



Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Appendix 4E: Preliminary Final Report

For the year ended
30 June 2012

Released 20 August 2012

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 2012
 Previous corresponding period - twelve months ended: 30 June 2011

1.2 Results for announcement to the market

				\$m
Income from operations	down	1.9%	to	1,212.9
Profit after tax attributable to members	down	43.0%	to	195.0
Net profit after tax attributable to members	down	43.0%	to	195.0

Dividends – current year	Amount per security
Final Dividend – 2012, fully franked Payable 28 September 2012 Record date for determining entitlements for final dividend – 29 August 2012	30.0 cents
Interim Dividend – 2012, fully franked Paid 30 March 2012	30.0 cents

Dividends – previous year	Amount per security
Final Dividend – 2011, fully franked Paid 30 September 2011	30.0 cents
Interim Dividend – 2011, fully franked Paid 31 March 2011	30.0 cents

1.3 Cash earnings results

Cash earnings attributable to members	down	3.9%	to	\$323.0 m
Cash earnings per share	down	8.7%	to	84.2 cents
See Note 2.3 for full details				

1.4 Net tangible assets per ordinary share

Refer to page 38.

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

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

1 March 2012 – 100% ownership of Bank of Cyprus Australia Limited (BOCAL) became effective. Bank of Cyprus Australia is now a wholly owned subsidiary of Bendigo and Adelaide Bank Limited.

The information contained in this report includes the results of Bank of Cyprus Australia Limited from 1 March 2012, the date control was gained.

1.6 Details of individual and total dividends

Refer to page 32.

1.7 Details of any dividend or distribution reinvestment plans in operation

Refer to page 33.

1.8 Details of associates and joint venture entities

Refer to page 35.

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: 29 October 2012
Time: 11.30 am (Eastern Daylight Saving Time)

And at

Place: The Intercontinental Adelaide, North Terrace, Adelaide
Date: 29 October 2012
Time: 11.00 am (Central Daylight Saving Time)

1.12 Subsequent events

On the 9th August 2012 Bendigo and Adelaide Bank Group announced the sale of its 7.8% stake in IOOF. The sale will improve statutory earnings by approximately \$40m and Tier One capital will increase by approximately 13 basis points. There will be a reduction of dividend income received for the financial year 2013 of approximately \$7.5m. For further information please refer to our ASX release on the 9th August 2012.

The Bank recently completed the sale of a portfolio of subordinated notes it held in existing Torrens securitisation trusts. BEN had previously deducted capital against these holdings to the value of approximately \$90m. This sale eliminates the need for this deduction and increases Tier One capital by 29 basis points. There will be a loss on sale of these investments of \$12.4m recorded for the financial year 2013.

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

This Appendix 4E: Preliminary Final Report should be read in conjunction with the media release on 20 August 2012.

2. Full Year Results

2.1 Financial highlights

	2011-12			2010-11			Change	
	2011-12	2011-12	Total	2010-11	2010-11	Total	Full Year 2011 to Full Year 2012	%
	1 st Half	2 nd Half *		1 st Half	2 nd Half			
	\$m	\$m	\$m	\$m	\$m	\$m		
Profit after tax attributable to parent	57.9	137.1	195.0	173.9	168.2	342.1	(147.1)	(43.0)
Profit after tax and before specific items	157.4	154.6	312.0	156.3	168.9	325.2	(13.2)	(4.1)
Cash earnings	162.6	160.4	323.0	162.1	174.1	336.2	(13.2)	(3.9)
Net interest income	475.1	469.0	944.1	461.3	473.9	935.2	8.9	1.0
Non-interest income (before specific items)	132.5	149.3	281.8	158.5	139.7	298.2	(16.4)	(5.5)
Expenses (before specific items)	367.5	384.2	751.7	371.9	363.6	735.5	16.2	2.2
Retail deposits	38,567.3	40,663.0	40,663.0	35,481.3	36,690.9	36,690.9	3,972.1	10.8
Ordinary equity	4,001.1	4,109.1	4,109.1	3,787.7	3,866.8	3,866.8	242.3	6.3
Funds under management	3,086.8	3,089.9	3,089.9	3,225.4	3,224.1	3,224.1	(134.2)	(4.2)
Loans under management	48,057.6	49,989.0	49,989.0	46,321.8	47,845.0	47,845.0	2,144.0	4.5
New loan approvals	6,476.9	6,188.7	12,665.6	7,048.1	6,837.4	13,885.5	(1,219.9)	(8.8)
Residential	4,654.0	4,206.7	8,860.7	4,887.6	4,759.7	9,647.3	(786.6)	(8.2)
Non-residential	1,822.9	1,982.0	3,804.9	2,160.5	2,077.7	4,238.2	(433.3)	(10.2)

	2011-12			2010-11			Change	
	2011-12	2011-12	Full year total	2010-11	2010-11	Full year total	Full Year 2011 to Full Year 2012	%
	1 st Half	2 nd Half		1 st Half	2 nd Half			
Cost to income ratio	58.2%	59.8%	59.1%	57.7%	57.0%	57.4%	1.7	3.0
Earnings per ordinary share – cents	14.5	33.5	48.6	46.7	44.8	91.5	(42.9)	(46.9)
Cash basis earnings per ordinary share – cents	43.9	40.5	84.2	44.7	47.6	92.3	(8.1)	(8.7)
Dividend per share – cents	30.0	30.0	60.0	30.0	30.0	60.0	-	-

*The 2011-12 2nd half results include the trading results of Bank of Cyprus Australia Limited (100% owned and controlled) from 1 March 2012.

2.2 Results at a glance

2.2.1 Financial performance

Bendigo and Adelaide Bank Ltd announced a statutory profit after tax of \$195.0 million for the 12 months ending 30 June 2012, a 43.0% decrease on the corresponding period. The cash earnings result is \$323.0 million for the 12 months ending 30 June 2012, a 3.9% decrease on the prior corresponding period.

	Further detail
- Statutory earnings per ordinary share of 48.6 cents (Jun-11 91.5 cents), a decrease of 46.9%.	2.3.1
- Statutory return on average ordinary equity is 4.84% (Jun-11 8.99%).	2.4.10.2
- Profit before income tax and specific items was \$441.8 million (Jun-11 \$453.7 million), a decrease of 2.6% (see note 2.4.1.1 for specific item details).	2.4.1
- Profit after income tax before specific items was \$312.0 million (Jun-11 \$325.2 million), a decrease of 4.1% (see note 2.4.1.1 for specific item details).	2.4.1
- Cash basis earnings per ordinary share of 84.2 cents (Jun-11 92.3 cents), a decrease of 8.7%.	2.4.10.2
- Cash basis earnings return on average ordinary equity was 8.36% (Jun-11 9.07%).	2.4.10.2
- Cash basis earnings return on average tangible equity was 14.05% (Jun-11 16.88%).	2.4.10.2
- Net interest income increased by 1.0% to \$944.1 million with an interest margin before payments to community banks and alliances decreasing from 2.17% to 2.10%. Net of these payments, interest margin decreased 7 basis points from 1.84% in June 2011 to 1.77% in the 12 months to June 2012. Refer to 2.4.2 for further analysis.	2.5.3
- Non-interest income before specific items was \$281.8 million (Jun-11 \$298.2 million), a decrease of 5.5%.	2.4.3
- Expenses before specific items increased by 2.2% to \$751.7 million compared to June 2011. The cost to income ratio was 59.1% compared to 57.4% at June 2011.	2.4.4
- Bad & Doubtful debts expense was \$32.4 million (Jun-11 \$44.2 million), a decrease of 26.7%.	2.4.8

2.2.2 *Financial position*

	Further detail
- Loans under management were \$50.0 billion (Jun-11 \$47.8 billion), an increase of 4.5%.	2.4.6
- Retail deposits were \$40.7 billion (Jun-11 \$36.7 billion), an increase of 10.8%.	2.4.9
- Managed funds were \$3.1 billion (Jun-11 \$3.2 billion), a decrease of 4.2%.	2.4.9
- Total provisions and reserves for doubtful debts were \$263.2 million – an increase of \$19.0 million since June 2011. General and collective provisions were 0.53% of Group risk weighted assets.	2.4.8

2.2.3 *Dividends*

- Directors announced a final dividend of 30.0 cents per share (fully franked), taking the total dividend for the financial year to 60.0 cents per share.
- 2011/12 final dividend of 30.0 cents per fully paid ordinary share (equal to the 2010/2011 final dividend), fully franked at 30%.
- Dividend is payable on 28 September 2012 to shareholders registered on the Record Date of 29 August 2012.
- The final dividend proposed totals \$118.1 million.
- Dividends for 2011/12 total 60.0 cents (60.0 cents in 2010/11).

