Appendix 4E

Full Year Results

For the year ended 30 June 2017

Released 14 August 2017

ABN 11 068 049 178

Bendigo and Adelaide Bank

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

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Appendix 4E: Full year results

1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited

ABN 11 068 049 178

Reporting period - twelve months ended:	30 June 2017
Previous corresponding period - twelve months ended:	30 June 2016

1.2 Results for announcement to the market

Income from operations	up	3.5% to $1,609.5m
Profit after tax from ordinary activities	up	3.4% to $429.6m
Net profit after tax attributable to Owners of the Company	up	3.4% to $429.6m

Dividends	Date Payable/Paid	Amount per security
Current year 2017		
Record date for determining entitlements	6 September 2017	
Final dividend - fully franked	29 September 2017	34.0 cents
Interim dividend - fully franked	31 March 2017	34.0 cents
Previous year 2016		
Final dividend - fully franked	30 September 2016	34.0 cents
Interim dividend - fully franked	31 March 2016	34.0 cents

1.3 Cash earnings results

Cash earnings attributable to Owners of the Company	up	4.2% to $418.3m
Cash earnings per share	up	1.4% to 88.5 cents

See note 2.1.1 and 2.3.12.3 for full details

This Appendix 4E: Full year results should be read in conjunction with the media release and results presentation released to the ASX on 14 August 2017.

1.4 Annual general meeting

The annual general meeting will be held as follows:

Place: Ulumbarra Theatre, Gaol Road, Bendigo, Victoria

Date: 31 October 2017

Time: 11 a.m. (Australian Eastern Daylight Saving Time)

1.5 Subsequent events

No other matters or circumstances have arisen since the end of the financial year to the date of this report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

1.6 ASX Appendix 4E table

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

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

Accounting standards used for foreign entities

Not applicable.

Dispute or qualifications if audited

This report is based on financial accounts that have been subject to an independent review by our external auditors. There is no dispute or qualification to the financial accounts.

1.7 Highlights

- Statutory profit ↑ 3.4% to $429.6 million
- Statutory earnings per share ↑ 0.6% to 90.9 cents
- Cash earnings ↑ by 4.2% to $418.3 million
- Cash earnings per share is ↑ 1.4% to 88.5 cents
- CET1 ratio of 8.27% an ↑ of 30 basis points compared to December 2016

1.8 Key Highlights

- On a statutory basis, net profit was $429.6m compared to $415.6m in June 16.
- Cash earnings [1] was $418.3m compared to $401.4m in June 16.
- On a cash earnings basis:
  - Net interest income increased $47.7m to $1,232.0m. Net interest margin (before revenue share arrangements) for the year decreased by 1 basis point to 2.22%. The net interest margin decline was due to continued strong deposit competition and lower earnings from our equity contribution, offset by repricing in the lending portfolio;
  - Other revenue grew $6.8m or 2.2% which can be attributed to stronger trading income from our liquidity holdings;
  - Expenses were held relatively flat with a slight increase of $2.0m or 0.2%. Salary costs were flat, increases in software amortisation were offset with reductions in marketing costs and other product and services delivery costs;
- Gross loan portfolio increased by $3.5b or 6.0%. This increase includes the Keystart portfolio acquisition of $1.3b which occurrred in the first half of 2017.
- Impaired assets decreased by $67.6m or 19.3%. Over the last 12 months a number of impaired exposures have been finalised.
- Great Southern past due 90 days has reduced by $78.9m or 50%, other lending past due 90 days has increased by $34.7m or 8.7%.
- Lending growth has been predominately funded by strong growth in customer deposits, which increased by $2.3b or 4.7%.
- Common Equity Tier 1 ratio was 8.27% which increased by 30 basis points compared to December 16. Total capital was 12.46% compared to 12.20% in December 16.
- The final dividend has been maintained at 34 cents.

[1] Specific items cash earnings adjustments are outlined in section 2.3.1.

2.0 Full year results

2.1 Financial summary

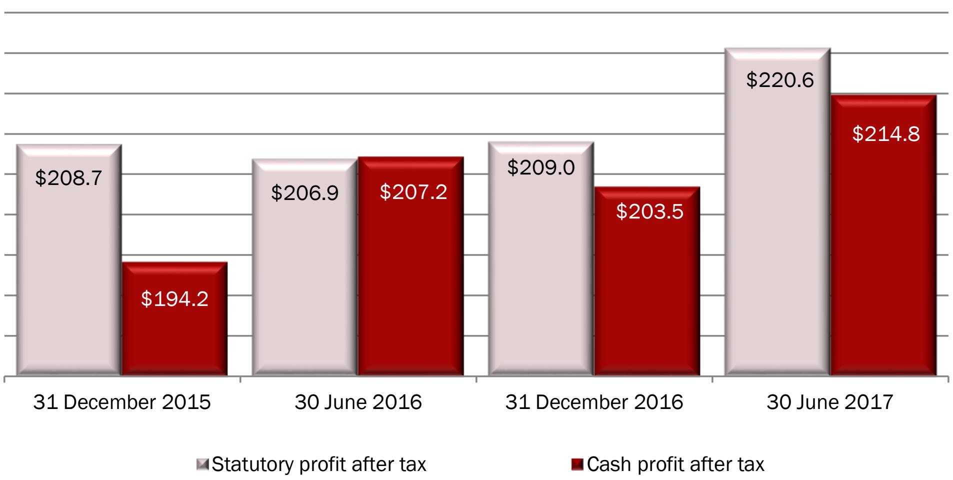
2.1.1 Profit

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Profit before tax	628.3	606.9	21.4	3.5	323.6	304.7	18.9	6.2
Specific items before tax	(49.1)	(52.5)	3.4	(6.5)	(23.9)	(25.2)	1.3	(5.2)
Profit before tax and specific items	**579.2**	**554.4**	**24.8**	**4.5**	**299.7**	**279.5**	**20.2**	**7.2**
Profit after tax attributable to Owners of the Company	429.6	415.6	14.0	3.4	220.6	209.0	11.6	5.6
Specific items after tax	(34.8)	(34.9)	0.1	(0.3)	(16.7)	(18.1)	1.4	(7.7)
Other specific items after tax	11.1	7.0	4.1	58.6	4.9	6.2	(1.3)	(21.0)
Amortisation of acquired intangibles after tax	12.4	13.7	(1.3)	(9.5)	6.0	6.4	(0.4)	(6.3)
Cash earnings after tax	**418.3**	**401.4**	**16.9**	**4.2**	**214.8**	**203.5**	**11.3**	**5.6**

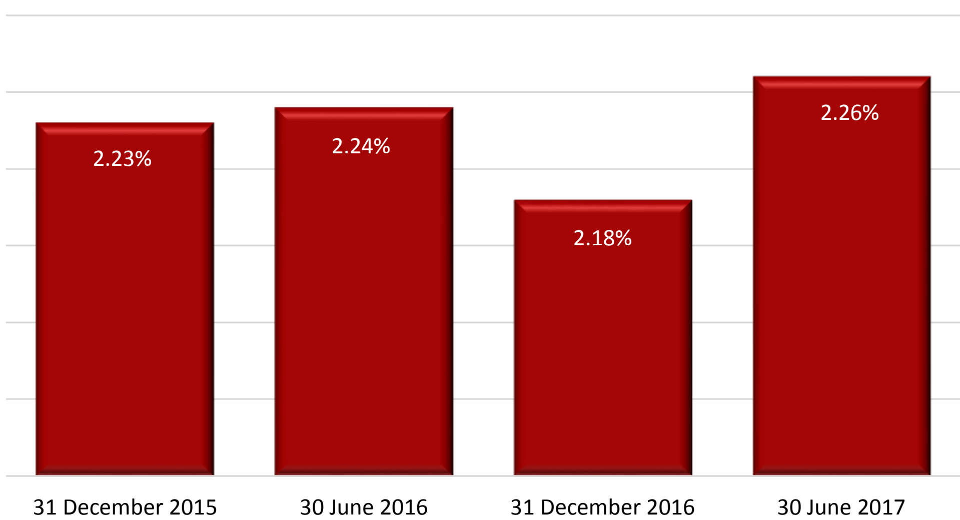
2.1.2 Financial metrics

	Jun-17 Half	Dec-16 Half	Total	Jun-16 Half	Dec-15 Half	Total	Jun-16 to Jun-17	
	$m	$m		$m	$m		$m	%
Financial performance metrics								
Profit after tax attributable to Owners of the Company	220.6	209.0	**429.6**	206.9	208.7	**415.6**	14.0	3.4
Cash earnings (after tax)	214.8	203.5	**418.3**	207.2	194.2	**401.4**	16.9	4.2
Net interest income (before specific items)	627.3	604.7	**1,232.0**	590.9	593.4	**1,184.3**	47.7	4.0
Total other income (before specific items)	149.4	160.3	**309.7**	157.8	145.1	**302.9**	6.8	2.2
Bad and doubtful debts	32.0	39.8	**71.8**	23.5	20.6	**44.1**	27.7	62.8
Expenses (before specific items)	445.0	445.7	**890.7**	441.2	447.5	**888.7**	2.0	0.2
	%	%		%	%		% change	
Financial performance ratios								
Cost to income ratio	55.7%	56.4%	**56.1%**	57.3%	58.9%	**58.1%**	3.4	
Net interest margin before revenue share arrangements	2.26%	2.18%	**2.22%**	2.24%	2.23%	**2.23%**	(0.4)	
Net interest margin after revenue share arrangements	1.89%	1.83%	**1.86%**	1.89%	1.90%	**1.89%**	(1.6)	

Statutory profit and cash earnings ($m)



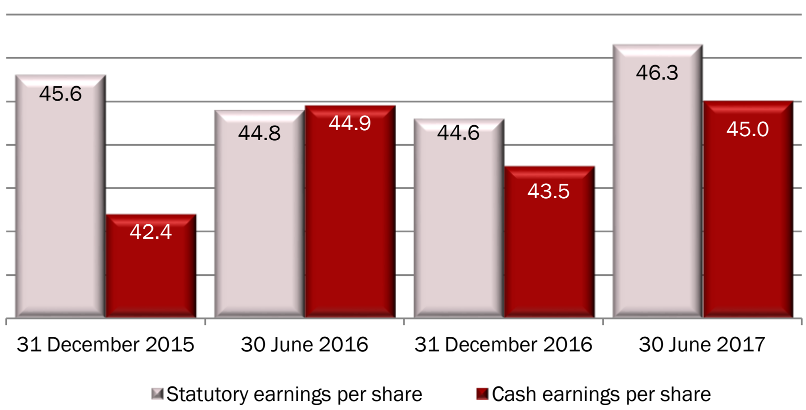
Net interest margin before revenue share arrangements (%)



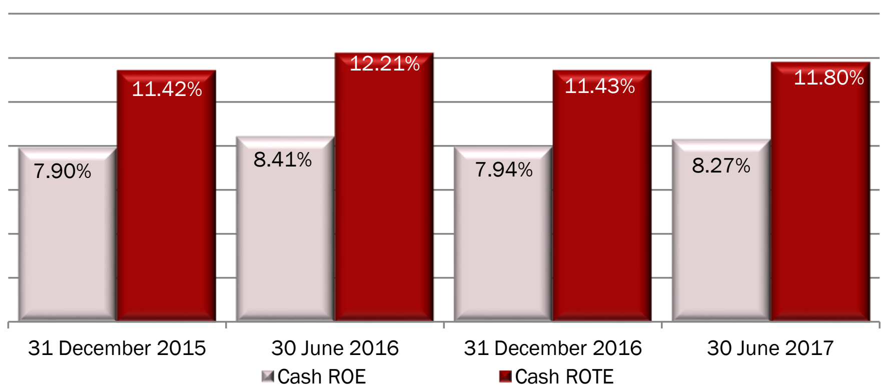
2.1.2 Financial metrics (continued)

