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Appendix 4E 2023

Full year results

For the year ended 30 June 2023

Released 14 August 2023

This preliminary final report comprises information provided to the ASX under Listing Rule 4.3A

ABN 11 068 049 178

Bendigo and Adelaide Bank

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Appendix 4E: Full Year Results

For the year ended 30 June 2023

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Contents

Cash Earnings

Certain financial measures detailed in this Full Year Results Announcement for the year ended 30 June 2023 have been disclosed on a cash earnings basis.

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

Section 2.2.7 of this Full Year Results Announcement for the year ended 30 June 2023 contains a reconciliation of cash earnings to statutory earnings and provides a description of the cash earnings adjustments for the year ended 30 June 2023.

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 2023
Previous corresponding period – twelve months ended:	30 June 2022

1.2 Results for announcement to the market

Revenue from ordinary activities	▲	13.3% to $1,920.3 m
Profit after tax from ordinary activities	▲	1.8% to $497.0 m
Net profit after tax attributable to Owners of the Bank	▲	1.8% to $497.0 m

Dividends	Date payable/paid	Amount per security
Current financial year 2023		
Record date for determining entitlements	5 September 2023	
Final dividend – fully franked	29 September 2023	32.0 cents
Interim dividend – fully franked	31 March 2023	29.0 cents
Previous financial year 2022		
Final dividend – fully franked	29 September 2022	26.5 cents
Interim dividend – fully franked	31 March 2022	26.5 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Bank	▲	15.3% to $576.9 m
Cash earnings per share	▲	13.7% to 102.1 cents

See note 2.1 and 2.2.7 for full details.

1.4 ASX Appendix 4E table

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

During the financial period there have been no changes to the entities in the Group.

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 24 October 2023.
Details of the meeting will be notified to the ASX.

1.6 Subsequent events

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.

This Appendix 4E: Full year results should be read in conjunction with the media release and results presentation released to the ASX on 14 August 2023.

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1.7 Group performance summary

Our Business Performance

Our momentum in delivering improvements in shareholder returns continues through disciplined execution and our differentiated approach.

In FY23 we recorded cash earnings after tax of $576.9 million, a 15.3% increase on the prior year. Cash earnings per share of 102.1 cents were up 13.7% on the prior year. Our strengthened focus on returns contributed to a 90 basis points increase in return on equity to 8.62%, and a 420 basis points decrease in the cost to income ratio to 54.9%.

Net Interest Margin rose 20 basis points on the previous year to 1.94%, reflecting the impact of rising rates and our disciplined management of volumes and margins.

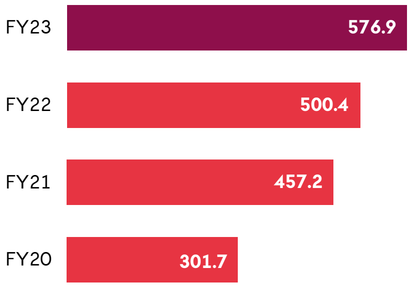
Customer numbers have grown 9.9% to 2.4 million and our leading Net Promoter Score[1] of 23.2 is 28.4 points higher than the industry average, with the gap widening over the year, because we continue to put the customer at the centre of everything we do.

Our transformation agenda is on track with the foundational work we have completed paving the way for ongoing simplification of our business. We have consolidated our core banking systems from seven to four, have 90 fewer IT applications and have moved one third of applications to the cloud.

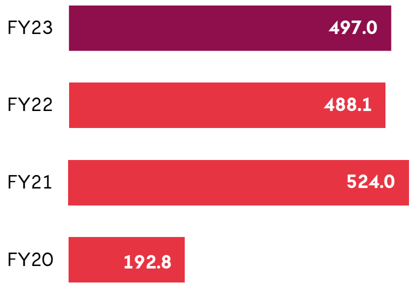
Interest in our digital products, including Up Home and BEN Express, continues to grow with this channel accounting for 12.0% of total settlements in the second half. The proportion of our customers who actively use e-banking has risen from 68% to 72% over FY23 as they recognise the convenience and utility of our platforms. We are digital by design and human when it matters.

We announced a fully franked final dividend of 32.0 cents per share, reflecting our desire to maintain a strong capital position given the uncertain business outlook, while balancing our commitment to support our shareholders with a reasonable return on their investment.

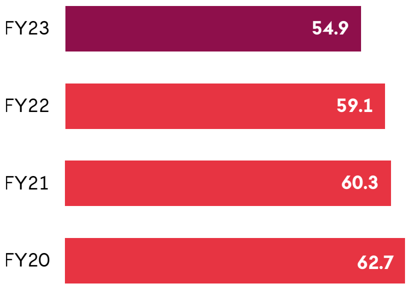
Cash earnings after tax ($m)



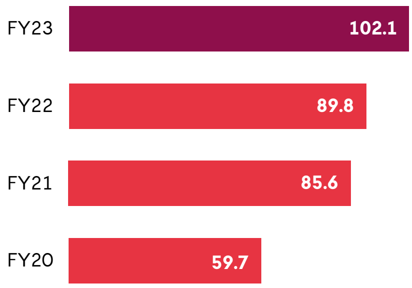
Statutory net profit after tax ($m)



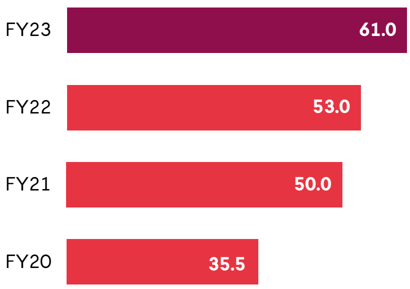
Cost to income (%)[2]



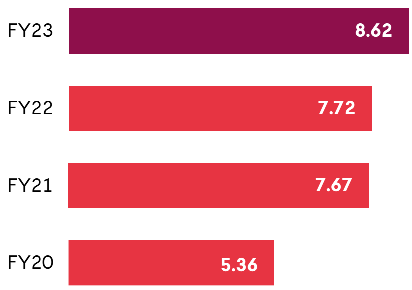
Cash earnings per share (cents)



Dividend per share (cents)



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.

Appendix 4E: Full Year Results

1.8 Group performance commentary

Cash Earnings After Tax

$576.9 million

FY22 $500.4 million

Up 15.3%

Statutory Earnings After Tax

$497.0 million

FY22 $488.1 million

Up 1.8%

Income

Income (cash basis)

$1,932.8 million

FY22 $1,695.7 million

Net Interest Margin

1.94%

FY22 1.74%

Net interest income (cash basis) increased 17.6% to $1,662.5 million (FY22: $1,413.4 million). This was driven by an increase in net interest margin of 20 basis points to 1.94% (FY22: 1.74%) in FY23, in addition to an increase in average interest earning assets, up $4.4 billion or 5.5%.

Net interest margin has increased due to our disciplined approach to volume and margin management in a rising rate environment, as well as ongoing benefit from the management of our replicating portfolio. This was partially offset by lending margins narrowing from front book/back book pressure, and an increase in revenue share payments to Community Bank partners.

Other operating income (cash basis) decreased 4.3% to $270.3 million (FY22: $282.3 million). This was driven by reduced Homesafe realised income, loan fee income, income from joint ventures and associates and other revenue. The decline in other income is attributed to income items, such as dividends and contract payments, recorded in FY22 which have not recurred in FY23. This is partially offset by increased management fees, foreign exchange income and fee income from non-lending products.

Net interest margin represents the return on average interest earning assets less the costs of funding these assets Net interest margin is calculated including the impact of any revenue share arrangements with partners.

Operating expenses

Operating Expenses (Cash Basis)

$1,061.2 million

FY22 $1,002.1 million

Cost to Income Ratio

54.9%

FY22 59.1%

Operating expenses (cash basis) increased 5.9% to $1,061.2 million (FY22: $1,002.1 million). Investment spend increased, reflecting the Group's continued focus on reducing complexity across the business through investment in enabling technologies. Risk and compliance investment spend has also increased, with a focus on uplifting risk capabilities and culture. Customer-related fraud losses have continued to rise, with a $17.3 million increase from FY22. Information technology and staff costs have also increased, as the Group continues to invest further in cyber and data teams, and migrate services to the cloud.

Business as usual expenses (excluding investment spend and non-lending losses) contributed 2.4% of the total expense growth which is well below inflation and reflects ongoing prudent expense management.

Cost to income ratio has decreased to 54.9% (FY22: 59.1%) with operating expenses increasing at a slower pace than income. The Group maintains its commitment of reducing its cost to income ratio toward 50% over the medium term.

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1.8 Group performance commentary continued

Credit expenses and provisions

Credit Expenses/(Reversals)

$33.6 million

FY22 ($27.2) million

Total Provisions

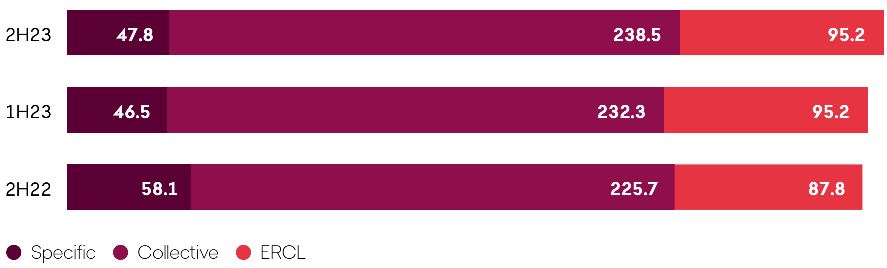
$381.5 million

FY22 $371.6 million

Total credit expenses reflected a net expense of $33.6 million (FY22: $27.2 million release). This was largely attributed to an increase in collective provision charges from ($20.9) million to $13.3 million, driven by global economic uncertainty, higher inflation and cost of living pressure, and with impacts of the rapid interest rate increases expected to be recognised during the year. In addition, there has also been an increase in specific impairment charges from FY22 up $23.1 million to $21.3 million.

Credit performance remains resilient, with a reduction in impaired assets of 14.4% to $113.9 million (FY22: $133.1 million). Provision levels remain appropriate given the continuing uncertainties mentioned above. The total of provisions and equity reserve for credit losses (ERCL) increased over FY23 to $381.5 million (FY22: $371.6 million) which represents 0.48% of gross lending.

Total provisions and reserves for credit losses ($m)



Dividends

Dividends

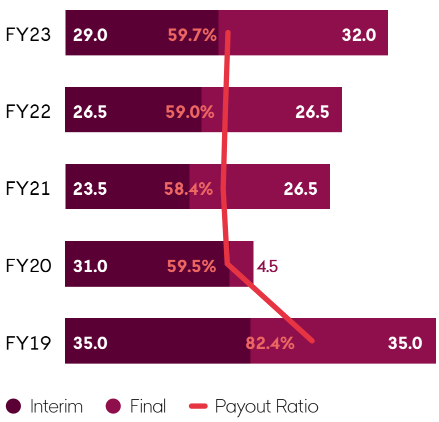
61.0 cents

FY22 53.0 cents

The Board declared a fully franked final dividend of 32.0 cents per share (FY22: final dividend 26.5 cents per share). Dividend per share has increasesd 15.1% on the prior year.

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

Dividend per share (cents)



Appendix 4E: Full Year Results

1.8 Group performance commentary continued

Capital and liquidity

Common Equity Tier 1 ratio

11.25%

FY22 9.68%

Liquidity Coverage ratio

136.6%

FY22 142.2%

Net Stable Funding ratio

121.5%

FY22 129.2%

The Group's CET1 ratio increased by 157 basis points to 11.25% (FY22: 9.68%). This was largely driven by the introduction of the Basel III capital frameworks. These came into effect from 1 January 2023, increasing the reported 31 December 2022 CET1 position by 111 basis points. Across the year, the Group generated a further 53 basis points of net capital after payment of dividends, reflecting a disciplined focus on returns.

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.

Under APRA's new Basel III capital framework, the Board has revised the CET1 ratio target range to 10.0% to 10.5%.

The 10% add-on imposed by APRA on 21 October 2020 to the net cash outflow component of the Liquidity Coverage Ratio calculation has been removed, effective from 9 August 2023.