2.3 Financial statements

2.3.1 *Income statement*

For the year ended 30 June 2012

	Consolidated	
	2012	2011
	\$m	\$m
Income		
Net interest income		
Interest income	3,434.8	3,385.8
Interest expense	2,490.7	2,450.6
Net Interest Income	944.1	935.2
Total non interest income (2.4.3)	281.1	294.8
Share of associates net profits accounted for using the equity method (2.5.2)	0.7	3.4
Total income	1,225.9	1,233.4
Expenses		
Bad and doubtful debts (2.4.8)	32.4	44.2
Operating expenses (2.4.4)	751.7	735.5
Profit before income tax expense and specific items	441.8	453.7
Specific items before tax	(115.7)	(29.2)
Profit before income tax expense	326.1	424.5
Income tax expense	131.1	77.9
Profit after income tax expense	195.0	346.6
Net (profit)/loss attributable to non-controlling interest	-	(4.5)
Profit after income tax expense attributable to members of the parent	195.0	342.1
Adjusted for:		
Specific items after income tax expense (2.4.1.1)	117.0	(16.9)
Dividends paid on preference shares	(3.9)	(4.1)
Dividends paid on step-up preference shares	(4.6)	(4.6)
After tax intangibles amortisation (excluding amortisation of intangible software)	19.5	19.7
Cash basis earnings	323.0	336.2
Cash basis earnings per ordinary share (cents per share)	84.2	92.3
Basic earnings per ordinary share (cents per share)	48.6	91.5
Diluted earnings per ordinary share (cents per share)	47.7	86.4
Franked dividends per ordinary share (cents per share)	60.0	60.0

2.3.2 Balance sheet

As at 30 June 2012

	Consolidated	
	Jun-12	Jun-11
	2012	2011
	\$m	\$m
Assets		
Cash and cash equivalents	288.8	469.0
Due from other financial institutions	272.2	201.6
Financial assets held for trading	4,366.1	4,331.7
Financial assets available for sale - debt securities	444.8	452.1
Financial assets held to maturity	388.4	380.3
Other assets	509.7	417.0
Financial assets available for sale - equity investments	124.7	123.4
Derivatives	48.5	9.3
Loans and other receivables - investment	453.0	471.2
Loans and other receivables	48,217.0	45,938.6
Investments in joint ventures accounted for using the equity method	12.9	12.5
Property, plant and equipment	69.0	99.9
Deferred tax assets	170.2	180.2
Investment property	298.9	263.0
Assets held for sale	25.4	-
Intangible assets and goodwill	1,548.2	1,654.7
Total Assets	57,237.8	55,004.5
Liabilities		
Due to other financial institutions	327.2	215.6
Deposits	44,572.7	40,521.3
Notes payable	6,411.0	8,453.7
Derivatives	179.0	132.0
Other payables	731.8	781.2
Income tax payable	86.8	68.6
Provisions	80.7	84.5
Deferred tax liabilities	104.5	122.3
Reset preference shares	89.5	89.5
Subordinated debt - at amortised cost	436.9	575.7
Total Liabilities	53,020.1	51,044.4
Net Assets	4,217.7	3,960.1
Equity		
Equity attributable to equity holders of the parent		
Issued capital - ordinary	3,681.8	3,408.9
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	(21.3)	(24.6)
Reserves	72.2	37.8
Retained earnings	296.5	349.5
Total Equity	4,217.7	3,960.1

2.3.3 Statement of comprehensive income

For the year ended 30 June 2012

	Consolidated	
	2012	2011
	\$m	\$m
Available for sale financial assets revaluation	(9.6)	11.5
Transfer to income on sale of available for sale assets	-	(1.0)
Net gain on cash flow hedges taken to equity	47.0	95.7
Net gain/(loss) on reclassification from cash flow hedge reserve to income	(13.0)	2.6
Net unrealised (loss) on debt securities in available for sale portfolio	(1.8)	(0.3)
Actuarial gain/(loss) on superannuation defined benefits plan	(1.4)	0.3
Tax effect on items taken directly to or transferred from equity	(7.3)	(31.1)
Net income recognised directly in equity	13.9	77.7
Profit for the year	195.0	346.6
Total comprehensive income for the period	208.9	424.3
Total comprehensive income for the period attributable to:		
Non-controlling interest	-	5.8
Members of the Parent	208.9	418.5

2.3.4 Statement of changes in equity

For the year ended 30 June 2012

	Issued ordinary capital	Shares	Retained earnings	Reserves	Total	Non-controlling interest	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CONSOLIDATED							
At 1 July 2011							
Opening balance b/fwd	3,408.9	163.9	349.5	37.8	3,960.1	-	3,960.1
Acquired in business combination	-	-	-	-	-	-	-
Comprehensive income:							
Profit for the year	-	-	195.0	-	195.0	-	195.0
Other comprehensive income	-	-	(1.4)	15.3	13.9	-	13.9
Total comprehensive income for the period	-	-	193.6	15.3	208.9	-	208.9
Transactions with owners in their capacity as owners:							
Shares issued	274.8	-	-	-	274.8	-	274.8
Share issue expenses	(1.9)	-	-	-	(1.9)	-	(1.9)
Reduction in employee share ownership plan (ESOP) shares	-	3.3	-	-	3.3	-	3.3
Movement in general reserve for credit losses (GRCL)	-	-	(17.6)	17.6	-	-	-
Share based payment	-	-	-	1.5	1.5	-	1.5
Equity dividends	-	-	(229.0)	-	(229.0)	-	(229.0)
At 30 June 2012	3,681.8	167.2	296.5	72.2	4,217.7	-	4,217.7

For the year ended 30 June 2011

	Issued ordinary capital	Shares	Retained earnings	Reserves	Total	Non-controlling interest	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CONSOLIDATED							
At 1 July 2010							
Opening balance b/fwd	3,361.7	160.8	234.5	(22.3)	3,734.7	145.7	3,880.4
Acquired in business combination	-	-	-	-	-	(148.3)	(148.3)
Comprehensive income:							
Profit for the year	-	-	342.1	-	342.1	4.5	346.6
Other comprehensive income	-	-	0.3	76.1	76.4	1.3	77.7
Total comprehensive income for the period	-	-	342.4	76.1	418.5	5.8	424.3
Transactions with owners in their capacity as owners:							
Shares issued	47.2	-	-	-	47.2	-	47.2
Share issue expenses	-	-	-	-	-	-	-
Reduction in employee share ownership plan (ESOP) shares	-	3.1	-	-	3.1	-	3.1
Movement in general reserve for credit losses (GRCL)	-	-	(6.2)	6.2	-	0.1	0.1
Movement in GRCL - joint ventures	-	-	-	(1.6)	(1.6)	-	(1.6)
Share based payment	-	-	-	(20.4)	(20.4)	-	(20.4)
Equity dividends	-	-	(221.4)	-	(221.4)	(4.3)	(225.7)
Acquisition accounting amortisation unwind	-	-	-	-	-	-	-
Other	-	-	0.2	(0.2)	-	1.0	1.0
At 30 June 2011	3,408.9	163.9	349.5	37.8	3,960.1	-	3,960.1

2.3.5 Cash flow statement

For the year ended 30 June 2012

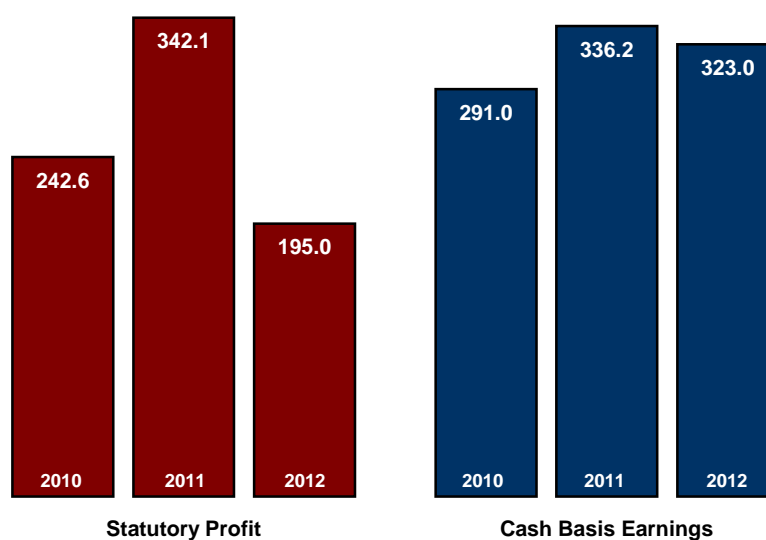
	Consolidated	
	2012	2011
	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	3,442.3	3,338.9
Interest and other costs of finance paid	(2,545.0)	(2,380.3)
Receipts from customers (excluding effective interest)	265.6	271.6
Payments to suppliers and employees	(850.5)	(655.8)
Dividends received	8.1	7.5
Income taxes paid	(120.6)	(93.8)
Net cash flows from/(used in) operating activities	<u>199.9</u>	<u>488.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property, plant and equipment	(12.1)	(14.3)
Cash proceeds from sale of property, plant and equipment	1.2	1.1
Cash paid for purchases of investment property	(44.4)	(89.4)
Cash proceeds from sale of investment property	11.0	7.2
Cash paid for purchases of intangible assets	(15.4)	(4.7)
Cash paid for purchases of equity investments	(12.0)	(3.0)
Net (increase) in balance of loans and other receivables outstanding	(929.6)	(2,841.3)
Net (increase)/decrease in balance of investment securities	208.1	(364.9)
Proceeds from return of capital	0.3	0.7
Net cash received/(paid) on acquisition of a subsidiary	(213.1)	-
Net cash flows used in investing activities	<u>(1,006.0)</u>	<u>(3,308.6)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	195.5	-
Acquisition of non-controlling interest	-	(166.6)
Net increase in balance of retail deposits	2,638.3	2,993.6
Net increase in balance of wholesale deposits	78.9	450.4
Proceeds from/(payments to) subordinated debtholders	-	259.5
Repayment of subordinated debt	(138.7)	(217.7)
Dividends paid	(149.7)	(177.4)
Dividends paid to non controlling entity	-	(14.4)
Net (decrease) in balance of notes payable	(2,040.8)	(699.7)
Repayment of ESOP shares	3.3	3.1
Payment of share issue costs	(1.9)	-
Net cash flows from financing activities	<u>584.9</u>	<u>2,430.8</u>
Net (decrease) in cash and cash equivalents	<u>(221.2)</u>	<u>(389.7)</u>
Cash and cash equivalents at the beginning of the period	<u>455.0</u>	<u>844.7</u>
Cash and cash equivalents at the end of period	<u>233.8</u>	<u>455.0</u>

