



**Bendigo and Adelaide Bank Limited**  
ABN 11 068 049 178

**Appendix 4E: Preliminary Final Report**

For the twelve months ending  
**30 June 2009**

Released 10 August 2009

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

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## 1. Appendix 4E: Preliminary Final Report

### 1.1 Company details and reporting period

Bendigo and Adelaide Bank Limited  
 ABN 11 068 049 178

Reporting period - twelve months ended: 30 June 2009  
 Previous corresponding period - twelve months ended: 30 June 2008 \*

\* Comparatives have been restated to reflect the impact of AASB3 Business Combinations and other accounting standards as a result of the merger with Adelaide Bank, as disclosed in the Appendix 4D half year report, released on 16 February 2009.

### 1.2 Results for announcement to the market

				<b>\$m</b>
Revenues from operations	up	0.4%	To	873.7
Profit after tax attributable to members	down	57.7%	To	83.8
Net profit attributable to members	down	57.7%	To	83.8

<b>Dividends – current year</b>	<b>Amount per security</b>
Final Dividend – 2009, fully franked at 30% Payable 30 September 2009 Record date for determining entitlements for final dividend – 2 September 2009	15.0 cents
Interim Dividend – 2009, fully franked at 30% Paid 31 March 2009	28.0 cents

<b>Dividends – previous year</b>	<b>Amount per security</b>
Final Dividend – 2008, fully franked at 30% Paid 30 September 2008	37.0 cents
Interim Dividend – 2008, fully franked at 30% Paid 31 March 2008	28.0 cents

### 1.3 Cash earnings results

Cash earnings attributable to members	down	24.0%	to	\$ 182.2 million
Cash earnings per share <i>See Note 2.3 for full details</i>	down	43.4%	to	62.9 cents
Cash earnings per share - previously reported	down	32.9%	to	62.9 cents

### 1.4 Net tangible assets per security

Refer to page 29.

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

The information contained in this report includes the results of Bendigo and Adelaide Bank Limited and its controlled entities. Prior period comparisons include 7 months of trading of Adelaide Bank, unless otherwise stated. The prior period results included in this financial report have been restated to reflect fair value adjustments and identified intangible assets in relation to the acquisition of Adelaide Bank Limited in November 2007, as discussed in the December 08 Appendix 4D report released 16 February 2009 to the ASX.

On 7 May 2009 Bendigo and Adelaide Bank Limited increased its shareholding in Elders Rural Bank from 50% to 60%. As at 30 June 2009 the joint venture remains subject to a shareholder agreement which results in Bendigo and Adelaide Bank Limited being required to continue equity accounting for this investment. The shareholder agreement is currently subject to review.

### 1.6 Details of individual and total dividends

Refer to page 30.

### 1.7 Details of any dividend or distribution reinvestment plans in operation

Refer to page 31.

### 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: 26 October 2009

Time: 2.00 pm (Eastern Daylight Saving Time)

and at Adelaide Convention Centre, North Terrace, Adelaide  
at 1.30 pm (Central Daylight Saving Time)

### **1.12 Subsequent events**

This Appendix 4E: Preliminary Final Report should be read in conjunction with the media release of 10 August 2009.

## 2. Full Year Results

### 2.1 Financial highlights

The following table includes Adelaide Bank Limited from the date of merger.

	2008-09			2007-08			Change Full Year 2008 to Full Year 2009	
	2008-09 1 <sup>st</sup> Half* \$m	2008-09 2 <sup>nd</sup> Half \$m	Total \$m	2007-08 1 <sup>st</sup> Half \$m	2007-08 2 <sup>nd</sup> Half \$m	Total \$m	\$m	%
Profit after tax	50.6	33.2	83.8	83.1	115.2	198.3	(114.5)	(57.7)
Profit after tax before significant items	108.9	64.3	173.2	86.4	147.0	233.4	(60.2)	(25.8)
Cash earnings	112.3	69.9	182.2	85.8	153.8	239.6	(57.4)	(24.0)
Net interest income (before significant items)	326.1	308.9	635.0	223.1	374.4	597.5	37.5	6.3
Non-interest income (before significant items)	160.7	145.6	306.3	118.2	157.3	275.5	30.8	11.2
Operating expenses (before significant items)	308.2	305.8	614.0	211.9	301.7	513.6	100.4	19.5
Retail deposits	27,179.8	28,552.4	28,552.4	22,676.8	23,640.9	23,640.9	4,911.5	20.8
Ordinary equity	3,209.8	3,228.4	3,228.4	2,886.7	3,038.8	3,038.8	189.6	6.2
Funds under management	4,452.9	4,491.3	4,491.3	4,964.1	6,650.5	6,650.5	(2,159.2)	(32.5)
Loans under management	40,655.3	40,767.4	40,767.4	43,812.4	42,920.5	42,920.5	(2,153.1)	(5.0)
New loan approvals	3,757.9	5,379.5	9,137.4	3,884.6	4,960.6	8,845.2	292.2	3.3
Residential	2,586.5	3,846.5	6,433.0	2,723.2	3,827.6	6,550.8	(117.8)	(1.8)
Non-residential	1,171.4	1,533.0	2,704.4	1,161.4	1,133.0	2,294.4	410.0	17.9
Cost to income ratio	60.0%	63.7%	61.8%	60.5%	52.8%	55.8%	6.0%	10.8
Earnings per ordinary share - cents	16.2	9.7	25.6	48.6	40.8	87.7	(62.1)	(70.8)
Cash basis earnings per ordinary share –cents	40.7	22.9	62.9	52.2	57.6	111.1	(48.2)	(43.4)
Dividend per share – cents	28.0	15.0	43.0	28.0	37.0	65.0	(22.0)	(33.8)

\* Half year results for 31 December 2008 have been restated to reflect current accounting policies and adjustment for an error in treasury related income (\$9.9m after tax reduction).

## **2.2 Results at a glance**

### *2.2.1 Financial performance*

Bendigo and Adelaide Bank announced a cash earnings result of \$182.2 million for the 12 months ending 30 June 2009, a 24 per cent reduction on the prior corresponding period.

The reduced profit was attributable to a slowing economy and global recession, an unprecedented drop in official cash rates and increased funding costs.

However, in a sign that the Retail Bank, including the **Community Bank®** network, remains strong, retail deposits increased by 20.8 per cent to more than \$28.5 billion. This increase in retail deposits has allowed the bank to reduce its reliance on wholesale funding, which remains expensive and difficult to access.

Directors announced a final dividend of 15 cents per share (fully franked), taking the total dividend for the financial year to 43 cents per share. The Board's dividend policy of paying out 60-70 per cent of cash earnings as dividends remains in force.

### *2.2.2 Dividends*

- 2008/09 final dividend of 15.0 cents per fully paid ordinary share (a decrease of 22.0 cents compared to the 2007/08 final dividend), fully franked at 30%.
- Dividend is payable on 30 September 2009 to shareholders registered on the Record Date of 2 September 2009.
- The final dividend proposed totals \$45.1 million.
- Dividends for 2008/09 total 43.0 cents (down from 65.0 cents in 2007/08).

## 2.3 Financial Statements

### 2.3.1 Income Statement

#### For the year ended 30 June 2009

	2009 \$m	2008 \$m
<b>Income</b>		
Net interest income		
Interest income	3,154.7	2,695.5
Interest expense	2,519.7	2,098.0
<b>Net Interest Income</b>	<b>635.0</b>	<b>597.5</b>
Total non interest income (2.4.3)	275.4	249.1
Share of associates' net profits accounted for using the equity method (2.5.2)	30.9	26.4
<b>Total income after interest expense</b>	<b>941.3</b>	<b>873.0</b>
<b>Expenses</b>		
Bad and doubtful debts (2.4.8)	80.3	23.1
Operating expenses (2.4.4)	614.0	513.6
<b>Profit before income tax expense and significant items</b>	<b>247.0</b>	<b>336.3</b>
Income tax expense before significant items	(73.8)	(102.2)
Net (profit)/loss attributable to minority interest	-	(0.7)
<b>Profit after income tax expense and before significant items</b>	<b>173.2</b>	<b>233.4</b>
Significant items after income tax expense (2.4.1.1)	(89.4)	(35.1)
<b>Profit after tax</b>	<b>83.8</b>	<b>198.3</b>
<b>Adjusted for:</b>		
Significant items after tax (2.4.1.1)	89.4	35.1
Dividends paid on preference shares	(4.5)	(5.5)
Dividends paid on step-up preference shares	(5.0)	(3.7)
After tax intangibles amortisation (excl. amortisation of intangible software)	18.5	15.4
<b>Cash basis earnings</b>	<b>182.2</b>	<b>239.6</b>
Cash basis earnings per ordinary share (cents per share)	62.9	111.1
Cash basis earnings per ordinary share (cents per share) - previously reported	62.9	93.7
Basic earnings per ordinary share (cents per share)	25.6	87.7
Diluted earnings per ordinary share (cents per share)	25.6	87.6
Franked dividends per ordinary share (cents per share)	43.0	65.0