	Jun-17 Half	Dec-16 Half	Total	Jun-16 Half	Dec-15 Half	Total	Jun-16 to Jun-17	
	$m	$m		$m	$m		$m	%
Financial position metrics								
Ordinary equity	5,321.3	5,206.4	**5,321.3**	5,037.6	4,941.6	**5,037.6**	283.7	5.6
Retail deposits	50,743.2	50,579.9	**50,743.2**	48,445.3	45,776.0	**48,445.3**	2,297.9	4.7
Funds under management	5,322.5	4,979.7	**5,322.5**	4,684.1	4,517.7	**4,684.1**	638.4	13.6
Loans under management	61,740.2	60,865.2	**61,740.2**	58,227.6	56,353.3	**58,227.6**	3,512.6	6.0
New loan approvals	8,330.7	11,724.9	**20,055.6**	8,844.7	8,187.9	**17,032.6**	3,023.0	17.7
> Residential	5,419.3	8,710.5	**14,129.8**	5,588.3	5,263.9	**10,852.2**	3,277.6	30.2
> Non-residential	2,911.4	3,014.4	**5,925.8**	3,256.4	2,924.0	**6,180.4**	(254.6)	(4.1)
Total provisions and reserves for doubtful debts	282.5	303.3	**282.5**	325.6	322.1	**325.6**	(43.1)	(13.2)
							bps change	
Financial position ratios								
Return on average ordinary equity (after tax)	8.49%	8.15%	**8.32%**	8.40%	8.52%	**8.46%**	(0.14)	
Return on average ordinary equity (cash basis)	8.27%	7.94%	**8.10%**	8.41%	7.90%	**8.17%**	(0.07)	
Return on average tangible equity (cash basis)	11.80%	11.43%	**11.61%**	12.21%	11.42%	**11.83%**	(0.22)	
	cents	cents		cents	cents		cps change	
Key shareholder ratios								
Earnings per ordinary share (statutory basis)	46.3	44.6	**90.9**	44.8	45.6	**90.4**	0.5	
Earnings per ordinary share (cash basis)	45.0	43.5	**88.5**	44.9	42.4	**87.3**	1.2	
Dividend per share - fully franked	34.0	34.0	**68.0**	34.0	34.0	**68.0**	-	

Statutory EPS and cash EPS (cents)



ROE and ROTE (%)



2.2 Financial statements

2.2.1 Income statement

For the year ended 30 June 2017

	Note	Jun-17 $m	Jun-16 $m
Income			
Interest income		2,621.3	2,687.5
Interest expense		(1,389.3)	(1,503.2)
Net interest income		**1,232.0**	**1,184.3**
Total other income	2.3.3	309.7	302.9
Total income		**1,541.7**	**1,487.2**
Expense			
Bad and doubtful debts	2.3.9	(71.8)	(44.1)
Operating expenses	2.3.5	(890.7)	(888.7)
Profit before income tax expense and specific items		**579.2**	**554.4**
Specific net interest income items	2.3.1	(18.4)	(20.2)
Specific other income items	2.3.1	86.2	87.6
Specific other expense items	2.3.1	(18.7)	(14.9)
Total specific items excluding tax		**49.1**	**52.5**
Profit before income tax expense		**628.3**	**606.9**
Income tax expense		(198.7)	(191.3)
Profit after income tax expense attributable to Owners of the Company		**429.6**	**415.6**
Specific items after tax	2.3.1	(34.8)	(34.9)
Other specific items after tax	2.3.1	11.1	7.0
Amortisation of acquired intangibles after tax		12.4	13.7
Cash earnings		**418.3**	**401.4**

Earnings per ordinary share (cents per share)		cents	cents
Basic		90.9	90.4
Cash		88.5	87.3
Diluted		82.9	81.3
Franked dividends per share		68.0	68.0

2.2.2 Statement of comprehensive income

For the year ended 30 June 2017

	Jun-17 $m	Jun-16 $m
Profit for the period ended 30 June	**429.6**	**415.6**
Items which may be reclassified subsequently to profit & loss:		
Net loss on available for sale - equity investments	(1.6)	(0.1)
Net gain/(loss) on cash flow hedges taken to equity	44.9	(2.0)
Net unrealised gain/(loss) on available for sale - debt securities	0.9	(3.3)
Transfer to loss on sale of available for sale assets - debt securities	0.3	1.1
Tax effect on items taken directly to or transferred from equity	(12.9)	1.3
Total items that may be reclassified to profit & loss	**31.6**	**(3.0)**
Items which will not be reclassifed subsequently to profit & loss:		
Actuarial gain/(loss) on superannuation defined benefits plan	0.3	(1.4)
Revaluation of land and buildings	0.3	-
Tax effect on items taken directly to or transferred from equity	(0.2)	0.4
Total items that will not be reclassified to profit & loss	**0.4**	**(1.0)**
Total comprehensive income for the period	**461.6**	**411.6**

2.2.3 Balance sheet
As at 30 June 2017

	As at Jun-17 $m	As at Jun-16 $m
Assets		
Cash and cash equivalents	1,059.6	1,060.0
Due from other financial institutions	270.3	221.9
Financial assets held for trading	5,657.6	6,369.1
Financial assets available for sale	286.6	353.5
Financial assets held to maturity	378.7	382.8
Derivatives	77.7	79.0
Net loans and other receivables	60,776.6	57,256.8
Investments in joint ventures accounted for using the equity method	8.5	4.1
Property, plant and equipment	77.8	90.7
Deferred tax assets	110.8	131.8
Investment property	666.3	573.4
Goodwill and other intangible assets	1,663.8	1,634.7
Other assets	381.2	414.9
Total Assets	**71,415.5**	**68,572.7**
Liabilities		
Due to other financial institutions	328.4	294.8
Deposits	58,772.3	57,054.7
Notes payable	4,480.2	3,822.5
Derivatives	59.0	111.8
Income tax payable	21.5	34.5
Provisions	130.8	116.7
Deferred tax liabilities	126.6	114.7
Other payables	532.3	499.9
Convertible preference shares	830.1	824.4
Subordinated debt	708.7	583.4
Total Liabilities	**65,989.9**	**63,457.4**
Net Assets	**5,425.6**	**5,115.3**
Equity		
Share capital	4,448.7	4,288.2
Reserves	112.3	87.9
Retained earnings	864.6	739.2
Total Equity	**5,425.6**	**5,115.3**

2.2.4 Statement of changes in equity
For the year ended 30 June 2017

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	Other issued capital $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance at 1 July 2016	**4,298.4**	**(10.2)**	**739.2**	**87.9**	**5,115.3**
Comprehensive income:					
Profit for the period	-	-	429.6	-	429.6
Other comprehensive income	-	-	0.2	31.8	32.0
Total comprehensive income for the period	**-**	**-**	**429.8**	**31.8**	**461.6**
Transactions with owners in their capacity as owners:					
Shares issued	158.6	-	-	-	158.6
Share issue expenses	(0.3)	-	-	-	(0.3)
Reduction in employee share ownership plan (ESOP) shares	-	2.2	-	-	2.2
Movement in general reserve for credit losses (GRCL)	-	-	6.6	(6.6)	-
Share based payment	-	-	0.4	(0.8)	(0.4)
Equity dividends	-	-	(311.4)	-	(311.4)
Closing balance at 30 June 2017	**4,456.7**	**(8.0)**	**864.6**	**112.3**	**5,425.6**

For the year ended 30 June 2016

	Attributable to owners of Bendigo and Adelaide Bank Limited				
	Issued ordinary capital $m	Other issued capital $m	Retained earnings $m	Reserves $m	Total equity $m
Opening balance at 1 July 2015	**4,235.4**	**(11.8)**	**623.1**	**95.0**	**4,941.7**
Comprehensive income:					
Profit for the period	-	-	415.6	-	415.6
Other comprehensive income	-	-	(1.0)	(3.0)	(4.0)
Total comprehensive income for the period	**-**	**-**	**414.6**	**(3.0)**	**411.6**
Transactions with owners in their capacity as owners:					
Shares issued	63.0	-	-	-	63.0
Prior year restatement	-	-	(1.2)	-	(1.2)
Reduction in employee share ownership plan (ESOP) shares	-	1.6	-	-	1.6
Share based payment	-	-	3.5	(4.1)	(0.6)
Equity dividends	-	-	(300.8)	-	(300.8)
Closing balance at 30 June 2016	**4,298.4**	**(10.2)**	**739.2**	**87.9**	**5,115.3**

2.2.5 Cash flow statement
For the year ended 30 June 2017

	Jun-17 $m	Jun-16 $m
Cash flows from operating activities		
Interest and other items of a similar nature received	2,656.0	2,724.0
Interest and other costs of finance paid	(1,417.8)	(1,578.1)
Receipts from customers (excluding effective interest)	311.3	305.9
Payments to suppliers and employees	(839.9)	(1,049.8)
Dividends received	2.0	2.1
Income taxes paid	(192.7)	(155.2)
Cash flows from operating activities before changes in operating assets and liabilities	**518.9**	**248.9**
(Increase)/decrease in operating assets		
Net increase in balance of loans and other receivables	(3,611.7)	(1,778.9)
Net decrease/(increase) in balance of investment securities	775.8	(650.9)
Increase/(decrease) in operating liabilities		
Net increase in balance of retail deposits	583.0	3,339.5
Net increase in balance of wholesale deposits	1,134.7	209.8
Net increase/(decrease) in balance of notes payable	657.7	(1,103.4)
Cash flows from operating activities	**58.4**	**265.0**
Cash flows related to investing activities		
Cash paid for purchases of property, plant and equipment	(11.6)	(15.8)
Cash proceeds from sale of property, plant and equipment	0.9	0.9
Cash paid for purchases of investment property	(50.2)	(49.4)
Cash proceeds from sale of investment property	47.8	37.6
Cash proceeds from sale of equity investments	0.5	-
Cash paid for purchases of equity investments	(4.4)	(2.1)
Cash paid for purchases of intangible assets	(1.3)	-
Net cash flows used in investing activities	**(18.3)**	**(28.8)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	64.5	-
Proceeds from issue of subordinated debt/(payments to subordinated debt holders)	125.3	(9.2)
Dividends paid	(217.3)	(237.9)
Repayment received for ESOP shares	2.1	1.7
Payment of share issue costs	(0.3)	(0.6)
Net cash flows from financing activities	**(25.7)**	**(246.0)**
Net increase in cash and cash equivalents	14.4	(9.8)
Cash and cash equivalents at the beginning of the period	987.1	996.9
Cash and cash equivalents at the end of period	**1,001.5**	**987.1**

2.3 Results commentary

2.3.1 Specific items

The reported profit after tax for the year ended 30 June 2017 $429.6 million included the following specific items:

	30 June 2017		30 June 2016	
	Before Tax	After Tax	Before Tax	After Tax
	$m	$m	$m	$m
Items included in interest income				
Fair value adjustments - interest expense	(2.6)	(1.8)	(4.6)	(3.2)
Homesafe funding costs - unrealised	(15.8)	(11.1)	(15.6)	(10.9)
Total specific net interest income items	**(18.4)**	**(12.9)**	**(20.2)**	**(14.1)**
Items included in other income				
Hedge ineffectiveness	(8.1)	(5.6)	7.9	5.5
Profit on sale of Estates business	3.9	2.7	-	-
Homesafe Trust - revaluation income	90.4	63.3	79.7	55.8
Total specific other income items	**86.2**	**60.4**	**87.6**	**61.3**
Items included in operating expenses				
Integration costs	(13.2)	(9.2)	(11.1)	(7.8)
Impairment reversal/(charge)	0.8	1.0	(2.3)	(2.1)
Litigation costs	(6.3)	(4.4)	(1.5)	(1.0)
Total specific operating expense items	**(18.7)**	**(12.6)**	**(14.9)**	**(10.9)**
Items included in income tax expense				
Tax impacts relating to prior year impairment losses	-	(0.1)	-	(1.4)
Total specific income tax benefit	**-**	**(0.1)**	**-**	**(1.4)**
Total specific items attributable to the Group	**49.1**	**34.8**	**52.5**	**34.9**
Other specific items				
Homesafe revaluation gain - realised	24.0	16.8	16.5	11.6
Homesafe funding costs - realised	(8.2)	(5.7)	(6.5)	(4.6)
Total other specific items attributable to the Group	**15.8**	**11.1**	**10.0**	**7.0**

Specific interest income items

Fair value adjustments - the accounting for the acquisition of the business activities of Rural Finance resulted in the recognition of fair value adjustments on the loans acquired. These fair value adjustments are amortised over the life of the underlying transactions.