2.4 Results commentary

2.4.1 Profit

	Full year ending				Six months ending			
	Jun-12 \$m	Jun-11 \$m	Change \$m	%	Jun-12 \$m	Dec-11 \$m	Change \$m	%
Profit before tax	326.1	424.5	(98.4)	(23.2)	203.2	122.9	80.3	65.3
Specific items before tax	115.7	29.2	86.5	296.2	14.3	101.4	(87.1)	(85.9)
Profit before tax and specific items	441.8	453.7	(11.9)	(2.6)	217.5	224.3	(6.8)	(3.0)
Statutory profit after tax attributable to the parent	195.0	342.1	(147.1)	(43.0)	137.1	57.9	79.2	136.8
Specific items after tax	117.0	(16.9)	133.9	792.3	17.5	99.5	(82.0)	(82.4)
Profit after tax before specific items	312.0	325.2	(13.2)	(4.1)	154.6	157.4	(2.8)	(1.8)
<i>Adjusted for:</i>								
Amortisation of acquired intangibles after tax	19.5	19.7	(0.2)	(1.0)	10.0	9.5	0.5	5.3
Distributions paid on preference shares	(3.9)	(4.1)	0.2	4.9	(1.9)	(2.0)	0.1	5.0
Distributions paid on step-up preference shares	(4.6)	(4.6)	-	-	(2.3)	(2.3)	-	-
Cash basis profit after tax	323.0	336.2	(13.2)	(3.9)	160.4	162.6	(2.2)	(1.4)

Profit after tax \$m



2.4.1.1 Specific items

The reported profit after tax for the year ended 30 June 2012 of \$195.0 million included the following specific items:

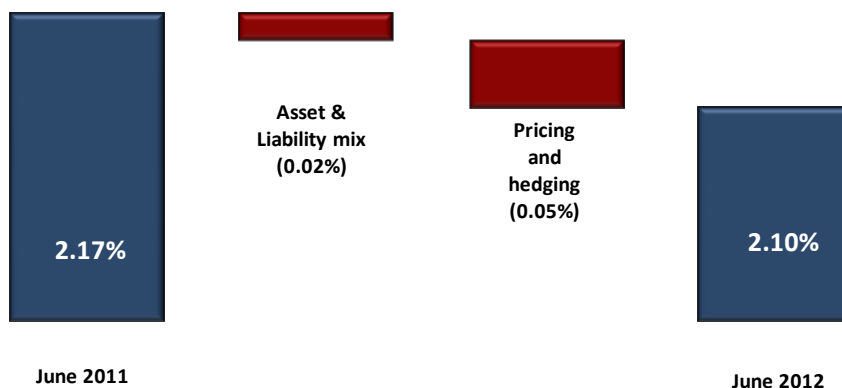
	2012		2011	
	Before Tax \$m	After Tax \$m	Before Tax \$m	After Tax \$m
Items included in non interest income				
Ineffectiveness in cash flow hedges ⁽¹⁾	(13.0)	(9.1)	2.6	1.8
	<u>(13.0)</u>	<u>(9.1)</u>	<u>2.6</u>	<u>1.8</u>
Items included in operating expenses				
Integration costs associated with the Adelaide Bank merger and the Macquarie margin lending business	-	-	8.2	5.7
Integration costs associated with the BOCA acquisition	2.7	2.6	-	-
Employee shares shortfall/(gain) ⁽²⁾	1.1	0.8	(1.4)	(1.0)
Accounting loss on disposal of securitisation notes	-	-	14.7	10.3
Write down of impaired intangible software assets	-	-	25.6	17.9
Impairment loss - goodwill	95.1	95.1	-	-
GST refund on change to apportionment methodology	-	-	(15.3)	(10.7)
Land and buildings revaluation	3.8	2.7	-	-
	<u>102.7</u>	<u>101.2</u>	<u>31.8</u>	<u>22.2</u>
Total specific items before income tax expense items	<u>(115.7)</u>	<u>(110.3)</u>	<u>(29.2)</u>	<u>(20.4)</u>
Items included in income tax expense				
Non deductible wealth management rights	-	(4.3)	-	40.8
Non deductible unrealised hedges at acquisition	-	(2.4)	-	(2.9)
	<u>-</u>	<u>(6.7)</u>	<u>-</u>	<u>37.9</u>
Specific items	<u>(115.7)</u>	<u>(117.0)</u>	<u>(29.2)</u>	<u>17.5</u>
Specific items attributable to non-controlling interests	-	-	(0.8)	(0.6)
Total specific items attributable to the parent	<u>(115.7)</u>	<u>(117.0)</u>	<u>(30.0)</u>	<u>16.9</u>

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

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

2.4.2 *Interest margin*

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



Asset mix - Further decline in Margin Lending portfolio has continued to reweight the asset mix toward lower margin residential mortgages.

Pricing and hedging – As interest rates have decreased over the course of this year, the reduction in price of our total asset portfolios has exceeded the reduction in price of our total liability portfolios including retail term deposits, contributing to a reduction in margin for the year. In addition, the cost of hedging interest rate risk has increased in line with volatility in the financial markets.

2.4.3 Income

	Full year ending				Six months ending			
	Jun-12 \$m	Jun-11 \$m	Change \$m	%	Jun-12 \$m	Dec-11 \$m	Change \$m	%
Net interest income	944.1	935.2	8.9	1.0	469.0	475.1	(6.1)	(1.3)
Other income comprising:								
Fees								
- asset products	63.3	61.4	1.9	3.1	32.5	30.8	1.7	5.5
- liability products & other	108.2	106.5	1.7	1.6	54.5	53.7	0.8	1.5
- trustee, management & other services	5.7	6.8	(1.1)	(16.2)	2.6	3.1	(0.5)	(16.1)
Commissions								
- wealth solutions	29.1	27.5	1.6	5.8	15.0	14.1	0.9	6.4
- insurance	15.6	12.4	3.2	25.8	9.0	6.6	2.4	36.4
- other	(1.1)	(1.1)	-	-	(0.5)	(0.6)	0.1	16.7
Dividend income	7.8	7.2	0.6	8.3	3.7	4.1	(0.4)	(9.8)
Homesafe trust contribution	2.5	21.9	(19.4)	(88.6)	5.0	(2.5)	7.5	300.0
Other	50.0	52.2	(2.2)	(4.2)	26.8	23.2	3.6	15.5
Total other income before specific income items	281.1	294.8	(13.7)	(4.6)	148.6	132.5	16.1	12.2
Share of joint ventures profit	0.7	3.4	(2.7)	(79.4)	0.7	-	0.7	-
Total non interest income before specific items	281.8	298.2	(16.4)	(5.5)	149.3	132.5	16.8	12.7
Total income before specific items	1,225.9	1,233.4	(7.5)	(0.6)	618.3	607.6	10.7	1.8
Specific income items - non interest income	(13.0)	2.6	(15.6)	(600.0)	(7.4)	(5.6)	(1.8)	(32.1)
Total income	1,212.9	1,236.0	(23.1)	(1.9)	610.9	602.0	8.9	1.5

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

Comments on Total income when compared to previous corresponding period:

Net interest income increased by \$8.9 million or 1.0%. Refer to 2.4.2 for further analysis.

Fees increased by \$2.5 million or 1.4% largely due to an increase in transaction fees, interchange fees and credit card income.

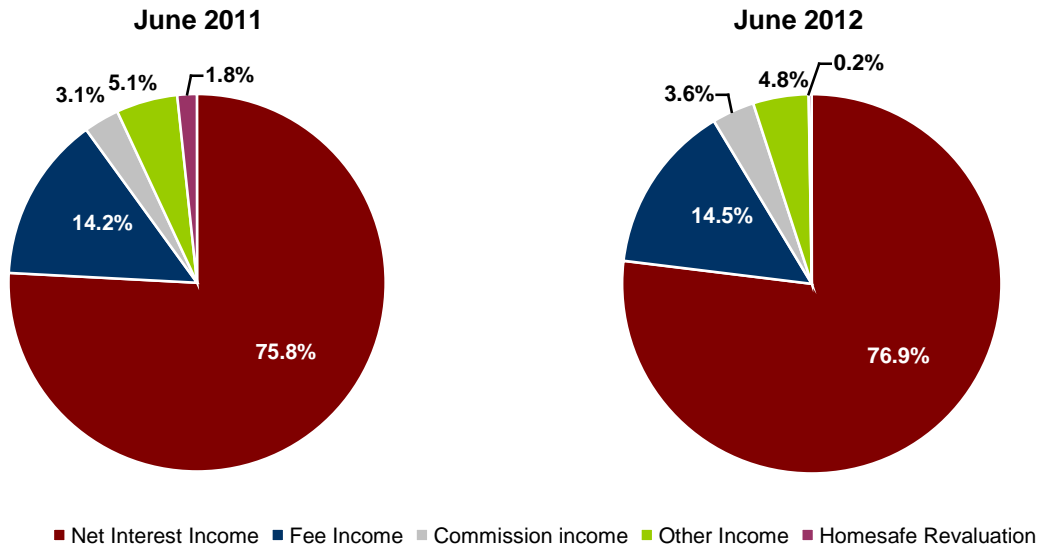
Homesafe trust contribution was \$19.4 million or 88.6% lower than the prior corresponding period. June 2011 full year benefited from a significant uplift in the value of the properties in the Homesafe Trust.

Commissions increased by \$4.8 million or 31.6% due to increased volume of third party products sold.

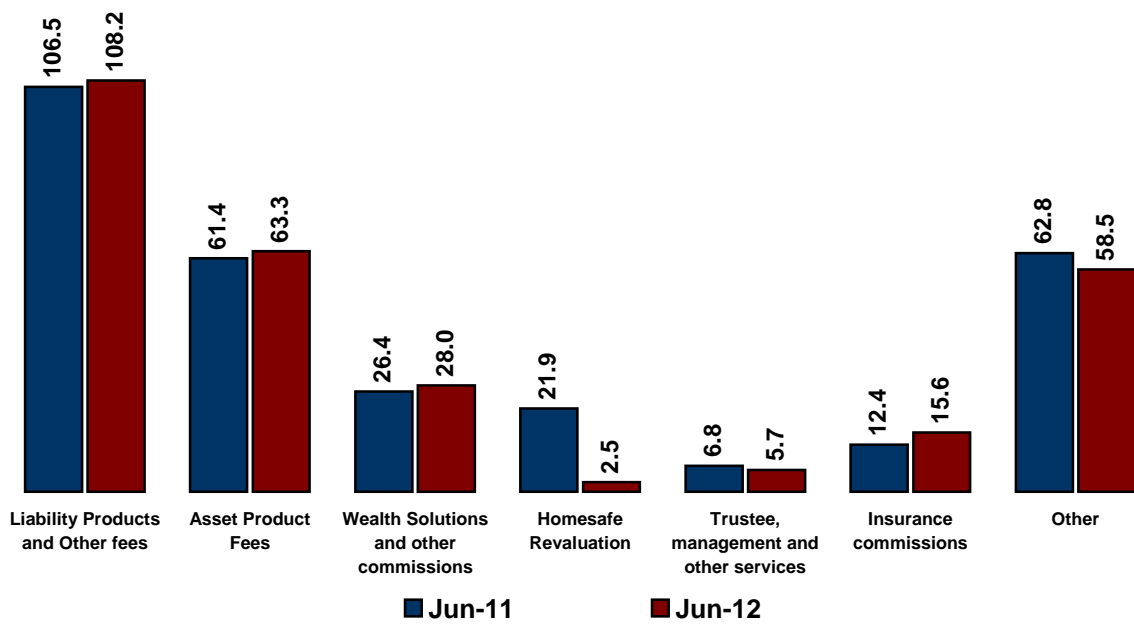
Other Income includes foreign exchange income, factoring income and franchise fees.