The Liquidity Coverage Ratio for the financial year was 136.6% (FY22: 142.2%), exceeding the regulatory minimum of 100%. The Net Stable Funding Ratio for the financial year was 121.5% (FY22: 129.2%), 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 represent the average daily LCRs over the respective 12-month period.

The Net Stable Funding ratio measures the amount of available stable funding (ASF) to the amount of required stable funding (RSF) as defined by APRA.

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1.8 Group performance commentary continued

Lending

Gross Loan Balances by Purpose

Residential
$58.6 billion
FY22 $57.6 billion
Up 1.8%

Business
$10.3 billion
FY22 $10.6 billion
Down 2.9%

Agribusiness
$6.3 billion
FY22 $6.1 billion
Up 4.5%

Consumer
$1.7 billion
FY22 $2.2 billion
Down 23.5%

Margin Loans
$1.9 billion
FY22 $1.4 billion
Up 30.8%

Total gross loans increased 1.2% to $78.7 billion over the year (FY22: $77.8 billion).

Residential lending increased from FY22, up 1.8% or $1.0 billion during FY23. The Group took a measured approach to managing margin and volume during a competitive market environment in the first half. In the last quarter of FY23, lending volumes improved as the Group grew at or above system with a disciplined approach to sustainable returns.

Business lending reduced over the year by 2.9% or $305.5 million, with significant competition from major peers. Agribusiness lending has increased 8.8% in the last six months, following the introduction of a strong broker proposition that has resonated well with the market. The Group has commenced a foundational rebuild of the Business and Agribusiness proposition that will occur over the next few years.

The increase of 30.8% or $442.1 million in margin loans is mainly due to the acquisition of the ANZ Investment Lending portfolio which was completed on 3 April 2023 and resulted in the addition of $558.5 million of margin loans.

Funding (including deposits)

Customer Deposits
$66.1 billion
FY22 $64.3 billion
Up 2.8%

Wholesale Deposits
$11.2 billion
FY22 $10.3 billion
Up 8.7%

Wholesale Borrowings [1]
$11.8 billion
FY22 $11.7 billion
Up 1.2%

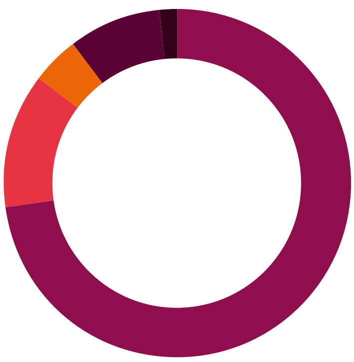
Loan Capital [2]
$1.4 billion
FY22 $1.4 billion
Up 0.4%

Total funding including deposits increased by 3.3% to $90.5 billion (FY22: $87.7 billion).

The Group's principal source of funding is customer deposits, which represented 73.0% (FY22: 73.3%) 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) increased to 27.0% of total funding (FY22: 26.7%) during FY23. Securitisation funding represented 3.2% of total funding (FY22: 4.4%). The Group launched its inaugural Covered Bond Programme in October 2022 to continue to diversify its funding sources, and completed this issuance during the year.

Funding Composition



Customer Deposits	73.0%
Wholesale Deposits	12.4%
Term Funding Facility (TFF)	4.4%
Wholesale Borrowings (excl. TFF)	8.7%
Loan Capital	1.5%

1. 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 wholesale borrowings.

Appendix 4E: Full Year Results

2.1 Group financial results

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Net interest income	**1,662.5**	1,413.4	17.6	**844.3**	818.2	3.2
Other operating income	**270.3**	282.3	(4.3)	**137.2**	133.1	3.1
Total income	**1,932.8**	1,695.7	14.0	**981.5**	951.3	3.2
Operating expenses	**(1,061.2)**	(1,002.1)	(5.9)	**(544.9)**	(516.3)	(5.5)
Operating performance	**871.6**	693.6	25.7	**436.6**	435.0	0.4
Credit (expenses)/reversals	**(33.6)**	27.2	large	**(28.0)**	(5.6)	large
Cash earnings before tax	**838.0**	720.8	16.3	**408.6**	429.4	(4.8)
Income tax expense	**(261.1)**	(220.4)	(18.5)	**(126.4)**	(134.7)	6.2
Cash earnings after tax	**576.9**	500.4	15.3	**282.2**	294.7	(4.2)
Non-cash items after tax	**(79.9)**	(12.3)	large	**(34.2)**	(45.7)	25.2
Statutory earnings after tax	**497.0**	488.1	1.8	**248.0**	249.0	(0.4)

Financial performance ratios[1]

		Full year ending			Half year ending		
		30 Jun 23	30 Jun 22	Change	30 Jun 23	31 Dec 22	Change
Cash earnings per ordinary share	¢	**102.1**	89.8	12.3	**49.9**	52.2	(2.3)
Statutory earnings per ordinary share	¢	**87.9**	87.5	0.4	**43.8**	44.1	(0.3)
Diluted statutory earnings per ordinary share	¢	**79.2**	77.6	1.6	**39.6**	39.6	—
Franked dividends per share	¢	**61.0**	53.0	8.0	**32.0**	29.0	3.0
Return on average ordinary equity	%	**8.62**	7.72	90 bps	**8.45**	8.79	(34) bps
Return on average tangible equity	%	**11.63**	10.28	135 bps	**11.40**	11.86	(46) bps
Return on average assets	%	**0.65**	0.59	6 bps	**0.64**	0.66	(2) bps
Cost to income ratio	%	**54.9**	59.1	(420) bps	**55.5**	54.3	120 bps
Net interest margin before revenue share arrangements	%	**2.44**	2.03	41 bps	**2.52**	2.36	16 bps
Net interest margin after revenue share arrangements	%	**1.94**	1.74	20 bps	**1.98**	1.90	8 bps
Average interest earning assets	$m	**85,658**	81,222	5.5%	**85,844**	85,463	0.4%
Market share[2]							
Residential lending	%	**2.77**	2.86	(9) bps	**2.77**	2.78	(1) bps
Business lending	%	**1.46**	1.59	(13) bps	**1.46**	1.46	—
Deposits	%	**2.45**	2.48	(3) bps	**2.45**	2.46	(1) bps
Capital management[3]							
Common Equity Tier 1	%	**11.25**	9.68	157 bps	**11.25**	10.13	112 bps
Credit risk-weighted assets	$m	**35,223**	37,710	(6.6%)	**35,223**	36,782	(4.2%)
Total risk-weighted assets	$m	**37,900**	42,198	(10.2%)	**37,900**	41,485	(8.6%)
Liquidity Risk							
Liquidity Coverage Ratio (LCR)[4]	%	**136.6**	142.2	large	**134.8**	138.3	(350) bps
Net Stable Funding Ratio (NSFR)	%	**121.5**	129.2	large	**121.5**	129.9	large

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. APRA's new Basel III capital framework came into effect from 1 January 2023, impacting the measurement of credit and operational risk-weighted assets and resulting in an increase of 111 basis points to the CET1 ratio. Prior periods are as previously reported.
4. Represents average daily LCR over respective 12 and 6-month periods.

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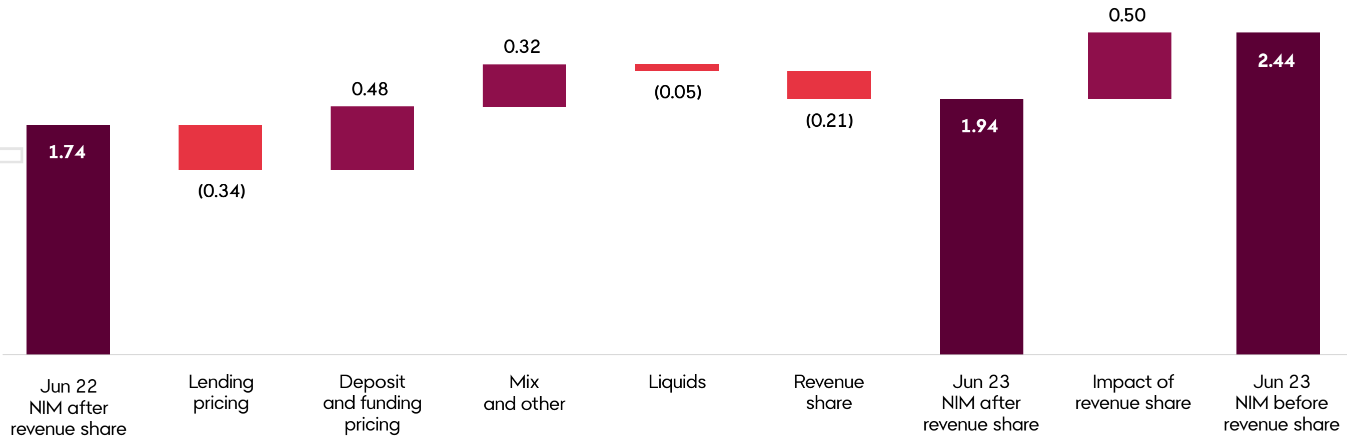
2.2 Group performance analysis

2.2.1 Net interest income

		Full year ending			Half year ending		
		30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Net interest income (cash basis)		**1,662.5**	1,413.4	17.6	**844.3**	818.2	3.2
Non-cash net interest income items							
• Homesafe funding costs – unrealised		**(28.4)**	(10.7)	large	**(13.1)**	(15.3)	14.4
• Homesafe funding costs – realised		**8.8**	10.2	(13.7)	**4.5**	4.3	4.7
• Fair value adjustments – interest expense		**(2.1)**	(0.1)	large	**(2.1)**	—	—
Total non-cash net interest income items		**(21.7)**	(0.6)	large	**(10.7)**	(11.0)	2.7
Total net interest income (statutory basis)		**1,640.8**	1,412.8	16.1	**833.6**	807.2	3.3
Total gross loans	$m	**78,739**	77,821	1.2	**78,739**	76,981	2.3
• Residential	$m	**58,590**	57,574	1.8	**58,590**	57,516	1.9
• Business	$m	**10,284**	10,589	(2.9)	**10,284**	10,239	0.4
Customer deposits	$m	**66,090**	64,261	2.8	**66,090**	65,744	0.5
Funds under management	$m	**6,665**	6,680	(0.2)	**6,665**	6,721	(0.8)
Average interest earning assets	$m	**85,658**	81,222	5.5	**85,844**	85,463	0.4
Net interest margin after revenue share	%	**1.94**	1.74	20 bps	**1.98**	1.90	8 bps
Net interest margin before revenue share	%	**2.44**	2.03	41 bps	**2.52**	2.36	16 bps

Net interest margin (%)



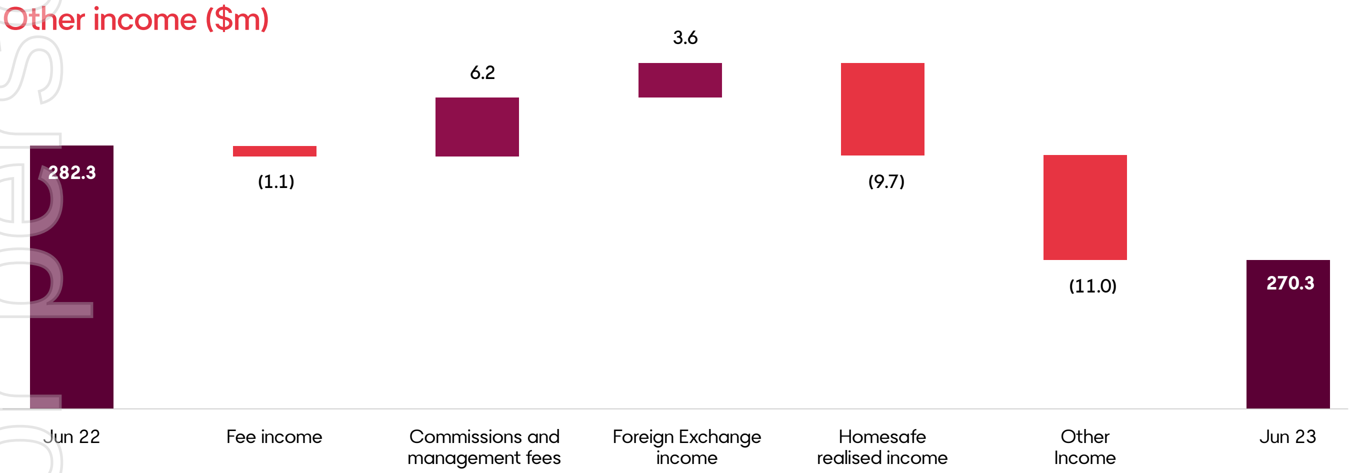
Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.2 Other income