## 2.3.2 Balance Sheet

### For the year ended 30 June 2009

	2009 \$m	2008 \$m
<b>Assets</b>		
Cash and cash equivalents	912.6	1,195.9
Due from other financial institutions	235.4	412.7
Assets held for sale	-	105.5
Financial assets held for trading	3,882.3	1,414.8
Financial assets available for sale - securities	-	422.0
Financial assets held to maturity	344.9	1,414.6
Current tax asset	84.4	-
Other assets	512.3	468.2
Financial assets available for sale - share investments	84.1	84.6
Derivatives	49.0	311.8
Loans and other receivables - investment	505.7	517.6
Loans and other receivables	38,235.2	39,587.4
Investments in associates and joint ventures accounted for using the equity method	225.9	185.2
Property, plant & equipment	115.9	113.5
Deferred tax assets	212.0	164.4
Investment property	115.6	80.4
Intangible assets & goodwill	1,598.9	1,570.4
<b>Total Assets</b>	<b>47,114.2</b>	<b>48,049.0</b>
<b>Liabilities</b>		
Due to other financial institutions	196.3	269.7
Deposits	31,879.8	31,404.9
Notes payable	9,974.5	11,292.2
Derivatives	436.4	72.4
Other payables	665.9	680.9
Income tax payable	-	11.1
Provisions	62.7	67.8
Deferred tax liabilities	91.7	186.8
Reset preference shares	89.5	89.5
Subordinated debt - at amortised cost	598.7	675.8
<b>Total Liabilities</b>	<b>43,995.5</b>	<b>44,751.1</b>
<b>Net Assets</b>	<b>3,118.7</b>	<b>3,297.9</b>
<b>Equity</b>		
Equity attributable to equity holders of the parent		
Issued capital - ordinary	3,003.9	2,706.3
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	(32.7)	(37.4)
Reserves	(185.3)	170.6
Retained earnings	144.3	269.9
<b>Total Equity</b>	<b>3,118.7</b>	<b>3,297.9</b>

### 2.3.3 Cash Flow Statement

#### For the year ended 30 June 2009

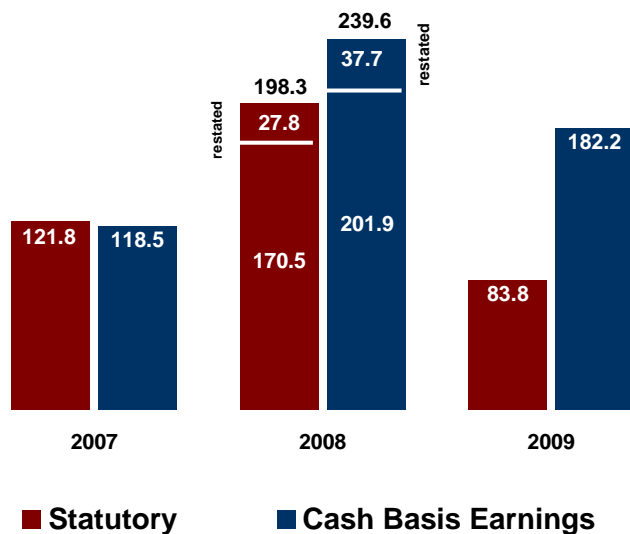
	2009 \$m	2008 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and other items of a similar nature received	3,059.0	2,515.9
Interest and other costs of finance paid	(2,481.6)	(1,993.3)
Receipts from customers (excluding effective interest)	236.3	211.1
Payments to suppliers and employees	(646.7)	(510.7)
Dividends received	34.9	16.8
Income taxes paid	(74.7)	(81.9)
Net cash flows from operating activities	<u>127.2</u>	<u>157.9</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash flows for purchases of property, plant and equipment	(47.2)	(85.9)
Cash proceeds from sale of property, plant and equipment	3.4	6.9
Proceeds from sale of asset held for sale	100.0	(0.2)
Cash paid for purchases of intangible software	(9.7)	(0.2)
Cash paid for purchases of equity investments	(80.2)	(34.4)
Cash proceeds from sale of equity investments	42.1	11.8
Net decrease in balance of loans outstanding	1,351.2	768.4
Net (increase)/decrease in balance of investment securities	(987.9)	808.6
Net cash received on acquisition of a subsidiary	-	475.0
Net cash flows used in investing activities	<u>371.7</u>	<u>1,950.2</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of preference share instalment	-	89.8
Proceeds from issue of ordinary shares	192.8	-
Net increase in balance of retail deposits	4,911.7	2,050.9
Net decrease in balance of wholesale deposits	(4,429.0)	(955.6)
Proceeds from issue of subordinated debt	-	50.0
Repayment of subordinated debt	(80.0)	(56.0)
Dividends paid	(142.2)	(95.2)
Net decrease in balance of notes payable	(1,341.9)	(2,000.8)
Repayment of ESOP shares	4.7	3.0
Payment of share issue costs	(2.2)	(0.4)
Net cash flows from in financing activities	<u>(886.1)</u>	<u>(914.3)</u>
Net increase/(decrease) in cash and cash equivalents	(387.2)	1,193.8
Cash and cash equivalents at the beginning of period	1,338.9	145.1
Cash and cash equivalents at the end of period	<u>951.7</u>	<u>1,338.9</u>

## 2.4 Results commentary

### 2.4.1 Profit

	Jun-09 \$m	Jun-08 \$m	Change		Six months ending		Change	
			\$m	%	Jun-09 \$m	Dec-08 \$m	\$m	%
<b>Profit</b>								
Profit before tax	119.3	286.4	(167.1)	(58.3)	49.5	69.8	(20.3)	(29.1)
Significant items before tax	(127.7)	(49.9)	(77.8)	(155.9)	(44.4)	(83.3)	38.9	46.7
Profit before tax and significant items	247.0	336.3	(89.3)	(26.6)	93.9	153.1	(59.2)	(38.7)
Profit after tax	83.8	198.3	(114.5)	(57.7)	33.2	50.6	(17.4)	(34.4)
Significant items after tax	(89.4)	(35.1)	(54.3)	(154.7)	(31.1)	(58.3)	27.2	46.7
Profit after tax before significant items	173.2	233.4	(60.2)	(25.8)	64.3	108.9	(44.6)	(41.0)
<i>Adjusted for:</i>								
Intangibles amortisation (excl software amortisation)	18.5	15.4	3.1	20.4	9.2	9.3	(0.1)	(0.6)
Distributions paid on preference shares	(4.5)	(5.5)	1.0	18.2	(1.7)	(2.8)	1.1	39.3
Distributions paid on step up preference shares	(5.0)	(3.7)	(1.3)	(35.1)	(1.9)	(3.1)	1.2	38.7
Cash basis profit after tax	182.2	239.6	(57.4)	(24.0)	69.9	112.3	(42.4)	(37.7)

### Profit after tax \$mil



The 2008/09 financial year presented unprecedented challenges for all Australian banks, with everything from a deteriorating credit cycle and rapid fall in official cash rates to reduced wholesale funding options impacting significantly on financial results.

Notwithstanding this, the decisive action taken by the bank to reshape its balance sheet and reduce reliance on wholesale funding will ensure the business is well placed for the future.

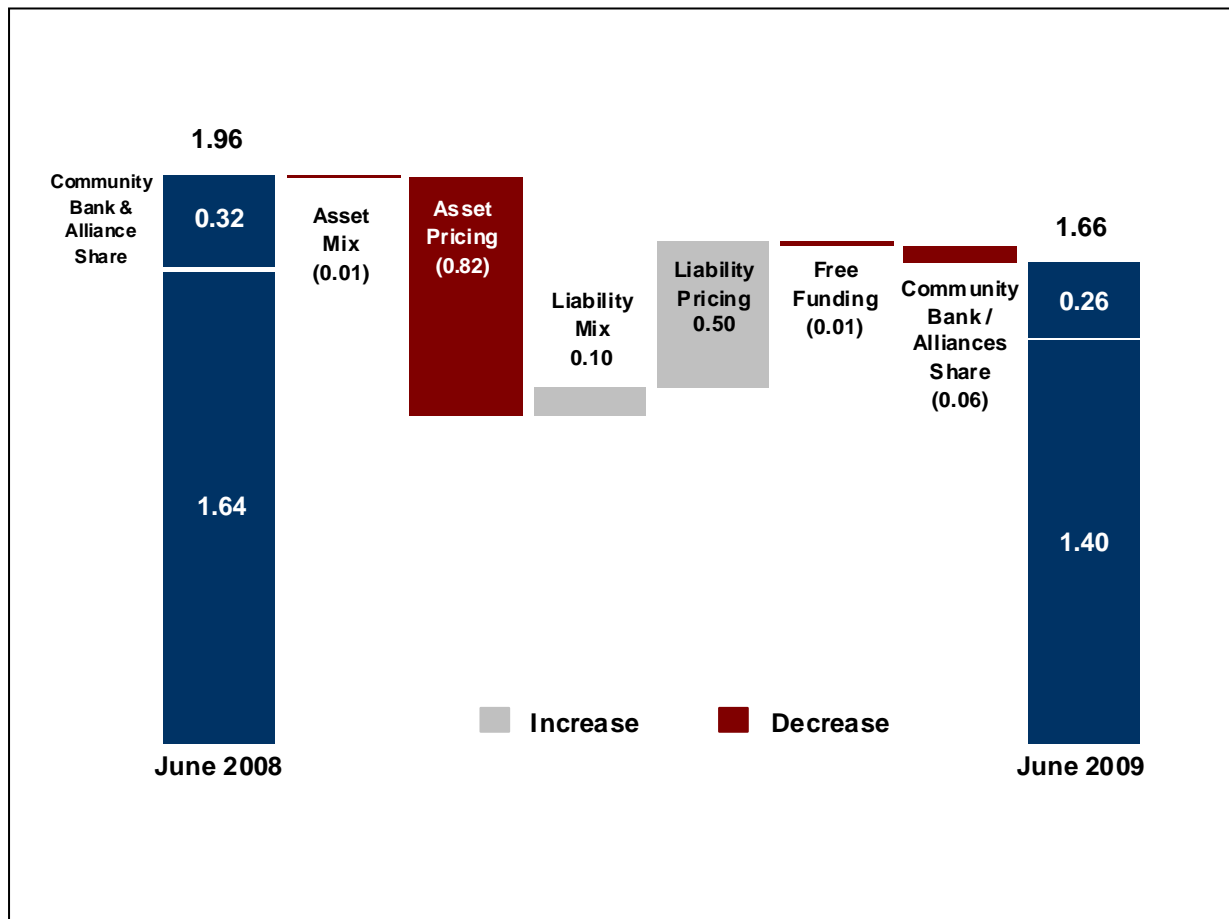
### 2.4.1.1 Significant Items

The reported profit after tax for the year ending 30 June 2009 of \$83.8 million included the following significant items:

