0.5)	(2.8)
Information technology costs	80.7	70.7	10.0	14.1	41.5	39.2	2.3	5.9
Amortisation of software intangibles	33.4	27.9	5.5	19.7	16.8	16.6	0.2	1.2
Property, plant and equipment costs	51.4	61.0	(9.6)	(15.7)	23.9	27.5	(3.6)	(13.1)
Fees and commissions	19.4	20.2	(0.8)	(4.0)	9.6	9.8	(0.2)	(2.0)
Communications, postage and stationery	33.7	33.2	0.5	1.5	16.7	17.0	(0.3)	(1.8)
Advertising and promotion	22.5	28.3	(5.8)	(20.5)	10.6	11.9	(1.3)	(10.9)
Other product and services delivery costs	17.0	22.8	(5.8)	(25.4)	8.6	8.4	0.2	2.4
Other administration expenses	104.5	80.2	24.3	30.3	55.1	49.4	5.7	11.5
Investment spend [1]	62.1	87.2	(25.1)	(28.8)	20.0	42.1	(22.1)	(52.5)
Total operating expenses (cash basis)	**1,016.3**	**1,027.4**	**(11.1)**	**(1.1)**	**498.6**	**517.7**	**(19.1)**	**(3.7)**
Non cash expense items								
Amortisation of acquired intangibles	6.0	3.0	3.0	100.0	3.6	2.4	1.2	50.0
Other non cash expense items	13.3	3.3	10.0	303.0	8.9	4.4	4.5	102.3
Total non cash expense items	**19.3**	**6.3**	**13.0**	**206.3**	**12.5**	**6.8**	**5.7**	**83.8**
Total operating expenses (statutory basis)	**1,035.6**	**1,033.7**	**1.9**	**0.2**	**511.1**	**524.5**	**(13.4)**	**(2.6)**

	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
				%				%
Cost to income [2]	59.4%	60.3%	(0.9)	(1.5)	59.6%	59.3%	0.3	0.5
Expenses to average assets	1.20%	1.35%	(0.15)	(11.1)	1.17%	1.23%	(0.06)	(4.9)
Number of staff (full-time equivalent)	4,652	4,483	169	3.8	4,652	4,574	78	1.7
Staff and related costs to income [2,3]	32.4%	32.1%	0.3	0.9	32.3%	31.8%	0.5	1.6

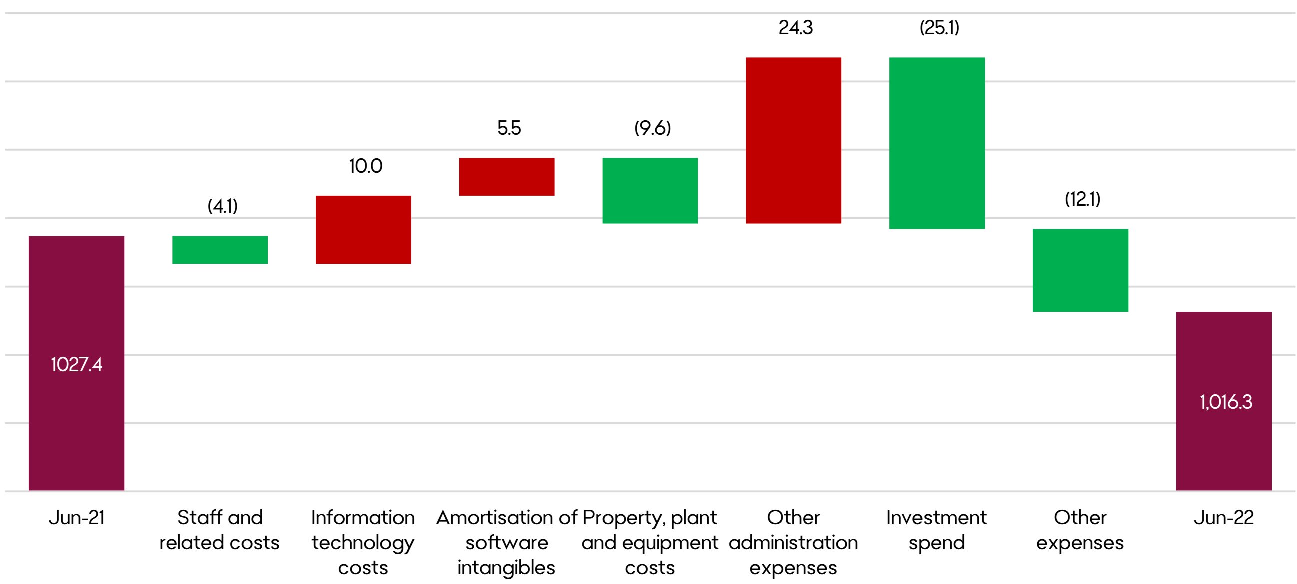
[1] Investment spend reflects the operating expenses incurred as part of the transformation agenda and includes staff costs, IT costs and external consultancy costs.

[2] **Expenses** used in the above ratios are expenses less non cash expense items and amortisation of acquired intangibles.

Income used in the above ratios is income less non cash net interest income items and other non cash income items.

[3] This ratio has been adjusted to exclude the impact of redundancy costs before tax (FY22: $2.0m, FY21: $14.1m).

Operating expenses ($m)



2.2.4 Credit expenses

Credit expense	Full year ending Jun-22 $m	Full year ending Jun-21 $m	Change $m	Change %	Half year ending Jun-22 $m	Half year ending Dec-21 $m	Change $m	Change %
Bad debts written off	(0.7)	3.0	(3.7)	(123.3)	1.0	(1.7)	2.7	158.8
Provision (releases)/expenses	(22.7)	17.7	(40.4)	(228.2)	(8.8)	(13.9)	5.1	36.7
Total credit (reversals)/expenses	**(23.4)**	**20.7**	**(44.1)**	**(213.0)**	**(7.8)**	**(15.6)**	**7.8**	**50.0**
Bad debts recovered	(3.8)	(2.7)	(1.1)	(40.7)	(1.6)	(2.2)	0.6	27.3
Credit expenses (net of recoveries)	**(27.2)**	**18.0**	**(45.2)**	**(251.1)**	**(9.4)**	**(17.8)**	**8.4**	**47.2**

Provisions and reserves	As at Jun-22 $m	As at Jun-21 $m	Change $m	Change %	As at Jun-22 $m	As at Dec-21 $m	Change $m	Change %
Individually assessed provisions	58.1	94.3	(36.2)	(38.4)	58.1	71.6	(13.5)	(18.9)
Collectively assessed provisions	225.7	246.7	(21.0)	(8.5)	225.7	229.4	(3.7)	(1.6)
General reserve for credit losses	87.8	104.7	(16.9)	(16.1)	87.8	87.4	0.4	0.5
Total provisions and reserves for doubtful debts	**371.6**	**445.7**	**(74.1)**	**(16.6)**	**371.6**	**388.4**	**(16.8)**	**(4.3)**

Ratios	Jun-22 %	Jun-21 %	bps	Jun-22 %	Dec-21 %	bps
Credit expenses net of recoveries to gross loans	(0.03%)	0.02%	(5)	(0.02%)	(0.05%)	3
Total provision/reserve for doubtful debts to gross loans	0.48%	0.62%	(14)	0.48%	0.53%	(5)
Collectively assessed provisions and GRCL to risk-weighted assets	0.74%	0.87%	(13)	0.74%	0.78%	(4)

The table below discloses the effect of movements in provisions and reserves to the different stages of the ECL model:

Movements in provisions and reserves	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 2021	**126.3**	**86.8**	**33.6**	**94.3**	**104.7**	**445.7**
Transfers during the period to:						
Stage 1	1.2	(1.2)	-	-	-	-
Stage 2	(18.6)	19.3	(0.7)	-	-	-
Stage 3	(8.7)	(5.4)	14.1	-	-	-
Transfer from collectively assessed to individually assessed provisions	-	(0.4)	(1.4)	1.8	-	-
New/increased provisions	13.5	3.9	0.5	(3.5)	-	14.4
Write-back of provisions no longer required	(6.9)	(9.9)	(8.3)	-	-	(25.1)
Change in balances	(1.7)	(3.7)	(6.6)	-	(16.9)	(28.9)
Bad debts written off previously provided for	-	-	-	(34.5)	-	(34.5)
Total provisions and reserves for doubtful debts as at 30 June 2022	**105.1**	**89.4**	**31.2**	**58.1**	**87.8**	**371.6**

2.2.4 Credit expenses (continued)

	Stage 1	Stage 2	Stage 3			
	12 month ECL	Lifetime ECL	Collectively assessed - Lifetime ECL	Individually assessed - Lifetime ECL	General reserve for credit losses	**Total**
Movements in provisions and reserves (continued)	$m	$m	$m	$m	$m	**$m**
Balance as at 1 July 2020	**116.6**	**107.7**	**38.9**	**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	24.7	(30.8)	(8.3)	-	18.1	3.7
Bad debts written off previously provided for	-	-	-	(18.3)	-	(18.3)
Total provisions and reserves for doubtful debts as at 30 June 2021	**126.3**	**86.8**	**33.6**	**94.3**	**104.7**	**445.7**