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Other income						
Fee income	**129.7**	130.8	(0.8)	**68.1**	61.6	10.6
Commissions and management fees	**64.0**	57.8	10.7	**31.2**	32.8	(4.9)
Foreign exchange income	**27.9**	24.3	14.8	**13.8**	14.1	(2.1)
Homesafe realised income	**32.9**	42.6	(22.8)	**16.1**	16.8	(4.2)
Other	**15.8**	26.8	(41.0)	**8.0**	7.8	2.6
Total other income (cash basis)	**270.3**	282.3	(4.3)	**137.2**	133.1	3.1
Non-cash other income items						
Homesafe revaluation gain/(loss)	**44.3**	38.5	15.1	**67.5**	(23.2)	large
Homesafe realised income	**(32.9)**	(42.6)	22.8	**(16.1)**	(16.8)	4.2
Other non-cash income items	**(2.2)**	4.6	(147.8)	**(2.8)**	0.6	large
Total non-cash other income items	**9.2**	0.5	large	**48.6**	(39.4)	large
Total other income (statutory basis)	**279.5**	282.8	(1.2)	**185.8**	93.7	98.3

Other income ($m)



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2.2 Group performance analysis continued

2.2.3 Homesafe income

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Homesafe income – realised	**32.9**	42.6	(22.8)	**16.1**	16.8	(4.2)
Funding costs – realised	**(8.8)**	(10.2)	13.7	**(4.5)**	(4.3)	(4.7)
Total Homesafe income (cash basis)	**24.1**	32.4	(25.6)	**11.6**	12.5	(7.2)
Non-cash items						
• Homesafe income – realised	**(32.9)**	(42.6)	22.8	**(16.1)**	(16.8)	4.2
• Discount unwind	**28.8**	26.8	7.5	**14.5**	14.3	1.4
• Profit on sale	**7.3**	7.9	(7.6)	**3.7**	3.6	2.8
• Property revaluations	**8.2**	3.8	115.8	**49.3**	(41.1)	large
• Funding costs – realised	**8.8**	10.2	(13.7)	**4.5**	4.3	4.7
• Funding costs – unrealised	**(28.4)**	(10.7)	large	**(13.1)**	(15.3)	14.4
Total non-cash Homesafe income items	**(8.2)**	(4.6)	(78.3)	**42.8**	(51.0)	large
Total Homesafe income (statutory basis)	**15.9**	27.8	(42.8)	**54.4**	(38.5)	large

Homesafe 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.

Discount unwind – The unwind of the discount priced into the contract at inception.

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 (CoreLogic Hedonic Home Value Index) and changes to property appreciation rate assumptions adopted by the Group.

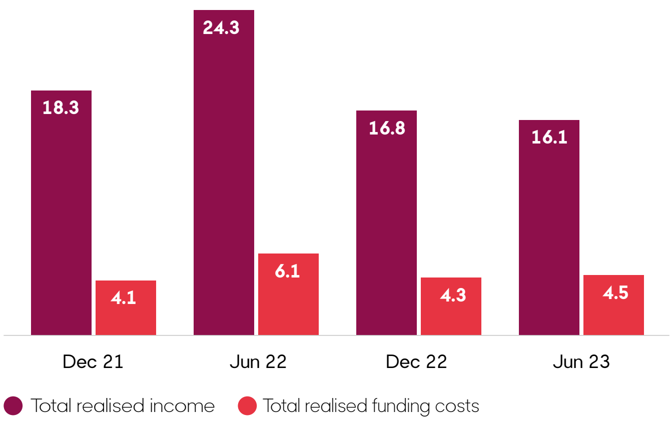
Funding costs unrealised – Interest expense on existing contracts.

Portfolio balance	As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Funded balance	**543.6**	517.4	5.1	**543.6**	534.8	1.6
Property revaluation balance	**414.2**	402.9	2.8	**414.2**	362.6	14.2
Total investment portfolio balance	**957.8**	920.3	4.1	**957.8**	897.4	6.7

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)



Appendix 4E: Full Year Results

2.2 Group performance analysis continued

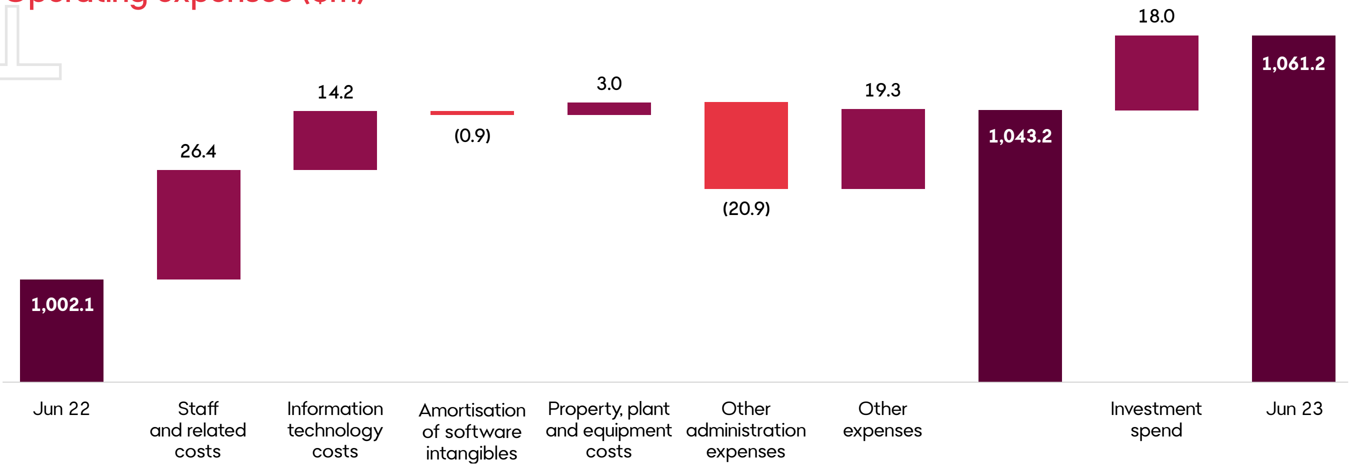
2.2.4 Operating expenses

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Staff and related costs	**582.3**	555.9	4.7	**301.0**	281.3	7.0
Occupancy costs	**35.1**	35.7	(1.7)	**17.4**	17.7	(1.7)
Information technology costs	**93.6**	79.4	17.9	**45.7**	47.9	(4.6)
Amortisation of software intangibles	**32.5**	33.4	(2.7)	**11.2**	21.3	(47.4)
Property, plant and equipment costs	**54.4**	51.4	5.8	**27.4**	27.0	1.5
Fees and commissions	**23.6**	22.5	4.9	**11.0**	12.6	(12.7)
Communications, postage and stationery	**33.2**	33.7	(1.5)	**16.4**	16.8	(2.4)
Advertising and promotion	**26.9**	22.5	19.6	**13.6**	13.3	2.3
Other product and services delivery costs	**14.7**	14.1	4.3	**7.1**	7.6	(6.6)
Non-lending losses	**38.6**	24.3	58.8	**24.8**	13.8	79.7
Other administration expenses	**44.2**	65.1	(32.1)	**23.1**	21.1	9.5
Investment spend [1]	**82.1**	64.1	28.1	**46.2**	35.9	28.7
Total operating expenses (cash basis)	**1,061.2**	1,002.1	5.9	**544.9**	516.3	5.5
Non-cash expense items						
· Amortisation of acquired intangibles	**6.3**	6.0	5.0	**2.8**	3.5	(20.0)
· Other non-cash expense items	**94.4**	13.3	large	**82.8**	11.6	large
Total non-cash expense items	**100.7**	19.3	large	**85.6**	15.1	large
Total operating expenses (statutory basis)	**1,161.9**	1,021.4	13.8	**630.5**	531.4	18.6

		Full year ending			Half year ending		
		30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Cost to income [2]	%	**54.9**	59.1	(420) bps	**55.5**	54.3	120 bps
Expenses to average assets	%	**1.19**	1.18	1 bps	**1.23**	1.15	8 bps
Staff and related costs to income [2,3]	%	**30.0**	32.7	(270) bps	**30.6**	29.5	110 bps
Number of staff (full-time equivalent)	FTE	**4,726**	4,652	1.6	**4,726**	4,559	3.7

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 (FY23: $1.9m, FY22: $2.0m).

Operating expenses ($m)



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2.2 Group performance analysis continued

2.2.5 Investment spend

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Expensed investment spend	**82.1**	64.1	28.1	**46.2**	35.9	28.7
Capitalised investment spend	**120.6**	101.3	19.1	**58.4**	62.2	(6.1)
Total investment spend (cash basis)	**202.7**	165.4	22.6	**104.6**	98.1	6.6
Comprising:						
Risk and compliance	**61.4**	48.9	25.6	**31.7**	29.7	6.7
Foundational technology	**112.7**	93.6	20.4	**58.4**	54.3	7.6
Growth and productivity	**21.0**	17.7	18.6	**10.9**	10.1	7.9
Asset lifecycle management	**7.6**	5.2	46.2	**3.6**	4.0	(10.0)
Total investment spend (cash basis)	**202.7**	165.4	22.6	**104.6**	98.1	6.6
Expensed investment spend (non-cash)[1]	**17.8**	3.1	large	**10.7**	7.1	50.7
Total investment spend (statutory basis)	**220.5**	168.5	30.9	**115.3**	105.2	9.6

	%	%	Change	%	%	Change
Total investment spend expensed %[2]	**45.3**	39.9	54 bps	**49.3**	40.9	84 bps
Investment spend expensed % (cash basis)[3]	**40.5**	38.8	18 bps	**44.2**	36.6	76 bps

1. Expensed investment spend (non-cash) includes costs associated with the conversion of the Alliance Partner model to the Community Bank operating model and structure, and costs relating to changes to the Business and Agribusiness operating structure and model.
2. Calculated as total expensed investment spend (statutory basis) as a percentage of total investment spend (statutory basis).
3. Calculated as expensed investment spend (cash basis) as a percentage of total investment spend (cash basis). We continue to invest in growth initiatives, including out digital offerings through Up Digital Bank and BEN Express.

Total investment spend (cash basis) has increased by $37.3m (22.6%) from the prior year. This reflects the Group's continued focus on reducing complexity and developing enabling technologies to allow us to deliver on our strategy. Spend on foundational technology has increased by $19.1m (20.4%), reflecting the continued development in reducing complexity and key capabilities, particularly in lending origination. Risk and compliance spend has increased $12.5m (25.6%) driven by a focus on uplifting and protecting our data, as well as risk capabilities and culture. We continue to invest in growth initiatives, including out digital offerings through Up Digital Bank and BEN Express.

Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.6 Credit expenses

Credit expenses	Full year ending 30 Jun 23 $m	30 Jun 22 $m	Change %	Half year ending 30 Jun 23 $m	31 Dec 22 $m	Change %
Bad debts written off	**1.5**	(0.7)	large	**0.8**	0.7	14.3
Collectively assessed provision expenses/(releases)	**13.3**	(20.9)	large	**6.8**	6.5	4.6
Individually assessed provision expenses/(releases)	**21.3**	(1.8)	large	**22.1**	(0.8)	large
Total credit expenses/(reversals)	**36.1**	(23.4)	large	**29.7**	6.4	large
Bad debts recovered	**(2.5)**	(3.8)	34.2	**(1.7)**	(0.8)	(112.5)
Credit expenses (net of recoveries)	**33.6**	(27.2)	large	**28.0**	5.6	large

Provisions and reserves	As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Individually assessed provisions	**47.8**	58.1	(17.7)	**47.8**	46.5	2.8
Collectively assessed provisions	**238.5**	225.7	5.7	**238.5**	232.3	2.7
Equity reserve for credit losses (ERCL)	**95.2**	87.8	8.4	**95.2**	95.2	—
Total provisions and reserves for credit losses	**381.5**	371.6	2.7	**381.5**	374.0	2.0

Ratios				bps			bps
Credit expenses net of recoveries to gross loans	%	**0.04**	(0.03)	7 bps	**0.07**	0.01	6 bps
Total provisions/reserves for credit losses to gross loans	%	**0.48**	0.48	—	**0.48**	0.49	(1) bps
Collectively assessed provisions and ERCL to risk-weighted assets	%	**0.88**	0.74	14 bps	**0.88**	0.79	9 bps

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2.2 Group performance analysis continued

2.2.6 Credit expenses continued

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

Movements in provisions and reserves	Stage 1	Stage 2	Stage 3			
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Equity reserve for credit losses $m	Total $m
Balance as at 1 July 2022	**105.1**	**89.4**	**31.2**	**58.1**	**87.8**	**371.6**
Transfers to/(from) during the period to:						
Stage 1	**1.3**	**(1.2)**	**(0.1)**	**—**	**—**	**—**
Stage 2	**(24.6)**	**25.6**	**(1.0)**	**—**	**—**	**—**
Stage 3	**(13.5)**	**(14.5)**	**28.0**	**—**	**—**	**—**
Transfer from collectively assessed to individually assessed provisions	**—**	**(0.4)**	**(1.1)**	**1.5**	**—**	**—**
New/increased provisions	**20.4**	**5.6**	**1.4**	**19.8**	**—**	**47.2**
Write-back of provisions no longer required	**(7.1)**	**(12.4)**	**(7.6)**	**—**	**—**	**(27.1)**
Change in balances	**33.6**	**(16.8)**	**(2.8)**	**—**	**7.4**	**21.4**
Bad debts written off previously provided for	**—**	**—**	**—**	**(31.6)**	**—**	**(31.6)**
Total provisions and reserves for credit losses as at 30 June 2023	**115.2**	**75.3**	**48.0**	**47.8**	**95.2**	**381.5**

	Stage 1	Stage 2	Stage 3			
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Equity 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 to/(from) 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	(2.8)	(9.9)	(8.3)	—	—	(21.0)
Change in balances	(5.8)	(3.7)	(6.6)	—	(16.9)	(33.0)
Bad debts written off previously provided for	—	—	—	(34.5)	—	(34.5)
Total provisions and reserves for credit losses as at 30 June 2022	105.1	89.4	31.2	58.1	87.8	371.6

Appendix 4E: Full Year Results

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2.2 Group performance analysis continued

2.2.6 Credit expenses continued

Credit quality

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

	Stage 1	Stage 2	Stage 3		
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Total $m
Gross carrying amount as at 1 July 2022	**75,828.0**	**6,047.6**	**665.1**	**126.7**	**82,667.4**
Transfers to/(from) during the period to:					
Stage 1	**1,726.7**	**(1,664.6)**	**(62.1)**	**—**	**—**
Stage 2	**(3,985.4)**	**4,124.5**	**(139.1)**	**—**	**—**
Stage 3	**(217.2)**	**(240.2)**	**457.4**	**—**	**—**
Transfer from collectively assessed to individually assessed provisions	**(3.5)**	**(16.8)**	**(10.6)**	**30.9**	**—**
New financial assets originated or purchased	**15,175.1**	**509.6**	**26.4**	**—**	**15,711.1**
Financial assets derecognised or repaid	**(11,266.3)**	**(1,537.3)**	**(304.8)**	**—**	**(13,108.4)**
Change in balances	**3,282.7**	**(170.7)**	**24.9**	**(19.6)**	**3,117.3**
Amounts written off against provisions	**—**	**—**	**—**	**(31.6)**	**(31.6)**
Gross carrying amount as at 30 June 2023	**80,540.1**	**7,052.1**	**657.2**	**106.4**	**88,355.8**

	Stage 1	Stage 2	Stage 3		
	Collectively assessed – 12 month ECL $m	Collectively assessed – Lifetime ECL $m	Collectively assessed – Lifetime ECL $m	Individually assessed – Lifetime ECL $m	Total $m
Gross carrying amount as at 1 July 2021	72,753.7	6,479.5	652.8	205.7	80,091.7
Transfers to/(from) during the period to:					
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

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2.2 Group performance analysis continued

2.2.7 Cash earnings reconciliation

		Cash earnings adjustments											
	Refer to page 19	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6				Note 7	Note 8	
For the year ended 30 June 2023	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	ANZ acquist'n $m	Im-pairment charges $m	Res-tructure costs $m	Insurance Broking sale $m	Debtor Finance sale $m	Ferocia acquist'n $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	1,662.5	(2.1)	(28.4)	—	—	—	—	—	—	—	—	8.8	1,640.8
Other income	270.3	—	44.3	(2.2)	—	—	—	—	—	—	—	(32.9)	279.5
Total income	1,932.8	(2.1)	15.9	(2.2)	—	—	—	—	—	—	—	(24.1)	1,920.3
Operating expenses	(1,061.2)	—	—	—	(2.8)	(52.2)	(39.4)	—	—	—	(6.3)	—	(1,161.9)
Credit reversals	(33.6)	—	—	—	—	—	—	—	—	—	—	—	(33.6)
Net profit before tax	838.0	(2.1)	15.9	(2.2)	(2.8)	(52.2)	(39.4)	—	—	—	(6.3)	(24.1)	724.8
Income tax expense	(261.1)	0.6	(4.7)	0.6	0.8	15.0	12.0	—	—	—	1.8	7.2	(227.8)
Net profit after tax	576.9	(1.5)	11.2	(1.6)	(2.0)	(37.2)	(27.4)	—	—	—	(4.5)	(16.9)	497.0

		Cash earnings adjustments											
For the year ended 30 June 2022	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	ANZ acquist'n $m	Im-pairment charges $m	Res-tructure costs $m	Insurance Broking sale $m	Debtor Finance sale $m	Ferocia acquist'n $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	1,413.4	(0.1)	(10.7)	—	—	—	—	—	—	—	—	10.2	1,412.8
Other income	282.3	—	38.5	—	—	—	—	3.1	1.5	—	—	(42.6)	282.8
Total income	1,695.7	(0.1)	27.8	—	—	—	—	3.1	1.5	—	—	(32.4)	1,695.6
Operating expenses	(1,002.1)	—	—	—	—	—	(9.7)	—	—	(3.6)	(6.0)	—	(1,021.4)
Credit expenses	27.2	—	—	—	—	—	—	—	—	—	—	—	27.2
Net profit before tax	720.8	(0.1)	27.8	—	—	—	(9.7)	3.1	1.5	(3.6)	(6.0)	(32.4)	701.4
Income tax expense	(220.4)	0.1	(8.5)	—	—	—	2.9	0.2	0.2	0.7	1.8	9.7	(213.3)
Net profit after tax	500.4	—	19.3	—	—	—	(6.8)	3.3	1.7	(2.9)	(4.2)	(22.7)	488.1

Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.7 Cash earnings reconciliation continued

		Cash earnings adjustments								
	Refer to page 19	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	
For the half year ended 30 June 2023	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	ANZ acquist'n $m	Im-pairment charges $m	Res-tructure costs $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	**844.3**	**(2.1)**	**(13.1)**	**—**	**—**	**—**	**—**	**—**	**4.5**	**833.6**
Other income	**137.2**	**—**	**67.5**	**(2.8)**	**—**	**—**	**—**	**—**	**(16.1)**	**185.8**
Total income	**981.5**	**(2.1)**	**54.4**	**(2.8)**	**—**	**—**	**—**	**—**	**(11.6)**	**1,019.4**
Operating expenses	**(544.9)**	**—**	**—**	**—**	**(2.8)**	**(52.2)**	**(27.8)**	**(2.8)**	**—**	**(630.5)**
Credit reversals	**(28.0)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(28.0)**
Net profit before tax	**408.6**	**(2.1)**	**54.4**	**(2.8)**	**(2.8)**	**(52.2)**	**(27.8)**	**(2.8)**	**(11.6)**	**360.9**
Income tax expense	**(126.4)**	**0.6**	**(16.3)**	**0.8**	**0.8**	**15.0**	**8.3**	**0.8**	**3.5**	**(112.9)**
Net profit after tax	**282.2**	**(1.5)**	**38.1**	**(2.0)**	**(2.0)**	**(37.2)**	**(19.5)**	**(2.0)**	**(8.1)**	**248.0**

		Cash earnings adjustments								
	Refer to page 19	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	
For the half year ended 31 December 2022	Cash earnings $m	Fair value $m	Homesafe unrealised $m	Hedging reval'n $m	ANZ acquist'n $m	Im-pairment charges $m	Res-tructure costs $m	Amort'n of acquired intangibles $m	Homesafe realised income $m	Statutory earnings $m
Net interest income	818.2	—	(15.3)	—	—	—	—	—	4.3	807.2
Other income	133.1	—	(23.2)	0.6	—	—	—	—	(16.8)	93.7
Total income	951.3	—	(38.5)	0.6	—	—	—	—	(12.5)	900.9
Operating expenses	(516.3)	—	—	—	—	—	(11.6)	(3.5)	—	(531.4)
Credit reversals	(5.6)	—	—	—	—	—	—	—	—	(5.6)
Net profit before tax	429.4	—	(38.5)	0.6	—	—	(11.6)	(3.5)	(12.5)	363.9
Income tax expense	(134.7)	—	11.6	(0.2)	—	—	3.7	1.0	3.7	(114.9)
Net profit after tax	294.7	—	(26.9)	0.4	—	—	(7.9)	(2.5)	(8.8)	249.0

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2.2 Group performance analysis continued

2.2.7 Cash earnings reconciliation continued

Non-cash interest income items

Note 1: Fair value adjustments – the acquisition of the ANZ Investment Lending portfolio which was completed in April 2023 resulted in the recognition of fair value adjustments on the loans acquired. These fair value adjustments are amortised over the behavioural term of the underlying loans.

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

Non-cash other income items

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

Note 3: Revaluation 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.

Non-cash operating expense items

Note 4: Costs associated with the acquisition of the ANZ Investment Lending portfolio, including legal and consultancy costs.

Note 5: Impairment expenses include an impairment of the Group's investment in Bendigo Telco Limited, an impairment relating to the Group's Right of Use Assets (ROUAs) and impairments relating to the Group's software intangible assets. A detailed review of the Group's software intangible assets and projects has been conducted during the past six months. This review has resulted in impairments to certain assets recorded where the asset has been decommissioned or abandoned.

Note 6: Restructure costs – represents business restructuring costs incurred as a result of structure changes within the Business and Agribusiness division, costs associated with the implementation of various cost and productivity initiatives through business simplification and restructuring activities, as well as costs associated with the conversion of the Alliance Partner model to the Community Bank model and operating structure.

Note 7: 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 8: Homesafe realised income – represents funds received on completion, being the difference between the cash received on completion less the initial funds advanced.

Note 8: Homesafe realised funding costs – represents accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings during the financial year they were incurred. These adjustments align the realised income and funding costs within the same period.

