

Appendix 4E

Preliminary Final Report

For the year ended **30 June 2013**

Released 19 August 2013

ABN 11 068 049 178



**Bendigo and
Adelaide Bank**

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Bendigo and Adelaide Bank Ltd
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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 2013

Previous corresponding period - twelve months ended: 30 June 2012

Information contained in this report should be read in conjunction
with the June 2013 annual financial report, when issued.

1.2 Results for announcement to the market

				\$m
Income from operations	Up	11.2%	to	1,349.3
Profit after tax attributable to members	Up	80.7%	to	352.3
Net profit after tax attributable to members	Up	80.7%	to	352.3

Dividends - current year

Amount per security

Final Dividend - 2013, fully franked	31.0 cents
Payable 30 September 2013	
Record date for determining entitlements for final dividend - 29 August 2013	
Interim Dividend - 2013, fully franked	30.0 cents
Paid 28 March 2013	

Dividends - previous year

Amount per security

Final Dividend - 2012, fully franked	30.0 cents
Paid 28 September 2012	
Interim Dividend - 2012, fully franked	30.0 cents
Paid 30 March 2012	

1.3 Cash earnings results

Cash earnings attributable to members	Up	7.7%	to	\$348.0 m
Cash earnings per share	Up	1.4%	to	85.4 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 2012 - 100% ownership of Community Telco Australia became effective. Community Telco Australia is now a wholly owned subsidiary of Bendigo and Adelaide Bank, previously this was a joint venture in which Bendigo and Adelaide Bank held 50%.

21 December 2012 - Bendigo and Adelaide Bank acquired business operations and selected assets of Southern Finance Ltd.

11 June 2013 - Bendigo and Adelaide Bank acquired a loan portfolio from HD&C Securities Ltd.

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:	28 October 2013
Time:	11.00 am (Eastern Daylight Saving Time)

1.12 Subsequent events

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 and results presentation released to the ASX on 19 August 2013.

2.

Full Year Results

2.1 Financial highlights

	2012-13			2011-12			Change	
	2012-13	2012-13	Total	2011-12	2011-12	Total	Full year 2012	
	1st half	2nd half		1st half	2nd half		to full year 2013	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Profit after tax attributable to parent	189.4	162.9	352.3	57.9	137.1	195.0	157.3	80.7
Profit after tax and before specific items	162.8	174.8	337.6	157.4	154.6	312.0	25.6	8.2
Cash earnings	169.7	178.3	348.0	162.6	160.4	323.0	25.0	7.7
Net interest income	507.5	520.0	1,027.5	478.1	472.0	950.1	77.4	8.1
Non-interest income (before specific items)	143.5	153.7	297.2	129.5	146.3	275.8	21.4	7.8
Expenses (before specific items)	390.3	388.7	779.0	367.5	384.2	751.7	27.3	3.6
Retail deposits	41,867.0	42,245.8	42,245.8	38,567.3	40,663.0	40,663.0	1,582.8	3.9
Ordinary equity	4,216.9	4,297.7	4,297.7	4,001.1	4,109.1	4,109.1	188.6	4.6
Funds under management	3,334.5	3,275.2	3,275.2	3,086.8	3,089.9	3,089.9	185.3	6.0
Loans under management	50,505.5	51,689.2	51,689.2	48,057.6	49,989.0	49,989.0	1,700.2	3.4
New loan approvals	6,834.9	7,266.5	14,101.4	6,476.9	6,188.7	12,665.6	1,435.8	11.3
Residential	4,492.9	4,530.2	9,023.1	4,654.0	4,206.7	8,860.7	162.4	1.8
Non-residential	2,342.0	2,736.3	5,078.3	1,822.9	1,982.0	3,804.9	1,273.4	33.5

	2012-13			2011-12			Change	
	2012-13	2012-13	Total	2011-12	2011-12	Total	Full year 2012	
	1st half	2nd half		1st half	2nd half		to full year 2013	
Cost to income ratio	57.8%	56.2%	57.0%	58.2%	59.8%	59.1%	(2.1)	(3.6)
Earnings per ordinary share – cents	45.9	39.0	84.9	14.5	33.5	48.6	36.3	74.7
Cash basis earnings per ordinary share – cents	41.9	43.5	85.4	43.9	40.5	84.2	1.2	1.4
Dividend per share – cents	30.0	31.0	61.0	30.0	30.0	60.0	1.0	1.7

2.2 Results at a glance

2.2.1 Financial performance

Bendigo and Adelaide Bank Ltd announced a statutory profit after tax of \$352.3 million for the 12 months ending 30 June 2013, an 80.7% increase on the corresponding period. The cash earnings result is \$348.0 million for the 12 months ending 30 June 2013, a 7.7% increase on the prior corresponding period.

	Further detail
Statutory earnings per ordinary share is 84.9 cents (Jun-12 48.6 cents), an increase of 74.7%.	2.3.1
Statutory return on average ordinary equity is 8.52% (Jun-12 4.84%).	2.4.11.2
Profit before income tax and specific items was \$475.8 million (Jun-12 \$441.8 million), an increase of 7.7% (see note 2.4.1 for specific item details).	2.4.1
Profit after income tax before specific items was \$337.6 million (Jun-12 \$312.0 million), an increase of 8.2% (see note 2.4.1 for specific item details).	2.4.1
Cash basis earnings per ordinary share of 85.4 cents (Jun-12 84.2 cents), an increase of 1.4%.	2.4.11.2
Cash basis earnings return on average ordinary equity was 8.58% (Jun-12 8.36%).	2.4.11.2
Cash basis earnings return on average tangible equity was 13.48% (Jun-12 14.05%).	2.4.11.2
Net interest income increased by 8.1% to \$1,027.5 million with an interest margin before payments to community banks and alliances increasing from 2.11% to 2.21%. Net of these payments, interest margin increased 8 basis points from 1.78% in June 2012 to 1.86% in the 12 months to June 2013. Refer to 2.4.3 for further analysis.	2.4.4
Non-interest income before specific items was \$297.2 million (Jun-12 \$275.8 million), an increase of 7.8%.	2.4.4
Expenses before specific items increased by 3.6% to \$779.0 million compared to June 2012. The cost to income ratio was 57.0% compared to 59.1% at June 2012.	2.4.5
Bad & Doubtful debts expense was \$69.9 million (Jun-12 \$32.4 million), an increase of 115.7%.	2.4.9

2.2.2 Financial position

	Further detail
Loans under management were \$51.7 billion (Jun-12 \$50.0 billion), an increase of 3.4%.	2.4.7
Retail deposits were \$42.2 billion (Jun-12 \$40.7 billion), an increase of 3.9%.	2.4.10
Managed funds were \$3.3 billion (Jun-12 \$3.1 billion), an increase of 6.0%.	2.4.10
Total provisions and reserves for doubtful debts were \$276.9 million – an increase of \$13.7 million since June 2012. General and collective provisions were 0.53% of Group risk weighted assets.	2.4.9

2.2.3 Dividends

- > Directors announced a final dividend of 31.0 cents per share (fully franked), taking the total dividend for the financial year to 61.0 cents per share.
- > Dividend is payable on 30 September 2013 to shareholders registered on the Record Date of 29 August 2013.
- > The final dividend proposed totals \$125.1 million.

2.3 Financial statements

2.3.1 Income statement

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$m	\$m
Income		
Net interest income		
Interest income	3,073.7	3,440.8
Interest expense	2,046.2	2,490.7
Net Interest Income	1,027.5	950.1
Total non interest income (2.4.4)	295.6	275.1
Share of associates net profits accounted for using the equity method (2.5.2)	1.6	0.7
Total income	1,324.7	1,225.9
Expenses		
Bad and doubtful debts (2.4.9)	69.9	32.4
Operating expenses (2.4.5)	779.0	751.7
Profit before income tax expense and specific items	475.8	441.8
Specific items before tax	11.8	(115.7)
Profit before income tax expense	487.6	326.1
Income tax expense	135.3	131.1
Profit after income tax expense attributable to members of the parent	352.3	195.0
Adjusted for:		
Specific items after income tax expense (2.4.1)	(14.7)	117.0
Dividends paid on preference shares	(3.1)	(3.9)
Dividends paid on step-up preference shares	(3.4)	(4.6)
After tax intangibles amortisation (excluding amortisation of intangible software)	16.9	19.5
Cash basis earnings	348.0	323.0
Cash basis earnings per ordinary share (cents per share)	85.4	84.2
Basic earnings per ordinary share (cents per share)	84.9	48.6
Diluted earnings per ordinary share (cents per share)	77.9	47.7
Franked dividends per ordinary share (cents per share)	61.0	60.0

2.3.2 Statement of comprehensive income

As at 30 June 2013

	Consolidated	
	2013	2012
	\$m	\$m
Items which may be reclassified subsequently to the profit & loss:		
Available for sale financial assets revaluation - equity investments	1.1	(9.6)
Transfer to income on sale of available for sale assets	(37.1)	-
Net gain on cash flow hedges taken to equity	75.8	47.0
Net loss on reclassification from cash flow hedge reserve to income	(1.8)	(13.0)
Net unrealised gain/(loss) on debt securities in available for sale portfolio	2.9	(1.8)
Income tax effect	(13.1)	(7.3)
	27.8	15.3
Items which will not be reclassified subsequently to the profit & loss:		
Actuarial gain/(loss) on superannuation defined benefits plan	2.3	(1.8)
Income tax effect	(0.7)	0.4
	1.6	(1.4)
Profit for the year	352.3	195.0
Total comprehensive income for the period	381.7	208.9
Total comprehensive income for the period attributable to:		
Members of the Parent	381.7	208.9