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	Stage 3	
	Collectively assessed provisions			Individually assessed provisions	**Total**
	$m	$m	$m	$m	**$m**
Gross carrying amount as at 1 July 2021	**72,753.7**	**6,479.5**	**652.8**	**205.7**	**80,091.7**
Stage 1	1,947.7	(1,915.3)	(32.4)	-	-
Stage 2	(3,055.2)	3,146.5	(91.3)	-	-
Stage 3	(236.9)	(220.0)	456.9	-	-
Transfer from collectively assessed to individually assessed provisions	(2.6)	(9.0)	(21.7)	33.3	-
New financial assets originated or purchased	20,337.7	441.0	9.2	-	20,787.9
Financial assets derecognised or repaid	(11,911.3)	(1,617.1)	(307.6)	-	(13,836.0)
Change in balances	(4,005.1)	(258.0)	(0.8)	(77.8)	(4,341.7)
Amounts written off against provisions	-	-	-	(34.5)	(34.5)
Gross carrying amount as at 30 June 2022	**75,828.0**	**6,047.6**	**665.1**	**126.7**	**82,667.4**
	$m	$m	$m	$m	**$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)	(65.6)	4,619.8
Amounts written off against provisions	-	-	-	(18.1)	(18.1)
Gross carrying amount as at 30 June 2021	**72,753.7**	**6,479.5**	**652.8**	**205.7**	**80,091.7**

2.2.5 Cash earnings reconciliation

For the year ended 30 June 2022

	Refer to page17	Cash earnings adjustments										
		Note 1	Note 2	Note 3		Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	
	Cash earnings	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Insurance Broking sale	Debtor Finance sale	Ferocia acquist'n	Restructure costs	Amort'n of acquired intangibles	Homesafe realised income	**Statutory earnings**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	1,417.4	(0.1)	(10.7)	-	-	-	-	-	-	-	10.2	1,416.8
Other income	292.5	-	38.5	-	-	3.1	1.5	-	-	-	(42.6)	293.0
Total income	**1,709.9**	**(0.1)**	**27.8**	**-**	**-**	**3.1**	**1.5**	**-**	**-**	**-**	**(32.4)**	**1,709.8**
Operating expenses	(1,016.3)	-	-	-	-	-	-	(3.6)	(9.7)	(6.0)	-	(1,035.6)
Credit reversals	27.2	-	-	-	-	-	-	-	-	-	-	27.2
Net profit before tax	**720.8**	**(0.1)**	**27.8**	**-**	**-**	**3.1**	**1.5**	**(3.6)**	**(9.7)**	**(6.0)**	**(32.4)**	**701.4**
Income tax expense	(220.4)	0.1	(8.5)	-	-	0.2	0.2	0.7	2.9	1.8	9.7	(213.3)
Net profit after tax	**500.4**	**-**	**19.3**	**-**	**-**	**3.3**	**1.7**	**(2.9)**	**(6.8)**	**(4.2)**	**(22.7)**	**488.1**

For the year ended 30 June 2021

		Cash earnings adjustments										
	Cash earnings	Fair value	Homesafe unrealised	Hedging reval'n	Merchant services sale	Insurance Broking sale	Debtor Finance sale	Ferocia acquist'n	Restructure costs	Amort'n of acquired intangibles	Homesafe realised income	**Statutory earnings**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	1,423.8	(0.1)	(8.6)	-	-	-	-	-	-	-	7.4	1,422.5
Other income	278.7	-	137.7	(8.1)	-	-	-	-	-	-	(25.4)	382.9
Total income	**1,702.5**	**(0.1)**	**129.1**	**(8.1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(18.0)**	**1,805.4**
Operating expenses	(1,027.4)	-	-	-	(3.3)	-	-	-	-	(3.0)	-	(1,033.7)
Credit expenses	(18.0)	-	-	-	-	-	-	-	-	-	-	(18.0)
Net profit before tax	**657.1**	**(0.1)**	**129.1**	**(8.1)**	**(3.3)**	**-**	**-**	**-**	**-**	**(3.0)**	**(18.0)**	**753.7**
Income tax expense	(199.9)	0.1	(38.7)	2.4	0.2	-	-	-	-	0.9	5.3	(229.7)
Net profit after tax	**457.2**	**-**	**90.4**	**(5.7)**	**(3.1)**	**-**	**-**	**-**	**-**	**(2.1)**	**(12.7)**	**524.0**

2.2.5 Cash earnings reconciliation (continued)

For the half year ended 30 June 2022

		Cash earnings adjustments									
	Refer to page17	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	
	Cash earnings	Fair value	Homesafe unrealised	Hedging reval'n	Insurance Broking sale	Debtor Finance sale	Ferocia acquist'n	Restructure costs	Amort'n of acquired intangibles	Homesafe realised income	**Statutory earnings**
	$m	$m	$m	$m	$m	$m	$m		$m	$m	$m
Net interest income	**690.5**	-	(6.5)	-	-	-	-	-	-	6.1	690.1
Other income	**146.0**	-	(67.1)	-	-	-	-	-	-	(24.3)	54.6
Total income	**836.5**	**-**	**(73.6)**	**-**	**-**	**-**	**-**	**-**	**-**	**(18.2)**	**744.7**
Operating expenses	**(498.6)**	-	-	-	-	-	(0.1)	(8.8)	(3.6)	-	(511.1)
Credit reversals	**9.4**	-	-	-	-	-	-	-	-	-	9.4
Net profit before tax	**347.3**	**-**	**(73.6)**	**-**	**-**	**-**	**(0.1)**	**(8.8)**	**(3.6)**	**(18.2)**	**243.0**
Income tax expense	**(107.6)**	-	22.0	-	-	-	0.1	2.7	1.1	5.5	(76.2)
Net profit after tax	**239.7**	**-**	**(51.6)**	**-**	**-**	**-**	**-**	**(6.1)**	**(2.5)**	**(12.7)**	**166.8**

For the half year ended 31 December 2021

		Cash earnings adjustments									
	Cash earnings	Fair value	Homesafe unrealised	Hedging reval'n	Insurance Broking sale	Debtor Finance sale	Ferocia acquist'n	Restructure costs	Amort'n of acquired intangibles	Homesafe realised income	**Statutory earnings**
	$m	$m	$m	$m	$m	$m	$m		$m	$m	$m
Net interest income	**726.9**	(0.1)	(4.2)	-	-	-	-	-	-	4.1	**726.7**
Other income	**146.5**	-	105.6	-	3.1	1.5	-	-	-	(18.3)	**238.4**
Total income	**873.4**	**(0.1)**	**101.4**	**-**	**3.1**	**1.5**	**-**	**-**	**-**	**(14.2)**	**965.1**
Operating expenses	**(517.7)**	-	-	-	-	-	(3.5)	(0.9)	(2.4)	-	**(524.5)**
Credit reversals	**17.8**	-	-	-	-	-	-	-	-	-	**17.8**
Net profit before tax	**373.5**	**(0.1)**	**101.4**	**-**	**3.1**	**1.5**	**(3.5)**	**(0.9)**	**(2.4)**	**(14.2)**	**458.4**
Income tax expense	**(112.8)**	0.1	(30.5)	-	0.2	0.2	0.6	0.2	0.7	4.2	**(137.1)**
Net profit after tax	**260.7**	**-**	**70.9**	**-**	**3.3**	**1.7**	**(2.9)**	**(0.7)**	**(1.7)**	**(10.0)**	**321.3**

2.2.5 Cash earnings reconciliation (continued)

Non cash interest income items

Note 1 - 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.

Note 2 - Homesafe funding costs - unrealised - interest expense incurred on existing contracts for the current year.

Non cash other income items

Note 3 - 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.

Note 2 - Homesafe revaluation gain - represents the valuation movements of the investment property held.

Note 4 - Sale of Insurance Broker business - represents proceeds less costs of disposal relating to the sale of Community Insurance Solutions to Community Broker Network.

Note 5 - Sale of Debtor Financing business - represents proceeds less costs of disposal relating to the sale of the Debtor Financing business to Timelio Pty Ltd.

Non cash operating expense items

Note 6 - Ferocia acquisition costs - represents legal, consultancy and integration costs incurred in relation to the acquisition of Ferocia Pty Ltd.

Note 7 - Restructure costs - represents business restructuring costs incurred following the changes made to the Group's Executive structure as announced in February 2022, as well as costs associated with the conversion of the Alliance Partner model to the Community Bank model and operating structure, and costs associated with the creation of a separate Responsible Entity for the Bendigo Superannuation Fund.

Note 8 - Amortisation of acquired intangibles - This amount represents the amortisation of intangible assets acquired by the Group including brand names, customer lists, management rights, and acquired software.

Other adjustments to statutory earnings

Note 9 - Homesafe realised income - represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

Note 9 - Homesafe realised funding costs - represents accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings during the financial year they were incurred. These adjustments align the realised income and funding costs within the same period.

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

2.2.6 Homesafe Trust

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
Homesafe income (cash basis)	$m	$m	$m	%	$m	$m	$m	%
Homesafe income - realised	42.6	25.4	17.2	67.7	24.3	18.3	6.0	32.8
Funding costs - realised	(10.2)	(7.4)	(2.8)	(37.8)	(6.1)	(4.1)	(2.0)	(48.8)
Total Homesafe income (cash basis)	**32.4**	**18.0**	**14.4**	**80.0**	**18.2**	**14.2**	**4.0**	**28.2**

Income realised - The difference between cash received on completion and the initial funds advanced.

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

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
Homesafe income (statutory basis)	$m	$m	$m	%	$m	$m	$m	%
Discount unwind	26.8	24.0	2.8	11.7	13.7	13.1	0.6	4.6
Profit on sale	7.9	5.2	2.7	51.9	3.0	4.9	(1.9)	(38.8)
Property revaluations	3.8	108.5	(104.7)	(96.5)	(83.8)	87.6	(171.4)	(195.7)
Funding costs - unrealised	(10.7)	(8.6)	(2.1)	(24.4)	(6.5)	(4.2)	(2.3)	(54.8)
Total Homesafe income (statutory basis)	**27.8**	**129.1**	**(101.3)**	**(78.5)**	**(73.6)**	**101.4**	**(175.0)**	**(172.6)**

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.