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

Specific other income items

Hedge ineffectiveness - ineffectiveness resulting from hedge accounting.
Homesafe Trust revaluation income - represents the valuation movements of the investment property held.
Profit on sale of Estates business -represents sale proceeds less transaction costs.

Specific operating expense items

Integration costs - costs associated with the integration of the business activities of Alliance Partners and Rural Finance.
Impairment - impairments have been recorded for the investments the Group has in Regional Development Fund ($0.3m); the intangible asset recorded in relation to the acquired Wheeler Financial Services customer list ($0.4m); the reversal of a previous impairment recorded for Vic West Community Enterprise Pty Ltd has been reversed on sale of the investment ($1.5m).
Litigation costs - costs incurred in relation to a Sandhurst Trustees legal case, not covered by insurance. As the business to which these legal fees relate has now been sold, the costs incurred are not considered to be core to the ongoing business of the Bank.

June 2016

Integration costs - costs associated with the integration of the business activities of Alliance Partners, Rural Finance and Delphi.
Impairment charge - Equity investment - HUB IT Pty Ltd ($1.6m) and acquired customer list - Wheeler Financial Services ($0.7m).
Litigation costs - costs incurred in relation to a Rural Bank legal case, not covered by insurance.

Specific income tax items

De-recognition of previously recognised temporary differences.

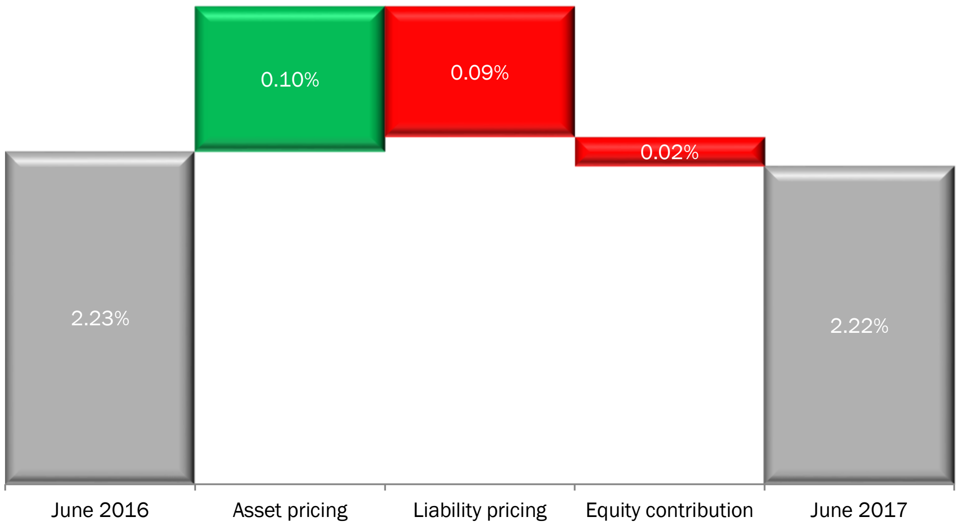
June 2016

Income tax benefit relating to mergers and acquisitions - tax benefit resulting from tax consolidation matters as a result of previous mergers and acquisitions.

Other specific items

Homesafe revaluation gain - realised - represents funds received on completion being the difference between the cash received on completion less the initial funds advanced.
Homesafe funding costs realised - addback of accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings for the financial year incurred. These adjustments align the realised income and funding costs within the same period.

2.3.2 Net Interest margin (before revenue share arrangements)



Asset pricing - favourable rate repricing has occurred over the last 12 months, which included a partial pass through of the August cash rate reduction, adjustments to variable loans in December 2016 and other repricing in the second half across various product types.

Liability pricing - repricing of deposit accounts following the August cash rate reduction was limited by the ongoing strong competition for deposit funding.

Equity contribution - the contribution to margin from net free liabilities and equity reduced, reflecting the lower margin earned by assets funded by these balances.

Cash Net Interest Income [1]

	Full year		Half year	
	Jun-17	Jun-16	Jun-17	Dec-16
	$m	$m	$m	$m
Net interest income including specific items [2]	1,213.6	1,164.1	617.7	595.9
Adjustments:				
Fair value adjustments [3]	2.6	4.6	1.1	1.5
Net interest income used in NIM calculation	**1,216.2**	**1,168.7**	**618.8**	**597.4**
Average interest earning assets [4]	65,404.7	61,813.0	65,911.9	64,933.8
Average interest earning liabilities [4]	61,901.0	58,477.4	62,348.4	61,509.6
Net interest margin	1.86%	1.89%	1.89%	1.83%
Net interest margin before revenue share arrangement	2.22%	2.23%	2.26%	2.18%

[1] Cash Net interest income includes Homesafe unrealised funding costs.

[2] refer Page 13 - *Total net interest income including specific items.*

[3] Fair value adjustments represent entries created on a business acquisition (Rural Finance).

[4] Offset products have been reclassified from deposits and netted against the corresponding loan balance (June 17 FY: $2,303.3m, June 16 FY: $2,121.1m, June 17 HY: $2,377.5m, December 16 HY: $2,232.4m).

2.3.3 Income

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Net interest income	1,232.0	1,184.3	47.7	4.0	627.3	604.7	22.6	3.7
Homesafe funding costs - unrealised	(15.8)	(15.6)	(0.2)	1.3	(8.5)	(7.3)	(1.2)	16.4
Specific items - interest expense	(2.6)	(4.6)	2.0	(43.5)	(1.1)	(1.5)	0.4	(26.7)
Total net interest income including specific items	**1,213.6**	**1,164.1**	**49.5**	**4.3**	**617.7**	**595.9**	**21.8**	**3.7**
Other income								
Fee income	160.0	161.9	(1.9)	(1.2)	79.8	80.2	(0.4)	(0.5)
Commissions	72.7	68.9	3.8	5.5	37.6	35.1	2.5	7.1
Foreign exchange income	18.0	20.9	(2.9)	(13.9)	8.9	9.1	(0.2)	(2.2)
Trading book revaluation income	19.8	8.9	10.9	122.5	7.2	12.6	(5.4)	(42.9)
Other	39.2	42.3	(3.1)	(7.3)	15.9	23.3	(7.4)	(31.8)
Total other income	**309.7**	**302.9**	**6.8**	**2.2**	**149.4**	**160.3**	**(10.9)**	**(6.8)**
Specific other income items								
Homesafe Trust - revaluation income	90.4	79.7	10.7	13.4	44.0	46.4	(2.4)	(5.2)
Other - non interest income	(4.2)	7.9	(12.1)	(153.2)	3.1	(7.3)	10.4	(142.5)
Total income including specific items	**1,609.5**	**1,554.6**	**54.9**	**3.5**	**814.2**	**795.3**	**18.9**	**2.4**

Comments on total income when compared to the previous corresponding period:

Net interest income increased by $49.5m, or 4.3%. Refer to 2.3.2 for further analysis.

Fees decreased by $1.9m, or 1.2%, primarily due to a higher cost in interchange fees particularly for contactless electronic transactions.

Commissions increased by $3.8m, or 5.5%, due to increased volume of third party products sold, including insurance and wealth commissions received as a responsible entity.

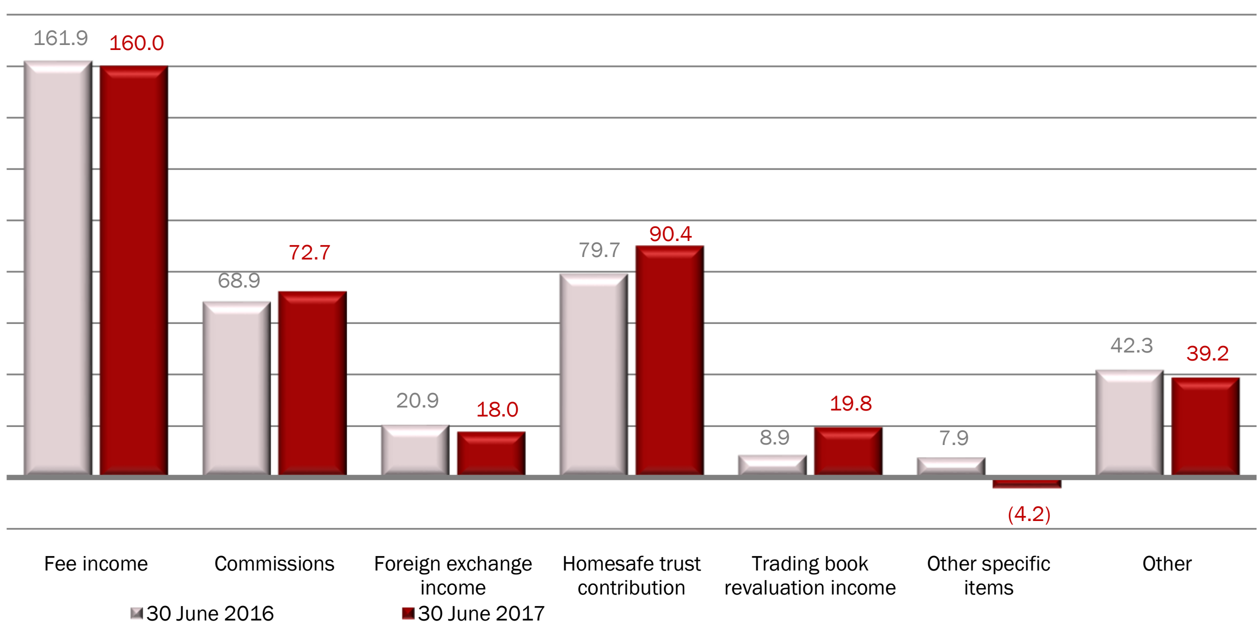
Trading book revaluation income increased by $10.9m, or 122.5% continuing with a strong performance in the second half.

Homesafe Trust income was $10.7m higher primarily due to continued strong growth in residential property markets of Melbourne and Sydney. Refer to section 2.3.4 for further detail.

Other income includes factoring income and franchise fees.

Specific items - other non interest income decreased by $12.1m. Refer to 2.3.1 for further detail.