	2009		2008	
	Before Tax \$m	After Tax \$m	Before Tax \$m	After Tax \$m
<b>Items included in non interest income</b>				
Accounting gain on the sale of equity investments	26.0	18.2	25.2	17.6
Ineffective cash flow hedges	(93.6)	(65.5)	(28.3)	(19.8)
	<u>(67.6)</u>	<u>(47.3)</u>	<u>(3.1)</u>	<u>(2.2)</u>
<b>Items included in operating expenses</b>				
Integration costs associated with the Adelaide Bank merger and the Macquarie margin lending business	41.4	29.0	9.4	6.6
Impairment losses - equity investments	10.0	7.0	30.3	21.1
Fair value adjustment - head office development	1.8	1.3	2.0	1.4
Shortfall relating to Employee Share Plan	5.3	3.7	3.0	2.1
Expense incurred with withdrawn capital raising	1.6	1.1	-	-
ATO audit costs	-	-	1.0	0.7
Expenses on issue of shares under Employee share plan	-	-	1.0	1.0
	<u>60.1</u>	<u>42.1</u>	<u>46.7</u>	<u>32.9</u>
<b>Total Significant Items</b>	<u>(127.7)</u>	<u>(89.4)</u>	<u>(49.8)</u>	<u>(35.1)</u>

2.4.2 *Interest margin*

**Analysis of net interest margin**  
 %



Net interest margin was affected by a lag in term deposit repricing in a rapidly easing cash rate environment, increasing costs of retail funding and increasing securitisation costs.

As these factors eased, and as term deposits rolled onto lower rates, the company experienced a broadening of net interest margin towards the end of the reporting period.

### 2.4.3 Income

	Jun-09 \$m	Jun-08 \$m	Change \$m	%	Six months ending		Change \$m	%
					Jun-09 \$m	Dec-08 \$m		
<b>Income</b>								
Net interest income	635.0	597.5	37.5	6.3	308.9	326.1	(17.2)	(5.3)
Other income								
Other income								
Fees								
- asset products	58.7	44.0	14.7	33.4	27.9	30.8	(2.9)	(9.4)
- liability products & other	133.5	116.9	16.6	14.2	62.2	71.3	(9.1)	(12.8)
- trustee, m'ment & other services	10.8	11.5	(0.7)	(6.1)	5.1	5.7	(0.6)	(10.5)
Commissions								
- wealth solutions	28.9	37.7	(8.8)	(23.3)	12.2	16.7	(4.5)	(26.9)
- insurance	15.4	12.9	2.5	19.4	7.9	7.5	0.4	5.3
- other	3.4	3.8	(0.4)	(10.5)	1.6	1.8	(0.2)	(11.1)
Dividend income	2.2	3.9	(1.7)	(43.6)	-	2.2	(2.2)	(100.0)
Other	22.5	18.4	4.1	22.3	12.5	10.0	2.5	25.0
Total other income before significant income items	275.4	249.1	26.3	10.6	129.4	146.0	(16.6)	(11.4)
Share of associates' profit	30.9	26.4	4.5	17.0	16.2	14.7	1.5	10.2
Total non interest income before significant items	306.3	275.5	30.8	11.2	145.6	160.7	(15.1)	(9.4)
Significant income items - non interest income (2.4.1.1)	(67.6)	(3.1)	(64.5)	2,080.6	(12.6)	(55.0)	42.4	(77.1)
Total income	873.7	869.9	3.8	0.4	441.9	431.8	10.1	2.3

#### Comments on Total income when compared to previous corresponding period:

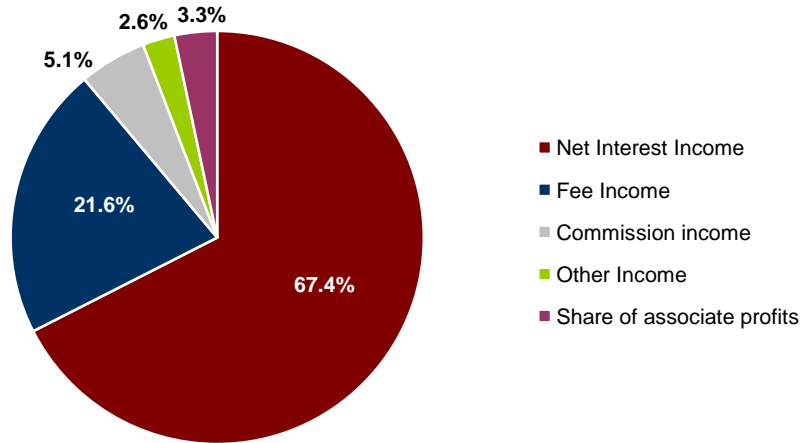
**Net interest income** increased by 6.3% when compared with the previous year. Refer to Note 2.4.2 for an analysis of the net interest income movements.

**Fee income** increased predominately due to the inclusion of Adelaide Bank results for the 12 months to June 2009, compared to 7 months to June 2008. Half on half fee income declined in line with reduced customer transaction activity and lower interchange revenues.

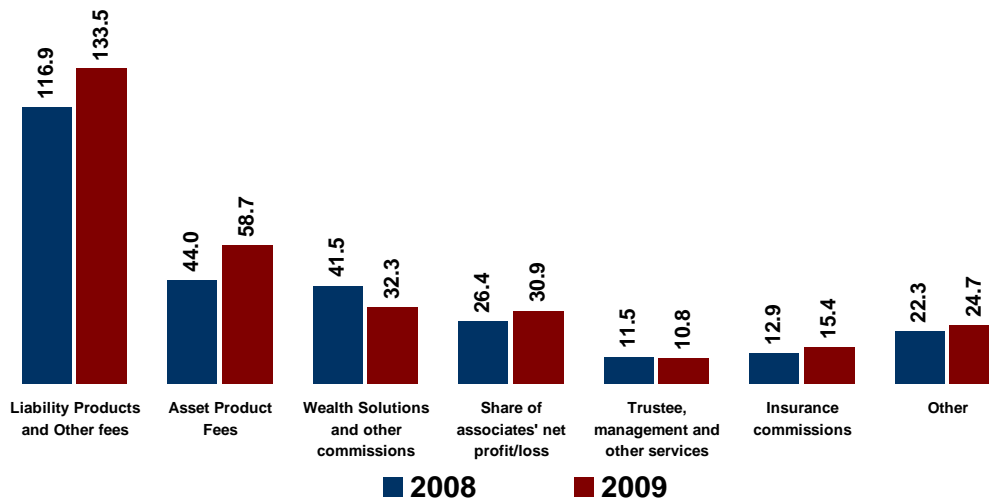
**Commission** income has increased due to higher insurance product sales, offset with reductions in wealth commissions as wealth portfolios significantly declined over 2008-09.

**Share of associates' profit** increased 17% predominantly due to increased contribution from Elders Rural Bank Limited.

**Income %**



**Non interest Income \$mil**



## 2.4.4 Productivity and Operating Expenses

	Jun-09 \$m	Jun-08 \$m	Change \$m %		Six months ending		Change \$m %	
					Jun-09 \$m	Dec-08 \$m		
<b>Expenses</b>								
Staff and related costs	296.8	256.3	40.5	15.8	146.8	150.0	(3.2)	(2.1)
Occupancy costs	53.9	43.0	10.9	25.3	27.6	26.3	1.3	4.9
Information technology costs	53.4	44.2	9.2	20.8	25.6	27.8	(2.2)	(7.9)
Amortisation of intangibles	32.7	26.2	6.5	24.8	16.5	16.2	0.3	1.9
Property, plant & equipment costs	14.7	13.4	1.3	9.7	7.2	7.5	(0.3)	(4.0)
Fees & commissions	22.2	20.4	1.8	8.8	11.7	10.5	1.2	11.4
Communications, postage & stationery	33.2	28.9	4.3	14.9	16.4	16.8	(0.4)	(2.4)
Advertising & promotion	13.2	16.9	(3.7)	(21.9)	5.4	7.8	(2.4)	(30.8)
Other product & services delivery costs	32.7	26.8	5.9	22.0	16.8	15.9	0.9	5.7
Other administration expenses	61.2	37.5	23.7	63.2	31.8	29.4	2.4	8.2
<b>Total operating expenses</b>	<b>614.0</b>	<b>513.6</b>	<b>100.4</b>	<b>19.5</b>	<b>305.8</b>	<b>308.2</b>	<b>(2.4)</b>	<b>(0.8)</b>
Significant expense items	60.1	46.8	13.3	28.4	31.8	28.3	3.5	12.4
<b>Total expenses</b>	<b>674.1</b>	<b>560.4</b>	<b>113.7</b>	<b>20.3</b>	<b>337.6</b>	<b>336.5</b>	<b>1.1</b>	<b>0.3</b>
<b>Productivity</b>								
Expenses to income	61.8%	55.8%	6.0%	10.8	63.7%	60.0%	3.7%	6.2
Expenses to average assets	1.2%	1.5%	(0.3%)	(20.0)	1.2%	1.2%	0.0%	0.0
Expenses to average assets-incl managed funds	1.2%	1.4%	(0.2%)	(14.3)	1.2%	1.2%	0.0%	0.0
Number of staff (full-time equiv)	3,598	3,478	120	3.5	3,598	3,514	84	2.4
Staff & related costs to income	31.5%	29.3%	2.2%	7.5	32.3%	30.8%	1.5%	4.9