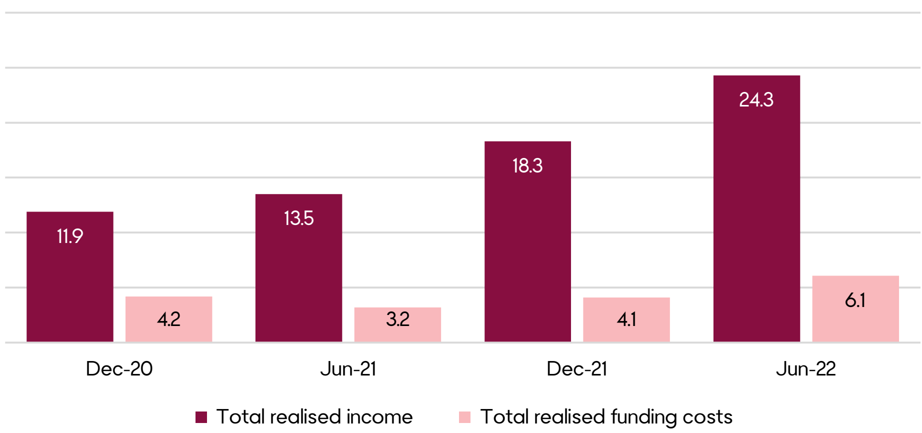
Funding costs unrealised - Interest expense on existing contracts.

	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
Portfolio balance	$m	$m	$m	%	$m	$m	$m	%
Funded balance	517.4	493.9	23.5	4.8	517.4	509.4	8.0	1.6
Property revaluation balance	402.9	407.8	(4.9)	(1.2)	402.9	494.9	(92.0)	(18.6)
Total investment portfolio balance	**920.3**	**901.7**	**18.6**	**2.1**	**920.3**	**1,004.3**	**(84.0)**	**(8.4)**

For the purpose of calculating capital ratios, the property revaluation balance is deducted from retained earnings, and hence is a CET1 deduction.

The funded balance is included in the calculation of risk weighted assets with a risk weight of 100%.

Total realised gains and realised funding costs ($m)



2.2.7 Average balance sheet

For the years ended 30 June 2022 and 30 June 2021

	30 June 2022			30 June 2021		
	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	13,225.0	21.1	0.16	9,170.9	22.7	0.25
Loans and other receivables [4]	67,997.0	1,728.1	2.54	63,819.4	1,845.2	2.89
Total interest earning assets	**81,222.0**	**1,749.2**	**2.15**	**72,990.3**	**1,867.9**	**2.56**
Non-interest earning assets						
Credit provisions	(307.6)			(346.0)		
Other assets	3,829.7			3,517.9		
Total non-interest earning assets	**3,522.1**			**3,171.9**		
Total assets (average balance)	**84,744.1**			**76,162.2**		
Interest bearing liabilities						
Deposits						
- Customer [4]	55,173.9	(163.1)	(0.30)	50,647.8	(268.8)	(0.53)
- Wholesale	8,888.7	(36.9)	(0.42)	8,006.3	(35.5)	(0.44)
Wholesale borrowings						
- Repurchase agreements	4,919.0	(7.5)	(0.15)	2,565.9	(5.0)	(0.19)
- Notes payable	3,812.8	(47.4)	(1.24)	3,259.8	(44.7)	(1.37)
- Other wholesale borrowings - domestic	2,893.6	(33.6)	(1.16)	3,000.1	(37.0)	(1.23)
Lease liability	158.2	(4.9)	(3.10)	197.2	(5.9)	(2.99)
Loan capital	1,391.3	(38.9)	(2.80)	1,624.6	(48.4)	(2.98)
Total interest bearing liabilities	**77,237.5**	**(332.3)**	**(0.43)**	**69,301.7**	**(445.3)**	**(0.64)**
Non-interest bearing liabilities and equity						
Other liabilities	903.5			820.9		
Equity	6,603.1			6,039.6		
Total non-interest bearing liabilities and equity	**7,506.6**			**6,860.5**		
Total liabilities and equity (average balance)	**84,744.1**			**76,162.2**		
Interest margin and interest spread						
Interest earning assets	81,222.0	1,749.2	2.15	72,990.3	1,867.9	2.56
Interest bearing liabilities	(77,237.5)	(332.3)	(0.43)	(69,301.7)	(445.3)	(0.64)
Net interest income and interest spread [2]		**1,416.9**	**1.72**		**1,422.6**	**1.92**
Benefit of net free liabilities, provisions and equity			0.02			0.03
Net interest margin [3]			**1.74**			**1.95**
Add: impact of revenue share arrangements			0.29			0.32
Net interest margin before revenue share arrangements			2.03			2.27

[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 (FY22: $6,290.4, FY21: $4,554.4).

2.2.7 Average balance sheet (continued)

For the six months ended 30 June 2022 and 31 December 2021

	30 June 2022			31 December 2021		
	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	13,661.7	16.5	0.24	12,846.7	4.6	0.07
Loans and other receivables [4]	68,863.1	855.6	2.51	67,035.2	872.5	2.58
Total interest earning assets	**82,524.8**	**872.1**	**2.13**	**79,881.9**	**877.1**	**2.18**
Non-interest earning assets						
Credit provisions	(288.1)			(326.2)		
Other assets	3,943.3			3,703.2		
Total non-interest earning assets	**3,655.2**			**3,377.0**		
Total assets (average balance)	**86,180.0**			**83,258.9**		
Interest bearing liabilities						
Deposits						
- Customer [4]	56,395.1	(87.8)	(0.31)	53,977.4	(75.3)	(0.28)
- Wholesale	9,216.1	(25.8)	(0.56)	8,525.8	(11.1)	(0.26)
Wholesale borrowings						
- Repurchase agreements	4,728.5	(3.7)	(0.16)	5,081.9	(3.8)	(0.15)
- Notes payable	3,784.9	(24.7)	(1.32)	3,863.4	(22.7)	(1.17)
- Other wholesale borrowings - domestic	2,880.5	(18.3)	(1.28)	2,904.9	(15.3)	(1.04)
Lease liability	150.7	(2.3)	(3.08)	165.3	(2.6)	(3.12)
Loan capital	1,364.8	(19.4)	(2.87)	1,414.0	(19.5)	(2.74)
Total interest bearing liabilities	**78,520.6**	**(182.0)**	**(0.47)**	**75,932.7**	**(150.3)**	**(0.39)**
Non-interest bearing liabilities and equity						
Other liabilities	929.1			837.9		
Equity	6,730.3			6,488.3		
Total non-interest bearing liabilities and equity	**7,659.4**			**7,326.2**		
Total liabilities and equity (average balance)	**86,180.0**			**83,258.9**		
Interest margin and interest spread						
Interest earning assets	82,524.8	872.1	2.13	79,881.9	877.1	2.18
Interest bearing liabilities	(78,520.6)	(182.0)	(0.47)	(75,932.7)	(150.3)	(0.39)
Net interest income and interest spread [2]		**690.1**	**1.66**		**726.8**	**1.79**
Benefit of net free liabilities, provisions and equity			0.03			0.01
Net interest margin [3]			**1.69**			**1.80**
Add: impact of revenue share arrangements			0.30			0.29
Net interest margin before revenue share arrangements			1.99			2.09

[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 (2H22: $6,759.7; 1H22: $5,834.4)

2.2.7 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	9,849.5	9.1	0.19	8,541.3	13.6	0.32
Loans and other receivables [4]	65,020.2	892.4	2.77	62,594.6	952.8	3.02
Total interest earning assets	**74,869.7**	**901.5**	**2.43**	**71,135.9**	**966.4**	**2.69**
Non-interest earning assets						
Credit provisions	(347.9)			(344.9)		
Other assets	3,539.0			3,468.6		
Total non-interest earning assets	**3,191.1**			**3,123.7**		
Total assets (average balance)	**78,060.8**			**74,259.6**		
Interest bearing liabilities						
Deposits						
- Customer [4]	52,027.5	(105.2)	(0.41)	49,338.3	(163.6)	(0.66)
- Wholesale	7,976.1	(12.9)	(0.33)	8,020.4	(22.6)	(0.56)
Wholesale borrowings						
- Repurchase agreements	2,917.5	(2.5)	(0.17)	2,180.9	(2.5)	(0.23)
- Notes payable	3,240.3	(21.3)	(1.33)	3,243.5	(23.4)	(1.43)
- Other wholesale borrowings - domestic	3,094.0	(17.3)	(1.13)	2,955.2	(19.7)	(1.32)
Lease liability	186.6	(2.8)	(3.03)	207.5	(3.1)	(2.96)
Loan capital	1,625.7	(23.3)	(2.89)	1,629.5	(25.1)	(3.06)
Total interest bearing liabilities	**71,067.7**	**(185.3)**	**(0.53)**	**67,575.3**	**(260.0)**	**(0.76)**
Non-interest bearing liabilities and equity						
Other liabilities	819.3			777.8		
Equity	6,173.8			5,906.5		
Total non-interest bearing liabilities and equity	**6,993.1**			**6,684.3**		
Total liabilities and equity (average balance)	**78,060.8**			**74,259.6**		
Interest margin and interest spread						
Interest earning assets	74,869.7	901.5	2.43	71,135.9	966.4	2.69
Interest bearing liabilities	(71,067.7)	(185.3)	(0.53)	(67,575.3)	(260.0)	(0.76)
Net interest income and interest spread [2]		**716.2**	**1.90**		**706.4**	**1.93**
Benefit of net free liabilities, provisions and equity			0.03			0.04
Net interest margin [3]			**1.93**			**1.97**
Add: impact of revenue share arrangements			0.31			0.33
Net interest margin before revenue share arrangements			2.24			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 (2H21: $4,913.5; 1H21: $4,206.2)

