



Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Appendix 4E: Preliminary Final Report

For the year ended
30 June 2010

Released 9 August 2010

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 2010
 Previous corresponding period - twelve months ended: 30 June 2009

1.2 Results for announcement to the market

				\$m
Revenues from operations	up	29.9%	To	1,135.0
Profit after tax attributable to members	up	189.5%	To	242.6
Net profit after tax attributable to members	up	189.5%	To	242.6

Dividends – current year	Amount per security
Final Dividend – 2010, fully franked at 30% Payable 30 September 2010 Record date for determining entitlements for final dividend – 2 September 2010	30.0 cents
Interim Dividend – 2010, fully franked at 30% Paid 31 March 2010	28.0 cents

Dividends – previous year	Amount per security
Final Dividend – 2009, fully franked at 30% Paid 30 September 2009	15.0 cents
Interim Dividend – 2009, fully franked at 30% Paid 31 March 2009	28.0 cents

1.3 Cash earnings results

Cash earnings attributable to members	up	59.7%	to	\$ 291.0 million
Cash earnings per share	up	32.4%	to	83.3 cents
See Note 2.3 for full details				

1.4 Net tangible assets per security

Net tangible assets per security, as at 30 June 2010 was \$5.27, an increase of 22.3%. Refer to page 33.

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

During the financial period, control was gained over the following entities:

August 2009 – ownership and control of Tasmanian Banking Services Limited was increased from 50% to 100%.

October 2009 – the Group's 60% holding of Rural Bank Limited became a controlling interest upon amendments to the shareholders' agreement governing the joint venture. Up until this time the Group's interest was being reported as an equity interest.

The information contained in this report contains the results of these two entities from the dates control was gained. Prior period comparisons include the equity accounted results of the entities, reflecting the previous proportional ownership.

1.6 Details of individual and total dividends

Refer to page 29.

1.7 Details of any dividend or distribution reinvestment plans in operation

Refer to page 29-30.

1.8 Details of associates and joint venture entities

Refer to page 31.

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: 3 November 2010
Time: 2.00 pm (Eastern Daylight Saving Time)

And at

Place: The Intercontinental Adelaide, North Terrace, Adelaide
Date: 3 November 2010
Time: 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 on 9 August 2010.

2. Full Year Results

2.1 Financial highlights

	2009-10			2008-09			Change Full Year 2009 to Full Year 2010	
	2009-10 1 st Half** \$m	2009-10 2 nd Half \$m	Total \$m	2008-09 1 st Half \$m	2008-09 2 nd Half* \$m	Total \$m	\$m	%
	Profit after tax attributable to group	104.1	138.5	242.6	50.6	33.2	83.8	158.8
Profit before tax and non recurring items	203.6	203.8	407.4	93.9	153.1	247.0	160.4	64.9
Cash earnings	139.7	151.3	291.0	112.3	69.9	182.2	108.8	59.7
Net interest income	408.0	446.6	854.6	326.1	308.9	635.0	219.6	34.6
Non-interest income (before non recurring items)	153.0	141.4	294.4	160.7	145.6	306.3	(11.9)	(3.9)
Expenses (before non recurring items)	340.6	356.3	696.9	308.2	305.8	614.0	82.9	13.5
Retail deposits	32,174.7	33,698.2	33,698.2	27,179.8	28,536.4	28,536.4	5,161.8	18.1
Ordinary equity	3,610.0	3,697.3	3,697.3	3,209.8	3,228.4	3,228.4	468.9	14.5
Funds under management	4,117.0	3,704.0	3,704.0	4,452.9	4,491.3	4,491.3	(787.3)	(17.5)
Loans under management	43,834.5	45,174.9	45,174.9	40,655.3	40,767.4	40,767.4	4,407.5	10.8
New loan approvals	5,375.1	6,541.5	11,916.6	3,757.9	5,379.5	9,137.4	2,779.2	30.4
Residential	3,767.7	4,502.6	8,270.3	2,586.5	3,846.5	6,433.0	1,837.3	28.6
Non-residential	1,607.4	2,038.9	3,646.3	1,171.4	1,533.0	2,704.4	941.9	34.8
Cost to income ratio	58.5%	57.7%	58.1%	60.7%	64.4%	62.5%	-	(7.0)
Earnings per ordinary share - cents	29.7	37.4	67.4	16.2	9.7	25.6	41.8	163.3
Cash basis earnings per ordinary share –cents	41.2	42.1	83.3	40.7	22.9	62.9	20.4	32.4
Dividend per share – cents	28.0	30.0	58.0	28.0	15.0	43.0	15.0	34.9

* The 2008-09 2nd half results include the acquired Macquarie margin lending portfolio from 8 January 2009.

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

2.2 Results at a glance

2.2.1 Financial performance

Bendigo and Adelaide Bank announced a cash earnings result of \$291.0 million for the 12 months ending 30 June 2010, a 59.7 per cent increase on the prior corresponding period.

	Further detail
- Cash basis earnings per ordinary share of 83.3 cents (Jun-09 62.9 cents), an increase of 32.4%.	2.4.10.3
- Cash basis earnings return on average ordinary equity was 8.40% (Jun-09 5.81%).	2.4.10.3
- Profit before income tax and non-recurring items was \$407.4 million (Jun-09 \$247.0 million), an increase of 64.9% (see note 2.4.1.1 for non-recurring item details).	2.4.1
- Net interest income increased by 34.6% to \$854.6 million with an interest margin before payments to community banks and alliances increasing from 1.64% to 2.11% for the year. Net of these payments, interest margin recorded a 37 basis point increase from 1.46% to 1.83% for the year. Refer to 2.4.2 for further analysis.	2.4.2
- Non-interest income before non-recurring items was \$294.4 million (Jun-09 \$306.3 million), a decrease of 3.9%.	2.4.3

Directors announced a final dividend of 30.0 cents per share (fully franked), taking the total dividend for the financial year to 58 cents per share. The Board's dividend policy of paying out 60-70 per cent of cash earnings as dividends remains unchanged.

2.2.2 Dividends

- 2009/10 final dividend of 30.0 cents per fully paid ordinary share (an increase of 15.0 cents compared to the 2008/09 final dividend), fully franked at 30%.
- Dividend is payable on 30 September 2010 to shareholders registered on the Record Date of 2 September 2010.
- The final dividend proposed totals \$106.1 million.
- Dividends for 2009/10 total 58.0 cents (up from 43.0 cents in 2008/09).

2.3 Financial Statements

2.3.1 Income Statement

For the year ended 30 June 2010

	2010 \$m	2009 \$m
Income		
Net interest income		
Interest income	2,712.2	3,154.7
Interest expense	1,857.6	2,519.7
Net Interest Income	854.6	635.0
Total non interest income (2.4.3)	281.7	275.4
Share of joint venture net profits accounted for using the equity method (2.5.2)	12.7	30.9
Total income after interest expense	1,149.0	941.3
Expenses		
Bad and doubtful debts (2.4.8)	44.7	80.3
Operating expenses (2.4.4)	696.9	614.0
Profit before income tax expense and non recurring items	407.4	247.0
Non recurring items before tax	(56.7)	(127.7)
Profit before income tax expense	350.7	119.3
Income tax expense	90.8	35.5
Profit after income tax expense	259.9	83.8
Net (profit)/loss attributable to non-controlling interest	(17.3)	-
Profit after tax attributable to members of the parent	242.6	83.8
Adjusted for:		
Non recurring items after income tax expense (2.4.1.1)	34.8	89.4
Dividends paid on preference shares	(3.4)	(4.5)
Dividends paid on step-up preference shares	(3.9)	(5.0)
After tax intangibles amortisation (excluding amortisation of intangible software)	20.9	18.5
Cash basis earnings	291.0	182.2
Cash basis earnings per ordinary share (cents per share)	83.3	62.9
Basic earnings per ordinary share (cents per share)	67.4	25.6
Diluted earnings per ordinary share (cents per share)	62.9	25.6
Franked dividends per ordinary share (cents per share)	58.0	43.0

