



Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Appendix 4E: Preliminary Final Report

For the year ended
30 June 2011

Released 8 August 2011

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

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1. Appendix 4E: Preliminary Final Report

1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited
 ABN 11 068 049 178

Reporting period - twelve months ended: 30 June 2011
 Previous corresponding period - twelve months ended: 30 June 2010

1.2 Results for announcement to the market

				\$m
Income from operations	up	8.9%	to	1,236.0
Profit after tax attributable to members	up	41.0%	to	342.1
Net profit after tax attributable to members	up	41.0%	to	342.1

Dividends – current year	Amount per security
Final Dividend – 2011, fully franked Payable 30 September 2011 Record date for determining entitlements for final dividend – 2 September 2011	30.0 cents
Interim Dividend – 2011, fully franked Paid 31 March 2011	30.0 cents

Dividends – previous year	Amount per security
Final Dividend – 2010, fully franked Paid 30 September 2010	30.0 cents
Interim Dividend – 2010, fully franked Paid 31 March 2010	28.0 cents

1.3 Cash earnings results

Cash earnings attributable to members	up	15.5%	to	\$336.2 million
Cash earnings per share	up	10.8%	to	92.3 cents
See Note 2.3 for full details				

1.4 Net tangible assets per ordinary share

Refer to page 35.

1.5 Details of entities over which control has been gained or lost during the period

During the financial period, changes in the investment in the following entity occurred:

1 December 2010 – ownership of Rural Bank Limited was increased from 60% to 100% after the purchase of the remaining 40% shareholding from Elders Ltd. Rural Bank Limited is now a wholly owned subsidiary of Bendigo and Adelaide Bank Limited.

The information contained in this report includes the results of Rural Bank Limited from 1 October 2009, the date control was gained.

1.6 Details of individual and total dividends

Refer to page 29.

1.7 Details of any dividend or distribution reinvestment plans in operation

Refer to page 30.

1.8 Details of associates and joint venture entities

Refer to page 32.

1.9 Accounting standards used for foreign entities

Not applicable.

1.10 Dispute or qualifications if audited

This report is based on financial accounts that are in the process of being audited by our external auditors. There is not expected to be any dispute or qualification to the financial accounts.

1.11 Annual general meeting

The annual general meeting will be held as follows:

Place: The Capital Theatre, 50 View Street, Bendigo, Victoria
Date: 24 October 2011
Time: 2.00 pm (Eastern Daylight Saving Time)

And at

Place: The Intercontinental Adelaide, North Terrace, Adelaide
Date: 24 October 2011
Time: 1.30 pm (Central Daylight Saving Time)

1.12 Subsequent events

On the 28 July 2011, Bendigo and Adelaide Bank Ltd ('the Bank') entered into an agreement to lease premises to be constructed at 80 Grenfell Street, Adelaide, which is expected to be completed in November 2013. The Bank has agreed to an initial rental commitment estimated at \$9.9m exclusive of GST in the first year and a minimum lease term of 12 years.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

This Appendix 4E: Preliminary Final Report should be read in conjunction with the media release on 8 August 2011.

2. Full Year Results

2.1 Financial highlights

	2010-11			2009-10			Change	
	2010-11	2010-11	Total	2009-10	2009-10	Total	Full Year 2010	
	1 st Half	2 nd Half		1 st Half*	2 nd Half		to	
	\$m	\$m	\$m	\$m	\$m	\$m	Full Year 2011	%
Profit after tax attributable to parent	173.9	168.2	342.1	104.1	138.5	242.6	99.5	41.0
Profit after tax and before non recurring items	156.3	168.9	325.2	134.2	143.2	277.4	47.8	17.2
Cash earnings	162.1	174.1	336.2	139.7	151.3	291.0	45.2	15.5
Net interest income	461.3	473.9	935.2	408.0	446.6	854.6	80.6	9.4
Non-interest income (before non recurring items)	158.5	139.7	298.2	153.0	141.4	294.4	3.8	1.3
Expenses (before non recurring items)	371.9	363.6	735.5	340.6	356.3	696.9	38.6	5.5
Retail deposits	35,481.3	36,690.9	36,690.9	32,174.7	33,698.2	33,698.2	2,992.7	8.9
Ordinary equity	3,787.7	3,865.6	3,865.6	3,610.0	3,697.3	3,697.3	168.3	4.6
Funds under management	3,920.5	3,538.2	3,538.2	4,117.0	3,704.0	3,704.0	(165.8)	(4.5)
Loans under management	46,321.8	47,773.1	47,773.1	42,785.3	45,191.0	45,191.0	2,582.1	5.7
New loan approvals	7,048.1	6,837.4	13,885.5	5,375.1	6,541.5	11,916.6	1,968.9	16.5
Residential	4,887.6	4,759.7	9,647.3	3,767.7	4,502.6	8,270.3	1,377.0	16.6
Non-residential	2,160.5	2,077.7	4,238.2	1,607.4	2,038.9	3,646.3	591.9	16.2

	2010-11			2009-10			Change	
	2010-11	2010-11	Total	2009-10	2009-10	Total	Full Year 2010	
	1 st Half	2 nd Half		1 st Half*	2 nd Half		to	
							Full Year 2011	
Cost to income ratio	57.7%	57.0%	57.4%	58.5%	57.7%	58.1%	(0.7)	(1.2)
Earnings per ordinary share – cents	46.7	44.8	91.5	29.7	37.4	67.4	24.1	35.8
Cash basis earnings per ordinary share – cents	44.7	47.6	92.3	41.2	42.1	83.3	9.0	10.8
Dividend per share – cents	30.0	30.0	60.0	28.0	30.0	58.0	2.0	3.4

*The 2009-10 1st half results include the Macquarie Margin Lending business, along with the trading of Tasmanian Banking Services Limited (100% owned and controlled) from 1 August 2009 and Rural Bank Limited (60% owned and controlled) from 1 October 2009 and (100% owned and controlled) from 1 December 2010. Previously Rural Bank and Tasmanian Banking Services were equity accounted joint ventures.

2.2 Results at a glance

2.2.1 Financial performance

Bendigo and Adelaide Bank Ltd announced a statutory profit after tax of \$342.1 million for the 12 months ending 30 June 2011, a 41.0 per cent increase on the corresponding period. The cash earnings result is \$336.2 million for the 12 months ending 30 June 2011, a 15.5 per cent increase on the prior corresponding period.

	Further detail
- Statutory earnings per ordinary share of 91.5 cents (Jun-10 67.4 cents), an increase of 35.8%.	2.4.10.3
- Cash basis earnings per ordinary share of 92.3 cents (Jun-10 83.3 cents), an increase of 10.8%.	
- Statutory return on average ordinary equity is 8.99% (Jun-10 6.79%).	2.4.10.3
- Cash basis earnings return on average ordinary equity was 9.07% (Jun-10 8.17%).	
- Cash basis earnings return on tangible equity was 16.88% (Jun-10 16.37%).	2.4.10.3
- Profit before income tax and non-recurring items was \$453.7 million (Jun-10 \$407.4 million), an increase of 11.4% (see note 2.4.1.1 for non-recurring item details).	2.4.1
- Net interest income increased by 9.4% to \$935.2 million with an interest margin before payments to community banks and alliances increasing from 2.09% to 2.17% for the year. Net of these payments, interest margin recorded a slight increase from 1.80% to 1.84% for the year.	2.5.3
- Non interest income before non recurring items was \$298.2 million (Jun-10 \$294.4 million), an increase of 1.3%.	2.4.3

Directors announced a final dividend of 30.0 cents per share (fully franked), taking the total dividend for the financial year to 60.0 cents per share. The Board's dividend policy of paying out 60-70 per cent of cash earnings as dividends remains unchanged.

2.2.2 Dividends

- 2010/11 final dividend of 30.0 cents per fully paid ordinary share (equal to the 2009/10 final dividend), fully franked at 30%.
- Dividend is payable on 30 September 2011 to shareholders registered on the Record Date of 2 September 2011.
- The final dividend proposed totals \$107.7 million.
- Dividends for 2010/11 total 60.0 cents (58.0 cents in 2009/10).

2.3 Financial Statements

2.3.1 Income Statement

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$m	\$m
Income		
Net interest income		
Interest income	3,381.2	2,712.2
Interest expense	2,446.0	1,857.6
Net Interest Income	935.2	854.6
Total non interest income (2.4.3)	294.8	281.7
Share of associates net profits accounted for using the equity method (2.5.2)	3.4	12.7
Total income	1,233.4	1,149.0
Expenses		
Bad and doubtful debts (2.4.8)	44.2	44.7
Operating expenses (2.4.4)	735.5	696.9
Profit before income tax expense and non recurring items	453.7	407.4
Non recurring items before tax	(29.2)	(56.7)
Profit before income tax expense	424.5	350.7
Income tax expense	77.9	90.8
Profit after income tax expense	346.6	259.9
Net (profit)/loss attributable to non-controlling interest	(4.5)	(17.3)
Profit after income tax expense attributable to members of the parent	342.1	242.6
Adjusted for:		
Non recurring items after income tax expense (2.4.1.1)	(16.9)	34.8
Dividends paid on preference shares	(4.1)	(3.4)
Dividends paid on step-up preference shares	(4.6)	(3.9)
After tax intangibles amortisation (excluding amortisation of intangible software)	19.7	20.9
Cash basis earnings	336.2	291.0
Cash basis earnings per ordinary share (cents per share)	92.3	83.3
Basic earnings per ordinary share (cents per share)	91.5	67.4
Diluted earnings per ordinary share (cents per share)	86.4	62.9
Franked dividends per ordinary share (cents per share)	60.0	58.0