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

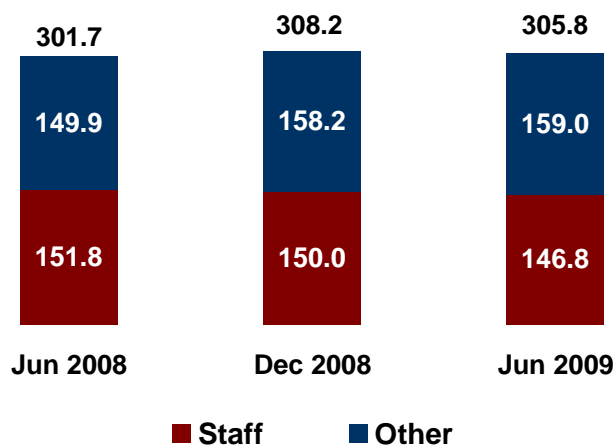
Income used in the above ratios is income less significant income items.

Operating expenses flattened in the second half of the 2008/9 financial year. As widely reported, the bank has asked employees to volunteer to take 10 days in unpaid leave in the 2009/10 financial year. The initial response to this initiative has been exceptional. This has obvious financial benefits for the group, but is also a fantastic advertisement for the commitment and energy that our staff have for the business and its customers.

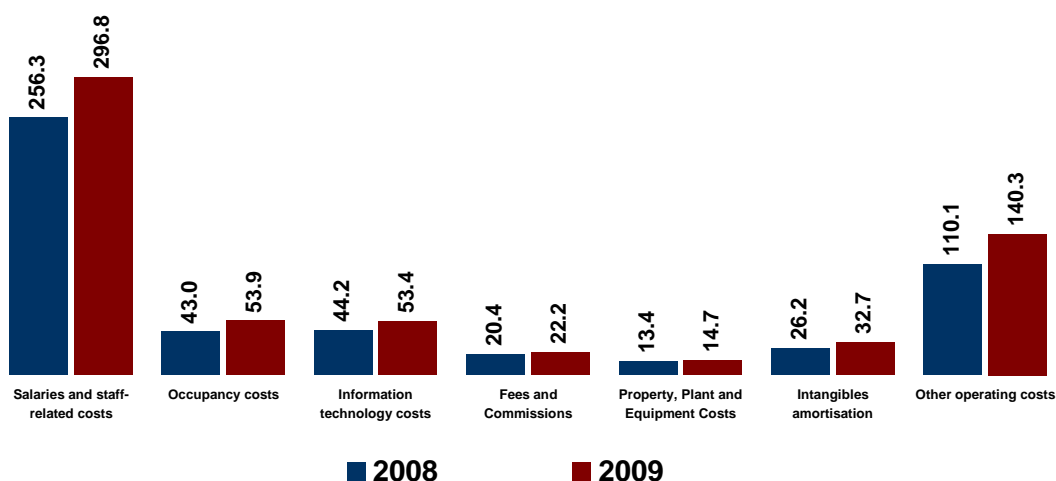
On a pro-forma basis (assuming the merger of Bendigo and Adelaide Bank had been in effect for the full 12-months of the 2007-08 reporting period) real growth in operating costs was less than 4 per cent.



**Operating Expenses - Six months**  
 \$m



**Operating expenses**  
 \$mil



## 2.4.5 *Segment results*

### **Segment information**

The Group's primary reporting format is business segments and its secondary format is geographical segments.

#### **Business segments**

The Group's business segments are managed 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.

##### *Retail banking*

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

##### *Partner Advised Banking (previously named Wholesale Banking)*

Net interest income and fees derived from the manufacture and processing of residential home loans, distributed through mortgage brokers and mortgage managers and the Portfolio Funding and Specialised Lending businesses of the Group.

##### *Wealth*

Fees, commissions and interest from the provision of financial planning services, margin lending activities and wealth deposits. Commission received as Responsible Entity for managed investment schemes and for corporate trusteeships and other trustee and custodial services.

##### *Joint ventures*

Profit share from equity accounted investments in associates.

##### *Corporate support*

Unallocated corporate support business units.

### **Geographic segments**

Bendigo and Adelaide Bank Limited and its controlled entities operate predominately in the geographic areas of all Australian states and territories, providing banking and other financial services.

**For the twelve months ended 30 June 2009**

	Retail Banking	Partner Advised Banking	Wealth Solutions	Joint Ventures	Total Segments	Corporate Support	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Income</b>							
Net interest income							
Net interest income	352.4	204.4	78.2	-	635.0	-	635.0
Other Income							
Other external income	190.1	42.7	36.7	-	269.5	31.9	301.4
Ineffective cash flow hedges	-	-	-	-	-	(93.6)	(93.6)
Total Other Income	190.1	42.7	36.7	-	269.5	(61.7)	207.8
Share of net profit of equity accounted investments	-	-	-	30.9	30.9	-	30.9
Total segment income after interest expense							
External Income	542.5	247.1	114.9	30.9	935.4	31.9	967.3
Ineffective cash flow hedges	-	-	-	-	-	(93.6)	(93.6)
Total segment income	542.5	247.1	114.9	30.9	935.4	(61.7)	873.7
<b>Results</b>							
Segment results from continuing operations before income tax expense	76.7	112.3	55.6	30.9	275.5	(156.2)	119.3
Income tax expense							(35.5)
Consolidated entity profit from continuing operations after income tax expense							83.8
<b>Assets</b>							
Segment assets	16,825.2	16,579.0	3,370.6	520.8	37,295.5	9,592.9	46,888.4
Equity accounted assets	-	-	-	225.8	225.8	-	225.8
Total assets	17,345.9	16,579.0	3,370.6	225.8	37,521.3	9,591.0	47,114.2
<b>Liabilities</b>							
Total liabilities	20,008.8	6,153.0	5,708.3	857.1	32,727.1	11,268.4	43,995.5
	20,865.9	6,153.0	5,708.3	857.1	32,727.1	11,268.4	43,995.5

**For the six months ended 30 June 2009**

	Retail Banking	Partner Advised Banking	Wealth Solutions	Joint Ventures	Total Segments	Corporate Support	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Income</b>							
Net interest income							
Net interest income	152.7	99.7	49.0	-	301.4	-	301.4
Other Income							
Other external income	102.5	15.8	16.4	-	134.7	20.7	155.4
Ineffective cash flow hedges	-	-	-	-	-	(31.2)	(31.2)
Total Other Income	102.5	15.8	16.4	-	134.7	(10.5)	124.2
Share of net profit of equity accounted investments	-	-	-	16.2	16.2	-	16.2
Total segment income after interest expense							
External Income	255.2	115.5	65.4	16.2	452.4	20.7	473.1
Ineffective cash flow hedges	-	-	-	-	-	(31.2)	(31.2)
Total segment income	255.2	115.5	65.4	16.2	452.4	(10.5)	441.9
<b>Results</b>							
Segment results from continuing operations before income tax expense	22.5	26.4	30.8	16.2	96.0	(46.4)	49.5
Income tax expense							(16.3)
Consolidated entity profit from continuing operations after income tax expense							33.2
<b>Assets</b>							
Segment assets	16,825.2	16,579.0	3,370.6	520.8	37,295.5	9,592.9	46,888.4
Equity accounted assets	-	-	-	225.8	225.8	-	225.8
Total assets	17,345.9	16,579.0	3,370.6	225.8	37,521.3	9,591.0	47,114.2
<b>Liabilities</b>							
Total liabilities	20,008.8	6,153.0	5,708.3	857.1	32,727.1	11,268.4	43,995.5
	20,865.9	6,153.0	5,708.3	857.1	32,727.1	11,268.4	43,995.5

**For the six months ended 31 December 2008**

	Retail Banking	Partner Advised Banking	Wealth Solutions	Joint Ventures	Total Segments	Corporate Support	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Income</b>							
Net interest income							
Net interest income	199.7	104.7	29.2	-	333.6	-	333.6
Other Income							
Other external income	87.6	26.9	20.3	-	134.8	11.2	146.0
Ineffective cash flow hedges	-	-	-	-	-	(62.4)	(62.4)
Total Other Income	87.6	26.9	20.3	-	134.8	(51.2)	83.6
Share of net profit of equity accounted investments	-	-	-	14.7	14.7	-	14.7
Total segment income after interest expense							
External income	287.3	131.6	49.5	14.7	483.1	11.2	494.3
Ineffective cash flow hedges	-	-	-	-	-	(62.4)	(62.4)
Total segment income	287.3	131.6	49.5	14.7	483.1	(51.2)	431.9
<b>Results</b>							
Segment results from continuing operations before income tax expense	54.2	85.9	24.8	14.7	179.6	(109.8)	69.8
Income tax expense							(19.2)
Consolidated entity profit from continuing operations after income tax expense							50.6
<b>Assets</b>							
Segment assets	17,878.2	17,632.3	2,296.1	496.2	38,302.8	9,723.2	48,026.0
Equity accounted assets	-	-	-	183.0	183.0	-	183.0
Total assets	17,345.9	16,579.0	3,370.6	225.8	37,521.3	9,591.0	48,209.0
<b>Liabilities</b>							
Total liabilities	18,944.1	7,234.0	6,777.5	768.2	33,723.8	11,494.9	45,218.7