2.3.2 Balance Sheet

As at 30 June 2010

	2010 \$m	2009 \$m
Assets		
Cash and cash equivalents	760.5	912.6
Due from other financial institutions	279.7	235.4
Financial assets held for trading	3,985.2	3,882.3
Financial assets available for sale - securities	261.5	-
Financial assets held to maturity	482.8	344.9
Current tax asset	-	84.4
Other assets	618.2	512.3
Financial assets available for sale - share investments	111.7	84.1
Derivatives	7.4	49.0
Loans and other receivables - investment	541.0	505.7
Loans and other receivables	42,980.8	38,235.2
Investments in associates joint ventures accounted for using the equity method	7.2	225.9
Property, plant & equipment	103.6	115.9
Deferred tax assets	180.7	212.0
Investment property	158.9	115.6
Intangible assets & goodwill	1,641.6	1,598.9
Total Assets	52,120.8	47,114.2
Liabilities		
Due to other financial institutions	195.5	196.3
Deposits	37,076.2	31,879.8
Notes payable	9,042.8	9,974.5
Derivatives	263.6	436.4
Other payables	830.1	665.9
Provisions	89.1	62.7
Deferred tax liabilities	120.7	91.7
Reset preference shares	89.5	89.5
Subordinated debt - at amortised cost	532.9	598.7
Total Liabilities	48,240.4	43,995.5
Net Assets	3,880.4	3,118.7
Equity		
Equity attributable to equity holders of the parent		
Issued capital - ordinary	3,361.7	3,003.9
Preference shares	188.5	188.5
Employee Share Ownership Plan (ESOP) shares	(27.7)	(32.7)
Reserves	(22.3)	(185.3)
Retained earnings	234.5	144.3
Total parent entity interests	3,734.7	3,118.7
Total non-controlling interests	145.7	-
Total Equity	3,880.4	3,118.7

2.3.3 Cash Flow Statement

For the year ended 30 June 2010

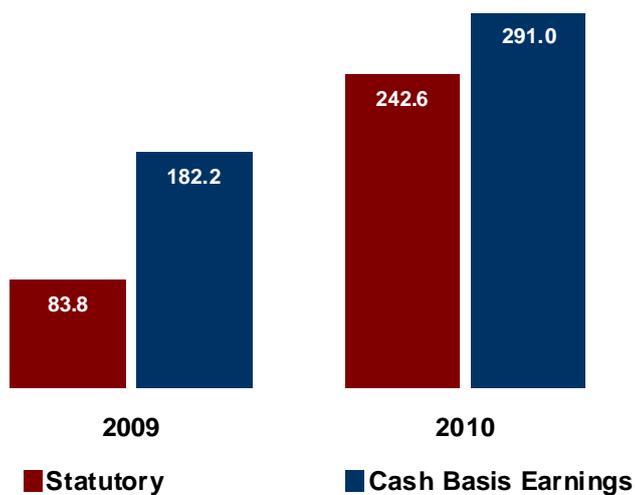
	2010	2009
	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other items of a similar nature received	2,591.2	3,059.1
Interest and other costs of finance paid	(1,835.7)	(2,481.6)
Receipts from customers (excluding effective interest)	250.3	236.3
Payments to suppliers and employees	(625.9)	(646.7)
Dividends received	17.3	34.9
Income taxes paid	(44.2)	(74.7)
Net cash flows from operating activities	<u>353.0</u>	<u>127.3</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property, plant and equipment	(17.7)	(21.2)
Cash proceeds from sale of property, plant and equipment	0.6	0.9
Cash paid for purchases of investment property	(32.3)	(26.1)
Cash proceeds from sale of investment property	4.2	102.5
Cash paid for purchases of intangible software	(0.1)	(9.7)
Cash paid for purchases of equity investments	(5.8)	(80.2)
Cash proceeds from sale of equity investments	4.3	42.1
Net (increase)/decrease in balance of loans and other receivables outstanding	(1,240.1)	2,833.2
Net (increase)/decrease in balance of investment securities	243.3	(987.9)
Net cash paid on acquisition of a portfolio	-	(1,482.0)
Net cash received/(paid) on acquisition of a subsidiary	42.7	-
Net cash flows from/(used in) investing activities	<u>(1,000.9)</u>	<u>371.6</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	315.0	192.8
Net increase/(decrease) in balance of retail deposits	1,538.4	4,911.7
Net increase/(decrease) in balance of wholesale deposits	(52.1)	(4,429.0)
Proceeds from issue of subordinated debt	51.0	-
Repayment of subordinated debt	(237.0)	(80.0)
Dividends paid	(119.6)	(142.2)
Net increase/(decrease) in balance of notes payable	(949.5)	(1,341.9)
Repayment of ESOP shares	5.0	4.7
Payment of share issue costs	(10.3)	(2.2)
Net cash flows from/(used in) financing activities	<u>540.9</u>	<u>(886.1)</u>
Net increase/(decrease) in cash and cash equivalents	(107.0)	(387.2)
Cash and cash equivalents at the beginning of period	<u>951.7</u>	<u>1,338.9</u>
Cash and cash equivalents as at end of period	844.7	951.7

2.4 Results commentary

2.4.1 Profit

	Jun-10 \$m	Jun-09 \$m	Change		Six months ending		Change	
					Jun-10 \$m	Dec-09 \$m		
Profit								
Profit before tax	350.7	119.3	231.4	194.0	188.7	162.0	26.7	16.5
Non recurring items before tax	(56.7)	(127.7)	71.0	55.6	(15.1)	(41.6)	26.5	63.7
Profit before tax and non recurring items	407.4	247.0	160.4	64.9	203.8	203.6	0.2	0.1
Profit after tax attributable to the parent	242.6	83.8	158.8	189.5	138.5	104.1	34.4	33.0
Non recurring items after tax	(34.8)	(89.4)	54.6	61.1	(4.7)	(30.1)	25.4	84.4
Profit after tax before non recurring items	277.4	173.2	104.2	60.2	143.2	134.2	9.0	6.7
<i>Adjusted for:</i>								
Intangibles amortisation (excluding software amortisation)	20.9	18.5	2.4	13.0	12.1	8.8	3.3	37.5
Distributions paid on preference shares	(3.4)	(4.5)	1.1	24.4	(1.9)	(1.5)	(0.4)	(26.7)
Distributions paid on step up preference shares	(3.9)	(5.0)	1.1	22.0	(2.1)	(1.8)	(0.3)	(16.7)
Cash basis profit after tax	291.0	182.2	108.8	59.7	151.3	139.7	11.6	8.3

Profit after tax \$mil



2.4.1.1 Non Recurring Items

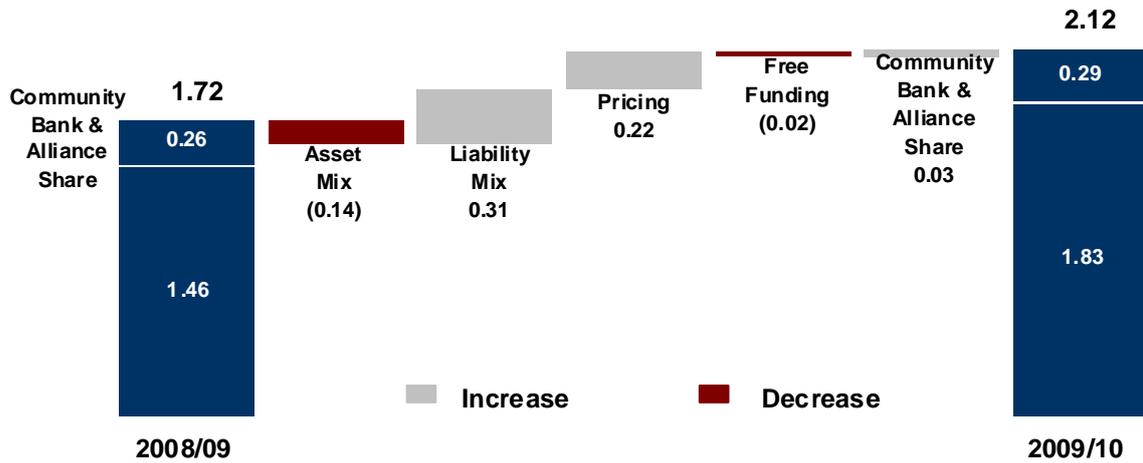
The reported profit after tax for the year ended 30 June 2010 of \$242.6 million included the following non recurring items:

	2010		2009	
	Before Tax \$m	After Tax \$m	Before Tax \$m	After Tax \$m
Items included in non interest income				
Accounting gain on the sale of equity investments	19.9	19.8	26.0	18.2
Ineffective cash flow hedges - merger related ⁽¹⁾	(33.9)	(23.7)	(93.6)	(65.5)
	<u>(14.0)</u>	<u>(3.9)</u>	<u>(67.6)</u>	<u>(47.3)</u>
Items included in operating expenses				
Integration costs associated with the Adelaide Bank merger and the Macquarie margin lending business	35.1	24.5	41.4	29.0
Impairment losses - equity investments	-	-	10.0	7.0
Fair value adjustment - head office development	-	-	1.8	1.3
Employee shares shortfall/(gain)	(2.6)	(1.8)	5.3	3.7
Expense incurred with withdrawn capital raising	-	-	1.6	1.1
Property revaluation decrement	10.2	7.2	-	-
	<u>42.7</u>	<u>29.9</u>	<u>60.1</u>	<u>42.1</u>
Non recurring items	<u>(56.7)</u>	<u>(33.8)</u>	<u>(127.7)</u>	<u>(89.4)</u>
Non recurring items attributable to non controlling interests	(1.4)	(1.0)	-	-
Total non recurring items attributable to the parent	<u>(58.1)</u>	<u>(34.8)</u>	<u>(127.7)</u>	<u>(89.4)</u>

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

2.4.2 *Interest margin*

Analysis of net interest margin
 %



The change in net interest margin above is normalised to include a full year contribution of Rural Bank.

2.4.3 Income

					Six months ending			
	Jun-10 \$m	Jun-09 \$m	Change \$m	%	Jun-10 \$m	Dec-09 \$m	Change \$m	%
Income								
Net interest income	854.6	635.0	219.6	34.6	446.6	408.0	38.6	9.5
Other income comprising:								
Fees								
- asset products	61.8	58.7	3.1	5.3	31.4	30.4	1.0	3.3
- liability products & other	130.1	133.5	(3.4)	(2.5)	64.8	65.3	(0.5)	(0.8)
- trustee, management & other services	9.7	10.8	(1.1)	(10.2)	4.7	5.0	(0.3)	(6.0)
Commissions								
- wealth solutions	25.4	28.9	(3.5)	(12.1)	12.7	12.7	-	-
- insurance	13.0	15.4	(2.4)	(15.6)	6.7	6.3	0.4	6.3
- other	2.5	3.4	(0.9)	(26.5)	0.9	1.6	(0.7)	(43.8)
Dividend income	6.3	2.2	4.1	186.4	3.2	3.1	0.1	3.2
Other	32.9	22.5	10.4	46.2	15.9	17.0	(1.1)	(6.5)
Total other income before non recurring income items	281.7	275.4	6.3	2.3	140.3	141.4	(1.1)	(0.8)
Share of joint venture profit	12.7	30.9	(18.2)	(58.9)	1.1	11.6	(10.5)	(90.5)
Total non interest income before non recurring items	294.4	306.3	(11.9)	(3.9)	141.4	153.0	(11.6)	(7.6)
Non recurring income items - non interest income	(14.0)	(67.6)	53.6	79.3	12.8	(26.8)	39.6	147.8
Total income	1,135.0	873.7	261.3	29.9	600.8	534.2	66.6	12.5

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

Comments on Total income when compared to previous corresponding period:

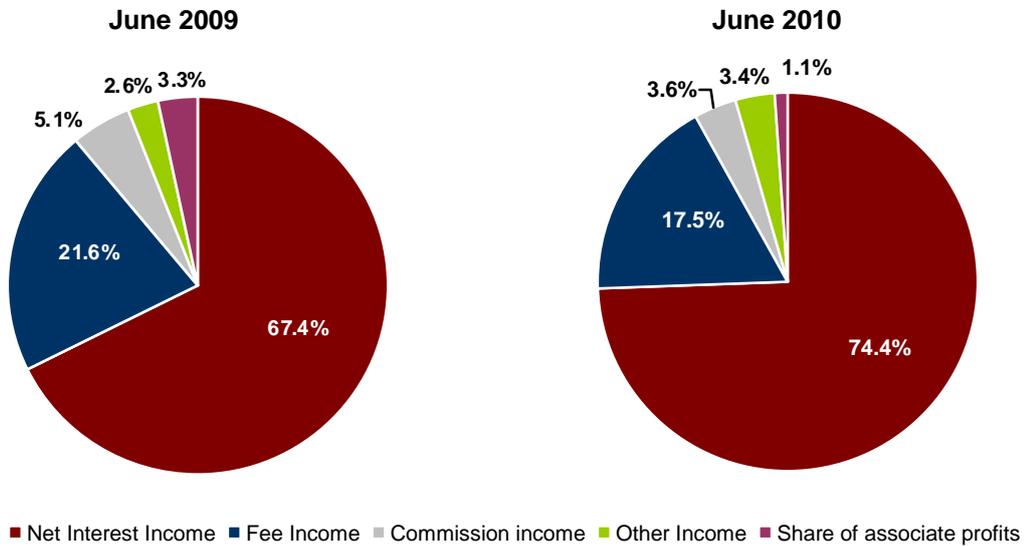
Net interest income increased by 34.6% when compared with the previous year. Refer to Note 2.4.2 for an analysis of the net interest income movements.

Fee income has remained stable year on year and half on half. Income from the trading book revaluation along with fee income relating to loan products was higher than previous periods, offset by lower fees received from transactional accounts and lower interchange revenues.

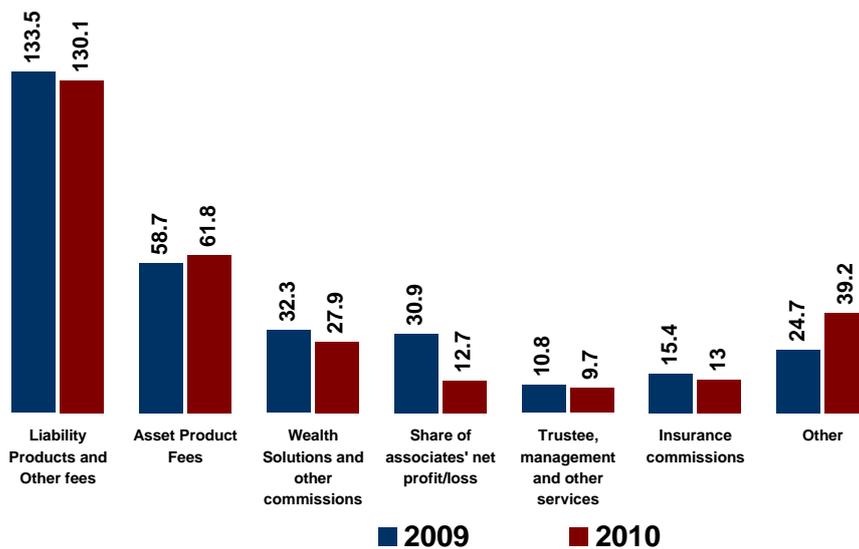
Commission income has declined due to reduced insurance commissions, along with lower wealth commissions due to declining wealth portfolios.

Share of associates' profit has decreased 58.9%, primarily as a result of Rural Bank becoming a subsidiary of the group as at 1 October 2009.

Income %



Non interest Income \$mil



2.4.4 Productivity and Operating Expenses

Expenses					Six months ending			
	Jun-10 \$m	Jun-09 \$m	Change \$m	%	Jun-10 \$m	Dec-09 \$m	Change \$m	%
Staff and related costs	334.7	296.8	37.9	12.8	165.6	169.1	(3.5)	(2.1)
Occupancy costs	57.7	53.9	3.8	7.1	29.0	28.7	0.3	1.0
Information technology costs	58.1	53.4	4.7	8.8	28.4	29.7	(1.3)	(4.4)
Amortisation of acquired intangibles	29.7	25.7	4.0	15.6	17.2	12.5	4.7	37.6
Software intangibles	8.5	7.0	1.5	21.4	4.3	4.2	0.1	2.4
Property, plant & equipment costs	13.4	14.7	(1.3)	(8.8)	6.5	6.9	(0.4)	(5.8)
Fees & commissions	37.9	22.2	15.7	70.7	20.8	17.1	3.7	21.6
Communications, postage & stationery	32.1	33.2	(1.1)	(3.3)	16.2	15.9	0.3	1.9
Advertising & promotion	16.8	13.2	3.6	27.3	9.1	7.7	1.4	18.2
Other product & services delivery costs	38.8	32.7	6.1	18.7	20.1	18.7	1.4	7.5
Other administration expenses	69.2	61.2	8.0	13.1	39.1	30.1	9.0	29.9
Total operating expenses	696.9	614.0	82.9	13.5	356.3	340.6	15.7	4.6
Non recurring expense items	42.7	60.1	(17.4)	(29.0)	27.9	14.8	13.1	88.5
Total expenses	739.6	674.1	65.5	9.7	384.2	355.4	28.8	8.1
Expenses to income	58.1%	62.5%	(4.4%)	(7.0)	57.7%	58.5%	(0.8%)	(1.4)
Expenses to average assets	1.3%	1.2%	0.1%	8.3	1.3%	1.3%	0.0%	0.0
Expenses to average assets-incl managed funds	1.3%	1.2%	0.1%	8.3	1.3%	1.3%	0.0%	0.0
Number of staff (full-time equiv)	3,847	3,598	249	6.9	3,847	3,779	68	1.8
Staff & related costs to income	29.1%	31.5%	(2.4%)	(7.6)	28.1%	30.1%	(2.0%)	(6.6)