2.3.2 Balance Sheet

As at 30 June 2011

	Consolidated	
	Jun-11	Jun-10
	2011 \$m	2010 \$m
Assets		
Cash and cash equivalents	469.0	760.5
Due from other financial institutions	201.6	279.7
Financial assets held for trading	4,331.7	3,985.2
Financial assets available for sale - debt securities	452.1	261.5
Financial assets held to maturity	380.3	482.8
Other assets	417.0	618.2
Financial assets available for sale - equity investments	123.4	111.7
Derivatives	9.3	7.4
Loans and other receivables - investment	471.2	541.0
Loans and other receivables	45,866.7	42,980.8
Investments in joint ventures accounted for using the equity method	12.5	7.2
Property, plant and equipment	99.9	103.6
Deferred tax assets	175.2	201.0
Investment property	263.0	158.9
Intangible assets and goodwill	1,654.7	1,641.6
Total Assets	54,927.6	52,141.1
Liabilities		
Due to other financial institutions	215.6	195.5
Deposits	40,521.3	37,076.2
Notes payable	8,381.8	9,059.8
Derivatives	132.0	263.6
Other payables	781.2	760.3
Income tax payable	68.6	73.1
Provisions	84.5	89.1
Deferred tax liabilities	122.3	120.7
Reset preference shares	89.5	89.5
Subordinated debt - at amortised cost	575.7	532.9
Total Liabilities	50,972.5	48,260.7
Net Assets	3,955.1	3,880.4
Equity		
Equity attributable to equity holders of the parent		
Issued capital - ordinary	3,408.9	3,361.7
Perpetual non-cumulative redeemable convertible preference shares	88.5	88.5
Step-up preference shares	100.0	100.0
Employee Share Ownership Plan (ESOP) shares	(24.6)	(27.7)
Reserves	32.8	(22.3)
Retained earnings	349.5	234.5
Total parent interests	3,955.1	3,734.7
Non-controlling interests	-	145.7
Total Equity	3,955.1	3,880.4

2.3.3 Cash Flow Statement

For the year ended 30 June 2011

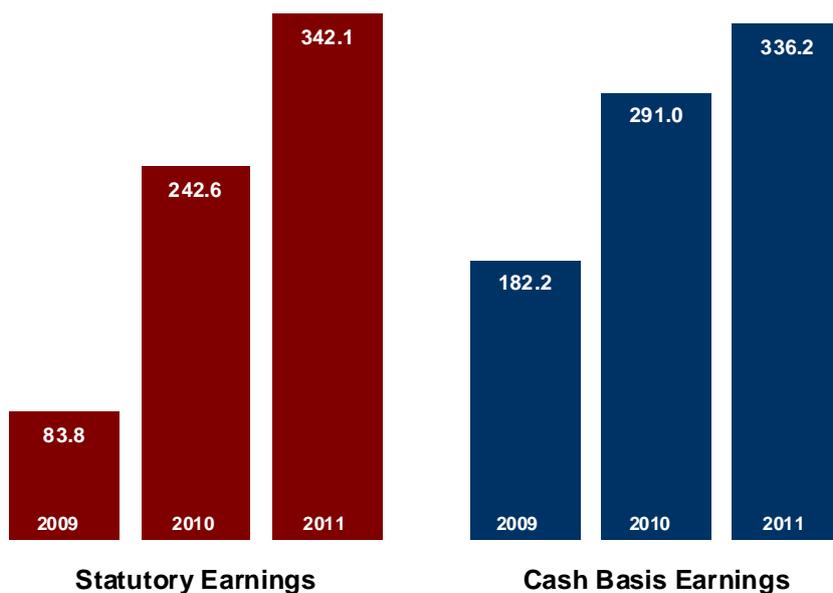
	Consolidated	
	2011 \$m	2010 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	3,338.9	2,591.2
Interest and other costs of finance paid	(2,380.3)	(1,835.7)
Receipts from customers (excluding effective interest)	271.6	250.3
Payments to suppliers and employees	(655.7)	(630.9)
Dividends received	7.5	17.3
Income taxes paid	(93.8)	(44.2)
Net cash flows from operating activities	488.2	348.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property, plant and equipment	(14.8)	(17.7)
Cash proceeds from sale of property, plant and equipment	1.5	0.6
Cash paid for purchases of investment property	(89.4)	(32.3)
Cash proceeds from sale of investment property	7.2	4.2
Cash paid for purchases of intangible software	(4.7)	(0.1)
Cash paid for purchases of equity investments	(3.0)	(5.8)
Cash proceeds from sale of equity investments	-	4.3
Net increase in balance of loans and other receivables outstanding	(2,841.3)	(1,240.1)
Net (increase)/decrease in balance of investment securities	(364.9)	243.3
Proceeds from return of capital	0.7	-
Net cash received on acquisition of a subsidiary	-	42.7
Net cash flows used in investing activities	(3,308.7)	(1,000.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	320.0
Acquisition of non-controlling interest	(166.6)	-
Net increase in balance of retail deposits	2,993.6	1,538.4
Net increase/(decrease) in balance of wholesale deposits	450.4	(52.1)
Proceeds from issue of subordinated debt	259.5	51.0
Repayment of subordinated debt	(217.7)	(237.0)
Dividends paid	(177.5)	(99.5)
Dividends paid to non controlling entity	(14.4)	(20.1)
Net decrease in balance of notes payable	(699.6)	(949.5)
Repayment of ESOP shares	3.1	5.0
Payment of share issue costs	-	(10.3)
Net cash flows from financing activities	2,430.8	545.9
Net decrease in cash and cash equivalents	(389.7)	(107.0)
Cash and cash equivalents at the beginning of period	844.7	951.7
Cash and cash equivalents at the end of period	455.0	844.7

2.4 Results commentary

2.4.1 Profit

	Full year ending				Six months ending		Change	
	Jun-11 \$m	Jun-10 \$m	Change \$m	%	Jun-11 \$m	Dec-10 \$m	\$m	%
Profit before tax	424.5	350.7	73.8	21.0	212.2	212.3	(0.1)	-
Non recurring items before tax	29.2	56.7	(27.5)	(48.5)	11.7	17.5	(5.8)	(33.1)
Profit before tax and non recurring items	453.7	407.4	46.3	11.4	223.9	229.8	(5.9)	(2.6)
Statutory profit after tax attributable to the parent	342.1	242.6	99.5	41.0	168.2	173.9	(5.7)	(3.3)
Non recurring items after tax	(16.9)	34.8	(51.7)	(148.6)	0.7	(17.6)	18.3	104.0
Profit after tax before non recurring items	325.2	277.4	47.8	17.2	168.9	156.3	12.6	8.1
<i>Adjusted for:</i>								
Amortisation of acquired intangibles after tax	19.7	20.9	(1.2)	(5.7)	9.6	10.1	(0.5)	(5.0)
Distributions paid on preference shares	(4.1)	(3.4)	(0.7)	(20.6)	(2.1)	(2.0)	(0.1)	(5.0)
Distributions paid on step-up preference shares	(4.6)	(3.9)	(0.7)	(17.9)	(2.3)	(2.3)	-	-
Cash basis profit after tax	336.2	291.0	45.2	15.5	174.1	162.1	12.0	7.4

Profit after tax \$m



2.4.1.1 Non Recurring Items

The reported profit after tax for the year ended 30 June 2011 of \$342.1 million included the following non recurring items:

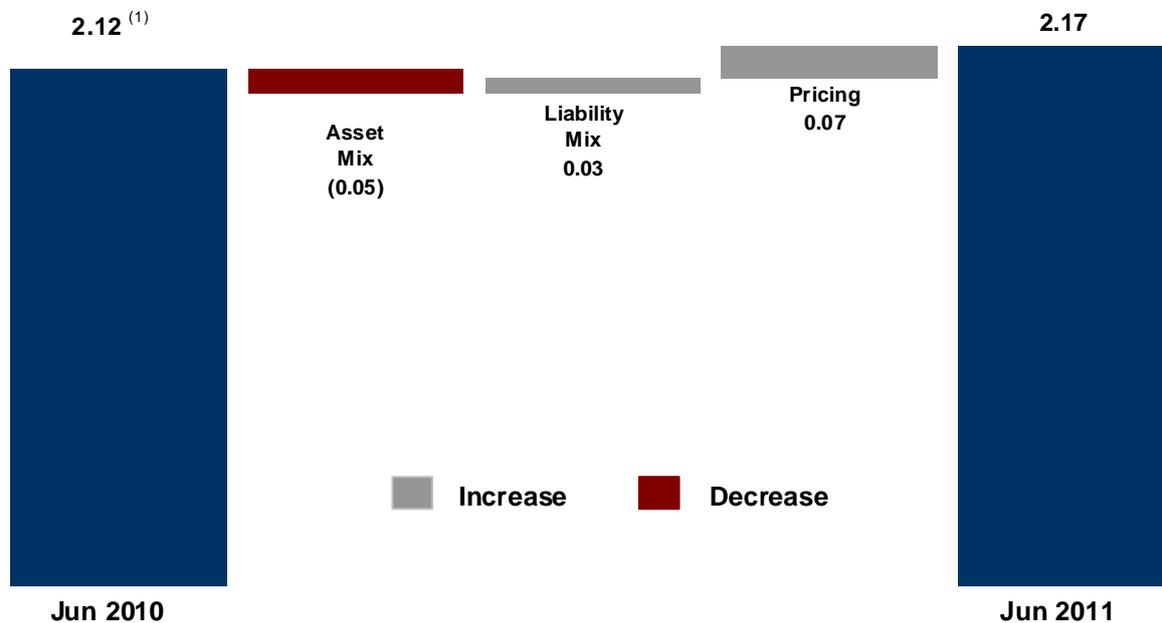
	2011		2010	
	Before Tax \$m	After Tax \$m	Before Tax \$m	After Tax \$m
Items included in non interest income				
Accounting gain on the sale of equity investments	-	-	19.9	19.8
Ineffectiveness in cash flow hedges ⁽¹⁾	2.6	1.8	(33.9)	(23.7)
	<u>2.6</u>	<u>1.8</u>	<u>(14.0)</u>	<u>(3.9)</u>
Items included in operating expenses				
Integration costs associated with the Adelaide Bank merger and the Macquarie margin lending business	8.2	5.7	35.1	24.5
Employee shares shortfall/(gain) ⁽²⁾	(1.4)	(1.0)	(2.6)	(1.8)
Accounting loss on disposal of securitisation notes	14.7	10.3	-	-
Write down of impaired intangible software assets	25.6	17.9	-	-
GST refund on change to apportionment methodology	(15.3)	(10.7)	-	-
Property revaluation decrement	-	-	10.2	7.2
	<u>31.8</u>	<u>22.2</u>	<u>42.7</u>	<u>29.9</u>
Total non recurring items before income tax expense items	<u>(29.2)</u>	<u>(20.4)</u>	<u>(56.7)</u>	<u>(33.8)</u>
Items included in income tax expense				
Acquisition income tax benefit - Adelaide Bank	-	40.8	-	-
Acquisition income tax expense - Rural Bank	-	(2.9)	-	-
	<u>-</u>	<u>37.9</u>	<u>-</u>	<u>-</u>
Non recurring items	<u>(29.2)</u>	<u>17.5</u>	<u>(56.7)</u>	<u>(33.8)</u>
Non recurring items attributable to non-controlling interests	<u>(0.8)</u>	<u>(0.6)</u>	<u>(1.4)</u>	<u>(1.0)</u>
Total non recurring items attributable to the parent	<u>(30.0)</u>	<u>16.9</u>	<u>(58.1)</u>	<u>(34.8)</u>

⁽¹⁾ Ineffectiveness resulting from the accounting for cash flow hedges acquired in the merger with Adelaide Bank Ltd and the consolidation of Rural Bank Ltd.