Non-interest income ($m)



2.3.4 Homesafe Trust

	Full Year	Half Year		Full Year	Half Year		Full Year	Half Year	
	Jun-17	Jun-17	Dec-16	Jun-16	Jun-16	Dec-15	Jun-15	Jun-15	Dec-14
Homesafe Income	$m	$m	$m	$m	$m	$m	$m	$m	$m
Discount unwind	18.4	9.4	9.0	16.7	8.7	8.0	15.6	7.9	7.7
Profit on sale	1.7	0.3	1.4	(0.1)	(1.1)	1.0	1.0	0.6	0.4
Management fair value adjustment	(4.6)	(2.1)	(2.5)	(13.6)	6.4	(20.0)	(5.0)	(5.0)	-
Property revaluations	74.9	36.4	38.5	76.7	11.2	65.5	51.8	29.3	22.5
Total Income	**90.4**	**44.0**	**46.4**	**79.7**	**25.2**	**54.5**	**63.4**	**32.8**	**30.6**

Homesafe income - This includes the amortisation of the discount, property revaluation movements and any movement in management fair value adjustment.

Profit on sale represents the difference between cash received on completion versus the carrying value at the time of completion.

	Full Year	Half Year		Full Year	Half Year		Full Year	Half Year	
	Jun-17	Jun-17	Dec-16	Jun-16	Jun-16	Dec-15	Jun-15	Jun-15	Dec-14
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Homesafe realised income	24.0	10.6	13.4	16.5	9.6	6.9	10.4	6.3	4.1

Realised - funds received on completion being the difference between the cash received on completion less the initial funds advanced.

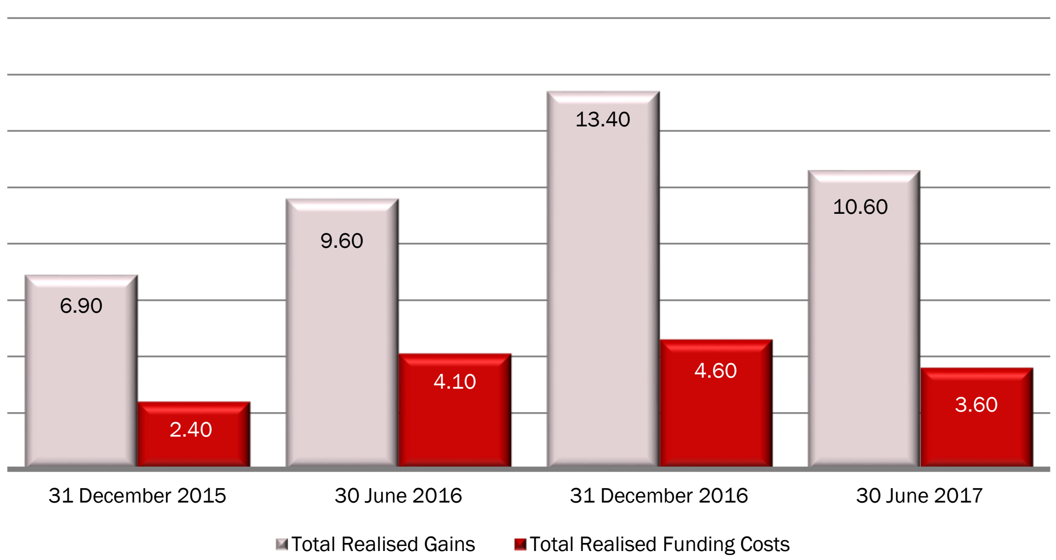
	Full Year	Half Year		Full Year	Half Year		Full Year	Half Year	
	Jun-17	Jun-17	Dec-16	Jun-16	Jun-16	Dec-15	Jun-15	Jun-15	Dec-14
Funding Costs	$m	$m	$m	$m	$m	$m	$m	$m	$m
Funding costs - unrealised	15.8	8.5	7.3	15.6	7.7	7.9	15.6	7.4	8.2
Funding costs - realised	8.2	3.6	4.6	6.5	4.1	2.4	4.9	2.9	2.0

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

Funding costs unrealised - interest expense on existing contracts.

	As at	As at	As at	As at	As at	As at
	Jun-17	Dec-16	Jun-16	Dec-15	Jun-15	Dec-14
Portfolio balance	$m	$m	$m	$m	$m	$m
Funded balance	370.0	360.9	343.6	313.7	302.1	299.1
Property revaluation balance	296.3	263.5	229.8	230.4	179.9	148.4
Total Investment Portfolio balance	**666.3**	**624.4**	**573.4**	**544.1**	**482.0**	**447.5**

Total Realised Gains and Realised Funding Costs ($m)



2.3.5 Operating expenses

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Staff and related costs	480.5	480.3	0.2	-	237.3	243.2	(5.9)	(2.4)
Occupancy costs	92.0	91.6	0.4	0.4	46.1	45.9	0.2	0.4
Information technology costs	71.6	70.2	1.4	2.0	35.3	36.3	(1.0)	(2.8)
Amortisation of acquired intangibles	17.7	19.5	(1.8)	(9.2)	8.6	9.1	(0.5)	(5.5)
Amortisation of software intangibles	20.8	15.4	5.4	35.1	11.8	9.0	2.8	31.1
Property, plant and equipment costs	11.7	11.3	0.4	3.5	5.8	5.9	(0.1)	(1.7)
Fees and commissions	33.6	33.6	-	-	16.7	16.9	(0.2)	(1.2)
Communications, postage and stationery	33.0	33.8	(0.8)	(2.4)	15.9	17.1	(1.2)	(7.0)
Advertising and promotion	28.3	31.1	(2.8)	(9.0)	14.8	13.5	1.3	9.6
Other product and services delivery costs	33.0	37.4	(4.4)	(11.8)	16.0	17.0	(1.0)	(5.9)
Other administration expenses	68.5	64.5	4.0	6.2	36.7	31.8	4.9	15.4
Total operating expenses	**890.7**	**888.7**	**2.0**	**0.2**	**445.0**	**445.7**	**(0.7)**	**(0.2)**
Specific items	18.7	14.9	3.8	25.5	13.6	5.1	8.5	166.7
Total expenses including specific items	**909.4**	**903.6**	**5.8**	**0.6**	**458.6**	**450.8**	**7.8**	**1.7**

			Change				Change	
	Jun-17	Jun-16		%	Jun-17	Dec-16		%
Expenses to income [1]	56.1%	58.1%	(2.0)	(3.4)	55.7%	56.4%	(0.7)	(1.2)
Expenses to average assets	1.28%	1.35%	(0.07)	(5.20)	1.28%	1.28%	-	-
Number of staff (full-time equivalent)	4,413	4,531	(118)	(2.6)	4,413	4,424	(11)	(0.2)
Staff and related costs to income [2]	30.9%	31.9%	(1.0)	(3.1)	30.4%	31.4%	(1.0)	(3.2)

[1] **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 and other specific income items.

[2] Excludes redundancy costs.

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

Staff and related costs - increased $0.2m, this included wage and salary increases and the reduction in FTE numbers. Redundancy costs were $4.2m (June 2016: $6.1m). Salary costs include staff bonuses and staff share offer of $13.3m.

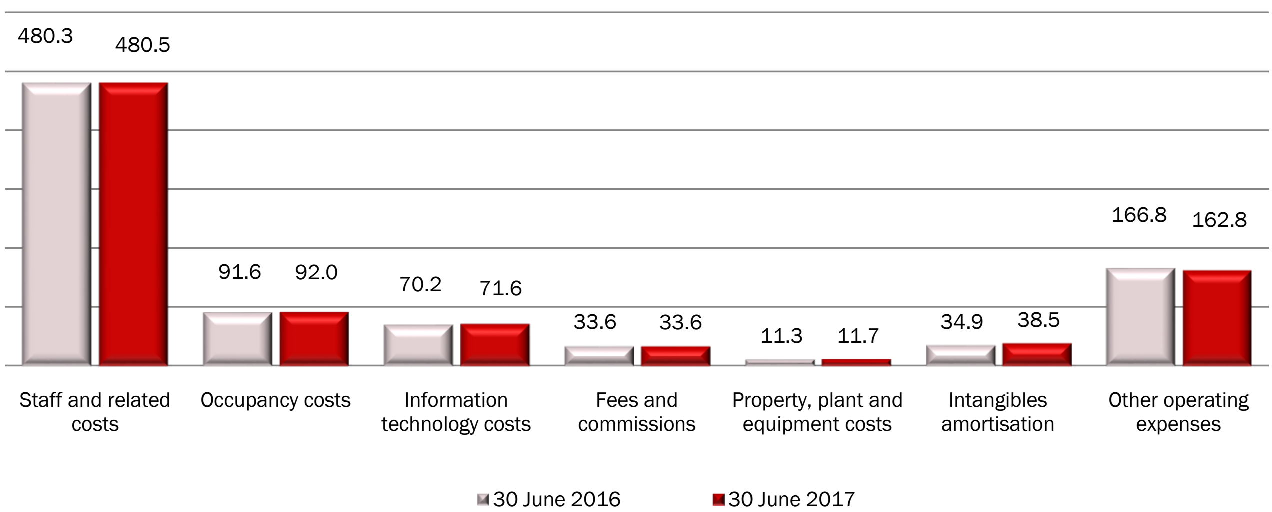
Software amortisation - increased by $5.4m or 35.1%, due to the completion of a number of large technology projects.

Other product and service delivery costs - decreased by $4.4m ,or 11.8% mainly due to a reduction in costs associated with 3rd party ATM's.

Other administration expenses - increased by $4.0m or 6.2%, mainly due to an increase in legal costs relating to Great Southern.

Specific items - other expenses - increased by $3.8m or 25.5%. Refer to 2.3.1 for further detail.

Operating expenses ($m)



2.3.6 Segment results

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. These operating results are regularly reviewed by the Managing Director, to make decisions about the resourcing for each segment, and to assess its performance.

The operating segments are identified according to the nature of the products and services they provide. All reporting segments represent an individual strategic business unit. Each unit offers a different method of delivery, and/or different products and services.

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

Segment reporting is consistent with the internal reporting provided to the Managing Director, and the executive management team.

Changes to the internal organisational structure of the Group, can cause the Group's operating segment results to change. Where this occurs, the corresponding segment information for the previous financial year is restated.

Types of products and services

Local connection

Contains all local distribution channels, including branch and community banking, business banking, Delphi Bank and financial markets.

Partner connection

Contains all partner distribution channels, including mortgage brokers, mortgage managers, mortgage originators, Alliance Partners, Homesafe, Leveraged, portfolio funding, financial planning, wealth management, responsible entity activities, other trustee services and custodial services. The partner connection segment is a combination of the third party and wealth cash generating units.

Agribusiness

Includes the provision of banking services to agribusinesses in rural and regional Australia. Rural Bank and Rural Finance are included within the agribusiness segment.

Central functions

Functions not relating directly to a reportable operating segment.

Accounting policies and inter-segment transactions

Measurement of segmental assets, liabilities, income and expenses is in accordance with the Group's accounting policies. Segment results are determined by including all revenue and expenses associated with each business. Transactions between business segments are conducted at arm's length, and are eliminated on consolidation.

Segment net interest income is recognised based on an internally set funds transfer pricing policy, based on pre-determined market rates of return on the assets and liabilities of the segment.

Major customers

Revenues from no individual customer amount to greater than 10% of the Group's revenue.

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.