Bank of Cyprus Australia Ltd income for the four months from 1 March 2012 was \$11.1 million.

Income %



Non interest Income \$m



2.4.4 Productivity and operating expenses

	Full year ending				Six months ending			
	Jun-12 \$m	Jun-11 \$m	Change \$m	%	Jun-12 \$m	Dec-11 \$m	Change \$m	%
Staff and related costs	387.8	375.0	12.8	3.4	199.2	188.6	10.6	5.6
Occupancy costs	65.6	62.3	3.3	5.3	33.5	32.1	1.4	4.4
Information technology costs	55.2	57.5	(2.3)	(4.0)	27.7	27.5	0.2	0.7
Amortisation of acquired intangibles	27.8	28.1	(0.3)	(1.1)	14.2	13.6	0.6	4.4
Amortisation of software intangibles	16.2	13.6	2.6	19.1	8.4	7.8	0.6	7.7
Property, plant & equipment costs	11.4	11.5	(0.1)	(0.9)	5.8	5.6	0.2	3.6
Fees and commissions	30.4	26.7	3.7	13.9	16.0	14.4	1.6	11.1
Communications, postage & stationery	34.2	32.9	1.3	4.0	17.1	17.1	-	-
Advertising & promotion	30.6	28.9	1.7	5.9	14.8	15.8	(1.0)	(6.3)
Other product & services delivery costs	35.8	36.6	(0.8)	(2.2)	17.9	17.9	-	-
Other administration expenses	56.7	62.4	(5.7)	(9.1)	29.6	27.1	2.5	9.2
Total operating expenses	751.7	735.5	16.2	2.2	384.2	367.5	16.7	4.5
Specific items	102.7	31.8	70.9	223.0	6.9	95.8	(88.9)	(92.8)
Total expenses	854.4	767.3	87.1	11.4	391.1	463.3	(72.2)	(15.6)
Expenses to income	59.1%	57.4%	1.7%	3.0	59.8%	58.2%	1.6%	2.7
Expenses to average assets	1.3%	1.3%	-	-	1.3%	1.3%	-	-
Number of staff (full-time equiv)	4,189	4,019	170	4.2	4,189	4,091	98	2.4
Staff & related costs to income	31.6%	30.4%	1.2%	3.9	32.2%	31.0%	1.2%	3.9

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

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

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

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

Occupancy costs increased by \$3.3 million or 5.3% due to an overall increase in rent payments and maintenance costs since the same period last year.

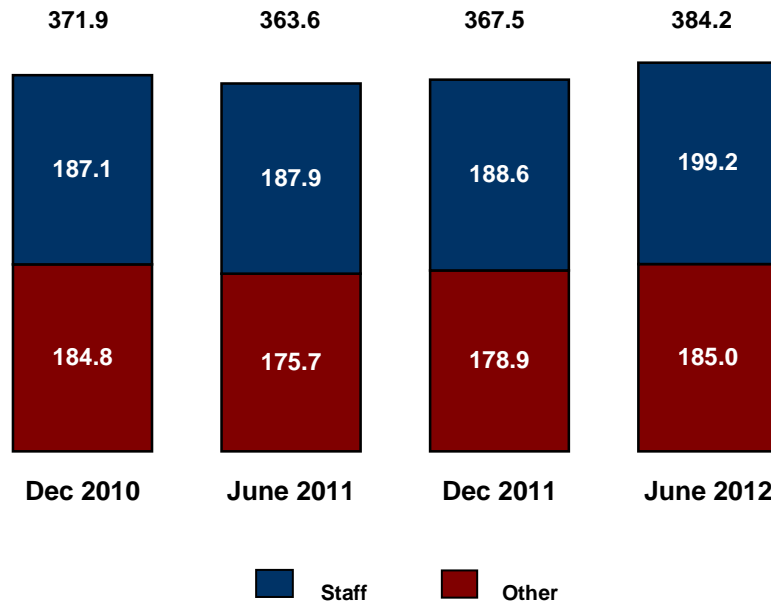
Information technology costs decreased by \$2.3 million or 4.0% predominantly due to a reduction in computer hardware lease costs.

Fees and commissions increased by \$3.7 million or 13.9% predominantly due to increases in various fees and commissions including network fees and trail commissions paid.

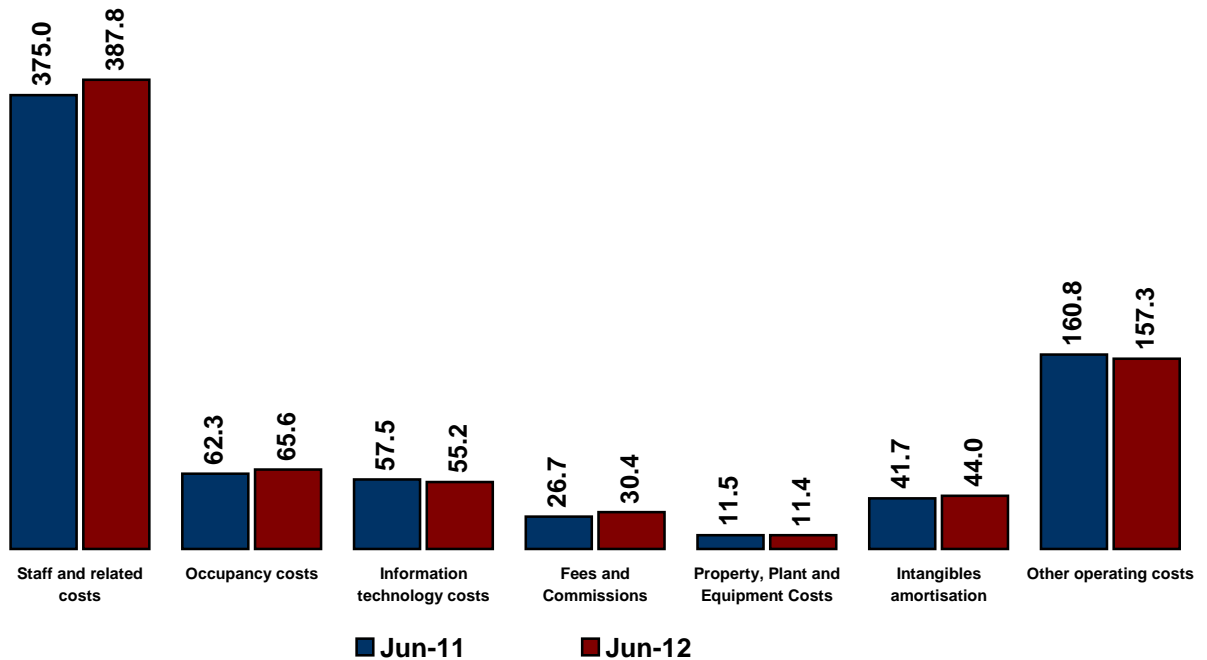
Other administrative expenses decreased by \$5.7 million or 9.1% due to a reduction in legal costs, subscriptions and non-lending write off's.

Bank of Cyprus Australia Ltd expenses for the four months from 1 March 2012 was \$8.1 million (\$4.3 million in staff related costs).

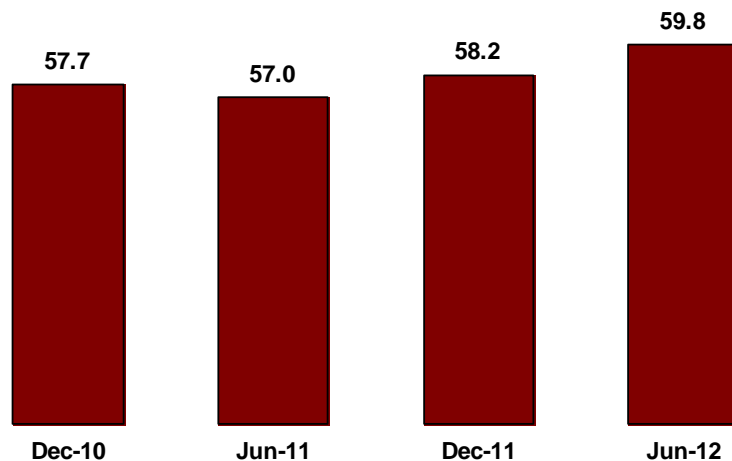
Operating expenses – six months
 \$m



Operating expenses – full year
 \$m



Cost to income ratio – six months
%



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

2.4.5 Segment results

Segment information

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

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

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

Types of products and services

Retail banking

Net interest income predominantly derived from the provision of first mortgage finance; and 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. Bank of Cyprus Australia is included within the retail banking operating segment.

Third party banking

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

Wealth

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

Rural Bank

The principal activities of Rural Bank are the provision of banking services to agribusiness, rural and regional Australian communities.

Central functions

Functions not relating directly to a reportable operating segment.