2.3.3 Balance sheet

For the year ended 30 June 2013

	Consolidated	
	Jun-13 2013 \$m	Jun-12 2012 \$m
Assets		
Cash and cash equivalents	383.8	288.8
Due from other financial institutions	293.9	272.2
Financial assets held for trading	5,465.2	4,366.1
Financial assets available for sale - debt securities	535.5	444.8
Financial assets held to maturity	323.3	388.4
Other assets	615.4	509.7
Financial assets available for sale - equity investments	18.1	124.7
Derivatives	31.9	48.5
Loans and other receivables - investment	554.1	453.0
Net loans and other receivables	49,957.4	48,217.0
Investments accounted for using the equity method	15.6	12.9
Property, plant and equipment	63.4	69.0
Deferred tax assets	132.1	170.2
Investment property	348.9	298.9
Assets held for sale	25.4	25.4
Intangible assets and goodwill	1,518.2	1,548.2
Total Assets	60,282.2	57,237.8
Liabilities		
Due to other financial institutions	379.5	327.2
Deposits	47,439.0	44,572.7
Notes payable	6,400.6	6,411.0
Derivatives	98.4	179.0
Other payables	688.7	731.8
Income tax payable	47.1	86.8
Provisions	93.5	80.7
Deferred tax liabilities	78.2	104.5
Reset preference shares	-	89.5
Convertible preference shares	268.9	-
Subordinated debt - at amortised cost	354.3	436.9
Total Liabilities	55,848.2	53,020.1
Net Assets	4,434.0	4,217.7
Equity		
Equity attributable to equity holders of the parent		
Issued capital - ordinary	3,758.0	3,681.8
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	(18.7)	(21.3)
Reserves	108.1	72.2
Retained earnings	398.1	296.5
Total Equity	4,434.0	4,217.7

2.3.4 Statement of changes in equity

For the year ended 30 June 2013

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital	Shares *	Retained earnings	Reserves	Total equity
	\$m	\$m	\$m	\$m	\$m
At 1 July 2012					
Opening balance b/fwd	3,681.8	167.2	296.5	72.2	4,217.7
Comprehensive income:					
Profit for the period	-	-	352.3	-	352.3
Other comprehensive income	-	-	1.6	27.8	29.4
Total comprehensive income for the period	-	-	353.9	27.8	381.7
Transactions with owners in their capacity as owners:					
Shares issued	76.2	-	-	-	76.2
Reduction in employee share ownership plan (ESOP) shares	-	2.6	-	-	2.6
Movement in general reserve for credit losses (GRCL)	-	-	(9.8)	9.8	-
Share based payment	-	-	-	(1.7)	(1.7)
Equity dividends	-	-	(242.5)	-	(242.5)
At 30 June 2013	3,758.0	169.8	398.1	108.1	4,434.0

For the year ended 30 June 2012

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital	Shares *	Retained earnings	Reserves	Total equity
	\$m	\$m	\$m	\$m	\$m
At 1 July 2011					
Opening balance b/fwd	3,408.9	163.9	349.5	37.8	3,960.1
Comprehensive income:					
Profit for the year	-	-	195.0	-	195.0
Other comprehensive income	-	-	(1.4)	15.3	13.9
Total comprehensive income for the period	-	-	193.6	15.3	208.9
Transactions with owners in their capacity as owners:					
Shares issued	274.8	-	-	-	274.8
Share issue expenses	(1.9)	-	-	-	(1.9)
Reduction in Employee Share Ownership Plan (ESOP) shares	-	3.3	-	-	3.3
Movement in general reserve for credit losses (GRCL)	-	-	(17.6)	17.6	-
Share based payment	-	-	-	1.5	1.5
Equity dividends	-	-	(229.0)	-	(229.0)
At 30 June 2012	3,681.8	167.2	296.5	72.2	4,217.7

*refer to note 2.5.6 Issued Capital for further details

2.3.5 Cash flow statement

For the year ended 30 June 2013

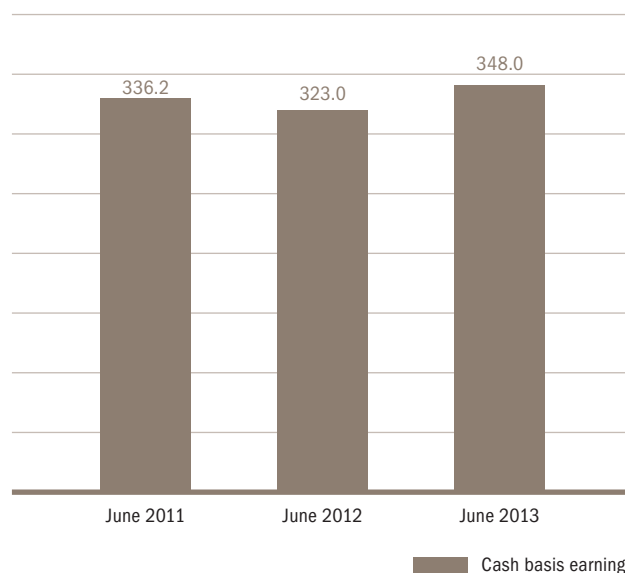
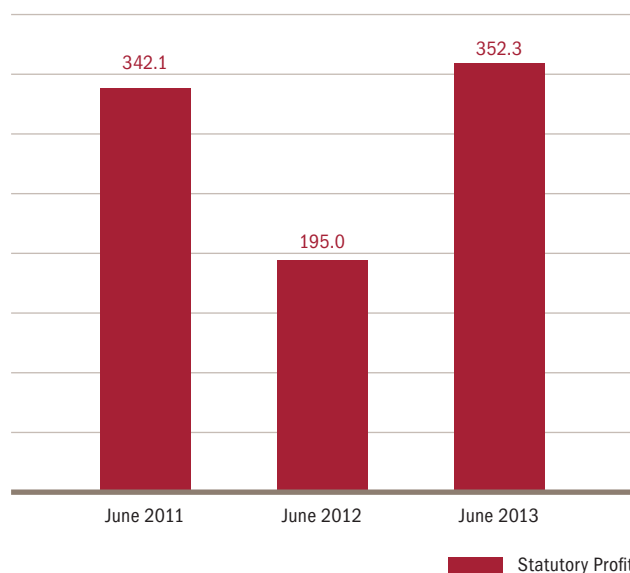
	Consolidated	
	2013	2012
	\$m	\$m
Cash flows from operating activities		
Interest and other items of a similar nature received	3,134.5	3,442.3
Interest and other costs of finance paid	(2,132.8)	(2,545.0)
Receipts from customers (excluding interest)	263.9	265.6
Payments to suppliers and employees	(665.7)	(850.5)
Dividends received	0.8	8.1
Income taxes paid	(177.2)	(120.6)
Net cash flows from operating activities	423.5	199.9
Cash flows from investing activities		
Cash paid for purchases of property, plant and equipment	(7.1)	(12.2)
Cash proceeds from sale of property, plant and equipment	0.8	1.2
Cash paid for purchases of investment property	(31.8)	(44.4)
Cash proceeds from sale of investment property	20.1	11.0
Cash paid for purchases of intangible assets	(4.2)	(15.4)
Cash paid for purchases of equity investments	-	(12.0)
Cash proceeds from sale of equity investments	109.8	-
Net increase in balance of loans and other receivables outstanding	(1,841.5)	(929.6)
Net (increase)/decrease in balance of investment securities	(1,124.7)	208.1
Proceeds from return of capital	-	0.4
Net cash paid on acquisition of a business combination	(257.1)	(213.1)
Net cash flows used in investing activities	(3,135.7)	(1,006.0)
Cash flows from financing activities		
Net proceeds from issue of shares	177.7	195.5
Net increase in balance of retail deposits	1,582.8	2,638.3
Net increase in balance of wholesale deposits	1,283.5	78.9
Repayment of subordinated debt	(82.6)	(138.7)
Dividends paid	(166.1)	(149.7)
Net decrease in balance of notes payable	(10.4)	(2,040.8)
Repayment of ESOP shares	2.6	3.3
Payment of share issue costs	(10.9)	(1.9)
Net cash flows from financing activities	2,776.6	584.9
Net increase/(decrease) in cash and cash equivalents	64.4	(221.2)
Cash and cash equivalents at the beginning of the period	233.8	455.0
Cash and cash equivalents at the end of period	298.2	233.8

2.4 Results commentary

2.4.1 Profit

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change		Jun-13	Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Profit before tax	487.6	326.1	161.5	49.5	233.2	254.4	(21.2)	(8.3)
Specific items before tax	(11.8)	115.7	(127.5)	(110.2)	14.0	(25.8)	39.8	154.3
Profit before tax and specific items	475.8	441.8	34.0	7.7	247.2	228.6	18.6	8.1
Statutory profit after tax attributable to the parent	352.3	195.0	157.3	80.7	162.9	189.4	(26.5)	(14.0)
Specific items after tax	(14.7)	117.0	(131.7)	(112.6)	11.9	(26.6)	38.5	144.7
Profit after tax before specific items	337.6	312.0	25.6	8.2	174.8	162.8	12.0	7.4
<i>Adjusted for:</i>								
Amortisation of acquired intangibles after tax	16.9	19.5	(2.6)	(13.3)	6.5	10.4	(3.9)	(37.5)
Distributions paid on preference shares	(3.1)	(3.9)	0.8	20.5	(1.5)	(1.6)	0.1	6.3
Distributions paid on step-up preference shares	(3.4)	(4.6)	1.2	26.1	(1.5)	(1.9)	0.4	21.1
Cash basis profit after tax	348.0	323.0	25.0	7.7	178.3	169.7	8.6	5.1

Profit after tax \$m



2.4.2 Specific items

The reported profit after tax for the year ended 30 June 2013 of \$352.3 million included the following specific items:

	2013		2012	
	Before Tax \$m	After Tax \$m	Before Tax \$m	After Tax \$m
Items included in non interest income				
Ineffectiveness in cash flow hedges ¹	(1.8)	(1.3)	(13.0)	(9.1)
Profit on sale of IOOF shares	38.7	38.7	-	-
Loss on sale of RMBS notes	(12.3)	(8.6)	-	-
	24.6	28.8	(13.0)	(9.1)
Items included in operating expenses				
Integration costs	9.9	6.9	2.7	2.6
Employee shares shortfall/(gain) ²	(3.3)	(2.3)	1.1	0.8
Impairment loss - goodwill	6.2	6.2	95.1	95.1
Land and buildings revaluation	-	-	3.8	2.7
	12.8	10.8	102.7	101.2
Total specific items before income tax expense items	11.8	18.0	(115.7)	(110.3)
Items included in income tax expense				
Non deductible wealth management rights	-	-	-	(4.3)
Non deductible unrealised hedges at acquisition	-	-	-	(2.4)
Land and building revaluation ³	-	(3.3)	-	-
	-	(3.3)	-	(6.7)
Specific items	11.8	14.7	(115.7)	(117.0)
Specific items attributable to non-controlling interests	-	-	-	-
Total specific items attributable to the parent	11.8	14.7	(115.7)	(117.0)