For the year ended 30 June 2017

	Operating segments					
	Local connection	Partner connection	Agri-business	Total operating segments	Central functions	Total
	$m	$m	$m	$m	$m	$m
Net interest income	765.0	298.7	168.3	1,232.0	-	1,232.0
Other income	178.5	92.2	8.4	279.1	30.6	309.7
Total segment income	**943.5**	**390.9**	**176.7**	**1,511.1**	**30.6**	**1,541.7**
Operating expenses	(629.4)	(174.9)	(75.6)	(879.9)	(10.8)	(890.7)
Credit expenses	(32.0)	(35.6)	(4.2)	(71.8)	-	(71.8)
Segment result (before specific items & tax expense)	**282.1**	**180.4**	**96.9**	**559.4**	**19.8**	**579.2**
Specific income & (expense) items	(0.7)	63.8	(5.9)	57.2	(8.1)	49.1
Segment result (before tax expense)	**281.4**	**244.2**	**91.0**	**616.6**	**11.7**	**628.3**
Specific tax items	-	-	-	-	(0.1)	(0.1)
Tax expense	(89.0)	(77.2)	(28.8)	(195.0)	(3.6)	(198.6)
Segment result (statutory basis)	**192.4**	**167.0**	**62.2**	**421.6**	**8.0**	**429.6**
Cash basis adjustments:						
Specific income & expense items	0.5	(44.7)	3.7	(40.5)	5.7	(34.8)
Other specific items	-	11.1	-	11.1	-	11.1
Amortisation of intangibles	4.6	3.1	4.7	12.4	-	12.4
Segment result (cash basis)	**197.5**	**136.5**	**70.6**	**404.6**	**13.7**	**418.3**

2.3.6 Segment results

For the year ended 30 June 2016

	Operating segments					
	Local connection	Partner connection	Agri-business	Total operating segments	Central functions	Total
	$m	$m	$m	$m	$m	$m
Net interest income	741.8	274.6	167.9	**1,184.3**	-	**1,184.3**
Other income	189.3	86.3	8.7	**284.3**	18.6	**302.9**
Total segment income	**931.1**	**360.9**	**176.6**	**1,468.6**	**18.6**	**1,487.2**
Operating expenses	(633.9)	(179.6)	(75.2)	**(888.7)**	-	**(888.7)**
Credit expenses	(17.6)	(16.9)	(9.6)	**(44.1)**	-	**(44.1)**
Segment result (before specific items & tax expense)	**279.6**	**164.4**	**91.8**	**535.8**	**18.6**	**554.4**
Specific income & (expense) items	(0.8)	52.1	(6.7)	**44.6**	7.9	**52.5**
Segment result (before tax expense)	**278.8**	**216.5**	**85.1**	**580.4**	**26.5**	**606.9**
Specific tax items	-	-	-	**-**	(1.4)	**(1.4)**
Tax expense	(87.3)	(67.6)	(26.6)	**(181.5)**	(8.4)	**(189.9)**
Segment result (statutory basis)	**191.5**	**148.9**	**58.5**	**398.9**	**16.7**	**415.6**
Cash basis adjustments:						
Specific income & expense items	1.1	(35.5)	4.9	**(29.5)**	(5.4)	**(34.9)**
Other specific items	-	7.0	-	**7.0**	-	**7.0**
Amortisation of intangibles	4.5	4.5	4.7	**13.7**	-	**13.7**
Segment result (cash basis)	**197.1**	**124.9**	**68.1**	**390.1**	**11.3**	**401.4**

Reportable segment assets and liabilities

	Operating segments					
	Local connection	Partner connection	Agri-business	Total operating segments	Central functions	Total
	$m	$m	$m	$m	$m	$m
For the year ended 30 June 2017						
Reportable segment assets	33,453.6	21,522.8	6,265.9	**61,242.3**	10,173.2	**71,415.5**
Reportable segment liabilities	42,849.6	5,598.0	3,873.4	**52,321.0**	9,188.7	**61,509.7**
For the year ended 30 June 2016						
Reportable segment assets	31,728.3	19,873.4	5,964.0	**57,565.7**	11,007.0	**68,572.7**
Reportable segment liabilities	40,924.0	5,418.9	3,592.6	**49,935.5**	9,699.4	**59,634.9**

	As at June 2017	As at June 2016
Total assets for operating segments	71,415.5	68,572.7
Total assets	**71,415.5**	**68,572.7**
Total liabilities for operating segments	61,509.7	59,634.9
Securitisation funding	4,480.2	3,822.5
Total liabilities	**65,989.9**	**63,457.4**

2.3.7 Lending

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Approvals - by security								
Residential	14,129.8	10,852.2	3,277.6	30.2	5,419.3	8,710.5	(3,291.2)	(37.8)
Non-residential	5,925.8	6,180.4	(254.6)	(4.1)	2,911.4	3,014.4	(103.0)	(3.4)
Total approvals	**20,055.6**	**17,032.6**	**3,023.0**	**17.7**	**8,330.7**	**11,724.9**	**(3,394.2)**	**(28.9)**
	As at Jun-17	As at Jun-16	Change		As at Jun-17	As at Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Gross loan balance - by security								
Residential	**43,115.5**	**39,818.7**	**3,296.8**	**8.3**	**43,115.5**	**42,415.7**	**699.8**	**1.6**
Business								
Accommodation and food services	381.6	415.3	(33.7)	(8.1)	381.6	428.0	(46.4)	(10.8)
Administrative and support services	32.6	39.0	(6.4)	(16.4)	32.6	32.8	(0.2)	(0.6)
Agriculture, forestry and fishing	6,019.7	5,934.6	85.1	1.4	6,019.7	5,763.9	255.8	4.4
Arts and recreation services	94.7	100.3	(5.6)	(5.6)	94.7	101.7	(7.0)	(6.9)
Construction	1,230.0	1,141.6	88.4	7.7	1,230.0	1,139.5	90.5	7.9
Education and training	69.3	70.2	(0.9)	(1.3)	69.3	71.1	(1.8)	(2.5)
Electricity, gas, water and waste services	20.9	24.0	(3.1)	(12.9)	20.9	22.9	(2.0)	(8.7)
Financial and insurance services	374.1	438.1	(64.0)	(14.6)	374.1	478.8	(104.7)	(21.9)
Health care and social assistance	482.1	391.7	90.4	23.1	482.1	480.4	1.7	0.4
Information media & telecommunications	32.4	31.3	1.1	3.5	32.4	30.4	2.0	6.6
Manufacturing	288.5	303.4	(14.9)	(4.9)	288.5	276.8	11.7	4.2
Mining	19.3	25.0	(5.7)	(22.8)	19.3	21.1	(1.8)	(8.5)
Other Services	216.5	208.1	8.4	4.0	216.5	213.3	3.2	1.5
Professional, scientific & technical services	259.4	281.6	(22.2)	(7.9)	259.4	276.4	(17.0)	(6.2)
Public administration and safety	73.8	92.5	(18.7)	(20.2)	73.8	82.2	(8.4)	(10.2)
Rental, hiring and real estate services	4,186.4	4,080.3	106.1	2.6	4,186.4	4,264.4	(78.0)	(1.8)
Retail trade	457.8	447.3	10.5	2.3	457.8	463.0	(5.2)	(1.1)
Transport, postal and warehousing	141.2	150.2	(9.0)	(6.0)	141.2	145.2	(4.0)	(2.8)
Wholesale trade	167.4	184.4	(17.0)	(9.2)	167.4	161.5	5.9	3.7
Other	246.9	281.7	(34.8)	(12.4)	246.9	301.6	(54.7)	(18.1)
Total business	**14,794.6**	**14,640.6**	**154.0**	**1.1**	**14,794.6**	**14,755.0**	**39.6**	**0.3**
Margin lending	1,726.1	1,742.4	(16.3)	(0.9)	1,726.1	1,665.7	60.4	3.6
Unsecured	953.5	909.3	44.2	4.9	953.5	927.7	25.8	2.8
Other	338.4	360.5	(22.1)	(6.1)	338.4	337.7	0.7	0.2
Total gross loan balance	**60,928.1**	**57,471.5**	**3,456.6**	**6.0**	**60,928.1**	**60,101.8**	**826.3**	**1.4**
Gross loan balance - by purpose								
Residential	41,261.8	38,100.0	3,161.8	8.3	41,261.8	40,789.2	472.6	1.2
Consumer	2,571.4	2,693.9	(122.5)	(4.5)	2,571.4	2,593.7	(22.3)	(0.9)
Margin lending	1,726.1	1,742.4	(16.3)	(0.9)	1,726.1	1,665.7	60.4	3.6
Commercial	15,368.8	14,935.2	433.6	2.9	15,368.8	15,053.2	315.6	2.1
Total gross loan balance	**60,928.1**	**57,471.5**	**3,456.6**	**6.0**	**60,928.1**	**60,101.8**	**826.3**	**1.4**
Loans under management (gross balance)								
On-balance sheet	60,928.1	57,471.5	3,456.6	6.0	60,928.1	60,101.8	826.3	1.4
Off-balance sheet loans under management	812.1	756.1	56.0	7.4	812.1	763.4	48.7	6.4
Total Group loans under management	**61,740.2**	**58,227.6**	**3,512.6**	**6.0**	**61,740.2**	**60,865.2**	**875.0**	**1.4**

Loans under management represent the gross balance of loans held and managed by the Group categorised as follows:

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.

2.3.8 Asset quality

	As at Jun-17	As at Jun-16	Change		As at Jun-17	As at Dec-16	Change	
Impaired loans [1]	$m	$m	$m	%	$m	$m	$m	%
Full-performing [2]	0.3	1.2	(0.9)	(75.0)	0.3	1.0	(0.7)	(70.0)
Part-performing [3]	33.5	65.4	(31.9)	(48.8)	33.5	35.9	(2.4)	(6.7)
Non-performing	201.6	237.1	(35.5)	(15.0)	201.6	217.8	(16.2)	(7.4)
Restructured loans [4]	47.2	46.5	0.7	1.5	47.2	46.0	1.2	2.6
Total impaired assets	**282.6**	**350.2**	**(67.6)**	**(19.3)**	**282.6**	**300.7**	**(18.1)**	**(6.0)**
Less: specific impairment provisions	(88.5)	(124.4)	35.9	(28.9)	(88.5)	(110.2)	21.7	(19.7)
Net impaired assets	**194.1**	**225.8**	**(31.7)**	**(14.0)**	**194.1**	**190.5**	**3.6**	**1.9**
Portfolio facilities - past due 90 days, not well secured	5.8	4.8	1.0	20.8	5.8	4.9	0.9	18.4
Less: specific impairment provisions	(1.0)	(0.9)	(0.1)	11.1	(1.0)	(0.9)	(0.1)	11.1
Net portfolio facilities	**4.8**	**3.9**	**0.9**	**23.1**	**4.8**	**4.0**	**0.8**	**20.0**
Past due 90 days								
Well secured (excluding commercial arrangement loans)	431.6	396.9	34.7	8.7	431.6	431.1	0.5	0.1
Great Southern portfolio	79.0	157.9	(78.9)	(50.0)	79.0	103.2	(24.2)	(23.4)
Ratios	%	%	%		%	%	%	
Total impaired loans to gross loans	0.46%	0.61%	(0.15%)		0.46%	0.50%	(0.04%)	
Total impaired loans to total assets	0.40%	0.51%	(0.11%)		0.40%	0.42%	(0.02%)	
Net impaired loans to gross loans	0.32%	0.39%	(0.07%)		0.32%	0.32%	0.00%	
Provision coverage [5]	100.0%	93.0%	7.0%		100.0%	100.9%	(0.9%)	

[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] Restructured loans are facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customers.