## 2.4.6 Lending

	As at Jun-09 \$m	As at Jun-08 \$m	Change \$m	%	As at Jun-09 \$m	As at Dec-08 \$m	Change \$m	%
<b>Gross loan balance - by security</b>								
Residential	28,569.4	29,806.5	(1,237.1)	(4.2)	28,569.4	29,295.6	(726.2)	(2.5)
Business								
Property & business services	2,062.0	1,864.1	197.9	10.6	2,062.0	1,999.9	62.1	3.1
Retail trade	486.1	477.6	8.5	1.8	486.1	1,075.4	(589.3)	(54.8)
Agriculture, forestry & fishing	1,043.6	1,104.6	(61.0)	(5.5)	1,043.6	482.9	560.7	116.1
Construction	415.0	292.2	122.8	42.0	415.0	306.1	108.9	35.6
Accom, cafes & restaurants	208.1	209.9	(1.8)	(0.9)	208.1	325.2	(117.1)	(36.0)
Retirement	290.8	249.9	40.9	16.4	290.8	277.2	13.6	4.9
Manufacturing	183.5	183.2	0.3	0.1	183.5	258.7	(75.2)	(29.1)
Transport & storage	209.7	261.5	(51.8)	(19.8)	209.7	219.8	(10.1)	(4.6)
Health & community services	289.5	348.0	(58.5)	(16.8)	289.5	164.1	125.4	76.4
Wholesale trade	123.9	150.0	(26.1)	(17.4)	123.9	189.9	(66.0)	(34.8)
Cultural & recreational services	56.6	41.9	14.7	35.1	56.6	93.9	(37.3)	(39.7)
Finance & insurance	161.3	109.6	51.7	47.1	161.3	135.6	25.7	19.0
Personal & other services	159.9	167.3	(7.4)	(4.4)	159.9	53.1	106.8	201.1
Education	26.5	26.2	0.3	1.2	26.5	25.6	0.9	3.5
Communication services	19.2	19.8	(0.6)	(3.2)	19.2	21.1	(1.9)	(9.0)
Other	397.9	243.1	154.8	63.7	397.9	342.3	55.6	16.2
Total business	6,133.6	5,748.9	384.7	6.7	6,133.6	5,970.8	162.8	2.7
Margin lending	3,329.9	3,767.1	(437.2)	(11.6)	3,329.9	2,125.1	1,204.8	56.7
Unsecured	707.1	741.2	(34.1)	(4.6)	707.1	725.9	(18.8)	(2.6)
Other	183.1	194.5	(11.4)	(5.9)	183.1	251.4	(68.3)	(27.2)
Total gross loan balance	38,923.1	40,258.3	(1,335.2)	(3.3)	38,923.1	38,368.8	554.3	1.4
<b>Gross Loan balance - by purpose</b>								
Residential	26,348.0	27,757.2	(1,409.2)	(5.1)	26,348.0	27,340.3	(992.3)	(3.6)
Consumer	3,682.9	3,508.5	174.4	5.0	3,682.9	3,426.7	256.2	7.5
Margin lending	3,329.9	3,767.1	(437.2)	(11.6)	3,329.9	2,125.1	1,204.8	56.7
Commercial	5,562.3	5,225.5	336.8	6.4	5,562.3	5,476.7	85.6	1.6
Total gross loan balance	38,923.1	40,258.3	(1,335.2)	(3.3)	38,923.1	38,368.8	554.3	1.4
<b>Loans under management (gross balance)</b>								
On-balance sheet	38,923.1	40,258.3	(1,335.2)	(3.3)	38,923.1	38,368.8	554.3	1.4
Off-balance sheet loans under management	571.3	639.5	(68.2)	(10.7)	571.3	629.1	(57.8)	(9.2)
STL Common Funds	1,273.0	2,022.7	(749.7)	(37.1)	1,273.0	1,657.4	(384.4)	(23.2)
Total Group loans under management	40,767.4	42,920.5	(2,153.1)	(5.0)	40,767.4	40,655.3	112.1	0.3

**Loans under management** represents the gross balance of loans managed by the group:

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

*Off-balance sheet loans* under management includes the gross balance of off-balance sheet loans managed by Adelaide Managed Funds, a wholly-owned subsidiary of Bendigo and Adelaide Bank Limited.

*STL Common Funds* is the gross balance of loans in these funds, which are managed by Sandhurst Trustees Limited, a wholly-owned subsidiary of Bendigo and Adelaide Bank Limited.

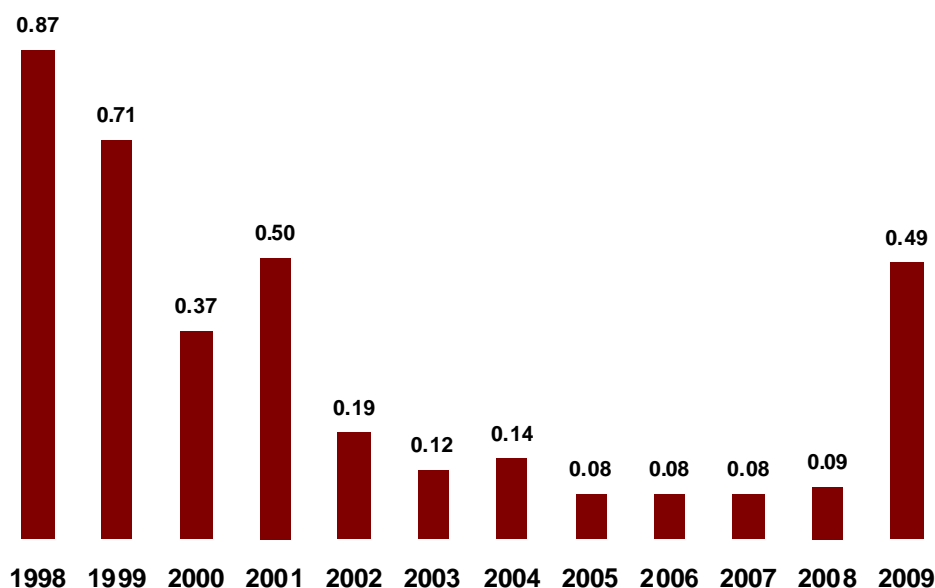
## 2.4.7 Asset Quality

	As at Jun-09 \$m	As at Jun-08 \$m	Change \$m	%	As at Jun-09 \$m	As at Dec-08 \$m	Change \$m	%
<b>Impaired loans</b>								
Full-performing	1.3	0.5	0.8	160.0	1.3	0.3	1.0	333.3
Part-performing	2.1	-	2.1	100.0	2.1	1.4	0.7	50.0
Non-performing - property development	54.9	7.3	47.6	652.1	54.9	51.9	3.0	5.8
- other	165.3	51.6	113.7	220.3	165.3	85.1	80.2	94.2
Restructured loans	7.4	-	7.4	100.0	7.4	0.1	7.3	7,300.0
<b>Total impaired assets</b>	<b>231.0</b>	<b>59.4</b>	<b>171.6</b>	<b>288.9</b>	<b>231.0</b>	<b>138.8</b>	<b>92.2</b>	<b>66.4</b>
Less: Specific provisions	(67.7)	(21.6)	(46.1)	(213.4)	(67.7)	(40.5)	(27.2)	(67.2)
<b>Net impaired assets</b>	<b>163.3</b>	<b>37.8</b>	<b>125.5</b>	<b>332.0</b>	<b>163.3</b>	<b>98.3</b>	<b>65.0</b>	<b>66.1</b>
<b>Past due 90 days</b>								
Well secured	322.4	277.3	45.1	16.3	322.4	397.5	(75.1)	(18.9)
Portfolio facilities	3.3	1.9	1.4	73.7	3.3	4.1	(0.8)	(19.5)
<b>Ratios</b>								
Gross impaired to gross loans	0.59%	0.15%	0.44%	293.3	0.59%	0.36%	0.23%	63.9
Gross impaired (excl prop develop) to gross loans	0.45%	0.13%	0.32%	246.2	0.45%	0.23%	0.22%	95.7
Gross impaired to total assets	0.49%	0.12%	0.37%	308.3	0.49%	0.29%	0.20%	69.0
Gross impaired assets (excl prop develop) to total assets	0.37%	0.11%	0.26%	236.4	0.37%	0.18%	0.19%	105.6
Net impaired to gross loans	0.42%	0.09%	0.33%	366.7	0.42%	0.26%	0.16%	61.5
Net impaired (excl prop develop) to gross loans	0.28%	0.08%	0.20%	250.0	0.28%	0.12%	0.16%	133.3
Provision coverage	86%	227%	(141%)	(62.1)	86%	113%	(27%)	(23.9)

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

Excluding a small number of problem loans in the commercial property sector, credit quality remains generally sound across the group. 90-day arrears are showing an improving trend across the residential mortgages, consumer and commercial portfolios (excluding Great Southern). Credit quality in the margin lending portfolio remains excellent.