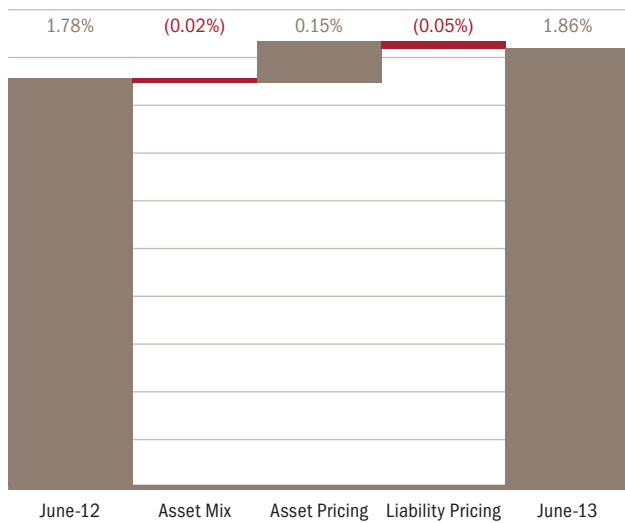
¹ Ineffectiveness resulting from the accounting for cash flow hedges.

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

³ Land and buildings revaluation relates to the de-recognition of the deferred tax asset in relation to assets now held for sale.

2.4.3 Interest margin

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



Asset mix – A higher proportion of new residential fixed rate mortgages has been written in 2013 at a lower headline margin than standard variable rate mortgages.

Asset pricing – As interest rates have decreased some of this reduction has been held back to help restore net interest margin to acceptable levels.

Liability pricing – Lower absolute interest rates and strong term deposit competition has had a negative impact on net interest margin.

2.4.4 Income

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change		Jun-13	Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Net interest income	1,027.5	950.1	77.4	8.1	520.0	507.5	12.5	2.5
Other income comprising:								
Fees								
- asset products	61.3	57.3	4.0	7.0	32.3	29.0	3.3	11.4
- liability products & other	101.0	108.2	(7.2)	(6.7)	46.6	54.4	(7.8)	(14.3)
- trustee, management & other services	5.3	5.7	(0.4)	(7.0)	2.5	2.8	(0.3)	(10.7)
Commissions								
- wealth solutions	29.7	29.1	0.6	2.1	15.0	14.7	0.3	2.0
- insurance	16.2	15.6	0.6	3.8	8.9	7.3	1.6	21.9
- other	(1.2)	(1.1)	(0.1)	(9.1)	(0.6)	(0.6)	-	-
Dividend income	0.7	7.8	(7.1)	(91.0)	0.4	0.3	0.1	33.3
Homesafe trust contribution	25.1	2.5	22.6	904.0	13.2	11.9	1.3	10.9
Other	57.5	50.0	7.5	15.0	34.3	23.2	11.1	47.8
Total other income before specific income items	295.6	275.1	20.5	7.5	152.6	143.0	9.6	6.7
Share of joint ventures profit	1.6	0.7	0.9	128.6	1.1	0.5	0.6	120.0
Total non interest income before specific items	297.2	275.8	21.4	7.8	153.7	143.5	10.2	7.1
Total income before specific items	1,324.7	1,225.9	98.8	8.1	673.7	651.0	22.7	3.5
Specific income items - non interest income	24.6	(13.0)	37.6	289.2	(1.7)	26.3	(28.0)	(106.5)
Total income	1,349.3	1,212.9	136.4	11.2	672.0	677.3	(5.3)	(0.8)

Comments on Total income when compared to previous corresponding period:

Net interest income increased by \$77.4 million or 8.1%. Refer to 2.4.3 for further analysis.

Fees decreased by \$3.6 million or 2.1% largely due to a decrease in transaction fees, interchange fees and credit card income.

Homesafe trust contribution was \$25.1 million primarily due to growth in the portfolio and an increase in the housing price index over the last twelve months.

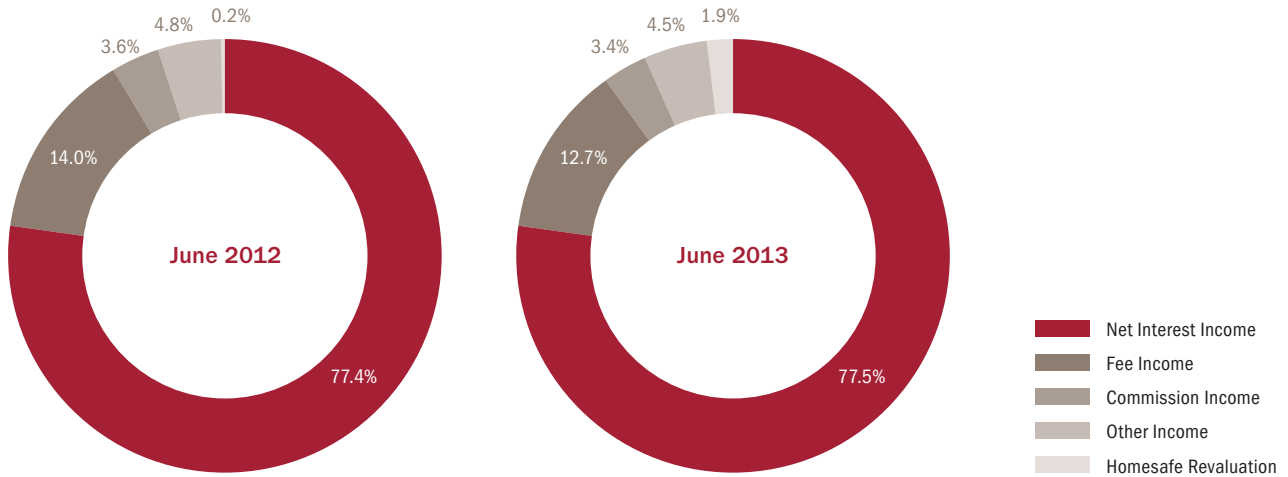
Commissions increased by \$1.1 million or 2.5% due to increased volume of third party products sold.

Other Income includes foreign exchange income, factoring income and franchise fees.

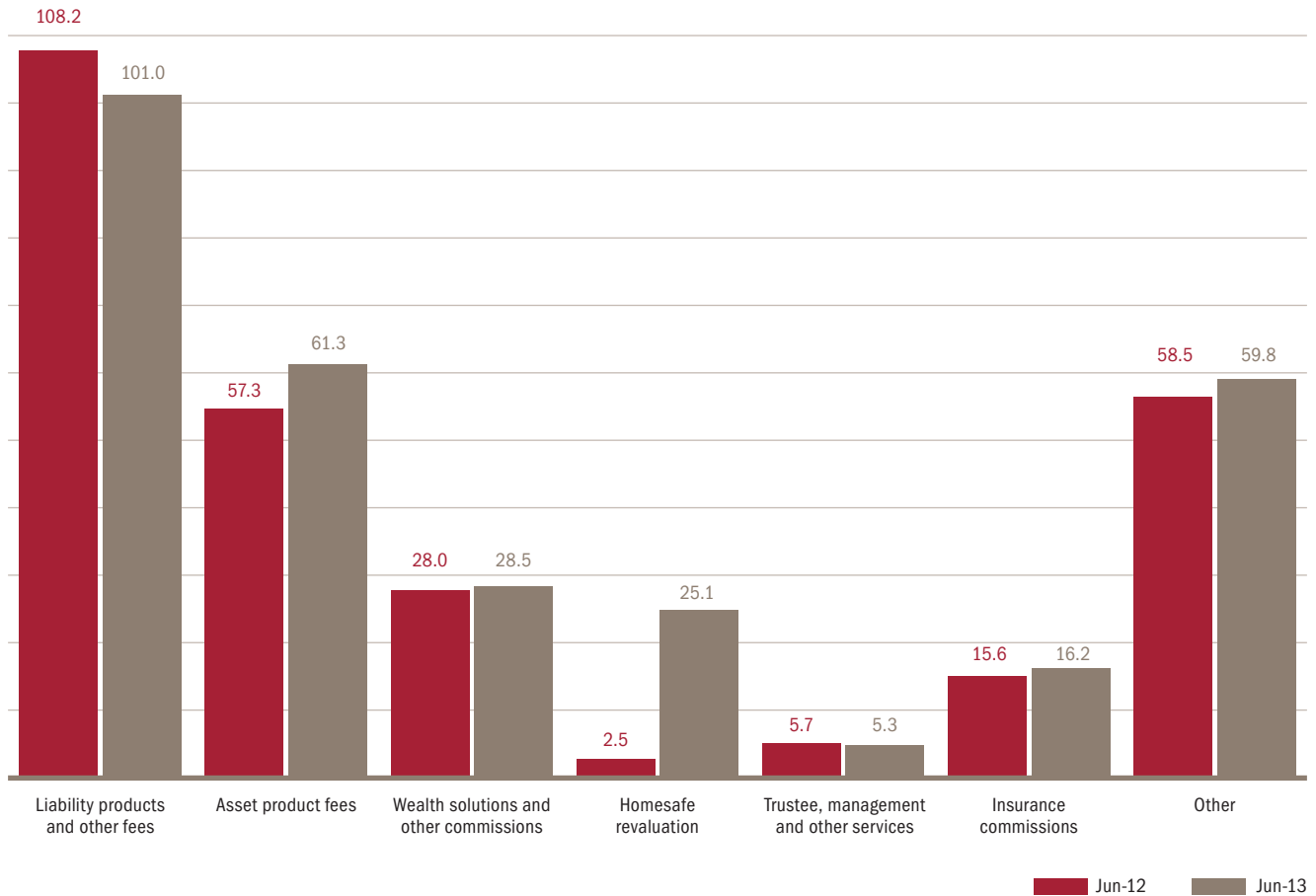
Dividend Income has decreased by \$7.1 million due to the sale of the IOOF shares.