⁽²⁾ Employee shares gain relate to a discontinued employee share plan, whereby the market value of shares are above the outstanding value of the attached staff loans.

2.4.2 Interest margin

Analysis of net interest margin (movement over twelve months) %



⁽¹⁾ The June 2010 net interest margin is normalised for the inclusion of Rural Bank for the full year. This differs to the statutory net interest margin of 2.09%. Refer to 2.5.3 for further detail.

Asset mix – Margin lending business declines offset by lower priced residential lending through Retail and Third Party businesses.

Liability mix – Retail deposit growth continues to replace higher cost securitisation funding.

Pricing – Pricing improvement in asset and liability portfolios.

2.4.3 Income

	Full year ending				Six months ending			
	Jun-11 \$m	Jun-10 \$m	Change \$m	%	Jun-11 \$m	Dec-10 \$m	Change \$m	%
Net interest income	935.2	854.6	80.6	9.4	473.9	461.3	12.6	2.7
Other income comprising:								
Fees								
- asset products	64.5	61.8	2.7	4.4	33.2	31.3	1.9	6.1
- liability products & other	121.4	130.1	(8.7)	(6.7)	59.1	62.3	(3.2)	(5.1)
- trustee, management & other services	8.3	9.7	(1.4)	(14.4)	4.1	4.2	(0.1)	(2.4)
Commissions								
- wealth solutions	27.0	25.4	1.6	6.3	14.6	12.4	2.2	17.7
- insurance	14.3	13.0	1.3	10.0	7.4	6.9	0.5	7.2
- other	1.9	2.5	(0.6)	(24.0)	1.0	0.9	0.1	11.1
Dividend income	7.2	6.3	0.9	14.3	3.9	3.3	0.6	18.2
Homesafe revaluation	21.9	11.0	10.9	99.1	3.4	18.5	(15.1)	(81.6)
Other	28.3	21.9	6.4	29.2	11.2	17.1	(5.9)	(34.5)
Total other income before non recurring income items	294.8	281.7	13.1	4.7	137.9	156.9	(19.0)	(12.1)
Share of joint ventures profit	3.4	12.7	(9.3)	(73.2)	1.8	1.6	0.2	12.5
Total non interest income before non recurring items	298.2	294.4	3.8	1.3	139.7	158.5	(18.8)	(11.9)
Total income before non recurring items	1,233.4	1,149.0	84.4	7.3	613.6	619.8	(6.2)	(1.0)
Non recurring income items - non interest income	2.6	(14.0)	16.6	118.6	1.6	1.0	0.6	60.0
Total income	1,236.0	1,135.0	101.0	8.9	615.2	620.8	(5.6)	(0.9)

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

Comments on Total income when compared to previous corresponding period:

Net interest income increased by \$80.6 million or 9.4% when compared with the previous year. Refer to Note 2.4.2 for an analysis of the net interest income movements.

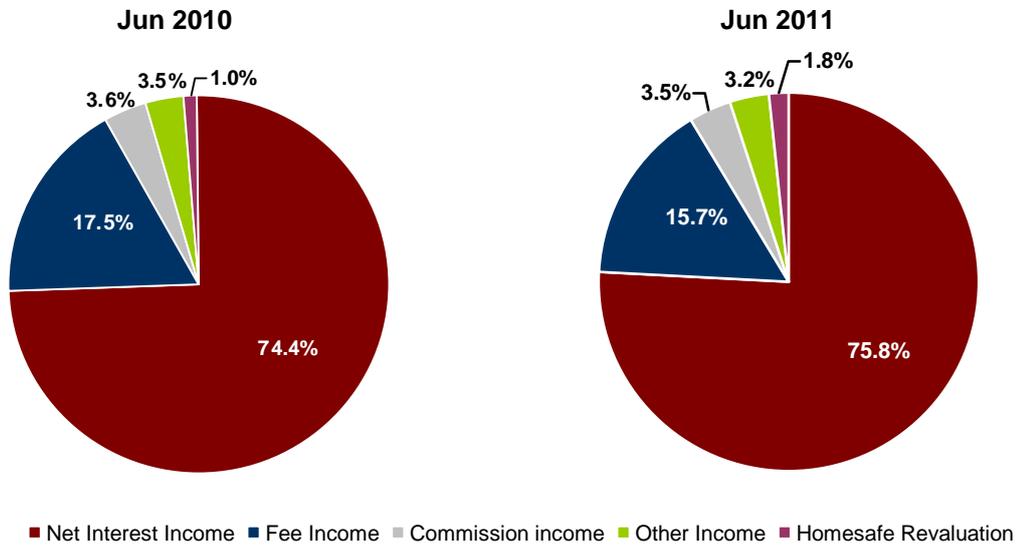
Fees – liability products & other decreased by \$8.7 million or 6.7% largely due to a reduction in dishonour fees and account service fees.

Commission income has increased due to increases in insurance commissions, along with higher wealth commissions and service fees.

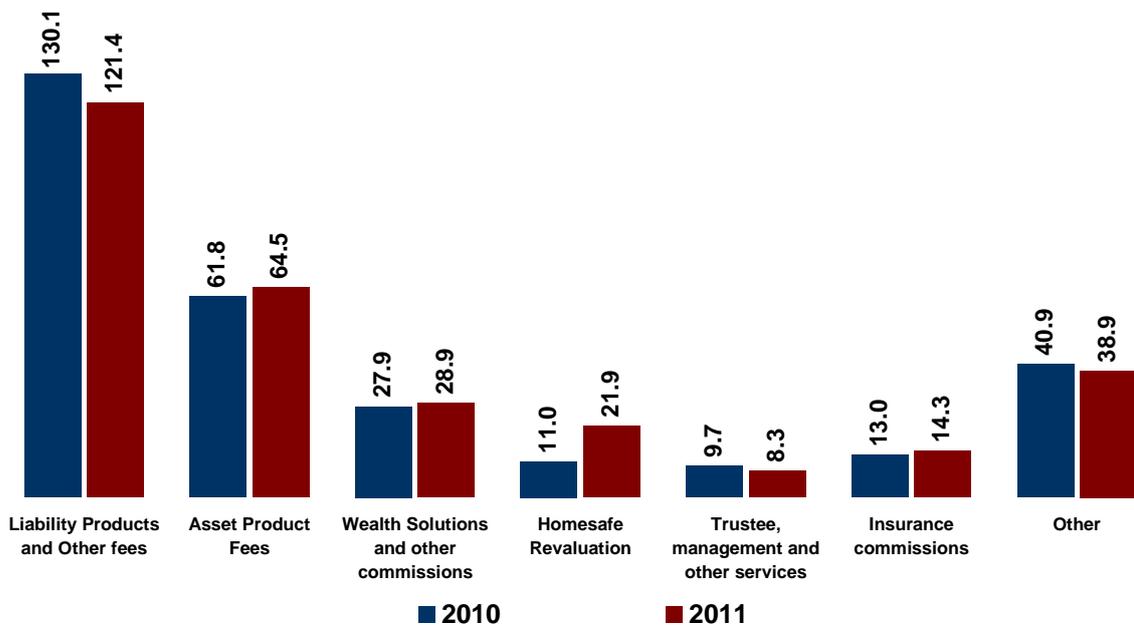
Share of joint ventures' profit has decreased \$9.3 million or 73.2% primarily as a result of Rural Bank becoming a subsidiary of the group as at 1 October 2009. Excluding Rural Bank, underlying share of associates profit has increased by \$2.3m with improved profitability from Homesafe Solutions and Strategic Payment Systems.

Other income has increased \$6.4 million or 29.2% primarily due to higher foreign exchange income.

Income %



Non interest Income \$m



2.4.4 Productivity and Operating Expenses

	Full year ending				Six months ending			
	Jun-11 \$m	Jun-10 \$m	Change \$m	%	Jun-11 \$m	Dec-10 \$m	Change \$m	%
Staff and related costs	375.0	334.7	40.3	12.0	187.9	187.1	0.8	0.4
Occupancy costs	62.0	57.7	4.3	7.5	31.0	31.0	-	-
Information technology costs	57.5	58.1	(0.6)	(1.0)	27.6	29.9	(2.3)	(7.7)
Amortisation of acquired intangibles	28.1	29.9	(1.8)	(6.0)	13.6	14.5	(0.9)	(6.2)
Amortisation of software intangibles	14.6	8.3	6.3	75.9	8.4	6.2	2.2	35.5
Property, plant & equipment costs	11.8	13.4	(1.6)	(11.9)	5.6	6.2	(0.6)	(9.7)
Fees and commissions	39.0	37.9	1.1	2.9	20.4	18.6	1.8	9.7
Communications, postage & stationery	32.9	32.1	0.8	2.5	16.2	16.7	(0.5)	(3.0)
Advertising & promotion	16.6	16.8	(0.2)	(1.2)	8.2	8.4	(0.2)	(2.4)
Other product & services delivery costs	36.6	38.8	(2.2)	(5.7)	18.0	18.6	(0.6)	(3.2)
Other administration expenses	61.4	69.2	(7.8)	(11.3)	26.7	34.7	(8.0)	(23.1)
Total operating expenses	735.5	696.9	38.6	5.5	363.6	371.9	(8.3)	(2.2)
Non recurring items	31.8	42.7	(10.9)	(25.5)	13.3	18.5	(5.2)	(28.1)
Total expenses	767.3	739.6	27.7	3.7	376.9	390.4	(13.5)	(3.5)
Expenses to income	57.4%	58.1%	(0.7%)	(1.2)	57.0%	57.7%	(0.7%)	(1.2)
Expenses to average assets	1.3%	1.3%	-	-	1.3%	1.4%	(0.1%)	(7.1)
Number of staff (full-time equiv)	4,019	3,847	172	4.5	4,019	3,926	93	2.4
Staff & related costs to income	30.4%	29.1%	1.3%	4.5	30.6%	30.2%	0.4%	1.3

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

Expenses used in the above ratios are expenses less non recurring expense items and acquired intangibles amortisation.