2.2.8 Segment results

2.2.8.1 Consumer

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	917.4	904.1	13.3	1.5	450.4	467.0	(16.6)	(3.6)
Other income	220.0	204.5	15.5	7.6	111.4	108.6	2.8	2.6
Total segment income	**1,137.4**	**1,108.6**	**28.8**	**2.6**	**561.8**	**575.6**	**(13.8)**	**(2.4)**
Operating expenses	(433.6)	(446.1)	12.5	2.8	(215.0)	(218.6)	3.6	1.6
Credit reversals	4.4	(8.3)	12.7	153.0	(1.1)	5.5	(6.6)	(120.0)
Total expenses	**(429.2)**	**(454.4)**	**25.2**	**5.5**	**(216.1)**	**(213.1)**	**(3.0)**	**(1.4)**
Income tax expense	(216.0)	(199.1)	(16.9)	(8.5)	(107.1)	(108.9)	1.8	1.7
Cash earnings after income tax expense	**492.2**	**455.1**	**37.1**	**8.2**	**238.6**	**253.6**	**(15.0)**	**(5.9)**
Non cash net interest income items	(0.5)	(0.9)	0.4	44.4	(0.3)	(0.2)	(0.1)	(50.0)
Non cash other income items	0.4	72.9	(72.5)	(99.5)	(64.0)	64.4	(128.4)	(199.4)
Non cash operating expense items	(8.4)	(4.3)	(4.1)	(95.3)	(4.3)	(4.1)	(0.2)	(4.9)
Statutory earnings after income tax expense	**483.7**	**522.8**	**(39.1)**	**(7.5)**	**170.0**	**313.7**	**(143.7)**	**(45.8)**
Reportable segment assets	58,206.9	52,594.7	5,612.2	10.7	58,206.9	54,832.9	3,374.0	6.2
Reportable segment liabilities	52,957.3	47,293.8	5,663.5	12.0	52,957.3	50,730.3	2,227.0	4.4

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

Cash earnings increased to $492.2 million (FY21: $455.1 million), driven by:

Net interest income - Improvement in net interest income following continued strong growth in the residential mortgage portfolio, partially offset by NIM reductions mainly due to a higher proportion of lower yielding fixed-rate lending compared to variable lending and competitive pressure to support above system loan growth.

Other income - A decline in other income due to the sale of the Merchant Services business in FY21 offset by increases in interchange and scheme income, loan account fees and fund management fees.

Operating expenses - The reduction in operating expenses is attributed to savings realised from the sale of the Merchant Services business as well as agency branch and rationalisation programmes, partially offset by increases in costs due to the acquisition of Ferocia Pty Ltd and increased non-credit losses and remediation costs.

Credit expenses - Lower credit expenses due to the releases of collectively assessed provisions, in addition to lower specific provision charges.

2.2.8 Segment results (continued)

2.2.8.2 Business and Agribusiness

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	478.5	486.0	(7.5)	(1.5)	228.0	250.5	(22.5)	(9.0)
Other income	61.6	66.1	(4.5)	(6.8)	29.3	32.3	(3.0)	(9.3)
Total income	**540.1**	**552.1**	**(12.0)**	**(2.2)**	**257.3**	**282.8**	**(25.5)**	**(9.0)**
Operating expenses	(132.7)	(138.9)	6.2	4.5	(66.5)	(66.2)	(0.3)	(0.5)
Credit (expenses)/reversals	14.6	(25.2)	39.8	157.9	9.5	5.1	4.4	86.3
Total expenses	**(118.1)**	**(164.1)**	**46.0**	**28.0**	**(57.0)**	**(61.1)**	**4.1**	**6.7**
Income tax expense	(128.9)	(118.2)	(10.7)	(9.1)	(62.0)	(66.9)	4.9	7.3
Cash earnings after income tax expense	**293.1**	**269.8**	**23.3**	**8.6**	**138.3**	**154.8**	**(16.5)**	**(10.7)**
Non cash net interest income items	-	-	-	-	-	-	-	-
Non cash other income items	1.7	-	1.7	-	-	1.7	(1.7)	(100.0)
Non cash operating expense items	(4.5)	(0.9)	(3.6)	(400.0)	(3.3)	(1.2)	(2.1)	(175.0)
Statutory earnings after income tax expense	**290.3**	**268.9**	**21.4**	**8.0**	**135.0**	**155.3**	**(20.3)**	**(13.1)**
Reportable segment assets	19,743.8	19,591.9	151.9	0.8	19,743.8	19,065.0	678.8	3.6
Reportable segment liabilities	18,075.8	16,115.3	1,960.5	12.2	18,075.8	16,720.0	1,355.8	8.1

The Business and Agribusiness division is focused on servicing business customers, particularly small and medium businesses who are seeking a relationship banking experience and includes portfolio funding, Delphi Bank and all banking services provided to agribusiness, rural and regional Australian communities through our Rural Bank brand.

Cash earnings increased to $293.1 million (FY21: $269.8 million), with the key drivers of this performance being:

Net interest income - Reduced net interest income following a decline in average assets balances and an increase in liability balances over the year, in addition to lower margins.

Other income - A reduction in other income due to reduced management fees from Government Services in Rural Bank, partially offset by increased foreign exchange income, in addition to new referral arrangements entered into by the division in 1H22.

Operating expenses - A reduction in operating expenses, reflecting the savings in staff costs from efficiency programs that occurred in FY21 and FY22, partially offset by an increase driven by impact of a one-off legal and insurance recovery in FY21.

Credit expenses - Lower credit expenses driven by specific and collective impairment releases, in addition to increased recoveries.

2.2.8 Segment results (continued)

2.2.8.3 Corporate

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	21.5	33.7	(12.2)	(36.2)	12.1	9.4	2.7	28.7
Other income	10.9	8.1	2.8	34.6	5.3	5.6	(0.3)	(5.4)
Total income	**32.4**	**41.8**	**(9.4)**	**(22.5)**	**17.4**	**15.0**	**2.4**	**16.0**
Operating expenses	(450.0)	(442.4)	(7.6)	(1.7)	(217.1)	(232.9)	15.8	6.8
Credit (expenses)/reversals	8.2	15.5	(7.3)	(47.1)	1.0	7.2	(6.2)	(86.1)
Total expenses	**(441.8)**	**(426.9)**	**(14.9)**	**(3.5)**	**(216.1)**	**(225.7)**	**9.6**	**4.2**
Income tax expense	124.5	117.4	7.1	6.0	61.5	63.0	(1.5)	(2.4)
Cash earnings after income tax expense	**(284.9)**	**(267.7)**	**(17.2)**	**(6.4)**	**(137.2)**	**(147.7)**	**10.5**	**7.1**
Non cash net interest income items	-	-	-	-	-	-	-	-
Non cash other income items	-	-	-	-	-	-	-	-
Non cash operating expense items	(1.0)	-	(1.0)	-	(1.0)	-	(1.0)	-
Statutory earnings after income tax expense	**(285.9)**	**(267.7)**	**(18.2)**	**(6.8)**	**(138.2)**	**(147.7)**	**9.5**	**6.4**
Reportable segment assets	17,293.0	14,390.6	2,902.4	20.2	17,293.0	16,884.5	408.5	2.4
Reportable segment liabilities	13,658.8	13,216.9	441.9	3.3	13,658.8	12,671.0	987.8	7.8

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.

Cash earnings for FY22 totalled ($284.9 million) (FY21: ($267.7 million)), with the key drivers of this performance being:

Other income - Increased other income due to the Group's participation in an equal access share buy-back by Cuscal Limited, in addition to the receipt of a special dividend following Cuscal's sale of 86 400.

Operating expenses - Higher operating expenses, driven by increased spend in the technology divisions, particularly on risk and compliance projects, in addition to increased amortisation following a number of significant technology assets becoming operational during the year.

Credit expenses - Increased credit expenses with a net release of $8.2 million in FY22, compared to a net release of $15.5 million in FY21.

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.

To support the next phase of the Group's growth and transformation strategy, on 1 February 2022 the Group annouced the aggregation of the Business and Agribusiness customer groups. The restructure triggered a review of the Group's operating segments. The Group's revised reportable segments are Consumer, Business and Agribusiness and Corporate.