Specific Items increased by \$37.6 million due to the sale of IOOF shares and a reduction in ineffective cashflow hedges. These increases were offset by a loss on sale of RMBS notes. Refer to 2.4.2 for further detail.

Income %



Non interest Income \$m



2.4.5 Productivity and operating expenses

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change		Jun-13	Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Staff and related costs	407.0	387.8	19.2	5.0	203.4	203.6	(0.2)	(0.1)
Occupancy costs	70.6	65.6	5.0	7.6	35.2	35.4	(0.2)	(0.6)
Information technology costs	64.6	55.2	9.4	17.0	32.9	31.7	1.2	3.8
Amortisation of acquired intangibles	24.1	27.8	(3.7)	(13.3)	9.8	14.3	(4.5)	(31.5)
Amortisation of software intangibles	19.7	16.2	3.5	21.6	10.1	9.6	0.5	5.2
Property, plant & equipment costs	10.6	11.4	(0.8)	(7.0)	5.2	5.4	(0.2)	(3.7)
Fees and commissions	28.6	30.4	(1.8)	(5.9)	14.3	14.3	-	-
Communications, postage & stationery	33.0	34.2	(1.2)	(3.5)	16.4	16.6	(0.2)	(1.2)
Advertising & promotion	32.0	30.6	1.4	4.6	17.8	14.2	3.6	25.4
Other product & services delivery costs	35.4	35.8	(0.4)	(1.1)	17.2	18.2	(1.0)	(5.5)
Other administration expenses	53.4	56.7	(3.3)	(5.8)	26.4	27.0	(0.6)	(2.2)
Total operating expenses	779.0	751.7	27.3	3.6	388.7	390.3	(1.6)	(0.4)
Specific items	12.8	102.7	(89.9)	(87.5)	12.3	0.5	11.8	2,360.0
Total expenses	791.8	854.4	(62.6)	(7.3)	401.0	390.8	10.2	2.6
Expenses to income	57.0%	59.1%	(2.1%)	(3.6)	56.2%	57.8%	(1.6%)	(2.8)
Expenses to average assets	1.29%	1.29%	(0.0%)	(0.0)	1.28%	1.30%	(0.02%)	(1.54)
Number of staff (full-time equiv)	4,251	4,189	62	1.5	4,251	4,227	24	0.6
Staff & related costs to income*	30.6%	31.6%	(1.0%)	(3.2)	30.0%	31.3%	(1.3%)	(4.2)

* Excludes any redundancy costs

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

Income used in the above ratios is income less specific income items.

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

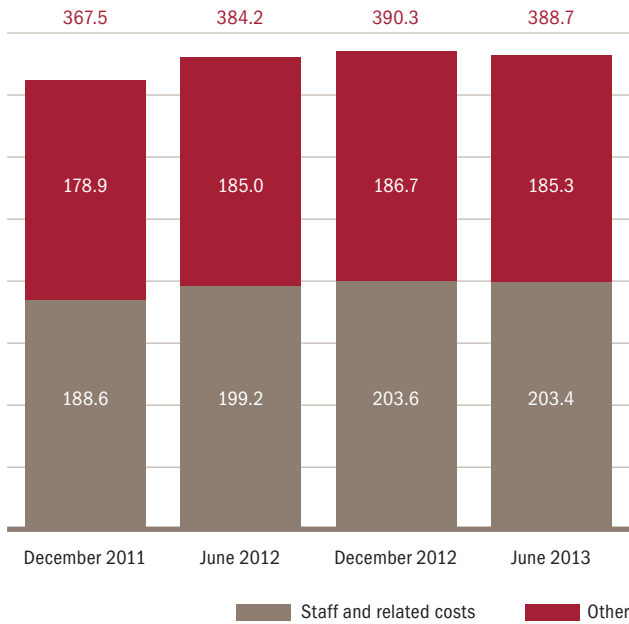
Occupancy costs increased by \$5.0 million or 7.6% mainly due to an overall increase in rent payments.

Information technology costs increased by \$9.4 million or 17.0% predominantly due to an increase in software maintenance.

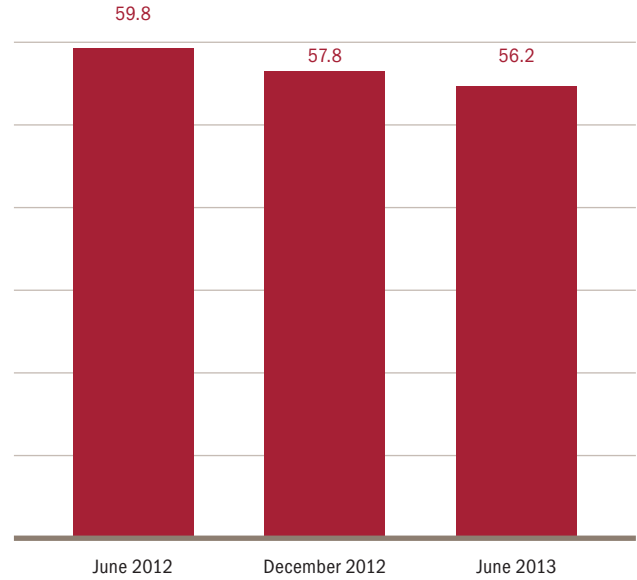
Other administrative expenses decreased by \$3.3 million or 5.8% due to a reduction in legal costs, subscriptions and non-lending write off's.

Specific items decreased by \$89.9 million predominantly due to the goodwill write off for the wealth segment in 2012. Refer to 2.4.2 for further detail.

Operating expenses – six months
 \$m

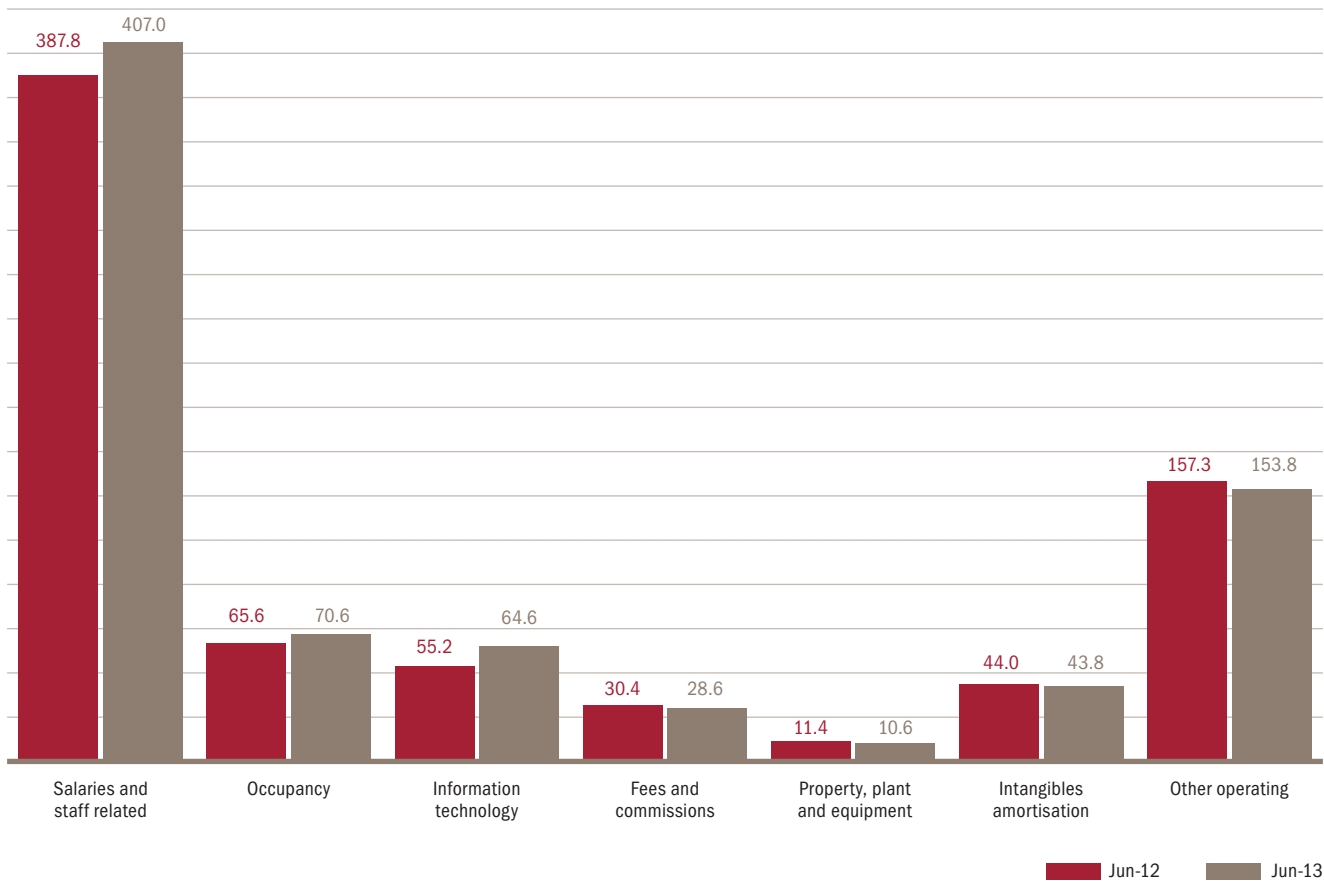


Cost to income ratio – six months
 %



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

Operating expenses – full year
 \$m



2.4.6 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 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.

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 and deposit facilities; 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. Delphi Bank (formally Bank of Cyprus Australia) and Community Telco Australia are included within the retail banking operating segment.

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. Commission received as Responsible Entity for managed investment schemes and for corporate trusteeships and other trustee and custodial services.