Income used in the above ratios is income less non recurring income items.

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

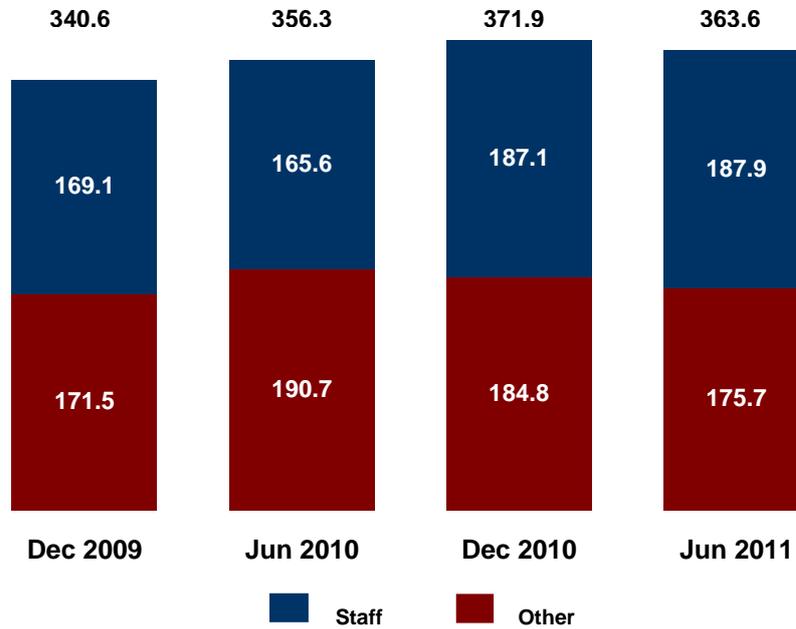
Staff and related costs have increased \$40.3 million or 12.0% compared to the previous corresponding period, due to wage increases flowing from the bank's certified agreement, along with other salary increases during the calendar year, higher staff incentive payments and lower participation in the unpaid leave initiative. Also the full year inclusion of the Rural Bank, compared to 9 months in the prior corresponding period.

Occupancy costs increased by \$4.3 million or 7.5% predominantly due to increases in lease rental payments along with higher property maintenance costs.

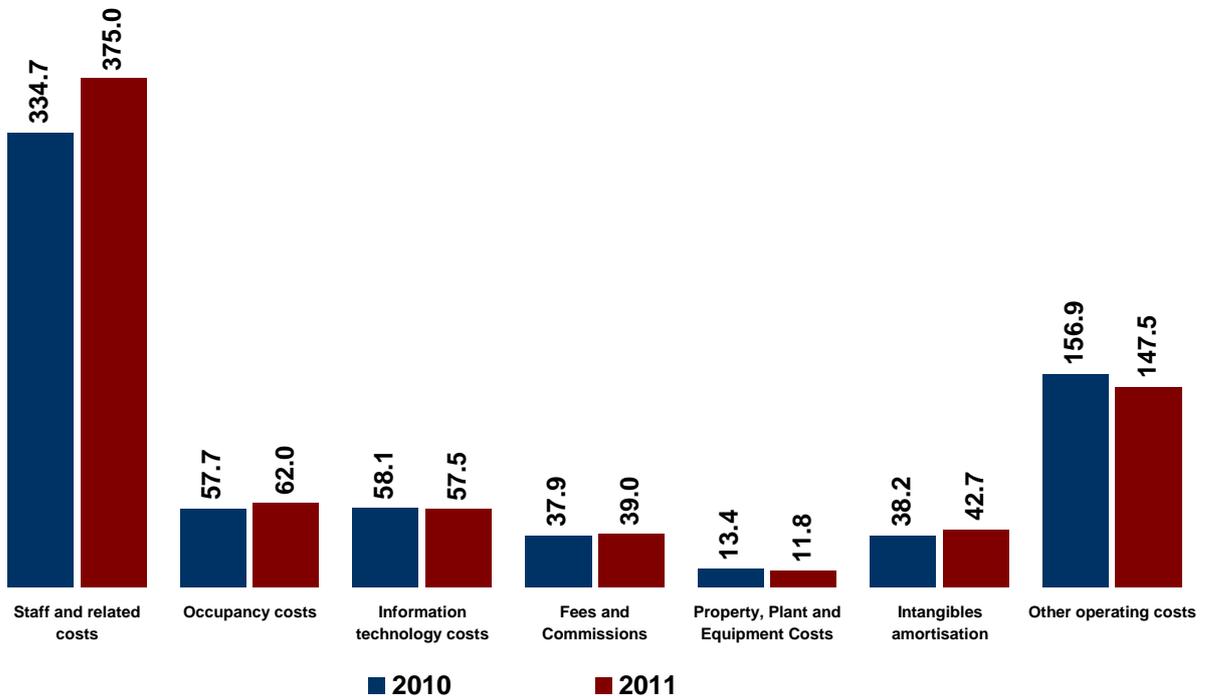
Intangibles software amortisation increased by \$6.3 million or 75.9% predominantly due to the amortisation of various software costs.

Other administration costs decreased \$7.8 million or 11.3% predominantly due to a higher GST recovery rates.

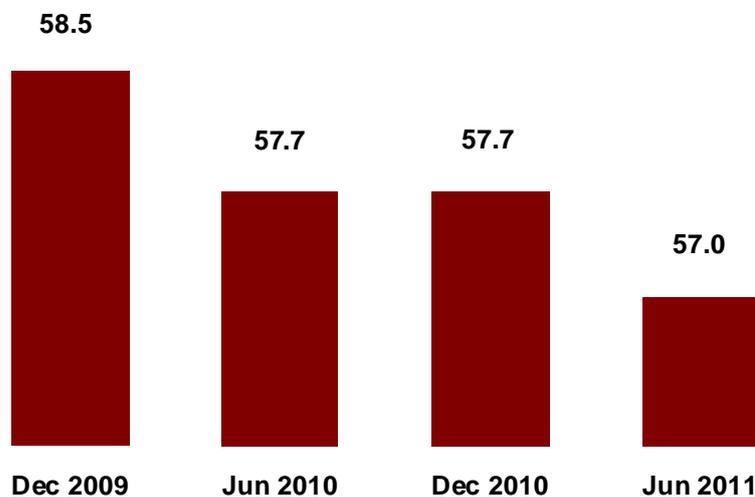
Operating Expenses - Six months
 \$m



Operating expenses
 \$m



Cost to Income Ratio – six months
%



Expenses used in the above ratios exclude non recurring expense items and acquired intangibles amortisation. Income used in the above ratios is income less non recurring income items.

2.4.5 *Segment results*

Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

The operating segments are identified according to the nature of products and services provided and the key delivery channels, with each segment representing a strategic business unit that offers a different delivery method and/or different products and services. Discrete financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

The segments presented reflect changes to the structure which were implemented during the year. The comparatives have been restated to reflect the changed structure.

Segment assets and liabilities reflect the value of loans and deposits directly managed by the operating segment. All other assets of the group are managed centrally.

Types of products and services

Retail banking

Net interest income predominantly derived from the provision of first mortgage finance less interest paid to depositors; and fee income from the provision of banking services delivered through the company-owned branch network and the Group's share of net interest and fee income from the Community Bank branch network.

Third party banking

Net interest income and fees derived from the manufacture and processing of residential home loans, distributed through mortgage brokers, mortgage managers, mortgage originators and Alliance partners.

Wealth

Fees, commissions and interest from the provision of financial planning services, wealth management and margin lending activities, less interest paid to depositors referred by our wealth partners. Commission received as Responsible Entity for managed investment schemes and for corporate trusteeships and other trustee and custodial services.

Rural Bank

Profit share from equity accounted investment in Rural Bank and from October 2009, the consolidated results of Rural Bank. The principal activities of Rural Bank are the provision of banking services to agribusiness, rural and regional Australian communities.

Central functions

Functions not relating directly to a reportable operating segment.

Major customers

Revenues from no one single customer amount to greater than 10% of the Group's revenues.

For the year ended 30 June 2011

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Net interest income	513.3	200.9	105.7	115.3		935.2	-	935.2
Other income	176.0	52.8	38.4	6.5		273.7	21.1	294.8
Share of net profit of equity accounted investments	-	-	-	-		-	3.4	3.4
Total segment income	689.3	253.7	144.1	121.8		1,208.9	24.5	1,233.4
Operating expenses	301.0	77.2	47.9	41.0		467.1	268.4	735.5
Credit expenses	11.8	0.9	0.5	31.0		44.2	-	44.2
Segment result	376.5	175.6	95.7	49.8		697.6	(243.9)	453.7

For the year ended 30 June 2010

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Net interest income	414.9	215.2	125.5	99.0		854.6	-	854.6
Other income	180.6	45.2	32.7	5.3		263.8	17.9	281.7
Share of net profit of equity accounted investments	-	-	-	11.6		11.6	1.1	12.7
Total segment income	595.5	260.4	158.2	115.9		1,130.0	19.0	1,149.0
Operating expenses	294.9	70.2	42.7	37.7		445.5	251.4	696.9
Credit expenses	19.0	15.2	3.7	6.8		44.7	-	44.7
Segment result	281.6	175.0	111.8	71.4		639.8	(232.4)	407.4

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Reportable segment assets								
As at 30 June 2011	23,364.9	15,728.3	3,314.0	3,960.3		46,367.5	8,560.1	54,927.6
As at 30 June 2010	21,383.6	13,510.4	3,730.9	4,164.0		42,788.9	9,352.2	52,141.1
Reportable segment liabilities								
As at 30 June 2011	27,816.0	489.7	5,049.3	3,593.2		36,948.2	6,216.2	43,164.4
As at 30 June 2010	25,592.0	482.9	3,849.0	3,818.2		33,742.1	6,584.7	40,326.8