2.3 Financial statements

2.3.1 Statement of other comprehensive income

For the year ended 30 June 2022

	Group	
	30 June 2022	30 June 2021
	$m	$m
Profit for the period ended 30 June	**488.1**	**524.0**
Items which may be reclassified subsequently to profit or loss:		
Revaluation loss on debt securities at fair value through OCI with recycling	(84.8)	(0.5)
Impairment of debt securities at fair value through OCI	0.1	-
Net gain on cash flow hedges taken to equity	46.1	32.5
Tax effect on items taken directly to or transferred from equity	20.2	(9.6)
Total items that may be reclassified to profit or loss	**(18.4)**	**22.4**
Items which will not be reclassified subsequently to profit or loss:		
Revaluation gain on equity investments at fair value through OCI	4.7	13.5
Actuarial loss on superannuation defined benefits plan	-	(0.9)
Tax effect on items taken directly to or transferred from equity	(1.4)	(3.9)
Total items that will not be reclassified to profit or loss	**3.3**	**8.7**
Total comprehensive income for the period net of tax	**473.0**	**555.1**

2.3.2 Balance Sheet

As at 30 June 2022

	Group	
	30 June 2022	30 June 2021
	$m	$m
Assets		
Cash and cash equivalents	3,541.0	7,086.3
Due from other financial institutions	188.0	173.4
Financial assets at fair value through profit or loss (FVTPL)	30.5	1,678.7
Financial assets at amortised cost	861.7	351.5
Financial assets at fair value through other comprehensive income (FVOCI)	9,618.1	2,186.1
Derivatives	59.9	59.1
Net loans and other receivables	77,610.4	71,920.6
Investments accounted for using the equity method	14.5	9.7
Property, plant and equipment	179.6	205.9
Deferred tax assets	48.6	42.2
Investment property	920.3	901.7
Goodwill and other intangible assets	1,808.3	1,631.9
Other assets	362.8	330.1
Total Assets	**95,243.7**	**86,577.2**
Liabilities		
Due to other financial institutions	178.8	175.4
Deposits	74,583.9	66,217.1
Other borrowings	11,703.0	11,736.3
Derivatives	34.8	45.3
Income tax payable	50.6	44.2
Provisions	122.2	120.5
Other payables	492.4	501.7
Loan capital	1,366.1	1,383.2
Total Liabilities	**88,531.8**	**80,223.7**
Net Assets	**6,711.9**	**6,353.5**
Equity		
Share capital	5,219.5	5,049.5
Reserves	105.9	138.0
Retained earnings	1,386.5	1,166.0
Total Equity	**6,711.9**	**6,353.5**

2.3.3 Statement of changes in equity

For the year ended 30 June 2022

	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 2021	**5,053.1**	**(3.6)**	**1,166.0**	**138.0**	**6,353.5**
Comprehensive income:					
Profit for the period	-	-	488.1	-	**488.1**
Other comprehensive income	-	-	-	(15.1)	**(15.1)**
Total comprehensive income for the period	**-**	**-**	**488.1**	**(15.1)**	**473.0**
Transactions with owners in their capacity as owners:					
Shares issued	178.1	-	-	-	**178.1**
Purchase of Treasury shares	(8.6)	-	-	-	**(8.6)**
Movement in Executive Share plans	(0.1)	-	-	-	**(0.1)**
Reduction in employee share ownership plan (ESOP) shares	-	0.6	-	-	**0.6**
Movement in general reserve for credit losses (GRCL)	-	-	16.9	(16.9)	**-**
Share based payment	-	-	0.9	4.1	**5.0**
Movement in operational risk reserve	-	-	4.2	(4.2)	**-**
Equity dividends	-	-	(289.6)	-	**(289.6)**
Closing balance as at 30 June 2022	**5,222.5**	**(3.0)**	**1,386.5**	**105.9**	**6,711.9**

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)**
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**

2.3.4 Cash flow statement

For the year ended 30 June 2022

	Group	
	30 June 2022	30 June 2021
	$m	$m
Cash flows from operating activities		
Interest and other items of a similar nature received	1,812.5	1,927.8
Interest and other costs of finance paid	(351.1)	(503.7)
Receipts from customers (excluding effective interest)	256.9	250.4
Payments to suppliers and employees	(1,065.8)	(1,043.1)
Dividends received	5.2	0.5
Income taxes paid	(195.3)	(134.0)
Cash flows from operating activities before changes in operating assets and liabilities	**462.4**	**497.9**
Net increase in operating assets		
Net increase in balance of loans and other receivables	(5,666.4)	(6,960.9)
Net (increase)/decrease in balance of investment securities	(6,380.1)	2,330.4
Net Increase in operating liabilities		
Net increase in balance of deposits	8,366.8	10,173.0
Net (decrease)/increase in balance of other borrowings	(33.3)	94.2
Cash flows from operating activities	**(3,250.6)**	**6,134.6**
Cash flows related to investing activities		
Cash paid for purchases of property, plant and equipment	(14.5)	(21.0)
Cash proceeds from sale of property, plant and equipment	2.9	7.5
Cash paid for purchases of investment property	(51.2)	(31.6)
Cash proceeds from sale of investment property	71.0	48.7
Cash paid for purchases of equity investments	(5.0)	-
Cash proceeds from sale of equity investments	0.8	-
Cash proceeds from return of capital/dividend from JV partners	1.9	-
Net cash received on acquired business combination/acquisitions assets	0.5	-
Net cash proceeds from sale of Insurance Broking and Debtor Financing businesses	4.0	-
Net cash flows from investing activities	**10.4**	**3.6**
Cash flows related to financing activities		
Proceeds from issue of ordinary shares	-	105.8
Cash paid for purchase of treasury shares	(8.7)	(3.2)
Repayment of preference shares	-	(574.3)
Proceeds from issuance of capital notes	-	502.4
Cash paid for redemption of capital notes	(21.1)	-
Payment of loan capital issue costs	(0.7)	(7.4)
Proceeds from issuance of subordinated debt	125.0	146.9
Repayment of subordinated debt	(125.0)	(250.0)
Equity dividends paid	(213.7)	(105.3)
Repayment of lease liabilities	(50.3)	(51.0)
Repayment of ESOP shares	0.6	0.7
Net cash flows used in financing activities	**(293.9)**	**(235.4)**
Net (decrease)/increase in cash and cash equivalents	(3,534.1)	5,902.8
Cash and cash equivalents at the beginning of the period	7,084.3	1,181.5
Cash and cash equivalents at the end of period	**3,550.2**	**7,084.3**

2.3.5 Lending

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
Approvals - by security	$m	$m	$m	%	$m	$m	$m	%
Residential	21,512.9	19,579.5	1,933.4	9.9	10,952.2	10,560.7	391.5	3.7
Non-residential	7,037.2	5,340.9	1,696.3	31.8	4,130.1	2,907.1	1,223.0	42.1
Total new loan approvals	**28,550.1**	**24,920.4**	**3,629.7**	**14.6**	**15,082.3**	**13,467.8**	**1,614.5**	**12.0**

	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Gross loan balance - by security								
Residential	61,446.5	55,762.3	5,684.2	10.2	61,446.5	57,860.4	3,586.1	6.2
Business								
Accommodation and food services	210.8	286.1	(75.3)	(26.3)	210.8	252.8	(42.0)	(16.6)
Administrative and support services	28.4	32.4	(4.0)	(12.3)	28.4	30.4	(2.0)	(6.6)
Agriculture, forestry and fishing	6,304.9	6,338.7	(33.8)	(0.5)	6,304.9	5,938.1	366.8	6.2
Arts and recreation services	34.4	44.2	(9.8)	(22.2)	34.4	38.4	(4.0)	(10.4)
Construction	455.6	497.0	(41.4)	(8.3)	455.6	464.8	(9.2)	(2.0)
Education and training	79.3	98.3	(19.0)	(19.3)	79.3	80.4	(1.1)	(1.4)
Electricity, gas, water and waste services	12.8	16.5	(3.7)	(22.4)	12.8	14.1	(1.3)	(9.2)
Financial and insurance services	2,265.6	1,851.8	413.8	22.3	2,265.6	1,802.0	463.6	25.7
Health care and social assistance	316.9	352.1	(35.2)	(10.0)	316.9	384.7	(67.8)	(17.6)
Information media and telecommunications	16.2	16.5	(0.3)	(1.8)	16.2	17.8	(1.6)	(9.0)
Manufacturing	215.2	163.4	51.8	31.7	215.2	152.1	63.1	41.5
Mining	11.8	16.4	(4.6)	(28.0)	11.8	42.1	(30.3)	(72.0)
Other Services	224.9	254.7	(29.8)	(11.7)	224.9	245.1	(20.2)	(8.2)
Professional, scientific and technical services	120.0	115.4	4.6	4.0	120.0	105.7	14.3	13.5
Public administration and safety	10.5	10.6	(0.1)	(0.9)	10.5	12.3	(1.8)	(14.6)
Rental, hiring and real estate services	3,335.0	3,289.9	45.1	1.4	3,335.0	3,266.1	68.9	2.1
Retail trade	261.8	277.7	(15.9)	(5.7)	261.8	267.0	(5.2)	(1.9)
Transport, postal and warehousing	112.8	121.0	(8.2)	(6.8)	112.8	123.8	(11.0)	(8.9)
Wholesale trade	74.0	116.3	(42.3)	(36.4)	74.0	105.3	(31.3)	(29.7)
Other	21.2	38.8	(17.6)	(45.4)	21.2	27.3	(6.1)	(22.3)
Total business	**14,112.1**	**13,937.8**	**174.3**	**1.3**	**14,112.1**	**13,370.3**	**741.8**	**5.5**
Margin lending	1,433.2	1,480.6	(47.4)	(3.2)	1,433.2	1,522.4	(89.2)	(5.9)
Unsecured	593.6	780.6	(187.0)	(24.0)	593.6	746.0	(152.4)	(20.4)
Other	235.9	271.3	(35.4)	(13.0)	235.9	253.7	(17.8)	(7.0)
Total gross loan balance	**77,821.3**	**72,232.6**	**5,588.7**	**7.7**	**77,821.3**	**73,752.8**	**4,068.5**	**5.5**
Gross loan balance - by purpose								
Residential	57,574.0	51,886.7	5,687.3	11.0	57,574.0	54,041.2	3,532.8	6.5
Consumer	2,165.3	2,400.9	(235.6)	(9.8)	2,165.3	2,279.1	(113.8)	(5.0)
Margin lending	1,433.2	1,480.6	(47.4)	(3.2)	1,433.2	1,522.4	(89.2)	(5.9)
Business	16,648.8	16,464.4	184.4	1.1	16,648.8	15,910.1	738.7	4.6
Total gross loan balance	**77,821.3**	**72,232.6**	**5,588.7**	**7.7**	**77,821.3**	**73,752.8**	**4,068.5**	**5.5**
Loans under management (gross balance)								
On-balance sheet	77,821.3	72,232.6	5,588.7	7.7	77,821.3	73,752.8	4,068.5	5.5
Off-balance sheet loans under management	3,726.9	2,250.7	1,476.2	65.6	3,726.9	3,426.7	300.2	8.8
Total Group loans under management	**81,548.2**	**74,483.3**	**7,064.9**	**9.5**	**81,548.2**	**77,179.5**	**4,368.7**	**5.7**

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 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.