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 2013

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural Bank			
	\$m	\$m	\$m	\$m			
Net interest income	613.0	227.0	74.8	112.7	1,027.5	-	1,027.5
Other income	188.8	48.0	39.5	5.9	282.2	13.4	295.6
Share of net profit of equity accounted investments	-	-	-	-	-	1.6	1.6
Total segment income	801.8	275.0	114.3	118.6	1,309.7	15.0	1,324.7
Operating expenses	545.6	81.1	86.5	51.0	764.2	14.8	779.0
Credit expenses	25.2	27.0	1.9	15.8	69.9	-	69.9
Segment result	231.0	166.9	25.9	51.8	475.6	0.2	475.8

For the year ended 30 June 2012

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural Bank			
	\$m	\$m	\$m	\$m			
Net interest income	538.6	215.7	80.4	115.4	950.1	-	950.1
Other income	178.8	26.8	47.8	5.7	259.1	16.0	275.1
Share of net profit of equity accounted investments	-	-	-	-	-	0.7	0.7
Total segment income	717.4	242.5	128.2	121.1	1,209.2	16.7	1,225.9
Operating expenses	533.8	67.2	81.9	56.2	739.1	12.6	751.7
Credit expenses	13.8	6.2	0.4	12.0	32.4	-	32.4
Segment result	169.8	169.1	45.9	52.9	437.7	4.1	441.8

	Operating segments				Total operating segments	Central functions	Total
	Retail banking	Third party banking	Wealth	Rural Bank			
	\$m	\$m	\$m	\$m			
Reportable segment assets							
As at 30 June 2013	28,107.4	16,296.9	1,970.7	4,341.4	50,716.4	9,565.8	60,282.2
As at 30 June 2012	26,238.4	16,112.3	2,408.0	3,983.9	48,742.6	8,495.2	57,237.8
Reportable segment liabilities							
As at 30 June 2013	33,687.4	475.0	4,725.4	3,645.7	42,533.5	6,914.1	49,447.6
As at 30 June 2012	31,840.8	517.9	5,102.3	3,472.2	40,933.2	5,675.9	46,609.1

Reconciliation between segment and statutory results

	Consolidated	
	Full year	Full year
	June 2013	June 2012
	\$m	\$m
Reconciliation of total segment income to group income		
Total segment income	1,324.7	1,225.9
Ineffectiveness in cash flow hedges	(1.8)	(13.0)
Specific income items ¹	26.4	-
Total group income	1,349.3	1,212.9
Reconciliation of segment expenses to group total expenses		
Segment operating expenses	779.0	751.7
Specific expense items ¹	12.8	102.7
Total group expenses	791.8	854.4
Reconciliation of segment credit expenses to bad and doubtful debts on loans and receivables		
Segment credit expenses	69.9	32.4
Bad and doubtful debts on loans and receivables	69.9	32.4
Reconciliation of segment result to group profit before tax		
Total segment result	475.8	441.8
Ineffectiveness in cash flow hedges	(1.8)	(13.0)
Specific income items ¹	26.4	-
Specific expense items ¹	(12.8)	(102.7)
Group profit before tax	487.6	326.1

¹ refer note 2.4.2 for details of specific items

	Consolidated	
	As at	As at
	June 2013	June 2012
	\$m	\$m
Reportable segment assets		
Total assets for operating segments	60,282.2	57,237.8
Total assets	60,282.2	57,237.8
Reportable segment liabilities		
Total liabilities for operating segments	49,447.6	46,609.1
Securitisation funding	6,400.6	6,411.0
Total liabilities	55,848.2	53,020.1

Geographic Information

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

2.4.7 Lending

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change		Jun-13	Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Approvals - by security								
Residential	9,023.1	8,860.7	162.4	1.8	4,530.2	4,492.9	37.3	0.8
Non-residential	5,078.3	3,804.9	1,273.4	33.5	2,736.3	2,342.0	394.3	16.8
Total Approvals	14,101.4	12,665.6	1,435.8	11.3	7,266.5	6,834.9	431.6	6.3
	As at Jun-13	As at Jun-12	Change		As at Jun-13	As at Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Gross loan balance - by security								
Residential	35,009.5	33,768.8	1,240.7	3.7	35,009.5	34,274.5	735.0	2.1
Business								
Accommodation and food services	342.6	272.3	70.3	25.8	342.6	321.6	21.0	6.5
Administrative and support services	56.4	43.8	12.6	28.8	56.4	52.1	4.3	8.3
Agriculture, forestry and fishing	4,544.4	4,279.5	264.9	6.2	4,544.4	4,335.0	209.4	4.8
Arts and recreation services	76.5	69.8	6.7	9.6	76.5	69.5	7.0	10.1
Construction	933.9	890.9	43.0	4.8	933.9	961.0	(27.1)	(2.8)
Education and training	60.8	45.5	15.3	33.6	60.8	55.6	5.2	9.4
Electricity, gas, water and waste services	29.6	26.3	3.3	12.5	29.6	28.9	0.7	2.4
Financial and insurance services	717.3	627.5	89.8	14.3	717.3	603.3	114.0	18.9
Health care and social assistance	505.1	390.2	114.9	29.4	505.1	469.3	35.8	7.6
Information media and telecommunications	26.2	9.3	16.9	181.7	26.2	17.3	8.9	51.4
Manufacturing	246.2	218.7	27.5	12.6	246.2	231.8	14.4	6.2
Mining	24.6	16.9	7.7	45.6	24.6	24.0	0.6	2.5
Other Services	185.6	109.1	76.5	70.1	185.6	149.0	36.6	24.6
Professional, scientific and technical services	235.7	177.5	58.2	32.8	235.7	225.7	10.0	4.4
Public administration and safety	184.9	96.3	88.6	92.0	184.9	126.1	58.8	46.6
Rental, hiring and real estate services	3,215.2	2,944.8	270.4	9.2	3,215.2	3,090.4	124.8	4.0
Retail trade	553.2	556.6	(3.4)	(0.6)	553.2	541.0	12.2	2.3
Transport, postal and warehousing	174.1	116.2	57.9	49.8	174.1	153.2	20.9	13.6
Wholesale trade	162.3	169.3	(7.0)	(4.1)	162.3	158.1	4.2	2.7
Other	387.4	561.6	(174.2)	(31.0)	387.4	409.9	(22.5)	(5.5)
Total business	12,662.0	11,622.1	1,039.9	8.9	12,662.0	12,022.8	639.2	5.3
Margin lending	1,915.6	2,333.2	(417.6)	(17.9)	1,915.6	2,018.8	(103.2)	(5.1)
Unsecured	824.2	869.2	(45.0)	(5.2)	824.2	867.1	(42.9)	(4.9)
Other	267.8	238.7	29.1	12.2	267.8	242.7	25.1	10.3
Total gross loan balance	50,679.1	48,832.0	1,847.1	3.8	50,679.1	49,425.9	1,253.2	2.5
Gross Loan balance - by purpose								
Residential	32,790.4	31,555.0	1,235.4	3.9	32,790.4	32,162.1	628.3	2.0
Consumer	4,375.1	4,436.5	(61.4)	(1.4)	4,375.1	4,190.2	184.9	4.4
Margin lending	1,915.6	2,333.2	(417.6)	(17.9)	1,915.6	2,018.8	(103.2)	(5.1)
Commercial	11,598.0	10,507.3	1,090.7	10.4	11,598.0	11,054.8	543.2	4.9
Total gross loan balance	50,679.1	48,832.0	1,847.1	3.8	50,679.1	49,425.9	1,253.2	2.5
Loans under management (gross balance)								
On-balance sheet	50,679.1	48,832.0	1,847.1	3.8	50,679.1	49,425.9	1,253.2	2.5
Off-balance sheet loans under management	1,010.1	1,157.0	(146.9)	(12.7)	1,010.1	1,079.6	(69.5)	(6.4)
Total Group loans under management	51,689.2	49,989.0	1,700.2	3.4	51,689.2	50,505.5	1,183.7	2.3

Loans under management represent the gross balance of loans held and 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.

2.4.8 Asset quality

	As at Jun-13	As at Jun-12	Change		As at Jun-13	As at Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Impaired loans ¹								
Full-performing ²	3.6	1.8	1.8	100.0	3.6	0.9	2.7	300.0
Part-performing ³	119.0	116.4	2.6	2.2	119.0	106.0	13.0	12.3
Non-performing - property development	25.9	54.2	(28.3)	(52.2)	25.9	29.1	(3.2)	(11.0)
- other	179.1	150.4	28.7	19.1	179.1	136.2	42.9	31.5
Restructured loans	62.6	35.7	26.9	75.4	62.6	17.8	44.8	251.7
Total impaired assets	390.2	358.5	31.7	8.8	390.2	290.0	100.2	34.6
Less: Specific provisions	(104.1)	(102.9)	(1.2)	(1.2)	(104.1)	(96.2)	(7.9)	(8.2)
Net impaired assets	286.1	255.6	30.5	11.9	286.1	193.8	92.3	47.6
Past due 90 days								
Well Secured (excluding commercial arrangement loans)	454.7	539.1	(84.4)	(15.7)	454.7	441.2	13.5	3.1
Great Southern portfolio	283.4	264.7	18.7	7.1	283.4	278.1	5.3	1.9
Portfolio facilities (not well secured)	4.2	3.7	0.5	13.5	4.2	2.2	2.0	90.9
Ratios								
Gross impaired to gross loans	0.77%	0.73%	0.04%	5.5	0.77%	0.59%	0.18%	30.5
Gross impaired (excl prop develop) to gross loans	0.72%	0.62%	0.10%	16.1	0.72%	0.53%	0.19%	35.8
Gross impaired to total assets	0.65%	0.63%	0.02%	3.2	0.65%	0.50%	0.15%	30.0
Gross impaired assets (excl prop develop) to total assets	0.60%	0.53%	0.07%	13.2	0.60%	0.45%	0.15%	33.3
Net impaired to gross loans	0.56%	0.52%	0.04%	7.7	0.56%	0.39%	0.17%	43.6
Net impaired (excl prop develop) to gross loans	0.51%	0.41%	0.10%	24.4	0.51%	0.33%	0.18%	54.5
Provision coverage ⁴	71.0%	73.4%	(2.4%)	(3.3)	71.0%	90.4%	(19.4%)	(21.5)

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

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

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

⁴ Provision coverage is Provisions for doubtful debts - total divided by Total impaired assets.