Reconciliation between segment and statutory results

	Consolidated	
	Jun-11	Jun-10
	Full year	Full year
	\$m	\$m
Reconciliation of total segment income to group income		
Total segment income	1,233.4	1,149.0
Ineffectiveness in cash flow hedges	2.6	(33.9)
Profit on sale of other non-current assets	-	19.9
Total group income	<u>1,236.0</u>	<u>1,135.0</u>
Reconciliation of segment expenses to group total expenses		
Segment operating expenses	735.5	696.9
Non recurring expense items	31.8	42.7
Total group expenses	<u>767.3</u>	<u>739.6</u>
Reconciliation of segment credit expenses to bad and doubtful debts on loans and receivables		
Segment credit expenses	44.2	44.7
Bad and doubtful debts on loans and receivables	<u>44.2</u>	<u>44.7</u>
Reconciliation of segment result to group profit before tax		
Total segment result	453.7	407.4
Ineffectiveness in cash flow hedges	2.6	(33.9)
Profit on sale of other non-current assets	-	19.9
Non recurring expense items	(31.8)	(42.7)
Group profit before tax	<u>424.5</u>	<u>350.7</u>
	Consolidated	
	As at	As at
	Jun-11	Jun-10
	\$m	\$m
Reportable segment assets		
Total assets for operating segments	54,927.6	52,141.1
Total assets	<u>54,927.6</u>	<u>52,141.1</u>
Reportable segment liabilities		
Total liabilities for operating segments	43,164.4	40,326.8
Securitisation funding	7,808.1	7,933.9
Total liabilities	<u>50,972.5</u>	<u>48,260.7</u>

2.4.6 Lending

	Jun-11 \$m	Jun-10 \$m	Change \$m	%	Six months ending			
					Jun-11 \$m	Dec-10 \$m	Change \$m	%
Approvals - by security								
Residential	9,647.3	8,270.3	1,377.0	16.6	4,759.7	4,887.6	(127.9)	(2.6)
Non-residential	4,238.2	3,646.3	591.9	16.2	2,077.7	2,160.5	(82.8)	(3.8)
Total Approvals	13,885.5	11,916.6	1,968.9	16.5	6,837.4	7,048.1	(210.7)	(3.0)
	As at Jun-11 \$m	As at Jun-10 \$m	Change \$m	%	As at Jun-11 \$m	As at Dec-10 \$m	Change \$m	%
Gross loan balance - by security								
Residential	31,522.3	28,875.5	2,646.8	9.2	31,522.3	29,947.1	1,575.2	5.3
Business								
Accommodation and food services	277.4	247.9	29.5	11.9	277.4	269.3	8.1	3.0
Administrative and support services	54.7	65.9	(11.2)	(17.0)	54.7	63.4	(8.7)	(13.7)
Agriculture, forestry and fishing	4,234.3	4,272.3	(38.0)	(0.9)	4,234.3	4,263.7	(29.4)	(0.7)
Arts and recreation services	67.8	66.0	1.8	2.7	67.8	69.1	(1.3)	(1.9)
Construction	628.4	578.1	50.3	8.7	628.4	576.2	52.2	9.1
Education and training	46.4	37.5	8.9	23.7	46.4	40.4	6.0	14.9
Electricity, gas, water and waste services	25.4	21.6	3.8	17.6	25.4	19.6	5.8	29.6
Financial and insurance services	612.0	653.7	(41.7)	(6.4)	612.0	628.0	(16.0)	(2.5)
Health care and social assistance	378.0	404.4	(26.4)	(6.5)	378.0	370.7	7.3	2.0
Information media and telecommunications	10.5	9.4	1.1	11.7	10.5	10.3	0.2	1.9
Manufacturing	188.5	195.3	(6.8)	(3.5)	188.5	186.6	1.9	1.0
Mining	20.8	21.3	(0.5)	(2.3)	20.8	21.1	(0.3)	(1.4)
Other Services	122.1	116.2	5.9	5.1	122.1	118.2	3.9	3.3
Professional, scientific and technical services	158.8	153.6	5.2	3.4	158.8	154.2	4.6	3.0
Public administration and safety	134.1	100.9	33.2	32.9	134.1	85.1	49.0	57.6
Rental, hiring and real estate services	2,428.3	2,093.6	334.7	16.0	2,428.3	2,264.7	163.6	7.2
Retail trade	478.3	447.3	31.0	6.9	478.3	453.9	24.4	5.4
Transport, postal and warehousing	127.2	156.6	(29.4)	(18.8)	127.2	136.3	(9.1)	(6.7)
Wholesale trade	137.4	130.7	6.7	5.1	137.4	124.6	12.8	10.3
Other	581.9	409.8	172.1	42.0	581.9	601.2	(19.3)	(3.2)
Total business	10,712.3	10,182.1	530.2	5.2	10,712.3	10,456.6	255.7	2.4
Margin lending	3,202.2	3,627.0	(424.8)	(11.7)	3,202.2	3,367.4	(165.2)	(4.9)
Unsecured	834.6	823.7	10.9	1.3	834.6	820.3	14.3	1.7
Other	220.5	191.0	29.5	15.4	220.5	200.3	20.2	10.1
Total gross loan balance	46,491.9	43,699.3	2,792.6	6.4	46,491.9	44,791.7	1,700.2	3.8
Gross Loan balance - by purpose								
Residential	29,244.2	26,557.9	2,686.3	10.1	29,244.2	27,753.8	1,490.4	5.4
Consumer	4,520.9	3,899.7	621.2	15.9	4,520.9	4,208.2	312.7	7.4
Margin lending	3,202.2	3,627.0	(424.8)	(11.7)	3,202.2	3,367.4	(165.2)	(4.9)
Commercial	9,524.6	9,614.7	(90.1)	(0.9)	9,524.6	9,462.3	62.3	0.7
Total gross loan balance	46,491.9	43,699.3	2,792.6	6.4	46,491.9	44,791.7	1,700.2	3.8
Loans under management (gross balance)								
On-balance sheet	46,491.9	43,699.3	2,792.6	6.4	46,491.9	44,791.7	1,700.2	3.8
Off-balance sheet loans under management	1,281.2	1,491.7	(210.5)	(14.1)	1,281.2	1,530.1	(248.9)	(16.3)
Total Group loans under management	47,773.1	45,191.0	2,582.1	5.7	47,773.1	46,321.8	1,451.3	3.1

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

Loans under management represent the gross balance of loans managed by the Group:

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

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

2.4.7 Asset Quality

	As at Jun-11 \$m	As at Jun-10 \$m	Change \$m	%	As at Jun-11 \$m	As at Dec-10 \$m	Change \$m	%
Impaired loans								
Full-performing ¹	3.5	1.5	2.0	133.3	3.5	4.9	(1.4)	(28.6)
Part-performing	122.3	50.4	71.9	142.7	122.3	66.9	55.4	82.8
Non-performing - property development	40.9	53.1	(12.2)	(23.0)	40.9	48.0	(7.1)	(14.8)
- other	159.7	152.3	7.4	4.9	159.7	173.3	(13.6)	(7.8)
Restructured loans	32.3	24.7	7.6	30.8	32.3	24.5	7.8	31.8
Total impaired assets	358.7	282.0	76.7	27.2	358.7	317.6	41.1	12.9
Less: Specific provisions	(91.4)	(79.1)	(12.3)	(15.5)	(91.4)	(81.5)	(9.9)	(12.1)
Net impaired assets	267.3	202.9	64.4	31.7	267.3	236.1	31.2	13.2
Past due 90 days								
Well secured ³	500.5	362.8	137.7	38.0	500.5	414.4	86.1	20.8
Great Southern portfolio	224.5	181.8	42.7	23.5	224.5	203.6	20.9	10.3
Portfolio facilities (not well secured)	3.2	15.3	(12.1)	(79.1)	3.2	6.3	(3.1)	(49.2)
Ratios								
Gross impaired to gross loans	0.77%	0.65%	0.12%	18.5	0.77%	0.71%	0.06%	8.5
Gross impaired (excl prop develop) to gross loans	0.68%	0.52%	0.16%	30.8	0.68%	0.60%	0.08%	13.3
Gross impaired to total assets	0.65%	0.54%	0.11%	20.4	0.65%	0.59%	0.06%	10.2
Gross impaired assets (excl prop develop) to total assets	0.58%	0.44%	0.14%	31.8	0.58%	0.50%	0.08%	16.0
Net impaired to gross loans	0.57%	0.46%	0.11%	23.9	0.57%	0.53%	0.04%	7.5
Net impaired (excl prop develop) to gross loans	0.49%	0.34%	0.15%	44.1	0.49%	0.42%	0.07%	16.7
Provision coverage ²	68.1%	81.9%	(13.8%)	(16.8)	68.1%	73.3%	(5.2%)	(7.1)

¹ Includes loans where the value of the security has reduced below the value of the outstanding loans but repayments are being made in accordance with the loan contract.

² Provision coverage is Provisions for doubtful debts - total, divided by Total impaired assets.

³ This figure includes \$88.1m of accounts within the Wholesale portfolio that are under a commercial arrangement whereby the customers are currently satisfying their new restructured terms.