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

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

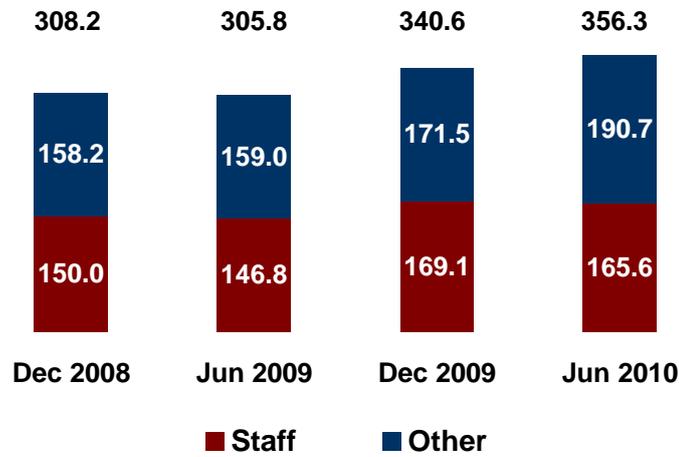
Comments on individual expense categories when compared to the previous corresponding period are:

Staff and related costs have increased 12.8% compared to the previous corresponding period, due to full year inclusion of the Macquarie Margin Lending business (2009: 5 months) along with nine months of Rural Bank Limited (2009: Nil). Wage increases flowing from the bank's certified agreement and other salary increases during the calendar year also contributed to the increase.

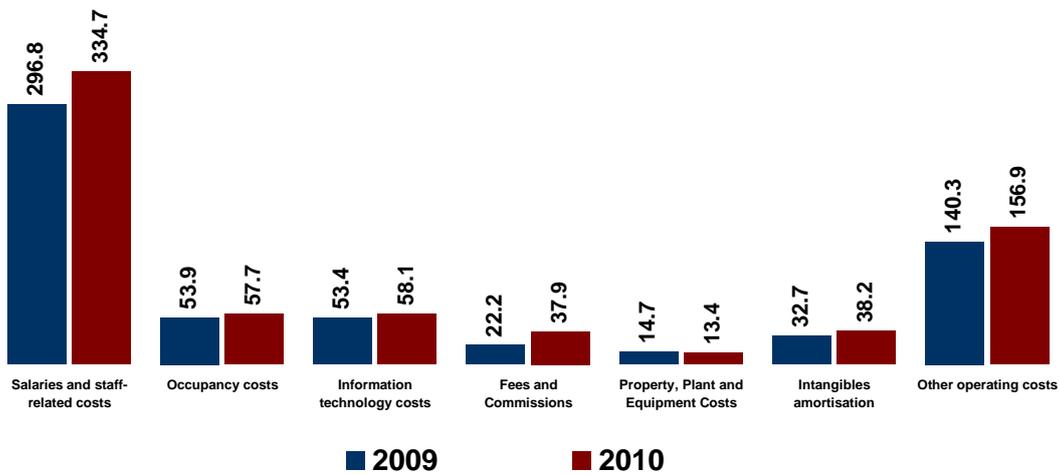
Fees and commissions increased by 70.7% predominantly due to the inclusion of the trading of Rural Bank Limited for the nine months from October 2009 to June 2010 inclusive (2009: Nil).

Other product & services delivery costs increased 18.7% predominantly due to the continued expansion of the ATM and Eftpos networks, increased transaction volumes and the inclusion of the trading of Rural Bank Limited for the nine months from October 2009 to June 2010 inclusive (2009: Nil).

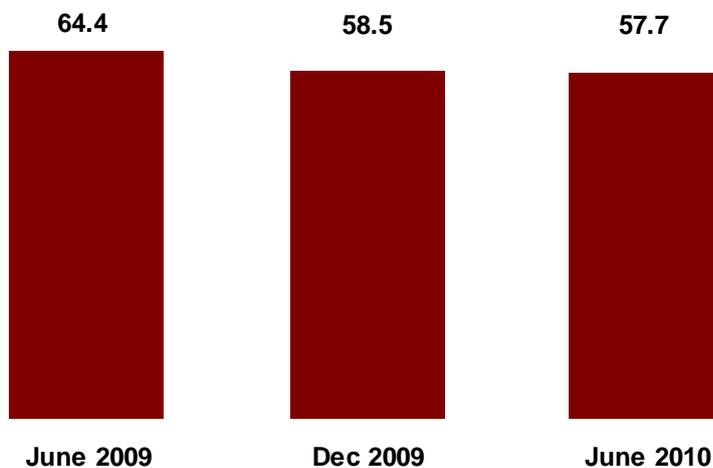
Operating Expenses - Six months
 \$m



Operating expenses
 \$mil



Cost to Income Ratio
%



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

2.4.5 *Segment results*

Segment information

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

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

The segments presented reflect changes to the structure which were implemented during the year, including recognition of Rural Bank as a single operating segment. The comparatives have been restated to reflect the changed structure.

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

Types of products and services

Retail banking

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

Third party banking

Net interest income and fees derived from the manufacture and processing of predominantly residential home loans, distributed through mortgage brokers, mortgage managers, mortgage originators and alliance partners. This segment also includes the activities of the groups transaction processing and operational support functions.

Wealth

Fees, commissions and interest from the provision of financial planning services 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

Profit share from equity accounted investment in the associate to September 2009. From 1 October 2009, the consolidated results of the Rural Bank joint venture. 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 2010

	Operating segments				Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m			
Net interest income	414.9	215.2	125.5	99.0	854.6	-	854.6
Other income	131.6	94.2	32.7	5.3	263.8	17.9	281.7
Share of net profit of equity accounted investments	-	-	-	11.6	11.6	1.1	12.7
Total segment income	546.5	309.4	158.2	115.9	1,130.0	19.0	1,149.0
Operating expenses	244.2	120.9	42.7	37.7	445.5	251.4	696.9
Credit expenses	18.8	15.7	3.7	6.9	45.1	2.0	47.1
Segment result	283.5	172.8	111.8	71.3	639.4	(234.4)	405.0

For the year ended 30 June 2009

	Operating segments				Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m			
Net interest income	352.4	204.4	78.2	-	635.0	-	635.0
Other income	120.8	93.1	32.7	-	246.6	28.8	275.4
Share of net profit of equity accounted investments	-	-	-	32.8	32.8	(1.9)	30.9
Total segment income	473.2	297.5	110.9	32.8	914.4	26.9	941.3
Operating expenses	214.5	118.3	38.5	-	371.3	242.7	614.0
Credit expenses	33.7	33.2	6.9	-	73.8	(0.4)	73.4
Segment result	225.0	146.0	65.5	32.8	469.3	(215.4)	253.9

	Operating segments				Total operating segments \$m	Central functions \$m	Total \$m
	Retail banking \$m	Third party banking \$m	Wealth \$m	Rural Bank \$m			
Reportable segment assets							
As at 30 June 2010	21,383.6	13,510.4	3,730.9	4,164.0	42,788.9	9,331.9	52,120.8
As at 30 June 2009	19,154.0	16,287.0	3,364.0	-	38,805.0	8,309.2	47,114.2
Reportable segment liabilities							
As at 30 June 2010	25,592.0	482.9	3,849.0	3,818.2	33,742.1	6,564.4	40,306.5
As at 30 June 2009	20,612.0	767.0	4,172.0	-	25,551.0	10,593.5	36,144.5