Major customers

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

For the year ended 30 June 2012

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Net interest income	534.6	214.2	79.9	115.4		944.1	-	944.1
Other income	178.2	25.0	47.7	5.7		256.6	24.5	281.1
Share of net profit of equity accounted investments	-	-	-	-		-	0.7	0.7
Total segment income	712.8	239.2	127.6	121.1		1,200.7	25.2	1,225.9
Operating expenses	550.5	64.7	71.3	51.0		737.5	14.2	751.7
Credit expenses	13.8	6.2	0.4	12.0		32.4	-	32.4
Segment result	148.5	168.3	55.9	58.1		430.8	11.0	441.8

For the year ended 30 June 2011

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Net interest income	516.3	201.0	102.5	115.4		935.2	-	935.2
Other income	172.3	27.5	45.9	6.4		252.1	42.7	294.8
Share of net profit of equity accounted investments	-	-	-	-		-	3.4	3.4
Total segment income	688.6	228.5	148.4	121.8		1,187.3	46.1	1,233.4
Operating expenses	530.4	67.6	76.4	45.4		719.8	15.7	735.5
Credit expenses	12.2	1.1	(0.1)	31.0		44.2	-	44.2
Segment result	146.0	159.8	72.1	45.4		423.2	30.4	453.7

	Operating segments					Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m	Bank \$m			
Reportable segment assets								
As at 30 June 2012	26,419.3	16,112.3	2,408.0	3,983.9		48,923.5	8,314.3	57,237.8
As at 30 June 2011	23,428.5	15,728.2	3,208.1	4,024.8		46,389.6	8,614.9	55,004.5
Reportable segment liabilities								
As at 30 June 2012	31,916.1	517.9	5,025.4	3,472.2		40,931.6	5,677.5	46,609.1
As at 30 June 2011	27,966.5	489.7	4,880.8	3,595.6		36,932.6	5,658.1	42,590.7

Reconciliation between segment and statutory results

Reconciliation between segment and statutory results

The table below reconciles the segment result back to the relevant statutory result presented in the financial report.

	Consolidated	
	Jun-12	Jun-11
	Full year	Full year
	\$m	\$m
Reconciliation of total segment income to group income		
Total segment income	1,225.9	1,233.4
Ineffectiveness in cash flow hedges	(13.0)	2.6
Total group income	1,212.9	1,236.0
Reconciliation of segment expenses to group total expenses		
Segment operating expenses	751.7	735.5
Specific expense items	102.7	31.8
Total group expenses	854.4	767.3
Reconciliation of segment credit expenses to bad and doubtful debts on loans and receivables		
Segment credit expenses	32.4	44.2
Bad and doubtful debts on loans and receivables	32.4	44.2
Reconciliation of segment result to group profit before tax		
Total segment result	441.8	453.7
Ineffectiveness in cash flow hedges	(13.0)	2.6
Specific expense items	(102.7)	(31.8)
Group profit before tax	326.1	424.5

	Consolidated	
	As at	As at
	Jun-12	Jun-11
	\$m	\$m
Reportable segment assets		
Total assets for operating segments	57,237.8	55,004.5
Total assets	57,237.8	55,004.5
Reportable segment liabilities		
Total liabilities for operating segments	46,609.1	42,590.7
Securitisation funding	6,411.0	8,453.7
Total liabilities	53,020.1	51,044.4

Geographical information

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

2.4.6 Lending

	Jun-12		Jun-11		Change		%		Six months ending		Change		%	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Approvals - by security														
Residential	8,860.7	9,647.3	(786.6)	(8.2)	4,206.7	4,654.0	(447.3)	(9.6)						
Non-residential	3,804.9	4,238.2	(433.3)	(10.2)	1,982.0	1,822.9	159.1	8.7						
Total Approvals	12,665.6	13,885.5	(1,219.9)	(8.8)	6,188.7	6,476.9	(288.2)	(4.4)						
	As at Jun-12	As at Jun-11	Change	%	As at Jun-12	As at Dec-11	Change	%						
Gross loan balance - by security														
Residential	33,768.8	31,522.3	2,246.5	7.1	33,768.8	32,481.5	1,287.3	4.0						
Business														
Accommodation and food services	272.3	277.4	(5.1)	(1.8)	272.3	274.3	(2.0)	(0.7)						
Administrative and support services	43.8	54.7	(10.9)	(19.9)	43.8	48.9	(5.1)	(10.4)						
Agriculture, forestry and fishing	4,279.5	4,306.2	(26.7)	(0.6)	4,279.5	4,121.3	158.2	3.8						
Arts and recreation services	69.8	67.8	2.0	2.9	69.8	69.4	0.4	0.6						
Construction	690.9	628.4	62.5	9.9	690.9	657.0	33.9	5.2						
Education and training	45.5	46.4	(0.9)	(1.9)	45.5	47.0	(1.5)	(3.2)						
Electricity, gas, water and waste services	26.3	25.4	0.9	3.5	26.3	22.9	3.4	14.8						
Financial and insurance services	627.5	612.0	15.5	2.5	627.5	641.5	(14.0)	(2.2)						
Health care and social assistance	390.2	378.0	12.2	3.2	390.2	358.1	32.1	9.0						
Information media and telecommunications	9.3	10.5	(1.2)	(11.4)	9.3	12.1	(2.8)	(23.1)						
Manufacturing	218.7	188.5	30.2	16.0	218.7	194.7	24.0	12.3						
Mining	16.9	20.8	(3.9)	(18.8)	16.9	18.7	(1.8)	(9.6)						
Other Services	109.1	122.1	(13.0)	(10.6)	109.1	111.1	(2.0)	(1.8)						
Professional, scientific and technical services	177.5	158.8	18.7	11.8	177.5	176.2	1.3	0.7						
Public administration and safety	96.3	134.1	(37.8)	(28.2)	96.3	89.1	7.2	8.1						
Rental, hiring and real estate services	3,144.8	2,428.3	716.5	29.5	3,144.8	2,695.1	449.7	16.7						
Retail trade	556.6	478.3	78.3	16.4	556.6	485.7	70.9	14.6						
Transport, postal and warehousing	116.2	127.2	(11.0)	(8.6)	116.2	116.4	(0.2)	(0.2)						
Wholesale trade	169.3	137.4	31.9	23.2	169.3	140.3	29.0	20.7						
Other	561.6	581.9	(20.3)	(3.5)	561.6	470.2	91.4	19.4						
Total business	11,622.1	10,784.2	837.9	7.8	11,622.1	10,750.0	872.1	8.1						
Margin lending	2,333.2	3,202.2	(869.0)	(27.1)	2,333.2	2,563.9	(230.7)	(9.0)						
Unsecured	869.2	834.6	34.6	4.1	869.2	823.2	46.0	5.6						
Other	238.7	220.5	18.2	8.3	238.7	214.0	24.7	11.5						
Total gross loan balance	48,832.0	46,563.8	2,268.2	4.9	48,832.0	46,832.6	1,999.4	4.3						
Gross Loan balance - by purpose														
Residential	31,555.0	29,244.2	2,310.8	7.9	31,555.0	30,274.3	1,280.7	4.2						
Consumer	4,436.5	4,520.9	(84.4)	(1.9)	4,436.5	4,659.4	(222.9)	(4.8)						
Margin lending	2,333.2	3,202.2	(869.0)	(27.1)	2,333.2	2,563.9	(230.7)	(9.0)						
Commercial	10,507.3	9,596.5	910.8	9.5	10,507.3	9,335.0	1,172.3	12.6						
Total gross loan balance	48,832.0	46,563.8	2,268.2	4.9	48,832.0	46,832.6	1,999.4	4.3						
Loans under management (gross balance)														
On-balance sheet	48,832.0	46,563.8	2,268.2	4.9	48,832.0	46,832.6	1,999.4	4.3						
Off-balance sheet loans under management	1,157.0	1,281.2	(124.2)	(9.7)	1,157.0	1,225.0	(68.0)	(5.6)						
Total Group loans under management	49,989.0	47,845.0	2,144.0	4.5	49,989.0	48,057.6	1,931.4	4.0						

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

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

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

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

2.4.7 Asset quality

	As at Jun-12 \$m	As at Jun-11 \$m	Change \$m	%	As at Jun-12 \$m	As at Dec-11 \$m	Change \$m	%
Impaired loans								
Full-performing ¹	1.8	3.5	(1.7)	(48.6)	1.8	3.2	(1.4)	(43.8)
Part-performing	116.4	122.3	(5.9)	(4.8)	116.4	117.5	(1.1)	(0.9)
Non-performing - property development	54.2	40.9	13.3	32.5	54.2	39.5	14.7	37.2
- other	150.4	159.7	(9.3)	(5.8)	150.4	152.4	(2.0)	(1.3)
Restructured loans	35.7	32.3	3.4	10.5	35.7	37.0	(1.3)	(3.5)
Total impaired assets	358.5	358.7	(0.2)	(0.1)	358.5	349.6	8.9	2.5
Less: Specific provisions	(102.9)	(91.4)	(11.5)	(12.6)	(102.9)	(96.9)	(6.0)	(6.2)
Net impaired assets	255.6	267.3	(11.7)	(4.4)	255.6	252.7	2.9	1.1
Past due 90 days								
Well Secured (excluding commercial arrangement loans)	539.1	412.4	126.7	30.7	539.1	371.8	167.3	45.0
Great Southern portfolio	264.7	224.5	40.2	17.9	264.7	238.8	25.9	10.8
Portfolio facilities (not well secured)	3.7	3.2	0.5	15.6	3.7	2.6	1.1	42.3
Ratios								
Gross impaired to gross loans	0.73%	0.77%	(0.04%)	(5.2)	0.73%	0.75%	(0.02%)	(2.7)
Gross impaired (excl prop develop) to gross loans	0.62%	0.68%	(0.06%)	(8.8)	0.62%	0.66%	(0.04%)	(6.1)
Gross impaired to total assets	0.63%	0.65%	(0.02%)	(3.1)	0.63%	0.63%	0.00%	-
Gross impaired assets (excl prop develop) to total assets	0.53%	0.58%	(0.05%)	(8.6)	0.53%	0.55%	(0.02%)	(3.6)
Net impaired to gross loans	0.52%	0.57%	(0.05%)	(8.8)	0.52%	0.54%	(0.02%)	(3.7)
Net impaired (excl prop develop) to gross loans	0.41%	0.49%	(0.08%)	(16.3)	0.41%	0.46%	(0.05%)	(10.9)
Provision coverage ²	73.4%	68.1%	5.3%	7.8	73.4%	71.1%	2.3%	3.2