### Gross impaired/total assets %



## 2.4.8 Bad and Doubtful Debts

	Jun-09 \$m	Jun-08 \$m	Change \$m	%	Six months ending			
					Jun-09 \$m	Dec-08 \$m	Change \$m	%
<b>Expense:</b>								
Prov'n doubtful debts - expense	65.0	16.6	48.4	291.6	56.0	9.0	47.0	522.2
Bad debts expense	21.2	9.1	12.1	133.0	2.4	18.8	(16.4)	(87.2)
Total bad and doubtful debts expense	86.2	25.7	60.5	235.4	58.4	27.8	30.6	110.1
Less : Bad debts recovered	5.9	2.6	3.3	126.9	5.9	2.3	3.6	156.5
Bad and doubtful debts net of recoveries	80.3	23.1	57.2	247.6	52.5	25.5	27.0	105.9
<b>Balances:</b>								
	As at Jun-09 \$m	As at Jun-08 \$m	Change \$m	%	As at Jun-09 \$m	As at Dec-08 \$m	Change \$m	%
Provision for doubtful debts - specific	67.7	22.1	45.6	206.3	67.7	41.0	26.7	65.1
Provision for doubtful debts - collective	44.3	36.8	7.5	20.4	44.3	37.1	7.2	19.4
General reserve for credit losses	86.1	76.2	9.9	13.0	86.1	78.8	7.3	9.3
Total provision/reserve doubtful debts	198.1	135.1	63.0	46.6	198.1	156.9	41.2	26.3
<b>Ratios:</b>								
Loan write-offs to average assets	0.07%	0.02%	0.05%	250.0	0.13%	0.05%	0.08%	61.5
Loan write-offs to gross loans	0.09%	0.02%	0.07%	350.0	0.15%	0.04%	0.11%	74.1
Total provision/reserve for doubtful debts to gross loans	0.51%	0.34%	0.17%	50.0	0.51%	0.41%	0.10%	19.6
Collective provision (adjusted for tax) & GRCL to risk-weighted assets *	0.54%	0.51%	0.03%	5.9	0.54%	0.51%	0.03%	5.6

\* From 31 May 2009 the risk-weighted assets of Elders Rural Bank are required by APRA to be included in the risk-weighted assets of the Bendigo and Adelaide Bank Group. As such the equity accounted GRCL and the tax adjusted collective provisions of Elders Rural Bank are included in the calculation of this ratio.

The balances of the components of provision for doubtful debts are:

	Jun-09 \$m	Jun-08 \$m	Movement \$m
Specific provisions	67.7	22.1	45.6
Collective provision	44.3	36.8	7.5
General reserve for credit losses (GRCL)	86.1	76.2	9.9
Total balance in provisions for doubtful debts	198.1	135.1	63.0

The movement in provisions comprise:

	Specific	Collective	Gen res cr losses	Total
Balance at June 2008	22.1	36.8	76.2	135.1
Bad & doubtful debts expense to profit and loss	78.7	7.5	-	86.2
Bad debts written off	(33.1)	-	-	(33.1)
Appropriation of movement in general reserve for credit losses	-	-	9.9	9.9
Balance acquired in business combination	-	-	-	-
Balance at June 2009	67.7	44.3	86.1	198.1

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

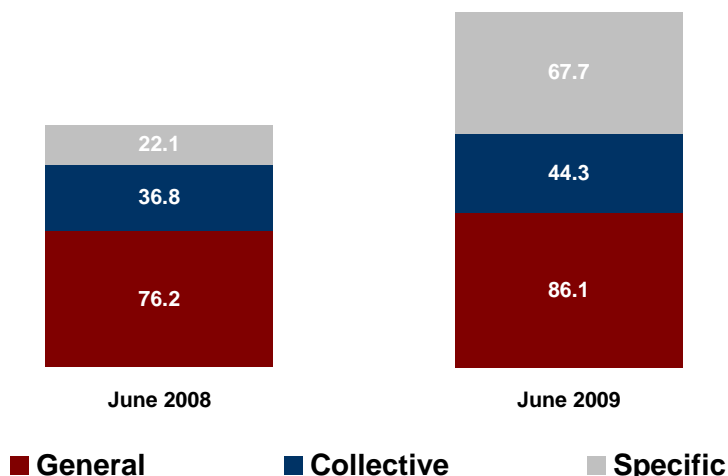
Bad debts previously provided for	29.5
Other Bad debts	3.6
	<u>33.1</u>

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  
 \$mil**



At 30 June 2009 there are a total of \$24.5 million of specific and collective provisions relating to loans which form the Great Southern portfolio, \$20.2 million of which were raised at balance date.

BEN's exposure to borrowers in Great Southern Managed Investment Schemes is approximately \$550m, spread across 8,200 growers. These loans are full-recourse to each individual borrower, with an average exposure of less than \$70,000 and are spread across every state and territory of Australia. The Great Southern portfolio represents less than 1.5 per cent of the total Bendigo and Adelaide Bank asset base.

The increase in the remainder of specific provisions is due primarily to deterioration in asset values in the commercial property sector, and the effect this has had on the performance of a small number of loans held by the bank.

## 2.4.9 Deposits and Funds under Management

	As at Jun-09 \$m	As at Jun-08 \$m	Change \$m	%	As at Jun-09 \$m	As at Dec-08 \$m	Change \$m	%
<i>Deposits and funds under management</i>								
Deposits	31,895.8	31,404.9	490.9	1.6	31,895.8	32,844.7	(948.9)	(2.9)
Securitisation	9,974.5	11,292.2	(1,317.7)	(11.7)	9,974.5	9,883.3	91.2	0.9
Managed funds	4,491.3	6,650.5	(2,159.2)	(32.5)	4,491.3	4,452.9	38.4	0.9
Total deposits and funds under management	46,361.6	49,347.6	(2,986.0)	(6.1)	46,361.6	47,180.9	(819.3)	(1.7)
<i>Retail deposits and funds under management</i>								
Retail deposits	28,552.4	23,640.9	4,911.5	20.8	28,552.4	27,179.8	1,372.6	5.1
Managed funds	4,491.3	6,650.5	(2,159.2)	(32.5)	4,491.3	4,452.9	38.4	0.9
Total retail deposits and funds under management	33,043.7	30,291.4	2,752.3	9.1	33,043.7	31,632.7	1,411.0	4.5
<i>Deposits dissection - \$m</i>								
Retail	28,552.4	23,640.9	4,911.5	20.8	28,552.4	27,179.8	1,372.6	5.1
Securitisation	9,974.5	11,292.2	(1,317.7)	(11.7)	9,974.5	9,883.3	91.2	0.9
Wholesale - domestic	2,652.6	6,306.2	(3,653.6)	(57.9)	2,652.6	4,892.1	(2,239.5)	(45.8)
Wholesale - offshore	690.8	1,457.8	(767.0)	(52.6)	690.8	772.8	(82.0)	(10.6)
Total deposits	41,870.3	42,697.1	(826.8)	(1.9)	41,870.3	42,728.0	(857.7)	(2.0)
<i>Deposits dissection (excluding securitisation) - %</i>								
Retail	89.5%	75.3%	14.2%	18.9	89.5%	82.8%	6.7%	8.1
Wholesale - domestic	8.3%	20.1%	(11.8%)	(58.7)	8.3%	14.9%	(6.6%)	(44.3)
Wholesale - offshore	2.2%	4.6%	(2.4%)	(52.2)	2.2%	2.3%	(0.1%)	(4.3)
Total deposits excluding securitisation	100.0%	100.0%	-	-	100.0%	100.0%	-	-
<i>Managed funds dissection</i>								
Assets under management	2,420.4	4,827.9	(2,407.5)	(49.9)	2,420.4	2,820.3	(399.9)	(14.2)
Investment and superannuation funds	2,070.9	1,822.6	248.3	13.6	2,070.9	1,632.6	438.3	26.8
Total managed funds	4,491.3	6,650.5	(2,159.2)	(32.5)	4,491.3	4,452.9	38.4	0.9

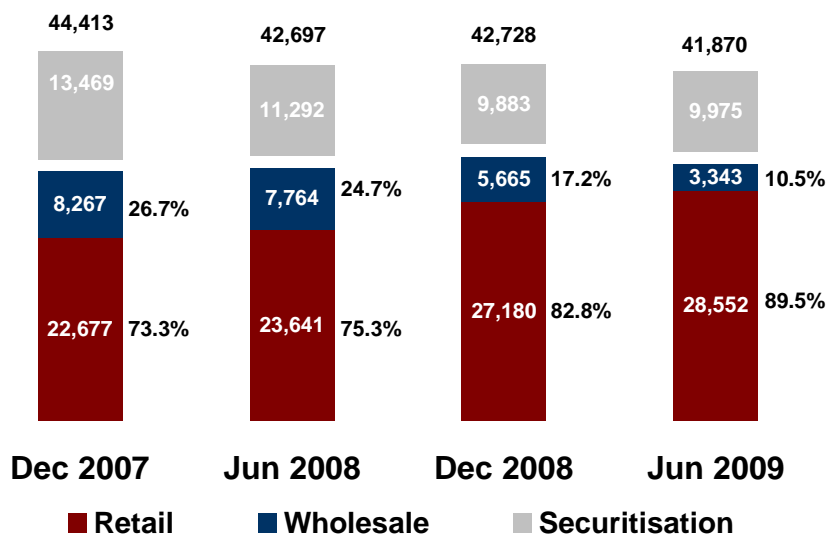
**Assets under management** includes those funds deposited into the Sandhurst Trustees Limited Common Funds, which are invested in cash and mortgage investments on behalf of the investors. These funds are off-balance sheet.