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

2.3.9 Bad and doubtful debts

Bad and doubtful debts expense	Full year ending Jun-17 $m	Jun-16 $m	Change $m	Change %	Six months ending Jun-17 $m	Dec-16 $m	Change $m	Change %
Bad debts written off	20.5	4.4	16.1	365.9	12.5	8.0	4.5	56.3
Provision doubtful debts - expense	71.4	52.5	18.9	36.0	33.0	38.4	(5.4)	(14.1)
Total bad and doubtful debts expense	**91.9**	**56.9**	**35.0**	**61.5**	**45.5**	**46.4**	**(0.9)**	**(1.9)**
Less: Bad debts recovered	(20.1)	(12.8)	(7.3)	57.0	(13.5)	(6.6)	(6.9)	104.5
Bad and doubtful debts net of recoveries	**71.8**	**44.1**	**27.7**	**62.8**	**32.0**	**39.8**	**(7.8)**	**(19.6)**

Provisions and reserves	As at Jun-17 $m	As at Jun-16 $m	Change $m	Change %	As at Jun-17 $m	As at Dec-16 $m	Change $m	Change %
Provision for doubtful debts - specific	89.5	125.3	(35.8)	(28.6)	89.5	111.1	(21.6)	(19.4)
Provision for doubtful debts - collective	52.7	53.4	(0.7)	(1.3)	52.7	51.9	0.8	1.5
General reserve for credit losses	140.3	146.9	(6.6)	(4.5)	140.3	140.3	-	-
Total provisions and reserve for doubtful debts	**282.5**	**325.6**	**(43.1)**	**(13.2)**	**282.5**	**303.3**	**(20.8)**	**(6.9)**

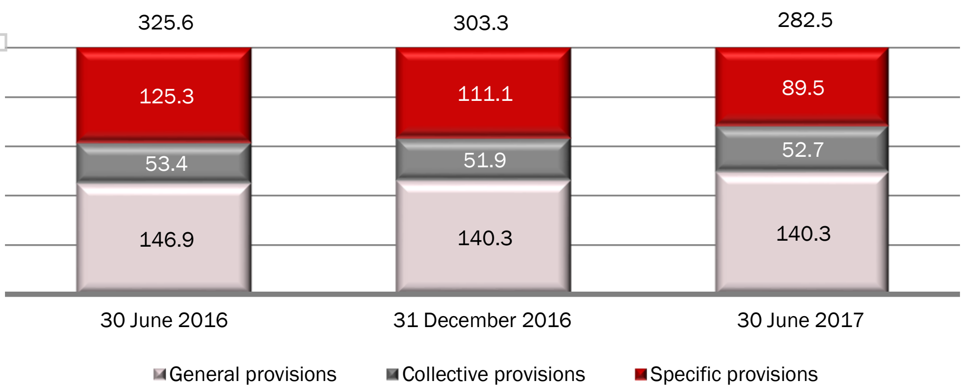
Ratios	As at Jun-17 %	As at Jun-16 %	Change %	As at Jun-17 %	As at Dec-16 %	Change %
Bad and doubtful debts net of recoveries to gross loans	0.12%	0.08%	0.04%	0.11%	0.13%	(0.03%)
Bad and doubtful debts net of recoveries (excluding Great Southern) to gross loans	0.08%	0.07%	0.01%	0.07%	0.07%	-
Total provision/reserve for doubtful debts to gross loans	0.46%	0.57%	(0.11%)	0.46%	0.50%	(0.04%)
Collective provision and GRCL to risk-weighted assets	0.51%	0.55%	(0.04%)	0.51%	0.50%	0.01%

Movements in provisions and reserves	Specific $m	Collective $m	GRCL $m	Total $m
Balance at July 2016	125.3	53.4	146.9	325.6
Provision for doubtful debts expense to profit and loss	72.1	(0.7)	-	71.4
Appropriation of movement in general reserve for credit losses	-	-	(6.6)	(6.6)
Bad debts written off - previously provided for	(107.9)	-	-	(107.9)
Balance at 30 June 2017	**89.5**	**52.7**	**140.3**	**282.5**
Balance at July 2015	116.8	59.0	146.9	322.7
Provision for doubtful debts expense to profit and loss	58.1	(5.6)	-	52.5
Bad debts written off - previously provided for	(49.6)	-	-	(49.6)
Balance at 30 June 2016	**125.3**	**53.4**	**146.9**	**325.6**

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)



2.3.10 Deposits and funds under management

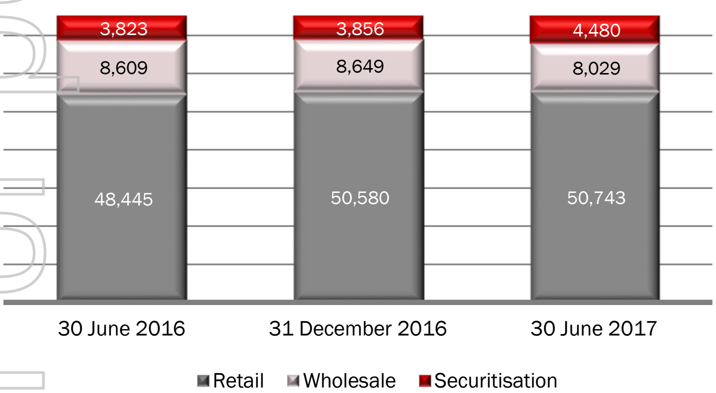
	As at Jun-17	As at Jun-16	Change		As at Jun-17	As at Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Deposits and funds under management								
Deposits	58,772.3	57,054.7	1,717.6	3.0	58,772.3	59,228.5	(456.2)	(0.8)
Securitisation	4,480.2	3,822.5	657.7	17.2	4,480.2	3,855.7	624.5	16.2
Managed funds	5,322.5	4,684.1	638.4	13.6	5,322.5	4,979.7	342.8	6.9
Total deposits and funds under management	**68,575.0**	**65,561.3**	**3,013.7**	**4.6**	**68,575.0**	**68,063.9**	**511.1**	**0.8**
Deposits dissection - $m								
Retail [1]	50,743.1	48,445.3	2,297.8	4.7	50,743.2	50,579.9	163.3	0.3
Wholesale [1]	8,029.2	8,609.4	(580.2)	(6.7)	8,029.2	8,648.6	(619.4)	(7.2)
Securitisation	4,480.2	3,822.5	657.7	17.2	4,480.2	3,855.7	624.5	16.2
Total deposits	**63,252.5**	**60,877.2**	**2,375.3**	**3.9**	**63,252.6**	**63,084.2**	**168.4**	**0.3**
Deposits dissection - %								
Retail	80.2%	79.6%			80.2%	80.2%		
Wholesale	12.7%	14.1%			12.7%	13.7%		
Securitisation	7.1%	6.3%			7.1%	6.1%		
Total deposits	**100.0%**	**100.0%**			**100.0%**	**100.0%**		
Managed funds dissection								
Assets under management	2,152.1	2,060.7	91.4	4.4	2,152.1	2,054.9	97.2	4.7
Other managed funds	3,170.4	2,623.4	547.0	20.9	3,170.4	2,924.8	245.6	8.4
Total managed funds	**5,322.5**	**4,684.1**	**638.4**	**13.6**	**5,322.5**	**4,979.7**	**342.8**	**6.9**

[1] A reclassification of some middle market deposits from retail to wholesale has reduced the June 2016 retail dissection by 2.4%.

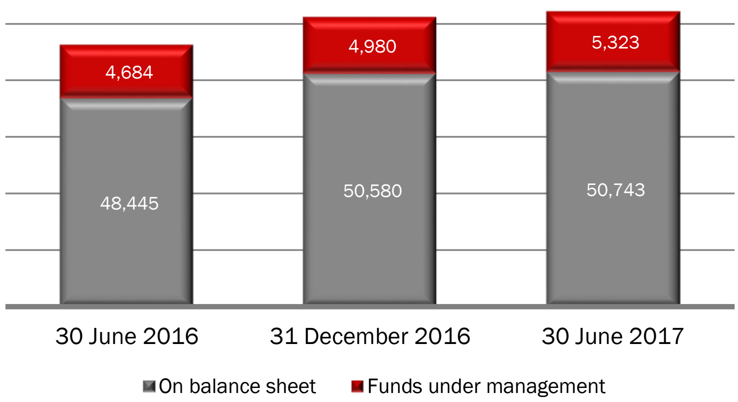
Assets under management include those funds deposited in the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of investors. These funds are off-balance sheet.

Other managed funds include funds deposited for investment in managed investment products and superannuation funds managed off-balance sheet by Sandhurst Trustees Limited 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)



2.3.11 Average balance sheet
For the year ended 30 June 2017

	30 June 2017			30 June 2016		
	Average Balance $m	Interest 12 mths $m	Average Rate %	Average Balance $m	Interest 12 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	8,375.5	105.5	1.26	7,876.4	111.4	1.41
Loans and other receivables [2, 6]	57,029.2	2,515.8	4.41	53,936.6	2,576.1	4.78
Total interest earning assets [3]	**65,404.7**	**2,621.3**	**4.01**	**61,813.0**	**2,687.5**	**4.35**
Non interest earning assets						
Provisions for doubtful debts	(159.2)			(175.2)		
Other assets	3,007.5			2,877.6		
Total non interest earning assets	**2,848.3**			**2,702.4**		
Total assets (average balance)	**68,253.0**			**64,515.4**		
Interest bearing liabilities						
Deposits [6]						
Retail	47,764.1	(1,004.9)	(2.10)	43,964.2	(1,066.6)	(2.43)
Wholesale - domestic	8,252.1	(204.3)	(2.48)	8,491.8	(237.7)	(2.80)
Wholesale - offshore	375.4	(10.1)	(2.69)	348.5	(10.3)	(2.96)
Notes payable	4,031.0	(117.0)	(2.90)	4,265.6	(134.4)	(3.15)
Convertible preference shares	827.3	(36.0)	(4.35)	821.7	(37.7)	(4.59)
Subordinated debt	651.1	(32.8)	(5.04)	585.6	(32.1)	(5.48)
Total interest bearing liabilities [3]	**61,901.0**	**(1,405.1)**	**(2.27)**	**58,477.4**	**(1,518.8)**	**(2.60)**
Non interest bearing liabilities and equity						
Other liabilities	1,109.2			1,045.1		
Equity	5,242.8			4,992.9		
	6,352.0			**6,038.0**		
Total liabilities and equity (average balance)	**68,253.0**			**64,515.4**		
Interest margin and interest spread						
Interest earning assets	65,404.7	2,621.3	4.01	61,813.0	2,687.5	4.35
Interest bearing liabilities	(61,901.0)	(1,405.1)	(2.27)	(58,477.4)	(1,518.8)	(2.60)
Net interest income and interest spread [4, 7]		**1,216.2**	**1.74**		**1,168.7**	**1.75**
Interest free liabilities and equity			0.12			0.14
Net interest margin [5]			**1.86**			**1.89**
Impact of revenue share arrangements						
Net interest margin			1.86			1.89
Add: impact of revenue share arrangements			0.36			0.34
Net interest margin before revenue share arrangements			2.22			2.23

1 Average balance is based on monthly closing balances.

2 Loans and receivables excludes fair value specific items (June 2017 $2.6m and June 2016 $4.6m).

3 Interest payments for revenue share arrangements are net values in the Income Statement.

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

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

6 Offset products have been reclassified from deposits and netted against the corresponding loan balance.

7 Net interest income includes Homesafe unrealised funding costs - refer to page 12 for net interest income reconciliation.