2.3.6 Asset quality

	As at Jun-22	As at Jun-21	Change		As at Jun-22	As at Dec-21	Change	
Impaired loans [1]	$m	$m	$m	%	$m	$m	$m	%
Loans - without individually assessed provisions	19.7	40.6	(20.9)	(51.5)	19.7	21.0	(1.3)	(6.2)
Loans - with individually assessed provisions	110.6	168.0	(57.4)	(34.2)	110.6	131.8	(21.2)	(16.1)
Restructured loans [2]	2.8	0.2	2.6	1,300.0	2.8	-	2.8	-
Less: individually assessed provisions	(57.1)	(93.0)	35.9	38.6	(57.1)	(70.4)	13.3	18.9
Net impaired loans	**76.0**	**115.8**	**(39.8)**	**(34.4)**	**76.0**	**82.4**	**(6.4)**	**(7.8)**
Portfolio facilities - past due 90 days, not well secured	2.0	2.9	(0.9)	(31.0)	4.9	2.8	2.1	75.0
Less: individually assessed provisions	(1.0)	(1.3)	0.3	23.1	(1.0)	(1.2)	0.2	16.7
Net portfolio facilities	**1.0**	**1.6**	**(0.6)**	**(37.5)**	**3.9**	**1.6**	**2.3**	**143.8**
Loans past due 90 days	$m	$m	$m	%	$m	$m	$m	%
Accruing loans past due 90 days, with adequate security balance	256.9	282.9	(26.0)	(9.2)	256.9	278.8	(21.9)	(7.9)
Net fair value of properties acquired through the enforcement of security	41.8	35.3	6.5	18.4	41.8	29.4	12.4	42.2
Ratios	%	%		bps	%	%		bps
Total impaired loans to gross loans	0.17%	0.29%		(12)	0.17%	0.21%		(4)
Total impaired loans to total assets	0.14%	0.24%		(10)	0.14%	0.17%		(3)
Net impaired loans to gross loans	0.10%	0.16%		(6)	0.10%	0.11%		(1)
Total provisions and reserves to gross loans	0.48%	0.62%		(14)	0.48%	0.53%		(5)
Provision coverage [3]	279.2%	213.5%		6,570	279.2%	254.2%		2,500

[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.

Losses for impaired loans are recognised when there is objective evidence that impairment of a loan, or portfolio of loans, has occurred. 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.

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

2.3.7 Funding and funds under management

	As at Jun-22	As at Jun-21	Change		As at Jun-22	As at Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Funding								
Deposits	74,583.9	66,217.1	8,366.8	12.6	74,583.9	70,370.6	4,213.3	6.0
Other borrowings	11,703.0	11,736.3	(33.3)	(0.3)	11,703.0	11,579.5	123.5	1.1
Loan capital	1,366.1	1,383.2	(17.1)	(1.2)	1,366.1	1,364.2	1.9	0.1
Total funding	**87,653.0**	**79,336.6**	**8,316.4**	**10.5**	**87,653.0**	**83,314.3**	**4,338.7**	**5.2**
Funding dissection - $m								
Customer deposits	64,261.4	57,915.7	6,345.7	11.0	64,261.4	61,730.5	2,530.9	4.1
Wholesale deposits and borrowings	22,025.5	20,037.7	1,987.8	9.9	22,025.5	20,219.6	1,805.9	8.9
Loan capital	1,366.1	1,383.2	(17.1)	(1.2)	1,366.1	1,364.2	1.9	0.1
Total funding	**87,653.0**	**79,336.6**	**8,316.4**	**10.5**	**87,653.0**	**83,314.3**	**4,338.7**	**5.2**
Funding dissection - %								
Customer deposits	73.3%	73.0%			73.3%	74.1%		
Wholesale deposits and borrowings	25.1%	25.3%			25.1%	24.3%		
Loan capital	1.6%	1.7%			1.6%	1.6%		
Total funding	**100.0%**	**100.0%**			**100.0%**	**100.0%**		
Funds under management								
Assets under management	2,928.5	2,809.7	118.8	4.2	2,928.5	2,957.5	(29.0)	(1.0)
Other managed funds	3,751.5	4,062.5	(311.0)	(7.7)	3,751.5	4,327.8	(576.3)	(13.3)
Total funds under management	**6,680.0**	**6,872.2**	**(192.2)**	**(2.8)**	**6,680.0**	**7,285.3**	**(605.3)**	**(8.3)**

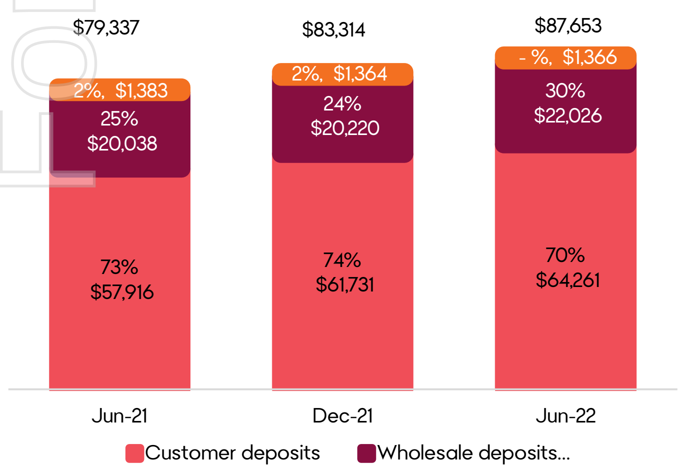
Customer deposits represents the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers.

Wholesale funding includes the Term Funding Facility (TFF). On 19 March 2020, the Reserve Bank of Australia announced the establishment of the TFF, a three-year facility. The TFF was established to provide ADIs with access to long-term funding to reinforce the benefits to the economy of a lower RBA cash rate and to encourage ADIs to support businesses. The TFF is collateralised by residential mortgage-backed securities issued by the Group. As at 30 June 2022 the Group's TTF drawdowns totalled $4.7 billion (30 June 2021: $4.7 billion).

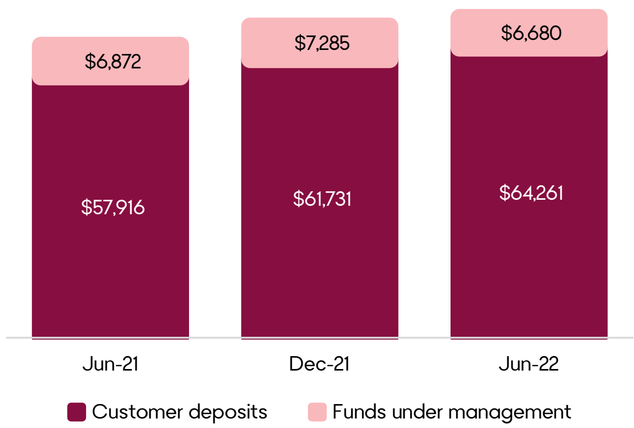
Assets under management include those funds deposited in the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of investors. These funds are off-balance sheet.

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)



2.3.8 Capital and shareholder returns

2.3.8.1 Assets and capital

	As at Jun-22	As at Jun-21	Change		As at Jun-22	As at Dec-21	Change	
	$m	$m	$m	%	$m	$m	$m	%
Group assets	95,243.7	86,577.2	8,666.5	10.0	95,243.7	90,782.6	4,461.1	4.9
Capital adequacy								
Total regulatory capital	5,739.3	5,588.9	150.4	2.7	5,739.3	5,660.3	79.0	1.4
Risk-weighted assets	42,197.9	40,469.3	1,728.6	4.3	42,197.9	40,487.2	1,710.7	4.2
Capital adequacy ratios								
Tier 1	11.63%	11.61%	0.02%	0.2	11.63%	11.89%	(0.26%)	(2.2)
Tier 2	1.97%	2.20%	(0.23%)	(10.5)	1.97%	2.09%	(0.12%)	(5.7)
Total capital ratio	**13.60%**	**13.81%**	**(0.21%)**	**(1.5)**	**13.60%**	**13.98%**	**(0.38%)**	**(2.7)**
Common Equity Tier 1	**9.68%**	**9.57%**	**0.11%**	**1.1**	**9.68%**	**9.85%**	**(0.17%)**	**(1.7)**

2.3.8.2 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.