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

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

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

2.4.8 Bad and doubtful debts

	Full year ending				Six months ending			
	Jun-12 \$m	Jun-11 \$m	Change \$m	%	Jun-12 \$m	Dec-11 \$m	Change \$m	%
Expense:								
Bad debts written off	2.1	5.3	(3.2)	(60.4)	0.7	1.4	(0.7)	(50.0)
Provision doubtful debts - expense	34.7	43.2	(8.5)	(19.7)	17.2	17.5	(0.3)	(1.7)
Total bad and doubtful debts expense	36.8	48.5	(11.7)	(24.1)	17.9	18.9	(1.0)	(5.3)
Less : Bad debts recovered	4.4	4.3	0.1	2.3	1.3	3.1	(1.8)	(58.1)
Bad and doubtful debts net of recoveries	32.4	44.2	(11.8)	(26.7)	16.6	15.8	0.8	5.1
	As at Jun-12 \$m	As at Jun-11 \$m	Change \$m	%	As at Jun-12 \$m	As at Dec-11 \$m	Change \$m	%
Balances:								
Provision for doubtful debts - specific	102.9	91.4	11.5	12.6	102.9	96.9	6.0	6.2
Provision for doubtful debts - collective	31.8	41.9	(10.1)	(24.1)	31.8	36.8	(5.0)	(13.6)
General reserve for credit losses	128.5	110.9	17.6	15.9	128.5	115.0	13.5	11.7
Total provision/reserve doubtful debts	263.2	244.2	19.0	7.8	263.2	248.7	14.5	5.8
Ratios:								
Loan write-offs (annualised) to average assets	0.06%	0.08%	(0.02%)	(25.0)	0.06%	0.07%	(0.01%)	(14.3)
Loan write-offs (annualised) to gross loans	0.07%	0.09%	(0.02%)	(22.2)	0.07%	0.08%	(0.01%)	(12.5)
Total provision/reserve for doubtful debts to gross loans	0.54%	0.52%	0.02%	3.8	0.54%	0.53%	0.01%	1.9
Collective provision (adjusted for tax) & GRCL to risk-weighted assets	0.53%	0.54%	(0.01%)	(1.9)	0.53%	0.53%	-	-

The movement in provisions comprise:	Specific	Collective	Gen res cr losses	Total
Balance at June 2011	91.4	41.9	110.9	244.2
Provision doubtful debts expense to profit and loss	44.9	(10.2)	-	34.7
Bad debts written off - previously provided for	(33.7)	-	-	(33.7)
Balance acquired in business combination	0.3	0.1	4.8	5.2
Appropriation of movement in general reserve for credit losses	-	-	12.8	12.8
Balance at June 2012	102.9	31.8	128.5	263.2

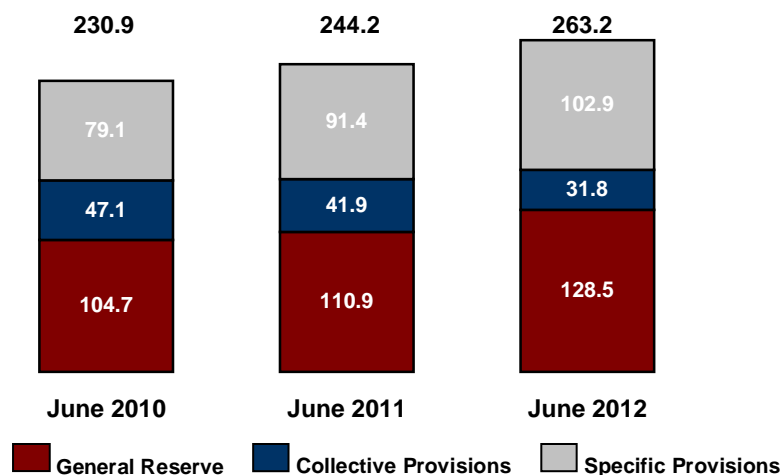
Total bad debts written off for the period, as shown above comprises:

Bad debts previously provided for	33.7
Other bad debts not previously provided for	2.1
Total bad debts written off for the period	35.8

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

Movements in specific and collective provisions are reflected as an expense in the income statement. Movements in the general reserve for credit losses are reflected as an appropriation in retained earnings.

Total provisions and reserves for doubtful debts \$m



2.4.9 Deposits and funds under management

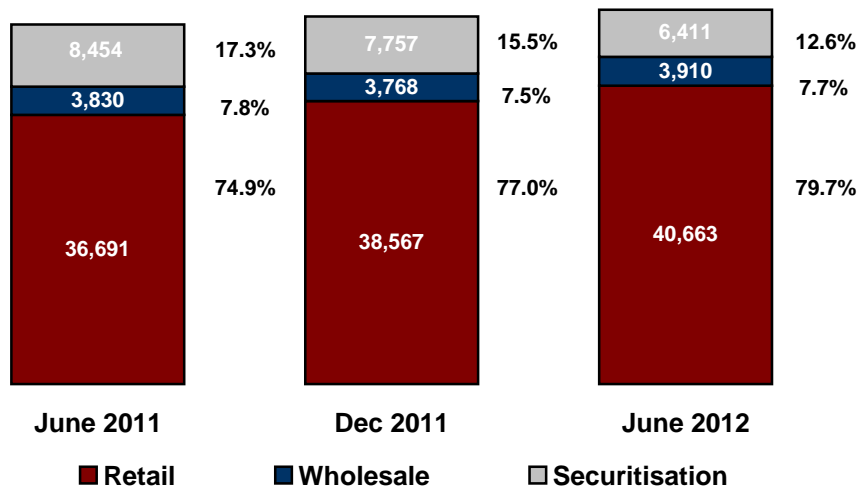
	As at Jun-12 \$m	As at Jun-11 \$m	Change \$m	%	As at Jun-12 \$m	As at Dec-11 \$m	Change \$m	%
<i>Deposits and funds under management</i>								
Deposits	44,572.7	40,521.3	4,051.4	10.0	44,572.7	42,335.5	2,237.2	5.3
Securitisation	6,411.0	8,453.7	(2,042.7)	(24.2)	6,411.0	7,756.6	(1,345.6)	(17.3)
Managed funds	3,089.9	3,224.1	(134.2)	(4.2)	3,089.9	3,086.8	3.1	0.1
Total deposits and funds under management	54,073.6	52,199.1	1,874.5	3.6	54,073.5	53,178.9	894.6	1.7
<i>Retail deposits and funds under management</i>								
Retail deposits	40,663.0	36,690.9	3,972.1	10.8	40,663.0	38,567.3	2,095.7	5.4
Managed funds	3,089.9	3,224.1	(134.2)	(4.2)	3,089.9	3,086.8	3.1	0.1
Total retail deposits and funds under management	43,752.9	39,915.0	3,837.9	9.6	43,752.9	41,654.1	2,098.8	5.0
<i>Deposits dissection - \$m</i>								
Retail	40,663.0	36,690.9	3,972.1	10.8	40,663.0	38,567.3	2,095.8	5.4
Securitisation	6,411.0	8,453.7	(2,042.7)	(24.2)	6,411.0	7,756.6	(1,345.6)	(17.3)
Wholesale - domestic	3,832.5	3,669.2	163.3	4.5	3,832.5	3,719.2	113.4	3.0
Wholesale - offshore	77.2	161.2	(84.0)	(52.1)	77.2	49.0	28.2	57.5
Total deposits	50,983.7	48,975.0	2,008.7	4.1	50,983.7	50,092.1	891.6	1.8
<i>Deposits dissection (excluding securitisation) - %</i>								
Retail	91.2%	90.5%	0.7%	0.8	91.2%	91.1%	0.1%	0.1
Wholesale - domestic	8.6%	9.1%	(0.5%)	(5.5)	8.6%	8.8%	(0.2%)	(2.3)
Wholesale - offshore	0.2%	0.4%	(0.2%)	(50.0)	0.2%	0.1%	0.1%	100.0
Total deposits excluding securitisation	100.0%	100.0%	-	-	100.0%	100.0%	-	-
<i>Managed funds dissection</i>								
Assets under management	1,789.2	1,859.0	(69.8)	(3.8)	1,789.2	1,828.0	(38.8)	(2.1)
Other managed funds	1,300.7	1,365.1	(64.4)	(4.7)	1,300.7	1,258.8	41.9	3.3
Total managed funds	3,089.9	3,224.1	(134.2)	(4.2)	3,089.9	3,086.8	3.1	0.1

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

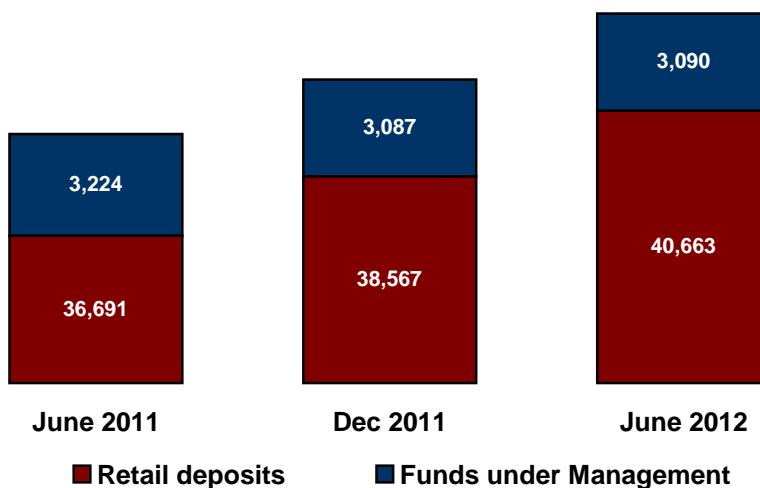
Assets under management includes those funds deposited into the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of the investors. These funds are off-balance sheet.