	Group	
	Jun-10	Jun-09
	Full year	Full year
	\$m	\$m
Reconciliation of total segment income to group income		
Total segment income	1,149.0	941.3
Ineffective cash flow hedges	(33.9)	(93.6)
Profit on sale of other non-current assets	19.9	26.0
Total group income	1,135.0	873.7
Reconciliation of segment result to group profit before tax		
Total segment result	405.0	253.9
Ineffective cash flow hedges	(33.9)	(93.6)
Profit on sale of other non-current assets	19.9	26.0
Movement in collective provision	2.4	(6.9)
Non recurring expense items	(42.7)	(60.1)
Group profit before tax	350.7	119.3
Reconciliation of segment expenses to group total expenses		
Segment operating expenses	696.9	614.0
Non recurring expense items	42.7	60.1
Total group expenses	739.6	674.1
Reconciliation of segment credit expenses to bad and doubtful debts on loans and		
Segment credit expenses	47.1	73.4
Movement in collective provision	(2.4)	6.9
Bad and doubtful debts on loans and receivables	44.7	80.3
Reportable segment assets		
Total assets for operating segments	52,120.8	47,114.2
Total assets	52,120.8	47,114.2
Reportable segment liabilities		
Total liabilities for operating segments	40,306.5	36,144.5
Securitisation funding	7,933.9	7,851.0
Total liabilities	48,240.4	43,995.5

2.4.6 Lending

					Six months ending			
	Jun-10 \$m	Jun-09 \$m	Change \$m	%	Jun-10 \$m	Dec-09 \$m	Change \$m	%
Approvals - by security								
Residential	8,270.3	6,433.0	1,837.3	28.6	4,502.6	3,767.7	734.9	19.5
Non-residential	3,646.3	2,704.4	941.9	34.8	2,038.9	1,607.4	431.5	26.8
Total Approvals	11,916.6	9,137.4	2,779.2	30.4	6,541.5	5,375.1	1,166.4	21.7
	As at Jun-10 \$m	As at Jun-09 \$m	Change \$m	%	As at Jun-10 \$m	As at Dec-09 \$m	Change \$m	%
Gross loan balance - by security								
Residential	28,875.5	28,569.4	306.1	1.1	28,875.5	27,917.5	958.0	3.4
Business								
Accommodation and food services	247.9	226.2	21.7	9.6	247.9	255.1	(7.2)	(2.8)
Administrative and support services	65.9	69.0	(3.1)	(4.5)	65.9	100.0	(34.1)	(34.1)
Agriculture, forestry and fishing	4,272.3	1,046.2	3,226.1	308.4	4,272.3	4,201.4	70.9	1.7
Arts and recreation services	66.0	54.1	11.9	22.0	66.0	61.3	4.7	7.7
Construction	598.3	532.8	65.5	12.3	598.3	510.2	88.1	17.3
Education and training	37.5	26.5	11.0	41.5	37.5	35.7	1.8	5.0
Electricity, gas, water and waste services	21.6	23.1	(1.5)	(6.5)	21.6	21.4	0.2	0.9
Financial and insurance services	653.7	533.3	120.4	22.6	653.7	449.4	204.3	45.5
Health care and social assistance	404.4	395.5	8.9	2.3	404.4	407.0	(2.6)	(0.6)
Information media and telecommunications	9.4	8.2	1.2	14.6	9.4	8.9	0.5	5.6
Manufacturing	195.3	182.3	13.0	7.1	195.3	187.0	8.3	4.4
Mining	21.3	21.6	(0.3)	(1.4)	21.3	23.7	(2.4)	(10.1)
Other Services	116.2	94.7	21.5	22.7	116.2	111.7	4.5	4.0
Professional, scientific and technical services	153.6	163.7	(10.1)	(6.2)	153.6	175.1	(21.5)	(12.3)
Public administration and safety	100.9	19.6	81.3	414.8	100.9	37.4	63.5	169.8
Rental, hiring and real estate services	2,073.4	1,653.7	419.7	25.4	2,073.4	1,839.0	234.4	12.7
Retail trade	447.3	426.4	20.9	4.9	447.3	432.3	15.0	3.5
Transport, postal and warehousing	156.6	174.7	(18.1)	(10.4)	156.6	158.8	(2.2)	(1.4)
Wholesale trade	130.7	136.4	(5.7)	(4.2)	130.7	130.8	(0.1)	(0.1)
Other	409.8	199.6	210.2	105.3	409.8	254.6	155.2	61.0
Total business	10,182.1	5,987.6	4,194.5	70.1	10,182.1	9,400.8	781.3	8.3
Margin lending	3,627.0	3,475.9	151.1	4.3	3,627.0	3,817.3	(190.3)	(5.0)
Unsecured	823.7	707.1	116.6	16.5	823.7	862.3	(38.6)	(4.5)
Other	191.0	183.1	7.9	4.3	191.0	198.5	(7.5)	(3.8)
Total gross loan balance	43,699.3	38,923.1	4,776.2	12.3	43,699.3	42,196.4	1,502.9	3.6
Gross Loan balance - by purpose								
Residential	26,557.9	26,348.0	209.9	0.8	26,557.9	25,655.6	902.3	3.5
Consumer	3,899.7	3,536.9	362.8	10.3	3,899.7	3,608.9	290.8	8.1
Margin lending	3,627.0	3,475.9	151.1	4.3	3,627.0	3,817.3	(190.3)	(5.0)
Commercial	9,614.7	5,562.3	4,052.4	72.9	9,614.7	9,114.6	500.1	5.5
Total gross loan balance	43,699.3	38,923.1	4,776.2	12.3	43,699.3	42,196.4	1,502.9	3.6
Loans under management (gross balance)								
On-balance sheet	43,699.3	38,923.1	4,776.2	12.3	43,699.3	42,196.4	1,502.9	3.6
Off-balance sheet loans under management	418.0	571.3	(153.3)	(26.8)	418.0	469.7	(51.7)	(11.0)
STL Common Funds	1,057.6	1,273.0	(215.4)	(16.9)	1,057.6	1,168.4	(110.8)	(9.5)
Total Group loans under management	45,174.9	40,767.4	4,407.5	10.8	45,174.9	43,834.5	1,340.4	3.1

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

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

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

Off-balance sheet loans under management are 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-10 \$m	As at Jun-09 \$m	Change \$m	%	As at Jun-10 \$m	As at Dec-09 \$m	Change \$m	%
Impaired loans								
Full-performing ⁽¹⁾	1.5	1.3	0.2	15.4	1.5	2.1	(0.6)	(28.6)
Part-performing	50.4	2.1	48.3	2,300.0	50.4	40.0	10.4	26.0
Non-performing - property development	53.1	54.9	(1.8)	(3.3)	53.1	60.2	(7.1)	(11.8)
- other	152.3	165.3	(13.0)	(7.9)	152.3	146.7	5.6	3.8
Restructured loans	24.7	7.4	17.3	233.8	24.7	4.0	20.7	517.5
Total impaired assets	282.0	231.0	51.0	22.1	282.0	253.0	29.0	11.5
Less: Specific provisions	(79.1)	(67.7)	(11.4)	(16.8)	(79.1)	(78.7)	(0.4)	(0.5)
Net impaired assets	202.9	163.3	39.6	24.2	202.9	174.3	28.6	16.4
Past due 90 days								
Well secured	362.8	306.9	55.9	18.2	362.8	306.3	56.5	18.4
Great Southern portfolio	181.8	15.5	166.3	1,072.9	181.8	148.1	33.7	22.8
Portfolio facilities (not well secured)	15.3	3.3	12.0	363.6	15.3	16.9	(1.6)	(9.5)
Ratios								
Gross impaired to gross loans	0.65%	0.59%	0.06%	10.2	0.65%	0.60%	0.05%	8.3
Gross impaired (excl prop develop) to gross loans	0.52%	0.45%	0.07%	15.6	0.52%	0.46%	0.06%	13.0
Gross impaired to total assets	0.54%	0.49%	0.05%	10.2	0.54%	0.50%	0.04%	8.0
Gross impaired assets (excl prop develop) to total assets	0.44%	0.37%	0.07%	18.9	0.44%	0.38%	0.06%	15.8
Net impaired to gross loans	0.46%	0.42%	0.04%	9.5	0.46%	0.41%	0.05%	12.2
Net impaired (excl prop develop) to gross loans	0.34%	0.28%	0.06%	21.4	0.34%	0.27%	0.07%	25.9
Provision coverage ⁽²⁾	81.9%	86.0%	(4.1%)	(4.8)	81.9%	87.1%	(5.2%)	(6.0)