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

Appendix 4E: Full Year Results

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2.2 Group performance analysis continued

2.2.8 Average balance sheet

For the years ended June 2023 and June 2022	30 June 2023 Average Balance $m	30 June 2023 Interest 12 mths $m	30 June 2023 Average Rate %	30 June 2022 Average Balance $m	30 June 2022 Interest 12 mths $m	30 June 2022 Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	**15,785.0**	**441.1**	**2.79**	13,225.0	21.2	0.16
Loans and other receivables [2,5]	**69,873.4**	**2,987.4**	**4.28**	67,997.0	1,724.7	2.54
Total interest earning assets	**85,658.4**	**3,428.5**	**4.00**	81,222.0	1,745.9	2.15
Non-interest earning assets						
Credit provisions	**(282.1)**			(307.6)		
Other assets	**3,882.0**			3,829.4		
Total non-interest earning assets	**3,599.9**			3,521.8		
Total assets (average balance)	**89,258.3**			84,743.8		
Interest bearing liabilities						
Deposits						
· Customer [2]	**57,957.5**	**(1,092.2)**	**(1.88)**	55,173.9	(163.0)	(0.30)
· Wholesale	**10,756.6**	**(340.1)**	**(3.16)**	8,888.7	(37.2)	(0.42)
Wholesale borrowings						
· Repurchase agreements	**4,647.7**	**(7.3)**	**(0.16)**	4,919.0	(7.5)	(0.15)
· Notes payable	**3,326.6**	**(132.2)**	**(3.97)**	3,812.8	(47.4)	(1.24)
· Other wholesale borrowings	**3,324.3**	**(121.7)**	**(3.66)**	2,893.3	(33.6)	(1.16)
Lease liability	**129.9**	**(4.0)**	**(3.08)**	158.2	(4.9)	(3.10)
Loan capital	**1,368.3**	**(68.5)**	**(5.01)**	1,391.3	(38.9)	(2.80)
Total interest bearing liabilities	**81,510.9**	**(1,766.0)**	**(2.17)**	77,237.2	(332.5)	(0.43)
Non-interest bearing liabilities and equity						
Other liabilities	**948.4**			903.5		
Equity	**6,799.0**			6,603.1		
Total non-interest bearing liabilities and equity	**7,747.4**			7,506.6		
Total liabilities and equity (average balance)	**89,258.3**			84,743.8		
Interest margin and interest spread						
Interest earning assets	**85,658.4**	**3,428.5**	**4.00**	81,222.0	1,745.9	2.15
Interest bearing liabilities	**(81,510.9)**	**(1,766.0)**	**(2.17)**	(77,237.2)	(332.5)	(0.43)
Net interest income and interest spread [3]		**1,662.5**	**1.83**		1,413.4	1.72
Benefit of net free liabilities, provisions and equity			**0.11**			0.02
Net interest margin [4]			**1.94**			1.74
Add: impact of revenue share arrangements			**0.50**			0.29
Net interest margin before revenue share arrangements			**2.44**			2.03

1. Average balance is based on monthly closing balances.
2. Offset products have been reclassified from deposits and netted against the corresponding loan balance (FY23: $7,367.7m; FY22: $6,290.4m)
3. Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
4. Net interest margin is the net interest income as a percentage of average interest earning assets.
5. Interest relating to Loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period. Refer to 2.2.7 for further details.

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2.2 Group performance analysis continued

2.2.8 Average balance sheet continued

	30 June 2023			31 December 2022			30 June 2022		
For the six months ended June 2023, December 2022 and June 2022	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]									
Interest earning assets									
Cash and investments	**16,142.7**	**274.1**	**3.42**	15,478.5	167.0	2.14	13,661.7	16.5	0.24
Loans and other receivables [2,5]	**69,701.6**	**1,648.3**	**4.77**	69,984.8	1,339.1	3.80	68,863.1	855.6	2.51
Total interest earning assets	**85,844.3**	**1,922.4**	**4.52**	85,463.3	1,506.1	3.50	82,524.8	872.1	2.13
Non-interest earning assets									
Credit provisions	**(288.5)**			(275.2)			(288.1)		
Other assets	**3,928.2**			3,830.9			3,942.7		
Total non-interest earning assets	**3,639.7**			3,555.7			3,654.6		
Total assets (average balance)	**89,484.0**			89,019.0			86,179.4		
Interest bearing liabilities									
Deposits									
· Customer [2]	**57,952.3**	**(682.3)**	**(2.37)**	58,006.5	(409.9)	(1.40)	56,395.1	(87.7)	(0.31)
· Wholesale	**10,861.3**	**(204.9)**	**(3.80)**	10,645.5	(135.2)	(2.52)	9,216.1	(26.1)	(0.57)
Wholesale borrowings									
· Repurchase agreements	**4,575.4**	**(3.5)**	**(0.15)**	4,732.2	(3.8)	(0.16)	4,728.5	(3.7)	(0.16)
· Notes payable	**3,084.3**	**(71.6)**	**(4.68)**	3,562.3	(60.6)	(3.37)	3,784.9	(24.7)	(1.32)
· Other wholesale borrowings	**3,638.7**	**(76.4)**	**(4.23)**	2,975.4	(45.3)	(3.02)	2,879.9	(18.3)	(1.28)
Lease liability	**122.1**	**(1.9)**	**(3.14)**	137.6	(2.1)	(3.03)	150.7	(2.3)	(3.08)
Loan capital	**1,369.5**	**(37.5)**	**(5.52)**	1,367.3	(31.0)	(4.50)	1,364.8	(19.4)	(2.87)
Total interest bearing liabilities	**81,603.6**	**(1,078.1)**	**(2.66)**	81,426.8	(687.9)	(1.68)	78,520.0	(182.2)	(0.47)
Non-interest bearing liabilities and equity									
Other liabilities	**1,033.1**			840.0			929.1		
Equity	**6,847.3**			6,752.2			6,730.3		
Total non-interest bearing liabilities and equity	**7,880.4**			7,592.2			7,659.4		
Total liabilities and equity (average balance)	**89,484.0**			89,019.0			86,179.4		
Interest margin and interest spread									
Interest earning assets	**85,844.3**	**1,922.4**	**4.52**	85,463.3	1,506.1	3.50	82,524.8	872.1	2.13
Interest bearing liabilities	**(81,603.6)**	**(1,078.1)**	**(2.66)**	(81,426.8)	(687.9)	(1.68)	(78,520.0)	(182.2)	(0.47)
Net interest income and interest spread [3]		**844.3**	**1.86**		818.2	1.82		689.9	1.66
Benefit of net free liabilities, provisions and equity			**0.12**			0.08			0.03
Net interest margin [4]			**1.98**			1.90			1.69
Add: impact of revenue share arrangements			**0.54**			0.46			0.30
Net interest margin before revenue share arrangements			**2.52**			2.36			1.99

1. Average balance is based on monthly closing balances.
2. Offset products have been reclassified from deposits and netted against the corresponding loan balance (2H23: $7,428.6m; 1H23: $7,322.9m; 2H22: $6,759.7m)
3. Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
4. Net interest margin is the net interest income as a percentage of average interest earning assets.
5. Interest relating to Loans and other receivables has been adjusted for the Homesafe unrealised and realised funding costs for the period. Refer to 2.2.7 for further details.

Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.9 Segment results

	Full year ending			Half year ending		
Consumer	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Net interest income	**1,299.4**	909.5	42.9	**674.0**	625.4	7.8
Other income	**211.5**	210.5	0.5	**106.5**	105.0	1.4
Total income	**1,510.9**	1,120.0	34.9	**780.5**	730.4	6.9
Operating expenses	**(445.7)**	(416.4)	(7.0)	**(224.0)**	(221.7)	(1.0)
Credit (expenses)/reversals	**(18.3)**	4.5	large	**(13.4)**	(4.9)	large
Total expenses	**(464.0)**	(411.9)	(12.6)	**(237.4)**	(226.6)	(4.8)
Income tax expense	**(328.7)**	(216.0)	(52.2)	**(170.4)**	(158.3)	(7.6)
Cash earnings after tax	**718.2**	492.1	45.9	**372.7**	345.5	7.9
Non-cash net interest income items	**(15.2)**	(0.5)	large	**(7.5)**	(7.7)	1.3
Non-cash other income items	**8.0**	0.4	large	**36.0**	(28.0)	large
Non-cash operating expense items	**(8.1)**	(8.4)	3.6	**(6.1)**	(2.0)	large
Statutory earnings after tax	**702.9**	483.6	45.3	**395.1**	307.8	28.3

		30 Jun 23	30 Jun 22	Change %	30 Jun 23	31 Dec 22	Change %
Net interest margin before revenue share	%	**3.07**	2.21	86 bps	**3.22**	2.91	31 bps
Net interest margin after revenue share	%	**2.22**	1.65	57 bps	**2.32**	2.13	19 bps
Cost to income ratio	%	**29.5**	37.2	large	**28.7**	30.4	(170) bps
Number of staff (full-time equivalent)	FTE	**2,354**	2,381	(1.1)	**2,354**	2,322	1.4

	$m	$m	%	$m	$m	%
Reportable segment assets	**60,182.9**	58,724.3	2.5	**60,182.9**	58,937.8	2.1
Reportable segment liabilities	**55,798.2**	52,957.3	5.4	**55,798.2**	55,227.7	1.0

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2.2 Group performance analysis continued

2.2.9 Segment results continued

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

Cash earnings after tax have increased to $718.2 million (FY22: $492.1 million).

Net Interest Income

Net interest income of $1.3 billion represented an increase of 42.9% on the prior year. This was driven by an increase in net interest margin (NIM) of 57 basis points and an increase in average asset balances.

- Average asset balances increased $3.3 billion, mainly in Third Party Banking, Leveraged Equities and Up, offset by reductions in Retail.
- Average deposit balances have increased $4.1 billion on the prior year reflecting strong growth in both term deposit and call accounts mainly through the branch network.
- Net interest margin after revenue share increased 57 basis points, with the benefit of rising rates on deposit margins being partially offset by reduced lending margins.
- Revenue share payments increased $181.4 million mainly reflecting higher deposit NIMs.

Other Income

Other Income was $211.5 million, an increase of $1.0 million on FY22. There has been a reduction in Homesafe realised income of $9.7 million, offset by increased fee income from the wealth business due to improved margins and balances in funds. Deposit and other fee income has increased with the introduction of new fees during the year, in addition to an increase in net profits from joint ventures and associates.

Operating Expenses

Operating expenses were $445.7 million, an increase of $29.3 million on the prior year. The increase is largely driven by a $12.9 million increase in non-lending losses, predominantly due to customer-related fraud losses which increased by $17.3 million. Management fee and commissions expense has increased, with increased fees paid to Bendigo Superannuation and Homesafe. Depreciation and amortisation expenses have reduced $1.8 million following the impairment of a number of software assets, offset by increases due to lease incentive payments recorded in FY22.

Credit Expenses

Credit expenses have increased by $22.8 million to an $18.3 million expense in FY23. The increase is largely driven by increased collective provision charges, with minimal increases in specific impairments.

Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.9 Segment results continued

Business and Agribusiness	Full year ending 30 Jun 23 $m	30 Jun 22 $m	Change %	Half year ending 30 Jun 23 $m	31 Dec 22 $m	Change %
Net interest income	**520.4**	482.9	7.8	**257.1**	263.3	(2.4)
Other income	**56.4**	60.7	(7.1)	**28.2**	28.2	—
Total income	**576.8**	543.6	6.1	**285.3**	291.5	(2.1)
Operating expenses	**(124.1)**	(137.2)	9.5	**(59.3)**	(64.8)	8.5
Credit (expenses)/reversals	**(25.0)**	14.5	large	**(25.0)**	—	—
Total expenses	**(149.1)**	(122.7)	(21.5)	**(84.3)**	(64.8)	(30.1)
Income tax expense	**(134.3)**	(128.7)	(4.4)	**(62.7)**	(71.6)	12.4
Cash earnings after tax	**293.4**	292.2	0.4	**138.3**	155.1	(10.8)
Non-cash other income items	**0.5**	1.7	(70.6)	**0.1**	0.4	(75.0)
Non-cash operating expense items	**(7.1)**	(2.4)	large	**(5.5)**	(1.6)	large
Statutory earnings after tax	**286.8**	291.5	(1.6)	**132.9**	153.9	(13.6)

		30 Jun 23	30 Jun 22	Change %	30 Jun 23	31 Dec 22	Change %
Net interest margin before revenue share	%	**3.09**	2.81	28 bps	**3.14**	3.05	9 bps
Net interest margin after revenue share	%	**2.76**	2.52	24 bps	**2.81**	2.72	9 bps
Cost to income ratio	%	**21.5**	25.9	(440) bps	**20.8**	22.2	(140) bps
Number of staff (full-time equivalent)	FTE	**682**	817	(16.5)	**682**	741	(8.0)

	$m	$m	%	$m	$m	%
Reportable segment assets [1]	**19,221.9**	19,743.8	(2.6)	**19,221.9**	18,702.4	2.8
Reportable segment liabilities	**17,909.5**	18,075.8	(0.9)	**17,909.5**	17,541.6	2.1

1. The reportable segment assets for Business and Agribusiness include $6.1 billion of residential lending (FY22: $6.5 billion).