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

Funding mix
 \$m



Retail deposits and funds under management
 \$m



Retail deposits increased by \$4.0 billion or 10.8% to \$40.7 billion over the 12 months.

Wholesale deposits increased by \$79 million or 2.1% to \$3.9 billion over the 12 months.

Securitisation decreased by \$2.0 billion or 24.2% to \$6.4 billion over the 12 months.

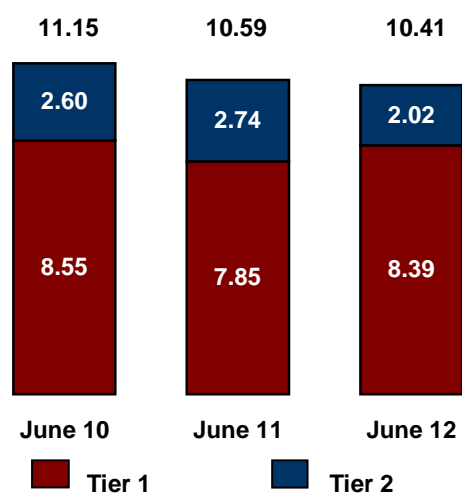
The Group's retail deposit base remains strong at 91.2% of deposits (excluding securitisation).

2.4.10 Capital and shareholder returns

2.4.10.1 Capital adequacy

	Consolidated	
	As at Jun-12 \$m	As at Jun-11 \$m
Risk weighted capital ratios		
Tier 1	8.39%	7.85%
Tier 2	2.02%	2.74%
Total capital ratio	10.41%	10.59%
Qualifying capital		
Tier 1		
Contributed capital	3,681.8	3,408.9
Retained profits & reserves	101.3	159.4
Innovative Tier 1 capital	277.9	277.9
Less,		
Intangible assets, cash flow hedges and capitalised expenses	1,583.9	1,660.5
Net deferred tax assets	-	13.5
50/50 deductions	8.5	16.4
Other adjustments - APS 120 securitisation	92.4	112.5
Total tier 1 capital	2,376.2	2,043.3
Tier 2		
General reserve for credit losses/collective provision (net of tax effect)	144.4	132.8
Subordinated debt	434.6	576.2
Asset revaluation reserves	1.9	23.0
	580.9	732.0
Less,		
50/50 deductions	8.5	16.4
Total tier 2 capital	572.4	715.6
Total qualifying capital	2,948.6	2,758.9
Total risk weighted assets		
	28,310.1	26,043.3

Capital adequacy %



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

2.4.10.2 Shareholder returns

	Full year ending				Six months ending			
	Jun-12	Jun-11	Change	%	Jun-12	Dec-11	Change	%
Cash basis earnings per ordinary share (weighted average)-cents	84.2	92.3	(8.1)	(8.7)	40.5	43.9	(3.4)	(7.7)
Earnings per ordinary share (weighted average)-cents	48.6	91.5	(42.9)	(46.9)	33.5	14.5	19.0	131.0
Diluted earnings per ordinary share (weighted average)-cents	47.7	86.4	(38.7)	(44.8)	32.4	14.4	18.0	125.0
Weighted number of ordinary shares used in basic and cash basis EPS calculations - 000's	383,464	364,334	19,130	5.3	396,521	370,548	25,973	7.0
Weighted number of ordinary shares used in diluted EPS calculations - 000's	416,966	400,429	16,537	4.1	430,023	371,543	58,480	15.7
Cash basis return on average tangible equity	14.05%	16.88%	(2.84%)	(16.8)	13.36%	14.81%	(1.45%)	(9.8)
Cash basis return on average ordinary equity	8.36%	9.07%	(0.71%)	(7.8)	8.21%	8.52%	(0.31%)	(3.6)
After tax return on average ordinary equity	4.84%	8.99%	(4.15%)	(46.2)	6.84%	2.81%	4.03%	143.4
After tax before specific items return on average ordinary equity	7.88%	8.54%	(0.66%)	(7.7)	7.74%	8.02%	(0.28%)	(3.5)
Cash basis return on average assets	0.58%	0.63%	(0.05%)	(7.9)	0.57%	0.58%	(0.01%)	(1.7)
After tax return on average assets	0.35%	0.64%	(0.29%)	(45.3)	0.48%	0.21%	0.27%	128.6
After tax before specific items return on average assets	0.56%	0.61%	(0.05%)	(8.2)	0.55%	0.56%	(0.01%)	(1.8)

The above table includes fully consolidated contributions of Bank of Cyprus Australia Limited from March 2012.

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

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

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

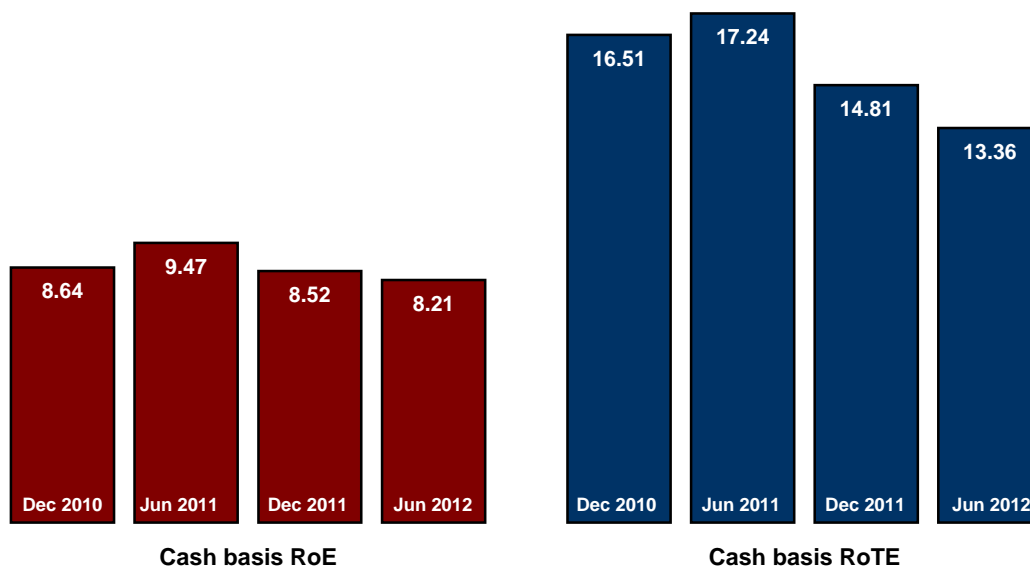
After tax return on average assets uses profit after tax.

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

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

Ordinary Equity	As at	As at
	Jun-12	Jun-11
	\$m	\$m
Net Assets	4,217.7	3,960.1
Preference share capital	(188.5)	(188.5)
Asset Revaluation Reserve	(26.9)	(34.5)
Unrealised gains/losses on cash flow hedge reserve	86.4	109.3
Acquisition reserve	20.4	20.4
Total ordinary equity	4,109.1	3,866.8

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

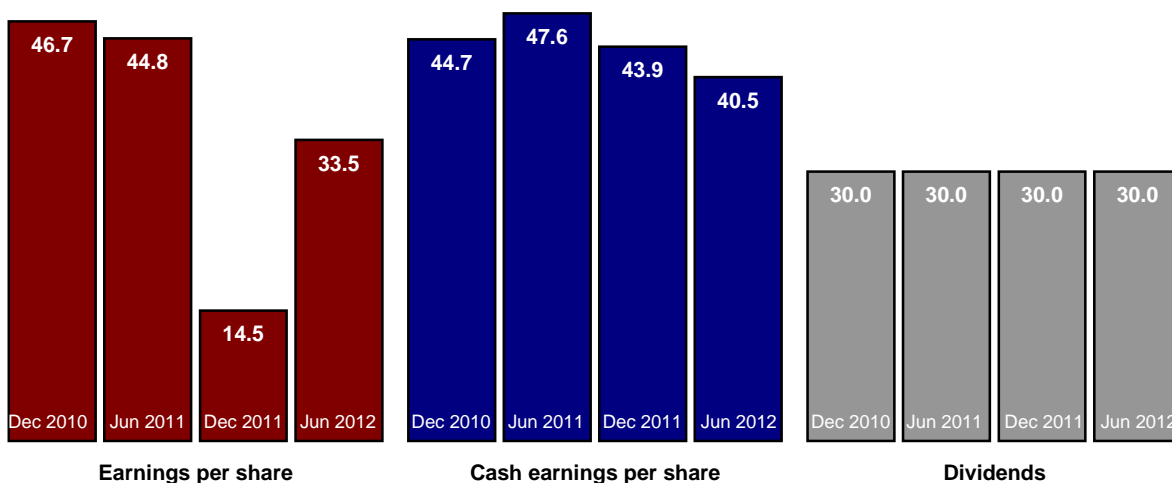


2.4.10.4 Dividends

	Full year ending				Six months ending			
	Jun-12	Jun-11	Change	%	Jun-12	Dec-11	Change	%
Dividend per share - cents	60.0	60.0	-	-	30.0	30.0	-	-
Dividend amount payable - \$m	232.9	214.8	18.1	8.4	118.1	114.8	3.3	2.9
Payout ratio - earnings per ordinary share *	123.5%	65.6%	57.9%	88.3	89.6%	206.9%	(117.3%)	(56.7)
Payout ratio - cash basis per ordinary share*	71.2%	65.0%	6.2%	9.5	74.1%	68.3%	5.8%	8.5

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

2.4.10.5 Earnings in cents per ordinary share



Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders with the opportunity of converting their entitlement to a dividend into new shares. The issue price of the shares is equal to the volume weighted average share price of Bendigo and Adelaide Bank shares traded on the Australian Stock Exchange over the 15 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 15 trading days following the Record Date at a discount of 2.5%. Shares issued under this scheme rank equally with all other ordinary shares.

The last date for the receipt of an election notice for participation in either the Dividend Reinvestment Plan or Bonus Share Scheme for the 2012 final dividend is 29 August 2012.