2.4.9 Bad and doubtful debts

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change		Jun-13	Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Expense:								
Bad debts written off	5.2	2.1	3.1	147.6	2.2	3.0	(0.8)	(26.7)
Provision doubtful debts - expense	67.5	34.7	32.8	94.5	37.2	30.3	6.9	22.8
Total bad and doubtful debts expense	72.7	36.8	35.9	97.6	39.4	33.3	6.1	18.3
Less : Bad debts recovered	2.8	4.4	(1.6)	(36.4)	1.6	1.2	0.4	33.3
Bad and doubtful debts net of recoveries	69.9	32.4	37.5	115.7	37.8	32.1	5.7	17.8
	As at Jun-13	As at Jun-12	Change		As at Jun-13	As at Dec-12	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Balances:								
Provision for doubtful debts - specific	104.1	102.9	1.2	1.2	104.1	96.2	7.9	8.2
Provision for doubtful debts - collective	34.5	31.8	2.7	8.5	34.5	31.9	2.6	8.2
General reserve for credit losses (GRCL)	138.3	128.5	9.8	7.6	138.3	134.2	4.1	3.1
Total provision/reserve doubtful debts	276.9	263.2	13.7	5.2	276.9	262.3	14.6	5.6
Ratios:								
Loan write-offs (annualised) to average assets	0.12%	0.06%	0.06%	100.0	0.11%	0.14%	(0.03%)	(21.4)
Loan write-offs (annualised) to gross loans	0.14%	0.07%	0.07%	100.0	0.13%	0.16%	(0.03%)	(18.8)
Total provision/reserve for doubtful debts to gross loans	0.55%	0.54%	0.01%	1.9	0.55%	0.53%	0.02%	3.8
Collective provision (adjusted for tax) & GRCL to risk-weighted assets	0.53%	0.53%	0.00%	-	0.53%	0.53%	0.00%	-

	Specific	Collective	GRCL	Total
The movement in provisions comprise:				
Balance at June 2012	102.9	31.8	128.5	263.2
Provision doubtful debts expense to profit and loss	64.8	2.7	-	67.5
Bad debts written off - previously provided for	(67.0)	-	-	(67.0)
Appropriation of movement in general reserve for credit losses	-	-	9.8	9.8
Balance acquired in business combination	3.4	-	-	3.4
Balance at June 2013	104.1	34.5	138.3	276.9

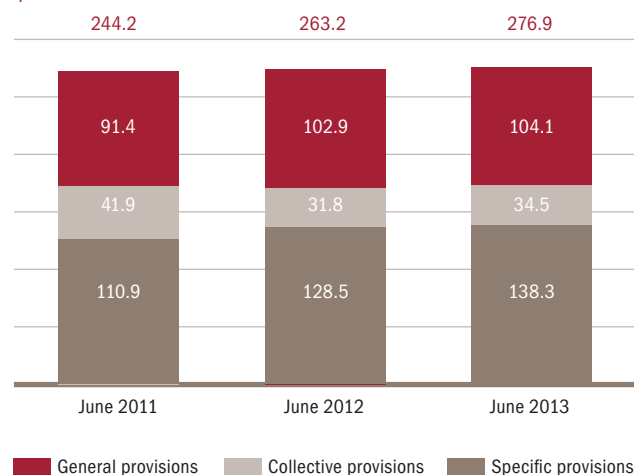
Total bad debts written off for the period, as shown above comprises:

Bad debts previously provided for	67.0
Other bad debts not previously provided for	5.2
Total bad debts written off for the period	72.2

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



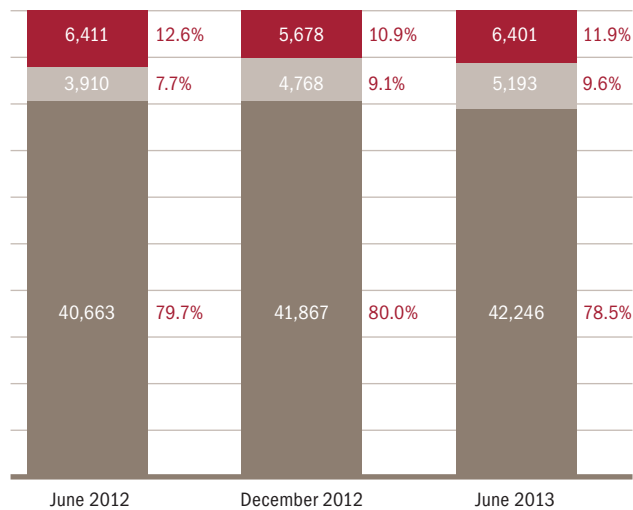
2.4.10 Deposits and funds under management

	As at Jun-13 \$m	As at Jun-12 \$m	Change		As at Jun-13 \$m	As at Dec-12 \$m	Change	
			\$m	%			\$m	%
Deposits and funds under management								
Deposits	47,439.0	44,572.7	2,866.3	6.4	47,439.0	46,635.4	803.6	1.7
Securitisation	6,400.6	6,411.0	(10.4)	(0.2)	6,400.6	5,678.3	722.3	12.7
Managed funds	3,275.2	3,089.9	185.3	6.0	3,275.2	3,334.5	(59.3)	(1.8)
Total deposits and funds under management	57,114.8	54,073.6	3,041.2	5.6	57,114.8	55,648.2	1,466.6	2.6
Retail deposits and funds under management								
Retail deposits	42,245.8	40,663.0	1,582.8	3.9	42,245.8	41,867.0	378.8	0.9
Managed funds	3,275.2	3,089.9	185.3	6.0	3,275.2	3,334.5	(59.3)	(1.8)
Total retail deposits and funds under management	45,521.0	43,752.9	1,768.1	4.0	45,521.0	45,201.5	319.5	0.7
Deposits dissection - \$m								
Retail	42,245.8	40,663.0	1,582.8	3.9	42,245.8	41,867.0	378.8	0.9
Securitisation	6,400.6	6,411.0	(10.4)	(0.2)	6,400.6	5,678.3	722.3	12.7
Wholesale - domestic	4,929.6	3,832.5	1,097.1	28.6	4,929.6	4,433.7	495.9	11.2
Wholesale - offshore	263.6	77.2	186.4	241.5	263.6	334.7	(71.1)	(21.2)
Total deposits	53,839.6	50,983.7	2,855.9	5.6	53,839.6	52,313.7	1,525.9	2.9
Deposits dissection (excluding securitisation) - %								
Retail	89.1%	91.2%	(2.1%)	(2.3)	89.1%	89.8%	(0.7%)	(0.8)
Wholesale - domestic	10.4%	8.6%	1.8%	20.9	10.4%	9.5%	0.9%	9.5
Wholesale - offshore	0.5%	0.2%	0.3%	150.0	0.5%	0.7%	(0.2%)	(28.6)
Total deposits excluding securitisation	100.0%	100.0%	-	-	100.0%	100.0%	-	-
Managed funds dissection								
Assets under management	1,665.3	1,789.2	(123.9)	(6.9)	1,665.3	1,730.6	(65.3)	(3.8)
Other managed funds	1,609.9	1,300.7	309.2	23.8	1,609.9	1,603.9	6.0	0.4
Total managed funds	3,275.2	3,089.9	185.3	6.0	3,275.2	3,334.5	(59.3)	(1.8)

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.

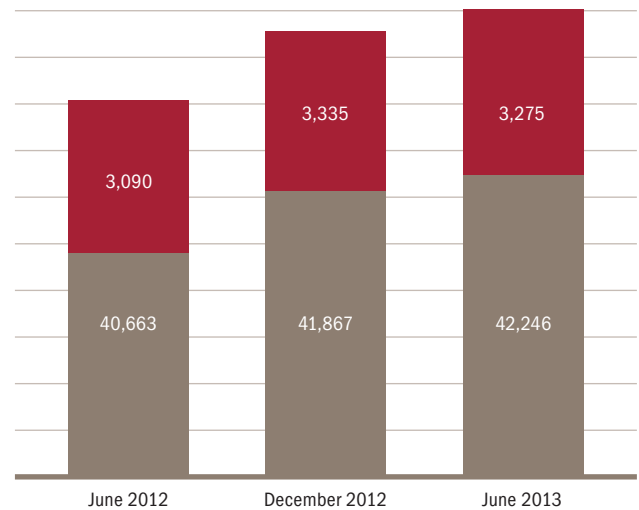
Other managed funds include funds deposited for investment in managed investment products and superannuation funds managed off-balance sheet by Sandhurst Trustees Limited and Adelaide Managed Funds Limited. Also included are portfolios of loans managed by the Bank and third parties who contribute to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

Funding mix
\$m



Retail
 Wholesale
 Securitisation

Retail deposits and funds under management
\$m



Retail deposits
 Funds under management

Retail deposits increased by \$1.6 billion or 3.9% to \$42.2 billion over the 12 months.

Wholesale deposits increased by \$1.3 billion or 32.8% to \$5.2 billion over the 12 months.

The Group's retail deposit base remains strong at 89.1% of deposits (excluding securitisation).

2.4.11 Capital and shareholder returns

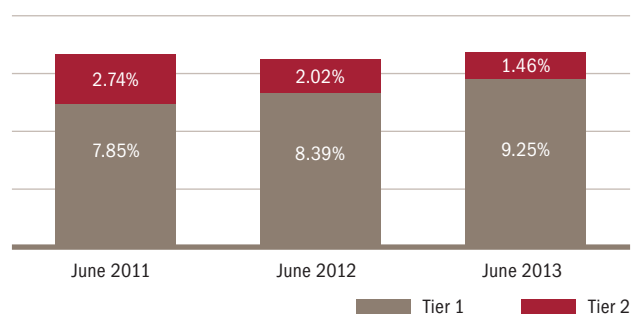
2.4.11.1 Capital adequacy

	Consolidated	
	As at Jun-13*	As at Jun-12
	\$m	\$m
Risk weighted capital ratios		
Tier 1	9.25%	8.39%
Tier 2	1.46%	2.02%
Total capital ratio	10.71%	10.41%
Regulatory capital		
Common equity Tier 1		
Contributed capital	3,758.0	3,681.8
Retained profits & reserves	320.7	101.3
Accumulated other comprehensive income (and other reserves)	(17.7)	-
Innovative Tier 1 capital	-	277.9
Less,		
Intangible assets, cash flow hedges and capitalised expenses	1,637.3	1,583.9
Net deferred tax assets	6.6	-
Equity Exposures	27.8	-
50/50 deductions	-	8.5
Other adjustments as per APRA advice	2.4	92.4
Total common equity tier 1 capital	2,386.9	
Additional Tier 1 capital instruments	438.5	
Total Additional Tier 1 Capital	438.5	
Total Tier 1 Capital	2,825.4	2,376.2
Tier 2		
Tier 2 capital instruments	290.8	434.6
General reserve for credit losses/collective provision (net of tax effect)	154.1	144.4
Asset revaluation reserves	-	1.9
Less,		
50/50 deductions	-	8.5
Total tier 2 capital	444.9	572.4
Total regulatory capital	3,270.3	2,948.6
Total risk weighted assets	30,530.2	28,310.1
Common Tier 1 Equity ¹	7.82%	7.73%

¹ June 2012 comparative purposes only

* Current year disclosures have been presented to reflect the requirements of Basel III effective from 1 January 2013. Prior year comparatives have not been restated.