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2.2 Group performance analysis continued

2.2.9 Segment results continued

Business and Agribusiness focuses on servicing business customers and includes Business Banking and Portfolio Funding, in addition to all banking services provided to agribusiness, rural and regional Australian communities through Rural Bank.

Cash earnings after tax have increased to $293.4 million (FY22: $292.2 million).

Net Interest Income

Net interest income was $520.4 million, an increase of $37.5 million from the prior year.

- Average asset balances declined $329.0 million reflecting reductions to business and residential lending partially offset by increases in agri lending.
- Average deposit balances grew by $909.0 million from the prior year reflecting strong growth in term deposits partially offset by reduction in call accounts.
- Net interest margin after revenue share increased 24 basis points with the benefit of higher rates on deposit margins partly offset by reduced lending margins.

Other Income

Other Income was $56.4 million, a reduction of $4.3 million from FY22. There has been a reduction in fee income, predominantly in the Government Services division. This is offset by a $3.6 million increase in foreign exchange income to $27.2 million in FY23, due to stronger deal flows and customer activity.

Operating Expenses

Operating expenses were $124.1 million, a reduction of $13.1 million from the prior year. Staff and related costs have reduced as a result of business consolidation initiatives, in addition to reduced staffing levels in the Government Services division in line with reduced volumes. Other operating costs, including occupancy costs have reduced, in part due to the consolidation of the Delphi brand and operations.

Credit Expenses

Credit expenses were $25.0 million in FY23 (FY22: $14.5 million net release). FY23 credit expenses include a $19.0 million specific impairment charge and a $6.7 million collective provision charge.

Appendix 4E: Full Year Results

2.2 Group performance analysis continued

2.2.9 Segment results continued

Corporate		Full year ending 30 Jun 23 $m	30 Jun 22 $m	Change %	Half year ending 30 Jun 23 $m	31 Dec 22 $m	Change %
Net interest income		**(157.3)**	21.0	large	**(86.8)**	(70.5)	(23.1)
Other income		**2.4**	11.1	(78.4)	**2.5**	(0.1)	large
Total income		**(154.9)**	32.1	large	**(84.3)**	(70.6)	(19.4)
Operating expenses		**(491.4)**	(448.5)	(9.6)	**(261.6)**	(229.8)	(13.8)
Credit reversals/(expenses)		**9.7**	8.2	18.3	**10.4**	(0.7)	large
Total expenses		**(481.7)**	(440.3)	(9.4)	**(251.2)**	(230.5)	(9.0)
Income tax expense		**201.9**	124.3	62.4	**106.7**	95.2	12.1
Cash earnings after tax		**(434.7)**	(283.9)	(53.1)	**(228.8)**	(205.9)	(11.1)
Non-cash other income items		**(2.0)**	—	—	**(2.0)**	—	—
Non-cash operating expense items		**(56.0)**	(3.1)	large	**(49.2)**	(6.8)	large
Statutory earnings after tax		**(492.7)**	(287.0)	(71.7)	**(280.0)**	(212.7)	(31.6)
		30 Jun 23	30 Jun 22	Change %	**30 Jun 23**	31 Dec 22	Change %
Number of staff (full-time equivalent)	FTE	**1,690**	1,454	16.2	**1,690**	1,496	13.0
		$m	$m	%	$m	$m	%
Reportable segment assets		**19,074.9**	16,771.5	13.7	**19,074.9**	19,003.0	0.4
Reportable segment liabilities		**17,921.3**	17,494.6	2.4	**17,921.3**	17,064.3	5.0

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2.2 Group performance analysis continued

2.2.9 Segment results continued

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 after tax have reduced to a $434.7 million loss (FY22: $283.9 million loss).

Net Interest Income

Net Interest Income reduced by $178.3 million from FY22, driven by interest rate mismatch methodology (largely offset by higher NII in Consumer and Business & Agribusiness Divisions).

Other Income

Other Income was $2.4 million, a reduction of $8.7 million from FY22. This was predominantly driven by non-recurring dividends and contract payments received in FY22, in addition to an increase in share of net losses from associates accounted for under the equity method.

Operating Expenses

Investment spend increased $18.0 million on the prior year with a focus on uplifting risk capabilities and culture. Other operating expenses have increased by $24.9 million. Information technology and staff costs have also increased, as the Group continues to invest further in cyber and data teams, and migrate services to the cloud.

Full time equivalent staff (FTE) increase was primarily in the area of Risk and Technology to support our strategic investment priorities and uplift to our cyber security capabilities.

Credit Expenses

Credit expenses were $9.7 million in FY23 (FY22: $8.2 million), an increase of $1.5 million from FY22, with a $1.6m increase in collective provision charges.

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.

Appendix 4E: Full Year Results

2.3 Financial statements

Consolidated statement of comprehensive income

For the year ended 30 June 2023	30 June 2023 $m	30 June 2022 $m
Profit for the year ended 30 June	**497.0**	488.1
Items which may be reclassified subsequently to profit or loss:		
Revaluation loss on debt securities at FVOCI with recycling	**(17.0)**	(84.8)
Impairment of debt securities at FVOCI	**—**	0.1
Net (losses)/gain on cash flow hedges taken to equity	**(75.6)**	46.1
Tax effect on items taken directly to or transferred from equity	**19.2**	20.2
Total items that may be reclassified to profit or loss	**(73.4)**	(18.4)
Items which will not be reclassifed subsequently to profit or loss:		
Revaluation gain on equity investments at FVOCI	**—**	4.7
Tax effect on items taken directly to or transferred from equity	**—**	(1.4)
Total items that will not be reclassified to profit or loss	**—**	3.3
Total comprehensive income for the year net of tax	**423.6**	473.0
Total comprehensive income for the year attributable to:		
Owners of the Bank	**423.6**	473.0

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2.3 Financial statements continued

Consolidated balance sheet

As at 30 June 2023	30 June 2023 $m	30 June 2022 $m
Assets		
Cash and cash equivalents	**8,384.2**	3,541.0
Due from other financial institutions	**123.9**	188.0
Financial assets at fair value through profit or loss (FVTPL)	**18.5**	30.5
Financial assets at amortised cost	**864.6**	861.7
Financial assets at fair value through other comprehensive income (FVOCI)	**6,917.5**	9,618.1
Derivatives	**9.2**	59.9
Net loans and other receivables	**78,526.3**	77,610.4
Investments accounted for using the equity method	**13.8**	14.5
Property, plant and equipment	**166.2**	179.6
Deferred tax assets	**71.2**	48.6
Investment property	**957.8**	920.3
Goodwill and other intangible assets	**1,841.9**	1,808.3
Other assets	**584.6**	358.7
Total Assets	**98,479.7**	95,239.6
Liabilities		
Due to other financial institutions	**190.3**	178.8
Deposits	**77,310.8**	74,583.9
Other borrowings	**11,838.2**	11,698.9
Derivatives	**17.4**	34.8
Income tax payable	**40.8**	50.6
Provisions	**126.3**	122.2
Other payables	**734.2**	492.4
Loan capital	**1,371.0**	1,366.1
Total Liabilities	**91,629.0**	88,527.7
Net Assets	**6,850.7**	6,711.9
Equity		
Share capital	**5,240.5**	5,219.5
Reserves	**42.9**	105.9
Retained earnings	**1,567.3**	1,386.5
Total Equity	**6,850.7**	6,711.9

Appendix 4E: Full Year Results

2.3 Financial statements continued

Consolidated statement of changes in equity

For the year ended 30 June 2023	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 2022	**5,222.5**	**(3.0)**	**1,386.5**	**105.9**	**6,711.9**
Comprehensive income:					
Profit for the period	**—**	**—**	**497.0**	**—**	**497.0**
Other comprehensive income	**—**	**—**	**—**	**(73.4)**	**(73.4)**
Total comprehensive income for the year	**—**	**—**	**497.0**	**(73.4)**	**423.6**
Transactions with owners in their capacity as owners:					
Shares issued	**18.8**	**—**	**—**	**—**	**18.8**
Movement in treasury shares	**1.4**	**—**	**—**	**—**	**1.4**
Movement in executive share plans	**0.2**	**—**	**—**	**—**	**0.2**
Reduction in employee share ownership plan (ESOP) shares	**—**	**0.6**	**—**	**—**	**0.6**
Movement in equity reserve for credit losses (ERCL)	**—**	**—**	**(7.4)**	**7.4**	**—**
Share-based payment	**—**	**—**	**0.4**	**3.3**	**3.7**
Transfer from reserves	**—**	**—**	**0.3**	**(0.3)**	**—**
Equity dividends	**—**	**—**	**(309.5)**	**—**	**(309.5)**
Closing balance as at 30 June 2023	**5,242.9**	**(2.4)**	**1,567.3**	**42.9**	**6,850.7**

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 year	—	—	488.1	—	488.1
Other comprehensive income	—	—	—	(15.1)	(15.1)
Total comprehensive income for the year	—	—	488.1	(15.1)	473.0
Transactions with owners in their capacity as owners:					
Shares issued	178.1	—	—	—	178.1
Movement in 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 equity reserve for credit losses (ERCL)	—	—	16.9	(16.9)	—
Movement in operational risk reserve	—	—	4.2	(4.2)	—
Share-based payment	—	—	0.9	4.1	5.0
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

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2.3 Financial statements continued

Consolidated cash flow statement

For the year ended 30 June 2023	30 June 2023 $m	30 June 2022 $m
Cash flows from operating activities		
Interest and other items of a similar nature received	**3,124.1**	1,812.5
Interest and other costs of finance paid	**(1,330.8)**	(351.1)
Receipts from customers (excluding effective interest)	**251.5**	257.6
Payments to suppliers and employees	**(1,279.7)**	(1,065.8)
Dividends received	**1.4**	5.2
Income taxes paid	**(241.1)**	(195.3)
Cash flows from operating activities before changes in operating assets and liabilities	**525.4**	463.1
Net decrease/(increase) in operating assets		
Net increase in balance of loans and other receivables	**(380.5)**	(5,666.4)
Net decrease/(increase) in balance of investment securities	**2,694.9**	(6,380.1)
Net Increase in operating liabilities		
Net increase in balance of deposits	**2,727.0**	8,366.8
Net increase/(decrease) in balance of other borrowings	**138.9**	(33.3)
Cash flows used in/(from) operating activities	**5,705.7**	(3,249.9)
Cash flows related to investing activities		
Cash paid for purchases of property, plant and equipment	**(30.6)**	(14.5)
Cash proceeds from sale of property, plant and equipment	**0.1**	2.9
Cash paid for purchases of investment property	**(52.2)**	(51.9)
Cash proceeds from sale of investment property	**58.8**	71.0
Cash paid for purchases of equity investments	**(4.0)**	(5.0)
Cash proceeds from sale of equity investments	**—**	0.8
Cash proceeds from return of capital/dividend from JV partners	**1.9**	1.9
Cash paid for purchase of ANZIL portfolio	**(571.5)**	—
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 (used in)/from investing activities	**(597.5)**	9.7
Cash flows related to financing activities		
Cash paid for purchase of treasury shares	**—**	(8.7)
Cash paid for redemption of capital notes	**—**	(21.1)
Payment of loan capital issue costs	**—**	(0.7)
Proceeds from issuance of subordinated debt	**—**	125.0
Repayment of subordinated debt	**—**	(125.0)
Equity dividends paid	**(290.7)**	(213.7)
Repayment of lease liabilities	**(50.5)**	(50.3)
Repayment of ESOP shares	**0.6**	0.6
Net cash flows used in financing activities	**(340.6)**	(293.9)
Net increase/(decrease) in cash and cash equivalents	**4,767.6**	(3,534.1)
Cash and cash equivalents at the beginning of the period	**3,550.2**	7,084.3
Cash and cash equivalents at the end of period	**8,317.8**	3,550.2