2.5 Additional notes

2.5.1 Analysis of intangible assets

	Balance sheet - carrying value		Full year amortisation/ impairment expense	
	Jun-12 \$m	Jun-11 \$m	Jun-12 \$m	Jun-11 \$m
Goodwill	1,360.1	1,446.1	95.1	-
Trustee licence	8.4	8.4	-	-
Software	67.4	65.6	16.2	40.2
Customer list - AIM	4.9	-	0.6	-
Core deposits	47.8	60.7	12.8	13.7
Trade name	7.7	12.4	4.7	4.7
Customer relationship	41.3	49.9	8.6	8.6
Management rights - Adelaide Bank	10.6	11.6	1.1	1.1
Total intangible assets and goodwill	1,548.2	1,654.7	139.1	68.3

2.5.2 Investments accounted for using the equity method

Name	Ownership		Balance date
	Interest held by consolidated entity		
	2012	2011	
	%	%	
Community Sector Enterprises Pty Ltd	50.0	50.0	30 June
Homesafe Solutions Pty Ltd	50.0	50.0	30 June
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	30 June
Community Telco Australia Pty Ltd	50.0	50.0	30 June
Strategic Payments Services Pty Ltd	47.5	47.5	31 December
Linear Financial Holdings Pty Ltd	40.0	24.3	30 June
Homebush Financial Services Ltd	49.0	-	30 June

(i) Principal activities of joint venture companies

Community Sector Enterprises Pty Ltd - financial services
 Homesafe Solutions Pty Ltd - trust manager
 Silver Body Corporate Financial Services Pty Ltd - financial services
 Community Telco Australia Pty Ltd - telecommunication services
 Strategic Payments Services Pty Ltd - payment processing services
 Linear Financial Holdings Pty Ltd - asset management services
 Homebush Financial Services Ltd - financial services (acquired January 2012)

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

(ii) Share of joint ventures' revenue and profits

	2012	2011
	\$m	\$m
Share of joint ventures':		
- revenue	16.4	15.0
- expense	15.7	11.6
- profit before income tax	0.7	3.4
- income tax expense	0.3	0.2
- profit after income tax	0.4	3.2
	2012	2011
	\$m	\$m
Share of joint ventures' operating profits after income tax:		
- Community Sector Enterprises Pty Ltd	0.2	0.3
- Homesafe Solutions Pty Ltd	0.4	0.9
- Silver Body Corporate Financial Services Pty Ltd	0.2	0.2
- Community Telco Australia Pty Ltd	-	-
- Strategic Payments Services Pty Ltd	0.3	2.2
- Linear Financial Holdings Pty Ltd	(0.7)	(0.4)
- Homebush Financial Services Ltd	-	-
	0.4	3.2

2.5.3 Average balance sheets and related interest

For the year ended 30 June 2012

	Footnote	Average Balance \$m	Interest 12 mths \$m	Average Rate %
Average balances and rates				
Interest earning assets				
Cash and investments		6,116.2	271.2	4.43
Loans and other receivables - company		38,900.0	2,734.3	7.03
Loans and other receivables - community bank/alliances		8,427.7	510.1	6.05
Total interest earning assets	2	53,443.9	3,515.6	6.58
Non interest earning assets				
Provisions for doubtful debts		(134.7)		
Other assets		2,890.4		
		<u>2,755.7</u>		
Total assets (average balance)		<u>56,199.6</u>		
Interest bearing liabilities				
Deposits				
Retail - company		27,104.1	1,308.4	4.83
Retail - community bank/alliances		11,613.8	597.1	5.14
Wholesale - domestic		3,707.2	192.0	5.18
Wholesale - offshore		85.9	4.4	5.12
Notes payable		7,691.4	423.5	5.51
Reset preference shares		89.5	5.5	6.15
Subordinated debt		531.1	40.5	7.63
Total interest bearing liabilities	2	50,823.0	2,571.4	5.06
Non interest bearing liabilities and equity				
Other liabilities		1,318.0		
Equity		4,058.6		
		<u>5,376.6</u>		
Total liabilities and equity (average balance)		<u>56,199.6</u>		
Interest margin and interest spread				
Interest earning assets		53,443.9	3,515.6	6.58
Interest bearing liabilities		(50,823.0)	(2,571.4)	(5.06)
Net interest income and interest spread	3		944.2	1.52
Net free liabilities				0.25
Net interest margin	4			1.77
Impact of community bank/alliances profit share arrangements				
Net interest margin before community bank/alliances share of net interest income				2.10
Less impact of community bank/alliances share of net interest income				0.33
Net interest margin				1.77

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

2 Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$80.7m to reflect the gross amounts.

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

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

For the year ended 30 June 2011

	Footnote	Average Balance \$m	Interest 12 mths \$m	Average Rate %
Average balances and rates				
Interest earning assets				
Cash and investments		5,835.5	279.0	4.78
Loans and other receivables - company		37,754.3	2,737.0	7.25
Loans and other receivables - community bank/alliances		7,178.4	454.9	6.34
Total interest earning assets	2	50,768.2	3,470.9	6.84
Non interest earning assets				
Provisions for doubtful debts		(126.7)		
Other assets		2,944.2		
		<u>2,817.5</u>		
Total assets (average balance)		<u>53,585.7</u>		
Interest bearing liabilities				
Deposits				
Retail - company		25,052.2	1,223.2	4.88
Retail - community bank/alliances		10,423.6	553.8	5.31
Wholesale - domestic		3,187.2	171.2	5.37
Wholesale - offshore		172.3	9.5	5.51
Notes payable		8,800.0	533.4	6.06
Reset preference shares		89.5	5.5	6.15
Subordinated debt		544.7	39.1	7.18
Total interest bearing liabilities	2	48,269.5	2,535.7	5.25
Non interest bearing liabilities and equity				
Other liabilities		1,411.7		
Equity		3,904.5		
		<u>5,316.2</u>		
Total liabilities and equity (average balance)		<u>53,585.7</u>		
Interest margin and interest spread				
Interest earning assets		50,768.2	3,470.9	6.84
Interest bearing liabilities		(48,269.5)	(2,535.7)	(5.25)
Net interest income and interest spread	3		935.2	1.59
Net free liabilities				0.25
Net interest margin	4			1.84
Impact of community bank/alliances profit share arrangements				
Net interest margin before community bank/alliances share of net interest income				2.17
Less impact of community bank/alliances share of net interest income				0.33
Net interest margin				1.84

- 1 Average balance is based on monthly closing balances from 30 June 2010 through 30 June 2011 inclusive.
- 2 Interest payments to alliance partners are net values in the Income Statement. Interest income and expense values have been increased by \$85.1m to reflect the gross amounts.
- 3 Interest spread is the difference between the average interest rate earned on assets and the average interest rate paid on funds.
- 4 Interest margin is the net interest income as a percentage of average interest earning assets.

2.5.4 Net tangible assets per ordinary share

	Jun-12	Jun-11
Net tangible assets per ordinary share		
Net tangible assets per ordinary share	\$6.16	\$5.76
Net tangible assets	\$m	\$m
Net assets	4,217.7	3,960.1
Intangibles	(1,548.2)	(1,654.7)
Preference shares - face value	(90.0)	(90.0)
Step-up preference shares - face value	(100.0)	(100.0)
Net tangible assets attributable to ordinary shareholders	<u>2,479.5</u>	<u>2,115.4</u>
Number of fully paid ordinary shares on issue - 000's	402,233	367,105

2.5.5 Credit ratings

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

On 25 July 2012, Standard & Poor's Ratings Services affirmed its long-term counterparty credit rating on Bendigo and Adelaide Bank Ltd at 'A-', and affirmed the short-term rating at 'A-2'. The outlook is stable. Standard and Poor's commented that 'the issuer credit ratings on Bendigo and Adelaide Bank Ltd reflect the Bank's adequate business position, its strong capital and earnings, adequate risk position and liquidity levels'.

On 1 May 2012, Fitch Ratings, the international ratings agency affirmed Bendigo and Adelaide Bank Ltd's long term rating at A- and affirmed the short term rating of F2 and its support rating of '3', and the Bank's Support Rating floor of 'BB'. The outlook remains stable. Fitch commented 'the affirmation of Bendigo and Adelaide Bank's rating reflects its stable and solid domestic retail banking franchise, sound funding and liquidity position as well as its strengthening capitalisation. The ratings also recognise the bank's sound asset and acceptable profitability'.

On 14 December 2011, Moody's Investors Service assigned a bank financial strength rating of C to Bendigo and Adelaide Bank Ltd. Moody's affirmed a long term rating at A2, short term rating at P-1, with a stable outlook. Moody's commented 'the rating reflects the Bank's diversified business profile and stable retail franchise, which includes a significant customer deposit base supported by a large national branch network'.

2.5.6 Issued capital

Changes to issued and quoted securities during the period

	Number of Shares	\$m
Ordinary Shares		
Fully paid ordinary shares at 30 June 2011	367,104,585	3,408.9
Shares issued:		
September 2011 - Dividend Reinvestment Plan at \$8.06	5,005,825	40.3
September 2011 - Bonus Share Scheme (in lieu of dividend payment) at \$8.06	338,041	-
December 2011 - Institutional placement at \$8.45	17,751,480	150.0
December 2011 - Institutional placement issue costs	-	(1.4)
March 2012 - Share Purchase Plan at \$7.33	6,200,872	45.5
March 2012 - Share Purchase Plan costs	-	(0.5)
March 2012 - Dividend Reinvestment Plan at \$7.36	5,303,252	39.0
March 2012 - Bonus Share Scheme (in lieu of dividend payment) at \$7.36	529,211	-
Fully paid ordinary shares at 30 June 2012	<u>402,233,266</u>	<u>3,681.8</u>
Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2011	900,000	88.5
Preference shares of \$100 face value (fully paid) at 30 June 2012	<u>900,000</u>	<u>88.5</u>
Step Up Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2011	1,000,000	100.0
Preference shares of \$100 face value (fully paid) at 30 June 2012	<u>1,000,000</u>	<u>100.0</u>