**Investment and superannuation funds** are funds deposited for investment in managed investment schemes and superannuation funds, including funds managed by Adelaide Managed Funds.

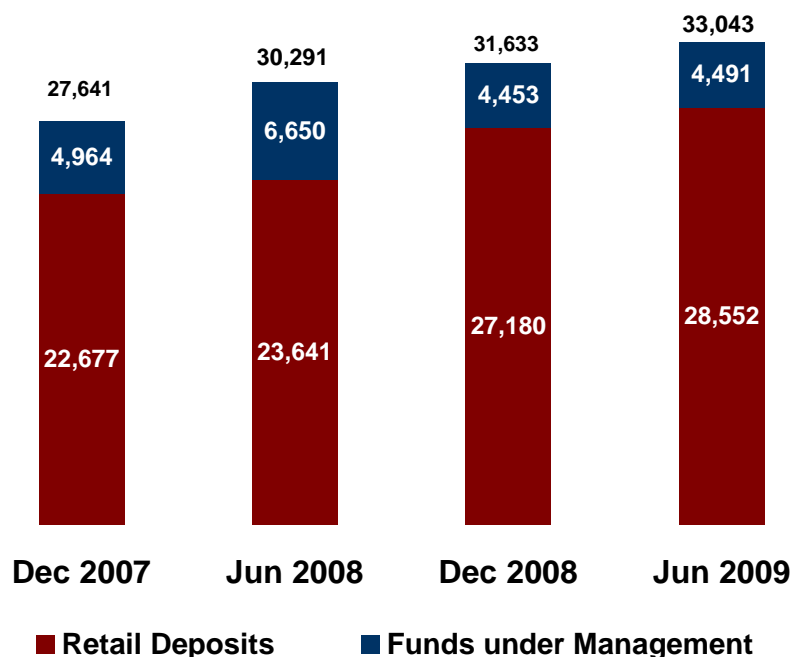
Retail deposits increased by \$4.9 billion, or 20.8% to \$28.5 billion over the previous 12 months. The group's retail deposit base remains strong at 89.5% of on-balance sheet funding.

The Bendigo Bank Community Bank® network continues to drive superior franchise growth and above system deposit generation, while the relative immaturity of this network means there is years of latent growth to be harnessed by the bank.

**Funding mix  
 \$mil**



**Retail deposits and funds under management  
 \$mil**



Retail deposits increased by \$4.9 billion or 20.8% to \$28.5 billion over the 12 months.

Wholesale deposits decreased by \$4.4 billion or 56.9% to \$3.3 billion over the 12 months.

Securitisation decreased by \$1.3 billion or 11.7% to \$10.0 billion over the 12 months.

The group's retail deposit base remains strong at 89.5% of deposits (excluding securitisation).

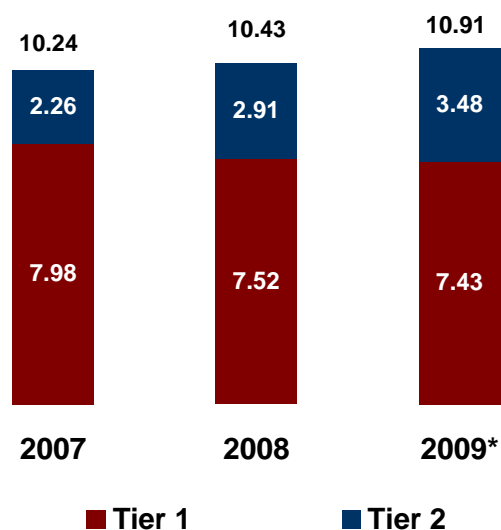
## 2.4.10 Capital and shareholder returns

### 2.4.10.1 Assets and capital

	As at Jun-09 \$m	As at Jun-08 \$m	Change \$m	%	As at Jun-09 \$m	As at Dec-08 \$m	Change \$m	%
Group assets	47,114.2	48,049.0	(934.8)	(1.9)	47,114.2	48,209.0	(1,094.8)	(2.3)
Capital adequacy								
Total qualifying capital	2,634.4	2,068.4	566.0	27.4	2,634.4	2,225.5	408.9	18.4
Risk-weighted assets	24,155.0	19,820.8	4,334.2	21.9	24,155.0	20,644.5	3,510.5	17.0
Risk-weighted capital adequacy	10.91%	10.43%	0.48%	4.6	10.91%	10.78%	0.13%	1.2
- Tier 1	7.43%	7.52%	(0.09%)	(1.2)	7.43%	7.99%	(0.56%)	(7.0)
- Tier 2	3.48%	2.91%	0.57%	19.6	3.48%	2.79%	0.69%	24.7
Net tangible assets per fully paid ordinary share	\$4.03	\$5.60	(\$1.57)	(28.0)	\$4.03	\$4.19	(\$0.16)	(3.8)
Number of fully paid ordinary shares on issue - 000's	308,243	274,678	33,565	12.2	308,243	296,479	11,764	4.0
Total equity	3,118.7	3,297.9	(179.2)	(5.4)	3,118.7	2,990.3	128.4	4.3

### 2.4.10.2 Capital adequacy

#### Capital adequacy %



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

\* On 7 May 2009 Bendigo and Adelaide Bank Limited increased its shareholding in Elders Rural Bank from 50% to 60%. As at 30 June 2009 the joint venture remains subject to a shareholder agreement which results in Bendigo and Adelaide Bank Limited being required to continue equity accounting for this investment. The shareholder agreement is currently subject to review. APRA has required the preparation of consolidated capital returns and these figures have been prepared on this basis.

### 2.4.10.3 Shareholder returns

	Jun-09	Jun-08	Change	%	Six months ending			
					Jun-09	Dec-08	Change	%
Cash basis earnings per ordinary share (weighted average)-cents	62.9	111.1	(48.2)	(43.4)	22.9	40.7	(17.8)	(43.7)
Earnings per ordinary share (weighted average)-cents	25.6	87.7	(62.1)	(70.8)	9.7	16.2	(6.5)	(40.1)
Diluted earnings per ordinary share (weighted average)-cents	25.6	87.6	(62.0)	(70.8)	9.7	16.2	(6.5)	(40.1)
Weighted number of ordinary shares used in basic and cash basis EPS calculations - 000's	289,779	215,528	74,251	34.5	305,279	276,144	29,135	10.6
Weighted number of ordinary shares used in diluted EPS calculations - 000's	290,209	215,823	74,386	34.5	305,709	276,574	29,135	10.5
Cash basis return on average ordinary equity	5.82%	12.29%	(6.47%)	(52.6)	4.35%	8.06%	(3.71%)	(46.0)
After tax return on average ordinary equity	2.37%	9.70%	(7.33%)	(75.6)	1.84%	3.60%	(1.76%)	(48.9)
After tax before significant items return on average ordinary equity	5.22%	11.50%	(6.28%)	(54.6)	3.77%	7.45%	(3.68%)	(49.4)
After tax return on average assets	0.17%	0.61%	(0.44%)	(72.1)	0.14%	0.25%	(0.11%)	(44.0)
After tax before significant items return on average assets	0.36%	0.72%	(0.36%)	(50.0)	0.27%	0.49%	(0.22%)	(44.9)

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 significant items after tax, intangibles amortisation (except intangible software amortisation), loan portfolio premium amortisation, dividends on preference shares and movements in general reserve for credit losses.

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

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

After tax return on average assets uses profit after tax.

#### 2.4.10.4 Dividends

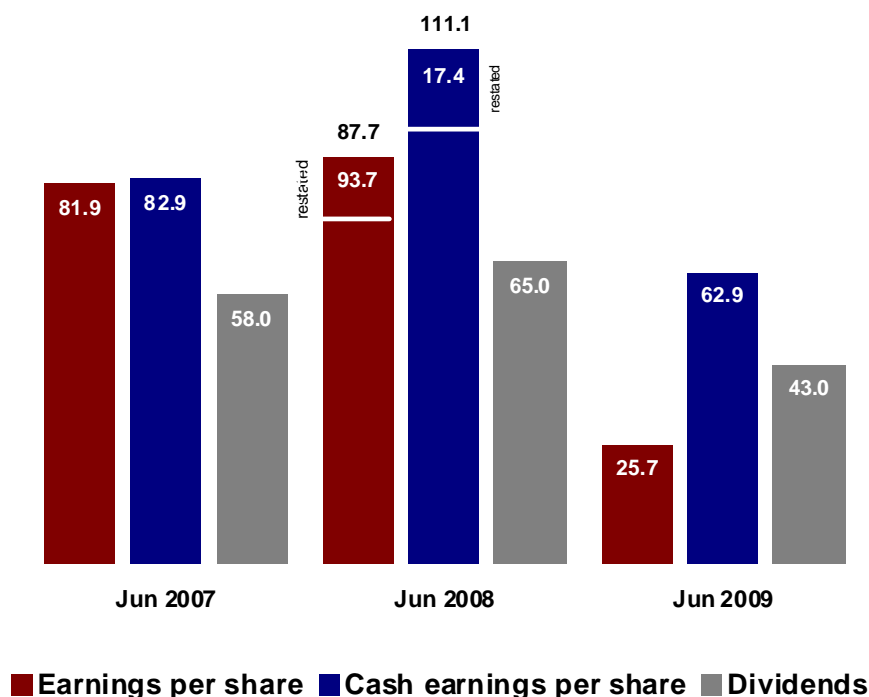
	Full year				Six months ending			
	Jun-09	Jun-08	Change	%	Jun-09	Dec-08	Change	%
<b>Dividends</b>								
Dividend per share - cents	43.0	65.0	(22.0)	(33.8)	15.0	28.0	(13.0)	(46.4)
Dividend amount payable - \$m	126.9	171.2	(44.3)	(25.9)	45.1	81.8	(36.7)	(44.9)
Payout ratio - earnings per ordinary share *	168.0%	74.1%	93.9%	126.7	154.6%	172.8%	(18.2%)	(10.5)
Payout ratio - cash basis earnings per ordinary share	68.4%	58.5%	9.9%	16.9	65.5%	68.8%	(3.3%)	(4.8)

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

\* Directors announced a final dividend of 15 cents per share (fully franked), taking the total dividend for the financial year to 43 cents per share. The final dividend has been declared taking into account the profit restated into the prior reporting period retained earnings as a result of completion of acquisition accounting as required by accounting standards.