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 Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

2.4.8 Bad and Doubtful Debts

					Six months ending			
	Jun-10 \$m	Jun-09 \$m	Change \$m	%	Jun-10 \$m	Dec-09 \$m	Change \$m	%
Expense:								
Prov'n doubtful debts - expense	46.2	65.0	(18.8)	(28.9)	27.5	18.7	8.8	47.1
Bad debts expense	4.7	21.2	(16.5)	(77.8)	3.6	1.1	2.5	227.3
Total bad and doubtful debts expense	50.9	86.2	(35.3)	(41.0)	31.1	19.8	11.3	57.1
Less : Bad debts recovered	6.2	5.9	0.3	5.1	3.2	3.0	0.2	6.7
Bad and doubtful debts net of recoveries	44.7	80.3	(35.6)	(44.3)	27.9	16.8	11.1	66.1
Balances:								
Provision for doubtful debts - specific	79.1	67.7	11.4	16.8	79.1	78.7	0.4	0.5
Provision for doubtful debts - collective	47.1	44.3	2.8	6.3	47.1	41.0	6.1	14.9
General reserve for credit losses	104.7	86.1	18.6	21.6	104.7	100.6	4.1	4.1
Total provision/reserve doubtful debts	230.9	198.1	32.8	16.6	230.9	220.3	10.6	4.8
Ratios:								
Loan write-offs to average assets	0.10%	0.07%	0.03%	42.9	0.10%	0.10%	0.00%	-
Loan write-offs to gross loans	0.11%	0.09%	0.02%	22.2	0.11%	0.12%	(0.01%)	(8.3)
Total provision/reserve for doubtful debts to gross loans	0.53%	0.51%	0.02%	3.9	0.53%	0.52%	0.01%	1.9
Collective provision (adjusted for tax) & GRCL to risk-weighted assets	0.54%	0.54%	0.00%	-	0.54%	0.54%	0.00%	-

The movement in provisions comprise:

	Specific	Collective	Gen res cr losses	Total
Balance at June 2009	67.7	44.3	86.1	198.1
Provision movements expensed to profit and loss	51.1	(0.2)	-	50.9
Bad debts written off	(50.0)	-	-	(50.0)
Appropriation of movement in general reserve for credit losses	-	-	18.6	18.6
Balance acquired in business combination	10.3	3.0	-	13.3
Balance at June 2010	79.1	47.1	104.7	230.9

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

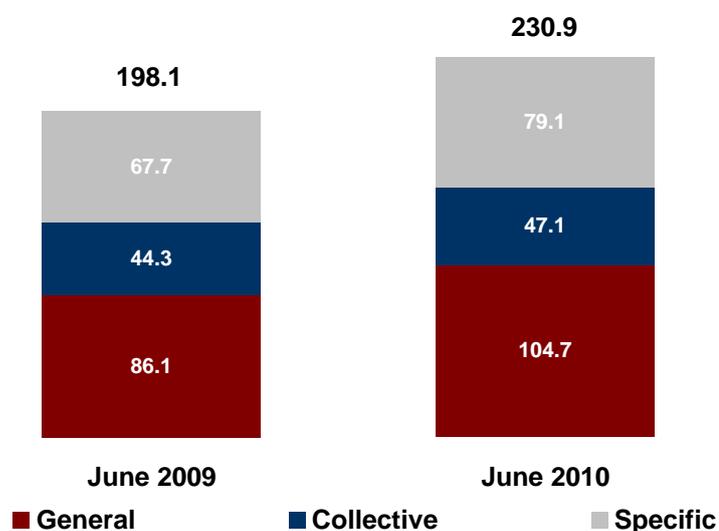
Bad debts previously provided for	45.3
Other Bad debts	4.7
Total bad debts written off for the period	50.0

The above tables include the fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

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

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

Total Provisions and Reserves for Doubtful Debts \$mil



2.4.9 Deposits and Funds under Management

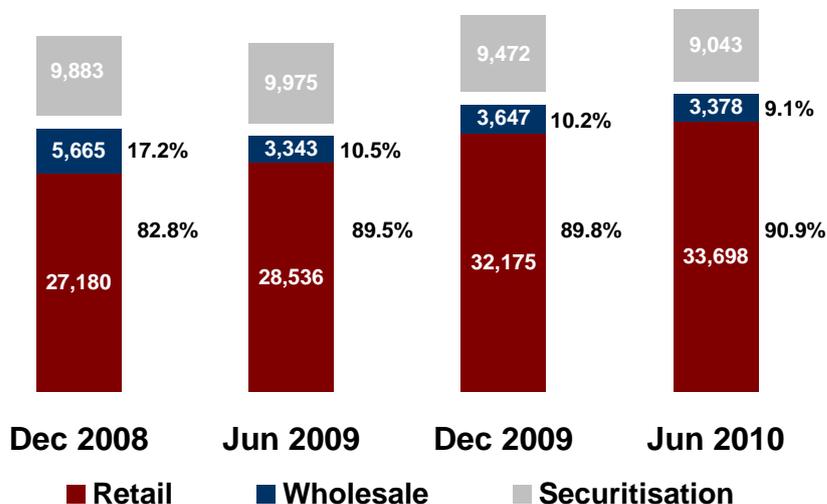
	As at Jun-10 \$m	As at Jun-09 \$m	Change \$m	%	As at Jun-10 \$m	As at Dec-09 \$m	Change \$m	%
<i>Deposits and funds under management</i>								
Deposits	37,076.2	31,879.8	5,196.4	16.3	37,076.2	35,822.0	1,254.2	3.5
Securitisation	9,042.8	9,974.5	(931.7)	(9.3)	9,042.8	9,472.0	(429.2)	(4.5)
Managed funds	3,704.0	4,491.3	(787.3)	(17.5)	3,704.0	4,117.0	(413.0)	(10.0)
Total deposits and funds under management	49,823.0	46,345.6	3,477.4	7.5	49,823.0	49,411.0	412.0	0.8
<i>Retail deposits and funds under management</i>								
Retail deposits	33,698.2	28,536.4	5,161.8	18.1	33,698.2	32,174.7	1,523.5	4.7
Managed funds	3,704.0	4,491.3	(787.3)	(17.5)	3,704.0	4,117.0	(413.0)	(10.0)
Total retail deposits and funds under management	37,402.2	33,027.7	4,374.5	13.2	37,402.2	36,291.7	1,110.5	3.1
<i>Deposits dissection - \$m</i>								
Retail	33,698.2	28,536.4	5,161.8	18.1	33,698.2	32,174.7	1,523.5	4.7
Securitisation	9,042.8	9,974.5	(931.7)	(9.3)	9,042.8	9,472.0	(429.2)	(4.5)
Wholesale - domestic	3,139.7	2,652.6	487.1	18.4	3,139.7	2,901.9	237.8	8.2
Wholesale - offshore	238.3	690.8	(452.5)	(65.5)	238.3	745.4	(507.1)	(68.0)
Total deposits	46,119.0	41,854.3	4,264.7	10.2	46,119.0	45,294.0	825.0	1.8
<i>Deposits dissection (excluding securitisation) - %</i>								
Retail	90.9%	89.5%	1.4%	1.6	90.9%	89.8%	1.1%	1.2
Wholesale - domestic	8.5%	8.3%	0.2%	2.4	8.5%	8.1%	0.4%	4.9
Wholesale - offshore	0.6%	2.2%	(1.6%)	(72.7)	0.6%	2.1%	(1.5%)	(71.4)
Total deposits excluding securitisation	100.0%	100.0%	-	-	100.0%	100.0%	-	-
<i>Managed funds dissection</i>								
Assets under management	1,932.9	2,420.4	(487.5)	(20.1)	1,932.9	2,106.5	(173.6)	(8.2)
Other managed funds	1,771.1	2,070.9	(299.8)	(14.5)	1,771.1	2,010.5	(239.4)	(11.9)
Total managed funds	3,704.0	4,491.3	(787.3)	(17.5)	3,704.0	4,117.0	(413.0)	(10.0)