2.3.11 Average balance sheet
For the six months ended 30 June 2017

	30 June 2017			31 December 2016		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and investments	7,940.5	44.2	1.12	8,751.7	61.3	1.39
Loans and other receivables [2, 6]	57,971.4	1,256.7	4.37	56,182.1	1,259.1	4.45
Total interest earning assets [3]	**65,911.9**	**1,300.9**	**3.98**	**64,933.8**	**1,320.4**	**4.03**
Non interest earning assets						
Provisions for doubtful debts	(150.1)			(168.8)		
Other assets	3,048.6			2,983.5		
Total non interest earning assets	**2,898.5**			**2,814.7**		
Total assets (average balance)	**68,810.4**			**67,748.5**		
Interest bearing liabilities						
Deposits						
Retail [6]	48,274.9	(485.5)	(2.03)	47,325.2	(519.4)	(2.18)
Wholesale - domestic	8,074.2	(97.5)	(2.43)	8,459.4	(106.8)	(2.50)
Wholesale - offshore	377.7	(5.0)	(2.67)	344.5	(5.1)	(2.94)
Notes payable	4,083.7	(59.0)	(2.91)	3,953.3	(58.0)	(2.91)
Convertible Preference Shares	828.7	(17.7)	(4.31)	825.9	(18.3)	(4.40)
Subordinated debt	709.2	(17.4)	(4.95)	601.3	(15.4)	(5.08)
Total interest bearing liabilities [3]	**62,348.4**	**(682.1)**	**(2.21)**	**61,509.6**	**(723.0)**	**(2.33)**
Non interest bearing liabilities and equity						
Other liabilities	1,129.8			1,077.1		
Equity	5,332.2			5,161.8		
	6,462.0			**6,238.9**		
Total liabilities and equity (average balance)	**68,810.4**			**67,748.5**		
Interest margin and interest spread						
Interest earning assets	65,911.9	1,300.9	3.98	64,933.8	1,320.4	4.03
Interest bearing liabilities	(62,348.4)	(682.1)	(2.21)	(61,509.6)	(723.0)	(2.33)
Net interest income and interest spread [4,7]		**618.8**	**1.77**		**597.4**	**1.70**
Interest free liabilities and equity			0.12			0.13
Net interest margin [5]			**1.89**			**1.83**
Impact of revenue share arrangements						
Net interest margin			1.89			1.83
Add: impact of revenue share arrangements			0.37			0.35
Net interest margin before revenue share arrangements			2.26			2.18

1 Average balance is based on monthly closing balances.

2 Loans and receivables excludes fair value specific items (June 2017 $1.1m and December 2016 $1.5m).

3 Interest payments for revenue share arrangements are net values in the Income Statement.

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

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

6 Offset products have been reclassified from deposits and netted against the corresponding loan balance.

7 Net interest income includes Homesafe unrealised funding costs - refer to page 12 for net interest income reconciliation.

2.3.11 Average balance sheet
For the six months ended 30 June 2016

	30 June 2016			31 December 2015		
	Average Balance $m	Interest 6 mths $m	Average Rate %	Average Balance $m	Interest 6 mths $m	Average Rate %
Average balances and rates [1]						
Interest earning assets						
Cash and Investments	7,842.6	53.2	1.36	7,859.5	58.2	1.47
Loans and other receivables [2, 6]	54,298.9	1,275.4	4.72	53,484.3	1,300.7	4.84
Total interest earning assets [2]	**62,141.5**	**1,328.6**	**4.30**	**61,343.8**	**1,358.9**	**4.41**
Non interest earning assets						
Provisions for doubtful debts	(176.7)			(173.7)		
Other assets	2,864.5			2,889.0		
Total non interest earning assets	2,687.8			2,715.3		
Total assets (average balance)	**64,829.3**			**64,059.1**		
Interest bearing liabilities and equity						
Deposits						
Retail [6]	44,875.7	(528.0)	(2.37)	43,007.2	(538.6)	(2.49)
Wholesale - domestic	8,137.6	(114.9)	(2.84)	8,788.0	(122.8)	(2.78)
Wholesale - offshore	353.1	(5.2)	(2.96)	341.8	(5.1)	(2.97)
Notes payable	4,008.4	(62.4)	(3.13)	4,513.6	(72.0)	(3.17)
Convertible Preference Shares	823.0	(18.9)	(4.62)	820.3	(18.8)	(4.56)
Subordinated debt	583.5	(16.0)	(5.51)	587.4	(16.1)	(5.45)
Total interest bearing liabilities [3]	**58,781.3**	**(745.4)**	**(2.55)**	**58,058.3**	**(773.4)**	**(2.65)**
Non interest bearing liabilities and equity						
Other liabilities	1,009.0			1,048.0		
Equity	5,039.0			4,952.8		
	6,048.0			**6,000.8**		
Total liabilities and equity (average balance)	**64,829.3**			**64,059.1**		
Interest margin and interest spread						
Interest earning assets	62,141.5	1,328.6	4.30	61,343.8	1,358.9	4.41
Interest bearing liabilities	(58,781.3)	(745.4)	(2.55)	(58,058.3)	(773.4)	(2.65)
Net interest income and interest spread [4]		**583.2**	**1.75**		**585.5**	**1.76**
Interest free liabilities and equity			0.14			0.14
Net interest margin [5]			**1.89**			**1.90**
Impact of revenue share arrangements						
Net interest margin			1.89			1.90
Add: impact of revenue share arrangements			0.35			0.33
Net interest margin before revenue share arrangements			2.24			2.23

1 Average balance is based on monthly closing balances.

2 Loans and receivables excludes fair value specific items (June 2016 $2.1m and December 2015 $2.5m).

3 Interest payments for revenue share arrangements are net values in the Income Statement.

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

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

6 Offset products have been reclassified from deposits and netted against the corresponding loan balance.

2.3.12 Capital and shareholder returns

2.3.12.1 Assets and capital

	As at Jun-17	As at Jun-16	Change		As at Jun-17	As at Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Group assets	71,415.5	68,572.7	2,842.8	4.1	71,415.5	70,948.5	467.0	0.7
Capital adequacy								
Total regulatory capital	4,743.4	4,455.6	287.8	6.5	4,743.4	4,674.6	68.8	1.5
Risk-weighted assets	38,062.3	36,485.5	1,576.8	4.3	38,062.3	38,312.1	(249.8)	(0.7)
	%	%	%		%	%	%	
Risk-weighted capital adequacy	12.46%	12.21%	0.25%	2.0	12.46%	12.20%	0.26%	2.1
- Tier 1	10.49%	10.40%	0.09%	0.9	10.49%	10.17%	0.32%	3.1
- Tier 2	1.97%	1.81%	0.16%	8.8	1.97%	2.03%	(0.06%)	(3.0)
- Common Equity Tier 1	8.27%	8.09%	0.18%	2.2	8.27%	7.97%	0.30%	3.8

2.3.12.2 Capital adequacy

The Australian Prudential Regulation Authority (APRA) guidelines require capital to be allocated against credit, operational and market risk.

Banks must maintain a ratio of qualifying capital (comprising Common Equity Tier 1, Additional Tier 1 and Tier 2 capital), to risk weighted assets.

The Bank adopted the "standard model" approach prescribed by APRA to calculate the Bank's capital position.

Risk weighted capital ratios	Jun-17	Dec-16	Jun-16
Tier 1	10.49%	10.17%	10.40%
Tier 2	1.97%	2.03%	1.81%
Total capital ratio	**12.46%**	**12.20%**	**12.21%**
Common Equity Tier 1	**8.27%**	**7.97%**	**8.09%**

Regulatory capital	$m	$m	$m
Common Equity Tier 1			
Contributed capital	4,456.8	4,406.1	4,298.4
Retained profits & reserves	621.7	587.0	557.0
Accumulated other comprehensive income (and other reserves)	(31.2)	(39.4)	(62.0)
Less:			
Intangible assets, cash flow hedges and capitalised expenses	1,797.4	1,795.9	1,766.4
Net deferred tax assets	59.5	64.3	36.4
Equity exposures	40.8	39.5	36.8
Other adjustments as per APRA advice	1.3	1.9	1.2
Total common equity tier 1 capital	**3,148.3**	**3,052.1**	**2,952.6**
Additional Tier 1 capital instruments	843.2	843.2	843.2
Total Additional Tier 1 Capital	**843.2**	**843.2**	**843.2**
Total Tier 1 Capital	**3,991.5**	**3,895.3**	**3,795.8**
Tier 2			
Tier 2 capital instruments	575.5	603.7	478.7
General reserve for credit losses/collective provision (net of tax effect)	176.4	175.6	181.1
Total Tier 2 Capital	**751.9**	**779.3**	**659.8**
Total regulatory capital	**4,743.4**	**4,674.6**	**4,455.6**
Total risk weighted assets	**38,062.3**	**38,312.1**	**36,485.5**

2.3.12.2 Capital adequacy (continued)

Risk- weighted assets	As at Jun-17 $m	As at Jun-16 $m	Change $m	Change %	As at Jun-17 $m	As at Dec-16 $m	Change $m	Change %
Credit risk	34,263.5	32,857.7	1,405.8	4.3	34,263.5	34,549.7	(286.2)	(0.8)
Market risk	231.8	307.5	(75.7)	(24.6)	231.8	300.8	(69.0)	(22.9)
Operational risk	3,567.0	3,320.3	246.7	7.4	3,567.0	3,461.6	105.4	3.0
Total risk-weighted assets	**38,062.3**	**36,485.5**	**1,576.8**	**4.3**	**38,062.3**	**38,312.1**	**(249.8)**	**(0.7)**

Key movements in capital in the June 2017 year include:

> Common Tier 1

Dividend reinvestment plan increased capital by $94.2 million.

New shares issued increased by $64.4 million.

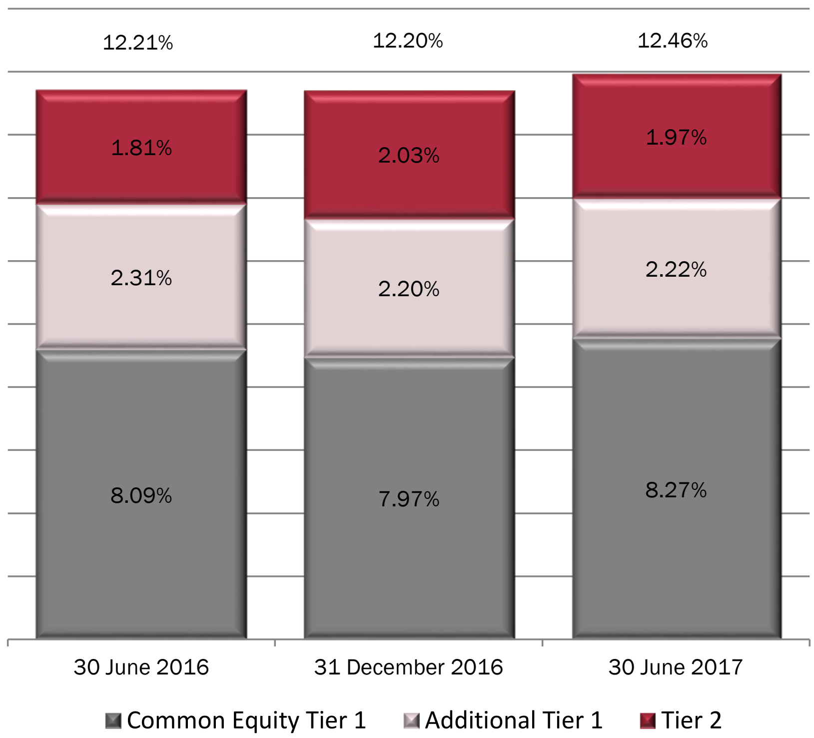
Retained earnings net increase of $64.7 million.