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

2.4.8 Bad and Doubtful Debts

	Full year ending				Six months ending			
	Jun-11 \$m	Jun-10 \$m	Change \$m	%	Jun-11 \$m	Dec-10 \$m	Change \$m	%
Expense:								
Bad debts written off	5.3	4.7	0.6	12.8	2.5	2.8	(0.3)	(10.7)
Prov'n doubtful debts - expense	43.2	46.2	(3.0)	(6.5)	25.7	17.5	8.2	46.9
Total bad and doubtful debts expense	48.5	50.9	(2.4)	(4.7)	28.2	20.3	7.9	38.9
Less : Bad debts recovered	4.3	6.2	(1.9)	(30.6)	2.1	2.2	(0.1)	(4.5)
Bad and doubtful debts net of recoveries	44.2	44.7	(0.5)	(1.1)	26.1	18.1	8.0	44.2
	As at Jun-11 \$m	As at Jun-10 \$m	Change \$m	%	As at Jun-11 \$m	As at Dec-10 \$m	Change \$m	%
Balances:								
Provision for doubtful debts - specific	91.4	79.1	12.3	15.5	91.4	81.5	9.9	12.1
Provision for doubtful debts - collective	41.9	47.1	(5.2)	(11.0)	41.9	43.0	(1.1)	(2.6)
General reserve for credit losses	110.9	104.7	6.2	5.9	110.9	108.5	2.4	2.2
Total provision/reserve doubtful debts	244.2	230.9	13.3	5.8	244.2	233.0	11.2	4.8
Ratios:								
Loan write-offs (annualised) to average assets	0.08%	0.10%	(0.02%)	(20.0)	0.07%	0.08%	(0.01%)	(12.5)
Loan write-offs (annualised) to gross loans	0.09%	0.11%	(0.02%)	(18.2)	0.08%	0.10%	(0.02%)	(20.0)
Total provision/reserve for doubtful debts to gross loans	0.53%	0.53%	-	-	0.53%	0.52%	0.01%	1.9
Collective provision (adjusted for tax) & GRCL to risk-weighted assets	0.54%	0.54%	-	-	0.54%	0.55%	(0.01%)	(1.8)

The movement in provisions comprise:	Specific	Collective	Gen res cr losses	Total
Balance at June 2010	79.1	47.1	104.7	230.9
Provision doubtful debts expense to profit and loss	48.4	(5.2)	-	43.2
Bad debts written off - previously provided for	(36.1)	-	-	(36.1)
Appropriation of movement in general reserve for credit losses	-	-	6.2	6.2
Balance at June 2011	91.4	41.9	110.9	244.2

Total bad debts written off for the period, as shown above comprises:

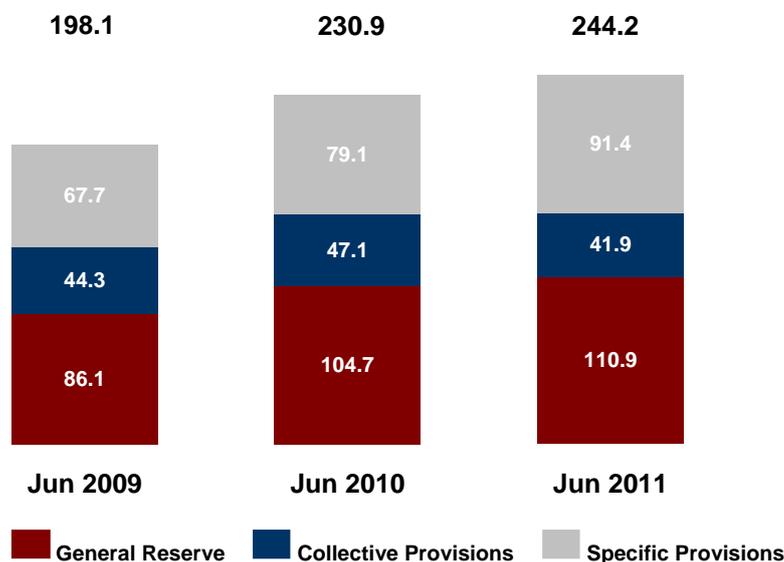
Bad debts previously provided for	36.1
Other bad debts not previously provided for	5.3
Total bad debts written off for the period	41.4

The above tables include the fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

Movements in specific and collective provisions are reflected as an expense in the income statement.

Movements in the general reserve for credit losses are reflected as an appropriation in retained earnings.

Total Provisions and Reserves for Doubtful Debts \$m



2.4.9 Deposits and Funds under Management

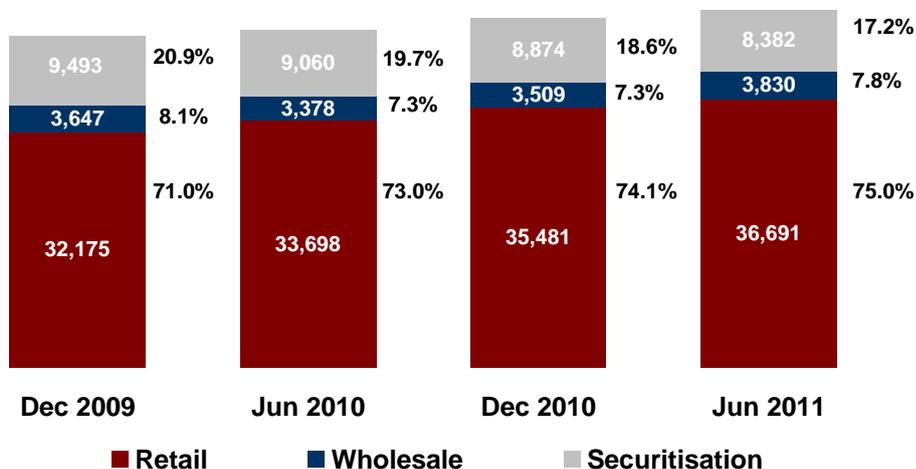
	As at Jun-11 \$m	As at Jun-10 \$m	Change \$m	%	As at Jun-11 \$m	As at Dec-10 \$m	Change \$m	%
<i>Deposits and funds under management</i>								
Deposits	40,521.3	37,076.2	3,445.1	9.3	40,521.3	38,990.1	1,531.2	3.9
Securitisation	8,381.8	9,059.8	(678.0)	(7.5)	8,381.8	8,874.2	(492.4)	(5.5)
Managed funds	3,538.2	3,704.0	(165.8)	(4.5)	3,538.2	3,920.5	(382.3)	(9.8)
Total deposits and funds under management	52,441.3	49,840.0	2,601.3	5.2	52,441.3	51,784.8	656.5	1.3
<i>Retail deposits and funds under management</i>								
Retail deposits	36,690.9	33,698.2	2,992.7	8.9	36,690.9	35,481.3	1,209.6	3.4
Managed funds	3,538.2	3,704.0	(165.8)	(4.5)	3,538.2	3,920.5	(382.3)	(9.8)
Total retail deposits and funds under management	40,229.1	37,402.2	2,826.9	7.6	40,229.1	39,401.8	827.3	2.1
<i>Deposits dissection - \$m</i>								
Retail	36,690.9	33,698.2	2,992.7	8.9	36,690.9	35,481.3	1,209.6	3.4
Securitisation	8,381.8	9,059.8	(678.0)	(7.5)	8,381.8	8,874.2	(492.4)	(5.5)
Wholesale - domestic	3,669.2	3,139.7	529.5	16.9	3,669.2	3,281.6	387.6	11.8
Wholesale - offshore	161.2	238.3	(77.1)	(32.4)	161.2	227.2	(66.0)	(29.0)
Total deposits	48,903.1	46,136.0	2,767.1	6.0	48,903.1	47,864.3	1,038.8	2.2
<i>Deposits dissection (excluding securitisation) - %</i>								
Retail	90.5%	90.9%	(0.4%)	(0.4)	90.5%	91.0%	(0.5%)	(0.5)
Wholesale - domestic	9.1%	8.5%	0.6%	7.1	9.1%	8.4%	0.7%	8.3
Wholesale - offshore	0.4%	0.6%	(0.2%)	(33.3)	0.4%	0.6%	(0.2%)	(33.3)
Total deposits excluding securitisation	100.0%	100.0%	-	-	100.0%	100.0%	-	-
<i>Managed funds dissection</i>								
Assets under management	1,859.0	1,932.9	(73.9)	(3.8)	1,859.0	1,834.5	24.5	1.3
Other managed funds	1,679.2	1,771.1	(91.9)	(5.2)	1,679.2	2,086.0	(406.8)	(19.5)
Total managed funds	3,538.2	3,704.0	(165.8)	(4.5)	3,538.2	3,920.5	(382.3)	(9.8)

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

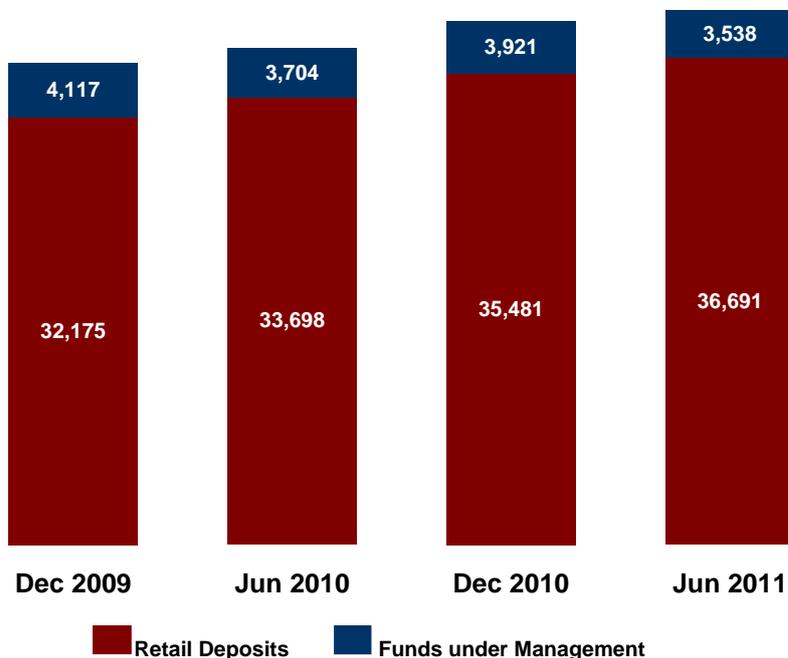
Assets under management includes those funds deposited into the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of the investors. These funds are off-balance sheet.

Other managed funds include funds deposited for investment in managed investment products and superannuation funds managed off-balance sheet by Sandhurst Trustees Limited and Adelaide Managed Funds Limited. Also included are portfolios of loans managed by the Bank and third parties who contribute to first loss coverage.

Funding mix
 \$m



Retail deposits and funds under management
 \$m



Retail deposits increased by \$3.0 billion or 8.9% to \$36.7 billion over the 12 months.

Wholesale deposits increased by \$0.5 billion or 13.4% to \$3.8 billion over the 12 months.

Securitisation decreased by \$0.7 billion or 7.5% to \$8.4 billion over the 12 months.

The Group's retail deposit base remains strong at 90.5% of deposits (excluding securitisation).