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

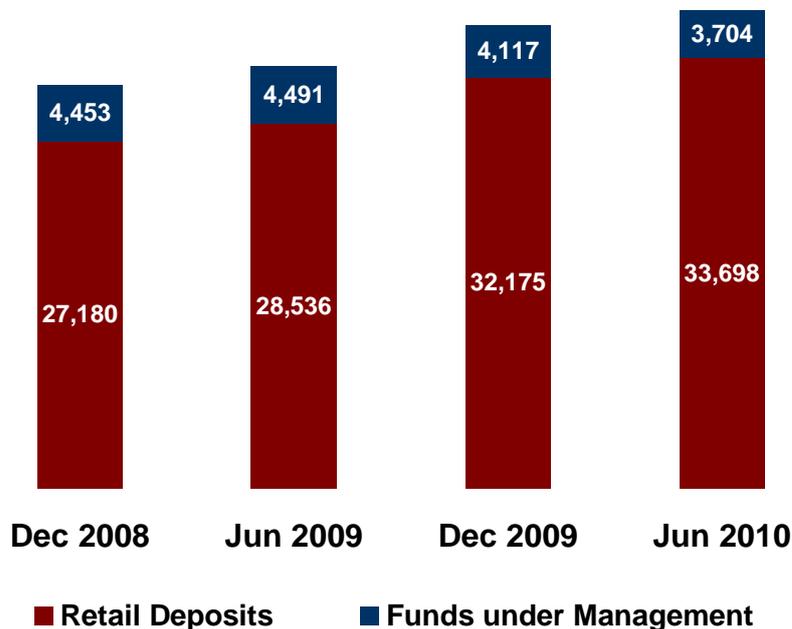
Assets under management includes those funds deposited into the Sandhurst Trustees Limited Common Funds, which are invested in cash, cash enhanced and mortgage investments on behalf of the investors. These funds are off-balance sheet.

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

Funding mix
 \$mil



Retail deposits and funds under management
 \$mil



Retail deposits increased by \$5.2 billion or 18.1% to \$33.7 billion over the 12 months.

Wholesale deposits increased by \$34.6 million or 1.0% to \$3.4 billion over the 12 months.

Securitisation decreased by \$0.9 billion or 9.3% to \$9.0 billion over the 12 months.

The groups retail deposit base remains strong at 90.9% of deposits (excluding securitisation).

2.4.10 Capital and shareholder returns

2.4.10.1 Assets and capital

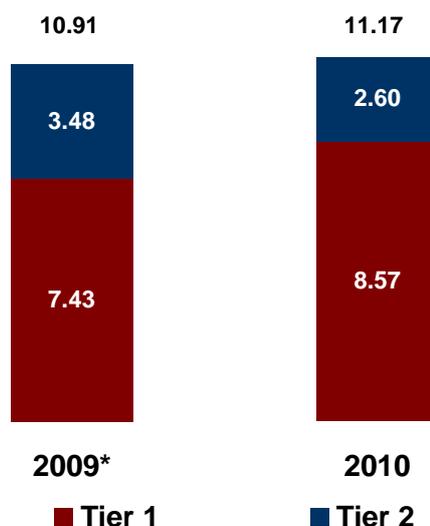
	As at Jun-10 \$m	As at Jun-09 \$m	Change \$m	%	As at Jun-10 \$m	As at Dec-09 \$m	Change \$m	%
Group assets	52,120.8	47,114.2	5,006.6	10.6	52,120.8	50,872.0	1,248.8	2.5
Capital adequacy								
Total qualifying capital	2,831.7	2,634.4	197.3	7.5	2,831.7	2,877.0	(45.3)	(1.6)
Risk-weighted assets	25,347.3	24,155.0	1,192.3	4.9	25,347.3	24,025.8	1,321.5	5.5
Risk-weighted capital adequacy	11.17%	10.91%	0.26%	2.4	11.17%	11.97%	(0.80%)	(6.7)
- Tier 1	8.57%	7.43%	1.14%	15.3	8.57%	8.95%	(0.38%)	(4.2)
- Tier 2	2.60%	3.48%	(0.88%)	(25.3)	2.60%	3.02%	(0.42%)	(13.9)
Net tangible assets per fully paid ordinary share	\$5.27	\$4.31	\$0.96	22.3	\$5.27	\$5.16	\$0.11	2.1
Number of fully paid ordinary shares on issue - 000's	361,367	308,243	53,124	17.2	361,367	356,951	4,416	1.2
Total equity	3,880.4	3,118.7	761.7	24.4	3,880.4	3,770.3	110.1	2.9

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

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 remained subject to a shareholder agreement which resulted in Bendigo and Adelaide Bank Limited being required to continue equity accounting for this investment. APRA required the preparation of consolidated capital returns and these figures were prepared on this basis.

2.4.10.3 Shareholder returns

	Jun-10	Jun-09	Change	%	Six months ending		Change	%
					Jun-10	Dec-09		
Cash basis earnings per ordinary share (weighted average)-cents	83.3	62.9	20.4	32.4	42.1	41.2	0.9	2.2
Earnings per ordinary share (weighted average)-cents	67.4	25.6	41.8	163.3	37.4	29.7	7.7	25.9
Diluted earnings per ordinary share (weighted average)-cents	62.9	25.6	37.3	145.7	34.9	27.7	7.2	26.0
Weighted number of ordinary shares used in basic and cash basis EPS calculations - 000's	349,243	289,779	59,464	20.5	359,194	339,454	19,740	5.8
Weighted number of ordinary shares used in diluted EPS calculations - 000's	392,025	290,209	101,816	35.1	401,976	382,605	19,371	5.1
Cash basis return on average ordinary equity	8.40%	5.81%	2.59%	44.6	8.28%	8.17%	0.11%	1.3
After tax return on average ordinary equity	6.79%	2.37%	4.42%	186.5	7.36%	5.90%	1.46%	24.7
After tax before non recurring items return on average ordinary equity	7.80%	5.22%	2.58%	49.4	7.62%	7.66%	(0.04%)	(0.5)
After tax return on average assets	0.49%	0.17%	0.32%	188.2	0.54%	0.42%	0.12%	28.6
After tax before non recurring items return on average assets	0.56%	0.36%	0.20%	55.6	0.56%	0.55%	0.01%	1.8

The above table includes fully consolidated contributions of Rural Bank from October 2009, Tasmanian Banking Services from August 2009 and Macquarie margin lending portfolio from January 2009.

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

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

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

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

After tax return on average assets uses profit after tax.

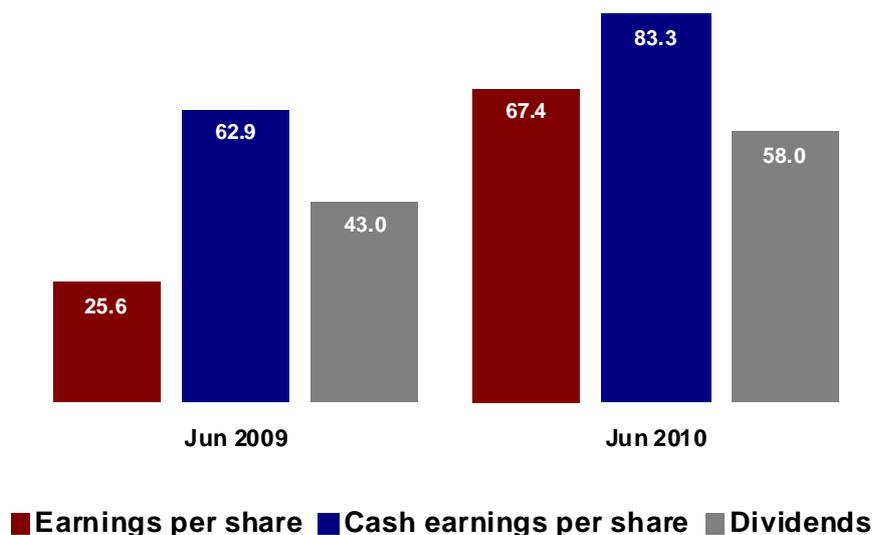
2.4.10.4 Dividends

	Full year				Six months ending			
	Jun-10	Jun-09	Change	%	Jun-10	Dec-09	Change	%
Dividends								
Dividend per share - cents	58.0	43.0	15.0	34.9	30.0	28.0	2.0	7.1
Dividend amount payable - \$m	200.8	126.9	73.9	58.2	106.1	94.7	11.4	12.0
Payout ratio - earnings per ordinary share *	86.1%	168.0%	(81.9%)	(48.8)	80.2%	94.3%	(14.1%)	(15.0)
Payout ratio - cash basis earnings per ordinary share	69.6%	68.4%	1.2%	1.8	71.3%	68.0%	3.3%	4.9

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

2.4.10.5 Earnings per ordinary share

cents



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. 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 2010 final dividend is 2 September 2010.