> Tier 2

Subordinated debt increased by $96.8 million.

Risk-weighted assets decreased during the second half due to the securitisation of residential mortgages.

Capital adequacy (%)



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

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per prudential standard APS 330 “Public Disclosure”, are provided on the Group’s website at: http://www.bendigoadelaide.com.au/public/shareholders/announcements/aps_330.asp

2.3.12.3 Shareholder returns

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
Earnings per ordinary share	cents	cents	cents	%	cents	cents	cents	%
Statutory earnings per ordinary share (weighted average)	90.9	90.4	0.5	0.6	46.3	44.6	1.7	3.8
Cash earnings per ordinary share (weighted average)	88.5	87.3	1.2	1.4	45.0	43.5	1.5	3.4
Diluted earnings per ordinary share (weighted average)	82.9	81.3	1.6	2.0	42.5	40.5	2.0	4.9

			Change				Change	
Weighted average number of ordinary shares	000's	000's	000's	%	000's	000's	000's	%
Weighted average number of ordinary shares - used in basic and cash basis EPS calculations	472,416	459,536	12,879	2.8	476,817	468,086	8,731	1.9
Weighted average number of ordinary shares - used in diluted EPS calculations	548,896	543,663	5,234	1.0	550,100	548,117	1,983	0.4

			Change				Change	
Ratios	%	%	%		%	%	%	
Return on average ordinary equity (after tax)	8.32%	8.46%	(0.14%)		8.49%	8.15%	0.34%	
Return on average ordinary equity (cash basis)	8.10%	8.17%	(0.07%)		8.27%	7.94%	0.33%	
Return on average tangible equity (cash basis)	11.61%	11.83%	(0.22%)		11.80%	11.43%	0.37%	
Return on average assets (after tax)	0.63%	0.64%	(0.01%)		0.65%	0.61%	0.04%	
Return on average assets (cash basis)	0.61%	0.62%	(0.01%)		0.63%	0.60%	0.03%	

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 statutory earnings per ordinary share is, profit after tax including specific items, less dividends on preference shares.

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

Ordinary equity for use in these ratios is represented by total ordinary shares and retained earnings.

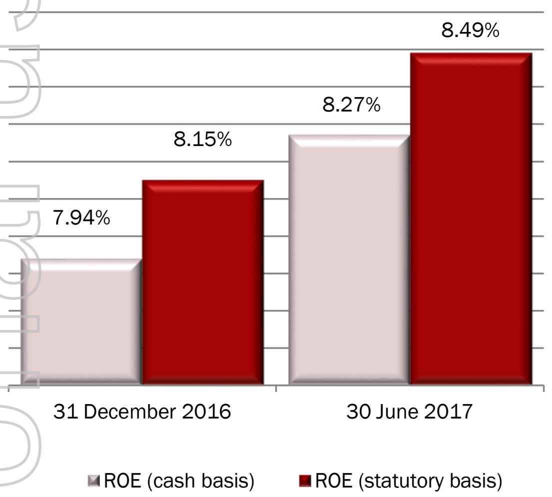
Tangible equity for use in these ratios is represented by net assets less preference shares and intangible assets.

	As at	As at			As at	As at		
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
	$m	$m	$m	%	$m	$m	$m	%
Ordinary issued capital	4,456.7	4,298.4	158.3	3.7	4,456.7	4,406.1	50.6	1.1
Retained earnings	864.6	739.2	125.4	17.0	864.6	800.3	64.3	8.0
Total ordinary equity	**5,321.3**	**5,037.6**	**283.7**	**5.6**	**5,321.3**	**5,206.4**	**114.9**	**2.2**
Average ordinary equity	**5,162.9**	**4,914.6**			**5,239.8**	**5,085.9**		
Average tangible ordinary equity	**3,601.9**	**3,393.5**			**3,672.1**	**3,531.7**		

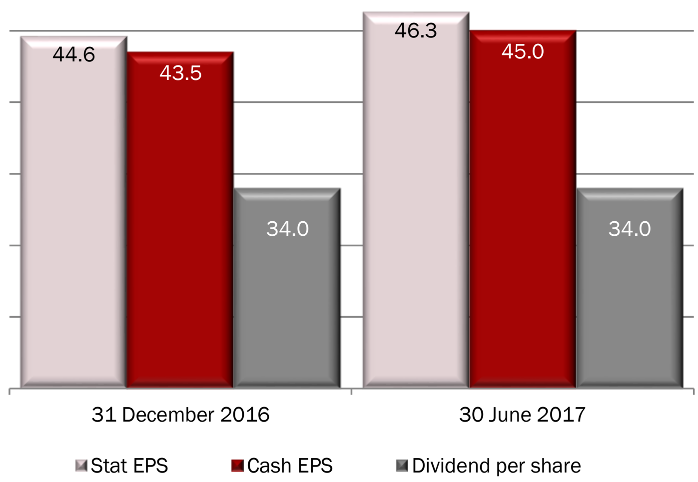
2.3.12.3 Shareholder returns (continued)

Reconciliation of earnings used in the calculation of earnings per ordinary share	Full year ending		Half year ending	
	Jun-17	Jun-16	Jun-17	Dec-16
	$m	$m	$m	$m
Net Profit after tax	429.6	415.6	220.6	209.0
Total basic earnings	**429.6**	**415.6**	**220.6**	**209.0**
Earnings used in calculating basic earnings per ordinary share	429.6	415.6	220.6	209.0
Add back : Dividends accrued and/or paid on dilutive convertible preference shares	25.2	26.4	12.3	12.8
Total diluted earnings	**454.8**	**442.0**	**232.9**	**221.8**
Earnings used in calculating basic earnings per ordinary share	429.6	415.6	220.6	209.0
Add back: Intangibles amortisation (excluding amortisation of intangible software) after tax	12.4	13.7	6.0	6.4
Add back: Specific income and expense items after tax	(23.7)	(27.9)	(11.8)	(11.9)
Total cash earnings	**418.3**	**401.4**	**214.8**	**203.5**

Statutory and cash return on equity (%)



Earnings per share and dividend per share (cents)



2.3.12.4 Dividends

	Full year ending				Six months ending			
	Jun-17	Jun-16	Change		Jun-17	Dec-16	Change	
				%				%
Dividend per share - cents	68.0	68.0	-	-	34.0	34.0	-	-
Dividend amount payable/paid - $m	314.7	308.7	6.0	1.9	158.4	156.3	2.1	1.3
Payout ratio - earnings per ordinary share [1]	74.8%	75.2%	(0.4%)	(0.5)	73.4%	76.2%	(2.8%)	(3.7)
Payout ratio - cash basis per ordinary share [1]	76.8%	77.9%	(1.1%)	(1.4)	75.6%	78.2%	(2.6%)	(3.3)

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

Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Securities Exchange over the seven trading days commencing 8 September 2017 at a discount of 1.5%. 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 Securities Exchange over the seven trading days commencing 8 September 2017 at a discount of 1.5%. 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 2017 final dividend is 7 September 2017.

2.4 Additional notes

2.4.1 Analysis of intangible assets

	Balance sheet Carrying value		Amortisation/ impairment expense	
	Jun-17	Jun-16	Jun-17	Jun-16
	$m	$m	$m	$m
Goodwill	1,442.3	1,442.3	-	-
Trustee licence	8.4	8.4	-	-
Software	196.0	148.8	20.8	15.4
Customer lists	2.0	4.4	2.1	3.1
Core deposits	3.2	11.6	8.4	8.4
Trade name	2.0	2.7	0.7	0.7
Customer relationship	4.4	9.9	5.5	6.3
Management rights - Adelaide Bank	5.5	6.6	1.0	1.0
Total intangible assets and goodwill	**1,663.8**	**1,634.7**	**38.5**	**34.9**

2.4.2 Net tangible assets per share

	Jun-17	Jun-16
Net tangible assets per ordinary share	$7.85	$7.51

	$m	$m
Net tangible assets		
Net assets	5,425.6	5,115.3
Intangibles	(1,663.8)	(1,634.7)
Net tangible assets attributable to ordinary shareholders	**3,761.8**	**3,480.6**
Number of fully paid ordinary shares on issue - 000's	479,206	463,763

2.4.3 Investments accounted for using the equity method

	Ownership interest held by consolidated entity		Balance date
	June 2017	June 2016	
	%	%	
Joint Arrangements			
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
Associates			
Aegis Group [1]	49.5	49.5	30 June
Bendigo Telco Ltd [2]	30.5	19.4	30 June
Dancoor Community Finances Ltd	49.0	49.0	30 June
Homebush Financial Services Ltd	49.0	49.0	30 June
Vic West Community Enterprise Pty Ltd [3]	-	50.0	30 June

[1] Aegis Group - economic interest is 23.5%.

[2] The Group's share in Bendigo Telco Ltd increased in September 2016.

[3] The Group's investment in Vic West Community Enterprise Pty Ltd was sold in September 2016.

All joint arrangements and associates are incorporated in Australia.

2.4.4 Credit ratings

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

On 22 May 2017, Standard & Poor's Global Ratings announced that it had lowered its long-term issuer credit ratings on 23 financial institutions operating in Australia, one of which was Bendigo and Adelaide Bank. S&P commented that the rating actions reflect their view that continued buildup of economic imbalances in the country over the past few years due to a rapid rise in private sector debt and house prices - particularly in two of the most populous cities of Sydney and Melbourne - has exposed Australian financial institutions to greater economic risks. S&P's long-term counterparty credit rating on Bendigo and Adelaide Bank Limited was lowered from 'A-' to 'BBB+', with the short-term rating remaining unchanged at 'A-2'. The outlook changed to stable from negative.

On 4 November 2016, 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 that the ratings reflect the Bank's conservative risk appetite, which supports its consistently strong asset quality.

On 19 June 2017, Moody's announced that it had downgraded the Baseline Credit Assessments (BCAs), long-term ratings and Counterparty Risk Assessments (CRAs) of 12 Australian banks and their affiliates, reflecting elevated risks in the household sector which heighten the sensitivity of the banks' credit profiles to an adverse shock. These elevated risks have been captured in Moody's Macro Profile for Australia which has been lowered to Strong+' from 'Very Strong-'. Moody's commented 'while Moody's does not anticipate a sharp housing downturn as a core scenario, the tail risk represented by increased household sector indebtedness becomes a material consideration in the context of the very high ratings assigned to Australian banks'. BEN's long-term issuer rating was lowered to 'A3' and short term rating to 'P-2', with a stable outlook.

2.4.5 Issued capital

Changes to issued and quoted securities during the period:

Ordinary Shares (BEN - ASX code)	Number of Shares	$m
Fully paid ordinary shares at 30 June 2016	463,762,656	4,298.4
Shares issued:		
September 2016 - Dividend reinvestment plan at $10.04	4,568,195	45.9
September 2016 - Bonus share scheme (in lieu of dividend payment) at $10.04	253,203	-
October 2016 - Share purchase plan at $10.75	5,769,074	62.0
March 2017 - Dividend reinvestment plan at $11.46	4,212,626	48.3
March 2017 - Bonus share scheme (in lieu of dividend payment) at $11.46	436,024	-
March 2017 - Employee Share Grant Scheme at $11.94	204,686	2.4
Share issue costs	-	(0.3)
Total ordinary shares at 30 June 2017	**479,206,464**	**4,456.7**

Bendigo and Adelaide Bank Ltd
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