Capital adequacy %



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

2.4.11.2 Shareholder returns

	Full year ending				Six months ending			
	Jun-13	Jun-12	Change	%	Jun-13	Dec-12	Change	%
Cash basis earnings per ordinary share (weighted average)-cents	85.4	84.2	1.2	1.4	43.5	41.9	1.6	3.8
Earnings per ordinary share (weighted average)-cents	84.9	48.6	36.3	74.7	39.0	45.9	(6.9)	(15.0)
Diluted earnings per ordinary share (weighted average)-cents	77.9	47.7	30.2	63.3	36.2	42.2	(6.0)	(14.2)
Weighted number of ordinary shares used in basic and cash basis EPS calculations - 000's	407,409	383,464	23,945	6.2	409,886	404,972	4,914	1.2
Weighted number of ordinary shares used in diluted EPS calculations - 000's	461,305	416,966	44,339	10.6	465,873	451,704	14,169	3.1
Cash basis return on average tangible equity	13.48%	14.05%	(0.57%)	(4.1)	13.59%	13.37%	0.22%	1.6
Cash basis return on average ordinary equity	8.58%	8.36%	0.22%	2.6	8.77%	8.39%	0.38%	4.5
After tax return on average ordinary equity	8.52%	4.84%	3.68%	76.0	7.86%	9.19%	(1.33%)	(14.5)
After tax before specific items return on average ordinary equity	8.16%	7.88%	0.28%	3.6	8.45%	7.88%	0.57%	7.2
Cash basis return on average assets	0.59%	0.58%	0.01%	1.7	0.60%	0.59%	0.01%	1.7
After tax return on average assets	0.60%	0.35%	0.25%	71.4	0.55%	0.65%	(0.10%)	(15.4)
After tax before specific items return on average assets	0.57%	0.56%	0.01%	1.8	0.59%	0.56%	0.03%	5.4

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 specific 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 specific items, less dividends on preference shares.

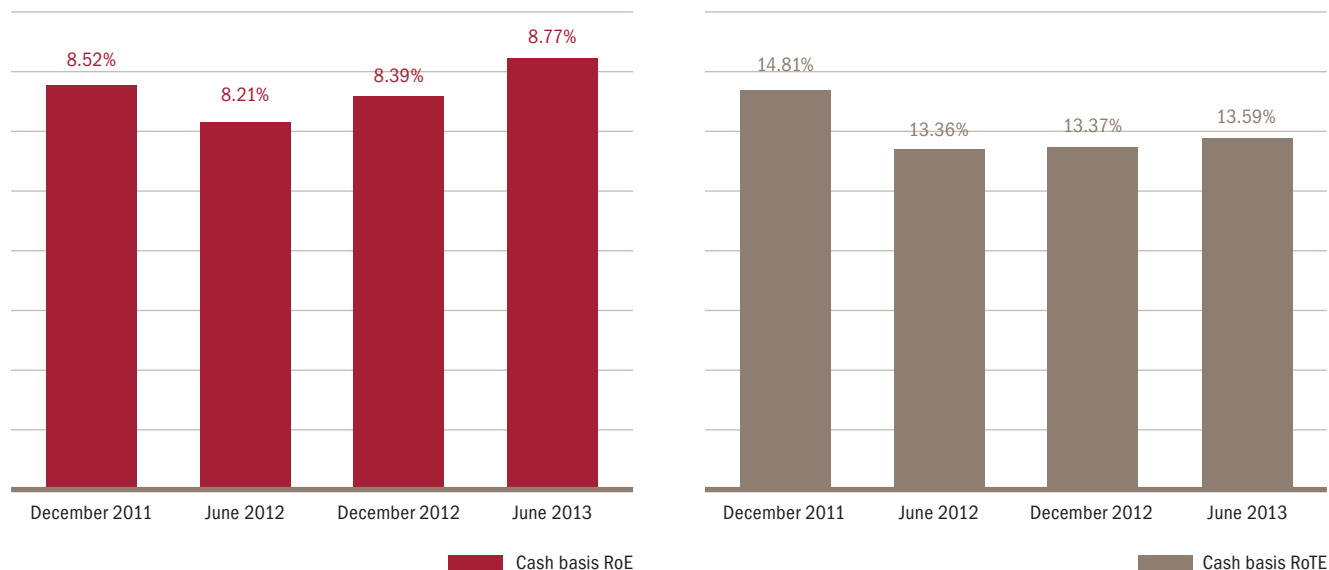
After tax return on average assets uses profit after tax.

Dilutive preference shares include preference shares, convertible preference shares and step up preference shares.

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

	As at Jun-13 \$m	As at Jun-12 \$m
Net Assets	4,434.0	4,217.7
Preference share capital	(188.5)	(188.5)
Asset Revaluation Reserve	(2.8)	(26.9)
Unrealised gains/losses on cash flow hedge reserve	34.6	86.4
Acquisition reserve	20.4	20.4
Total ordinary equity	4,297.7	4,109.1

2.4.11.3 Return on Equity (RoE) & Return on Tangible Equity (RoTE) – six months

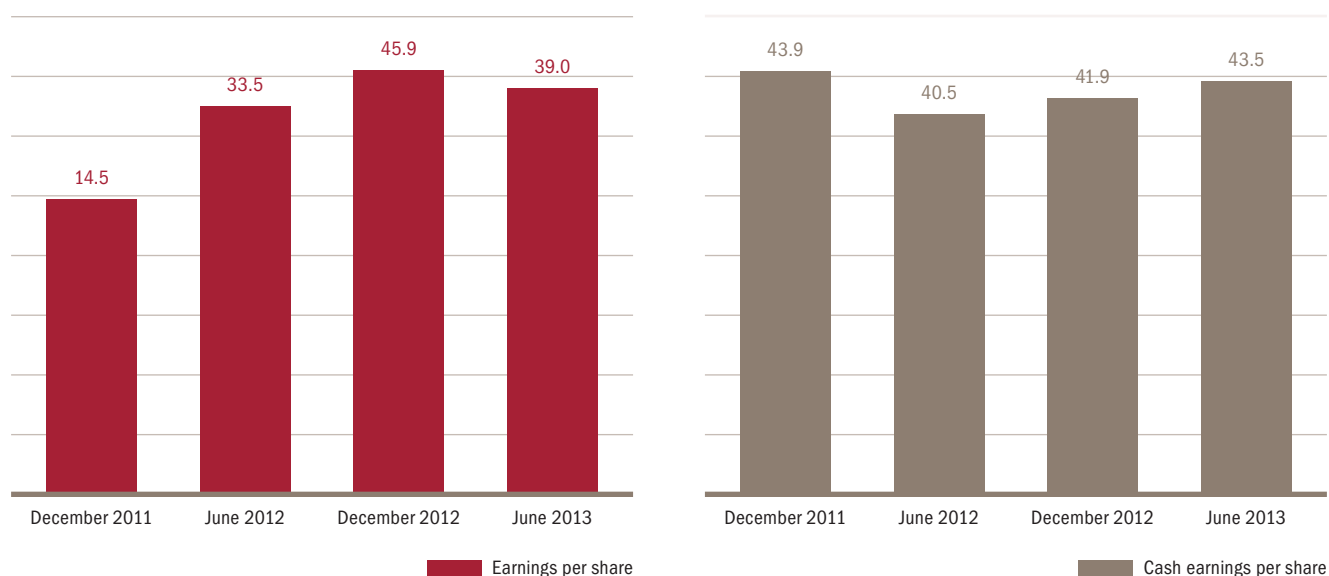


2.4.11.4 Dividends

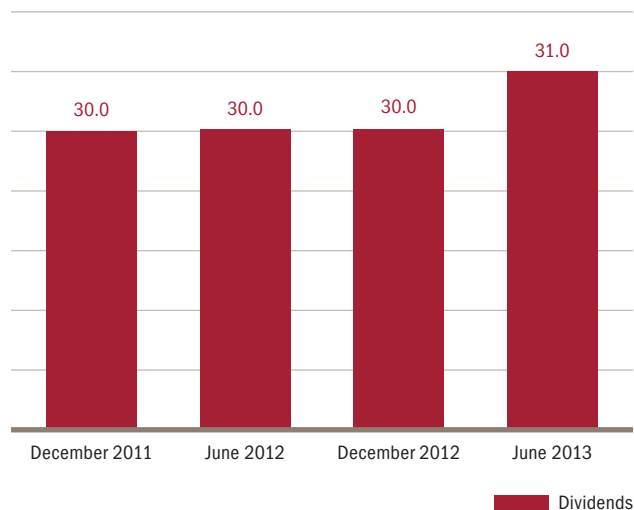
	Full year ending				Six months ending			
	Jun-13	Jun-12	Change	%	Jun-13	Dec-12	Change	%
Dividend per share - cents	61.0	60.0	1.0	1.7	31.0	30.0	1.0	3.3
Dividend amount payable - \$m	245.0	232.9	12.1	5.2	125.1	119.9	5.2	4.3
Payout ratio - earnings per ordinary share*	71.8%	123.5%	(51.7%)	(41.9)	79.5%	65.4%	14.1%	21.6
Payout ratio - cash basis per ordinary share*	71.4%	71.3%	0.1%	0.1	71.3%	71.6%	(0.3%)	(0.4)

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

2.4.11.5 Earnings in cents per ordinary share



2.4.11.5 Earnings in cents per ordinary share (cont.)



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 15 trading days following the Record Date. 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 15 trading days following the Record Date. 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 2013 final dividend is 29 August 2013.