	Jun-22	Dec-21	Jun-21
Regulatory capital	$m	$m	$m
Common Equity Tier 1			
Contributed capital	5,222.5	5,184.7	5,053.1
Retained profits and reserves	1,078.2	932.5	792.3
Accumulated other comprehensive income (and other reserves)	17.6	54.1	28.3
Less:			
Intangible assets, cash flow hedges and capitalised expenses	1,991.0	1,960.5	1,782.2
Net deferred tax assets	175.8	162.6	168.5
Equity exposures	68.6	59.1	49.9
Total Common Equity Tier 1 capital	**4,082.9**	**3,989.1**	**3,873.1**
Additional Tier 1 capital instruments	824.1	824.1	824.1
Total Additional Tier 1 capital	**824.1**	**824.1**	**824.1**
Total Tier 1 capital	**4,907.0**	**4,813.2**	**4,697.2**
Tier 2			
Tier 2 capital instruments	550.0	550.0	571.1
General reserve for credit losses/collective provision (net of tax effect)	282.3	297.1	320.6
Total Tier 2 capital	**832.3**	**847.1**	**891.7**
Total regulatory capital	**5,739.3**	**5,660.3**	**5,588.9**
Total risk-weighted assets	**42,197.9**	**40,487.2**	**40,469.3**

2.3.8.2 Capital adequacy (continued)

	As at Jun-22	As at Jun-21	Change		As at Jun-22	As at Dec-21	Change	
Risk-weighted assets	$m	$m	$m	%	$m	$m	$m	%
Credit risk	37,710.4	36,412.0	1,298.4	3.6	37,710.4	36,258.9	1,451.5	4.0
Market risk	9.5	129.3	(119.8)	(92.7)	9.5	6.9	2.6	37.7
Operational risk	4,478.0	3,928.0	550.0	14.0	4,478.0	4,221.4	256.6	6.1
Total risk-weighted assets	**42,197.9**	**40,469.3**	**1,728.6**	**4.3**	**42,197.9**	**40,487.2**	**1,710.7**	**4.2**

Key movements in FY22 year include:

> Tier 1 capital

Common Equity Tier 1 contributed capital increased by $169.4 million primarily due to the issue of ordinary shares as result of the acquisition of Ferocia Pty Ltd in September 2021. Also as a result of this acquisition, intangibles and goodwill increased by $112.2 million increasing regulatory adjustments to Common Equity Tier 1 capital.

Retained earnings increased by $285.9 million net of Homesafe unrealised revaluation gains.

> Risk-weighted assets

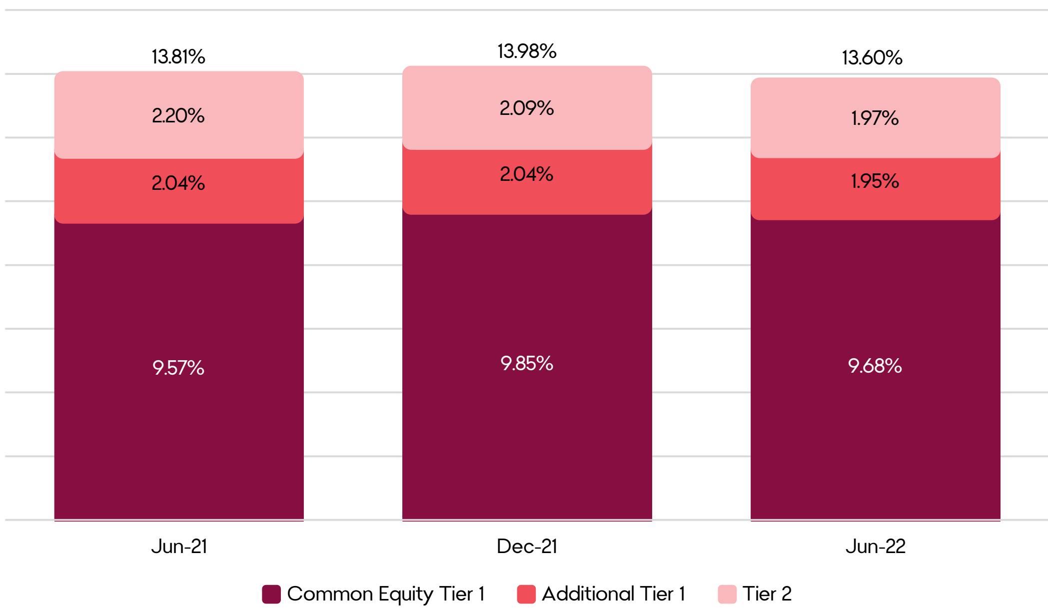
Total risk-weighted assets increased during the period as a result of:

> Increases to credit risk due to lending growth which was partially offset by securitisation of residential mortgages in September 2021 and May 2022.

> An increase in operational risk driven by lending growth and banking book asset growth.

> A decrease in market risk due to a decline in trading assets as the banking book grows.

Capital adequacy



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

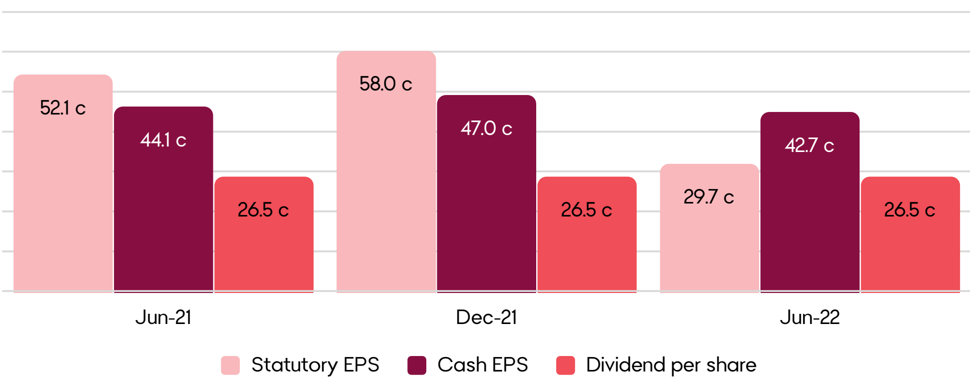
2.3.8.3 Shareholder returns

Reconciliation of earnings used in the calculation of earnings per ordinary share (EPS)	Full year ending Jun-22 $m	Jun-21 $m	Change 000's	%	Half year ending Jun-22 $m	Dec-21 $m	Change 000's	%
Net profit after tax	488.1	524.0	(35.9)	(6.9)	166.8	321.3	(154.5)	(48.1)
Total statutory earnings	**488.1**	**524.0**	**(35.9)**	**(6.9)**	**166.8**	**321.3**	**(154.5)**	**(48.1)**
Earnings used in calculating basic earnings per ordinary share	488.1	524.0	(35.9)	(6.9)	166.8	321.3	(154.5)	(48.1)
Add back : Dividends accrued and/or paid on loan capital	15.9	19.1	(3.2)	(16.8)	8.1	7.8	0.3	3.8
Total diluted earnings	**504.0**	**543.1**	**(39.1)**	**(7.2)**	**174.9**	**329.1**	**(154.2)**	**(46.9)**
Earnings used in calculating basic earnings per ordinary share	488.1	524.0	(35.9)	(6.9)	166.8	321.3	(154.5)	(48.1)
Add back: Amortisation of acquired intangibles (after tax)	4.2	2.1	2.1	100.0	2.5	1.7	0.8	47.1
Add back: Non cash income and expense items (after tax)	(14.6)	(81.6)	67.0	(82.1)	57.7	(72.3)	130.0	(179.8)
Add back: Homesafe net realised income (after tax)	22.7	12.7	10.0	78.7	12.7	10.0	2.7	27.0
Total cash earnings	**500.4**	**457.2**	**43.2**	**9.4**	**239.7**	**260.7**	**(21.0)**	**(8.1)**

Weighted average number of ordinary shares used in the calculation of EPS	Full year ending Jun-22 000's	Jun-21 000's	Change 000's	%	Half year ending Jun-22 000's	Dec-21 000's	Change 000's	%
Weighted average number of ordinary shares - used in basic and cash basis EPS calculations	557,538	534,374	23,164	4.3	561,024	554,108	6,916	1.2
Weighted average number of ordinary shares - used in diluted EPS calculations	649,602	657,142	(7,540)	(1.1)	651,982	647,301	4,681	0.7

Reconciliation of equity used in the calculation of ROE and ROTE	Full year ending Jun-22 $m	Jun-21 $m	Change $m	%	Half year ending Jun-22 $m	Dec-21 $m	Change $m	%
Ordinary issued capital	5,222.5	5,053.1	169.4	3.4	5,222.5	5,184.7	37.8	0.7
Retained earnings	1,386.5	1,166.0	220.5	18.9	1,386.5	1,361.0	25.5	1.9
Total ordinary equity	**6,609.0**	**6,219.1**	**389.9**	**6.3**	**6,609.0**	**6,545.7**	**63.3**	**1.0**
Average ordinary equity	**6,482.8**	**5,958.5**	**524.3**	**8.8**	**6,586.6**	**6,379.0**	**207.6**	**3.3**
Average tangible equity	**4,869.3**	**4,450.6**	**418.7**	**9.4**	**4,946.2**	**4,792.4**	**153.8**	**3.2**

Earnings per share and dividend per share



2.3.8.4 Dividends

	Full year ending				Half year ending			
	Jun-22	Jun-21	Change		Jun-22	Dec-21	Change	
				%				%
Dividend per share - cents	53.0	50.0	3.0	6.0	26.5	26.5	-	-
Dividend amount payable/paid - $m [1]	292.3	266.8	25.5	9.6	146.7	145.6	1.1	0.8
Payout ratio - earnings per ordinary share [2]	60.6%	51.0%	9.6%	18.8	89.2%	45.7%	43.5%	95.2
Payout ratio - cash basis per ordinary share [2]	59.0%	58.4%	0.6%	1.0	62.1%	56.4%	5.7%	10.1

[1] Dividend amount payable is indicative as it 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 2022. 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 2022. 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 2022 final dividend is 7 September 2022.

2.4 Additional notes

2.4.1 Analysis of intangible assets

	Balance sheet Carrying value		Full year Amortisation expense	
	Jun-22	Jun-21	Jun-22	Jun-21
	$m	$m	$m	$m
Goodwill [1]	1,527.5	1,437.5	-	-
Software [2]	248.3	177.9	33.4	27.9
Software - acquired [3]	18.7	-	3.3	-
Trustee licence	8.4	8.4	-	-
Customer relationship	4.0	4.6	0.6	0.9
Customer lists	0.9	1.6	0.7	0.8
Management rights - Adelaide Bank	0.4	1.4	1.0	1.0
Trade name	0.1	0.5	0.4	0.3
Total goodwill and other intangible assets	**1,808.3**	**1,631.9**	**39.4**	**30.9**

[1] Includes Goodwill of $91.3 million recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.