2.4.10 Capital and shareholder returns

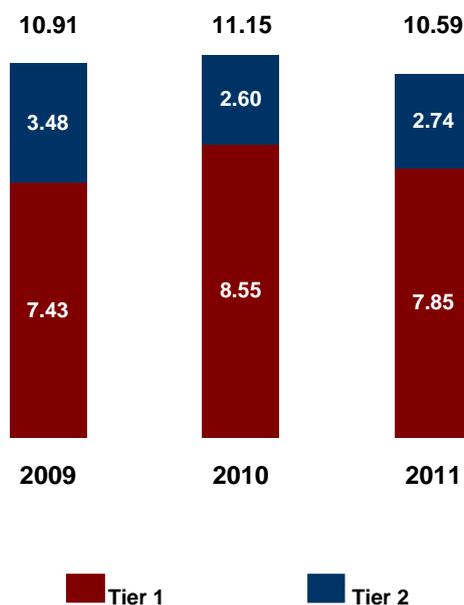
2.4.10.1 Assets and capital

	As at Jun-11 \$m	As at Jun-10 \$m	Change \$m	%	As at Jun-11 \$m	As at Dec-10 \$m	Change \$m	%
Group assets	54,927.6	52,141.1	2,786.5	5.3	54,927.6	53,543.6	1,384.0	2.6
Capital adequacy								
Total qualifying capital	2,758.9	2,826.6	(67.7)	(2.4)	2,758.9	2,783.3	(24.4)	(0.9)
Risk-weighted assets	26,043.3	25,347.3	696.0	2.7	26,043.3	25,138.9	904.4	3.6
Risk-weighted capital adequacy	10.59%	11.15%	(0.56%)	(5.0)	10.59%	11.07%	(0.48%)	(4.3)
- Tier 1	7.85%	8.55%	(0.70%)	(8.2)	7.85%	8.06%	(0.21%)	(2.6)
- Tier 2	2.74%	2.60%	0.14%	5.4	2.74%	3.01%	(0.27%)	(9.0)
Net tangible assets per fully paid ordinary share	\$5.75	\$5.27	\$0.48	9.1	\$5.75	\$5.44	\$0.31	5.7
Number of fully paid ordinary shares on issue - 000's	367,105	361,367	5,738	1.6	367,105	364,381	2,724	0.7
Total equity	3,955.1	3,880.4	74.7	1.9	3,955.1	3,867.1	88.0	2.3

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

2.4.10.2 Capital adequacy

Capital adequacy %



Capital adequacy is calculated in accordance with regulations set down by APRA.

2.4.10.3 Shareholder returns

	Full year ending				Six months ending			
	Jun-11	Jun-10	Change	%	Jun-11	Dec-10	Change	%
Cash basis earnings per ordinary share (weighted average)-cents	92.3	83.3	9.0	10.8	47.6	44.7	2.9	6.5
Earnings per ordinary share (weighted average)-cents	91.5	67.4	24.1	35.8	44.8	46.7	(1.9)	(4.1)
Diluted earnings per ordinary share (weighted average)-cents	86.4	62.9	23.5	37.4	42.3	44.0	(1.7)	(3.9)
Weighted number of ordinary shares used in basic and cash basis EPS calculations - 000's	364,334	349,243	15,091	4.3	365,819	362,874	2,945	0.8
Weighted number of ordinary shares used in diluted EPS calculations - 000's	400,429	392,025	8,404	2.1	401,914	399,364	2,550	0.6
Cash basis return on average tangible equity	16.88%	16.37%	0.51%	3.1	17.25%	16.51%	0.74%	4.5
Cash basis return on average ordinary equity	9.07%	8.17%	0.90%	11.0	9.51%	8.65%	0.86%	9.9
After tax return on average ordinary equity	8.99%	6.79%	2.20%	32.4	8.94%	9.05%	(0.11%)	(1.2)
After tax before non recurring items return on average ordinary equity	8.54%	7.80%	0.74%	9.5	8.98%	8.11%	0.87%	10.7
Cash basis return on average assets	0.63%	0.59%	0.04%	6.8	0.64%	0.61%	0.03%	4.9
After tax return on average assets	0.64%	0.49%	0.15%	30.6	0.62%	0.66%	(0.04%)	(6.1)
After tax before non recurring items return on average assets	0.61%	0.56%	0.05%	8.9	0.62%	0.59%	0.03%	5.1

The above table includes fully consolidated contributions of Rural Bank from October 2009 and Tasmanian Banking Services from August 2009.

Profitability ratios for half year results have been annualised by multiplying the numerator by two.

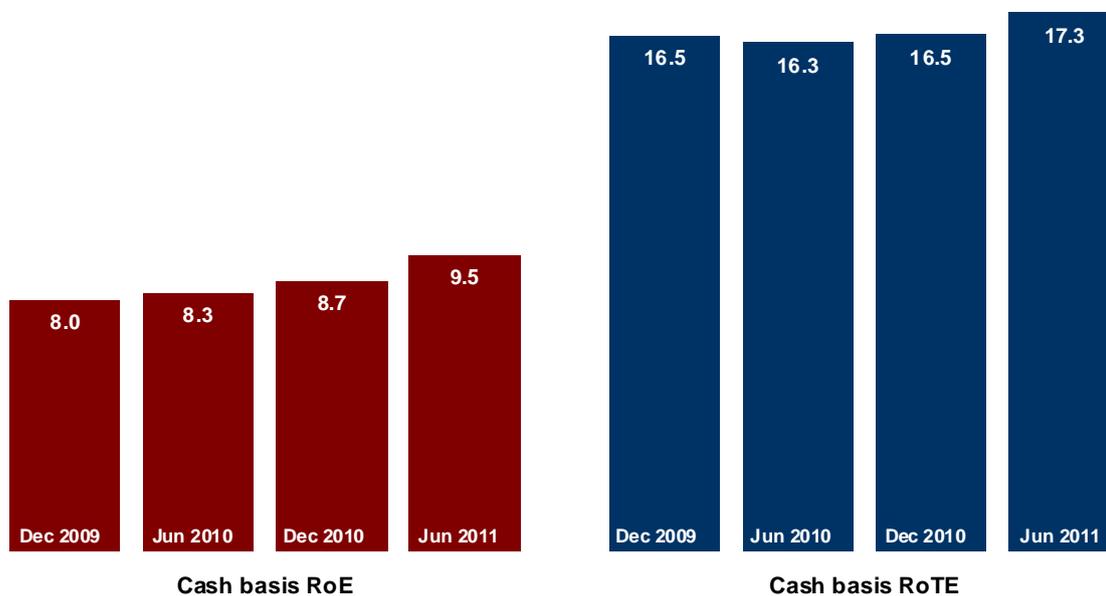
Cash earnings used in cash basis earnings per ordinary share is profit after tax adjusted for non recurring items after tax, intangibles amortisation (except intangible software amortisation) and dividends on preference shares.

Earnings used in the earnings per ordinary share is, profit after tax including non recurring items, less dividends on preference shares.

Ordinary equity for use in these ratios is net assets less preference shares, asset revaluation reserve - shares, unrealised gains/losses on cash flow hedges reserve, and non-controlling interests.

After tax return on average assets uses profit after tax.

2.4.10.4 Return on Equity (RoE) & Return on Tangible Equity (RoTE)

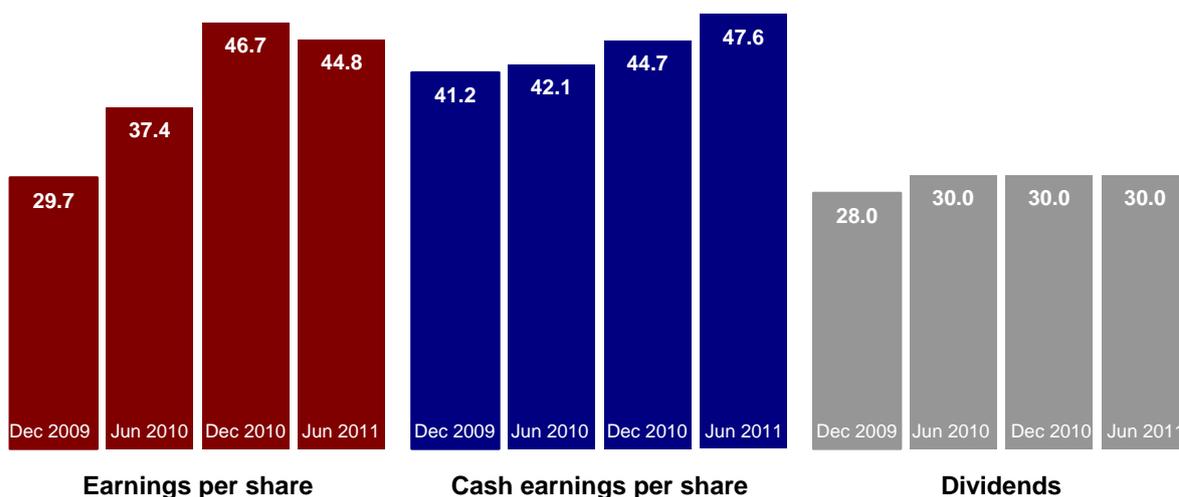


2.4.10.5 Dividends

	Full year			Six months ending				
	Jun-11	Jun-10	Change	%	Jun-11	Dec-10	Change	%
Dividend per share - cents	60.0	58.0	2.0	3.4	30.0	30.0	-	-
Dividend amount payable - \$m	214.8	200.8	14.0	7.0	107.7	107.1	0.6	0.6
Payout ratio - earnings per ordinary share *	65.6%	86.1%	(20.5%)	(23.8)	67.0%	64.2%	2.8%	4.4
Payout ratio - cash basis per ordinary share*	65.0%	69.6%	(4.6%)	(6.6)	63.0%	67.1%	(4.1%)	(6.1)

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

2.4.10.6 Earnings in cents 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 Stock Exchange over the 10 trading days following the Record Date at a discount of 2.5%. Shares issued under this Plan rank equally with all other ordinary shares.

Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Stock Exchange over the 10 trading days following the Record Date at a discount of 2.5%. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2011 final dividend is 2 September 2011.