Appendix 4E: Full Year Results

2.3 Financial statements continued

2.3.1 Lending

	Full year ending			Half year ending		
	30 Jun 23 $m	30 Jun 22 $m	Change %	30 Jun 23 $m	31 Dec 22 $m	Change %
Residential	**58,590.2**	57,574.2	1.8	**58,590.2**	57,515.7	1.9
Consumer	**1,655.6**	2,165.1	(23.5)	**1,655.6**	2,023.6	(18.2)
Margin lending	**1,875.3**	1,433.2	30.8	**1,875.3**	1,379.7	35.9
Business	**10,283.9**	10,589.4	(2.9)	**10,283.9**	10,239.1	0.4
Agribusiness	**6,334.3**	6,059.4	4.5	**6,334.3**	5,823.2	8.8
Total gross loan balance	**78,739.3**	77,821.3	1.2	**78,739.3**	76,981.3	2.3
Individually assessed provision	**(47.8)**	(58.1)	17.7	**(47.8)**	(46.5)	(2.8)
Collectively assessed provision	**(238.5)**	(225.7)	(5.7)	**(238.5)**	(232.3)	(2.7)
Unearned income	**(90.4)**	(71.3)	(26.8)	**(90.4)**	(75.2)	(20.2)
Total provisions and unearned income	**(376.7)**	(355.1)	(6.1)	**(376.7)**	(354.0)	(6.4)
Deferred costs paid	**163.7**	144.2	13.5	**163.7**	141.0	16.1
Net loans and other receivables	**78,526.3**	77,610.4	1.2	**78,526.3**	76,768.3	2.3
Loans under management (gross balance)						
On-balance sheet	**78,739.3**	77,821.3	1.2	**78,739.3**	76,981.3	2.3
Off-balance sheet loans under management	**3,715.4**	3,726.9	(0.3)	**3,715.4**	3,716.4	—
Total Group loans under management	**82,454.7**	81,548.2	1.1	**82,454.7**	80,697.7	2.2

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.

Margin Loans

On 7 July 2022, the Group entered into an agreement to acquire the ANZ Investment Lending portfolio. On 3 April 2023, the transaction completed resulting in the addition of $558.5 million of margin loans to Leveraged Equities Limited. In accordance with AASB 9 *Financial Instruments*, the loans have been recorded at fair value plus transaction costs. The margin loans will subsequently be amortised through net interest income in accordance with the effective interest rate method. The amortisation of the fair value adjustment and transaction costs will be included in cash earnings adjustments.

Deferred costs paid include costs associated with the acquisition, origination or securitisation of loan portfolios. These costs are amortised through the Consolidated Income Statement over the average life of the loans in these portfolios.

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2.3 Financial statements continued

2.3.2 Asset quality

Impaired loans [1]		As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Loans – without individually assessed provisions		**25.1**	19.7	27.4	**25.1**	28.8	(12.8)
Loans – with individually assessed provisions		**85.7**	110.6	(22.5)	**85.7**	86.4	(0.8)
Restructured loans [2]		**3.1**	2.8	10.7	**3.1**	3.2	(3.1)
Less: individually assessed provisions		**(46.2)**	(57.1)	19.1	**(46.2)**	(45.5)	(1.5)
Net impaired loans		**67.7**	76.0	(10.9)	**67.7**	72.9	(7.1)
Portfolio facilities – past due 90 days, not well secured		**2.9**	4.9	(40.8)	**2.9**	2.1	38.1
Less: individually assessed provisions		**(1.6)**	(1.0)	(60.0)	**(1.6)**	(1.0)	(60.0)
Net portfolio facilities		**1.3**	3.9	(66.7)	**1.3**	1.1	18.2
Loans past due 90 days		$m	$m	%	$m	$m	%
Accruing loans past due 90 days, with adequate security balance		**331.1**	256.9	28.9	**331.1**	276.3	19.8
Net fair value of properties acquired through the enforcement of security		**10.5**	41.8	(74.9)	**10.5**	10.4	1.0
Ratios				bps			bps
Total impaired loans to gross loans	%	**0.14**	0.17	(3) bps	**0.14**	0.15	(1) bps
Total impaired loans to total assets	%	**0.12**	0.14	(2) bps	**0.12**	0.12	—
Net impaired loans to gross loans	%	**0.09**	0.10	(1) bps	**0.09**	0.09	—
Total provisions and reserves to gross loans	%	**0.48**	0.48	—	**0.48**	0.49	(1) bps
Provision coverage [3]	%	**334.9**	279.2	large	**334.9**	315.9	large

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

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

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

Appendix 4E: Full Year Results

2.3 Financial statements continued

2.3.3 Funding and funds under management

Funding	As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Deposits						
· Customer deposits	**66,089.7**	64,261.4	2.8	**66,089.7**	65,744.4	0.5
· Wholesale deposits	**11,221.1**	10,322.5	8.7	**11,221.1**	10,711.0	4.8
Wholesale borrowings	**11,838.2**	11,698.9	1.2	**11,838.2**	11,096.6	6.7
Loan capital	**1,371.0**	1,366.1	0.4	**1,371.0**	1,369.0	0.1
Total funding	**90,520.0**	87,648.9	3.3	**90,520.0**	88,921.0	1.8

Funding dissection	%	%		%	%	
Customer deposits	**73.0%**	73.3%		**73.0%**	73.9%	
Wholesale deposits	**12.4%**	11.8%		**12.4%**	12.1%	
Wholesale borrowings	**13.1%**	13.4%		**13.1%**	12.5%	
Loan capital	**1.5%**	1.5%		**1.5%**	1.5%	
Total funding	**100.0%**	100.0%		**100.0%**	100.0%	

Funds under management	$m	$m	%	$m	$m	%
Assets under management	**3,090.4**	2,928.5	5.5	**3,090.4**	3,047.4	1.4
Other managed funds	**3,574.8**	3,751.5	(4.7)	**3,574.8**	3,673.2	(2.7)
Total funds under management	**6,665.2**	6,680.0	(0.2)	**6,665.2**	6,720.6	(0.8)

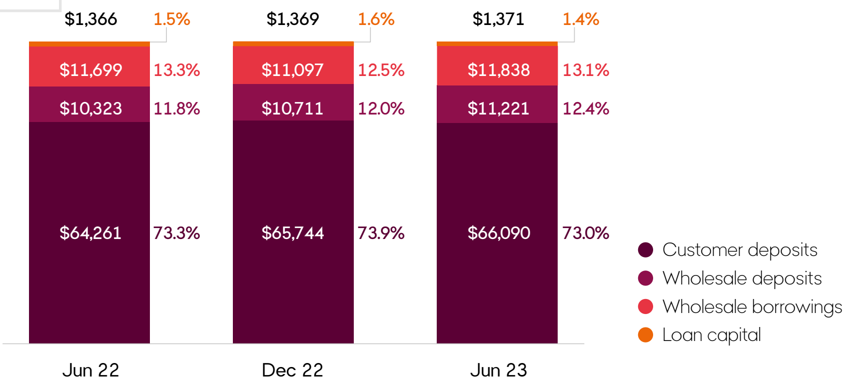
Customer deposits represents the sum of interest bearing, non-interest bearing and term deposits from retail and corporate customers.

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 2023 the Group's TFF drawdowns totalled $4.0 billion (30 June 2022: $4.7 billion). The final tranche of the TFF facility will mature in June 2024.

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)



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2.3 Financial statements continued

2.3.4 Capital

	As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Group assets	**98,479.7**	95,239.6	3.4	**98,479.7**	96,643.2	1.9
Capital adequacy	$m	$m	%	$m	$m	%
Total regulatory capital	**5,925.1**	5,739.3	3.2	**5,925.1**	5,860.0	1.1
Risk-weighted assets	**37,900.3**	42,197.9	(10.2)	**37,900.3**	41,485.4	(8.6)
Capital adequacy ratios	%	%	bps	%	%	bps
Tier 1	**13.43**	11.63	180 bps	**13.43**	12.12	131 bps
Tier 2	**2.20**	1.97	23 bps	**2.20**	2.01	19 bps
Total capital ratio	**15.63**	13.60	203 bps	**15.63**	14.13	150 bps
Common Equity Tier 1	**11.25**	9.68	157 bps	**11.25**	10.13	112 bps

APRA's new Basel III capital framework came into effect from 1 January 2023, impacting the measurement of credit and operational risk-weighted assets and resulting in an increase of 111 basis points to the CET1 ratio. June 2022 and December 2022 ratios are as previously reported. The Board has revised the CET1 ratio target range to 10.0% to 10.5%.

Regulatory capital	30 Jun 23 $m	31 Dec 22 $m	30 Jun 22 $m
Common Equity Tier 1			
Contributed capital	**5,242.9**	5,242.8	5,222.5
Retained profits and reserves	**1,233.0**	1,196.0	1,078.2
Accumulated other comprehensive income (and other reserves)	**(52.3)**	(7.0)	17.6
Less:			
Intangible assets, cash flow hedges and capitalised expenses	**1,946.2**	1,996.2	1,991.0
Net deferred tax assets	**144.1**	165.7	175.8
Equity exposures	**68.0**	67.4	68.6
Total Common Equity Tier 1 capital	**4,265.3**	4,202.5	4,082.9
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	**5,089.4**	5,026.6	4,907.0
Tier 2			
Tier 2 capital instruments	**550.0**	550.0	550.0
Equity reserve for credit losses/collective provision (net of tax effect)	**285.7**	283.4	282.3
Total Tier 2 capital	**835.7**	833.4	832.3
Total regulatory capital	**5,925.1**	5,860.0	5,739.3
Total risk-weighted assets	**37,900.3**	41,485.4	42,197.9

Appendix 4E: Full Year Results

2.3 Financial statements continued

2.3.4 Capital continued

Risk-weighted assets	As at 30 Jun 23 $m	As at 30 Jun 22 $m	Change %	As at 30 Jun 23 $m	As at 31 Dec 22 $m	Change %
Credit Risk	**35,222.7**	37,710.4	(6.6)	**35,222.7**	36,782.2	(4.2)
Market Risk	**1.8**	9.5	(81.1)	**1.8**	1.2	50.0
Operational Risk	**2,675.8**	4,478.0	(40.2)	**2,675.8**	4,702.0	(43.1)
Total risk-weighted assets	**37,900.3**	42,197.9	(10.2)	**37,900.3**	41,485.4	(8.6)

Key movements in FY23 year include:

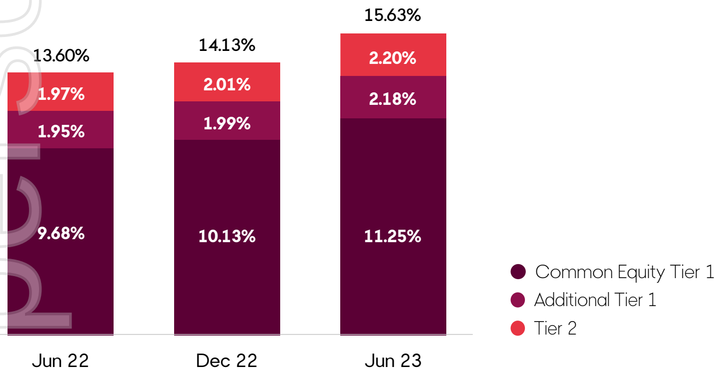
Tier 1 capital

Common Equity Tier 1 Capital increased by $182.4 million primarily due to an increase in retained earnings of $154.8 million net of Homesafe unrealised revaluation gains.