[2] Includes software assets under development FY22: $109.9 million (FY21: $82.5 million). Previously balance was classed within Other Assets.

[3] Represents the software intangible recognised upon the acquisition of Ferocia Pty Ltd on 1 September 2021.

2.4.2 Net tangible assets per ordinary share

	Jun-22	Jun-21
Net tangible assets per ordinary share	$8.71	$8.66
Net tangible assets	$m	$m
Net assets	6,711.9	6,353.5
Intangible assets	(1,808.3)	(1,631.9)
Net tangible assets attributable to ordinary shareholders	**4,903.6**	**4,721.6**
Number of fully paid ordinary shares on issue - 000's	563,077	545,510

2.4.3 Investments accounted for using the equity method

	Ownership interest held by consolidated entity		Balance date
	Jun-22	Jun-21	
	%	%	
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			
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	27.0	28.6	30 June

All joint arrangements and associates are incorporated in Australia.

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 9 December 2021, Standard & Poor's Global Ratings (S&P) affirmed its long-term counterparty credit rating of Bendigo and Adelaide Bank Limited (the Bank) at 'BBB+' and affirmed the short-term rating at 'A-2' outlook. Further to this, the positive outlook for the Bank was affirmed. 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 expect that the Bank will maintain a strong Risk-adjusted Capital ratio of 10% - 15% over the next two years. In addition, S&P consider that credit losses should remain low. 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 8 June 2022, Fitch Ratings affirmed Bendigo and Adelaide Bank Limited's (the Bank) Long-Term Issuer Default Rating (IDR) at 'A-' with a Stable outlook and affirmed the Viability Rating (VR) at 'a-'. Fitch expects the Bank's asset-quality metrics to weaken modestly in 2022 as they expect interest rates to continue rising although they expect the deterioration to be manageable. Fitch's base case forecasts the four-year average operating profit/risk-weighted assets (RWA) ratio at approximately 1.5%. Loan growth is likely to slow from the level in FY21, but the strong growth in FY21 should support robust earnings in FY22. Further, Fitch expects the Bank's capitalisation and leverage to remain around current levels, consistent with the management's operating range while there is expected to be limited funding and liquidity pressure for the Bank over the next 12 months.

On 15 November 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 remains stable. Moody's noted that the Bank's ratings reflect the Bank's well-developed franchise centred around community banking, conservative management historically focused on low-risk lending, strong funding structure and good capital adequacy. Moody's also noted the Bank's balance sheet buffers remain very strong as its asset profile is good with relatively low levels of non-performing loans, but remains sensitive to the uncertainty of the COVID-19 pandemic in Australia.

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 2021	547,147,671	5,064.9
Shares issued:		
September 2021 - Share issuance at $10.22	10,002,606	102.2
September 2021 - Dividend Reinvestment Plan at $9.49	3,989,562	38.0
September 2021 - Bonus Share Scheme (in lieu of dividend payment) at $9.49	339,228	-
March 2022 - Dividend Reinvestment Plan at $9.70	3,914,039	37.9
March 2022 - Bonus Share Scheme (in lieu of dividend payment) at $9.70	262,546	-
Executive Performance rights	-	(0.1)
Total ordinary shares as at 30 June 2022	**565,655,652**	**5,242.9**

Treasury shares (included in ordinary shares above)	Number of shares	$m
Treasury shares as at 1 July 2021	(1,637,293)	(11.8)
Net acquisitions during the period	(940,914)	(8.6)
Total treasury shares as at 30 June 2022	**(2,578,207)**	**(20.4)**

[1] BEN - ASX code Ordinary Fully Paid Shares

2.4.6 - Glossary

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.
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.
Cash earnings	Represents a non-statutory financial measure, is not presented in accordance with 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. 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.
Common Equity Tier 1 Capital (CET1)	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less specified regulatory adjustments.
Cost to Income ratio	A performance measure which represents total operating expenses before specific expenses and non-cash items as a percentage of total income before specific income items and non-cash items.
Credit risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
Dilutive earnings per share	An earnings measure calculated by dividing net profit after tax attributable to owners of the Bank by the weighted average number of fully paid ordinary shares on issue over the period adjusted for the effect of all potentially dilutive instruments.
Dividend payout ratio	Dividends paid on ordinary shares divided by net profit after tax attributable to owners of the Bank.
Dividend Reinvestment Plan	A plan which provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into new shares.
Earnings per share	An earnings measure calculated by dividing net profit after tax attributable to owners of the Bank by the weighted average number of fully paid ordinary shares on issue over the period.
Expected Credit Loss (ECL)	Represents the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and considers reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Bank's credit risk assessment.
Fair value	Is an amount at which an asset or liability could be exchanged between knowledgeable and willing parties in an arm's length transaction.
Financial assets measured at amortised cost	Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4.6 - Glossary (continued)

Financial assets measured at fair value through other comprehensive income (FVOCI)
Financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Changes in fair value are recognised in other comprehensive income.

Financial assets measured at fair value through profit or loss (FVTPL)
Financial assets that are not held in one of the two business models applicable to amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Changes in fair value are recognised in the Income Statement.

Full time equivalent (FTE)
Includes all permanent full-time staff and part-time staff equivalents.

General Reserve for Credit Losses (GRCL)
A reserve that, as a minimum, covers credit losses prudently estimated but not certain to arise over the full life of all individual facilities making up the business of the Bank. The GRCL is an appropriation of retained earnings for the purposes of providing coverage in the Balance Sheet for possible future losses over the life of the loan portfolio. Represents a reserve set aside for future, presently unidentified credit losses, whether for individual or grouped exposures, in line with APS 220 Credit Risk Management, not reflected as part of existing ECL provisions.

Gross loans and other receivables
Is the principal amount of loans and advances provided, gross of provisions and deferred fee income and including any accrued interest.

Group
Is Bendigo and Adelaide Bank Limited ('the Bank') and the entities it controlled at financial year end and during the financial year ('the Group').

Hedging
The use of capital 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.

Impairment losses
Impairments recorded in relation to assets may result in large write-downs to recoverable amount that are not of a recurring nature. Subsequent reversals of impairment losses should also be included as an adjustment to statutory Net Profit After Tax.

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

Liquidity Coverage Ratio (LCR)
In January 2013 the Basel Committee introduced Basel III Liquidity Coverage Ratio (LCR), with the objective of ensuring each bank maintains an adequate level of high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 days under a liquidity stress scenario. APRA adapted these requirements for Australian ADIs under APS 210 *Liquidity*. These requirements came into effect 1st January 2015.

Net Interest Income (NII)
The amount of interest received or receivable on assets net of interest paid or payable on liabilities.

Net Interest Margin (NIM)
Net interest income divided by average interest-earning assets. This measure provides an indication of the profitability of the Bank's interest earning assets less the cost of interest bearing liabilities (i.e cost of funding).

2.4.6 - Glossary (continued)

Net Stable Funding Ratio (NSFR)	Following the Liquidity Coverage Ratio, the NSFR is the second quantitative global liquidity standard introduced under the Basel III Liquidity reforms with the intention of promoting more stable funding of assets and off-balance sheet activities of banking institutions. The aim of NSFR is to ensure that long-term assets are financed with at least a minimum amount of stable funding (APRA, 2016). NSFR came into effect from January 2018. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is the function of the liquidity characteristics and residual maturities of an ADI's assets and off Balance Sheet activities.
Net tangible assets	Net assets excluding intangible assets and other equity instruments divided by ordinary shares on issue at the end of the period (excluding Treasury Shares deduction).
Offset account	An Offset Account (RCA) is a savings account which participates with a separate facility usually for a mortgage. Instead of receiving interest on the savings account, the interest payment due on the loan is calculated only on the net balance of the facility balance less the savings account balance.
Operating segment	An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses. Segment reporting reflects the information that is used by the Managing Director for the purposes of resource allocation and performance assessment, hence it is consistent with the internal reporting provided to the Managing Director and the Executive Team.
Past due	A financial asset is past due when a counterparty has failed to make a payment of principal, interest or other amount, when contractually due.
Past Due 90 Days	For a loan subject to a regular repayment schedule: > At least 90 days has 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.
Residential Mortgage Backed Security (RMBS)	A debt security whose cash flow is backed by the principal and interest payments from a specified pool of mortgage loans that are secured by mortgages over residential property.
Restructured facility	A “Restructured Loan” is a facility in which the original contractual terms have been modified to provide for concessions of interest, or principal, or other payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer and would not be offered to new customers with similar risk.
Return on average ordinary equity (ROE)	Net profit attributable to owners of the Bank divided by average ordinary shareholders equity, excluding Treasury shares.
Return on average tangible equity (ROTE)	Net profit attributable to the owners of the Bank divided by average shareholders equity, excluding Treasury shares less goodwill and other intangible assets.
Risk weighted assets (RWA)	Assets calculated by applying a regulatory risk-weight factor, prescribed by APRA, to on and off-balance sheet exposures.

2.4.6 - Glossary (continued)

Term Funding Facility (TFF)	In response to the difficult economic period resulting from COVID19, the Reserve Bank of Australia established a Term Funding Facility (TFF) to offer three-year funding to authorised deposit-taking institutions (ADIs).
Total Capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Treasury shares	Are shares that the Bank has issued but are held by a trust included within the Bank's consolidated results. Treasury shares are not considered shares outstanding and are not included in 'per share' calculations.
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.

Bendigo and Adelaide Bank Limited.
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S1489917 (07/20)