2.5 Additional notes

2.5.1 Analysis of intangible assets

	Balance sheet - carrying value		Full year amortisation/ impairment expense	
	Jun-11 \$m	Jun-10 \$m	Jun-11 \$m	Jun-10 \$m
Goodwill	1,446.1	1,446.1	-	-
Trustee licence	8.4	8.4	-	-
Software	65.6	25.2	40.2	8.5
Customer list - Oxford Funding	-	-	-	0.2
Core deposits	60.7	74.4	13.7	16.1
Trade name	12.4	16.3	4.7	4.6
Customer relationship	49.9	58.5	8.6	7.8
Management rights - Adelaide Bank	11.6	12.7	1.1	1.0
Total intangible assets and goodwill	1,654.7	1,641.6	68.3	38.2

2.5.2 Investments accounted for using the equity method

Name	Ownership interest held by consolidated entity		Balance date
	2011	2010	
	%	%	
Rural Bank Ltd ⁽¹⁾	100.0	60.0	30 June
Tasmanian Banking Services Ltd ⁽²⁾	100.0	100.0	30 June
Community Sector Enterprises Pty Ltd	50.0	50.0	30 June
Homesafe Solutions Pty Ltd	50.0	50.0	30 June
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	30 June
Community Telco Australia Pty Ltd	50.0	50.0	30 June
Strategic Payments Services Pty Ltd	47.5	47.5	31 December
Linear Financial Holdings Pty Ltd	24.3	0.0	30 June

(i) Principal activities of joint venture companies

⁽¹⁾ Rural Bank Ltd - financial services (wholly-owned subsidiary, effective December 2010)

⁽²⁾ Tasmanian Banking Services Ltd - financial services (wholly-owned subsidiary, effective August 2009)

Community Sector Enterprises Pty Ltd - financial services

Homesafe Solutions Pty Ltd - trust manager

Silver Body Corporate Financial Services Pty Ltd - financial services

Community Telco Australia Pty Ltd - telecommunication services

Strategic Payments Services Pty Ltd - payment processing services

Linear Financial Holdings Pty Ltd - asset management services (acquired September 2010)

All joint venture companies are incorporated in Australia, and have a balance date of 30 June except Strategic Payments Services Pty Ltd which has a balance date of 31 December.

(ii) Share of joint ventures' revenue and profits

	2011 \$m	2010 \$m
Share of joint ventures':		
- revenue	15.0	29.2
- expense	11.6	16.5
- profit before income tax	3.4	12.7
- income tax expense	0.2	3.8
- profit after income tax	3.2	8.9
	2011 \$m	2010 \$m
Share of joint ventures' operating profits after income tax:		
- Rural Bank Ltd ⁽¹⁾	-	8.1
- Tasmanian Banking Services Ltd ⁽²⁾	-	0.1
- Community Sector Enterprises Pty Ltd	0.3	0.3
- Homesafe Solutions Pty Ltd	0.9	(0.1)
- Silver Body Corporate Financial Services Pty Ltd	0.2	0.2
- Community Telco Australia Pty Ltd	-	(0.5)
- Strategic Payments Services Pty Ltd	2.2	0.8
- Linear Financial Holdings Pty Ltd	(0.4)	-
	3.2	8.9

⁽¹⁾ Rural Bank Ltd - equity accounted to 30 September 2009.

⁽²⁾ Tasmanian Banking Services Ltd - equity accounted to 31 July 2009.

2.5.3 Average balance sheets and related interest

For the year ended 30 June 2011

	Footnote	Average Balance \$ m	Interest 12 mths \$ m	Average Rate %
Average balances and rates				
Interest earning assets				
Cash and investments		5,835.5	279.0	4.78
Loans and other receivables - company		37,677.2	2,732.4	7.25
Loans and other receivables - alliances		7,178.4	454.9	6.34
Total interest earning assets	2	50,691.1	3,466.3	6.84
Non interest earning assets				
Provisions for doubtful debts		(126.7)		
Other assets		2,944.2		
		2,817.5		
Total assets (average balance)		53,508.6		
Interest bearing liabilities				
Deposits				
Retail - company		25,052.2	1,222.1	4.88
Retail - alliances		10,423.6	553.8	5.31
Wholesale - domestic		3,187.2	175.8	5.52
Wholesale - offshore		172.3	9.5	5.51
Notes payable		8,722.9	525.3	6.02
Reset preference shares		89.5	5.5	6.15
Subordinated debt		544.7	39.1	7.18
Total interest bearing liabilities	2	48,192.4	2,531.1	5.25
Non interest bearing liabilities and equity				
Other liabilities		1,411.7		
Equity		3,904.5		
		5,316.2		
Total liabilities and equity (average balance)		53,508.6		
Interest margin and interest spread				
Interest earning assets		50,691.1	3,466.3	6.84
Interest bearing liabilities		(48,192.4)	(2,531.1)	(5.25)
Net interest income and interest spread	3		935.2	1.59
Net free liabilities				0.25
Net interest margin	4			1.84
Impact of community bank/alliances profit share arrangements				
Net interest margin before community bank/alliances share of net interest income				2.17
Less impact of community bank/alliances share of net interest income				0.33
Net interest margin				1.84

1 Average balance is based on monthly closing balances from 30 June 2010 through 30 June 2011 inclusive.

2 Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$85.1m to reflect the gross amounts.

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

4 Interest margin is the net interest income as a percentage of average interest earning assets.

For the year ended 30 June 2010

	Footnote	Average Balance \$ m	Interest 12 mths \$ m	Average Rate %
Average balances and rates				
Interest earning assets				
Cash and investments	1	5,859.5	219.4	3.74
Loans and other receivables - company		35,172.0	2,193.6	6.24
Loans and other receivables - alliances		6,401.5	373.1	5.83
Total interest earning assets	2	47,433.0	2,786.1	5.87
Non interest earning assets				
Provisions for doubtful debts		(118.9)		
Other assets		2,871.3		
		2,752.4		
Total assets (average balance)		50,185.4		
Interest bearing liabilities				
Deposits				
Retail - company		22,203.6	873.6	3.93
Retail - alliances		9,319.9	413.5	4.44
Wholesale - domestic		3,020.0	199.3	6.60
Wholesale - offshore		609.5	25.0	4.10
Notes payable		9,388.5	383.7	4.09
Reset preference shares		89.5	5.4	6.03
Subordinated debt		584.5	31.0	5.30
Total interest bearing liabilities	2	45,215.5	1,931.5	4.27
Non interest bearing liabilities and equity				
Other liabilities		1,330.5		
Equity		3,639.4		
		4,969.9		
Total liabilities and equity (average balance)		50,185.4		
Interest margin and interest spread				
Interest earning assets		47,433.0	2,786.1	5.87
Interest bearing liabilities		(45,215.5)	(1,931.5)	(4.27)
Net interest income and interest spread	3		854.6	1.60
Net free liabilities				0.20
Net interest margin	4			1.80
Impact of community bank/alliances profit share arrangements				
Net interest margin before community bank/alliances share of net interest income				2.09
Less impact of community bank/alliances share of net interest income				0.29
Net interest margin				1.80

1 Average balance is based on monthly closing balances from 30 June 2009 through 30 June 2010 inclusive.

2 Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$73.9m to reflect the gross amounts.

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

4 Interest margin is the net interest income as a percentage of average interest earning assets.

2.5.4 Net tangible assets per ordinary share

	Jun-11	Jun-10
	2011	2010
Net tangible assets per ordinary share		
Net tangible assets per ordinary share	\$5.75	\$5.27
Net tangible assets	\$m	\$m
Net assets	3,955.1	3,880.4
Intangibles	(1,654.7)	(1,641.6)
Preference shares - face value	(90.0)	(90.0)
Step-up preference shares - face value	(100.0)	(100.0)
Non-controlling interest	-	(145.7)
Net tangible assets attributable to ordinary shareholders	2,110.4	1,903.1
Number of fully paid ordinary shares on issue - 000's	367,105	361,367

2.5.5 Credit ratings

	Short Term	Long Term	Outlook
Standard & Poor's	A-2	BBB+	Positive
Fitch Ratings	F2	A-	Stable
Moody's	P-1	A2	Stable

On 28 June 2011, Standard & Poor's Ratings Services revised its rating outlook on Bendigo and Adelaide Bank Ltd to positive, from stable, and affirmed the 'BBB+/A-2' long-term and short-term counterparty credit ratings for the bank. Standard and Poor's commented that 'the issuer credit ratings on Bendigo and Adelaide Bank Ltd reflect the bank's sound business profile underpinned by its sound franchise; good geographic and business diversity; and relatively low risk strategy. The bank's low credit-risk focus also supports its credit profile'.

On 5 May 2011, Fitch Ratings, the international ratings agency upgraded Bendigo and Adelaide Bank Ltd's long term rating to A- (from BBB+), short term rating at F2, its support rating of '3', and the bank's Support Rating floor of 'BB'. The outlook has been revised to stable from positive. Fitch commented 'Bendigo and Adelaide Bank Ltd has strengthened its retail banking franchise in a challenging operating environment for banks. The upgrade reflects this strengthening, taking into account Bendigo and Adelaide Bank Ltd's conservative approach to risk management and stable funding base'.

On 19 December 2010, Moody's Investors Service assigned a bank financial strength rating of C to Bendigo and Adelaide Bank Ltd. Moody's also affirmed a long term rating at A2, short term rating at P-1, with a stable outlook. Moody's commented 'the rating reflects the bank's diversified business profile and stable retail franchise, which includes a significant customer deposit base supported by a large national branch network'.

2.5.6 Issued capital

Changes to issued and quoted securities during the period

	Number of Shares	\$m
Ordinary Shares		
Fully paid ordinary shares at 30 June 2010	361,366,745	3,361.7
Shares issued:		
September 2010 - Dividend Reinvestment Plan at \$9.19	2,713,513	24.9
September 2010 - Bonus Share Scheme (in lieu of dividend payment) at \$9.19	301,032	-
February 2011 - Employee Share Grant Scheme at \$9.78	327,233	3.2
March 2011 - Bonus Share Scheme (in lieu of dividend payment) at \$8.95	266,541	-
March 2011 - Dividend Reinvestment Plan at \$8.95	2,129,521	19.1
Fully paid ordinary shares at 30 June 2011	<u>367,104,585</u>	<u>3,408.9</u>
Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2010	900,000	88.5
Preference shares of \$100 face value (fully paid) at 30 June 2011	<u>900,000</u>	<u>88.5</u>
Step Up Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2010	1,000,000	100.0
Preference shares of \$100 face value (fully paid) at 30 June 2011	<u>1,000,000</u>	<u>100.0</u>