Risk-weighted assets

Total risk-weighted assets decreased during the period predominantly due to the implementation of the Basel III capital reforms. This reduced credit and operational risk by $2,059.0 million and $2,026.0 million on transition respectively. Adjusting for these impacts, credit risk has remained largely flat over the year with a reduction in commercial property and corporate lending offset by an increase in residential lending.

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: www.bendigoadelaide.com.au/public/shareholders/announcements/aps_330.asp

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2.3 Financial statements continued

2.3.5 Shareholder returns and dividends

	Full year ending			Half year ending		
Reconciliation of earnings used in the calculation of earnings per ordinary share (EPS)	**30 Jun 23 $m**	**30 Jun 22 $m**	**Change %**	**30 Jun 23 $m**	**31 Dec 22 $m**	**Change %**
Net profit after tax	**497.0**	488.1	1.8	**248.0**	249.0	(0.4)
Total statutory earnings	**497.0**	488.1	1.8	**248.0**	249.0	(0.4)
Earnings used in calculating basic earnings per ordinary share	**497.0**	488.1	1.8	**248.0**	249.0	(0.4)
Add back : Dividends accrued and/or paid on loan capital	**27.0**	15.9	69.8	**14.5**	12.5	16.0
Total diluted earnings	**524.0**	504.0	4.0	**262.5**	261.5	0.4
Earnings used in calculating basic earnings per ordinary share	**497.0**	488.1	1.8	**248.0**	249.0	(0.4)
Add back: Amortisation of acquired intangibles (after tax)	**4.5**	4.2	7.1	**2.0**	2.5	(20.0)
Add back: Non-cash income and expense items (after tax)	**58.5**	(14.6)	large	**24.1**	34.4	(29.9)
Add back: Homesafe net realised income (after tax)	**16.9**	22.7	(25.6)	**8.1**	8.8	(8.0)
Total cash earnings	**576.9**	500.4	15.3	**282.2**	294.7	(4.2)

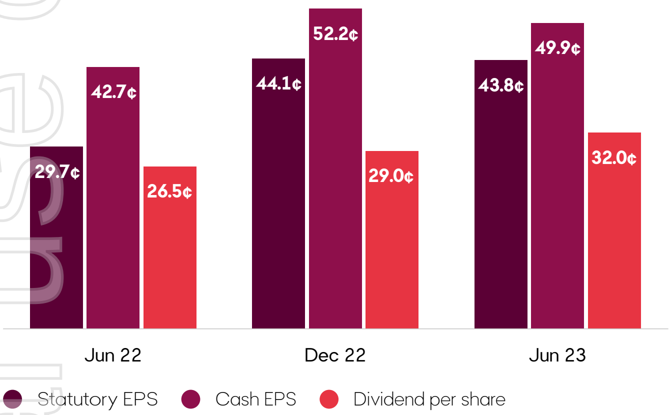
	Full year ending			Half year ending		
Weighted average number of ordinary shares used in the calculation of EPS	**30 Jun 23 000's**	**30 Jun 22 000's**	**Change %**	**30 Jun 23 000's**	**31 Dec 22 000's**	**Change %**
Weighted average number of ordinary shares – used in basic and cash basis EPS calculations	**565,153**	557,538	1.4	**565,787**	564,530	0.2
Weighted average number of ordinary shares – used in diluted EPS calculations	**661,966**	649,602	1.9	**663,002**	660,967	0.3
Reconciliation of equity used in the calculation of ROE and ROTE	**$m**	**$m**	**%**	**$m**	**$m**	**%**
Ordinary issued capital	**5,242.9**	5,222.5	0.4	**5,242.9**	5,242.8	–
Retained earnings	**1,567.3**	1,386.5	13.0	**1,567.3**	1,481.7	5.8
Total ordinary equity	**6,810.2**	6,609.0	3.0	**6,810.2**	6,724.5	1.3
Average ordinary equity	**6,694.3**	6,482.8	3.3	**6,738.6**	6,650.0	1.3
Average intangible assets	**1,843.7**	1,745.2	5.6	**1,860.0**	1,827.6	1.8
Average tangible equity	**4,959.7**	4,869.3	1.9	**4,991.1**	4,928.2	1.3

Appendix 4E: Full Year Results

2.3 Financial statements continued

2.3.5 Shareholder returns and dividends continued

Earnings per share and dividend per share



		Full year ending			Half year ending		
		30 Jun 23	30 Jun 22	Change %	30 Jun 23	31 Dec 22	Change %
Cash earnings per share	¢	**102.1**	89.8	13.7	**49.9**	52.2	(4.4)
Dividend per share	¢	**61.0**	53.0	15.1	**32.0**	29.0	10.3
Dividend amount payable/paid	$m	**343.2**	293.0	17.1	**181.1**	162.1	11.7
Payout ratio – earnings per ordinary share [1]	%	**69.4**	60.6	large	**73.1**	65.8	large
Payout ratio – cash basis per ordinary share [1]	%	**59.7**	59.0	70 bps	**64.1**	55.6	large

1. Payout ratio is calculated as dividend per share divided by the applicable earnings per ordinary share.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity 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 7 September 2023. Shares issued under this Plan rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in the Dividend Reinvestment Plan for the 2023 final dividend is 6 September 2023.

Bonus Share Scheme – cessation of the plan April 2023

The Bonus Share Scheme has been terminated effective as of 1 April 2023. The final offer under the Scheme occurred in December 2022.

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2.4 Additional notes

2.4.1 Analysis of intangible assets

	Balance Sheet Carrying value		Income Statement Amortisation expense and Impairment charges	
	30 Jun 23 $m	30 Jun 22 $m	30 Jun 23 $m	30 Jun 22 $m
Goodwill	**1,527.5**	1,527.5	**—**	—
Software [1,2]	**288.2**	248.3	**80.1**	33.4
Software – acquired [3]	**14.3**	18.7	**4.4**	3.3
Trustee licence	**8.4**	8.4	**—**	—
Customer relationship	**3.4**	4.0	**0.6**	0.6
Other acquired intangibles	**0.1**	1.4	**1.3**	2.1
Total goodwill and other intangible assets	**1,841.9**	1,808.3	**86.4**	39.4

1. FY23 total expenses recorded in relation to software include impairment charges that have been excluded from cash earnings.
2. Includes software assets under development FY23: $187.4 million (FY22: $110.0 million).
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

	30 Jun 23	30 Jun 22
Net tangible assets per ordinary share	**$8.85**	$8.71

Net tangible assets	$m	$m
Net assets	**6,850.7**	6,711.9
Intangible assets	**(1,841.9)**	(1,808.3)
Net tangible assets attributable to ordinary shareholders	**5,008.8**	4,903.6
Number of fully paid ordinary shares on issue – 000's	**565,896**	563,077

2.4.3 Investments accounted for using the equity method

	Ownership interest held by consolidated entity		
	30 Jun 23	30 Jun 22	Balance date
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	**26.4%**	27.0%	30 June

All joint arrangements and associates are incorporated in Australia.

Appendix 4E: Full Year Results

2.4 Additional notes continued

2.4.4 Credit ratings

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

On 14 December 2022, Standard & Poor's Global Ratings (S&P) affirmed its long-term counterparty credit rating of Bendigo and Adelaide Bank Ltd (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 reflects a positive trend for Australian banking industry risk (including the Bank) on the back of growing system-wide customer deposits and falling offshore borrowing – both as a proportion of domestic customer loans. S&P expect to raise the long-term issuer credit rating of the Bank in the next two years if a view is formed that the Australian banking system's net external borrowings were to remain sustainably below 20% of domestic customer loans.

On 26 May 2023, Fitch Ratings (Fitch) affirmed the Bank's 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 over the next two years as higher interest rates and elevated inflation put pressure on some borrowers. Buffers built up by borrowers along with low unemployment mean a significant increase in Stage 3 loans appears unlikely. Fitch's base case forecasts the four-year average operating profit/risk-weighted assets (RWA) ratio to rise and remain above 1.5%. Rising rates and loan growth above system should see net interest margin expand over the next two years, but it may be partly offset by intense competition in both lending and funding markets. Further, Fitch expects the Bank's Common Equity Tier 1 (CET1) ratio to remain around the 11.2% reported as at 31 March 2023. It expects the Bank's funding profile to remain stable over the next two years, maintaining most of the improvement in the loan and or deposit ratio over the past two years.

Moody's Investor Service (Moody's) ratings from November 2021 remain unchanged. Refer to prior period Appendix 4E and 4D ASX result releases for further details.

2.4.5 Issued capital

Changes to issued and quoted securities during the year:

Ordinary shares [1]	Number of shares	$m
Fully paid ordinary shares as at 1 July 2022	**565,655,652**	**5,242.9**
Shares issued:		
September 2022 – Bonus Share Scheme (in lieu of dividend payment) at $8.55	217,023	—
September 2022 – Dividend Reinvestment Plan at $8.55	2,202,982	18.8
March 2023 – Bonus Share Scheme (in lieu of dividend payment) at $8.98	217,141	—
March 2023 – Dividend Reinvestment Plan at $8.98 [2]	—	—
Executive performance rights	—	0.2
Total ordinary shares as at 30 June 2023	**568,292,798**	**5,261.9**

Treasury shares (included in ordinary shares above)	Number of shares	$m
Treasury shares as at 1 July 2022	**(2,578,207)**	**(20.4)**
Net acquisitions during the period	180,919	1.4
Total treasury shares as at 30 June 2023	**(2,397,288)**	**(19.0)**

1. BEN – ASX code Ordinary Fully Paid Shares.
2. The Dividend Reinvestment Plan in respect of the 31 December 2022 interim dividend was satisfied in full by the on-market purchase and transfer of 2,496,726 shares at $8.98 to participating shareholders.

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2.4 Additional notes continued

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.
Authorised deposit-taking institution (ADI)	A body corporate which is authorised under the Banking Act 1959, to carry on banking business in Australia. It includes banks, building societies and credit unions.
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	Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. It is considered by management to be a key indicator of the underlying performance of the core business activities of the Group. Cash earnings is defined as statutory net profit after tax adjusted for non-cash items and other adjustments. Non-cash items are those deemed to be outside of the Group's core activities and hence these items are not considered to be representative of the Group's ongoing financial performance.
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	Represents 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.
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.
Equity Reserve for Credit Losses (ERCL)	The Equity reserve for credit losses was initially established to meet the requirements of APRA Prudential Standard, APS 220 Credit Quality, which required a reserve to be held to recognise estimated future credit losses which may arise over the life of the Group's lending portfolio. This requirement was removed from 1 January 2022, however, the Group has prudently maintained this reserve pending further clarification.
Gross loans and other receivables	Is the principal amount of loans and advances provided, gross of provisions and deferred fee income and including any accrued interest.
Group	Is Bendigo and Adelaide Bank Limited ('the Bank') and the entities it controlled at financial year end and during the financial year ('the Group').
Hedging	The use of 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.

Appendix 4E: Full Year Results

2.4 Additional notes continued

2.4.6 Glossary continued

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)	The Liquidity Coverage Ratio (LCR) measures the portion of High Quality Liquidity Assets (HQLA) available to meet net cash outflows over a 30-day period under an APRA defined severe short term stress scenario.
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 (cash basis) divided by average interest-earning assets. This measure provides an indication of the profitability of the Bank's interest earning assets less the cost of interest bearing liabilities (i.e cost of funding).
Net Stable Funding Ratio (NSFR)	The Net Stable Funding Ratio (NSFR) is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF).. ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is the function of the liquidity characteristics and residual maturities of an ADI's assets and Off Balance Sheet activities.
Net tangible assets	Net assets excluding intangible assets and other equity instruments 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 principaland interest payments from a specified pool of mortgage loans that are secured by mortgages over residential property.
Restructured facility	Represents a facility in which the original contractual terms have been modified to provide for concessions of interest, or principal, or other payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer and would not be offered to new customers with similar risk.
Return on average ordinary equity (ROE)	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.
Term Funding Facility (TFF)	The Term Funding Facility (TFF) was established by the RBA in March 2020 to provide three-year term funding to authorised deposit-taking institutions (ADIs), to supporting lending to Australian businesses.
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.

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