2.5 Additional notes

2.5.1 Analysis of intangible assets

	Balance sheet - carrying value		Full year amortisation/ impairment expense	
	Jun-10 \$m	Jun-09 \$m	Jun-10 \$m	Jun-09 \$m
Goodwill	1,446.1	1,433.0	-	-
Trustee licence	8.4	8.4	-	-
Software	25.2	29.2	8.6	7.0
Customer list - Oxford Funding	-	0.2	0.1	0.5
Core deposits				
- Adelaide Bank	58.6	72.8	14.2	16.3
- Rural Bank	15.8	-	1.8	-
Trade name				
- Adelaide Bank	13.7	18.0	4.3	4.3
- Rural Bank	2.6	-	0.3	-
Customer relationship				
- Adelaide Bank	20.0	23.6	3.6	3.6
- Rural Bank	31.7	-	3.3	-
- Leveraged Equities	6.8	-	1.0	-
Management rights - Adelaide Bank	12.7	13.7	1.0	1.0
Total intangible assets and goodwill	1,641.6	1,598.9	38.2	32.7

2.5.2 Investments accounted for using the equity method

Name	Ownership		Balance date
	interest held by		
	consolidated entity		
	2010	2009	
	%	%	
Rural Bank Ltd ⁽¹⁾	60.0	60.0	30 June
Tasmanian Banking Services Ltd ⁽²⁾	100.0	50.0	30 June
Community Sector Enterprises Pty Ltd	50.0	50.0	30 June
Homesafe Solutions Pty Ltd	50.0	50.0	30 June
Silver Body Corporate Financial Services Pty Ltd	50.0	50.0	30 June
Community Telco Australia Pty Ltd	50.0	50.0	30 June
Strategic Payments Services Pty Ltd	47.5	33.3	31 December

(i) Principal activities of joint venture companies

⁽¹⁾ Rural Bank Ltd - financial services (consolidated, effective October 2009)

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

Community Sector Enterprises Pty Ltd - financial services

Homesafe Solutions Pty Ltd - trust manager

Silver Body Corporate Financial Services Pty Ltd - financial services

Community Telco Australia Pty Ltd - telecommunication services

Strategic Payments Services Pty Ltd - payment processing services

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

	2010	2009
	\$ m	\$ m
Share of joint ventures':		
- revenue	29.2	99.6
- expense	16.5	68.7
- profit before income tax	12.7	30.9
- income tax expense	3.8	10.3
- profit after income tax	8.9	20.6
	2010	2009
	\$ m	\$ m
Share of joint ventures' operating profits after income tax:		
- Rural Bank Ltd ⁽¹⁾	8.1	22.8
- Tasmanian Banking Services Ltd ⁽²⁾	0.1	0.9
- Community Sector Enterprises Pty Ltd	0.3	(0.3)
- Homesafe Solutions Pty Ltd	(0.1)	(0.5)
- Silver Body Corporate Financial Services Pty Ltd	0.2	0.2
- Community Telco Australia Pty Ltd	(0.5)	(1.2)
- Strategic Payments Services Pty Ltd	0.8	(1.3)
	8.9	20.6

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

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

2.5.3 Average balance sheets and related interest

For the year ended 30 June 2010

	Footnote	Average Balance \$m	Interest 12 mths \$m	Average Rate %
Average balances and rates				
Interest earning assets				
Cash and investments		5,859.5	219.4	3.74
Loans and other receivables - company		35,172.0	2,193.6	6.24
Loans and other receivables - alliances		6,401.5	373.1	5.83
Total interest earning assets	2	47,433.0	2,786.1	5.87
Non interest earning assets				
Provisions for doubtful debts		(118.9)		
Other assets		2,870.5		
		2,751.6		
Total assets (average balance)		50,184.6		
Interest bearing liabilities				
Deposits				
Retail - company		22,203.6	873.6	3.93
Retail - alliances		9,319.9	413.5	4.44
Wholesale - domestic		3,020.0	199.3	6.60
Wholesale - offshore		609.5	25.0	4.10
Notes payable		9,388.5	383.7	4.09
Reset preference shares		89.5	5.4	6.03
Subordinated debt		584.5	31.0	5.30
Total interest bearing liabilities	2	45,215.5	1,931.5	4.27
Non interest bearing liabilities and equity				
Other liabilities		1,329.7		
Equity		3,639.4		
		4,969.1		
Total liabilities and equity		50,184.6		
Interest margin and interest spread				
Interest earning assets		47,433.0	2,786.1	5.87
Interest bearing liabilities		(45,215.5)	(1,931.5)	(4.27)
Net interest income and interest spread	3		854.6	1.60
Net free liabilities				0.20
Net interest margin	4			1.80
Impact of community bank/alliances profit share arrangements				
Net interest margin before community bank/alliances share of net interest income				2.09
Less impact of community bank/alliances share of net interest income				0.29
Net interest margin				1.80

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

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

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

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

2.5.4 Net tangible assets per ordinary share

Net tangible assets per ordinary share	2010	2009
	\$5.27	\$4.31
Reconciliation of net tangible assets used in calculation of net tangible assets per ordinary share		
	\$ m	\$ m
Net assets	3,880.4	3,118.7
Intangibles	(1,641.6)	(1,598.9)
Preference shares - face value	(90.0)	(90.0)
Step up preference shares - face value	(100.0)	(100.0)
Non-controlling interest	(145.7)	-
Net tangible assets	<u>1,903.1</u>	<u>1,329.8</u>
Number of ordinary shares on issue at reporting date	361,366,745	308,243,636

2.5.5 Credit ratings

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

On 1 December 2009, 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 a significant retail deposit base'.

On 11 March 2010, Fitch Ratings, the international ratings agency 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'. The outlook has been revised to Positive from Stable. Fitch commented 'Bendigo and Adelaide Bank's ratings reflect the low risk nature of the banks credit exposures, generally conservative risk management practices, adequate capitalisation, and a solid domestic retail banking franchise, which has underpinned a stable deposit funding base throughout the global financial crisis'.

On 19 July 2010, Standard & Poor's Ratings Services 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 low credit-risk exposure, supportive capitalisation, and a strong franchise supported by the banks Community Bank® model'.

2.5.6 *Issued capital*

Changes to issued and quoted securities during the period

Ordinary Shares	Number of Shares	\$m
Fully paid ordinary shares at 30 June 2009	308,243,636	3,003.9
Shares issued:		
August 2009 - Acquisition of remaining 50% ownership of Tasmanian Banking Services Ltd at \$6.39	781,910	5.0
August 2009 - Institutional placement and entitlement offer at \$6.75	26,618,172	179.7
September 2009 - Retail entitlement offer at \$6.75	17,854,868	120.5
September 2009 - Dividend Reinvestment Plan at \$7.95	1,607,958	12.8
September 2009 - Bonus Share Scheme (in lieu of dividend payment) at \$7.95	304,421	-
December 2009 - Executive performance share plan at \$6.56	1,540,360	10.1
March 2010 - Employee Share Grant Scheme at \$10.03	340,039	3.4
March 2010 - Dividend Reinvestment Plan at \$9.59	3,818,849	36.6
March 2010 - Bonus Share Scheme (in lieu of dividend payment) at \$9.59	256,532	-
Share issue costs	-	(10.3)
Fully paid ordinary shares at 30 June 2010	<u>361,366,745</u>	<u>3,361.7</u>
Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2009	900,000	88.5
Preference shares of \$100 face value (fully paid) at 30 June 2010	<u>900,000</u>	<u>88.5</u>
Step Up Preference Shares		
Preference shares of \$100 face value (fully paid) at 30 June 2009	1,000,000	100.0
Preference shares of \$100 face value (fully paid) at 30 June 2010	<u>1,000,000</u>	<u>100.0</u>