2.5 Additional Notes

2.5.1 Analysis of intangible assets

	Balance sheet - carrying value		Full year amortisation/ impairment expense	
	Jun-13 \$m	Jun-12 \$m	Jun-13 \$m	Jun-12 \$m
Goodwill	1,368.4	1,360.1	6.2	95.1
Trustee licence	8.4	8.4	-	-
Software	50.9	67.4	19.0	16.2
Customer lists	6.1	4.9	1.8	0.6
Core deposits	37.3	47.8	10.5	12.8
Trade name	4.8	7.7	2.9	4.7
Customer relationship	32.7	41.3	8.6	8.6
Management rights - Adelaide Bank	9.6	10.6	1.0	1.1
Total intangible assets and goodwill	1,518.2	1,548.2	50.0	139.1

2.5.2 Investments accounted for using the equity method

Name	Ownership interest held by consolidated entity		Balance date
	2013	2012	
	%	%	
Community Telco Australia Pty Ltd ¹	100.0	50.0	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
Strategic Payments Services Pty Ltd	47.5	47.5	31 December
Linear Financial Holdings Pty Ltd	40.0	40.0	30 June
Homebush Financial Services Ltd	49.0	49.0	30 June
Vicwest Community Enterprise Ltd	50.0	0.0	30 June
Aegis Correctional Partnership Pty Ltd	49.5	0.0	30 June
Aegis Securitisation Nominees Pty Ltd	49.5	0.0	30 June
Aegis Correctional Partnership Trust	49.5	0.0	30 June
Aegis Securitisation Trust	49.5	0.0	30 June

¹ Community Telco Australia Pty Ltd - telecommunication services (wholly-owned subsidiary, effective December 2012)

(i) Principal activities of associated companies

Community Sector Enterprises Pty Ltd - financial services
Homesafe Solutions Pty Ltd - trust manager
Silver Body Corporate Financial Services Pty Ltd - financial services
Strategic Payments Services Pty Ltd - payment processing services
Linear Financial Holdings Pty Ltd - asset management services
Homebush Financial Services Ltd - financial services
Vicwest Community Enterprise Ltd - telecommunication services (acquired December 2012)
Aegis Correctional Partnership Pty Ltd - trustee services (acquired November 2012)

Aegis Securitisation Nominees Pty Ltd - trustee services (acquired November 2012)

Aegis Correctional Partnership Trust - project management and financial services (acquired November 2012)

Aegis Securitisation Trust - financial services (acquired November 2012)

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 associates' operating profits before income tax:	2013	2012
	\$m	\$m
- Community Sector Enterprises Pty Ltd	0.3	0.4
- Homesafe Solutions Pty Ltd	0.2	0.4
- Silver Body Corporate Financial Services Pty Ltd	0.1	0.3
- Strategic Payments Services Pty Ltd	1.5	0.3
- Linear Financial Holdings Pty Ltd	(0.4)	(0.7)
- Homebush Financial Services Ltd	-	-
- Vicwest Community Enterprise Ltd	(0.1)	-
- Aegis Correctional Partnership Pty Ltd	-	-
- Aegis Securitisation Nominees Pty Ltd	-	-
- Aegis Correctional Partnership Trust	-	-
- Aegis Securitisation Trust	-	-
	1.6	0.7

2.5.3 Average balance sheets and related interest

For the year ended 30 June 2013

	Average Balance \$m	Interest 12 mths \$m	Average Rate %
Average balances and rates Interest earning assets¹			
Cash and investments	6,219.6	206.3	3.32
Loans and other receivables - company	39,228.2	2,440.2	6.22
Loans and other receivables - community bank/alliances	9,674.1	494.0	5.11
Total interest earning assets²	55,121.9	3,140.5	5.70
Non interest earning assets			
Provisions for doubtful debts	(135.9)		
Other assets	3,329.2		
	3,193.3		
Total assets (average balance)	58,315.2		
Interest bearing liabilities			
Deposits			
Retail - company	28,451.4	1,114.2	3.92
Retail - community bank/alliances	12,971.8	531.3	4.10
Wholesale - domestic	4,305.4	170.8	3.97
Wholesale - offshore	260.9	10.0	3.83
Notes payable	6,126.7	247.3	4.04
Preference shares	199.9	11.9	5.95
Subordinated debt	393.1	27.5	7.00
Total interest bearing liabilities²	52,709.2	2,113.0	4.01
Non interest bearing liabilities and equity			
Other liabilities	1,310.9		
Equity	4,295.1		
	5,606.0		
Total liabilities and equity (average balance)	58,315.2		
Interest margin and interest spread			
Interest earning assets	55,121.9	3,140.5	5.70
Interest bearing liabilities	(52,709.2)	(2,113.0)	(4.01)
Net interest income and interest spread³		1,027.5	1.69
Net free liabilities			0.17
Net interest margin ⁴			1.86
Impact of community bank/alliances profit share arrangements			
Net interest margin before community bank/alliances share of net interest income			2.21
Less impact of community bank/alliances share of net interest income			0.35
Net interest margin			1.86

¹ Average balance is based on monthly closing balances from 30 June 2012 through 30 June 2013 inclusive.

² Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$66.8m 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 Net interest margin is the net interest income as a percentage of average interest earning assets.

For the year ended 30 June 2012

	Average Balance \$m	Interest 12 mths \$m	Average Rate %
Average balances and rates Interest earning assets¹			
Cash and investments	6,116.2	271.1	4.43
Loans and other receivables - company	38,900.0	2,740.3	7.04
Loans and other receivables - community bank/alliances	8,427.7	510.1	6.05
Total interest earning assets²	53,443.9	3,521.5	6.59
Non interest earning assets			
Provisions for doubtful debts	(134.7)		
Other assets	2,890.4		
	2,755.7		
Total assets (average balance)	56,199.6		
Interest bearing liabilities			
Deposits			
Retail - company	27,104.1	1,312.1	4.84
Retail - community bank/alliances	11,613.8	597.1	5.14
Wholesale - domestic	3,707.2	190.3	5.13
Wholesale - offshore	85.9	4.4	5.12
Notes payable	7,691.4	421.5	5.48
Preference shares	89.5	5.5	6.15
Subordinated debt	531.1	40.5	7.63
Total interest bearing liabilities²	50,823.0	2,571.4	5.06
Non interest bearing liabilities and equity			
Other liabilities	1,318.0		
Equity	4,058.6		
	5,376.6		
Total liabilities and equity (average balance)	56,199.6		
Interest margin and interest spread			
Interest earning assets	53,443.9	3,521.5	6.59
Interest bearing liabilities	(50,823.0)	(2,571.4)	(5.06)
Net interest income and interest spread³		950.1	1.53
Net free liabilities			0.25
Net interest margin ⁴			1.78
Impact of community bank/alliances profit share arrangements			
Net interest margin before community bank/alliances share of net interest income			2.11
Less impact of community bank/alliances share of net interest income			0.33
Net interest margin			1.78

¹ Average balance is based on monthly closing balances from 30 June 2011 through 30 June 2012 inclusive.

² Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$80.7m 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 Net 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-13	Jun-12
Net tangible assets per ordinary share	\$6.62	\$6.16
Net tangible assets	\$m	\$m
Net assets	4,434.0	4,217.7
Intangibles	(1,518.2)	(1,548.2)
Preference shares - face value	(90.0)	(90.0)
Step-up preference shares - face value	(100.0)	(100.0)
Net tangible assets attributable to ordinary shareholders	2,725.8	2,479.5
Number of fully paid ordinary shares on issue - 000's	412,008	402,233

2.5.5 Credit ratings

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

On 8 July 2013, Standard & Poor's Ratings Services affirmed its long-term counterparty credit rating on Bendigo and Adelaide Bank Ltd at 'A-', and affirmed the short-term rating at 'A-2'. The outlook remains stable. Standard and Poor's commented that the issuer credit ratings on Bendigo and Adelaide Bank Ltd reflect the Bank's adequate business position, its strong capital and earnings, and adequate risk position.

On 14 December 2012, Fitch Ratings, the international ratings agency affirmed Bendigo and Adelaide Bank Ltd's long term rating at A- and affirmed the short term rating of F2 and its support rating of '3', and the Bank's viability rating of 'A-'. The outlook remains stable. Fitch commented the ratings reflect Bendigo and Adelaide Bank's stable domestic retail banking franchise, sound funding and liquidity position, conservative risk management framework and adequate capitalisation. The ratings also recognise the Bank's strong asset quality which has benefited from conservative risk controls and a well collateralised loan book.

On 20 December 2011, Moody's Investors Service assigned a bank financial strength rating of C to Bendigo and Adelaide Bank Ltd. Moody's affirmed a long term rating at A2, short term rating at P-1, with a stable outlook. Moody's commented that 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		
Ordinary Shares	Number of Shares	\$m
Fully paid ordinary shares at 30 June 2012	402,233,266	3,681.8
Shares issued:		
September 2012 - Dividend Reinvestment Plan at \$7.39	4,957,637	36.6
September 2012 - Bonus Share Scheme (in lieu of dividend payment) at \$7.39	402,549	-
March 2013 - Dividend Reinvestment Plan at \$9.92	4,010,851	39.8
March 2013 - Bonus Share Scheme (in lieu of dividend payment) at \$9.92	403,561	-
Share issue costs	-	(0.2)
Fully paid ordinary shares at 30 June 2013	412,007,864	3,758.0
Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2012	900,000	88.5
Preference shares of \$100 face value (fully paid) at 30 June 2013	900,000	88.5
Step Up Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2012	1,000,000	100.0
Preference shares of \$100 face value (fully paid) at 30 June 2013	1,000,000	100.0

Bendigo and Adelaide Bank Ltd

ABN 11 068 049 178