#### 2.4.10.5 Earnings per ordinary share

cents



The reduction in cash earnings per share is a function of the deterioration in trading conditions during the reporting period, substantial increase in the average number of shares on offer, and the additional specific and collective provisions that were announced to the market on August 4, 2009.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Stock Exchange over the 10 trading days following the Record Date at a discount of 2.5%. Shares issued under this Plan rank equally with all other ordinary shares.

### Bonus Share Scheme

The Bonus Share Scheme provides shareholders with the opportunity to elect to receive a number of bonus shares issued for no consideration instead of receiving a dividend. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Stock Exchange over the 10 trading days following the Record Date. 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 2009 final dividend is 2 September 2009.

## 2.5 Additional notes

### 2.5.1 Analysis of intangible assets

	Balance sheet - carrying value	Full year amortisation/ impairment expense	
	Jun-09 \$m	Jun-09 \$m	Jun-08 \$m
Goodwill	1,433.0	-	4.0
Trustee licence	8.4	-	-
Software	28.7	6.5	6.3
Customer list (Oxford Funding)	0.2	0.5	0.8
Core deposits (Adelaide Bank)	72.8	16.3	9.6
Trade name (Adelaide Bank)	18.0	4.3	2.4
Customer relationship (Adelaide Bank)	23.6	3.6	2.1
Management rights (Adelaide Bank)	13.7	1.0	0.6
Software uplift (Adelaide Bank)	0.5	0.5	0.4
	<u>1,598.9</u>	<u>32.7</u>	<u>26.2</u>

## 2.5.2 Investments accounted for using the equity method

Name	Ownership	
	interest held by	
	consolidated entity	
	2009	2008
	%	%
Elders Rural Bank Ltd <sup>(1)</sup>	60.0	50.0
Tasmanian Banking Services Ltd	50.0	50.0
Community Sector Enterprises Pty Ltd	50.0	50.0
Homesafe Solutions Pty Ltd	50.0	50.0
Silver Body Corp Fin Serv Pty Ltd	50.0	50.0
Community Telco Australia Pty Ltd	50.0	50.0
Strategic Payments Services Pty Ltd	33.3	33.3

<sup>(1)</sup> The Elders Rural Bank joint venture is subject to a shareholders agreement. This agreement has not yet changed to reflect the change of ownership and therefore, for accounting purposes only, the control test has not been met as at 30 June 2009 and as a result we have equity accounted for this entity.

### (i) Principal activities of associated companies

Elders Rural Bank Ltd - financial services  
 Tasmanian Banking Services Ltd - financial services  
 Community Sector Enterprises Pty Ltd - financial services  
 Homesafe Solutions Pty Ltd - financial services  
 Silver Body Corporate Financial Services Pty Ltd - financial services  
 Community Telco Australia Pty Ltd - telecommunication services  
 Strategic Payments Services Pty Ltd - payment processing services

All associate companies are incorporated in Australia, and have a balance date of 30 June 2009.

### (ii) Share of associates' revenue and profits

	2009	2008
	\$ m	\$ m
Share of associates':		
- Profit before income tax	30.9	26.4
- Income tax expense	10.3	9.2
- Profit after income tax	20.6	17.2
Share of associates' operating profits after income tax:		
- Elders Rural Bank Ltd	22.9	20.8
- Tasmanian Banking Services Ltd	0.9	1.0
- Community Sector Enterprises Pty Ltd	(0.4)	0.5
- Homesafe Solutions Pty Ltd	(0.5)	(0.7)
- Silver Body Corporate Financial Services Pty Ltd	0.2	0.2
- Community Telco Australia Pty Ltd	(1.2)	(1.9)
- Strategic Payments Services Pty Ltd	(1.3)	(2.7)
	20.6	17.2



### 2.5.3 Average balance sheets and related interest

#### For the twelve month period ended 30 June 2009

	Note	Average Balance \$ m	Interest 12 mths \$ m	Average Rate %
<b>Average balances and rates</b>				
<b>Interest earning assets</b>				
Cash and investments		6,125.4	303.2	4.95
Loans and other receivables - company		33,201.9	2,514.0	7.57
Loans and other receivables - alliances		6,008.7	396.2	6.59
Total interest earning assets	2	45,336.0	3,213.4	7.09
<b>Non interest earning assets</b>				
Provisions for doubtful debts		(76.2)		
Other assets		3,185.7		
		<u>3,109.5</u>		
Total assets (average balance)		<u>48,445.5</u>		
<b>Interest bearing liabilities</b>				
Deposits				
Retail - company		18,802.7	990.5	5.27
Retail - alliances		8,177.8	462.3	5.65
Wholesale - domestic		4,803.4	354.6	7.38
Wholesale - offshore		981.1	68.5	6.98
Notes payable		10,235.3	654.1	6.39
Reset preference shares		89.5	5.6	6.26
Subordinated debt		652.5	42.8	6.56
Total interest bearing liabilities	2	43,742.3	2,578.4	5.89
<b>Non interest bearing liabilities and equity</b>				
Other liabilities		1,654.0		
Equity		3,049.2		
		<u>4,703.2</u>		
Total liabilities and equity		<u>48,445.5</u>		
<b>Interest margin and interest spread</b>				
Interest earning assets		45,336.0	3,213.4	7.09
Interest bearing liabilities		(43,742.3)	(2,578.4)	(5.89)
Net interest income and interest spread	3		635.0	1.20
Net free liabilities				0.20
Net interest margin	4			1.40
<b>Impact of community bank/alliances profit share arrangements</b>				
Net interest margin before community bank/alliances share of net interest income				1.66
Less impact of community bank/alliances share of net interest income				0.26
Net interest margin				1.40

1 Average balance is based on monthly closing balances from 30 June 2008 through 30 June 2009 inclusive.

2 Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$58.7m 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 Interest margin is the net interest income as a percentage of average interest earning assets.

#### 2.5.4 Credit ratings

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

On 9 April 2008, Moody's Investors Service assigned a bank financial strength rating of C to Bendigo and Adelaide Bank Limited. Moody's also affirmed a long term rating at A2, short term rating at P-1, with a stable outlook. Moody's commented 'the rating reflects the combined bank's diversified business profile and stable retail franchise, which includes an important retail deposit base'.

On 21 April 2009, Standard & Poor's Ratings Servicers re-affirmed the long term rating at BBB+, short term rating at A-2, with the outlook remaining at stable. Standard and Poor's commented that 'the counterparty credit ratings on Bendigo and Adelaide Bank Ltd reflect the bank's branded model and a strong business and good geographic diversity'.

On 20 March 2009, Fitch Ratings, the international ratings agency re-affirmed Bendigo and Adelaide Bank Limited's long term rating at BBB+, short term rating at F2, its support rating of '3', and the bank's Support Rating floor of 'BB', with a Stable outlook. Fitch commented 'Bendigo and Adelaide Bank's ratings reflect its solid position in the retail and SME banking markets in Australia, generally conservative risk management practices and adequate capitalisation'. Fitch Ratings reaffirmed this view on 14 July 2009.

## 2.5.5 Issued capital

### Changes to issued and quoted securities during the period

	Number of Shares	\$m
<b>Ordinary Shares</b>		
<b>Fully paid ordinary shares at 30 June 2008</b>	274,678,383	2,706.3
<b>Shares issued:</b>		
September 2008 - Dividend Reinvestment Plan at \$11.01	2,472,153	27.2
September 2008 - Bonus Share Scheme (in lieu of dividend payment) at \$11.01	262,362	-
December 2008 - Share Purchase Plan at \$10.00	19,069,629	190.7
January 2009 - Employee Share Plan at \$10.78	762,104	8.2
February 2009 - Preference share conversions at \$9.39	2,130,339	20.0
March 2009 - Preference share conversions at \$5.98	3,343,355	20.0
March 2009 - Dividend Reinvestment Plan at \$6.13	3,538,902	21.7
March 2009 - Bonus Share Scheme (in lieu of dividend payment) at \$6.13	329,948	-
April 2009 - Preference share conversions at \$7.24	1,656,461	12.0
Share issue costs		(2.2)
<b>Fully paid ordinary shares at 30 June 2009</b>	<b><u>308,243,636</u></b>	<b><u>3,003.9</u></b>
<b>Preference Shares</b>		
Preference shares of \$100 face value (fully paid) at 30 June 2008	900,000	88.5
Preference shares of \$100 face value (fully paid) at 30 June 2009	<b><u>900,000</u></b>	<b><u>88.5</u></b>
<b>Step Up Preference Shares</b>		
Preference shares of \$100 face value (fully paid) at 30 June 2008	1,000,000	100.0
Preference shares of \$100 face value (fully paid) at 30 June 2009	<b><u>1,000,000</u></b>	<b><u>100.0</u></b>